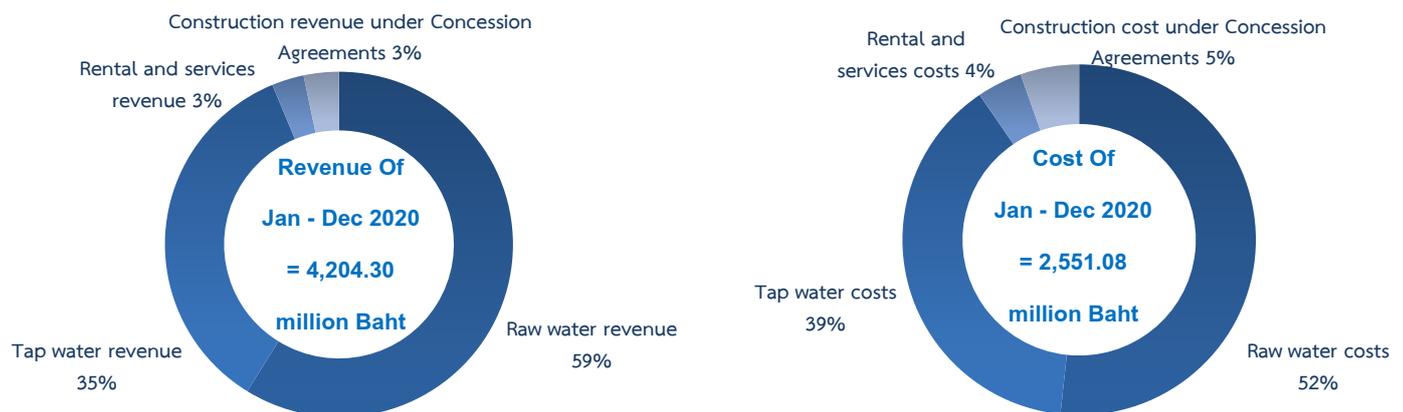


EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED MANAGEMENT DISCUSSION AND ANALYSIS FOR YEAR 2020

1. ANALYSIS OF FINANCIAL PERFORMANCE

For 2020, East Water Group had total consolidated sales and services income of 4,204.30 million Baht, decreased by 475.78 million Baht or -10.17%, primarily from reduced raw water sales volume, whilst costs of sales and services totaled 2,551.08 million Baht, decreased by 155.36 million Baht or -5.74% compared to the same period of 2019. Net profit attributable to equity holders of the parent company of 764.15 million Baht, decreased by 280.64 million Baht or -26.86%.

Proportion of revenues and cost



Income statement (Million Baht)	For the 4 th quarter (three-month period)				For the Year (12-month period cumulative)			
	Q4/2020	Q4/2019	YOY	%	2020	2019	YOY	%
Total Sales and Services revenue	1,050.80	1,159.83	(109.04)	(9.40%)	4,204.30	4,680.08	(475.78)	(10.17%)
Raw water revenue	620.85	707.12	(86.27)	(12.20%)	2,473.57	2,844.70	(371.12)	(13.05%)
Tap water revenue	361.53	372.74	(11.21)	(3.01%)	1,467.89	1,503.16	(35.27)	(2.35%)
Rental and services revenue	28.15	33.98	(5.83)	(17.15%)	125.71	129.10	(3.39)	(2.63%)
Construction revenue under Concession Agreements ¹⁾	40.27	46.00	(5.73)	(12.45%)	137.14	203.13	(65.99)	(32.49%)
Costs of Sales and Services	656.10	703.35	(47.25)	(6.72%)	2,551.08	2,706.44	(155.36)	(5.74%)
Raw water cost	341.69	387.91	(46.21)	(11.91%)	1,318.68	1,396.16	(77.48)	(5.55%)
Tap water cost	252.87	238.40	14.47	6.07%	989.33	985.44	3.89	0.39%
Rental and services cost	21.27	31.05	(9.78)	(31.50%)	105.93	121.71	(15.78)	(12.97%)
Construction cost under Concession Agreements ¹⁾	40.27	46.00	(5.73)	(12.45%)	137.14	203.13	(65.99)	(32.49%)
Gross profit	394.70	456.48	(61.78)	(13.53%)	1,653.23	1,973.64	(320.42)	(16.23%)
Other income	13.74	14.68	(0.94)	(6.40%)	44.00	49.19	(5.19)	(10.56%)
Selling and administrative expenses	171.21	169.04	2.17	1.28%	542.39	538.52	3.87	0.72%
Operating profit	237.23	302.12	(64.89)	(21.48%)	1,154.83	1,484.32	(329.48)	(22.20%)
Finance cost	41.67	42.08	(0.41)	(0.96%)	170.53	166.05	4.47	2.69%
Income tax expenses	34.00	51.07	(17.07)	(33.42%)	207.88	262.36	(54.48)	(20.77%)
Net profit	161.56	208.98	(47.42)	(22.69%)	776.43	1,055.91	(279.47)	(26.47%)
Net profit attributable to shareholders of the parent company	158.22	205.93	(47.72)	(23.17%)	764.15	1,044.79	(280.64)	(26.86%)
Earnings per share (EPS)	0.10	0.12	(0.02)	(23.17%)	0.46	0.63	(0.17)	(26.86%)

