

WAVE

ENTERTAINMENT

L-WAVE ENT 65/2018

13 November 2018

Subject : Management's Discussion and Analysis for the nine-month period ending 30 September 2018 operating results that varied more than 20% compared to the same period of 2017

To : The President of the Stock Exchange of Thailand

The Company would like to provide details of changes in Profit and Loss as shown in the 3rd quarter and the nine-month period ending 30 September 2018 from the reviewed consolidated financial statements of Wave Entertainment Plc. as follows:

Q3/2018

(THB'mm)	Q3/2018		Q3/2017		Changed	
	THB'mm	%	THB'mm	%	THB'mm	%
Revenue Segment Information						
Entertainment and marketing activities	254.05	46%	449.57	64%	(195.52)	-43%
Restaurant	149.03	27%	158.87	22%	(9.84)	-6%
Language institute	147.01	27%	97.05	14%	49.96	51%
Total Revenue	550.09	100%	705.49	100%	(155.40)	-22%
Cost	361.12	66%	516.69	73%	(155.57)	-30%
Gross profit	188.97	34%	188.80	27%	0.17	0%
Selling and admin expenses	(225.53)	-41%	(221.30)	-31%	4.23	2%
Financial cost	(12.96)	-2%	(12.89)	-2%	0.07	1%
Tax	(3.94)	-1%	(2.73)	0%	1.21	44%
Shares of Profit from Asso and JV	12.38	2%	12.83	2%	(0.45)	-4%
Net Profit (loss)	(41.08)	-7%	(35.29)	-5%	5.79	16%
Profit (loss) attributable to						
Owner of the parent	(44.20)	-8%	(57.16)	-8%	(12.96)	-23%
Non-controlling interest	3.12	1%	21.87	3%	(18.75)	-86%
Profit (loss)	(41.08)	-7%	(35.29)	-5%	5.79	16%

The Group's total revenue for the third quarter 2018 was at THB 550.09 million, decreasing by THB 155.40 million or 22% drop from the same period of last year. Details of revenue in each business are:

- Entertainment and Marketing activities business decreased THB 195.52 million, down 43% compared to the same period of last year. There was no big project from public and private sector in this quarter while there were many big projects from public sector such as World Expo in Astana, Kazakhstan and Digital Thailand Big Bang at Muang Thong Thani in the past year. Some revenue from the big projects in this year will be subsequently recognized in this fourth quarter this year.
- Restaurant business slightly decreased THB 9.84 million, down 6% compared to the same period of last year partly from closure of 2 non-profitable branch in this quarter.

- Language institute business increased THB 49.96 million, up 51% compared to the same period of last year as a result of effective marketing campaigns leading to strong response from target groups. There were also 2 new center launches: Maya shopping center in Chiangmai and Central Plaza Rama 2, all contributing to the growth in this quarter revenue recognition compared to last year.

The Group's total cost for Q3/2018 was at Baht 361.12 million, a decrease of Baht 155.57 million or 30% from the previous year. The decrease in costs was in line with the decrease in revenue from the creative and full-service marketing activities businesses.

The drop in revenue and costs yielded a gross profit of Baht 188.97 million or 34% of total revenue, up from 27% compared to the same period of last year due to cost control effectiveness.

Total selling and administrative expenses for Q3/2018 were at Baht 225.53 million, up slightly by Baht 4.23 million, or 2% over the same period of last year. Share of profit from associates and joint ventures was Baht 12.38 million, decrease slightly by Baht 0.45 million from the same period of last year.

Overall, the group had a net loss in Q3/2018 of Baht 41.08 million, increasing Baht 5.79 million or 16% compared to the same period of last year, primarily from the Baht 44.20 million Owner of the Parent loss, decrease Baht 12.96 million or 23% compared to the same period of last year.

9M/2018

(THB'mm)	9M/2018		9M/2017		Changed	
	THB'mm	%	THB'mm	%	THB'mm	%
Revenue Segment Information						
Entertainment and marketing activities	743.07	47%	1,083.33	58%	(340.26)	-31%
Restaurant	450.75	29%	473.50	26%	(22.75)	-5%
Language institute	385.19	24%	295.62	16%	89.57	30%
Total Revenue	1,579.01	100%	1,852.45	100%	(273.44)	-15%
Cost	1,036.03	66%	1,330.33	72%	(294.30)	-22%
Gross profit	542.98	34%	522.12	28%	20.86	4%
Selling and admins expenses	(645.58)	-41%	(675.27)	-36%	(29.69)	-4%
Financial cost	(39.20)	-2%	(40.79)	-2%	(1.59)	-4%
Tax	(17.31)	-1%	(8.64)	0%	8.67	100%
Shares of Profit from Asso and JV	34.11	2%	44.96	2%	(10.85)	-24%
Net Profit (loss)	(125.01)	-8%	(157.63)	-9%	(32.62)	-21%

Profit (loss) attributable to

Owner of the parent	(158.73)	-10%	(196.18)	-11%	(37.45)	-19%
Non-controlling interest	33.72	2%	38.55	2%	(4.83)	-13%
Profit (loss)	(125.01)	-8%	(157.63)	-9%	(32.62)	-21%

The Group's total revenue for the first nine-month period 2018 was at Baht 1,579.01 million, decreasing by Baht 273.44 million or a 15% decline from the same period of last year due to decreasing in revenue from the Entertainment and Marketing activities business and the Restaurant business of THB 340.26 million and THB 22.75 million or down 31% and 5% respectively compare to the same period of last year. In the meantime, increase in revenue from the Language institute business of THB 89.57 million or up 30% compare to the same period of last year.

The Group's total costs for the nine-month period was at Baht 1,036.03 million, a decrease of Baht 294.30 million or 22% from the same period last year. Majority of the decrease in costs were largely from the Entertainment and marketing activities businesses: creative and full-service marketing activities in line with the corresponding revenue from this segment.

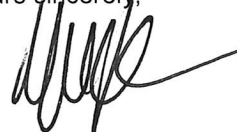
Overall, the Group had a Baht 542.98 million gross profit (34% of total revenue), up by 6% compared to the same period of 2017 at 28%.

Total selling and administrative expenses for the nine-month period were at Baht 645.58 million, down by Baht 29.69 million (4%). Share of profit from associates and joint ventures was Baht 34.11 million, a decrease of Baht 10.85 million from the same period of last year. Overall, the group had a 9-month net loss of Baht 125.01 million, decreasing Baht 32.62 million from the same period of last year, which included Baht 158.73 million Parent losses, down by Baht 37.45 million or 19% compared to the same period of last year.

As of 30 September 2018, the Group's total asset was at Baht 3,167.03 million, decreasing by Baht 39.10 million compared to the previous year as a result of cash used to repay the long term loan. Total liabilities decrease by Baht 68.07 million: current liabilities was up Baht 53.54 million while long term liabilities was down by Baht 121.60 million due to partial loan repayment. Owner's equity increased by Baht 28.97 million due to capital increase by Private Placement issuance in Q1 and during year loss recognition as discussed earlier.

Please be informed accordingly,

Yours sincerely,



Mr. Matthew Kichodhan

Chairman and CEO