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14 May 2020

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 six-month periods ended March 31st, 2020

Overall performance and significant events

The overall air traffic volume of Airports of Thailand Public Company Limited (AOT) during October 2019 to March 2020 decreased comparing to the same period last year. This is because the number of flights and passengers (especially Chinese) decreased due to the Coronavirus Disease 2019 (COVID-19) pandemic at the beginning of 2020 still intensifying all over the world. Each countries have intensely increase preventive measures including screening and prohibiting travel in and out of the country. Moreover, airlines began to temporarily cancel international flights these greatly affect the overall global economy and the tourism industry of Thailand. Although the Thai economy has been negatively impacted by the COVID-19, both direct and indirect, the government has issued measures to remedy the economic effects of the virus and also enhance liquidity for operators, labour, and self-employed workers that are not in the social security system.

AOT has issued measures to assist the concessionaires at the six airports under AOT's responsibility, by offering a discount on fixed monthly concession fees from 1 February 2020 to 31 January 2021 at the rate of 20%, offering a discount on percentage-based concession fees and waiving collection of monthly/annual minimum guarantees. The percentage-based fees will only be collected from 1 February 2020 to 31 March 2022. However, AOT reserves its right to make changes, corrections or cancellations in the conditions of assistance measures whenever appropriate, to suit the impact being caused by the COVID-19 crisis. In addition, to help the liquidity of the concessionaires during the crisis period, if requested by the concessionaires, AOT will extend

payments for February 2020 to July 2020 concession fees for another six months. These measures are to lighten the burden of concessionaires affected by the crisis.

In the six-month period ended March 31st, 2020, the air traffic volume from six airports of AOT reported 414,303 flights, a 9.94% decrease comparing to the same period last year. It comprised 222,950 international flights and 191,353 domestic flights. The total number of passengers was 63.72 million, a 14.29% decrease comparing to the same period last year. It comprised 37.16 million international passengers and 26.56 million domestic passengers.

During the second quarter of FY 2020 (January 1st, 2020 – March 31st, 2020) AOT generated net profit of Baht 3,647.64 million. It decreased by Baht 3,998.86 million or 52.30% comparing to the same period last year. Total revenues decreased by Baht 5,219.99 million, total expenses decreased by Baht 196.62 million and income tax expense decreased by Baht 1,007.93 million.

1. Analysis of operations

1.1 Operating results for the three-month period ended March 31st, 2020

Unit: Million Baht

	Q2/2020	Q2/2019	Increase (decrease)	% YoY
Revenues from sales or services	11,902.09	17,121.43	(5,219.34)	(30.48)
<i>Aeronautical revenue</i>	6,742.66	9,727.05	(2,984.39)	(30.68)
<i>Portion</i>	57%	57%		
<i>Non-aeronautical revenue</i>	5,159.43	7,394.38	(2,234.95)	(30.22)
<i>Portion</i>	43%	43%		
Other income	426.24	426.89	(0.65)	(0.15)
Total revenues	12,328.33	17,548.32	(5,219.99)	(29.75)
<u>Less</u> Total expenses	7,746.46	7,943.08	(196.62)	(2.48)
Profit before income tax expense	4,581.87	9,605.24	(5,023.37)	(52.30)
<u>Less</u> Income tax expense	934.28	1,942.21	(1,007.93)	(51.90)
Net profit for the period	3,647.59	7,663.03	(4,015.44)	(52.40)
Profit attributable to:				
Owners of the parent	3,647.64	7,646.50	(3,998.86)	(52.30)
Non-controlling interests	(0.05)	16.53	(16.58)	(100.30)
Earnings per share (Baht)	0.26	0.54	(0.28)	(51.85)

Net profit of AOT for the three-month period ended March 31st, 2020 was Baht 3,647.64 million. It decreased by Baht 3,998.86 million or 52.30% comparing to the same period last year. Revenue from sales or services decreased by Baht 5,219.34 million or 30.48% as a result of a decrease in aeronautical revenue of Baht 2,984.39 million or 30.68% and non-aeronautical revenue of Baht 2,234.95 million or 30.22% because of decreasing in number of flights and passengers. Other income decreased by Baht 0.65 million or 0.15%. Total expenses decreased by Baht 196.62 million or 2.48%. The main reason was a decrease in outsourcing expenses which mostly caused by expenses from advance passenger checking service (APPS) which paid to service provider was decreased by Baht 159.01 million. Income tax expense decreased by Baht 1,007.93 million or 51.90%, which was in line with decrease in net profit.

