



Ref. AIE064/2014

February 17, 2014

Subject: Management's Discussion and Analysis for Year 2013  
Attention: President  
The Stock Exchange of Thailand

AI Energy Public Company Limited (AIE) would like to clarify for year 2013 operating results based on the consolidated financial statement as of December 31, 2013 of which details are as following;

Unit : Million Baht	2013	2012	%Increased (Decreased)
Total Revenues	4,235.78	3,403.48	24.45
Net Profit	200.83	(41.63)	582.42
Earnings per share (Baht per share)	0.25	(1.13)	122.12

### Net profit

The company and subsidiaries realized net profit for year ended as of December 31, 2013 of THB 200.83 million, increased for THB 242.46 million or 582.42% from 2012 for the following reasons.

### Revenue

The company (consolidated) realized THB 4,235.78 million for revenue in 2013 which increased by 24.45% or THB 832.30 million from the previous year, where the reasons are summarized as follows.

1. Our biodiesel business had increased its contribution in total sales by 43.22% or THB 728.97 million in 2013 comparing to 2012. This is due to a significantly increased in sale of biodiesel's by-product called Glycerin, by 62% or THB 101.70 million from the previous year, correlated to the increased in sales volume of biodiesel.



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2. In 2013, AIE has accomplished in increasing production capacity to capture the expanded new consumer segments demand for vegetable oil (Palm Olein) under PAMOLA brand, which are Modern Trade segment and Industrial segment. This leads to the increased in sale by 38.84% or THB 313.36 million.
3. A sale from palm oil refining service in 2013 is increased by 416.69% or THB 75.67 million, such significant increased is due to declined in refining service in 2012 where the production capacity was not enough.
4. For ports and terminal services and ice factory realized increased in revenue by 88.47% or THB 28.85 million in 2013.
5. For logistic business has contributed to total sales increased by 59.69% or THB 17.06 million in 2013 from year 2012.
6. The major contribution in the company's other income as of December 31, 2013 came from income from Palm Oil transport services that AIE provided for customers. increased by 14.60% or THB 1.71 million comparing to the year before

### **Cost of Sales**

The company realized the cost of sales as of December 31, 2013 for THB 3,838.22 million, increased by 13.43% or THB 454.52 million comparing to the same period of previous year. The main reasons were as follows:

1. Cost of Sales for the sale of biodiesel, glycerin, and other by-products in 2013 which ended on December 31, 2013 had increased by THB 250.55 million or by 9.26%. This is due to an increase in Sales volume. However, when compares with the increased amount of sale, the cost of sales in 2013 was lower than that of 2012. Because the company was able to manage the stock and production line including an improvement in the efficiency of the raw material procurement process.
2. Cost of sales for the sales of vegetable oil (Palm Olein) in 2013 which ended on December 31, 2013 had increased by THB 150.25 millions or by 8.52%. This is due to an increase in sale volume. But when compares with the increased amount of sale, the cost of sales in 2013 was lower than that of 2012, since the company was able to manage the stock and production line including an improvement in the efficiency of the raw material procurement process.
3. Cost of Sales for a palm oil refining service in 2013 had increased by THB 31.61 million or by 208.92%, where the cost of refining service in 2013 was lower than that of 2012. Because the improvement in the efficiency of a refinery process.



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4. Cost of Sales for ports and terminal services and ice cubes for food industrial customers in 2013 had increased by THB 23.47 million or by 89.51%, where the cost of services and sale were higher than those in 2012.
5. Cost of Sales for sea freight carrier service in 2013 which ended on December 31, 2013 had increased by THB 18.61 million or by 87.21%. This is due to an increase in sale volume, but the cost of sales in 2013 was higher than that of 2012.

### **Selling Expenses**

The company's selling expenses as of December 31, 2013 was THB 59.92 million, which increased by THB 3.19 million or by 5.94% from selling expenses the amount of THB 56.73 million in 2012. The major contributions were the cost of transportation and goods and products insurances, which is correlated to an increase in sale volume.

### **Administration Expenses**

Due the expansion in biodiesel and vegetable oil (Palm Olein) businesses and sales volume, AIE's administration expenses as of December 31, 2013 were THB 40.59 million. The expenses increased by 10.57% from administration expenses the amount of THB 31.91 million in 2012.

### **Cost of Capital**

The cost of capital for the year ended December 31, 2013 was THB 37.53 million, which decreased by 12.28% or THB 5.25 million comparing to year 2012. Due to the repayment of Loans from financial institutions.

Please be informed accordingly.

Yours sincerely,

(Anurag Thareratanavibool)

Managing Director