



Padaeng Industry Public Company Limited and its subsidiaries

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Management Discussion and Analysis (MD&A)

For the three-month and six-month periods ended June 30, 2020



Ref. PDI/BK-BS-038/2020

August 11, 2020

Re: Management Discussion and Analysis (MD&amp;A)

For the three-month and six-month periods ended June 30, 2020

To: President

The Stock Exchange of Thailand

Padaeng Industry Public Company Limited and its subsidiaries (the “Company”) reassessed its business structure to move towards Green Businesses targeting renewable energy and real estate business. To pursue its business strategy, the Company operates commercial solar farms in Thailand and Japan with total production capacity of 50 megawatts.

The Company would like to announce the operating results for the three-month and six-month periods ended June 30, 2020, which have been reviewed by the auditor as follows:

### Consolidate Financial Statements

Unit : Million Baht

	For the three-month periods		For the six-month periods	
	ended June 30,		ended June 30,	
	2020	2019	2020	2019
<b>REVENUES</b>	<b>135.18</b>	<b>139.61</b>	<b>283.65</b>	<b>247.99</b>
Revenue from sales electricity	89.15	90.49	182.37	182.71
Revenue from sales and services	2.98	4.67	7.09	8.12
Dividend income	5.50	37.16	5.50	40.23
Gain on investments	29.38	-	37.99	-
Gain on exchange rate	-	-	36.75	-
Other income	8.17	7.29	13.95	16.93
<b>EXPENSES</b>	<b>(145.79)</b>	<b>(136.22)</b>	<b>(231.42)</b>	<b>(239.51)</b>
Cost of sales electricity	(39.30)	(39.29)	(78.06)	(77.82)
Cost of sales and services	(1.13)	(0.60)	(4.74)	(1.72)
Operating and administrative expenses	(44.23)	(65.40)	(85.94)	(101.59)
Loss on investments	-	(7.69)	-	(6.41)
Loss on exchange rate	(30.29)	(6.13)	-	(18.63)
Finance costs	(30.84)	(17.11)	(62.68)	(33.34)
SHARE OF LOSS OF INVESTMENTS IN JOINTLY CONTROLLED ENTITIES ON EQUITY METHOD	(0.11)	(1.47)	(0.12)	(2.04)
<b>PROFIT (LOSS) BEFORE TAX</b>	<b>(10.72)</b>	<b>1.92</b>	<b>52.11</b>	<b>6.44</b>
INCOME TAX INCOME	0.44	0.61	0.92	1.16
PROFIT (LOSS) FOR THE PERIODS FROM CONTINUING OPERATIONS	(10.28)	2.53	53.03	7.60
PROFIT FOR THE PERIODS FROM DISCONTINUED OPERATION	-	5.89	-	12.14
<b>NET PROFIT (LOSS) FOR THE PERIODS</b>	<b>(10.28)</b>	<b>8.42</b>	<b>53.03</b>	<b>19.74</b>



## Overview the performance

For the three-month period ended June 30, 2020, the Company announces net loss of Baht 10.28 million, compared to a net profit of Baht 8.42 million from the same period of previous year which included profit from discontinued operation amounting Baht 5.89 million.

For the six-month period ended June 30, 2020, the Company announces net profit of Baht 53.03 million, compared to a net profit of Baht 19.74 million from the same period of previous year which included profit from discontinued operation amounting Baht 12.14 million.

## Renewable energy business

The Company reached gross profit for the three-month and six-month periods ended June 30, 2020, amounting Baht 49.85 million and Baht 104.31 million which were gross profit margin of 55.92% and 57.20%, respectively.

Performance				
Unit : Million Baht				
	Consolidate Financial Statements			
	For the three-month periods ended June 30,		For the six-month periods ended June 30,	
	2020	2019	2020	2019
Revenue from sales electricity	89.15	90.49	182.37	182.71
Cost of sales electricity	(39.30)	(39.29)	(78.06)	(77.82)
<b>Gross profit</b>	<b>49.85</b>	<b>51.20</b>	<b>104.31</b>	<b>104.89</b>
Gross profit margin (%)	55.92	56.58	57.20	57.41

## Operating and administrative expenses

The Company has operating and administrative expenses for the three-month period ended June 30, 2020 of Baht 44.23 million, a decrease by Baht 21.17 million from the same period of previous year and for the six-month period ended June 30, 2020 of Baht 85.94 million, a decrease by Baht 15.65 million from the same period of previous year follow the plan of transition of the Company.

### Gain on investments

For the three-month and six-month periods ended June 30, 2020, the Company has gain on investments by Baht 29.38 million and Baht 37.99 million from efficient investment strategy.

### Gain on exchange rate

For the three-month and six-month periods ended June 30, 2020, the Company has loss on exchange rate by Baht 30.29 million and gain on exchange rate by Baht 36.75 million, respectively, due to revaluation foreign exchange rate in JPY of investments on solar farms in Japan.



In 2020, PDI pursues its new business strategy under the guidance of Managing Director which the Board has given its support for further expand into new business lines to accelerate growth, as renewable energy concessions are no longer available locally.

As such, the company can expect a wider investment mandate that focuses on high quality tangible assets in the sectors of real estate and renewable energy.

In addition, the Company continuously manages down its OPEX throughout the period to minimize spending.

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Please be informed accordingly.

Yours truly,

-- Signature --

(Mr. Tommy Taechaubol)

Managing Director

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