

(Translation)

MD. 063/2018

May 9 , 2018

Re: Management Discussion and Analysis  
For the Operating Results ended March 31, 2018

To: President  
The Stock Exchange of Thailand

**Management Discussion and Analysis of Operating Results For the Operating Results ended March 31, 2018  
Report and Analysis of the Operating Results**

In Q1/2018, the amount of aviation fuel services volume at BKK and DMK totaling up to 1,548 million liters, with the growth rate increased by 4.1%(y-o-y) and the total flights increased by 4.6%(y-o-y) to 75,850 flights. Such the growth were mainly driven by the removal of International Civil Aviation Organization's red flag status of Thailand on its website and the growth of the tourism industry. While the passengers who traveling through BKK and DMK have a total of 27.4 million passenger, increasing by 6.6% from 25.7 million passenger in Q1/2017.

For the total multi-products fuel transportation volume of FPT in Q1/2018 was increased by 3.0%(y-o-y) to 1,254 million liters from 1,217 million liters of Q1/2017.

	Q1/2018	Q1/2017	Growth (y-o-y)
<b>Aviation Refuelling Services Business :</b>			
Aviation Fuel Volume (million litres)	1,548	1,487	4.1%
Flights	75,850	72,518	4.6%
<b>Fuel Pipeline Transportation Business :</b>			
Multi-products Fuel Volume (million litres)	1,254	1,217	3.0%

\* Note: Total Flights was data of flights that serviced by BAFS only at BKK and DMK

Total revenue of Q1/2018 of the Group was Bt977.6 million increased by Bt28.0 million or 2.9% compared with Bt949.6 million of Q1/2017. While the services income was of Bt966.2 million increased by Bt35.4 million or 3.8%(y-o-y).

As the growth rate of total revenue was higher than the growth rate of total expenses, the Net profit attributable to Equity holders of the Company was of Bt322.6 million, an increase of Bt17.0 million or 5.6%(y-o-y) from Bt305.6 million in Q1/2017, representing a Net profit margin of 35.3% compared to 34.4% which has an earnings per share of Bt0.51.

Table summarized the operating results of the Group

(unit : Bt million)

	Q1/2018	Q1/2017	Inc / (Dec)	Growth (y-o-y)
Services income	966.2	930.8	35.4	3.8%
Others income	11.4	18.8	(7.4)	(39.4%)
Total revenues	977.6	949.6	28.0	2.9%
Costs of service	378.2	364.4	13.8	3.8%
Gross Profit	588.0	566.4	21.6	3.8%
Gross Profit Margin	60.9%	60.9%		
Administrative expenses	131.2	135.9	(4.7)	(3.5%)
Total expenses	509.4	500.3	9.1	1.8%
EBIT	468.2	449.3	18.9	4.2%
EBIT Margin	47.9%	47.3%		
Depreciation and amortization	138.7	136.1	2.6	1.9%
EBITDA	606.9	585.4	21.5	3.7%
EBITDA Margin	62.1%	61.6%		
Finance cost	34.9	39.1	(4.2)	(10.7%)
Income tax expenses	87.8	83.2	4.6	5.5%
Profit for the year	345.5	327.1	18.4	5.6%
Net Profit to Equity holders of the Company	322.6	305.6	17.0	5.6%
Net Profit Margin	35.3%	34.4%		
Earning per share (Bt)	0.51	0.48	0.03	5.6%

### 1.1 Revenue

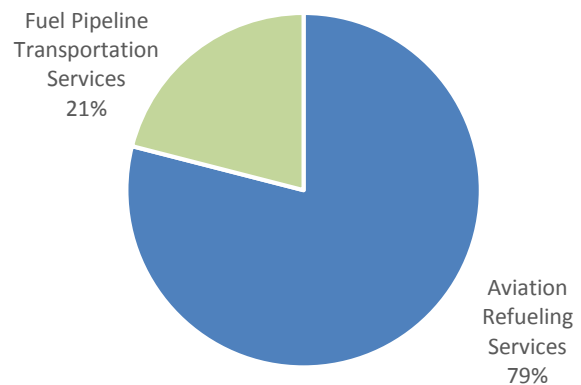
In Q1/2018, total revenues of the Group was of Bt977.6 million, increasing by Bt28.0 million or 2.9%(y-o-y) which were comprising of ;-

### 1.1.1 Services Income

Total services income in Q1/2018 of the Group was Bt966.2 million, an increase of Bt35.4 million or 3.8% (y-o-y). In line with the total volume of aviation fuel which the growth rate was of 4.1%(y-o-y), and the total volume of multi-products fuel transported by FPT which the growth rate was of 3.0%(y-o-y).

For the income proportion separating by business structure consisted of Aviation refueling services at 79% and Fuel pipeline transportation services at 21% respectively.

Services Income structure of Q1/2018



### 1.1.2 Others Income

Others income was of Bt1.4million, a decrease of Bt7.4 million or 39.4%(y-o-y). Since lower interest income as investment in short-term Government bonds has been reduced due to the proceed of investment in the Northern Multi-Products Fuel Pipeline project (NFPT).

## 1.2 Expenses

### 1.2.1 Cost of services

In Q1/2018, Cost of services was of Bt378.2 million, an increase of Bt13.8 million or 3.8%(y-o-y), mainly due to an increase in the direct labor costs, Airport concession fee for Aviation refueling services business and depreciation and amortization. The Gross profit margin of the Group was at 60.9%, equal to the Gross profit margin of Q1/2017.

### 1.2.2 Administrative Expenses

In Q1/2018, administrative expenses was of Bt131.2 million, declined by Bt4.7 million or 3.5%(y-o-y).

