

**BCPG Public Company Limited**  
**Management Discussion and Analysis of Business Operation**  
**For the Three-month Period Ended September 30, 2018**



## Summary of major events

- **July 2018**

### **COD of solar power plant project, a co-project with War Veterans Organization of Thailand**

Two co-developed projects of solar power plant between War Veterans Organization and the Company have started its commercial operation. The first project working together with War Veterans Organization (Lopburi province), with contracted capacity of 5 MW, is located at Phra Phutthabat district, Saraburi province. The second project working together with War Veterans Organization (Saraburi district), with contracted capacity of 3.94 MW, is located at Tha Muang district, Kanchanaburi province. In total, the projects have contracted capacity of 8.94 MW with 25-year contract length and they are entitled to FiT scheme of THB 4.12 per unit.

### **Selected to be part of ESG 100 Index**

The Company has been selected by ThaiPat institute to list on ESG100 index. The selection indicates the Company's outstanding performances in Environment, Social and Governance perspective. The assessment covered 683 Thai listed companies during 2018.

- **August 2018**

### **Signed MOU with MEA to develop project in renewable energy business**

On 20 August 2018, the Company and Metropolitan Electricity Authority (MEA) signed Memorandum of Understanding (MOU) to develop renewable energy business. The main purposes are to collaborate on the studies of feasibility in renewable energy business development together with energy management and other projects that shared similar interests which will be a major part of the business transformation that aligns with 3 megatrends including Electrification, Decentralization and Digitization. By doing so, it's aimed to bring in innovation to manage renewable energy e.g. the Company has commercialized the Peer-to-Peer electricity trading platform with an exclusive Australian partner. Thanks to the close collaboration with domestic partner Sansiri PLC, the first pilot project called "Smart City T77" has been commercialized since 22 August 2018. In addition, The Company and MEA will further jointly develop MEA's electrical network and energy storage system combine with digital platform to get most results from efficiency of energy management.

### **Declaration of dividend payment for operating results of Q2/2018**

On 21 August 2018, Board of Director's meeting of the Company no.8/2018 has resolved to approve the interim dividend payment from the Company's net profit of Q2/2018 at the rate of THB 0.16 per share, totaling 319.60 million. The dividend payment to shareholders was paid on 13 September 2018.

**Inauguration of Peer-to-Peer electricity trading at Town Sukhumvit 77 (T77)**

On 22 August 2018, Smart city T77 project, from the collaboration between the Company and Sansiri PLC, has started to bring in Peer-to-Peer trading platform for solar power electricity generated from rooftop solar (installed capacity of 635 KW) by using blockchain technology.

The electricity generation accounts for 20% of total demand in the project which can save electricity bill for households by 15% in total. Furthermore, there is ability to leverage the similar electricity trading system on other properties of Sansiri in the near future under the plans “Smart Green Energy Community”.

**The exercise of BCPG ESOP results report**

On 27 August 2018, the Company has reported the exercise of BCPG ESOP warrant which 3,245,278 units have been exercised (conversion ratio of 1:1). The exercise of BCPG ESOP has been divided into warrant at exercise price of THB 10 per share totaling 1,232,068 units (unexercised warrants are 1,504,183 units) and at exercise price of THB 13.82 per share totaling 2,013,210 units (unexercised warrants are 1,746,582 units)

- **September 2018**

**Assets disposal of solar power plant projects in Japan to Infrastructure Fund**

As board of director’s meeting of the company no.5/2018, on 22 May 2018, has resolved the indirect subsidiary of the company to enter into assets disposal transaction of two solar power plants in Japan at Nikaho and Nagi project with total installed capacity of 27.6 MW into infrastructure fund in Japan and/or the fund’s subsidiaries which are not connected person of the company and its subsidiary. On 28 September 2018, the indirect subsidiary of the company has completely sold the operating assets as aforementioned to infrastructure fund in Japan with net proceeds of JPY 10,388 million equal to THB 3,046 million. The Company has booked net gain (after deducting corporate income tax) of THB 658.3 million from assets disposal in Profit and Loss statement. In addition, the subsidiary of the Company, BCPG Engineering, will provide Operation & Maintenance service to two solar power plants of infrastructure fund (5-year contract).

- **October 2018**

**Rated CG Score at 5 stars or Excellent results**

On 19 October 2018, Thai Institute of Directors (Thai IOD) has published Corporate Governance Report of Thai Listed Companies in 2018. According to the report, the Company’s CG score was rated at 5 stars which represented excellent results in corporate governance. The CG score has been increased from 4 stars, equivalent to “very good” in CG awarded last year.

