

# THAI AIRWAYS INTERNATIONAL PLC.

## Company Visit Q1/2011



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 assumption 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 the Company's stock.**



# THAI in 2010



	MTHB	USD mn Equiv.	% Change
<b>Assets</b>	<b>293,760</b>	<b>9,792</b>	<b>8.1</b>
<b>Total Revenue</b>	<b>180,588</b>	<b>6,020</b>	<b>11.7</b>
<b>Net Profit</b>	<b>15,398</b>	<b>514</b>	<b>107.6</b>

<b># of Aircraft</b>	<b>90*</b>
<b>Destinations Served</b>	<b>72</b>
<b>Countries Served</b>	<b>35</b>

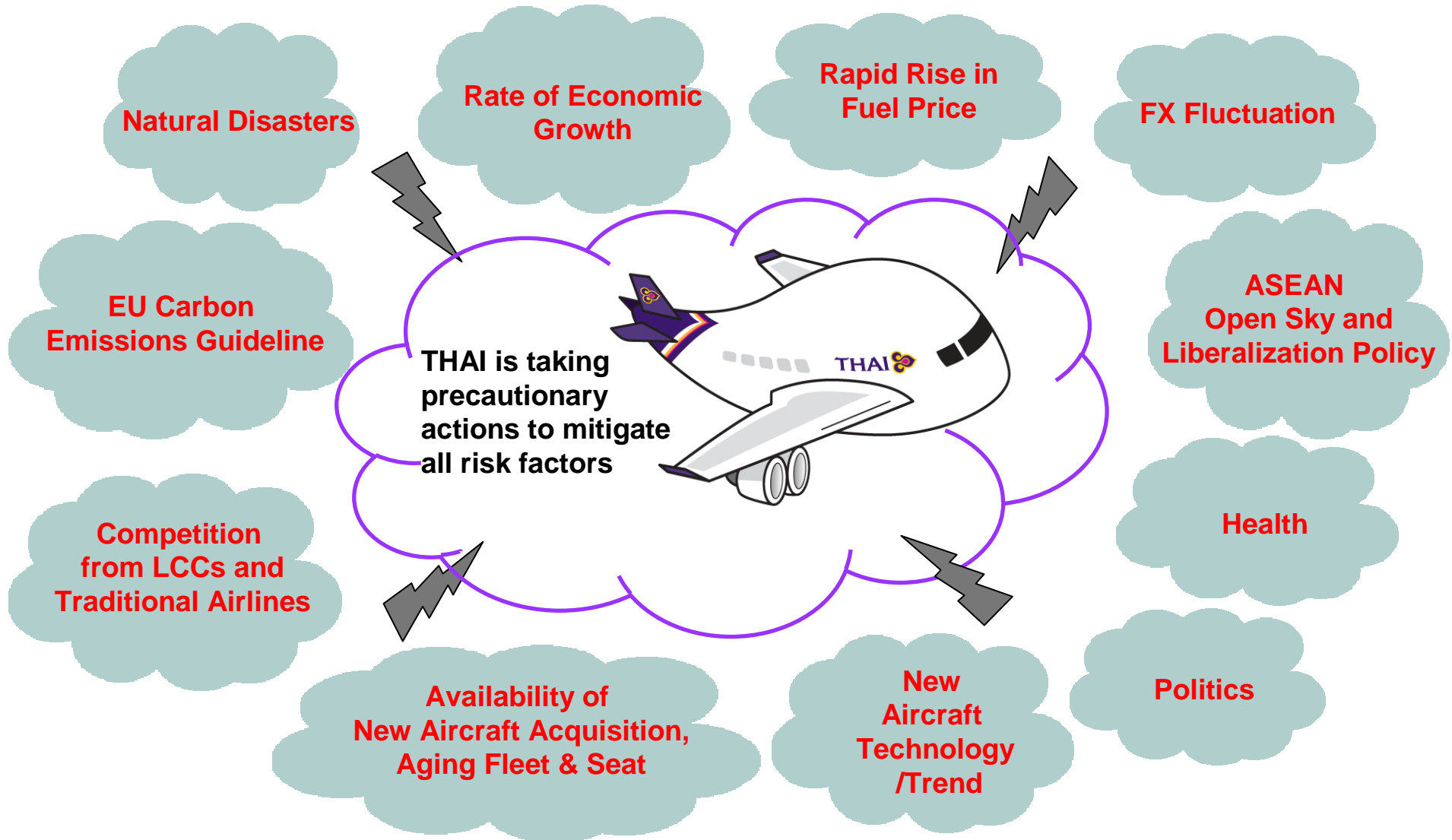


\*Excluding 6 B 737-400 leased to Nok Air



	Million	% Change
<b>Passengers carried (# of people)</b>	<b>18.2/annum</b>	<b>-1.7</b>
<b>Available Seat Kilometers (ASK)</b>	<b>55,676</b>	<b>+5.9</b>
<b>Freight Transport (tons)</b>	<b>713.9 /annum</b>	<b>+30.8</b>
<b>Available Ton Kilometer (ATK)</b>	<b>2,895</b>	<b>+38.4</b>

## Factors Affecting Aviation Business



	Units	Jan-Mar'11	Jan-Mar'10	% Change
Passenger Production	MASK	19,571	19,045	+2.8
Passenger Traffic	MRPK	14,881	15,425	-3.5
Cabin Factor	%	76.0	81.0	-6.1
Avg. Passenger Yield	THB/km	2.77	2.64	+4.9

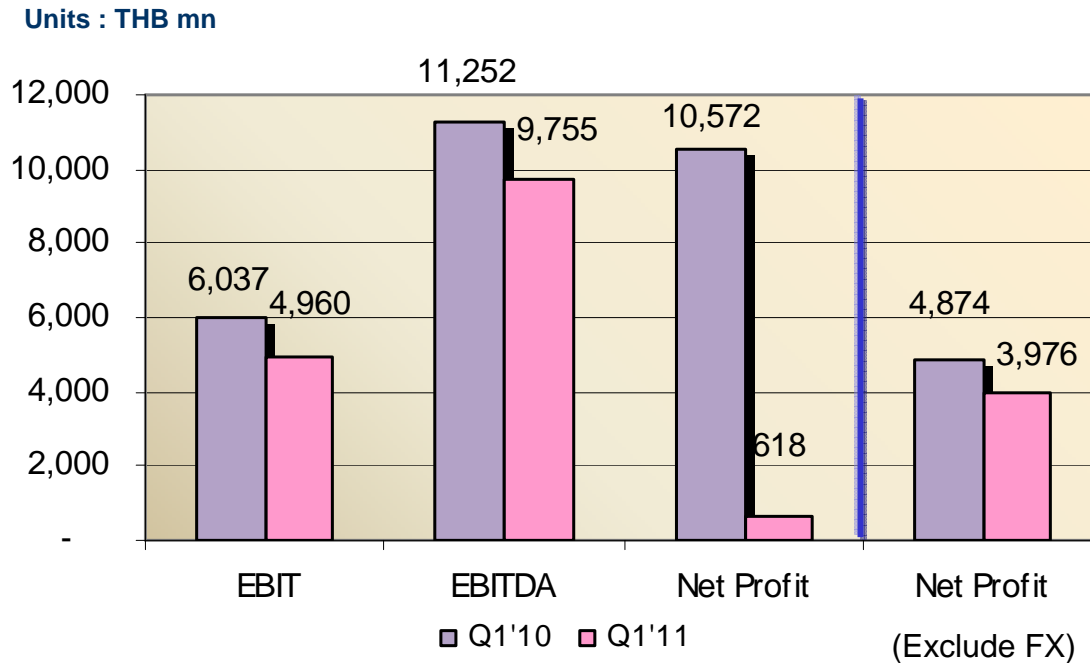
Note : Yield includes fuel surcharge

Freight Production	MADTK	1,233	1,096	+12.5
Freight Traffic	MRDTK	698	653	+7.0
Freight Factor	%	56.6	59.6	-4.9
Avg. Freight Yield	THB/km	9.67	9.27	+4.3

Note : Yield includes fuel surcharge

Avg. Fuel Cost	USD/gallon	2.85	2.13	+33.8
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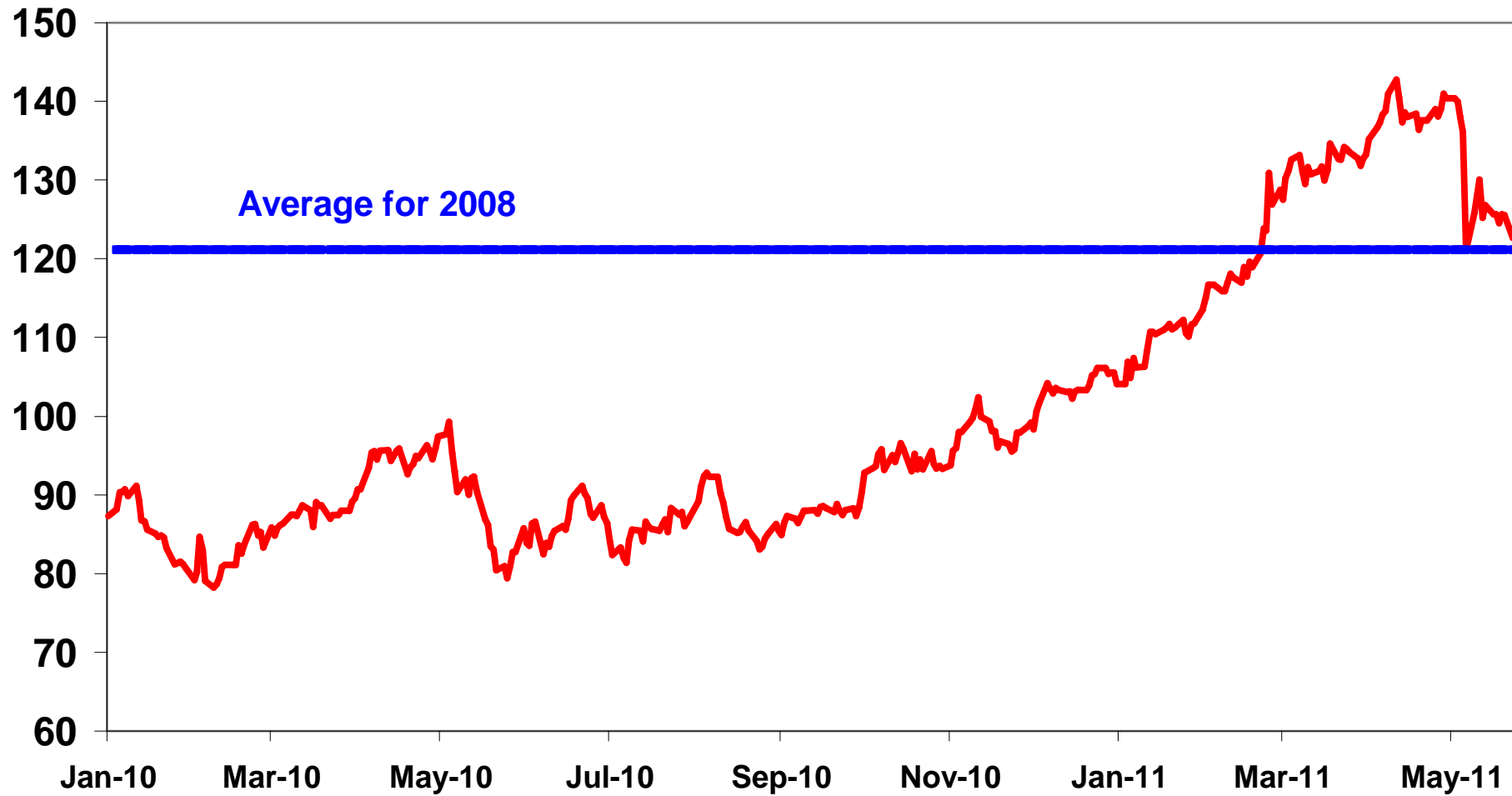
## EBIT, EBITDA and Net Profit (Q1/2010 & Q1/2011)



### Factors Impacting Q1'11 Results

- Stronger contribution from freight business
- Higher average PAX yield
- Effective fuel hedging policy
- Impact from Japan
- High fuel price
- Lower # of passenger

