



บริษัท ทีพีซี เพาเวอร์ โฮลดิ้ง จำกัด (มหาชน)  
TPC POWER HOLDING PUBLIC COMPANY LIMITED



**Management's Discussion and Analysis (MD&A)**  
**For Six Months Ended June 30, 2019**

No. TPCH-SC-002-08/2562

8 August 2019

**Subject: Management's Discussion and Analysis of *Three Months Ended June 30, 2019***

**To: Managing Director and Manager, Stock Exchange of Thailand**

TPC Power Holding Public Company Limited and its subsidiaries are pleased to announce our performance regarding the financial statement for three months ended June 30, 2019.

TPC Power Holding Public Company Limited is a holding company which invested in other companies that operate power plants from renewable energy. The Company has a mission to focus on enhancing the allocation of power plants to ensure the appropriate level of security to support the development of Thailand's Power Development Plan under the 3E pillars: 1. Energy Security 2. Economic 3. Environmental Friendly and has a main target to improve the management of the company's electricity costs and fuel distribution efficiently.

## Events During Second Quarter of 2019

- **Siam Power signed a power purchase agreement (PPA) with the Metropolitan Electricity Authority (MEA).**

On 19 March 2019, Siam Power Company Limited (SP) which TPCH holds 50% share has signed a PPA of Waste to Energy project under Feed-in-Tariff (FiT) with MEA. SP project has an install capacity of 9.5 MW and sales capacity of 8.0 MW with a scheduled commercial operation date within 30 November 2020. The FiT-waste to energy is 5.8143 baht per unit (FiT fix 2.39 + FiT variable 2.734 + FiT premium 0.7). Feed stock for the project is from the agreement of construction and management system of waste disposal from landfills of 3 million tons for 23 years with Nonthaburi province. (The expiration date is 19 August 2042)

- **Interim Dividends Payment**

On 7 August 2019, the Board of Directors' meeting has approved the payment of interim dividends from the operating results for the six-month period ended 30 June 2019 at the rate of 0.084 baht per share, totaling 33,700,800 baht. The date for determining the list of shareholders entitled to receive interim dividends (Record Date) on 22 August 2019 and determine the interim dividend payment date on 5 September 2019.

## Progress of Projects

<b>Operations</b>	<b>60 MW</b>
<b>CRB, MWE, MGP, TSG, PGP, SGP</b>	
<b>Constructions (SCOD)</b>	<b>59 MW</b>
<b>PTG, TPCH 1, TPCH 2 TPCH 5, SP</b>	

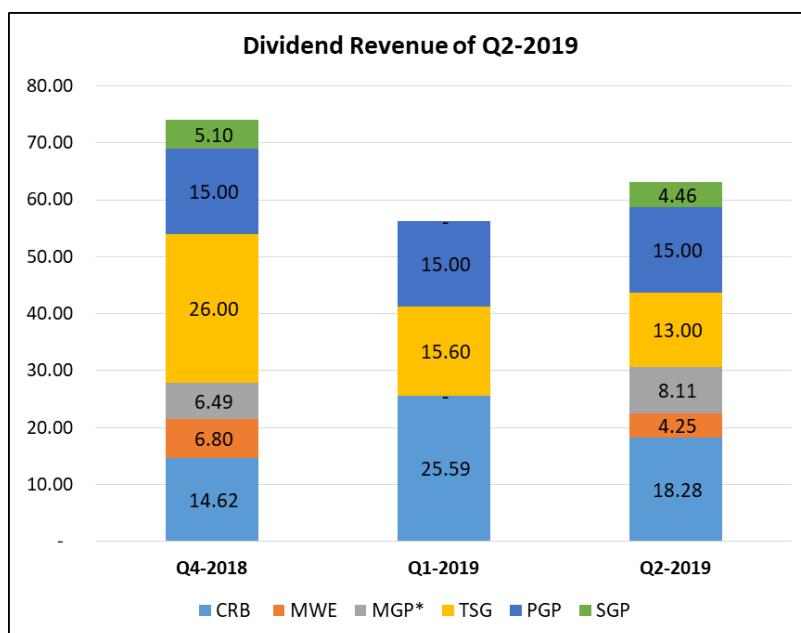
## Overview of Financial Performance of the Company

