

Topic Management's Discussion and Analysis of financial results and financial status for the third quarter ended 30<sup>th</sup> September 2020

Attention President  
The Stock Exchange of Thailand

Management Discussion & Analysis of Business Operation

For the third quarter ended 30<sup>th</sup> September 2020

1) Executive Summay

For the third quarter of 2020, the group of companies has continuous growth in compare with same period on previous year. Summary of the financial result for the third qurater ended 30<sup>th</sup> September 2020 is shown below:

| Consolidated Financial Statement<br>(Unit: MTHB) | Q3/19 | Q3/20 | Change | 9M/19   | 9M/20   | Change |
|--|-------|-------|--------|---------|---------|--------|
| Total Revenue                                    | 398.5 | 572.6 | +43.7% | 1,115.5 | 1,470.2 | +31.8% |
| EBITDA <sup>1</sup>                              | 312.7 | 448.8 | +43.5% | 875.8   | 1,198.4 | +36.8% |
| Net Profit (to SSP's Shareholders)               | 144.0 | 227.5 | +58.0% | 428.5   | 594.5   | +38.8% |
| Core Operating Profit                            | 155.0 | 205.2 | +32.4% | 478.7   | 569.1   | +18.9% |
| EBITDA Margin (%)                                | 78.5% | 78.4% |        | 78.5%   | 81.5%   |        |
| Net Profit Margin (%)                            | 36.1% | 39.7% |        | 38.4%   | 40.4%   |        |
| Core Operating Profit Margin (%)                 | 38.9% | 35.8% |        | 42.9%   | 38.7%   |        |

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

For the period of 3 months ended 30<sup>th</sup> September 2020, total revenue was 572.6 million Baht, increased by 43.7% from the same period last year. Net profit (to SSP's Shareholders) and EBITDA were 227.5 million Baht and 448.8 million Baht respectively. Net profit margin was 39.7% and EBITDA margin was 78.4%. Core

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operating profit was 205.2 million Baht, increased by 32.4% from the same period last year. Core operating profit margin was 35.8%.

For the period of 9 months ended 30<sup>th</sup> September 2020, total revenue was 1,470.2 million Baht, increased by 31.8%. Net profit (to SSP's Shareholders) and EBITDA were 594.5 million Baht and 1,198.4 million Baht respectively. Net profit margin was 40.4% and EBITDA margin was 81.5%. Core operating profit was 569.1 million Baht, increased by 18.9% from the same period last year. Core operating profit margin was 38.7%.

## 2) Analysis of financial results and financial status

## 2.1) Analysis of financial results

## (1) Revenue

| Consolidated Financial Statement<br>Revenue Structure (Unit: MTHB)    | Q3/19        | Q3/20        | Change        | 9M/19          | 9M/20          | Change        |
|---|--------------|--------------|---------------|----------------|----------------|---------------|
| Sale revenue from electricity sale in Thailand                        | 221.0        | 228.1        |               | 701.5          | 693.9          |               |
| Sale revenue from electricity sale in Japan                           | 89.9         | 216.1        |               | 284.3          | 445.4          |               |
| Sale revenue from electricity sale in Vietnam                         | 57.6         | 61.9         |               | 82.7           | 179.2          |               |
| Sale revenue from electricity sale in Mongolia                        | 27.9         | 23.2         |               | 27.9           | 88.1           |               |
| Sale revenue from electricity sale in Indonesia                       | -            | 0.7          |               | -              | 1.9            |               |
| <b>Total Sale revenue from electricity sale</b>                       | <b>396.5</b> | <b>530.0</b> | <b>+33.7%</b> | <b>1,096.3</b> | <b>1,408.5</b> | <b>+28.5%</b> |
| EPC Construction revenue and service income on Solar rooftop projects | -            | 11.5         |               | 11.9           | 21.5           |               |
| Gain (loss) from exchange rate  | -            | 26.0         |               | -              | 18.3           |               |
| Other revenues <sup>1</sup>   | 2.0          | 5.1          |               | 7.2            | 21.9           |               |
| <b>Total revenues</b>   | <b>398.5</b> | <b>572.6</b> | <b>+43.7%</b> | <b>1,115.5</b> | <b>1,470.2</b> | <b>+31.8%</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 third quarter of 2020, the consolidated electricity sale was 530.0 million Baht, increased by 33.7% from the same period last year. The revenue growth was contributed by the increase of overseas electricity sale including full period revenue recognition from Yamaga project in Japan and revenue increase from project in Vietnam as well as solar rooftop projects in Indonesia. Revenue from project in Mongolia was slightly decreased due to lower solar irradiation and demand decrease as a result of Covid, when compared with the same period last year.

