



# THAI AIRWAYS INTERNATIONAL PCL

March 2012

# DISCLAIMER

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The information contained herein is intended to represent the Company's operating and financial position at a given point in time and may also contain forward looking information which only reflects expectations based on the prevailing geo-political, economic and non-controllable factors. Such information has been obtained from sources believed to be most reliable and the means in analyzing and preparation of such information for disclosure are based on approved practices and principles in the investment industry. The views are based on assumptions subject to various risks and uncertainties and no assurance is made as to whether such future events will occur, that projections will be achieved, or that the assumptions here-in are correct. Consequently no assurance is made as to the accuracy or completeness of information presented in this document.

**This document should not be construed as an investment guide or as an offer or solicitation of an offer to buy or sell the Company's equity shares.**

# Business Overview

## THAI Airways International PLC.

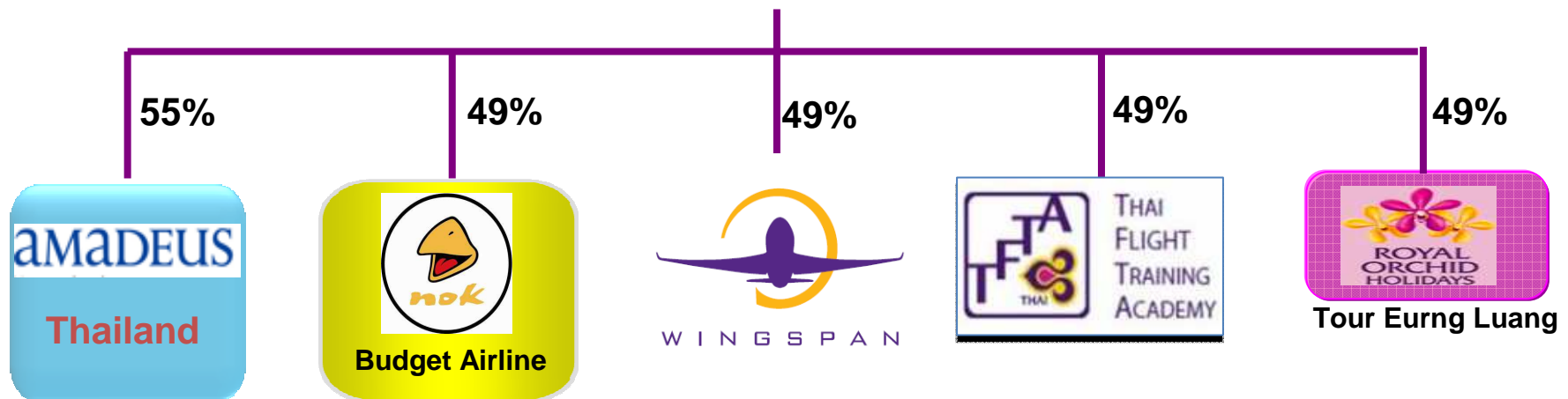


### Business Units



Total Revenue 194,342 MTHB (2011)

Passenger and excess baggage	~ 80 %
Freight and mail	~ 15 %
Other activities	~ 5 %



## Core Business

### Air Transportation



### Technical Department



Able to Maintain Over 90% of Aircraft Availability

- Staff: 4,436 persons
- Outsource: 347 persons

# Business Overview

## Business Units

### Cargo Handling



- **Total Rev. 2,544 MTHB/Year**  
(External Rev. 35.3 %)
- Staff 1,679 Persons
- Outsource 1,158 Persons

### Catering



- **Production 57,660 Meal/day**
- **Total Rev. 6,030 MTHB/Year**  
(External Rev. 30.7 %)
- Staff 1,952 Persons
- Outsource 1,898 Persons

### THAI Smile



- Ticket Sale: 1 April 2012
- Inauguration:  
1 July 2012

### THAI Ground Services

#### Ground Service



#### Ground Support Equipment

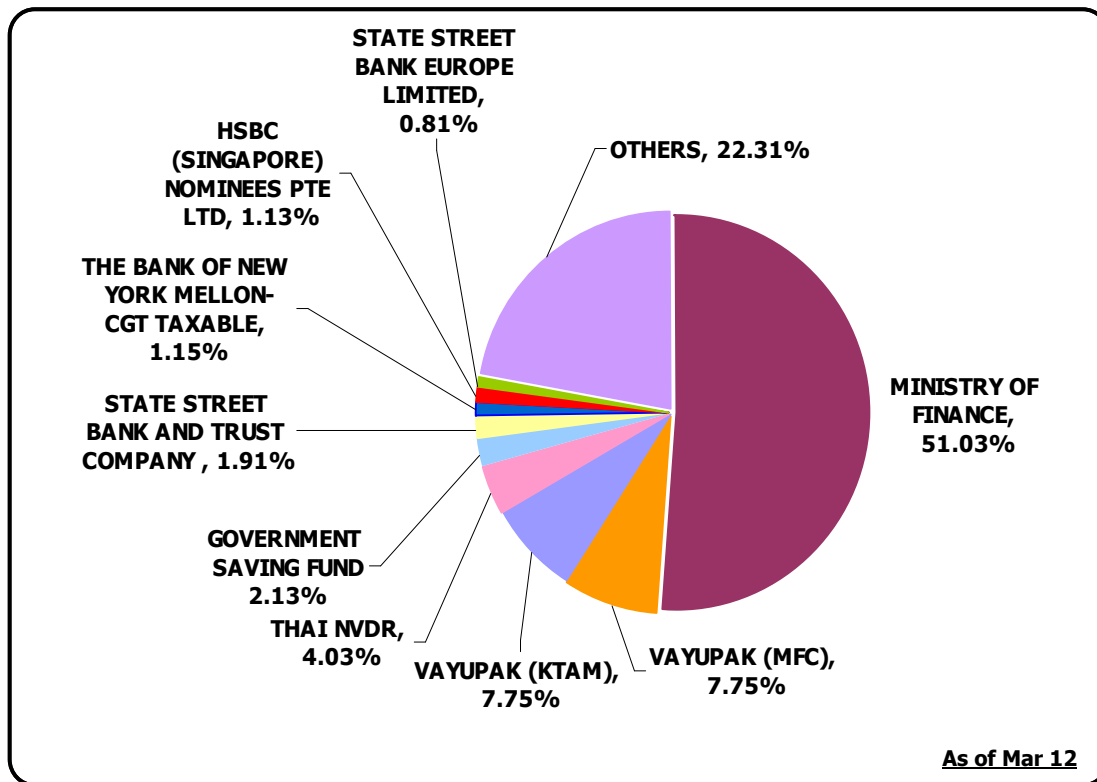


- **Total Rev. 7,567 MTHB/Year**  
(External Rev. 34.8 %)
- Staff 4,328 Persons
- Outsource 3,437 Persons

Investor Relations Department

# Company Facts

## Major Shareholders



Thailand's National Flag Carrier

51% directly, 68% indirectly owned  
by the Royal Thai Government

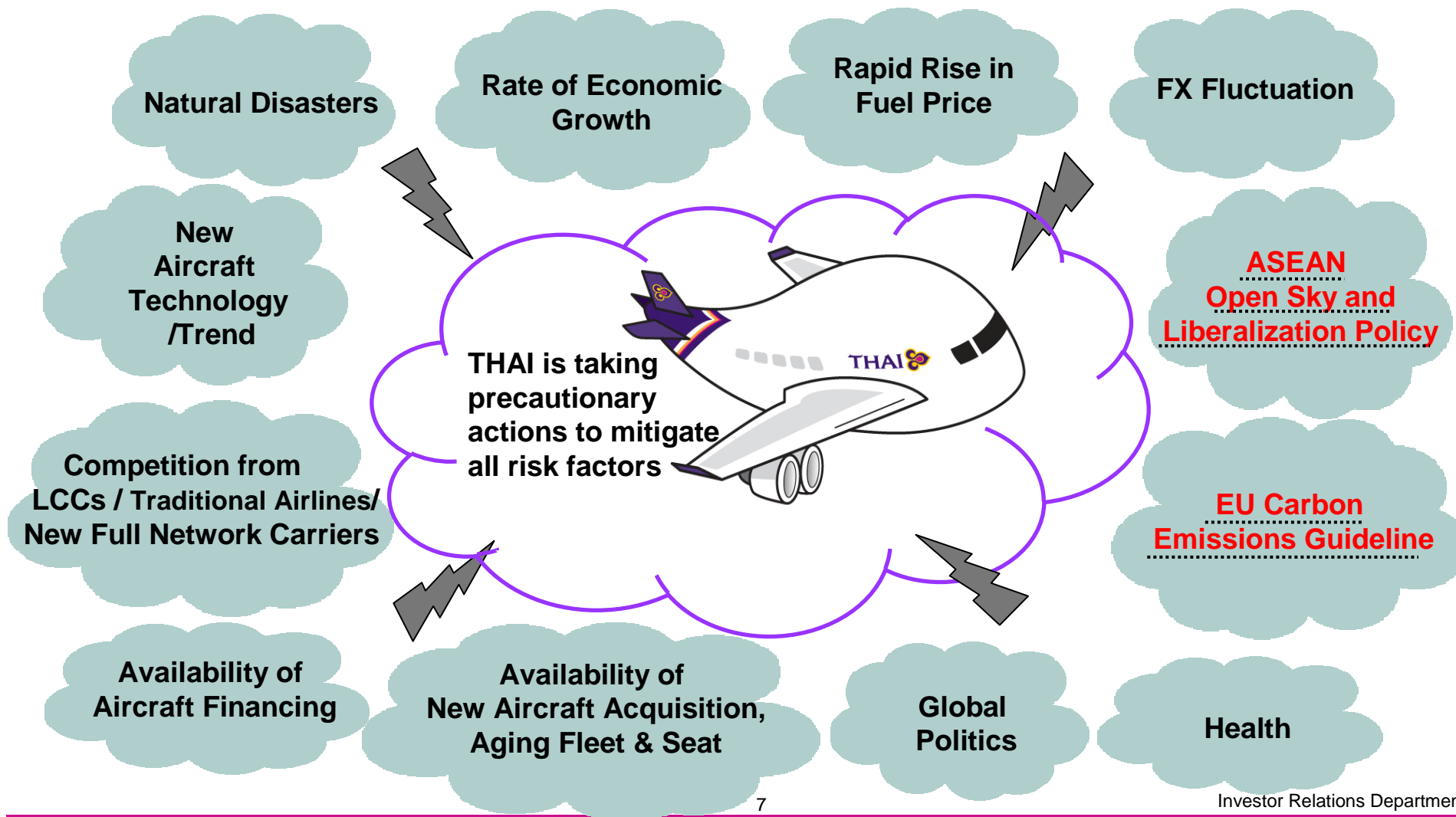
Market Capitalization:

**1,795 MUSD**

(As of Mar 2012)

ORDINARY SHARES	Number of shares	Par (baht)	Total (baht)
Registered capital	2,698,900,950	10	26,989,009,500
Paid-up capital	2,182,771,917	10	21,827,719,170

## Factors Affecting Aviation Business





# Snap Shot



2011	MTHB	USD mn. Equiv.	% Change (YoY)
Assets	274,445	8,630	-7.5%
Total Revenue	194,342	6,111	+ 5.5%
Net Profit (Exclude FX)	- 5,489	- 173	- 172.7%

2011	Jan.-Dec.	% Change YoY
Passenger carried (Million)	18.4	+1.3%
Million Revenue Passenger Kilometers (MRPK)	55,267	-0.7%
Freight carried (tons)	689,640	-3.4%
Million Revenue Freight Ton Kilometers (MRFTK)	2,766	-4.4%

2011	
# of Aircraft	89*
Destinations Served	72
Countries Served	35



# Operation Summary

	Units	Feb./2012	Feb./2011	% Change
Passenger Production	MASK	6,318	6,098	+3.6%
Passenger Traffic	MRPK	4,992	4,731	+5.5%
Cabin Factor	%	79.0	77.6	1.8%
Passenger carried	Million	1,653	1,570	5.3%
Passenger Yield*	THB/km	2.72	2.78	-2.1%

Freight Production	MADTK	391	403	+4.2%
Freight Traffic	MRFTK	214	232	+0.6%
Freight Factor	%	54.7	57.7	-3.4%
Freight carried	Tons	54,707	51,390	+6.5%
Freight Yield*	THB/km	9.77	9.42	+3.7%

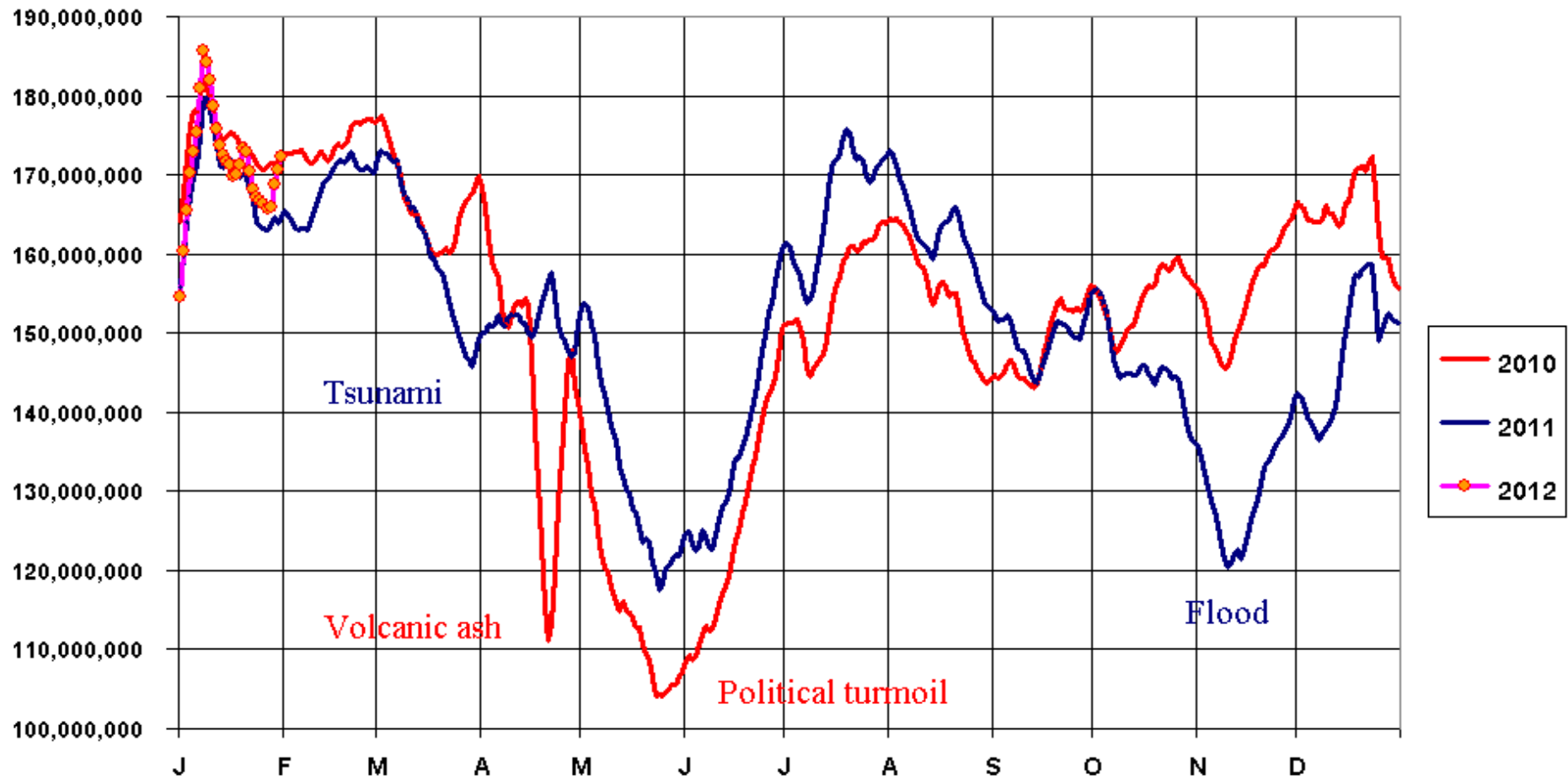
Avg. Fuel Price**	USD/BBL	128.5 (E)	110.9	+15.3%
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Note : \*Yield includes fuel surcharge

\*\*Into-plane price

# Air travel is very sensitive to external events

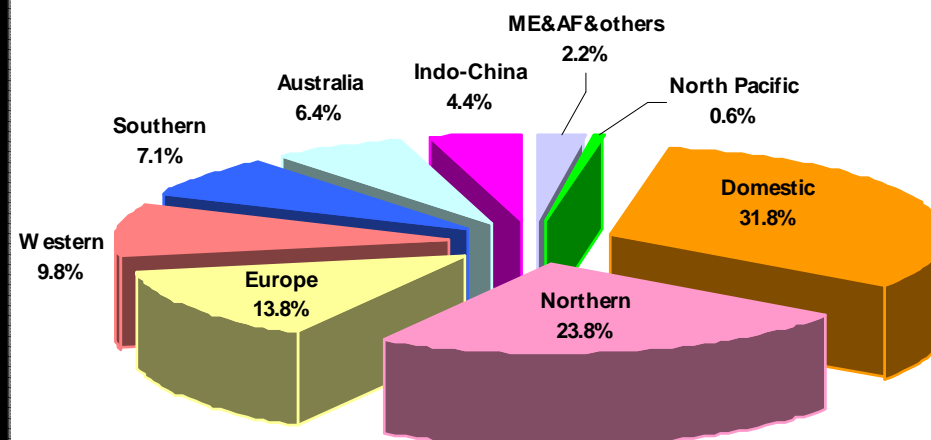
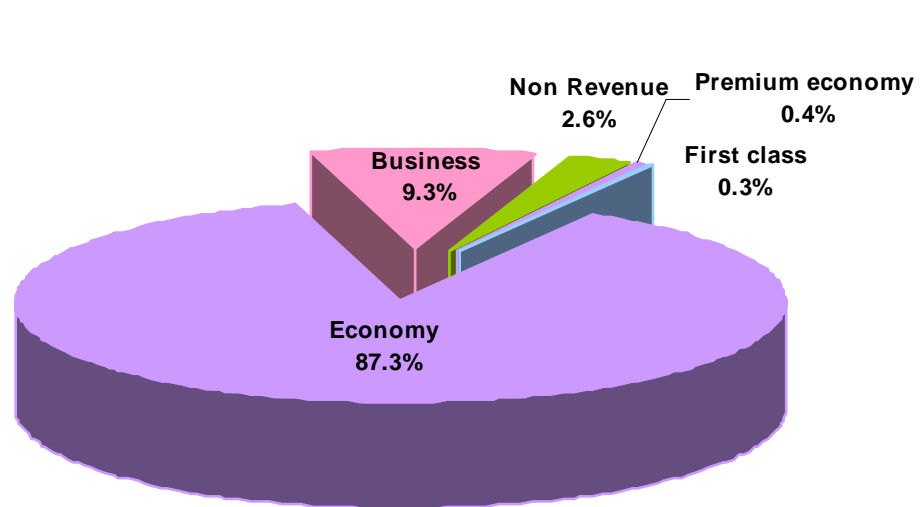
**DAILY REVENUE PASSENGER KILOMETRE (RPK)**  
(7 Days Moving Average up to 31 January 2012)



## By Class

## By Area

**JAN. 2012**



**Total passengers in JAN. 2012 = 1.75 mn.**

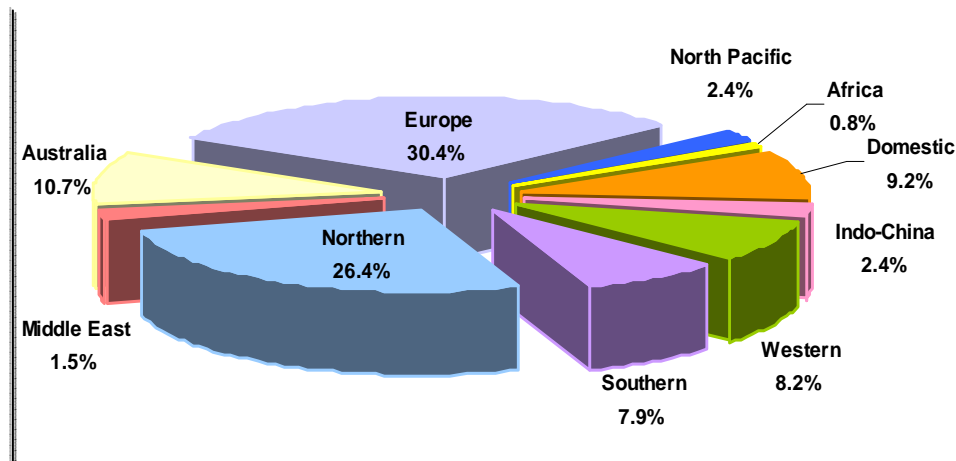
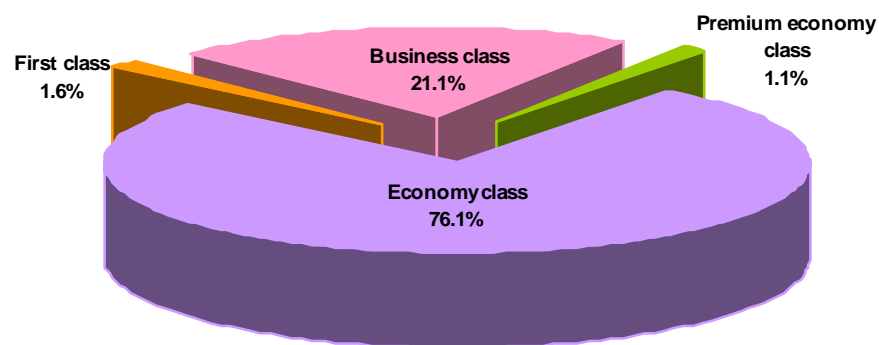
**Total passengers in JAN. 2011 = 1.71 mn.**

