

THAI AIRWAYS INTERNATIONAL PCL THAI

3Q2019 ANALYSTS BRIEFING

NOV 15, 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.

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.



AWARDS & ACTIVITIES

3Q – 2019 Events



➤ AWARDS

- ❖ The Best South East Asian Airline Award from TTG Travel Awards.
- ❖ Thai Smile Airways: The Best Boutique Airline award 2019 from TTG Travel Awards
- ❖ Best On Time Performance 2019 for International Flights Award from AIRNAV, Indonesia
- ❖ Three Suvarnabhumi Service Excellence (SSE) Awards 2019



➤ ACTIVITIES

- ❖ MOU with PEA on Energy Conservation Project in Government Buildings
- ❖ MOU with DITP on Personnel Development



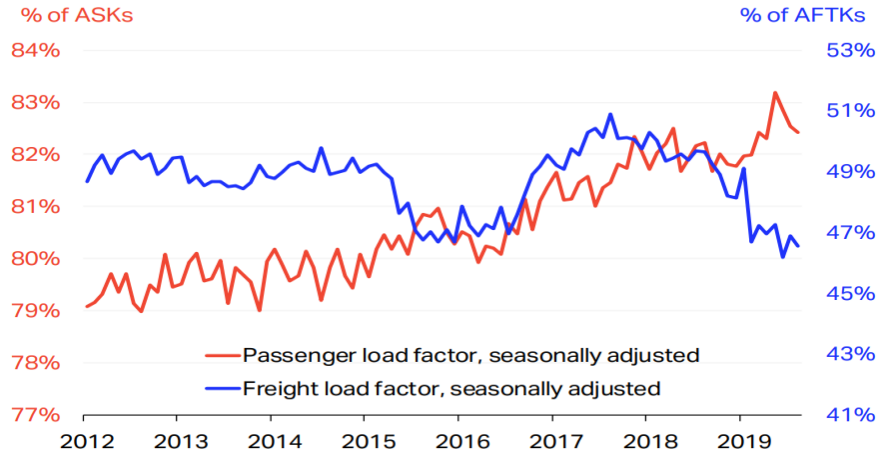


WORLD & THAI AVIATION

WORLD AVIATION STRUGGLE IN MANY WAYS



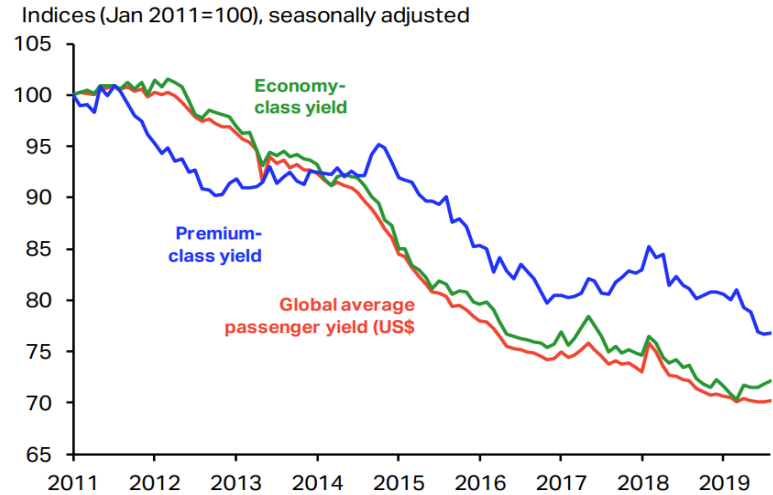
Passenger and freight load factors continue to diverge



Source: IATA Monthly Statistics

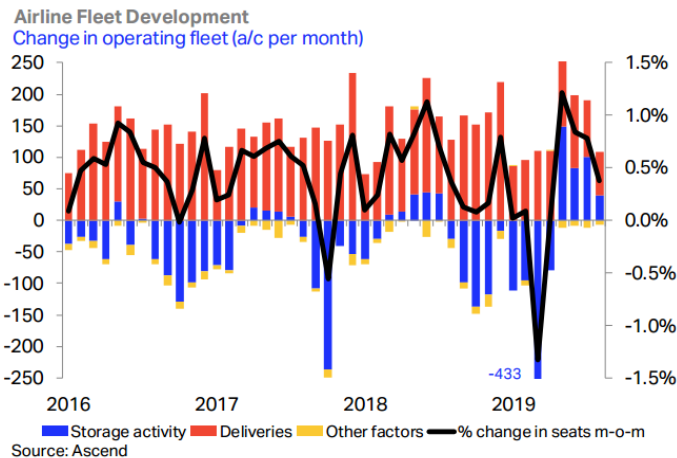
Yields and premium revenues

Global passenger yields inched up with higher economy and premium class yields



Sources: IATA Economics, IATA Travel Intelligence

Seat capacity continues to recover though at a slower pace



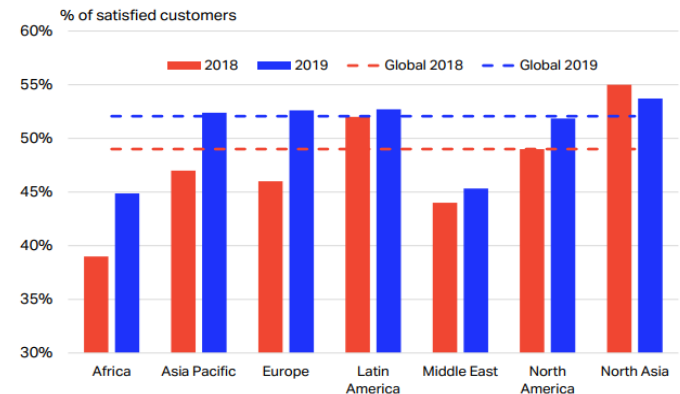
Source: Ascend



IATA Economics' Chart of the Week

18 October 2019

Customer satisfaction becomes key for airlines as demand softens



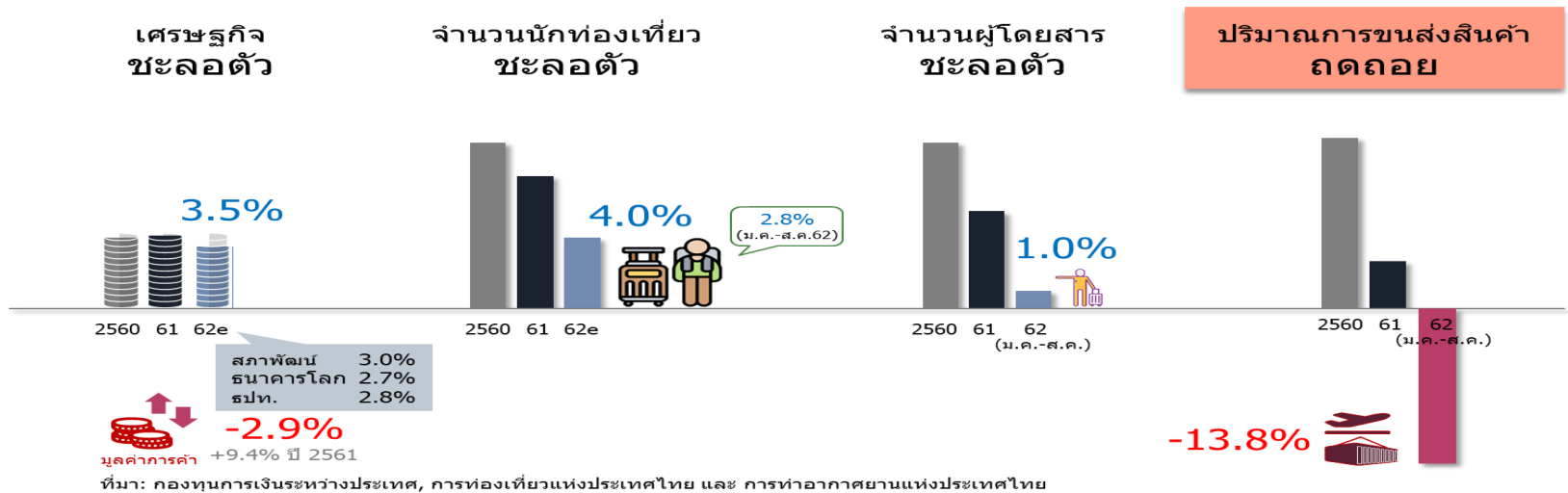
Source: IATA Global Passenger Survey 2019

