

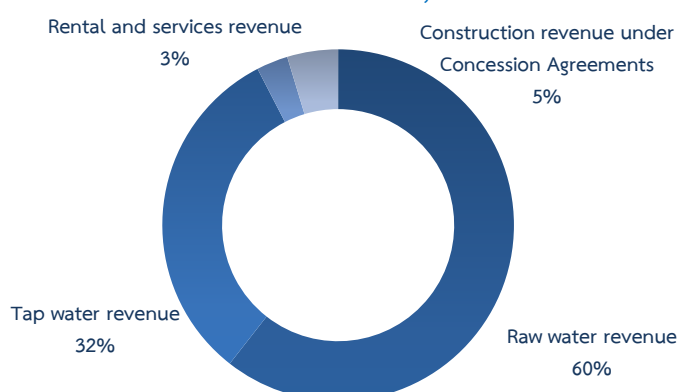
EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED MANAGEMENT DISCUSSION AND ANALYSIS FOR Q2/2019

1. ANALYSIS OF FINANCIAL PERFORMANCE

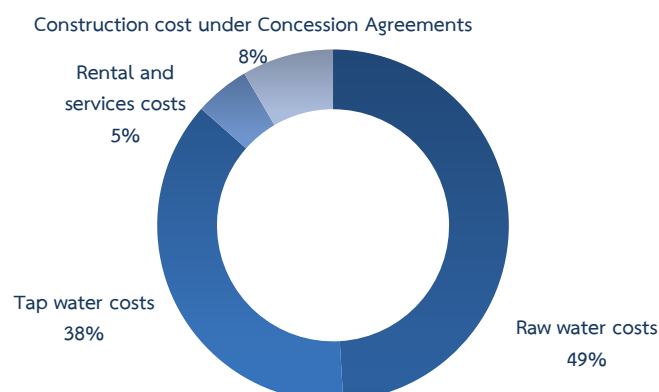
For the 6 months ended June 2019, East Water Group had total consolidated sales and services income of 2,360.75 million Baht, increased by 267.68 million Baht or 12.79% compared to the same period of 2018 due to the raising in raw water sales volume and net profit attributable to equity holders of the parent company of 609.48 million Baht, increased by 28.85 million Baht or 4.97%.

Proportion of revenues and cost

Revenue of Jan-Jun 2019 = 2,360.75 million



Cost of Jan-Jun 2019 = 1,311.59 million



Income statement (Million Baht)	For the three-month period				For the six-month period			
	Q2/2019	Q2/2018	YOY	%	1H/2019	1H/2018	YOY	%
Total Sales and Services revenue	1,195.92	1,047.68	148.24	14.15%	2,360.75	2,093.08	267.68	12.79%
Raw water revenue	734.08	592.42	141.66	23.91%	1,429.95	1,185.16	244.79	20.65%
Tap water revenue	385.30	358.86	26.44	7.37%	751.93	712.36	39.57	5.55%
Rental and services revenue	26.78	39.14	(12.36)	(31.59%)	68.46	82.95	(14.50)	(17.48%)
Construction revenue under Concession Agreements ¹⁾	49.77	57.27	(7.50)	(13.10%)	110.41	112.60	(2.19)	(1.94%)
Costs of Sales and Services	690.50	551.22	139.28	25.27%	1,311.59	1,109.61	201.98	18.20%
Raw water cost	352.02	222.00	130.03	58.57%	643.63	469.93	173.69	36.96%
Tap water cost	260.56	235.51	25.05	10.64%	491.22	451.91	39.31	8.70%
Rental and services cost	28.14	36.44	(8.29)	(22.76%)	66.33	75.16	(8.83)	(11.75%)
Construction cost under Concession Agreements ¹⁾	49.77	57.27	(7.50)	(13.10%)	110.41	112.60	(2.19)	(1.94%)
Gross profit	505.43	496.46	8.96	1.81%	1,049.16	983.47	65.69	6.68%
Other income	7.03	3.31	3.72	112.24%	26.30	12.85	13.44	104.57%
Selling and administrative expenses	136.78	106.82	29.96	28.04%	242.51	199.48	43.04	21.57%
Operating profit	375.68	392.95	(17.28)	(4.40%)	832.95	796.85	36.10	4.53%
Finance cost	39.79	33.43	6.36	19.03%	81.39	67.06	14.33	21.37%
Income tax expenses	65.58	78.87	(13.30)	(16.86%)	136.93	143.78	(6.85)	(4.76%)
Net profit	270.31	280.66	(10.34)	(3.68%)	614.64	586.02	28.62	4.88%
Net profit attributable to owner of the parent	267.77	277.96	(10.19)	(3.67%)	609.48	580.63	28.85	4.97%
Earnings per share (EPS)	0.16	0.17	(0.01)	(3.67%)	0.37	0.35	0.02	4.97%