# Revenue

## By Class

## By Area

Jan.-Dec. 2011



**Passenger revenue\* = 151,164 MTHB**

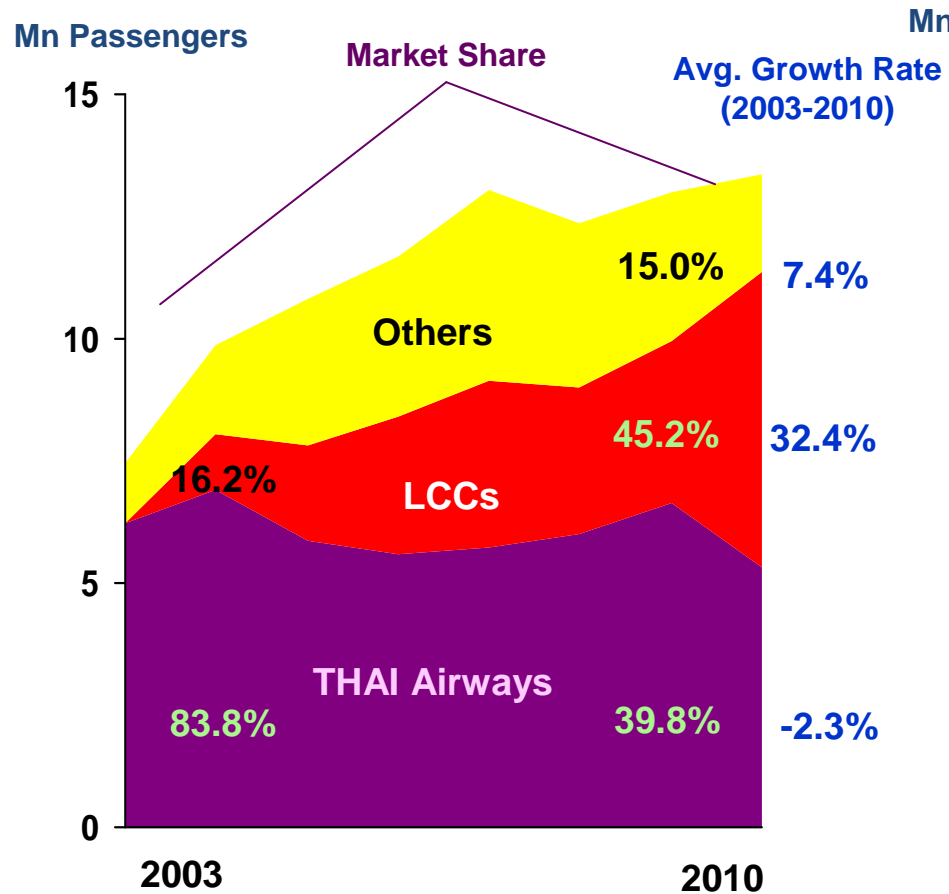
\* Schedule flight only

# Competitors Have Increased Significantly

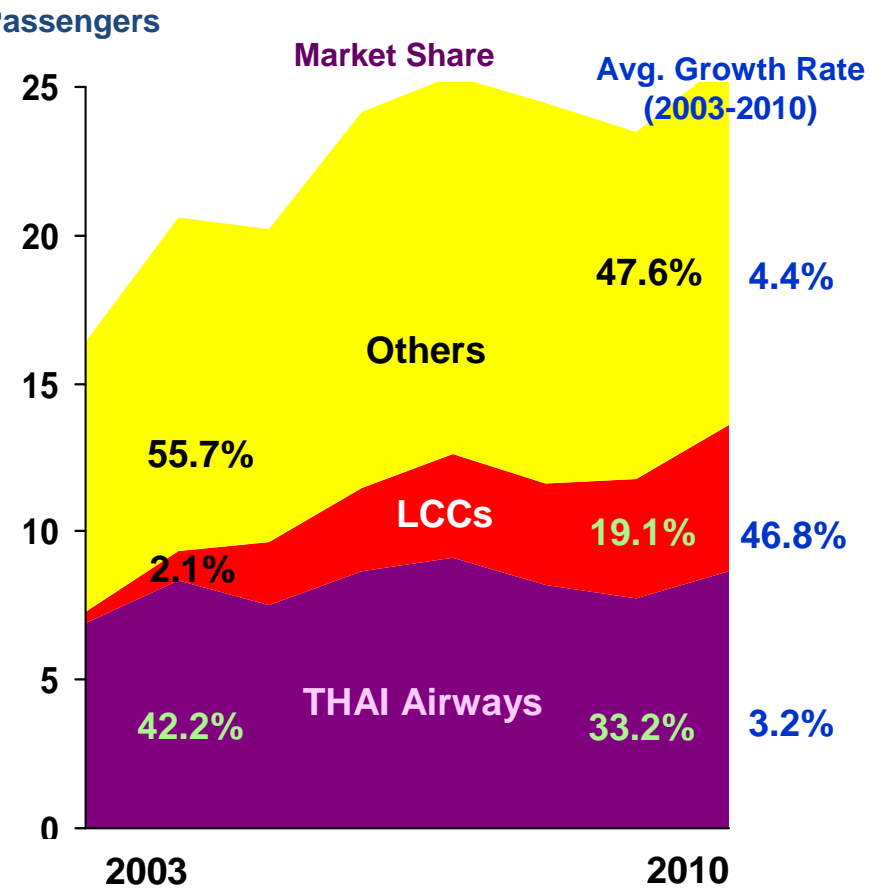


# Market Share of LCCs Up Dramatically

## Domestic Market



## Regional Market



# New Strong Competitors from Middle East





# THAI surrounded by LCC



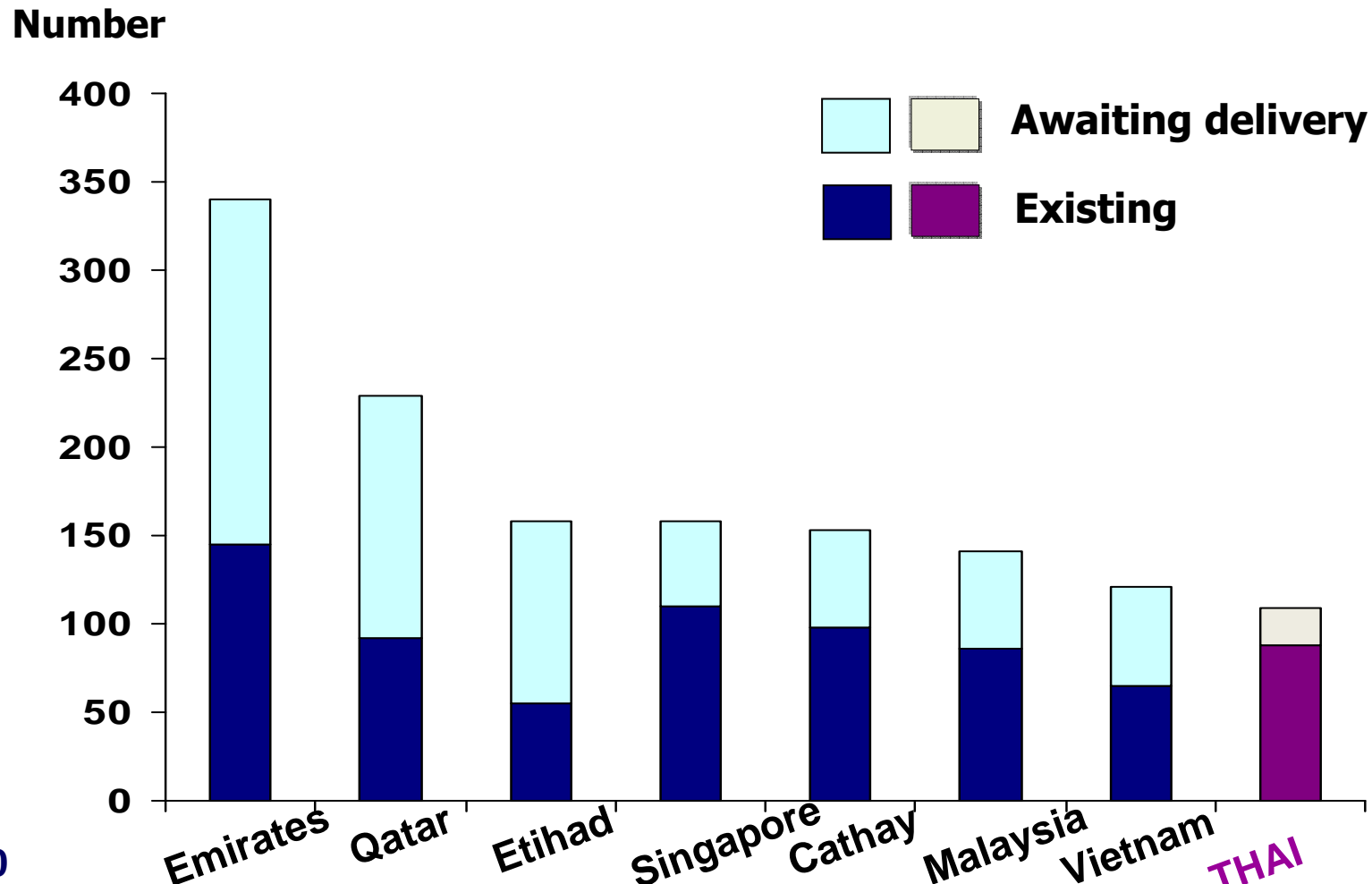
LCC	Fleet	Order
AirAsia	106	284
Cebu Pacific	33	55
Indigo	43	232
Jetstar	79	32
Lion Air	65	360
Silk Air	19	-
SpiceJet	34	44
Tiger Airways	17	-
<b>Total</b>	<b>396</b>	<b>1,007</b>

Note:

- Fleets shown only effected to THAI
- Leased aircraft not included

# Competitors' Fleet Expansion Plan

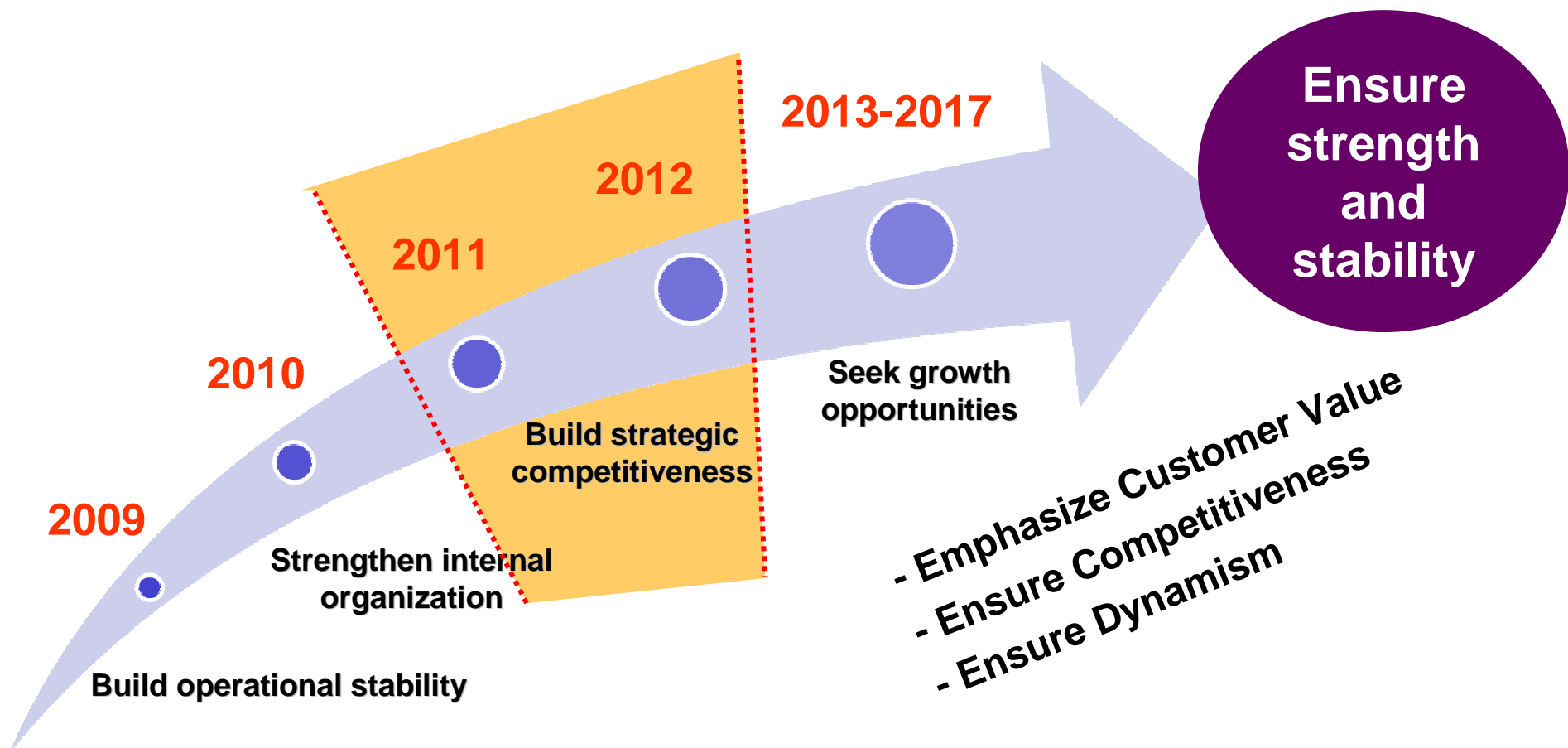
## Competitors' Fleet and Expansion Plan



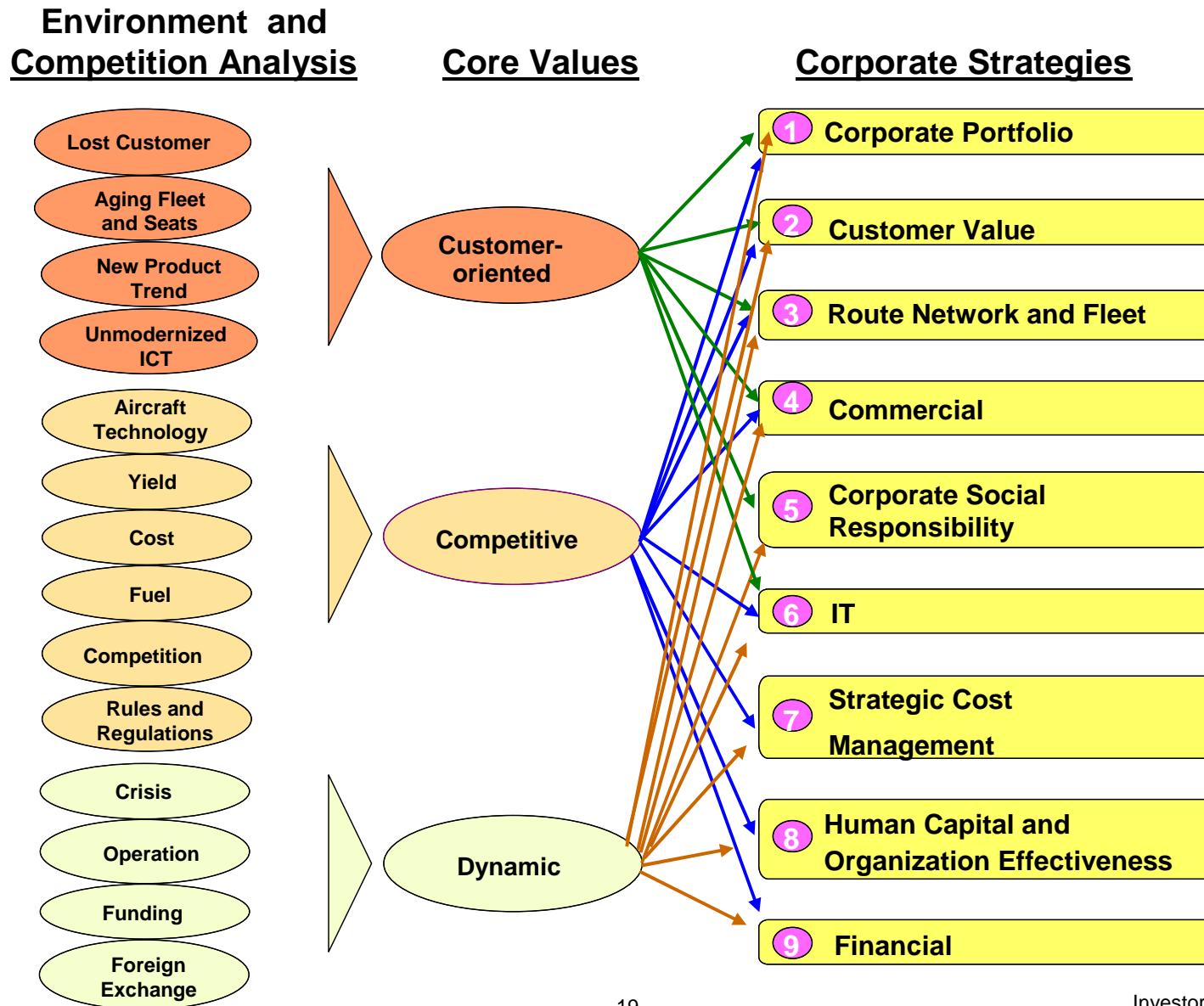
**A380**

Existing/Awaiting delivery	15/75	-/5	-/10	11/8	-	-/6	-/4	-/6
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# Overarching Strategic Plan

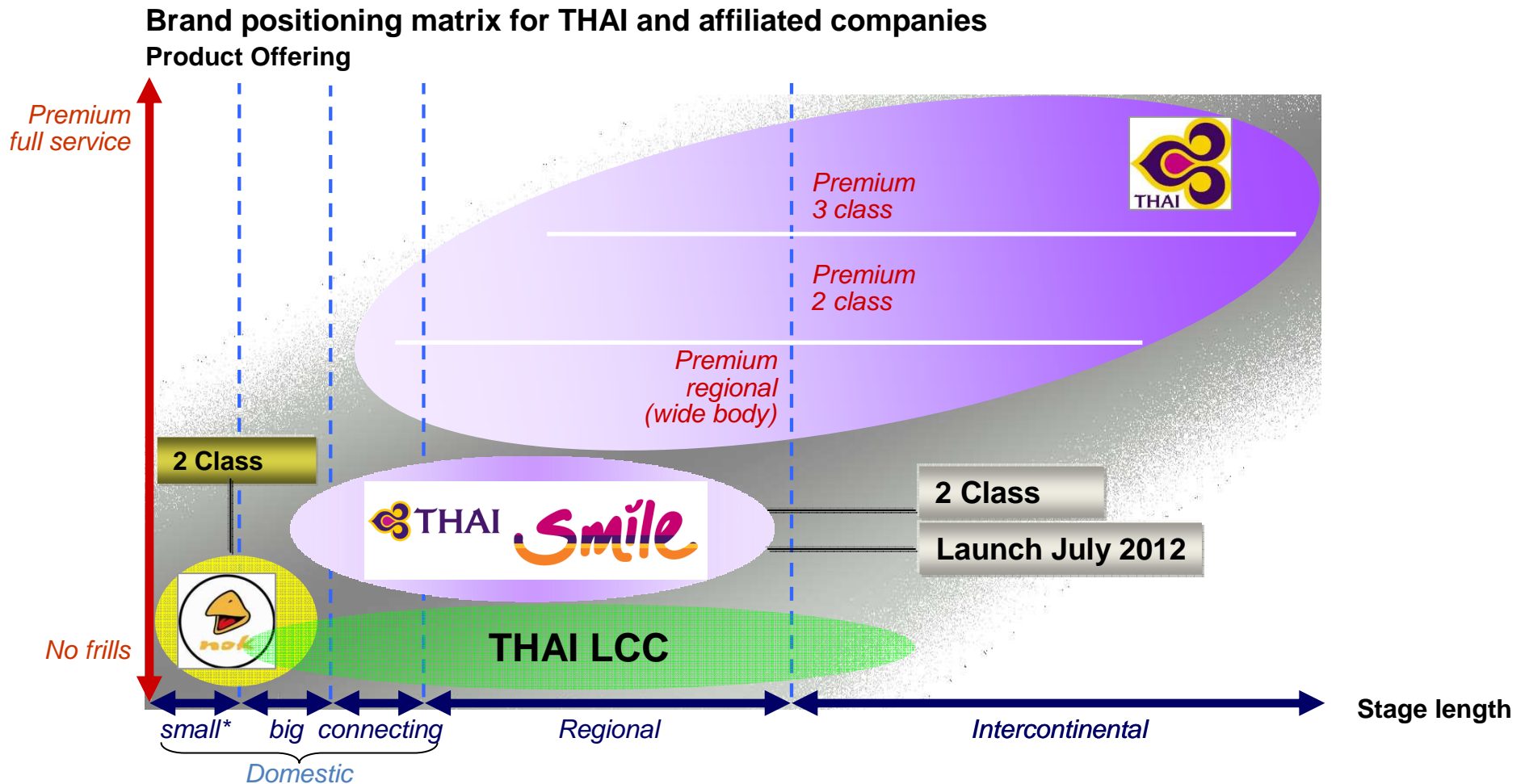


# Synthesizing Environmental Factors into Strategies






# Strategy to close THAI's business gap

## THAI Smile to complement THAI's product offering



Note: \* NOK focuses on DMK only; \*\* Possibilities surrounding expanding fleet to include wide-body aircraft will be evaluated as opportunities arise

