



## Management's Discussion and Analysis

For the period ended 30 June 2020

Bangkok Airways Public Company Limited and Its Subsidiaries

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Management's Discussion and Analysis for the year ended 30 June 2020

## Executive Summary

The Covid-19 pandemic plunged global economy into worse recession in the second quarter of 2020. The strict lock down policy have been put in place for all countries around the world. All business sectors were impacted during this period, especially tourism sector, resulting from a ban of international flights. Thailand economy were facing the deepest recession in this quarter. Economic activity in the second quarter was anticipated to shrink as domestic demand and supply, trade, and finance have been severely disrupted. (Source: Bank of Thailand)

The hardest in Aviation industry from COVID-19 pandemic. It can be seen that worldwide Revenue Passenger Kilometers (RPK) dropped by 58.4 percent in first half of 2020. Europe experiences a highest dropout rate at 61.1 percent followed by Asia Pacific and Africa at 58.6 percent and 57.1 percent respectively. In supply side, Available Seat Kilometers (ASK) shrank by 51.0 percent worldwide in the first six months of 2020. Europe, same as RPK, reveals a highest dropout rate at 57.6 percent followed by 51.6 percent in Middle East and 50.6 percent in Asia Pacific. This leads to a decrease in passenger load factor (PLF) by 12.4 percent compared to the same period last year. Worldwide average passenger load factor (PLF) for the first half of 2020 is 69.6 percent. (Source: International Air Transportation Association: IATA)

For tourism sector in Thailand, a number of international visitors in second quarter of 2020 dropped by 100% compared to the same period last year due to a shutdown policy imposed by Civil Aviation Authority of Thailand (CAAT), that is, banning an international flight to Thailand in order to prevent a spread of Covid-19 from outside of the country since April 2020. As a result, a number international visitor arrivals decreased by 66.0%, compared to last year, down to 6.7 million visitors between January and June 2020 (Source: Ministry of tourism and sport)

For the second quarter of year 2020, the company suspended all flights since 7 April 2020 according to government orders as well as the announcement from Civil Aviation Authority of Thailand (CAAT) regarding to COVID-19 spread out situation. However, the company resumed domestic routes from Bangkok to Samui since 15 May 2020 and Bangkok to Chiang Mai, Bangkok to Sukhothai and Bangkok to Lampang starting from June 2020 which the routes and frequencies were arranged to match with travel demand. Consequently, the number of passenger slumped by 97.8 percent and load factor reported at 47.3 percent.

For the six-month period, the Company reported total revenue amounting to 7,352.1 million baht, decreased by 47.0 percent. The downward of total revenue was resulted from airline business decreased by 54.5 percent, airport business decreasing by 52.8 percent and airport-related businesses decreasing by 45.2 percent. The Company reported net loss at 3,332.8 million baht of which loss attributable to the equity holders of the Company was 3,313.4 million baht. Loss per share for the six-month period of 2020 was 1.61 baht.

## Notable Event 2Q2020

### Airline Business

Due to the outbreak of COVID-19 continually spreads and intensified which tremendously affect the airline industry. The Company decidedly concerned our operational activities to be in line with government orders and decrees related to COVID-19. The Company as well received notification from CAAT to temporarily suspend all flight operations since 7 April 2020. In mid of May 2020, when COVID-19 pandemic situation got controlled and recovered, the Company has started to operate some of domestic routes as in details below;

Date Started to Operate	Route	Frequency per Week
15 May 2020	Bangkok - Samui	14
1 June 2020	Bangkok - Samui	28
	Bangkok - Sukhothai	7
	Bangkok - Lampang	7
	Bangkok – Chiang Mai	14

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 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.

In April 2020, the Company took part in supporting medical team of 57 people including doctors, nurses and healthcare professionals from Faculty of Medicine, Prince of Songkla University, Had Yai, Songkhla province to fly on a special flight, Hat Yai - Phuket to the second field hospital of Prince of Songkla University, Phuket Campus which is set up to treat COVID-19 infected patients. This includes transport of medical supplies and essential goods which are much needed in fight against COVID-19.