Separated Financial Statement (Million THB)	Quarter			Change +/-	
	Q2-2019	Q1-2019	Q2-2018	QoQ	YoY
<b>Revenue</b>					
Dividend Revenue	63.10	56.19	39.94	12.3%	58.0%
Other Revenue	3.69	3.54	3.87	4.4%	(4.5%)
<b>Total Revenue</b>	<b>66.79</b>	<b>59.73</b>	<b>43.81</b>	<b>11.8%</b>	<b>52.4%</b>
<b>Expense</b>					
Administrative Expense	(17.99)	(17.67)	(16.58)	1.8%	8.5%
Loss From Dissolution of Subsidiaries	0.00	(2.12)	0.00	(100.0%)	-
Finance Cost	(0.04)	(0.07)	(0.04)	(41.6%)	(1.2%)
<b>Total Expense</b>	<b>(18.03)</b>	<b>(19.86)</b>	<b>(16.62)</b>	<b>(9.2%)</b>	<b>8.5%</b>
<b>Net Profit (Loss)</b>	<b>48.76</b>	<b>39.87</b>	<b>27.19</b>	<b>22.3%</b>	<b>79.3%</b>
<b>Other Net Profit (Loss)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>-</b>	<b>-</b>
<b>Total Net Profit (Loss)</b>	<b>48.76</b>	<b>39.87</b>	<b>27.19</b>	<b>22.3%</b>	<b>79.3%</b>
<b>Earnings (loss) per share</b>	<b>0.12</b>	<b>0.10</b>	<b>0.07</b>	<b>22.3%</b>	<b>79.3%</b>

**Separated Financial Statement of 2<sup>nd</sup> Quarter of 2019** shows a total net profit of 48.76 million THB, increased from its previous quarter of 39.87 million THB due to the following reasons:

- **Dividend Revenue**

In Q2-2019, a total dividend revenue was 63.10 million THB, increased from its previous quarter of 56.19 million THB, details as follows:



Note MGP\* A Joint venture, recognized revenue from electricity sales according to share holder proportion

#### ■ Other Revenue

In Q2-2019, the other revenue was 3.69 million THB, increased by 0.16 million THB or 4.4% from its previous quarter of 3.54 million THB, which is from a short term loan interest.

#### ■ Administrative Expense

Most of the expenses goes to employees' wages/salaries, Board, Manager, Utilities, other administrative expense and managing expense, Consultant, Public relations. In Q2-2019, the expense was 17.99 million THB, increased by 0.32 million THB from its previous quarter of 17.67 million THB.

#### ■ Financial Cost

The Company's finance costs was 0.04 million THB due to an interest expenses from financial lease agreements.

