

Ref. No. 2064

10 February 2023

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 the financial statements
for the three-month period ended December 31st, 2022

Overall performance and significant events

Regarding the overall air traffic volume of Airports of Thailand Public Company Limited (AOT) from October 2022 to December 2022, the number of flights and passengers increased compared to that of the prior year's corresponding period because the Coronavirus Disease 2019 (COVID-19) pandemic situation around the world, including Thailand, is recovering and not severe compared to the prior year's corresponding period. AOT received a positive factor from high season of Thailand tourism in this quarter. In addition, Thai people like to travel abroad during the winter season. As a result, the number of passengers continues to increase and recover.

In this quarter, there are several consecutive holidays and entering the New Year's season 2023. AOT is ready to facilitate passengers travelling through all six airports including Suvarnabhumi Airport, Don Mueang International Airport, Chiang Mai International Airport, Mae Fah Luang Chiang Rai International Airport, Phuket International Airport and Hat Yai International Airport and keep continuing to comply with measures to prevent the spread of COVID-19 including being aware of the return to service in the New Normal era. During this period, tourism begin to recover, and more passengers use the airport service. Technologies and innovations developed by AOT will be used to develop services in all dimensions and to provide passengers with the utmost convenience. AOT therefore presents the SAWASDEE by AOT application, which passengers can check information and flight status in real-time along with an intelligent notification system when the departure time is approaching, check luggage status, reserve parking, book a taxi, search for public transportation information including service advice and complaints. The brand-new function, Queue Times will

make travel planning easier which shows information on waiting times in all 3 zones within the airports. Passengers can check congestion and duration in the check-in area, screening area and immigration area by themselves through the application, etc. However, during peak hours at the airports, it may cause long queues at service counters for a long time. Passengers are advised to use Kiosks for check-in and baggage drop-off, which are easy to use. AOT has installed kiosks scattered in various areas in the passenger terminal along with the airport staff to give advice and facilitate use. Moreover, AOT has integrated work with related departments in order to facilitate passengers and provide services with maximum efficiency.

Although the COVID-19 pandemic situation has unraveled and tends to improve continuously compared to that of the prior year's corresponding period, AOT remained imposing measures to help airlines and concessionaires under its responsibility, who are the important supply chain of the airport and airlines industry, to enable them to maintain and continue their operation. 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 responsibility for another year from the expiration date of the existing concession period. In addition, on August 24th, 2022, AOT's Board of Directors approved an incentive scheme for airlines operating at six airports under AOT's responsibility for international and domestic scheduled flights that are new routes for passenger flights only from November 1st, 2022 – October 31st, 2025 by giving a discount on landing charges, parking charges and boarding bridge charges for 95% in the first year and 75% in the second and third years. However, the extension and postponement mentioned above must be in accordance with the terms and conditions prescribed by AOT who reserves the right to change, amend, or cancel the conditions as appropriate, depending on the COVID-19 situation.

In the first quarter of FY 2023, the air traffic volume of the six airports under AOT's responsibility increased by 105.04% or 150,378 flights compared to that of the corresponding period of the prior year, comprising 66,829 international flights and 83,549 domestic flights. The total number of passengers increased by 232.93% or 23.01 million passengers compared to that of the corresponding period of the prior year, comprising 10.98 million international passengers and 12.03 million domestic passengers.

1. Analysis of operations

1.1 Operating results for the three-month period ended December 31st, 2022

Unit: Million Baht

	Q1/2023	Q1/2022	Increase (decrease)	% YoY
Revenues from sales or services	8,824.02	2,327.33	6,496.69	279.15
<i>Aeronautical revenue</i>	4,351.10	852.52	3,498.58	410.38
<i>Portion</i>	49%	37%		
<i>Non-aeronautical revenue</i>	4,472.92	1,474.81	2,998.11	203.29
<i>Portion</i>	51%	63%		
Other income	48.05	558.04	(509.99)	(91.39)
Total revenues	8,872.07	2,885.37	5,986.70	207.48
<u>Less</u> Total expenses	7,626.07	7,540.15	85.92	1.14
Profit (loss) from operating	1,246.00	(4,654.78)	5,900.78	126.77
<u>Less</u> Share of loss from investment in associate	0.02	0.06	(0.04)	(66.67)
<u>Less</u> Finance cost	728.25	738.79	(10.54)	(1.43)
Profit (loss) before income tax	517.73	(5,393.63)	5,911.36	109.60
<u>Less</u> Income tax expenses (revenues)	115.58	(1,090.37)	1,205.95	110.60
Net profit (loss) for the period	402.15	(4,303.26)	4,705.41	109.35
Profit (loss) attributable to:				
Equity holders of the Company	342.77	(4,271.66)	4,614.43	108.02
Non-controlling interests of the subsidiaries	59.38	(31.60)	90.98	287.91
Earnings (loss) per share (Baht)	0.02	(0.30)	0.32	106.67

