

[Translation]

No. AQUA-092/SET-013/20

May 18, 2020

Subject Management Discussion and Analysis for three-month period ended 31 March 2020

To Director and Manager
The Stock Exchange of Thailand

As Aqua Corporation Public Company Limited (“AQUA / the Company”) submitted the interim financial statements ended March 31, 2020 which was reviewed by the Company’s auditor, summarized as follows.

Million Baht	Quarter 1/2020	Quarter 1/2019	Changed (%)
1. Profit from the business operations	65.24	62.95	3.64%
1.1 Advertising media business	16.12	22.81	-29.33%
1.2 Investment Properties	47.44	47.09	0.74%
1.3 Others	1.68	(6.95)	> -100.00%
2. Share of profits from the associates in proportion to the Company’s shareholding	6.37	18.75	-66.03%
3. Non-recurring items	(6.73)	11.48	> -100.00%
3.1 Gain from sales of EPCO-W1 and investments	-	14.83	-100.00%
3.2 Write-off the fair value of assets at the acquisition date	(3.36)	(3.36)	-
3.3 Adjusted to the new accounting standards (TFRS 9 and TFRS 16)	(3.37)	-	100.00%
Net profit from consolidated financial statements	64.88	93.18	-30.37%

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 Power Group PLC (EP) (Formerly : Eastern Printing Plc.)	40.08	Printing and Renewable Energy	Associate

2. Summary of income and profit from the business

In the year 2020, the Company adjusted the advertising media business operations of the Group under the brand "AQUA" only. By Aqua Corporation Public Company Limited to be the sales management and manage of all advertising media of 4 subsidiaries and indirect subsidiaries (the table 1, Company no. 1-4) and 4 subsidiaries and indirect subsidiaries shall change to be the only owner of the advertising media and providing the construction, procurement, installation and maintenance of the said advertising media only. Therefore, the presentation of the information of the advertising media business will be presented as an overview of the business. (Not classified by company) as follows;

Million Baht	Quarter 1/2020		Quarter 1/2019	
	Revenue	Net Profit	Revenue	Net Profit
Advertising media	191.84	16.12	188.24	22.81
Investment Properties	85.68	47.44	84.10	47.09
Renewable energy	87.04	6.37	73.07	18.75
Printing and Packaging	50.67		48.37	
Total	415.23	69.93	393.78	88.65

The net profits from the above table are profits from business operations, excluding non-recurring items and profit from renewable energy business, printing and packaging, the allocation is calculated from Aqua's shareholding proportion.

From the above table, it was found that

2.1 Total revenue from 4 businesses in Q1/2020 increased by 5.45% from 2019, the main reason from

(1) Service revenues from Advertising Media business increased by Bath 3.60 Million or 1.91% compared to Q1/2019, classified by media type as follows

Type (Unit : Million Baht)	Q1/2020	Q1/2019	Increased (Decreased)	%
STATIC	107.91	91.35	16.56	18.13
LED	82.18	93.23	(11.05)	(11.85)
PROJECT	1.75	3.66	(1.91)	(52.19)
Total	191.84	188.24	3.60	1.91

Revenue from Static increased by Bath 16.56 million or 18.13% from 2019 due to the Company invested in STN on 1 August 2019. Revenue from LED decreased by Bath 11.05 million or 11.85% due to the situation of the spread of Covid 19.

(2) Investment Properties business increased by Bath 1.58 million compared to Q1/2019 due to the adjustment of rent according to the contract.

(3) Revenue from Renewable energy business increase by Bath 13.97 million or 19.12% compared to Q1/2019 (Details can be considered from the EP's clarification letter)

(4) Revenue from Printing and Packaging business increased by Bath 2.30 million or 4.76% compared to Q1/2019 (Details can be considered from the EP's clarification letter)

2.2 Profit allocation from 4 businesses in Q1/2020 decreased by 21.12% from 2019 in which the profit from the advertising media business decreased 29.33% and profit sharing from EP decrease by 66.03%, the reasons for the decline are explained in the next step.

