



Ref : EA6205/009

10th May 2019

Subject Management Discussion and Analysis of Financial Statements
for the three-month period ended 31st March 2019
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 2019 which has been approved by the meeting of the Board of Directors No. 2/2019 held on 10th May 2019. The details are as follows:-

Overview of operating results for the three-month periods ended 31st March 2019

Unit : Baht Million

Operating results	Year 2019	Year 2018	Increase (Decrease)	
	Baht Million	Baht Million	Baht Million	%
Revenue from sales and services	3,086.20	2,929.16	157.04	5.36
Other Income	2.25	4.94	(2.69)	(54.45)
Accounting gain on business combination achieved without the transfer of consideration, net	-	894.58	894.58	(100.00)
Total Revenue	3,088.45	3,828.68	(740.23)	(19.33)
Profit attributable to Owners of the parent	1,210.72	1,946.75	(736.03)	(37.81)
Basic earnings per share (Baht per share)	0.32	0.52	(0.20)	(38.46)

Note:

According to Financial Statements for the three-month period ended 31st March 2018, there is significant circumstance from the classification of the investment in Amita from an associate company to be a subsidiary company. 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. As a result, this consequently caused accounting gain on business combination achieved without the transfer of consideration (AMITA), net of Baht 894.58 million in accordance with Thai Financial Reporting Standard 3 (revised 2017) Business Combination.

Net Profit

For the three-month period ended 31st March 2019, the Company earned the net profit of Baht 1,210.72 million, decreased by Baht 736.03 million (or decreased 37.81%) as compared to the same period of last year which incurred the total net profit of Baht 1,946.75 million. To be considered, net profit from normal business operation (excluding accounting gain, unrealized gain from FX and other income) for three-month periods ended 31st March 2019 was Baht 1,145.40 million, increased by Baht 110.77 million (or increased by 10.71%) as compared to the same period of last year as reasons aforementioned above. The reasons are as follows:



Revenue

For the three-month period ended 31st March 2019, the Company earned the total revenue of Baht 3,088.45 million, decreased by Baht 740.23 million (or decreased by 19.33%) as compared to the same period of last year which incurred the total revenue of Baht 3,828.68 million. To be considered, revenue from normal business operation (excluding accounting gain and other income) for three-month periods ended 31st March 2019 was Baht 3,086.20 million, increased by Baht 157.03 million (or increased by 5.36%) as compared to the same period of last year. The reasons are summarized as follows:

1. Manufacturing and distributing Biodiesel Products and Pure glycerin:

B100 : For the three-month periods ended 31st March 2019, the revenues from B100 decreased by Baht 65.26 million (or decreased by 7.40%). This is the result of lower of selling price by 19.98% due to oversupply of palm product in market and surplus of B100 capacity from B100 producers causing high price completion to gain market share.

Pure glycerin: The revenues, for the three-month periods ended 31st March 2019 decreased by Baht 23.50 million (or decreased by 25.36%). The sharply decrease in revenue for three-month period is the result of mainly decreasing of selling price by 35.26%.

Details	Three-month Period		
	Year 2019	Year 2018	% Change
Revenue from Biodiesel	816.15	881.41	-7.40%
Sale volume (Million Litres)	50.18	43.36	+15.72%
Explanation Three-month period: Selling price declined as the result of oversupply of palm product in market and surplus of B100 capacity from B100 producers causing high price completion to gain market share.			
AVG Selling price (Baht/Litre)	16.27	20.23	-19.98%
Explanation Lower of B100 selling price resulted from lower of raw material price due to oversupply of palm product in market and surplus of B100 capacity from B100 producers causing high price completion to gain market share.			

Details	Three-month Period		
	Year 2019	Year 2018	% Change
Revenue from Glycerin	69.15	92.65	-25.36%
Sale volume (Million kg.)	3.80	3.30	+15.29%
AVG Selling price (Baht/kg.)	18.18	28.08	-35.26%
Explanation Sale volume increase compared to the same period in previous year from expansion of domestic customer base while average selling price start declining as a result of surplus of Glycerine in regional market caused by B100 producers in Indonesia accelerating B100 production to support the government's policy for using B100 proportion in high-speed diesel to be 20%.			



