Sermsang Power Corporation Public Company Limited

Results of 2nd Quarter 2018

20 August 2018

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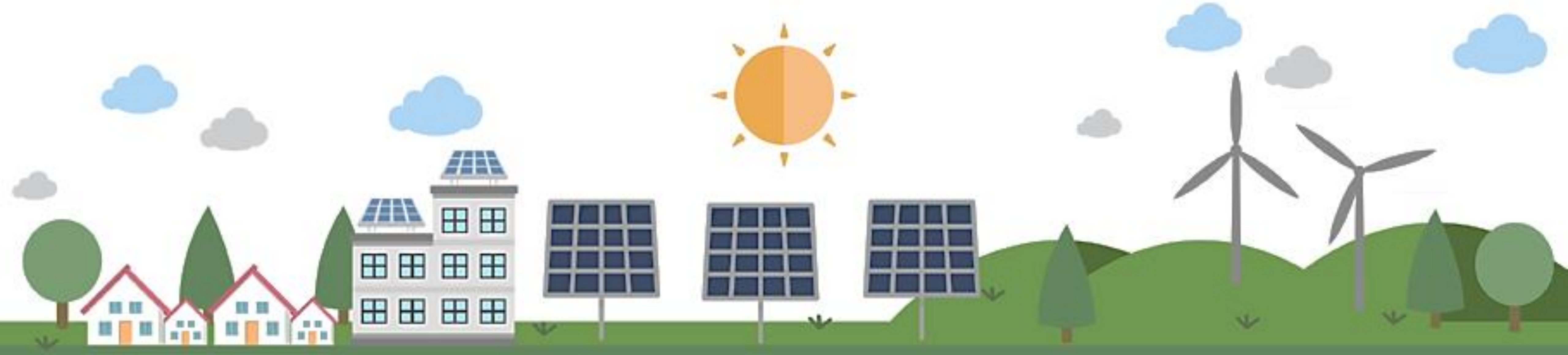
Key Highlights

- Hidaka project, COD in early Mar-18, contributed for full quarter in 2Q18 with satisfied generation volume, and being key driver for 2Q18 results.
- SPN's volume picked up (QoQ = +11.2%), bringing YTD volume to -6.1%. YTD SPN's tariff is +1.26%, helping reduce effect from decreased volume.
- Hidaka's sale revenue contribution is around 25% in 2Q18 (sale volume of 21% of total volume).
- 2Q18 sale and EBITDA increased in the range of +/- 30-35% (QoQ and YoY), in line with increase in sale revenue
- 2Q18 Core Operating Profit increase 32% QoQ and 13% YoY.
- Zouen, SSP's second JPN solar farm project of 8 MW, started COD on 1 Aug 18.
- 49.61 MW Vietnam solar farm project ("TTQN") added into pipeline



Progress Report of Projects under Construction/Development

Delivery timeline: short-medium timeframe

74.4 MW

Q1 2018

SPN 52 MW

Hidaka 21 MW

SNNP1 and SNNP2 1.4 MW

74.4 MW

Q2 2018

85.4 MW

Q3 2018

DoHome 3 MW

Zouen 8 MW

90.4 MW

Q4 2018

WVO 5 MW

107.4 MW

Q1 2019

Khunshigh Kundi 16.4 MW

SNNP3 and SNNP4 0.6 MW

157.0 MW

Q2 2019

Binh Nguyen Solar 49.61 MW

Robust Portfolio Growth from High Quality Pipeline

Future Project Pipeline Details

	Project	Location	Status	Installed Capacity (MW)	Expected COD
COD	Hidaka		Start Commercial Operation (1st March 2018)	21.0	Q1 2018
COD	SNNP1		Complete	0.384	Q1 2018
COD	SNNP2		Complete	0.998	Q1 2018
COD	Do Home		Complete	3.0	Q3 2018
COD	Zouen		Start Commercial Operation (1st August 2018)	8.0	Q4 2018
	Solar WVO		Under Construction	5.0	Q4 2018
	SNNP 3 & SNNP 4		Under Construction	0.6	Q1 2019
	Khonshigh Kundi		Under Construction	16.4	Q1 2019
	Binh Nguyen Solar		Under Development	49.61	Q2 2019
	Leo		Under Development	40.0	Q2 2020
	Yamaga		Under Construction	34.5	Q2 2020
	Yamaga 2		Under Development	12.5	Q2 2020

