



AIE 081/2018

April 26, 2018

Subject: Management's Discussion and Analysis for 1<sup>st</sup> quarter ended as of March 31, 2015 (SEC to edit)  
Attention: President  
The Stock Exchange of Thailand

AI Energy Public Company Limited (AIE) would like to submit the company and its subsidiaries financial statement for 1<sup>st</sup> quarter ended as of March 31, 2015, (1 January – 31 March), which details are as following;

Results	Q1/2015 (Revised Version)	Q1/2014 (Revised Version)	Increase (Decrease)	
	Million Baht	Million Baht	Million Baht	Percentage
Total Revenues	841.14	1,265.18	(424.04)	(33.52)
Cost of Goods Sold and Service	873.94	1,157.10	(283.16)	(24.47)
Sell and Administration Expenses	31.25	35.24	(3.99)	(11.13)
Net Profit (Loss)	(59.03)	58.74	(117.77)	(200.49)
Earnings per share (Baht per share)	(0.05)	0.05	(0.10)	(200.00)

### Net Profit

The company and subsidiaries realized net loss of the 1<sup>st</sup> quarter ended as of March 31, 2015, of THB 59.03 million, decreased for THB 117.77 million or 200.49% comparing to the 1<sup>st</sup> quarter ended as of March 31, 2014, which the realized net profit of THB 58.74 million, for the following reasons;



## **Revenue**

The company and subsidiaries realized the revenue as of the 1<sup>st</sup> quarter ended as of March 31, 2015, of THB 841.14 million which decreased by THB 424.04 million or 33.52% from the 1<sup>st</sup> quarter ended as of March 31, 2014, which realized the revenue THB 1,265.18 million, where the reasons are summarized as follows.

### **1. Manufacture and Sales of Biodiesel and By-product**

1.1 Revenues from sales of biodiesel business to total revenue for the 1<sup>st</sup> quarter of the fiscal year 2015 and 2014 were 71.89% and 56.11% respectively.

- In 1<sup>st</sup> quarter of 2015, revenue from Biodiesel was THB 604.69 million, 15,690 tons at average selling price of THB 34,510 / ton.
- In 1<sup>st</sup> quarter of 2014, revenue from Biodiesel was THB 709.89 million, 18,270 tons at average selling price of THB 38,860 / ton.

The revenue from Biodiesel in the 1<sup>st</sup> quarter of 2015 has decreased from the 1<sup>st</sup> quarter of 2014 for THB 105.20 million or 14.82%. Sale volume has dropped by 2,580 tons or 6.64% and the average selling price were decreased by THB 4,350 / ton or 11.19%.

1.2 Revenues from sales of by-products to total revenue for the 1<sup>st</sup> quarter of 2015 and 2014 were 2.70% and 15.36% respectively.

- In 1<sup>st</sup> quarter of 2015, revenue from by-products was THB 22.69 million, 3,482 tons at average selling price of THB 6,520 / ton.
- In 1<sup>st</sup> quarter of 2014, revenue from by-products was THB 89.05 million, 5,326 tons at average selling price of THB 17,128 / ton.

The revenue from by-products in the 1<sup>st</sup> quarter of 2015 has decreased from the 1<sup>st</sup> quarter of 2014 by THB 66.36 million or 34.15%. Sale volume has decreased by 1,844 tons or 34.62% and the average selling price were decreased by THB 10,608 / ton or 61.93%, comparing to the 1<sup>st</sup> quarter of 2014. Due to decreased in Biodiesel production as mentioned above and the Company used most of its by-products as raw materials in B100 production to reduce Biodiesel's production cost, which made revenues contribution from this segment went down, where in the 1<sup>st</sup> quarter of 2014 the Company was selling PFAD since the Ester 80% Plant was under construction process.

1.3 Revenues from sales of Edible Oil (Palm Olien) to Total revenues for the 1<sup>st</sup> quarter of 2015 and 2014 were 13.23% and 24.29% respectively.



- In 1<sup>st</sup> quarter of 2015, revenue from sales of edible oil (Palm Oil) was THB 188.37 million, 4,967 tons at average selling price of THB 33,120 / ton.
- In 1<sup>st</sup> quarter of 2014, revenue from sales of edible oil (Palm Oil) was THB 295.14 million, 8,387 tons at average selling price of THB 35,190 / ton.

The revenue from Edible Oil in the 1<sup>st</sup> quarter of 2015 has decreased from the 1<sup>st</sup> quarter of 2014 for THB 106.77 million or 36.18%, while Sale volume has decreased by 3,420 tons or 40.78% and the average selling price were decreased by THB 2,070 / ton or 5.88%.

## **2. Refining Service**

Revenues from Refining Service to total revenue for the 1<sup>st</sup> quarter as of March 31, 2015, and 2014 were 0.53% and 3.47% respectively.

The revenue from Refining Service in the 1<sup>st</sup> quarter of 2015 is THB 6.99 million which has decreased by THB 36.92 million or 84.08% from the 1<sup>st</sup> quarter of 2014 was THB 43.92 million.

## **3. Ports and Terminal Services and Ice Cube Factory Business**

Revenues from Ports and Terminal Services, the subsidiary (AIPT) were received from the Company who was only customer to AIPT, therefore such transaction will not show in Revenue. Revenue from Ice Cube Factory to total revenue for the 1<sup>st</sup> quarter of year 2015 and 2014 were 0.80% and 0.55% respectively.

