



Management's Discussion and Analysis

For the period ending 31 March 2024

Bangkok Airways Public Company Limited and Its Subsidiaries

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Executive Summary

The overall global aviation industry in all regions is still on the way back to 2019 level although there are still ongoing conflicts and wars in some regions. In the first quarter of 2024, the growth in revenue passenger kilometers (RPK) across all regions was 16.9 percent compared to the same period in 2023. Airlines of the Asia-Pacific region had the highest growth with an average of 30.9 percent, followed by airlines in Africa and the Middle East at 16.8 and 15.3 percent respectively. In terms of available seat kilometers (ASK), all regions grew by 14.8 percent of first quarter 2023. The airlines in the Asia - Pacific had a greatest growth rate at 24.5 percent, followed by airlines in Africa and the Middle East at 18.9 and 15.8 percent respectively. Overall passenger load factors in all region was 80.8 percent which was increased 1.5 percent when compared to the same period in last year. (Source: International Air Transportation Association: IATA)

The tourism in Thailand of Q1/2024 has a continuous growth compared to the first quarter of 2023 with a cumulative number of foreign tourists totaling 9,370,319 people, or a growth of 44 percent which already reached 87% recovery of the first quarter of 2019 (Source: Ministry of Tourism and Sports)

Due to the rise of travel demand in the first quarter of 2024, the Company increased flight frequency to serve large volume of passengers, including resumed 2 routes connecting Koh Samui to China; Samui-Chongqing and Samui-Chengdu. As a result, the number of passenger carried was 1.3 million passengers, increasing 17.1 percent from the first quarter last year and reaching 75.6 percent of pre-COVID period. Meanwhile, the number of seat escalated 15.5 percent comparing with the same period last year. Respectively, Load Factor performed 88.4 percent, growing from last year 1.39 percentage point.

International Point-of-Sale was the highest air ticket selling point at 44.0 percent, followed by Website and Direct Connect at 43.0 percent. Concurrently, Point-of-Sale in Thailand presented 12.0 percent of total passenger revenue.

The Company reported a profit from operation for the first quarter of 2024 at 2,390.8 million baht, an increase of 1,160.0 million baht or 94.2 percent from 2023. An increase in total revenue was mainly from the growth of airline passenger revenue by 39.4 percent, and airport-related business revenue by 30.3 percent respectively. While the total expenses were 5,358.3 million baht or grew by 19.9 percent or, mainly from fuel expenses, aircraft maintenance expenses. The Company reported a net profit for the period of 1,879.5 million baht, of which the profit attributable to the equity holders of the Company was 1,873.2 million baht. Profit per share for the period was 0.89 baht.



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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	
		2024	2023
Number of scheduled passengers carried	Thousand	1,304.2	1,113.3
Number of flights flown	Flights	13,078	11,124
Revenue Passenger Kilometers (RPK)	Million Passenger –Kilometers	836.0	706.1
Available Seat Kilometers (ASK)	Million Seat –Kilometers	945.3	811.1
Passenger Load Factor	Percentage	88.4	87.1
Seats	Thousand	1,451.4	1,256.9
Aircraft utilization ⁽¹⁾	Hour per day per Aircraft	8.9	8.3
Average Stage Length	Kilometers	641.0	634.2
Number of aircraft at period end	Aircraft	24	30
Passenger Yield ⁽²⁾	Baht per Passenger – Kilometer	6.87	5.89
Revenue ASK (RASK)		6.79	5.84
Cost per ASK (CASK)	Baht per ASK	4.84	4.74
RASK – CASK		1.95	1.09

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, 2024

Unit: million baht

	January-March			
	2024	2023	Variance	
			Amount	%
Total revenue	7,828.2	5,743.0	2,085.2	36.3
Total expenses	5,358.3	4,468.5	889.8	19.9
Operating profit (loss) for the period ⁽¹⁾	2,390.8	1,230.8	1,160.0	94.2
Net profit (loss) for the period	1,879.5	879.4	1,000.1	113.7
Profit (loss) attributable to equity holders of the Company	1,873.2	875.1	998.1	114.1
EBIT ⁽²⁾	2,549.7	1,353.0	1,196.7	88.5
EBITDA ⁽²⁾	2,940.9	1,846.6	1,094.3	59.3
EBIT Ratio (%)	32.9	23.7	9.2	
EBITDA Ratio (%)	38.0	32.4	5.6	

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

Total revenues for the first quarter of 2024 were 7,828.2 million baht, which increased by 36.3 percent compared to the previous year. The revenue mainly derived from passenger revenue from the airline business, airport-related businesses, which accounted for 73.4 percent and 16.8 percent of total revenue respectively.

Passenger revenue from the airline business was 5,749.2 million baht, which grew by 39.4 percent from the same period in 2023. The better performance resulted from a higher number of passengers and average fare. For this quarter, the Company carried 1.3 million passengers, which grew by 17.1 percent compared with 2023. While the passenger load factor was 88.4 percent, and the average fare of 4,405.9 baht per sector, improved by 18.0 percent compared to the year 2023.

