

[Translation]

No. AQUA-074/SET-015/18

November 14, 2018

Subject Management Discussion and Analysis for three-month period ended 30 September 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 September 30, 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

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	Q3/2018		Q3/2017		
	Income	Full income	Income	Full income	
AA – Advertising media		88.11	88.10	73.91	73.90
BWM – Advertising media		94.09	89.39	96.64	86.98
TCDC – Warehouse		72.49	69.68	70.87	68.13

MA – Investment Property	16.29	16.29	13.16	13.16
EPCO – Electricity	67.75	26.32	79.52	30.54
EPCO – Printing	124.62	48.41	125.35	48.13
Total Revenue	463.35	338.19	459.45	320.84

From the table above, in Q3/2018, total share of income from the 5 businesses increased by 5.41% from Q3/2017. The main reason comes from

(1) Advertising media business's income increased by 10.32% compared to Q3/2017, this is an increased of 80.89% from LED signs.

(2) Investment property business of Mantra increased by 23.78% compared to Q3/2017, due to the full revenue recognition of two phases from October 2017.

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

Million Baht	Q3/2018		Q3/2017	
	Full profit	Share of profit	Full profit	Share of profit
AA – Advertising media Billboard	14.89	14.89	6.65	6.65
BWM – Advertising media LED	3.42	3.25	3.75	3.38
TCDC – Warehouse	39.37	37.85	36.99	35.56
MA – Investment Property	6.94	6.94	6.44	6.44
EPCO	26.73	10.38	41.22	15.98
Total net profit	91.35	73.31	95.05	68.01

Share of profit from 5 businesses increased by 7.79% from 2017. Mainly from the business of the subsidiary increased by 20.95% and EPCO's profit decreased by 35.15% (Details can be obtained from EPCO's clarification)

Financial highlights of AQUA

Summarized consolidated statement of financial position

Million Baht	September 30, 2018	December 31, 2017	Changed
Cash and cash equivalents	54.05	266.54	-79.72%
Temporary investment	50.00	0.20	>100.00%
Trade and other receivables-net	302.66	275.98	9.67%
Investment in Associates	813.92	756.38	7.61%
Investment property	3,841.03	3,840.93	-
Property, plant and equipment-net	1,180.93	1,070.90	10.27%
Goodwill	385.92	385.92	-
Total assets	6,722.11	6,685.70	0.54%
Short-term loans from financial institutions	125.00	-	100.00%
Bill of exchange discount	-	10.00	-100.00%

Million Baht	September 30, 2018	December 31, 2017	Changed
Trade and other payables	122.39	106.84	14.55%
Loans from financial institutions	1,784.83	2,067.61	-13.68%
Debenture	159.29	158.55	0.47%
Deferred income tax liabilities	373.89	369.00	1.33%
Other non-current liabilities	182.29	187.45	-2.75%
Total liabilities	2,776.00	2,923.02	-5.03%
Paid-up capital	2,296.50	2,296.50	-
Treasury shares	(66.38)	(66.38)	-
Share premium	312.84	312.84	-
Retained earnings	1,335.62	1,147.66	16.38%
Non-controlling interests	67.53	72.06	-6.29%
Shareholders' Equity	3,946.11	3,762.68	4.87%
Debt-to-equity ratio	0.70	0.78	-10.26%
Book value per share	0.86	0.82	4.88%

Statement of Cash Flows for the nine-month

Million Baht	Year 2018	Year 2017
Cash flow from operating activities	237.30	164.39
Cash flow from investing activities	(235.36)	(1,072.31)
Cash flow from financing activities	(214.44)	462.77
Net cash and cash equivalent increase (decrease)	(212.50)	(436.21)

In Q3/2018, The cash flow statement shows that during the nine-month period, the Company had short-term loans from financial institutions amounting of Baht 125 million. Operating proceeds of Baht 237 million, dividend income and interest of Baht 46 million were waived, unburden deposits with commitments of Baht 5 million, totaling of Baht 413 million. The Company has used the money to increase the proportion of investment in subsidiaries and associates of Baht 56 million, repayment of Baht 293 million of the Company's and subsidiary's repayment period, dividend payment of Baht 45 million, investment in BE 50 million, and investment in LED advertising media amounting to Baht 181 million total amount of Baht 625 million, In the nine-months of this year, there were more than 212 million baht in cash, which resulted in a decrease in cash and cash equivalents of Baht 212 million.

