



Management Discussion and Analysis

For the 2nd Quarter of 2018



Executive Summary

The global economy during the second quarter of 2018 (Q2/2018) continued to expand, led by the U.S. economy on the back of solid private investment growth, especially in the energy sector. While, an unemployment rate continued to decline, reflecting an upward trend in private consumption. Similarly, Chinese economy is expected to grow, supported by the strong expansions in industrial sector, domestic consumption and exports. At the same time, the recovery of the Eurozone economy (EU) showed a sign of incomplete during this quarter, suggested by the weak exports whereas domestic consumption remained the driven factor of the economy. In addition, the political risks in the EU such as Italy, Spain and the United Kingdom as well as the risk of the U.S. trade protectionism pressured the overall global economy. Therefore, the aforementioned volatilities impact Thailand's economic growth and may affect the company's operation.

In Q2/2018, Thai economy grew robustly and pervasively, buoyed by continual growth of exports, particularly from large exporters, whilst, small and medium enterprises (SMEs) growth in export was sluggish. Furthermore, private consumption expanded better than expected mainly from durable goods and services thanks to the government stimulus measures such as tax incentive for tourists in 55 secondary provinces.

The number of international tourists to Thailand from January to June 2018 rose by 12% from the same period last year to 19.5 million. Meanwhile, the number of international tourists to Thailand from April to June 2018 rose by 9% over the same period last year to 8.9 million. The major international tourist is from East Asia visitors, which accounts for 73%, mainly Chinese and Asean visitors. While, the number of European and Oceania visitors shrunk over the same period last year, reflecting from the aforementioned economy. As a result, the number of passengers carried of Thai AirAsia in Q2/2018 was at 5.3 million, increased 13% year-on-year, whereas the seat capacity grew at 15% year-on-year. During the quarter, Thai AirAsia took no additional aircraft, totalling its fleet to 59 aircraft at the end of Q2/2018. Additionally, Thai AirAsia increased frequencies in popular destinations including domestic routes from Bangkok (Don Mueang) to Udon Thani and Phisanulok as well as international routes from Bangkok (Don Mueang) to Jahor Bahru, Danang and Chiang Mai to Macao.

For Q2/2018, Asia Aviation Plc had a net loss of Baht 306.1 million, down from a net income of Baht 170.6 million from the second quarter of 2017 (Q2/2017). This was mainly resulted from an increase in fuel costs in relation to the rising in global oil prices. While, the average fare edged down by 5% from the same period last year, due to the competition in airlines' business together with an off-peak travelling period.



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%.

Asia Aviation Public Company Limited’s financial performance for the three-month and six-month period ended 30 June 2017 and 2018 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 six-month		Change
	period ended			period ended		
	30 June		30 June			
	2018	2017		2018	2017	
Total revenues	9,302.6	8,589.1	+8%	20,896.2	18,134.7	+15%
Total expenses	9,835.5	8,163.0	+20%	19,331.0	16,479.3	+17%
Profit (loss) before finance cost and income tax	(532.9)	426.1	>-100%	1,565.3	1,655.4	(-5%)
Profit (loss)/ Total comprehensive income for the period	(561.5)	309.6	>-100%	1,268.2	1,344.4	(-6%)
Equity holders of the Company	(306.1)	170.6	>-100%	698.0	741.0	(-6%)
Non-controlling interests of the subsidiary	(255.4)	139.0	>-100%	570.2	603.4	(-6%)
Earnings (loss) Per Share (Baht)	(0.0631)	0.0352	>-100%	0.1439	0.1528	(-6%)

In Q2/2018, Asia Aviation Plc had total revenues of Baht 9,302.6 million, increased by Baht 713.5 million or 8% compared to the same period last year. Whilst, total expenses were at Baht 9,835.5 million, rose by Baht 1,672.5 million or 20% compared to the same period last year. Thus, Net loss/ loss from Total comprehensive income for the period attributable to equity holders of the Company amounted to Baht 306.1 million and basic loss per share was at Baht 0.0631 per share.

