



Management's Discussion and Analysis

For the three-month period ended 31 March 2019

Bangkok Airways Public Company Limited and Its Subsidiaries



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Management's Discussion and Analysis for the First Quarter of year 2019 ended 31 March 2019

Executive Summary

Thailand's economy slowly expanded in the first quarter of 2019, compared to the previous quarter. The trade war between China and the US has weighted on the global economy over the past year in which Thailand has been affected, especially in the export sector. Additionally, the unemployment rate improved slightly to 0.92 percent in the first quarter in 2019, compared to 0.93 percent in previous quarter. Moreover, a drop in inflation rate can be observed (Source: The Bank of Thailand) while the interest rate was stable from previous quarter (Source: Siam Commercial Bank).

For overall global aviation industry in the first quarter 2019, a growth in passenger traffic was supported by 4.8 percent increase in Revenue Passenger Kilometers (RPK). European region had the highest growth at 6.4 percent, followed by Asia Pacific and Latin America, accounting for 5.4 and 5.3 percent respectively. Meanwhile the Middle East RPK slightly dropped by 1.3 percent. For the supply side, worldwide capacity growth, or Available Seat Kilometers (ASK), increased by 5.2 percent on the average. European region remained as the top at 7.1 percent, followed by Latin America (5.7 percent), and Asia Pacific (5.4 percent). Although the ASK growth of the Middle East increased by 2.6 percent, its RPK showed a decline. Overall, a growth of Available Seat Kilometers (ASK) was exceeded a growth of Revenue Passenger Kilometers (RPK), compared to the same period last year. This led to a decline in average Passenger Load Factor (PLF) in this quarter (Source: International Air Transport Association).

Thailand tourism industry in the first quarter of 2019 had a minor growth of 1.8 percent. Tourist arrivals from South Asia had the highest growth at 20.7 percent, followed by Southeast Asia and Africa at 5.7 percent and 1.4 percent respectively. In contrast, tourist arrivals from The Middle East, Oceania, and Europe decreased by 14.6 percent, 5.6 percent and 2.3 percent respectively. In addition, visitors from China dropped slightly by 1.7 percent but revealed a major recovery from a plunge of 10.4 percent in previous quarter. However, Chinese visitors remained the biggest portion of international visitors to



Thailand with 28.9 percent market share during the first 3 months of this year (Source: Ministry of Tourism and Sports).

In the first quarter of year 2019, the Company has increased flight frequencies in Bangkok-Danang route to 14 flights weekly, Bangkok-Mandalay route to 14 flights weekly and Krabi-Bangkok (one way) route to 24 flights weekly. Additionally, new route service has been started from Bangkok-Cam-Ranh with four flights per week starting from January 2019 and Chiang Mai - Krabi (one-way) with three flights weekly since March 2019. The Company decreased flight Chiang-Mai to Bangkok (one-way) from 56 flights weekly to 53 flights weekly started from March 2019. For this quarter, the major passenger was from point-of-sale in Europe at 25.0 percent, in Thailand at 23.0 percent and in Asia excluding Thailand at 20.0 percent of total passenger.

In the first quarter of year 2019, the Company reported total revenue amounting to 7,789.9 million baht, increased by 0.5 percent from the same period last year. An increase in total revenue was mainly from airport-related services and unallocated revenue which rose by 11.6 percent and 35.0 percent respectively. The revenue from airline business slightly declined by 4.2 percent from highly intense competition particularly in domestic sectors which caused overall number of passenger, passenger yield and average fare dropped by 1.9 percent, 1.6 percent and 2.8 percent respectively.

The Company reported net profit at 510.8 million baht, decreased from the first quarter of year 2018 by 208.5 million baht or 29.0 percent of which profit attributable to the equity holder of the Company was 504.3 million baht. Earnings per share for this quarter was 0.24 baht.