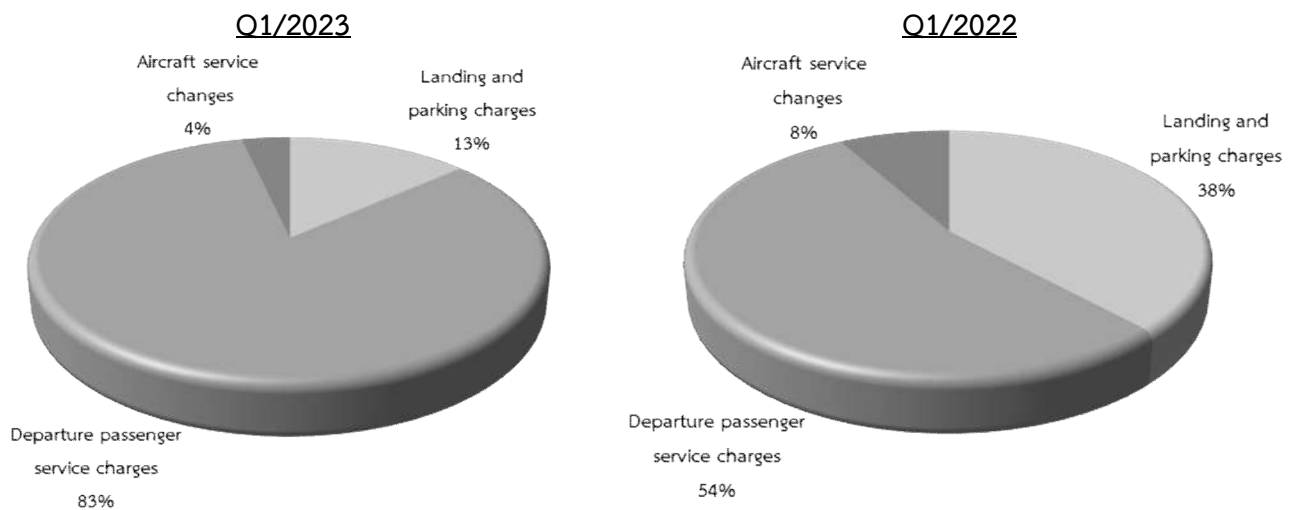
For the three-month period ended December 31st, 2022, AOT generated net profit of Baht 342.77 million. Operating results increased from those of the prior year's corresponding period with a net loss of Baht 4,271.66 million. Revenues from sales or services increased by Baht 6,496.69 million or 279.15% as a result of an increase in aeronautical revenue of Baht 3,498.58 million or 410.38% and non-aeronautical revenue of Baht 2,998.11 million or 203.09% because of a rise in the number of flights and passengers. Other income decreased by Baht 509.99 million or 91.39%. Total

expenses increased by Baht 85.92 million or 1.14% mainly due to an increase in employee benefit expenses, outsourcing expenses and utilities expenses, while other expenses and loss on derivatives decreased. In addition, finance cost decreased by Baht 10.54 million or 1.43%. Income tax expenses increased by Baht 1,205.95 million or 110.60%, which was in line with an increase in operating results.

1.2 Aeronautical Revenue

Unit: Million Baht

	Q1/2023	Q1/2022	Increase (decrease)	%YoY
Landing and parking charges	589.93	324.63	265.30	81.72
Departure passenger service charges	3,606.33	458.30	3,148.03	686.89
Aircraft service charges	154.84	69.59	85.25	122.50
Total	4,351.10	852.52	3,498.58	410.38



