

12 May 2020

Subject: Management Discussion and Analysis for the period ended 31 March 2020

 To: The President  
 The Stock Exchange of Thailand

SAAM Energy Development Public Company Limited (the "Company") would like to provide explanation and analysis regarding financial performance and position for the year ended 31 March 2020 as follows.

**Financial performance**

Statement of income	Consolidated Financial Statements for					
	Quarter 1 of 2020 (Unaudited but reviewed)		Quarter 1 of 2019 (Unaudited but reviewed)		Change Increase (Decrease)	
	THB Million	%	THB Million	%	THB Million	%
<b>Revenues</b>						
Sales income	4.77	23.18%	4.46	24.43%	0.31	6.99%
Service and rental income	13.73	66.67%	13.73	75.18%	-	-
Other income	2.09	10.15%	0.07	0.39%	2.02	2,845.07%
<b>Total revenues</b>	<b>20.60</b>	<b>100.00%</b>	<b>18.26</b>	<b>100.00%</b>	<b>2.33</b>	<b>12.77%</b>
<b>Expenses</b>						
Cost of sales	1.56	7.56%	1.51	8.26%	0.05	3.25%
Cost of service and rental	3.32	16.11%	3.25	17.82%	0.06	1.94%
Selling and service expenses	0.05	0.26%	0.05	0.30%	-	-
Administrative expenses	5.47	26.53%	6.83	37.37%	(1.36)	(19.94%)
<b>Total expenses</b>	<b>10.39</b>	<b>50.47%</b>	<b>11.64</b>	<b>63.75%</b>	<b>(1.25)</b>	<b>(10.73%)</b>
<b>Profit before finance cost and income tax expenses</b>	<b>10.20</b>	<b>49.53%</b>	<b>6.62</b>	<b>36.25%</b>	<b>3.58</b>	<b>54.09%</b>
Finance cost	1.04	5.03%	1.27	6.98%	(0.24)	(18.76%)
<b>Profit before income tax expenses</b>	<b>9.17</b>	<b>44.51%</b>	<b>5.35</b>	<b>29.28%</b>	<b>3.82</b>	<b>71.44%</b>
Income tax expenses	1.84	8.93%	0.78	4.26%	1.06	136.38%
<b>Profit for the period</b>	<b>7.33</b>	<b>35.58%</b>	<b>4.57</b>	<b>25.02%</b>	<b>2.76</b>	<b>60.39%</b>
<b>Profit for equity holders of the Company</b>	<b>7.35</b>	<b>35.71%</b>	<b>4.59</b>	<b>25.14%</b>	<b>2.76</b>	<b>60.18%</b>
Profit for non-controlling interests of the subsidiaries	(0.03)	(0.13%)	(0.02)	(0.12%)	0.00	18.18%

## Revenue

Total revenues from operation of SAAM Group consist of (1) revenues from provision of service and rental including the procurement of project site location and rendering of related services to clients who operate 17 solar power projects in Thailand, and (2) revenues from the sale of electricity from its own solar power project operated by its direct subsidiary.

In Quarter 1 of 2020, revenues are THB 20.60 million, a THB 2.33 million or 12.77% increase from the same period of the previous year (In Quarter 1 of 2019: THB 18.26 million) mainly due to the increase in revenue from sale of electricity following greater irradiation and an increase in other income following unrealized gain from foreign exchange not related to business operations.

### - Sales income

SAAM Group's income from sale of electricity is generated from a 2.0 MW solar power project in Thailand which is operated by SAAM-SP1. In Quarter 1 of 2020, electricity sales are THB 4.77 million, representing 23.18% of total revenue, reflecting a THB 0.31 million or 6.99% increase from the same period of the previous year (Quarter 1 of 2019: THB 4.46 million), which is line with the greater irradiation.

### - Service income and rental income

In Quarter 1 of 2020, SAAM Group's service and rental income, representing stable income generation from long-term contracts with customers operating solar power projects in Thailand, amounted to THB 13.73 million, representing 66.67% of total revenue (Quarter 1 of 2019: THB 13.73 million).

### - Other income

In Quarter 1 of 2020, other income amounted to THB 2.09 million, a THB 2.02 million or 2,845.07% increase from the same period of the previous year (Quarter 1 of 2019: THB 0.07 million). Other income mainly includes interest income, consultation income, and gains from foreign exchange, and the increase in other income is mainly attributable to the increase in unrealized gain from foreign exchange, which is not related to the Company's core business.

## Cost of sales and services

Cost of sales and services consists of cost of sales from renewable energy investment business, cost of services and rental from project site procurement and rendering of related services business, and renewable energy project development. In Quarter 1 of 2020, cost of sales and services amounted to THB 4.88 million, reflecting a THB 0.11 million or 2.35% increase from the same period of the previous year (Quarter 1 of 2019: THB 4.76 million).

Consolidated financial statements Cost of sales and services	Quarter 1 of 2020 (Unaudited but reviewed)		Quarter 1 of 2019 (Unaudited but reviewed)		Change Increase (Decrease)	
	THB million	%	THB million	%	THB million	%
Cost of sales – sale of electricity	1.56	31.96%	1.51	31.68%	0.05	3.25%
Cost of services and rental – provision of services and development of renewable energy projects	3.32	68.04%	3.25	68.32%	0.06	1.94%
<b>Total</b>	<b>4.88</b>	<b>100.00%</b>	<b>4.76</b>	<b>100.00%</b>	<b>0.11</b>	<b>2.35%</b>

- Cost of sales

Cost of sales related to generation and distribution of electricity under SAAM-SP1 mainly includes (1) depreciation expense for the solar power project, (2) operation and maintenance, and (3) other costs such as utility expenses, insurance, and power development fund. In Quarter 1 of 2020, costs of sales amounted to THB 1.56 million, a THB 0.05 million or 3.25% increase from the same period of the previous year (Quarter 1 of 2019: THB 1.51 million).