Notable Events

Notable events in 1Q2019:

Airline Business

- The Company has revised flight frequencies due to passenger seasonal demand and has increased flight frequencies, operated new routes and suspended the underperformed route as follows;

New Routes

- Bangkok – Cam Ranh 4 flights per week (January 2019)
- Chiang Mai – Krabi (one way) 3 flights per week (March 2019)

Adding Flight Frequency

- Krabi – Bangkok (one way) from 21 flights per week to 24 flights per week (March 2019)
- Bangkok – Danang from 7 flights per week to 14 flights per week (March 2019)
- Bangkok-Mandalay from 11 flights per week to 14 flights per week (until March 2019)

Soften Flight Frequency

- Chiang Mai – Bangkok (one way) from 56 flights per week to 53 flights per week (March 2019)

- As of 31 March 2019, the Company had 41 aircraft as shown in table below;

Fleet Type	As of 31 March 2019	As of 31 March 2018
Airbus A320	9	9
Airbus A319	16	14
ATR 72-500	4	6
ATR 72-600	12	9
Total	41	38

In January 2019, one additional Airbus A319 under operating lease was delivered, while one ATR72-500 was disposed. The Company received one ATR72-600 in March 2019 under Commercial loan.



3. The Company has been approved to renew Airport Operator License or AOL) from Civil Aviation Authority of Thailand. The license will last for 10 years until 2029. (February 2019)
4. The Company and Thailand Convention & Exhibition Bureau (TCEB) have cooperated to make the campaign “Fly & Meet Double Bonus – Redefined” to attract groups of traveler: MICE, organization and incentives to gain the privilege when travelling from CLMV countries to Thailand. (February 2019)
5. The Company, BTS Group Holding Public Company Limited and Sino-Thai Engineering & Construction Public Company Limited have jointly submitted the proposal under the name of “BBS Joint Venture” for the bidding of the U-Tapao International Airport and Eastern Aviation City Development project to the Royal Thai Navy, which under the public private partnership.
6. Bangkok Air Aviation Training Center Company Limited (BATC) and International Air Transport Association (IATA) have signed a partnership agreement on the establishment of IATA Regional Aviation Training Partner in Bangkok. (March 2019)

Airport Related Business and Investment

7. As of 31 March 2019, Worldwide Flight Services Bangkok Air Ground Handling Company Limited (BFS Ground) had 6 additional airlines, causing total number of its customers to be from 75 airlines to 81 airlines for ground service equipment when comparing with 31 March 2018.
8. As of 31 March 2018, WFS-PG Cargo Company Limited (BFS Cargo) had 4 additional airlines, causing total number of its customers to be from 67 airlines to 71 airlines for international cargo terminal services when comparing with 31 March 2018.

Management's Discussion and Analysis

Bangkok Airways is a full serviced airline providing premium service to passengers. Company owns and operates 3 airports which are Samui Airport, Trat Airport and Sukhothai Airport. In addition to airline and airport businesses, it operates airport related businesses which include passenger and ramp services, catering services and international cargo warehouse where it serves self and other airlines.

Consolidated financial statement of the Company consists of Separate Financial Statement and Financial Statements of the 13 subsidiaries that include: 1) Bangkok Air Catering Company Limited (BAC) 2) Worldwide Flight Services Bangkok Air Ground Handling Company Limited (BFS Ground) 3) Bangkok Airways Ground Service Company Limited (PGGS) 4) Bangkok Airways Holding Company Limited (PGH) 5) SA Services Company Limited 6) BFS Cargo DMK Company Limited 7) BAC Gourmet House Company Limited 8) Bangkok Air Catering Phuket Company Limited 9) Gourmet Primo Company Limited 10) Bangkok Air Catering Samui Company Limited and 11) Bangkok Air Catering Chiang Mai Company Limited 12) More Than Free Company Limited 13) Bangkok Air Aviation Training Center Co., Ltd.

Airline Operating Data

	Unit	January-March	
		2019	2018
Schedule passenger revenues ⁽¹⁾	Million Baht	6,015.1	6,311.0
Domestic		3,897.2	4,164.6
International		2,117.8	2,146.4
Available Seat Kilometers (ASK)	Million Seat -Kilometers	1,708.9	1,722.4
Domestic		922.2	930.4
International		786.7	792.0
Revenue Passenger Kilometers (RPK)	Million Passenger - Kilometers	1,274.7	1,316.5
Domestic		743.1	781.9
International		531.7	534.6
Passenger Load Factor	Percentage	74.6	76.4
Domestic		80.6	84.0
International		67.6	67.5

