บริษัท พลังงานบริสุทธิ์ จำกัด (มหาชน)
Energy Absolute Public Company Limited
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Ref : EA 6005/011

Date 12 May 2017

Subject : Management Discussion and Analysis for the 1st quarter period ended 31 March 2017

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 31 March 2017 which has been approved by the Board of Directors' meeting No. 2/2017 held on 12 May 2017. The details are as follows:

Overall of operations result for the 1st quarter ended 31 March 2017

Unit : Baht Million

	Year 2017	Year 2016	Increase (Decrease)	
			Amount	Amount
Total income	2,682.95	2,441.98	240.97	9.87
Net profit of Owners of parent	979.47	710.89	268.58	37.78
Basic Earnings Baht per share)	0.26	0.19	0.07	36.84

Net profit

For 3-month period ended 31 March 2017, the Company earned the consolidated net profit of Baht 979.47 million, representing the increase of Baht 268.58 million or increased by 37.78% as compared to the net profit of Baht 710.89 million. The reasons are as follows:

Revenues

For 3-month period ended 31 March 2017, the Company earned the consolidated total income of Baht 2,682.95 million, representing the increase of Baht 240.97 million or increased by 9.87% as compared to the total income of Baht 2,441.98 million as the reasons here below:

1. **Production and distribution of bio-diesel fuel:** For 3-month period ended 31st March 2017, the revenue decreased by Baht 321.24 million or 24.22 % decreased. This is due to the sales volume decreased by 28.34 % resulting from the government policy to determine the portion of biodiesel blended in high-speed diesel was at 5% as compared to the same period of last year which the portion of biodiesel blended in high-speed diesel was at 7%. **For pure glycerin unit :** the revenue incurred during 3-month period ended 31 March 2017 decreased by Baht 4.43 million or 8.49% decreased. This is due to the decrease in sale volume 21.04% according to the reduce of demanding while the average sale price was decreased 15.89%

2. **Production line and distribution of electricity unit :**

   For 3-month period ended 31 March 2017, the revenue increased by Baht 543.32 million or 51.91% increased due to 2 power plants of subsidiaries, i.e. the 90 MW solar power plant at Phisanulok Province and the 36-MW wind power plant were commenced operation on 1 April 2016 and 3 March 2017, respectively.

Cost of Sales

The total sales cost for 3-month period ended 31 March 2017 was Baht 1,344.89 million, represent the decrease of Baht 107.19 million or decreased by 7.38% as compared to the total sales cost of Baht 1,452.08 million.
The summaries are as follows:

1. **Production line and distribution of bio-diesel, pure glycerin and by-products :** For 3-month period ended 31 March 2017, the sales cost decreased by Baht 267.81 million representing the decrease of 21.12% due to decrease of sales volume according to the current market situation resulting from the impact of drought occurred in last mid-year causing the shortage of raw palm oil which is the main raw material.

2. **The production line and distribution of electricity :** For 3-month period ended 31 March 2017, the sales cost increased by Baht 160.63 million, representing the increase of 87.26%. This is due 2 power plants of subsidiaries, i.e. the 90-MW solar power plant at Phisanulok and 36-MW wind power plant were commenced the commercial operation on 1 April 2016 and 3 March 2017, respectively. Therefore, the selling expenses (comprising with depreciation cost, management fees for power plant, cost of maintenance) were increased comparing to the same period of last year.

Selling Expense

For 3-month period ended 31 March 2017, selling expense was Baht 11.34 million, representing the decrease of Baht 4.00 million or increased by 26.08% as compared to the same period of last year which incurred the selling expense of Baht 15.34 million. This is due to the decrease of sales volumes causing the major selling expense of this part was reduced as well.

Administrative Expense

For 3-month period ended 31 March 2017, the administrative expense was Baht 131.25 million, representing the increase of Baht 43.63 million or increased by 49.79% as compared to the same period of last year which incurred the administrative expense of Baht 87.62 million. The main reason is from the increase of personnel expenses to support the expansion of business.

Finance cost

For 3-month period ended 31 March 2017, the finance cost was Baht 249.02 million, representing the increase of Baht 75.26 million or increased by 43.31 as compared to the same period of last year which incurred the finance cost of Baht 173.76 million due to 2 power plants, i.e. the 90-MW solar power plant at Phisanulok Province and 36-MW wind power plant have completed construction, therefore the Company recorded the finance cost incurred thereafter as the expenses rather than the cost price during construction.

The Financial Position

The trade accounts receivable

The trade accounts receivable as of 31 March 2017 and 31 December 2016 were Baht 1,435.95 million and Baht 1,319.15 million, respectively. These represent the increase of Baht 116.80 million or increased by 8.85% due to the increase of trade accounts receivable resulting from increase of sales volume of electricity units from solar power plant at end of period as well as 36-MW wind power plant was commenced the commercial operation on 3 March 2017.

Property, plant and equipment

Property, plant and equipment as of 31 March 2017 and 31 December 2016 were Baht 34,458.57 million and Baht 33,485.32 million respectively. These represent the increase of Baht 973.25 million or increased by 2.91% due to the payment of investment in construction of wind power plant, therefore, the 36 MW wind power plant commenced the commercial operation on 3 March 2017.

Other accounts payable

Other accounts payable as of 31 March 2017 and 31 December 2016 were Baht 253.93 million and Baht 358.09 million respectively. These represent the decrease of Baht 104.16 million or increased by 29.09% due to the repayment of loan interest and the repayment other accounts payable of subsidiaries

Long-term loans from financial institutions

The long-term loans from financial institutions as of 31 March 2017 and 31 December 2016 were Baht 19,217.07 million and Baht 19,432.08 million respectively. These represent the decrease of Baht 215.01 million or reduced by 1.11% this is the result of long term loan repayment.

The Business outlook for the 2nd Quarter ended 31 June 2017

The Department of Energy Business has announced the Notification in respect of the specification and quality of diesel fuel (No.10) B.E. 2560 dated 24 April 2017 to increase the portion of biodiesel blended in high-speed diesel from 5% to 7% with effective from 8 May 2017. Under such circumstance, the sales volume of biodiesel may increase.

Please be informed accordingly.

Yours faithfully,

Mr. Amorn Sapthaweekul
Deputy CEO