



BCPG Public Company Limited Management Discussion and Analysis For 1Q/2023 Operating Results

9th May 2023



Energizing
a Greener and
Sustainable
World

Executive Summary

Financial Highlight

Unit: THB million	1Q22	1Q23	Δ %	4Q22	Δ %
Revenue from sales and rendering of servic	1,158.5	1,057.2	(8.7%)	1,266.7	(16.5%)
Share of profit of investment in associates*	141.7	40.0	(71.8%)	13.8	189.5%
EBITDA*	1,057.1	808.8	(23.5%)	935.2	(13.5%)
Net profit attributable to owners of paren	1,363.0	511.8	(62.5%)	295.9	72.9%
Core profit*	516.7	159.8	(69.1%)	374.5	(57.3%)

*Excluding gain/loss on FX and one-time items

Q1/2023: BCPG or the Group of Companies recorded core profit of THB 159.8 million, dropped by 69.1% YoY and 57.3% QoQ. These were resulted from the following factors.

-69.1% YoY

- (-) Lower revenue contribution from solar projects in Thailand due to the expiration of adder power plants, totaling 56 MW in July and October 2022 as well as March 2023. Yet, the impact of adder expiry was lessened by the higher Ft rate.
- (-) Lower revenue contribution from hydropower projects in Lao PDR as the plants being shut down in the quarter in order to prepare for the transfer of electricity sales to Vietnam Electricity (EVN).
- (-) Lower share of profit from associates due to the absence of contribution from geothermal power plants in Indonesia and lower contribution from wind power plant in Philippines.
- (+) However, higher revenue contribution from solar power plants in Japan and wind power plant in Thailand as well as higher share of profit from combined cycle gas turbine power plants in the USA could alleviate some impact.

-57.3% QoQ

- (-) Lower revenue contribution from hydropower projects in Lao PDR, "Nam San 3A" and "Nam San 3B" owing to the plants shutdown as mentioned.
- (+) However, higher revenue contribution from solar power plants in Thailand, wind power plant in Thailand, solar power plants in Japan and higher share of profit from wind power plant in Philippines and combined cycle gas turbine power plants in the USA could alleviate some impact.

Key developments during Q1/2023 until now

TRIS Rating placed Credit Alert “Negative” implication on company and issue rating

In January 2023, TRIS Rating placed the company rating and the ratings on senior unsecured debentures of “A” on Credit Alert with a “Negative” implication. This follows the rating action on Bangchak Corporation PLC (BCP). The rating action follows BCP’s announcement on acquiring 65.99% of the share of ESSO (Thailand) PLC from ExxonMobil Aisa Holdings Pte. The Credit Alert placement indicates uncertainties surrounding the potential impact of the takeover on BCP’s creditworthiness. However, TRIS Rating will revise the Credit Alert again as the transaction reaches the close and TRIS Rating has a clearer picture of BCP’s post-acquisition credit profile.

Invested in 4 combined cycle gas turbine power plants in the USA

On 17 February 2023, the Group of Companies signed a Share Purchase and Sales Agreement, acquiring two projects with a total proportionate capacity of 151 MW (total investment value of USD 115 million or approximately equivalent to THB 3,972 million). As a result, the Group of Companies has an indirect holding of (1) 8.7% in Carroll County Energy (CCE) combined cycle gas power plant located in Ohio, USA with an installed capacity of 700 MW (equivalent equity MW of 61 MW). (2) 7.6% in South Field Energy (SFE) combined cycle power plant located in Ohio, USA with the installed capacity of 1,182 MW (equivalent equity MW of 90 MW). The share purchase transaction has been completed on 27 February 2023.

Subsequently, on 31 March 2023, the Group of Companies signed a Share Purchase and Sales Agreement, acquiring two combined cycle power plants with a total equity capacity of 426 MW (total investment value of USD 260 million or approximately equivalent to THB 8,919 million). As a result, the Group of Companies indirectly holds (1) 25% of Hamilton Liberty (Liberty) combined cycle power plant located in Asylum, Pennsylvania, USA, with the installed capacity of 848 MW (equivalent equity MW of 212 MW). (2) 25% of Hamilton Patriot (Patriot) combined cycle power plant located in Clinton, Pennsylvania, USA, with the installed capacity of 857 MW (equivalent equity MW of 214 MW). Both the Liberty and Patriot power plants have started commercial operations since 2016, thus the profit-sharing recognition will start immediately following the investment completion, which was planned to complete in Q3/2023.

With the inclusion of previous investment made in February 2023, the Group of Companies has invested and reached production capacity of 577 MW in the USA and these investments align with the Group of Companies’ strategies to expand our core business.

Signed a MOU with Xiamen Ampace Technology Limited for battery business development

On 13 March 2023, the Group of Companies signed a Memorandum of Understanding (MOU) with Xiamen Ampace Technology Limited (Ampace) to jointly develop battery for two to three-wheelers electric motorcycles, residential areas, and industries, including seeking potential for setting up battery manufacturing plant to serve Thai and Southeast Asian energy markets. The investment in battery business could also be beneficial to existing projects of BCPG and Bangchak Group and the partnership with Ampace will pave the way for the Group of Companies’ new S-curve in the near future.

Ampace is a joint venture between Amperex Technology Limited (ATL, Hong Kong Special Administrative Region of China) and Contemporary Amperex Technology Limited (CATL, Fujian China), which focuses on advanced lithium-ion battery business, covering the R&D, production, sales and services in three major fields, namely energy storage systems, micro electric vehicles and power batteries. As of 2022, CATL's total sales volume reached USD 467 million.







Dividend payment from the operating results for the second half of the year 2022

On 10 April 2023, the Annual General Meeting of Shareholders for the year 2023 of the Group of Companies approved the dividend payment from the operating results for the second half of the year 2022 (1 July 2022 - 31 December 2022) at THB 0.16 per share. The total dividend payment for the year 2022 is THB 0.36 per share, approximately THB 1,044.42 million. This included the dividend payment from the operating results for the first half of year 2022 (1 January 2022 – 30 June 2022) at THB 0.20 per share.

