

## **Management's Discussion and Analysis for the third quarter 2020 ended September 30, 2020 for Thai Airways International Public Company Limited and Its Subsidiaries**

### **1. Executive summary**

Global economy in the third quarter of 2020 showed recovery signs from its bottom in the second quarter. However, many cities returned their shutdown measures more stringently after the increasing number of coronavirus cases (COVID-19). In some countries, business closures and high unemployment rates in many countries are increasing resulting in different countries all over the world experienced the worst economic recession on record and affect the world economy that tends to slow down in the longer period.

Thai economy improved from the previous quarter. This was partly due to the easing prevention and inhibition of the COVID-19 virus epidemic as well as the better export sector as almost all of major trading partners' markets improved. Moreover, export volume to the US market expanded at a high level for the fourth consecutive month as did China, Australia, Vietnam, Malaysia and South Korea which returned to expand again. However, the tourism sector is still affected by the COVID-19 pandemic due to the international travel restrictions, both of Thailand and other countries resulting in a strong contraction in tourism business compared to the same period of the previous year since there were no foreign tourists traveling to Thailand for the sixth consecutive month.

World's aviation industry in the third quarter of 2020 indicated slight signs of recovery from domestic travel; however, the figures presented the much lower number than normal levels. According to the International Air Transport Association (IATA), traffic demand in July, August and September 2020 were 79.8%, 75.3% and 72.8% lower than the same period last year, respectively. For the first nine months of 2020, traffic demand and traffic production decreased by 64.7% and 56.2%, respectively. The average cabin factor of 66.7% was lower than the same period last year, which averaged 82.9%. Cargo transport gradually recovered since the ability to cargo transport was inadequate to meet market demand. Freight production in the first nine months of 2020 was 24.7% lower than the previous year. However freight traffic fell 13.2% at a lower rate than production. As a result, the average freight load factor was 53.3%, higher than the same period last year, which averaged 46.3%.

In the third quarter of 2020, THAI provides cargo transportation services in certain routes. Including organizing special flights to bring Thais home by continuing to cancel regular flights, both international and domestic routes temporarily while ThaiSmile, a subsidiary, has resumed the service of passengers on domestic routes from June 1, 2020 onwards. Moreover on September 14, 2020, the Central Bankruptcy Court granted THAI's business reorganization petition and appointed the planner as nominated by THAI, which are : Air Chief Marshal Chaiyapruk Didyasarin, Mr.Chakkrit Parapuntakul, Mr. Pirapan Salirathavibhaga, Mr. Boontuck Wungcharoen, Mr.Piyasvasti Amranand. and Mr.Chansin Treenuchagron together with EY Corporate Advisory Services Co., Ltd., at this time, the planning team is in the process of preparing the business reorganization plan.

In the third quarter of 2020, THAI continued to strengthen the measures to reduce costs and mitigate the impact of the COVID 19 situation from the previous quarter, especially by reducing personnel expenses while still reducing salaries of senior management compensation and ask for cooperation for employees to join the project on leave without salary and compensation (Together We Can Project). The two packages are the Mutual Separation Plan (MSP A) and the Leave without pay program, both of them will take effect in the fourth quarter 2020 to reserve as much cash on hand as possible while no cash inflow from the aviation business and other sources of fund. THAI halted investment and delayed procurement as well as reducing costs not related to operations, safety and rules prescribed by law. THAI attempted to earn additional revenues from unrelated passenger transportation by penetrating the market to more ground customers. Which are :

- Royal Orchid Dining Experience by THAI Catering. Customers can taste the food like serving on a plane by providing services at Thai Airways Head Office and Silom Office. It will serve international food served on only Business Class and First Class aircraft. In addition, THAI Catering

has also launched patong-go, or deep-fried dough served with a cup of dipping sauce made from purple sweet potato and egg custard which has become very popular product.

- Thai Flying Experience & Beyond project which offer interested people to visit and experiment flight simulators to create a real flight experience.

In the third quarter of 2020, THAI and its subsidiaries's passenger production (ASK) decreased by 95.0% while passenger traffic (RPK) decreased by 97.8%. Average cabin factor was 34.9% lower than last year which averaged 80.0%. Passengers carried were 0.49 million people, a decrease of 91.9% from the previous year. For cargo transportation, freight production (ADTK) was 96.2% lower than the previous year, while freight traffic (RFTK) was 93.6% lower than the previous year. Average Freight load Factor was 91.2% higher than the previous year at 52.2%.

Total revenues of THAI and its subsidiaries were THB 3,727 million, lower than the same quarter of last year by THB 41,289 million or 91.7%. The main reason was because both revenue from passenger and cargo transportation decreased by THB 37,654 million (95.1%). Revenue from other activities decreased by THB 1,718 million (56.2%) due to the measure to restrict international travel, both of Thailand and other countries that still exist. Total expenses were of THB 19,375 million, THB 28,483 million or 59.5% lower than last year, mainly due to operating expenses that varied with traffic production, traffic demand and number of passengers decreased in line with production and traffic demand. Moreover, fixed expense was still high while reducing revenue decreased greater than reducing expenses which was inadequate to compensate resulting in operating loss of THB 15,648 million, higher loss of THB 12,806 million (450.6%) from the same quarter last year.

In the third quarter of 2020, THAI and its subsidiaries had a one-time cost consisting of

- Impairment loss on fixed assets in the amount of THB 444 million.
- Impairment loss in accordance with TFRS 9 in the amount of THB 35 million.
- Loss on foreign exchange was THB 5,306 million, which mainly caused by the revaluation of foreign currency liabilities including aircraft operating lease liabilities in accordance with TFRS16.
- Gain for hedge of group of items with offsetting risk positions in the amount of THB 32 million.

In the third quarter of 2020, THAI and its subsidiaries had net loss of THB 21,531 million, more loss of THB 16,851 million (360.1%) from the previous year. Loss attributable to owners of the parent company was THB 21,536 million, representing a loss of THB 9.87 per share while last year had a loss of 2.14 baht per share.

EBITDA was negative of THB 4,770 million, while the previous year was positive THB 2,597 million. EBITDA margin equal to -127.3% compared to previous year at 5.8%

## **2. Management's Discussion and Analysis of Operating Results for the Third Quarter of 2020**

The consolidated financial statements for the third quarter of 2020 consists of THAI's financial statement and 5 subsidiaries including 1) THAI-Amadeus Southeast Asia co.,ltd., 2) Wingspan Services co., Ltd., 3) THAI Flight Training Co., Ltd, 4) Tour Eurng Luang co. ,ltd., and 5) THAI Smile Airways Co., Ltd.

