

15 May 2020

Re: To clarify the financial statements as of 31 March 2020
 To: President
 The Stock Exchange of Thailand

WHA Corporation Public Company Limited (the “Company”) submitted its separate financial statement and its consolidated financial statement for the first quarter of 2020 ended on 31 March 2020 which were reviewed by the auditor. The Company hereby clarifies the performance as follows:

During the first quarter of 2020, the Company had the total revenue and share of profit and net profit of THB 1,277.8 mm and THB 99.3 mm, respectively. If excluding FX impact and extra item, the Company had the normalized total revenue and share of profit and normalized net profit of THB 1,399.5 mm and THB 196.5 mm, respectively. The details are as follows:

FINANCIAL PERFORMANCE

Consolidated Financial Statements	Q1 2019	Q1 2020	Increase/ (Decrease)
	THB mm	THB mm	%
Total Revenue and Share of Profit	3,803.0	1,277.8	(66.4%)
Total Cost	2,614.2	546.4	(79.1%)
Gross Profit	1,074.0	385.7	(64.1%)
Net Profit	406.6	99.3	(75.6%)
Normalized Total Revenue¹	3,598.1	1,399.5	(61.1%)
Normalized Net Profit²	285.0	196.5	(31.1%)
Normalized Total Revenue excluding Deferred Revenue Item³	1,497.5	1,399.5	(6.5%)
Normalized Net Profit excluding Deferred Revenue Item³	155.8	196.5	26.1%

¹ Normalized Total Revenue = Total Revenue excluding FX impact and Extra item

² Normalized Net Profit = Net Profit excluding FX impact and Extra item

³ Deferred revenue from assets monetization to WHABT in 2015 which recognized in the first quarter of 2019 as a result of accounting standard adjustment (IFRS 15)

KEY HIGHLIGHTS

- Total revenue and share of profit, and net profit were THB 1,277.8 mm and THB 99.3 mm, respectively, consisting of the normal business operation and FX impact, which was mostly unrealized loss. In addition, the Company’s normalized total revenue and share of profit, and normalized net profit stood at THB 1,399.5 mm and THB 196.5 mm, respectively.
- Comparing to the normal business operation of the previous year which included deferred revenue item, the Company’s normalized net profit decreased by 31.1%. If excluding this deferred revenue item in 2015, the normalized net profit grew by 26.1%.
- Normalized Rental Revenue increased by 26.9% to THB 285.9 mm, mainly due to increase in lettable area for both logistics and industrial properties.

- Revenue from industrial land sale was THB 245.3 mm, decreasing 41.8%, which was mainly from international travel restriction from COVID-19 pandemic. As a result, the customers could not transfer the land; however, the potential customers still continuously show their interests in our industrial estates, especially, Chinese, Japanese and U.S. manufacturers as a result of production line relocation from China to Southern Asian countries. This situation has not only highlighted Thailand's leading position as the regional production hub, but also reflected the potential and strength of WHA Group's industrial estates, which can serve the needs of both local and international customers.
- Utilities income decreased by 4.5%, standing at THB 534.0 mm, mainly from lower excessive charge. However, if excluding the revenue from excessive charge, utilities income decreased by 2.5%. The main reason was from lower sale volume approx. 5.0% due to the government's request for cooperation from operators in industrial estates to reduce their water usage by 10.0%.
- Normalized share of profit from power associates and joint ventures increased by 55.9%, standing at THB 244.5 mm. Increase in normalized share of profit from power associates and joint ventures was mainly due to continuous increase in Equity MW from Small Power Producer (SPP) capacity expansion serving increase in demand of Industrial customers of approximately 5%. The main distributions were from GNLL, GNLL2, Industrial waste-to-energy power plant (Chonburi Clean Energy (CCE)) and Solar Rooftop. Moreover, the Gheco One Power Plant also generated higher revenue from availability payment since there was no planned shutdown for maintenance, comparing with 39 days shutdown in the same period of last year.
- Financial costs decreased by 8.2% to THB 255.3 mm, due to lower weighted average cost of fund from issuance of latest bond and the early bond redemption in the first quarter of 2020.
- All in all, the Company had net profit and normalized net profit at THB 99.3 mm and THB 196.5 mm, decreasing 75.6% and 31.1%, respectively. If excluding this deferred revenue item in 2015 which was non-cash item, the normalized net profit grew by 26.1%, comparing to the same period of last year.

PERFORMANCE BY BUSINESS

Rental Properties Business

	Q1 2019	Q1 2020	Increase/ (Decrease)
	THB mm	THB mm	%
1. <u>Rental and Service</u>			
Rental Revenue	275.9	285.9	3.6%
Normalized Rental Revenue¹	225.3	285.9	26.9%
Gross Profit	149.7	198.4	32.5%
Gross Profit Margin	54.3%	69.4%	
GPM before adjustment with PPA ²	54.4%	69.6%	
2. <u>Sale of Investment Properties</u>			
Revenue from Investment Properties	2,100.6	-	(100.0%)
Gross Profit	161.5	-	(100.0%)
Gross Profit Margin	7.7%	n.a.	

