



(Translation)

MD. 221 / 2022

10 November, 2022

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

To: President
The Stock Exchange of Thailand

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

1. Report and Analysis of Performance

The Thai economy is likely to recover continuously. The tourism sector and air travel have recovered. In the last 10 months of this year, the number of foreign tourists entering Thailand exceeds 7 million, and the government is confident that in 2022 Thailand will reach the target of 10 million tourists. In 3Q/2022 and the 9 months of 2022, the aviation fuel volume of the aircraft serviced by the Group at Suvarnabhumi Airport (BKK) and Don Mueang Airport (DMK) totaled 793 million liters and 2,010 million liters, respectively, representing a growth rate of 135% and 75% from the same period last year. Meanwhile, the number of flights serviced by the Group for refueling services grew by 275% and 107% from the same period last year. The aircraft refueling service business has recovered from the Covid-19 epidemic situation with a tendency to ease. In addition, the government has canceled measures to prevent the spread of the disease and has opened the country to allow air travel back to normal.

However, the expansion of air travel may be affected by the risk that the global economy may go into recession from the current situation where major countries are facing higher inflation, rising energy prices, and interest rates, and geopolitical tensions in many regions.

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 of 3Q/2022 and the 9 months of 2022 amounted to 112 million liters and 308 million liters, respectively, grew 19% and 29% from the same period last year.



	3Q/21	2Q/22	3Q/22	Growth		9M/21	9M/22	Growth
				(q-o-q)	(y-o-y)			(y-o-y)
<u>Aviation Refuelling Services Business :</u>								
Aviation Fuel Volume (mil litres)	338	651	793	22%	135%	1,148	2,010	75%
Flights	12,209	38,779	45,824	18%	275%	56,335	116,596	107%
<u>Fuel Pipeline Transportation Business :</u>								
Multi-products Fuel Volume of NFPT project (mil litres)	94	101	112	11%	19%	239	308	29%

* 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

1.1 Revenue

In 3Q/2022 and the 9 months of 2022, the total amount was 583.1 million baht and 1,643.6 million baht, respectively. Increased by 54.5% and 39.4% from the same period last year, consisting of which comprised of:-

1.1.1 Services Income and sales

In 3Q/2022 and the 9 months of 2022, the Group's service income amounted to 492.1 million baht and 1,258.9 million baht, an increase of 70.0% and 31.9% from 3Q/2021 and the 9 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 the end of 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 amounting to 20 million baht in this quarter and 60 million baht in the 9 months of 2022, instead of recognizing the revenue from FPT's pipeline transportation service income of Bangkok-Bang Pa-in section.

As for the sales revenue during the 9 months of 2022, totaling 9.3 million baht, it was revenue from the sale of aircraft refueling vehicles and related equipment of the subsidiary.

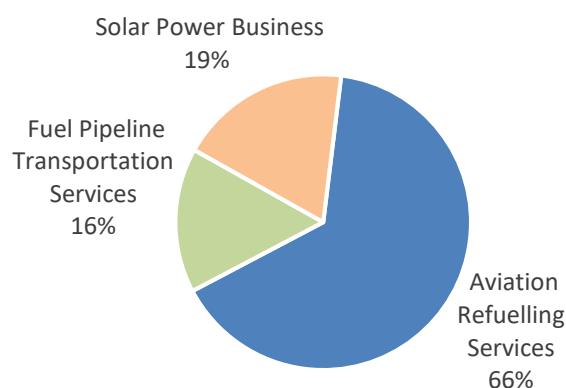
1.1.2 Revenue from Electricity sales

In 3Q/2022 and the 9 months of 2022, the Group recognized revenue from electricity sales of 75.3 million baht, a decrease of 1.2% from 3Q/2021 and 250.4 million baht, an increase of 27.8% from the 9 months of 2021. The Group invested in the electricity generation and distribution business since March 2021, therefore, during the 9 months of 2021, the revenue and cost of electricity sales were recognized for only 7 months, while this year, the Group recognizes revenues and costs of electricity generation and distribution for 9 months.



For the total revenue proportion separating by business structure consisted of Aviation refueling services at 66%, Electricity sales at 19% and Fuel pipeline transportation services at 16% respectively.