For the first half year of 2018 (1H2018), Asia Aviation Plc had total revenues of Baht 20,896.2 million, increased by Baht 2,761.5 million or 15% compared to the same period last year. Additionally, profit before finance cost and income tax amounted to Baht 1,565.3 million, decreased by 5% compared to the same period last year. Thus, Net profit/ Total comprehensive income for the period attributable to equity holders of the Company in 1H2018 amounted to Baht 698.0 million, decreased by Baht 43.0 million or 6% compared to the same period last year, having a net profit margin of 3% and basic earnings per share was at Baht 0.1439 per share.

Statement of Financial Position

Asia Aviation Public Company Limited	Consolidated		Change
Unit: Baht million	As at 30 June 2018	As at 31 December 2017	
Total assets	62,374.7	62,773.6	(-1%)
Total liabilities	31,427.0	31,320.5	+0%
Equity attributable to owners of the Company	21,733.9	22,005.9	(-1%)
Non-controlling interests of the subsidiary	9,213.8	9,447.2	(-2%)
Total shareholders' equity	30,947.7	31,453.1	(-2%)

Assets

As at 30 June 2018, total assets amounted to Baht 62,374.7 million, decreased by Baht 398.9 million or 1% compared to the year ended 31 December 2017 and the return on assets (ROA) was 2.4%, due to;

- (1) Current assets decreased by Baht 299.4 million, mainly from a decline in cash and cash equivalents in an amount of Baht 305.6 million from the operating results during the period.
- (2) Non-current assets decreased by Baht 99.4 million due to a decrease in aircraft, leasehold improvement and equipment in an amount of Baht 610.5 million, resulting from an increase in accumulated depreciation and no additional aircraft delivered in this quarter. Meanwhile, aircraft maintenance reserves rose Baht 443.7 million in relation to the increase in flight hours.

Liabilities

As at 30 June 2018, total liabilities amounted to Baht 31,427.0 million, increased by Baht 106.5 million compared to the year ended 31 December 2017, due to;

- (1) Current liabilities decreased by Baht 1,709.5 million, mainly from a reduction in the current portion of long-term borrowings from financial institutions in an amount of Baht 1,095.5 million after closing two long-term loan agreements with the financial institutions. In addition, unearned income decreased in an amount of Baht 464.0 million due to an off-peak travelling season.
- (2) Non-current liabilities increased by Baht 1,816.0 million. The increase was mainly from the issuance of the debentures in an amount of Baht 2,500.0 million and the proceeds will be used for general investment purpose and/or for loan repayment and/or for working capital. Whilst, liabilities under finance lease agreements – net of current portion decreased by Baht 545.0 million.

Equity

As at 30 June 2018, total shareholders' equity amounted to Baht 30,947.7 million, edged down by 1% compared to the year ended 31 December 2017, resulting from operating profit during the period. Meanwhile, the Board of Directors approved an interim dividend of Baht 0.20 per share with the total amount of Baht 970.0 million on May 11, 2018. Hence, an equity attributable to owners of the Company and non-controlling interests of the subsidiary as at 30 June 2018 amounted to Baht 21,733.9 million and Baht 9,213.8 million, respectively, with the return on equity (ROE) of 6.6%.

Statement of Cash Flows

Asia Aviation Public Company Limited	Consolidated	
Unit: Baht million	For the six-month period ended 30 June	
	2018	2017
Net cash generated from (used in) operating activities	1,769.4	1,934.8
Net cash generated from (used in) investing activities	(597.8)	(582.0)
Net cash generated from (used in) financing activities	<u>(1,467.3)</u>	<u>(786.0)</u>
Net increase (decrease) in cash and cash equivalents	(295.7)	566.8
Exchange gain (loss) on cash and cash equivalents	(9.9)	(19.5)
Cash and cash equivalents at the beginning of the period	<u>5,338.0</u>	<u>4,661.4</u>
Cash and cash equivalents at the end of the period	<u>5,032.4</u>	<u>5,208.7</u>

