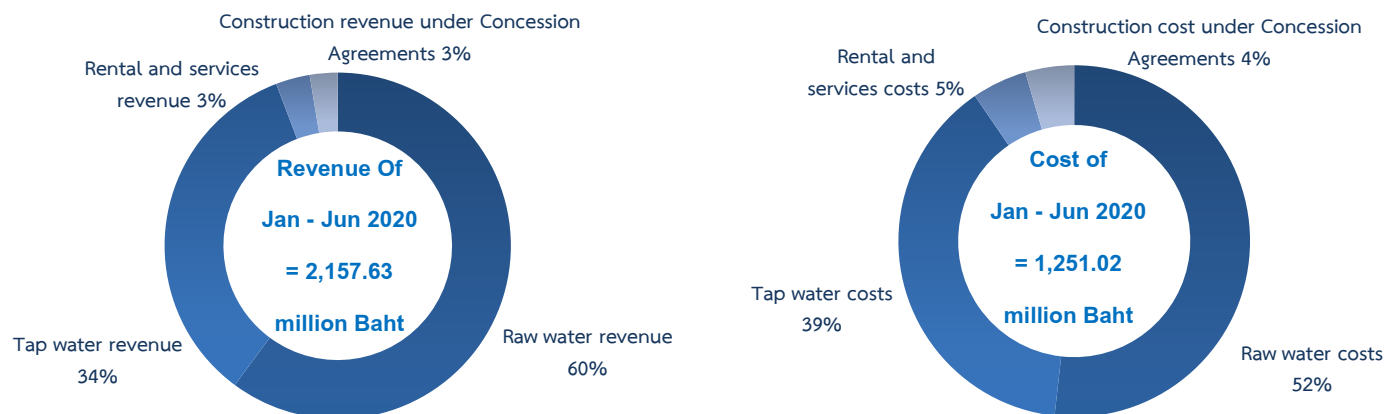


EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS FOR Q2/2020

1. ANALYSIS OF FINANCIAL PERFORMANCE

For the 6 months ended June 2020, East Water Group had total consolidated sales and services income of 2,157.63 million Baht, decreased by 203.12 million Baht or -8.60% and costs of sales and services totaled 1,251.02 million Baht, decreased by 60.57 million Baht or -4.62% compared to the same period of 2019, as total sales volume was reduced. Net profit attributable to equity holders of the parent company of 465.05 million Baht, decreased by 144.42 million Baht or -23.70%.

Proportion of revenues and cost



Income statement (Million Baht)	For the three-month period				For the six-month period			
	Q2/2020	Q2/2019	YOY	%	1H/2020	1H/2019	YOY	%
Total Sales and Services revenue	1,000.61	1,195.92	(195.31)	(16.33%)	2,157.63	2,360.75	(203.12)	(8.60%)
Raw water revenue	586.67	734.08	(147.41)	(20.08%)	1,297.40	1,429.95	(132.55)	(9.27%)
Tap water revenue	361.95	385.30	(23.34)	(6.06%)	735.44	751.93	(16.49)	(2.19%)
Rental and services revenue	26.78	26.78	0.01	0.02%	68.67	68.46	0.21	0.31%
Construction revenue under Concession Agreements ¹⁾	25.21	49.77	(24.56)	(49.35%)	56.11	110.41	(54.30)	(49.18%)
Costs of Sales and Services	636.04	690.50	(54.46)	(7.89%)	1,251.02	1,311.59	(60.57)	(4.62%)
Raw water cost	335.84	352.02	(16.18)	(4.60%)	647.86	643.63	4.24	0.66%
Tap water cost	249.91	260.56	(10.65)	(4.09%)	483.64	491.22	(7.58)	(1.54%)
Rental and services cost	25.08	28.14	(3.07)	(10.89%)	63.40	66.33	(2.92)	(4.41%)
Construction cost under Concession Agreements ¹⁾	25.21	49.77	(24.56)	(49.35%)	56.11	110.41	(54.30)	(49.18%)
Gross profit	364.58	505.43	(140.85)	(27.87%)	906.61	1,049.16	(142.56)	(13.59%)
Other income	9.55	7.03	2.52	35.93%	23.33	26.30	(2.96)	(11.26%)
Selling and administrative expenses	122.06	136.78	(14.72)	(10.76%)	245.96	242.51	3.45	1.42%
Operating profit	252.07	375.68	(123.61)	(32.90%)	683.98	832.95	(148.96)	(17.88%)
Finance cost	42.79	39.79	3.00	7.55%	87.05	81.39	5.66	6.96%
Income tax expenses	55.90	65.58	(9.67)	(14.75%)	126.16	136.93	(10.76)	(7.86%)
Net profit	153.38	270.31	(116.94)	(43.26%)	470.77	614.63	(143.86)	(23.41%)
Net profit attributable to owner of the parent	150.57	267.77	(117.20)	(43.77%)	465.05	609.48	(144.42)	(23.70%)
Earnings per share (EPS)	0.09	0.16	(0.07)	(43.77%)	0.28	0.37	(0.09)	(23.70%)

