



(Translation)

MD. 231 / 2021

11 November, 2021

Re: Management Discussion and Analysis
For the Operating Results ended September 30, 2021

To: President
The Stock Exchange of Thailand

Management Discussion and Analysis For the Operating Results ended September 30, 2021

1. Report and Analysis of Performance

In Q3/2021, Thailand faces a new wave of COVID-19, and the government has introduced strict control measures to control the pandemic, affecting economic activity. The number of foreign tourists entering the country has decreased, according to the original estimates. The Bank of Thailand lowered its tourist forecast for 2021 to 0.2 million (from 0.7 million) and 6 million in 2022 (from 10 million). As a result, the amount of aircraft fuel service by the Group at Suvarnabhumi Airport (BKK) and Don Mueang Airport (DMK) decreased by 6.1%(y-o-y) to 338 million liters, and the total flights decreased by 54.0%(y-o-y) to 12,209 flights. For the total multi-products fuel transportation volume of Fuel Pipeline Transportation Co. Ltd. (FPT) decreased by 8.6%(y-o-y) to 594 million liters. Thus the amount of fuel services by the Group in the 9 month of 2021, the aircraft fuel services decreased by 39.1%(y-o-y), was totaling up to 1,148 million liters, and the total flights decreased by 44.1%(y-o-y) to 56,335 flights. For the total multi-products fuel transportation volume of FPT decreased by 17.6%(y-o-y) to 1,932 million liters.

	Q3/21	Q3/20	Q2/21	Growth		9m/2021	9m/2020	Growth
				(y-o-y)	(q-o-q)			(y-o-y)
Aviation Refuelling Services Business :								
Aviation Fuel Volume (million litres)	338	360	400	(6.1%)	(15.5%)	1,148	1,886	(39.1%)
Flights	12,209	26,549	19,968	(54.0%)	(38.9%)	56,335	100,834	(44.1%)
Fuel Pipeline Transportation Business :								
Multi-products Fuel Volume (million litres)	594	650	686	(8.6%)	(13.4%)	1,932	2,344	(17.6%)

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

In the quarter, FPT registered to increase its capital and issue ordinary shares to other shareholders for a total amount of Bt197.8 million. As a result, the company's current stake has decreased from 75.0% to 72.4%, while BAFS Clean Energy Corporation Co., Ltd. (BC) has expanded its investment in solar power generation and distribution in Japan with a total capacity of 13MW with an investment project cost of Bt768 million.



In Q3/2021 the total revenues of group in Q3/2021 totaled to Bt377.4 million, increased by 8.1%(y-o-y), due to the Group's has revenues from the Electricity generating and distribution business of Bt76.2 million. While total group revenues in the 9 month of 2021 totaled to Bt1,178.8 million, decreased by 18.5%(y-o-y). Although the Group's has revenues from the Electricity generating and distribution business of Bt195.9 million.

As a result, in Q3/2021 the Group had a loss to its shareholders of Bt199.1 million. The company's operating loss increased 10.9%(y-o-y) with a loss per share of Bt0.31. While in the the 9 month of 2021 the Group had a loss to its shareholders of Bt563.1 million. The operating results decreased by 122.5% from the same period of last year with a net loss per share of Bt0.88

However, the situation of the COVID-19 started to show signs of improvement in October as the number of new infections per day tended to decline continuously. As a result, the government has measures to relax the control measures in the beginning of the fourth quarter of this year. In addition, from November 1, 2021 onwards, the government has a measure to open the country to foreign tourists without quarantine, which is expected to benefit to the operation of the group in the future.

Table summarized the operating results of the Group

(unit : Bt million)

