



## Management's Discussion and Analysis

For the period ended 31 March 2022

Bangkok Airways Public Company Limited and Its Subsidiaries



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#### Executive Summary

The overall global aviation industry in the first quarter of 2022 has improved despite disruption caused by the crisis of Russia-Ukraine war, the spread of Omicron and rising global inflation. Worldwide Revenue Passenger Kilometers (RPK) increased by 88.8 percent. Europe region experiences the highest growth rate at 210.4 percent, followed by Middle East and North America respectively. Meanwhile, Asia Pacific had the lowest growth rate at 9.6 percent. For supply side, Available Seat Kilometers (ASK) increased by 56.5 percent worldwide in Q1/2022. Europe shows the highest growth rate at 145.8 percent, followed by Middle East, Latin America respectively. Whereas, Asia Pacific had the lowest growth rate at 8.2 percent. Moreover, the overall passenger load factor (PLF) was 68.8 percent, increased 11.8 percentage from the same period of the previous year. (Source: International Air Transportation Association: IATA)

For Thailand's tourism, the international tourism market during January-March 2022 had high expansion compared to the same period of 2021 with international arrival visitors at 497,693 people or increased by 2,367.0 percent. The main supporting factor is from easing covid-19 rules by resuming the quarantine-free Test and Go scheme application acceptance as from Feb 1, 2022 onwards. Moreover, many countries in Europe have adjusted their strategies to live with Covid-19. In addition, many countries in East Asia, such as Hong Kong, South Korea, Malaysia, Singapore, Vietnam, have policies to reduce the quarantine day for returning the country after traveling to Thailand as well as continuously launching new flights to Thailand. These supporting factors help to promote more foreign tourists to travel to Thailand. (Source: Ministry of tourism and sport)

In the first quarter of year 2022, the Company increased flight frequencies to support rising travel demand after the Government announced the relaxed travel restriction and quarantine measures in February 2022. The domestic routes were a priority to increase flight frequencies i.e., Bangkok-Samui, Bangkok-Phuket, Bangkok-Chiang Mai, Bangkok-Lampang, Samui-Phuket, Samui-U-Tapao, Phuket-U-Tapao and Bangkok-Phnom Penh. For this period, the Company had carried passenger at 0.4 million, increased by 145.8 percent; while flight operated at 5,037, climbed by 104.4 percent compared with year 2021. The overall load factor was 63.5 percent.

For the first quarter of year 2022, the loss from operation was 826.6 million baht, further loss of 69.8 million baht or 9.2 percent from year 2021. That was resulted from an increase of 453.7 million baht or 22.3 percent from cost of services that increased by 523.2 million baht or 34.5 percent comparing to last year. While total revenue increased by 340.8 million baht or 25.1 percent. The increment was from passenger revenue of airline business by 208.8 percent, airport business by 206.9 percent and airport-related businesses by 41.6 percent respectively. The Company reported net loss for the period at 1,025.5 million baht of which

loss attributable to the equity holders of the Company was 1,020.0 million baht. Loss per share for the period was 0.49 baht.

#### Notable Events in 1Q 2022

- The Company started to operate two daily flights of special sealed-route for Bangkok-Phuket in order to support Thailand's Phuket Sandbox program started from 1 February 2022.
- The Company offered Vaccinated Travel Lane or VTL flights from Samui to Singapore, to facilitate passengers who are fully vaccinated with no quarantine upon arrival in Singapore with 3 VTL flights per week and will be increased to a daily service from 1 July 2022 onwards.
- The Company announced the resale of treasury stock program for financial management purpose. The 40.0 million shares were to be sold through SET from 8 October 2021 to 3 March 2022. The total proceed was 390.9 million baht.
- The Company has proceeded with incorporation of new subsidiary, namely Bangkok REIT Management Company Limited, with the registered capital of 15.0 million baht, having Bangkok Airways Holding Company Limited, as a shareholder of 99.9997 percent shares.



## 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 15 subsidiaries that include: 1) Bangkok Air Catering Company Limited 2) Worldwide Flight Services Bangkok Air Ground Handling Company Limited 3) Bangkok Airways Ground Service Company Limited 4) Bangkok Airways Holding Company Limited 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 15) Bangkok REIT Management Co., Ltd

### Airline Operating Data

	Unit	January-March	
		2022	2021
Number of scheduled passengers carried	Thousand	373.2	151.9
Number of flights flown	Flights	5,037	2,464
Available Seat Kilometers (ASK)	Million Seat –Kilometers	336.9	155.8
Revenue Passenger Kilometers (RPK)	Million Passenger –Kilometers	213.8	91.6
Passenger Load Factor	Percentage	63.5	58.8
Aircraft utilization <sup>(1)</sup>	Hour per day per Aircraft	4.5	3.5
Number of aircraft at period end	Aircraft	37	39
Passenger Yield <sup>(2)</sup>	Baht per Passenger – Kilometer	4.31	3.12
Revenue ASK (RASK)	Baht per ASK	3.45	4.85
Cost per ASK (CASK)		5.11	8.72
RASK – CASK		(1.66)	(3.87)

#### Remarks

(1) Calculate from operating aircraft only

(2) Scheduled passenger revenues including fuel surcharge and insurance surcharge, but excluding excess baggage divided by RPKs.



