

# **EASTWATER'S** OPERATION AND FINANCIAL PERFORMANCE 1H'2013



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# AGENDA

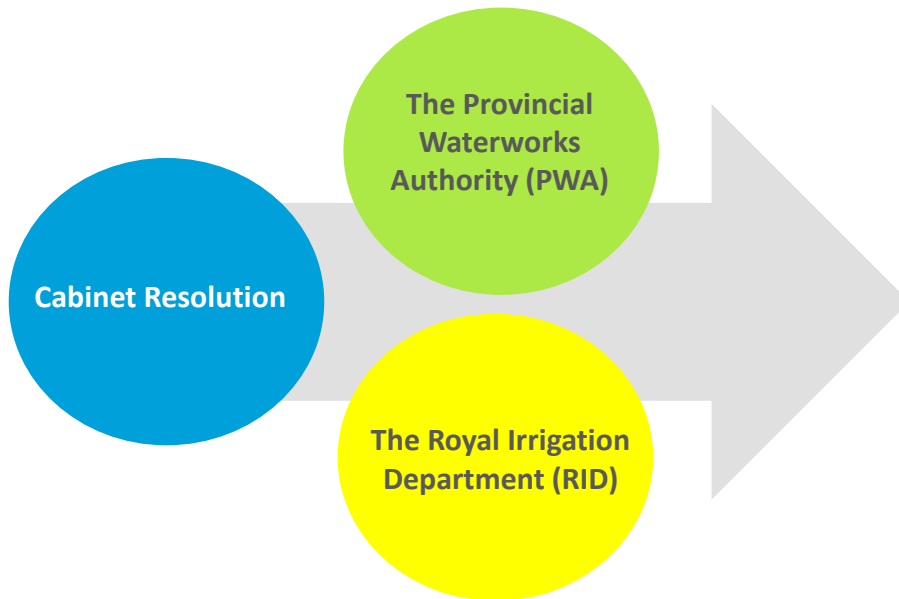


## BUSINESS OVERVIEW

- Q2'13 PERFORMANCE
- WATER SITUATION
- GROWTH DIRECTION

# EASTW AT A GLANCE

**EASTW** was founded in 1992 according to the Cabinet Resolution to be **engaged in the development and management of major water distribution pipeline systems** in the Eastern Seaboard of Thailand.



## Development



- 1992: Established under PWA (holding 100% stake) with 10-MB capital
- 1997: Increased capital to Bht.1.7 billion and listed on SET



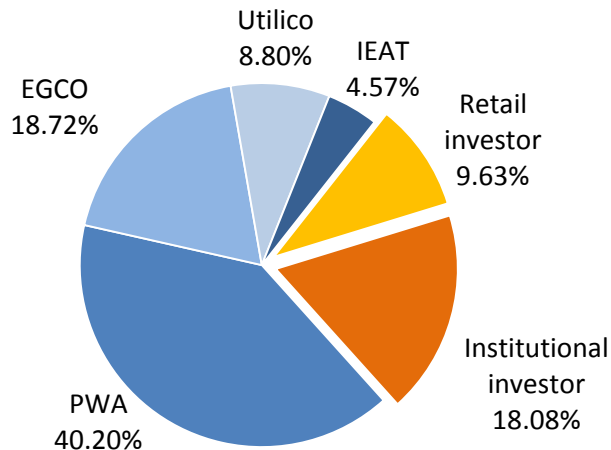
- 1998: Established Universal Utilities Co., Ltd. to be engaged in tap water business

## Achievements

- **SET Award 2006** for “Best Corporate Governance Report”
- **Board of the Year 2008/2009** for “Distinctive Practice”
- **“A+ Credit Rating”** reaffirmed by TRIS Rating in 2012
- **MSCI Small Cap Indices** in 2013

# STRATEGIC SHAREHOLDERS

## Major shareholders

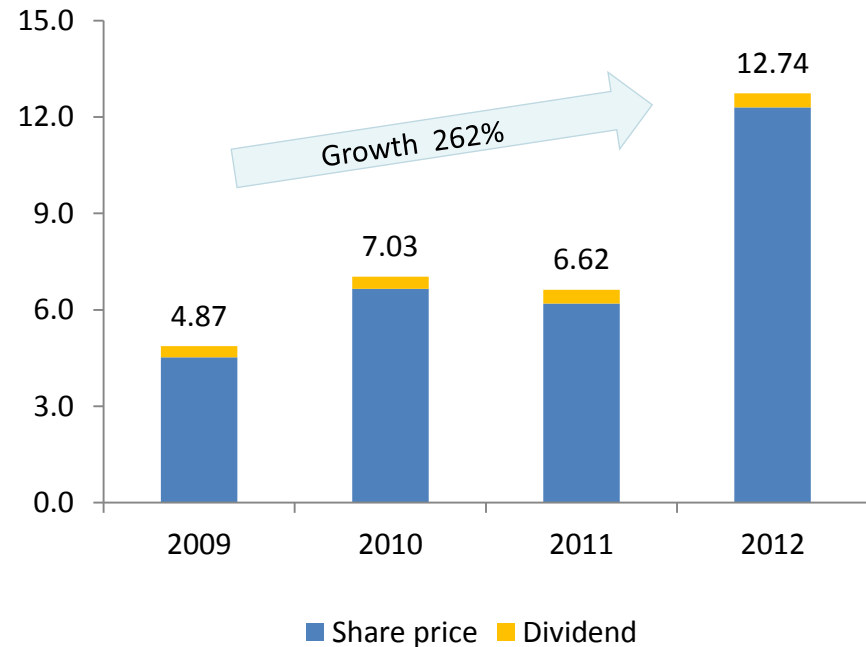


*PWA: Provincial Waterworks Authority*  
*EGCO: Electricity Generating Plc*  
*Utilico: Utilico Emerging Market Limited (UK)*  
*IEAT: Industrial Estate Authority of Thailand*

Note: Factset as of July 31, 2013

## Shareholders' value appreciation

Bt. Per share



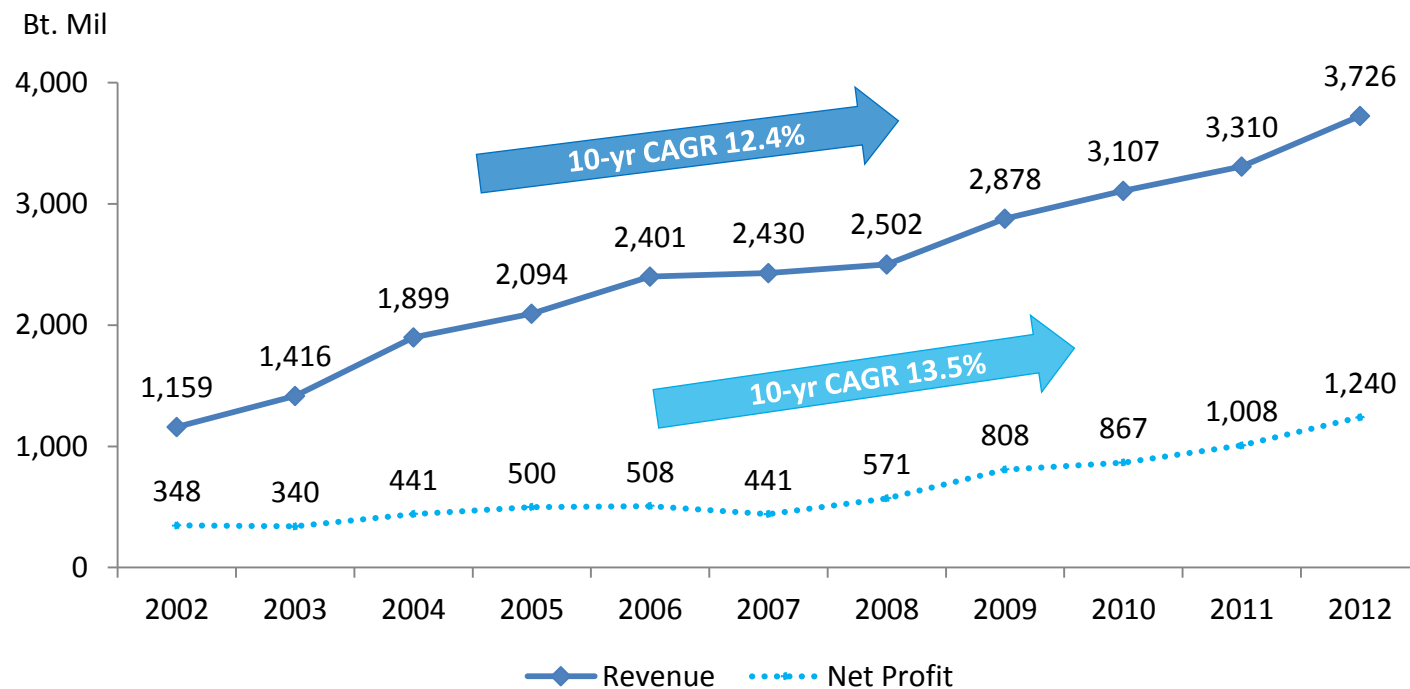
Market capitalization of approx. **Bt. 20.46 million**

Note: Factset as of August 23, 2013

# PROVEN PERFORMANCE

Compelling growth through continuous operation improvement and expansion :

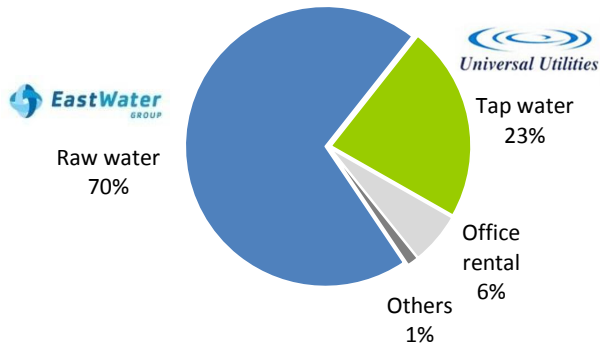
- Capacity expansion
- Operating cost management
- Water loss reduction
- Productivity improvement



Note: Excludes the extra-ordinary revenues and net profit of Prasae Project in 2010.

# OUR BUSINESSES

2012 Revenues Breakdown



As the core business of EASTW, raw water distribution is the main source of revenues while tap water and waterworks management – operated under Universal Utilities Co., Ltd. (100% subsidiary) – are compelling supportive businesses.



## Water Management Businesses

## Office Space Rental



Raw Water



Tap Water



Office Rental

# WATER MANAGEMENT BUSINESSES

Our water management businesses covering raw water distribution, tap water supply, waterworks management, seawater desalination treatment, and engineering & maintenance services.



## RAW WATER

### Raw water distribution

#### Customers

- Supplying raw water to industrial estates, factories, and waterworks.
- Major customers: Provincial Waterworks Authority (PWA), Industrial Estate Authority of Thailand (IEAT), Hemraj Estate, Amata Estate, SCG, TOP

#### Capacity

- Approx. **619** million cubic metres per year



## TAP WATER

### Waterworks Management

#### Major Concessions

- Managing waterworks & supplying tap water in **12** areas.
- Concession with PWA and local authorities: Chachoengsao, Bangpakong, Nakornsawan, Sattahip, Sattahip-Pattaya, Rayong, Chonburi, Borwin, Nongkham, Koh Larn, and Koh Sichang, and Koh Samui

#### Capacity

- Approx. 303,670 cubic metres (CUM) per day

### Operation and Maintenance Management

#### Major Concession

- Operating & supplying tap water in Ratchburi Province
- Providing maintenance services of water system in Ratchburi Province

#### Capacity

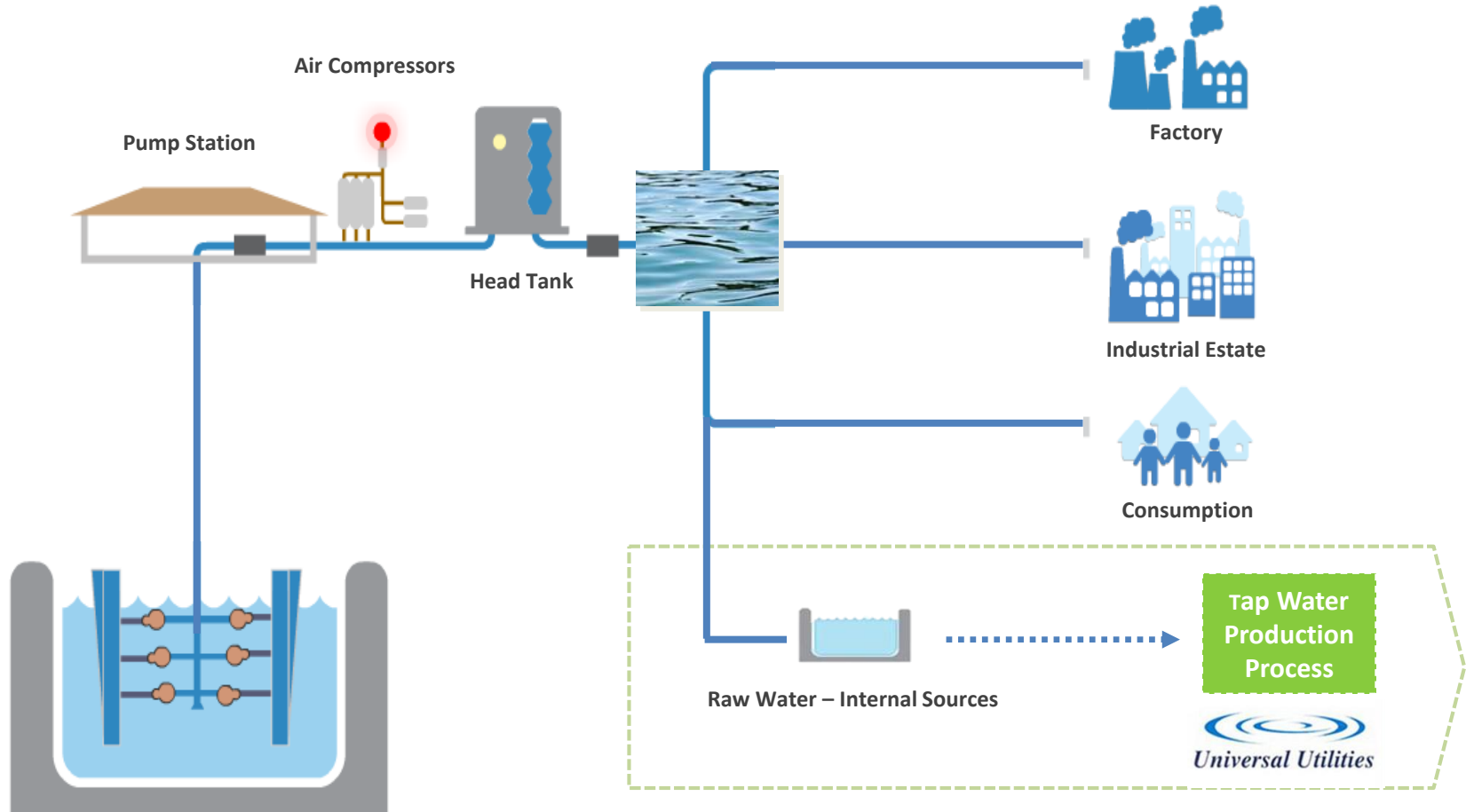
- Approx. 48,000 cubic metres (CUM) per day