	Unit	January-March	
		2019	2018
Number of passengers carried	Thousand	1,725.1	1,758.9
Domestic	Passengers	1,206.6	1,269.2
International		518.5	489.6
Number of flight flown	Flights	18,915	18,479
Domestic		12,742	12,660
International		6,173	5,819
Total seat capacity	Thousand Seats	2,291.4	2,244.4
Domestic		1,502.2	1,504.5
International		789.2	739.9
Aircraft utilization	Block Hour	9.0	9.1
Airbus A320	per Day	10.0	10.3
Airbus A319	per Aircraft	8.9	9.7
ATR 72-500 & ATR 72-600		8.0	7.3
Number of aircraft at end of period	Aircraft	41	38
Airbus A320		9	9
Airbus A319		16	14
ATR 72-500		4	6
ATR 72-600		12	9
Average Stage Length	Million Kilometers	13.3	13.3
Kilometers flown	Kilometers	738.9	748.5
Passenger Yield ⁽²⁾	Baht per Passenger -Kilometers	4.72	4.79
Revenue ASK (RASK)		4.02	3.95
Cost per ASK (CASK)	Baht per Available Seat	3.54	3.43
Cost per ASK excluding fuel cost	- Kilometers	2.79	2.76
RASK – CASK		0.49	0.52

Remark

- (1) These figures are different from those included in Company's consolidated Financial Statements as they include revenues (before deducting discounts and commissions) from scheduled flights, net interline revenues from flights operated by other airlines and marketed by it on a code-share basis, revenues derived from non-codeshare interline sales by it of seats on other airlines' flights, fuel and insurance surcharge revenue. Exclude revenues from cargo services, charter services and other revenue.
- (2) Scheduled passenger revenues including fuel surcharge and insurance surcharge, but excluding excess baggage divided by RPKs.

Operating performance summary for the three-month period ended March 31, 2019

Consolidated financial statement for the three-month period ended March 31, 2019 comprises Bangkok Airways' financial statement and thirteen subsidiaries as follows:

Unit: million baht

	January-March			
	2019	2018	Variance	
			Amount	%
Net profit (loss) for the period	510.8	719.3	(208.5)	(29.0)
Plus:				
Finance Cost	451.9	471.2	(19.3)	(4.1)
Income tax expenses	104.9	180.3	(75.4)	(41.8)
Less:				
Interest received	22.1	27.2	(5.1)	(18.7)
Gain on foreign exchange	1.6	-	1.6	100.0
Non-operating revenues ⁽¹⁾	59.1	(1.5)	60.6	3,996.4
EBIT ⁽²⁾	984.8	1,345.2	(360.3)	(26.8)
Plus:				
Depreciation and amortization	348.5	335.1	13.4	4.0
EBITDA ⁽²⁾	1,333.3	1,680.3	(347.0)	(20.7)

	January-March			
	2019	2018	Variance	
			Amount	%
Plus:				
Operating lease expenses	389.6	398.6	(9.0)	(2.3)
EBITDAR ⁽²⁾	1,722.9	2,078.9	(356.0)	(17.1)
Total revenue	7,789.9	7,830.7	(40.8)	(0.5)
Operating revenue ⁽³⁾	7,707.2	7,805.0	(97.9)	(1.3)
Profit attributable to equity holders of the Company	504.3	710.5	(206.1)	(29.0)
EBIT Ratio (%)	12.8	17.2	(4.5)	
EBITDA Ratio (%)	17.3	21.5	(4.2)	
EBITDAR Ratio (%)	22.4	26.6	(4.3)	

Remarks

- (1) Comprises of gain on sale of investments, sale of investment in subsidiaries and sale of assets.
- (2) EBIT, EBIT margins, EBITDA, EBITDA margins, EBITDAR or EBITDAR margins are not standard measures, nor measurements of financial performance or liquidity, under TFRS, and should not be considered alternatives to net profit (loss) or any other performance measure or as an alternative to cash flow from operating activities. Since there are various calculation methods, its presentation may not be comparable to similarly titled measures used by other companies.
- (3) Comprises of total revenue net dividend income, gain on foreign exchange, interest income and non-operating revenues.

