

No. WHAUP-CS021/2018

August 10, 2018

Attention: Managing Director – Stock Exchange of Thailand
Subject: Report of Financial Results for the Second Quarter of 2018

WHAUP finished our 2Q2018 with a Net Profit was Baht 295.9 million, a 57.8% decreased from 2Q2017 with Normalized Net Profit of Baht 611.2 million, a 1.5% increased from 2Q2017.

For 1H2018, Net Profit of Baht 1,012.1 million, a 4.0% increased from 1H2017 with Normalized Net Profit of Baht 1,076.8 million, a 69.7% increased from 1H2017.

1. RESULTS OF OPERATION

(Unit : Million Baht)

Consolidated Financial Statements	2Q'18	2Q'17	% Change	YTD 2018	YTD 2017	% Change
Revenue from Sales and Services	423.5	405.5	4.4%	845.4	793.5	6.5%
- Operating Revenue ¹	420.5	383.6	9.6%	841.1	761.2	10.5%
- Other Income from Utilities Business ²	3.0	21.9	(86.3%)	4.4	32.3	(86.5%)
Costs of Sales and Services	(279.4)	(272.2)	2.7%	(552.4)	(530.6)	4.1%
Gross Profit	144.0	133.3	8.1%	293.0	262.9	11.5%
Gross Profit from Operation³	141.0	111.4	26.6%	288.6	230.6	25.1%
Other Income ⁴	66.2	28.6	131.5%	83.1	74.3	11.8%
Administrative Expenses	(36.5)	(30.6)	19.2%	(44.9)	(56.1)	(19.9%)
Finance Costs	(104.9)	(111.6)	(6.0%)	(198.5)	(257.6)	(22.9%)
Share of Profit from Investments in Associates and Joint Ventures	246.8	685.9	(64.0%)	906.1	936.7	(3.3%)
Income Tax (Expense) Income	(19.8)	(4.8)	311.9%	(26.6)	13.1	(303.7%)
Profit attributable to Owners of the Parent	295.9	700.8	(57.8%)	1,012.1	973.3	4.0%
Foreign Exchange Gain (Loss)	(315.3)	98.9	(418.8%)	(64.7)	338.9	(119.1%)
Normalized Profit attributable to Owners of the Parent	611.2	601.9	1.5%	1,076.8	634.4	69.7%

¹ Operating Revenue consists of Raw Water Sales, Industrial Water Sales, and Wastewater Treatment Services.

² Other Incomes from Utilities Business consists of Excessive Charge for additional Utilities demand and Service Fees for Wastewater Management.

³ Gross Profit from Operation excludes Other Income from Utilities Business.

⁴ Other Incomes mainly consists of Interest Income from Loans to GHECO-One and Dividends Received from Investments in Glow IPP.

Revenue from Sales and Services

In 2Q2018, Revenue from Sales and Services was Baht 423.5 million, a 4.4% increased from Baht 405.5 million in 2Q2017 due to Operating Revenue increased 9.6% YoY. The increase of Operating Revenue was mainly attributable to growth of industrial water's sales volume from the commercial operation of 5 SPPs and existing customers.

In 1H2018, Revenue from Sales and Services was Baht 845.4 million, a 6.5% increase from Baht 793.5 million in 1H2017 due to Operating Revenue increased 10.5% YoY.

Gross Profit from Operation

In 2Q2018, Gross Profit from Operation was Baht 141.0 million, a 26.6% increase from Baht 111.4 million in 2Q2017 mainly due to an increase of Operating Revenue and lower maintenance costs.

In 1H2018, Gross Profit from Operation was Baht 288.6 million, a 25.1% increase from Baht 230.6 million in 1H2017.

Share of Profit from Investments in Associates and Joint Ventures

In 2Q2018, Share of Profit from Investments in Associates and Joint Ventures was Baht 246.8 million, a 64.0% decrease from Baht 685.9 million in 2Q2017 with Foreign Exchange Loss of Baht (315.3) million in 2Q2018 versus Foreign Exchange Gain of Baht 98.9 million in 2Q2017. However, these Foreign Exchange Gain (Loss) mainly were an accounting item that has no effect on cash flow (Unrealized Foreign Exchange Gain (Loss)). Whereby in 2Q2017, there also was a booking of additional revenue from business interruption claims amounted of Baht 107.3 million.

