



(Translation)

MD. 096 / 2022

May 12, 2022

Re: Management Discussion and Analysis
For the Operating Results ended March 31, 2022

To: President
The Stock Exchange of Thailand

Management Discussion and Analysis For the Operating Results ended March 31, 2022

1. Report and Analysis of Performance

In the first quarter of 2022, the situation of the COVID-19 epidemic in Thailand began to improve more in line with the world. Many provinces tend to find new cases, severe cases, and deaths continued to decline. In addition to the people who cooperate well, there will be no outbreak. The government has therefore announced the reduction of the Covid alert level from level 4 to level 3 across the country as well as relaxing measures to control the spread of the disease. The advice is refrain from going to entertainment venues and avoid entering closed and crowded places with poor ventilation. Participating in activities with a large number of people, traveling between areas/provinces and traveling in and out of the country is possible. This positively affected the volume of aviation fuel that the Group provides services at Suvarnabhumi Airport (BKK) and Don Mueang Airport (DMK), which grew by 38.0% with 566 million liters and the number of flights grew by 32.4% or a total of 31,993 flights from the first quarter of 2021.

	Q1/21	Q4/21	Q1/22	Growth	
				(y-o-y)	(q-o-q)
Aviation Refuelling Services Business :					
Aviation Fuel Volume (mil litres)	410	490	566	38.0%	15.5%
Flights	24,158	26,788	31,993	32.4%	19.4%
Fuel Pipeline Transportation Business :					
Multi-products Fuel Volume of NFPT project (mil litres)	68	91	95	39.7%	4.4%

* Note: 1) Total Flights was data of flights that serviced by BAFS only at BKK and DMK

2) FPT's multi-products fuel pipeline transportation volume for the NFPT project only

The first quarter of 2022 is the first quarter of Fuel Pipeline Transport Company Limited (FPT), the Company's subsidiary, granted asset management rights the certain fuel pipeline project (Bangkok - Bang Pa-in section) to Bangkok Fuel Pipeline and Logistics Company Limited (BFPL), a subsidiary of Bangchak Corporation Public Company Limited, for a project value of 1,600 million baht, with a total grant period of 20 years from January 1, 2022, to December 31, 2041. The Company will gradually recognize income over the contract period. As a result,



FPT's fuel pipeline transportation service income from this quarter onwards is from the Northern Fuel Pipeline Project (NFPT) only. This quarter amounted to 95 million liters, a 39.7% increase from the first quarter of 2021, which was 68 million liters.

In addition, during this quarter, FPT extended the term of the land lease agreement by another 20 years to be in line with the term of the asset management right contract for the fuel pipeline project (Bangkok-Bang Pa-in section) above. FPT recorded assets, land use rights, and related lease liabilities including changing the estimated useful life of fuel pipelines and related equipment. The impact of such changes, as a result, the depreciation expense decreased by 16 million baht, which was recognized in the income statement.

1.1 Revenue

In the first quarter of 2022 total revenues of the Group was 553.2 million baht increased by 46.8% from the first quarter of 2021 which comprised of:-

1.1.1 Services Income

Service income amounted to 329.9 million baht, a decrease of 1.9% from the first quarter of 2021, although aviation fuel volume and total multi-products fuel volume of the NFPT project serviced by FPT grew in a better direction. But as a result of the transfer of asset management rights for the fuel pipeline project (Bangkok-Bang Pa-in section), the Group will be recognized as revenue from asset management rights for the fuel pipeline project, which was recorded as part of other revenues amounting to 20 million baht in this quarter instead of recognizing revenue from FPT's pipeline transportation service from Bangkok-Bang Pa-in section.

1.1.2 Revenue from Electricity sales

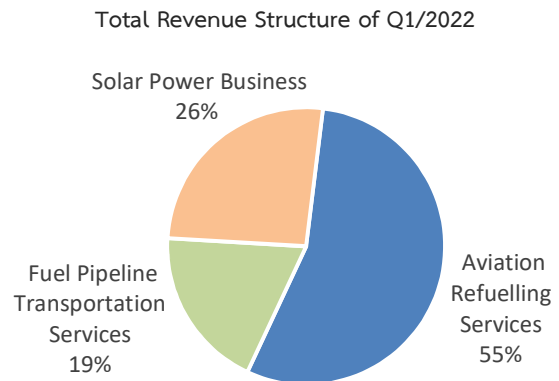
In this quarter, the Group recognized revenue from the sale of electricity in the amount of 91.8 million baht, an increase of 196.8% from the first quarter of 2021. Due to 2021, the Group invested in the Solar power generation and distribution business in March 2021, so it was recognized income and cost of selling electricity for only one month. While in the first quarter of 2022, the Group recognizes revenue and costs for the entire quarter of electricity generation and distribution.



For the total revenue proportion separating by business structure consisted of Aviation refueling services at 55%, Electricity sales at 26% and Fuel pipeline transportation services at 19% respectively.