## Summary of the Company and its subsidiaries' operating results during Q3/2018

### 1. Operating results

[THBm]	Q3 2560	Q2 2561	Q3 2561	YoY	QoQ	9M 2560	9M 2561	YoY
Revenue from Sale	853.9	873.8	829.7	-2.8%	-5.1%	2,541.5	2,505.0	-1.4%
Other revenue	20.1	1.5	7.6	-62.1%	393.2%	60.3	11.4	-81.1%
<b>Total revenue</b>	<b>874.0</b>	<b>875.4</b>	<b>837.3</b>	<b>-4.2%</b>	<b>-4.4%</b>	<b>2,601.8</b>	<b>2,516.4</b>	<b>-3.3%</b>
Cost of good and services	66.9	73.3	75.7	13.1%	3.3%	198.1	215.7	8.9%
Administration Cost	177.6	130.1	119.9	-32.5%	-7.9%	475.2	392.3	-17.4%
<b>Total operating expenses</b>	<b>244.6</b>	<b>203.4</b>	<b>195.6</b>	<b>-20.0%</b>	<b>-3.8%</b>	<b>673.3</b>	<b>608.1</b>	<b>-9.7%</b>
<b>EBITDA 1/</b>	<b>609.4</b>	<b>670.5</b>	<b>634.1</b>	<b>4.1%</b>	<b>-5.4%</b>	<b>1,868.2</b>	<b>1,896.9</b>	<b>1.5%</b>
Share of profit - Operation	121.0	215.0	221.7	83.3%	3.1%	111.0	639.8	476.4%
<b>EBITDA incl. Share of Profit 1/</b>	<b>730.3</b>	<b>885.4</b>	<b>855.8</b>	<b>17.2%</b>	<b>-3.3%</b>	<b>1,979.2</b>	<b>2,536.8</b>	<b>28.2%</b>
Financial expenses	130.8	129.5	136.4	4.3%	5.4%	300.8	388.7	29.2%
<b>Profit before depreciation, amortisation</b>	<b>619.6</b>	<b>757.5</b>	<b>727.0</b>	<b>17.3%</b>	<b>-4.0%</b>	<b>1,738.7</b>	<b>2,159.5</b>	<b>24.2%</b>
Depreciation	179.9	178.5	191.4	6.4%	7.2%	523.0	546.4	4.5%
Share of profit - Amortisation	79.3	73.9	108.1		46.3%	79.3	316.2	298.7%
<b>Profit before extraordinary and FX</b>	<b>360.4</b>	<b>505.1</b>	<b>427.5</b>	<b>18.6%</b>	<b>-15.4%</b>	<b>1,136.4</b>	<b>1,296.9</b>	<b>14.1%</b>
<b>Extraordinary items</b>								
Reversal of provision from contingent consideration from business acquisition						139.9		
Insurance claim for Nagi		101.0					101.0	
Profit from sale of assets	-0.5					61.0		
Share of profit - PPA						53.1		
Refinancing related expense		-122.0					-122.0	
Profit from IFF (before tax)			794.7				794.7	
Tax expense on IFF			-136.3				-136.3	
<b>Total Extraordinary items</b>	<b>-0.5</b>	<b>-21.0</b>	<b>658.3</b>			<b>254.0</b>	<b>637.3</b>	<b>150.9%</b>
<b>Profit before FX</b>	<b>359.9</b>	<b>484.1</b>	<b>1,085.8</b>	<b>201.7%</b>	<b>124.3%</b>	<b>1,390.4</b>	<b>1,934.2</b>	<b>39.1%</b>
Gain/(Loss) on FX	89.3	-66.7	69.1	NA	NA	21.3	-10.5	NA
Gain/(Loss) on forwards contracts	-254.9					-304.2		
<b>Total gain/(loss) on FX</b>	<b>-165.6</b>	<b>-66.7</b>	<b>69.1</b>	<b>NA</b>	<b>NA</b>	<b>-282.9</b>	<b>-10.5</b>	<b>NA</b>
<b>Profit before tax</b>	<b>194.2</b>	<b>417.3</b>	<b>1,154.9</b>	<b>494.5%</b>	<b>176.7%</b>	<b>1,107.5</b>	<b>1,923.7</b>	<b>73.7%</b>
Income tax	-1.8	-1.7	15.6	NA	NA	-5.0	14.3	NA
<b>Net profit</b>	<b>196.0</b>	<b>419.0</b>	<b>1,139.3</b>	<b>481.2%</b>	<b>171.9%</b>	<b>1,112.5</b>	<b>1,909.4</b>	<b>71.6%</b>
<b>Net profit excl. profit from IFF (after tax)</b>	<b>196.0</b>	<b>419.0</b>	<b>480.9</b>	<b>145.4%</b>	<b>14.8%</b>	<b>1,112.5</b>	<b>1,251.1</b>	<b>12.5%</b>
<b>Net profit excl. profit from IFF (after tax), FX, and extra ordinary items</b>	<b>362.2</b>	<b>506.7</b>	<b>411.9</b>	<b>13.7%</b>	<b>-18.7%</b>	<b>1,141.3</b>	<b>1,282.6</b>	<b>12.4%</b>

\* Excluding depreciation and amortization and extra item

\*\*Excluding amortization of PPA

## 1.1 Revenue

During Q3/2018, BCPG Public Company Limited and its subsidiaries (collectively called “Group of Companies”) recorded total revenue of electricity sales from Thailand and Japan of THB 829.7 million, decreased by 2.8% YoY (Q3/2017 revenue was THB 853.9 million). The major decrease was a result of lower irradiation in Thailand, compared to a year ago, resulted from heavier-than-usual rainfall at neighborhood of operating solar power plants during the period. However, newly COD projects during the quarter, cooperative solar phase 2 (WVO) have partly supported operation results in Thailand. The projects are entitled to FiT of THB 4.12 per unit. Those two projects are located at Kanchanaburi province (contracted capacity of 5 MW) and Saraburi province (contracted capacity of 3.94 MW).

Nonetheless, the revenue from Japan in JPY terms grew by 5.0% YoY from JPY 497.4 million to JPY 522.1 million mainly thanks to the COD of Gotemba project under FiT of JPY 32 per unit with installed capacity of 4.4 MW and contracted MW of 4.0 MW. However, revenue from Japan in THB terms represented growth of 2.8%.

