

# THAI AIRWAYS INTERNATIONAL PCL

## Q2- 2018 analysts briefing

24-Aug-2018

New Dawn

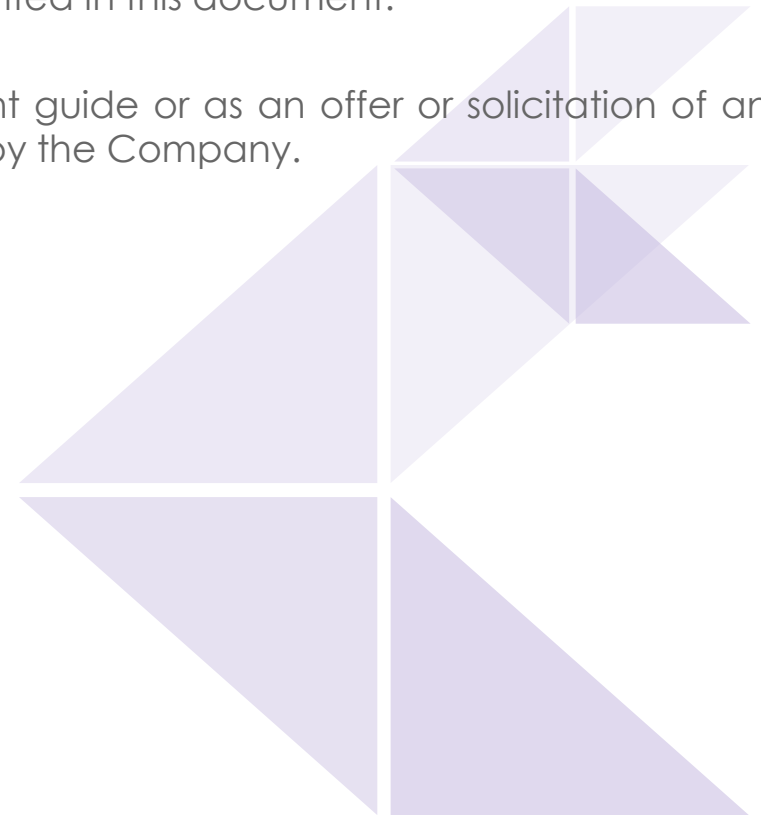


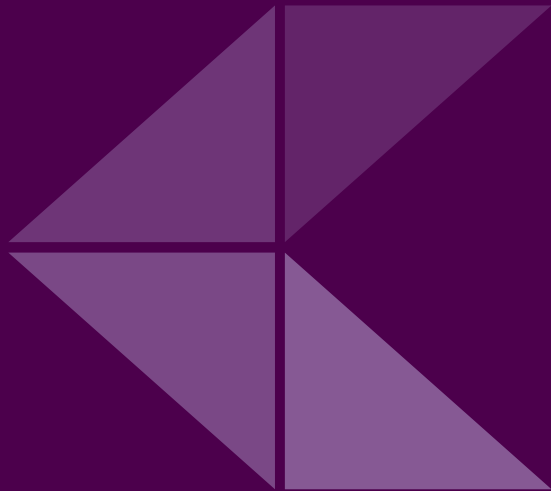




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This document should not be construed as an investment guide or as an offer or solicitation of an offer to buy or sell equity shares or other securities issued by the Company.





# TRANSFORMATION PLAN

## The Goal in 2018

To ensure continuous and sustainable operating results and to increase efficiency and to improve quality of service to comparable to the global standard.

