

THAI AIRWAYS INTERNATIONAL PCL THAI

2Q2019 ANALYSTS BRIEFING

AUG 13, 2019



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.

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WORLD & THAI AVIATION

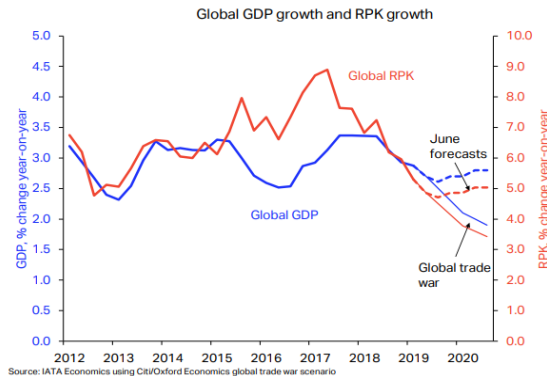
WORLD AVIATION STRUGGLE IN MANY WAYS



IATA Economics Chart of the Week

21 June 2019

Quantifying the risk to air travel growth from a global trade war



Source: IATA Economics using Cit/Oxford Economics global trade war scenario

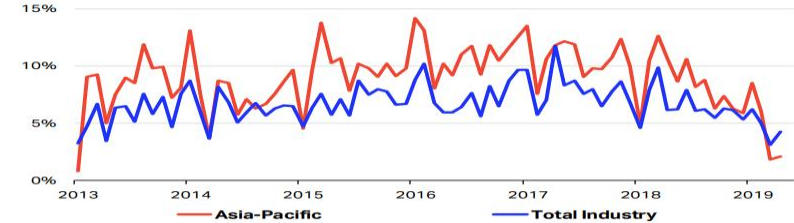
IMPACT FROM CLOSE OF AIRSPACE: INDIA – PAKISTAN



Source: flightglogal.com

Growth in air passenger volumes

RPKs, % Growth year-on-year



Source: IATA Statistics

Growth in air freight volumes

FTKs, % Growth year-on-year



Source: IATA Statistics

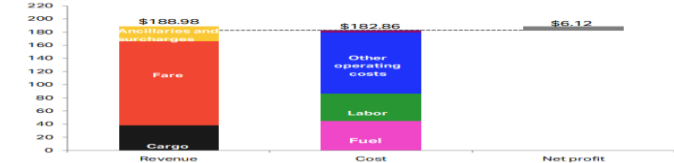


IATA Economics Chart of the Week

7 June 2019

Airline profit per passenger not enough to buy a Big Mac in Switzerland

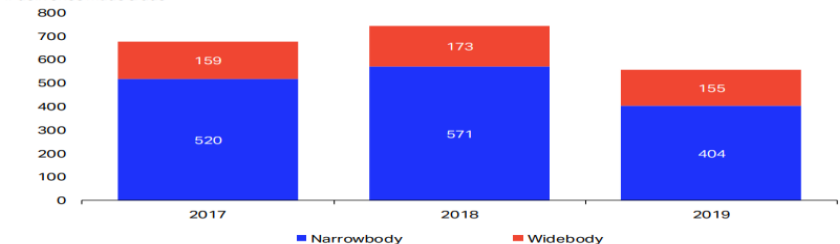
Worldwide airline net post-tax profit per departing passenger, 2019



Source: IATA Economics - Economic Performance of the Airline Industry, Mid-Year 2019

Aircraft deliveries to the Asia Pacific (2Q19 data)

deliveries made & due



Source: Ascend

CHALLENGES IN THAI AVIATION



Thai baht has appreciated to the highest level in six years

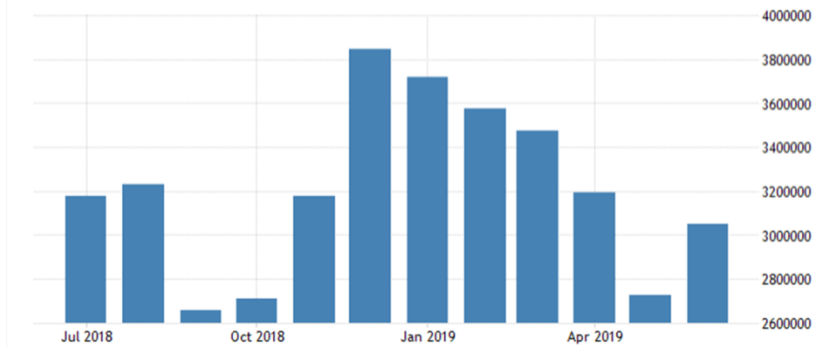
baht per dollar



Source: Thomson Reuters

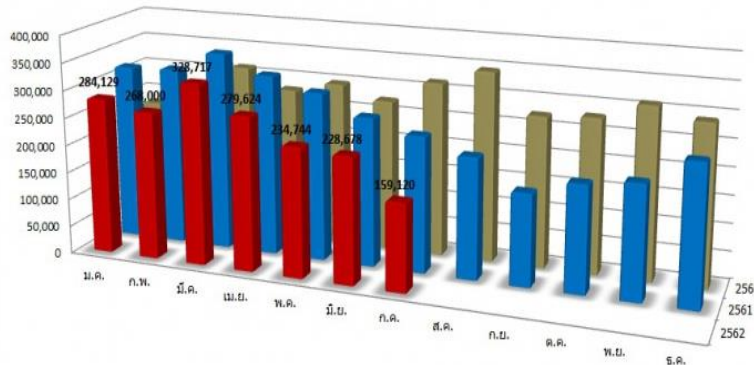
Thailand Tourists arrivals: Jul 18 – Jun 19