As announced by the Federation of Accounting Professions Thai Financial Reporting Standard (TFRS) No.9: Financial Instruments and No.16 : Lease Agreement which was effective for accounting periods beginning on or after January 1, 2020 onwards affecting the financial statements as detailed in Note 2.7 to the financial statements.

## Financial Performance: THAI and its subsidiaries

	Jul - Sep			
	2020	2019	Variance	
			MTHB	%
<b>Total operating revenues</b>	<b>3,727</b>	<b>45,016</b>	<b>-41,289</b>	<b>-91.7</b>
- Passenger and excess baggage revenue	1,216	35,339	-34,123	-96.6
- Freight and mail revenue	717	4,248	-3,531	-83.1
- Revenue from other activities	1,338	3,056	-1,718	-56.2
- Other income	456	2,373	-1,917	-80.8
<b>Total operating expenses</b>	<b>19,375</b>	<b>47,858</b>	<b>-28,483</b>	<b>-59.5</b>
- Aircraft fuel expenses	292	13,284	-12,992	-97.8
- Non-fuel operating expenses	14,994	33,507	-18,513	-55.3
- Net finance cost	4,089	1,067	+3,022	+283.2
<b>Operating Loss</b>	<b>(15,648)</b>	<b>(2,842)</b>	<b>-12,806</b>	<b>-450.6</b>
<u>Less</u> Estimate service compensation (400 days)	-	2,689	-2,689	-100.0
<u>Less</u> Impairment loss on fixed assets	444	181	+263	+145.3
<u>Less</u> Impairment loss in accordance with TFRS 9	35	-	+35	-
<u>Add</u> Gain (Loss) on foreign currency exchange	(5,306)	919	-6,225	-677.4
<u>Add</u> Gain for hedge of group of items with offsetting risk positions	32	-	+32	-
Loss before tax	(21,401)	(4,793)	-16,608	-346.5
Net Loss	(21,531)	(4,680)	-16,851	-360.1
<b>Net Loss attribute to owners of the parent</b>	<b>(21,536)</b>	<b>(4,682)</b>	<b>-16,854</b>	<b>-360.0</b>
Net Loss per share (THB)	(9.87)	(2.14)	-7.73	-361.2
<b><u>Significant operating data</u></b>				
EBITDA (MTHB)	(4,770)	2,597	-7,367	-283.7
Number of passengers (Million)	0.49	6.06	-5.57	-91.9
Available Seat-Kilometers (Million)	1,126	22,529	-21,403	-95.0
Revenue Passenger-Kilometers (Million)	393	18,018	-17,625	-97.8
Cabin factor (%)	34.9	80.0		-45.1
Passenger yield (THB/RPK)	3.05	1.93	+1.12	+58.0
Available Dead Load Ton-Kilometers (Million)	37	985	-948	-96.2
Revenue Freight Ton-Kilometers (Million)	33	514	-481	-93.6
Freight load factor (%)	91.2	52.2		+39.0
Freight carried (Ton)	12,333	144,246	-131,913	-91.5
Freight Yield (THB/RFTK)	20.68	7.75	+12.93	+166.8
Number of aircraft (As of Sep 30) (Aircraft)	103	103	-	-
Flight hours (Hours)	7,959	103,771	-95,812	-92.3
Aircraft utilization (Hours/Aircraft/Day)	2.6	11.6	-9.0	-77.6
Average foreign currency exchange rate				
1 USD : THB	31.3268	30.7123	+0.6145	+2.0
1 EUR : THB	36.5981	34.1389	+2.4592	+7.2
100 JPY : THB	29.5301	28.6163	+0.9138	+3.2
Average jet fuel price (USD/BBL)	47.61	82.72	-35.11	-42.4

Note : 1) EBITDA = Total Revenue (exclude gain on foreign exchange) - Expenses (exclude finance cost, tax, depreciation and amortization, impairment loss on fixed assets, estimate service compensation, impairment loss in accordance with TFRS 9, Hedging gains for hedge of group of items with offsetting risk positions and loss on foreign currency exchange)

## Summary of the operating results of THAI and its subsidiaries

### Revenues

Total revenues of **THAI and its subsidiaries** for the third quarter of 2020 was THB 3,727 million, decreased by THB 41,289 million (91.7%). Details are as follows:

- **Passenger and excess baggage revenue**

Passenger and excess baggage revenue were THB 1,216 million, decreased by THB 34,123 million (96.6%) from decreasing in passenger traffic (Revenue Passenger-Kilometers:RPK) by 97.8% from last year which was main revenue from repatriation flights of Thai citizens and domestic revenue from ThaiSmile.

- **Freight and mail revenue**

Freight and mail revenue were THB 717 million, decreased by THB 3,531 million (83.1%) from last year due to the decrease of freight traffic (Revenue Freight Ton-Kilometers: RFTK) which decreased by 93.6 %. During this period, main revenue was from charter flight operated to the required destinations by customers.

- **Revenue from other activities**

Revenues from other activities consists of revenues from business units which are Ground services, Catering, Cargo handling services, and other activities revenue, were THB 1,338 million, decreased by THB 1,718 million (56.2%) from last year because of the drop in number of customers airline's flights in line with the Notification of the Civil Aviation Authority of Thailand on Conditions for Aircraft Permission to Enter Thailand to control the Outbreak of the Communicable Disease Coronavirus 2019 (COVID-19) causing decreased in revenue from all other activities.

- **Other revenues**

Other revenues totaled THB 456 million, decreased from last year by THB 1,917 million (80.8%) mainly since last year there was the adjustment item: passenger airport tax liability which is a part of ticket fare collected from passenger before 2016 was adjusted to be other revenue amounted of THB 1,976 million since they have not been charged for more than 3 years since the day had recorded this liability.

### Expenses

Total expense of **THAI and its subsidiaries** for the third quarter of 2020 was THB 19,375 million, decreased by THB 28,483 million (59.5%) from last year. A summary of operating expenses is as follows:

- Fuel and oil expense was THB 292 million representing 1.5% of total expenses, decreased by THB 12,992 million (97.8%) resulting from temporary flight cancellation which caused decreasing fuel consumption while average fuel prices decreased when compared to the same period last year by 42.4%.