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS FOR Q2/2020

1. ANALYSIS OF FINANCIAL PERFORMANCE (CONT.)

EBITDA (Million Baht)	For the three-month period				For the six-month period			
	Q2/2020	Q2/2019	YoY	%	1H/2020	1H/2019	YoY	%
Operating profit	252.07	375.68	(123.61)	(32.90%)	683.98	832.95	(148.96)	(17.88%)
Depreciation	118.06	125.13	(7.07)	(5.65%)	255.38	249.23	6.15	2.47%
Amortization	106.13	79.92	26.21	32.79%	188.74	158.17	30.57	19.33%
EBITDA	476.26	580.73	(104.47)	(17.99%)	1,128.10	1,240.35	(112.24)	(9.05%)

2. ECONOMIC SITUATION

Thailand economic situation in Q2/2020 in Central and Eastern regions contracted compared to the same period of 2019 due to the COVID-19 pandemic, which are major negative impact to temporarily interrupted in economy from power purchasing retardation in domestic and foreign and lacking of imported materials such as automotive production, electronic devices and exported goods. In term of tourism sector, which still stagnated, especially the areas which serve for foreign tourists, due to public health measures resulting in some enterprises have to be closed temporarily. For private investments, that decreased from the same period of last year in all sectors from instability of the economy, except for ongoing projects of improvement, maintenance and automation investment for reducing cost. Production costs are as same as the last year, although cost per unit increased from reduced production capacity and increased cost to support public health standards. Entrepreneur have been reducing cost in other side such as wages and utilities, by taking measure to temporarily reduce employment and wages. However, price increases are difficult due to decreasing purchasing power and increased price competitiveness.

For the business outlook for Q3/2020, the trend of the Thai economy is expected to contract compared to the same period of 2019 from the COVID-19 pandemic, changes in consumer behavior from New Normal situation, and uncertainty of household income, as well as, the exaction of financial institution and liquidity of business. Nevertheless, the business sector expect that economy would recover, compared to Q2/2020, from easing of the government's lockdown measures.

3. WATER SITUATION

As of 24 July 2020, the water supply situation in Chonburi and Rayong were in water shortage warning level. Water supply in the main reservoirs was lower than the 10-year average due to impact of the 2019-2020 drought. Nevertheless, the Meteorology Department climate forecast expected that the total rainfall in the Eastern part of Thailand will be higher than average level by about 5% in August 2020, then average in September 2020 and slightly lower than average in October 2020. The water in the reservoirs in Chonburi and Rayong were 19% and 36% of total capacity respectively.