2. Generating and distributing Electricity :

For the three-month periods ended 31st March 2019, the revenues increased by Baht 213.35 million (or increased by 11.19%). This is due to Hanuman project, wind power plant of subsidiary companies in Chaiyaphum Province was commenced operation on 25th January (90 MW), 22nd March (48 MW) and 30th March 2019 (42 MW) respectively resulting to revenue recognition gradually adding up in 1st quarter for this year. For 126-MW wind power plant at Songkla and Nakorn Si-Thammarat Province, wind speed was higher comparing to the same period in previous year due to delaying of monsoon that normally occurs at the end of year (Dec) to the beginning of this year (Jan).

Details	Three-month Period		
	Year 2019	Year 2018	% Change
Revenue from Solar power plants	1,507.06	1,492.13	+1.00%
Sales volume (GWh)	153.52	152.52	+0.66%
Avg. Selling Price (Baht/kWh)	9.82	9.78	+0.34%
Explanation: Sale volume are slightly higher compared to the same period in previous year while average selling price per kWh increase due to the increase of ft.			
Revenue from Wind power plants	613.10	414.68	+47.85%
Sales volume (GWh)	97.77	67.26	+45.37%
Avg. Selling Price (Baht/kWh)	6.27	6.17	+1.71%
<u>126 MW Hadkanghun wind project</u>			
Sales volume (GWh)	72.75	67.26	+8.17%
Avg. Selling Price (Baht/kWh)	6.33	6.17	+2.64%
<u>260 MW Hanuman wind project</u>			
Sales volume (GWh)	25.01		+100%
Avg. Selling Price (Baht/kWh)	6.10		+100%
Explanation Hanuman 1, 8, 5, 9 wind power plants totaling of 180 MW started COD on 25 th January, 22 nd March and 30 th March 2019 respectively. As a result, revenue recognition from these wind farms was added in 1 st quarter for this year and remaining 80MW of Hanuman 10 will started COD in 2 nd quarter. For Hadkunghan wind power plant, wind speed was higher comparing to the same period in previous year due to delaying of monsoon that normally occurs at the end of year (Dec) to the beginning of this year (Jan). As a result, causing increase in sale volume. In addition, average selling price per kWh increased due to the increase of ft.			

3. Other revenue from ESM from consultation service of Baht 9.43 million (EA shares holding 99.99%) and revenue recognition from AMITA amounting Baht 70.49 million (EA shares holding 77.21%) as F/S of Amita fully consolidated to the Group's F/S from the date on which control is transferred to the Group since 1st quarter of last year.



Cost of sales and services

For the three-month periods ended 31st March 2019, cost of sales were Baht 1,484.20 million, increased by Baht 29.21 million (or increased by 2.01%), as compared to the same period of last year which incurred the total cost of sales of Baht 1,454.99 million. The reasons are summarized as follows:

1. **Manufacturing and distributing Biodiesel products and pure glycerin:** For the three-month periods ended 31st March 2019, the cost of sales reduced by Baht 23.20 million (or decreased by 2.59%) as compared to the same period of last year due to the lower of raw material price effecting from oversupply of palm product in market.
2. **Generating and distributing Electricity:** For the three-month periods ended 31st March 2019, cost of sales increased by Baht 63.09 million (or increased by 14.74%). The increasing of sales cost compared to the same periods of last year resulted from commencement commercial operation of wind power plant (with an aggregate capacity of 180-MW) of the subsidiary on 25th January, 22nd March and 30th March 2019 respectively. Sales cost of wind power plants consisted of depreciation, administrative, maintenance expenses and others has increased as a result of starting operation for this period.

