บริษัท พลังงานบริสุทธิ์ จำกัด (มหาชน)
Energy Absolute Public Company Limited
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Ref : EA 6102/023

28th February 2018

Subject : Management Discussion and Analysis of Financial Statements for the year ended 31st December 2017
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 year ended 31st December 2017 which has been approved by the meeting of the Board of Directors No 1/2018 held on 28th February 2018. The details are as follows:

Overview of operating results for the year ended 31st December 2017

Unit: Million

	Year 2017	Year 2016	Increase (Decrease)	
			Baht	%
Total revenue	11,673.50	10,439.25	1,234.25	11.82
Profit attributable to Owners of the parent	3,817.45	3,251.51	565.94	17.41
Basic earnings per share (Baht per share)	1.02	0.87	0.15	17.24

Net Profit

For the year ended 31st December 2017, the Company earned the net profit of Baht 3,817.45 million, representing an increase of Baht 565.94 million (or increased by 17.41%) as compared to the same period of last year which incurred the total net profit of Baht 3,251.51 million due to the reason as follows:

Revenue

For the year ended 31st December 2017, the Company earned the total revenue of Baht 11,673.50 million, representing an increase of Baht 1,234.25 million (or increased by 11.82%) as compared to the same period of last year which incurred the total revenue of Baht 10,439.25 million. The reasons are summarized as follows:

1. Manufacturing and distributing Biodiesel Products: For the year ended 31st December 2017, the revenue decreased by Baht 515.93 million (or decreased by 10.93%). This is the result of the lower of selling price whereas the volume of selling is higher, or increased by 14.70. For pure glycerin : The revenue for the period ended 31st December 2017 increased by Baht 97.58 million or increased by 57.57%. This is due to the increase in sales price and sales volume.

2. Generating and distributing Electricity : For the year ended 31st December 2017, the revenue increased by Baht 1,602.60 million (or increased by 29.19%). This is due to the 90-MW solar power plant of the subsidiary in Phitsanulok province was commenced operation on 1st April 2016 resulting the full-year-revenue was recorded. Moreover, the wind power plants, with an aggregate capacity of 126-MW, of the subsidiaries were also commenced operation on 3rd March, 10th June and 23rd June 2017.

Cost of sales

For the year ended 31st December 2017, the total cost of sales was Baht 6,045.57 million, representing an increase of Baht 408.27 million (or increased by 7.24%) as compared to the same period of last year which incurred the total sales' cost of Baht 5,637.29 million. The reasons are summarized as follows:

1. Manufacturing and distributing Biodiesel Products and pure glycerine : For the year ended 31st December 2017,the sales costs reduced by Baht 212.50 million (or decreased by 4.74%) 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 the year ended 31st December 2017, sales costs increased by Baht 812.71 million (or increased by 39.85%). This is due to a solar power plant of the subsidiary in Phitsanulok province was commenced commercial operation on 1st April 2016 and wind power plant (with an aggregate capacity of 126-MW) of the subsidiaries 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.

Selling expense

Selling expenses, for the year ended 31st December 2017, was Baht 58.61 million, representing an increase by Baht 10.94 million (or increased 22.94%) as compared to the same period of last year which incurred the selling expense of Baht 47.67 million. This is the impact of the diesel fuel price, which is a major cost of delivery expense during the 2nd quarter of 2017 as well as the increase of sales volume of biodiesel.

Administrative expense

Administrative expense, for the year ended 31st December 2017, was Baht 608.42 million, representing an increase of Baht 198.18 million (or increased by 48.31%) as compared to the same period of last year which incurred an administrative expense of Baht 410.24 million due to the increase in personnel expenses and other expenses to support the business expansion.

Finance cost

Finance cost, for the year ended 31st December 2017, was Baht 1,184.32 million, representing an increase of Baht 189.43 million (or increased by 19.04%) as compared to the same period of last year which incurred the finance cost of Baht 994.89 million, This is due to 90-MW solar power plant in Phitsanulok province and 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

Trade accounts receivable

Trade accounts receivable, as of 31st December 2017 and 2016, were Baht 1,706.91 million and Baht 1,319.15 million respectively, representing an increase of Baht 387.76 million (or increased by 29.39%). The trade accounts receivable increased as the result of the sales volume (during end of the quarter) in parts of manufacturing and distributing of biodiesel and generating and distributing of electricity (both solar and wind powers), as compared to the period nearly in the end of 2016.

Investment in associate

Investment in associate, as of 31st December 2017, was Baht 916.48 million. The increasing was due to the investment in Amita Technologies Inc. in portion of 50.69% of the total issued and paid-in ordinary shares of Amita in order to expand business and enhance competitiveness of the Company in future

Property, plant and equipment

Property, plant, and equipment Property, plant, and equipment, as of 31st December 2017 and 2016, were Baht 35,219.56 million and Baht 33,485.32 million respectively, representing an increase of Baht 1,734.24 million (or increased by 5.18%). Mainly, due to the investment of wind power plant projects

Long-term loans from financial institutions

Long-term loans from financial institutions as of 31st December 2017 and 2016, were Baht 18,818.59 million and Baht 19,432.08 million respectively, representing the decrease of Baht 613.49 million (or decreased by 3.16%) due to loan repayment installment for long-term loans as usual schedule.

Business Trend for the 1st quarter ended 31st March 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 were 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

Kindly be informed accordingly.

Yours faithfully,

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(Mr. Amorn Sapthaweekul)
Deputy CEO