TTW Q2/2026 Earnings Call - Transcript

Opening

Good morning, everyone.

My name is Chanon Inpithuk, Head of Investor Relations Section of TTW Public Company Limited.

Today, I would like to represent TTW and share with you our key information and performance for the second quarter of 2026, as well as an overview of our first-half performance.

Today's presentation will cover four main topics:

First, the key highlights during the first half of the year.

Second, an overview of the company.

Third, our operating and financial performance.

And finally, our outlook and business direction going forward.

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1. Highlights

Financial Highlights

Let me start with the share of profit from our investment in associate, CKPower, or CKP.

In the second quarter of 2026, TTW recognized a share of profit from CKP of **24.7 million baht**, representing a decrease of **83.8% year-on-year**.

For the first half of 2026, the share of profit recognized by TTW was **69.6 million baht**, down **59.1% year-on-year**.

The main reasons were as follows.

First, electricity sales revenue from the **Nam Ngum 2 Hydroelectric Power Plant** and the **Bangpa-in Cogeneration Power Plant** decreased.

Second, fuel costs at the cogeneration power plant increased, which put pressure on its profitability.

Third, some of CKP's investees recorded foreign exchange losses, which also affected TTW through our share of profit from CKP.

However, on the positive side, **Xayaburi Power**, or XPCL, continued to perform well. Its improved net profit contribution partially offset the negative impact from the other projects.

Finance Costs

Moving on to finance costs.

Finance costs increased by **14.7 million baht, or 27.5% year-on-year**.

This was mainly due to three factors.

First, in 2025, TTW issued three series of debentures totaling **3 billion baht** to finance our investment in **Luang Prabang Power, or LPCL**, in which TTW holds a direct 10% stake.

Second, TTW gradually drew down a **1.5-billion-baht credit facility** signed with financial institutions in March 2026.

We initially drew down **120 million baht in May 2026**.

The purpose of managing the drawdown progressively is to ensure that we do not incur unnecessary interest expenses before the funds are actually required.

The first repayment of this 1.5-billion-baht facility is scheduled for the first quarter of 2027.

Third, during the first half of 2026, TTW repaid **500 million baht of loans**, which helped reduce our outstanding loan balance.

As of June 30, 2026, our debt position was as follows.

Loans stood at **1.58 billion baht**, down **19.4% year-on-year**, mainly due to scheduled repayments.

Debentures stood at **3.977 billion baht**, increasing slightly by approximately 5 million baht. This small increase mainly reflects the amortization of debenture discounts and issuance costs, and is not material.

Loans due within the next 12 months amounted to **565 million baht**.

For debentures, **1 billion baht** will mature in February 2027.

As a result, our **D/E ratio stood at 0.38 times** at the end of the second quarter of 2026.

Our **Net D/E ratio was 0.18 times**.

Overall, we believe our leverage remains at a manageable level.

Cost of Production / Cost of Sales and Services

Next, our cost of production and cost of sales and services increased by **76.8 million baht, or approximately 10% year-on-year**.

The main reason was the completion of our **production and water distribution efficiency improvement project** toward the end of 2025.

The completed project was capitalized as an asset, and depreciation started to be recognized from the first quarter of 2026.

The depreciation will be recognized over the remaining contract period of the project.

Therefore, this resulted in a higher production cost.

Importantly, this depreciation expense is a **non-cash expense**. It is an accounting expense and does not represent an actual cash outflow during the period.

Administrative Expenses

Administrative expenses decreased by **13.3 million baht, or 8.7% year-on-year**.

The main reasons were lower spending on CSR activities, as well as the absence of investment-related fees and expenses associated with our LPCL investment, which were incurred in 2025 but not repeated in 2026.

Key Events, Awards and Assessments

Let me now highlight some key events, awards and assessments during the first half of 2026.

18 March 2026

On March 18, TTW received recognition for our **Carbon Footprint for Organization** and **Carbon Footprint of Product**.

The product certification covered our tap water products from both **TTW and PTW**.

Both certifications were issued by the **Thailand Greenhouse Gas Management Organization, or TGO**.

These certifications reflect our continued commitment to sustainable business operations and our efforts to reduce greenhouse gas emissions.

9 April 2026

On April 9, the Annual General Meeting of Shareholders approved an additional dividend of **0.30 baht per share**, totaling approximately **1.197 billion baht**, from the second-half 2025 operating results.

The dividend was paid on April 28, 2026.

Together with the interim dividend already paid, TTW paid a total dividend of **0.60 baht per share for 2025**, equivalent to approximately **2.394 billion baht**, representing a payout ratio of **88.6%**, based on TTW's separate financial statements.