CHALLENGES IN THAI AVIATION

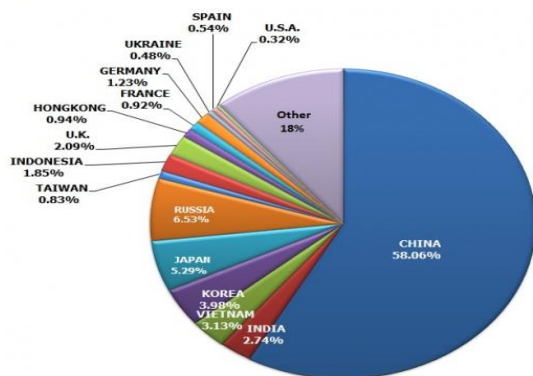


“It’s frightening to see the baht so close to 30 to a dollar,”

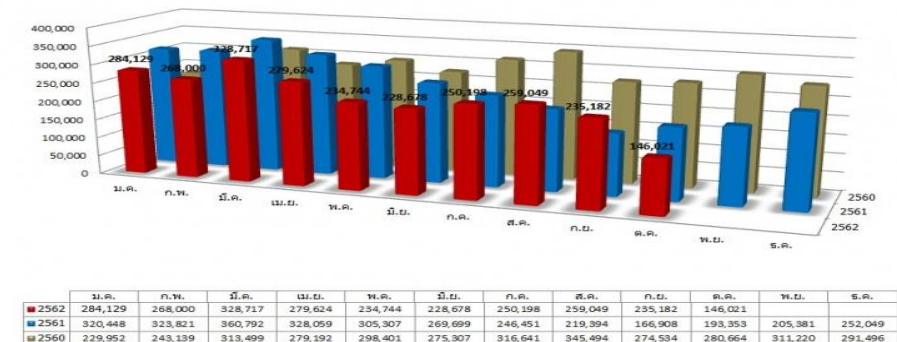
“It’s the key reason for arrivals and receipts growth being lower than expected.” Chairat Trirattanajarasporn, President of the Tourism Council of Thailand



Tourism Statistics for 15 Major Nationalities As of 20 October 2019



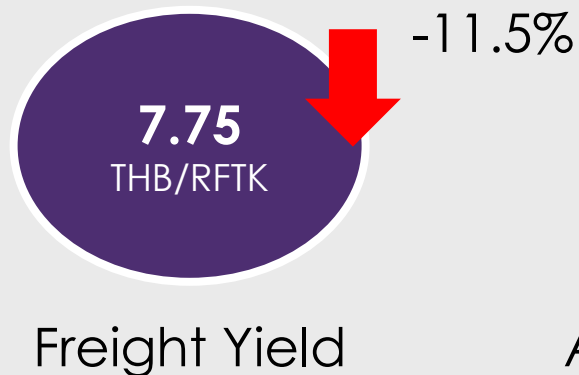
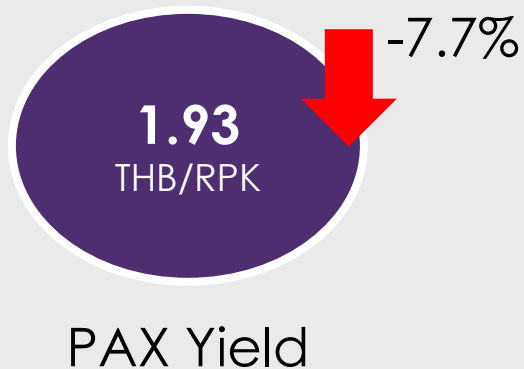
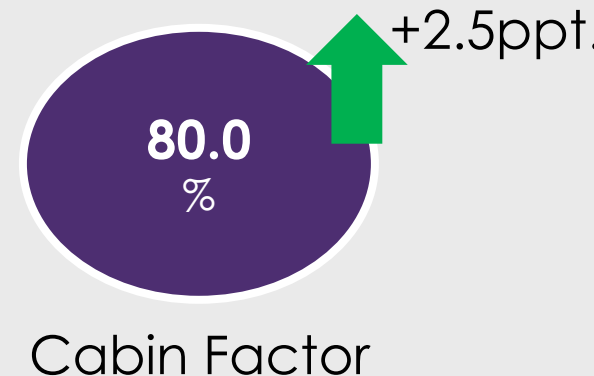
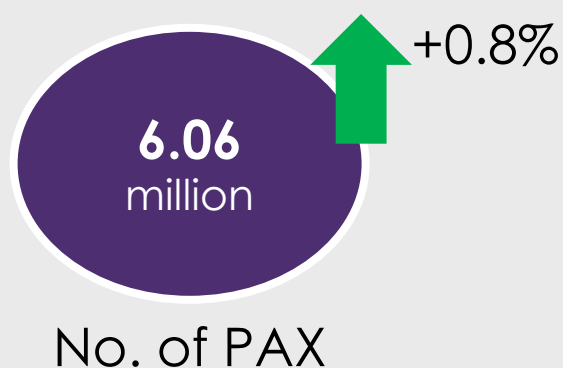
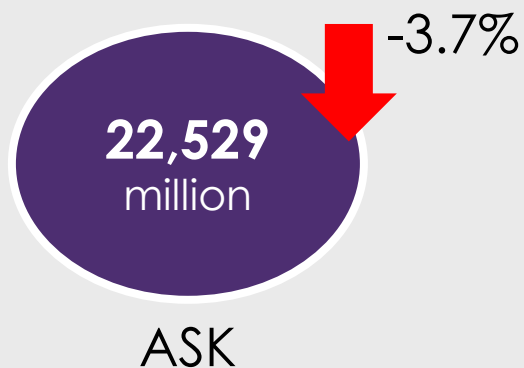
CHINA : นักท่องเที่ยวสัญชาติจีน ณ วันที่ 20 ตุลาคม 2562