1.1.3 Dividend income

In the first quarter of 2022, the Group received dividends from its investment in electricity generation and distribution business in Japan amounting to 50.4 million baht, which is dividends from operations for the year 2020-2021, a total of two years.



1.1.4 Others Income

Other income of the Group amounted to 72.5 million baht, an increase of 654.5% from the first quarter of 2021, mainly from the recognition of revenue from the granting of asset management rights on the fuel pipeline projects (Bangkok-Bang Pa-in section) and recognize a gain of 38 million baht according to accounting treatments relevance to land lease which will be responsible by the grantee under the asset management right agreement(a one-time accounting transaction).

1.2 Expenses

1.2.1 Cost of services and Cost of electricity sales

The Group's cost of services amounted to 345.7 million baht, a decrease of 4.7%, mainly due to the strictly cost reduction of the Company by the cost-cutting measure to reduce the impact of COVID-19 on the group's performance. The reduced expenses were expenses related to salaries, wages, and other employee benefit expenses, expenses related to repair and maintenance, and the reduction of service costs from the transfer of asset management rights in the fuel pipeline system (Bangkok-Bang Pa-in section) to BFPL, which BFPL is responsible for expenses related to the transportation system and the fuel depot instead of FPT. Although, in this quarter, BAFS had an increase in the airport concession fee from the operate aircraft refueling services in line with the increase in fuel service volume. While depreciation and amortization expenses of the Group increased, mainly from the NFPT project as well.



For the electricity generation and distribution business, the cost of electricity sold was 34.1 million baht, resulting in the Group's total gross profit of 39.3 million baht, representing a gross margin of 9.1%, a substantial improvement from the first quarter of 2021 which was at -1.4%.

1.2.2 Administrative Expenses

The Group had administrative expenses of 154.8 million baht, a decrease of 0.3% from the first quarter of 2021.

In the first quarter of 2022, the Group reported an operating profit before finance costs and tax (EBIT) of 24 million baht, an increase of 116.3% from a significant loss in the first quarter of 2021 of 147 million baht. It represents an operating profit margin before finance costs and taxes (EBIT Margin) of 4.3%, with EBITDA (adjusted one-time accounting transaction from FPT's asset management rights) amounting to 207 million baht, which grew up by 233.9%, representing an EBITDA margin of 37.4%, compared to 16.5% in the first quarter of 2021.

1.2.3 Finances Cost

The financial cost of the Group in the first quarter of 2022 amounted to 133.5 million baht, an increase of 80.6% due to the Group's increase in both short-term and long-term borrowing from financial institutions. Including interest on finance lease agreements that increase from the extension of the lease term of land.

1.3 Operating Results

The Group's net loss in shareholders' equity decreased by 59.3% from the first quarter of 2021. With a net loss of 77.0 million baht, representing a loss per share of 0.12 baht, with a net loss margin of 18.1%, the operating performance improved in line with the recovery of the aviation business and mainly result from investment in the Solar power generation and distribution business.

2. Report and Analysis of Financial Status

2.1 Assets

As of March 31, 2022, the Group's total assets amounted to 24,437.9 million baht, a decrease of 0.8% compared to December 31, 2021, consisting of the following key items:

The Group's cash and cash equivalents amounted to 559.4 million baht, which can be summarized in the first quarter of 2022 as compared to the first quarter of 2021 as follows:



- The Group's net cash used in operating activities amounted to 63.3 million baht, mainly due to tax remittance of the transfer of asset management rights for the fuel pipeline project (Bangkok-Bang Pa-in section) at the amount of 112 million baht
- Net cash from investing activities amounted to 634.4 million baht, mainly due to a decrease in other current financial assets from the subsidiary's repayment of long-term loans with banks
- Net cash used in financing activities amounted to 573.8 million baht from loan repayment, interest, and payment of lease liabilities

2.2 Liabilities

As of March 31, 2022, the Group had total liabilities of 18,212.0 million baht, decreasing by 0.3% from December 31, 2021. The interest bearing debts to total equity ratio was of 2.44:1 time. The liabilities comprised of major items which follows; -

2.2.1 Short-term loan from banks was of 707 million baht

2.2.2 Long-term loan was of 11,698.3 million baht, decreasing by 3.6% from December 31, 2021 due to the Group repaying long-term loans of 586.3 million baht during the first quarter of 2022

2.2.3 Lease liabilities amounted to 1,762.9 million baht, an increase of 42.4% due to the extension of the lease term and the increase in rental rates

2.2.4 Deferred income of 1,580 million baht, which is revenue arising from the granting of property management rights to the fuel pipeline project (Bangkok-Bang Pa-in section) of FPT

2.3 Shareholders' Equity

As of March 31, 2022, the Group has total shareholders' equity of 6,226.0 million baht, a decrease of 2.3% from December 31, 2021, which was Equity attributable to owners of the Company of 4,725.9 million baht, a decrease of 1.7% percent.

Please be informed accordingly.

Yours sincerely,
Signed
(M.L.Nathasit Diskul)
President

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