



# Management Discussion and Analysis

For the year ended 31 December 2019



**WORLD'S BEST**  
LOW-COST AIRLINE  
**11**  
YEARS RUNNING



## Executive Summary

The global economy during 2019 was faced with a decelerating growth from the prolonged and heightened trade war together with the geopolitical tensions, affecting trade policy and economics. Consequently, the export, the investment and the confidence in the private sector were going through a slowdown. However, the global economy during the fourth quarter of 2019 (Q4/2019) was likely stable from the progress of trade negotiation between the US and China. The US economy grew with a slower rate, primarily due to a slowdown in the manufacturing, reflected in a decrease in Purchasing Manager Index in which a direct effect from the trade war. At the same time, the Chinese economy expanded 6.1 percent, lower than the 6.6 percent growth reported in 2018, mainly from the deterioration in the exports along with, the declining in confidence of manufacturing and investment. While, the Eurozone economy has confronted with the diminished economic trend from a deceleration in the manufacturing sector, while the services sector grew at a sluggish rate, disrupted by trade and geopolitical tensions. Thus, the volatilities mentioned above have impacted Thailand's economic growth and the company's operation.

In Q4/2019, the Thai economy grew at 1.6 percent, hitting the slowest pace of expansion in more than five years. As a result, full year 2019 GDP growth slowed to 2.4 percent from 4.2 percent in 2018 due to the deceleration of manufacturing. Although the government measures enhanced the services sector, its growth was at a sluggish rate. Furthermore, the continual strengthening of Thai baht from the surplus of trade balance and foreign exchange reserve led to a contraction in exports and tourism industry. At the same time, the imports remained steady from the lack of confidence in the global economy.

International tourists to Thailand in 2019 (January to December) increased by 4 percent from the same period last year to 39.8 million. Meanwhile, international tourists to Thailand in Q4/2019 (October to December) improved by 6 percent over the same period last year to 10.3 million. The major international tourists are from East Asia visitors. Among those regions, South Asia maintained the highest growth at 20 percent. Meanwhile, the Chinese tourists recovered for two consecutive quarters by 15 percent together with the first time recovery in the number of European visitors by 2 percent compared to the same period last year.

The number of passengers carried of Thai AirAsia in 2019 was at 22.15 million, or up by 3 percent over the same period last year. While, Q4/2019 marked at 5.4 million, edged down by 1 percent compared to the same period last year. At the same time, the Available Seat Kilometres (ASK) declined by 1 percent from the last year to 6,398 million as a result of capacity realignment to enhance efficiency and better match demand. During the said quarter, Thai AirAsia inaugurated new route from Chiang Rai to Hangzhou in China. It also increased flight frequencies on popular routes including Bangkok (Don Mueang) to Jaipur in India and Bangkok to Nan.

For Q4/2019, Asia Aviation Plc had total revenues of Baht 10,333.8 million and a net loss of Baht 72.1 million, decreased 73 percent from the previous year, on the back of the recovery of tourist arrivals and the rise in average fare, especially from the domestic market fares. However, the international route revenue remained under pressure from the appreciation of Thai Baht against Chinese Yuan and other currencies after conversion in Thai baht.



## Financial Performance Summary

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 percent.

Asia Aviation Public Company Limited’s financial performance for the three-month and for the year ended 31 December 2018 and 2019 has been summarised below:

### Statement of Comprehensive Income

Asia Aviation Public Company Limited Unit: Baht million	Consolidated			Consolidated		
	For the three-month		Change	For the year ended		Change
	period ended			31 December		
	31 December	2019	2018	2019	2018	
Total revenues	10,333.8	9,997.0	+3%	41,553.1	40,200.2	+3%
Total expenses	10,291.6	10,370.7	-1%	41,653.1	39,540.1	+5%
Profit (loss) before finance cost and income tax	42.2	(373.7)	+>100%	(100.0)	660.1	->100%
Profit (loss) for the period	(132.7)	(487.6)	+73%	(866.2)	127.4	->100%
Equity holders of the Company	(72.1)	(269.9)	+73%	(474.0)	70.0	->100%
Non-controlling interests of the subsidiary	(60.6)	(217.7)	+72%	(392.2)	57.4	->100%
Total comprehensive income for the period	(67.3)	(479.9)	+86%	(800.8)	135.0	->100%
Equity holders of the Company	(36.1)	(265.7)	+86%	(438.0)	74.2	->100%
Non-controlling interests of the subsidiary	(31.2)	(214.3)	+85%	(362.8)	60.8	->100%
Earnings (loss) Per Share (Baht)	(0.0149)	(0.0556)	+73%	(0.0977)	0.0144	->100%

In Q4/2019, Asia Aviation Plc had total revenues of Baht 10,333.8 million, increased by 3 percent from the same period last year at Baht 9,997.0 million. Whereas, total expenses were at Baht 10,291.6 million, almost unchanged from the same period last year. Therefore, a net loss for the period attributable to equity holders of the Company amounted to Baht 72.1 million, incurred a lower loss by 73 percent compared to the same period last year, and basic loss was at Baht 0.0149 per share.