- Cost of services and rental

Cost of services and rental mainly consists of (1) cost of security and cleaning services within site location such as the cleaning of solar panels, cutting grass, maintenance of equipment, and costs related to renewable energy project development overseas, (2) land rental for solar projects operating under SAAM, SAAM-1, SAAM-2, and SAAM-3, and (3) depreciation expense for buildings and equipment. In Quarter 1 of 2020, cost of services and rental amounted to THB 3.32 million, a THB 0.06 million or 1.94% increase from the same period of the previous year (Quarter 1 of 2019: THB 3.25 million), mainly due to the amortization of asset right of use following adoption of the Thai Financial Reporting Standards: TFRS 16 on Leases, which added to the land lease amount from the previous year.

In Quarter 1 of 2020, SAAM Group's gross profit amounted to THB 13.63 million, representing gross profit margin of 73.66%, a THB 0.20 million or 1.49% increase from the same period of the previous year (Quarter 1 of 2019: THB 13.43 million) mainly due to the increased income from sale of electricity solar power project in Thailand.

**Selling and administrative expenses**

- Selling and service expenses

In Quarter 1 of 2020, selling expenses amounted to THB 0.05 million, equal to the same period of the previous year (Quarter 1 of 2019: THB 0.05 million). Selling expense includes commission expenses for land procurement and coordination in relation to services provided in solar power projects in Thailand in which SAAM Group provides services for its clients, and entertainment expense supporting the sale of renewable energy projects overseas.

- Administrative expenses

In Quarter 1 of 2020, administrative expenses amounted to THB 5.47 million, a THB 1.36 million or 19.94% decrease from the same period of the previous year (Quarter 1 of 2019: THB 6.83 million). Administrative expenses mainly include salary, employee and management benefits, office rental, travel expenses, and professional fees. In Quarter 1 of 2020, the decrease in administrative expenses is mainly due to (1) THB 0.59 million decrease in expenses related to the preparation for listing on the Stock Exchange of Thailand and expenses related to the Stock Exchange of Thailand, (2) THB 0.27 million decrease in professional fees, (3) THB 0.27 million decrease in accounting and audit fees, and (4) no unrealized loss on foreign exchange relating to equipment deposit.

**Finance cost**

In Quarter 1 of 2020, finance cost amounted to THB 1.04 million, a THB 0.24 million or 18.76% decrease from the same period of the previous year (Quarter 1 of 2019: THB 1.27 million) following repayment of loans.

**Net profit**

In Quarter 1 of 2020, SAAM Group's net profit amounted to THB 7.33 million, a THB 2.76 million or 60.39% increase from the same period of the previous year (Quarter 1 of 2019: THB 4.57 million), mainly due to increase in other income from unrealized gain on foreign exchange relating to equipment deposit amounting to THB 1.84 million, interest earned from time deposit account amounting to THB 0.22 million, as well as increase in income from the sale of electricity generated by SAAM Group's solar power project operating in Thailand amounting to THB 0.31 million. Moreover, SAAM Group has decreased administrative expenses following decreases in expenses related to the preparation for listing on the Stock Exchange of Thailand and expenses related to the Stock Exchange of Thailand amounting to THB 0.59 million, professional fees amounting to THB 0.27 million, accounting and audit fees amounting to THB 0.27 million, and no unrealized loss on foreign exchange relating to equipment deposit.

**Financial position**

Financial Position	Consolidated financial statements					
	As of 31 March 2020 (Unaudited but reviewed)		As of 31 December 2019 (Audited)		Change Increase (Decrease)	
	THB million	%	THB million	%	THB million	%
Total assets	431.81	100.00%	400.73	100.00%	31.08	7.76%
Total liabilities	133.21	30.85%	110.69	27.62%	22.52	20.34%
Total shareholders' equity	298.60	69.15%	290.04	72.38%	8.56	2.95%

**Assets**

At the end of Quarter 1 of 2020, SAAM Group presented total assets of THB 431.81 million, mainly comprising property, plant and equipment (PPE) including solar power project and land under its subsidiary, and investment properties including project land used as site location for clients' solar power projects. Total assets increased by THB 31.08 million or 7.76% from the end of the previous year (End of 2019: THB 400.73 million) mainly due to the increase in right of use following adoption of the Thai Financial Reporting Standards: TFRS 16 on Leases amounting to THB 39.09 million.

**Liabilities**

At the end of Quarter 1 of 2020, SAAM Group presented total liabilities of THB 133.21 million, mostly comprising long-term loans from a financial institution for SAAM-SP1 solar power project and SAAM-3 land purchase, and trade and other payables. Total liabilities increased by THB 22.52 million or 20.34% from the end of the previous year (End of 2019: THB 110.69 million) mainly due to increase in liabilities under lease agreements of THB 29.22 million following adoption of the Thai Financial Reporting Standards: TFRS 16 on Leases.

**Shareholders' equity**

At the end Quarter 1 of 2020, SAAM Group presented total shareholders' equity of THB 298.60 million, a THB 8.56 million or 2.95% increase from the end of the previous year (End of 2019: THB 290.04 million) mainly due to the Company's generation of net profit.

Please be informed accordingly,

Yours sincerely,

Mr. Podduang Kongkamee  
Chief Executive Officer