For the period of 9 months, total revenue was 1,408.5 million Baht or increase by 28.5% from the same period last year due mainly to the full period revenue recognition and new commercial operation projects as mentioned above.

## (2) Cost of Sales

| Consolidated Financial Statement<br>Cost of Sales (Unit: MTHB) | Q3/19        | Q3/20        | Change        | 9M/19        | 9M/20        | Change        |
|--|--------------|--------------|---------------|--------------|--------------|---------------|
| Operating and maintenance costs                                | 37.7         | 46.3         |               | 76.8         | 127.0        |               |
| Depreciation and amortization                                  | 75.7         | 128.7        |               | 199.9        | 309.1        |               |
| Others <sup>1</sup>  | 19.2         | 22.9         |               | 61.6         | 55.0         |               |
| <b>Total cost of sales</b>                                     | <b>132.6</b> | <b>197.9</b> | <b>+49.3%</b> | <b>338.4</b> | <b>491.1</b> | <b>+45.1%</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<br>Gross Profit (Unit: MTHB) | Q3/19        | Q3/20        | Change        | 9M/19        | 9M/20        | Change        |
|---|--------------|--------------|---------------|--------------|--------------|---------------|
| Total Sale revenue from electricity sale and EPC              | 396.5        | 541.5        |               | 1,108.2      | 1,430.0      |               |
| Total cost of sales   | 132.6        | 197.9        |               | 338.4        | 491.1        |               |
| <b>Gross profit</b>   | <b>263.9</b> | <b>343.6</b> | <b>+30.2%</b> | <b>769.8</b> | <b>938.9</b> | <b>+22.0%</b> |

Consolidated gross profit for Q3/20 was 343.6 million Baht, increased by 63.5% from the same period last year. Gross profit margin was 30.2%

For 9M/20, gross profit was 938.9 million Baht, increased by 65.7% from the same period last year and in line with the increase of new commercial operation projects. However, the narrower of gross profit margin of new projects when compared with the first solar project, which receives government's subsidy in form of adder, led to lower gross profit margin from 69.5% last year to 65.7% in this year but still at favorable rate. The gross profit margin increased from 769.8 million Baht in 9M2019 to 938.9 million Baht in 9M2020.

#### (4) Administrative Expenses

| Consolidated Financial Statement     | Q3/19 | Q3/20 | Change | 9M/19 | 9M/20 | Change |
|--------------------------------------|-------|-------|--------|-------|-------|--------|
| Administrative Expenses (Unit: MTHB) |       |       |        |       |       |        |
| G&A expenses                         | 47.6  | 55.1  | +15.8% | 126.7 | 135.1 | +6.6%  |

In Q3/20, general and administrative expenses slightly reduced from 47.6 million Baht to 55.1 million baht while for 9M/20, the G&A expenses slightly increased by 6.6% from the new commercial operation projects.

#### (5) Financial Costs

| Consolidated Financial Statement | Q3/19 | Q3/20 | Change | 9M/19 | 9M/20 | Change |
|----------------------------------|-------|-------|--------|-------|-------|--------|
| Financial Cost (Unit: MTHB)      |       |       |        |       |       |        |
| Financial Cost                   | 52.7  | 74.5  | +41.4% | 147.5 | 208.4 | +41.2% |

Consolidated financial costs increased from the same period last year owing to the recognition of interest expenses of the new commercial operation projects.