OPERATING HIGHLIGHTS & FINANCIAL PERFORMANCE

3Q19'S KEY OPERATING STATISTICS



3Q-19 Operations summary

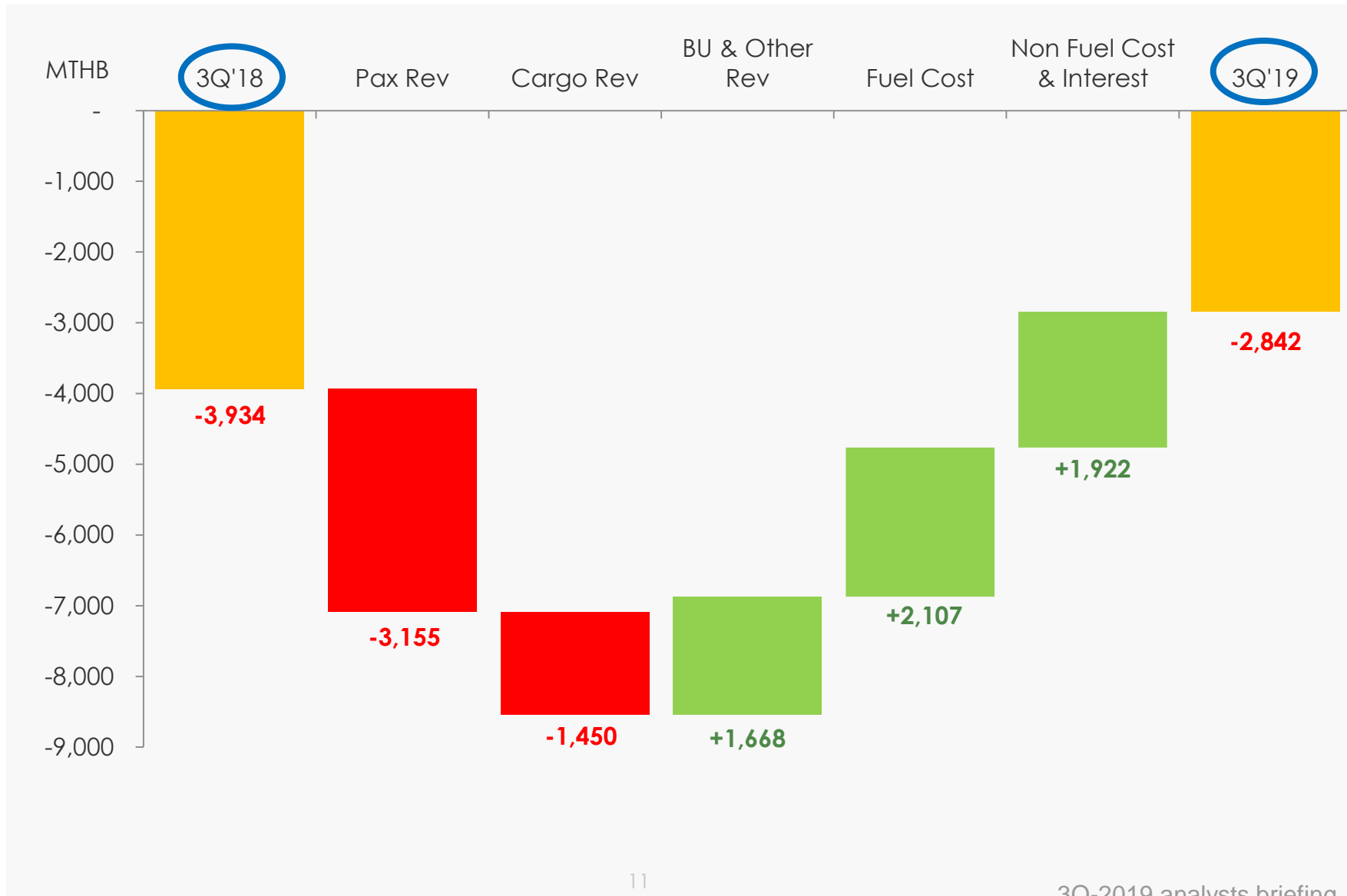


Unit : THB' Billion	Consolidated			
	3Q'19	3Q'18	%change	
Revenues	45.0	48.0	-6.1	↓
Costs	46.8	50.8	-7.9	↓
Net financial cost	1.1	1.1	-0.7	↓
Operating Profit	-2.8	-3.9	+27.8	↓
(1-time) Expense	2.7	-	-	
Impairment loss (1-time)	0.2	0.3	-51.2	
FX Gain/(Loss)	0.9	0.3	+207.4	
Profit before Tax	-4.8	-4.0	-19.6	
Tax	-0.1	-0.3	+66.7	
Net profit	-4.7	-3.7	-27.0	
Passenger Production (MASK)	22,529	23,391	-3.7	↓
Passenger Traffic (MRPK)	18,018	18,121	-0.6	↓
Cabin Factor (%)	80.0	77.5	+2.5	↑
Passenger carried (Million)	6.06	6.01	+0.8	↑
Passenger Yield Inc. Surcharge (THB/km)	1.93	2.09	-7.7	↓
Aircraft Utilization (Hrs./Day)	11.6	12.1	-4.1	

3Q -19 Operating profit movement



Consolidated



3Q-2019's Passenger Yield Analysis



Consolidated

(THB/RPK)	3Q'19 (3Q'18 Rate)	3Q'18	% Change
Total Pax Yield	1.93	2.09	-7.7
FX impact	(0.11)	-	-
Pax Yield excl.FX impact	2.04	2.09	-2.4

Passenger Yield by Region

(THB/RPK)	3Q'19	3Q'18	% Change
Domestic	2.17	2.43	-10.5
Regional	2.24	2.48	-9.6
Intercontinental	1.57	1.70	-7.7
Total system	1.93	2.09	-7.7

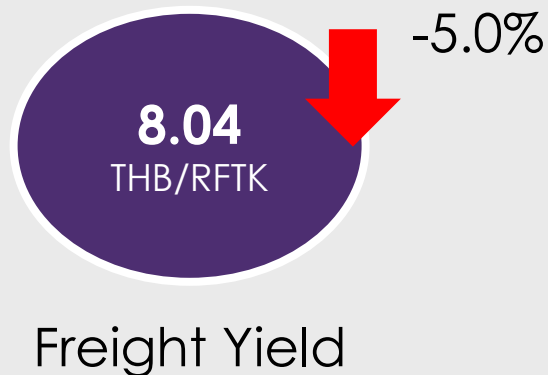
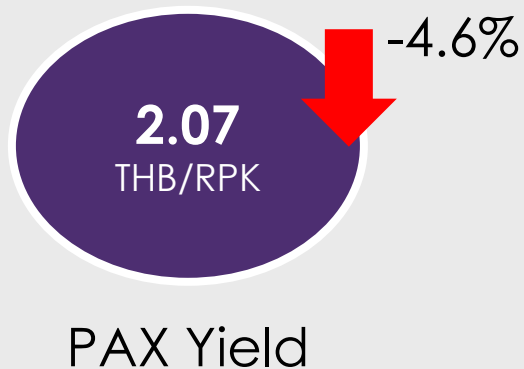
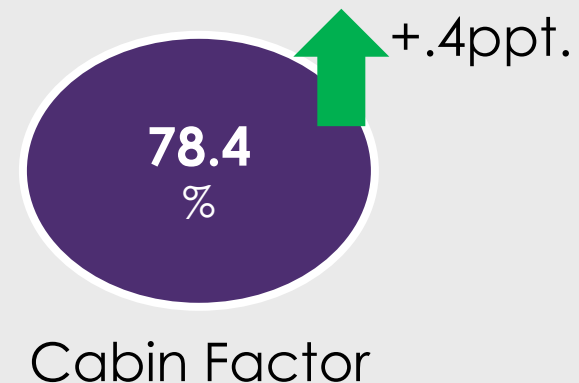
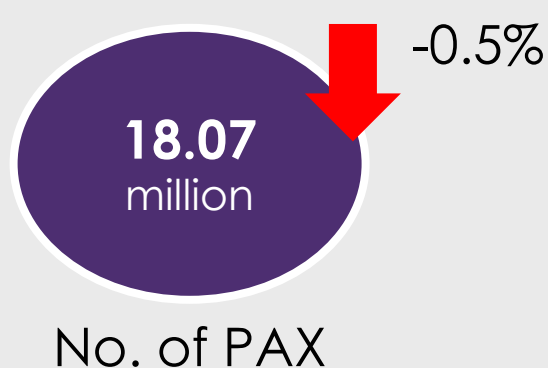
3Q-2019 Financial Ratios



Consolidated

		Jul- Sep	
		2019	2018
Liquidity Ratio			
- Current Ratio	(times)	0.83	0.98
- Current Ratio (Included Committed Credit Line)	(times)	0.98	1.26
Profitability Ratio			
- Operating Profit margin	%	(6.31)	(8.20)
- Net profit Margin	%	(10.38)	(7.68)
- Return to Equity	%	(31.91)	(12.35)
Efficiency Ratio			
- Return to Total Assets	%	(1.41)	(1.03)
Financial Policy Ratio			
- Interest Bearing Debt to Equity	(times)	11.51	5.39
- Total Debt to Equity	(times)	19.70	8.78
- Net Debt to EBITDA	(times)	94.15	197.36
- Interest Coverage Ratio	(times)	2.21	1.07
- EBITDA	(MTHB)	2,461	1,198