- Non-fuel operating expense was THB 14,994 million, decreased by THB 18,513 million (55.3%) from last year. Details as follows:

	Jul - Sep			
	2020	2019	Variance	
			MTHB	%
<b>Expense</b>				
Employee benefit expenses	4,727	6,202	-1,475	-23.8
Flight service expenses	331	5,317	-4,986	-93.8
Crew expenses	69	1,528	-1,459	-95.5
Aircraft maintenance and overhaul costs	1,181	5,050	-3,869	-76.6
Depreciation and amortization expenses	6,769	4,325	+2,444	+56.5
Lease of aircraft and spare parts	73	3,539	-3,466	-97.9
Inventories and supplies	48	2,243	-2,195	-97.9
Selling and advertising expenses	54	2,644	-2,590	-98.0
Other expenses	1,686	2,563	-877	-34.2
Share of losses of associates	56	96	-40	-41.7
<b>Non-fuel Operating Expense</b>	<b>14,994</b>	<b>33,507</b>	<b>-18,513</b>	<b>-55.3</b>

The summary of expenses that significantly changed consisted of

- Variable cost which consisted of flight service expenses, crew expenses, aircraft maintenance and overhaul costs, inventories and supplies expenses, selling and advertising expenses totaled THB 1,683 million, THB 15,099 million (90.0%) lower than last year resulting from temporary flight cancellation by THAI and its subsidiaries.

- Fixed cost comprised of Employee benefits expenses, depreciation and amortization expenses, lease of aircraft and spare parts, and other expenses which totaled THB 13,255 million, THB 3,374 million (20.3%) lower than last year.

- Employee benefits expenses consisting of personnel expense, employee benefits, management benefits and board of directors' benefits were THB 4,727 million, decreased by THB 1,475 million (23.8%) due to the decrease of salary and other benefits from top executive level, leave without pay and compensation known as "Together We Can" program by requesting cooperation from employees.

- Depreciation and amortization and lease of aircraft and spare parts totaled THB 6,842 million, a decrease of THB 1,022 million (13.0%) resulting of the adoption of Thai Financial Reporting Standard No. 16 : leases, since January 1, 2020 onward, which required to recognize right-of-use assets and lease liabilities in the statement of financial position and recognized depreciation of rights-of-use assets and interest from lease liabilities in the statement of profit and loss which affects expenses in the group of depreciation and amortization, lease of aircraft and spare parts and finance costs, with details as follows.

- Depreciation and amortization increased by THB 2,444 million (56.5%) mainly due to the adoption of Thai Financial Reporting Standard No.16 : Leases resulting depreciation of the rights of use of THAI and ThaiSmile increased by THB 3,026 million, mainly due to rights of use in 39 operating leased aircraft and aircraft engines, amount of THB 2,900 million. If excluded such adoption, depreciation would be lower than last year THB 582 million resulting from having a aircraft and an aircraft seat including other assets that have been fully depreciated.

- Lease of aircraft and spare parts decreased by THB 3,466 million (97.9%) mainly due to the adoption of TFRS 16 as mentioned above. If combined depreciation of right-of- use of aircraft operating lease, amount of THB 2,900 million which included in depreciation and amortization and interest from lease liabilities which included in financial cost amounted to THB 759 million, aircraft rental and spare parts in the third quarter of 2020 totaled THB 3,732 million, THB 193 million higher than last year.

- Other expenses amounted to THB 1,686 million, a decrease of THB 877 million (34.2%) due to the Company's aggressive cost reduction program.

- Share of loss of associates reported the total amount of THB 56 million lower than last year of THB 40 million resulting from the decrease in share of loss of associates in Nok Airline Public Company Limited since in the third quarter of 2020 THAI was no longer recognized the share of loss because the investment value under the equity method is equal to zero, while last year recognized loss of THB 167 million. Moreover, most of the Share of profit of associates decreased due to the impact from COVID19.

- **Net finance cost** was THB 4,089 million, increased by THB 3,022 million (283.2%) resulting from interest from operating lease for both aircraft and right-of-use of land, buildings, and other assets totaled THB 794 million from the adoption of TFRS 16. If excluded such impact, finance cost would increase by THB 2,228 million mainly due to the bank adjusting interest rate to the default rate according to the Terms of each contract, which consisted of loan agreement, debenture, financial lease and aircraft operating lease. In addition, gains from interest rate swap contracts were lower than last year.

**Impairment loss on fixed assets** were 444 million, increase by THB 263 million with the following details:

- Impairment loss of aircraft and engines was THB 439 million, increased by THB 353 million from last year. In 2020 there was impairment loss of 11 aircraft comprised of 1 Airbus A340-500, 6 Airbus A340-600, 2 Boeing B747-400, 1 Boeing B737-400 aircraft and 1 Boeing B777-200 aircraft, total amount of THB 478 million and reversal of impairment loss of 3 aircraft comprised of 1 Airbus A340-500 and 2 Boeing B747-400 totaled THB 39 million. While last year there was impairment loss of 8 aircraft comprised of 1 Airbus A300-600, 2 Airbus A340-500, 2 Airbus A340-600, 2 Boeing B737-400, and 1 Boeing B747-400 aircraft amount of THB 34 million. In addition provision for impairment of engines totaled THB 52 million.

- Impairment loss of assets was THB 5 million lower than last year's by THB 90 million due to lower reserved for damaged ratable spare parts and could not be repaired from last year.

**Loss on foreign currency** exchange was THB 5,306 million consisted of THB 4,836 million unrealized loss resulting from revaluation of foreign currency loans including liability under operating lease of aircraft, foreign currency assets and liabilities, especially the depreciation of Thai Baht against Euro dollars, Japanese Yen, and US Dollar as of September 30, 2020 when compared to June 30, 2020, and realized loss of THB 470 million.

**The result of the measurement of financial instruments from the adoption of TFRS 9.**

- Impairment loss in accordance with TFRS 9 in the amount of THB 35 million from allowance of expected credit loss of account receivable and other receivable.