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

1. ANALYSIS OF FINANCIAL PERFORMANCE (CONT.)

EBITDA (Million Baht)	For the 4 th quarter (three-month period)				For the Year (12-month period cumulative)			
	Q4/2020	Q4/2019	YOY	%	2020	2019	YOY	%
Operating profit	237.23	302.12	(64.89)	(21.48%)	1,154.83	1,484.32	(329.48)	(22.20%)
Depreciation	144.11	129.07	15.05	11.66%	564.42	504.40	60.02	11.90%
Amortization	83.55	81.31	2.24	2.75%	332.17	320.36	11.82	3.69%
EBITDA	464.89	512.50	(47.61)	(9.29%)	2,051.43	2,309.08	(257.65)	(11.16%)

2. ECONOMIC SITUATION

The Thai economic overview Q4/2020 in the Central and Eastern regions contracted compared to the same period of 2019 due to the COVID-19 pandemic. Nevertheless, compared to the previous quarters of 2020, the economy has begun to recover, especially for manufacturing which show clear signs of recovery from temporary governmental aids and shifting manufacturing from other countries under more severe lockdown to Thailand. In contrast, the tourism and hospitality industry still suffers significant contraction, with only 10-15% of all hotels having recovered, particularly the sector that caters to domestic tourists or tour groups that benefited from the government travel incentives. Investment across the business sector is significantly reduced compared to the same period last year, however there is still investment in long-term expenses reduction and efficiency increase, whilst controlling other expenses, such as in the labor section which has seen significant adjustments adding flexibility by shifting to outsourcing or daily wages. The sale price of goods are unlikely to increase, as consumer purchasing power is reduced and the market is highly competitive.

For the Q1/2021 business outlook, the economy is projected to still be contracting compared to the same period of the previous year, however, for the commercial sector, businesses are expected to have become better adapted to cope with COVID-19 pandemic than last year. Nevertheless, the latter waves of the pandemic are predicted have more significant impact than the first wave, especially for the tourism industry.

3. WATER SITUATION

As of 31 January 2021, the water supply situation in Chonburi and Rayong were in the normal range. Water supply in several main reservoirs were higher than the 8-year average, due to the significant rainfall increase in the latter half of 2020 from several tropical storms that passed through Thailand causing the water volume in the reservoirs to quickly increase compared to the first half of 2020, which was in severe drought conditions. The Thai Meteorological Department predicts that the total rainfall in the Eastern Seaboard in the February – March 2021 period will be close to normal levels, whilst rainfall in April will be 20% higher than normal. The water in the reservoirs in Chonburi and Rayong were 59% and 77% of total capacity, respectively.

