

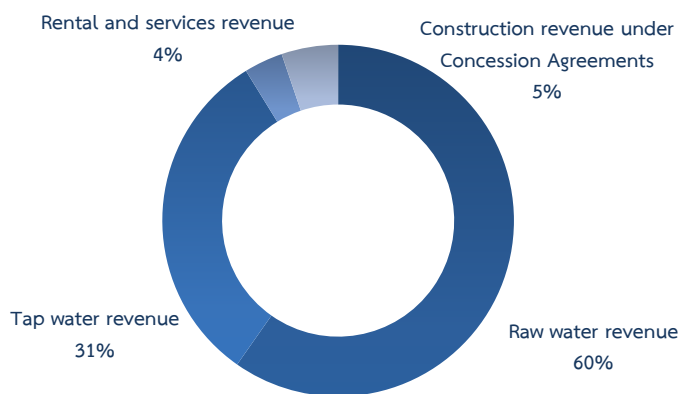
EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED MANAGEMENT DISCUSSION AND ANALYSIS FOR Q1/2019

1. ANALYSIS OF FINANCIAL PERFORMANCE

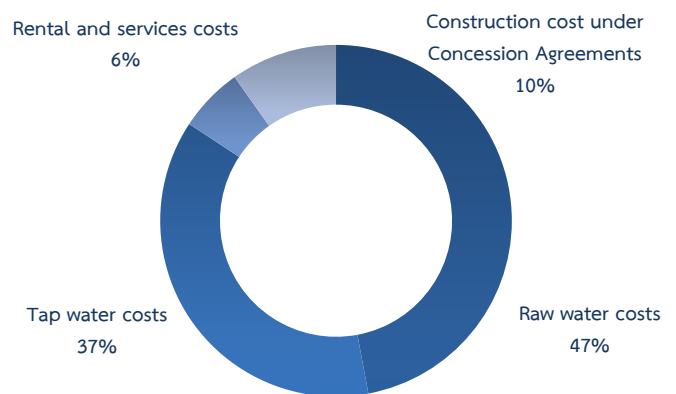
In Q1/2019, East Water Group had total consolidated sales and services income of 1,164.83 million Baht, increased by 119.44 million Baht or 11.43% compared to Q1/2018 due to the raising in raw water sales volume and net profit attributable to equity holders of the parent company of 341.71 million Baht, increased by 39.04 million Baht or 12.90%.

Proportion of revenues and cost

Revenue of Q1/2019 = 1,164.83 million Baht



Cost of Q1/2019 = 619.77 million Baht



Income statement (MB)	Quarter 1			
	2019	2018	YOY	%
Total Sales and Services revenue	1,164.83	1,045.39	119.44	11.43%
Raw water revenue	695.87	592.74	103.13	17.40%
Tap water revenue	366.63	353.51	13.13	3.71%
Rental and services revenue	41.68	43.82	(2.13)	(4.87%)
Construction revenue under Concession Agreements ¹⁾	60.64	55.33	5.32	9.61%
Costs of Sales and Services	619.77	557.14	62.63	11.24%
Raw water cost	291.60	247.94	43.67	17.61%
Tap water cost	230.66	221.60	9.07	4.09%
Rental and services cost	36.86	32.28	4.58	14.19%
Construction cost under Concession Agreements ¹⁾	60.64	55.33	5.32	9.61%
Gross profit	545.06	488.25	56.80	11.63%
Other income	19.27	9.54	9.73	101.90%
Selling and administrative expenses	107.06	93.90	13.15	14.01%
Operating profit	457.27	403.89	53.38	13.22%
Finance cost	41.60	33.63	7.97	23.69%
Income tax expenses	71.35	64.90	6.45	9.94%
Net profit	344.32	305.36	38.96	12.76%
Net profit attributable to owner of the parent	341.71	302.67	39.04	12.90%
Earnings per share (EPS)	0.21	0.18	0.02	12.90%

Note: 1) Revenue and Cost that were recognized when there is construction under concession agreements for tap water according to accounting standard TFRIC12

