

Sernsang Power Corporation Public Company Limited

Opportunity Day: 3rd Quarter 2017 Results

15 November 2017



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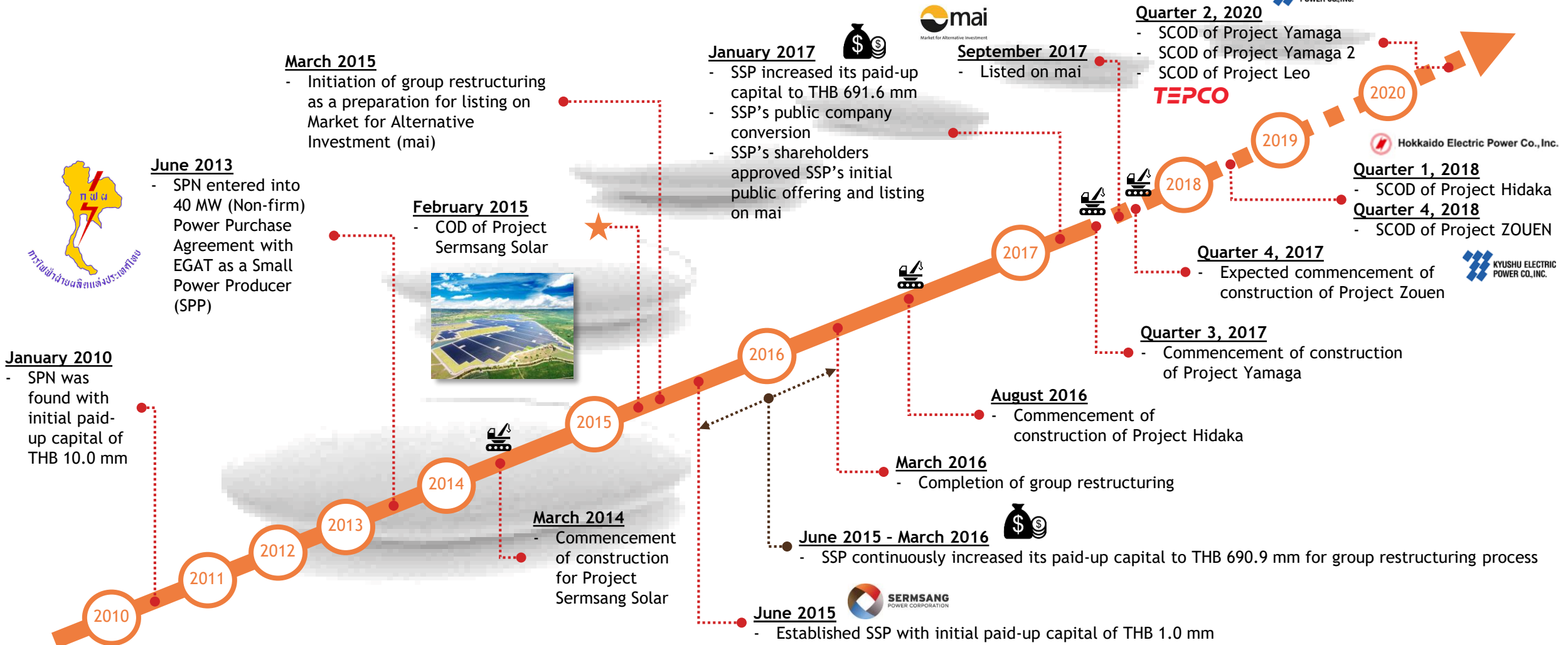
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General Information


Key Development Milestones

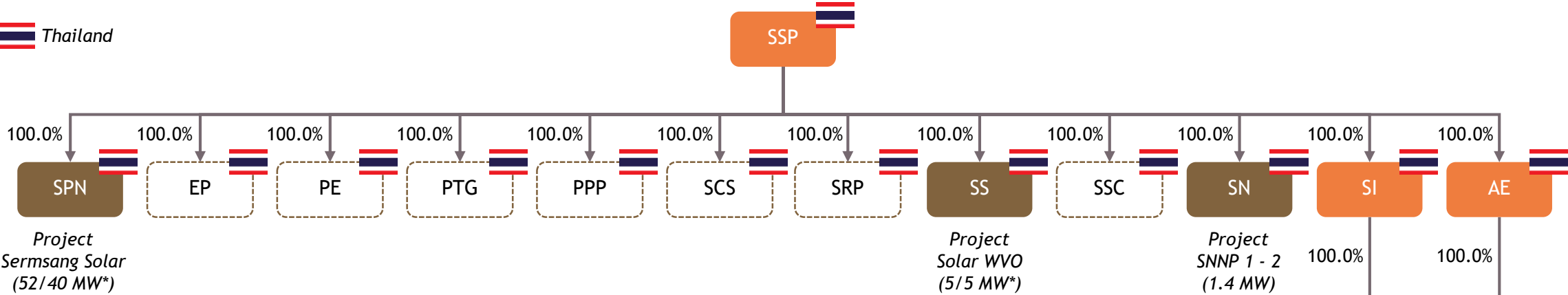
**“Strive to become leader of renewable power producer with the most advanced technology.
We promise to develop and create sustainable energy to secure future energy source for everyone”**



