



Management Discussion and Analysis

For the Nine-month Period Ended 30 September 2019 (Unaudited)

1. Analysis of Operation Results According to Consolidated Financial Statement

	January - September					
	2019		2018		Change	
	Amount (MB)	% to Revenue	Amount (MB)	% to Revenue	Amount (MB)	% Change
REVENUES	3,794.6	100%	4,275.1	100%	(480.5)	-11%
COST OF SALES	(1,177.6)	-31%	(1,590.3)	-37%	(412.7)	-26%
GROSS PROFIT	2,617.0	69%	2,684.8	63%	(67.8)	-3%
OTHER INCOME	51.6	1%	104.9	2%	(53.3)	-51%
SELLING EXPENSES	(20.0)	-1%	(55.1)	-1%	(35.1)	-64%
ADMINISTRATIVE EXPENSES	(175.6)	-5%	(187.8)	-4%	(12.2)	-6%
SHARE OF GAIN (LOSS) OF JOINT VENTURE	-	0%	(0.1)	0%	0.1	100%
EBIT	2,473.0	65%	2,546.7	60%	(73.7)	-3%
FINANCE COSTS	(277.6)	-7%	(384.7)	-9%	(107.1)	-28%
EBT	2,195.4	58%	2,162.0	51%	33.4	2%
INCOME TAX INCOME (EXPENSE)	(26.7)	-1%	(49.2)	-1%	(22.5)	-46%
NET PROFIT (LOSS)	2,168.7	57%	2,112.8	49%	55.9	2.6%
OTHER COMPREHENSIVE INCOME	29.8	1%	(16.8)	0%	46.6	277%
COMPREHENSIVE INCOME	2,198.5	58%	2,096.0	49%	102.5	5%

Net Profit (Loss) attributable to :

Owners of the parent	1,922.9	1,892.0
Non-controlling interests	245.8	220.8
	2,168.7	2,112.8

Comprehensive Income attributable to :

Owners of the parent	1,952.8	1,875.2
Non-controlling interests	245.7	220.8
	2,198.5	2,096.0

EARNINGS PER SHARE

NO. OF SHARES (Million shares)	974.0	965.7
EPS (Baht per share)	1.97	1.96

The operating results according to the consolidated financial statements of the Company and its subsidiaries for the nine-month period ended 30 September 2019 (9M2019) presented the net profit of Baht 2,168.7 million or Baht 1.97 per share which increasing by Baht 55.9 million or 2.6%, compared to the net profit of Baht 2,112.8 million or Baht 1.96 per share of 9M2018. The significant reasons were as follows:



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1.1 Revenue from Sales and Services

Revenue from sales and services of 9M2019 was Baht 3,794.6 million which decreasing by Baht 480.5 million or 11% from Baht 4,275.1 million in 9M2018. The main reasons were as follows:

- Solar Power Roof Company Limited (SPR), operates the business of solar roof installation for residential, commercial and industrial customers, its revenue from sales and services of 9M2019 was Baht 391.5 million which decreasing by Baht 617.5 million or 61% from Baht 1,009.0 million in 9M2018. The main reason was the uncertainty in global economic condition resulting in customers postponing the investment to next year. In order to drive sales revenue, SPR made some changes in marketing strategies to increase our competitive advantage and delivered the alternative options to customer.
- Revenue from electricity sales of 36 solar farms for 9M2019 was Baht 3,254.6 million which increasing by Baht 109.7 million or 3% from Baht 3,144.9 million in 9M2018 because the energy output for 9M2019 was 289.4 million units which increasing by 8.6 million units or 3% from 280.8 million units in 9M2018

1.2 Cost of Sales and Services and Gross Profit

Cost of sales and services of 9M2019 was Baht 1,177.6 million which decreasing by Baht 412.7 million or 26% from Baht 1,590.3 million in 9M2018. The decrease in cost of sales and services was in line with the revenue of solar roof business (SPR).

Gross profit margin of 9M2019 was 69% which increasing from 63% in 9M2018. The main reason was the increasing in the proportion of solar farm business with higher gross profit margin.

1.3 Selling Expenses

Selling expenses for 9M2019 was Baht 20.0 million which decreasing by Baht 35.1 million or 64% from Baht 55.1 million in 9M2018. The decrease in selling expenses was in line with the revenue of solar roof business (SPR).

1.4 Administrative Expenses

Administrative expenses for 9M2019 was Baht 175.6 million which decreasing by Baht 12.2 million or 6% from Baht 187.8 million in 9M2018 because of the operating expenditure control policy.



Management Discussion and Analysis

For the Nine-month Period Ended 30 September 2019 (Unaudited)

1.5 Finance Costs

Finance costs for 9M2019 was Baht 277.6 million which decreasing by Baht 107.1 million or 28% from Baht 384.7 million in 9M2018. The main reason was the Company paid on debentures in the amount of Baht 2,950.0 million and Baht 575.0 million in the year 2018 and 2019 respectively.