Historical Data API



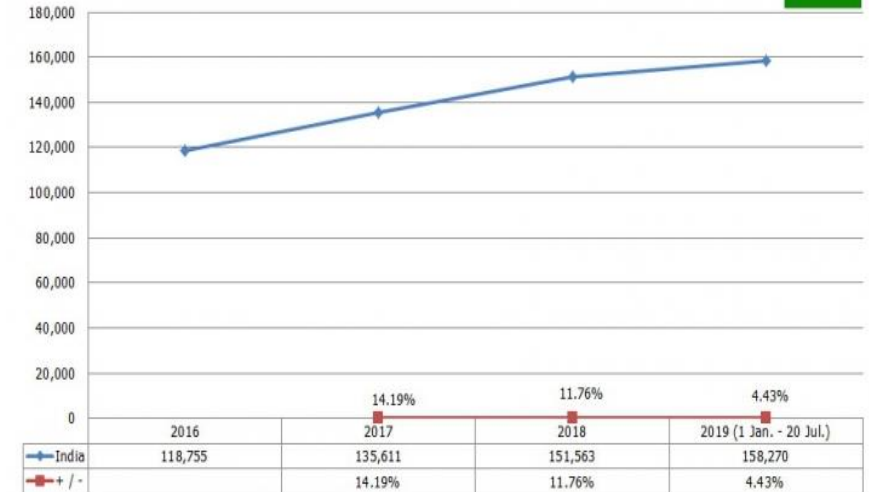
SOURCE: TRADINGECONOMICS.COM | MINISTRY OF TOURISM & SPORTS, THAILAND

CHINA : นักท่องเที่ยวสัญชาติจีน ณ วันที่ 20 กรกฎาคม 2562



	ม.ค.	ก.พ.	มี.ค.	เม.ย.	พ.ค.	มิ.ย.	ก.ค.	ส.ค.	ก.ย.	ต.ย.	พ.ย.	ธ.ค.
■ 2562	284,129	268,000	328,717	279,624	234,744	228,678	159,120					
■ 2561	320,448	323,821	360,792	328,059	305,307	269,699	246,451	219,394	166,908	193,353	205,381	252,049
■ 2560	229,952	243,139	313,499	279,192	298,401	275,307	316,641	345,464	274,534	280,664	311,220	291,496

INDIA 1 Jan 2016 - 20 Jul 2019



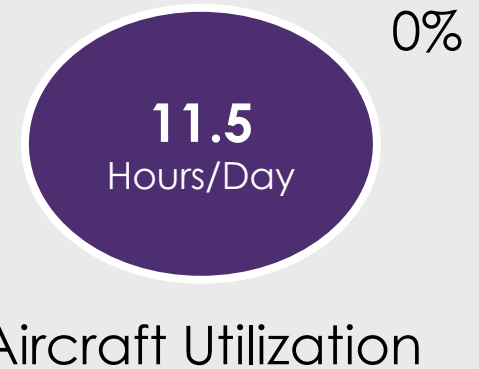
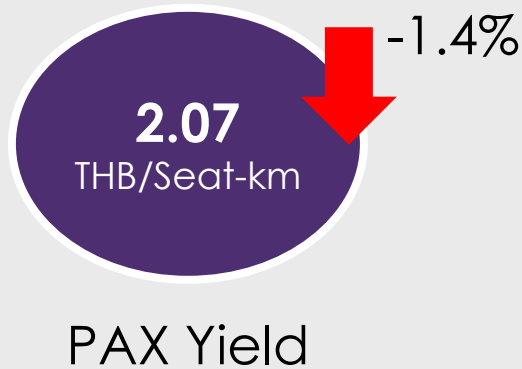
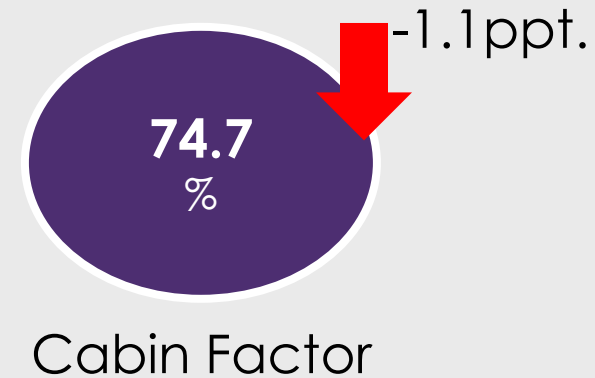
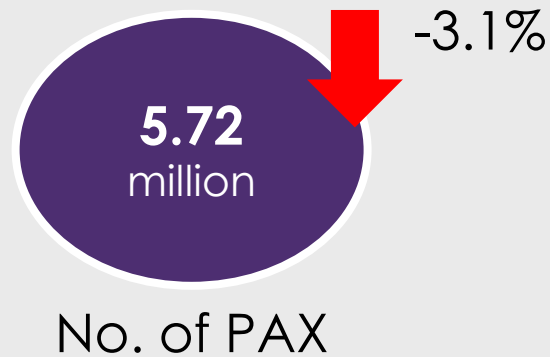
2019's EXTERNAL FACTORS

- **Baht appreciation**
- **Trade war caused global economy slowdown**
- **Closure of Pakistan airspace**
- **Low season period, fierce competition: Red Ocean**
- **Political unrest and international confrontation : Hong Kong, Brexit, Kashmir, Iran, Japan, South Korea**
- **More Terrorisms**
- **Environmental concerns : HEAT WAVE**



OPERATING HIGHLIGHTS & FINANCIAL PERFORMANCE

2Q19'S KEY OPERATING STATISTICS



2Q-19 Operations summary



Unit : THB' Billion	Consolidated		
	2Q'19	2Q'18	%change
Revenues	42.5	47.2	-9.9
Costs	48.6	49.0	-0.8
Net financial cost	1.0	1.1	-9.1
Operating Profit	-7.1	-2.8	-153.6
(1-time) Expense	-	-	-
Impairment loss (1-time)	0.2	0.3	-33.3
FX Gain/(Loss)	0.5	(0.4)	+225.0
Profit before Tax	-6.8	-3.5	-94.3
Tax	0.1	(0.4)	+125.0
Net profit	-6.9	-3.1	-122.6
Passenger Production (MASK)	21,897	22,804	-4.0
Passenger Traffic (MRPK)	16,353	17,282	-5.4
Cabin Factor (%)	74.7	75.8	-1.1
Passenger carried (Million)	5.72	5.90	-3.1
Passenger Yield Inc. Surcharge (THB/km)	2.07	2.10	-1.4
Aircraft Utilization (Hrs./Day)	11.5	11.5	-



