

# THAI AIRWAYS INTERNATIONAL PCL

## Year 2012

(Updated on 28 MAR 2013)



# DISCLAIMER

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 equity shares or other securities issued by the Company.**



# Snapshot



\*Excluding : 1 A340-500 Charter flight  
4 B 737-400 & 2 ATR-72 leased to Nok Air

2012	Q4'2012	% Change YoY
<b>Total Revenue (MTHB)</b>	<b>58,088</b>	<b>+23.7%</b>
<b>Net Profit (MTHB) (Included FX)</b>	<b>2,360</b>	<b>+143.8%</b>
<b>Assets (MTHB) (As at 31 DEC 2012)</b>	<b>304,096</b>	<b>+11.0%</b>

Year 2012	% Change YoY
<b>213,530</b>	<b>+9.9%</b>
<b>6,230</b>	<b>+161.1%</b>
<b>304,096</b>	<b>+11.0%</b>

2012	Q4'2012	% Change YoY
<b>Passenger carried (Million)</b>	<b>5.5</b>	<b>+22.1%</b>
<b>Million Revenue Passenger Kilometers (MRPK)</b>	<b>15,843</b>	<b>+22.2%</b>
<b>Freight carried (tons)</b>	<b>177,173</b>	<b>+1.8%</b>
<b>Million Revenue Freight Ton Kilometers (MRFTK)</b>	<b>694</b>	<b>+3.6%</b>

Year 2012	% Change YoY
<b>20.6</b>	<b>+12.1%</b>
<b>60,679</b>	<b>+9.8%</b>
<b>679,120</b>	<b>-1.5%</b>
<b>2,653</b>	<b>-4.1%</b>

2013	
<b># of Aircraft</b> (As of 26 MAR 13)	<b>100*</b>
<b>Frequency Flights per Week</b> (Effective 28 OCT 12 – 30 MAR 13)	<b>871</b>
<b>Destinations Served</b> (Effective 28 OCT 12 – 30 MAR 13)	<b>70</b>
<b>Countries Served</b> (Effective 28 OCT 12 – 30 MAR 13)	<b>36</b>

Note: TG only 3

# Operation Summary

	Units	December 2012			Year 2012		
		2012	2011	% Change YoY	2012	2011	% Change YoY
<b>Passenger Production</b>	MASK	7,160	6,806	5.2%	79,231	78,533	+0.9%
<b>Passenger Traffic</b>	MRPK	5,609	4,632	+21.1%	60,679	55,267	+9.8%
<b>Cabin Factor</b>	%	78.3	68.1	+15.1%	76.6	70.4	+8.8%
<b>Passenger carried</b>	Million	1.9	1.6	+18.4%	20.6	18.4	+12.0%
<b>Passenger Yield</b> (Inc. surcharge)	THB/km	2.86	2.78	+2.9%	2.72	2.75	-1.1%
<b>Freight Production</b>	MADTK	432	411	+5.3%	4,892	4,919	-0.5%
<b>Freight Traffic</b>	MRFTK	223	223	+0.1%	2,653	2,766	-4.1%
<b>Freight Factor</b>	%	51.6	54.3	-4.9%	54.2	56.2	-3.6%
<b>Freight carried</b>	Tons	58,584	59,194	-1.0%	679,120	689,640	-1.5%
<b>Freight Yield</b> (Inc. surcharge)	THB/km	9.47	10.15	-6.7%	9.77	9.89	-1.2%

Note : \* Yield 2012 is passenger - sales commission and discount/RPK  
Based on RCM report

# Financial Performance

# Financial Performance

## Performance Summary (Q4'2011 & Q4'2012)

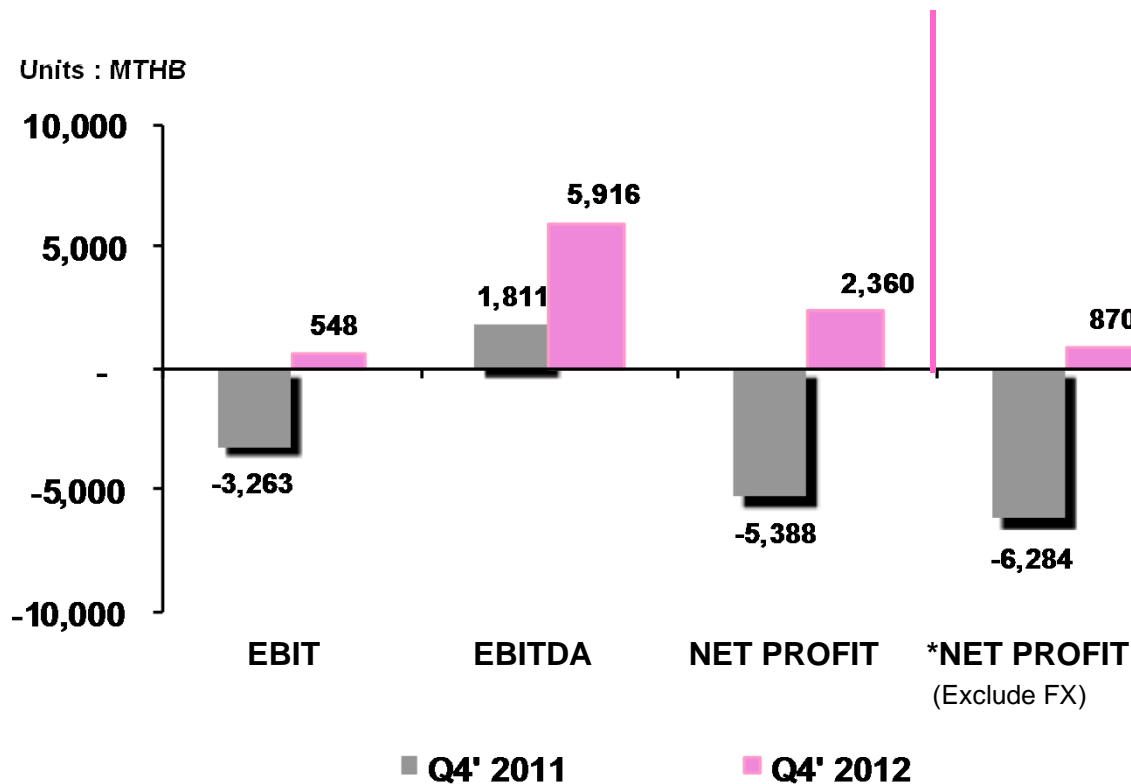
THAI and its subsidiaries

(Units : MTHB)	Q4'2011	Q4'2012
Total Revenue	46,971	58,088
Total Expense *	50,905	56,843
Foreign currency exchange (Loss)	896	1,490
<b>Profit before income tax expense</b>	<b>(3,038)</b>	<b>2,735</b>
Net tax expense (income)	2,344	303
<b>Net profits (loss)</b>	<b>(5,388)</b>	<b>2,360</b>

\* Excludes Foreign currency exchange

# Financial Performance

## EBIT, EBITDA and Net Profit (Q4'2011 & Q4'2012)

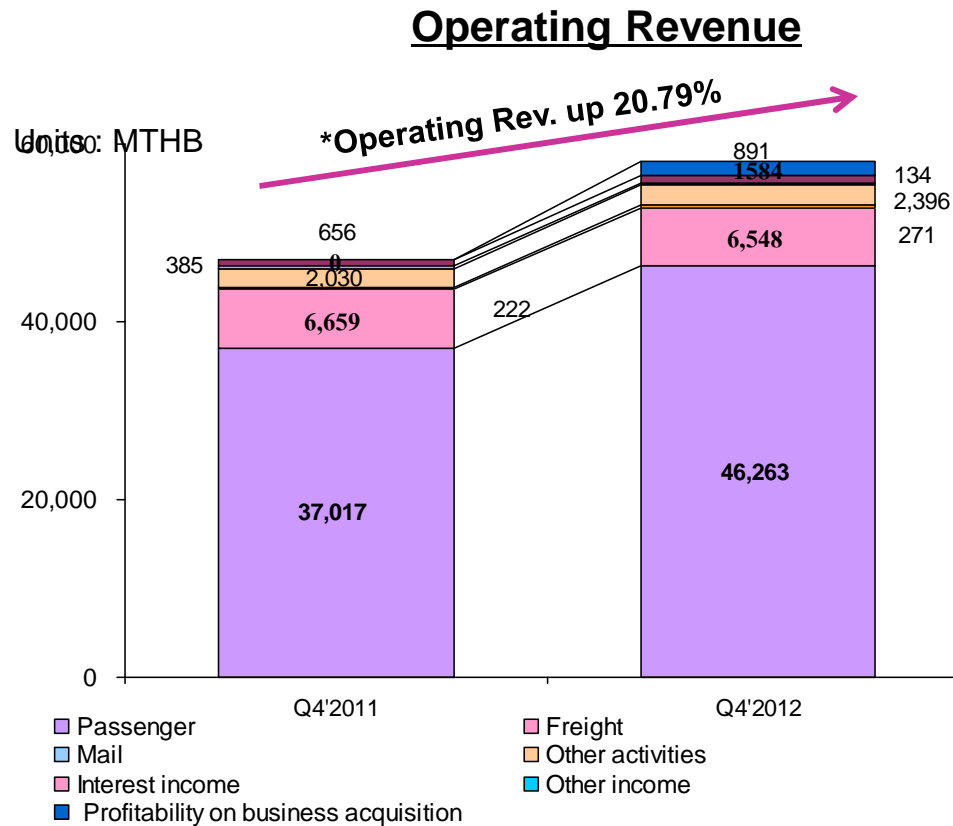


### Factors Impacting Q4'2012 Results

- Number of passengers higher than last year by 22.08%
- ASK higher than last year by 4.11% and RPK grew by 22.17%
- Profitability on business acquisition
- Extra bonus expensed in Q4'2012
- THAI introduced its new route : Bangkok – Sapporo late 2012
- Reduced intercontinental flights while increasing flights within Asia
- Improved passenger yield on European destinations

# Financial Performance

## Operating / Total Revenue (Q4'2011 & Q4'2012)



**Total Revenue**

Revenue	% Change	% to Tot. Rev.
Passenger	24.98	79.64
Freight	-1.68	11.27
Mail	21.93	0.47
Other activities	18.05	4.13
Interest income	-65.12	0.23
Other income	35.79	1.53
Profitability on business acquisition	100.00	2.73
<b>Total Income</b>	<b>23.67</b>	<b>100.00</b>

\*Excludes Interest Other income & Profitability on business acquisition  
 - Operating revenue Q4'2011 = 45,928MTHB  
 - Operating revenue Q4'2012 = 55,478MTHB