## Product by Cost Base

Brand	Brand positioning	Cost base
	Premium network carrier	<b>MEDIUM to HIGH</b> <ul style="list-style-type: none"> <li>Minor improvements could be made in cost efficiency</li> </ul>
	Regional carrier	<b>LOW to MEDIUM</b> <ul style="list-style-type: none"> <li>Low cost base achieved through aspects of LCC model, such as single aircraft type, new fleet, etc.</li> </ul>
	Domestic value-for-money carrier	<b>LOW to MEDIUM</b> <ul style="list-style-type: none"> <li>Domestic focus with some added value and maintaining very low cost</li> </ul>

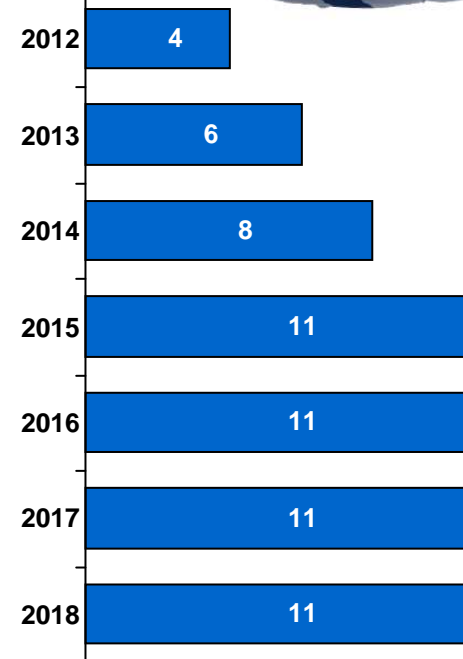
# THAI Smile – A New Chapter

THAI Smile's first flight will commence on July 1st, 2012 after receiving first brand new aircraft in June 2012



Brand new narrow body aircraft

# of aircraft



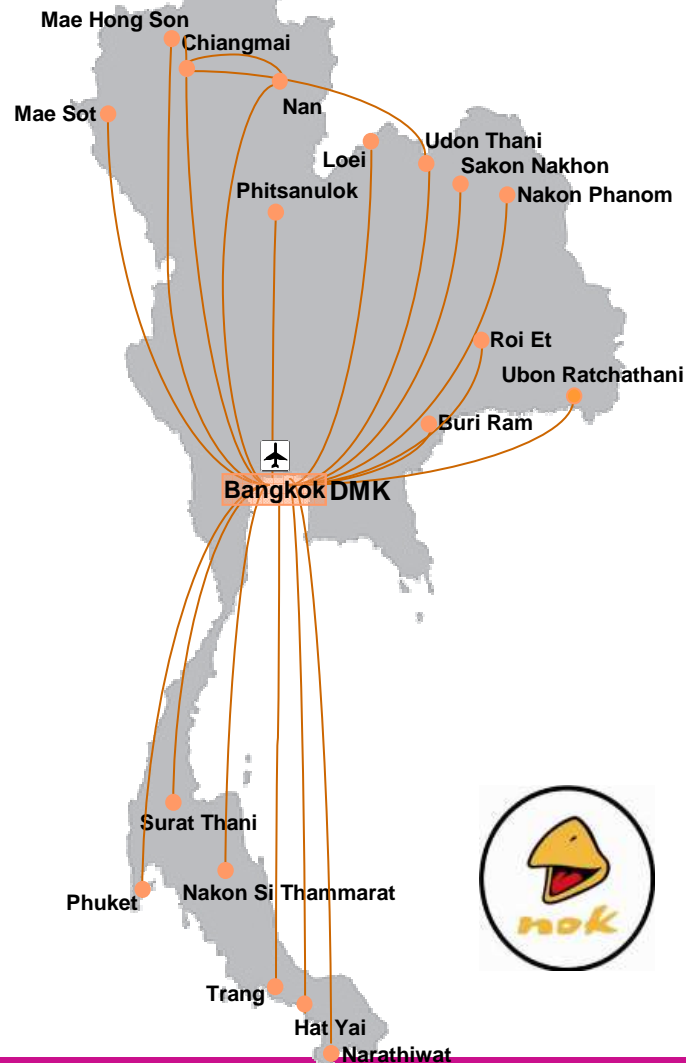
Fleet Plan (2012F-18F)



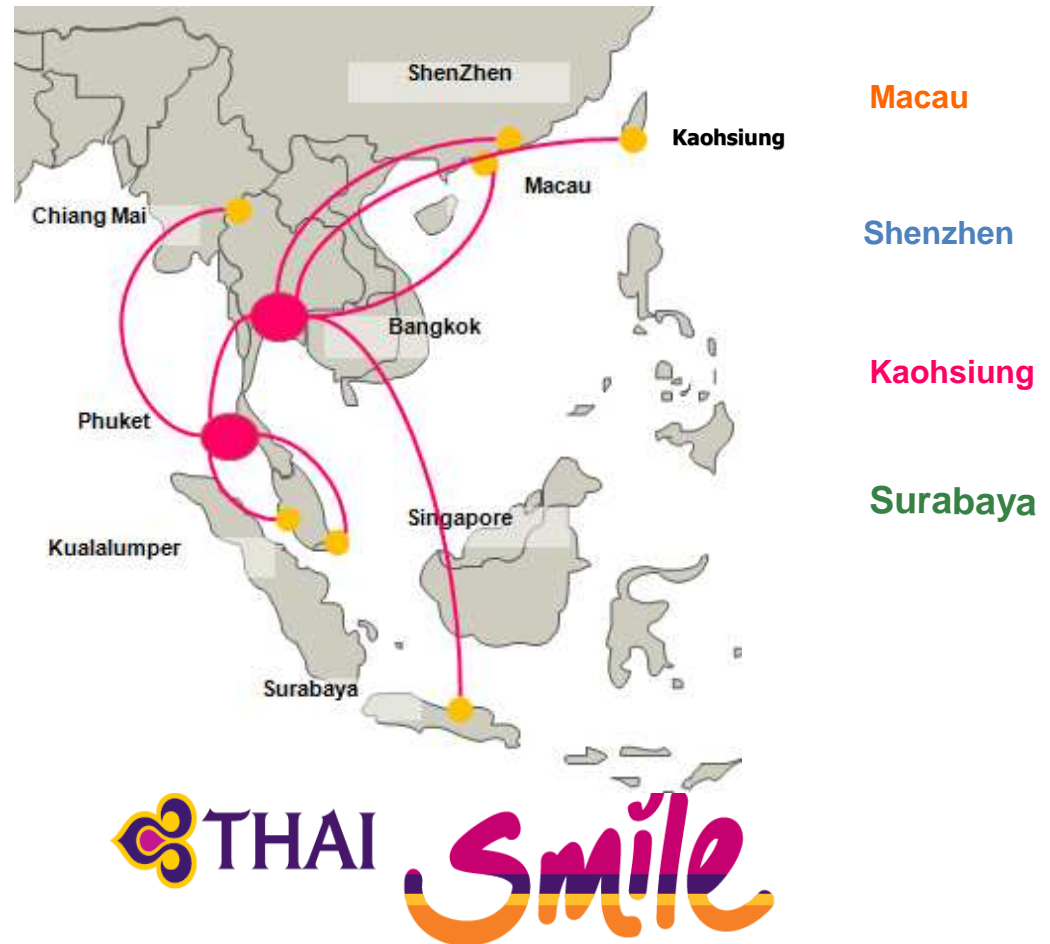


# Nok Air & THAI Smile Routes Network

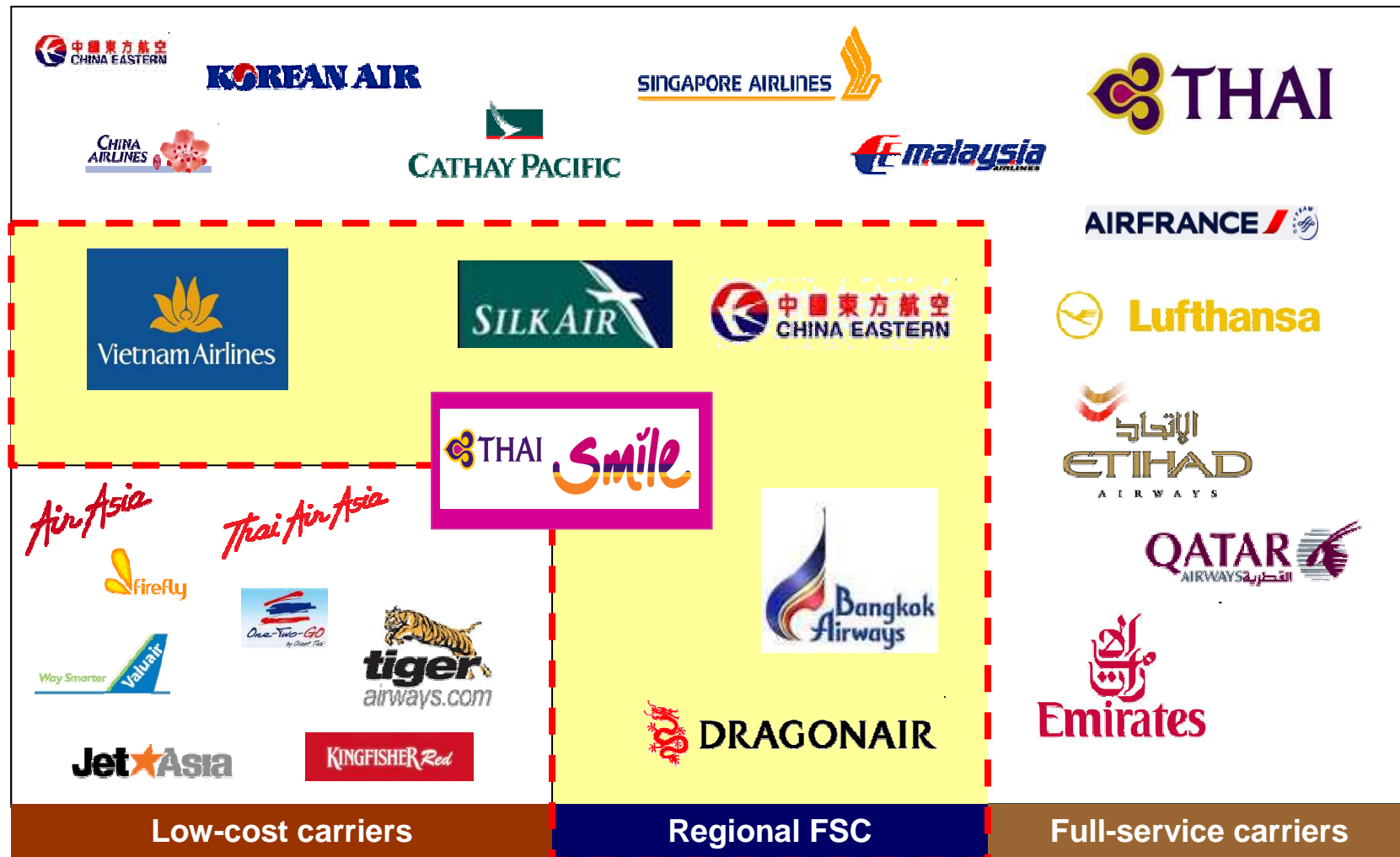
**Nok Air base at DMK,  
operates only domestic point-to-point.**



**THAI Smile base at BKK,  
operates in domestic and regional secondary routes  
and synchronize with TG network.**



# Competition for THAI Smile



# Building Customer Value

Ongoing enhancement and improvement in products and services at all touch points and the use of KPIs to ensure consistent quality service

## Food & Beverage



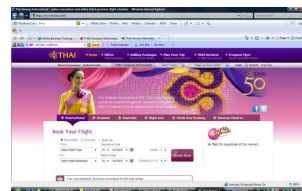
## Increase Selection of Entertainment



## Internet check-in with home print boarding pass



## E-Service



## Royal Orchid Plus



## Premium Lounges



## Minimize Time for Baggage Claim



## Call Center



# Current Fleet



## Current Fleet: 90 Aircraft

\*51% of O      \*9% of OL      \*40% of FL  
O=Owned OL=Operating lease FL=Financial lease  
(\*Approximately)



Aircraft Type	Version	# of Aircraft	# of Seat					Financial Method
			First	Business	Premium Economy	Economy	Total	
A300-600	36R1	6	N.A.	46	N.A.	201	247	11 O
	36R3	5	N.A.	28	N.A.	232	260	
A340-500	3452	4	N.A.	60	42	113	215	1 O, 3 FL
A340-600	3461	6	8	60	N.A.	199	267	6 FL
A330-300	3302	12	N.A.	42	N.A.	263	305	10 O, 10 FL, 3 OL
	3303	8	N.A.	36	N.A.	263	299	
	3304	3	N.A.	36	N.A.	263	299	
B737-400	7341	5	N.A.	12	N.A.	137	149	2 FL, 3 OL
B747-400	7442	6	14	50	N.A.	325	389	11 O, 5 FL
	7443	6	10	40	N.A.	325	375	
	7444	4	10	40	N.A.	325	375	
B777-200	7723	8	N.A.	30	N.A.	279	309	6 O, 2 OL
B777-200ER	77E1	6	N.A.	30	N.A.	262	292	6 FL
B777-300	7732	5	N.A.	34	N.A.	330	364	6 FL
	7732 TKE	1	N.A.	34	N.A.	325	359	
B777-300ER	7739	5	8	30	N.A.	274	312	5 OL
Total		90	50	608	42	4,116	4,816	39 O, 38 FL, 13 OL

Exclude. 2 of ATR-72 } leased to Nok  
4 of 737-400 }

(N.A.. = Not available)

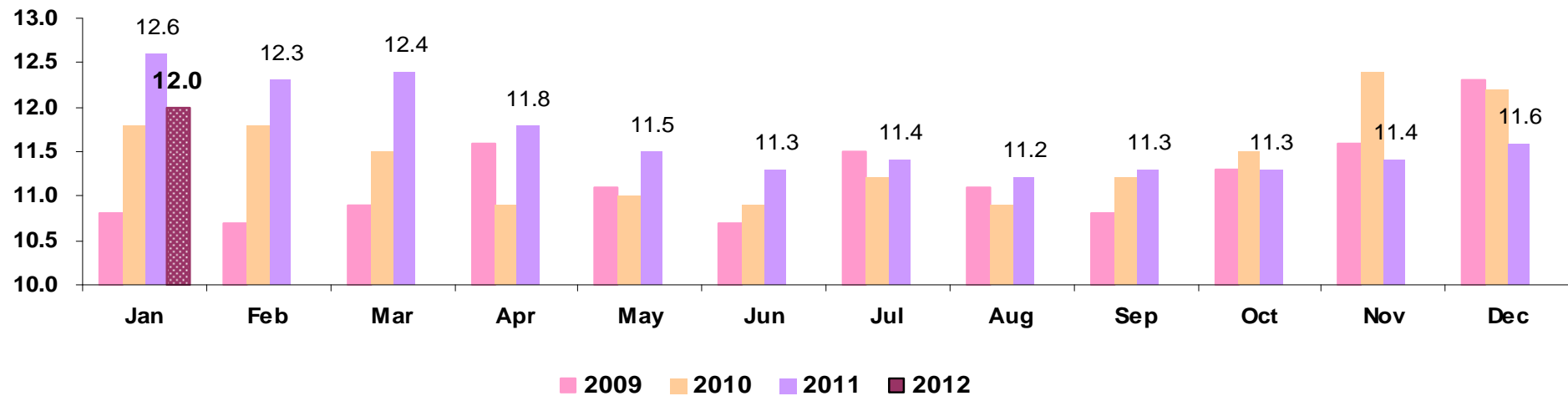
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# Aircraft Utilization

## Aircraft Utilization

Hours / Day / Aircraft



# Aircraft Delivery Plan

NEW A/C DELIVERY	2012	2013	2014	2015	2016	2017	TOTAL
A380-800	3 (FL)	3 (FL)	-	-	-	-	6
B777-300ER	2 (OL)	6 (OL)	3 (FL)	3 (FL)	-	-	14
A330-300	3 (FL)	2 (FL)	-	-	-	-	5
A350-900	-	-	-	-	2 (FL)I + 2 (OL)R	2 (FL)I + 6 (OL)R	12
B787-9	-	-	-	-	-	2 (OL)	2
B787-8	-	-	4 (OL)	2 (OL)	-	-	6
A320	4 (OL)	2 (OL)	2 (FL)	3 (FL)	-	-	11
<b>TOTAL</b>	<b>12</b>	<b>13</b>	<b>9</b>	<b>8</b>	<b>4</b>	<b>10</b>	<b>56</b>

**Note :** OL = Operating lease  
 FL = Financial lease  
 I = Intercontinental  
 R = Regional

# Phase Out Plan

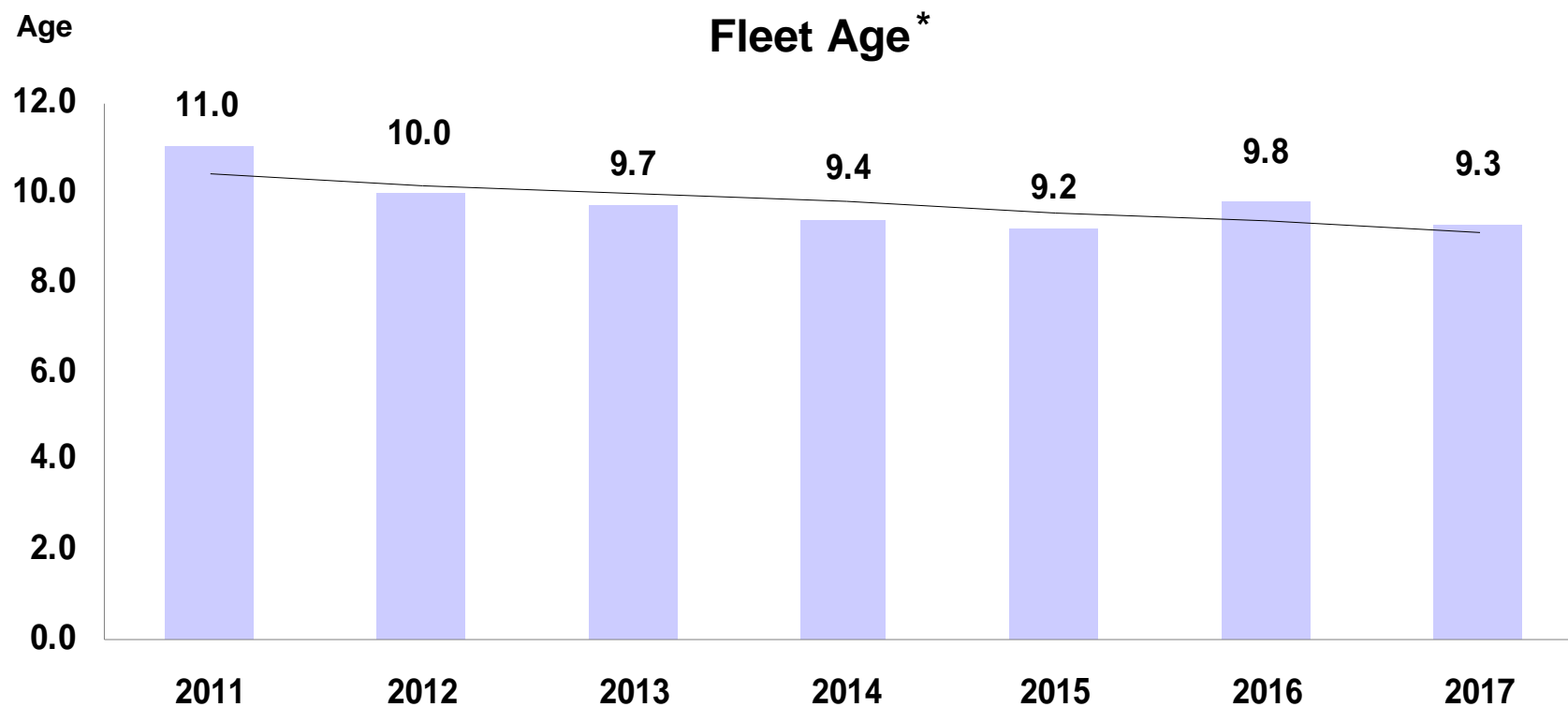
PHASE-OUT PLAN	2012	2013	2014	2015	2016	2017	TOTAL
B747-400	2	2	-	-	2	2	8
B777-300ER (Jet Airways)	-	5	-	-	-	-	5
A340-500	2	2	-	-	-	-	4
B777-200	-	-	-	-	-	4	4
A330-300					2	3	5
A300-600	4	2	3	2	-	-	11
B737-400	3*	1*	2	3	-	-	9
ATR-72	-	2*	-	-	-	-	2
<b>TOTAL</b>	<b>11</b>	<b>14</b>	<b>5</b>	<b>5</b>	<b>4</b>	<b>9</b>	<b>48</b>

