



# Management Discussion and Analysis

**For the Annual Operating Results 2017**

**Ended December 31, 2017**

**Note:** This Management Discussion and Analysis (MD&A) was made to disclose information and the vision of the management in order to assist investors to better understand the company's financial status and operation. It also supports the "Good Corporate Governance Project" of the Securities and Exchange Commission (SEC).

An English version of the MD&A has been prepared from the Thai version. In the event of a conflict or a difference in interpretation between the two languages, the Thai version shall prevail.

The objective of this MD&A is to present the information and the explanation of financial status and operating results as of the date hereof. However, the information provided in this MD&A may vary if any factors or situation are changed in the future; the investors are, therefore, required to have their own discretion regarding the usage of this information for any purpose. For further detail, please contact Investor Relations Section of the Electricity Generating Public Company Limited at Tel: 662-998-5145-8 or Email: [ir@egco.com](mailto:ir@egco.com)

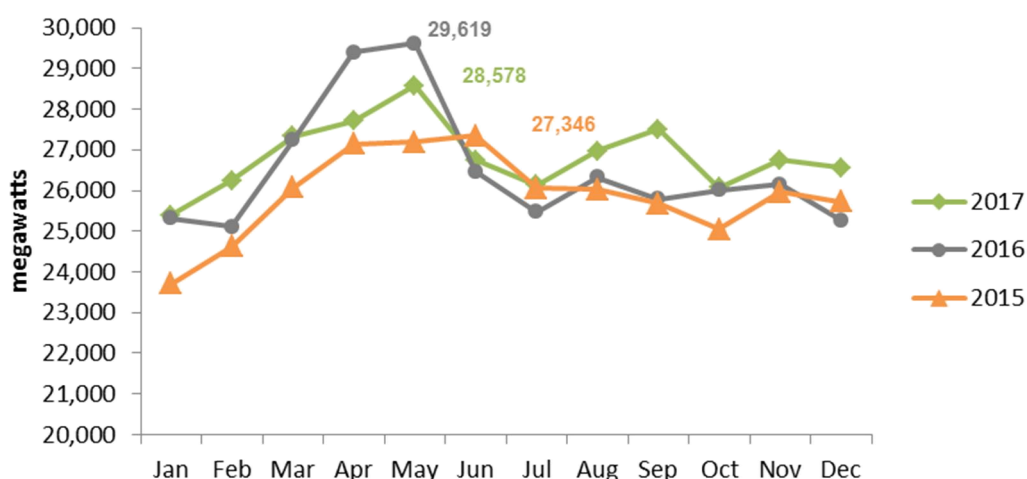
## Management Discussion and Analysis

### 1. Power Industry and Competition

#### 1.1 Electricity industry and Economic situation in Thailand

In 2017, Thailand's peak demand was 28,578 megawatts on 4 May at 02.20 pm, lower than the peak demand of 29,619 megawatts in 2016 by 3.51%. A decrease in the peak demand was mainly influenced by the lower temperature than previous year and the success of implementing energy saving programs, which had pushed down the power consumption. Peak demand for electricity consumption is shown in Figure 1. Meanwhile, Electricity consumption of the country reached 188,067 gigawatt-hours which were 86.09 gigawatt-hours or 0.04 percent slightly decrease from 188,153 gigawatt-hours in 2016. A decrease in electricity consumption was mainly resulted from an increasing trend of Independent Power Supply and the governmental promotion of energy saving programs even though the country's economy favorably expanded, which supported by the acceleration of exports in accordance with economic expansion in key trading partners and the continual expansions of private consumption.

**Figure 1** Total electricity usage, 2015-2017



**Source:** Electricity Generating Authority of Thailand

According to Thailand Power Development Plan 2015-2036 (PDP 2015), peak demand was forecasted to reach 31,269 megawatts in 2018, which increased by 9.42 percent from peak demand in 2017. At the same time, electricity consumption was forecasted to be 193,771 gigawatt-hours, higher than electricity consumption in 2017 by 3.03 percent

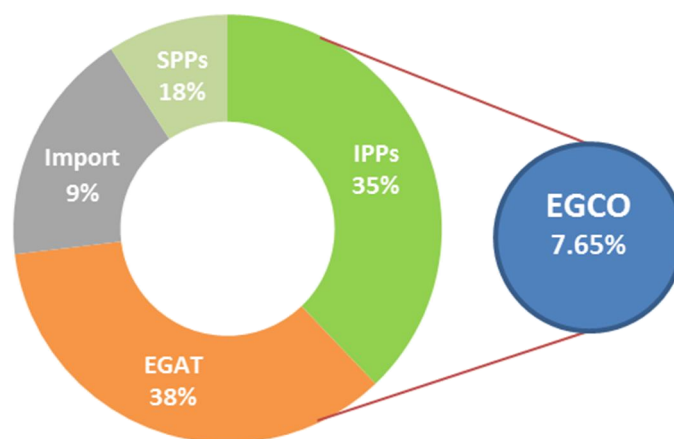
As for economic outlook in 2018, National Economic and Social Development Board (NESDB) forecasted Thailand's economy to expand in the range of 3.6 to 4.6 percent, driven mainly by a favorable growth of the global economy which positively impacts on export sector, an acceleration of public investment along with the progress of key investment projects and higher capital budget framework.

As of December 31, 2017, the country's contracted capacity in EGAT system was 42,433 megawatts, 16,071 megawatts or 37.87 percent of which were generated by EGAT power plants, and the remaining from other producers, i.e.

- Independent Power Producers (IPPs) 14,949 megawatts or 35.23 percent
- Small Power Producers (SPPs) 7,536 megawatts or 17.76 percent
- Import from neighboring countries 3,878 megawatts or 9.14 percent

EGCO's contracted capacity of electricity sold to EGAT was 3,247 megawatts, representing 7.65% of the country's contracted capacity in EGAT system, as presented in Figure 2

**Figure 2 The country's contracted capacity of electricity in 2017 classified by producer**



**Source:** Electricity Generating Authority of Thailand

In the second quarter of 2017, Ministry of Energy is conducting a study and preparing data to revise PDP 2015 to be suitable for current situations, which economy grew lower than expected, the increasing trend of Independent Power Supply along with the efficiency of energy saving programs resulted in lower electricity consumption than estimated in PDP 2015 and power generation from renewable energy theoretically increases as a result of governmental support. The new PDP is expected to be completed and implemented in 2018.

Regarding the Alternative Energy Development Plan of 2015-2036 (AEDP 2015), power generation from renewable energy is targeted to be 19,684 megawatts in 2036. In 2017, the government has continuously promoted power generation from renewable energy occupied with lower development cost. This resulted in a continuous growth of power generation from renewable energy. According to Department of Alternative Energy Department and Efficiency, the current status of renewable energy power plants as of October 31, 2017, which achieved COD was 10,148 megawatts, increased from which of 2016 by 711 megawatts or 7.54 percent.

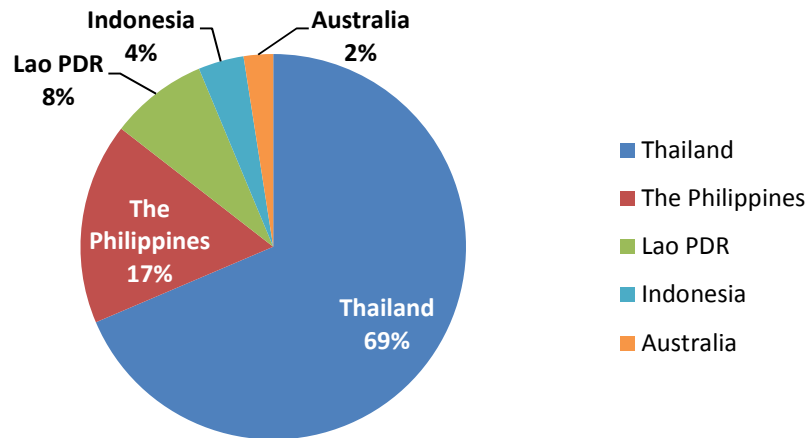
In 2017, the government continuously announced to open the applications for renewable energy projects, as detailed below.