Operating profit and net income

The operating revenue of the Company for the first quarter of year 2018 and year 2019 were 7,805.0 million baht and 7,707.2 million baht respectively, decreased by 1.3 percent while total expenses increased from 6,679.2 million baht to 6,920.3 million baht or increased by 3.6 percent

The earnings before interest and tax, depreciation, amortization, and rent (EBITDAR) were derived from total income (excluding dividend income, interest income, gain on foreign exchange and non-operating revenues) less total expenses plus depreciation and amortization expenses, and aircraft rental,

equaled to 2,078.9 million baht and 1,722.9 million baht or 26.6 percent and 22.4 percent of total operating revenue for the first quarter of year 2018 and year 2019 respectively.

For the first quarter of year 2019, net profit of the Company was 510.8 million baht, dropped from the same period last year by 208.5 million baht or 29.0 percent. The gain attributable to equity holders of the Company was 504.3 million baht.



Revenue

Consolidated revenue of the Company, excluding the inter-segment revenue, is divided into 4 segments as follows:

Unit: million baht

	January-March					
	2019	%	2018	%	Variance	
					Amount	%
1. Airlines	6,008.4	77.1	6,272.2	80.1	(263.8)	(4.2)
2. Airports	168.4	2.2	182.9	2.3	(14.5)	(7.9)
3. Airport-related services and other related business	1,164.5	14.9	1,043.2	13.3	121.3	11.6
4. Unallocated revenue	448.6	5.8	332.4	4.3	116.2	35.0
Total Revenue	7,789.9	100.0	7,830.7	100.0	(40.8)	(0.5)

Revenue from Airline Operations

In the first quarter of year 2019, revenue from airline business was accounted for 77.1 percent of total revenue. Revenue from airlines consists of earnings from scheduled flights, chartered flights and cargo with details as follows:

Unit: million baht

	January-March			
	2019	2018	Variance	
			Amount	%
Net scheduled passenger revenue	5,843.8	6,095.0	(251.2)	(4.1)
Charter flights and charter services revenue	111.8	127.0	(15.2)	(12.0)
Total passenger revenue	5,955.6	6,222.0	(266.4)	(4.3)

	January-March			
	2019	2018	Variance	
			Amount	%
Cargo revenue	52.8	50.2	2.6	5.2
<i>Total revenue from airline business</i>	6,008.4	6,272.2	(263.8)	(4.2)

For the first quarter of year 2019, revenue from scheduled flights was 5,843.8 million baht, dropped by 4.1 percent from the same period last year. The declining of scheduled revenue was mainly from the lower passenger growth by 1.9 percent, together with a consequence of highly intense competition which caused the average fare to drop by 2.8 percent and passenger yield per RPK to decrease by 1.6 percent compared with the same period last year.

Revenue from charter flights and charter services decreased from 127.0 million baht to 111.8 million baht, lower by 12.0 percent from the same period last year. The declining revenue was mainly from a decrease number of charter flight and charter service flights during the period.

Revenue from Airport Operations

In the first quarter of year 2019, revenue from airport operations was accounted for 2.2 percent of total revenue. Majority of the airport revenue was derived from growing number of flights landed and the passengers services charged to outbound passengers at Samui Airport. Revenue from airport operations was 168.4 million baht or decreased by 7.9 percent from first quarter year 2018. That was mainly from lower number of departing passenger from Samui Airport which dropped by 8.6 percent

Revenue from Airport-Related Operations and Other Related Business

Operating financial performance of the Company's subsidiaries and associated companies in airport-related operations was illustrated below:

Unit: million baht

	January-March	
	2019	2018
<i>Catering services (BAC):</i>		
Revenue ⁽¹⁾	320.4	363.1
EBITDA	61.7	111.1
Net income	32.5	74.1
Number of meals produced and uplifted (million meals)	2.1	2.5
<i>Ground Services (BFS Ground):</i>		
Revenue ⁽¹⁾	777.1	683.2
EBITDA	186.6	138.7
Net income	122.2	84.9
Number of flights handled (flight)	20,818	18,579
<i>International cargo terminal services (BFS Cargo):</i>		
Revenue ⁽¹⁾	491.8	493.1
EBITDA	247.3	249.5
Net income	178.1	176.1
Tonnage	101,489	102,239
Cargo capacity (ton per year)	523,000	450,000
Utilization (%)	77.6	90.9

Remark

⁽¹⁾ Revenues from subsidiaries and associated companies exclude revenues earned from transactions with the Company