## Consolidated Company Performance

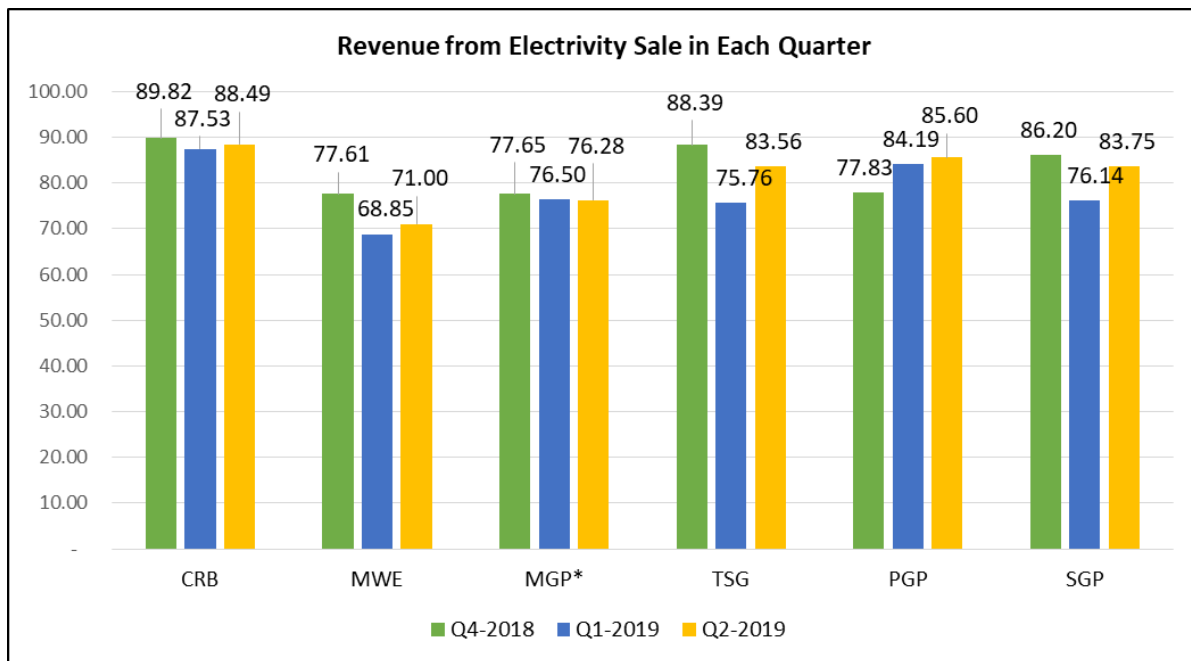
Consolidated Financial Statement (Million THB)	Quarter			Change +/-	
	Q2-2019	Q1-2019	Q2-2018	QoQ	YoY
Revenue from sales of electricity	412.40	392.46	395.24	5.1%	4.3%
Cost from sales of electricity	(224.83)	(216.50)	(203.72)	3.8%	10.4%
<b>Gross Profit</b>	187.58	175.96	191.52	6.6%	(2.1%)
Other revenue	3.57	2.56	2.88	39.4%	24.0%
<b>Profit Before Expenses</b>	191.15	178.52	194.40	7.1%	(1.7%)
Administrative Expense	(27.97)	(27.55)	(26.22)	1.6%	6.7%
Loss From Dissolution of Subsidiaries	0.00	(1.16)	0.00	(100.0%)	-
Financing Cost	(19.28)	(19.49)	(21.20)	(1.1%)	(9.0%)
Profit (Loss) from investment in joint venture	6.06	4.33	(3.47)	40.0 %	(>100.0%)
Total Expense	(41.20)	(43.88)	(50.89)	(6.1%)	(19.0%)
<b>Profit (Loss) Before Income Tax</b>	149.95	134.65	143.51	11.4%	4.5%
Income Tax Expense	0.00	0.00	0.00	-	-
<b>Net Profit (Loss)</b>	149.95	134.65	143.51	11.4%	4.5%
<b>Other Comprehensive Profit (Loss)</b>	0.00	0.00	0.00	-	-
<b>Total Net Profit (Loss)</b>	149.95	134.65	143.51	11.4%	4.5%
<b>Earnings (Loss) per share</b>	0.24	0.21	0.23	12.5%	5.6%
<b>Profit Attributable to:</b>					
Owner of the Company	95.45	84.85	90.36	12.5%	5.6%
Non-controlling Interests	54.50	49.80	53.15	9.4%	2.5%
<b>Total Net Profit (Loss)</b>	149.95	134.65	143.51	11.4%	4.5%
<b>Comprehensive Profit Attributable to:</b>					
Owner of the Company	95.45	84.85	90.36	12.5%	5.6%
Non-controlling Interests	54.50	49.80	53.15	9.4%	2.5%
<b>Total Net Profit (Loss)</b>	149.95	134.65	143.51	11.4%	4.5%

■ **Revenue from Electricity Sale**

TPCH and its subsidiaries had a total revenue from electricity sales in Q2-2019 of 412.40 million THB, increased by 19.94 million THB from its previous quarter of 392.46 million THB. Revenue from electricity sale increased from MWE being the only power plant that had a shut-down maintenance during the quarter.

Each project has revenue from electricity sales as follows:

Unit: Million THB



Note MGP\* A Joint venture, recognized revenue from electricity sales according to shareholding proportion

■ **Cost from sales of electricity**

The cost from sales of electricity in Q2-2019 was 224.83 million THB, increased by 8.33 million THB from its previous quarter of 216.50 million THB. The cost consists of operation cost, operational managing, and instruments for making the generator has the best performance.

Details as follows.