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 Q2/2019

1. ANALYSIS OF FINANCIAL PERFORMANCE (Cont.)

EBITDA (Million Baht)	For the three-month period				For the six-month period			
	Q2/2019	Q2/2018	YoY	%	1H/2019	1H/2018	YoY	%
Operating profit	375.68	392.95	(17.28)	(4.40%)	832.95	796.85	36.10	4.53%
Depreciation	125.13	101.87	23.26	22.83%	249.23	202.01	47.22	23.37%
Amortization	79.92	73.98	5.94	8.03%	158.17	147.90	10.27	6.94%
EBITDA	580.73	568.80	11.93	2.10%	1,240.35	1,146.76	93.59	8.16%

2. ECONOMIC SITUATION

Thai economy in Q2/2019 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 following the fundamental factors supporting overall purchasing power, while private investment contracted especially in real estate sector. On economic stability, inflation has slowed down due to the decrease in retail petroleum prices.

3. WATER SITUATION

As of 26 July 2019, the water supply situation in Chonburi was under monitoring because of the dredging of Nongkho reservoir, while those of Rayong province was in moderate level. Water supply in the reservoirs was approximately lower than the 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 nearly average level during August – September. The average water in the reservoirs in Chonburi and Rayong were 34% and 45% of total capacity respectively.

Water Volume (Million Cu.M)	Chonburi		Rayong			
	Bangpra	Nongkho	Dokkrai	Nongplalai	Klongyai	Prasae
Water reserve	41.54	5.98	27.37	95.82	20.64	116.86
Percentage of total capacity	36%	28%	34%	59%	51%	40%
Average (2006-2018)	47.96	9.76	44.41	104.89	26.56	155.77
Above/(below) average (2006-2018)	(6.42)	(3.78)	(17.04)	(9.07)	(5.92)	(38.91)

4. SIGNIFICANT EVENTS

As of 26 June 2019, TRIS Rating affirmed the company rating and senior unsecured debenture rating of Eastern Water Resources Development and Management PLC at “A+” with “stable” outlook, which reflects the company’s financial strength as the key raw water provider with a comprehensive pipeline network in the Eastern Seaboard area, rising of water demand in the Eastern Economic Corridor (EEC) area, its high profitability, and highly predictable cash flows.

