



Management Discussion and Analysis

For the Third Quarter of 2020

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Executive Summary

The world economy in the third quarter of 2020 (“Q3/2020”) has already bottomed out from the crisis of coronavirus pandemic (Covid-19). However, the recovery remains clouded by uncertainty as the new wave of Covid-19 pandemic have accelerated. This caused some countries to introduce lockdown measures again and border closures to contain the spread. Despite, some countries have well controlled the epidemic of Covid-19, business travel and international tourism have not return to normal, thereby slowly recovering the global economic activity and affecting the Company’s performance. The US economy in Q3/2020 grew an annualised rate of 33.1 percent, which was the highest recovery and exceeded the market expectation at 32 percent. This reflected continued efforts to reopening cities and to resuming economic activities, including government stimulus packages. Meanwhile, China’s economy continuously expanded during Q3/2020 to 4.9 percent compared to the same period last year. As a result, the first nine months of 2020 grew at 0.7 percent due to the gradual recovery of private consumption and the stimulus package both monetary and fiscal from the government. The PMI in both the manufacturing and service sectors have continued to grow, as well as the exports. In contrast, the euro zone economy was adversely affected by a second wave of covid-19 infections. The composite PMI and consumer confidence index has fluctuated, and they were considered below pre-pandemic levels. The economic recovery in several countries have hindered as resuming the strict lockdown policy such as in Spain and France.

In Q3/2020, Thai economy improved from the previous quarter. Export sectors contracted a lower rate in September, through recovery will likely to be gradual. However, the stagnant of tourism industry came from the restrictions for entry and exit. Therefore, no international

tourists were visiting Thailand for six consecutive months. The revenue made by Thai and international tourists during January - September 2020 declined by 76.8 percent and 59.5 percent compared to the same period last year, respectively, while the number of Thai and international travellers decreased by 77.3 percent and 54.7 percent compared to the same period last year, respectively. Nevertheless, the government has promoted the domestic tourism through “We Travel Together” project to stimulate domestic spending and enhance liquidity for entrepreneurs, which resulted in increasing the number of tourists and recovering of revenue. In September 2020, the number of Thai travellers was at 65 percent of the pre-pandemic levels, as compared at 55 percent in July 2020. Hence, the tourism industry takes a modest step toward reviving its business later this year. The inbound visitors will never get recovery, until the vaccination is discovered.

In Q3/2020, Thai AirAsia resumed its operation in all domestic routes and increased the seat capacity to match with the domestic demand. The seat capacity of domestic flights has resumed at 96 percent in September 2020 of pre-pandemic levels, as compared at 59 percent in July 2020. As a result, Thai AirAsia carried more than 1.86 million passengers, which was 65 percent of load factor. Besides, Thai AirAsia launched a new hub at Suvarnabhumi airport in September to expand a customer base, including a cargo service. In consequence, Thai AirAsia is still a market leader in Thailand.

Given the aforesaid impact, Asia Aviation Public Company Limited’s posted Q3/2020 total revenues of Baht 2,403.2 million and a net loss for the period of Baht 1,836.8 million, being a further loss of Baht 416.6 million from that in the past year, including a net loss in the statement of comprehensive income of Baht 1,387.1 million.



Financial Performance Summary

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

Asia Aviation’s financial performance for the three-month and the nine-month periods ended 30 September 2019 and 2020 have been summarised below:

Statement of Comprehensive Income

Asia Aviation Public Company Limited Unit: Baht million	Consolidated			Consolidated		
	For the three-month		Change	For the nine-month		Change
	period			period		
	ended 30 September		ended 30 September			
	2020	2019		2020	2019	
Total revenues	2,403.2	9,657.1	-75%	12,078.7	31,201.6	-61%
Total expenses	5,520.2	10,143.9	-46%	18,364.8	31,361.5	-41%
Profit (loss) from operating activities	(3,117.0)	(486.8)	>100%	(6,286.1)	(159.9)	>100%
Profit (loss) for the period	(3,340.9)	(758.9)	>100%	(6,638.3)	(733.5)	>100%
Equity holders of the Company	(1,836.8)	(416.6)	>100%	(3,649.6)	(401.9)	>100%
Non-controlling interests of the subsidiary	(1,504.1)	(342.3)	>100%	(2,988.7)	(331.6)	>100%
Total comprehensive income for the period	(2,523.2)	(758.9)	>100%	(7,393.0)	(733.5)	>100%
Equity holders of the Company	(1,387.1)	(416.6)	>100%	(4,064.7)	(401.9)	>100%
Non-controlling interests of the subsidiary	(1,136.1)	(342.3)	>100%	(3,328.3)	(331.6)	>100%
Earnings (loss) Per Share (Baht)	(0.3787)	(0.0859)	>100%	(0.7525)	(0.0829)	>100%

In Q3/2020, Asia Aviation had total revenues of Baht 2,403.2 million, decreased by 75 percent compared to the same period last year at Baht 9,657.1 million. Meanwhile, total expenses were in a total of Baht 5,520.2 million, declined by 46 percent from the same period last year. In Q3/2020, a net loss for the period attributable to equity holders of the Company amounted to Baht 1,836.8 million, compared to the net loss in an amount of Baht 416.6 million for the same period last year, and a basic loss was at Baht 0.3787 per share. In addition, Asia Aviation presented a gain in other comprehensive income, which is a result in the decrease in losses on cash flow hedges when compared to 30 June 2020 amounting to Baht 817.7 million. As the result, it had a loss in total comprehensive income for the period attributable to equity holders of the Company in an amount of Baht 1387.1 million compared to an amount of Baht 416.6 million last year.

For the first nine-month of 2020 (“9M2020”), Asia Aviation had total revenues of Baht 12,078.7 million, decreased by 61 percent compared to the same period last year. Meanwhile, total expenses were in a total of Baht 18,364.8 million, declined by 41 percent from the same period last year. Consequently, a net loss for the period attributable to equity

holders of the Company in 9M2020 amounted to Baht 3,649.6 million, compared to the net loss in an amount of Baht 401.9 million for the first nine-month of 2019 (“9M2019”), thereby a basic loss was at Baht 0.7525 per share. With other comprehensive income from a loss on cash flow hedges in an amount of Baht 754.7 million, it had a loss in total comprehensive income attributable to equity holders of the Company in an amount of Baht 4,064.7 million, compared to an amount of Baht 401.9 million in 9M2019.

Statement of Financial Position

Asia Aviation Public Company Limited	Consolidated		Change
Unit: Baht million	As at 30 September 2020	As at 31 December 2019	
Total assets	71,841.6	62,902.6	14%
Total liabilities	52,991.6	35,214.1	50%
Equity attributable to owners of the Company	15,084.1	19,943.9	-24%
Non-controlling interests of the subsidiary	3,765.9	7,744.6	-51%
Total shareholders' equity	18,850.0	27,688.5	-32%

Assets

As at 30 September 2020, total assets amounted to Baht 71,841.6 million, increased by Baht 8,939.0 million or 14 percent compared to as at 31 December 2019, due to;

- (1) Current assets decreased by Baht 3,501.0 million, mainly from a decrease in cash and cash equivalents in an amount of Baht 1,630.5 million and the redemption of debenture of which principal amounted to Baht 1,000.0 million. Meanwhile, the amounts due from related parties decreased by Baht 1,277.0 million.
- (2) Non-current assets increased by Baht 12,440.0 million due to a recognition of the right of use assets in an amount of Baht 31,124.5 million from TFRS16 adoption. Whereas, the aircraft, leasehold improvement and equipment decreased in an amount of Baht 18,787.4 million, mainly from ten aircraft disposal.

Liabilities

As at 30 September 2020, total liabilities amounted to Baht 52,991.6 million, increased by Baht 17,777.5 million or 50 percent compared to as at 31 December 2019, due to;

- (1) Current liabilities increased by Baht 5,379.8 million, resulting largely from an increase in liabilities under lease agreements net with liabilities under finance lease agreements in an amount of Baht 5,037.2 million mainly due to TFRS16 adoption. Whereas, the unearned income decreased by Baht 1,797.2 million as travel restrictions have slashed advance bookings and as a portion of the long-term debenture in an amount of Baht 1,500.0 million was reclassified from non-current liabilities to current liabilities.