**Total revenue Q4'2011 = 46,970 MTHB**  
**Total revenue Q4'2012 = 58,088 MTHB**

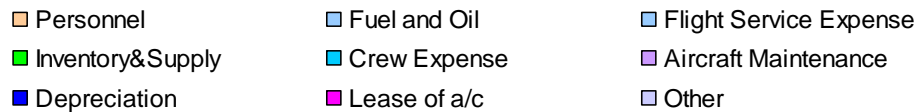
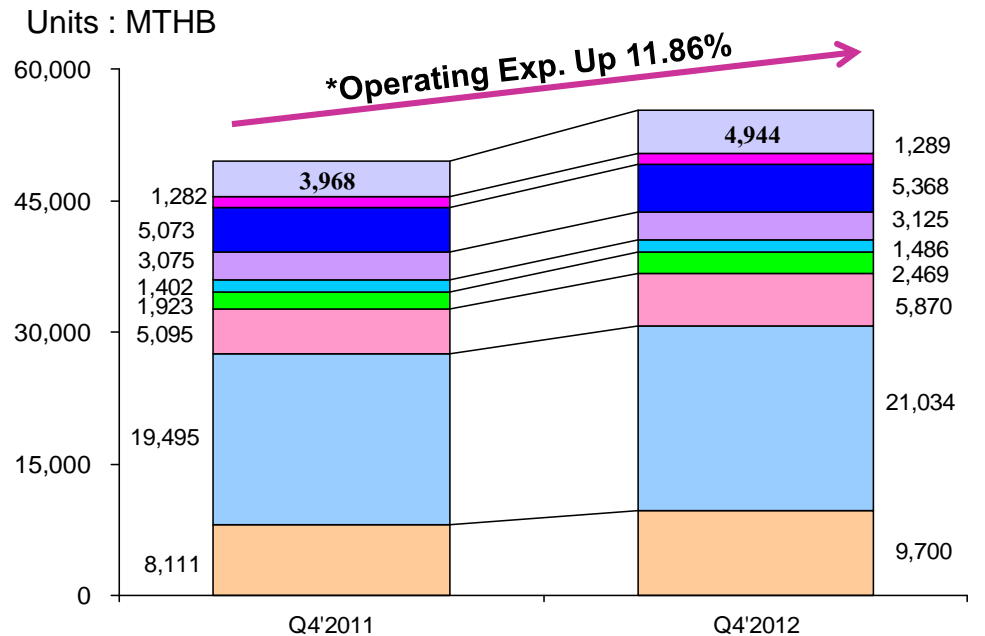


# Financial Performance

## Operating / Total Expense (Q4'2011 & Q4'2012)

### Operating Expense

### Total Expense



Expense	% Change YoY	% of Tot. Exp.
Personnel expense	19.59	17.53
Fuel and oil	7.90	38.00
Flight service expense	15.21	10.60
Inventories and supplies	28.40	4.46
Crew expense	5.97	2.68
Maintenance/overhaul	1.62	5.65
Depreciation/amortisation	5.82	9.70
Aircraft lease/spare parts	0.55	2.33
Other expense	10.05	9.05
<b>Total Expense</b>	<b>10.68</b>	<b>100.00</b>

\* Excludes FX, Impairment losses, Finance costs and Share of profit of investments by the equity method  
 - Operating expense Q4'2011 = 49,425 MTHB  
 - Operating expense Q4'2012 = 55,286 MTHB

**Total expense Q4'2011 = 50,010 MTHB**  
**Total expense Q4'2012 = 55,353 MTHB**

# Financial Performance

## Ratios – Q4'2011 & Q4'2012

Ratios	units	Q4'2011	Q4'2012
Earnings Per Share	(THB)	-2.47	1.08
Book Value per Share	(THB)	28.94	31.57
Price / Book Value	(Times)	0.69	0.7
EBIT	(MTHB)	-3,263	548
EBITDA	(MTHB)	1,811	5,916
IBD to Equity	(Times)	2.3	2.3
Debt Service Coverage*	(Times)	0.1	0.9
Interest Coverage	(Times)	1.2	4.0
Operating Profit Margin	(%)	-7.1	1.0
Net Profit Margin	(%)	-11.7	4.3

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

# Financial Performance

## Performance Summary (Year'2011 & Year'2012)

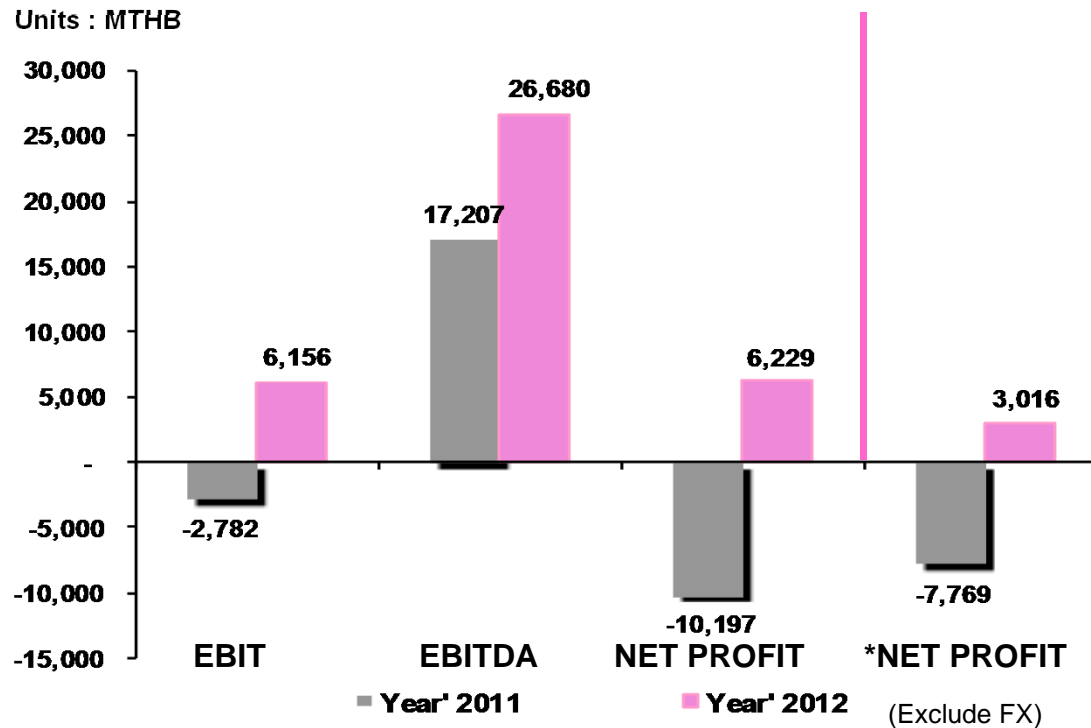
THAI and its subsidiaries

(Units : MTHB)	Year'2011	Year'2012
Total Revenue	194,342	213,530
Total Expense *	199,831	209,639
Foreign currency exchange (Loss)	(2,428)	3,213
<b>Profit before income tax expense</b>	<b>(7,917)</b>	<b>7,104</b>
Net tax expense (income)	2,245	594
<b>Net profits (loss)</b>	<b>(10,197)</b>	<b>6,229</b>

\* Excludes Foreign currency exchange

# Financial Performance

## EBIT, EBITDA and Net Profit (Year'2011 & Year'2012)

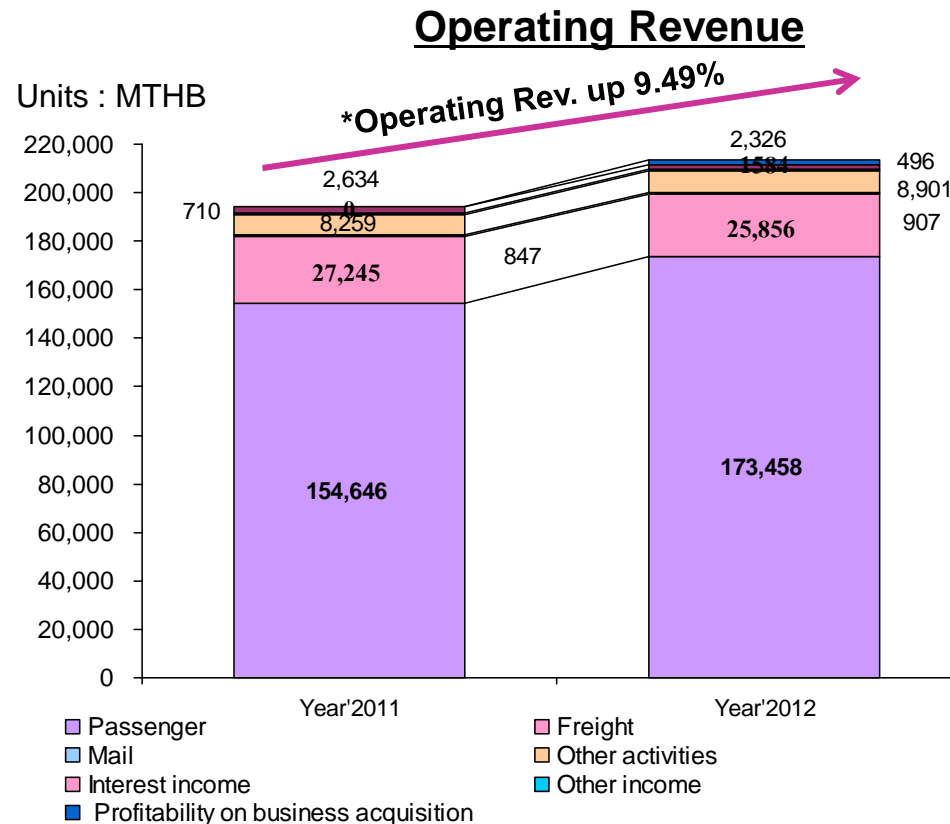


### Factors Impacting Year'2012 Results

- Number of passengers higher than last year by 11.7%
- ASK grew by 0.9% but RPK saw growth of 9.8% over last year
- 3 A380s delivered by December 2012
- Reduced frequency from European destinations shifting to Regional destinations
- Improved revenue through use of Revenue management system

# Financial Performance

## Operating / Total Revenue (Year'2011 & Year'2012)



**Total Revenue**

Revenue	% Change	% to Tot. Rev.
Passenger	12.16	81.23
Freight	-5.10	12.11
Mail	7.10	0.43
Other activities	7.77	4.17
Interest income	-30.12	0.23
Other income	-11.68	1.09
Profitability on business acquisition	100.00	0.74
<b>Total Income</b>	<b>9.87</b>	<b>100.00</b>

