



Ref : EA 5902/027

Date: 26th February 2016

Subject Management Discussion and Analysis for the year ended 31st December 2015

To The President, the Stock Exchange of Thailand

We, 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 31st December 2015 which has been approved by the Board of Directors’ meeting No. 1/2016 held on 26th February 2016. The details are as follows:

Overall of operations result for the year ended 31st December 2015

Unit : Baht Million

	Year 2015	Year 2014	Increase (Decrease)	
			Amount	%
Total income	9,212.17	7,601.27	1,610.90	21.19
Net profit of Owners of parent	2,686.92	1,608.46	1,078.46	67.05
Basic Earnings (Baht per share)	0.72	0.43	0.29	67.44

Net profit

For the year ended 31st December 2015, the Company has earned a consolidated net profit of Baht 2,686.92 million representing the increase by Baht 1,078.46 million (67.05%) as compared to net profit of Baht 1,608.46 million incurred in the last year. The main reasons are as follows:

Revenues

For the year ended 31st December 2015, the Company has earned the a consolidated total income of Baht 9,212.17 million representing the increase by Baht 1,610.90 million (21.19%) as compared to the total income of Baht 7,601.27 earned during the year 2014. The main reasons are as follows:

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

For the year ended 31st December 2015, the revenue has increased by Baht 14.39 million (0.29%).

This is due to:

- The sales volume has increased to 188.02 million liters, representing the increase of 13.49 million liters (7.73%) as compared to the sales volume of 174.54 million liters for the year ended 31st December 2014 while the sales price was reduce according to market conditions.



- Pure glycerin: The revenue for the year ended 31st December 2015 was 12.45 million kilograms, representing the decreased by Baht 10.87 million (4.70%) due to the decrease of sales price according to market conditions while the sales volumes has increased by 2.03 million kilograms (19.55%) as compared to the sales volume of 10.42 million kilograms for the year ended 31st December 2014.

2. Production line and distribution of electricity unit:

For the year ended 31st December 2015, the revenue has increased by Baht 1,768.82 million (80.89%) due to the 90 MW solar power plant of a subsidiary at Lampang province has commenced the commercial operation on 17th February 2015.

3. Revenue from the sales of by-product :

For the year ended 31st December 2015, the revenue has decreased by Baht 157.93 million (90.77%). This is due the Company has improved the process for which by-product has been taken into the process again as raw material to produce the main product instead of selling as the by-product as the previous year.

Cost of Sales

The total cost of sales for the year ended 31st December 2015 was Baht 5,461.16 million representing the increased of Baht 114.98 million (2.15%) as compared to the same period of last year which incurred the total sales cost of Baht 5,346.18 million. The summaries are as follows:

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

For the year ended 31st December 2015, the cost of sales has decreased by Baht 274.08 million (5.51%). Although the sales volume was increased, however, the sales cost per unit of raw material was reduced according to the market conditions. Therefore, the sales cost in overall was reduced as well.

2. The production line and distribution of electricity :

For the year ended 31st December 2015, the sales cost has increased by Baht 390.86 million (106.07%). This is due to the 90 MW solar power plant of a subsidiary at Lampang province has commenced the commercial operation on 17th February 2015.



Selling Expenses

For the year ended 31st December 2015, the selling expense was Baht 82.32 million representing the increase of Baht 0.75 million (0.92%) as compared to last year which incurred the selling expense of Baht 81.57 million. This is due to the increase of sales volume of bio-diesel fuel causing the expenses in the part of production and distribution of bio-diesel fuel was increased as well.

Administrative Expenses

For the year ended 31st December 2015, the administrative expense was Baht 306.34 million representing the increase of Baht 90.52 million (41.94%) as compared to last year which incurred the administrative expenses of Baht 215.82 million. This is due to the increase of expenses for expanding the business and annual salary as well as the bonus of the year.

Finance Cost

For the year ended 31st December 2015, the finance cost was Baht 646.11 million representing the increased of Baht 318.36 million (97.14%) as compared to last year which incurred the finance cost of Baht 327.75 million. This is due to the solar power plant of 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 ended 31st December 2015 and 2014 were Baht 1,051.60 million and Baht 690.32 million respectively. This represents the increase of Baht 361.28 million (52.34%) due to the increase of sales volume electricity during the end of period as compared to the sales values during the end of the year 2014. This is the result of the commencing in operation (COD) of 90 MW solar power plant of a subsidiary at Lampang province on 17th February 2015.

Other receivables

Other receivables as of 31st December 2015 and 2014 were Baht 397.62 million and Baht 145.64 million respectively. This represents the increase of Baht 251.98 million (173.02%) due to the increase of revenue department receivable from the construction of solar and wind power plants.



Inventories

The inventories as of 31st December 2015 and 2014 were Baht 164.73 million and Baht 146.99 million respectively. This represents the increase of Baht 17.74 million (12.07%). This is due to the Company managed the level of inventory to reflect the sales plans of early of the year 2015 which the governance made the announcement to reduce the proportion of bio-diesel methyl esters of acid fat of high-speed diesel from 7% to 3.5%. Therefore, the inventory level during the end of the year 2014 was also reduced according to sales plans as well.

Property, plant and equipment

Property, plant and equipment as of 31st December 2015 and 2014 were Baht 27,414.88 million and Baht 16,184.17 million respectively. This represents the increase of Baht 11,230.71 million (69.39%) due to construction solar and wind power plants.

Long – term loans from financial institutions

Long – term loans from financial institutions as of 31st December 2015 and 2014 were Baht 20,523.75 million and Baht 11,271.62 million respectively. This represents the increase of Baht 9,252.13 million (82.08%) due to loan drawdown to support the construction of solar power plants (at Lampang province and Phisanulok province) and wind power plant.

The business outlook for the 1st Quarter ended 31st March 2016

For production and distribution of electricity, the sales volumes may increase as compared to the same period of last year due to the solar power plant at Lampang province (which commenced the commercial operation on 17th February 2015) generate the electricity for the whole year of 2016. The sales volumes may increase from another solar power plant at Phisanulok province which expected to commence the commercial operation around end of the period.

Kindly be informed accordingly.

Yours faithfully,

(Mr. Amorn Saphaweekul)

Deputy CEO