

No. WHAUP-CS015/2562

August 08, 2019

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

WHAUP finished our 2Q2019 with a Net Profit of Baht 857.5 million, a 189.8% increase from 2Q2018 with Normalized Net Profit of Baht 695.3 million, a 46.9% increase from 2Q2018.

For 1H2019, Net Profit of Baht 1,281.8 million, a 26.6% increased from 1H2018 with Normalized Net Profit of Baht 1,024.9 million, a 28.0% increased from 1H2018.

1. RESULTS OF OPERATION

(Unit : Million Baht)

Consolidated Financial Statements	2Q'19	2Q'18	% Change	YTD 2019	YTD 2018	% Change
Total Revenue	475.1	423.5	12.2%	934.5	845.4	10.5%
- Utilities Business	473.6	422.7	12.1%	931.6	844.7	10.3%
- Operating Revenue ¹	421.2	420.5	0.2%	852.4	841.1	1.3%
- Other Utilities Revenue ²	52.4	2.2	2,236.6%	79.2	3.6	2,103.7%
- Power Business	1.5	0.8	95.3%	2.9	0.8	278.8%
Costs of Sales and Services	(283.4)	(279.4)	1.4%	(559.4)	(552.4)	1.3%
Gross Profit	191.7	144.0	33.1%	375.1	293.0	28.0%
Gross Profit from Operation³	139.3	141.8	-1.7%	295.9	289.4	2.2%
Other Income ⁴	49.5	66.2	-25.2%	68.9	83.1	-17.0%
Administrative Expenses	(41.3)	(36.5)	13.2%	(75.8)	(44.9)	68.7%
Finance Costs	(84.1)	(104.9)	-19.8%	(161.0)	(198.5)	-18.9%
Share of Profit from Investments in Associates and Joint Ventures	752.7	246.8	204.9%	1,091.9	906.1	20.5%
Income Tax Expense	(11.0)	(19.8)	-44.5%	(17.3)	(26.6)	-34.9%
Profit attributable to Owners of the Parent	857.5	295.9	189.8%	1,281.8	1,012.0	26.6%
Foreign Exchange Gain (Loss)	162.3	(315.3)	-151.5%	256.9	(64.7)	-497.0%
Adjustments of Revenue Levelization (TFRS 15) ⁵	0.0	137.9 ⁶	N/A	0.0	275.8 ⁶	N/A
Normalized Profit attributable to Owners of the Parent⁷	695.3	473.3	46.9%	1,024.9	800.9	28.0%

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

² Other Utilities Revenue consists of Excessive Charge, Service Fees for Wastewater Management

³ Gross Profit from Operation excludes Other Revenue from Utilities Business.

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

⁵ Revenue Levelization adjustments under TFRS 15 of GHECO-One

⁶ Normalized Profit for 2018 is adjusted with Adjustments of Revenue Levelization (TFRS 15) for comparison purposes. Normalized Profit for 2019 has effects from TFRS 15.

⁷ Definition of Normalized Profit attributable to Owners of the Parent is changed to Profit attributable to Owners of the Parent excluded Foreign Exchange Gain/Loss from 2Q19 onwards (also retroactive to 1Q19 to the extent affecting YTD 2019).

Total Revenue

In 2Q2019, Total Revenue was Baht 475.1 million, a 12.2% increase from Baht 423.5 million in 2Q2018. Utilities Business Revenue was Baht 473.6 million, a 12.1% increase from Baht 422.7 million in 2Q2018 mainly due to increase of Other Utilities Revenue 2,236.6% YoY and Operating Revenue 0.2% 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. For Power Business, the Company recognized revenue (Solar Rooftop Projects) at Baht 1.5 million.

In 1H2019, Total Revenue was Baht 934.5 million, a 10.5% increase from Baht 845.4 million in 1H2018 due to increase of Other Utilities Revenue 2,103.7% YoY and Operating Revenue 1.3% YoY

Gross Profit and Gross Profit from Operation

In 2Q2019, Gross Profit was Baht 191.7 million, a 33.1% increase from Baht 144.0 million in 2Q2018, while Gross Profit from Operation was Baht 139.3 million, a 1.7% decrease from Baht 141.8 million in 2Q2018 due to the higher depreciation expense from the expansion pipeline system.

In 1H2019, Gross Profit from Operation was Baht 375.1 million, a 28.0% increase from Baht 293.0 million in 1H2018.

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

In 2Q2019, Share of Profit from Investments was Baht 752.7 million, a 204.9% increase from Baht 246.8 million in 2Q2018. These amount included the non-operating items which is Foreign Exchange Gain of Baht 162.3 million in 2Q2019.

