

No. WHAUP-CS002/2562

February 22, 2019

Attention: Managing Director – Stock Exchange of Thailand
Subject: Report of Financial Results for Year of 2018

WHAUP finished our 2018 with the record high Net Profit of Baht 2,251.9 million, a 13.7% increase from 2017 with Normalized Net Profit of Baht 2,267.8 million, a 61.2% increase from 2017.

1. RESULTS OF OPERATION

(Unit : Million Baht)

Consolidated Financial Statements	2018	2017	% Change
Revenue from Sales and Services	1,708.3	1,633.8	4.6%
- Operating Revenue ¹	1,679.7	1,570.2	7.0%
- Other Revenue ²	28.6	63.5	-55.0%
Costs of Sales and Services	(1,120.0)	(1,092.4)	2.5%
Gross Profit	588.3	541.4	8.7%
Gross Profit from Operation³	559.7	477.9	17.1%
Other Income ⁴	162.7	134.4	21.1%
Administrative Expenses	(130.8)	(152.9)	-14.5%
Finance Costs	(366.6)	(459.9)	-20.3%
Share of Profit from Investments in Associates and Joint Ventures	2,047.4	1,936.1	5.7%
Income Tax (Expense) Income	(49.1)	(18.2)	170.4%
Profit attributable to Owners of the Parent	2,251.9	1,980.9	13.7%
Normalized Profit attributable to Owners of the Parent⁵	2,267.8	1,406.6	61.2%

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

² Other Revenue consists of Excessive Charge, Service Fees for Wastewater Management, and Revenue from Solar Rooftop

³ Gross Profit from Operation excludes Other Revenue.

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

⁵ Normalized Profit attributable to Owners of the Parent excluded 1) Foreign Exchange Gain (Loss), and 2) One-Time (Gain) Loss items.

Revenue from Sales and Services

In 2018, Revenue from Sales and Services was Baht 1,708.3 million, a 4.6% increase from Baht 1,633.8 million in 2017 mainly due to increase of Operating Revenue 7.0% YoY. The increase of Operating Revenue was attributable to growth of industrial water's sales volume mainly from 5 SPPs operating their first full year after COD in 2017, existing and new IEs customers.

Gross Profit and Gross Profit from Operation

In 2018, Gross Profit was Baht 588.3 million, an 8.7% increase from Baht 541.4 million in 2017, while Gross Profit from Operation was Baht 559.7 million, a 17.1% increase from Baht 477.9 million in 2017. The increase of both items was from increase Operating Revenue and lower Cost of Sales and Services despite lowered Other Revenue.

Share of Profit from Investments in Associates and Joint Ventures

In 2018, Share of Profit from Investments in Associates and Joint Ventures was Baht 2,047.4 million, a 5.7% increase from Baht 1,936.1 million in 2017 with Foreign Exchange Gain of Baht 55.6 million in 2018 and Baht 574.3 million in 2017, respectively. However, these Foreign Exchange Gain mainly were Unrealized Foreign Exchange Gain which was an accounting item that has no effect on cash flow.

Profit attributable to Owners of the Parent

In 2018, Profit attributable to Owners of the Parent was Baht 2,251.9 million, a 13.7% increase from Baht 1,980.9 million in 2017. The increase was mainly from i) a 17.1% increase of Gross Profit from Operation, ii) a 21.1% increase of Other Income from higher dividend received from Glow IPP, iii) a 14.5% lower of Administrative Expenses from accounting adjusted of doubtful debt amounted of Baht 22.5 million in 1Q2018, iv) a 20.3% lower of Financial Costs due to refinance the existing bank loan of Baht 4,000 million in August 2017 and another Baht 4,000 million in June 2018 with issuance of Baht Bonds.

Normalized Profit attributable to Owners of the Parent

The Normalized Profit attributable to Owners of the Parent is Net Profit attributable to Owners of the Parent adjusted by Foreign Exchange Gain or Loss and One-time Gain or Loss, as the case maybe. In 2018, there were Foreign Exchange Gain and One-time Loss items of Baht 15.9 million. Whereby, in 2017 there were Foreign Exchange Gain of Baht 574.3 million. Therefore, the 2018 Normalized Profit attributable to Owners of the Parent was Baht 2,267.8 million, a 61.2% increase from 2017.

Significant Events in 2018:

- Gulf TS4, a installed capacities of 129.9 MW SPP, representing 32.5 Equity MW, ia scheduled to achieve Commercial Operation Date in January 2018.
- WHA ESIE 4 water treatment plant achieved COD in January 2018 with capacity of 3,600 cubic meter per day and wastewater treatment plant 1,500 cuber meter per day.
- Reclaimed Water Project (RO) at WHA EIE achieved Commercial Operation Date in 3Q2018 with capacity of 7,500 cubic meter per day.
- Natural gas retail business, WHA Eastern Seaboard NGD 2 project, achieved Commercial Operation Date in December 2018 in WHA Eastern Seaboard Industrial Estate 2.