- Gain for hedge of group of items with offsetting risk positions amounted to THB 32 million, mainly due to the fact that financial institutions unwired all Cross Currency Swap contracts (CCS) and all other forward Contracts. Moreover, the pandemic of COVID-19 virus causes uncertainty in estimating net cash from operations in each future contracted currency and the default of the loan agreement means that the fair value of the remaining SWAP contracts were recognized in full amount in the comprehensive income statement was previously reported gain / loss in other comprehensive income (OCI) resulted in a gain from the change in fair value of the agreement amounting to approximately THB 87 million. In addition, the obligation to terminate the oil price hedging agreement was adjusted in the approximate additional amount of THB 55 million due to under estimate provision amount of unwind contract

**Operating results of THAI and its subsidiaries of the nine months of 2020 (January - September 2020)**  
**Financial Performance: THAI and its subsidiaries**

	Jan - Sep			
	2020	2019	Variance	
			MTHB	%
<b>Total operating revenues</b>	<b>44,220</b>	<b>137,316</b>	<b>-93,096</b>	<b>-67.8</b>
- Passenger and excess baggage revenue	32,348	110,961	-78,613	-70.8
- Freight and mail revenue	5,801	13,310	-7,509	-56.4
- Revenue from other activities	5,159	9,886	-4,727	-47.8
- Other income	912	3,159	-2,247	-71.1
<b>Total operating expenses</b>	<b>78,176</b>	<b>148,098</b>	<b>-69,922</b>	<b>-47.2</b>
- Aircraft fuel expenses	11,795	41,193	-29,398	-71.4
- Non-fuel operating expenses	57,950	103,731	-45,781	-44.1
- Net finance cost	8,431	3,174	+5,257	+165.6
<b>Operating Loss</b>	<b>(33,956)</b>	<b>(10,782)</b>	<b>-23,174</b>	<b>-214.9</b>
<u>Less</u> Estimate service compensation (400 days)	-	2,689	-2,689	-100.0
<u>Add</u> Gain on changes in ownership interest	206	273	-67	-24.5
<u>Less</u> Impairment loss on Fixed assets	3,498	566	+2,932	+518.0
<u>Less</u> Impairment loss in accordance with TFRS 9	186	-	+186	-
<u>Add</u> Gain (Loss) on foreign currency exchange	(6,425)	2,808	-9,233	-328.8
<u>Less</u> Loss for hedge of group of items with offsetting risk positions	(5,227)	-	-5,227	-
Loss before tax	(49,086)	(10,956)	-38,130	-348.0
Net Loss	(49,561)	(11,102)	-38,459	-346.4
<b>Loss attribute to owners of the parent</b>	<b>(49,553)</b>	<b>(11,120)</b>	<b>-38,433</b>	<b>-345.6</b>
Net Loss per share (THB)	(22.70)	(5.09)	-17.61	-346.0
<b><u>Significant operating data</u></b>				
EBITDA (MTHB)	(4,595)	5,548	-10,143	-182.8
Number of passengers (Million)	5.05	18.07	-13.02	-72.1
Available Seat-Kilometers (Million)	22,070	67,297	-45,227	-67.2
Revenue Passenger-Kilometers (Million)	14,781	52,733	-37,952	-72.0
Cabin factor (%)	67.0	78.4	-11.4	-11.4
Passenger yield (THB/RPK)	2.14	2.07	+0.07	+3.4
Available Dead Load Ton-Kilometers (Million)	955	2,939	-1,984	-67.5
Revenue Freight Ton-Kilometers (Million)	537	1,551	-1,014	-65.4
Freight load factor (%)	56.2	52.8	+3.4	+3.4
Freight carried (Ton)	149,924	431,095	-281,171	-65.2
Freight Yield (THB/RFTK)	10.27	8.04	+2.23	+27.7
Number of aircraft (As of Sep 30) (Aircraft)	103	103	-	-
Flight hours (Hours)	103,189	312,252	-209,063	-67.0
Aircraft utilization (Hours/Aircraft/Day)	7.0	11.9	-4.9	-41.2
Average foreign currency exchange rate				
1 USD : THB	31.5200	31.3042	+0.2158	+0.7
1 EUR : THB	35.4118	35.1737	+0.2381	+0.7
100 JPY : THB	29.3266	28.6911	+0.6355	+2.2
Average jet fuel price (USD/BBL)	75.29	83.59	-8.3	-9.9

Note : 1) EBITDA = Total Revenue (exclude gain on foreign exchange and gain on change in ownership interest) - Expenses (exclude finance cost, tax, depreciation and amortization, impairment loss on fixed assets, estimate service compensation impairment loss in accordance with TFRS 9, Hedging losses for hedge of group of items with offsetting risk positions and loss on foreign currency exchange)

THAI and its subsidiaries' had operating loss for the nine months 2020 of THB 33,956 million more loss from last year by THB 23,174 million (214.9%).

Total revenue was THB 44,220 million, decreased by THB 93,096 million (67.8%), mainly due to a decrease in transportation revenue of THB 86,122 million (69.3%) which extremely decreased in the second and third quarter of 2020. Revenue from passenger and excess baggage decreased by 70.8% from passenger traffic which decreased by 72.0%. Freight and mail revenues decreased by 56.4%, mainly due to the decrease by 65.4% in freight traffic (Revenue Freight Ton-Kilometres: RFTK) while average freight yield increased by 27.7% due to the freight charter flight. Revenue from other activities also decreased by 47.8% from the previous year. The main reason was from less customer airlines' flight.

Total expenses were THB 78,176 million, decreased by THB 69,922 million (47.2%) mainly from variable cost including aircraft fuel which varied by traffic production decreased by 69.9% following a decrease in production of which THAI and its subsidiaries suspended their flights in the second and third quarters. Fixed costs decreased by 21.7% while other operating expenses decreased in line with cost management measures.

THAI and its subsidiaries had one-time expenses consisted of

- Gain on change in ownership interest in Nok Airlines PCL. was THB 206 million.
- Impairment loss on fixed assets amounted to THB 3,498 million, an increase of THB 2,932 million mainly due to the fact that in the first quarter of 2020, the total aircraft impairment provision was still in the THAI's fleet. However, there were plans for Long Term Parking in 2020 for 12 aircrafts, totalling THB 2,846 million, including 6 Boeing B747-400 aircraft, THB 1,773 million and 6 Boeing B777-200 aircraft for THB 1,073 million. The aircraft would not be decommissioned. The grounded aircraft can be used when there is a need for aircraft. In addition, there was the provision for additional aircraft impairment in the second and third quarters of 2020.

