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22 November 2021

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 financial statements
for the year ended September 30th, 2021

Overall performance and significant events

The overall air traffic volume of Airports of Thailand Public Company Limited (AOT) from October 2020 to September 2021 significantly decreased compared to the corresponding period of the prior year. This is due to the pandemic situation of the Coronavirus Disease 2019 (COVID-19) since the beginning of the year 2020 which affected travel in and out of Thailand and all over the world. Furthermore, the intensified and widespread COVID-19 pandemic has severely affected the aviation and tourism industry due to international air travel restrictions. With several repeating waves in the country, the government issued strict travel restrictions to control the pandemic. As a result, the number of flights and passengers dramatically decreased. Subsequently, the Civil Aviation Authority of Thailand (CAAT) issued the announcement on guidelines for airport operators and domestic flight operations during the COVID-19 pandemic situation No.5 to allow airlines and airports to resume their operation from September 1st, 2021, onwards until the aforementioned situation ends or there are other announcements which result in a positive effect on the aviation industry, tourism and the overall economy of the country.

AOT has been aware of the impact of the COVID-19 pandemic affecting the operation and liquidity of the concessionaires and airlines which are our trading partners at six airports under AOT's responsibility whereby AOT has continuously imposed relief measures to facilitate their business. Recently, at AOT Board of Director's meeting on August 25th, 2021, approved measures

to help airlines by postponing the payment of landing and parking charges and aircraft service charge for the payment due from April to December 2021 for further 9 months each and allowing the installment payment to a maximum of 12 months for the airlines affected by the pandemic in response to their request submitted to AOT. However, the assistance measures must be in accordance with the terms and conditions prescribed by AOT.

The air traffic volume for the year ended September 30th, 2021 of the six airports under AOT's responsibility decreased by 52.35% or 245,458 flights compared to that of the corresponding period of the prior year, comprising 67,018 international flights and 178,440 domestic flights. The total number of passengers decreased by 72.45% or 20.01 million compared to that of the corresponding period of the prior year, comprising 0.95 million international passengers and 19.06 million domestic passengers.

In 2021, AOT's operating results decreased by Baht 20,642.69 million compared to, the corresponding period of the prior year of which net profit was Baht 4,320.68 million. Total revenues decreased by Baht 25,295.48 million and, total expenses decreased by Baht 1,740.76 million. In addition, income tax revenues increased by Baht 5,211.21 million which was in line with a decrease in operating results.

1. Analysis of operations

1.1 Operating results for the year ended September 30th, 2021

Unit: Million Baht

	2021	2020	Increase (decrease)	% YoY
Revenues from sales or services	7,085.60	31,179.10	(24,093.50)	(77.27)
<i>Aeronautical revenue</i>	2,328.69	16,625.69	(14,297.00)	(85.99)
<i>Portion</i>	33%	53%		
<i>Non-aeronautical revenue</i>	4,756.91	14,553.41	(9,796.50)	(67.31)
<i>Portion</i>	67%	47%		
Other income	752.84	1,954.82	(1,201.98)	(61.49)
Total revenues	7,838.44	33,133.92	(25,295.48)	(76.34)
<u>Less</u> Total expenses	25,410.38	27,151.14	(1,740.76)	(6.41)
Operating profit (loss)	(17,571.94)	5,982.78	(23,554.72)	(393.71)

