



Management's Discussion and Analysis

For the period ended 31 December 2023

Bangkok Airways Public Company Limited and Its Subsidiaries



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Executive Summary

The overall global aviation industry in the fourth quarter of 2023, the growth in Revenue Passenger Kilometers (RPK) across all regions was 28.7 percent compared to the same period in 2022. Airlines of the Asia-Pacific region had the highest growth due to the reopening of China's long holidays and festivals, with an average of 77.2 percent, followed by airlines in the Middle East and Africa at 19.7 and 17.9, respectively.

Regarding Available Seat Kilometers (ASK), all regions grew by 27.4 percent compared with the fourth quarter of 2022. The airlines in the Asia-Pacific had the highest growth rate at 67.7 percent, followed by airlines in Africa and the Middle East at 24.9 and 19.0 percent, respectively. The average overall passenger load factor in all regions was 82.3 percent, a slight increase of 0.9 percent compared to last year. (Source: International Air Transportation Association: IATA)

Tourism in Thailand in the fourth quarter of 2023 grew by 49.0 percent compared to the year 2022, with a cumulative number total 8,095,351 foreign visitors. However, there were three countries with a lower number of visitors, Pakistan, Cambodia, and Israel, decreased by 8.0, 23.0, and 43.0 percent, respectively, compared with the year 2022. (Source: Ministry of Tourism and Sports)

In the fourth quarter of 2023, the Company operated a new route, Samui to Don-Mueang, and increased flight frequencies to support the rising travel demand and passengers connected with airline partners. Consequently, the available-seat kilometers grew by 5.2 percent from 2022, reaching 50.9 percent of pre-covid levels. The passenger number stood at 0.9 million, which increased from the same period last year by 2.2 percent, and the average load factor was 72.6 percent, resulting in passenger revenue this quarter growing by 15.4 percent, while the total revenue increased by 10.1 percent. Nevertheless, the total expenses significantly increased by 29.0 percent, mainly due to higher personal and aircraft maintenance expenses. As a result, the Company reported losses from the operation of 111.3 million baht and a net loss of 348.2 million baht.

The year 2023 was marked by a strong recovery of travel demand. The Company added flight frequencies to serve passengers on high-demand routes such as Bangkok to Samui, Bangkok to Phuket, Phuket to Samui, Bangkok to Phnom Penh, Bangkok to Siem Reap, and Samui to Singapore, in addition to operating two new routes: Lampang to Mae-Hong Son and Samui to Don-Mueang. This year, the company carried 3.9 million passengers, an increase of 49.5 percent compared with 2022 and 67.7 percent recovered from pre-covid level. Most passengers contributed from point-of-sale via website and direct connect, accounting for 44.0 percent, followed by Europe, representing 19.0 percent of total passengers. The overall load factor was 79.2 percent, which grew by 3.1 percentage points from 2022. The average fare per sector was 3,756.1 baht.



The operating profit for the year 2023 was 3,044.7 million baht, an increase of 3,934.0 million baht or 442.4 percent growth from last year. The significant increment was from the airline business's passenger and airport-related revenue growth. The Company had profit before income tax revenue and net profit for the period of 1,679.1 million baht and 3,108.4 million baht, respectively. The Company reported profit attributable to the equity holders of the Company at 3,110.0 million baht. Earnings per share for the period was 1.49 baht.

Notable Events Year 2023

- The Company operates two new routes, Lampang to Mae Hong Son and Don-Mueang to Samui, which were operated in August and October 2023, respectively.
- In the year 2023, Seven Airbus A320s and Airbus A319s were redelivered upon the end of operating lease contracts, and four ATR72-500/600 were sold. As of 31 December 2023, the Company had 24 aircraft, as shown in the table below;

Fleet Type	As of 31 December 2023	As of 31 December 2022
Airbus A320	3	8
Airbus A319	11	13
ATR 72-500	-	1
ATR 72-600	10	13
Total	24	35

- In September 2023, The Company entered into a Codeshare agreement with Singapore Airlines (SIA). The new partnership will provide their passengers with convenient travel connections between Singapore and destinations in Thailand and other cities in Southeast Asia, Australia, and New Zealand. As of 31 December 2023, the Company has 28 codeshare partners.
- The Company announced an Interline partnership with Air India to accommodate Air India's passengers traveling to Bangkok, Hong Kong, Singapore, and ten popular destinations in Thailand.
- On 28 September 2023, the Extraordinary General Shareholders Meeting no.1/2566 approved the set off of the retained loss of the Company by offsetting against the legal reserve and premium on ordinary shares amounted to 210.0 million baht and 9,218.8 million baht, respectively.
- The Company divested a certain portion of its investment in marketable securities to offset its retained loss and credited tax benefits.