Note : \*Return from Nok Air



# Fleet Strategy Through 2017

	2011	2012	2013	2014	2015	2016	2017	TOTAL
# of Aircraft	89	93	95	99	100	102	105	
Total Seats in operation	26,691	28,249	29,570	30,972	31,581	32,391	33,660	
Seat Growth	5.8%	5.8%	3.8%	8.7%	2.0%	2.6%	3.9%	4.7%



\* Approximately

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# Efficiency Derived from New Aircraft

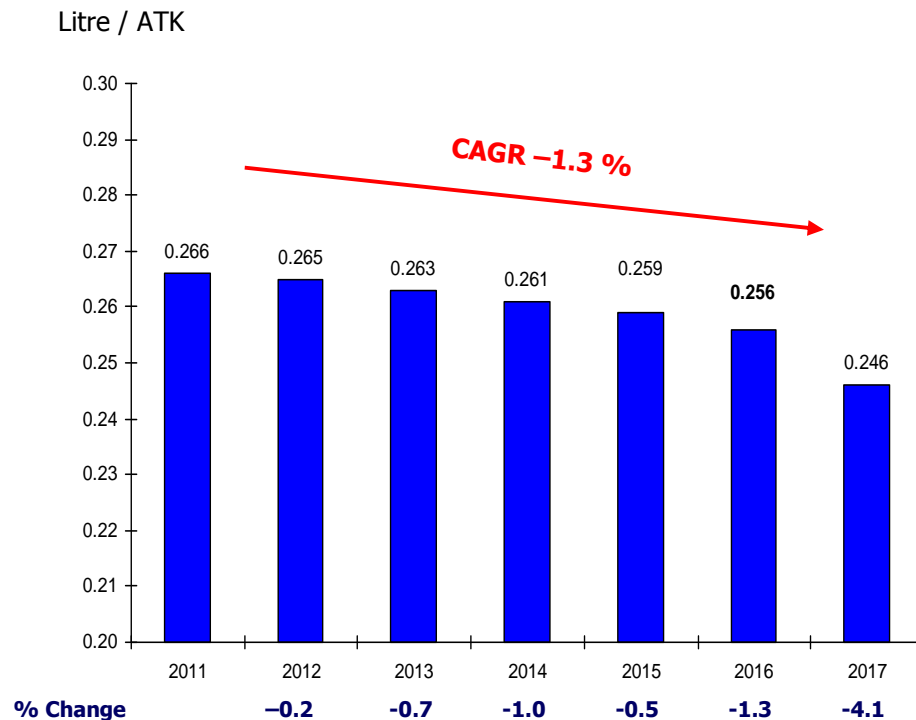
New aircraft will bring cost benefits in terms of fuel per ATK and maintenance cost per ATK

Fuel efficiency improve  
~1.3% per year from 2012 - 2017

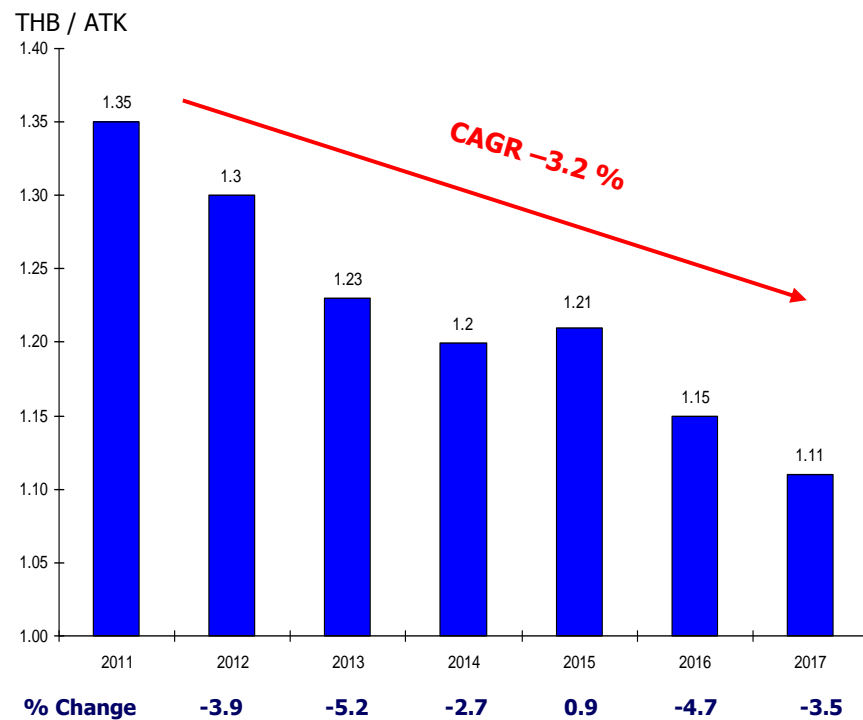
**Save 5,823 MTHB**

Maintenance cost per ATK  
decrease -3.2% from 2012-2017

**Save 3,460 MTHB**













**Fuel Consumption per ATK Improvement**



**Maintenance Cost per ATK Improvement**

# Upgrades and Retrofit Schedule

	# of Aircraft	First	Business	Economy	Tentative Completion
B747-400 No. 7-12	6				<p>■ Jun. - Dec. 2011*</p> <p>(Four have been completed)</p>
B747-400 No. 13-18	6				<p>■ Apr.-Oct. 2012</p>
B777-200 No. 1	1				<p>■ Dec. 2011 *</p>
B777-200 No. 2-8	7				<p>■ Mar. – Dec. 2012*</p>

\* Note: Completion of retrofit has been postponed due to flooding @ Don Mueang but will likely be completed by 2012

# The New Look

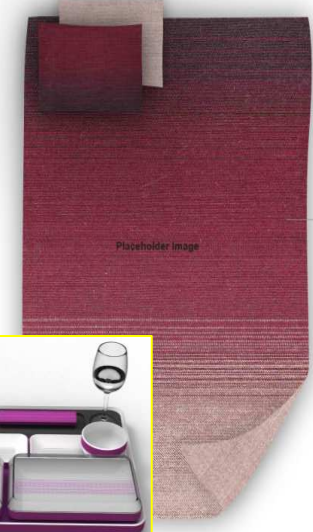
## Synchronization with Touches of Thai and Green concept

- Cabin interior,  
On-board products &  
services master  
design by  
**Priestmangoode**



BCL Service Item Concept 2: Linear  
Pillows & Blankets

Blanket: 140 x 200 cm  
Pillow: 35 x 50 cm





# New Aircraft A330 & A380

## New Airbus A330-300

### Royal Silk Class



### Economy Class



## New Airbus A380-800

### Royal First class



### Royal Silk Class

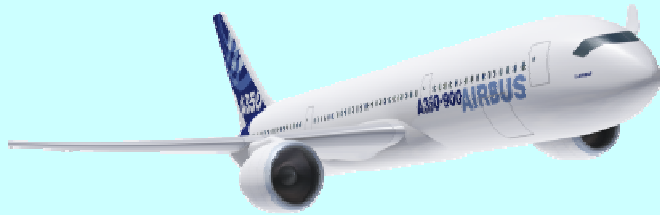


### Economy Class



# New Generation Aircraft: A350 & B787

## A350

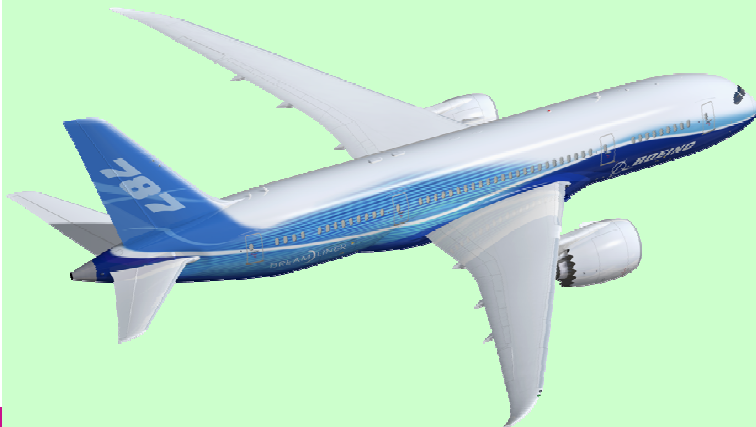


- 53 % Composite
- Lower fuel burn (Compare to today generation)
- Lower maintenance costs (Compare to today generation)

### Family

- A350-1000
- A350-900
- A350-800

## B787



- 50 % Composite
- Lower fuel burn (Compare to today generation)
- Lower maintenance costs (Compare to today generation)

### Family

- B787-9
- B787-8

# New In-Flight Entertainment Interactive

## Full Audio Video on Demand (AVOD) in all classes\*

(\* Except A330-300, A300-600 and B737-400)

### Entertainment

- Movies: 100 titles
- Short program: 150 programs
- CD Album: 500 albums
- Games: 60 games
- USB plug and play

### Connectivity

- Voice Call
- SMS Text Messaging
- GPRS Email
- Internet Access'

### Onboard Services

- E-Meal Menu
- E-Duty Free Shopping
- E-Magazine
- Seat Chat

### Infotainment

- About THAI
- Airport Information
- Window on Thailand
- Travel Destination Information





# Food and Beverage

## Chef gallery



*The Taste of a Masterpiece*

For 50 years, THAI has been renowned worldwide for its legendary Royal Orchid Service. This year, we take great pleasure in welcoming you onboard with the "Celebrity Chef Gallery by THAI". Five renowned international chefs will select the finest ingredients from across five continents and apply their outstanding talents in culinary masterpieces for THAI.

Let us delight your senses with world-class cuisine. Savour the delicious appeal of both authentic Thai and international dishes for a truly memorable experience. Experience the art of fine dining with THAI, smooth as silk.

*"Dining Creativity"*  
Chef Haikal Johari

*"Marriage of Ingredients"*  
Chef Santo Zoppis

*"Culinary Balance"*  
Chef Willmet Leong

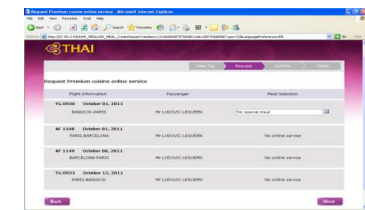
*"Magic of Spices"*  
Chef Vinder Balbir

*"Cooking Legacy"*  
Chef Jiraarpa Tanbooncharoen

**THAI**  
Smooth as silk



- More varieties , more menus
- Introduce special occasion menus
- Online Pre-order meal for First and Business class



# ROP: Royal Orchid Plus



- **New Loyalty System**



- **Global Tour Management System**



- **ROP Consumer Mile & Ancillary Services**



- **Better understand market outlook and customer profile in each market**

# CSR : Corporate Social Responsibilities

Clear CSR's Policy & Process



integrate **Travel Green** to all process & all touch points

**Social Contribution**

Flood Donation



**CSR Project**

**Society Support**

Youth Sports program

Academic Olympics



**Environment Engagement**



Bio Jet Fuel



Carbon Footprint

**CSR Communication & Sustainability Report**



# Route Network and Fleet

## Route Network Strategy



- Develop **Bangkok and Thailand as main hub** by implementing more direct flights into Thailand, focus on increasing frequency and hub connectivity
- Enhance **network strength in key markets** to maintain leading market positioning and build network strength around home base
- Expand network to **secondary regional routes**, **operating narrow body aircraft** with light premium service
- Establish **THAI LCC** to compete in price sensitive market
- Leverage of **alliances and strategic partners** to expand network and cover all market segments
- Increase **flight schedule flexibility** in response to demand dynamic, seasonality and competitive environment
- Develop **HKT** into a 2<sup>nd</sup> key point of interest

## Fleet Strategy

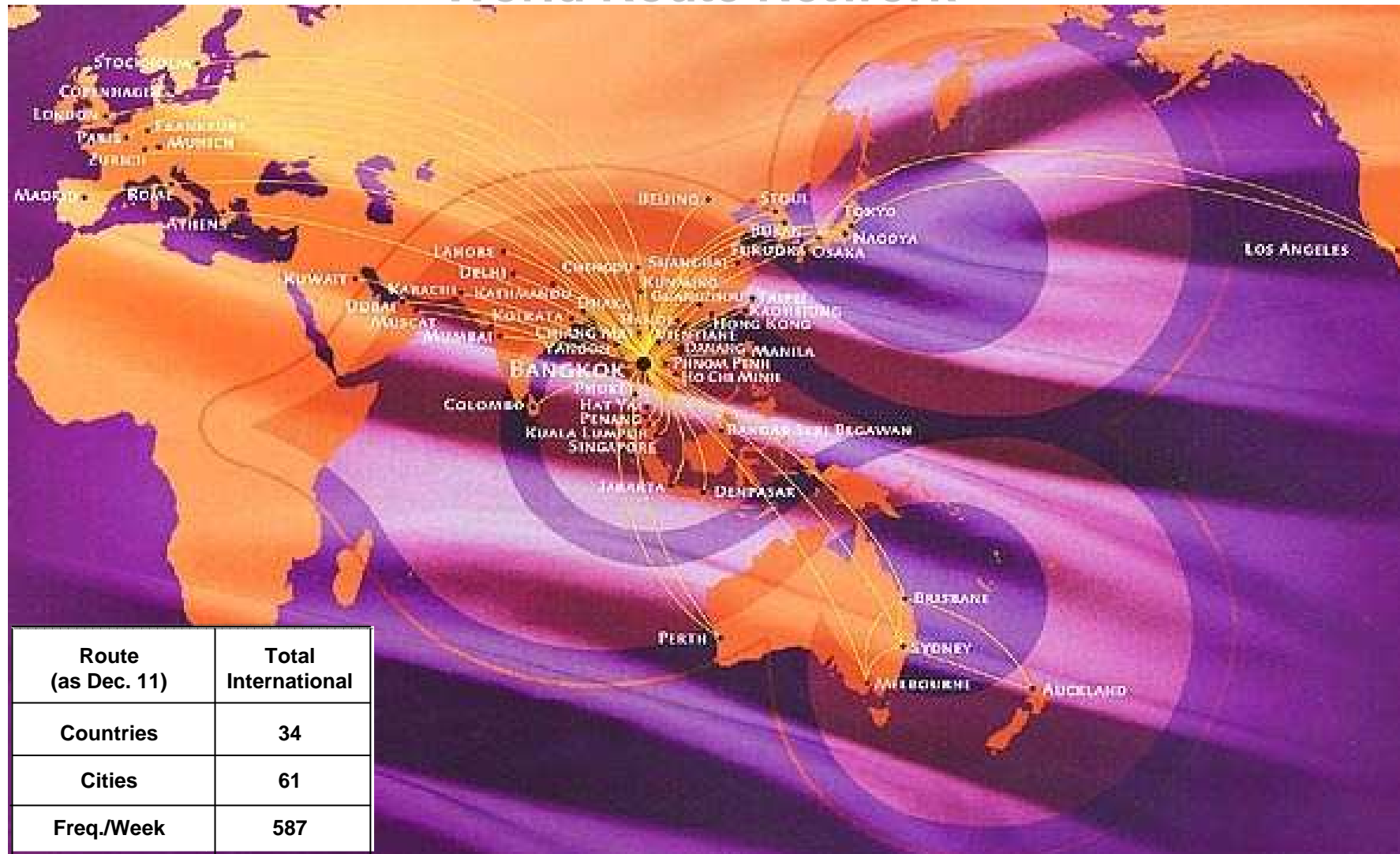


- **Improve fleet efficiency** to lower maintenance and fuel expense, reduce environmental impact and increase asset utilization
- **Secure long-term fleet delivery** positions to ensure young & fuel efficient fleet and support growth
- **Implement fleet simplification** over the long-term to reduce operating cost and improve operating efficiency
- **Match aircraft size** with demand and competition
- Design **proper seat configuration** to maximize competitive advantage



# THAI's Route Network

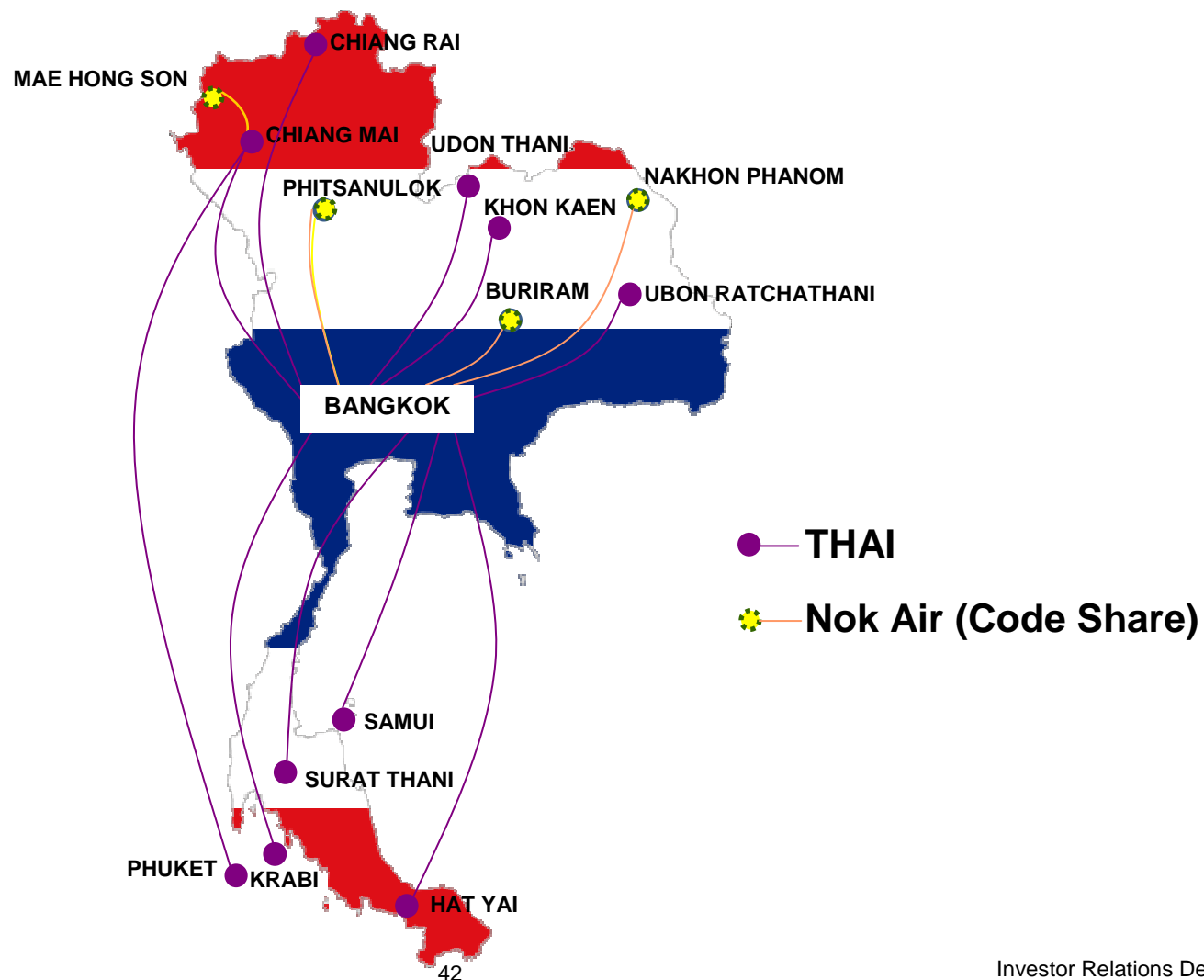
## World Route Network



# THAI's Route Network

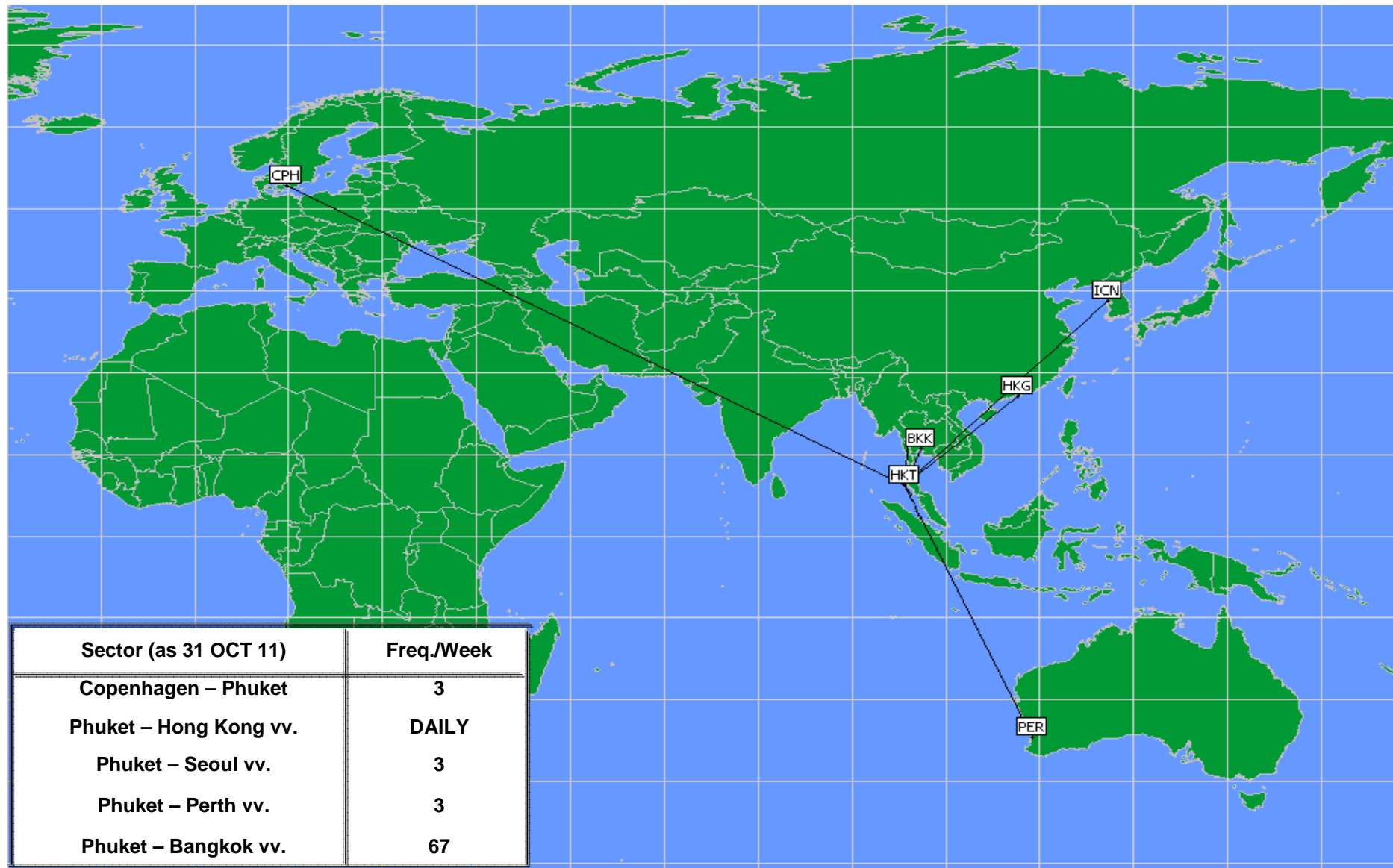
## Domestic Route Network

Route (as Dec. 11)	Domestic
Cities	10
Freq./Week	283



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# THAI's Phuket Route Network