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- AGGRESSIVE PROFIT

- REVENUE INCREMENTATION
- COST MANAGEMENT BY APPLYING LCC MODEL
- ROUTE STRATEGY AND COMMON FLEET

- BUSINESS AND ASSETS PORTFOLIO

- NON-CORE UNITS UPLIFT
- TG MRO CAMPUS
- NON-CORE ASSET/ASSET LITE

- CUSTOMER EXPERIENCE

- WORLD CLASS SERVICES
- SERVICE RING
- CUSTOMER ENGAGEMENT

- DIGITAL TECHNOLOGY

- CUSTOMER BIG DATA
- DIGITAL SALES
- ROUTE CALCULATION ENHANCEMENT

- EFFECTIVE HUMAN RESOURCE  
MANAGEMENT

- ORGANIZATION RESTRUCTURING
- PROACTIVE AND TRUST
- GREAT LEADER PROGRAM





**TG MRO CAMPUS – U-TAPAO**



**Authorized Maintenance Center for Trent700 engines**

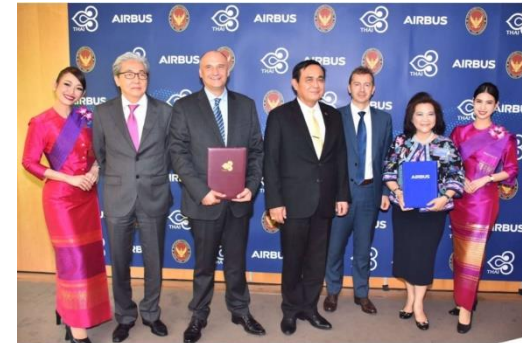


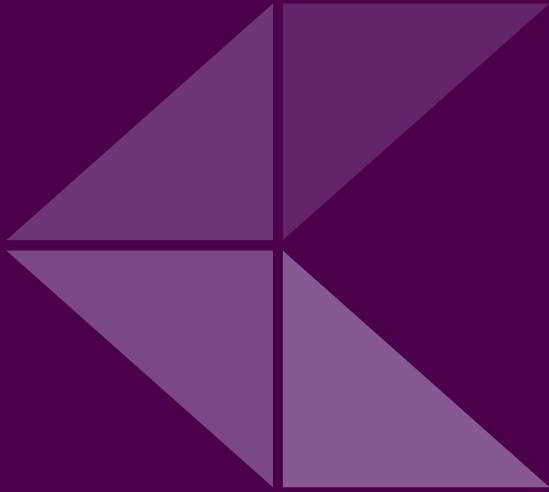
**Aerospace and Aviation Training Center**



**New Catering Plant in Chiangmai**

- Total 105 active aircrafts (1xA350-900 added in May-18)
- Signed an agreement with AIRBUS for MRO Joint Venture.
- Implemented the 2018-2022 aircraft acquisition plan for new 23 aircraft
- Successfully sold properties:
  - ❖ Mae Hong Son province – Apr-18
  - ❖ Sydney, Australia – Apr-18
  - ❖ Copenhagen, Denmark – Jun-18
- Added 7 more flights/week to Narita (21 > 28 flights per week)
- Other activities
  - ❖ Won three Skytrax Awards 2018:
    - World’s Best Economy Class
    - World’s Best Airline Lounge Spa and
    - Best Economy Class Onboard Catering
  - ❖ Received Top Ranking TripAdvisor’s Choice Awards 2018
  - ❖ Sponsored IATA Cabin Operations Safety Conference 2018






FINANCIAL PERFORMANCE



Unit : THB' Billion/	Consolidated		
	Q2'17	Q2'18	%change
Revenues	45.2	47.3	4.6
Costs	-45.9	-49.0	6.8
Interest payments	-1.1	-1.1	-
<b>Operating Profit</b>	<b>-1.8</b>	<b>-2.8</b>	<b>-55.6</b>
(1-time) Expense	-0.7	-	-100.0
Impairment loss (1-time)	-0.4	-0.3	-25.0
FX Gain/(Loss)	-2.5	-0.4	+84.0
<b>Profit before Tax</b>	<b>-5.4</b>	<b>-3.5</b>	<b>-35.2</b>
Tax	+0.2	+0.4	100.0
<b>Net profit</b>	<b>-5.2</b>	<b>-3.1</b>	<b>40.4</b>
<b>Passenger Production (MASK)</b>	<b>21,666</b>	<b>22,804</b>	<b>5.3</b>
<b>Passenger Traffic (MRPK)</b>	<b>17,004</b>	<b>17,282</b>	<b>1.6</b>
<b>Cabin Factor (%)</b>	<b>78.5</b>	<b>75.8</b>	<b>-2.7</b>
<b>Passenger carried (Million)</b>	<b>5.87</b>	<b>5.90</b>	<b>0.5</b>
<b>Passenger Yield Inc. Surcharge (THB/km)</b>	<b>2.12</b>	<b>2.10</b>	<b>-0.9</b>
<b>Aircraft Utilization (Hrs./Day)</b>	<b>11.5</b>	<b>11.5</b>	<b>-</b>


