

***-Translation-***

No. AQUA-172/SET-021/19

November 14, 2019

Subject Management Discussion and Analysis for three-month period ended 30 September 2019

To Director and Manager  
The Stock Exchange of Thailand

As Aqua Corporation Public Company Limited (“Company / AQUA”) submitted the interim financial statements ended 30 September 2019 which was reviewed by the Company’s auditor, summarized as follows.

Million Baht	Quarter 3/2019	Quarter 3/2018	Changed (%)
<b>1. Profit from the business operations</b>	<b>68.10</b>	<b>67.20</b>	<b>1.34%</b>
<i>1.1 Advertising media business</i>	<i>23.03</i>	<i>21.26</i>	<i>8.33%</i>
<i>1.2 Real estate for rent and services</i>	<i>44.54</i>	<i>46.79</i>	<i>- 4.81%</i>
<i>1.3 Others</i>	<i>0.53</i>	<i>(0.85)</i>	<i>&gt;100.00%</i>
<b>2. Share of profits from the associates in proportion to the Company’s shareholding</b>	<b>21.75</b>	<b>10.39</b>	<b>109.34%</b>
<b>3. Non-recurring items</b>			
<i>3.1 Write-off the fair value of assets at the acquisition date</i>	<i>(3.36)</i>	<i>(3.36)</i>	-
<b>Net profit from consolidated financial statements</b>	<b>86.49</b>	<b>74.23</b>	<b>16.52%</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)	99.99	Media	Subsidiary
3. M.I.S. Media Co., Ltd. (MIS)	99.99	Media	Subsidiary of AA
4. S.Thana Media Co., Ltd. (STN)	99.99	Media	Subsidiary of BWM
5. Mantra Asset Co., Ltd. (MANTRA)	99.99	Real estate for rent and service	Subsidiary
6. Thai Consumer Distribution Center Co., Ltd. (TCDC)	96.13	Warehouse for rent and service	Subsidiary
7. Accomplish Way Holdings Co., Ltd. (AWH)	99.99	Warehouse for rent and service	Subsidiary of TCDC
8. 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 3/2019		Quarter 3/2018		
	Income	Full income	Share of income	Full income	Share of income
AA – Advertising media		81.24	81.23	87.35	87.34
BWM – Advertising media		112.47	112.46	92.27	87.66
TCDC – Warehouse		67.72	65.10	72.49	69.68
MA – Investment Property		16.57	16.57	16.29	16.29
EPCO – Electricity		339.23	135.96	124.62	48.41
EPCO – Printing		57.40	23.01	67.75	26.32
<b>Total revenue</b>		<b>674.93</b>	<b>434.63</b>	<b>460.77</b>	<b>335.71</b>

From the above share of income table, it was found that in Q3/2019, total share of income from all 5 businesses increased by 29.47% from 2018 with the main reasons from.

(1) Advertising media business, service income increased by Baht 14.08 million or 7.84% compared to Q3/2018, divided the increasing as follows.

Type (Million baht)	Quarter 3/2019	Quarter 3/2018	Increase (decrease)	%
STATIC	96.65	89.85	6.80	7.57%
LED	93.92	82.91	11.01	13.28%
PROJECT	3.13	6.86	(3.73)	-54.37%
<b>Total</b>	<b>193.70</b>	<b>179.62</b>	<b>14.08</b>	<b>7.84%</b>

(2) Investment Property decreased by Baht 4.49 million compared to Q3/2018, because a AWH's renter does not renew a contract and the Company is in the process of finding a new renter.

(3) Printing and renewable energy business had revenue increased by Baht 204.26 million or 106.18% compared to Q3/2018 (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 3/2019		Quarter 3/2018		
	Net profit	Full profit	Share of profit	Full profit	Share of profit
AA – Advertising media		16.65	16.65	15.42	15.42
BWM – Advertising media		6.21	6.21	5.85	5.56
TCDC – Warehouse		37.56	36.11	39.84	38.30
MA – Investment Property		7.15	7.15	6.94	6.94
EPCO		54.27	21.75	26.73	10.39
<b>Total net profit</b>		<b>121.84</b>	<b>87.86</b>	<b>94.78</b>	<b>76.61</b>

Profit allocated from 5 businesses increased by 14.69% from 2018, mainly from advertising media business, which the company has invested in STN and the company has invested in and started to recognize the operating results from 1 August 2019 onwards and profit sharing from EPCO increase more than 100% (Details can be considered from the EPCO clarification letter).