1.2 Operating results for the six-month period ended March 31st, 2020

Unit: Million Baht

	Oct'19 – Mar'20	Oct'18 – Mar'19	Increase (decrease)	% YoY
Revenues from sales or services	28,006.78	32,517.87	(4,511.09)	(13.87)
<i>Aeronautical revenue</i>	15,748.22	18,252.40	(2,504.18)	(13.72)
<i>Portion</i>	56%	56%		
<i>Non-aeronautical revenue</i>	12,258.56	14,265.47	(2,006.91)	(14.07)
<i>Portion</i>	44%	44%		
Other income	1,431.33	826.26	605.07	73.23
Total revenues	29,438.11	33,344.13	(3,906.02)	(11.71)
<u>Less</u> Total expenses	15,669.10	15,706.45	(37.35)	(0.24)
Profit before income tax expense	13,769.01	17,637.68	(3,868.67)	(21.93)
<u>Less</u> Income tax expense	2,772.74	3,585.52	(812.78)	(22.67)
Net profit for the period	10,996.27	14,052.16	(3,055.89)	(21.75)
Profit attributable to:				
Owners of the parent	10,982.36	14,022.13	(3,039.77)	(21.68)
Non-controlling interests	13.91	30.03	(16.12)	(53.68)
Earnings per share (Baht)	0.77	0.98	(0.21)	(21.43)

Net profit of AOT for the six-month period ended March 31st, 2020 was Baht 10,982.36 million. It decreased by Baht 3,039.77 million or 21.68% comparing to the same period last year. Revenues from sales or services decreased by Baht 4,511.09 million or 13.87% as a result of a

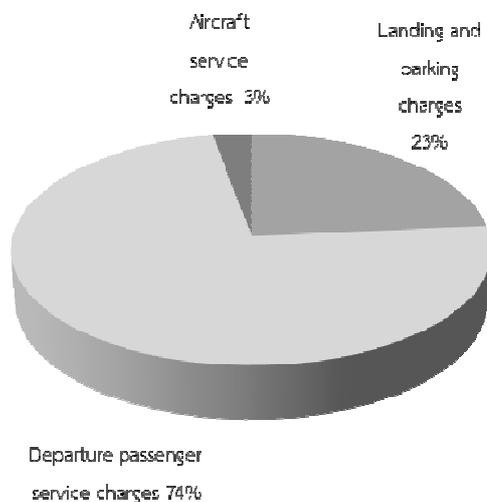
decrease in aeronautical revenue of Baht 2,504.18 million or 13.72% and non-aeronautical revenue of Baht 2,006.91 million or 14.07% because of decreasing in number of flights and passengers. Other income increased by Baht 605.07 million or 73.23%. Total expenses decreased by Baht 37.35 million or 0.24%. The main reason was a decrease in loss on impairment of assets, depreciation and amortisation expenses, outsourcing expenses, and financial costs. Income tax expense decreased by Baht 812.78 million or 22.67% which was in line with a decrease in profit.

