

# Serm Sang Power Corporation Public Company Limited

Ticker: SSP (SET)

5 MARCH 2020 | OPPORTUNITY DAY  
RESULTS FOR THE YEAR 2019





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## SSP OVERVIEW

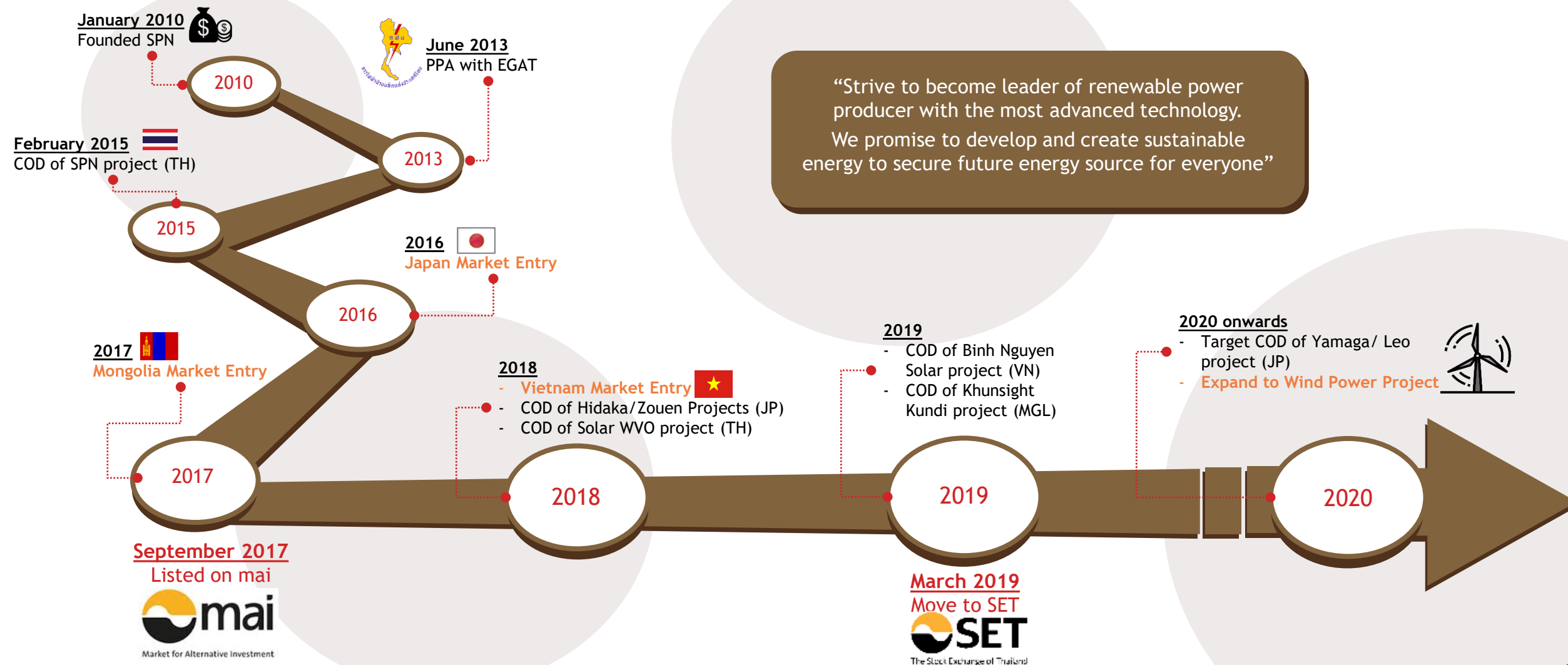


## RESULTS FOR THE YEAR 2019

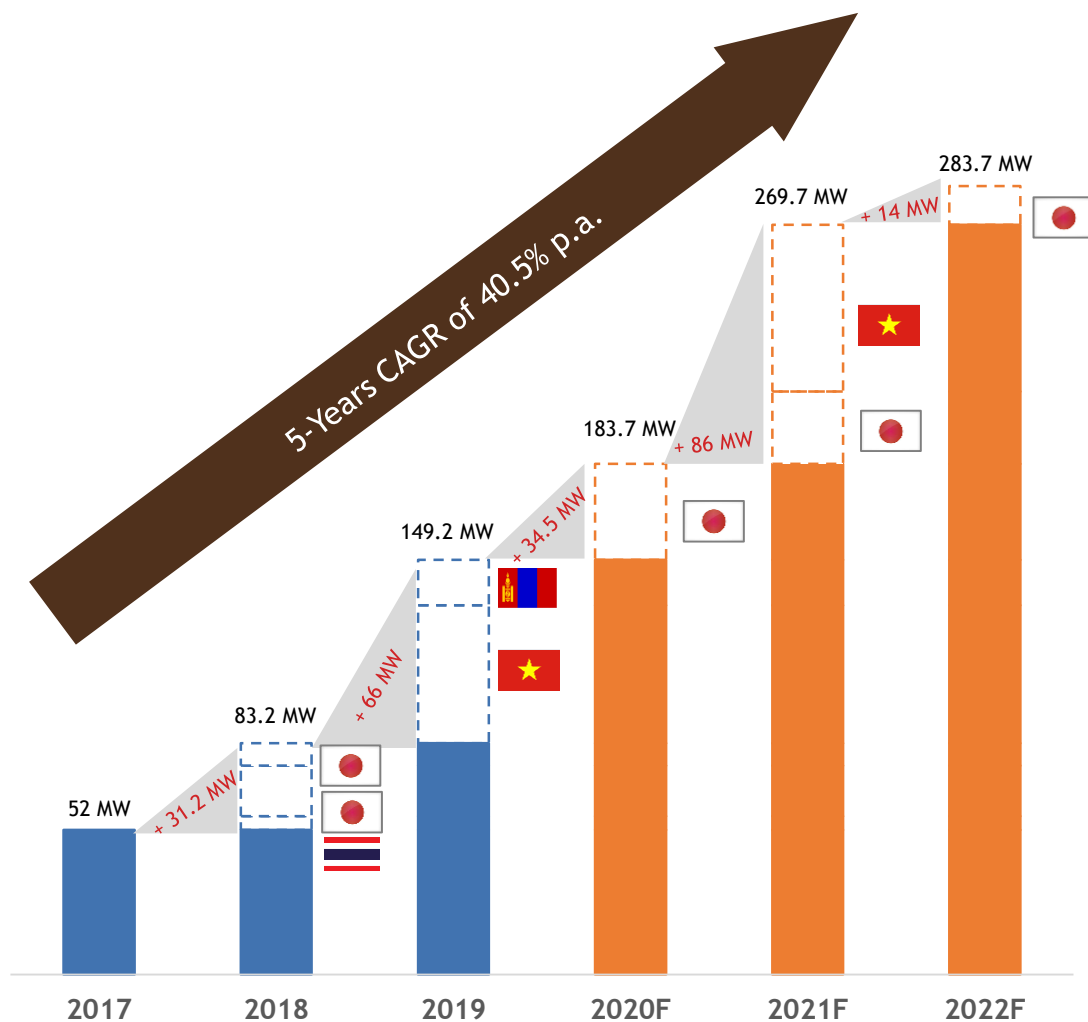








## Committed PROJECTS UPDATE





# Key Development Milestones



# Track Record & Growth

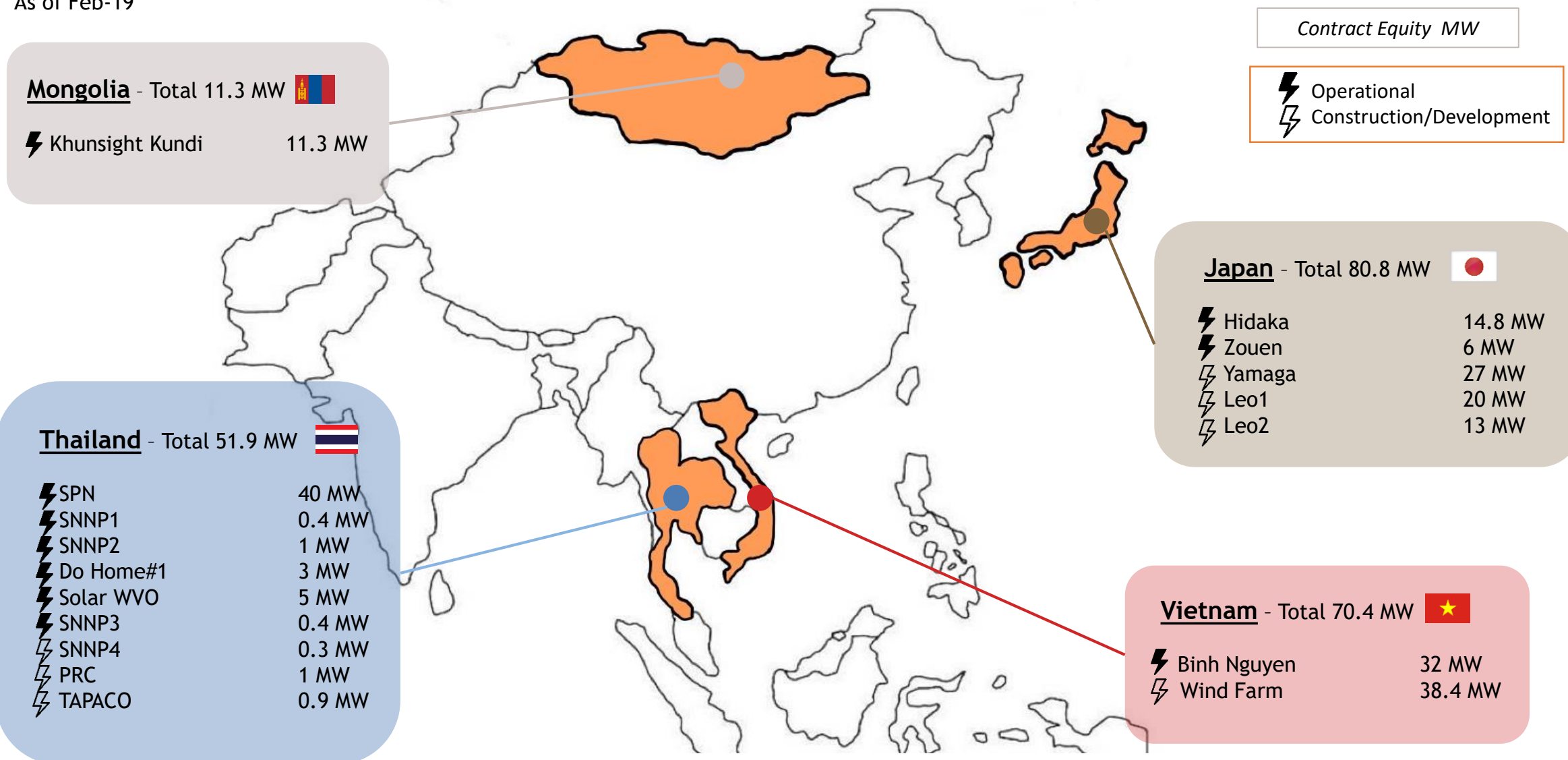


Project	Location	Status	Installed Equity Capacity (MW)	COD
Sermsang Solar		Operating	52.0	Feb 2015
Solar WVO		Operating	5.0	Nov 2018
Hidaka		Operating	18.2	Mar 2018
Zouen		Operating	8.0	Jul 2018
TTQN		Operating	49.6	Jun 2019
Mongolia		Operating	16.4	Jul 2019

Project	Location	Status	Installed Equity Capacity (MW)	COD
Yamaga		Under Construction	34.5	Q2 2020
Leo		Under Construction	26.0	Q3 2021
Wind		Under Development	60.0	Q3 2021
Leo 2		Under Development	14.0	Q3 2022

# SSP Group Portfolio - Over 200 Equity MW under Operation and Construction

As of Feb-19



# Business Portfolio

PROJECTS	COUNTRY	% Share	Installed MW	PPA MW	PPA Equity MW	PPA TERMS	COD
Operation							
SPN	Thailand	100%	52.0	40.0	40.0	25	1Q 2015
Hidaka	Japan	86.9%	21.0	17.0	14.8	20	1Q 2018
Zouen	Japan	100%	8.0	6.0	6.0	20	3Q 2018
Solar WVO	Thailand	100%	5.0	5.0	5.0	25	3Q 2018
Solar Rooftop	Thailand	100%	4.8	4.8	4.8	25	2018/2019
Binh Nguyen Solar	Vietnam	80%	49.6	40.0	32.0	20	2Q 2019
Khunshight Kundi	Mongolia	75%	16.4	15.0	11.3	12	3Q 2019
Total			156.8	127.8	113.8		
Construction							SCOD
Yamaga	Japan	90%	34.5	30.0	27.0	20	2Q 2020
Solar Rooftop	Thailand	100%	2.2	2.2	2.2	25	2Q 2020
Ashita 1	Japan	100%	26.0	20.0	20.0	20	3Q 2021
Total			62.7	52.2	49.2		
Development							SCOD
Wind	Vietnam	80%	60.0	48.0	38.4	20	3Q 2021
Ashita 2	Japan	100%	22.0	13.0	13.0	20	4Q 2022
Total			82.0	61.0	51.4		
Grand Total			301.4	240.9	214.3		





