

9 November 2018

Re: To clarify the financial statements as of 30 September 2018  
 To: President  
 The Stock Exchange of Thailand

WHA Corporation Public Company Limited (the "Company") submitted its separate financial statement and its consolidated financial statement for the third quarter of 2018 and 9 months ended on 30 September 2018 which were reviewed by the auditor. The Company hereby clarifies the changes in the performance over 20% as follows:

#### FINANCIAL PERFORMANCE FOR 3 MONTHS AND 9 MONTHS ENDED 30 SEPTEMBER 2018

Consolidated Financial Statements	Q3 2017	Q3 2018	Increase/(Decrease)		9M 2017	9M 2018	Increase/(Decrease)	
	THB mm	THB mm	THB mm	%	THB mm	THB mm	THB mm	%
Total Revenue <sup>1</sup>	2,149.5	1,756.9	(392.6)	(18.3%)	6,922.3	7,227.4	305.1	4.4%
Total Cost	691.7	492.6	(199.1)	(28.8%)	2,459.3	2,880.8	421.5	17.1%
Gross Profit <sup>2</sup>	1,457.8	1,264.3	(193.5)	(13.3%)	4,463.0	4,346.6	(116.4)	(2.6%)
Net Profit	505.8	363.0	(142.8)	(28.2%)	1,559.0	1,446.0	(113.0)	(7.2%)
Normalized Total Revenue <sup>3</sup>	2,029.8	1,703.2	(326.6)	(16.1%)	6,463.7	7,238.4	774.7	12.0%
Normalized Net Profit <sup>3</sup>	422.1	325.4	(96.7)	(22.9%)	1,237.9	1,453.7	215.7	17.4%

<sup>1</sup> Including other income and share of profit from investments in associates and JVs

<sup>2</sup> Gross profit including share of profit from investments in associates and JVs

<sup>3</sup> Excluding FX impact and one-time gain/(loss) items

**In the first 9 months of 2018, the Company had net profit of THB 1,446.0 mm, which decreased by THB 113.0 mm or 7.2%, compared to the same period of the last year. If excluding FX impact and one-time loss items, the normalized net profit increased by THB 215.7 mm or 17.4%. If considering only 3-month period ending 30 September 2018, the net profit was THB 363.0 mm, which decreased by THB 142.8 mm or 28.2%, however if excluding the FX impact and one-time loss items, the normalized net profit was decreased by THB 96.7 mm or 22.9%. Such impact from FX losses was only accounting implication and did not affect the Company's cash flow or its operating performance.**

#### KEY HIGHLIGHTS

- Total revenue and share of profit from investments in associates increased by 4.4%. However, if excluding the FX impact and one-time loss items, normalized total revenue and share of profit from investments in associates increased by 12.0%, mainly from increase in revenue from sale of investment properties resulting from the asset monetization to Hemaraj Leasehold Real Estate Investment Trust (HREIT) and increase in normalized share of profit from investments in power associates. Such impact from FX losses was only accounting implication and did not affect the Company's cash flow or its operating performance.

- Share of profit from investments in power associates decreased by 2.7%. However, if excluding the FX impact and one-time loss items, normalized share of profit from associates and joint ventures in power business increased by 41.7%, according to the number of days in operation of GHECO-One compared to the previous year that had a planned maintenance. Moreover, there has also been a completion of COD of 5 SPPs since the second quarter of 2017 to the first quarter of 2018, adding the Company's Equity MW under operation to 511 MW. Such impact from FX losses was only accounting implication and did not affect the Company's cash flow or its operating performance.
- Finance costs decreased by 26.1%, mainly from significant decrease in cost of fund as a result of the issuance of latest debentures with lower coupon rate, and partial utilization of short-term instruments from financial institutions.

## **PERFORMANCE BY BUSINESS**

### **Rental Properties Business**

	Q3 2017	Q3 2018	Increase/(Decrease)		9M 2017	9M 2018	Increase/(Decrease)	
	THB mm	THB mm	THB mm	%	THB mm	THB mm	THB mm	%
Rental Revenue	297.4	270.7	(26.7)	(9.0%)	846.1	752.0	(94.1)	(11.1%)
Gross Profit	177.3	140.4	(36.9)	(20.8%)	494.2	382.3	(111.9)	(22.6%)
Gross Profit Margin	59.6%	51.9%			58.4%	50.8%		
GPM before adjustment with PPA	60.1%	52.5%			59.4%	51.5%		
Revenue from Sale of Investment Properties	72.3	-	(72.3)	(100.0%)	204.4	1,449.0	1,244.6	608.9%
Gross Profit	4.1	-	(4.1)	(100.0%)	24.5	611.1	586.6	2,393.4%
Gross Profit Margin	5.6%	n.a.			12.0%	42.2%		
GPM before adjustment with PPA	5.6%	n.a.			36.8%	57.3%		

