

No. WHAUP-CFR-A-20003

May 15, 2020

Attention: Managing Director – Stock Exchange of Thailand  
Subject: Report of Financial Results for the First Quarter of 2020

## 1. EXECUTIVE SUMMARY

**WHAUP finished our First Quarter of 2020 with a Normalized Net Income of Baht 219.0 million, a 18.8% decrease from 1Q2019 while Net Profit of Baht 43.5 million, a 89.8% decrease from 1Q2019.**

(Unit : Million Baht)

Consolidated Financial Statements	1Q'20	1Q'19	% Change
Total Revenue	430.3	459.4	-6.3%
Gross Profit	136.5	183.4	-25.6%
Normalized Share of Profit from Investments in Associates	221.4	184.8	19.8%
<b>Net Profit attributable to Owners of the Parent</b>	<b>43.5</b>	<b>424.2</b>	<b>-89.8%</b>
<b>Normalized Net Income attributable to Owners of the Parent</b>	<b>219.0</b>	<b>269.8</b>	<b>-18.8%</b>

Operating performance of power business in 1Q2020 continued to be solid with Normalized Share of Profit of Baht 250.7 million, comparing to Baht 184.8 million of 1Q2019. Sale volume of Utilities business in Thailand is decreased mainly by drought situation in Thailand, resulting into decrease of Gross Profit from Baht 183.4 million to Baht 136.5 million. In addition, sale volume of SDWTP is affected by COVID-19 situation, resulting into delay of planned volume ramp-up and normalized share of loss of Baht 29.1 million for the quarter. As a result, Normalized Share of Profit from Investments in Associates is Baht 221.4 million. While Normalized Net Income attributable to Owners of the Parent is Baht 219.0 million, 18.8% decreased from 1Q2019.

Due to substantial weakening of Thai Baht, Net Profit is significantly affected by foreign exchange loss, mainly come from USD loan at associate companies in Power business, and resulting into Net Profit of Baht 43.5 million, 89.8% decrease from 1Q2019.

### Significant Events in 1Q2020:

- Solar Rooftop had signed new contract of 6.5 MW in 1Q2020, total accumulated signed contract as of 1Q2020 were 36.9 MW and had started COD of 9.7 MW in 1Q2020, total operating of 16.1 MW as of 1Q2020
- WHAUP had successfully issued bond of Baht 3,000 billion in February with average coupon rate of 2.765%. There are 2 tranches of bonds, Baht 1,500 billion with tenor of 2 years 10 months and Baht 1,500 billion with 10-year tenor which is the longest tenor WHAUP ever issued.

## 2. RESULTS OF OPERATION

(Unit : Million Baht)

Consolidated Financial Statements	1Q'20	1Q'19	% Change
Total Revenue	430.3	459.4	-6.3%
- Utilities Business	423.3	458.0	-7.6%
- Operating Revenue <sup>1</sup>	414.9	431.2	-3.8%
- Other Revenue from Utilities Business <sup>2</sup>	8.4	26.8	-68.7%
- Power Business	6.9	1.4	397.5%
Costs of Sales and Services	(293.8)	(276.0)	6.4%

Consolidated Financial Statements	1Q'20	1Q'19	% Change
<b>Gross Profit</b>	<b>136.5</b>	<b>183.4</b>	<b>25.6%</b>
<b>Gross Profit from Operation<sup>3</sup></b>	<b>128.1</b>	<b>156.6</b>	<b>-18.2%</b>
Other Income <sup>4</sup>	226.4	19.4	1,066.1%
Administrative Expenses	(41.3)	(34.5)	19.7%
Share of Profit from Investments in Associates and Joint Ventures	(138.6)	339.2	-140.9%
Finance Costs	(105.1)	(76.9)	36.6%
Income Tax (Expense)	(34.3)	(6.3)	442.2%
<b>Net Profit attributable to Owners of the Parent</b>	<b>43.5</b>	<b>424.2</b>	<b>-89.8%</b>
Foreign Exchange Loss / (Gain) <sup>5</sup>	143.2	(94.6)	-251.3%
Income Tax Related to FX Gain <sup>6</sup>	35.2	0.0	N/A
One-time Accounting Adjustment <sup>7</sup>	0.0	(59.8)	-100.0%
Impact of Accounting Standard (IFRS 9 and IFRS 16)	(2.8)	0.0	N/A
<b>Normalized Net Income attributable to Owners of the Parent<sup>8</sup></b>	<b>219.0</b>	<b>269.8</b>	<b>-18.8%</b>
<b>Key Profitability Ratio:</b>			
Gross Profit Margin	31.7%	39.9%	
Net Profit Margin <sup>9</sup>	8.4%	51.9%	

