



Management's Discussion and Analysis

For the period ended 30 September 2020

Bangkok Airways Public Company Limited and Its Subsidiaries

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Executive Summary

Overall Thai economy in the third quarter of 2020 improved from the second quarter due to a relaxation of domestic lockdown measures, not only in Thailand but other countries. Therefore, several private sectors resumed their business activities, leading to a rebound of private consumption indicators as close to the same period last year. For tourism sector, the government's announcement of long holiday in July and September is one factor that stimulate domestic travel. Nonetheless, the ban of foreign visitors has been implementing for six months since April. This leads to a continuous decline in overall tourism sector since international tourist arrivals is the major key contribution of revenue in Thailand's tourism industry. For economic stability, the deflation can be observed in headline inflation due to a lower price in energy sector, while the core inflation slightly declined (Source: Bank of Thailand).

The overall global aviation industry in nine-month period of 2020 reveals a huge decline in both demand and supply side. Worldwide Revenue Passenger Kilometers (RPK) dropped by 64.7 percent. Middle East region experiences the highest dropout rate at 68.7 percent, followed by Africa and Europe at 68.5 and 67.5 percent respectively. For supply side, Available Seat Kilometers (ASK) shrank by 56.2 percent worldwide in the first 9 months of 2020. Middle East, same as RPK, shows the highest dropout rate at 61.9 percent, followed by 61.5 percent in Africa and 60.8 percent in Europe. As a result, passenger load factor (PLF) dropped by 16.2 percent compared to the same period last year. Worldwide average passenger load factor (PLF) fell down to 66.7 percent. (Source: International Air Transportation Association: IATA)

For Thailand's tourism, there is no international visitors in the third quarter due to a shutdown policy imposed by Civil Aviation Authority of Thailand (CAAT) since April 2020. As a consequence, for the nine-month period, a number international visitor arrivals decreased by 77%, compared to previous year, accounting for a total of 6.7 million visitors between January and September 2020 (Source: Ministry of tourism and sport)

For the third quarter of year 2020, the company resumed main domestic routes such as Bangkok - Samui, Bangkok- Chiang Mai, Bangkok- Sukhothai and Bangkok-Lampang, Bangkok-Phuket with gradually increased and arranged seat capacity to match with travel demand. The number of passenger reported at 0.19 million passengers, increased more than 100.0 percent compared with the second quarter while the load factor was 68.6 percent.

For the nine-month period, the Company reported total revenue amounting to 8,196.4 million baht, decreased by 60.1 percent. The downward of total revenue was resulted from airline business decreased by 65.9 percent, airport business decreasing by 64.9 percent and airport-related businesses decreasing by 54.8 percent. The Company reported net loss at 4,918.0 million baht of which loss attributable to the equity holders of the Company was 4,882.5 million baht. Loss per share for the nine-month period of 2020 was 2.37 baht.

Notable Events 3Q 2020

Airline Business

When the outbreak of COVID-19 has been controlled in Thailand, the alleviation of prevention measures of COVID-19 announced by the government including CAAT that permit some of aircraft categories to enter into the airport to Thailand i.e. repatriation flights. The entering of such flights is under the Thai immigration law, communicable diseases law, air navigation law, and the Emergency Decree on Public Administration in Emergency Situation, for the prevention of the spread of disease and the organization of the number of persons entering Thailand.

Therefore, the Company started to operate some domestic routes and added frequency due to the higher travel demand as shown in table below when comparing with 2Q-2020

Route	Frequency per Week
Bangkok - Samui	28 → 98
Bangkok – Chiang Mai	14 → 21
Bangkok - Lampang	7 → 14
Bangkok - Sukhothai	7 → 7

The Company also started to operate 2 domestic routes in July 2020

Route	Frequency per Week
Bangkok - Phuket	3
Samui - Phuket	2

The Company has announced precaution and transmission prevention plans for the airline and the three airports regarding COVID-19, for the reassurance of passenger health and safety. The plan includes all stations, both in Thailand and overseas, are to strictly follow advice and prevention procedures of the local authorities and airports; To perform primary screening by observing any obvious general health conditions of the passengers, whether at the ticketing office, check-in counters, or in the cabin once aboard; To intensify hygienic measures aboard the aircraft including disinfecting and cleaning the aircraft; An assistance center has been set up to assist staff who may require emergency assistance; In-flight announcements; Protective face masks are provided to crew members and ground service staff to wear when on duty.