Water Volume (Million Cu.M)	Chonburi		Rayong			
	Bangphra	Nongkho	Dokkrai	Nongplalai	Klongyai	Prasae
Water reserve	15.34	10.31	33.07	98.29	27.49	52.04
Percentage of total capacity	13%	48%	42%	60%	69%	18%
Average (2011-2020)	45.38	8.15	36.64	92.09	23.34	132.56
Above/(below) average (2011-2020)	(30.04)	2.16	(3.57)	6.20	4.15	(80.52)

Due to the water supply situation in Chonburi and Rayong being lower than average, the Company has put in place the following water shortage mitigation measures:

1. Request customers use water more efficiently, and jointly set a demand reduction of 10% during the drought
2. Control water withdrawal from Dokkrai and Nongplalai Reservoirs to not exceed 600,000 cubic meter per day (CMD) to maintain the water level in the reservoirs above the dead storage level

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS FOR Q2/2020

3. WATER SITUATION (CONT.)

3. Transfer water from Prasae Reservoir to Nongplalai and Klongyai Reservoirs
4. Transfer water from Klong Wang Tanoad, Chanthaburi to Prasae Reservoirs to maintain the water level in Prasae Reservoir
5. Back pump water from Klong Saphan to Prasae Reservoir to maintain the water level in Prasae Reservoir
6. Back pump water from Wat Lahan Rai station to Nongplalai Reservoir to maintain the water level in Nongplalai Reservoir
7. Source additional raw water from private ponds in Chonburi, both from ponds with existing contracts with the Company and new ponds, to supply water to Chonburi and Chachoengsao areas
8. Upgrade Chachoengsao pump station to increase pumping capacity from Bangpakong River from 200,000 CMD to 300,000 CMD
9. Stockpile water from Bangpakong river into Bangphra Reservoir during August – November 2020

4. SIGNIFICANT EVENTS

As of 30 June 2020, TRIS Rating affirmed the company rating and senior unsecured debenture rating of Eastern Water Resources Development and Management PLC at “A+” with “stable” outlook, which reflects the company’s financial strength as the key raw water provider with a comprehensive pipeline network in the Eastern Seaboard area, rising of water demand in the Eastern Economic Corridor (EEC) area, its high profitability, and highly predictable cash flows.

Although, the East Water Group has not been directly nor significantly affected by the COVID-19 pandemic, the Company has put in place measures to alleviate the burden of the public in support of the government’s measures to alleviate the public’s burden of utility expenses. The Company’s assistance measures support the PWA’s assistance measures to the public, such as, reducing tap water tariff and refunding water meter deposit fees.

The above measures, which are considered a Related Parties Transaction in accordance with the Securities and Exchange Commission and Stock Exchange of Thailand Notifications, total 8.96 million Baht, which is calculated to be 0.08% of the Company’s Net Tangible Assets (NTA)

5. RAW WATER BUSINESS

Raw water revenue in first half of 2020 was 1,297.40 million Baht, decreased by 132.55 million Baht or -9.27% compared to the same period of 2019, mainly from total distribution volume decreased by 25.69 or -16.34% (excluding internal usage for tap water production of 15.20 million Cu.M.), due to East Water group compliance to the Royal Irrigation Department’s policy for water resources management during drought in 2020.