JPN solar projects portfolio

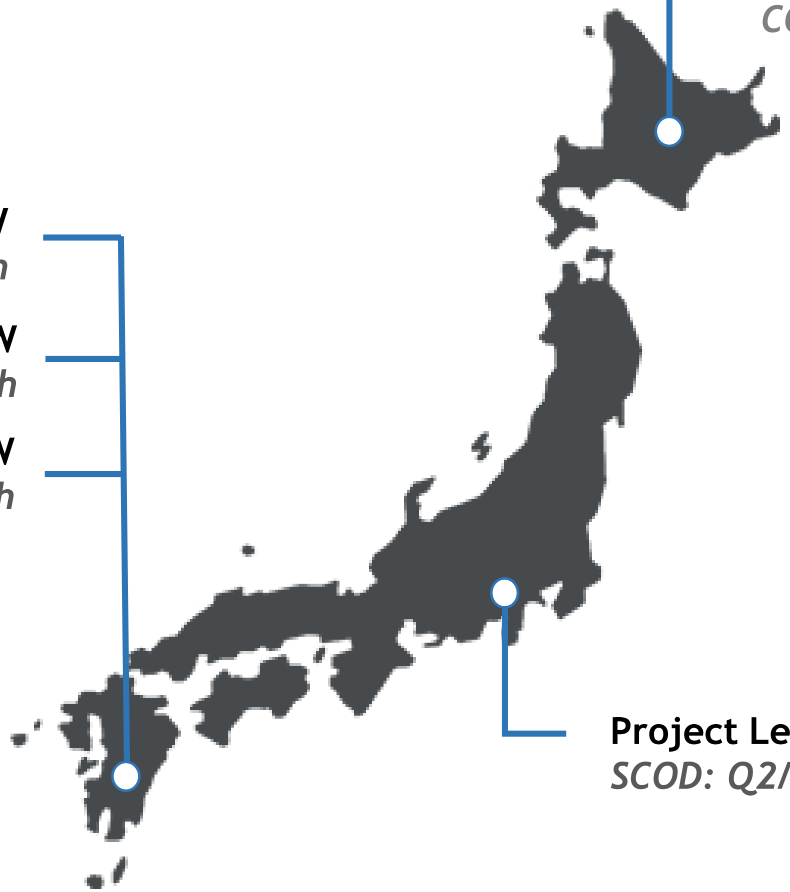
Total Installed Capacity of 116.0 MW

Project Hidaka 17.0 MW / 21.0 MW COD
COD: 1st March 2018, FiT = 40 JPY/kwh

Project Yamaga 30.0 MW / 34.5 MW
SCOD: Q2/2020, FiT = 36 JPY/kwh

Project Yamaga2 10.0 MW / 12.5 MW
SCOD: Q2/2020, FiT = 36 JPY/kwh

COD **Project Zouen 6.0 MW / 8.0 MW**
COD: 1st Aug 2018, FiT = 36 JPY/kwh

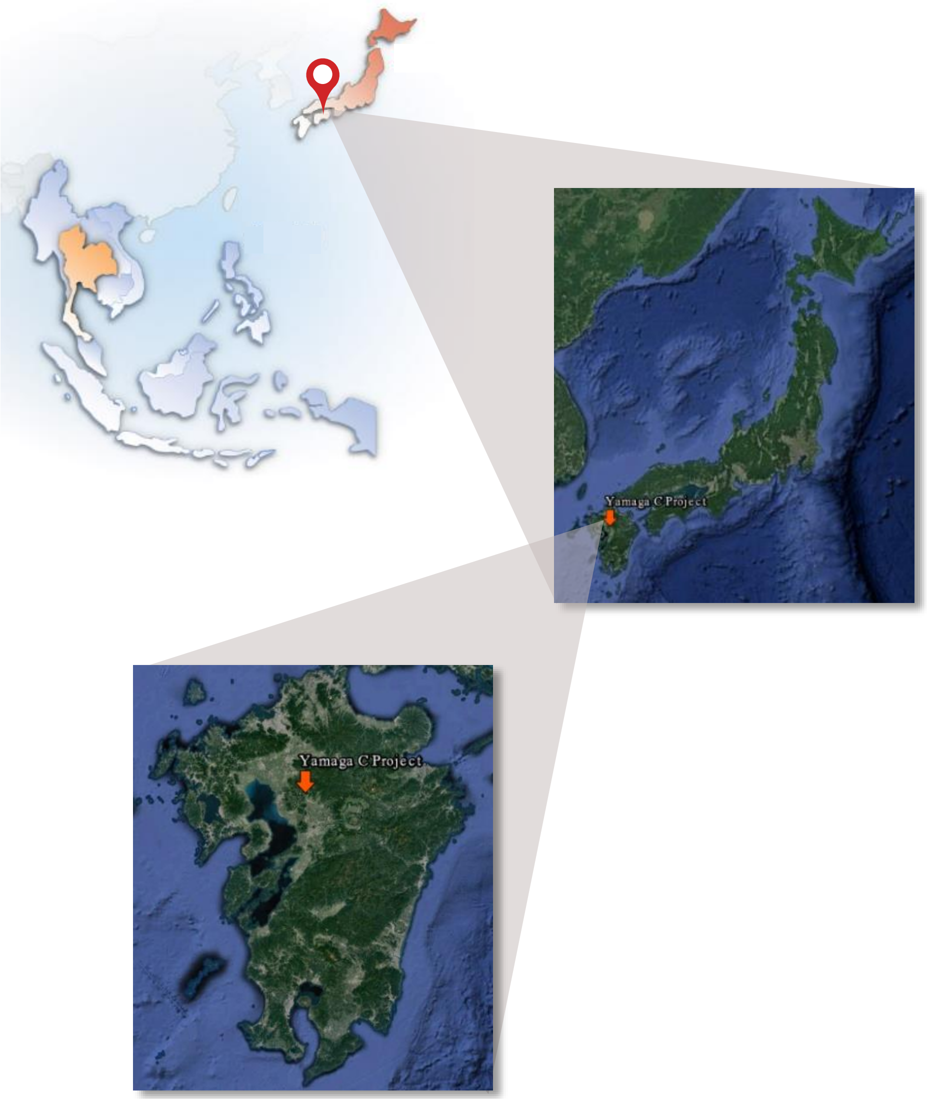


Project Leo 30.0 MW / 40.0 MW
SCOD: Q2/2020,FiT = 36 JPY/kwh

Zouen 8MW: COD 1st August 2018

As of Jul-18

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 construction (commencement in July 2017)
SCOD date	:	Approximately quarter 2, 2020
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	:	GK-TK Structure • 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 34.5MW: Construction Progress (Site Preparation)

As of Jul-18





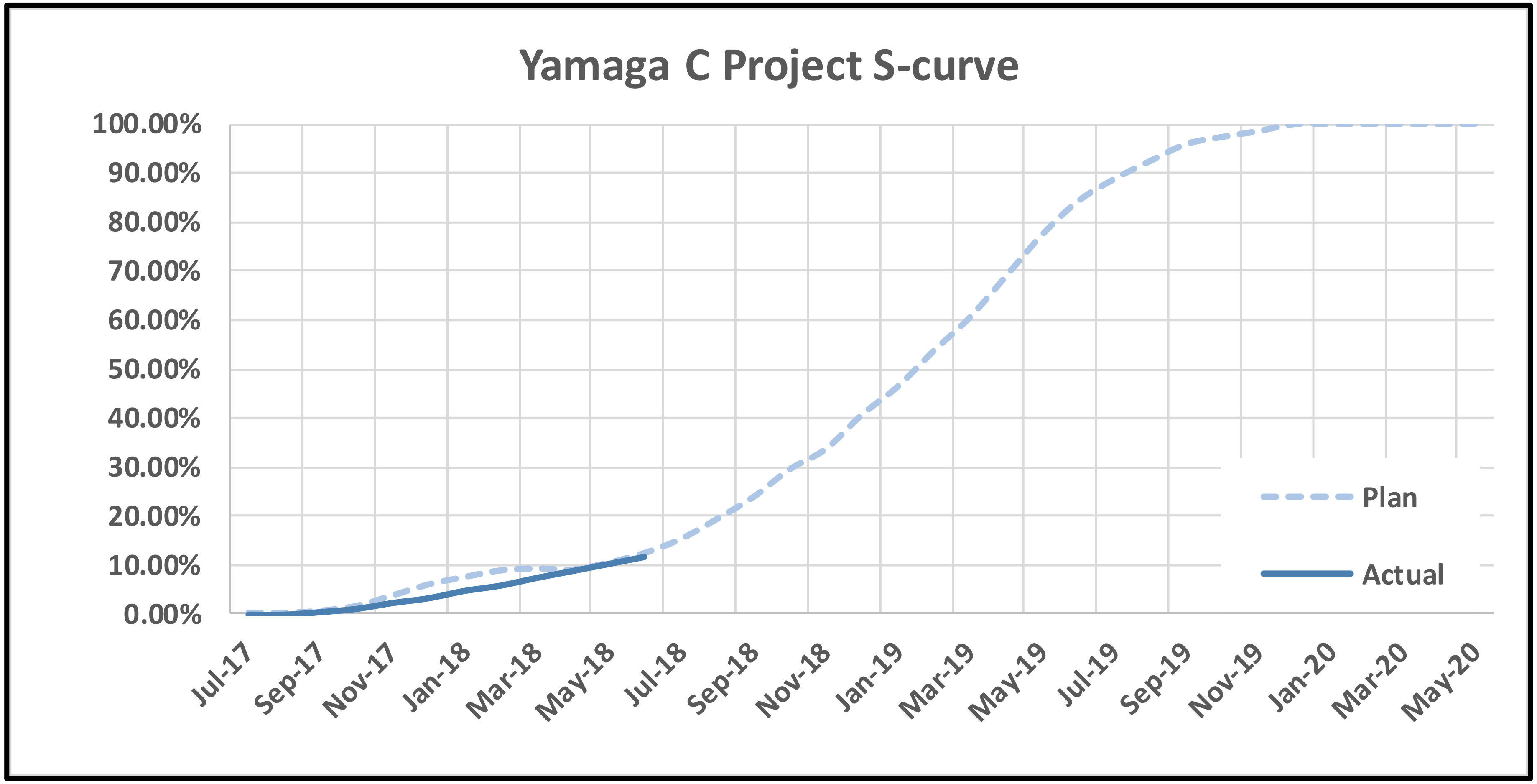

Yamaga 34.5MW: Construction Progress (Site Preparation)

As of Jul-18

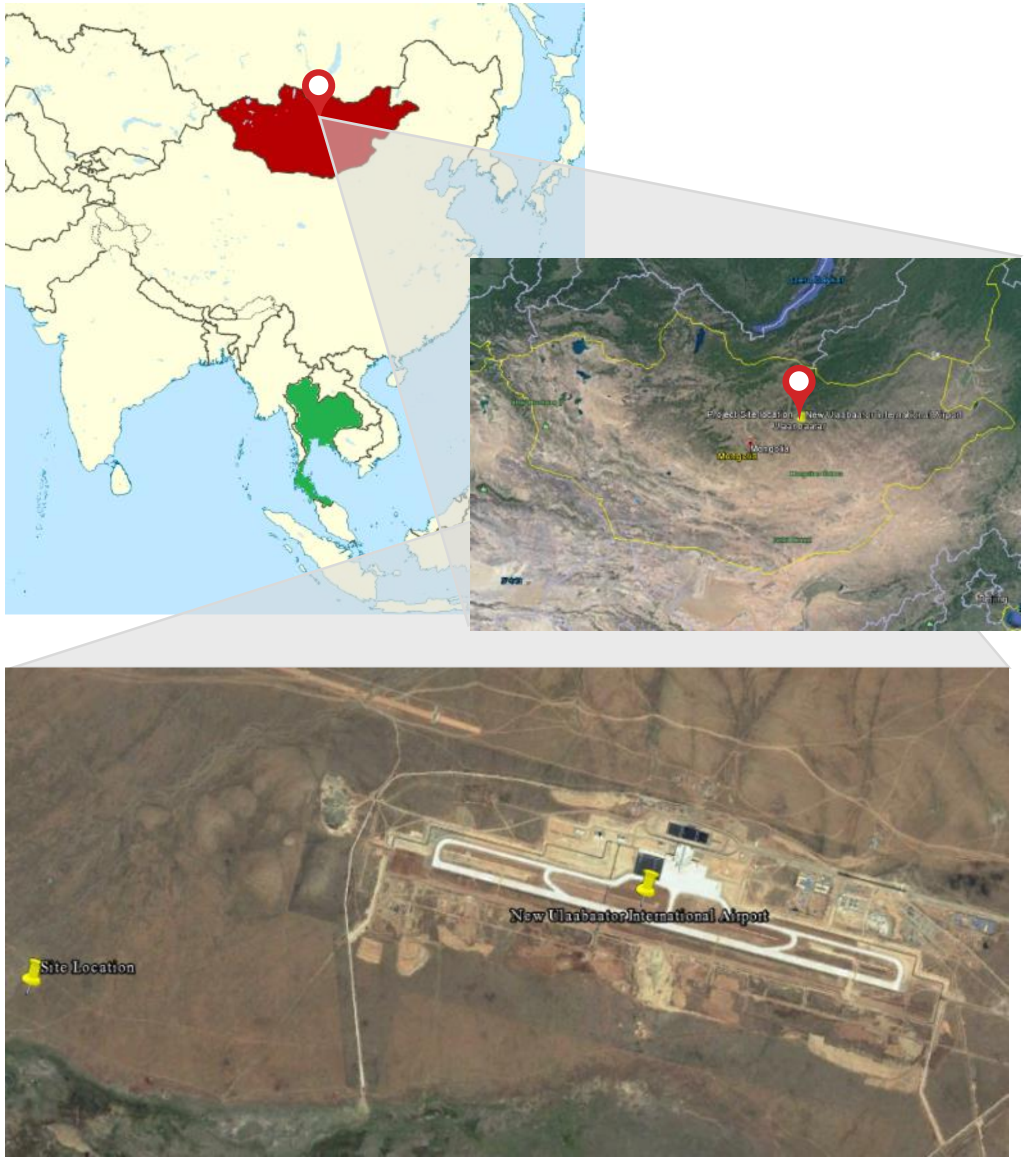
Before Land Prep.

