



## Management's Discussion and Analysis

For the period ending 31 March 2023

Bangkok Airways Public Company Limited and Its Subsidiaries



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#### Executive Summary

The global aviation industry in the first quarter of 2023 has significantly recovered by removing travel restrictions, especially in China, Hong Kong, Japan, and Korea, together with the higher travel demands. Consequently, the growth in revenue passenger kilometers (RPK) across all regions was 58.3 percent compared to the same period in 2022. Airlines of the Asia-Pacific region had the highest growth with an average of 126.0 percent, followed by airlines in Africa and the Middle East at 89.0 and 67.0 percent respectively. In terms of available seat kilometers, all regions grew by 37.5 percent compared with the first quarter of 2022. The airlines in Asia - Pacific had the greatest growth rate at 76.3 percent, followed by airlines in Africa and the Middle East which were shown at 63.4 and 36.1 percent respectively. Overall passenger load factors in all regions were 78.7 percent, which increased by 10.2 percent when compared to the same period last year. (Source: International Air Transportation Association: IATA)

Tourism in Thailand for the first quarter of 2023 has a significant growth compared to the first quarter of 2022 with a cumulative number of foreign tourists totaling 6,477,538 people, or a growth of 1,202.0 percent. The higher number of foreign tourists to Thailand was mainly from opened borders of many countries, especially China, Hong Kong, and Japan together with Westerners traveling during the winter season. (Source: Ministry of Tourism and Sport)

For the first quarter of 2023, the Company adjusted flight frequencies to support the rising of international travelers. The major routes were a priority to increase flight frequencies, i.e., Bangkok- Samui, Bangkok-Phuket, Bangkok-Chiang Mai, Samui-Phuket, Bangkok-Trat, and Samui-Singapore. The Company temporarily suspended two domestic routes which were Bangkok to Had-Yai and Samui to Had-Yai to maximize operating aircraft for higher potential routes. For this period, the Company operated 11,124 flights, which climbed by 120.8 percent compared with 2021, and carried 1.1 million passengers or grew by 198.3 percent. Most of the international passengers contributed from point-or-sale in Europe, which accounted for 20.6 percent of total passengers.

The Company reported a profit from operation for the first quarter of 2023 at 1,230.8 million baht, an increase of 2,057.4 million baht or 248.9 percent from 2022. The increment was from a rise in total revenue at 4,045.0 million baht, which grew by 238.2 percent from last year. An increase in total revenue was from the growth of airline passenger revenue by 342.9 percent, and airport-related business revenue by 100.4 percent respectively. While the total expenses increased by 79.6 percent or 4,468.5 million baht, mainly from fuel expenses, aircraft maintenance expenses, and passenger services. The Company reported a net profit for the period of 879.4 million baht, of which the profit attributable to the equity holders of the Company was 875.1 million baht. Profit per share for the period was 0.42 baht.

### Notable Events in 1Q 2023

- For the first quarter of 2023, Three Airbus A320 were redelivered under operating lease contracts and two ATR72-600s were sold. As of 31 March 2023, the Company had 30 aircraft as shown in the table below;

Fleet Type	As of 31 March 2023	As of 31 December 2022
Airbus A320	5	8
Airbus A319	13	13
ATR 72-500	1	1
ATR 72-600	11	13
<b>Total</b>	<b>30</b>	<b>35</b>

- As of 31 March 2023, Worldwide Flight Services Bangkok Air Ground Handling Company Limited (BFS Ground) gained 4 additional airlines, thus, the total number of its customers was 77 airlines for ground service equipment compared with 31 December 2022.
- As of 31 March 2023, WFS-PG Cargo Company Limited (BFS Cargo) had 4 additional airlines, causing the total number of its customers to be 71 airlines for international cargo terminal services compared with 31 December 2022.

## Management's Discussion and Analysis

Bangkok Airways is a full serviced airline providing premium service to passengers. The company owns and operates three 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.

The consolidated financial statement of the Company consists of Separate Financial Statement and Financial Statements of the 16 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, 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, 16) Bangkok Airport Management Co., Ltd.