Water Volume (Million Cu.M)	Chonburi		Rayong			
	Bangphra	Nongkho	Dokkrai	Nongplalai	Klongyai	Prasae
Water reserve	67.37	14.89	63.75	139.84	26.61	214.71
Percentage of total capacity	58%	70%	80%	85%	66%	73%
Average (2013-2020)	66.38	11.33	55.23	124.21	27.12	199.78
Above/(below) average (2013-2020)	0.98	3.56	8.51	15.63	(0.51)	14.93

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

4. SIGNIFICANT EVENTS

On 30 June 2020, TRIS RATING announced the company rating on Eastern Water Resources Development and Management PLC (EASTW)'s credit and the ratings on its outstanding senior unsecured debentures at "A+" with a "Stable" outlook, which reflect the Company's strength as a key raw water provider with a comprehensive pipeline network in the Eastern Seaboard area, with projected continued growing water demands from the development of the Eastern Economic Corridor - EEC, its reliable cashflow, and strong profitability.

The Board of Directors' meeting 13/2020 on 20 August 2020, approved the payment of interim dividend from net profit for the 6-month period ending June 2020 of 0.16 Baht per share, with a total dividend payment of 266.20 million Baht, with a list of shareholders entitled to receive dividend cut off on 3 September 2020, and dividend payout on 18 September 2020.

As for the impact of the COVID-19 pandemic, the East Water group of companies has not been significantly affected directly, nevertheless, the Company has implemented measures to assist the public, supporting the government's policy to relieve the public's utilities burden through PWA, such as by reducing the tap water tariff and returning the water meter deposit to the public.

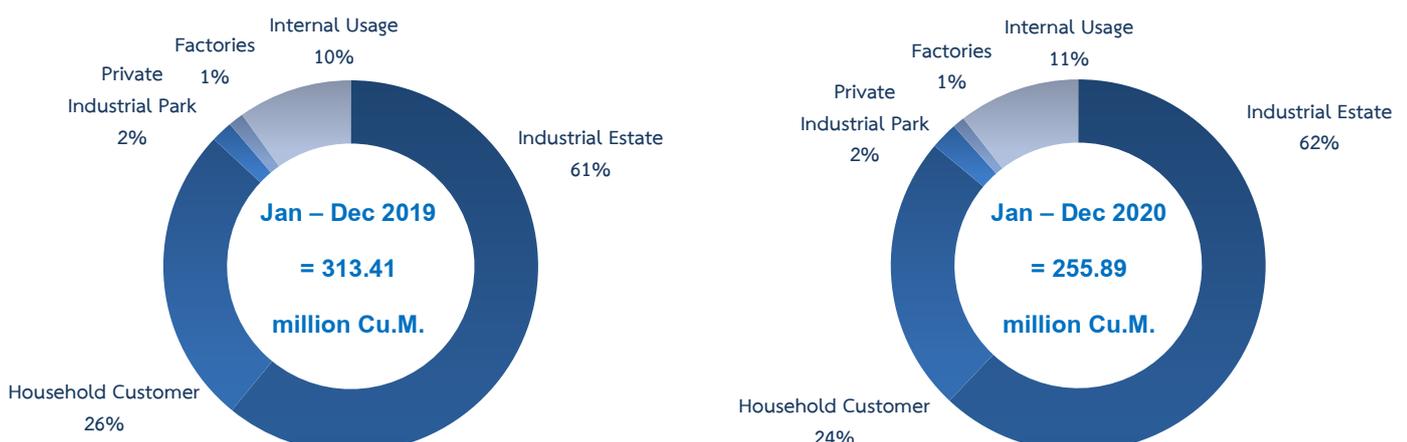
5. RAW WATER BUSINESS

Raw water revenue for 2020 was 2,473.57 million Baht, decreased by 371.12 million Baht or -13.05% compared to 2019, mainly from total sales volume decreased by 53.19 million Cu.M or -18.85% (excluding internal usage for tap water production of 26.85 million Cu.M.), mainly due to East Water group compliance to the Royal Irrigation Department's policy for water resources management during drought in 2020 combined with the impact of the Covid-19 pandemic at the beginning of 2020 continuing into 2021 which caused several industries to significantly reduce production and thus the volume of raw water distribution.

The average raw water tariff was 10.80 Baht per Cu.M., increased by 0.72 Baht per Cu.M. or 7.15% compared to the same period of 2019, as EASTW gave the discount for household customers in 2019, which was not renewed in 2020.