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS FOR Q1/2019

1. ANALYSIS OF FINANCIAL PERFORMANCE (Cont.)

EBITDA (MB)	Quarter 1			
	2019	2018	YOY	%
Operating profit	457.27	403.89	53.38	13.22%
Depreciation	124.10	100.14	23.96	23.92%
Amortization	78.25	73.92	4.32	5.85%
EBITDA	659.62	577.96	81.66	14.13%

2. ECONOMIC SITUATION

Thai economy in Q1/2019 moderated from previous quarter. The global demand weaker from protectionist trade policies between the US and China, which effected to export sector, industrial sector and tourism sector. Domestic demand continued to expand from private consumption and public spending, while private investment contracted especially in real estate sector in line with decline in the supply of new real estate for sale. On economic stability, inflation has slowed down due to the decrease in retail petroleum prices.

3. WATER SITUATION

As of 26 April 2019, the water supply situation in Chonburi and Rayong province is moderate. Water supply in the reservoirs was approximately to average water quantity of the past 10 years. The weather forecast of the Department of Meteorology was expected that the total rainfall in the Eastern part of Thailand will be lower than average level about 20% in May and higher than average level about 5% during June – July. The average water in the reservoirs in Chonburi and Rayong were 43% and 52% of total capacity respectively.

Water Volume (Million Cu.M)	Chonburi		Rayong			
	Bangpra	Nongkho	Bangpra	Nongkho	Bangpra	Nongkho
Water reserve	52.97	5.98	32.08	97.96	29.46	138.92
Percentage of total capacity	45%	28%	40%	60%	73%	47%
Average (2006-2018)	51.92	9.32	39.19	103.71	23.55	169.46
Above/(below) average (2006-2018)	1.05	(3.34)	(7.11)	(5.75)	5.91	(30.54)

4. SIGNIFICANT EVENTS

The resolution of the Annual General Shareholders Meeting for the year 2019 on 23 April 2019 had approved the dividend payment of 0.47 Baht per share (Dividend for the year 2018 was 0.47 Baht per share) or totally 781.95 million Baht for the fiscal year of 2018. This amount of dividend consists of an interim dividend of 0.20 Baht per share (based on the operating result from January – June 2018) paid on 5 September 2018, and dividend for the second half operating results (July – December 2018) at 0.27 Baht per share which will be paid on 17 May 2019.

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS FOR Q1/2019

5. RAW WATER BUSINESS

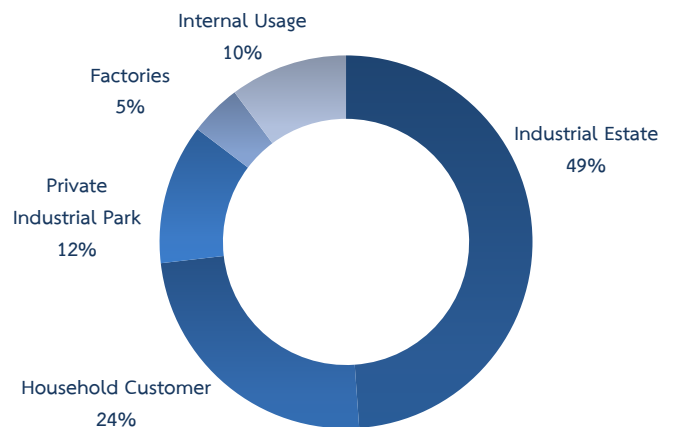
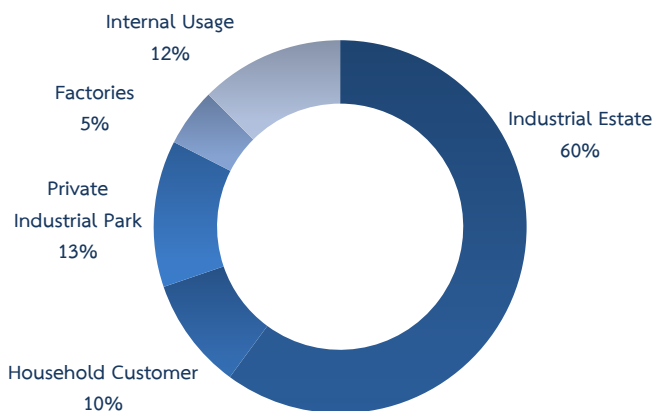
Raw water revenue in Q1/2019 was 695.87 million Baht, increased by 103.13 million Baht or 17.40% compared to Q1/2018. Total water sales volume was 69.46 million Cu.M. (excluding internal usage for tap water production of 7.89 million Cu.M.), increased by 15.26 million Cu.M., or 28.15% due to the raising of raw water sales volume from the household customers. The average raw water tariff stayed at 10.02 Baht per Cu.M., decreased by 0.92 Baht per Cu.M., or 8.39%, due to the raising portion of household customers, who paid lower tariffs than other customer groups.