19 May 2026

On May 19, TTW was selected as one of the companies included in the **Dividend Universe 2026** by the Stock Exchange of Thailand's Research Department.

This reflects TTW's position as a dividend-paying stock that met the criteria established by the SET Research team.

12 May 2026

On May 12, TTW received recognition under the **Low Emission Support Scheme**, or LESS.

This covered several activities, including converting food waste from our automatic food-waste treatment system into compost, installing rooftop solar panels on our clear-water storage tanks, and installing floating solar at Bang Pa-in Industrial Estate.

In addition to helping reduce electricity costs, these initiatives also contribute to reducing greenhouse gas emissions.

Together, these activities have been verified to reduce greenhouse gas emissions by approximately **2,130 tons of CO2 equivalent**.

17 June 2026

On June 17, TTW was selected as one of the constituents of the **SETESG Index for the second half of 2026**.

This continued our inclusion in the index from the first half of the year.

6 August 2026

On August 6, TTW received a **perfect score of 100 points, or five stars**, from the assessment of the 2026 Annual General Meeting of Shareholders conducted by the Thai Investors Association.

TTW has received this full score continuously for several years.

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2. Company Overview

Let me now move on to the company overview.

Starting with our shareholder structure, our strategic shareholders continue to maintain their existing ownership levels, with no material change.

Our free float remains at approximately **36%**.

There has been a change in the paid-up capital of LPCL, in which TTW holds a 10% stake.

LPCL's paid-up capital increased to approximately **26.687 billion baht**, as its shareholders gradually made additional payments in response to capital calls in proportion to their respective shareholdings.

Water Tariff Adjustment

There has been no material change to the existing projects.

Let me briefly mention the water tariff adjustment.

For TTW, the tariff adjustment is linked to the **Consumer Price Index, or CPI, for the Central Region**, with the relevant CPI figures in November and December.

As of now, the figures have not yet been announced.

For PTW, where we provide water production and maintenance services to the Provincial Waterworks Authority, the tariff adjustment is also linked to CPI, but based on the **nationwide CPI for July**.

The July 2026 CPI increased by **1.95%**, and this figure will be incorporated into the contractual tariff formula.

In general, the annual tariff adjustment is linked to changes in CPI, with the official adjustment becoming known at the beginning of each year.

Investment in Energy Business

Moving on to our investment in other businesses.

As you know, TTW has an investment in **CKPower, or CKP**, which is a holding company investing in various energy businesses, including hydropower, cogeneration and solar power.

Currently, TTW holds **24.98% of CKP**.

CKP itself holds a **50% stake in LPCL**, while TTW directly holds **10% of LPCL**.

Therefore, when combining our direct and indirect ownership, TTW's effective ownership in LPCL is approximately **22.5%**.

Some investors have asked why TTW does not simply increase its direct investment in CKP.

The key reason is that TTW's current ownership in CKP is already close to the relevant trigger points, which are **25%, 50% and 75%**.

These trigger points are associated with significant changes in voting rights or control, and reaching certain thresholds may trigger a mandatory tender offer requirement.

Therefore, instead of increasing our investment in CKP and potentially triggering a tender offer, TTW considered it more appropriate to make a direct investment in LPCL.

A tender offer would involve additional transaction and communication costs, on top of the investment required to acquire the shares.

We therefore believe that making a direct investment in LPCL was a more appropriate and cost-efficient approach for TTW and our shareholders.

This is the main reason why TTW chose not to increase its direct investment in CKP.

Future Investment in LPCL

Another interesting question is whether TTW plans to increase or reduce its investment in LPCL in the future.

At this stage, it will depend on several factors, including the potential return and value of the investment, our investment policy at that time, and our financial capacity.

Currently, TTW continues to hold a **10% direct stake in LPCL**, and we have no current plan to increase or reduce this holding.

Luang Prabang Hydropower Project

Let me now update you on the construction progress of the Luang Prabang hydropower project.

The project itself is called **LPHPP, or Luang Prabang Hydropower Project**, while the company operating the project is **LPCL, or Luang Prabang Power Company Limited**.

As of the end of the second quarter of 2026, construction progress had exceeded **77%**.

The project is expected to be completed in **2029**, with commercial operation scheduled for **2030**.

In terms of the investment timeline, TTW initially acquired a 10% stake from CK in the third quarter of 2025 for approximately **2.765 billion baht**.

We subsequently made additional payments of approximately **141 million baht in the fourth quarter of 2025** and **392 million baht during the first half of 2026**.

There remains approximately **1.182 billion baht** of unpaid share capital.

