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Topic Management's Discussion and Analysis of results and financial status for year ended 2016,
as of 31 December 2016

Attention The President
The Stock Exchange of Thailand

Management's Discussion and Analysis of results and financial status

For year ended 2016, as of 31 December 2016

1) Executive Summary

For the period ended 31 December 2015 and 2016, consolidated electricity sale revenue is 846.2 MTHB and 869.2 MTHB respectively, increasing by 23.0 MTHB or 2.7%. The increase is mainly as a result of a fully commercial operating of SPN project in 2016, while this project has operated only 11 months in 2015. Meanwhile, the electricity tariff (Ft price) has been continually decreased during 2016.

For the period ended 31 December 2015 and 2016, consolidated cost of sales is 159.3 MTHB and 169.0 MTHB respectively, decreasing by 9.7 MTHB or 6.1% and consolidated gross profit is 686.9 MTHB and 700.1 MTHB respectively, increasing by 13.3 MTHB or 1.9% and gross profit margin is 81.2% and 80.6% respectively. The increase is mainly due to a commercial operating dated of SPN project in 02 February 2015, which is operated by 11 months in 2015, comparing with fully operate 12 months in 2016.

For the ended 31 December 2015 and 2016, consolidated net profit is 498.5 MTHB and 447.4 MTHB respectively. The net profit attributed to company's shareholders for the period ended 31 December 2015 and 2016 is 67.2 MTHB and 448.6 MTHB respectively.

2) Analysis of financial results and status

Revenue

Revenue Structure	Consolidated Financial Statement for the ended 31 December			
	2015		2016	
	MTHB	%	MTHB	%
Sale revenue from electricity rate (base tariff + Ft)	292.9	34.3	285.6	32.6
Sale revenue from Adder	553.3	64.9	583.6	66.6
Sale revenue from electricity sale	846.2	99.2	869.2	99.1
Other revenues ¹	6.4	0.8	7.5	0.9
Total sale revenues	852.6	100.0	876.7	100.0

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

For the period ended 31 December 2015 and 2016, consolidated electricity sale revenue is 846.2 MTHB and 869.2 MTHB respectively, increasing by 23.0 MTHB or 2.7%. The increase is mainly as a result of a fully commercial operating of SPN project in 2016. Sale revenue from electricity sale comprised of (1) sale revenue from electricity rate (Base Tariff + Ft) and (2) sale revenue from Adder.

Project	Contracted Capacity (MW)	Electricity Sale Volume (MWh)	
		For the ended 31 December 2015	For the ended 31 December 2016
Sermasang Solar Project	40	85,123.6	89,783.9
Total	40	85,123.6	89,783.9
Average Tariff Rate (THB/KWh)		3.44	3.18

For the period ended 31 December 2015 and 2016, consolidated electricity sale volume is 85,123.6 MWh and 89,783.9 MWh respectively, increasing 4,660.2 MWh or 5.5%. The increase is mainly as a result of a fully commercial operating of SPN project in 2016, while average tariff rate is 3.44 THB/KWh and 3.18 THB/KWh respectively, decreasing 0.26 THB/KWh or 7.5%. The decrease is mainly as a result of gradually lower electricity tariff rate (Ft) since May 2015, which is driven by lower electricity sale revenue in 2016.

Cost of Sales

For the period ended 31 December 2015 and 2016, consolidated cost of sales is 159.3 MTHB and 169.0 MTHB respectively, decreasing by 9.7 MTHB or 6.1%. The increase is mainly as a result of a fully commercial operating of SPN project in 2016.

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	Consolidated Financial Statement for the ended 31 December			
	2015		2016	
	MTHB	%	MTHB	%
Operating and maintenance cost	34.8	21.9	38.0	22.5
Depreciation and amortization	106.2	66.7	116.4	68.9
Others ¹	18.3	11.5	14.6	8.7
Cost of sales	159.3	100.0	169.0	100.0

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

Gross Profit

For the period ended 31 December 2015 and 2016, consolidated gross profit is 686.9 MTHB and 700.1 MTHB respectively, increasing by 13.3 MTHB or gross profit margin is 81.2% and 80.6% respectively. The decrease of gross profit margin is mainly from the electricity sale revenue increased by 2.7% while the cost of sales increased by 6.1%.

	Consolidated Financial Statement for the ended 31 December			
	2015		2016	
	MTHB	%	MTHB	%
Sale Revenue	846.2	100.0	869.2	100.0
Cost of sales	159.3	18.8	169.0	19.4
Gross Profit	686.9	81.2	700.1	80.6

Administrative Expenses

For the ended 31 December 2015 and 2016, consolidated administrative expenses is 54.6 and 114.2 MTHB respectively, increasing 59.6 MTHB or 109.0%. The increase is mainly as a result of (1) increase of staff expenses (as a result of increase of headcount to support business expansion both locally and internationally) and (2) land lease during construction of Hidaka project.

Financial Costs

For the period ended 31 December 2015 and 2016, consolidated financial cost is 140.2 MTHB and 146.1 MTHB respectively, increasing 5.9 MTHB or 4.2%. The increase is mainly as a result of increase of loss from Interest rate swap (IRS)

Financial Costs	Consolidated Financial Statement for the ended 31 December			
	2015		2016	
	MTHB	%	MTHB	%
Interest expenses	113.6	81.1	109.5 ¹	74.9
Loss from Interest Rate Swap (IRS)	26.6	18.9	36.6	25.1
Financial Costs	140.2	100.0	146.1	100.0

Net Profit

For the period ended 31 December 2015 and 2016, consolidated net profit is 498.5 MTHB and 447.4 MTHB respectively. The decrease is mainly as a result of increase of administration expenses which reflect to the additional construction and development project, whereas the increase of consolidated gross profit margin in 2016, The net profit attributed to company's shareholders for 2015 and 2016 is 67.2 MTHB and 448.6 MTHB respectively

Financial Status

As of 31 December 2015, and 2016, consolidated total assets is 3,624.9 MTHB and 4,962.6 MTHB respectively. The increase is mainly a result of increase in assets in the projects under construction and under development.

As of 31 December 2015, and 2016, consolidated total liabilities is 2,831.2 MTHB and 3,665.8 MTHB respectively, whereas total equity is 793.7 MTHB and 1,296.8 MTHB respectively. The Debt to Equity ratio is 3.6 times and 2.8 times respectively.

As of 31 December 2015, and 2016, the companies in the group (where applicable) maintain compliance with financial covenant and conditions of loan from financial institutions.

As of 31 December 2015, the companies in the group paid the interim dividend of 361.6 MTHB or 72.5% dividend payout

As of 31 December 2016, the companies in the group did not pay the interim dividend or annual dividend, which the companies used the retained earnings from the operating solar project to invest the Solar farm project in Japan

Please be informed accordingly.

Yours sincerely,



Mr. Natthapatt Tanboon-ek

Chief Financial Officer