

Management's Discussion and Analysis

The Group Performance for the 1st Quarter 2024

Banpu Power Public Company Limited and Subsidiaries



1. Management Discussion and Analysis

Banpu Power continues to accelerate its portfolio growth towards leadership in the power generation and distribution business in the Asia-Pacific region. The Company emphasizes diversifying its portfolio beyond merely increasing power generating capacity ("Beyond Megawatts Portfolio"), to include energy generation-related businesses within 2030, such as energy infrastructure, carbon capture utilization and storage (CCUS) projects, and battery energy storage systems (BESS), transitioning into a "Sustainable Energy Generation Company".

In the first quarter of 2024, the Company achieved a net profit of THB 677 million, with EBITDA¹ THB 1,512 million or increased THB 318 million from EBITDA excluding gain from revaluation of investment in same quarter last year. The increased in EBITDA mainly resulted from improved performance of the CHPs and SLG in China, and gas-fired power plant business in the United States.

The Company reported consolidated revenue of THB 6,305 million, an increase of THB 2,822 million or 81% compared to the same quarter last year. The Company reported gross profit of THB 681 million, an increase of THB 780 million or 792% from the same quarter last year. These improvements were driven by higher gross profit of gas-fired power plant in USA, and a higher gross profit of CHPs in China led by an increased in electricity and steam sold together with lower coal price.

The total profit sharing was reported at THB 304 million, mainly from the HPC power plants which contributed to THB 688 million share profit. The SLG power plant in China reported a share profit of THB 31 million, demonstrating continual profit generating due to higher electricity sold. The BLCP power plant reported a loss sharing of THB 150 million, resulting from deferred tax expense and unrealized loss on exchange rate due to depreciation of THB. Excluding these items, BLCP power plant would have operating profit of THB 117 million. There was a share of loss from investments in renewable energy and energy technology businesses, totaling THB 217 million. The Nakoso power plant reported a loss sharing of THB 49 million due to plant maintenance shutdowns to improve efficiency and stability in the long run, and operation resumed in mid-March 2024

Banpu Power continues to enhance business operation efficiency and push forward in fostering energy growth with quality megawatts for sustainable development, committed to "Powering Society with Quality Megawatts". The Company aims to deliver consistent returns for our shareholders and sustainable value to all our stakeholders

¹Note: EBITDA included realized profit (loss) on financial derivative.

2. Group Performance Analysis

The analysis and explanation performance for the 1st quarter ended 31 March 2024 and 2023 were described as follows:

Consolidated Statement of Income for the 1st quarter ended 31 March 2024 and 2023:

Consolidated financial performance (Unit: Million Baht)	1Q2024	1Q2023	Change	
			Amount	%
Sales	6,305	3,483	2,822	81%
Cost of sales	(5,624)	(3,581)	(2,043)	-57%
Gross profit	681	(98)	779	792%
Selling & Administrative expenses	(509)	(463)	(46)	-10%
Share of profit from an associate and joint ventures	304	2,456	(2,152)	-88%
Other Income (Expense)	831	289	542	188%
Financial costs	(765)	(278)	(487)	-176%
Profit before income taxes	542	1,906	(1,364)	-72%
Income taxes	(69)	29	(98)	-341%
Profit for the year	473	1,935	(1,462)	-76%
Owners of the company	677	2,114	(1,437)	-68%
Non-controlling interests	(204)	(179)	(25)	-14%
Basic earnings per share (unit : Baht)	0.222	0.694	(0.472)	-68%

The group reported 1Q2024 net profit at THB 677 million, while in the same quarter of the previous year, the net profit was THB 2,114 million including gain on fair value remeasurement of a new investment as mentioned above. Moreover, in 1Q2024, the group reported better operating profit from CHP power plant in China resulting from an increase in power and steam sales volume and a decrease in coal cost, also better operating performance from gas-fired power plant in USA that reported an increase in both sales volume and price per megawatt hour. Furthermore, there was an increase in profit sharing recognition from SLG power plant that generated profits continually from higher sales volume. In addition, the group recognized unrealized gain on exchange rate resulting from a depreciation of THB and reported higher financial costs compared to 1Q2023 in order to support business expansion in USA since 3Q2023.