\*Excludes Interest & Other income

- Operating revenue Year'2011 = 190,997 MTHB

- Operating revenue Year'2012 = 209,122 MTHB

**Total revenue Year'2011 = 194,341 MTHB**  
**Total revenue Year'2012 = 213,530 MTHB**

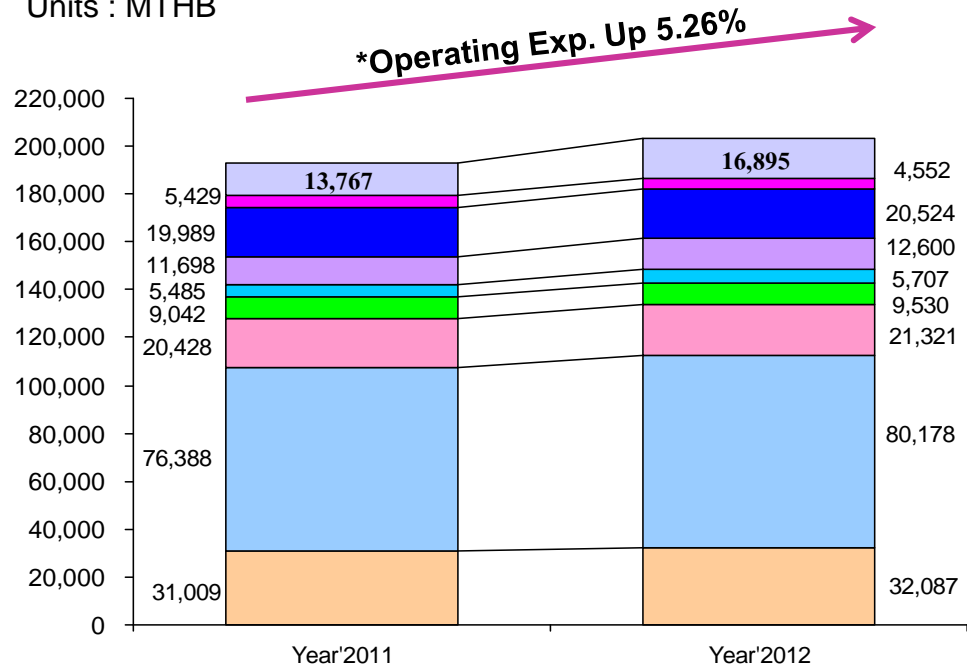
# Financial Performance

## Operating / Total Expense (Year'2011 & Year'2012)

### Operating Expense

### Total Expense

Units : MTHB



- Personnel
- Fuel and Oil
- Flight Service Expense
- Inventory & Supply
- Crew Expense
- Aircraft Maintenance
- Depreciation
- Lease of a/c
- Other

\* Excludes FX, Impairment losses, Finance costs and Share of profit of investments by the equity method  
 - Operating expense Year'2011 = 193,237 MTHB  
 - Operating expense Year'2012 = 203,395 MTHB

Expense	% Change YoY	% of Tot. Exp.
Personnel expense	3.48	15.54
Fuel and oil	4.96	38.84
Flight service expense	4.37	10.33
Inventories and supplies	5.40	4.62
Crew expense	4.05	2.76
Maintenance/overhaul	7.71	6.10
Depreciation/amortisation	2.67	9.94
Aircraft lease/spare parts	- 16.16	2.21
Other expense	- 12.56	9.66
<b>Total Expense</b>	<b>2.06</b>	<b>100.00</b>

**Total expense Year'2011 = 202,259 MTHB**  
**Total expense Year'2012 = 206,426 MTHB**

# Financial Performance

## Ratios – Year'2011 & Year'2012

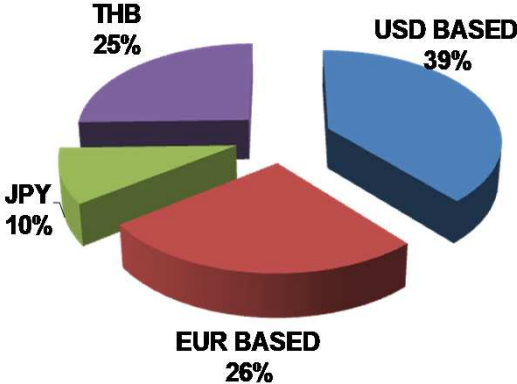
Ratios	units	Year'2011	Year'2012
Earnings Per Share	(THB)	-4.67	2.85
Book Value per Share	(THB)	28.94	31.57
Price / Book Value	(Times)	0.69	0.7
EBIT	(MTHB)	-2,782	6,156
EBITDA	(MTHB)	17,207	26,680
IBD to Equity	(Times)	2.3	2.3
Debt Service Coverage*	(Times)	0.9	1.3
Interest Coverage	(Times)	3.0	4.6
Operating Profit Margin	(%)	-1.5	2.9
Net Profit Margin	(%)	-5.3	3.1

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

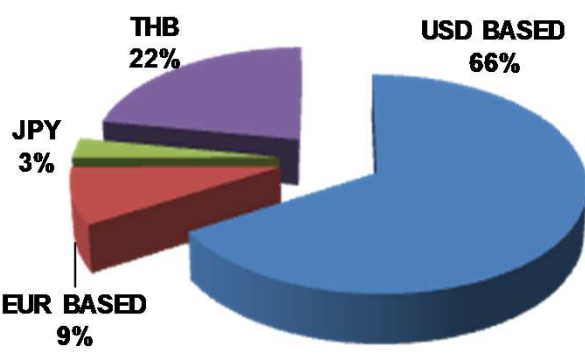
# Currency Break down

## Foreign Currency Exposure (As of JAN-DEC 2012)

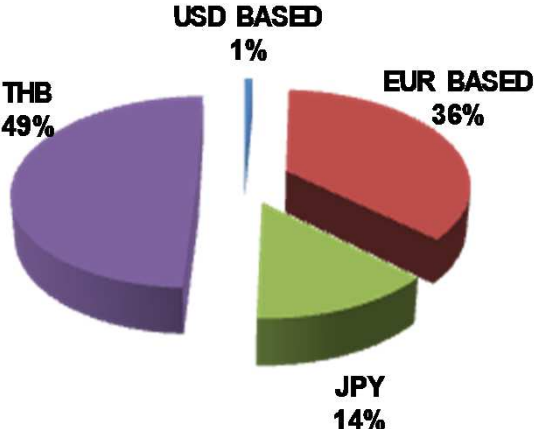
### Revenue



### Expense



### Outstanding loan

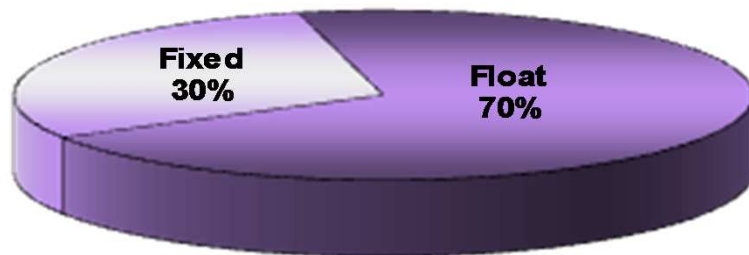




# Debt Structure

## Proportion of Fixed and Float (As of DEC 2012)

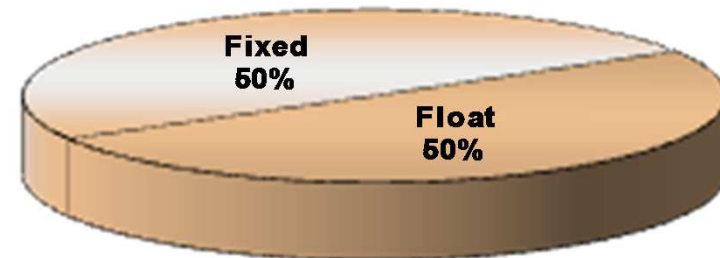
**Before Swap**



Percentage of TOTAL  
(TOTAL = 158,800 MTHB)

**Cost of funding = 3.19%**

**After Swap**



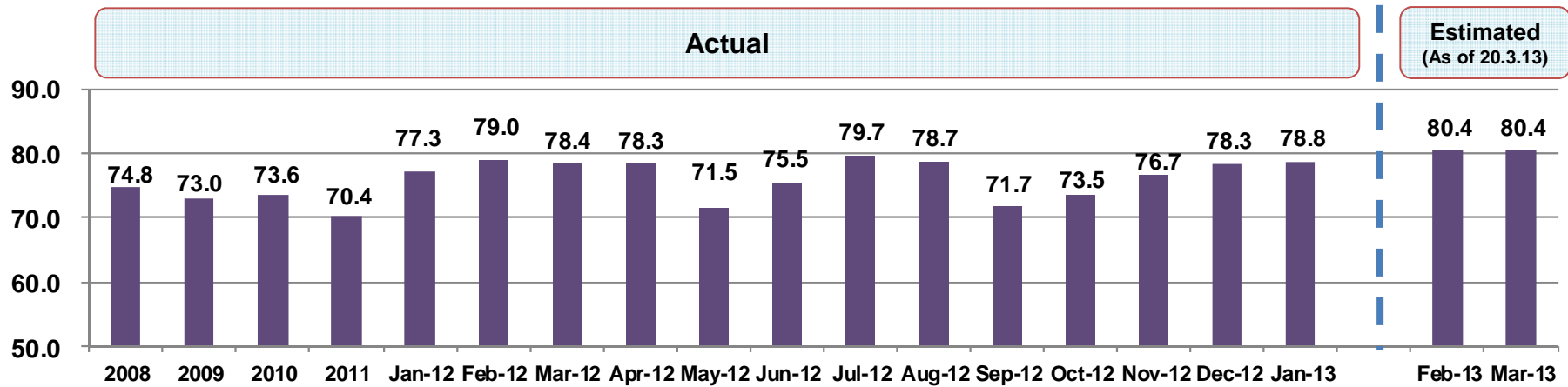
Percentage of TOTAL  
(TOTAL = 158,345 MTHB)

**Cost of funding = 3.39%**

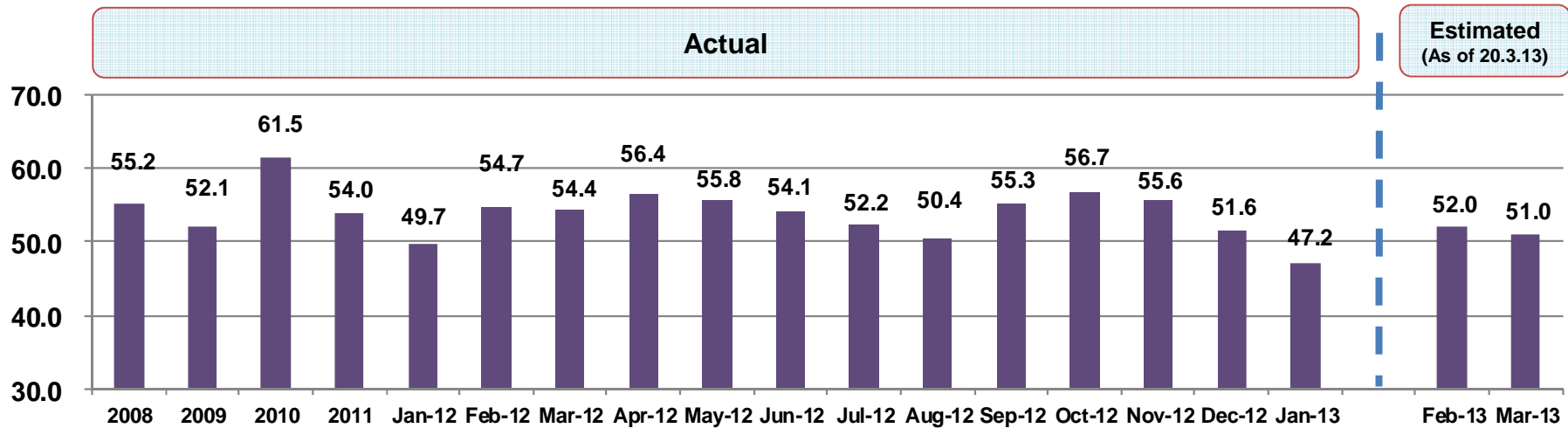
# Looking ahead

# Looking Ahead

## Cabin Factor



## Freight Factor



# Strategies

# Corporate Business Strategy

## SN1: Corporate Portfolio Strategy

Increase effectiveness and efficiency in  
Management of core and business unit operations

Expand scope of business to encompass other businesses

Foster strong relations with  
Star alliance members and other airlines to  
strengthen THAI's network with the upcoming launch of the AEC.