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

| Consolidated Financial Statement              | Q3/19  | Q3/20  | Change | 9M/19  | 9M/20  | Change |
|---|--------|--------|--------|--------|--------|--------|
| Core Operating Profit (Unit: MTHB)            |        |        |        |        |        |        |
| Net profit distribution to SSP's shareholders | 144.0  | 227.5  | +58.0% | 428.5  | 594.5  | +38.8% |
| Unrealized FX (gain)/loss                     | 11.0   | (22.3) |        | 50.4   | (25.2) |        |
| Deferred tax (revenue)/expenses               | (0.06) | (0.08) |        | (0.18) | (0.24) |        |
| Core Operating Profit (to SSP's shareholders) | 155.0  | 205.2  | +32.4% | 478.7  | 569.1  | +18.9% |

For Q3/20, net profit (to SSP's shareholders) was 227.5 million Baht, increase from 144.0 million Baht of Q3/19, or 38.8% increased as a result of new COD project.

For Q3/20, Core Operating Profit increased from 155.0 million Baht to 205.2 million Baht, increasing 32.4%. For 9M/20, Core Operating Profit increased from 478.7 million Baht to 569.1 million Baht, increasing 18.9% from the same period last year.

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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 Q3/20 and 9M/20 are:

- i. Unrealized foreign exchange loss of 50.4 million Baht and unrealized foreign exchange gain of 25.2 million Baht respectively (recorded as gain/loss on exchange)
- ii. Deferred tax revenue of 0.08 and 0.24 million Baht respectively (recorded as tax revenues)

## 2.2 Financial Status

| Consolidated Financial Statement<br>Financial Status (Unit: MTHB) | 31 Dec 2019 | 30 Sep 2020 | Change |
|---|-------------|-------------|--------|
| Total Assets  | 13,045.1    | 16,533.1    | +26.7% |
| Total Liabilities   | 9,048.1     | 11,795.9    | +30.4% |
| Total Equity  | 3,997.0     | 4,737.2     | +18.5% |
| Total Equity (To SSP's shareholders)                              | 3,777.0     | 4,374.7     | +15.8% |
| Debt to Equity Ratio (Consolidated)                               | 2.26        | 2.49        |        |
| Debt to Equity Ratio (Company)                                    | 0.58        | 0.55        |        |

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 30<sup>th</sup> September 2020, consolidated total assets were 16,533.1 million Baht, increased by 3,488.0 million baht, from 13,045.1 million Baht as at 31<sup>st</sup> December 2019 or 26.7% increase. The increase of total assets consisted mainly of the 1,325 million Baht increase of property, plant and equipment of power plant, 112 million Baht increase of cash and cash equivalent, 104 million Baht increase of restricted deposits and 843 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 73% of total assets.

Consolidated total liabilities were 11,759.9 million Baht, increased by 2,747.7 million Baht, from 9,048.1 million Baht as at 31<sup>st</sup> December 2019 or increasing 30.4%. The total liabilities increase consisted mainly of the 1,234.9 million Baht increase of long-term loans from financial institutions for the purpose of investmet in new projects, 262.7 million Baht increase of account payable for construction and the 885.0 million Baht (673.2 million Baht lease liabilities and 212.7 million Baht other financial liabilities) as a result of the adoption of new financial reporting standards while share capital payable from a subsidiary's capital reduction and short-term loan from non-controlling interest of subsidiary were slightly decrease to 83.5 million Baht.

Eventhough the adoption of new financial reporting standards has an impact on total shareholders' equity, the total equity at the end of Q3/20 recorded 18.5% increase from 3,997.0 million Baht at the end of 2019 to 4,737.2 million Baht. Total Equity (To SSP's shareholders) increased from 3,777.0 million Baht at the end of 2019 to 4,374.7 million Bath at the end of Q3/20 or increasing 15.8%

Debt to Equity ratio (Consolidated) increased from 2.26 times at the end of 2019 to 2.49 times. D/E (company only) decreased from 0.58 times at the end of 2019 to 0.55 times at the end of Q3/20.



Please be informed accordingly

Your sincerely,

- Signed -

(Ms.Sukunya Phokhakul)

Chief Financial Officer