

7UP023/20

May 13, 2020

Subject: Management Discussion and Analysis for the first quarter 2020 of Seven Utilities and Power Public Company Limited

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 the first quarter of 2020, ended March 31, 2020 as follows:

Statement of comprehensive income

Statement of comprehensive income	Consolidated financial statements (Thousand Bath)					
	31 Mar 20	%	31 Mar 19	%	YOY	%YOY
Sales	231,635	63.39%	160,417	81.71%	71,218	44.40%
Service income	40,635	11.12%	24,397	12.43%	16,238	66.56%
Other income	93,154	25.49%	11,509	5.86%	81,645	709.40%
Total revenues	365,424	100.00%	196,323	100.00%	169,101	86.13%
Cost of sales	(198,397)	54.29%	(126,154)	64.26%	(72,243)	57.27%
Cost of services	(30,098)	8.24%	(20,872)	10.63%	(9,226)	44.20%
Selling expenses	(16,124)	4.41%	(4,934)	2.51%	(11,190)	226.79%
Administrative expenses	(78,816)	21.57%	(63,952)	32.57%	(14,864)	23.24%
Share of profit (loss) from investment in joint venture	(21)	0.01%	-	0.00%	(21)	0.00%
Finance cost	(8,726)	2.39%	(4,262)	2.17%	(4,464)	104.74%
Profit (loss) before income tax income (expenses)	33,242	9.10%	(23,851)	12.15%	57,093	239.37%
Income tax income (expenses)	619	0.17%	1,787	0.91%	(1,168)	65.36%
Profit (loss) for the period	33,861	9.27%	(22,064)	11.24%	55,925	253.47%

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

Overall business operation (3 months)

For quarter 1/2020, Seven Utilities and Power Public Company Limited and its subsidiaries recorded a net profit of Baht 33.86 million. Profit increased from quarter 1/2019 by Baht 55.93 million mainly due to an increasing of gross profit from business operation amounting to Baht 43.78 million. Overall, the Group's performance mostly results from operation of LPG and oil business with gross profit of Baht 38.00 million, and waste water management services of Baht 6.00 million.

Revenue (3 months)

Overall, quarter 1/2020, the Company had sales and service income of Baht 272.27 million, which increased from quarter 1/2019 by Baht 87.46 million or 47.32%. Sales and service income mostly consist of revenue from sale of LPG and oil amounting to Baht 211.00 million, revenue from rendering services and sales management amounting to Baht 20.00 million, revenue from the sale of electricity amounting to Baht 4.00 million, revenue from the sale of radio and communications system amounting to Baht 17.00 million, revenue from services on radio and communication system amounting to Baht 9.00 million, and services income from water quality improvement amounting to Baht 11.00 million.

Other income for quarter 1/2020 of Baht 93.15 million mostly consists of VAT & Withholdings tax refundable amounting to Baht 32.80 million, gain from fair value measurement amounting to Baht 29.00 million, gain from sales of a subsidiary amounting to Baht 11.00 million, gain from sales of assets amounting to Baht 9.80 million, and income from assets management services amounting to Baht 8.50 million.

Impact from the COVID-19 pandemic

The COVID-19 pandemic has affected Thai economy an early on February 2020, which likely cause a continued changing and dispersed forecast of the GDP growth in the year of 2020 as well as how and when the economic resumption would occur. Furthermore, the partial lockdown mandated in the last week of March 2020 resulted in a more pronounced slowdown in Thai economic and business activities.

The impact of LPG and oil business from the partial lockdown mandated and work from home policy is decreasing of demand on LPG and oil. Overall, LPG and oil business still necessary for personal and business, includes business operation and transportation.

Cost of sales and services (3 months)

Cost of sales and services for quarter 1/2020 of Baht 228.50 million increased from quarter 1/2019 by Baht 81.47 million or 55.41%. The increasing mainly resulted from an incremental of cost of sales of Baht 72.24 million and cost of services of Baht 9.23 million. Mostly, the increasing of cost of sales and services came from the followings; cost of purchasing LPG and oil amounting to Baht 183.00 million, cost of sales management amounting to Baht 10.00 million, cost of electricity production amounting to Baht 4.00 million, cost of acquisition of radio and communication system amounting to Baht 10.00 million, cost of services on radio and communication system amounting to Baht 16.00 million, and cost from water quality improvement amounting to Baht 5.00 million.