Cost of Electricity Sales (Million THB)	Q2-2019						
	CRB	MWE	TSG	PGP	SGP	Total	%
Operation cost	35.94	32.06	31.42	39.04	35.66	174.12	77.45
Depreciation and Amortization cost	6.80	7.13	7.09	8.41	8.83	38.27	17.02
Maintenance cost	0.07	5.54	0.39	0.60	1.31	7.91	3.52
Electricity cost	0.31	1.05	0.96	0.86	1.35	4.53	2.02
<b>Total Cost</b>	<b>43.12</b>	<b>45.78</b>	<b>39.86</b>	<b>48.92</b>	<b>47.15</b>	<b>224.83</b>	<b>100.00</b>
<b>Margin of COGS</b>							<b>54.52</b>

Cost of Electricity Sales (Million THB)	Q1-2019						
	CRB	MWE	TSG	PGP	SGP	รวม	ร้อยละ
Operation cost	35.46	33.53	29.41	36.43	31.89	166.71	77.00
Depreciation and Amortization cost	6.73	6.97	7.01	8.30	8.72	37.72	17.42
Maintenance cost	0.56	2.96	0.38	2.04	1.53	7.46	3.45
Electricity cost	0.29	0.91	1.09	0.97	1.34	4.60	2.13
<b>Total Cost</b>	<b>43.04</b>	<b>44.37</b>	<b>37.89</b>	<b>47.73</b>	<b>43.48</b>	<b>216.50</b>	<b>100.00</b>
<b>Margin of COGS</b>							<b>55.16</b>

#### ■ Other Revenue

In Q2-2019, the Company had revenues from short term loan interests from subsidiaries and short term investment dividend of 3.57 million THB, increased by 1.01 million THB or 39.4% from its previous quarter of 2.56 million THB.

#### ■ Administrative Expenses

In Q2-2019, the company and its subsidiaries had a total of administrative expenses of 27.97 million THB, increased by 0.43 million THB from its previous quarter of 27.55 million THB. The main cost are employees' wages and salaries, Board, Utilities, Power plant Capital contribution, depreciation, interest, and the company has cut the Bad Debt of value added tax. Household and other administrative cost for a better performance.



■ **Financing Cost**

In Q2-2019, TPCB and its subsidiaries had financing cost of 19.28 million THB, increased by 0.21 million THB from its previous quarter of 19.49 million THB due to load interests.

■ **Profit (loss) from investments in joint ventures**

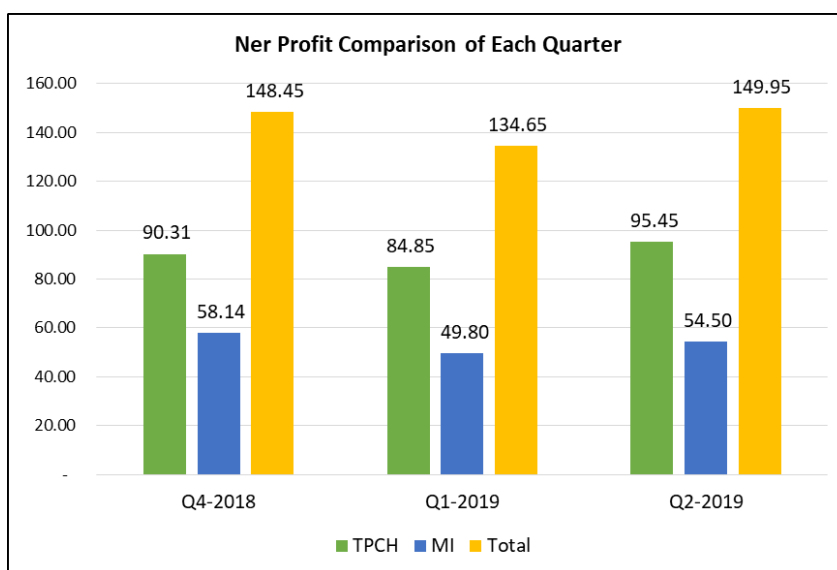
In Q2-2019, profit-sharing from subsidiaries was 6.06 million THB, increased by 1.73 million THB from its previous quarter of 4.33 million THB. Details as follows:

- The share of profit from 46 percent in **MGP** was 10.90 million THB.
- The share of loss from 33 percent in **PA Waste and Energy Company Limited (PA)** from this period was 0.04 million THB.
- The share of loss from 50 percent in **SP** from this period was 4.81 million THB due to the development of waste energy power operation.

■ **Total Net Profit (Loss)**

In Q2-2019, the Company had total net profit (Loss) of 149.95 million THB, increased by 15.30 million THB or 11.4% from its previous quarter of 134.65 million THB.