# IT Development



**Infrastructure**



**Redesign and Migrate to Cloud  
E-Payment Gateway  
Mobile Capability**

**Data Management**

**Enterprise Resource Planning (ERP)**

**Internal Cooperation**

**E-Collaboration / Knowledge management**

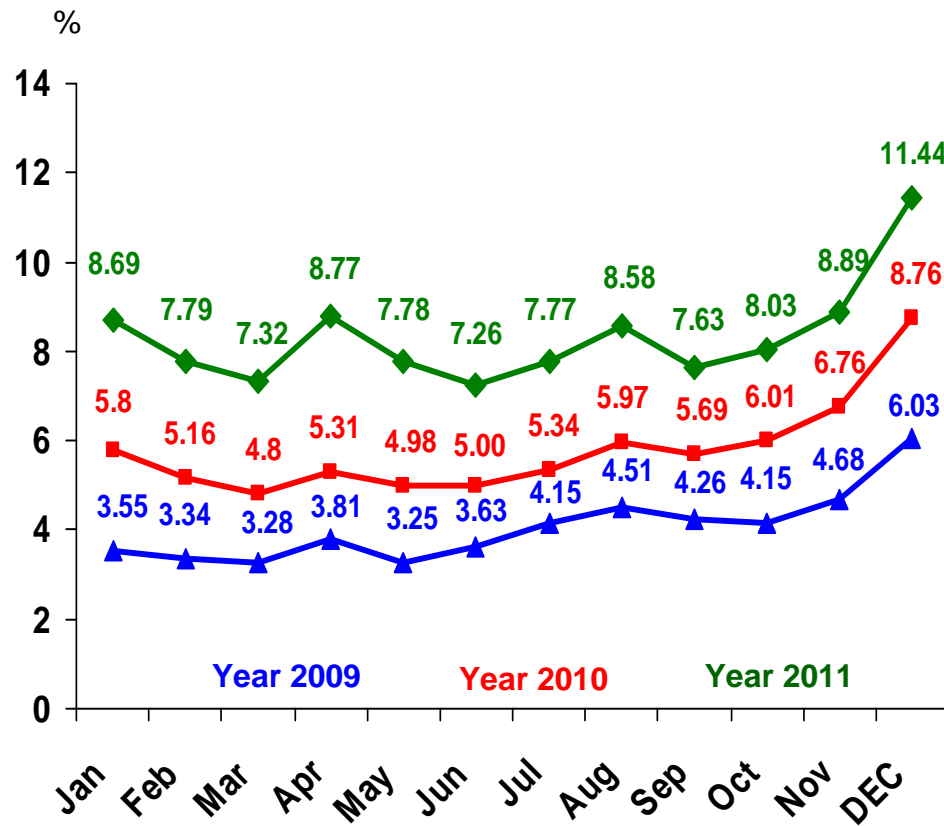
**Revenue Enhancement**

**CRM / Cross Function Database**

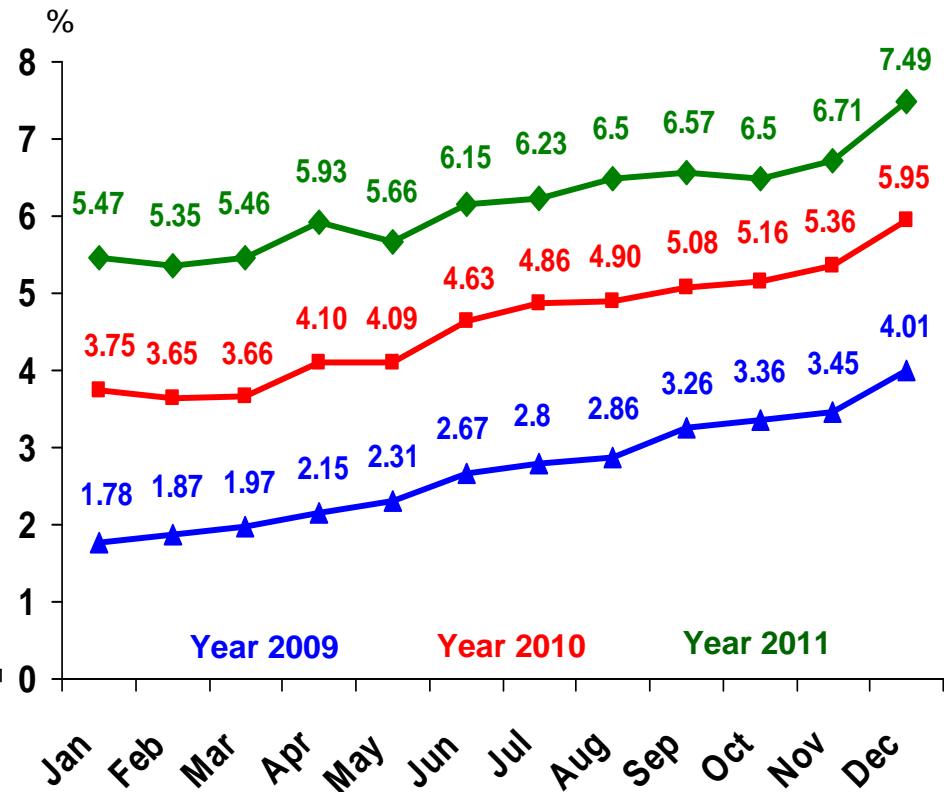


# Statistic on e-Service

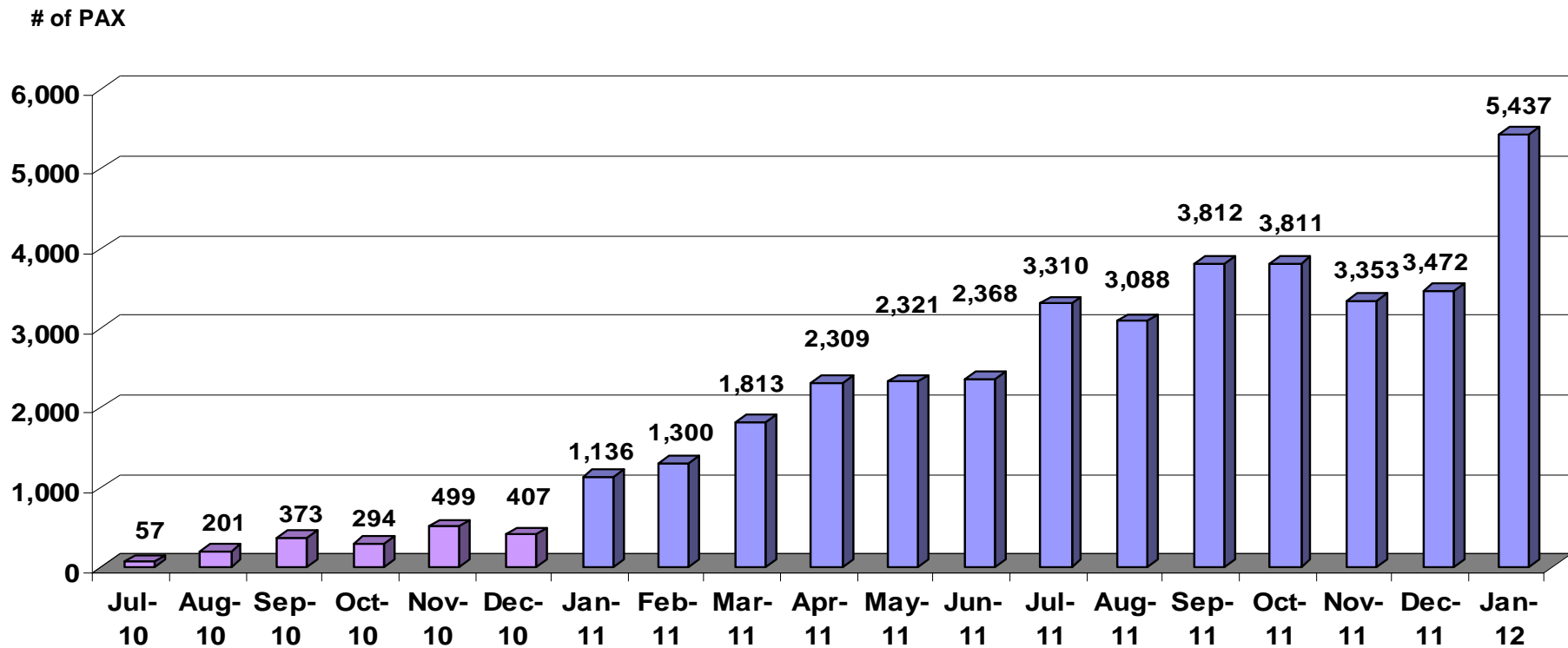
## Ticket Sales Via Internet



## Check-in via Internet



## Check-in via Mobile (<http://m.thaiairways.com>)



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## Risk Mitigation

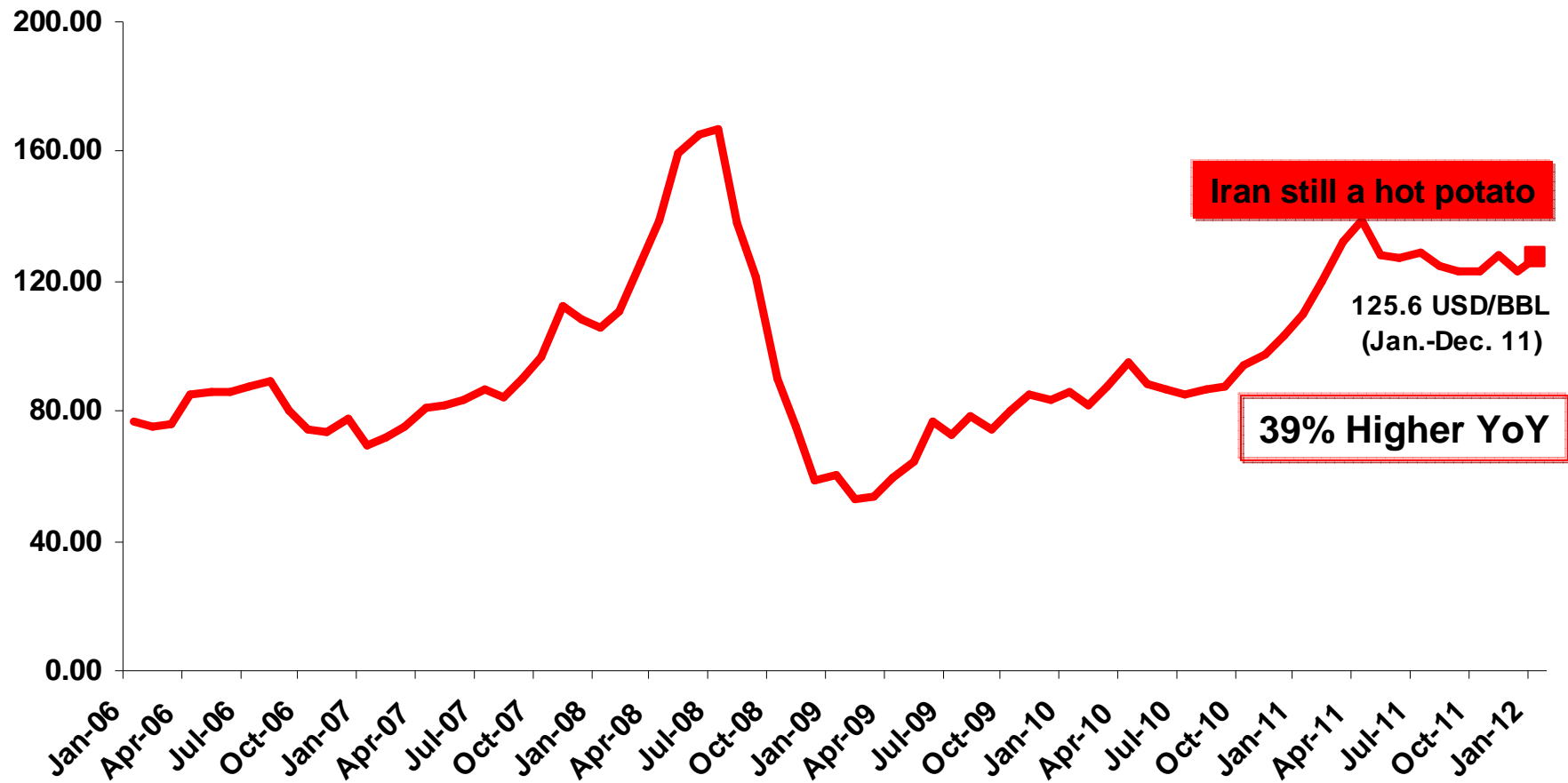
# Fuel Management

**Minimum 20% fuel hedging requirement to mitigate risk of rapid fuel cost rise**

Hedging Volume		Contract Period
>80%	Board Authority	
>60<=80%	Fuel Price Risk Management Committee (President, EVP Finance & Accounting, VP, Director and Department)	
>30<=60%	VP, Director and Department Level Decision	
>20<30%		
<=20%	Board Authority	
	1m 2m 3m 4m 5m 6m 7m 8m 9m 10m 11m 12m 13m 14m 15m 16m 17m 18m >18 months	Contract Period

# Rising Fuel Cost

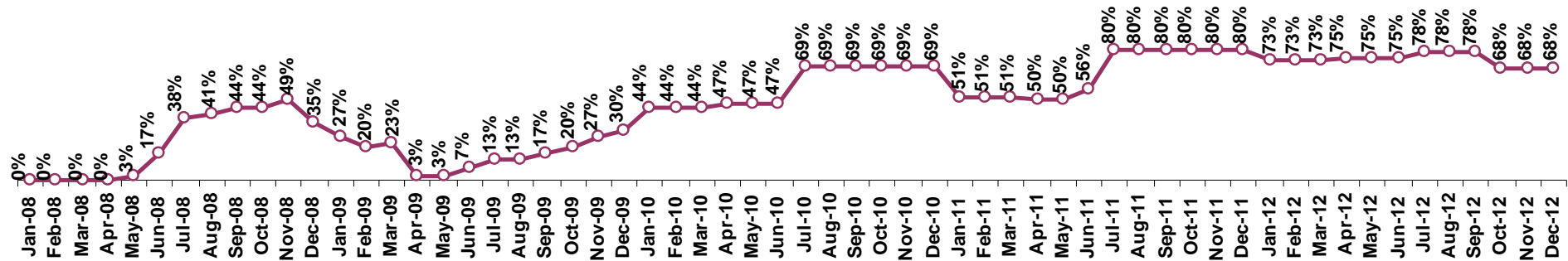
## Price of Jet Fuel (USD/BBL) (Singapore Spot Price)



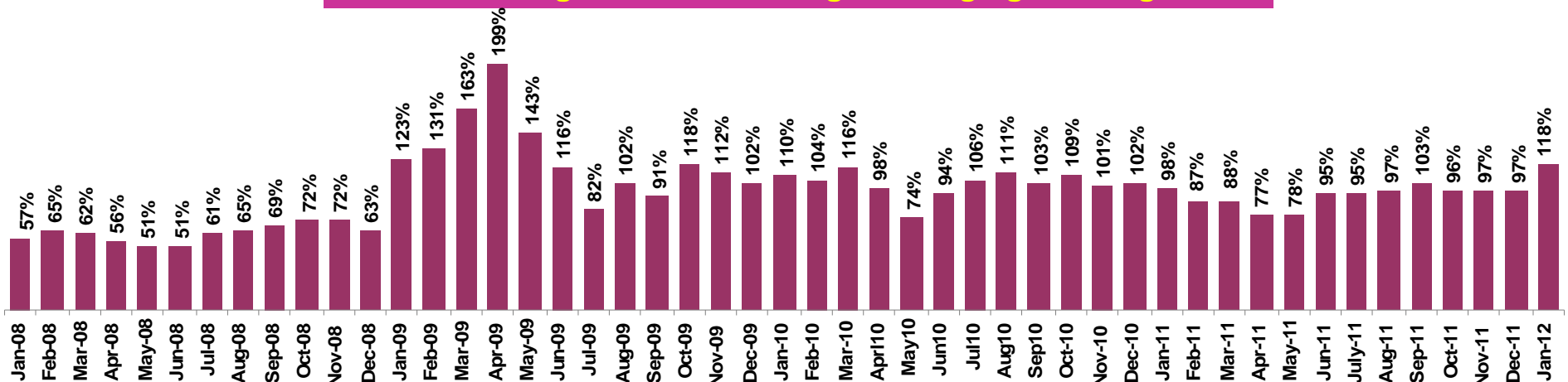
# Fuel Management

Hedging combined with fuel surcharge greatly mitigates fuel price fluctuation risk

Monthly fuel hedging 2008-2011 - % of consumption by month



Percentage of Fuel Surcharge & Hedging Coverage



## IATA Carbon Offset Program



**THAI is the first Asian airline with IATA to find means to offset fuel burn**

### Carbon Footprint



**•Determined the carbon footprint of 2 meals and provided labeling declaring carbon quantity for customers as their choice**

### Emissions Trading

**2012**

**Amount of Shortfall Carbon Credit ~200 MTHB**

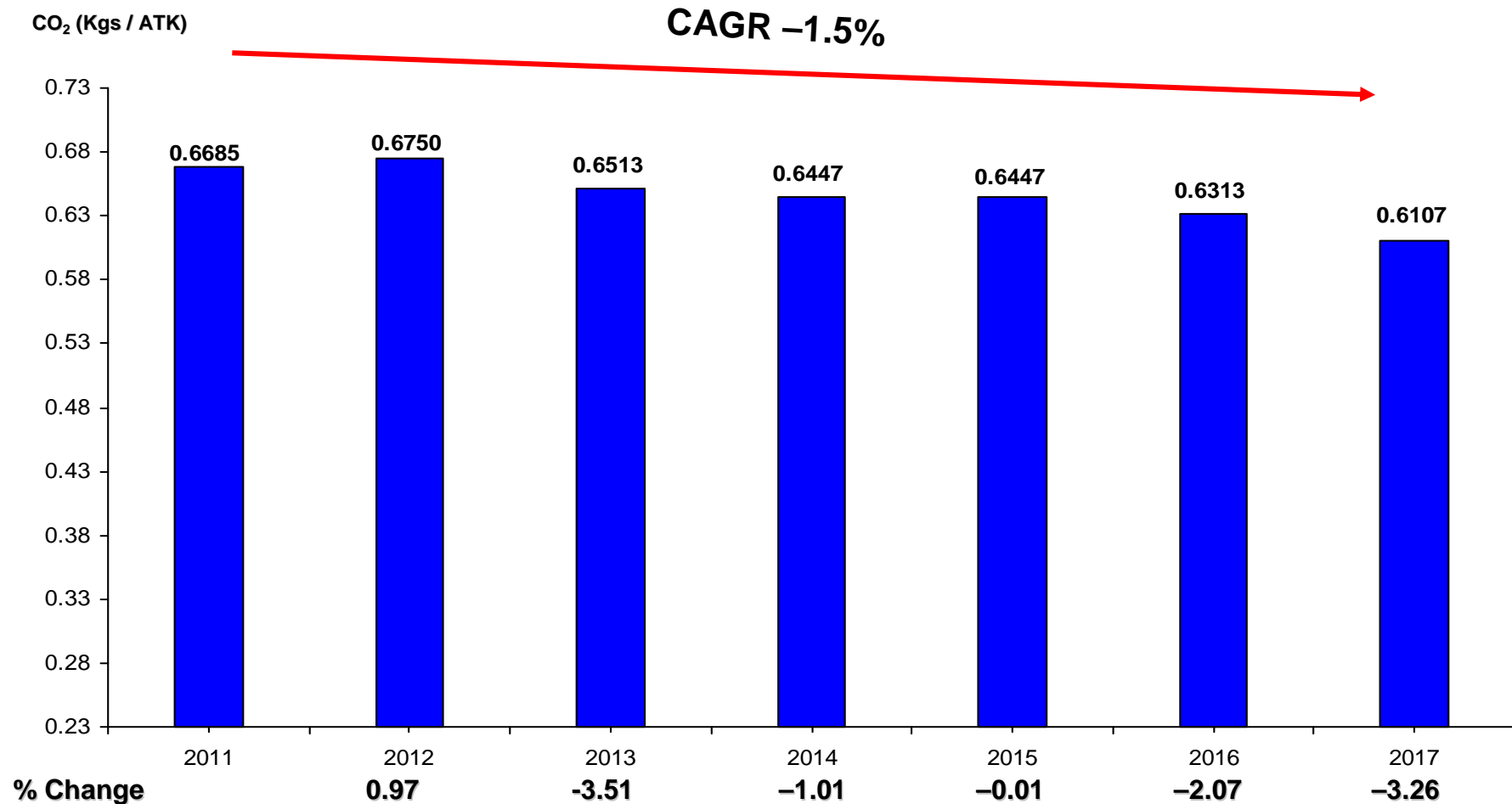


### Monetary Value

- CERs 60%
- EUAs 40%

# CO<sub>2</sub> emission improvement

Carbon emission in Europe will be averagely reduced by -1.5 % (2012-2017)