## Operating performance summary for the period ended March 31, 2022

Unit: million baht

	January-March			
	2022	2021	Variance	
			Amount	%
Total revenue	1,698.0	1,357.2	340.8	25.1
Total expenses	2,487.4	2,033.7	453.7	22.3
Operating profit (loss) for the period <sup>(1)</sup>	(826.6)	(756.8)	(69.8)	(9.2)
Net profit (loss) for the period	(1,025.5)	(756.4)	(269.1)	(35.6)
Profit (loss) attributable to equity holders of the Company	(1,020.0)	(745.6)	(274.4)	(36.8)
EBIT <sup>(2)</sup>	(722.7)	(606.9)	(115.9)	(19.1)
EBITDA <sup>(2)</sup>	(95.0)	5.8	(100.9)	(1,732.3)
EBIT Ratio (%)	(43.5)	(54.8)	11.3	
EBITDA Ratio (%)	(5.7)	0.5	(6.2)	

### Remarks

- (1) Excluding gain(loss) from exchange rate, gain(loss) from derivative transaction
- (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.

The total revenue of the Company for the first quarter of year 2022 were 1,698.0 million baht, increased by 25.1 percent while total expenses increased from 2,033.7 million baht to 2,487.4 million baht or around 22.3 percent. The major increase were aircraft fuel, aircraft maintenance and passenger service fee. As a results, the Company reported operating loss at 826.6 million baht, lowered by 9.2 percent compared with year 2021

For the first quarter of year 2022, the Company reported the loss before interest and tax, depreciation, amortization (EBITDA) and net loss were 95.0 million baht and 1,025.5 million baht respectively. Loss per share for this quarter was 0.49 baht.

### Revenues

Total revenue for the first quarter of year 2022 was 1,698.0 million baht, increased by 25.1 percent comparing to the previous year. That was mainly from the escalation of; passenger revenue from airline business by 208.8 percent and airport business by 206.9 percent, respectively.

The improvement resulted from the relax measures of travel restriction and quarantine requirements that urge travel demand to Thailand. For the first quarter of year 2022, the Company reported that passenger carried at 0.4 million, increasing by 145.8 percent; passenger load factor at 63.5 percent and average fare was 2,469.6 baht per sector, growing by 31.3 percent compared to year 2021.



The sales and services revenue from airport-related business was 504.0 million baht, increasing by 41.6 percent compared to the same period last year. An increasing revenue was mainly from Bangkok Air Catering with the higher revenue at 72.0 million baht, and the higher amount at 38.0 million baht from Worldwide Flight Services Bangkok Air Ground Handling. The amounts improved by 321.0 percent and 14.9 percent, respectively. For this quarter, the Company had gain on foreign exchange rate amounted to 37.2 million baht during the period.

In the first quarter of year 2022, total other revenues reported at 183.3 million, dropped by 255.4 million baht or 58.2 percent compared with year 2021. This was mainly due to lower revenue from breakage ticket by 226.0 million baht.

#### **Share of Profit from Investments in Associates**

The Company reported share of profit from associated companies for the first quarter of year 2022 at 103.8 million baht, dropped by 31.9 percent compared with last year. That was mainly from the termination of lease agreement with the Samui Airport Property Fund. The Company had share of profit from WFS-PG Cargo Company at 109.7 million baht, decreased by 2.2 percent. A decreasing revenue was from lower tonnage usage by 13.9 percent during the period. Nevertheless, a higher tariff was implemented compared with year 2021. The Company reported share of loss from U-Tapao International Aviation at 5.9 million baht.

#### **Expenses**

For the first quarter year 2022, total expenses was 2,487.4 million baht, increased by 22.3 percent from same period last year.

Cost of sales and services reported at 2,041.4 million baht, grew by 34.5 percent compared to the last year. An increasing amount was mainly from cost related to number of passenger and flight of airline business. That comprised of wages and salary 292.7 million baht, aircraft maintenance 282.6 million baht, and fuel 255.7 million baht. The amount accounted for 11.8 percent, 11.4 percent, and 10.3 percent of total expenses respectively.