<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 and 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 Gain on exchange rate from USD Loan to related parties at WUPIN and interest income

<sup>5</sup> Foreign Exchange Loss / (Gain) consists of unrealized and realized Loss (Gain) on exchange rate from USD Loan

<sup>6</sup> Income Tax Related to FX Gain is derived from Gain on exchange rate from USD Loan to related parties at WUPIN

<sup>7</sup> One-time Accounting Adjustment is the revision of recognition of maintenance cost of Gulf SPPs (GVTP, GTS1, GTS2, GTS3 and GTS4) but this revision had impact to WHAUP Profit and Loss Statement in 1Q2019.

<sup>8</sup> Definition of Normalized Net Income attributable to Owners of the Parent is changed to Net Profit attributable to Owners of the Parent excluding Foreign Exchange Gain/Loss and related tax, impact from IFRS 9 and IFRS 16 Accounting Standard and one-time accounting adjustment.

<sup>9</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

## Total Revenue

In 1Q2020, Total Revenue was Baht 430.3 million, a 6.3% decrease from Baht 459.4 million in 1Q2019 due to a decrease of Other Utilities Revenue 68.7% YoY and Operating Revenue 3.8% YoY. The decrease of Other Utilities Revenue was attributable to lower excessive charge. While the decrease of Operating Revenue was attributable to lower industrial water's sales volume mainly due to lower demand according to drought mitigation plan by the government despite new contribution from Demineralized Water.

## Gross Profit and Gross Profit from Operation

In 1Q2020, Gross Profit was Baht 136.5 million, a 25.6% decrease from Baht 183.4 million in 1Q2019, and Gross Profit from Operation was Baht 128.1 million, a 18.2% decrease from Baht 156.6 million in 1Q2019. The decrease of Gross Profit from Operation was from the decrease of Operating Revenue, higher Cost of Goods Sold during drought period and higher Depreciation Costs of new projects, despite an increase in Revenue from Solar rooftop projects. While Gross Profit decreased in higher magnitude mainly as a result of lower Excessive Charge as additional factor apart from aforementioned in Gross Profit from Operation.

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

(Unit : Million Baht)

Share of Profit from Investments	1Q'20	1Q'19	% Change
<b>Share of Profit from Investments</b>	<b>(138.6)</b>	<b>339.2</b>	<b>-140.9%</b>
- Utilities Business	(29.2)	-	N/A
- Power Business	(109.4)	339.2	-132.2%
<b>Adjustment Items:</b>	<b>360.1</b>	<b>(154.4)</b>	<b>-333.2%</b>
- Foreign Exchange Loss / (Gain) related to Share of Profit	359.2	(94.6)	-479.6%
- One-time Accounting Adjustment	-	(59.8)	-100.0%
- Impact of Accounting Standard (TFRS 9 and TFRS 16) from Associates and Joint Ventures	0.9	-	N/A
<b>Normalized Share of Profit from Investments</b>	<b>221.4</b>	<b>184.8</b>	<b>19.8%</b>
- Utilities Business	(29.2)	-	N/A
- Power Business	250.7	184.8	35.6%

Normalized Share of Profit from Investments is adjusted from Share of Profit by excluding (i) Foreign Exchange Loss / (Gain), (ii) One-time Accounting Adjustment which is the revision of recognition of maintenance cost of Gulf SPPs (GVTP, GTS1, GTS2, GTS3 and GTS4) this revision had impact to WHAUP Profit and Loss Statement in 1Q2019 and (iii) the impact from new accounting implement (TFRS 9 and TFRS 16)

Total Normalized Share of Profit was Baht 221.4 million, a 19.8% increase from Baht 184.8 million of 1Q2019. The increase was driven by Power business which was mainly from i) higher contribution from GHECO-One driven by no major maintenance, favorable Availability Payment Rate due to Thai Baht depreciation and ii) new contribution from CCE, despite lower contribution from Gulf VTP and BGWHA-1 due to having planned maintenance.

However, there was a Normalized Share of Loss of Baht 29.2 million from Investments of Utilities Business mainly due to the recognition from Share of Loss from SDWTP resulting from the delay of planned volume ramp up and the delay in the construction of pipeline expansion to connection points of water distributors due to the lockdown measurement in Vietnam during COVID-19 pandemic.

