

# THAI AIRWAYS INTERNATIONAL PCL

<http://www.thaiairways.com/about-thai/investor-relations/en/investor.html>

## Q3/2013 Analyst Briefing

(Updated on 2 December 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



Company	Q3'2013	% Change YoY	9M'2013	% Change YoY
<b>Total Revenue (MTHB)</b>	51,352	-2.1%	156,900	-0.1%
<b>Net Profit (MTHB) (Included FX)</b>	-6,195	-455.1%	-6,351	-216.8%
<b>Assets (MTHB) (As at SEP13)</b>	324,518	+11.3%	324,518	+11.3%



Route & Fleet	
<b>Number of Aircraft (As of 31 OCT 13)</b>	<b>97</b>
<b>Frequency Flights per Week (Effective 27 OCT 13 - 29 MAR 14)</b>	<b>1,023</b>
<b>Destinations Served (Effective 27 OCT 13 - 29 MAR 14)</b>	<b>83</b>
<b>Countries Served (Effective 27 OCT 13 - 29 MAR 14)</b>	<b>37</b>



Note: Including THAI Smile

# Operations Summary

	Unit	Q3'2013			9M'2013		
		2012	2013	% Change YoY	2012	2013	% Change YoY
<b>Passenger Production</b>	MASK	19,729	21,458	+8.8%	58,458	63,416	+8.5%
<b>Passenger Traffic</b>	MRPK	15,129	16,149	+6.7%	44,836	47,683	+6.4%
<b>Cabin Factor</b>	%	76.7	75.3	-1.9%	76.7	75.2	-2.0%
<b>Passenger carried</b>	Million	5.10	5.41	+6.1%	15.12	16.21	+7.2%
<b>Passenger Yield* (Inc. Surcharge)</b>	THB/km	2.71	2.56	-5.5%	2.70	2.64	-2.2%
<b>Freight Production</b>	MADTK	1,261	1,246	-1.2%	3,620	3,704	+2.3%
<b>Freight Traffic</b>	MRFTK	663	604	-8.9%	1,959	1,865	-4.8%
<b>Freight Factor</b>	%	52.6	48.5	-7.8%	54.1	50.4	-7.0%
<b>Freight carried</b>	Tons	166,187	154,445	-7.1%	507,102	479,308	-5.5%
<b>Freight Yield (Inc. Surcharge)</b>	THB/km	9.58	9.40	-1.9%	9.89	9.23	-6.7%

Note: Passenger – sales commission and discount/RPK  
Base on RCM report

# Financial Performance

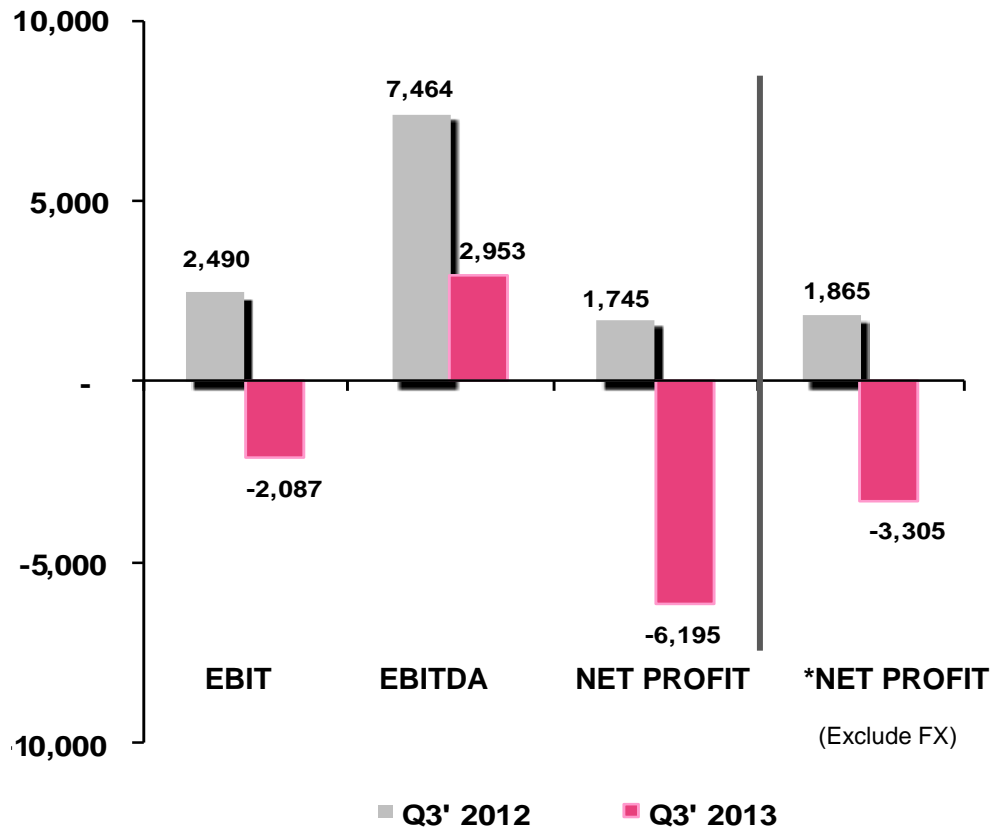
## Performance Summary (Q3'2012 & Q3'2013)

THAI and its subsidiaries

(Units : MTHB)	Q3'2012	Q3'2013
Total Revenue	52,431	51,352
Total Expense	50,530	57,479
Gain (Loss) of Foreign currency exchange	(120)	(2,890)
<b>Loss before income tax expense</b>	<b>1,789</b>	<b>(6,141)</b>
<b>Net tax expense (Income)</b>	<b>44</b>	<b>54</b>
<b>Net profits (loss)</b>	<b>1,745</b>	<b>(6,195)</b>

## EBIT, EBITDA and Net Profit (Q3'2012 & Q3'2013)

Units : MTHB



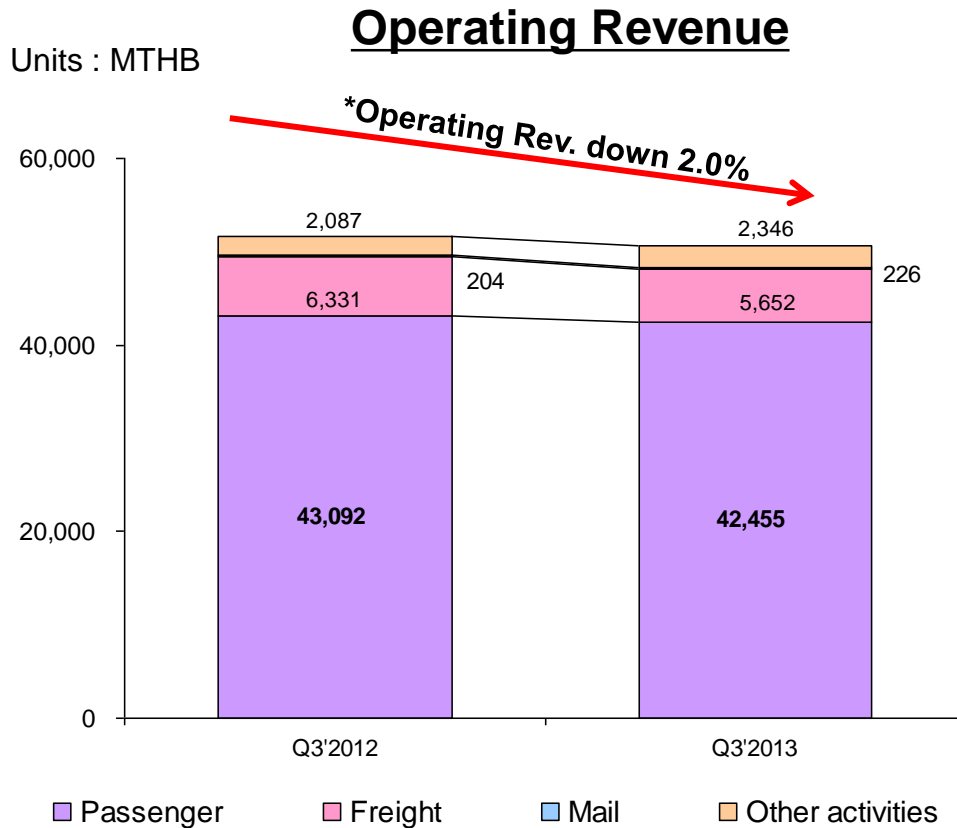
### Factors Impacting Q3'2013 Results

- Number of passengers 6.1% higher than last year.
- ASK increased 8.8% while RPK increased 6.7% lowering Cabin factor 1.9% from the same period last year.
- FX Loss of 2,890 MTHB from weaker Baht.