- The phase 2 of solar PV program for government agencies and agricultural cooperatives with targeted capacity of 219 megawatts selected by drawing lots process. A number of applicants were 16 times more than the target, where 35 projects were finally selected with total capacity of 155 megawatts.
- The phase 2 of Biogas projects (waste/wastewater) in the area of Pattani, Yala or Narathiwat province or in one of the 4 districts in Songkla province (Chana, Thepa, Saba Yoi, Na thawi) with targeted capacity of 8 megawatts under Feed in Tariff (FiT) scheme. Competitive bidding system is employed as a selection process. A number of applicants were exceeded the target, where 2 projects were successfully awarded with total capacity of 3.7 megawatts.
- SPP Hybrid firm with targeted capacity of 300 megawatts under Feed in Tariff (FiT) scheme. A number of applicants were 5 times more than the target, where 17 projects with total capacity of 300 megawatts were finally selected by competitive bidding system.

### **1.2 Electricity industry in Asia-Pacific countries**

EGCO is fully aware of the limited growth prospect in domestic electricity industry. Therefore, EGCO determines business strategies to explore investment opportunities in the Asia Pacific region. EGCO presently has investment in Philippines, Lao PDR, Indonesia and Australia. Investment of EGCO in each country is shown in Figure 3. With an aim for continuous growth, EGCO has also been seeking for investment opportunities in other countries in the Asia Pacific region such as Vietnam, Myanmar and Cambodia. Additionally, EGCO explores opportunities to invest in renewable energy projects in India and Taiwan as the board has approved the business strategies to expand renewable energy portfolio to achieve target of 30% by 2026.

**Figure 3 EGCO's equity contracted capacity of electricity in 2017 classified by country**



The overview of electricity situations for each country is briefed below.

**- The Philippines**

The Philippines's installed capacity is approximately 21,000 megawatts, which are mainly from coal-fired power plants. Peak demand in the Philippines is estimated to increase 5 percent annually. The Philippines plan to increase its generating capacity to 37,000 megawatts by 2020 with significant portion of coal-fired power plant. Moreover, The Philippines set target renewable energy generation of 15,000 megawatts and 20,000 megawatts by 2030 and 2040 respectively, which emphasis on power generation from hydropower, geothermal energy and wind power.

**- Lao People's Democratic Republic (Lao PDR)**

Lao PDR's installed capacity is approximately 6,300 megawatts, which are domestic consumption of 2,100 megawatts, export to Thailand and Vietnam (3,600 megawatts and 600 megawatts respectively). Hydropower is the primary source of fuel supply. Demand growth in Lao PDR is estimated to increase 13.20 percent annually. The government of Lao PDR has a policy to drawing investment in hydropower plants from private sector with abundant hydropower potential up to 29,000 megawatts in its effort towards being Battery of Asia by 2020. Presently, Thailand has signed Memorandum of Understanding (MOU) to purchase electricity of 9,000 megawatts from Lao PDR.

**- Indonesia**

Indonesia's installed capacity is approximately 60,000 megawatts. Coal-fired power plants and natural gas power plants play a significant role as baseload generation. Demand growth in Indonesia is estimated to increase 8.46 percent annually. In order to cope with future power shortage, the government of Indonesia plans to expand its electricity generating capacity of 78,000 megawatts and reduces reliance on natural gas for electricity generation. Meanwhile, the government of Indonesia has set renewable energy target of 23 percent of total capacity, with significant portion of geothermal power plants, hydropower plants and solar energy power plants.

- **Australia**

Australia's installed capacity is approximately 46,000 megawatts based on National Electricity Market which accounts for 83 percent of total country capacity. Australia plans to retain 48 percent of total installed capacity from coal-fired power plants in order to maintain energy security and affordable price. Due to energy efficiency and a continuous increase in rooftop PV capacity, demand growth in Australia is estimated to be flat over the 20-year outlook period. Furthermore, the government of Australia puts an effort to increase renewable energy generation to 33,000 gigawatt-hours by 2020, which focus on power generation from wind power and rooftop PV. Power generation from wind power and rooftop PV are forecasted to be more than triple from present by 2027.

- **Vietnam**

Installed capacity of Vietnam is approximately 39,000 megawatts, which are primarily from coal-fired power plants and hydropower plants. Demand growth is estimated to increase 8.40 percent annually. According to revision of power master plan VII, Vietnam's electricity generating capacity is forecast to increase to 97,000 megawatts by 2020. The government of Vietnam attempts to develop power generation from renewable energy to achieve target of 48,000 megawatts by 2030, with emphasis on solar energy, hydropower and wind power. Vietnam is being under power sector reform, in order to create competitive wholesale and retail power market and to reform power generation corporations of Electricity of Vietnam (EVN).

- **Myanmar**

Installed capacity of Myanmar is approximately 5,600 megawatts. Electricity generation is mainly from hydropower plants and natural gas power plants. Demand growth in Myanmar is estimated to increase 9 percent annually. Myanmar has a plan to expand its electricity generating capacity to 14,000 megawatts, which are significantly generated by hydropower plants and coal-fired power plants. Thailand has signed Memorandum of Understanding (MoU) for the purchase of electricity from Myanmar, expiration in 2020 with no specific capacity.

- **Cambodia**

Installed capacity of Cambodia is approximately 1,600 megawatts. Hydro and coal are primary source of fuel supply in Cambodia. Demand growth in Cambodia is estimated to increase 9.5 percent annually. The government of Cambodia plans to increase 2,600 megawatts of electricity generating capacity, which reduce reliance on diesel and promote power generation from natural gas. Thailand has signed Memorandum of Understanding (MoU) for the purchase of electricity from Cambodia, with no specific capacity.

- **India**

India's installed capacity is approximately 331,000 megawatts, which are significantly from coal-fired power and renewable energy. The government of India has a plan to develop power generation from renewable energy to achieve 175,000 megawatts by 2022, with target of 100,000 megawatts and 50,000 megawatts from solar energy and wind power respectively.

- **Taiwan**

Taiwan's installed capacity is approximately 50,000 megawatts, which are mainly from coal-fired power plant. The government of Taiwan plans to generate 20 percent of total capacity from renewable energy, with significant portion of solar energy and wind power to replace existing nuclear power plants, which will be decommissioned in 2025. In 2020, power generation from renewable energy in Taiwan is expected to be 27,000 megawatts.

**1.3 Competition**

Overall picture in 2017, power industry in Thailand had intensified competition. Electricity purchase was mainly from renewable energy projects in accordance with AEDP 2015, which faced many competitors. Simultaneously, the electricity demand in Asia-Pacific region is continuously on a rising trend. Many countries have established fuel diversification plans for power generation by switching more to renewable energy sources; while, remaining coal-fired power generation to ensure the energy security. This allows EGCO to explore prospective investment opportunities in the region toward achieving its major investment targets. In 2017, despite the high competition in power industry, EGCO has successfully achieved investment both in domestic and international markets, as shown below.

- EGCO has successfully acquired indirect ownership interest of 20.07 percent in Salak and Darajat geothermal power plants in Indonesia, which increased total equity contracted capacity by 130 megawatts.
- EGCO has signed a joint venture agreement to develop Nam Thuen 1 hydropower project in Lao PDR, which EGCO holds 25 percent of stake with expected Commercial Operation Date in 2022. This increased total equity contracted capacity by 161 megawatts.
- Klongluang Utilities power plant and Banpong power plant, which EGCO hold 100 percent of stake, have been commenced Commercial Operation Date on July 20, 2017 and October 1, 2017 respectively. This increased total equity contracted capacity by 322 megawatts.