# Corporate Business Strategy

## SN2: Corporate Transportation Business Strategy

Product and service differentiation through improving all touch points to ensure consistency, quality and standard

Revise rolling long term network and fleet plan to suit customer demand

Implement dynamic pricing

Ensure quality revenue management practice

Ongoing effective fuel hedging and fuel surcharge management

Ensure financial strength and sufficient funding for needed investments and operations

# Corporate Business Strategy

## SN3: Effective Business Structure Re-design Strategy

Ensure suitable staffing age profile

Develop corporate knowledge and develop candidates for future management functions / succession plan for critical positions

Develop lean operation with appropriate manpower model

Enhance good Corporate Governance

# Corporate Business Strategy

## SN4: IT Strategy

Enhance digital business capability

Employ application development tools to enable flexible IT development

Develop lean operation with appropriate manpower model

Ensure sufficient and strong backbone infrastructure



# Corporate Business Strategy

## SN5: Corporate Social Responsibility Strategy

Being aware of investors' rights and needs to ensure good relations and ensure healthy returns

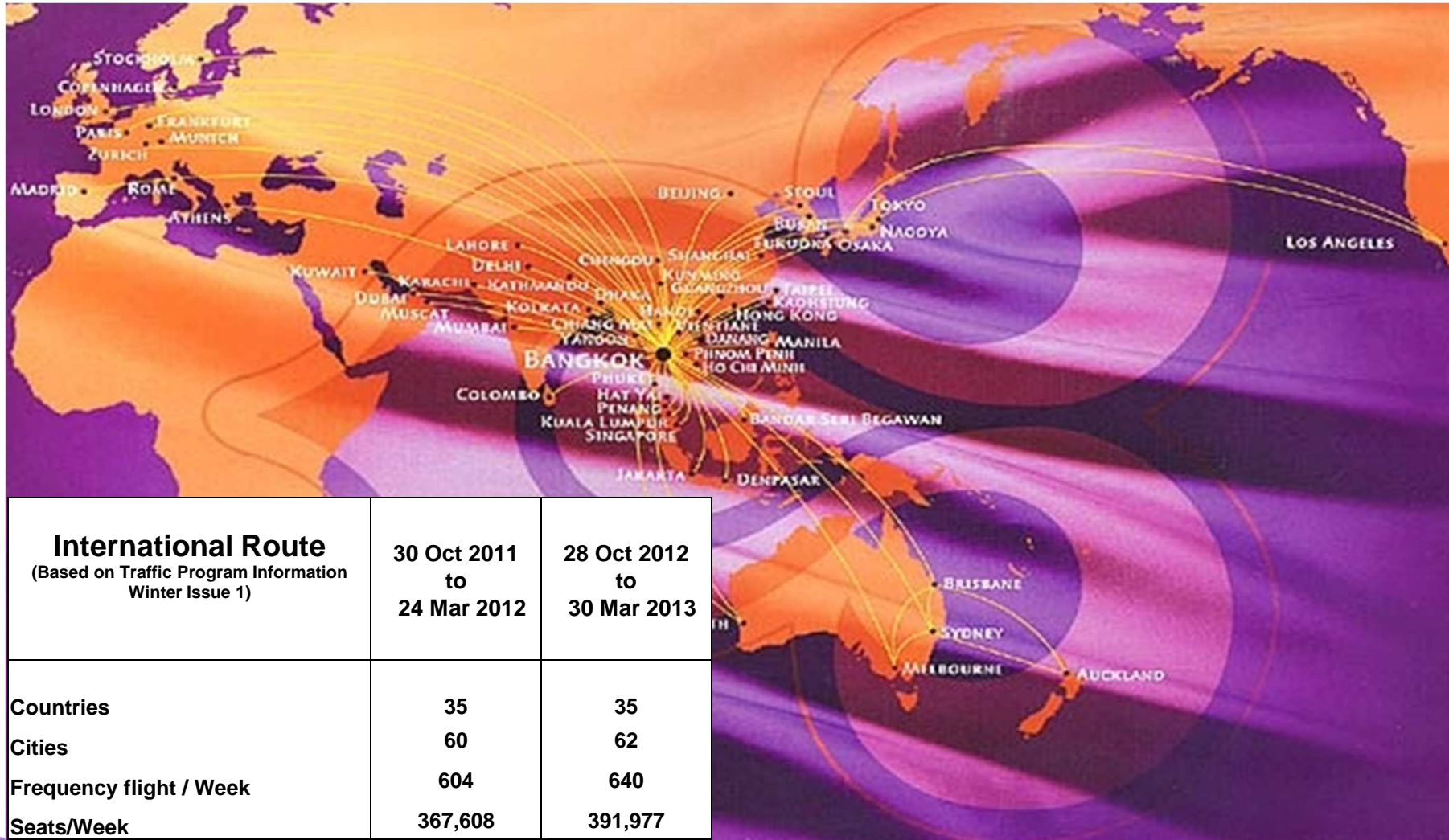
Develop and encourage green Innovation

Improve and enhance CSR in the organization

# Company Facts

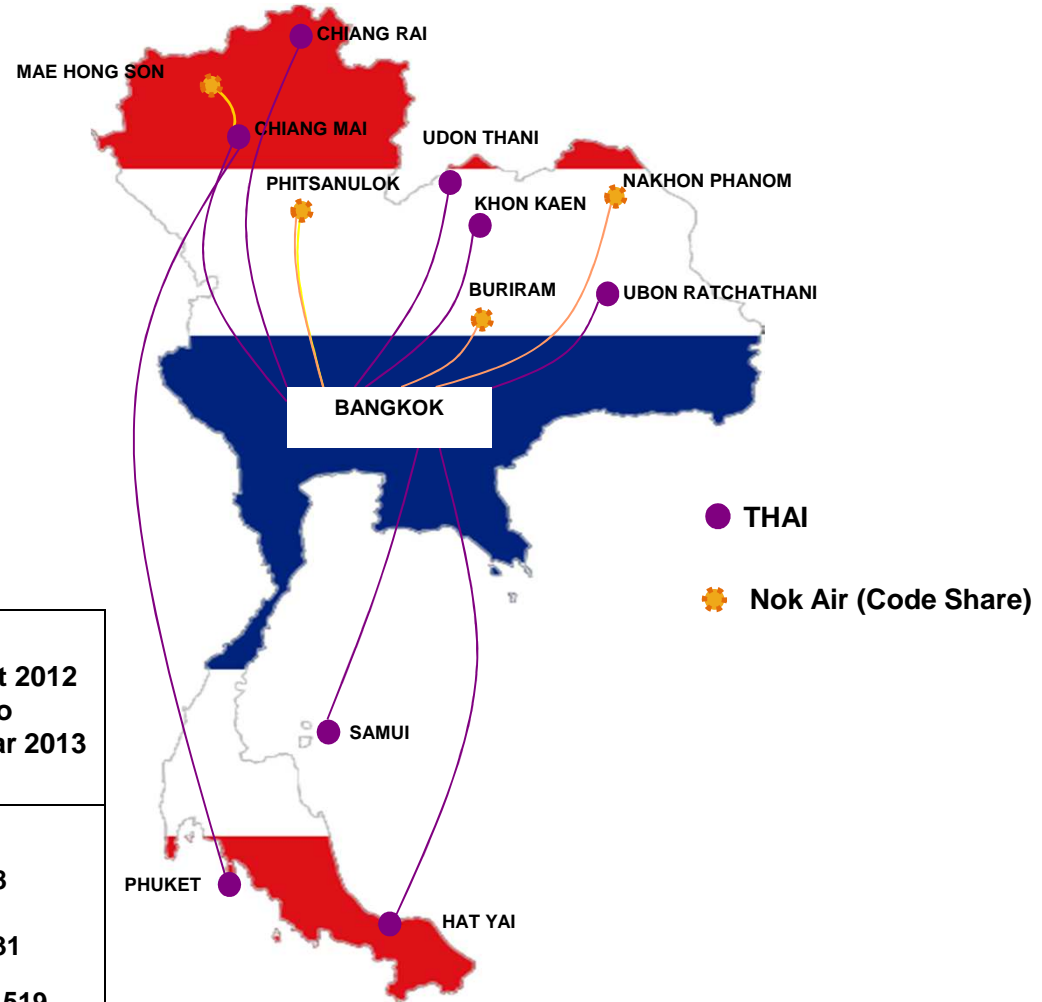
# THAI's Route Network

## World Route Network



# THAI's Route Network

## Domestic Route Network



<b>Domestic Route</b> (Based on Traffic Program Information Winter Issue 1)	<b>30 Oct 2011 to 24 Mar 2012</b>	<b>28 Oct 2012 to 30 Mar 2013</b>
<b>Cities</b>	<b>10</b>	<b>8</b>
<b>Frequency flight / Week</b>	<b>283</b>	<b>231</b>
<b>Seats / Week</b>	<b>143,401</b>	<b>128,519</b>

# Current Fleet

## Current Fleet: 102 Aircraft\*

46% of O      35% of FL      19% of OL  
 O=Owned      FL=Financial lease      OL=Operating lease



(Note: Approximately)

\*Excluding: 1 A340-500 Charter flight, 4 B737-400 and 2 ATR-72 leased to Nok

As of 28 MAR 13

Aircraft Type	Version	# of Aircraft	# of Seat				Financial Method
			First	Business	Economy	Total	
A300-600	36R1	4	N.A.	46	201	247	9 O
	36R3	5	N.A.	28	232	260	
A340-600	3461	6	8	60	199	267	6 FL
A330-300	3302	12	N.A.	42	263	305	10 O, 14 FL, 2 OL
	3303	8	N.A.	36	263	299	
	3304	6	N.A.	36	263	299	
A320-200	3201	2	N.A.	N.A.	174	174	6 OL
	3202	4	N.A.	N.A.	174	174	
A380-800	3801	4	12	60	435	507	4 FL
B737-400	7341	5	N.A.	12	137	149	2 O, 3 OL
B747-400	7442	5	14	50	325	389	14 O, 4 FL
	7443	4	10	40	325	375	
	7444	6	10	40	325	375	
	7445	1	9	40	325	374	
	Freighter	2	N.A.	N.A.	N.A.	N.A.	
B777-200	7723	8	N.A.	30	279	309	6 O, 2 OL
B777-200ER	77E1	6	N.A.	30	262	292	6 FL
B777-300	7732	5	N.A.	34	330	364	4 O, 2 FL
	7732 TKE	1	N.A.	34	325	359	
B777-300 ER	7739	5	8	30	274	312	8 OL
	77B1	3	N.A.	42	306	348	
<b>Total</b>		<b>102</b>	<b>71</b>	<b>690</b>	<b>5,417</b>	<b>6,178</b>	<b>45 O, 36 FL, 21 OL</b>