Revenue from airport-Related Operations and Other Related Business from services provided to other airlines mainly comprises of:

Unit: million baht

	January-March			
	2019	2018	Variance	
			Amount	%
Bangkok Air Catering Company Limited (BAC)	297.0	302.0	(5.0)	(1.6)
Worldwide Flight Services Bangkok Air Ground Handling Company Limited (BFS Ground)	622.4	540.7	81.8	15.1
Bangkok Airways Ground Service Company Limited (PGGS)	90.1	92.0	(1.9)	(2.1)
Other revenue ⁽¹⁾	154.9	108.5	46.4	42.8
Total revenue from airport-related operations	1,164.5	1,043.2	121.3	11.6

Remark: (1) Other revenue includes revenue from BAC Gourmet House Company Limited, the subsidiary of BAC which main activity is to provide food services in business district and major tourist attractions in Bangkok, Gourmet Primo Company Limited and More Than Free Company Limited, a subsidiary of Bangkok Airways Holding Company Limited

Bangkok Air Catering Company Limited (BAC)

For the first quarter of year 2019, the operating performance of BAC dropped by 1.6 percent, showing the revenue at the amount of 297.0 million baht. The decreasing revenue mainly due to loss of one airline customer at the beginning of the year. In addition, BAC has transferred kosher box operation to Bangkok Air Catering Phuket Company Limited. Consequently, the average meal produced dropped by 16.0 percent compared with first quarter last year.

Worldwide Flight Services Bangkok Air Ground Handling Company Limited (BFS Ground)

For the first quarter of year 2019, the operating performance of BFS Ground was 622.4 million baht, increased by 15.1 percent from the same period last year. The better performance of BFS Ground was derived from increasing number of flights by 12.1 percent with additional of six new airline customers compared with the same period last year. As of 31 March 2019, BFS Ground has 81 airline customers

Bangkok Airways Ground Service Company Limited (PGGS)

The operating performance of PGGS for the first quarter of 2018 and 2019 reported at 92.0 million baht and 90.1 million baht respectively or dropped by 2.1 percent. A decreasing revenue was mainly from lower number of handling flights since the suspension of Thai Airways' flights landed in to Samui Airport. For this quarter year 2019, the number of handling flight dropped by 19.9 percent from the same period last year.

Unallocated Revenues

Company has other revenues that are not related to the airline operations, airport operations and airport-related operations with details as follows:

Unit: million baht

	January-March			
	2019	2018	Variance	
			Amount	%
Gain on foreign exchanges	1.6	-	1.6	100.0
Interest received	22.1	27.2	(5.1)	(18.7)
Other revenues	424.9	305.2	119.7	39.2
<i>Total unallocated revenues</i>	448.6	332.4	116.2	35.0

In the first quarter of year 2019, total unallocated revenues increased from 332.4 million baht to 448.6 million baht or growth by 35.0 percent. This was mainly due to increasing amount of gain on foreign exchanges and other revenues.

Major components of other revenues are passenger ticket charges, excess baggage charges, breakage revenues on ticket expiry, gain on sale of assets, revenue from concession, rental area and etc. However, for this quarter, an increase in other revenues was mainly derived from gain on sale of assets, revenue from concession, breakage revenues on ticket expiry and revenue from Frequent Flyer Program.

Share of Profit from Investments in Associates

The Company reported share of profit from associated companies for first quarter of year 2019 at 198.0 million baht, decreased by 9.8 percent compared with the same period last year. That was due to a lower profit contributed to shareholders of Samui Property Fund (SPF) and a decrease in percentage of ownership in SPF from 33.0 to 30.0 percent in first quarter 2019.

Unit: million baht

	January-March			
	2019	2018	Variance	
			Amount	%
WFS-PG Cargo Company Limited	87.2	86.3	0.9	1.0
Samui Property Fund	110.8	133.1	(22.3)	(16.8)
Share of Profit from Investments in Associates	198.0	219.4	(21.4)	(9.8)

Expenses

Expenses consist of costs of sales and services and administrative services with details as follows:

Unit: million baht

	January-March					
	2019	%	2018	%	Variance	
					Amount	%
Cost of sales and services	5,888.9	85.1	5,641.4	84.5	247.5	4.4
Selling expenses	519.2	7.5	489.7	7.3	29.5	6.0
Administrative expenses	511.4	7.4	434.5	6.5	76.9	17.7
Loss on foreign exchange	-	-	111.4	1.7	(111.4)	(100.0)
Other expenses	0.8	0.0	2.2	0.0	(1.4)	(63.6)
Total Expenses	6,920.3	100.0	6,679.2	100.0	241.1	3.6

Costs of Sales and Services

Major costs of sales and services consist of fuel costs, aircraft repair and maintenance costs, personnel expenses, cost of passenger services and aircraft rental.