# Financial Performance

## Operating / Total Revenue (Q3'2012 & Q3'2013)



### Total Revenue

Revenue	% Change	% of Total Revenue
Passenger	-1.48	82.68
Freight	-10.72	11.01
Mail	11.00	0.44
Other activities	12.39	4.57
Interest income	33.07	0.33
Other income	-14.84	0.98
<b>Total Revenue</b>	<b>- 2.06</b>	<b>100.00</b>

\* Exclude Interest income and Other income

- Operating revenue Q3'2012 = 51,714 MTHB
- Operating revenue Q3'2013 = 50,679 MTHB

**Total revenue Q3'2012 = 52,431 MTHB**  
**Total revenue Q3'2013 = 51,352 MTHB**



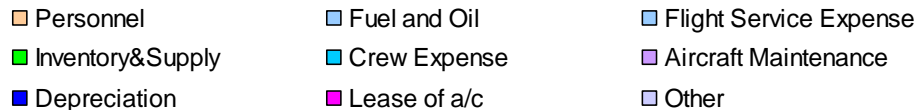
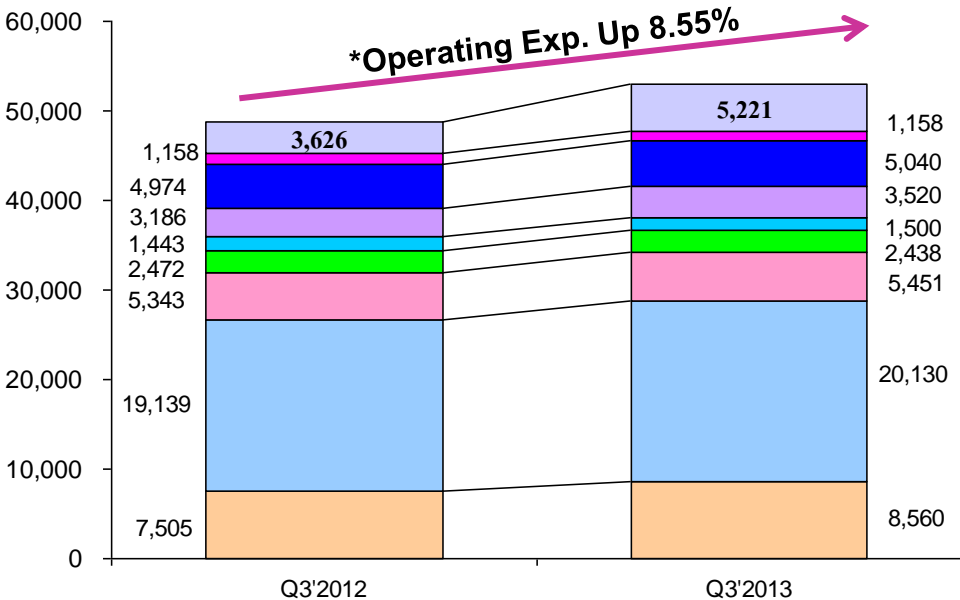
# Financial Performance

## Operating / Total Expense (Q3'2012 & Q3'2013)

### Operating Expense

### Total Expense

Units : MTHB



Expense	% Change YoY	% of Tot. Exp.
Personnel expense	14.07	14.89
Fuel and oil	5.18	35.02
Flight service expense	2.03	9.48
Inventories and supplies	-	4.24
Crew expense	3.98	2.61
Maintenance/overhaul	10.51	6.12
Depreciation/amortisation	1.33	8.77
Aircraft lease/spare parts	0.04	2.02
Other expense	82.28	16.85
<b>Total Expense</b>	<b>13.75</b>	<b>100.00</b>

\* Excludes foreign currency exchange, Impairment losses, Finance costs and Share of profits of associates

- Operating expense Q3'2012 = 48,845 MTHB

- Operating expense Q3'2013 = 53,020 MTHB

**Total expense Q3'2012 = 50,529 MTHB**

**Total expense Q3'2013 = 57,479 MTHB**

## Ratios – Q3'2012 & Q3'2013

Ratios	units	Q3'2012	Q3'2013
Earnings Per Share	(THB)	0.8	-2.84
Book Value per Share	(THB)	31.58	28.2
Price / Book Value	(Times)	0.69	0.71
EBIT	(MTHB)	2,490	-2,087
EBITDA	(MTHB)	7,464	2,953
IBD to Equity	(Times)	2.1	3.0
Debt Service Coverage*	(Times)	1.4	0.3
Interest Coverage	(Times)	5.2	1.8
Operating Profit Margin	(%)	4.8	-4.1
Net Profit Margin	(%)	3.6	-12.2

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

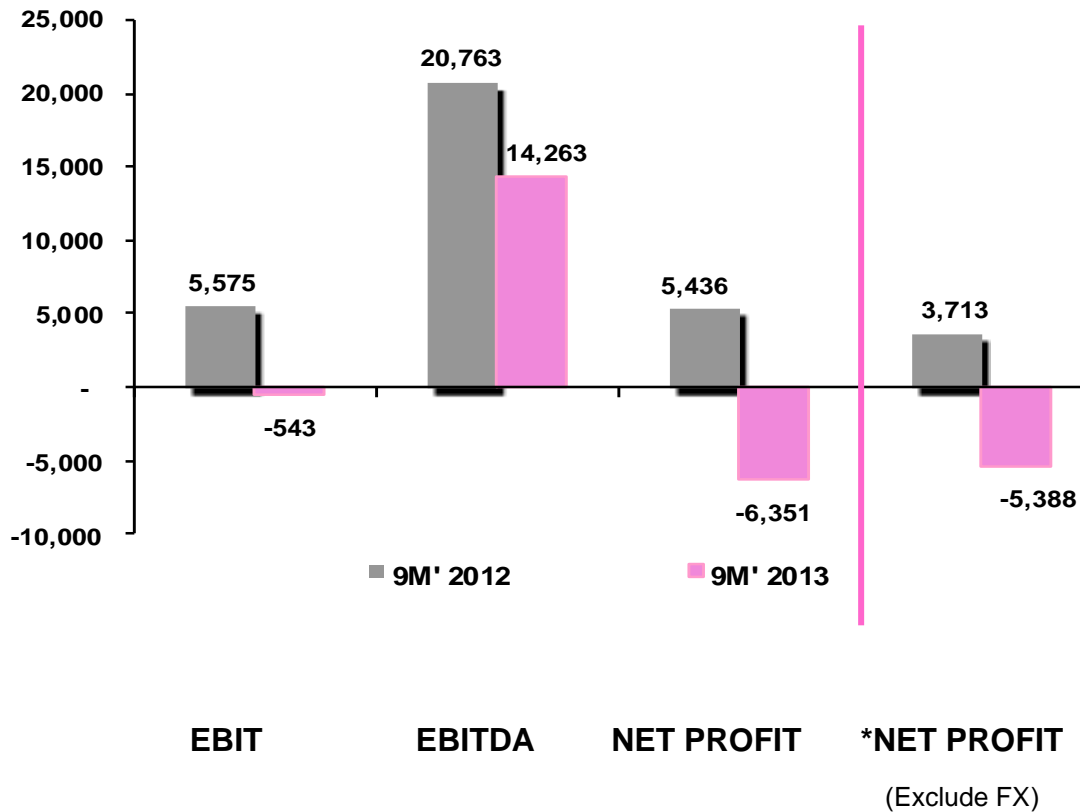
## Performance Summary (9M'2012 & 9M'2013)

THAI and its subsidiaries

(Units : MTHB)	9M'2012	9M'2013
Total Revenue	157,026	156,900
Total Expense	151,106	163,878
Gain (Loss) of Foreign currency exchange	1,723	(963)
<b>Loss before income tax expense</b>	<b>5,727</b>	<b>(7,017)</b>
<b>Net tax expense (income)</b>	<b>291</b>	<b>(666)</b>
<b>Net profits (loss)</b>	<b>5,436</b>	<b>(6,351)</b>

## EBIT, EBITDA and Net Profit (9M'2012 & 9M'2013)

Units : MTHB

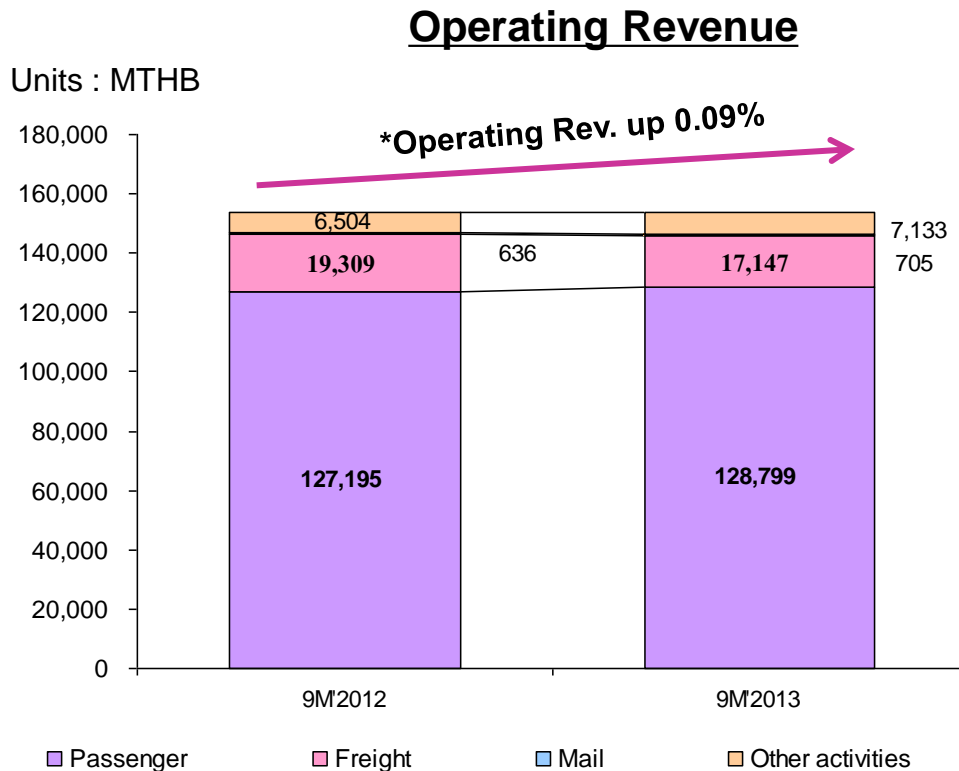


### Factors Impacting 9M'2013 Results

- Number of passengers higher than last year by 7.2%
- ASK increased 8.5% while RPK increased 6.4% lowering Cabin factor by 2% from the same period last year.
- FX Loss of 963 MTHB from weaker Baht.