- Award received Year 2023
 - Two prestigious awards: The World's Best Regional Airline and The Best Regional Airline in Asia from Skytrax. This is a remarkable achievement for the Company as it has now won these two titles for seven consecutive years. In addition, the airline was also ranked 29th in the Top 100 World's Best Airlines category.
 - The 5-STAR certificate, which is the highest level in the STAR program from the Tourism Authority of Thailand, demonstrates The Company's sustainability commitment, which is tangibly in line with TAT's Sustainable Tourism Goals-STGs.
 - Sukhothai Airport and Samui Airport received two honorable awards from the "EIA Symposium and Monitoring Awards 2023" for the transport (airport) projects. Sukhothai Airport received the Excellent Award, while Samui Airport received the Outstanding Award. Both awards were considered from environmental standards operation and social and environmental responsibility demonstration.
 - One of the sustainable stock assessments 2023 announced by "SET ESG Ratings" with a BBB rating in the Services sector on the Stock Exchange of Thailand and a 5-star rating, "Excellent CG Scoring," for corporate governance from the Institute of Directors Association (IOD), supported by the Stock Exchange of Thailand, emphasizing its commitment to effective corporate governance practices.



Management's Discussion and Analysis

Bangkok Airways is a full-service airline providing premium service to passengers. The company owns and operates three airports: 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	October-December		January-December	
		2023	2022	2023	2022
Number of scheduled passengers carried	Thousand	965.4	944.3	3,968.4	2,653.6
Number of flights flown	Flights	11,459	10,244	44,774	29,892
Revenue Passenger Kilometers (RPK)	Million Passenger – Kilometers	621.5	615.6	2,482.7	1,645.9
Available Seat Kilometers (ASK)	Million Seat –Kilometers	816.1	775.6	3,135.6	2,163.7
Passenger Load Factor	Percentage	76.2	79.4	79.2	76.1
Seats	Thousand	1,248.0	1,177.2	4,947.6	3,453.0
Aircraft utilization ⁽¹⁾	Hour per day per Aircraft	8.5	6.2	8.5	5.6
Average Stage Length	Kilometers	643.8	652.0	625.6	620.3
Number of aircraft at period end	Aircraft	24	35	24	35
Passenger Yield ⁽²⁾	Baht per Passenger – Kilometer	6.13	5.33	6.00	5.08
Revenue ASK (RASK)		5.28	4.98	5.41	4.54
Cost per ASK (CASK)	Baht per ASK	6.19	4.83	5.14	5.28
RASK – CASK		(0.91)	0.15	0.27	(0.74)

Remarks

- (1) Calculated 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 December 31, 2023

Unit: million baht

	October-December				January-December			
	2023	2022	Variance		2023	2022	Variance	
			Amount	%			Amount	%
Total revenue	5,419.8	4,923.7	496.0	10.1	21,732.5	12,742.1	8,990.4	70.6
Total expenses	5,572.6	4,319.8	1,252.8	29.0	18,646.6	13,767.1	4,879.5	35.4
Operating profit (loss) for the period ⁽¹⁾	(111.3)	300.4	(411.7)	(137.0)	3,044.7	(889.3)	3,934.0	442.4
Net profit (loss) for the period	(348.2)	148.6	(496.8)	(334.2)	3,108.4	(2,125.9)	5,234.3	246.2
Profit (loss) attributable to equity holders of the Company	(345.8)	150.2	(495.9)	(330.2)	3,110.0	(2,110.2)	5,220.2	247.4
EBIT ⁽²⁾	50.8	457.3	(406.4)	(88.9)	3,006.6	(911.2)	3,917.8	430.0
EBITDA ⁽²⁾	458.2	1,031.7	(573.5)	(55.6)	4,782.1	1,519.5	3,262.6	214.7
EBIT Ratio (%)	0.9	9.9	(9.0)		14.3	(7.5)	21.7	
EBITDA Ratio (%)	8.5	22.3	(13.9)		22.7	12.4	10.3	

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.