In 1H2018, Share of Profit from Investments in Associates and Joint Ventures was Baht 906.1 million, a 3.3% decrease from Baht 936.7 million in 1H2017.

Profit attributable to Owners of the Parent

In 2Q2018, Profit attributable to Owners of the Parent was Baht 295.9 million, a 57.8% decrease from Baht 700.8 million in 2Q2017. The decrease was primarily caused by Foreign Exchange Loss of Baht (315.3) million despite a 26.6% increase of Gross Profit from Operation and a 131.5% increase of Other Income from Dividend received of Glow IPP amounted of Baht 50.0 million.

In 1H2018, Profit attributable to Owners of the Parent was Baht 1,012.1 million, a 4.0% increased from Baht 973.3 million in 1H2017. The increase was mainly due to a 25.1% increase of Gross Profit from Operation and a 22.9% lower of Finance Costs

Normalized Profit attributable to Owners of the Parent

In 2Q2018, Normalized Profit attributable to Owners of the Parent is Net Profit attributable to Owners of the Parent of Baht 295.9 million, adds back Foreign Exchange Loss of Baht (315.3) million. As a results, in 2Q2018, Normalized Profit attributable to Owners of the Parent was Baht 611.2 million, an 1.5% increase from 2Q2017.

In 1H2018, Normalized Profit attributable to Owners of the Parent is Net Profit attributable to Owners of the Parent of Baht 1,012.1 million, adds back Foreign Exchange Loss of Baht (64.7) million. As a results, in 1H2018, Normalized Profit attributable to Owners of the Parent was Baht 1,076.8 million, a 69.7% increase from 1H2017.

Significant Events:

- In 2Q2018, the Company issued the debentures totalling of Baht 5,000.0 million, of which Baht 4,000.0 million was to refinance the existing bank loan and hence reducing finance costs. The other Baht 1,000.0 million was for future investment and working capital for business operations.
- In 2Q2018, the AGM approved dividend payment from the 2017 performance in the amount of Baht 778.0 million or at Baht 0.2034 per share paid on 21 May 2018.
- In 2Q2018, TRIS Rating assigned the company rating and senior unsecured debentures at A- with Stable Outlook.

PERFORMANCE BY BUSINESS

Utilities Business

Revenue from Sales and Services from Utilities Business was amounted of Baht 423.5 million in 2Q218, a 4.4% increase from 2Q2017. The details have shown in the table below.

(Unit: Million Baht)

Revenue	2Q'18	2Q'17	% Change	YTD 2018	YTD 2017	% Change
Industrial Water Sales	311.2	281.1	10.7%	623.2	557.5	11.8%
Raw Water Sales	68.9	63.5	8.4%	137.2	127.4	7.7%
Wastewater Treatment Services	40.4	38.9	3.8%	80.7	76.3	5.8%
Other Incomes from Utilities Business ¹	3.0	21.9	(86.3%)	4.4	32.3	(86.5%)
Total Revenue from Sales and Services	423.5	405.5	4.4%	845.4	793.5	6.5%

¹ Other Incomes from Utilities Business consist of Excessive Charge for additional Utilities demand and Service Fees for Wastewater Management in ESIE and HLP1

The growth mainly came from:

i) the Utilities sales volume;

- Industrial Water sales volume increased from 12.08 million cubic meters in 2Q2017 to 13.27 million cubic meters in 2Q2018, or increased by 10% mainly from commercial operation of 5 SPPs (Gulf VTP, Gulf TS1, Gulf TS2, Gulf TS3 and Gulf TS4) and increase in demand of existing customers.
- Raw Water sales volume increased from 4.08 million cubic meters in 2Q2017 to 4.37 million cubic meters in 2Q2018, or increased by 7% mainly from increase demand of existing customers.
- Wastewater sales volume and management increased from 8.65 million cubic meters in 2Q2017 to 8.96 million cubic meters in 2Q2018, or increased by 4% mainly from increase demand of raw water and industrial water.

ii) Other Income from Utilities Business, which mainly represented one-time Excessive Charge was Baht 3.0 million and Baht 4.4 million in 2Q2018 and 1H2018, respectively.