1.3 Aeronautical Revenue

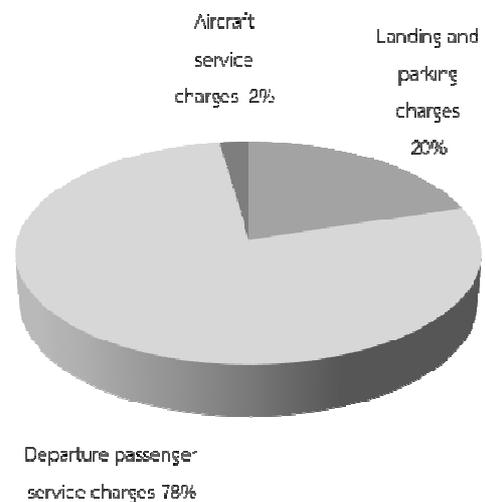
Unit: Million Baht

	For the three-month period				For the six-month period			
	Q2/2020	Q2/2019	Increase (decrease)	%YoY	Oct'19 – Mar'20	Oct'18 – Mar'19	Increase (decrease)	%YoY
Landing and parking charges	1,584.01	1,956.54	(372.53)	(19.04)	3,495.03	3,868.67	(373.64)	(9.66)
Departure passenger service charges	4,965.11	7,553.51	(2,588.40)	(34.27)	11,844.27	13,949.72	(2,105.45)	(15.09)
Aircraft service charges	193.54	217.00	(23.46)	(10.81)	408.92	434.01	(25.09)	(5.78)
Total	6,742.66	9,727.05	(2,984.39)	(30.68)	15,748.22	18,252.40	(2,504.18)	(13.72)

Q2/2020



Q2/2019



A portion of aeronautical revenue in each type in the second quarter of FY 2020 was not significant changed from the same period last year. The majority of aeronautical revenue was from departure passenger service charges which portion slightly decreased from quarter of 2/2019.

For the three-month period ended March 31st, 2020, aeronautical revenue of Baht 6,742.66 million decreased by Baht 2,984.39 million or 30.68% comparing to the same period last year due to a decrease in departure passenger service charges of Baht 2,588.40 million or 34.27%. This was because of a decrease in the number of passengers in six airports by 30.35%. Moreover, landing and parking charges decreased by Baht 372.53 million or 19.04% due to a decrease in number of flights by 18.54%.

For the six-month period ended March 31st, 2020, aeronautical revenue of Baht 15,748.22 million decreased by Baht 2,504.18 million or 13.72% comparing to the same period last year due to a decrease in departure passenger service charges of Baht 2,105.45 million or 15.09%. This was because the number of passengers in six airports decreased by 14.29%. Moreover, landing and parking charges decreased by Baht 373.64 million or 9.66%. This was because the decrease in number of flights by 9.94%.

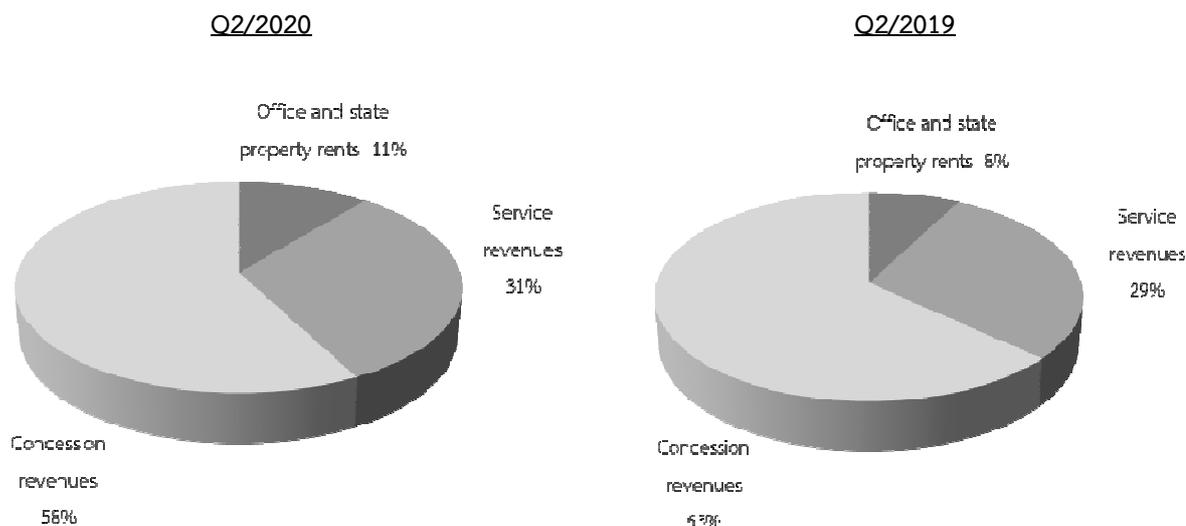
Aeronautical revenue for the three-month and six-month periods ended March 31st, 2020 decreased from the same period last year. The main reason was because of the COVID-19 pandemic in the beginning of 2020 which affected the travelling in and out of Thailand and also all over the world.