9M19'S KEY OPERATING STATISTICS



9M-19 Operations summary

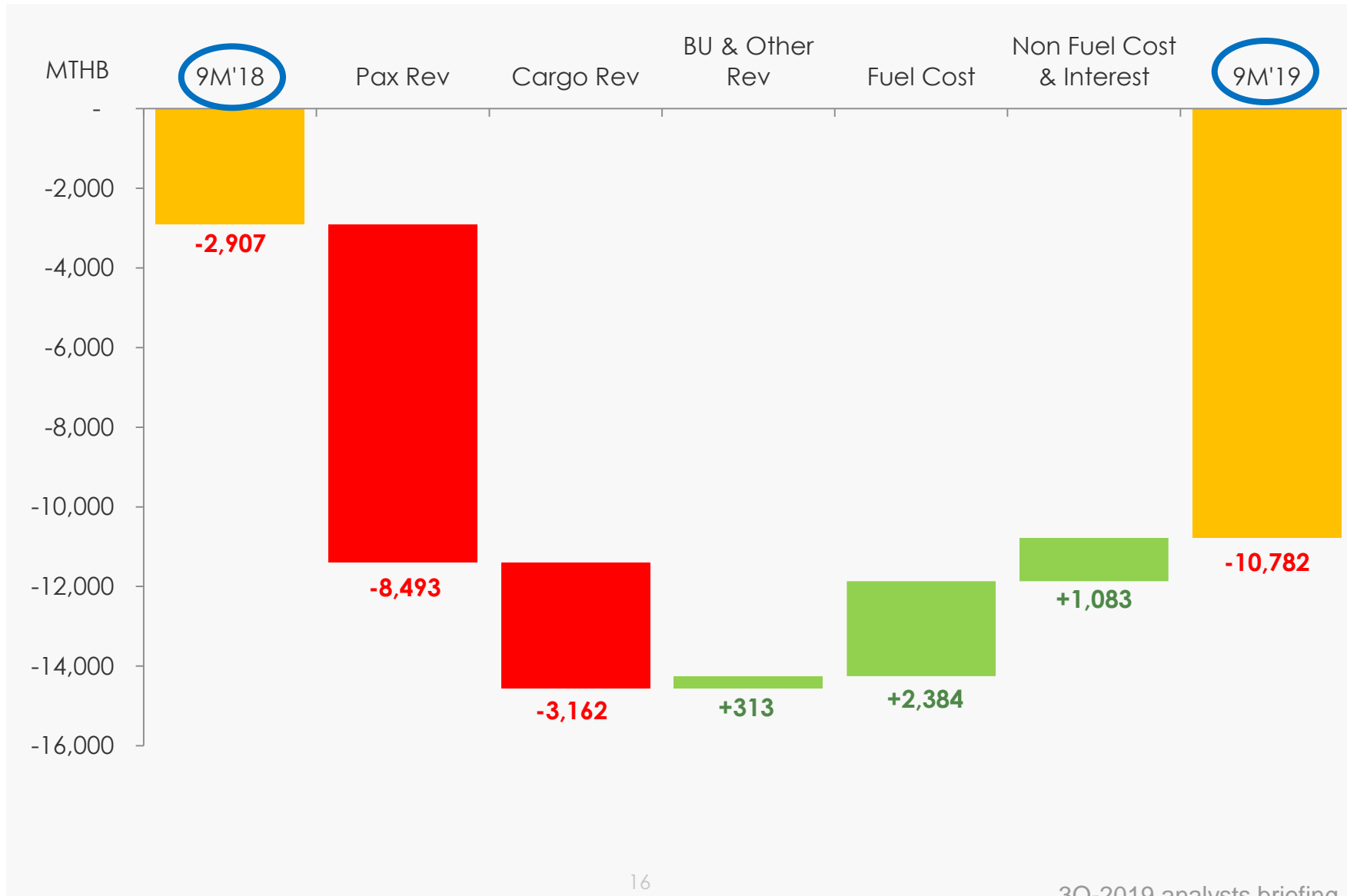


Unit : THB' Billion	Consolidated			
	9M'19	9M'18	%change	
Revenues	137.3	148.7	-7.6	↓
Costs	144.9	148.3	-2.3	↓
Net financial cost	3.2	3.3	-3.0	↓
Operating Profit	-10.8	-2.9	-270.9	
(1-time) Expense	2.4	-	+100.0	
Impairment loss (1-time)	0.6	3.1	-80.6	
FX Gain/(Loss)	2.8	0.4	+600.0	
Profit before Tax	-10.9	-5.6	-94.6	
Tax	0.1	(1.5)	-106.7	
Net profit	-11.1	-4.0	-177.5	
Passenger Production (MASK)	67,297	69,729	-3.5	↓
Passenger Traffic (MRPK)	52,733	54,372	-3.0	↓
Cabin Factor (%)	78.4	78.0	+0.4	↑
Passenger carried (Million)	18.07	18.16	-0.5	↓
Passenger Yield Inc. Surcharge (THB/km)	2.07	2.17	-4.6	↓
Aircraft Utilization (Hrs./Day)	11.1	11.8	-5.9	

9M -19 Operating profit movement



Consolidated



9M-2019's Passenger Yield Analysis



Consolidated

(THB/RPK)	9M'19 (9M'18 Rate)	9M'18	% Change
Total Pax Yield	2.07	2.17	-4.6
FX impact	(0.09)	-	-
Pax Yield excl.FX impact	2.16	2.17	-0.5

Passenger Yield by Region

(THB/RPK)	9M'19	9M'18	% Change
Domestic	2.16	2.58	-16.4
Regional	2.44	2.55	-4.4
Intercontinental	1.67	1.74	-4.1
Total system	2.07	2.17	-4.6

