



 THAI
50th
ANNIVERSARY
1960-2010
**THAI AIRWAYS
INTERNATIONAL PLC.**

Q1/2010

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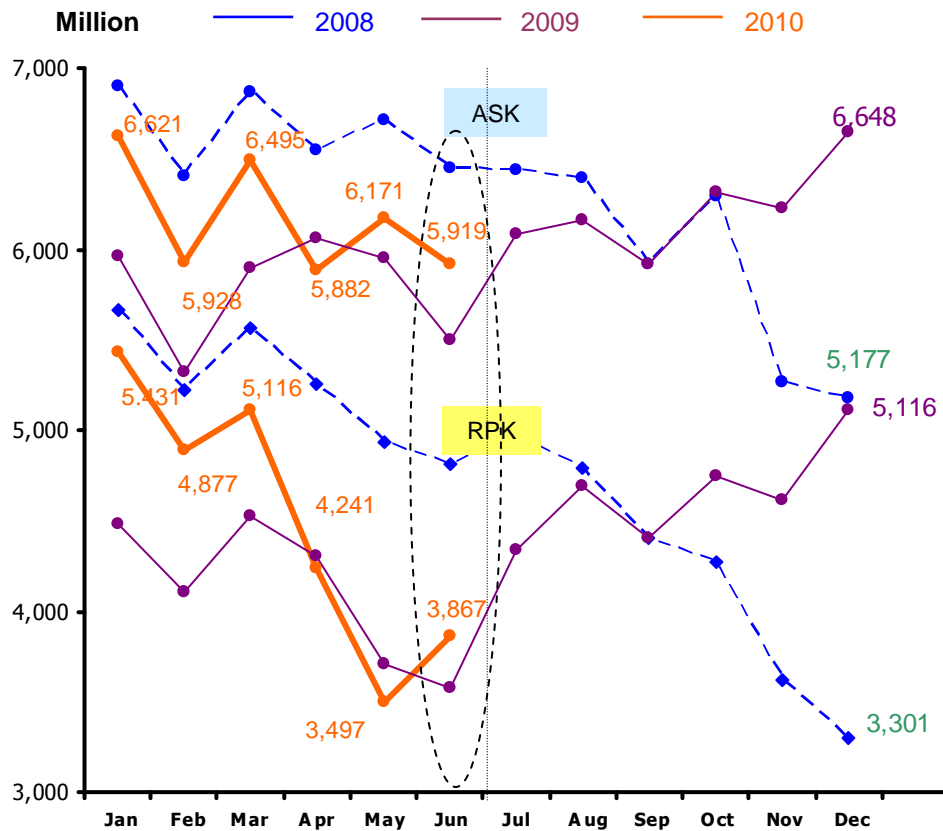


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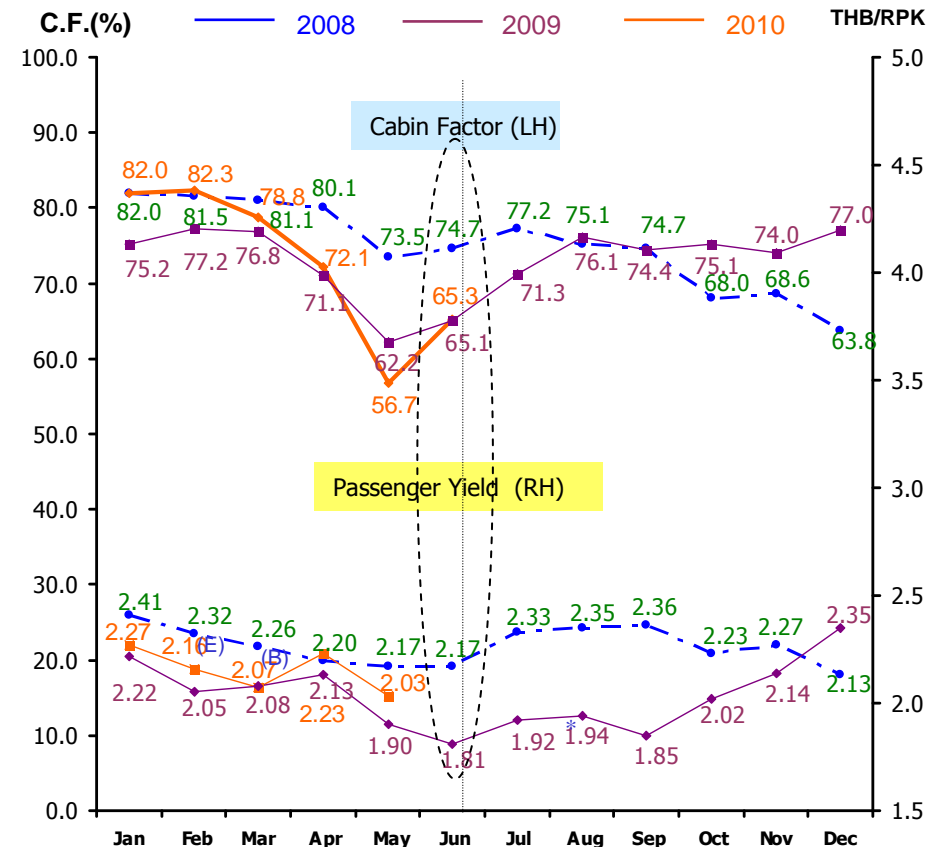
Operating Statistic



A Passenger Production & Traffic



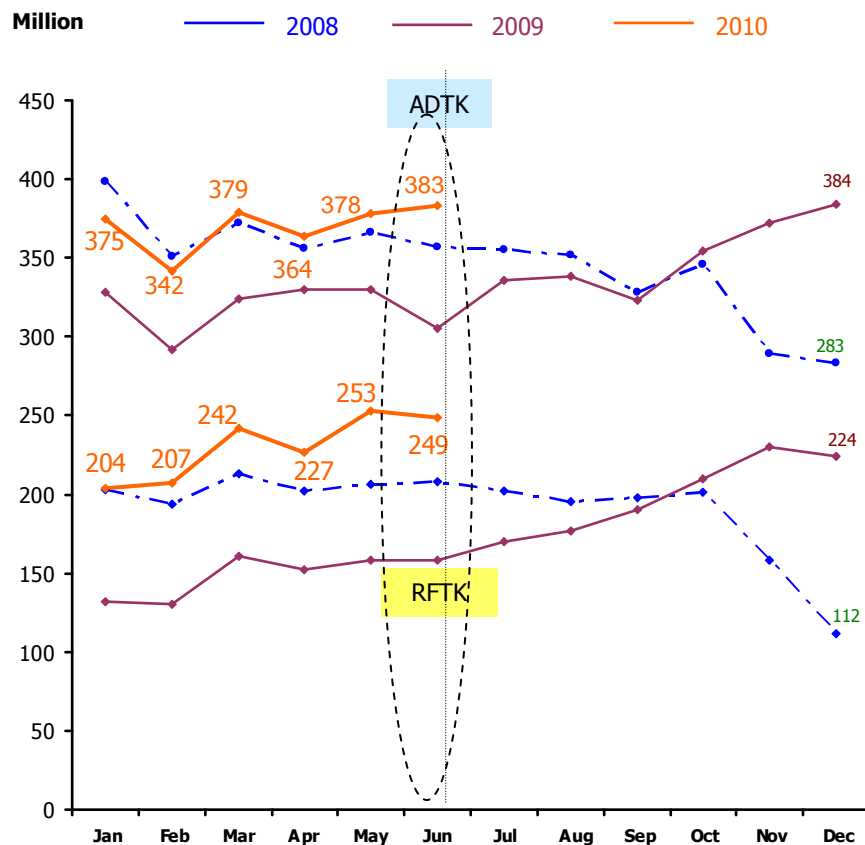
B Cabin Factor & Passenger Yield (Excl. Surcharge)



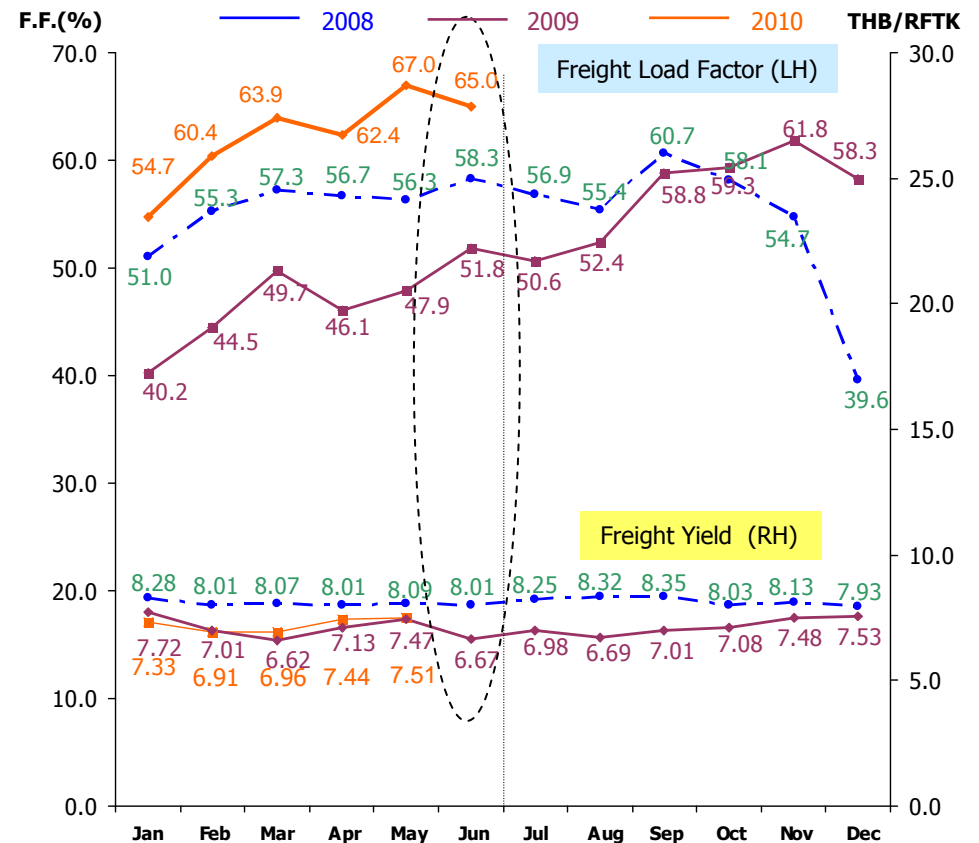
Operating Statistic



A Freight Production & Traffic



B Freight Load Factor & Freight Yield (Excl. Surcharge)