1.4 Non-Aeronautical Revenue

Unit: Million Baht

	For the three-month period				For the six-month period			
	Q2/2020	Q2/2019	Increase (decrease)	%YoY	Oct'19 – Mar'20	Oct'18 – Mar'19	Increase (decrease)	%YoY
Office and state property rents	563.73	576.39	(12.66)	(2.20)	1,147.79	1,156.13	(8.34)	(0.72)
Service revenues	1,618.70	2,136.81	(518.11)	(24.25)	3,730.35	4,091.87	(361.52)	(8.84)
Concession revenues	2,977.00	4,681.18	(1,704.18)	(36.40)	7,380.42	9,017.47	(1,637.05)	(18.15)
Total	5,159.43	7,394.38	(2,234.95)	(30.22)	12,258.56	14,265.47	(2,006.91)	(14.07)

1.4 Non-Aeronautical Revenue (cont'd)



A portion of non-aeronautical revenue in each type in the second quarter of FY 2020 was not significantly changed from the same period last year. The majority of non-aeronautical revenue was from concession revenues which portion slightly decreased from quarter of 2/2019.

For the three-month period ended March 31st, 2020, non-aeronautical revenue of Baht 5,159.43 million decreased by Baht 2,234.95 million or 30.22% comparing to the same period last year due to a decrease in concession revenues of Baht 1,704.18 million or 36.40%. The main reason was a decrease in the number of passengers, customers in airports and the decrease in service revenue by Baht 518.11 million or 24.25% which mainly from a decrease in advance passenger checking service.

For the six-month period ended March 31st, 2020, non-aeronautical revenue of Baht 12,258.56 million decreased by Baht 2,006.91 million or 14.07% comparing to the same period last year due to a decrease in concession revenues of Baht 1,637.05 million or 18.15%. The main reason was a decrease in number of passengers, customers in airports and the decrease in services revenue by Baht 361.52 million or 8.84% which mainly from a decrease in advance passenger checking service.

Aeronautical revenue for the three-month and six-month periods ended March 31st, 2020 decreased from the same period last year because of the decrease in concession revenues. The main reason was because of the COVID-19 pandemic in the beginning of 2020 which decreased the number of passengers and customers. Besides, AOT has assistance measures for the concessionaires who were affected by the crisis.

1.5 Other income

Unit: Million Baht

	For the three-month period				For the six-month period			
	Q2/2020	Q2/2019	Increase (decrease)	%YoY	Oct'19 – Mar'20	Oct'18 – Mar'19	Increase (decrease)	%YoY
Gain on foreign exchange	63.62	90.85	(27.23)	(29.97)	65.28	88.65	(23.37)	(26.36)
Interest income	256.03	248.53	7.50	3.02	592.74	557.80	34.94	6.26
Others	106.59	87.51	19.08	21.80	773.31	179.81	593.50	330.07
Total	426.24	426.89	(0.65)	(0.15)	1,431.33	826.26	605.07	73.23

Other income for the three-month period ended March 31st, 2020 was Baht 426.24 million. It decreased by Baht 0.65 million or 0.15% comparing to the same period last year. This was a result of a decrease in gain on foreign exchange by Baht 27.23 million due to the depreciation of Thai Baht against Japanese Yen is more than the same period last year while other income increased by Baht 19.08 million.

Other income for the six-month period ended March 31st, 2020 was Baht 1,431.33 million. It increased by Baht 605.07 million or 73.23% comparing to the same period last year. The main reason came from an increase in other income by Baht 593.50 million. This was mainly from the reversal of provision due to the Supreme Court dismissed AOT in the dispute over the space rental agreement at Transport Management Center in Suvarnabhumi Airport.