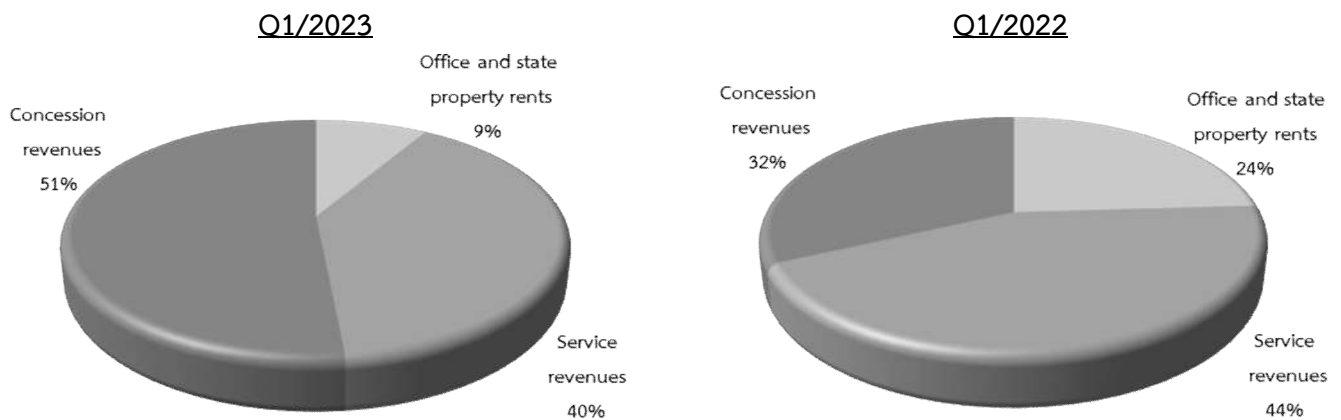
A proportion of aeronautical revenue in each type of the first quarter of FY 2023 differed significantly from that of the corresponding period of the prior year. The majority of aeronautical revenue arose from departure passenger service charges.

For the three-month period ended December 31st, 2022, aeronautical revenue of Baht 4,351.10 million increased by Baht 3,498.58 million or 410.38% compared to that of the corresponding period of the prior year because departure passenger service charges increased by Baht 3,148.03 million or 686.89% due to a 232.93% increase in the total number of passengers in the six airports. Moreover, landing and parking charges increased by Baht 265.30 million or 81.72% because of a flight increase of 105.04%.

1.3 Non-Aeronautical Revenue

Unit: Million Baht

	Q1/2023	Q1/2022	Increase (decrease)	%YoY
Office and state property rents	385.45	354.88	30.57	8.61
Service revenues	1,782.08	649.32	1,132.76	174.45
Concession revenues	2,305.39	470.61	1,834.78	389.87
Total	4,472.92	1,474.81	2,998.11	203.29



A proportion of non-aeronautical revenue in each type of the first quarter of FY 2023 differed significantly from that of the corresponding period of the prior year. The majority of non-aeronautical revenue came from concession revenues and service revenues.

For the three-month period ended December 31st, 2022, non-aeronautical revenue of Baht 4,472.92 million increased by Baht 2,998.11 million or 203.29% compared to that of the corresponding period of the prior year due to an increase in concession revenues of Baht 1,834.78 million or 389.87% in line with an increase in the number of passengers and service recipients in the airports. The increase was mainly due to duty-free, commercial trade and catering concession revenues. Moreover, service revenues increased by Baht 1,132.76 million or 174.45% mainly due to an increase in ground aviation service, advance passenger processing service fees, and boarding facilitation charges, in line with the rise in the total number of passengers and flights.

1.4 Other income

Unit: Million Baht

	Q1/2023	Q1/2022	Increase (decrease)	%YoY
Gain on foreign exchange	-	359.45	(359.45)	(100.00)
Interest income	4.82	21.27	(16.45)	(77.34)
Gain on sales of assets	0.07	5.69	(5.62)	(98.77)
Discount on state property rental	-	119.63	(119.63)	(100.00)
Other income	43.16	52.00	(8.84)	(17.00)
Total	48.05	558.04	(509.99)	(91.39)

Other income for the three-month period ended December 31st, 2022 of Baht 48.05 million decreased by Baht 509.99 million or 91.39% compared to that of the corresponding period of the prior year mainly due to a decrease in gain on foreign exchange of Baht 359.45 million resulting from the foreign currency translation of long-term loans in Japanese Yen. Discount on state property rental decreased by Baht 119.63 million because the Treasury Department reduced the state property rental in 2021 for AOT in the prior year due to COVID-19 pandemic. Therefore, the state property rental for the revenue sharing method of Suvarnabhumi Airport was reduced.