Raw Water Volume (Million Cu.M)	For the 4 th quarter (three-month period)				For the Year (12-month period cumulative)			
	Q4/2020	Q4/2019	YOY	%	2020	2019	YOY	%
Total distribution volume	66.37	78.09	(11.72)	(15.01%)	255.89	313.41	(57.52)	(18.35%)
Internal usage for tap water	7.85	8.03	(0.18)	(2.27%)	26.85	31.18	(4.33)	(13.88%)
Net raw water sales volume	58.52	70.06	(11.54)	(16.47%)	229.04	282.24	(53.19)	(18.85%)

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

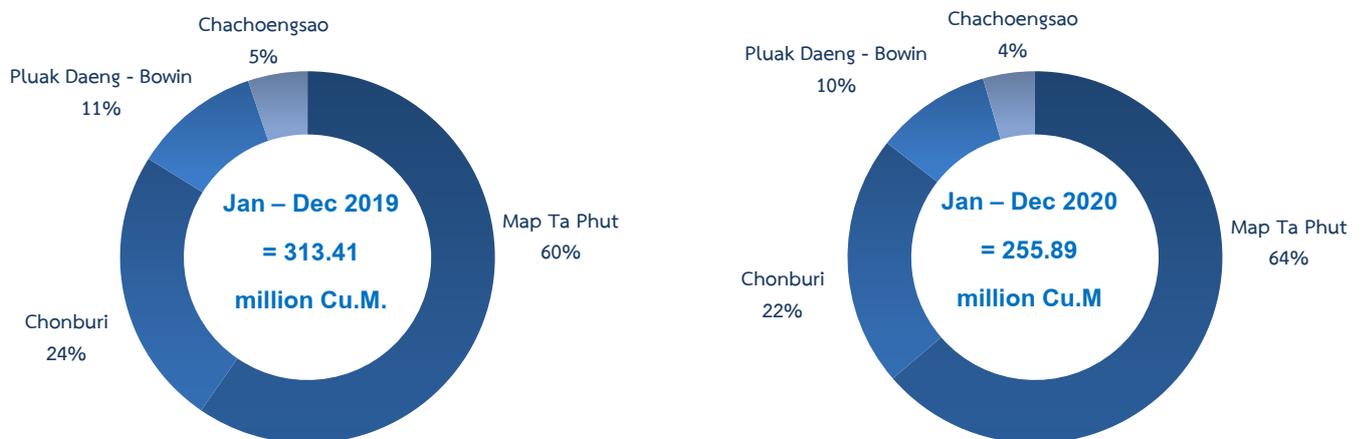


EASTERN WATER RESOURCES DEVELOPMENT AND MANAGEMENT PUBLIC COMPANY LIMITED
MANAGEMENT DISCUSSION AND ANALYSIS FOR YEAR 2020

5. RAW WATER BUSINESS (CONT.)

Considering the direction of the water supply industry, this business has an opportunity to grow with the principle of industrial expansion, coupled with the government policies to promote Rayong, Chonburi, and Chachoengsao Province to be an advanced production hub. To increase the competitive advantage, the government, therefore; has established the Eastern Economic Corridor : EEC. The company has been considered having potential in the raw water business both for investment in water source stability and for the raw water pipeline network system which classified by area as followed:

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



Gross Profit of Raw Water Business for 2020 was 1,154.89 million Baht, decreased by 293.65 million Baht or -20.27% compared to the same period of 2019 following the drought situation, which decreased total sale volume, while cost of sales declined only slightly. 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 and the economic impact from the Covid-19 pandemic. This caused East Water's raw water sales to customers to decrease significantly in the first 9 months of the year.

2) Costs of raw water slightly decreased as follows:

- o Raw water cost decreased in-line with raw water sales volume, however East Water had to supplement water supply in Chonburi and Chachoengsao area from private ponds which entails higher costs.
- o Electricity costs reduced in-line with the raw water sales volume decline, East Water balanced electricity expenses by reducing water diversion from Prasae Reservoir as soon as the drought situation eased and used private ponds to supply water to Chonburi and Chachoengsao areas instead.
- o Maintenance cost increased because of improvement and maintenance raw water distribution system to support distribution plan during the drought situation

As a result, gross profit margin of raw water business dropped to 46.69% from 50.92%.