The sales and services revenue from the airport-related business was 1,316.1 million baht, which

increased by 30.3 percent compared to 2023. Most of the revenue from sales and services was from Worldwide Flight Services Bangkok Air Ground Handling amounted to 756.4 million baht, grew by 39.5 percent from a higher number of operated flights. While revenue from Bangkok Air Catering was 358.0 million baht, dropped by 4.5 percent from the same period last year.

For this quarter, The Company had gain from exchange rate amounted to 79.1 million baht and other revenues amounted to 507.8 million baht, which increased by 19.2 percent or 81.8 million baht. Other revenues were mainly from breakage tickets, cash received from the outstanding amount claimed from the maintenance reserve fund, excess baggage, and ticket fee, which totally accounted for 81.7 percent of other revenues.

Share of Profit from Investments in Associates

The Company reported a share of profit from associated companies for the first quarter of 2024 at 158.9 million baht, an increase of 30.1 percent from 2023. The share of profit was mainly from WFS-PG Cargo Company which reported 127.9 million baht, which grew by 11.1 percent from a higher tariff adjustment. The Company reported a share of profit from BA Airport Leasehold Real Estate Investment Trust (BAREIT) at 53.5 million baht and a share of loss from U-Tapao International Aviation at 22.1 million baht during the period.

Expenses

Total expenses for the first period of 2024 were 5,358.3 million baht, an increase of 19.9 percent from last year.

- Cost of sales and services was 4,445.9 million baht, increased 629.4 million baht or 16.5 percent compared to the same period in the year 2023. The increasing amount was mainly from fuel expenses, aircraft maintenance, salary and benefits, and passenger services, which accounted for 19.7 percent, 14.6 percent, 10.3 percent, and 9.9 percent of total expenses respectively.
- Total selling and distribution expenses were 354.8 million baht, which grew 25.3 percent from the year 2023. The majority was from the booking and reservation expenses which reported at 210.4 million baht or climbed by 22.6 percent from 2023. 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 556.8 million baht, which increased by 51.0 percent compared to 2023. The increased amount was mainly from employee-related expenses.
- Financial cost reported at 537.5 million baht, dropped by 1.0 percent from 2023. The major financial costs were interest expenses paid to BA Airport Leasehold Real Estate Investment Trust (BAREIT) and financial institutions, which accounted for 53.1 percent and 42.2 percent of financial costs respectively.

Assets

As of 31 March 2024, the Company and its subsidiaries have total assets that amounted to 59,269.4 million baht, which increased by 1,388.1 million baht from 31 December 2023.

Unit: million baht

	As of 31 March 2024	As of 31 December 2023	Variance
Current assets			
Cash & cash equivalents	11,713.2	12,977.6	(1,264.4)
Trade and other receivables	1,559.0	1,471.8	87.2
Inventory	482.5	489.1	(6.6)
Other current financial assets	3,185.2	651.2	2,534.0
Other current assets	365.6	484.0	(118.4)
Total current assets	17,305.5	16,073.7	1,231.8
Non-current assets			
Investments in associates	5,649.5	6,038.6	(389.1)
Other non-current financial assets	22,681.8	22,062.4	619.5
Property, plant, and equipment	7,017.6	7,091.4	(73.8)
Right-of-use assets	4,598.0	4,622.2	(24.2)
Deposits	425.1	391.2	33.9
Other non-current assets	1,591.8	1,601.8	(10.0)
Total Non-current assets	41,963.9	41,807.6	156.3
Total assets	59,269.4	57,881.3	1,388.1

Current assets

The total current assets of the Company as of 31 March 2024 were 17,305.5 million baht, which increased from 31 December 2023 by 1,231.8 million baht. This was mainly from:

- An increment of other current financial assets at 2,534.0 million baht was from the increasing of fixed deposit from 31 December 2023.
- Cash and cash equivalents dropped by 1,264.4 million baht, mainly from cash used in investing activities, which largely concluded with the investment in fixed deposit amounted to 2,534.0 million baht. Additionally, cash used for financing activities amounted to 2,064.3 million baht, including repayment of short-term loan, cash paid for lease liabilities and financial costs. However, the Company reported cash received from operating activities at 2,829.0 million baht during the period.

Non-current assets

The total non-current assets of the Company were 41,963.9 million baht, which increased from the end of the year 2023 by 156.3 million baht. That was mainly from:

- An increase of 619.5 million baht from other non-current financial assets, which was from mark to market of long-term investments in marketable securities during the period.
- The reduction of investment in associates amounted to 389.1 million baht was from a decrease of investment proportion in U-Tapao International Aviation from 45.0 percent to 40.0 percent, meanwhile the portion of UTB Co.,Ltd. increased from 25.0 percent to 40.0 percent.
- Property, Plant, and Equipment dropped by 73.8 million baht and reduction of Right-of-use assets reduced by 24.2 million baht were resulted from the depreciation during the period and the aircraft lease agreement extension.