Our Gross Profit Margins excluding Other Income from Utilities Business was 33.7% improved from 29.0% in 2Q2017. For 1H2018, Gross Profit Margins, excluding Other Income from Utilities Business was 34.4% improved from 30.3% in 1H2017, mainly from increased of sales volume and lower maintenance cost.

Power Business

In 2Q2018, our Share of Profit from Investment in Associates and Joint Ventures (“Share of Profit from Investments”) and Dividend Income totalled at Baht 296.8 million, a 57.3% decreased from 2Q2017 with Foreign Exchange Loss of Baht (315.3) million in 2Q2018 versus Foreign Exchange Gain of Baht 98.9 million in 2Q2017. However, Normalized Share of Profit from Investments in Associates and Joint Ventures and Dividend, was Baht 612.2 million, a 2.5% increased from 2Q2017.

The breakdown of the Company’s Share of Profit and Dividend Income by category of power plant are as follows:

(Unit: Million Baht)

By Category of Power Plant	2Q'18	2Q'17	%	YTD 2018	YTD 2017	%
IPP	280.8	563.1	(50.1%)	671.2	730.1	(8.1%)
SPP	33.1	99.6	(66.8%)	294.3	173.1	70.0%
Alternative Energy	1.7	2.2	(23.5%)	2.8	3.5	(21.7%)
Power Plants under Constuction and Development	(18.8)	31.0	(160.6%)	(12.1)	64.9	(118.7%)
Share of Profit from Investments in Associates and Joint Ventures and Dividend	296.8	695.9	(57.3%)	956.1	971.6	(1.6%)
Foreign Exchange Gain (Loss)	(315.3)	98.9	(418.8%)	(64.7)	338.9	(119.1%)
Normalized Share of Profit from Investments in Associates and Joint Ventures and Dividend	612.2	597.0	2.5%	1,020.8	632.7	61.3%

Normalized Share of Profit and Dividend/ Income by category of power plant are as follows:

(Unit: Million Baht)

By Category of Power Plant	2Q'18	2Q'17	%	YTD 2018	YTD 2017	%
IPP	440.9	514.1	(14.2%)	697.9	539.0	29.5%
SPP	171.3	58.0	195.2%	326.7	35.9	810.1%
Alternative Energy	1.7	2.2	(23.5%)	2.8	3.5	(21.7%)
Power Plants under Constuction and Development	(1.7)	22.7	(107.6%)	(6.5)	54.4	(111.9%)
Normalized Share of Profit from Investments in Associates and Joint Ventures and Dividend	612.2	597.0	2.5%	1,020.8	632.7	61.3%

¹ Normalized Share of Profit from Investments in Associates and Joint Ventures and Dividend excluded Foreign Exchange Gain (Loss)

IPP

- 3 IPPs Power Plants generated Baht 440.9 million of Normalized Share of Profit, a 14.2% decrease from 2Q2017, was mainly from additional revenue from business interruption claims amounted Baht 107.3 million in 2Q2017
- Dividend received from Glow IPP of Baht 50.0 million in 2Q2018
- Solid operations from higher energy dispatch than the same period of last year.

SPP

- 7 SPPs Power Plant generated Baht 171.3 million of Normalized Share of Profit, a 195.2% increase from 2Q2017 mainly from 5SPPs (Gulf VTP, Gulf TS1, Gulf TS2, Gulf TS3 and Gulf TS4) achieved their commercial operation during 2Q2017 to 1Q2018 as per planned schedule.
- Solid operations from higher energy dispatch than the same period of last year.

Alternative Energy

- Currently, WHAUP has 3.5 Equity MW of solar rooftop power under operation and generated Baht 1.7 million of Share of Profit to WHAUP in 2Q2018, a 23.5% decrease from Baht 2.2 million in 2Q2017.