## SSP OVERVIEW



## RESULTS FOR THE YEAR 2019

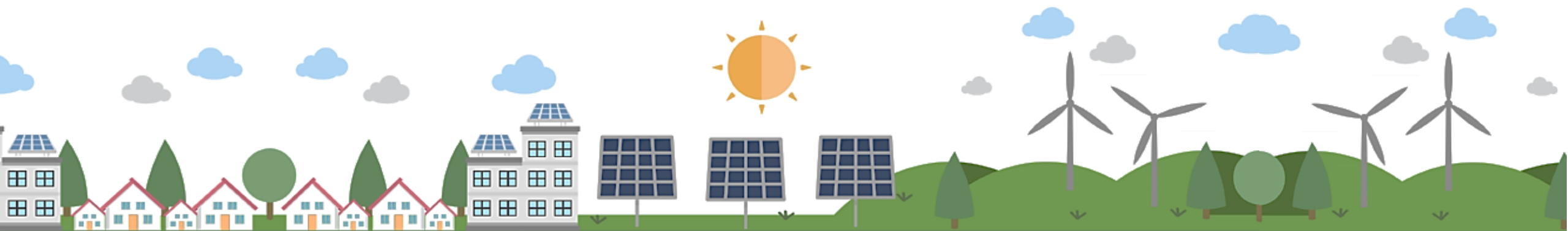


## COMMITTED PROJECTS UPDATE



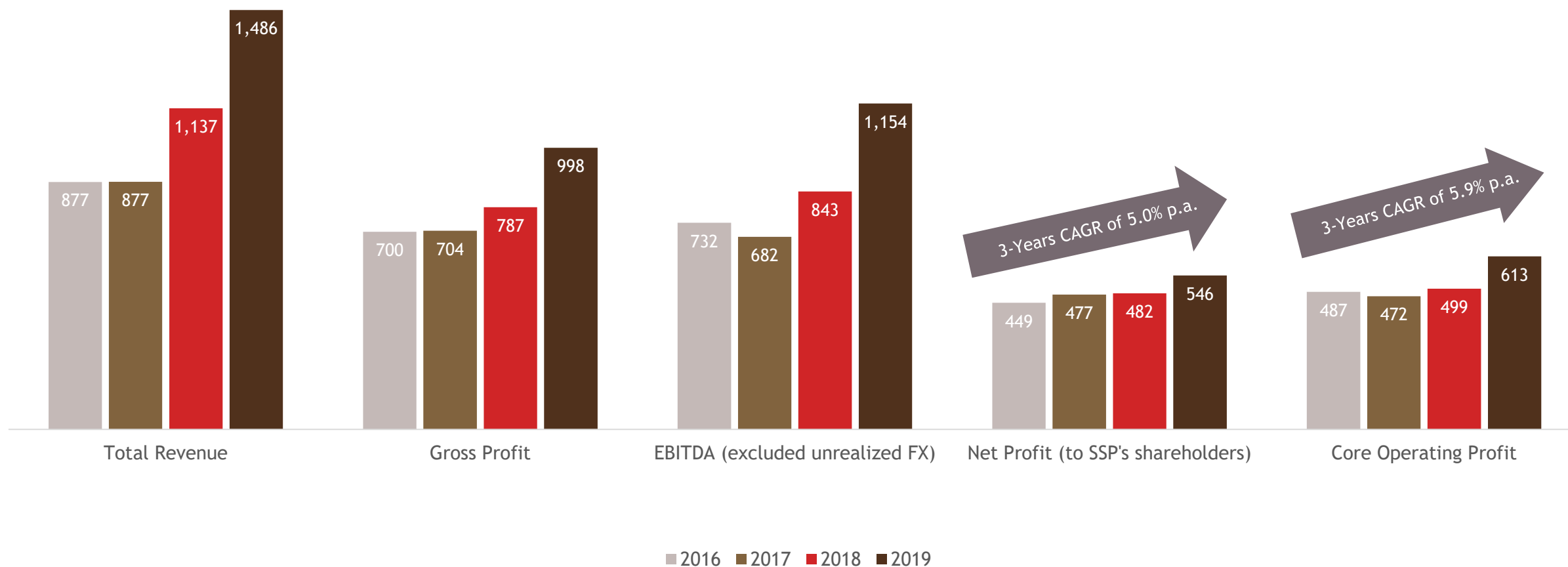
# Key Highlights

- 2019 result shows “New High” financial performance for both NI and COP since incorporated in 2012.  
Thanks to the continuous growth on MW COD from portfolio diversification;
  - Sales growth 31%, EBITDA growth 37%, NI growth 13% and COP growth 23%
- Seasonality effect for 4Q vs.3Q on Thailand, Japan (Snow), Vietnam (Rainy) and Mongolia (Snow)
- Key drivers in 2019 performance included:
  - JP Projects (Hidaka & Zuoen) and WVO recognized full period revenues
  - Additional contribution from new projects;
    - 49.6 MWp Binh Nguyen Solar Project (VN) COD in May, 28<sup>th</sup> 2019
    - 16.4 MWp Khunshight Kundi Solar Project (MN), COD in July, 6<sup>th</sup> 2019
  - Higher growth in SPN’s volume (4%) and average tariff (1.1%)
  - Recorded revenue from EPC construction
- Dividend 0.11 baht/shares, Record Date (XD) and Dividend Payment date on 12<sup>th</sup> and 29<sup>th</sup> May 2020 respectively



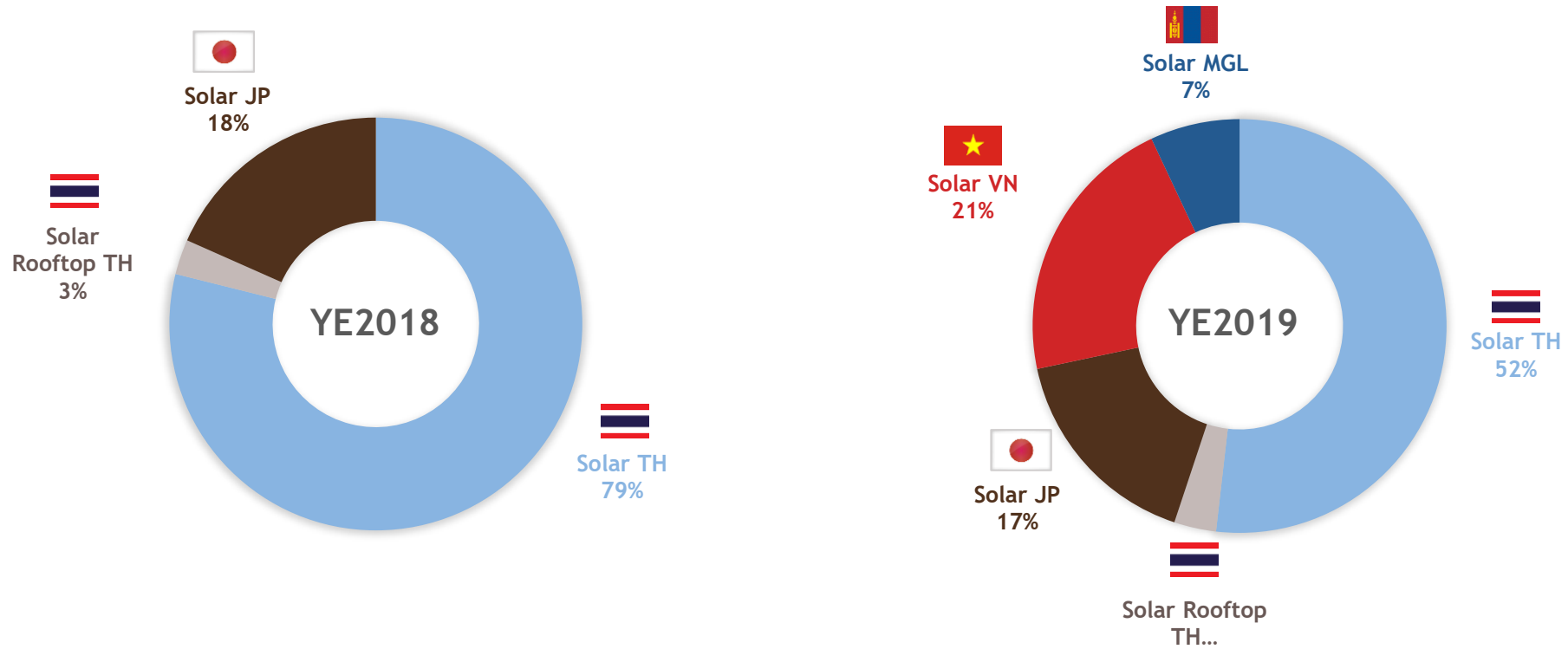
# Revenue & Earnings

“NEW HIGH” from 2019 Financial Performance due to continuous projects growth



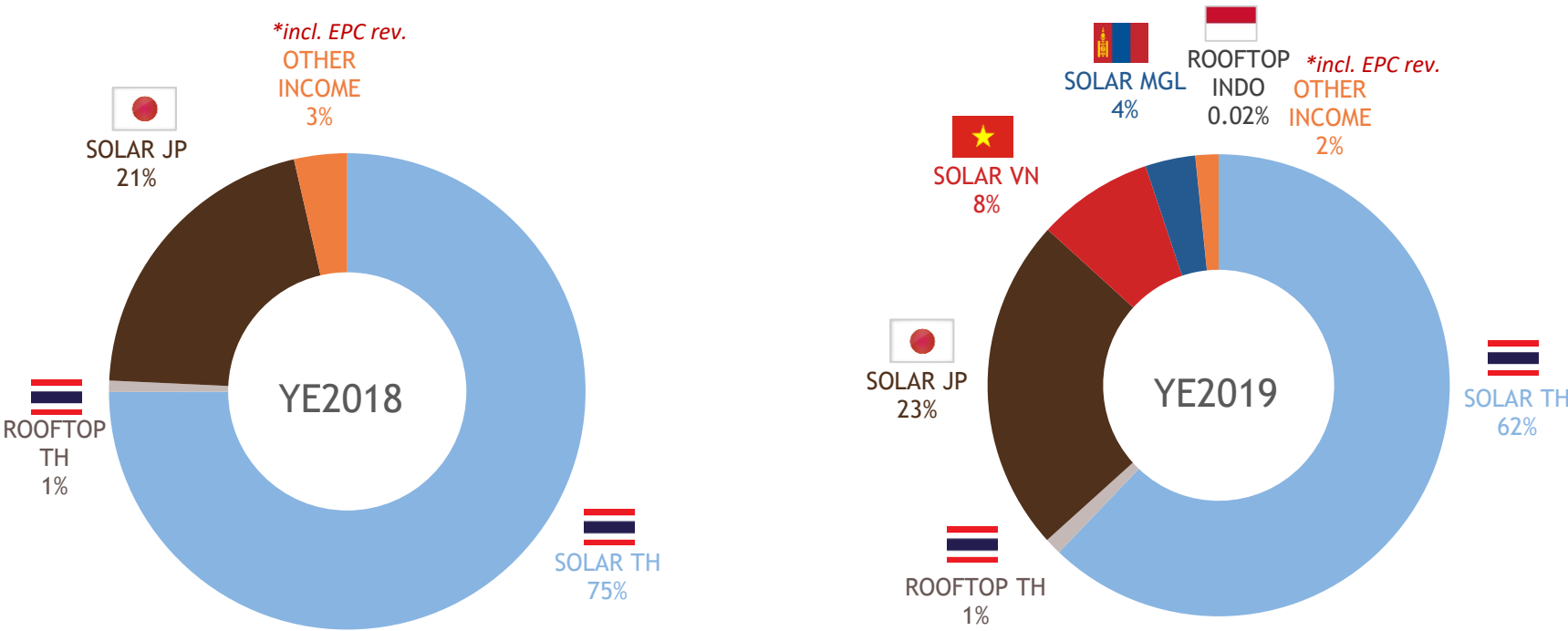
## Portfolio diversification

Breakdown Sale Volumes by Countries (MWh)



# Portfolio diversification

Breakdown Sale Revenue by Countries ('000THB)



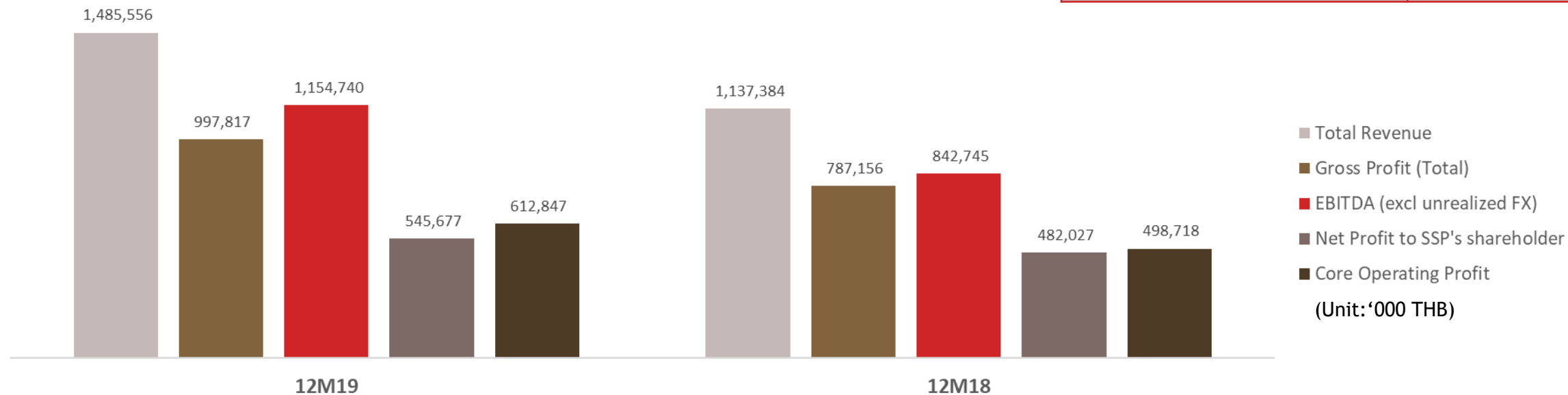


# Key Financial Highlights

## 2019 vs 2018

- Total Revenue and Gross profit was +30.6% and +26.8% respectively
  - Higher SPN's volume by +4.0%
  - Full period revenue recognition from Hidaka, Zouen and WVO project
  - Contribution from new projects (Binh Nguyen Solar@May19 and Khunsight Kundi@Jul19)
- EBITDA (excluded unrealized FX gain/loss) is +37.0%
- Net Profit is +13.2% and Core Operating Profit +22.9%
  - Unrealized FX loss in YE2019 is 66.7 mTHB whereas unrealized FX loss of 0.5 mTHB in YE2018

YTD (12M)	
Total Revenue	+30.6%
Gross Profit	+26.8%
EBITDA (excl. unrealized FX)	+37.0%
Net Profit (to SPP's shareholders)	+13.2%
Core Operating Profit	+22.9%



# Key Financial Highlights (QoQ and YoY)

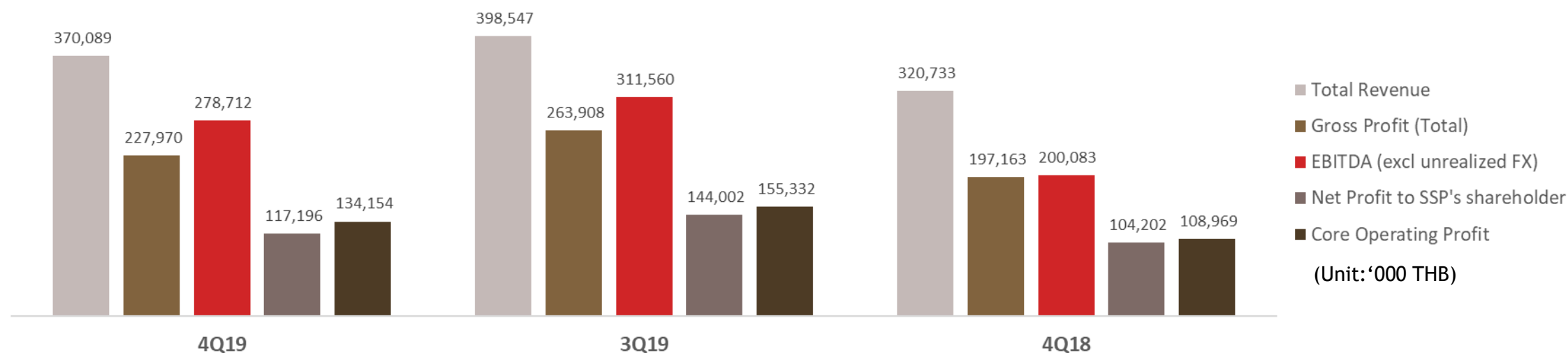
## 4Q19 vs 3Q19 (QoQ)