1.1 Operating results for the year ended September 30th, 2021 (cont'd)

Unit: Million Baht

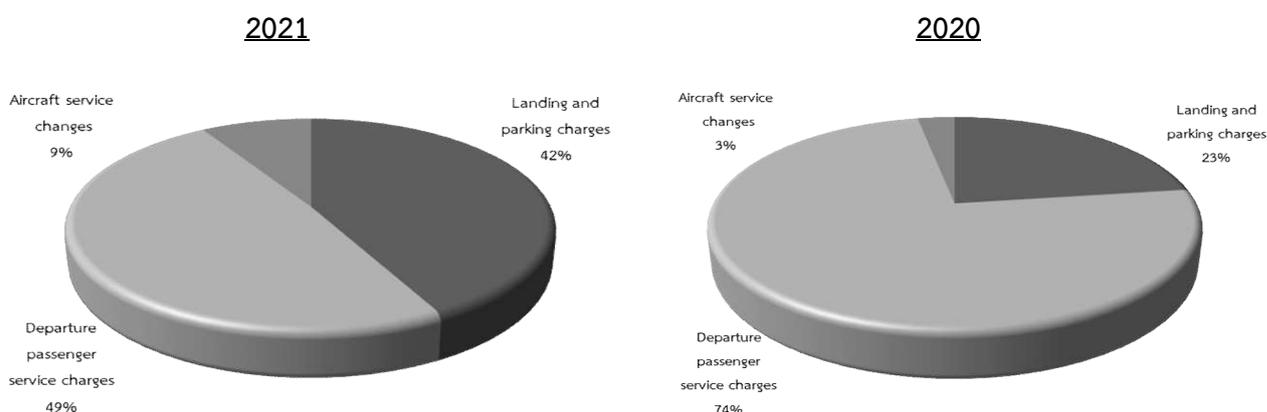
	2021	2020	Increase (decrease)	% YoY
<u>Less</u> Share of loss from investment in associate	0.09	-	0.09	100.00
<u>Less</u> Finance cost	2,973.00	646.20	2,326.80	360.07
Profit (loss) before income tax	(20,545.03)	5,336.58	(25,881.61)	(484.98)
<u>Less</u> Income tax expenses (revenues)	(4,173.17)	1,038.04	(5,211.21)	(502.02)
Net profit (loss) for the year	(16,371.86)	4,298.54	(20,670.40)	(480.87)
Profit (loss) attributable to:				
Equity holders of the Company	(16,322.01)	4,320.68	(20,642.69)	(477.76)
Non-controlling interests of the subsidiaries	(49.85)	(22.14)	(27.71)	(125.16)
Earnings (loss) per share (Baht)	(1.14)	0.30	(1.44)	(480.00)

For the year ended September 30th, 2021, AOT had net loss of Baht 16,322.01 million, while net profit of the corresponding period of the prior year was Baht 4,320.68 million. Revenue from sales or services decreased by Baht 24,093.50 million or 77.27% as a result of a decrease in aeronautical revenue of Baht 14,297.00 million or 85.99% and non-aeronautical revenue of Baht 9,796.50 million or 67.31% because of the decline in the number of flights and passengers. Other income decreased by Baht 1,201.98 million or 61.49%. Total expenses decreased by Baht 1,740.76 million or 6.41% mainly due to a drop in state property rental, outsourcing expenses and repairs and maintenance while depreciation and amortisation expenses increased. In addition, finance cost increased by Baht 2,326.80 million or 360.07% due to an increase in interest expenses on lease liabilities. Income tax revenues increased by Baht 5,211.21 million or 502.02%, which was in line with a decrease in operating results.

1.2 Aeronautical Revenue

Unit: Million Baht

	2021	2020	Increase (decrease)	%YoY
Landing and parking charges	987.04	3,788.81	(2,801.77)	(73.95)
Departure passenger service charges	1,140.89	12,351.29	(11,210.40)	(90.76)
Aircraft service charges	200.76	485.59	(284.83)	(58.66)
Total	2,328.69	16,625.69	(14,297.00)	(85.99)



A proportion of aeronautical revenue in each type in FY 2021 differed from that of the corresponding period of the prior year. The majority of aeronautical revenue came from departure passenger service charges and landing and parking charges.