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS FOR Q2/2019

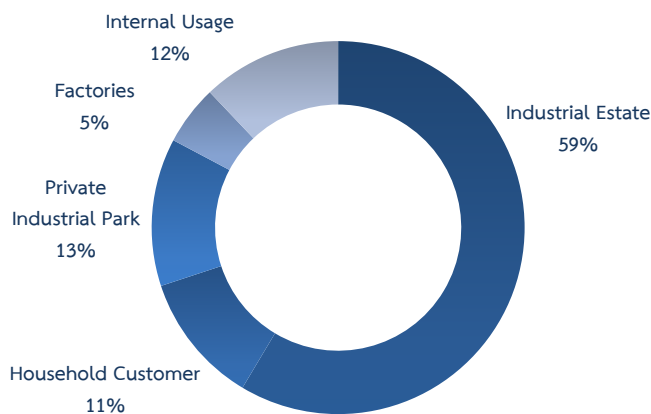
5. RAW WATER BUSINESS

Raw water revenue in first half of 2019 was 1,429.95 million Baht, increased by 244.80 million Baht or 20.66% compared to the same period of 2018. Total water sales volume was 142.03 million Cu.M. (excluding internal usage for tap water production of 15.20 million Cu.M.), increased by 33.38 million Cu.M., or 30.73% due to the raising of raw water sales volume from the household customers. The average raw water tariff was at 10.07 Baht per Cu.M., decreased by 0.84 Baht per Cu.M., or 7.71%, due to the rising portion of household customers, who paid lower tariffs than other customer groups and the discount for Provincial Waterworks Authority (PWA).

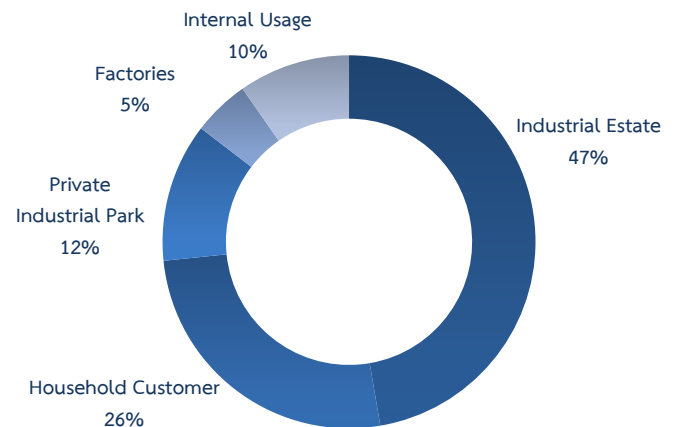
Raw Water Volume (Million Cu.M)	For the three-month period				For the six-month period			
	Q2/2019	Q2/2018	YoY	%	1H/2019	1H/2018	YoY	%
Total distribution volume	79.88	61.64	18.24	29.60%	157.23	123.57	33.66	27.24%
Internal usage for tap water	7.32	7.20	0.12	1.62%	15.20	14.92	0.28	1.88%
Net raw water sales volume	72.57	54.44	18.13	33.30%	142.03	108.64	33.38	30.73%

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

Jan – Jun 2018 = 123.57 million Cu.M.

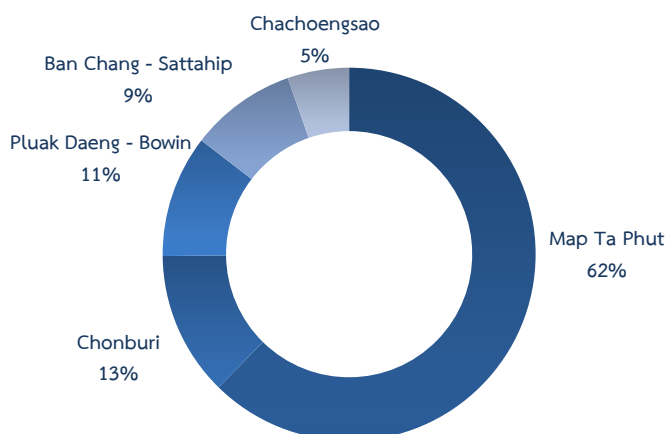


Jan – Jun 2019 = 157.23 million Cu.M.