# Financial Performance

## Operating / Total Revenue (9M'2012 & 9M'2013)



## Total Revenue

Revenue	% Change	% to Tot. Rev.
Passenger	1.26	82.09
Freight	-11.20	10.93
Mail	10.88	0.45
Other activities	9.67	4.55
Interest income	18.28	0.27
Other income	16.1	1.06
Gain on deemed disposal	100.00	0.46
Profitability on business acquisition	-100.00	0.00
Gain on reclassified investment	100.00	0.19
<b>Total Income</b>	<b>- 0.08</b>	<b>100.00</b>

\* Exclude Interest income, Other income, Gain on deemed disposal, Profitability on business acquisition, Gain on reclassified investment

- Operating revenue 9M'2012 = 153,645 MTHB
- Operating revenue 9M'2013 = 153,785 MTHB

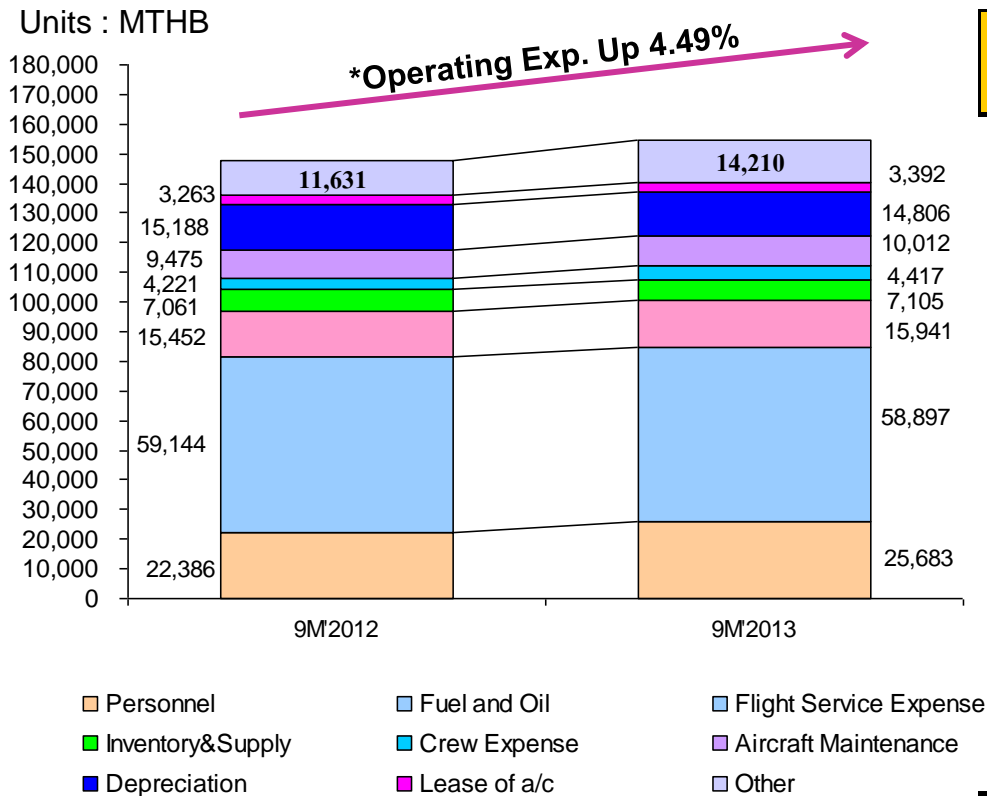
**Total revenue 9M'2012 = 157,026 MTHB**  
**Total revenue 9M'2013 = 156,900 MTHB**

# Financial Performance

## Operating / Total Expense (9M'2012 & 9M'2013)

### Operating Expense

### Total Expense



Expense	% Change YoY	% of Tot. Exp.
Personnel expense	14.73	15.67
Fuel and oil	- 0.42	35.94
Flight service expense	3.16	9.73
Inventories and supplies	0.62	4.34
Crew expense	4.66	2.70
Maintenance/overhaul	5.66	6.11
Depreciation/amortisation	- 2.52	9.03
Aircraft lease/spare parts	3.93	2.07
Other expense	22.16	14.41
<b>Total Expense</b>	<b>8.45</b>	<b>100.00</b>

\* Excludes foreign currency exchange, Impairment losses, Finance costs and Share of profits of associates

- Operating expense 9M'2012 = 147,822 MTHB

- Operating expense 9M'2013 = 154,462 MTHB

**Total expense 9M'2012 = 151,106 MTHB**

**Total expense 9M'2013 = 163,878 MTHB**

## Ratios – 9M'2012 & 9M'2013

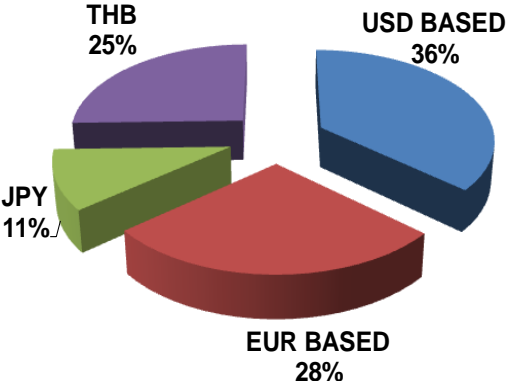
Ratios	units	9M'2012	9M'2013
Earnings Per Share	(THB)	2.49	-2.91
Book Value per Share	(THB)	31.58	28.2
Price / Book Value	(Times)	0.69	0.71
EBIT	(MTHB)	5,575	-543
EBITDA	(MTHB)	20,763	14,263
IBD to Equity	(Times)	2.1	3.0
Debt Service Coverage*	(Times)	1.3	0.6
Interest Coverage	(Times)	4.8	3.1
Operating Profit Margin	(%)	3.6	-0.4
Net Profit Margin	(%)	3.7	-4.1

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

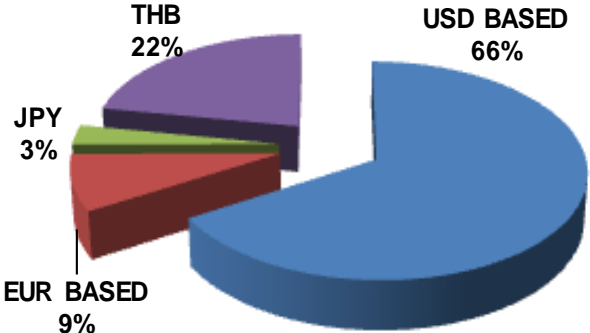


## Foreign Currency Exposure (As of Year 2012)

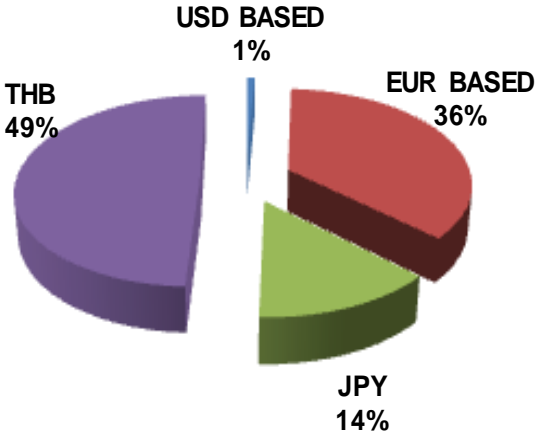
### Revenue



### Expense

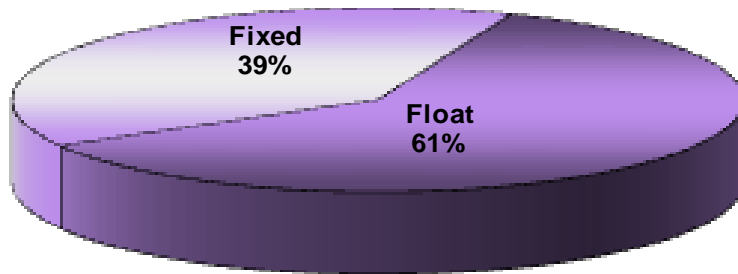


### Outstanding loan



## Proportion of Fixed and Float (As of SEP 2013)

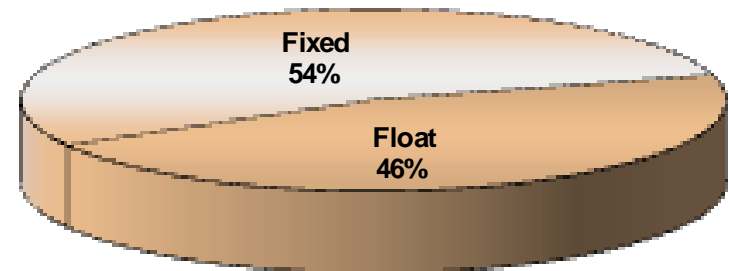
### Before Swap



Percentage of TOTAL  
(TOTAL = 183,731 MTHB)