 Pax & Cargo increase

 Fuel increase

 More Passenger

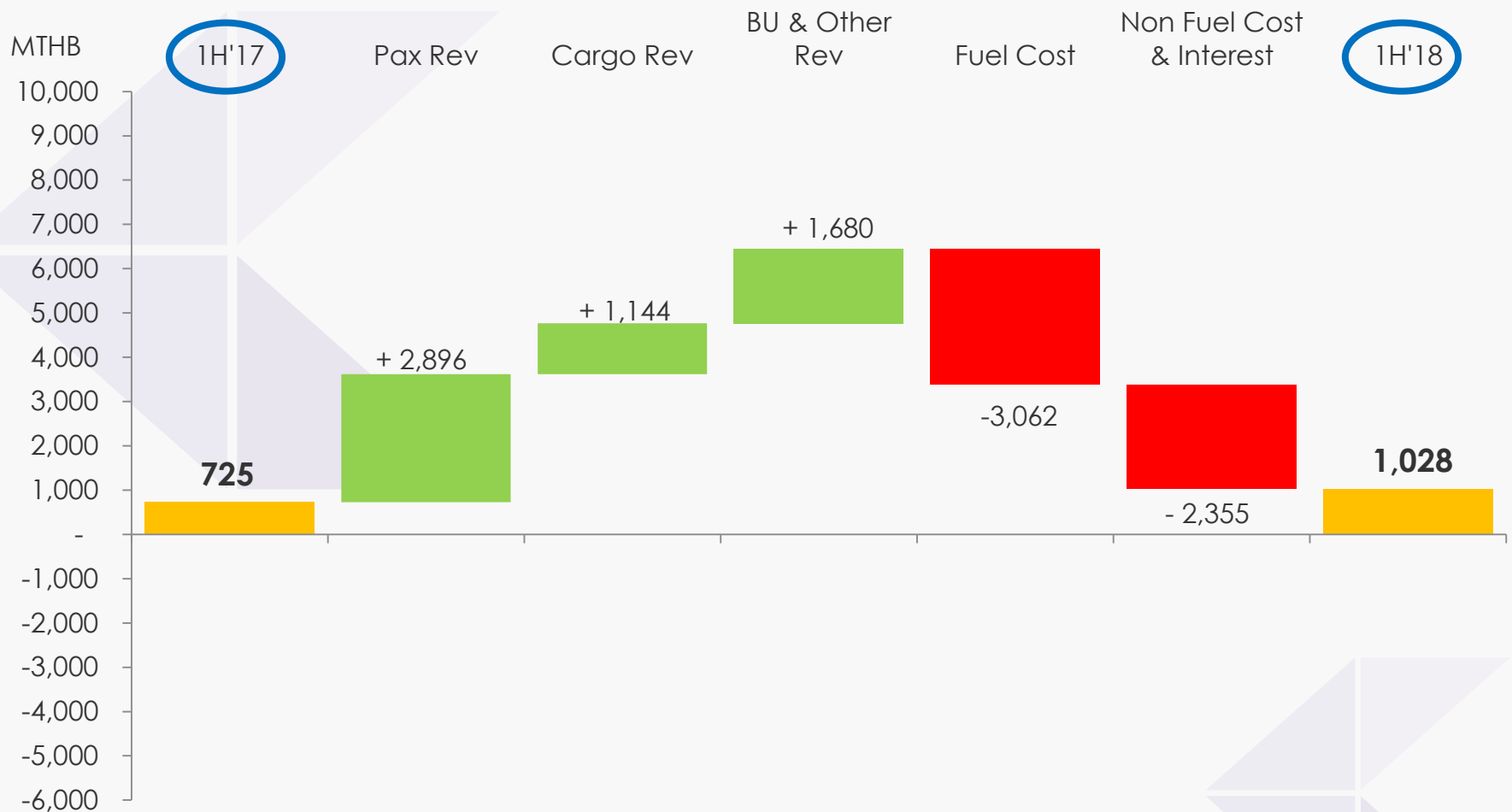
Unit : THB' Billion/	Consolidated		
	1H'17	1H'18	%change
Revenues	95.1	100.8	6.0
Costs	-91.9	-97.5	6.1
Interest payments	-2.4	-2.3	-4.2
<b>Operating Profit</b>	<b>0.8</b>	<b>1.0</b>	<b>25.0</b>
(1-time) Expense	-0.9	-	-100.0
Impairment loss (1-time)	-1.4	-2.7	92.9
FX Gain/(Loss)	-0.9	+0.2	+122.2
<b>Profit before Tax</b>	<b>-2.4</b>	<b>-1.5</b>	<b>+37.5</b>
Tax	+0.4	+1.2	+200.0
<b>Net profit</b>	<b>-2.0</b>	<b>-0.3</b>	<b>+85.0</b>
<b>Passenger Production (MASK)</b>	<b>44,094</b>	<b>46,338</b>	<b>+5.1</b>
<b>Passenger Traffic (MRPK)</b>	<b>35,568</b>	<b>36,251</b>	<b>+1.9</b>
<b>Cabin Factor (%)</b>	<b>80.7</b>	<b>78.2</b>	<b>-2.5</b>
<b>Passenger carried (Million)</b>	<b>12.39</b>	<b>12.16</b>	<b>-1.9</b>
<b>Passenger Yield Inc. Surcharge (THB/km)</b>	<b>2.17</b>	<b>2.20</b>	<b>+1.4</b>
<b>Aircraft Utilization (Hrs./Day)</b>	<b>11.9</b>	<b>11.7</b>	<b>-1.7</b>