## Pending Legal Issues

EC	Rescinded all charges against THAI
US Cargo DOJ	Stopped further proceedings
US Cargo Class Action	Settled by paying USD 3.5 mn
Korea	Pending charges is for KW 2.85 mn

	MTHB
<b>In 2008 Put in reserve</b>	<b>4,290</b>
<b>In 2010 Wrote back</b>	<b>1,783</b>
<b>In 2011 Wrote back</b>	<b>1,042</b>
<hr/>	
<b>Outstanding in reserve</b>	<b>1,465</b>



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## Financial Performance

# Financial Performance

## Performance Summary (Year 2010 & Year 2011)

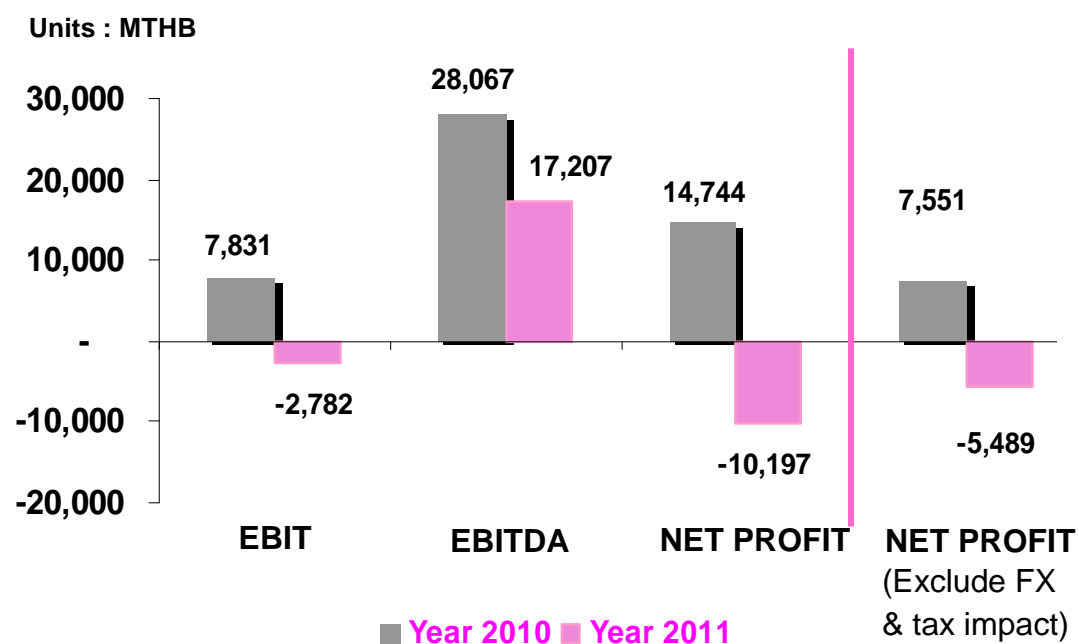
THAI and its subsidiary

(Units : MTHB)	2010	2011
Total Revenue	184,270	194,342
Total Expense	-171,553	-194,175
Foreign currency exchange (Loss)	9,106	-2,428
Financial Cost	5,166	5,656
<b>Profit (Loss) before finance costs, income tax</b>	<b>16,657</b>	<b>-7,917</b>
Net tax expense (income)	-1,865	-2,245
<b>Net profits (loss)</b>	<b>14,744</b>	<b>-10,197</b>

\* Net profit (loss) include non-controlling interests

# Financial Performance

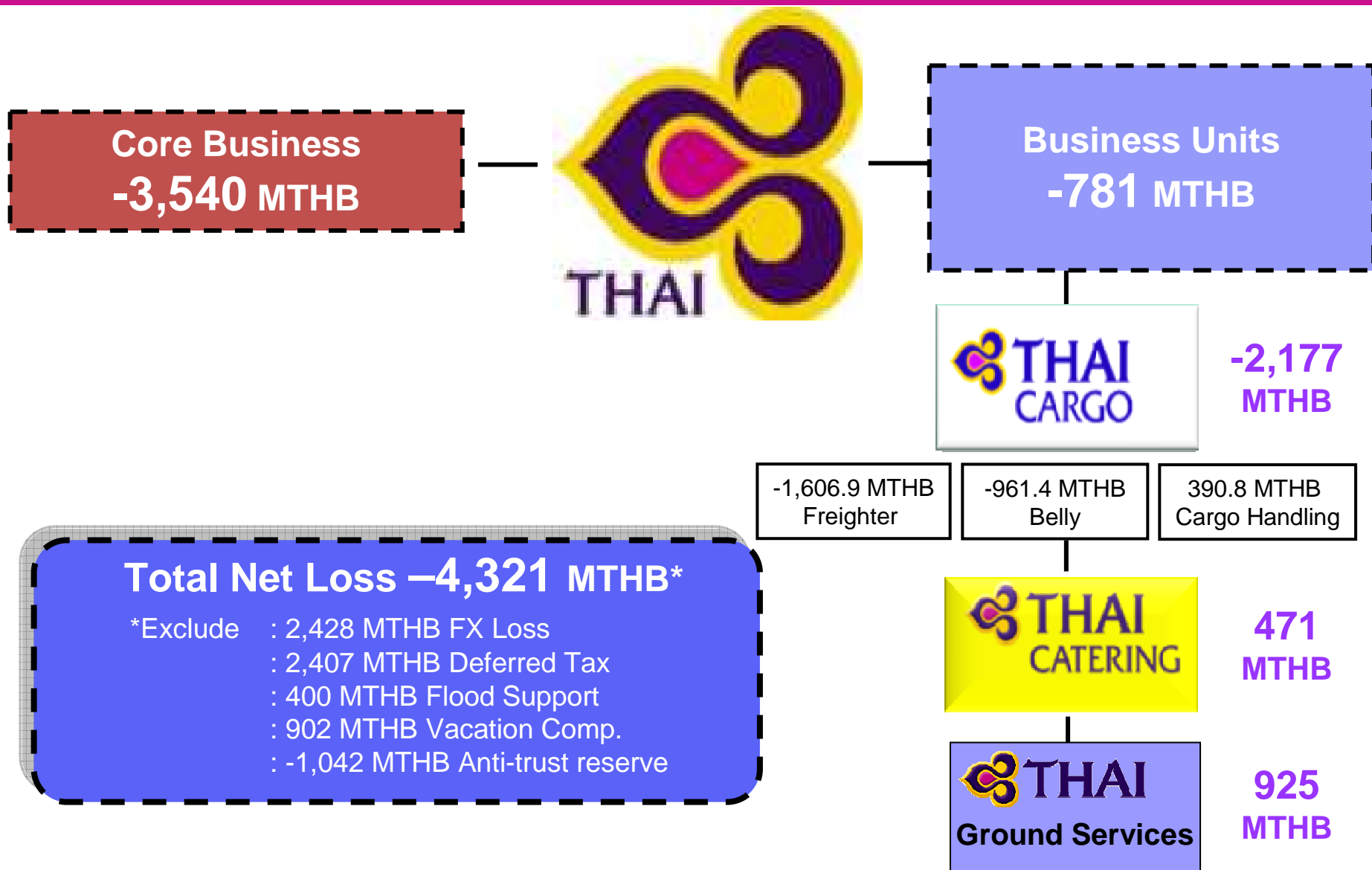
## EBIT, EBITDA and Net Profit (Year 2010 & Year 2011)



### Factors Impacting Year 2011 Results

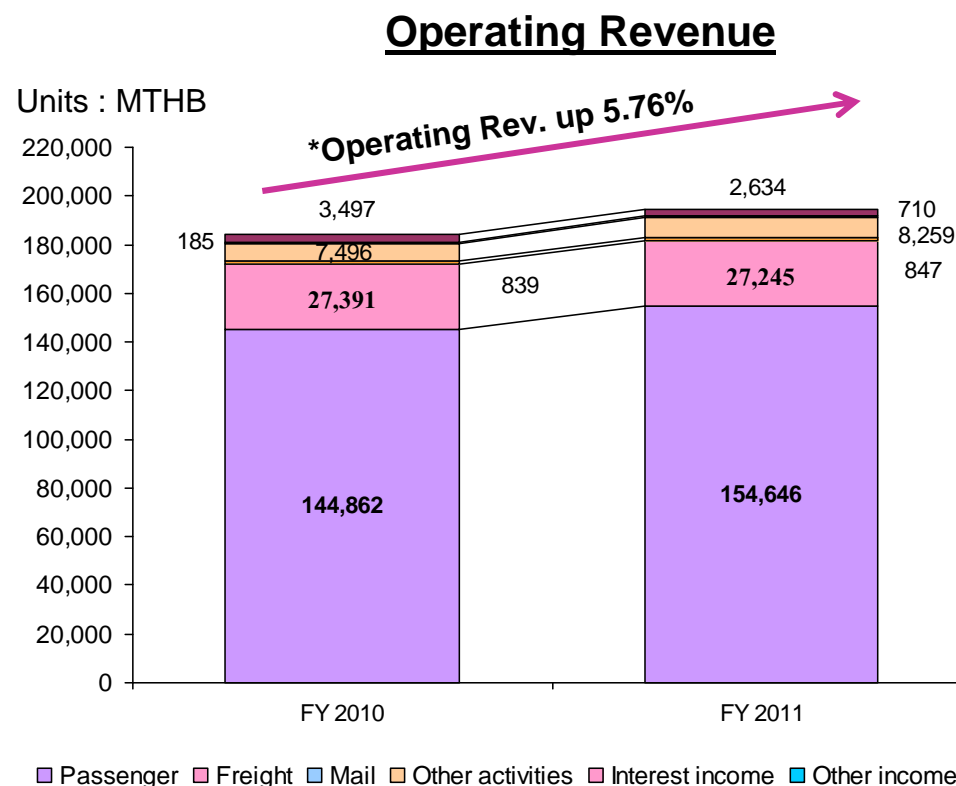
- Fuel cost 39% higher than last year
- Impact from earthquake hitting Japan
- US & European economic slowdown
- Flooding in Thailand
- THB relatively weaker
- Impact from deferred tax expenses 2,407 MTHB

# Net Profit of Core Business & Business Unit



# Financial Performance

## Operating / Total Revenue (Year 2010 & Year 2011)



**Total Revenue**

Revenue	% Change	Tot. Rev.
Passenger	6.75	79.57
Freight	0.53	14.01
Mail	0.96	0.44
Other activities	10.17	4.25
Interest income	284.05	0.37
Other income	- 24.67	1.36
<b>Total Income</b>	<b>5.47</b>	<b>100.00</b>

\*Excludes Interest & Other income

- Operating revenue Year 2010 = 180,589 MTHB

- Operating revenue Year 2011 = 190,997 MTHB

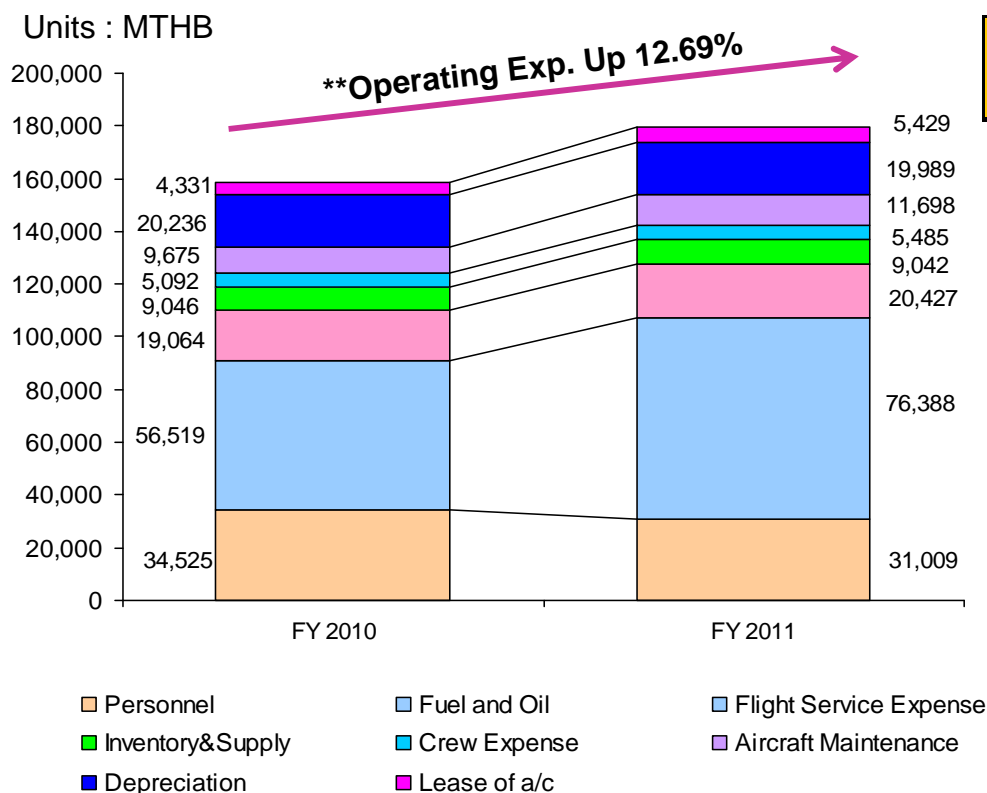
**Total revenue Year 2010 = 184,270 MTHB**  
**Total revenue Year 2011 = 194,342 MTHB**

# Financial Performance

## Operating / Total Expense (Year 2010 & Year 2011)

### Operating Expense

### Total Expense



Expense	% Change YoY	% of Tot. Exp.
Personnel expense	- 10.18	15.33
Fuel and oil	35.16	37.78
Flight service expense	7.15	10.10
Inventories and supplies	- 0.04	4.47
Crew expense	7.71	2.71
Maintenance/overhaul	20.92	5.78
Depreciation/amortisation	- 1.22	9.88
Aircraft lease/spare parts	25.37	2.68
Other expense	149.73	11.27
<b>Total Expense</b>	<b>20.67</b>	<b>100.00</b>

**\*\* Excludes FX, Impairment losses and Share of profit of investments by the equity method**

- Operating expense Year 2010 = 176,488 MTHB
- Operating expense Year 2011 = 198,892 MTHB

**Total expense Year 2010 = 167,613 MTHB**  
**Total expense Year 2011 = 202,259 MTHB**

## Estimated Cost Reduction

The company is rigorously controlling and reducing expenses to achieve full efficiency and sustainability

Cost Reduction Approach	Estimated Cost Reduction (MTHB)
1. Implemented personnel cost reduction (EMM resolution)	1,595.35
2. Estimated personnel cost reduction under negotiation	578.76
3. Cost reduction from strategic initiatives	4,248.13
4. Cost reduction from DO's additional measures	161.2
<b>Total estimated cost reduction</b>	<b>6,583.44</b>

Note: Excluded estimated cost reduction from some projects that are specified as percentage



# Improved Capital Structure

**Raised 15,000 MTHB  
in new equity**

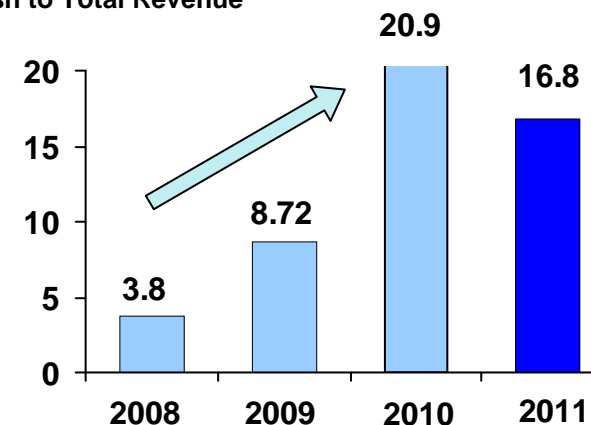
**Received additional  
borrowing from financial  
institutions**

**Obtained Revolving  
Credit Lines**

**8,000 MTHB Debenture  
issued in May 13, 2011**

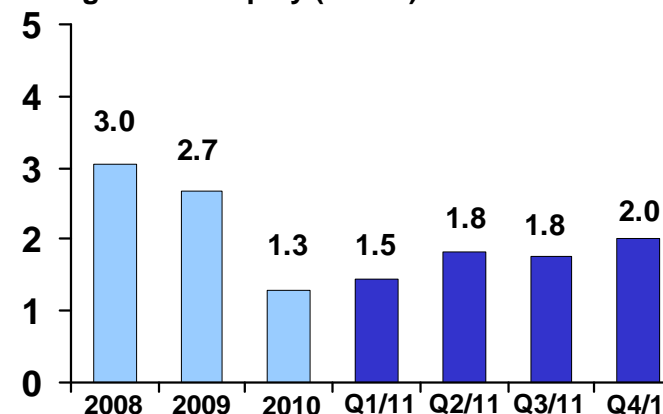
## Improved Cash Position

% of Cash to Total Revenue



## Stable Capital Structure

Net Interest Bearing Debt to Equity (Times)



# Financial Performance

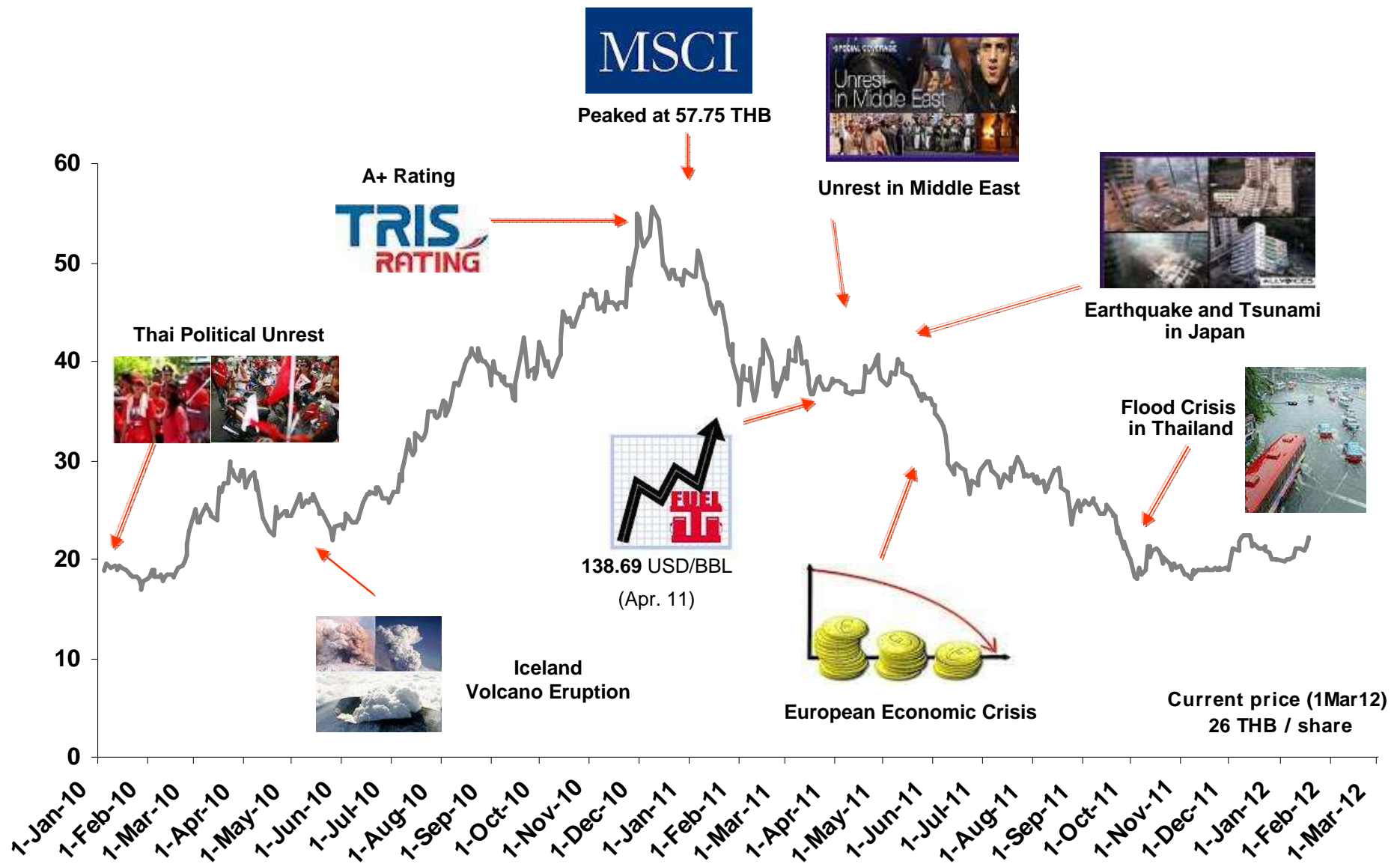
## Ratios – Year 2010 & Year 2011

Ratios	units	2010	2011
Earnings Per Share	(THB)	8.1	-4.7
Book Value per Share	(THB)	37.9	28.9
Price / Book Value	(Times)	1.3	0.7
P/E Ratio	(Times)	6.1	-4.3
Return on Total Assets	(%)	5.2	-3.6
Return on Total Equity	(%)	23.8	-14.6
EBIT	(MTHB)	7,831.0	-2,782.0
EBITDA	(MTHB)	28,067.0	17,207.0
EBITDAR	(MTHB)	32,398.0	22,637.0
IBD to Equity	(Times)	1.9	2.2
Net IBD to Equity*	(Times)	1.4	2.0
Debt Service Coverage**	(Times)	0.9	0.5
Interest Coverage	(Times)	5.4	3.0
EBITDA Margin	(%)	15.5	9.0
Operating Profit Margin	(%)	4.3	-1.5
Net Profit Margin	(%)	8.2	-5.3

