

Ref. AC 23/008

February 28, 2023

Re: Management Discussion and Analysis of the Operating Performance for the year 2022

To: President

The Stock Exchange of Thailand

Amata Corporation Public Company Limited ("AMATA" or "The Company") and its subsidiaries would like to report the operating performance results of the company for the year 2022 as follows:

### **Economic and Industry Situation**

The global economy is still affected by the COVID-19 pandemic which continuously spread throughout the world as well as the war between Russia and Ukraine that are not yet over so the impacts on the food and energy market still be seen. According to the report from the World Economic Situation and Prospects 2023 stated the world GDP in 2023 forecasted to be around 1.9 percent. While the world economic outlook report from International Monetary Fund (IMF) forecasted that the world GDP will stay at 2.9 percent and 3.1 percent in 2023 and 2024 respectively. On the other hand, for the global inflation IMF forecasted to be around 6.6 percent and 4.3 percent in 2023 and 2024 reduced by 8.8 percent in 2022. Furthermore, the Bank of Thailand believed that in the future investors will have stronger confidence since the US inflation might be lower, China has opened the country faster than expected, and foresaw that the Federal Reserve System (FED) might delay the interest rate hike as well.

Thai economy has recovered well in December 2022 and likely to continue improve according to the report of the Bank of Thailand (BOT) stated that the tourism and private consumption sectors will have positive benefits from Chinese tourists and expected that tourists will return to 25.5 million in 2023 and 34 million in 2024. Exports are expected to slow down in 2023 but will improve in 2024 in line with global economic trends. For Thailand's inflation in December 2022 was at 5.89 percent increased from the previous month due to food and energy sector while the average headline inflation was at 6.08 percent; however, BOT forecasted that the inflation tends to decrease due to the lower price of energy and commodities. For Thailand's 2022 GDP according to the report from Office of National Economic and Social Development Council, expanded 2.6 percent increased from 1.5 percent in 2021 driven by the tourism recovery and continual improvement of domestic demand in both private consumption and investment. Furthermore, for 2023 projection has forecasted to expand in the range of 2.7 – 3.7 percent due to positive factors from tourism sector, private and public investment, private consumption and agriculture sector.

For investment in Thailand, the Board of Investment of Thailand (BOI) reported that in 2022, there were total 2,119 requests for investment promotion applications, increased 41 percent from the previous year. The total investments amount value up to 664,630 million baht increased 39 percent from the previous year

which half were from the EEC area. The target industries are automotive and parts, electronics and appliances, biotechnology, and other industries. However, BOI has believed that in the next few years there will be more realistic investment since the issuance of investment promotion seem to be better. For the foreign investment (FDI) side, the value has increased by 36 percent compared to the previous year. The top FDI value ranking were from China, Japan, the United States, Taiwan and Singapore. Investment trends for 2023, the BOI expects that Thailand will be able to maintain investments of at least 500,000-600,000 million Baht because Thailand has very good infrastructure, not in the area of geopolitical conflicts, and there is a new investment promotion measures which attractive to investors.

### **Business Overview**

Amata Corporation PCL., (The Company) established in 1989, the world's leading private developer and operator of industrial real estate sites, or "industrial cities". The company specialize in the planning, developing, managing, and marketing these industrial estates as well as entire related businesses. Furthermore, the company also strictly on environmental protection and strives to create "A Perfect City" to improve quality of life of the people working in the industrial estates and people in surrounding communities, so that they can work and live happily.

As of 31 December 2022, Amata has developed industrial estates in four countries which are Thailand, Vietnam, Myanmar and Laos. The total areas were approximately 88,663 Rais.

### **Sustainability Goals and Guidelines**

Amata gives priority to climate change issues and committed to take part in reducing the climate change effects. The company announced intention to reduce greenhouse gas emissions and had formulated the policies and the management approaches to tackle the climate change problem as follow:

- Target to be a Carbon Neutral City in 2040 with a business development plan to build Amata Smart City projects that focus on energy efficiency through the support of technology and low carbon energy sources as well as application of the principles of circular economy to the work process.
- Mitigate the impact of climate change effects. The Company has considered the sustainable management of all types of water as a very significant issue, i.e. raw water, consumption water, wastewater and flood by continuously developing the water management project for each type of water including the provision of raw water reserves to be at least 150%.