Details of the group operating performance for 1Q2024 were described as followings:

Sales, Cost of sales and Gross profit

Sales reported at THB 6,305 million, increased by THB 2,822 million or 81% compared to 1Q2023, resulting from an increase in power sales from a gas-fired power plant in USA of THB 2,811 million and sales from power and steam sales from CHP power plants in China THB 11 million. Details were described as followings:

Items	Power Sold (GWh)		Steam & Others Sold (Million Tonnes)		Average Power tariff (RMB/KWh)		Average Steam & others price (RMB/Tonne)	
	1Q2024	1Q2023	1Q2024	1Q2023	1Q2024	1Q2023	1Q2024	1Q2023
100 % Basis								
Zhengding CHP	117.16	111.42	0.80	0.68	0.39	0.39	136.96	126.19
Luannan CHP	195.09	198.08	1.15	1.11	0.40	0.39	113.99	116.58
Zouping CHP	57.88	54.30	0.42	0.45	0.38	0.39	155.01	169.06
Total CHP Power Plant	370.13	363.80	2.37	2.24	0.39	0.39	129.05	130.10
	(GWh)				(USD/MWh)			
Gas-Fired Power Plant	1,656.78	1,068.96	-	-	43.61	31.16	-	-

Temple I Gas-Fired Power Plant in USA: Increase THB 2,811 million

Sales from gas-fired power plant business reported higher, derived from an increase in sales volume 587.82 GWh or 55% compared to 1Q2023, mainly resulting from the acquisition of Temple II gas-fired power plant since 3Q2023 and an increase in sales price \$12.45 per MWh. Average sales price in 1Q2024 was \$43.61 (1Q2023: \$31.16). In addition, this included the effects from a depreciation of THB currency against USD currency, resulting in an increase in revenue when converting from USD currency to be THB currency. Average exchange rate of USD/THB in 1Q2024 was THB 35.6601 (1Q2023: THB 33.9122).

Combined Heat and Power (CHP) plants in China: Increase THB 11 million

An increase of sales from CHP power plants compared to 1Q2023 was derived from:

1. An increase of THB 73 million from steam sales and others, resulting from an increase in steam demand from Zhengding and Luannan CHP power plant, resulted to an increase in total steam sales of 0.13 million tonnes, while an average price of steam sales and others per tonne decreased by RMB 1.05. Average sale price per tonne in 1Q2024 was 129.05 RMB (1Q2023: 130.10 RMB).
2. An increase of THB 17 million from power sales. This was mainly a result of an increase in customer demand from Zhengding CHP plant caused higher total sales volume of 6.33 GWh.

3. The effects of foreign exchange rate translation of THB 79 million. This was due to an appreciation of THB currency against RMB currency compared to 1Q2023, resulting in lesser revenue in THB currency when converting from RMB currency. Average exchange rate of RMB/THB in 1Q2024 was THB 4.9588 (1Q2023: THB 4.9615).

**Cost of sales:
Increase 57%**

Cost of sales reported at THB 5,624 million, increased by THB 2,043 million compared to 1Q2023 was derived from:

1. Gas-fired power plants in USA that cost of sales increased by THB 2,415 million. This was due to an increase in the use of natural gas 4.21 thousand cubic feet from an acquisition of Temple II gas-fired power plant since 3Q2023 and an increase in average cost of natural gas by \$0.13 per thousand cubic feet. Average cost of sales in 1Q2024 was \$2.69 per thousand cubic feet (1Q2023: \$2.56 per thousand cubic feet). The effects from a depreciation of THB currency against USD currency resulting in an increase in cost of sales in THB currency when converting from USD currency. Average exchange rate of USD/THB in 1Q2024 was THB 35.6601 (1Q2023: THB 33.9122).
2. CHP Plants in China that cost of sales decreased by THB 372 million because of:
 - A decrease in coal cost THB 370 million from a decrease in average coal cost per tonne by RMB 297. Average coal cost per tonne in 1Q2024 was RMB 924 (1Q2023: RMB 1,221).
 - The effects from an appreciation of THB currency to foreign exchange rate translation of THB 2 million, resulting in lesser cost of sales in THB currency when converting from RMB currency. Average exchange rate of RMB/THB in 1Q2024 was THB 4.9588 (1Q2023: THB 4.9615).

**Gross profit:
Increase 792%**

Gross profit reported at THB 681 million, increased by THB 779 million compared to 1Q2023 derived from:

1. An increase in operating performance from gas-fired power plants in USA resulting from an increase in sales volume and price per megawatt hour of THB 396 million compared to 1Q2023.
2. An increase in operating performance from CHP power plants in China due to higher sales of power and steam of THB 383 million compared to 1Q2023.