For the year ended September 30th, 2021, aeronautical revenue of Baht 2,328.69 million decreased by Baht 14,297.00 million or 85.99% compared to that of the corresponding period of the prior year because departure passenger service charges reduced by Baht 11,210.40 million or 90.76% due to a 72.45% decline in the number of passengers in the six airports. Moreover, landing and parking charges decreased by Baht 2,801.77 million or 73.95% because of a 52.35% decline in the number of flights. The main reason is the COVID-19 pandemic situation since the beginning of 2020 which has been intensified and the severity is likely to persist due to the mutation of a virus affecting the travel in and out of Thailand. Moreover, AOT established assistance measures to help airlines by giving a discount for the service charges.

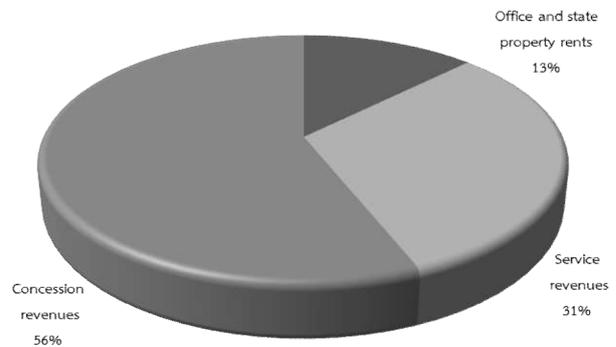
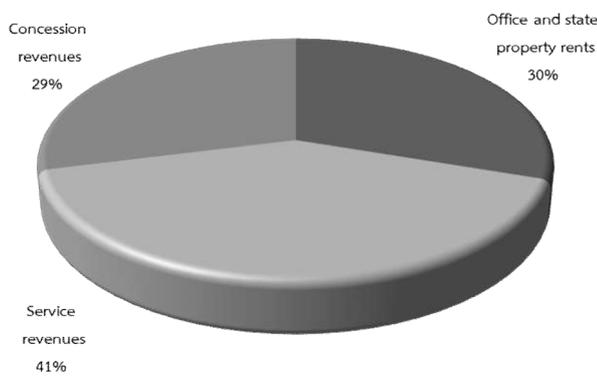
1.3 Non-Aeronautical Revenue

Unit: Million Baht

	2021	2020	Increase (decrease)	%YoY
Office and state property rents	1,436.52	1,838.38	(401.86)	(21.86)
Service revenues	1,946.31	4,550.26	(2,603.95)	(57.23)
Concession revenues	1,374.08	8,164.77	(6,790.69)	(83.17)
Total	4,756.91	14,553.41	(9,796.50)	(67.31)

2021

2020



A proportion of non-aeronautical revenue in each type in FY 2021 differed from that of the corresponding period of the prior year. The majority of non-aeronautical revenue came from service revenues.

For the year ended September 30th, 2021, non-aeronautical revenue of Baht 4,756.91 million decreased by Baht 9,796.50 million or 67.31% compared to that of the corresponding period of the prior year due to a decline in concession revenues of Baht 6,790.69 million or 83.17% in line with a decrease in the number of passengers and service recipients in the airports. Service revenues decreased by Baht 2,603.95 million or 57.23% mainly due to a decline in advance passenger processing service fees. This is mainly because of the COVID-19 pandemic since the beginning of 2020 which has been intensified and the severity is likely to persist due to the mutation of a virus, resulting in a decrease in the number of passengers and service recipients. Besides, AOT has assistance measures to help the concessionaires who have been affected by the crisis.

1.4 Other income

Unit: Million Baht

	2021	2020	Increase (decrease)	%YoY
Interest income	233.25	990.89	(757.64)	(76.46)
Gain on sales of assets	1.93	3.97	(2.04)	(51.39)
Gain on derivatives	120.78	-	120.78	100.00
Other income	396.88	959.96	(563.08)	(58.66)
Total	752.84	1,954.82	(1,201.98)	(61.49)

Other income for the year ended September 30th, 2021 of Baht 752.84 million decreased by Baht 1,201.98 million or 61.49% compared to that of the corresponding period of the prior year mainly due to the decrease in interest income of Baht 757.64 million. This was resulting from a decrease in fixed deposit and other income of Baht 563.08 million which mainly came from the reversal of provision in the prior year because the Supreme Court dismissed AOT's dispute over the space rental agreement at Transport Management Center in Suvarnabhumi Airport. However, gain on derivatives increased by Baht 120.78 million because of the changes in fair value of derivatives in accordance with TFRS 9, Financial Instruments.