In the latest update, in July 2026, LPCL called for an additional payment of approximately **40 million baht**.

This brings the total investment to approximately **4.48 billion baht**, excluding standby equity and financial assistance.

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3. Operating and Financial Performance

Customer Mix

Let me start with the customer mix.

For TTW's service area covering **Samut Sakhon and Nakhon Pathom**, commercial customers accounted for approximately **15%**, slightly lower than before.

Industrial customers remained stable at **36%**.

Household customers increased slightly to **49%**.

Overall, there was no material change in the customer mix.

For PTW's **Pathum Thani–Rangsit** service area, household customers remained the largest segment at **66%**.

Commercial customers accounted for **14%**, down from 17%.

Industrial customers increased to **20%**.

This gives you an overview of our customer mix across the three main customer segments.

TTW

Let me start with TTW's Samut Sakhon–Nakhon Pathom project.

Current capacity utilization was approximately **80%** as of the second quarter of 2026.

In terms of revenue contribution, TTW accounted for approximately **75% of total revenue** in the second quarter.

Water sales totaled **39.5 million cubic meters**, increasing **3.8% quarter-on-quarter** and **5.8% year-on-year**.

Average daily sales were approximately **433,848 cubic meters per day**.

For the first half of 2026, water sales increased **4.5% year-on-year** to **77.5 million cubic meters**, with average daily sales of approximately **428,299 cubic meters per day**.

There were several factors supporting this growth.

First, economic activity in the Samut Sakhon and Nakhon Pathom areas continued to recover.

There are a large number of water-intensive manufacturing facilities in these areas, particularly in food processing, canned and frozen food, textiles, packaging and chemical industries.

As these industries gradually recover and receive more orders from both domestic and international markets, their production volumes have increased, resulting in higher water consumption.

Second, population and urban expansion in Nakhon Pathom is another important growth driver.

Nakhon Pathom has strong potential for residential and real estate development, particularly as people increasingly move from central Bangkok toward suburban areas.

A significant number of residential developments have been established in areas surrounding Bangkok and Nakhon Pathom to serve this demand.

Residential customers are particularly attractive because they tend to provide a relatively stable and recurring water demand.

Once people move into these residential areas, they typically stay for many years, providing a relatively stable customer base that is less sensitive to short-term economic fluctuations.

Another factor is consumer spending.

As consumer confidence improves, people are spending more and increasingly using shopping malls, restaurants and other services.

This recovery in consumer activity also supports overall economic activity and indirectly supports water demand.

Government stimulus programs, such as the **Thai Chuay Thai Plus and Kon La Krueng Plus** programs, could also support production activity.

When industrial manufacturers anticipate stronger demand from participating merchants and consumers, they may increase production of products and raw materials, which in turn supports water consumption.

Another supporting factor goes back to 2024, when TTW upgraded two booster stations.

These stations improved water distribution efficiency, particularly in areas close to the stations, allowing customers to receive water more efficiently.

All of these factors have supported the growth of the TTW Samut Sakhon–Nakhon Pathom project.

PTW

Moving on to PTW in the Pathum Thani–Rangsit area.

PTW provides water production management and maintenance services.

Capacity utilization stood at approximately **91%** as of the second quarter of 2026.

PTW contributed approximately **18% of total revenue** in the second quarter.

Water production totaled **40.2 million cubic meters**, increasing **1.1% quarter-on-quarter** and **4.1% year-on-year**.

Average daily production was approximately **442,003 cubic meters per day**.

For the first half of 2026, PTW produced approximately **80 million cubic meters**, representing growth of **3.6% year-on-year**.

Average daily production during the first half was approximately **442,042 cubic meters per day**.

The growth drivers in Pathum Thani–Rangsit are broadly similar to those in Samut Sakhon–Nakhon Pathom.

We have seen a recovery in the service sector and overall economic activity.

People are increasingly returning to shopping malls and other businesses, while industrial production has also improved.

There are also a number of large industrial facilities in this area, which is reflected in the slight increase in the industrial customer mix.

This indicates that manufacturing activity is also expanding.

Another important factor is residential development.

The Pathum Thani–Rangsit area continues to benefit from the expansion of Bangkok's urban area.

This can be seen from the increasing traffic, as well as the significant development of housing projects and condominiums in the area.

The area has also benefited from the expansion of the Red Line railway.

The Red Line currently operates to Rangsit, with future expansion planned toward Khlong Nueng and potentially further toward Ayutthaya.

This infrastructure development can serve as an important catalyst for population growth and residential development in the area.

Therefore, we believe Pathum Thani–Rangsit continues to have good potential for population and water demand growth.

