



Ref : EA 5802/017

Date: 27<sup>th</sup> February 2015

Subject : Management Discussion and Analysis for the year ended 31<sup>st</sup> December 2014

To : The President, the Stock Exchange of Thailand

We, the Energy Absolute Public Company Limited would like to report the result of the company and subsidiaries (all together as "the Company") for the year ended 31<sup>st</sup> December 2014 which has been approved by the Board of Directors' meeting No. 1/2015 held on 27<sup>th</sup> February 2015. The details are as follows:

Overall of operations result for the year ended 31<sup>st</sup> December 2014

Unit : Baht Million

	Year 2014	Year 2013	Increase (Decrease)	
			Amount	%
Total income	7,601.27	3,998.99	3,602.28	90.08
Net profit of Owners of parent	1,608.46	266.75	1,341.71	502.98
Basic Earnings (Baht per share)	0.43	0.07	0.36	514.29

Net profit

For the year ended 31<sup>st</sup> December 2014, the Company has earned a consolidated net profit of Baht 1,608.46 million representing the increase of Baht 1,341.70 million or increase by 502.98 % as compared to net profit of Baht 266.75 million incurred in the same period of last year. The main reasons are as follows:

Revenues

For the year ended 31<sup>st</sup> December 2014, the Company has earned the a consolidated total income of Baht 7,601.27 million representing the increase of Baht 3,602.28 million or increase by 90.08% as compared to the total income of Baht 3,998.99 earned during the year 2013. The main reasons are as follows:

1. **Production line and distribution of bio-diesel fuel:**

For the year ended 31<sup>st</sup> December 2014, the revenue has increased by Baht 1,648.17 million or increased by 49.31%. This is due to:

- The sales volume has increased to be 174.54 million liters, representing the increase of 40.81 million liters or increased by 30.52% as compared to the sales volume of 133.73 million liters for the year as at 31<sup>st</sup> December 2013.
- Moreover, the average sales price per unit has increased be Baht 28.60 per liters, representing the increase of Baht 3.60 per liters or increased by 14.40% as compared to the average sales price of Baht 25.00 per liters for the year as at 31<sup>st</sup> December 2013.



For pure glycerin: The revenue for the year as at 31<sup>st</sup> December 2014 has increased by Baht 86.56 million or increased by 59.85% due to the sales volumes has increased to be 10.42 million kilograms, representing the increase of 4.70 million kilograms or increased by 82.17% as compared to the sales volumes of 5.72 million kilograms for the year as at 31<sup>st</sup> December 2013 whereas the factors of average sales price per unit was decreased by 12.27% as compared to the same period of last year.

**2. Production line and distribution of electricity unit:**

For the year ended 31<sup>st</sup> December 2014, the revenue has increased by Baht 1,983.76 million or increased by 976.93% due to the commencement of commercial operation (COD) of a subsidiary's 90 MW. Solar Power Plant on 23<sup>rd</sup> December 2013 resulting the Company earned the revenue from the Solar Power Plants totally 98 MW. for the whole year.

**3. Other income:**

For the year ended 31<sup>st</sup> December 2014, the other income has decreased by Baht 44.22 million or decreased by 70.68%. This is due to during the 1<sup>st</sup> Quarter of the year 2013, a subsidiary has incurred the penalty income amounting of Baht 35.88 million due to the delay of work.

**Cost of Sales**

The total sales cost for the year as at 31<sup>st</sup> December 2014 was Baht 5,346.18 million representing the increased of Baht 1,888.55 million or increased by 54.62% as compared to the same period of last year which incurred the total sales cost of Baht 3,457.63 million. The summaries are as follows:

**1. Production line and distribution of bio-diesel and pure glycerin:**

For the year ended 31<sup>st</sup> December 2014, the sales cost has increased by Baht 1,554.51 million or increased by 48.98%. This is due to the increase of sales volume and the increase of factors of cost per unit of raw material reflecting the market situation. However, in comparison the increase of sales cost and the increase of revenue, it was shown that the increase of sales cost ratio was lower than the increase of revenue of this unit. This is due to the efficiency of inventory management, the procedure of manufacturing as well as the efficiency of raw material procurement.