1.5 Total expenses

Unit: Million Baht

	2021	2020	Increase (decrease)	%YoY
Employee benefit expenses	7,029.81	6,314.23	715.58	11.33
Utilities expenses	2,145.48	2,215.70	(70.22)	(3.17)
Outsourcing expenses	2,386.53	4,030.44	(1,643.91)	(40.79)
Repairs and maintenance	1,889.53	3,045.53	(1,156.00)	(37.96)
State property rental	239.25	2,393.31	(2,154.06)	(90.00)
Depreciation and amortisation expenses	9,027.38	5,441.25	3,586.13	65.91
Loss on impairment of assets	952.17	1,228.26	(276.09)	(22.48)
Loss (Gain) on foreign exchange	173.69	(141.60)	315.29	222.66
Other expenses	1,566.54	2,624.02	(1,057.48)	(40.30)
Total	25,410.38	27,151.14	(1,740.76)	(6.41)

For the year ended September 30th, 2021, total expenses of Baht 25,410.38 million decreased by Baht 1,740.76 million or 6.41% compared to those of the corresponding period of the prior year. The significant change was due to a decrease in state property rental of Baht 2,154.06 million as a result of the adoption of TFRS 16, Leases, since October 1st, 2020, whereby right-of-use assets were depreciated not recorded as payment paid for state property rental as previously did, resulting in a decrease in state property rental. However, depreciation and amortisation expenses increased by Baht 3,586.13 million. Furthermore, outsourcing expenses decreased by Baht 1,643.91 million, repairs and maintenance decreased by Baht 1,156.00 million, other expenses decreased by Baht 1,057.48 million and loss on impairment of assets decreased by Baht 276.09 million. This was because, in the year 2020, Hat Yai International Airport (HDY) fully recognized an impairment loss for the assets. In addition, during the year 2021, there was an indicator that the assets of Mae Fah Luang – Chiang Rai International Airport (CEI) might be impaired due to a significant decrease in the number of flights and passengers from the measures imposed regarding the temporary ban on international flights. Management tested the impairment of the assets of HDY and CEI by assessing the recoverable amount based on value-in-use. The result shows that the recoverable amount does not cover the carrying value of the assets. Therefore, AOT fully recorded an impairment loss for the assets. Employee benefit expenses increased by Baht 715.58 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 September 30th, 2021 of AOT is as follows:

	2021	2020	Increase (decrease)	% change
Total assets	195,085.76	173,558.57	21,527.19	12.40
Total liabilities	81,664.39	30,526.90	51,137.49	167.52
Total equity	113,421.37	143,031.67	(29,610.30)	(20.70)

Unit: Million Baht

Material changes in assets, liabilities and equity as at September 30th, 2021 compared to those as at September 30th, 2020 are as follows:

2.1 Analysis of assets

Total assets as at September 30th, 2021 of Baht 195,085.76 million increased by Baht 21,527.19 million or 12.40% from September 30th, 2020 as detailed below.

Unit: Million Baht

	2021	2020	Increase (decrease)	% change
Current assets	21,498.93	50,491.44	(28,992.51)	(57.42)
Non-current trade accounts receivable	623.06	-	623.06	100.00
Other non-current financial assets	1,142.97	-	1,142.97	100.00
Investment	65.99	722.22	(656.23)	(90.86)
Property, plant and equipment and investment properties	121,100.52	118,608.37	2,492.15	2.10
Right-of-use assets	35,809.36	-	35,809.36	100.00
Deferred tax assets	8,412.98	1,584.81	6,828.17	430.85
Other non-current assets	6,431.95	2,151.73	4,280.22	198.92
Total assets	195,085.76	173,558.57	21,527.19	12.40