	Q3/21	Q3/20	Q2/21	Growth		9m/2021	9m/2020	Growth
				(y-o-y)	(q-o-q)			(y-o-y)
Services income	289.4	327.8	328.5	(11.7%)	(11.9%)	954.1	1,400.9	(31.9%)
Sales of Electricity	76.2	0.0	88.8	> 100%	(14.2%)	195.9	0.0	> 100%
Others income	11.8	21.3	7.3	(44.6%)	60.7%	28.7	45.4	(36.8%)
Total revenues	377.4	349.2	424.6	8.1%	(11.1%)	1,178.8	1,446.4	(18.5%)
Costs of service	373.8	371.0	375.8	0.8%	(0.5%)	1,112.3	1,138.8	(2.3%)
Cost of sales of electricity	34.3	0.0	38.0	> 100%	(9.7%)	81.9	0.0	> 100%
Gross Profit	(42.4)	(43.2)	3.4	1.8%	1348.5%	(44.1)	262.1	(116.8%)
Gross Profit Margin	(11.6%)	(13.2%)	0.8%			(3.8%)	18.7%	
Administrative expenses	137.7	122.7	136.2	12.2%	1.1%	429.1	411.5	4.3%
Total expenses	545.8	493.7	550.0	10.6%	(0.8%)	1,623.3	1,550.8	4.7%
EBIT	(168.4)	(144.6)	(125.4)	(16.5%)	(34.3%)	(444.5)	(104.3)	326.2%
EBIT Margin	(44.6%)	(41.4%)	(29.5%)			(37.7%)	(7.2%)	
Depreciation and amortization	241.0	199.6	231.0	20.7%	4.3%	680.7	595.3	14.3%
EBITDA	72.6	55.0	105.6	32.0%	(31.2%)	236.1	490.9	(51.9%)
EBITDA Margin	19.2%	15.8%	24.9%			20.0%	33.9%	
Finance income	2.2	1.4	4.6	57.1%	(51.8%)	11.0	8.5	29.4%
Finance cost	101.1	69.8	129.2	44.8%	(21.8%)	304.3	211.2	44.1%
Income tax expenses (benefit)	51.3	18.3	60.9	180.3%	(15.7%)	134.4	19.9	575.4%
Profit for the period	(221.6)	(195.2)	(189.1)	213.5%	(17.2%)	(610.4)	(288.0)	(111.9%)
Net Profit to Equity holders of the Company	(199.1)	(179.6)	(175.0)	(10.9%)	(13.8%)	(563.1)	(253.1)	(122.5%)
Net Profit Margin	(58.7%)	(55.9%)	(44.6%)			(51.8%)	(19.9%)	
Earning per share (Bt)	(0.31)	(0.28)	(0.27)	10.9%	(13.8%)	(0.88)	(0.40)	(122.5%)



1.1 Revenue

In Q3/2021 and the 9 month of 2021, total revenues of the Group was of Bt377.4 million and Bt1,178.8 million which comprised of:-

1.1.1 Services Income

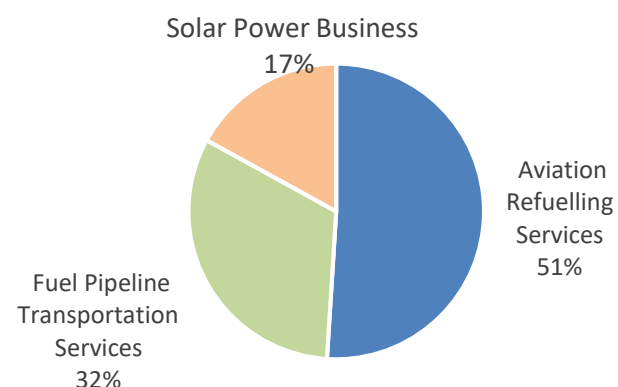
In Q3/2021, services Income of Bt289.4 million, decreased by 11.7%(y-o-y) due to the decreasing in the total volume of aircraft fuel and multi-products fuel provided by the Group of the quarter. However in the 9 month of 2021, the Group had services income of Bt954.1 million declined by 31.9%(y-o-y) due to the COVID-19 outbreak that affected the amount of fuel services by the Group.

1.1.2 Revenue from Electricity sales

According to the Group's acquisition the seven solar power plants which have long term contracts to sale the electricity to the government with an investment cost of Bt1,705 million. This investment generate the revenue of Bt76.2 million in Q3/2021 and Bt195.9 million in the 9 month of 2021.

For the core services income proportion separating by business structure consisted of Aviation refuelling services at 51%, Fuel pipeline transportation services at 32% and Electricity sales at 17% respectively.

Services Income Structure of the 9 month of 2021



1.1.3 Others Income

Others income in Q3/2021 was of Bt11.8 million decreased by 44.6%(y-o-y) and in the 9 month of 2021 was of Bt28.7 million decreased by 36.8%(y-o-y).

1.2 Expenses

1.2.1 Cost of services and Cost of electricity sales

In Q3/2021, the Group had cost of services of Bt373.8 million, an increase of 0.8%(y-o-y). Thus was mainly from the increasing in depreciation and amortization expenses of the Northern fuel pipeline project (NFPT). While in the 9 month of 2021, the Group had service costs of Bt1,112.3 million, a decrease of 2.3%(y-o-y). As a result of declining in 1) the airport concession fee of the period thus in accordance with the reduced of aircraft fuel services volume 2) rental fee thus received assistance from AOT and the Treasury Department. Although during the period the Group's depreciation and amortization expenses increased.



Further, the cost of electricity sales from electricity generating and distribution businesses in Q3/2021 and the 9 month of 2021 amounted to Bt34.3 million and Bt81.9 million, respectively.

In this quarter, the Group had gross operating loss of Bt42.4 million. Operating performance slightly improved with gross loss decreased from Q3/2020 by 1.8%. It accounted for a gross margin loss of 11.6% (improving from a gross margin loss of 13.2% in 3Q/2020) due to the electricity generating and distribution business has a gross profit margin of 55.1%.