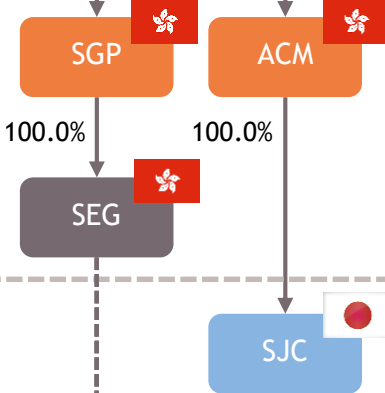
Group Structure



 Thailand



 Hong Kong

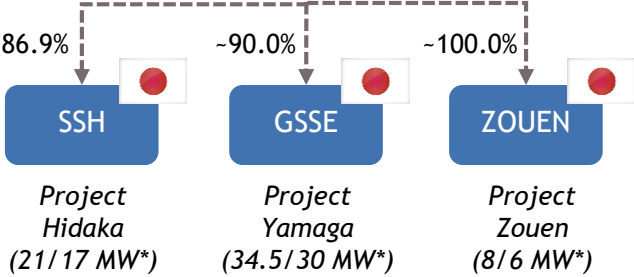


 Japan

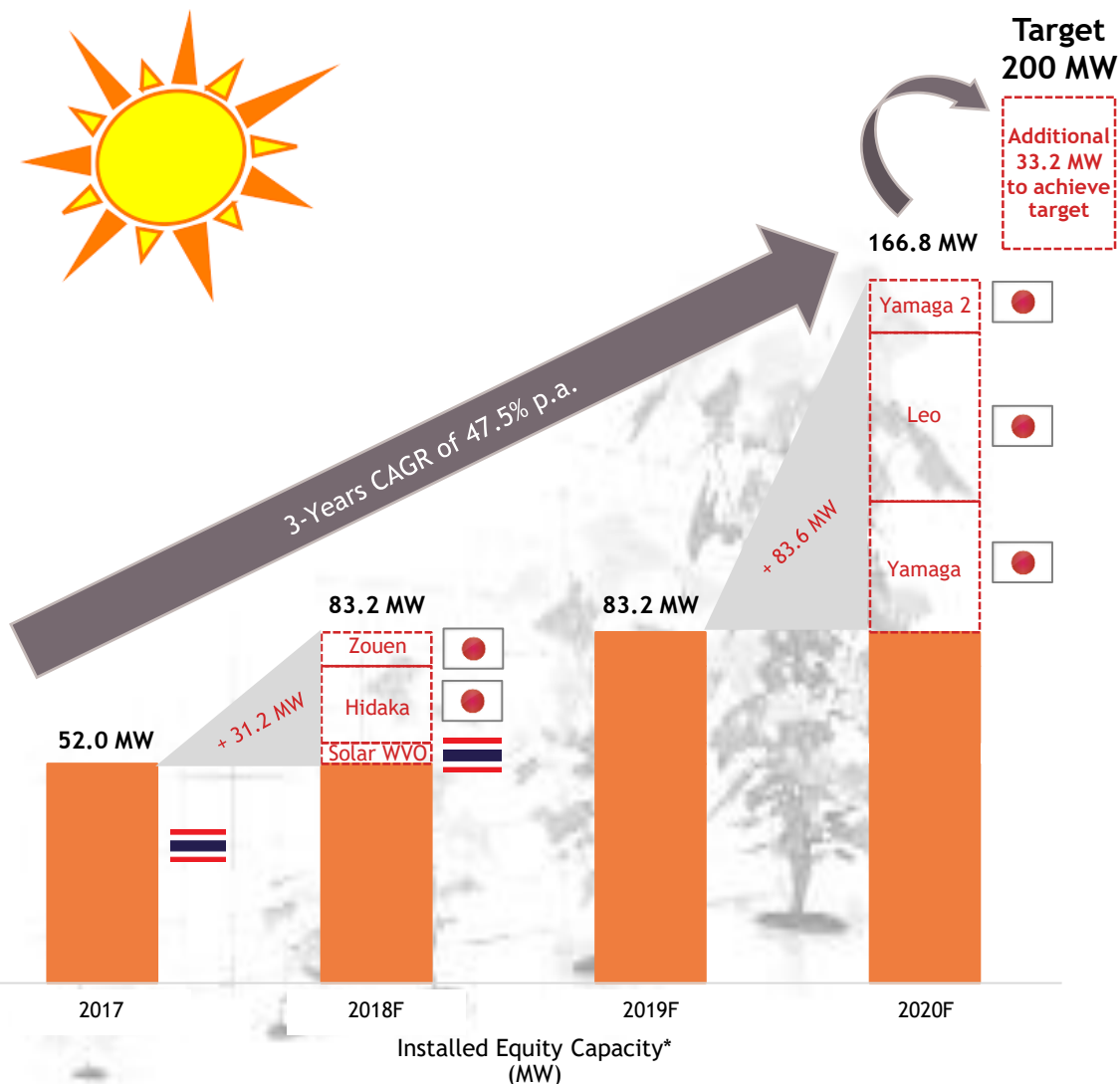
Type of Business

-  Generation and Sales of Electricity
-  Shell Company for Future Project
-  Holding Company
-  TK Investor
-  Related Business
-  GK Company

Remark: * Installed/Contracted Capacity









Robust Portfolio Growth from High Quality Future Project Pipeline



Remark: *Excluding solar rooftop projects

Future Project Pipeline Details

Project	Location	Status	Installed Equity Capacity (MW)	Expected COD
Solar WVO		Under Development	5.0	Q4 2018
Hidaka		Under Construction	18.2	Q1 2018
Yamaga		Under Construction	31.1	Q2 2020
Zouen		Under Development	8.0	Q4 2018
Leo		Under Development	40.0	Q2 2020
Yamaga 2		Early Development	12.5	Q2 2020

Future Project Pipeline in Japan Status

Project	METI Approval	Grid Connection Approval	Procure Land	Credit Facilities Agreement
Hidaka	✓	✓	✓	✓
Yamaga	✓	✓	✓	✓
Zouen	✓*	✓*	✓	✓
Leo	✓*	✓*	✓	Negotiation
Yamaga 2	Secured**	Secured**	Negotiation	Negotiation

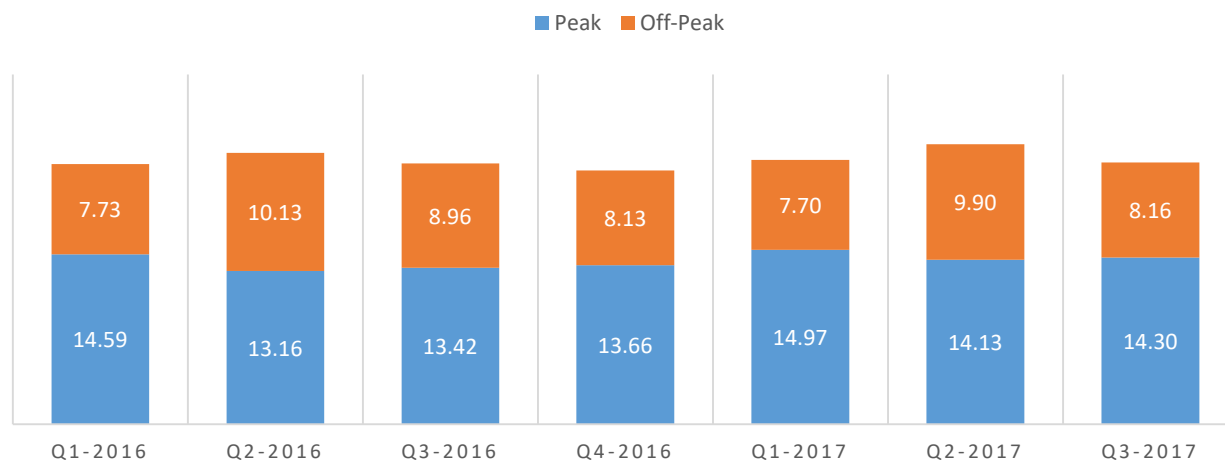
Remark: *Under transferring process

**Secured at project level

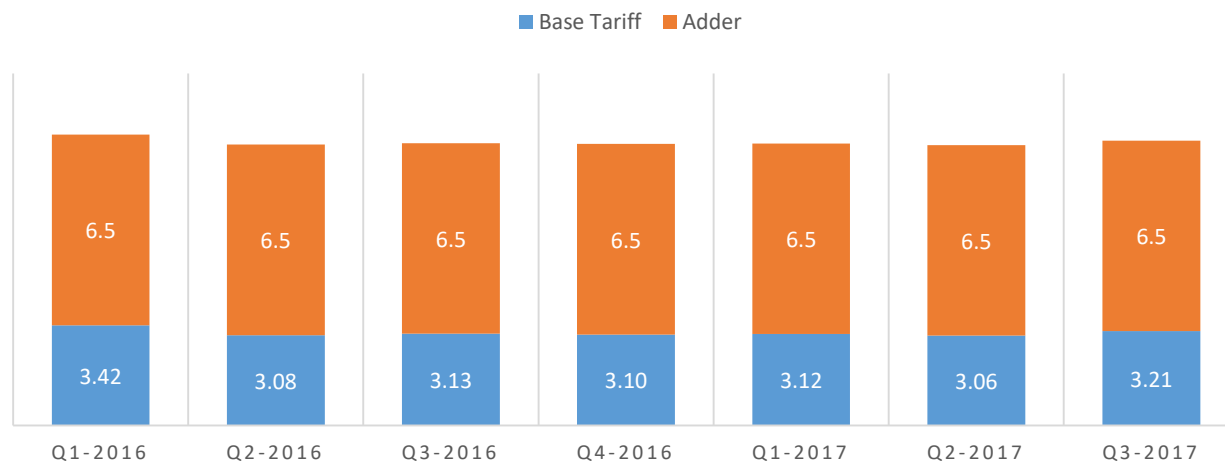
3Q17 and 9M17 Results

Sale Volume and Average Tariff

TOTAL PRODUCTION (GWH)



AVERAGE TARIFF (THB/KWH)



	YTD	QoQ	YoY
Production	1.71%	-6.50%	0.38%
Average Tariff	-0.79%	1.55%	0.89%

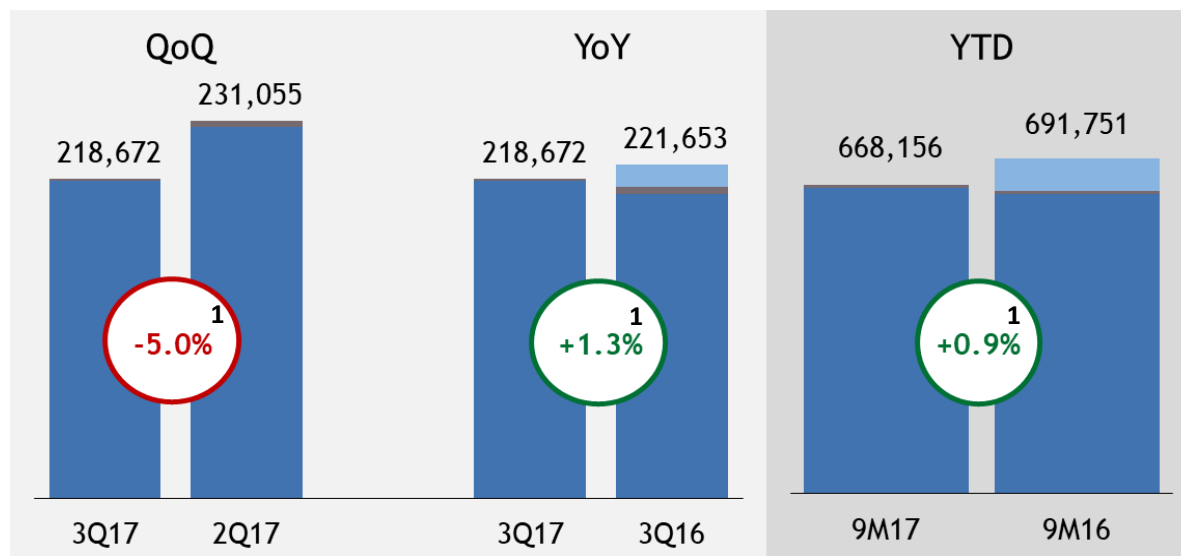
Ft rate adjustment (satang/kWh)