# Aircraft Delivery Plan

NEW A/C DELIVERY	2012	2013	2014	2015	2016	2017	TOTAL
A380-800	3 (FL) (SEP/NOV/DEC)	3 (FL) (MAR/OCT/NOV)	-	-	-	-	6
B777-300ER	2 (OL) (AUG/OCT)	6 (OL) (MAR/APR/JUN/ JUL/AUG/OCT)	3 (FL)	3 (FL)	-	-	14
A330-300	3 (FL) (FEB/SEP/OCT)	2 (FL) (JAN/APR)	-	-	-	-	5
A350-900	-	-	-	-	2 (OL) R	2 (FL) I 6 (OL) R	10
B787-9	-	-	-	-	-	2 (OL)	2
B787-8	-	-	4 (OL)	2 (OL)	-	-	6
A320 (Thai Smile)	4 (OL) (JUN/AUG/AUG/SEP)	2 (OL)4(FL) (JAN/MAR)/(OCT/ OCT/NOV/DEC)	2 (FL) 5(OL)	3 (FL)	-	-	20
<b>TOTAL</b>	<b>12</b>	<b>17</b>	<b>14</b>	<b>8</b>	<b>2</b>	<b>10</b>	<b>63</b>
<b>Average Fleet Age*</b>	<b>10.3</b>	<b>9.3</b>	<b>8.6</b>	<b>8.5</b>	<b>9.4</b>	<b>8.5</b>	<b>9.1</b>

\* Based on Leased A320

As at 31 DEC 2012

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

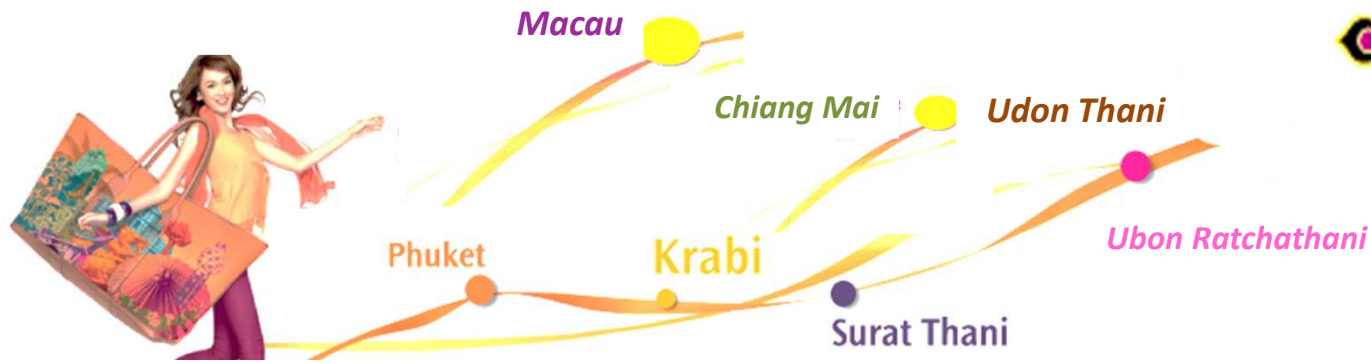
# Phase Out Plan

PHASE-OUT PLAN	2012	2013	2014	2015	2016	2017	TOTAL
B747-400	-	4	-	-	-	2	6
B777-300ER (Jet Airways)	-	5	-	-	-	-	5
A340-500	4 (MAY)	-	-	-	-	-	4
B777-200	-	-	-	-	-	4	4
A330-300	-	-	2	4	-	2	8
A300-600	2 (MAR)	4	5	-	-	-	11
B737-400	3* (JUL/JUL/OCT)	1*	2	1	-	2	9
ATR-72	-	2*	-	-	-	-	2
<b>TOTAL</b>	<b>9</b>	<b>16</b>	<b>9</b>	<b>5</b>	<b>-</b>	<b>10</b>	<b>49</b>

\*Return from Nok Air

As at 31 DEC 2012

# THAI Smile Fleet Plan & Route Network



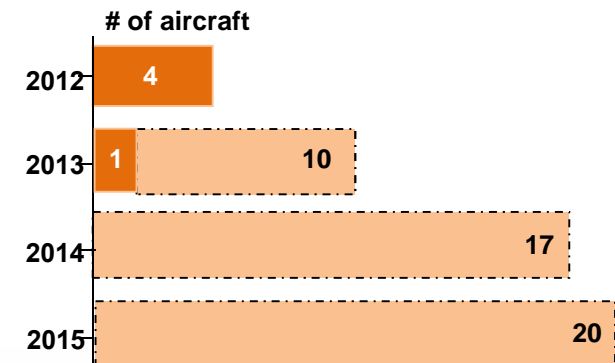
**Airbus 320**

Brand new narrow body aircraft

**Currently 5 aircrafts**

(As at 26 MAR 13)

## Fleet Plan (2012-2015)



THAI Smile based at Suvarnabhumi Airport  
Operates in domestic and regional secondary routes  
and synchronize with TG network.

International & Domestic Route*	Total	FREQUENCY*	DESTINATION
Countries	2	14 Flights / week	Bangkok - Macau V.V.
Cities	7	14 Flights / week	Bangkok - Surat Thani V.V.
Frequency / Week	119	14 Flights / week	Bangkok - Chiang Mai V.V.
		14 Flights / week	Bangkok - Phuket V.V.
		7 Flights / week	Chiang Mai - Phuket V.V.
		21 Flights / week	Bangkok - Krabi V.V.
		14 Flights / week	Bangkok - Ubon Ratchathani V.V.
		21 Flights / week	Bangkok - Udon Thani V.V.

\*Note: Based on Traffic Program Information  
Winter 2012/2013 Issue 2  
: Effective : 1 January – 30 March 2013



# THAI Smile New Route Network



FREQUENCY	DESTINATION		EFFECTIVE
5 Flights / week	Bangkok- Mandalay	V.V.	31 MAR 2013
2 Flights / week	Bangkok - Ahmedabad	V.V.	31 MAR 2013
2 Flights / week	Phuket - New Delhi	V.V.	1 APR 2013
4 Flights / week	Phuket - Kuala Lumpur	V.V.	2 APR 2013
2 Flights / week	Phuket - Mumbai	V.V.	3 APR 2013

Note: Based on Traffic Program Information Summer 2013  
: Flights and destinations are subject to change without prior notice.



# Nok Air Route Network

## 13 Aircrafts

(As at 31 DEC 2012)

8 of Boeing 737-800



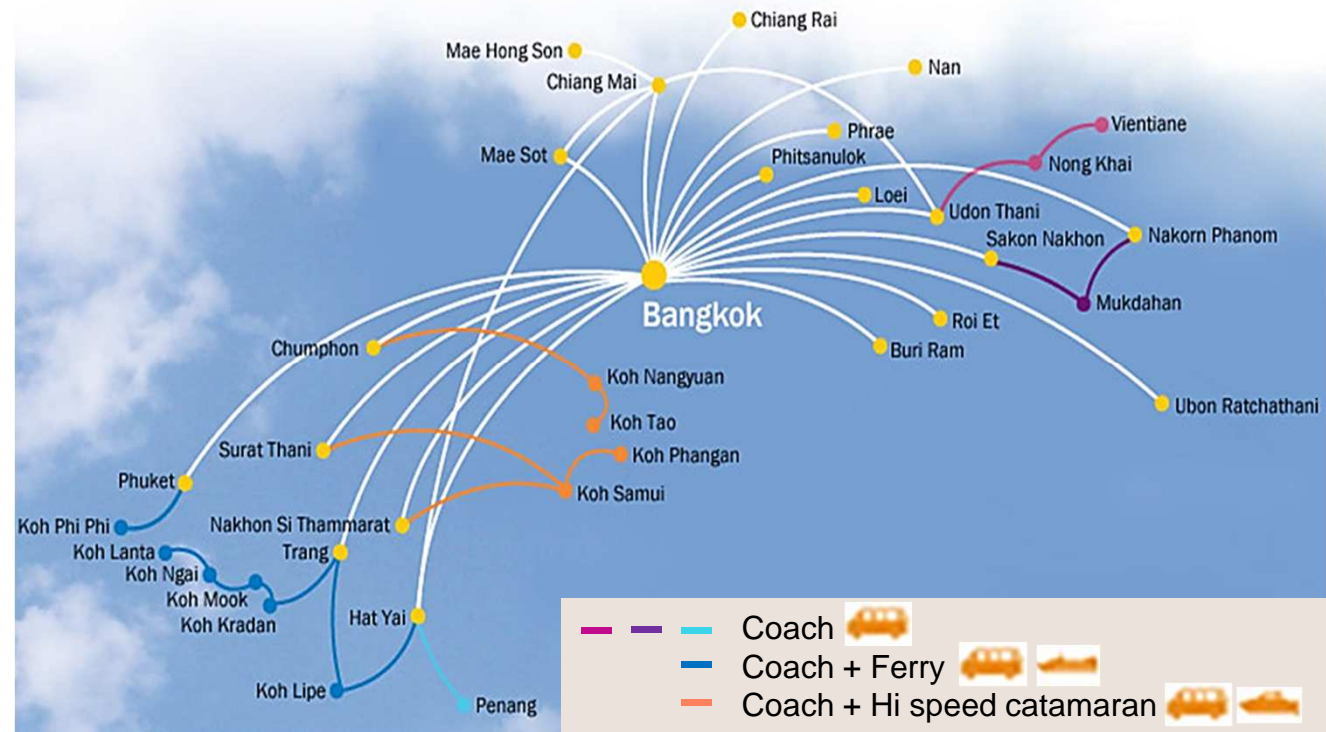
3 of Boeing 737-400



2 of ATR 72











**Nok Air based at Don Mueang Airport  
Currently operates only domestic point-to-point**



Route	Total
As at 31 DEC 2012	Domestic
Cities	20
Freq./Week	448

**TG's Proportion of Shareholding  
increased from 39% to 49% (NOV 2011)**

# THAI's Upgrade and Retrofit Schedule

	# of Aircraft	First	Business	Economy	Progress
B747-400 No. 7-12	6				All: Completed MAR. 2012
B747-400 No. 13-18	6				# 13,14: Completed OCT. 2012 # 15-18: By MAY 2013
B777-200	8				# 1,2: Completed OCT 2012 # 3-8: By JUN. 2013



