

No. AQUA-021/SET-003/20

February 28, 2020

Subject Management Discussion and Analysis Yearly Ending 31 December 2019

To Director and Manager
The Stock Exchange of Thailand

As Aqua Corporation Public Company Limited (“AQUA”) submitted the financial statements for the year ended December 31, 2019 which was audited by the auditor of the Company. The source of net profit summarized as follows.

Million Baht	2019	2018	Changed (%)
1. Profit from operations of businesses under subsidiaries	252.61	263.39	-4.09%
1.1 Advertising media business	98.57	92.41	6.67%
1.2 Real estate for rent and services	183.71	189.88	-3.25%
1.3 Others	(29.67)	(18.90)	56.98%
2. Share of profits from associates in proportion to the Company's shareholding	261.21	136.05	92.00%
3. Non-recurring items	53.98	(1.42)	>100.00%
3.1 Gain from sale of investment EPCO	14.83	-	100.00%
3.2 Gain from changes in fair value net from income tax	62.89	12.01	>100.00%
3.3 Write-off the fair value of assets at the acquisition date	(13.43)	(13.43)	-
3.4 Improved income tax	(10.31)		
Net profit from consolidated financial statements	567.80	398.02	42.66%

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

1. Investment in subsidiaries and associates

Companies	Shareholding (%)	Business	Investment Status
1. Aqua Ad PLC (AA)	99.99	Media Billboard	Subsidiary
2. Boardway Media Co., Ltd. (BWM)	99.99	Media Billboard	Subsidiary
3. M.I.S. Media Co., Ltd. (MIS)	99.99	Media Billboard	Subsidiary of AA
4. S.Thana Media Co., Ltd. (STN)	99.99	Media Billboard	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

Companies	Shareholding (%)	Business	Investment Status
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 business

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

Million Baht	2019		2018	
	Full income	Full income	Full income	Share of income
AA – Advertising media	345.22	345.19	347.06	347.02
BWM – Advertising media	464.01	463.97	348.63	331.20
TCDC – Warehouse	271.04	260.55	289.40	278.20
MA – Investment Property	66.56	66.55	65.44	65.43
EPCO – Electricity	1,097.25	439.78	567.61	225.28
EPCO – Printing	433.02	173.55	419.66	166.56
Total revenue	2,677.10	1,749.59	2,037.80	1,413.70

From the above share of income table, it was found that in 2019, total revenue from all 5 businesses increased by 23.76% from 2018 with the main reason from.

(1) Advertising media business has revenue service increased by 113.55 million baht or 16.32% compared to 2018 separation is as follows:

Type (Million Baht)	2019	2018	Increase (Decrease)	%
STATIC	385.16	358.57	26.59	7.42%
LED	403.05	314.32	88.73	28.23%
PROJECT	21.01	22.78	-1.77	-7.77%
Total	809.23	695.68	113.55	16.32%

(2) Revenue from rental and service warehouses business decreased by 18.36 million baht or 6.34% compared to 2018 because a warehouse of AWH is in the process of finding a new tenants (leased area 4,525 square meters).

(3) MANTRA's investment property business has revenue increased by 1.12 million baht according to lease and service agreements.

(4) Printing and renewable energy business has revenue increased by 543 million baht or 55% compared to 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	2019		2018	
Net profit	Full profit	Share of profit	Full profit	Share of profit
AA – Advertising media	76.46	76.45	75.25	75.24
BWM – Advertising media	22.12	22.11	17.16	16.30
TCDC – Warehouse	155.11	149.11	159.49	153.32
MA – Investment Property	28.60	28.59	30.39	30.39
EPCO	651.72	261.21	342.77	136.05
Total net profit	934.01	537.47	625.06	411.30

Share of profit from 5 businesses increased 30.68% from 2018, mainly due to an increase of 7.67% in advertising media and decreased by 3.27% from warehouses and investment properties and the share of profits from associates increased by 92.00%

Financial highlights of AQUA

Summarized consolidated statement of financial position (Million Baht)	Dec 31, 2019	Dec 31, 2018	Changed
Cash and cash equivalents	158.09	43.89	114.20
Trade and other receivables-net	332.29	337.65	(5.36)
Investment in associates	1,276.55	984.66	291.88
Other long-term investments	29.90	29.90	-
Investment property	3,934.06	3,856.04	78.02
Property, plant and equipment-net	1,230.42	1,156.46	73.96
Goodwill	738.83	385.92	352.91
Total assets	7,788.31	6,861.63	926.69
Overdrafts / short-term loans	40.61	126.27	(85.66)
Trade and other payables	94.65	88.67	5.98
Loans from financial institutions	1,825.92	1,690.60	135.32
Debenture	477.67	289.46	188.21
Deferred income tax liabilities and employee benefits	446.03	401.54	44.49
Other non-current liabilities	187.05	180.70	6.35
Total liabilities	3,200.00	2,802.69	397.31
Paid-up capital	2,296.50	2,296.50	-
Treasury shares	-	(66.38)	66.38
Share premium	312.84	312.84	-
Other elements	70.91	42.78	28.13

Summarized consolidated statement of financial position (Million Baht)	Dec 31, 2019	Dec 31, 2018	Changed
Legal reserve	50.34	43.08	7.26
Retained earnings	1,790.09	1,360.43	429.66
Non-controlling interests	67.63	69.69	(2.06)
Shareholders' Equity	4,588.31	4,058.94	529.38
Debt-to-equity ratio	0.70	0.69	0.01
Book value per share	0.98	0.87	0.11

Summary of cash flow statements for 1 year ended 31 December

Million Baht	2019	2018
Net cash received from (used in) operating activities	413.50	304.97
Net cash received from (used in) investment activities	(554.48)	(348.63)
Net cash received from (used in) financing activities	255.19	(179.01)
Cash and cash equivalents increased (decreased)	114.21	(222.67)

In 2019, the Company used funds from operating 413.50 million baht, from loans 1,284.08 million baht, from dividend received 36.94 million baht, and from Sale of repurchased shares/others 60.61 million baht, total cash flow is 1,795.13 million baht to invest in subsidiaries / associates 419.73 million baht, expand the business of subsidiaries 194.06 million baht, repay loans 974.22 million baht, and pay dividend 92.94 million baht included as money used in various activities total of 1,680.95 million baht. In 2019, the Company has cash received more than cash payment amount of 114.18 million baht.