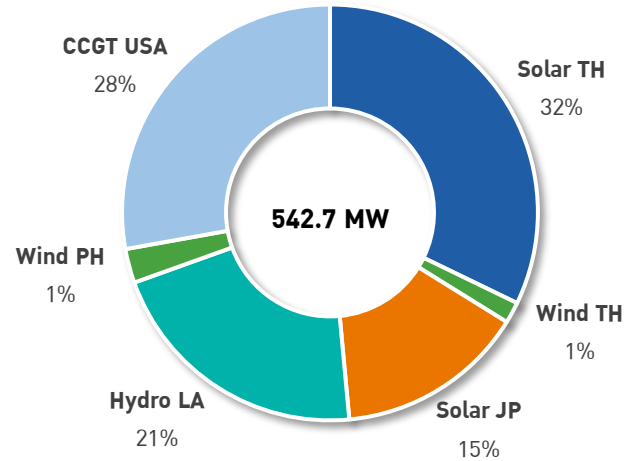
The Group of Companies' Contracted Capacity

Contracted capacity breakdown by countries and types of energy at the end of Q1/2023.

Unit: Equity MW

Country	1Q22	1Q23	Δ %	4Q22	Δ %
Thai					
	172.5	174.7	1.3	173.7	0.6
	9.0	9.0	0.0	9.0	0.0
Japan					
	59.7	79.7	33.5	79.7	0.0
Laos					
	114.0	114.0	0.0	114.0	0.0
The Philippines					
	14.4	14.4	0.0	14.4	0.0
USA					
	0.0	151.0	NA	0.0	NA
Total	369.6	542.7	46.9	390.7	38.9

Contracted capacity breakdown by power types



At the end of Q1/2023, total contracted capacity was at 542.7 MW, increased by 46.9% YoY from the following factors:

- (1) The acquisition of 2 combined cycle gas turbines in the USA with the total equity capacity of 151 MW in February 2023.
- (2) The commercial operation of Yabuki project with the contracted capacity of 20 MW in April 2022.
- (3) The additional commercial operation of new solar rooftops under the CMU Smart City project from April 2022 to January 2023.
- (4) The commercial operation of new solar rooftop

While compared to Q4/2022, total contracted capacity rose by 38.9% QoQ from the following factors:

- (1) The acquisition of 2 combined cycle gas turbines in the USA with the total equity capacity of 151 MW in February 2023.
- (2) The additional commercial operation of new solar rooftops under the CMU Smart City project in January 2023.

Financial Performance

Financial Performance for Q1/2023

Unit: THB million	1Q22	1Q23	Δ (%)	4Q22	Δ (%)
Revenue from sales and rendering of service	1,158.5	1,057.2	(8.7%)	1,266.7	(16.5%)
Cost of sales and rendering of services	(420.6)	(519.5)	23.5%	(532.9)	(2.5%)
Gross profit	737.8	537.7	(27.1%)	733.8	(26.7%)
Administrative expenses*	(147.2)	(152.0)	3.3%	(204.4)	(25.6%)
Operating profit	590.7	385.7	(34.7%)	529.4	(27.2%)
Share of profit of investment in associates (excluding one-time item)	141.7	40.0	(71.8%)	13.8	189.5%
EBITDA*	1,057.1	808.8	(23.5%)	935.2	(13.5%)
Other income/(expense)	17.0	31.8	86.8%	54.6	(41.7%)
FX gain/(loss)	(153.6)	115.3	NA	(62.0)	NA
Other one-time item**	999.9	236.7	NA	(16.6)	NA
EBIT	1,595.7	809.5	(49.3%)	519.3	55.9%
Finance costs*	(206.0)	(229.4)	11.4%	(193.2)	18.7%
EBT	1,389.7	580.1	(58.3%)	326.0	77.9%
Income tax (expense) benefit*	(412.5)	(67.4)	NA	(29.6)	NA
Minority interest	(0.5)	(0.9)	NA	(0.4)	NA
Net profit attributable to owners of parent	976.7	511.8	(47.6%)	295.9	72.9%
Core profit*	516.7	159.8	(69.1%)	374.5	(57.3%)
Basic Earnings per Share (THB)	0.47	0.18	(61.7%)	0.10	80.0%

Remark:

*Excluding gain/(loss) on FX and one-time items

**Including tax related to FX gain/(loss)

	1Q22	1Q23	4Q22
Total one-time items:	846.3	352.0	(78.5)
FX gain/(loss)	(153.6)	115.3	(62.0)
Tax related to FX gain/(loss)	13.3	(28.3)	(6.8)
Other one-time item	986.6	265.0	(9.8)
Net gain from sales of investment in associates	1,644.6	-	-
Loss from disposal and impairment of assets	(628.7)	267.0	(8.9)
Net withholding tax and special business tax	-	(1.9)	(0.9)
Other one-time item	(29.3)	-	-

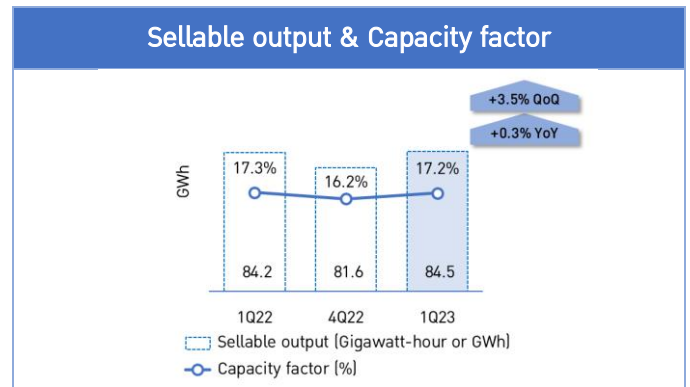
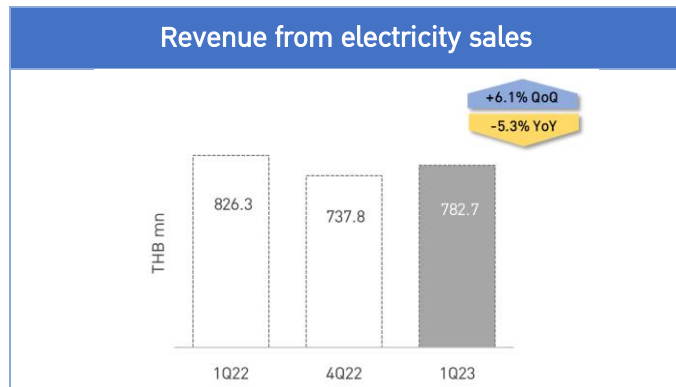
Revenue from sales and rendering of services

The Group of Companies has revenue structures classified by country as follows:

Unit: THB mn	1Q22	1Q23	Δ %	4Q22	Δ %
Thai	846.9	806.9	(4.7)	754.0	7.0
Laos	167.6	0.0	(100.0)	282.2	(100.0)
Japan	134.4	235.7	75.3	202.3	16.5
Other operating income	9.6	14.6	53.9	28.3	(48.0)
Total	1,158.5	1,057.2	(8.7)	1,266.7	(16.5)

The company and subsidiaries: Thailand

Solar



In Q1/2023, the Group of Companies recorded operating revenue from solar power plants in Thailand of THB 782.7 million, decreased by 5.3% YoY but grew by 6.1% QoQ. These were resulted from the following factors.