According to CAAT's announcement no.3, it's allowed to serve meals in domestic flight operation. The Company has started to serve passenger's Boutique Lounge and Blue Ribbon Club Lounge at Suvarnabhumi Airport, as well as Courtesy Corner at Samui Airport since August 2020. From 15 September,

2020, the Company has started to serve inflight meal (snack box), but temporarily not yet coffee and tea. Also, the Company has reopened passenger lounge at Chiang Mai International Airport and Phuket International Airport.

Airport Related Business and Investments

In August 2020, U-Tapao International Aviation Company Limited (UTA) submitted master plan in accordance with The U-Tapao International Airport and Eastern Airport City Project. The purposes are to set up fundamental structure and public utilities in the project for Eastern Economic Corridor (EEC) within 60 days from the contract signing ceremony.

Bangkok Air Catering, Worldwide Flight Services Bangkok Air Ground Handling Company Limited (BFS Ground) and WFS-PG Cargo Company Limited (BFS Cargo) were extended to charge the area rental in discount of 50 per cent from 1 April 2020 to 31 March 2022, in accordance with the relief measures due to COVID-19 effect to all businesses at airports from Airports of Thailand PCL. (AOT).

The Civil Aviation Authority of Thailand (CAAT) notified on temporary banned on all international flights to Thailand since 7 April 2020. Nonetheless, after the prevention measures of COVID-19 was alleviated, domestic flights have been increased gradually. As a result, BAC shown number of meal uplifted rising by 196 percent comparing to the 2nd quarter this year, but decreased by 97 percent from the 3rd quarter this year. Also, BFS Ground performed 33 percent increasing of number of flight serviced when compared with the 2nd quarter this year. However, it was reduced by 63 percent from the 3rd quarter last year.

Although CAAT announced to ban all international flights, cargo freighter flights were allowed to operate in-out Thailand. For the reason, number of tonnage serviced reduced by 28 per cent comparing to the 2nd quarter last year. Even so, it only declined by 7 percent from the 3rd quarter last year.

The three companies implemented cost saving measurements i.e. personnel management to resize the company in order to suit the current situation. BAC reduced 30 per cent of total employee BFS Ground reduced 70 per cent of total employee and BFS Cargo reduced 15 per cent of total employee

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.

Consolidated financial statement of the Company consists of Separate Financial Statement and Financial Statements of the 14 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. 14) Bangkok Air Catering Don Mueang Co., Ltd

Airline Operating Data

	Unit	July-September		January-September	
		2020	2019	2020	2019
Scheduled passenger revenues ⁽¹⁾	Million Baht	406.4	4,531.4	4,927.5	14,658.8
Domestic		406.4	2,886.9	3,555.5	9,228.8
International		-	1,644.5	1,372.0	5,430.0
Available Seat Kilometers (ASK)	Million Seat -	159.6	1,621.9	1,695.7	4,893.2
Domestic	Kilometers	159.6	831.6	1,049.1	2,536.7
International		-	790.3	646.6	2,356.4
Revenue Passenger Kilometers (RPK)	Million	109.6	1,051.8	1,057.9	3,344.8
Domestic	Passenger -	109.6	589.9	722.2	1,872.5
International	Kilometers	-	461.9	335.7	1,472.3
Passenger Load Factor	Percentage	68.6	64.8	62.4	68.4
Domestic		68.6	70.9	68.8	73.8
International		-	58.4	51.9	62.5
Number of scheduled passengers carried	Thousand	186.8	1,386.8	1,539.4	4,405.3
Domestic	Passengers	186.8	951.8	1,184.5	3,025.6
International		-	435.0	354.9	1,379.7