Selling expense

Selling expenses, for the three-month period ended 31st March 2019, were Baht 20.14 million, increased by Baht 3.48 million (or increased by 20.89%), as compared to the same periods of last year which incurred the selling expenses of Baht 16.66 million. Major selling expense is delivery expense from selling of biodiesel.

Administrative expenses

Administrative expenses, for the three-month periods ended 31st March 2019, were Baht 196.46 million, increased by Baht 25.93 million (or increased by 15.20%), as compared to the same periods of last year which incurred the administrative expenses of Baht 170.53 million. The main reasons of increasing are given below.

- Personnel expense increased Baht 8.91 million in accordance with new hiring of employee and executive following to the business expansion plan
- PR, advertising and activities expenses including R&D expenses from subsidiaries increased Baht 25.0 million. This is due to several programs to promote new businesses, Battery, EV charging station, Electrical Vehicle and Electric Ferry, following to EA's strategic plan.

Finance cost

Finance costs, for the three-month periods ended 31st March 2019, were Baht 263.09 million, decreased by Baht 25.62 million (or decreased by 8.87%), as compared to the same periods of last year which incurred the finance costs of Baht 288.70 million. The decreasing of finance cost is a resulting mainly from capitalization of some finance costs to construction in progress of Hanuman Project while there are no finance costs capitalized in prior period because Hanuman Project was in the initial phase of construction.



Financial Status

Total Asset

EA and its subsidiaries' total asset as of 31st March 2019, were Baht 61,540.08 million, increased by Baht 2,332.49 million (or increased by 3.94%) from 31st December 2018. This was mainly from the following determinants:

Account receivable

Account receivable net as of 31st March 2019 were Baht 1,838.37 million, increased by Baht 187.52 million or increased by 11.36% from 31st December 2018. This is mainly due to increasing of account receivable from Hanuman Wind power plant that commenced its commercial operation

Investment in associate

Investment in associate as of 31st March 2019, 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.

Property, plant and equipment

Property, plant, and equipment, as of 31st March 2019 and 31st December 2018, were Baht 51,324.09 million and Baht 47,587.21 million respectively, increased by Baht 3,736.88 million or increased by 7.85%. Mainly, due to the investment of wind power plant projects.

Intangible assets

Intangible assets as of 31st March 2019 and 31st December 2018 were Baht 2,539.18 million and Baht 1,941.13 million, respectively which increase of Baht 598.05 million or 30.81%. The significant increase is from the recognition of right to use of transmission line from Hanuman Wind Farm.

Goodwill

Goodwill as of as of 31st March 2019, were Baht 915.30 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.

Total Liabilities

EA and its subsidiaries' total liabilities as of 31st March 2019, were Baht 32,545.72 million, increased by Baht 5,358.32 million from 31st December 2018 (or increased by 19.71%). The increase was mainly in Long Term loan from 2 financial institutions amounting Baht 4,900.00 million for repayment of some part of supplier credits for wind power plants projects that was due.

Total Equity

EA and its subsidiaries' total shareholder' equity as of 31st March 2019, were Baht 19,288.20 million, which increased by Baht 1,149.54 million (or increased by 6.34%) from 31st December 2018. This resulted from total net profit of the three-month period ended 31st March 2019, deducted by dividends paid and discount from changes in shareholding interest in subsidiaries.



Progress in Major Investment Projects

1. 260 MW Wind Power Plant in Chaiyaphum province or “Hanuman Project”

The project comprises of 5 sub-projects which started construction in 2nd quarter of 2017. The construction has been completed and already started commercial operation for the total of 260 MW.

Project name	Capacity (MW)	Starting Commercial Operation
Hanuman 1	45	25 th January 2019
Hanuman 5	48	22 nd March 2019
Hanuman 8	45	25 th January 2019
Hanuman 9	42	30 th March 2019
Hanuman 10	80	13 th April 2019

2. Li-ion Battery Project

The company has an investment project in building a Li-ion Battery factory with the total production capacity of 50 GWh. The investment plan comprises of two phases. The construction of phase I for the production capacity at 1 GWh has already started along with preparation of group structure, employee and funding. The new production base will start commercial operation in 2020. Further investment in phase II for the production capacity at 49 GWh will be started after completion and achievement of phase I. The company will inform progress to this investment project consequently.