- Total Revenue and Gross profit was -7.1% and -13.6% respectively
  - Lower production from JP VN and MGL projects caused by seasonal effect
- EBITDA and Net Profit reduced by 10.5% and 18.6% in line with decrease of revenue
- Core Operating Profit -13.6% (Unrealized FX loss in 4Q19 is 16.3 mTHB while in 3Q19 is 11.4 mTHB)

## 4Q19 vs 4Q18 (YoY)

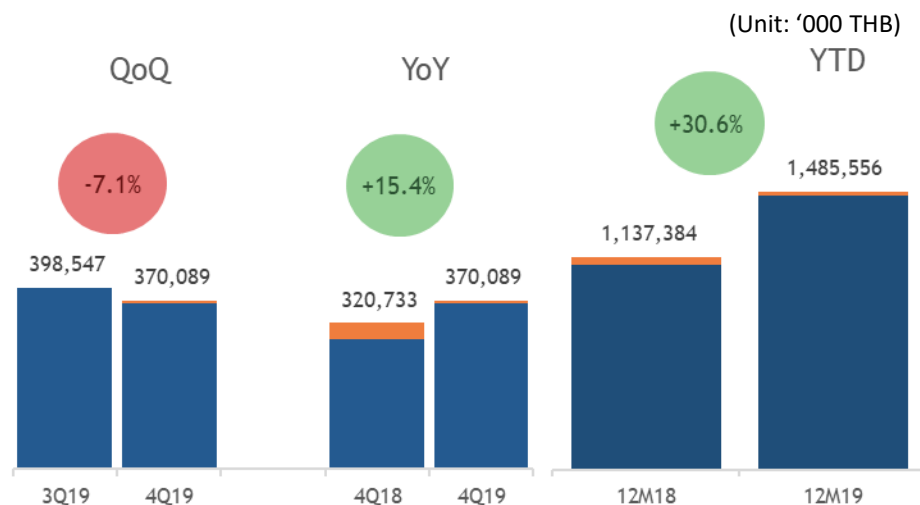
- Total Revenue and Gross profit was +15.4% and +15.6% respectively
  - Contribution from new COD projects (Binh Nguyen Solar and Khunsight Kundi)
  - Full period revenue recognition from WVO project
  - Better performance of SPN and Hidaka, +5.2% and +4.3% respectively (Higher solar irradiance)
- EBITDA and Net Profit is +39.3% and +12.5%, in line with increase of revenue
- Core Operating Profit is +23.1% (unrealized FX loss in 4Q19 is 16.3 mTHB while FX gain in 4Q18 is 11.5 mTHB)

	QoQ (3M)	YoY (3M)
Total Revenue	-7.1%	+15.4%
Gross Profit	-13.6%	+15.6%
EBITDA (excl. unrealized FX)	-10.5%	+39.3%
Net Profit (to SPP's shareholders)	-18.6%	+12.5%
Core Operating Profit	-13.6%	+23.1%



# Revenue/COGS

**Revenue** ■ Sale Revenue ■ Other Revenue (including EPC revenue)



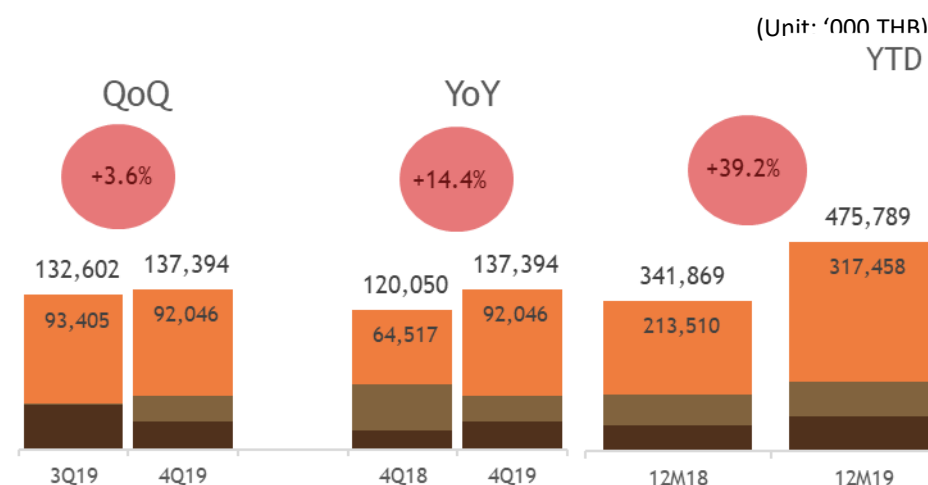
- **Higher YoY and YTD**

- Contribution from new projects; Hidaka, Zouen, Solar WVO, Solar Rooftop, Vietnam and Mongolia projects
- SPN's volume higher by +5.2% YoY and +3.5% YTD (Higher solar irradiance)
- Hidaka's volume higher by +4.3% YoY and +34.3% YTD (Higher solar irradiance)

- **Lower QoQ**

- Lower production from JP projects by -28% QoQ as a result of seasonality

**COGS** ■ O&M Costs ■ Others (Including EPC Construction cost) ■ Depreciation and Amortization



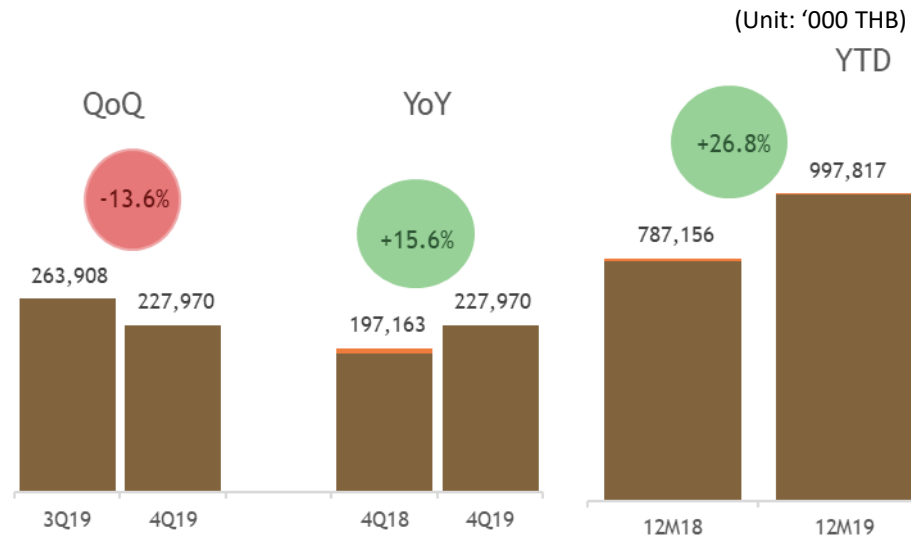
- **Higher QoQ, YoY and YTD,**

- Mainly resulted from new projects entered COD throughout the year (mainly from higher depreciation)

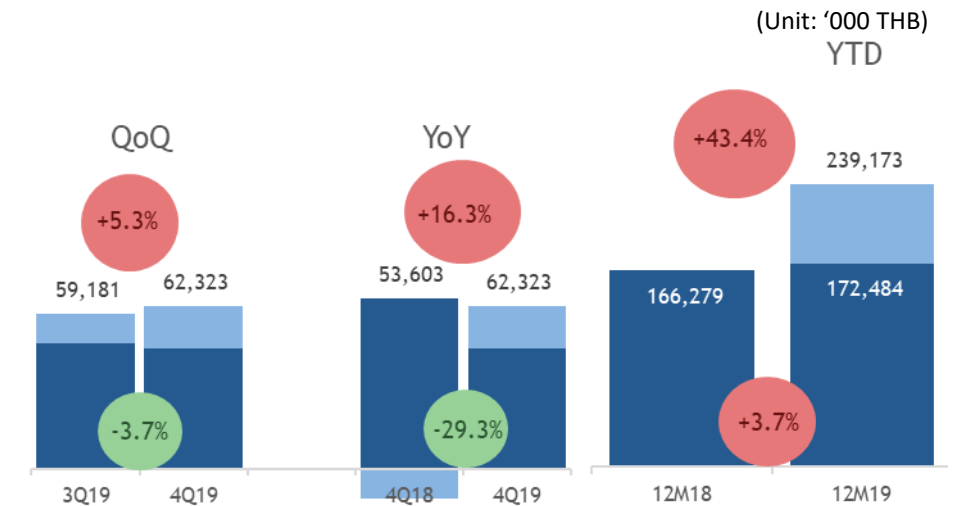
# Gross Profit/SG&A

**Gross Profit** ■ GP from Sale ■ GP from EPC (construction)

**SG&A** ■ Unrealized FX loss (gain) ■ General G&A expense



- **Higher YoY and YTD**, mainly driven from contribution from new projects and higher sale volume for both SPN and JP projects (Higher Irradiance)
- **Lower QoQ**
  - Lower sale revenue

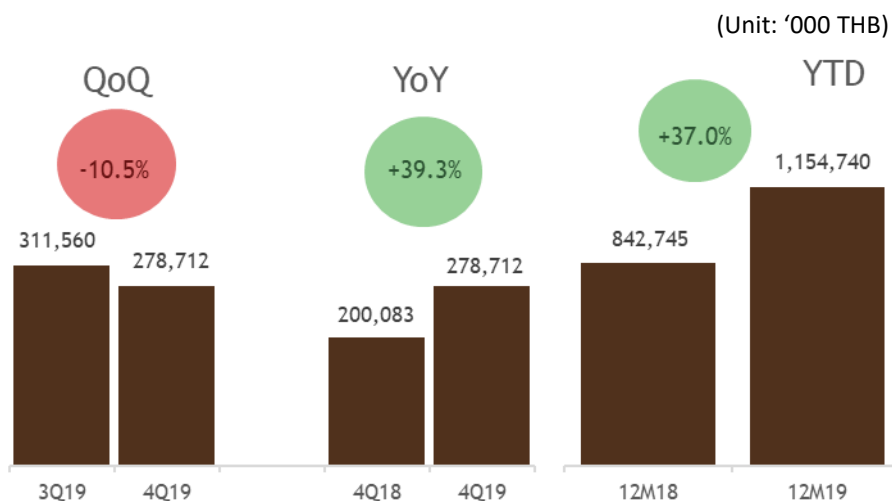


- **Higher QoQ, YoY and YTD**
  - Mainly driven from contribution of new projects.
  - Unrealized FX loss of 66.7 MTHB have been booked in YE2019, while unrealized FX loss of 0.5 MTHB in YE2018. (16.3 mTHB in 4Q19 and unrealized FX gain 11.5 mTHB in 4Q18)

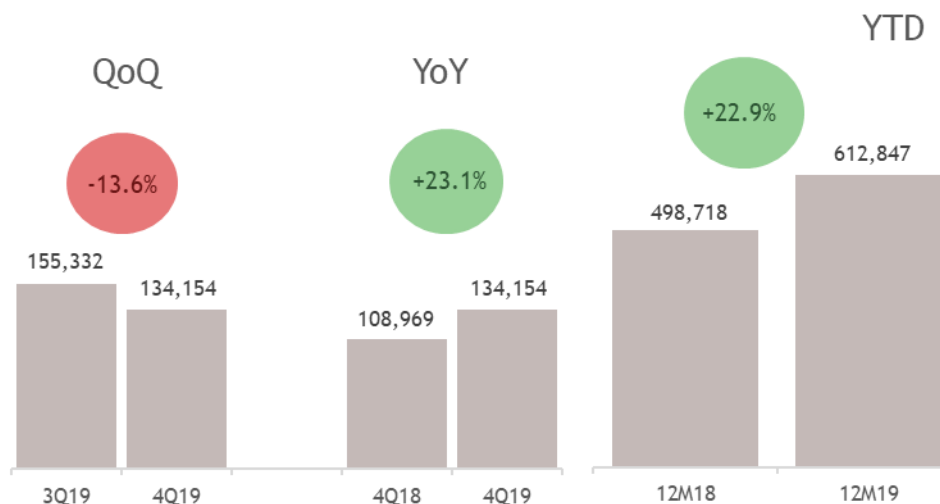


# EBITDA and Core Operating Profit (COP)

## EBITDA



## Core Operating Profit (COP)



(Unit: '000 THB)

	4Q19	3Q19	4Q18	12M19	12M18
Net Profit Distribution to SSP's Shareholders	117,196	144,002	104,202	545,677	482,027
Adjustment Items (after minority interest)					
Unrealized FX loss (gain)	16,294	11,391	(11,513)	66,689	553
Deferred tax expenses (revenue)	(270)	(61)	(47)	(453)	(189)
Uncapitalized development cost	935		3,161	935	3,161
Unrealized impairment provision			13,166		13,166
Core Operating Profit (to SSP's shareholders)	134,154	155,332	108,969	612,847	498,718

- **Core operating profit (COP)** is increased with mixture of main factors (YTD):
  - **Positive**
    - Full year contribution: Hidaka, Zouen, Solar WVO and Solar rooftop projects
    - New contribution from Binh Nguyen Solar (Vietnam) and Khunsight Kundi (Mongolia) projects.
    - Higher SPN's volume and average tariff by FT adjustment
    - Higher JP's volume (Hidaka & Zouen)
  - **Negative**
    - Higher financial expenses and SG&A

# Consolidated P&L

P&L Statement ('000 THB)	4Q19	3Q19	4Q18	12M19	12M18
Sale Revenue	365,364	396,510	284,501	1,461,703	1,096,313
EPC Revenue (Construction)	0	-	32,712	11,903	32,712
Other Revenue	4,725	2,037	3,520	11,950	8,359
<b>Total Revenue</b>	<b>370,089</b>	<b>398,547</b>	<b>320,733</b>	<b>1,485,556</b>	<b>1,137,384</b>
Cost of Goods Sold (Sale)	137,394	132,602	94,362	465,689	316,181
Cost of Construction (EPC)	0	-	25,688	10,100	25,688
<b>Gross Profit (Sale - COGS)</b>	<b>227,970</b>	<b>263,908</b>	<b>190,139</b>	<b>996,014</b>	<b>780,132</b>
<b>Gross Profit (EPC - COC)</b>	<b>(0)</b>	<b>-</b>	<b>7,024</b>	<b>1,803</b>	<b>7,024</b>
<b>Gross Profit (total)</b>	<b>227,970</b>	<b>263,908</b>	<b>197,163</b>	<b>997,817</b>	<b>787,156</b>
<b>Gross Profit Margin</b>	<b>62%</b>	<b>67%</b>	<b>62%</b>	<b>68%</b>	<b>70%</b>
<b>SG&amp;A</b>	<b>62,323</b>	<b>59,181</b>	<b>53,603</b>	<b>239,173</b>	<b>166,832</b>
Unrealized FX loss (gain)	16,294	11,391	(11,513)	66,689	553
General G&A expenses	46,029	47,790	65,116	172,484	166,279
<b>EBITDA (excluding unrealized FX gain/loss)</b>	<b>278,712</b>	<b>311,560</b>	<b>200,083</b>	<b>1,154,740</b>	<b>842,745</b>
<b>EBITDA margin</b>	<b>75%</b>	<b>78%</b>	<b>62%</b>	<b>78%</b>	<b>74%</b>
Financial Expenses	54,097	52,731	44,390	201,641	148,157
Tax	838	2,078	1,362	12,334	1,732
<b>Net Profit</b>	<b>115,437</b>	<b>151,955</b>	<b>101,326</b>	<b>556,619</b>	<b>478,792</b>
<b>Net Profit Distribution</b>					
To SSP's Shareholders	117,196	144,002	104,202	545,677	482,027
Minority Shareholders of Subsidiaries	(1,759)	7,953	(2,875)	10,942	(3,234)
<b>Adjustment Items (after minority interest)</b>					
-Unrealized FX (gain)/loss	16,294	11,391	(11,513)	66,689	553
-Deferred tax (revenue) expenses	(270)	(61)	(47)	(453)	(189)
-Uncapitalized development cost	935	-	3,161	935	3,161
-Unrealized impairment provision	-	-	13,166	-	13,166
<b>Core Operating Profit (to SSP's shareholders)</b>	<b>134,154</b>	<b>155,332</b>	<b>108,969</b>	<b>612,847</b>	<b>498,718</b>