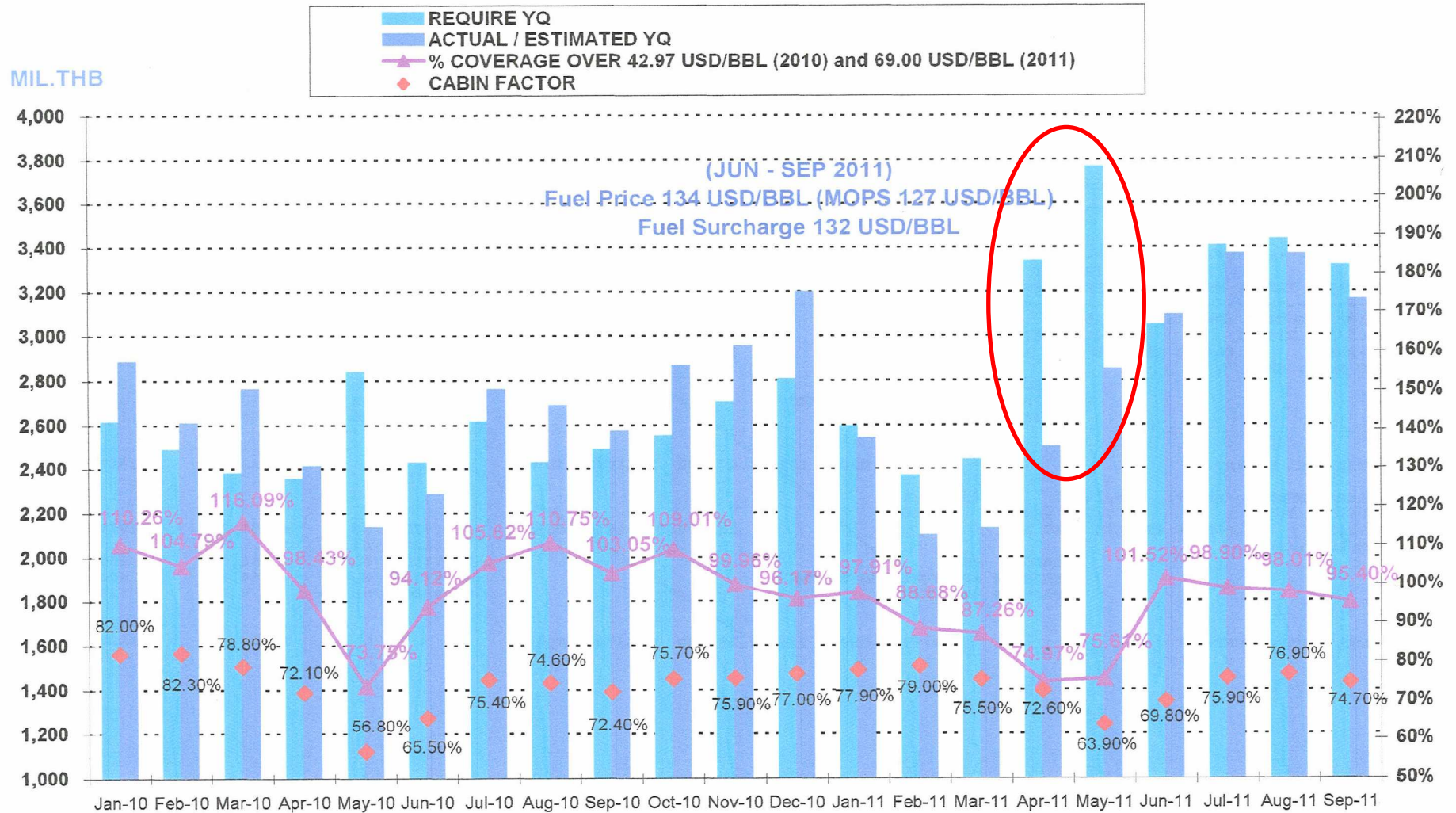
**Price of Jet Fuel (US\$/bbl)  
(Singapore Spot Price)**





# Fuel surcharge now covers fuel cost

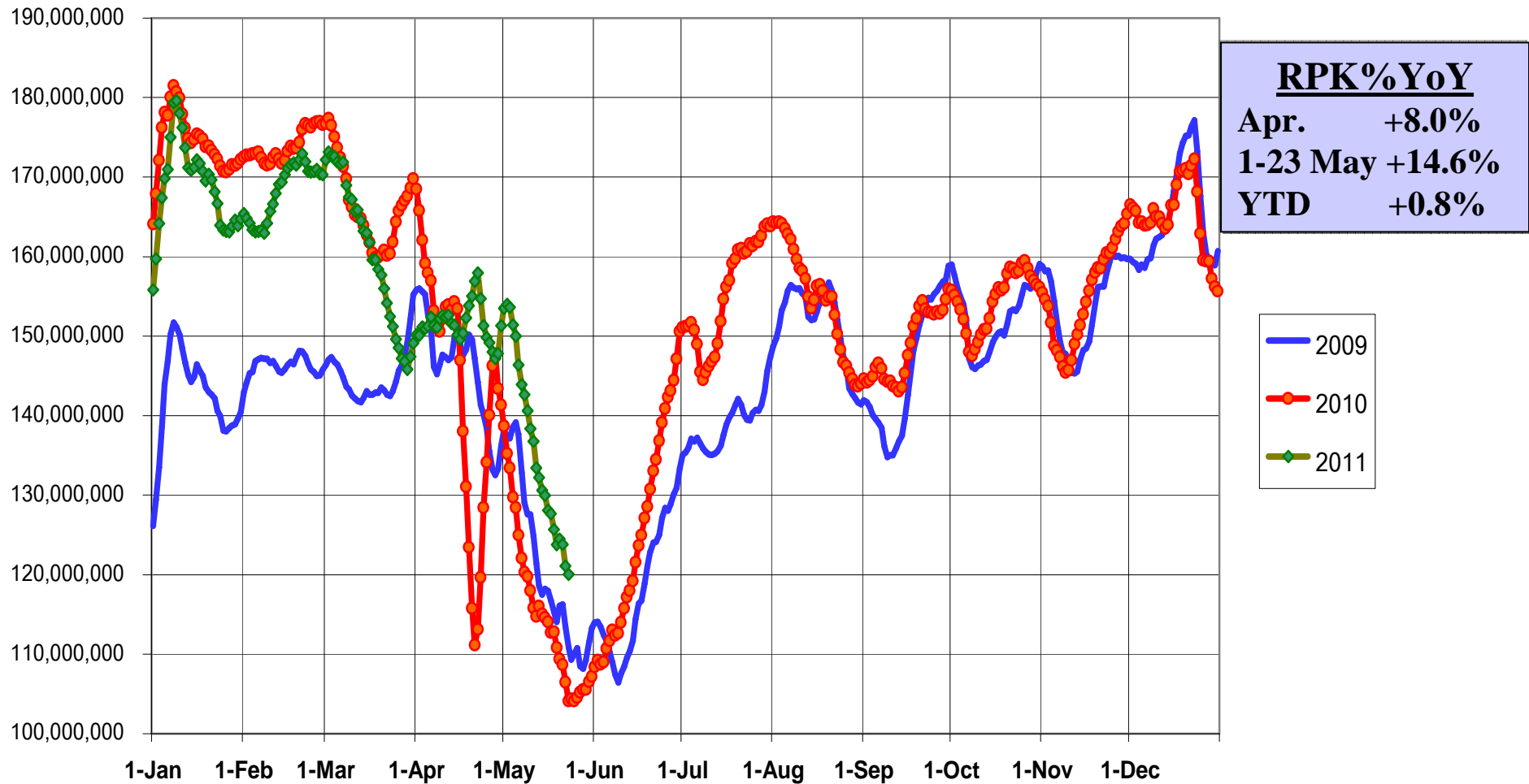
Passenger & Cargo Fuel Surcharge Include Hedging Stock Management





# RPK is slightly higher than last year

## DAILY REVENUE PASSENGER KILOMETRE (RPK) (7 Days Moving Average up to 23 May 2011)



## Change in RPK by Region (% YoY)

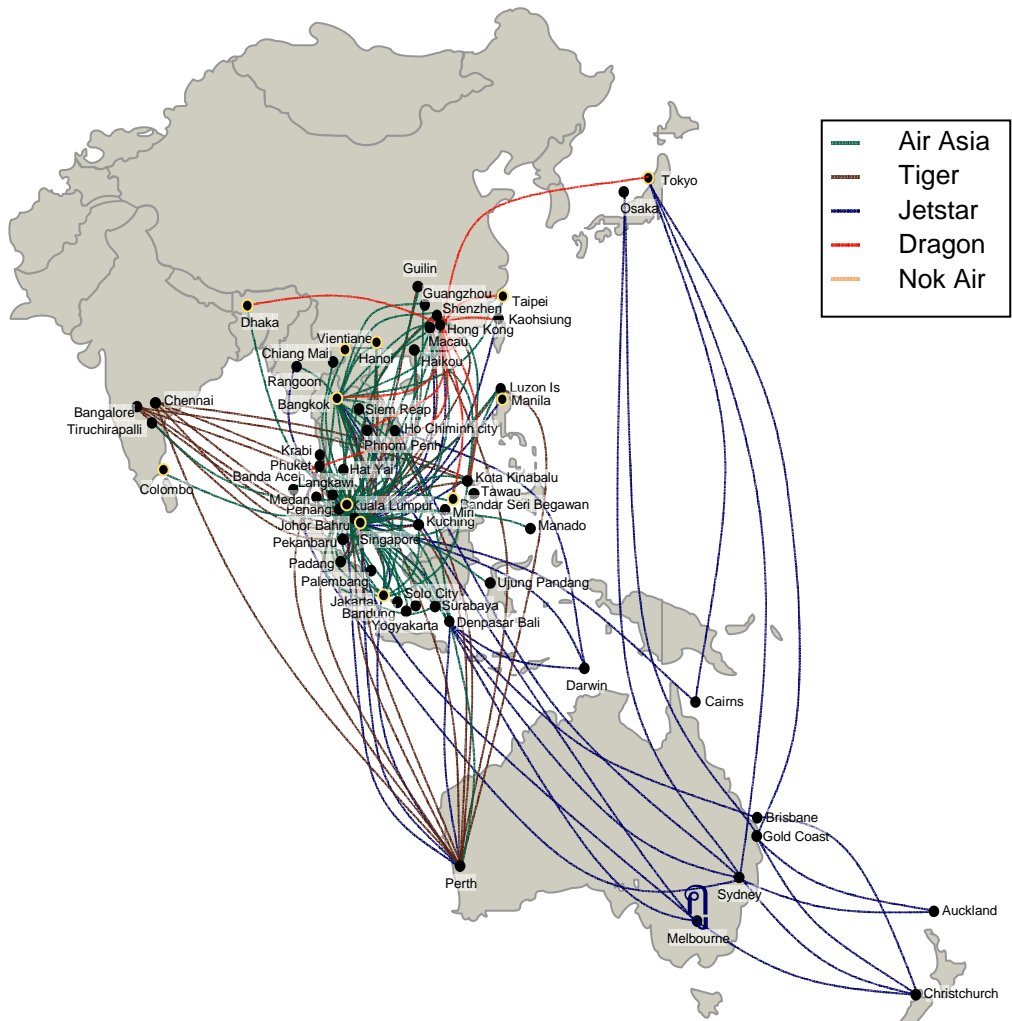
	Total	Domestic	Indo China	Western	Southern	Northern	North Pacific	Europe	Australia	Africa,ME Others
<b>%RPK/day</b>										
Jan-Apr 11	100.0%	5.7%	1.1%	7.2%	4.3%	23.6%	2.8%	39.3%	12.2%	3.8%
<b>%YoY growth</b>										
Jan-11	-3.1%	-15.7%	0.7%	-5.6%	1.8%	1.8%	4.9%	-5.2%	-3.1%	9.6%
Feb-11	-3.0%	-16.1%	8.3%	3.1%	2.1%	1.7%	4.3%	-5.4%	-3.5%	-6.3%
Mar-11	-4.4%	-12.7%	1.5%	4.7%	10.3%	-2.7%	3.7%	-6.6%	-13.3%	12.7%
Apr-11	8.0%	5.8%	18.8%	5.1%	24.2%	-1.8%	-4.8%	10.3%	6.9%	63.7%
1-23 May-11	14.6%	16.0%	20.1%	9.7%	41.2%	21.4%	8.0%	3.7%	21.3%	61.7%
<b>YTD</b>	<b>0.8%</b>	<b>-8.7%</b>	<b>8.2%</b>	<b>2.7%</b>	<b>13.6%</b>	<b>2.3%</b>	<b>2.8%</b>	<b>-1.7%</b>	<b>-0.4%</b>	<b>20.7%</b>