**Cost of funding = 3.00%**

### After Swap

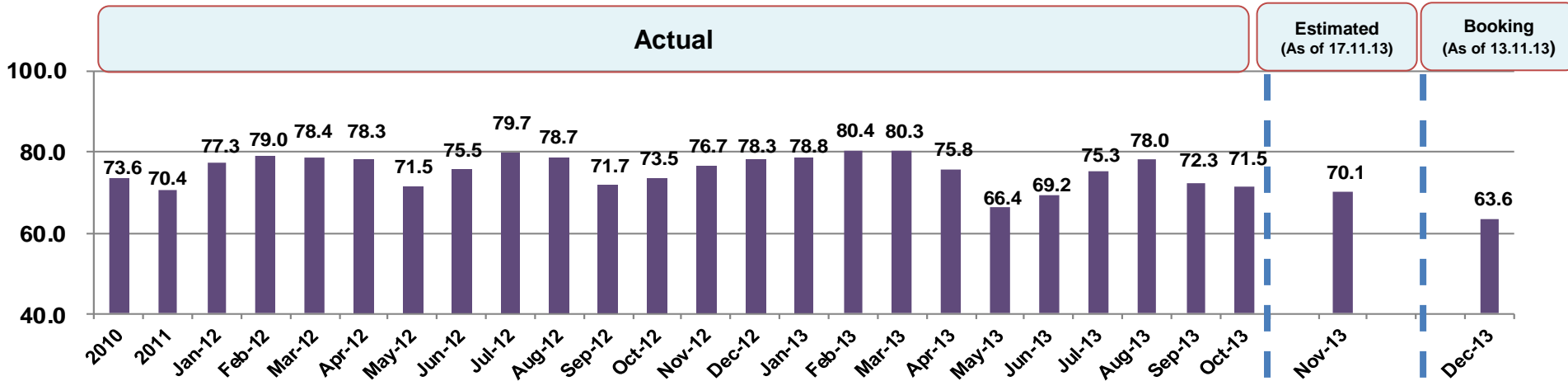


Percentage of TOTAL  
(TOTAL = 183,820 MTHB)

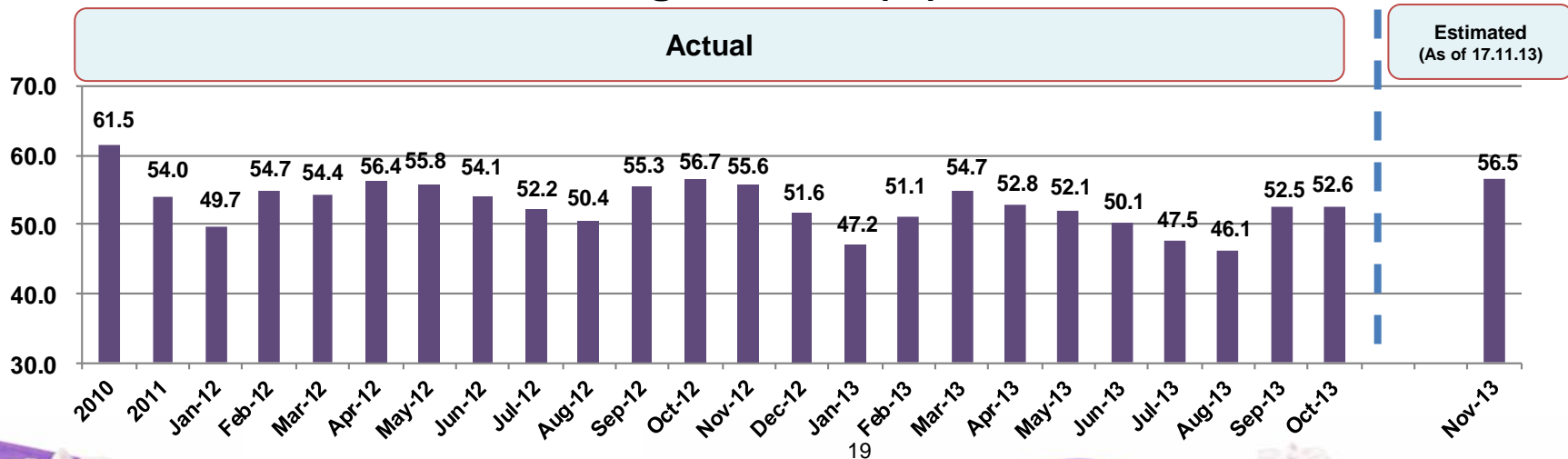
**Cost of funding = 3.05%**

# Looking ahead

## Cabin Factor (%)



## Freight Factor (%)



# Company Facts

# Current Fleet

## Current Fleet: 97 Aircraft

40% of O

O=Owned

37% of FL

FL=Financial lease

23% of OL

OL=Operating lease



(Note: Approximately)

As of 31 OCT 13

Aircraft Type	Version	# of Aircraft	# of Seat				Financial Method
			First	Business	Economy	Total	
A300-600	36R3	5	N.A.	28	232	260	5 O
A340-600	3461	6	8	60	199	267	6 FL
A330-300	3302	12	N.A.	42	263	305	10 O, 15 FL, 2 OL
	3303	8	N.A.	36	263	299	
	3304	7	N.A.	36	263	299	
A320-200	3201	2	N.A.	N.A.	174	174	8 OL
	3202	6	N.A.	N.A.	174	174	
A380-800	3801	5	12	60	435	507	5 FL
B737-400	7341	5	N.A.	12	137	149	2 O, 3 OL
B747-400	7443	1	10	40	325	375	9 O, 4 FL
	7444	6	10	40	325	375	
	7445	6	9	40	325	374	
B777-200	7724	8	N.A.	30	279	309	6 O, 2 OL
B777-200 ER	77E1	6	N.A.	30	262	292	6 FL
B777-300	7732	6	N.A.	34	330	364	6 O
B777-300 ER	77B1	8	N.A.	42	306	348	8 OL
<b>Total</b>		<b>97</b>	<b>49</b>	<b>530</b>	<b>4,292</b>	<b>4,871</b>	<b>38 O, 36 FL, 23 OL</b>

# Aircraft Delivery Plan

NEW A/C DELIVERY	2013	2014	2015	2016	2017	2018	TOTAL
A380-800	3 (FL) (MAR/OCT/NOV)	-	-	-	-		3
B777-300ER	6 (OL) (MAR/APR/JUN/ JUL/AUG/OCT)	3 (FL) (JAN/JUL/AUG)	3 (FL) (JAN/ JUN/SEP)	-	-		12
A330-300	2 (FL) (JAN/APR)						2
A350-900				2 (OL) (MAY/JUL)	5 (3OL/2FL) (MAR/MAY/ JUN/JUN/ AUG)	3 (OL) (JAN/FEB/ MAR)	10
B787-9					2 (OL) (SEP/OCT)		2
B787-8		4 (OL) (JUN/JUL/ OCT/ NOV)	2 (OL) (APR/JUN)				6
A320 (Thai Smile)	6 (OL) (JAN/MAR/OCT/ OCT/NOV/DEC)	7 (5OL/2FL) (JAN/FEB/ MAY/JUN/ SEP/OCT/ NOV)	3 (FL) (JAN/MAY/ AUG)				16
<b>TOTAL</b>	<b>17</b>	<b>14</b>	<b>8</b>	<b>2</b>	<b>7</b>	<b>3</b>	<b>51</b>

As at 21 Nov 2013

Note : OL = Operating lease / FL = Financial lease



# Phase Out Plan

PHASE-OUT PLAN	2013	2014	2015	2016	2017	TOTAL
B747-400	4	-	-	-	2	6
B777-300ER (Jet Airways)	5	-	-	-	-	5
A340-500	-	-	-	-	-	-
B777-200	-	-	-	-	4	4
A330-300	-	3	5	2	2	12
A300-600	4	5	-	-	-	9
B737-400	1*	2	1	-	2	6
ATR-72	2*	-	-	-	-	2
<b>TOTAL</b>	<b>16</b>	<b>10</b>	<b>6</b>	<b>2</b>	<b>10</b>	<b>44</b>

\*Return from Nok Air

As at 21 Nov 2013

# THAI's Route Network

## World Route Network



International Routes (Based on Traffic Program Information Winter Issue 1)	27 OCT 2013 to 29 MAR 2014	28 OCT 2012 to 30 MAR 2013
Countries	34	35
Cities	62	62
Flight Frequency / Week	637	640
Seats/Week	402,975	391,977