These investments are consistent with EGCO's key investment strategies on seeking new opportunities to acquire operating assets and complete the construction of projects on schedule which generate revenue to EGCO, develop greenfield projects to support company's growth in long and expand investment in renewable energy both in Thailand and Asia Pacific region. In addition, EGCO not only expertise in power generation from various sources but also maintain its competitiveness in the market based on several key success factors including, but not limited to :

- **Human resources**

EGCO believes that personal growth will make the business growth stronger. One of the key successes is competence and expertise of EGCO personnel and experiences of its Board members together with well relationship with business alliances. EGCO personnel have dependable capabilities and experiences in power industry. Board members are from diversified business expertise, with extensive knowledge and long-time experienced in energy and electricity sectors.

- **EGCO's trustworthy**

To ensure sustainable growth, EGCO always invests in project that generates satisfactory return at acceptable risk level leading to its satisfactory financial status, liquidity, and profit growth. Consequently, EGCO can earn trust and confidence from banks and financial institutions in supporting continuous investment growth.

- **Good relationship with communities surrounding power plants**

As power generation may cause impact to nearby communities, EGCO always ensures its power plants operation with full responsibility towards society and environment. EGCO discloses information without concealment, encourages public participation and maintains good relationship with nearby communities. Moreover, the operation of power plants will create local employment for income distribution and the well-being of local people.



## **2. Significant events in 2017**

### **2.1 The progress in construction projects**

#### ***2.1.1 Project completion***

- **Klongluang Utilities Company Limited**, (EGCO holds a 100% ownership interest.), is a cogeneration power plant project. The power plant has an installed capacity of 121 MW. The project is located in Klongnueng sub-district, Klonglaung district, Pathumthani province. The project has entered into the PPA with EGAT for 25 years with the contracted capacity of 90 MW. Additionally, the project has the 7 years contract with industrial user to sell 12 MW of electricity along with 13 tonnes per hour of steam output. The project is extendable for up to an additional every 2 years. Construction works of the project was completed and its operation started on July 20, 2017.

- **Banpong Utilities Company Limited**, (EGCO holds a 100% ownership interest.), consists of 2 units of cogeneration power plant project. The projects have an installed capacity of 128 MW each, which are located in Thapha sub-district, Banpong district, Ratchaburi province. The projects have entered into the PPAs with EGAT for 25 years with the contracted capacity of 90 MW each. Additionally, the projects have the 20 years contract with industrial user to sell electricity along with steam output. It consists of Power Plant Unit 1 and Unit 2 with an installed capacity of 23 MW along with 40 tonnes per hour and installed capacity of 17 MW along with 60 tonnes per hour, respectively. Construction works of the projects were completed and its operation started on October 1, 2017.

#### ***2.1.2 Process of construction***

- **Masinloc Power Plant Project Unit 3**, an expansion unit of **Masinloc Power Partners CO., LTD. (MPPCL)**, (EGCO holds a 49% indirect ownership interest.), is a 335 MW (gross) supercritical coal-fired power plant, which will be co-located at the same campus of the existing 630 MW (2x315) plant Unit1-2 in Zambales province, Luzon of the Philippines. Power Supply Agreements for 134 MW has been executed and lodged with the Energy Regulatory Commission (ERC) for final approval. The project targets for 85% contracted by commercial operation date. The construction of the project has progressed 75.48% (The construction plan was 76.84%). The commercial operation date is scheduled in the midyear 2019.

- **Xayaburi Project**, a project of the **Xayaburi Power Company Limited (Xayaburi)**, (EGCO holds a 12.50% ownership interest.), is a hydro power plant project, Run-of-River. The projects are located in the Laos People's Democratic Republic (Laos PDR). Xayaburi has entered into the PPA with EGAT with the contracted capacity of 1,220 MW and Electricite De Laos (EDL) with the contracted capacity of 60 MW for 29 years. The construction of the project has progressed 88.12% (The construction plan was 87.20%). The commercial operation date is scheduled in the fourth quarter of 2019.
- **SBPL Project**, a project of **San Buenaventura Power Ltd., Co.**, (EGCO holds a 49% ownership interest.), is a 500 MW supercritical coal-fired power plant, in Mauban, Quezon province of the Philippines. 455 MW of the plant's capacity and energy are contracted to the Manila Electric Company (MERALCO) pursuant to a 20 years power supply agreement which is extendable for up to an additional 5 years. The construction of the project has progressed 75.81% (The construction plan was 72.71%). The commercial operation date is scheduled in the fourth quarter of 2019.

## **2.2 Additional Investments in Joint Ventures and Associated**

- On March 31, 2017, **Star Energy Geothermal (Salak – Darajat) B.V. (SEGSD)**, which is the affiliate of EGCO (20.07% indirect ownership interest), Star Energy Group Holdings Pte. Ltd., and AC Energy Holdings, Inc., have successfully acquired the shares from the affiliates of Chevron Corporation. The project is composed of assets and operations of the Salak and Darajat geothermal fields in West Java, Indonesia, with the aggregate capacity of 235 MW equivalent of steam and 413 MW of electricity. The project has secured the long-term Energy Sale Contract with PT PLN (Persero), an Indonesian government-owned electricity corporation.

Additionally, on July 14, 2017, SEGSD has entered into Share Sale and Purchase Agreements with PT Austindo Nusantara Jaya Tbk (“ANJ”) to acquire 95% share of PT Darajat Geothermal Indonesia (“DGI”). DGI holds the participating interest of 5% in Darajat Geothermal Project Unit 2 and Unit 3, which have total capacity of 216 MW. Therefore, the transaction increase SEGSD's indirect ownership interest in Darajat Geothermal Project Unit 2 and Unit 3 from 95% to 99.75% while SEGSD remains to hold 100% indirect ownership interest in Darajat Geothermal Project Unit 1. Consequently, the share transfer was completed on September 27, 2017.

- On September 4, 2017, EGCO has entered into a Shareholder’s Agreement of **Nam Theun 1 Power Company Limited (“NT1PC”)** in order to develop the Nam Theun 1 Hydroelectric Power Plant Project. The project is located on Nam Kading River in Bolikhamxay, Laos PDR. NT1PC’s shareholding structure consists of Phonesack Group Company Limited, EGCO and EDL-Generation Public Company in the proportion of 60%, 25% and 15%, respectively. Additionally, on September 23, 2017, NT1PC has entered into the PPA with EGAT with the contracted capacity of 514 MW and EDL with the contracted capacity of 130 MW for 27 years starting from the Commercial Operation Date in 2022. On December 6, 2017, NT1PC has entered into the financial agreements with Thai Commercial Banks to fund the development and construction of Nam Theun 1 Hydroelectric Power Plant.

### **2.3 Other significant events**

- On December 17, 2017, Gen Plus B.V. has entered into Share Purchase Agreement with SMC Global Power Holdings Corp. and AES Phil Investment Pte. Ltd. to dispose its 49% indirect ownership interest in MASINLOC POWER PARTNERS CO. LTD. (“MPPCL”) to SMC Global Power Holdings Corp. Consequently, the transaction is expected to complete in the first half of 2018.