### Airline Operating Data

	Unit	January-March	
		2023	2022
Number of scheduled passengers carried	Thousand	1,113.3	373.2
Number of flights flown	Flights	11,124	5,037
Revenue Passenger Kilometers (RPK)	Million Passenger –Kilometers	706.1	213.8
Available Seat Kilometers (ASK)	Million Seat –Kilometers	811.1	336.9
Passenger Load Factor	Percentage	87.1	63.5
Seats	Thousand	1,256.9	575.9
Aircraft utilization <sup>(1)</sup>	Hour per day per Aircraft	8.3	4.5
Average Stage Length	Kilometers	634.2	572.8
Number of aircraft at period end	Aircraft	30	37
Passenger Yield <sup>(2)</sup>	Baht per Passenger –Kilometer	5.89	4.31
Revenue ASK (RASK)		5.84	3.45
Cost per ASK (CASK)	Baht per ASK	4.74	5.11
RASK – CASK		1.09	(1.66)

#### 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, 2023

Unit: million baht

	January-March			
	2023	2022	Variance	
			Amount	%
Total revenue	5,743.0	1,698.0	4,045.0	238.2
Total expenses	4,468.5	2,487.4	1,981.1	79.6
Operating profit (loss) for the period <sup>(1)</sup>	1,230.8	(826.6)	2,057.4	248.9
Net profit (loss) for the period	879.4	(1,025.5)	1,904.9	185.8
Profit (loss) attributable to equity holders of the Company	875.1	(1,020.0)	1,895.1	185.8
EBIT <sup>(2)</sup>	1,353.0	(722.7)	2,075.7	287.2
EBITDA <sup>(2)</sup>	1,846.6	(95.0)	1,941.6	2,043.6
EBIT Ratio (%)	23.7	(43.5)	67.3	
EBITDA Ratio (%)	32.4	(5.7)	38.1	

### Remarks

- (1) Excluding gain(loss) from exchange rate, gain(loss) from derivative transaction
- (2) EBIT, EBIT margins, EBITDA, and 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.

For the first quarter of 2023, the Company reported operating profit of 1,230.8 million baht, which was better by 248.9 percent, and had earnings before interest and tax, depreciation, and amortization (EBITDA) 1,846.6 million baht, improved by 2,043.6 percent from the same period of 2022. The better performance was from increasing revenue by 4,045.0 million baht or 238.2 percent. While the total expenses increased by 1,981.1 million baht, or 79.6 percent, mainly from the cost of sales and services.

The Company reported a net profit and net profit attributable to the equity holders during the period at 879.4 million baht and 875.1 million baht, respectively.

### Revenues

Total revenues for the first quarter of 2023 were 5,743.0 million baht, which increased by 238.2 percent compared to the previous year. The revenue mainly derived from passenger revenue from the airline business, airport-related businesses, and airport business, which accounted for 71.8 percent, 17.6 percent, and 2.1 percent of total revenue respectively.

Passenger revenue from the airline business was 4,122.8 million baht, which grew by 342.9 percent from the same period in 2022. The better performance resulted from a higher number of passengers and average fare. For this quarter, the Company carried 1.1 million passengers, which increased by 198.3 percent compared with 2022 or 64.5 percent of pre-COVID-19 passengers. While the passenger load factor was 87.1 percent, and the average fare of 3,734.3 baht per sector, improved by 51.2 percent compared to the year 2022.

The sales and services revenue from the airport-related business was 1,010.2 million baht, which increased by 100.4 percent compared to last year. Most of the revenue from sales and services was from Worldwide Flight Services Bangkok Air Ground Handling amounted to 542.3 million baht, climbed by 85.3 percent from a higher number of operated flights. Revenue from Bangkok Air Catering reported at 374.8 million baht, grew by 296.9 percent from higher meals uplifted of airline customers

The Company reported other revenues at 426.0 million baht, which increased by 132.4 percent or 242.7 million baht, mainly from the cash received from the outstanding amount claimed from the maintenance reserve fund, excess baggage, ticket fee, and breakage tickets.

#### Share of Profit from Investments in Associates

The Company reported a share of profit from associated companies for the first quarter of 2023 at 122.2 million baht, an increase of 17.7 percent from the same period in 2022. The share of profit was mainly from WFS-PG Cargo Company which reported 115.2 million baht, which grew by 5.0 percent from a higher tariff adjustment. The Company reported a share of loss from BA Airport Leasehold Real Estate Investment Trust (BAREIT) at 15.6 million baht and a share of loss from U-Tapao International Aviation at 16.5 million baht during the period.

#### Expenses

Total expenses for the first period of 2023 were 4,468.5 million baht, an increase of 79.6 percent from last year.

- Cost of sales and services was 3,816.4 million baht, which grew by 87.0 percent compared to the same period in the year 2022. The increasing amount was mainly from costs related to flight operation from the airline business such as fuel expenses, aircraft maintenance, passenger services, and salary and benefits, which accounted for 18.3 percent, 15.9 percent, 9.5 percent, and 9.5 percent of total expenses respectively.