# RAW WATER VALUE CHAIN

## Raw Water Production Process



# TAP WATER VALUE CHAIN

## Tap Water Production Process

Surface Water



Raw Water – Internal Sources

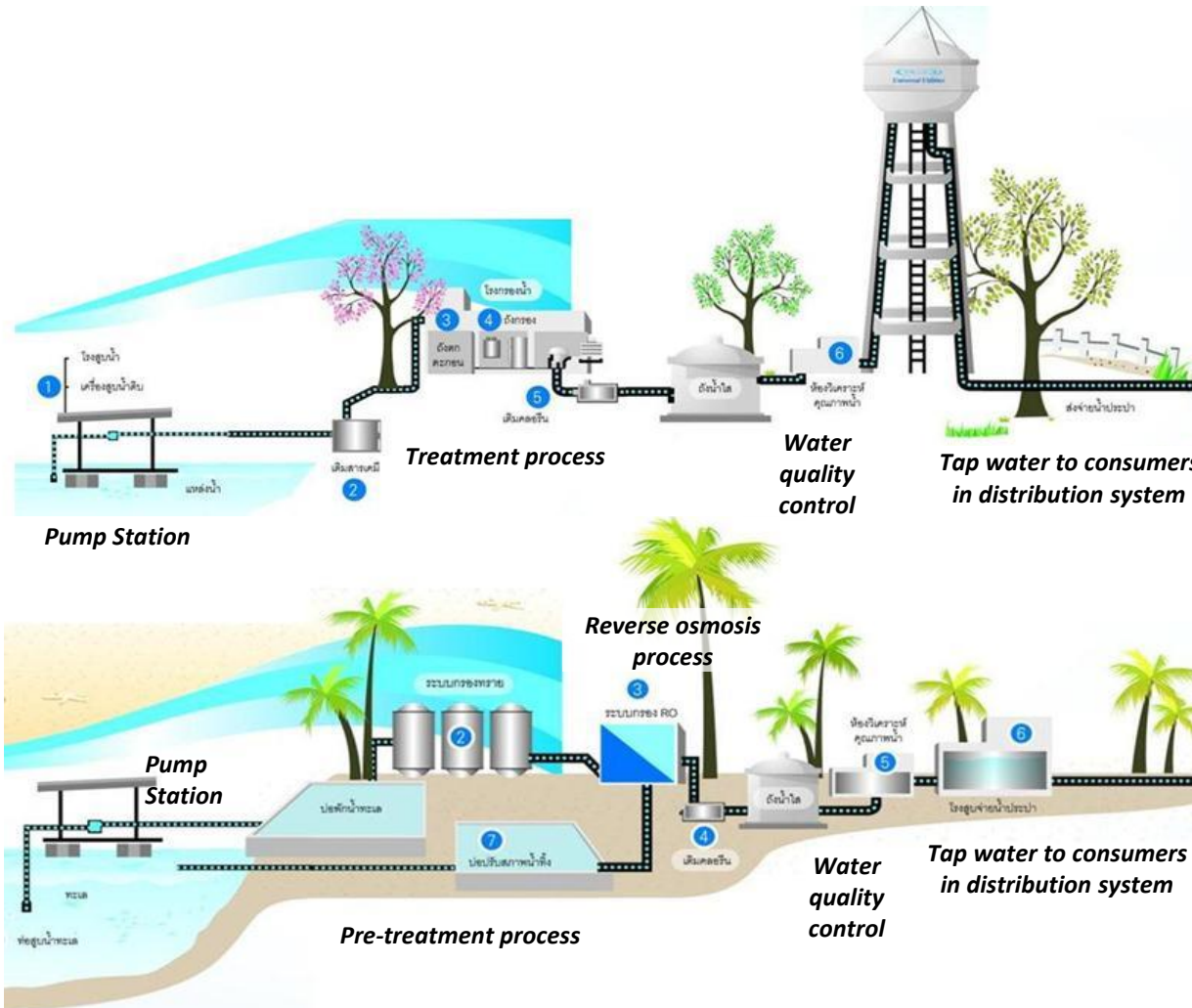


Raw Water – External Sources

Sea Water



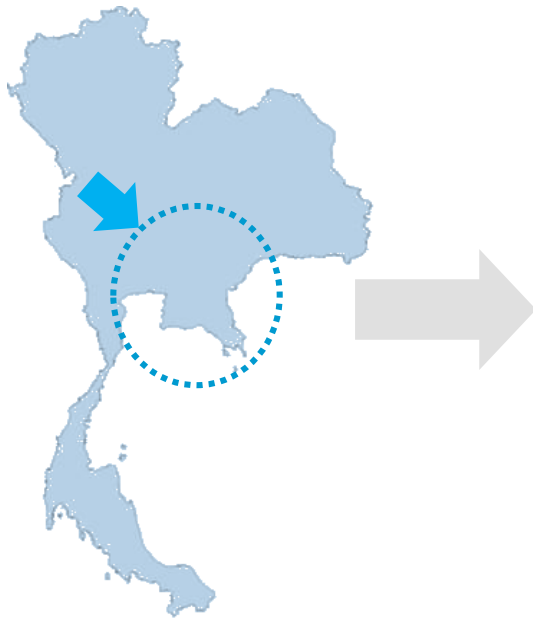
Sea Water



Consumption



# MARKET-BASED OPERATIONS AND KEY CUSTOMERS

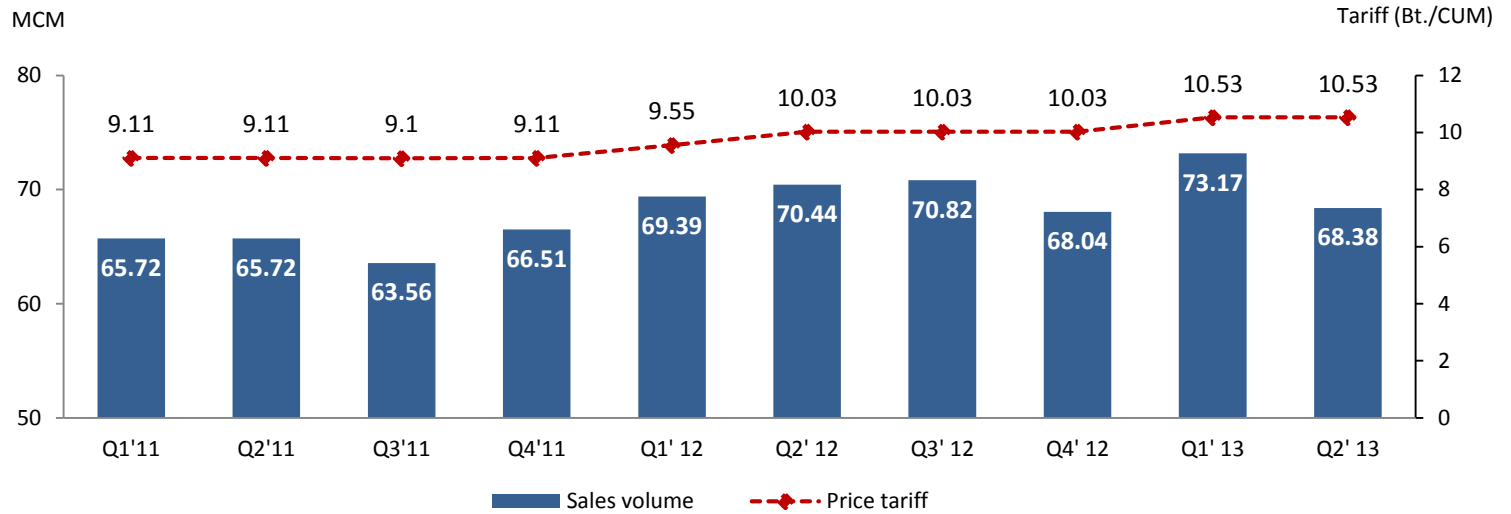


## Major customers

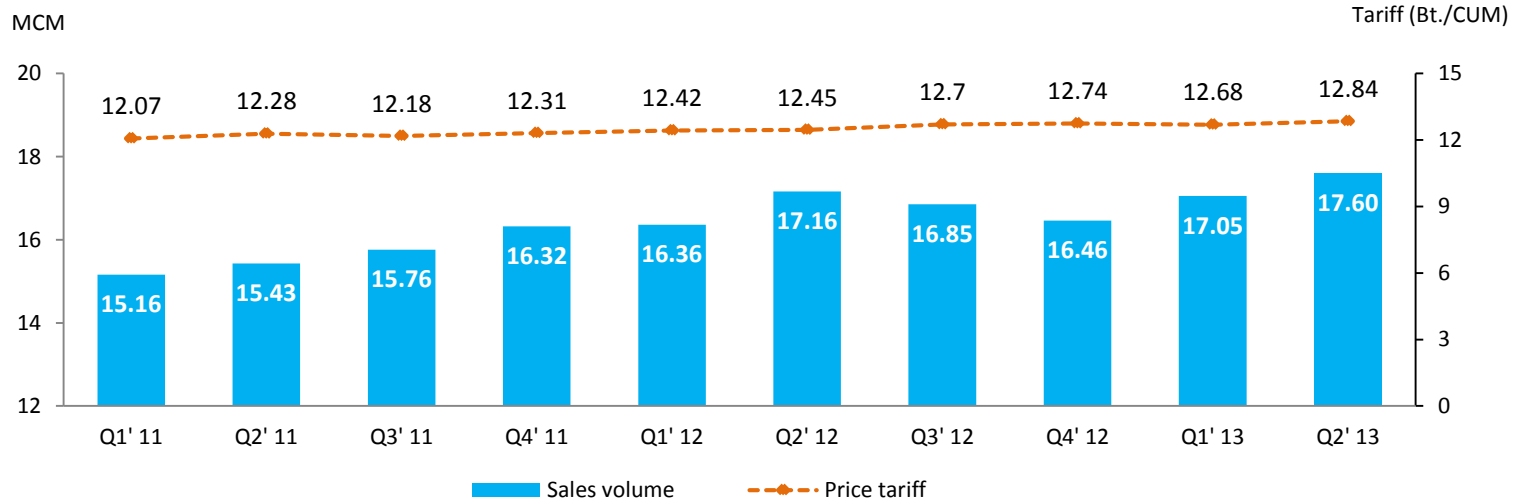
- Local authorities: Provincial Waterworks Authority (PWA), and Industrial Estate Authority of Thailand (IEAT)
- Industrial estates: Hemraj Estate, Amata Estate
- Multi-national companies: SCG, Thai Oil (TOP), PTT Global Chemical (PTTGC), Toyota
- Under development: more than 2000 rai of lands in industrial estates sold in 2013

# WATER SALES VOLUME AND TARIFF

## Raw water



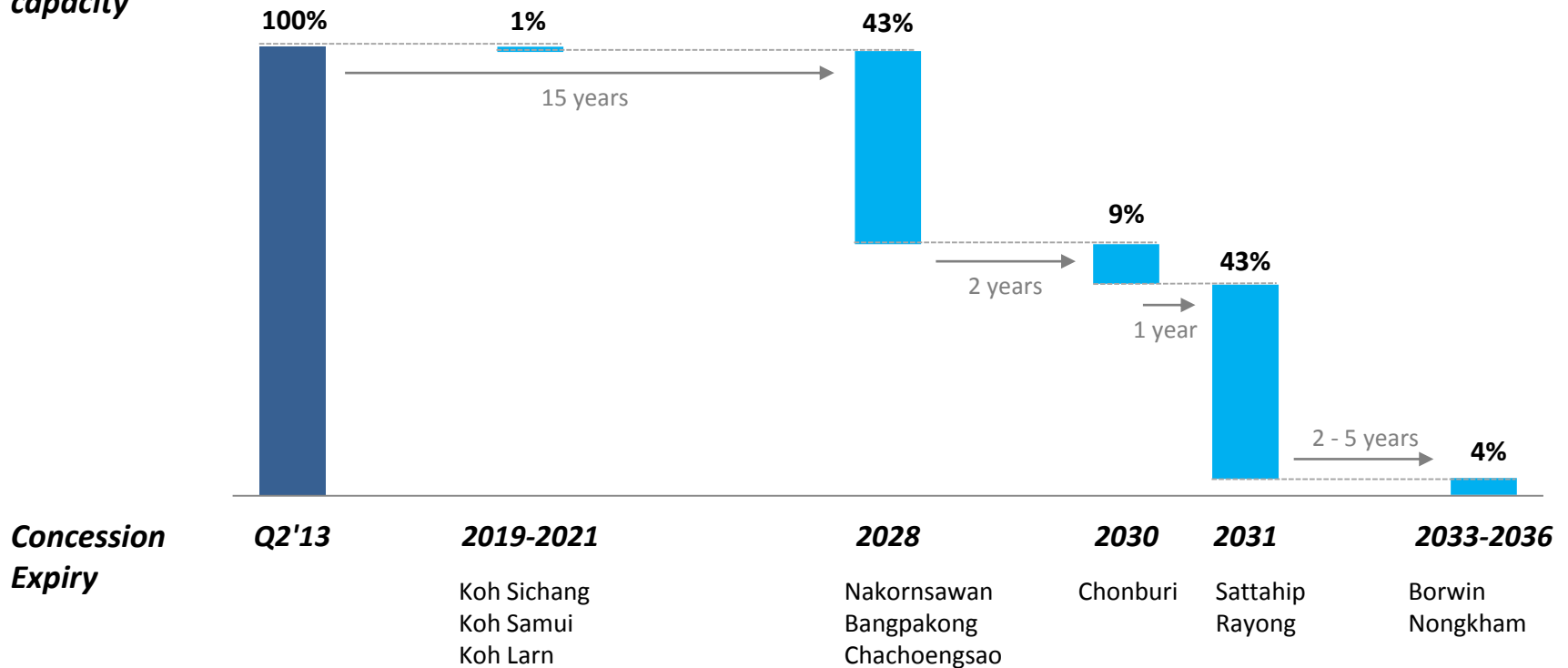
## Tap water



# TAP WATER CONCESSION EXPIRY PROFILE

As of Q2'13, **EASTW has 11 master concessions** (15-30 years) with PWA and local government authorities to management waterworks and supply tap water to the residents.