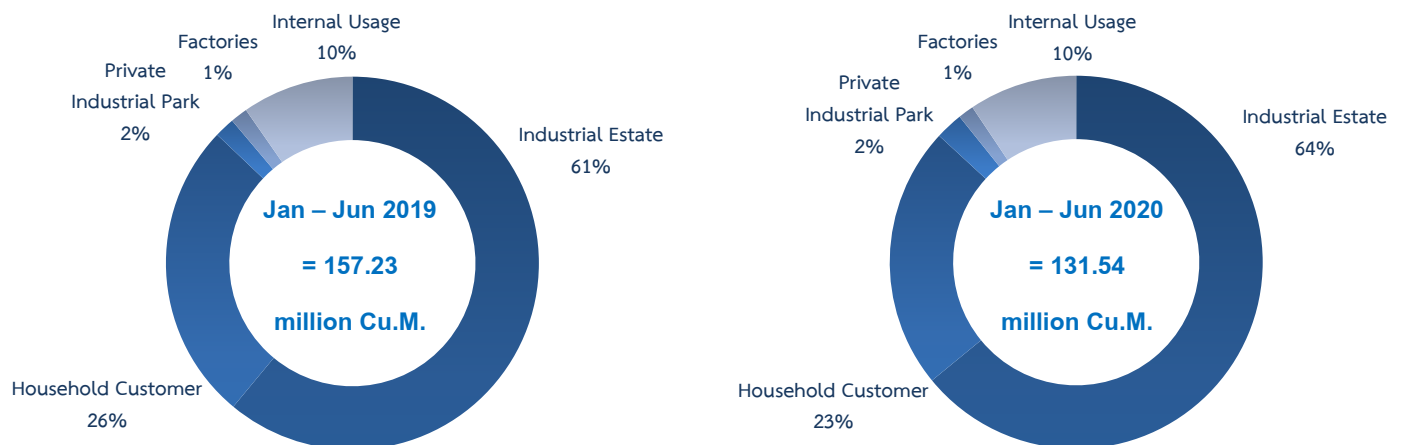
The average raw water tariff was at 10.89 Baht per Cu.M., increased by 0.82 Baht per Cu.M., or 8.13%, as the discount for household customers was cancelled in 2020.

Raw Water Volume (Million Cu.M)	For the three-month period				For the six-month period			
	Q2/2020	Q2/2019	YoY	%	1H/2020	1H/2019	YoY	%
Total distribution volume	60.04	79.88	(19.85)	(24.84%)	131.54	157.23	(25.69)	(16.34%)
Internal usage for tap water	5.71	7.32	(1.61)	(21.97%)	12.36	15.20	(2.84)	(18.70%)
Net raw water sales volume	54.33	72.57	(18.24)	(25.13%)	119.18	142.03	(22.85)	(16.09%)

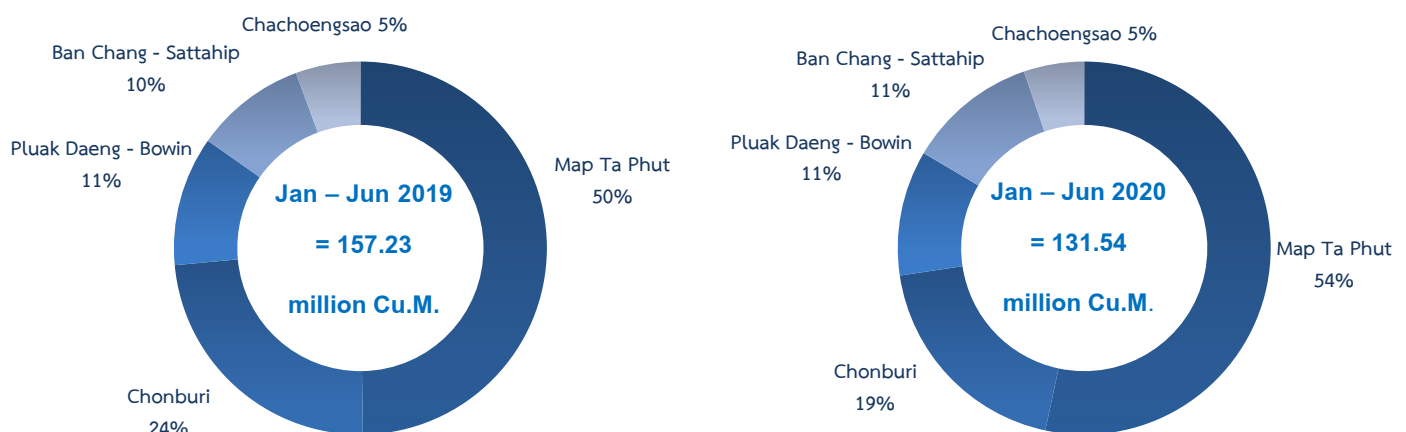
EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS FOR Q2/2020