Current assets of Baht 21,498.93 million decreased by Baht 28,992.51 million or 57.42% due to a decline in short-term investments of Baht 37,729.48 million. This is mainly because fixed deposits decreased and short-term investments were reclassified to other current financial assets in accordance with the Thai Financial Reporting Standard related to financial instruments, resulting in an increase in other current financial assets of Baht 8,624.67 million. Furthermore, other receivables decreased by Baht 2,728.63 million due to the reclassification of receivables from the Revenue Department to other non-current assets. There were no significant changes in other categories of current assets (e.g., cash and cash equivalents, trade accounts receivable, inventories and supplies including other current assets) compared to those of the prior year.

Non-current trade accounts receivable of Baht 623.06 million increased due to AOT classifying a receivable who entered into the business rehabilitation process as non-current trade accounts receivable.

Other non-current financial assets of Baht 1,142.97 million increased due to the adoption of the Thai Financial Reporting Standard related to financial instruments whereby available-for-sale investments and general investments of Baht 646.67 million and Baht 74.55 million, respectively, were reclassified to other non-current financial assets and measured in accordance with TFRS 9, Financial Instruments.

Property, plant and equipment and investment properties totaling Baht 121,100.52 million increased by Baht 2,492.15 million or 2.10%. This mainly came from the increase in assets under construction of AOT.

Right-of-use assets of Baht 35,809.36 million increased due to the adoption of TFRS 16, Leases. Therefore, AOT recognized right-of-use assets for all leases with a term of more than 12 months, unless the underlying asset is of low value.

Deferred tax assets of Baht 8,412.98 million increased by Baht 6,828.17 million or 430.85%. This was mainly due to the effect of Baht 2,757.82 million arising from the adoption of new financial reporting standards related to financial instruments and TFRS 16, Leases as at October 1st, 2020. In addition, AOT recognized deferred tax assets due to net loss incurred during the period which was expected to be used in the future.

Other non-current assets of Baht 6,431.95 million increased by Baht 4,280.22 million or 198.92% due to higher receivables from the Revenue Department of Baht 3,225.93 million and advance payment of Baht 901.40 million.

2.2 Analysis of liabilities

Total liabilities as at September 30th, 2021 of Baht 81,664.39 million increased by Baht 51,137.49 million or 167.52% from those of September 30th, 2020 as detailed below.

Unit: Million Baht

	2021	2020	Increase (decrease)	% change
Current liabilities	13,610.28	15,333.15	(1,722.87)	(11.24)
Long-term loans – net of current portion	6,079.74	8,245.00	(2,165.26)	(26.26)
Lease liabilities - net of current portion	54,768.39	29.87	54,738.52	183,255.84
Employee benefit obligations	4,532.77	4,288.16	244.61	5.70
Non-current derivative liabilities	851.44	-	851.44	100.00
Other non-current liabilities	1,821.77	2,630.72	(808.95)	(30.75)
Total liabilities	81,664.39	30,526.90	51,137.49	167.52

Current liabilities of Baht 13,610.28 million decreased by Baht 1,722.87 million or 11.24% due to a decrease in other payables of Baht 2,148.41 million which mainly arose from the payment of state property rental for FY 2020. Trade accounts payable decreased by Baht 878.71 million while work in processes payable increased by Baht 1,339.17 million.

Long-term loans – net of current portion of Baht 6,079.74 million decreased by Baht 2,165.26 million or 26.26% due to repayment of borrowings.

Lease liabilities - net of current portion of Baht 54,768.39 million increased due to the adoption of TFRS 16, Leases, whereby liabilities for all leases with a term of more than 12 months have been recognised, unless the underlying asset is of low value.

Non-current derivative liabilities of Baht 851.44 million increased due to the adoption of TFRS 9, Financial Instruments, resulting in the reclassification and measurement of the value of cross currency and interest rate swap contracts at fair value.