1.6 Total expenses

Unit: Million Baht

	For the three-month period				For the six-month period			
	Q2/2020	Q2/2019	Increase (decrease)	%YoY	Oct'19 – Mar'20	Oct'18 – Mar'19	Increase (decrease)	%YoY
Employee benefit expenses	1,898.67	1,734.66	164.01	9.45	3,758.76	3,407.85	350.91	10.30
Utilities expenses	632.46	659.59	(27.13)	(4.11)	1,277.93	1,319.94	(42.01)	(3.18)
Outsourcing expenses	1,344.25	1,543.60	(199.35)	(12.91)	2,867.43	2,967.81	(100.38)	(3.38)
Repairs and maintenance	716.61	593.57	123.04	20.73	1,303.95	1,210.00	93.95	7.76

1.6 Total expenses (Cont'd)

Unit: Million Baht

	For the three-month period				For the six-month period			
	Q2/2020	Q2/2019	Increase (decrease)	%YoY	Oct'19 – Mar'20	Oct'18 – Mar'19	Increase (decrease)	%YoY
State property rental	990.40	1,060.80	(70.40)	(6.64)	2,086.66	2,043.80	42.86	2.10
Depreciation and amortisation expenses	1,347.80	1,418.64	(70.84)	(4.99)	2,726.99	2,849.36	(122.37)	(4.29)
Loss on impairment of assets	-	18.89	(18.89)	(100.00)	-	157.04	(157.04)	(100.00)
Loss (Gain) on sales of assets	12.56	(0.22)	12.78	5,809.09	5.58	(0.67)	6.25	932.84
Other expenses	637.61	707.94	(70.33)	(9.93)	1,298.08	1,320.83	(22.75)	(1.72)
Financial costs	166.10	205.61	(39.51)	(19.22)	343.72	430.49	(86.77)	(20.16)
Total	7,746.46	7,943.08	(196.62)	(2.48)	15,669.10	15,706.45	(37.35)	(0.24)

For the three-month period ended March 31st, 2020, total expenses were Baht 7,746.46 million. It decreased by Baht 196.62 million or 2.48% comparing to the same period last year. This was mainly due to a decrease in outsourcing expenses by Baht 199.35 million, depreciation and amortisation expenses Baht 70.84 million, state property rental Baht 70.40 million, other expenses Baht 70.33 million, financial costs Baht 39.51 million and utilities expenses Baht 27.13 million. While, employee benefit expenses increased by Baht 164.01 million. Moreover, repairs and maintenance increased by Baht 123.04 million. Other categories of expenses did not change significantly comparing to the same period last year.

For the six-month period ended March 31st, 2020, total expenses of Baht 15,669.10 million. It decreased by Baht 37.35 million or 0.24% comparing to the same period last year. This was mainly due to a decrease in loss on impairment of assets by Baht 157.04 million, depreciation and amortisation expenses Baht 122.37 million, outsourcing expenses Baht 100.38 million due to the expensed from advance passenger checking service (APPS) which paid to service provider was decreased by Baht 159.01 million. Moreover, financial costs also decreased by Baht 86.77 million. On the other hand, employee benefit expenses increased by Baht 350.91 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 March 31st, 2020 of AOT is as follows:

Unit: Million Baht

	31 Mar 2020	30 Sep 2019	Increase (decrease)	% Change
Total assets	185,978.84	198,381.55	(12,402.71)	(6.25)
Total liabilities	35,752.49	43,842.92	(8,090.43)	(18.45)
Total equity	150,226.35	154,538.63	(4,312.28)	(2.79)

The material changes in assets, liabilities and equity as at March 31st, 2020 comparing to September 30th, 2019 are as follows:

2.1 Analysis of assets

Total assets as at March 31st, 2020 were Baht 185,978.84 million. They decreased by Baht 12,402.71 million or 6.25% from September 30th, 2019 as detailed below.

