

7UP005/62

28 February 2019

Subject: Management Discussion and Analysis for the year ended 31 December 2018

To: The President

The Stock Exchange of Thailand

Seven Utilities and Power Public Company Limited (“the Company”) would like to report the operating results of the Company and its subsidiaries for of the year 2018, ended 31 December 2018 as follows:

Statement of comprehensive income

Statement of comprehensive income	Consolidated financial statements (Thousand Bath)					
	31 Dec 18 (12 months)	%	31 Dec 17 (12 months)	%	Increase (Decrease)	%
Sales	586,527	74.13%	504,513	80.55%	82,014	16.26%
Service income	96,749	12.23%	59,327	9.47%	37,422	63.08%
Other income	77,158	9.75%	62,506	9.98%	14,652	23.44%
Gain from bargain purchase of investment in subsidiary	30,771	3.89%	-	0.00%	30,771	100.00%
Total revenues	791,205	100.00%	626,346	100.00%	164,859	26.32%
Cost of sales	(434,886)	-54.96%	(374,510)	-59.79%	60,376	-16.12%
Cost of services	(61,422)	-7.76%	(50,228)	-8.02%	11,194	-22.29%
Selling expenses	(30,791)	-3.89%	(18,228)	-2.91%	12,563	-68.92%
Administrative expenses	(316,722)	-40.03%	(375,658)	-59.98%	(58,936)	15.69%
Other expenses	(12,702)	-1.61%	-	0.00%	12,702	100.00%
Share of profit from investment in joint venture	355	0.04%	647	0.10%	292	45.13%
Finance cost	(15,240)	-1.93%	(15,757)	-2.52%	(517)	3.28%
Loss before income tax expenses	(80,203)	-10.14%	(207,388)	-33.11%	(127,185)	61.33%
Income tax expenses	(832)	-0.11%	(2,059)	-0.33%	1,227	-59.59%
Loss for the year	(81,035)	-10.24%	(209,447)	-33.43%	128,412	-61.31%

Remark: Financial ratio is based on common-size analysis to total revenue excluding cost of goods sold and gross profit margin which calculated from total revenue.

Overall business operation (12 months)

For the year 2018, the Company and its subsidiaries had recorded a net loss of Baht 81.04 million, an decrease from Baht 128.41 million in 2017 (-61.31 %) as;

- (1) Its LPG trading business (Star Gas Group) had recorded a higher gross margin of 31.79% in 2018, from 27.03% in 2017 from an expansion in wholesale customers; while had curbed its expenses. Besides, promotional campaigns have been launched and hit impact on customers
- (2) Its subsidiaries (Ferrum Energy) had acquired Mitprasong Greenpower Co., Ltd. with 4.5MW capacity on October 1, 2017 and higher realized revenue during this period that the Company can recognize gross profit of Baht 14.39 million in 2018. However, Ferrum Energy had sell Mitprasong Greenpower Co., Ltd. to Samorthong Group Co., Ltd. on 13 December 2018 and realized loss from sale of investment of Baht 13.00 million.
- (3) Its subsidiaries acquired Informatix Plus Co., Ltd. with Internet of Things (IoT) business on 17 December 2018 that make gain from bargain purchase of investment in subsidiary of Baht 30.77 million.

However, from the Company's operating result for twelve-month, we found that the Company had recorded higher total revenue of Baht 164.86 million while a net loss decrease of Baht 128.41 million that result from the Company expand business to support expenses and the Company aims to gain profit within 2019.

Revenue

For the year 2018, the Company and its subsidiaries had total sales of Baht 683.28 million which were from sale of Baht 586.53 million that were from LPG sale of Baht 430.16 million, and renewable energy segment of Baht 75.11 million. And service income of Baht 96.75 million which were mainly from NGV management fee of Baht 93.97 million while in 2017 total sales was Baht 563.84 million. The main reasons of increasing in sales were the company ventures into new businesses of LPG trading and power plants that the subsidiary company entered into an agreement to purchase ordinary shares of Mitprasong Greenpower Co., Ltd. in 2017.

Other income in 2018 was Baht 77.16 million, increasing of Baht 14.65 million which mainly comprised of revenue from gain on change in value of current investment of Baht 9.4 million. And its subsidiaries had acquired Informatix Plus Co., Ltd. with Internet of Things (IoT) business in 2018 that make gain from bargain purchase of investment in subsidiary of Baht 30.77 million.