- (2) Non-current liabilities increased by Baht 12,397.7 million, resulting largely from an increase in liabilities under lease agreements net with liabilities under finance lease agreements in an amount of Baht 16,146.5 million mainly due to TFRS16 adoption. Whereas, long-term borrowings from financial institutions decreased by Baht 1,810.2 million, owing to the repayments of liabilities and the interest paid.

Equity

As at 30 September 2020, total shareholders' equity amounted to Baht 18,850.0 million, decreased by Baht 8,838.5 million or 32 percent compared to as at 31 December 2019, mainly due to the operational loss for the period. Hence, equity attributable to owners of the Company and non-controlling interests of the subsidiary as at 30 September 2020 amounted to Baht 15,084.1 million and Baht 3,765.9 million, respectively. The return on equity (ROE) was at -21.2 percent.

Statement of Cash Flows

Asia Aviation Public Company Limited	Consolidated	
Unit: Baht million	For the nine-month period 30 September	
	2020	2019
Net cash generated from (used in) operating activities	(335.6)	(738.1)
Net cash generated from (used in) investing activities	12,261.3	(761.6)
Net cash generated from (used in) financing activities	<u>(13,473.8)</u>	<u>68.7</u>
Net increase (decrease) in cash and cash equivalents	(1,548.1)	(1,431.0)
Unrealised exchange gain (loss) on cash and cash equivalents	(82.4)	(125.5)
Cash and cash equivalents at the beginning of the period	<u>3,982.2</u>	<u>4,122.6</u>
Cash and cash equivalents at the end of the period	<u>2,351.7</u>	<u>2,566.1</u>

For the nine-month period ended 30 September 2020, Asia Aviation had net cash used in operating activities in an amount of Baht 335.6 million mainly due to the operating loss in the period under review. Meanwhile, net cash generated from investing activities was at Baht 12,261.3 million, mainly from proceed of ten aircraft disposal. Net cash used in financing activities was Baht 13,473.8 million, mainly due to payments for early termination of lease agreements and long-term borrowings together with repayment for liabilities under lease agreements and interest paid as well as repayment of long-term debenture. As a result, the net decrease in cash and cash equivalents amounted to Baht 1,548.1 million, while the cash and cash equivalents at the end of the period amounted to Baht 2,351.7 million.

Thai AirAsia's financial performance for the three-month and the nine-month periods ended 30 September 2019 and 2020 have been summarised below

Statement of Comprehensive Income

Thai AirAsia Company Limited Unit: Baht million	For the three-month period			For the nine-month period		
	ended 30 September		Change	ended 30 September		Change
	2020	2019		2020	2019	
Total Revenues	2,403.2	9,657.1	-75%	12,078.6	31,201.0	-61%
Total Expenses	5,522.1	10,146.5	-46%	18,368.6	31,365.5	-41%
Profit (loss) from operating activities	(3,118.8)	(489.4)	>100%	(6,290.0)	(164.5)	>100%
Net Profit (loss) for the period	(3,342.3)	(760.6)	>100%	(6,641.4)	(736.9)	>100%
Total comprehensive income for the year	(2,524.7)	(760.6)	>100%	(7,396.1)	(736.9)	>100%
Earnings (loss) per share (Baht)	(76.74)	(17.46)	>100%	(152.48)	(16.92)	>100%