For the first quarter of year 2018 and year 2019, costs of sales and services were accounted for 84.5 percent and 85.1 percent of total expenses respectively.

Fuel Costs: fuel costs rose from 1,158.2 million baht to 1,282.4 million baht for the first quarter of year 2019 comparing to last year. It was accounted for 17.3 percent and 18.5 percent of total expenses. The increasing amount was mostly due to higher average market fuel price and additional excise tax for domestic flights.

As at 31 March 2019, the Company has entered into a forward purchase contracts (fuel hedging) and has an obligation from fuel price hedging until March 2020 amounting to 900,000 barrels.

Aircraft Repair and Maintenance Costs: aircraft repair and maintenance costs were higher from 1,027.5 million baht to 1,064.6 million baht in this quarter compared to previous year. These costs were higher during the period from the additional costs incurred for repairing and maintaining the aging aircraft and “Maintenance Reserve Fund” for ATR72-600.

Personnel Expenses: for the first quarter of year 2019, the expense was increasing from 816.6 million baht to 838.2 million baht. That was resulted from a higher rate of flight pay which was adjusted since the beginning of this year 2018.

Cost of Passenger Services: in the first quarter of year 2019, cost of passenger services was lower from 832.8 million baht to 824.4 million baht. The decreasing amount resulted from flight management strategy which adjusted number of flight based on travel demand.

Aircraft Rental Costs: aircraft rental costs decreased from 398.6 million baht in the first quarter of year 2018 to 389.6 million baht in year 2019 due to the return of aircraft under wet lease arrangements, together with the fluctuation of foreign exchange rate

Selling Expenses

For the first quarter of year 2018 and year 2019, selling expenses were accounted for 7.3 percent and 7.5 percent of total expenses respectively. An increasing in selling expenses was mainly due to expenses associated with reservation system and other supporting selling systems.

Administrative Expenses

The administrative expenses of the Company for the first quarter of year 2018 and year 2019 were accounted for 6.5 percent and 7.4 percent of total expenses. The increasing administrative expenses mostly consist of professional fee, other human resources expenses such as retirement and medical fee, Information technology and other administration expenses which including sale promotion for Frequent Flyer Program (FFP), Corporate Social Responsibility program (CSR), outsources and doubtful debt.

Finance Costs

Finance Costs consist of lease payments under the Sub-lease Agreement from the Samui Property Fund (SPF) for Samui Airport which include the rental portion of the sub-lease agreement and the variable portion based on the number of departing passengers from and the arriving flights to Samui Airport. However, in 2013, Company has revised its accounting policy in recording long term loans from the related parties in relation to the sub-lease agreement from SPF. The new policy stipulated that Company provides estimated fixed rental costs and variable service costs that may occur throughout the sub-lease period in calculating the effective interest rate. Such calculation resulted in a higher book value of the long term loans.

In addition, finance costs also include interest expenses paid to financial institutions and lessors under finance lease agreement.

Unit: million baht

	January-March			
	2019	2018	Variance	
			Amount	%
Interest expenses paid to the Samui Property Fund	348.0	375.0	(27.0)	(7.2)
Interest and Fee expenses ⁽¹⁾	103.9	96.2	7.7	8.0
Total	451.9	471.2	(19.3)	(4.1)

Remark : ⁽¹⁾ Interest costs and fees due to financial institutions, finance lease fees under conditional sale agreement and credit card fee

Total interest paid to SPF for the period amounted to 348.0 million baht decreased by 7.2 percent from the same last year. The declining amount was from lower departing passengers and number of flights out from Samui airport. For the first quarter of year 2019, the number of departing passenger and flight in-out Samui dropped by 8.6 percent and 3.9 percent respectively compared with last year.