**FLIGHTS OPERATED BY**

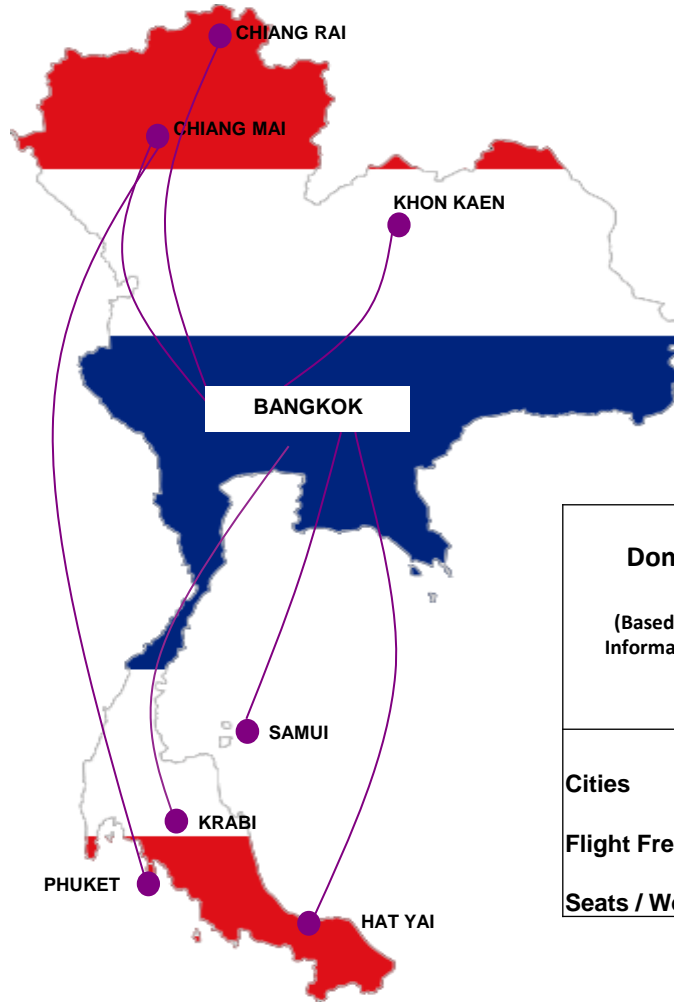
- THAI
- THAI Smile
- THAI and THAI Smile



\* Schematic scale only    \*\* Flights and destinations are subject to change without prior notice. As of October 2013

# THAI's Route Network

## Domestic Route Network



Domestic Routes (Based on Traffic Program Information Winter Issue 1)	27 OCT 2013 to 29 MAR 2014	28 OCT 2012 to 30 MAR 2013
Cities	7	8
Flight Frequency / Week	229	231
Seats / Week	130,228	128,519





# THAI Smile Fleet Plan & Route Network



**Currently 6 aircrafts Airbus 320-200 (As at 30 OCT 2013)**

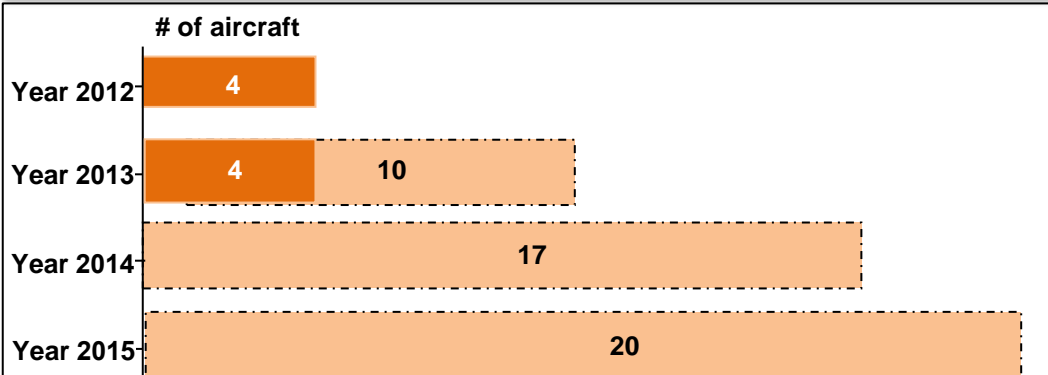
**THAI Smile based at Suvarnabhumi Airport**  
Operates in domestic and regional secondary routes and synchronizes with TG's network.

FREQUENCY*	DESTINATION	
14 Flights / week	Bangkok - Macau	V.V.
7 Flights / week	Bangkok - Mandalay	V.V.
3 Flights / week	Bangkok - Ahmedabad	V.V.
6 Flights / week	Bangkok - Colombo	V.V.
7 Flights / week	Bangkok - Luang Prabang	V.V.
3 Flights / week	Bangkok - Chongqing	V.V.
5 Flights / week	Bangkok - Changsha	V.V.
14 Flights / week	Bangkok - Chiang Mai	V.V.
28 Flights / week	Bangkok - Phuket	V.V.
28 Flights / week	Bangkok - Udon Thani	V.V.
14 Flights / week	Bangkok - Ubon Ratchathani	V.V.
7 Flights / week	Bangkok - Khon Kaen	V.V.
14 Flights / week	Bangkok - Surat Thani	V.V.
14 Flights / week	Bangkok - Krabi	V.V.

International & Domestic Route*	Total
Countries	6
Cities	14
Frequency / Week	112

\*Note: Based on Traffic Program Information Winter 2013/2014 Issue 1 : Effective : 27 OCT 2013 – 29 MAR 2014

## Fleet Plan (2012-2015)





## Bangkok-Sendai v.v.

- 3 flights/week  
(Effective: December 03, 2013 onwards)



## Bangkok-Chongqing v.v.

- 3 flights/week  
(Effective: October 27, 2013 onwards)

## Bangkok-Changsha v.v.

- 3 flights/week  
(Effective: October 27, 2013 – January 15, 2014)
- 5 flights/week  
(Effective: January 16, 2014 onwards)

## Bangkok-Luang Prabang v.v.

- 7 flights/week  
(Effective: November 16, 2013 onwards)

# Nok Air Route Network

**14 Aircrafts**

(As at 30 SEP 2013)

**12 of Boeing 737-800**



**2 of ATR 72-500**



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











Route	Total
As at 30 SEP 2013	Int'l + Dom
Cities	20
Freq./Week	497

**TG's Proportion of Shareholding:  
39.2%**

**Have 5 of 12 Board seats**



# 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				All: Completed SEP 2013
B777-200	8				All: Completed JUN 2013



## B747-400:

- Installed new seats in Economy class.
- Installed AVOD in-seat monitor in Economy class

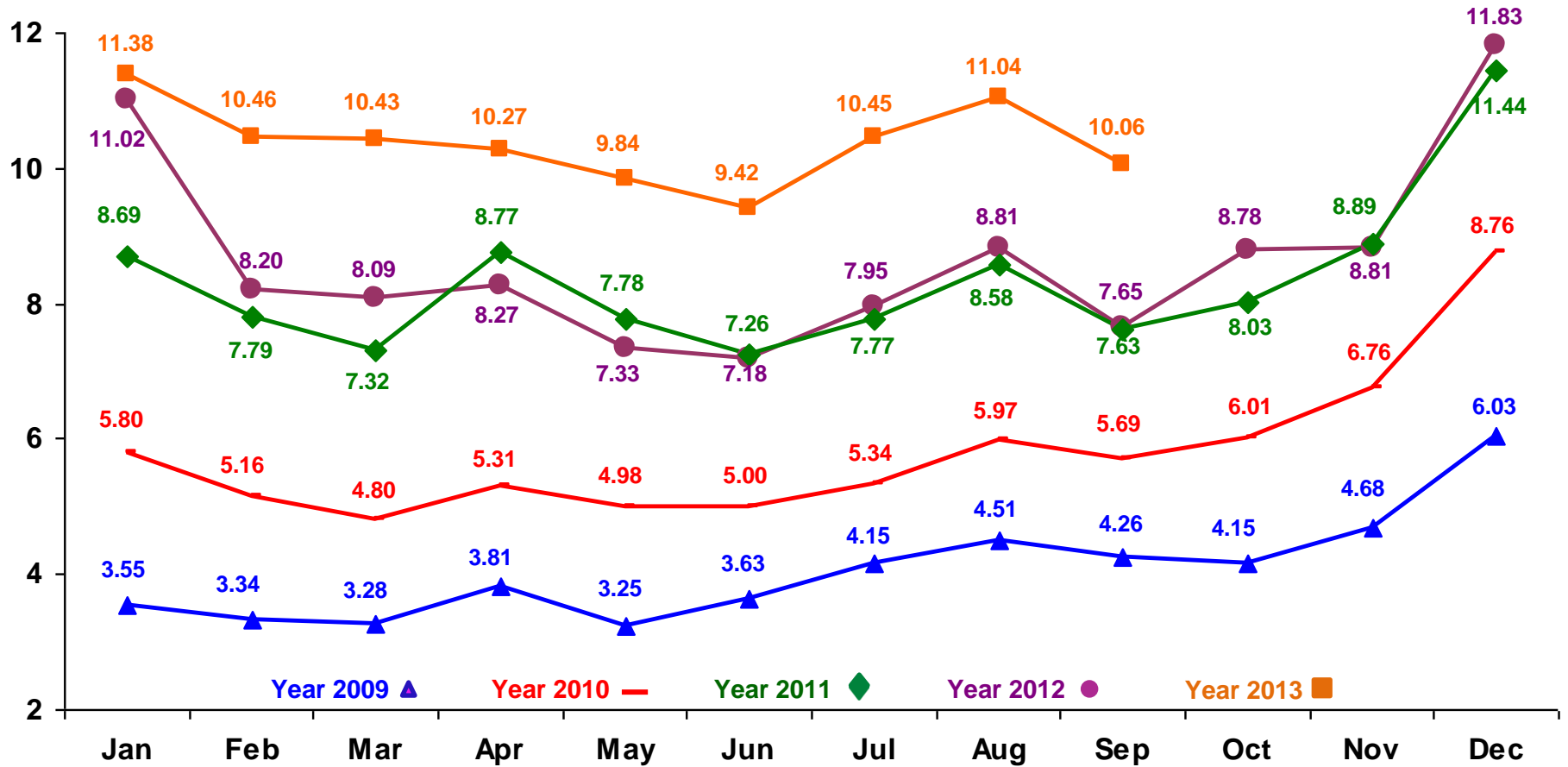
## B777-200:

- Installed AVOD in-seat monitor in Economy class.

