

**[Translation]**

No. AQUA-092/SET-011/19

May 15, 2019

Subject Management Discussion and Analysis for three-month period ended 31 March 2019

To Director and Manager

The Stock Exchange of Thailand

As Aqua Corporation Public Company Limited (“AQUA”) submitted the interim financial statements ended March 31, 2019 which was reviewed by the Company’s auditor, summarized as follows.

Million Baht	Quarter 1/2019	Quarter 1/2018	Changed (%)
<b>1. Profit from the business operations</b>	<b>62.95</b>	<b>54.76</b>	<b>14.97%</b>
1.1 Advertising media business	20.16	12.26	64.44%
1.2 Real estate for rent and services	47.09	44.56	5.68%
1.3 Others	(4.30)	(2.06)	>100.00%
<b>2. Share of profits from the associates in proportion to the Company’s shareholding</b>	<b>18.75</b>	<b>58.07</b>	<b>-67.71%</b>
<b>3. Non-recurring items</b>	<b>11.48</b>	<b>4.95</b>	<b>&gt;100.00%</b>
3.1 Gain from sales of EPCO-W1 and investments	14.84	-	100.00%
3.2 Write-off the fair value of assets at the acquisition date	(3.36)	(3.36)	-
3.3 Adjust income tax income of transaction before the year 2018 as income.	-	8.31	-100.00%
<b>Net profit from consolidated financial statements</b>	<b>93.18</b>	<b>117.78</b>	<b>-20.89%</b>

The Company would like to explain the details of business and operating results of the AQUA group to enable the users to understand the Company’s financial statements as follows.

**1. Investment in subsidiaries and associates**

Companies	Shareholding (%)	Business	Investment Status
1. Aqua Ad PLC (AA)	99.99	Media	Subsidiary
2. Boardway Media Co., Ltd. (BWM)	95.00	Media	Subsidiary
3. M.I.S. Media Co., Ltd. (MIS)	99.99	Media	Subsidiary of AA
4. Mantra Asset Co., Ltd. (MANTRA)	99.99	Real estate for rent and service	Subsidiary
5. Thai Consumer Distribution Center Co., Ltd. (TCDC)	96.13	Warehouse for rent and service	Subsidiary
6. Accomplish Way Holdings Co., Ltd. (AWH)	99.99	Warehouse for rent and service	Subsidiary of TCDC
7. Eastern Printing PLC (EPCO)	40.08	Printing and Renewable Energy	Associate

## 2. Summary of income and profit from the business

The subsidiaries and associates have full income and share of income calculated from the shareholding of AQUA as follows.

Million Baht	Quarter 1/2019		Quarter 1/2018		
	Income	Full income	Share of income	Full income	Share of income
AA – Advertising media		89.16	89.15	75.34	75.33
BWM – Advertising media		99.08	94.13	63.85	60.66
TCDC – Warehouse		67.53	64.92	72.02	69.23
MA – Investment Property		16.57	16.57	16.29	16.29
EPCO – Electricity		131.23	52.60	121.16	47.07
EPCO – Printing		171.75	68.84	120.77	46.92
<b>Total revenue</b>		<b>575.32</b>	<b>386.21</b>	<b>469.43</b>	<b>315.50</b>

From the above share of income table, it was found that in Q1/2019, total share of income from all 5 businesses increased by 22.41% from 2018 with the main reasons from.

(1) Advertising media business, LED screen sales decreased by Baht 3.52 million that in 2019, there is no this transaction and service income increased by Baht 52.57 million or 38.75% compared to Q1/2018 divided the increasing as follows.

Type (Million baht)	Quarter 1/2019	Quarter 1/2018	Increase (decrease)	%
STATIC	91.35	83.53	7.82	9.36%
LED	93.23	50.68	42.55	83.96%
PROJECT	3.66	1.46	2.21	>100.00%
Total	188.24	135.67	52.57	38.75%

(2) Investment property business decreased by Baht 4.22 million compared to Q1/2018, because AWH's a renter do not renew a contract.