Summarized consolidated statement of income

Million Baht	For the 3 month ended September30			For the 9 month ended September 30		
	2018	2017	Changed	2018	2017	Changed
Sales and services income	270.99	254.58	6.45%	756.29	648.26	16.66%
Gain on sales of investments	-	-	-	-	33.97	100.00%
Interest income	1.18	2.50	-52.80%	4.08	10.89	-62.53%
Other income	4.88	1.27	>100.00%	13.70	9.50	44.21%
Total revenues	277.05	258.35	7.24%	774.07	702.62	10.17%
Cost of sales and services	(118.03)	(117.29)	0.63%	(328.67)	(278.85)	17.87%
Selling expenses	(19.16)	(8.13)	>100.00%	(47.48)	(15.46)	>100.00%
Administrative expenses	(38.20)	(42.13)	-9.33%	(113.44)	(122.68)	-7.53%
Share of profit from investments in associates	10.39	15.98	-34.98%	71.81	66.60	7.82%
Financial costs	(23.17)	(27.65)	-16.20%	(69.99)	(78.22)	-10.52%
Income Tax income (expense)	(14.65)	(13.23)	10.73%	(29.58)	(43.10)	-31.37%
Net profit	74.23	65.90	12.64%	256.72	230.90	11.18%
Attributable to the non-controlling interests	(1.69)	(1.81)	-6.63%	(4.99)	(5.51)	-9.44%
Net profit of AQUA	72.54	64.09	13.18%	251.73	225.39	11.69%

For the three-month period ended September 30, 2018, the Group's Company net profit increased by 12.64% compared to the year 2017. The reasons for the change are as follows:

1. Total revenues increased by Baht 18.70 million from the year 2017 or 7.24%.

1.1 Revenue from sales and services increased by Baht 16.41 million mainly due to the increased from LED advertising revenue that the company has invested in expanding its LED and Mantra began recognizing full revenue of two phases from October 2017.

1.2 Interest income and other income increased by Baht 2.29 million mainly from the decrease in interest income of Baht 1.32 million and other income increased by Baht 3.61 million.

2. In Q3/2018, The cost of service accounted for 43.55% of service revenue, down from Q3/2517, the service cost accounted for 44.31% of service revenue. The cost of sales is the item that sells LED displays between each other.

3. Selling expenses increased by Baht 11.03 million compared to the year 2017, and from paying higher sales compensation to boost sales.

4. Administrative expenses decreased by Baht 3.93 million or 9.33% compared to the year 2017, mainly due to the support of football club in the year 2017 amounting to Baht 3.40 million.

5. Share of profit from investments in associates decreased by Baht 5.59 million from the year 2017 or 34.98% due to the net profit decreased by Baht 14.49 million or 35.15%. The cause of decrease in profit of EPCO Based on EPCO data.

6. Income (Expense) Income tax increased by Baht 1.42 million or 10.73% from the adjustment in accordance with the accounting standard.

7. Net profit of AQUA increased by Baht 8.45 million from 2017 or 13.18% mainly due to the increase in advertising billboard business of Baht 8.11 million, warehouse increased by Baht 2.29 million and share of net profit investment in associate decreased by Baht 5.60 million.

Based on the net profit excluding the share of profit from investments in associates. The net profit from the Company's operations for the three months increased by 27.88% and 9 months by 41.88%.

For the 3 month ended September30

Million Baht	Year 2018	Year 2017	Changed
Net profit	74.23	65.90	12.64%
<u>Less</u> Share of profit on investment in associate company	10.39	15.98	-34.98%
Net profit <u>excluding</u> share of profit	63.84	49.92	27.88%

For the 9 month ended September 30

Million Baht	Year 2018	Year 2017	Changed
Net profit	256.72	230.90	11.18%
<u>Less</u> Share of profit on investment in associate company	71.81	66.60	7.82%
<u>Less</u> Gain on sales of investments of EPCO-W2	-	33.97	100.00%
Net profit <u>excluding</u> share of profit and special transaction	184.91	130.33	41.88%

Please be informed accordingly,

Yours Truly,

(Mr. Arak Ratboriharn)

Acting Chief Executive Officer

Company Secretary Section

Miss Rewadee Whanchid / Mrs. Orathai Nateruang

Tel .02-694-8888 Ext. 8804