



บริษัท เอไอ เอนเนอร์จี้ จำกัด (มหาชน)

AI Energy Public Company Limited

ทะเบียนเลขที่ 0107556000311

AIE 217/2020

November 12th, 2020

Subject: Management's Discussion and Analysis for 3rd quarter ended as of September 30, 2020

Attention: President

The Stock Exchange of Thailand

AI Energy Public Company Limited (AIE) would like to submit the financial statement for 3rd quarter ended as of September 30, 2020, (1 July – 30 September), which details are as following;

Results	3 rd quarter 2020		3 rd quarter 2019		YoY		2 nd quarter 2020		QoQ	
	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%	Million Baht	%
Sale	1,030.23	100.00%	373.43	99.79%	656.80	175.88%	1,036.71	99.53%	(6.48)	(0.63%)
Service	0.00	0.00%	0.77	0.21%	(0.77)	(100.00%)	4.90	0.47%	(4.90)	(100.00%)
Total Revenues	1,030.23	100.00%	374.20	100.00%	656.03	175.32%	1,041.61	100.00%	(11.38)	(1.09%)
Cost of Goods Sold	(948.15)	(92.03%)	(407.91)	(109.23%)	540.24	132.44%	(994.77)	(95.95%)	(46.62)	(4.69%)
NRV	2.55	0.25%	(21.41)	(5.73%)	23.96	111.91%	44.15	4.26%	(41.60)	94.22%
Cost of Service	0.00	0.00%	(5.91)	(767.53%)	5.91	100.00%	(7.10)	(144.90%)	7.10	100.00%
Gross Profit (Loss)	84.63	8.21%	(61.03)	(16.31%)	145.66	(238.67%)	83.89	8.05%	0.74	0.88%
Other Income	1.06	0.10%	14.21	3.80%	(13.15)	(92.54%)	1.48	0.14%	(0.42)	(28.38%)
SG&A	(29.96)	(2.91%)	(27.48)	(7.34%)	2.48	9.02%	(34.84)	(3.34%)	4.88	14.01%
Tax Expense	(0.75)	(0.07%)	(5.67)	(1.52%)	(4.92)	(86.77%)	(2.12)	244.32%	(1.37)	(64.62%)
Net Profit (Loss)	54.98	5.34%	(79.97)	(21.37%)	134.95	168.75%	48.41	4.65%	6.57	13.57%
Earnings per share (Baht per share)	0.0105		(0.0153)		0.0258	168.75%	0.0253		(0.01)	(58.43%)
Net Profit (Loss) After adjusted EBITDA	85.37	8.29%	(53.20)	(14.22%)	138.57	260.47%	78.27	7.51%	7.10	9.08%



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Net Profit (Loss)

The Company and subsidiaries (Consolidated) realized net profit of 54.98 million Baht in the 3rd quarter of 2020, and net loss of 79.97 million Baht in the 3rd quarter of 2019. The Company's net profit has increased by 134.95 million Baht or 168.75 % from the previous year. When compared the 3rd quarter of 2020 to the 2nd quarter of 2020 where the net profit was 48.41 million Baht, increased by 6.57 million Baht or increased 13.58%. In the 3rd quarter of 2020, the Company realized the after adjusted EBIDA of 85.38 million Baht, which increased from the 3rd quarter of 2019 by 138.58 million Baht or 260.49%. To compare with 2nd quarter of 2020, which had the after adjusted EBITDA of 78.27 million Baht, increased by 7.11 million Baht or 9.08%.

In the 3rd quarter of 2020, The Company (Separate) has realized net profit of 57.48 million Baht compared to net loss of 75.95 million Baht in the 3rd quarter of 2019. The Company's net profit has increased by 133.43 million Baht or 175.69%. Due to the increased in biodiesel sold since the Ministry of Energy has increased the proportion of biodiesel blends in diesel mandate from B7 to B10 as standard diesel and be formally enforced nationwide from January 1st, 2020 onwards. As a result, in 2020, the Company had sales volume of biodiesel over 120 million liters and has registered as an oil trader under Section 7 of the Fuel Trade Act B.E. 2543 since the 9th September 2020. However, the Company aware of the price fluctuation risks, has set the policy determined especially in raw material procurement procedures. The Company attempt to maintain a faster inventory turnover, where raw material (CPO) and product (Biodiesel) were stocked during 15-20 days in the 3rd quarter of 2020. Besides, the Company emphasis on efficiently control production yield.