5. RAW WATER BUSINESS (CONT.)

Raw Water Distribution by Customer Group (Internal usage for tap water production is included)



Raw Water Distribution by Area (Internal usage for tap water production is included)



Gross Profit of Raw Water Business for the first half of 2020 was 649.54 million Baht, decreased by 136.79 million Baht or -17.40% compared to the same period of 2019 following the drought situation decreasing total sale volume while cost of sales slightly increased. The details are as follow:

1) Raw water revenue decreased because East Water group compliance to the Royal Irrigation Department's policy for water resources management during drought in 2020.

2) Costs of raw water slightly increased as follows:

- o Maintenance cost increased because of improvement and maintenance raw water distribution system for supporting distribution plan during the drought situation,
- o Rising depreciation and amortization from investment to increase raw water distribution capacity.
- o However, raw water cost decreased in-line with raw water sales volume, as the Royal Irrigation Department's policy, and electricity cost decreased because in Q2/2020, the company reduced transfer water from Prasae reservoir by supplementing water supply in Chonburi and Chachoengsao area from private ponds.

As a result, gross profit margin of raw water business dropped to 50.06% from 54.99%.

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS FOR Q2/2020

5. RAW WATER BUSINESS (CONT.)

Major costs of raw water business (Million Baht)	For the three-month period				For the six-month period			
	Q2/2020	Q2/2019	YoY	%	1H/2020	1H/2019	YoY	%
Raw Water Revenue	586.67	734.08	(147.41)	(20.08%)	1,297.40	1,429.95	(132.55)	(9.27%)
Costs of Raw Water	335.84	352.02	(16.18)	(4.60%)	647.86	643.63	4.24	0.66%
Raw Water	56.08	50.11	5.97	11.92%	91.03	107.79	(16.76)	(15.55%)
Electricity	82.26	140.31	(58.05)	(41.37%)	194.47	229.31	(34.84)	(15.19%)
Depreciation	108.88	99.52	9.36	9.41%	215.16	196.97	18.19	9.24%
Maintenance	45.90	16.57	29.33	177.00%	66.38	27.05	39.33	145.38%
Others	42.72	45.51	(2.80)	(6.14%)	80.82	82.50	(1.68)	(2.04%)
Gross Profit	250.83	382.06	(131.23)	(34.35%)	649.54	786.33	(136.79)	(17.40%)
Gross Profit Margin	42.75%	52.05%			50.06%	54.99%		

6. TAP WATER BUSINESS

Tap water revenue for the first half of 2020 was 735.44 million Baht, decreased by 16.49 million Baht or -2.19% and total tap water sales volume was 49.30 million Cu.M., decreased by 0.99 million Cu.M. or -1.97% compared to the first half of 2019.

Tap water sales volume (Million Cu.M)	For the three-month period				For the six-month period			
	Q2/2020	Q2/2019	YoY	%	1H/2020	1H/2019	YoY	%
Tap water sales volume	5.29	5.89	(0.60)	(10.26%)	11.19	11.39	(0.21)	(1.83%)
Tap water sales volume of subsidiaries	19.72	19.84	(0.12)	(0.61%)	38.12	38.90	(0.78)	(2.01%)
Total tap water sales volume	25.01	25.73	(0.73)	(2.82%)	49.30	50.29	(0.99)	(1.97%)

Gross Profit of Tap Water Business for the first half of 2020 was 251.80 million Baht, decreased by 8.91 million Baht or -3.42% compared to the first half of 2019 with gross profit margin of 34.24% similar to the same period in 2019.