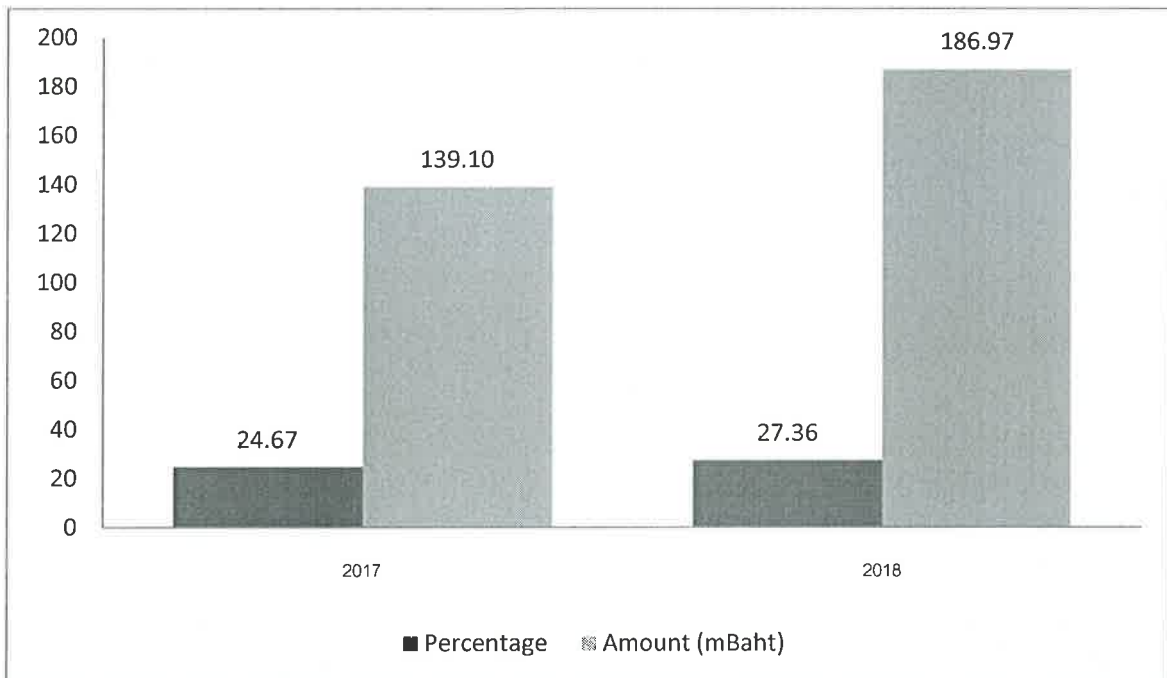
Cost of goods sold and services

For the year 2018, the Company had the cost of goods sold and services of Baht 434.89 million while in 2017 the cost of goods sold was Baht 374.51 million. In year were mainly comprised cost from LPG retail and wholesale business of Baht 311.25 million, cost from renewable energy segment of Baht 63.51 million, and cost from Internet of Things (IoT) segment of Baht 60.13 million respectively.

Gross Profit Margin

For the year 2018, the Company had the gross profit margin for Baht 186.97 million or 27.36% while in 2017 the gross profit was Baht 139.10 million or 24.67%. 2018 was higher than 2017 of 2.69%. The Company's gross profit was mainly from LPG business segment and renewable energy segment (power plants).

Gross Profit Margin



Selling and Administrative Expense

For the year 2018, the Company had selling and administrative expenses of Baht 347.51 million while the year 2017, selling and administrative expenses was Baht 393.89 million, or decreased by Baht 46.38 million were summarized below.

For the year 2018, the Company had selling expenses of Baht 30.79 million, while the year 2017 the selling expense was Baht 18.23 million. The main reason for the increment of Baht 12.56 million was from marketing campaigns of Star Gas Group.

For the year 2018, the Company had administrative expense of Baht 316.72 million while the year 2017 the Company had administrative expenses of Baht 375.66 million. The main reasons for the decrement of Baht 58.94 million are from decreasing in Loss on change in value of

temporary investments in trading security of Baht 15.20 million, Provision for diminution in value of input tax and withholding tax refundable of Baht 66.15 million, Amortisation of project of its subsidiary of Baht 12.94 million, Management and Employee expense of Baht 9.53 million, Change in finished goods of Baht 8.35 million, and other expense of Baht 5.79 million while Loss on diminution in value of deposit for business due diligence of Baht 59.00 million in 2018.

Financial Cost

For the year 2018, the Company had financial cost of Baht 15.24 million, nearly the last year for Baht 15.76 million.

Net Loss for the Year

For the year 2018, the Company had loss from operation of Baht 81.04 million while the last year, the Company had loss from operation of Baht 209.45 million. The main reason was due to acquired Star Gas Group and Mitprasong Greenpower Co., Ltd. in 2017. Therefore, they were fully operated in 2018. In addition, we realize Loss on impairment from the past since 2017 till 2018. The result is expected to be better in 2019.

Statement of financial Position

Thousand Baht	Consolidated as of		Changes %
	31 Dec 18	31 Dec 17	
Total Assets	1,955,397	1,768,206	10.59%
Total Liabilities	572,286	616,320	-7.14%
Equity Attributable to Owners of the company	1,326,279	1,043,968	27.04%
Non-Controlling Interests	56,832	107,918	-47.34%
Total Shareholders' Equity	1,383,111	1,151,886	69.76%

As at 31 December 2018, the Company had total assets of Baht 1,955.40 million, increased by Baht 187.19 million (+10.59%) from the last year of Baht 1,768.21 million. The main reasons were from acquired SAM Water Supply Co., Ltd., and Informatix Plus Co., Ltd. while sold Mitprasong Greenpower Co., Ltd. in December 2018.

As at 31 December 2018, the Company had total liabilities of Baht 572.29 million, while as of 31 December 2017 were Baht 616.32 million decreased by Baht 44.03 million from the last year (-7.14%). The main reasons were from repayment loan to financial institution of Baht 59.04 million while increasing in other liabilities of Baht 15.01 million.

As at 31 December 2018, the total shareholders' equity of the Company was Baht 1,383.11 million, increased from 31 December of 2017 by Baht 1,151.89 million (+69.76%) as a result of an increasing from warrants exercised on February 6 and 28, 2018 respectively.

Please be informed accordingly.

Yours Sincerely,



Miss Budsabong Pansawadi

Deputy Managing Director of Accounting and Finance