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27<sup>th</sup> February 2020

Topic Management's Discussion and Analysis of financial results and financial status for the year ended 31<sup>st</sup> December 2019

Attention President

The Stock Exchange of Thailand

Management Discussion & Analysis of Business Operation

For the Year Ended 31<sup>st</sup> December 2019

1) Executive Summary

For the year ended 31<sup>st</sup> December 2019, the significant development of the group of companies consisted of the followings:

1. The commencement of commercial operation of SNNP3 Solar Rooftop, Binh Nguyen solar power project in Vietnam and Khunsight Kundi solar power project in Mongolia.
2. PRC and TAPACO Solar rooftop projects have started construction.
3. The expansion to overseas markets consisted of the execution of the Joint Venture Agreement relating to SEA Sun Energy Partners Pte.Ltd. for the purpose of investment and development in solar rooftop project in Indonesia in 2Q'2019 and the execution of the Joint Development Agreement with Truong Thanh Vietnam Group Joint Stock Company to jointly develop wind power project in Vietnam in 3Q'2019.

The group of companies shown the satisfactory performance in the year 2019. Total revenue and net profit have continuously increased with favorable net project margin. Summary of the financial result of 4Q'2019 for the year 2019 and for the year ended 31<sup>st</sup> December 2019 is shown

Consolidated Financial Statement (Unit: MTHB)	Q4/18	Q4/19	Change	2018	2019	Change
Total Revenue	320.7	370.1	15.4%	1,137.4	1,485.6	30.6%
EBITDA1	200.1	278.7	39.3%	842.7	1,154.7	36.8%
Net Profit (to SSP's Shareholders)	104.2	117.2	12.5%	482.0	545.7	13.2%
Core Operating Profit	109.0	134.2	23.1%	498.7	612.8	22.9%
EBITDA Margin (%)	62.4%	75.3%		74.1%	77.7%	
Net Profit Margin (%)	32.5%	31.7%		42.4%	36.7%	
Core Operating Profit Margin (%)	34.0%	36.2%		43.8%	41.3%	

Remark: <sup>1</sup> EBITDA excluded unrealized FX gain/loss

For the year 2019, total revenue was 1,485.6 millin Baht, increased be 30.6% from last year. Net profit and EBITDA were 545.7 million Baht and 1,154.7 million Baht respectively. Net profit margin was 36.7% and EBITDA margin was 77.7%. Core operating profit was 612.8 million Baht, increased by 22.9% from last year. Core operating profit margin was 41.3%

For 4Q'2019, total revenue was recorded at 370.1 million Baht, increased by 15.4% from the same period last year. Net profit and core operating profit were 117.2 million Baht and 134.2 million Baht, increased by 12.5% and 23.1% from the same period last year. EBITDA was 278.7 million Baht, increased by 39.3% from last year.

## 2) Analysis of financial results and financial status

### 2.1) Analysis of financial results

#### (1) Revenue

Consolidated Financial Statement Revenue Structure (Unit: MTHB)	Q4/18	Q4/19	Change	2018	2019	Change
Sale revenue from electricity rate (Base tariff + Ft)	70.1	77.4		281.4	301.4	
Sale revenue from Adder	142.5	150.0		568.7	591.2	
Sale revenue from Feed-in tariff (FIT)	2.4	7.5		2.4	30.5	
Sale revenue from Solar rooftop projects	2.9	4.4		8.7	17.6	
<b>Total Sale revenue from electricity sale in Thailand</b>	<b>217.9</b>	<b>239.2</b>		<b>861.2</b>	<b>940.6</b>	
Sale revenue from electricity sale in Japan	66.6	63.9		235.1	348.2	
Sale revenue from electricity sale in Vietnam	-	37.9		-	120.6	
Sale revenue from electricity sale in Mongolia	-	24.1		-	52.0	
Sale revenue from electricity sale in Indonesia	-	0.3		-	0.3	
<b>Total Sale revenue from electricity sale</b>	<b>284.5</b>	<b>365.4</b>	<b>28.4%</b>	<b>1,096.3</b>	<b>1,461.7</b>	<b>33.3%</b>
EPC Construction revenue for Solar rooftop	32.7	-		32.7	11.9	
Other revenues <sup>1</sup>	3.5	4.7		8.4	12.0	
<b>Total revenues</b>	<b>320.7</b>	<b>370.1</b>	<b>15.4%</b>	<b>1,137.4</b>	<b>1,485.6</b>	<b>30.6%</b>