# Competitors Have Increased Significantly

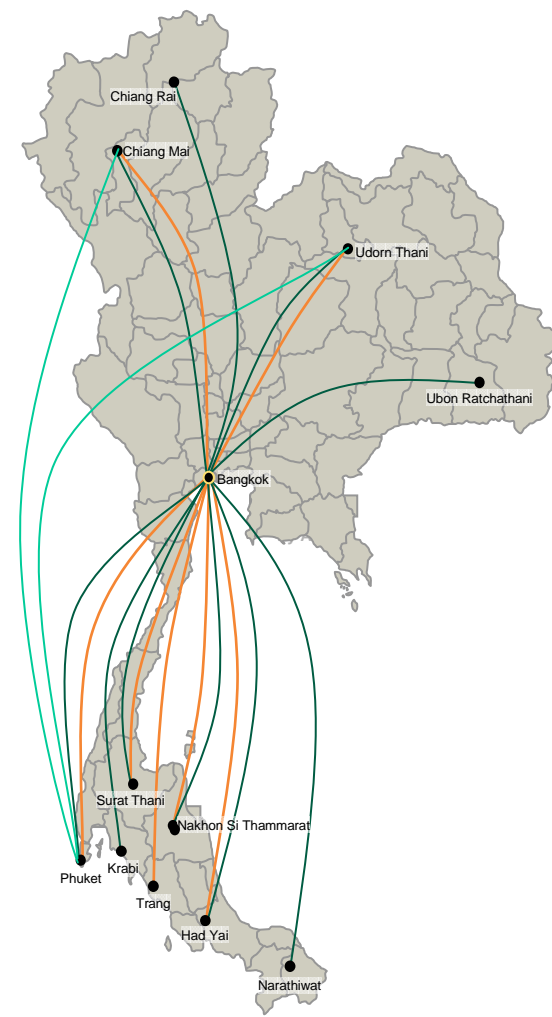
<p><b>Traditional full service airlines</b></p>	<p><b>Newly established full service airlines</b></p>	<p><b>Low Cost Carriers</b></p>

## International Destinations

## Domestic Destinations

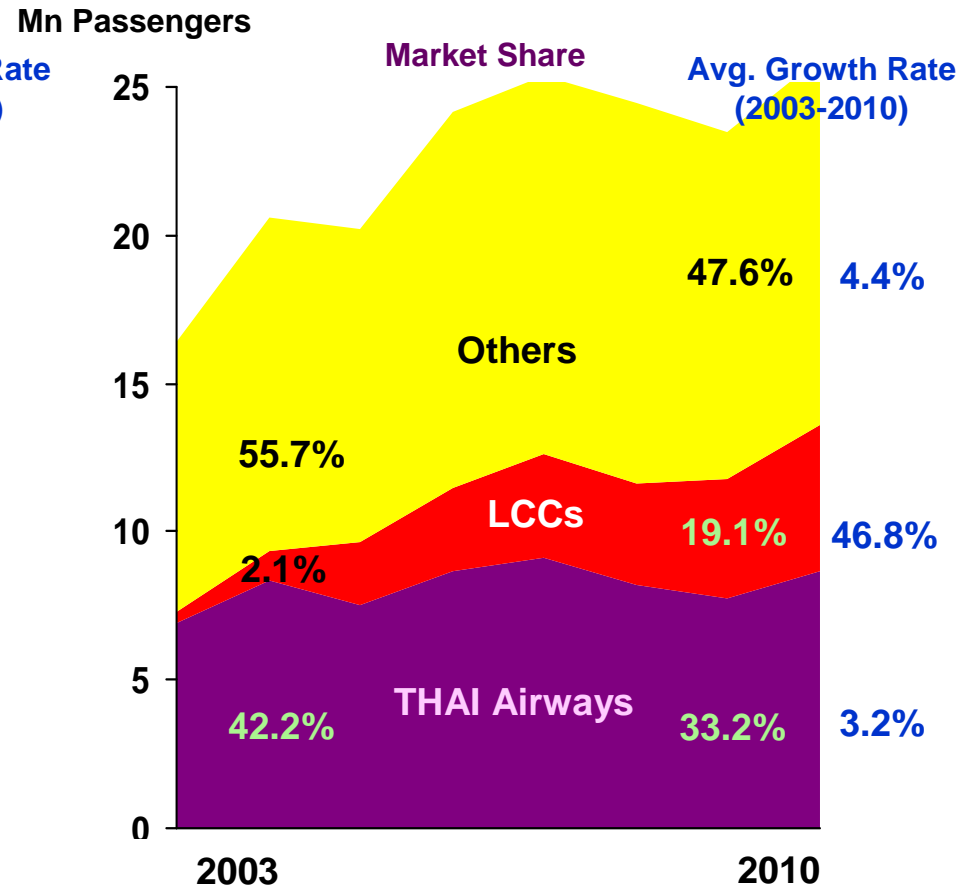
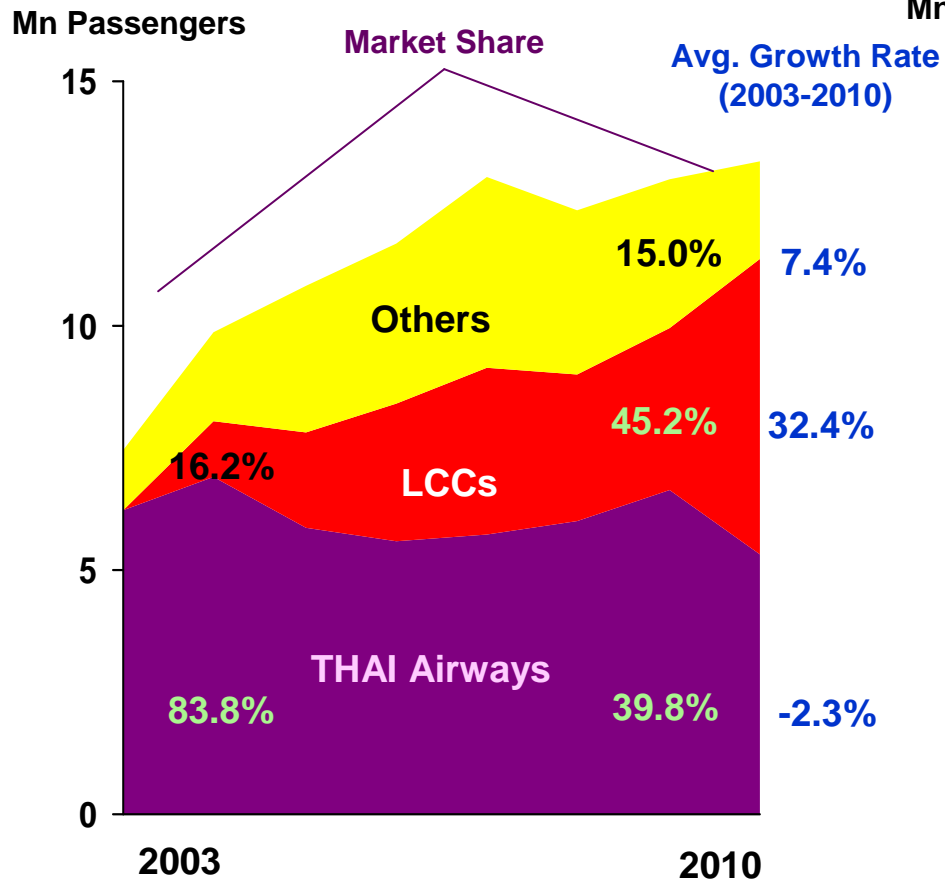


