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Subject: Management Discussion and Analysis of business operation and financial statements

To: President,
The Stock Exchange of Thailand

Airports of Thailand Public Company Limited and its subsidiaries

Management discussion and analysis of business operation and financial statements
for the three-month period ended December 31st, 2021

Overall performance and significant events

The overall air traffic volume of Airports of Thailand Public Company Limited (AOT) from October 2021 to December 2021 decreased compared to the corresponding period of the prior year. This is due to the ongoing pandemic situation of the Coronavirus Disease 2019 (COVID-19) which continues to spread in Thailand and across the globe. Although the number of infected people in Thailand decreased and foreign tourists have been allowed to travel to Thailand since November 1st, 2021, the overall air traffic volume and the number of passengers did not increase. However, the international air traffic volume and the number of passengers increased from the corresponding period of the prior year. Due to the Omicron variant, the government passed a resolution on December 21st, 2021 to amend measures for those entering Thailand. In response to the amended measures, Test & Go registration was temporarily suspended to control the spread of the aforementioned COVID-19 variant. Additionally, AOT gives priority to both international and domestic passengers under the strict passenger screening measures of the Ministry of Public Health with a focus on fast facilitation coupled with safety with holistic management with all relevant departments by providing the infrastructure and facilities that comply with the COVID-Free Setting and Universal Prevention principles to ensure safety and prevent the spread of COVID-19 on a global scale.

AOT has been aware of the impact of the COVID-19 pandemic on the operation and liquidity of the concessionaires and airlines which are our trading partners at six airports under AOT's supervision. As a result, AOT has continuously imposed measures to facilitate them to be

able to maintain their operation which is the important supply chain of airport and airlines industry. Recently, AOT's Board of Director's meeting on November 25th, 2021 approved measures to support the business of airlines and concessionaires by extending the period of assistance measures from March 31st, 2022 to March 31st, 2023 and extending the concession period for concessionaires operating commercial activities at six airports under AOT's supervision for another year from the end date of the existing concession period. However, the assistance measures must be in accordance with the terms and conditions prescribed by AOT and AOT reserved the right to change, amend, or cancel the conditions as appropriate, depending on the COVID-19 situation.

In the first quarter of FY 2022, the air traffic volume of the six airports under AOT's supervision totalled 73,342 flights, accounting for a 29.71% decrease compared to the corresponding period of the prior year, comprising 23,316 international flights and 50,026 domestic flights. The total number of passengers was 6.91 million, accounting for a 35.56% decrease compared to the corresponding period of the prior year, comprising 0.86 million international passengers and 6.05 million domestic passengers. The major decrease arose from domestic flights and passengers.

In quarter 1/2022 (October 1st, 2021 – December 31st, 2021), AOT's net loss was Baht 4,271.66 million. Operating results decreased by Baht 829.68 million compared to the corresponding period of the prior year in which AOT also incurred net loss of Baht 3,441.98 million. Total revenues increased by Baht 145.24 million and total expenses increased by Baht 1,152.62 million. In addition, income tax revenues increased by Baht 145.83 million which was in line with a decrease in operating results.

1. Analysis of operations

1.1 Operating results for the three-month period ended December 31st, 2021

Unit: Million Baht

	Q1/2022	Q1/2021	Increase (decrease)	% YoY
Revenues from sales or services	2,327.33	2,176.28	151.05	6.94
<i>Aeronautical revenue</i>	852.52	889.91	(37.39)	(4.20)
<i>Portion</i>	37%	41%		
<i>Non-aeronautical revenue</i>	1,474.81	1,286.37	188.44	14.65
<i>Portion</i>	67%	59%		
Other income	558.04	563.85	(5.81)	(1.03)
Total revenues	2,885.37	2,740.13	145.24	5.30

