



บริษัท พลังงานบริสุทธิ์ จำกัด (มหาชน)
Energy Absolute Public Company Limited

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Ref : EA 6002/028

23rd February 2017

Subject : Management Discussion and Analysis of Financial Statements for the year ended 31st December 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 year ended 31st December 2016 approved by the meeting of the Board of Directors No. 1/2017 held on 23rd February 2017. The details are as follows:-

The overall of operations result for the year ended 31st December 2016

Unit : Baht Million

	Year 2016	Year 2015	Increase (Decrease)	
			Amount	Percentage
Total Revenues	10,439.25	9,212.17	1,227.08	13.32
Net profit attributable to Owners of the parent	3,251.51	2,686.92	564.59	21.01
Basic Earnings per Share (Baht / Share)	0.87	0.72	0.15	20.83

Net Profit

For the year ended 31st December 2016, the Company has earned the net profit of Baht 3,251.51 million representing the increase of Baht 564.59 million or increased by 21.01% as compared to the net profit of Baht 2,686.92 million incurred in the same period of last year. The reasons are as follows:-

Revenues

For the year ended 31st December 2016, the Company has earned the total revenues of Baht 10,439.25 million representing the increase of Baht 1,227.08 million or increased by 13.32% as compared to the total revenues of Baht 9,212.17 million incurred during the same period of last year. The reasons are summarized as below:-

1. **Production line and distribution of bio-diesel fuel:** For the year ended 31st December 2016, the revenue of this part was decreased by Baht 284.20 million or reduced by 5.68% due to the sales volume was reduced by 19.35%. This is result from the government policy to reduce bio-diesel porting in high-speed diesel fuel for balancing the demand-supply of raw material in market. Meantime, the sales price was increased by 16.95% in average. For **pure-glycerin**, the revenue incurred during the year ended 31st December 2016 was decreased by Baht 50.83 million or reduced by 23.07% due to the both of sales price and volume were reduced.



2. **Production line and distribution of electricity unit** : For the year ended 31st December 2016, the revenue was increased by Baht 1,534.81 million or increased by 38.80%. 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

For the year ended 31st December 2016, the total costs of sales were Baht 5,637.29 million, representing the increase of Baht 176.13 million or increased by 3.23% as compared to the total costs of sales amounting of Baht 5,461.16 million incurred in the same period of last year. The reasons are summarized as below:-

1. **Production line and distribution of bio-diesel and pure glycerin** : For the year ended 31st December 2016, Sales cost was decreased due to sales volume, in overall, was reduced. Nevertheless sales cost per unit of raw material was increased. This is the impact of drought occurred in last year causing the lack of raw palm oil which is the main raw material. Therefore, the sales cost was decreased by Baht 217.34 million or decreased by 4.62% as compared to the sales cost of last year.
2. **The production line and distribution of electricity** : For the year ended 31st December 2016, the sales cost was increased by Baht 393.48 million, representing the increase of 51.94%. This is due to a 90-MW solar power plant of subsidiary at Phisanulok was 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.) were increased comparing to last year. This also includes the expenses incurred from the improvement of some safety equipment of power plant.

Selling Expenses

For the year ended 31st December 2016, selling expenses were Baht 47.67 million, representing the decrease of Baht 13.72 million or increased by 22.35% as compared to the same period of last year which incurred the selling expenses of Baht 61.39 million. This is due to the decrease of sales volumes causing the major selling expense of this part was reduced as well.

Administrative Expenses

For the year ended 31st December 2016, the administrative expenses were Baht 410.24 million, representing the increase of Baht 85.36 million or increased by 26.27% as compared to the same periods of last year which incurred the administrative expenses of Baht 324.88 million. The main reason is from the increase of personnel expenses to support the expansion of business. Besides that, there was the financing fees 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 year ended 31st December 2016, the Company incurred net currency exchange losses amounting of Baht 102.18 million, representing the increase of currency exchange losses of Baht 99.79 million as compared to the last year which incurred currency exchange losses amount of Baht 2.39 million. This is result from 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 year ended 31st December 2016, the finance cost was Baht 994.89 million, representing the increase of Baht 348.78 million or increased by 53.98% as compared to the last year which incurred finance cost of Baht 646.11 million 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.

The Financial Position

Deposits at financial institution used as collateral

The deposits at financial institution used as collateral as of 31st December 2016 and 2015 were Baht 1,790.07 million and Baht 2,829.52 million respectively. These represent the decrease of Baht 1,039.45 million or decreased by 36.74% due to the reducing of current asset amounting of Baht 1,063.17 million. This is result of the release of securities after repayment of loan for 2 solar power plants. And for non-current asset was increased by Baht 23.72 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 31st December 2016 and 2015 were Baht 1,319.15 million and Baht 1,051.60 million respectively. These represent the increase of Baht 267.55 million or increased by 25.44% 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.



Other accounts receivable

Other accounts receivable as of 31st December 2016 and 2015 were Baht 585.26 million and Baht 397.63 million respectively. These represent the increase of Baht 187.63 million or increased by 47.19% due to the increase of total credit input tax incurred during the construction of wind power plant

Property, plant and equipment

Property, plant and equipment as of 31st December 2016 and 2015 were Baht 33,485.32 million and Baht 27,404.35 million respectively. These represent the increase of Baht 6,080.97 million or increased by 22.19% due to the investment in construction of wind power plant

Short-term loans from financial institutions

The short-term loans from financial institutions as of 31st December 2016 and 2015 were Baht 946.49 million and Baht 1,690.43 million respectively. These represent the decreased of Baht 743.94 million or reduced by 44.01% due to the Company used funds raised 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 31st December 2016 and 2015 were Baht 19,432.08 million and Baht 20,523.75 million respectively. These represent the decrease of Baht 1,091.67 million or reduced by 5.32% 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 1st Quarter ended 31st March 2017

The production line and distribution of electricity : the selling electricity units are expected to be increased as compared to the same period of last year due to the 90 MW solar power plant at Phisanulok was commenced the operation on 1st April 2016 resulting the Company record the revenue for 2017 in full.

Kindly be informed accordingly

Yours faithfully,

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Mr. Amorn Sapthaweekul

Deputy CEO