### Airport Related Business

In June 2020, Bangkok Aviation Training Center (BATC), a subsidiary of Bangkok Airways Public Company Limited, as an IATA Regional Aviation Training Partner, received a Certificate of Training Organization Approval from the Civil Aviation Authority of Thailand (CAAT). The newly certified courses are;

- Private Pilot Airplane Course
- Instrument Rating Course
- Commercial Pilot Airplane Course
- Instructor Pilot
- Refresher and Re-qualification Training Course
- Airline Transport Pilot-Airplane Course
- ATR72 type Rating and Refresher Training Course
- Airbus 320 type Rating and Refresher Training Course

In June 2020, U-Tapao International Airport and Eastern Airport City Development Project Signing Ceremony, between the Eastern Economic Corridor Office of Thailand (EECO) and U-Tapao International Aviation Company Limited or the BBS Joint Venture, the winning bidder which offered the highest returns to the State with registered capital at 4,500 Million Baht.

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

Nevertheless, the notification of the Civil Aviation Authority of Thailand (CAAT) on temporary banned on all international flights to Thailand since 7 April 2020, this resulted in BAC was reduced number of meal uplifted 99 per cent from the 2<sup>nd</sup> quarter last year, BFS Ground was reduced number of flight serviced 84 per cent from the 2<sup>nd</sup> quarter last year, despite the fact that the notification on the conditions for permitting aircrafts to fly over, fly into or out of, and take off or land in Thailand. Even though CAAT announced to ban all international flights, cargo freighter flights were allowed to operate in-out Thailand. However, number of tonnage serviced reduced by 27 per cent comparing to the 2<sup>nd</sup> quarter last year.

The three companies implemented cost saving measurements e.g. 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	April-June		January-June	
		2020	2019	2020	2019
Scheduled passenger revenues <sup>(1)</sup>	Million Baht	78.2	4,112.4	4,521.1	10,127.4
Domestic		78.2	2,444.6	3,149.1	6,341.8
International		-	1,667.8	1,372.1	3,785.6
Available Seat Kilometers (ASK)	Million Seat -	34.7	1,562.3	1,536.1	3,271.3
Domestic	Kilometers	34.7	782.9	889.5	1,705.2
International		-	779.4	646.6	1,566.1
Revenue Passenger Kilometers (RPK)	Million Passenger -	16.4	1,018.3	948.3	2,293.0
Domestic	Kilometers	16.4	539.5	612.6	1,282.6
International		-	478.8	335.7	1,010.4
Passenger Load Factor	Percentage	47.3	65.2	61.7	70.1
Domestic		47.3	68.9	68.9	75.2
International		-	61.4	51.9	64.5
Number of scheduled passengers carried	Thousand	28.5	1,293.5	1,352.6	3,018.6
Domestic	Passengers	28.5	867.3	997.7	2,073.8
International		-	426.2	354.9	944.7
Number of flight flown	Flights	765	16,764	17,831	35,679
Domestic		765	10,402	12,542	23,144
International		-	6,362	5,289	12,535

	Unit	April-June		January-June	
		2020	2019	2020	2019
Total seat capacity	Thousand Seats	60.4	2,023.1	2,120.0	4,314.5
Domestic		60.4	1,259.0	1,448.8	2,761.2
International		-	764.1	671.2	1,553.3
Aircraft utilization	Block Hour	2.2	8.2	5.0	8.6
Airbus A320	per Day	0.5	9.1	4.7	9.5
Airbus A319	per Aircraft	2.5	8.2	5.2	8.6
ATR 72-500 & ATR 72-600		3.6	7.2	5.3	7.6
Number of aircraft at period end	Aircraft	40	40	40	40
Airbus A320		9	9	9	9
Airbus A319		16	16	16	16
ATR 72-500		2	2	2	2
ATR 72-600		13	13	13	13
Kilometers flown	Million Kilometers	0.4	12.2	12.1	25.5
Average Stage Length	Kilometers	575.6	787.3	701.1	759.6
Passenger Yield <sup>(2)</sup>	Baht per Passenger - Kilometer	4.76	4.04	4.77	4.42
Revenue ASK (RASK)		18.13	3.09	3.75	3.51
Cost per ASK (CASK)	Baht per Available	65.78	3.65	4.73	3.59
Cost per ASK excluding fuel cost	Seat - Kilometer	65.17	2.89	3.99	2.84
RASK – CASK		(47.65)	(0.55)	(0.98)	(0.08)