- Sale revenue of 4Q19 is higher than 4Q18, mainly from higher sale production JP projects and contribution from new projects.
- COGS and SG&A is higher mainly from new COD projects (both Thailand, Japan, Vietnam and Mongolia projects).
- Financial Expense is higher from debt of new COD projects and new investment

# Consolidated Balance Sheet

Balance Sheet Statement ('000 THB)	31/Dec/19	31/Dec/18
Cash and Cash Equivalent	915,457	1,125,130
Short-term restricted bank deposits	283,149	438,922
Trade and other receivables	361,394	408,800
Other Current Assets	29,810	42,093
<b>Total Current Assets</b>	<b>1,589,811</b>	<b>2,014,945</b>
Long-term restricted bank deposits	159,037	96,733
Revenue department receivable	17,412	68,634
Property, plant and equipment	9,722,104	8,352,084
Intangible Assets	1,045,830	950,633
Other Fixed Assets	510,933	409,699
<b>Total Fixed Assets</b>	<b>11,455,316</b>	<b>9,877,783</b>
<b>Total assets</b>	<b>13,045,127</b>	<b>11,892,728</b>
Account Payables	208,658	503,820
Current Portion of Long-Term loan	686,089	508,587
Other Current Liabilities	473,120	134,494
<b>Total Current Liabilities</b>	<b>1,367,868</b>	<b>1,146,901</b>
Long-Term Loan	7,666,372	6,868,208
Other Non-Current Liabilities	13,900	19,473
<b>Total Non-Current Liabilities</b>	<b>7,680,273</b>	<b>6,887,681</b>
<b>Total liabilities</b>	<b>9,048,141</b>	<b>8,034,582</b>
Paid-up share capital	922,000	922,000
Premium on ordinary shares	1,511,210	1,511,210
Surplus on business combination under common control	33,098	33,098
Legal Reserve	92,200	64,815
Unappropriated Retained Earnings	1,402,274	1,084,056
Others components of shareholders' equity	(183,759)	(81,638)
<b>Total Equity of Company</b>	<b>3,777,023</b>	<b>3,533,541</b>
Minority interest	219,963	324,605
<b>Total shareholders' equity</b>	<b>3,996,986</b>	<b>3,858,146</b>

- PP&E gradually increased along with construction of projects under development

- Consolidated D/E ratio as of 31 Dec 2019 = 2.26x increased from 2.08x as of 31 Dec 18.
- SSP's company only D/E ratio as of 31 Dec 2019 is at around 0.58x increased from 0.33x as of 31 Dec 18.

รายละเอียด	
ราคาเสนอขายต่อหน่วย	0.00 บาท
อัตราใช้สิทธิ (หุ้นสามัญเดิม:ใบสำคัญแสดงสิทธิ)	4:1
จำนวนใบสำคัญแสดงสิทธิที่เสนอขาย	ไม่เกิน 230,500,000 หน่วย
อัตราส่วน (ใบสำคัญแสดงสิทธิ:หุ้นใหม่)	1:1
ราคาการใช้สิทธิต่อหุ้น	10 บาท
อายุใบสำคัญแสดงสิทธิ	ไม่เกิน 3 ปี
ระยะเวลาการใช้สิทธิ (มี.ค. / มิ.ย. / ก.ย. / ธ.ค.)	ทุกๆ 3 เดือน





## SSP OVERVIEW

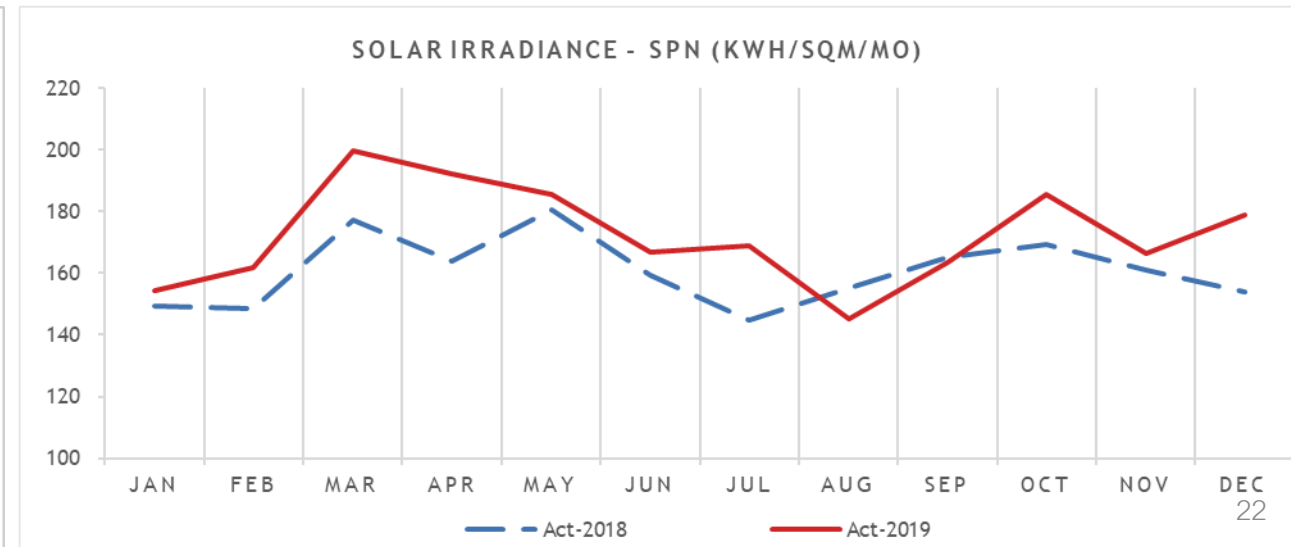
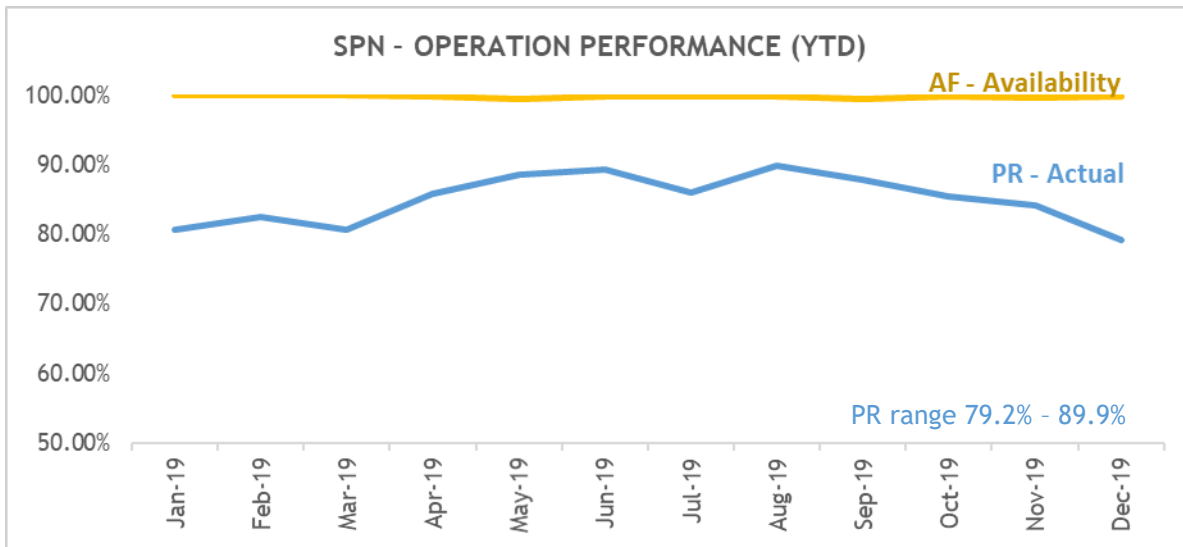
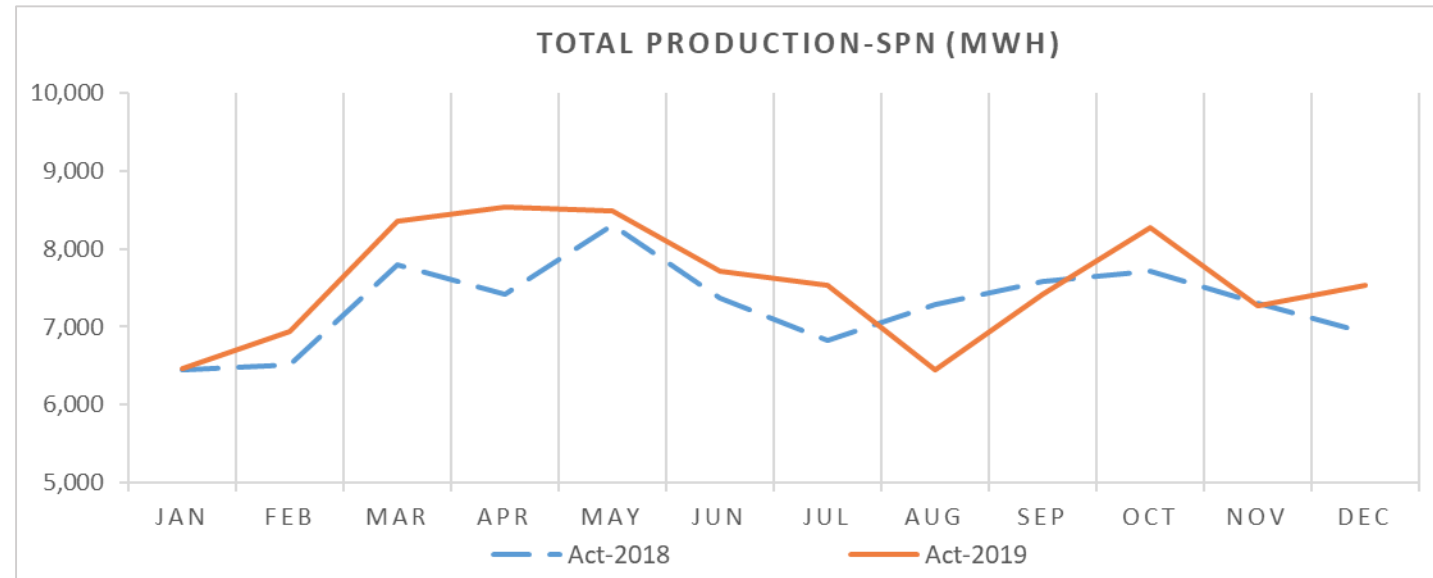