Gross Profit Margin (3 months)

Gross profit for quarter 1/2020 is Baht 43.78 million, while quarter 1/2019 gross profit is at Baht 37.79 million. By comparing the two period, gross profit increased by Baht 5.99 million or 15.84%.

Selling and Administrative Expense (3 months)

Selling and administrative expenses of quarter 1/2020 is equal to Baht 94.94 million. Compared to quarter 1/2019, selling and administrative expenses increased by Baht 26.05 million, or 37.82%. Selling and administrative expenses of quarter 1/2020 mainly consists of selling expenses amounting to Baht 16.12 million, which is selling expenses from LPG and oil business, and administrative expenses amounting to Baht 78.82 million, mainly due to management expense, employee expenses, utilities and audit fees.

Financial Cost (3 months)

For quarter 1/2020, the Company's finance cost is Baht 8.73 million dramatically increased from quarter 1/2019 by Baht 4.46 million, which mostly resulted from the revision of Thai Financial Reporting Standards No. 16 which effective since January 1, 2020.

Net Profit (Loss) for the Period (3 months)

Results of operations for quarter 1/2020, the Company has a net profit of Baht 33.86 million, while quarter 1/2019, the Company had a net loss of Baht 22.06 million. The increasing of net profit by Baht 55.93 million reflect that the Company's performance is improving, which conforms with the revenue incremental.

Statement of Financial Position

Thousand Baht	Consolidated Financial Statement as of		Changes %
	31 Mar 2020	31 Dec 2019	
Total Assets	2,794,473	2,436,895	14.67%
Total Liabilities	1,041,469	725,259	43.60%
Equity Attributable to Owners of the Company	1,464,594	1,452,254	0.85%
Non-Controlling Interests	288,410	259,382	11.19%
Total Shareholders' Equity	1,753,004	1,711,636	2.42%

As at March 31, 2020, the total assets of the Company were Baht 2,794.47 million and as at December 31, 2019 were Baht 2,436.90 million, increasing by Baht 357.58 million or 14.67%. Total assets mostly consist of property, plant, and equipment amounting to Baht 714.34 million, trade and other current receivables amounting to Baht 339.63 million, intangible assets amounting to Baht 482.36 million, right-of-use assets amounting to Baht 227.82 million, goodwill amounting to Baht 170.43 million, finance lease receivable amounting to Baht 149.38 million, investment in associate amounting to Baht 139.09 million, and cash and cash equivalents amounting to Baht 79.90 million.

An increasing of total assets mostly came from right-of-use assets of Baht 227.82 million due to the revision of Thai Financial Reporting Standards No. 16 which effective since January 1, 2020. In addition, inventories increased by Baht 82.59 million, property, plant, and equipment increased by Baht 54.16 million, restricted bank deposits increased by Baht 39.84 million, other long-term investments increased from fair value measurement according to the revision of Thai Financial Reporting Standards No. 9 by Baht 31.74 million, finance lease receivable increased by Baht 6.15 million. However, cash and cash equivalents decreased by Baht 31.75 million, intangible assets decreased by Baht 26.25 million, trade and other current receivables decreased by Baht 13.92 million, and other assets decreased by 12.81 million.

The total liabilities of the Company as at March 31, 2020 were Baht 1,041.47 million and as at December 31, 2019, were Baht 725.76 million, increase by Baht 316.21 million or 43.60%. The increasing of total liabilities mostly came from liabilities under lease agreements increased by Baht 220.80 million due to the revision of Thai Financial Reporting Standards No. 16 which effective since January 1, 2020. Moreover, trade and other payables increased by Baht 86.21 million, bank overdraft and short-term borrowings from financial institutions increased by Baht 49.25 million. On the contrary, long-term borrowings from financial institutions decreased by Baht 20.38 million, and other liabilities decreased by 19.68 million.

Shareholders' equity as at March 31, 2020 amounting to Baht 1,753.00 million, while as at December 31, 2019, the amount was Baht 1,711.64 million, increased by Baht 41.37 million or 2.42%.

Please be informed accordingly.

Yours Sincerely,



(Ms.Poonchaya Patkotchakorn)

Chief Financial Officer