The interest costs and fee expenses increased from 96.2 million baht to 103.9 million baht which mainly due to additional interest paid under long term loan agreements for ATR72-600 incurred during the period.

Assets

As of 31 March 2019, the Company and its subsidiaries have total assets of 61,948.9 million baht, decreased by 118.1 million baht from:

Unit: million baht

	As at March 31, 2019	As at December 31, 2018	Variance
<i>Current assets</i>			
Cash & cash equivalents and current investments	7,644.0	7,647.7	(3.7)
Trade and other receivables	1,661.2	1,713.4	(52.2)
Reimbursable maintenance expense	583.7	1,050.3	(466.6)
Other current assets	988.5	1,018.4	(29.9)
Total current assets	10,877.4	11,429.8	(552.4)
<i>Non-current assets</i>			
Investments in associates	2,894.0	2,902.1	(8.1)
Other long-term investments	30,519.2	30,270.0	249.2
Property, plant and equipment	15,790.5	15,520.2	270.3
Other non-current assets	1,867.8	1,944.9	(77.1)
Total non-current assets	51,071.5	50,637.2	434.3
Total assets	61,948.9	62,067.0	(118.1)

Current Assets

Total current assets of the Company as of 31 March 2019 was 10,877.4 million baht, decreased from 31 December 2018 by 552.4 million baht. This was mainly due to:

- Reimbursable maintenance expense lower by 466.6 million baht mostly due to cash received from outstanding amount to be claimed from maintenance reserve fund

Non-current Assets

Total non-current assets of the Company is 51,071.5 million baht, increased from the end of year 2018 by 434.3 million baht. This was mainly due to:

- *Other long-term investments* increased by 249.2 million baht due to the mark to market of long-term investments in marketable securities.
- *Property, plant and equipment* increased by 270.3 million baht, mainly from the delivery of one ATR72-600 together with, aircraft and ground equipment during the first quarter of year 2019.

Liabilities

As of 31 March 2019, the Company and its subsidiaries have liabilities amounting of 30,588.3 million baht. A decrease of 700.6 million baht from 31 December 2018 was as follows:

Unit: million baht

	As at March 31, 2019	As at December 31, 2018	Variance
<i>Current liabilities</i>			
Trade and other payables	2,693.7	2,883.3	(189.6)
Current portion of long-term loans, Liabilities arising from financial lease of aircrafts and Finance lease liabilities	679.6	691.3	(11.7)
Current portion of long-term lease liabilities from related party	45.4	34.3	11.1
Income tax payable	95.9	13.1	82.8
Unearned revenue	2,141.5	2,531.0	(389.5)
Other current liabilities	2,122.2	2,152.1	(29.9)
<i>Total current liabilities</i>	7,816.2	8,340.2	(524.0)
<i>Non-Current liabilities</i>			

	As at March 31, 2019	As at December 31, 2018	Variance
Long-term loans , Liabilities arising from financial lease of aircraft and Finance lease liabilities – net of current portion	5,312.8	5,502.9	(190.1)
Long-term loans from related party – net of current portion	11,276.9	11,331.0	(54.1)
Deferred tax liabilities	5,376.0	5,330.3	45.7
Other non-current liabilities	806.4	784.5	21.9
Total non-current liabilities	22,772.1	22,948.7	(176.6)
Total liabilities	30,588.3	31,288.9	(700.6)

Current Liabilities

Total current liabilities amounting to 7,816.2 million baht decreased from 31 December 2018 by 524.0 million baht, mainly due to:

- *Unearned income soften by 389.5 million baht as a consequence of lower advanced bookings due to after peak travel season together with tourists' demand have been shifted to travel different destinations from Thailand.*

Non-current Liabilities

Total non-current liabilities of the Company is 22,772.1 million baht, decreasing by 176.6 million baht, mainly from:

- *Long-term loans, liabilities arising from finance lease of aircrafts and Finance lease liabilities – net of current portion decreased by 190.1 million baht mainly resulted from repayment of loan arising from finance of aircrafts.*
- *Long-term lease liabilities from related party– net of current portion decreased by 54.1 million due to repayment of loan related to Samui Airport Property Fund (SPF) during the period*

- *Deferred tax liabilities* increased by 45.7 million baht due to mark to market of the available for sale investment in securities.

