



AIE 038/2017

March 1, 2017

Subject: Management's Discussion and Analysis for 1st quarter ended as of March 31, 2016
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 1st quarter ended as of March 31, 2016, which details are as following;

Results	Q1/2016	Q1/2015	Increase (Decrease)	
	Million Baht	Million Baht	Million Baht	Percentage
Total Revenues	1,148.64	841.14	307.50	36.56
Cost of Goods Sold and Service	(1,085.84)	(852.50)	233.33	27.37
Sell and Administration Expenses	(38.58)	(31.25)	7.33	23.47
Net Profit (Loss)	23.42	(37.59)	61.01	162.31
Earnings per share (Baht per share)	0.01	(0.01)	0.02	200.00

Net Profit

The company and subsidiaries realized net profit (loss) of the 1st quarter ended as of March 31, 2016, of THB 23.42 million, increased for THB 61.01 million or 162.31% comparing to the 1st quarter ended as of March 31, 2015, which the realized net loss was THB 37.59 million, for the following reasons;

Revenue

The company and subsidiaries realized the revenue as of the 1st quarter ended as of March 31, 2016, of THB 1,148.64 million which increased by THB 307.50 million or 36.56% from the 1st quarter ended as of March 31, 2015, which realized the revenue THB 841.14 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 1st quarter of the fiscal year 2016 and 2015 were 83.45% and 72.48% respectively.

- In 1st quarter of 2016, revenue from Biodiesel was THB 953.94 million, 28,712 tons at average selling price of THB 33,225 / ton.
- In 1st quarter of 2015, revenue from Biodiesel was THB 605.50 million, 15,690 tons at average selling price of THB 38,590 / ton.

The revenue from Biodiesel in the 1st quarter of 2016 has increased from the 1st quarter of 2015 for THB 348.44 million or 57.55%. Sale volume has increased by 13,021 tons or 82.99% and the average selling price were decreased by THB 5,366 / ton or 13.91%.

1.2 Revenues from sales of by-products to total revenue for the 1st quarter of 2016 and 2015 were 1.42% and 2.69% respectively.

- In 1st quarter of 2016, revenue from by-products was THB 16.22 million, 3,085 tons at average selling price of THB 5,270 / ton.
- In 1st quarter of 2015, revenue from by-products was THB 22.46 million, 3,481 tons at average selling price of THB 6,450 / ton.

The revenue from by-products in the 1st quarter of 2016 has decreased from the 1st quarter of 2015 for THB 6.24 million or 27.78%. Sale volume has decreased by 400 tons or 11.50% and the average selling price were decreased by THB 1,190 / ton or 18.45%, comparing to 2 the 1st quarter of 2015. 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.

2. Manufacture and Sales of Edible Oil

Revenues from sales of Edible Oil (Palm Olien) to total revenue for the 1st quarter of 2016 and 2015 were 13.17% and 22.33% respectively.

- In 1st quarter of 2016, revenue from Edible Oil was THB 151.29 million, 4,372 tons at average selling price of THB 34,600 / ton.
- In 1st quarter of 2015, revenue from Edible Oil was THB 187.79 million, 4,650 tons at average selling price of THB 40,400 / ton.



The revenue from by-products in the 1st quarter of 2016 has decreased from the 1st quarter of 2015 for THB 36.50 million or 19.44%, while Sale volume has decreased by 274 tons or 5.89% and the average selling price were increased by THB 1,190 / ton or 18.45%, comparing the 1st quarter of to 2015. In 2016, the Company cannot expand to new customers' base.

3. Refining Service

Revenues from Refining Service to total revenue for the 1st quarter of 2016 and 2015 were 0.71% and 0.83% respectively.

The revenue from Refining Service in the 1st quarter of 2016 is THB 8.16 million which has increased by THB 1.17 million or 16.74% from the 1st quarter of 2015 was THB 6.99 million.

4. 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 1st quarter of year 2016 and 2015 were 0.52% and 0.81% respectively.

AIPT's revenue from Sale of Ice Cube in the 1st quarter of 2016 is THB 5.93 million which has decreased by THB 0.81 million or 12.02% from the 1st quarter of 2015 was THB 6.74 million.

5. Sea Freight Carrier Business

Revenues from Sea Freight Services, operated by the subsidiary (AIL), to total revenue for the 1st quarter of 2016 and 2015 were 0.72% and 0.71% respectively.

- In the 1st quarter of 2016, revenue from Sea Freight Services was THB 8.29 million and in the 1st quarter of 2015 was THB 5.91 million.