9M-2019 Financial Ratios



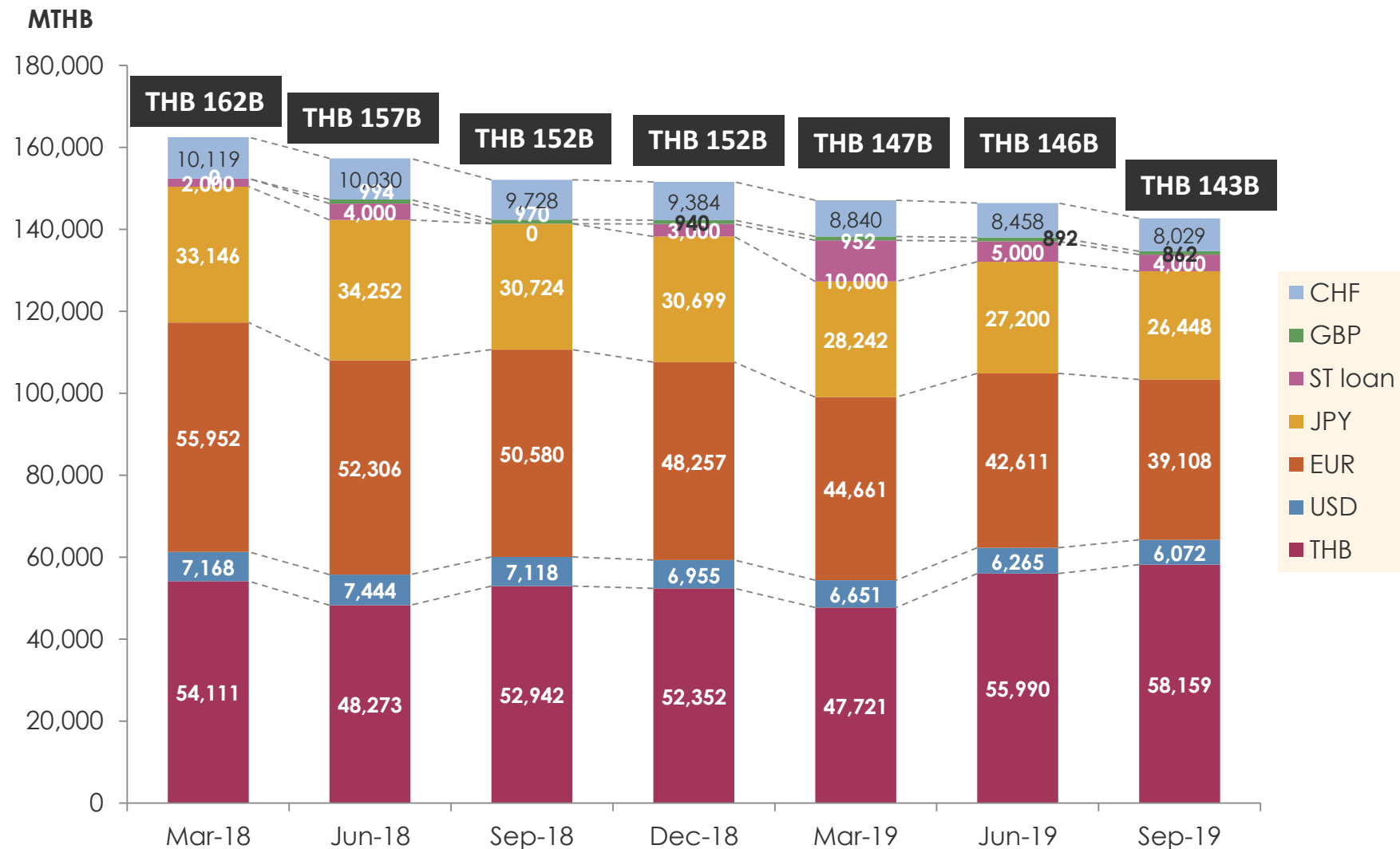
Consolidated

		JAN - SEP	
		2019	2018
Liquidity Ratio			
- Current Ratio	(times)	0.83	0.98
- Current Ratio (Included Committed Credit Line)	(times)	0.98	1.26
Profitability Ratio			
- Operating Profit margin	%	(7.84)	(1.95)
- Net profit Margin	%	(8.08)	(2.71)
- Return to Equity	%	(67.42)	(13.36)
Efficiency Ratio			
- Return to Total Assets	%	(2.90)	(0.77)
Financial Policy Ratio			
- Interest Bearing Debt to Equity	(times)	11.51	5.39
- Total Debt to Equity	(times)	19.70	8.78
- Net Debt to EBITDA	(times)	45.05	18.99
- Interest Coverage Ratio	(times)	1.55	3.64
- EBITDA	(MTHB)	5,144	12,437