### **3. Business overview**

EGCO Group have invested in the Independent Power Producer (IPP), Small Power Producer (SPP), Very Small Power Producer (VSPP), Coal Mining, Operating and Maintenance (O&M), Management and Administrative Services (Management Services). Details of each plant are as follows:

#### **(1) Subsidiaries which can be categorized into 2 businesses:**

##### **1. Power Generation**

###### **1.1 Local power generation**

Khanom Electricity Generating Co., Ltd. (KEGCO)	IPP
EGCO Cogeneration Co., Ltd. (EGCO Cogen)	SPP
Roi-Et Green Co., Ltd. (Roi-Et Green)	SPP
Banpong Utilities Co., Ltd. (Banpong)	SPP
Klongluang Utilities Co., Ltd. (Klongluang)	SPP
Chaiyaphum Wind Farm Co., Ltd. (Chaiyaphum)	SPP
SPP Two Co., Ltd. (SPP 2)	VSPP
SPP Three Co., Ltd. (SPP 3)	VSPP

SPP Four Co., Ltd. (SPP 4)	VSPP
SPP Five Co., Ltd. (SPP 5)	VSPP
Yanhee EGCO Holding Co., Ltd. (Yanhee EGCO)	Holding Co.
● Solarco Company Limited (Solarco)	VSPP
Theppana Wind Farm Co., Ltd. (Theppana)	VSPP

## 1.2 Overseas Power Generation

Quezon Power (Philippines) Limited Co. (Quezon)  
Boco Rock Wind Farm Pty Ltd. (Boco Rock)

## 2. Other businesses

### 2.1 Local Other Businesses

EGCO Engineering and Service Co., Ltd. (ESCO)

O&M

### 2.2 Overseas Other Businesses

Pearl Energy Philippines Operating Inc. (PEPOI)

O&M

Quezon Management Service Inc. (QMS)

Management  
Services

## (2) Associated in overseas power generation business

Star Energy Geothermal Pte. Ltd. (SEG)

Star Energy Geothermal (Salak – Darajat) B.V. (SEGSD)

## (3) Joint Ventures which can be categorized into 2 businesses:

### 1. Power Generation

#### 1.1 Local power generation

Gulf Electric Public Company Limited (GEC)

Holding Co.

● Gulf Cogeneration Co., Ltd. (GCC)

SPP

● Nong Khae Cogeneration Co., Ltd. (NKCC)

SPP

● Samutprakarn Cogeneration Co., Ltd. (SCC)

SPP

● Gulf Yala Green Co., Ltd. (GYG)

SPP

● Gulf Power Generation Co., Ltd (GPG)

IPP

BLCP Power Limited (BLCP)

IPP

Natural Energy Development Co., Ltd. (NED)

SPP & VSPP

G-Power Source Co., Ltd. (GPS)

VSPP

GIDEC Company Limited (GIDEC)

VSPP

## 1.2 Overseas power generation

Nam Theun 2 Power Co., Ltd. (NTPC)

San Buenaventura Power Ltd. Co. (SBPL)

Masin-AES Pte. Ltd. (Masin-AES)

- Masinloc Power Partners Co., Ltd. (MPPCL)

Nam Theun 1 Power Co., Ltd. (NT1PC)

## 2. Others businesses

- **Overseas Other Business**

PT Manambang Muara Enim Co., Ltd. (MME)

Coal Mining

## (4) Other investments

Other investments comprise long-term investment in securities :

- EGCO holds 18.72% of the outstanding shares in Eastern Water Resources Development and Management Public Company Limited (East Water).
- EGCO holds 12.50% of the outstanding shares in Xayaburi Power Company Limited (Xayaburi).

As of December 31, 2017, EGCO Group's portfolio consists of 28 operating power plants, with a total contracted capacity of 4,574 MW equity and 4 construction projects, with a total contracted capacity of 691 MW equity.

#### 4. Report and Analysis of the Operating Results

EGCO would like to present analysis of the operation result as follows:

##### Summary of operating results for the year 2017

Unit: Million Baht

	<i>Power Generation</i>		<i>Others</i>		<i>Total</i>		<i>Change Increase (Decrease)</i>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>Amount</u>	<u>%</u>
Total Revenues	32,331	25,373	1,072	968	33,403	26,341	7,062	27%
Total Expenses	(30,541)	(23,693)	(923)	(867)	(31,464)	(24,560)	6,904	28%
Share of Profit (Loss)	7,264	7,355	65	21	7,329	7,376	(47)	(1%)
<b>Profit (Loss) before FX, deferred income tax, impairment and impact of lease income</b>	<b>9,054</b>	<b>9,035</b>	<b>214</b>	<b>122</b>	<b>9,268</b>	<b>9,157</b>	<b>111</b>	<b>1%</b>
Loss from impairment	(352)	(509)	-	-	(352)	(509)	157	31%
<b>Profit (Loss) before FX, deferred income tax and impact of lease income</b>	<b>8,702</b>	<b>8,526</b>	<b>214</b>	<b>122</b>	<b>8,916</b>	<b>8,648</b>	<b>268</b>	<b>3%</b>
Deferred income (expense) tax	346	(182)	(1)	1	345	(181)	526	291%
<b>Profit (Loss) before FX and impact of lease income</b>	<b>9,048</b>	<b>8,344</b>	<b>213</b>	<b>123</b>	<b>9,261</b>	<b>8,467</b>	<b>794</b>	<b>9%</b>
Profit (Loss) from FX	3,785	(144)	-	(1)	3,785	(145)	3,930	100%
<b>Net profit (Loss) before impact of lease income</b>	<b>12,833</b>	<b>8,200</b>	<b>213</b>	<b>122</b>	<b>13,046</b>	<b>8,322</b>	<b>4,724</b>	<b>57%</b>
Impact of lease income	(1,228)	(1)	-	-	(1,228)	(1)	(1,227)	(100%)
<b>Net Profit (Loss)</b>	<b>11,605</b>	<b>8,199</b>	<b>213</b>	<b>122</b>	<b>11,818</b>	<b>8,321</b>	<b>3,497</b>	<b>42%</b>

For focusing on the operating performance, the impact of lease income were excluded from the analysis of the operation result.

Profit from operation of EGCO Group before FX, deferred income tax, impairment and impact of lease income for the year 2017 were 9,268 million Baht, increasing by 111 million Baht comparing the year 2016, which came from a increase in power generation business of 19 million Baht and an increase in other business of 92 million Baht. See more details in 4.1 and 4.2 as below;

#### **4.1 The Analysis of the Operating Results in Power Generation business**

Profit (loss) before FX, deferred income tax, impairment and impact of lease income for the year 2017 of power generation business increased by 19 million Baht from the year 2016, mainly due to an increase in the operating results of SEGSD, Masin-AES, Banpong, NTPC, Klongluang and GPG. On the other hand, those of BLCP, EGCO, SEG, KEGCO, Quezon and Boco Rock decreased as follows:

**SEGSD:** Unit : Million Baht

	<u>2017</u>	<u>2016</u>	<b>Change</b>	
			<b><u>Increase (Decrease)</u></b>	
			<b><u>Amount</u></b>	<b><u>%</u></b>
<i>Electricity revenue</i>	963	-	963	100%
<i>Other income</i>	1	-	1	100%
<b>Total revenues</b>	<b>964</b>	<b>-</b>	<b>964</b>	<b>100%</b>
<i>Cost of sale</i>	(160)	-	160	100%
<i>Other expenses</i>	(586)	-	586	100%
<b>Total expenses</b>	<b>(746)</b>	<b>-</b>	<b>746</b>	<b>100%</b>
<b>Profit (Loss) before FX, deferred income tax, impairment and impact of lease income</b>	<b>218</b>	<b>-</b>	<b>218</b>	<b>100%</b>

- **SEGSD** : The operating result was increased by 218 million Baht mainly due to EGCO's indirect ownership interest in SEGSD at 11.89% since March 31, 2017.

**Masin-AES:**

Unit : Million Baht

	<u>2017</u>	<u>2016</u>	<b>Change</b>	
			<b><u>Increase (Decrease)</u></b>	
			<b><u>Amount</u></b>	<b><u>%</u></b>
<i>Electricity revenue</i>	7,473	6,619	854	13%
<i>Other income</i>	-	-	-	-
<b>Total revenues</b>	<b>7,473</b>	<b>6,619</b>	<b>854</b>	<b>13%</b>
<i>Cost of sale</i>	(4,416)	(3,531)	885	25%
<i>Other expenses</i>	(1,659)	(1,874)	(215)	(11%)
<b>Total expenses</b>	<b>(6,075)</b>	<b>(5,405)</b>	<b>670</b>	<b>12%</b>
<b>Profit (Loss) before FX, deferred income tax, impairment and impact of lease income and service concession</b>	<b>1,398</b>	<b>1,214</b>	<b>184</b>	<b>15%</b>

- **Masin-AES** : The operating result was increased by 184 million Baht mainly due to a decrease in administrative expenses and interest expenses. Whereas, electricity profit was down, caused by more unplanned outage than the previous year.