Therefore, the 2Q2019 Normalized Share of Profit from Investments was Baht 590.4 million, a 39.2% increase from Baht 424.3 million in 2Q2018. For Normalized Share of Profit from Investments in 2018 is adjusted with Adjustments of Revenue Levelization (TFRS 15) for comparison purposes. The increase was mainly from GHECO-One returned back to full operation with solid operational results after planned major maintenance in 1Q2019 and newly COD of 1 SPP (GNLL2) since 1 January 2019.

In 1H2019, Share of Profit from Investments was Baht 1,091.9 million, a 20.5% increase from Baht 906.1 million in 1H2018.

Profit attributable to Owners of the Parent

In 2Q2019, Profit attributable to Owners of the Parent was Baht 857.5 million, a 189.8% increase from Baht 295.9 million in 2Q2018. The increase was mainly from i) a 204.9% increase of Share of Profit from Investments due to GHECO-One back to full operation, newly COD of 1 SPP (GNLL2), and Foreign Exchange Gain in 2Q'19. ii) a 33.1% increase of Gross Profit. iii) a 19.8% lower of Finance Costs due to refinance the existing bank loan totaling of Baht 4,000 million in June 2018

In 1H2019, Profit attributable to Owners of the Parent was Baht 1,281.8 million, a 26.6% increased from Baht 1,012.0 million in 1H2018.

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. For Normalized Share of Profit from Investments in 2018 is adjusted with Adjustments of Revenue Levelization (TFRS 15) for comparison purposes. In 2Q2019, there were Foreign Exchange Gain of Baht 162.3 million. Whereby, in 2Q2018 there were Foreign Exchange loss of Baht -315.3 million and Accounting Adjustment (TFRS 15) of Baht 137.9 million. Therefore, the 2Q2019 Normalized Profit attributable to Owners of the Parent was Baht 695.3 million, a 46.9% increase from 2Q2018.

In 1H2019, there were Foreign Exchange Gain of Baht 256.9 million. Whereby, in 1H2018 there were Foreign Exchange loss of Baht -64.7 million and Accounting Adjustment (TFRS 15) of Baht 275.8 million. Therefore, the 1H2019 Normalized Profit attributable to Owners of the Parent was Baht 1,024.9 million, a 28.0% increase from 1H2018.

Significant Events in 2Q2019:

- 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).

- In 2Q2019, the AGM approved dividend payment from the 2018 performance in the amount of Baht 809.0 million or at Baht 0.2115 per share paid on 22 May 2019.
- Solar Rooftop had signed new 8.3 MW in 2Q'19, total accumulated signed in 1H'19 were 13.3 MW which target new signed in 2019 for 15 MW.
- WHA Water Co.,Ltd, a subsidiary of WHAUP had signed a 15-year contract for demineralized water sales to Global Power Synergy Public Company Limited (GPSC) with capacity of 6,000 cubic meter per day and initial order of 4,000 cubic meter per day
- WHA NGD 4 (Natural Gas Distribution), a installed capacities of Million 2,000,000 BTU per year, representing Million 700,000 BTU equity per year, achieved COD in June 2019 in WHA Eastern Seaboard Industrial Estate

PERFORMANCE BY BUSINESS

Total Revenue of Utilities Business was Baht 473.6 million in 2Q2019, a 12.1% increase from 2Q2018. The details have shown in the table below.

(Unit: Million Baht)						
Revenue of Utilities Business	2Q'19	2Q'18	% Change	YTD 2019	YTD 2018	% Change
Industrial Water Sales	314.8	311.2	1.2%	642.4	623.2	3.1%
Raw Water Sales	66.6	68.9	-3.3%	131.5	137.2	-4.2%
Wastewater Treatment Services	39.8	40.4	-1.5%	78.5	80.7	-2.7%
Other Incomes from Utilities Business ¹	52.4	2.2	2,236.6%	79.2	3.6	2,103.7%
Total Revenue from Sales and Services	473.6	422.7	12.1%	931.6	844.7	10.3%

¹ 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 13.3 million cubic meters in 2Q2018 to 13.6 million cubic meters in 2Q2019, or increased by 2% mainly from COD of GNLL2 and other SPP in 1Q2019 and increase in demand of existing and new IEs customers.
- Raw Water sales volume decrease from at 4.4 million cubic meters in 2Q2018 to 4.2 million cubic meters in 2Q2019, or decreased by 3%.
- Wastewater sales volume and management decrease from 9.0 million cubic meters in 2Q2018 to 8.8 million cubic meters in 2Q2019, or decreased by 2%.

ii) Other Utilities Revenue, which mainly represented one-time Excessive Charge was Baht 52.4 million in 2Q2019, or increased by 2,236.6%.

Power Business

In 2Q2019, our Total Revenue from Power Business and Share of Profit from Investment and Dividend Income totalled at Baht 784.2 million, a 163.5% increase from Baht 297.6 million in 2Q2018. However, Normalized Total Revenue from Power Business and Share of Profit from Investments and Dividend, was Baht 621.9 million, a 30.9% increase from 2Q2018.