1.1 Operating results the three-month period ended December 31st, 2021 (cont'd)

Unit: Million Baht

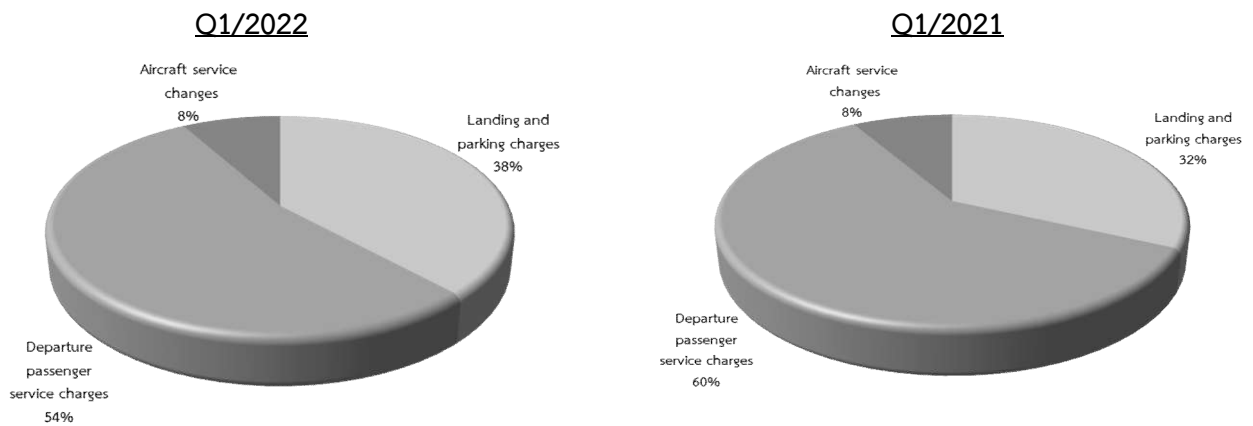
	Q1/2022	Q1/2021	Increase (decrease)	% YoY
<u>Less</u> Total expenses	7,540.15	6,387.53	1,152.62	18.04
Operating loss	(4,654.78)	(3,647.40)	(1,007.38)	(27.62)
<u>Less</u> Share of loss from investment in associate	0.06	-	0.06	100.00
<u>Less</u> Finance cost	738.79	748.39	(9.60)	(1.28)
Loss before income tax	(5,393.63)	(4,395.79)	(997.84)	(22.70)
<u>Add</u> Income tax revenues	1,090.37	944.54	145.83	15.44
Net loss for the period	(4,303.26)	(3,451.25)	(852.01)	(24.69)
Loss attributable to:				
Equity holders of the Company	(4,271.66)	(3,441.98)	(829.68)	(24.10)
Non-controlling interests of the subsidiaries	(31.60)	(9.27)	(22.33)	(240.88)
Loss per share (Baht)	(0.30)	(0.24)	(0.06)	(25.00)

For the three-month period ended December 31st, 2021, AOT incurred net loss of Baht 4,271.66 million. Operating results decreased by Baht 829.68 million compared to the corresponding period of the prior year of which net loss was Baht 3,441.98 million. While revenue from sales or services increased by Baht 151.05 million or 6.94% as a result of an increase in non-aeronautical revenue of Baht 188.44 million or 14.65% mainly due to a rise in concession revenues and service revenues. However, aeronautical revenue decreased by Baht 37.39 million or 4.20% because of the decline in the number of flights and passengers. Other income decreased by Baht 5.81 million or 1.03%. Total expenses increased by Baht 1,152.62 million or 18.04% mainly due to a rise in other expenses and depreciation and amortisation expenses. While finance cost decreased by Baht 9.60 million or 1.28%. Income tax revenues increased by Baht 145.83 million or 15.44% which was in line with a decrease in operating results.

1.2 Aeronautical Revenue

Unit: Million Baht

	Q1/2022	Q1/2021	Increase (decrease)	%YoY
Landing and parking charges	324.63	285.40	39.23	13.75
Departure passenger service charges	458.30	531.52	(73.22)	(13.78)
Aircraft service charges	69.59	72.99	(3.40)	(4.66)
Total	852.52	889.91	(37.39)	(4.20)



A proportion of aeronautical revenue in each type of the first quarter of FY 2022 did not differ significantly from that of the corresponding period of the prior year. The majority of aeronautical revenue came from departure passenger service charges and landing and parking charges.