### **1. Rental and Service Income**

- **Rental and service income from warehouses, distribution centers and factories** for 3 months and 9 months ended the third quarter of 2018 stood at THB 270.7 mm and THB 752.0 mm, which decreased by 9.0% and 11.1%, respectively, from the same period of previous year. The main reason was due to the asset monetization to WHA Premium Growth Freehold and Leasehold Real Estate Investment Trust (WHART) and HREIT in the late 2017 and the beginning of 2018 respectively, thereby reducing the leasable area.
- **Gross profit from rental and service of warehouses, distribution centers and factories** for 3 months and 9 months ended the third quarter of 2018 stood at THB 140.4 mm and THB 382.3 mm, which decreased by 20.8% and 22.6%, respectively, from the same period of previous year because of the decrease in leasable area from asset monetization to WHART and HREIT in the late 2017 and the beginning of 2018 respectively. The gross profit margin for 3 months and 9 months for the third quarter of 2018 were 51.9% and 50.8%, respectively. This gross margin had accounted for the fair value adjustment of the acquired business according to the accounting standards under WHA level. However,

the genuine gross margin in were at 52.5% and 51.5%, respectively. The decrease in genuine gross margin, compared to the same period of last year, was mainly due to change in product mix between Built-to-Suit and Ready-built facilities.

## 2. Sale of Investment Properties

- **Income from sale of investment properties** during the first 9 months of 2018 was THB 1,449.0 mm, which increased by 1,244.6 mm or 608.9%, compared to the same period of previous year, mainly resulting from the asset monetization to HREIT with total rental area of approx. 55,131 sq.m. on 4 January 2018 and the factory sale to customer of 1 project.
- **Gross profit from sale of investment properties** during the first 9 months of 2018 was THB 611.1 mm, which increased by THB 586.6 mm or 2,393.4%, compared to the same period of pervious year, mainly due to the increase of income from sale of investment properties as mentioned before. Nonetheless the gross profit margin has improved from 12.0% in the first 9 months of 2017 to 42.2% in the same period of 2018, resulting from asset monetization to HREIT. This gross margin had accounted for the fair value adjustment of the acquired business according to the accounting standards under WHA level. However, the genuine gross margin in the first 9 months of 2018 was at 57.3%.

### Industrial Development Business

	Q3 2017	Q3 2018	Increase/(Decrease)		9M 2017	9M 2018	Increase/(Decrease)	
	THB mm	THB mm	THB mm	%	THB mm	THB mm	THB mm	%
Revenue	372.8	158.2	(214.6)	(57.6%)	2,162.6	1,391.2	(771.3)	(35.7%)
Gross Profit	166.2	125.8	(40.5)	(24.4%)	1,115.4	688.3	(427.1)	(38.3%)
Gross Profit Margin	44.6%	79.5%			51.6%	49.5%		
GPM before adjustment with PPA	75.5%	82.3%			60.0%	57.3%		

**Income from sales of real estate** for 3 months and 9 months ended the third quarter of 2018 were THB 158.2 mm and THB 1,391.2 mm, which decreased by 57.6% and 35.7%, respectively, from the same period of previous year, because of the decrease in land transfer, compared to the same period of last year.

**Gross profit from sale of real estate** for 3 months and 9 months ended the third quarter of 2018 were THB 125.8 mm and THB 688.3 mm, having gross profit margins at 79.5% and 49.5%, respectively. However, these gross margins had accounted for the fair value adjustment of the acquired business according to the accounting standards under WHA level. However, the genuine gross margins were at 82.3% and 57.3%, respectively.