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 June 30, 2020

	April-June				January-June			
	2020	2019	Variance		2020	2019	Variance	
			Amount	%			Amount	%
Total revenue	1,043.7	6,077.4	(5,033.7)	(82.8)	7,352.1	13,865.7	(6,513.6)	(47.0)
Operating revenue <sup>(1)</sup>	800.4	5,645.9	(4,845.5)	(85.8)	6,881.5	13,353.0	(6,471.6)	(48.5)
Total expenses	3,705.5	6,607.4	(2,901.9)	(43.9)	10,274.3	13,526.2	(3,251.9)	(24.0)
Net profit for the period	(2,994.0)	(698.1)	(2,296.0)	(328.9)	(3,332.8)	(187.2)	(3,145.6)	(1,680.0)
Profit attributable to equity holders of the Company	(2,974.8)	(693.9)	(2,280.9)	(328.7)	(3,313.4)	(189.6)	(3,123.8)	(1,647.8)
EBIT <sup>(2)</sup>	(1,983.7)	(784.3)	(1,199.4)	(152.9)	(1,611.1)	202.0	(1,813.1)	(897.4)
EBITDA <sup>(2)</sup>	(1,250.9)	(431.0)	(819.9)	(190.3)	(148.0)	903.9	(1,051.9)	(116.4)
EBIT Ratio (%)	(247.8)	(13.9)	(233.9)		(23.4)	1.5	(24.9)	
EBITDA Ratio (%)	(156.3)	(7.6)	(148.6)		(2.2)	6.8	(8.9)	

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 second quarter of year 2019 and year 2020 was 5,645.9 million baht and 800.4 million baht respectively, decreased by 85.8 percent while total expenses decreased from 6,607.4 million baht to 3,705.5 million baht or around 43.9 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 loss 431.0 million baht and loss 1,250.9 million baht respectively or decreased by 190.3 percent

The operating revenue of the Company for the six-month period of 2019 and 2020 were 13,353.0 million baht and 6,881.5 million baht respectively, decreased by 48.5 percent while total expenses dropped by 24.0 percent from 13,526.2 million baht to 10,274.3 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 903.9 million baht and loss 148.0 million baht respectively or dropped by 116.4 percent

For the six-month period of 2020, net loss of the Company was 3,332.8 million baht, being a further loss of 3,145.6 million baht from the same period of last year. The net loss amount attributable to equity holders of the Company at 3,313.4 million baht.