## RESULTS FOR THE YEAR 2019

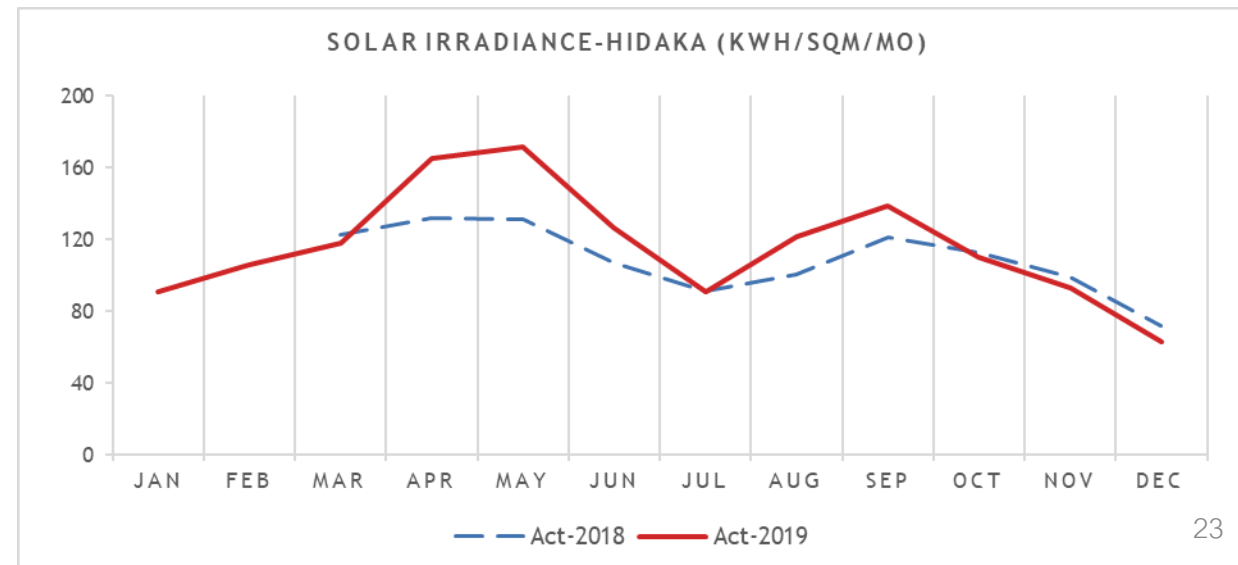
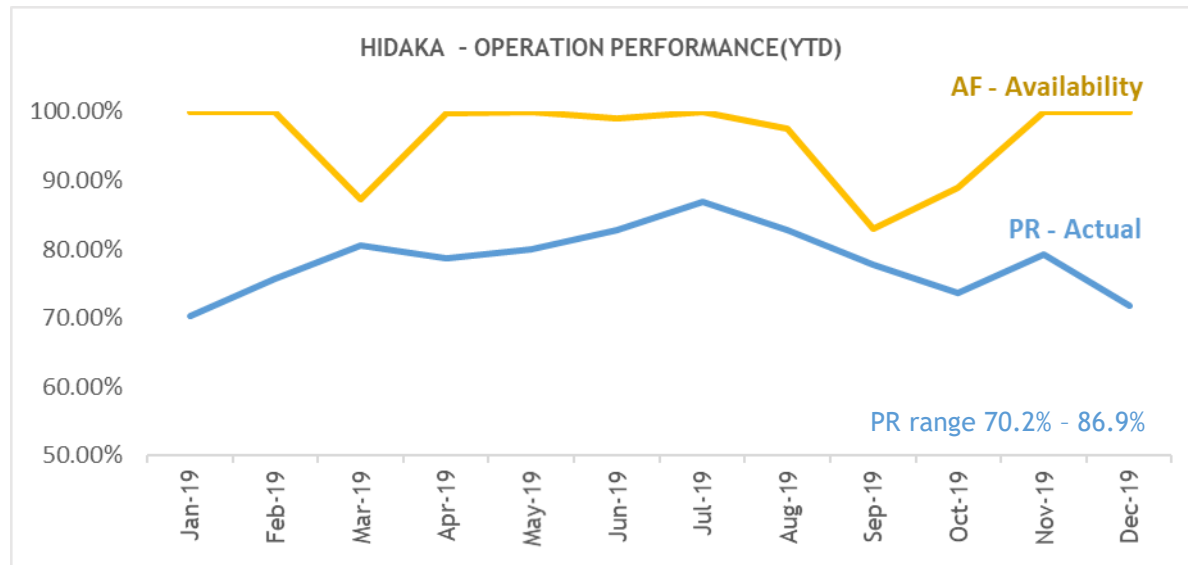
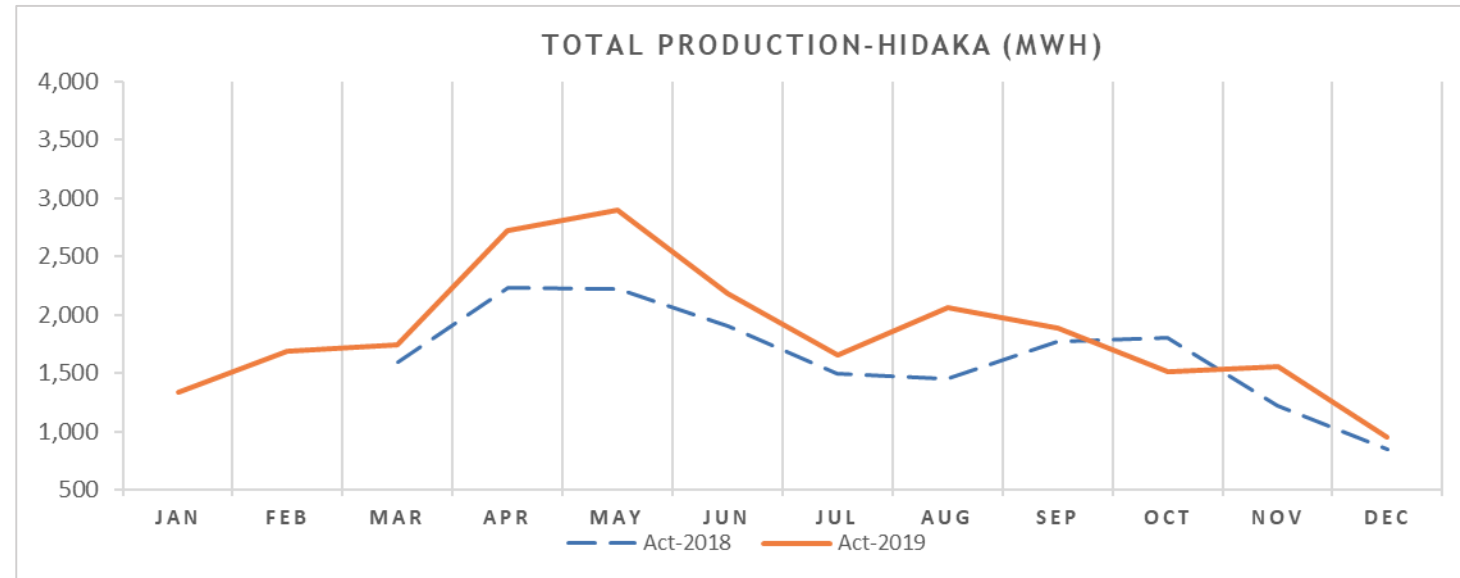


## COMMITTED PROJECTS UPDATE

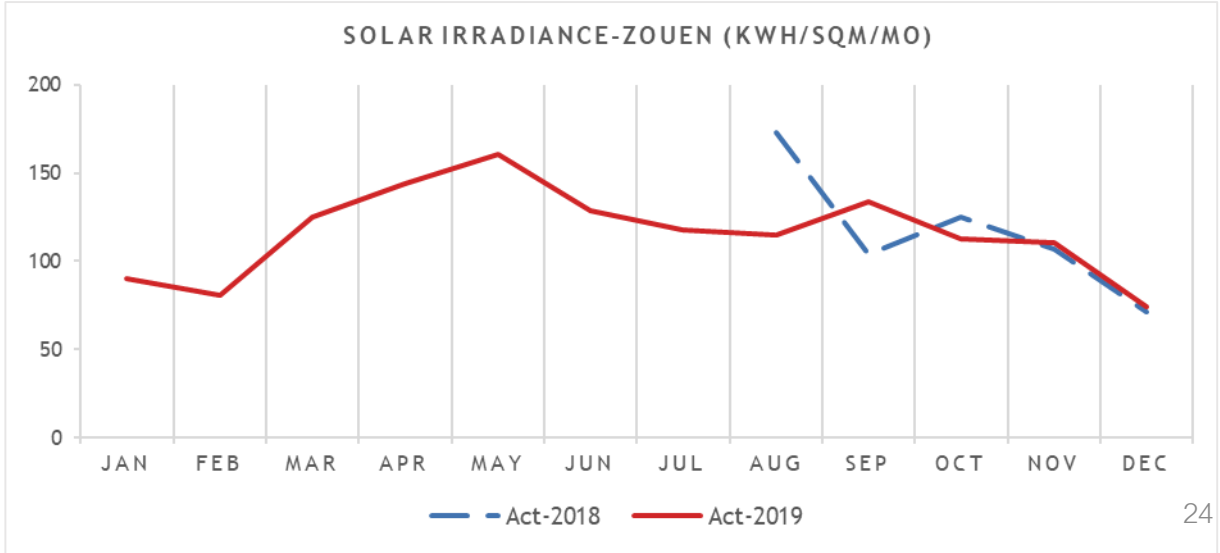
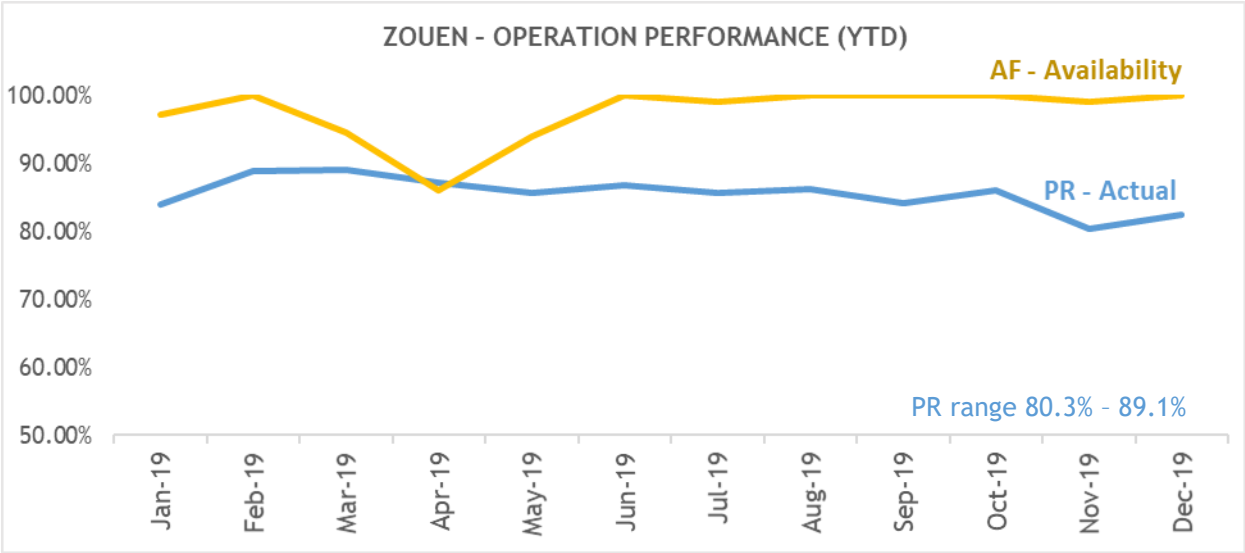
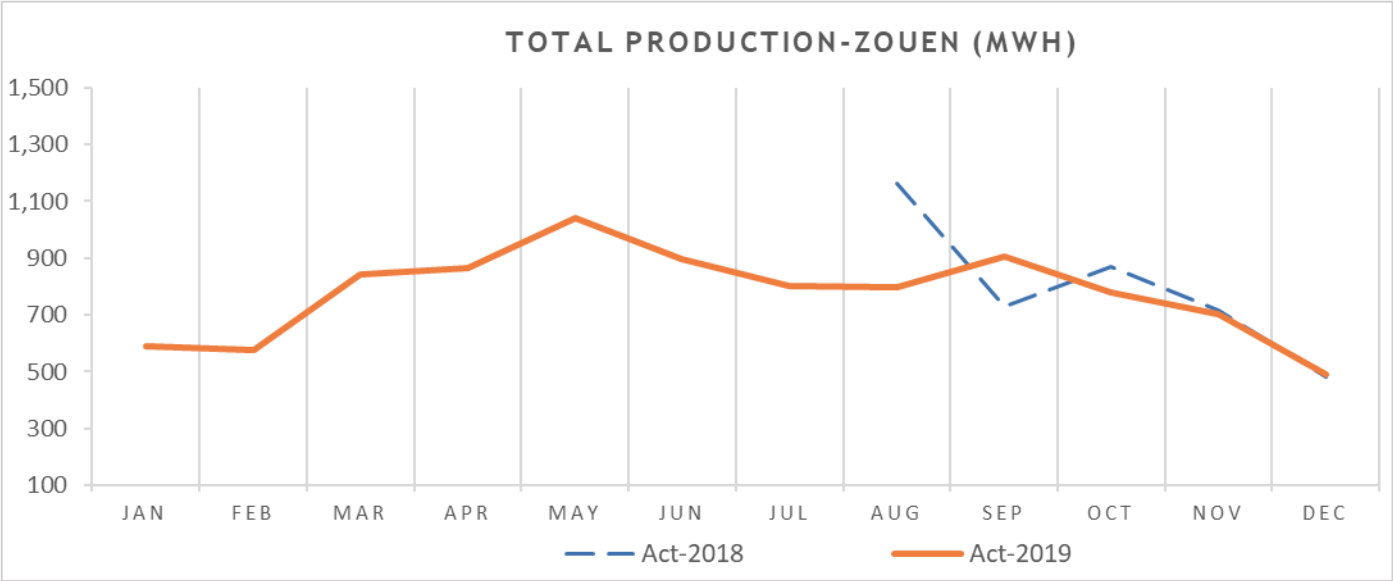
# SPN 52 MW: Operation performance



# Hidaka 21 MW: Operation performance

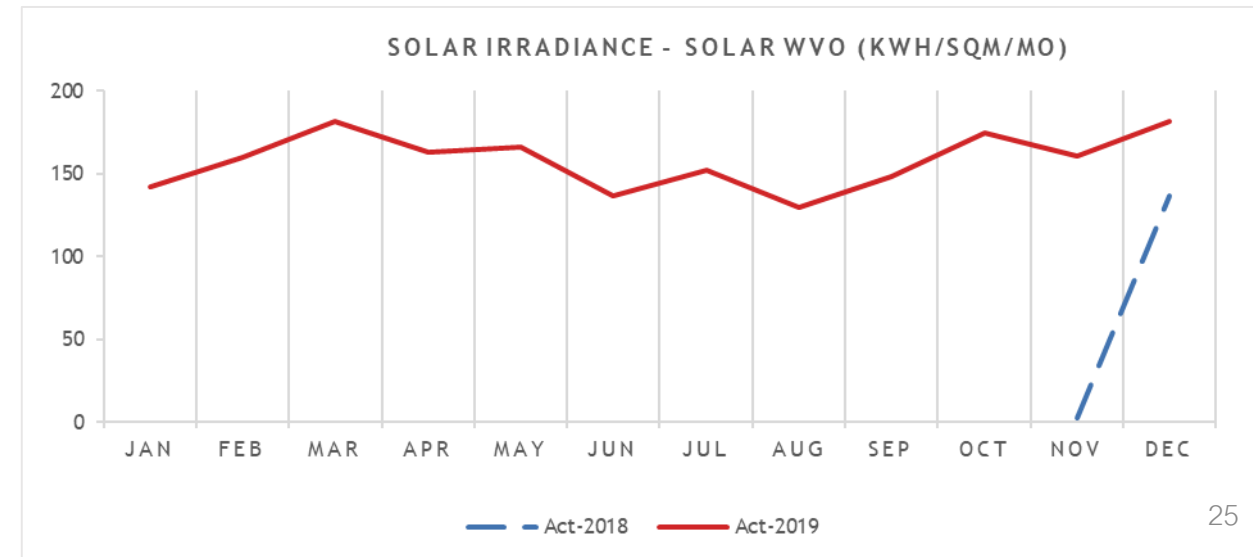
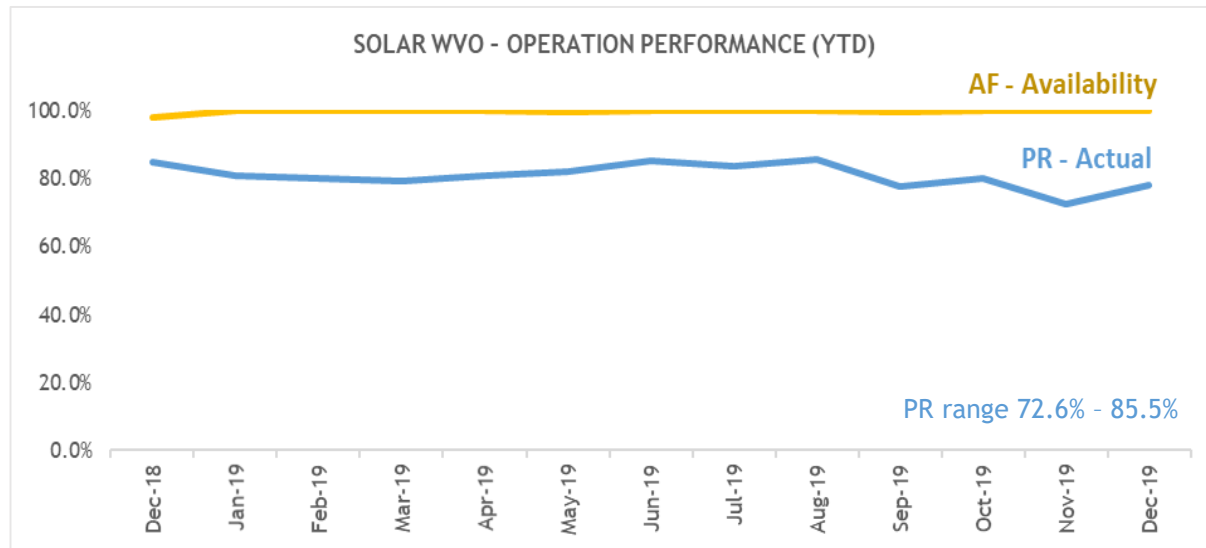
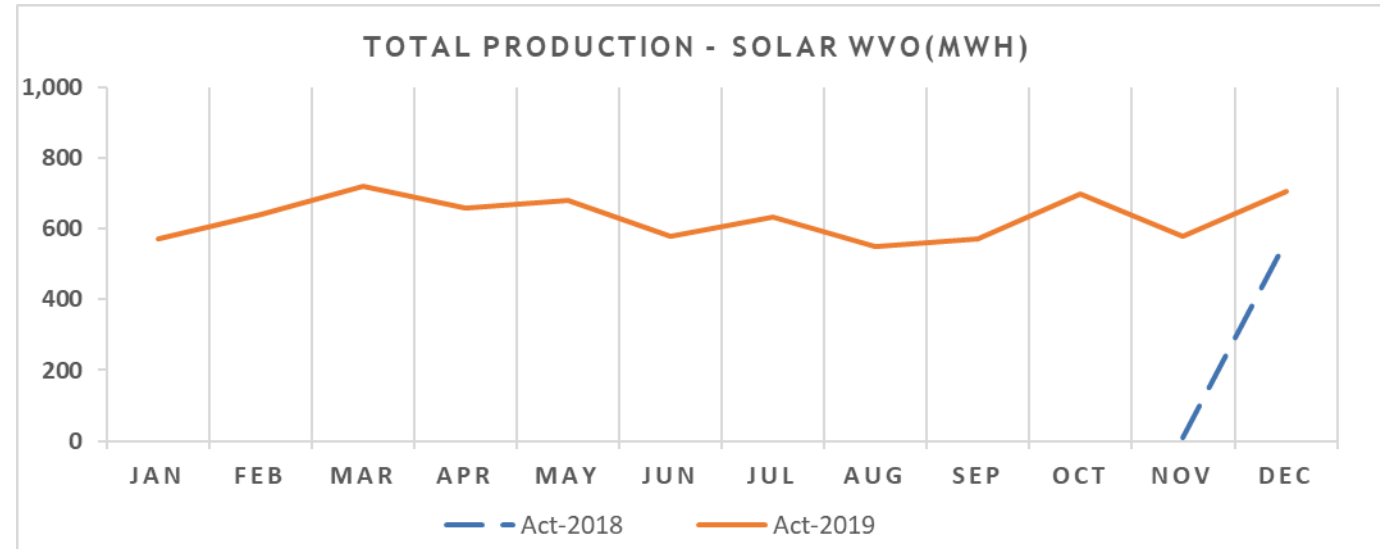