Financial highlights of AQUA

Summarized Consolidated Statements of Financial (Million Baht)	31 Mar 2020	31 Dec 2019 (Adjust)	Changed
Cash and cash equivalents	57.42	158.09	(100.67)
Trade and other receivables-net	304.03	332.23	(28.20)
Investment in associates	1,150.74	1,276.55	(125.81)
Other long-term investments	29.90	29.90	-
Assets usage rights - net	359.14	-	359.14
Investment properties	3,934.06	3,934.06	-
Property, plant and equipment-net	1,338.04	1,230.42	107.62
Goodwill	738.83	738.83	-
Other current and non-current assets	75.80	88.14	(12.34)
Total assets	7,987.96	7,788.22	199.74
Overdrafts / short-term loans	40.50	40.61	(0.11)
Trade and other payables	169.60	99.13	70.47
Loans from financial institutions	2,066.79	1,922.01	144.78
Debenture	518.18	477.67	40.51
Non-current liabilities arising from contracts	38.08	39.66	(1.58)
Deferred tax liabilities and employee benefits	448.81	446.03	2.78
Other current and non-current liabilities	173.60	174.90	(1.30)
Total liabilities	3,455.56	3,200.00	255.56
Paid-up capital	2,296.50	2,296.50	-
Share premium	312.84	312.84	-
Legal reserve	50.34	50.34	-
Retained earnings	1,864.82	1,790.09	74.73
Other elements	(61.26)	70.91	(132.17)
Non-controlling interests	69.16	67.63	1.53
Shareholders' Equity	4,532.40	4,588.31	55.91
Debt-to-equity ratio	0.76	0.70	0.06
Book value per share	0.97	0.98	(0.01)

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

Million Baht	Consolidated			Separate		
	2020	2019	Changed	2020	2019	Changed
Sales and services income	277.53	272.34	5.19	115.00	-	115.00
Dividend received	-	-	-	67.91	51.57	16.34
Gain from sale of investment	-	14.83	(14.83)	-	14.83	(14.83)
Interest income	1.38	0.42	0.96	17.57	12.28	5.29
Others income	1.44	4.86	(3.42)	4.77	4.18	0.58
Total income	280.34	292.45	(12.11)	205.24	82.86	122.38
Cost of sales and services	128.82	126.93	1.89	99.15	-	99.15
Selling expenses	8.67	10.15	(1.48)	3.30	-	3.30
Administrative expenses	40.29	41.19	(0.89)	8.69	9.26	(0.57)
Share of profits from investments in associates	(6.37)	(18.75)	(12.38)	-	-	-
Financial cost	30.99	23.23	7.76	13.85	9.41	(4.45)
Income tax income (expense)	13.06	16.52	(3.46)	2.52	2.57	(0.05)
Net profit	64.87	93.18	(28.31)	77.73	61.62	16.10
Attributable to the non-controlling interests	1.53	1.69	(0.16)	-	-	-
Net profit of AQUA	63.34	91.49	(28.15)	77.73	61.62	16.10

The Company classified the net profit from consolidated financial statements for three-month period ended 31 March 2020 and 2019 according to the operations of each year as follows:

Million Baht	2020	2019	Changed (%)
1. Profit from the business operations	65.24	62.95	3.64%
2. Share of profits from associates in proportion to the Company's shareholding	6.37	18.75	-66.03%
3. Non-recurring items	(6.73)	11.48	> -100.00%
Net profit from consolidated financial statements	64.88	93.18	-30.37%

From the table, it was found that in 2020, the AQUA group has profits increased and decreased from 2019 as follows.

- (1) From the business operation increased by Baht 2.29 million or 3.64%
- (2) Share of profits from associates decreased by Baht 12.38 million or 66.03%.
- (3) Profit from non-recurring items decreased by Baht 18.21 million or decreased more than 100%

The operating results for three-month period ended 31 March 2020 compared to 2019, has the reasons for the changes as follows:

1. Total revenue decreased by Baht 12.11 million from 2019 or 4.14% consisting of;
 - 1.1 Sales and services income increased by Baht 5.19 million which was mainly increasing from advertising media business as mentioned above.
 - 1.2 Gain from the sale of investment decreased by Baht 14.83 million from the sale of EPCO-W3 in last year.
 - 1.3 Interest income and others income decreased by Baht 2.46 million.
2. Year 2020, the cost of service is 46.42% of service income and year 2019, the cost of service is 46.61% of service income which increased slightly.
3. Selling expenses decreased by Baht 1.48 million compared to 2019, which was decreased from revenue of LED which has a higher pay rate than Static.
4. Administrative expenses decreased by Baht 0.89 million compared to 2019, which was increased decreased from normal operations.
5. Share of profits from investments in associates decreased by Baht 12.38 million from 2019 or 66.03%, the reason for the decrease in EP's profits can be considered from the information of EP.
6. Financial costs increased by Bath 7.76 million from 2019 due to loans from financial institutions and the issuance of debentures to use as a capital to purchase of shares in subsidiaries and indirect subsidiaries including the expansion of billboard advertising.
7. Income (expense) income tax decreased by Baht 3.46 million
 - 7.1 Income tax increased by Bath 1.82 million
 - 7.2 Income (expense) income tax decreased by Baht 5.28 million.
8. AQUA's net profit decreased by Baht 28.15 million from 2019 or 30.77% as described above.

Please be informed accordingly,

Yours truly,

(Mr. Arak Ratboriharn)

President

Company Secretary Section

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