¹ Excluding rental and service income from WHABT

² Excluding accounting impact of Purchase Price Allocation (PPA)

1. Rental and Service Income

- **Rental and service income from warehouses, distribution centers, factories and structural work** during the first quarter of 2020 was THB 285.9 mm, which increased by 3.6% from the same period of previous year. Whereas the normalized rental and service income increased by 26.9%, mainly due to increase in lettable area for both logistics and industrial properties.
- **Gross profit from rental and service of warehouses, distribution centers, factories and structural work** during the first quarter of 2020 was THB 198.4 mm, which increased by 32.5% from the same period of previous year because of higher lettable area as mentioned above. The gross profit margin in the first quarter of 2020 was 69.4%. This gross margin had accounted for the fair value adjustment of the acquired business according to the accounting standards under WHA level. However, the genuine gross margin in the first quarter of 2020 was at 69.6% which increased from 54.4% in the same period of previous year, mainly due to higher occupancy rate.

2. Sale of Investment Properties

- The Company had no revenue from investment properties during the first quarter of 2020, comparing to the same period of last year, which had the revenue recognition of deferred revenue from sale of investment properties to WHABT in 2015, amounting of THB 2,100.6 mm. This is merely accounting impact, not related to cash flow from operation.

Industrial Development Business

	Q1 2019	Q1 2020	Increase/ (Decrease)
	THB mm	THB mm	%
Revenue	421.2	245.3	(41.8%)
Gross Profit	186.8	131.0	(29.9%)
Gross Profit Margin	44.4%	53.4%	
GPM before adjustment with PPA ¹	42.4%	54.3%	

¹ Excluding accounting impact of Purchase Price Allocation (PPA)

Income from industrial land sale during the first quarter of 2020 was THB 245.3 mm, decreasing 41.8%, which was mainly from international travel restriction from COVID-19 pandemic. As a result, the customers could not transfer the land; however, the potential customers still continuously show their interests in our industrial estates, especially, Chinese, Japanese and U.S. manufacturers as a result of production line relocation from China to Southern Asian countries. This situation has not only highlighted Thailand's leading position as the regional production hub, but also reflected the potential and strength of WHA Group's industrial estates, which can serve the needs of both local and international customers.

Gross profit from sale of real estate during the first quarter of 2020 remained high at 53.4% inclusive of PPA impact, while the genuine gross margin was 54.3%, increasing from 42.4%, comparing to the same period of last year.

Utilities & Power Business

	Q1 2019	Q1 2020	Increase/ (Decrease)
	THB mm	THB mm	%
Revenue	559.2	534.0	(4.5%)
Gross Profit	249.5	197.0	(21.0%)
Gross Profit Margin	44.6%	36.9%	
GPM before adjustment with PPA ¹	47.6%	40.1%	
Share of Profit from Investments in Utilities Associates	-	(28.7)	n.a.
Share of Profit from Investments in Power Associates	311.1	(114.7)	(136.9%)
- Normalized Share of Profit from Investments in Power Associates ²	156.9	244.5	55.9%
- FX Gain (Loss)	94.2	(359.2)	(481.2%)
- Extra Item	60.0	-	(100.0%)

¹ Excluding accounting impact of Purchase Price Allocation (PPA)

² Excluding Gain (Loss) from FX and Extra item

Utilities income during the first quarter of 2020 was THB 534.0 mm, which decreased by 4.5%, comparing to the same period of previous year, mainly from lower excessive charge. However, if excluding the revenue from excessive charge, utilities income decreased by 2.5%. The main reason was from lower sale volume approx. 5.0% due to the government's request for cooperation from operators in industrial estates to reduce their water usage by 10.0%.

Gross profit from utilities services was 36.9% during the first quarter of 2020. This gross margin had accounted for the fair value adjustment of the acquired business according to the accounting standards under WHA level. However, the genuine gross margin in the first quarter of 2020 was at 40.1%, which decreased from 47.6% in the same period of previous year, mainly from lower excessive charge, higher cost of goods sold during drought period and higher depreciation costs of new projects.

Share of Profit from Investments in Associates from Utility Business during the first quarter of 2020 was THB (28.7) mm, due to the recognition from share of loss from SDWTP resulting from lower sales volume 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

Normalized Share of Profit from Investments in Associates from Power Business during the first quarter of 2020 was THB 244.5 mm, increasing by 55.9%, comparing to the same period of previous year. With the loss from FX of THB (359.2) mm, mostly unrealized loss, share of profit from power associates and joint ventures stood at THB (114.7) mm. The increase in normalized share of profit from power associates and joint ventures was mainly due to continuously increase in Equity MW from Small Power Producer (SPP) capacity expansion serving increase in demand of Industrial customers of approximately 5.0%. The main distributions were from GNLL, GNLL2, Industrial waste-to-energy power plant (Chonburi Clean Energy (CCE)) and Solar Rooftop. Moreover, the Gheco One Power Plant also generated higher revenue from availability payment since there was no planned shutdown for maintenance, comparing with 39 days shutdown in the same period of last year.