Raw Water Volume (Million Cu.M)	Quarter 1			
	2019	2018	YOY	%
Total distribution volume	77.35	61.93	15.42	24.90%
Internal usage for tap water	7.89	7.72	0.16	2.12%
Net raw water sales volume	69.46	54.21	15.26	28.15%

Raw Water Distribution by Customer Group (Internal usage for tap water production is included)

Jan – Mar 2018 = 61.93 million Cu.M.

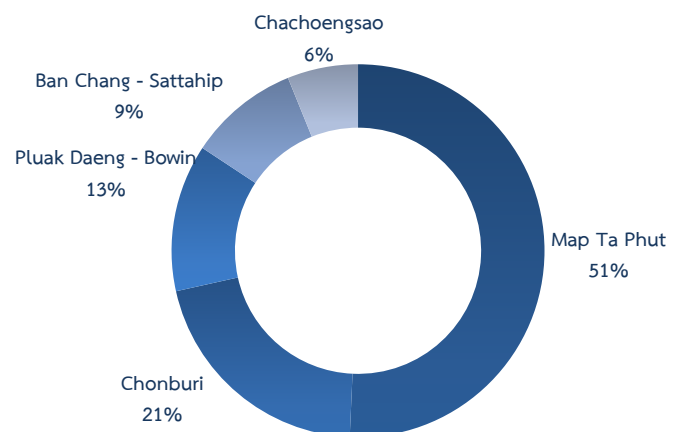
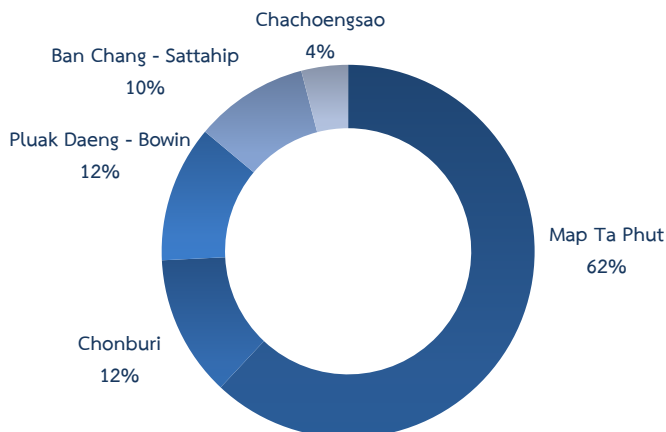
Jan – Mar 2019 = 77.35 million Cu.M.



Raw Water Distribution by Area (Internal usage for tap water production is included)

Jan – Mar 2018 = 61.93 million Cu.M.

Jan – Mar 2019 = 77.35 million Cu.M.



EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS FOR Q1/2019

5. RAW WATER BUSINESS (Cont.)

Gross Profit of Raw Water Business in Q1/2019 was 404.27 million Baht, increased by 59.46 million Baht or 17.25% as compared to Q1/2018 following to the increasing sales volume due to household customer. The company has well controlled of the electricity cost, however raw water cost increased from purchasing raw water from private source as well as the depreciation and amortization from investment to increase raw water distribution capability. Therefore; gross profit margin of raw water business dropped to 58.10%.