For the year ended 2019 (FY2019), Asia Aviation Plc had total revenues of Baht 41,553.1 million, increased of Baht 1,352.9 million or up by 3 percent compared to the same period last year. Meanwhile, loss before finance cost and income tax amounted to Baht 100.0 million, reversed from a net profit before finance costs and income taxes amounted to Baht 660.1 million from the same period last year. Consequently, a net loss for the year attributable to equity holders of the Company in FY2019 amounted to Baht 474.0 million, reversed from profit for the year attributable to equity holders of Baht 70.0 million, having a net loss margin of 1 percent and basic loss at Baht 0.0977 per share.



Thus, loss in total comprehensive income for the year attributable to equity holders of the Company amounted to Baht 438.0 million, which is calculated by including the reassessments of employee benefit obligations resulting in the actuarial gain in an amount of Baht 81.7 million and net with the income tax in an amount of Baht 16.3 million.

#### Statement of Financial Position

Asia Aviation Public Company Limited	Consolidated		Change
Unit: Baht million	As at 31 December 2019	As at 31 December 2018	
Total assets	62,902.6	61,746.7	+2%
Total liabilities	35,214.1	33,123.9	+6%
Equity attributable to owners of the Company	19,943.9	20,455.4	-3%
Non-controlling interests of the subsidiary	7,744.6	8,167.4	-5%
Total shareholders' equity	27,688.5	28,622.8	-3%

#### Assets

As at 31 December 2019, total assets amounted to Baht 62,902.6 million, increased by Baht 1,155.8 million or 2 percent compared to the year ended 31 December 2018, due to;

- (1) Current assets increased by Baht 1,061.4 million, an increase in the amounts due from related parties of Baht 1,047.8 million, despite a decrease in cash and cash equivalents in an amount of Baht 140.4 million.
- (2) Non-current assets increased by Baht 94.4 million due to an increase in the aircraft maintenance reserves of Baht 1,430.5 million in relation to an increase in operational hours. Whereas, the aircraft, leasehold improvement and equipment decreased in an amount of Baht 1,307.9 million, resulting from an increase in accumulated depreciation.

#### Liabilities

As at 31 December 2019, total liabilities amounted to Baht 35,214.1 million, decreased by Baht 2,090.2 million or 6 percent compared to the year ended 31 December 2018, due to;

- (1) Current liabilities increased by Baht 2,936.9 million, mainly from an increase in the short-term borrowings from financial institutions in an amount of Baht 1,100 million which is proposed for the working capital, the long-term debentures due in May 2020 in an amount of Baht 1,000.0 million, and an increase in the trade payables of Baht 755.4 million.
- (2) Non-current liabilities decreased by Baht 846.7 million, resulting from the repayments of liabilities under finance lease agreements in an amount of Baht 1,760.4 million. Whereas, long-term borrowings from financial institutions increased by Baht 1,661.7 million which is proposed for funding the acquisition of land and the building constructed.

## Equity

As at 31 December 2019, total shareholders' equity amounted to Baht 27,688.5 million, decreased by Baht 934.3 million or 3 percent compared to the year ended 31 December 2018, resulting from the loss for the period in an amount of Baht 866.2 million, the accumulative effect of change in accounting policy for the revenue recognition in an amount of Baht 133.5 million, and net with the other comprehensive income for the year in an amount of Baht 65.4 million. Hence, equity attributable to owners of the Company and non-controlling interests of the subsidiary as at 31 December 2019 amounted to Baht 19,943.9 million and Baht 7,744.6 million, respectively.