*% of total tap water capacity*



# OFFICE SPACE RENTAL



## East Water Building

Location: Vipavadee Rangsit Road (non-CBD),  
North of Bangkok

Total lettable area <sup>/1</sup> :	12,800 sqm.
Office space <sup>/1</sup> :	12,100 sqm.
Commercial space:	275 sqm.
Other space:	300 sqm.
Occupancy rate:	99%
Rental rate:	Bht.500 /sqm/month
Return:	8% per annum

# AGENDA

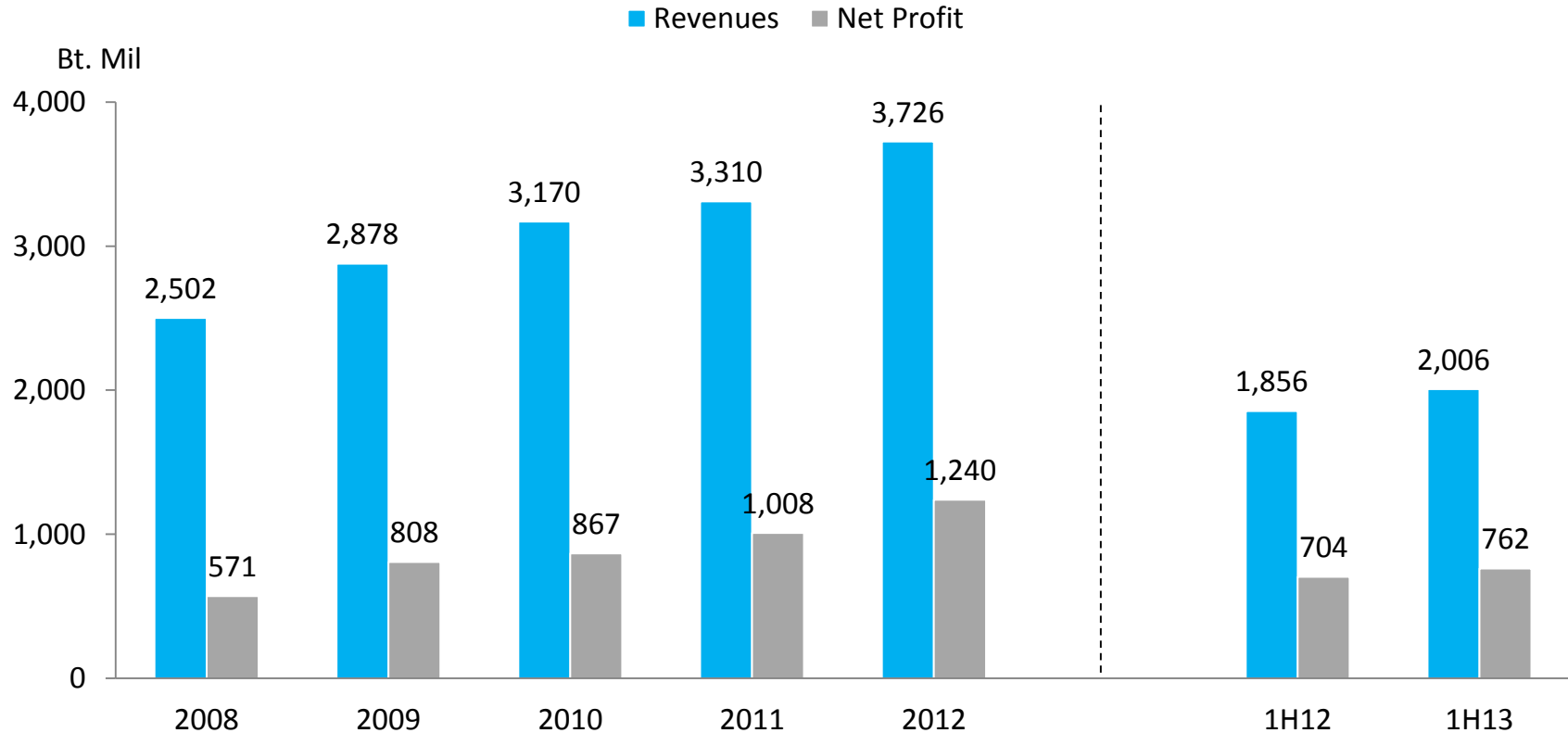
- BUSINESS OVERVIEW



## Q2'13 PERFORMANCE

- WATER SITUATION
- GROWTH DIRECTION

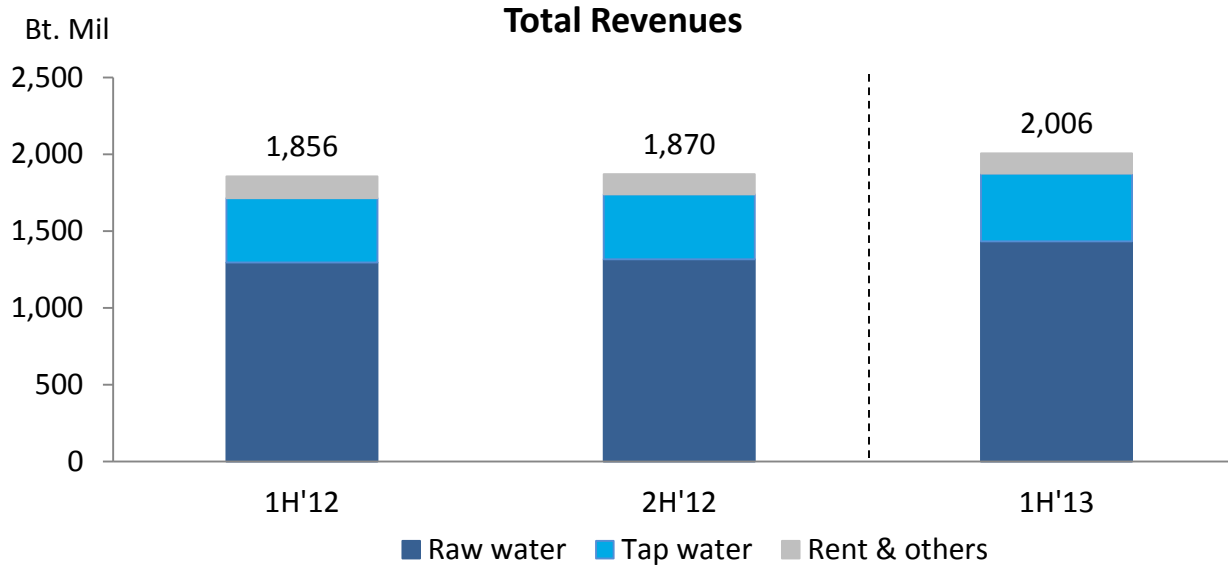
# REVENUES & NET PROFIT OVERVIEW



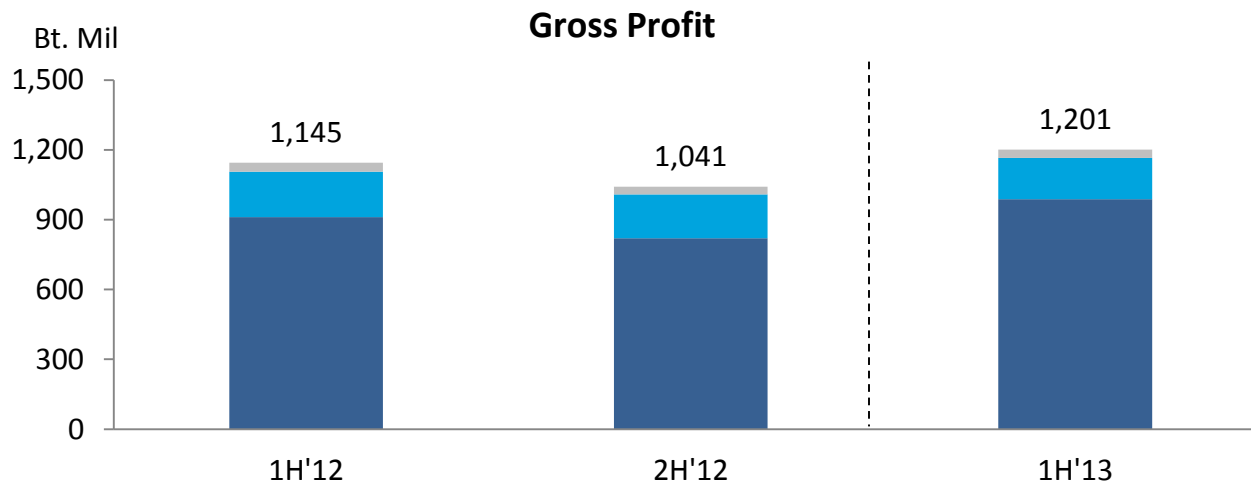
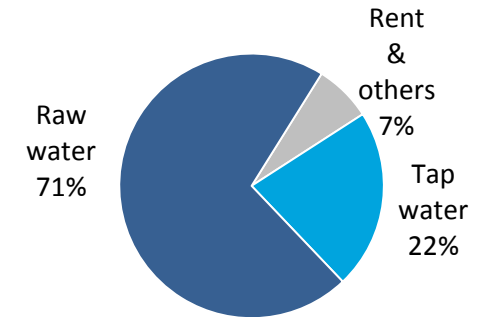
%YoY Growth	2008	2009	2010	2011	2012	1H13
Total revenues	3%	15%	10%	4%	13%	8%
Net profit	29%	42%	7%	16%	23%	8%



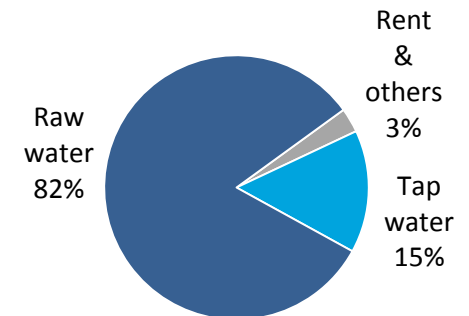
# TOTAL REVENUES & GROSS PROFIT



**1H'13 Revenues**

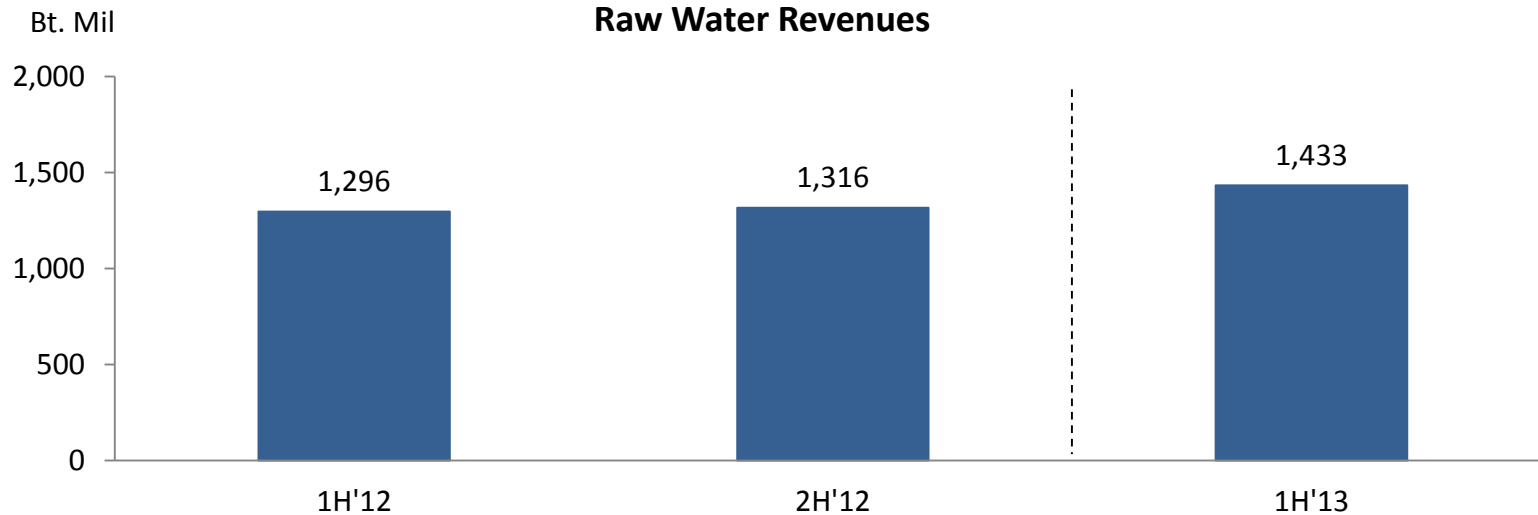


**1H'13 Gross Profit**

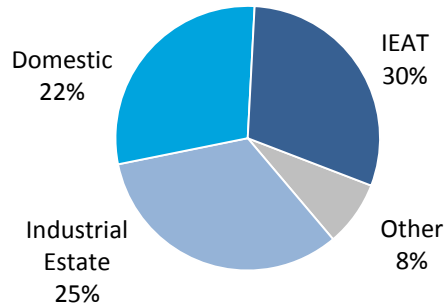




# RAW WATER: REVENUES BREAKDOWN



**1H'13 Revenues Breakdown by Customer**



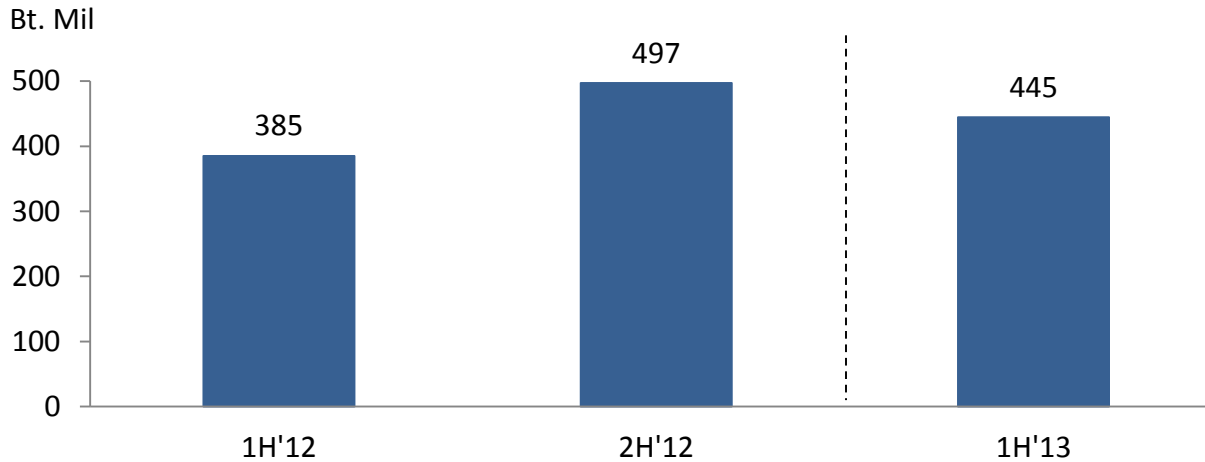
*For 1H'13, raw water sales increased by Bt. 136.59 million or 10.54% from*

