

May 09, 2019

Attention: Managing Director – Stock Exchange of Thailand  
 Subject: Report of Financial Results for the First Quarter of 2019

**WHAUP finished our 1Q2019 with a Net Profit of Baht 424.2 million, a 40.8% decrease from 1Q2018 with Normalized Net Profit of Baht 394.2 million, a 15.3% decrease from 1Q2018.**

## **1. RESULTS OF OPERATION**

<b>Consolidated Financial Statements</b>	<b>1Q2019</b>	<b>1Q2018</b>	<b>% Change</b>
Total Revenue	459.4	422.0	8.9%
- Utilities Business	458.0	422.0	8.5%
- Operating Revenue <sup>1</sup>	431.2	420.6	2.5%
- Other Utilities Revenue <sup>2</sup>	26.8	1.4	1,883.2%
- Power Business	1.4	0.0	N/A
Costs of Sales and Services	(276.0)	(273.0)	1.1%
<b>Gross Profit</b>	<b>183.4</b>	<b>149.0</b>	<b>23.1%</b>
<b>Gross Profit from Operation<sup>3</sup></b>	<b>156.6</b>	<b>147.6</b>	<b>6.1%</b>
Other Income <sup>4</sup>	19.4	16.8	15.3%
Administrative Expenses	(34.5)	(8.4)	308.8%
Finance Costs	(76.9)	(93.7)	-17.9%
Share of Profit from Investments in Associates and Joint Ventures	339.2	659.2	-48.5%
Income Tax Expense	(6.3)	(6.8)	-6.7%
<b>Profit attributable to Owners of the Parent</b>	<b>424.2</b>	<b>716.2</b>	<b>-40.8%</b>
Foreign Exchange Gain (Loss)	94.6	250.6	-62.2%
Adjustments of Revenue Levelization (TFRS 15) <sup>5</sup>	(64.6)	0.0	N/A
<b>Normalized Profit attributable to Owners of the Parent<sup>6</sup></b>	<b>394.2</b>	<b>465.5</b>	<b>-15.3%</b>

<sup>1</sup> Operating Revenue consists of Raw Water Sales, Industrial Water Sales, and Wastewater Treatment Services.

<sup>2</sup> Other Utilities Revenue consists of Excessive Charge, Service Fees for Wastewater Management

<sup>3</sup> Gross Profit from Operation excludes Other Revenue from Utilities Business.

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

<sup>5</sup> Revenue Levelization adjustments under TFRS 15 of GHECO-One

<sup>6</sup> Normalized Profit attributable to Owners of the Parent excluded 1) Foreign Exchange Gain (Loss), and 2) Adjustments of Revenue Levelization (TFRS 15)

### **Total Revenue**

In 1Q2019, Total Revenue was Baht 459.4 million, a 8.9% increase from Baht 422.0 million in 1Q2018. Utilities Business Revenue was Baht 458.0 million, a 8.5% increase from Baht 422.0 million in 1Q2018 mainly due to increase of Other Utilities Revenue 1,883.2% YoY and Operating Revenue 2.5% YoY. The increase of Operating Revenue was attributable to growth of industrial water's sales volume mainly from newly Commercial Operation Date ("COD") of 2 SPPs (GNLL2 and other SPP), existing customers and new IEs customers. In this quarter, the Company started to recognize revenue from Power Business (Solar Rooftop Projects) at Baht 1.4 million.

### **Gross Profit and Gross Profit from Operation**

In 1Q2019, Gross Profit was Baht 183.4 million, a 23.1% increase from Baht 149.0 million in 1Q2018, while Gross Profit from Operation was Baht 156.6 million, a 6.1% increase from Baht 147.6 million in 1Q2018. The increase of both items was from increase Operating Revenue, Other Utilities Revenue, and lower Cost of Sales and Services.