**Banpong:**

Unit : Million Baht

	<u>2017</u>	<u>2016</u>	<b>Change</b>	
			<b><u>Increase (Decrease)</u></b>	
			<b><u>Amount</u></b>	<b><u>%</u></b>
<i>Electricity revenue</i>	1,149	-	1,149	100%
<i>Other income</i>	-	-	-	-
<b>Total revenues</b>	<b>1,149</b>	<b>-</b>	<b>1,149</b>	<b>100%</b>
<i>Cost of sale</i>	(946)	-	946	100%
<i>Other expenses</i>	(178)	(54)	124	230%
<b>Total expenses</b>	<b>(1,124)</b>	<b>(54)</b>	<b>1,070</b>	<b>100%</b>
<b>Profit (Loss) before FX, deferred income tax, impairment and impact of lease income</b>	<b>25</b>	<b>(54)</b>	<b>79</b>	<b>146%</b>

- **Banpong** : The operating result was increased by 79 million Baht. This was resulted from the commencement of Banpong on October 1, 2017.



**NTPC:**

Unit : Million Baht

	<u>2017</u>	<u>2016</u>	<b>Change</b>	
			<b><u>Increase (Decrease)</u></b>	
			<b><u>Amount</u></b>	<b><u>%</u></b>
<i>Electricity revenue</i>	3,076	3,127	(51)	(2%)
<i>Other income</i>	5	5	-	-
<b>Total revenues</b>	<b>3,081</b>	<b>3,132</b>	<b>(51)</b>	<b>(2%)</b>
<i>Cost of sale</i>	(918)	(919)	(1)	(1%)
<i>Other expenses</i>	(701)	(811)	(110)	(14%)
<b>Total expenses</b>	<b>(1,619)</b>	<b>(1,730)</b>	<b>(111)</b>	<b>(6%)</b>
<b>Profit (Loss) before FX, deferred income tax, impairment and impact of lease income</b>	<b>1,462</b>	<b>1,402</b>	<b>60</b>	<b>4%</b>

- **NTPC** : The operating result was increased by 60 million Baht mainly due to a decrease in interest expense.

**Klongluang**

Unit : Million Baht

	<u>2017</u>	<u>2016</u>	<b>Change</b>	
			<b><u>Increase (Decrease)</u></b>	
			<b><u>Amount</u></b>	<b><u>%</u></b>
<i>Electricity revenue</i>	913	-	913	100%
<i>Other income</i>	1	1	-	-
<b>Total revenues</b>	<b>914</b>	<b>1</b>	<b>913</b>	<b>100%</b>
<i>Cost of sale</i>	(781)	-	781	100%
<i>Other expenses</i>	(135)	(25)	110	440%
<b>Total expenses</b>	<b>(916)</b>	<b>(25)</b>	<b>891</b>	<b>100%</b>
<b>Profit (Loss) before FX, deferred income tax, impairment and impact of lease income</b>	<b>(2)</b>	<b>(24)</b>	<b>22</b>	<b>92%</b>

- **Klongluang** : The operating result was increased by 22 million Baht. This was resulted from the commencement of Klongluang on July 20, 2017.

**GPG:**

Unit : Million Baht

	<u>2017</u>	<u>2016</u>	<b>Change</b>	
			<b><u>Increase (Decrease)</u></b>	
			<b><u>Amount</u></b>	<b>%</b>
<i>Electricity revenue</i>				
- Availability Payment (AP)	2,213	2,333	(120)	(5%)
- Energy Payment (EP)	2,046	3,102	(1,056)	(34%)
Other income	27	40	(13)	(33%)
<b>Total revenues</b>	<b>4,286</b>	<b>5,475</b>	<b>(1,189)</b>	<b>(22%)</b>
Cost of sale	(2,924)	(4,099)	(1,175)	(29%)
Other expenses	(494)	(515)	(21)	(4%)
<b>Total expenses</b>	<b>(3,418)</b>	<b>(4,614)</b>	<b>(1,196)</b>	<b>(26%)</b>
<b>Profit (Loss) before FX, deferred</b>				
<b>income tax, impairment and impact of</b>	<b>868</b>	<b>861</b>	<b>7</b>	<b>1%</b>
<b>lease income</b>				

- **GPG** : The operating result was increased by 7 million Baht mainly due to a decrease in maintenance cost, caused by lower major maintenance than the previous year. Additionally, administrative expenses and interest expenses were decreased. Meanwhile, Availability Payment (AP) decreased according to the PPA and electricity profit was down by lower dispatch of EGAT.

**BLCP:**

Unit : Million Baht

	<u>2017</u>	<u>2016</u>	<b>Change</b>	
			<b><u>Increase (Decrease)</u></b>	
			<b><u>Amount</u></b>	<b>%</b>
<i>Electricity revenue</i>				
- Availability Payment (AP)	3,851	4,084	(233)	(6%)
- Energy Payment (EP)	5,038	5,527	(489)	(9%)
Other income	93	92	1	1%
<b>Total revenues</b>	<b>8,982</b>	<b>9,703</b>	<b>(721)</b>	<b>(7%)</b>
Cost of sale	(6,341)	(6,529)	(188)	(3%)
Other expenses	(661)	(753)	(92)	(12%)
<b>Total expenses</b>	<b>(7,002)</b>	<b>(7,282)</b>	<b>(280)</b>	<b>(4%)</b>
<b>Profit (Loss) before FX, deferred</b>				
<b>income tax, impairment and impact of</b>	<b>1,980</b>	<b>2,421</b>	<b>(441)</b>	<b>(18%)</b>
<b>lease income</b>				

- **BLCP** : The operating result was decreased by 441 million Baht mainly due to a decrease in Availability Payment (AP) and electricity profit, caused by longer maintenance period than the previous year. Whereas, interest and corporate income tax expenses were decreased.

**EGCO:**

Unit : Million Baht

	<u>2017</u>	<u>2016</u>	<b>Change</b>	
			<b><u>Increase (Decrease)</u></b>	
			<b><u>Amount</u></b>	<b><u>%</u></b>
<i>Electricity revenue</i>	-	-	-	-
<i>Other income</i>	609	642	(33)	(5%)
<b>Total revenues</b>	<b>609</b>	<b>642</b>	<b>(33)</b>	<b>(5%)</b>
<i>Cost of sale</i>	-	-	-	-
<i>Other expenses</i>	(4,176)	(4,015)	161	4%
<b>Total expenses</b>	<b>(4,176)</b>	<b>(4,015)</b>	<b>161</b>	<b>4%</b>
<b>Profit (Loss) before FX, deferred income tax, impairment and impact of lease income</b>	<b>(3,567)</b>	<b>(3,373)</b>	<b>(194)</b>	<b>(6%)</b>

- **EGCO** : The operating result was down 194 million Baht owing to an increase in finance costs for invested in SEGSD and NT1PC.

**SEG:**

Unit : Million Baht

	<u>2017</u>	<u>2016</u>	<b>Change</b>	
			<b><u>Increase (Decrease)</u></b>	
			<b><u>Amount</u></b>	<b><u>%</u></b>
<i>Electricity revenue</i>	1,897	1,162	735	63%
<i>Other income</i>	85	5	80	100%
<b>Total revenues</b>	<b>1,982</b>	<b>1,167</b>	<b>815</b>	<b>70%</b>
<i>Cost of sale</i>	(391)	(293)	98	33%
<i>Other expenses</i>	(1,217)	(360)	857	238%
<b>Total expenses</b>	<b>(1,608)</b>	<b>(653)</b>	<b>955</b>	<b>146%</b>
<b>Profit (Loss) before FX, deferred income tax, impairment and impact of lease income</b>	<b>374</b>	<b>514</b>	<b>(140)</b>	<b>(27%)</b>

- **SEG** : The operating result was decreased by 140 million Baht mainly due to an increase in finance costs for invested in SEGSD at 40.90% (8.18% indirect ownership interest of EGCO). Corporate income tax expense was increased since the utilization of tax loss carry forward led to no corporate income tax in Q3/2016. Meanwhile, electricity profit was increased from higher tariff rate than the previous year. Other income was increased by received of insurance claim from landslide in 2015 and recognition of operating performance of SEGSD.