In Q3/2020, the tourism industry has rebounded at a modest pace from encouraging domestic travel demand, despite the tightened step to control the spread of the virus in various countries and travel restriction that pushed pressure to inbound foreign travellers. Therefore, total revenues of Thai AirAsia amounted to Baht 2,403.2 million, decreased by 75 percent from the third quarter of 2019 ("Q3/2019") at Baht 9,657.1 million. Primarily, revenues from sales and services amounted to Baht 2,121.9 million, decreased by 77 percent from Baht 9,419.1 million in Q3/2019. This was mainly due to the number of passengers carried in Q3/2020 slumped by 65 percent, standing at 1.86 million, driven by a 100 percent decrease in international visitors compared to the same period last year. Thus, the load factor in 3Q/2020 stood at 65 percent or down by 16 percentage points ("ppt") compared to the same period last year. Meanwhile, the available seat kilometres ("ASK") in the third quarter was decrease 73 percent compared to the same period last year in accordance with the capacity management plan to align with the travel demand. In Q3/2020, the ancillary revenue per pax was Baht 147, or decreased by 55% compared to the same period last year. Primarily, lower number of international passengers reduced the checked baggage fee and connection flight fees. However, the seat selection fee per passenger was almost the same to last year and the booking fees through AirAsia.com increased thanks to a new normal behaviour.

In Q3/2020, total expenses of Thai AirAsia amounted to Baht 5,522.1 million, decreased by 46 percent from Baht 10,146.5 million in Q3/2019. However, the cost of sales and services amounted to Baht 4,370.2 million, decreased by 53 percent from Baht 9,350.3 million in Q3/2019, attributable to a 85 percent decrease in fuel cost (before hedging) resulted from lower fuel consumptions align with the capacity management, and lower fuel prices. Meanwhile, the net fuel cost (including net loss from fuel hedging) decreased by 61 percent compared to the same period last year. This also reflected a decline in staff costs, expenses related to ramp and airport operations, guest services and distribution as well as the maintenance and overhaul expenses. The depreciation expense increased due to a recognition of the right of use assets according to TFRS16. Furthermore, the selling and administrative expenses amounted to Baht 308.9 million, declined by 57 percent compared to the same period last year at an amount of Baht 716.1 million, mainly

from the cost reduction on non-essential expenses. Thus, the gross loss was Baht 2,248.3 million, reversing from a gross profit of Baht 68.8 million in the same period of the previous year, but reduced loss by 31 percent compared to last quarter thanks to an increase in domestic flights. In Q3/2020, Thai AirAsia continuously monitors our punctuality, resulting in the on-time performance (“OTP”) of 98 percent, increased from 88 percent compared to the same period last year.

In Q3/2020, Thai AirAsia recorded a loss on exchange in an amount of Baht 734.5 million, increased from the same in Q3/2019 which stood at Baht 80.1 million, mainly from unrealised loss on the exchange rate difference of lease liabilities, where Thai Baht weaken against the US Dollar. It also recorded a loss of Baht 108.4 million as a result of hedging ineffectiveness. Hence, loss from operating activities in Q3/2020 amounted to Baht 3,118.8 million. Moreover, finance costs increased mainly from interest expenses of lease liabilities under TFRS 16. Whereas, the income tax revenue amounted to Baht 183.4 million, mainly from an increase in deferred tax assets regard to the adoption of new financial reporting standards. In consequence, Thai AirAsia had a net loss for the period amounted to Baht 3,342.3 million. In addition, Thai AirAsia presented a gain in other comprehensive income, which is a result in the decrease in losses on cash flow hedges when compared to 30 June 2020 amounting to Baht 817.7 million. As the result, it had a loss in total comprehensive income for the period amounted to Baht 2,524.7 million.

Thai AirAsia Company Limited	Q3/2020	Q3/2019	Change	9M/2020	9M/2019	Change
Passenger Carried (Million)	1.86	5.28	-65%	6.68	16.73	-60%
Capacity (Million seats)	2.86	6.55	-56%	8.82	19.81	-55%
Load Factor (%)	65%	81%	-16 ppts	76%	84%	-8 ppts
Revenue Passenger Kilometres (Million seats-km)	1,207	5,444	-78%	5,367	17,237	-69%
Available seat kilometres (Million seats-km)	1,853	6,766	-73%	7,016	20,542	-66%
Average fare (Baht)	996	1,457	-32%	1,272	1,469	-13%
Revenue per Available seat kilometres (Baht)	1.14	1.39	-18%	1.45	1.47	-1%
Cost per Available seat kilometres (Baht)	2.68	1.49	80%	2.57	1.53	68%
Cost per Available seat kilometres (ex-fuel)(Baht)	1.96	0.98	100%	1.89	1.00	89%

