

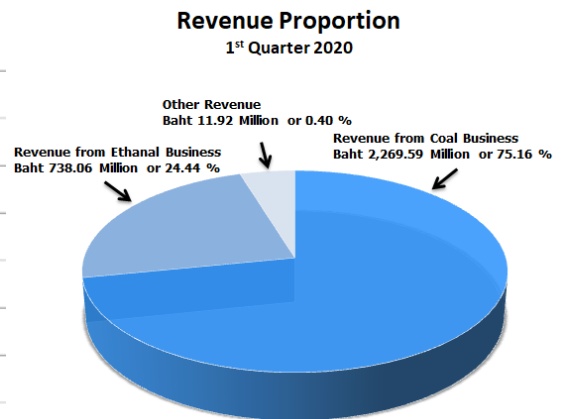
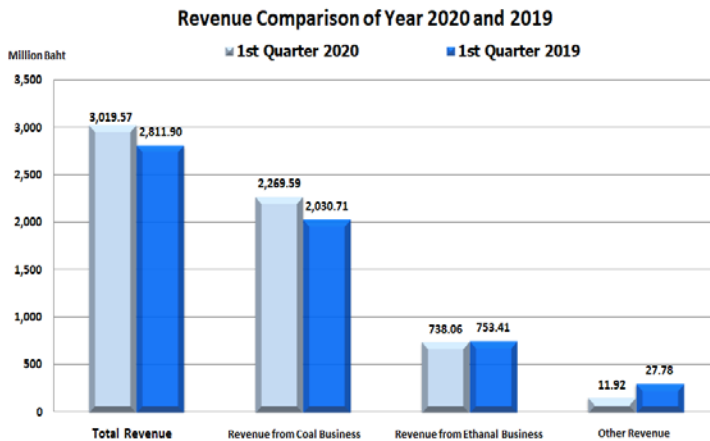
MANAGEMENT DISCUSSION AND ANALYSIS

(For the Consolidated Financial Statements of the 1st Quarter 2020)

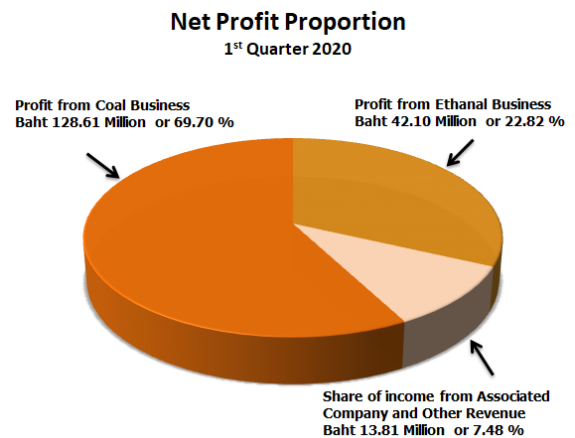
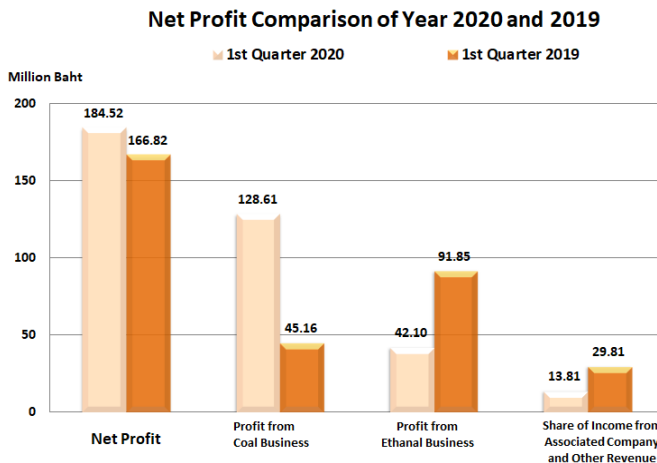
OVERALL OPERATING RESULTS

The overall operating results in the 1st quarter 2020 of the Company and subsidiary companies are still considered as good and satisfactory in terms of revenue and profit, having coal prices increased slightly for coal business, which is the core business, while the ethanol-for-fuel business, the secondary core business, has continued to be profitable.

