



No. LWH/ACC 19/11/LT147

November 13, 2019

Subject: Management discussion and analysis for the three-month period ended September 30, 2019

To: Director and Manager of the Stock Exchange of Thailand

Referring to the submission of reviewed financial statements for quarter 3/2019 of Wiik & Hoeglund Public Company Limited (“the Company”), the management would like to clarify the operating results for the period of three month ended September 30, 2019 as follows;

**Analysis of the operating results of WIJK and its subsidiaries for the three-month period ended September 30, 2019 as follows.**

**Summarized of the Statement of income**

Unit : million Baht	Quarter 3/2019	Quarter 3/2018	Changed (%)
Income from sale and installation of the pipeline	255.35	260.76	(2.07)
Income from water business	47.53	72.10	(34.08)
Other income	25.90	4.19	518.14
<b>Total revenues</b>	<b>328.78</b>	<b>337.05</b>	<b>(2.45)</b>
Cost from sale and installation of the pipeline	224.24	244.16	(8.16)
Cost from the water management business	31.29	54.14	(42.21)
Selling expenses	27.04	9.91	172.86
Administrative expenses	22.70	18.94	19.85
Finance cost	10.94	10.12	8.10
<b>Profit (loss) before income (expenses) tax income</b>	<b>12.57</b>	<b>(0.22)</b>	<b>- &gt; 100</b>
Income (expenses) tax income	(1.42)	1.35	(205.19)
<b>Profit for the period</b>	<b>11.15</b>	<b>1.13</b>	<b>886.73</b>

The operating results of the Company and its subsidiaries changed over 20%. In the quarter 3/2019, the net profit was Baht 11.15 million, compared with the net profit of Baht 1.13 million in quarter 3/2018, increased by Baht 10.02 million or 886.73% due to the major reasons as follows;

1. Income from sale and installation in the quarter 3/2019 decreased from quarter 3/2018 by Baht 5.41 million or 2.07% with details as follows.

- 1.1 Domestic sales and installation income increased by Baht 23.89 million or 15.12%
- 1.2 Export sales and installation income decreased by Baht 29.30 million or 28.53%

2. Income from the water management business was categorized to two types.

2.1 Income from water treatment and distribution increased by Baht 10.99 million from investment in a company possessing a water treatment 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 sale of water treatment systems decreased from quarter 3/2018 by Baht 35.56 million, the major decrease was from the turnkey construction projects of water treatment & waste water treatment plants.

3. Other income increased from the quarter 3/2018 by Baht 21.71 million or 518.14%, the major increase came from export Baht 23.35 million export delivery charge.

4. Cost of sales and installation of pipes for the quarter 3/2019 was 87.82% of income. The cost per income rate decreased when compared to quarter 3/2018 which was 93.63 percent of income. The major reason was the cost of raw materials used in production was lower than the year 2018.

5. Cost from the water management business for quarter 3/2019 was 65.84% of income. The cost per income rate decreased compared to quarter 3/2018 which was 75.09% of income. Because in the quarter 3/2018, the income of installation and sale of water supply systems was higher than quarter 3/2019 which this income has higher cost ratio than income from water treatment and distribution.

6. Selling expenses in the quarter 3/2019 increased from the quarter 3/2018 by Baht 17.13 million or 172.86%, the major increase was from export expenses aligned with the increasing in revenue as described in no 3.

7. Administrative expenses in the quarter 3/2019 increased from the quarter 3/2018 by Baht 3.76 million or 19.85%. The major reasons are as follows.

7.1 Employee benefits expenses increased by Baht 1.08 million, the major increase was from increasing number of staff in subsidiary to support business expansion.

7.2 In this quarter, there was a consulting fees for the audit of the business condition and legal aspects of the subsidiary investment in the amount of Baht 1.10 million.

7.3 Other expenses increased by Baht 1.58 million from normal business operation.



8. Financial cost in quarter 3/2019 increased from quarter 3/2018 by Baht 0.82 million or 8.10%, the increase came from using short-term loans for working capital within the company.

9. Tax expenses in the quarter 3/2019 was Bath 1.42 million compared to quarter 3/2018 which tax income was Baht 1.35 million, increased by Baht 2.77 million.

Backlog

(Unit : Million Baht)	30 September 2019	30 September 2018
Sales and installation of the pipeline business group	795.81	511.88
Water management business group		
- Sale and service of water supply (Only the amount to be recognized in one year)	145.77	98.64
- Installation of water treatment systems and construction of turnkey water treatment systems	3.52	16.30
<b>Total</b>	<b>945.10</b>	<b>625.82</b>

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

Mr. Wiboon Sangwithayanon  
Chief Executive Officer