Jan'16 - Apr'16	(0.1590)	Change :	
May'16 - Aug'16	(0.3966)	Change :	(0.24)
Sep'16 - Dec'16	(0.4284)	Change :	(0.03)
Jan'17 - Apr'17	(0.4716)	Change :	(0.04)
May'17 - Aug'17	(0.3477)	Change :	0.12
Sep'17	(0.3012)	Change :	0.05

Revenue/COGS/Gross Profit

Revenue

(Unit: '000 THB)



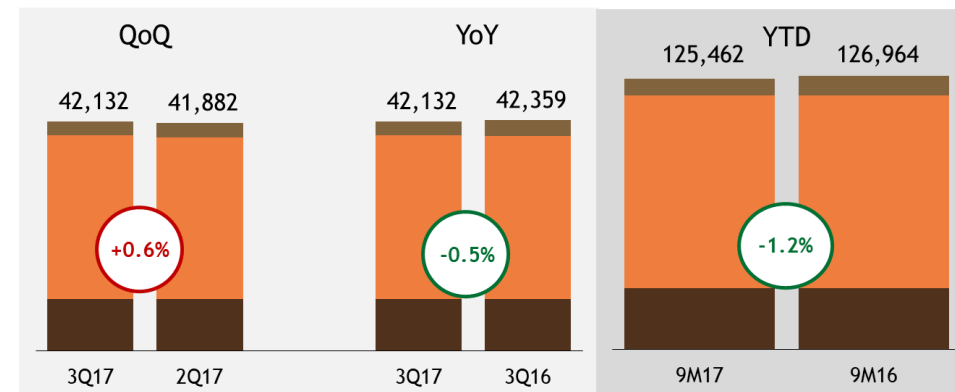
■ Sales Revenue ■ Other Revenue ■ Unrealized FX Gain

- 9M17 sale revenue: Higher YTD (9M17 vs 9M16) → mainly from higher volume despite lower tariff
- 3Q17 sale revenue:
 - Higher YoY (3Q17 vs 3Q16) → mainly from higher tariff with flat volume
 - Lower QoQ (3Q17 vs 2Q17) → mainly from lower volume (seasonal) despite higher tariff.
- Unrealized FX gain booked as part of other revenues in 3Q16 (4.8 MTHB) and 9M16 (28.7 MTHB)

Note 1) Percentage change of sale revenue

COGS

(Unit: '000 THB)

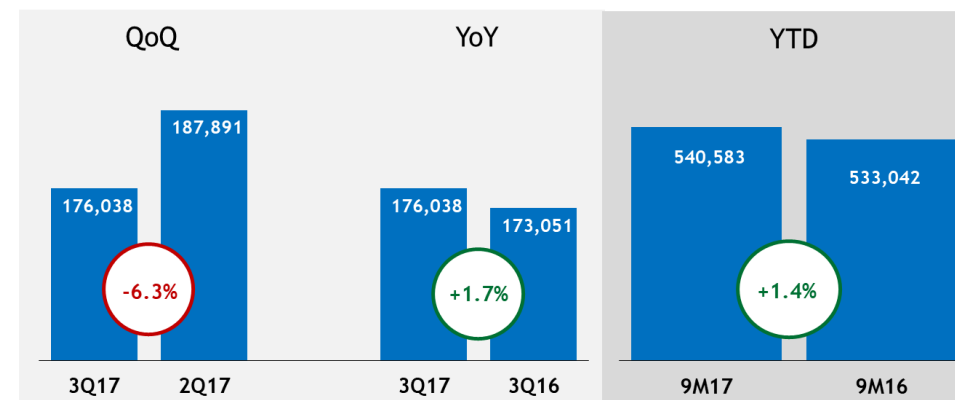


■ O&M Costs ■ Depreciation and Amortization ■ Others

- COGS for 9M17 is slightly lower than 9M16.

Gross Profit

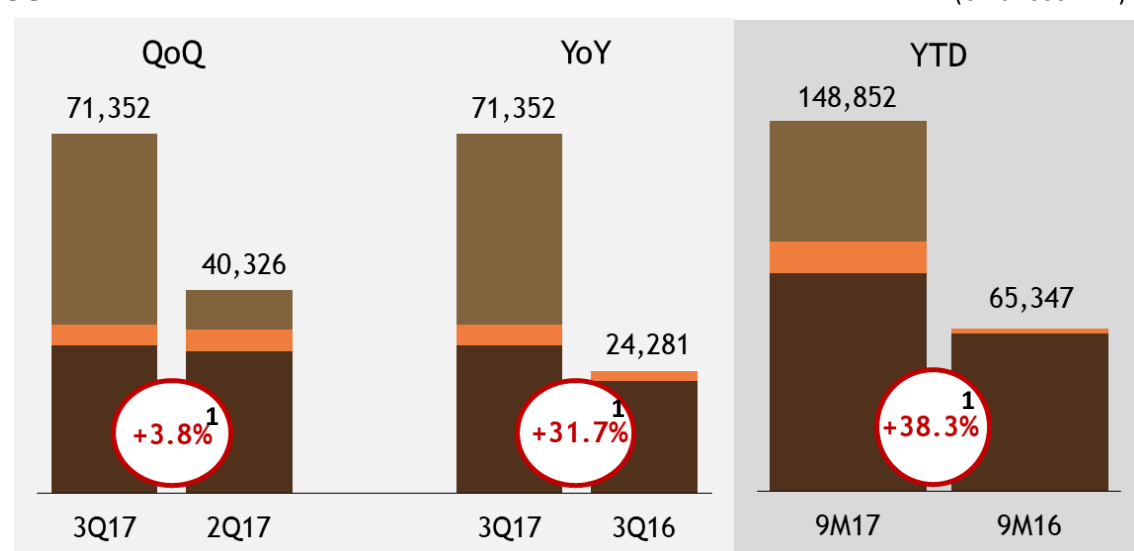
(Unit: '000 THB)



- Higher gross profit for YTD and YoY → higher volume and tariff
- Lower QoQ → lower volume from seasonal effect
- Gross profit margin in the range of +/- 80%

SG&A and Adjusted Operating Profit

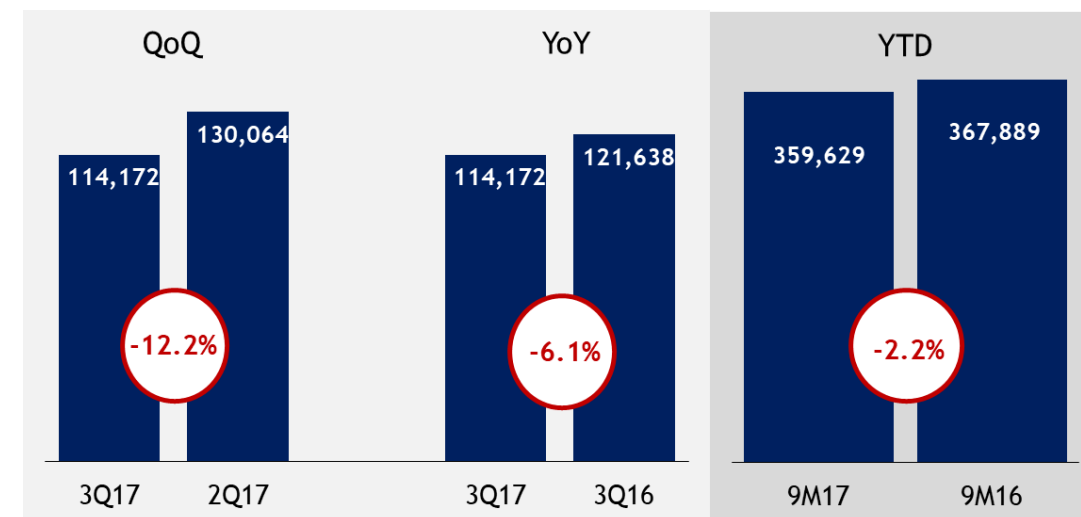
SG&A



- Unrealized FX loss for 3Q17 = 38.0; and for 9M17 = 48.8 MTHB loss (whereas being unrealized FX gain for 3Q16 and 9M16, booked in other revenue)
- General G&A exp of 3Q17 is slightly higher than 2Q17