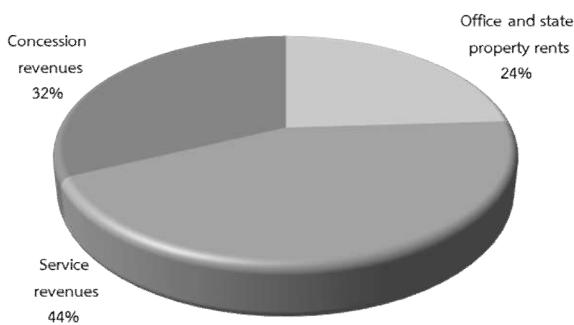
For the three-month period ended December 31st, 2021, aeronautical revenue of Baht 852.52 million decreased by Baht 37.39 million or 4.20% compared to that of the corresponding period of the prior year because departure passenger service charges reduced by Baht 73.22 million or 13.78% due to a 35.56% decline in the number of passengers in the six airports. However, landing and parking charges increased by Baht 39.23 million or 13.75% because of a 56.45% rise in the number of international flights.

1.3 Non-Aeronautical Revenue

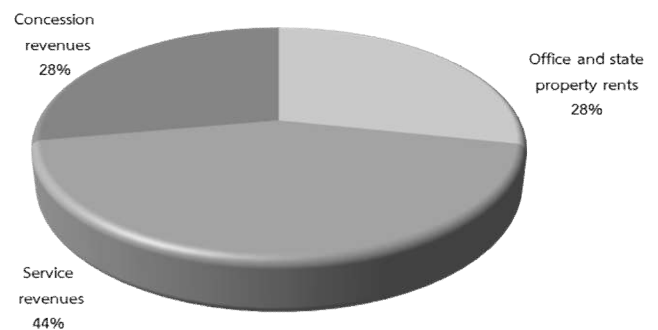
Unit: Million Baht

	Q1/2022	Q1/2021	Increase (decrease)	%YoY
Office and state property rents	354.88	364.30	(9.42)	(2.59)
Service revenues	649.32	563.91	85.41	15.15
Concession revenues	470.61	358.16	112.45	31.40
Total	1,474.81	1,286.37	188.44	14.65

Q1/2022



Q1/2021



A proportion of non-aeronautical revenue in each type the first quarter of FY 2022 did not differ significantly from that of the corresponding period of the prior year. The majority of non-aeronautical revenue came from service revenues.

For the three-month period ended December 31st, 2021, non-aeronautical revenue of Baht 1,474.81 million increased by Baht 188.44 million or 14.65% compared to that of the corresponding period of the prior year due to an increase in concession revenues of Baht 112.45 million or 31.40%. The increase was mainly due to advertising and duty-free concession revenues. In addition, service revenues increased by Baht 85.41 million or 15.15% mainly due to a rise in ground aviation service revenues.

1.4 Other income

Unit: Million Baht

	Q1/2022	Q1/2021	Increase (decrease)	%YoY
Gain on foreign exchange	359.45	348.99	10.46	3.00
Interest income	21.27	103.07	(81.80)	(79.36)
Discount on state property rental	119.63	-	119.63	100.00
Other income	57.69	111.79	(54.10)	(48.39)
Total	558.04	563.85	(5.81)	(1.03)

Other income for the three-month period ended December 31st, 2021 of Baht 558.04 million decreased by Baht 5.81 million or 1.03% compared to that of the corresponding period of the prior year mainly due to a decrease in interest income of Baht 81.80 million because of a decrease in fixed deposit and other income decreased by Baht 54.10 million. While discount on state property rental increased by Baht 119.63 million because the Treasury Department reduced the state property rental in 2021 for AOT due to COVID-19 pandemic. Therefore, the state property rental for the revenue sharing method of Suvarnabhumi Airport was adjusted. Moreover, gain on foreign exchange increased by Baht 10.47 million.