- Air Asia
- Tiger
- Jetstar
- Dragon
- Nok Air



## Domestic Market

## Regional Market



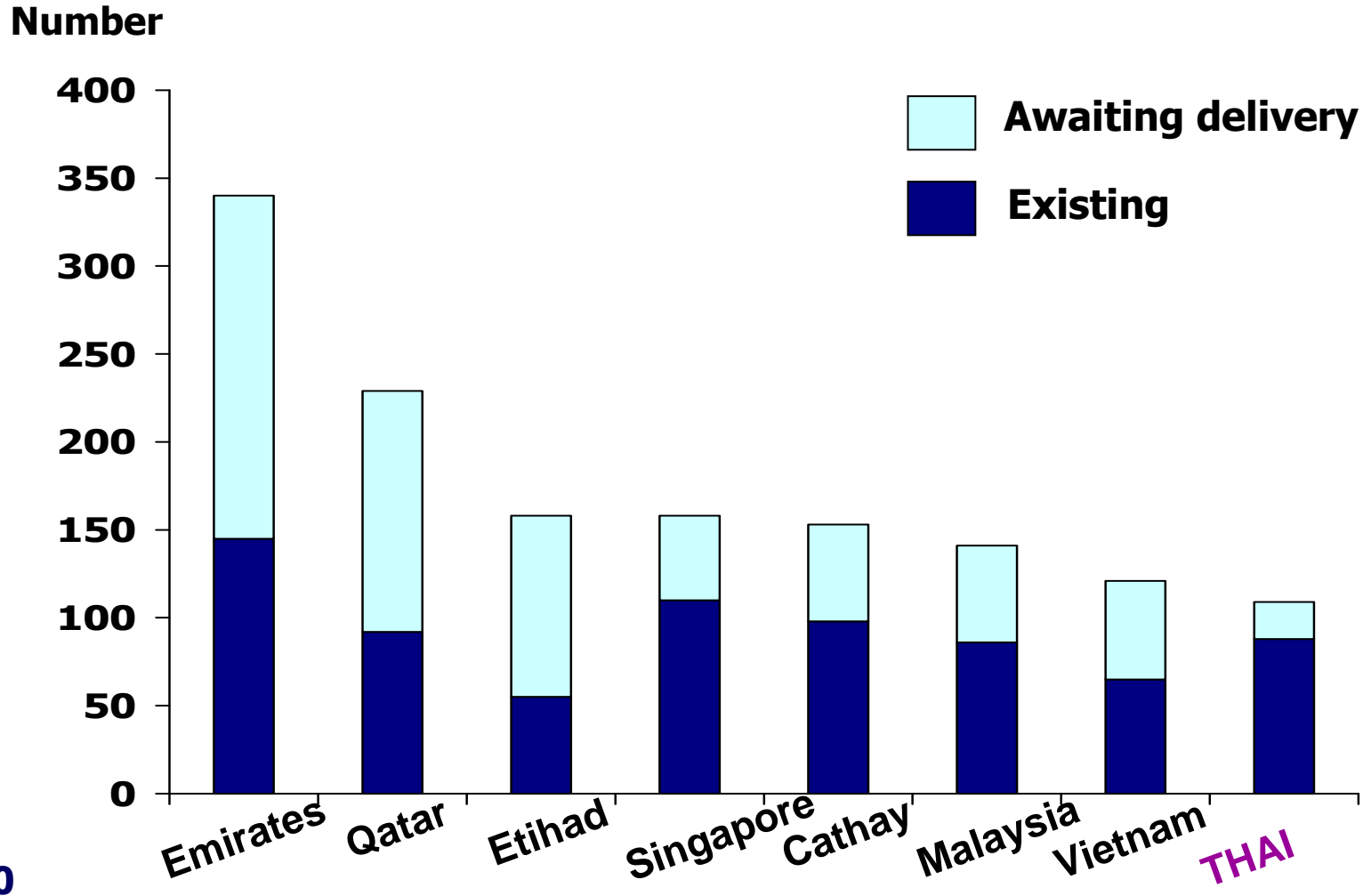


# New Strong Competitors from Middle East

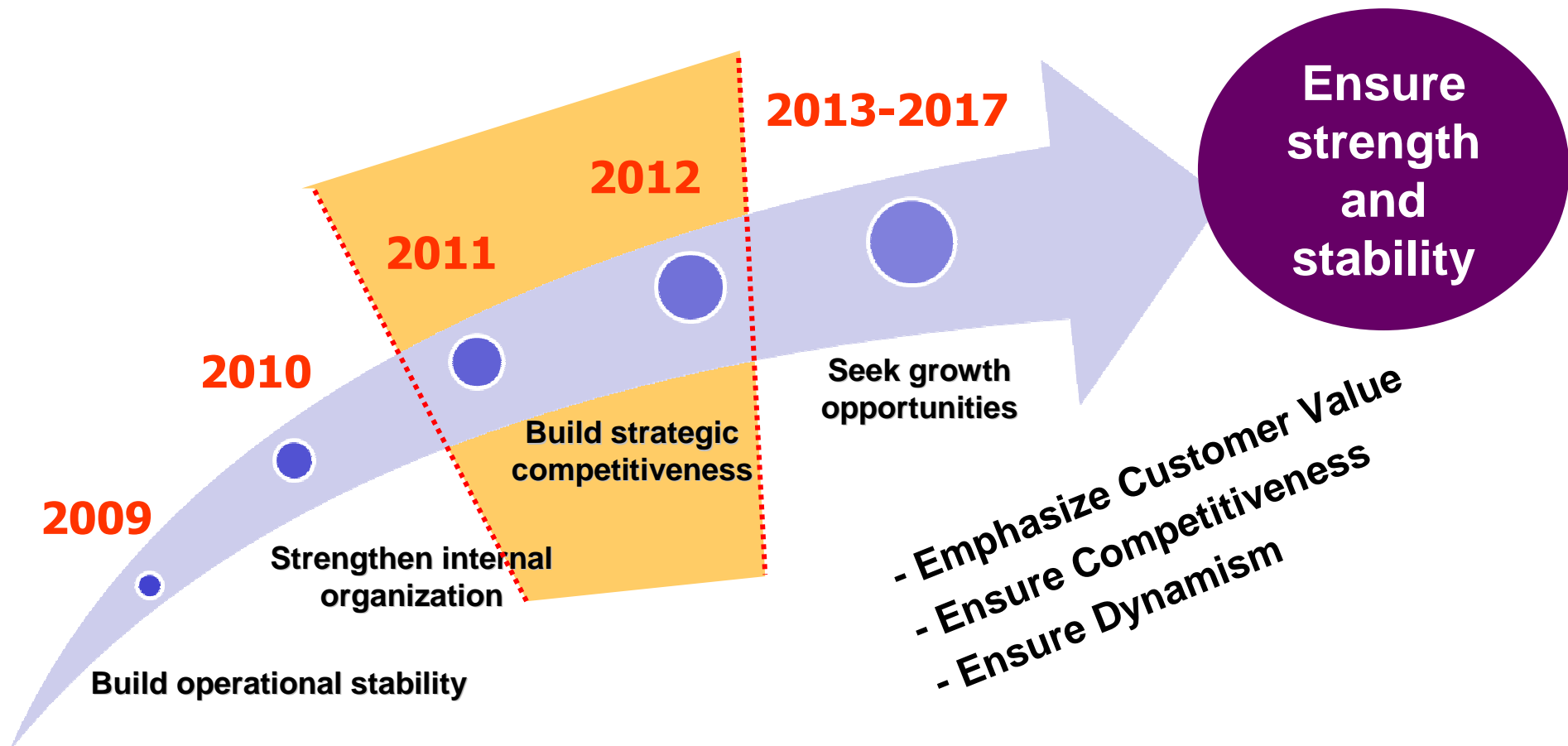


Middle East HUB  
Emirates Qatar Etihad

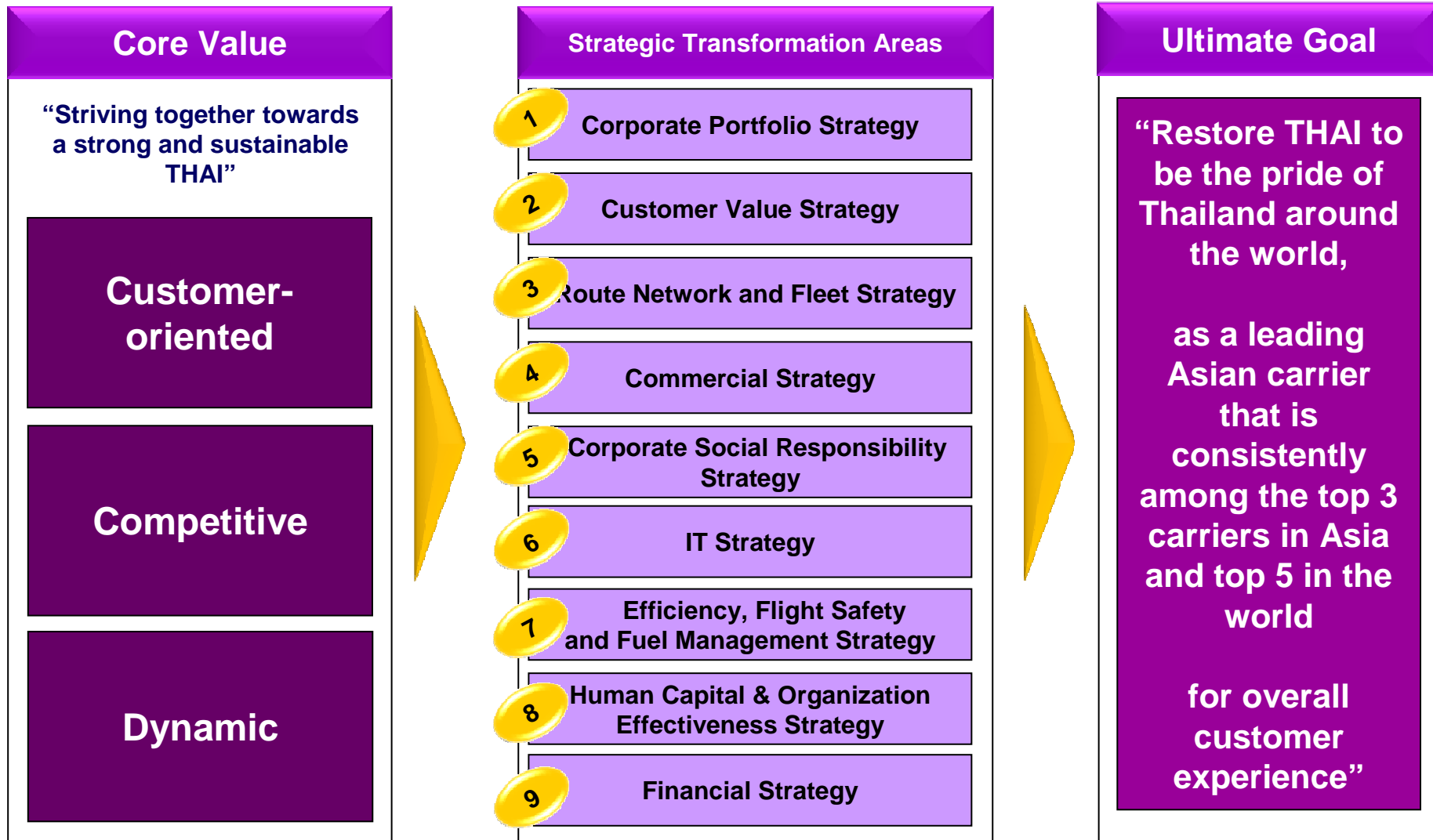
## Competitors' Fleet and Expansion Plan



A380	Emirates	Qatar	Etihad	Singapore	Cathay	Malaysia	Vietnam	THAI
Existing/Awaiting delivery	15/75	-/5	-/10	11/8	-	-/6	-/4	-/6













## Overall Strategic Roadmap



## To Be Top 3 in Asia and Top 5 in the World

### The World's Top 10 Airlines – Skytrax

	2010	2009	Change
★★★★★ ASIANA AIRLINES 	1	3	↑
★★★★★ SINGAPORE AIRLINES 	2	2	→
★★★★★ QATAR AIRWAYS 	3	4	↑
★★★★★ CATHAY PACIFIC 	4	1	↓
★★★★★ ANA 	5	8	↑
★★★★★ ETIHAD AIRWAYS 	6	7	↑
★★★★★ QANTAS 	7	6	↓
★★★★★ Emirates 	8	5	↓
★★★★★ THAI 	9	10	↑
★★★★★ Malaysia Airlines 	10	9	↓

Source: Skytrax

### Other Awards in 2010

#### Skytrax

Best Airline Lounge – First Class  
Best Airport Services



#### Norwegian Grand Travel Award

Best Intercontinental Airline

#### Business Traveler's Award

Best Ground Service  
Best Lounges







#### TTG Award

Best Business Class  
Best Southeast Asian carrier



## Product by Cost Base

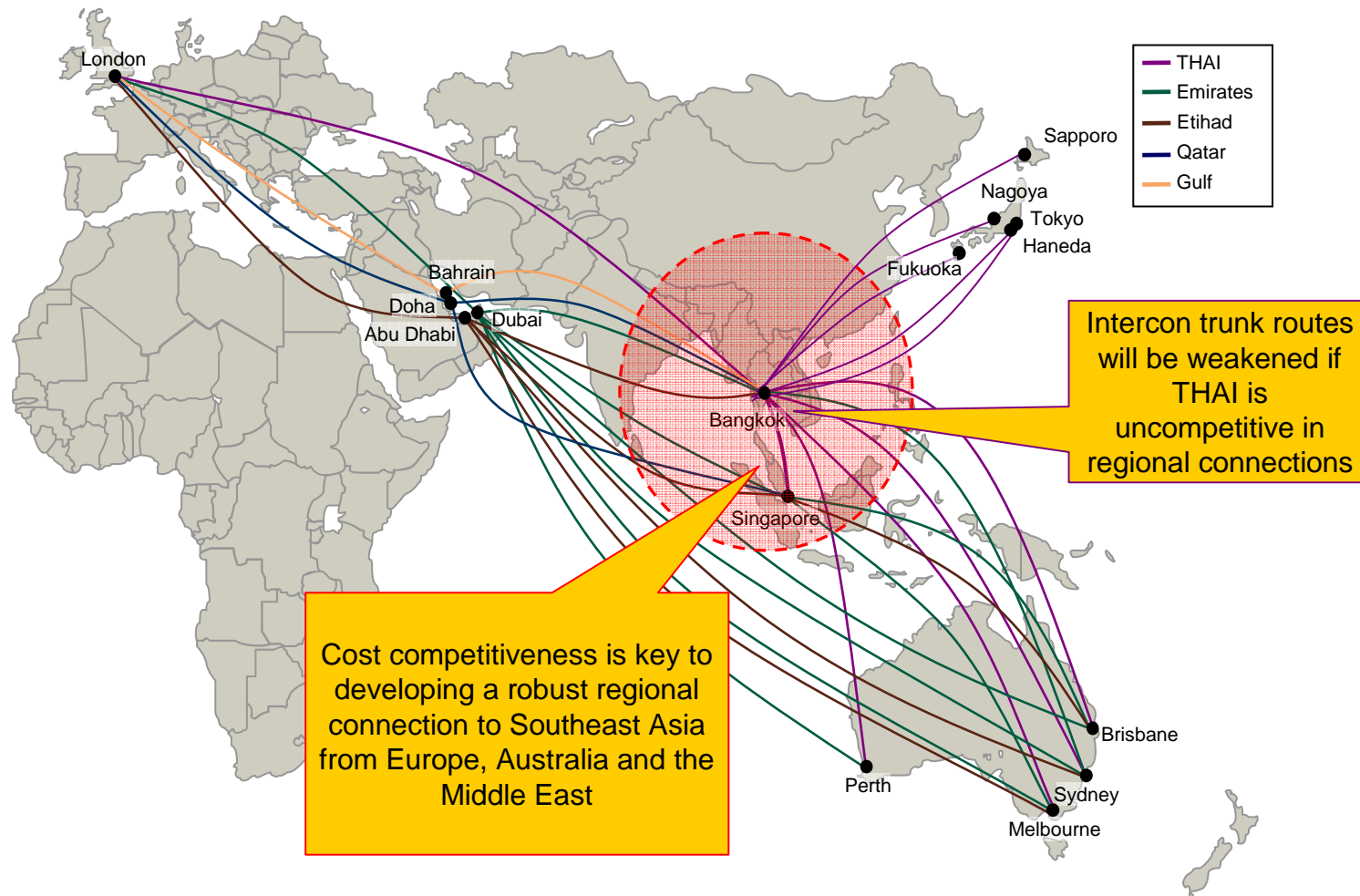
Brand	Brand positioning	Required cost base
	Premium network carrier	<p><b>MEDIUM to HIGH</b></p> <ul style="list-style-type: none"> <li>• Minor improvements could be made in cost efficiency</li> </ul>
	Regional carrier	<p><b>LOW to MEDIUM</b></p> <ul style="list-style-type: none"> <li>• Low cost base achieved through aspects of LCC model, such as single aircraft type, new fleet, etc.</li> </ul>
	Domestic value-for-money carrier	<p><b>LOW to MEDIUM</b></p> <ul style="list-style-type: none"> <li>• Focus on Domestic and provides additional value while maintaining very low cost</li> </ul>
	Regional Ultra-low cost carrier	<p><b>LOW to ULTRA LOW</b></p> <ul style="list-style-type: none"> <li>• Requires all trade-offs to reduce cost (max seat density, max utilization)</li> </ul>



Source: Team discussion and analysis

## Thai to build short-haul and regional network strength to capture connecting traffic from Europe, Australia, and the Middle East

Selected Kangaroo routes for the ME carriers and THAI (2009)



Enhancing and improving products and services at all touch points to ensure consistent quality service.