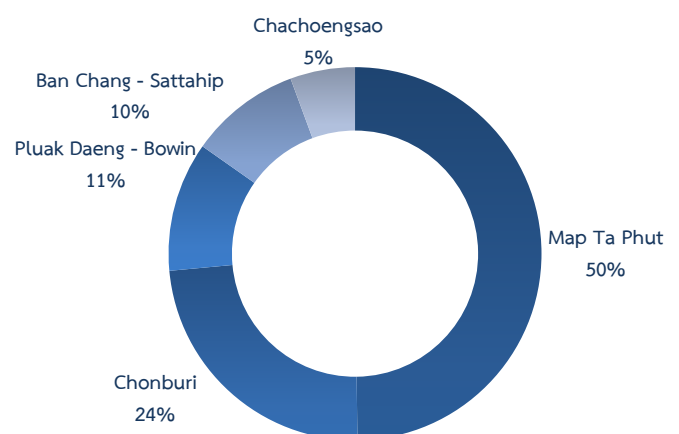


Raw Water Distribution by Area (Internal usage for tap water production is included)

Jan – Jun 2018 = 123.57 million Cu.M.



Jan – Jun 2019 = 157.23 million Cu.M.



EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS FOR Q2/2019

5. RAW WATER BUSINESS (Cont.)

Gross Profit of Raw Water Business for the first half of 2019 was 786.33 million Baht, increased by 71.10 million Baht or 9.94% compared to the same period of 2018 following to the increasing sales volume of the household customer. On the other hand, cost of goods sold increased in line with the increasing sales volume and the reasons as follows:

1) Electricity cost increased due to the raising of demand in Chonburi area. Moreover, the Royal Irrigation Department (RID) has been dredging Nongkho reservoir to increase the capacity, therefore; the company must transfer water from Prasae reservoir to Chonburi area.

2) Raw water cost increased from purchasing raw water from private source in order to remain the stability in raw water distribution system.

3) Rising depreciation and amortization from investment to increase raw water distribution capacity.

Furthermore, the average sales price was lower from rising demand from household customer. As a result, gross profit margin of raw water business dropped to 54.99%.

Major costs of raw water business (Million Baht)	For the three-month period				For the six-month period			
	Q2/2019	Q2/2018	YoY	%	1H/2019	1H/2018	YoY	%
Raw Water Revenue	734.08	592.42	141.66	23.91%	1,429.95	1,185.16	244.80	20.66%
Costs of Raw Water	352.02	222.00	130.02	58.57%	643.63	469.93	173.69	36.96%
Raw Water	50.11	51.29	(1.18)	(2.29%)	107.79	84.87	22.92	27.01%
Electricity	140.31	48.95	91.36	186.64%	229.31	130.08	99.23	76.29%
Depreciation	99.52	76.56	22.96	29.98%	196.97	151.65	45.32	29.88%
Maintenance	16.57	12.21	4.36	35.68%	27.05	32.39	(5.34)	(16.49%)
Others	45.51	32.99	12.53	37.98%	82.50	70.94	11.56	16.30%
Gross Profit	382.06	370.42	11.64	3.14%	786.33	715.23	71.10	9.94%
Gross Profit Margin	52.05%	62.53%			54.99%	60.35%		

6. TAP WATER BUSINESS

Tap water revenue for the first half of 2019 was 751.93 million Baht, increased by 39.57 million Baht or 5.55%. Total tap water sales volume was 50.29 million Cu.M., increased by 2.41 million Cu.M. or 5.02% compared to the first half of 2018.

Tap water sales volume (Million Cu.M)	For the three-month period				For the six-month period			
	Q2/2019	Q2/2018	YoY	%	1H/2019	1H/2018	YoY	%
Tap water sales volume	5.89	5.32	0.58	10.86%	11.39	10.53	0.86	8.20%
Tap water sales volume of the subsidiaries	19.84	18.76	1.09	5.79%	38.90	37.36	1.54	4.13%
Total tap water sales volume	25.73	24.07	1.66	6.91%	50.29	47.89	2.41	5.02%

Gross Profit of Tap Water Business for the first half of 2019 was 260.71 million Baht, increased by 0.26 million Baht or 0.10% compared to the first half of 2018. The reasons were from the increasing in tap water sales volume which net off with the depreciation and amortization from capacity expansion investment as well as the rising of maintenance costs.