## Statement of Cash Flows

Asia Aviation Public Company Limited	Consolidated	
Unit: Baht million	For the year ended 31 December	
	2019	2018
Net cash generated from (used in) operating activities	965.7	2,869.3
Net cash generated from (used in) investing activities	(1,793.9)	(1,733.3)
Net cash generated from (used in) financing activities	828.8	(2,288.3)
Net increase (decrease) in cash and cash equivalents	0.6	(1,152.3)
Unrealised exchange gain (loss) on cash and cash equivalents	(141.0)	(63.0)
Cash and cash equivalents at the beginning of the period	<u>4,122.6</u>	<u>5,338.0</u>
Cash and cash equivalents at the end of the period	<u>3,982.2</u>	4,122.6

For the year ended 31 December 2019, Asia Aviation had net cash generated from operating activities in an amount of Baht 965.7 million due to an increase in trade payable in the period review. While net cash used in investing activities was at Baht 1,793.9 million, mainly from the payment for aircraft maintenance reserves along with the operational hours. At the same time, net cash generated from financing activities was Baht 828.8 million mainly due to an increase in the long-term borrowing from financial institutions for funding the acquisition of land and the building constructed and the short-term borrowings from financial institutions for the working capital, despite the payment for liabilities under finance lease agreements and interest paid. As a result, Asia Aviation Plc had the net increase in cash and cash equivalents of Baht 0.6 million, while the cash and cash equivalents at the end of the period amounted to Baht 3,982.2 million.

Thai AirAsia's financial performance for the three-month and the year ended 31 December 2018 and 2019 has been summarised below:

#### Statement of Comprehensive Income

Thai AirAsia Company Limited Unit: Baht million	For the three-month			For the year ended		
	period ended		Change	31 December		Change
	2019	2018		2019	2018	
Total revenues	10,332.7	9,996.3	+3%	41,551.3	40,199.4	+3%
Total expenses	10,292.9	10,365.4	-1%	41,658.4	39,539.2	+5%
Profit (loss) before finance cost and income tax	39.8	(369.1)	+>100%	(107.1)	660.2	->100%
Profit (loss) for the year	(134.6)	(483.8)	-72%	(871.5)	127.5	->100%
Total comprehensive income for the year	(69.2)	(476.1)	+85%	(806.1)	135.2	->100%
Earnings (loss) per share (Baht)	(3.09)	(11.11)	+72%	(20.01)	2.93	->100%

In Q4/2019, total revenues of Thai AirAsia amounted to Baht 10,332.7 million, increased by 3 percent from the same period last year at Baht 9,996.3 million. Primarily, revenues from sales and services amounted to Baht 9,997.6 million, increased by 4 percent from Baht 9,655.1 million in the fourth quarter of 2018 (Q4/2018) on the back of an increase in average fare in Q4/2019 by 7 percent to Baht 1,508 per passenger, particularly in domestic market. While, the number of passengers carried edged down by 1 percent, standing at 5.4 million in line with the capacity realignment to enhance efficiency and better match demand. As a result, the solid load factor in the said quarter recorded at 86 percent, similarly reported to the same period last year. Meanwhile, ancillary revenues of Thai AirAsia in Q4/2019 declined by 3 percent to Baht 1,834.5 million from Baht 1,897.1 million in Q4/2018, mainly due to a decreased revenues from checked baggage and processing fees.

In Q4/2019, total expenses of Thai AirAsia amounted to Baht 10,292.9 million, almost unchanged from Baht 10,365.4 million in Q4/2018. Predominantly, the cost of sales and services amounted to Baht 9,401.8 million, almost unchanged from Q4/2018, mainly from a 20 percent decrease in fuel cost in tandem with a 15 percent plunge in reference fuel prices. However, the staff cost, the expenses related to ramp and airport operations, and guest services and distribution increased align with a raise in number of flights. At the same time, the advertising and promotion cost increased in the said period in order to boost marketing before entering into the high season. As a result, cost per available seat kilometres (CASK) was at Baht 1.61, almost unchanged from the same period last year and fuel costs per available seat kilometres was at Baht 0.50, declined by 19 percent from the same period last year. Whereas available seat kilometres (ASK) decreased by 1 percent, mainly from a decrease in capacity and the routes realignment. Besides, Thai AirAsia continuously monitors our punctuality, resulting in 88 percent of on-time performance (OTP) in Q4/2019.

In the said quarter, Thai AirAsia recorded unrealised gain on exchange in an amount of Baht 79.2 million from the weakening US dollar. Hence, loss before finance cost and income tax expense in Q4/2019 amounted to Baht 39.8 million, given an earning before finance cost, income tax, depreciation and amortisation, rental (EBITDAR) a margin of 17 percent. However, finance costs for the quarter review slightly decreased in tandem with the policy interest rate, despite a rise in the outstanding of interest-bearing debts. Whereas, the income tax revenue amounted to Baht 21.3 million, decreased from Baht 93.0 million in Q4/2018 mainly from the decrease in loss during the period. In consequence, a net loss and loss in total comprehensive income in Q4/2019 amounted to Baht 134.6 million and Baht 69.2 million respectively, having a net loss margin of 1 percent.