# Zouen 8 MW: Operation performance

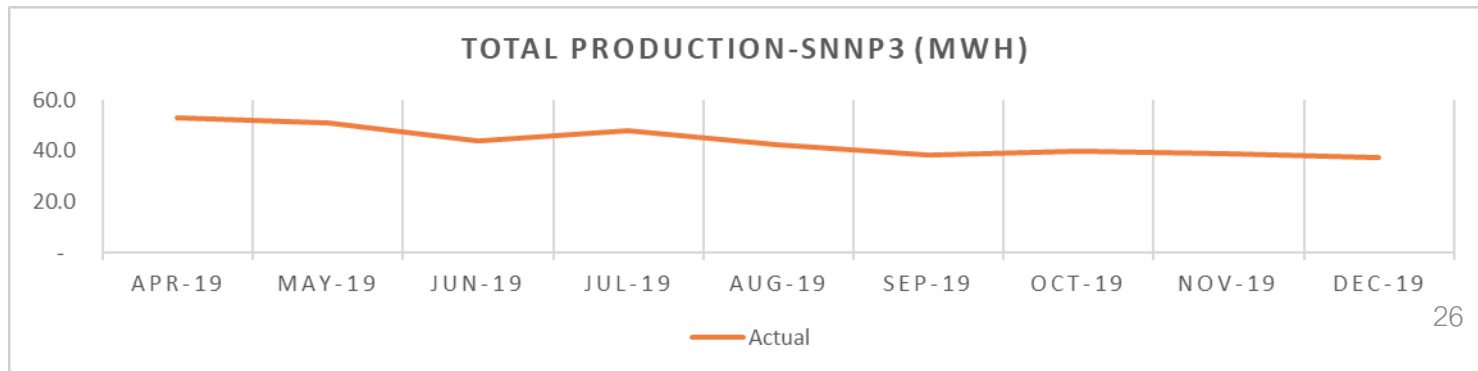
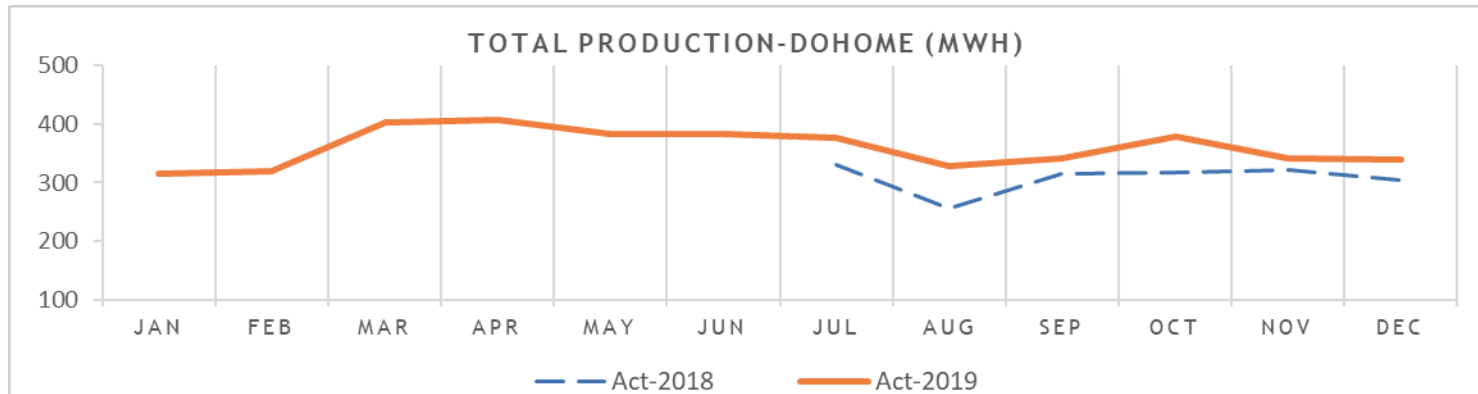
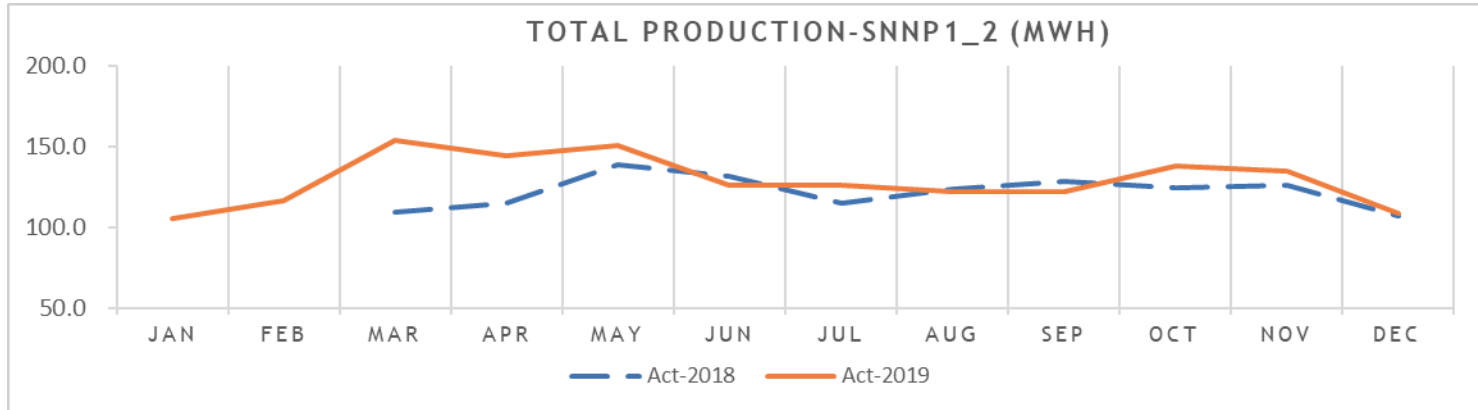




# Solar WVO 5 MW: Operation performance

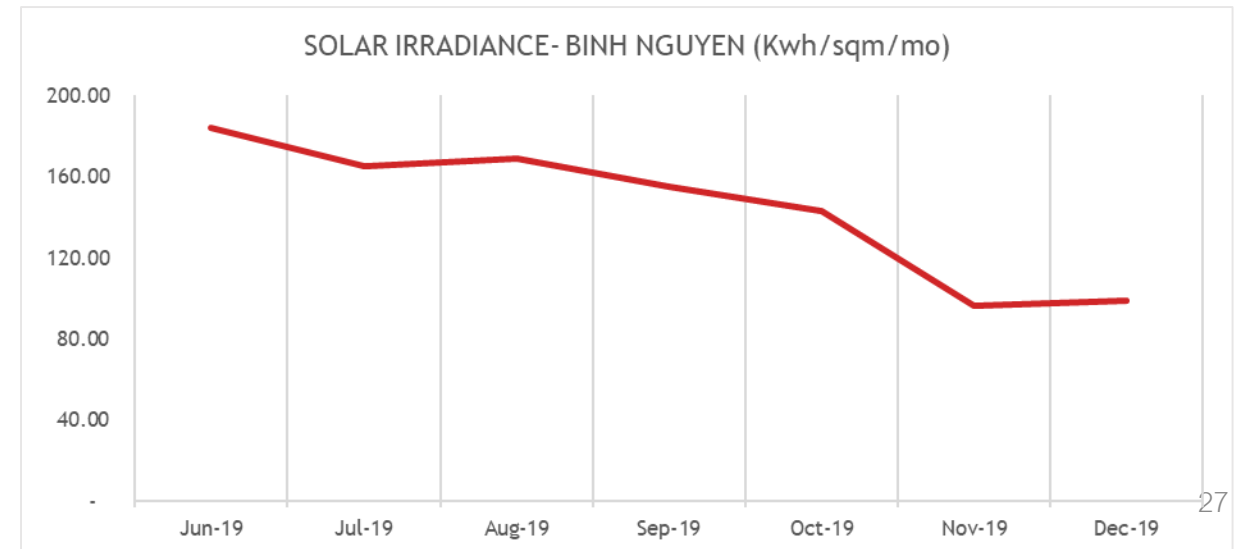
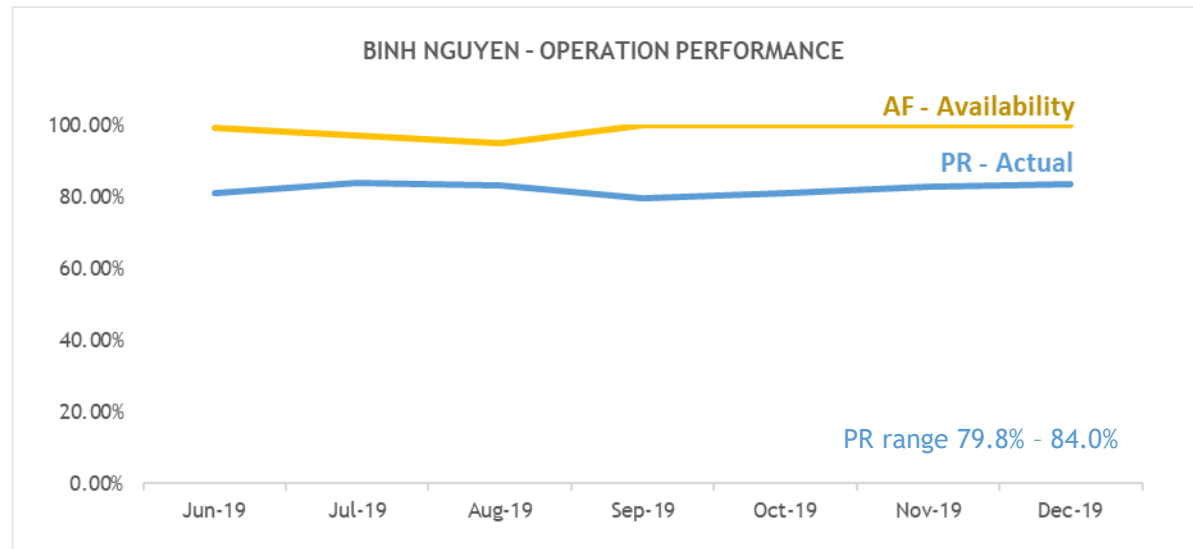
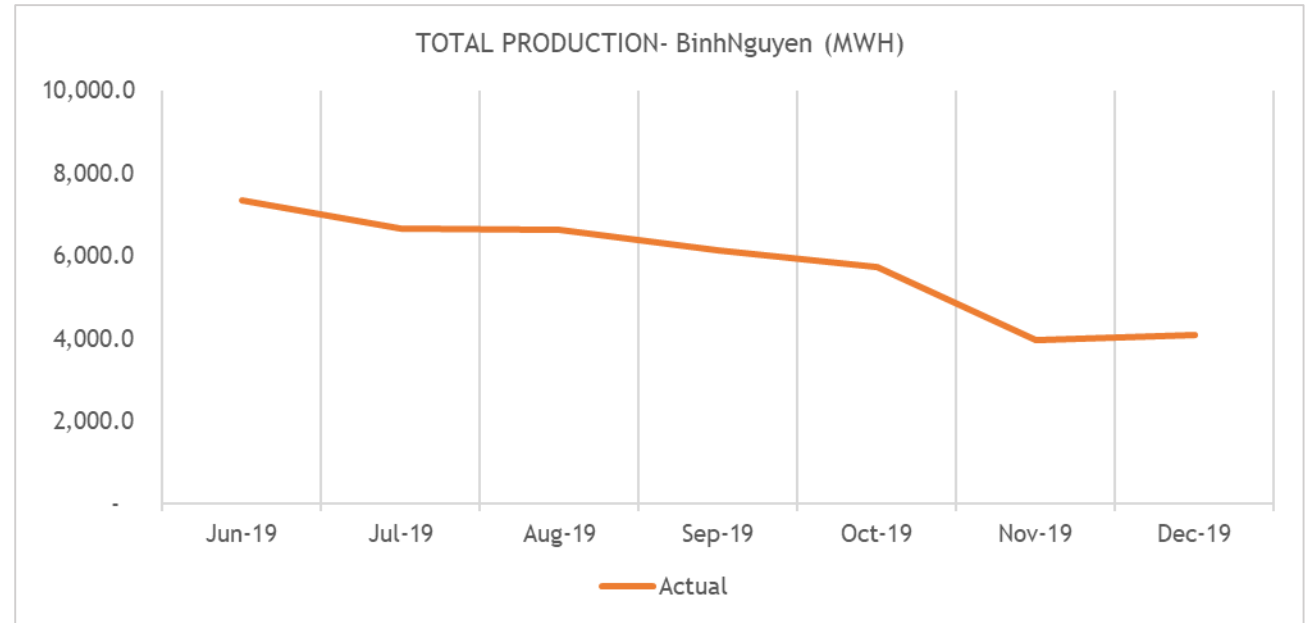