(3) Printing and renewable energy business had revenue increased by Baht 61.05 million or 25.23% compared to Q1/2018 (Details can be considered from the EPCO clarification letter).

Full net profit and share of profit calculated from the shareholding of AQUA as follows.

Million Baht	Quarter 1/2019		Quarter 1/2018		
	Net profit	Full profit	Share of profit	Full profit	Share of profit
AA – Advertising media		14.83	14.83	13.79	13.79
BWM – Advertising media (*)		5.33	5.06	-1.54	-1.46
TCDC – Warehouse		39.97	38.42	38.13	36.65
MA – Investment Property		7.12	7.12	6.43	6.43
EPCO		46.78	18.75	149.48	58.07
<b>Total net profit</b>		<b>114.03</b>	<b>84.18</b>	<b>206.29</b>	<b>113.48</b>

(\*) Profit from the above table is a profit from business operations, excluding non-recurring items.

Share of profit from 5 businesses decreased by 25.82% from 2018, mainly because EPCO decreased of 67.71% (Details can be considered from the EPCO clarification letter).

### **Financial highlights of AQUA**

#### **Summarized consolidated statement of financial position**

<b>Million Baht</b>	<b>Mar 31, 2019</b>	<b>Dec 31, 2018</b>	<b>Changed</b>
Cash and cash equivalents	30.59	43.89	(13.30)
Trade and other receivables-net	325.68	337.65	(11.97)
Investment in associates	1,022.51	984.66	37.85
Other long-term investments	29.90	29.90	-
Investment property	3,855.90	3,856.04	(0.14)
Property, plant and equipment-net	1,151.69	1,156.46	(4.77)
Goodwill	385.92	385.92	-
<b>Total assets</b>	<b>6,915.85</b>	<b>6,861.63</b>	<b>54.22</b>
Overdrafts / short-term loans	115.00	126.27	(11.27)
Trade and other payables	94.90	88.67	6.23
Loans from financial institutions	1,595.48	1,690.60	95.12
Debenture / Discounted bill of exchange	292.69	289.46	3.23
Deferred tax liabilities and employee benefits	409.87	401.54	8.33
Other non-current liabilities	177.46	180.70	(3.24)
<b>Total liabilities</b>	<b>2,717.17</b>	<b>2,802.69</b>	<b>(85.52)</b>
Paid-up capital	2,296.50	2,296.50	-
Treasury shares	-	(66.38)	66.38
Share premium	312.84	312.84	-
Other elements	51.18	42.78	8.40
Legal reserve	43.08	43.08	-
Retained earnings	1,423.83	1,360.43	63.40
Non-controlling interests	71.25	69.69	1.56
<b>Shareholders' Equity</b>	<b>4,198.68</b>	<b>4,058.94</b>	<b>139.74</b>
<b>Debt-to-equity ratio</b>	<b>0.65</b>	<b>0.69</b>	<b>(0.04)</b>
<b>Book value per share</b>	<b>0.91</b>	<b>0.87</b>	<b>0.04</b>

#### **Summary of cash flow statements for three-month period ended 31 March**

<b>Million Baht</b>	<b>2019</b>	<b>2018</b>
Net cash received from (used in) operating activities	124.62	81.13
Net cash received from (used in) investment activities	(72.31)	(191.37)
Net cash received from (used in) financing activities	(65.61)	(95.99)
Cash and cash equivalents increased (decreased)	(13.30)	(206.24)

In Q1/2019, the Company had cash received from operations of Baht 124.62 million, Loan of Baht 108 million and sell treasury shares of Baht 38.28 million. Total cash flow is Baht 270.90 million. With cash flow paid on the purchase of associate shares Baht 10.15 million, Deposit paid for business due diligence to invest Baht 38 million, Loan repayment Baht 211.39 million and pay the asset payables Baht 24.37 million including money spent on various activities total of Baht 283.91 million, causing the cash flow of 2019 is minus Baht 13.01 million approximately.

