

7UP056/62

13 September 2019

Subject: Management Discussion and Analysis for the Third 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 third quarter of the year 2019, ended 30 September 2019 as follows:

Statement of comprehensive income

| Statement of comprehensive income | Consolidated financial statements (Thousand Bath) | | | | | |
|--|---|----------------|-----------------|----------------|----------------|----------------|
| | 30 Sep 19 | % | 30 Sep 18 | % | YOY | %YOY |
| Sales | 665,954 | 67.45% | 469,897 | 77.03% | 196,057 | 41.72% |
| Service income | 102,848 | 10.42% | 71,744 | 11.76% | 31,104 | 43.35% |
| Other income | 81,091 | 9.54% | 68,364 | 11.21% | 12,727 | 18.62% |
| Total revenues | 849,893 | 100.00% | 610,005 | 100.00% | 239,888 | 39.33% |
| Cost of sales | (558,251) | 65.68% | (344,754) | 56.52% | (213,497) | 61.93% |
| Cost of services | (65,895) | 7.75% | (46,847) | 7.68% | (19,048) | 40.66% |
| Selling expenses | (23,433) | 2.76% | (22,513) | 3.69% | (920) | 4.09% |
| Administrative expenses | (270,412) | 31.82% | (220,393) | 36.13% | (50,019) | 22.70% |
| Gain on disposal of investment in subsidiary | 137,396 | 16.17% | - | - | 137,396 | - |
| Reversal of allowance for diminution in value | 50,000 | 5.88% | - | - | 50,000 | 100.00% |
| Share of profit (loss) from investment in associate | 1,338 | 0.16% | - | - | 1,338 | 100.00% |
| Share of profit (loss) from investment in joint venture | - | - | 355 | 0.06% | (355) | 100.00% |
| Finance cost | (13,870) | 1.63% | (12,060) | 1.98% | (1,810) | 15.01% |
| Profit (Loss) before income tax income (expenses) | 106,766 | 12.56% | (36,207) | 5.94% | 142,973 | 394.88% |
| Income tax income (expenses) | 1,525 | 0.18% | (1,165) | 0.19% | 2,690 | 230.90% |
| Profit (loss) for the period | 108,291 | 12.74% | (37,372) | 6.13% | 145,663 | 389.77% |

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

Overall business operation (9 months)

In third quarter 2019 Seven Utilities and Power Public Company Limited and its subsidiaries recorded a net profit of 108.29 million Baht. Profit increased from quarter 3/2018 of 145.66 million Baht mainly due to gain from disposition of M-Link Shop Co., Ltd. of 137.40 million Baht and overall operating results of Star Gas Company Limited in the quarter with net profit of 11.17 million Baht and in third quarter 2019 the company have special items in a reversal of refundable 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 (9 months)

In the third quarter of the year 2019, the company had sales and service income of amount 768.80 million Baht, which increased from the third quarter of 2018 in the amount of 227.16 million Baht or 41.94 percent. Includes revenue from the sale of LPG and oil of about 540 million Baht, revenue from rendering services amounting 58.13 million Baht, revenue from sales and network services about 96.89 million Baht and revenue from the sale of radio and communications system estimated at 36.44 million Baht, revenue from the sale of electricity to about 18.97 million Baht and adjusted services income from water quality improvement of 17.67 million Baht

Other income in third quarter of the year 2019, 269.83 million Baht consist of the gain from disposition of M-Link Shop Co., Ltd. with received cash Baht 60 million and in consolidated financial statement of the statement of comprehensive income will recognize gain from sale amount 137.40 million Baht, gain from bargain purchase of new subsidiaries 2.34 million Baht, gain from the reversal of allowance for diminution in value of deposit 50 million Baht. And revenue from reversal of refundable tax 10.76 million Baht.

Cost of goods sold and services (9 months)

Cost of goods and services in the third quarter of 2019 in the amount of 624.15 million Baht which increased from the third quarter of 2018 in the amount of 232.55 million Baht or 59.38 percent, consisting of incremental cost of sales of 213.50 million Baht and cost of services of 19.05 million Baht. Mainly comes from the cost of purchasing LPG and oil for 452.80 million Baht and cost of sales management amount 39.91 million Baht, cost of sale and network services amount 82.15 million Baht, cost of acquisition of radio and communication system 21.83 million Baht and the cost of electricity production is about 13.04 million Baht. Cost from water quality improvement 9.65 million Baht.

Gross Profit Margin (9 months)

Gross profit for the third quarter of 2019 of 144.66 million Baht in the same quarter of 2018 gross profit of 150.04 million Baht, the amount is down from third quarter of 2018 by the amount of 5.38 million Baht or 3.59 percent.

Selling and Administrative Expense (9 months)

Selling and administrative expenses in the third quarter of 2019 was 293.85 million Baht, compared to the third quarter of 2018 has increased equally 50.94 million Baht, representing 20.97 percent. Mainly from the selling expenses 23.43 million Baht, which is the selling expenses of LPG and oil business and administrative expenses of 270.41 million Baht, mainly due to management fees, staff expenses, utilities and audit fees.

Financial Cost (9 months)

In third quarter of 2019 The Company financial cost of 13.87 million Baht, which are in line with the third quarter the previous year. Mostly caused by borrowing, affiliated companies and financial institution

Net Profit (Loss) for the Period (9 months)

Results of operations for the third quarter of the year 2019, the company had a net profit of 108.29 million Baht, while in the same quarter of 2018, the company had a net loss of 37.37 million Baht. In a better direction and collectible, amount of 145.66 million Baht which is along with the increment of revenue.

Statement of financial Position

| Thousand Baht | Consolidated as of | | Changes % |
|--|--------------------|------------------|---------------|
| | 30 Sep 2019 | 31 Dec 2018 | |
| Total Assets | 2,191,712 | 1,965,799 | 11.49% |
| Total Liabilities | 625,124 | 572,287 | 9.23% |
| Equity Attributable to Owners of the company | 1,463,418 | 1,326,278 | 10.34% |
| Non-Controlling Interests | 103,170 | 67,234 | 53.45% |
| Total Shareholders' Equity | 1,566,588 | 1,393,512 | 12.42% |

As of September 30, 2019, the total assets of the company were 2,191.71 million Baht and as of December 31, 2018, equally 1,965.80 million Baht, an increase of 225.91 million Baht or 11.49 percent. Investment in associates, Goodwill increased by 56.74 million Baht. Land, buildings and equipment increased by 93.65 million Baht. Trade and other current receivables increased by 125.87 million Baht.

The total liabilities of the company as of September 30, 2019 were 625.12 million Baht and as of 31 December 2018, equal to 572.29 million Baht, an increase of 52.83 million Baht or 9.23 percent. This debt was from short-term borrowing of 26.71 million Baht and trade and other payables of 62.09 million Baht.

Shareholders' equity as at 30 September 2019 amounted to 1,566.59 million baht, while as at 31 December 2018, the amount was 1,393.51 million Baht, an increase of 173.08 million baht or 12.42 percent.

Please be informed accordingly.

Yours Sincerely,



(Ms.Poonchaya Patkotchakorn)

Chief Financial Officer