### **Share of Profit from Investments in Associates and Joint Ventures (“Share of Profit from Investments”)**

In 1Q2019, Share of Profit from Investments was Baht 339.2 million, a 48.5% decrease from Baht 659.2 million in 1Q2018. These amount included the non-operating items which are i) Foreign Exchange Gain of Baht 94.6 million in 1Q2019, and ii) Adoption of new accounting standard (TFRS 15) of GHECO-One which resulted in Revenue Levelization adjustments of Baht 64.6 million in 1Q2019. However, these two non-operating items were an accounting item that has no effect on cash flow.

Therefore, the 1Q2019 Normalized Share of Profit from Investments was Baht 309.2 million, a 24.3% decrease from Baht 408.6 million in 1Q2018. The decreased was mainly from GHECO-One Power Plant operated only 48 days mainly due to scheduled major maintenance resulted availability of power plant decreased from 91.2% in 1Q2018 to 50.3% in 1Q2019. According to the Power Purchase Agreement (“PPA”) with Electricity Generating Authority of Thailand (“EGAT”), which based on the principle that annual Availability Payment (“AP”) will not be lower in year of planned major maintenance, the Company expects higher Availability Payment (“AP”) during 2Q-4Q2019 to fully compensate lower AP revenue in 1Q2019 if GHECO-One achieve Contracted Available Hours (“CAH”) of 2019.

### **Profit attributable to Owners of the Parent**

In 1Q2019, Profit attributable to Owners of the Parent was Baht 424.2 million, a 40.8% decrease from Baht 716.2 million in 1Q2018. The decrease was mainly from i) Lower of Share of Profit from Investments due to lower Foreign Exchange Gain, scheduled major maintenance and adopting new accounting standard (TFRS 15) of GHECO-One, and ii) Higher of Administrative Expenses from accounting adjustment of doubtful debt amounted of Baht 22.5 million in 1Q2018. However, Finance Costs decreased from Baht 93.7 million in 1Q2018 to Baht 76.9 million in 1Q2019.

### **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 Accounting Adjustment (TFRS 15), as the case maybe. In 1Q2019, there were Foreign Exchange Gain of Baht 94.6 million and Accounting Adjustment (TFRS 15) of Baht 64.6 million. Whereby, in 1Q2018 there were Foreign Exchange Gain of Baht 250.6 million. Therefore, the 1Q2019 Normalized Profit attributable to Owners of the Parent was Baht 394.2 million, a 15.3% decrease from 1Q2018.

### **Significant Events in 1Q2019:**

- From 1 January 2019, the new Thai Financial Reporting Standard in relation to revenue recognition (TFRS 15) has been applied to GHECO-One which resulted Gheco-One to levelize the AP over the contract period rather than the front-loaded AP received from EGAT according to PPA and to record the deferred revenue from the difference between the advance payment due to the front-loaded AP (cash revenue) and the levelized AP (accounting revenue).
- GNLL2, an installed capacities of 127 MW SPP, representing 32 Equity MW achieved COD in January 2019.
- WHAUP Nghe An Joint Stock Company (the Company’s subsidiary) has acquired 47.31% of total issued shares in Cua Lo Water Supply Joint Stock Company in Vietnam on 28 March 2019. Current water production capacity at 3,000 cubic meters per day. It is expanding its capacity to 13,000 cubic meters per day, scheduled to complete in 2Q2019.
- Solar Rooftop had signed new 5.0 MW, total accumulated signed capacity are 14.3 MW which are under construction and scheduled to achieve COD in 2Q2019-1Q2020.
- Tris Rating affirmed the company rating and senior unsecured debentures at A- with Stable Outlook.

## PERFORMANCE BY BUSINESS

Total Revenue of Utilities Business was Baht 458.0 million in 1Q2019, a 8.5% increase from 1Q2018. The details have shown in the table below.