### Net Profit attributable to Owners of the Parent

In 1Q2020, Profit attributable to Owners of the Parent was Baht 43.5 million, a 89.8% or equivalent to Baht 380.8 million decrease from Baht 424.4 million in 1Q2019. The decrease was mainly from

- Baht 46.9 million decrease of Gross Profit mainly due to lower water sale volume, lower excessive charge, higher Cost of Goods Sold and higher Depreciation Costs of new projects despite higher revenue from Solar rooftop projects
- Baht 6.8 million increase of Administrative Expenses due to an increase of professional fee for new projects according to business plan
- Baht 477.9 million decrease of Share of Profit from Investments in Associates and Joint Ventures mainly due to unrealised FX loss on USD Loan of Baht 359.2 million. However, Normalized Share of Profit which has no impact of FX increase by 19.8% or equivalent to Baht 36.6 million compared to 1Q2019; and
- Baht 28.2 million increase of Finance Costs from Baht 76.9 million to Baht 105.1 million mainly due to financing for SDWTP and Interest Expense from the new adoption of TFRS 16;

despite higher Other Income of Baht 207.0 million mostly from the recongisation of FX gain on USD loan to related parties at WUPIN due to USD appreciation.

### Normalized Net Income attributable to Owners of the Parent

The Normalized Net Income attributable to Owners of the Parent is Net Profit attributable to Owners of the Parent adjusted by i) Foreign Exchange Gain or Loss ii) Income Tax related to FX Gain on USD Loan iii) One-time Accounting Adjustment and iv) Impact of Accounting Standard (TFRS 9 and TFRS 16)

In 1Q2020, there were Foreign Exchange Loss of Baht 143.2 million due to USD loan of Associate companies resulting from Thai Baht depreciation and Impact of Accounting Standard (TFRS 9 and TFRS 16) of Baht 2.8 million were adjusted to calculate Normalized Net Income in 1Q2020 while One-time Accounting Adjustment of Baht 59.8 million was additional adjustment item of 1Q2019 Normalized Net Income. Therefore, the 1Q2020 Normalized Net Income attributable to Owners of the Parent was Baht 219.0 million, a 18.8% decrease from 1Q2019.

### **3. PERFORMANCE BY BUSINESS**

#### **Utilities Business**

Total Revenue and Share of Profit/(Loss) of Utilities Business was Baht 394.1 million, a 14.0% decrease from 1Q2019. Revenue from Utilities Business decreased by 7.6% to Baht 423.3 million mainly due to lower Industrial Water sales and Other Utilities Incomes. Moreover, Share of Loss of Baht 29.2 million from SDWTP due to the delay of planned volume ramp up was recorded in 1Q2020. The details are shown in the table below.

(Unit: Million Baht)

Utilities Business	1Q'20	1Q'19	% Change
<b>Revenue from Utilities Business</b>	<b>423.3</b>	<b>458.0</b>	<b>-7.6%</b>
- Industrial Water Sales	310.3	327.6	-5.3%
- Raw Water Sales	67.3	64.9	3.7%
- Wastewater Treatment Services	37.3	38.7	-3.6%
- Other Incomes from Utilities Business <sup>1</sup>	8.4	26.8	-68.7%
<b>Share of Profit from Utilities Business</b>	<b>(29.2)</b>	<b>0.0</b>	<b>N/A</b>
<b>Total Revenue &amp; Share of Profit from Utilities Business</b>	<b>394.1</b>	<b>458.0</b>	<b>-14.0%</b>

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

#### i) The Utilities sales volume;

- Industrial Water sales volume decrease from 13.9 million cubic meters in 1Q2019 to 13.2 million cubic meters in 1Q2020, or decreased by 5.0% mainly due to lower demand according to drought mitigation plan by the government despite the new contribution from Demineralized Water of 0.4 million cubic meters
- Raw Water sales volume increase from at 4.2 million cubic meters in 1Q2019 to 4.3 million cubic meters in 2019, or increased by 1.0%.
- Wastewater treatment volume and management decrease from 8.9 million cubic meters in 1Q2019 to 8.3 million cubic meters in 2019, or decreased by 7.0%.

#### ii) Other Utilities Revenue, which mainly represented one-time Excessive Charge was Baht 8.4 million in 1Q2020, or decreased by Baht 18.4 million.