#### **The result of the measurement of financial instruments from the adoption of TFRS No.9.**

- Impairment loss in accordance with TFRS 9 in the amount of THB 186 million from allowance of expected credit loss of account receivable and other receivable.
- Loss for hedge of group of items with offsetting risk positions amounted to THB 5,227 million, mainly due to
  - Losses from fuel price hedging amounted to THB 4,955 million from the obligation to terminate the oil price hedging agreement.
  - Loss from measurement of the fair value of Cross Currency Swap (CCS) contracts amounting to THB 272 million as mentioned earlier.
- Loss on foreign currency exchange was THB 6,425 million consisted of THB 7,469 million unrealized loss resulting from revaluation of foreign currency loans including liability under operating lease of aircraft, assets and liabilities, especially the depreciation of Thai Baht against Euro dollars, Japanese Yen, and US Dollar as of September 30, 2020 when compared to December 31, 2019, and realized gain of THB 1,044 million.



In the first nine months of 2020, THAI and its subsidiary had a net loss of THB 49,561 million, higher loss than last year by THB 38,459 million. Loss attributable to owners of the parent company was THB 49,553 million, representing a loss of THB 22.70 per share, higher loss than last year of THB 17.61 per share.

EBITDA for the nine months of 2020 was THB -4,595 million, which is lower than the previous year by THB 10,143 million (182.8%). EBITDA margin was -10.4% compared to 4.0% in the previous year.

### 3. Financial Position and Liquidity

#### Capital Expenditures - The Group

Unit : Million Baht	Jul-Sep		Jan -Sep	
	2020	2019	2020	2019
Aircraft and aircraft spare parts	(38)	488	430	1,061
Non-Aircraft	75	165	457	790
<b>Total</b>	<b>37</b>	<b>653</b>	<b>887</b>	<b>1,851</b>

Capital expenditures for the third quarter of 2020 were THB 37 million, THB 616 million lower than last year due to the negative amount of THB 38 million in aircraft expenditures resulting from the return of aircraft spare parts which received in the second quarter of 2020 amounted to THB 41 million. When combining with the first six months of 2020, amounted to THB 850 million, THAI and its subsidiaries had total investment expenditure of THB 887 million for the nine months of 2020.

#### Financing

In the first nine months of 2020, THAI executed financing only during the first quarter by withdrawing credit lines for both committed and uncommitted credit line totaling THB 19,500 million from other financial institutions and related parties in order to repay short-term loans, lease liabilities and to maintain the liquidity.

Unit : Million Baht	Jan - Sep	
	2020	2019
Net cash from (used in) operating activities	(7,254)	7,377
Net cash used in investing activities	(20)	(638)
Net cash used in financing activities	(3,519)	(6,284)
Effect from changing in exchange rate on cash and cash equivalents	275	(166)
Effect of changes in credit loss on cash and cash equivalents	(6)	-
<b>Decrease in cash and cash equivalents</b>	<b>(10,524)</b>	<b>289</b>

In the first nine months of 2020, THAI and its subsidiaries had net cash used in operating activities of THB 7,254 million due to loss from operations while last year, there was net cash from operating activities of THB 7,377 million. Net cash used in financing activities was THB 3,519 million, THB 2,765 million lower than the previous year by staying debt repayment. Net cash used in investing activities amounted to THB 20 million which is THB 618 million lower than the previous year from lower cash paid for purchase of fixed assets. As a result, cash and cash equivalents as of September 30, 2020 amounted to THB 11,139 million, a decrease of THB 10,524 million from as of December 31, 2019 whose amount was THB 21,663 million.

## Fleets

The total active aircraft was 103 aircrafts as of September 30, 2020 (including 20 Airbus A320-200 under ThaiSmile's operations) which equaled to number of aircraft as of December 31, 2019 and September 30, 2019. THAI had aircraft held for sale as of September 30, 2020 total 14 aircrafts comprised of 3 Airbus A340-500, 6 Airbus A340-600, 1 Airbus A300-600, 3 Boeing B737-400 and 1 Boeing B747-400.

## Total Assets

As of September 30, 2020, total assets totaled THB 298,952 million, increased by THB 44,144 million (17.3%) from as at December 31, 2019.

	Consolidated					
	Sep 30, 2020		Dec 31, 2019		Variance	
	MTHB	% of Total Assets	MTHB	% of Total Assets	MTHB	%
Current assets						
Cash and cash equivalents	11,139	3.7	21,663	8.5	-10,524	-48.6
Non-current assets held for sale	50	-	23	-	+27	+117.4
Other current assets	12,737	4.3	23,990	9.4	-11,253	-46.9
<b>Current Assets</b>	<b>23,926</b>	<b>8.0</b>	<b>45,676</b>	<b>17.9</b>	<b>-21,750</b>	<b>-47.6</b>
Property, plant and equipment-net	67,520	22.6	171,116	67.2	-103,596	-60.5
Right-of-use Assets	170,366	57.0	-	-	+170,366	-
Other non-current assets	37,140	12.4	38,016	14.9	-876	-2.3
<b>Total Assets</b>	<b>298,952</b>	<b>100.0</b>	<b>254,808</b>	<b>100.0</b>	<b>+44,144</b>	<b>+17.3</b>

Current assets amounted to THB 23,926 million or represented 8.0% of total assets which decreased from December 31, 2019 in the amount of THB 21,750 million (47.6%), with significant changes in items as follows:

- Cash and cash equivalents decreased by THB 10,524 million (48.6%) from operating usage.
- Other current assets decreased by THB 11,253 million (46.9%), mainly due to the decrease in trade receivables and other current receivables THB 9,496 million (54.4%) from sales in the first 9 months of 2020, especially during the second and third quarters while THAI and its subsidiaries have temporarily suspended their flights.

Property, plant and equipment-net totaled THB 67,520 million or represented 22.6 % of total assets, a decrease of THB 103,596 million (60.5%) from December 31, 2019 resulting from the reclassification of finance lease aircraft amount of THB 96,296 million as of January 1, 2020 due to TFRS 16 adoption, the normal calculation of aircraft depreciation and impairment loss of aircraft.

The right-of-use assets totaled THB 170,366 million or represented 57.0% of the total assets which consisted of finance lease assets and commitment under operating lease of aircraft and other lease assets in accordance with TFRS 16 adoption.

Other non-current assets amounted to THB 37,140 million or represented 12.4% of total assets, a decrease of THB 876 million from 31 December 2019 resulting from the decrease in investment in associates of THB 446 million due to the recognition of loss from investments in associates and deferred tax assets decreased by THB 283 million.

Return on Asset for the nine months period of 2020 was -14.6 percent, a decrease from the same period last year which equals -2.9 percent.