Other Income

	Q1 2019	Q1 2020	Increase/ (Decrease)
	THB mm	THB mm	%
Dividend and management income	68.7	81.5	18.5%
Others	46.1	264.2	473.4%
Total other income	114.8	345.7	201.1%
Normalized others ^{/1}	46.1	26.6	(42.3%)
Normalized total other income^{/1}	114.8	108.1	(5.8%)

^{/1} Excluding FX impact

Other income during the first quarter of 2020 stood at THB 108.1 mm, which decreased by 5.8% from the same period of previous year. The breakdowns are the details below:

- **Dividend and management income** during the first quarter of 2020 was THB 81.5 mm, increasing by 18.5% from the same period of previous year, mainly due to increase in asset size of REITs.
- **Other income** comprised interest income, gain from sale of short-term investments and other income totaling THB 108.1 mm for the first quarter of 2020, decreasing by 42.3%, compared to the same period of the previous year.

Expenses Analysis

	Q1 2019	Q1 2020	Increase/ (Decrease)
	THB mm	THB mm	%
Selling expense	42.5	32.9	(22.6%)
Administrative expense	294.2	277.6	(5.6%)
Finance costs	278.2	255.3	(8.2%)
Total expense	615.0	565.8	(8.0%)

- **Selling expense** during the first quarter of 2020 was THB 32.9 mm, which varies from income from sales of real estate. The selling expense accounted for 13.4% of income from sales of real estate for the first quarter of 2020, which increased from 10.1% for the first quarter of last year.
- **Administrative expense** during the first quarter of 2020 was THB 277.6 mm, which decreased by 5.6%, compared to the same period of last year, mainly due to not having undertaking expense of WHABT.
- **Finance costs** during the first quarter of 2020 was THB 255.3 mm, which decreased by 8.2%, compared to the same period of last year, due to lower weighted average cost of fund from issuance of latest bond and the early bond redemption in the first quarter of 2020.

FINANCIAL POSITION



The changes in Consolidated Balance Sheet as of 31 March 2020 are summarized as follows.

Assets

As of 31 March 2020, the Company had total assets of THB 80,637.2 mm, decreasing by THB 1,626.6 mm from THB 82,263.8 mm as of 31 December 2019. The main reasons are as follows:

1. Decrease in Investments in available-for-sale of THB 2,155.9 mm, due to decrease in investment value of REITs from market price change.
2. Decrease in investments in associates of THB 1,520.8 mm, mainly from the adoption of new accounting standard (TFRS 9), reflecting to the mark-to-market of financial instruments in associates of power business.
3. Decrease in Trade and other receivables (net) of THB 440.0 mm, because of the dividend income from an associate in the first quarter of 2020.
4. The Company had cash, cash equivalents, and short-term investments of THB 1,302.5 mm in order to manage the Company's liquidity and prepare for the uncertainty of money market during COVID-19 pandemic.
5. Increase in non-current assets held for sale of THB 986.5 mm was from the reclassification of assets, which will be monetized to WHART and HREIT from investment properties to non-current assets held for sale.

Liabilities

As of 31 March 2020, the Company had total liabilities of THB 49,766.3 mm, which increased by THB 603.1 mm from THB 49,163.2 mm as of 31 December 2019. The Company had interest bearing debt of THB 40,594.8 mm, which increased by THB 1,370.6 mm from THB 39,224.3 mm. However, the weighted average

cost of fund of the Company decreased by 0.23% (decreasing from 3.41% as of ended 2019 to 3.18% as of ended the first quarter of 2020).

During the first quarter of 2020, the Company had utilized additional short-term and long-term facilities, accounting for THB 888.0 mm and issued net additional bond of THB 482.5 mm. As a result, the first quarter of 2020, interest bearing debt of the Company increased by THB 1,370.6 mm for liquidity management and the preparation for debentures repayment in April 2020.

Shareholder's equity

As of 31 March 2020, the Company had total shareholder's equity of THB 30,870.9 mm, which decreased by THB 2,229.7 mm from THB 33,100.6 mm as of 31 December 2019, mainly from decrease in market price of WHART, HREIT and WHABT together with the adoption of new accounting standard (TFRS 9), reflecting to the mark-to-market of financial instruments in associates.

Unit Price and Investment Value of REITs

	Unit Price (THB)		Increase/(Decrease) of investment (THB mm)
	Ended 2019	Ended Q1 2020	
	31 Dec 2019	31 Mar 2020	
WHART	17.4	12.6	(1,839.5)
HREIT	8.8	6.6	(237.1)
WHABT	9.7	8.4	(39.4)
รวม			(2,116.0)

KEY FINANCIAL RATIOS

	Q1 2019	Q1 2020
Gross Profit Margin (%)	22.3%	49.3%
Net Profit Margin (%)	10.7%	7.8%
D/E Ratio (times)	1.5	1.6
Net IBD to Equity (times)	1.2	1.3

Please be informed accordingly.

Sincerely yours,

WHA Corporation Public Company Limited

(Mr. Krailuck Asawachatroj)

Chief Financial Officer