1.5 Total expenses

Unit: Million Baht

	Q1/2023	Q1/2022	Increase (decrease)	%YoY
Employee benefit expenses	2,439.22	1,828.25	610.97	33.42
Utilities expenses	807.14	586.05	221.09	37.73
Outsourcing expenses	959.68	599.92	359.76	59.97
Repairs and maintenance	510.74	430.72	80.02	18.58
State property rental	0.06	75.35	(75.29)	(99.92)
Depreciation and amortisation expenses	2,223.17	2,292.82	(69.65)	(3.04)
Loss on foreign exchange	14.60	-	14.60	100.00
Loss (reversal of loss) on impairment of assets	70.45	(29.34)	99.79	340.12
Loss on derivatives	8.09	299.61	(291.52)	(97.30)
Other expenses	592.92	1,456.77	(863.85)	(59.30)
Total	7,626.07	7,540.15	85.92	1.14

For the three-month period ended December 31st, 2022, total expenses of Baht 7,626.07 million increased by Baht 85.92 million or 1.14% compared to those of the corresponding period of the prior year. The significant change was due to an increase in employee benefit expenses of Baht 610.97 million arising from setup accrued bonus for employee and employment of subsidiaries, AOT Aviation Security Company Limited and AOT Ground Aviation Services Company Limited. There were increases in outsourcing expenses of Baht 359.76 million, utilities expenses of Baht 221.09 million, loss on impairment of assets of Baht 99.79 million. In addition, repairs and maintenance increased by Baht 80.02 million, while other expenses decreased by Baht 863.85 million mainly came from provisions for litigation liabilities because in the prior year, the Central Administrative Court ordered AOT to make payment to the plaintiff in the dispute regarding the contract for management and transportation of logistics services in free zone area at Suvarnabhumi Airport. Loss on derivatives decreased by Baht 291.52 million due to changes in fair value of derivatives. State property rental decreased by Baht 75.29 million. Moreover, depreciation and amortisation expenses decreased by Baht 69.65 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, 2022 of AOT is as follows:

	Unit: Million Baht			
	31 Dec 2022	30 Sep 2022	Increase (decrease)	% change
Total assets	183,229.54	183,812.92	(583.38)	(0.32)
Total liabilities	80,315.07	81,294.32	(979.25)	(1.20)
Total equity	102,914.47	102,518.60	395.87	0.39

Material changes in assets, liabilities and equity as at December 31st, 2022 compared to those as at September 30th, 2022 are as follows:

2.1 Analysis of assets

Total assets as at December 31st, 2022 of Baht 183,229.54 million decreased by Baht 583.38 million or 0.32% from September 30th, 2022 as detailed below.

2.1 Analysis of assets (cont'd)

Unit: Million Baht

	31 Dec 2022	30 Sep 2022	Increase (decrease)	% change
Current assets	8,845.81	8,476.21	369.60	4.36
Non-current trade accounts receivable	625.11	619.26	5.85	0.94
Other non-current financial assets	1,219.66	1,227.51	(7.85)	(0.64)
Investments	74.73	74.70	0.03	0.04
Property, plant and equipment and investment properties	124,614.11	124,452.80	161.31	0.13
Right-of-use assets	30,460.42	31,269.37	(808.95)	(2.59)
Deferred tax assets	11,208.62	11,313.34	(104.72)	(0.93)
Other non-current assets	6,181.08	6,379.73	(198.65)	(3.11)
Total assets	183,229.54	183,812.92	(583.38)	(0.32)

Current assets of Baht 8,845.81 million increased by Baht 369.60 million or 4.36% due to an increase in trade accounts receivable of Baht 434.33 million. Furthermore, cash and cash equivalents increased by Baht 76.13 million, while other current assets decreased by Baht 116.23 million. There were no significant changes in other categories of current assets (e.g., other receivables, inventories and supplies, and other current financial assets) compared to those of the prior year.

Property, plant and equipment and investment properties totaling Baht 124,614.11 million increased by Baht 161.31 million or 0.13% mainly arising from the increase in assets under construction of Suvarnabhumi Airport.

Right-of-use assets of Baht 30,460.42 million decreased by Baht 808.95 million or 2.59% due to the gradual depreciation over the lease term.

Deferred tax assets of Baht 11,208.62 million decreased by Baht 104.72 million or 0.93% due to net profit incurred during the period.