**Financial highlights of AQUA**

**Summarized consolidated statement of financial position**

Million Baht	September 30, 2019	Dec 31, 2018	Changed
Cash and cash equivalents	95.27	43.89	51.38
Trade and other receivables-net	327.70	337.65	(9.95)
Investment in associates	1,079.16	984.66	94.50
Other long-term investments	29.90	29.90	-
Investment property	3,855.44	3,856.04	(0.60)
Property, plant and equipment-net	1,259.68	1,156.46	103.22
Goodwill	738.83	385.92	352.91
Other current and non-current assets	92.89	67.11	25.78
<b>Total assets</b>	<b>7,478.87</b>	<b>6,861.63</b>	<b>617.24</b>
Overdrafts / short-term loans	40.29	126.27	(85.98)
Trade and other payables	109.00	88.67	20.33
Loans from financial institutions	1,832.86	1,690.60	142.26
Debenture / Discounted bill of exchange	476.55	289.46	187.09
Liabilities under hire purchase agreements	100.10	2.41	97.69
Deferred tax liabilities and employee benefits	427.90	401.54	26.36
Other non-current liabilities	210.79	203.74	7.05
<b>Total liabilities</b>	<b>3,197.49</b>	<b>2,802.69</b>	<b>394.80</b>
Paid-up capital	2,296.50	2,296.50	-
Treasury shares	-	(66.38)	66.38
Share premium	312.84	312.84	-
Other component	44.13	42.78	1.35
Legal reserve	43.08	43.08	-
Retained earnings	1,521.02	1,360.43	160.59
Non-controlling interests	63.81	69.69	(5.88)
<b>Shareholders' Equity</b>	<b>4,281.38</b>	<b>4,058.94</b>	<b>222.44</b>
<b>Debt-to-equity ratio</b>	<b>0.75</b>	<b>0.69</b>	<b>0.06</b>
<b>Book value per share</b>	<b>0.92</b>	<b>0.87</b>	<b>0.06</b>

**Summary of cash flow statements for six-month period ended 30 June**

Million Baht	2019	2018
Net cash received from (used in) operating activities	314.73	237.30
Net cash received from (used in) investment activities	(532.64)	(235.36)
Net cash received from (used in) financing activities	269.30	(214.44)
<b>Cash and cash equivalents increased (decreased)</b>	<b>51.39</b>	<b>(212.50)</b>

For 9 months of 2019, the Company had cash received from operations of Baht 314.73 million, from loan Baht 717.75 million, sell treasury shares and EPCO-W3 total of Baht 52.75 million, and dividends received from associated companies Baht 36.94 million representing total cash flow received of Baht 1,122.17 million. With cash flow paid on the purchase of shares in subsidiaries / associates of Baht 428.26 million, Dividend payment Baht 92.93 million, Repayment of loan Baht 384.79 million, Investment in assets Baht 165.79 million, representing total money spent in various activities of Baht 1,071.77 million. Resulting in the cash flow of the year 2019 remaining approximately Baht 50.40 million.

**Summarized consolidated statement of income for three-month period ended 30 June.**

Million Baht	Consolidated financial statements			Separate financial statements		
	2019	2018	Changed	2019	2018	Changed
Service income	277.99	268.41	9.58	-	-	-
Dividend received	-	-	-	24.27	107.24	(82.97)
Interest income	0.87	1.18	(0.31)	13.89	14.10	(0.21)
Others income	3.91	4.88	(0.97)	4.56	4.32	0.24
<b>Total income</b>	<b>282.77</b>	<b>274.47</b>	<b>8.30</b>	<b>42.72</b>	<b>125.66</b>	<b>(82.94)</b>
Cost of service	132.20	124.89	7.31	-	-	-
Selling expenses	13.07	9.71	3.36	-	-	-
Administrative expenses	32.98	38.21	(5.23)	6.65	10.15	(3.50)
Share of profits from investments in associates	21.75	10.39	11.36	-	-	-
Financial cost	(25.62)	(23.17)	2.45	(11.95)	(8.67)	3.28
Income tax income (expense)	(14.16)	(14.65)	(0.49)	-	(0.64)	(0.64)
<b>Net profit</b>	<b>86.49</b>	<b>74.23</b>	<b>12.26</b>	<b>24.12</b>	<b>106.20</b>	<b>(82.08)</b>
Attributable to the non-controlling interests	1.46	1.69	(0.23)	-	-	-
<b>Net profit of AQUA</b>	<b>85.03</b>	<b>72.54</b>	<b>12.49</b>	<b>24.12</b>	<b>106.20</b>	<b>(82.08)</b>

The operating results for three-month period ended 30 September 2019 compared to 2018, has the reasons for the changes as follows:

1. Total revenue increased by Baht 8.30 million from 2018 or 3.02% consisting of;
  - 1.1 Service income increased by Baht 9.58 million which was increased from advertising media business of Baht 14.09 million and Investment Property decreased by Baht 4.49 million.
  - 1.2 Interest income and other income decreased by Baht 1.28 million.
2. Year 2019, cost of service is 47.55% of service income and 2018, the cost of service is 46.53% of service income which increased slightly because in Q3/2019, revenue proportion from advertising media business increased by 69.68% from 2018 accounted for 66.92% and this business has a higher cost % than the investment property business.
3. Selling expenses increased by Baht 3.36 million compared to 2018, which was increased from revenue of advertising media business from investing in STN and beginning to recognize the operating results from 1 August 2019 onwards.
4. Administrative expenses decreased by Baht 5.23 million compared to 2018, which is a decreased from staff expenses and in 2018 there is a cost related to business inspection.
5. Share of profits from investments in associates increased by Baht 11.36 million from year 2018. Reason for the increased of EPCO's profits can be considered from the information of EPCO.
6. Income tax (expenses) income decreased by Baht 3.18 million and corporate income tax increased by Baht 2.68 million.
7. AQUA's net profit increased by Baht 12.49 million from 2018 or 17.22%, mainly from the share of profits from investments in associated (EPCO) and others transaction as described above.

Please be informed accordingly,

Yours truly,

(Mr. Arak Ratboriharn)  
Acting Chief Executive Officer

Company Secretary Section  
Miss Rewadee Whanchid / Mrs. Orathai Nateruang  
Tel .02-694-8888 Ext. 8804