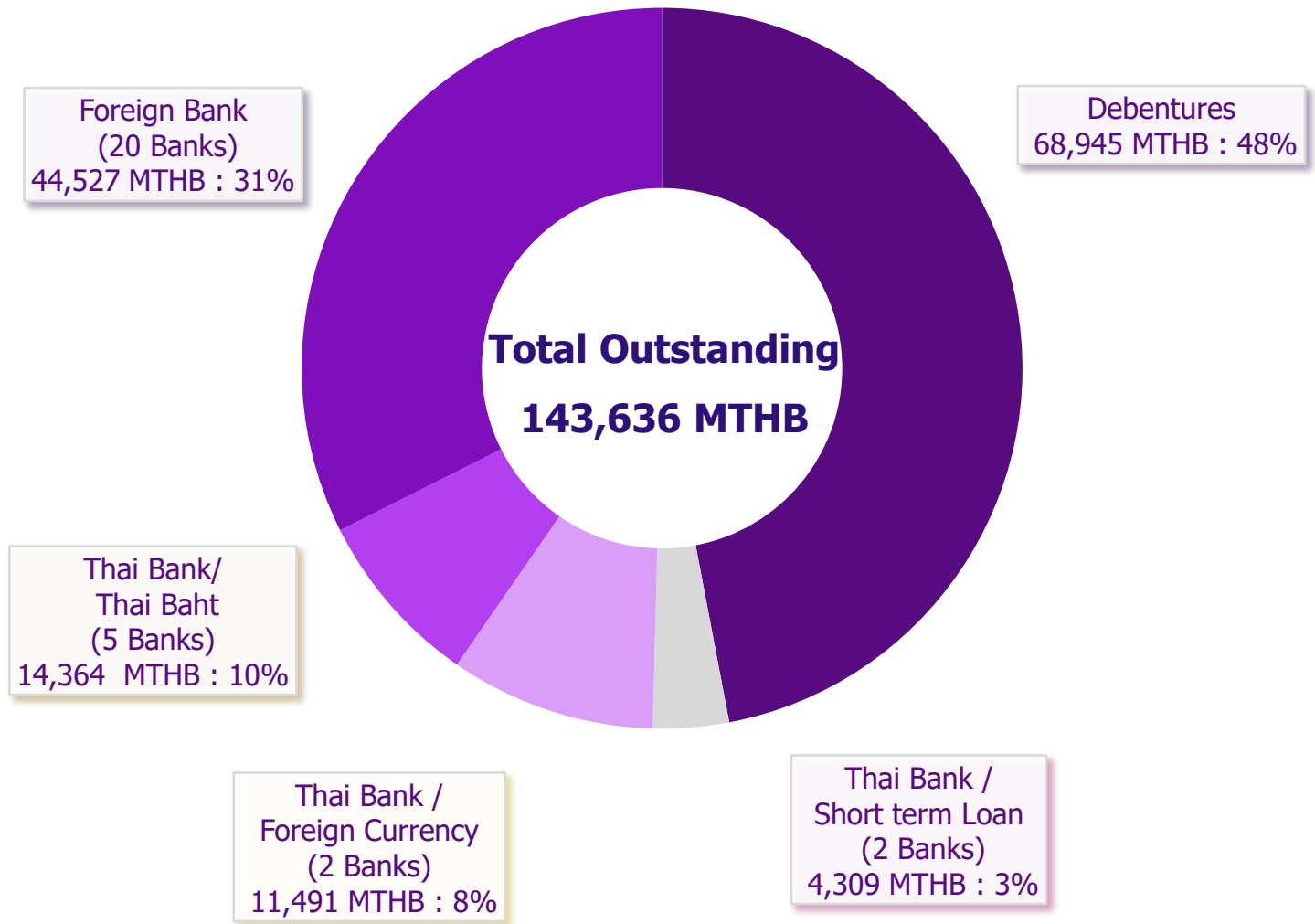
Liabilities by currency



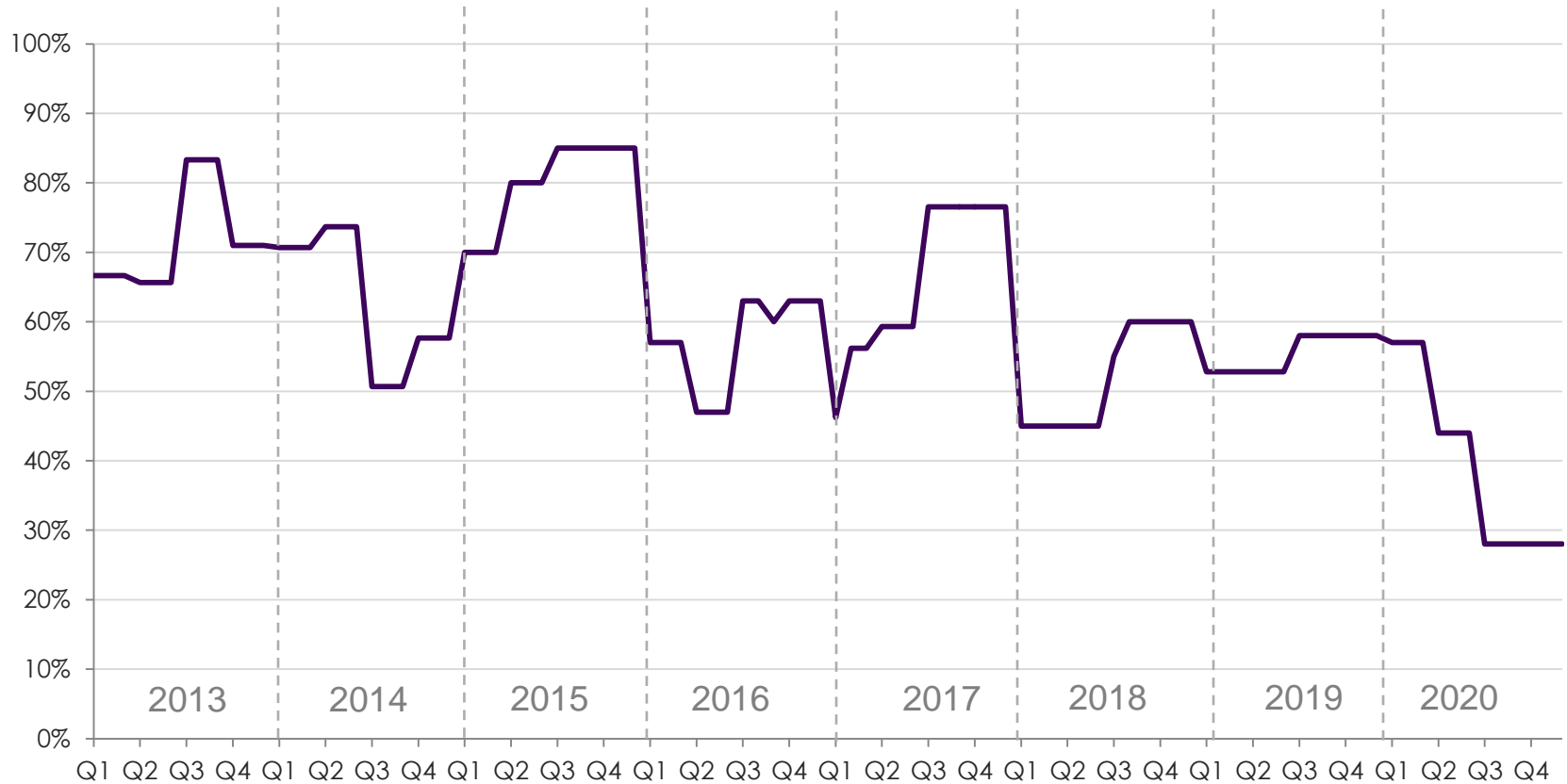
Currencies of choice for natural hedging



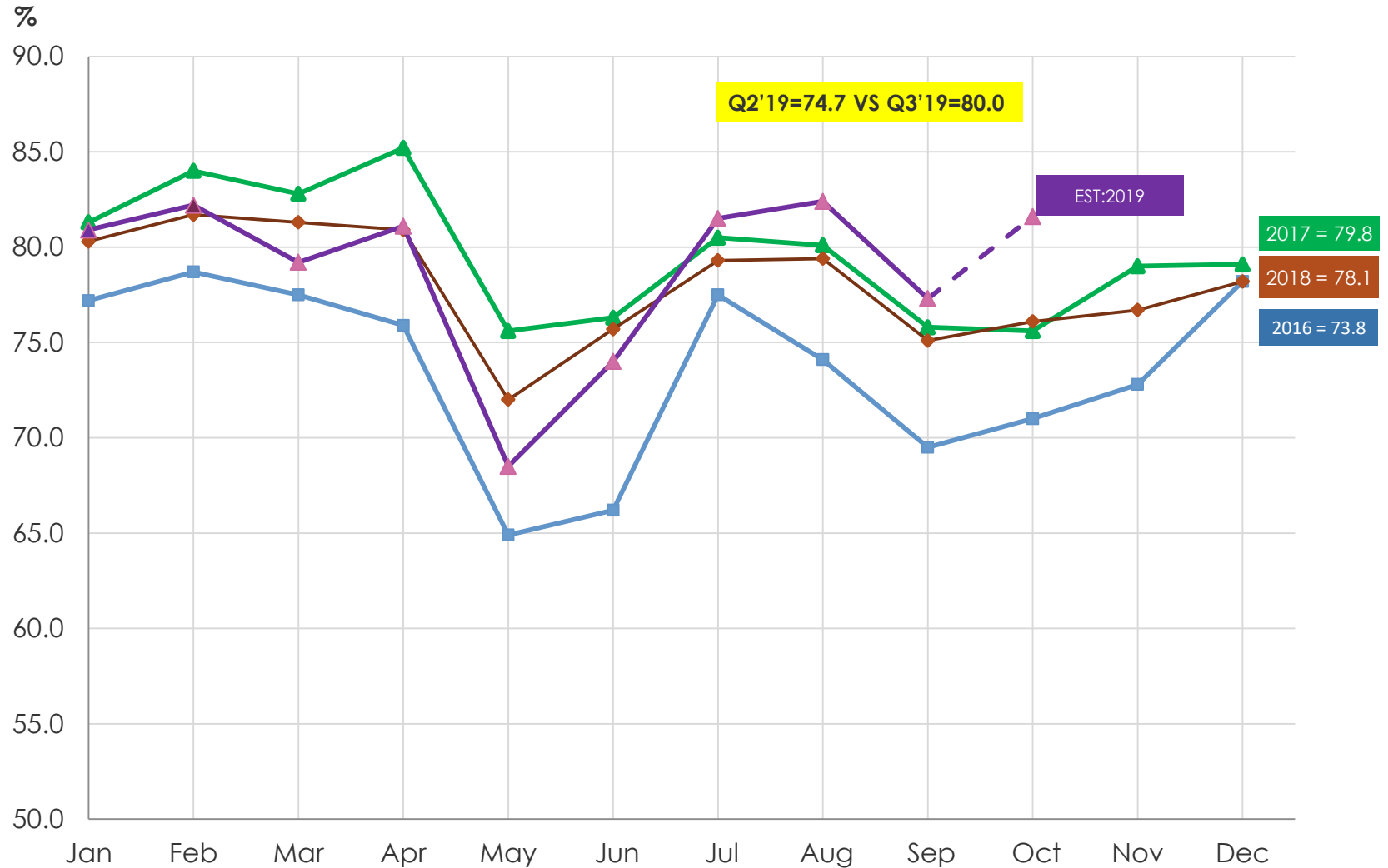
Total Outstanding : Sep-19



Fuel management



TG Only



Brother-Sister Strategy




After implementing “Brother-Sister Strategy”
made tremendous improvement in profitability!