# Solar Rooftop projects (SNNP1-3, DoHome#1): Operation performance

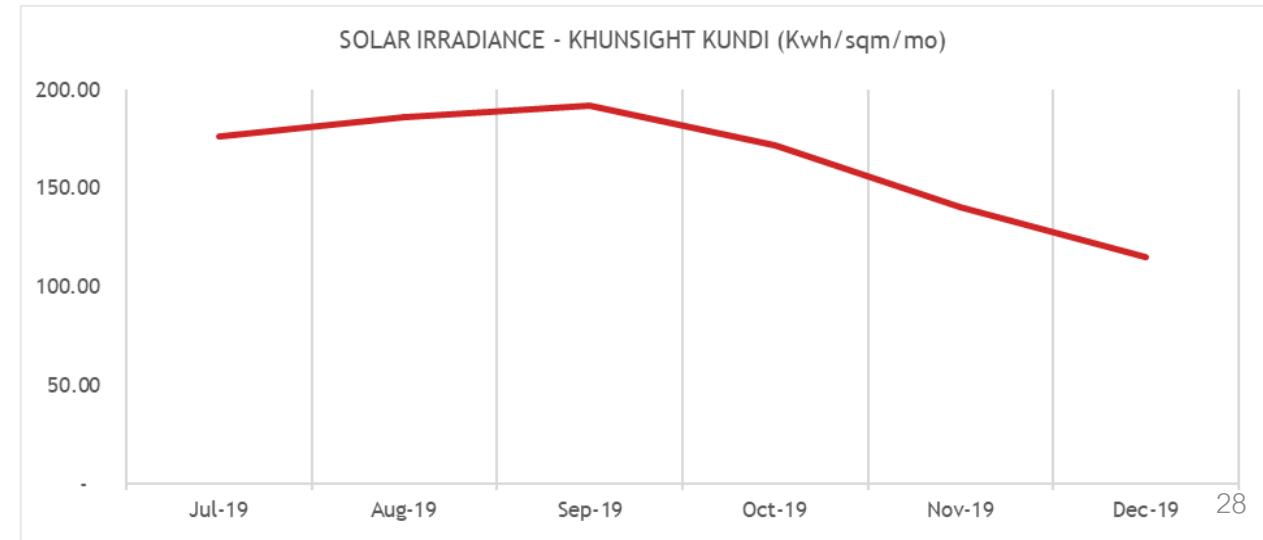
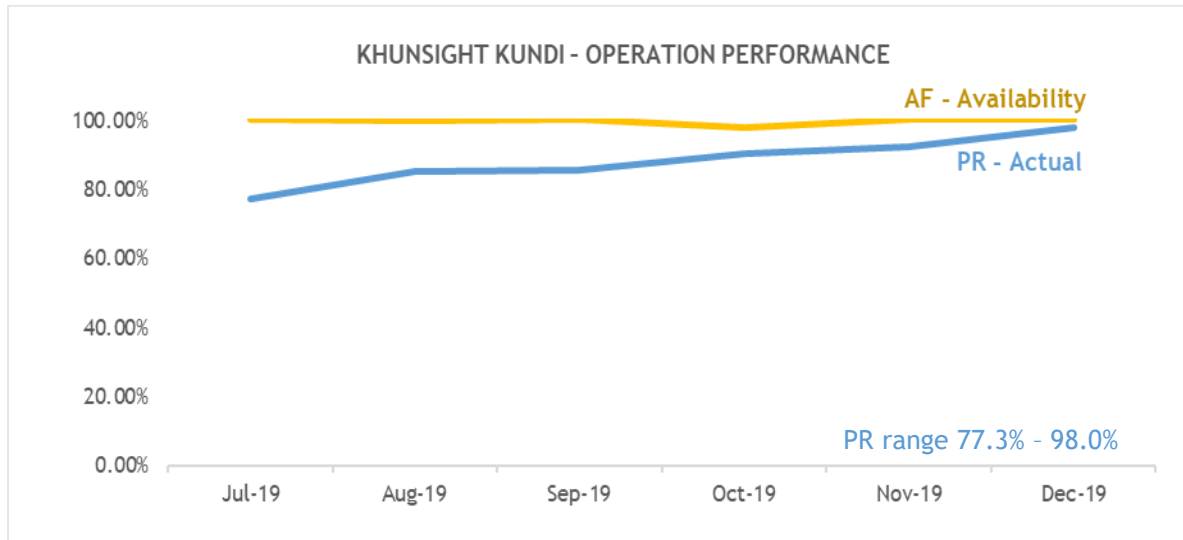
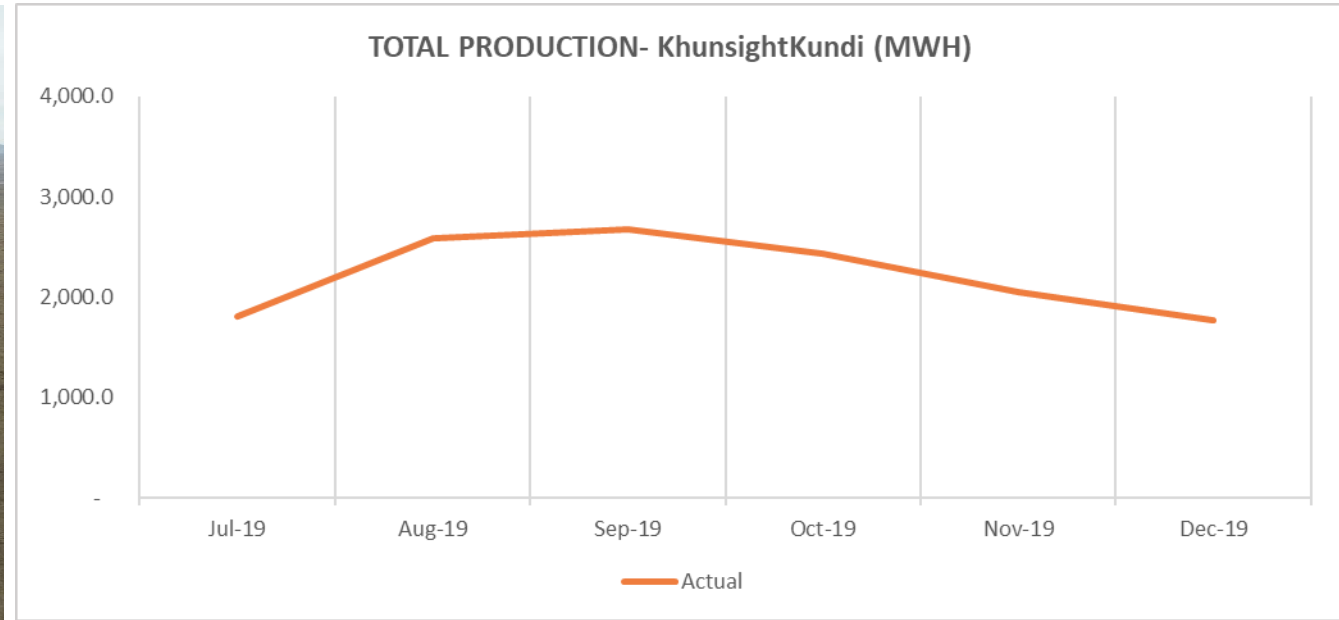




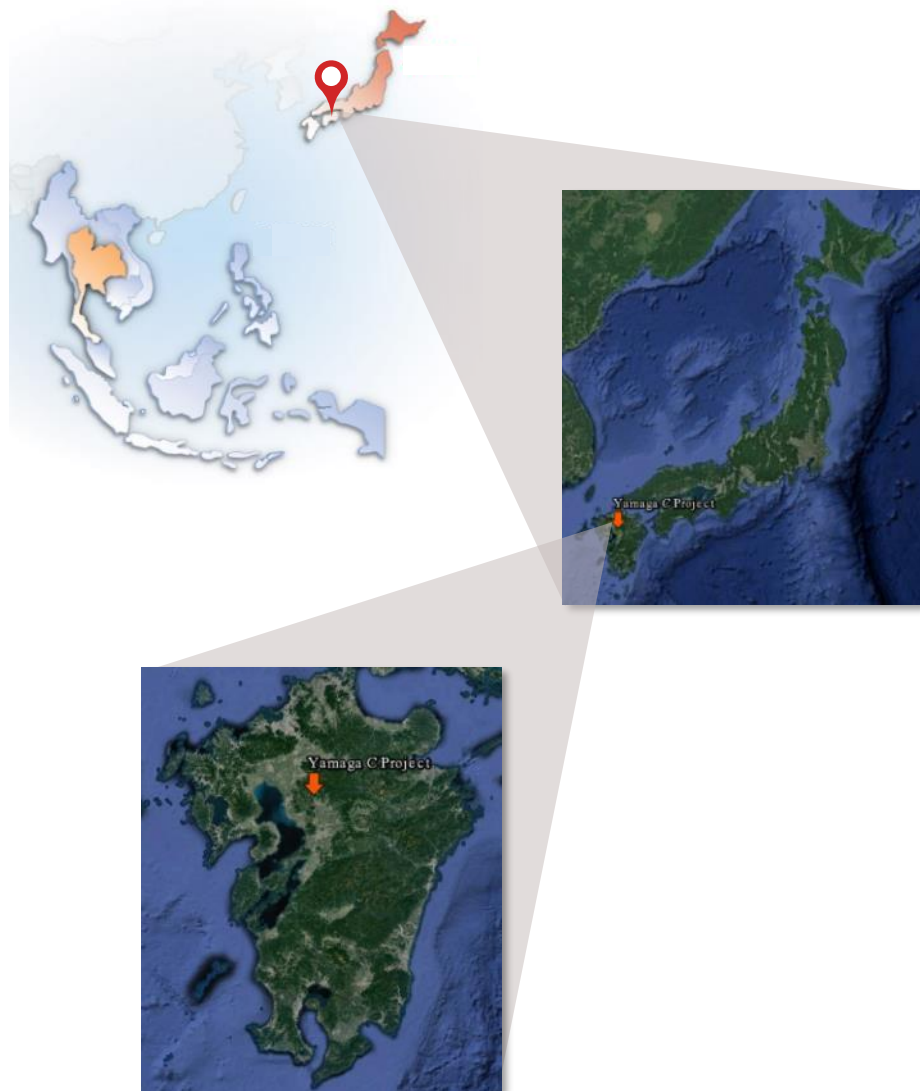
# Binh Nguyen Solar (Vietnam) 49.6 MW: Operation performance



# Khunsight Kundi (Mongolia) 16.4 MWp: Operation performance



# Project Details: Yamaga (Japan) 34.5 MW



## 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	: 34.5/30.0 MW
Solar Cell Technology	: Polycrystalline Silicon
Land Details	: 404-0-46 rais (surface right)
Project Status	: Under construction (commencement in July 2017)
SCOD date	: End of Jun-2020
Total Project Cost	: Approximately JPY 12,500.0 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 <ul style="list-style-type: none"> <li>• TK distribution of GK Company to TK investor can be used as tax deductible expense at GK Company level</li> </ul>