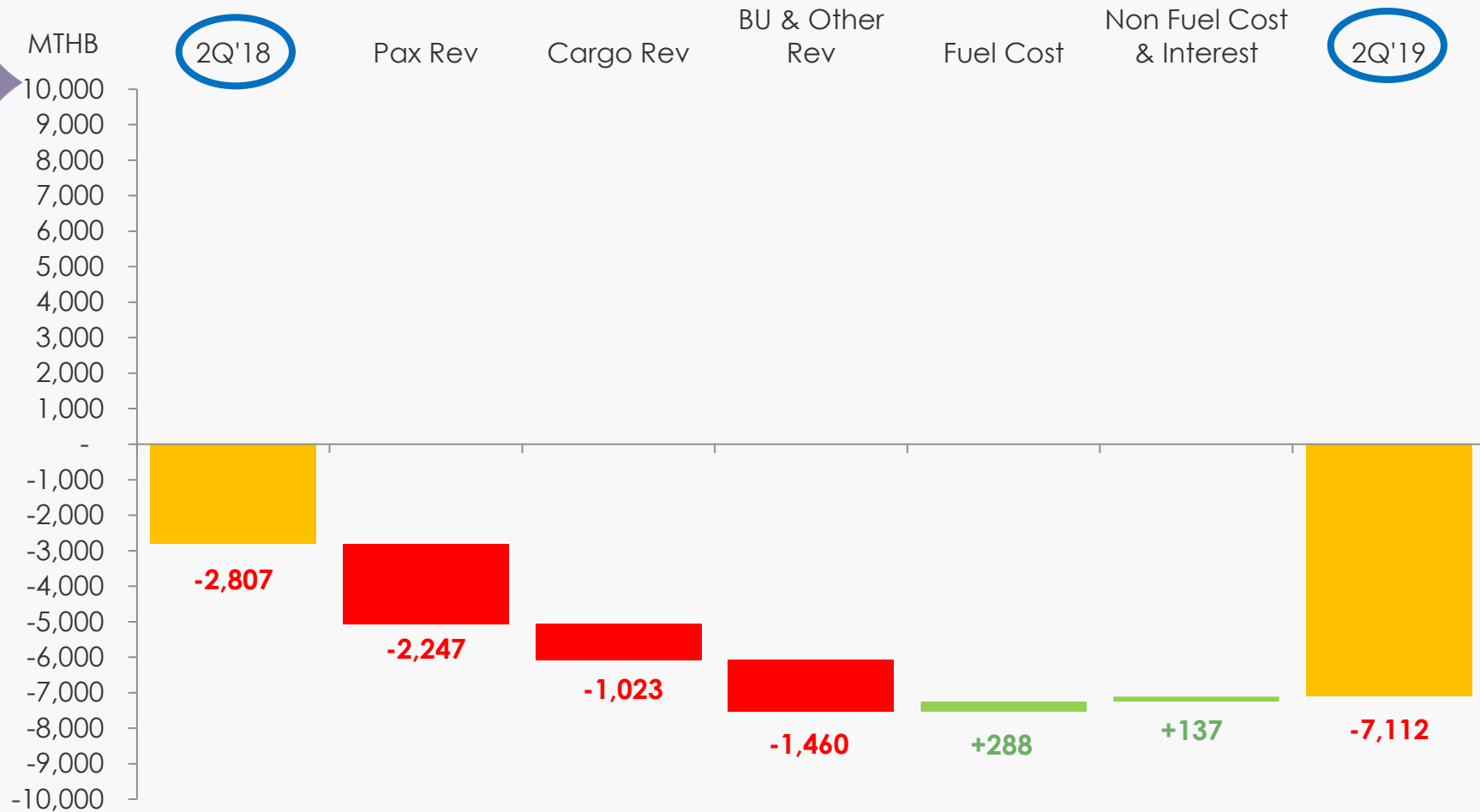
Pax & Cargo decrease



2Q -19 Operating profit movement



Consolidated



2Q-2019's Passenger Yield Analysis



Consolidated

(THB/RPK)	2Q'19 (2Q'18 Rate)	2Q'18	% Change
Total Pax Yield	2.07	2.10	-1.4
FX impact	(0.07)	-	-
Pax Yield excl.FX impact	2.14	2.10	+1.9

Passenger Yield by Region

(THB/RPK)	2Q'19	2Q'18	% Change
Domestic	2.00	2.45	-18.4
Regional	2.46	2.47	-0.4
Intercontinental	1.66	1.68	-1.2
Total system	2.07	2.10	-1.4

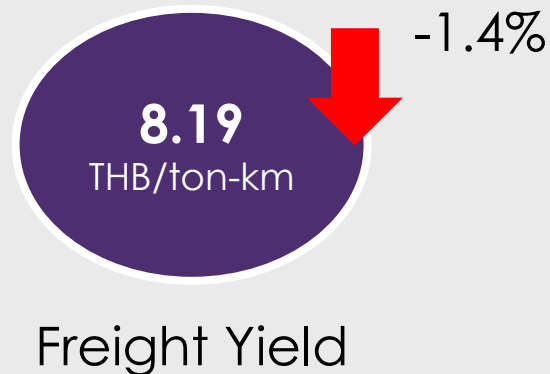
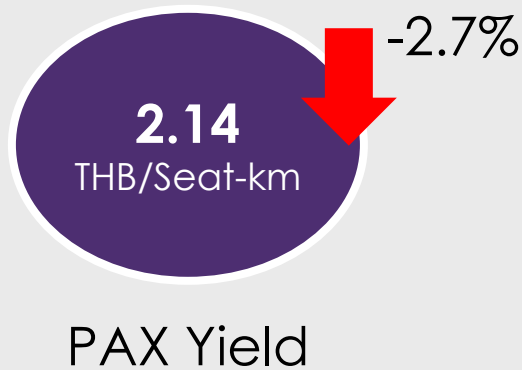
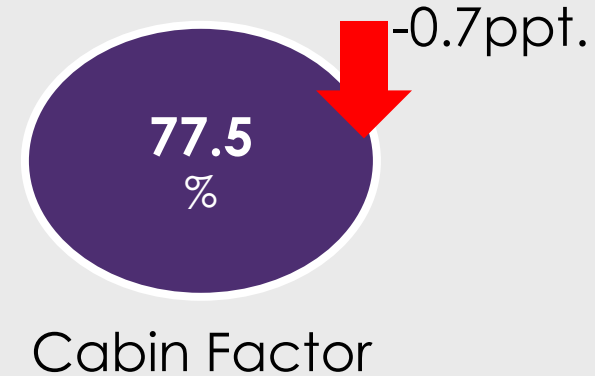
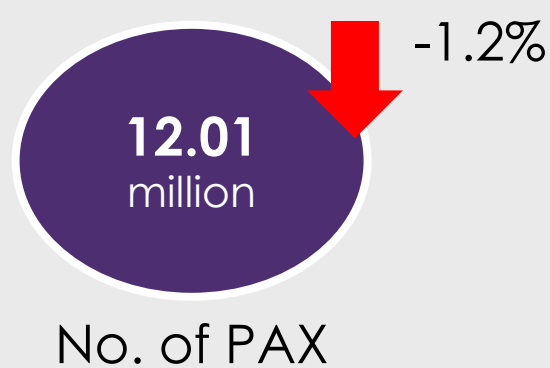
2Q-2019 Financial Ratios