### Utilities & Power Business

	Q3 2017	Q3 2018	Increase/(Decrease)		9M 2017	9M 2018	Increase/(Decrease)	
	THB mm	THB mm	THB mm	%	THB mm	THB mm	THB mm	%
Revenue	499.0	542.9	43.9	8.8%	1,549.0	1,582.0	33.1	2.1%
Gross Profit	213.1	230.2	17.1	8.0%	691.2	692.0	0.8	0.1%
Gross Profit Margin	42.7%	42.4%			44.6%	43.7%		
GPM before adjustment with PPA	46.2%	45.6%			47.9%	47.0%		
<b>Share of Profit from Investments in Power Associates</b>	<b>552.4</b>	<b>543.5</b>	<b>(8.9)</b>	<b>(1.6%)</b>	<b>1,489.7</b>	<b>1,450.1</b>	<b>(39.6)</b>	<b>(2.7%)</b>
- Normalized Share of Profit from Investments in Power Associates	432.7	489.8	57.0	13.2%	1,031.1	1,461.1	430.0	41.7%
- FX Gain/(Loss)	119.7	124.9	5.2	4.4%	458.6	60.2	(398.4)	(86.9%)
- One-time Gain/(Loss) Items	-	(71.2)	(71.2)	n.a.	-	(71.2)	(71.2)	n.a.

**Utilities income** for 3 months and 9 months ended the third quarter of 2018 were THB 542.9 mm and THB 1,582.0 mm, which increased by 8.8% and 2.1%, respectively, compared to the same period of previous year. However, if excluding the excessive charge considered as one-off item, the utilities income for 9-month period increased by THB 116.8 mm or 8.1% growth, compared to the same period of previous year. This was mainly from higher water demand from completion of COD of 5 SPPs since the second quarter of last year until the first quarter of this year, together with the increase in demand of existing customers.

**Gross profit from utilities services** for 3 months and 9 months ended the third quarter of 2018 were THB 230.2 mm and THB 692.0 mm, which increased by 8.0% and 0.1%, respectively, from the same period of previous year. The gross profit margin for 3 months and 9 months were 42.4% and 43.7%, respectively. This gross margin had accounted for the fair value adjustment of the acquired business according to the accounting standards under WHA level. However, the genuine gross margins were at 45.6% and 47.0%, respectively.

**Share of Profit from Investments in Associates from Power Business** for 3 months and 9 months ended the third quarter of 2018 were THB 543.5 mm and THB 1,450.1 mm, which decreased by 1.6% and 2.7%, respectively, compared to the same period of previous year, mainly due to the FX impact and one-time loss items. If considering only the normalized share of profit from investments in associates from power business for the 9-month period increased by 41.7% according to the number of days in operation of GHECO-One compared to the previous year that had a planned maintenance. In addition, there has also been a completion of COD of 5 SPPs since the second quarter of 2017 to the first quarter of 2018, adding the Company's Equity MW under operation to 511 MW. Such impact from FX losses was only accounting implication and did not affect the Company's cash flow or its operating performance.

## Other Income

	Q3 2017	Q3 2018	Increase/(Decrease)		9M 2017	9M 2018	Increase/(Decrease)	
	THB mm	THB mm	THB mm	%	THB mm	THB mm	THB mm	%
Dividend and Management income	71.3	102.4	31.1	43.6%	242.5	260.0	17.5	7.2%
Others	264.9	109.7	(155.3)	(58.6%)	381.7	261.3	(120.4)	(31.5%)
<b>Total other income</b>	<b>336.2</b>	<b>212.0</b>	<b>(124.2)</b>	<b>(36.9%)</b>	<b>624.2</b>	<b>521.3</b>	<b>(102.9)</b>	<b>(16.5%)</b>

**Other income** for 3 months and 9 months ended the third quarter of 2018 stood at THB 212.0 mm and THB 521.3 mm, which decreased by 36.9% and 16.5%, respectively, from the same period of previous year. The breakdowns are the details below:

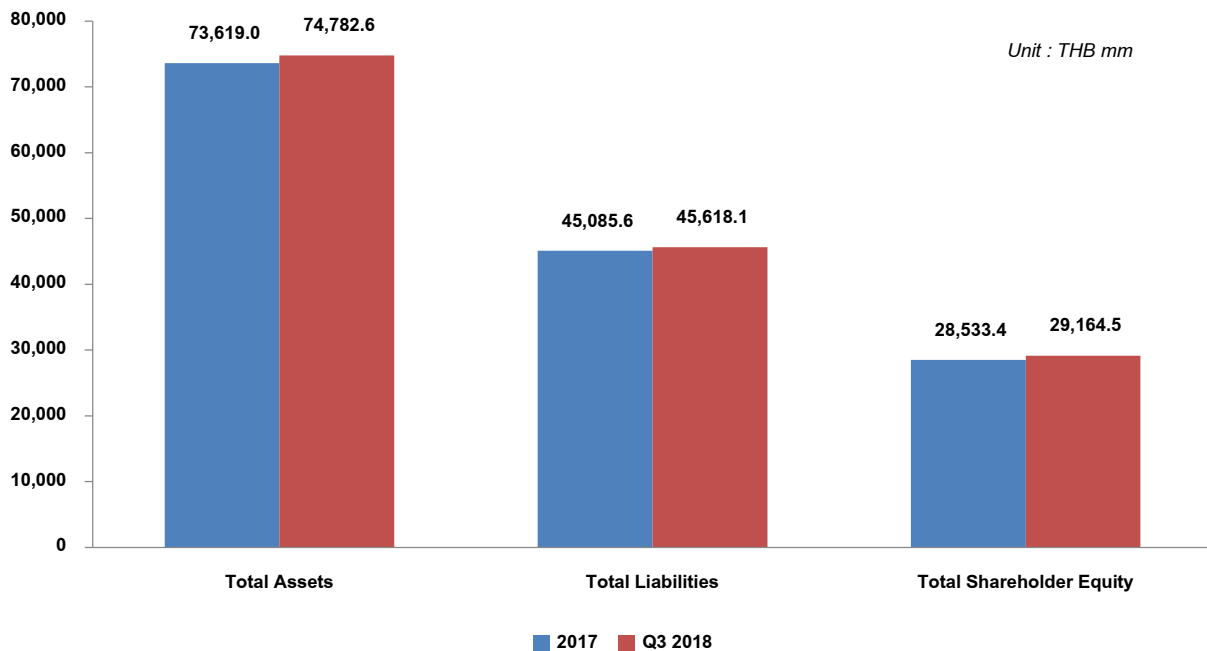
- **Dividend and management income** for 3 months and 9 months ended the third quarter of 2018 were THB 102.4 mm and THB 260.0 mm, which increased by 43.6% and 7.2%, respectively, from the same period of previous year, mainly due to increase in management income from property fund and REITs as higher asset value, together with increase in dividend received from Glow IPP.
- **Other income** comprised of interest income, gain from sale of short-term investments and other income totaling for 3 months and 9 months ended the third quarter of 2018 stood at THB 109.7 mm and THB 261.3 mm, which decreased by 58.6% and 31.5%, respectively, from the same period of previous year. Because the Company recognized a result of right of way charged in industrial estates totaling of THB 208.7 mm in the third quarter of 2017.

## Expenses analysis

	Q3 2017	Q3 2018	Increase/(Decrease)		9M 2017	9M 2018	Increase/(Decrease)	
	THB mm	THB mm	THB mm	%	THB mm	THB mm	THB mm	%
Selling expense	40.9	33.0	(7.8)	(19.1%)	235.0	148.7	(86.3)	(36.7%)
Administrative expense	270.7	314.8	44.1	16.3%	870.6	897.4	26.8	3.1%
Finance costs	406.1	292.8	(113.3)	(27.9%)	1,277.9	944.1	(333.8)	(26.1%)
<b>Total expenses</b>	<b>717.7</b>	<b>640.6</b>	<b>(77.1)</b>	<b>(10.7%)</b>	<b>2,383.4</b>	<b>1,990.2</b>	<b>(393.3)</b>	<b>(16.5%)</b>

- **Selling expense** for 3 months and 9 months ended the third quarter of 2018 stood at THB 33.0 mm and THB 148.7 mm, which decreased by 19.1% and 36.7%, respectively, from the same period of previous year, mainly due to the lower land transfer compared to the same period of previous year.
- **Administrative expense** for 3 months and 9 months ended the third quarter of 2018 stood at THB 314.8 mm and THB 897.4 mm, which increased by 16.3% and 3.1%, respectively, mainly because of increase in provision for loss arising from undertaking income in HREIT.
- **Finance costs** for 3 months and 9 months ended the third quarter of 2018 stood at THB 292.8 mm and THB 944.1 mm, which decreased by 27.9% and 26.1%, respectively, from the same period of previous year, mainly from significant decrease in cost of fund as a result of the issuance of latest debentures with lower coupon rate, and partial utilization of short-term instruments from financial institutions.

## FINANCIAL POSITION



The changes in Consolidated Balance Sheet as of 30 September 2018 are summarized as follows.

