



7UP029/62

15 May 2019

Subject: Management Discussion and Analysis for the First Quarter of 2019

To: The President

The Stock Exchange of Thailand

Seven Utilities and Power Public Company Limited (“the Company”) would like to report the operating results of the Company and its subsidiaries for of the first quarter of the year 2019, ended 31 March 2019 as follows:

Statement of comprehensive income

Statement of comprehensive income	Consolidated financial statements (Thousand Bath)					
	31 Mar 19	%	31 Mar 18	%	YOY	%YOY
Sales	160,417	81.71%	176,389	77.10%	(15,972)	(9.05%)
Service income	24,397	12.43%	22,324	9.76%	2,073	9.29%
Other income	11,509	5.86%	30,073	13.14%	(18,564)	(61.73%)
Total revenues	196,323	100.00%	228,786	100.00%	(32,463)	(14.19%)
Cost of sales	(126,154)	64.26%	(130,488)	57.03%	4,334	3.32%
Cost of services	(20,872)	10.63%	(15,730)	6.88%	(5,142)	(32.69%)
Selling expenses	(4,934)	2.51%	(7,208)	3.15%	2,274	31.55%
Administrative expenses	(63,952)	32.57%	(74,269)	32.46%	10,317	13.89%
Share of profit (loss) from investment in joint venture	-	-	355	0.16%	(355)	(100.00%)
Finance cost	(4,262)	2.17%	(4,673)	2.04%	411	8.80%
Loss before income tax income (expenses)	(23,851)	12.15%	(3,227)	1.41%	(20,624)	(639.11%)
Income tax income (expenses)	1,787	0.91%	544	0.24%	1,243	228.49%
Profit (loss) for the period	(22,064)	11.51%	(2,683)	1.17%	(19,381)	(722.36%)

Remark: Financial ratio is based on common-size analysis to total revenue excluding cost of goods sold and gross profit margin which calculated from total revenue.

Overall business operation (3 months)

For the first quarter of the year 2019, the Company and its subsidiaries had recorded a net loss of Baht 22.06 million, increasing from Baht 19.38 million in 1Q18 (722.31% q-o-q) as following details;

- (1) Its subsidiaries (Ferrum Energy) had sold Mitprasong Greenpower Co., Ltd. with 4.5MW capacity on December 17, 2018.
- (2) Its LPG trading business (Star Gas Co., Ltd.) had recorded a lower net profit from Bath 45 million in 1Q19, to Baht of 38 million in 1Q18 due to the declining trend of LPG.

It also incurred a reversal of accrued expense in 1Q18 of Baht 14 million that result for decreasing in other expense in 2019.

Moreover, the Company had concisely controlled its selling and administration expenses by issuing policies to cut down unnecessary expenses.

Revenue

For the first quarter of the year 2019, the Company and its subsidiaries had total sales of Baht 185 million which came from Trunk Mobile Radio and Internet of Things (IoT) sale of Baht 19 million, and renewable energy segment of Baht 7 million. while in the first quarter of 2018, total sales was Baht 198 million. The main reasons of decreasing in sales were the Subsidiary company sold ordinary share of Mitprasong Greenpower Co., Ltd. on 17 December 2018 and decreasing in revenue from Trunk Mobile Radio and Internet of Things (IoT) sale of total Baht 23 million

Other income in the first quarter of the year 2019, was Baht 11 million which mainly comprised of revenue from asset management fee of Baht 3 million, rental income of Baht 2 million, and other income of Baht 6 million.

Cost of goods sold and services

For the first quarter of the year 2019, the Company had the cost of goods sold and services of Baht 147 million while in the first quarter of 2018 the cost of goods sold and services was Baht 146 million. The major cost in 1Q19 came from retail and wholesale of LPG and oil business of Baht 130 million, Trunked radio and Internet of Things (IoT) segment of Baht 13 million, and renewable energy segment of Baht 5 million respectively.

Gross Profit Margin

For the first quarter of the year 2019, the Company had the gross profit margin Baht 38 million which lower than the gross profit in the first quarter of 2018 was Baht 52 million. The Company's gross profit was mainly decreased from sold in renewable energy segment (power plants).

Selling and Administrative Expense

For the first quarter of the year 2019, the Company had selling and administrative expenses of Baht 69 million while the first quarter of the year 2018, selling and administrative expenses was Baht 81 million, or decreased by Baht 17 million were summarized below.

For the first quarter of the year 2019, the Company had selling expenses of Baht 5 million, while the first quarter of the year 2018 the selling expense was Baht 7 million. The main reasons for the decrement of Baht 2 million were from controlling plan of Star Gas.

For the first quarter of the year 2019, the Company had administrative expense of Baht 64 million while the first quarter of the year 2018, the Company had administrative expenses of Baht 74 million. The main reasons for the decrement of administrative expenses were realized loss on changing in investment of Baht 18.16 million that were recorded in Q1/2018.

Financial Cost

For the first quarter of the year 2019, the Company had financial cost of Baht 4.2 million, decreased from the same quarter last year for Baht 0.4 million. This mainly occurred due to repayment loan from banks.

Net Profit (Loss) for the Period

For the first quarter of the year 2019, the Company had loss from operation of Baht 22.06 million while the same quarter last year, the Company had loss from operation of Baht 2.70 million. The main reason was due to the Company's decrement of profit from LPG business segment and renewable energy segment (power plants).

Statement of financial Position

Thousand Baht	Consolidated as of		Changes %
	31 Mar 19	31 Mar 18	
Total Assets	1,966,488	1,955,397	0.57%
Total Liabilities	606,221	572,287	5.93%
Equity Attributable to Owners of the company	1,303,379	1,326,278	(1.73%)
Non-Controlling Interests	56,888	56,832	0.10%
Total Shareholders' Equity	1,360,267	1,383,110	(1.65%)


As at 31 March 2019, the Company had total assets of Baht 1,966 million, increased by Baht 11 million (+0.57%) from the last year of Baht 1,955 million. The main reasons were from the increment in Cash and cash equivalents of Baht 40 million, Account receivable and other receivables of Baht 40 million, decrement in Loan to other of Baht 3 million, Plant, Property and Equipment of Baht 20 million, Leasehold right of Baht 16 million, decrement in Deposit for due diligence of Baht 99 million, and other of Baht 1 million.

As at 31 March 2019, the Company had total liabilities of Baht 606 million, while as of 31 December 2018 were Baht 572 million increased by Baht 34 million from the last year (5.9%). The main reasons were from increasing in Liabilities for construction.

As at 31 March 2019, the total shareholders' equity of the Company was Baht 1,360 million, decreased from 31 December of 2018 by Baht 1,383 million (-1.65%).

Please be informed accordingly.

Yours Sincerely,

A handwritten signature in blue ink, consisting of stylized initials and a surname, positioned above the printed name.

Mr. Thaweesin Sirijindamai

Acting Chief Financial Officer