



(Translation)

EM.121/ 2023

10 August, 2023

Re: Management Discussion and Analysis  
For the Operating Results ended June 30, 2023

To: President  
The Stock Exchange of Thailand

Management Discussion and Analysis For the Operating Results ended June 30, 2023

#### 1. Report and Analysis of Performance

The tourism situation in Thailand is showing positive growth trends due to the return of international tourists and the expansion of flight routes by various airlines. Additionally, there is strong collaboration among all sectors in Thailand to promote international tourism with a focus on enhancing convenience and reducing travel restrictions for foreign tourists. The cumulative number of foreign tourists from January to June 2023 reached 12.9 million, an increase of 5.2 times compared to the same period last year, exceeding the year's target of 28 million. The top five countries of origin for international tourists were Malaysia, China, Russia, South Korea, and India, accounting for 48% of all foreign tourists. Among these, Chinese tourists (including those from Hong Kong) exhibited the highest growth rate, expanding by over 25.3 times. However, despite the significant recovery, the Thai aviation industry still faces certain limitations, such as regional manpower shortages affecting service capacity. Nevertheless, the current situation indicates a return to normalcy in the aviation industry.

Furthermore, to accommodate the anticipated increase in passenger volume at Suvarnabhumi Airport (BKK) during the upcoming tourist season in the late third quarter to fourth quarter of this year, the construction of Satellite 1 (SAT-1) Aircraft Parking Apron, Phase II, as part of the Suvarnabhumi Airport Development Plan, has been completed and will commence service testing in September of this year. This project includes the expansion of aircraft parking stands, adding 28 more aircraft parking positions, resulting in a total of 148 parking positions at BKK. Additionally, it will enhance BKK's passenger handling capacity to 60 million passenger per year.

Regarding the aviation fuel volume serviced by the group of companies in Q2/2023 and 1H/2023 at Suvarnabhumi Airport (BKK) and Don Mueang Airport (DMK), the total volume reached 1,043 million liters and 2,112 million liters respectively. This signifies a growth of 60% and 74% sequentially from the same period of the previous year. Concurrently, the number of flights serviced by the group of companies for refueling also experienced a similar increase, rising by 54% and 69% respectively from the same period of the previous year.



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 Q2/2023 and 1H/2023 amounted to 195 million liters and 402 million liters respectively. This indicates a growth of 93% and 105% sequentially from the same period of the previous year.

	2Q/22	1Q/23	2Q/23	Growth		6M/22	6M/23	Growth
				(q-o-q)	(y-o-y)			(y-o-y)
<b>Aviation Refuelling Services Business :</b>								
Aviation Fuel Volume (mil litres)	651	1,069	1,043	(2%)	60%	1,217	2,112	74%
Flights <sup>1</sup>	38,779	59,741	59,732	(0%)	54%	70,772	119,473	69%
<b>Fuel Pipeline Transportation Business :</b>								
Multi-products Fuel Volume of NFPT project <sup>2</sup> (mil litres)	101	207	195	(6%)	93%	196	402	105%

\* 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 Q2/2023 and 1H/2023, the total revenue amounted to 743.2 million baht and 1,537.2 million baht, respectively. This represents an increase of 47% and 45% sequentially from the same period of the previous year. The components of this revenue include:

### 1.1.1 Services Income and sales

In Q2/2023 and 1H/2023, Services Income of the group was 644.2 million baht and 1,300.8 million baht, respectively. This marks an increase of 57% and 70% sequentially from the same period of the previous year, reflecting the recovery of aviation fuel demand in line with the revival of the tourism sector aligned with the overall economic recovery of the country. Meanwhile, the revenue from the multi-products fuel transportation also increased in a direction consistent with the increase in the total volume of multi-products fuel transported through the NFPT project, which has seen positive growth.

It is noteworthy that during the 1H/2023, the subsidiary companies did not recognized revenue from the sale of aircraft refueling vehicles and equipment.

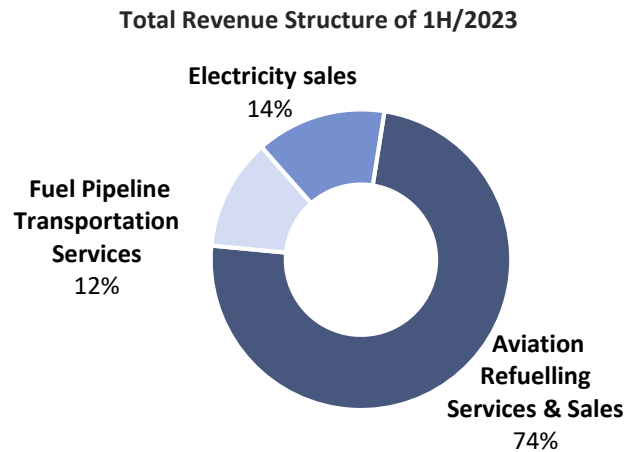


### 1.1.2 Revenue from Electricity sales

In Q2/2023 and 1H/2023, the group of companies recognized revenue from the sale of electricity amounting to 85.5 million baht, showing a decrease of 1% compared to Q2/2022, and 176.4 million baht, also down by 1% from the 1H/2022, respectively. This decline is in line with a slight reduction in electricity production volume.

For the total revenue proportion separating by business structure consisted of Aviation refueling services revenue and Sales at 74%, Fuel pipeline transportation services at 12% and Electricity sales\* at 14% respectively.

\*Revenue from the electricity generation and distribution business, including dividend income from solar power plants in Japan.



