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Subject: Management Discussion and Analysis of Financial statements

To: President,
The Stock Exchange of Thailand

Airports of Thailand Public Company Limited and its subsidiaries

Management discussion and analysis of financial statements for the three-month and nine-month periods ended June 30th, 2019

Overall performance and significant events

The overall aviation industry of Thailand during October 2018 - June 2019 slightly improved comparing to the same period last year. Even though the global economy and the tourism sector has slowed down due to the trade war between the US and China, the Thai government has still continued to stimulate tourism. This involves extending the exemption period of the visa-on-arrival fee for tourists from April 30th, 2019 to October 31st, 2019, in order to encourage tourists during the low season. The Chinese tourists still be the main visitors travelling to Thailand. Furthermore, the ongoing expansion of low cost airlines leads to a price competition, and benefits to air travellers due to cheaper airfares. The International Civil Aviation Organization (ICAO) inspected Thailand's aviation standards and concluded that Thailand's aviation status has continuously improved and higher than the standards required by ICAO. The upgraded standard of Thailand's aviation safety management has continued after the red flag lifting in 2017. This resulted in diverse routes, which benefits the aviation industry and the overall economy.

In the nine-month period ended June 30th, 2019, the air traffic volume from six airports under management of the Airports of Thailand Public Company Limited (AOT) reported 676,925 flights, a 3.12% increase comparing to the same period last year. These comprised 367,673 international flights and 309,252 domestic flights. The total number of passengers was 107.82 million, a 1.52% increase comparing to the same period last year. It comprised 63.37 million international passengers and 44.45 million domestic passengers which mainly from the increase of international flights and passengers.

During the third quarter of FY 2019, AOT generated net profit of Baht 5,883.06 million. It decreased by Baht 551.10 million or 8.57% comparing to the same period last year. Total revenues increased by Baht 419.64 million, total expenses increased by Baht 745.14 million and income tax expense increased by Baht 219.50 million.

1. Analysis of operations

1.1 Operating results for the three-month period ended June 30th, 2019

Unit: Million Baht

| | Q3/2019 | Q3/2018 | Increase (decrease) | % YoY |
|----------------------------------|------------------|------------------|------------------------|---------------|
| Revenues from sales or services | 15,114.89 | 14,860.93 | 253.96 | 1.71 |
| <i>Aeronautical revenue</i> | 8,322.08 | 8,340.19 | (18.11) | (0.22) |
| <i>Portion</i> | 55% | 56% | | |
| <i>Non-aeronautical revenue</i> | 6,792.81 | 6,520.74 | 272.07 | 4.17 |
| <i>Portion</i> | 45% | 44% | | |
| Other income | 462.64 | 296.96 | 165.68 | 55.79 |
| Total revenues | 15,577.53 | 15,157.89 | 419.64 | 2.77 |
| <u>Less</u> Total expenses | 8,227.88 | 7,482.74 | 745.14 | 9.96 |
| Profit before income tax | 7,349.65 | 7,675.15 | (325.50) | (4.24) |
| <u>Less</u> Income tax expense | 1,452.74 | 1,233.24 | 219.50 | 17.80 |
| Net profit for the period | 5,896.91 | 6,441.91 | (545.00) | (8.46) |
| Profit attributable to: | | | | |
| Owners of the parent | 5,883.06 | 6,434.16 | (551.10) | (8.57) |
| Non-controlling interests | 13.85 | 7.75 | 6.10 | 78.71 |
| Earnings per share (Baht) | 0.41 | 0.45 | (0.04) | (8.89) |

Net profit for the three-month period ended June 30th, 2019 was Baht 5,883.06 million. It decreased by Baht 551.10 million or 8.57% comparing to the same period last year. Revenue from sales or services increased by Baht 253.96 million or 1.71% as a result of an increase in non-aeronautical revenue of Baht 272.07 million or 4.17%. The main reason was from concession revenues while the aeronautical revenue decreased by Baht 18.11 million or 0.22%. Other income increased by Baht 165.68 million or 55.79%. Total expenses increased by Baht 745.14 million or 9.96%. The main reason was from the increase of state property rental. Income tax expense

increased by Baht 219.50 million or 17.80%. The part was from the impairment of assets that is not deductible expense for tax purpose.