BIE

Moving on to our Bang Pa-in Industrial Estate business, or BIE.

Capacity utilization currently stands at approximately **46%**.

Including other services and other income, BIE accounts for approximately **7% of total revenue**.

In the second quarter of 2026, water sales totaled **2.01 million cubic meters**, increasing **15.8% quarter-on-quarter** and **4.2% year-on-year**.

Average daily sales were approximately **22,068 cubic meters per day**.

For the first half of 2026, water sales totaled **3.74 million cubic meters**, representing growth of **2.8% year-on-year**.

Average daily sales were approximately **20,677 cubic meters per day**.

At Bang Pa-in Industrial Estate, we have seen growth in manufacturing activity.

In particular, our top five customers increased their water consumption by approximately **19%**.

Most of these customers are in the electronics industry, manufacturing electronic components and equipment to support the growing demand from the AI-related megatrend.

As demand increases, production volumes have also increased, resulting in higher water consumption.

Overall, the combined capacity utilization of our three main projects was approximately **83.4%**.

This means we still have approximately **16.6% of available capacity** to support further growth.

Across the three projects, overall water sales and production increased by approximately **4.9% year-on-year**.

Revenue from Water Sales and Water Production Management

In terms of revenue, if we combine water sales revenue with PTW's water production management revenue, total revenue was **1.2945 billion baht in the second quarter of 2026**, increasing approximately **2.2% year-on-year**.

For the first half of 2026, revenue was **2.5579 billion baht**, increasing approximately **1.6% year-on-year**.

Consolidated Financial Statements

Moving on to our consolidated financial performance.

In the second quarter of 2026, total revenue was **1.3307 billion baht**, increasing **2.2% year-on-year**.

Net profit was **657.9 million baht**, decreasing **17.4% year-on-year**.

For the first half of 2026, total revenue was **2.6307 billion baht**, increasing **1.8% year-on-year**.

Net profit was **1.3309 billion baht**.

The first major positive factor was revenue from water sales and water production management, which increased by **40.6 million baht, or 1.6%**.

The second factor was the water tariff adjustment.

At the beginning of the year, our selling price per cubic meter was adjusted downward by approximately **0.5% to 0.7%**, depending on the project and sales volume.

This had a modest impact on the average selling price and consequently on revenue.

Looking ahead, we will closely monitor the water tariff adjustment for 2027.

Based on the nationwide CPI for July, which is used for the PTW calculation, the CPI increased by **1.95%**.

We will continue to monitor the Central Region CPI for TTW, which will determine the tariff adjustment for the TTW project.

Another important factor affecting profitability was the **share of profit from our associate**.

During the first half of 2026, the share of profit decreased by **100.5 million baht, or 59.1% year-on-year**.

This was mainly due to lower electricity sales revenue and foreign exchange losses recorded by CKP's investees.

As a result, the contribution from CKP to TTW's bottom line was significantly lower than last year.

We will continue to monitor CKP's third-quarter performance, particularly during its high season, to see how much profit contribution can be recognized by TTW.

On production costs, as mentioned earlier, we began recognizing depreciation from the production and water distribution efficiency improvement project in the first quarter of 2026.

This depreciation will continue to be recognized until the end of the relevant TTW contract period.

Regarding finance costs, the three debenture series totaling **3 billion baht**, which were issued to finance our investment in LPCL, contributed to the increase in finance costs.

In addition, the additional **1.5-billion-baht bank facility** drawn down in 2026 also increased finance costs.

However, our overall debt level remains manageable.

With a **D/E ratio of 0.38 times** and a **Net D/E ratio of 0.18 times**, we believe our leverage remains at a comfortable level.

Financial Position

Let me now move on to our financial position.

Total assets stood at **23.169 billion baht**, down approximately **1.4%, or 323 million baht**.

The main reason was depreciation of assets related to our water production facilities under government-related projects, which amounted to approximately **337 million baht**.

This was partly offset by an increase in other non-current financial assets, mainly reflecting the additional **392-million-baht investment in LPCL** during the first half.

Total liabilities stood at **6.387 billion baht**, down **6%**.

This was mainly due to the repayment of approximately **410 million baht of loan principal**.

Shareholders' equity increased by **86 million baht, or 0.5%**, mainly due to net profit generated during the period, partially offset by dividend payments.

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4. Outlook and Beyond

Looking ahead, TTW will continue to explore opportunities to expand our water business.

These include opportunities in industrial estates, co-investment with the government, public-private partnership, or PPP, community water management, and wastewater treatment.

These areas are consistent with our capabilities and expertise.