(Unit: Million Baht)

Revenue of Utilities Business	1Q2019	1Q2018	% Change
Industrial Water Sales	327.6	312.0	5.0%
Raw Water Sales	64.9	68.4	-5.1%
Wastewater Treatment Services	38.7	40.3	-3.9%
Other Utilities Revenue <sup>1</sup>	26.8	1.4	1,883.2%
<b>Total Revenue of Utilities Business</b>	<b>458.0</b>	<b>422.0</b>	<b>8.5%</b>

<sup>1</sup> Other Utilities Revenue consists of Excessive Charge, Service Fees for Wastewater Management

### Utilities Business

i) The Utilities sales volume;

- Industrial Water sales volume increase from 13.2 million cubic meters in 1Q2018 to 13.8 million cubic meters in 1Q2019, or increased by 5% mainly from COD of GNLL2 in January 2019 and other SPP in March 2019 and increase in demand of existing and new IEs customers.
- Raw Water sales volume slightly decrease from at 4.3 million cubic meters in 1Q2018 to 4.2 million cubic meters in 1Q2019, or decreased by 4%.
- Wastewater sales volume and management remain constant at 8.9 million cubic meters in 1Q2019.

ii) Other Utilities Revenue, which mainly represented one-time Excessive Charge was Baht 26.8 million in 1Q2019, or increased by 1,883.2%.

### Power Business

In 1Q2019, our Total Revenue from Power Business and Share of Profit from Investment and Dividend Income totalled at Baht 340.6 million, a 48.3% decrease from Baht 659.2 million in 1Q2018. However, Normalized Share of Profit from Investments and Dividend, was Baht 310.6 million, a 24.0% decrease from 1Q2018.

The breakdown of the Company's Revenue and Share of Profit from Investment and Dividend Income by category of power plant are as follows:

(Unit: Million Baht)

By Category of Power Plant	1Q2019	1Q2018	% Change
Revenue from Power Business	1.4	-	N/A
Share of Profit from Investments	339.2	659.2	-48.5%
Dividend Income	-	-	N/A
<b>Total Revenue from Power Business and Share of Profit from Investments and Dividend</b>	<b>340.6</b>	<b>659.2</b>	<b>-48.3%</b>
<b>Normalized Total Revenue from Power Business and Share of Profit from Investments and Dividend <sup>1</sup></b>	<b>310.6</b>	<b>408.6</b>	<b>-24.0%</b>
- IPP	84.1	257.0	-67.3%
- SPP	228.3	155.4	47.0%
- Renewable Energy	2.6	1.1	140.9%
- Power Plants under Constuction and Development	(4.4)	(4.8)	-7.7%

<sup>1</sup> Normalized Total Revenue from Power Business and Share of Profit from Investments and Dividend excluded 1) Foreign Exchange Gain (Loss) and 2) Adjustments of Revenue Levelization (TFRS 15)

## **IPP**

- For 1Q2019, 3 IPPs generated Baht 84.1 million of Normalized Share of Profit and Dividend, a 67.3% decrease from 1Q2018 mainly from GHECO-One represented 48 days of operation as the plant undergone scheduled major maintenance during 1st January to 8th February 2019. According to the PPA with EGAT, which based on the principle that annual AP will not be lower in year of scheduled major maintenance, the Company expects higher AP during 2Q-4Q2019 to fully compensate lower AP revenue in 1Q2019 if GHECO-One achieve CAH of 2019.

## **SPP**

- For 1Q2019, 8 SPPs generated Baht 228.3 million of Normalized Share of Profit, a 47.0% increase from 1Q2018 mainly from improved operating result of 5 SPPs (Gulf VTP, Gulf TS1, Gulf TS2, Gulf TS3 and Gulf TS4) operating their second year after COD in 2017 and newly COD of 1 SPP (GNLL2) in January 2019.

## **Renewable Energy**

- For 1Q2019, Solar Rooftop Projects (4.6 Equity MW) generated Baht 2.6 million of Revenue and Share of Profit to WHAUP of which 0.5 MW just achieved COD in February 2019.

