



บริษัท พลังงานบริสุทธิ์ จำกัด (มหาชน)
Energy Absolute Public Company Limited

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Date: 16th May 2016

Subject Management Discussion and Analysis for the 1st quarter period ended 31st March 2016

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 1st quarter period ended 31st March 2016 which has been approved by the Board of Directors’ meeting No. 3/2016 held on 16th May 2016. The details are as follows:

Overall of operations result for the 1st quarter ended 31st March 2016

Unit : Baht Million

	Q1/2016	Q1/2015	Increase (Decrease)	
			Amount	%
Total income	2,456.73	2,013.03	443.70	22.04
Net profit of Owners of parent	710.89	579.90	130.99	22.59
Basic Earnings (Baht per share)	0.19	0.16	0.03	18.75

Net profit

For the 1st quarter ended 31st March 2016, the Company earned the consolidated net profit of Baht 710.89 million, representing the increase of Baht 130.99 million or increased by 22.59% as compared to the net profit of Baht 579.90 million. The reasons are as follows:

Revenues

For the 1st quarter ended 31st March 2016, the Company earned the consolidated total income of Baht 2,456.73 million, representing the increase of Baht 443.70 million or increased by 22.04% as compared to the total income of Baht 2,013.03 million as the reasons here below:



1. **Production and distribution of biodiesel fuel:** For the 1st quarter ended 31st March 2016, the revenue has increased by Baht 155.12 million (or 13.25% increased). This is due to The sales volume increased by 11.23 million liters (representing an increase of 31.89%) from sales for the 1st quarter ended 31st March 2015 of 35.22 million liters to 46.45 million liters, while the sales price per unit has reduced about 14.15% in parts of glycerin, therefore, the revenue for the 1st quarter ended 31st March 2016 decreased Baht 7.64 million or decreased by 12.77% due to sales volume decreased by 0.48 million kilograms or 12.82% reduced.
2. **Production and distribution of electricity:** For the 1st quarter ended 31 March 2016, the revenue increased by Baht 275.29 million or 35.69% increase due the 90-MW solar power plant of subsidiary at Lampang province has commenced the commercial operating and generated the electricity on 17th February 2016 as such the revenue was recorded in full of 1st quarter of year 2016.
3. Other income for the 1st quarter ended 31st March 2016 of the Company increased of Baht 11.36 million (or 124% increased) due to unrealized gains on exchange rate.

Cost of sales

The cost of sales for the 1st quarter ended 31st March, 2016 was Baht 1,452.08 million, representing an increase of Baht 215.76 million (or an increase of 17.45%) as compared with the same period of last year which incurred the total sales of Baht 1,236.32 million. The reasons are summarized as follows:

1. The production and distribution of biodiesel, pure glycerin and by-product: For the 1st quarter ended 31st March 2016, Cost of sales increased by Baht 176.95 million or 16.22% increase due to the sales volume of biodiesel increased.
2. Production and distribution of electricity: For the 1st quarter ended 31st March 2016, cost of sales increased by Baht 63.01 million, representing an increase of 72.50% due to the 90-MW solar power plant of a subsidiary at Lampang province has commenced the commercial operating on 17th February 2016, therefore such cost was recorded in full of 1st quarter of the year.

Selling expenses

The selling expenses for the 1st quarter ended 31st March 2016 was Baht 15.34 million, representing an increase of Baht 1.05 million or increased by 7.36% as compared with the same period of last year which incurred the selling expenses of Baht 14.29 million. Due to the sale volume of the Company has increased therefore the major cost of sales were cost of the production and distribution of biodiesel. As such the selling expenses were increased as well.



Administrative expenses

The cost of administration for the 1st quarter ended 31st March 2016 was Baht 96.67 million, representing an increase of Baht 37.01 million or increased by 62.03% as compared with the same period last year which incurred the cost of administration of Baht 59.66 million. This is due to the increase in the costs for the business expansion as well as the increase of annual wage rate.

Finance costs

Finance costs for the 1st quarter ended 31st March 2016 was Baht 176.76 million, representing an increase of Baht 52.30 million or increased by 43.06% as compared with the same period last year which incurred the financial cost of Baht 121.46 million due to the 90-MW solar power plant of a subsidiary at Lampang province was completed construction in the 1st quarter of 2015. Hence, the financial costs incurred thereafter were recorded as expenses rather than recorded as cost during construction.

The Financial Position

Trade accounts receivable

Trade accounts receivable as of 31st March 2016 and 31st December 2015 were Baht 1,120.15 million and Baht 1,051.60 million respectively. This represents an increase of Baht 68.55 million or increased by 6.52% as a result from:

- the increase in trade accounts receivable in part of production and distribution of biodiesel due to the market price of product at the end of the 1st quarter increased as compared with year ended 2015; and
- the increase in accounts receivable in the production and distribution of electricity due to the sales volume of electricity increased according to season.

Inventories

Inventories as of 31st March 2016 and 31st December 2015 were Baht 125.40 million and Baht 164.73 million, respectively. This represents the decrease of Baht 39.33 million or decreased by 23.88 % due to at the end of the period the inventories were reduced to reflect the maintenance plan.

Short-term loans from financial institutions

Short-term loans from financial institutions as at 31st March 2016 and 31st December 2015 were Baht 2,117.56 million and Baht 1,690.43 million, respectively. This represents an increase of Baht 427.13 million or increased by 25.27% due to a subsidiary has drawn down short-term loan as working capital for operating business.



Long-term loans from financial institutions.

Long-term loans from financial institutions as at 31st March 2016 and 31st December 2015 were Baht 20,927.61 million and Baht 20,523.75 million, respectively. This represents an increase of Baht 403.86 million or increased by 1.97% due to the drawn down of long-term loans for construction the projects of wind power plants of subsidiaries.

Business Outlook for the 2nd quarter ended 30th June 2016

On 1st April 2016, the 90-MW solar power plant at Phitsanulok province has commenced the commercial operating. As a result, the sales volume of electricity of the 2nd quarter will increase having compared to the 1st quarter of the year.

Kindly be informed accordingly.

Yours faithfully,

(Mr. Amorn Saphaweekul)

Deputy CEO