

Topic Submission of Financial Statement Quarter 1/2020 (reviewed) and Management's Discussion and Analysis of financial results and financial status for the first quarter ended 31<sup>st</sup> March 2020

Attention President  
The Stock Exchange of Thailand

Sermasang Power Corporation Public Company Limited ("SSP") would like to submit the reviewed financial statements for the first quarter of 2020 ended 31<sup>st</sup> March 2020, together with the Management Discussion and Analysis for the period.

The Company had previously announced the indefinite postponement of its Annual General Meeting of Shareholders for the year 2020 on April 29, 2020 due to the current pandemic of Coronavirus (COVID-19), as a result, the agenda regarding the appointment of the auditors and the approval of the audit fee for the year 2020 were postponed.

Nevertheless, the Office of the Securities and Exchange Commission has announced the Notification of the Capital Market Supervisory Board, Tor Jor 28/2020 dated 27<sup>th</sup> March, 2020, which states that listed companies who are unable to hold Annual General Meeting ("AGM") to appoint the company's auditors, are permitted to submit the company's financial statements for the first quarter of the year 2020, reviewed by the auditors whose names appear in the approved auditor name-list of the SEC and appointed by the company's Board of Directors. Additionally, the company is required to propose the agenda on the appointment of the company's auditors in the upcoming AGM.

The Board of Directors Meeting number 1/2020 on 27<sup>th</sup> February 2020, with consideration of the Audit Committee, approved the appointment of the following auditors of EY Office Limited as the Company's auditor for the year 2020 and consider the audit fee at the amount not exceed 2,620,000 Baht, excluding actual out-of-pocket expenses

1. Ms. Ratana Jala Certified Public Accountant (Thailand) No. 3734; and/or
2. Ms. Sirikorn Plernpissiri Certified Public Accountant (Thailand) No. 5234; and/or
3. Ms. Somjai Khunapasut Certified Public Accountant (Thailand) No. 4499

In case that those auditors could not perform their duties, EY Office Limited could assign other auditors in their office to handle the audit and express his /her opinions towards the Company's financial statements.

## Management Discussion & Analysis of Business Operation

For the first quarter ended 31<sup>st</sup> March 2020

### 1) Executive Summary

For the first quarter of 2020, the group of companies can commence the commercial operation of SNNP4 Solar Rooftop in March 2020. Total revenue and net profit have continuously increased with favorable net project margin. Summary of the financial result is shown below:

Consolidated Financial Statement (Unit: MTHB)	Q1/19	Q1/20	Change
Total Revenue	313.9	457.7	45.8%
EBITDA <sup>1</sup>	236.6	349.2	47.6%
Net Profit (to SSP's Shareholders)	124.0	216.9	74.9%
Core Operating Profit	129.7	161.2	24.3%
EBITDA Margin (%)	75.4%	76.3%	
Net Profit Margin (%)	39.5%	47.4%	
Core Operating Profit Margin (%)	41.3%	35.2%	

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

For the period of 3 months ended 31<sup>st</sup> March 2020, total revenue was 457.7 millin Baht, increased by 45.8% from the same period last year. Net profit and EBITDA were 216.9 million Baht and 349.2 million Baht respectively. Net profit margin was 47.4% and EBITDA margin was 76.3%. Core operating profit was 161.2 million Baht, increased by 24.3% from the same period last year. Core operating profit margin was 35.2%.

## 2) Analysis of financial results and financial status

## 2.1) Analysis of financial results

## (1) Revenue

Consolidated Financial Statement	Q1/19	Q1/20	Change
Revenue Structure (Unit: MTHB)			
Sale revenue from electricity rate (Base tariff + Ft)	72.0	73.7	
Sale revenue from Adder	141.4	142.9	
Sale revenue from Feed-in tariff (FIT)	8.0	8.5	
Sale revenue from Solar rooftop projects	4.0	4.7	
<b>Total Sale revenue from electricity sale in Thailand</b>	<b>225.4</b>	<b>229.8</b>	
Sale revenue from electricity sale in Japan	75.6	82.8	
Sale revenue from electricity sale in Vietnam	-	48.6	
Sale revenue from electricity sale in Mongolia	-	33.5	
Sale revenue from electricity sale in Indonesia	-	0.5	
<b>Total Sale revenue from electricity sale</b>	<b>301.0</b>	<b>395.2</b>	<b>31.3%</b>
EPC Construction revenue for Solar rooftop	11.6	-	
Gain from FX	-	51.0	
Other revenues <sup>1</sup>	1.3	11.4	
<b>Total revenues</b>	<b>313.9</b>	<b>457.7</b>	<b>45.8%</b>

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

The main source of company's revenue was from electricity sale. In the first quarter of 2020, the consolidated electricity sale was 395.2 millin Baht, increased by 31.3% from the same period last year. The revenue growth was contributed by the increase of overseas electricity sale including Japan where there was a better solar irradiation and Vietnam and Mongolia from new commercial operation projects.

Most of other incomes was gain on exchange from the effect of Baht depreciation on intercompany loan denominated in foreign currency.

