



บริษัท พลังงานบริสุทธิ์ จำกัด (มหาชน)
Energy Absolute Public Company Limited

89 อาคารเอไอเอ แคปิตอล เซ็นเตอร์ ชั้น16 ถนนรัชดาภิเษก แขวงดินแดง เขตดินแดง กรุงเทพฯ 10400
โทรศัพท์ 02 248 2488-92, 02 002 3667-9 แฟกซ์ 02 248 2493 ทะเบียนเลขที่ 0107551000061

Ref : EA 5911/012

11th November 2016

Subject : Management Discussion and Analysis of Financial Statements for 3rd quarter ended 30th September 2016

To : The President of 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 3rd quarter ended 30th September 2016 which has been approved by the meeting of the Board of Directors No. 5/2016 held on 11st November 2016. The details are as follows:-

The overall of operations result for the three-month and nine-month periods ended 30th September 2016.

	Year 2016		Year 2015		Increase (Decrease)			
	Three-month period	Nine-month period	Three-month period	Nine-month period	Three-month period		Nine-month period	
	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million	%	Baht Million	%
Total Revenues	2,550.15	8,151.45	2,279.27	6,794.79	270.88	11.88	1,356.66	19.97
Net profit attributable to Owners of the parent	718.01	2,421.27	715.30	2,036.41	2.71	0.38	384.86	18.90
Basic Earnings per Share (Baht : Share)	0.19	0.65	0.19	0.55	0.00	0.00	0.10	18.18

Net Profit

For the three-month period ended 30th September 2016, the Company has earned the net profit of Baht 718.01 million representing the increase of Baht 2.71 million or increased by 0.38% as compared to the net profit of Baht 715.30 million incurred in the same period of last year. And for the nine-month period ended 30th September 2016, the Company has earned the net profit of Baht 2,421.27 million representing the increase of Baht 384.86 million or increased by 18.90% as compared to the total net profit of Baht 2,036.41 million incurred in the same period of last year. The reasons for changes are as follows:



Revenues

For the three-month and nine-month periods ended 30th September 2016, the Company has earned the total revenues of Baht 2,550.15 million and Baht 8,151.45 million respectively. These represent the increase of Baht 270.88 million and Baht 1,356.66 million or increased by 11.88% and 19.97% as compared to the total revenues of Baht 2,279.27 million and 6,794.79 million incurred during the same periods last year respectively.

The reasons are as follows:-

1. **Production line and distribution of bio-diesel fuel:** For the three-month period ended 30th September 2016, the revenue of this part is decreased by Baht 118.82 million or decreased by 9.67%. The sales volumes also decreased by 34.88%. This is due to the government policy and as such there several announcements to reduce bio-diesel portion in high-speed diesel fuel from 7% to 5% and 3% respectively during this quarter. Nevertheless, the sales price was increased by 38.72%. For the nine-month period ended 30th September 2016, the Company revenue has increased by Baht 271.81 million or 7.42% due to the sales price has increased by 13.98% whereas the sales volume has decreased by 5.76%. For pure-glycerin, the revenues incurred during the three-month and nine-month periods ended 30th September 2016 have decreased by Baht 19.83 million (32.99%) and Baht 37.44 million (20.68%) respectively. This is due to the decrease of sales value and sales volume.

Production line and distribution of electricity unit : For the three-month and the nine-month periods ended 30th September 2016, the revenues have increased by Baht 414.72 million and Baht 1,093.65 million or increased by 42.30% and 37.32% respectively. This is due to a 90-MW solar power plant of subsidiary at Phisanulok has commenced the commercial operation on 1st April 2016.

Cost of Sales

The total cost of sales for the three-month and nine-month periods ended 30th September 2016 were Baht 1,378.11 million and Baht 4,545.78 million, representing the increase of Baht 61.00 million and Baht 563.59 million or increased by 4.63% and 14.15% respectively as compared to the total cost of sales amounting of Baht 1,317.11 million and Baht 3,982.19 million incurred in the same periods of last year. The summaries are as follows:-

1. **Production line and distribution of bio-diesel and pure glycerin :** For the three-month period ended 30th September 2016, the sales cost has decreased by Baht 72.58 million or 6.46% due to the reduction of sales volumes. And for the nine-month period ended 30th September 2016, cost of sales has increased by Baht 273.86 million or 7.96%, although, the sales volumes in overall has reduced, however, sales cost of material per unit has increased, resulting the total costs of sales for this unit has increased. This is the impact of drought occurred early of last year causing the lack of raw palm oil which is the major / important material.



2. **The production line and distribution of electricity** : For the three-month and the nine-month periods ended 30th September 2016, the sales costs have increased by Baht 133.59 million and Baht 289.74 million or increased by 53.51% and 69.21% respectively. This is due to a 90-MW solar power plant of subsidiary at Phisanulok has commenced the commercial operation on 1st April 2016, therefore the selling expenses (which was comprising with the depreciation, the management fees for power plant, cost of maintenance etc.) has increased comparing to last year. This also includes the expenses incurred from the improvement of some equipment of power plant. .