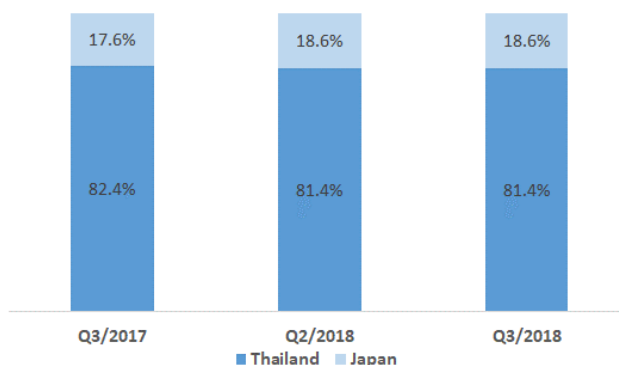
On QoQ basis, total revenue decreased by 5.1% mainly due to declined revenue from operating assets in Thailand resulted from lower irradiation in Thailand in tandem with seasonality factor and prolonged rainy season. In addition, revenue contribution from Japan decreased by 5.0% mainly due to the partial unplug of damaged solar panel at Nagi project for the repair. The repair is part of the preparation process for assets disposal of solar power plant projects in Japan to infrastructure fund.

For 9M/2018, total revenue decreased by 1.4% YoY due to the lower revenue contribution from Thailand resulted from lower irradiation at solar power plants in Thailand which effected by heavier-than-usual rainfall. Furthermore, revenue from Japan in THB terms increased slightly mainly attributable to THB appreciation against JPY currency of 4.2%, versus 9M/2017. Revenue from Japan in JPY terms grew by 5.0%.

### Revenue breakdown by geography

At the end of Q3/2018, the Company’s major revenue of 81.4%, equivalent to THB 675.5 million, was generated by solar power plants in Thailand whilst the remaining of 18.6%, equivalent to THB 154.2 million, was generated by solar power plants in Japan. On YoY basis, proportion of revenue breakdown from Thailand and Japan has been increased from 17.6% mainly from the full quarter COD of Gotemba in Japan. However, on QoQ basis, revenue proportion from Thailand and Japan has been stable.

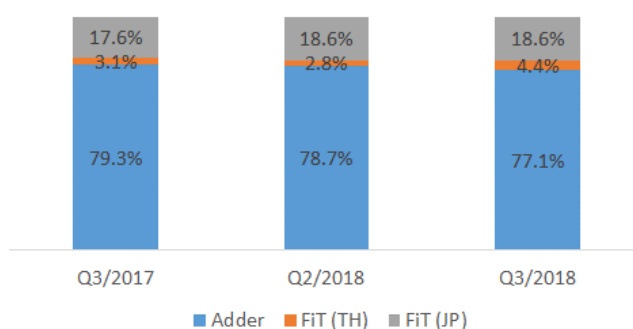
### Revenue breakdown by geography



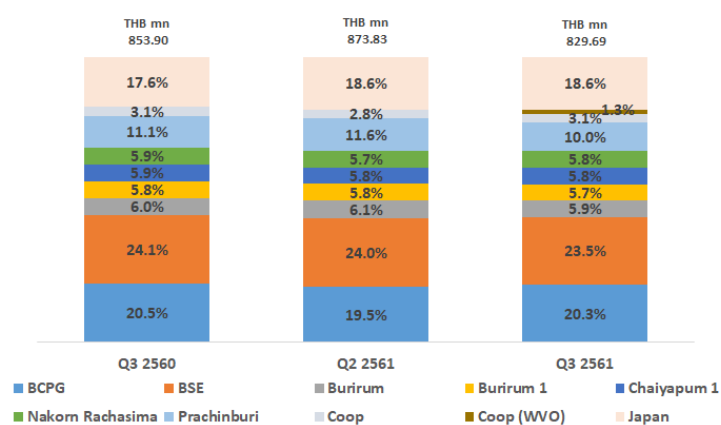
### Revenue breakdown by sources of revenue

At the end of Q3/2018, the revenue of 77.1% or THB 640.0 million was derived from solar power plant projects with adder scheme of THB 8 per unit while solar cooperatives under FiT scheme of THB 5.66 per unit and THB 4.12 per unit contributed 4.4% or THB 36.5 million. In addition, the projects in Japan under FiT scheme have contributed 18.6% or THB 154.2 million.

