



(Translation)

MD. 063/2022

February 24, 2022

Re: Management Discussion and Analysis
For the Year Ended December 31, 2021

To: President
The Stock Exchange of Thailand

Management Discussion and Analysis For the Operating Results ended December 31, 2021

1. Report and Analysis of Performance

In 2021, the epidemic situation of the Coronavirus Disease 2019 (COVID-19) will continue to affect the aircraft travel and tourism industry of the world and Thailand. The government continues to use measures to control travel to the country to prevent widespread infection. Therefore, aircraft travel is still affected by such factors.

As a result, the amount of aircraft fuel services volume of the Group at Suvarnabhumi Airport (BKK) and Don Mueang Airport (DMK) decreased by 30.4%(y-o-y) to 1,638 million liters, and the total flights decreased by 39.7%(y-o-y) to 83,123 flights. For the total multi-products fuel transportation volume of Fuel Pipeline Transportation Co. Ltd. (FPT) decreased by 14.2%(y-o-y) to 2,688 million liters from 3,132 million liters of the previous year.

	2021	2020	Growth (y-o-y)
<u>Aviation Refuelling Services Business :</u>			
Aviation Fuel Volume (million litres)	1,638	2,354	(30.4%)
Flights	83,123	137,736	(39.7%)
<u>Fuel Pipeline Transportation Business :</u>			
Multi-products Fuel Volume (million litres)	2,688	3,132	(14.2%)

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

From the aforementioned situation, the Group's total revenue in 2021 amounted to Bt1,664.1 million, a decrease of Bt218.4 million or 11.6% compared to the total revenue of the year 2020, which decreased in accordance with the amount of aviation refueling services. Significantly affected by travel control measures from the COVID-19 epidemic, the Group had a net loss attributable to the Company's shareholders of Bt784.8 million, a decrease of Bt410.5 million or a decrease of 109.7% compared to the year 2020 and accounted for a loss per share of Bt1.23.



At the same time, the Company has focused on controlling liquidity risks. The Group has a policy of maintaining the level of cash and cash equivalents sufficiently for the group's operations under current circumstances. The Group provides sufficient short term and long term credit lines from financial institutions to reserve if necessary and to reduce the impact of future cash flow fluctuations.

Table summarized the operating results of the Group

(unit : Bt million)

	2021	2020	Inc / (Dec)	Growth (y-o-y)
Services income	1,346.9	1,804.3	(457.4)	(25.4%)
Sales of Electricity	270.3	0.0	270.3	> 100%
Others income	46.9	78.1	(31.2)	(39.9%)
Total revenues	1,664.1	1,882.5	(218.4)	(11.6%)
Costs of service	1,514.8	1,528.6	(13.8)	(0.9%)
Cost of sales of electricity	116.0	0.0	116.0	> 100%
Gross Profit	(13.6)	275.7	(289.3)	(104.9%)
Gross Profit Margin	(0.8%)	15.3%		
Administrative expenses	634.1	588.9	45.2	7.7%
Total expenses	2,264.9	2,117.5	147.4	7.0%
EBIT	(600.8)	(235.0)	(365.8)	(155.6%)
EBIT Margin	(36.1%)	(12.5%)		
Depreciation and amortization	972.2	793.9	178.3	22.5%
EBITDA	371.4	558.8	(187.4)	(33.5%)
EBITDA Margin	22.3%	29.7%		
Finance income	14.8	11.4	3.4	29.8%
Finance cost	(425.2)	(281.1)	(144.1)	51.3%
Income tax	136.1	87.7	48.4	55.2%
Profit for the period	(884.3)	(418.9)	(465.4)	(111.1%)
Net Profit to Equity holders of the Company	(784.8)	(374.3)	(410.5)	(109.7%)
Net Profit Margin	(53.1%)	(22.3%)		
Earning per share (Bt)	(1.23)	(0.59)	(0.64)	(108.5%)

1.1 Revenue

In 2021 total revenues of the Group was Bt1,664.1 million which comprised of:-

1.1.1 Services Income

In 2021, services Income was Bt1,346.9 million, decreased by 25.4%(y-o-y) due to the decreasing in the total volume of aircraft fuel and multi-products fuel provided by the Group has decreased due to the impact of COVID-19 that has reduced air travel. In addition, a slowdown in economic activity resulted in a decrease in fuel of ground products consumption, but had a smaller impact compared to the rate of decline in aircraft fuel volume.

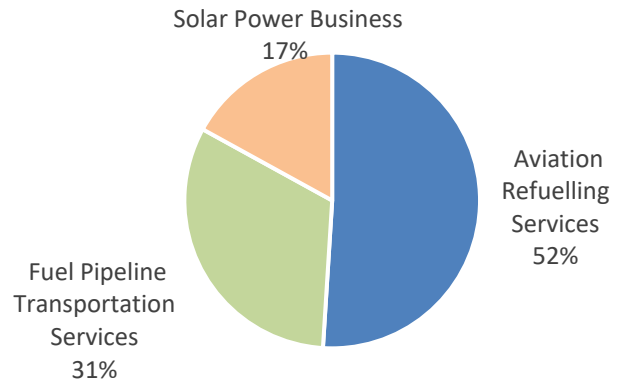


1.1.2 Revenue from Electricity sales

According to the Group's acquisition of production and distribution of electricity from solar energy by investing in the solar power plants in Thailand with a capacity of 36.4MW and investing in the solar power plants in Japan with a capacity of 13MW, in 2021, the group has revenue from electricity sales amounted to Bt270.3 million.

For the core revenue proportion separating by business structure consisted of Aviation refueling services at 52%, Fuel pipeline transportation services at 31% and Electricity sales at 17% respectively.