**KEGCO**
**● Khanom Power Plant Unit 4:**

Unit : Million Baht

	<u>.2017</u>	<u>2016</u>	<b>Change</b>	
			<b><u>Increase (Decrease)</u></b>	
			<b><u>Amount</u></b>	<b><u>%</u></b>
<i>Electricity revenue</i>				
- Availability Payment (AP)	4,144	2,472	1,672	68%
- Energy Payment (EP)	9,603	5,442	4,161	76%
Other income	16	18	(2)	(11%)
<b>Total revenues</b>	<b>13,763</b>	<b>7,932</b>	<b>5,831</b>	<b>74%</b>
Cost of sale	(11,255)	(6,250)	5,005	80%
Other expenses	(1,153)	(850)	303	36%
<b>Total expenses</b>	<b>(12,408)</b>	<b>(7,100)</b>	<b>5,308</b>	<b>75%</b>
<b>Profit (Loss) before FX, deferred income tax, impairment and impact of lease income</b>	<b>1,355</b>	<b>832</b>	<b>523</b>	<b>63%</b>

**● Khanom Power Plant Unit 2 and 3:**

Unit : Million Baht

	<u>2017</u>	<u>2016</u>	<b>Change</b>	
			<b><u>Increase (Decrease)</u></b>	
			<b><u>Amount</u></b>	<b><u>%</u></b>
<i>Electricity revenue</i>				
- Availability Payment (AP)	-	972	(972)	(100%)
- Energy Payment (EP)	-	26	(26)	(100%)
Other income	19	13	6	46%
<b>Total revenues</b>	<b>19</b>	<b>1,011</b>	<b>(992)</b>	<b>(98%)</b>
Cost of sale	-	(508)	(508)	(100%)
Other expenses	(66)	53	119	225%
<b>Total expenses</b>	<b>(66)</b>	<b>(455)</b>	<b>(389)</b>	<b>(85%)</b>
<b>Profit (Loss) before FX, deferred income tax, impairment and impact of lease income</b>	<b>(47)</b>	<b>556</b>	<b>(603)</b>	<b>(108%)</b>

- **KEGCO** : The operating result was decreased totalling 80 million Baht. This was resulted from the decrease in profit from the shutdown of Khanom Power Plant Unit 2 and 3, which in 2016 has a high profit from the reduction of provision for decommissioning liability.

**Quezon (Include PEPOI and QMS):**

Unit : Million Baht

	<u>2017</u>	<u>2016</u>	<b>Change</b>	
			<b><u>Increase (Decrease)</u></b>	
			<b><u>Amount</u></b>	<b><u>%</u></b>
Electricity revenue	10,331	10,667	(336)	(3%)
Other income	-	-	-	-
<b>Total revenues</b>	<b>10,331</b>	<b>10,667</b>	<b>(336)</b>	<b>(3%)</b>
Cost of sale	(5,579)	(5,681)	(102)	(2%)
Other expenses	(1,732)	(1,901)	(169)	(9%)
<b>Total expenses</b>	<b>(7,311)</b>	<b>(7,582)</b>	<b>(271)</b>	<b>(4%)</b>
<b>Profit (Loss) before FX, deferred income tax, impairment and impact of lease income</b>	<b>3,020</b>	<b>3,085</b>	<b>(65)</b>	<b>(2%)</b>

- **Quezon** : The operating result was down 65 million Baht mainly due to a decrease in electricity profit from longer maintenance period than the previous year. Whereas, finance costs was down by repricing of loan interest and corporate income tax.

**BOCO ROCK:**

Unit : Million Baht

	<u>2017</u>	<u>2016</u>	<b>Change</b>	
			<b><u>Increase (Decrease)</u></b>	
			<b><u>Amount</u></b>	<b><u>%</u></b>
Electricity revenue	981	1,014	(33)	(3%)
Other income	9	12	(3)	(25%)
<b>Total revenues</b>	<b>990</b>	<b>1,026</b>	<b>(36)</b>	<b>(4%)</b>
Cost of sale	(425)	(398)	27	7%
Other expenses	(481)	(515)	(34)	(7%)
<b>Total expenses</b>	<b>(906)</b>	<b>(913)</b>	<b>(7)</b>	<b>(1%)</b>
<b>Profit (Loss) before FX, deferred income tax, impairment and impact of lease income</b>	<b>84</b>	<b>113</b>	<b>(29)</b>	<b>(26%)</b>

- **BOCO ROCK** : The operating result was decreased by 29 million Baht due to lower wind speed, leading to lower electricity generation.

**Other Subsidiaries in Power Generation business:**

Unit : Million Baht

	Rayong Power Plant		Yanhee EGCO		Roi-Et Green		SPP 2		SPP 3		SPP 4		SPP 5	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Electricity revenue	-	-	1,282	1,300	164	177	172	175	177	178	129	134	184	186
Other income	11	96	11	13	1	1	12	2	-	1	1	1	1	1
<b>Total revenues</b>	<b>11</b>	<b>96</b>	<b>1,293</b>	<b>1,313</b>	<b>165</b>	<b>178</b>	<b>184</b>	<b>177</b>	<b>177</b>	<b>179</b>	<b>130</b>	<b>135</b>	<b>185</b>	<b>187</b>
Cost of sale	-	-	(328)	(321)	(162)	(139)	(53)	(52)	(49)	(49)	(39)	(38)	(49)	(49)
Other expenses	(51)	(145)	(360)	(391)	(13)	(23)	(51)	(55)	(45)	(51)	(36)	(41)	(46)	(51)
<b>Total expenses</b>	<b>(51)</b>	<b>(145)</b>	<b>(688)</b>	<b>(712)</b>	<b>(175)</b>	<b>(162)</b>	<b>(104)</b>	<b>(107)</b>	<b>(94)</b>	<b>(100)</b>	<b>(75)</b>	<b>(79)</b>	<b>(95)</b>	<b>(100)</b>
<b>Profit (Loss) before FX, deferred income tax, impairment and impact of lease income</b>	<b>(40)</b>	<b>(49)</b>	<b>605</b>	<b>601</b>	<b>(10)</b>	<b>16</b>	<b>80</b>	<b>70</b>	<b>83</b>	<b>79</b>	<b>55</b>	<b>56</b>	<b>90</b>	<b>87</b>

**Other Subsidiaries in Power Generation business (continue) :**

Unit : Million Baht

	Theppana		EGCO COGEN		Chaiyaphum*		North pole		Total		Change Increase (Decrease)	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	Amount	%
Electricity revenue	67	76	1,658	1,704	673	36	-	-	4,506	3,966	540	14%
Other income	1	1	2	3	4	1	6	8	50	128	(78)	(61%)
<b>Total revenues</b>	<b>68</b>	<b>77</b>	<b>1,660</b>	<b>1,707</b>	<b>677</b>	<b>37</b>	<b>6</b>	<b>8</b>	<b>4,556</b>	<b>4,094</b>	<b>462</b>	<b>11%</b>
Cost of sale	(27)	(27)	(1,441)	(1,441)	(332)	(14)	-	-	(2,480)	(2,130)	350	16%
Other expenses	(26)	(30)	(73)	(82)	(230)	(31)	(223)	(519)	(1,154)	(1,419)	(265)	(19%)
<b>Total expenses</b>	<b>(53)</b>	<b>(57)</b>	<b>(1,514)</b>	<b>(1,523)</b>	<b>(562)</b>	<b>(45)</b>	<b>(223)</b>	<b>(519)</b>	<b>(3,634)</b>	<b>(3,549)</b>	<b>85</b>	<b>2%</b>
<b>Profit (Loss) before FX, deferred income tax, impairment and impact of lease income</b>	<b>15</b>	<b>20</b>	<b>146</b>	<b>184</b>	<b>115</b>	<b>(8)</b>	<b>(217)</b>	<b>(511)</b>	<b>922</b>	<b>545</b>	<b>377</b>	<b>69%</b>

\* The commercial operation date of Chaiyaphum was on December 16, 2016.