Total Revenue Structure of 9 months of 2022



1.1.3 Dividend income

In the 9 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 3Q/2022 and the 9 months of 2022, other income of the group amounted to 15.6 million baht and 74.7 million baht, respectively. Most of these revenues were recognized from the gain according to accounting treatments relevant to the 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 3Q/2022 and the 9 months of 2022, the Group's cost of services and cost of sales amounted to 360.5 million baht and 1,079.3 million baht, a decrease of 3.5% and 3.0% respectively. 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 3Q/2022 and the 9 months of 2022, the cost of electricity sales amounted to 31.3 million baht and 101.6 million baht respectively.

Resulting in the Group's gross profit amounted to 175.7 million baht and 337.7 million baht, with accounted for a gross profit margin of 31.0% and 22.2% improved greatly from the 3Q/2021 at -11.6% and the 9 months of 2021 at -3.8% significantly.



1.2.2 Administrative Expenses

In 3Q/2022 and the 9 months of 2022, the Group had administrative expenses of 131.4 million baht, a decrease of 4.6% from 3Q/2021 and 443.6 million baht, an increase of 3.4% from the 9 months of 2021. This was mainly the result of the unrealized foreign exchange loss of the subsidiary.

In the 9 months of 2022, the Group has operating profit before finance costs, taxes, depreciation, and amortization (EBITDA)¹⁾ of 694.7 million baht, an increase of 194.1% from the 9 months of 2021, representing an EBITDA margin of 42.3%.

1.2.3 Finances Cost

The financial cost of the Group in 3Q/2022 and the 9 months of 2022 amounted to 135.5 million baht and 403.3 million baht, an increase of 34.0% and 32.6% 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

In 3Q/2022, the Group had a net loss in shareholders' equity of 43.5 million baht, representing a loss per share of 0.07 baht per share, with a 78.2% improvement from the 3Q/2021 performance loss of 199.1 million baht. And in the 9 months of 2022, the Group had a net loss in the shareholders' equity of 240.3 million baht, representing a loss per share of 0.38 baht per share. The operating performance improved by 57.3% from a loss of 563.1 million baht for the 9 months of 2021.

2. Report and Analysis of Financial Status

2.1 Assets

As of September 30, 2022, the Group's total assets amounted to 24,026.6 million baht, a decrease of 2.5% compared to December 31, 2021, consisting of the following key items:

The Group's cash and cash equivalents amounted to 555.7 million baht, which can be summarized in the 9 months of 2022 as follows:

- The Group's net cash from operating activities amounted to 281.2 million baht
- Net cash from investing activities amounted to 652.1 million baht and
- Net cash used in financing activities amounted to 939.9 million baht of which the Group repaid financial institution loans of 1,202.2 million baht

Note 1) Operating profit before finance costs, taxes, depreciation, and amortization including dividend from electricity generation and distribution business



2.1.1 Other current financial assets amounted to 1,617.7 million baht, a decrease of 36.6% because the subsidiary repaid 500 million baht in loan to financial institutions

2.1.2 Lease receivables amounted to 1,430.4 million baht, an increase of 642.6% due to recognition of rights transfer agreements between FPT and BFPL

2.1.3 Right-of-use assets amounted to 331.2 million baht, a decrease of 68.9% from the transfer of rights-of-use assets between FPT and BFPL to lease receivables as well

2.2 Liabilities

As of September 30, 2022, the Group had total liabilities of 18,023.9 million baht, decreasing by 1.4% 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 57.1% from financial institutions loan repayment of 399.7 million baht

2.2.2 Long-term loan was of 12,091.3 million baht, decreasing by 0.4% from December 31, 2021 due to the Group repaying loans (net) of 47.4 million baht

2.2.3 Lease liabilities amounted to 1,713.7 million baht, an increase of 38.5% due to the extension of the lease term and the increase in rental rates

2.2.4 Deferred income of 1,540.0 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 September 30, 2022, the Group has total shareholders' equity of 6,002.7 million baht, a decrease of 5.9% from December 31, 2021, which was Equity attributable to owners of the Company of 4,562.7 million baht, a decrease of 5.1% .

Please be informed accordingly.

Yours sincerely,

Signed

(M.L.Nathasit Diskul)

President