### Total Liabilities

Total liabilities as of September 30, 2020 were THB 338,897 million, increased by THB 95,855 million (39.4%) from as of December 31, 2019. These comprise of:

	Consolidated					
	Sep 30, 2020		Dec 31, 2019		Variance	
	MTHB	% of Total Liabilities	MTHB	% of Total Liabilities	MTHB	%
Current liabilities	70,888	20.9	60,028	24.7	+10,860	+18.1
Current portion of long-term liabilities	227,466	67.1	21,731	9.0	+205,735	+946.7
Long-term liabilities	8	-	122,121	50.2	-122,113	-100.0
Other non-current liabilities	40,535	12.0	39,162	16.1	+1,373	+3.5
<b>Total Liabilities</b>	<b>338,897</b>	<b>100.0</b>	<b>243,042</b>	<b>100.0</b>	<b>+95,855</b>	<b>+39.4</b>

Current liabilities amounted to THB 70,888 million or represented 20.9 percent of total liabilities, an increase from 31 December 2019 by THB 10,860 million (18.1%). The significant items consisted of:

- Short-term loans from financial institutions and related parties totaled THB 15,143, increased by THB 11,643 million from the drawdown of committed and uncommitted credit line with local financial institutions in the first quarter of 2020 totaling THB 19,500 million.
- Unearned transportation revenue decreased by THB 13,713 million due to lower sales from flights suspension in the second and third quarters.
- Trade and other current payables increased by THB 12,973 million, mainly due to creditors from fuel hedging contracts and derivatives that financial institutions have closed-out contracts. Furthermore, THAI has been in the middle of rehabilitation process causing the automatic stay.

Long-term liabilities included current portion of long-term liabilities which accounted for 67.1 percent of total liabilities, an increase of THB 83,622 million (58.1%), mainly due to the recording of lease liabilities in accordance with IFRS 16 on lease agreements that were effective for the accounting period that Beginning on or after January 1, 2020, in the amount of THB 94,318 million and the remeasurement variable rates of lease agreement and reclassification of lease payables resulting the decrease in long-term liabilities by THB 6,565 million, if excluded such items Long-term liabilities decreased by THB 4,131 million from repayment of long-term borrowings, lease liabilities and debentures amounted to THB 11,342 million. In addition, the depreciation of Thai Baht against the Euro, Japanese Yen, and US Dollars as of September 30, 2020 compared to the end of the period of 2019, causing an increase in long-term liabilities in Baht term totaled THB 7,211 million.

The Central Bankruptcy Court has issued an order to accept the rehabilitation petition of the Company that resulted the Company entered into rehabilitation process. As a result, the financial institutions had right to call for settlement for borrowing obligations. Moreover, the Company has defaulted on its outstanding liabilities and liabilities which were due for payments such as trade accounts payable, short-term borrowings, including the current-portion of long-term borrowings, debentures and lease liabilities that triggered the breach of the payment condition of long-term borrowings, debentures and lease contracts. Therefore, such long-term borrowings, debentures and lease liabilities which were previously due after one year are classified as current liabilities in accordance with the terms in the relevant borrowing, debentures and lease agreements.

Other non-current liabilities represented 12.0% of total liabilities which increased by THB 1,373 million (3.5%) mainly due to an increase of other non-current provisions of THB 837 million due to long-term provision has been set for maintenance and overhaul of aircraft, maintenance reserve for aircraft overhaul, aircrafts' engines and others component of aircraft which has to pay maintenance in the future. In addition, non-current provisions for employee benefits increased by THB 462 million.

At the end of the third quarter 2020, THAI and its subsidiary's interest bearing debt to equity was -6.1 times, higher than that of December 31, 2019, that was 12.5 times. Debt to equity ratio was -8.5 times, increasing from the end of 2019 that was 20.8 times.

### **Shareholders' Equity**

As of September 30, 2020 shareholders' equity of THAI and its subsidiaries amounted to THB -39,945 million, decreased from 31 December 2019 by THB 51,711 million (439.5%). The main reason is the negative performance in the first nine-month period of this year.

### **Liquidity**

As of September 30, 2020, THAI and its subsidiaries had cash and cash equivalents in the amount of THB 11,139 million or 3.7% of total assets, decreased from 31 December 2019 by THB 10,524 million. In the first quarter of 2020, THAI and its subsidiaries withdrew both committed and uncommitted credit lines total amount of THB 19,500 million from financial institutions and related parties to enhance liquidity during the rehabilitation plan due to the pandemic of COVID 19 which heavily impacted revenues which mainly came from passenger and cargo transportation.

## Financial Performance Summary, Thai Airways Public Company Limited (THAI)

For the nine months of 2020, THAI had total revenue of THB 43,108 million, lower than the same period last year by THB 89,864 million or 67.6%. The main reason since both revenue from passenger and cargo transportation decreased by THB 82,238 million (69.6%) resulting from the decrease in both traffic production and traffic transport caused by temporary operating halt in the second and third quarters. Moreover, revenues from other activities decreased by THB 5,221 million or 46.5% due to decreasing in number of customer airlines. Total expense totaled THB 73,726 million, THB 70,132 million (48.8%) less than last year mainly due to the decrease of production and traffic causing operating loss of THB 30,618 million, more loss than the same period of last year by THB 19,732 million (181.3%).

For the nine months of 2020, THAI had one-time expenses consisting of

- Impairment loss on fixed assets in the amount of THB 3,498 million, an increase of THB 2,932 million as mentioned earlier.
- Impairment loss from investment in the amount of THB 2,223 million. The main reason is due to the recognition of impairment loss of investment in Thai Smile Airways Company Limited in the amount of THB 1,800 million. THAI had assessed the performance of Thai Smile Airways which continuously has accumulated loss and capital deficiency and considered the impact of the COVID - 19 pandemic to airline business. THAI assessed the impairment indicator in investment in Thai Smile Airways Company Limited and considered the recoverable amount of such investment was less than net carrying amount. THAI considered an allowance for impairment of such investment for whole amount in the first quarter of 2020.

The impact of COVID-19 pandemic has also affected the performance of Nok Airlines PCL. and its subsidiaries. THAI considered such situation that indicated the impairment indicator in the investment of Nok Airlines PCL. and its subsidiaries, and found that the fair value of the recoverable amount which was less than carrying amount. THAI recorded an allowance for the impairment of the investment in amount of THB 423 million. Furthermore, on July 30, 2020, Nok Airlines PCL petitioned to the Central Bankruptcy Court. Later, the Court ordered to reorganization on November 4, 2020.