### **Sustainability Performance**

- **Greenhouse Gas Emission and Energy Management**

The Company recognizes the importance of reducing greenhouse gas emissions, especially from indirect activities from the use of electricity. Therefore, the company encourage and support the use

of renewable energy while reduce fossil fuel consumption as well as promoted energy saving in office and common areas.

- **Circular Water Management**

The Company realized the importance of efficient water management prevention and correction by established the Water Management Committee to be responsible for water management. The company also built reservoirs within the industrial estate and secured water reserve from outside suppliers which now there were total 19 reservoirs with a total storage capacity of 61.4 million cubic meters that can stored surface water for more than 150 percent of the total demand. Furthermore, from 100% of treated wastewaters, 57% was reproduced to high quality water through water reclamation system. Therefore, in case of a severe drought crisis, Amata can be able to have water for production and consumption up to 18 months.

- **Solid and Industrial Waste Management**

Over 1,000 industrial plants are in AMATA Industrial Estates in Thailand together with more than 300,000 employees, these can generate a large amount of solid waste and industrial waste each year. The company is aware of the responsibility for waste management and had setup a Waste Management Policy to minimize the environmental impacts as well as to comply with the laws. The Company has set the target to reduce solid waste to landfill as much as possible by using circular economy concept. All wastes will be sorted and classify for recycling and Refuse-derived fuel (RDF) production before disposed by landfill method. Currently, there was only 0.06% wastes that still required to be disposed by the landfill method.

## **Significant Events**

### **Amata Smart and Eco City Natuey**

On 11 January 2022, Amata signed a first concession agreement with the government of Lao PDR through the subsidiary company, Amata City Lao Company Limited, total area was 410 hectares or 2,563 Rais to develop Amata Smart and Eco City Natuey, the first investment project in Lao PDR. Location is near Natuey Railway Station and only 20 kilometers from Laos-China border.

### **Amata Smart and Eco City Namor**

On 25 August 2022, Amata signed a concession agreement with the government of Lao PDR to commence developments of AMATA Smart and Eco City Namor located in Oudomxay province, the total area for the first phase was 3,150 hectares or 19,687 Rais. The purpose of the investment was to develop a new smart industrial estate with environmental sustainability. Furthermore, Laos has strategic location that close access to four neighboring countries together with the developments of rail and highway infrastructure to connect major cities, air and seaports beyond country borders, these could attract FDI to the country.

**THB 2,000 million Bond Issuance**

On 3 October 2022, Amata issued senior unsecured bond amount THB 2,000 million offered in three tranches including 1-year amount THB 850 million with coupon rate 2.05%, 2-years amount THB 700 million with coupon rate 2.68% and 3-years amount THB 450 million with coupon rate 3.05%.

**Grand Opening Hotel Nikko Amata City Chonburi**

On 7 October 2022 Amata has launched grand opening ceremony for Hotel Nikko Amata City Chonburi which is a joint venture between Amata, Fujita Corporation, a company under Daiwa House Group Japan and the Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN). The hotel will fulfill smart community approach which to provide comfortable and smart living infrastructure.

**COD Amata B.Grimm Power 1 and Amata B.Grimm Power2**

On 29 November 2022 and 28 December 2022, Amata B.Grimm Power 1 and 2 has successfully COD of new combined-cycle cogeneration power plants with an installed capacity of 140 megawatts each to replace the existing power plants located in Amata City Chonburi.