- Increase in sales volume particularly in the Pluak-Daeng and Bor-win area where demand of raw water for industrial and tourism increased by 1 MCM*
- Upward adjustment of raw water tariff by an average of 7.44% in 1H'13*

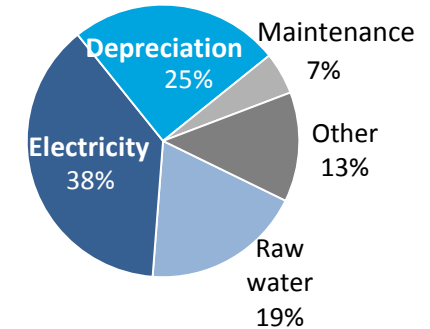


# RAW WATER: COST BREAKDOWN AND GROSS PROFIT

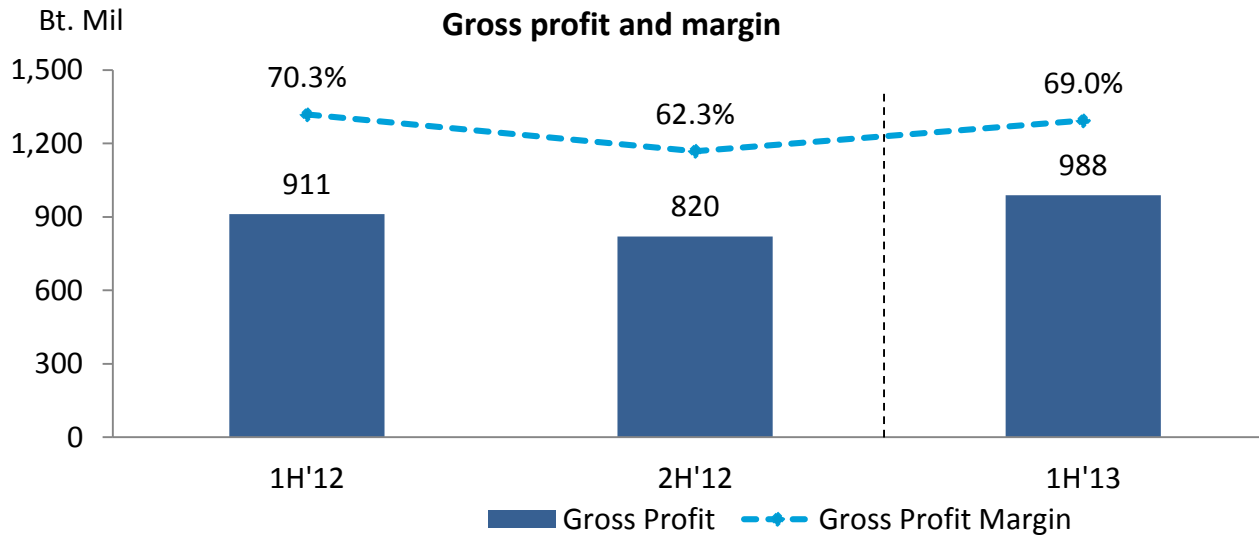
### Costs of Raw Water



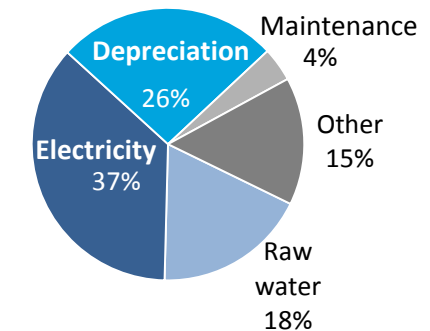
### 1H'13 Costs Breakdown



### Gross profit and margin

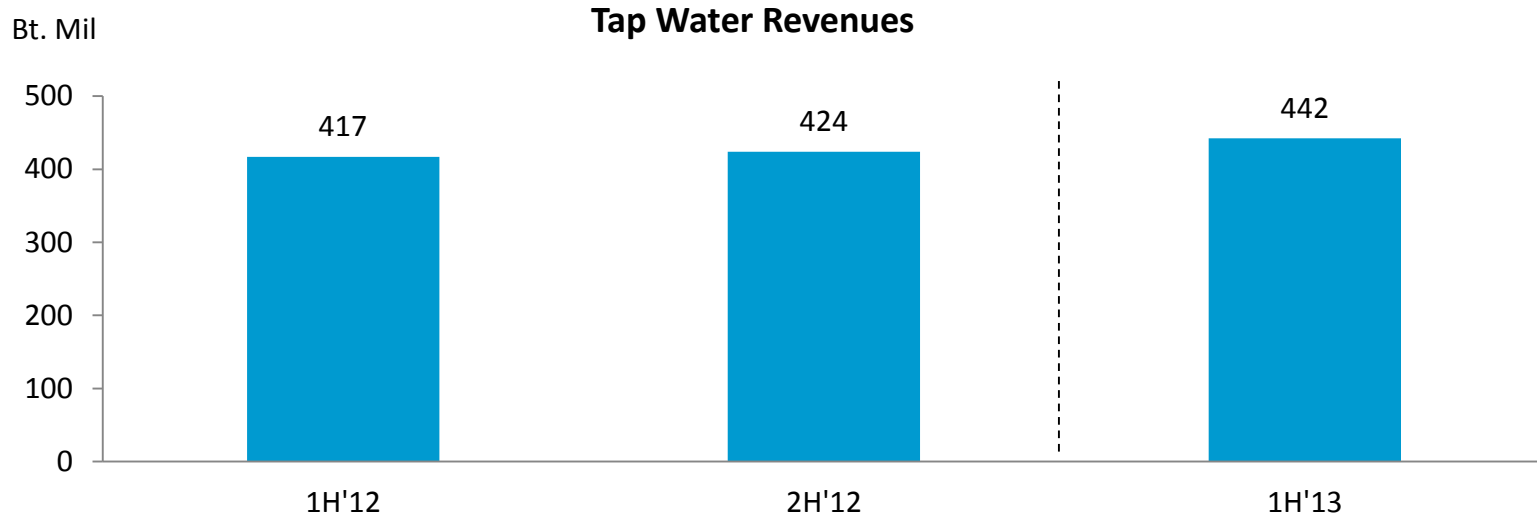


### 1H'12 Costs Breakdown

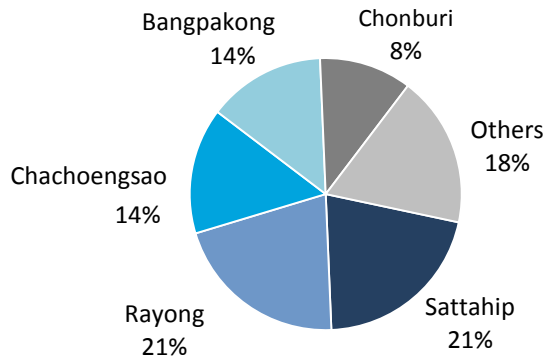




# TAP WATER: REVENUES BREAKDOWN



## 1H'13 Revenues Breakdown by Customer

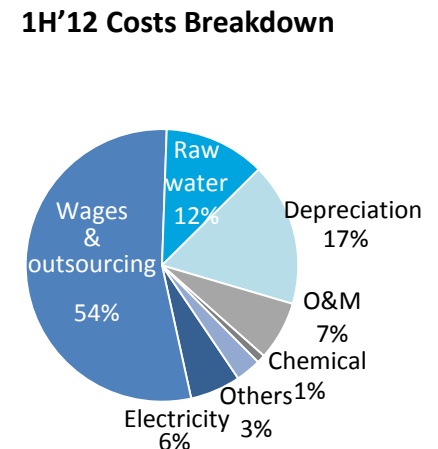
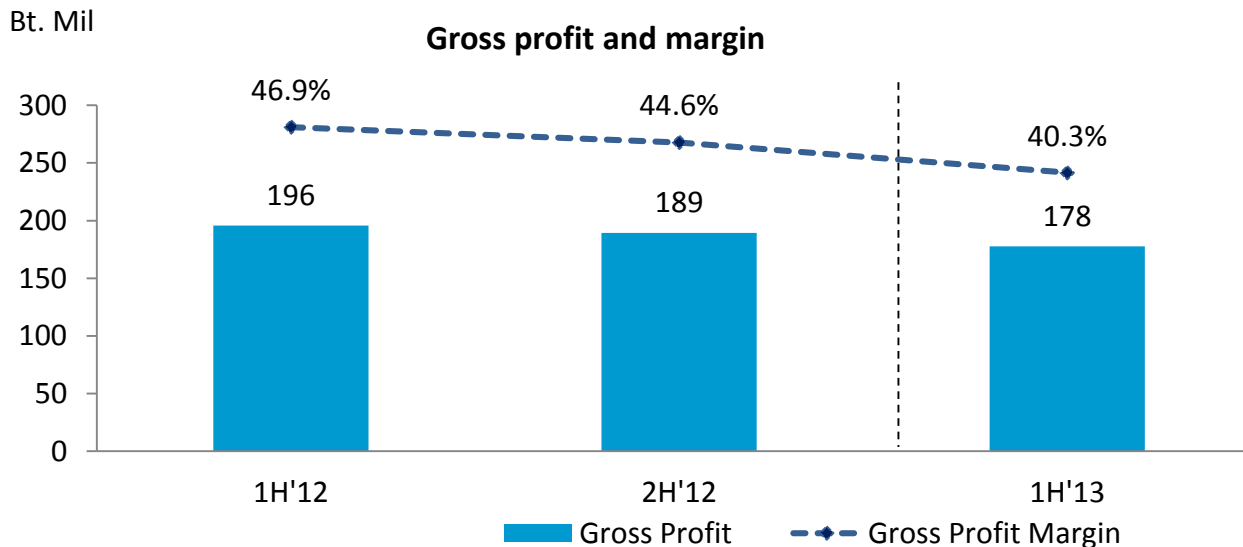
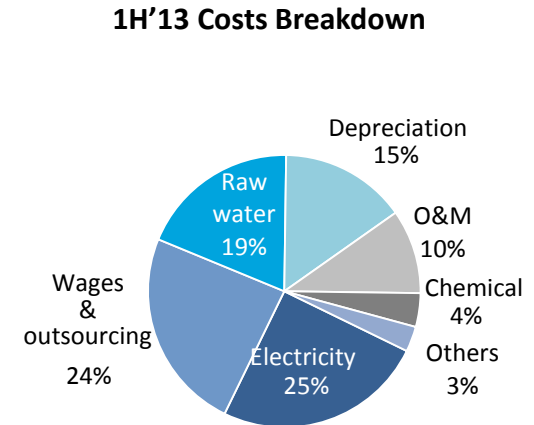
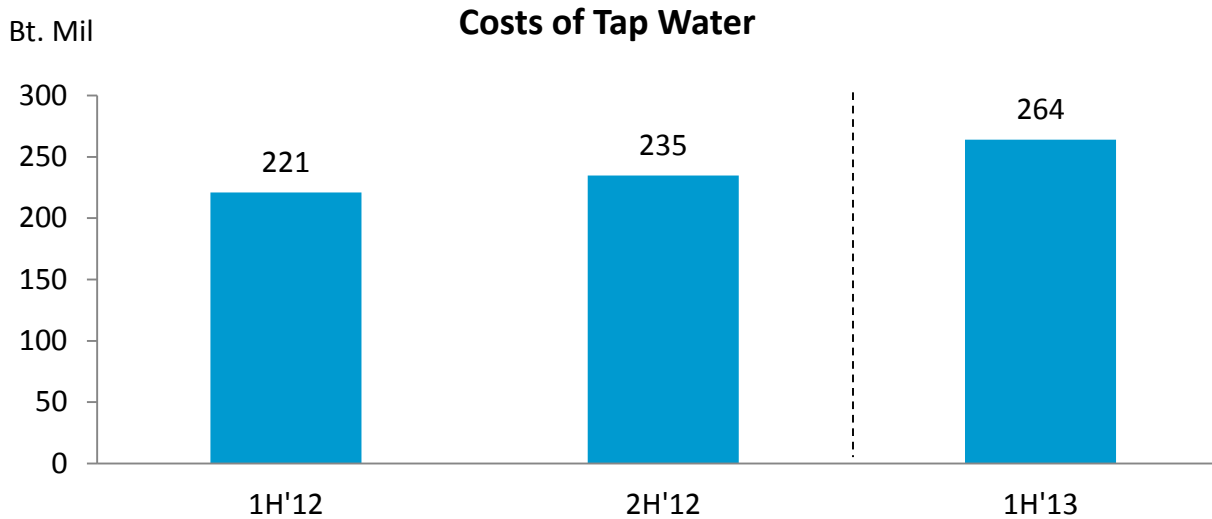