## Revenue

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

Unit: million baht

	April-June				January-June			
	2020	2019	Variance		2020	2019	Variance	
			Amount	%			Amount	%
<b>1. Airlines</b>	107.6	4,097.1	(3,989.5)	(97.4)	4,602.8	10,105.5	(5,502.7)	(54.5)
Net scheduled passenger revenue	106.7	3,968.7	(3,862.0)	(97.3)	4,518.5	9,812.6	(5,294.1)	(54.0)
Charter flights and charter services revenue	-	83.2	(83.2)	-	38.4	195.0	(156.6)	(80.3)
Cargo revenue	0.9	45.2	(44.2)	(97.9)	45.9	97.9	(52.0)	(53.1)
<b>2. Airports</b>	2.5	127.9	(125.5)	(98.1)	139.9	296.4	(156.5)	(52.8)
<b>3. Airport-related Operations</b>	176.8	973.1	(796.3)	(81.8)	1,170.8	2,137.5	(966.7)	(45.2)
Bangkok Air Catering Company Limited (BAC)	6.5	207.8	(201.3)	(96.9)	276.0	504.9	(228.9)	(45.3)
Worldwide Flight Services Bangkok Air Ground Handling Company Limited (BFS Ground)	123.2	548.5	(425.2)	(77.5)	645.3	1,170.9	(525.6)	(44.9)
Bangkok Airways Ground Service Company Limited (PGGS)	3.1	84.1	(81.0)	(96.3)	79.0	174.2	(95.2)	(54.6)
Other revenue <sup>(1)</sup>	44.0	132.6	(88.6)	(66.8)	170.5	287.5	(117.0)	(40.7)
<b>4. Unallocated revenue</b>	756.8	879.3	(122.5)	(13.9)	1,438.5	1,326.3	112.2	8.5
<b>Total Revenue</b>	1,043.7	6,077.4	(5,033.7)	(82.8)	7,352.1	13,865.7	(6,513.6)	(47.0)

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 second quarter of year 2019 and year 2020, total revenue from airline business which was accounted for 67.4 percent and 10.3 percent of total revenue respectively.

For the six-month period of 2019 and 2020, the revenue from airline business still be the majority source of income which was accounted for 72.9 percent and 62.6 percent of total revenue respectively.

Revenue from scheduled flights for the second quarter of year 2020 was 106.7 million baht, steeply dropped by 97.3 percent from the same period last year. A decreased of scheduled flight revenue was from the lower number of passenger which slumped by 97.8 percent due to a suspension of all flight operations according to the announcement from Civil Aviation Authority of Thailand (CAAT) regarding to COVID-19 spread out situation in April 2020. However, mid of May 2020, the company resumed to operate Bangkok Samui with double daily frequency. Additionally, Bangkok-Chiang Mai, Bangkok-Sukhothai and Bangkok Lampang were operated with daily flight starting in June 2020. Those operating flights imposed social distancing measures as per the standards and guidelines prescribed by Civil Aviation Authority of Thailand (CAAT). Consequently, the available seat kilometers (ASK) dropped by 97.8 percent and load factor reported at 47.3 percent.

For the six-month period, revenue from scheduled flights was 4,518.5 million baht, lower by 54.0 percent from the same period last year from an impact of pandemic situation. The number of passenger dropped by 55.2 percent, especially for international passenger which decreased by 62.4 percent from same period last year. The available seat kilometers dropped by 53.0 percent in accordance capacity management to match with lower travel demand, resulting in the load factor reported at 61.7 percent.

Revenue of charter flights and charter services for six-month period decreased from 195.0 million baht to 38.4 million baht, lower by 80.3 percent. That was a resulted from terminating flights from Samui to Chongqing and Samui to Guangzhou since February 2020.

### Revenue from Airport Operations

In the second quarter and six-month period of year 2020, revenue from airport operations was accounted for 0.2 percent and 1.9 percent of total revenue respectively. Majority of the airport revenue derived from number flights landed and the passenger services charges from outbound passengers at Samui Airport. As a result of COVID-19 situation, revenue from airport operations for the second and six-month period was 2.5 million baht and 139.9 million baht, decreased by 98.1 percent and 52.8 percent from last year accordingly.

### Revenue from Airport-Related Operations

#### ***Bangkok Air Catering Company Limited (BAC)***

For second quarter and six-month period of year 2020, the operating performance of BAC was 6.5 million baht and 276.0 million baht respectively, decreased by 96.9 percent and 45.3 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 second quarter and six-month period, the average meal produced dropped by 98.8 percent and 55.1 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 second quarter and six-month period of year 2020 reported at the amount of 123.2 million baht and 645.3 million baht respectively, dropped by 77.5 percent and 44.9 percent accordingly from the previous year.

A decreasing revenue was from lower number of flights by 83.6 percent in second quarter and 42.3 percent in six-month period of year 2020. As of 30 June 2020, BFS Ground has 88 airline customers.