Subsidiaries realized net loss of 2.50 million Baht in the 3rd quarter of 2020 and net loss of 12.30 million Baht in the 3rd quarter of 2019, comparing decreased by 9.80 million Baht, which the subsidiaries company's operations are ceased their business operations.

Gross Profit (Loss)

The Company has a gross profit from sales of goods and services in the 3rd quarter of 2020 of 84.63 million Baht, increased by 145.66 million Baht, or 238.66%, where comparing to the 3rd quarter of 2019, which realized loss of 61.03 million Baht.



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Subsidiaries ceased to operate and have realized loss of 5.76 million Baht in the 3rd quarter of 2019 as follows;

The result of the 3rd quarter of 2020 (Unit: Million Baht)	Biodiesel Edible oil Byproduct	Palm oil refining service	Refined Glycerine	Vessel operating	Total Sale and service	Other income	Total revenues
Revenues from sales and services	996.67	0.00	33.56	0.00	1,030.23	1.06	1,031.29
Cost of sales and services	(920.07)	0.00	(28.08)	0.00	(948.15)	0.00	(948.15)
Allowance for devaluation of inventories	2.55	0.00	0.00	0.00	2.55		2.55
Gross profit (loss) by segment	79.15	0.00	5.48	0.00	84.63	1.06	85.69
Segment income (%)	96.64	0.00	3.25	0.00	99.90	0.10	100.00
Sales to Cost of Sales (%)	92.06	0.00	83.67	0.00	91.79	0.00	91.69

The result of the 3rd quarter of 2019 (Unit: Million Baht)	Biodiesel Edible oil Byproduct	Palm oil refining service	Refined Glycerine	Vessel operating	Total Sale and service	Other income	Total revenues
Revenues from sales and services	373.38	0.05	0.00	0.77	374.20	14.21	388.41
Cost of sales and services	(407.87)	(0.04)	0.00	(5.91)	(413.82)	0.00	(413.82)
Allowance for devaluation of inventories	(21.41)	0.00	0.00	0.00	(21.41)	0.00	(21.41)
Gross profit (loss) by segment	(55.90)	0.01	0.00	(5.14)	(61.03)	14.21	(46.82)
Segment income (%)	96.13	0.01	0.00	0.20	96.34	3.66	100.00
Sales to Cost of Sales (%)	114.97	80.00	0.00	767.53	116.31	0.00	112.05

Compare the results of the operation	Biodiesel Edible oil Byproduct	Palm oil refining service	Refined Glycerine	Vessel operating	Total Sale and service	Other income	Total revenues
Segment revenue variance (million Baht)	623.29	(0.05)	33.56	(0.77)	656.03	(13.15)	642.88
The difference of rates revenue (%)	166.93	0.00	100.00	(100.00)	175.32	(92.54)	165.52
Sales cost variance (million Baht)	488.24	(0.04)	28.08	(5.91)	510.37	0.00	510.37
The rate of sales cost variance as (%)	113.73	(100.00)	0.00	(100.00)	117.26	0.00	117.26
The difference of cost rates (sales, Upsell %)	(22.91)	(80.00)	83.67	(767.53)	(24.52)	0.00	(20.36)



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Revenue

1. Revenue from Sales and Services

The Company and subsidiaries realized the revenue as of the 3rd quarter of 2020 for 1,030.23 million Baht which increased by 656.03 million Baht or 175.32 % from the 3rd quarter of 2019, which realized the revenue of 374.20 million Baht, where the reasons are summarized as follows;

1.1 Sales of Biodiesel, Edible oil and By-product

The Company's revenue from sales of biodiesel, Edible Oil and by-products in the 3rd quarter of 2020 was increased by 623.29 million Baht or 166.93% from the 3rd quarter of 2019 due to the increased in quantities sold and price per unit sold.

The Company's products were sold in the 3rd quarter of 2020 more than those in the 3rd quarter of 2019 by 123.02% and the increased in the average selling price per unit of product by 56.08% as followed.