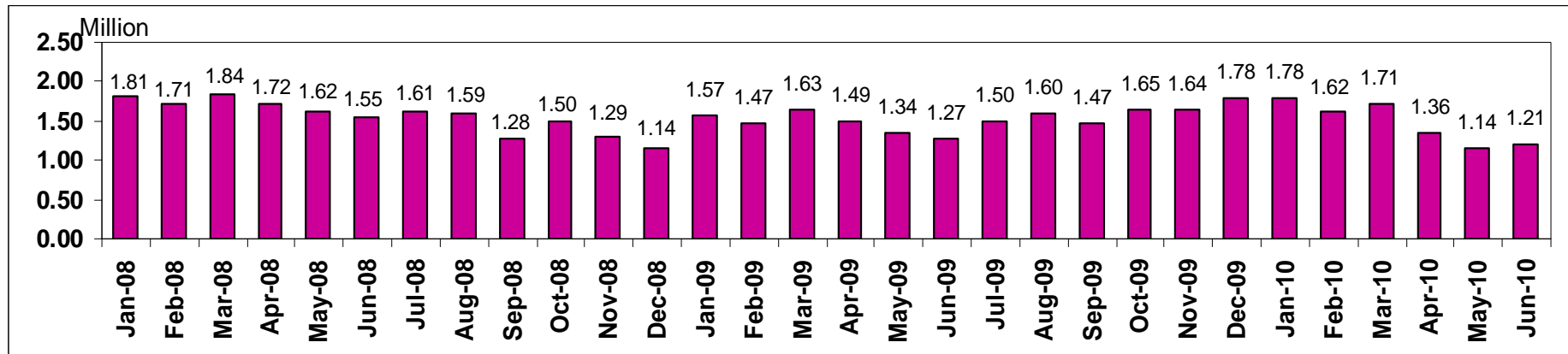


Operating Statistic



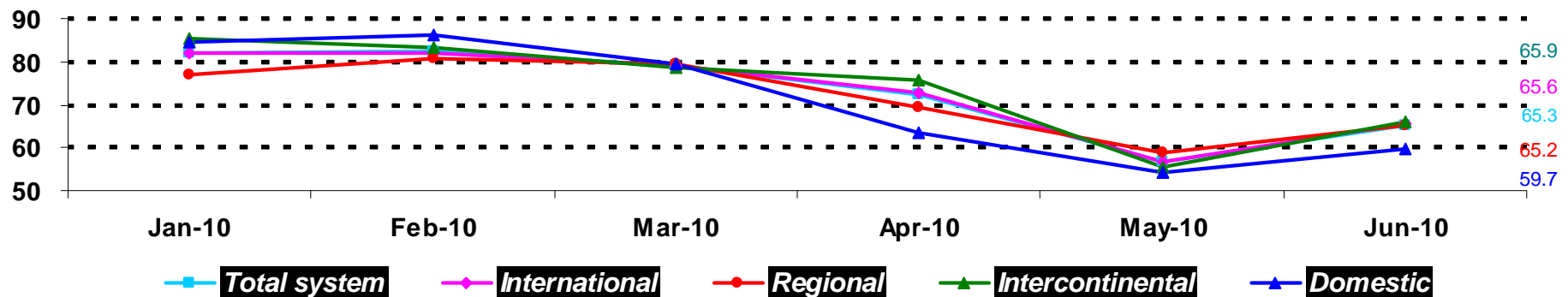
A

Passenger Number



B

Cabin Factor



Performance Summary

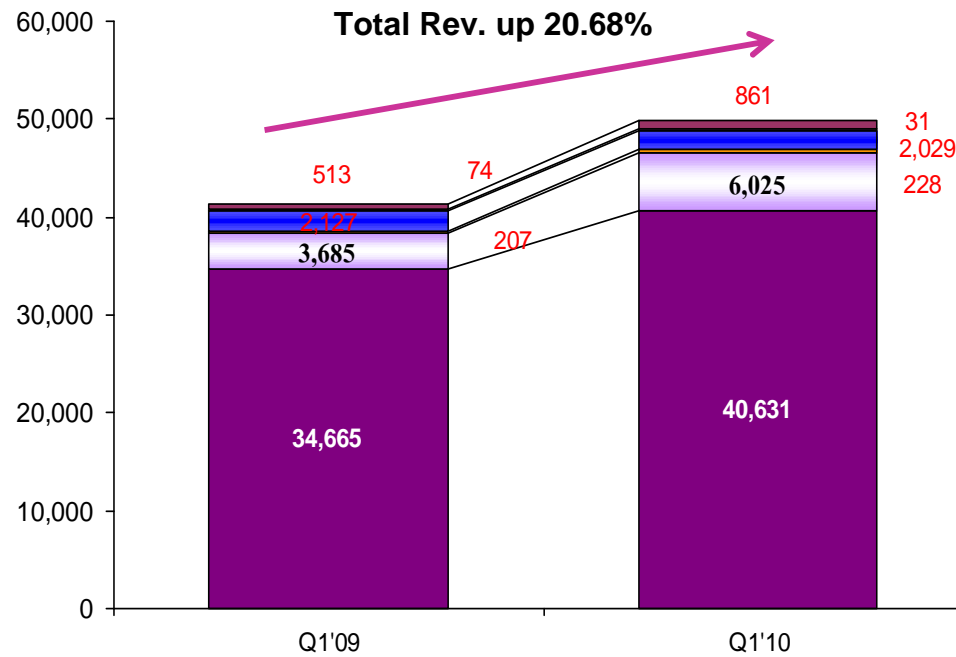
THAI and its subsidiary

(Unit : THB mn)

	Jan-Mar		Different	
	2010	2009	Amount	%
Revenue				
Operating Revenue	48,914	40,683	+8,231	+20.2
Other Revenue	892	587	+305	+52.0
Total	49,806	41,270	+8,536	+20.7
Expense				
Operating Expense	42,660	36,244	+6,416	+17.7
Other Expense	191	122	+69	+56.6
Fx Gain (Loss)	5,698	4,609	+1,089	+23.6
Financial Expense	1,345	1,449	-104	-7.2
Total	38,498	33,206	+5,292	+15.9
Depreciation	21,023	20,281	+742	+3.7
EBT	11,308	8,064	+3,244	+40.2
Net Profit (Loss)	10,724	7,869	+2,855	+36.3
Net Profit per share(Baht)	6.31	4.63	1.68	+36.3
Operating Profit	6,254	4,439	+1,815	+40.9
EBITDA	11,469	9,512	+1,957	+20.6
EBT&FX	5,610	3,455	+2,155	+62.4

Operating Revenue (Q1'09 & Q1'10)

Units : THB mn

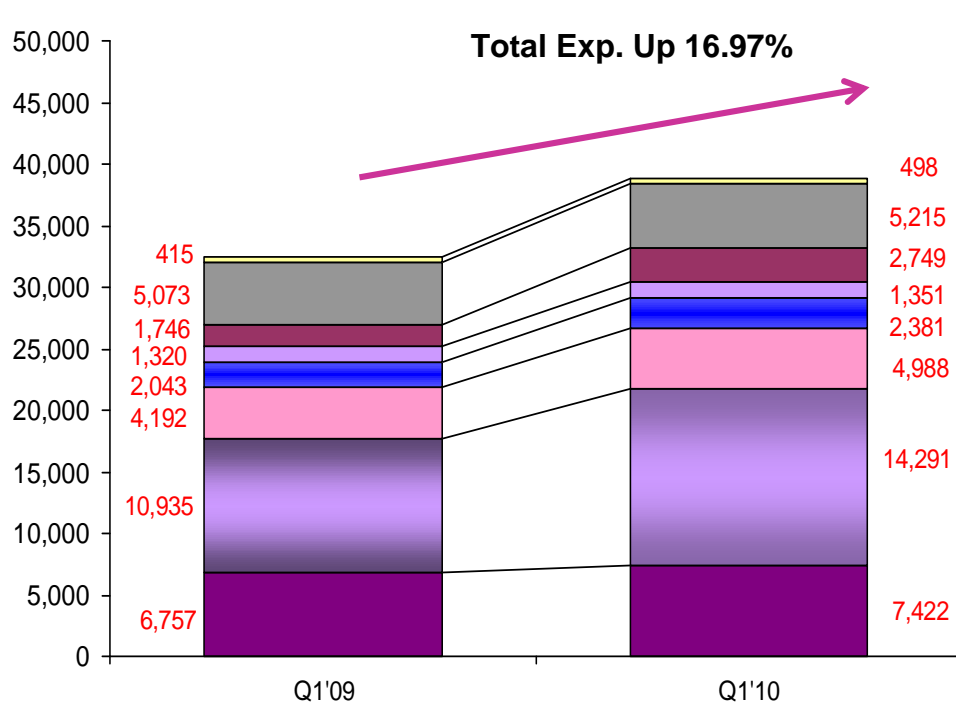


	% Change	% to Tot. Rev.
Passenger	17.21	81.58
Freight	63.50	12.10
Mail	10.20	0.46
Other activities	-4.58	4.07
Interest income	-58.42	0.06
Other income	67.85	1.73
Total Income	20.68	100.00

■ Passenger
 ■ Freight
 ■ Mail
 ■ Other activities
 ■ Interest income
 ■ Other income

Operating Expense (Q1'09 & Q1'10)

Units : THB mn

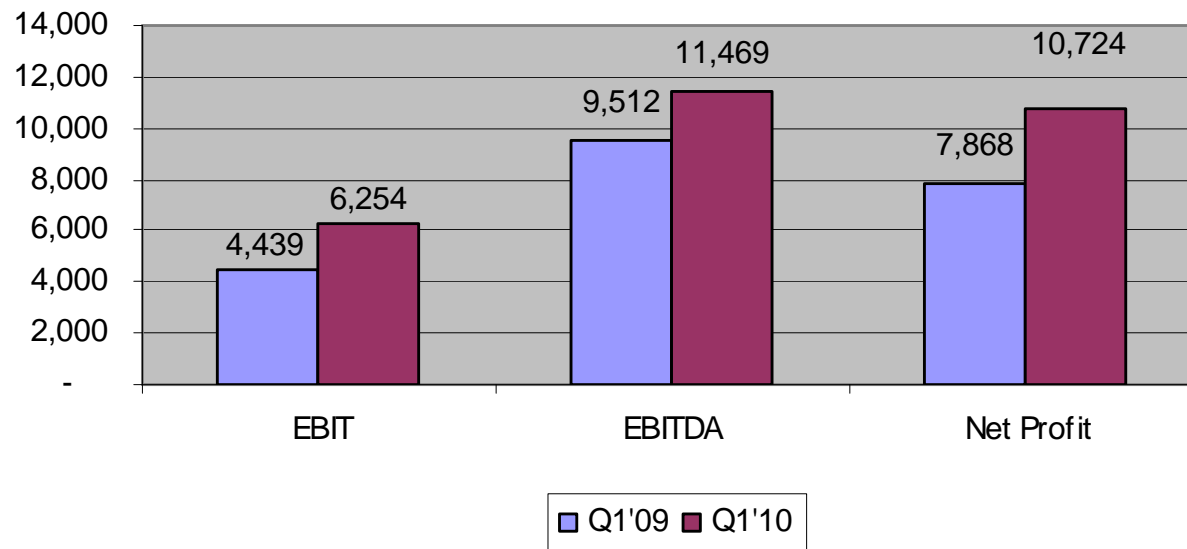


- Personnel
- Fuel and Oil
- Flight Service Expense
- Inventory & Supply
- Crew Expense
- Aircraft Maintenance
- Depreciation
- Lease of a/c

	% Change YoY	% of Tot. Exp.
Personnel expense	9.84	19.98
Fuel and oil	38.47	38.47
Flight service expense	18.99	13.43
Inventories and supplies	16.53	6.41
Crew expense	2.41	3.64
Maintenance/overhaul	57.46	7.40
Depreciation/amortisation	2.79	14.04
Aircraft lease/spare parts	19.86	1.34
Other expense	-4.79	5.60
Total Expense	16.97	100.00

EBIT, EBITDA and Net Profit (Q1'09 & Q1'10)

Units : THB mn



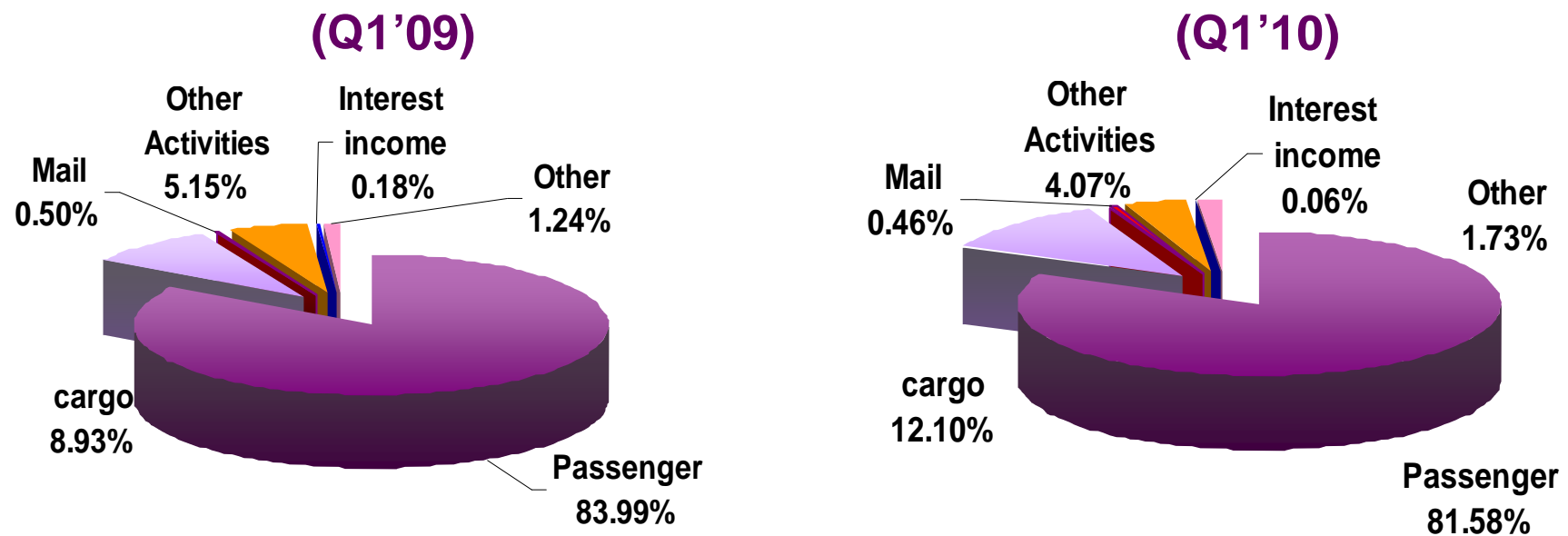
Factors Improving Q1'10 Results

- Control personnel expense – outsource and OT
- Ability to maintain suitable fuel surcharge
- Focus on RBD management

