



## Executive Summary

Overview of the global economy in 2014 are as following; the US economy had been in recovery mode including an expansion on employment in the US and lower unemployment rate, while, the economy growth of the Europe, China and Japan are still being slowdown than expected. As a result of an increase in shale oil production in the US In the second half year of 2014 and OPEC's decision not to decrease a production bring concerns of oversupply leading to raise a pressure on prices. During the fourth quarter of 2014 (4Q/2014) as a high season for tourism in Thailand, oil prices reached a five-year low which it was benefits to aviation business.

Thailand's economy in 2014 is expected to have grown by 0.7% due to political events during the beginning of the year. Moreover, tourism sector has been affected from political instability since the declaration of martial law and the coup, led to many countries issuing a travel advisory to visit Thailand. As the political situation eased in the middle of the year, the economy began a gradual and continuous recovery, and domestic consumption increased respectively.

In 4Q/2014, an improving domestic tourism climate and the government's aggressive marketing campaigns helped bolster international tourist arrivals to Thailand, which is a high season. Hence, the international tourists to Thailand in 4Q/2014 grew by 7% over the same period last year. The growth of tourists from many countries, particularly China, which grew by almost 70% 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 4Q/2014 increased 16% y-o-y to 3.4 million with 19% y-o-y increase in capacity. This quarter, three new routes were introduced : Chiang Mai – Surat Thani; Bangkok – Sakon Nakhon; Krabi – Guangzhou. Frequencies were added in two routes: Chiang Mai – Krabi; Bangkok – Siem Reap. Thai AirAsia did not take any additional aircraft in 4Q/2014, hence it closed the year with 40 aircraft in total, up 5 aircraft y-o-y.

For the year ended of 2014, Asia Aviation Plc (AAV) had a net income of Baht 183.2 million, a decrease of Baht 859.6 million or 82% compared to the same period last year. The decrease was primarily due to an increase in operation costs and depreciation expenses in relation to fleet expansion as well as a decrease in average fares. However, Asia Aviation Plc recorded a decrease in income tax expenses and an increase in sales revenues, resulting from a rise in the number of passengers carried by 16% to at 12.2 million, with a strong load factor of 80%.



## 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 and year ended 31 December 2013 and 2014 has been summarized below:

### Statement of Comprehensive Income

Asia Aviation Public Company Limited Unit: Baht million	Consolidated For the three-month period ended 31 December		Change (%)	Consolidated For year ended 31 December		Change (%)
	2014	2013		2014	2013	
Revenues	7,876.1	6,501.2	+21%	25,355.5	23,485.0	+8%
Gross profit	1,238.6	860.5	+44%	1,647.9	3,556.7	(-54%)
Profit before finance costs and income tax	915.2	668.9	+37%	642.8	2,729.8	(-76%)
Net profit (loss)	788.1	406.0	+94%	331.3	1,907.7	(-83%)
Owners of the parent	429.6	222.5	+93%	183.2	1,042.8	(-82%)
Non-controlling interests	358.5	183.5	+95%	148.1	864.9	(-83%)
Other comprehensive income (expense):						
Actuarial gain (loss) on defined retirement benefit plan	11.7	15.9	(-27%)	11.7	15.9	(-27%)
Income tax relating to components of other comprehensive income (expense)	(2.3)	(3.2)	(-27%)	(2.3)	(3.2)	(-27%)
Comprehensive income (expense) for the period	797.5	418.7	+90%	340.6	1,920.4	(-82%)
Owners of the parent	434.7	229.5	+89%	188.3	1,049.8	(-82%)
Non-controlling interests	362.7	189.2	+92%	152.3	870.6	(-83%)
Earnings Per Share (Baht/Share)	0.09	0.05	+93%	0.04	0.22	(-82%)



In the fourth quarter of 2014, Asia Aviation Plc. had revenues of Baht 7,876.1 million, an increase of Baht 1,374.9 million or 21% compared to the same period last year. Moreover, earnings before finance costs and income tax amounted to baht 915.2 million, an increase of Baht 246.3 million or 37% compared to the same period last year. As result in 2014, Net profit attributable to owners of the parent amounted to Baht 434.7 million, increased by Baht 205.2 million or 89% compared to the same period last year and basic earnings per share was at 0.09 Baht.