Consolidated

		Apr- June	
		2019	2018
Liquidity Ratio			
- Current Ratio	(times)	0.83	0.90
- Current Ratio (Included Committed Credit Line)	(times)	1.03	1.09
Profitability Ratio			
- Operating Profit margin	%	(16.71)	(5.94)
- Net profit Margin	%	(16.16)	(6.53)
- Return to Equity	%	(34.02)	(9.34)
Efficiency Ratio			
- Return to Total Assets	%	(2.14)	(0.84)
Financial Policy Ratio			
- Interest Bearing Debt to Equity	(times)	8.72	4.99
- Total Debt to Equity	(times)	14.55	8.00
- Net Debt to EBITDA	(times)	(127.34)	104.21
- Interest Coverage Ratio	(times)	(1.67)	2.05
- EBITDA	(MTHB)	(1,821)	2,270

1H19'S KEY OPERATING STATISTICS



1H-19 Operations summary

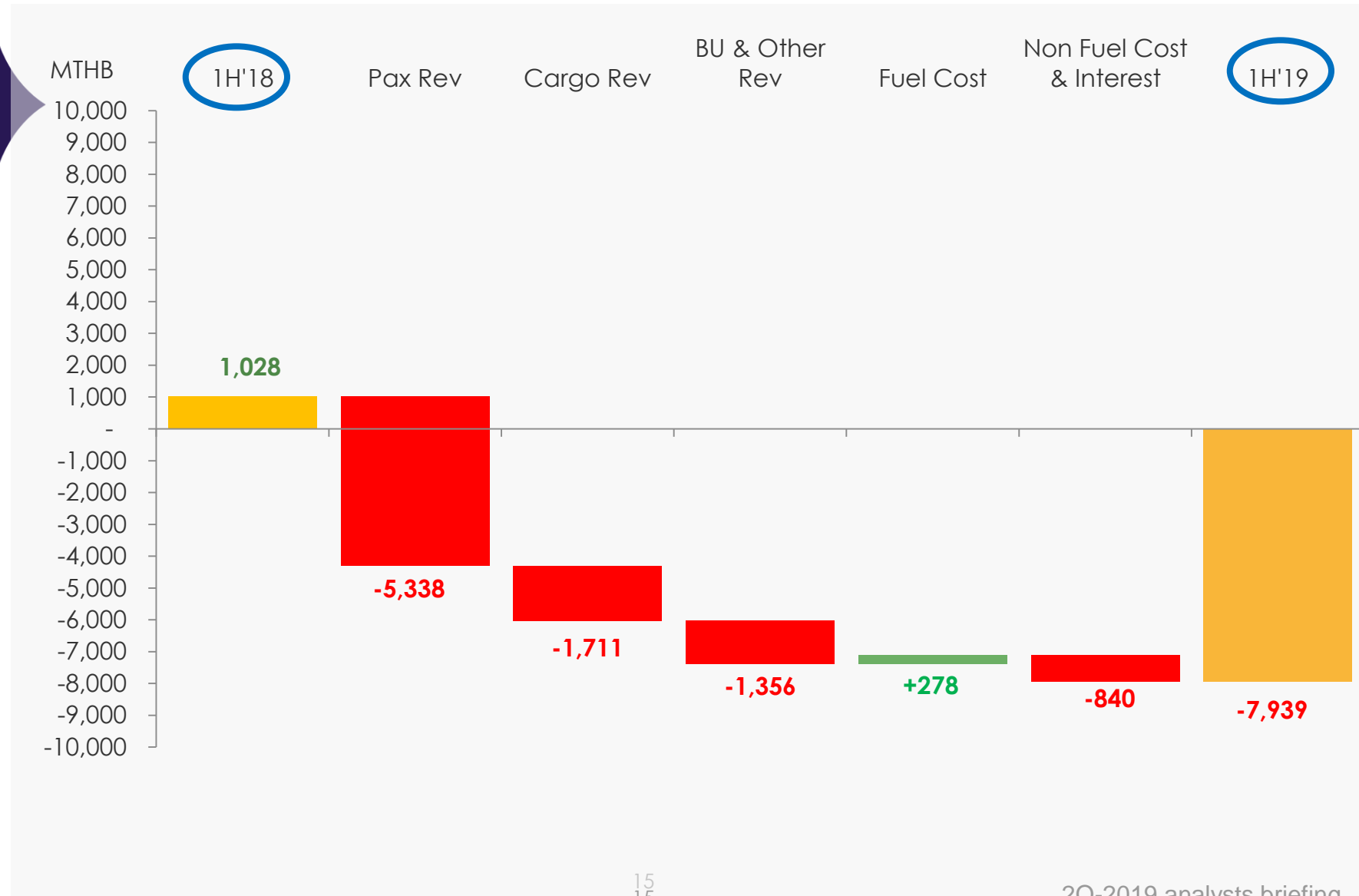


Unit : THB' Billion	Consolidated			
	1H'19	1H'18	%change	
Revenues	92.3	100.8	-8.4	↓ Pax & Cargo decrease
Costs	98.1	97.5	+0.6	↑
Net financial cost	2.1	2.2	-4.5	↓
Operating Profit	-7.9	1.0	-890.0	
(1-time) Expense	0.3	-	+100.0	
Impairment loss (1-time)	0.4	2.7	-85.2	
FX Gain/(Loss)	1.9	0.2	+850.0	
Profit before Tax	-6.1	-1.5	-306.7	
Tax	0.3	(1.2)	+125.0	
Net profit	-6.4	-0.3	-	
Passenger Production (MASK)	44,768	46,338	-3.4	↓
Passenger Traffic (MRPK)	34,715	36,251	-4.2	↓
Cabin Factor (%)	77.5	78.2	-0.7	↓
Passenger carried (Million)	12.01	12.16	-1.2	↓
Passenger Yield Inc. Surcharge (THB/km)	2.14	2.20	-2.7	↓
Aircraft Utilization (Hrs./Day)	12.0	11.7	+2.6	↑