The Company and subsidiary companies had total revenue in the 1st quarter 2020 of Baht 3,019.57 million, which increased from the same period last year by Baht 207.67 million or 7.39 percent. The revenue proportion from coal business, ethanol business and other revenue accounted for 75.16, 24.44 and 0.40 percent, respectively.



The Company and subsidiary companies had total net profit in the 1st quarter 2020 of Baht 184.52 million or net earnings per share of Baht 0.35, which increased from the same period last year by Baht 17.70 million or 10.61 percent. The net profit proportion from coal business, ethanol business, and share of income from associated company and other revenue accounted for 69.70, 22.82 and 7.48 percent, respectively, with the net profit margin of 9.78 percent, the EBITDA margin of 21.25 percent, and the return on equity of 4.09 percent.



The overall financial position and liquidity of the Company and subsidiary companies as at March 31, 2020 were considered in good standing. The current ratio was as high as 1.72 times and the total debt to total assets ratio was at the low level of only 37.07 percent with debt to equity ratio of only 58.89 percent.

Operating Results of the Coal Business or the Core Business: The total revenue of the Company and subsidiary companies in the 1st quarter 2020 was Baht 2,269.59 million, which increased from the same period last year by Baht 238.88 million or 11.76 percent and the net profit derived from shareholding proportion of the Company was Baht 128.61 million, which increased from the same period last year by Baht 83.45 million or 184.79 percent due to the increase in coal sales volume and the average coal selling price from the same period last year of 5.14 and 6.30 percent respectively.

Operating Results of the Ethanol-for-Fuel Business or the Secondary Core Business: The revenue from ethanol business in the 1st quarter 2020 was Baht 738.06 million, which decreased from the same period last year by Baht 15.35 million or 2.04 percent and the net profit derived from shareholding proportion of the Company was Baht 42.10 million, which decreased from the same period last year by Baht 49.75 million or 54.16 percent, due to the decrease in ethanol sales volume of 4.64 percent but the average ethanol selling price increased by 2.31 percent, which is still consistently profitable.

OPERATING RESULTS ANALYSIS

Revenue	1 st Quarter 2020		1 st Quarter 2019		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from Coal Sales	2,269.59	75.16	2,030.71	72.22	238.88	11.76
Revenue from Ethanol Sales	738.06	24.44	753.41	26.79	(15.35)	(2.04)
Other Revenue	11.92	0.40	27.78	0.99	(15.86)	(57.09)
Total Revenue	3,019.57	100.00	2,811.90	100.00	207.67	7.39

REVENUE: Revenue of the Company and subsidiary companies in the 1st quarter 2020 totaled Baht 3,019.57 million, which increased from the same period last year by Baht 207.67 million or 7.39 percent due to the following reasons:

(1) Revenue from coal business totaled Baht 2,269.59 million, which increased from the same period last year by Baht 238.88 million or 11.76 percent. This was due to the increase in coal sales volume and coal selling price as described above.

(2) Revenue from ethanol business totaled Baht 738.06 million, which decreased from the same period last year by Baht 15.35 million or 2.04 percent. This was due to the decrease in ethanol sales volume as described above; and

(3) Other revenue totaled Baht 11.92 million, which decreased from the same period last year by Baht 15.86 million or 57.09 percent. This was due to the decrease in foreign exchange gain from the same period last year of Baht 19.74 million but interest received and other items increased by Baht 3.88 million.

Expenses	1 st Quarter 2020		1 st Quarter 2019		Increase (Decrease)	
	Million Baht	% Sales	Million Baht	% Sales	Million Baht	% Sales
Coal Business						
Cost of sales	1,252.99	55.21	1,220.56	60.11	32.43	2.66
Selling and administrative expenses	702.61	30.96	647.92	31.91	54.69	8.44
Financial cost	3.73	0.16	27.53	1.36	(23.80)	(86.45)
Corporate income tax	111.94	4.93	52.98	2.61	58.96	111.29
Ethanol Business						
Cost of Sales	621.40	84.19	528.53	70.15	92.87	17.57
Selling and Administrative Expenses	19.39	2.63	16.62	2.21	2.77	16.67
Financial Expense	12.24	1.66	9.55	1.27	2.69	28.17
Corporate Income Tax	1.93	0.26	17.94	2.38	(16.01)	(89.24)

COAL BUSINESS EXPENSES : Coal business expenses of the Company and subsidiary companies in the 1st quarter 2020 totaled Baht 2,071.27 million, which increased from the same period last year by Baht 122.28 million or 6.27 percent, due to the following reasons:

(1) Cost of coal sales increased from the same period last year by Baht 32.43 million or 2.66 percent, due to the increased in coal sales volume of 5.14 percent but the average cost of coal sales slightly decreased by 2.36 percent.