Core Revenue Structure of year 2021



1.1.3 Others Income

Other income of the group was Bt46.9 million, a decrease of Bt31.2 million or 39.9% from the previous year. This was mainly due to in the previous year, the subsidiary had income from compensation for damages of fuel pipeline repairment and received payment for the sale of unused materials in the amount of Bt31.0 million.

1.2 Expenses

1.2.1 Cost of services and Cost of electricity sales

In 2021, the Group's cost of services was Bt1,514.8 million, a decrease of Bt13.8 million or 0.9%(y-o-y) mainly due to the strictly cost reduction measures of the group as to reduce the impact of COVID-19. The reduced cost of services are the expenses related to salaries, wages, employee benefit expenses, the airport concession fee thus in accordance with the reduced of aircraft fuel services volume and the reduced in the operating lease expenses.

While for the period, the depreciation and amortization expenses are primarily increased from the Northern fuel pipeline project (NFPT). As for the electricity generation and distribution business, which is a business that generates new income from immediate investment this year, has a cost of Bt116.0 million. As a result, the total loss was Bt13.6 million with a gross loss margin rate of 0.8% decreased from the previous year at gross profit margin of 15.3%.

1.2.2 Administrative Expenses

The Group had administrative expenses of Bt634.1 million, an increase of Bt45.2 million or 7.7%(y-o-y). These are mainly the result of an increase in the financial advisory fee for the acquisition of subsidiaries related to power generation and distribution business during the year and the administrative expense of the subsidiary is recognized in the consolidated financial statements.



In 2021, the Group had an operating loss before finance costs and taxes (EBIT) of Bt600.8 million, a decrease of Bt365.8 million or 155.6% from the year 2020, representing an operating loss before financial and tax margin (EBIT loss margin) at 36.1% with EBITDA of Bt371.4 million, a decrease of Bt187.4 million or 33.5%(y-o-y), representing an EBITDA margin of 22.3% compared to the previous year at 29.7%.

1.2.3 Finances Cost

The financial cost has amounted to Bt425.2 million, an increase of Bt144.1 million or 51.3%(y-o-y) due to the Group have the amount of short term and long term loan increasing by Bt4,421 million from the previous year.

1.3 Operating Results

In 2021, the Group had a net loss in the equity of the Company of Bt784.8 million with an increasing loss of Bt410.5 million or 109.7%(y-o-y), representing an earnings loss per share of Bt1.23 with a net loss margin of 53.1%. The Group's operations were directly affected by the COVID-19 epidemic.

2. Report and Analysis of Financial Status

2.1 Assets

As of December 31, 2021, the Group had total assets at the amount of Bt24,647.2 million, increasing by Bt5,180.6 million or 26.6% from December 31, 2020. The important details of cash flow were as follows:

2.1.1 Cash and cash equivalent of Bt562.0 million which cash flow summarized for the period were below:-

- Net cash flows from operating activities was of Bt2,005.2 million, increasing by Bt1,563.5 million or 354.0% due to the granting of asset management rights for the fuel pipeline project. (Bangkok-Bang Pa-in) of FPT to Bangkok Fuel Pipeline and Logistics Company Limited for a period of 20 years
- Net cash flows used in investing activities was of Bt4,801.9 million, an increase of Bt2,736.5 million or 132.5%(y-o-y), mainly from investments in subsidiaries related to power generation and distribution business. While investments in joint ventures increased, the Company, together with PTT Oil and Retail Business Public Company Limited (PTTOR), established Global Aero Associates Company Limited (GAA), which is an aviation refueling services operator at U-Tapao Airport which the Company holds a 55% stake in GAA
- Net cash from financing activities was of Bt2,553.9 million, increased by Bt1,552.0 million or 154.9%(y-o-y) due to net cash received from short term and long term loan by Bt3,051.9 million



2.1.2 Property, leasehold improvement and equipment as of December 31, 2021 was of Bt16,426.7 million, increasing by Bt2,360.2 million or 16.8%(y-o-y), mostly were increased assets from the Solar Power Plants project with a total value of Bt2,084 million

2.1.3 Projects costs under concession agreements was of Bt1,064.6 million, decreasing by Bt243.2 million or 18.6%(y-o-y), mainly from the change in the lease agreement of the Group of Bt190 million

2.2 Liabilities

As of December 31, 2021, the Group had total liabilities of Bt18,271.5 million, increasing by Bt5,572.3 million or 43.9% from December 31, 2020. The interest bearing debts to total equity ratio was of 2.17:1 time. The liabilities comprised of major items which follows; -

2.2.1 Short term loan from banks was of Bt700 million

2.2.2 Long term loan from banks was of Bt12,138.7 million increasing by Bt3,319 million from the previous year, mainly due to loans for investment in the the electricity generation and distribution business during the year

2.2.3 lease liabilities (according to Financial Reporting Standard No. 16, "Lease Agreement)" was of Bt1,237.8 million, a decrease of Bt166.4 million or 11.8% from payments during the year

2.2.4 Unrecognized revenue of Bt1,600 million, which is unrecognized revenue arising from the granting of property management rights to the fuel pipeline project (Bangkok-Bang Pa-in) of FPT to Bangkok Fuel Pipeline and Logistics Company Limited for a period of 20 years

2.3 Shareholders' Equity

As at December 31, 2021, total shareholders' equity was of Bt6,375.7 million, decreased by Bt391.7 million or 5.8% from December 31, 2020 which Bt4,806.5 million was Equity attributable to owners of the Company, decreased by Bt686.6 million or 12.5%.

Please be informed accordingly.

Yours sincerely,

Signed

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President

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