PERFORMANCE BY BUSINESS

Revenue from Sales and Services from Utilities Business was amounted of Baht 1,708.3 million in 2018, a 4.6% increase from 2017. The details have shown in the table below.

(Unit: Million Baht)

Revenue	2018	2017	% Change
Industrial Water Sales	1,252.6	1,155.2	8.4%
Raw Water Sales	268.9	262.9	2.3%
Wastewater Treatment Services	158.3	152.1	4.0%
Other Revenue ¹	28.6	63.5	-55.0%
Total Revenue from Sales and Services	1,708.3	1,633.8	4.6%

¹ Other Revenue consists of Excessive Charge, Service Fees for Wastewater Management, and Revenue from Solar Rooftop

The growth mainly came from:

Utilities Business

i) The Utilities sales volume;

- Industrial Water sales volume increase from 49.1 million cubic meters in 2017 to 52.6 million cubic meters in 2018, or increased by 7% mainly from 5 SPPs (Gulf VTP, Gulf TS1, Gulf TS2, Gulf TS3 and Gulf TS4) operating their first full year after COD in 2017 and increase in demand of existing and new IEs customers.
- Raw Water sales volume slightly increase from at 16.5 million cubic meters in 2017 to 16.9 million cubic meters in 2018, or increased by 2%.

- Wastewater sales volume and management increase from 34.1 million cubic meters in 2017 to 35.0 million cubic meters in 2018, or increased by 2% mainly from increase demand of industrial water and raw water.

ii) Other Revenue, which mainly represented one-time Excessive Charge was Baht 28.6 million in 2018.

Our Gross Profit Margins excluding Other Income from Utilities Business was 33.8% improved from 30.6% in 2017, from increase sales volume and improved production cost which was partly from an innovative cost saving methodology of the recycled treated wastewater. Our first Reclaimed Water Project with capacity of 7,500 cubic meter per day in WHA Eastern Industrial Estate achieved Commercial Operation Date in 3Q'18.

Power Business

In 2018, our Share of Profit from Investment in Associates and Joint Ventures (“Share of Profit from Investments”) and Dividend Income totalled at Baht 2,122.4 million, a 6.4% increase from Baht 1,995.4 million in 2017 with Foreign Exchange Gain of Baht 55.3 million and Baht 574.3 million in 2018 and 2017, respectively. However, Normalized Share of Profit from Investments in Associates and Joint Ventures and Dividend, was Baht 2,138.3 million, a 50.5% increase from 2017.

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	2018	2017	% Change
Share of Profit from Investments in Associates and Joint Ventures and Dividend	2,122.4	1,995.4	6.4%
Normalized Share of Profit from Investments in Associates and Joint Ventures and Dividend ¹	2,138.3	1,421.0	50.5%
- IPP	1,503.3	1,165.8	29.0%
- SPP	647.3	227.3	184.8%
- Alternative Energy	4.6	6.0	-24.0%
- Power Plants under Constuction and Development	(16.9)	21.9	-177.1%

¹ Normalized Share of Profit from Investments in Associates and Joint Ventures and Dividend excluded 1) Foreign Exchange Gain (Loss) and 2) One-Time Gain (Loss) items

IPP

- For 2018, 3 IPPs generated Baht 1,503.3 million of Normalized Share of Profit and Dividend, a 29.0% increase from 2017 mainly from GHECO-One had higher Energy Payment Rate from higher power dispatch compared with the same period of last year which was the planned maintenance year.
- Dividend received from Glow IPP of Baht 75.0 million in 2018 versus Baht 59.3 million in 2017.

SPP

- For 2018, 7 SPPs generated Baht 647.3 million of Normalized Share of Profit, a 184.8% increase from 2017 mainly from 5SPPs (Gulf VTP, Gulf TS1, Gulf TS2, Gulf TS3 and Gulf TS4) operating their first full year after COD in 2017

Alternative Energy

- For 2018, Solar Rooftop Projects (3.9 Equity MW) generated Baht 4.6 million of Share of Profit to WHAUP.

WHAUP is a strategic co-developer of power business. We currently have total installed capacities of 521 equity MW under operation, and another 43 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

- WHAUP Nghe An Vietnam Project is scheduled to achieve Commercial Operation Date in 3Q2019 with capacity of water treatment plant 12,000 cubic meter per day and wastewater treatment plant 9,600 cubic meter per day.

Power

- In 2018, Solar Rooftop had 11.2 MW signed which are under construction and scheduled to achieve Commercial Operation Date during 4Q2018 and 3Q2019.
- Gulf NLL2, a installed capacities of 126.9 MW SPP, representing 31.7 Equity MW, is scheduled to achieve Commercial Operation Date in January 2019.
- Chonburi Clean Energy, a installed capacities of 8.6 MW Waste to Energy Power Plant, representing 2.9 Equity MW, is scheduled to achieve Commercial Operation Date in 4Q2019.