WHAUP is a strategic co-developer of power business. We currently have total installed capacities of 552 equity MW under operation, and another 17 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, the Gunkul Group, and Mitsui and Tokyo Gas. In addition, WHAUP has also developed and operated its own Renewable Energy Projects for industrial customers started from Solar Rooftop Projects. WHAUP recognized Power Business performance in a form of (i) Revenue, (ii) Share of Profit, and (iii) 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**

- Reclaimed Water Project Phase 2 (RO) at WHA EIE is scheduled to achieve COD in 2Q2019 with capacity of 2,500 cubic meter per day.
- WHAUP Nghe An Vietnam Project is scheduled to achieve COD in 3Q2019 with capacity of water treatment plant 12,000 cubic meter per day and wastewater treatment plant 9,600 cubic meter per day.
- WHA ESIE 3 water treatment plant is scheduled to achieve COD in 4Q2019 with capacity of 3,600 cubic meter per day and wastewater treatment plant 1,500 cubic meter per day.

### **Power**

- In 1Q2019, Solar Rooftop had signed new 5.0 MW, total accumulated capacity in pipe line are 14.3 MW which are under construction and scheduled to achieve COD in 2Q2019-1Q2020.
- WHA NGD 3, a installed capacities of Million 2,000,000 BTU per year Natural Gas Distribution, representing Million 700,000 BTU per year, is scheduled to achieve COD in 2Q2019 in WHA Eastern Seaboard Industrial Estate 3
- Chonburi Clean Energy, an installed capacities of 8.6 MW Waste to Energy Power Plant, representing 2.9 Equity MW, is scheduled to achieve COD 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%	14.3	14.3	2Q2019- 1Q2020
CCE	Waste to Energy	VSPP	33.33	8.6	2.9	4Q2019
<b>Total</b>				<b>23.0</b>	<b>17.2</b>	

## OVERALL PERFORMANCE

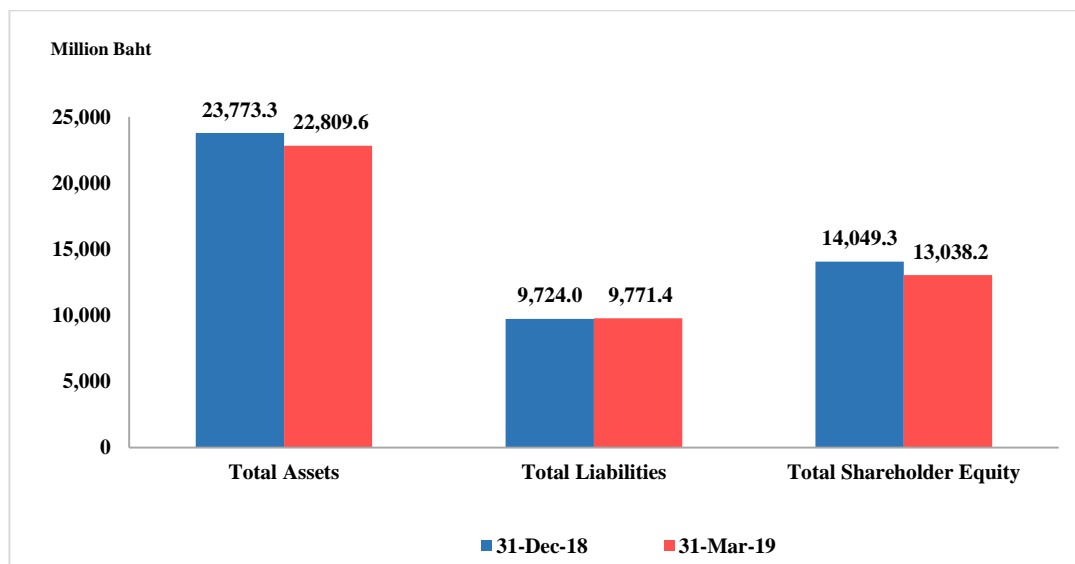
### Operating Expense

- **Administrative Expenses** increased from Baht 8.4 million in 1Q2018 to Baht 34.5 million in 1Q2019 mainly from accounting adjusted of doubtful debt amounted of Baht 22.5 million in 1Q2018.
- **Finance Cost** decreased from Baht 93.7 million in 1Q2018 to Baht 76.9 million in 1Q2019 due to bond issuance to refinance the existing bank loan totaling of Baht 4,000 million in June 2018.