B747-400 Improved seats & new PTV in all classes

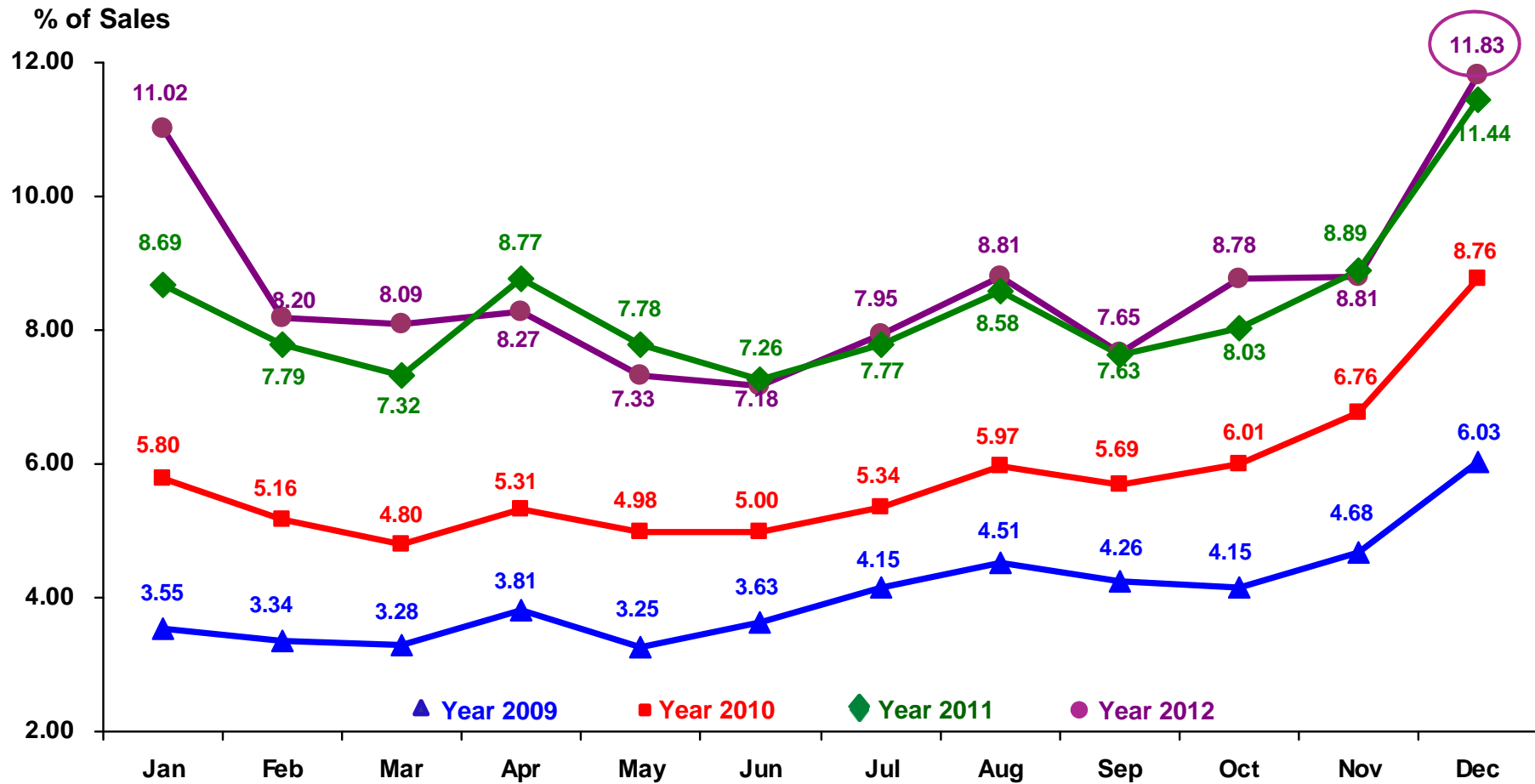


B777-200 Installed in seat VDO in Y class

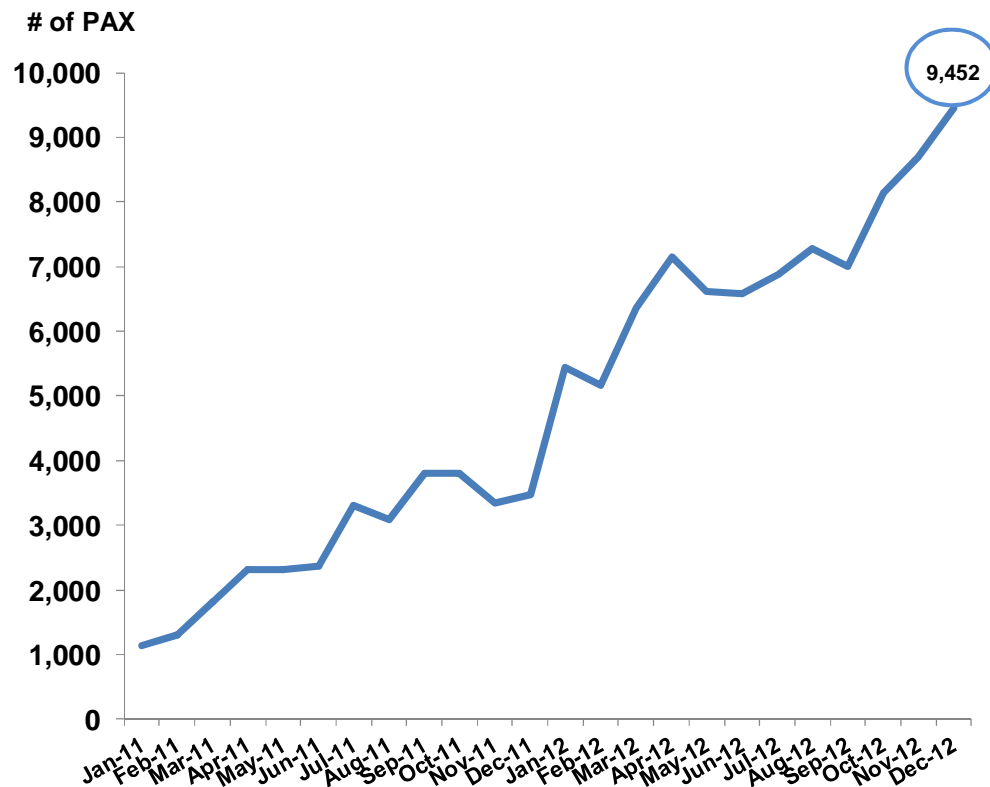


# Internet Sales

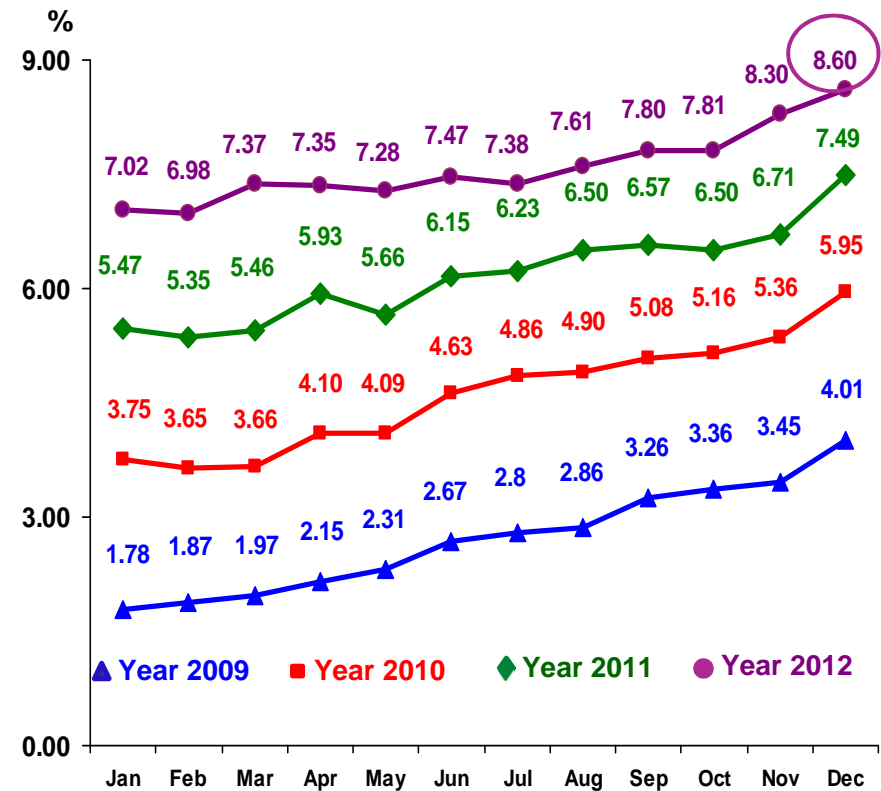
## Ticket Sales Via Internet



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



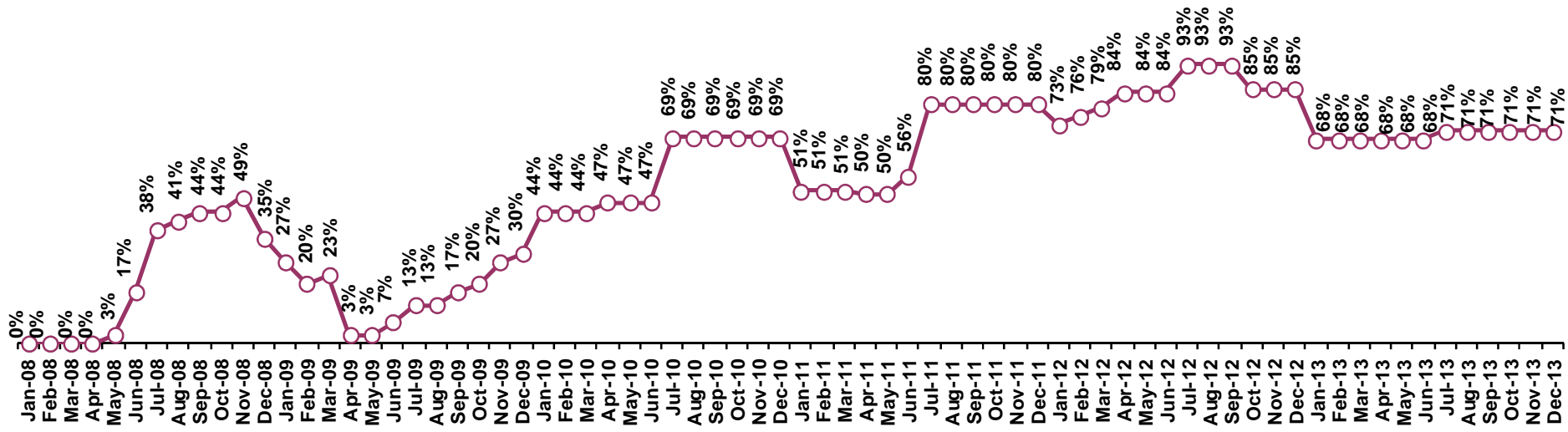
## Check-in via Internet



# Fuel Management

Hedging combined with fuel surcharge greatly mitigates fuel price fluctuation risk