YoY

(+) Electricity generation grew by 0.3% YoY, thanks to the commercial operation of the solar rooftop (CMU project) during the past 12-month.

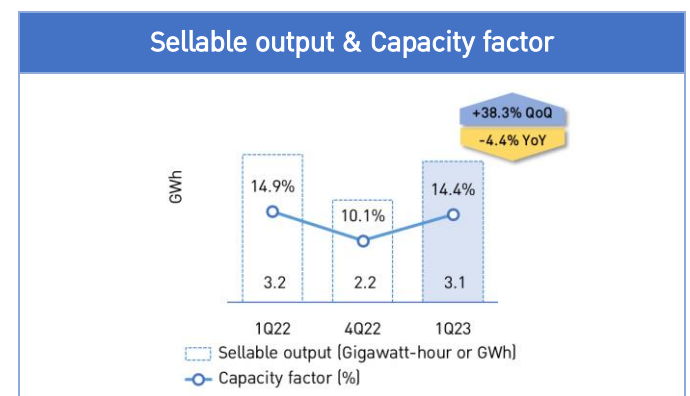
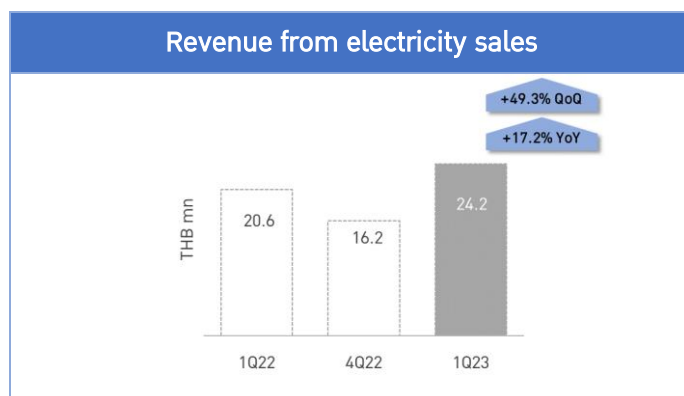
(-) Revenue from solar power plants in Q1/2023 fell YoY as a result of the expiration of adder power plants, totaling 56 MW in July and October 2022 as well as March 2023. However, the impact was lessened by the higher Ft rate.

QoQ

(+) Electricity generation increased by 3.5% QoQ, owing to the seasonal factor.

(+) Revenue from solar power plants in Q1/2023 improved QoQ thanks to the better electricity generation and the increased Ft rate, which fully compensated the impact from 16 MW adder expiration in March 2022.

Wind



In Q1/2023, the Group of Companies recorded operating revenue from a wind power plant in Thailand of THB 24.2 million, increased by 17.2% YoY and 49.3% QoQ. These were resulted from the following factors.

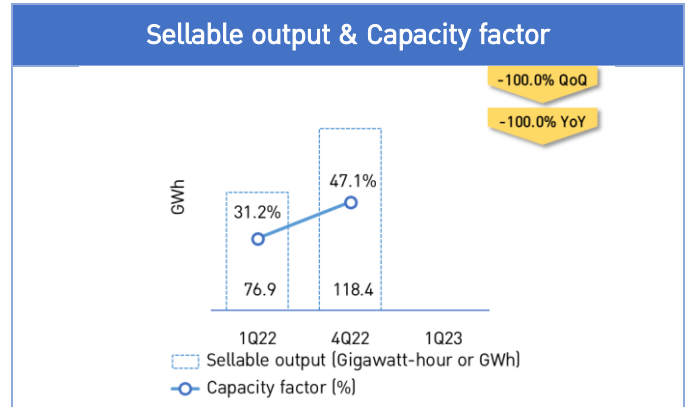
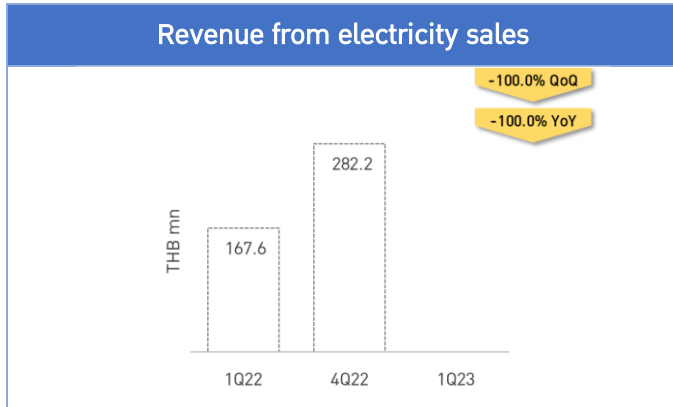
YoY

(+) Higher revenue came from increased ft in the past-12-month, although Electricity generation dropped by 4.4% to 3.1 GWh, resulted from the lower wind speed at the project.

QoQ

(+) Electricity generation increased by 38.3% QoQ, which mainly thank to the higher wind speed.

Subsidiaries: Laos



In Q1/2023, the Group of Companies did not record operating revenue from hydropower plants in Laos as a result to the drop of 100.0% YoY and QoQ. These were resulted from the following factors.

