

No. LWH/ACC 20/08/LT110

August 7, 2020

Subject: Management discussion and analysis for the three-month period ended June 30, 2020

To: Director and Manager of the Stock Exchange of Thailand

Referring to the submission of the reviewed financial statements for quarter 2/2020 of WIİK Public Company Limited (“the Company”), the management would like to clarify the operating results for the period of three month ended June 30, 2020 as follows;

Summarized of the Statement of income

Unit : million Baht	Quarter 2/2020	Quarter 2/2019	Changed (%)
Income from sale pipe	296.91	219.45	35.30
Income from installation pipe	75.38	49.73	51.58
Incomes from the water management business			
- Sales and service of water supply	28.49	33.06	(13.82)
- Installation of water production systems and construction of turnkey water treatment systems	54.18	21.57	151.30
Other income	2.39	3.07	(22.15)
Total revenues	457.35	326.88	39.91
Cost from sale pipe	243.04	197.00	23.37
Cost from installation pipe	66.83	45.64	46.43
Cost from the water management business			
- Sales and service of water supply	21.47	21.77	(1.38)
- Installation of water production systems and construction of turnkey water treatment systems	43.49	16.32	166.48
Selling and distribution expenses	10.73	11.52	(6.86)
Administrative expenses	29.87	23.80	25.80
Finance cost (income)	8.37	11.42	(26.71)
Profit (loss) before income tax income (expenses)	33.55	(0.59)	(5,786.44)
Income tax income (expenses)	(4.91)	1.31	(474.81)
Profit for the period	28.64	0.72	3,877.78



บริษัท วิค จำกัด (มหาชน)

WIJK PUBLIC COMPANY LIMITED

In overall, the Company's operation performance of the quarter 2/2020 had the net profit amount of Baht 28.64 million which is significantly increased from the same quarter of the previous year. It was from the delivery of the Backlog on hand and the increasing of new sales that delivery on the quarter 2/2020 from projects in Eastern Economic corridor (ECC) and from the preparation of drought-related projects.

The operating results of the Company and its subsidiaries in the quarter 2/2020 changed over 20%. The Company and its subsidiaries have the net profit amount of Baht 28.64 million compared to Baht 0.72 million in the quarter 2/2019. The Company's profit increased by Baht 27.92 million due to the major reasons as follows;

1. Income from sale pipe in the quarter 2/2020 increased from quarter 2/2019 by Baht 77.46 million or 35.30% from;
 - 1.1 Domestic sales increased by Baht 101.08 million or 58.37%
 - 1.2 Export sales decreased by Baht 23.62 million or 51.03%
2. Incomes from installation pipe in the quarter 2/2020 increased from quarter 02/2019 by Baht 25.65 million or 51.58%.
3. Income from the water management business are categorized into two types.
 - 3.1 Income from water treatment and distribution decreased from the quarter 02/2019 by Baht 4.57 million. The major decreasing came from the sales of water to Patong Municipality, Phuket Province. This is affected by the epidemic of Covid-19.
 - 3.2 Income from installation and sale of water treatment systems increased from quarter 2/2019 by Baht 32.61 million.
4. Cost of sales of pipes for the quarter 2/2020 was 81.85% of income. The cost per income rate decreased from the quarter 2/2019 which was 89.77% of income. The major reason was the cost of raw materials used in production lower than the quarter 2/2019 and cost of production per unit when production volume increased.
5. Cost of installation of pipes for the quarter 2/2020 was 88.66% of income. The cost per income rate decreased from the quarter 2/2019 which was 91.77%.
6. Costs from the water management business were categorized as follow;
 - 6.1 Cost from sale and service of water supply for the quarter 2/2020 was 76.01% of income. The cost per income rate increased when compared to the quarter 2/2019 which was 65.85% of income. The epidemic of Covid-19 caused lower water treatment volume while most of the costs were fixed cost. Consequently, cost of sales and service of water supply increased.
 - 6.2 Cost from installation of water production systems and construction of turnkey water treatment systems for the quarter 2/2020 was 80.25% of income. The cost per income rate increased from the quarter 2/2019 which was 75.70% of income. The cost of EPC projects usually depend on the conditions and agreements in each job.

7. Selling expenses in the quarter 2/2020 decreased from the quarter 2/2019 by Baht 0.79 million or 6.86% mostly came from decreasing in delivery expenses.

8. Administrative expenses in the quarter 2/2020 increased from the quarter 2/2019 in amount of Baht 6.07 million or 25.51% as follows:

8.1 Employee benefit expenses increased by Baht 3.30 million from salary increased and other expenses related to employees.

8.2 Loss on exchange rate amount of Baht 1.04 million.

8.3 Other expenses increased by Baht 1.73 million from normal business operating.

9. Financial cost in quarter 2/2020 decreased from quarter 2/2019 by Baht 3.21 million or 27.51%. The previous year the Company paid the interest of Short-term debenture and bill of exchange.

10. Tax expenses in the quarter 2/2020 was Baht 4.91 million while quarter 2/2019 had tax income of Baht 1.31 million. The increasing by Baht 6.22 million from increasing of profit.

Backlog

(Unit : Million Baht)	June 30, 2020	Dec 31, 2019
Sales and installation of the pipeline business group	835.10	611.64
Water management business group		
- Sale and service of water supply (Only amount to be recognized in one year)	214.77	175.98
- Installation of water production systems and construction of turnkey water treatment systems	14.99	85.84
Total	1,064.86	873.46

Backlog as at 30 June 2020 increased from the Backlog as at 31 December 2019. During the first half of 2020, the company continuously got new orders from new projects. The clients are confident on quality, production capacity, and expertise of the company. This resulted in more orders to the company.

Yours Truly,

Mr. Wiboon Sangwithayanon
Chief Executive Officer