For the six-month period ended 30 June 2018, Asia Aviation Plc had net cash generated from operating activities in an amount of Baht 1,769.4 million mainly due to operating profit in this period. In contrast, net cash used in investing activities was Baht 597.8 million, mainly from aircraft maintenance reserves in relation to the increase in flight hours. At the same time, net cash used in financing activities was Baht 1,467.3 million mainly due to dividend payment and payment for the current portion of long-term borrowings from financial institutions to close two long-term loan agreements. Even though, there was proceed from the issuance of the debentures in an amount of Baht 2,500.0 million for general investment purpose and/or for loan repayment and/or for working capital. As a result, Asia Aviation Plc had net decrease in cash and cash equivalents of Baht 295.7 million, while the cash and cash equivalents at the end of the period amounted to Baht 5,032.4 million.

Thai AirAsia's financial performance for the three-month and six-month period ended 30 June 2017 and 2018 has been summarised below:

Statement of Comprehensive Income

Thai AirAsia Company Limited Unit: Baht million	For the three-month			For the six-month		
	period ended 30 June		Change	period ended 30 June		Change
	2018	2017		2018	2017	
Revenues from sales and services	9,302.5	8,588.9	+8%	20,896.2	18,134.0	+15%
Gross profit	9,842.9	8,162.3	+21%	19,332.3	16,476.8	+17%
Profit (loss) before finance costs and income taxes	(540.4)	426.7	>-100%	1,563.9	1,657.2	(-6%)
Net Profit (loss)/ Total Comprehensive income for the period	(567.5)	310.1	>-100%	1,267.1	1,345.9	(-6%)
Earnings (loss) per share (Baht)	(13.03)	7.12	>-100%	29.09	30.90	(-6%)

In Q2/2018, total revenues of Thai AirAsia amounted to Baht 9,302.5 million, increased by 8% from Baht 8,588.9 million in Q2/2017. Mainly, revenues from sales and services amounted to Baht 9,050.6 million, grew 8% from Baht 8,350.2 million in Q2/2017, supported by 13% growth in number of passengers carried in Q2/2018, achieving at 5.3 million. While, load factor was at 85%, down by 1 percentage point (ppt) compared to the same period last year, primarily from an off-peak travelling season and an increase in charter flight of other carriers. In addition, the charter flight revenues amounted to Baht 261.7 million, dropped by Baht 117.7 million compared to the same period last year. As a results, the average fares in Q2/2018 was at Baht 1,402 per passenger or declined by 5% compared to the same period last year.

The ancillary revenues of Thai AirAsia in Q2/2018 grew by 13% to Baht 1,631.2 million compared to Baht 1,442.8 million in Q2/2017, in line with the growth in number of passengers in Q2/2018. As a result, ancillary revenues per passenger was at Baht 307 per passenger, equalling to the same period last year. In fact, dynamic pricing and value pack promotion enhanced an increase in seat selection fees and revenues from in-flight meals and beverages compared the same period last year.

In Q2/2018, total expenses of Thai AirAsia amounted to Baht 9,842.9 million, raised by 21% from Baht 8,162.3 million in Q2/2017, majoring from cost of sales and services of Baht 8,999.8 million, increased by 20% from Baht 7,477.8 million in Q2/2017. The increase in cost of sales and services was mainly due to a significant rise in fuel costs at 35% compared to the same period last year and an increase in repair and maintenance at 23%, particularly a C-check level. While, staff costs, operating costs rose owing to larger fleet size. Nevertheless, the amount of aircraft rental in Q2/2018 was similar to that of Q2/2017 due to Baht strengthened against U.S dollar. At the same time, selling and administrative expenses were at Baht 794.0 million, increased by 16%, mainly from information technology related expenses to achieve competitive advantage in the digital world. Meanwhile, the cost per available seat kilometres (CASK) in Q2/2018 was at Baht 1.59, inched up by 5%, from Baht 1.56 in Q2/2017 due to the significant increase in global oil prices. Nonetheless, excluded fuel cost per available seat kilometres was at Baht 1.02, edged down by 1%, led by a rise in available seat kilometres (ASK) from routes expansion and frequencies adding in favourable destinations. As a result, Gross profit in

Q2/2018 remarkably decreased. However, Thai AirAsia continuously monitors our punctuality, resulting in 87% on time performance (OTP) in Q2/2018, improved from 86% in Q2/2017.