Note 1) Percentage change of general expenses

Adjusted Operating Profit

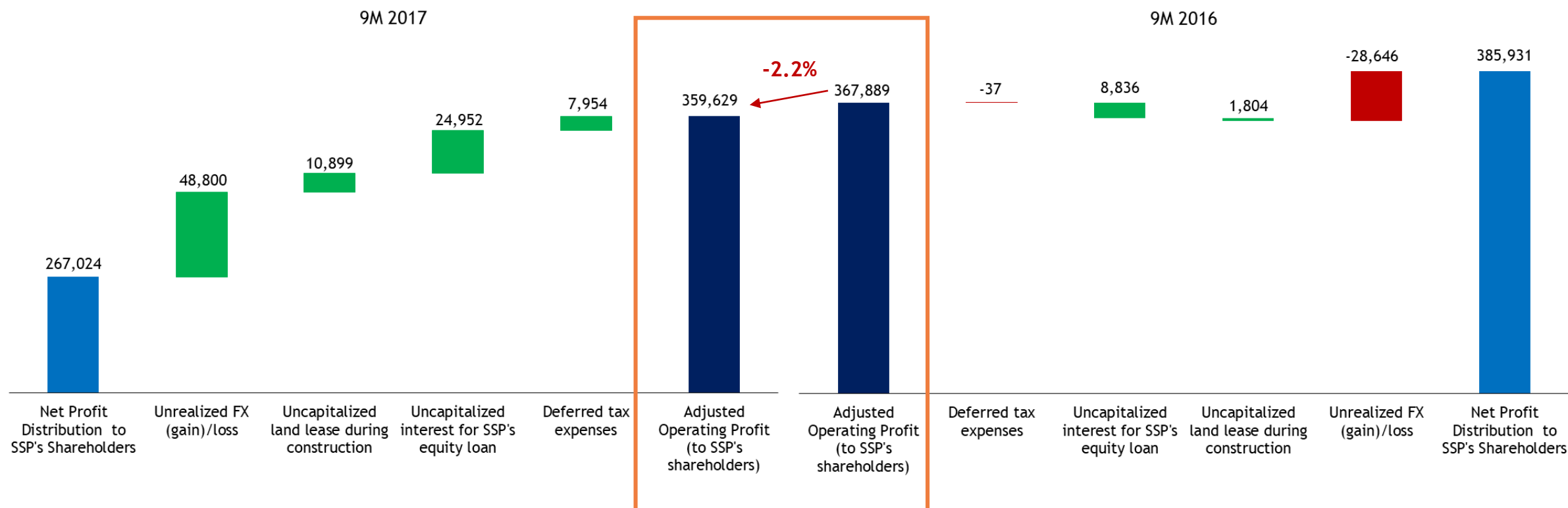


- Adjusted operating profit for 9M17 is slightly lower than 9M16. The decreasing is mainly as a result of higher SG&A, despite higher gross profit.

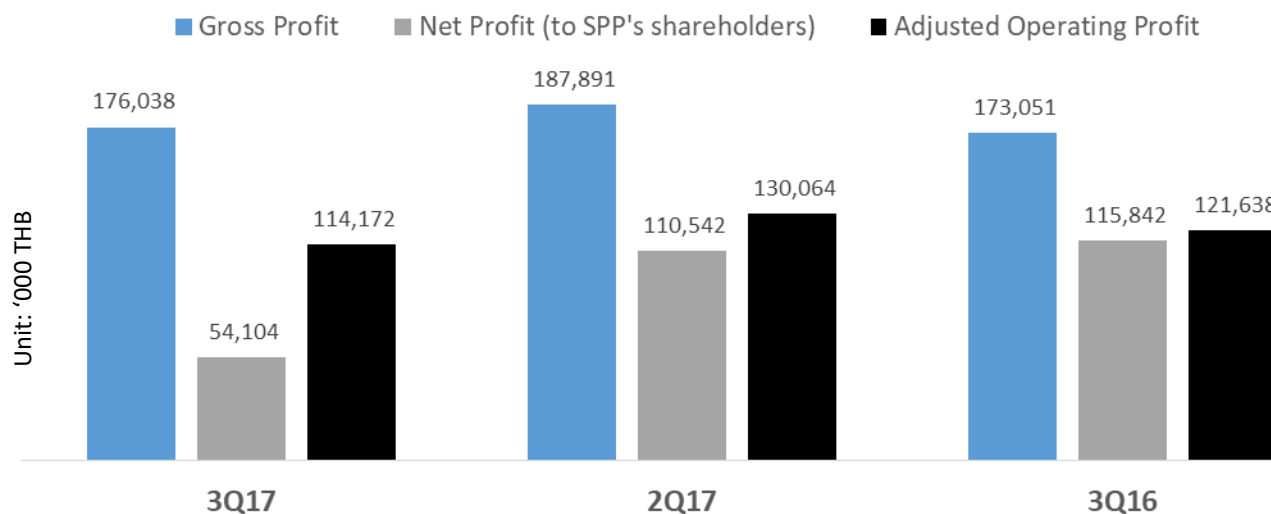
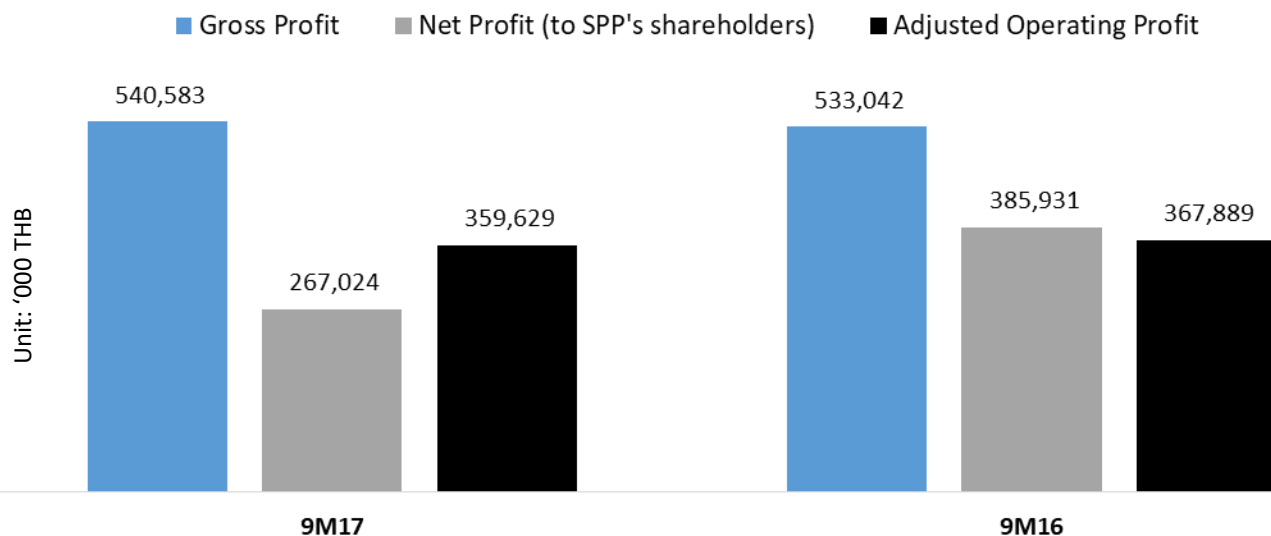
(Unit: '000 THB)