(2) Selling and administrative expenses increased from the same period last year by Baht 54.69 million or 8.44 percent due to the increase in coal sales volume as described above.

(3) Financial expense decreased from the same period last year by Baht 23.80 million or 86.45 percent due to the decrease in loan, resulting in the decrease in interest expense; and

(4) Corporate income tax increased from the same period last year by Baht 58.96 million or 111.29 percent due to the increase in profit.

ETHANOL BUSINESS EXPENSES: Ethanol business expenses of the subsidiary company in the 1st quarter 2020 totaled Baht 654.96 million, which increased from the same period last year by Baht 82.32 million or 14.38 percent, due to the following reasons:

(1) Cost of ethanol sales increased from the same period last year by Baht 92.87 million or 17.57 percent due to the decrease in ethanol sales volume of 4.64 percent but the average cost of ethanol sales increased by 23.25 percent due to the molasses price, which is the raw material and major cost of ethanol production, increased by 28.86 percent.

(2) Selling and administrative expenses increased from the same period last year by Baht 2.77 million or 16.67 percent due to expenses on wastewater evaporation plant which is under construction and commissioning process.

(3) Financial expense increased from the same period last year by Baht 2.69 million or 28.17 percent due to the increase in loan, resulting in the increase in interest expense; and

(4) The corporate income tax decreased from the same period last year by Baht 16.01 million or 89.24 percent due to the decrease in profit.

Gross Profit	Coal Business		Ethanol Business		Total	
	Million Baht	%	Million Baht	%	Million Baht	%
1st Quarter 2020						
Revenues from sales	2,269.59	100.00	738.06	100.00	3,007.65	100.00
Less Cost of sales	1,252.99	55.21	621.40	84.19	1,874.39	62.32
Gross Profit	1,016.60	44.79	116.66	15.81	1,133.26	37.68
1st Quarter 2019						
Revenues from sales	2,030.71	100.00	753.41	100.00	2,784.12	100.00
Less Cost of sales	1,220.56	60.11	528.53	70.15	1,749.09	62.82
Gross Profit	810.15	39.89	224.88	29.85	1,035.03	37.18

GROSS PROFIT : Gross profit of the Company and subsidiary companies in the 1st quarter 2020 totaled Baht 1,133.26 million or 37.68 percent of the sales revenue, which slightly increased from the same period last year with the gross profit by Baht 1,035.03 million or 37.18 percent of the sales revenue, due to the following reasons:

(1) Gross profit from coal business was 44.79 percent of the sales revenue, which increased from the same period last year with gross profit by 39.89 percent of the sales revenue. This was due to the increase in average coal selling price of 6.30 percent, while the cost of coal sales slightly decreased by 2.36 percent; and

(2) Gross profit from ethanol business was 15.81 percent of the sales revenue, which decreased from the same period last year with gross profit of 29.85 percent of the sales revenue. Despite the increase in average ethanol selling price of 2.31 percent but the average cost of ethanol sales increased by 23.25 percent due to the increase in molasses price, which is a raw material and a major cost of ethanol production as described above.

Net Profit	1 st Quarter 2020		1 st Quarter 2019		Increase (Decrease)	
	Million Baht	%	Million Baht	%	Million Baht	%
Profit from Coal Business	128.61	69.70	45.16	27.07	83.45	184.79
Profit form Ethanol Business	42.10	22.82	91.85	55.06	(49.75)	(54.16)
Share of Income from Associated Company and Other Revenue	13.81	7.48	29.81	17.87	(16.00)	(53.67)
Net Profit	184.52	100.00	166.82	100.00	17.70	10.61
Net Earnings per share (Baht per share)	0.35		0.32		0.03	10.61

NET PROFIT : The net profit of the Company and subsidiary companies in the 1st quarter 2020 totaled Baht 184.52 million, which increased from the same period last year by Baht 17.70 million with net earnings per share of Baht 0.35, which increased from the same period last year by Baht 0.03 per share or 10.61 percent due to the following reasons:

(1) Net profit from coal business derived from shareholding proportion of the Company was Baht 128.61 million or 69.70 percent of the total net profit, which increased from the same period last year by Baht 83.45 million or 184.79 percent. This was due to the increase in coal sales volume and average coal selling price as described above.