**Other Joint Ventures in Power Generation business**

Unit : Million Baht

	GPS (JV)		GEC (JV)		NED (JV)		GIDEC (JV)		Others* (JV)		Total		Change Increase (Decrease)	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	Amount	%
Electricity revenue	286	297	3,723	3,717	927	940	73	94	-	-	5,009	5,048	(39)	(1%)
Other income	3	-	26	33	12	12	1	1	7	-	49	46	3	7%
<b>Total revenues</b>	<b>289</b>	<b>297</b>	<b>3,749</b>	<b>3,750</b>	<b>939</b>	<b>952</b>	<b>74</b>	<b>95</b>	<b>7</b>	<b>-</b>	<b>5,058</b>	<b>5,094</b>	<b>(36)</b>	<b>(1%)</b>
Cost of sale	(97)	(102)	(3,166)	(3,204)	(242)	(254)	(72)	(61)	-	-	(3,577)	(3,621)	(44)	(1%)
Other expenses	(56)	(61)	(237)	(219)	(136)	(155)	(50)	(63)	(38)	(32)	(517)	(530)	(13)	(2%)
<b>Total expenses</b>	<b>(153)</b>	<b>(163)</b>	<b>(3,403)</b>	<b>(3,423)</b>	<b>(378)</b>	<b>(409)</b>	<b>(122)</b>	<b>(124)</b>	<b>(38)</b>	<b>(32)</b>	<b>(4,094)</b>	<b>(4,151)</b>	<b>(57)</b>	<b>(1%)</b>
<b>Profit (Loss) before FX, deferred income tax, impairment and impact of lease income</b>	<b>136</b>	<b>134</b>	<b>346</b>	<b>327</b>	<b>561</b>	<b>543</b>	<b>(48)</b>	<b>(29)</b>	<b>(31)</b>	<b>(32)</b>	<b>964</b>	<b>943</b>	<b>21</b>	<b>2%</b>

\* SBPL and NT1PC are under construction.

**4.2 The Analysis of the Operating Results in Other businesses**

Profit (loss) before FX, deferred income tax, impairment and impact of lease income for the year 2017 in other businesses increasing by 92 million Baht comparing to the previous as the following details:

**Subsidiaries and Joint Ventures in Other business:**

Unit : Million Baht

	ESCO (Sub)		MME (JV)		Total		Change Increase (Decrease)	
	2017	2016	2017	2016	2017	2016	Amount	%
Revenue	-	-	565	450	565	450	115	26%
Service income	1,063	959	-	-	1,063	959	104	11%
Other income	9	9	4	3	13	12	1	8%
<b>Total revenues</b>	<b>1,072</b>	<b>968</b>	<b>569</b>	<b>453</b>	<b>1,641</b>	<b>1,421</b>	<b>220</b>	<b>15%</b>
Cost of sale	(809)	(752)	(448)	(373)	(1,257)	(1,125)	132	12%
Other expenses	(114)	(115)	(56)	(59)	(170)	(174)	(4)	(2%)
<b>Total expenses</b>	<b>(923)</b>	<b>(867)</b>	<b>(504)</b>	<b>(432)</b>	<b>(1,427)</b>	<b>(1,299)</b>	<b>128</b>	<b>10%</b>
<b>Profit (Loss) before FX, deferred income tax, impairment and impact of lease income and service concession</b>	<b>149</b>	<b>101</b>	<b>65</b>	<b>21</b>	<b>214</b>	<b>122</b>	<b>92</b>	<b>75%</b>

## 5. Report and Analysis of Financial Position

Comparing the Statements of Financial Position as at December 31, 2017 to the Statements of Financial Position as at December 31, 2016 is shown below:

	Consolidated Financial Statement (Million Baht)			
	Year		Change Increase (Decrease)	
	<u>2017</u>	<u>2016</u>	<u>Amount</u>	<u>%</u>
<b>Assets</b>				
Current Assets	39,543	19,998	19,545	97.73%
Investments in joint ventures and associated, net and advance payments for investment	49,325	63,208	(13,883)	(21.96%)
Property, plant and equipment, net	61,723	62,420	(697)	(1.12%)
Other non-current assets	49,741	51,629	(1,888)	(3.66%)
<b>Total Assets</b>	<b>200,332</b>	<b>197,255</b>	<b>3,077</b>	<b>1.56%</b>
<b>Liabilities</b>				
Current Liabilities	7,689	5,420	2,269	41.86%
Long-term loans and debenture (including current portion of long-term loans)	97,664	100,689	(3,025)	(3.00%)
Other current liabilities	8,123	8,548	(425)	(4.97%)
<b>Total Liabilities</b>	<b>113,476</b>	<b>114,657</b>	<b>(1,181)</b>	<b>(1.03%)</b>
<b>Shareholders' Equity</b>				
Parent's shareholders' equity	86,238	81,973	4,265	5.20%
Non-controlling interests	618	625	(7)	(1.12%)
<b>Total Shareholders' Equity</b>	<b>86,856</b>	<b>82,598</b>	<b>4,258</b>	<b>5.16%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>200,332</b>	<b>197,255</b>	<b>3,077</b>	<b>1.56%</b>



## **5.1 Asset Analysis**

As of December 31, 2017 the total assets were 200,332 million Baht, increasing by 3,077 million Baht or 1.56% from the year 2016. The details are as follows:

- Current assets increased by 19,545 million Baht or 97.73%. This was caused by reclassification of investment in MPPCL to assets held for sale in the amount of 16,590 million Baht. Cash, cash equivalents and short-term investments increased by 2,496 million Baht from EGCO, Banpong, Klongluang, Quezon and EGCO Cogen. In addition, trade receivable and trade receivable from a related party rose by 1,192 million Baht. Spare parts and supplies of Quezon, Banpong and Klongluang increased by 221 million Baht. KEGCO's financial lease receivable increased by 124 million Baht. Meanwhile, dividend receivable from BLCP and other current assets decreased by 873 million Baht and 205 million Baht, respectively.
- Investments in joint ventures and associated (net) and advance payment for investment decreased by 13,883 million Baht or 21.96% mainly due to reclassification of investment in MPPCL to assets held for sale. Meanwhile, investment increased from acquisition of SEGSD, NT1PC and recognition of share of profits after dividend deduction from joint ventures and associated.
- Property, plant and equipment (net) decreased by 697 million Baht or 1.12% mainly due to Quezon's write-off of asset.
- Other non-current assets decreased in the amount of 1,888 million Baht or 3.66%. This was caused by a decrease of KEGCO's financial lease receivable by 2,311 million Baht. The long-term loan receivable from SEG, for convert to equity to purchase of SEGSD, decreased by 839 million Baht. Deferred expenses decreased by 232 million Baht. Whereas, dividend receivable from BLCP increased by 709 million Baht. The investment in Xayaburi and other non-current assets increased by 692 million Baht and 93 million Baht, respectively.

