



Ref : EA6105/011

11th May 2018

Subject Management Discussion and Analysis of Financial Statements
for the three-month period ended 31st March 2018
To The President of 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 three-month period ended 31st March 2018 which has been approved by the meeting of the Board of Directors No 2/2018 held on 11th May 2018. The details are as follows:-

Overview of operating results for Q1/2018

Unit : Baht Million

	Year 2018	Year 2017	Increase (Decrease)	
			Amount	%
Revenue from sales and services	2,929.16	2,645.61	283.55	10.72
Other Income	4.94	48.16	(43.22)	(89.74)
Accounting gain on business combination achieved in stages, net	894.58	-	894.58	100.00
Total Revenue	3,828.68	2,693.77	967.28	98.76
Profit attributable to Owners of the parent	1,946.75	979.47	967.28	98.76
Basic earnings per share (Baht per share)	0.52	0.26	0.26	100.00

Note:

According to Consolidated Financial Statements for Q1/2018, there is significant circumstance from the classification of the investment in Amita from an associate to a subsidiary. Therefore, the financial statements of Amita have been fully consolidated to the Group’s financial statements from the date on which control is transferred to the Group.



Net Profit

For Q1/2018, the Company earned the net profit of Baht 1,946.75 million, increased by Baht 967.28 million (or increased by 98.76%) as compared to the same period of last year which incurred the total net profit of Baht 979.47 million due to the reason as follows:

Revenue

For Q1/2018, the Company earned the total revenue of Baht 3,828.68 million, increased by Baht 1,134.91 million (or increased by 42.13%) as compared to the same period of last year which incurred the total revenue of Baht 2,693.77 million. The reasons are summarized as follows:

1. Manufacturing and distributing Biodiesel Products: For Q1/2018, the revenue decreased by Baht 123.46 million (or decreased by 12.29%). This is the result of the lower of selling price by 32.64% whereas the volume of selling is higher by 30.24%
Pure glycerine Product for Q1/2018, the revenue increased by Baht 44.91 million (or increased by 94.07%). This is the result from strong global market demand.

Details	Year 2018	Year 2017	% Change	Reason
Revenue from Biodiesel	881.41	1,004.87	-12.29%	
- Sale volume (Million Litres)	43.36	33.29	+30.25%	Government Policy remains Biodiesel proportion in high-speed diesel to be 7% compared to 5% at the same period of last year in order to control Palm Oil supply in the market.
- AVG Selling price (Baht / Litre)	20.33	30.18	-32.64%	Lower of Biodiesel selling price by 32.64% resulted from lower of raw material price
Revenue from Glycerine	92.65	47.74	+94.07%	
- Sale volume (Million kg.)	3.30	2.58	+27.91%	Selling price increased by 51.78% and sales volume increased by 27.91% resulted from strong global demand continuously 11% - 13%
- AVG Selling price (Baht/kg.)	28.08	18.50	+51.78%	



2. Generating and distributing Electricity: For Q1/2018, the revenue increased by Baht 316.82 million (or increased by 19.93%). This is due to the 126-MW wind power plants of the subsidiary at Hadkanghan project was commenced commercial operation on 3rd March, 10th June and 23rd June 2017 respectively resulting the 1st full quarter-revenue was recorded.

Details	Year 2018	Year 2017	% Change	Reason
Revenue from Solar power plants	1,492.12	1,569.23	-4.91%	
- Sales volume (GWh)	152.52	162.76	-6.29%	Due to the reduce of power generation resulting from weaken of irradiation
- Avg. Selling Price (Baht/kWh)	9.78	9.64	+1.47%	
Revenue from Solar power plants	414.68	20.75	+1,898.46%	Hadkanghan 1, 2, 3 wind power plant for total of 126 MW started COD on 3 March, 10 June and 23 June 2017 respectively. As a result, 1 st full quarter-revenue was recorded
- Sales volume (GWh)	67.26	3.29	+1,944.38%	
- Avg. Selling Price (Baht/kWh)	6.17	6.30	-2.06%	

3. Accounting gain on business combination achieved in stages (AMITA), net of Baht 894.58 million in accordance with Thai Financial Reporting Standard 3 (revised 2017) Business Combination.

This is resulted from increasing in controlling power in board level and management level of AMITA. in the first quarter. Therefore, the company has to record and present the investment in AMITA as a subsidiary company changing from associate company. Moreover, the company has to consider and compare fair value of investment in AMITA with net investment cost and appear that, the fair value of investment in AMITA is higher that the net investment cost, so the company recognized gain on business combination THB 894.58 million.

To be considered, revenue from normal business operation was Baht 2,929.16 million, increased by Baht 283.55 million (or increased by 10.72%) as compared to the same period of last year as reasons aforementioned above. And also Net profit from normal business operation (excluding accounting gain and other income), was Baht 1,047.23 million, increased by Baht 115.92 million (or increased by 12.45%) as compared to the same period of last year.