Total selling and distribution expenses was 138.5 million baht, grew by 148.5 percent from year 2021. The increasing amount was mainly from usage of reservation system which amounted to 53.1million baht. The amount was improved more than 100.0 percent compared with same period of year 2021 as a consequence of a higher passengers during the period.

The administrative expenses of the Company for the first quarter of year 2022 was 307.3 million baht, grew by 5.2 percent compared to year 2021. The significant increasing amount was system usages and personnel cost.

Financial cost for first quarter of year 2022 reported at 285.1 million baht, declined by 14.9 percent from year 2021. That was mainly resulted from a lower financial cost as a consequence of termination of the

long-term lease agreement. The Company had interest expenses paid to financial institutions totally amounted to 268.7 million baht.

### Assets

As of 31 March 2022, the Company and its subsidiaries have total assets amounted of 50,231.3 million baht, increased by 1,292.2 million baht from 31 December 2021.

Unit: million baht

	As at March 31, 2022	As at December 31, 2021	Variance
<i>Current assets</i>			
Cash & cash equivalents	1,866.4	2,125.9	(295.5)
Trade and other receivables	493.1	372.6	120.5
Inventory	428.4	438.5	(10.1)
Other current assets	137.5	168.7	(31.2)
<b>Total current assets</b>	<b>2,925.4</b>	<b>3,105.7</b>	<b>(180.3)</b>
<i>Non-current assets</i>			
Investments in associates	2,227.2	2,226.3	0.9
Other non-current financial assets	28,027.4	25,965.0	2,062.4
Property, plant and equipment	8,746.8	8,927.2	(180.4)
Right-of-use assets	6,509.4	6,966.4	(457.0)
Deposits	486.0	491.5	(5.5)
Other non-current assets	1,309.0	1,256.9	52.1
<b>Total Non-current assets</b>	<b>47,305.9</b>	<b>45,833.4</b>	<b>1,472.5</b>
<b>Total assets</b>	<b>50,231.3</b>	<b>48,939.1</b>	<b>1,292.2</b>

### Current assets

Total current assets of the Company as of 31 March 2022 was 2,925.4 million baht, decreased from 31 December 2021 by 180.3 million baht. This was mainly from a lower of cash and cash equivalents by 295.5 million baht, mainly resulted from cash paid for operating activities, lease liabilities, loan from related party and financial cost. Nevertheless, it was offset from dividend received from investment in associate, cash received from short-term loan and sales of treasury stock during the period.

During the period, trade and other receivables increased by 120.5 million baht in a consequence of higher passenger revenues during the period.

### Non-current assets

Total non-current assets of the Company were 47,305.9 million baht, increased from year 2021 by 1,472.5 million baht. That was mainly from an increasing amount of other non-current financial assets by 2,062.4 million baht from mark to market of long-term investments in marketable securities during the period.

Nevertheless, the amount of Property, Plant and Equipment and Right-of-use assets declined by 180.4 million baht and 457.0 million baht respectively.

### Liabilities

As of 31 March 2022, the Company and its subsidiaries have liabilities amounted of 36,064.0 million baht. An increase of 286.8 million baht from 31 December 2021 was as follows:

Unit: million baht

	As at March 31, 2022	As at December 31, 2021	Variance
<b><i>Current liabilities</i></b>			
Short-term loan	1,333.1	917.0	416.1
Trade and other payables	898.7	967.4	(68.7)
Current portion of long-term loans	481.1	15,617.0	(15,135.9)
Current portion of long-term loan from related party	775.0	1,000.0	(225.0)
Current portion of lease liabilities	1,947.8	3,229.5	(1,281.7)
Unearned revenue	571.6	375.8	195.8
Other current liabilities	1,731.2	1,696.8	34.4
<b><i>Total current liabilities</i></b>	<b><i>7,738.6</i></b>	<b><i>23,803.5</i></b>	<b><i>(16,064.9)</i></b>
<b><i>Non-Current liabilities</i></b>			
Long-term loans– net current of portion	19,604.4	4,540.1	15,064.3
Lease liabilities - net of current portion	2,876.8	2,128.6	748.2
Employee benefits	881.0	853.6	27.2
Deferred tax liabilities	4,766.2	4,311.0	455.2
Other non-current financial liabilities	118.4	128.3	(9.9)
Other non-current liabilities	78.5	12.1	66.4
<b><i>Total non-current liabilities</i></b>	<b><i>28,325.4</i></b>	<b><i>11,973.7</i></b>	<b><i>16,351.7</i></b>
<b><i>Total liabilities</i></b>	<b><i>36,064.0</i></b>	<b><i>35,777.2</i></b>	<b><i>286.8</i></b>

### Current liabilities

Total current liabilities amounting to 7,738.6 million baht, decreased from 31 December 2021 by 16,064.9 million baht. That was resulted from the Company received waiver letter from financial institutions due



to non-compliance to financial conditions under aircraft financial lease agreement of 8-ATR72-600 and long-term loan agreement. Consequently, the Company reclassified current portion of long-term loan and lease liabilities as represented in audited financial statement year 2021 to net of current portion of long-term loan and lease liabilities in non-current liabilities.