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



# Yamaga (Japan) 34.5 MWp:

As of Jan-20

Power Plant

発電所



Substation





# Yamaga (Japan) 34.5 MWp:

As of Jan-20

## Substation

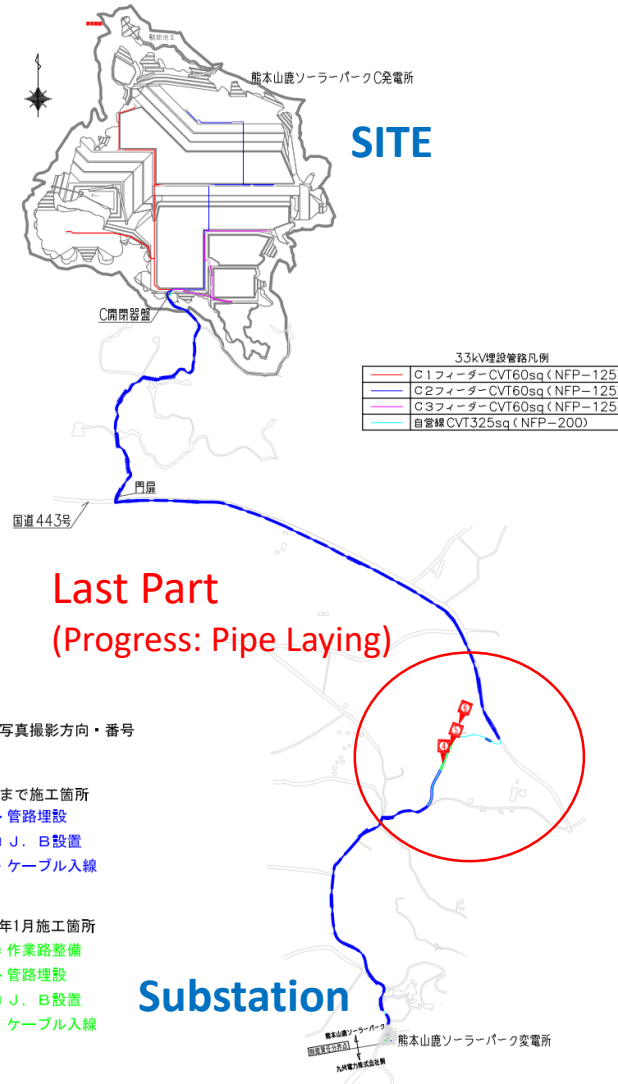




# Yamaga (Japan) 34.5 MWp:

As of Jan-20

## Self-operated distribution line work



## Current & Next Progress: Yamaga



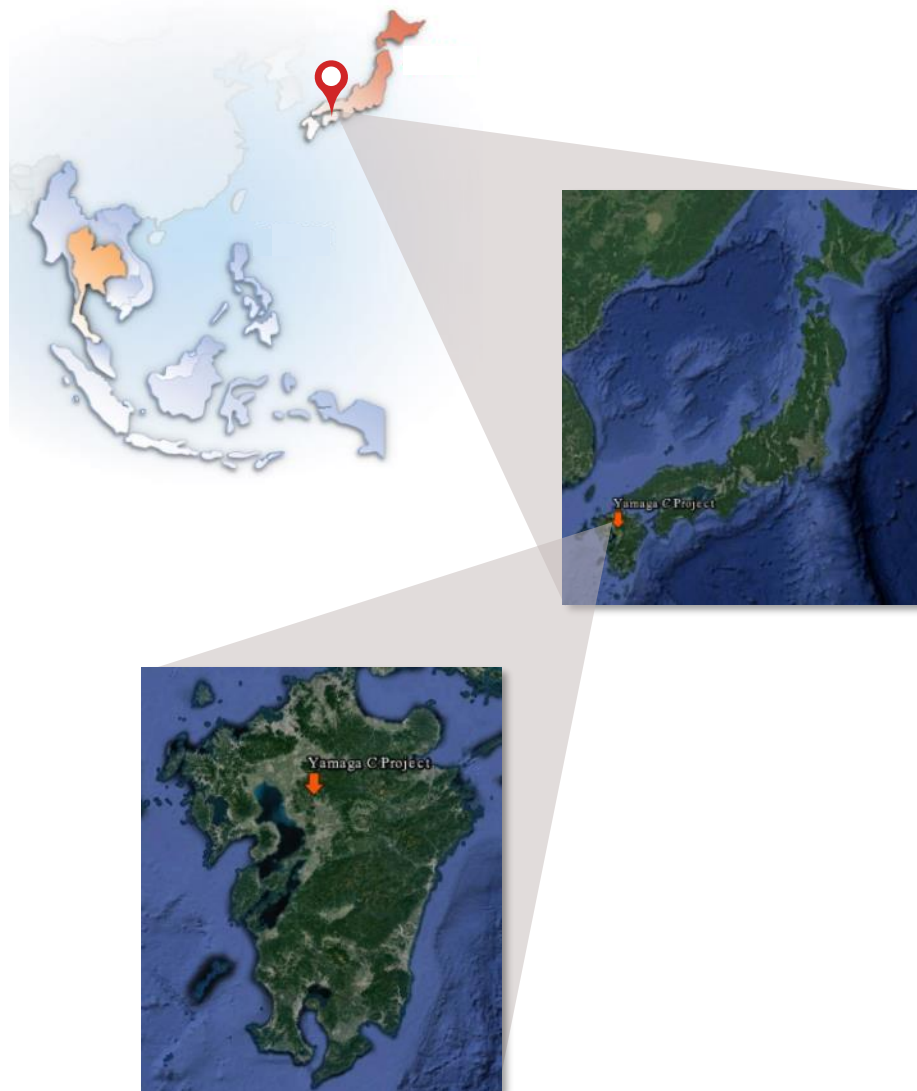
### Current Progress (As of January 2020)

Site Preparation	:	99.87% Completed
Grid-Connection Substation Work	:	94.42% Completed
Electrical Work	:	95.18% Completed
High-Voltage Wiring Work	:	97.29% Completed
Inverter Installation Work	:	96.53% Completed
PV Panel Installation Work	:	98.80% Completed
Panel Wiring Work	:	95.69% Completed
Monitoring & Security System	:	98.72% Completed
Mounting Work	:	100.00% Completed
Self-Operated Distribution Line Work	:	63.16% Completed
Material Delivery	:	98.79% Completed

### Next Progress

Site Preparation	:	100.00% Completed by end of Feb 2020
Electrical Work	:	98.41% Completed by end of Feb 2020
Self-Operated Distribution Line Work	:	90.52% Completed by end of Feb 2020
Material Delivery	:	100.00% Completed by end of Feb 2020

# Project Details: Leo (phase#1) 26 MWp:



## Project Leo Details

Business Type	: Solar power plant
Project Owner	: Ashita Power 1 (GK Company)
Investment Type	: Through SEG, as TK Investor, under GK-TK Investment Structure
Investment Percentage	: 100.0%
Solar Irradiation*	: 1,413 - 1,460 kWh/sq.m./annum
Location	: Shizuoka, Japan
Installed/PPA MW	: 26/20 MW (Phase#1)
Solar Cell Technology	: Polycrystalline Silicon
Land Details	: 756 rais (surface right)
Project Status	: Under construction (commencement in September 2018)
SCOD date	: End of July-2021
Total Project Cost	: Approximately JPY 13,700.0 mm
Power Purchaser	: Tokyo 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.



# Leo (phase#1) 26 MWp: Construction Progress (Site Preparation)



As of Jan-20





# Leo (phase#1) 26 MWp: Construction Progress (Site Preparation)



As of Jan-20

Retention Basin Work



Self-operated distribution line work

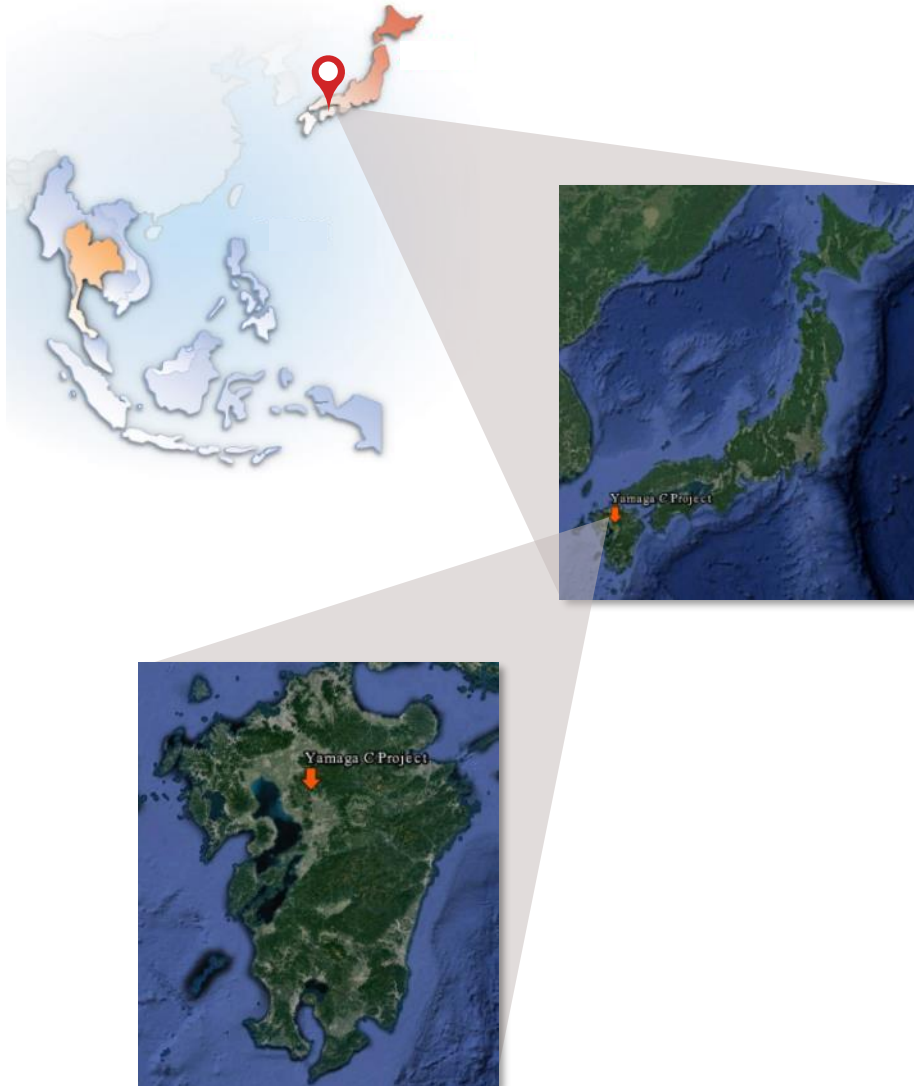


Site Preparation





# Project Details: Leo (phase#2) 22 MWp:

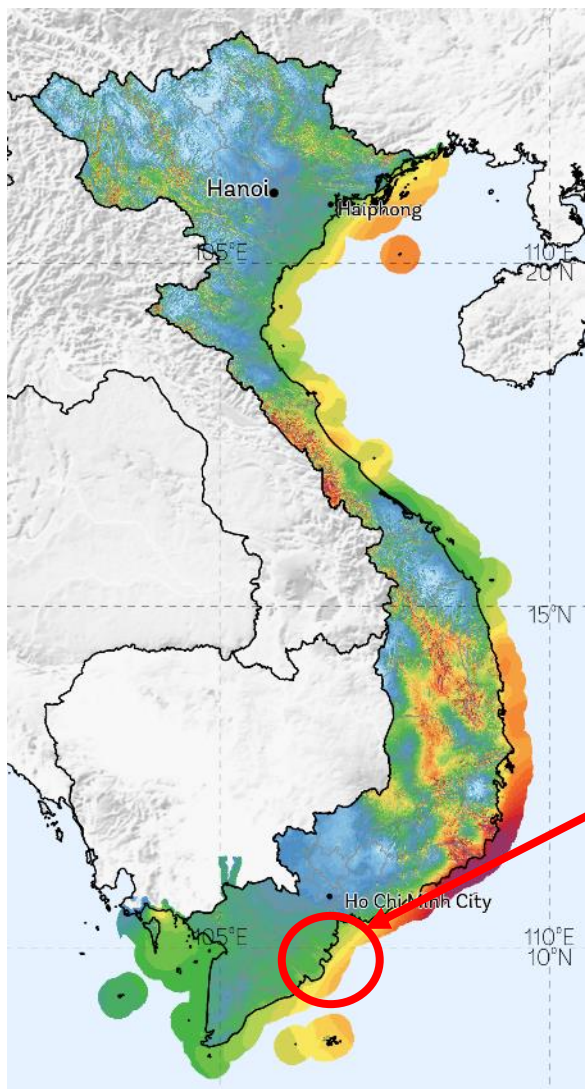


## Project Leo Details

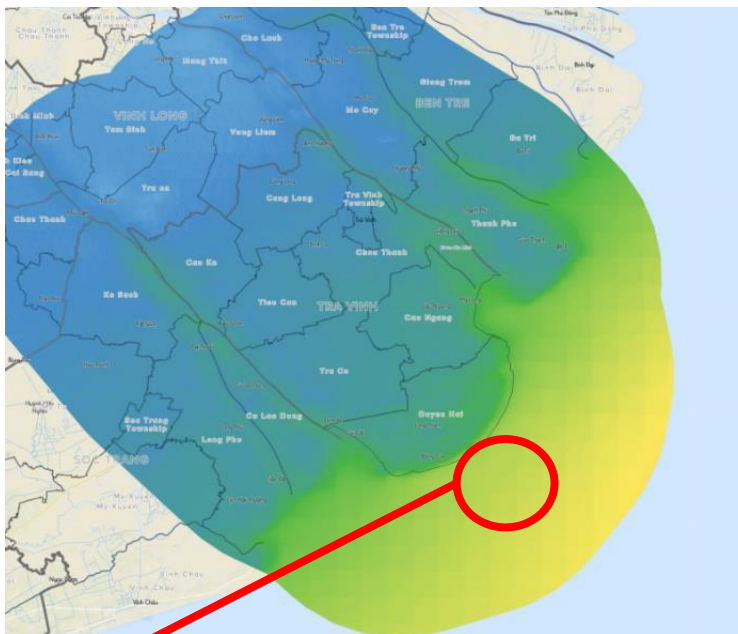
Business Type	: Solar power plant
Project Owner	: Ashita Power 2 (GK Company)
Investment Type	: Through SEG, as TK Investor, under GK-TK Investment Structure
Investment Percentage	: 100.0%
Solar Irradiation*	: 1,413 - 1,460 kWh/sq.m./annum
Location	: Shizuoka, Japan
Installed/PPA MW	: 22/13 MW (Phase#2)
Solar Cell Technology	: Polycrystalline Silicon
Land Details	: Approximately: 750 rais (surface right)
Project Status	: Under Development
Target Financial close	: End of Sep-2020
Target SCOD date	: End of Dec-2022
Power Purchaser	: Tokyo 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.

# 48 MW Wind Project investment in Tra Vinh



## Tra Vinh Area

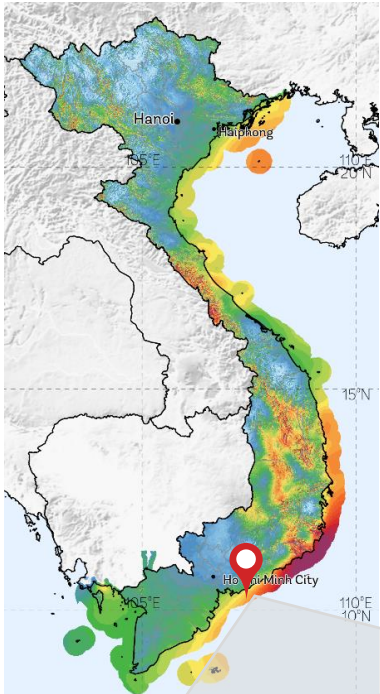


- First wind farm investment opportunity
- One of the best Wind speed area in Vietnam with an attractive FIT at 9.8 us cent/kwh across 20 years.
- Vietnam is a forefront for renewable development and investment since 2018
- Stable outlook of grid capacity and low risk of curtailment
- Enhance earnings and provide a hybrid cash flow (solar + wind)
- Fully supported by Tra Vinh province

Wind Speed@ 50 m - [m/s]

<2.5 2.75 3.00 3.25 3.50 3.75 4.00 4.25 4.50 4.75 5.00 5.25 5.50 5.75 6.00 6.25 6.50 6.75 7.00 7.25 7.50 7.75 8.00 8.25 8.50 8.75 9.00 9.25 9.50 9.75 >9.75

# Project Details: 48 MW Wind Farm



## Project Details

Business Type	:	Wind Power Plant (Nearshore)
Project Owner	:	Truong Thanh Tra Vinh Wind Power JSC (TTPTV)
Investment Percentage	:	80%
Wind Speed	:	Average 6.8 - 7 m/s (at 100 m)
Location	:	Tra Vinh, Vietnam
PPA Capacity (MW)	:	48 MW
COD date	:	Within 31 October 2021
Project Cost	:	Approximately +/- USD 115 million
Power Purchaser	:	Electricity of Vietnam (EVN)
Purchase Price	:	Under FiT Scheme of USD 0.098/KWh
Purchase Term	:	20 years

Key Milestone	Details	Status
JDA	SSP and TTVN	Engaged <input checked="" type="checkbox"/>
Power Purchase Agreement	Truong Thanh Tra Vinh Wind Power JSC (TTPTV) and EVN	Engaged <input checked="" type="checkbox"/>
Sea surface agreement	TTPTV Tra Vinh and Local Government	Engaged <input checked="" type="checkbox"/>
EPC Agreement	Finalizing	On Process <input type="checkbox"/>
O&M Contractor	Finalizing	On Process <input type="checkbox"/>
NTP	Apr, 2020	On Process <input type="checkbox"/>



# Q&A