1H -19 Operating profit movement



Consolidated



1H-2019's Passenger Yield Analysis



Consolidated

(THB/RPK)	1H'19 (1H'18 Rate)	1H'18	% Change
Total Pax Yield	2.14	2.20	-2.7
FX impact	(0.08)	-	-
Pax Yield excl.FX impact	2.22	2.20	+0.9

Passenger Yield by Region

(THB/RPK)	1H'19	1H'18	% Change
Domestic	2.17	2.66	-18.4
Regional	2.54	2.59	-1.9
Intercontinental	1.72	1.76	-2.3
Total system	2.14	2.20	-2.7

1H-2019 Financial Ratios



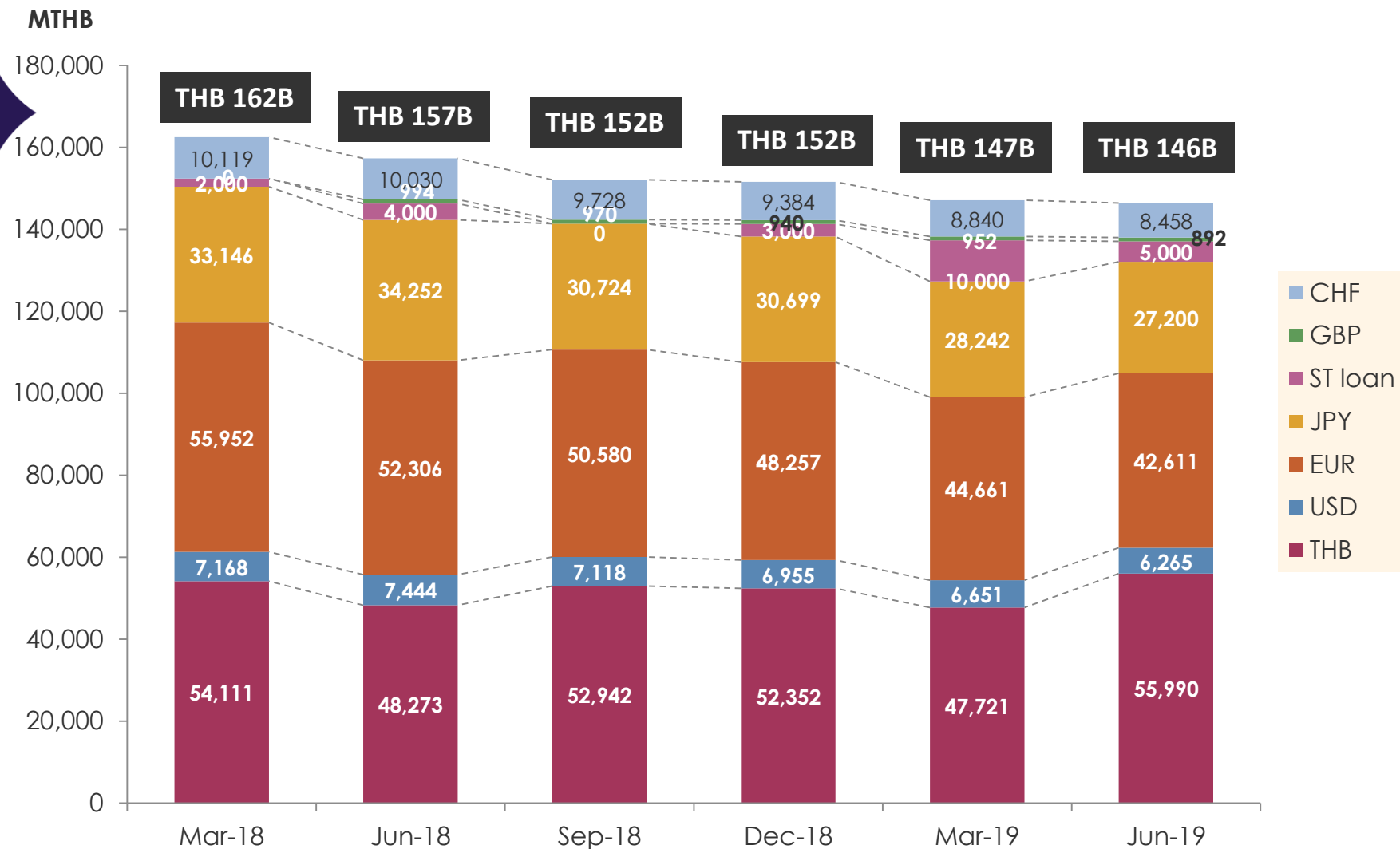
Consolidated

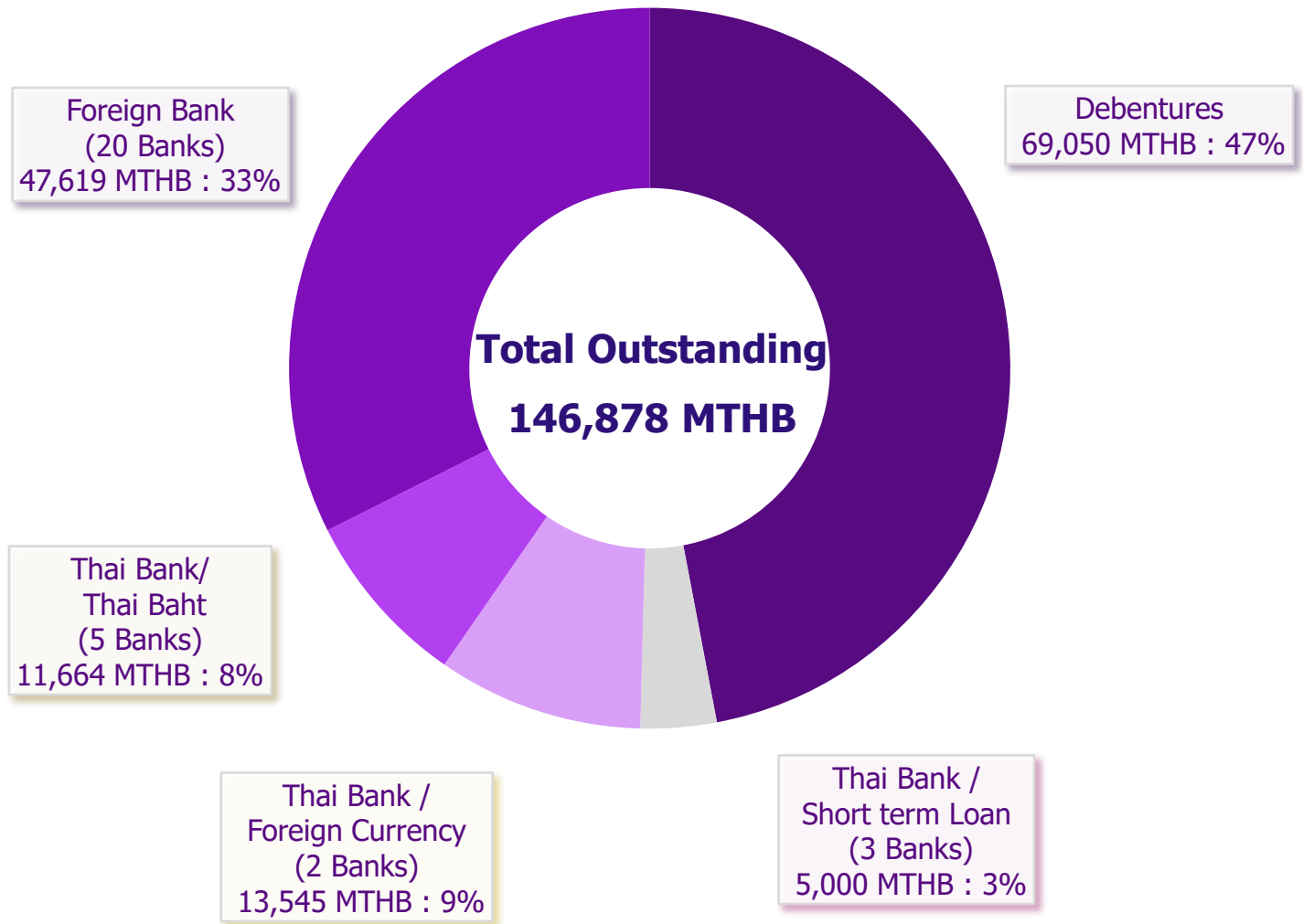
		JAN - JUNE	
		2019	2018
Liquidity Ratio			
- Current Ratio	(times)	0.83	0.90
- Current Ratio (Included Committed Credit Line)	(times)	1.03	1.09
Profitability Ratio			
- Operating Profit margin	%	(8.59)	1.02
- Net profit Margin	%	(6.95)	(0.35)
- Return to Equity	%	(34.42)	(1.10)
Efficiency Ratio			
- Return to Total Assets	%	(1.50)	0.27
Financial Policy Ratio			
- Interest Bearing Debt to Equity	(times)	8.72	4.99
- Total Debt to Equity	(times)	14.55	8.00
- Net Debt to EBITDA	(times)	86.43	21.04
- Interest Coverage Ratio	(times)	1.22	4.89
- EBITDA	(MTHB)	2,683	11,241