Thai AirAsia Company Limited	Q4/2019	Q4/2018	Change	2019	2018	Change
Passenger Carried (Million)	5.42	5.50	-1%	22.15	21.57	+3%
Capacity (Million seats)	6.27	6.40	-2%	26.08	25.24	+3%
Load Factor (%)	86%	86%	0 ppt	85%	85%	0 ppt
Revenue Passenger Kilometres (Million seats-km)	5,433	5,452	0%	22,670	21,243	+7%
Available seat kilometres (Million seats-km)	6,398	6,460	-1%	26,940	25,019	+8%
Average fare (Baht)	1,508	1,412	+7%	1,478	1,477	0%
Revenue per Available seat kilometres(Baht)	1.56	1.49	+5%	1.49	1.56	-4%
Cost per Available seat kilometres (Baht)	1.61	1.60	0%	1.55	1.58	-2%
Cost per Available seat kilometres (ex-fuel)(Baht)	1.11	0.99	+12%	1.03	1.00	+3%

For the year ended 2019, total revenues of Thai AirAsia amounted to Baht 41,511.3 million, expanded by 3 percent from Baht 40,199.4 million in FY2018. Mainly, revenues from sales and services in an amount of Baht 40,180.6 million increased by 3 percent compared to the same period last year, primarily due to a 3 percent increase in passengers to 22.1 million, having a load factor of 85 percent. Though, the average fare was at Baht 1,478 per passenger and almost the same with the last year, as a result of improving in the domestic market fares. However, the appreciation of Thai Baht against Chinese Yuan and other regional currencies impacted the conversion in the exchange rate of the international route revenues. Ancillary revenues of Thai AirAsia in FY2019 grew by 5 percent to Baht 7,511.4 million and beaten the target, mainly due to an increase in revenues from seat selection and Fly-Thru service, which connected flights between AirAsia Group, align with the expansion of the international routes. As a result, ancillary revenues per passenger was at Baht 339 per passenger or increased by 3 percent from the same period last year. Moreover, Thai AirAsia grew its fleet size to 63 aircraft at the end of December 2019 by adding two aircraft of A321 neo and retiring one aircraft of A320. ASK increased by 8 percent year-on-year a result of an increase of new routes and added frequencies to China, Indochina and India routes, reflected by the rise in its aircraft utilisation to 12.3 hours per day in FY2019 from 12.0 hours per day in FY2018.

For the year ended 2019, total expenses of Thai AirAsia amounted to Baht 41,658.4 million, increased by 5 percent from Baht 39,539.2 million in FY2018. This increase was primarily from an increase in staff cost, raised mainly from



the number of headcount and the recognition of the additional long-term employee benefit liabilities to comply with the labour laws. Moreover, the expenses related to ramp and airport operations increase in line with the number of flights. However, the fuel costs declined by 5 percent from the same period last year as a 10 percent decrease in reference fuel prices compensating for an 8 percent growth in fuel consumption, which increased parallel to the ASK growth. At the same time, the income tax revenue amounted to Baht 1.2 million, decreased from Baht 211.1 million in 2018, as a result of the accumulative unused tax losses from the past periods. In consequence, a net loss for the year 2019 amounted to Baht 871.5 million, having a net loss margin of 2 percent. Total comprehensive income for the year amounted to Baht 806.1 million, which is calculated by including the reassessment of employee benefit obligations resulting in the actuarial gain of Baht 81.7 million and net with the income tax in an amount of 16.3 million.

#### Statement of Financial Position

Thai AirAsia Company Limited	As at	As at	Change
Unit: Baht million	31 December 2019	31 December 2018	
Total assets	39,067.0	37,917.9	+3%
Total liabilities	32,228.6	30,139.8	+7%
Total shareholders' equity	6,838.4	7,778.1	-12%

#### Assets

As at 31 December 2019, total assets amounted to Baht 39,067.0 million, increased by Baht 1,149.1 million or 3 percent compared to the year ended 31 December 2018, due to;

- (1) Current assets increased by Baht 1,057.1 million, mainly from an increase in the amounts due from related parties of Baht 1,047.5 million, despite a decrease in cash and cash equivalents in an amount of Baht 147.4 million.
- (2) Non-current assets increased by Baht 92.0 million due to an increase in the aircraft maintenance reserves of Baht 1,430.5 million in relation to an increase in operational hours. Whereas, the aircraft, leasehold improvement and equipment decreased in an amount of Baht 1,307.9 million, resulting from an increase in accumulated depreciation.