*For 1H'13, tap water sales increased by Bt. 24.80 million or 7.44% from*

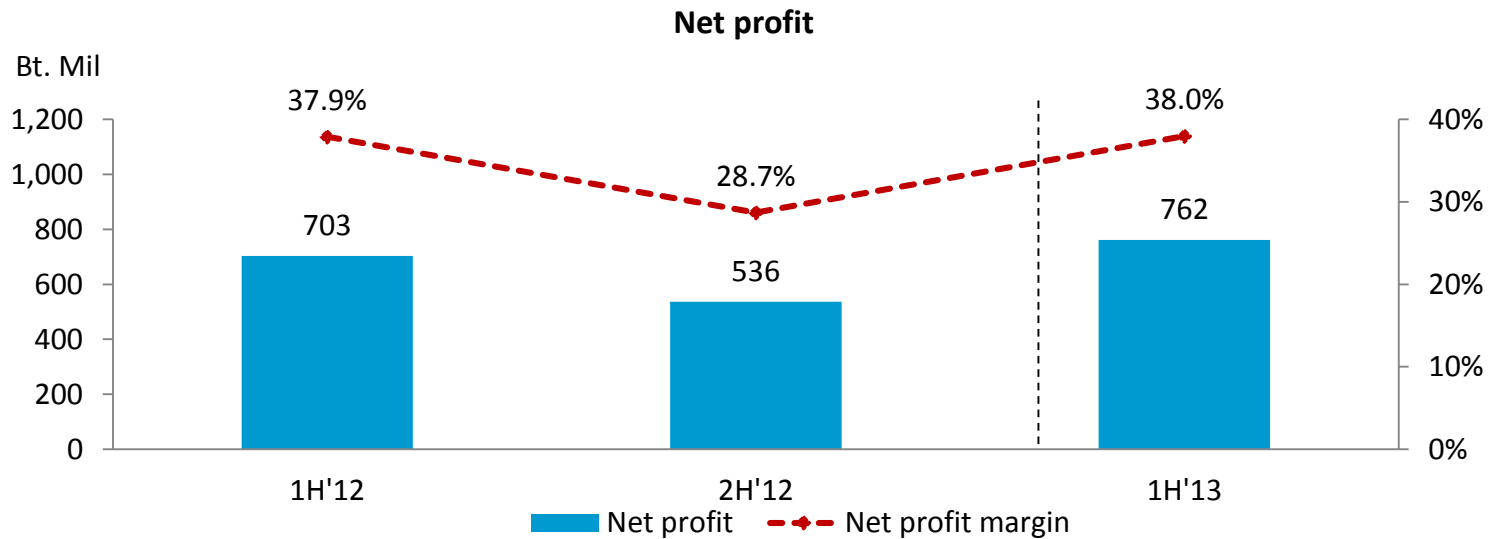
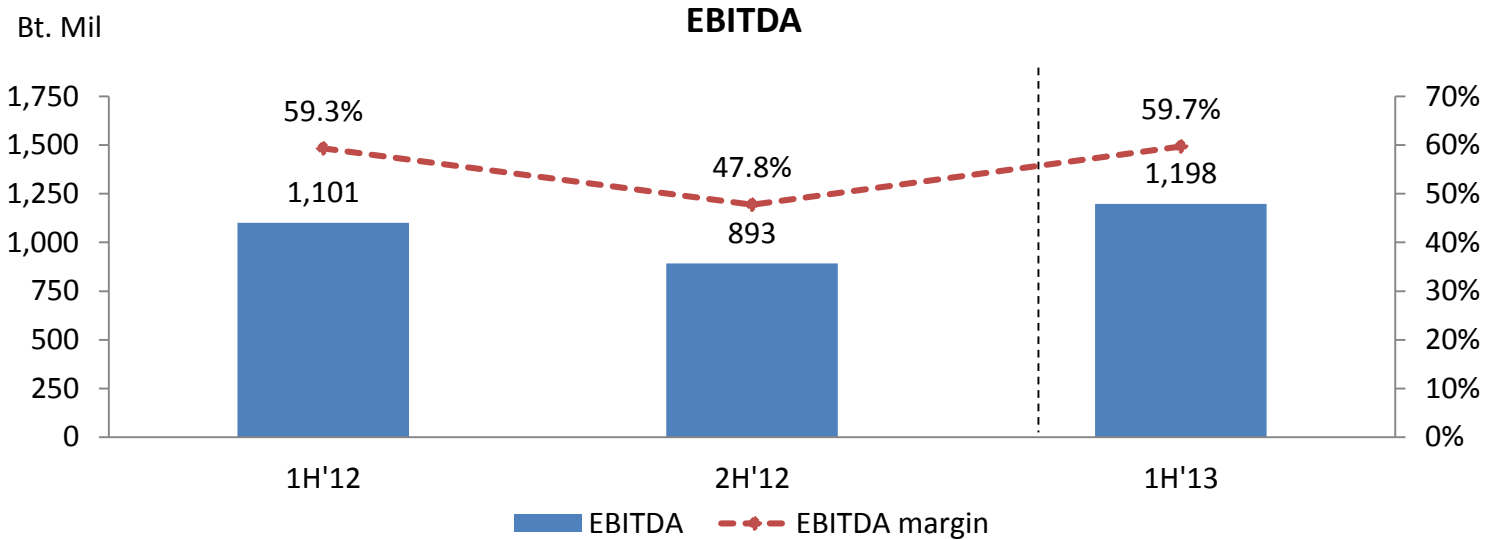
- Increase in demand for tap water*
- Upward adjustment of tap water tariff by 2.6% in 1H'13 based on the annual Consumer Price Index (CPI)*



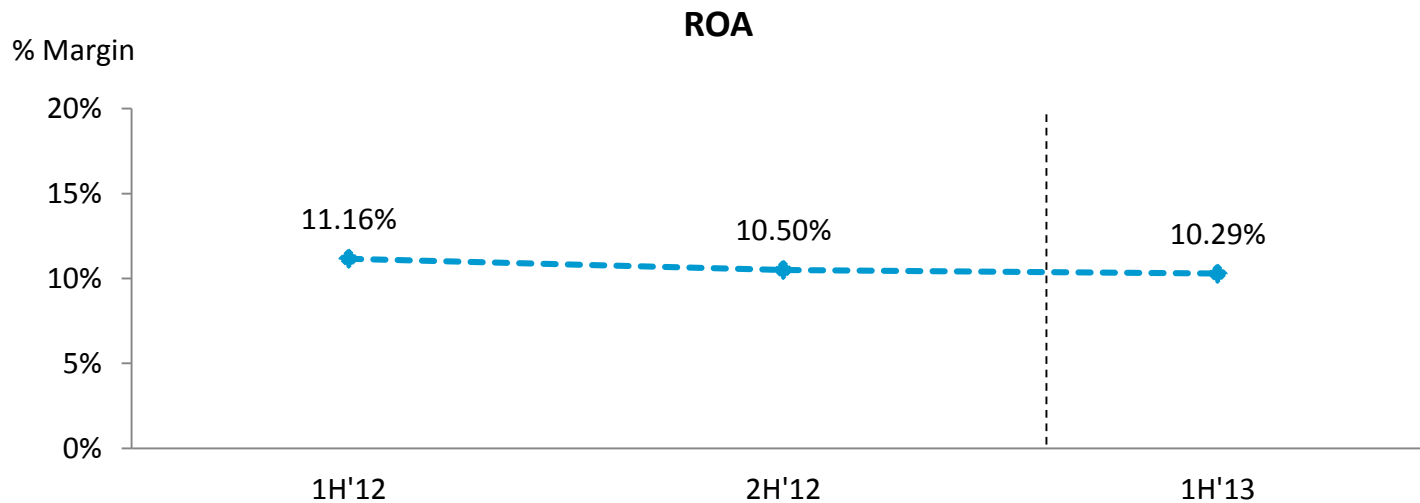
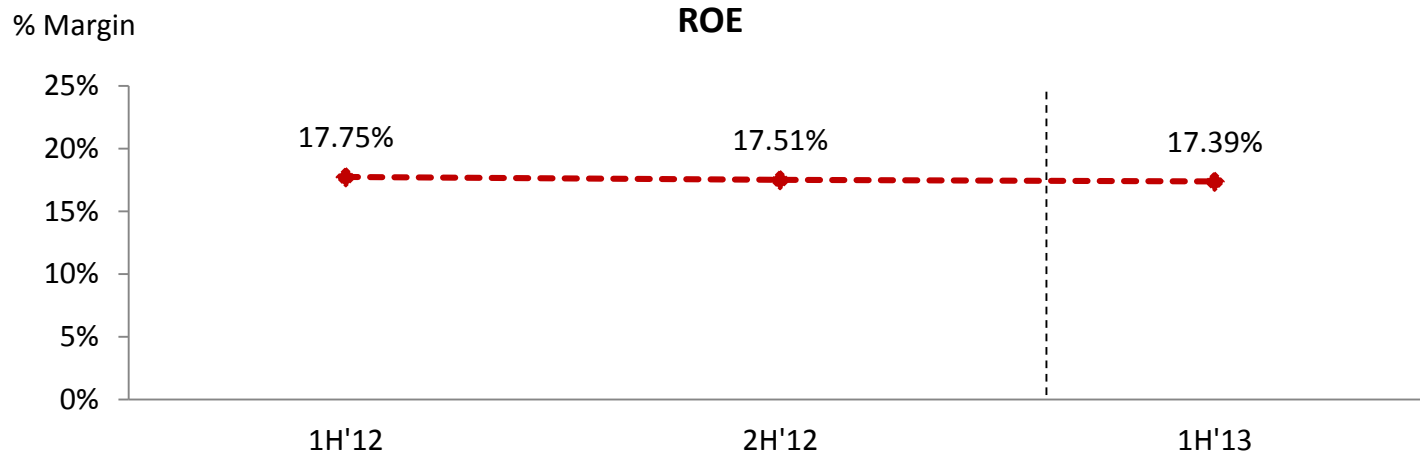
# TAP WATER: COST BREAKDOWN AND GROSS PROFIT