### Revenue breakdown by type of revenue



### Revenue breakdown by operating units



### Revenue structure of each solar power plants

(THBm)	Q3 2017	Q2 2018	Q3 2018	YoY	QoQ	9M 2018	9M 2018	YoY
<b>1. Revenue - Thailand</b>	<b>703.8</b>	<b>712.0</b>	<b>675.5</b>	<b>-4.0%</b>	<b>-5.1%</b>	<b>2,138.6</b>	<b>2,101.6</b>	<b>-1.7%</b>
<b>1.1 BCPG</b>	<b>174.8</b>	<b>170.7</b>	<b>168.7</b>	<b>-3.5%</b>	<b>-1.2%</b>	<b>515.5</b>	<b>509.0</b>	<b>-1.3%</b>
Tariff	49.9	48.3	48.7	-2.4%	0.8%	144.5	145.8	0.9%
Adder	124.9	122.4	120.0	-3.9%	-2.0%	371.0	363.1	-2.1%
<b>1.2 BSE</b>	<b>206.2</b>	<b>209.9</b>	<b>194.8</b>	<b>-5.5%</b>	<b>-7.2%</b>	<b>632.7</b>	<b>613.4</b>	<b>-3.1%</b>
Tariff	59.1	59.7	56.4	-4.5%	-5.5%	177.9	176.4	-0.8%
Adder	147.1	150.2	138.4	-5.9%	-7.8%	454.8	437.0	-3.9%
<b>1.3 BSE - BRM</b>	<b>51.2</b>	<b>53.7</b>	<b>48.7</b>	<b>-4.9%</b>	<b>-9.3%</b>	<b>158.3</b>	<b>154.5</b>	<b>-2.4%</b>
Tariff	14.7	15.2	14.0	-4.7%	-8.0%	44.4	44.3	-0.2%
Adder	36.5	38.4	34.7	-5.0%	-9.8%	113.9	110.2	-3.2%
<b>1.4 BSE - BRM1</b>	<b>49.6</b>	<b>50.9</b>	<b>47.5</b>	<b>-4.2%</b>	<b>-6.7%</b>	<b>151.6</b>	<b>149.1</b>	<b>-1.7%</b>
Tariff	14.2	14.5	13.7	-4.0%	-5.7%	42.6	42.8	0.5%
Adder	35.4	36.4	33.8	-4.3%	-7.1%	109.0	106.3	-2.5%
<b>1.5 BSE - CPM1</b>	<b>50.4</b>	<b>50.6</b>	<b>48.0</b>	<b>-4.7%</b>	<b>-5.1%</b>	<b>156.5</b>	<b>151.8</b>	<b>-3.0%</b>
Tariff	14.5	14.4	13.9	-3.8%	-3.6%	44.1	43.6	-0.9%
Adder	36.0	36.2	34.1	-5.1%	-5.7%	112.5	108.2	-3.8%
<b>1.6 BSE - NMA</b>	<b>50.6</b>	<b>50.0</b>	<b>48.1</b>	<b>-5.1%</b>	<b>-3.9%</b>	<b>153.1</b>	<b>148.0</b>	<b>-3.4%</b>
Tariff	14.5	14.3	13.9	-3.7%	-2.4%	42.9	42.6	-0.9%
Adder	36.2	35.7	34.1	-5.6%	-4.4%	110.2	105.4	-4.3%
<b>1.7 BSE - PRI</b>	<b>94.5</b>	<b>101.5</b>	<b>83.2</b>	<b>-12.0%</b>	<b>-18.0%</b>	<b>298.7</b>	<b>289.0</b>	<b>-3.3%</b>
Tariff	27.1	28.8	23.9	-11.8%	-17.1%	83.2	82.6	-0.7%
Adder	67.4	72.7	59.3	-12.0%	-18.4%	215.5	206.4	-4.2%
<b>1.8 Cooperative solar power plants</b>								
Feed-in Tariff (5.66 THB per kWh)	26.5	24.7	25.6	-3.6%	3.6%	72.2	76.0	5.3%
<b>1.9 Cooperative solar power plants (WVO)</b>								
Feed-in Tariff (4.12 THB per kWh)	-	-	10.9	NA	NA	-	10.9	NA
<b>2. Revenue - Japan</b>	<b>150.1</b>	<b>162.3</b>	<b>154.2</b>	<b>2.8%</b>	<b>-5.0%</b>	<b>402.8</b>	<b>403.9</b>	<b>0.3%</b>
2.1 Project Natkatsugawa	3.3	3.5	3.5	4.6%	-0.5%	10.2	9.8	-3.3%
2.2 Project Takamori	4.4	4.9	4.5	2.0%	-7.4%	13.9	13.1	-6.2%
2.3 Project Nojiri	4.4	4.3	4.1	-6.8%	-6.1%	13.3	12.1	-8.7%
2.4 Project Tarumizu	33.3	31.8	33.2	-0.3%	4.3%	100.9	86.9	-13.9%
2.5 Project Nikaho	51.4	50.5	49.1	-4.4%	-2.8%	125.9	116.1	-7.8%
2.6 Project Nagi	53.3	54.0	45.7	-14.2%	-15.4%	138.5	138.5	0.0%
2.6 Project Gotemba	-	13.2	14.2	NA	7.1%	-	29.9	NA
<b>Total revenue</b>	<b>853.9</b>	<b>873.8</b>	<b>829.7</b>	<b>-2.8%</b>	<b>-5.1%</b>	<b>2,541.4</b>	<b>2,505.0</b>	<b>-1.4%</b>

### Sellable electricity output by each solar power plants

(mKw-hr)	Q3 2017	Q2 2018	Q3 2018	YoY	QoQ	9M 2017	9M 2018	YoY	
<b>Total production</b>	<b>78,236</b>	<b>81,582</b>	<b>78,116</b>	<b>-0.2%</b>	<b>-4.2%</b>	<b>233,456</b>	<b>234,888</b>	<b>0.6%</b>	
<b>Production - Thailand</b>	<b>65,384</b>	<b>66,695</b>	<b>64,243</b>	<b>-1.7%</b>	<b>-3.7%</b>	<b>199,450</b>	<b>196,973</b>	<b>-1.2%</b>	
BCPG	15,620	15,315	15,009	-3.9%	-2.0%	46,417	45,432	-2.1%	
BSE	18,486	18,867	17,396	-5.9%	-7.8%	57,136	54,902	-3.9%	
BSE - BRM	4,590	4,828	4,361	-5.0%	-9.7%	14,321	13,860	-3.2%	
BSE - BRM1	4,447	4,581	4,255	-4.3%	-7.1%	13,713	13,368	-2.5%	
BSE - CPM1	4,526	4,550	4,295	-5.1%	-5.6%	14,155	13,605	-3.9%	
BSE - NMA	4,546	4,491	4,293	-5.6%	-4.4%	13,864	13,251	-4.4%	
BSE - PRI	8,478	9,138	7,468	-11.9%	-18.3%	27,093	25,951	-4.2%	
<b>Tariff (Incl. adder)</b>	<b>(THB-kWh)</b>	<b>11.16</b>	<b>11.13</b>	<b>11.20</b>	<b>0.3%</b>	<b>0.6%</b>	<b>11.07</b>	<b>11.17</b>	<b>0.9%</b>
Cooperatives: CAYA	810	814	760	-6.2%	-6.6%	2,319	2,311	-0.3%	
Cooperatives: CWSC	1,914	2,164	1,878	-1.9%	-13.2%	6,038	5,977	-1.0%	
Cooperatives: CBPI	1,966	1,947	1,881	-4.3%	-3.4%	4,393	5,669	29.0%	
<b>Feed in Tariff</b>	<b>(THB-kWh)</b>	<b>5.66</b>	<b>5.66</b>	<b>5.66</b>	<b>0.0%</b>	<b>0.0%</b>	<b>5.66</b>	<b>5.66</b>	<b>0.0%</b>
Cooperatives WVO: Saraburi	-	-	1,512	NA	NA	-	1,512	NA	
Cooperatives WVO: Kanchanaburi	-	-	1,136	NA	NA	-	1,136	NA	
<b>Feed in Tariff</b>	<b>(THB-kWh)</b>	<b>-</b>	<b>-</b>	<b>4.12</b>	<b>NA</b>	<b>NA</b>	<b>-</b>	<b>4.12</b>	<b>NA</b>
<b>Production - Japan</b>	<b>12,851</b>	<b>14,887</b>	<b>13,873</b>	<b>7.9%</b>	<b>-6.8%</b>	<b>34,006</b>	<b>37,915</b>	<b>11.5%</b>	
Project Natkatsugawa	277	301	291	5.1%	-3.1%	827	829	0.2%	
Project Takamori	378	417	390	3.4%	-6.4%	1,140	1,123	-1.5%	
Project Nojiri	350	364	336	-3.8%	-7.5%	1,069	1,017	-4.8%	
Project Tarumizu	2,702	2,725	2,752	1.9%	1.0%	8,175	7,272	-11.1%	
Project Nikaho	4,246	4,319	4,241	-0.1%	-1.8%	10,378	9,984	-3.8%	
Project Nagi	4,899	5,134	4,360	-11.0%	-15.1%	12,417	13,191	6.2%	
Project Gotemba	-	1,627	1,502	NA	-7.7%	-	4,498	NA	
<b>Feed in Tariff <sup>1/</sup></b>	<b>(JPY-kWh)</b>	<b>38.58</b>	<b>38.03</b>	<b>37.93</b>	<b>-1.7%</b>	<b>-0.3%</b>	<b>38.85</b>	<b>38.18</b>	<b>-1.7%</b>