Selling and Administrative expenses: Increase 10%

Administrative expenses of THB 509 million increased by THB 46 million compared to 1Q2023, was mainly from business expansion in the USA.

Items	Profit (loss) sharing		Increase/(Decrease)	
	1Q2024	1Q2023	Amount	%
(Unit: Million Baht)				
BLCP	(150)	113	(263)	-232%
HPC & PFMC	688	1,110	(422)	-38%
SLG	31	20	11	57%
Holding Company for Nakoso power plant	(49)	(70)	21	30%
Banpu Next	(217)	1,283	(1,500)	-117%
Total	304	2,456	(2,152)	-88%

Share of profit from joint ventures and associates: decrease 88%

Recognition of profit sharing from joint ventures and an associate was decreased by THB 2,152 million compared to 1Q2023 was a net result of:

1. A decrease in profit sharing recognition from investment in renewable power and energy technology business of THB 1,500 million. This was because in 1Q2023 the group recognized a gain on fair value remeasurement for new investment in battery business of THB 1,336 million. Furthermore, there was loss on exchange rate translation from USD loan that was a result of a depreciation of THB currency against USD currency at the end of period.
2. A decrease in profit sharing recognition from HPC power plant and PFMC of THB 422 million, mainly was from operating performance of THB 519 million, resulting from maintenance shutdown of unit no.3, whereas a recognition of gain on exchange rate translation of THB 97 million.
3. A decrease in profit sharing recognition from BLCP of THB 263 million. This was primary from a recognition of deferred tax expense and unrealized loss on foreign exchange rate translation of THB 276 million, whereas an increase in operating performance of THB 13 million.
4. A decrease in loss sharing recognition from Nakoso power plant in Japan of THB 21 million that started COD around the middle of March since shut down for maintenance to improve efficiency and stability in the long run.
5. An increase in profit sharing recognition from SLG power plant of THB 11 million due to better operating performance resulting from higher sales volume.

Other income

Other income of THB 831 million was comprised of:

1. Net gain on financial derivatives THB 229 million that was realized gain on financial derivatives of THB 391 million net with unrealized loss on fair value of financial derivatives of THB 162 million.
2. Net gain on foreign exchange rate of THB 419 million was mainly from unrealized gain on exchange rate from conversion of USD currency loan to related party at the end of the period. This resulted from a depreciation of THB currency against USD currency compared to previous year. Average exchange rate of USD/THB for 1Q2024 was THB 35.6601 (31 December 2023: THB 34.2233).
3. Interest income of THB 66 million.
4. Management fee income of THB 43 million, primary was management fees charged to related companies and joint ventures.
5. Other income of THB 74 million comprised of:
 - Pipeline connecting fee income charged to new steam customers of CHP plants in China of THB 28 million.
 - Subsidy income from Chinese government for electricity production of THB 22 million.
 - Others of THB 24 million.

Interest expenses and finance cost: Increase 176%

Interest expenses and finance cost of THB 765 million, increased by THB 487 million compared to 1Q2023, primarily was from loan additions for business expansion in USA.

Income tax: Increase 341%

Corporate income tax of THB 69 million, increased by THB 98 million compared to 1Q2023. This was due to an increase in deferred income tax expense and income tax, resulting from better operating profit from CHP power plant in China.

Net profit for the 1st quarter ended 31 March 2024 reported at THB 677 million, decreased by THB 1,437 million compared to the same quarter of the previous year.

Basic Earnings Per Share reported at THB 0.222 (1Q2023: THB 0.694)

3. Statement of Consolidated Financial Position

Statement of Consolidated Financial Position as of 31 March 2024 in comparison with Statements of Consolidated Financial Position as of 31 December 2023

Items (Unit: Million Baht)	Financial Position		Increase/(Decrease)	
	31-Mar-24	31-Dec-23	Amount	%
Assets	103,360	98,903	4,457	5%
Liabilities	45,924	44,226	1,698	4%
Equity	57,436	54,677	2,759	5%

3.1 Total assets of THB 103,360 million, increased by THB 4,457 million or 5% compared to 31 December 2023, with mainly described as follows:

Financial Position (Unit: Million Baht)	Assets		Increase/(Decrease)	
	31-Mar-24	31-Dec-23	Amount	%
Cash and cash equivalents	8,258	9,352	(1,094)	-12%
Financial assets measured at fair value	351	276	75	27%
Trade accounts receivable, net	2,426	2,086	340	16%
Fuel and Spare parts & supplies, net	1,018	1,274	(256)	-20%
Other current assets	805	855	(50)	-6%
Total current assets	12,857	13,843	(986)	-7%
Investments in an associate and joint ventures	47,207	45,809	1,398	3%
Property, plant and equipment, net	39,322	37,450	1,872	5%
Right of use assets, net	563	545	18	3%
Other non current assets	3,410	1,255	2,155	172%
Total non current assets	90,503	85,060	5,443	6%
Total assets	103,360	98,903	4,457	5%

- Cash and cash equivalents of THB 8,258 million decreased by THB 1,094 million or 12% (Explanation in no. 4 Statement of Consolidated Cash Flows).
- Financial assets measured at fair value of THB 351 million, increased by THB 75 million or 27 % was from an addition during the year of THB 441 million; net with redemption of THB 380 million, and an impact from foreign exchange conversion of THB 14 million.

- Account receivable of THB 2,426 million increased by THB 340 million or 16%. This was an increase from gas-fired power plant in USA of THB 92 million due to an increase in sales volume and from CHP plant in China of THB 108 million and from effect from foreign exchange conversion of THB 140 million.
- Fuel and Spare parts, net of THB 1,018 million, decreased by THB 256 million or 20%, mainly from CHP plant in China of THB 361 million, while an increase from gas-fired power plant of THB 21 million, and effect from foreign exchange conversion of THB 84 million.
- Other current assets of THB 805 million, decreased by THB 50 million or 6% was mainly from:
 1. A decrease in financial derivatives assets of THB 12 million from gas-fired power plant.
 2. A decrease in accrued management income from related party of THB 11 million.
 3. An increase in accrued interest income from related parties of THB 37 million. This was a net result of a recognition of interest income during the period of THB 24 million, cash receives THB 1 million from settlement, and unrealized gain on exchange rate of THB 14 million.
 4. A decrease in other accrued income of THB 64 million.
- Investment in joint ventures and associates of THB 47,207 million, increased by THB 1,398 million or 3%. This was from shares of profits recognition of THB 304 million, other comprehensive gain of THB 519 million, and unrealized gain on foreign exchange rate translation at the end of period of THB 1,149 million, net with dividend recognition during the period of THB 574 million.
- Net property plant and equipment of THB 39,322 million increased by THB 1,872 million or 5%. This was mainly additions of machinery and equipment THB 18 million net with disposals of THB 7 million and depreciation charges THB 444 million and unrealized gain on foreign exchange rate translation at the end of period of THB 2,305 million.
- Right-of-use assets of THB 563 million, increased by THB 18 million or 3%, was the amortization for the period THB 8 million and unrealized gain on foreign exchange rate translation at the end of period 26 million.
- Other non-current assets of THB 3,410 million, increased by THB 2,155 million or 172% was mainly from:
 1. An increase in long-term loan to related party of THB 2,115 million.
 2. A decrease in deferred tax asset of THB 51 million was a decrease in defer tax asset recognition from profit from CHP plants in China.
 3. An increase in deposits of THB 91 million, mainly from gas-fired power plants in USA.

3.2 Total liabilities of THB 45,924 million, increased by THB 1,698 million or 4% compared to 31 December 2023 with details mainly described as follows:

Financial Position (Unit: Million Baht)	Liabilities		Increase/(Decrease)	
	31-Mar-24	31-Dec-23	Amount	%
Short-term loans from financial institutions	3,303	2,394	909	38%
Trade accounts payable	144	212	(68)	-32%
Current portion of long-term loans from financial institutions	1,836	1,659	177	11%
Current portion of lease liabilities	11	9	2	20%
Other current liabilities	5,307	5,614	(307)	-5%
Total current liabilities	10,601	9,889	712	7%
Long-term loans from financial institutions, net	25,925	25,125	800	3%
Debenture, net	5,493	5,493	0	0%
Lease liabilities	20	21	(1)	-7%
Other non current liabilities	3,885	3,698	187	5%
Total non-current liabilities	35,323	34,337	986	3%
Total liabilities	45,924	44,226	1,698	4%