Other non-current liabilities of Baht 1,821.77 million decreased by Baht 808.95 million or 30.75% due to the reclassification of cross currency and interest rate swap contracts of Baht 1,012.86 million to non-current derivative liabilities, which were measured in accordance with TFRS 9, Financial Instruments. Furthermore, retentions decreased by Baht 355.54 million while deferred income increased by Baht 638.44 million.

2.3 Analysis of equity

Total equity as at September 30th, 2021 of Baht 113,421.37 million decreased by Baht 29,610.30 million or 20.70% from that of September 30th, 2020 as detailed below.

Unit: Million Baht

	2021	2020	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	84,653.26	114,882.47	(30,229.21)	(26.31)
Other components of shareholders' equity	837.14	499.74	337.40	67.52
Non-controlling interests of the subsidiaries	1,077.60	796.09	281.51	35.36
Total shareholders' equity	113,421.37	143,031.67	(29,610.30)	(20.70)

Retained earnings of Baht 84,653.26 million decreased by Baht 30,229.21 million or 26.31% due to the adoption of financial reporting standards related to financial instruments and TFRS 16, Leases. The effects of the initial adoption of these financial standards were recognized, with the retained earnings of

Baht 11,193.09 million being adjusted and there was a net operating loss of Baht 16,322.01 million, and dividend payment of Baht 2,714.11 million during the period.

3. Analysis of liquidity

As at September 30th, 2021, cash and cash equivalents of Baht 8,478.75 million increased by Baht 2,650.66 million from those of September 30th, 2020 as detailed below.

Unit: Million Baht

	2021
Cash flows from operating activities	(11,934.51)
Cash flows from investing activities	20,561.06
Cash flows from financing activities	(5,975.89)
Net increase in cash and cash equivalents	2,650.66
Cash and cash equivalents at the beginning of the year	5,828.09
Cash and cash equivalents at the end of the year	8,478.75

Change in cash and cash equivalents for the year ended September 30th, 2021 can be described as follows:

Net cash used in operating activities of Baht 11,934.51 million arose from operating results of the current year.

Net cash generated from investing activities of Baht 20,561.06 million resulted from net cash received from short-term investments of Baht 29,104.81 million net with payment for investment in property, plant and equipment of Baht 8,409.42 million, most of which were property, plant and equipment items at Suvarnabhumi Airport.

Cash used in financing activities of Baht 5,975.89 million mainly arose from the repayment of the long-term loan and dividend payment of Baht 2,821.28 million and Baht 2,714.11 million respectively.

4. Ratio analysis

	2021	2020
Profitability ratio		
Ratio of profit from operations to revenue from operations (%)	(242.47)	16.46
Return on equity (ROE) (%)	(12.82)	2.92
Return on total assets (ROA) (%)	(8.86)	2.32
Financial structure and liability ratio		
Debt to equity ratio (Time)	0.72	0.21
Liquidity ratio (Time)	1.58	3.29

The profitability ratio decreased due to the COVID-19 pandemic since the beginning of 2020 which has been intensified and the severity is likely to persist due to the mutation of a virus affecting the aviation and tourism industries of Thailand. Besides, AOT established relief measures for the concessionaires who operate their business at the six airports under AOT's responsibility during the crisis. However, based on the financial structure, AOT was able to maintain its debt to equity ratio of less than one time and liquidity ratio of more than one time.

5. Factors affecting the future operation

COVID-19 pandemic is the biggest crisis that affects both tourism and aviation industries and the overall country's economy. AOT has been impacted by this crisis, which has caused a dramatic decrease in the number of flights and passengers until now. However, AOT will continue to carry out airport development projects to enhance airport capacities in order to prepare for the recovery of the aviation business, which is expected to return to its normal state in the future.

