



(Translation)

EM.083/ 2023

11 May, 2023

Re: Management Discussion and Analysis
For the Operating Results ended March 31, 2023

To: President
The Stock Exchange of Thailand

Management Discussion and Analysis For the Operating Results ended March 31, 2023

1. Report and Analysis of Performance

As announced by the World Health Organization (WHO), the COVID-19 pandemic is no longer considered a global health emergency. This official declaration marks the end of the global emergency status that has been in place for over three years. Meanwhile, according to data from the Tourism Authority of Thailand (TAT), the number of tourists entering Thailand in the first quarter of 2023 has increased by more than 12 times compared to the same period in 2022, with a total of 6.5 million tourists. Among them, 517,270 are Chinese tourists, an increase of more than 37 times compared to the same period in 2022 when there were only 13,738 Chinese tourists. The top five countries tourist travel to Thailand during this period are Malaysia, Russia, China, South Korea, and the United States, respectively, which are significant factors driving the recovery of the tourism and airline industries, in line with the government's expectations.

However, in the short term, there may be factors affecting the travel of Chinese tourists entering Thailand. This is due to screening to obtain quality tourists and to eliminate issues related to "zero-dollar tours" and "Unlawful tours" by the Ministry of Foreign Affairs, which has implemented stricter visa requirements for Chinese tourists since May 8, 2023. All Chinese tourists must apply for a visa, and must upload documents showing their flight and hotel reservations, proof of payment, and bank accounts with at least 10,000RMB through an online system, which will be evaluated on a case-by-case basis. This has caused inconvenience for tour companies that previously applied for group visas for Chinese tourists, which increases operating costs. However, group visas can still be obtained through the e-visa system, only for tour companies registered to confirm their status and comply with the screening process established by the government with the embassy or consulate in China. The TAT still believes that the target of 5 million Chinese tourists this year is still possible.



The amount of aviation fuel volume serviced by the group of companies in Q1/2023 at Suvarnabhumi Airport (BKK) and Don Mueang Airport (DMK) totaled was 1,069 million liters, an increase of 89% from Q1/2022 and an increase of 9% from Q4/2022, which was 566 million liters and 980 million liters, respectively. Meanwhile, the number of flights serviced by the group of companies for refueling grew at a similar rate, increasing by 87% from Q1/2022 and by 7% from Q4/2022.

For the fuel transportation services provided by Fuel Pipeline Transportation Co., Ltd. (FPT) through the Northern Fuel Pipeline Transportation Project (NFPT), the total volume of multi-fuel products transported through the pipeline in Q1/2023 was 207 million liters, representing a growth rate of 118% compared to Q1/2022 and a growth rate of 103% compared to Q4/2022 which were 95 million liters and 102 million liters, respectively.

	1Q/22	4Q/22	1Q/23	Growth	
				(q-o-q)	(y-o-y)
<u>Aviation Refuelling Services Business :</u>					
Aviation Fuel Volume (mil litres)	566	980	1,069	9%	89%
Flights ¹	31,993	55,798	59,741	7%	87%
<u>Fuel Pipeline Transportation Business :</u>					
Multi-products Fuel Volume of NFPT project ² (mil litres)	95	102	207	103%	118%

* 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

The total revenue in Q1/2023 amounted to 794.1 million baht, representing an increase of 44% from Q1/2022. The components of this revenue include:

1.1.1 Services Income and sales

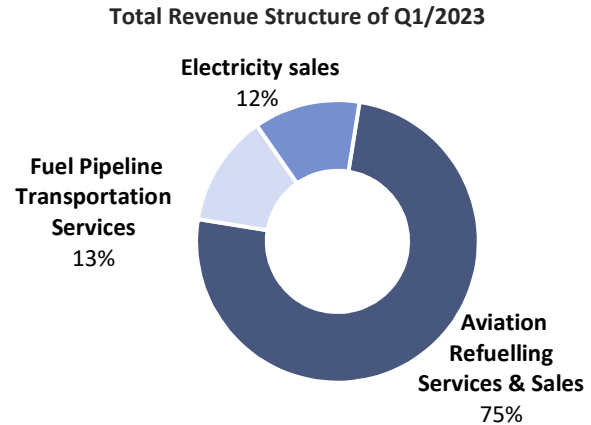
Services Income in Q1/2023 was 656.6 million baht, which increased by 85% from Q1/2022 due to the recovery of the aviation fuel volume provided by the group's companies. This was because the COVID-19 pandemic situation was easing, and the government lifted measures to prevent the spread of the disease, and many countries had reopened, especially China, which lifted measures on January 8, 2023, resulting in a significant increase in air travel compared to the same quarter of the previous year. In addition, revenue from the multi-products fuel transportation also increased due to the growth of the volume of multi-products fuel transported through the NFPT project, which showed a positive trend. However, in this quarter, the subsidiary company did not generate any revenue from selling aircraft refueling vehicles and equipment.