	3Q17	2Q17	3Q16	9M17	9M16
Net Profit Distribution to SSP's Shareholders	54,104	110,542	115,842	267,024	385,931
Adjustment Items (after minority interest)					
Unrealized FX (gain)/loss	37,998	7,943	(4,814)	48,800	(28,646)
Uncapitalized land lease during construction	3,569	3,665	1,804	10,899	1,804
Uncapitalized interest for SSP's equity loan	10,482	7,946	8,836	24,952	8,836
Deferred tax expenses	8,019	(33)	(30)	7,954	(37)
Adjusted Operating Profit (to SSP's shareholders)	114,172	130,064	121,638	359,629	367,889

Adjustments for Adjusted Operating Profit (AOP)



Key Financial Highlights



9M17 vs 9M16

- Gross profit was +1.4%
 - SPN's volume is higher than 9M16.
 - Average tariff for 9M17 is still lower than 9M16, while average tariff for Q3/17 becomes higher than Q3/16 (due to multiple Ft adjustments)
- Even though Net Profit (as reported in financial statement) is -30.8%, Adjusted Operating Profit is only -2.2%.
 - Unrealized FX = -48.8 MTHB (9M17) vs. +28.6 MTHB (9M16)
 - Uncapitalized cost during construction = -35.9 MTHB (9M17) vs. -10.6 MTHB (9M16)
 - Deferred tax = -8.0 MTHB (9M17) vs. +0.04 MTHB (9M16)

3Q17 vs 3Q16 (YoY)

- Gross profit was +1.7% mainly driven from higher tariff while sale volume is relatively flat
- Even though Net Profit -53.3%, Adjusted Operating Profit is only -6.1%, which is mainly driven by higher general G&A expenses.

3Q17 vs 2Q17 (QoQ)

- Gross profit was -6.3% mainly driven from lower sale volume (seasonal effect) despite higher tariff
- Even though Net Profit -51.1%, Adjusted Operating Profit is only -12.2%, which is mainly driven by lower gross profit.

	QoQ	YoY	9M
Gross Profit	-6.3%	1.7%	1.4%
EBITDA (excl unrealized FX)	-7.1%	-3.8%	-5.0%
Net Profit (to SPP's shareholders)	-51.1%	-53.3%	-30.8%
Adjusted Operating Profit	-12.2%	-6.1%	-2.2%

Consolidated P&L

P&L Statement ('000 THB)	3Q17	2Q17	3Q16	9M17	9M16
Sale Revenue	218,170	229,773	215,410	666,045	660,006
Unrealized FX gain	-	-	4,814	-	28,646
Other Revenue	502	1282	1,429	2,111	3,099
Total Revenue	218,672	231,055	221,653	668,156	691,751
Cost of Goods Sold	42,132	41,882	42,359	125,462	126,964
Gross Profit	176,038	187,891	173,051	540,583	533,042
Gross Profit Margin	80.69%	81.77%	80.34%	81.2%	80.8%
SG&A	71,352	40,326	24,281	148,852	65,347
Land lease during construction	4,107	4,218	2,076	12,543	2,076
Unrealized FX loss	37,998	7,943	-	48,800	-
General G&A expenses	29,247	28,165	22,205	87,510	63,271
EBITDA (excluding unrealized FX gain/loss)	173,320.68	186,514	180,228.02	532,049	560,148
EBITDA margin	79.26%	80.72%	83.12%	79.63%	84.47%
Financial Expenses	43,846	39,212	37,403	121,200	111,729
Tax	8,018	-	2,127	7,985	2,140
Net Profit	53,324	109,635	115,483	264,657	385,571
Net Profit Distribution					
To SSP's Shareholders	54,104	110,542	115,842	267,024	385,931
Minority Shareholders of Subsidiaries	(780)	(907)	(359)	(2,367)	(360)
Adjustment Items (after minority interest)					
Unrealized FX (gain)/loss	37,998	7,943	(4,814)	48,800	(28,646)
Uncapitalized land lease during construction	3,569	3,665	1,804	10,899	1,804
Uncapitalized interest for SSP's equity loan	10,482	7,946	8,836	24,952	8,836
Deferred tax expenses	8,019	(33)	(30)	7,954	(37)
Adjusted Operating Profit (to SSP's shareholders)	114,172	130,064	121,638	359,629	367,889

- Sale revenue of 3Q17 is higher YoY, but lower QoQ, whereas 9M17 is higher.
- COGS for 9M17 is slightly lower than 9M16.
- Unrealized FX: 9M16 is 28.6 MTHB gain (booked as part of revenue) while 9M17 is 48.8 MTHB loss (booked as part of SG&A).
- General G&A exp of 3Q17 is slightly higher than 2Q17, whereas 9M17 is +38% from 9M16.
- Tax expenses for 3Q/17 include deferred tax expenses related to IPO expenses (which is mostly deducted from amount of IPO proceeds and booked as equity)
- Adjusted Operating Profit is Net Profit (contributed to SSP's shareholders) adjusted by
 - (a) unrealized FX gain/loss
 - (b) uncapitalized land lease during construction and
 - (c) uncapitalized interest of SPP's equity loan for injection of equity into constructing projects
 - (d) deferred tax expenses/revenue

Consolidated Balance Sheet

Balance Sheet Statement ('000 THB)	30-Sep-17	30-Jun-17	31-Dec-16
Cash and Cash Equivalent	1,507,435	436,116	367,356
Account Receivables	159,099	164,003	152,289
Other Current Assets	176,870	145,935	65,974
Total Current Assets	1,843,404	746,054	585,619
Receivables from Revenue Department	228,127	183,533	155,781
PP&E	4,803,498	4,210,595	3,684,953
Intangible Assets	676,172	528,340	535,997
Other Fixed Assets	147,322	282	293
Total Fixed Assets	5,855,119	4,922,750	4,377,024
Total Assets	7,698,523	5,668,804	4,962,643
Account Payables	75,435	28,445	32,959
Current Portion of Long-Term loan	492,138	347,647	362,414
Other Current Liabilities	17,682	18,860	15,913
Total Current Liabilities	585,255	394,952	411,286
Long-Term Loan	3,797,588	3,748,228	3,250,790
Other Non-Current Liabilities	4,092	3,959	3,758
Total Non-Current Liabilities	3,801,680	3,752,187	3,254,548
Total Liabilities	4,386,935	4,147,139	3,665,834
Paid-up capital	922,000	691,625	690,875
Premium on ordinary shares	1,511,210	-	-
Legal Reserve	24,719	24,719	-
Unappropriated Retained Earnings	758,177	704,073	515,872
Others	28,807	32,172	34,872
Total Equity of Company	3,244,913	1,452,589	1,241,619
Minority interest	66,675	69,076	55,190
Total Equity	3,311,588	1,521,665	1,296,809

- Majority of the cash and cash equivalent is from IPO and at SPN's operating account.
- PP&E gradually increased along with construction of projects under development.
- Even though SSP has repaid pre-ipo financing (with Kbank) with proceeds from IPO at the end of 3Q/17, more loan was drawn for Japanese solar farm under construction. Hence. total long-term loan increased.
- IPO proceeds booked at the end of 3Q17 (net proceed deducting fund raising-related expenses (but exclude tax benefits)).
- Consolidated D/E ratio as of 30/9/17 = 1.35x, which is substantially decreased from 2.85x and 2.95x as of 30/6/17 and 31/12/16.
- SSP's company only D/E ratio as of 30/9/17 = 0.07x.