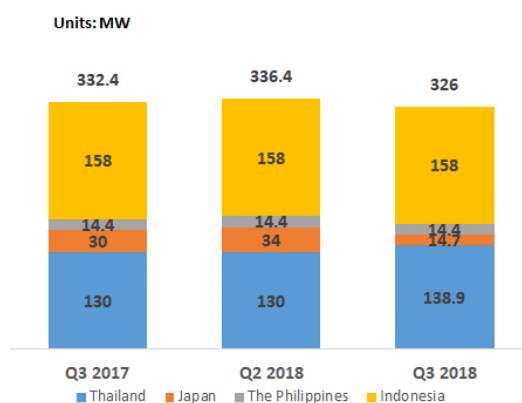
Remark: <sup>1/</sup> Average PPA price including revenue from Gotemba since 16 April 2018

### Productio capacity breakdown by contracted capacity (including equity MW from investment in associates)

At end of Q3/2018, the Company operates total contracted capacity of 326 MW namely (1) contracted capacity from solar power business in Thailand of 138.9 MW, equal to 42.6% of total capacity (2) contracted capacity from solar power business in Japan of 14.7 MW, equal to 4.5% of total capacity (3) equity MW from investment in wind power business in the Philippines of 14.4 MW, equal to 4.4% of total capacity and (4) equity MW from investment in geothermal power business in Indonesia of 158 MW, equal to 48.5% of total capacity.



On YoY basis, contracted capacity decreased by 1.9% mainly due to assets disposal of two solar power plant projects in Japan to infrastructure fund. On QoQ basis, the same reason applied for the declining of contracted capacity by 3.1%.



## 1.2 Cost and expenses

### Cost of sales and services

In Q3/2018, the cost of sales and services of the Group of Companies was THB 254.3 million, increased by 3.8% YoY. A rise was mainly supported by a first-time record of revenue sharing between solar cooperative phase II and War Veteran Organization (WVO project) which has been COD during the period as well as office maintenance cost due as scheduled. On QoQ basis, the cost of sales and services increased by 2.8% mainly due to the mentioned reasons.

For 9M/2018, the cost of sales and services of the Group of Companies was at THB 741.3 million, increased by 3.8% YoY. An increase was supported by the afore-mentioned factors.

### Administrative expenses

In Q3/2018, the Group of Company recorded the administrative expenses at THB 132.7 million, significantly dropped by 26.1% YoY largely due to a decrease in acquisition related expenses from investment in geothermal power plant in Indonesia. On QoQ basis, administrative expenses slightly decreased by 1.3%.

For 9M/2018, the administrative expenses of the Group of Companies were at THB 413.1 million, decreased by 14.4% YoY. The decline came mainly from an absence of the acquisition related expenses and relevant tax expense incurred from investment in associates in geothermal power plants in Indonesia and wind power plants in the Philippines during 9M/1017.

### 1.3 Gain (loss) on Foreign Exchange

In Q3/2018, the Group of Companies has booked FX gain of THB 69.1 million mainly owing to a decrease in foreign currencies denominated debts (mainly in JPY currency) after translation into THB given to an appreciation of THB against JPY during the period.

However, for the period of 9M/2018, the Group of Companies has recorded FX loss of THB 10.5 million. The loss was mainly from records of FX loss in 1Q/2018 and 2Q/2018 amid the depreciation of THB against JPY during the period.

### 1.4 Other income

In Q3/2018, the Group of Companies has recorded total other income of THB 802.3 million. This amount mainly came from gain (before tax) from assets disposal of solar power plant projects in Japan to infrastructure fund of THB 794.7 million.

However, there is an income tax incurred for the asset disposal transaction of THB 136.3 million that has been recorded in corporate income tax. After deducting the tax, net profit from mentioned assets disposal will be THB 658.3 million.