	Unit	July-September		January-September	
		2020	2019	2020	2019
Number of flight flown	Flights	2,439	17,642	20,270	53,321
Domestic		2,439	11,149	14,981	34,293
International		-	6,493	5,289	19,028
Total seat capacity	Thousand Seats	270.9	2,120.3	2,391.0	6,434.9
Domestic		270.9	1,342.6	1,719.8	4,103.8
International		-	777.8	671.2	2,331.1
Aircraft utilization	Block Hour per Day per Aircraft	3.9	8.2	4.7	8.5
Airbus A320		2.9	9.0	4.0	9.4
Airbus A319		4.9	8.5	5.0	8.6
ATR 72		4.0	7.2	4.8	7.5
Number of aircraft at period end	Aircraft	39	40	39	40
Airbus A320		9	9	9	9
Airbus A319		15	16	15	16
ATR 72-500		2	2	2	2
ATR 72-600		13	13	13	13
Kilometers flown	Million Kilometers	1.4	12.7	13.5	38.2
Average Stage Length	Kilometers	586.5	758.4	687.2	759.3
Passenger Yield ⁽²⁾	Baht per Passenger - Kilometer	3.71	4.31	4.66	4.38
Revenue ASK (RASK)	Baht per Available Seat - Kilometer	3.85	3.18	3.76	3.40
Cost per ASK (CASK)		11.23	3.40	5.31	3.52
Cost per ASK excluding fuel cost		10.69	2.71	5.57	2.79
RASK – CASK		(7.38)	(0.22)	(1.55)	(0.12)

Remarks

(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 period ended September 30, 2020

Unit: million baht

	July-September				January-September			
	2020	2019	Variance		2020	2019	Variance	
			Amount	%			Amount	%
Total revenue	903.0	6,698.9	(5,795.9)	(86.5)	8,196.4	20,540.2	(12,343.7)	(60.1)
Operating revenue ⁽¹⁾	900.5	6,349.3	(5,448.8)	(85.8)	7,782.0	19,702.4	(11,920.4)	(60.5)
Total expenses	2,416.2	6,455.8	(4,039.6)	(62.6)	12,631.8	19,957.5	(7,325.7)	(36.7)
Net profit for the period	(1,585.1)	65.9	(1,651.1)	(2,504.6)	(4,918.0)	(121.3)	(4,796.7)	(3,953.6)
Profit attributable to equity holders of the Company	(1,569.1)	58.0	(1,627.2)	(2,803.3)	(4,882.5)	(131.5)	(4,751.0)	(3,612.0)
EBIT ⁽²⁾	(1,145.7)	140.5	(1,286.1)	(915.7)	(2,756.8)	383.6	(3,140.4)	(818.7)
EBITDA ⁽²⁾	(422.8)	503.2	(926.1)	(184.0)	(570.8)	1,448.2	(2,019.0)	(139.4)
EBIT Ratio (%)	(127.2)	2.2	(129.4)		(35.4)	1.9	(37.4)	
EBITDA Ratio (%)	(47.0)	7.9	(54.9)		(7.3)	7.4	(14.7)	

Remarks

- (1) Comprises of total revenue net dividend income, gain on foreign exchange, interest income and non-operating revenues.
- (2) EBIT, EBIT margins, EBITDA, EBITDA 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.

Operating Profit and Net Income

The operating revenue of the Company for the third quarter of year 2019 and year 2020 was 6,349.3 million baht and 900.5 million baht respectively, decreased by 85.8 percent while total expenses decreased from 6,455.8 million baht to 2,416.2 million baht or around 62.6 percent. The earnings before interest and tax, depreciation, amortization (EBITDA) were derived from total income (excluding dividend income, gain on sale of investments, gain on sale of assets, interest income and gain on exchange rate) less total expenses plus depreciation and amortization expenses, equaled to 503.2 million baht and negative 422.8 million baht respectively or decreased by 184.0 percent.

The operating revenue of the Company for the nine-month period of 2019 and 2020 were 19,702.4 million baht and 7,782.0 million baht respectively, decreased by 60.5 percent while total expenses dropped by

36.7 percent from 19,957.5 million baht to 12,631.8 million baht. The earnings before interest and tax, depreciation, amortization (EBITDA) were derived from total income (excluding dividend income, gain on sale of investments, gain on sale of assets, interest income and gain on exchange rate) less total expenses plus depreciation and amortization expenses, equaled to 1,448.2 million baht and negative 570.8 million baht respectively or dropped by 139.4 percent

For the nine-month period of 2020, the Company presented net loss of 4,918.0 million baht, being a further loss of 4,796.7 million baht from the same period of last year. The net loss amount attributable to equity holders of the Company at 4,882.5 million baht.