#### Liabilities

As at 31 December 2019, total liabilities amounted to Baht 32,228.6 million, increased by Baht 2,088.7 million or 7 percent compared to the year ended 31 December 2018, due to;

- (1) Current liabilities increased by Baht 2,935.8 million, mainly from an increase in the short-term borrowings from financial institutions in an amount of Baht 1,100 million which is proposed for the working capital, the long-term debentures due in May 2020 in an amount of Baht 1,000.0 million, and an increase in the trade payables of Baht 755.4 million.

(2) Non-current liabilities decreased by Baht 847.0 million, resulting from the repayments of liabilities under finance lease agreements of Baht 1,760.4 million. Whereas, long-term borrowings from financial institutions increased by Baht 1,661.7 million which is proposed for funding the acquisition of land and building constructed.

## Equity

As at 31 December 2019, total shareholders' equity amounted to Baht 6,838.4 million, decreased by Baht 939.6 million or 12 percent compared to the year ended 31 December 2018, mainly due to the loss for the period an amount of Baht 871.5 million and the accumulative effect of change in accounting policy for the revenue an amount of Baht 133.5 million, and net with the other comprehensive income for the year in an amount of Baht 65.4 million. Thai AirAsia's Debt-to-Equity ratio (Interest Bearing Debt) and Net Gearing ratio as at 31 December 2019 were 3.21x and 2.65x, respectively.

## Statement of Cash Flows

Thai AirAsia Company Limited	For the year ended 31 December	
Unit: Baht million	2019	2018
Net cash generated from (used in) operating activities	958.8	2,925.0
Net cash generated from (used in) investing activities	(1,794.0)	(1,733.5)
Net cash generated from (used in) financing activities	828.8	(2,302.1)
Net increase (decrease) in cash and cash equivalents	(6.4)	(1,110.6)
Unrealised exchange gain (loss) on cash and cash equivalents	(141.0)	(63.0)
Cash and cash equivalents at the beginning of the period	<u>4,037.0</u>	<u>5,210.6</u>
Cash and cash equivalents at the end of the period	<u>3,889.6</u>	<u>4,037.0</u>

For the year ended 31 December 2019, Thai AirAsia had net cash generated from operating activities in an amount of Baht 958.8 million due to an increase in trade payable in the period review. While net cash used in investing activities was at Baht 1,794.0 million, mainly from the payment for aircraft maintenance reserves along with the operational hours. At the same time, net cash generated from financing activities was Baht 828.8 million mainly due to an increase in the long-term borrowing from financial institutions for funding the acquisition of land and the building constructed and the short-term borrowings from financial institutions for the working capital, despite the payment for liabilities under finance lease agreements and interest paid. As a result, Thai AirAsia had the net increase in cash and cash equivalents of Baht 6.4 million, while the cash and cash equivalents at the end of the period amounted to Baht 3,889.6 million.

## Business Outlook

In January 2020, the International Monetary Fund (IMF) projected the world economic growth in 2020 to be at 3.3 percent, recovered gradually from the last year. This growth was mainly due to an easing of the US and China trade war and No-deal Brexit. The economic recovery, however, remains under pressure from several aspects such as the uncertainty of second phase trade negotiation between the US and China and the geopolitical risks of several countries, and the novel coronavirus outbreak (COVID-19). Those factors impose potential risks to tourism growth. In order to respond to the risks that may arise and affect the company's operation, the company analyses possible factors that may prevent the company in achieving its goals and mitigate its risks as follows;

(1) Interest rate fluctuation: the US economy has a positive signal from the signed off first phase trade agreement. As a result, the Federal Reserve (Fed) is believed to maintain the interest rate steady during the first half of 2020 and likely to hike an interest rate by 0.25 percent to 1.25 percent ahead of the election in November 2020. While Bank of Thailand (BoT) cut its policy rate to 1.00 percent on February 2020 in order to shield the economy from the impact of the spreading COVID-19. The effect of the decreased rate would likely support the borrowing costs of the company as the company would finance for the aircraft and business expansions. Thus, the company has set a measure to alleviate interest rate risk by fixing interest rate during the negotiation for financial lease contracts and by considering using financial instruments at an appropriate time. As of December 31, 2019, Thai AirAsia has a ratio of long-term debts after a swap between floating interest rates and fixed rates approximately at 10 to 90.