Projects under Construction/Development

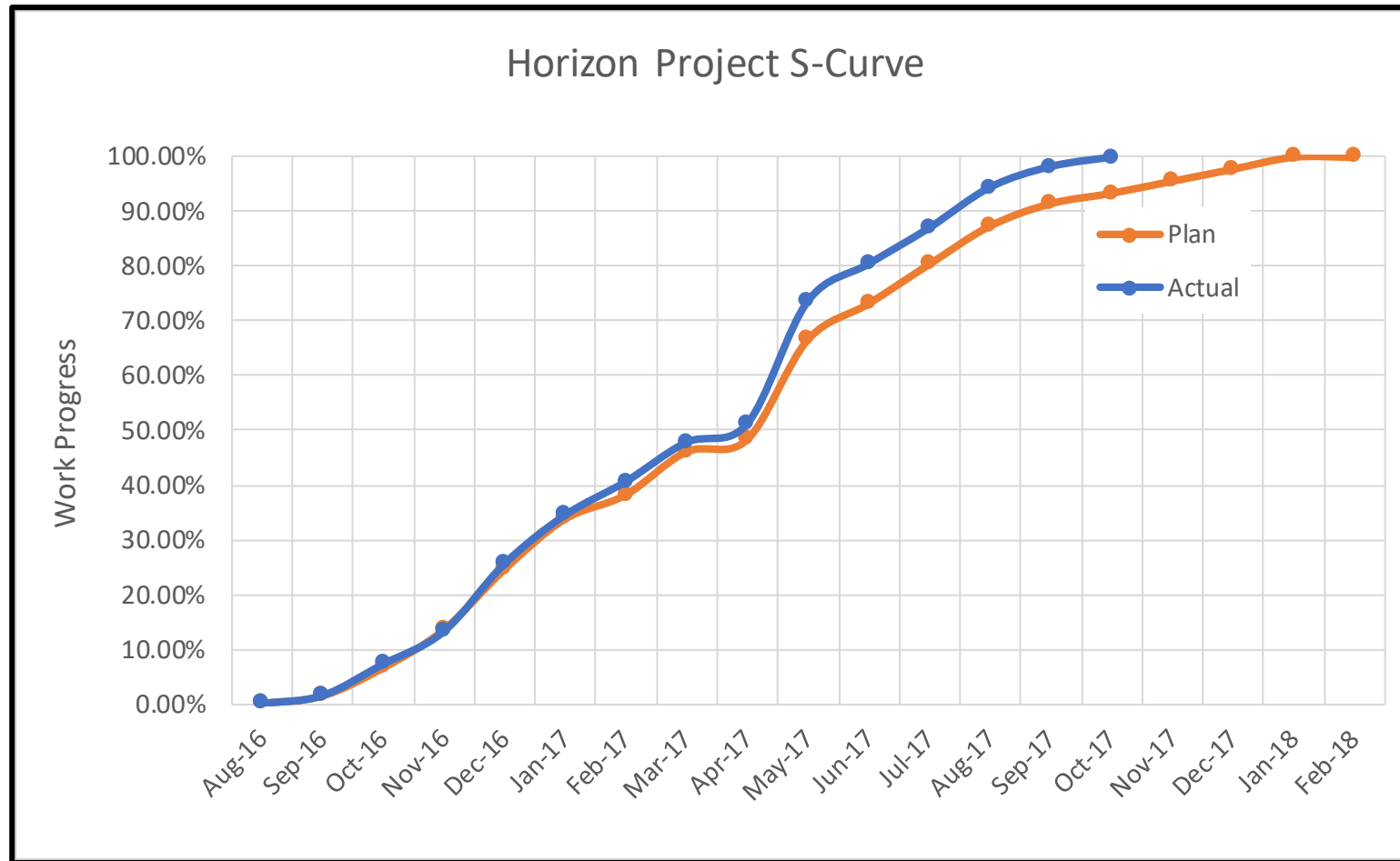
Construction Progress: Hidaka



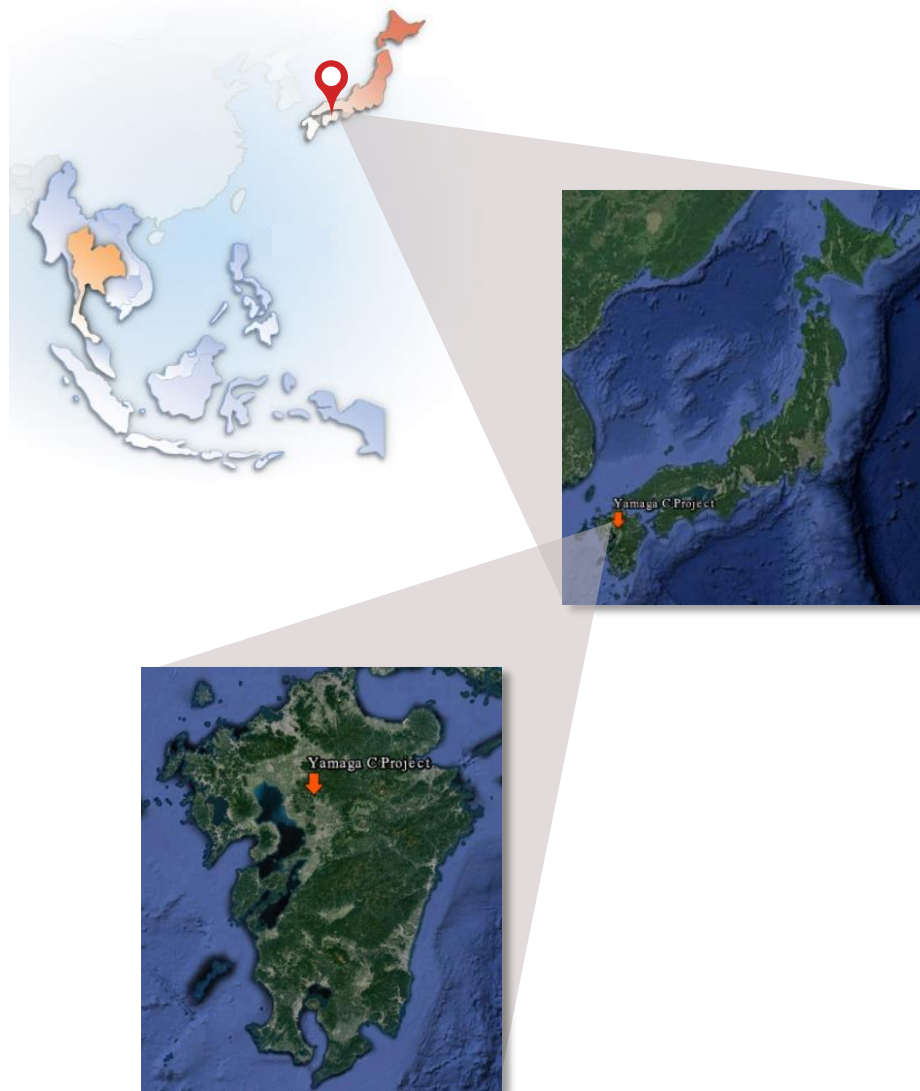
Photo: As of October 2017



Construction Progress (2)