#### ***Bangkok Airways Ground Service Company Limited (PGGS)***

The total revenue of PGGS in the second quarter and six-month period of year 2020 reported at the amount of 3.1 million baht and 79.0 million baht, lower by 96.3 percent and 54.6 percent respectively compared with last year. This was resulted from impact of covid-19 pandemic situation. Likewise, the number of handling flights for second quarter and six-month period dropped by 93.7 percent and 51.7 percent from the previous year.

### Unallocated Revenues

The unallocated revenues of the Company for six-month period of year 2020 was 1,438.5 million baht or rose by 8.5 percent from last year. Main contributions of unallocated revenues were dividend income from BDMS and BAFS, together with other revenues which mainly derived from maintenance reserve fund awaiting for reimbursement, ticket fee, breakage revenues.

### Share of Profit from Investments in Associates

The Company reported share of profit from associated companies for second quarter and six-month period of year 2020 at 174.2 million baht and 304.4 million baht respectively, decreased by 1.7 percent and 18.9 percent compared with the same period last year. The lower profit contributed to shareholders for six-month period was mainly from Samui Airport Property Fund performance. Nevertheless, the profit contributed from WFS-PG Cargo Company for second quarter increased by 57.0 percent compared with last year.

Unit: million baht

	April-June				January-June			
	2020	2019	Variance		2020	2019	Variance	
			MB	%			MB	%
WFS-PG Cargo Company Limited	137.5	87.6	44.9	57.0	174.2	174.7	(0.5)	(0.3)
Samui Property Fund (SPF)	38.7	89.6	(50.9)	(56.8)	132.2	200.5	(68.3)	(34.10)
U-Tapoa International Aviation Company Limited	(2.0)	-	(2.0)	n.a.	(2.0)	-	(2.0)	n.a.
Share of Profit from Investments in Associates	174.2	177.2	(3.0)	(1.7)	304.4	375.2	(70.8)	(18.9)

### Expenses

For the second quarter and six-month of year 2020, total expenses were 3,705.5 million baht and 10,274.3 million baht respectively, dropped by 43.9 percent and 24.0 percent from same period last year. The lower amount of expenses was mainly comprised of fuel cost that declined from less fuel consumption and lower fuel price, together with expenses related to flight operation such as flight pay, aircraft maintenance, landing and parking fee and passenger services. Nevertheless, for the second quarter of year 2020, the company has implemented voluntary resignation program amounting at 583.0 million baht. Additionally, the company reported loss from derivative transactions at 747.1 million baht and 1,477.4 million baht respectively from same period last year.