Ratios Q1'10

RATIOS	unit	2008	2009	2010
Operating Profit Margin	(%)	7.90	10.90	12.80
Net Profit Margin	(%)	4.00	19.30	21.90
Return on Total Assets	(%)	0.80	3.00	3.90
Return on Equity	(%)	3.20	15.80	18.30
Total Net Debt to Equity	(times)	1.89	2.45	2.35
EBIT	(MTHB)	4,342.00	4,439.00	6,254.00
EBITDA	(MTHB)	9,334.00	9,512.00	11,469.00
EPS	(THB)	1.30	4.63	6.31
Debt Service Coverage Ratio	(times)	1.90	2.00	2.00

Revenue Breakdown Q1'10 over Q1'09

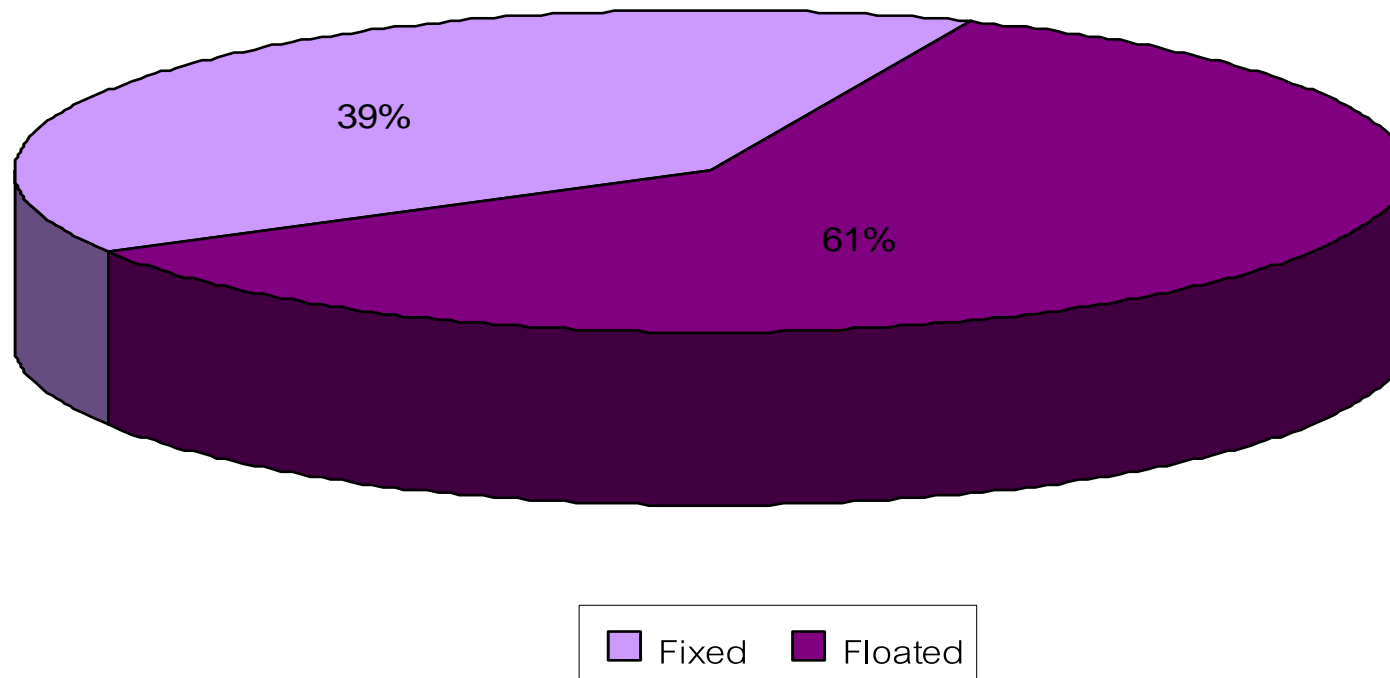


January 2010 – March 2010

Unit : MTHB

	Revenue		Expense		Surplus or Deficit	Outstanding Balance			
	Amount	%	Amount	%				After Swap	
					Amount	%	Amount	%	Amount
USD BASED	22,993	47.12	22,740	61.36	253	3,678	2	2,272	1
USD	4,947		20,010		- 15,063				
Others ⁽¹⁾	18,046		2,730		15,316				
EUR BASED	12,344	25.29	2,106	5.69	10,238	58,343	39	59,809	40
EUR	5,752		1,438		4,314				
Others ⁽²⁾	6,592		668		5,924				
JPY	3,845	7.89	1,050	2.83	2,795	15,352	10	15,352	10
THB	9,619	19.70	11,162	30.12	- 1,543	73,275	49	73,275	49
TOTAL	48,801	100.00	37,058	100.00	11,743	150,648	100	150,708	100

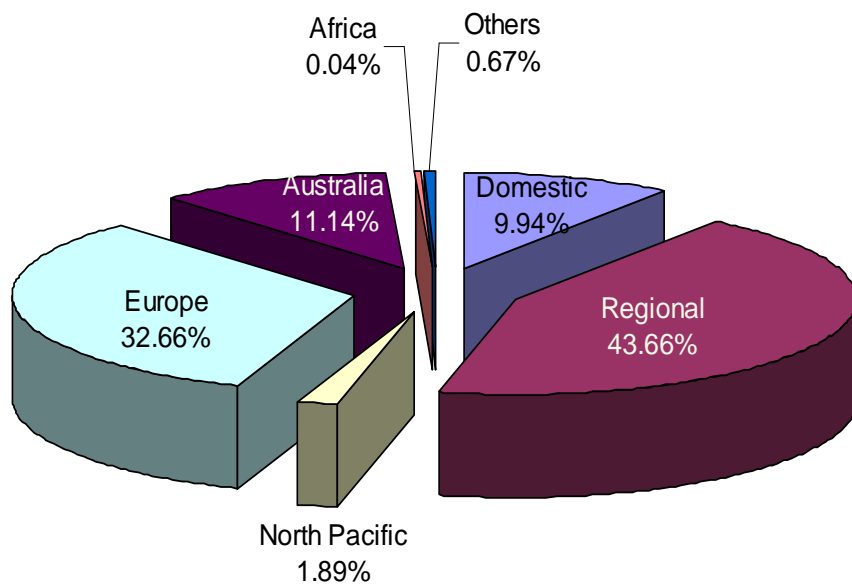
Fixed and Floated (Before Swap)



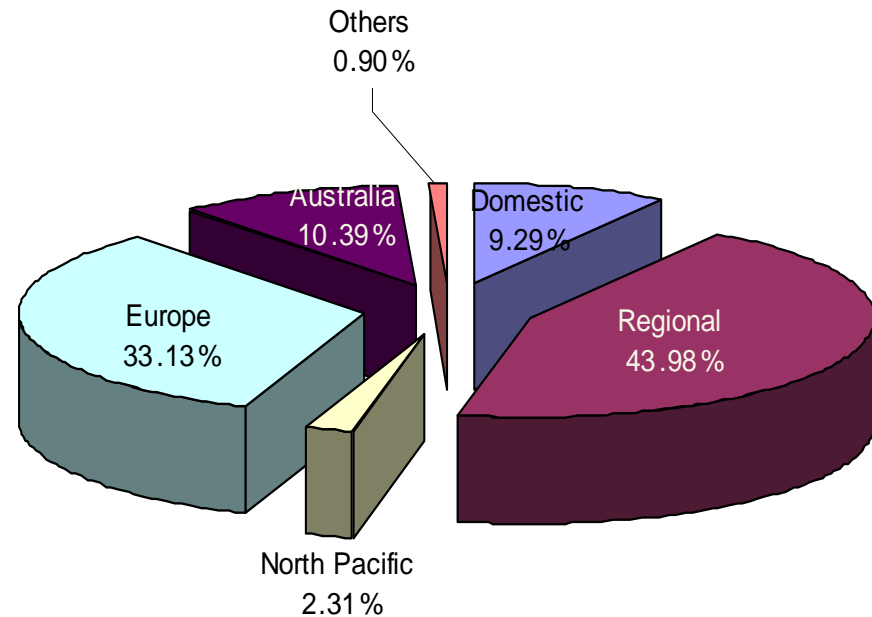
Percentage of TOTAL
(TOTAL = 144,705 MTHB)

Summary of Net Traffic Revenue

January-December 2009



January-March 2010



Total Revenue (exclude surcharge) = 124,254 MTHB Total Revenue (exclude surcharge) = 38,401.07 MTHB

Difficulties Faced by Airline Industry and THAI

- Economic recovery
- High capacity & lower demand
- Higher fuel cost than early 2009
- Domestic political unrest
- Unforeseen natural disasters

New Core Values to Reach TG100

2010 is THAI's 50th Anniversary

Customer-oriented

- Offer products and services that are fully aligned with the demand and perceived value of THAI's customers

Competitive

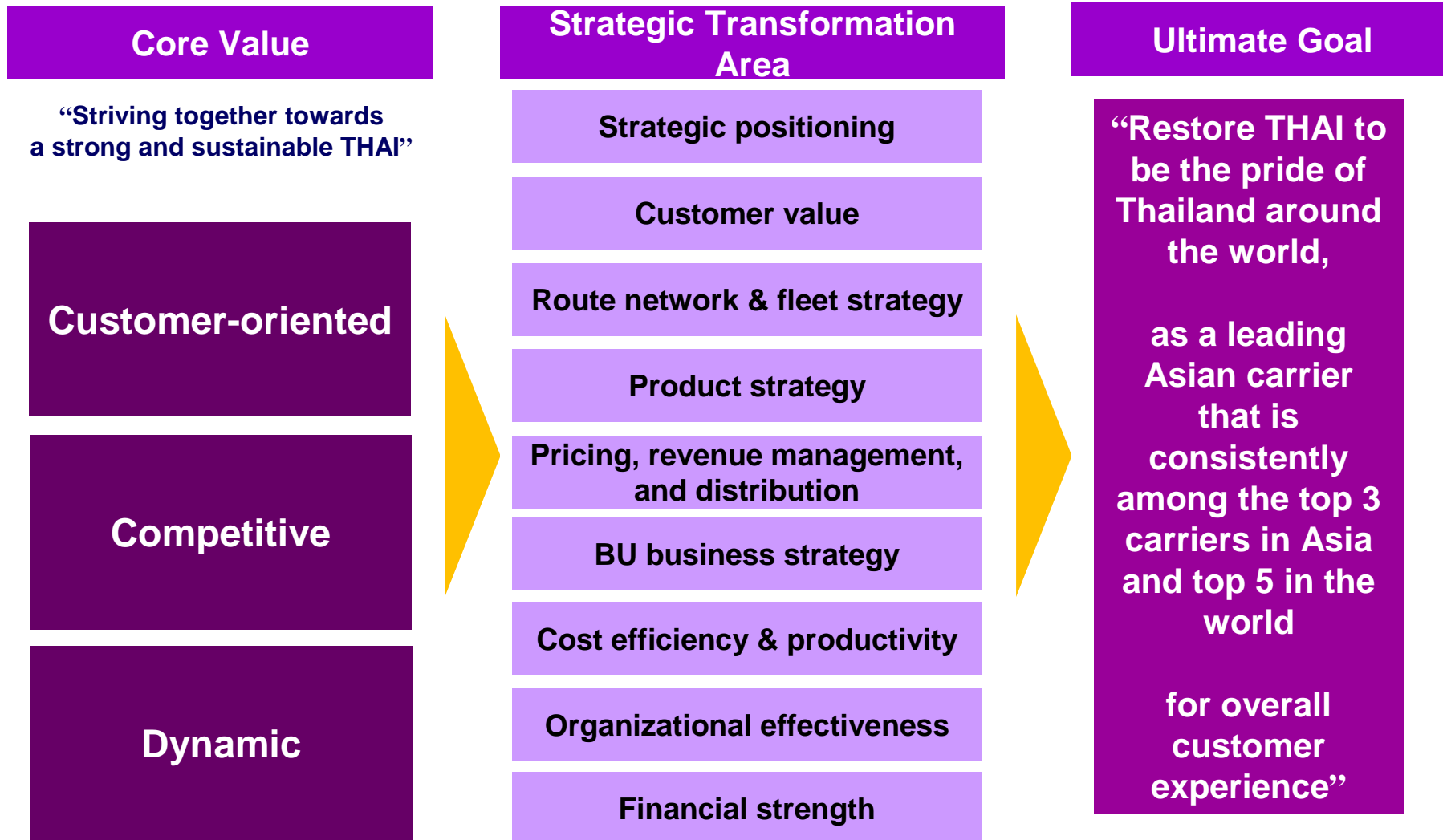
- Ensure that THAI delivers a better customer experience at lower delivery cost compared to peers