Major Costs of Tap Water Business (Million Baht)	For the three-month period				For the six-month period			
	Q2/2020	Q2/2019	YoY	%	1H/2020	1H/2019	YoY	%
Tap Water Revenue	361.95	385.30	(23.34)	(6.06%)	735.44	751.93	(16.49)	(2.19%)
Costs of Tap Water	249.91	260.56	(10.65)	(4.09%)	483.64	491.22	(7.58)	(1.54%)
Raw Water	54.22	50.66	3.57	7.04%	97.29	92.07	5.23	5.68%
Electricity	32.82	37.39	(4.57)	(12.23%)	69.27	73.85	(4.58)	(6.20%)
Chemical	15.69	12.69	3.00	23.67%	26.47	20.29	6.18	30.44%
Payroll, Outsource Expenses & Maintenance	47.61	68.75	(21.14)	(30.75%)	98.02	124.40	(26.38)	(21.20%)
Depreciation	94.37	80.29	14.08	17.54%	176.73	159.05	17.68	11.11%
Others	5.20	10.78	(5.59)	(51.81%)	15.85	21.56	(5.71)	(26.47%)
Gross Profit	112.04	124.74	(12.69)	(10.18%)	251.80	260.71	(8.91)	(3.42%)
Gross Profit Margin	30.96%	32.37%			34.24%	34.67%		

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS FOR Q2/2020

7. FINANCIAL POSITION ANALYSIS

Financial Position (MB)	As of 30 Jun 2020	As of 31 Dec 2019	Increased (Decreased)	%
Total Assets	22,471.25	21,180.88	1,290.37	6.09%
Total Liabilities	11,430.47	10,167.06	1,263.41	12.43%
Equity	11,040.77	11,013.82	26.96	0.24%
- Equity attributable to owners of the parent company	10,870.39	10,839.60	30.79	0.28%

1) Assets At the end of 30 June 2020, total assets were 22,471.25 million Baht, increased by 1,290.37 million Baht or +6.09% from the end of the year 2019 due to the changes in the following items:

- Property, plant and equipment were 15,891.38 million Baht, increased by 630.43 million Baht mainly from progress of construction including clarified water & total water solution projects, Bangpakong pump system upgrade project and Tubma Reservoir project.

- Rights of assets usage were 544.04 million Baht from accounting adjustments according to new accounting standards in leasing agreement (TFRS 16).

2) Liabilities At the end of 30 June 2020, total liabilities were 11,430.47 million Baht, increased by 1,263.41 million Baht or +12.43% from the end of 2019 due to changes in the following items:

- Long-term loans from financial institutions were 4,317.00 million Baht, decreased by 339.20 million Baht mainly from the repayment of long term loan as schedule in an amount of 826.20 million Baht net off with the drawdown of long-term loan by 487.00 million Baht for construction projects.

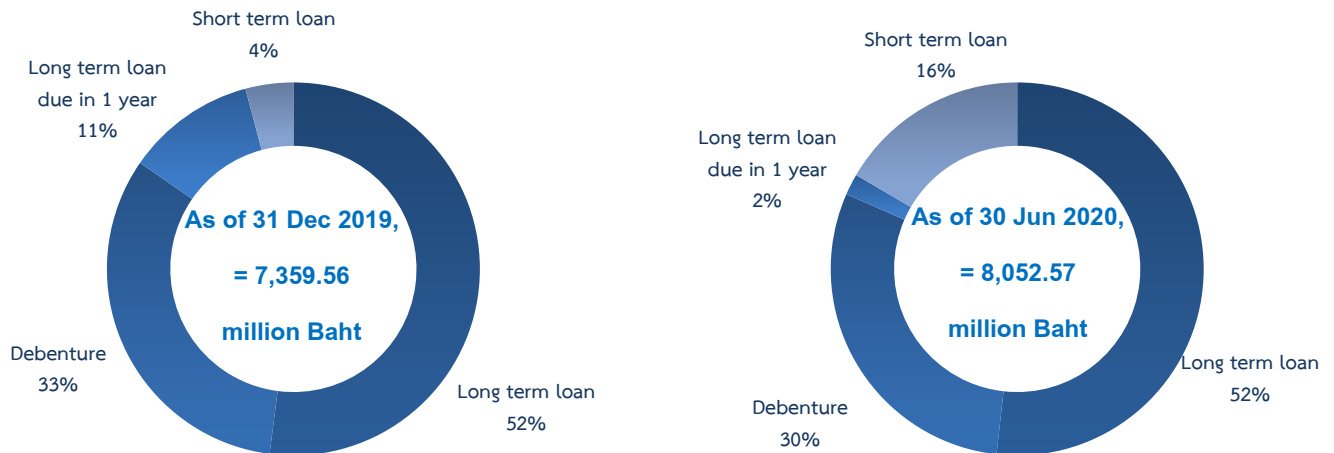
- Short-term loans from financial institutions were 1,337.00 million Baht, increased by 1,032.00 million Baht for short-term liquidity management.