- Impairment loss in accordance with TFRS 9 in the amount of THB 7,373 million. Most of them are expected credit loss of receivables of Thai Smile Airways Company Limited of THB 7,188 million.
- Loss on foreign currency exchange was THB 6,178 million consisted of THB 7,128 million unrealized loss resulting from revaluation of foreign currency loans including liabilities under operating lease of aircrafts, assets and liabilities, especially the depreciation of Thai Baht against Euro dollars, Japanese Yen, and US Dollar when compared as at September 30, 2020 to December 31, 2019, and realized gain of THB 950 million.
- Losses for hedge of group of items with offsetting risk positions according to TFRS9 in the amount of THB 5,227 million as mentioned earlier.

THAI had a net loss of THB 55,590 million, higher loss than last year by THB 44,230 million, representing a loss of THB 25.47 per share, higher loss than last year of THB 20.27 per share.

EBITDA was THB -2,570 million, which is lower than the previous year by THB 7,995 million. EBITDA margin was -5.9% compared to 4.1% in the previous year.

## Financial Performance : THAI

	Jan-Sep			
	2020	2019	Variance	
			MTHB	%
<b>Total operating revenues</b>	<b>43,108</b>	<b>132,972</b>	<b>-89,864</b>	<b>-67.6</b>
- Passenger and excess baggage revenue	30,230	104,916	-74,686	-71.2
- Freight and mail revenue	5,760	13,312	-7,552	-56.7
- Revenue from other activities	6,013	11,234	-5,221	-46.5
- Other income	1,105	3,510	-2,405	-68.5
<b>Total operating expenses</b>	<b>73,726</b>	<b>143,858</b>	<b>-70,132</b>	<b>-48.8</b>
- Fuel and oil	10,845	38,293	-27,448	-71.7
- Non-fuel operating expenses	54,671	102,386	-47,715	-46.6
- Net finance cost	8,210	3,179	+5,031	+158.3
<b>Operating Loss</b>	<b>(30,618)</b>	<b>(10,886)</b>	<b>-19,732</b>	<b>-181.3</b>
<u>Less</u> Estimate service compensation (400 days)	-	2,689	-2,689	-100.0
<u>Less</u> Impairment loss on fixed assets	3,498	566	+2,932	+518.0
<u>Less</u> Impairment loss from investment	2,223	-	+2,223	-
<u>Less</u> Impairment loss in accordance with TFRS 9	7,373	-	+7,373	-
<u>Add</u> Gain (Loss) on foreign currency exchange	(6,178)	2,914	-9,092	-312.0
<u>Less</u> Loss from hedge of group of items with offsetting risk positions	(5,227)	-	-5,227	-
Loss before tax	(55,117)	(11,227)	-43,890	-390.9
<b>Net Loss</b>	<b>(55,590)</b>	<b>(11,360)</b>	<b>-44,230</b>	<b>-389.3</b>
Net Loss per share (THB)	(25.47)	(5.20)	-20.27	-389.8
<b><u>Significant operating data</u></b>				
EBITDA (MTHB)	(2,570)	5,425	-7,995	-147.4
Number of passengers (Million)	3.51	14.31	-10.80	-75.5
Available Seat-Kilometers (Million)	20,127	62,842	-42,715	-68.0
Revenue Passenger-Kilometers (Million)	13,590	49,387	-35,797	-72.5
Cabin factor (%)	67.5	78.6	-11.1	-11.1
Passenger yield (THB/RPK)	2.10	2.04	+0.06	+2.9
Available Dead Load Ton-Kilometers (Million)	955	2,939	-1,984	-67.5
Revenue Freight Ton-Kilometers (Million)	537	1,551	-1,014	-65.4
Freight load factor (%)	56.2	52.8	+3.4	+3.4
Freight carried (Ton)	145,331	423,175	-277,844	-65.7
Freight Yield (THB/RFTK)	10.21	8.04	+2.17	+27.0
Number of aircraft (As of Sep 30) (Aircraft)	83	83	-	-
Flight hours (Hours)	80,700	260,592	-179,892	-69.0
Aircraft utilization (Hours/Aircraft/Day)	7.6	12.5	-4.9	-39.2
Average foreign currency exchange rate				
1 USD : THB	31.5200	31.3042	+0.2158	+0.7
1 EUR : THB	35.4118	35.1737	+0.2381	+0.7
100 JPY : THB	29.3266	28.6911	+0.6355	+2.2
Average jet fuel price (USD/BBL)	75.29	83.59	-8.3	-9.9

Note : 1) EBITDA = Total Revenue (exclude gain on foreign exchange and gain on change in ownership interest) - Expenses (exclude finance cost, tax, depreciation and amortization, impairment loss on fixed assets impairment loss from investment, estimate service compensation, impairment loss in accordance with TFRS 9, Hedging losses for hedge of group of items with offsetting risk positions and loss on foreign currency exchange)

## Total Assets

As of 30 September 2020, **THAI** had total assets of THB 298,922 million, an increase of THB 38,900 million from 31 December 2019 (15.0%). The significant items consisted of:

	Separate Financial Statement					
	Sep 30, 2020		Dec 31, 2019		Variance	
	MTHB	% of Total Assets	MTHB	% of Total Assets	MTHB	%
Current assets						
Cash and cash equivalents	10,411	3.5	20,873	8.0	-10,462	-50.1
Non-current assets held for sale	50	-	23	-	+27	+117.4
Other current assets	15,651	5.2	29,363	11.3	-13,712	-46.7
<b>Current Assets</b>	<b>26,112</b>	<b>8.7</b>	<b>50,259</b>	<b>19.3</b>	<b>-24,147</b>	<b>-48.0</b>
Property, plant and equipment-net	67,492	22.6	171,083	65.8	-103,591	-60.6
Right-of-use Assets	163,712	54.8	-	-	+163,712	-
Other non-current assets	41,606	13.9	38,680	14.9	+2,926	+7.6
<b>Total Assets</b>	<b>298,922</b>	<b>100.0</b>	<b>260,022</b>	<b>100.0</b>	<b>+38,900</b>	<b>+15.0</b>

- Current assets decreased by THB 24,147 million (48.0%), mainly caused by cash and cash equivalents decreased by 10,462 million (50.1%) ,other current assets decreased by THB 13,712 million (46.7%) due to expected credit loss of receivables of Thai Smile Airways Company Limited of THB 7,188 million, combined with a decrease in sale volume.