For the period of 9M/2018, the total other income was THB 907.0 million. Major items are (1) a record of gain (before tax) from assets disposal of solar power plant projects in Japan to infrastructure fund of THB 794.7 million and (2) a record of insurance claims of THB 100.9 million in Q2/2018 from damaged solar panel hit by Typhoon at project in Japan.

### 1.5 Financial cost

In Q3/2018, the Group of Company reported financial cost of THB 136.4 million, increased by THB 5.7 million or 4.3% YoY mainly due to an increase in long-term debts funded for investment in projects under construction including (1) wind power plant in Thailand and (2) solar power plants in Japan.

Interest-bearing debt as at Q3/2018 was THB 15,662.9 million, decreased by THB 1,365.5 million or 8.0% from THB 17,028.4 million as at the end of 2017. A decrease in interest-bearing debt was due to the loan repayment for two solar power plants after the disposal to infrastructure fund in Japan. An average finance cost during the period was at 3.3%.

For the period of 9M/2018, the Group of Company reported financial cost of THB 388.7 million, increased by 29.2% YoY. An increase in finance cost was mainly due to loan drawn down to facilitate the construction of solar farms in Thailand, Japan and wind power plant in Thailand as well as a full-period recognition of interest incurred from debts secured for geothermal power plant

investment (versus two-month recognition during 9M/2017). An average finance cost during the period was at 3.2%

### 1.6 Share of profit from investment in associates

In Q3/2018 and 9M/2018, the Company has recorded share of profit from investment in associates as details follow:

Unit: THB million	Q3/17 Restated	Q2/18	Q3/18	9M/17 Restated	9M18
<b>Wind power plant project in the Philippines</b>					
Gain on purchase	0.0	0.0	0.0	53.1	0.0
Share of profit from investment in associates	-4.5	2.4	29.1	-14.4	53.7
Amortisation in rights in agreement	0.0	-8.3	-8.5	0.0	-24.9
<b>Total</b>	<b>-4.5</b>	<b>-5.9</b>	<b>20.6</b>	<b>38.7</b>	<b>28.8</b>
<b>Geothermal power plant project in Indonesia</b>					
	Q3/17 ** Restated	Q2/18	Q3/18	9M/17 Restated	9M18
Gain on purchase	0.0	0.0	0.0	0.0	0.0
Share of profit from investment in associates	125.5	* 90.5	192.6	125.5	373.6
Amortisation in rights in agreement	-79.3	-65.6	-99.6	-79.3	-291.3
<b>Total</b>	<b>46.2</b>	<b>24.9</b>	<b>93.0</b>	<b>46.2</b>	<b>172.8</b>
<b>Total share of profit from two investments</b>	<b>41.7</b>	<b>19.0</b>	<b>113.6</b>	<b>84.8</b>	<b>201.6</b>

Remarks: \* If excluding one-time item booked during Q2/2018 of full amortization of deferred issuance cost incurred from refinancing, the share of profits from geothermal power plant (before amortization) of THB 212.5 million.

\*\* After the fair value revaluation of assets and liabilities following accounting standard which completed in July 2018, resulted in the restatement of shares of profit from geothermal power plant in 3Q/2017. The restated numbers of THB 46.2 million has decreased by 87.3% from last year numbers of 363.7 million. The changes are including (1) the absence of gain on purchase of THB 238.2 million and (2) incurred amortization of PPA for the quarter of THB 79.3 million.

#### (1) Investment in wind power plant in the Philippines

In Q3/2018, The Group of Company recorded share of profits from operations (before amortization) of THB 29.1 million, grew significantly from the loss of THB 4.5 million in Q3/2017. The results showed the best quarter performance since acquisition in Q2/2017. The material growth was driven by favorable wind speed which led to a significant rise in electricity generation along with 4 tropical depression in July 2018, monsoon season in August 2018 and two Typhoon in September 2018 which have brought high winds to the farm.

On QoQ basis, share of profit from operations (before amortization) rose significantly by 1,112.5% from THB 2.4 million mainly due to seasonality factor which second quarter is typically out of monsoon season with low wind speed.

For the period of 9M/2018, The Group of Company recorded share of profits from operations (before amortization) of THB 53.7 million, reversed from the share of loss of THB 14.4 million from the same period last year mainly thanks to the favorable wind speed brought by several tropical depressions and typhoons along the period. The share of profit from investment in associates (after amortization and extraordinary item) was recoded at THB 28.8 million.

## (2) Investment in geothermal power plants in Indonesia

In Q3/2018, The Group of Company recorded share of profits from operations (before amortization) of THB 192.6 million, increased from the restated numbers of 53.4% YoY mainly thanks to a full-quarter recognition of share of profit from investment in associates in Q3/2018 compared to two-month recognition during Q3/2017 since the acquisition completed in July 2017. However, share of profit from investment in associates (after amortization) was recoded at THB 93.0 million.

On QoQ basis, share of profits from operations (before amortization) increased by 112.8% mainly thanks to an absence of full amortization of deferred issuance cost incurred from refinancing booked in Q2/2018.

For the period of 9M/2018, The Group of Company recorded an increase in share of profits from operations (before amortization) by 197.7% YoY (from the restated numbers) due to the full recognition of nine months during 2018 compared to a recognition of two months during 9M/2017.

## 1.7 Net profit

In Q3/2018, the Company recorded net profit of THB 1,139.3 million increased by 481.2% from a year ago (net profit was THB 196.0 million). The rise was mainly due to (1) a recognition of THB 658.3 million gains (net of relevant expense and corporate income tax) from solar assets disposal at Nagi and Nikaho in Japan (2) an absence of loss from forward contract as booked in Q3/2017 at THB 254.9 million (3) an increase in share of profit from investment in associates by 172.7% from prior year to THB 113.6 million and (4) a decline in administrative expense amounting to THB 46.8 million or decreased by 26.1%.

