

- Translation -

Ref. TSE(PCL)002/05-2019

10 May 2019

Subject Management Discussion and Analysis for the three-month period ended 31 March 2019

To The president  
The Stock Exchange of Thailand

The Board Meeting of Thai Solar Energy Public Company Limited held on 10 May 2019 resolved to approve the Interim Consolidated and Separate financial statements for the three-month period ended 31 March 2019. The Company would like to inform Management Discussion and Analysis details as follow;

**Management Discussion and Analysis for the three-month period ended 31 March 2019**

**1. Revenue from Sales and Services**

In Q1/2019, the company generated total revenue from sales and services of Q1/2019 amounting of THB 299.84 million, which increased by THB 242 million or 418.39% compared to THB 57.84 million of the same period last year. (The revenue from sales and services did not include the revenue from 80 MW of solar farm which was recognized the contribution through share of profit from investments of 60% in jointly controlled entities).

The company has revenue increased from fully recognized revenue of Biomass 4.60 MW in Surat Thani province which start operation date since March 2018 and revenue from projects distribution of electricity of new Biomass 17.60 MW in Nakhon Sri Thammarat province which start operation date since August 2018 and October 2018, total increase amounting of THB 193.54 million. Revenue also increased from projects distribution of electricity in Japan amounting of THB 40.79 million which distribution of electricity in Japan increased from 6.99 MW to 21.74 MW, also with the revenue from new acquired 2 MW solar farm in Angthong province and 5 MW in Ayudthaya province.

**2. Cost of Sales and Expenses**

Total cost of sales and services of Q1/2019 amounting of THB 198.42 million, which increased by THB 145.13 million or 272.34% compared to THB 53.29 million of the same period last year. The increment mainly came from cost of production of Biomass projects and depreciation from the projects which has started commercial operation date. The Company has gross profit margin of Q1/2019 33.82% which decreased from 7.87% in Q1/2018.

Total administrative expenses of Q1/2019 amounting of THB 66.69 million, which increased by THB 27.85 million or 71.70% compared to THB 38.84 million of the same period last year. The increasing due to the increased in employee expenses and professional fee to support future projects.

Total finance costs of Q1/2019 amounting of THB 45.98 million, which increased by THB 29.79 million or 184% compared to THB 16.19 million of the same period last year. The increment mainly came from interest expenses of the projects that start operation date during the year 2018.

**3. Share of Profit from Investment in Jointly Controlled Entities**

According to Thai Accounting Standards with regards to an investment in joint controlled entities, the company recognizes an investment in joint controlled entities based on equity method. This concept was applied for the 80-MW solar PV farm. The details are as followed;

*Financial Performance of joint controlled entities based on equity method*

Unit : THB million

Items	31 March		Increase (Decrease)	
	2019	2018	Amount	%
Revenue	380.46	375.76	4.70	1.25
Cost and expenses	(113.62)	(121.12)	7.50	6.19
Net Profit	266.84	254.64	12.20	4.79
Share of Profit from Investment in Jointly Controlled Entities (60%)	160.11	152.79	7.32	4.79

Net profit of joint controlled entities of Q1/2019 amounting of THB 266.84 million, increased by THB 12.20 million or 4.79% compared to THB 254.64 million of the same period last year. The company has consistent operation performance. Net profit from jointly controlled entities would be categorized by the equity method in terms of share of profit from jointly controlled entities. In Q1/2019, the amount of share of profit from jointly controlled entities amounting to THB 160.11 million, increased by THB 7.32 million or 4.79%, comparing to THB 152.79 million of the same period last year.

#### **4. Profit attributable to Owners of the parent**

According to the consolidated financial statement of Q1/2019, the profit attribute to owners amounting of THB 146.73 million, increased by THB 36.62 million or 33.26% compared to THB 110.11 million of the same period last year. Main increase came from increased in revenue from projects which start operation date during the year 2018.

Please be informed accordingly.

Your sincerely,

- signed -

(Mr. Somphop Prompanapitak)  
Chief Operating Officer

For more information, please contact Support Office Department

Tel. 02-258 4530 - 3 # 2401, 2405