

14 May 2018

Topic Management's Discussion and Analysis of results and financial status for the first quarter ended March 31, 2018

Attention The President
The Stock Exchange of Thailand

Management's Discussion and Analysis of results and financial status
for the first quarter ended March 31, 2018

1) Executive Summary

For the 3 months period ended 31 March 2018, the company has key development affecting the company's results as follow:

- 1) The company has started the commercial operation of Hidaka and 2 solar rooftop projects (SNNP1 and SNNP2) since March 2018.
- 2) The intercompany loan within the group was restructured to be longer term in order to reflect the company's objective to use intercompany loan as part of capital injection for investment. As a result, the unrealized FX gain/loss of the intercompany loan will not be recorded through the income statement from 2018 onward.
- 3) Land lease during construction is capitalized as part of asset value from 2018 onward.

For the 3 months period ended 31 March 2017 and 2018, consolidated electricity sale revenue is 218.1 MTHB and 221.6 MTHB respectively, increasing by 3.4 MTHB or 1.6% compared to the same period of 2017. The increase is mainly as a result of higher SPN project's average electricity tariff and the contribution from the new projects (Hidaka and 2 rooftop projects) despite lower electricity sale volume of SPN project.

For the 3 months period ended 31 March 2017 and 2018, consolidated cost of sales is 41.4 MTHB and 52.6 MTHB respectively, increasing by 11.1 MTHB or 26.9% compared to the same period of 2017. The increasing is mainly as a result of increase in depreciation from start of commercial operation of Hidaka and 2 rooftop projects.

For the 3 months period ended 31 March 2017 and 2018, consolidated gross profit is 176.7 MTHB and 169.0 MTHB respectively, decreasing by 7.7 MTHB or 4.4% compared to the same period of 2017, whereas gross profit margin is 81.0% and 76.3% respectively. The decrease is mainly as a result of lower electricity sale

volume of SPN project and increase in cost of sales (from start of commercial operation of Hidaka and 2 rooftop projects).

For the 3 months period ended 31 March 2017 and 2018, consolidated net profit (attributed to company's shareholders) is 102.4 MTHB and 106.6 MTHB respectively, increasing by 4.2 MTHB or 4.1% compared to the same period of 2017.

For the 12 months period ended 31 March 2017 and 2018, Core Operating Profit ¹ is 115.4 MTHB and 116.0 MTHB respectively, increasing by 0.6 MTHB or 0.5% compared to the same period of 2017. The adjustment items (from net profit to Core Operating Profit) are:

- i. Unrealized foreign exchange gain/loss: for the 3 months period ended 31 March 2017, unrealized foreign exchange loss is 2.9 MTHB (recorded as administrative expenses). For the 3 months period ended 31 March 2018, unrealized foreign exchange loss is 9.5 MTHB (recorded as administrative expenses).
- ii. Uncapitalized construction cost: for the 3 months period ended 31 March 2017, construct cost for solar project in Japan which is not capitalized as part of asset value, i.e. land lease during construction, is 3.7 MTHB (excluding minority interest). For the 3 months period ended 31 March 2018, land lease during construction has been capitalized as part of asset value.
- iii. Uncapitalized financial cost during construction: for the 3 months period ended 31 March 2017 and 2018, financial cost during construction for solar project in Japan which is not capitalized as part of asset value is 6.5 MTHB and 0.0 MTHB respectively.
- iv. Deferred tax expenses/revenue: for the 3 months period ended 31 March 2017 and 2018, deferred tax revenue is 0.03 MTHB and 0.05 MTHB respectively.

Note: ¹ Formerly called as Adjusted Operating Profit, and change to Core Operating Profit from 2018 onward.

2) Analysis of financial results and status

2.1) Revenue

Revenue Structure (Unit : MTHB)	Consolidate Financial Statement	
	3 months ended 31-Mar-17	3 months ended 31-Mar-18
Sale revenue from electricity rate (base tariff + Ft)	70.7	86.6
Sale revenue from Adder	147.4	135.0

Sale revenue from electricity sale	218.1	221.6
Other revenues	0.3	0.8
Total sale revenues	218.4	222.4

Remark: ¹ Other revenues included (but not limited to) import tax, interest revenue, and revenue related to power development fund.

For the 3 months period ended 31 March 2017 and 2018, consolidated electricity sale revenue is 218.1 MTHB and 221.6 MTHB respectively, increasing by 3.4 MTHB or 1.6% compared to the same period of 2017. The increase is mainly as a result of higher SPN project's average electricity tariff increasing by 1.5% and the contribution from the new projects (Hidaka and 2 solar rooftop projects) despite lower electricity sale volume decreasing by 8.4%.

2.2) Cost of Sales

For the 3 months period ended 31 March 2017 and 2018, consolidated cost of sales is 41.4 MTHB and 52.6 MTHB respectively, increasing by 11.1 MTHB or 26.9% compared to the same period of 2017. The increasing is mainly as a results of depreciation and amortization new projects (Hidaka and 2 solar rooftop projects) since March 2018.