Revenue

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

Unit: million baht

	July-September				January-September			
	2020	2019	Variance		2020	2019	Variance	
			Amount	%			Amount	%
1. Airlines	393.8	4,552.6	(4,158.8)	(91.3)	4,996.6	14,658.2	(9,661.6)	(65.9)
Net scheduled passenger revenue	388.4	4,408.1	(4,019.7)	(91.2)	4,906.9	14,220.7	(9,313.8)	(65.5)
Charter flights and charter services revenue	3.6	90.0	(86.4)	(96.0)	42.0	285.0	(243.0)	(85.3)
Cargo revenue	1.8	54.5	(52.7)	(96.7)	47.7	152.5	(104.8)	(68.7)
2. Airports	16.4	148.4	(132.0)	(89.0)	156.3	444.7	(288.4)	(64.9)
3. Airport-related Operations	286.4	1,086.7	(800.3)	(73.6)	1,457.2	3,224.2	(1,767.0)	(54.8)
Bangkok Air Catering Company Limited (BAC)	6.2	252.0	(245.8)	(97.5)	282.1	756.9	(474.8)	(62.7)
Worldwide Flight Services Bangkok Air Ground Handling Company Limited (BFS Ground)	215.9	594.9	(379.0)	(63.7)	861.2	1,765.7	(904.5)	(51.2)

	July-September				January-September			
	2020	2019	Variance		2020	2019	Variance	
			Amount	%			Amount	%
Bangkok Airways Ground Service Company Limited (PGGS)	6.0	85.6	(79.6)	(93.0)	85.1	259.9	(174.8)	(67.3)
Other revenue ⁽¹⁾	58.3	154.2	(95.9)	(62.2)	228.8	441.7	(212.9)	(48.2)
4. Unallocated revenue	206.4	911.2	(704.8)	(77.3)	1,586.3	2,213.1	(626.8)	(28.3)
<i>Total Revenue</i>	903.0	6,698.9	(5,795.9)	(86.5)	8,196.4	20,540.2	(12,343.8)	(60.1)

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

Revenue from Airline Operations

For the third quarter of year 2019 and year 2020, total revenue from airline business which was accounted for 68.0 percent and 43.6 percent of total revenue respectively.

For the nine-month period of 2019 and 2020, the revenue from airline business still be the majority source of income which was accounted for 71.4 percent and 61.0 percent of total revenue respectively.

Revenue from scheduled flights for the third quarter of year 2020 was 388.4 million baht, steeply dropped by 91.2 percent from the same period last year. A decreased of scheduled flight revenue was from the lower number of passenger which slumped by 86.5 percent due to a suspension of some domestic flights and all international flights according to the announcement from Civil Aviation Authority of Thailand (CAAT) regarding to COVID-19 spread out situation. This quarter, the company resumed two more domestic routes which were Bangkok to Phuket and Samui to Phuket in July 2020, together with increasing the frequencies of domestic routes which were operated since the second quarter of this year. Consequently, the load factor reported at 68.6 percent.

For the nine-month period, revenue from scheduled flights was 4,906.9 million baht, lower by 65.5 percent from the same period last year from an impact of pandemic situation. The number of passenger dropped by 65.1 percent, especially for international passenger which decreased by 74.3 percent from same period last year due to a suspension of all international flights since April 2020. The available seat kilometers dropped by 65.3 percent and the load factor reported at 62.4 percent.

For the third quarter of year 2020, the company has started seeking for new business opportunity by creating charter flight campaign to match with new travel behavior that is much attractive for passengers. Revenue from charter flights and charter services reported at 3.6 million baht.

Revenue of charter flights and charter services for nine-month period decreased from 285.0 million baht to 42.0 million baht, lower by 85.3 percent. That was mainly resulted from terminating flights from Samui to Chongqing and Samui to Guangzhou since February 2020.

Revenue from Airport Operations

In the third quarter and nine-month period of year 2020, revenue from airport operations was accounted for 1.8 percent and 1.9 percent of total revenue respectively. Majority of the airport revenue derived from passenger services charges which were passengers outbound from Samui Airport. As a result of COVID-19 situation, revenue from airport operations for the third and nine-month period was 16.4 million baht and 156.3 million baht, decreased by 89.0 percent and 64.9 percent from last year accordingly.