Other non-current assets of Baht 6,181.08 million decreased by Baht 198.65 million or 3.11% due to a decrease in advance payment of Baht 204.95 million mainly arising from the Suvarnabhumi Airport's construction project. Moreover, intangible assets decreased by Baht 49.57 million due to the decrease in right to use computer software, while receivables from the Revenue Department increased by Baht 64.23 million.

2.2 Analysis of liabilities

Total liabilities as at December 31st, 2022 of Baht 80,315.07 million decreased by Baht 979.25 million or 1.20% from those of September 30th, 2022 as detailed below.

Unit: Million Baht

	31 Dec 2022	30 Sep 2022	Increase (decrease)	% change
Current liabilities	15,779.30	14,495.05	1,284.25	8.86
Long-term loans – net of current portion	2,823.47	3,314.38	(490.91)	(14.81)
Lease liabilities – net of current portion	52,756.55	54,676.53	(1,919.98)	(3.51)
Employee benefit obligations	4,893.22	4,786.52	106.70	2.23
Non-current derivative liabilities	1,033.47	1,093.81	(60.34)	(5.52)
Other non-current liabilities	3,029.06	2,928.03	101.03	3.45
Total liabilities	80,315.07	81,294.32	(979.25)	(1.20)

Current liabilities of Baht 15,779.30 million grew by Baht 1,284.25 million or 8.86% due to an increase in other payables of Baht 2,049.11 million which mainly arose from the increase of accrued expenses related to state property rental, a return of revenue from fine, and APPS expenses. Moreover, short-term loans from financial institutions, which are used to support the operation, increased by Baht 1,893.79 million. While work in processes payable decreased by Baht 2,371.07 million mainly arising from the payment for Suvarnabhumi Airport's construction project. Furthermore, trade accounts payable decreased by Baht 403.22 million.

Long-term loans – net of current portion of Baht 2,823.47 million decreased by Baht 490.91 million or 14.81% due to repayment of borrowings.

Lease liabilities – net of current portion of Baht 52,756.55 million decreased by Baht 1,919.98 million or 3.51% due to gradual payment of the lease liabilities and reclassification a part of the lease liabilities.

Employee benefit obligations of Baht 4,893.22 million increased by Baht 106.70 million or 2.23% due to an increase of provisions for long-term employee benefit.

Non-current derivative liabilities of Baht 1,033.47 million decreased by Baht 60.34 million or 5.52% due to the measurement of the fair value of financial instruments.

Other non-current liabilities of Baht 3,029.06 million increased by Baht 101.03 million or 3.45% mainly arose from a retention due to the Suvarnabhumi Airport's construction project.

2.3 Analysis of equity

Total equity as at December 31st, 2022 of Baht 102,914.47 million increased by Baht 395.87 million or 0.39% from that of September 30th, 2022 as detailed below.

Unit: Million Baht

	31 Dec 2022	30 Sep 2022	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	73,908.00	73,565.24	342.76	0.47
Other components of shareholders' equity	899.09	905.36	(6.27)	(0.69)
Non-controlling interests of the subsidiaries	1,254.01	1,194.63	59.38	4.97
Total shareholders' equity	102,914.47	102,518.60	395.87	0.39

Retained earnings of Baht 73,908.00 million increased by Baht 342.76 million or 0.47% due to a net profit incurred during the period.

3. Analysis of liquidity

As at December 31st, 2022, cash and cash equivalents of Baht 3,873.78 million increased by Baht 76.13 million from those of September 30th, 2022 as detailed below.

Unit: Million Baht

	Q1/2023
Cash flows from in operating activities	3,277.25
Cash flows used in investing activities	(3,501.88)
Cash flows from in financing activities	300.76
Net increase in cash and cash equivalents	76.13
Cash and cash equivalents at the beginning of the period	3,797.65
Cash and cash equivalents at the end of the period	3,873.78

Changes in cash and cash equivalents for the three-month period ended December 31st, 2022 are described as follows:

Net cash generated from operating activities of Baht 3,277.25 million arose from operating results of the current period.

Net cash used in investing activities of Baht 3,501.88 million resulted from the payment for investment in property, plant and equipment of Baht 3,501.61 million.

Cash used in financing activities of Baht 300.76 million mainly resulted from net short-term loans of Baht 1,893.79 million, while the repayment of interest and long-term loans of Baht 926.88 million and Baht 559.26 million respectively.