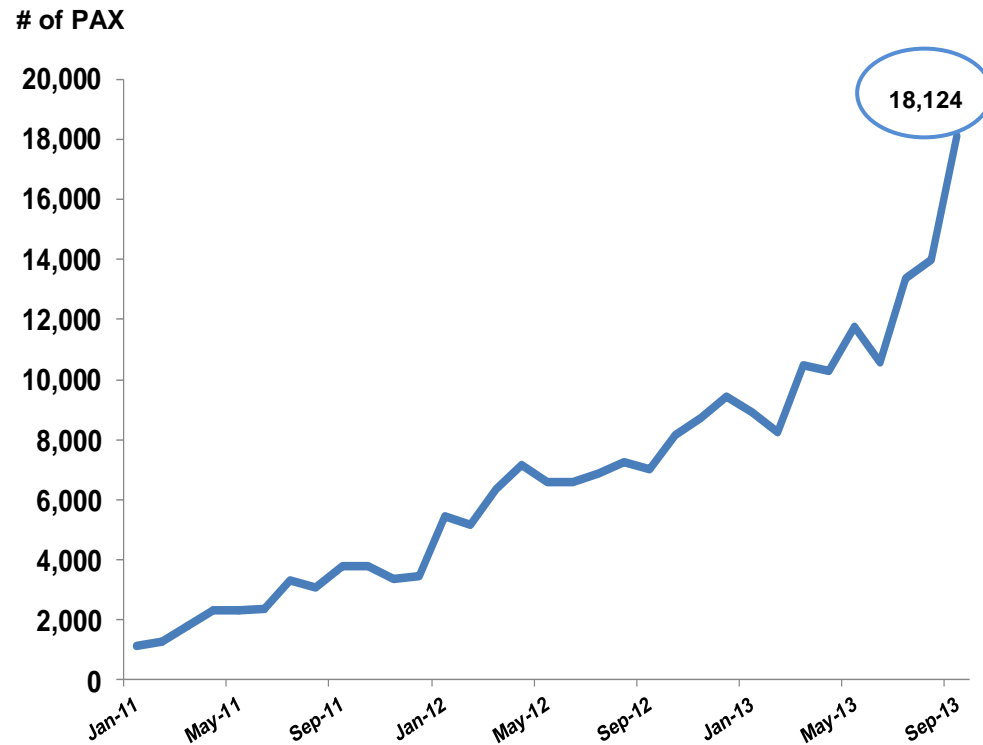


## Ticket Sales Via Internet

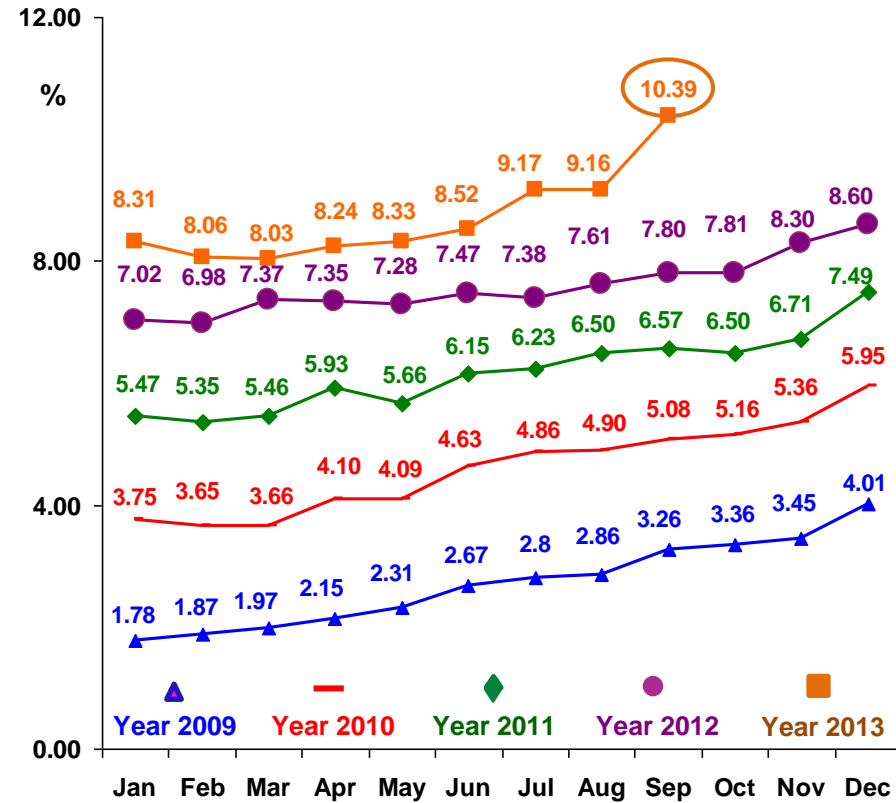
% of Sales



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

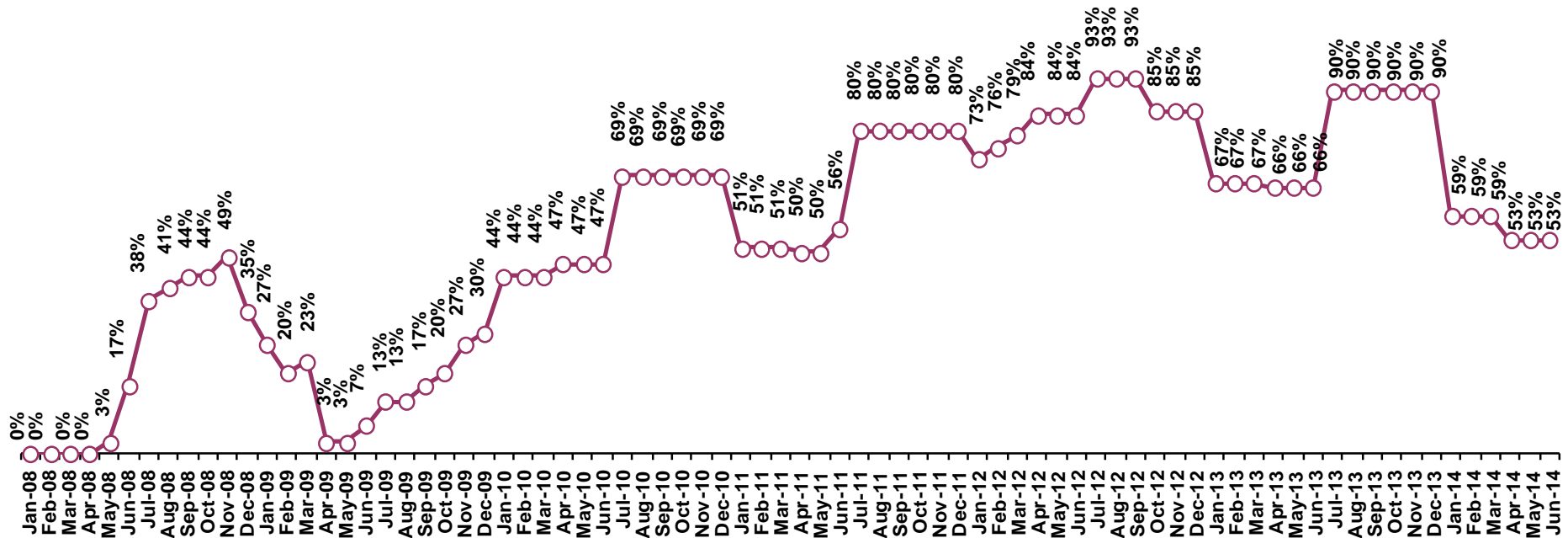


## Check-in via Internet



Hedging combined with fuel surcharge greatly mitigates fuel price fluctuation risk