### 1.1.3 Dividend income

During 1H/2023, the group of companies received dividends from investments in the electricity generation and distribution business amounting to 31.6 million baht. These dividends stemmed from investments in the electricity generation and distribution business in Japan, based on the operational results of the year 2022. This reflects a decrease of 37% from the dividends received during the same 6-month period of the year 2022. This reduction is attributed to the fact that the dividends received in the year 2022 were dividends from investments in the electricity generation and distribution business in Japan, derived from the operational results of the years 2020 and 2021.

### 1.1.4 Others Income

During Q2/2023 and 1H/2023, other income of the group of companies amounted to 13.5 million baht and 28.3 million baht, respectively. This is due to in the year 2022, the group of companies recorded accounting profits from the interpretation that the lessee is responsible for land lease costs under property management rights agreements. This accounting was a one-time accounting item, totaling 38.5 million baht. However, in the year 2023, the group of companies recorded an increase of 5.7 million baht in lease income from leasing the pipeline system to BFPL.

## 1.2 Expenses

### 1.2.1 Cost of services and Cost of electricity sales

During 2Q/2023 and 1H/2023, the group of companies incurred service costs and selling costs totaling 406.0 million baht and 816.3 million baht, respectively. This represents an increase of 12% and 15% respectively. The increase in costs was proportionally lower than the increase in revenue. However, 1H/2023, the group of companies did not incur selling costs due to unrecognized revenue from the sales of aircraft refueling trucks and equipment in this period.



For the electricity production and distribution business, during Q2/2023 and 1H/2023, the cost of electricity sales amounted to 32.7 million baht and 68.2 million baht, respectively.

The group of companies had a gross profit in Q2/2023 and 1H/2023, amounting to 291.0 million baht and 592.7 million baht, respectively, which representing a gross profit margin of 40% for both periods. This significant improvement is a substantial increase from Q2/2022 with a gross profit margin of 20%, and 1H/2022 with a gross profit margin of 17%.

#### 1.2.2 Administrative Expenses

In Q2/2023 and 1H/2023, the group of companies had administrative expenses of 180.2 million baht and 352.6 million baht, respectively. This represents an increase of 16% and 14% respectively due to the profitability of the aviation refueling service business, which has been generating profits since Q3/2022 onwards. As a result, the company has considered canceling the leave without pay measure for employees that has been in effect since August 2022.

In 1H/2023, the group of companies has operating profit before finance costs, taxes, depreciation, and amortization<sup>1)</sup> (EBITDA) of 764.7 million baht, which represents an increase of 88% compared to the same period of the previous year, representing an EBITDA margin of 50%.

#### 1.2.3 Finances Cost

The financial costs of the group of companies in Q2/2023 and 1H/2023 amounted to 158.5 million baht and 311.5 million baht, respectively. This represents an increase of 18% and 16%, respectively, attributed to the upward adjustment of loan interest rates in line with the overall market interest rate adjustments.

#### 1.3 Operating Results

In Q2/2023, the group of companies had a net profit attributable to shareholders of the company increased by 109% compared to Q2/2022, with a net profit of 10.7 million baht, equivalent to an earnings per share of 0.02 baht and a net profit margin of 2%. For 1H/2023, the group of companies reported a net profit attributable to shareholders that increased by 132% from the same period in 2022. The net profit for this period was 62.5 million baht, equivalent to an earnings per share of 0.10 baht, with the net profit margin was 1% thus reflecting the improved operational performance of the group.

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



## 2. Report and Analysis of Financial Status

### 2.1 Assets

As of June 30, 2023, the Group's total assets amounted to 23,221.8 million baht, a decrease of 2% compared to December 31, 2022, consisting of the following key items:

2.1.1 The Group's cash and cash equivalents amounted to 671.2 million baht, the cash flow activities for 1H/2023, can be summarized as follows:

- The Group's net cash from operating activities amounted to 624.4 million baht , reflecting increased revenue of the group of companies
- Net cash from investment activities of 330.7 million baht, primarily due to withdrawals of bank deposits and government bonds with guarantees amounting to 363.7 million baht and
- Net cash used in financing activities of 806.6 million baht, with the group of companies repaying net borrowings of 448.2 million baht, paying interest expenses of 302.0 million baht, and repaying principal of financial lease obligations of 40.1 million baht

2.1.2 Other current financial assets amounting to 1,078.2 million baht, decreased by 25% due to withdrawals from bank deposits and redemption of government securities guaranteed by subsidiaries totaling 400.3 million baht to repay borrowings between periods and for liquidity management in operations.

2.1.3 Land, buildings, and equipment with a value of 15,773.4 million baht decreased by 2% due to the depreciation expense of 358.7 million baht, offset by building improvements and increased equipment purchases totaling 118.5 million baht.

### 2.2 Liabilities

As of June 30, 2023, the group of companies has a total debt of 17,273.6 million baht, which decreased by 3% compared to the previous period. The interest-bearing debt to equity ratio is 2.4 to 1. The group's debt can be categorized as follows:

2.2.1 Short-term loans from banks increased by 123%, amounting to 670.0 million baht, due to the withdrawal of loans amounting to 500.0 million baht to manage liquidity and the repayment of loans of 130.0 million baht during the period

2.2.2 Long-term loans from banks decreased by 7% to 11,135.8 million baht due to the group of companies' repayment of loans during the period, with no additional borrowing transactions



### 2.3 Shareholders' Equity

On June 30, 2023, the group of companies had a total equity attributable to shareholders of 5,948.2 million baht, which decreased by 0.1% compared to December 31, 2022. This change was driven by a net profit of 13.0 million baht and dividend payments by subsidiary companies amounting to 16.5 million baht to other shareholders.

For the equity attributable to the company's shareholders, the amount was 4,612.4 million baht, representing an increase of 1%.

Please be informed accordingly.

Yours sincerely,

Signed

(M.L.Nathasit Diskul)

President