



(Translation)

MD. 162 / 2022

11 August, 2022

Re: Management Discussion and Analysis
For the Operating Results ended June 30, 2022

To: President
The Stock Exchange of Thailand

Management Discussion and Analysis For the Operating Results ended June 30, 2022

1. Report and Analysis of Performance

Thailand's COVID-19 situation is becoming more unfolding. New cases have been identified, intensive care and deaths continued to decline, meanwhile, the vast majority of the population received at least one dose of vaccine and received a booster or three dose, covering over 60%. The government announced the cancellation of Thailand Pass registration to enter the country from July 1, 2022 onward, allowing passengers who have been fully vaccinated to enter Thailand without additional COVID-19 test results. As a result, during January – June 2022, more than 2.0 million tourists arrived, with the top 5 air travelers from India, Singapore, Malaysia, Vietnam, and the United States. In addition, the Ministry of Tourism and Sports forecasts tourists in 3Q/2022 at 2.7 million and in 4Q/2022 at 4.5 million. The total number of tourists in 2022 is expected to be 9.3 million.

	Q2/21	Q1/22	Q2/22	Growth		1H/2021	1H/2022	Growth
				(q-o-q)	(y-o-y)			(y-o-y)
<u>Aviation Refuelling Services Business :</u>								
Aviation Fuel Volume (mil litres)	400	566	651	15%	63%	810	1,217	50%
Flights	19,968	31,993	38,779	21%	94%	44,126	70,772	60%
<u>Fuel Pipeline Transportation Business :</u>								
Multi-products Fuel Volume of NFPT project (mil litres)	77	95	101	6%	31%	145	196	35%

* 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

In 2Q/2022 and the first six months of 2022, the total volume of aviation fuel provided by the Group at Suvarnabhumi Airport (BKK) and Don Mueang Airport (DMK) totaled 651 million liters and 1,217 million liters, respectively. It is a growth rate of 63% and 50% from the same period last year. Meanwhile, the number of flights operated by the Group for refueling services grew by 94% and 60% respectively.



For Fuel Pipeline Transport Company Limited (FPT), due to FPT granted asset management rights for the fuel pipeline project (Bangkok-Bang Pa-in section) with Bangkok Fuel Pipeline and Logistics Company Limited (BFPL), a subsidiary of Bangchak Corporation Public Company Limited, with a project value of 1,600 million baht, with a total grant period of 20 years from 2022 to 2041, which will gradually recognize income from the granting of rights over the contract period. As a result, FPT's fuel pipeline transportation service income is only service revenue from the Northern Fuel Pipeline Project (NFPT) onward. The total volume of multi-products fuel transported through NFPT project in 2Q/2022 and the first 6 months of 2022 amounted to 101 million liters and 196 million liters, respectively, grew 31% and 35% from the same period of last year.

1.1 Revenue

In 2Q/2022 and the first 6 months of the year 2022, the total amount was 507.3 million baht and 1,060.5 million baht, respectively. Increased by 19% and 32% from 2Q/2021 and the first 6 months of 2021, consisting of which comprised of:-

1.1.1 Services Income

In 2Q/2022 and the first 6 months of 2022, the Group's service income amounted to 382.9 million baht and 712.8 million baht, an increase of 17% and 7% from 2Q/2021 and the first 6 months of 2021. This was in line with the recovery in the amount of aviation fuel that the Group provides services. And the multi-product fuel volume of the NFPT project has grown in a better direction due to the opening of the Phi chit - Nakhon Lampang fuel pipeline project since August, 2021. However, as a result of the transfer of asset management rights for the fuel pipeline project for the Bangkok-Bang Pa-in section, the Group will recognize revenue from this transaction in the Other Income amounting to 20 million baht in this quarter and 40 million baht in the first 6 months of 2022, instead of recognizing the revenue from FPT's pipeline transportation service income of Bangkok-Bang Pa-in section.

1.1.2 Revenue from Electricity sales

In 2Q/2022 and the first 6 months of 2022, the Group recognized revenue from electricity sales of 86.4 million baht, a decrease of 3% from 2Q/2021 and 178.2 million baht, an increase of 49% from the first 6 months of 2021. The Group invested in the electricity generation and distribution business since March 2021, therefore, during the first 6 months of 2021, the revenue and cost of electricity sales were recognized for only 4 months, while this year, the Group recognizes revenues and costs of electricity generation and distribution for 6 months.



For the total revenue proportion separating by business structure consisted of Aviation refueling services at 62%, Electricity sales at 22% and Fuel pipeline transportation services at 17% respectively.

1.1.3 Dividend income

In the first 6 months 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

In 2Q/2022 and the first 6 months of 2022, other income of the group amounted to 37.5 million baht and 110.0 million baht, respectively. Most of these revenues were recognized from the asset management rights for the fuel pipeline project of the Bangkok-Bang Pa-in section which in 1Q/2022 and 2Q/2022, totaling 40 million baht, 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).