Revenue from Airport-Related Operations

Bangkok Air Catering Company Limited (BAC)

For third quarter and nine-month period of year 2020, the operating performance of BAC was 6.2 million baht and 282.1 million baht respectively, decreased by 97.5 percent and 62.7 percent from last year. The decreasing amount resulted from severely affected by covid-19 pandemic. Consequently, all airline customers have temporally suspended flight operations according to the Announcement from the Government of each countries. For third quarter and nine-month period, the average meal produced dropped by 96.7 percent and 68.3 percent compared with the same period last year.

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

The operating performance of BFS Ground for services provided to other airlines for the third quarter and nine-month period of year 2020 reported at the amount of 215.9 million baht and 861.2 million baht respectively, dropped by 63.7 percent and 51.2 percent accordingly from the previous year.

A decreasing revenue was from lower number of flights by 65.6 percent in third quarter and 53.0 percent in nine-month period of year 2020. As of 30 September 2020, BFS Ground has 91 airline customers.

Bangkok Airways Ground Service Company Limited (PGGS)

The total revenue of PGGS in the third quarter and nine-month period of year 2020 reported at the amount of 6.0 million baht and 85.1 million baht, lower by 93.0 percent and 67.3 percent respectively compared with last year. This was resulted from impact of covid-19 pandemic situation. Likewise, the number of handling flights for third quarter and nine-month period dropped by 94.8 percent and 65.7 percent from the previous year.

Unallocated Revenues

The unallocated revenues for nine-month period of year 2020 were 1,586.3 million baht, dropped by 28.3 percent from last year. The decreasing amount of unallocated revenues were mainly from dividend income and other revenues which resulted from concession, excess baggage, services, ticket fee, rental, advertising and frequency flyer program.

Share of Profit from Investments in Associates

The Company reported share of profit from associated companies for third quarter and nine-month period of year 2020 reported at 105.3 million baht and 409.7 million baht respectively, decreased by 57.4 percent and 34.1 percent compared with the same period last year. The lower profit contributed to shareholders was from the lower performance of Samui Airport Property Fund and WFS-PG Cargo Company

Unit: million baht

	July-September				January-September			
	2020	2019	Variance		2020	2019	Variance	
			MB	%			MB	%
WFS-PG Cargo Company Limited	71.2	148.1	(76.9)	(51.9)	245.3	322.9	(77.6)	(24.0)
Samui Property Fund (SPF)	38.7	98.8	(60.1)	(60.8)	170.9	299.2	(128.3)	(42.9)
U-Tapoa International Aviation Company Limited	(4.6)	-	(4.6)	-	(6.5)	-	(6.5)	-
Share of Profit from Investments in Associates	105.3	246.9	(141.6)	(57.4)	409.7	622.1	(212.4)	(34.1)

Expenses

For the third quarter and nine-month of year 2020, total expenses were 2,416.2 million baht and 12,631.8 million baht respectively, dropped by 62.6 percent and 36.7 percent from same period last year. The lower amount of expenses was mainly from of fuel cost that declined from lower fuel consumption and fuel price, together with expenses related to flight operation such as flight pay, aircraft maintenance, landing and parking fee, passenger services and also reflected a decline in personal cost from voluntary resignation program. However, the depreciation expense increased due to a recognition of the right of use assets according to an adoption of TFRS16. The company reported loss from derivative transactions at 187.7 million baht and 1,665.0 million baht for the third and the nine-month period of year 2020 respectively.