(2) Net profit from ethanol business derived from shareholding proportion of the Company was Baht 42.10 million or 22.82 percent of the total net profit, which decreased from the same period last year by Baht 49.75 million or 54.16 percent due to the increase in molasses price, which is a raw material and a major cost of ethanol production, as described above; and

(3) Share of income from associated company and other revenue were Baht 13.81 million or 7.48 percent of the total net profit, which decreased from the same period last year by Baht 16 million or 53.67 percent, due to decrease in foreign exchange gain as described above.

EARNINGS EFFICIENCY

(1) EBITDA (Earnings before financial expenses, corporate income tax, depreciation and amortization) of the Company and subsidiary companies in the 1st quarter 2020 was Baht 641.64 million, which decreased from the same period last year by Baht 19.50 million or 3.13 percent and EBITDA margin was at 21.25 percent, which decreased from the same period last year by 3.96 percent.

(2) Net profit margin of the Company and subsidiary companies in the 1st quarter 2020 was at 9.78 percent, which decreased from the same period last year by 5.94 percent.

(3) Return on equity of the Company and subsidiary companies in the 1st quarter 2020 was at 4.09 percent, which increased from the same period last year by 8.74 percent.

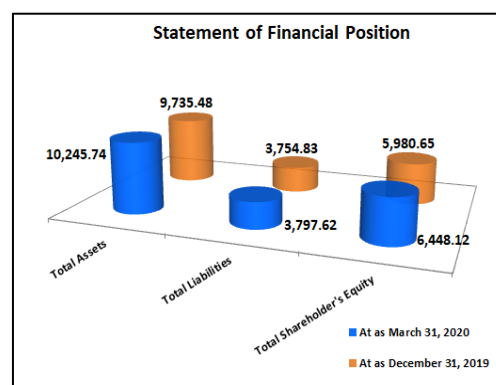
(4) Return on total assets of the Company and subsidiary companies in the 1st quarter 2020 was at 2.96 percent, which decreased from the same period last year by 3.56 percent. The return on fixed assets in the 1st quarter 2020 was at 11.46 percent, which decreased from the same period last year by 6.49 percent.

STATEMENTS OF FINANCIAL POSITION

Description	Unit: Million Baht		Increase (Decrease)	
	As at March 31, 2020	As at December 31, 2019	Million Baht	%
Total Assets	10,245.74	9,735.48	510.26	5.24
Total Liabilities	3,797.62	3,754.83	42.79	1.14
Total Shareholders' Equity	6,448.12	5,980.65	467.47	7.82
Book Value-Baht per Share	8.87	8.31	0.56	6.74
Remark: Registered par value of Baht 1 per share				

ASSETS: The total assets of the Company and subsidiary companies as at March 31, 2020 was Baht 10,245.74 million, which increased from the previous year by Baht 510.26 million or 5.24 percent, due to (1) current assets increased by Baht 110.12 million or 2.58 percent, consisting of: (A) cash and cash equivalent increased by Baht 110.73 million or 10.17 percent; (B) trade accounts receivable and other accounts receivable increased by Baht 152.57 million or 21.61 percent; (C) inventories increased by Baht 396.36 million or 54.34 percent; and (D) other current assets most of which were prepaid corporate income tax, advance payment for goods, etc., decreased by Baht 549.54 million or 31.43 percent; and (2) non-current assets increased by Baht 400.14 million or 7.33 percent.

LIABILITIES: The total liabilities of the Company and subsidiary companies as at March 31, 2020 was Baht 3,797.62 million, which increased from the previous year by Baht 42.79 million or 1.14 percent, due to (1) trade accounts payable and other accounts payable decreased by Baht 24.49 million or 4.72 percent (2) short-term loan and long-term loan of the subsidiary companies decreased by Baht 170.01 million or 7.20 percent (3) accrued expenses, most of which were overburden removal expenses and freight cost, etc., increased by Baht 131.40 million or 36.32 percent; and (4) other liabilities, most of which were the lease agreement on coal loading jetty acquisition and provision for mine rehabilitation of the subsidiary companies and allowance for long-term benefits of employees, etc., increased by Baht 105.89 million or 20.63 percent.