Liabilities

As of 31 March 2024, the Company and its subsidiaries have liabilities amounted to 40,072.3 million baht, decreased by 901.4 million baht from 31 December 2023 as follows:

Unit: million baht

	As of 31 March 2024	As of 31 December 2023	Variance
<i>Current liabilities</i>			
Short-term loan	428.2	1,598.4	(1,170.1)
Trade and other payables	1,866.4	1,957.6	(91.2)
Current portion of long-term loans	1,150.1	1,247.9	(97.8)
Current portion of lease liabilities	963.6	912.6	51.0
Unearned revenue	2,479.7	2,575.3	(95.6)
Current portion of long-term financial liabilities	98.6	92.5	6.1
Other current liabilities	2,935.6	2,582.3	353.3
<i>Total current liabilities</i>	9,922.3	10,966.7	(1,044.4)
<i>Non-Current liabilities</i>			
Long-term loans– net current of the portion	9,011.0	8,999.1	11.9
Lease liabilities - net of the current portion	1,987.8	1,950.7	37.1
Employee benefits	1,074.3	1,033.3	41.0
Deferred tax liabilities	3,668.8	3,591.5	77.3

	As of 31 March 2024	As of 31 December 2023	Variance
Long-term financial liabilities - net of the current portion	14,339.6	14,343.1	(3.4)
Other non-current liabilities	68.6	89.4	(20.8)
<i>Total non-current liabilities</i>	30,150.0	30,007.0	143.0
<i>Total liabilities</i>	40,072.3	40,973.6	(901.4)

Current liabilities

Total current liabilities were 9,922.3 million baht, decreased from 31 December 2023 by 1,044.4 million baht, which mainly resulted from:

- Repayment of short-term loan and current portion of long-term loan amounted to 1,170.1 million baht and 97.8 million baht respectively.
- An increasing amount of 51.0 million from current portion of lease liabilities, resulted from aircraft lease extension and repayment during the period.

Non-current liabilities

The total non-current liabilities of the Company were 30,150.0 million baht, increased by 143.0 million baht from 31 December 2023. That mainly resulted from the following;

- Deferred tax liabilities increased by 77.3 million baht due to changes in the mark-to-market of marketable securities during the period
- An increase of the current-portion-net of the long-term loan and lease liabilities - net of the current portion totally amounted to 49.0 million baht from lease extension of aircraft. However, the Company made a repayment of long-term loan and lease liabilities during the period.

Shareholders' Equity

Unit: million baht

	As at 31 March 2024	As at 31 December 2023	Variance
Paid up capital	2,100.0	2,100.0	-
Other components of shareholders' equity	14,246.6	13,833.3	413.3
Retained earnings (loss)	3,119.4	1,245.3	1,874.1
Others ⁽¹⁾	(268.9)	(271.1)	2.2
<i>Total shareholders' equity</i>	19,197.1	16,907.6	2,289.5

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

As of 31 March 2024, the total shareholders' equity of the Company and its subsidiaries was 19,197.1 million baht, increasing by 2,289.5 million baht. The retained earnings were 3,119.4 million baht, climbed by 1,874.1 million baht from better performance of the Company. The other components of shareholders' equity were 14,246.6 million baht, increased by 413.3 million baht from changes in the mark-to-market of marketable securities during the period

Statement of Cash Flow

Unit: million baht

	As at 31 March	
	2024	2023
Net cash flows from (used in) operating activities	2,797.0	1,885.3
Net cash flows from (used in) investing activities	(1,997.1)	3,339.0
Net cash flows from (used in) financing activities	(2,064.3)	(1,758.3)
Cash and cash equivalents at the end of the period	11,713.2	7,057.7

Cash flows from operating activities

The Company and its subsidiaries showed a gain from operating activities before changes in operating assets and liabilities at 2,916.8 million baht. The Company reported cash flows from operating activities at 2,829.0 million baht. The Company reported net cash flow from operating activities as of 31 March 2024 at 2,797.0 million baht.

Cash flows from investing activities

As of 31 March 2023, net cash flows used in investing activities of the Company and its subsidiaries was 1,997.1 million baht. The majority was an investment in fixed deposit and Property, Plant, and Equipment amounted to 2,534.0 million baht and 103.6 million baht respectively. Nevertheless, the Company received dividend from investment in associates and cash from selling of share in associates totally amounted to 621.3 million baht during the period.

Cash flows from financing activities

As of 31 March 2024, the Company and its subsidiaries had cash flow used in financing activities was 2,064.3 million baht, mainly for the payment of short-term loans, lease liabilities, and finance cost with a total amount of 1,969.0 million baht during the period.

Summary Consolidated Financial and Ratio

		As at 31 March	
		2024	2023
Liquidity Ratio	Current Ratio (Time)	1.7	1.3
	Collection Period (Day)	18.8	19.9
	Stock Turnover Period (Day)	9.6	11.1
	Payment Period (Day)	32.4	31.5
Profitability Ratio	EBITDA Margin (%)	38.0	32.4
	Net profit Margin (%)	24.0	15.3
	Return on Equity (%)	40.3	20.2
Leverage Ratio	Debt to Equity (Time)	2.1	2.5
	Interest Coverage Ratio (Time)	5.5	3.4