\* (Interest Bearing Debt – Cash and Cash Equivalent) / Equity

\*\* EBITDAR – TAX / Interest + Rent + Long Term Debt Repayment

# Price Volatility from External Events



# Key Take Aways



**THAI remains in fairly good shape despite difficulties in 2011**



**Taking drastic actions to improve competitiveness**

- Right sizing aircraft with demand to improve on cost & margins
- 5% capacity shift from long-haul to shorter sectors improving yields & margins
- Thai Smile to build up regional connectivity & enhance competitiveness
- Targeting further cuts in operating cost to lower unit cost
- New aircraft & retrofitting to commonise product to increase fuel efficiency, improve customer value & enhance pricing power
- Seeking secondary city pairs to serve from Bangkok to diversify market & improve yields
- Developing Phuket as second point of interest to diversify market & improve yields

# Key Take Aways

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- **Diversifying & improving on e-channels to improve efficiency & better suit customer needs**
- **Converting 2 B747-400 aircraft to lower cost of cargo operations instead of leasing freighter aircraft**
- **Investing in upgrading IT backbone & peripheral modules with SAP at the core of ERP**
- **Business units are increasingly being measured more independently on their stand alone performance**
- **Launched Wingspan to enhance THAI's HR cost competitiveness through outsourcing staff requirement**

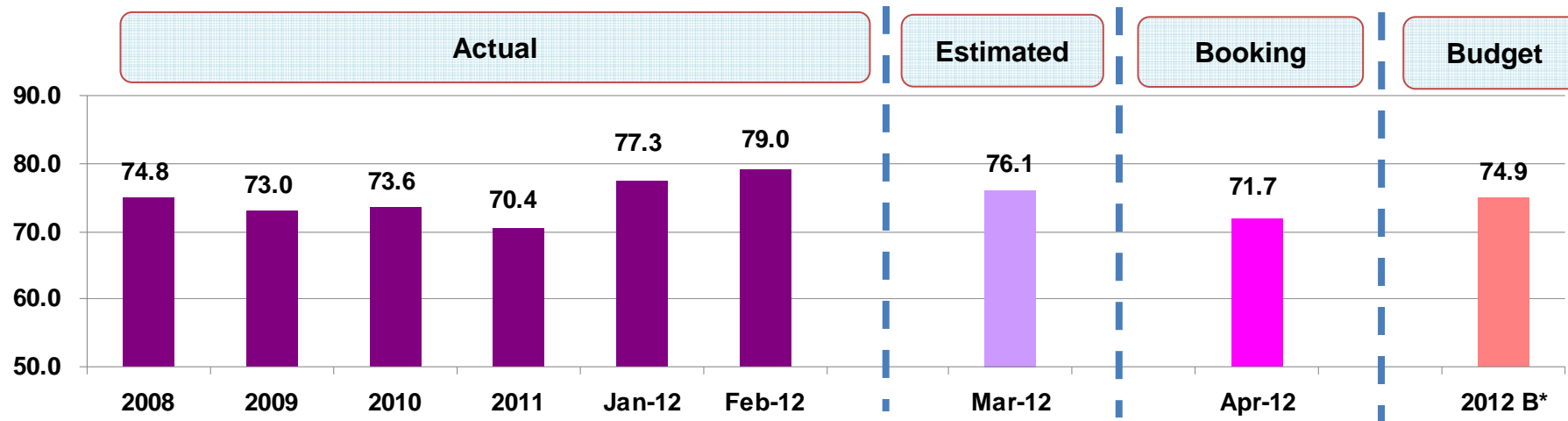


## Mitigating risks

- Significantly higher amount of fuel hedging through 2012
- Pro-active management of liquidity & FX exposure
- Studying means to manage FX exposure more effectively
- Maintaining at least 12% cash & committed credit lines to total revenue ratio in face of global uncertainty
- Growth in capacity kept at a reasonable pace
- Studying alternative funding options to ensure flexibility
- Developing long-term fleet plan to ensure availability of aircraft for fleet renewal & growth

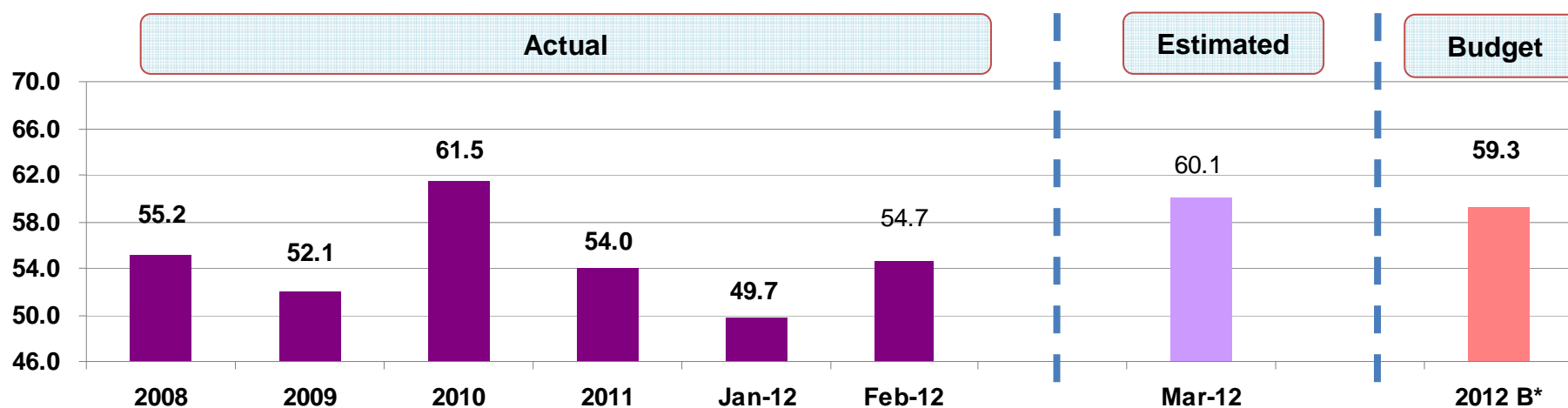
# Looking Ahead

## Cabin Factor



\* B = Budget

## Freighter Factor







## Looking Ahead into 2012

- Much stronger travel demand for first 2 months with cabin factors averaging 77.3% & 79.0% for January & February 2012.
- Higher level and longer period of hedging provides protection in face of Middle East uncertainty
- Financial performance in first 2 months of 2012 is much improved than the 4<sup>th</sup> quarter 2011
- Q2 through Q4 2011 were all abnormal quarters impacted by unfortunate events
- Barring any abnormal events, Q2 through Q4 2012 should have normalized operating environment thus should lend to improved year-on-year overall financial performance

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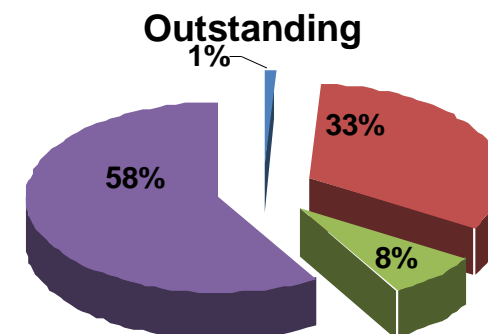
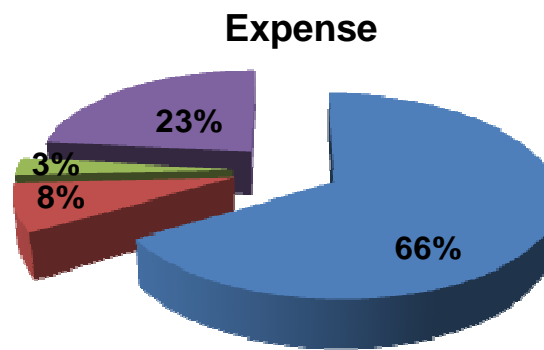
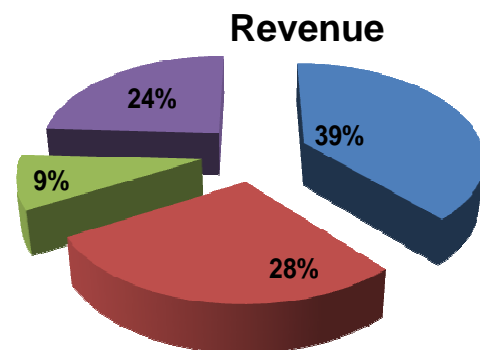
# Appendix

# Financial Performance

## Foreign Currency Exposure (As of DEC. 2011)

Unit : MTHB

	Revenue		Expense		Surplus or Deficit	Outstanding Borrowings			
						Before Swap		After Swap	
	Amount	%	Amount	%	Amount	Amount	%	Amount	%
USD BASED	73,291	38	114,442	66	- 41,151	1,273	1	1,273	1
USD	19,932		106,935						
Others <sup>(1)</sup>	53,359		7,507						
EUR BASED	54,037	28	13,510	8	40,527	46,595	33	46,595	33
EUR	17,126		6,804						
Others <sup>(2)</sup>	36,911		6,706						
JPY	17,369	9	4,651	3	12,718	11,301	8	15,680	11
THB	45,995	24	40,104	23	5,891	83,181	58	78,897	55
TOTAL	190,692	100.00	172,707	100.00	17,985	142,350	100	142,445	100

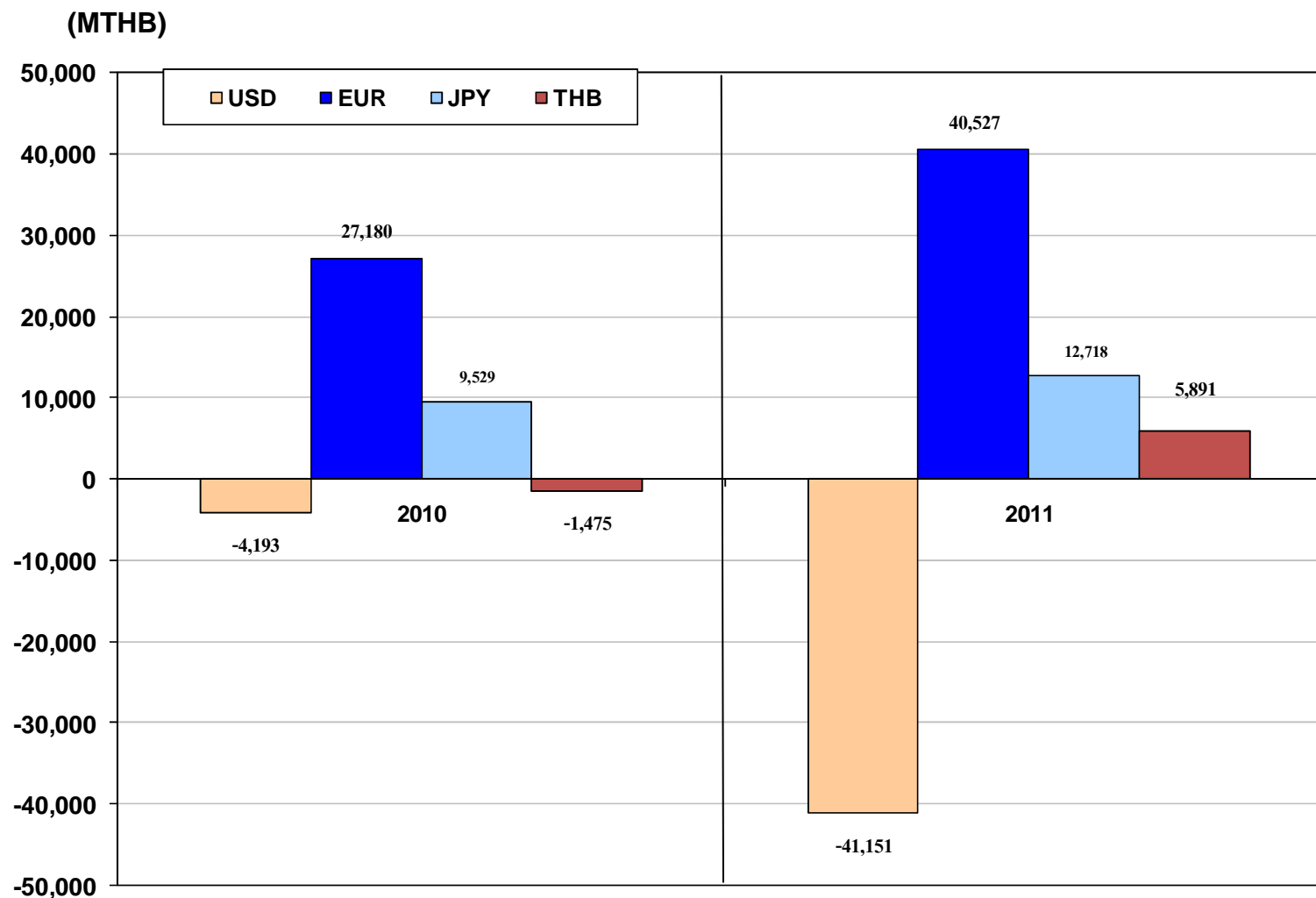


70

Investor Relations Department

# Financial Performance

## TG continued to be net long Euro & Yen



Jan – Dec 2010

71

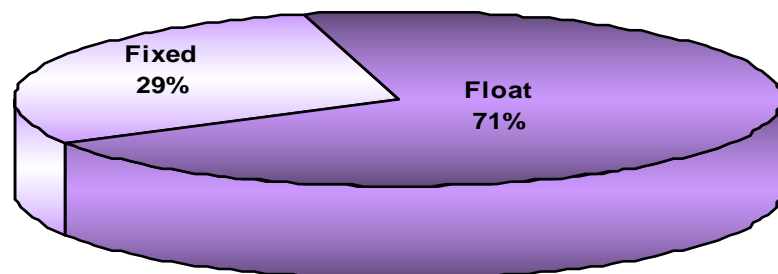
Jan – Dec 2011

Investor Relations Department

# Financial Performance

## Proportion of Fixed and Float (As of Dec. 2011)

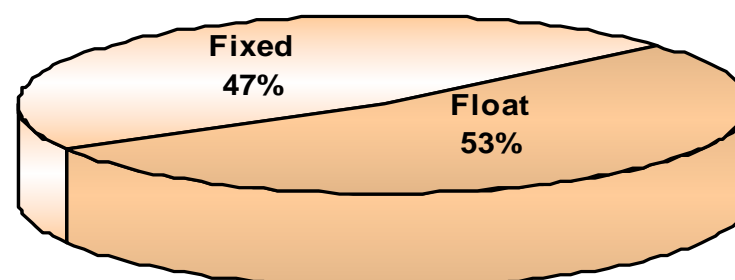
### Before Swap



Percentage of TOTAL  
(TOTAL = 142,350 MTHB)

**Cost of funding = 3.78%**

### After Swap



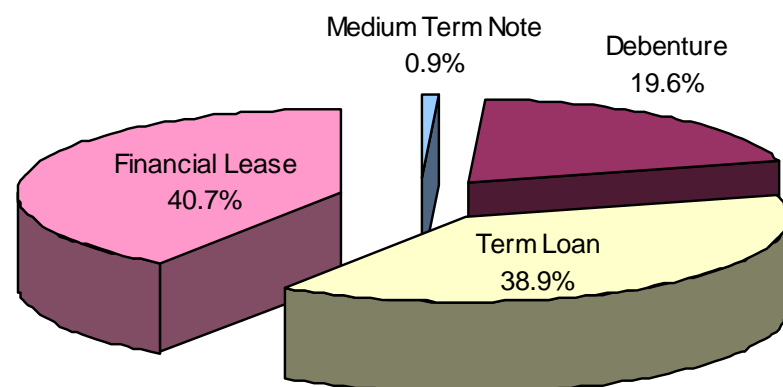
Percentage of TOTAL  
(TOTAL = 142,444 MTHB)

**Cost of funding = 3.92%**

# Financial Performance

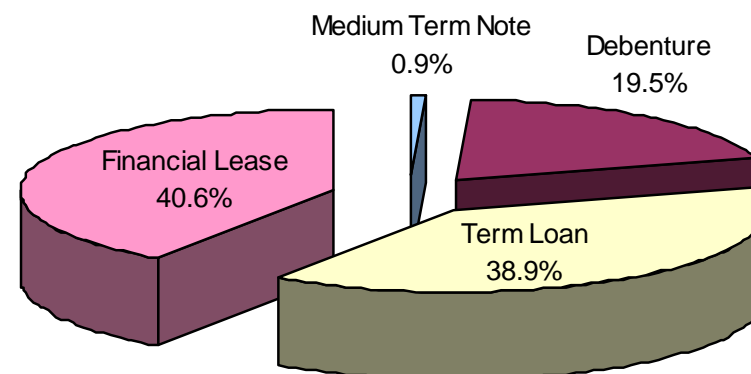
## Proportion of Total Borrowing (As of Dec. 2011)

### Before Swap



Percentage of Total  
(Total of on Balance Sheet = 142,350 MTHB)

### After Swap













Percentage of Total  
(Total of on Balance Sheet = 142,444 MTHB)

# Awards and Accolades

## Achieved Top 5 in the World and Targeting Top 3 in Asia

### The World's Top Ten Airlines – Skytrax

		2011	2010	2009
★★★★★		1	3	4
★★★★★		2	2	2
★★★★★		3	1	3
★★★★★		4	4	1
★★★★		5	9	10
★★★★		6	6	7
★★★★		7	5	8
★★★★		8	7	6
★★★★		9	-	-
★★★★		10	8	5

Source: Skytrax

#### Skytrax 2011

Best Airline Seat - Economy Class  
Best On Board Catering – Economy Class



#### Business Traveler's Award 2011

2nd for Best Airline  
2nd for Best Asia-Pacific Airline  
3rd for Best Business Class  
3rd for Best Economy Class  
2nd for Best Frequent-Flyer Programme  
3rd for Best Airline Lounge in Asia-Pacific



#### Norwegian Grand Travel Award 2011

Best Intercontinental Airline

#### TTG Award 2011

Best Business Class  
Best Southeast Asian carrier

#### Skytrax 2010

Best Airline Lounge – First Class  
Best Airport Services



#### Go Asia Award

Best Asian carrier

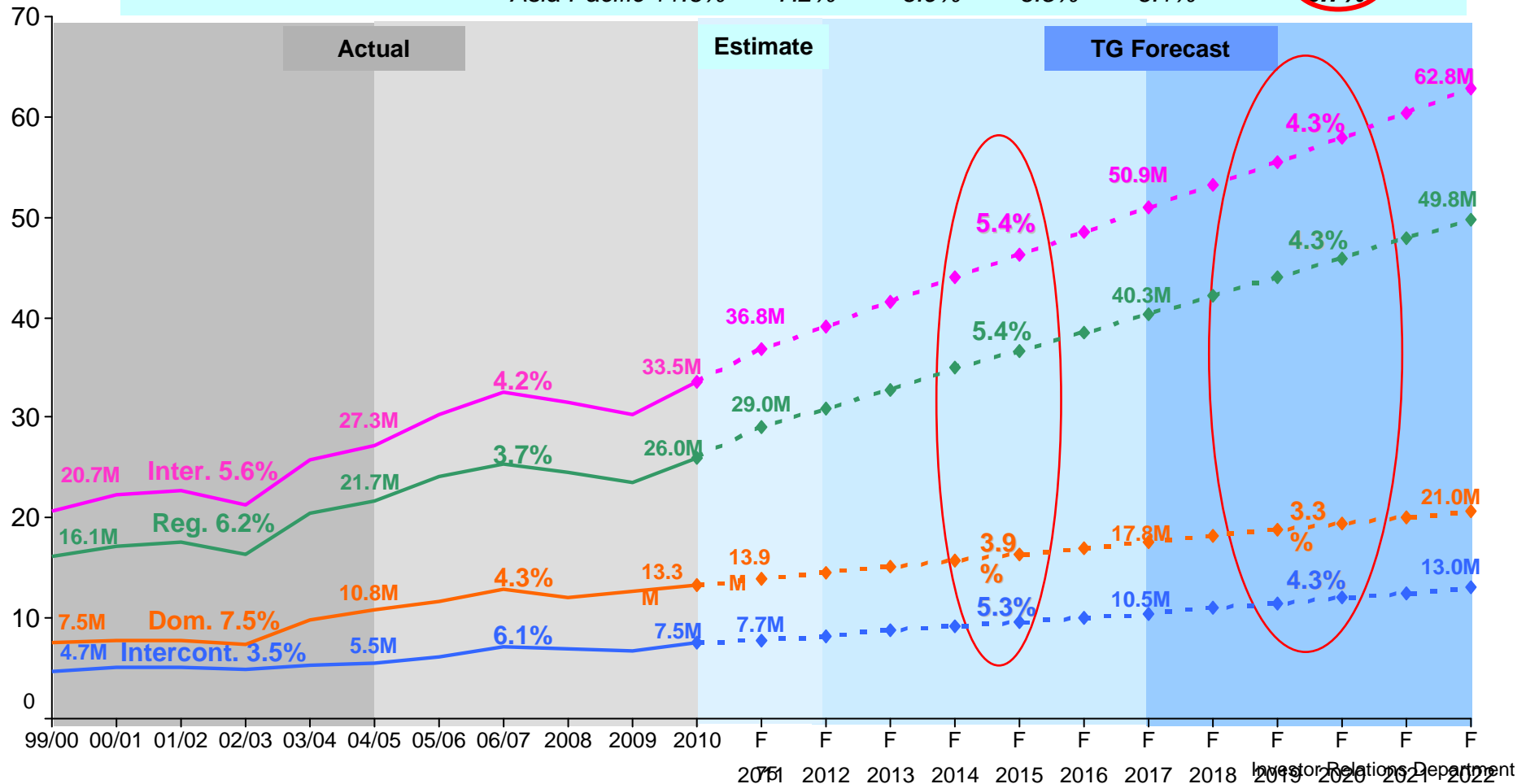
# Industry Outlook

## Passenger from / to Thailand Forecast 2011-2022

Thailand  
Passengers  
(Millions)