 Pax & Cargo increase

 Fuel increase

 Better yield

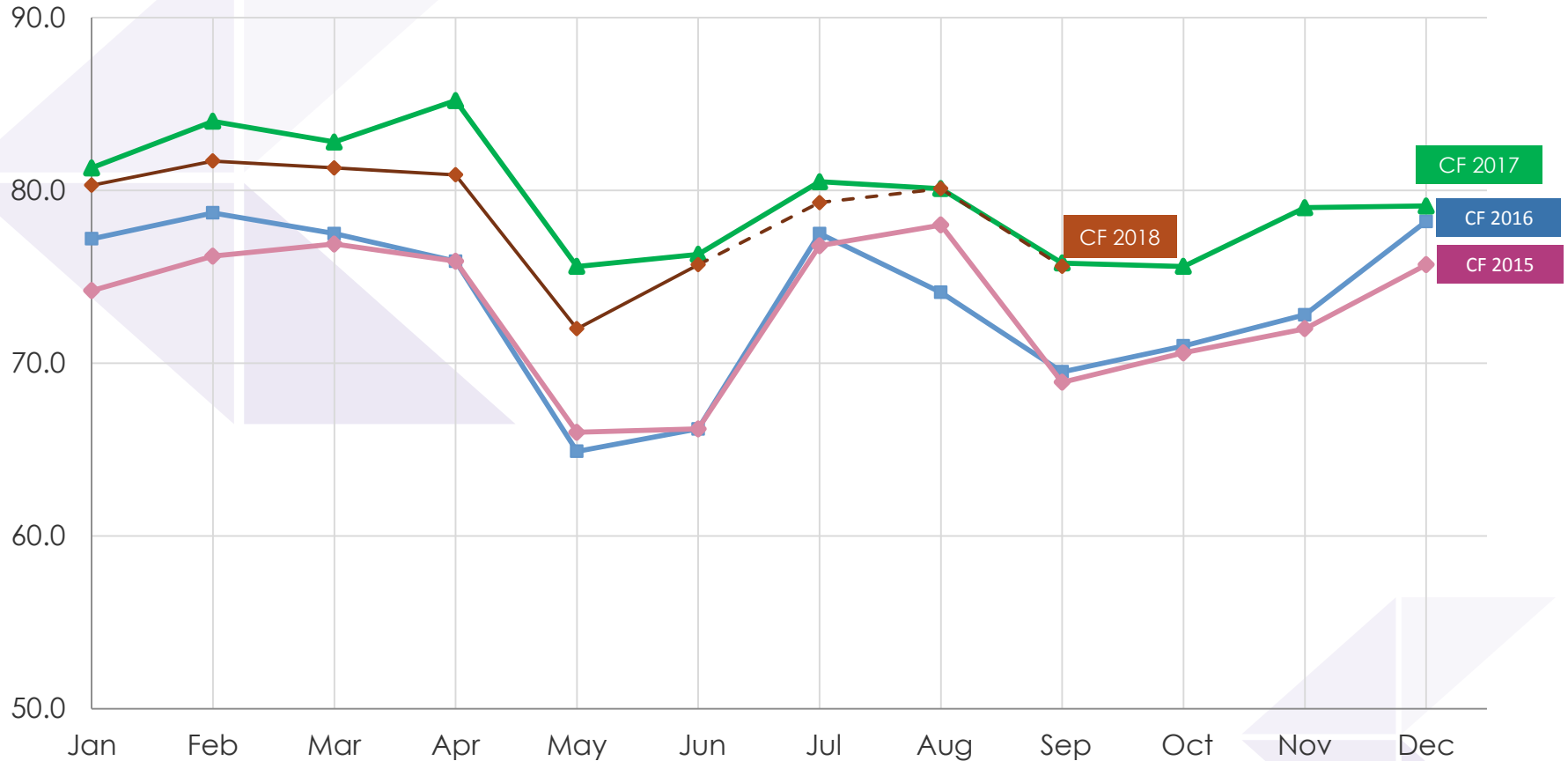
## Consolidated





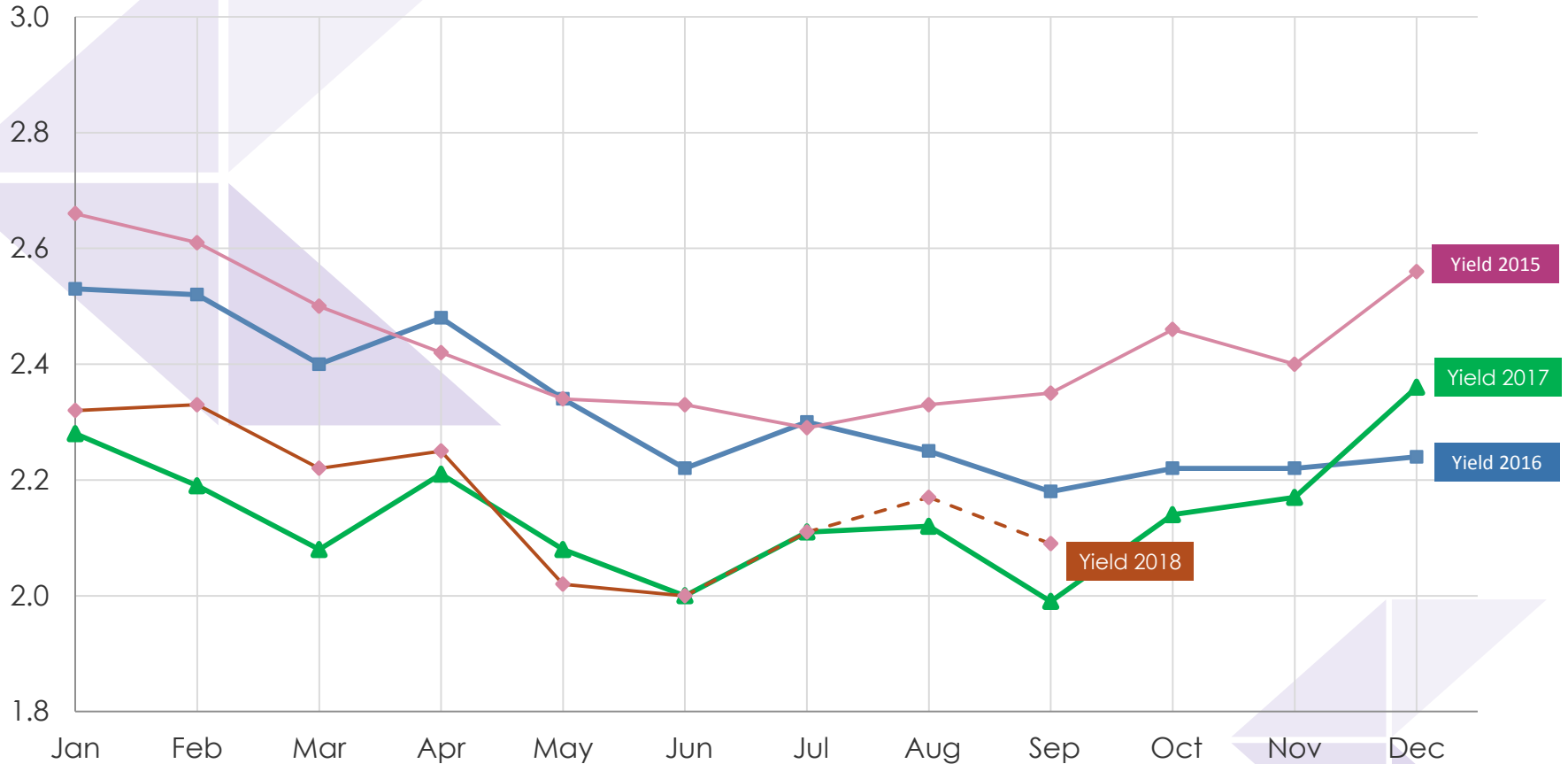
## TG Only

Cabin Factor (%)



## TG Only

THB / RPK



## Consolidated

(THB/RPK)	1H'17 (1H'18 Rate)	1H'18	% Change
Pax Rev	2.10	2.20	4.8
FX impact	0.07	-	-
<b>Total Pax Yield</b>	<b>2.17</b>	<b>2.20</b>	<b>1.4</b>

## Passenger Yield by Region

(THB/RPK)	1H'17	1H'18	% Change
Domestic	2.80	2.66	-5.0
Regional	2.54	2.59	2.0
Intercontinental	1.71	1.76	2.9
<b>Total system</b>	<b>2.17</b>	<b>2.20</b>	<b>1.4</b>