1.5 Total expenses

Unit: Million Baht

	Q1/2022	Q1/2021	Increase (decrease)	%YoY
Employee benefit expenses	1,828.25	1,754.68	73.57	4.19
Utilities expenses	586.05	503.67	82.38	16.36
Outsourcing expenses	599.92	626.93	(27.01)	(4.31)
Repairs and maintenance	430.72	468.43	(37.71)	(8.05)
State property rental	75.35	65.93	9.42	14.29
Depreciation and amortisation expenses	2,292.82	2,150.76	142.06	6.61
Loss (reversal of loss) on impairment of assets	(29.34)	22.89	(52.23)	(228.18)
Loss on derivatives	299.61	327.77	(28.16)	(8.59)
Other expenses	1,456.77	466.47	990.30	212.30
Total	7,540.15	6,387.53	1,152.62	18.04

Total expenses for the three-month period ended December 31st, 2021 of Baht 7,540.15 million increased by Baht 1,152.62 million or 18.04% compared to those of the corresponding period of the prior year. The significant change was due to an increase in other expenses by Baht 990.30 million. The main reason was provisions for litigation liabilities arising from the consideration of the Central Administrative Court for AOT to pay the prosecutor in the dispute regarding to the contract for management and transportation of logistic services in free zone area at Suvarnabhumi Airport. Depreciation and amortisation expenses increased by Baht 142.06 million. Moreover, utilities expenses increased by Baht 82.38 million and employee benefit expenses increased by Baht 73.57 million, while loss (reversal of loss) on impairment of assets decreased by Baht 52.23 million because the Treasury Department reduced the state property rental in 2021 for AOT. Therefore, AOT recognised the discounted state rental by deducting the balance of right-of-use assets and recorded reversal of previously recorded loss on impairment of assets. Furthermore, repairs and maintenance decreased by Baht 37.71 million. Loss on derivatives decreased by Baht 28.16 million, and outsourcing expenses decreased by Baht 27.01 million. There were no significant changes in other categories of expenses compared to those of the corresponding period of the prior year.

2. Analysis of financial position

The financial position as at December 31st, 2021 of AOT is as follows:

	Unit: Million Baht			
	31 Dec 2021	30 Sep 2021	Increase (decrease)	% change
Total assets	185,461.59	195,085.76	(9,624.17)	(4.93)
Total liabilities	76,425.35	81,664.39	(5,239.04)	(6.42)
Total equity	109,036.24	113,421.37	(4,385.13)	(3.87)

Material changes in assets, liabilities and equity as at December 31st, 2021 compared to those as at September 30th, 2021 are as follows:

2.1 Analysis of assets

Total assets as at December 31st, 2021 of Baht 185,461.59 million decreased by Baht 9,624.17 million or 4.93% from September 30th, 2021 as detailed below.

2.1 Analysis of assets (cont'd)

Unit: Million Baht

	31 Dec 2021	30 Sep 2021	Increase (decrease)	% change
Current assets	13,531.68	21,498.93	(7,967.25)	(37.06)
Non-current trade accounts receivable	619.43	623.06	(3.63)	(0.58)
Other non-current financial assets	1,040.63	1,142.97	(102.34)	(8.95)
Investments	65.98	65.99	(0.01)	(0.02)
Property, plant and equipment and investment properties	120,713.80	121,100.52	(386.72)	(0.32)
Right-of-use assets	33,735.74	35,809.36	(2,073.62)	(5.79)
Deferred tax assets	9,523.82	8,412.98	1,110.84	13.20
Other non-current assets	6,230.51	6,431.95	(201.44)	(3.13)
Total assets	185,461.59	195,085.76	(9,624.17)	(4.93)

Current assets of Baht 13,531.68 million decreased by Baht 7,967.25 million or 37.06% due to a decrease in other current financial assets of Baht 6,600.00 million mainly from the decrease in fixed deposits which used to support the business operation, while, trade accounts receivable increased by Baht 513.35 million. Other categories of current assets (e.g., other receivables, inventories and supplies including other current assets) had no significant changes compared to those of the prior year.

Property, plant and equipment and investment properties totaling Baht 120,713.80 million decreased by Baht 386.72 million or 0.32%. This was mainly due to depreciation and amortisation expenses incurred in the period.

Right-of-use assets of Baht 33,735.74 million decreased by Baht 2,073.62 million or 5.79% due to the gradual depreciation over the lease term along with the reduction of state property rental in 2021 granted by the Treasury Department due to COVID-19 pandemic. As a result, AOT recognised the discounted state property rental by deducting the balance of right-of-use assets.