## (2) Cost of Sales

Consolidated Financial Statement	Q1/19	Q1/20	Change
Cost of Sales (Unit: MTHB)			
Operating and maintenance costs	16.3	39.6	
Depreciation and amortization	61.5	87.4	
Cost of EPC construction on Solar rooftop projects	9.9	-	
Others <sup>1</sup>	16.4	11.4	
<b>Total cost of sales</b>	<b>104.1</b>	<b>138.4</b>	<b>33.0%</b>

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

The consolidated cost of sales increased in line with the revenue increase, 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	Q1/19	Q1/20	Change
Gross Profit (Unit: MTHB)			
Total Sale revenue from electricity sale and EPC construction	312.7	395.2	
Total cost of sales	104.1	138.4	
<b>Gross profit</b>	<b>208.6</b>	<b>256.8</b>	<b>23.1%</b>

Consolidated gross profit for Q1/20 was 256.8 million Baht, increased by 23.1% from the same period last year. Gross profit margin was 65%

## (4) Administrative Expenses

Consolidated Financial Statement	Q1/19	Q1/20	Change
Administrative Expenses (Unit: MTHB)			
Unrealized FX loss	5.7	-	
General G&A expenses	35.4	39.8	
<b>Total administrative expenses</b>	<b>41.1</b>	<b>39.8</b>	<b>-3.1%</b>

In Q1/20, administrative expenses reduced from 41.1 million Baht to 39.8 million baht, decreasing 3.1%. The decrease was due mainly to the effect of Thai Baht depreciation resulting to unrealized foreign exchange gain while the general G&A expenses was slightly increased.

**(5) Financial Costs**

Consolidated Financial Statement Financial Cost (Unit: MTHB)	Q1/19	Q1/20	Change
Financial Cost	46.07	61.72	34.0%

Consolidated financial costs increased from the same period last year in line with the increase of long-term debt for investment in new projects.

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

Consolidated Financial Statement Core Operating Profit (Unit: MTHB)	Q1/19	Q1/20	Change
Net profit distribution to SSP's shareholders	124.0	216.9	74.9%
Unrealized FX (gain)/loss	5.7	(55.7)	
Deferred tax (revenue)/expenses	(0.06)	(0.08)	
Core Operating Profit (to SSP's shareholders)	129.7	161.2	24.3%

For Q1/20, net profit (to SSP's shareholders) was 216.9 million Baht, increased from 124.0 million Baht of Q1/19, or increasing 74.9% which is in line with the increase of revenue.

Core Operating Profit increased from 129.7 million Baht to 162.2 million Baht, increasing 24.3%

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 Q1/20 are:

- i. Unrealized foreign exchange gain of 55.7 million Baht (recorded as gain on exchange)
- ii. Deferred tax revenue of 0.08 million Baht (recorded as tax revenues)

## 2.2 Financial Status

Consolidated Financial Statement Financial Status (Unit: MTHB)	31 Dec 2019	31 Mar 2020	Change
Total Assets	13,045.1	15,056.2	15.4%
Total Liabilities	9,048.1	10,774.3	19.1%
Total Equity	3,997.0	4,282.0	7.1%
Total Equity (To SSP's shareholders)	3,777.0	4,015.7	6.3%
Debt to Equity Ratio (Consolidated)	2.26	2.52	
Debt to Equity Ratio (Company)	0.58	0.54	

In 2020, the group has adopted new financial reporting standards related to (1) financial instruments and (2) Lease. The adoption of these financial reporting standards caused to the increase in total assets and liabilities and the small decrease in total shareholders' equity. The adoption does not have any significant impact on the company's financial statements.

As at 31<sup>st</sup> March 2020, consolidated total assets were 15,056.2 million Baht, increased from 13,045.1 million Baht as at 31<sup>st</sup> December 2019 or 15.4% increase. The increase of total assets consisted mainly of the 614 million Baht increase of property, plant and equipment of power plant, 476 million Baht increase of cash and restricted deposits and 671 million Baht increase of right of land use which was a result of the adoption of new financial reporting standards. Most of total assets were property, plant and equipment of power plant which accounted for 69% of total assets.

Consolidated total liabilities were 10,774.3 million Baht, increased from 9,048.1 million Baht as at 31<sup>st</sup> December 2019 or increasing 19.1%. The total liabilities increase consisted mainly of the 898 million Baht increase of long-term loans from financial institutions for the purpose of investmet in new projects and the 893 million Baht (671 million Baht lease liabilities and 168 million Baht other financial liabilities) as a result of the adoption of new financial reporting standards while the other liliabilites was slightly decreased.

Eventhough the adoption of new financial reporting standards has an impact on total shareholders' equity, the total equity at the end of Q1/20 recorded 7.1% increase from 3,997.0 million Baht at the end of 2019 to 4,282.0 million Baht. Total Equity (To SSP's shareholders) increased from 3,777.0 million Baht at the end of 2019 to 4,015.7 million Bath at the end of Q1/20 or increasing 6.3%

Debt to Equity ratio (Consolidated) increased from 2.26 times at the end of 2019 to 2.52 times. Without the impact from the adoption of new financial reporting standards, D/E (consolidated) will be 2.23 times. D/E (company only) slightly decreased from 0.58 times at the end of 2019 to 0.54 times at the end of Q1/20.

Please be informed accordingly

Your sincerely,

- Signed -

(Ms.Sukunya Phokhakul)

Chief Financial Officer