Cost of sales and services

For Q1/2018, the total cost of sales and services was Baht 1,454.99 million, increased by Baht 110.10 million (or increased by 8.19%) as compared to the same period of last year which incurred the total sales' cost of Baht 1,344.89 million. The reasons are summarized as follows:

1. **Manufacturing and distributing Biodiesel Products and pure glycerine:** For Q1/2018, the sales costs reduced by Baht 103.85 million (or decreased by 10.38%) due to the lower of raw material price according to current market conditions although the Company was able to increase the sales volume.
2. **Generating and distributing Electricity:** For Q1/2018, sales costs increased by Baht 154.82 million (or increased by 44.91%). This is due a wind power plant (with an aggregate capacity of 126-MW) of the subsidiary were commenced commercial operation on 3rd March, 10th June and 23rd June 2017, resulting cost of sales (i.e., depreciation, administrative and maintenance expenses) increased as compared to the same periods last year. The sales cost of this wind power plants were Baht 150.56 million.

Selling expense

Selling expenses, for Q1/2018, was Baht 16.66 million, increase by Baht 5.31 million (or increased 46.78%) as compared to the same period of last year which incurred the selling expense of Baht 11.35 million. This is to the selling expense which is a major cost of delivery expense increasing in line with the increase of sales volume of biodiesel.

Aministrative expenses

Administrative expense, for Q1/2018, was Baht 170.53 million, increase of Baht 39.28 million (or increased by 29.93%) as compared to the same period of last year which incurred an administrative expense of Baht 131.25 million mainly due to 1) Selling expense from Amita amounting Bath 21.01 million is recognized as F/S of Amita fully consolidated to the Group's F/S from the date on which control is transferred to the Group. 2) the increase in advertising R&D expenses from subsidiaries of Baht 13.56 million and also personnel expenses and other expenses to support the business expansion.

Finance cost

Finance cost, for Q1/2018, was Baht 288.70 million, increased by Baht 39.68 million (or increased by 15.93%) as compared to the same period of last year which incurred the finance cost of Baht 249.02 million, This is due to 126-MW wind power plant were completed construction. Consequently, the finance cost incurred thereafter shall be recorded / included in the cost of capital during construction.



Financial Status

Investment in associate

Investment in associate as of 31st March 2018, was nil because of the classification of the investment in Amita from an associate to a subsidiary. The financial statements of Amita have been fully consolidated to the Group's financial statements from the date on which control is transferred to the Group.

Goodwill

Goodwill as of 31st March 2018, were Baht 962.55 million, is recognised in accordance with the preparation of consolidated financial statements. The amount of goodwill is measured from fair value of Amita's net assets as the result of the change in classification of the investment of Amita from an associate to a subsidiary.

Intangible assets

Intangible assets as at 31 March 2018 and 31 December 2017 were Baht 2,041.33 million and Baht 977.16 million, respectively which increase of Baht 1,064.17 million or 108.90% . The significant increase is from the recognition of patents of Baht 805 million and brand of Baht 277.87 million as the result of fair value.

Property, plant and equipment

Property, plant, and equipment Property, plant, and equipment, as of 31st March 2018 and 31st December 2017, were Baht 37,040.48 million and Baht 35,219.56 million respectively, increased by Baht 1,820.92 million or increased by 5.17%. Mainly, due to the investment of wind power plants projects.



Business Trend for the 2nd quarter ended 30th June 2018

The business of generating and distributing electricity, the sales electricity units were increased as compared to the same period of last year due to wind power plant with aggregate capacity of 126-MW was commenced commercial operations on 3rd March 2017, 10th June 2017 and 23rd June 2017 of which the Company will record the full-year-revenue in the year 2018

Progress in Major Investment Project

1. 260 MW Wind Power Plant in Chaiyaphum province or “Hanuman Project” The construction was started in 2nd quarter of 2017. As of 30 April 2018, construction progress has been going well in accordance with the master plan and is in process of erection wind tower for the total of 103 turbines. Moreover, the company is officially holding Blade Lifting Ceremony on 25 th May 2018. The completion of the project is expected to be completed and commerce COD nearly around end 2018.

2. Battery Project As of 25th April 2018, the company’s shareholding in Amita Technologies Inc. is 69.99%, after completion of voluntary tender offer of Amita’s shares in Taiwan Stock Market. In addition, the company has already signed MOU with Industrial Technology Research Institute (ITRI), Taiwan, the government body leading researched and development activity for Taiwan. Under this MOU, ITRI agree to support EA and Amita in developing new technology for energy storage (or battery) continuously. The parties aim to develop new model of battery continuously i.e. efficient, high quality and economy to be well compatible in global market and introduce to respond demand in various industries especially power industry. Consequently, the company is going to implement this technology to invest in the 50 GWh battery project in Thailand. The investment budget in the first phase is about Baht 4 billion. The company has already ordered key machinery for battery production and is preparing for pre-construction. The progress update will be disclosed consequently.

Kindly be informed accordingly.

Yours faithfully,

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(Mr. Amorn Saphaweekul)
Deputy CEO