Dynamic

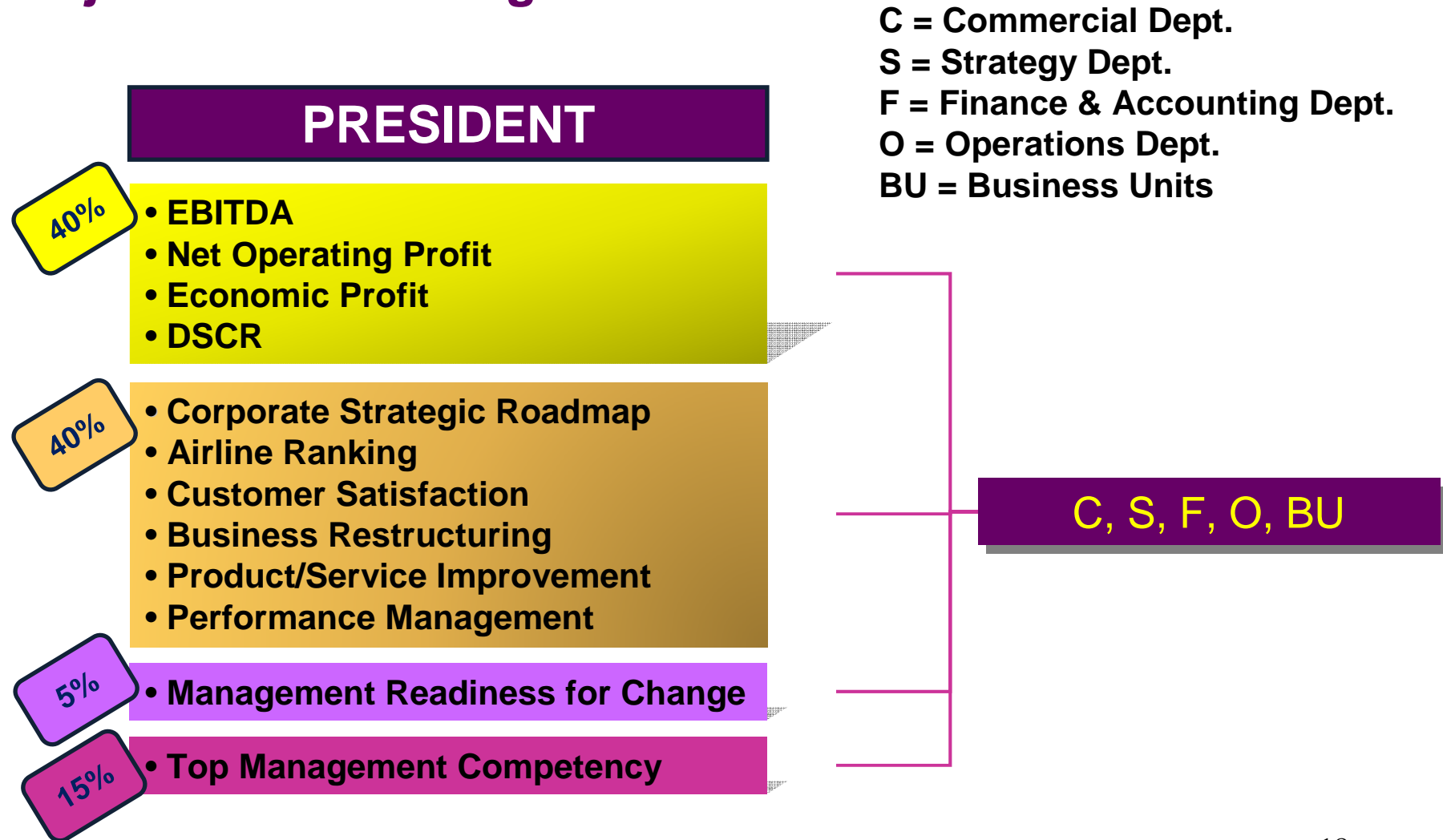
- Capable of making decisions and taking actions to respond quickly to changes in the business environment



Overall Strategic Roadmap



Major KPIs for Management



2 Brand Strategy



**Premium Service
Network Airline**



**Leading
Budget Carrier**



**2 BRANDS
2 PRODUCTS
2 MARKETS**



**Cover large markets
with wide-body aircraft**

**Expand to secondary
domestic and regional
markets with narrow-body
aircraft**

Cost Reduction Program (2010 Onward)



Marketing Expenses

- Negotiate to reduce reservation fee
- Promote direct sales channels
- Marketing Expenses per RPK, reduce 3.1% from last year

Operating Expense

- Review Handling Agreements with local and overseas handling agents
- Negotiate with handling companies in order to reduce handling and other fees
- Negotiate with AOT and abroad in order to reduce landing & Parking Fee and Navigation Fee
- Negotiate with supplier to reduce raw material expense

Lean & Green

- Improve cross-functional integration to reduce internal loss within the organization
- Implement process innovation to improve efficiency and reduce cost
- Create environment and social responsibility awareness

Performance Based Culture

- Implement Performance Management Framework and Performance Contract for EVP and MD
- Link performance with short-term incentives
- Consider increasing long-term employee ownership
- Encourage spirit of teamwork

Procurement Process Improvement

- Implement revised procurement process to respond faster to market changes
- Organization Restructuring

Top Management Skill

- Develop knowledge management
- Enhance general management skills for senior management positions

Good Governance

- Revise “Whistle Blower” concept
- Written code of conduct as good governance guideline for management & staff
- Instill ethics and integrity in Corporate culture

Revenue Enhancement

- RBD Management
- Published Carrier Fare
- Web Page Re-design
- Mobile Service Implement
- Corporate Sales Enhancement
- ROP Program Improvement
- Alliance and Partnership

Cost Management

- Fuel Management
- Fuel Hedging
- Head Count Freeze
- Management benefits review
- Overtime Costs Control
- Crew Route Expense Control
- Cabin Crew MSP
- Leave without pay
- Process re-design

Efficiency & Services Improvement

- Performance-Based Culture
- Whistle Blower
- Procurement Process Improvement
- Maintenance Efficiency Improvement
- Reduce Bag-on-Belt Time
- Seat/IFE retrofit
- Touch points service improvement

Pricing Revenue Management and Distribution Strategy

Enhance revenue management

- Optimize use of Revenue Management System
- Improve demand forecast for seat allocation to optimize/flight revenue
- Manage revenue based on Origin & Destination (O&D)

Redesign pricing

- Employ standard published fares
- Multi-pricing capability on Global Distribution Systems (GDS) & Central Reservation Systems (CRS) for all markets
- Moving towards zero commission base

Distribution channels

- Enhance TG's own booking site & popular travel portals
- Improve cooperation with alliance partners to cross sell
- Employ Passenger Service System (PSS) linking reservation, ticketing, inventory control and check-in able to synchronize with the Star Common Platform

Enhance premium & corporate sales

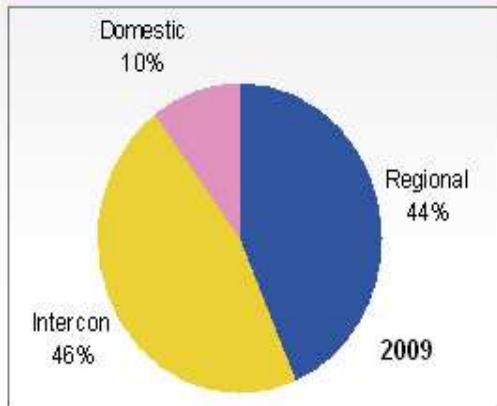
- Target Star Alliance based corporate and institutions customers
- Improved data mining to tap premium class passengers

Commercial Strategy

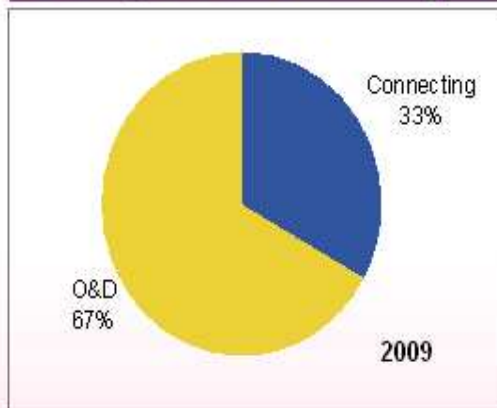


Fleet Plan Results in Better Product and Efficiency

Revenue Breakdown by Region⁽¹⁾



Percentage O&D and Connecting pax



Europe

- Consider increase capacity to main markets with A380-800
- Increase frequency to secondary markets

China

- Resume flights to Beijing, add new flights to Macau and increase frequency to Hong Kong

North America

- Resume daily direct services to Los Angeles in December 2009

Japan

- Add capacity to Narita with A380, introduce new flight to Haneda, and resume frequencies to Fukuoka

ASEAN

- Add frequencies to Yangon, Ho Chi Minh, Hanoi, Jakarta and Denpasar and resume frequencies to Kuala Lumpur, Penang