For 9M2020, total revenues of Thai AirAsia amounted to Baht 12,078.6 million, decreased by 61 percent from Baht 31,201.0 million in 9M2019. Mainly, revenues from sales and services amounted to Baht 10,201.0 million, decreased by 66 percent compared to the same period last year due to the Covid-19 outbreak, whereby Thai AirAsia temporarily and indefinitely hibernated operations on all international flights from 22 March 2020, resulting in a 60 percent decrease in passengers to 6.68 million in 9M2020, especially for international passengers declined by 79 percent from last year. Thai AirAsia rearranged its capacity to match the travel demand. As a consequence, the seat capacity decreased by 55 percent and a load factor was at 76 percent, declined by 8 ppts from last year. Meanwhile, the utilisation of aircraft in operations was at 8.0 hours per day of the operating aircraft, declining from 12.4 hours per day from 9M2019. Moreover, the average fare in 9M2020 stood at Baht 1,272 per passenger, reduced by 13 percent



compared to the same period last year. In 9M2020, Thai AirAsia continuously monitors our punctuality, reflecting in the OTP of 95 percent, increased from 86 percent in compared to the same period last year. Nevertheless, CAAT banned food and beverages service on the flight in the previous quarter, it has now released to continue the service in September. Therefore, the ancillary revenue amounted at 258 per passenger, or down by 24 percent compared to the same period last year.

For 9M2020, total expenses of Thai AirAsia amounted to Baht 18,368.6 million, decreased by 41 percent compared to the same period last year at Baht 31,365.5 million. The cost of sales and services amounted to Baht 15,940.9 million, decreased by 45 percent from compared to 9M2019 at Baht 28,956.8 million, mainly from the fuel cost that declined due to less fuel consumption in relation to the decrease in number of flights, especially on international routes due to the temporary hibernation. This also reflected a decline in staff costs, expenses related to ramp and airport operations, guest services and distribution as well as the maintenance and overhaul expenses. Furthermore, the selling and administrative expenses amounted to Baht 1,263.0 million, declined by 48 percent compared to the same period last year, mainly from the cost reduction on non-essential expenses. However, the ASK declined by 66 percent with regards to capacity management in order to match the travel demand. For this reason, cost per available seat kilometres excluding fuel cost (CASK ex-fuel) was at Baht 1.89, rose by 89 percent from the same period last year, taking into account of the lease interest and depreciation expenses from the implementation of TFRS16. Whereas, fuel cost per available seat kilometres was at Baht 0.68, up by 29 percent from the same period last year, in part, due to a realised fuel hedging loss.

In 9M2020, Thai AirAsia recorded a loss on exchange in an amount of Baht 1,016.9 million, reversed from the gain of Baht 271.2 million in 9M2019, in part, due to unrealised loss on the exchange rate difference of lease liabilities. It also recorded a loss of Baht 147.9 million from derivatives. While the other income amounted to Baht 1,877.6 million, it was mainly from the recognition of gain on the aircraft disposal in an amount of Baht 1,331.6 million. Hence, loss from operating activities in 9M2020 amounted to Baht 6,290.0 million. Moreover, finance costs increased mainly from interest expenses of lease liabilities under TFRS 16. Whereas, the income tax revenue amounted to Baht 979.6 million, mainly from an increase in deferred tax assets regard to the adoption of new financial reporting standards. In consequence, Thai AirAsia had a net loss for the period amounted to Baht 6,641.4 million, representing a net loss margin of 65 percent. With other comprehensive income from a loss on cash flow hedges in an amount of Baht 754.7 million, it had a loss in total comprehensive income for the period amounted to Baht 7,396.1 million.