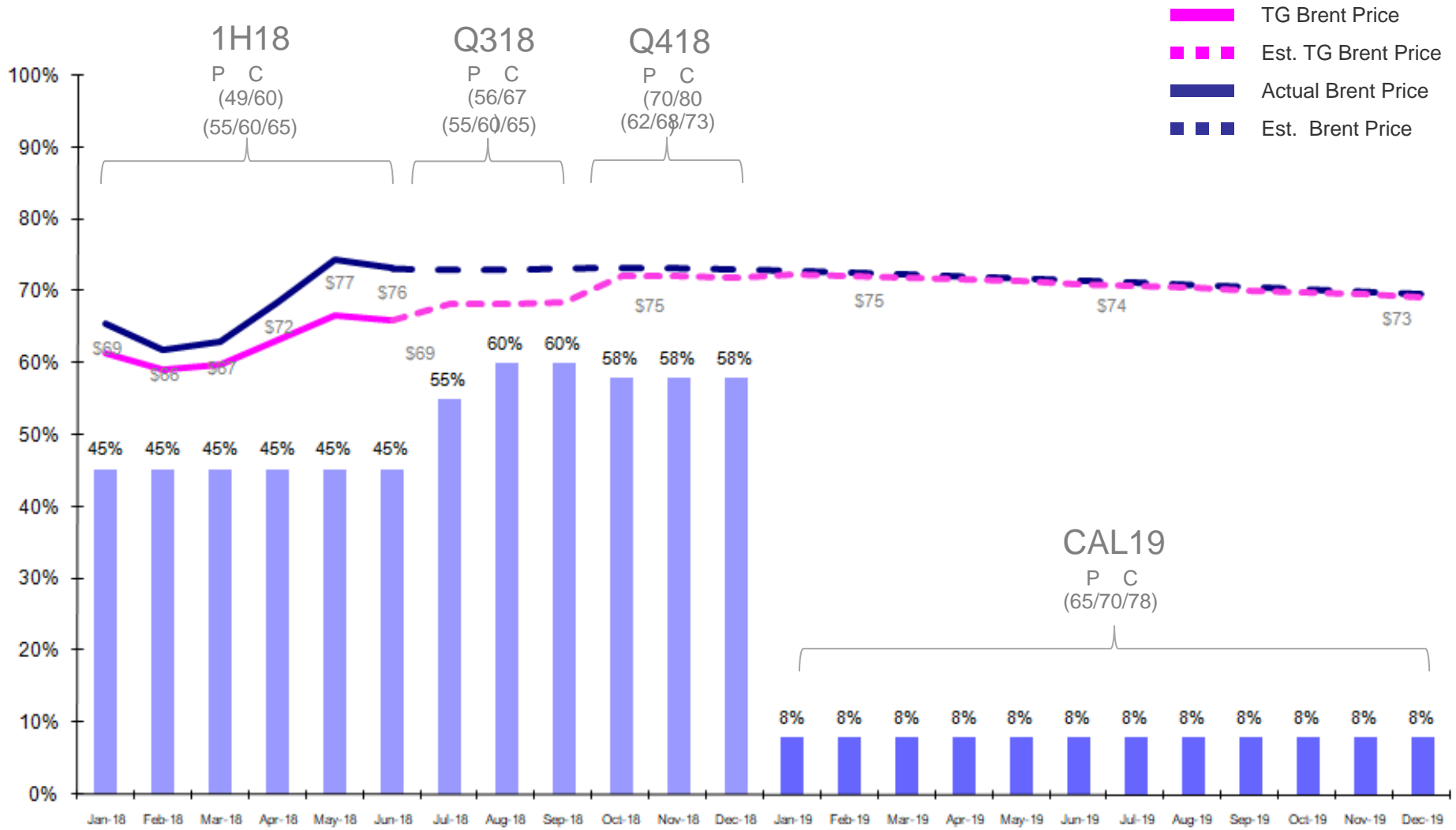
Consolidated

		JAN - JUNE	
		2017	2018
<b>Liquidity Ratio</b>			
- Current Ratio	(times)	0.88	0.90
- Current Ratio (Included Committed Credit Line )	(times)	1.12	1.14
<b>Profitability Ratio</b>			
- Operating Profit margin	%	0.76	1.02
- Net profit Margin	%	(2.14)	(0.35)
- Return to Equity	%	(6.26)	(1.10)
<b>Efficiency Ratio</b>			
- Return to Total Assets	%	(0.03)	0.27
<b>Financial Policy Ratio</b>			
- Interest Bearing Debt to Equity	(times)	5.45	4.99
- Total Debt to Equity	(times)	8.25	8.00
- IBD/EBITDA	(times)	15.54	13.90
- Interest Coverage Ratio	(times)	4.68	4.89
- EBITDA	(MTHB)	11,061	11,241