	April-June				Jan-June			
	2020	2019	Variance		2020	2019	Variance	
			Amount	%			Amount	%
<b>1. Cost of sales and services</b>	<b>2,204.8</b>	<b>5,472.2</b>	<b>(3,267.4)</b>	<b>(59.7)</b>	<b>7,192.5</b>	<b>11,361.1</b>	<b>(4,168.7)</b>	<b>(36.7)</b>
➤ <i>Airlines</i>	1,549.3	4,501.1	(2,951.8)	(65.6)	5,518.5	9,291.9	(3,773.5)	(40.6)
<i>Aircraft Fuel Cost</i>	21.2	1,173.5	(1,152.3)	(98.2)	1,133.0	2,455.9	(1,322.9)	(53.9)
<i>Aircraft Repair and Maintenance</i>	482.2	791.1	(308.9)	(39.0)	1,164.0	1,855.7	(691.7)	(37.3)
<i>Personnel Expenses</i>	428.3	929.6	(501.3)	(53.9)	1,201.8	1,767.8	(566.0)	(32.0)
<i>Landing , Parking and Navigation fee</i>	8.6	281.5	(272.9)	(96.9)	272.7	599.3	(326.7)	(54.5)
<i>Depreciation</i>	581.2	242.0	339.2	140.2	1,167.0	477.7	689.2	144.3
<i>Others*</i>	27.8	1,083.4	(1,055.6)	(97.4)	580	2,135.5	(1,555.5)	(72.8)
➤ <i>Airports, Airport-related Operations and Others</i>	655.5	971.2	(315.6)	(32.5)	1,674.0	2,069.2	(395.2)	(19.1)
<b>2. Selling Expenses</b>	<b>37.2</b>	<b>491.0</b>	<b>(453.9)</b>	<b>(92.4)</b>	<b>357.5</b>	<b>1,010.3</b>	<b>(652.7)</b>	<b>(64.6)</b>
➤ <i>Airlines</i>	33.1	483.0	(499.9)	(93.1)	347.6	992.2	(644.6)	(65.0)
➤ <i>Airports, Airport-related Operations and Others</i>	4.1	8.0	(3.9)	(48.4)	9.9	18.1	(8.2)	(45.3)
<b>3. Administrative Expenses</b>	<b>715.9</b>	<b>600.2</b>	<b>115.7</b>	<b>19.3</b>	<b>1,246.2</b>	<b>1,111.6</b>	<b>134.6</b>	<b>12.1</b>
➤ <i>Airlines</i>	611.6	385.0	226.6	58.8	944.4	714.9	229.6	32.1
➤ <i>Airports, Airport-related Operations and Others</i>	104.3	215.2	(110.9)	(51.5)	301.8	396.7	(94.9)	(23.9)
<b>4. Others</b>	<b>747.6</b>	<b>43.9</b>	<b>703.7</b>	<b>1,602.2</b>	<b>1,478.1</b>	<b>43.2</b>	<b>1,434.9</b>	<b>3,324.0</b>
<b>Total Expenses</b>	<b>3,705.5</b>	<b>6,607.4</b>	<b>(2,901.9)</b>	<b>(43.9)</b>	<b>10,274.3</b>	<b>13,526.2</b>	<b>(3,251.9)</b>	<b>(24.0)</b>

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, depreciation and aircraft rentals. For the second quarter and six-month period of year 2020, costs of sales and services were 2,204.8 million baht and 7,192.5 million baht, accounted for 59.5 percent and 70.0 percent of total expenses respectively.

### Selling Expenses

For the second quarter and six-month period of year 2020, selling expenses were accounted for 1.0 percent and 3.5 percent of total expenses respectively. The selling expenses of six-month period of year 2020 reported at 357.5 million baht, dropped by 64.6 percent from last year. The decreasing amount was mainly from the usage of reservation, advertising and sale promotion and supporting selling system expenses.

### Administrative Expenses

The administrative expenses of the Company for the second quarter and six-month period of year 2020 were accounted for 19.3 percent and 12.1 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

	April-June				January-June			
	2020	2019	Variance		2020	2019	Variance	
			MB	%			MB	%
Interest expenses paid to the Samui Property Fund	153.7	339.4	(185.6)	(54.7)	420.1	687.3	(267.2)	(38.9)
Interest and Fee expenses <sup>(1)</sup>	84.2	90.2	(6.0)	(6.6)	235.2	194.2	41.0	21.1
<b>Total</b>	<b>238.0</b>	<b>429.6</b>	<b>(191.6)</b>	<b>(44.6)</b>	<b>655.3</b>	<b>881.5</b>	<b>(226.2)</b>	<b>(25.7)</b>

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 six-month period of year 2020 amounted to 420.1 million baht, decreased by 38.9 percent compared to previous year. The decreasing amount was due to steeply decreasing number of departing passenger and flights in-out Samui Airport by 52.6 percent and 48.7 percent respectively from an impact of pandemic situation since beginning of the year.

The interest costs and fee expenses increased from 194.2 million baht to 235.2 million baht which mainly due to interest paid under long term loan agreements.

### Assets

As of 30 June 2020, the Company and its subsidiaries have total assets amounted of 56,763.3 million baht, decreased by 5,144.4 million baht.

