



Executive Summary

Overview of the global economy during the first quarter of 2015 (Q1/2015) are as following; the US economy has been in recovery mode while rapidly dollar appreciation weighs on net exports and the manufacturing sector. Accelerating recovery of Eurozone Manufacturing was shown from an increase in the composite manufacturing PMI, despite the political risk, especially in Greece. However, the economy growth of China and Japan still need further supportive measures to stem the economic slowdown. Nevertheless, the downward pressure on oil prices has been remained as an increase in production from OPEC members and the United States.

Thai economy in the first quarter of 2015 is expected to growth at 3.8%, decreased from the previous forecast at 4.0% from the Monetary Policy Committee of the Bank of Thailand mainly due to the limitations on budget disbursements of public spending by the government. Additionally, the export sector was weaker than expected due to the slowdown of the global economy. However, lower oil prices encouraged consumer spending, and enhanced the tourism sector. In addition, the Government has lifted the martial law to bring back the confidence of tourists, trade, and investment.

In the beginning of the year, the Ministry of Tourism and Sports unveiled a “2015 Discover Thainess” marketing campaign aiming to promoting Thai culture and traditions, staged at major and secondary tourist destinations. It can be clearly seen from the number of international tourists to Thailand in Q1/2015 grew by 24% over the same period last year. The growth of tourists from many countries, particularly China, which grew by almost 96% compared to the same period last year leading to enhance the tourism sector in overall. As a result, total number of passengers carried of Thai AirAsia in Q1/2015 increased 19% compared to the same period last year to 3.7 million with 15% growth in capacity. This quarter, three new routes were introduced: Bangkok – Nan, Bangkok – Loei, and Bangkok – Roi Et. Frequencies were added in three routes: Bangkok – Phnom Penh, Bangkok – Nakhon Phanom, and Phuket – Bangkok. Thai AirAsia took 2 additional aircraft in Q1/2015, hence it closed the period with 42 aircraft in total, up 5 aircraft compared to the same period last year.

For the first quarter of 2015, Asia Aviation Plc (AAV) had a net income of Baht 506.4 million, an increase of Baht 367.4 million compared to the same period last year. The increase was primarily due to an increase in average fares, resulting from a growth in the number of passengers carried by 19%, with a strong load factor of 83%, rose by 3 percentage points as well as a decrease in fuel cost as the aforementioned.



Financial performance summary of Asia Aviation Public Company Limited and subsidiary

Asia Aviation Public Company Limited (“AAV”) is a major shareholder of Thai AirAsia Company Limited who is an airline operator of Thai AirAsia, in which the Company currently holds 55%.

Asia Aviation Public Company Limited's financial performance for the three-month periods ended 31 March 2014 and 2015 has been summarized below:

Statement of Comprehensive Income

Asia Aviation Public Company Limited Unit: Baht million	Consolidated		Change (%)
	For the three-month period ended 31 March		
	2015	2014	
Revenues	7,734.2	6,459.9	+20%
Gross profit	1,578.2	594.2	>100%
Profit before finance costs, share of loss from investment in an associate and income tax	1,214.6	363.3	>100%
Net profit (loss)/ Comprehensive income (expense) for the period	920.1	246.9	>100%
Owners of the parent	506.4	139.0	>100%
Non-controlling interests	413.7	108.0	>100%
Earnings Per Share (Baht/Share)	0.1044	0.0287	>100%

For the first quarter of 2015 (Q1/2015), Asia Aviation Plc. had revenues of Baht 7,734.2 million, increased by Baht 1,274.3 million or 20% compared to the same period last year. Moreover, earnings before finance costs, share of loss from investment in an associate and income tax amounted to baht 1,214.6 million, increased by Baht 851.3 million compared to the same period last year. As result in Q1/2015, Net profit /Total comprehensive income attributable to owners of the parent amounted to Baht 506.4 million, increased by Baht 367.4 million compared to the same period last year and basic earnings per share was at Baht 0.1044.



Statement of Financial Position

Asia Aviation Public Company Limited Unit: Baht million	Consolidated		Change (%)
	As at 31 March 2015	As at 31 December 2014	
Total assets	52,187.3	49,501.8	+5%
Total liabilities	24,251.3	22,485.9	+8%
Equity attributable to owners of the parent	20,040.6	19,534.2	+3%
Non-controlling interests	7,895.4	7,481.7	+6%
Total shareholders' equity	27,936.0	27,015.9	+3%

As of 31 March 2015, total assets amounted to Baht 52,187.3 million, increased by Baht 2,685.5 million or 5% compared with the year ended 31 December 2014, mainly from an increase in the aircraft, leasehold improvements, and equipment – net by Baht 2,552.9 million, given that 2 aircraft deliveries in this quarter. Hence, the current ratio was 1.11 times.