In the said quarter, Thai AirAsia recorded an unrealised loss on exchange rate in an amount of Baht 49.2 million from U.S. dollar appreciation compared to the last quarter, reversed from an unrealised gain amounted to Baht 30.1 million in Q2/2017 in which Thai Baht was stronger compared to the first quarter of 2017. Therefore, loss before finance cost and income tax was at Baht 540.4 million, having an earning before finance cost, income tax, depreciation and amortisation, rental (EBITDAR) margin of 12%. However, an increase in expenses led to Net loss/ loss in Total comprehensive income in Q2/2018 in an amount of Baht 567.5 million, having a net loss margin of 6%.

Percentage of expenses by nature	Q2/2018	Q2/2017	1H2018	1H2017
Fuel costs	35.96	31.91	35.72	31.41
Staff costs	14.17	14.33	14.92	14.38
Aircraft and aircraft engine rental	12.91	15.50	12.90	15.35
Ramp and airport operating costs	12.49	13.09	11.95	13.47
Repair and maintenance	8.38	8.18	8.12	8.51
Selling and administrative expenses	6.44	6.73	6.46	6.95
Guest service and distribution	4.68	5.04	4.91	4.96
Depreciation and amortisation	4.16	4.39	4.19	4.15
Other operating costs	0.81	0.83	0.83	0.82

For 1H2018, total revenues of Thai AirAsia amounted to Baht 20,896.2 million, expanded by 15% from Baht 18,134.0 million in 1H2017. Mainly, revenues from sales and services amounted to Baht 20,304.9 million, increased by 16% compared to the same period last year, primarily due to an increase in number of passengers carried at 10.95 million or 15% compared to the same period last year, which is similar to a rise in the seat capacity's growth with a load factor at 88%. In 1H2018, the average fare was at 1,537 per passenger, inched up by 1% from the same period last year, thanks to the outstanding growth in the beginning of the period, though, it showed a slow down at the end of the period. At the same time, the company took five additional aircraft delivery compared to the same period last year in order to support routes expansion and additional frequencies. This has led to a 16% increase in ASK compared to the same period last year, as well as, an increase in its aircraft utilisation to 12.2 hours per day in 1H2018 from 11.6 hours per day in 1H2017 for the purpose of revenue and capacity management.

In 1H2018, total expenses of Thai AirAsia amounted to Baht 19,332.3 million, increased by 17% from Baht 16,476.8 million in 1H2017, mainly from the significant increase in global oil prices. This had a direct effect to the company as fuel costs account for 36% of the total costs of the company. While, the proportion of selling and administrative per main revenues maintained, compared to the same period last year. In addition, the company exercised the carry forward of unused tax loss to calculate income tax for the period, resulting in the decrease in income tax. As a result, Thai AirAsia has a net profit/Total comprehensive income in 1H2018 amounted to Baht 1,267.1 million, decreased by 6% compared to the same period last year, have a net profit margin of 6%.