#### **Power Business**

In 1Q2020, Total Revenue from Power Business and Share of Profit from Investment and Dividend Income totalled at Baht (102.5) million, a 130.1% decrease from Baht 340.6 million in 1Q2019. However, Normalized Total Revenue from Power Business and Share of Profit from Investments and Dividend was Baht 257.6 million, a 38.3% increase from 1Q2019.

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

(Unit: Million Baht)

Power Business	1Q'20	1Q'19	% Change
Revenue from Power Business	6.9	1.4	397.5%
Share of Profit from Power Business	(109.4)	339.2	-132.2%
Dividend Income	-	-	N/A
<b>Total Revenue from Power Business and Share of Profit from Investments and Dividend</b>	<b>(102.5)</b>	<b>340.6</b>	<b>-130.1%</b>
<b>Normalized Total Revenue from Power Business and Share of Profit from Investments and Dividend</b>	<b>257.6<sup>1</sup></b>	<b>186.2<sup>2</sup></b>	<b>38.3%</b>
- IPP	96.6	19.5	395.8%
- SPP	139.4	168.6	-17.3%
- Renewable Energy	21.4	(0.5)	-4566.0%
- Power Plants under Constuction and Development	0.1	(1.4)	-110.1%

<sup>1</sup> Normalized Share of Profit for 1Q2020 is adjusted with Foreign Exchange Loss / (Gain) and Impact Accounting Standard (TFRS 9 and TFRS 16) that related with Share of Profit from Associates and Joint Ventures

<sup>2</sup> Normalized Profit for 1Q2019 is adjusted with with Foreign Exchange Loss / (Gain) and One-time Accounting Adjustment as aforementioned.

### IPP

- In 1Q2020, 3 IPPs generated Baht 96.6 million of Normalized Share of Profit and Dividend, a 395.8% increase from 1Q2019 mostly derived from higher contribution from GHECO-One due no major maintenance and favorable Availability Payment Rate as a result of Thai Baht depreciation compared to 1Q2019.

### SPP

- In 1Q2020, 8 SPPs generated Baht 139.4 million of Normalized Share of Profit, a 17.3% decrease from 1Q2019 mainly due to lower EGAT dispatch as a results of EGAT's transmission line maintenance and lower contribution from Gulf VTP and BGWHA-1 due to having planned maintenance, despite a 5.5% increase of power demand from Industrial Users (IU).

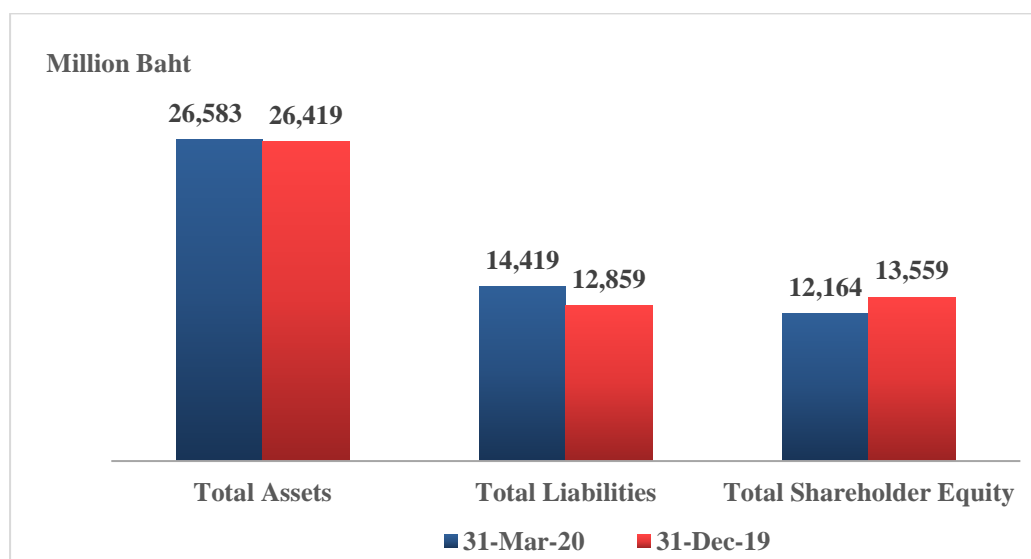
### Renewable Energy

- In 1Q2020, Solar Rooftop Projects (18.8 Equity MW) generated Baht 8.5 million of Revenue and Share of Profit to WHAUP, a Baht 5.9 million increase from 1Q2020, as a results of additional contribution from solar projects in pipeline started COD in 1Q2020.
- Clean Chonburi Energy (CCE) contributed Baht 12.9 million of Share of Profit to WHAUP while it was negative contribution of Baht 1.4 million in 1Q2019.