AOT is the state enterprise who manages all six major airports in the country and is considered the main infrastructure supporting air traffic volume and passengers from different regions, both domestically and internationally. AOT has carried out various projects as planned, for example, Suvarnabhumi Airport development project is prepared to operate satellite building 1 (SAT-1), taking into account the recovery rate of air traffic volume and demand for air traveling along with the management of Main Terminal building and overall facilities of Suvarnabhumi Airport for complete and effective operation. In addition, AOT has plans to increase the capacity of Suvarnabhumi Airport by constructing the North Expansion, which will expand areas for both airside and landside in order to reduce congestion within the Main Terminal building. AOT has already presented the results of the study about the guidelines for enhancing such capacity to the government agencies for consideration. Furthermore, on August 2nd, 2021, the Red Line BTS sky train service for the route "Bang Sue – Rangsit" was launched and started the operation. The route connects to Don Mueang International Airport at Don Mueang station, which will be an alternative for Don Mueang International Airport's service recipients. In addition, to enhance convenience for service recipients to receive the service more comprehensively, AOT has coordinated with the agencies involved in considering the construction of ramps or escalators at the connecting area between the Red Line BTS sky train and the terminal of Don Mueang International Airport, including studying and preparing to consider opening a route in-out on the south side of Don Mueang International Airport to support the connection of the local highway project connecting Vibhavadi Rangsit Road and Phaholyothin Road, to facilitate passengers at Don Mueang International Airport.

AOT has evaluated and analyzed the situation related to travel patterns, passengers' behavior, tourism, and aviation industry trends, especially the application of technology to facilitate passengers to mitigate the risk of contracting the infection from air travel. As a result, technologies have been applied in some of the airports as a pilot project and will be later applied in other airports in the future. Such technologies are, for example, Common Use Passenger Processing System (CUPPS), which is the system that allows passengers to check-in and load baggage without having to wait in line. At present, the system has been launched as a pilot project at Suvarnabhumi Airport. For the Passenger Tracking system, the waiting time of passengers at the check-in area, security checking procedure, and passport checking procedure will be updated in real-time and the status will be shown on the monitor screen, helping the passengers to estimate their waiting time at each particular area. Moreover, the AOT Airport application will allow the passengers to estimate and track the overall time spent in the airport. In addition, the system will notify the airport officers of the congestion in each area so that they can manage logistics by relocating passengers to the less congested area to avoid congestion and comply with social distancing measures. The system was initially implemented at Suvarnabhumi Airport, Don Mueang International Airport, and Phuket International Airport. For the Smart Carpark system, passengers who use the parking area at Suvarnabhumi Airport and Phuket International Airport can pay the parking fee by themselves, which can reduce the risk of exposure to direct contact between service recipients and airport officers.

AOT is committed to developing services to facilitate passengers and service recipients at all six airports with innovations on a digital platform to become "Digital Airports Living Airports". AOT will upgrade the application and change its name from "AOT Airports Application" to "SAWASDEE by AOT". In this regard, simple words with the meaning well-known to people both locally and internationally have been used to convey Thainess and increased service efficiency by offering more services to users, such as daily flights checking, parking area checking, displaying the location of shops, restaurants and service points in order to make the service recipients more convenience and keep them satisfied with the service.

AOT plans to increase the proportion of non-aeronautical revenue to generate stable income by developing commercial areas around the airport. The Ministry of Finance has already approved the amendment of the agreement for utilization of state property regarding the operation of all six airports of AOT made with the Department of Airports, and the Royal Thai Air Force as a utilization provider under the utilization agreement and a custodian of the use of state property in accordance with to the relevant Ministry of Finance regulations. The amendment allows the extension of the period of utilizing the state property for another 30 years, starting from September 30th, 2021 to September 29th, 2051.

The extension of the agreement will result in the development of large projects with high-value investment, enhancement of the potential of airports and increase in financial returns for operators. These will lead to worthwhile investment in various businesses in the airports as well as generate long-term income for AOT.

Please be informed accordingly.

Yours sincerely,

(Chenwit Musikarat)

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Authorised Person

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