1.2 Operating results for the nine-month period ended June 30th, 2019

Unit: Million Baht

| | Oct'18 – Jun'19 | Oct'17 – Jun'18 | Increase (decrease) | % YoY |
|----------------------------------|--------------------|--------------------|------------------------|---------------|
| Revenues from sales or services | 47,632.76 | 45,790.15 | 1,842.61 | 4.02 |
| <i>Aeronautical revenue</i> | 26,574.48 | 25,887.70 | 686.78 | 2.65 |
| <i>Portion</i> | 56% | 57% | | |
| <i>Non-aeronautical revenue</i> | 21,058.28 | 19,902.45 | 1,155.83 | 5.81 |
| <i>Portion</i> | 44% | 43% | | |
| Other income | 1,287.45 | 1,145.01 | 142.44 | 12.44 |
| Total revenues | 48,920.21 | 46,935.16 | 1,985.05 | 4.23 |
| <u>Less</u> Total expenses | 23,932.89 | 22,383.46 | 1,549.43 | 6.92 |
| Profit before income tax | 24,987.32 | 24,551.70 | 435.62 | 1.77 |
| <u>Less</u> Income tax expense | 5,038.25 | 4,584.56 | 453.69 | 9.90 |
| Net profit for the period | 19,949.07 | 19,967.14 | (18.07) | (0.09) |
| Profit attributable to: | | | | |
| Owners of the parent | 19,905.19 | 19,923.44 | (18.25) | (0.09) |
| Non-controlling interests | 43.88 | 43.70 | 0.18 | 0.41 |
| Earnings per share (Baht) | 1.39 | 1.39 | - | - |

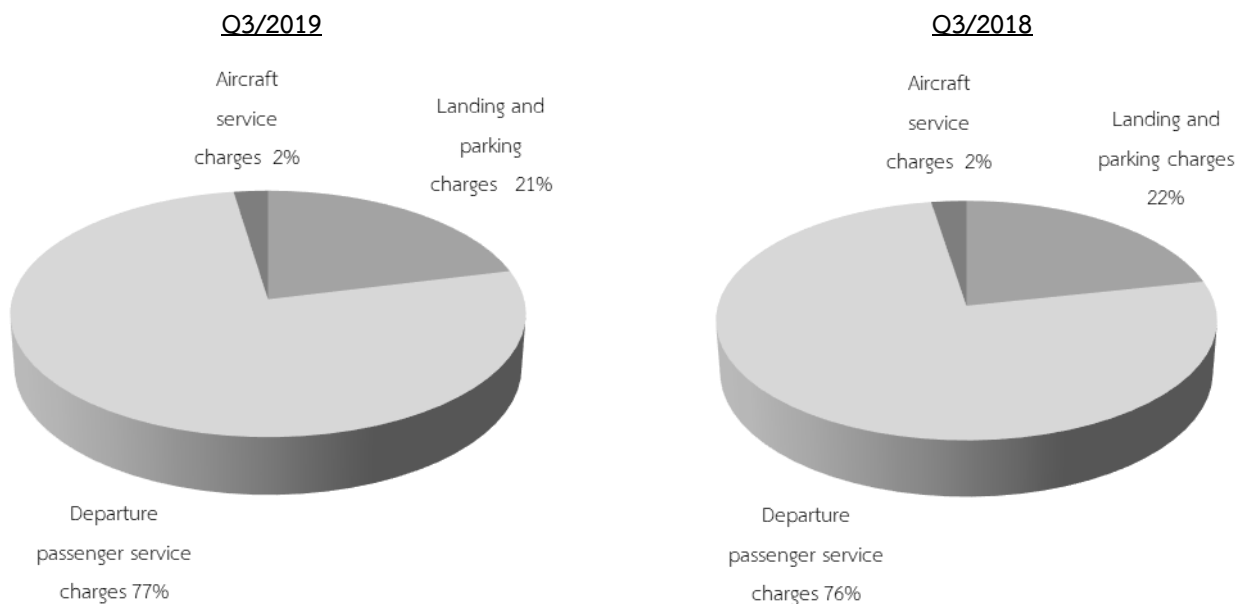
Net profit for the nine-month period ended June 30th, 2019 was Baht 19,905.19 million. It decreased by Baht 18.25 million or 0.09% comparing to the same period last year. Revenues from sales or services increased by Baht 1,842.61 million or 4.02% as a result of an increase in aeronautical revenue of Baht 686.78 million or 2.65% and non-aeronautical revenue of Baht 1,155.83 million or 5.81% because of increasing in number of flights and passengers. Other income increased by Baht 142.44 million or 12.44%. Total expenses increased by Baht 1,549.43 million or 6.92%. The main reason was an increase in employee benefit expenses, state property rental, and depreciation and amortisation expenses. Income tax expense increased by Baht 453.69 million or 9.90%.