Project Details: Yamaga



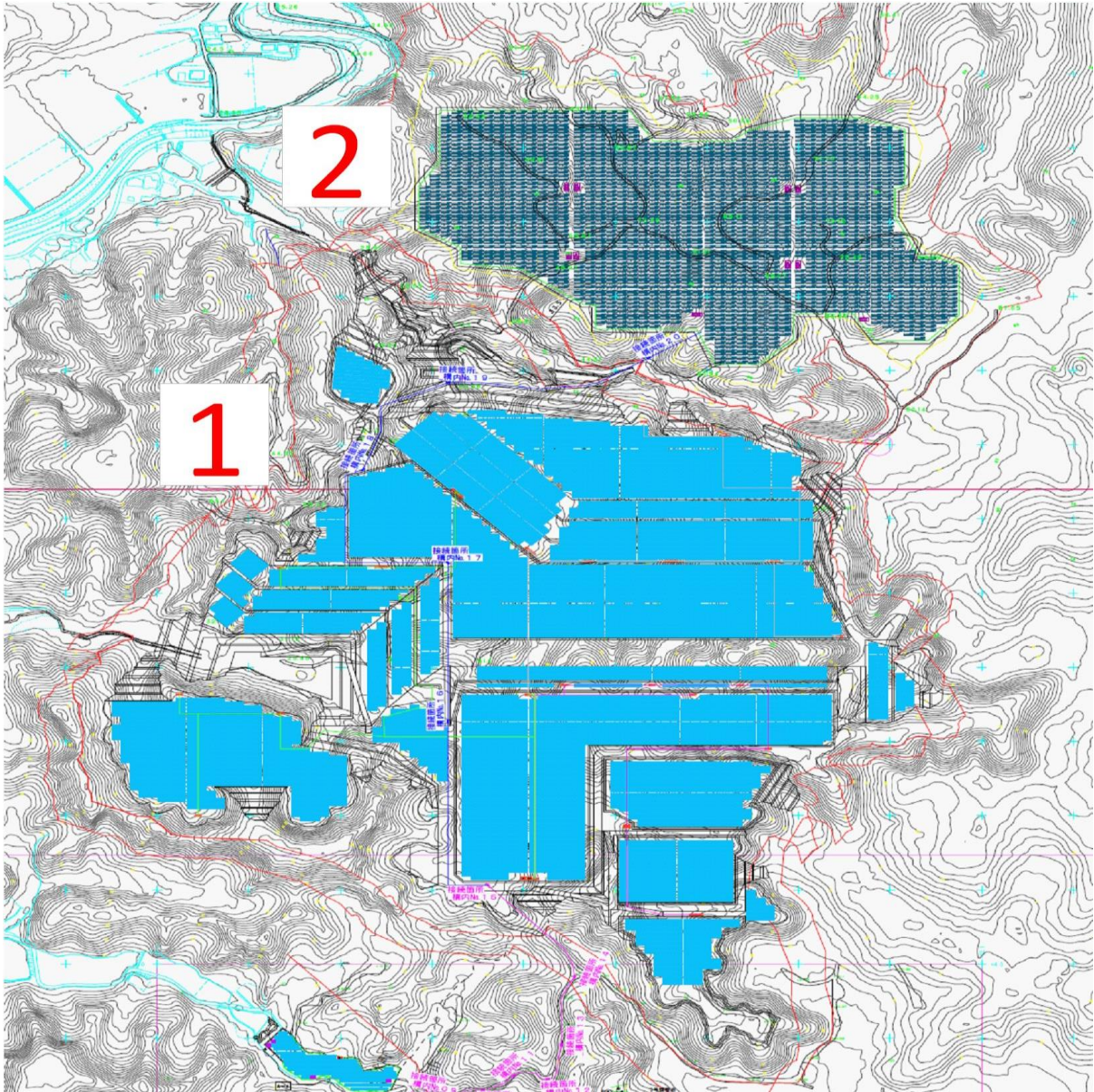
Project Yamaga Details



Business Type	: Solar power plant
Project Owner	: GSSE (GK Company)
Investment Type	: Through SEG, as TK Investor, under GK-TK Investment Structure
Investment Percentage	: 90.0%
Solar Irradiation*	: 1,413 - 1,460 kWh/sq.m./annum
Location	: Kumamoto, Japan
Installed/PPA MW	: 34.5/30 MW
Solar Cell Technology	: Polycrystalline Silicon
Land Details	: 404-0-46 rais (surface right)
Project Status	: Under development
SCOD date	: Approximately quarter 4, 2019
Total Project Cost	: Approximately JPY 12,500.0 mm (THB 4,500.0 mm)
Power Purchaser	: Kyushu Electric Power Co., Inc
Purchase Price	: Under FiT Scheme of JPY 36/KWh
Purchase Term	: 20 years
Tax Incentive	<u>GK-TK Structure</u>
	• TK distribution of GK Company to TK investor can be used as tax deductible expense at GK Company level

*Source: (i) New Energy and Industrial Technology Development Organization
(ii) Power Plant Analysis Report, Mitsui Chemicals Inc.

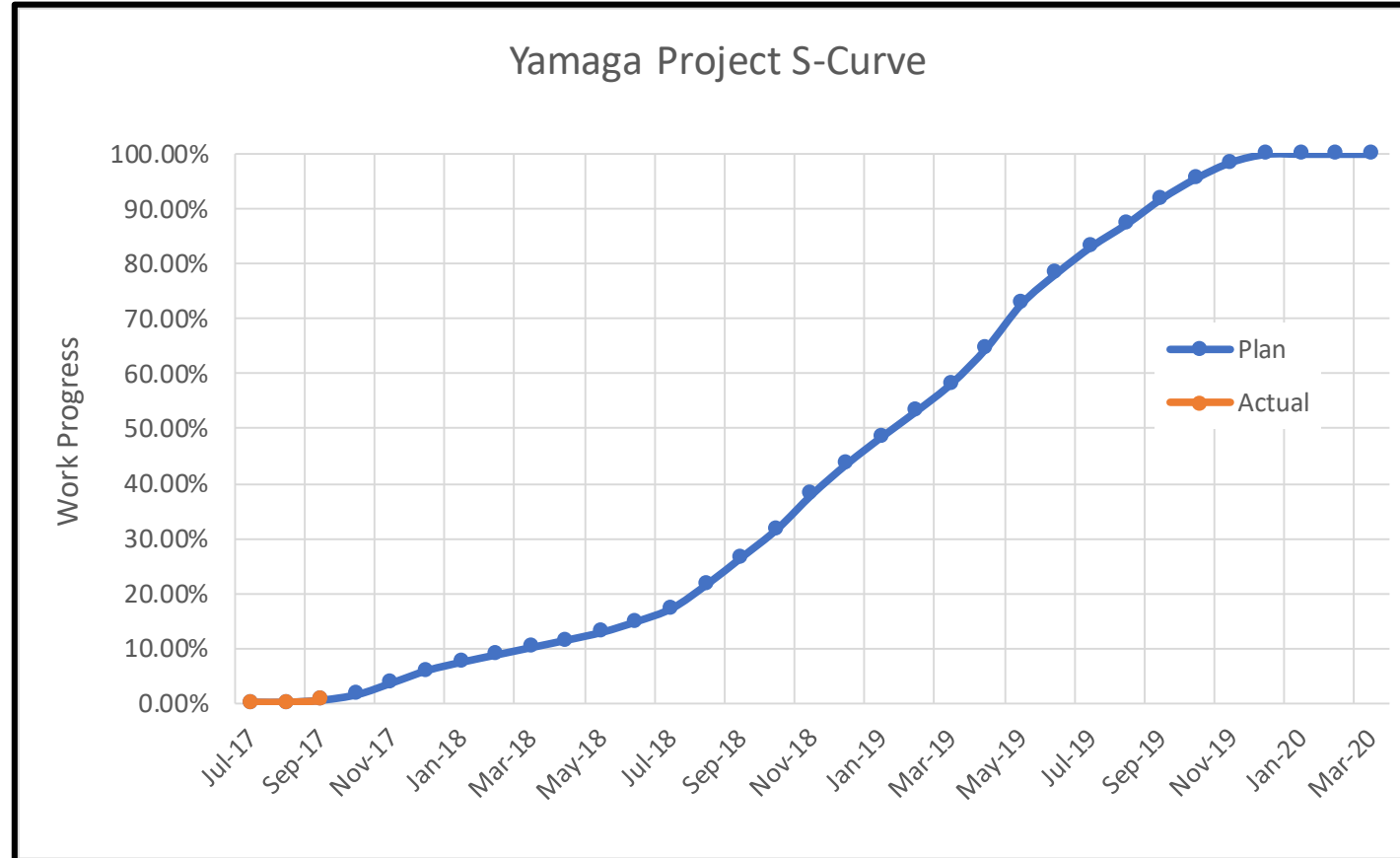
Yamaga 1&2: Overall Layout



Construction Progress: Yamaga



Construction Progress (Yamaga)



Project Details: Zouen



Project Zouen Details



Business Type	: Solar power plant
Project Owner	: ZOUEN (GK Company)
Investment Type	: Through SEG, as TK Investor, under GK-TK Investment Structure
Investment Percentage	: Approximately 100.0%
Solar Irradiation*	: 1,512 KWh/sq.m./annum
Location	: Kumamoto, Japan
Installed/PPA MW	: 8/6 MW
Solar Cell Technology	: Polycrystalline Silicon
Land Details	: Approximately 77-2-27 rais (surface right)
Project Status	: Under development
SCOD date	: Approximately quarter 4, 2018
Total Project Cost	: Approximately JPY 3,000.0 mm
Power Purchaser	: Kyushu Electric Power Co., Inc
Purchase Price	: Under FiT Scheme of JPY 36/KWh
Purchase Term	: 20 years