Liabilities by currency



Currencies of choice for natural hedging

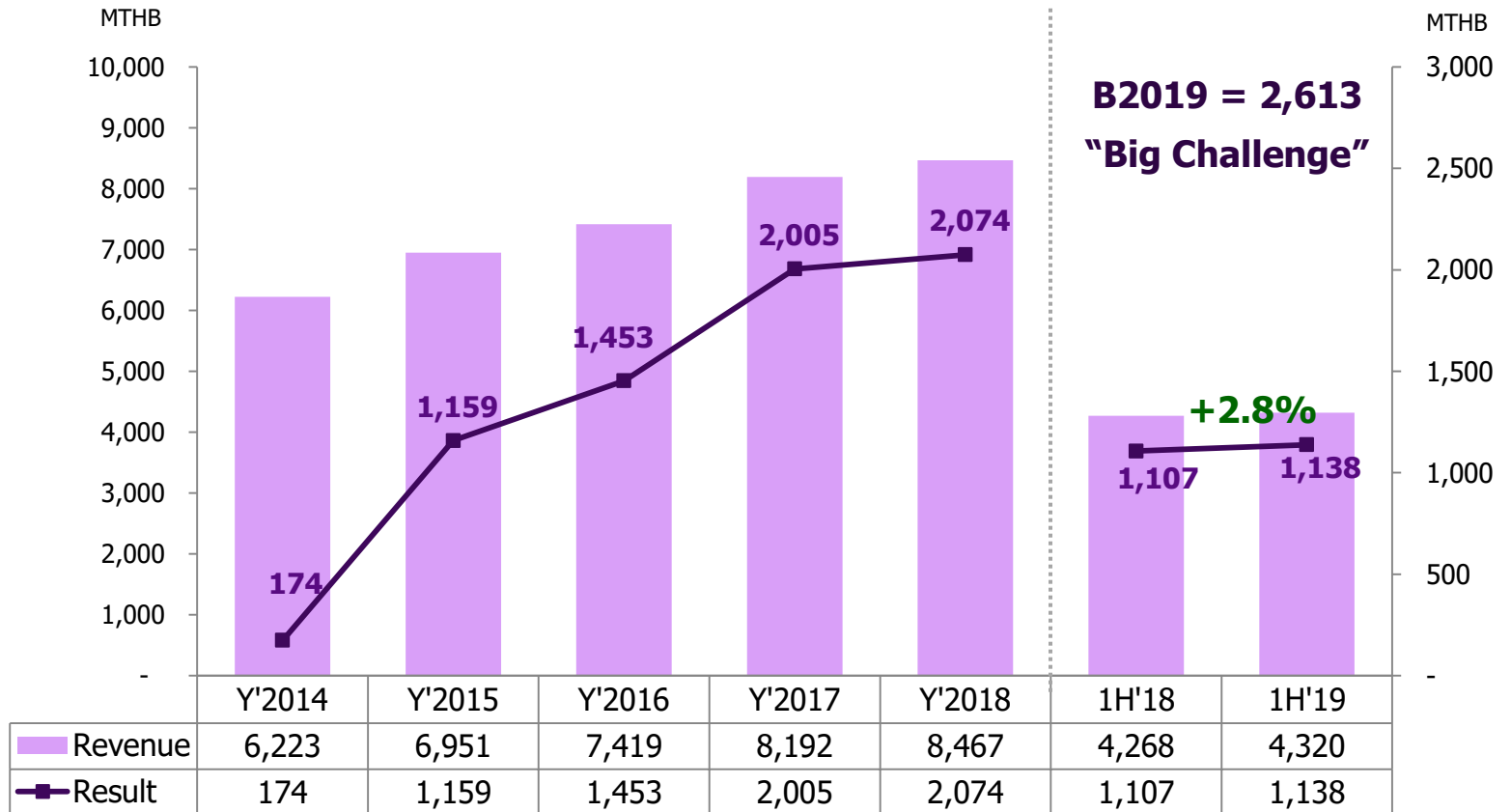




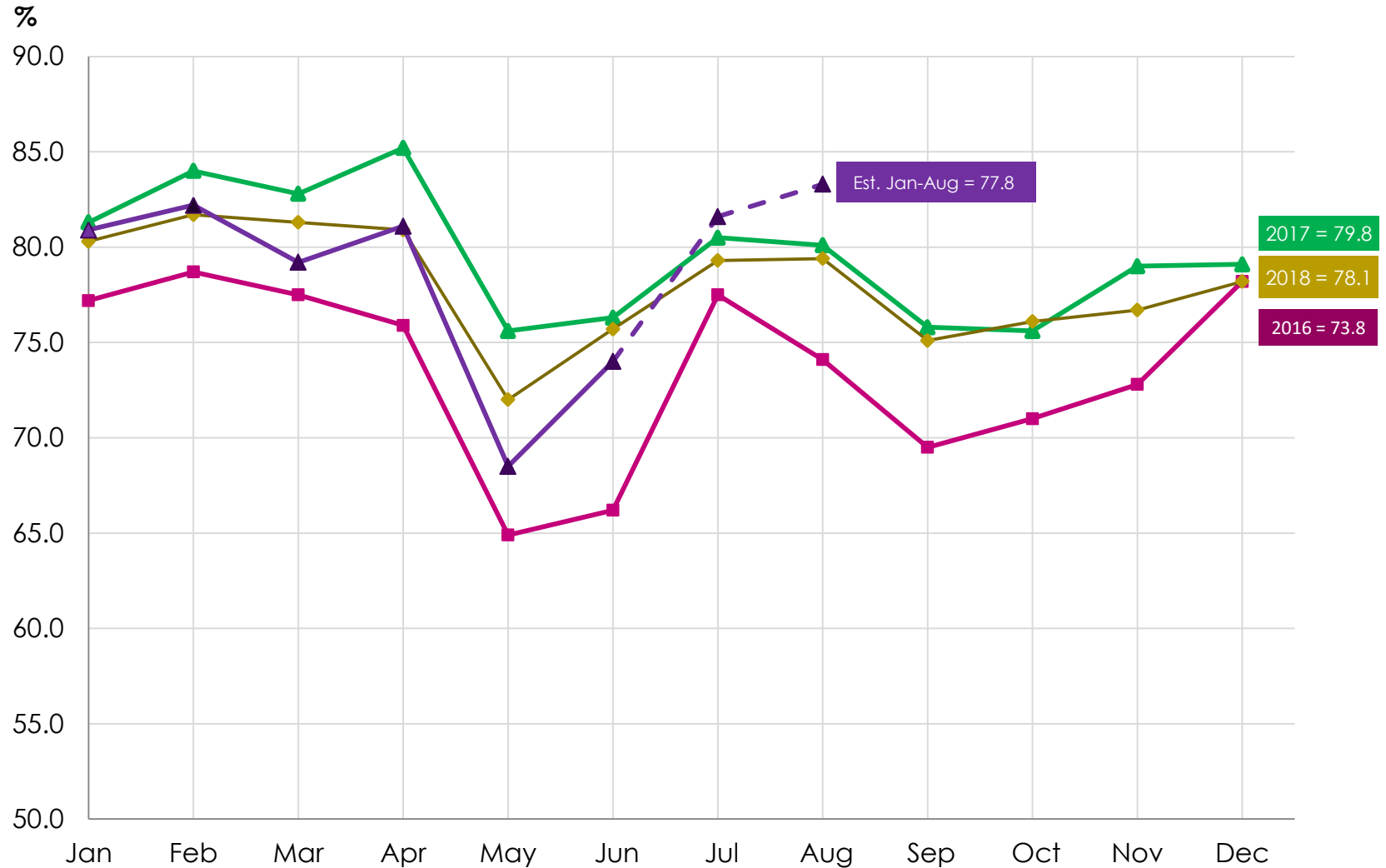


ENHANCEMENT & REWARDS

Catering Performance & 2019's Target



TG Only



After implementing “Brother-Sister Strategy”

 made tremendous improvement in profitability!

Unit : MTHB	1H'19	1H'18	% change	Y2018	Y2017	% change
Revenues	7,657	5,415	+41.4	11,028	10,351	+6.5
Costs	7,508	6,744	+11.3	13,666	11,809	+15.7
Operating Profit before Financial Cost	149	(1,329)	+111.2	(2,638)	(1,458)	-80.9

2Q-2019 Events



➤ Rewards

- ❖ **World's Best Airline Lounge Spa & Best Airline Staff in Asia** from **Skytrax 2019 World Airline Awards Ceremony**
- ❖ **Travellers' Choice Major Airline-Asia** for **THAI** from **Tripadvisor**
- ❖ **Travellers' Choice Regional Airline Asia & Travellers' Choice Best Airline Thailand** for **ThaiSmile** from **Tripadvisor**

➤ Total **103** active aircrafts

➤ **Reduce the fuel surcharge** on all routes, as of 11 June 2019

➤ THAI Launches **Warehouse Management System Campaign**

➤ Issue new debentures **THB 10,000 million**

➤ Activities

- ❖ **THAI Catering** was selected to serve the dishes in **Welcome Reception in Thai Festival 2019, Tokyo**
- ❖ **THAI catering** joined **THAIFEX World of Food Asia 2019**
- ❖ **Open new Taipei office**