**Profit Attributable to TPCB** was 95.45 million THB, increased by 10.60 million THB from its previous quarter of 84.85 million THB due to MWE being the only power plant that had a schedule maintenance shutdown.

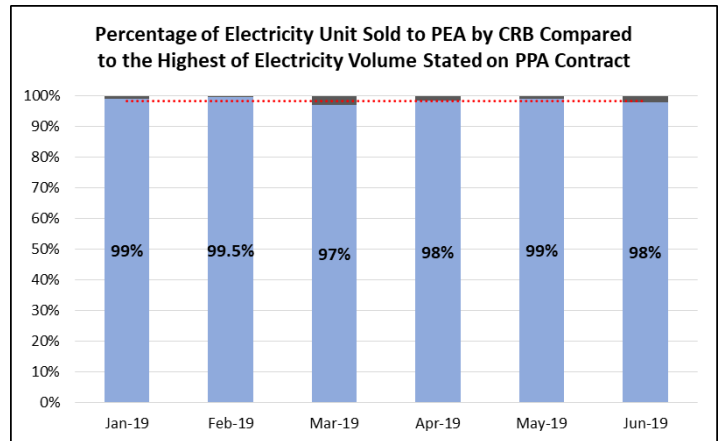
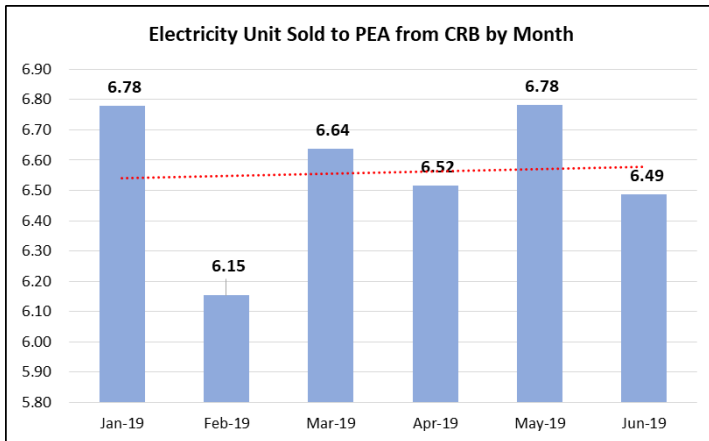


Unit: Million THB

## Performance of Power plants under operations (6 plants in total)

**CRB**, a 9.2 MW power plant selling electricity under the FiT system (4.47 baht/unit\*), generated and sold 19,785,490 units of electricity in Q2-2019 with twelve hours of unplanned shutdown.

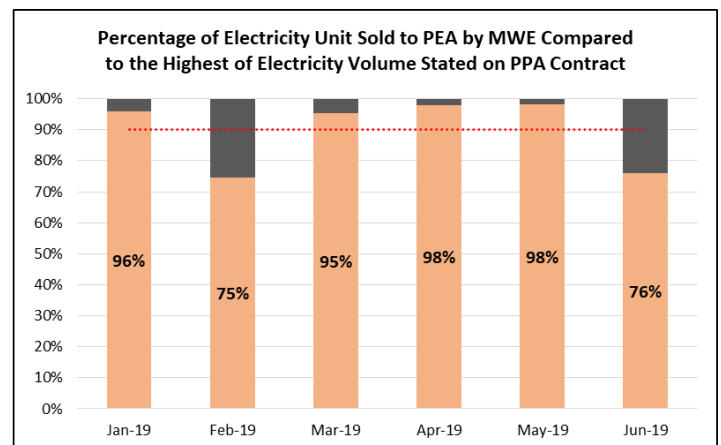
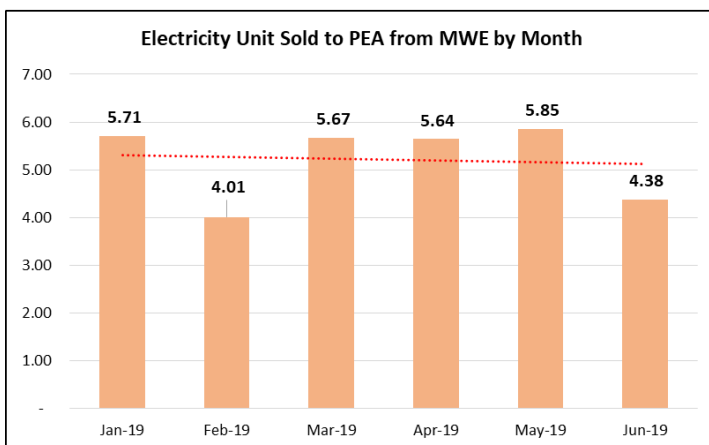
Details as follows.