# EBITDA & NET PROFIT

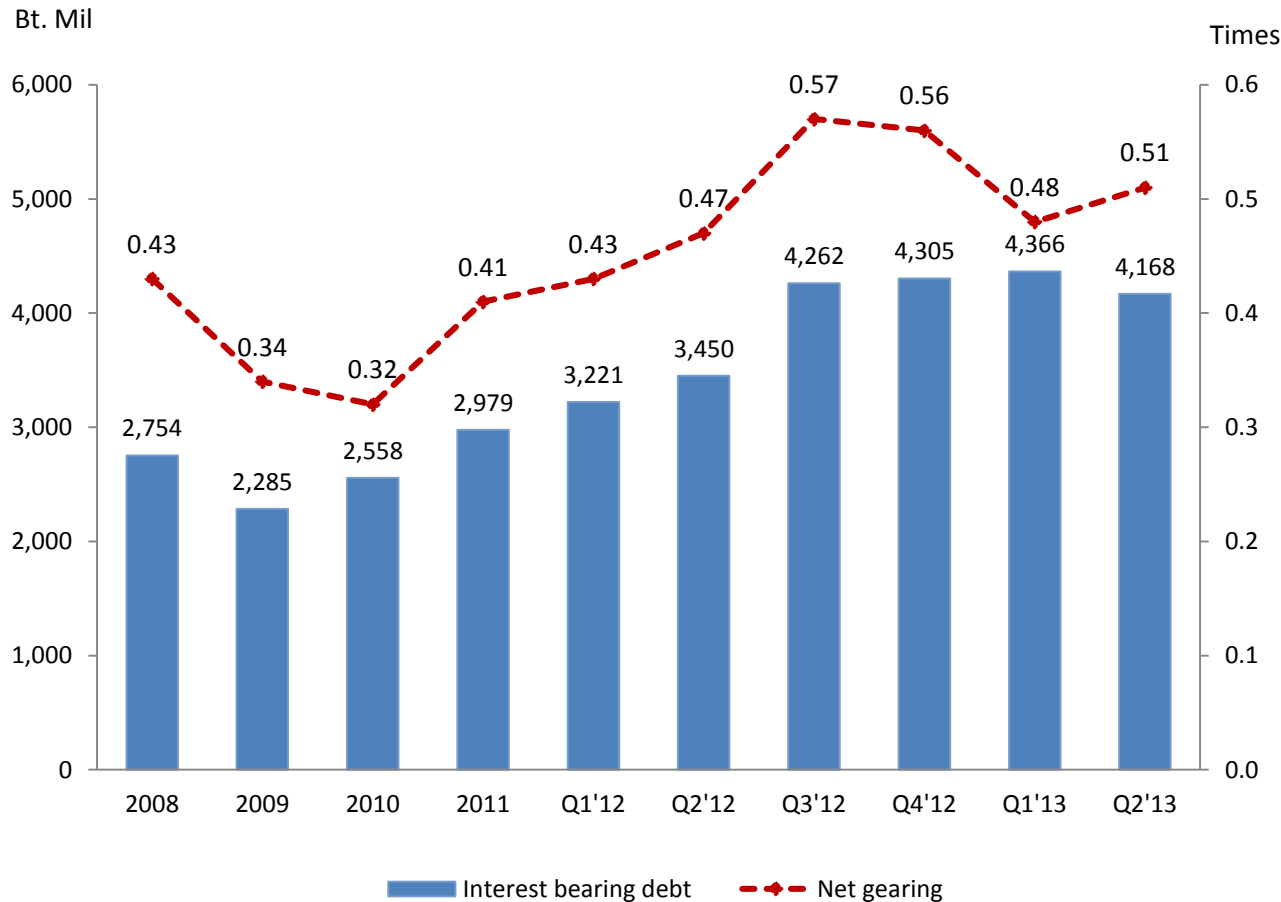


# PROFITABILITY ANALYSIS

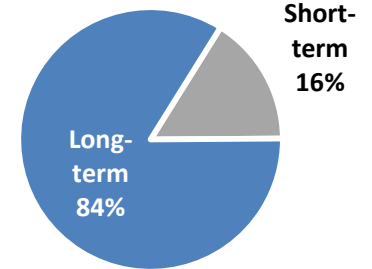


# CAPITAL STRUCTURE

Internal policy is not higher than 1.20 times



Interest-bearing debt Bt.4,168 mil

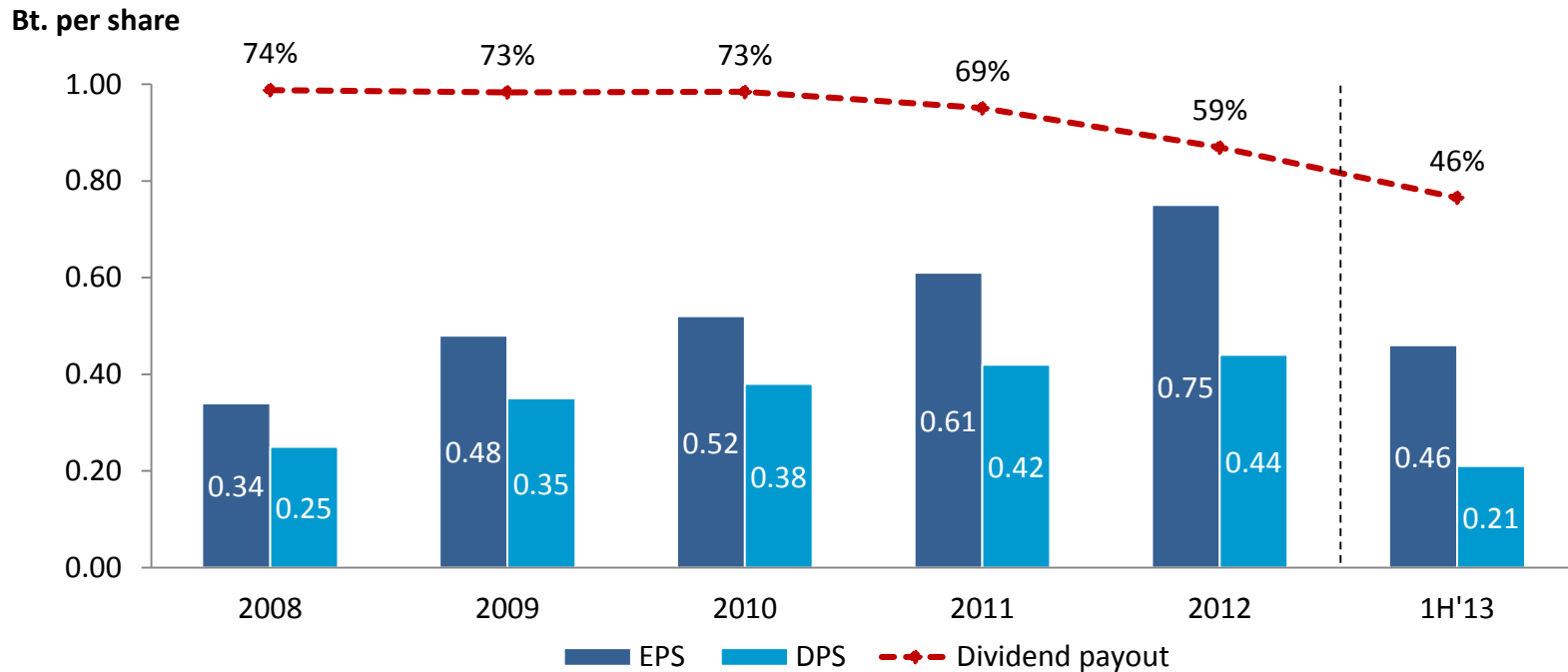


Q2'13 Average interest rate: 4.3% pa.



# SHARE INFORMATION AND DIVIDEND PAYMENT

Dividend policy is not less than 30% of normal net profit



**\* REMARK:**

- XD date: September 11, 2013
- XO date: September 16, 2013
- Payment date: September 27, 2013

Note: 1. As of July 31, 2013.

# AGENDA

- BUSINESS OVERVIEW
- Q2'13 PERFORMANCE



## WATER SITUATION

- GROWTH DIRECTION

# RAW WATER PIPELINE AND RESERVIOR

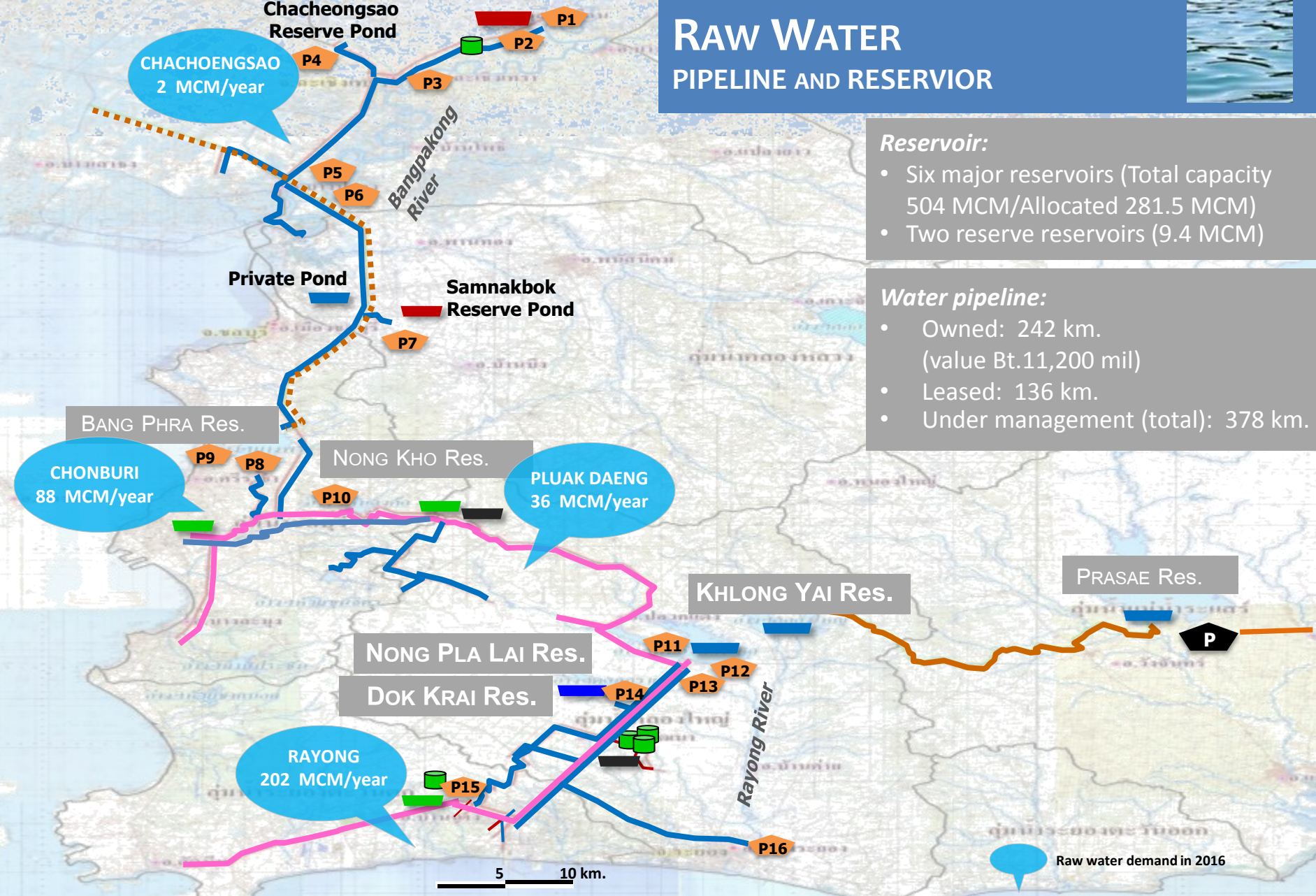


**Reservoir:**

- Six major reservoirs (Total capacity 504 MCM/Allocated 281.5 MCM)
- Two reserve reservoirs (9.4 MCM)

**Water pipeline:**

- Owned: 242 km. (value Bt.11,200 mil)
- Leased: 136 km.
- Under management (total): 378 km.



**CHACHOENSAO**  
2 MCM/year

**CHONBURI**  
88 MCM/year

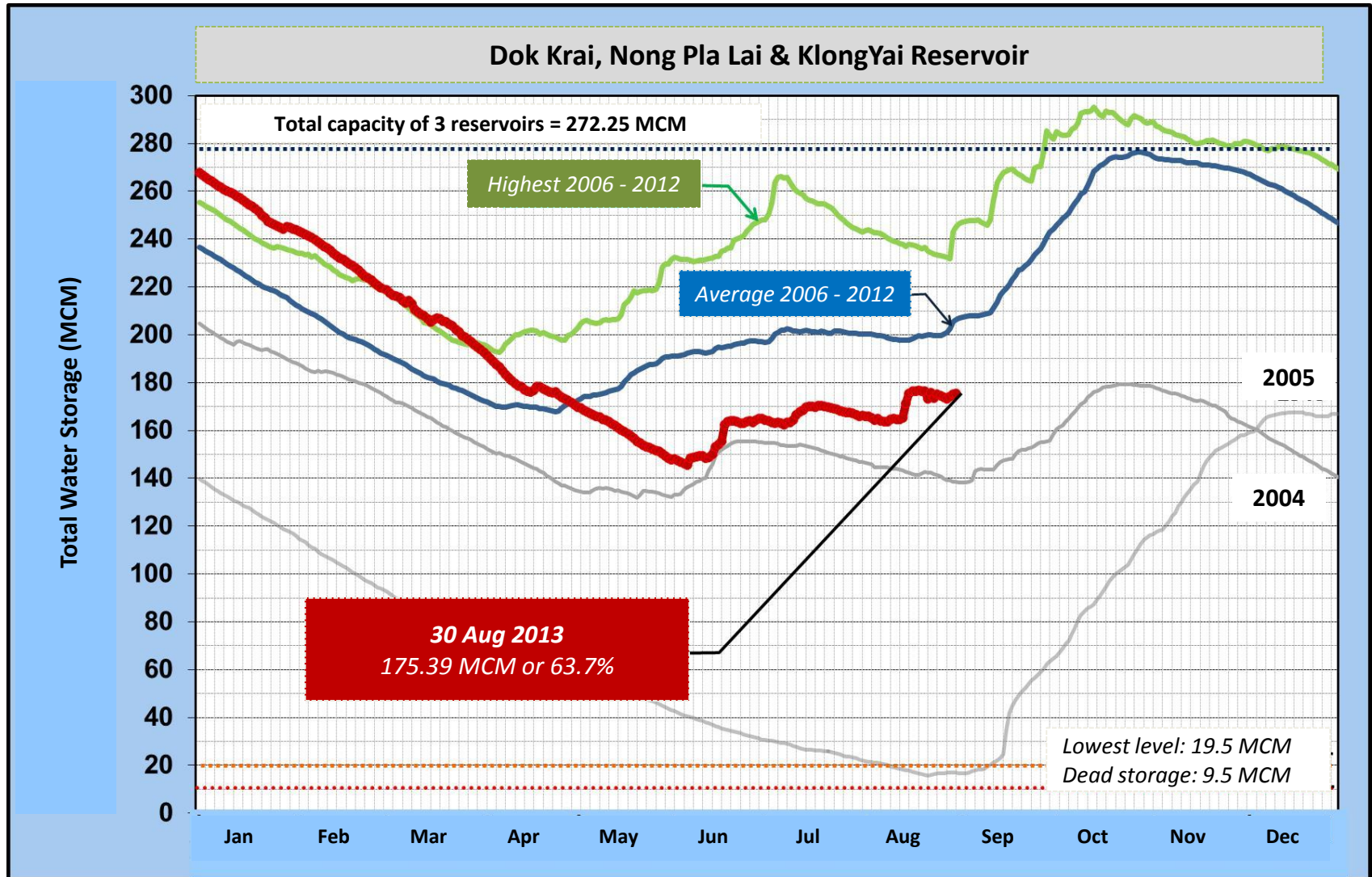
**PLUAK DAENG**  
36 MCM/year

**RAYONG**  
202 MCM/year

Raw water demand in 2016

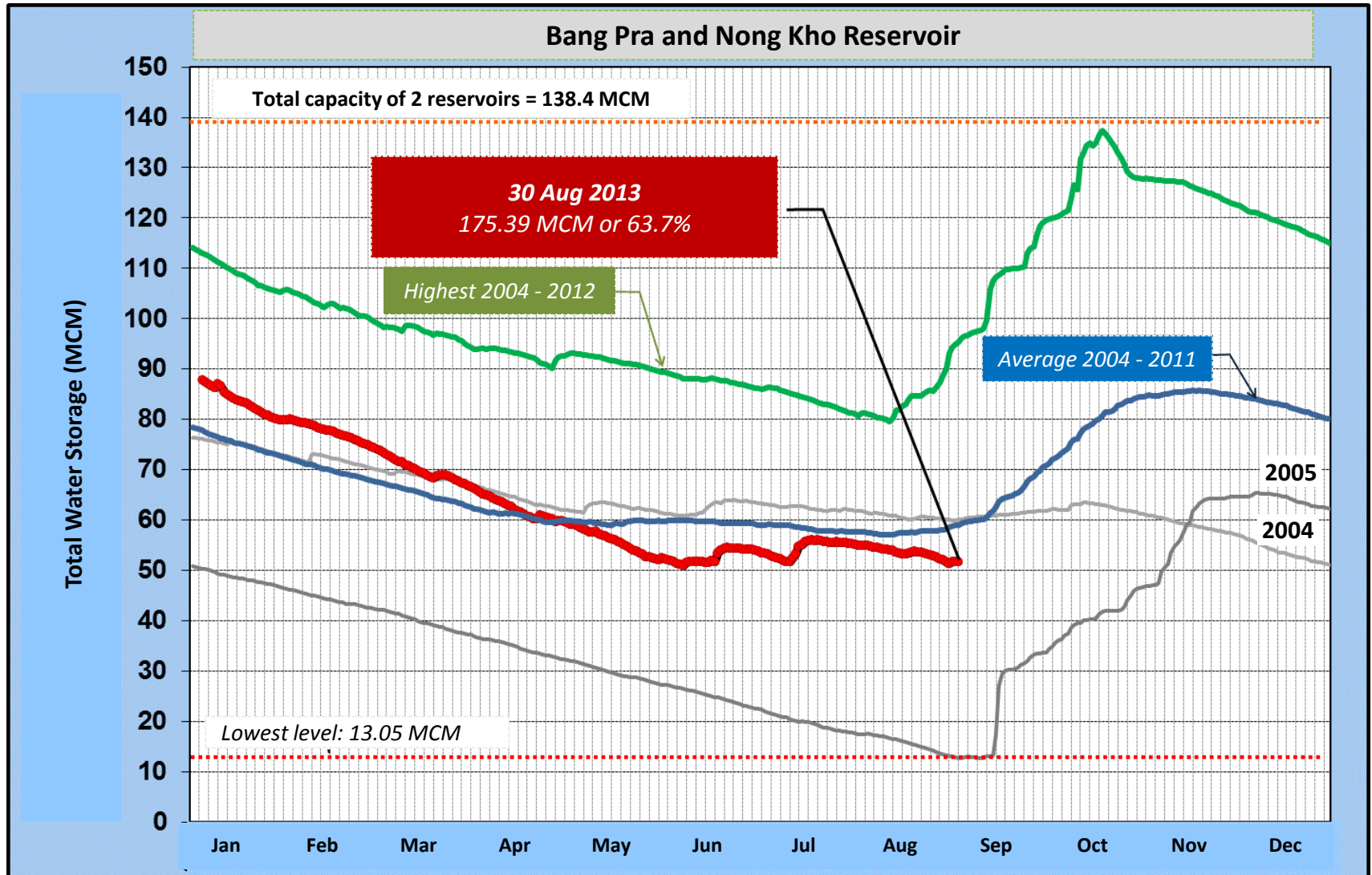
<b>EASTW - Raw Water Pipe Line</b>		<b>P</b> Pump Station	<b>Main Water Resource</b>	<b>RID - Raw Water Pipe Line</b>	
Existing Pipe Network	Head Tank	Reserve Water Resource	Existing Pipe Network	Constructing Pipe Network	
Leased Pipe Network	Emergency Pond	Regulating Well / Receiving Well			