Yamaga 34.5MW: Construction Progress

As of Jul-18



Khunshight Kundi Project in Mongolia



Project Details

Business Type	Solar power plant
Project Owner	Tenuun Gerel Construction LLC
Shareholding Stake	75%
Solar Irradiation*	1,776.9 KWh/sq.m./annum
Location	Khushigt, Tuv, Mongolia (South of Ulaanbaatar)
Installed/PPA MW	16.4/15 MW
SCOD date	Within 1st quarter 2019
Power Purchaser	National Dispatching Center LLC
Purchase Price	Under FiT Scheme of USD 0.162/KWh

**Source: (i) Meteonorm Software*

Khunsight Kundi 16.4MW: Construction Progress

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Khunsight Kundi 16.4MW: Construction Progress

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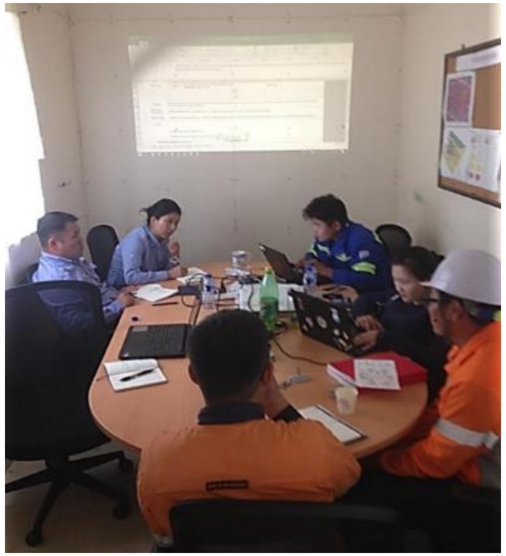



Project Details: WVO Project

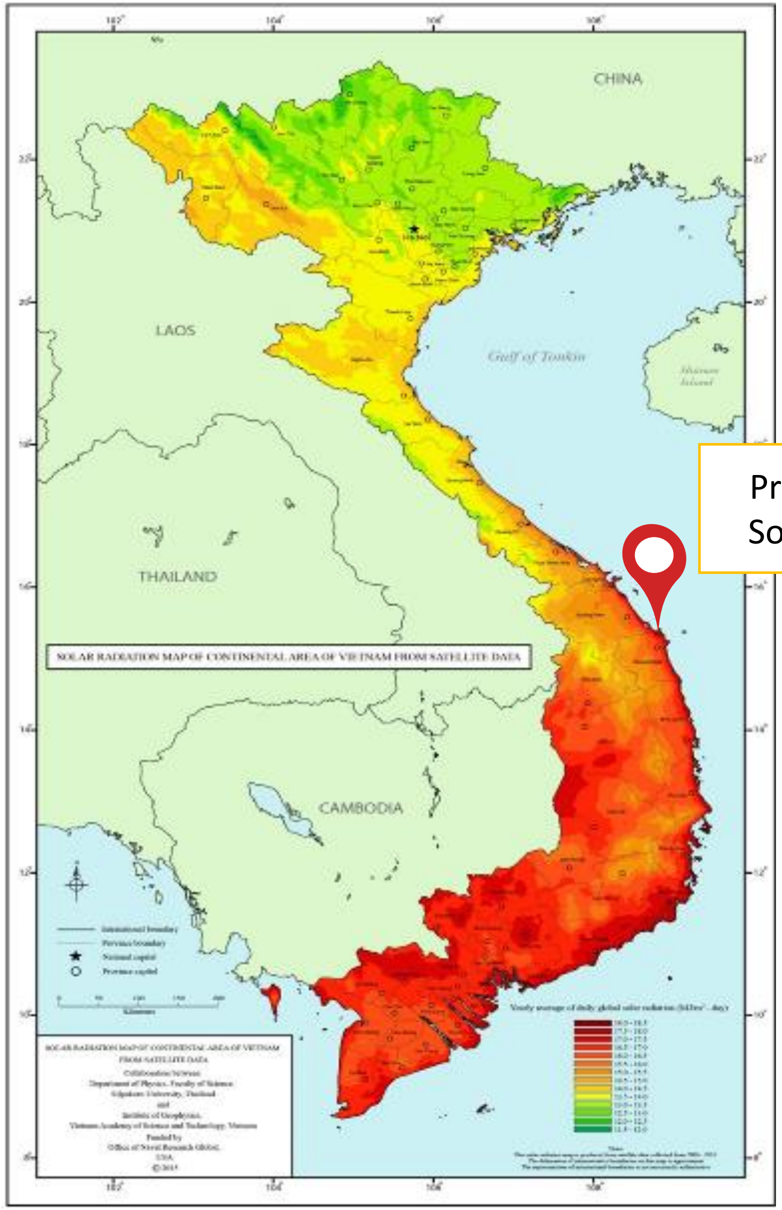
Project WVO Details		
Business Type	:	Solar power plant
Project Owner	:	Sermsang Solar
Investment Percentage	:	100
Solar Irradiation*	:	Approximately 1854.4 KWh/sq.m./annum
Location	:	Ratchaburi province
Installed/PPA MW	:	5 MW
Solar Cell Technology	:	Polycrystalline Silicon
Land Details	:	Approximately 51 Rais (Power Plant Area)
Project Status	:	Construction
SCOD date	:	Q4 2018
Total Project Cost	:	Approximately THB 188 Million
Power Purchaser	:	Provincial Electricity Authority (PEA)
Purchase Price	:	Under FiT Scheme of THB 4.12/KWh
Purchase Term	:	25 years

Source: Meteonorm Software

WVO Solar 5MW

WVO Solar 5MW

New Project Details: TTQN Solar Power Plant



Project Site: Binh Nguyen Solar Power Plant
Solar Irradiation:1,848 KWh/sq.m./annum

New Project Details: TTQN Solar Power Plant

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Project Details		
Business Type	:	Solar power plant
Project Owner	:	Truong Thanh Quang Ngai Power and Hi-tech Joint-Stock Company (TTP Quang Ngai)
Investment Percentage	:	80%
Solar Irradiation	:	1,848 KWh/sq.m./annum
Location	:	Binh Nguyen commune, Binh Son Distric, Quang Nai Province, Vietnam
Installed Capacity (MW)	:	49.61 MW
COD date	:	Within 30 June 2019
Project Cost	:	Approximately +/- USD 50 million
Power Purchaser	:	Electricity of Vietnam (EVN)
Purchase Price	:	Under FiT Scheme of USD 0.0935/KWh
Purchase Term	:	20 years

Agreement	Counterparty	Status
Share Purchase Agreement	SSP, TTP and 2 Individuals	Engaged
Shareholder Agreement	SSP, TTP and 1 Individual	Engaged
EPC Agreement	TBD	On Process
O&M Contractor	TBD	On Process
Land Lease Agreement	TTP Quang Ngai and Local Government	On Process
Power Purchase Agreement	Truong Thanh Quang Ngai Power and Hi-tech Joint-Stock Company (TTP Quang Ngai)	On Process

New Project Details: TTQN Solar Power Plant

Location & Access

- Really well paved road from Chu Lai Airport.