(2) Currency fluctuation: the Thai baht will continue to remain strong throughout 2020. However, the concern over the COVID-19 economic impact led to the depreciation of Thai baht in the short term. The company has revenues and expenses in various currencies. Therefore, the company has adopted the practice of Natural Hedging to reduce the exposure of foreign exchange rates fluctuation by matching cash expenses and revenues in the same currency as practically possible. Moreover, the structure of the foreign currency loans is made according to the highest currency net operating cash flow. The company also used financial instruments for currency risk management when deemed applicable.

(3) Fuel costs fluctuation: the company forecasts the jet fuel prices in 2020 to stand within the average range of USD 70 - 75 per barrel, tended to decline from the lengthening excess supply. This was mainly due to the lower consumption, affecting by the trade war between the US and China, as well as the COVID-19 outbreak brought China's fuel consumption. Although, the Organization of the Petroleum Exporting (OPEC) considered cutting its production, this could not offset a decrease in global oil demand. However, the escalating tension in the Middle East, putting the pressure on global oil price volatility. In an attempt to ensure against the constant fluctuation in fuel costs, the company has the fuel hedging policy as a tool to mitigate its exposure to volatility at 74 percent of the total fuel consumption for the year 2020 at an average cost of USD 59.7 per barrel.

The Office of the National Economic and Social Development Board (NESDB) revises down its forecast of Thailand economic growth for 2020 in an average of 1.5 – 2.5 percent, grew at a sluggish rate from the impact of COVID-19 outbreak to the tourism



industry, the drought disaster, and the delayed fiscal budget. According to the Tourism and Sports Ministry, revenue from tourism in 2020 is expected to decrease of 3 percent from the last year to achieve at 2.91 trillion, of which Baht 1.78 trillion will stem from international tourists, decreased by 8 percent from the previous year. The number of international tourists in 2020 is forecasted to fall to 36.0 million, or down by 10 percent from the prior year. In response to COVID-19 outbreak economic impact, Thai government endorsed new 16 tourism-stimulus measures with the budget of Baht 500 million to boost the international tourists. Furthermore, the Cabinet passed the resolution to reduce jet fuel excise tax for domestic flights to Baht 0.20/litre, from Baht 4.726/litre until 30 September 2020 to mitigate the impact on the airline business.

For the year 2020, Thai AirAsia revises down the targeted passengers to 20.5 million to align with the situation of COVID-19 outbreak, resulting in a lower load factor of 84 percent. However, Thai AirAsia prompted to manage the situation including reduce frequency or flight cancellation and relocate capacity arrangement to better match demand, together with the cost saving initiative. In term of operations, the

Company continues to monitor the situation and fully adhere to safety and public health standards to build confidence in traveling for the passengers. With our proactive management, Thai AirAsia aims to realign its routes and enhance its efficiency. Whereas, after the situation back to normal, the company is striving to stimulate air travel by adding new potential destinations, especially in the South Asia and South part of Japan and add additional flights to strengthen its market share position.

Furthermore, the active of new A321neo aircraft to its fleet, which has more capacity and energy-efficient, together with the excise tax reduction tend to reduce the cost per unit of the Company.

Additionally, Board of directors of the company approved the entering into the aircraft sale and leaseback of 9 aircraft and an outright sale of 1 aircraft transactions. As at February 24, 2020, the transaction has been successfully completed 4 of 10 aircraft, of which are 3 aircraft for sale and lease back and 1 aircraft for outright sale. The remaining transactions of 6 aircraft is expected to be completed within the first quarter of the year 2020.



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## Glossary

**Load factor** : Represents the number of passengers carried as a proportion to capacity, which is the number of seats available for passengers

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

**Revenue passenger kilometres (RPK)** : Revenue passenger kilometres, which is the number of paying passengers carried on all flights multiplied by the number of kilometres 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 (kilometres)** : Represents the average number of kilometres flown per flight

**Aircraft utilisation**: 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.

**Debt to Equity ratio (D/E)** : Calculated as Thai AirAsia's total interest bearing debt divided by total equity

**Net Gearing ratio** : Calculated as Thai AirAsia's total interest bearing debt less cash divided by total equity

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

**Revenue passenger kilometres (RPK)** : Revenue passenger kilometres, which is the number of paying passengers carried on all flights multiplied by the number of kilometres those seats were flown