On QoQ basis, net profit of the Company increased by 171.9% from THB 419.0 million mainly attributable to (1) a recognition of gain from solar assets disposal in Japan (2) an increase in share of profit from investment in associates by 496.4% given to low base contribution in Q2/2017

resulted from incurred one-time financing related expense and full-amortization of deferred issuance cost of existing loan given to refinancing activity and (3) a record of FX gain amounting to THB 69.1 million.

For 9M18, the Company reported net profit of THB 1,909.4 million, increased by 71.6% or THB 796.9 million from a prior year. The rise was mainly supported by (1) a net gain from solar assets disposal in Japan amounting to THB 658.3 million (net of relevant expense and corporate income tax) and (2) a full-period recognition from investment in associates from geothermal power plants in Indonesia and wind power plant in the Philippines of THB 201.6 million, increased by THB 116.8 million

### **1.8 Net profit (recurring profit)**

In Q3/2018, the Company recorded recurring profit at THB 411.9 million increased by 13.7% from Q3/2017 mainly due to (1) a decline in administrative expense amounting to THB 46.8 million or 26.1% (2) an increase in recognition of share of profit from investment in associates amounting to THB 72.0 million or 172.7% (after a retroactively restatement). A significant rise was attributable to the full-quarter recognition of share of profit from associates in Q3/2018 while in Q3/2017 was two-month recognition. The recurring profit excludes extraordinary items such as (1) gain from disposition of solar assets at Nagi and Nikaho project after deducting relevant expenses and corporate income tax amounting to THB 658.3 million and (2) FX gain of THB 69.1 million.

On QoQ basis, recurring profit decreased by 18.7% from THB 506.8 million mainly attributable to (1) a decrease in revenue from solar operating assets in Thailand and Japan given to seasonality factor and (2) a decline in share of profit from investment in associates (excluding one-time item) by 19.4% to THB 113.6 million.

For 9M2018, the Company reported recurring profit at THB 1,282.6 million increased by 12.4% from prior year mainly attributable to (1) a full-period recognition of share of profit from investments in geothermal power plants in Indonesia and wind power plants in the Philippines (including amortization expense though excluding one-time items) of THB 323.6 million and (2) a decrease in administrative expense by 14.4%. The aforementioned recurring profit excludes (1) net gain (after deducting expenses and corporate income tax) from solar assets disposal at Nagi and Nikaho project of THB 658.3 million (2) a recognition of insurance claim from damaged solar panel hit by Typhoon amounting to THB 100.9 million (3) a record of net loss from FX of THB 10.5

million and (4) refinancing expenses and full-amortization of deferred issuance cost of existing loan resulted from refinancing activity amounting to THB 122.0 million.

## 2. Financial position of the Group of Companies

### 2.1 Overview

At the end of Q3/2018, total assets of the Group of Companies were at THB 31,746.1 million, remained stable compared to end of 2017. However, current assets increased by 35.4% mainly due to an increase in cash components from assets disposal to Infrastructure fund in Japan. Total liabilities decreased by 6.4% to THB 16,602.5 million largely due to loan repayment to financial institution after the assets disposal to Infrastructure Fund. Total equities increased by 7.2% to THB 15,143.5 million mainly thanks to an increase in retained earnings from profitable operating results incurred during the period.

(Unit: THB mn)	2017	Q3 2018	% Change
<b>Total assets</b>	<b>31,857.3</b>	<b>31,746.1</b>	<b>-0.3%</b>
Current assets	2,696.9	3,651.6	35.4%
Non-current assets	29,160.4	28,094.5	-3.7%
<b>Total liabilities</b>	<b>17,730.3</b>	<b>16,602.5</b>	<b>-6.4%</b>
Current assets	1,654.4	1,908.8	15.4%
Non-current assets	16,075.9	14,693.7	-8.6%
<b>Equity</b>	<b>14,126.9</b>	<b>15,143.5</b>	<b>7.2%</b>
Paid share and premium	12,810.9	12,884.8	0.6%
Retained earning	1,235.1	2,185.1	76.9%
Other equity items	80.9	73.5	-9.1%

### 2.2 Assets

#### Current assets

At the end of Q3/2018, current assets of the Group of Companies increased by 35.4% from end of 2017 to THB 3,651.6 million. An increase was mainly resulted from rising cash and cash equivalents along with assets disposal to infrastructure fund.

(Unit: THB mn)	2017	Q3 2018	% Change
<b>Current assets</b>			
Cash and cash equivalent	2,004.0	2,912.2	45.3%
Trade receivables	507.2	537.0	5.9%
Other receivables	182.7	199.6	9.3%
other current assets	3.0	2.8	-5.6%
<b>Total current assets</b>	<b>2,696.9</b>	<b>3,651.6</b>	<b>35.4%</b>

### Non-current assets

End of Q3/2018, non-current asset of the Group of Companies decreased by 3.7% from end of 2017 to THB 28,094.5 million mainly due to a decrease in value of PPE resulted from assets disposal to infrastructure fund.

(Unit: THB mn)	2017	Q3 2018	% Change
<b>Non-current assets</b>			
Investments in associates	13,287.8	13,496.9	1.6%
Other accounts receivables	0.0	103.0	NA
PPE	13,890.3	12,766.7	-8.1%
Intangible assets	1,892.3	1,650.3	-12.8%
Deferred tax assets	9.9	10.8	10.0%
Other non current assets	80.1	66.7	-16.8%
<b>Total current assets</b>	<b>29,160.4</b>	<b>28,094.5</b>	<b>-3.7%</b>

## 2.3 Liabilities

### Current liabilities

At the end of Q3/2018, current liabilities of the Group of Companies increased by 15.4% from end of 2017 to THB 1,908.8 million mainly due to an increase in other payable and income tax payable resulted from gain from solar assets disposal to infrastructure fund in Japan.