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

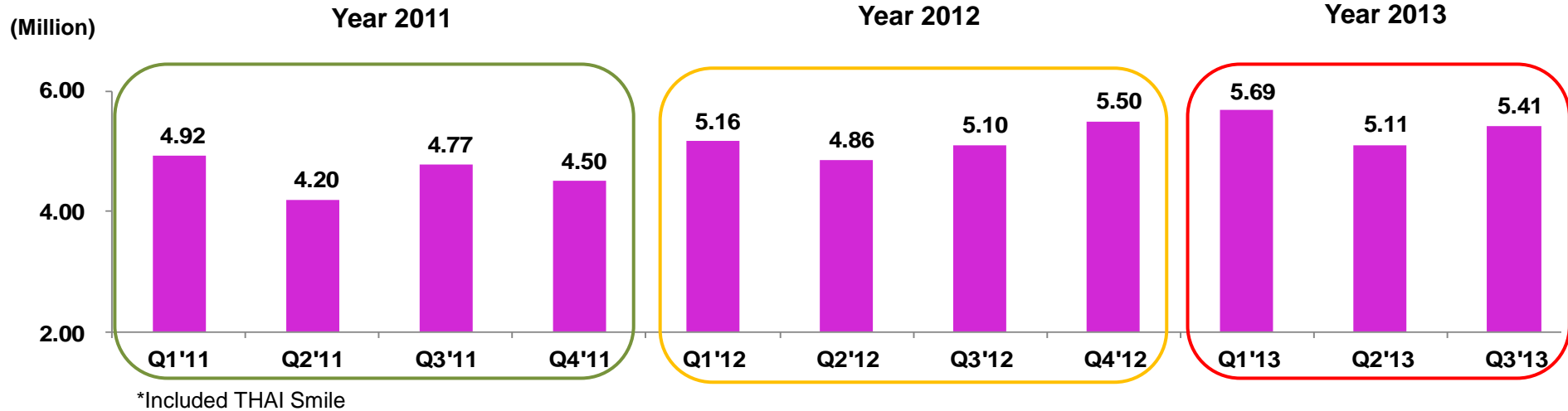


# Operating Statistics

# Operating Statistics

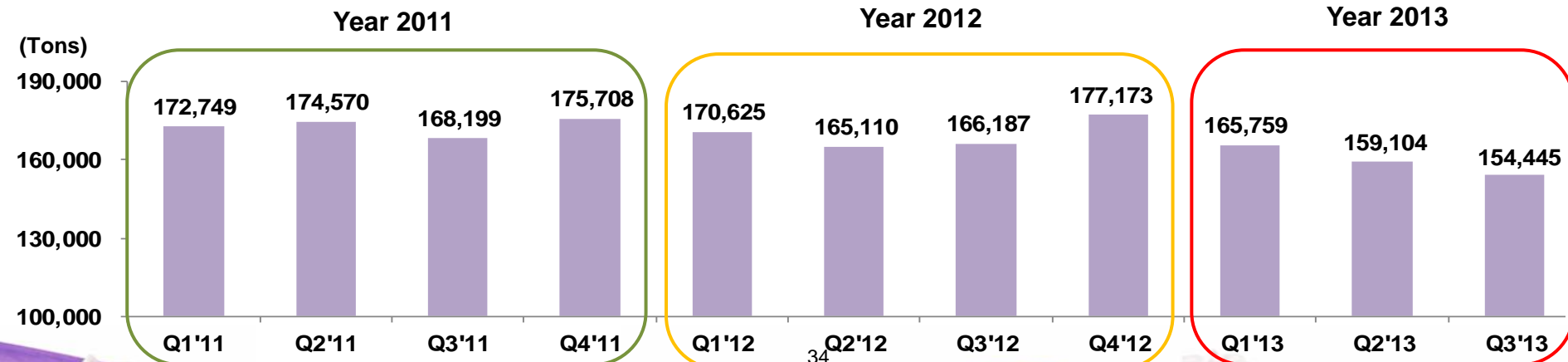
## Passengers Carried\*

Q3'13 = 5.41 million (Increased 6.1% YoY)



## Freight Carried

Q3'13 = 154,445 tons (Decreased 7.1% YoY)

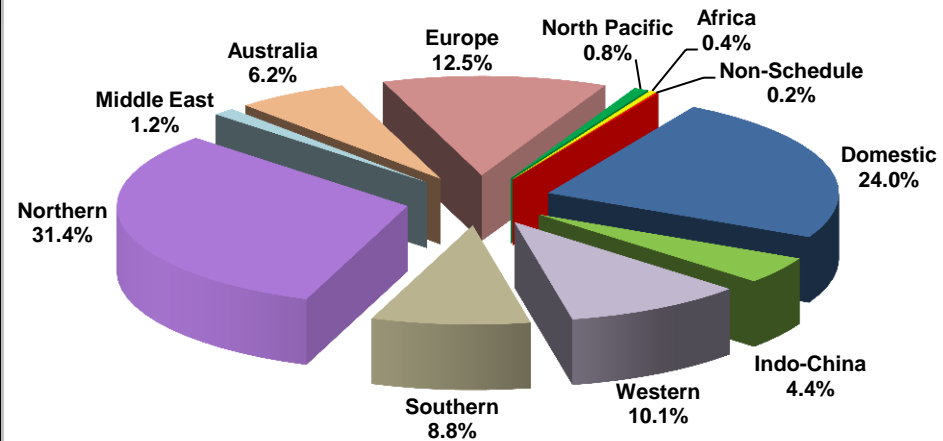
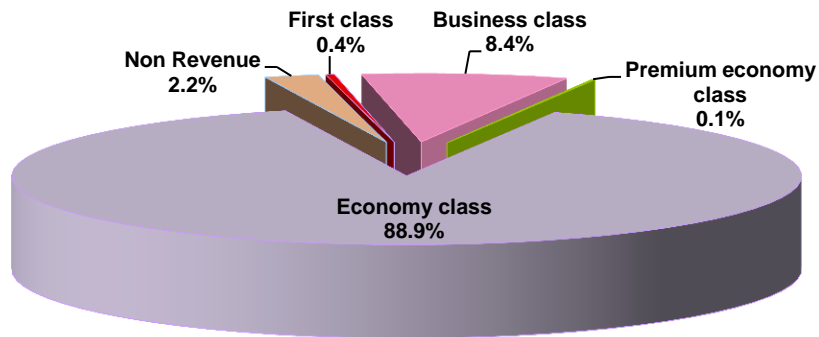


# THAI's Number of PAX

## By Class

## By Area

### Quarter 3' 2013



**Total passengers for Quarter 3'2013 = 5.03 million**

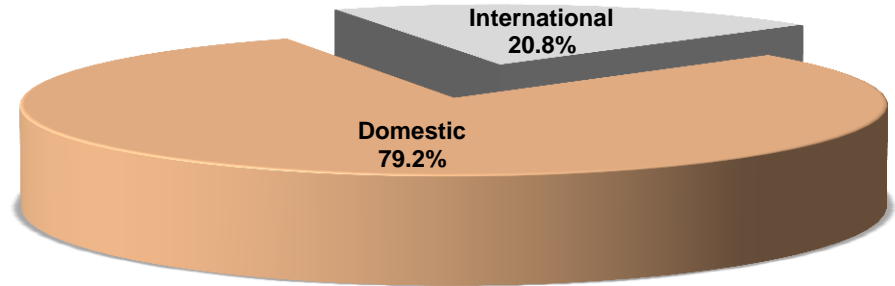
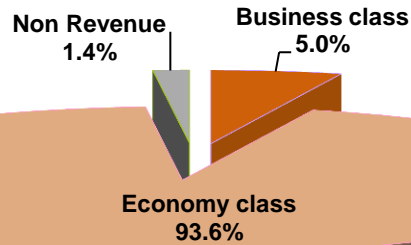
**Total passengers for Quarter 3'2012 = 4.99 million**

# THAI Smile's Number of PAX

By Class

By Area

Quarter 3' 2013



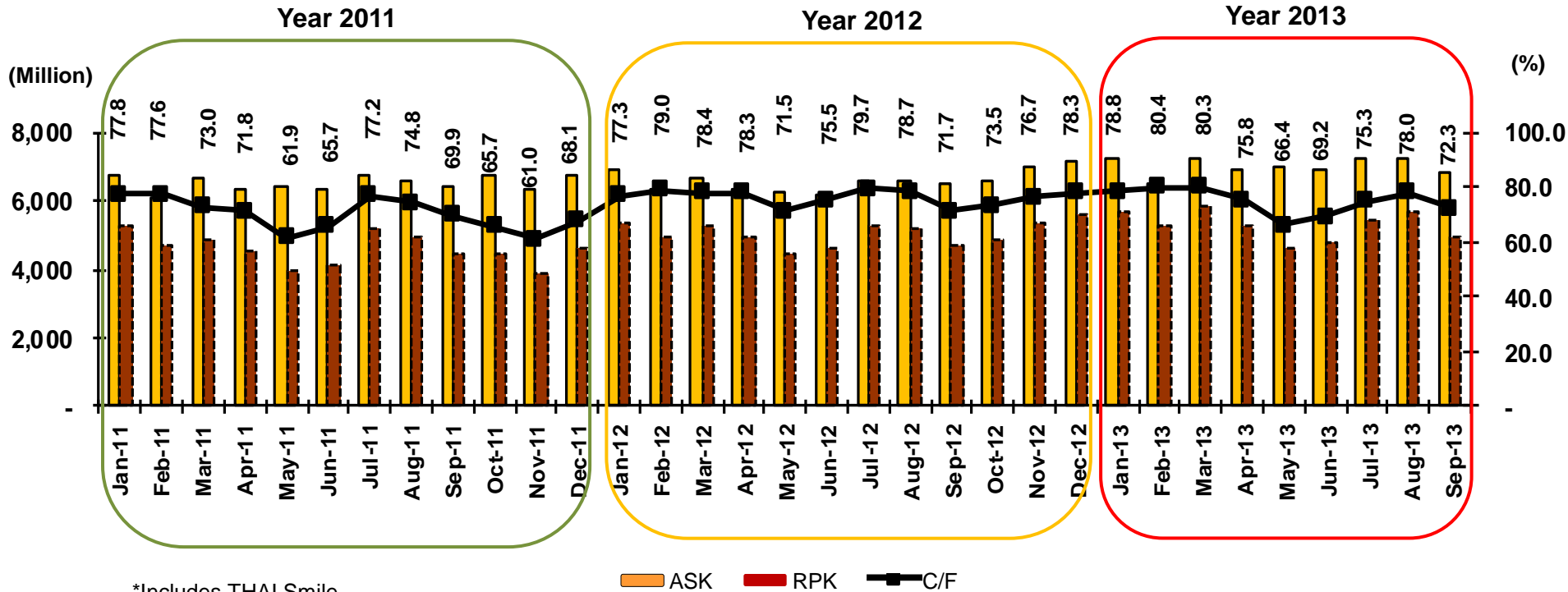
Total passengers for Quarter 3'2013 = 382,531