THAISMIILE only

Unit : MTHB	9M'19	9M'18	% change	Y2018	Y2017	% change
Revenues	11,030	7,928	+42.6	11,028	10,351	+6.5
Costs	10,983	10,763	+8.1	13,666	11,809	+15.7
Operating Profit before Financial Cost	320	(2,235)	4114.3	(2,638)	(1,458)	-80.9

2019 TG NEXT STEPs under "MANTRA"

THAI & Brother & Sister Model

	Last year (Jan-Sep 2018)	Actual (Jan- Sep2019)	Target
Aircraft Utilization (Hours/ Aircraft/ Day)	8.5	 9.5	9.0
Operating Cost (MTHB)	10,163	 10,983	11,013
Strengthen Financial Performance (MTHB)	(2,235)	 320	(23)

STAR ALLIANCE Connecting Partner



2019-2020's OUTLOOK

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

- **The government extending the waiver of visa-on-arrival (VOA) fees for 21 countries, including China and Taiwan (November 1, 2019 -April 30, 2020)**

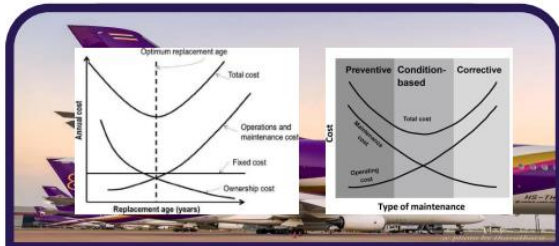




FUTURE & KEY SIGNIFICANT ACTIONS

2019 TG'S FIGHTING STRATEGY





Aircraft Aging

ณ จุดไหนควรดำเนินการ
หรือควรรขาย

ความคืบหน้า

- ☀ อยู่ระหว่าง Analyze Ownership Cost
- ☀ อยู่ระหว่าง Finding Maintenance Cost



Digital Transformation

- Enhance Digital Experience through Customer Journey
- Chatbot
- Biometric Check-in Kiosk

ความคืบหน้า

- ☀ Chatbot



Corporate Business Analytics by Data Scientist

- Big Data and Data Analytics
- Data Prediction / Cabin Factor Management
- Personalized Offer
- CRM - Single View of Customer (SVC)
- Executive Dashboard
- ROP Mileage Value Management

ความคืบหน้า

- ☀ Cabin Factor Management (Dead stock)
- ☀ SVC Framework

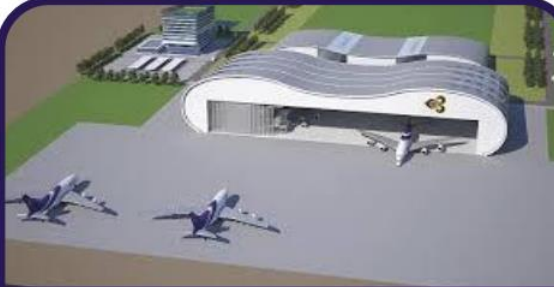


Waste Management

- ลดต้นทุน
- สู่ Green Airline

ความคืบหน้า

- ☀ ศึกษา โครงการต่างๆจาก จุฬา Zero Waste
- ☀ ดำเนินการโครงการ Let's Fly with Your Own CUP (Save ได้ 8 MTHB/Year)



โครงการศูนย์ซ่อมบำรุงอากาศยานอุตะภา
และโครงการพัฒนาธุรกิจของบริษัท ณ
ท่าอากาศยานอุตะภา

ความคืบหน้า

- ☀ เป็นไปตามกำหนดการ

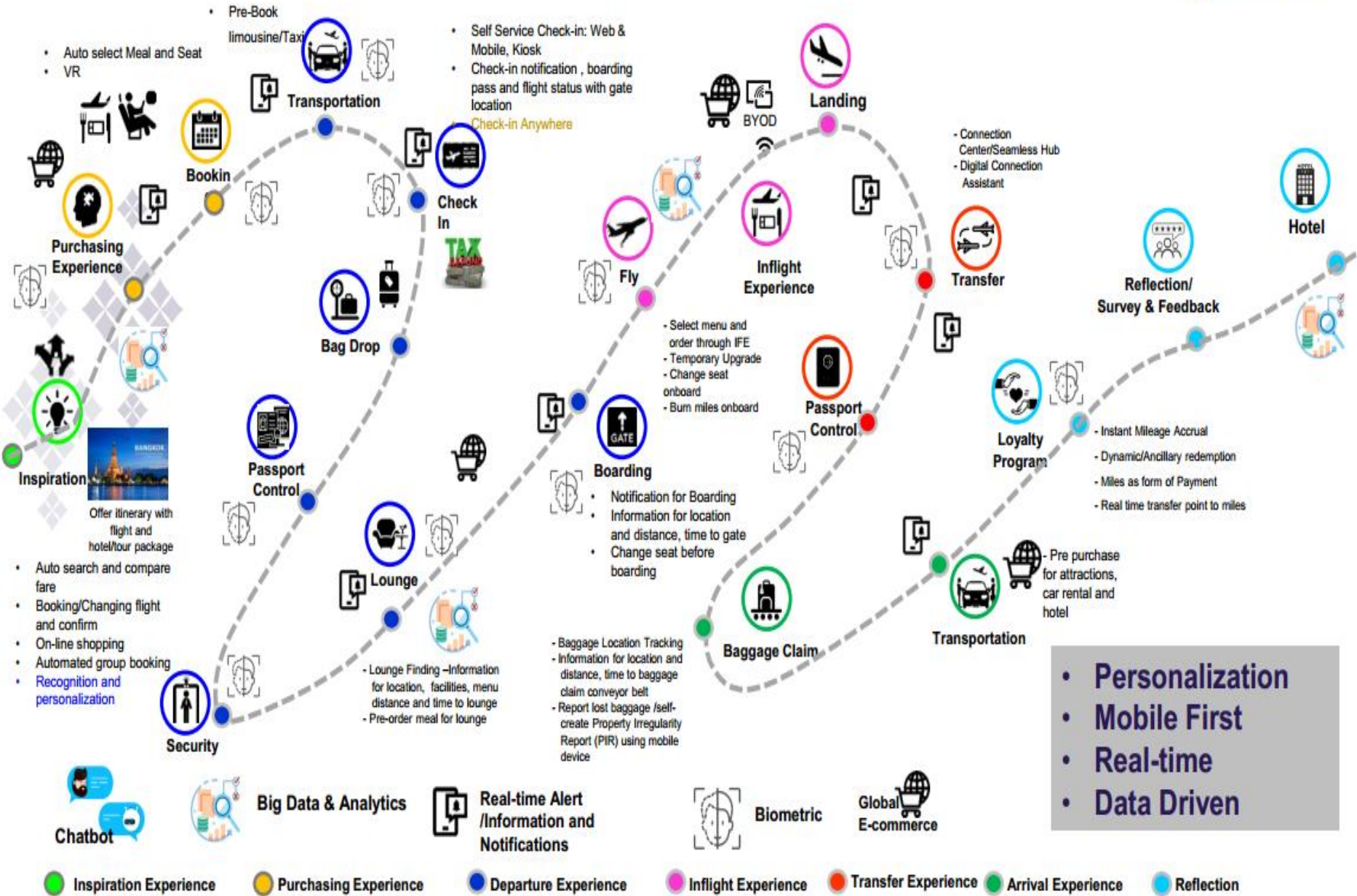


พิจารณากลับกรองข้อเสนอแนะการลด
รายจ่ายและเพิ่มรายได้ของบริษัท

ความคืบหน้า

- ☀ ส่งข้อเสนอแนะถึง DD ผ่าน LINE: @ONETG

Digital Experience through Customer Journey



- Personalization
- Mobile First
- Real-time
- Data Driven

OUTSTANDING ACTIVITIES: 3Q&4Q 2019



THAI

- ❖ PREFERRED SEAT (> 100% GROWTH)
- ❖ NEW FLIGHTS TO SENDAI
- ❖ NEW ROYAL ORCHID PRESTIGE LOUNGE AT SUVARNABHUMI AIRPORT
- ❖ E-COMMERCE VIA THAI APPLICATION & THAI WEBSITE
- ❖ DIGITAL TRANSFORMATION : CUSTOMER EXPERIENCE
- ❖ MOU WITH TAT* : 60TH CELEBRATION OF THAI – THAI PASS PLUS
- ❖ MOU WITH ICBC* - CORPORATE FINANCE, AIRCRAFT FINANCING, CASH & FX MANAGEMENT, E-COMMERCE, I GO THAILAND, PAYMENT GATEWAY