Thai AirAsia Company Limited	Q2/2018	Q2/2017	Change	1H2018	1H2017	Change
Passenger Carried (Million)	5.31	4.69	+13%	10.95	9.55	+15%
Capacity (Million seats)	6.28	5.46	+15%	12.50	10.88	+15%
Load Factor (%)	85%	86%	-1 ppt	88%	88%	0 ppt
Revenue Passenger Kilometres (Million seats-km)	5,194	4,630	+12%	10,812	9,379	+15%
Available seat kilometres (Million seats-km)	6,147	5,373	+14%	12,391	10,700	+16%
Average fare (Baht)	1,402	1,476	-5%	1,537	1,523	+1%
Revenue per Available seat kilometres(Baht)	1.47	1.55	-5%	1.64	1.64	0%
Cost per Available seat kilometres (Baht)	1.59	1.52	+5%	1.56	1.54	+1%
Cost per Available seat kilometres (ex-fuel)(Baht)	1.02	1.03	(-1%)	1.00	1.06	(-5%)

Statement of Financial Position

Thai AirAsia Company Limited	As at	As at	Change
Unit: Baht million	30 June 2018	31 December 2017	
Total assets	38,483.6	38,902.3	(-1%)
Total liabilities	28,380.2	28,280.3	+0%
Total shareholders' equity	10,103.4	10,622.0	(-5%)

Assets

As at 30 June 2018 total assets amounted to Baht 38,483.6 million, decreased by Baht 418.8 million or 1% compared to the year ended 31 December 2017, due to;

- (1) Current assets decreased by Baht 319.4 million, mainly from cash and cash equivalents in an amount of 326.4 million from the operating results during the period.
- (2) Non-current assets decreased by Baht 99.4 million due to a decrease in aircraft, leasehold improvement and equipment in an amount of Baht 610.5 million, resulting from an increase in accumulated depreciation and no additional aircraft delivered in this quarter. Meanwhile, aircraft maintenance reserves increased Baht 443.7 million in relation to the increase in flight hours.

Liabilities

As at 30 June 2018, total liabilities amounted to Baht 28,320.2 million, increased by Baht 99.9 million compared to the year ended 31 December 2017, primarily due to;

- (1) Current liabilities decreased by Baht 1,715.8 million, mainly from the current portion of long-term borrowings from financial institutions in an amount of Baht 1,095.5 million after closing two long-term borrowing agreements with the financial institutions. In addition, unearned income decreased by Baht 464.0 million due to an off-peak travelling season.

- (2) Non-current liabilities increased by Baht 1,815.8 million. The increase was mainly from the issuance of the debentures in an amount of Baht 2,500.0 million and the proceeds will be used for general investment purpose and/or for loan repayment and/or for working capital. Whilst, liabilities under finance lease agreement – net of current portion decreased by Baht 545.0 million.

Equity

As at 30 June 2018, total shareholders' equity amounted to Baht 10,103.4 million, decreased by Baht 518.6 million or 5% compared to the year ended 31 December 2017, resulted from the operating profit during the period. Meanwhile, the Board of Directors approved an interim dividend of Baht 41.00 per share with the total amount of Baht 1,785.8 million on May 11, 2018.

Thai AirAsia's Debt-to-Equity ratio (Interest Bearing Debt) and Net Gearing ratio as at 30 June 2018 were 2.00x and 1.37x, respectively. Thai AirAsia has a policy to manage its Debt-to-Equity ratio less than 2x in order to maintain a strong capital structure in the competitive market.

Statement of Cash Flows

Thai AirAsia Company Limited	For the six-month period ended 30 June	
Unit: Baht million	2018	2017
Net cash generated from (used in) operating activities	1,760.9	1,975.4
Net cash generated from (used in) investing activities	(597.8)	(582.0)
Net cash generated from (used in) financing activities	<u>(1,479.5)</u>	<u>(786.0)</u>
Net increase (decrease) in cash and cash equivalents	(316.4)	607.4
Exchange gain (loss) on cash and cash equivalents	(9.9)	(19.5)
Cash and cash equivalents at the beginning of the period	<u>5,210.6</u>	<u>4,549.2</u>
Cash and cash equivalents at the end of the period	<u>4,884.3</u>	<u>5,137.1</u>