## Operating Performance Summary Year-Ended 31 December 2022

### 2022's performance versus 2021's performance

- Total revenues reported at Baht 8,049 million, increased by 38%
- Share of profit from investments in associates and JV at Baht 342 million, down 35%
- Net profit posted at Baht 2,341 million, rose 67%

|   | Year    | Year    | Increase/(Decrease) |        |
|---|---------|---------|---------------------|--------|
|   | 2022    | 2021    | Million Baht        | %      |
| Total revenues  | 8,049.2 | 5,841.8 | 2,207.5             | 37.8   |
| Total expenses  | 4,379.1 | 3,601.3 | 777.8               | 21.6   |
| Share profit from investments in associates and joint venture | 342.2   | 524.4   | (182.2)             | (34.8) |
| Profit for the period   | 2,341.4 | 1,402.3 | 939.1               | 67.0   |
| Basic earnings per share (THB/share)                          | 2.04    | 1.22    |                     |        |

### • Operating Performance Analysis of Core Businesses

|                                | Year    | Year    | Increase/(Decrease) |        |
|--------------------------------|---------|---------|---------------------|--------|
|                                | 2022    | 2021    | Million Baht        | %      |
| Revenue from real estate sales | 2,880.6 | 2,196.3 | 684.3               | 31.2   |
| Gross profit margin            | 62%     | 46%     |                     |        |
| Revenue from utility services  | 2,800.8 | 1,976.6 | 824.3               | 41.7   |
| Gross profit margin            | 25%     | 31%     |                     |        |
| Revenue from rental            | 820.3   | 924.0   | (103.7)             | (11.2) |
| Gross profit margin            | 76%     | 74%     |                     |        |

### Industrial Estate Development Business

In 2022, AMATA reported revenue from real estate sales at Baht 2,880.6 million, rose Baht 684.3 million or 31.2% from last year. The Company transferred and recognized 616 Rais of land (Thailand 571 Rais and Vietnam 45 Rais) in 2022 increased from 2021 that transferred and recognized at 587 Rais of land (Thailand 265 Rais and Vietnam 322 Rais). The gross profit margin was at 62%, increased from the previous year 46% because in 2022 there were more lands transferred from Thailand's Industrial Estate which generate higher gross profit margin compare to other areas more than in 2021.

### Utility Services Business

AMATA achieved utility services revenue of Baht 2,800.8 million in 2022, increased Baht 824.3 million or 41.7% year on year mainly from higher consumption both in Thailand and Vietnam. However, the gross profit margin decreased from 31% to 25% in 2022 since there were more investment in utility services in Vietnam Industrial Estate.

## Rental Business

Amata reported rental income of Baht 820.3 million for 2022, down by Baht 103.7 million or 11.2% compared to 2021 since there were 24 ready built factories (RBF) sold out in Vietnam, so the total number of RBF for rent has been decreased. However, the gross profit margin increased from 74% in 2021 to 76% in 2022.

## Other Income

|   | Year    | Year  | Increase/(Decrease) |        |
|---|---------|-------|---------------------|--------|
|   | 2022    | 2021  | Million Baht        | %      |
| Finance income                          | 88.8    | 41.8  | 47.0                | 112.4  |
| Gains on sales of investment properties | 1,360.7 | 449.9 | 910.8               | 202.4  |
| Gains on exchange                       | 76.1    | 190.6 | (114.4)             | (60.1) |
| Other income                            | 110.7   | 104.5 | 6.2                 | 5.9    |

The Company reported finance income at Baht 88.8 million in 2022, increased by Baht 47 million or 112.4%. There was a gain on sales of investment properties amount Baht 1,360.7 million, increased Baht 910.8 million or 202.4% because there were 24 ready built factories sold in 2022 while only 10 sold in 2021 from Vietnam. Gain on exchange amount Baht 76.1 million in 2022 decreased Baht 114.4 million or 60.1 % compared to 2021 while other income was Baht 110.7 million in 2022 increased Baht 6.2 million or 5.9% from the same period last year.

## Expense

|                                   | Year  | Year  | Increase/(Decrease) |       |
|-----------------------------------|-------|-------|---------------------|-------|
|                                   | 2022  | 2021  | Million Baht        | %     |
| Selling and distribution expenses | 204.4 | 136.4 | 68.0                | 49.9  |
| Administrative expenses           | 787.7 | 695.7 | 92.0                | 13.2  |
| Finance cost                      | 472.1 | 493.5 | (21.4)              | (4.3) |
| Income tax expenses               | 465.9 | 351.6 | 114.3               | 32.5  |

Selling and distribution expenses for 2022 was recorded at Baht 204.4 million, increased by Baht 68.0 million or 49.9% compared 2021 due to larger amount of the land transferred fees to customers. Administrative expenses of 2022 were Baht 787.7 million increased Baht 92.0 million or 13.2% compared to 2021 from Vietnam project expansion. Finance cost in 2022 was at Baht 472.1 million decreased Baht 21.4 million or 4.3% compared to 2021. Income tax expenses was Baht 465.9 million increased by Baht 114.3 million or 32.5% in 2022.

