

No. AQUA-045/SET-012/18

May 15, 2018

Subject Management Discussion and Analysis for three-month period ended 31 March 2018 and the operating results changed over 20% compared to the same period of 2017.

To Director and Manager
The Stock Exchange of Thailand

As Aqua Corporation Public Company Limited (“AQUA”) submitted the interim financial statements ended March 31, 2018 which was reviewed by the auditor of the Company. The Company would like to explain the business operation and performance of Aqua Corporation Public Company Limited Group to makes the user of financial statements understand as follows.

1. Investments in Subsidiaries and Associates

Companies	Shareholding (%)	Business	Investment Status
1. Aqua Ad PLC (AA)	99.99	Media Billboard	Subsidiary
2. Boardway Media Co., Ltd. (BWM) *	95.00	Media Billboard	Subsidiary
3. M.I.S. Media Co., Ltd. (MIS)	99.99	Media Billboard	Subsidiary of AA
4. Mantra Asset Co., Ltd. (MANTRA)	99.99	Real estate for rent and service	Subsidiary
5. Thai Consumer Distribution Centre Co., Ltd. (TCDC)	96.13	Warehouse for rent and service	Subsidiary
6. Accomplish Way Holdings Co., Ltd. (AWH)	99.99	Warehouse for rent and service	Subsidiary of TCDC
7. Eastern Printing PLC (EPCO) **	38.85	Printing and Renewable Energy	Associate

Note * On January 31, 2018, AQUA increased its stake in BWM from 90% to 95%.

** In Q1/2018, AQUA increased its stake in EPCO from 38.40% to 38.85%.

2. Summary of income and profit from business

The subsidiaries and associates have full income and share of income calculated from the shareholding of AQUA as follows.

Million Baht	Q1/2018		Q1/2017		
	Income	Full income	Share of income	Full income	Share of income
AA – Advertising media		75.34	75.33	72.55	72.54
BWM – Advertising media		63.85	60.66	22.62	20.36
TCDC – Warehouse		72.02	69.23	71.50	68.73
MA – Investment Property		16.29	16.29	-	-
EPCO – Electricity		121.16	47.07	104.33	40.06
EPCO – Printing		120.77	46.92	144.78	55.60
Total revenue		469.43	315.50	415.78	257.29

From the table above, in Q1/2018, total share of income from the 5 businesses increased by 23% from Q1/2017. The main reason comes from (1) Advertising media business's income increased by 17% of total share of income. On February 24, 2017, the Company invested in Boardway Media. (2) Investment property business of Mantra recognized income from April 2017 onwards and income increased by 6% of total share of income.

Full net profit and share of profit calculated from the shareholding of AQUA as follows.

Million Baht	Q1/2018		Q1/2017	
	Full profit	Share of profit	Full profit	Share of profit
AA – Advertising media Billboard	13.27	13.27	8.61	8.61
BWM – Advertising media LED	4.35	4.13	1.03	0.93
TCDC – Warehouse	38.13	36.65	38.24	36.76
MA – Investment Property	6.43	6.43	-	-
EPCO	149.49	58.08	69.77	26.79
Total net profit	211.67	118.56	117.65	73.09

Share of profit from 5 businesses increased by 62.21% from 2017. Mainly from the profit of advertising media business increased by 82.39%, Mantra increased by 100%, and EPCO increased by 116.80% (Details can be obtained from EPCO's clarification).

Financial highlights of AQUA

Summarized consolidated statement of financial position

Million Baht	Mar 31, 2018	Dec 31, 2017	Changed
Cash and cash equivalents	60.31	266.54	-77.37%
Temporary investment	50.00	0.20	>100.00%
Trade and other receivables-net	280.47	275.98	1.63%
Investment in associates	823.50	756.38	8.87%
Investment property	3,840.93	3,840.93	-
Property, plant and equipment-net	1,139.50	1,070.90	6.41%
Goodwill	385.92	385.92	-
Total assets	6,673.71	6,685.70	-0.18%
Short-term loans from financial institutions	10.00	-	100.00%
Bill of exchange discount	-	10.00	-100.00%
Trade and other payables	125.15	106.84	17.14%
Loans from financial institutions	1,972.09	2,067.61	-4.62%
Debenture	158.80	158.55	0.16%
Deferred income tax liabilities	363.58	369.00	-1.47%
Other non-current liabilities	185.04	187.45	-1.29%
Total liabilities	2,840.39	2,923.02	-2.83%