**Remark:** <sup>1</sup> Other revenue included (but not limited to) service income, import tax, interest revenue, and revenue related to power development fund.

The main source of company's revenue was from electricity sale. The consolidated electricity sale in the year 2019 was 1,461.7 millin Baht, increased by 33.3% from the previous year. The 4Q'2019 electricity sale was 365.4 million Baht, increased by 28.4% from the same period last year.

The remarkable increase of revenue in year 2019 was contributed by the new commercial operation projects ie Binh Nguyen solar power project (Vietnam) and Khunsight Kundi solar power project (Mongolia), full operatin contributin from 2018 commercial operation projects ie. Hidaka and Zouen (Japan) and WVO solar and DoHome solar rooftop (Thailand). In addition, the higher solar irradiation made the electricity production volume of SPN and current solar rooftop increase with the slightly higher of average tariff.

## (2) Cost of Sales

Consolidated Financial Statement Cost of Sales (Unit: MTHB)	Q4/18	Q4/19	Change	2018	2019	Change
Operating and maintenance costs	16.2	23.6		58.3	78.4	
Depreciation and amortization	64.5	92.0		213.5	317.5	
Cost of EPC construction on Solar rooftop projects	25.7	-		25.7	10.1	
Others <sup>1</sup>	13.7	21.8		44.4	69.8	
<b>Total cost of sales</b>	<b>120.1</b>	<b>137.4</b>	<b>14.4%</b>	<b>341.9</b>	<b>475.8</b>	<b>39.2%</b>

Remark: <sup>1</sup> Others included (but not limited to) electricity, salary and bones, insurance fee and land lease of Japanese projects

The consolidated cost of sales increased in line with the revenue increase and mainly due to the increase of depreciation and amortization as well as O&M cost which arose from the above mentioned new commercial operation projects

## (3) Gross Profit

Consolidated Financial Statement Gross Profit (Unit: MTHB)	Q4/18	Q4/19	Change	2018	2019	Change
Total Sale revenue from electricity sale and EPC construction	317.2	365.4		1,129.0	1,473.6	
Total cost of sales	120.1	137.4		341.9	475.8	
<b>Gross profit</b>	<b>197.2</b>	<b>228.0</b>	<b>15.6%</b>	<b>787.2</b>	<b>997.8</b>	<b>26.8%</b>

Consolidated gross profit for the year 2019 was 997.8 million Baht, increased by 26.8% from last year.  
 4Q'2019 gross profit was 228.0 million Baht, increase by 15.6% from the same period last year.

#### (4) Administrative Expenses

Consolidated Financial Statement Administrative Expenses (Unit: MTHB)	Q4/18	Q4/19	Change	2018	2019	Change
Unrealized FX (gain) loss	(11.5)	16.3		0.6	66.7	
General G&A expenses	65.1	46.0		166.3	172.5	
<b>Total administrative expenses</b>	<b>53.6</b>	<b>62.3</b>	<b>16.3%</b>	<b>166.8</b>	<b>239.2</b>	<b>43.4%</b>

Administrative expenses rose from 166.8 million Baht in 2018 to 239.2 million baht in 2019, 43.4% increase. The expenses in 4Q'2019 was 62.3 million Baht, 16.3% increase from the same period last year. The higher expenses consisted of general and administrative expenses of new projects and unrealized foreign exchange loss caused by the effect of Baht appreciation on intercompany loan denominated in foreign currency.