Revenues

For the fourth quarter of 2023

Total revenues were 5,419.8 million baht, an increase of 496.0 million baht or 10.1 percent compared to 2022. An increase in revenue was significantly from passenger revenue from airline business by 504.7 million baht or 15.4 percent. The improvement resulted from higher passengers and average ticket fares, which grew by 2.2 percent and 13.6 percent, respectively. For the fourth quarter of 2023, the Company carried 0.9 million passengers, recovered to 66.4 percent of pre-COVID-19 passengers. The passenger load factor was reported at 76.2 percent, with an average fare of 3,946.9 baht per sector, which improved by 13.6 percent compared to 2022.



The sales and services revenue from the airport-related business was 1,183.3 million baht, which increased by 41.2 percent compared to last year. Most of the revenue was from Worldwide Flight Services and Bangkok Air Catering, which amounted to 702.6 million baht and 465.2 million baht, respectively, from higher business activities during the period.

The Company reported other revenues at 347.4 million baht, which decreased by 13.1 percent, mainly from breakage tickets, ticket fees, and excess baggage revenues.

For Year 2023

Total revenues were 21,732.5 million baht, improved by 70.6 percent compared to 2022, comprised of passenger revenue from airline business 68.6 percent, airport-related business 19.6 percent, and airport business 2.0 percent of total revenue, respectively. Passenger revenue from the airline business was 14,913.8 million baht, increased by 6,462.6 million baht or 76.5 percent from a higher number of passengers. The Company carried 3.9 million passengers and operated 44,774 flights. The average load factor was 79.2 percent, surpassed the year 2019 by 11.1 percentage points. The average fare was 3,756.1 baht per sector, increased by 19.2 percent from last year.

The sales and services revenue from airport-related business was 4,269.5 million baht, increasing by 68.5 percent compared to last year, mainly from revenue from Worldwide Flight Services Bangkok Air Ground Handling amounted to 2,465.1 million baht or 11.3 percent of total revenue.

For this period, the Company reported other revenues of 1,360.9 million baht. An increasing amount of 441.8 million baht was mainly from rental and services, excess baggage, ticket fees, and breakage tickets.

In 2023, the Company had income tax revenue of 1,429.3 million baht, mainly from deferred tax relating to the origination and reversal of temporary differences, amounted 1,592.2 million baht.

Share of Profit from Investments in Associates

The Company had a share of profit from associated companies for the fourth quarter of 2023 at 162.1 million baht, which increased by 2.3 percent from the same period in 2022. The profit share was mainly from WFS-PG Cargo Company and BA Airport Leasehold Real Estate Investment Trust (BAREIT), which amounted to 134.1 million baht and 50.6 million baht, respectively. The company reported a share of loss from U-Tapao International Aviation at 22.6 million baht.

Year 2023, the Company had a share of profit from associated companies of 611.7 million baht, mainly from WFS-PG Cargo Company and BA Airport Leasehold Real Estate Investment Trust (BAREIT), which accounted for 80.6 percent and 22.7 percent of total profit sharing revenue. The Company reported a share of loss from U-Tapao International Aviation at 59.4 million baht.

Expenses

For the fourth quarter of 2023

The total expenses were 5,572.6 million baht, an increase of 29.0 percent from last year, as detailed below.

- Cost of sales and services was 4,542.2 million baht, increased by 837.1 million baht or 22.6 percent compared to 2022. The cost of sales and services increased mainly from salary and benefits, aircraft maintenance, and fuel expenses, which grew by 356.6 million baht, 146.6 million baht, and 117.8 million baht, respectively.
- Total selling and distribution expenses were 370.9 million baht, grew 46.3 percent. The majority was from the booking and reservation expenses, which amounted to 163.2 million baht, which grew by 9.9 percent from the higher number of passengers.
- The administrative expenses were 614.8 million baht, which increased by 74.1 percent compared to 2022. The increased amount was mainly from employee-related costs.
- Financial cost was 535.7 million baht, increased by 0.6 percent from 2022. The incremental amount was interest expenses paid to BA Airport Leasehold Real Estate Investment Trust (BAREIT), which accounted for 53.8 percent of the total financial cost. The company reported interest paid to financial institutions 219.1 million baht, which decreased by 54.6 percent from partial repayment of long-term loans during the period

For the Year 2023

The total expenses were 18,646.6 million baht, which grew by 35.4 percent from last year, as detailed below.