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS FOR Q2/2019

6. TAP WATER BUSINESS (Cont.)

Major Costs of Tap Water Business (Million Baht)	For the three-month period				For the six-month period			
	Q2/2019	Q2/2018	YoY	%	1H/2019	1H/2018	YoY	%
Tap Water Revenue	385.30	358.86	26.44	7.37%	751.93	712.36	39.57	5.55%
Costs of Tap Water	260.56	235.51	25.05	10.64%	491.22	451.91	39.31	8.70%
Raw Water	50.66	43.77	6.89	15.73%	92.07	86.15	5.91	6.86%
Electricity	37.39	36.17	1.23	3.39%	73.85	71.83	2.02	2.81%
Chemical	12.69	10.60	2.09	19.72%	20.29	16.63	3.66	22.03%
Payroll, Outsource Expenses & Maintenance	68.75	55.44	13.31	24.01%	124.40	105.54	18.86	17.88%
Depreciation	80.29	72.37	7.92	10.94%	159.05	145.04	14.01	9.66%
Others	10.78	17.17	(6.38)	(37.19%)	21.56	26.72	(5.16)	(19.30%)
Gross Profit	124.74	123.34	1.39	1.13%	260.71	260.45	0.26	0.10%
Gross Profit Margin	32.37%	34.37%			34.67%	36.56%		

7. FINANCIAL POSITION ANALYSIS

Financial Position (MB)	As of 30 Jun 2019	As of 31 Dec 2018	Increased (Decreased)	%
Total Assets	20,046.68	20,140.90	(94.22)	(0.47%)
Total Liabilities	9,098.41	9,335.75	(237.34)	(2.54%)
Equity	10,948.28	10,805.15	143.12	1.32%
- Equity attributable to owners of the parents	10,770.57	10,624.66	145.91	1.37%

1) Assets At the end of 30 June 2019, total assets were 20,046.68 million Baht, decreased by 94.22 million Baht or 0.47% from the end of the year 2018 due to the changes in the following items:

- Cash & Cash equivalents were 80.66 million Baht, decreased by 497.55 million Baht mainly from the repayment of long-term loan from financial institutions and the dividend for the second half of 2018 to the shareholder.

- Short-term investments were 465.39 million Baht, increased by 61.11 million baht

- Property, plant and equipment were 14,434.19 million Baht, increased by 51.96 million Baht mainly from construction in progress including clarified water & total water solution projects, Bangpakong pumping project and Tubma reservoir project; after depreciation and amortization of the completed projects.

- Other Non-current assets were 626.45 million Baht, rose by 283.88 million Baht mainly due to the investment in Khlong Luang Rachalothorn Reservoir Project to increase the water reserve capacity.

2) Liabilities At the end of 30 June 2019, total liabilities were 9,098.41 million Baht, decreased by 237.34 million Baht or 2.54% from the end of the year 2018 due to changes in the following items:

- Long-term loans from financial institutions were 2,740.00 million Baht, decreased by 426.20 million Baht mainly from the repayment of long term loan as schedule in an amount of 826.20 million Baht and the drawdown of long-term loan by 400.00 million Baht.