- Short-term loans from financial institutions of THB 3,303 million, increased by THB 909 million or 38 % was from a net result of additional loans THB 3,094 million and repayment THB 2,202 million. Also, there was an unrealized loss on foreign exchange rate translation at the end of the period of THB 17 million on RMB currency loan, resulting from a depreciation of THB currency against RMB currency. Average exchange rate of RMB/THB as of 31 Mar 2024 was THB 5.0346 (31 Dec 2023: THB 4.8071).
- Trade accounts payable of THB 144 million, decreased by THB 68 million or 32% was from trade account payable from coal of CHP plant in China.
- Current portion of long-term loans from financial institutions of THB 1,836 million, increased by THB 177 million or 11%. This was a net result of reclassification from non-current portion THB 338 million (including net front end fee), repayment THB 197 million, and from unrealized loss on foreign exchange rate translation at the end of period of THB 36 million. from USD currency loan, resulting from a depreciation of THB against USD currency. Average exchange rate of USD/THB as at 31 Mar 2024 was THB 36.4651 (31 December 2023: THB 34.2233).
- Other current liabilities of THB 5,307 million, decrease by THB 307 million or 5% was mainly from:
 1. A decrease from unearned income from steam customer from CHP plant of THB 244 million.
 2. A decrease in accounts payable of related party THB 140 million.
 3. A decrease in asset acquisition payable of CHP plant 22 million.
 4. A decrease in accrued expense THB 452 million from repayment during the period.

5. An increase in financial derivative liabilities of gas – fired power plant THB 443 million.
 6. An increase in accrued interest expense from related party of THB 108 million.
- Long-term loans from financial institutions of THB 25,925 million, increase by THB 800 million or 3%. This was a result of additions of THB 19 million, reclassification to current portion THB 338 million, repayment of THB 89 million, and unrealized loss on foreign exchange rate translation at the end of period THB 1,208 million on USD loan that resulting from a depreciation of THB currency against USD currency. Average exchange rate of USD/THB as of 31 Mar 2024 was THB 36.4651 (31 Dec 2023: THB 34.2233).
 - Other liability of THB 3,885 million, increased by THB 187 million or 5%. This was mainly from:
 1. An increase in long-term loans from related party of THB 235 million from unrealized loss on exchange rate translation.
 2. A decrease from deferred tax liability of THB 48 million from gas-fired power plant in USA.

3.3 Shareholders' equity of THB 57,436 million, increased by THB 2,759 million or 5% compared to 31 December 2023 was a net result of:

Financial Position (Unit: Million Baht)	Equity		+/(-)	
	31-Mar-24	31-Dec-23	Amount	%
Owners of the parent	52,935	50,185	2,750	5%
Non-controlling interests	4,501	4,492	9	0%
Total equity	57,436	54,677	2,759	5%

- An increase of THB 677million from net profits for 1Q2024.
- An increase of THB 427 million from cashflows hedge reserves of associate and joint venture.
- An increase of THB 43 million from the change in fair value of hedged financial derivative instruments.
- An increase of THB 1,603 million from foreign exchange translation of subsidiaries and joint ventures financial statements.
- An increase of THB 9 million from non-controlling interests.

Net debt to equity ratio as of 31 March 2024 from consolidated financial positions was 0.48 times (31 December 2023: 0.44 time)

4. Statements of Consolidated Cash Flows

Statement of consolidated cash flows for the 1st quarter ended 31 March 2024 reported a decrease of net cash flows from 31 December 2023 of THB 1,094 million (included gain on exchange rate translation of THB 309). The consolidated cash flows were as follows:

Cash flow (Unit : Million Baht)	Consolidated
Net cash used in operating activities	(422)
Net cash used in investing activities	(1,597)
Net cash receipt from financing activities	616
Net decrease in cash and cash equivalents	(1,403)
Exchange differences on cash and cash equivalents	309
Cash and cash equivalents at beginning of the period	9,352
Cash and cash equivalents at end of the period	8,258

4.1 Net cash outflows from operating activities of THB 422 million comprised of:

- Collection from sales of power and steam THB 1,719 million.
- Payments to suppliers and contractors THB 1,543 million.
- Payments of interest expense THB 591 million.
- Payments of corporate income tax THB 7 million.

4.2 Net cash outflows from investing activities of THB 1,597 million comprised of:

- Receipts of dividends from joint ventures THB 574 million.
- Receipts from interest income THB 43 million.
- Receipts from investment in debt instruments THB 381 million.
- Receipts from loan to related party THB 250 million.
- Payments for additions of property plant and equipment THB 38 million.
- Payments for loan to related party THB 2,366 million.
- Payments for investment in debt instruments THB 441 million.

4.3 Net cash inflows from financing activities of THB 616 million comprised of:

- Receipts from short-term and long- term loans from financial institutions THB 3,114 million.
- Repayments of short-term and long-term loans from financial institutions THB 2,498 million.