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New Project Details: TTQN Solar Power Plant

Site Conditions

Others

- Leo:
  - EPC contract signed
  - Expected to close financing within August 2018

2nd Quarter of 2018 Results

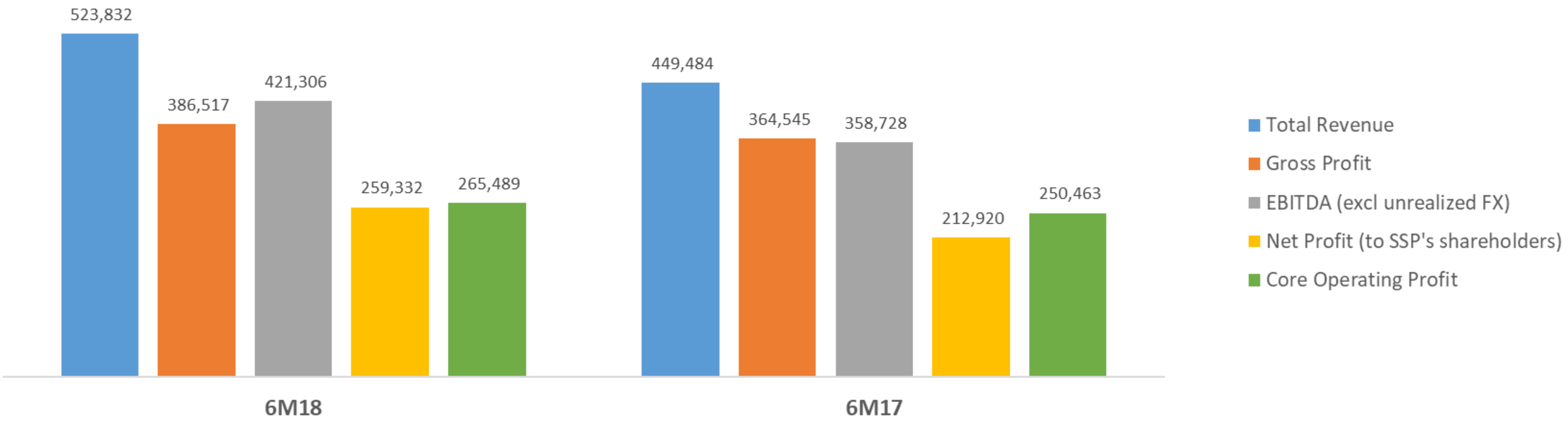
Key Financial Highlights

6M18 vs 6M17

- Total Revenue was +16.5%
    - Contribution from higher Hidaka's volume (Hidaka started COD in March 2018) despite lower SPN's volume by -6.1% (YTD)
- Gross profit was +6%,
- EBITDA (excluded unrealized FX gain/loss) is +17.4%, mainly driven from Hidaka.
- While Net Profit is +21.8%, Core Operating Profit is +6%.

	6M (YTD)
Total Revenue	16.5%
Gross Profit	6.0%
EBITDA (excl. unrealized FX)	17.4%
Net Profit (to SPP's shareholders)	21.8%
Core Operating Profit [1]	6.0%

[1] formerly called Adjusted Operating Profit (AOP)



Key Financial Highlights

2Q18 vs 2Q17 (YoY)

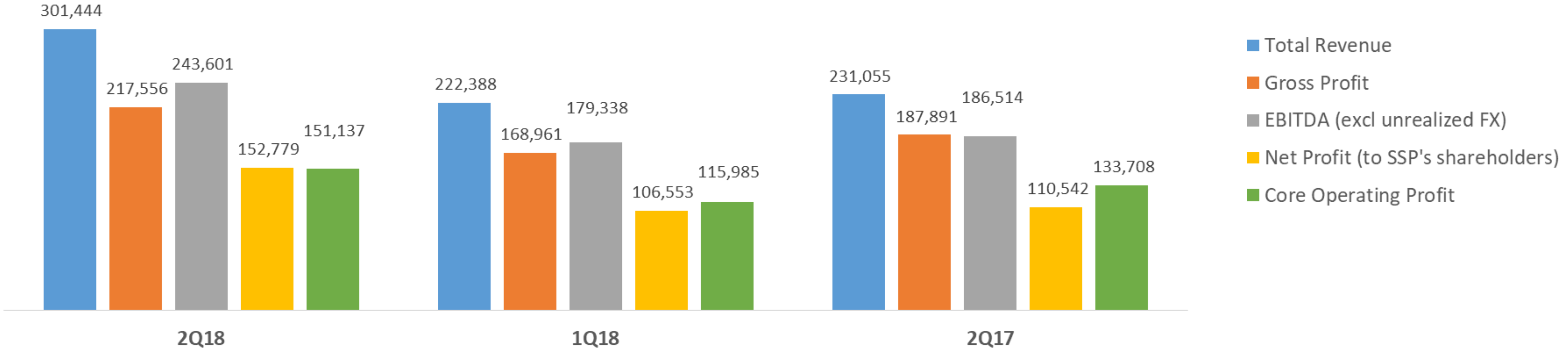
- Total Revenue and Gross profit was +30.5% and +15.8%
  - Contribution from higher Hidaka's volume (Hidaka started COD in March 2018) despite lower SPN's volume by -6.1%
- EBITDA (excluded unrealized FX gain/loss) is +30.2%, mainly driven by contribution from Hidaka project and lower SG&A.
- While Net Profit is +38.2%, Core Operating Profit is +13%. (Change accounting method in 2018)

2Q18 vs 1Q18 (QoQ)

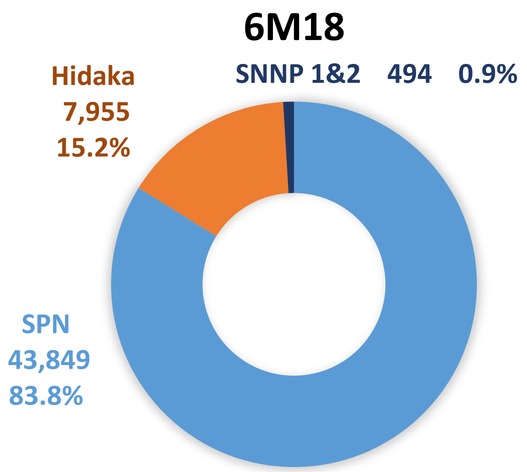
- Total Revenue and Gross profit was +35.5% and +28.8%
  - Contribution from Hidaka project full quarter operation.
- EBITDA (excluded unrealized FX gain/loss) is +35.8%, mainly driven by contribution from Hidaka project and lower SG&A.
- While Net Profit is +43.4% despite higher financial expenses.
- Core Operating Profit is +30.3%. (Hidaka full quarter operation)

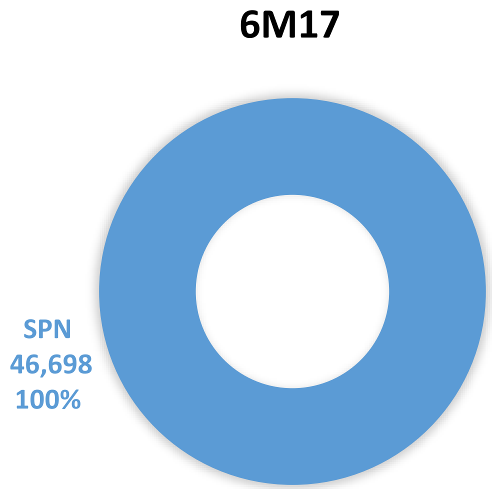
	QoQ	YoY
Total Revenue	35.5%	30.5%
Gross Profit	28.8%	15.8%
EBITDA (excl. unrealized FX)	35.8%	30.2%
Net Profit (to SPP's shareholders)	43.4%	38.2%
Core Operating Profit [1]	30.3%	13.0%

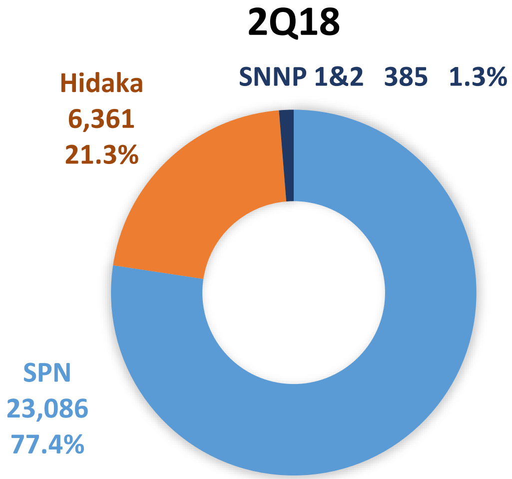
[1] formerly called Adjusted Operating Profit (AOP)