- Cost of sales and services was 15,622.1 million baht, climbed by 35.6 percent or 4,098.5 million baht compared to the last year. That was mainly contributed by a rising fuel expense at 919.3 million baht or grew by 38.1 percent, an increase in aircraft maintenance expenses by 742.5 million baht or 37.9 percent, and passenger service expenses increased by 663.1 million baht or 65.3 percent from higher flight and passengers during the period
- Total selling and distribution expenses were 1,174.1 million baht, an increase of 376.4 million baht from 2022. The increasing amount was mainly from using the reservation system, which accounted for 52.3 percent of total selling and distribution expenses.
- The administrative expenses were 1,818.3 million baht, which increased by 39.9 percent, mainly from an employee-related expenses.
- Financial cost reported at 2,167.2 million baht, climbed by 45.5 percent from 2022. A significant amount was interest paid to BA Airport Leasehold Real Estate Investment Trust (BAREIT) and financial institutions, which accounted for 52.7 percent and 40.8 percent of total financial costs, respectively.

Assets

As of 31 December 2023, the Company and its subsidiaries have total assets of 57,881.3 million baht, which decreased by 4,364.3 million baht from 31 December 2022.

Unit: million baht

	As of 31 December 2023	As of 31 December 2022	Variance
Current assets			
Cash and cash equivalents	12,977.6	3,591.7	9,385.9
Trade and other receivables	1,471.8	1,184.8	287.0
Inventory	489.1	464.6	24.5
Other current financial assets	651.2	3,055.5	(2,404.3)
Other current assets	484.0	311.6	172.4
Total current assets	16,073.7	8,608.2	7,465.5
Non-current assets			
Investments in associates	6,038.6	4,844.6	1,194.0
Other non-current financial assets	22,062.4	32,556.0	(10,493.6)
Property, plant, and equipment	7,091.4	8,269.8	(1,178.4)
Right-of-use assets	4,622.2	5,419.2	(797.0)
Deposits	391.2	608.2	(217.0)
Other non-current assets	1,601.8	1,939.6	(337.8)
Total Non-current assets	41,807.6	53,637.4	(11,829.8)
Total assets	57,881.3	62,245.6	(4,364.3)

Current assets

The Company's total current assets as of 31 December 2023 were 16,073.7 million baht, which increased from 31 December 2022 by 7,465.5 million baht. These were mainly from:

- An incremental of cash and cash equivalents by 9,385.9 million baht, mainly from the cash received from operating activities of 5,546.4 million baht, and cash from investment activities, mainly contributed from the sale of assets, sale of marketable securities, and cash deposits with a total amount of 12,160.1 million baht. Nevertheless, the Company paid cash for financing activities, including the payment of a long-term loan, lease liabilities, financial costs, and dividends, in total of 9,815.8 million baht. The Company also paid for the acquisition of associates 1,280.9 million baht during the period
- Trade and other receivables increased by 287.0 million baht due to higher advance bookings.

- Other current financial assets decreased by 2,404.3 million baht 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 41,807.6 million baht, which decreased from the end of 2022 by 11,829.8 million baht. That was mainly from:

- Other non-current financial assets decreased by 10,493.6 million baht, which mainly resulted from the selling of equity instruments and mark-to-market of marketable securities during the period
- Property, Plant, Equipment, and Right of use dropped by 1,178.4 million baht and 797.0 million baht, respectively. That mostly resulted from a sale of 4-ATR-72 sales and a decrease in depreciation during the period.
- An increase of 1,194.0 million baht in investment in the associated company, mainly in U-Tapao International Aviation.

Liabilities

As of 31 December 2023, the Company and its subsidiaries have liabilities amounted to 40,973.6 million baht, decreased by 4,508.3 million baht from 31 December 2022 as follows:

Unit: million baht

	As of 31 December 2023	As of 31 December 2022	Variance
<i>Current liabilities</i>			
Short-term loan	1,598.4	767.9	830.5
Trade and other payables	1,957.6	1,557.8	399.8
Current portion of long-term loans	1,247.9	7,580.0	(6,332.1)
Current portion of lease liabilities	912.6	3,191.7	(2,279.1)
Unearned revenue	2,575.3	1,791.6	783.7
Current portion of long-term financial liabilities	92.5	92.5	-
Other current liabilities	2,582.3	2,245.1	337.2
<i>Total current liabilities</i>	10,966.6	17,226.5	(6,259.9)
<i>Non-Current liabilities</i>			
Long-term loans– net current of the portion	8,999.1	6,763.3	2,235.8

	As of 31 December 2023	As of 31 December 2022	Variance
Lease liabilities - net of the current portion	1,950.7	530.0	1,420.7
Employee benefits	1,033.3	899.5	133.7
Deferred tax liabilities	3,591.5	5,650.9	(2,059.4)
Long-term financial liabilities - net of the current portion	14,343.1	14,311.0	32.1
Other non-current liabilities	89.4	100.8	(11.4)
<i>Total non-current liabilities</i>	30,007.0	28,255.5	1,751.5
<i>Total liabilities</i>	40,973.6	45,482.0	(4,508.3)