Total expenses, Cost of services and the administrative expenses, was totaled to Bt509.4 million, an increase of Bt9.1 million or 1.8%(y-o-y) which was lower than the increasing rate of the total revenue at 2.9%(y-o-y), then profit from operations before finances cost and taxes (EBIT) was amounted to Bt468.2 million, increasing by Bt18.9 million, or 4.2%(y-o-y). Representing operating profit margin before finances expense and income taxes

(EBIT margin) at 47.9% which was higher than 47.3% of Q1/2017. Resulted the EBITDA was totaled Bt606.9 million, increasing by Bt21.5 million or 3.7%(y-o-y) and EBITDA margin was at 62.1% which was higher than 61.6% of Q1/2017.

### 1.2.3 Finances Cost

In Q1/2018, the Group's financial expenses was amounted to Bt34.9 million, declined by Bt4.2 million or 10.7%(y-o-y) as the Group has repaid long-term loans of Bt133.0 million in this period. While the interest arising from the loans for investment in the second phase of Hydrant pipeline system expansion project at BKK of TARCO and NFPT Project will be capitalize in the projects' cost then would be amortized over the life time of the projects.

### 1.3 Operating Results

Net profit attributable to the Equity of the Company in Q1/2018 was amounted to Bt322.6 million, increasing by Bt17.0 million or 5.6%(y-o-y) from Bt305.6 million of Q1/2017, representing an Bt0.51 earnings per share. Approximately of 84% of the Net profit was derived from Aviation refueling services business and around 16% was derived from Fuel pipeline transportation business.

## 2. Report and Analysis of Financial Status

### 2.1 Assets

As at March 31, 2018 the Group had total assets at the amount of Bt13,620.8 million, increasing by Bt1,206.4 million or 9.7% from December 31, 2017. The important details of cash flow were as follows:

#### 2.1.1 Cash and cash equivalent of Bt1,733.6 million which cash flow summarized for the period were below :-

- The Group's net cash from operation was of Bt519.7 million, increasing by Bt62.1 million or 13.6%
- Cash for investment activities was of Bt1,055.2 million, increasing by Bt298.6 million or 39.5% which Bt969.2 million was of the investment in expansion of the NFPT project and the second phase of Hydrant pipeline system expansion project
- Net cash used for financing activities was of Bt815.4 million, increasing by Bt941.7 million or 745.3% which the Group has drawn down long-term loans of Bt986.0 million in this period

#### 2.1.2 Property, leasehold improvement and equipment as of March 31, 2018 was of Bt8,119.4 million, increasing by Bt915.2 million or 12.7% from December 31, 2017

2.1.3 Project costs under concession agreements was of Bt1,651.8 million which comprise of Into-plane substation project of Bt96.4 million, Hydrant equipment of Bt1,052.2 million, Concession of a subsidiary of Bt473.4 million and Right to use leased land related to concession agreement of Bt29.7 million

## 2.2 Liabilities

As of March 31, 2018, the Group had total liabilities of Bt5,724.8 million, increasing by Bt880.1 million or 18.2% from December 31, 2017. The total liabilities to total equity ratio was of 0.73:1 time and the Interest bearing debts to total equity ratio was of 0.51:1 time. The liabilities comprised of major items which are follows;-

2.2.1 Account payable and others account payable was of Bt338.3 million

2.2.2 Long term loan from banks, which are due within one year, was of Bt422.8 million which were belonged to BAFS at the amount of Bt285.9 million and belonged to TARCO and FPT at the amount of Bt110.0 million and Bt26.9 million respectively

2.2.3 Long-term loans from banks were Bt3,573.7 million, increasing by Bt927.7 million from December 31, 2017 or 35.1%. These comprise of;-

### BAFS

- Long-term loans from TMB was of Bt2,250.0 million due on April 30, 2026 with 3 years grace period and quarterly, principal repayment: Bt80.4 million/period (the last repayment will be made for remaining principal) at a fixed rate per annum

### FPT

- Long term loan from BBL was of Bt135.1 million for the investment in the 3 Diesel Fuel Tanks project at DMK depot. The loan will be due on May 31, 2024 which was monthly principal repayment at Bt2.2 million at the rate of MLR minus percent of fixed rate per annum
- Long term loans from BBL was of Bt6,070.0 million and Bt230.0 million for the investment in the Northern Multi-Products Fuel Pipeline project which was quarterly principal repayment at MLR less fixed interest rate. The loans will be due on December 31, 2030 and 2026, respectively. FPT has drawn down the loan amounting to Bt1,049.5 million

### TARCO

- Long term loan from TMB was of Bt139.1 million, which TARCO had a loan agreement for Bt550 million to invest in the Hydrant pipeline system expansion project Phase II at BKK. TARCO has been granted a 3- year grace period. The loan will be due on December 31, 2021 which was quarterly

principal repayment at Bt27.5 million at the rate of BIBOR 3-month plus percent of fixed rate per annum

2.2.4 Long-term debt of FPT under rehabilitation plan with Bangchak Petroleum Plc. was of Bt10.5 million.

2.2.5 The Employee benefit obligations was of Bt960.8 million according to Labor Protection Laws as TAS no.19 on employee benefits.

### 2.3 Shareholders' Equity

As at March 31, 2018, total shareholders' equity was of Bt7,896.0 million, increased from December 31, 2017 by Bt326.3 million or 4.3%.

Please be informed accordingly.

Yours sincerely,

*Signed*

(Mr. Prakobkiat Ninnad)

Managing Director