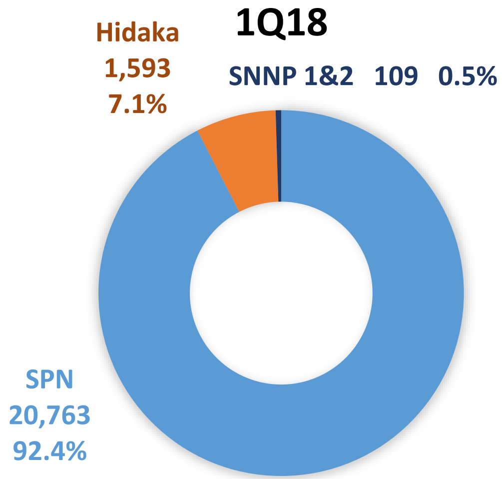


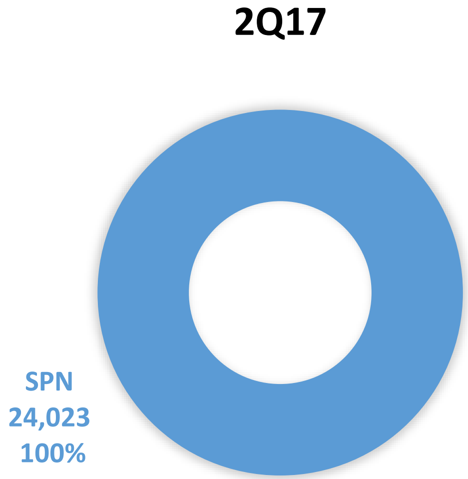
Sale Volume (MWh)



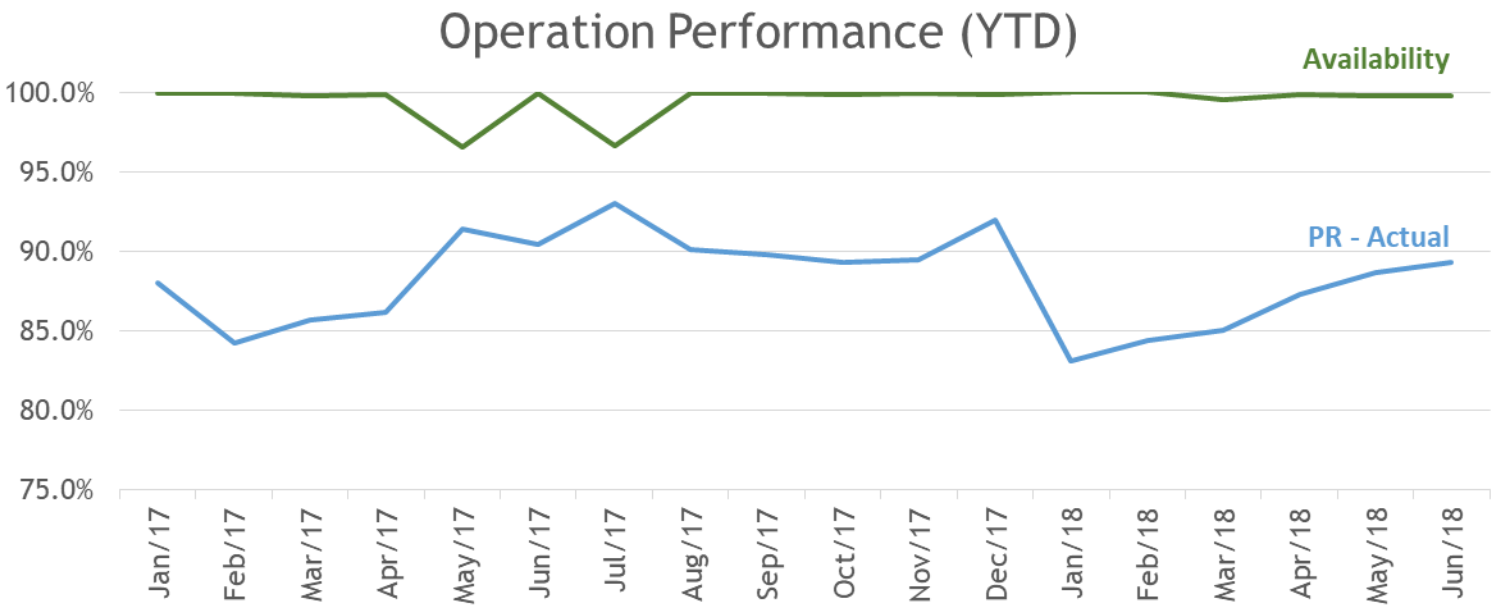






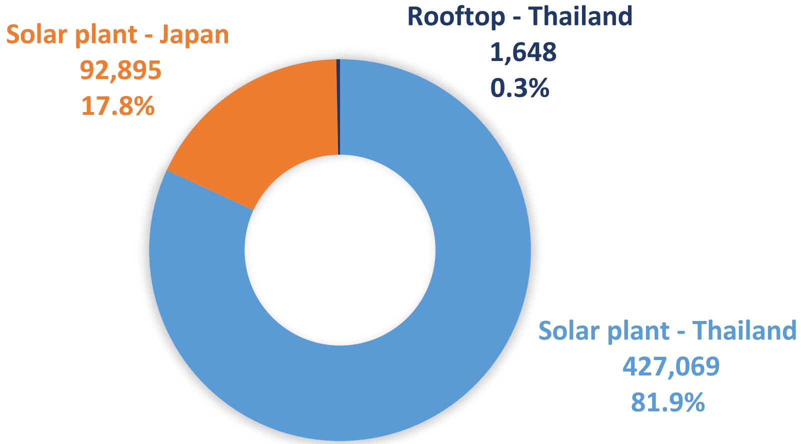


Project SPN Lopburi

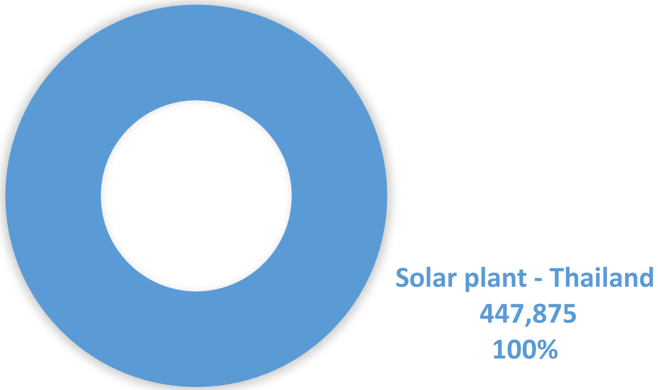


Sale Revenue (kTHB)