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

5. RAW WATER BUSINESS (CONT.)

Major costs of raw water business (Million Baht)	For the 4 th quarter (three-month period)				For the Year (12-month period cumulative)			
	Q4/2020	Q4/2019	YOY	%	2020	2019	YOY	%
Raw Water Revenue	620.85	707.12	(86.27)	(12.20%)	2,473.57	2,844.70	(371.12)	(13.05%)
Costs of Raw Water	341.69	387.91	(46.21)	(11.91%)	1,318.68	1,396.16	(77.48)	(5.55%)
Raw Water	37.58	54.44	(16.86)	(30.98%)	169.07	196.90	(27.83)	(14.13%)
Electricity	101.86	132.09	(30.23)	(22.89%)	403.42	515.54	(112.12)	(21.75%)
Depreciation	107.40	101.44	5.96	5.88%	429.54	397.28	32.26	8.12%
Maintenance	53.62	56.92	(3.30)	(5.80%)	155.61	114.00	41.61	36.50%
Others	41.24	43.02	(1.78)	(4.14%)	161.05	172.44	(11.39)	(6.61%)
Gross Profit	279.16	319.21	(40.05)	(12.55%)	1,154.89	1,448.54	(293.65)	(20.27%)
Gross Profit Margin	44.96%	45.14%			46.69%	50.92%		

6. TAP WATER BUSINESS

Tap water revenue for 2020 was 1,467.89 million Baht, decreased by 35.27 million Baht or -2.35% following tap water sales decline 2.13 million Cu.M. or -2.13% compared to 2019 as a response to several waterworks having to limit production during the drought period.

Tap water sales volume (Million Cu.M)	For the 4 th quarter (three-month period)				For the Year (12-month period cumulative)			
	Q4/2020	Q4/2019	YOY	%	2020	2019	YOY	%
Tap water sales volume	5.21	5.27	(0.06)	(1.12%)	21.62	22.36	(0.73)	(3.27%)
Tap water sales volume of subsidiaries	19.08	19.30	(0.22)	(1.14%)	76.09	77.49	(1.40)	(1.80%)
Total tap water sales volume	24.29	24.57	(0.28)	(1.13%)	97.72	99.84	(2.13)	(2.13%)

Gross Profit of Tap Water Business for 2020 was 478.56 million Baht, decreased by 39.16 million Baht or -7.56% compared to 2019 with gross profit margin of 32.60% which is lower than in 2019.

Major Costs of Tap Water Business (Million Baht)	For the 4 th quarter (three-month period)				For the Year (12-month period cumulative)			
	Q4/2020	Q4/2019	YOY	%	2020	2019	YOY	%
Tap Water Revenue	361.53	372.74	(11.21)	(3.01%)	1,467.89	1,503.16	(35.27)	(2.35%)
Costs of Tap Water	252.87	238.40	14.47	6.07%	989.33	985.44	3.89	0.39%
Raw Water	56.01	53.56	2.45	4.58%	210.20	196.61	13.59	6.91%
Electricity	33.19	37.85	(4.66)	(12.30%)	134.60	150.95	(16.35)	(10.83%)
Chemical	10.74	11.27	(0.54)	(4.76%)	52.24	43.49	8.75	20.11%
Payroll, Outsource Expenses & Maintenance	56.44	47.29	9.15	19.34%	210.16	229.97	(19.82)	(8.62%)
Depreciation	89.04	81.34	7.71	9.47%	352.93	321.52	31.41	9.77%
Others	7.45	7.09	0.36	5.03%	29.19	42.89	(13.70)	(31.93%)
Gross Profit	108.66	134.34	(25.68)	(19.12%)	478.56	517.72	(39.16)	(7.56%)
Gross Profit Margin	30.05%	36.04%			32.60%	34.44%		