As of 31 March 2015, total liabilities amounted to Baht 24,251.3 million, increased by Baht 1,765.4 million or 8% compared with the year ended 31 December 2014, mainly due to finance lease liabilities increased by Baht 1,852.3 million, as taking additional 2 aircraft in this quarter.

As of 31 March 2015, total shareholders' equity amounted to Baht 27,936.0 million, increased by Baht 920.1 million or 3% compared with the year ended 31 December 2014, due to net profit in this period led to retained earnings increased by Baht 506.4 million. Thus, as at 31 March 2015 the equity attributable to owners of the parent amounted to Baht 20,040.6 million and non-controlling interests amounted to Baht 7,895.4 million.

Statement of Cash Flows

Asia Aviation Public Company Limited Unit: Baht million	Consolidated	
	For the three-month period ended 31 March	
	2015	2014
Net cash generated from (used in) operating activities	642.7	(519.4)
Net cash generated from (used in) investing activities	(391.5)	415.0
Net cash used in financing activities	(332.1)	(194.7)
Net increase (decrease) in cash and cash equivalents	(81.0)	(299.1)
Exchange gain (loss) on cash and cash equivalents	(57.3)	(4.6)
Cash and cash equivalents at the beginning of the period	<u>4,789.1</u>	<u>1,958.6</u>
Cash and cash equivalents at the end of the period	<u>4,650.8</u>	<u>1,654.9</u>



For the three-month period ended 31 March 2015, Asia Aviation Plc. had net cash generated from operating activities amounted of Baht 642.7 million mainly due to operating profit in this period . However, net cash used in investing activities was Baht 391.5 million mainly from payments for aircraft, leasehold improvements and equipment and an increase in cash at financial institutions pledged as security. Furthermore, net cash used in financing activities was Baht 332.1 million from repayment of finance lease and interest paid. As a result, Asia Aviation Plc. had net decrease in cash and cash equivalents of Baht 81.0 million, while the cash and cash equivalent at the end of the period amounted to Baht 4,650.8 million.



Thai AirAsia's financial performance for the three-month period ended 31 March 2014 and 2015 has been summarized below:

Statement of Comprehensive Income

Thai AirAsia Company Limited Unit: Baht million	For the three-month period ended 31 March		Change (%)
	2015	2014	
Revenues	7,734.2	6,459.9	+20%
Gross profit	1,582.3	598.5	>100%
Profit (loss) before finance cost and income tax expense	1,217.8	365.5	>100%
Net Profit (loss) / Total Comprehensive income (expense) for the period	922.8	244.7	>100%
Earnings (loss) Per Share (Baht)	21.19	5.62	+20%

In Q1/2015, revenues of Thai AirAsia amounted to Baht 7,734.2 million, increased by Baht 1,274.3 million or 20% from Baht 6,459.9 million in Q1/2014, due to a rise in average fares at Baht 1,755 or increased by 3% from Baht 1,712 in Q1/2014. Moreover, ancillary revenues increased from Baht 1,149.0 million in Q1/2014 to Baht 1,261.0 million in Q1/2015, mainly from an increase in baggage handling fees, connection fees (Fly-Thru) and assigned seat fees, despite a decrease in freight revenues. The company continues to record a solid load factor of 83% in the quarter, the number of passengers carried increased from 3.1 million in Q1/2014 to 3.7 million in Q1/2015 or 19% growth while the capacity increased by 15% compared to the same period last year. The aircraft utilization in Q1/2015 was at 11.5 hours per day.

Gross profit increased to Baht 1,582.3 million in Q1/2015 from Baht 598.5 million in Q1/2014, having a hefty gross profit margin of 20%. The improvement was mainly due to a drop in fuel cost from lower average jet fuel prices, despite the escalation of other costs such as ramp and airport operation expenses, depreciation expenses and staff cost from larger fleet size.

Profit before finance costs and income tax increased to Baht 1,217.8 million in Q1/2015 from Baht 365.5 million in Q1/2014, having a robust EBIT margin of 16%, mainly due to an increase in other incomes in relation to number of ticket sold, despite the escalation of selling and administration expenses.

Net profit / Total comprehensive income for the period increased to Baht 922.8 million in Q1/2015 from Baht 244.7 million in Q1/2014, having a healthy net profit margin of 12%, despite an increase in finance costs from the interest payment of aircraft under finance leases.