## Call Center



## Increase Selection of Entertainment



## Food & Beverage



## Minimize Time for Baggage Claim



## Premium Lounges



## Royal Orchid Plus

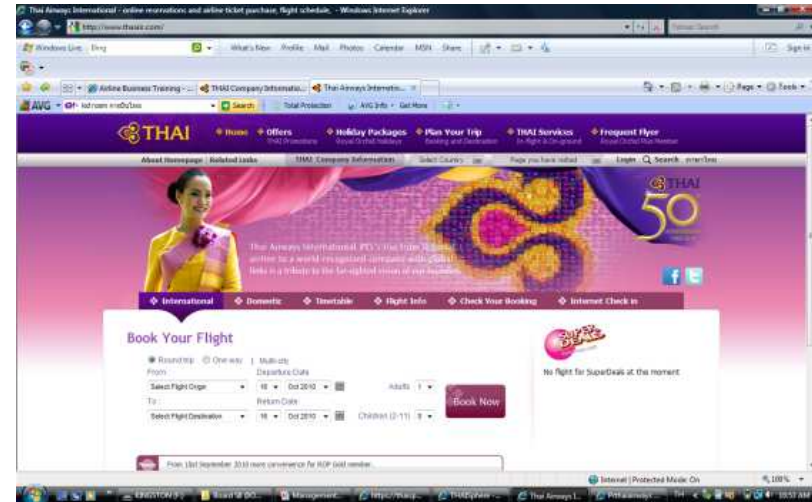




## E-Service on Mobile



## Internet Booking



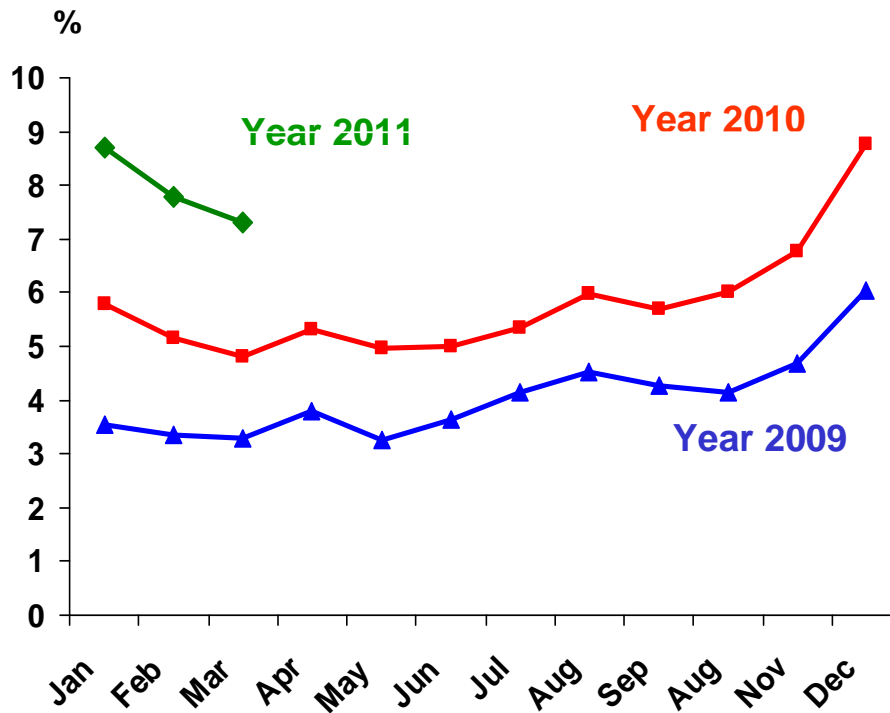
## Internet check-in with home print boarding pass



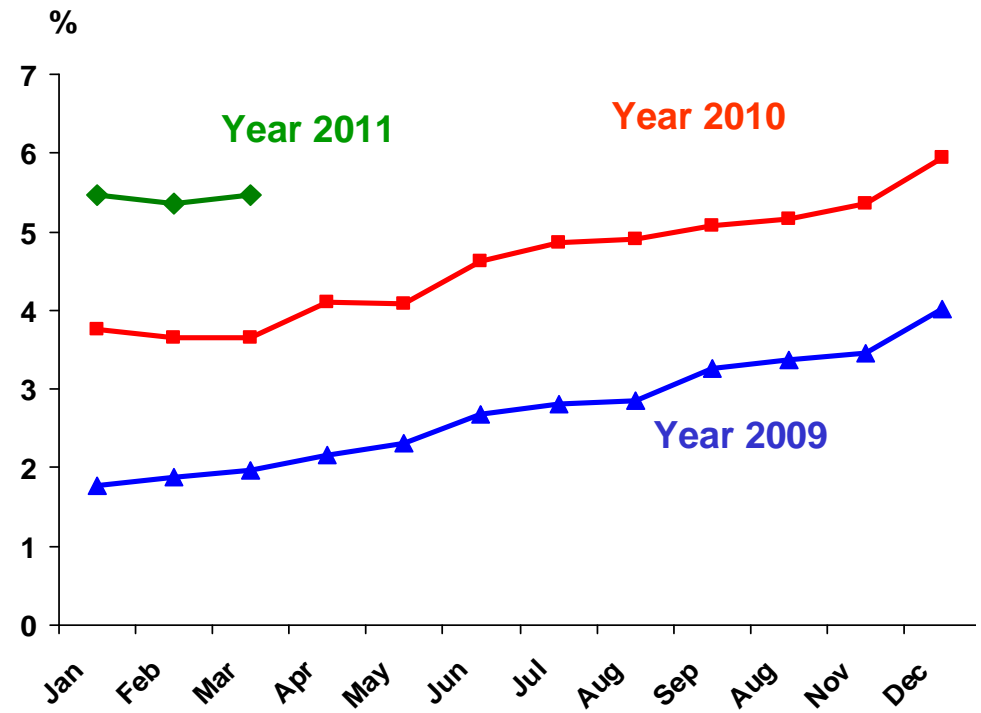
## E-Payment Services



## Ticket Sales Via Internet



## Check-in via Internet



# Deliveries Over the Next 3 Years

	2011	2012	2013	Total
<b>A380-800</b>		3	3	6
<b>B777-300ER</b>		2	6	8
<b>A330-300</b>	5* + 2	3	2	12
<b>Total</b>	7	8	11	26

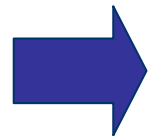
\*Note : the 5 A330s deferred arrival is included in 2011's delivery plan



**First Class Seats**

**Business Class Seats**

# Resolving Koito Seat Problem



Zim will be providing economy class seats and enabling the 5 new A330-300 aircraft to join the fleet in the following months.

Delivery	March	April	May	June	July
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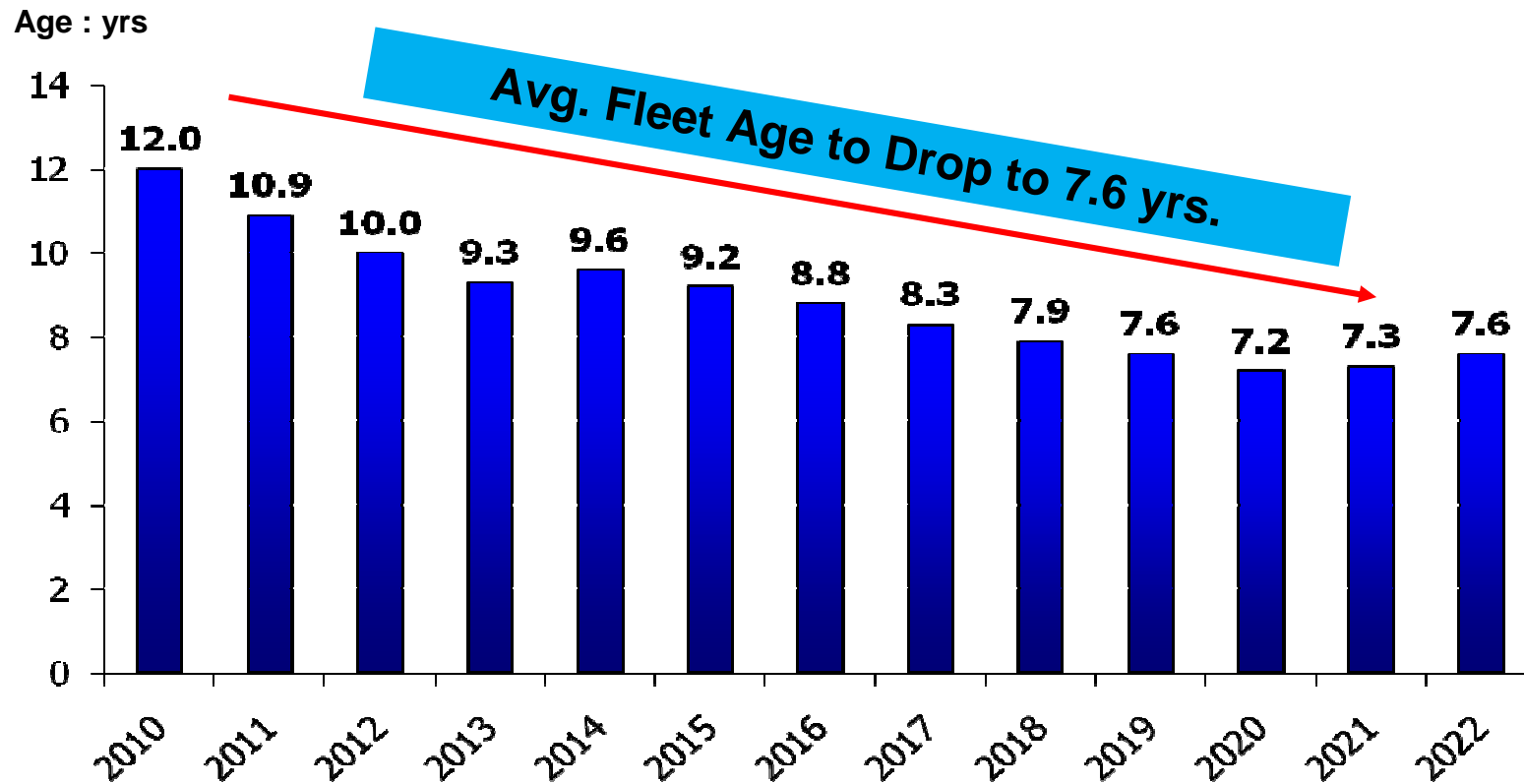


# Upgrades and Retrofit Schedule

	# of Aircraft	First	Business	Economy	Tentative Completion
B777-300	6				■ Completed
B747-400 No. 7-12	6				■ May – Dec. 2011
B777-200	8				■ Sept. 2011 – Jun. 2012
B747-400 No. 13-18	6				■ Feb. 2012 – Oct. 2012
Airbus 340-600	6				■ 2013
Airbus 340-500	4				■ 2014
B777- 200ER	6				■ 2014



	2011-2013	2014-2017	2018-2022	Total
Medium sized body aircraft		26	21+17 = 38	47 + 17 = 64
Narrow body aircraft	11		-	11
<b>Total</b>	<b>37</b>		<b>38</b>	<b>75</b>



Changes were made to better reflect customer demand



## Increased flights

Paris	7 to 10 flts/wk
Oslo	5 to 7
Moscow	3 to 4
Nagoya	7 to 10
Fukuoka	5 to 7

## New Destinations

Haneda	7 flts/wk
BKK-Gaya-Varanasri	3 flts/wk

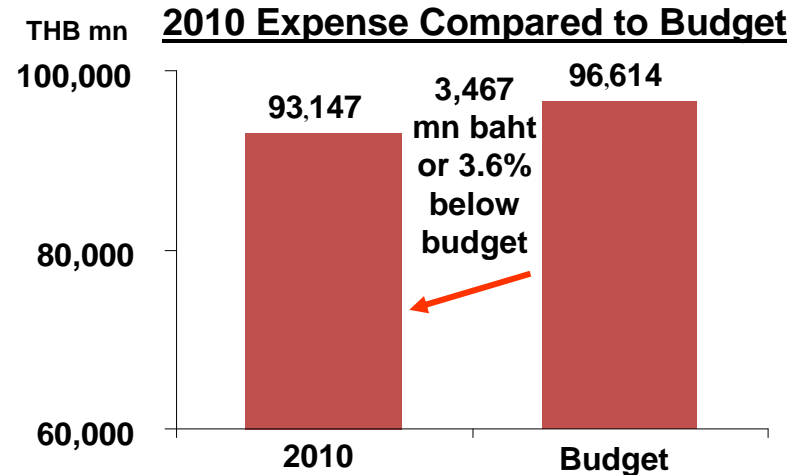
## Relaunch

Johannesburg	4 flts/wk
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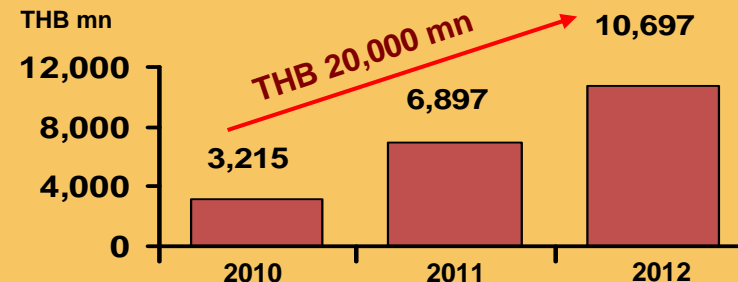
THAI is committed to achieving the THB 20,000 mn cost reduction target agreed to with the Ministry of Finance through 2012

## Strategy to Reign in Costs

- Improved fuel management
- Increased proportion of ticket sales via internet & minimize commission payment
- Launched early retirement program / Mutual separation plan / Continue to offer Golden Handshakes / Use of Wingspan / Manage reduction in crew accommodation cost
- Reduction of management & admin. expense
- Continued to negotiate with all suppliers
- No pay leave project
- Changed approach in undertaking marketing and advertising initiatives