WHAUP is a strategic co-developer of power business. We currently have 510.5 equity MW under operation, and another 34.3 equity MW under construction. We partner with a number of key Thai and international power developers, namely the Glow Group, the Gulf Group, the B. Grimm Power Group, SUEZ and the Gunkul Group. WHAUP recognized Power Business performance in a form of (i) Share of Profit and (ii) Dividend Income. Share of Profit is a net profit in proportion of our equity stake (%). Such Share of Profit is net of all relevant costs in the Associates or Joint Ventures.

Projects under Construction

Utilities

- Reclaimed Water Project (RO) at WHA EIE achieved Commercial Operation Date in July 2018 with capacity of 7,500 cubic meter per day.
- Vietnam Project is scheduled to achieve Commercial Operation Date in 2019 with capacity of water treatment plant 12,000 cubic meter per day and wastewater treatment plant 9,600 cuber meter per day.
- WHA ESIE 4 is scheduled to achieve COD in 2019 with capacity of water treatment plant 3,600 cubic meter per day and wastewater treatment plant 1,500 cuber meter per day

Power

- 1 SPP, namely Gulf NLL2 is scheduled to achieve Commercial Operation Date in 2019.
- 1 VSPP, Waste to Energy project under construction phase, namely Chonburi Clean Energy, with a total contracted capacity of 6.9 MW, representing 2.3 Equity MW, is scheduled to achieve Commercial Operation Date in 2019.

Power plant	Type of power	Category of producer	Equity holding (%)	Contracted Capacity (MW)	Equity Capacity (MW)	Commercial Operation Date
Gulf NLL2	Gas-fired Cogeneration	SPP	25.01	120.0	30.0	Jan 2019
CCE	Waste to Energy	VSPP	33.33	6.9	2.3	4Q2019
Total				126.9	32.3	