**2. The production line and distribution of electricity:**

For the year ended 31<sup>st</sup> December 2014, the sales costs have increased by Baht 315.31 million or increased by 633.01%. This is due to the 90 MW. Solar Power Plant of a subsidiary has commenced the commercial operation since 23<sup>rd</sup> December 2013

**Selling Expenses**



For the year ended 31<sup>st</sup> December 2014, the selling expenses was Baht 81.57 million representing the increase of Baht 28.93 million or increased by 54.96% as compared to the same period of last year which incurred the selling expenses of Baht 52.64 million. This is due to the increase of sales volumes of bio-diesel fuel causing the expenses in the part of production and distribution of bio-diesel fuel and by-product were increased as well.

#### Administrative Expenses

For the year ended 31<sup>st</sup> December 2014, the administrative expenses was Baht 215.82 million representing the increase of Baht 71.10 million or increased by 49.13% as compared to the same periods of last year which incurred the administrative expenses of Baht 144.72 million. This is due to the increase of expenses for expanding the business and annual salary as well as bonus of the year.

#### Finance Cost

For the year ended 31<sup>st</sup> December 2014, the finance cost was Baht 327.74 million representing the increase of Baht 266.23 million or increased by 432.79% as compared to the same period of last year which incurred the finance cost of Baht 61.51 million. This is due to the Solar Power Plant of a subsidiary has completed construction, therefore, the Company recorded the finance cost incurred thereafter as the expenses rather than the cost price during construction.

### The Financial Position

#### Trade accounts receivable

The trade accounts receivable as of 31<sup>st</sup> December 2014 and 2013 were Baht 690.32 million and Baht 500.34 million respectively, representing the increase of Baht 189.98 million or increase of 37.97%. This is due to the increase of trade accounts receivable on the production line and distribution of electricity unit resulting from the increase of electricity sales volume during the end of the year 2014 as compared to the sales volume during the end of the year 2013 mainly due to the commencing in operation (COD) of Solar Power Plant - 90 MW. of a subsidiary on 23<sup>rd</sup> December 2013.

#### Inventories

The inventories as of 31<sup>st</sup> December 2014 and 2013 were Baht 146.99 million and Baht 220.38 million respectively. This represents the decrease of Baht 73.39 million or decreased by 33.30% because of the Company has reduced the stock of inventory to reflect the fluctuation of raw material price.



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Energy Absolute Public Company Limited

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#### Property, Plant and Equipment

Property, plant and equipment as of 31<sup>st</sup> December 2014 and 2013 were Baht 16,184.17 million and Baht 8,092.56 million respectively. This is representing the increase of Baht 8,091.61 million or 99.99%. This is due to the capital expenditure of the construction cost of 90 MW Solar Power Plant of a subsidiary.

#### Deposits at Financial Institution held as Collaterals

The Deposits at Financial Institution held as Collaterals as of 31<sup>st</sup> December 2014 and 2013 were Baht 11,271.62 million and Baht 5,478.64 million respectively. This represents the increase of Baht 5,792.98 million or increased by 105.74% due to loan drawdown to support the construction of Power Plants of subsidiaries

#### The business outlook for the 1<sup>st</sup> Quarter ended 31<sup>st</sup> March 2015

The production line and distribution of bio-diesel unit has been supported as the Department of Energy Business has made the announcement subject: the determination of nature and quality of diesel fuel (No. 4) B.E. 2558 dated 15<sup>th</sup> January 2015 by reducing the proportion of bio-diesel methyl esters of acid fat of high-speed diesel from 7% to 3.5% with effect from 20<sup>th</sup> January 2015. This announcement will affect by reducing the sales volume of bio-diesel of the Company as compared to the 4<sup>th</sup> Quarter of year 2014. It may also affect the sales volume of bio-diesel of the Company in comparison to the same period of last year. Such factor may reduce the sales value of bio-diesel. However, for the production line and distribution of electricity, the sales volume may increase as compared to the same period of last year due to due to the commencing in operation (COD) of Solar Power Plant - 90 MW. of a subsidiary on 17<sup>th</sup> February 2015

Please be informed accordingly.

Yours faithfully,

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(Mr. Amorn Saphaweekul)

Deputy of Chief Executive Officer