## Yearly Cost Reduction Targets



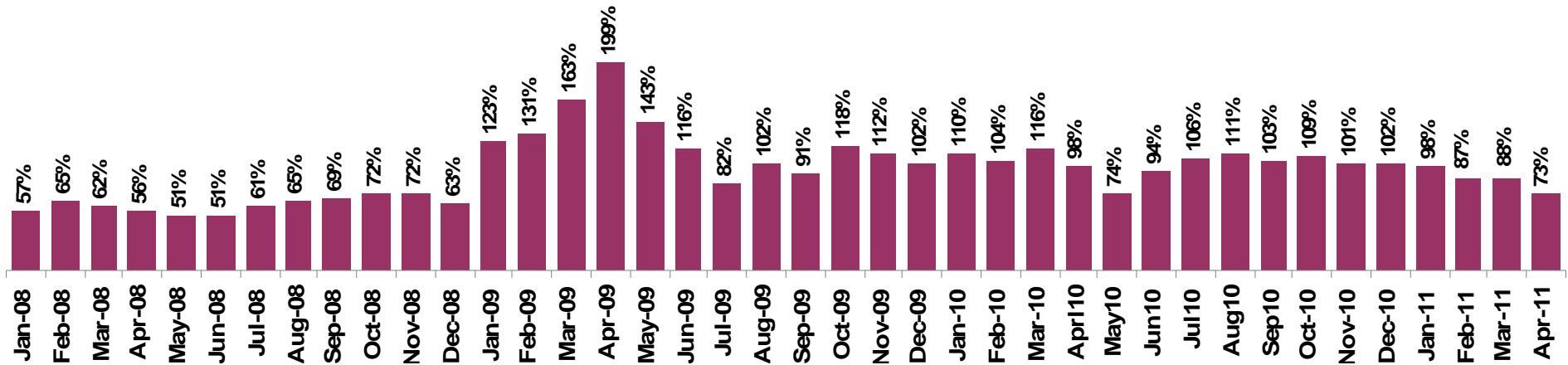
Was able to reduce non-fuel related cost by THB 252 mn or a 7.8% reduction

**Minimum 20% fuel hedging requirement to mitigate risk of rapid fuel cost rise**

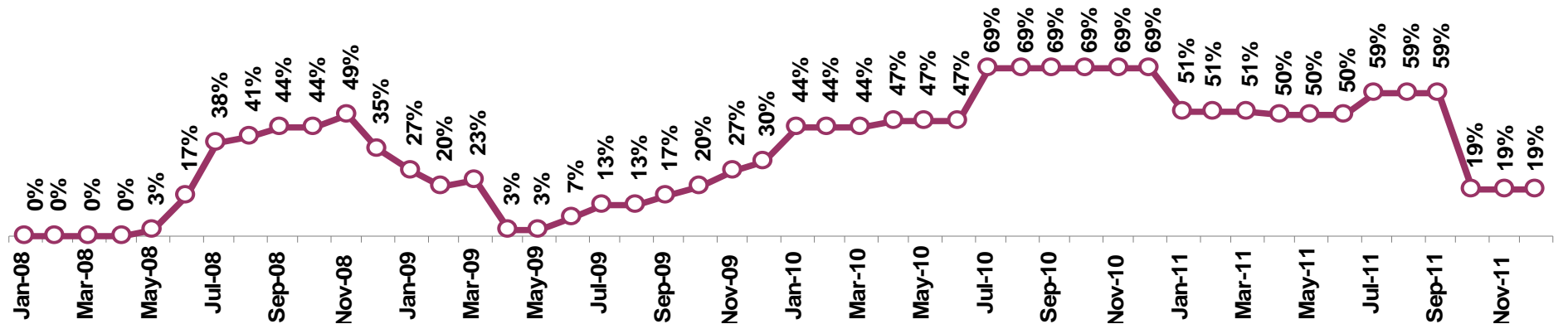
Hedging Volume																				
>80%	Board Authority																			
>60<=80%	Fuel Price Risk Management Committee (President, EVP Finance & Accounting, VP, Director and Department)																			
>30<=60%	VP, Director and Department Level Decision																			
>20<30%																				
<=20%	Board Authority																			
		1m	2m	3m	4m	5m	6m	7m	8m	9m	10m	11m	12m	13m	14m	15m	16m	17m	18m	>18 months
		<b>Contract Period</b>																		

Hedging combined with fuel surcharge greatly mitigates fuel price fluctuation risk

Percentage of Fuel Surcharge & Hedging Coverage



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



THAI is the first Asian airline to sign an agreement with IATA to find means to mitigate fuel



## Carbon Footprint



- Determined the carbon foot print of 2 meals and provided labeling for customers to choose

## Emissions Trading

2012

Monetary Value

Amount of CO<sub>2</sub> ~1.07 mn tons THB 646 mn



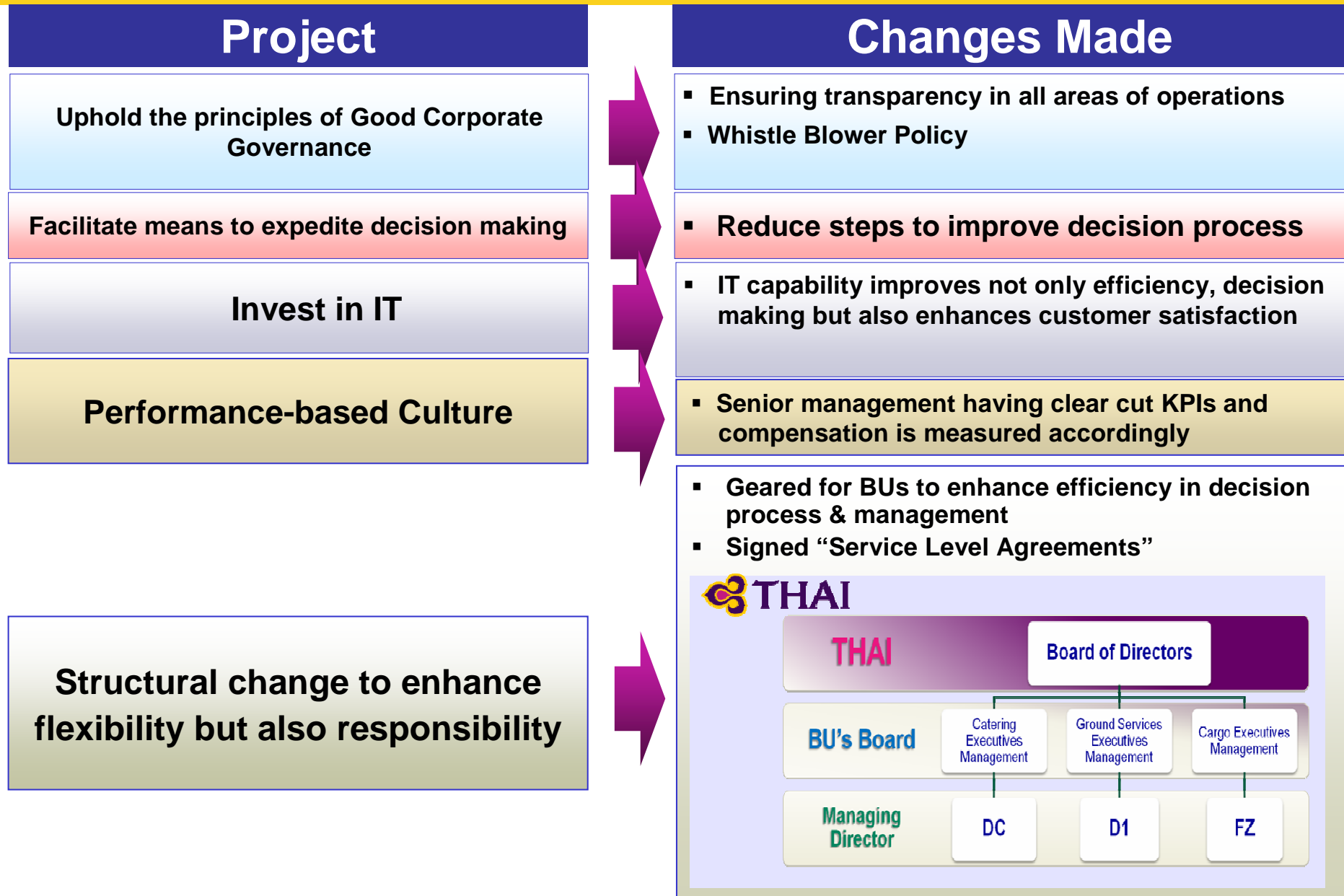
- CERs 0.47 mn tons THB 239 mn
- EUAs 0.60 mn tons THB 407 mn

## Carbon Offset



- Launched the carbon offset program

# Improvements in Dynamism





EC	Rescinded all charges against THAI
US Cargo DOJ	Stopped further proceedings
US Cargo Class Action	Settled by paying USD 3.5 mn
Korea	Pending charges is for KW 2.85 mn

**Wrote back a portion of reserves that were set aside**

**4,290 MTHB → 2,507 MTHB**



**Raised 15,000 MTHB  
in new equity**

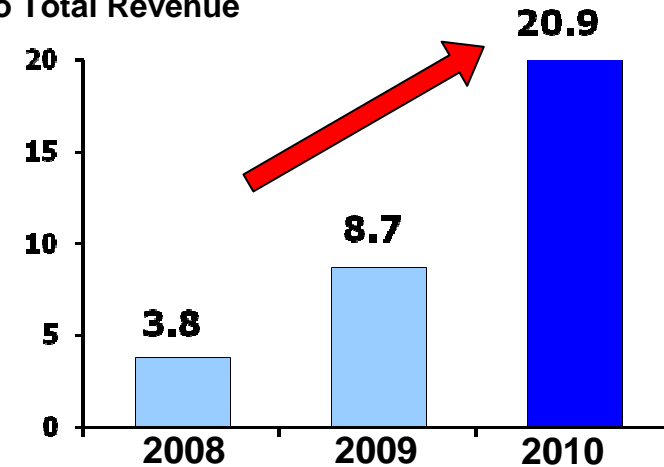
**Received additional  
borrowing from financial  
institutions**