As a result, Our Gross Profit Margins was 39.9% improved from 35.3% in 1Q2018. Gross Profit Margins of excluding Other Utilities Revenue was 36.2% improved from 35.1% in 1Q2018, 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.

For our 1Q2019 EBITDA was Baht 559.9 million, compared to Baht 860.6 million in 1Q2018, or decrease by 34.9%. Normalized EBITDA decreased from Baht 610.0 million in 1Q2018 to Baht 529.8 million in 1Q2019, or decreased by 13.1%.

## 2. FINANCIAL POSITION



The Consolidated Balance Sheet as of 31 March 2019 is summarized as follows.

### Assets

As at 31 March 2019, the Company's total Assets was Baht 22,809.6 million, decreased by Baht 963.7 million from Baht 23,773.3 million at year-end 2018. The decrease mainly from decrease of an investment in associates amounted of Baht 1,066.0 million from adopting new accounting standard (TFRS 15).

The key elements of Assets in the Company's Consolidated Financial Statements consisted of: (i) Investments in associates of Baht 11,564.9 million, (ii) Building and Equipment (net) of Baht 3,269.8 million (iii) Goodwill of Baht 2,772.9 million, (iv) Intangible assets of Baht 1,946.3 million and (v) Short-term loans to related parties of Baht 921.6 million.

### Liabilities

As of 31 March 2019, Total Liabilities was Baht 9,771.4 million, increased by Baht 47.4 million from Baht 9,724.0 million at year-end 2018 mainly due to increase of Long-term borrowings from financial institutions amounted Baht 21.3 million in 1Q2019. Net Interest-bearing Debt as of 1Q2019 was Baht 8,377.1 million, increase from Baht 8,134.5 million at the end of 2018.

Total Liabilities mainly consisted of Long-term borrowings of debentures amounted Baht 8,989.1 million and provision for Liabilities from the water business amounted Baht 333.7 million.

### Shareholders' Equity

As of 31 March 2019, Total Shareholders' Equity was Baht 13,038.2 million, decreased by Baht 1,011.1 million from Baht 14,049.3 million at the end of 2018, mainly decreased from adopting new accounting standard (TFRS 15) in Retained Earnings.

As at 31 March 2019, the Company's Debt-to-Equity ratio was 0.75x, increased from 0.69x at the end of 2018, while the Net Interest-bearing Debt-to-Equity ratio was 0.64x at the end of 1Q2019, increased from 0.58x at the end of 2018 mainly from decrease of Total Shareholder Equity from adopting new accounting standard TFRS 15 and activated of Long-term borrowings from financial institutions of Baht 21.3 million.

### 3. KEY FINANCIAL RATIOS

	31 March 2019	31 December 2018
Gross Profit Margin	39.9%	34.4%
Net Profit Margin <sup>1</sup>	51.9%	57.5%
Return on Equity <sup>2</sup>	14.5%	16.9%
Debt/Equity Ratio	0.75x	0.69x
Net Interest-bearing Debt/Equity Ratio	0.64x	0.58x

<sup>1</sup> Net profit margin is calculated by dividing the Net Profit attributable to Owners of the Parent by Total Revenue and Share of Profit and other income

<sup>2</sup> Normalized trailing 12 months

Please be informed accordingly.

Sincerely,

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Mr. Paopitaya Smutrakalin  
Chief Financial Officer