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

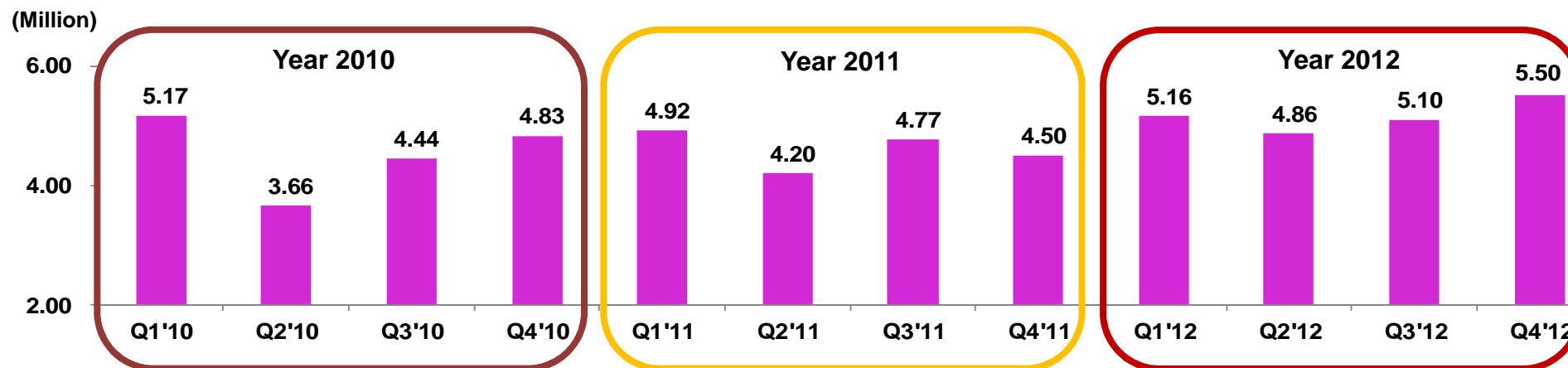


# Operating Statistics

# Operating Statistics

## Passengers Carried\*

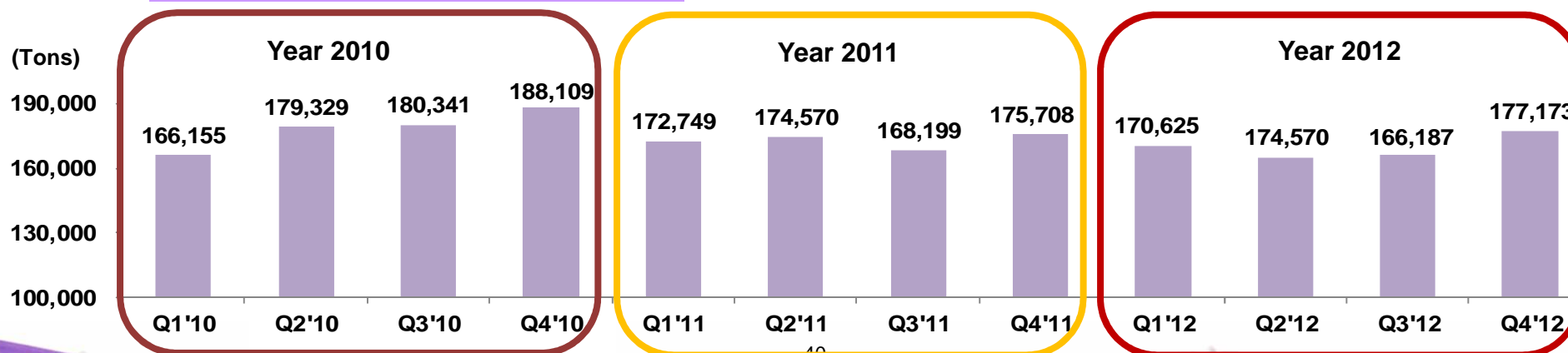
Q4'12 = 5.50 million (Increased 22.1% YoY)



\*Included THAI Smile

## Freight Carried

Q4'12 = 177,173 tons (Increased 1.8% YoY)



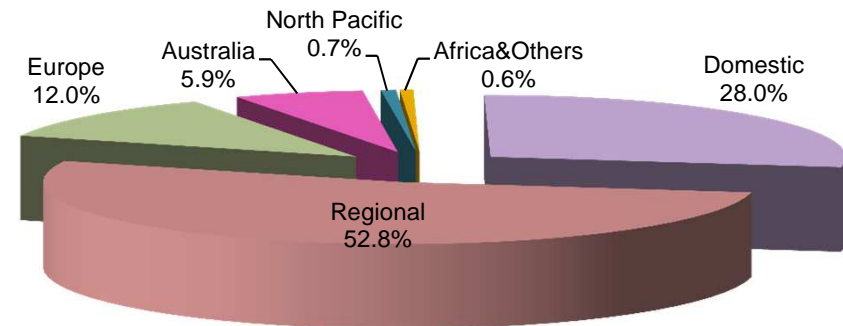
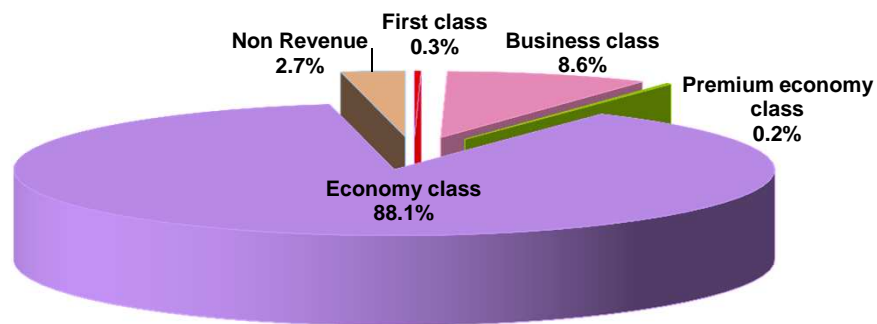


# THAI's NO. of PAX

## By Class

## By Area

Year 2012



**Total passengers for Year 2012 = 20.18 million**

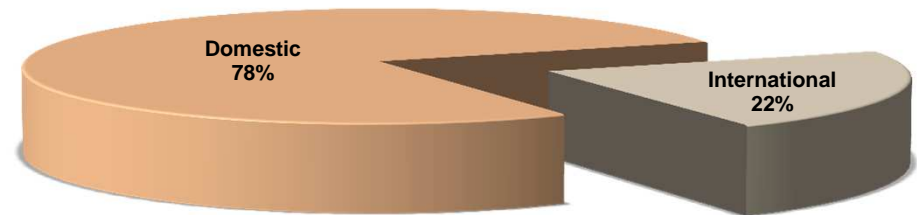
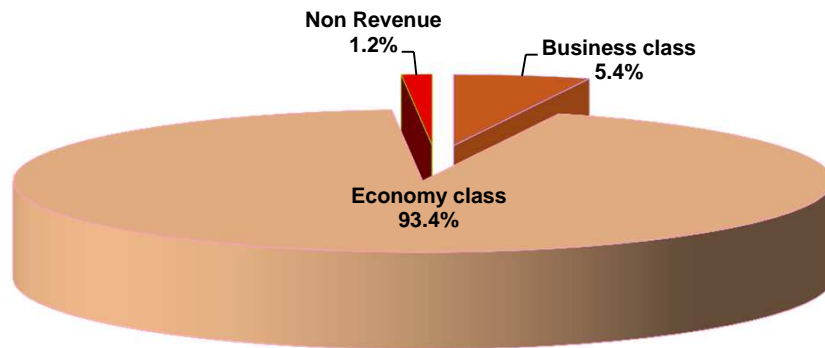
**Total passengers for Year 2011 = 18.40 million**

# THAI Smile's NO. of PAX

By Class

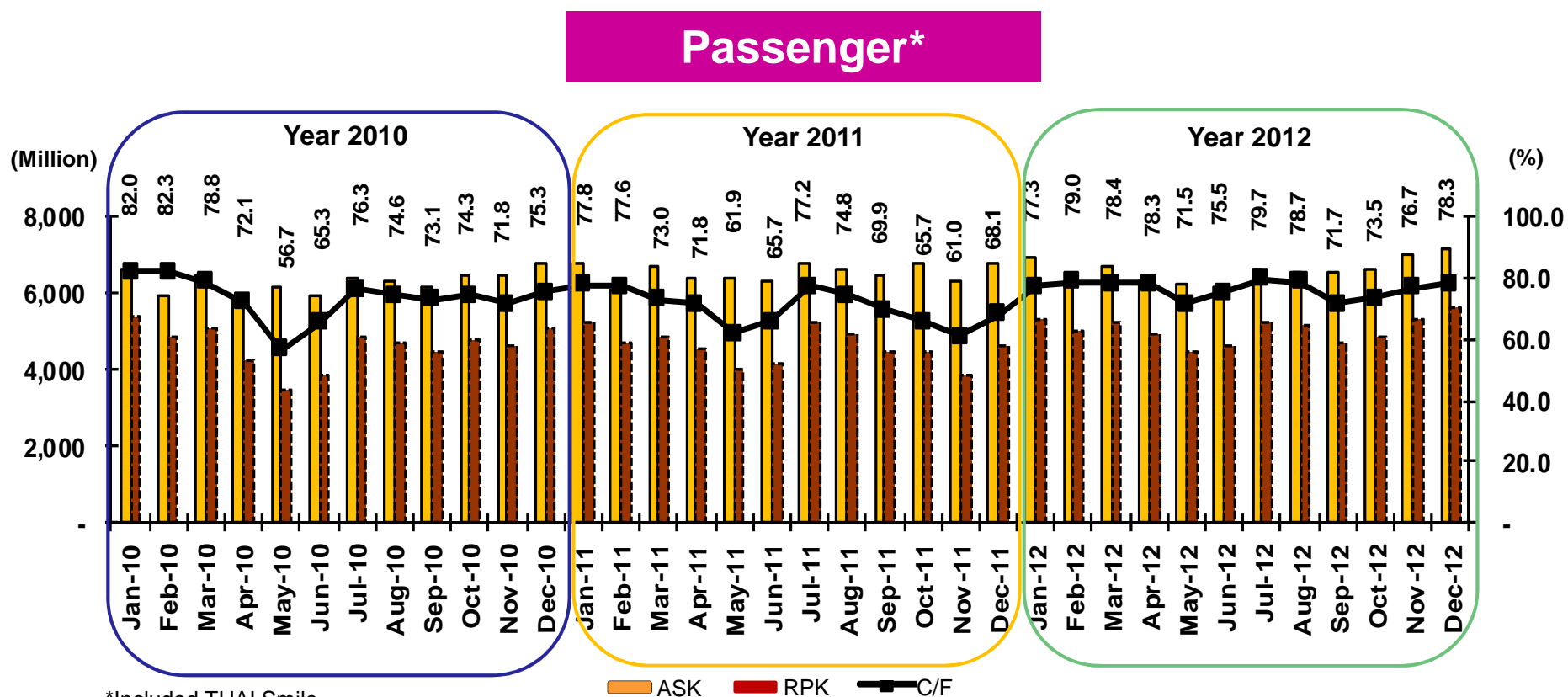
By Area

Year 2012 (Jul-Dec)