#### 4. FINANCIAL POSITION

The Consolidated Balance Sheet as of 31 March 2020 is summarized as follows.



##### Assets

As of 31 March 2020, the Company's total Assets was Baht 26,582.8 million, slightly increased by Baht 164.1 million from Baht 26,418.7 million at year-end 2019. The slight increase was mainly because an increase of Cash and Cash Equivalents of Baht 1,714.4 million, Right of Use (TFRS 16) of Baht 232.7 million, Net Property Plant and Equipment of Baht 159.7 million and Other Long-term Investment of Baht 75.2 million was almost offset by a decrease of Investment in Associates of Baht 1,496.5 million and Net Trade and Other Receivables of Baht 554.3 million

The key elements of Assets in the Company's Consolidated Financial Statements consisted of: (i) Investments in Associates of Baht 13,091.2 million, (ii) Net Property Plant and Equipment of Baht 4,109.9 million (iii) Goodwill of Baht 2,772.9 million, (iv) Intangible assets of Baht 1,908.9 million and (v) Cash and Cash Equivalents of Baht 2,469.0 million.

##### Liabilities

As of 31 March 2020, Total Liabilities was Baht 14,419.1 million, increased by Baht 1,559.7 million from Baht 12,859.5 million at year-end 2019 mainly due to an increase of Long-term Borrowing Debentures Baht of 2,996.8 million despite a decrease of Short-term from Financial Institutions of Baht 1,765.0 million. Interest-bearing Debt as of 31 March 2020 was Baht 12,989.3 million, decrease from Baht 11,756.7 million at the end of 2019.

Total Liabilities mainly consisted of Long-term Borrowings Debentures amounted Baht 7,991.1 million, Current portion of Long-term Debenture amounted Baht 3,999.0 million, and Borrowings from Financial Institutions amounted Baht 999.2 million.

##### Shareholders' Equity

As of 31 March 2020, Total Shareholders' Equity was Baht 12,163.7 million, decreased by Baht 1,395.6 million from Baht 13,559.3 million at the end of 2019, mainly due to a decrease of Other Components of Equity of Baht 1,498.2 million from unrealized loss from financial instrument of Associates and Joint Ventures according to TFRS 16 accounting standard despite an increase in Retained Earnings of Baht 102.6 million.

## 5. KEY FINANCIAL RATIOS

	1Q'20	2019
Return on Equity	13.7%	15.5%
Debt/Equity Ratio	1.19x	0.95x
Net Interest-bearing Debt/Equity Ratio	0.86x	0.81x

As at 31 March 2020, the Company's Debt-to-Equity ratio was 1.19x, increased from 0.95x at the end of 2019. The Net Interest-bearing Debt-to-Equity ratio was 0.86x at the end of first quarter 2020, increased from 0.81x at the end of 2019. The increase was mainly from an increase of Long-term Borrowings Debentures Baht of 2,996.8 million and a decrease of Total Shareholder Equity of Baht 1,395.6 million, despite an increase in Cash and Cash Equivalents of Baht 1,714.4 million.

## 6. PROJECTS UNDER CONSTRUCTION

### Utilities

- There are currently 2 Reclaimed Water projects under construction. The first one is at WHA EIE which is scheduled to achieve COD in 2Q2020 and expects to reach full capacity of 15,000 cubic meter per day by 4Q2020. While Reclaimed project at ESIE is also scheduled to achieve COD in 2Q2020 with capacity of 5,200 cubic meter per day.
- Demineralized Water project phase 2 at WHA EIE is scheduled to achieve COD in 3Q2020 with capacity of 4,400 cubic meter per day.

### Power

- In 1Q2020, Solar Rooftop had signed new 6.5 MW, total accumulated capacity in pipe line are 20.4 MW which are under construction and scheduled to achieve COD in 2Q2020-4Q2020.

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%	20.4	20.4	2Q2020- 4Q2020
<b>Total</b>				<b>20.4</b>	<b>20.4</b>	

Please be informed accordingly.

Sincerely,

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Mr. Natthapatt Tanboon-ek

Chief Financial Officer