Unit: Million Baht

	31 Mar 2020	30 Sep 2019	Increase (decrease)	% change
Current assets	66,279.15	80,787.14	(14,507.99)	(17.96)
Investment	720.30	1,161.92	(441.62)	(38.01)
Property plant equipment and investment properties	114,724.50	112,275.42	2,449.08	2.18
Other non-current assets	4,254.89	4,157.07	97.82	2.35
Total assets	185,978.84	198,381.55	(12,402.71)	(6.25)

Current assets of Baht 66,279.15 million decreased by Baht 14,507.99 million or 17.96% due to a decrease in short-term investments of Baht 18,252.38 million. However, cash and cash equivalents increased by Baht 3,940.67 million. Other current assets (i.e trade accounts receivable, other receivables, inventories and supplies including other current assets) did not change significantly comparing to last year.

Investment of Baht 720.30 million decreased by Baht 441.62 million or 38.01% due to a decrease in available-for-sale investments by Baht 443.01 million.

Property plant equipment and investment properties of Baht 114,724.50 million increased by Baht 2,449.08 million or 2.18%. This was mainly from work in process: construction of the Suvarnabhumi Airport Development Project for midfield satellite building 1 (levels 2-4), South tunnel connection (sub system).

Other non-current assets of Baht 4,254.89 million increased by Baht 97.82 million or 2.35% due to an increase in deferred tax assets by Baht 407.56 million. The value of cross currency swap contracts recognised as assets increased by Baht 185.17 million and intangible assets increased by Baht 145.56 million. On the other hand, advance payment decreased by Baht 640.27 million.

2.2 Analysis of liabilities

Total liabilities as at March 31st, 2020 were Baht 35,752.49 million. They decreased by Baht 8,090.43 million or 18.45% from September 30th, 2019 as detailed below.

Unit: Million Baht				
	31 Mar 2020	30 Sep 2019	Increase (decrease)	% change
Current liabilities	19,743.03	26,182.04	(6,439.01)	(24.59)
Long-term loans	9,664.46	10,515.94	(851.48)	(8.10)
Other non-current liabilities	6,345.00	7,144.94	(799.94)	(11.20)
Total liabilities	35,752.49	43,842.92	(8,090.43)	(18.45)

Current liabilities of Baht 19,743.03 million decreased by Baht 6,439.01 million or 24.59% due to a decrease in work in processes payables by Baht 3,263.55 million which mainly came from payment of construction of the Suvarnabhumi Airport Development Project for midfield satellite building 1 (levels B1, 1, 2-4 and G) including aprons and south tunnel connection (structural, main system and sub system work). Other current liabilities decreased by Baht 1,281.11 million and other payables decreased by Baht 1,073.19 million.

Long-term loans of Baht 9,664.46 million decreased by Baht 851.48 million or 8.10% due to a repayment of borrowings and the effect from foreign exchange rates.

Other non-current liabilities of Baht 6,345.00 million decreased by Baht 799.94 million or 11.20% due to a decrease in long term provision by Baht 528.13 million. The mainly came from reversal of unrealised provision. The value of cross currency swap contracts recognised as liabilities decrease by Baht 711.59 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, retention increased by Baht 350.66 million.

2.3 Analysis of equity

The total equity as at March 31st, 2020 was Baht 150,226.35 million. It decreased by Baht 4,312.28 million or 2.79% from total comprehensive income for the period of Baht 10,641.87 million less dividends payment of Baht 14,998.78 million. In addition, the subsidiary called for paid-up share capital from non-controlling interests of Baht 44.63 million.

3. Analysis of liquidity

As at March 31st, 2020, cash and cash equivalents were Baht 13,873.13 million. They increased by Baht 3,940.67 million from September 30th, 2019 as detailed below.

Unit: Million Baht

	Oct'19 – Mar'20
Cash flows from operating activities	10,415.25
Cash flows from investing activities	10,935.54
Cash flows from financing activities	(17,410.12)
Net increase in cash and cash equivalents	3,940.67
Cash and cash equivalents at the beginning of the period	9,932.46
Cash and cash equivalents at the end of the period	13,873.13

The change in cash and cash equivalents for the six-month period ended March 31st, 2020 can be analysed as below;

Cash generated from operating activities of Baht 10,415.25 million. It resulted from an operation of the current period.