Statement of Financial Position

Thai AirAsia Company Limited	As at	As at	Change
Unit: Baht million	30 September 2020	31 December 2019	
Total assets	49,494.7	39,067.0	27%
Total liabilities	51,497.9	32,228.6	60%
Total shareholders' equity	(2,003.2)	6,838.4	->100%

Assets

As at 30 September 2020, total assets amounted to Baht 49,494.7 million, increased by Baht 10,427.8 million or 27 percent compared to as at 31 December 2019, due to;

- (1) Current assets decreased by Baht 3,503.7 million, mainly from a decreased in cash and cash equivalents in an amount of Baht 1,632.9 million and from the redemption of debenture of which principal amounted to Baht 1,000.0 million. While the amounts due from related parties decreased by Baht 1,276.6 million.
- (2) Non-current assets increased by Baht 13,931.4 million due to a recognition of the right of use assets in an amount of Baht 31,124.5 million from TFRS16 adoption. Whereas, the aircraft, leasehold improvement and equipment decreased by Baht 18,787.4 million, mainly from ten aircraft disposal.

Liabilities

As at 30 September 2020, total liabilities amounted to Baht 51,497.9 million, increased by Baht 19,269.4 million or 60 percent compared to as at 31 December 2019, due to;

- (1) Current liabilities increased by Baht 5,380.3 million, resulting largely from an increase in liabilities under lease agreements net with liabilities under finance lease agreements in an amount of Baht 5,037.2 million, mainly due to TFRS16 adoption. Whereas, the unearned income decreased by Baht 1,792.2 million as travel restrictions have slashed advance bookings and as a portion of the long-term debenture in an amount of Baht 1,500.0 million was reclassified from non-current liabilities to current liabilities.
- (2) Non-current liabilities increased by Baht 13,889.1 million, resulting largely from an increase in liabilities under lease agreements net with liabilities under finance lease agreements in an amount of Baht 16,146.5 million, mainly due to TFRS16 adoption. Whereas, long-term borrowings from financial institutions decreased by Baht 1,810.2 million, owing to the repayments of liabilities and the interest paid.

Equity

As at 30 September 2020, total shareholders' equity deficit amounted to Baht 2,003.2 million, decreased by Baht 8,841.6 million or 129 percent compared to as at 31 December 2019, mainly due to the operational loss for the period. Thai AirAsia's Debt-to-Equity ratio (Interest Bearing Debt) and Net Gearing ratio as at 30 September 2020 were -20.13x and -19.00x, respectively. Excluding the lease liabilities under TFRS16, D/E Ratio and Net Gearing Ratio were -5.91x and -4.79x, respectively.

Statement of Cash Flows

Thai AirAsia Company Limited	For the nine-month period 30 September	
Unit: Baht million	2020	2019
Net cash generated from (used in) operating activities	(337.9)	(742.5)
Net cash generated from (used in) investing activities	12,261.3	(761.7)
Net cash generated from (used in) financing activities	<u>(13,473.8)</u>	<u>68.7</u>
Net increase (decrease) in cash and cash equivalents	(1,550.4)	(1,435.5)
Unrealised exchange gain (loss) on cash and cash equivalents	(82.4)	(125.5)
Cash and cash equivalents at the beginning of the period	<u>3,889.6</u>	<u>4,037.0</u>
Cash and cash equivalents at the end of the period	<u>2,256.8</u>	<u>2,475.9</u>

For the nine-month period ended 30 September 2020, Thai AirAsia had net cash used in operating activities in an amount of Baht 337.9 million mainly due to the operating loss in the period under review. Meanwhile, net cash generated from investing activities was at Baht 12,261.3 million, mainly from proceed of ten aircraft disposal. Net cash used in financing activities was Baht 13,473.8 million, mainly due to payments for early termination of lease agreements and long-term borrowings together with repayment for liabilities under lease agreements and interest paid as well as repayment of long-term debenture. As a result, the net decrease in cash and cash equivalents amounted to Baht 1,550.4 million, while the cash and cash equivalents at the end of the period amounted to Baht 2,256.8 million.

