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No. TSE(PCL) 008/02-2020

27 February 2020

Subject: Management Discussion and Analysis for the year ended 31 December 2019

To: The President  
The Stock Exchange of Thailand

The Board Meeting of Thai Solar Energy Public Company Limited ("**the Company**") held on 27 February 2020 resolved to approve the Financial Statement for the year ended 31 December 2019. The Company would like to inform Management Discussion and Analysis details as follow;

**Management Discussion and Analysis for the year ended 31 December 2019**

**1. Revenue from Sales and Services**

In 2019, the company has revenue increased amounting of THB 492.98 million from fully recognized revenue of projects distribution of electricity of new Biomass 4.60 MW in Surat Thani province and 17.60 MW in Nakhon Sri Thammarat province which start operation date since March 2018, August 2018 and October 2018, respectively. Revenue also increased from projects distribution of electricity in Japan amounting of THB 211.39 million which distribution of electricity in Japan increased from 8.24 MW to 21.74 MW, also with the new acquired solar farms total of 28 MW in Ayudthaya, Udornthani and Angthong province, caused the increment in total revenue compare to last year. The company generated total revenue from sales and services for year 2019 amounting of THB 1,348.89 million, which increased by THB 787.52 million or 140.28% compared to THB 561.37 million 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).

**2. Cost of Sales and Expenses**

Total cost of sales and services for the year 2019 amounting of THB 911.36 million, which increased by THB 476.19 million or 109.43% compared to THB 435.17 million last year. The increment mainly came from operation costs of Biomass projects, depreciation from the starting of commercial operation date of the projects and new acquired projects also with amortization of Power purchase agreement. The Company's gross profit margin for 2019 was 32.44% which increased from 22.48% in 2018.

Total administrative expenses for the year 2019 amounting of THB 233.35 million, which increased by THB 26.71 million or 12.93% compared to THB 206.64 million last year due to employee expenses to support new acquired projects.

In 2018, the Company recognized impairment loss of Thermal project assets amounting of THB 296 million since the project cannot generate revenue effectively. The impairment is considered as non-cash transaction. However, the Company has no impairment in 2019.

Total finance costs for the year 2019 amounting of THB 147.19 million, which increased by THB 23.95 million or 19.43% compared to THB 123.24 million. The increment mainly came from interest expenses of the projects that start operation date during the year 2018 and 2019, also with finance costs from new acquired solar projects.

### 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 December		Increase (Decrease)	
	2019	2018	Amount	%
Revenues	1,546.28	1,487.76	58.52	3.93
Costs and expenses	(447.08)	(470.78)	(23.70)	5.03
Net Profit	1,099.20	1,016.98	82.22	8.08
Share of Profit from Investment in Jointly Controlled Entities (60%)	659.52	610.19	49.33	8.08

Net profit of joint controlled entities for the year 2019 amounting of THB 1,099.20 million, increased by THB 82.22 million or 8.08% compared to THB 1,016.98 million last year. The company has consistent strong operation performance with the consistent net profit. Net profit from jointly controlled entities would be categorized by the equity method in terms of share of profit from jointly controlled entities. In 2019, the amount of share of profit from jointly controlled entities amounting to THB 659.52 million, increased by THB 49.33 million or 8.08%, comparing to THB 610.19 million last year.

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

According to the consolidated financial statement for the year 2019, the profit attribute to owners amounting of THB 774.58 million, increased by THB 600.63 million or 345.29% compared to THB 173.95 million last year. Main increase came from increased revenue from Biomass projects, Japan projects and new acquired projects in 2019. In addition, there is no non-cash transactions which occurred in 2018 such as impairment loss amounting of THB 296 million and written-off Deferred tax assets amounting of THB 76 million

Please be informed accordingly.  
Your sincerely,

- signed -

(Mr. Somphop Prompanapitak)  
Chief Operating Officer