Cash generated from investing activities of Baht 10,935.54 million. It resulted from net cash received from short-term investments of Baht 18,252.38 million and investment in property plant and equipment of Baht 7,151.31 million. The majority was investment at the Suvarnabhumi Airport.

Cash used in financing activities of Baht 17,410.12 million mainly from dividend payment of Baht 14,998.78 million.

4. Ratio analysis

	Oct'19 – Mar'20	Oct'18 – Mar'19
Profitability ratio		
Ratio of profit from operations to revenue from operations (%)	45.34	53.62
Return on equity (ROE) (%)	7.24	9.78
Return on total assets (ROA) (%)	5.71	7.60
	31 Mar 2020	30 Sep 2019
Financial structure and liability ratio		
Debt to equity ratio (Time)	0.24	0.28
Liquidity ratio (Time)	3.36	3.09

AOT has a decrease of profitability ratio due to the COVID-19 pandemic in the beginning of 2020 which affected the aviation and tourism industries of Thailand. Besides, AOT has assistance measures for the concessionaires at the six airports under AOT's responsibility in the period of the crisis. However, 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 three times.

5. Factors affecting future operation

The COVID-19 pandemic caused a decrease in both domestic and international passengers due to the risk of pandemic conditions and the quarantine measures in all countries which have impacted tourists around the world. The tourism and aviation industries have been significantly affected. Therefore, AOT must be ready to improve various airports services in accordance with the situation, while simultaneously developing aviation infrastructure.

In the Board of Directors Meeting No. 5/2020 held on April 22nd, 2020, the Board of Directors resolved to approve additional assistance measures for the concessionaires and airlines in airports under AOT's responsibility that affected by COVID-19 pandemic. The assistance measures include state property rents, building service charges, and fixed monthly concession charges, measures to assist airlines regarding the collection of charges pursuant to the law on air navigation. AOT also grants permission to postpone payments of state property rents, building service charges, landing and parking charges and aircraft service charges for concessionaires and airlines as requested. The postponement is for 9 monthly instalments from the period April 2020 to December 2020, extending the original postpone period of 6 monthly instalments, from February 2020 to July 2020, to 11 periods (February 2020 to December 2020) by extending for 6 months credit term of

payment for concession charges from the normal payment's due date. This is only if the concessionaires and the airlines request it. AOT also adjust the rates of fixed concession charges and minimum guarantees for commercial activities operated at airports under AOT's responsibility after the end of measures to assist concessionaires. Each of the above assistance measures have specific terms and conditions clearly specified by AOT. AOT reserves its right to make changes, corrections, or cancellations in the conditions of assistance measures to suit the effects being caused by COVID-19 pandemic and to mitigate its impact on the concessionaires and airlines in accordance with government policies.

AOT is a state enterprise that manages all 6 major airports in the country which is considered as important infrastructure to support air traffic and passenger's volume from many regions, both domestically and internationally. Therefore, AOT focuses on developing the airport infrastructure by continuously developing and upgrading all 6 airports that are under management to support an increased number of flights and passengers in the future. AOT is increasing the capabilities of Don Mueang Airport during its Phase 3 project. When completed, it will be able to accommodate 40 million passengers per year. Moreover, AOT will incorporate a limited company for management of perishable products at Suvarnabhumi Airport, which is a part of the agricultural products inspection before export. AOT will hold 49% of the shares and the private sector with expert on that business will hold 51% of the shares. This aims to increase management flexibility for Thai agricultural products and to meet quality of international standards.

AOT has upgraded the measures to prevent the spread of COVID-19 by screening all people who enter to the terminals include passengers, customers, pick-ups and area workers. Therefore, passengers will ensure good services and confidence. In addition, standardised facilities and adequate infrastructure, will result in convenience and fast service when using the airports.

Please be informed, accordingly.

Yours sincerely,

(Somboon Noinamkham)

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Authorised Person

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