- Property, plant and equipment-net decreased in amount of THB 103,591 million (60.6%), mainly resulting from the reclassification of finance lease assets to the right-of-use assets amount of THB 96,296 million due to TFRS 16 adoption, the normal calculation of aircraft depreciation and impairment loss of aircraft.

- The right-of-use assets totaled THB 163,712 million which consisted of finance lease assets and commitment under operating lease of aircraft and other lease assets in accordance with TFRS 16 adoption.

- Other non-current assets increased by THB 2,926 million (7.6%) mainly due to non-current lease receivables increased by THB 5,578 million from aircraft lease receivables for A320-200 aircraft sublease agreement with Thai Smile Airways Company Limited. Maintenance reserve increased by THB 1,757 million but investments in subsidiaries and associates decreased by THB 2,223 million from allowance for the impairment of investment in Nok Airlines PCL. and Thai Smile Airways Company Limited

## Total Liabilities

As of 30 September 2020, **THAI** had total liabilities of THB 337,477 million, an increase of THB 96,622 million (40.1%) from 31 December 2019. The significant items consisted of:

	Separate Financial Statement					
	Sep 30, 2020		Dec 31, 2019		Variance	
	MTHB	% of Total Liabilities	MTHB	% of Total Liabilities	MTHB	%
Current liabilities	69,968	20.7	58,242	24.2	+11,726	+20.1
Current portion of long-term liabilities	227,449	67.4	21,731	9.0	+205,718	+946.7
Long-term liabilities	-	-	122,121	50.7	-122,121	-100.0
Other non-current liabilities	40,060	11.9	38,761	16.1	+1,299	+3.4
<b>Total Liabilities</b>	<b>337,477</b>	<b>100.0</b>	<b>240,855</b>	<b>100.0</b>	<b>+96,622</b>	<b>+40.1</b>

- Current liabilities increased by THB 11,726 million (20.1%) mainly due to the increase in short-term loans from financial institutions and related parties. Trade and other current payable increased due to automatic stay while unearned transportation revenue decreased.

- Long-term liabilities included current portion of long-term liabilities increased by THB 83,597 million (58.1%) from recording lease liabilities, depreciation of Thai Baht but there were repayment of long term loan.

- Other non-current liabilities increased by THB 1,299 million (3.4%). The main reason as due to an increase of other non-current provision by THB 553 million and non-current provisions for employee benefits increased by THB 444 million.

## Shareholders' Equity

**THAI** had shareholders' equity as of 30 September 2020 of THB -38,555 million, a decrease of THB 57,722 million (301.2%) from 31 December 2020, mainly due to the negative performance in the nine months of 2020.

## 4. Factors affecting future operations

Both the International Air Transport Association (IATA) and the International Civil Aviation Organization (ICAO) have the accordance to forecast in the same direction that the situation of the world aviation industry in 2020 is heavily affected by the COVID-19 virus. The aviation industry trend will be more violent than previously expected causing loss situation in many airlines from lack of liquidity which lead to bankruptcy declaration and entering into Business Reorganization.

According to the effective control the spread of the COVID-19 virus in Thailand, Thai Government approved the principles and guidelines for special tourist visa (STV) exposure as proposed by the Ministry of Tourism and Sports on September 15, 2020 to stimulate the domestic economy for long stay tourists. All applicants require to comply with the measures of the Coronavirus Disease Control Department and quarantine in the room for 14 days. In this case, applicants are allowed to stay in Thailand for 90 days and continue for 2 more times for the next 90 days for a total of 270 days, with the first group of tourists entering Thailand on October 1, 2020.

As for the business rehabilitation process of **THAI**, the planning team is in the process of accelerating the preparation of the rehabilitation plan which expected to be presented to the Central Bankruptcy Court by the fourth quarter of 2020 or within the first quarter of 2021.



## 5. Financial Ratios

		Jan-Sep			
		Consolidated		The Company	
		2020	2019	2020	2019
<b>Liquidity Ratio</b>					
Current Ratio	(times)	0.08	0.83	0.09	0.91
Current Ratio (Included Committed Credit Line)	(times)	0.08	0.98	0.09	1.08
<b>Profitability Ratio</b>					
Operating Profit (Loss) Margin	%	(76.60)	(7.84)	(70.85)	(8.18)
Net Profit (Loss) Margin	%	(111.80)	(8.08)	(128.65)	(8.53)
Return on Equity	%	(351.75)	(67.42)	(573.45)	(48.15)
<b>Efficiency Ratio</b>					
Return on Total Assets	%	(14.64)	(2.90)	(16.75)	(2.94)
<b>Financial Policy Ratio</b>					
Interest Bearing Debt to Equity	(times)	(6.07)	11.51	(6.29)	7.37
Total Debt to Equity	(times)	(8.48)	19.70	(8.75)	12.49
Interest Coverage Ratio	(times)	(0.54)	1.68	(0.31)	1.64
Net Debt to EBITDA	(times)	(71.33)	41.77	(127.30)	42.52
Debt Service Coverage Ratio	(times)	(0.37)	0.66	(0.04)	0.69

### GLOSSARY

**Current Ratio** = Current Assets (Excluding Non-Current Assets held for sale / Current Liabilities (Excluding Unearned Transportation Revenues)

**Current Ratio (Included Committed Credit Line)** = Current Assets (Excluding Non-Current Assets classified as held for sale) + committed credit line) / Current Liabilities (Excluding Unearned Transportation Revenues)

**Operating Profit (Loss) Margin** = Operating Profit (loss) / Total Revenue (excluded gain on foreign currency exchange, and gain on change in ownership interest)

**Net Profit (Loss) Margin** = Net Profit (Loss) / Total Revenue (excluded gain on foreign currency exchange and gain on change in ownership interest)

**Return on Equity** = Net Profit (Loss) / Average Shareholders' Equity

**Return on Total Assets** = Profit (Loss) before interest and tax/ Average total assets

**Interest Bearing Debt to Equity** = (Short-term Loan + Long-term Loan including current portion of Long-term Loan within 1 year) / Shareholders' Equity

**Total Debt to Equity Ratio** = Total liabilities/Shareholders' Equity

**Interest Coverage Ratio** = EBITDA/Interest

**Net Debt to EBITDA** = (Total liabilities – Cash and cash equivalents) / EBITDA

**Debt Service Coverage Ratio** = EBITDAR/ (Long-term Loan repayment + Interest payment + Lease of aircraft And spare part)