1.1.2 Revenue from Electricity sales

The group of companies recognized a revenue from the sale of electricity in the amount of 91.0 million baht, a decrease of 1% from Q1/2022, due to a slight decrease in electricity production volume.

For the total revenue proportion separating by business structure consisted of Aviation refueling services revenue and Sales at 75%, Fuel pipeline transportation services at 13% and Electricity sales at 12% respectively.



1.1.3 Dividend income

In Q1/2023, the group of companies received dividends from investments in the electricity production and distribution business amounting to 31.6 million baht, a decrease of 37% from Q1/2022 due to the dividends received in 2022 being from investments in the electricity production and distribution business in Japan based on the operations in 2020 and 2021.

1.1.4 Others Income

The other income of the group of companies amounted to 14.9 million baht, decreased by 69% from Q1/2023, due to the fact that in Q1/2022, the group of companies recorded accounting profit from the interpretation that the lessee was responsible for paying land lease fees under the lease agreement for the right to manage property, which is a one-time accounting item amounting to 38.5 million baht.

1.2 Expenses

1.2.1 Cost of services and Cost of electricity sales

The group of companies had a total service and sales cost of 410.3 million baht, an increase of 15% from Q1/2022, which is consistent with the increased revenue. Meanwhile, the sales cost decreased by 11.2 million baht due to the unrecognized revenue from the sales of aircraft refueling trucks and equipment in this quarter.

For the electricity production and distribution business, the cost of selling electricity amounted to 35.5 million baht.

The company group had a gross profit of 301.7 million baht in Q1/2023, representing a gross profit margin of 40%, which was significantly improved from the 14% in Q1/2022.



1.2.2 Administrative Expenses

In Q1/2023, the group of companies had administrative expenses of 172.4 million baht, an increase of 11% from Q1/2022. The main reason was that the aircraft fuel services business had operated profitably again since Q3/2022. Therefore, the company considered canceling the leave without pay policy for employees that had been in effect since July 2022.

The Group has operating profit before finance costs, taxes, depreciation, and amortization (EBITDA)¹⁾ of 407.4 million baht, an increase of 78% from Q1/2022, representing an EBITDA margin of 51%.

1.2.3 Finances Cost

The financial cost of the company group amounted to 153.1 million baht, an increase of 15% due to an increase in long-term borrowing from financial institutions and a rising interest rate trend in the overall market.

1.3 Operating Results

The group of companies had a net profit attributable to shareholders of the company increased by 167% from Q1/2022, with a net profit of 51.8 million baht, equivalent to a profit per share of 0.08 baht and a net profit margin of 3%. This was due to the improved operational performance of the group of companies.

2. Report and Analysis of Financial Status

2.1 Assets

As of March 31, 2023, the Group's total assets amounted to 23,653.7 million baht, a decrease of 0.3% compared to December 31, 2022, consisting of the following key items:

2.1.1 The Group's cash and cash equivalents amounted to 648.9 million baht, which can be summarized in Q1/2023 as follows:

- The Group's net cash from operating activities amounted to 286.9 million baht
- Net cash from investing activities of 80.2 million baht, primarily due to withdrawals of bank deposits and government bonds with guarantees amounting to 88.2 million baht and
- Net cash used in financing activities was 240.9 million baht, where the group received net cash inflow from short-term borrowings of 160.0 million baht, repaid long-term borrowings from financial institutions and paid interest expenses of 382.1 million baht, and repaid finance lease liabilities of 18.8 million baht.

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



2.1.2 Other current financial assets amounting to 1,353.3 million baht decreased by 6% due to withdrawals of bank deposits and redemption of government securities guaranteed by subsidiaries totaling 88.2 million baht in order to manage liquidity in business operations

2.1.3 Land, buildings, and equipment with a value of 15,906.8 million baht decreased by 1% due to the depreciation expense of 178.5 million baht during the period and a net increase of 71.6 million baht from building improvements and equipment purchases.

2.2 Liabilities

As of March 31, 2023, the group of companies has a total debt of 17,691.3 million baht, which decreased by 1% compared to the previous period. The interest-bearing debt to equity ratio is 2.48 to 1. The group's debt can be categorized as follows:

2.2.1 Short-term loans from banks increased by 53%, amounting to 460.0 million baht, due to the withdrawal of loans amounting to 280.0 million baht to manage liquidity and the repayment of loans of 120.0 million baht during the period

2.2.2 Long-term loans from banks decreased by 2% to 11,711.8 million baht due to the group of companies' repayment of loans during the period.

2.3 Shareholders' Equity

The group of companies' total equity increased by 0.2% or 5,962.4 million baht as of December 31, 2022. This was primarily due to the increase in equity of the company's shareholders, which amounted to 4,601.7 million baht, an increase of 1%.

Please be informed accordingly.

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