Thai AirAsia Company Limited	Q1/2015	Q1/2014	Change
Passenger Carried (Million)	3.7	3.1	19%
Capacity (Million seats)	4.5	3.9	15%
Load Factor (%)	83%	80%	+3 ppts
Revenue Passenger Kilometers(Million seats-km)	3,694	3,058	21%
Available seat kilometers (Million seats-km)	4,436	3,822	16%
Average fare (Baht)	1,755	1,712	3%
Revenue per Available seat kilometers(Baht)	1.74	1.69	3%
Cost per Available seat kilometers (Baht)	1.52	1.64	-7%
Cost per Available seat kilometers (ex-fuel) (Baht)	0.93	0.88	6%

Statement of Financial Position

Thai AirAsia Company Limited	As at 31 March	As at 31 December	Change
Unit: Baht million	2015	2014	(%)
Total assets	28,385.3	25,689.3	+10%
Total liabilities	21,261.5	19,488.3	+9%
Total shareholders' equity	7,123.8	6,201.0	+15%

As at 31 March 2015, total assets amounted to Baht 28,385.3 million, increased by Baht 2,695.9 or 10% compared with the year ended 31 December 2014, mainly due to the aircraft, leasehold improvements and equipment-net increased by Baht 2,552.9 million, given that 2 aircraft deliveries in Q1/2015.

As at 31 March 2015, total liabilities amounted to Baht 21,261.5 million, increased by Baht 1,773.2 million or 9% compared with the year ended 31 December 2014, mainly from finance lease liabilities increased by Baht 1,852.3 million, as taking additional 2 aircraft in this quarter.

As at 31 March 2015, total shareholders' equity amounted to Baht 7,123.8 million, increased by Baht 922.8 million or 15% compared with the year ended 31 December 2014, resulted from net profit during the period led to an increase in retained earnings amounted to Baht 922.8 million.



Statement of Cash Flows

Thai AirAsia Company Limited	For the three-month period ended 31 March	
	2015	2014
Unit: Baht million		
Net cash generated from (used in) operating activities	647.6	(517.4)
Net cash generated from (used in) investing activities	(391.5)	415.0
Net cash used in financing activities	(332.1)	(194.7)
Net increase (decrease) in cash and cash equivalents	(76.0)	(297.2)
Exchange gain (loss) on cash and cash equivalents	(57.3)	(4.6)
Cash and cash equivalents at the beginning of the period	<u>4,783.4</u>	<u>1,956.6</u>
Cash and cash equivalents at the end of the period	<u>4,650.1</u>	<u>1,654.8</u>

For the three-month period ended 31 March 2015, Thai AirAsia had net cash generated from operating activities amounted of Baht 647.6 million mainly due to operating profit in this period . However, net cash used in investing activities was Baht 391.5 million mainly from payments for aircraft, leasehold improvements and equipment and an increase in cash at financial institutions pledged as security. Furthermore, net cash used in financing activities was Baht 332.1 million from repayment of finance lease and interest paid. As a result, Thai AirAsia had net decrease in cash and cash equivalents of Baht 76.0 million, while the cash and cash equivalent at the end of the period amounted to Baht 4,650.1 million.

Glossary

Load Factor = Represents the number of passengers carried as a proportion to capacity, which is the number of seats available for passengers (180 seats for Airbus A320)

Available seat kilometers (ASK) = which is the total number of seats available on all flights multiplied by the number of kilometers these seats were flown

Revenue Passenger Kilometers (RPK) = Revenue passenger kilometers, which is the number of paying passengers carried on all flights multiplied by the number of kilometers those seats were flown

Average Fare = Calculated as Thai AirAsia's total passenger revenues and fuel surcharge divided by total number of passengers carried

Revenue per ASK (RASK) = Calculated as Thai AirAsia's revenues divided by ASK

Cost per ASK (CASK) = Calculated as the sum of Thai AirAsia's operating costs, selling expenses and administrative expenses (but excluding finance costs) divided by ASK



Glossary

Cost per ASK (CASK ex-fuel) = Calculated as the sum of Thai AirAsia's operating costs, selling expenses and administrative expenses (but excluding finance costs) less fuel costs divided by ASK

Average stage length (kilometer) = Represents the average number of kilometers flown per flight

Aircraft Utilization = Represents the average block hours per day per aircraft during the relevant period. Block hours is calculated by measuring the duration between the time of departure of an aircraft and the time of arrival at its destination.