Unit: million baht

	As at June 30, 2020	As at December 31, 2019	Variance
<i>Current assets</i>			
Cash & cash equivalents	2,897.3	5,273.1	(2,375.8)
Current investment	-	4,046.1	(4,046.1)
Trade and other receivables	364.8	1,535.4	(1,170.6)
Reimbursable maintenance expense	770.5	857.8	(87.3)
Other current financial assets	200.0	-	200.0
Other current assets	802.1	877.0	(74.9)
<b>Total current assets</b>	<b>5,034.7</b>	<b>12,589.4</b>	<b>(7,554.7)</b>
<i>Non-current assets</i>			
Investments in associates	4,909.4	2,920.2	1,989.2
Other non-current financial assets	25,174.2	-	25,174.2
Other long-term investments	-	29,050.5	(29,050.5)
Property, plant and equipment	10,279.2	15,608.2	(5,329.0)
Right-of-use assets	9,732.4	-	9,732.4
Deposits	580.1	643.7	(63.6)
Other non-current assets	1,053.3	1,095.6	(42.3)
<b>Total Non-current assets</b>	<b>51,728.6</b>	<b>49,318.2</b>	<b>2,410.4</b>
<b>Total assets</b>	<b>56,763.3</b>	<b>61,907.7</b>	<b>(5,144.4)</b>

### Current assets

Total current assets of the Company as of 30 June 2020 was 5,034.7 million baht, decreased from 31 December 2019 by 7,554.7 million baht. This was mainly due to:

- *Cash and cash equivalents* and *Current investment* lower by 6,421.9 million baht, mainly resulted from cash paid for operating activities, long term lease liabilities, interest expenses, dividend payment, together with cash paid for registered capital in associated company during the period.
- *Trade and other receivables* decreased by 1,170.6 million baht in a consequence of lower advanced bookings during the period.

### Non-current assets

Total non-current assets of the Company were 51,728.6 million baht, increased from the end of 2019 by 2,410.4 million baht. This was resulted from:

- *Right-of-use assets* amounted of 9,732.4 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 1,989.2 million baht, mainly from an investment in associated company, U-Tapao International Aviation Company Limited during the period.
- *Property, Plant and Equipment* which decreased by 5,329.0 million baht, mainly from reclassification of property, plant and equipment to be right-of-use assets according adoption of TFRS 16. In addition, a decreasing amount of 3,876.3 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.

### Liabilities

As of 30 June 2020, the Company and its subsidiaries have liabilities amounted of 33,764.0 million baht. An increase of 1,860.8 million baht from 31 December 2019 was as follows:



	As at June 30, 2020	As at December 31, 2019	Variance
<i>Current liabilities</i>			
Trade and other payables	1,473.4	3,183.2	(1,709.8)
Current portion of long-term loans	557.5	582.9	(25.4)
Current portion of long term lease liabilities	1,858.3	-	1,858.3
Current portion of liabilities arising from financial lease of aircrafts and Finance lease liabilities	-	411.7	(411.7)
Income tax payable	51.9	277.3	(225.4)
Unearned revenue	864.9	2,343.7	(1,478.8)
Other current financial liabilities	1,311.8	-	1,311.8
Other current liabilities	2,631.0	2,457.7	173.3
<b><i>Total current liabilities</i></b>	<b>8,748.8</b>	<b>9,256.5</b>	<b>(507.7)</b>
<i>Non-current liabilities</i>			
Long-term loans– net current of portion	2,423.8	2,400.7	23.1
Long-term lease liabilities - net of current portion	5,901.0	-	5,901.0
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	11,183.4	11,252.4	(69.0)
Employee benefits	721.7	956.6	(234.9)
Deferred tax liabilities	4,284.4	5,060.0	(775.6)
Other non-current financial liabilities	481.7	-	481.7
Other non-current liabilities	19.2	62.3	(43.1)
<b><i>Total non-current liabilities</i></b>	<b>25,015.2</b>	<b>22,646.7</b>	<b>2,368.5</b>
<b><i>Total liabilities</i></b>	<b>33,764.0</b>	<b>31,903.2</b>	<b>1,860.8</b>