The detailed analysis of each type of revenues and expenses are as follows;

1.3 Aeronautical Revenue

Unit: Million Baht

| | For the three-month period | | | | For the nine-month period | | | |
|-------------------------------------|----------------------------|-----------------|------------------------|---------------|---------------------------|--------------------|------------------------|-------------|
| | Q3/2019 | Q3/2018 | Increase (decrease) | %YoY | Oct'18 – Jun'19 | Oct'17 – Jun'18 | Increase (decrease) | %YoY |
| Landing and parking charges | 1,760.87 | 1,803.74 | (42.87) | (2.38) | 5,629.54 | 5,486.06 | 143.48 | 2.62 |
| Departure passenger service charges | 6,361.42 | 6,323.42 | 38.00 | 0.60 | 20,311.15 | 19,784.45 | 526.70 | 2.66 |
| Aircraft service charges | 199.79 | 213.03 | (13.24) | (6.22) | 633.79 | 617.19 | 16.60 | 2.69 |
| Total | 8,322.08 | 8,340.19 | (18.11) | (0.22) | 26,574.48 | 25,887.70 | 686.78 | 2.65 |



A portion of aeronautical revenue in each type in the third quarter of FY 2019 was not significant changed from the same period last year. The majority of aeronautical revenue was departure passenger service charges.

For the three-month period ended June 30th, 2019, aeronautical revenue of Baht 8,322.08 million decreased by Baht 18.11 million or 0.22% comparing to the same period last year due to the decrease in revenue from landing and parking charges and aircraft service charges of Baht 42.87 million or 2.38% and Baht 13.24 million or 6.22%, respectively. While the revenue from departure

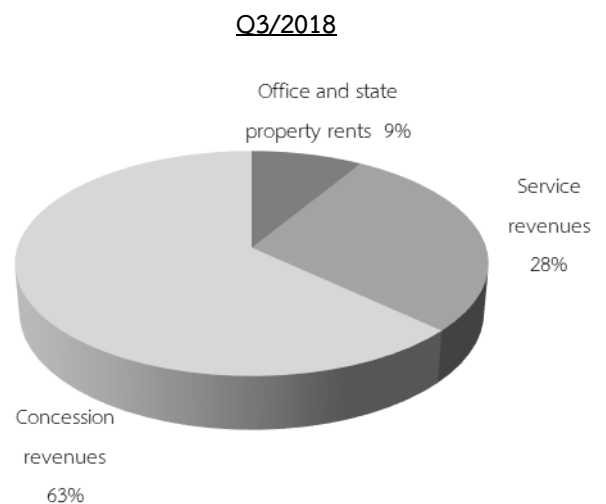
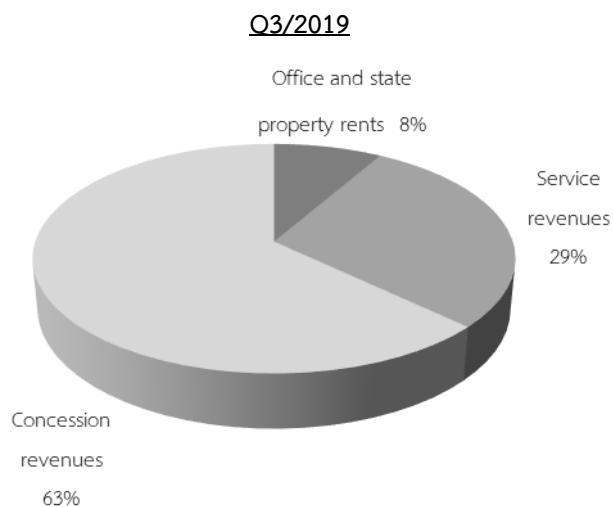
passenger service charges increased by Baht 38.00 million or 0.60%. This was because of an increase in the number of international passengers in six airports 1.64% which mainly from an increase in international passengers of the low cost airlines 13.08%.