FUTURE AHEAD

2019 TG'S FIGHTING STRATEGY



2019 TG's FIGHTING STRATEGY



Save TG Co-Creation

- Brainstorm from all stakeholders: Customers, Analyst, Staff, etc. for cost saving countermeasures without impact to service quality
- Moral Enterprise Campaign: Promote the Campaign throughout TG for better harmony among the staff

Zero Waste Management

- Circular Economy for cost saving with value-added creation
- Start with food waste with FoodInnoPolis

New Destination

- Sendai, Japan in 4Q2019

Digital Marketing

- Mobile Application- to facilitate, upsell, promote ancillary in booking i.e. insurance, excess baggage, etc., and update web page to attract Young generation
- E-Commerce :selected expert eCommerce vendor, plan to launch in OCT' 19

2019 TG's FIGHTING STRATEGY(Con't)




THAI Synergy

- **New business partners to extend TG's business: Café Amazon**

TG Group

- **Synergy with THAISmile to better connectivity and more convenient**
- **Service redesign, reorganization to be centralized management**
- **THAISmile will completely be Connecting partner with STAR ALLIANCE in 2019**

THAI & Brother & Sister Model

	Last year (Jan-Jun 2018)	Actual (Jan-Jun 2019)	Target
Aircraft Utilization (Hours/ Aircraft/ Day)	8.5	 9.5	10.5
Operating Cost (MTHB)	6,744	 7,508	8,596
Strengthen Financial Performance (MTHB)	(1,329)	 149	53

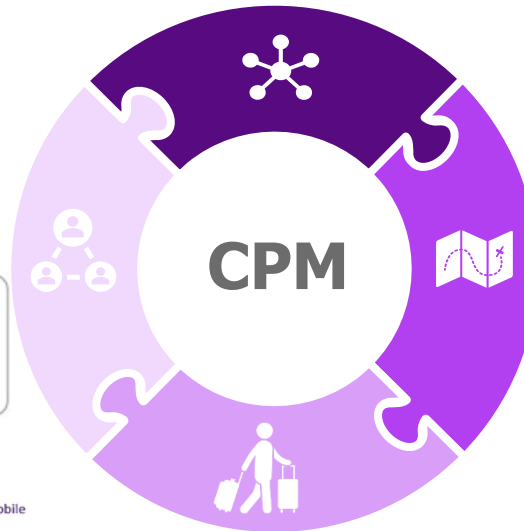
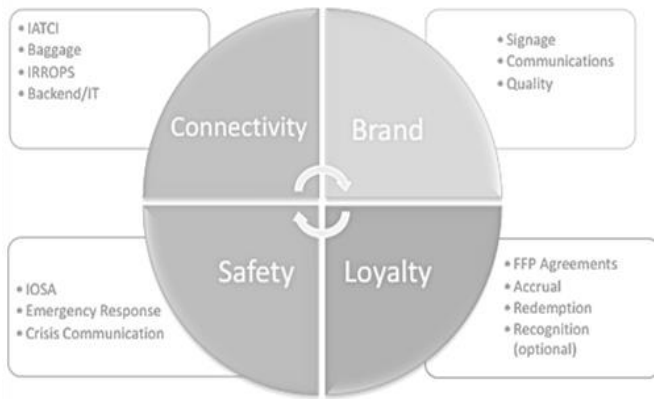
STAR ALLIANCE Connecting Partner



Considerations Factors

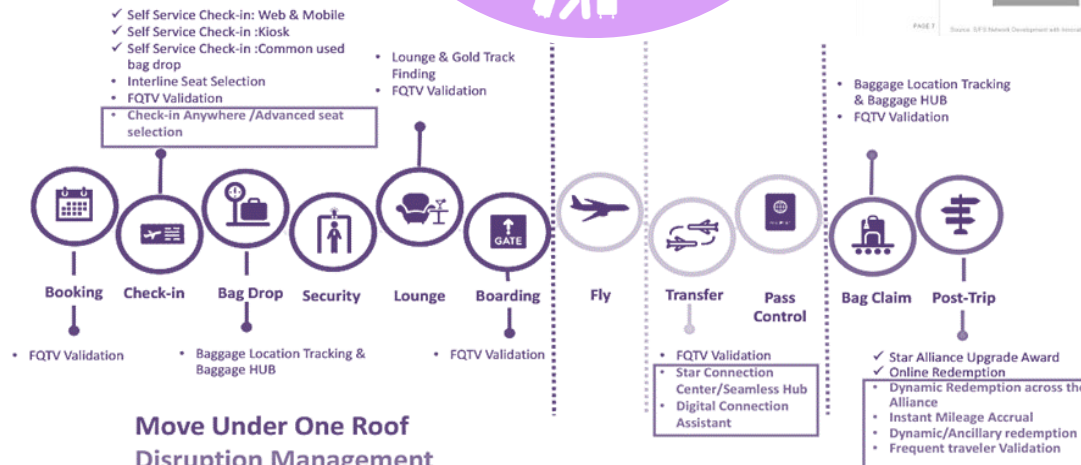
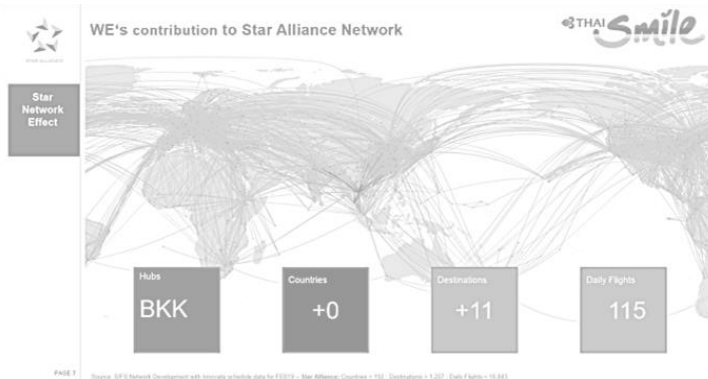
- Contributions (Economics, CX & Corporate image) derives to member and connecting partner carriers.
- Competitive Edge from Network coverage.
- CP Core Value compliance.
- Fee (Entry/Life Cycle/ Exit)

Core Value



Connecting Partner Benefit

- Better service delivery levels
- Deeper cooperation with Member carriers
- Participation in the Alliance



Move Under One Roof
Disruption Management
Star Biometric Hub

Making Customer Journey Better



THANK YOU

More questions :irtg@thaiairways.com

: 02-545-4053

: 02-545-2424