	July-September				Jan-September			
	2020	2019	Variance		2020	2019	Variance	
			Amount	%			Amount	%
1. Cost of sales and services	1,743.5	5,497.0	(3,753.5)	(68.3)	8,936.0	16,858.1	(7,922.1)	(47.0)
<input type="checkbox"/> <i>Airlines</i>	1,355.3	4,440.4	(3,085.1)	(69.5)	6,873.8	13,732.4	(6,858.6)	(49.9)
<i>Aircraft Fuel Cost</i>	87.2	1,124.8	(1,037.7)	(92.3)	1,220.2	3,580.7	(2,360.6)	(65.9)
<i>Aircraft Repair and Maintenance</i>	294.1	920.2	(626.2)	(68.0)	1,458.1	2,775.9	(1,317.9)	(47.5)
<i>Personnel Expenses</i>	335.4	824.4	(489.0)	(59.3)	1,537.2	2,592.2	(1,055.0)	(40.7)
<i>Landing , Parking and Navigation fee</i>	17.8	285.0	(267.2)	(93.8)	290.4	884.3	(593.9)	(67.2)
<i>Depreciation</i>	574.2	244.7	329.5	134.6	1,741.1	722.4	1,018.7	141.0
<i>Others*</i>	153.3	1,365.1	(1,211.9)	(88.8)	1,188.5	4,183.0	(2,994.5)	(71.6)
<input type="checkbox"/> <i>Airports, Airport-related Operations and Others</i>	388.2	1,056.6	(668.4)	(63.3)	2,062.2	3,125.7	(1,063.5)	(34.0)
2. Selling Expenses	52.5	449.4	(396.9)	(88.3)	410.0	1,459.6	(1,049.6)	(71.9)
<input type="checkbox"/> <i>Airlines</i>	46.7	441.6	(394.9)	(89.4)	394.4	1,433.8	(1,039.4)	(72.5)
<input type="checkbox"/> <i>Airports, Airport-related Operations and Others</i>	5.8	7.8	(2.0)	(25.6)	15.6	25.8	(10.2)	(39.5)
3. Administrative Expenses	328.4	509.1	(180.7)	(35.5)	1,574.5	1,620.7	(46.2)	(2.8)
<input type="checkbox"/> <i>Airlines</i>	206.4	308.6	(102.2)	(33.1)	1,150.8	1,023.5	127.3	12.4
<input type="checkbox"/> <i>Airports, Airport-related Operations and Others</i>	122.0	200.5	(78.5)	(39.2)	423.7	597.2	(173.5)	(29.1)
4. Others	291.8	0.3	291.5	97,166.7	1,711.3	19.1	1,692.2	8,859.7
Total Expenses	2,416.2	6,455.8	(4,039.6)	(62.6)	12,631.8	19,957.5	(7,325.7)	(36.7)

Remark * mainly comprised of passenger services expenses which eliminated from related party transactions

Costs of Sales and Services

Costs of sales and services principally consist of fuel costs, aircraft repair and maintenance costs, personnel expenses, cost of passenger service and depreciation. For the third quarter and nine-month period of year 2020, costs of sales and services were 1,743.5 million baht and 8,936.0 million baht, accounted for 72.2 percent and 70.7 percent of total expenses respectively.

Selling Expenses

For the third quarter and nine-month period of year 2020, selling expenses were accounted for 2.2 percent and 3.3 percent of total expenses respectively. The selling expenses of nine-month period of year 2020 reported at 410.0 million baht, dropped by 71.9 percent from last year. The decreasing amount was mainly from the usage of reservation, advertising and marketing promotion campaign and supporting selling system expenses.

Administrative Expenses

The administrative expenses of the Company for the third quarter and nine-month period of year 2020 were accounted for 13.6 percent and 12.5 percent of total expenses respectively. The significant increase of administrative expenses was from extra payment of voluntary resignation program.

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/arriving passengers from and to Samui Airport. In addition, finance costs also include interest expenses paid to financial institutions and interest paid under lease liabilities.

Unit: million baht

	July-September				January-September			
	2020	2019	Variance		2020	2019	Variance	
			MB	%			MB	%
Interest expenses paid to the Samui Property Fund	105.3	345.8	(240.5)	(69.5)	525.4	1,033.2	(507.8)	(49.2)
Interest and Fee expenses ⁽¹⁾	102.1	102.3	(0.2)	(0.2)	337.4	296.4	41.0	13.8
Total	207.4	448.1	(240.7)	(53.7)	862.8	1,329.6	(466.8)	(35.1)

Remark: (1) Interest and fees including expenses related to financial institutions, lease liabilities and credit card fee

Financial cost paid to the Samui Property Fund (SPF) for nine-month period of year 2020 amounted to 525.4 million baht, decreased by 49.2 percent compared to previous year. The decreasing amount was due to steeply decreasing number of departing passenger and flights in-out Samui Airport by 62.5 percent and 59.3 percent respectively since beginning of the year.

The interest costs and fee expenses increased from 296.4 million baht to 337.4 million baht which mainly due to interest paid under long term loan agreements and also interest expense of lease liabilities under TFRS16.

Assets

As of 30 September 2020, the Company and its subsidiaries have total assets amounted of 52,029.9 million baht, decreased by 9,877.8 million baht.