Power plant	Type of power	Category of producer	Equity holding (%)	Installed Capacity (MW)	Equity Capacity (MW)	Commercial Operation Date
Solar Rooftop	Solar	VSPP	100%	11.2	11.2	4Q2018- 3Q2019
Gulf NLL2	Gas-fired Cogeneration	SPP	25.01	126.9	31.7	Jan 2019
CCE	Waste to Energy	VSPP	33.33	8.6	2.9	4Q2019
Total				146.7	45.8	

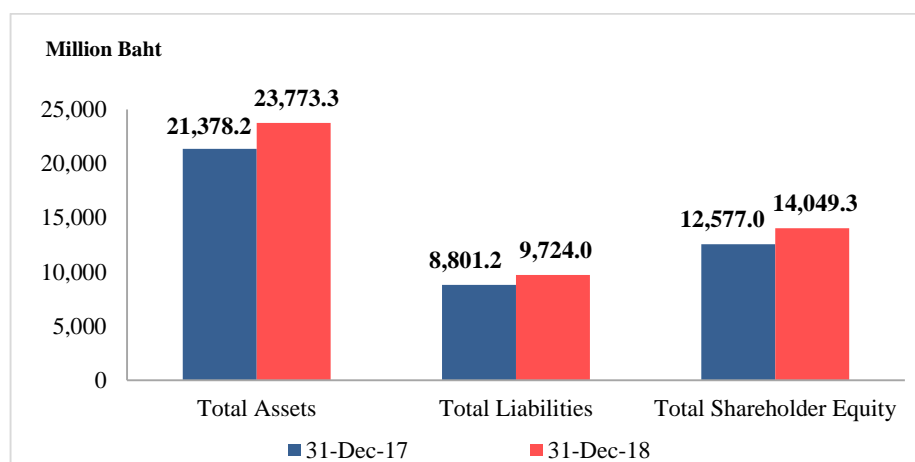
OVERALL PERFORMANCE

Operating Expense

- **Administrative Expenses** decreased from Baht 152.9 million in 2017 to Baht 130.8 million in 2018 mainly from accounting adjusted of doubtful debt amounted of Baht 22.5 million in 1Q2018.
- **Finance Cost** decreased from Baht 459.9 million in 2017 to Baht 366.6 million in 2018 due to loan repayment of Baht 2,500.0 million from the IPO proceed in April 2017 and bond issuance to refinance the existing bank loan totaling of Baht 8,000 million in August 2017 and June 2018.

As a result, our 2018 EBITDA was Baht 2,854.8 million, compared to Baht 2,639.2 million in 2017, or increased by 8.2%. Normalized EBITDA increased by Baht 805.8 million from Baht 2,064.9 million to Baht 2,870.7 million, or increased by 39.0%.

2. FINANCIAL POSITION



The Consolidated Balance Sheet as of 31 December 2018 is summarized as follows.

Assets

As at 31 December 2018, the Company's total Assets was Baht 23,773.3 million, increased by Baht 2,395.1 million from Baht 21,378.2 million at year-end 2017. The increase was due to increase of an investment amounted of Baht 2,336.2 million, which was mainly from increase 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 12,630.9 million, (ii) Building and Equipment (net) of Baht 3,214.3 million (iii) Goodwill of Baht 2,772.9 million, (iv) Intangible assets of Baht 1,955.7 million and (v) Short-term loans to related parties of Baht 754.6 million.

Liabilities

As of 31 December 2018, Total Liabilities was Baht 9,724.0 million, increased by Baht 922.8 million from Baht 8,801.2 million at year-end 2017 mainly due to increase of Long-term borrowings of debentures amounted Baht 1,000.0 million in 2Q2018. Net Interest-bearing Debt as of 2018 was Baht 8,134.5 million, increase from Baht 7,338.8 million at the end of 2017.

Total Liabilities mainly consisted of Long-term borrowings of debentures amounted Baht 8,988.0 million and provision for Liabilities from the water business amounted Baht 331.6 million.

Shareholders' Equity

As of 31 December 2018, Total Shareholders' Equity was Baht 14,049.3 million, an increase of Baht 1,472.3 million from Baht 12,577.0 million at the end of 2017, mainly driven by an increase in Retained Earnings.

As at 31 December 2018, the Company's Debt-to-Equity ratio was 0.69x, slightly decreased from 0.70x at the end of 2017. Net Interest-bearing Debt-to-Equity ratio was 0.58x, remained at the end of 2017.

3. KEY FINANCIAL RATIOS

	31 December 2018	31 December 2017
Gross Profit Margin	34.4%	33.1%
Net Profit Margin ¹	57.5%	53.5%
Return on Equity	16.9%	19.8%
Debt/Equity Ratio	0.69x	0.70x
Net Interest-bearing Debt/Equity Ratio	0.58x	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

Please be informed accordingly.

Sincerely,

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Mr. Paopitaya Smutrakalin
Chief Financial Officer