For the nine-month period ended June 30th, 2019, aeronautical revenue of Baht 26,574.48 million increased by Baht 686.78 million or 2.65% comparing to the same period last year due to an increase in departure passenger service charges of Baht 526.70 million or 2.66%. This was because the number of passengers in six airports increased by 1.52% which mainly from an increase in passengers of low cost airlines 5.06%. Moreover, landing and parking charges increased by Baht 143.48 million or 2.62%. This was because the number of flights increased by 3.12% which mainly from an increase in flights of low cost airlines 6.69%.

1.4 Non-Aeronautical Revenue

Unit: Million Baht

| | For the three-month period | | | | For the nine-month period | | | |
|------------------------------------|----------------------------|-----------------|------------------------|-------------|---------------------------|---------------------|------------------------|-------------|
| | Q3/2019 | Q3/2018 | Increase (decrease) | %YoY | Oct'18 – Jun'19 | Oct'17 – June'18 | Increase (decrease) | %YoY |
| Office and state property rents | 568.68 | 568.16 | 0.52 | 0.09 | 1,724.81 | 1,692.67 | 32.14 | 1.90 |
| Service revenues | 1,943.99 | 1,839.47 | 104.52 | 5.68 | 6,035.86 | 5,711.21 | 324.65 | 5.68 |
| Concession revenues | 4,280.14 | 4,113.11 | 167.03 | 4.06 | 13,297.61 | 12,498.57 | 799.04 | 6.39 |
| Total | 6,792.81 | 6,520.74 | 272.07 | 4.17 | 21,058.28 | 19,902.45 | 1,155.83 | 5.81 |



A portion of non-aeronautical revenue in each type in the third quarter of FY 2019 was not significant changed from the same period last year. The majority of non-aeronautical revenue was concession revenues.

For the three-month period ended June 30th, 2019, non-aeronautical revenue of Baht 6,792.81 million increased by Baht 272.07 million or 4.17% comparing to the same period last year due to an increase in concession revenues of Baht 167.03 million or 4.06%. The main reasons were an increase in the number of international passengers and customers in airports. Service revenues increased by Baht 104.52 million or 5.68%, which mainly from ground aviation service revenues.

For the nine-month period ended June 30th, 2019, non-aeronautical revenue of Baht 21,058.28 million increased by Baht 1,155.83 million or 5.81% comparing to the same period last year due to an increase in concession revenues of Baht 799.04 million or 6.39%. The main reasons were an increase in number of passengers, customers in airports including the increase in revenues sharing rate and service revenues by Baht 324.65 million or 5.68% which mainly from ground aviation service revenues and advance passenger checking service.

1.5 Other income

Unit: Million Baht

| | For the three-month period | | | | For the nine-month period | | | |
|--------------------------------|----------------------------|---------------|------------------------|--------------|---------------------------|--------------------|------------------------|--------------|
| | Q3/2019 | Q3/2018 | Increase (decrease) | %YoY | Oct'18 – Jun'19 | Oct'17 – Jun'18 | Increase (decrease) | %YoY |
| Gain on foreign exchange | - | - | - | - | 86.54 | 127.67 | (41.13) | (32.22) |
| Interest income | 299.56 | 241.57 | 57.99 | 24.01 | 857.36 | 759.02 | 98.34 | 12.96 |
| Gain (Loss) on sales of assets | 0.69 | 0.54 | 0.15 | 27.78 | 1.36 | (0.52) | 1.88 | 361.54 |
| Other income | 162.39 | 54.85 | 107.54 | 196.06 | 342.19 | 258.84 | 83.35 | 32.20 |
| Total | 462.64 | 296.96 | 165.68 | 55.79 | 1,287.45 | 1,145.01 | 142.44 | 12.44 |

Other income for the three-month period ended June 30th, 2019 was Baht 462.64 million. It increased by Baht 165.68 million or 55.79% comparing to the same period last year. This was a result of an increase in other income by Baht 107.54 million. The main reason was the adjustment of income from fines.