Approval and Permit

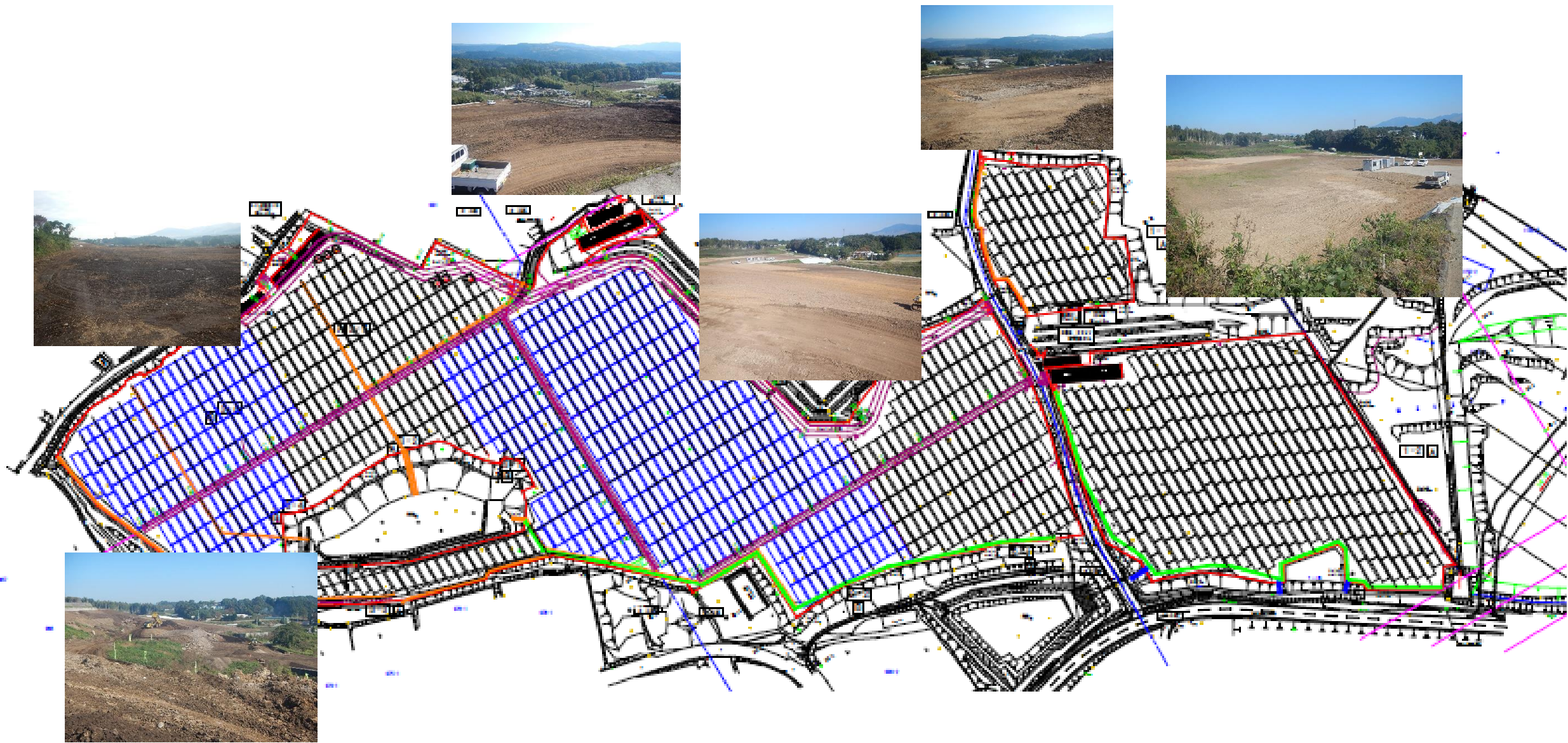
Counterparty

Status

METI Approval	Ministry of Economy, Trade and Industry (METI) and ZOUEN	Secured	<input checked="" type="checkbox"/>
Grid Connection Approval	Kyushu Electric Power Co., Inc and ZOUEN	Secured	<input checked="" type="checkbox"/>
Construction and Land Development Permits	Ministry of Agriculture Forestry and Fisheries and ZOUEN	Secured	<input checked="" type="checkbox"/>

- Started construction at Oct 2017

Zouen: Overall Layout



Other Projects under Development - Japan

- Leo:
 - Transfer of project documents is on-going and according to plan
 - Project has submitted application for full permit which expect to receive approval by 1Q 2018
 - Sourcing EPC and Financing for the project
 - Target to close EPC/Financing by end 1Q18 to early 2Q18

Projects under Development - Thailand

- WVO solar:
 - Land transfer to WVO completed
 - Signed co-investment agreement with WVO in Sep-17
 - Signing of PPA by Q1-2018
 - Construction targeted to be started by Q2-2018
- SNNP1 and 2
 - Construction progress:
 - SNNP1: completed
 - SNNP2 expected to be completed by Q4-2017
 - Submitted applications for license to ERC and awaiting for approval

Project Details: WVO Project









Construction Start Date:






Scheduled on March 2018

Project WVO Details

Business Type	:	Solar power plant
Project Owner	:	Sermsang Solar
Investment Percentage	:	100
Solar Irradiation*	:	Approximately 1854.4 KWh/sq.m./annum
Location	:	Ratchaburi province
Installed/PPA MW	:	5 MW
Solar Cell Technology	:	Polycrystalline Silicon
Land Details	:	Approximately 51 Rais (Power Plant Area)
Project Status	:	Under development
SCOD date	:	December 31, 2018
Total Project Cost	:	Approximately 188.16 Million THB
Power Purchaser	:	Provincial Electricity Authority (PEA)
Purchase Price	:	Under FiT Scheme of THB 4.12/KWh
Purchase Term	:	25 years

*Source: Meteonorm Software

Approval and Permit	Counterparty	Status
Ror-ngor 4	Energy Regulatory Commission (ERC)	On Process 
Aor 1		On Process 
BOI	Office Of The Board Of Investment	On Process 
License of Power Generation Controlled (Por-Kor 2)	Energy Regulatory Commission (ERC)	On Process 
License of Power Generation		On Process 
Land Use Permit	WVO	Secured 

Agreement	Counterparty	Status
Contract Agreement	Sermsang Solar and WVO	Engaged 
Power Purchase Agreement	Provincial Electricity Authority (PEA)	On Process 
EPC Agreement	TBD	On Process 
Credit Facility Agreement	TBD	On Process 
O&M Agreement	TBD	On Process 

5 MW WVO Project



SNNP 1: Details and Progress



SNNP 2: Details and Progress



Appendix

Hybrid SPP Scheme

- ERC announced solicitation of proposals for SPP Hybrid scheme during Aug-17, with key features as follows:
 - Eligible power plant type: biomass, biogas, small hydro, wind, and solar
 - Total capacity soliciting = 300 MW; with distribution in each geographical area as:
 - BKK and metropolitan area = 15 MW;
 - Central/Western/Eastern area = 20 MW each;
 - Northern area = 65 MW;
 - North Eastern area = 60 MW;
 - Southern area (except Phuket and Samui) = 65 MW;
 - Phuket 20 MW; and
 - Samui = 15 MW
 - Tariff structure = Feed-in Tariff (FIT)
 - Fixed FIT = 1.81 THB/kWh
 - Variable FIT = 1.85 THB/kWh (adjusted annually with Core Inflation index)
 - Price bidding on discount of Fixed FIT
 - PPA period = 20 years
 - Expected availability = 100% during peak period (currently being 09:00-22:00 of Mon-Fri except Public Holiday) and 65% during off-peak period. Peak period can be adjusted and will be informed to SPP within 3 months before start of calendar year.
 - Penalty mechanism in case that availability is below 98% of contracted capacity during peak period (penalty = 20% of proposed Fixed FIT (after discount)).

Hybrid SPP Scheme (cont'd)

- Installed capacity of each project = between 10-50 MW, and shall not exceed 2 times of contracted capacity (except solar farm with inverter and wind farm (which governed separately))
- Plan for feedstock supply shall be submitted (except for solar and wind), i.e. contract/MOU for feedstock supply for at least 10-years period from proposed SCOD.
- Bond: significantly higher performance bond than prior bid/PPA
 - Bid bond: 500 THB/kW (returned if not selected; or 15 days after signing PPA)
 - Performance bond (10 days before PPA signing to COD): 8,000 THB/kW (returned within 15 days after COD)
 - Performance bond (10 days before COD): 4,000 THB/kW (returned at end of PPA)
- Key timeframe:
 - Winning proposal announcement: Dec-17
 - PPA signing: within Dec-20
 - SCOD: 1 Jan 2020 – 31 Dec 2021
- SSP group has submitted proposals for this Hybrid SPP scheme for locations in North Eastern and Southern area.