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

7. FINANCIAL POSITION ANALYSIS

Financial Position (MB)	As of 31 Dec 2020	As of 31 Dec 2019	Increased (Decreased)	%
Total Assets	22,853.78	21,180.88	1,672.90	7.90%
Total Liabilities	11,784.58	10,167.06	1,617.52	15.91%
Equity	11,069.20	11,013.82	55.38	0.50%
- Equity attributable to owners of the parent company	10,901.61	10,839.60	62.00	0.57%

1) Assets As 31 December 2020, total assets were 22,853.78 million Baht, increased by 1,672.90 million Baht or +7.90% from the end of the 2019 due to the changes in the following items:

- Property, plant and equipment (net) were 16,697.49 million Baht, increased by 1,436.54 million Baht mainly from progress of construction including industrial water & total water solution projects, Bangpakong pump system upgrade project and Tubma Reservoir development project.

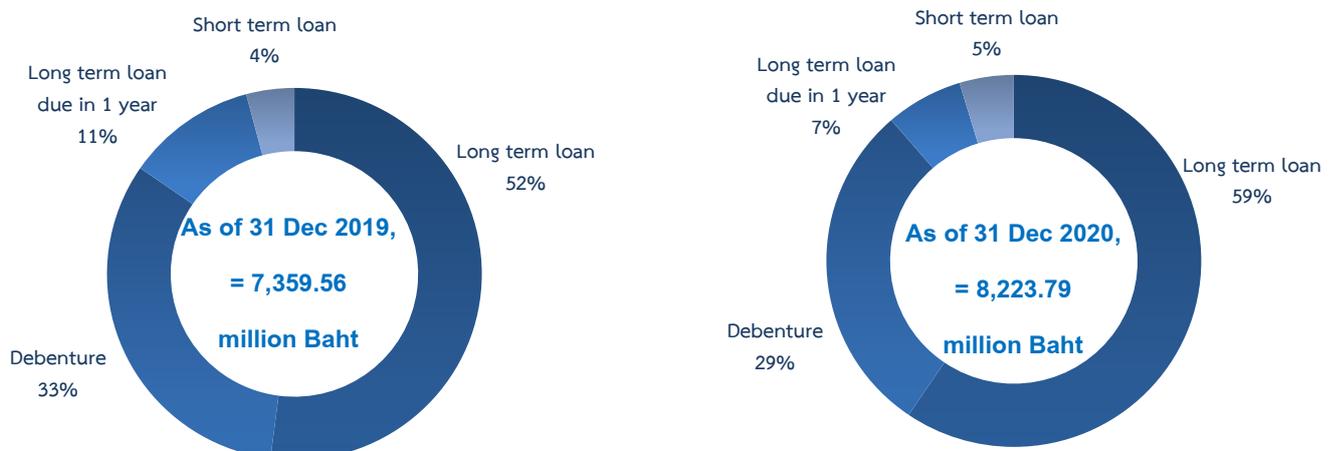
- Rights of assets usage (net) were 571.69 million Baht from accounting adjustments according to new accounting standards in leasing agreement (IFRS 16).

2) Liabilities At the end of 31 December 2020, total liabilities were 11,784.58 million Baht, increased by 1,617.52 million Baht or +15.91% from the end of 2019 due to changes in the following items:

- Long-term loans from financial institutions were 5,440.00 million Baht, increased by 783.80 million Baht from drawdown for use in various construction projects.

- Lease liabilities were 569.24 million Baht from accounting adjustments according to new accounting standards in leasing agreement (IFRS 16) implemented in 2020.

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.

3) Shareholder's Equity At the end of 31 December 2020, Shareholders' equity attributable to owners of the parent company was 10,901.61 million Baht, increased by 62.00 million Baht or +0.57% from the end of the year 2019.

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

8. LIQUIDITY ANALYSIS AND FUNDING ADEQUACY

For 2020, the company had cash and cash equivalents of 58.21 million Baht, whereby during the financial period, net cash was increased by 7.48 million Baht. This comprised of the following items:

1) Net cash received from Operating Activities totaling 1,681.12 million Baht from the net income and the changes in assets and liabilities from operations

2) Net cash used in Investment Activities amounted to 1,616.84 million Baht. This was mainly due to cash investment in fixed assets, advance payment for construction of 1,361.65 million Baht and cash investment in intangible assets of 162.35 million Baht.