Middle East

- Resume frequencies to Dubai and add frequencies to Muscat

Indian Sub

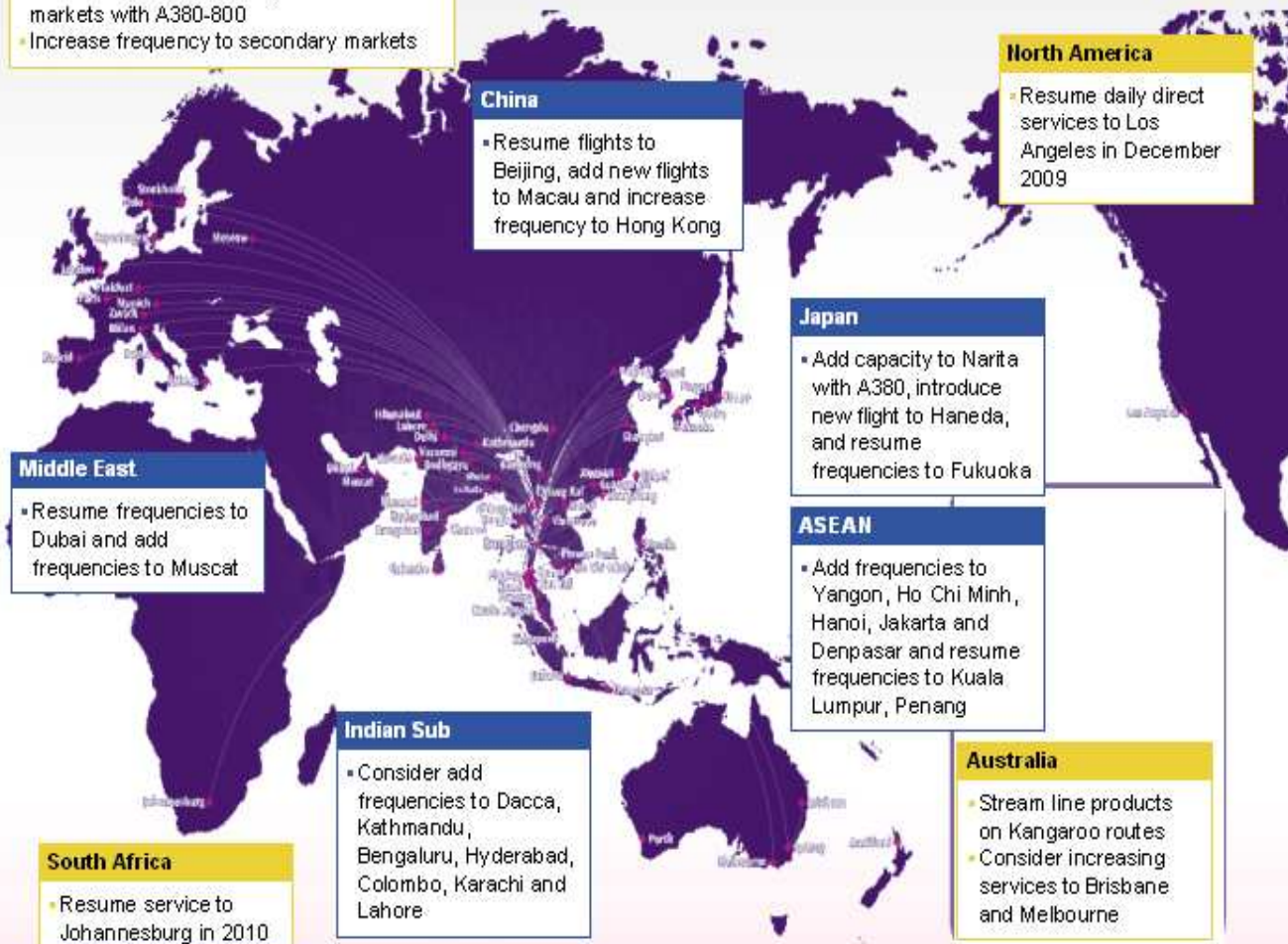
- Consider add frequencies to Dacca, Kathmandu, Bengaluru, Hyderabad, Colombo, Karachi and Lahore

South Africa

- Resume service to Johannesburg in 2010

Australia

- Stream line products on Kangaroo routes
- Consider increasing services to Brisbane and Melbourne




Intercontinental Routes Regional Routes

(1) Exclude revenue from charter, block space and prior year insurance & fuel surcharge passenger

Route Network

- Review route performance and address low margin/unprofitable routes
- Optimize network scheduling and route connectivity
- Expand strategic partnerships and involvement within & beyond Star Alliance
- Resume & expand route network in India, China and other regional markets
- Strategically align route network plan with Nok Air

Route Network Strategy

Re-launch	
• Bangkok – Johannesburg (vv)	4/wk
Station Closure	
• Bangkok – Kuwait (vv)	3/wk
Sector Cancellations	
• Manila – Osaka (vv)	7/wk
• Hong Kong – Taipei (vv)	7/wk
Sectors Given to Nok Air 	
• Chiang Mai – Maehongsorn (vv)	14/wk
• Bangkok – Phitsnulok (vv)	14/wk
• Bangkok – Ubonrachathani (vv)	21/wk
Not Increasing Flight Frequency as per Plan (Seasonality)	
• Bangkok – Kathmandu (vv) (TG335/336)	2/wk
• Bangkok - Bhodgaya – Varanasi (vv)	2/wk

Route Network Strategy

Decrease flight frequency	
• Bangkok-Athens (vv) (Effective June, 1 2010)	3/wk
• Bangkok-Mumbai (vv) (Effective May, 16 2010)	7/wk
Increase flight frequency	
• Jakarta-Europe-Bangkok, Bangkok-Jakarta (vv)	14/wk
• Europe-Bali-Bangkok, Bangkok-Bali (vv)	14/wk
• BKK-Brisbane (vv)	5/wk
• BKK-Auckland (vv)	5/wk
Temporarily flight cancellation	
• Bangkok-Sydney-Brisbane-Bangkok	

THAI's Freighter

- BKK-FRA (vv) 2/week
- BKK-HKG-AMS-BKK 1/week



2 Boeing 777-200 LRF

- Under Block Space (BSA) contract
- Entire aircraft lease from Southern Air Inc' (SAI)

15 Customer Touch Points

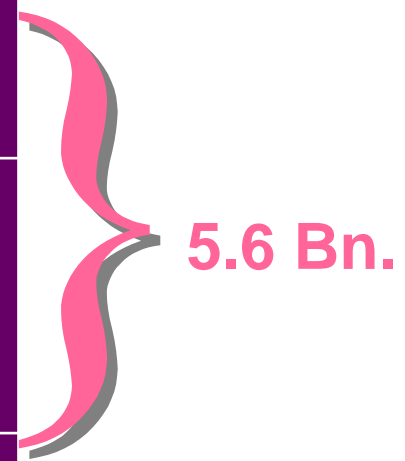


- Strengthens yield
- Strengthen THAI's image
- Increase ranking by 3rd parties
- Consistently high standard service
- Enhance cooperation among units
- Reduces customer acquisition cost
- Raise barrier for competitors

Aircraft Retrofit Program

Aircraft	2010	2011	2012	Retrofit Program
B747-400	1	3	2	New Y class seats with individual in – flight entertainment system
B747-400	2	2	2	New seat in F, J and Y class with In – Flight Entertainment (Audio Video)
B777-200	1	7	-	Installation of in – flight entertainment system in Y class seats

5.6 Bn.

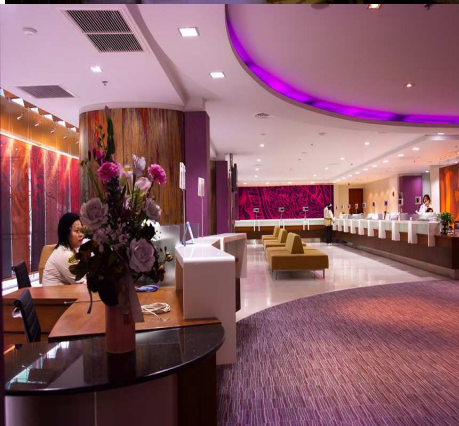
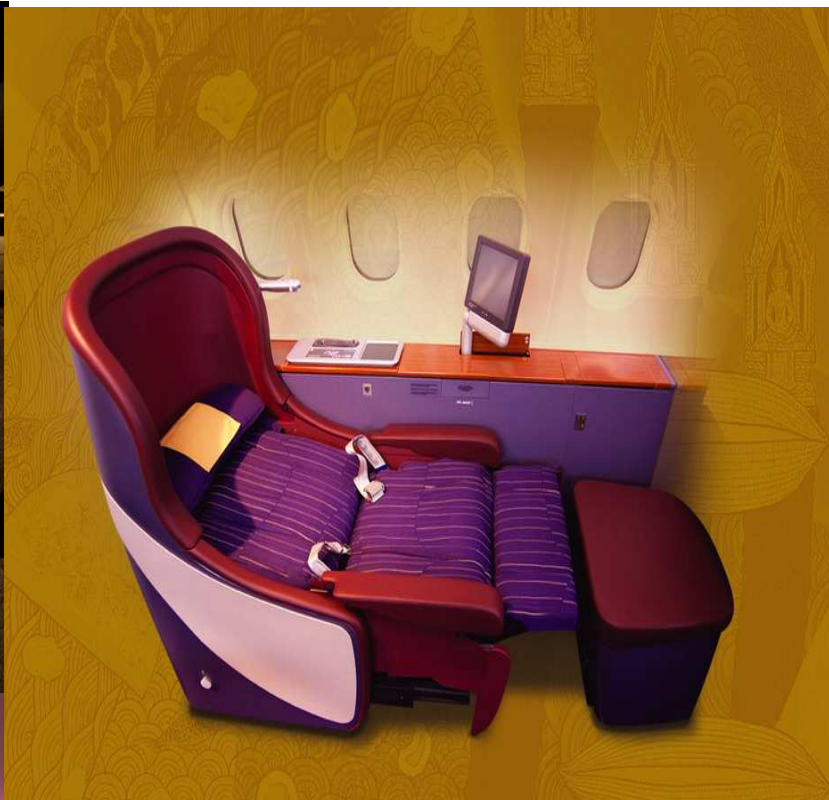


Immediate Actions to Improve Customer Service & Satisfaction

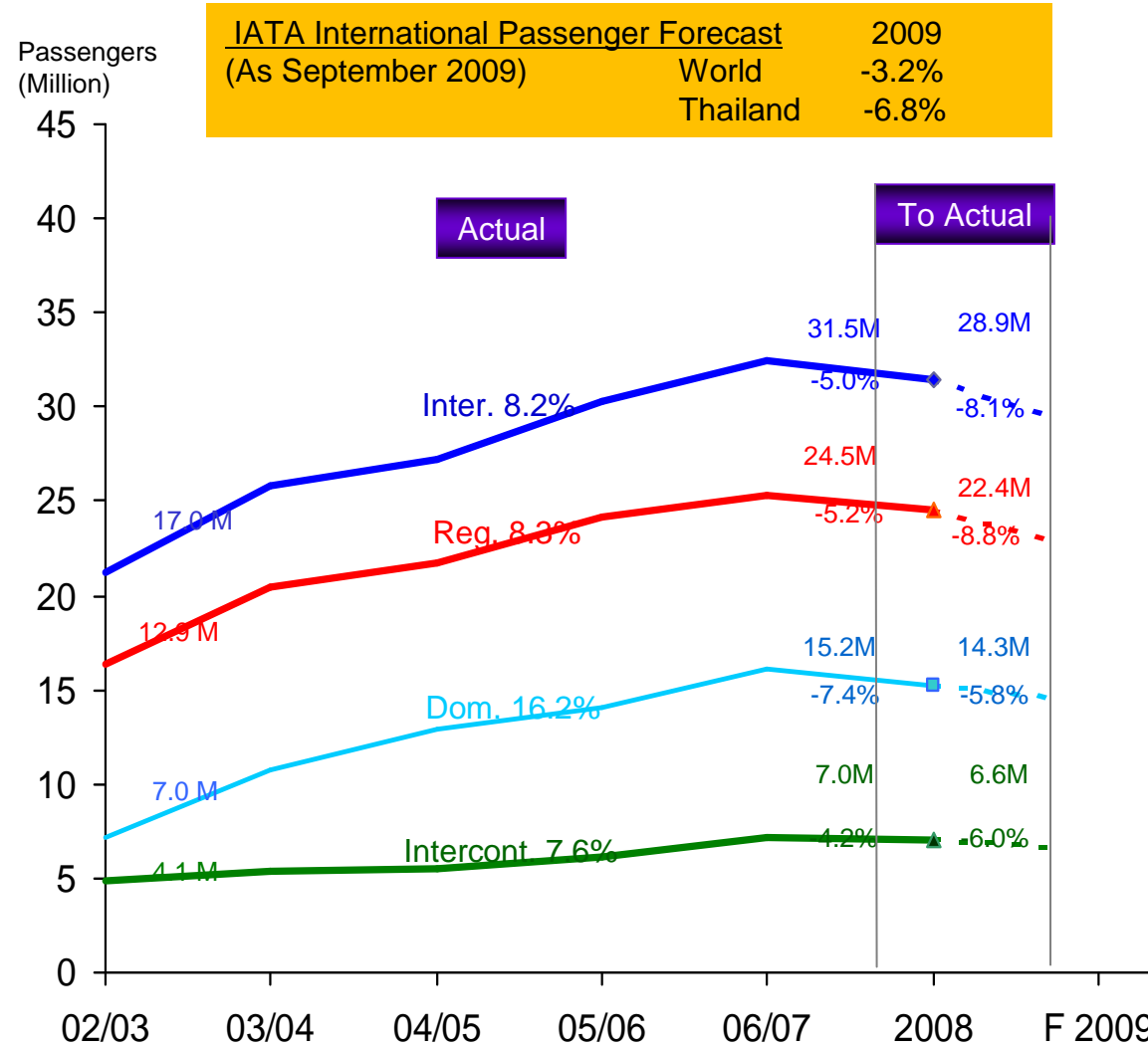
- Aircraft seat & entertainment system upgrade
- First Class Lounge dine-in experience
- Improve food quality, taste and presentation
- Improve ease & speed - internet booking
- Improved wine list
- Noise canceling headphones
- Broadening range of music & movie selection

