



No. LWH/ACC 19/05/LT057

May 10, 2019

Subject: Management discussion and analysis for the three-month period ended March 31, 2019

To: Director and Manager of the Stock Exchange of Thailand

Referring to the submission of the reviewed financial statements for quarter 1/2019 of Wiik & Hoeglund Public Company Limited (“the Company”), the management would like to clarify the operating results for the period of three month ended March 31, 2019 as follows;

Analysis of the operating results of WIJK and its subsidiaries for the three-month period ended March 31, 2019 as follows.

Summarized of the Statement of income

Unit : million Baht	Quarter 1/2019	Quarter 1/2018	Changed (%)
Income from sale and installation of the pipeline	239.05	248.60	(3.84)
Income from water production and distribution	31.25	24.31	28.55
Income from installation and distribution of water production systems	3.40	25.03	(86.42)
Other income	6.64	6.15	7.97
Total revenues	280.34	304.09	(7.81)
Cost from sale and installation of the pipeline	215.49	216.40	(0.42)
Cost from the water management business	22.58	38.34	(41.11)
Selling expenses	9.47	12.42	(23.75)
Administrative expenses	22.43	20.88	7.42
Finance cost	11.13	6.65	67.37
Profit (loss) before income tax income (expenses)	(0.76)	9.41	(108.09)
Income tax income (expenses)	0.89	(1.31)	(167.94)
Profit for the period	0.12	8.11	(98.52)

The operating results of the Company and its subsidiaries changed over 20%. In the quarter 1/2019, the net profit was Baht 0.12 million, compared with the net profit of Baht 8.11 million in quarter 1/2018, decreased by Baht 7.99 million or 98.52% due to the major reasons as follows;

1. Income from sale and installation in the quarter 1/2019 decreased from quarter 1/2018 by Baht 9.55 million or 3.84% with details as follows.

1.1 Domestic sales and installation income decreased by Baht 0.74 million or 0.37%

1.2 Export sales and installation income decreased by Baht 8.81 million or 18.00%

2. Income from the water management business dividing two types of income, as below;

2.1 Income from water production and distribution increased by Baht 6.94 million from the investment in company that has a water production contract with Patong Municipality, Phuket Province of a subsidiary. It's started to recognize revenue from 4 January 2019.

2.2 Income from installation and distribution of water production systems decreased from quarter 1/2018 by Baht 21.63 million due to in the quarter 1/2018, revenue from this part was Baht 25.03 million and in year 2019, this revenue was Baht 3.4 million.

3. Cost from sale and installation of the pipeline for the quarter 1/2019 representing 90.15% of income. Cost per income rate increased when compared to cost per income rate in quarter 1/2018 which was 87.05 percent of income. The major reason was the lower average selling price from less project volume resulting in a price competition and the cost of raw materials used in production is higher than the year 2018.

4. Cost from the water management business for quarter 1/2019 representing 65.18% of income. Cost per income rate decreased compared to quarter 1/2018 which was 77.68% of income. Because this quarter has a lower proportion of installation and distribution which the installation and distribution cost is a higher cost work than the production and distribution of water.

5. Selling expenses in the quarter 1/2019 decreased from the quarter 1/2018 by Baht 2.95 million or 23.75% from decreasing in sale revenue.

6. Administrative expenses in the quarter 1/2019 increased from the quarter 1/2018 by Baht 1.55 million or 7.42% came from employee benefits expenses increased by Baht 2.15 million because the increasing in number of staff in subsidiaries to support the expansion in year 2019.

7. Financial cost in quarter 1/2019 increased from quarter 1/2018 by Baht 4.49 million or 67.53%, the increasing came from issue debenture and loans from financial institutionsthe to invest in water management business.



บริษัท วิค แอนด์ ฮูกลันด์ จำกัด (มหาชน)

WIJK & HOEGLUND PUBLIC CO.,LTD

8. Tax income in the quarter 1/2019 was Baht 0.89 million compared to quarter 1/2018 which tax expenses was Baht 1.31 million increased by Baht 2.20 million.

Backlog

(Unit : Million Baht)	March 31, 2019	March 31, 2018
Sales and installation of the pipeline business group	998.57	733.46
Water management business group		
- Sale and service of water supply (Only amount to be recognized in year 2019)	115.14	97.55
- Installation of water production systems and construction of turnkey water treatment systems	31.15	39.94
Total	1,144.86	870.95

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

Mr. Wiboon Sangwithayanon
Chief Executive Officer