Summarized consolidated statement of income

Million Baht	Consolidated financial statements			Separate financial statements		
	2019	2018	Changed	2019	2018	Changed
Sales and services income	1,146.6	1,050.45	95.70	0.30	-	0.30
Gain from sale of investment	14.83	-	14.83	14.83	-	14.83
Dividend received	-	-	-	131.39	178.33	(46.94)
Gain from changes in fair value	78.62	15.01	63.61	-	-	-
Interest income	3.30	4.97	(1.67)	56.83	53.25	3.58
Other income	23.40	17.43	5.98	17.96	18.08	(0.12)
Total income	1,266.31	1,087.86	178.45	221.31	249.66	(28.35)
Cost of sales and services	(537.03)	(483.68)	(53.35)	(0.07)	-	0.07
Selling expenses	(57.07)	(41.40)	(15.67)	(0.01)	-	0.01
Administrative expenses	(189.78)	(161.70)	(28.08)	(49.91)	(44.75)	5.16

Million Baht	Consolidated financial statements			Separate financial statements		
	2019	2018	Changed	2019	2018	Changed
Share of profits from investments in associates	261.21	136.05	125.16	-	-	-
Financial cost	(101.00)	(92.93)	(8.07)	(47.55)	(35.14)	12.41
Income tax income (expense)	(74.84)	(46.18)	(28.66)	(1.39)	1.27	2.66
Net profit	567.80	398.02	169.78	122.38	171.04	(48.66)
Attributable to the non-controlling interests.	8.21	7.14	1.07	-	-	-
Net profit of AQUA	559.59	390.88	168.71	122.38	171.04	(48.66)

The Company classified the net profit for the year ended 31 December 2019 and 2018 as follows:

Million Baht	2019	2018	Changed (%)
1. Profit from operations of businesses under subsidiaries	252.61	263.39	-4.09%
2. Share of profits from associates in proportion to the Company's shareholding	261.21	136.05	92.00%
3. Non-recurring items	53.98	(1.42)	>100.00%
Net profit from consolidated financial statements	567.80	398.02	42.66%

From the table, it was found that in 2019, the AQUA group has profits increased from the year 2018 by 169.78 million baht or 42.66% as follows.

- (1) From the business operation under subsidiaries decreased by 10.78 million baht or 4.09 %
- (2) Share of profits from associates increased by 125.16 million baht or 92.00%.
- (3) Profit from non-recurring items increased d by 55.41 million baht or more than 100%.

The operating results for the year ended December 31, 2019, compared to 2018, has the reasons for the changes as follows:

1. Total revenue increased by 178.45 million baht from 2018 or 16.40% consisting of
 - 1.1 Sales and services income increased by 95.70 million baht which is an increase in advertising media business and income from real estate for rent and services increase as mentioned above.
 - 1.2 Gain from the sale of investment increased by 14.83 million baht from the sale of EPCO-W3
 - 1.3 Gain from changes in fair value increased by 63.61 million baht. The company has to measure the fair value of investment property at the end of every accounting period and record the changes into profit and loss.
 - 1.4 Interest income and other income increased by 4.31 million baht.

2. 2019, the cost of service is 46.51% of service income and in 2018 the service cost is 45.69% of service income which increased slightly. Cost of sales is the related transactions with selling LED screens.
3. Selling expenses increased by 15.67 million baht compared to 2018, which is an increase in revenue and higher sales promotion to boost sales.
4. Administrative expenses increased by 28.08 million baht or 17.37% compared to 2018, mainly due to:
 - 4.1 Employee expenses increased by 12.15 million baht.
 - 4.2 In 2019, there was an investment in STN Company and started to recognize the financial statements of the company since 1 August 2019, with administrative expenses increased by 3.74 million baht.
 - 4.3 Improved income tax 2019 amount of 10.31 million baht.
 - 4.4 2019, Mantra Company set up an allowance for doubtful accounts of 3.46 million baht.
 - 4.5 Others decreased by 1.58 million baht.
5. Share of profits from investments in associates increased by 125.16 million baht from year 2018 or 92% because net profit increased by 308.95 million baht or 90.13%. The reason for the increase in EPCO's profits can be considered from the information of EPCO.
6. Income tax (expenses) income increased by 28.66 million baht from the adjustment in accordance with accounting standards.
7. AQUA's net profit increased by 168.71 million baht from 2018 or 43.16%, mainly from non-recurring items as described above.

From 2020, the company has adjusted its advertising media business plan under the brand "AQUA" only. By Aqua Corporation Public Company Limited. to be the sales and management of all advertising media of 4 subsidiaries and indirect subsidiaries. And adjusted that 4 subsidiaries and indirect subsidiaries are the only owners of advertising media and provide construction, procurement, installation and maintenance of advertising media only.

Please be informed accordingly,

Yours truly,

(Mr. Arak Ratboriharn)

President

Company Secretary Section

Miss Rewadee Whanchid / Mrs. Orathai Nateruang

Tel .02-694-8888 Ext. 8804