- 15 minute first class first bag to carousel
- Service recovery – empower compensation
- e-services – sms notification, mobile flight info.
- Relieving call center congestion
- Amenity kit upgrade for premium class
- First class turndown service
- On-board reading materials

Product Improvement



Passenger



Fleet Strategy



Current Fleet: 94 Aircrafts

As of Jun 2010



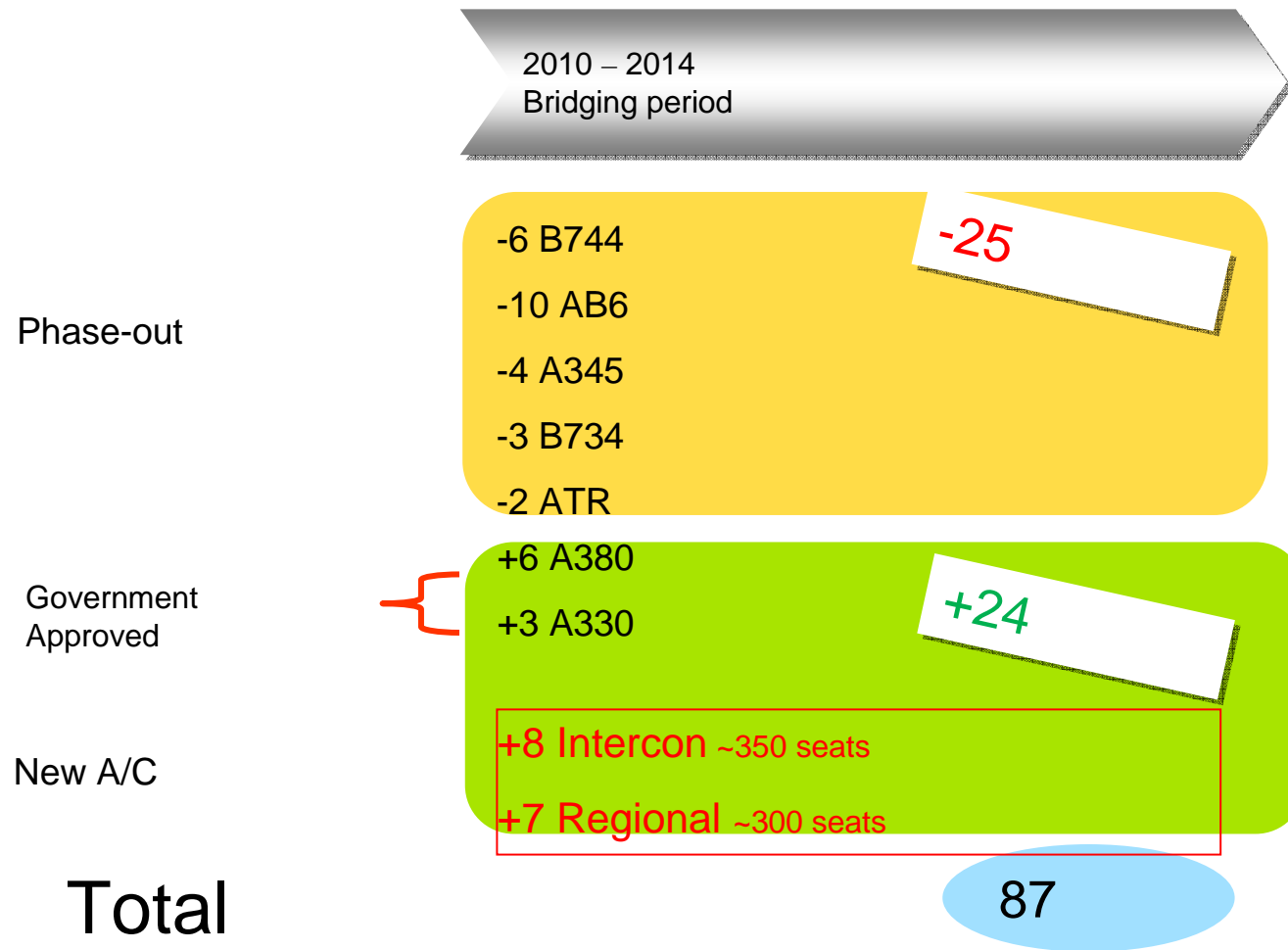
Aircraft Type	# of Aircraft	# of Seats	Owned/ Financial lease	Operating lease	Leased by Nok Air
Boeing 747-400	18	389/375	O 13 / FL 5	-	
Boeing 777-300	6	364	FL 6	-	
Boeing 777-300 ER	3	312	-	OL 3	
Boeing 777-200	8	309	O 6	OL 2	
Boeing 777-200 ER	6	292	FL 6		
Boeing 737-400	9	150	O 6	OL 3	4
Airbus A 330-300	15	305/299	O 10 / FL 3	OL 2	
Airbus A 340-600	6	267	FL 6	-	
Airbus A 300-600	17	261/247/ 260	O 17	-	
Airbus A 340-500	4	215	O 1 / FL 3	-	
ATR72	2	66	O 2	-	2
Total	94	26,971	O 55 / FL 29	OL 10	6

Lease aircraft from Jet Airways

Effective
Jun 16, 2010

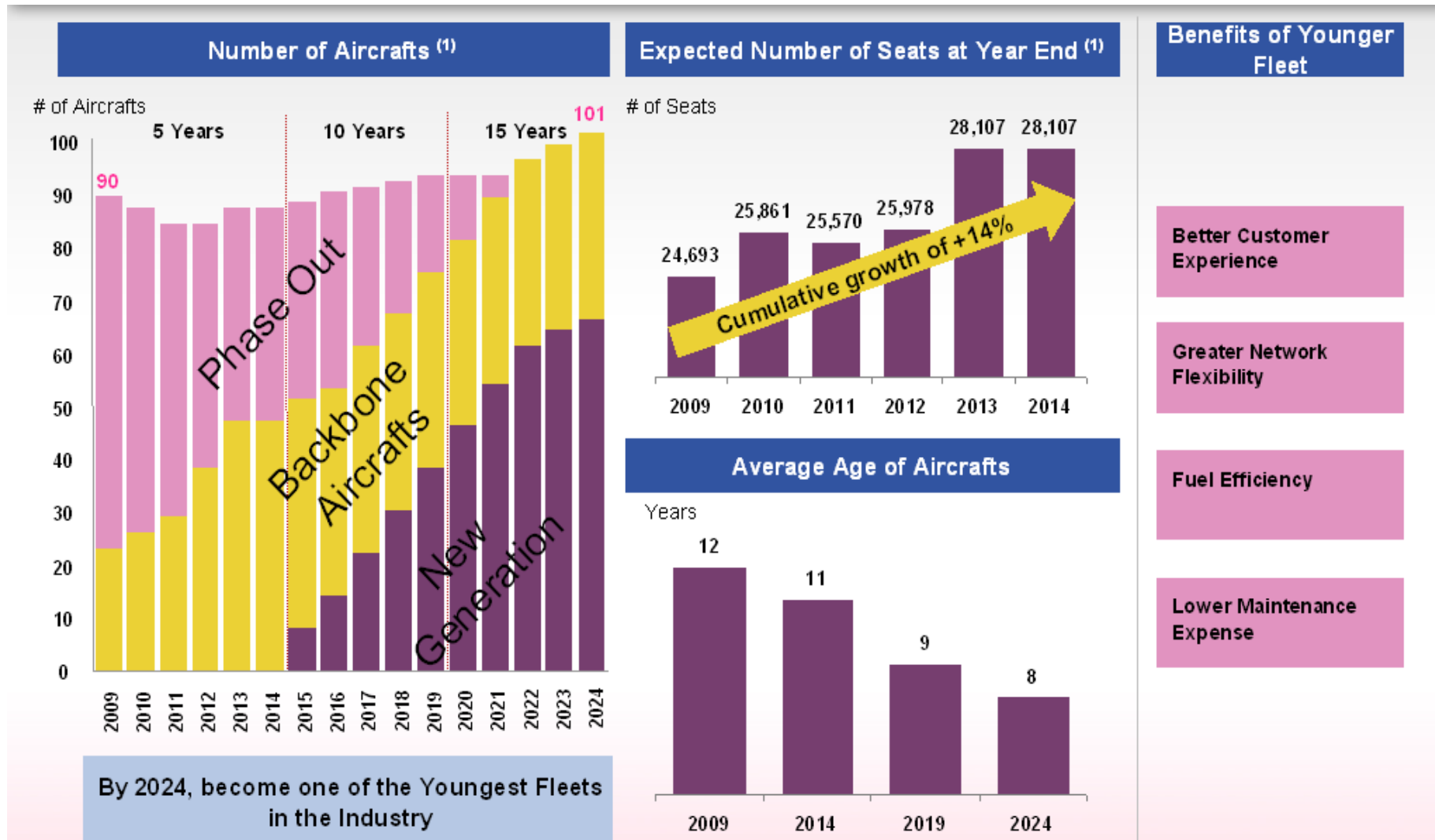
- Lease 3 Boeing 777-300ER from Jet Airways
- 3 years lease
- Operate 7 flights/week to Tokyo
- Operate 10 flights/week to Paris

Fleet Transformation Roadmap



Remark : Number of aircraft required for intercont. and regional may be subject to change according to detail route network plan

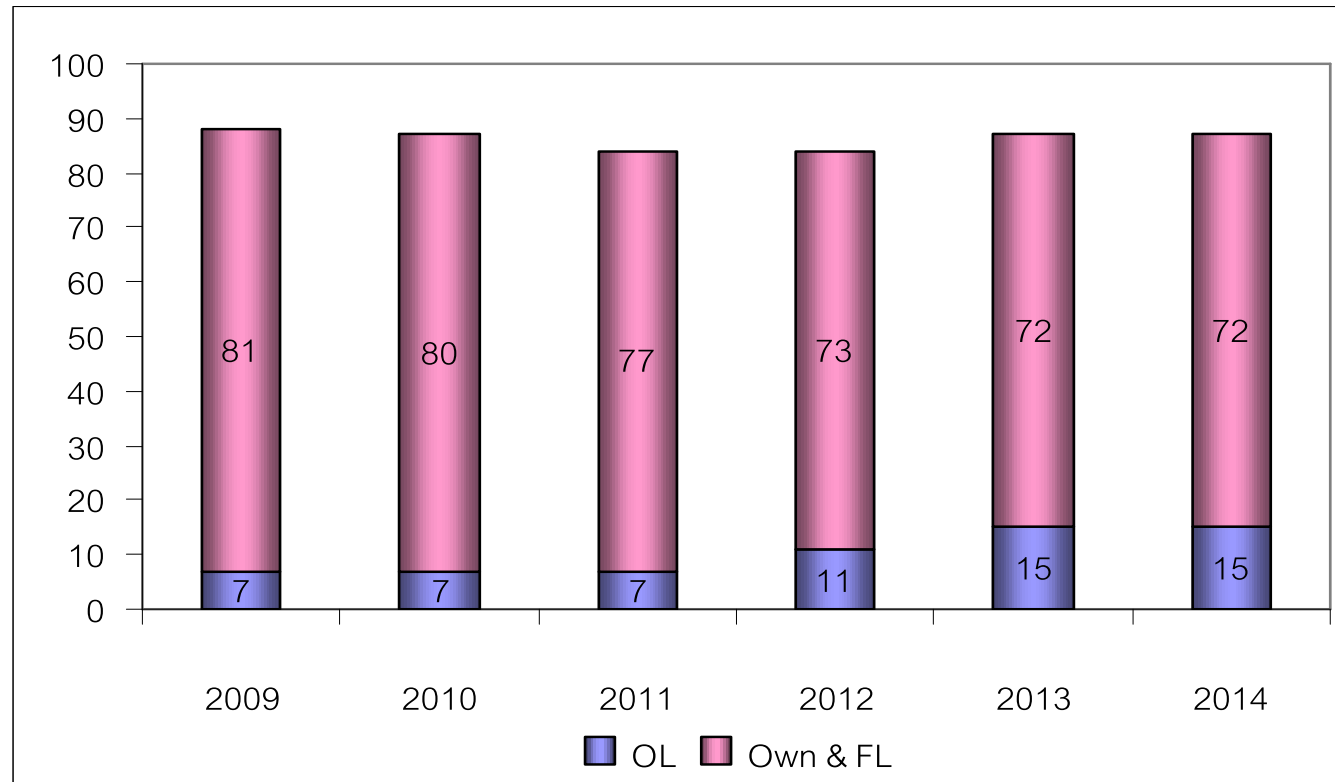
Fleet Plan Results in Better Product and Efficiency