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)

Power Business	2Q'19	2Q'18	% Change	YTD 2019	YTD 2018	% Change
Revenue from Power Business	1.5	0.8	95.3%	2.9	0.8	278.8%
Share of Profit from Investments	752.7	246.8	204.9%	1,091.9	906.1	20.5%
Dividend Income	30.0	50.0	(0.4)	30.0	50.0	-40.0%
Total Revenue from Power Business and Share of Profit from Investments and Dividend	784.2	297.6	163.5%	1,124.8	956.8	17.6%
Normalized Total Revenue from Power Business and Share of Profit from Investments and Dividend¹	621.9	475.0	30.9%	867.9	745.7	16.4%
- IPP	469.3	303.0 ²	54.9%	488.7	422.0 ²	15.8%
- SPP	152.1	171.3	-11.2%	380.5	326.7	16.5%
- Renewable Energy	3.4	2.5	38.9%	6.0	3.5	68.9%
- Power Plants under Constuction and Development	(2.9)	(1.7)	68.5%	(7.3)	(6.5)	12.5%

¹ Definition of Normalized Profit attributable to Owners of the Parent is changed to Profit attributable to Owners of the Parent excluded Foreign Exchange Gain/Loss from 2Q19 onwards (also retroactive to 1Q19 to the extent affecting YTD 2019).

² Normalized Profit for 2018 is adjusted with Adjustments of Revenue Levelization (TFRS 15) for comparison purposes. Normalized Profit for 2019 has effects from TFRS 15.

IPP

- For 2Q2019, 3 IPPs generated Baht 469.3 million of Normalized Share of Profit and Dividend, a 54.9% increase from 2Q2018 mainly from GHECO-One normal operation since 9th February 2019 after planned major maintenance. 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 3Q-4Q2019 to fully compensate lower AP revenue in 1Q2019 if GHECO-One achieve CAH of 2019.
- Dividend received from Glow IPP of Baht 30.0 million in 2Q2019.

SPP

- For 2Q2019, 8 SPPs generated Baht 152.1 million of Normalized Share of Profit, a 11.2% decrease from 2Q2018 mainly due to lower EGAT's energy dispatch from 7 SPPs (Gulf TS1, Gulf TS2, Gulf TS3, Gulf TS4, GNLL, GVTP, and BGWHA-1).

Renewable Energy

- For 2Q2019, Solar Rooftop Projects (7.1 Equity MW) generated Baht 4.9 million of Revenue and Share of Profit to WHAUP.

WHAUP is a strategic co-developer of power business. We currently have total installed capacities of 554 equity MW under operation, and another 23 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

- 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.
- Cua Lo Vietnam Project is scheduled to achieve COD in 3Q2019 with capacity of 13,000 cubic meters per day

- Reclaimed Water Project Phase 2 (RO) at WHA EIE is scheduled to achieve COD in 4Q2019 with capacity of 2,500 cubic meter per day.
- Demineralized Water Project, supply to GPSC, is scheduled to achieve COD in 4Q2019 with capacity of 6,000 cubic meter per day which located in WHA EIE.
- 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 2Q2019, Solar Rooftop had signed new 8.3 MW, total accumulated capacity in pipe line are 19.7 MW which are under construction and scheduled to achieve COD in 3Q2019-1Q2020.
- 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	Private PPA	100%	19.7	19.7	3Q2019- 1Q2020
CCE	Waste to Energy	VSPP	33.33	8.6	2.9	4Q2019
Total				28.3	22.5	