\* The net purchase price of 4.45 baht per unit has increased to 4.47 baht per unit because the core inflation used to calculate FiT variable in 2019 has increased.

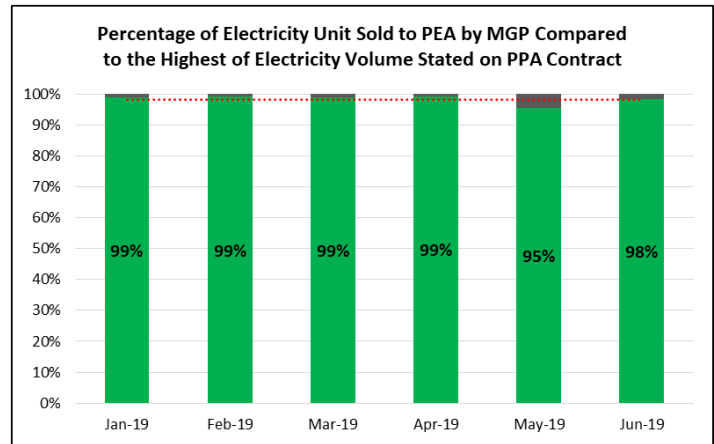
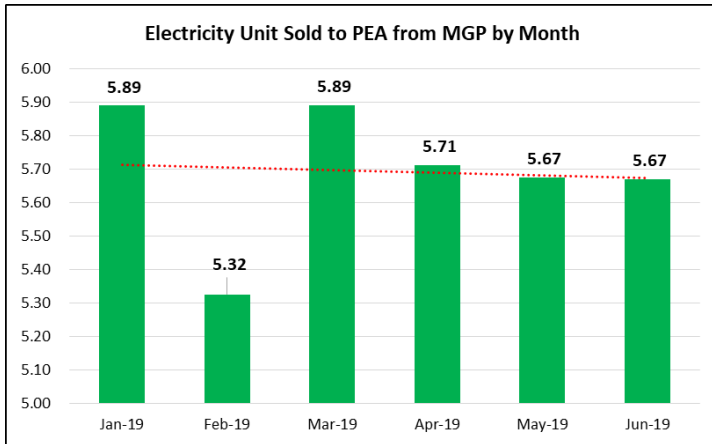
**MWE**, an 8.0 MW power plant selling electricity under the FiT system (4.47 baht/unit), generated and sold 15,873,419 units of electricity in Q2-2019 with seven days of a scheduled maintenance shutdown in June and two days and nineteen hours of an unplanned shutdown.

Details as follows.



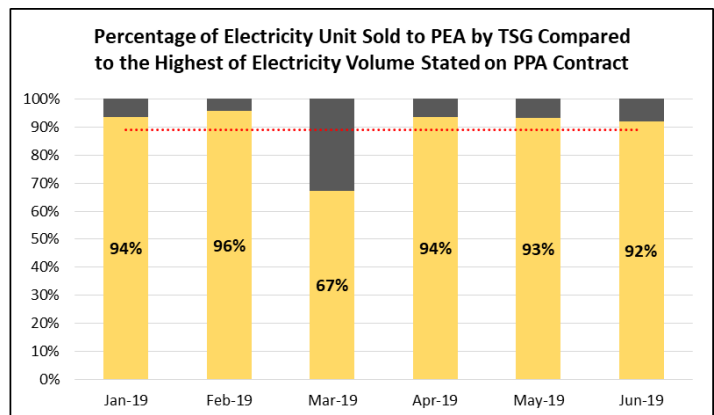
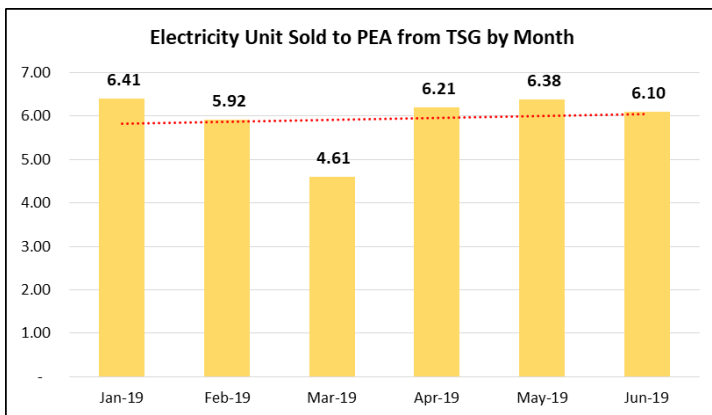
**MGP**, an 8.0 MW power plant selling electricity under the FiT system (4.47 baht/unit), generated and sold 17,054,854 units of electricity in Q2-2019 with nine hours of an unplanned shutdown.