1.2.2 Administrative Expenses

In Q3/2021 and the 9 month of 2021, the Group had an administrative expenses of Bt137.7 million and Bt429.1 million respectively with the increasing rate of 12.2%(y-o-y) and 4.3%(y-o-y). This is mainly result of an increase in advisory costs from the Company's subsidiary.

In Q3/2021 and the 9 month of 2021, the Group had an operating loss before finance costs and taxes (EBIT) of Bt168.4 million and Bt444.5 million, representing an operating loss before financial and tax margin (EBIT loss margin) at 44.6% and 37.7% respectively. An EBITDA in Q3/2021 and the 9 month of 2021 was of Bt72.6 million and Bt236.2 million. This was representing an EBITDA margin of 19.2% and 20.0% compared to 15.8% of Q3/2020 and 33.9% of the 9 month of 2020.

1.2.3 Finances Cost

In Q3/2021, the financial cost has amounted to Bt101.1 million, an increase by 44.8%(y-o-y) and in the 9 month of 2021 was of Bt304.3 million, an increase of 44.1%(y-o-y) due to the Group have the net amount of short term and long term loan increasing by Bt3,875.3 million from September 30,2020.

1.3 Operating Results

In Q3/2021, the Group had a net loss in the equity of the Company of Bt199.1 million with an increasing loss of 10.9%(y-o-y) and earnings loss per share was of Bt0.31 with a net loss margin of 58.7%. While in the 9 month of 2021, the Group had a net loss in the equity of the Company of Bt563.1 million with an increasing loss of 122.5% (y-o-y) and had an earnings loss per share of Bt0.88 with a net loss margin of 51.8%. The Group's operations were directly affected by the COVID-19 epidemic, which resulted in a significant decrease in aircraft travel compared to the normal circumstances.



2. Report and Analysis of Financial Status

2.1 Assets

As of September 30, 2021, the Group had total assets at the amount of Bt22,887.6 million, increasing by 17.6% from December 31, 2020. The important details of cash flow were as follows:

2.1.1 Cash and cash equivalent of Bt658.6 million which cash flow summarized for the period were below;-

- Net cash flows from operating activities was of Bt162.4 million, decreasing by 55.8%
- Net cash for investment activities was of Bt2,677.7 million, increasing by 92.1% which most of the investments in Solar Power Plants project
- Net cash from financing activities was of Bt2,369.2 million, increased by 148.9% due to cash received from short term and long term loan increasing by Bt4,508.0 million, while the payment amounted of long-term loans, financial lease, liabilities under rehabilitation plan was totaled to Bt2,005.7 million

2.1.2 Property, leasehold improvement and equipment as of September 30, 2021 was of Bt16,434.2 million, increasing by 16.8%, mostly were increased assets from the Solar Power Plants project

2.1.3 Projects costs under concession agreements was of Bt1,309.8 million, decreasing by 5.4%

2.1.4 Right of use assets Projects costs under concession agreements was of Bt1,077.3 million, decreasing by 17.6% million by a result of the implementation of TFRS 16

2.2 Liabilities

As of September 30, 2021, the Group had total liabilities of Bt16,534.0 million, increasing by 30.2% from December 31, 2020. The total liabilities (net of liabilities related to the concession agreement) to total equity ratio was of 2.4:1 time. The liabilities comprised of major items which follows; -

2.2.1 Account payable and others account payable was of Bt703.5 million

2.2.2 Long term loan from banks, which are due within one year, was of Bt782.5 million which were belonged to BAFS at the amount of Bt321.4 million, TARCO at the amount of Bt110.0 million, FPT at the amount of Bt187.1 million, BC at the amount of Bt156.0 million and BAFS Intech at the amount of Bt8.0 million respectively

2.2.3 Long-term loans from banks were Bt11,216.9 million, increasing by 33.6% from December 31, 2020. These amount belong to BAFS of Bt2,880.3 million, TARCO of Bt41.3 million, FPT was of Bt6,926.3 million, BC was of Bt1,311.5 million and BAFS INTECH was of Bt57.6 million



2.2.4 Long-term lease liabilities, net of current portion was of Bt1,186.6 million a decrease of 13.2% from December 31, 2020

2.2.5 Debenture No.1/2020, at the amount of Bt998.4 million

2.2.6 The Employee benefit obligations was of Bt1,136.7 million according to Labor Protection Laws as TAS no.19 on employee benefits.

2.3 Shareholders' Equity

As at September 30, 2021, total shareholders' equity was of Bt6,353.5 million, decreased by 6.1% from December 31, 2020 which Bt4,931.4 million was Equity attributable to owners of the Company, decreased by 10.2%.

Please be informed accordingly.

Yours sincerely,

Signed

(M.L.Nathasit Diskul)

President