- Total selling and distribution expenses were 283.2 million baht, which grew 104.5 percent from the same period in 2022. The majority was from the booking and reservation expenses which accounted for 60.6 percent of total selling and distribution expenses or increased by 223.6 percent. An incremental amount was mainly from the higher usage of the reservation system from the higher number of passengers during the period.
- The administrative expenses were 368.7 million baht, which increased by 20.0 percent compared to 2022. The increased amount was mainly from employee-related expenses, system usage, rental, and utilities.
- Financial cost reported at 542.6 million baht, increased by 90.3 percent from 2022. The major financial costs were interest expenses paid to BA Airport Leasehold Real Estate Investment Trust (BAREIT) and financial institutions, which accounted for 51.9 percent and 40.5 percent of financial costs respectively.

### Assets

As of 31 March 2023, the Company and its subsidiaries have total assets that amounted to 62,542.9 million baht, which increased by 297.3 million baht from 31 December 2022.

Unit: million baht

	As of 31 March 2023	As of 31 December 2022	Variance
<b><i>Current assets</i></b>			
Cash & cash equivalents	7,057.7	3,591.7	3,466.0
Trade and other receivables	1,162.3	1,184.8	(22.5)
Inventory	465.1	464.6	0.5
Other current financial assets	651.6	3,055.5	(2,403.9)
Other current assets	271.9	311.6	(39.7)
<b><i>Total current assets</i></b>	<b>9,608.6</b>	<b>8,608.2</b>	<b>1,000.4</b>
<b><i>Non-current assets</i></b>			
Investments in associates	4,735.4	4,844.6	(109.2)
Other non-current financial assets	33,148.7	32,556.0	592.7
Property, plant, and equipment	7,188.0	8,269.8	(1,081.8)
Right-of-use assets	5,385.4	5,419.2	(33.8)
Deposits	568.6	608.2	(39.6)
Other non-current assets	1,908.3	1,939.6	(31.3)
<b><i>Total Non-current assets</i></b>	<b>52,934.3</b>	<b>53,637.4</b>	<b>(703.1)</b>
<b><i>Total assets</i></b>	<b>62,542.9</b>	<b>62,245.6</b>	<b>297.3</b>

### Current assets

The total current assets of the Company as of 31 March 2023 were 9,608.6 million baht, which increased from 31 December 2022 by 1,000.4 million baht. This was mainly from:

- An increase of cash and cash equivalents by 3,466.0 million baht, mainly from the cash received from operating activities, cash received from the sale of assets, and cash deposit. However, the Company reported cash paid for lease liabilities, repayment of a long-term loan, and cash paid for financial costs during the period.
- A decrease of other current financial assets amounted to 2,403.9 million baht, which was due to a reclassification of cash deposits from other current financial assets at the end of 2022 to cash and cash equivalents during the period.

### Non-current assets

The total non-current assets of the Company were 52,934.3 million baht, which decreased from the end of the year 2022 by 703.1 million baht. That was mainly from a decrease of 1,081.8 million baht from Property, Plant, and Equipment, resulting from the sale of 2-ATR 72-600 and depreciation during the period.

Nevertheless, the Company reported an increase in other non-current financial assets amounted to 592.7 million baht from mark to market of long-term investments in marketable securities during the period.

### Liabilities

As of 31 March 2023, the Company and its subsidiaries have liabilities amounted to 44,474.9 million baht, decreased by 1,007.0 million baht from 31 December 2022 as follows:

Unit: million baht

	As of 31 March 2023	As of 31 December 2022	Variance
<b><i>Current liabilities</i></b>			
Short-term loan	341.6	767.9	(426.3)
Trade and other payables	1,390.1	1,557.8	(167.7)
Current portion of long-term loans	220.7	7,580.0	(7,359.3)
Current portion of lease liabilities	1,362.3	3,191.7	(1,829.4)
Unearned revenue	1,905.4	1,791.6	113.9
Current portion of long-term financial liabilities	92.5	92.5	0.0
Other current liabilities	2,208.3	2,245.1	(36.8)
<b><i>Total current liabilities</i></b>	<b><i>7,520.9</i></b>	<b><i>17,226.5</i></b>	<b><i>(9,705.6)</i></b>
<b><i>Non-Current liabilities</i></b>			
Long-term loans– net current of the	13,680.0	6,763.3	6,916.6