AIPT's revenue from Sale of Ice Cube in the 1<sup>st</sup> quarter of 2015 is THB 6.74 million which has decreased by THB 0.17 million or 2.53% from the 1<sup>st</sup> quarter of 2014 was THB 6.91 million.

## **4. Sea Freight Carrier Business**

Revenues from Sea Freight Services, operated by the subsidiary (AIL), to total revenue for the 1<sup>st</sup> quarter as of March 31, 2015, and 2014 were 0.70% and 0.91% respectively.

In the 1<sup>st</sup> quarter of 2015, revenue from Sea Freight Services was THB 5.91 million and in the 1<sup>st</sup> quarter of 2014 was THB 11.54 million, which decreased by THB 5.63 million or 48.75%.



## 5. Other Income

The Company and the Subsidiaries had Revenues from Other Income to total revenue for the 1<sup>st</sup> quarter as of March 31, 2015, and 2014 were 0.68% and 0.27% respectively.

In the 1<sup>st</sup> quarter of 2015, revenue from Other Income was THB 5.75 million and in the 1<sup>st</sup> quarter of 2014 was THB 3.45 million, which increased by THB 2.30 million or 66.81%.

## Cost of Sales and Services

The company and subsidiaries realized the cost of sales and services as of the 1<sup>st</sup> quarter as of March 31, 2015, of THB 873.94 million and the ratio of cost of sales over total revenue was 104.61%, and of the 1<sup>st</sup> quarter of 2014 of THB 1,157.10 million and the ratio of cost of sale over total revenue was 91.71%, which increased by 12.90%, where the reasons are summarized as follows.

### 1. Cost of Sales - Biodiesel and By-product

1.1 The Company has cost of sale – Biodiesel for 1<sup>st</sup> quarter as of March 31, 2015, and 2014 as follow;

- In 1<sup>st</sup> quarter of 2015, cost of sale was THB 852.26 million, with ratio of cost of sale to revenue was 104.47%.
- In 1<sup>st</sup> quarter of 2014, cost of sale was THB 1,112.17 million, with ratio of cost of sale to revenue was 92.73%.

Comparing the 1<sup>st</sup> quarter of 2015 to the 1<sup>st</sup> quarter of 2014, the ratio cost of sale to revenue has increased by 8.82% since the Company had slightly changed production process which lead to higher waste and loss rate during Biodiesel washing process. Therefore, the production yield was lower than the Company's standard yields.

Company found the error in devalued of inventories, so company has adjusted Balance Sheet at 31<sup>st</sup> March 2015 and Comprehensive Income Statement for 1<sup>st</sup> Quarter of 2015. The adjustments affect Profit /Loss statement by THB 62.31 million and the beginning balance of inventories increased by THB 9.87 million. All adjusted inventories were used in the manufacturing process in 1<sup>st</sup> quarter of 2015 which leads to higher in cost of sales by THB 21.44 million.



## 2. Cost of Refining Service

- In 1<sup>st</sup> quarter of 2015, cost of refining service was THB 5.90 million, with ratio of cost of service to revenue was 84.40%.
- In 1<sup>st</sup> quarter of 2014, cost of refining service was THB 30.63 million, with ratio of cost of service to revenue was 69.74%.

The ratio of cost of refining service to revenue was decreased by THB 24.73 million or 80.73% in the 1<sup>st</sup> quarter of 2015 from 2014. The refining service's volumes also share the Company's overhead costs, which help to maintain production cost as low as possible.

## 3. Cost of Sale – Ice Cube

- In 1<sup>st</sup> quarter of 2015, cost of sale was THB 5.84 million, with ratio of cost of sale to revenue was 86.73%.
- In 1<sup>st</sup> quarter of 2014, cost of sale was THB 5.13 million, with ratio of cost of sale to revenue was 74.22%.

The ratio of cost of sale to revenue of ice cube was increased by THB 0.71 million or 13.84% in the 1<sup>st</sup> quarter of 2015 from the 1<sup>st</sup> quarter of 2014.

## 4. Cost of Sea Freight Service

- In 1<sup>st</sup> quarter of 2015, cost of service was THB 9.94 million, with ratio of cost of service to revenue was 168.02%.
- In 1<sup>st</sup> quarter of 2014, cost of service was THB 9.18 million, with ratio of cost of service to revenue was 79.58%.

The ratio of cost of service to revenue from sea freight service was increased by THB 0.75 million or 8.28% in the 1<sup>st</sup> quarter of 2015 from the 1<sup>st</sup> quarter of 2014.



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AI Energy Public Company Limited.



### **Selling Expenses**

The company's selling expenses as of the 1<sup>st</sup> quarter as of March 31, 2015, was THB 10.63 million, which decreased by THB 1.64 million or by 13.39% from selling expenses the amount of THB 12.27 million in the 1<sup>st</sup> quarter of 2014.

### **Administration Expenses**

The company's administration expenses for the 1<sup>st</sup> quarter as of March 31, 2015, was THB 17.40 million which decreased by THB 2.17 million or by 11.09% from administration expenses the amount of THB 19.57 million in the 1<sup>st</sup> quarter of 2014.

### **Financial Cost**

The financial cost for the 1<sup>st</sup> quarter of 2015, ended as of March 31, 2015, was THB 3.22 million, which decreased by THB 0.17 million or 5.13% from financial cost the amount of THB 3.39 million in the 1<sup>st</sup> quarter of 2014. Due to the lower short-term loan.

Please be informed accordingly.

Yours sincerely,

Pimwan Thareranavibool  
Managing Director

Corporate Secretary Tel. 0-34877-486-8 Ext. 500