**Summarized consolidated statement of income for three-month period ended 31 March**

Million Baht	Consolidated financial statements			Separate financial statements		
	2019	2018	Changed	2019	2018	Changed
Sales and services income	272.34	227.51	44.83	-	-	-
Gain from sale of investment	14.83	-	14.83	14.83	-	14.83
Dividend received	-	-	-	51.57	45.11	6.46
Interest income	0.42	1.53	(1.11)	12.28	12.70	(0.42)
Others income	4.86	5.00	(0.14)	4.18	4.64	(0.46)
<b>Total income</b>	<b>292.45</b>	<b>234.04</b>	<b>58.41</b>	<b>82.86</b>	<b>62.45</b>	<b>20.41</b>
Cost of sales and services	126.93	105.07	21.86	-	-	-
Selling expenses	10.97	7.00	3.97	-	-	-
Administrative expenses	40.37	37.43	2.94	9.26	12.07	(2.81)
Share of profits from investments in associates	(18.75)	(58.08)	(39.33)	-	-	-
Financial cost	23.23	23.46	(0.23)	9.41	8.76	0.65
Income tax income (expense)	16.52	1.38	15.14	2.57	(0.66)	1.91
<b>Net profit</b>	<b>93.18</b>	<b>117.78</b>	<b>(24.60)</b>	<b>61.62</b>	<b>42.28</b>	<b>19.34</b>
Attributable to the non-controlling interests	1.69	1.69	-	-	-	-
<b>Net profit of AQUA</b>	<b>91.49</b>	<b>116.09</b>	<b>(24.60)</b>	<b>61.62</b>	<b>42.28</b>	<b>19.34</b>

The Company classified the total net profit for three-month period ended 31 March 2019 and 2018 according to the operations of each year as follows:

Million Baht	2019	2018	Changed (%)
1. Profit from the business operations	62.95	54.76	14.97%
2. Share of profits from associates in proportion to the Company's shareholding	18.75	58.07	- 67.71%
3. Non-recurring items	11.48	4.95	> 100.00%
<b>Net profit from consolidated financial statements</b>	<b>93.18</b>	<b>117.78</b>	<b>-20.89%</b>

From the table, it was found that in 2019, the AQUA group has profits increased and decreased from 2018 as follows.

- (1) Profit from the business operation increased by Baht 8.19 million or 14.97%
- (2) Share of profits from associates decreased by Baht 39.32 million or 67.71%.
- (3) Profit from non-recurring items increased by Baht 6.53 million or increased more than 100%

The operating results for three-month period ended 31 March 2019 compared to 2018, has the reasons for the changes as follows:

1. Total revenue increased by Baht 58.41 million from 2018 or 24.96% consisting of:
  - 1.1 Sales and services income increased by Baht 44.83 million which was mainly increasing from advertising media business as mentioned above.
  - 1.2 Gain from the sale of investment increased by Baht 14.83 million from the sale of EPCO-W3.
  - 1.3 Interest income and others income decreased by Baht 1.25 million.
2. Year 2019, the cost of service is 46.61% of service income and year 2018, the cost of service is 45.34% of service income which increased slightly. Because the decreasing in revenue of warehouse rental business in Q1/2019 as mentioned above.
3. Selling expenses increased by Baht 3.97 million compared to 2018, which was increased from revenue of advertising media business.
4. Administrative expenses increased by Baht 2.94 million or 7.85% compared to 2018, which was increased from normal operations.
5. Share of profits from investments in associates decreased by Baht 39.33 million from year 2018 or 67.72% because net profit decreased by Baht 102.71 million or 68.71%. The reason for the decrease is in EPCO's profits can be considered from the information of EPCO.
6. Income tax (expenses) income increased by Baht 15.14 million because Q1/2018 had the adjustment of income tax of transaction before year 2018 as income of Baht 8.31 million and in Q1/2019, had income tax from increased profits of Baht 2.31 million, including deferred tax transactions recorded as expenses increased by Baht 4.52 million.
7. AQUA's net profit decreased by Baht 24.60 million from 2018 or 21.19%, mainly from the share of profits from investments in associated (EPCO) decreased by Baht 39.33 million and others transaction as described above.

Please be informed accordingly,

Yours truly,

(Mr. Arak Ratboriharn)

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