	As of 31 March 2023	As of 31 December 2022	Variance
portion			
Lease liabilities - net of the current portion	2,206.2	530.0	1,676.2
Employee benefits	930.9	899.5	31.4
Deferred tax liabilities	5,710.1	5,650.9	59.2
Long-term financial liabilities - net of the current portion	14,314.9	14,311.0	3.9
Other non-current liabilities	112.1	100.8	11.2
<b>Total non-current liabilities</b>	<b>36,954.1</b>	<b>28,255.5</b>	<b>8,698.6</b>
<b>Total liabilities</b>	<b>44,474.9</b>	<b>45,482.0</b>	<b>(1,007.0)</b>

#### Current liabilities

Total current liabilities were 7,520.9 million baht, decreased from 31 December 2022 by 9,705.6 million baht, which mainly resulted from:

- A decreasing amount of 7,359.3 million baht from repayment of long-term loans during the period. In addition, the Company received waiver letters from financial institutions due to non-compliance to financial covenants under the aircraft financial lease agreement of 8-ATR72-600 and long-term loan agreement. Consequently, the Company re-classified the current portion of the long-term loan amounting to 7,298.0 million baht to be non-current liabilities during the period.
- Repayment of short-term loan and current portion of lease liabilities amounted to 426.3 million baht and 1,829.4 million baht respectively, together with a reclassification of the current portion of lease liabilities to be non-current liabilities during the period.

#### Non-current liabilities

The total non-current liabilities of the Company were 36,954.1 million baht, increased by 8,698.6 million baht from 31 December 2022. That mainly resulted from the following;

- An increase of the current-portion-net of the long-term loan amounted to 6,916.6 million baht from the reclassification of the current portion of the long-term loan as shown in the financial statement year 2022 to the net of the current portion of the long-term loan in non-current liabilities.
- Lease liabilities - net of the current portion increased by 1,676.2 million baht due to repayment of lease liabilities, together with the re-classified current portion of lease liabilities to non-current liabilities after the company received the wavier letter from financial institutions during the period

## Shareholders' Equity

Unit: million baht

	As at 31 March 2023	As at 31 December 2022	Variance
Paid up capital	2,100.0	2,100.0	0.0
Premium on ordinary shares and capital reserve for share-based payment transactions	9,218.8	9,218.8	0.0
Other components of shareholders' equity	22,118.4	21,692.0	426.5
Retained earnings (loss)	(15,106.3)	(15,981.4)	875.1
Others <sup>(1)</sup>	(263.0)	(265.9)	2.8
<b><i>Total shareholders' equity</i></b>	<b>18,068.0</b>	<b>16,763.5</b>	<b>1,304.4</b>

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

As of 31 March 2023, the total shareholders' equity of the Company and its subsidiaries was 18,068.0 million baht, increasing by 1,304.4 million baht. That was mainly due to changes in the mark-to-market of long-term investments in marketable securities amounted to 426.5 million baht, together with an improvement of retained loss by 875.1 million baht from better performance of the Company.

## Statement of Cash Flow

Unit: million baht

	As at 31 March	
	2023	2022
Net cash flows from (used in) operating activities	1,885.3	(126.0)
Net cash flows from (used in) investing activities	3,339.0	90.5
Net cash flows from (used in) financing activities	(1,758.3)	(224.1)
<b><i>Cash and cash equivalents at the end of the period</i></b>	<b>7,057.7</b>	<b>1,866.4</b>

### Cash flows from operating activities

The Company and its subsidiaries showed a gain from operating activities before changes in operating assets and liabilities at 1,784.4 million baht. The Company reported cash flows from operating activities at 1,918.4 million baht. The Company reported net cash flow from operating activities as of 31 March 2023 at 1,885.3 million baht.

Cash flows from investing activities

As of 31 March 2023, net cash flows from investing activities of the Company and its subsidiaries was 3,339.0 million baht. The majority was cash received from sales of 2-ATR72-600 and cash deposits during the period.

Cash flows from financing activities

As of 31 March 2023, the Company and its subsidiaries had cash flow used in financing activities was 1,758.3 million baht, mainly for the payment of long-term loans, lease liabilities, and finance cost with a total amount of 1,330.5 million baht during the period.



## Summary Consolidated Financial and Ratio

		As at 31 March	
		2023	2022
Liquidity Ratio	Current Ratio (Time)	1.3	0.4
	Collection Period (Day)	19.9	24.5
	Stock Turnover Period (Day)	11.1	19.1
	Payment Period (Day)	31.5	24.0
Profitability Ratio	EBITDA Margin (%)	32.4	(5.7)
	Net profit Margin (%)	15.3	(60.4)
	Return on Equity (%)	20.2	(30.0)
Leverage Ratio	Debt to Equity (Time)	2.5	2.5
	Interest Coverage Ratio (Time)	3.4	(0.3)