# WATER SITUATION: DOK KRAI, NONG PLA LAI, KLONG YAI



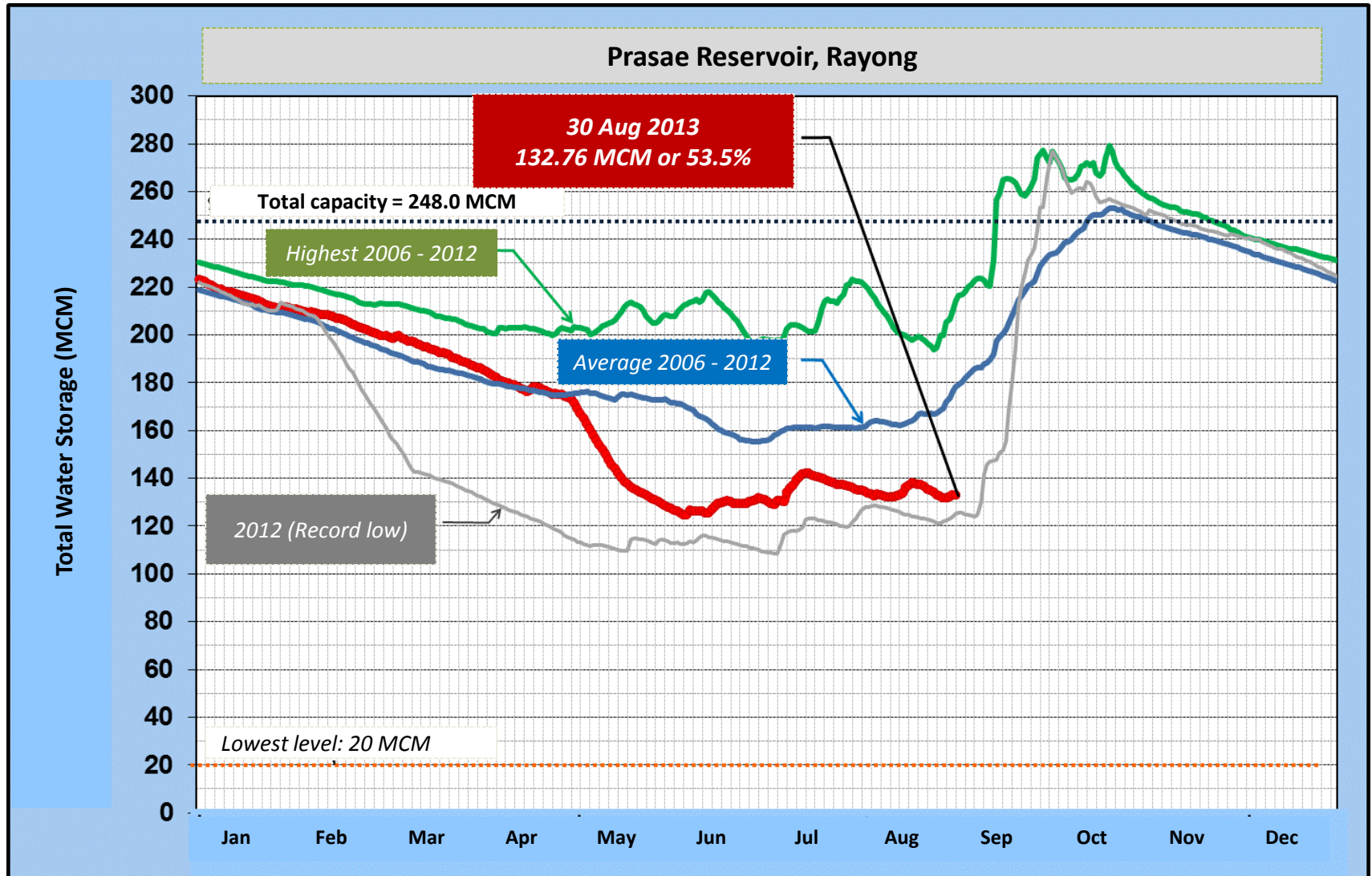
Source: The Royal Irrigation Department (RID).

# WATER SITUATION: BANG PRA & NONG KHO



Source: The Royal Irrigation Department (RID).

# WATER SITUATION: PRASAE



Source: The Royal Irrigation Department (RID).

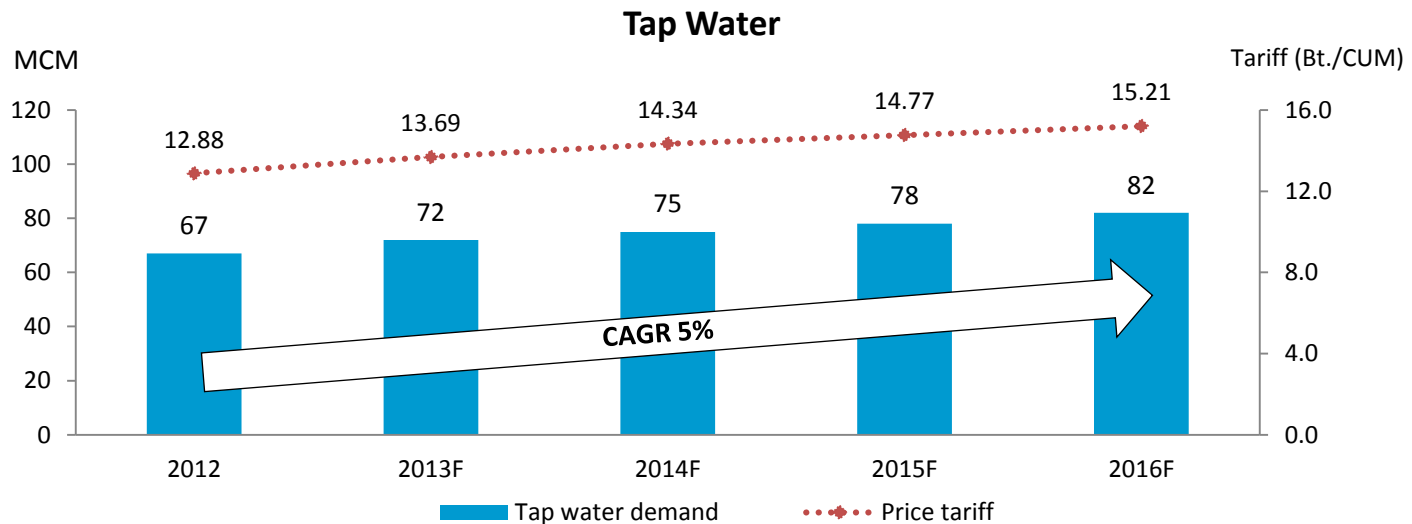
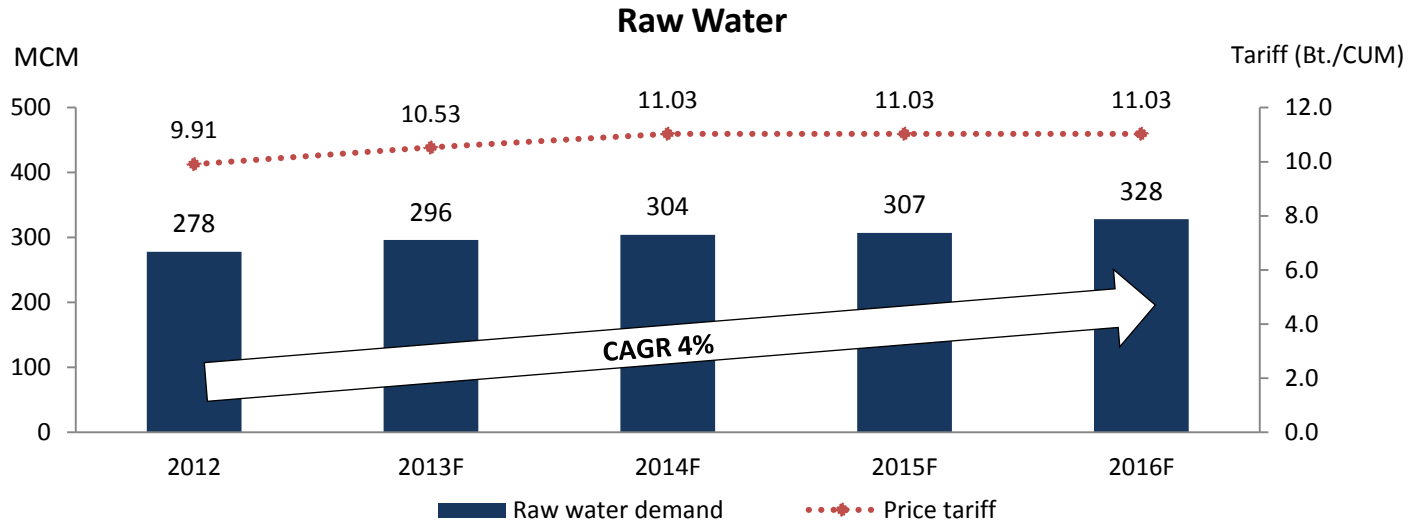
# AGENDA

- BUSINESS OVERVIEW
- Q2'13 PERFORMANCE
- WATER SITUATION



## GROWTH DIRECTION

# WATER DEMAND FORECAST

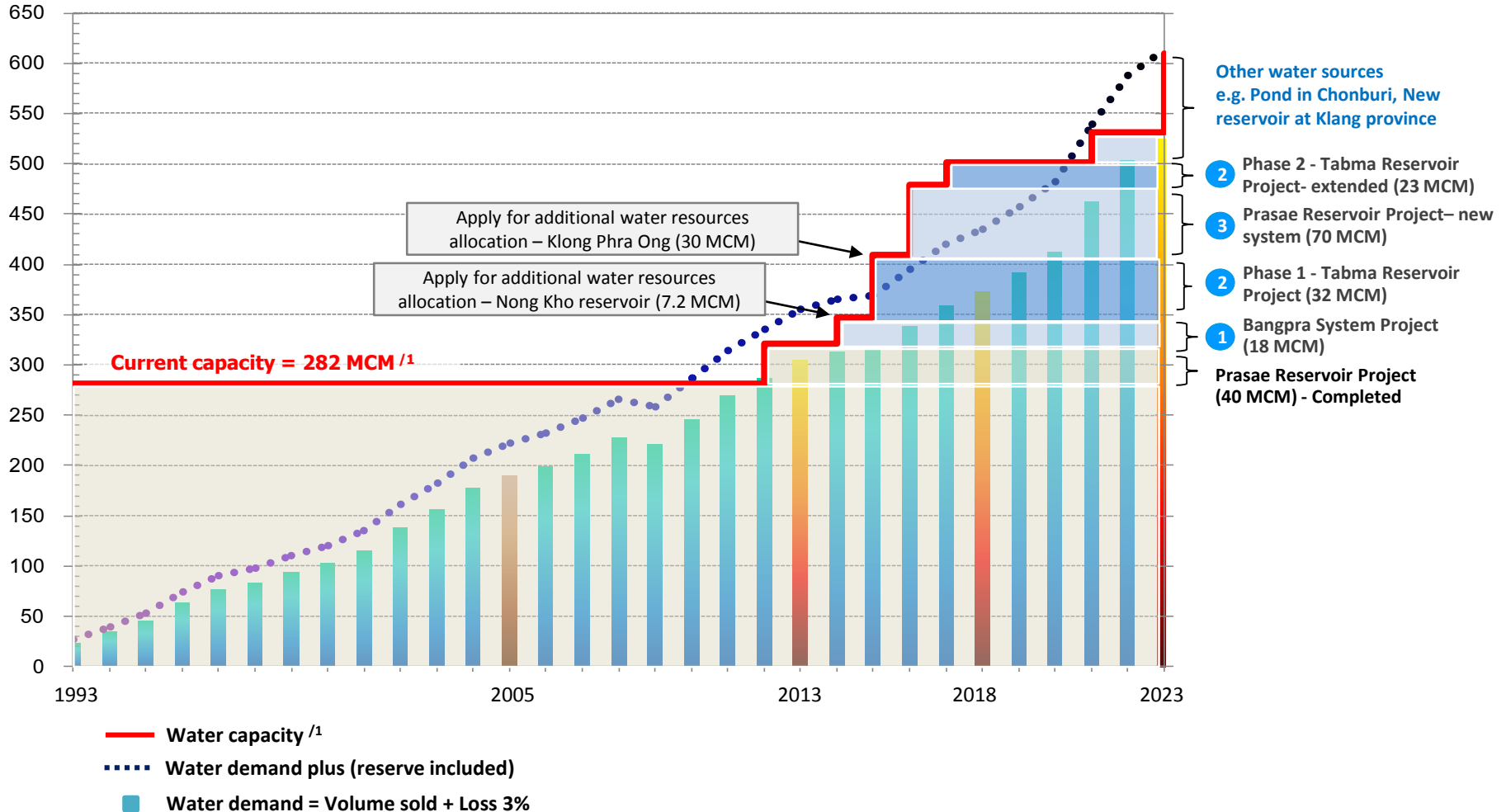


Source: Company estimates.