**IATA International Passenger Forecast**  
(As September 2010)

	2010	2011	2012	2013	2014	CAGR2011-2014
World	7.9%	4.9%	5.4%	5.4%	5.4%	5.3%
Asia Pacific	11.6%	7.2%	6.9%	6.5%	6.1%	6.7%

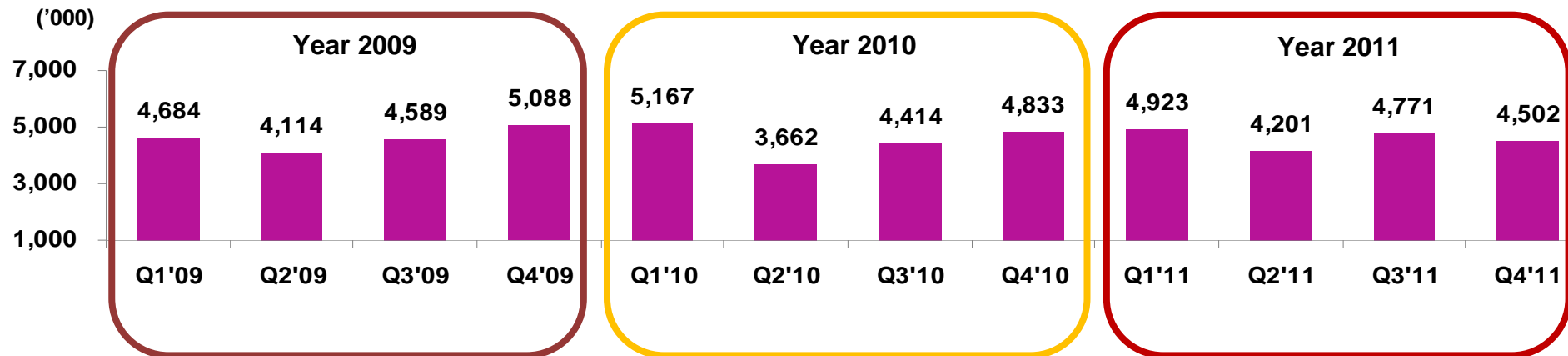




# Operating Statistics

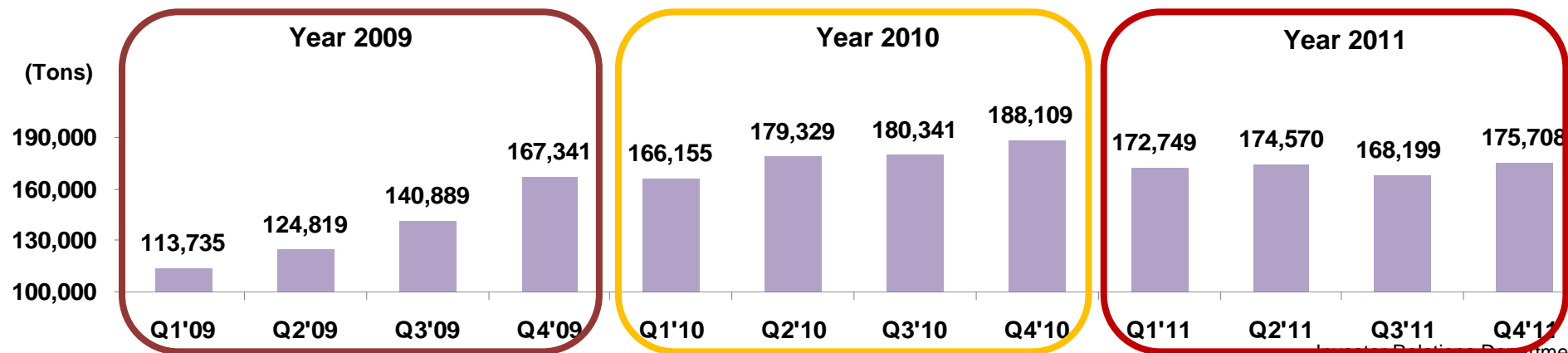
## Passengers Carried

Q4/11 = 4.5 million (decreased 6.9% YoY)



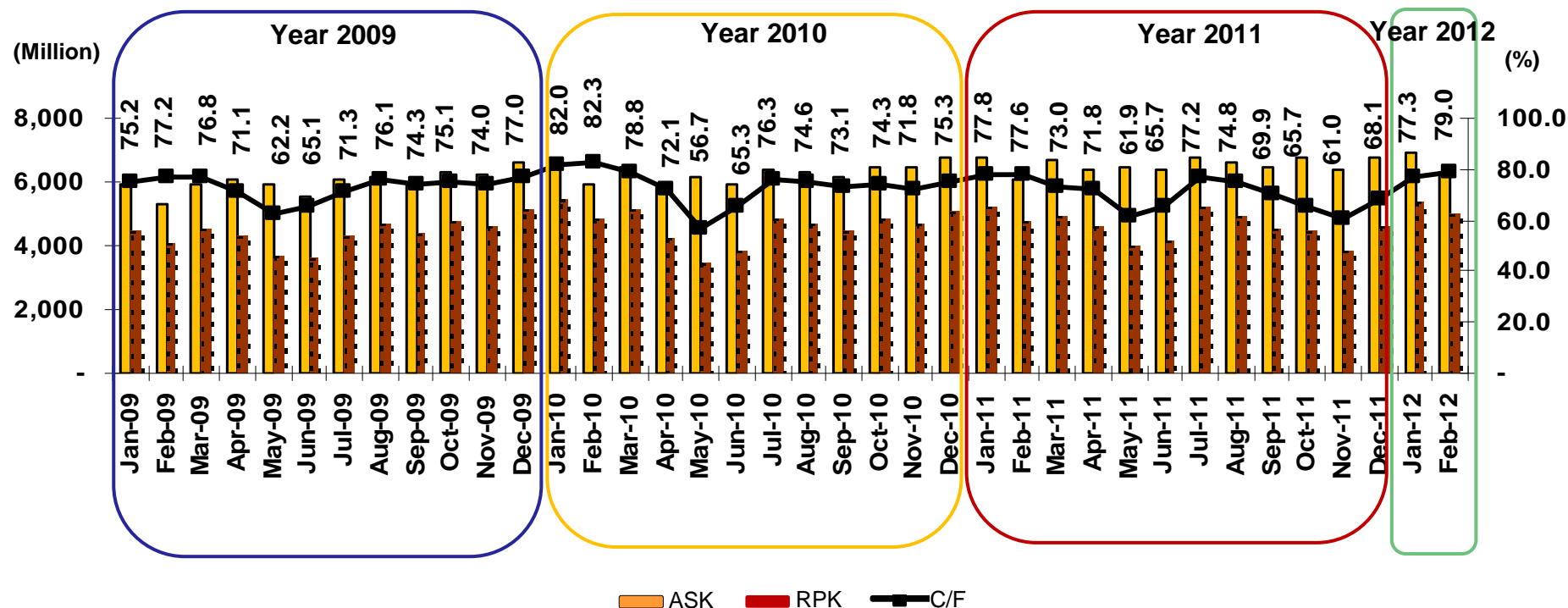
## Freight Carried

Q4/11 = 175,708 tons (decreased 6.6% YoY)



# Operating Statistics

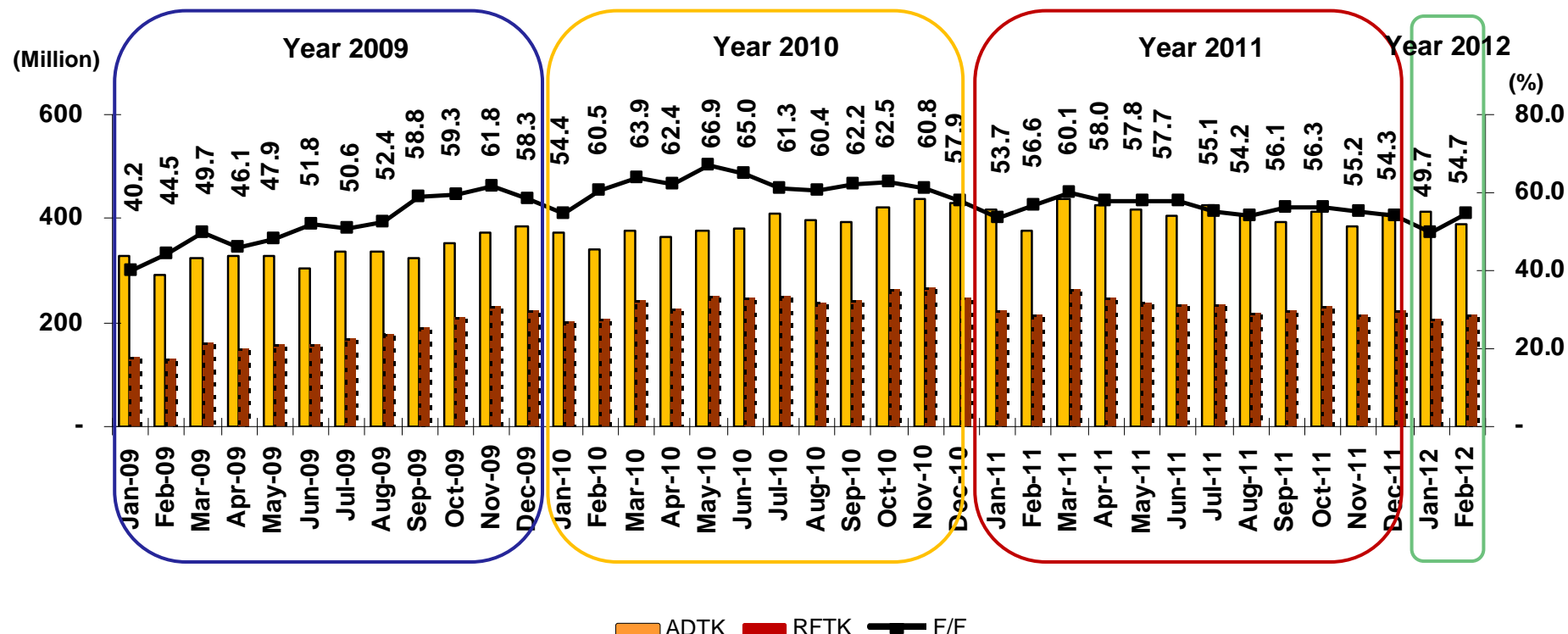
## Passenger



	YoY (Month)			QoQ (Quarter)			YoY (Quarter)			YoY (Year)		
	Feb'12	Feb'11	YoY%	Q4'11	Q3'11	QoQ%	Q4'11	Q4'10	YoY%	2011	2010	YoY%
MASK	6,318	6,098	3.6	19,953	19,837	0.6	19,953	19,734	1.1	78,533	75,600	3.9
MRPK	4,992	4,731	5.5	12,968	14,681	- 11.7	12,968	14,569	- 11.0	55,267	55,676	- 0.7
Cabin factor%	79.0	77.6	1.8	65.0	74.0	- 12.2	65.0	73.8	- 12.0	70.4	73.6	- 4.4

# Operating Statistics

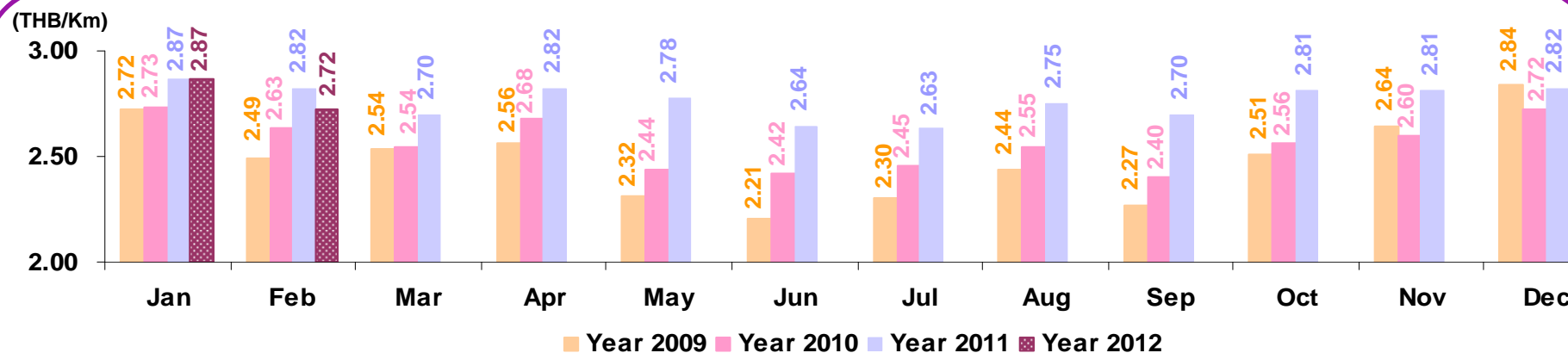
## Freight



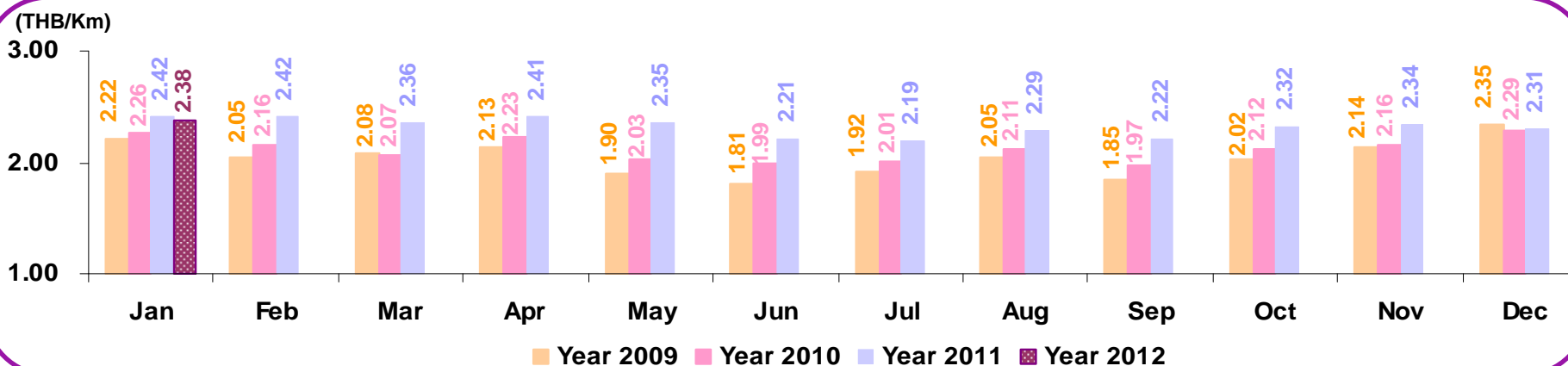
	YoY (Month)			QoQ (Quarter)			YoY (Quarter)			YoY (Year)		
	Feb'12	Feb'11	YoY%	Q4'11	Q3'11	QoQ%	Q4'11	Q4'10	YoY%	2011	2010	YoY%
MADTK	391	376	4.2	1,210	1,224	- 1.1	1,210	1,288	- 6.1	4,917	4,708	4.4
MRFTK	214	213	0.6	669	675	- 0.9	669	778	- 14.0	2,765	2,895	-4.5
Freight factor%	54.7	56.6	- 3.4	55.3	55.1	0.3	55.3	60.4	- 8.5	56.2	61.5	- 8.6

# Operating Statistics

## Passenger Yield (Including Fuel Surcharge)

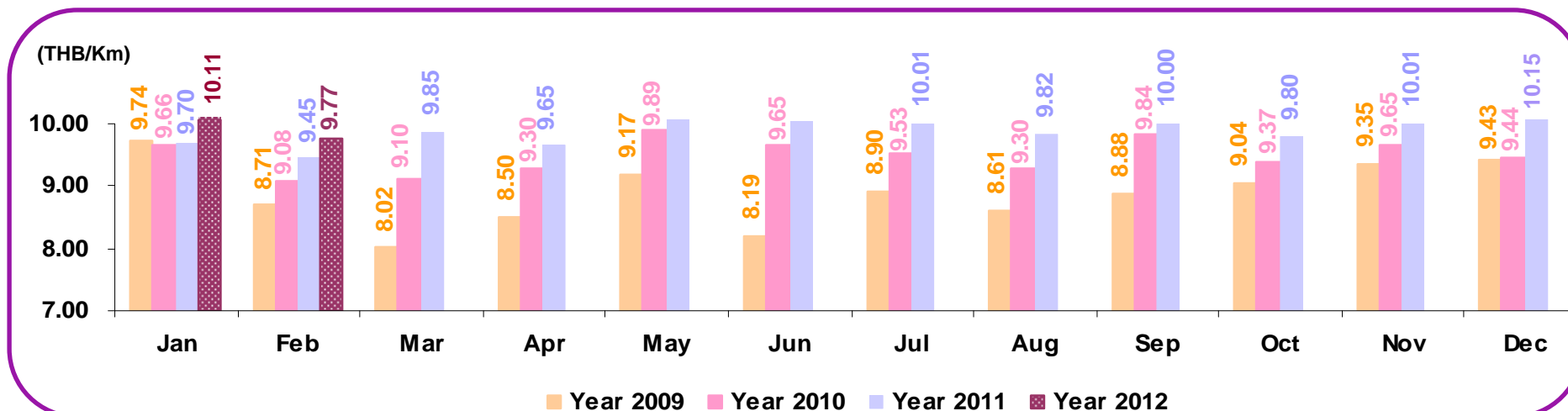


## Passenger Yield (Excluding Fuel Surcharge)

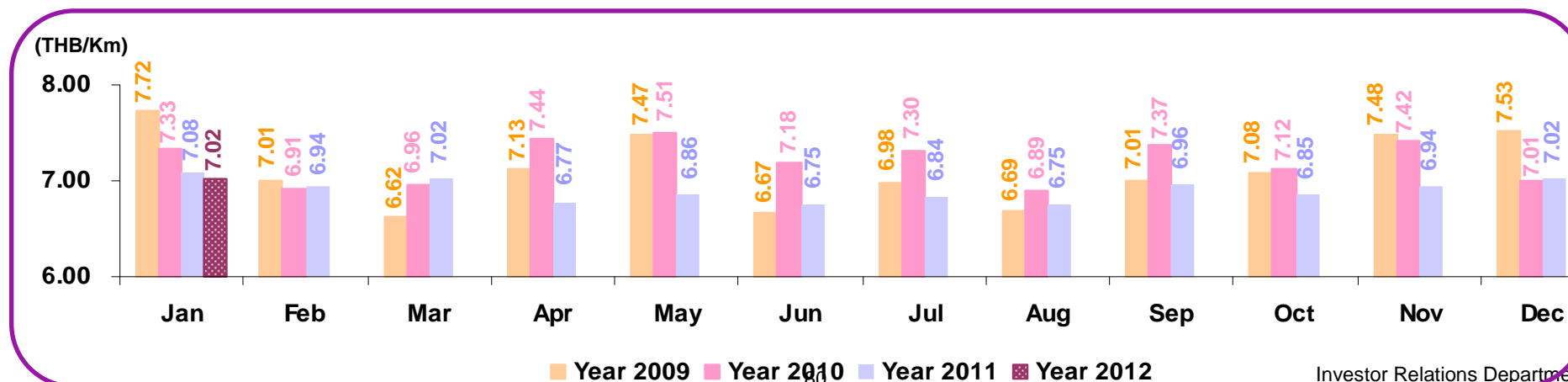


# Operating Statistics

## Freight Yield (Including Fuel Surcharge)



## Freight Yield (Excluding Fuel Surcharge)



Investor Relations Department