Other income for the nine-month period ended June 30th, 2019 was Baht 1,287.45 million. It increased by Baht 142.44 million or 12.44% comparing to the same period last year. This was result of an increase in interest income by Baht 98.34 million and other income by Baht 83.35 million.

However, the gain on foreign exchange decreased by Baht 41.13 million due to the appreciation of Thai Baht against Japanese Yen is less than the same period last year.

1.6 Total expenses

Unit: Million Baht

| | For the three-month period | | | | For the nine-month period | | | |
|--|----------------------------|-----------------|------------------------|-------------|---------------------------|--------------------|------------------------|-------------|
| | Q3/2019 | Q3/2018 | Increase (decrease) | %YoY | Oct'18 – Jun'19 | Oct'17 – Jun'18 | Increase (decrease) | %YoY |
| Employee benefit expenses | 1,763.40 | 1,607.53 | 155.87 | 9.70 | 5,171.25 | 4,720.91 | 450.34 | 9.54 |
| Utilities expenses | 698.17 | 671.55 | 26.62 | 3.96 | 2,018.11 | 1,935.28 | 82.83 | 4.28 |
| Outsourcing expenses | 1,433.25 | 1,370.94 | 62.31 | 4.55 | 4,401.06 | 4,244.19 | 156.87 | 3.70 |
| Repairs and maintenance | 617.73 | 545.66 | 72.07 | 13.21 | 1,827.74 | 1,666.51 | 161.23 | 9.67 |
| State property rental | 1,312.37 | 955.60 | 356.77 | 37.33 | 3,356.17 | 2,923.80 | 432.37 | 14.79 |
| Depreciation and amortisation expenses | 1,520.26 | 1,409.70 | 110.56 | 7.84 | 4,369.63 | 4,157.81 | 211.82 | 5.09 |
| Loss on impairment of assets | 7.61 | 18.11 | (10.50) | (57.98) | 164.64 | 72.13 | 92.51 | 128.25 |
| Loss (Gain) on foreign exchange | 2.11 | (41.49) | 43.60 | 105.09 | - | - | - | - |
| Other expenses | 675.61 | 695.58 | (19.97) | (2.87) | 1,996.43 | 1,883.99 | 112.44 | 5.97 |
| Financial costs | 197.37 | 249.56 | (52.19) | (20.91) | 627.86 | 778.84 | (150.98) | (19.39) |
| Total | 8,227.88 | 7,482.74 | 745.14 | 9.96 | 23,932.89 | 22,383.46 | 1,549.43 | 6.92 |

For the three-month period ended June 30th, 2019, total expenses were Baht 8,227.88 million. It increased by Baht 745.14 million or 9.96% comparing to the same period last year. This was mainly due to an increase in state property rental by Baht 356.77 million. This is partly from the adjustment of the state property rental according to The Treasury Department has approved return rate on state property rental for Donmueng and Regional airports period 2017 to 2032 at the rate of

5.5% of total revenues before expenses deductions. Moreover, employee benefit expenses increased by Baht 155.87 million and depreciation and amortisation expenses increased by Baht 110.56 million. Other categories of expenses did not change significantly comparing to the same period last year.

For the nine-month period ended June 30th, 2019, total expenses of Baht 23,932.89 million. It increased by Baht 1,549.43 million or 6.92% comparing to the same period last year. This was mainly due to an increase in employee benefit expenses by Baht 450.34 million. Moreover, state property rental increased by Baht 432.37 million, depreciation and amortisation expenses increased by Baht 211.82 million, repairs and maintenance increased by Baht 161.23 million and outsourcing expenses increased by Baht 156.87 million. However, financial costs decreased by Baht 150.98 million. Other categories of expenses did not change significantly comparing to the same period last year.