Deferred tax assets of Baht 9,523.82 million increased by Baht 1,110.84 million or 13.20% due to net loss incurred during the period which was expected to be used in the future.

Other non-current assets of Baht 6,230.51 million decreased by Baht 201.44 million or 3.13% due to a decrease in advance payment of Baht 271.17 million mainly from the Suvarnabhumi Airport's construction project. Non-current derivative assets decreased by Baht 102.49 million

due to measurement of fair value of financial instruments. However, receivables from the Revenue Department increased by Baht 202.89 million.

2.2 Analysis of liabilities

Total liabilities as at December 31st, 2021 of Baht 76,425.35 million decreased by Baht 5,239.04 million or 6.42% from those of September 30th, 2021 as detailed below.

Unit: Million Baht

	31 Dec 2021	30 Sep 2021	Increase (decrease)	% change
Current liabilities	9,806.94	13,610.28	(3,803.34)	(27.94)
Long-term loans – net of current portion	5,254.21	6,079.74	(825.53)	(13.58)
Lease liabilities - net of current portion	52,756.08	54,768.39	(2,012.31)	(3.67)
Employee benefit obligations	4,632.98	4,532.77	100.21	2.21
Non-current derivative liabilities	1,001.14	851.44	149.70	17.58
Other non-current liabilities	2,974.00	1,821.77	1,152.23	63.25
Total liabilities	76,425.35	81,664.39	(5,239.04)	(6.42)

Current liabilities of Baht 9,806.94 million decreased by Baht 3,803.34 million or 27.94% due to a decrease in work in processes payable of Baht 3,148.63 million mainly from the payment of construction project of the Suvarnabhumi Airport Development Project, a decrease in other payables of Baht 330.50 million, and a decrease in trade accounts payable of Baht 172.85 million.

Long-term loans – net of current portion of Baht 5,254.21 million decreased by Baht 825.53 million or 13.58% due to a repayment of borrowings and the impact of foreign exchange rates.

Lease liabilities - net of current portion of Baht 52,756.08 million decreased by Baht 2,012.31 million or 3.67% due to gradual payment of the lease liabilities along with the reduction of state property rental in 2021 granted by the Treasury Department due to COVID-19 pandemic. As a result, AOT recognised the discounted state property rental by deducting the balance of lease liabilities.

Non-current derivative liabilities of Baht 1,001.14 million increased by Baht 149.70 million or 17.58% due to measurement of fair value of financial instruments.

Other non-current liabilities of Baht 2,974.00 million increased by Baht 1,152.23 million or 63.25%. The main reason was provisions for litigation liabilities arising from the consideration of the Central Administrative Court for AOT to pay the prosecutor in the dispute regarding to the contract for management and transportation of logistic services in free zone area at Suvarnabhumi Airport.

Retentions increased by Baht 146.23 million mainly due to the construction of midfield satellite building 1 (levels 2-4) and south tunnel connection (sub system) of the Suvarnabhumi Airport Development Project.

2.3 Analysis of equity

Total equity as at December 31st, 2021 of 109,036.24 million decreased by Baht 4,385.13 million or 3.87% from that of September 30th, 2021 as detailed below.

Unit: Million Baht

	31 Dec 2021	30 Sep 2021	Increase (decrease)	% change
Issued and fully paid-up share capital	14,285.70	14,285.70	-	-
Premium on share capital	12,567.67	12,567.67	-	-
Retained earnings	80,381.60	84,653.26	(4,271.66)	(5.05)
Other components of shareholders' equity	755.26	837.14	(81.88)	(9.78)
Non-controlling interests of the subsidiaries	1,046.01	1,077.60	(31.59)	(2.93)
Total shareholders' equity	109,036.24	113,421.37	(4,385.13)	(3.87)

Retained earnings of Baht 80,381.60 million decreased by Baht 4,271.66 million or 5.05% due to net loss incurred during the period.

3. Analysis of liquidity

As at December 31st, 2021, cash and cash equivalents of Baht 6,694.11 million decreased by Baht 1,784.64 million from those of September 30th, 2021 as detailed below.