Business Outlook

The global economic outlook in the fourth quarter of 2020 (“Q4/2020”) is expected to gradually recover depending on each country’s ability to contain the pandemic, the continuity of introducing economic stimulus packages along with easing the lockdown measures, which would allow the economic activities to recover. However, there are risk factors to be considered being the tension in respect of trade and tech wars between the US and China and the prolonged outbreak of Covid-19 which might lead to another lockdown and pressure the revival of the global economy. The central banks of developed countries have consistently relied upon relaxation of monetary policies. The US Federal Reserve (Fed) conducts purchases of treasury bonds and mortgage-backed securities issued by the governmental agencies and still maintains the benchmark interest rate near zero percent together with signalling that the interest rate would be maintained until the end of 2023 which would cause the US Dollar to appreciate or cause Baht to depreciate against US Dollar due to the foreign fund flows consistently moving out of Thailand. As the Company’s revenues and expenses are quoted in various foreign currencies such as fares, maintenance contracts as well as aircraft rental contracts, etc. Therefore, the Company has adopted the practice of natural hedging by, to the best effort, matching the currencies of expenses and revenues. Moreover, the structure of the loans in various foreign currencies is to be rearranged to align with the currency of the net cash generated from operating activities, whereby the Company would consider uses of financial instruments for the purpose of foreign exchange risk management when it deems appropriate.

In Q4/2020, the global crude oil price is foreseen to decrease within a narrow range due to the new wave of Covid-19, which caused many countries renewed lockdown. Besides, airline industries affected by the Covid-19 remain sluggish and adversely affect demand for jet fuel for the rest of the year. Despite, the decrease in supply as per the oil production capacity cuts made by members of the Organization of the Petroleum Exporting (OPEC+), and China, the second-largest crude oil importer, has a growing demand along with its the economic growth. In an attempt to minimise the impact of the fluctuation in fuel costs, the Company’s policy is to mitigate its exposure to the volatility of oil price by fuel hedging. Thai AirAsia is currently negotiating the settlement of the fuel hedging to mitigate the impact on its operating performance this year. For 2020, it has hedged against Brent crude oil price at the average rate of USD 60.55 per barrel. Thailand’s economic outlook in 2020 is projected to decline throughout the year, but will gradually recover in accordance with the global economy thereof which is supported by the government’s monetary and fiscal policies. While the Bank of Thailand (BoT) cuts its policy rate to 0.5 percent which is likely to be maintained throughout the year, it also seeks to ensure the stability and liquidity of the financial and capital market along with laying out the government’s short-term economic stimulus plan to increase the domestic demand for consumptions. Besides, the tourism sector remains the most affected, and there is no significant recovery in foreign tourists for the rest of the year. However, longer holidays in Q4/2020 and the expansion of “We Travel Together” project until January 2021 would boost travel demands. The Tourism Authority of Thailand (TAT) expected the



number of visits by Thai tourists is estimated to decline, standing at 90 million with a receipt of approximately Baht 500 billion. The number of international tourists in 2020 to stand at 6.7 million with a receipt of approximately Baht 332 billion. In total, the revenues from tourism this year is expected to stand at Baht 832 billion.

Thai AirAsia is planning to add domestic capacity above the pre-Covid level in Q4/2020, supported by the opening of a new operational base in Suvarnabhumi Airport, to enhance domestic routes

and flights to match with government schemes and encouraging demands, including cargo services at both Don Mueang and Suvarnabhumi Airports. In addition, the cabinet approved the principles and guidelines for the Special Tourist Visa (STV) scheme for foreign tourists in October as starting point to reopen border and stimulate the economy. Furthermore, the cabinet approved the excise tax reduction for jet fuel from Baht 4.726 to Baht 0.20 per Litre, effective from 3 November 2020 to 30 April 2021, to further reduce costs for airline operators.

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 divided by ASK

Cost per ASK (CASK ex-fuel) : Calculated as the sum of Thai AirAsia's operating costs, selling expenses and administrative expenses 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 and cash equivalents + short-term investment + deposit) divided by total equity

Gross profit margin = Calculated as revenues from sales and services less cost of sales and service divided by revenues from sales and services.

The earnings before interest and tax, depreciation, and amortisation (EBITDA) margin = Calculated as total income (excluding dividend income, gain on sale of investments, gain on sale of assets, finance income, gain on exchange rate, and gain on derivative) less total expenses plus depreciation and amortisation expenses divided by revenues from sales and services

Net profit margin = Calculated as profit for the period
divided by revenues from sales and services