OVERALL PERFORMANCE

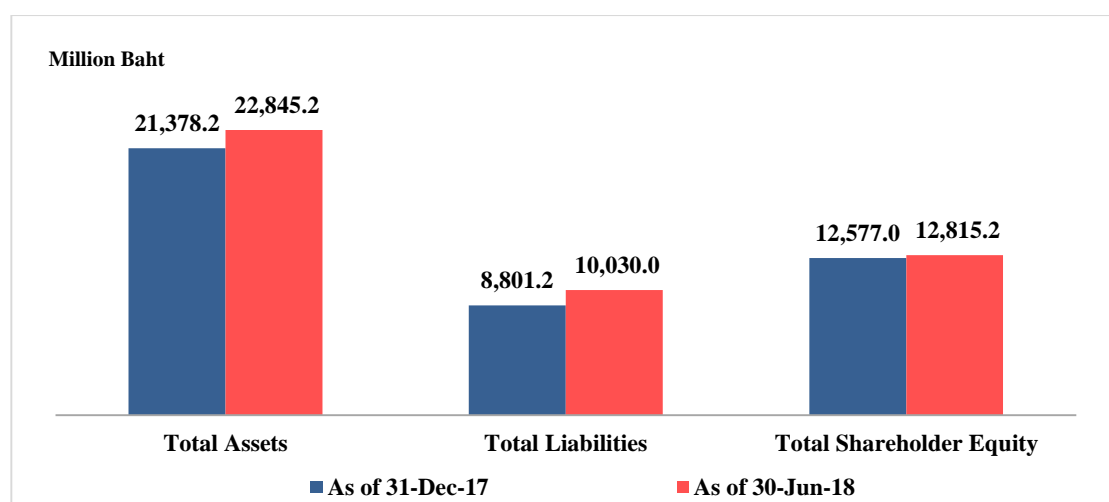
Operating Expense

- **Administrative Expenses** increased from Baht 30.6 million in 2Q2017 to Baht 36.5 million in 2Q2018 as an increase in number of managements and staffs according to business plan. However, the administrative expenses decreased from Baht 56.1 million in 1H2017 to Baht 44.9 million in 1H2018 mainly from accounting adjusted of doubtful debt amounted of Baht 22.5 million in 1Q2018.
- **Finance Cost** decreased from Baht 111.6 million in 2Q2017 to Baht 104.9 million in 2Q2018 and decreased from Baht 257.6 million in 1H2017 to Baht 198.5 million in 1H2018 due to loan repayment of Baht 2,500.0 million from the IPO proceed in April 2017 and Baht 4,000.0 million bond issuance to refinance the existing bank loan since August 2017.
- **Net Interest-bearing Debt** as of 2Q2018 was Baht 8,194.5 million, increased from Baht 7,338.8 million at the end of 2017, presenting the Net Interest-bearing Debt-to-Equity ratio of 0.64x.

As a result, our 2Q2018 EBITDA stood at Baht 466.7 million, compared to Baht 863.0 million in 2Q2017, or a 45.9% decrease. However, Normalized EBITDA stood at Baht 782.0 million, compared to Baht 764.1 million in 2Q2017, or a 2.3% increase.

As a result, our 1H2018 EBITDA stood at Baht 1,327.3 million, compared to Baht 1,308.5 million in 1H2017, or increased 1.4%. However, Normalized EBITDA stood at Baht 1,392.0 million, compared to Baht 969.7 million in 1H2017, or a 43.6% increase.

2. FINANCIAL POSITION



The Consolidated Balance Sheet as of 30 June 2018 is summarized as follows.

Assets

As at 30 June 2018, the Company's total Assets was Baht 22,845.2 million, increased by Baht 1,467.0 million from Baht 21,378.2 million at year-end 2017. The increase was due to increase of an investment amounted of Baht 1,185.7 million, which was mainly from increased of Share of Profit from power projects and additional investment in power and utilities projects under construction.

The key elements of Assets in the Company's Consolidated Financial Statements consisted of: (i) Investments in associates of Baht 11,648.1 million, (ii) Building and Equipment (net) of Baht 3,169.4 million (iii) Goodwill of Baht 2,772.9 million, (iv) Intangible assets of Baht 1,973.1 million and (v) Short-term loans to related parties of Baht 793.9 million.

Liabilities

As of 30 June 2018, Total Liabilities was Baht 10,030.0 million, increased by Baht 1,228.8 million from Baht 8,801.2 million at year-end 2017 mainly due to increase of Long-term borrowings debentures of Baht 1,000.0 million and 90 Days Short-term loans from financial institutions of Baht 300.0 million due on 9 August 2018.

Total Liabilities mainly consisted of Long-term borrowings debentures of Baht 8,985.7 million, Provision for Liabilities from the water business of Baht 317.7 million and Short-term loans from financial institutions of Baht 300.0 million.

Shareholders' Equity

As of 30 June 2018, Total Shareholders' Equity was Baht 12,815.2 million, an increased of Baht 238.2 million from Baht 12,577.0 million at the end of 2017, mainly driven by an increase in Retained Earnings.

As at 30 June 2018, the Company's Debt-to-Equity ratio was 0.78x, increased from 0.70x at the end of 2017, while the Net Interest-bearing Debt-to-Equity ratio was 0.64x at the end of 2Q2018, increased from 0.58x at the end of 2017 mainly from increase of Long-term borrowings debentures of Baht 1,000.0 million for future investment and working capital and Short-term loans from financial institutions of Baht 300.0 million.

3. KEY FINANCIAL RATIOS

	2Q'18	YTD 2018	31 December 2017
Gross Profit Margin	34.0%	34.7%	33.1%
Net Profit Margin ¹	40.2%	55.2%	53.5%
Return on Equity ²	9.3%	15.9%	19.8%
Debt/Equity Ratio	0.78x	0.78x	0.70x
Net Interest-bearing Debt/Equity Ratio	0.64x	0.64x	0.58x

¹ Net profit margin is calculated by dividing the Net Profit attributable to Owners of the Parent by Revenue from Sales and Services and Share of Profit from Investments in Associates and Joint Ventures and other income

² Adjusted annualized

Please be informed accordingly.

Sincerely,

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Mr. Paopitaya Smutrakalin
Chief Financial Officer