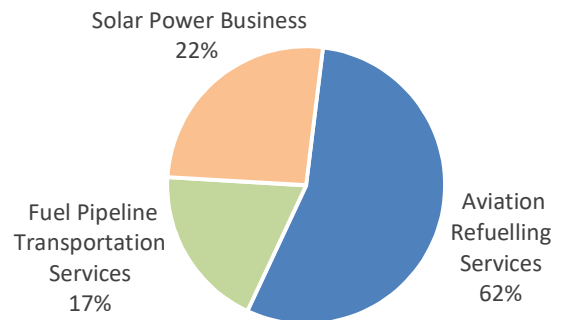
1.2 Expenses

1.2.1 Cost of services and Cost of electricity sales

In Q2/2022, the Group's cost of services and cost of sales amounted to 364.4 million baht, a decrease of 3%, and in the first 6 months of the year, amounting to 721.3 million baht, a decrease of 2%, mainly due to a reduction in expenses and strictly enforce the company's cost-cutting measures 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 period, the Group had an increase in the airport concession fee from the operate aircraft refueling services in line with the increase in aviation services volume. While depreciation and amortization expenses of the Group increased, mainly from the NFPT project as well.

For the electricity generation and distribution business in 2Q/2022 and the first 6 months of 2022, the cost of electricity sales amounted to 36.2 million baht and 70.3 million baht respectively.

Total Revenue Structure of 6 months of 2022





Resulting in the Group's gross profit amounted to 69.2 million baht and 108.5 million baht, with accounted for a gross profit margin of 14.7% and 12.1% improved greatly from the 2Q/2021 at 0.8% and the first 6 months of 2021 at -0.2% significantly.

1.2.2 Administrative Expenses

In 2Q/2022 and the first 6 months of 2022, the Group had administrative expenses of 154.9 million baht and 309.7 million baht, an increase of 14% and 6% from the 2Q/2021 and the first 6 months of 2021.

The Group reported operating profit before finance costs, taxes, depreciation, and amortization (EBITDA) of 195.9 million baht and 442.4 million baht, an increase of 78%. and 154% from EBITDA in 2Q/2021 of 110.1 million baht and 174.1 million baht in the first 6 months of 2021, representing an EBITDA margin of 39% and 42%, respectively.

1.2.3 Finances Cost

The financial cost of the Group in 2Q/2022 and the first 6 months of 2022 amounted to 134.3 million baht and 267.9 million baht, an increase of 4% and 32% 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

In 2Q/2022, the Group had a net loss in shareholders' equity of 119.8 million baht, representing a loss per share of 0.19 baht per share, with a 32% improvement from the 2Q/2021 performance loss of 175.0 million baht. And in the first 6 months of 2022, the Group had a net loss in the shareholders' equity of 196.8 million baht, representing a loss per share of 0.31 baht per share. The operating performance improved 46% from a loss of 364.0 million baht for the first 6 months of 2021.

2. Report and Analysis of Financial Status

2.1 Assets

As of June 30, 2022, the Group's total assets amounted to 24,242.2 million baht, a decrease of 2% compared to December 31, 2021, consisting of the following key items:

The Group's cash and cash equivalents amounted to 655.5 million baht, which can be summarized in the first 6 months of 2022 as follows:

- The Group's net cash used in operating activities amounted to 78.7 million baht
- Net cash from investing activities amounted to 708.7 million baht and



- Net cash used in financing activities amounted to 694.2 million baht of which the Group repaid financial institution loans of 1,101.6 million baht
- 2.1.1 Other current financial assets amounted to 1,752.7 million baht, a decrease of 31% because the subsidiary repaid 500 million baht in loan to financial institutions
- 2.1.2 Lease receivables amounted to 1,433.3 million baht, an increase of 644% due to recognition of rights transfer agreements between FPT and BFPL
- 2.1.3 Right-of-use assets amounted to 357.9 million baht, a decrease of 66% from the transfer of rights-of-use assets between FPT and BFPL to lease receivables as well

2.2 Liabilities

As of June 30, 2022, the Group had total liabilities of 18,170.5 million baht, decreasing by 1% from December 31, 2021. The interest bearing debts to total equity ratio was of 2.5:1 time. The liabilities comprised of major items which follows; -

- 2.2.1 Short-term loan from banks was of 300.3 million baht, a decrease of 57% from financial institutions loan repayment of 399.7 million baht
- 2.2.2 Long-term loan was of 14,928.1 million baht, increasing by 4% from December 31, 2021 due to the Group had an increase in borrowing (net) of 553.2 million baht
- 2.2.3 Lease liabilities amounted to 1,738.8 million baht, an increase of 40% due to the extension of the lease term and the increase in rental rates
- 2.2.4 Deferred income of 1,560 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 June 30, 2022, the Group has total shareholders' equity of 6,071.8 million baht, a decrease of 5% from December 31, 2021, which was Equity attributable to owners of the Company of 4,606.2 million baht, a decrease of 4% .

Please be informed accordingly.

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

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