



-Translation-

LWH/ACC 18/05/LT049

May 11, 2018

Subject: Management discussion and analysis for the period ended March 31, 2018

To Director and Manager of the Stock Exchange of Thailand

Referring to the submission of the reviewed financial statements for quarter 1/2018 of Wiik & Hoeglund Public Company Limited (“the Company”), the management would like to clarify the operating results for the period three month ended March 31, 2018 as follows;

Analysis of the operating results of WIJK and Subsidiary

Summarized of the Statement of income

Unit : million Baht	Quarter 1/2018	Quarter 1/2017	Changed (%)
Incomes from sale and installation of the pipeline	248.60	285.42	(12.90)
Incomes from the water management business	49.27	14.29	244.79
Other income	6.22	6.03	3.15
Total revenues	304.09	305.73	(0.54)
Cost from sale and installation of the pipeline	215.24	222.18	(3.12)
Cost from the water management business	38.34	9.35	310.05
Selling expenses	13.57	16.52	(17.86)
Administrative expenses	20.88	17.30	20.69
Finance cost	6.65	4.55	46.15
Profit before income tax income (expenses)	9.41	35.83	(73.74)
Income tax income (expenses)	(1.30)	(5.59)	(76.74)
Profit for the period	8.11	30.24	(73.18)

The operating results of the Company and its subsidiary in quarter 1/2018 are changed over 20%. The Company and its subsidiary have the net profit amount of Baht 8.11 million compared to the quarter 1/2017 which had the net profit amount of

Baht 30.24 million, the Company had decreased the profit amount of Baht 22.13 million or 73.18% by the major reasons as follows;

1. Incomes from sale and installation of the pipeline in the quarter 1/2018 decreased from the quarter 1/2017 by Baht 36.82 million or 12.90% from;

1.1 Domestic sales decreased by Baht 49.65 million or 19.92% because in the quarter 1/2017 the Company sold pipes to the contractor for a submarine pipe laying project. The delivery period started from end of year 2016 which was the first phase of the contract and Q1/2017 is considered the final part of the contract that had no pipe delivery, just installation.

1.2 Export sales revenue increased Baht 12.84 million or 35.56%.

2. Incomes from the water management business in quarter 1/2018 increased from the quarter 1/2017 by Baht 34.98 million or 244.79%. which increase from operate potable water production system for Wellgrow Industrial Estate and design & construction of wastewater treatment system for TFD2 Industrial Estate, amount of Baht 10.02 million and Baht 24.96 million respectively.

3. Other income for the quarter 1/2018 increased by Baht 0.19 million or 3.25%. The major increasing came from export.

4. Cost from sale and installation of the pipeline for the quarter 1/2018 was 86.58% of income in 1.1. It increased compared to the quarter 1/2017 which was 77.84% of income. The major reason came from the lower average selling price due to fewer big projects & price competition, and then lower gross profit margin.

5. Cost from the water management business for the quarter 1/2018 was 77.82% of income in 1.2. It is increased comparing to the quarter 1/2017 which was 65.43% of income. In the quarter 1/2018, there was turnkey sales and installation of water supply system project whose cost was higher than the water management work, and made the average cost increased.

6. Selling expenses for the quarter 1/2018 decreased from quarter 1/2017 in amount of Baht 2.95 million or 17.85% from decreasing in sale revenue.

7. Administrative expenses for the quarter 1/2018 increased from quarter 1/2017 in amount of Baht 3.58 million or 20.73% by the reason as follows;

7.1 Employee benefit increased in amount of Baht 1.11 million from increasing in employee to support the expansion of water business and annual salary adjustment.

7.2 Office rental and utilities expenses increased by Baht 1.04 million because the Subsidiary has leased space to be its own office to support the expansion of water management business.

7.3 The other increased by Baht 1.43 million from the increasing and inflation of expenses.

8. Finance cost in quarter 1/2018 increased from quarter 1/2017 in amount of Baht 2.10 million or 46.15%, the major increasing came from interest expense of the subsidiary from the lending to invest in water management project by Baht 0.94 million and the increasing of interest rate.

9. Income tax expense in the quarter 1/2018 was Baht 1.31 million compared to Baht 5.59 million in quarter 1/2017. The decrease is due to decreasing of profit.

Backlog

(Unit : Million Baht)	31 March 2018	31 March 2017
Sale and installation of the pipeline business group	733.46	678.37
Water management business group (only amount recognize in year 2018)	137.49	67.53
Total	870.95	745.90

Yours Truly,
WIJK & HOEGLUND PUBLIC CO., LTD.

Mr. Wiboon Sangwithayanon
Chief Executive Officer