TOTAL SHAREHOLDERS' EQUITY: The total shareholders' equity of the Company and subsidiary companies as at March 31, 2020 was Baht 6,448.12 million, which increased from the previous year by Baht 467.47 million or 7.82 percent, resulting in an increase of the share's book value from Baht 8.31 per share to Baht 8.87 per share, an increase of Baht 0.56 per share or 6.74 percent. This was due to (1) an increase in retained earnings as a result of the net profit of Baht 184.52 million or 5.74 percent in the 1st quarter 2020 (2) a net increase in translation adjustment in financial of Baht 108.30 million or 200.89 percent; and (3) an increase in minority shareholders' equity of Baht 174.65 million or 10.81 percent.

CASH FLOWS

Description	Unit: Million Baht	
	1 st Quarter 2020	1 st Quarter 2019
Cash Flows from (used in) Operating Activities	690.48	520.01
Cash Flows from (used in) Investing Activities	(115.75)	(457.28)
Cash Flows from (used in) Financing Activities	(223.56)	(357.13)
Increase (Decrease) in Translation Adjustments in Financial Statements	(59.88)	9.96
Net Increase (Decrease) in Cash	291.29	(284.44)
Cash at the beginning of the period	477.62	605.36
Cash at the end of the period	768.91	320.92

(1) The net cash from operating activities of the Company and subsidiary companies in the 1st quarter 2020 totaled Baht 690.48 million, consisting of (A) income before corporate income tax and interest expense of Baht 409.10 million; (B) transactions that did not affect the cash such as depreciation and amortization of assets, most of which were mostly transactions concerning coal mining operations of the subsidiary companies in Indonesia of Baht 278.96 million; (C) a decrease in operating assets of Baht 39 million; (D) an increase in operating liabilities of Baht 39.50 million; (E) an increase in interest received of Baht 2.82 million; and (F) an increase in interest expense and taxes of Baht 78.90 million.

(2) The net cash used in investing activities of the Company and subsidiary companies in the 1st quarter 2020 totaled Baht 115.75 million, consisting of (A) properties, buildings and equipment, most of which were the coal transport jetty construction of the Company and wastewater treatment system construction of the subsidiary companies increased by Baht 99.93 million (B) an increase in expenses of coal mine projects of subsidiary companies in Indonesia of Baht 113.88 million; (C) investment in subsidiary companies' ordinary shares increased by Baht 65.09 million; and (D) short-term capital investment and other items decreased by Baht 163.15 million.

(3) The net cash used in financing activities of the Company and subsidiary companies in the 1st quarter 2020 totaled Baht 223.56 million, consisting of (A) a decrease in loan of Baht 287.50 million; and (B) an increase in minority shareholders' equity of Baht 63.94 million.

ASSET MANAGEMENT CAPABILITY

(1) The trade accounts receivable and other accounts receivable of the Company and subsidiary companies as at March 31, 2020 were 8.38 percent of total assets. The provisions of doubtful debts are considered based on review of receivable period and assessment of past debt collection experience. Accordingly, there was no provision of doubtful debt in the 1st quarter 2020.

(2) Inventory of the Company and subsidiary companies as at March 31, 2020 was 10.99 percent of total assets without deterioration or impairment of the products. Therefore, there was no allowance for impairment loss of inventory in the 1st quarter 2020.

(3) The Company's goodwill incurred from investment in the subsidiary company as at March 31, 2020 was accounted for 2.29 percent of total assets, by which the Company considered financial projection and impact in various aspects and found that it was not yet necessary for provision of goodwill impairment from investment in the 1st quarter 2020.

LIQUIDITY AND SUFFICIENCY OF CAPITAL

(1) The total debt-to-equity ratio of the Company and subsidiary companies as at March 31, 2020 was as low as 0.59:1 with appropriate capital structure. The Company has cash generation and credit facilities sufficient for future investment projects.

(2) The current ratio of the Company and subsidiary companies as at March 31, 2020 was as high as 1.72 times despite the quick ratio was only 0.80 times but there was no liquidity problem. The Company and subsidiary companies have credit facilities sufficient for future investment projects.