Cost of sales comprised of (1) depreciation and amortization, (2) operating and maintenance cost of solar plant, and (3) other costs (i.e. electricity cost, salary and bonus, and insurance fee).

Cost of sales (Unit : MTHB)	Consolidate Financial Statement	
	3 months ended	3 months ended
	31-Mar-17	31-Mar-18
Operating and maintenance cost	9.5	9.8
Depreciation and amortization	29.5	37.3
Others	2.4	5.4
Cost of sales	41.4	52.6

Remarks: ¹ Others included (but not limited to) electricity, salary and bones, and insurance fee

2.3) Gross Profit

For the 3 months period ended 31 March 2017 and 2018, consolidated gross profit is 176.7 MTHB and 169.0 MTHB respectively, decreasing by 7.7 MTHB or 4.4% compared to the same period

of 2017, whereas gross profit margin is 81.0% and 76.3% respectively. The decrease is mainly as a result of lower electricity sale volume and increase in cost of sales from new projects (Hidaka and 2 solar rooftop projects).

(Unit : MTHB)	Consolidate Financial Statement	
	3 months ended 31-Mar-17	3 months ended 31-Mar-18
Sale revenue from electricity sale	218.1	221.6
Cost of sales	41.4	52.6
Gross profit	176.7	169.0

2.4) Administrative Expenses

For the 3 months period ended 31 March 2017 and 2018, consolidated administrative expenses is 37.2 and 37.3 MTHB respectively, immaterially increasing 0.1 MTHB or 0.3% compared to the same period of 2017. The increase is mainly as a result of increase of unrealized foreign exchange loss of 6.6 MTHB, although land lease during construction has been capitalized as capital expenditures, and general administrative expenses decreased by 2.3 MTHB.

Administrative expenses (Unit : MTHB)	Consolidate Financial Statement	
	3 months ended 31-Mar-17	3 months ended 31-Mar-18
Unrealized FX loss	2.9	9.5
Land lease during construction	4.2	0.0
General G&A expenses	30.1	27.8
Administrative expenses	37.2	37.3

2.5) Financial Costs

For the 3 months period ended 31 March 2017 and 2018, consolidated financial cost is 38.1 MTHB and 26.5 MTHB respectively, decreasing 11.7 MTHB or 30.6% compared to the same period

of 2017. The decrease is mainly as a result of repayment of long-term borrowing from IPO proceeds in the third quarter of 2017 (715 MTHB).

2.6) Net Profit (attributed to company's shareholders)

For the 3 months period ended 31 March 2017 and 2018, consolidated net profit attributed to company's shareholders is 102.4 MTHB and 106.6 MTHB respectively, increasing by 4.2 MTHB or 4.1% compared to the same period of 2017. The increase is mainly as a result of (1) the contribution from the new projects (Hidaka and 2 solar rooftop projects), and (2) decrease of financial expenses.

2.7) Core Operating Profit

Core Operating Profit is the key performance indicator of management and board of directors for evaluating company's financial results, and be used for considering dividend payment decision, along with the dividend policy of the company.

Core Operating Profit is adjusted from net profit attribute to company's shareholder by the items as follows.

Core Operating Profit (Unit : MTHB)	Consolidate Financial Statement	
	3 months ended 31-Mar-17	3 months ended 31-Mar-18
Net profit distribution to SSP's shareholders	102.4	106.6
Unrealized FX (gain)/loss	2.9	9.5
Uncapitalized land lease during construction	3.7	0.0
Uncapitalized interest for SSP's equity loan	6.5	0.0
Deferred tax (revenue)/expenses	-0.03	0.0
Adjusted Operating Profit (to SSP's shareholders)	115.4	116.0

For the 3 months period ended 31 March 2017 and 2018, adjusted operating profit is 115.4 MTHB and 116.0 MTHB respectively, increasing by 0.6 MTHB or 0.5% compared to the same period of 2017.

2.8) Financial Status

As of 31 December 2017, and 31 March 2018, consolidated total assets is 8,269.8 MTHB and 8,890.5 MTHB respectively, increasing by 620.7 MTHB or 7.5%. The increase reflects increase in assets in the projects under construction and under development.

As of 31 December 2017, and 31 March 2018, consolidated total liabilities is 4,848.2 MTHB and 5,326.8 MTHB respectively, increasing by 478.7 MTHB or 9.9%. The increase is mainly a result of higher long-term borrowing from Japanese financial institution for the investment in projects under construction/development.

As of 31 December 2017, and 31 March 2018, consolidated total liabilities is 4,848.2 MTHB and 5,326.8 MTHB respectively, whereas total equity is 3,421.7 MTHB and 3,563.7 MTHB respectively. The Debt to Equity ratio as of 31 December 2017 and 31 March 2018 is 1.4 times and 1.5 times respectively.

As of 31 December 2017, and 31 March 2018, the companies in the group (where applicable) maintain compliance with financial covenant and conditions of loan from financial institutions.

Please be informed accordingly.

Yours sincerely,



Mr. Natthapatt Tanboon-ek

Chief Financial Officer