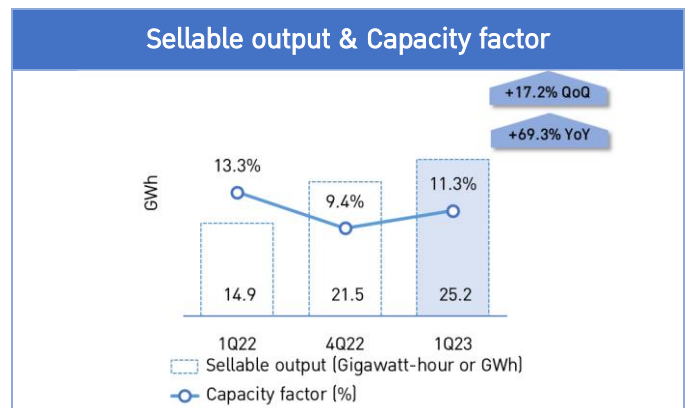
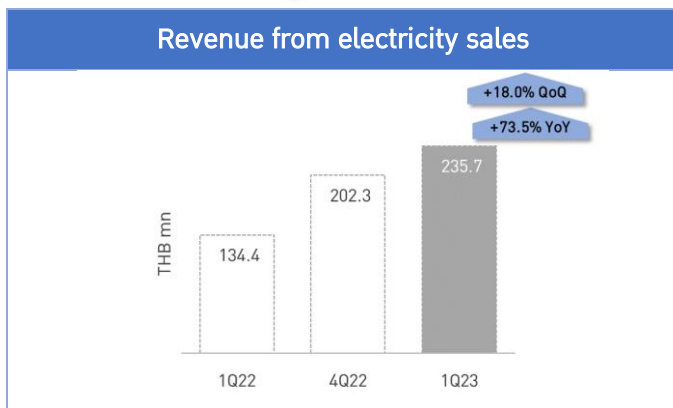
YoY

(-) Electricity generation fell by 100.0.% YoY from the plant shutdowns in the quarter, preparing for electricity sales to EVN.

QoQ

(-) Electricity generation diminished by 100.0%, due to plant shutdowns as mentioned.

Subsidiaries: Japan



In Q1/2023, the operating revenue from solar power plants in Japan was reported at THB 235.7 million, which grew by 73.5% YoY and 18.0% QoQ. These were resulted from the following factors.

YoY

(+) Electricity generation grew by 69.3% YoY, thanks to the commercial operations of 2 new solar power plants, including Komagane Project (Mar 22) and Yabuki Project (Apr 22).

QoQ

(+) Electricity generation improved by 17.2% QoQ, owing to higher irradiation following season factor.

Total revenue from sales and rendering of services

In Q1/2023, total revenue was at THB 1,057.2 million, down by 8.7% YoY and 16.5% QoQ. These were resulted from the following factors.

YoY

(-) Lower revenue from solar power plants in Thailand and hydropower in Lao PDR as mentioned.

QoQ

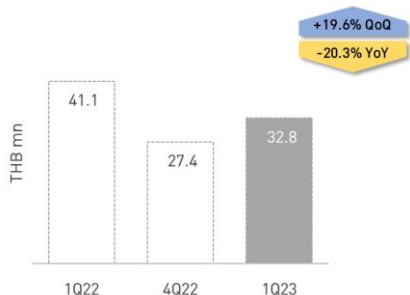
(-) Lower revenue from and hydropower in Lao PDR as mentioned.

Share of profit of investment in associates

The Group of Companies has share of profit of investment in associate's structure classified by country as follows:

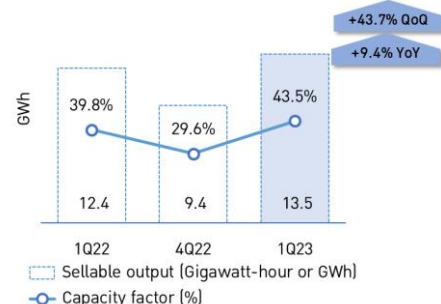
Investment in associates: the Philippines 

Share of profits from operation*



*Share of profits from operation excludes amortization and one-time items.

Sellable output* & Capacity factor



*Sellable output calculation according to holding stake

Unit: THB million	1Q22	1Q23	Δ YoY (%)	4Q22	Δ QoQ (%)
Share profits from operation	41.1	32.8	(20.3%)	27.4	19.6%
(-) Amortization	(7.6)	(7.4)	3.2%	(7.7)	4.6%
Share profits from operation (after amortization)	33.5	25.4	(24.1%)	19.7	29.1%

In Q1/2023, the Group of Companies recorded share of profits from operation (after amortization) of THB 25.4 million, dropped by 24.1% YoY but rose by 29.1% QoQ. These were resulted from the following factors.

YoY

(+) Electricity generation rose by 9.4%, backed by higher capacity factor of 43.5% in the quarter compared to 38.9% in Q1/2022. This came from better wind speed.

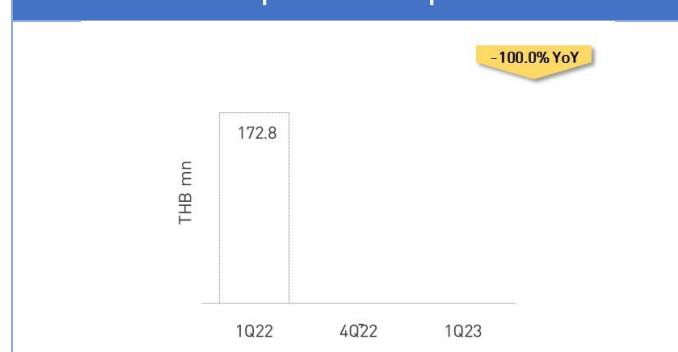
(-) However, share profit from operation (after amortization) decreased YoY because the project received retroactive tariff adjustment for the period of June to December 2021 in Q1/2022 while there was none of this item in this quarter.

QoQ

(+) Electricity generation grew by 43.7% QoQ following a better capacity factor of 43.5% from 29.6% in the previous quarter. This came from the entering to high season in the Philippine, which led to more monsoons than the previous quarter.