OVERALL PERFORMANCE

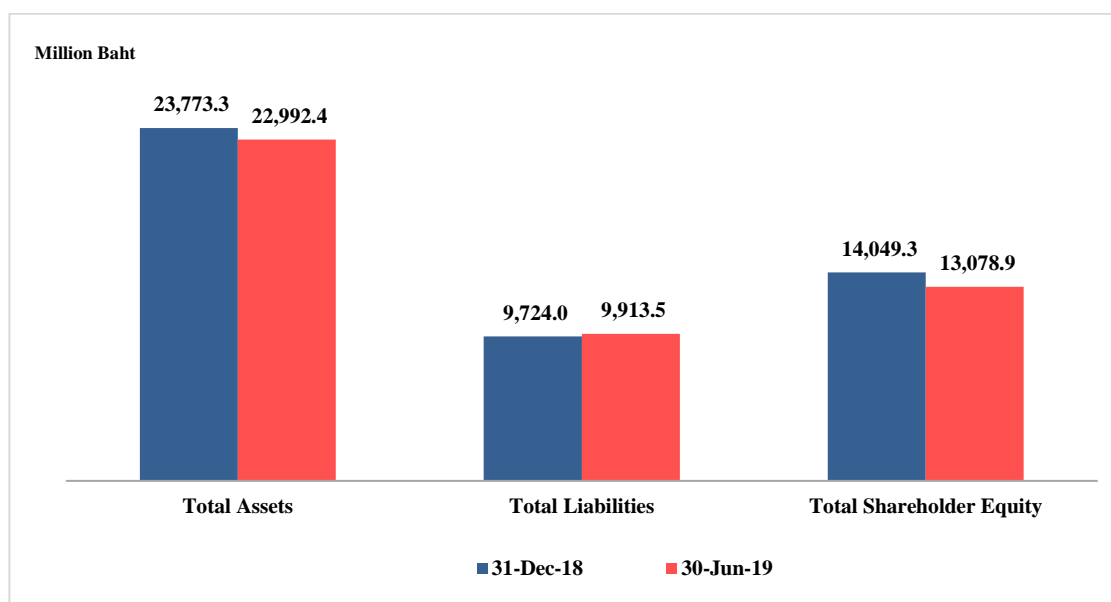
Operating Expense

- **Administrative Expenses** increased from Baht 36.5 million in 2Q2018 to Baht 41.3 million in 2Q2019 and increased from Baht 44.9 million in 1H2018 to Baht 75.8 million in 1H2019 due to accounting adjusted of doubtful debt amounted of Baht 22.5 million in 1H2018, and increase in number of managements, staffs, and marketing expense according to business plan.
- **Finance Cost** decreased from Baht 104.9 million in 2Q2018 to Baht 84.1 million in 2Q2019 and decreased from Baht 198.5 million in 1H2018 to Baht 161.0 million in 1H2019 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 40.4% in 2Q2019 improved from 34.0% in 2Q2018 and improved from 34.7% in 1H2018 to 40.1% in 1H2019. Gross Profit Margins of excluding Other Utilities Revenue was 33.0% in 2Q2019 decreased from 33.7% in 2Q2018 due to higher depreciation expense from the expansion pipeline system. However, Gross Profit Margins of excluding Other Utilities Revenue was 34.6% in 1H2019 improved from 34.4% in 1H2018.

For our 2Q2019 EBITDA was Baht 1,006.3 million, compared to Baht 466.7 million in 2Q2018, or increase by 115.6% and increased from Baht 1,327.3 million in 1H2018 to Baht 1,566.2 million in 1H2019, or increase by 18.0%. Normalized EBITDA increased from Baht

2. FINANCIAL POSITION



The Consolidated Balance Sheet as of 30 June 2019 is summarized as follows.

Assets

As at 30 June 2019, the Company's total Assets was Baht 22,992.4 million, decreased by Baht 780.9 million from Baht 23,773.3 million at year-end 2018. The decrease was mainly from decrease of an investment in associates amounted of Baht 539.7 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 12,091.1 million, (ii) Building and Equipment (net) of Baht 3,439.6 million (iii) Goodwill of Baht 2,772.9 million, (iv) Intangible assets of Baht 1,937.4 million and (v) Short-term loans to related parties of Baht 695.6 million.

Liabilities

As of 30 June 2019, Total Liabilities was Baht 9,913.5 million, increased by Baht 189.5 million from Baht 9,724.0 million at year-end 2018 mainly due to increase of Long-term borrowings and from financial institutions amounted Baht 41.0 million and Short-term loans from financial institutions amounted Baht 80.0 million. Net Interest-bearing Debt as of 2Q2019 was Baht 8,639.7 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 8,990.3 million and provision for Liabilities from the water business amounted Baht 335.9 million.

Shareholders' Equity

As of 30 June 2019, Total Shareholders' Equity was Baht 13,078.9 million, decreased by Baht 970.4 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 30 June 2019, the Company's Debt-to-Equity ratio was 0.76x, increased from 0.69x at the end of 2018. The Net Interest-bearing Debt-to-Equity ratio was 0.66x at the end of 2Q2019, increased from 0.58x at the end of 2018. The increase was mainly from decrease of Total Shareholder Equity from adopting new accounting standard TFRS 15, and activated borrowings from financial institutions Long-term and Short-Term of Baht 41.0 million and Baht 80.0 million, respectively.

3. KEY FINANCIAL RATIOS

	30 June 2019	31 December 2018
Gross Profit Margin	40.4%	34.4%
Net Profit Margin ¹	67.1%	57.5%
Return on Equity ²	18.6%	16.9%
Debt/Equity Ratio	0.76x	0.69x
Net Interest-bearing Debt/Equity Ratio	0.66x	0.58x

¹ 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

² Normalized trailing 12 months

Please be informed accordingly.

Sincerely,

.....
Mr. Natthapatt Tanboon-ek
Chief Financial Officer