2. Analysis of financial position

The financial position as at June 30th, 2019 of AOT is as follows:

Unit: Million Baht

| | 30 Jun 2019 | 30 Sep 2018 | Increase (decrease) | % Change |
|-------------------|-------------|-------------|------------------------|-------------|
| Total assets | 185,835.14 | 187,708.55 | (1,873.41) | (1.00) |
| Total liabilities | 36,386.20 | 43,439.43 | (7,053.23) | (16.24) |
| Total equity | 149,448.94 | 144,269.12 | 5,179.82 | 3.59 |

The material changes in assets, liabilities and equity as at June 30th, 2019 comparing to September 30th, 2018 are as follows:

2.1 Analysis of assets

Total assets as at June 30th, 2019 were Baht 185,835.14 million. They decreased by Baht 1,873.41 million or 1.00% from September 30th, 2018 as detailed below.

Unit: Million Baht

| | 30 Jun 2019 | 30 Sep 2018 | Increase (decrease) | % change |
|---|-------------------|-------------------|------------------------|---------------|
| Current assets | 75,267.47 | 77,068.09 | (1,800.62) | (2.34) |
| Investment | 1,233.49 | 1,257.04 | (23.55) | (1.87) |
| Property plant equipment and investment properties | 104,954.99 | 104,887.28 | 67.71 | 0.06 |
| Other non-current assets | 4,379.19 | 4,496.14 | (116.95) | (2.60) |
| Total assets | 185,835.14 | 187,708.55 | (1,873.41) | (1.00) |

Current assets of Baht 75,267.47 million decreased by Baht 1,800.62 million or 2.34% due to a decrease in cash and cash equivalents of Baht 1,228.87 million which mainly came from dividend payment, short-term investments of Baht 379.94 million and other current assets of Baht 265.91 million. Other current assets (i.e. trade accounts receivable, other receivables and inventories and supplies) did not change significantly comparing to last year.

Investment of Baht 1,233.49 million decreased by Baht 23.55 million or 1.87% due to a decrease in investments in bonds used as collateral by Baht 54.98 million. On the other hand, available-for-sale investments increased by Baht 31.43 million from change in fair value.

Property plant equipment and investment properties of Baht 104,954.99 million increased by Baht 67.71 million or 0.06% from additional assets.

Other non-current assets of Baht 4,379.19 million decreased by Baht 116.95 million or 2.60% due to a decrease in advance payment of Baht 328.72 million. While deferred tax assets increased by Baht 266.17 million.

2.2 Analysis of liabilities

Total liabilities as at June 30th, 2019 were Baht 36,386.20 million. They decreased by Baht 7,053.23 million or 16.24% from September 30th, 2018 as detailed below.

| | 30 Jun 2019 | 30 Sep 2018 | Increase (decrease) | % change |
|-------------------------------|------------------|------------------|------------------------|----------------|
| Current liabilities | 18,548.69 | 23,202.73 | (4,654.04) | (20.06) |
| Long-term loans | 11,342.25 | 13,684.89 | (2,342.64) | (17.12) |
| Other non-current liabilities | 6,495.26 | 6,551.81 | (56.55) | (0.86) |
| Total liabilities | 36,386.20 | 43,439.43 | (7,053.23) | (16.24) |

Unit: Million Baht

Current liabilities of Baht 18,548.69 million decreased by Baht 4,654.04 million or 20.06% due to a decrease in trade accounts payable of Baht 1,043.80 million. Income taxes payables decreased of Baht 1,066.74 million. Other current liabilities decreased of Baht 976.65 million which mainly came from bonus payment. Work in processes payable decreased of Baht 970.71 million. The majority was payment of construction contracts for midfield satellite building 1 (levels B1, 1 and G) including aprons and extension of tunnel connecting of Suvarnabhumi Airport.

Long-term loans of Baht 11,342.25 million decreased by Baht 2,342.64 million or 17.12% due to a repayment of borrowings and the effect from foreign exchange rates.

Other non-current liabilities of Baht 6,495.26 million decreased by Baht 56.55 million or 0.86% due to a decrease in the value of cross currency swap contracts recognised as liabilities of Baht 217.13 million. The value of cross currency swap contracts recognised as liabilities because exchange rates in the forward contracts were higher than the closing rates. The decrease was primarily due to the depreciation of Thai Baht against Japanese Yen while employee benefit obligations increased by Baht 168.38 million.