For the year ended of 2014, Asia Aviation Plc. had revenues of Baht 25,355.5 million, increased by Baht 1,870.5 million or 8%, compared to the same period last year. Moreover, earnings before finance costs and income tax amounted to baht 642.8 million. As result in 2014, Net profit attributable to owners of the parent amounted to Baht 183.2 million and earnings per share for the year ended of 2014 amounted to at 0.04 Baht.

Total comprehensive income attributable to owners of the parent amounted to Baht 188.3 million in 2014 resulted from actuarial gain on defined retirement benefit plan amounted to Baht 11.7 million and income tax relating to components of other comprehensive expense amounted to Baht 2.3 million.

#### Statement of Financial Position

Asia Aviation Public Company Limited Unit: Baht million	Consolidated		Change (%)
	As at 31 December 2014	As at 31 December 2013	
Total assets	49,501.8	44,935.3	+10%
Total liabilities	22,485.9	18,260.0	+23%
Equity attributable to owners of the parent	19,534.2	19,345.9	+1%
Non-controlling interests	7,481.7	7,329.4	+2%
Total shareholders' equity	27,015.9	26,675.3	+1%

As of 31 December 2014, total assets amounted to Baht 49,501.8 million, increased by Baht 4,566.5 million or 10% compared with the year ended 31 December 2013, mainly from an increase in the aircraft, leasehold improvements, and equipment – net by Baht 5,077.3 million, given that 5 aircraft deliveries in 2014. Hence, the current ratio was 0.95 times.

As of 31 December 2014, total liabilities amounted to Baht 22,485.9 million, increased by Baht 4,225.9 million or 23% compared with the year ended 31 December 2013, mainly due to finance lease liabilities and deferred revenues increased by Baht 3,916.1 million and Baht 330.1 million, respectively.

As of 31 December 2014, total shareholders' equity amounted to Baht 27,015.9 million, increased by Baht 4,566.5 million or 1% compared with the year ended 31 December 2013, due to net profit in this period led to retained earnings increased by Baht 188.3 million. Thus, as at 31 December 2014 the equity attributable to



owners of the parent amounted to Baht 19,534.2 million and non-controlling interests amounted to Baht 7,481.7 million.

#### Statement of Cash Flows

Asia Aviation Public Company Limited Unit: Baht million	Consolidated	
	For year ended 31 December	
	2014	2013
Net cash generated from (used in) operating activities	1,849.0	4,019.9
Net cash generated from (used in) investing activities	2,025.4	(5,565.2)
Net cash used in financing activities	(1,030.8)	(436.2)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>2,843.6</b>	<b>(1,981.5)</b>
Exchange gain (loss) on cash and cash equivalents	(13.1)	87.3
Cash and cash equivalents at the beginning of the year	<u>1,958.6</u>	<u>3,852.8</u>
<b>Cash and cash equivalents at the end of the period</b>	<b><u>4,789.1</u></b>	<b><u>1,958.6</u></b>

For year ended 31 December 2014, Asia Aviation Plc. had net cash generated from operating activities amounted of Baht 1,849.0 million due to net positive cash flows from revenues and changes in operating assets and liabilities mainly from an increase in deferred revenues. However, net cash generated from investing activities was Baht 2,025.4 million from the maturity of short-term investment and disposal of investment in private fund. Furthermore, net cash used in financing activities was Baht 1,030.8 million from repayment of finance lease and interest paid. As a result, Asia Aviation Plc. had net increase in cash and cash equivalents of Baht 1,958.6 million, while the cash and cash equivalent at the end of the period amounted to Baht 4,789.1 million.