(3) The cash cycle of the Company and subsidiary companies in the 1st Quarter 2020 was 47 days, an increase from the same period last year of 14 days. The average debt collection period was at 23 days, which decreased from the same period last year by 13 days. The average inventory turnover was at 45 days, an increase from the same period last year of 23 days but the average debt repayment period was at 21 days, which decreased from the same period last year by 4 days.

DEBT OBLIGATION

The subsidiary company in a business of ethanol production and distribution for fuel purpose has obligation according to the terms and conditions of the loan agreement with a local commercial bank as follows:

(1) The subsidiary company must maintain its debt to equity ratio (D/E ratio) not exceeding 2.5 times and debt service coverage ratio (DSCR) of no less than 1.10 times until the expiration of the loan agreement. The subsidiary company is able to maintain the D/E ratio and DSCR as required by the contractual obligation of the loan without any default.

(2) The lending bank has stipulated that the Company must maintain its shareholding proportion in the subsidiary company of no less than 50 percent of the total number of shares during the whole duration of the loan agreement. Accordingly, the Company has no plan to sell or decrease its shareholding proportion in the subsidiary company to below 50 percent of the total number of shares.

(3) The lending bank has stipulated that the subsidiary company cannot pay dividend to its shareholders, including the Company, if the subsidiary company cannot comply with the conditions as stipulated within the loan agreement, such as the maintenance of D/E ratio, DSCR, and shareholding proportion of the Company in the subsidiary company, etc. Accordingly, the subsidiary company has never breached the conditions of loan agreements and has been provided with good financial support from lending banks.

FUTURE TREND

Coal Business: The operating results in the 2nd quarter 2020 is expected to decrease due to customers in China and India, which are the main customers, having announced the shutdown of the country and suspended import and export since the end of March 2020. As a result, coal exports of the subsidiary companies have decreased and reduction of coal production capacity is necessary with the situation closely monitored. It is anticipated that coal demand will recover in the second half of 2020. In this regard, the Company and subsidiary companies will endeavor to manage and resolve problems with prudence in order to reduce costs and various expenses as much as possible in order to maintain good operating results. In addition, the Company has also invested in SRT Power Pellet Co., Ltd. in the 1st quarter 2020, representing 99.99985 percent of the paid-up capital, in order to invest in the wood pellet production and distribution project. The construction of the plant is expected to be completed with commercial revenue from sale expected by the middle of 2020.

Ethanol Business: The demand for fuel has decreased dramatically, causing the subsidiary company's ethanol sales to be lower; moreover, the molasses price, which is the raw material, has increased due to the drought situation in the past year, resulting in a decline in ethanol business performance in the 1st quarter 2020. Nevertheless, the subsidiary company has made adjustments by procuring other raw materials to substitute part of molasses. Also, there is the wastewater evaporation plant with capacity of 3,000 cubic meters per day (Evaporator System for Bio-Methanated Spent Wash), which is deemed an effective and sustainable solution for treatment of wastewater from the ethanol production process to reduce impact to the environment. In addition, water resource consumption can be significantly reduced by over 90 percent as water condensation from the spent wash evaporation process can be reused for ethanol production process with excess electricity produced from this project that can be used in the ethanol production plant to save electricity consumption. Furthermore, potassium humate can be derived as a by-product from this wastewater evaporation process at approximately 50,000 metric tons per year, which can be sold for additional revenue and profit, with commercial revenue from sale of the potassium humate expected in the middle of 2020. It is expected that the operating results of the ethanol business in the second half of 2020 will be improved as compared to the first half of 2020, as the situation concerning outbreak of COVID-19 should be better controlled with the economy expected to recover, which is a factor supporting an increase in fuel consumption.

Overall Business: The outbreak of the coronavirus disease (COVID-19) has a significant impact on the global economy, although it was not obvious in the 1st quarter 2020, it is expected to have greater impact on the operating results in the 2nd quarter 2020. Nevertheless, the overall operating results of the coal business, which is the core business, and the ethanol-for-fuel business, regarded as the secondary core business, are expected to continue to be profitable in year 2020 and enable the Company to proceed with regular dividend payments to shareholders according to the established policy.