Unit: million baht

	As at September 30, 2020	As at December 31, 2019	Variance
<i>Current assets</i>			
Cash & cash equivalents	3,070.9	5,273.1	(2,202.2)
Current investment	-	4,046.1	(4,046.1)
Trade and other receivables	377.3	1,535.4	(1,158.1)
Reimbursable maintenance expense	86.1	857.8	(771.7)
Other current assets	733.6	877.1	(143.5)
Total current assets	4,267.9	12,589.5	(8,321.6)
<i>Non-current assets</i>			
Investments in associates	4,915.9	2,920.2	1,995.7
Other non-current financial assets	21,901.2	-	21,901.2
Other long-term investments	-	29,050.5	(29,050.5)
Property, plant and equipment	10,077.8	15,608.2	(5,530.4)
Right-of-use assets	9,275.5	-	9,275.5
Deposits	587.0	643.7	(56.7)
Other non-current assets	1,004.6	1,095.6	(91.0)
Total Non-current assets	47,762.0	49,318.2	(1,556.2)
Total assets	52,029.9	61,907.7	(9,877.8)

Current assets

Total current assets of the Company as of 30 September 2020 was 4,267.9 million baht, decreased from 31 December 2019 by 8,321.6 million baht. This was mainly due to:

- Cash and cash equivalents* and *Current investment* lower by 6,248.3 million baht, mainly resulted from cash paid for operating activities, registered capital in associated company, long term lease liabilities and interest expenses during the period.
- Trade and other receivables* decreased by 1,158.1 million baht in a consequence of lower advanced bookings during the period.
- Reimbursable maintenance expense* decreased by 771.7 million baht mostly due to cash received from outstanding amount claimed from maintenance reserve fund.

Non-current assets

Total non-current assets of the Company were 47,762.0 million baht, decreased from the end of 2019 by 1,556.2 million baht. This was resulted from:

- A decreasing amount of 7,149.3 million baht from *other non-current financial assets* compared with *other long-term investments* at the end of year 2019, was resulted from the mark to market of long-term investments in marketable securities.
- Property, Plant and Equipment* which decreased by 5,530.4 million baht, mainly from reclassification of property, plant and equipment to be right-of-use assets according adoption of TFRS 16.
- A Right-of-use assets* amounted of 9,275.5 million baht which were comprised of the amount of reclassification of property, plant and equipment and right-of-use assets adjustment due to TFRS 16 adoption.
- Investments in associates* increased by 1,995.7 million baht, mainly from an investment in associated company, U-Tapao International Aviation Company Limited during the period.

Liabilities

As of 30 September 2020, the Company and its subsidiaries have liabilities amounted of 33,197.7 million baht. An increase of 1,294.5 million baht from 31 December 2019 was as follows:

Unit: million baht

	As at September 30, 2020	As at December 31, 2019	Variance
<i>Current liabilities</i>			
Short-term loan	1,045.0	50.0	995.0
Trade and other payables	995.8	3,183.2	(2,187.4)
Current portion of long-term loans	534.6	582.9	(48.3)

	As at September 30, 2020	As at December 31, 2019	Variance
Current portion of long term lease liabilities	1,884.8	-	1,884.8
Current portion of liabilities arising from financial lease of aircrafts and Finance lease liabilities	-	411.7	(411.7)
Unearned revenue	813.5	2,343.7	(1,530.2)
Other current financial liabilities	1,311.1	-	1,311.1
Other current liabilities	1,669.3	2,685.0	(1,015.7)
Total current liabilities	8,254.1	9,256.5	(1,002.4)
Long-term loans– net current of portion	2,510.4	2,400.7	109.7
Long-term loans- related party	1,000.0	-	1,000.0
Long-term lease liabilities - net of current portion	5,558.9	-	5,558.9
Liabilities arising from financial lease of aircrafts and finance lease liabilities – net of current portion	-	2,914.6	(2,914.6)
Long-term loans from related party – net of current portion	11,138.3	11,252.4	(114.1)
Employee benefits	732.3	956.6	(224.3)
Deferred tax liabilities	3,602.0	5,060.0	(1,458.0)
Other non-current financial liabilities	383.5	-	383.5
Other non-current liabilities	18.2	62.4	(44.2)
Total non-current liabilities	24,943.6	22,646.7	2,296.9
Total liabilities	33,197.7	31,903.2	1,294.5

Current liabilities

Total current liabilities amounting to 8,254.1 million baht, decreased from 31 December 2019 by 1,002.4 million baht, the changes were mainly due to;

- Trade and other payables* amounting to 995.8 million baht, decreased by 2,187.4 million baht. This was mainly from a decreasing of major expenses related to lower flight operations.
- Unearned revenue* decreased by 1,530.2 million baht as a consequence of lower advanced bookings resulted from covid-19 pandemic.