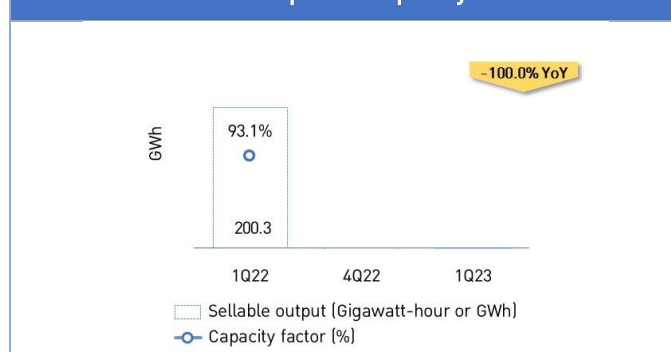
Investment in associates: Indonesia

Share of profits from operation*



*Share of profits from operation excludes amortization and one-time items

Sellable output & Capacity factor

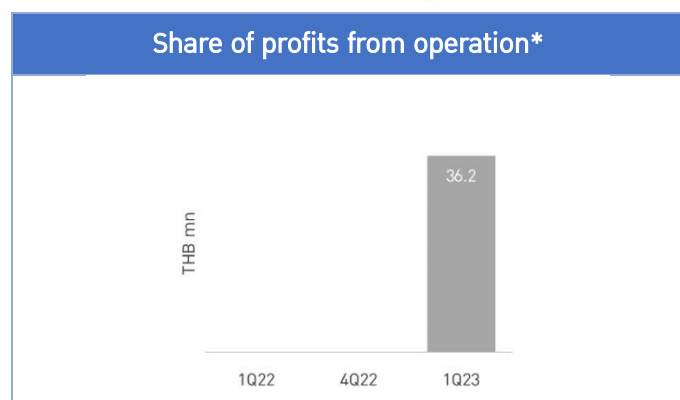


*Sellable output calculation according to holding stake

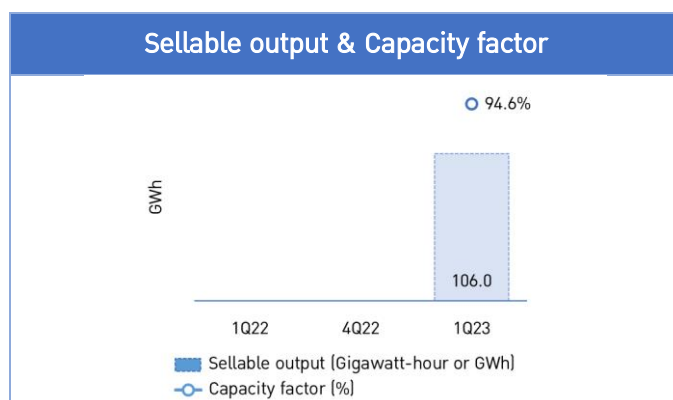
Unit: THB million	1Q22	1Q23	Δ YoY (%)	4Q22	Δ QoQ (%)
Share profits from operation	172.8	-	(100.0%)	-	NA
(-) Amortization	(64.7)	-	(100.0%)	-	NA
Share profits from operation (after amortization)	108.2	-	(100.0%)	-	NA

In Q1/2023, the Group of Companies did not record share of profits from operation (after amortization) of geothermal power plants in Indonesia as the Group of Companies completed the share disposal of Star Energy Group Holdings Pte Ltd. (SEGHPL) on 3 March 2022. As a result, the share of profits from the operation (after amortization) of geothermal power plants decreased by 100% YoY.

Investment in associates: USA 



*Share of profits from operation excludes amortization and one-time items



*Sellable output calculation according to holding stake

Unit: THB million	1Q22	1Q23	Δ YoY (%)	4Q22	Δ QoQ (%)
Share profits from operation	-	36.2	NA	-	NA
(-) Amortization	-	-	NA	-	NA
Share profits from operation (after amortization)	-	36.2	NA	-	NA

In Q1/2023, the Group of Companies recorded share of profits from operation (after amortization) of combined cycle gas turbines in the USA of THB 36.2 million since March 2023.

Share of profit of investment in associates (before one-time items)

Unit: THB million	1Q22	1Q23	Δ YoY (%)	4Q22	Δ QoQ (%)
Share profits from operation	213.9	69.0	(67.8%)	27.4	151.7%
Others	-	(21.6)	NA	(5.9)	NA
(-) Amortization	(72.3)	(7.4)	(89.8%)	(7.7)	(4.6%)
Share profits from operation (after amortization)	141.7	40.0	(71.8%)	13.8	189.5%

In Q1/2023, the Group of Companies recorded share of profits of investment in associates (after amortization and before one-time items) of THB 40.0 million, dropped by 71.8% YoY but grew by 189.5% QoQ. These were resulted from the following factors.

YoY

(-) Share of profit was lower due to lower contribution from wind power project in the Philippines and no contribution from geothermal in Indonesia as mentioned as well as share loss from others business.

QoQ

(+) Share of profit was higher from wind power projects in the Philippines and combined cycle gas turbines in the USA as mentioned.

EBITDA from operation

In Q1/2023, EBITDA from the operation was at THB 808.8 million, weakened by 23.5% YoY and 13.5% QoQ. These were resulted from the following factors.

YoY	QoQ
<p>(-) Lower revenue contributed from solar power projects in Thailand and hydropower projects in Lao PDR as mentioned.</p> <p>(-) No share of profit contributed from geothermal power projects in Indonesia and lower share of profit contributed from wind power project in the Philippine as mentioned.</p>	<p>(-) Lower revenue contributed from hydropower plants in Lao PDR as mentioned.</p>

Administrative expense

In Q1/2023, administrative expense (excluding one-time items) was at THB 152.0 million, increased by 3.3% YoY from higher consulting expenses, while the drop in QoQ was mainly resulted from lower expenses related to employees and consulting.

Administrative expense to revenue in Q1/2023 increased from Q1/2022 due to lower revenue as mentioned but decreased from Q4/2022 owing to lower administrative expense as mentioned.

Unit: %	1Q22	4Q22	1Q23
SG&A / Sales*	12.7	16.1	14.4

**Remark: administrative expenses are excluded from one-time items*

One-time items

In Q1/2023, the Group of Companies has one-time items as follows.

	1Q22	1Q23	4Q22
Total one-time items:	846.3	352.0	(78.5)
FX gain/(loss)	(153.6)	115.3	(62.0)
Tax related to FX gain/(loss)	13.3	(28.3)	(6.8)
Other one-time item	986.6	265.0	(9.8)
Net gain from sales of investment in associates	1,644.6	-	-
Loss from disposal and impairment of assets	(628.7)	267.0	(8.9)
Net withholding tax and special business tax	-	(1.9)	(0.9)
Other one-time item	(29.3)	-	-

Gain/(loss) from foreign exchange

In Q1/2023, the Group of Companies booked FX gain of THB 115.3 million. This mainly came from exchange rate gain from the cash management for the acquisition of combined cycle gas turbines in the USA. As a result, the gain from translation occurred.

YoY	QoQ
(+) FX loss of THB 153.6 million in Q1/2021 from the depreciation of foreign currency against THB.	(+) FX loss of THB 62.0 million in Q4/2022 from depreciation of foreign currency against THB.