AIL's revenue from Sea Freight Services in the 1st quarter of 2016 has increased by THB 2.38 million or 40.27% from the 1st quarter of 2015. Since AIL only focuses on serving only group business.

6. Other Income

The Company and the Subsidiaries had Revenues from Other Income to total revenue for the 1st quarter of 2016 and 2015 were 0.18% and 0.68% respectively.



- In the 1st quarter of 2016, revenue from Other Income was THB 2.09 million and in the 1st quarter of 2015 was THB 5.75 million.

Revenue from Other Income in the 1st quarter of 2016 has decreased by THB 3.66 million or 63.65% from the 1st quarter of 2015. Revenue consist of storage tank services of THB 2.64 million.

Cost of Sales and Services

The company and subsidiaries realized the cost of sales and services as of the 1st quarter of 2016 of THB 1,085.84 million and the ratio of cost of sales over total revenue was 94.79%, and of the 1st quarter of 2015 of THB 852.50 million and the ratio of cost of sale over total revenue was 102.05%, which decreased by 7.26%, where the reasons are summarized as follows.

1. Cost of Sales - Biodiesel and By-product

- In 1st quarter of 2016, cost of sale was THB 909.03 million, with ratio of cost of sale to revenue was 93.88%.
- In 1st quarter of 2015, cost of sale was THB 640.40 million, with ratio of cost of sale to revenue was 101.94%.

Comparing the 1st quarter of 2016 to the 1st quarter of 2015, the ratio cost of sale to revenue has decreased by 8.06% since the Company used most of its by-products as raw materials in B100 production, results to lower Biodiesel's production cost. The Company emphasized on reducing loss in Biodiesel's production, thus the production performance achieved the expected production yield.

2. Cost of Sales – Edible Oil

- In 1st quarter of 2016, cost of sale was THB 156.48 million, with ratio of cost of sale to revenue was 101.60%.
- In 1st quarter of 2015, cost of sale was THB 190.43 million, with ratio of cost of sale to revenue was 101.09%.

The cost of sale of Edible Oil is over revenue in both the 1st quarter of 2016 and 2015 are comparable.

3. Cost of Refining Service

- In 1st quarter of 2016, cost of refining service was THB 6.75 million, with ratio of cost of service to revenue was 79.33%.



- In 1st quarter of 2015, cost of refining service was THB 5.90 million, with ratio of cost of service to revenue was 84.41%.

The ratio of cost of refining service to revenue was decreased by 5.08% in the 1st quarter of 2016 from 2015. The Company is continuously making profit from refining service since there was no risk from the fluctuation in raw material's price. The refining service's volume also share the Company's overhead costs, which help to maintain production cost as low as possible.

4. Cost of Sale – Ice Cube

- In 1st quarter of 2016, cost of sale was THB 5.81 million, with ratio of cost of sale to revenue was 97.86%.
- In 1st quarter of 2015, cost of sale was THB 5.84 million, with ratio of cost of sale to revenue was 86.73%.

The ratio of cost of sale to revenue of ice cube was increased by 11.13% in the 1st quarter of 2016 from the 1st quarter of 2015.

5. Cost of Sea Freight Service

- In 1st quarter of 2016, cost of service was THB 7.77 million, with ratio of cost of service to revenue was 93.68%.
- In 1st quarter of 2015, cost of service was THB 9.94 million, with ratio of cost of service to revenue was 168.10%.

The ratio of cost of service to revenue from sea freight service was decreased by 74.42% in the 1st quarter of 2016 from the 1st quarter of 2015.

Selling Expenses

The company's selling expenses as of the 1st quarter of 2016, ended as of March 31, 2016, was THB 9.10 million, which decreased by THB 1.53 million or by 14.39% from selling expenses the amount of THB 10.63 million in the 1st quarter of 2015.



Administration Expenses

The company's administration expenses for the 1st quarter of 2016 ended as of March 31, 2016, was THB 27.59 million which increased by THB 10.19 million or by 58.56% from administration expenses the amount of THB 17.40 million in the 1st quarter of 2015. The major contribution was the Allowance for doubtful accounts of THB 10 million for account receivable overdue over than 1 year.

Financial Cost

The financial cost for the 1st quarter of 2016, ended as of March 31, 2016, was THB 2.32 million, which decreased by THB 0.90 million or 27.95% from financial cost the amount of THB 3.22 million in the 1st quarter of 2015. Due to the lower short-term loan.

Please be informed accordingly.

Yours sincerely,

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