### Assets

As of 30 September 2018, the Company had total assets of THB 74,782.6 mm, which increased by THB 1,163.6 mm from THB 73,619.0 mm as of 31 December 2017. The main reasons are as follows:

1. Increase in investments in associates of THB 1,661.3 mm due to raising of share of profit from investments in associates and capital increase in associates proportionately.
2. Increase in investments in joint ventures of THB 300.6 mm, due to capital increase in joint ventures proportionately.
3. Increase in investment available-for-sale of THB 360.3 mm, mainly from increase in market capitalization of REITs after the market price increased during this period.
4. Increase in other long-term investment (net) of THB 201.1 mm, mainly because the Company invested in Supernap (Thailand) Company Limited during the second quarter of 2018.
5. Increase in other non-current asset (net) of THB 725.3 mm, mainly due to advance payment for the land to develop projects.
6. Decrease in short-term loan to related parties of THB 114.8 mm, because of having loan repayment from the associates in power business.
7. Decrease in investment properties (net) of THB 615.6 mm, resulting from the reclassification of assets, which will be monetized to WHART of 2 projects and also reclassification of some asset which will be monetized to HREIT. Nonetheless the Company has invested more in the investment properties during this period as well.
8. Decrease in non-current assets held for sale of THB 120.4 mm due to the reclassification of assets, which sold to HREIT with total rental area of approx. 55,131 sq.m. on 4 January 2018 and the factory and land

sale to client of 1 project, resulting in the decrease of non-current assets held for sale by THB 835.2 mm. However, during the first quarter of 2018, the Company reclassified assets which will be monetized to WHART, resulting in the increase of non-current assets held for sale by THB 702.1 mm. Moreover the Company reclassified some asset which will be monetized to HREIT during this quarter as well.

### Liabilities

As of 30 September 2018, the Company had total liabilities of THB 45,618.1 mm, which increased by THB 532.5 mm from THB 45,085.6 mm as of 31 December 2017. Besides, if considering the interest-bearing debt, it amounted THB 35,462.8 mm, increased by THB 1,064.3 mm from THB 34,398.5 mm. The main reasons are as follows:

1. Increase in short-term loans from financial institutions of THB 2,026.2 mm, mainly due to short-term loan repayment of THB 3,610.0 mm during this period, however the Company has issued B/E or P/N totaling of THB 5,640.0 mm.
2. Decrease in long-term loans from financial institutions of THB 3,936.9 mm, mainly due to the refinancing, amounting of THB 4,000.0 mm by bond issuance.
3. Decrease in other current liabilities of THB 101.1 mm, due to the decrease in accrued withholding tax.
4. Increase in debentures (net) of THB 2,975.3 mm, mainly due to bond issuance of THB 8,300.0 mm during this period, however the Company has repaid expired bond totaling of THB 5,270.0 mm as well.

### Shareholder's equity

As of 30 September 2018, the Company had total shareholder's equity of THB 29,164.5 mm, which decreased by THB 631.1 mm from THB 28,533.4 mm as of 31 December 2017, mainly from increase in retained earnings as Company's performance during this period. However there was the cash dividend payment in the second quarter of 2018 as well.

### Cash flow analysis

	9M 2017	9M 2018
	THB mm	THB mm
Net cash generated (used in) from operating activities	483.6	(138.3)
Net cash generated (used in) from investing activities	764.4	293.2
Net cash generated (used in) from financing activities	(2,132.6)	(693.8)
<b>Net increase in cash and cash equivalents</b>	<b>(884.6)</b>	<b>(538.9)</b>
<b>Cash and cash equivalents - ending balance</b>	<b>1,757.7</b>	<b>1,375.2</b>

#### 1. Cash flows from operating activities

The Company had cash inflows (outflows) from operating activities for 9 months ended the third quarter of 2018 was THB (138.3) mm which decreased of inflow by THB 621.9 mm, compared to same period of previous year, mainly from adjustment of gain from disposal of investment property which will be recognized as cash proceeds from disposals of investment property in the cash flow from investing activities.

## **2. Cash flows from investing activities**

The Company had cash inflows (outflows) from investing activities for 9 months ended the third quarter of 2018 was THB 293.2 mm, which decreased of inflow by THB 471.2 mm, compared to same period of previous year, mainly from the decrease in net cash proceeds from sale of short-term investments.

## **3. Cash flows from financing activities**

The Company had cash inflows (outflows) from financing activities for 9 months ended the third quarter of 2018 was THB (693.8) mm, which increased in inflow by THB 1,438.9 mm, compared to same period of previous year, mainly resulting from increasing of net cash proceeds from bond issuance and net cash proceeds from short-term loan.

Please be informed accordingly.

Sincerely yours,

WHA Corporation Public Company Limited

(Mr. Arttavit Chalernsaphayakorn)

Chief Financial Officer