- Current portion of long term lease liabilities* reported at 1,884.8 million baht which were comprised of current portion of liabilities arising from financial lease of aircrafts and finance lease, together with long term lease liabilities adjustment due to TFRS 16 adoption.
- Other current financial liabilities* amounting to 1,311.1 million baht, mainly from liabilities arisen from mark to market of derivative transactions.

Non-current liabilities

Total non-current liabilities of the Company were 24,943.6 million baht, increased by 2,296.9 million baht from 31 December 2019, largely derived from:

- Long-term lease liabilities - net of current portion* amounting to 5,558.9 million baht, an increasing amount of 2,644.3 million baht compared with *Liabilities arising from financial lease of aircrafts and finance lease liabilities – net of current portion* at the end of year 2019 was mainly resulted from TFRS 16 adoption of long term lease liabilities transactions
- Deferred tax liabilities* decreased by 1,458.0 million baht mainly resulted from mark to market of marketable securities.

Shareholders' Equity

Unit: million baht

	As at September 30, 2020	As at December 31, 2019	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)	(491.6)	-
Other components of shareholders' equity	12,975.6	18,934.9	(5,959.3)
Retained earnings (loss)	(4,881.7)	296.3	(5,178.0)
Others ⁽¹⁾	(189.6)	(154.6)	(35.0)
Total shareholders' equity	18,832.2	30,004.5	(11,172.3)

Remark (1) Comprised of discount on changes in shareholding in subsidiaries and non-controlling interests of the subsidiaries

As of 30 September 2020, total shareholders' of the Company and its subsidiaries was 18,832.2 million baht. A decreasing amount of 11,172.3 million baht mainly from retained loss and mark to market of marketable securities. The Company has retained loss at the amount of 4,881.7 million baht.

Statement of Cash Flow

Unit: million baht

	As at 30 September	
	2020	2019
Net cash flows from operating activities	(3,867.2)	1,149.5
Net cash flows from investing activities	2,322.5	1,038.7
Net cash flows used in financing activities	(657.5)	(1,173.8)
<i>Cash and cash equivalents at end of period</i>	3,070.9	5,362.2

Cash flows from operating activities

As of 30 September 2020, the loss of the Company and its subsidiaries before changes in operating assets and liabilities is 1,461.5 million baht while the amount of net cash flows used in operating activities was 3,867.2 million baht.

Cash flows from investing activities

As of 30 September 2020, net cash flows from investing activities of the Company and its subsidiaries was 2,322.5 million baht which mainly from cash received from fixed deposit and dividend received from investment in associates and investment in equity. However, this was offset by cash outflows used for acquisition of investment in associates (U-tapao International Aviation Co.,Ltd) and acquisition of property, plant and equipment during the period.

Cash flows from financing activities

As of 30 September 2020, the Company and its subsidiaries have cash flow used in financing activities at the amount of 657.5 million baht, mainly from cash paid for long term lease liabilities, interest expense and dividend payment. However, this was offset by cash received from short term loan and long term loan from related party during the period.

Summary Consolidated Financial and Ratio

		As at 30 September	
		2020	2019
Liquidity Ratio	Current Ratio (Time)	0.5	1.4
	Quick Ratio (Time)	3.0	4.6
	Collection Period (Day)	37.9	22.0
	Stock Turnover Period (Day)	14.9	8.3
	Payment Period (Day)	38.4	32.5
Profitability Ratio	Gross Profit Margin (%)	(35.2)	8.0
	Operating Profit Margin (%)	(41.7)	2.1
	EBITDA Margin (%)	(7.3)	7.4
	Net profit Margin (%)	(60.0)	(0.6)
	Return on Equity (%)	(26.9)	(0.5)
Efficiency Ratio	Return on Assets (%)	(11.5)	(0.3)
	Return on Fixed Assets (%)	(28.4)	8.1
	Asset Turnover (Time)	0.2	0.4
Leverage Ratio	Debt to Equity (Time)	1.8	1.0
	Interest Coverage Ratio (Time)	(0.7)	1.1

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.