For the six-month period ended 30 June 2018, Thai AirAsia had net cash generated from operating activities in an amount of Baht 1,760.9 million mainly due to operating profit in this period. In contrast, net cash used in investing activities was Baht 597.8 million, mainly from aircraft maintenance reserves in relation to an increase in flight hours. At the same time, net cash used in financing activities was Baht 1,479.5 million mainly due to dividend payment and payment for the current portion of long-term borrowings from financial institutions to close two long-term loan agreements. Even though, there was proceed from the issuance of the debentures in an amount of Baht 2,500.0 million for general investment purpose and/or for loan repayment and/or for working capital. As a result, Thai AirAsia had net decrease in cash and cash equivalents of Baht 316.4 million, while the cash and cash equivalents at the end of the period amounted to Baht 4,884.3 million



Business Outlook



The global economy in 2018 is expected to grow continuously from the previous year despite contractions in some regions. A solid economy of the U.S. coupled with the higher oil prices lead to inflationary pressure, which is one of the supporting factors for the Federal Reserve (Fed) to hike its policy interest rate again during the remaining quarters after increasing in March and June. Consequently, an increase in the interest rate will strengthen the U.S. dollar. As the company has revenues and expenses in various different currencies such as passenger fares, repair and maintenance as well as aircraft rental, the company has adopted the practice of Natural Hedging by matching cash expenses and revenues in the same currency as practically possible. While the structure the foreign currency loans are made in accordance with the highest currency net operating cash flow. Furthermore, the company may incur significant amount of debt in the future in order to finance for new aircraft or for business expansion. The increasing interest rate is likely to affect the borrowing costs of the company. 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 appropriate time.



The global crude oil price tends to decline in a narrow frame when compared to the previous quarter. Even though the level of the U.S. crude oil inventories showed a sign of decreasing in June 2018, the increasing in number of oil-drilling rigs will bring the supply of the U.S. crude oil back on track. Moreover, the Organization of the Petroleum Exporting (OPEC) agreed to raise approximately 1 billion barrel of output. Meanwhile, the Energy Information Administration (EIA) forecasts that the supply of crude oil will exceed that of demand around 300 thousand barrels/day. Nevertheless, the persistent geopolitical risks of oil-producing countries may affect the global oil output and the fluctuation in oil prices. In an attempt to insure against the fluctuation in fuel costs, the company has the fuel hedging policy as a tool to mitigate its exposure to volatile.



Thai Economic outlook in Third quarter of 2018 (Q3/2018) expects to continually improve, given the positive factors from the world economy, accelerating Thailand exports and tourism. In addition, the government continues to stimulate local tourism through several activities during the year. However, the effect from the boat accident in Phuket would limitedly affect the tourism of Thailand in short-term. Apart from this, the recovery in private sector has been seen from consumption and investment parts. Nonetheless, the impact of the U.S trade protectionism and the trade retaliation measures from its trade partners may affect the growth of world and Thai economy. The Tourism Authority of Thailand (TAT) forecasts the number of international tourists by nationality in Q3/2018 to reach 9.5 million, or up 8% and projects revenues to be Baht 5.1 hundred thousand, or 11% increase over the same period last year. While, the number of Thai tourists in domestic market is expected to be 38.7 million/visit, or up 3% from the same period last year, of which 17 million visitors plan to visit the secondary markets, supported by several holidays such as Asarnha Bucha Day and H.M. the Queen's Birthday.



For Q3/2018, Thai AirAsia will launch new routes from Bangkok (Don Mueang) to Kota Kinabalu and Chiang Mai to Yangon and Taipei as well as add frequencies in popular destinations in order to increase aircraft utilisation and dominant the market such as from Bangkok (Don Mueang) to Hat Yai, Macao and Chongqing. Furthermore, Thai AirAsia is planning to add more routes to the Indian and the Asean markets while maintaining its position in Chinese market. Therefore, this diversified strategy tends to minimise the risk of dependence on major customer base, enhancing the Company and Thai AirAsia's sustainable revenue growth in the future and maintain its leading low-fares airline in Thailand.



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