### Current liabilities

Total current liabilities amounting to 8,748.8 million baht, decreased from 31 December 2019 by 507.7 million baht, the changes were mainly due to;

- *Trade and other payables* amounting to 1,473.4 million baht, decreased by 1,709.8 million baht. This was mainly from a decreasing of major expenses related to lower flight operations.
- *Unearned revenue* decreased by 1,478.8 million baht from 31 December 2019 as a consequence of lower advanced bookings resulted from covid-19 pandemic.
- *Current portion of long term lease liabilities* reported at 1,858.3 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 1,311.8 million baht, mainly from liabilities arisen from mark to market of derivative transactions.

### Non-current liabilities

Total non-current liabilities of the Company were 25,015.2 million baht, increased by 2,368.5 million baht from 31 December 2019, largely derived from:

- *Long-term lease liabilities - net of current portion* amounting to 5,901.0 million baht, an increasing amount of 2,986.4 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 775.6 million baht mainly resulted from mark to market of marketable securities.

### Shareholders' Equity

Unit: million baht

	As at June 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	15,557.6	18,934.9	(3,377.3)
Retained earnings (loss)	(3,312.6)	296.3	(3,608.9)
Others <sup>(1)</sup>	(173.7)	(154.6)	(19.1)
<b>Total shareholders' equity</b>	<b>22,999.3</b>	<b>30,004.5</b>	<b>(7,005.3)</b>

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

As of 30 June 2020, total shareholders' of the Company and its subsidiaries was 22,999.3 million baht. A decreasing amount of 7,005.3 million baht mainly from retained loss and mark to market of marketable securities. The Company has retained loss at the amount of 3,312.6 million baht.

### Statement of Cash Flow

Unit: million baht

	As at June 30, 2020	As at June 30, 2019
Net cash flows from operating activities	(3,088.9)	956.5
Net cash flows from investing activities	2,061.1	(165.9)
Net cash flows used in financing activities	(1,348.1)	(528.8)
<b>Cash and cash equivalents at end of period</b>	<b>2,897.3</b>	<b>4,609.5</b>

Cash flows from operating activities

As of 30 June 2020, the loss of the Company and its subsidiaries before changes in operating assets and liabilities is 834.4 million baht while the amount of net cash flows used in operating activities was 3,088.9 million baht.

Cash flows from investing activities

As of 30 June 2020, net cash flows from investing activities of the Company and its subsidiaries was 2,061.1 million baht which mainly from cash received from fixed deposit and dividend received from investment in associates. However, this was offset by cash outflows used for acquisition of investment in associates (U-tapao International Aviation Co.,Ltd) and acquisition of land during the period.

Cash flows from financing activities

As of 30 June 2020, the Company and its subsidiaries have cash flow used in financing activities at the amount of 1,348.1 million baht, mainly from cash paid for long term lease liabilities, interest expense and dividend payment during the period.

## Summary Consolidated Financial and Ratio

		As at 30 June	
		2020	2019
Liquidity Ratio	Current Ratio (Time)	0.6	1.4
	Quick Ratio (Time)	3.2	4.8
	Collection Period (Day)	28.0	21.2
	Stock Turnover Period (Day)	12.6	8.3
	Payment Period (Day)	35.3	30.1
Profitability Ratio	Gross Profit Margin (%)	(21.6)	9.4
	Operating Profit Margin (%)	(27.2)	1.6
	EBITDA Margin (%)	(2.2)	6.8
	Net profit Margin (%)	(45.3)	(1.4)
	Return on Equity (%)	(25.2)	(1.2)
Efficiency Ratio	Return on Assets (%)	(11.2)	(0.6)
	Return on Fixed Assets (%)	(28.9)	6.6
	Asset Turnover (Time)	0.2	0.4
Leverage Ratio	Debt to Equity (Time)	1.5	1.0
	Interest Coverage Ratio (Time)	(0.2)	1.0

## 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.