- Lease liabilities were 495.28 million Baht, increased by 495.28 million Baht from accounting adjustments according to new accounting standards in leasing agreement (TFRS 16).

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS FOR Q2/2020

7. FINANCIAL POSITION ANALYSIS (CONT.)

Proportion of Interest-Bearing Debt



Note: According to the debentures and long-term loan agreements, the company was required to maintain its D/E ratio of not higher than 2.00 For the long-term loan agreements, there is additional condition to maintain DSCR of not less than 1.10.

3) Shareholder's Equity At the end of 30 June 2020, Shareholders' equity attributable to owners of the parent company was 10,870.39 million Baht, increased by 30.79 million Baht or +0.28% from the end of the year 2019, basically from the net profit for the first half of 2020 after dividend payment.

8. LIQUIDITY ANALYSIS AND FUNDING ADEQUACY

For the first half of 2020, the company had beginning cash and cash equivalents of 58.21 million Baht, whereby during the financial period, net cash was increased by 213.56 million Baht. This comprised of the following items:

1) Net cash received from Operating Activities totaling 817.33 million Baht from the net income and the changes in assets and liabilities from operations

2) Net cash used in Investment Activities amounted to 758.39 million Baht. This was mainly due to the investment in fixed assets, advance payment for the construction by 606.48 million Baht and investment in intangible assets by 84.51 million Baht.

3) Net cash received from Financing Activities amounted to 154.62 million Baht, mainly due to the drawdown of short-term loan and long-term loan in the amount of 1,032.00 and 487.00 million Baht respectively net off with the repayment of long-term loan repayment of 826.20 million Baht and paid dividend of 437.44 million Baht.

EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS FOR Q2/2020

9. KEY FINANCIAL RATIOS

Key Financial Ratios	As of 30 June 2020	As of 30 June 2019
Liquidity Ratio		
Current ratio (times)	0.40	0.47
Profitability Ratio ¹⁾		
Gross profit / total sales and services revenue (%)	43.14%	46.62%
Net profit / total sales and services revenue (%)	22.40%	27.31%
Performance Ratio		
Return on Equity (ROE) (%)	8.32%	10.82%
Return on Assets (ROA) (%)	4.24%	5.78%
Capital Structure and Debt Ratio		
Debt to Equity ratio (time)	1.05	0.84
Debt Service Coverage ratio (DSCR) (time)	5.59	2.29

Note: 1) Gross profit and Net profit do not include construction revenue under concession agreement and other income.

In the first half of 2020, East Water Group reported a decline in net profit and the profit margin compared to the same period of 2019 because of the lower of raw water and tap water revenue, the higher cost of sales and increasing cost of raw water following the severe nationwide drought including Eastern area. Therefore, gross profit margin and net profit margin were down to 43.14% and 22.40% respectively.

Return on Equity (ROE) and Return on Asset (ROA) decreased to 8.32% and 4.24%, respectively compared to the same period in 2019 due to the lower net profit.

For the liquidity analysis in the first half of 2020, current ratio decreased to 0.40 times and Debt to Equity ratio was 1.05 times because of the drawdown of short-term loan for temporary liquidity management and the drawdown of long-term loan for project construction during 2020. Debt service coverage ratio (DSCR) remained strong at 5.59 times.