Thai AirAsia's financial performance for the three-month period ended 31 December 2013 and 2014 has been summarized below:

**Statement of Comprehensive Income**

Thai AirAsia Company Limited Unit: Baht million	For the three-month period ended 31 December		Change (%)	For year ended 31 December		Change (%)
	2014	2013		2014	2013	
Revenues	7,876.1	6,501.2	+21%	25,355.5	23,485.0	+8%
Gross profit (loss)	1,240.9	864.9	+43%	1,660.8	3,577.3	(-54%)
Profit (loss) before finance cost and income tax expense	918.0	676.8	+36%	652.8	2,772.9	(-76%)
Net Profit (loss)	790.4	412.7	+92%	335.3	1,947.7	(-83%)
Total Comprehensive income (expense) for the period	799.7	425.4	+88%	344.6	1,960.4	(-82%)
<b>Earnings (loss) Per Share (Baht)</b>	<b>18.15</b>	<b>9.48</b>	<b>+91%</b>	<b>7.70</b>	<b>44.72</b>	<b>+8%</b>

In Q4/2014, revenues of Thai AirAsia amounted to Baht 7,876.1 million, increased by 21% from Baht 6,501.2 million in Q4/2013, due to a rise in average fares at Baht 1,941 or increased by 6% from Baht 1,835 in Q4/2013. Moreover, ancillary revenues increased from Baht 1,099.6 million in Q4/2013 to Baht 1,238.1 million in Q4/2014, mainly from an increase in connection fees (Fly-Thru) and assigned seat fees. Regardless of low load factor at 79% in Q4/2014, the number of passengers carried increased from 2.96 million in Q4/2013 to 3.44 million in Q4/2014 or 16% growth while the capacity increased by 19% compared to the same period last year. The aircraft utilization in 4Q/2014 was at 11.5 hours per day.

Gross profit grew at 43% from Baht 864.9 million in Q4/2013 to Baht 1,240.9 million in Q4/2014, having a hefty gross profit margin of 16%. The improvement was mainly due to the decelerating growth of fuel cost from lower jet fuel price as well as the decelerating growth of aircraft rental from Thai AirAsia entering into finance leases instead of operating leases, despite the escalation of other costs such as ramp and operation expenses, depreciation expenses and staff costs from larger fleet size.

Profit before finance costs and income tax increased by 36% to Baht 918.0 million in Q4/2014 from Baht 676.8 million in Q4/2013, having higher EBIT margin of 12% due to a decrease in selling and administration expenses.



Net profit for the year had a growth of 92% from Baht 412.7 million in Q4/2013 to Baht 790.4 million in Q4/2014, having higher Net profit margin of 10%. The increase was primarily due to a decrease in income tax, despite an increase in finance costs from the interest payment of aircraft under finance leases.

For 2014, revenues of Thai AirAsia amounted to Baht 25,355.5 million, increased by 8% from Baht 23,485.0 million in 2013, primarily due to an increase in ancillary revenues per person from Baht 358 in 2013 to Baht 359 in 2014. It mainly derived from an increase in connection fees (Fly-Thru) and assigned seat fees. Moreover, the number of passenger increased from 10.5 million in 2013 to 12.2 million in 2014 or 16% growth while the capacity increased by 21% compared to the same period last year. However, the average fares in 2014 amounted to Baht 1,726 decreased by 8% from Baht 1,885 in 2013 in line with a decrease in the load factor by 3 percentage points to 80% in 2014 due to political instability during the beginning of the year. In addition, the number of stages flown was at 85,074 flown in 2014, increasing from 70,149 flown in 2013 as flying new routes and additional frequencies of existing routes. The aircraft utilization was at 10.9 hours per day in 2014.

Net profit for the year amounted to Baht 335.3 million, decreased by 83% compared with 2013. It was primarily from an increase in fuel expenses from the Baht's depreciation and high fuel consumption in relation to fleet expansion, despite a decrease in the global fuel price. Moreover, ramp and airport operation, and depreciation expenses increased in relation to larger fleet size.