# 2018-2019 Fuel Hedging Percentage

## Brent Actual / Future Price vs. TG Price

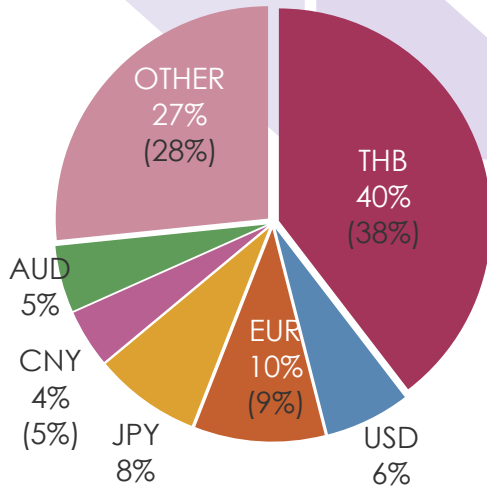


Based on fuel volume = 1.6 Million Barrels per Month

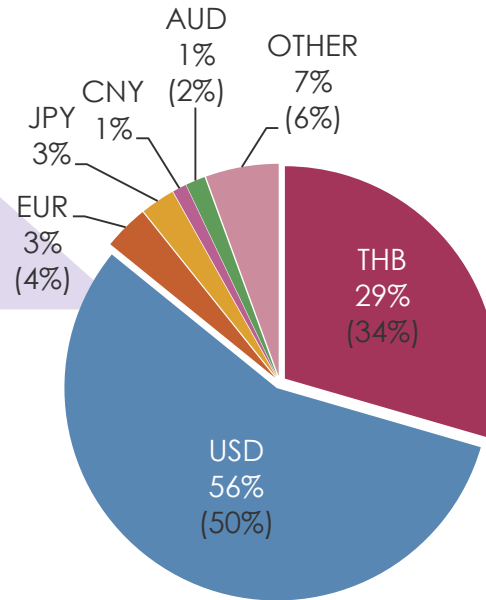
## Foreign Currency Exposure

(Jan - Jun 2018)