2.3 Analysis of equity

The total equity as at June 30th, 2019 was Baht 149,448.94 million. It increased by Baht 5,179.82 million or 3.59%. This was because total comprehensive income for the nine-month period ended June 30th, 2019 of Baht 19,974.21 million and paid-up share capital from non-controlling interests of Baht 204.00 million less dividends payment of Baht 14,998.39 million.

3. Analysis of liquidity

As at June 30th, 2019, cash and cash equivalents were Baht 7,373.22 million. They decreased by Baht 1,228.88 million from September 30th, 2018 as detailed below.

| | Unit: Million Baht |
|--|--------------------|
| | Oct'18 – Jun'19 |
| Cash flows from operating activities | 21,737.53 |
| Cash flows from investing activities | (4,626.40) |
| Cash flows from financing activities | (18,340.01) |
| Net decrease in cash and cash equivalents | (1,228.88) |
| Cash and cash equivalents at the beginning of the period | 8,602.10 |
| Cash and cash equivalents at the end of the period | 7,373.22 |

The change in cash and cash equivalents for the nine-month period ended June 30th, 2019 can be analysed as below;

Cash generated from operating activities of Baht 21,737.53 million. It resulted from an operation of the current period.

Cash used in investing activities of Baht 4,626.40 million. It resulted from investment in property plant and equipment of Baht 5,060.33 million, the majority was investment at the Suvarnabhumi Airport. Net cash received from short-term investments of Baht 379.94 million.

Cash used in financing activities of Baht 18,340.01 million mainly from dividend payment of Baht 14,998.39 million.

4. Ratio analysis

| | Oct'18 – Jun'19 | Oct'17 – Jun'18 |
|--|--------------------|--------------------|
| Profitability ratio | | |
| Ratio of profit from operations to revenue from operations (%) | 51.53 | 53.14 |
| Return on equity (ROE) (%) | 13.60 | 14.76 |
| Return on total assets (ROA) (%) | 10.66 | 11.15 |
| | 30 Jun 2019 | 30 Sep 2018 |
| Financial structure and liability ratio | | |
| Debt to equity ratio (Time) | 0.24 | 0.30 |
| Liquidity ratio (Time) | 4.06 | 3.32 |

Ratio of profit from operations to revenue from operations, return on equity and return on total assets decreased comparing to the same period last year. For the financial structure, AOT was able to maintain its financial structure by having debt to equity ratio less than one time and liquidity ratio exceeding to four times.

5. Factors affecting future operation

The intense competition in the aviation industry and the increased demand for air travel results Thailand's airport services to be developed. This requires a concrete plan to prepare for an increase of demand for air travel and cargo in the future, especially the development of aviation infrastructures.

AOT, a state enterprise, manages and operates the six airports in Thailand that are the key parts of Thailand's air travel infrastructure under the strategic development plan to meet the growing demand for air travel. Specifically, its operations focus on developing infrastructure to support the increase number of flights and passengers in the future. As part of this ongoing process, AOT has been continuously improving and enhancing its six airports. With adequate infrastructure, passengers would receive good services and standard facilities that are convenient and efficient.

In addition, AOT has a target to increase its non-aeronautical revenue to the same portion as its aeronautical revenue. At present, AOT has signed a joint contractual agreement with the King Power group, who won the bid to manage the duty-free shops and commercial zone at Suvarnabhumi Airport, including the licenses to operate duty-free shops at Phuket International Airport, Chiang Mai International Airport and Hat Yai International Airport. The financial proposal by King Power group is the important factor that will increase non-aeronautical revenue in the future. AOT also plans to create a new revenue stream from its logistics segment. This plan involves

developing commercial and investment hubs, including a certify agriculture checkpoint before export and create a new special management for agriculture product. These will result in cost and time reduction for disposing of wasted products. In addition, passengers will be more comfortable with services through an online application “Digital Platform”. The passengers can use the application to check the status of air transportations. With these plans, AOT will become a full-service airport that promotes Thailand as an aviation hub and cargo hub leader in the region.

Please be informed, accordingly.

Yours sincerely,

(Somboon Noinamkham)

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