- Biodiesel's quantity sold in the 3rd quarter of 2020 was increased by 153.76% and average selling price was increased by 22.36% when compared to the 3rd quarter of 2019. Due to receiving more bidding's awards from new and existing customers and the B10 mandate as the country's standard diesel fuel. So, the revenue from sale of biodiesel is increased by 130.54%, where the price of crude palm oil (main raw material) in the 3rd quarter of 2020 has an average price of 23,500 Baht/ton, which is higher than in the 3rd quarter of 2019 with an average price of 20,000 Baht/ton (Source: Department of Internal Trade). The selling price of biodiesel increased in line with the increased in crude palm oil price compared with the previous year. In 3rd quarter of 2020, biodiesel sales volume increased 15.76 % from the 2nd quarter of 2020. As a result of crude palm oil price was relatively stable in the 3rd quarter of 2020, the Company was less affected by the fluctuation of CPO price when compared to the 3rd quarter of 2019.
- Edible Oil's Quantity sold in the 3rd quarter of 2020 was decreased by 56.24% when compared to the 3rd quarter of 2019, and the average selling price was increased by 40.04% and total sales of Edible oil decreased by 41.52% from the average selling price in 3rd quarter of 2019. Currently, the Company only sell to some industrial customers but in the 3rd quarter of 2020 did not receive award from bidding, so the sales volume decreased. The Company entered into short-term contract with specific quantities



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and delivery term (Made to Order). This helps the Company to efficiently control inventories aging and procurement that prevent risk from CPO's prices fluctuation.

- By-product's revenue in the 3rd quarter of 2020 was increased by 148.64%, the average selling price was decreased by 17.16% according to the market price, while the quantities sold was increased by 200.15% when compared to the 3rd quarter of 2019. The sales volumes were increased in relation to the increased in volume of biodiesel sold. The Company will only sell by-products that excess the need of its productions.

1.2 Revenue from Refining Service

The Company does not have refining service revenue since the 2nd quarter of 2019 because had not enough capacity to services.

1.3 Refined Glycerine

In the 3rd quarter of 2020 had revenue of 33.56 million Baht which decreased by 22.00% from the 2nd quarter of 2020, which realized the revenue of 43.04 million Baht from the decreased in sales volume by 22.54 % due to the plant improvement.

1.4 Sea Freight Service

AIL has ceased its business operation and sold its last vessel to other buyer who is not related party for 20 million Baht since May 21st, 2020¹.

2. Other Income

Other Income consist of sales of scrap materials, interest income, gain on changes in fair value of short-term investment, etc.

¹ According to the Board of Director's resolution No.5/2020 on 18 May 2020, the transaction is considered as the disposition of assets. The transaction size which is calculated by total value of consideration paid or received criteria, the size of the transaction is equal to 0.86 percent which is calculated by the financial statement as of March 31st, 2020. Regarding, calculation the disposition of asset is not a disclose information the transaction of a listed company under the Notification of the Capital Market Supervisory Board No. TorJor. 20/2551.



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The Company and its subsidiaries had revenue from Other Income in the 3rd quarter of 2020 and the 3rd quarter of 2019 for 1.06 million Baht and 14.21 million Baht, where other income in the 3rd quarter of 2019 was mainly came from insurance compensation income of 13.33 million baht.

Cost of Sales and Services

The Company and subsidiaries' cost of sales and services in the 3rd quarter of 2020 was 945.60 million Baht and the ratio of cost of sales over total revenue was 91.79 %, in the 3rd quarter of 2019 was 435.03 million Baht with the ratio of 116.31%, which decreased by 24.53%. In the 3rd quarter of 2020, there was a reversal of the allowance for diminishing value of inventories from the previous quarter by 2.55 million Baht and there was no considering of the allowance for diminishing value of inventories (NRV) as of September 30, 2020 but there was NRV in amount of 21.41 million Baht as of September 30, 2019. Summary according to the following segments;

1. Cost of Sales- Biodiesel, Edible Oil and By-products

The Company's ratio of cost of sales to total revenue in the 3rd quarter of 2020 has decreased from the 3rd quarter of 2019 by 24.52% which decreased by 21.09%. The Company has received the increased orders and the price of crude palm oil does not fluctuate much. However, the Company had been managed inventories turnover to maximize the efficiency as follow;