Details as follows.



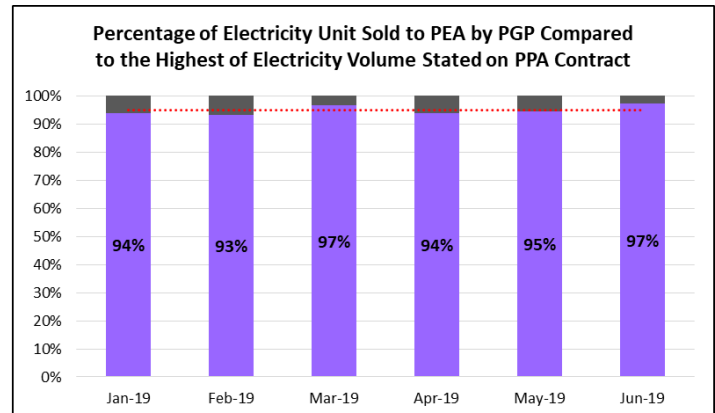
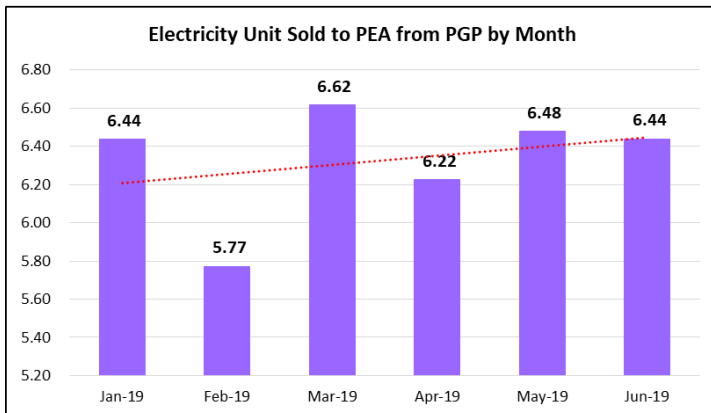
**TSG**, a 9.2 MW power plant selling electricity under the FiT system (4.47 baht/unit), generated and sold 18,684,726 units of electricity in Q2-2019 with two days of an unplanned shutdown.

Details as follows.



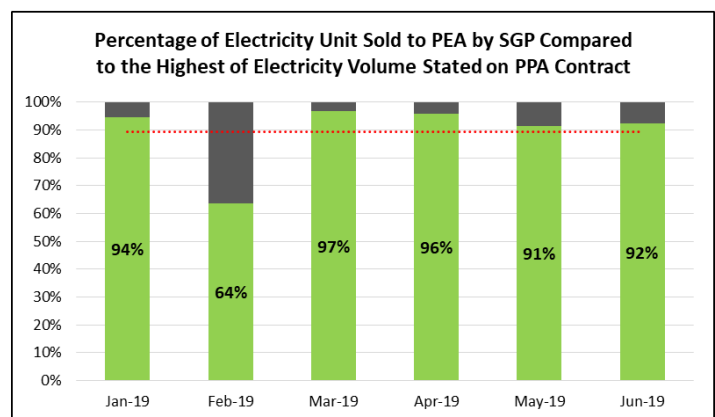
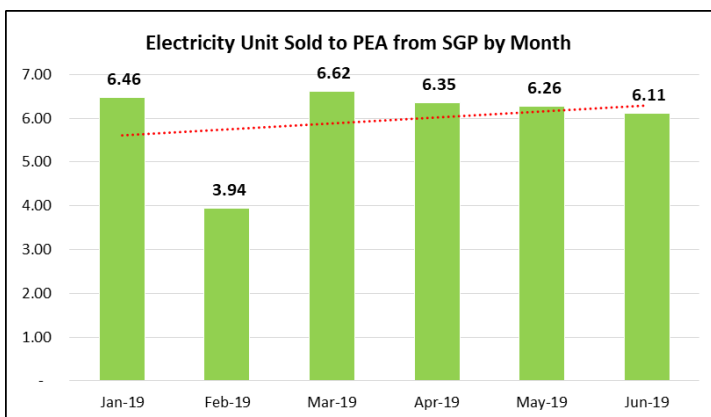
**PGP**, a 9.2 MW power plant selling electricity under the FiT system (4.47 baht/unit), generated and sold 19,140,000 units of electricity in Q2-2019 with two days and twenty-two hours of unplanned shutdown.