One-time expenses from reverse allowance for impairment of assets

In 2022, the Group of Companies recorded allowance for impairment of assets of a solar power project in Japan (10 MW). However, the project could start the construction process and is expected to commercialize as scheduled. As a result, there was the reverse allowance for impairment of assets related to the project in Q1/2023 of THB 267.0 million.

Finance cost

In Q1/2023, the Group of Companies recorded finance cost (excluding one-time items) of THB 229.4 million, increased by 11.4% YoY and 18.7% QoQ due to higher interest rate in the market.

The average finance cost in Q1/2023 grew from Q1/2022 and Q4/2022.

Unit: %	1Q22	4Q22	1Q23
Average finance cost*	2.8	3.1	3.6

**Remark: finance costs are excluded from one-time items*

Core profit

In Q1/2023, the Group of Companies recorded core profit (excluding gain (loss) from FX and one-time items) of THB 159.8 million, dropped by 69.1% YoY and 57.3% QoQ. These were resulted from the following factors.

YoY	QoQ
<p>(-) Lower revenue contributed from solar power projects in Thailand, and hydropower projects in Lao PDR together with the absence of share of profit contributed from geothermal power plants in Indonesia and lower share of profit from wind power project in the Philippines as mentioned.</p> <p>(+) However, higher revenue contributed from solar power plants in Japan and wind power plant in Thailand as well as higher share of profit from combined cycle gas turbine power plants in the USA could alleviate some impact as mentioned.</p>	<p>(-) Lower revenue contributed from hydropower projects in Lao PDR, as mentioned.</p> <p>(+) However, higher revenue contributed from solar power plants in Thailand, wind power plant in Thailand, solar power plants in Japan and higher share of profit from wind power plant in Philippines and combined cycle gas turbine power plants in the USA could alleviate some impact as mentioned.</p>

Net profit attributable to owners of parent

In Q1/2023, the Group of Companies recorded net profit attributable to owners of parent of THB 511.8 million, weakened by 62.5% YoY but strengthened by 72.9% QoQ. This was resulted by one-time items as follows.

YoY	QoQ
(-) In Q1/2023, the total one-time gain of THB 352.1 million was recorded, compared to Q1/2022 that recorded the total one-time gain of THB 846.3 million, as a result the net profit dropped.	(+) In Q1/2023, the total one-time gain of THB 352.1 million was recorded, compared to Q4/2022 that recorded the total one-time loss of THB 78.5 million, as a result the net profit growth.

Financial Position

Financial position analysis as of 31 March 2023

Unit: THB million	2022	% of total assets	1 Q23	% of total assets	Δ (%)
Cash and cash equivalents	20,332.8	36.2%	17,023.6	29.6%	(16.3%)
Current investments	0.0	0.0%	0.0	0.0%	n.a.
Trade accounts receivables	1,762.4	3.1%	1,750.8	3.0%	(0.7%)
Other current assets	833.4	1.5%	445.9	0.8%	(46.5%)
Total current assets	22,928.7	40.8%	19,220.4	33.4%	(16.2%)
Investments in associate & subsidiaries	1,341.7	2.4%	5,576.6	9.7%	315.6%
Property, plant and equipment	17,013.9	30.3%	16,836.1	29.3%	(1.0%)
Goodwill and Intangible assets	11,412.3	20.3%	11,207.1	19.5%	(1.8%)
Other non-current assets	3,514.2	6.3%	4,691.4	8.2%	33.5%
Total non-current assets	33,282.1	59.2%	38,311.2	66.6%	15.1%
Total Assets	56,210.8	100.0%	57,531.6	100.0%	2.3%
Short-term borrowings	0.0	0.0%	0.0	0.0%	n.a.
Current portions of long-term borrowings	2,571.1	4.6%	2,419.7	4.2%	(5.9%)
Long-term borrowings	10,673.7	19.0%	11,832.6	20.6%	10.9%
Debentures	11,995.0	21.3%	11,991.1	20.8%	(0.0%)
Other liabilities	1,695.0	3.0%	1,512.7	2.6%	(10.8%)
Total liabilities	26,934.7	47.9%	27,756.0	48.2%	3.0%
Equity attributable to owners of the Company	29,224.9	52.0%	29,723.5	51.7%	1.7%
Non-controlling interests	51.1	0.1%	52.0	0.1%	1.8%
Total liabilities and Equity	56,210.8	100.0%	57,531.6	100.0%	2.3%