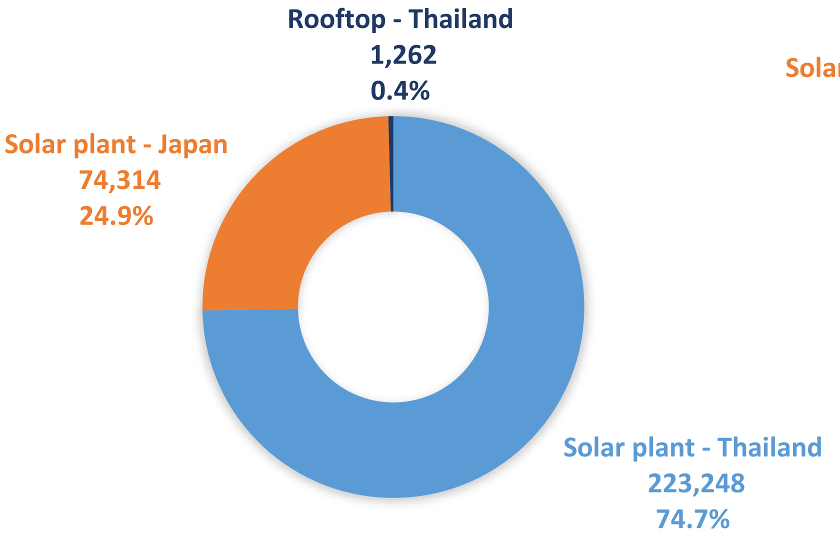
6M18



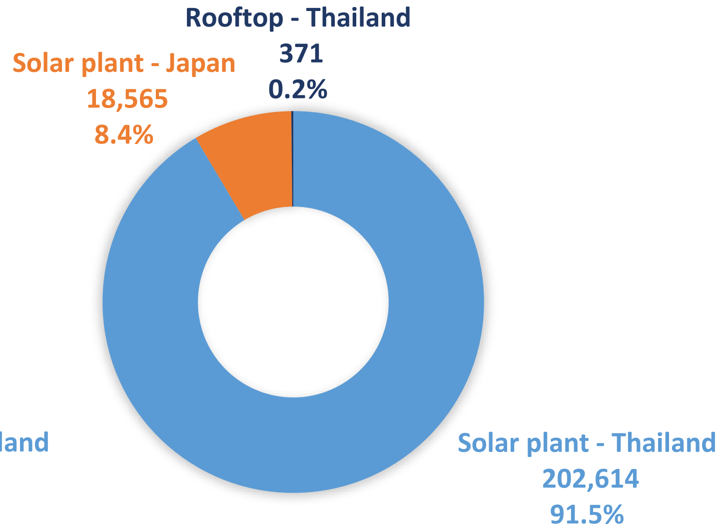
6M17



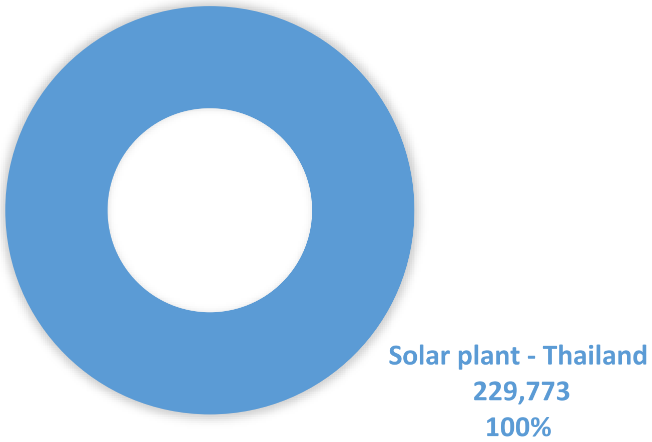
2Q18



1Q18



2Q17



SPN

SPN: lower sale volume while average tariff is higher

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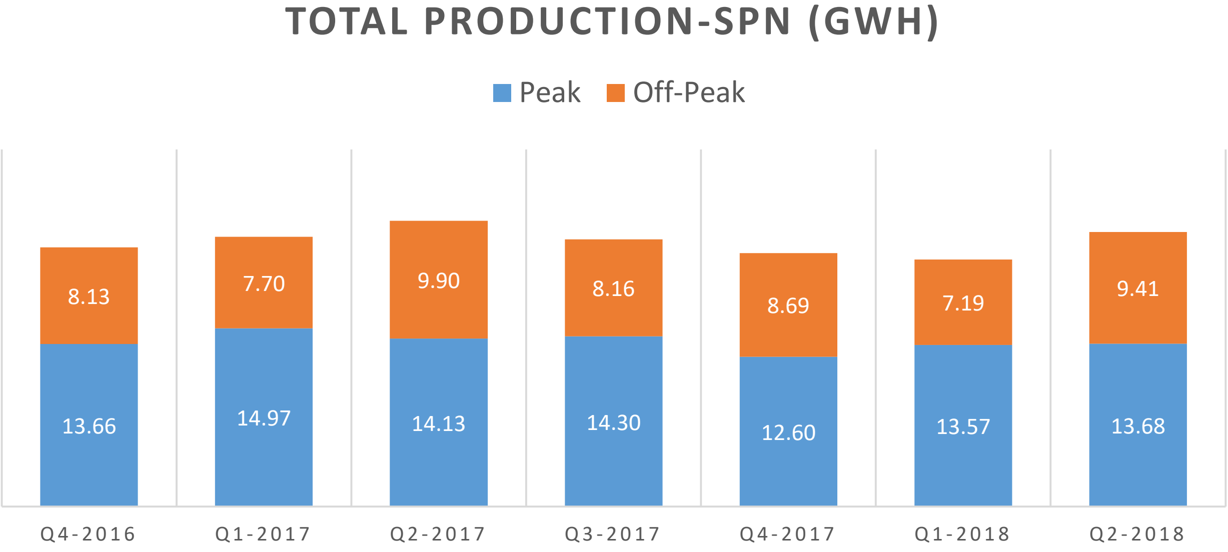

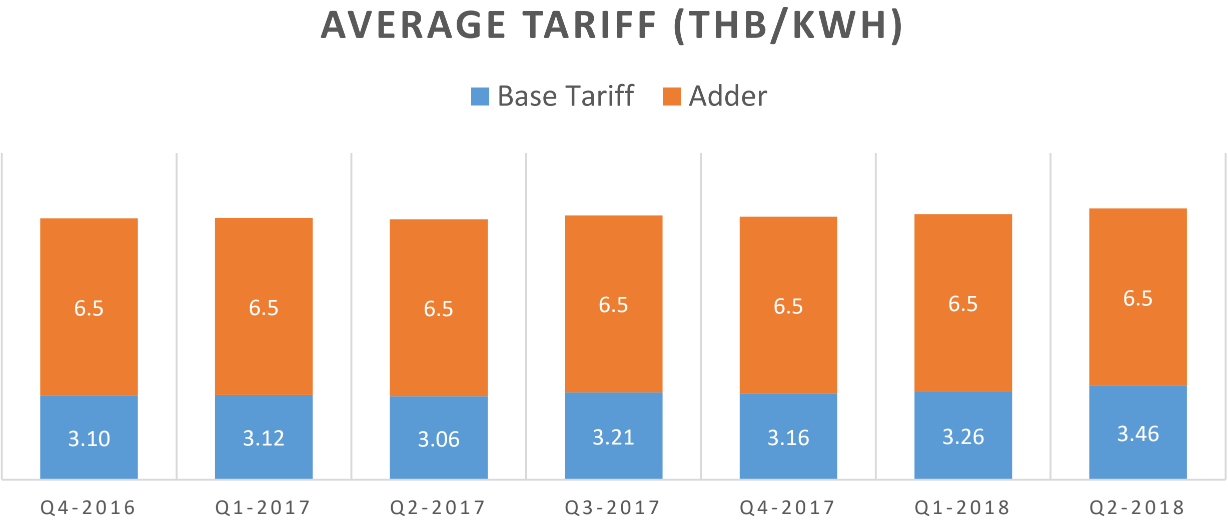

	YTD	QoQ	YoY
Production	-6.10%	11.19%	-3.90%
Average Tariff	1.26%	-0.90%	1.10%

Ft rate adjustment (satang/kWh)			
Jan’16 - Apr’16	-0.159	Change :	-0.16
May’16 - Aug’16	-0.397	Change :	-0.24
Sep’16 - Dec’16	-0.428	Change :	-0.03
Jan’17 - Apr’17	-0.472	Change :	-0.04
May’17 - Aug’17	-0.348	Change :	0.12
Sep' 17 - Dec'17	-0.302	Change :	0.05
Jan' 18 - Mar'18	-0.319	Change :	-0.02
Apr' 18 - Jun'18	-0.293	Change :	0.03

Revenue/COGS/Gross Profit

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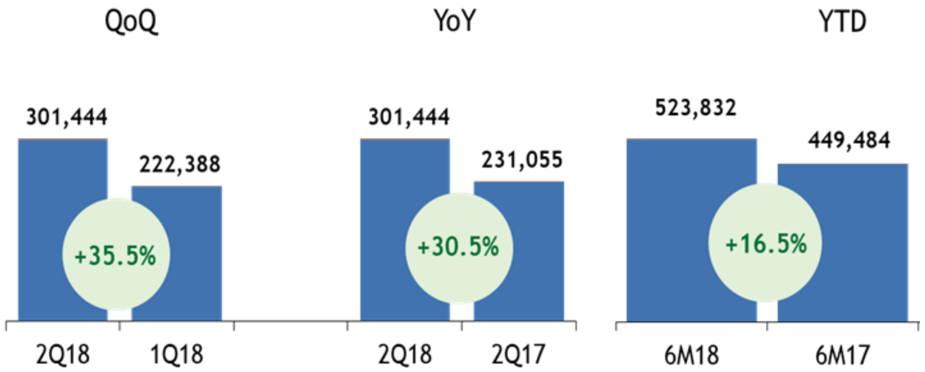
Revenue