4. Ratio analysis

	Q1/2023	Q1/2022
Profitability ratio		
Ratio of profit (loss) from operations to revenue from operations (%)	14.12	(200.00)
Return on equity (ROE) (%)	0.34	(3.88)
Return on total assets (ROA) (%)	0.19	(2.25)
	31 Dec 2022	30 Sep 2022
Financial structure and liability ratio		
Debt to equity ratio (Time)	0.78	0.79
Liquidity ratio (Time)	0.56	0.58

The profitability ratio increased compared to that of the corresponding period of the prior year due to the recovery of COVID-19 situation resulting in the air traffic volume of AOT has increased. While, in terms of financial structure, AOT was able to maintain its debt-to-equity ratio of less than one time, but the liquidity ratio is less than one time.

5. Factors affecting future operating results

Since early 2022, the COVID-19 pandemic situation has unraveled. Many countries have relaxed various measures related to travel in and out of the country. As a result, the number of foreigners traveling to Thailand increase consecutively. In June 2022, AOT has forecasted air traffic volume. It expects that in the fiscal year 2023, all six airports will be a total of 95.70 million passengers recovering by 68% compared to the year before the spread of COVID-19. For the fiscal year 2024, AOT expects the total number of 141.57 million passengers, with the recovery of 99%, which are the same rate as that in the fiscal year 2019 (before the spread of COVID-19). However, the forecast number of passengers during the period has many important factors must be closely monitored, for example, the reopening policy of the People's Republic of China (PRC), the probability of the new COVID-19 variant infections or other outbreaks, as well as the impact of the Russia-Ukraine war.

As the PRC has a policy to reopen the country from January 8th, 2023 onwards, people can travel abroad. Thailand is considered as travel destination for tourists around the world including Chinese. However, Thai government has already put in place public health measures to support the traveling to Thailand. AOT is well-prepared to provide services to both domestic and international passengers by collaborating with government agencies, airlines, and concessionaires to ensure that services provided to travelers from all over the world are convenient, fast, and safe, as well as to support the work of all related departments in order to build confidence and serve as the gateway to Thailand to welcome and impress visitors. Moreover, this can be a key mechanism for the government to revitalize the country's economy and tourism.

AOT as a state enterprise manages all six major airports of the country, which are the major infrastructure to support the air traffic volume and passengers from various regions both domestically and internationally. AOT continue to carry out the projects as planned in order to prepare for the increasing of air traffic volume in the future. The cabinet meeting on November 29th, 2022, approved the Don Mueang International Airport Development Project Phase III, the budget is Baht 36,829 million, with a total construction period of seven years (from 2023 - 2029). Currently, Don Mueang International Airport can accommodate 30 million passengers per year. If the project is completed, it will enhance the capacity of the airport to accommodate approximately 40 million passengers per year.

AOT hosted the “AOT Sister Airport CEO Forum 2022” during November 30th, 2022 to December 2nd, 2022, to exchange knowledge, experiences, and perspectives on airport management in a changing global environment, promote cooperation to increase opportunities for building a strong network of business alliances. Moreover, to exchange best practices in adoption of innovation and technology to enhance service quality for world-class standards, and to promote cooperation of all relevant organizations at the international level as well as supporting air transport linkage which will help drive Thailand’s economy to grow sustainably.

On December 10th, 2022, AOT was announced on the world stage as a member of Dow Jones Sustainability Indices 2022 or DJSI 2022 at the DJSI World level for the 4th consecutive year and Emerging Market for the 8th consecutive year in the Transportation and Transportation Infrastructure, which was ranked the first among all airports participating in the assessment. DJSI 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.

In addition, AOT was selected to host for “The Route Development Forum for Asia 2023 (RAS2023)” in Chiang Mai Province during February 14th, 2023 to February 16th, 2023. The meeting is the biggest Asia aviation business forum with over 1,000 attendees, holding for airlines and airports executives and also aviation and tourism agencies from all over the world. Aiming to create Thai’s route network and represent the ability to serve passengers and airlines over the world greater than region’s competitors. The meeting will be beneficial to overall economy, both macroeconomics and microeconomics, encourage tourism and aviation industries of Thailand. It is an opportunity for Thailand to represent the ability and preparedness to support the growth of the world's aviation industry that tends to grow rapidly for the present and future.

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