Million Baht	Mar 31, 2018	Dec 31, 2017	Changed
Paid-up capital	2,296.50	2,296.50	-
Treasury shares	(66.38)	(66.38)	-
Share premium	312.84	312.84	-
Retained earnings	1,226.13	1,147.66	6.84%
Non-controlling interests	64.23	72.06	-10.87%
Shareholders' Equity	3,833.32	3,762.68	1.88%
Debt-to-equity ratio	0.74	0.78	-5.13%
Book value per share	0.84	0.82	2.44%

In Q1/2018, the consolidated financial position of AQUA had cash and temporary investment decreased by Baht 156 million or 58.65% from the end of 2017. The main reason was the increase of investment in Subsidiaries and Associates of Baht 56 million and repayment of loan as due date of the Company and its subsidiaries by Baht 95 million, the total amount spent was Baht 151 million.

Summarized consolidated statement of income

Million Baht	Q1/2018	Q1/2017	Changed
Sales and services income	227.50	166.67	36.50%
Gain on sales of investments	-	33.97	-100.00%
Interest income	1.53	4.70	-67.45%
Other income	5.01	3.22	55.59%
Total revenues	234.04	208.56	12.22%
Cost of sales and services	(100.61)	(63.61)	58.17%
Selling expenses	(11.45)	(3.10)	>100.00%
Administrative expenses	(37.43)	(34.51)	8.46%
Share of profit from investments in associates	58.08	26.79	>100.00%
Financial costs	(23.46)	(20.27)	15.74%
Income Tax income (expense)	(1.37)	(18.24)	-92.49%
Net profit	117.78	95.62	23.18%
Attributable to the non-controlling interests	1.69	1.58	6.96%
Net profit of AQUA	116.09	94.04	23.45%

For the 3 months of 2018, the Group's net profit increased by 23.18% compared to the year 2017. Reasons for the change are as follows:

1. Total revenue increased by Baht 25.48 million from 2017 or 12.22% consisted of;
 - 1.1 Sales and services income increased by Baht 60.83 million from the investment in Boardway Media Co., Ltd. (BWM) including Mantra Asset Co., Ltd. (MA). Revenue recognition started in April 2017.

- 1.2 In Q1/2017 the Company had gain on sale of investment of Baht 33.97 million which was the sale of EPCO-W2 that the Company receives from allocation without charge by the subscription of RO shares at the ratio of 8 to 1.
- 1.3 Interest income and other income decreased Baht 1.38 million, mainly from interest income decreased.
2. Cost of sales and services increased 58.17% compared to 2017 because ratio on cost of sales and services to revenue increased by 6% from 2017. The ratio was 38.17% to 44.22% from the investment in BWM which was the advertising media business.
3. Selling and administrative expenses increased by 29.97% from the investment in BWM and increase with revenue from advertising media business.
4. Share of profit from investments in associates increased by Baht 31.29 million from 2017 or over 100%. Reasons for the increase in EPCO's earnings, consider EPCO Information.
5. Income tax income (expenses) decreased by 92.49% from the adjustment in accordance with accounting standards.
6. Net profit of AQUA increased by Baht 22.05 million from 2017 or 23.45%. Mainly from the increase in profit from the Company's operations of 5 businesses.

If consider the reconciling net profit less the special income (Gain on sales of investments). The Company's net profit from business operations increased 72.09%, details as follows.

Million Baht	Q1/2018	Q1/2017	Changed
Net profit	117.78	95.62	23.18%
Less Gains from the sale of investments net of tax	-	(33.97)	
Plus Tax 20%	-	6.79	
Net profit excluding special transaction	117.78	68.44	72.09%

Please be informed accordingly,

Yours Truly,

(Mr. Arak Ratboriharn)

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