Shareholders' Equity

Unit: million baht

	As at March 31, 2019	As at December 31, 2018	Variance
Paid up capital	2,100.0	2,100.0	-
Premium on ordinary shares and capital reserve for share-based payment transactions	9,319.5	9,319.5	-
Treasury stocks	(491.6)	(366.8)	(124.8)
Other components of shareholders' equity	20,036.0	19,836.7	199.3
Retained earnings	535.8	32.6	503.2
Others	(139.1)	(143.9)	4.8
<i>Total shareholders' equity</i>	31,360.6	30,778.1	582.5

As of 31 March 2019, total shareholders' equity of the Company and its subsidiaries is 31,360.6 million baht, an increase of 582.5 million baht due to the movement between two periods included the changes in the market value of the available for sale investment in securities and an increase in retained earnings. The Company has retained gain at the amount of 535.8 million baht, increased by 503.2 million baht from the same period last year.

Statement of Cash Flow

Unit: million baht

	January-March	
	2019	2018
Net cash flows from (used in) operating activities	1,103.5	1,359.0
Net cash flows from investing activities	95.4	178.2
Net cash flows used in financing activities	(753.7)	(382.2)
<i>Cash and cash equivalents at end of the year</i>	<i>4,793.0</i>	<i>4,700.0</i>

Cash flows from Operating Activities

As of 31 March 2019, the profit of the Company and its subsidiaries from operating activities before changes in operating assets and liabilities was 1,141.7 million baht while the amount of net cash flows from operating activities was 1,103.5 million baht. The change was mainly due to tax paid during the period.

Cash flows from Investing Activities

As of 31 March 2019, cash flows from investing activities of the Company and its subsidiaries was 95.4 million, lower by 82.8 million baht which mostly derived from a decrease in current investments, dividend income from investments in associates and cash received from sales of equipment. However, this was offset by cash paid for acquisition of property, plant and equipments.

Cash flows from financing activities

As of 31 March 2019, the Company and its subsidiaries have net cash flows used in financing activities at the amount of 753.7 million baht, mostly for interest paid, purchase of treasury stocks and repayment of liabilities under finance lease payable amounting to 714.1 million baht.

Summary Consolidated Financial and Ratio

		January-March	
		2019	2018
Liquidity Ratio	Current Ratio (Time)	1.4	1.9
	Quick Ratio (Time)	4.7	4.1
	Collection Period (Day)	20.5	20.4
	Stock Turnover Period (Day)	8.1	7.8
	Payment Period (Day)	32.1	33.6
Profitability Ratio	Gross Profit Margin (%)	19.8	24.8
	Operating Profit Margin (%)	13.4	17.9
	EBITDAR Margin (%)	22.4	26.6
	Net profit Margin (%)	6.6	9.2
	Return on Equity (%)	6.6	9.6
Efficiency Ratio	Return on Assets (%)	3.3	4.8
	Return on Fixed Assets (%)	22.0	29.2
	Asset Turnover (Time)	0.5	0.5
Leverage Ratio	Debt to Equity (Time)	1.0	0.9
	Interest Coverage Ratio (Time)	3.0	3.6

Glossary

- Passenger or Cabin load factor : Number of passenger carried as a proportion to capacity, which is the number of seats available for passengers
- Available Seat-Kilometer (ASK) : The number of seats available for passengers multiplied by the number of kilometers that are flown
- Revenue Passenger-Kilometer (RPK) : The number of revenue passengers multiplied by the number of kilometers that are flown
- Revenue per ASK (RASK) : Income of sale and services of the Company (meaning total revenues from the standalone financial statements net gain on sales of investment, reversal of allowance for diminution in value of investments in subsidiary, dividend income and the compensation from the cancellation of the agreement) divided by ASK.
- Cost per ASK (CASK) : The sum of operating cost, sale expenses, service expenses and the remuneration of the executives of the Company (excluding financial cost) (meaning total expenses from the standalone financial statements net loss on sales of investment, and loss on sales of leasehold right) divided by ASK.
- CASK – Fuel : The sum of operating cost, sale expenses, service expenses and the remuneration of the executives of the Company (excluding financial cost and fuel cost) (meaning total expenses from the standalone financial statements net loss on sales of investment, loss on sales of leasehold right and fuel expense) divided by ASK.