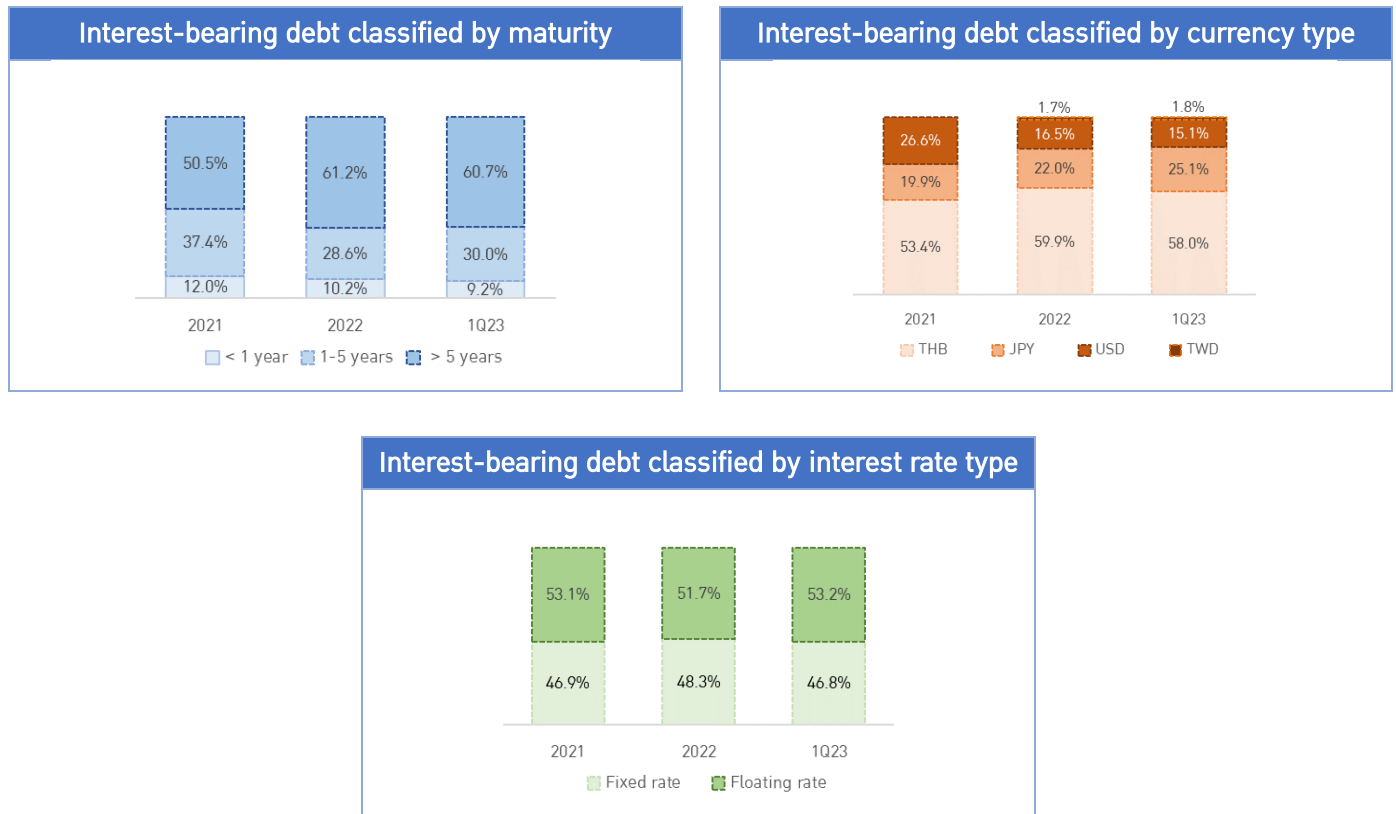
Asset

Total assets was reported at THB 57,531.6 million, grew by 2.3% from ending of 2022. The increase was impacted from the acquisition of two combined cycle gas power plants in the USA through an indirect holding in CCE power plant (net holding at 8.7%) and SFE power plant (net holding at 7.6%). The equity MW of these two power plants are 61 MW and 90 MW respectively.

Liability

Total liabilities was at THB 27,756.0 million, ramped up by 3.0% from ending of 2022. This was mainly due to the increase in long-term loan from financial institutions.

Interest-bearing debt classified by maturity, currency type and interest rates type are as follows.



For Q1/2023, the proportion of interest-bearing debts with a maturity of less than 1 year was at 9.2%, down from ending 2022. The proportion of interest-bearing debts with a maturity of between 1-5 years increased to 30.0%, up from ending 2022 while the proportion of interest-bearing debts with a maturity of over 5 years decreased to 60.7% but still has the largest majority.

Also, when considering interest-bearing debts classified by currency, the proportion of debts in JPY currency increased, while the proportion of debts in THB and USD remains at a similar level to the year-end 2022. The proportion of fixed-rate loans decreased to 46.8%, while the proportion of floating rate interest-bearing debts grew to 53.2%.

Equity

Equity attributable to owners of the group of companies worth THB 29,723.5 million, grew by 1.7% from the end of 2022 following the growth of operating performance.

Cash Flow Statement

Cash flow statement analysis as of 31 March 2023

Unit: THB million	2022	1Q23	Δ
Net cash from (used in) operating activities	2,988.2	1,021.7	(1,966.6)
Net cash from (used in) investing activities	12,336.8	(5,159.9)	(17,496.6)
Net cash from (repay to) financing activities	(6,223.0)	819.6	7,042.7
Net increase in cash and cash equivalents	9,102.0	(3,318.6)	(12,420.6)
Cash and cash equivalents at 1 January	11,227.7	20,332.8	9,105.1
Effect of exchange rate changes on balances held in foreign currencies	3.1	9.4	6.3
Cash and cash equivalents at end period	20,332.8	17,023.6	(3,309.2)
Cash paid for investment activities	(2,012.4)	(4,150.7)	(2,138.4)

For Q1/2023, net cash flow from operating activities was THB 1,021.7 million. Meanwhile, net cash flow used in investing activities was at THB 5,159.9 million, which was resulted from the acquisition of 2 combined cycle power plants in this quarter. Net cash flow from financing activities was THB 819.6 million, mainly came from the loan drawdown from financial institutions. As a result, cash and cash equivalents at end of Q1/2023 was at THB 17,023.6 million.

Key Financial Ratio

Key financial ratio analysis as of 31 March 2023

	1Q22	1Q23	Δ	4Q22	Δ
Profitability ratio					
Gross profit margin (%)	63.7	50.9	(12.8)	57.9	(7.1)
EBITDA margin (%)*	81.3	73.7	(7.6)	73.0	0.6
Net profit margin (%)	117.7	48.4	(69.2)	23.4	25.1
ROE (%) (Annualized)	19.5	7.2	(12.3)	4.2	3.0
ROA (%) (Annualized)	9.2	3.5	(5.7)	2.1	1.5
Liquidity ratio					
Current ratio (x)	5.5	6.1	0.6	6.6	(0.5)
Account receivable turnover (x)	2.8	2.8	0.1	2.6	0.3
Average collection period (days)	132.1	128.6	(3.4)	141.2	(12.5)
Leverage ratio					
Interest-bearing debt/equity (x)	1.0	0.9	(0.1)	0.9	0.0
Net interest-bearing debt/equity (x)	0.1	0.3	0.2	0.2	0.1
Total liability/equity (x)	1.1	0.9	(0.2)	0.9	0.0

*EBITDA margin (%) = EBITDA/(sales + share of profit before one-time items)

Profitability ratio

Gross profit margin in Q1/2023 was at 50.9%, decreased from Q1/2022 due to adder expiration of solar power plants in Thailand and the shutdowns of Nam San 3A&3B regarding the electricity sales transfer to EVN. While EBITDA margin in Q1/2023 was at 73.7% and the net profit margin was reported at 48.4%, dropped YoY from the recognition of gain from the sales of investment in associates in Q1/2022.

Liquidity ratio

The Group of Companies specifies a credit term for trade receivables of no more than 60 days. As of the end of Q1/2023, the majority of operating income of the Group of Companies comes from the State Enterprise, namely EGAT and PEA. These state enterprises need to follow the payment condition in Power Purchase Agreement (PPA) or practice of individual state enterprises.