WE

- ✓ FULL MEMBER OF STAR ALLIANCE
- ✓ WOW – SERVICES BEYOND EXPECTATION
- ✓ PILOT SAVE THE WORLD

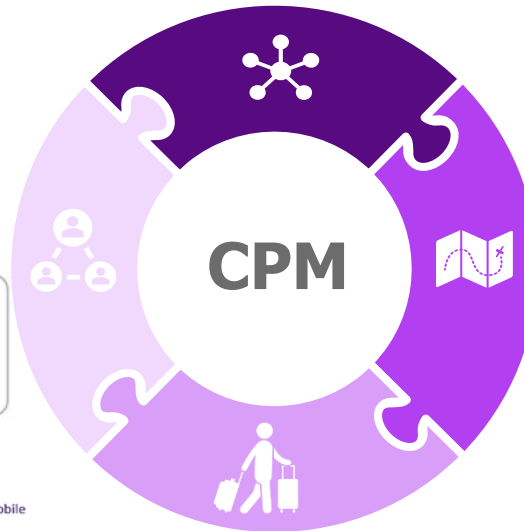
* TAT – TOURISM AUTHORITY OF THAILAND

ICBC – INDUSTRIAL AND COMMERCIAL BANK OF CHINA

Considerations Factors

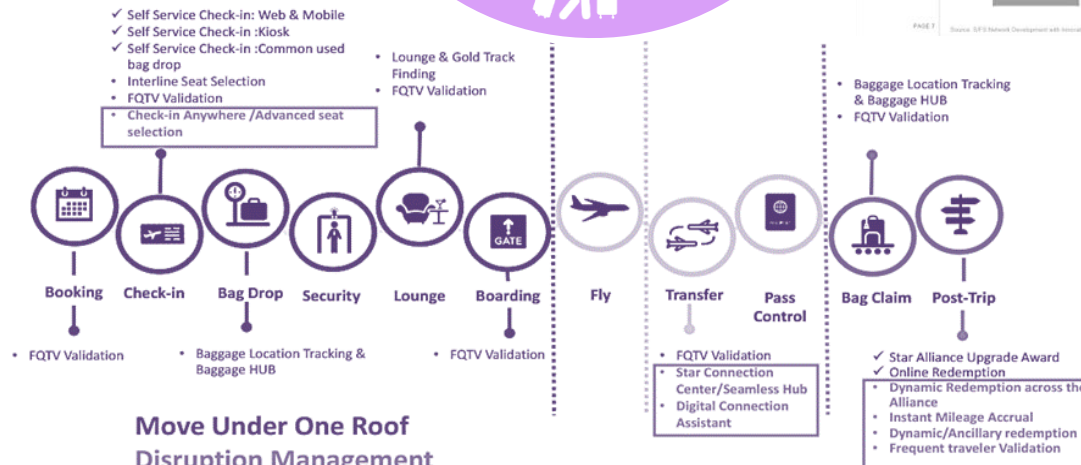
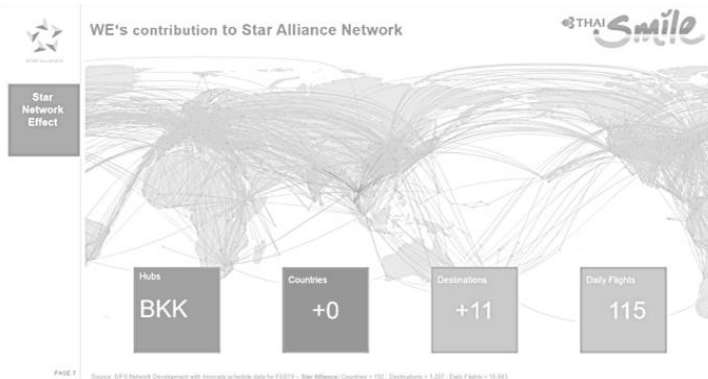
- Contributions (Economics, CX & Corporate image) derives to member and connecting partner carriers.
- Competitive Edge from Network coverage.
- CP Core Value compliance.
- Fee (Entry/Life Cycle/ Exit)

Core Value



Connecting Partner Benefit

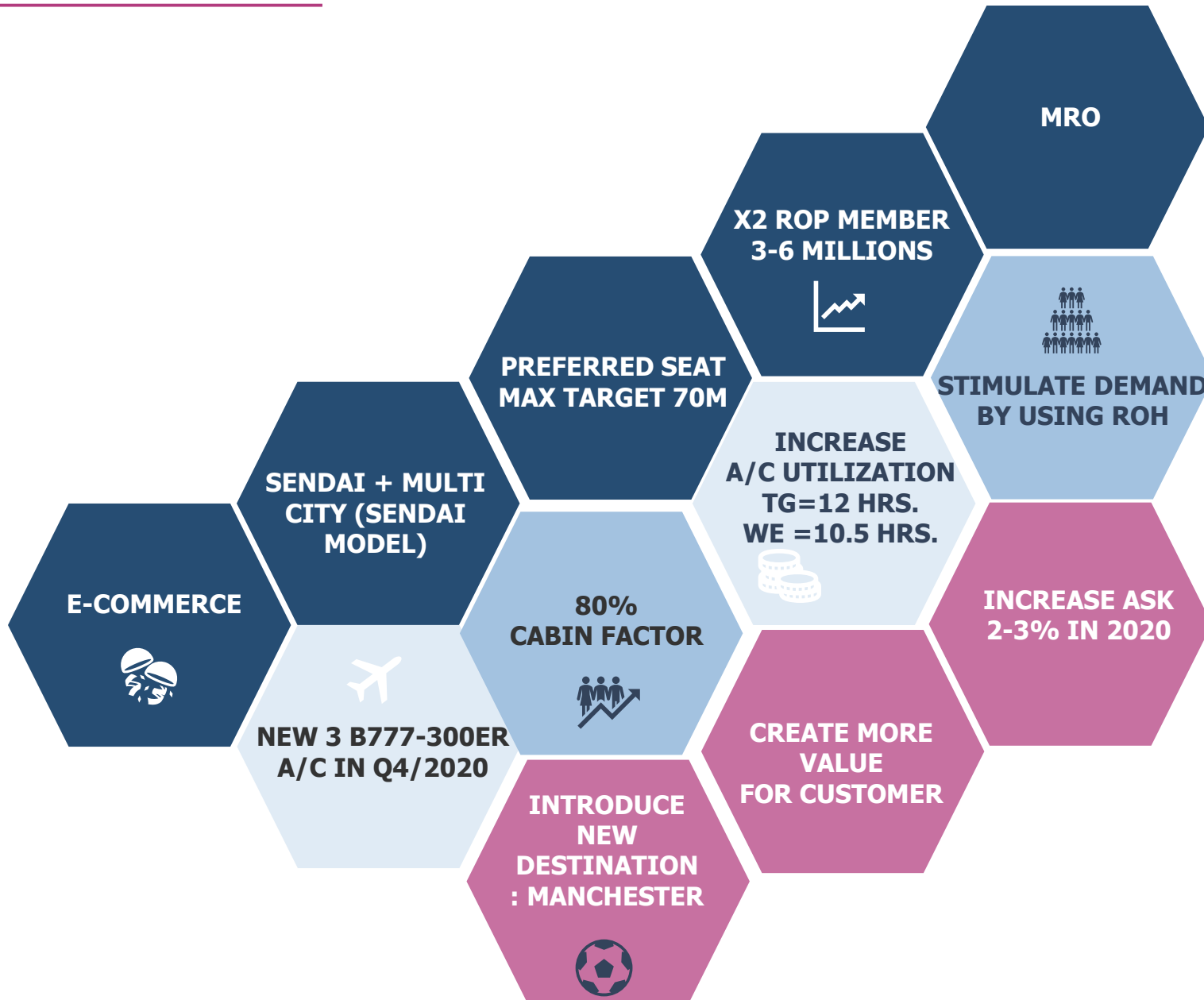
- Better service delivery levels
- Deeper cooperation with Member carriers
- Participation in the Alliance



Move Under One Roof
Disruption Management
Star Biometric Hub

Making Customer Journey Better

HIGHLIGHT





THANK YOU

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: 02-545-2424