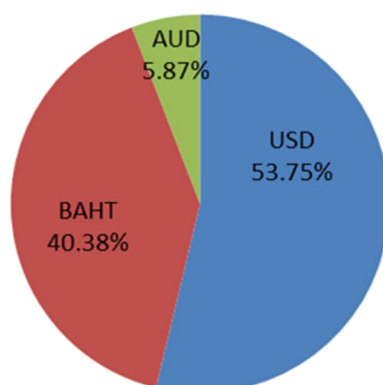
## **5.2 Liability Analysis**

As of December 31, 2017 the total liabilities were 113,476 million Baht, decreasing by 1,181 million Baht or 1.03% from the year 2016. The details are as follows:

- Current liabilities increased in the amount of 2,269 million Baht or 41.86% mainly due to the drawn down of short-term loan of EGCO in the amount of 1,150 million Baht. Furthermore, trade payable and trade payable to a related party of Banpong, Klongluang, Quezon and EGCO Cogen rose by 934 million Baht. Other current liabilities increased by 185 million Baht mainly from retention of Banpong Chaiyaphum and Klongluang.
- Long-term loans and debenture decreased by 3,025 million Baht or 3.00% mainly due to the principle repayment of long-term loan. Whereas, the drawn down of long-term loan of EGCO to invest in SEGSD and NT1PC.

\* Outstanding long-term loans are as follows:

- USD loans : 1,528 million US dollars, equivalent to 50,127 million Baht
- Baht loans : 37,664 million Baht
- AUD loans : 216 million Australian dollars, equivalent to 5,477 million Baht



**Loan maturities schedule as at December 31, 2017**

Unit : Million Baht

<b>Maturity</b>	<b>EGCO</b>	<b>KEGCO</b>	<b>Banpong</b>	<b>Quezon</b>	<b>Boco Rock</b>	<b>CFW</b>	<b>Klongluang</b>	<b>Yanhee EGCO</b>	<b>SPP 2,3,4,5</b>	<b>Theppana</b>	<b>Total</b>
<i>Within 1 year</i>	-	1,247	356	1,438	5,460	316	187	397	353	29	9,783
<i>2 - 5 years</i>	35,552	5,502	1,394	5,001	-	1,515	690	1,760	1,211	139	52,764
<i>Over 5 years</i>	7,591	9,260	5,824	-	-	2,855	3,224	1,105	110	98	30,067
<b>Total</b>	<b>43,143</b>	<b>16,009</b>	<b>7,574</b>	<b>6,439</b>	<b>5,460</b>	<b>4,686</b>	<b>4,101</b>	<b>3,262</b>	<b>1,674</b>	<b>266</b>	<b>92,614</b>

\* Debenture : Yen 17,120 million, redeems within 7 years from the issuance date, had a cross currency swap to US Dollar 143.05 million

- Non-current liabilities decreased by 425 million Baht or 4.97% mainly due to deferred income tax liabilities of Quezon and advance payment to contractor decreased by 552 million Baht and 51 million Baht, respectively. Meanwhile, other non-current liabilities increased by 178 million Baht

### 5.3 Shareholders' Equity Analysis

As of December 31, 2017, total Shareholders' Equity were 86,856 million Baht increasing by 4,258 million Baht or 5.16% from the year 2016. The main reasons are as follows: Firstly, EGCO's operating profit in Income Statement increased by 11,818 million Baht. Secondly, the additional unrealised gains on investments in marketable securities was 148 million Baht. Thirdly, the effect from the translation adjustment of currencies to Thai Baht for offshore subsidiaries, associated and joint ventures decreased by 4,120 million Baht and lastly, a decrease by dividend payment in the amount of 3,554 million Baht.

### 5.4 Cash Flow Analysis

As of December 31, 2017 cash and cash equivalents were 6,787 million Baht, increasing by 2,299 million Baht comparing to December 31, 2016. The details are as follows:

	Unit: Million Baht
Net cash <u>received from</u> operating activities	11,019
Net cash <u>payment for</u> investing activities	(2,896)
Net cash <u>payment for</u> financing activities	(5,167)
Loss from the effect of foreign exchange rate	(657)
	<hr/>
Net increase in cash	<u>2,299</u>

- **Net cash received from operating activities** was 11,019 million Baht from operating of EGCO and its subsidiaries.

- **Net cash payment for investing activities** was 2,896 million Baht. The amount of 4,059 million Baht was used for construction costs and development costs of Banpong, Klongluang and Chaiyaphum. Investment in SEGSD were 2,687 million Baht. Cash payment for investments and advance for additional share capital of NT1PC were 770 million Baht. Equity injection in Xayaburi was 695 million Baht. Short-term and long-term payments used as collateral were 391 million Baht. Meanwhile, the dividend received from joint ventures and other company were 5,348 million Baht. Interest income and Cash receipts for short-term and long-term investments were 212 million Baht and 146 million Baht, respectively.

- **Net cash payment for financing activities** was 5,167 million Baht, resulted from the principle repayment of short-term and long-term loans totalling 11,221 million Baht, interest payment of loans and financing fees totalling 4,468 million Baht and the dividend payment to shareholders amounting to 3,605 million Baht and. Meanwhile, the drawn down loans was 14,127 million Baht.

## 6. Financial Ratios

### **Profitability Ratios**

	<u>2017</u>	<u>2016</u>	<u>Change</u> <u>Increase/(Decrease)</u>
Gross Profit Ratio (%)	36.07	38.52	(2.45)
Operating Profit Ratio before FX (%)	29.12	30.80	(1.68)
Profit Ratio before FX (%)	14.08	14.60	(0.52)
Profit before FX per share (Baht)	17.59	16.08	1.51

### **Trade receivables aging summary**

Aging periods of trade receivables as at December 31, 2017 are shown in the table below:

Unit: Million Baht

	<u>2017</u>	<u>2016</u>	<u>Change</u> <u>Increase/(Decrease)</u>	
			<u>Amount</u>	<u>%</u>
Current	1,966	1,913	53	3%
Overdue less than 3 months	-	7	(7)	(100%)
Overdue between 3 – 6 months	3	-	3	100%
Overdue between 6 – 12 months	-	14	(14)	(100%)
Overdue more than 12 months	-	-	-	-
Trade receivables, net	<b>1,969</b>	<b>1,934</b>	<b>35</b>	<b>2%</b>

### **Leverage Ratio and Liquidity Ratio**

	<u>2017</u>	<u>2016</u>	<u>Change</u> <u>Increase/(Decrease)</u>
Debt to equity ratio (Time)			
- Consolidated	1.31	1.39	(0.08)
- Company	0.80	0.81	(0.01)
Book value per share (Baht)			
- Consolidated	163.81	155.70	8.11
- Company	120.83	112.37	8.46
Current ratio (Time)			
- Consolidated	2.26	1.49	0.77
- Company	1.71	0.82	0.89
Interest Coverage Ratio (Time)			
- Company	5.56	4.66	0.90

## **7. Future Plans**

EGCO continues to develop business in response to the Company's sustainable growth. The Company focuses on power projects due to its knowledge and expertise in power business. Having a strong intention to carry on its power generation business with accountability to the society, environment, and stakeholders, EGCO has set a new vision: "To be a major sustainable Thai power company doing business in Thailand and the Asia Pacific region, with full commitment to environment protection and social development support". To ensure its sustainable growth and accountability to the stakeholders, EGCO aims to maintain the return on equity (ROE) at 10% minimum and drive the business based on three main strategies: Business, Society and Environment, and Corporate Governance, which can be summarized as follows:

- **Business Strategy:** EGCO will focus on asset management to ensure maximum efficiency of the existing power plant in order to guarantee its highest performance and to benefit all shareholders as planned; managing projects under construction to be completed as scheduled and within the planned budget; and seeking new investment opportunities through acquisition of commercially operating assets to immediately recognize incomes; as well as developing new projects within the existing plant sites and pursuing greenfield project investments for long-term income generation. Moreover, EGCO Group aims to increase renewable energy portfolio to achieve 30% by 2016 from both domestic and overseas.
- **Society and Environment Strategy:** EGCO has full commitment for environment protection and has strong intention to decrease negative impacts and increase positive impacts along with EGCO business processes. Our target is to enhance EGCO's environmental management and coexistence in harmony with local community.
- **Corporate Governance Strategy:** EGCO will conduct its business management with good corporate governance representing the key indicator of the efficiency, fairness, transparency and responsibility towards environment, society and every stakeholder.