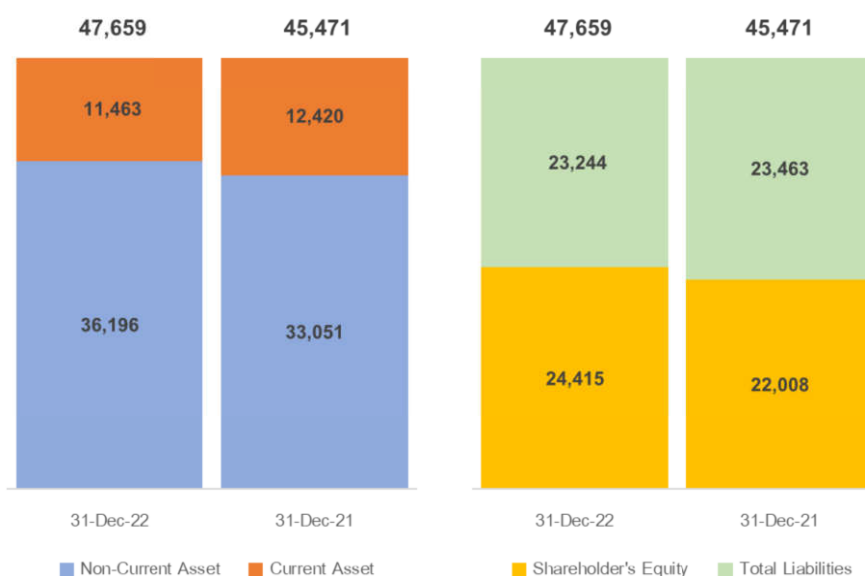
- **Share of Profit from Investments in Associates and Joint Venture**

The Company reported share of profit from investments in associates and joint venture in 2022 was Baht 342.2 million, decrease by Baht 182.2 million or 34.8% from 2021. The main declining reason was from higher cost of natural gas on both power plant group and natural gas supply business.

- **Net Profit**

The net profit of 2022 achieved Baht 3,163.1 million, increased by Baht 1,201.6 million or 61.3% from 2021. Increase of the net profit mainly came from higher revenue from real estate sales, utility revenue and gain on sale of investment properties.

### Financial Position



- **Assets**

As of 31 December 2022, the Company had total assets of Baht 47,659 million increased Baht 2,188 million or 4.8 percent from 31 December 2021, from non-current assets in terms of deposits for purchase of land, land preparation for sale and asset increased from an industrial estate in Vietnam.

- **Liabilities**

As of 31 December 2022, the Company had total liabilities of Baht 23,244 million decreased Baht 218 million or 0.9 percent from 31 December 2021, mainly from the long-term loan repayment.

- **Shareholder's Equity**

As of 31 December 2022, the Company's shareholders' equity was Baht 24,415 million, increased Baht 2,406 million or 10.9 percent from 31 December 2021, mainly due to an increase in retained earnings from higher net profit.

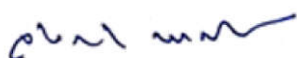
**Financial Ratio**

| Ratio                                   | 2022  | 2021  |
|---|-------|-------|
| Current Ratio (time)                    | 1.32  | 1.53  |
| Return on Asset (%)                     | 8.81  | 6.55  |
| Return on Equity (%)                    | 12.59 | 8.40  |
| Debt to Equity (Time)                   | 1.19  | 1.32  |
| Gross Profit Margin (Core Business) (%) | 47.91 | 45.67 |

For your information.

Yours sincerely,

**AMATA CORPORATION PUBLIC COMPANY LIMITED**



(Mr. Chackchai Panichapat)

DIRECTOR