Total passengers for Year 2012 = 436,652

# Operating Statistics

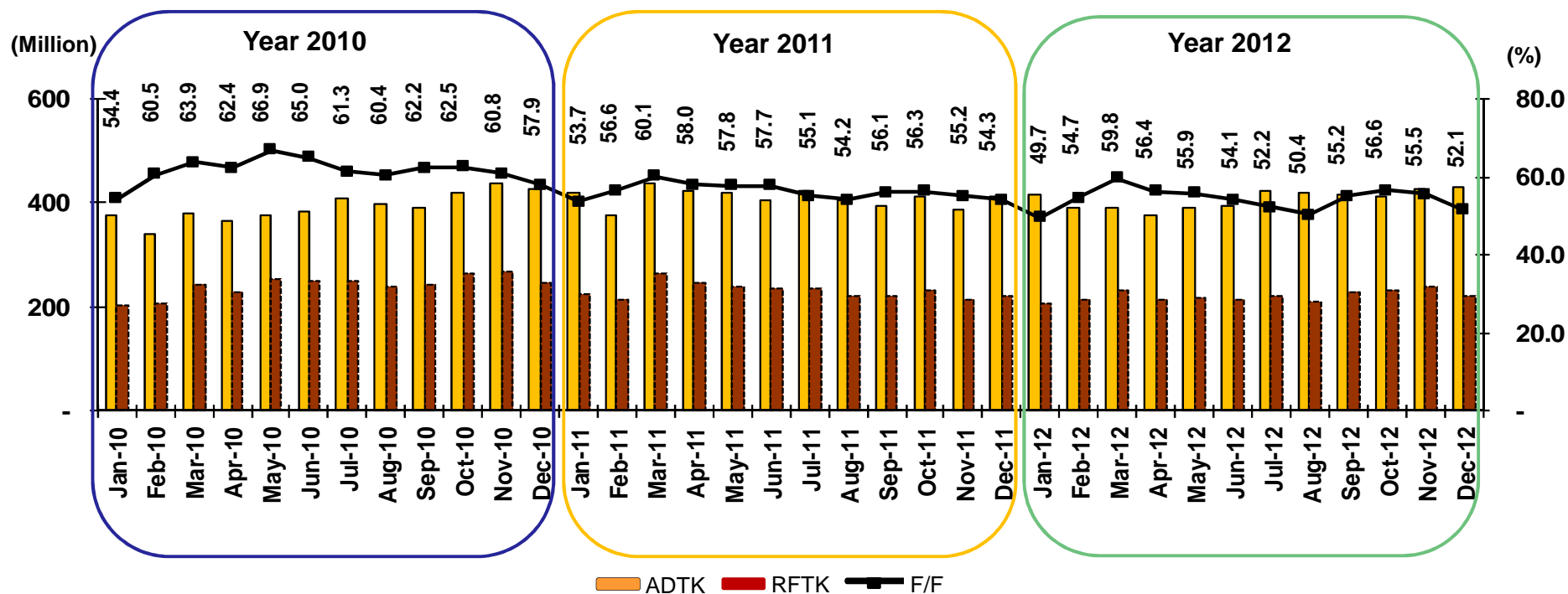


\*Included THAI Smile

	YoY (Month)			YoY (Quarter)			YoY (Year to date)		
	DEC'12	DEC'11	YoY%	4Q'12	4Q'11	YoY%	Year 2012	Year 2011	YoY%
MASK	7,160	6,806	5.2	20,773	19,953	4.1	79,231	78,533	0.9
MRPK	5,609	4,632	21.1	15,843	12,968	22.2	60,679	55,267	9.8
Cabin factor (%)	78.3	68.1	15.1	76.3	65.0	17.3	76.6	70.4	8.8

# Operating Statistics

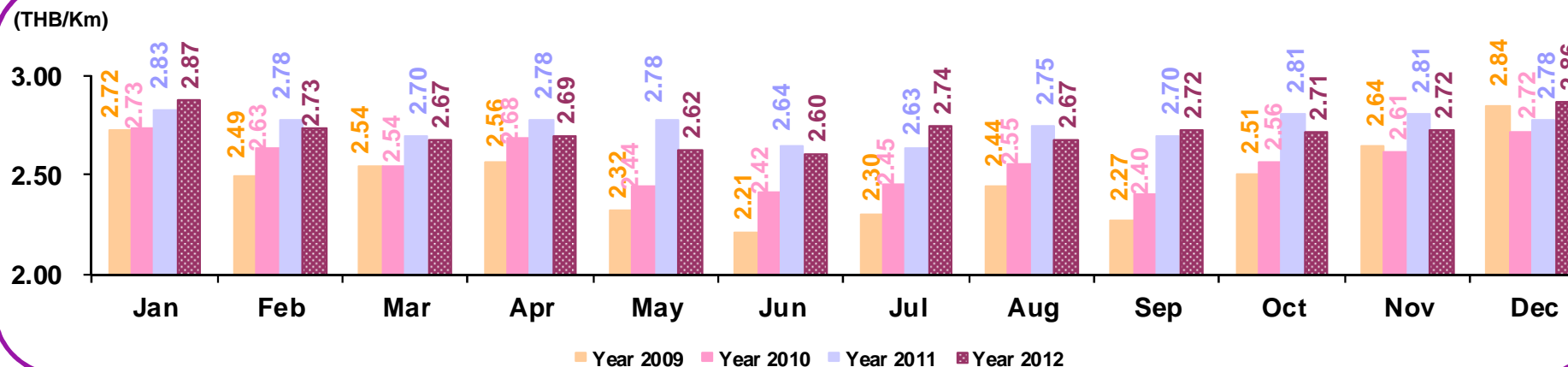
## Freight



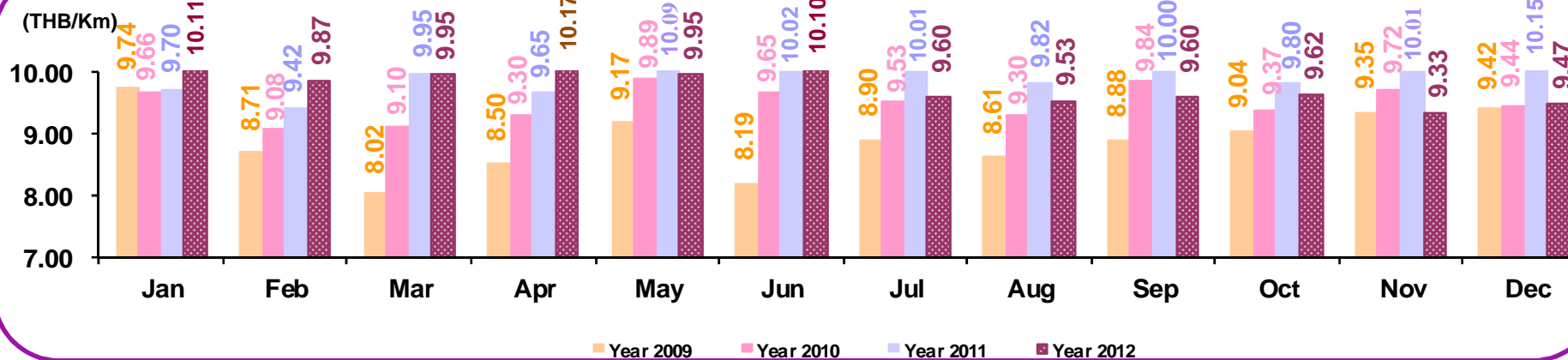
	YoY (Month)			YoY (Quarter)			YoY (Year to date)		
	DEC'12	DEC'11	YoY%	4Q'12	4Q'11	YoY%	Year 2012	Year 2011	YoY%
MADTK	432	411	5.1	1,271	1,212	4.9	4,892	4,919	- 0.5
MRFTK	223	223	0.1	694	670	3.6	2,653	2,766	- 4.1
Freight factor (%)	51.6	54.3	- 4.9	54.6	55.3	- 1.2	54.2	56.2	- 3.6

# Operating Statistics

## Passenger Yield (Including Fuel Surcharge)



## Freight Yield (Including Fuel Surcharge)

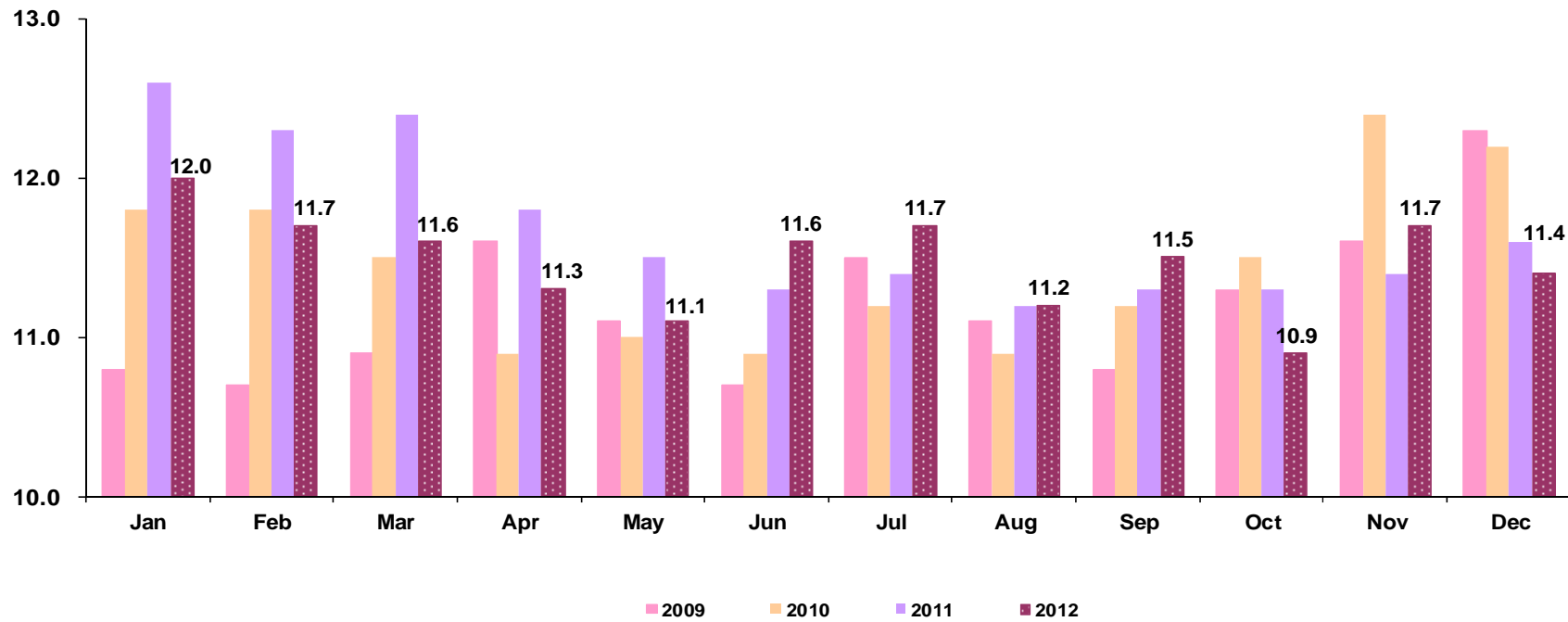


Note: Yield 2012 is passenger - sales commission and discount/RPK  
Based on RCM report

# Aircraft Utilization

## Aircraft Utilization

Hours / Day / Aircraft



# Thank you