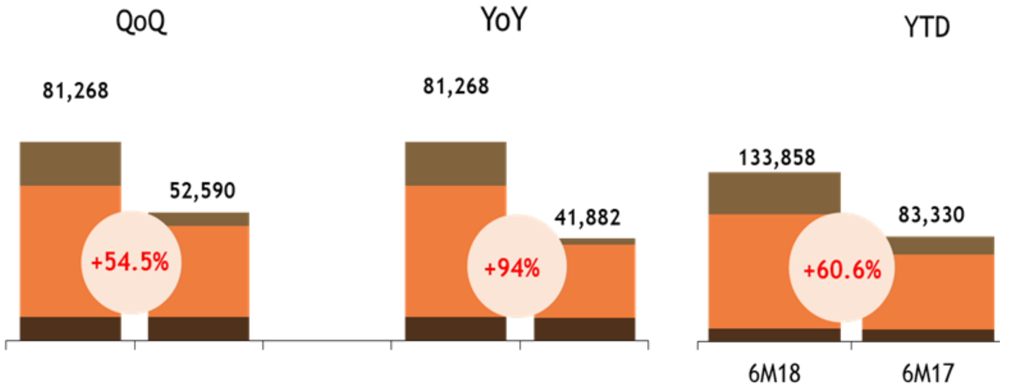
Sale Revenue   Other Revenue   (Unit: '000 THB)



- Higher QoQ , YoY and YTD
  - Contribution from Hidaka's sale volume.
  - Hidaka's volume was increased due to full quarter operation while SPN's volume lower by -6.1% (YTD)

COGS

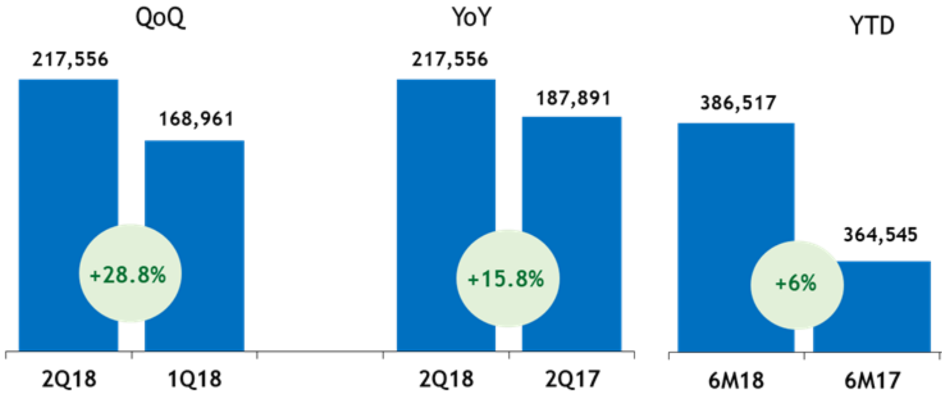
O&M Costs   Depreciation and Amortization   Others   (Unit: '000 THB)



- Higher QoQ , YoY and YTD mainly from Hidaka and SNNP1&2.

Gross Profit

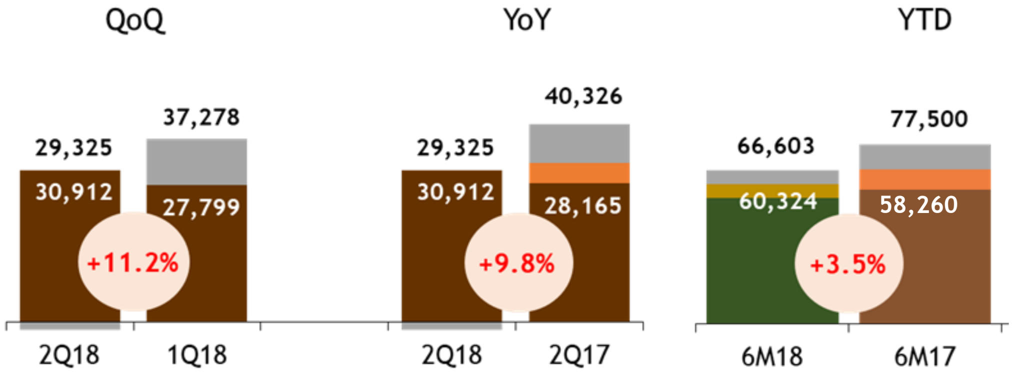
(Unit: '000 THB)



- Higher QoQ , YoY and YTD mainly from Hidaka.

SG&A

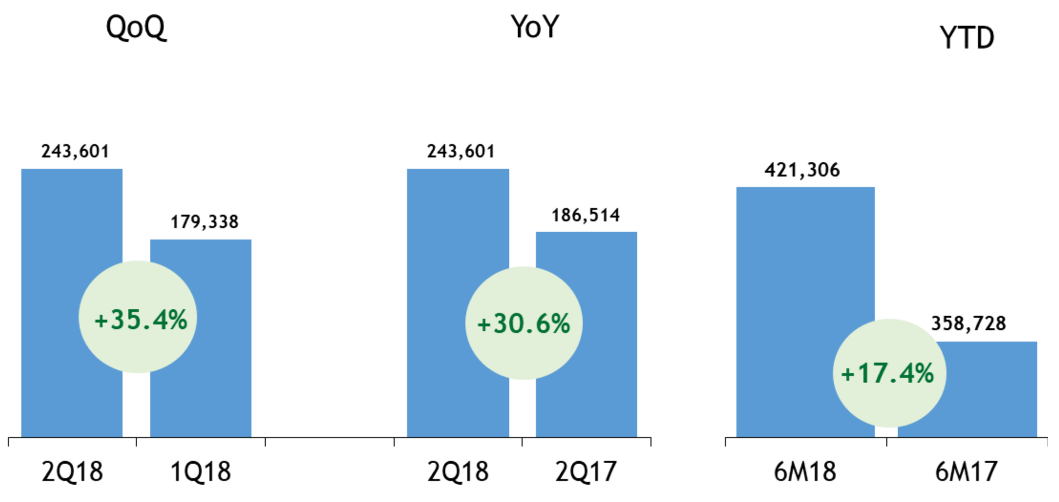
General G&A expense - TH   General G&A expense - JP   (Unit: '000 THB)
Unrealized FX loss   Land lease during construction
Total General G&A expense



SG&A and Adjusted Operating Profit

EBITDA

(Unit: '000 THB)

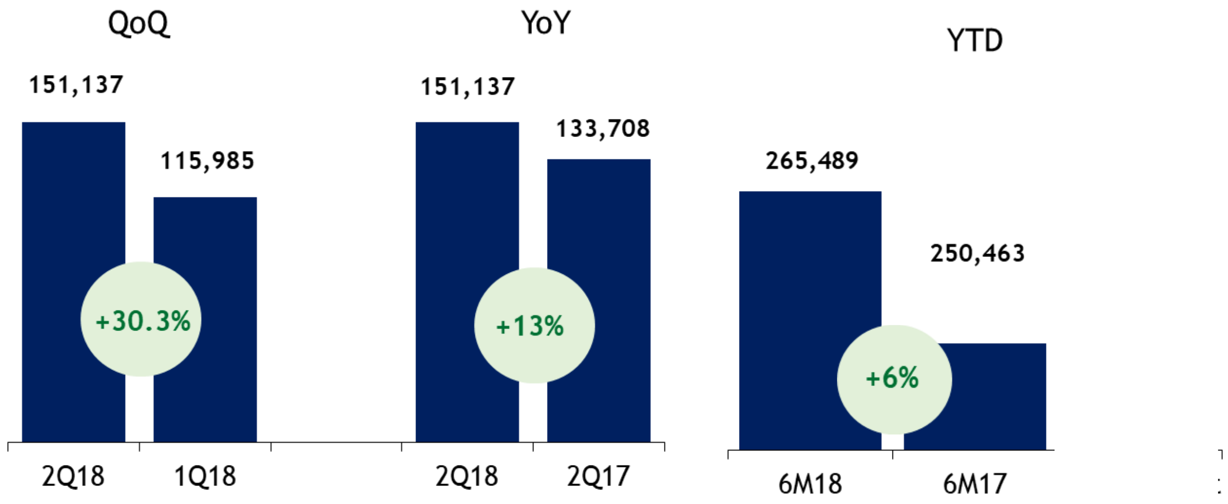


(Unit: '000 THB)

	2Q18	1Q18	2Q17	6M18	6M17
Net Profit Distribution to SSP's Shareholders	**152,779**	**106,553**	**110,542**	**259,332**	**212,920**
Adjustment Items (after minority interest)					
Unrealized FX (gain)/loss	(1,595)	9,479	7,943	6,251	10,802
Uncapitalized land lease during construction	0	0	3,665	0	7,333
Uncapitalized interest for SSP's equity loan	0	0	11,590	0	19,473
Deferred tax expenses	(47)	(47)	(33)	(94)	(65)
Core Operating Profit (to SSP's shareholders)	**151,137**	**115,985**	**133,708**	**265,489**	**250,463**

Core Operating Profit

(Unit: '000 THB)