(1) Exclude three short-term leased aircrafts. Include 2 A300-600 that have been decommissioned but still under selling process

OL & FL Aircraft Proportion - Plan

OL percent 8.0% 8.1% 8.3% 13.1% 17.2% 17.2%



Note : Based on available slot for purchase

Fuel Management Strategies

Managing fuel burn

- Minimize unnecessary weight
- Carrying only necessary quantities of commodities
- Winglet modifications to wings to enhance fuel efficiency
- Greater coordination with control tower
- Cleaning aircraft body
- Ensure highest standard of engine maintenance

Managing fuel surcharge

- Readily tracking and anticipating potential rallies in fuel cost
- Implement fuel surcharge on a more timely basis
- Increase in small increments

Managing fuel hedging

- Ensure hedging done on a more regular basis
- Implement new hedging guidelines
- New authorization levels for risk control

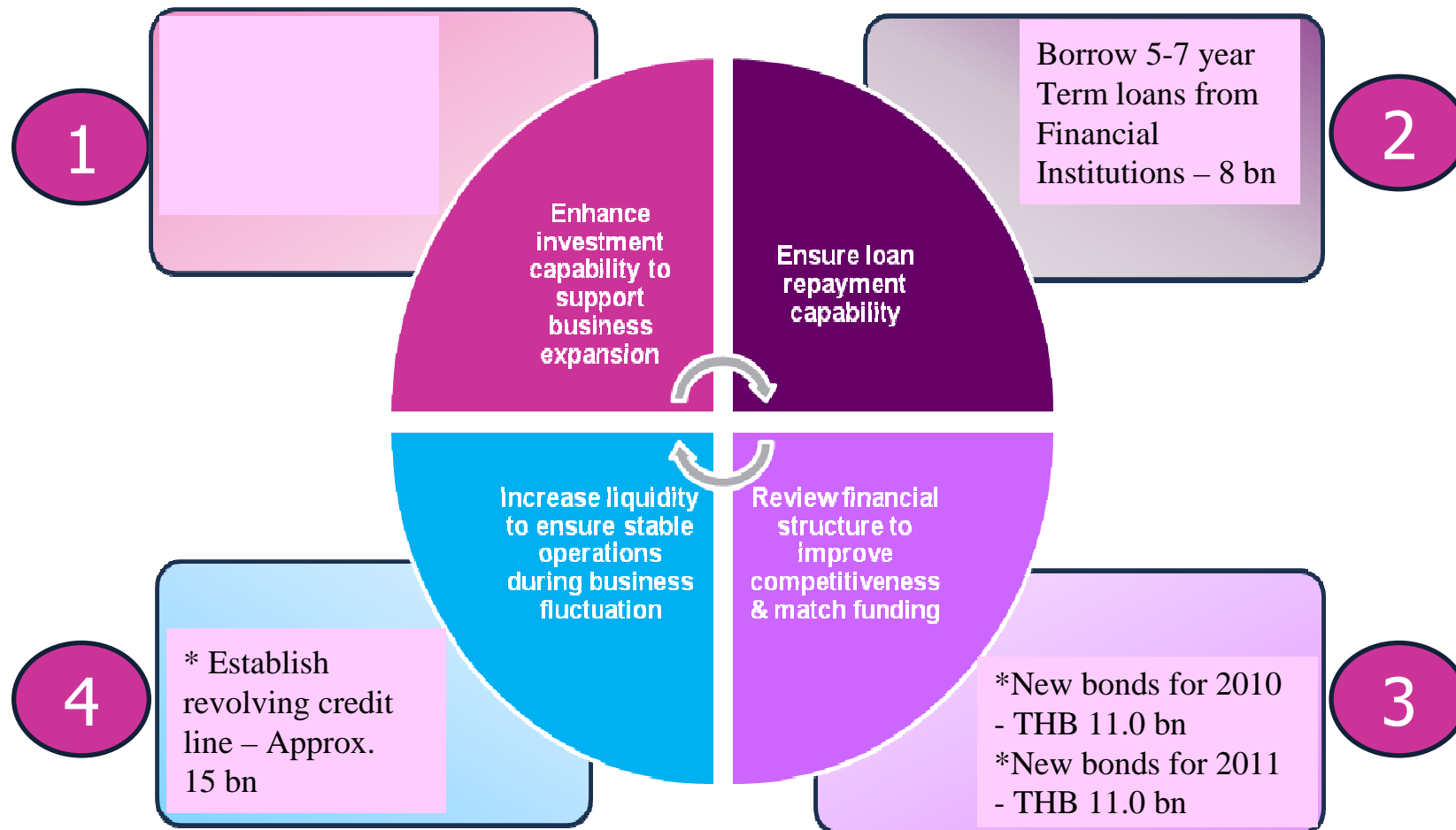
Fuel Hedging Authority

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
		Contract Period																		

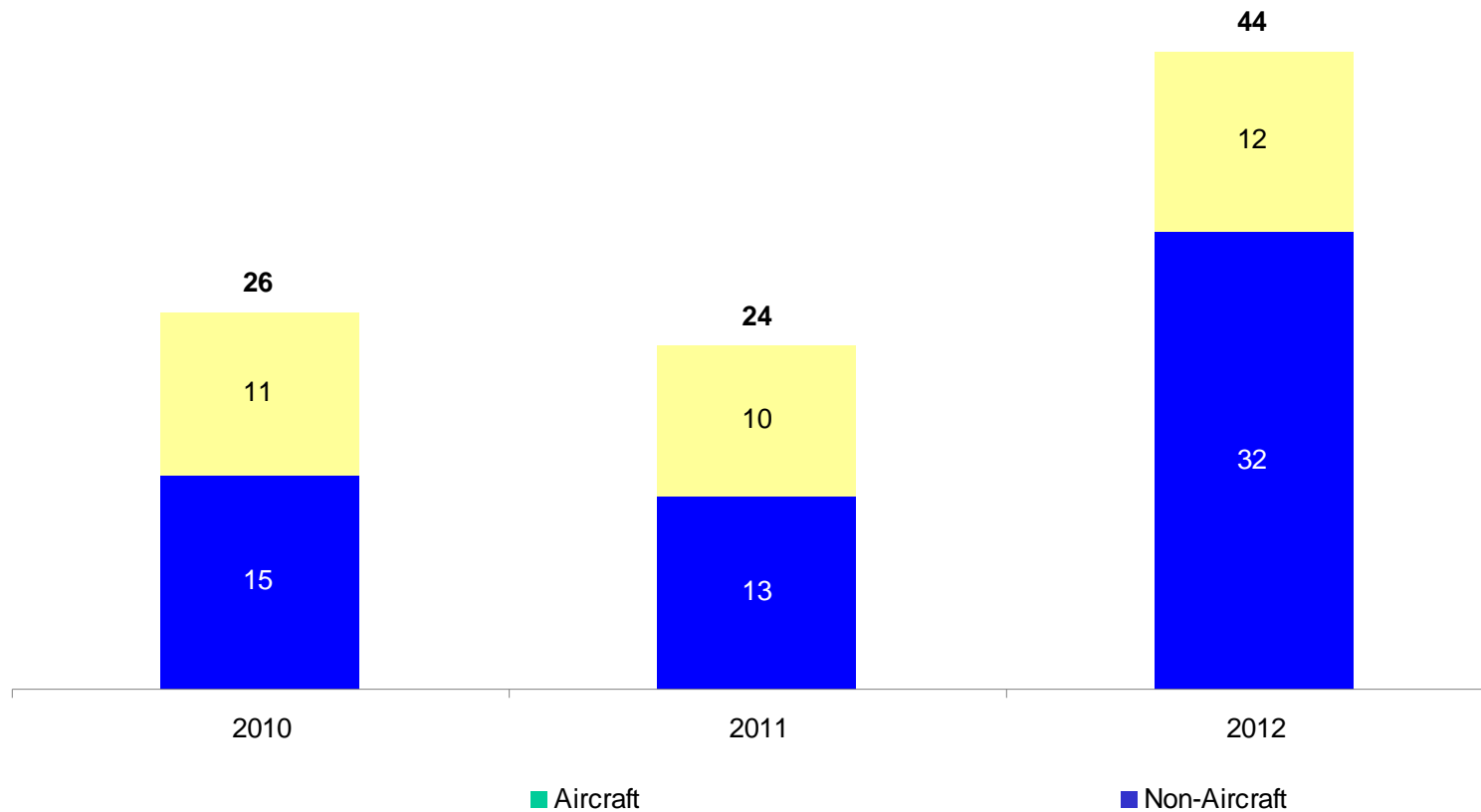
THAI's Fuel Hedging Policy

Criteria	Hedging policy
Percent Coverage	Increase maximum coverage to 80% with a minimum of 20% coverage without BoD approval
Contract Length	Increase hedging contract length up to 18 months
Underlying Asset	Crude or Jet kerosene
Instrument Mix	Basic Options, Collars and Swaps – studying premium based instruments
Credit Risk	Limit counter party risk at credit rating “A” by S&P

Financial Strength & Stability



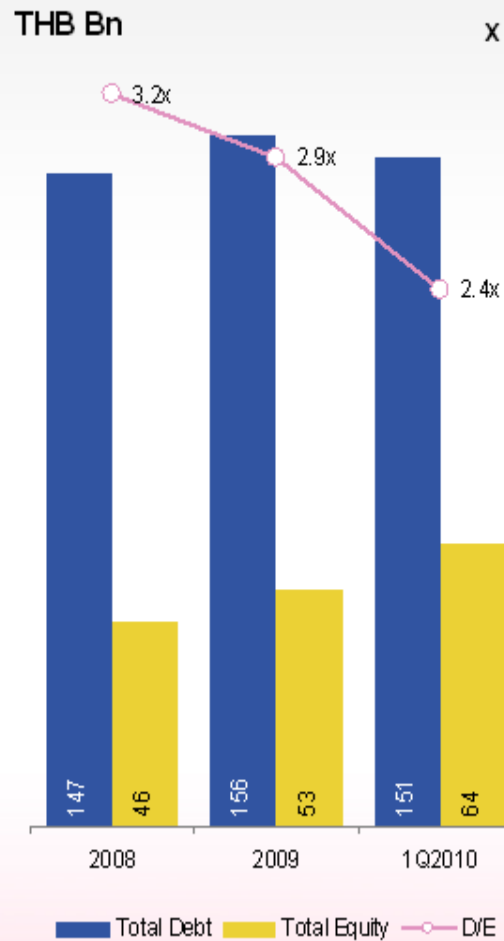
Three-Year Capital Expenditure



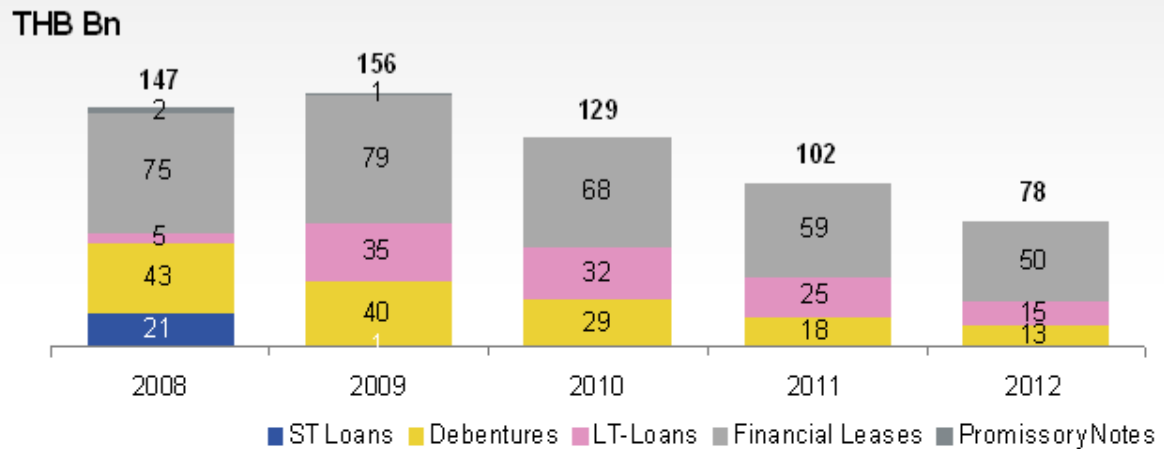
(1) Assume FX rate of THBUSD = 36.00, THBEUR = 50.50 and THBJPY = 0.3657.