Total passengers for Quarter 3'2012 = 110,042



# Operating Statistics

## Passenger\*



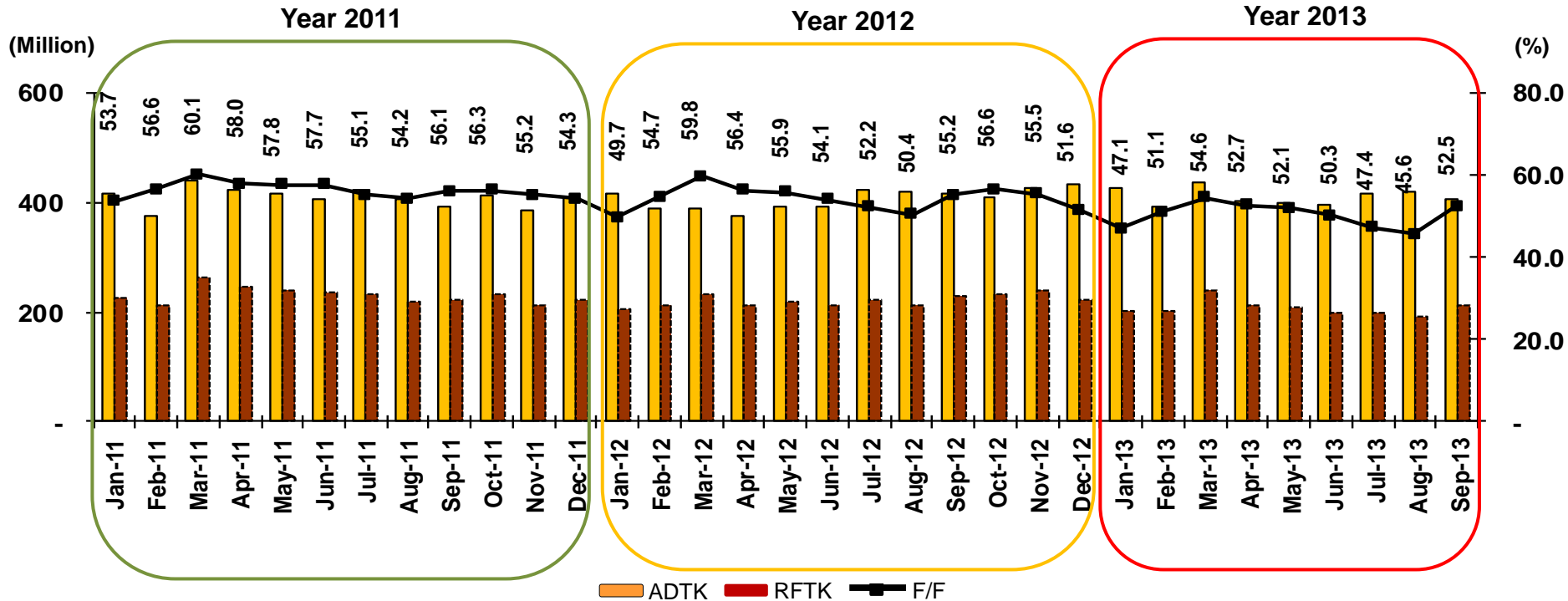
\*Includes THAI Smile

ASK RPK C/F

	YoY (Month)			YoY (Quarter)			YoY (Year to date)		
	SEP'13	SEP'12	YoY%	Q3'13	Q3'12	YoY%	JAN-SEP'13	JAN-SEP'12	YoY%
MASK	6,883	6,544	5.2	21,458	19,729	8.8	63,415	58,458	8.5
MRPK	4,977	4,690	6.1	16,149	15,129	6.7	47,683	44,837	6.3
Cabin factor (%)	72.3	71.7	0.9	75.3	76.7	- 1.9	75.2	76.7	- 2.0

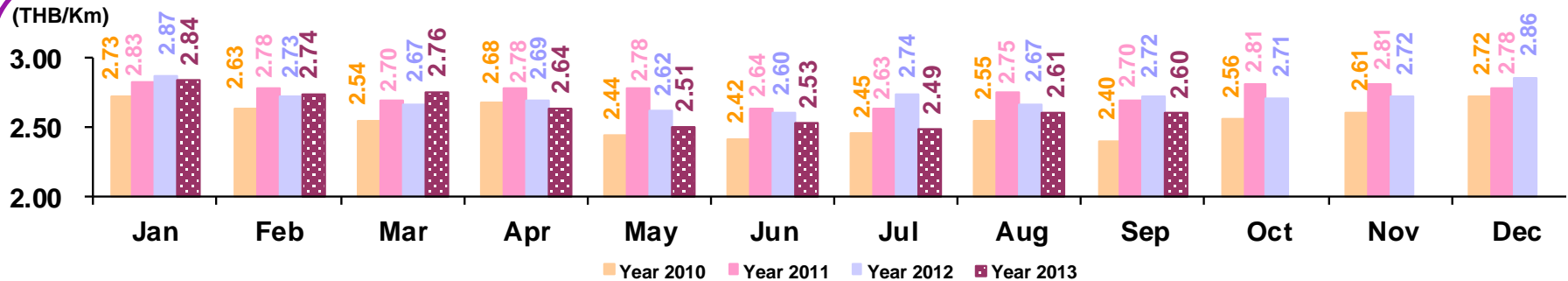
# Operating Statistics

## Freight

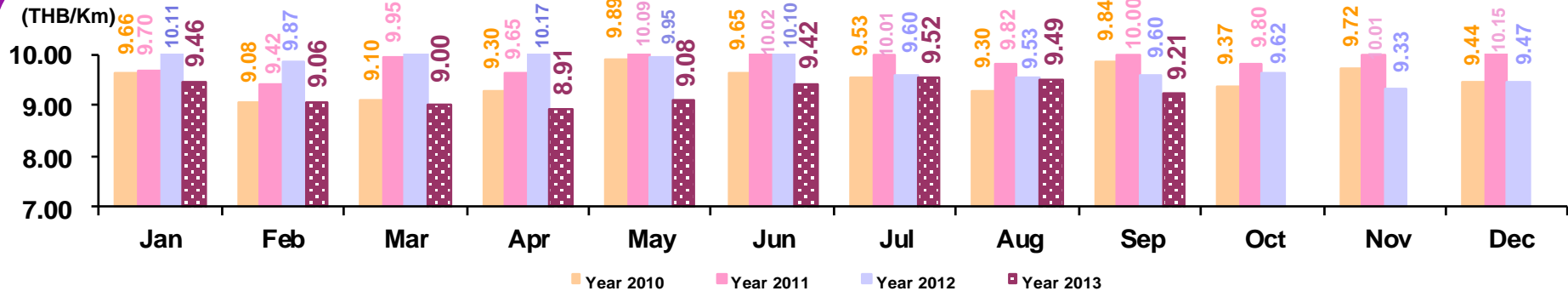


	YoY (Month)			YoY (Quarter)			YoY (Year to date)		
	SEP'13	SEP'12	YoY%	Q3'13	Q3'12	YoY%	JAN-SEP'13	JAN-SEP'12	YoY%
MADTK	408	417	- 2.2	1,246	1,261	- 1.2	3,704	3,621	2.3
MRFTK	214	230	- 7.0	604	663	- 8.9	1,865	1,960	- 4.8
Freight factor (%)	52.5	55.2	- 4.9	48.5	52.6	- 7.8	50.4	54.1	- 7.0

## Passenger Yield (Including Fuel Surcharge)



## Freight Yield (Including Fuel Surcharge)



Note: Yield (from JAN'12 onwards) is passenger - sales commission and discount/RPK<sub>39</sub>  
Based on RCM report

## Aircraft Utilization

Hours / Day / Aircraft