- In the 3rd quarter of 2020, the Biodiesel's ratio of cost of sales to total revenue was decreased from the 3rd quarter of 2019 to 21.54% or decreased by 18.82%. The increased sales volume would help reduce the average fixed costs and the Company tries to control the loss percentage from production to be more efficient. During July - September 2020, the crude palm oil price was fluctuated between 20.00 - 25.00 Baht / Kilogram (the difference of +/-5.00 Baht / Kilogram). The Company also has considered the reversing of the allowance for diminishing value of inventories (NRV) in the biodiesel form the previous quarter by 2.49 million Baht. In the 3rd quarter of 2019, the price of crude palm oil decreased continuously during the quarter (20.50 - 15.00 Baht / Kilogram), the price difference of - 5.50 Baht / Kilogram and had recorded the allowance for diminishing value of inventories as of September 30, 2019 for 21.41 million Baht. However, the Company has emphasised on managing raw materials and inventory to have a faster turnover rate and keep the inventories between 15-20



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days in order to avoid the risk from the fluctuation of palm oil prices, which is an important factor of the Company's profitability.

- In the 3rd quarter of 2020, the Edible Oil's ratio of cost of sales decreased from the 3rd quarter of 2019 to 32.54% or decreased by 28.62%. Because the Company participated in a bidding during the period of high crude palm oil price. Therefore, the Company has realized higher profit margin when the price of crude palm oil has a lower market price on the day of manufacture and delivery. The Company possible to generate profit from this business unit since there were Made to Order so that the Company can control margin and CPO's price fluctuation. However, due to the storage of CPO cannot separated, the production costs are still volatile according to the price of the raw material during the changed period. In 3rd quarter of 2020, the Company has reversed realized the allowance for diminishing value of inventories of Edible Oil of 0.06 million Baht from previous quarter.
- In the 3rd quarter of 2020, the By-products' ratio of cost of sold was decreased from in the 3rd quarter of 2019 to 49.06% or decreased by 35.94%. The Company has determined the cost of by-products according to the market selling prices since 2nd quarter of 2019 to March, 2020 the market selling price was decreased to lower than cost of by-products but then the market price of by-products is increased, which became profitable in 3rd quarter of 2020.

2. Cost of Refining Service

There was no Refining Service transaction since 2nd quarter of 2019 since the Company's capacity was fully occupied and no capacity left to fulfil this segment. 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 Refined Glycerine

In the 3rd quarter of 2020, the Company had the ratio of cost of sales to revenue from Refined Glycerine for 83.67 %. The company was realized the profit since March 2020, where the market price of Refined Glycerine had increased. However, the Company has recorded the allowance for diminishing value of inventories in the Refined Glycerine of 0.65 million Baht as of September 30, 2020.



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4. Cost of Sea Freight Service

The continuously realized losses is the main reason that AIL has ceased its business operation.

Selling Expenses

The Company and its subsidiaries' selling expense mostly consists of domestic freight (In-land). In the 3rd quarter of 2020 was 7.94 million Baht, which increased by 2.61 million Baht or 48.94% from 5.33 million Baht in the 3rd quarter of 2019. The ratio to revenues from the sale of 0.77% and 1.37% respectively. Due to the increased in quantities sold and the terms of delivery agreed.

Administration Expenses

The Company and subsidiaries' administration expenses in the 3rd quarter of 2020 was 22.02 million Baht which decreased by 0.13 million Baht from administration expenses the amount of 22.15 million Baht in the 3rd quarter of 2019, a ratio to revenues from the sale of 2.14% and 5.70 %, respectively.

Financial Cost and Tax Expense

The Company and subsidiaries have financial cost in the 3rd quarter of 2020 and in the 3rd quarter of 2019 of 0.99 million Baht and 1.47 million Baht, respectively. The Company and its Subsidiaries loans from financial institutions and from related parties to support working capital.

In the 3rd quarter of 2020, the Company and subsidiaries had tax income of 0.25 million Baht and had tax expense 4.20 million Baht in the 3rd quarter of 2019.

Please be informed according

Yours Sincerely,

AI Energy Public Company Limited

Miss Pimwan Thareratanavibool

Managing Director

Corporate Secretary Tel: 034-877-485-8 Ext. 500

Email: ir@aienergy.co.th