

No. LWH/ACC 20/05/LT066

May 12, 2020

Subject: Management discussion and analysis for the three-month period ended March 31, 2020

To: Director and Manager of the Stock Exchange of Thailand

Referring to the submission of the reviewed financial statements for quarter 1/2020 of WIJK Public Company Limited (“the Company”), the management would like to clarify the operating results for the period of three month ended March 31, 2020 as follows;

**Summarized of the Statement of income**

| Unit : million Baht  | Quarter 1/2020 | Quarter 1/2019 | Changed (%)       |
|--|----------------|----------------|-------------------|
| Income from sale pipe  | 253.61         | 222.65         | 13.91             |
| Income from installation pipe  | 54.41          | 16.40          | 231.77            |
| Incomes from the water management business   |                |                |                   |
| - Sales and service of water supply  | 41.56          | 31.25          | 32.99             |
| - Installation of water production systems and construction of turnkey water treatment systems | 29.25          | 3.40           | 760.29            |
| Other income   | 1.94           | 6.50           | (70.15)           |
| <b>Total revenues</b>  | <b>380.77</b>  | <b>280.20</b>  | <b>35.89</b>      |
| Cost from sale pipe  | 208.56         | 201.74         | 3.38              |
| Cost from installation pipe  | 51.91          | 13.75          | 277.53            |
| Cost from the water management business  |                |                |                   |
| - Sales and service of water supply  | 25.56          | 20.30          | 25.91             |
| - Installation of water production systems and construction of turnkey water treatment systems | 26.52          | 20.30          | 25.91             |
| Selling and distribution expenses  | 10.84          | 9.47           | 14.47             |
| Administrative expenses  |                |                |                   |
| - WIJK   | 8.75           | 13.34          | (34.41)           |
| - WW   | 10.19          | 9.09           | 12.10             |
| Finance Income   | (0.45)         | (0.15)         | 200.00            |
| Finance cost   | 8.73           | 11.13          | (21.56)           |
| <b>Profit (loss) before income tax income (expenses)</b>                                       | <b>30.15</b>   | <b>(0.77)</b>  | <b>(4,015.58)</b> |



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| Unit : million Baht          | Quarter 1/2020 | Quarter 1/2019 | Changed (%)      |
|------------------------------|----------------|----------------|------------------|
| Income tax income (expenses) | (5.76)         | 0.89           | (747.19)         |
| <b>Profit for the period</b> | <b>24.39</b>   | <b>0.12</b>    | <b>20,225.00</b> |

Overview of the Company's operation performance of the quarter 01/2020 had the net profit amount of Baht 24.39 million which is significantly increased from the same quarter of the previous year. As a result of backlog order as at year 2019 had increase of quantity and continuously delivered both from projects in Eastern Economic corridor (ECC) and from drought-related projects.

The operating results of the Company and its subsidiaries in the quarter 1/2020 changed over 20%. The Company and its subsidiaries have the net profit amount of Baht 24.39 million compared to Baht 0.12 million in the quarter 1/2019. The Company's profit increased by Baht 24.27 million due to the major reasons as follows;

1. Income from sale pipe in the quarter 1/2020 increased from quarter 1/2019 by Baht 30.96 million or 13.91% from;
  - 1.1 Domestic sales increased by Baht 43.58 million or 22.89%
  - 1.2 Export sales decreased by Baht 12.62 million or 39.17%
  
2. Incomes from installation pipe in the quarter 1/2020 increased from quarter 01/2019 by Baht 38.01 million or 231.77% from;
  - 2.1 Domestic installation revenue decreased by Baht 0.66 million or 7.71%
  - 2.2 Export installation revenue increased by Baht 38.68 million or 490.23%, from the recognized of revenue from the construction of a filter and plumbing installation in the Philipines, according to the percentage of completion method.
  
3. Income from the water management business are categorized into two types.
  - 3.1 Income from water treatment and distribution increased from the quarter 01/2019 by Baht 10.31 million. The major increasing came from operating a water treatment contract with Patong Municipality, Phuket Province of indirect subsidiaries.
  - 3.2 Income from installation and sale of water treatment systems increased from quarter 1/2019 by Baht 25.85 million. The revenue increased from design and construction of water treatment system.
  
4. Cost of sales of pipes for the quarter 1/2020 was 82.24% of income. The cost per income rate decreased from the quarter 1/2019 which was 90.61% of income. The major reason was the cost of raw materials used in production was lower than the year 2019.



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5. Cost of installation of pipes for the quarter 1/2020 was 95.41% of income. The cost per income rate increased from the quarter 1/2019 which was 83.88%.

6. Costs from the water management business were categorized into two types.

6.1 Cost from sale and service of water supply for the quarter 1/2020 was 61.50% of income. The cost per income rate decreased when compared to the quarter 1/2019 which was 64.97% of income.

6.2 Cost from installation of water production systems and construction of turnkey water treatment systems for the quarter 1/2020 was 90.17% of income. The cost per income rate increased from the quarter 1/2019 which was 67.77% of income due to some of the work has been received to increase the company's water distribution channels. Which this job will be a job with a low gross margin.

7. Selling expenses in the quarter 1/2020 increased from the quarter 1/2019 by Baht 1.37 million or 14.44% from increasing in sale revenue.

8. Administrative expenses in the quarter 1/2020 decreased from the quarter 1/2019 in amount of Baht 3.49 million or 15.51% as follows:

8.1 The expenses decreased from gain on exchange rate amount of Baht 7.20 million.

8.2 Employee benefit expenses increased by Baht 1.61 million from salary increased and other expenses related to employees.

8.3 Other expenses increased by Baht 2.10 million from normal business operating.

9. Financial cost in quarter 1/2020 decreased from quarter 1/2019 by Baht 2.40 million or 21.56%. The previous year the Company was interest paid from issuing of short-term debenture which were redeemed on 13 June 2019.

10. Tax expenses in the quarter 1/2020 was Baht 5.76 million while quarter 1/2019 had tax income of Baht 0.89 million. The increment is Baht 6.65 million, as a result of increasing of profit.



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Backlog

| (Unit : Million Baht)  | March 31, 2020 | March 31, 2019  |
|--|----------------|-----------------|
| Sales and installation of the pipeline business group  | 787.80         | 998.57          |
| Water management business group (Only amount to be recognized in year 2020)                    |                |                 |
| - Sale and service of water supply   | 122.99         | 115.14          |
| - Installation of water production systems and construction of turnkey water treatment systems | 62.84          | 31.15           |
| <b>Total</b>   | <b>973.63</b>  | <b>1,144.86</b> |

Backlog of sale and installation of the pipeline business as at 31 March 2020, decreased from the previous year. Because the Company delivered the products more than the new sales that will be added in the backlog. In the year 2019, the company has planned and produced to deliver which resulting in increasing sale and fast delivery this year.

Yours Truly,

Mr. Wiboon Sangwithayanon  
Chief Executive Officer