**Obtained Revolving  
Credit Lines**

**8,000 MTHB Debenture  
issued in May 13, 2011**

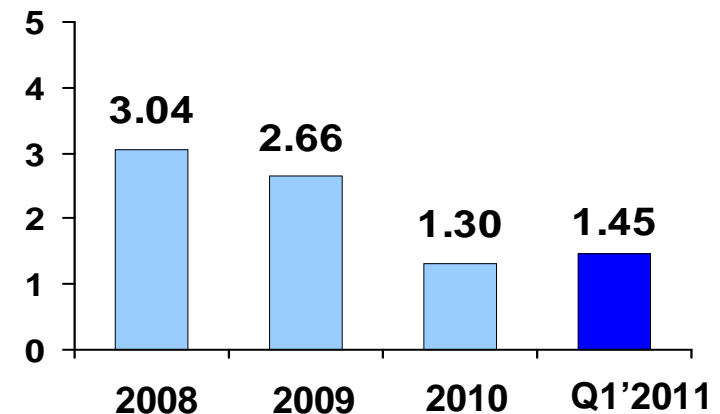
## Improved Cash Position

Cash to Total Revenue

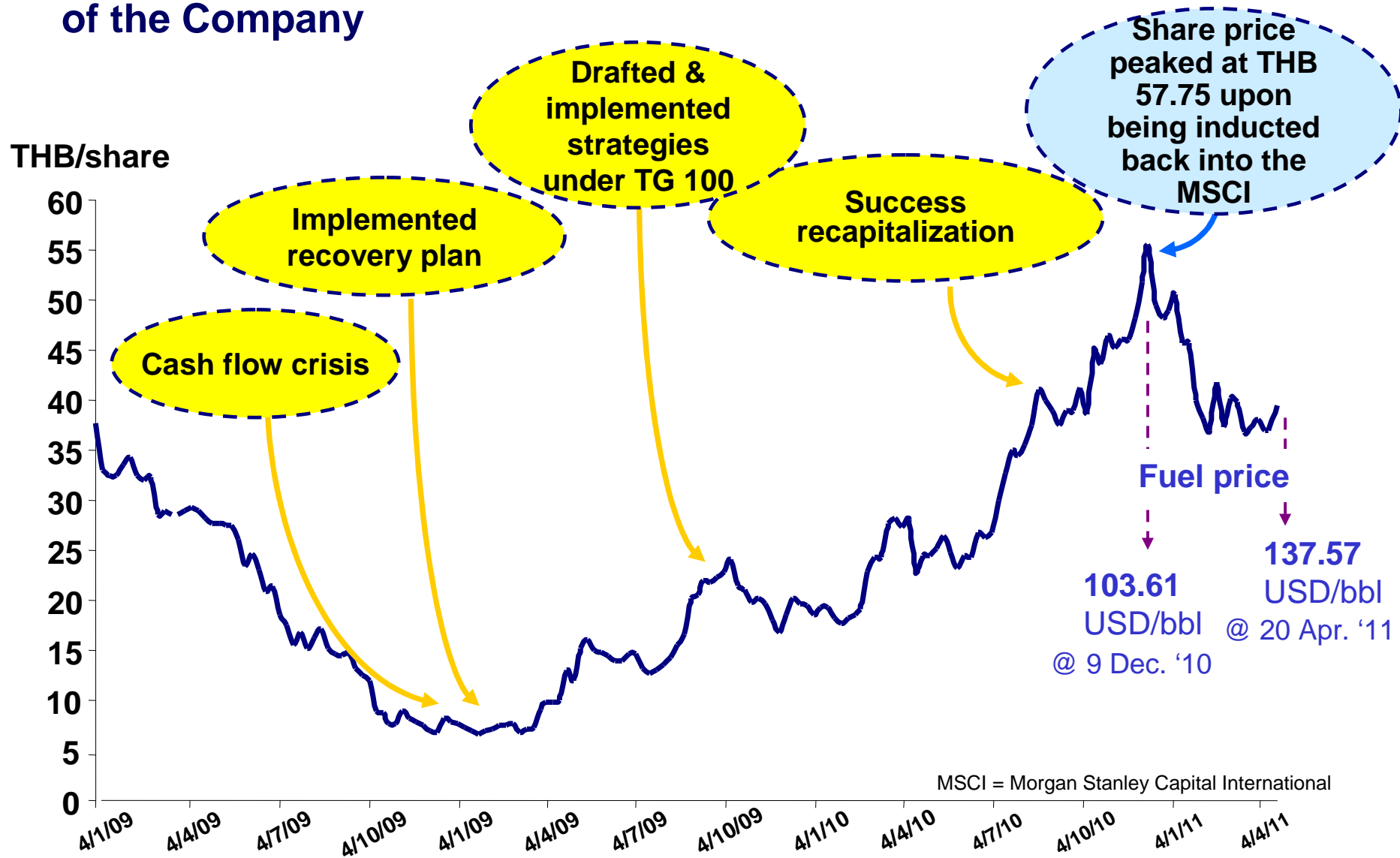


## Capital Structure Strengthened

Net interest bearing  
Debt to Equity



## THAI's share price reflects the confidence in the improved health of the Company



# Financial Performance

## Performance Summary (Q1/2011)

THAI and its subsidiary

	Jan-Mar	
(Units : MTHB)	2011	2010
Total Revenue	51,851	49,806
Total Expense	-46,468	-43,061
Foreign currency exchange (Gain)	-3,358	5,698
Share of losses of investments by the equity method	38	-7
<b>Profit(Loss) before finance costs, income tax</b>	<b>2,063</b>	<b>12,436</b>
Financial Cost	-1,309	-1,345
Income tax expense	-121	-499
<b>Net profits (losses)</b>	<b>633</b>	<b>10,592</b>
Profits (losses) Attributable to:		
Non controlling interest	-15	-20
<b>Equity holders of the parent</b>	<b>618</b>	<b>10,572</b>

## Ratios – Q1'2010 & Q1'2011

Ratios	units	Q1'10	Q1'11
Earnings Per Share	(THB)	6.22	0.28
EBIT	(MTHB)	6,037	4,960
EBITDA	(MTHB)	11,252	9,755
EBITDAR	(MTHB)	11,750	11,191
Book Value	(MTHB)	63,670	76,712
Book Value per Share	(THB)	37.48	35.14
Total Debt to Equity	(Times)	3.90	2.80
Net Debt to Equity	(Times)	2.35	1.88
Debt Service Coverage	(Times)	2.00	1.50
Interest Coverage	(Times)	8.40	7.50
Operating Profit Margin	(%)	12.30	9.70
Net Profit Margin	(%)	21.60	1.20
EBITDA Margin	(%)	23.00	19.10
Return on Total Assets	(%)	3.80	0.80
Return on Total Equity	(%)	20.10	0.20



A large purple triangle with a yellow border, pointing downwards, containing the title text.

## Economic & Airline Industry Trend and Growth for 2011-2012

- **Global Economy expected to grow by 5% - IMF**

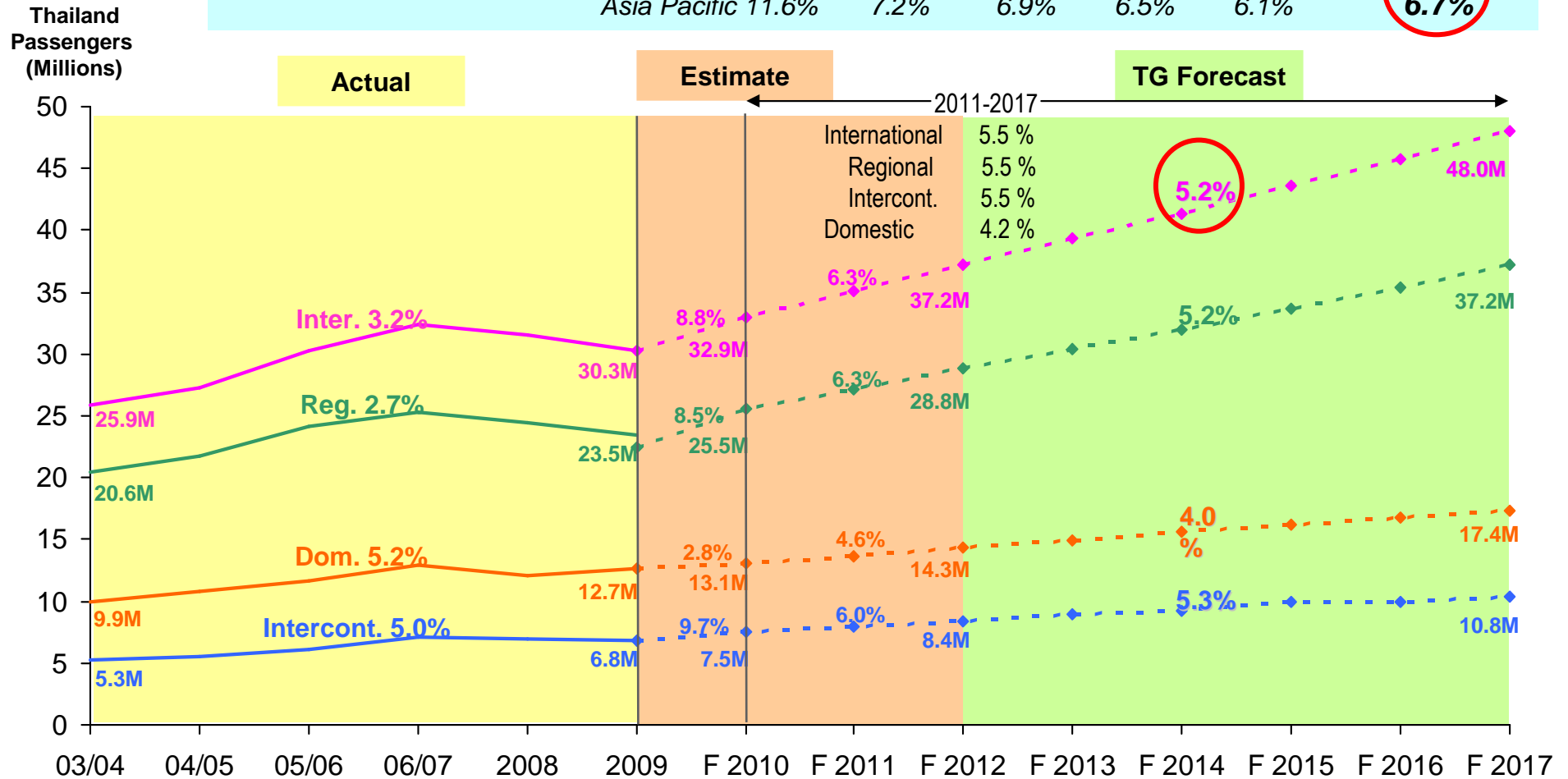
- **Global # of Tourists expected grow by 4-5 - UNWTO**

- **Passenger Traffic expected to grow by 5.2% - IATA**

- **Air Traffic Transportation expected to grow by 5.5% - IATA**

## Passenger from / to Thailand Forecast 2011-2017

<u>IATA International Passenger Forecast</u> (As September 2010)	2010	2011	2012	2013	2014	CAGR2011-2014
World	7.9%	4.9%	5.4%	5.4%	5.4%	<b>5.3%</b>
Asia Pacific	11.6%	7.2%	6.9%	6.5%	6.1%	<b>6.7%</b>

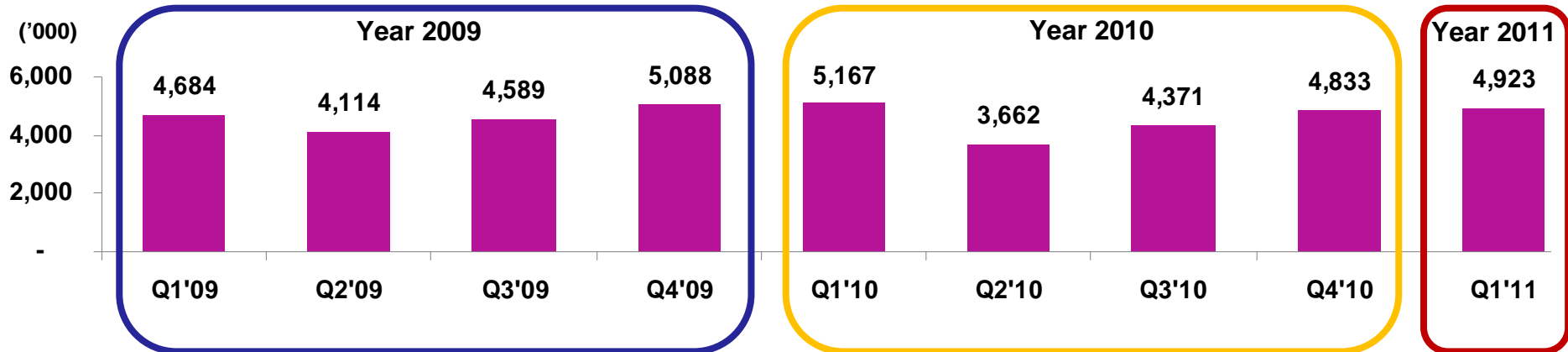


# Appendix

## Passenger Carried

Year 2010 = 18.2 million (decreased 1.7% YoY)

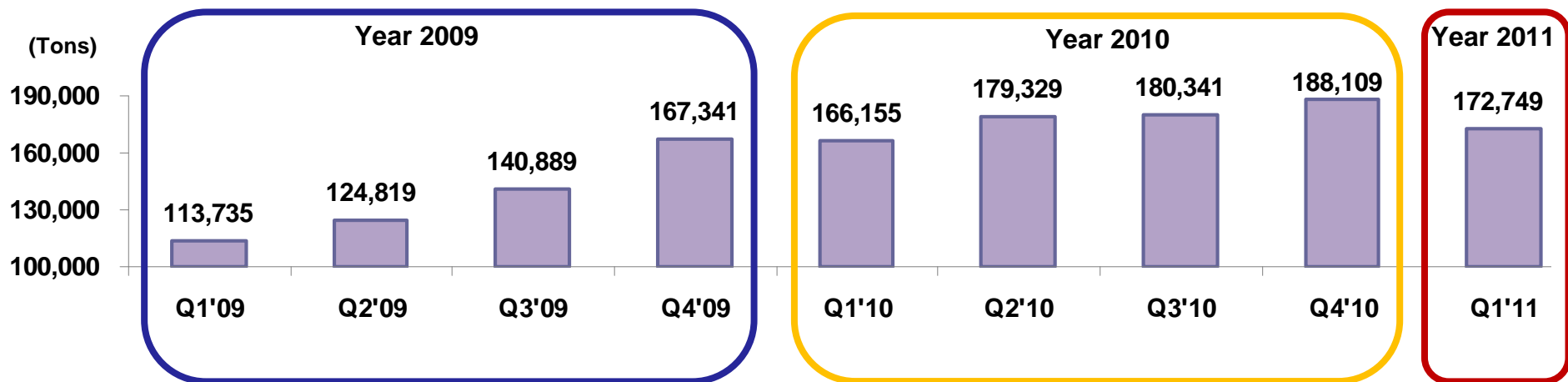
Q1/2011 = 4.9 million (decreased 5.5% YoY)