As we have mentioned, TTW would like to generate further growth in our water business.

However, in Thailand, private companies cannot independently operate certain water supply businesses without government involvement.

Therefore, we need to wait for opportunities where the government opens projects for private-sector participation or PPP arrangements, subject to the applicable legal framework.

Overseas Opportunities

For overseas opportunities, particularly in ASEAN, we will continue to look for projects that fit our investment criteria.

Key considerations include an appropriate project size and, importantly, sufficient and reliable water resources, which are fundamental to the water business.

At the same time, we are also diversifying into other businesses, particularly the energy sector.

Our investment in LPCL is part of this strategy.

The objective is to diversify our future revenue base and reduce our reliance on water-related income alone.

Once the project is completed and begins commercial operations, we expect the investment to provide an additional source of income from the energy business.

Sustainability

On sustainability, TTW continues to pursue a number of initiatives.

These include increasing water reuse, expanding solar installations, reducing greenhouse gas emissions, and improving energy efficiency.

We have been implementing these initiatives continuously.

For us, reducing greenhouse gas emissions is not only an industry trend or regulatory requirement.

It is also an important part of ensuring that our business can operate sustainably over the long term.

Sustainability Ratings and Assessments

In terms of sustainability-related assessments, TTW has received recognition from both domestic and international third parties.

These include the **SETESG Index, SET ESG Rating, Corporate Governance Report**, as well as other third-party assessments.

Investors can find additional information on our website and on Settrade.

We have also provided a QR code on the presentation that investors can scan to access our sustainability-related reports and additional information.

Closing Remarks

That concludes our overview of TTW's second-quarter and first-half 2026 performance.

Going forward, we will continue to focus on managing our finance costs efficiently, gradually repaying our outstanding loans, and maintaining a prudent capital structure.

For debt maturities coming due, including the **1-billion-baht debenture maturity in 2027**, we are considering refinancing or other appropriate financing alternatives, depending on market conditions, in order to optimize our financing costs.

Thank you very much for your attention.

I will now move on to the Q&A session.

Q&A

Question 1:

What are the main industrial customer segments, and does TTW currently have any Data Center customers?

For our Samut Sakhon and Nakhon Pathom service areas, our major industrial customers are mainly in the food-processing sector, which is relatively water-intensive.

These include textile, canned food, frozen food, chemical and packaging industries.

For the Pathum Thani–Rangsit area, our industrial customers include food manufacturers, electronics manufacturers and beverage producers.

Regarding Data Centers, most of the Data Center projects currently being planned in Thailand are concentrated in areas such as **Chonburi, Rayong, Samut Prakan and Bangkok**.

If a Data Center were to be developed within TTW or PTW's service areas, it would need to use water supplied through the Provincial Waterworks Authority system, for which TTW or PTW provides the water production service.

Therefore, a Data Center could become a significant water customer due to its relatively high water consumption.

Based on information available from regional data center studies, a **100-megawatt Data Center could require approximately 4,300 cubic meters of water per day for cooling**, depending on the cooling technology and operating conditions.

Therefore, if a Data Center were to be established within our service area, it could potentially provide meaningful upside to our water sales and production.

However, at this point, we do not have any Data Center operating within our service areas.

Question 2:

Around 1.565 billion baht of debt is due within one year. How does TTW plan to repay or refinance this debt?

The debt due within the next 12 months consists of two main components.

The first is **565 million baht of loans**.

We plan to gradually repay these loans on a quarterly basis, primarily using our operating cash flow.

The second is **1 billion baht of debentures**, which will mature in **February 2027**.

For this portion, we plan to refinance the maturity through financial institutions, subject to market conditions.

TTW has a relatively strong credit profile, with a credit rating of **AA-/Stable**, which should support our access to financing.

Currently, our blended financing cost, including both debentures and bank loans, is approximately **2.X%**, or below 3%.

We will continue to focus on optimizing our financing structure and keeping our interest expense as low as possible.

Interim Dividend

Regarding the interim dividend for the first half of 2026, the Board of Directors approved an interim cash dividend of **0.30 baht per share** on August 27, 2026.

The record date is September 10, 2026, and the payment date is September 25, 2026.

Closing

For shareholders and investors who may have any additional questions, please feel free to contact our Investor Relations team at:

ir@ttwplc.com

or call **+66 2 019 9490, extension 1108**.

That concludes TTW's Earnings Call for the second quarter and first half of 2026.

Thank you very much for your continued interest and support of TTW.

We would also like to thank the Stock Exchange of Thailand for organizing this opportunity.

Thank you very much, and have a great day.