3. EV Charging Station Project

The company is co-investing with partners to install EV charging equipment on partners' property with high technology by using chargers from the joint venture companies in the group to develop technology and control costs efficiently that can be reserved and start the electricity to the engine via **EA Anywhere** application. There are 2 types of charger, both normal charge and quick charge. The EV charging service is planned to serve all type of EV including MINE Mobility, EV designed and developed by the company's team.

As of 7th May 2019, 256 stations with all 639 chargers have been completed installation, 47 stations are under construction and preparation. However, the company keeps steering its project together with several partners to prepare infrastructure for EV users by installing 1,000 stations. The project progress will be informed accordingly.



4. Electric Vehicle (EV) : MINE Mobility

Since 2017, the company has started designing and production of prototype the first Thai EV and introduced under brand “**MINE Mobility**”. There are 3 segments, City EV, MPV EV and Sport EV, shown in the Bangkok International Motor Show 2019. The success in stimulating EV market demand leads EA to pre-commercial launch MINE SPA 1, a 5-seats MPV in the Bangkok International Motor Show 2019. MINE SPA 1 is using light and strong material including aluminum platform, powered by 30 kWh lithium ion battery with STOKA, the safest technology, 200 km drive range per one time charge. The maximum speed is set at 140 km/hour.

MINE SPA1 has got very well respond and also reached an agreement and signed MOU with a taxi union, Cooperative Credit Union Suvarnabhumi Pattana Limited, to pre-order of 3,500 EVs including spare parts and using EA Anywhere charging service. Those EVs are going to sell to its member to be used as EV taxi. The total amount of pre-order is 4,562 EVs. Currently, the company is building assembly facilities and preparing auto parts with its suppliers. The facilities are going to be ready within 2019 and starting commercial operation in early of 2020.

5. Green Diesel and PCM

The chemical research and development including domestic demand of Green Diesel (or GD) to be blended to diesel oil is increasing in order to improve efficiency and decrease carbon. Some countries are introducing the use of Bio Phase Change Material (or Bio-PCM) as part of construction material, fabric fibers and medical transfer boxes in order to absorb heat and control temperature. Therefore, the company has been doing research and development of GD and Bio-PCM under biodiesel business, using crude palm oil as the major raw material. The success of R&D leads to new investment in GD and Bio-PCM project

The project is planned to have total feed capacity at 130 tons per day, located in Rayong province. The total investment is approximately Baht 1.1 billion. This project is divided into two phases.

Phase I Production capacity of GD and Bio-PCM is going to be 65 tons (feed) per day. The construction will be completed within December 2019 and will start commercial operation in the first quarter of 2020.

Phase II Production capacity is going to be ramped up to be 130 tons (feed) per day. The construction is planned to be completed within December 2020 and will start commercial operation in the first quarter of 2021.

Progress of the project as of this first quarter 2019 could be summarized as follow.

1. Land clearance and preparation has completed and started construction
2. Hired construction contractors and put purchase order for equipment and machinery as planned
3. Completed project design and will complete engineering design within 2nd quarter



6. Electric Ferry

In order to execute following the Energy 4.0 master policy and promote zero emission transportation, the company announced its electric ferry project to serve along Chao Phraya River, running from the Nonthaburi Pier to Wat Rajsingkorn Pier. The electric ferry is going to use lithium ion battery with STOBA technology of EA group. The total investment budget is set at Baht 1 billion for around 50 ferries. Currently equipment and machinery are importing and two prototype electric ferries are scheduled to start running in the third quarter. The phase I comprise of 20 to 25 ferries is going to achieve within 2019 and the rest will be completed in early of 2020.

Kindly be informed accordingly.

Yours faithfully,

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(Mr. Amorn Saphaweekul)
Deputy CEO