Current liabilities

Total current liabilities were 10,966.6 million baht, decreased from 31 December 2022 by 6,259.9 million baht, which mainly resulted from:

- A decreasing amount of 6,332.1 million baht of the current portion of long-term loans. That was derived from the repayment of long-term loans and re-classification of the current portion of the long-term to non-current liabilities after waiver letters were granted by financial institutions.
- The current portion of lease liabilities dropped by 2,279.1 million baht from reclassifying the current portion of lease liabilities to be non-current liabilities, together with an early prepayment of lease liability of 2-ATR aircraft during the period.

Non-current liabilities

The total non-current liabilities of the Company were 30,007.0 million baht, increased by 1,751.5 million baht from 31 December 2022. That mainly resulted from the following;

- An increase in the net of the current portion of the long-term loan amounted to 2,235.8 million baht, mainly from the reclassification of the current portion of the long-term loan to the net of the current portion of the long-term loan in non-current liabilities. Nevertheless, the Company drew down a long-term loan by 1,000.0 million baht, and repayment of the long-term loan amounted to 5,119.3 million baht during the period.
- Lease liabilities - net of the current portion increased by 1,420.7 million baht due to the re-classified current portion of lease liabilities to non-current liabilities, and repayment of lease liabilities amounted to 1,526.5 million baht during the period.

- Deferred tax liabilities decreased by 2,059.4 million baht due to a decrease in the proportion of equity instruments and changes in the mark-to-market of marketable securities during the period

Shareholders' Equity

Unit: million baht

	As at 31 December 2023	As at 31 December 2022	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	(9,218.8)
Other components of shareholders' equity	13,833.3	21,692.0	(7,858.6)
Retained earnings (loss)	1,245.3	(15,981.4)	17,226.7
Others ⁽¹⁾	(271.1)	(265.9)	(5.2)
Total shareholders' equity	16,907.6	16,763.5	144.1

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

As of 31 December 2023, the total shareholders' equity of the Company and its subsidiaries was 16,907.6 million baht, increased by 144.1 million baht. The retained earnings reported at 1,245.3 million baht, or increased by 17,226.7 million baht from the better operating performance and the offsetting of legal reserve and share premium with a total amount of 9,428.8 million baht to compensate for the accumulated loss. However, other components of shareholders' equity decreased by 7,858.6 million baht, resulting from the lower proportion of equity instruments and changes in the market-to-market of marketable securities during the period.

Statement of Cash Flow

Unit: million baht

	As at 31 December	
	2023	2022
Net cash flows from (used in) operating activities	5,546.4	1,568.3
Net cash flows from (used in) investing activities	11,828.6	(4,753.2)
Net cash flows from (used in) financing activities	(7,989.1)	4,650.6
Cash and cash equivalents at the end of the period	12,977.6	3,591.7

Cash flows from operating activities

The Company and its subsidiaries showed a gain from operating activities before changes in operating assets and liabilities at 4,329.7 million baht. The Company reported cash flows from operating activities at 5,476.5 million baht. The Company reported net cash flow from operating activities as of 31 December 2023 at 5,546.4 million baht.

Cash flows from investing activities

As of 31 December 2023, net cash flows from investing activities of the Company and its subsidiaries were 11,828.6 million baht. The majority were cash from sell of marketable securities and 4-ATR-72 aircraft. Nevertheless, the Company invested in the associated company amounted to 1,280.9 million baht, mostly paid-up share capital in U-Tapao International Aviation during the period.

Cash flows from financing activities

As of 31 December 2023, the Company and its subsidiaries had cash flow used in financing activities of 7,989.1 million baht, mainly for the payment of long-term, lease liabilities, and finance costs with a total amount of 9,815.8 million bah



Summary Consolidated Financial and Ratio

		As at 31 December	
		2023	2022
Liquidity Ratio	Current Ratio (Time)	1.5	0.5
	Collection Period (Day)	24.2	23.8
	Stock Turnover Period (Day)	11.0	14.1
	Payment Period (Day)	30.2	29.4
Profitability Ratio	EBITDA Margin (%)	22.7	12.4
	Net profit Margin (%)	14.3	(16.7)
	Return on Equity (%)	18.5	(14.2)
Leverage Ratio	Debt to Equity (Time)	2.4	2.7
	Interest Coverage Ratio (Time)	2.2	1.0