Selling Expenses

For the three-month and nine-month periods ended 30th September 2016, the selling expenses were Baht 9.47 million and Baht 39.11 million representing the decrease of Baht 5.43 million and Baht 3.81 million or decrease by 36.43% and 8.87% respectively as compared to the same periods of last year which incurred the selling expenses of Baht 14.90 million and Baht 42.92 million respectively. This is the result of the decrease of sales volumes causing the major selling expense of this part was reduced as well.

Administrative Expenses

For the three-month and the nine-month periods ended 30th September 2016, the administrative expenses were Baht 94.53 million and Baht 304.81 million, representing the increase of Baht 27.93 million and Baht 34.20 million or increased by 41.94% and 12.64% respectively as compared to the same periods of last year which incurred the administrative expenses of Baht 66.60 million and Baht 270.61 million respectively. The main reason is from the increase of personnel expenses in order to support the expansion of business. Moreover, there was financing fees in the amount of Baht 24.65 million (which the Company supposed to amortize this expense). However, the Company has, later, cancelled this equity financing due to the Company can raise the low-interest funds from issuance of debenture, therefore, the whole expense of financing fees was recorded as expense in quarter 3/2016

Currency exchange gains (losses)

For the three-month and the nine-month periods ended 30th September 2016, the Company incurred net currency exchange losses amounting of Baht 49.92 million and Baht 78.26 million respectively as compared to the net currency exchange gains amounting of Baht 45.13 million and Baht 46.40 million incurred during the three-month and the nine-month periods of last year respectively. This expense is incurred according to terms & conditions of loan agreement for power plant project which stated that the Company has to order foreign currency in advance to enable that the Company can control the budget of project cost. Unfortunately, upon the transfer of foreign currency, it was the different of exchange rate, the Company has to recorded such difference as the expense (currently, this expense has been fully recorded). Nevertheless, the currency exchange loss was not over the projection of each project and no impact to the liquidity of the Company's group at all.



Finance Cost

For the three-month and nine-month periods ended 30th September 2016, the finance costs were Baht 298.42 million and Baht 746.08 million, representing the increase of Baht 114.62 million and Baht 266.01 million or increased by 62.36% and 55.41% respectively as compared to the same periods of last year which incurred the finance costs of Baht 183.80 million and Baht 480.07 million respectively. This is due to a 90-MW solar power plant of subsidiary at Phisanulok has completed construction, therefore, the Company recorded the finance costs incurred thereafter as the expenses rather than the cost price during construction as well as the repayment for retention for constructions. Although during the 3rd quarter of 2016, the Company has offered and issued the debenture amounting of Baht 8,000 million (with interest rate of 2.22%-2.37%) in order to repay loans from financing institution (for 8-MW solar power plant at Lopburi and 90-MW solar power plant at Nakornsawan) consequently, the finance cost, in over all, has reduced. However, due to process of repayment to financial institutions, therefore, the repayment was completed in the end of quarter. As such the benefit of repayment shall be exposed from the 4th quarter onward.

It shall be noted that if consider only the operating result of normal business of the Company without regard to one-time-recorded expense incurred during the 3rd quarter of 2016, as such, the Company would end up the period as of 30th September 2016 with Baht 813.39 million as profit.

The Financial Position

Deposits at financial institution used as collateral

The deposits at financial institution used as collateral as of 30th September 2016 and 31st December 2015 were Baht 2,828.18 million and Baht 2,829.52 million respectively. These represent the decrease of Baht 1.34 million or decrease of 0.05% due to the reducing of current asset amounting of Baht 281.30 million. This is the result of the release of securities after repayment of loan for two solar power plants. And for non-current asset was increased to Baht 279.97 million to reserve as retention according to terms and conditions of wind power plant of a subsidiary which currently is under construction.

The trade accounts receivable

The trade accounts receivable as of 30th September 2016 and 31st December 2015 were Baht 1,198.10 million and Baht 1,051.60 million respectively. These represent the increase of Baht 146.50 million or increased by 13.93% due to the increase of trade accounts receivable resulting from sales volume of electricity units end of period was increased due to the 90 MW solar power plant at Phisanulok of subsidiary was commenced the commercial operation on 1st April 2016.



Short-term loans from financial institutions

The short-term loans from financial institutions as of 30th September 2016 and 31st December 2015 were Baht 979.59 million and Baht 1,690.43 million respectively. This represents the decrease of Baht 710.84 million or decreased by 42.05% due to the Company has used funds raising from the debenture instead of funds from financing in order to enhance the liquidity and reduce finance cost.

Long-term loans from financial institutions

The long-term loans from financial institutions as of 30th September 2016 and 31st December 2015 were Baht 19,577.96 million and 20,523.75 million respectively. These represent the decrease of Baht 945.79 million or decreased by 4.61%. This is the result of loan repayment of two solar power plants for which funds is from issuance of debenture

The business outlook for the 4th Quarter ended 31st December 2016

According to the notification of the Department of Energy Business in respect of the specification and qualification of biodiesel oil (No.9) B.E. 2559 dated 4th November 2016 has increase the portion of biodiesel oil from 3% to 5% with effective from 25th November 2016, this will cause the increase of sales volume of biodiesel oil of the company. For the production line and distribution of electricity, the sales volume may increase as compared to the 3rd quarter due to finishing of rainy season which is normal circle of business. As such it shall increase the revenue of the Company

Please be informed accordingly.

Yours faithfully,

.....

(Mr. Amorn Saphaweekul)

Deputy Chief Executive Office