Average collection period as of Q1/2023 decreased YoY and QoQ as in 2022 the Group of Companies successfully converted the EDL account receivables to the investment in transmission line project. Thus, the average collection period was lower.

However, the Group of Companies still closely monitored EDL debt collection and continued to receive payment. In addition, the hydropower plants have a Power Purchase Agreement (PPA) with EVN, which will begin to sell electricity within Q2/2023. This would reduce the average collection period by getting faster payment.

Leverage ratio

Interest-bearing debt to equity ratio at the end of Q1/2023 was at 0.9 times, reduced from Q1/2022 from the lower of interest-bearing debt and the growth of equity portion following the business expansion. While the interest-bearing debt to equity ratio remained at a similar level to Q4/2022.

Other important information

Key factors which could affect to the Group of Companies performance

The group of companies estimates key factors which could affect its short-term operations as follow:

(+/-) Changes in the policy of the government and other related parties in conducting businesses in Thailand and Japan. The change might affect the group of companies' under-construction projects and the prospect of business in the future. However, one of the main strategies is to focus an investment to the country that has clear renewable energy supporting policy in Power Development Plan. We also followed the change in policy closely.

(+/-) The fluctuation of THB against JPY and USD will allow the group of companies to book gain/loss in FX translation due to net assets/liability balance sheet exposure in foreign currency. Nevertheless, the group of companies have a plan to manage and follow net assets/liabilities to blend with both transaction and functional currency in each footprint to decrease impact from FX translation.

(+/-) A change in interest rate is expected to allow the financial cost of the group of companies to change slightly since approximate 53% of the group of companies's interest-bearing debt bears with floating rates. However, the group of companies believes that the financial cost will be well-managed under the prudent financial policy. The Group of the Companies is in the process of offering debentures in THB for repayment of debts, most of which are floating interest rate, and some are in foreign currency. Therefore, this could reduce the risk of interest rate and the exchange rate.

(+/-) Seasonality factors in each country have impact on electricity generation performance of the group of the group of companies from renewable energy including Solar conditions, Wind and Hydro. For example, in the rainy season, electricity generation from solar will decrease while, on the other hand, electricity generation from hydropower will increase.

(-) At this moment, the Group of the Companies have various types of counterparties, including domestic counterparties and international counterparties both in developing countries and under developing countries. Moreover, there were counterparties in the government sector and private sector. The different types of counterparties have different levels of credit risk. However, the Group of the Companies has managed to diversify the counterparties' risk in portfolio. In some circumstances, the counterparty's credit risk could be managed by switching counterparty to another counterparty with a better credit risk profile.

Appendices

Sellable electricity output by each power plants

<i>MWh</i>	1Q22	1Q23	Δ (%)	4Q22	Δ (%)
Total production	179,264	112,800	(37.1%)	223,765	(49.6%)
Production - Thailand (Solar)	84,234	84,509	0.3%	81,633	3.5%
Production - Adder	68,789	68,556	(0.3%)	66,350	3.3%
Tariff (Incl. adder) (THB-kWh)	11.10	10.29	(7.3%)	10.18	1.1%
Production - FiT 5.66	6,920	6,715	(3.0%)	6,733	(0.3%)
Feed in Tariff (THB-kWh)	5.66	5.66	0.0%	5.66	0.0%
Production - FiT 4.12	3,488	3,354	(3.8%)	3,207	4.6%
Feed in Tariff (THB-kWh)	4.12	4.12	0.0%	4.12	0.0%
Public solar	5,036	5,884	16.8%	5,342	10.1%
Feed in Tariff (THB-kWh)	2.98	4.08	36.9%	3.56	14.6%
Production - Thailand (Wind)	3,223	3,079	(4.4%)	2,227	38.3%
Tariff (Incl. adder) (THB-kWh)	6.26	7.85	25.4%	7.27	8.0%
Production - Japan (Solar)	14,895	25,212	69.3%	21,514	17.2%
Feed in Tariff (JPY-kWh)	38.17	36.29	(4.9%)	38.99	(6.9%)
Production - Laos (Hydro)	76,912	-	(100.0%)	118,391	(100.0%)
Feed in Tariff (US cents-kWh)	6.66	-	(100.0%)	6.56	(100.0%)

Revenue structure of each power plants

<i>Unit: THB million</i>	1Q22	1Q23	Δ (%)	4Q22	Δ (%)
1. Revenue - Thailand (Solar)	826.3	782.7	(5.3%)	737.8	6.1%
2. Revenue - Thailand (Wind)	20.6	24.2	17.2%	16.2	49.3%
3. Revenue - Japan (Solar)	134.4	235.7	75.3%	202.3	16.5%
4. Revenue - Laos PDR (Hydro)	167.6	-	(100.0%)	282.2	(100.0%)
5. Other operating income	9.6	14.6	52.9%	28.3	(48.4%)
Total revenue	1,158.5	1,057.2	(8.7%)	1,266.7	(16.5%)

Net share profits from investment in associates

<i>Unit: THB million</i>	1Q22	1Q23	Δ YoY (%)	4Q22	Δ QoQ (%)
Share profits from operation	213.9	69.0	(67.8%)	27.4	151.7%
Others	-	(21.6)	NA	(5.9)	NA
(-) Amortization	(72.3)	(7.4)	(89.8%)	(7.7)	(4.6%)
Share profits from operation (after amortization)	141.7	40.0	(71.8%)	13.8	189.5%
(+/-) One-time item					
<i>Amortization of deferred issuance cost from refinanc</i>	-	-	NA	-	NA
<i>Tax provision</i>	-	-	NA	-	NA
<i>Allowance for account receivable</i>	-	-	NA	-	NA
Net share profits	141.7	40.0	(71.8%)	13.8	189.5%

Disclaimer

The information contained in this document is intended to provide and explain the Group of Companies' operation for shareholders and investors to follow and understand operations, financial position and operating factors that will affect the group of companies' s operations better. The information and analysis contained herein have been done by the information as at the date of Financial Statement submission to the Stock Exchange of Thailand as well as relevant sources of information have been believed to be trustworthy. However, the analysis of such information may change in the future if certain factors which are subject to business economic, and competitiveness are changed. The information contained herein does not take into consideration the investment objectives. The group of companies would ask shareholders and investors to use the information with best judgement with regards to the use of information from this presentation.