2. Analysis of Financial Position According to Consolidated Financial Statement

2.1 Analysis of Assets

As at 30 September 2019, the total assets were Baht 23,047.4 million, decreasing by Baht 249.8 million or 1.1% from Baht 22,797.6 million as at 31 December 2018. The details were as follows:

	30-Sep-19	31-Dec-18	Change	
	Amount	Amount	Amount	% Change
	(Million Baht)	(Million Baht)	(Million Baht)	
Property, plant and equipment, net	15,964.3	16,458.4	(494.1)	-3%
Other assets	7,083.1	6,339.2	743.9	12%
Total assets	23,047.4	22,797.6	249.8	1.1%

- As at 30 September 2019, property, plant and equipment were Baht 15,964.3 million, decreasing by Baht 494.1 million or 3% from Baht 16,458.4 million as at 31 December 2018. The main reason was the depreciation in the amount of Baht 502.0 million.
- As at 30 September 2019, other assets were Baht 7,083.1 million, increasing by Baht 743.9 million or 12% from Baht 6,339.2 million as at 31 December 2018. The main reasons were as follows:
 - The acquisition of investments in mutual funds and deposits with financial institutions in the amount of Baht 1,343.1 million
 - The decreasing of restricted cash in the amount of Baht 340.0 million
 - The decreasing of trade accounts receivable in the amount of Baht 202.6 million
 - The decreasing of inventories in the amount of Baht 85.8 million.



Management Discussion and Analysis

For the Nine-month Period Ended 30 September 2019 (Unaudited)

2.2 Analysis of Liabilities and Shareholders' Equity

As at 30 September 2019, the total liabilities and shareholders' equity were Baht 23,047.4 million, decreasing by Baht 249.8 million or 1.1% from Baht 22,797.6 million as at 31 December 2018. The details were as follows:

	30-Sep-19	31-Dec-18	Change	
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	% Change
Interest bearing debt	7,645.5	8,261.7	(616.2)	-7%
Other liabilities	591.3	655.3	(64.0)	-10%
Shareholders' equity	14,810.6	13,880.6	930.0	7%
Total liabilities and shareholders'	23,047.4	22,797.6	249.8	1.1%

- As at 30 September 2019, interest bearing debt was Baht 7,645.5 million, decreasing by Baht 616.2 million or 7% from Baht 8,261.7 million as at 31 December 2018. The main reasons were as follows:
 - The payment of debenture in the amount of Baht 575.0 million
 - The payment of short-term loans from financial institutions in the amount of Baht 45.2 million
- As at 30 September 2019, other liabilities was Baht 591.3 million, decreasing by Baht 64.0 million or 10% from Baht 655.3 million as at 31 December 2018. The main reason was the decreasing of accounts payable.
- As at 30 September 2019, shareholders' equity was Baht 14,810.6 million, increasing by Baht 930.0 million or 7% from Baht 13,880.6 million as at 31 December 2018. The main reasons were as follows:
 - The net profit of 2019 in the amount of Baht 2,168.7 million
 - The payment of dividend in the amount of Baht 1,268.6 million

2.3 The Appropriateness of Financial Structure

According to statement of financial position as at 30 September 2019, debt to equity ratio equal to 0.56 which decreased from 0.64 as at 31 December 2018 mainly due to

- The payment of debenture in the amount of Baht 575.0 million
- The net profit of 2019 in the amount of Baht 2,168.7 million
- The payment of dividend in the amount of Baht 1,268.6 million



Management Discussion and Analysis

For the Nine-month Period Ended 30 September 2019 (Unaudited)

3. Analysis of Cash Flow According to Consolidated Financial Statement

	January - September		
	2019	2018	Change
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)
Net cash generated from (used in) operating activities	3,108.9	2,410.2	698.7
Net cash generated from (used in) investing activities	(956.2)	(2,183.4)	1,227.2
Net cash generated from (used in) financing activities	(2,105.1)	(436.6)	(1,668.5)
Net increase (decrease) in cash and cash equivalents	47.6	(209.8)	257.4
Cash and cash equivalents at the beginning of the period	129.2	345.9	(216.7)
Cash and cash equivalents at the end of the period	176.8	136.1	40.7

As at 30 September 2019, cash and cash equivalents were Baht 176.8 million, decreasing by Baht 47.6 million from Baht 129.2 million as at 31 December 2018. The reasons were as follows:

- 1) Net cash generated from operating activities in the amount of Baht 3,108.9 million, resulting in
 - Net cash generated from operating profit in the amount of Baht 3,171.5 million
 - Taxes paid in the amount of Baht 62.6 million
- 2) Net cash used in investing activities in the amount of Baht 956.2 million, resulting in
 - Proceed from sale of available-for-sale securities in the amount of Baht 5,581.7 million
 - Acquisition of available-for-sale securities in the amount of Baht 6,625.2 million
 - Proceed from short-term deposits at financial institutions in the amount of Baht 90.0 million
- 3) Net cash used in financing activities in the amount of Baht 2,105.1 million.
 - Dividend paid in the amount of Baht 1,268.6 million
 - Payment of debenture in the amount of Baht 575.0 million
 - Interest paid in the amount of Baht 215.7 million
 - Repayment of short-term loans from financial institutions in the amount of Baht 99.0 million
 - Proceed from short-term loans from financial institutions in the amount of Baht 53.9 million

Please be informed accordingly.

Yours sincerely,

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Chief Executive Officer