3) Net cash used in Financing Activities amounted to 56.80 million Baht, mainly due to the repayment of long-term loan of 826.20 million Baht, dividend payment of 717.51 million Baht and cash interest repayment of 168.81 million Baht, net off with the drawdown of long-term loan in the amount of 1,610.00 million Baht for use in construction of several projects.

9. KEY FINANCIAL RATIOS

Key Financial Ratios	2020	2019
Liquidity Ratio		
Current ratio (times)	0.37	0.37
A/R Collection Days (day)	27.50	25.23
Profitability Ratio ¹⁾		
Gross profit / total sales and services revenue (%)	40.65%	44.08%
Net profit / total sales and services revenue (%)	19.09%	23.59%
Performance Ratio		
Return on Equity (ROE) (%)	7.03%	9.74%
Return on Assets (ROA) (%)	3.47%	5.06%
Capital Structure and Debt Ratio		
Debt to Equity ratio (time)	1.08	0.94
Debt Service Coverage ratio (DSCR) (time)	2.56	2.20

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

In 2020, East Water Group reported a decline in net profit and profit margin compared to the same period of 2019 because of the rate of reduction of the cost of sales and services was less than the rate of raw water and tap water revenue reduction from impact of the severe nationwide drought increasing the difficulty and cost in sourcing water. Therefore, gross profit margin and net profit margin decreased to 40.65% and 19.09% respectively.

Return on Equity (ROE) and Return on Asset (ROA) decreased to 7.03% and 3.47%, respectively compared to the same period in 2019 due to reduced net profit while total assets and the shareholder's equity increased

As for the liquidity analysis of 2020, the Current Ratio was 0.38 times and Debt to Equity ratio increased to 1.08 times due to the drawdown of short-term loans for temporary liquidity management and the drawdown of long-term loan for construction projects during 2020. The Debt Service Coverage Ratio (DSCR) remained strong at 2.56 times, increased from 2019 as debt long term loan repayment within the year decreased from 826.20 million Baht to 548.00 million Baht.

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

10. CREDIT TERM POLICY

The Company has established trade credit terms for raw water customer, tap water customer, and building tenants. The estimated trade credit is 30 days. For trading partners, the company will negotiate the trade credit term approximately 30 days as well. The company has appropriate policies and procedures to control credit risk from transactions with customers. As the majority of the group's customers are either governmental agencies or large private companies, Management assessed credit risk as "low".

11. CAPITAL EXPENDITURE COMMITMENT

Capital expenditure commitments that have not yet been recognized in the financial statement are as follows:

Capital Expenditure	2020	2019
Land, buildings and equipment	1,814.75	3,161.24
Intangible assets	204.24	88.65
Total	2,018.99	3,249.89

The Capital expenditure in the category of Land, buildings, and equipment mainly consisted of the construction projects such as the pipeline system of Klongluang-Chonburi project and the total water solution project for U-Tapao international airport.

12. GOODWILL IMPAIRMENT

The goodwill of 103 million Baht shown in the financial statement comes from the purchase of interest in EGCOM Tara Company Limited on 31 August 2015. The group of companies has performed goodwill impairment tests in which the return on cash generating assets is evaluated from usage value referring to the cashflow projection based on the remaining length of the purchased tap water production concession.

From the test, it has been founded that the projected return on equity were 351 million baht higher than the book value. If the discount rate was increased to 15.57 percent per year (from the assumption at 11.10 percent per year), or the tariff escalation rate was reduced to -2.04 percent per year (from the assumption at 1.50 percent per year based on the average CPI of the past 10 years), the projected return would be exactly equal to the book value.

13. RELATED PARTIES TRANSACTIONS

The company has the related parties transactions that might cause the conflict of interest, of which the auditor had mentioned including:

1) Provincial Waterworks Authority who is the first major shareholder owning 40.20 percent of the company's share and has representative in the Company's board of directors.

2) Industrial Estate Authority of Thailand owns 4.57 percent of the Company's share and has representative in the company's board of directors.

The detail of the transactions incurred with the related parties were disclosed in the note to financial statement No.41.