Details as follows.



**SGP**, a 9.2 MW power plant selling electricity under the FiT system (4.47 baht/unit), generated and sold 18,726,653 units of electricity in Q2-2019 with two days and fourteen hours of an unplanned shutdown.

Details as follows.



## Industry Overview in 2019

The Minister of Energy has revealed the policy and direction of the future of Thailand energy with the improvement of the power development plan (PDP2018) to a Revised Edition 1, by focusing on people to have an easily access to energy systems by defining small areas for building "Community Power Plant" based on the power transmission capacity that is available throughout all regions of Thailand. The investment model will allow the private sector to join with the community to invest in building a power plant, which will mainly focus on renewable energy such as solar, biomass, and waste; which will be partially funded by the Energy Conservation Promotion Fund with a budget of 12,000 million baht. The revised version will also encourage Thailand to become the ASEAN electric power center which, if possible, will help domestic electric power to have stable electricity at a low price from the addition of Smart Grid and Energy Storage System to help strengthen the system. This revised plan also supports electrical energy that does not cause environmental impacts, especially renewable energy, in order to reduce carbon dioxide emissions which is the cause of global warming. It is expected that the number of alternative energy plans may be adjusted to increase proportion in the total power generation capacity of the country.

In addition to the development of community waste power plant projects that the company has been focusing on lately, small community power plants are also a power plant model that the company has expertise and has continuously studied on technology. Being a community power plant is the policy of the company that has existed since the beginning since it is a distribution of income and helps to improve the quality of life of the community around the power plant, responding to the policy that the government has always promoted. The company also plans to bring this model into neighboring countries or CLMV under the investment conditions that yields a project return not less than the policy that the company has set.

For your information,

TPC Power Holding Public Company Limited

(Mr. Cherdsak Wattanavijitkul)

President

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<b>TPCH</b>	: TPC Power Holding Public Company Limited
<b>CRB</b>	: Chang Rak Biopower Company Limited
<b>MWE</b>	: Maewong Energy Company Limited
<b>MGP</b>	: Mahachai Green Power Company Limited
<b>TSG</b>	: Thungsung Green Company Limited
<b>PGP</b>	: Phatthalung Green Power Company Limited
<b>SGP</b>	: Satun Green Power Company Limited
<b>TPCH1</b>	: TPCH Power 1 Company Limited
<b>TPCH2</b>	: TPCH Power 1 Company Limited
<b>TPCH5</b>	: TPCH Power 1 Company Limited
<b>TPCH6</b>	: TPCH Power 1 Company Limited
<b>TPCH7</b>	: TPCH Power 1 Company Limited
<b>TPCH8</b>	: TPCH Power 1 Company Limited
<b>PTG</b>	: Pattani Green Company Limited
<b>PA</b>	: PA Waste and Energy Company Limited
<b>SP</b>	: Siam Power Company Limited
<b>PEA</b>	: Provincial Electricity Authority
<b>MEA</b>	: Metropolitan Electricity Authority
<b>COD</b>	: Commercial Operation Date
<b>SCOD</b>	: Scheduled Commercial Operation Date
<b>RDF</b>	: Refuse Derived Fuel which is the product of processing municipal solid waste to separate the noncombustible from the combustible portion, and preparing the combustible portion into a form that can be effectively fired in an existing or new boiler.