Total comprehensive income for the year amounted to Baht 344.6 million resulted from actuarial gain on defined retirement benefit plan amounted to Baht 11.7 million and income tax relating to components of other comprehensive expense amounted to Baht 2.3 million

Thai AirAsia Company Limited	Q4/2014	Q4/2013	Change	2014	2013	Change
Passenger Carried (Million)	3.44	2.96	16%	12.21	10.5	16%
Capacity (Million seats)	4.34	3.66	19%	15.31	12.63	21%
Load Factor (%)	79%	81%	-2 ppts	80%	83%	-3 ppts
Revenue Passenger Kilometers (Million seats-km)	3,550	2,895	23%	12,420	10,829	15%
Available seat kilometers (Million seats-km)	4,378	3,593	22%	15,419	12,951	19%
Average fare (Baht)	1,941	1,835	6%	1,726	1,885	-8%
Revenue per Available seat kilometers(Baht)	1.80	1.81	-1%	1.64	1.81	-9%
Cost per Available seat kilometers (Baht)	1.64	1.73	-5%	1.66	1.67	-1%
Cost per Available seat kilometers (ex-fuel) (Baht)	0.92	0.97	-5%	0.93	0.95	-2%



### Statement of Financial Position

Thai AirAsia Company Limited Unit: Baht million	As at 31 December 2014	As at 31 December 2013	Change (%)
Total assets	25,689.3	21,107.9	+22%
Total liabilities	19,488.3	15,251.5	+28%
Total shareholders' equity	6,201.0	5,856.3	+6%

As at 31 December 2014, total assets amounted to Baht 25,689.3 million, increased by Baht 4,581.5 or 22% compared with the year ended 31 December 2013, mainly due to the aircraft, leasehold improvements and equipment-net increased by Baht 5,096.5 million, given that 5 aircraft deliveries in 2014.

As at 31 December 2014, total liabilities amounted to Baht 19,488.3 million, increased by Baht 4,236.8 million or 28% compared with the year ended 31 December 2013, mainly from finance lease liabilities increased by Baht 3,916.2 million, as taking additional 5 aircraft in 2014. Moreover, deferred revenues increased by Baht 330.1 million.

As at 31 December 2014, total shareholders' equity amounted to Baht 6,201.0 million, increased by Baht 344.6 million or 6% compared with the year ended 31 December 2013, resulted from net profit during the period led to an increase in retained earnings amounted to Baht 344.6 million.

### Statement of Cash Flows

Thai AirAsia Company Limited Unit: Baht million	For year ended 31 December	
	2014	2013
Net cash generated from (used in) operating activities	1,845.4	4,022.9
Net cash generated from (used in) investing activities	2,025.4	(5,565.2)
Net cash used in financing activities	<u>(1,030.8)</u>	<u>(436.2)</u>
Net increase (decrease) in cash and cash equivalents	2,840.0	(1,978.6)
Cash and cash equivalents at the beginning of the year	(13.1)	87.3
Exchange gain (loss) on cash and cash equivalents	<u>1,956.6</u>	<u>3,847.8</u>
Cash and cash equivalents at the end of the period	<u>4,783.4</u>	<u>1,956.6</u>

For year ended 31 December 2014, Thai AirAsia had net cash generated from operating activities amounted of Baht 1,845.4 million due to net positive cash flows from revenues and changes in operating assets and liabilities mainly from an increase in deferred revenues. However, net cash generated from investing



activities was Baht 2,025.4 million from the maturity of short-term investment and disposal of investment in private fund. Furthermore, net cash used in financing activities was Baht 1,030.8 million from repayment of finance lease and interest paid. As a result, Thai AirAsia had net increase in cash and cash equivalents of Baht 1,956.6 million, while the cash and cash equivalent at the end of the period amounted to Baht 4,783.4 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 scheduled 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 scheduled 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

**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.