In addition, current portion of long-term loan from related party was decreased by 225.0 million baht, mainly from repayment loan from related party during the period.

#### Non-current liabilities

The total of non-current liabilities of the Company were 28,325.4 million baht, increasing by 16,351.7 million baht from 31 December 2021. That was resulted from a reclassification of some items in current portion of long-term loan as shown in financial statement year 2021 to net of current portion of long-term loan in non-current liabilities.

Net of current portion of lease liabilities increased by 748.2 million baht, mainly due to reclassification of current portion of lease liabilities to net of current portion of lease liabilities. In addition, lease repayment was fulfilled during the period.

Deferred tax liabilities increased by 455.2 million baht from the changes in market value of available for sale investment in securities during the period.

#### Shareholders' Equity

Unit: million baht

	As at March 31, 2022	As at December 31, 2021	Variance
Paid up capital	2,100.0	2,100.0	-
Premium on ordinary shares and capital reserve for share-based payment transactions	9,218.8	9,319.6	(100.8)
Treasury stocks	-	(464.9)	464.9
Other components of shareholders' equity	18,044.3	16,377.0	1,667.3
Retained earnings (loss)	(14,942.3)	(13,922.3)	(1,020.0)
Others <sup>(1)</sup>	(253.5)	(247.5)	(6.0)
<b><i>Total shareholders' equity</i></b>	<b><i>14,167.4</i></b>	<b><i>13,161.9</i></b>	<b><i>1,005.5</i></b>

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

As of 31 March 2022, total shareholders of the Company and its subsidiaries was 14,167.4 million baht, increasing by 1,005.5 million baht from the mark to market of long-term investments in marketable

securities and retained loss during the period. The Company reported retained loss at the amount of 14,942.3 million baht.

### Statement of Cash Flow

Unit: million baht

	As at 31 March	
	2022	2021
Net cash flows from operating activities	(126.0)	(454.6)
Net cash flows from investing activities	90.5	77.6
Net cash flows used in financing activities	(224.1)	(283.4)
<i>Cash and cash equivalents at end of period</i>	<b>1,866.4</b>	<b>1,520.7</b>

#### Cash flows from operating activities

As of 31 March 2022, the loss of the Company and its subsidiaries before changes in operating assets and liabilities was 188.0 million baht while the amount of net cash flows used in operating activities was 113.7 million baht.

#### Cash flows from investing activities

As of 31 March 2022, net cash flows from investing activities of the Company and its subsidiaries were 90.5 million baht which mainly from dividend received from investments in associates and cash paid for property plant and equipment during the period.

#### Cash flows from financing activities

As of 31 March 2022, the Company and its subsidiaries had cash flow used in financing activities at the amount of 224.1 million baht, mainly for payment of lease liabilities, repayment loan to related party and cash paid for finance cost in total of 1,008.6 million baht. The Company reported cash received from short-term loan and sales of treasury stock during the period.

## Summary Consolidated Financial and Ratio

		As at 31 March	
		2022	2021
Liquidity Ratio	Current Ratio (Time)	0.4	0.3
	Quick Ratio (Time)	4.0	3.0
	Collection Period (Day)	24.5	42.2
	Stock Turnover Period (Day)	19.1	27.6
	Payment Period (Day)	24.0	32.4
Profitability Ratio	Gross Profit Margin (%)	(38.2)	(126.3)
	Operating Profit Margin (%)	(48.9)	(90.5)
	EBITDA Margin (%)	(5.7)	0.5
	Net profit Margin (%)	(60.4)	(55.7)
	Return on Equity (%)	(30.0)	(15.4)
Efficiency Ratio	Return on Assets (%)	(8.3)	(6.0)
	Return on Fixed Assets (%)	(18.0)	(5.9)
	Asset Turnover (Time)	0.1	0.1
Leverage Ratio	Debt to Equity (Time)	2.5	1.5
	Interest Coverage Ratio (Time)	(0.3)	0.02