# WATER DEMAND FORECAST

Water level (MCM)



Source: Company estimates as of August 2013.

Note: 1. Capacity of Dok Krai, Nong Pla Lai, Nong Kho, private reservoirs, and Bangpakong River.



# PROJECTS IN OUR PIPELINE: RAW WATER

Raw Water Project		Investment (Bt. Mil)	2013	2014	2015	2016	2017
<b>Existing projects</b>							
1	Bangpra	850	█				
2	Tabma (Phase 1 and 2)	2,700	████████████████████				
<b>Future projects</b>							
3	Prasae-Nongplalai	2,900		████████████████			
4	System Improvement	1,000		████████████████████			
<b>TOTAL</b>		<b>7,450</b>					
<b>Understudy projects</b>							
1	Dawai	100				████████████████	
2	Ratchaprapa dam-Phang Nga-Krabi-Phuket	6,000					
3	Pattaya Wastewater Treatment	1,500					
<b>TOTAL</b>		<b>7,600</b>					

Source: Company estimates as of August, 2013

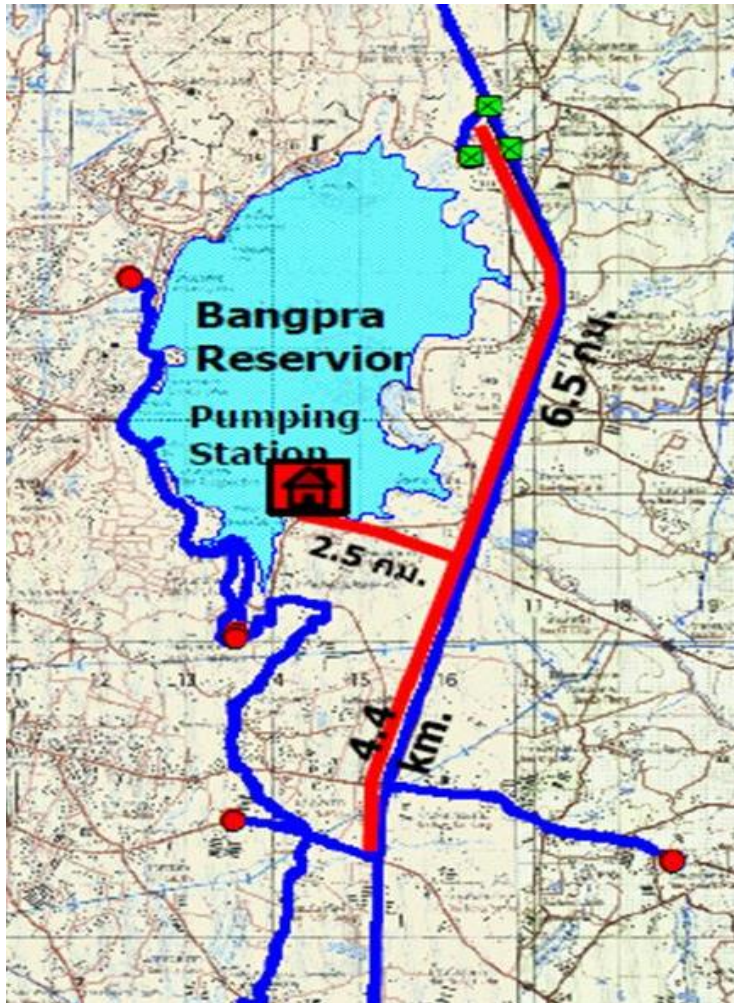


# PROJECTS IN OUR PIPELINE: TAP WATER

Tap Water Project		Investment (Bt. Mil)	2013	2014	2015	2016	2017
<b>Existing projects</b>							
1	System improvement	240		██			
<b>Future Projects</b>							
<b>Community/Local Consumption</b>							
2	Samed Tap RO water	150		██████████			
3	Phuket tap water	210		██████████			
<b>Industrial</b>							
4	Phuket Airport	50		██████████			
5	Suvarnabhumi Airport	300			██████████		
6	Pinthong Industrial Estate (1-5 projects)	220		████████████████			
7	C.P. Industrial Estate	340				██████████	
<b>TOTAL</b>		<b>1,510</b>					
<b>Understudy projects</b>							
1	Municipal Water (Huahin, Korat , Ratchaburi, Nakornsawan, Nakornpathom)	1,000		██			
<b>TOTAL</b>		<b>1,000</b>					

Source: Company estimates as of August, 2013

# WATER PROJECT: BANGPRA PROJECT



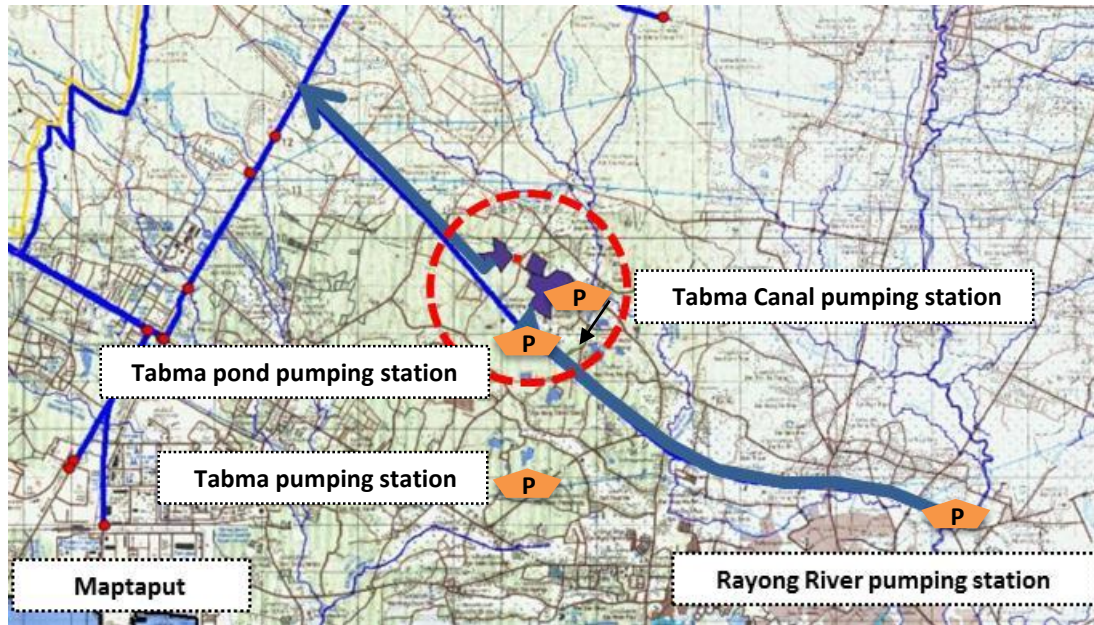
## OBJECTIVE

- To reduce water transmission from Rayong to Chonburi by building a new pumping station at Bangpra reservoir

<b>Investment:</b>	Bt.850 mil
<b>Incremental capacity:</b>	18 MCM per year
<b>Project duration:</b>	24 months
<b>Progress update:</b>	77% (as of Aug, 2013)
<b>Operating date:</b>	Q4'13



# WATER PROJECT: TABMA PROJECT

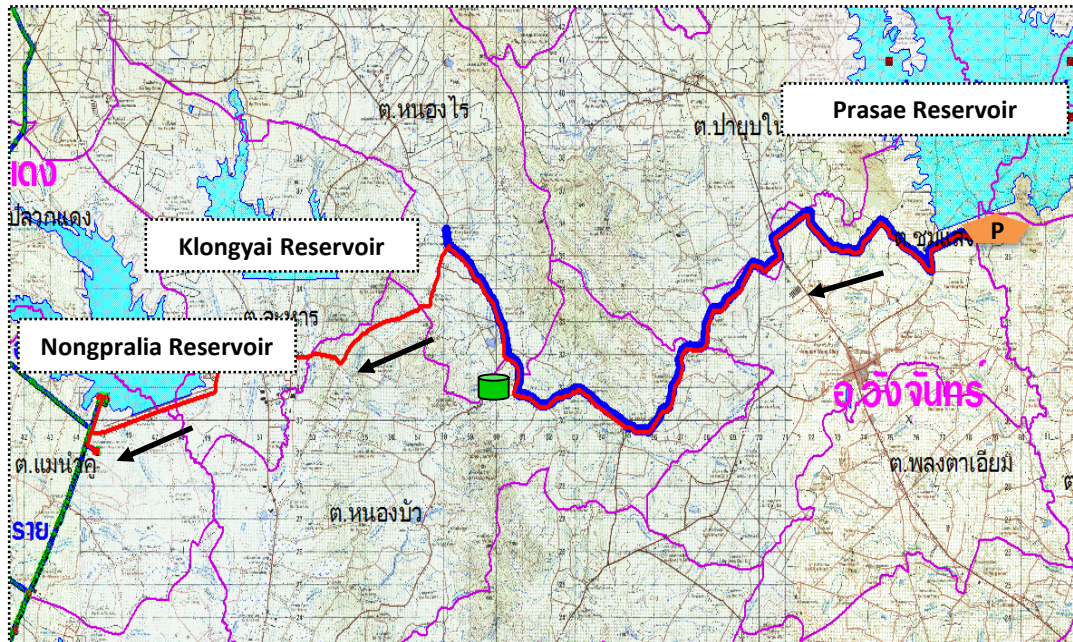


## OBJECTIVE

To develop raw water reservoir to increase water supply by 55 MCM per year by pumping water from Rayong River and Tamba canal to be stored at the Tabma reservoir

<b>Investment:</b>	Bt.2,700 mil
<b>Incremental capacity:</b>	Phase 1: 33 MCM/year Phase 2: 22 MCM/year
<b>Project duration:</b>	60 months
<b>Progress update:</b>	40.3% (as of Aug, 2013)
<b>Operating date:</b>	Phase 1: Q4'13 Phase 2: Q4'16

# WATER PROJECT: PRASAE-NONGPLALAI PIPELINE



## OBJECTIVE

- Additional 70 MCM/year water transmission from the current Prasae-Nongplalai
- Build a new pumping station at the Prasae reservoir and lay a 50 km pipeline to increase water supply and to handle the water shortage situation

**Investment:** Bt.2,900 mil

**Incremental capacity:** 70 MCM per year

**Project duration:** 24 months

**Progress update:** 0% (as of Aug,2013)

**Operating date:** 2016

**P** Pump Station

 Head Tank

 Existing Pipe Network of RID (31.45km)

 Constructing Pipe Network (50 km)



# THANK YOU

## **Eastern Water Resources Development and Management Public Company Limited**

*Floor 23-26, East Water Building,  
1 Vibhavadi Rangsit Road, Jomphol, Chatuchak, Bangkok 10900*

*Tel: 02-272-1600 Fax: 02-272-1601*

*Website: [www.eastwater.com](http://www.eastwater.com)*

**For further information & enquiries, please contact our investor relations at:**

*Tel: 02-272-1600 Ext. 2587*

*Email: [IR@eastwater.com](mailto:IR@eastwater.com)*



# APPENDIX





# INCOME STATEMENTS

P&L Highlight (in Bt.mil)	2Q13	1Q13	% Q-o-Q change	2Q12	% Y-o-Y change
<b>REVENUES</b>					
Raw water	720.4	712.4	+1%	668.3	+8%
Tap water	226.1	216.1	+5%	214.1	+6%
Rent & service	49.6	58.8	-16%	61.0	-19%
Other income	18.1	4.7	+288%	20.6	-12%
<b>Total revenues</b>	<b>1,014.3</b>	<b>992.0</b>	<b>+2%</b>	<b>964.0</b>	<b>+5%</b>
<b>COSTS</b>					
Raw water	226.5	218.2	+4%	190.1	+19%
Tap water	132.7	131.8	+1%	111.4	+19%
Rent & service	43.7	52.7	-17%	54.1	-19%
<b>Total costs</b>	<b>402.9</b>	<b>402.6</b>	<b>0%</b>	<b>354.9</b>	<b>+13%</b>
Selling and administrative expenses	81.9	98.6	-17%	105.7	-23%
<b>Operating profit</b>	<b>529.5</b>	<b>490.8</b>	<b>+8%</b>	<b>502.7</b>	<b>+5%</b>
Finance costs	28.1	28.3	-1%	18.6	+51%
<b>Net profit (including non-recurring items)</b>	<b>391.3</b>	<b>370.4</b>	<b>+6%</b>	<b>379.0</b>	<b>+3%</b>

# BALANCE SHEETS

Balance Sheet (in Bt.mil)	Jun 30, 2013	Dec 31, 2012	% change
<b>Assets</b>			
Cash & cash equivalents	221	238	-7.2%
Temporary investments	57	96	-40.4%
Trade & account receivables	499	474	+5.4%
Water loss treatment service income receivable	9	8	+22.1%
Inventories (if any)	8	8	+0.0%
Other current assets	33	24	+38.2%
Total current assets	829	848	-2.3%
Non-current assets	11,891	11,592	+2.6%
<b>Total assets</b>	<b>12,720</b>	<b>12,440</b>	<b>+2.2%</b>
<b>Liabilities</b>			
Short-term loans	27	111	-75.7%
Current portion of long-term loans	638	738	-13.6%
Other current liabilities	533	510	+4.7%
Total current liabilities	1,198	1,358	-11.8%
Long-term loans	3,503	3,456	+1.4%
Other non-current liabilities	311	305	+1.9%
<b>Total liabilities</b>	<b>5,013</b>	<b>5,120</b>	<b>-2.1%</b>
<b>Equities</b>			
Retained earnings	3,875	3,515	
<b>Total equities</b>	<b>7,707</b>	<b>7,320</b>	<b>+5.3%</b>