Unit: Million Baht

	Q1/2022
Cash flows used in operating activities	(2,813.38)
Cash flows from investing activities	3,072.73
Cash flows used in financing activities	(2,043.99)
Net decrease in cash and cash equivalents	(1,784.64)
Cash and cash equivalents at the beginning of the period	8,478.75
Cash and cash equivalents at the end of the period	6,694.11

Changes in cash and cash equivalents for the three-month period ended December 31st, 2021 can be described as follows:

Net cash used in operating activities of Baht 2,813.38 million arose from operating results of the current period.

Net cash generated from investing activities of Baht 3,072.73 million resulted from cash received from other current financial assets of Baht 6,600.00 million due to fixed deposits upon maturity. While investments in property plant and equipment were Baht 3,530.87 million.

Cash used in financing activities of Baht 2,043.99 million mainly resulted from the repayment of principal and interest of long-term loans of Baht 1,615.12 million and repayment of lease liabilities of Baht 354.45 million

4. Ratio analysis

	Q1/2022	Q1/2021
Profitability ratio		
Ratio of profit (loss) from operations to revenue from operations (%)	(169.59)	(177.32)
Return on equity (ROE) (%)	(3.88)	(2.55)
Return on total assets (ROA) (%)	(2.25)	(1.81)
	31 Dec 2021	30 Sep 2021
Financial structure and liability ratio		
Debt to equity ratio (Time)	0.70	0.72
Liquidity ratio (Time)	1.38	1.58

Although AOT's ratio of profit (loss) from operations to revenue from operations has increased compared to those of the corresponding period of the prior year, return on equity and return on total assets declined due to the COVID-19 pandemic especially the new COVID-19 variant such as Omicron causing a new wave of infections in many countries which has affected the aviation and tourism industries of Thailand. However, based on the financial structure, AOT was able to maintain its debt to equity ratio of less than one time and liquidity ratio of more than one time.

5 Factors affecting future operation

The performance of AOT has been affected by the COVID-19 pandemic situation since the beginning of 2020 and the severity remained persistent in 2021, causing the air traffic volume and the number of passengers traveling in and out of the country to decrease dramatically. As a result, in the fiscal year 2021, AOT had an operating loss and decided to seek external funding to be used as working capital for the year 2022. Although the first quarter of the fiscal year 2022 is the high season and the country has been open for some time, the number of flights and passengers remains low. However, International Air Transport Association forecasts that a total number of air

passengers worldwide in the fiscal year 2022 will still be lower than that in 2019 and will not restore to normal level until 2023.

The number of flights and passengers that has not returned to normal is one of the key factors that resulted in a postponement of the opening of satellite building 1 (SAT-1) at Suvarnabhumi Airport. However, AOT has prepared and adjusted the plan to open the SAT-1 earlier if it is likely that flight volumes and passenger numbers will increase more than anticipated. Nonetheless, cost-effectiveness must be analyzed in doing so.

In addition, on November 12th, 2021, AOT was announced on the world stage as a member of Dow Jones Sustainability Indices 2021 or DJSI 2021 at the DJSI World level for the 3rd consecutive year and Emerging Market for the 7th consecutive year in the Transportation and Transportation Infrastructure, which was ranked the first among all airports participating in the assessment. It was ranked 4th out of 105 organizations assessed for DJSI which is an index assessing business performance in accordance with internationally recognized guidelines for sustainable development. The aforementioned assessment will cover three important dimensions which are economic, social and environmental dimensions. Therefore, AOT has been selected to be a member of the DJSI, demonstrating its commitment to work for sustainable development from within. In addition, AOT operates its business responsibly along with generating profits and good returns to investors for a long-term resulting in its business capacity to grow continuously and sustainably.

AOT is a state-owned enterprise who manages all six major airports in the country and is ready to support passengers traveling both domestically and internationally by focusing on the good hygiene of service recipients in accordance with Universal Prevention measures to ensure their confidence and safety throughout the travel. Moreover, AOT is ready to drive and revitalize the country's tourism economy to a rapid recovery.

Please be informed accordingly.

Yours sincerely,

(Chenwit Musikarat)

Senior Executive Vice President (Accounting and Finance)

Authorised Person

Accounting Department

Tel. 0 2535 5890

Fax. 0 2535 5899