- Core operating profit is increase with mixture of main factors:
  - Positive: Hidaka full quarter operation and contribution from SNNP1&2
  - Negative: lower SPN volume

Consolidated P&L

P&L Statement ('000 THB)	2Q18	1Q18	2Q17	6M18	6M17
Sale Revenue	298,824	221,551	229,773	520,375	447,875
Unrealized FX gain	-	-	-	-	-
Other Revenue	2,620	837	1,282	3,457	1,609
Total Revenue	**301,444**	**222,388**	**231,055**	**523,832**	**449,484**
Cost of Goods Sold	81,268	52,590	41,882	133,858	83,330
Gross Profit (Sale rev. - COGS)	**217,556**	**168,961**	**187,891**	**386,517**	**364,545**
Gross Profit Margin	**72.80%**	**76.26%**	**81.77%**	**74.28%**	**81.39%**
SG&A	**29,325**	**37,278**	**40,326**	**66,603**	**77,500**
Land lease during construction	-	-	4,218	-	8,438
Unrealized FX loss	(1,595)	9,479	7,943	6,251	10,802
General G&A expenses	30,920	27,799	28,165	60,352	58,259
EBITDA (excluding unrealized FX gain/loss)	**243,601**	**179,338**	**186,514**	**421,306**	**358,728**
EBITDA margin	**80.81%**	**80.64%**	**80.72%**	**80.43%**	**79.81%**
Financial Expenses	35,842	26,479	39,212	62,321	77,354
Tax	(26)	49	-	23	(33)
Net Profit	**155,035**	**105,992**	**109,635**	**261,027**	**211,333**
Net Profit Distribution					
To SSP's Shareholders	**152,779**	**106,553**	**110,542**	**259,332**	**212,920**
Minority Shareholders of Subsidies	**2,256**	**(561)**	**(907)**	**1,695**	**(1,587)**
Adjustment Items (after minority interest)					
Unrealized FX (gain)/loss	(1,595)	9,479	7,943	6,251	10,802
Uncapitalized land lease during construction	-	-	3,665	-	7,333
Uncapitalized interest for SSP's equity loan	-	-	11,590	-	19,473
Deferred tax expenses	(47)	(47)	(33)	(94)	(65)
Core Operating Profit (to SSP's shareholders)	**151,137**	**115,985**	**133,708**	**265,489**	**250,463**

- Sale revenue of 2Q18 is higher YoY (compared to 2Q17) and QoQ (compared to 1Q18), which is mainly from sale revenue from new projects (Hidaka & SNNP1&2) despite lower SPN's volume.
- COGS is higher mainly from new projects.
- Unrealized FX gain for 2Q18 = 1.6 MTHB (vs FX loss 9.5 MTHB for 1Q18 and 7.9 MTHB for 2Q17)
- General G&A exp. of 2Q18 is higher than 2Q17 and 1Q18.
- Core 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
  - (d) deferred tax expenses/revenue

Consolidated Balance Sheet

SERMSANG POWER CORPORATION

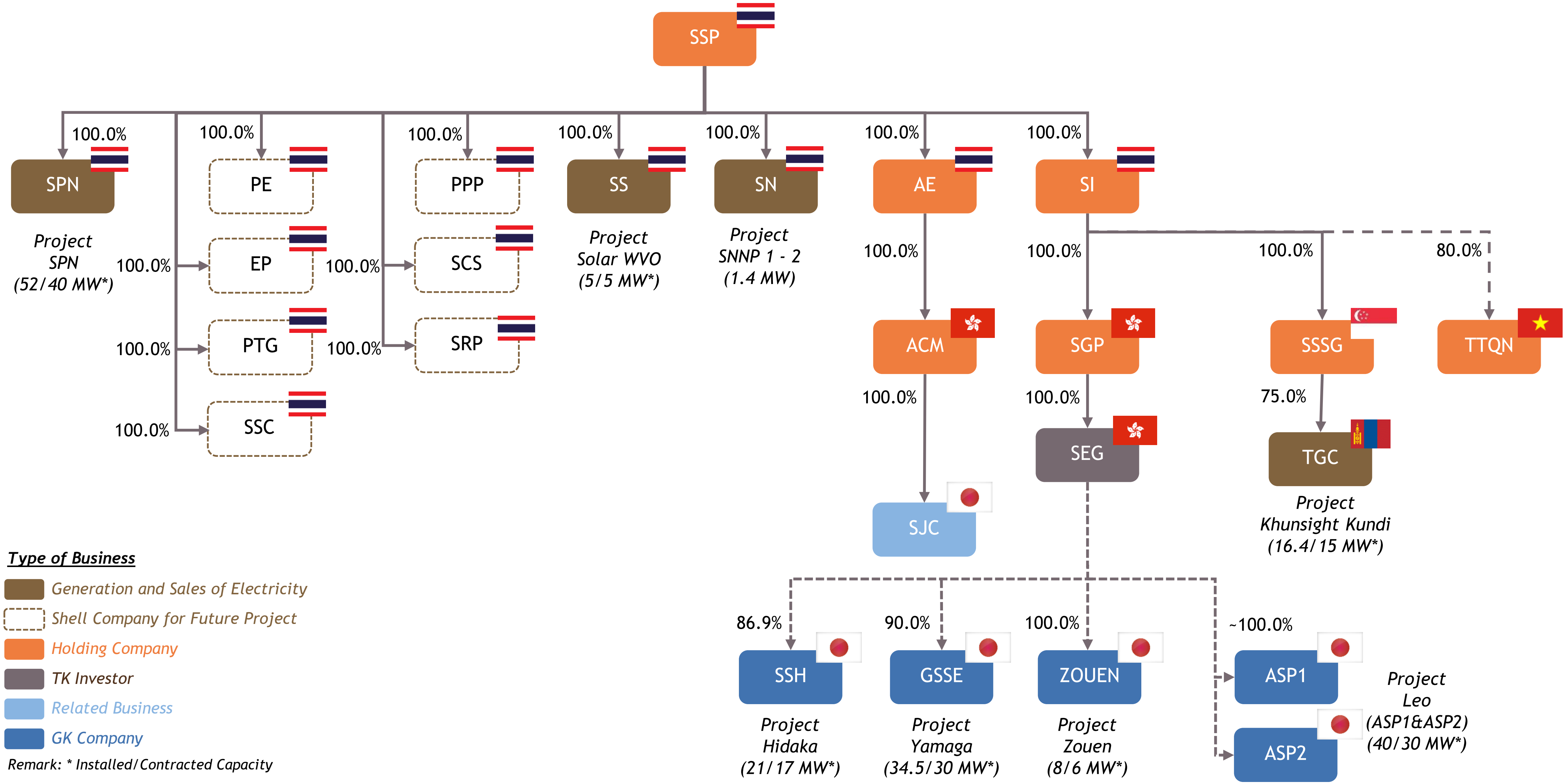
Balance Sheet Statement ('000 THB)	30/Jun/18	31/Dec/17
Cash and Cash Equivalent	1,626,252	1,603,392
Account Receivables	232,001	151,364
Other Current Assets	47,508	45,729
Total Current Assets	**1,905,761**	**1,800,485**
		-
Receivables from Revenue Department	334,159	246,378
PP&E	6,718,199	5,427,213
Intangible Assets	686,603	654,207
Other Fixed Assets	142,074	141,560
Total Fixed Assets	**7,881,035**	**6,469,358**
		-
Total Assets	**9,786,796**	**8,269,843**
		-
Account Payables	278,294	256,696
Current Portion of Long-Term loan	632,843	510,313
Other Current Liabilities	32,661	15,516
Total Current Liabilities	**943,798**	**782,525**
Long-Term Loan	5,266,988	4,061,676
Other Non-Current Liabilities	4,735	3,973
Total Non-Current Liabilities	**5,271,723**	**4,065,649**
Total Liabilities	**6,215,521**	**4,848,174**
Paid-up capital	922,000	922,000
Premium on ordinary shares	1,511,210	1,511,210
Legal Reserve	40,714	40,714
Unappropriated Retained Earnings	885,463	814,990
Others	50,621	18,916
Total Equity of Company	**3,410,008**	**3,307,830**
Minority interest	161,267	113,839
		-
Total Equity	**3,571,275**	**3,421,669**

- Majority of the cash and cash equivalent is from IPO, SPN and new loan.
- 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 since the end of 3Q/17, more loan was drawn for Japanese solar farm under construction. Hence. total long-term loan increased.
- Consolidated D/E ratio as of 30/06/18 = 1.8x increased from 1.5x as of 31/12/18.
- SSP's company only D/E ratio is stable at around 0.26x.

Q&A

Appendix

Group Structure



Remark: * Installed/Contracted Capacity