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS FOR Q2/2019

7. FINANCIAL POSITION ANALYSIS (Cont.)

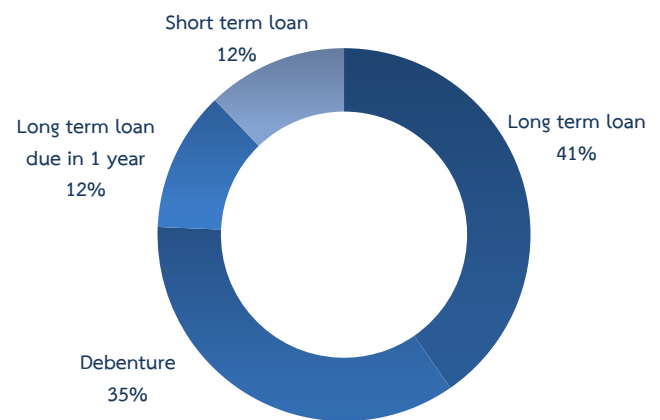
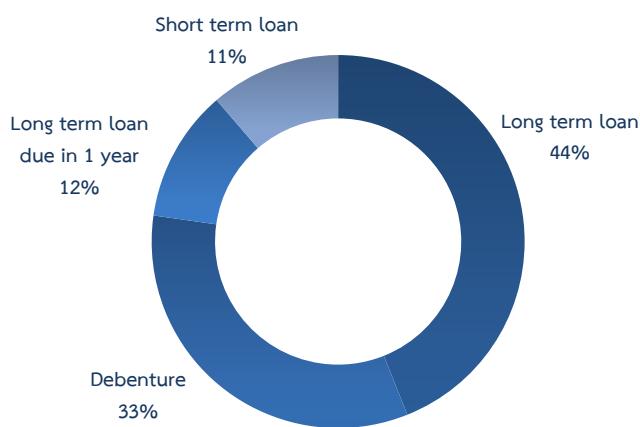
- Account payables were 274.97 million Baht, increased by 127.76 million Baht from discount for PWA.

- Employee benefit obligations were 193.53 million Baht, rose by 43.07 million Baht from the end of year 2018 mainly due to the effect from the labor law

Proportion of Interest-Bearing Debt

As of 31 Dec 2018 = 7,204.35 million Baht

As of 30 Jun 2019 = 6,791.35 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.

3) Shareholder's Equity At the end of 30 June 2019, Shareholders' equity attributable to owners of the parent was 10,770.57 million Baht, increased by 145.91 million Baht or 1.37% from the end of the year 2018, basically from the net profit for the first half of 2019 after dividend payment.

8. LIQUIDITY ANALYSIS AND FUNDING ADIQUACY

For the first half of 2019, the company had beginning cash and cash equivalents of 578.21 million Baht, whereby during the financial period, net cash was decreased by 497.55 million Baht. This comprised of the following items:

1) Net cash received from Operating Activities totaling Baht 1,191.12 million Baht from the net income and the changes in assets and liabilities from operations

2) Net cash used in Investment Activities amounted to 733.66 million Baht. This was mainly due to the investment in fixed assets, advance payment for the construction, and investment in other non-current assets as well as concession assets in an amount of 650.08 million Baht while the net short-term investment also increased by 61.11 million Baht.

3) Net cash used in Financing Activities amounted to 955.01 million Baht, mainly due to the repayment of long-term loan and the second half dividend payment of 826.20 and 457.10 million Baht respectively, this was net off with the long-term loan drawdown of 400.00 million Baht for project investment.

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS FOR Q2/2019

9. KEY FINANCIAL RATIOS

Key Financial Ratios	As of 30 Jun 2019	As of 30 Jun 2018
Liquidity Ratio		
Current ratio (time)	0.47	0.44
Profitability Ratio ¹⁾		
Gross profit / total sales and services revenue (%)	46.62%	49.66%
Net profit / total sales and services revenue (%)	27.31%	29.59%
Performance Ratio		
Return on Equity (ROE) (%)	10.82%	10.63%
Return on Assets (ROA) (%)	5.78%	5.57%
Capital Structure and Debt Ratio		
Debt to Equity ratio (time)	0.84	0.86
Debt Service Coverage ratio (DSCR) (time)	2.29	2.09

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

In the first half of 2019, East Water Group reported a growth in net profit, however the profit margin decreased from the same period of 2018 because of the higher electricity costs following to the increasing of sales volume in Chonburi area and the dredging of Nongkho reservoir. Therefore; gross profit margin and net profit margin was down to 46.69% and 27.30% respectively. However, Return on Equity (ROE) raised to 10.82% and Return on Asset (ROA) reached 5.78% compared to the same period of the year 2018, the increasing in net profit.

For the liquidity analysis, current ratio improved to 0.47 times. Debt to equity ratio was at 0.84 times and Debt service coverage ratio (DSCR) remained strong at 2.29 times.