#### (5) Financial Costs

Consolidated Financial Statement Financial Cost (Unit: MTHB)	Q4/18	Q4/19	Change	2018	2019	Change
<b>Financial Cost</b>	<b>44.39</b>	<b>54.10</b>	<b>21.9%</b>	<b>148.16</b>	<b>201.64</b>	<b>36.10%</b>

Consolidated financial costs increased in both 4Q'2019 and 12M'2019 period. The reasons came from the increase of long-term debt for investment in new projects and the record of interest expenses after commercial operation started for projects in Japan.

## (6) Net Profit (attributed to company's shareholders) and Core Operating Profit

Consolidated Financial Statement	Q4/18	Q4/19	Change	2018	2019	Change
Core Operating Profit (Unit: MTHB)						
Net profit distribution to SSP's shareholders	104.2	117.2	12.5%	482.0	545.7	13.2%
Unrealized FX (gain)/loss	(11.5)	16.3		0.6	66.7	
Deferred tax (revenue)/expenses	(0.05)	(0.27)		(0.19)	(0.45)	
Uncapitalized development cost	3.16	0.93		3.16	0.93	
Unrealized impairment provision	13.17	-		13.17	-	
Core Operating Profit (to SSP's shareholders)	109.0	134.2	23.1%	498.7	612.8	22.9%

For the year 2019, net profit was 545.7 million Baht, including 117.2 million Baht of 4Q'2019, increased from 482 million Baht of the previous year or 13.2% increase.

Core Operating Profit increased from 498.7 million Baht in 2018 to 612.8 million Baht in 2019 or increase by 22.9%. The 4Q'2019's Core Operating Profit was 134.2 million Baht.

Core Operating Profit is the key performance indicator of management and board of directors to evaluate the company's financial results, and consider, together with dividend policy, for the payment of dividend. The adjustment items (from net profit to core operating profit) for the year 2019 are:

- i. Unrealized foreign exchange loss of 66.7 million Baht (16.3 million Baht in 4Q'2019) (recorded as administrative expenses)
- ii. Deferred tax revenue of 0.45 million Baht (0.27 million Baht in 4Q'2019) (recorded as tax revenues)
- iii. Uncapitalized development cost of 0.93 million Baht (recorded as administrative expenses)

## 2.2 Financial Status

Consolidated Financial Statement Financial Status (Unit: MTHB)	31 Dec 2018	31 Dec 2019	Change
Total Assets	11,892.7	13,045.1	9.7%
Total Liabilities	8,034.6	9,048.1	12.6%
Total Equity	3,858.1	3,997.0	3.6%
Total Equity (To SSP's shareholders)	3,533.5	3,777.0	6.9%
Debt to Equity Ratio (Consolidated)	2.08	2.26	
Debt to Equity Ratio (Company)	0.33	0.58	

As at 31<sup>st</sup> December 2019, consolidated total assets were 13,045.1 million Baht, increased from 11,892.7 million Baht as at 31<sup>st</sup> December 2018 or 9.7% increase. Most of total assets were property, plant and equipment of power plant which accounted for 74% of total assets.

Consolidated total liabilities were 9,048.1 million Baht, increased from 8,034.6 million Baht as at 31<sup>st</sup> December 2018 or 12.6% increase. Most of liabilities were long-term loans from financial institutions in Thailand and Japan for the purpose of investment in new projects. Consolidated total equity were 3,997.0 million Baht, increased from 3,858.1 million Baht as at 31<sup>st</sup> December 2018, or 3.6% increase. Consolidated total equity (to SSP's shareholders) were 3,777.0 million Baht, increased from 3,533.5 million Baht as at 31<sup>st</sup> December 2018, or 6.9% increase.

Debt to Equity ratio slightly increased to 2.26 times (consolidated) and 0.58 times (company only)

Please be informed accordingly

Your sincerely,

- Signed -

(Ms.Sukunya Phokhakul)

Chief Financial Officer