### Revenue



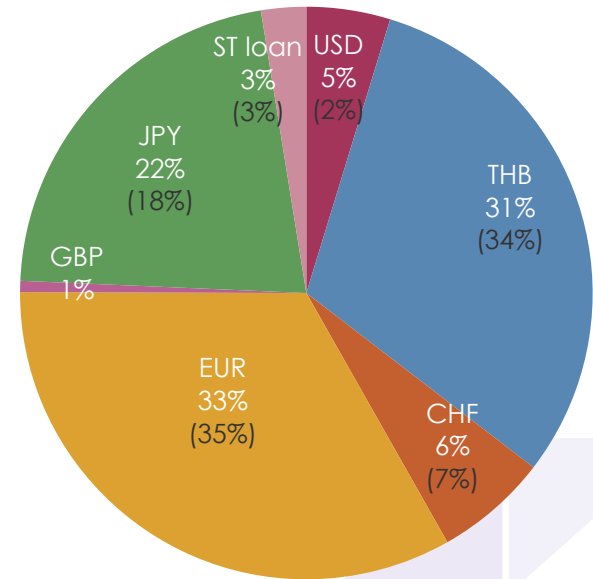
### Expense



## Liability

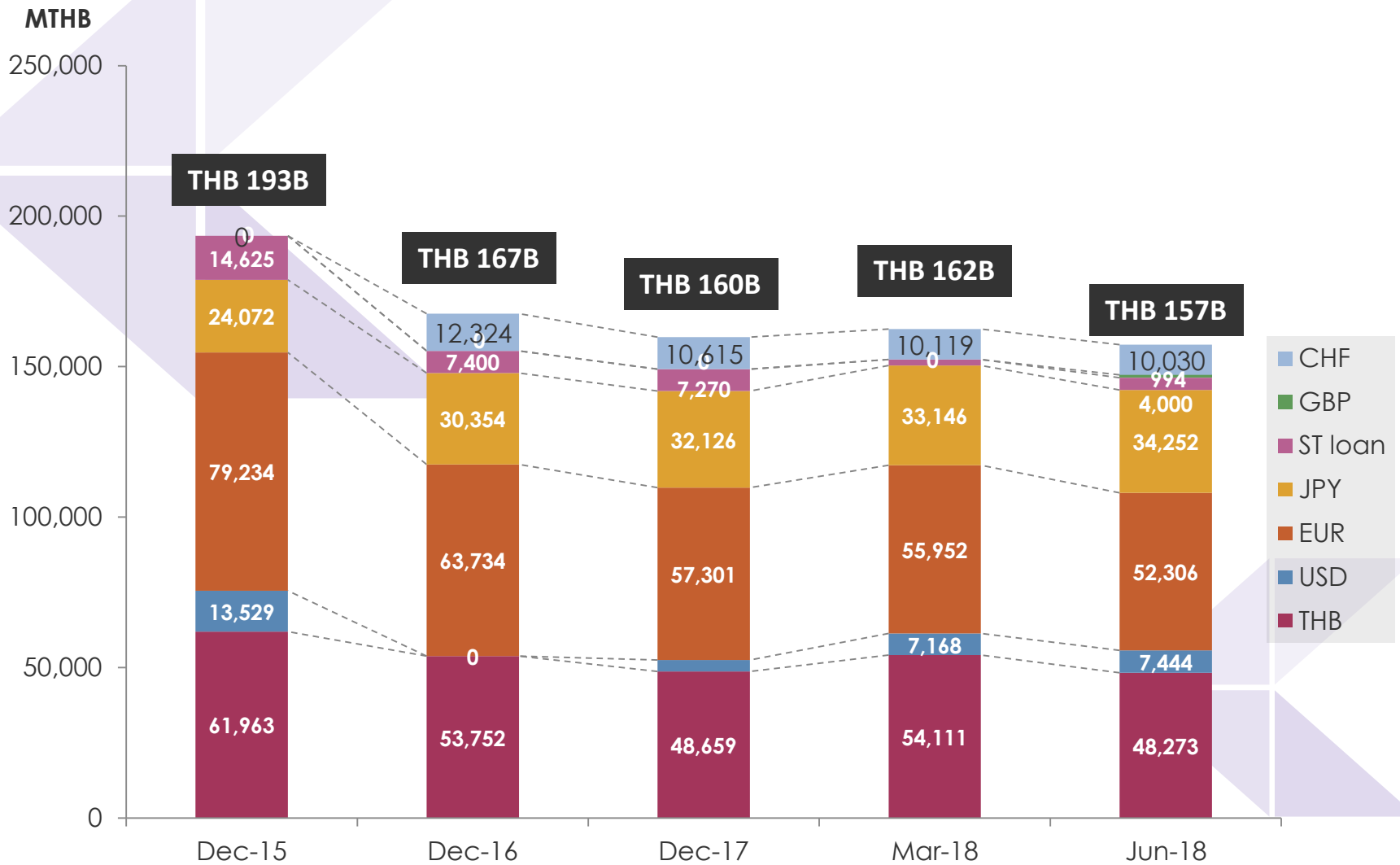
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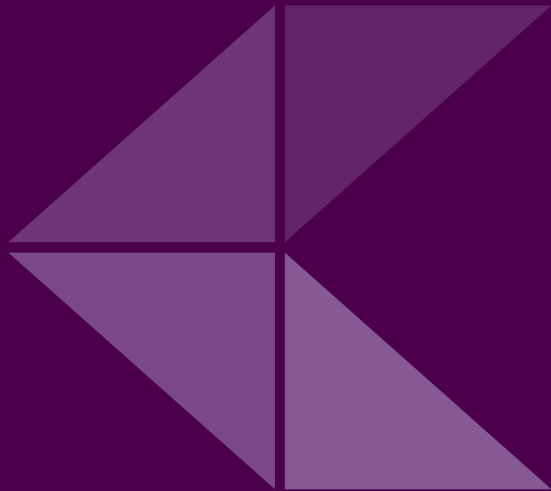
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Currencies of choice for natural hedging





OUTLOOK FOR 2018

- ❑ AEROPOLIS AND MRO AT U-TAPAO
- ❑ ENGINE MRO JV WITH MANUFACTURER
- ❑ INCREASING PASSENGER REVENUE : REVENUE MANAGEMENT & SELLING MORE TICKETS VIA DIGITALIZATION
- ❑ OPERATING COST CONTROL
- ❑ FUTURE DIVESTING NON CORE ASSETS – SHARES IN SUBSIDIARIES, PROPERTIES, AND AIRCRAFT
- ❑ ISSUED THB 7 BN DEBENTURES IN AUG-18 WITH 2.7x OVER SUBSCRIPTION
- ❑ EXECUTIVE RECRUITMENT AND UPSKILL IN PROCESS
- ❑ NEW PRESIDENT ON BOARD SEP 3, 2018
- ❑ BOARD & MANAGEMENT EMBARKING ON ACTION-ORIENTED STRATEGIC INITIATIVES – KICK OFF DONE ON AUG 18-19, FURTHER WORKS UNDERWAY.



Fly smooth as silk  
to the world

THANK YOU  
Q&A

