

14 August 2019

Subject: Management Discussion and Analysis for the Second 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 second quarter of the year 2019, ended 30 June 2019 as follows:

Statement of comprehensive income

Statement of comprehensive income	Consolidated financial statements (Thousand Bath)					
	30 Jun 19	%	30 Jun 18	%	YOY	%YOY
Sales	370,857	70.66%	308,181	76.55%	62,676	20.34%
Service income	48,880	9.31%	45,767	11.37%	3,113	6.80%
Other income	105,131	20.03%	48,651	12.08%	56,480	116.09%
<b>Total revenues</b>	<b>524,868</b>	<b>100.00%</b>	<b>402,599</b>	<b>100.00%</b>	<b>122,269</b>	<b>30.37%</b>
Cost of sales	(308,204)	58.72%	(223,457)	55.50%	(84,747)	(37.93%)
Cost of services	(36,212)	6.90%	(31,470)	7.82%	(4,742)	(15.07%)
Selling expenses	(15,590)	2.97%	(14,594)	3.62%	(996)	(6.82%)
Administrative expenses	(123,103)	23.45%	(137,743)	34.21%	14,640	10.63%
Share of profit (loss) from investment in associate	433	0.08%	-	-	433	100.00%
Share of profit (loss) from investment in joint venture	-	-	355	0.09%	(355)	(100.00%)
Finance cost	(8,318)	1.58%	(8,290)	2.06%	(28)	(0.34%)
<b>Profit (Loss) before income tax income (expenses)</b>	<b>33,874</b>	<b>6.45%</b>	<b>(12,600)</b>	<b>3.13%</b>	<b>46,474</b>	<b>368.84%</b>
Income tax income (expenses)	2,911	0.55%	(667)	0.17%	3,578	536.43%
<b>Profit (loss) for the period</b>	<b>36,785</b>	<b>7.01%</b>	<b>(13,267)</b>	<b>3.30%</b>	<b>50,052</b>	<b>377.27%</b>

Remark: Financial ratio is based on common-size analysis to total revenue

### **Overall business operation (6 months)**

In second quarter 2019 Seven Utilities and Power Public Company Limited and its subsidiaries recorded a net profit of 36.79 million baht. Profit increased from quarter 2/2018 of 50.05 million baht Due to the operating results of Star Gas Company Limited in the quarter with net profit of 5.59 million baht and in second quarter 2019 the company have special items in a reversal of tax of 10.76 million baht as other income. And returned the deposit of 50 million baht. Which was previously recognized as allowance for diminution in the value of deposits in 2018

### **Revenue**

In the second quarter of the year 2019, the company had sales and service income of approximately 419.74 million baht, which increased from the second quarter of 2018 in the amount of 65.79 million baht or 18.59 percent. Includes revenue from the sale of LPG and oil of about 328 million baht and revenue management, sales of 40 million baht revenue from the sale of radio and communications equipment estimated at 27 million baht revenue from the sale of electricity to about 13 million baht and adjusted revenue from water quality improvement of 9 million baht

Other income in second quarter of the year 2019, 105.13 million baht as revenue from services assets of approximately 8 million baht. And income from the reversal of allowance at the decline in value of deposit 50 million baht. And revenue from reversal of tax refund 10.76 million baht

### **Cost of goods sold and services**

Cost of goods and services in the second quarter of 2019 in the amount of 344.42 million baht which increased from the second quarter of 2018 in the amount of 89.49 million baht or 35.10 percent, consisting of cost of sales of 308 million baht and cost of services of 36 million baht. Mainly comes from the cost of buying LPG and oil for 274 million baht and the cost of sales management of 27 million baht. The cost of buying radio and communication equipment 26 million baht and the cost of electricity production is about 9 million baht. Cost from water quality improvement 5 million baht.

### **Gross Profit Margin**

Gross profit for the second quarter of 2019 of 75.32 million baht in the same quarter of 2018 gross profit of 99.02 million baht, the amount is down from second quarter of 2018 by the amount of 23.70 million baht or 23.93 percent.

### **Selling and Administrative Expense**

Selling and administrative expenses in the second quarter of 2019 was 138.69 million baht, compared to the second quarter of 2018 has decreased equal to 13.65 million baht, representing 8.96 percent. Mainly from the cost of sales for 15 million baht, which is the selling expenses of LPG and oil business and administrative expenses of 124 million baht, mainly due to staff expenses utilities and audit fees

### **Financial Cost**

Second quarter of 2019 The Company financial expenses of 8.32 million baht, which are in line with the first quarter the year before by the financial expenses. Mostly caused by borrowing, affiliated companies and financial institution

### **Net Profit (Loss) for the Period**

Results of operations for the second quarter of the year 2019, the company had a net profit of 36.79 million baht, while in the same quarter of 2018, the company had a net loss of 13.27 million baht. In a better direction, amount of 50.06 million baht which is in line with the increase in revenue

### **Statement of financial Position**

Thousand Baht	Consolidated as of		Changes %
	30 June 2019	31 Dec 2018	
<b>Total Assets</b>	<b>2,102,613</b>	<b>1,955,397</b>	<b>7.53%</b>
<b>Total Liabilities</b>	<b>696,530</b>	<b>572,287</b>	<b>14.72%</b>
Equity Attributable to Owners of the company	1,351,686	1,326,278	1.92%
Non-Controlling Interests	94,397	56,832	66.10%
<b>Total Shareholders' Equity</b>	<b>1,446,083</b>	<b>1,383,110</b>	<b>4.55%</b>

As of June 30, 2019, the total assets of the company were 2,102.62 million baht and as of December 31, 2018, equal to 1,955.38 million baht, an increase of 147.24 million baht or 7.53 percent. Investment in associate by 135.43 million baht, Goodwill increased by 92.38 million baht. Land, buildings and equipment increased by 84.79 million baht. Trade accounts receivable and other current receivables increased by 36.41 million baht.



The total liabilities of the company as of June 30, 2019 were 656.53 million baht and as of 31 December 2018, equal to 572.28 million baht, an increase of 84.24 million baht or 14.72 percent. This debt was from short-term borrowing of 55.49 million baht and trade and other payables of 25.21 million baht.

Shareholders equity as at 30 June 2019 amounted to 1,446.08 million baht, while as at 31 December 2018, the amount was 1,383.11 million baht, an increase of 62.97 million baht or 4.55 percent.

Please be informed accordingly.

Yours Sincerely,

(Ms.Poonchaya Patkotchakorn)

Acting Chief Financial Officer