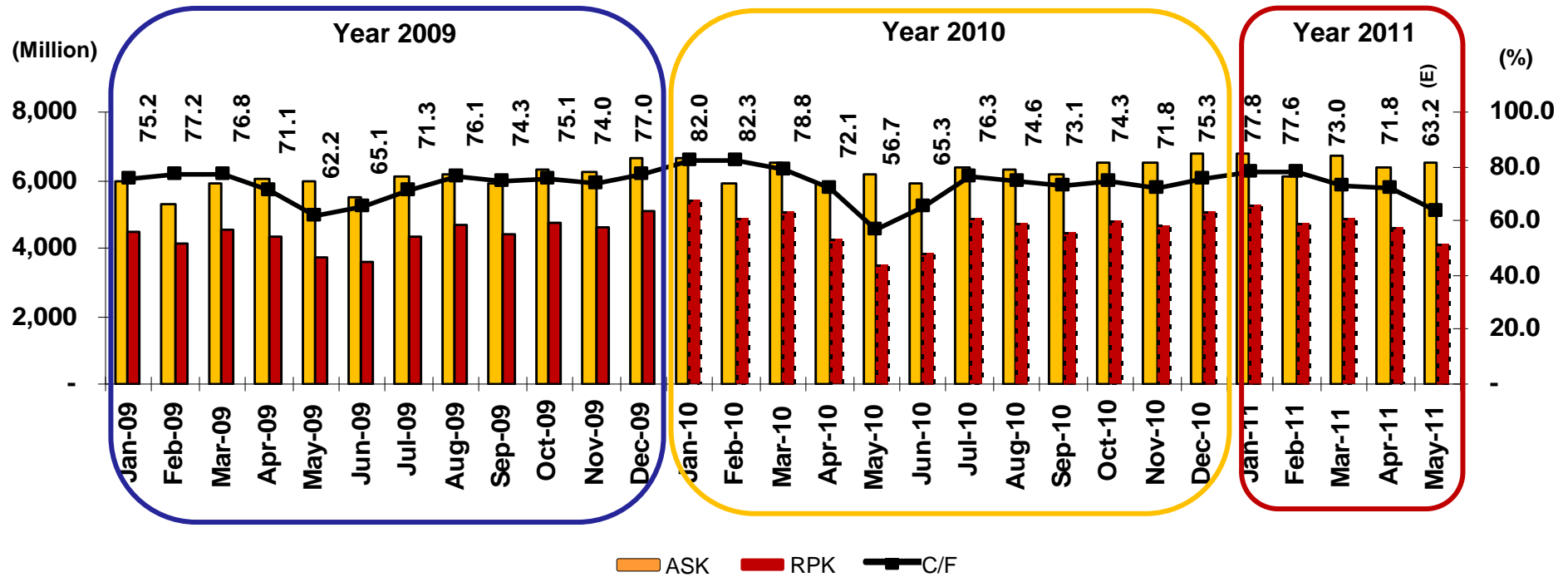
## Freight Carried

Year 2010 = 713,931 tons (increased 30.8% YoY)

Q1/2011 = 172,749 tons (increased 4.0% YoY)



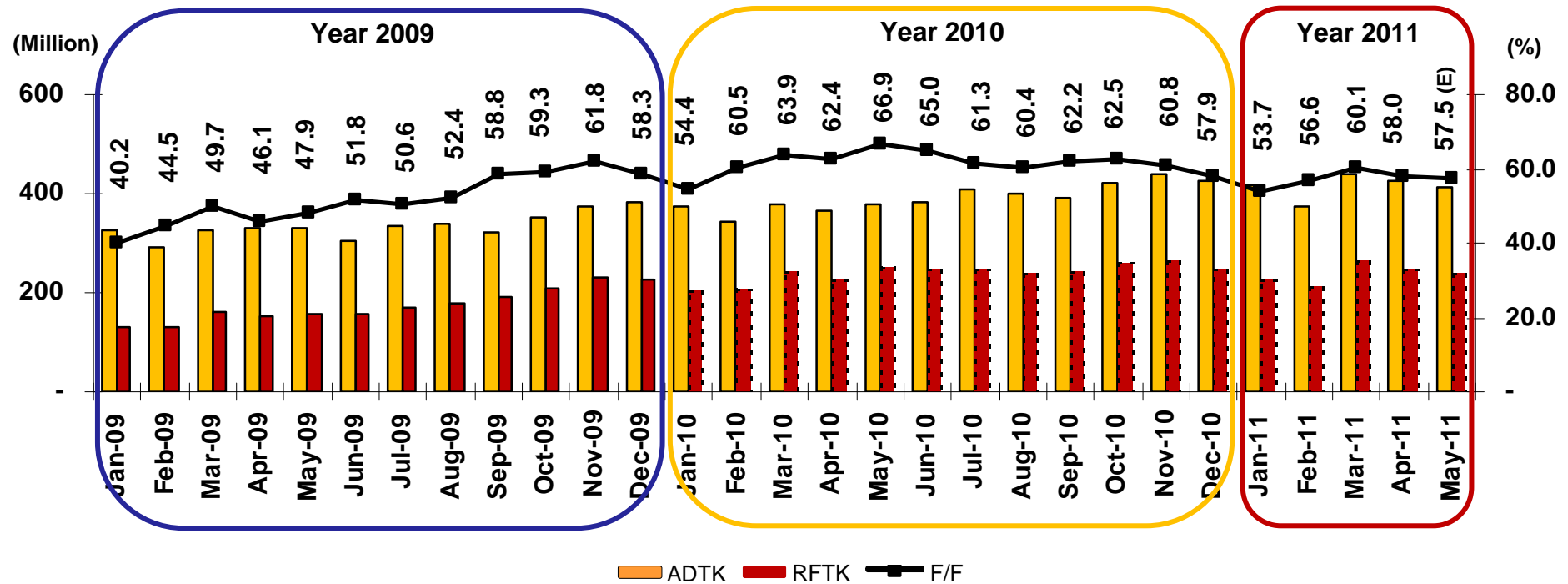
## Passenger



	YoY (Month)			YoY (Quarter)			YoY (Year)		
	May'11(E)	May'10	YoY%	Q1'11	Q1'10	YoY%	Year'10	Year'09	YoY%
MASK	6,505	6,171	5.4	19,571	19,045	2.8	75,600	72,031	5.0
MRPK	4,111	3,497	17.6	14,881	15,425	- 3.5	55,676	52,593	5.9
Cabin factor%	63.2	56.7	11.5	76.0	81.0	- 6.1	73.6	73.0	0.9

\* (E) = Estimate

## Freight

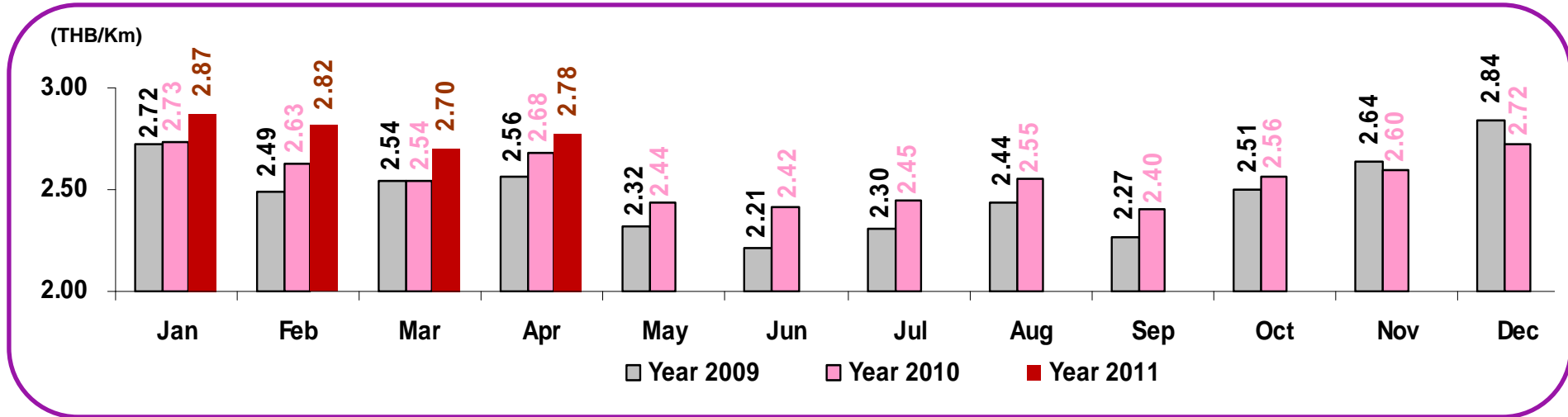


	YoY (Month)			YoY (Quarter)			YoY (Year)		
	May'11(E)	May'10	YoY%	Q1'11	Q1'10	YoY%	Year'10	Year'09	YoY%
MADTK	414	378	9.5	1,233	1,096	12.5	4,708	4,016	17.2
MRFTK	238	253	- 5.9	698	653	7.0	2,895	2,092	38.4
Freight Factor%	57.5	66.9	- 14.1	56.6	59.6	-4.9	61.5	52.1	18.0

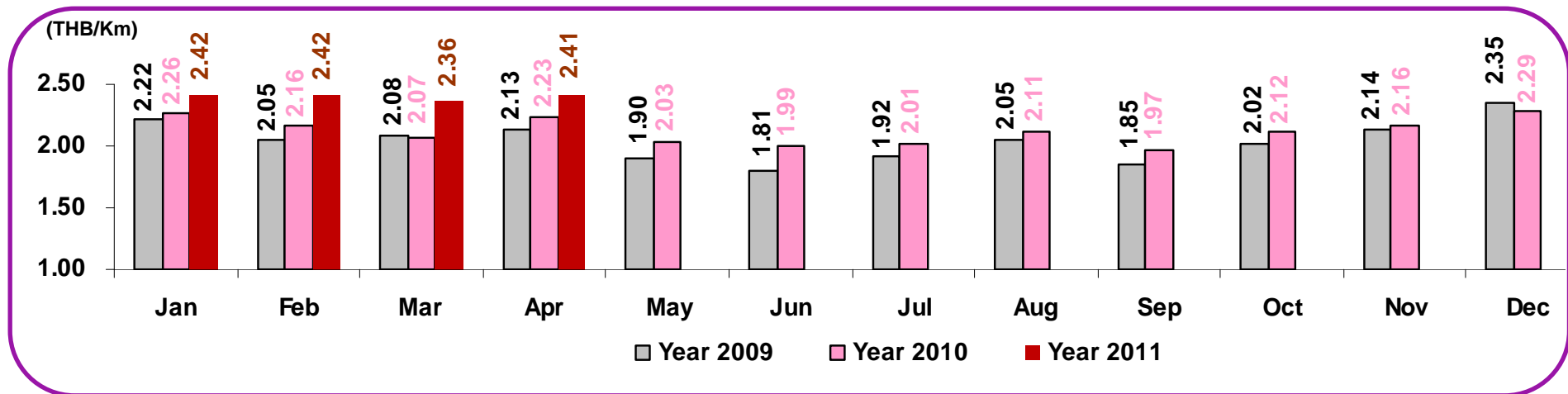
\* (E) = Estimate



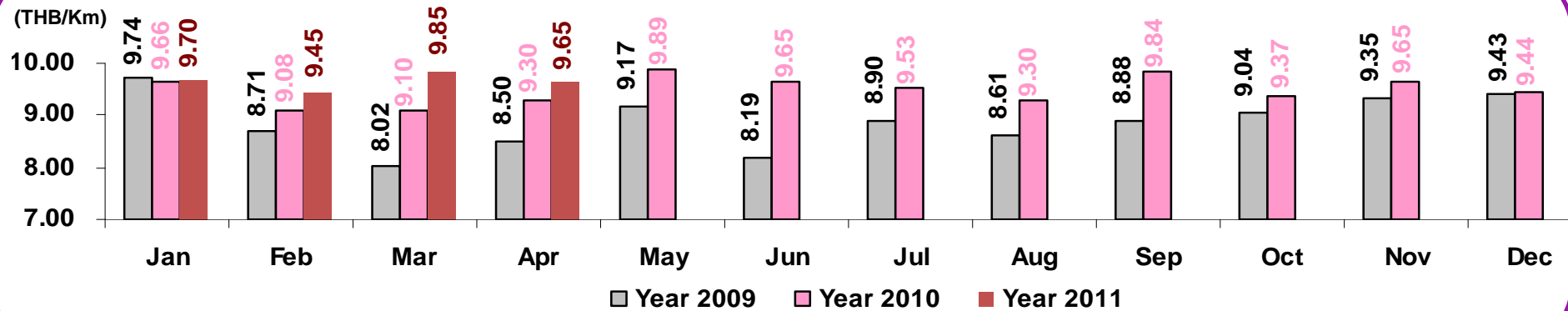
## Passenger Yield (Including Fuel Surcharge)



## Passenger Yield (Excluding Fuel Surcharge)



## Freight Yield (Including Fuel Surcharge)



## Freight Yield (Excluding Fuel Surcharge)