Major costs of raw water business (MB)	Quarter 1			
	2019	2018	YOY	%
Raw Water Revenue	695.87	592.74	103.13	17.40%
Costs of Raw Water	291.60	247.94	43.67	17.61%
Raw Water	57.68	33.58	24.10	71.76%
Electricity	89.00	81.12	7.87	9.71%
Depreciation	97.46	75.09	22.36	29.78%
Maintenance	10.48	20.18	(9.70)	(48.06%)
Others	36.99	37.96	(0.97)	(2.55%)
Gross Profit	404.27	344.81	59.46	17.25%
Gross Profit Margin	58.10%	58.17%		

6. TAP WATER BUSINESS

Tap water revenue in Q1/2019 was 366.63 million Baht, increased by 13.13 million Baht or 3.71%. Total tap water sales volume was 24.56 million Cu.M., increased by 0.74 million Cu.M. or 3.12% compared to Q1/2018.

Tap water sales volume (Million Cu.M)	Quarter 1			
	2019	2018	YOY	%
Tap water sales volume	5.50	5.21	0.28	5.48%
Tap water sales volume of the subsidiaries	19.06	18.60	0.46	2.46%
Total tap water sales volume	24.56	23.82	0.74	3.12%

Gross Profit of Tap Water Business in Q1/2019 was 135.97 million Baht, increased by 4.06 million Baht or 3.08% compared to Q1/2018. The reasons were from increasing in tap water sales volume, net off with depreciation and amortization which increased by 5.89 million Baht from capacity expansion investment and chemical cost which increased by 1.57 million Baht because of the deteriorating in raw water quality, representing a lower gross profit margin to 37.09%.

Major Costs of Tap Water Business (MB)	Quarter 1			
	2019	2018	YOY	%
Tap Water Revenue	366.63	353.51	13.13	3.71%
Costs of Tap Water	230.66	221.60	9.07	4.09%
Raw Water	41.41	42.38	(0.97)	(2.30%)
Electricity	36.46	35.67	0.79	2.22%
Chemical	7.61	6.03	1.57	26.09%
Payroll, Outsource Expenses & Maintenance	55.65	55.09	0.57	1.03%
Depreciation	78.76	72.87	5.89	8.08%
Others	10.78	9.55	1.23	12.84%
Gross Profit	135.97	131.91	4.06	3.08%
Gross Profit Margin	37.09%	37.32%		

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS FOR Q1/2019

7. FINANCIAL POSITION ANALYSIS

Financial Position (MB)	As of 31 Mar 2019	As of 31 Dec 2018	Increased (Decreased)	%
Total Assets	20,277.51	20,140.90	136.60	0.68%
Total Liabilities	9,128.88	9,335.75	(206.87)	(2.22%)
Equity	11,148.63	10,805.15	343.47	3.18%
- Equity attributable to owners of the parents	10,965.52	10,624.66	340.86	3.21%

1) Assets At the end of March 2019, total assets were 20,277.51 million Baht, increased by 136.60 million Baht or 0.68% from the end of the year 2018 due to the changes in the following items:

- Trade Accounts and other receivable were 546.89 million Baht, increased by 102.65 million Baht.
- Short-term investments were 493.79 million Baht, increased by 89.52 million baht
- Other non-current assets were 289.04 million Baht, decreased by 53.53 million Baht mainly from decreasing in advance payment by 52.21 million Baht.

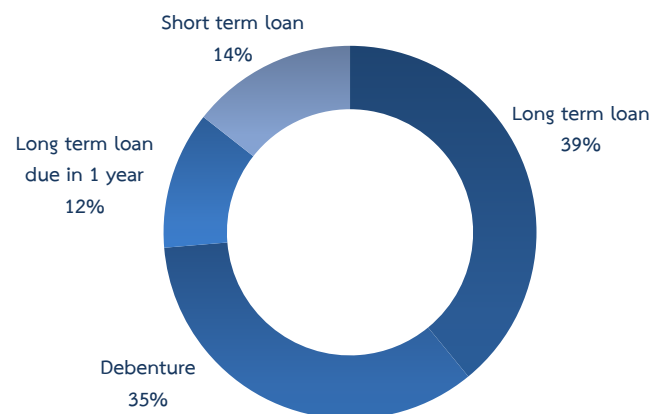
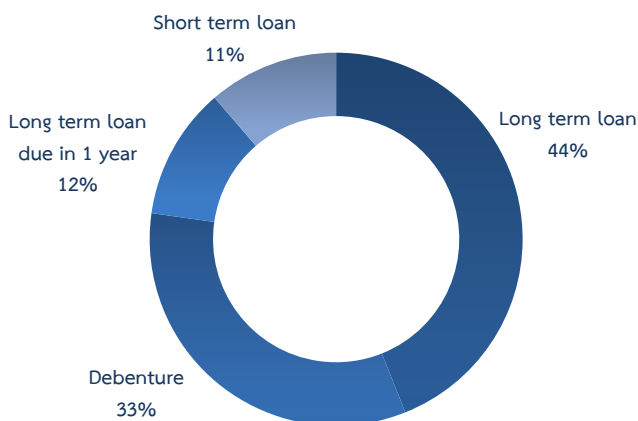
2) Liabilities At the end of March 2019, total liabilities were 9,128.88 million Baht, decreased by 206.87 million Baht or 2.22% from the end of the year 2018 due to changes in the following items:

- Short term loans from financial institutions were 997.00 million Baht, increased by 183.00 million Baht mainly from the additional short term loan for working capital management.
- Long term loans from financial institutions were 2,706.20 million Baht, decreased by 460.00 million Baht from the repayment of long term loan as schedule.

Proportion of Interest-Bearing Debt

As of 31 Dec 2018 = 7,204.35 million Baht

As of 31 Mar 2019 = 6,927.45 million Baht



Note: According to the debentures and long-term loan agreements, the company was required to maintain its D/E ratio of not higher than 2.0 times. For the long-term loan agreements, there is additional condition to maintain DSCR of not less than 1.1 times.

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS FOR Q1/2019

7. FINANCIAL POSITION ANALYSIS (Cont.)

3) Shareholder’s Equity At the end of March 2019, Shareholders’ equity attributable to owners of the parent was 10,965.52 million Baht, increased by 340.86 million Baht or 3.21% from the end of the year 2018, basically from the net profit of Q1/2019.

8. LIQUIDITY ANALYSIS AND FUNDING ADIQUACY

In Q1/2019, the company had beginning cash and cash equivalents of 578.21 million Baht, whereby during the financial period, net cash was increased by 12.24 million Baht. This comprised of the following items:

1) Net cash received from Operating Activities totaling Baht 594.40 million Baht from the net income by net off with the changes in assets and liabilities from operations

2) Net cash used in Investment Activities amounted to 269.73 million Baht. This was mainly due to the investment in fixed assets, concession assets and short-term investment in amount of 180.21 million Baht and 89.52 million Baht respectively.

3) Net cash used in Financing Activities amounting to 312.43 million Baht, mainly due to the repayment of long-term loan of 460.00 million Baht, net off with the additional short-term loan drawdown of 183.00 million Baht for working capital management.

9. KEY FINANCIAL RATIOS

Key Financial Ratios	As of 31 Mar 2019	As of 31 Mar 2018
Liquidity Ratio		
Current ratio (time)	0.68	0.56
Profitability Ratio ¹⁾		
Gross profit / total sales and services revenue (%)	49.36%	49.32%
Net profit / total sales and services revenue (%)	31.18%	30.84%
Performance Ratio		
Return on Equity (ROE) (%)	10.75%	11.18%
Return on Assets (ROA) (%)	5.80%	5.91%
Capital Structure and Debt Ratio		
Debt to Equity ratio (time)	0.83	0.84
Debt Service Coverage ratio (DSCR) (time)	2.27	2.20

Note: 1) Gross profit and Net profit were excluded construction revenue under concession agreement and other income.

In Q1/2019, East Water Group reported a growth in profitability compared to the same period of 2018 because of the higher sales volume. Gross Profit Margin and Net Profit Margin was at 49.36% and 31.18% respectively, while Return on Equity (ROE) dropped to 10.75% and Return on Asset (ROA) was 5.80% which declined from Q1/2018 due to the increasing in total assets and shareholder’s equity. For the liquidity analysis, current ratio increased to 0.68 times because of the record of construction cost refund from Tubma reservoir development project. Debt to equity ratio was at 0.83 times and Debt service coverage ratio (DSCR) remained strong at 2.27 times.