(Unit: THB mn)	2017	Q3 2018	% Change
<b>Current liabilities</b>			
Other current payables	233.2	385.2	65.2%
Short-term borrowings from financial institutions	88.9	0.0	-100.0%
Current portion of long-term borrowings from financial	1,326.4	1,378.0	3.9%
Income tax payable	5.9	145.6	2367.8%
<b>Total current liabilities</b>	<b>1,654.4</b>	<b>1,908.8</b>	<b>15.4%</b>

### Non-current liabilities

At the end of Q3/2018, non-current liabilities of the Group of Companies decreased by 8.6% from end-2017 to THB 14,693.7 million mainly thanks to a decline in long-term debts from financial institution given to debts repayment after assets disposal to infrastructure fund.

(Unit: THB mn)	2017	Q3 2018	% Change
<b>Non-current liabilities</b>			
Long-term borrowings from financial institutions	15,613.2	14,284.6	-8.5%
Deferred tax liabilities	412.6	350.7	-15.0%
Non-current provisions for employee benefit	13.2	21.1	59.3%
Provision for the decommissioning cost	32.8	31.8	-3.0%
Other non current liabilities	4.1	5.5	34.0%
<b>Total non-current assets</b>	<b>16,075.9</b>	<b>14,693.7</b>	<b>-8.60%</b>

## 2.4 Shareholders' equity

At the end of Q3/2018, shareholders' equity of the Group of Companies increased by 7.2% from end-2017 to THB 15,143.6 million. An increase was mainly due to increased retained earnings from positive operating results of the Group of Companies during the period.

(Unit: THB mn)	2017	Q3 2018	% Change
<b>Equity</b>			
Issued and paid up share capital	9,961.5	9,983.7	0.2%
Share premium	2,849.3	2,901.1	1.8%
Surplus on business restructuring under common control	41.0	41.0	0.0%
Retained earnings	1,235.1	2,185.1	76.9%
Warrants	27.2	11.7	-57.1%
Other component of equity	12.7	20.8	64.2%
<b>Equity attributable to owners of the company</b>	<b>14,126.9</b>	<b>15,143.5</b>	<b>7.2%</b>
Non-controlling interests	0.15	0.15	0.0%
<b>Total equity</b>	<b>14,127.0</b>	<b>15,143.6</b>	<b>7.2%</b>

## 2.5 Key Financial Ratios

Key Financial Ratio	Q3 2018	2017	% Change
Return on assets (%)	14.3%	7.0%	7.3%
Return on equity (%)	31.1%	14.5%	16.7%
Current Ratio (x)	1.91	1.63	17.4%
Debt / Equity (x)	1.03	1.19	-12.7%
Total liability to equity (x)	1.10	1.23	-11.2%
Average cost of debt (%)	3.3%	3.2%	0.1%

## 3. Cash flow of the Company and subsidiaries

At the end of the period, net cash and cash equivalents of the Group of Companies were THB 2,912.2 million, increased by THB 260.8 million or 9.8% from prior year mainly due to an increase from cash receipt resulted from solar assets disposal to Infrastructure Fund in Japan to fund future investment.

(Unit: THB mn)	9M 2017	9M 2018	% Change
Net cash from operating activities	1,690.7	1,881.8	11.3%
Net cash used in investing activities	(12,786.4)	1,640.9	-112.8%
Net cash from (used in) financing activities	6,416.1	(2,572.3)	-140.1%
<b>Net increase (decrease) in cash &amp; cash equivalent</b>	<b>(4,679.7)</b>	<b>950.4</b>	<b>-120.3%</b>
Cash & cash equivalent at 1 January	7,361.2	2,004.0	-72.8%
Effect of exchange rate changes on cash & cash equivalent	(30.1)	(42.3)	NA
<b>Cash &amp; cash equivalent at 31 December</b>	<b>2,651.4</b>	<b>2,912.2</b>	<b>9.8%</b>



#### 4. Supporting factors to the Group's performance

The Group foresees material factors that could impact business's financial performance in the future as detail follows:

- (1) Weakening THB against USD and JPY is estimated to have a negative impact to the Company in terms of FX loss since the Company has net liabilities exposure in foreign currencies.
- (2) Rising interest rate is expected to allow financial cost of the Company to increase since about 90% of interest-bearing debts bear with floating interest rates.

#### 5. Business Outlook

The Company's vision has remained as the Company strives to be "the World's Greenergy Iconic Creator" by generating power from renewable energy with innovation and environmentally-friendly value. The Company's growth strategy is to expand existing business (or organic growth) e.g. growth from COD of solar power plants in Thailand and Japan, being in partnership with business partners, co-developing strategy to improve operations of the Company's investment projects in the Philippines and Indonesia. Furthermore, business acquisitions, joint venture and new investments are also set as main part of the Company's growth strategies.

Project in near future is to construct and develop wind power plant with installed capacity of 10 MW at Pak Panang, Nakhon Sri Thammarat province. The Company has acquired ordinary shares amounted to THB 236.5 million and completed the share transfer of Lomligor Company Limited. However, the Company expects the project to start its commercial stage in 1H 2019. The project is entitled to adder of THB 3.5 per unit from tariff rate.

The Company always looks for new opportunities, for instance, business acquisitions, joint investments, and new investments. The Company is interested in any potential business or project in green energy which could support growth strategy and business strategic direction going forward. In sum, the Company foresees wind power plant, hydro power, biomass or biogas as the potential opportunities. In terms of project valuation, the Company adopts equity internal rate of return or EIRR to evaluate the project feasibility with a hurdle rate in a range of 12% - 15%.