Existing Debt

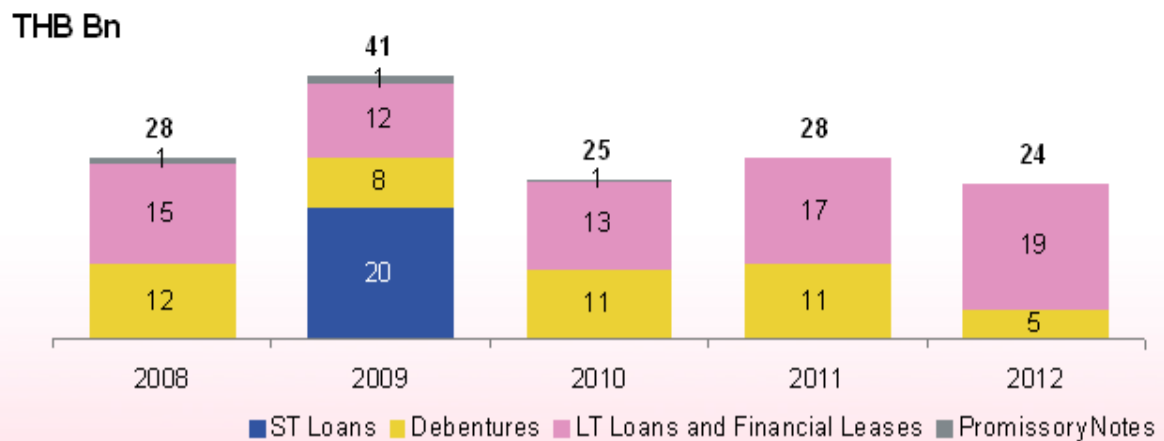
Leverage Ratio



Outstanding Balance ⁽¹⁾



Debt Repayment Schedule ⁽¹⁾

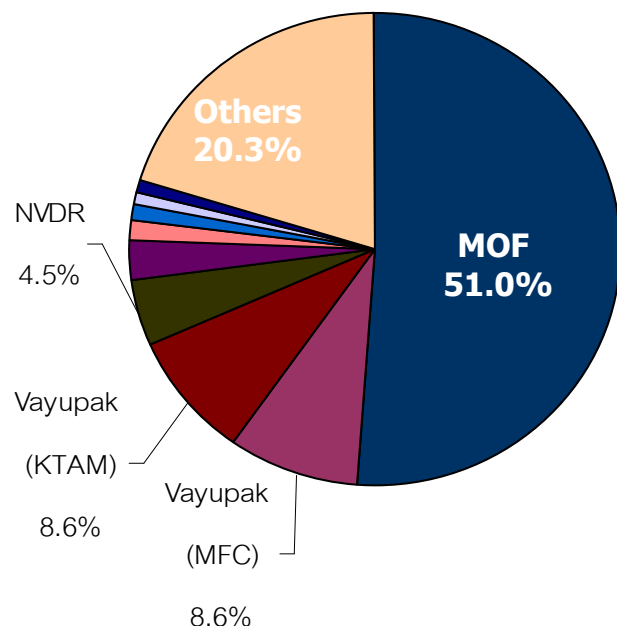


Outlook

- Fluctuating fuel cost and FOREX
- Competition still tight from traditional and LCC airlines
- Facing global economic challenges
- Facing political challenges
- Being able to deliver consistent quality and seamless service
- ASEAN Open Skies pending in 2013 – higher competition
- Aging aircraft fleet and bridging aircraft needs challenging
- Available slots for aircraft purchase is a challenge

Company Facts & Figures

Overview



■ Ministry of Finance	51.0%
■ Vayupak (MFC)	8.6%
■ Vayupak (KTAM)	8.6%
■ NVDR	4.5%
■ Government Saving Bank	2.7%
■ Mellon Bank	1.5%
■ Citibank Nominees	1.0%
■ Nortrust Nominees	0.9%
■ Social Security Office	0.9%
■ Others	20.3%

- Thailand's National Flag Carrier
- 51% directly 68% indirectly owned by the Royal Thai Government
- 49 years of operations

- Registered Capital (THB): 17,000 mn
 - Par Value (THB) : 10
 - Issued and paid-up (THB): 16,989 mn
 - Market Capitalization (THB): 31,620 mn
- (As of 30 Dec 2009)

Subsidiary & Associated Companies

Name of Company	% Holding	Business Type	2009 Financial Highlights (MB)			
			Assets	Liab.	Rev	Net Profit (Loss)
1. Thai-Amadeus Southeast Asia Co., Ltd.	55%	Reservation Service	745.7	84.4	396.1	160.6
2. Donmuang International Airport Hotel Co., Ltd	40%	Hotel	440.7	44.5	123.9	- 25.5
3. Nok Air Co., Ltd.	39%	Low Cost Flight Service	405.9	383.5	1,631.0	226.8
4. Suvarnabhumi Airport Hotel Co., Ltd.	30%	Hotel & Services	2,028.8	1,595.5	570.7	- 209.9
5. Phuket Air Catering Co., Ltd.	30%	Catering Service	304.8	9.8	197.6	63.4
6. Royal Orchid Hotel (Thailand) Plc.	24%	Hotel	1,769.2	735.3	412.5	- 146.5
7. Bangkok Aviation Fuel Services Plc.	23%	Fuel Service	5,433.3	2,707.0	1,183.5	336.2

As of 30 SEP 2009

Operations

1. Core Aviation Business Unit

- Passenger Transportation
- Cargo/Mail Handling and Transportation Services



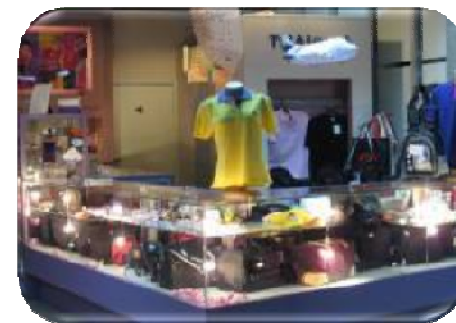
2. Supporting Business Units

- Catering Services
- Aircraft Maintenance and Technical Services
- Ground Customer Services
- Ground Support Equipment Services



3. Ancillary Passenger Transport Activities

- Dispatch Services
- Sale of Duty Free Goods on Board
- Sale of Souvenir Products at THAI Shops



Facilities at Suvarnabhumi

Operations Center

- Covers 35,000 sq. m. area including Crew Terminal, Crew Center and Ground & Flight Operations Center



Cargo & Mail Handling and Transportation Services

- Covers 120,000 sq. m. area, with capacity of over 1 million tons/year

Catering Services

- Covers 97,000 sq. m. area with capacity of 57,000 meals per day, HACCP Certified

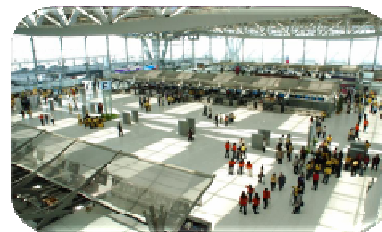


Aircraft Maintenance & Technical Services

- Covers 24,300 sq. m. area, largest maintenance hangar in Southeast Asia for A380

Ground Customer Services

- Covers 16,000 sq. m. area, provides customers with a full range of customer services and facilities

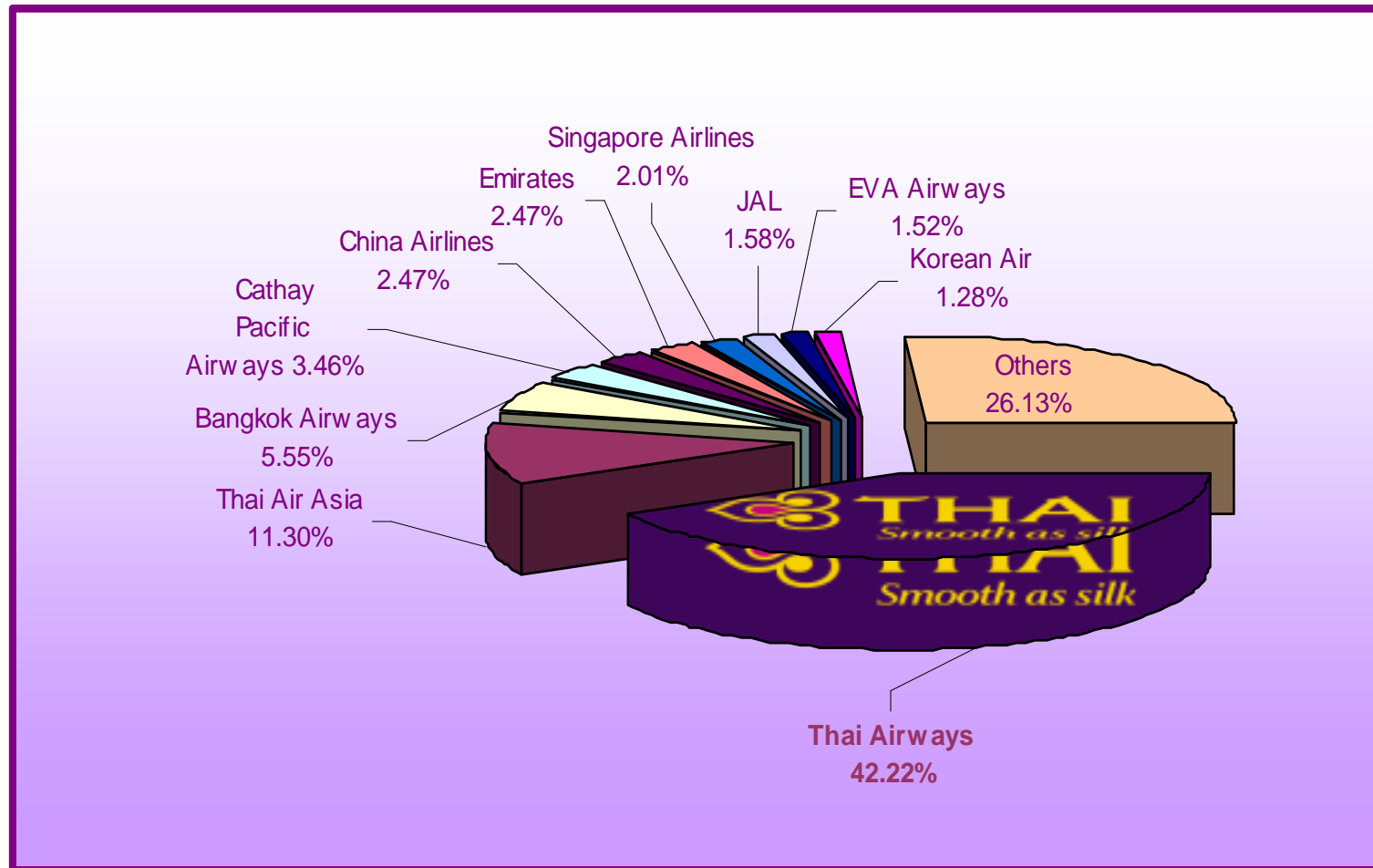


Ground Support Equipment Services

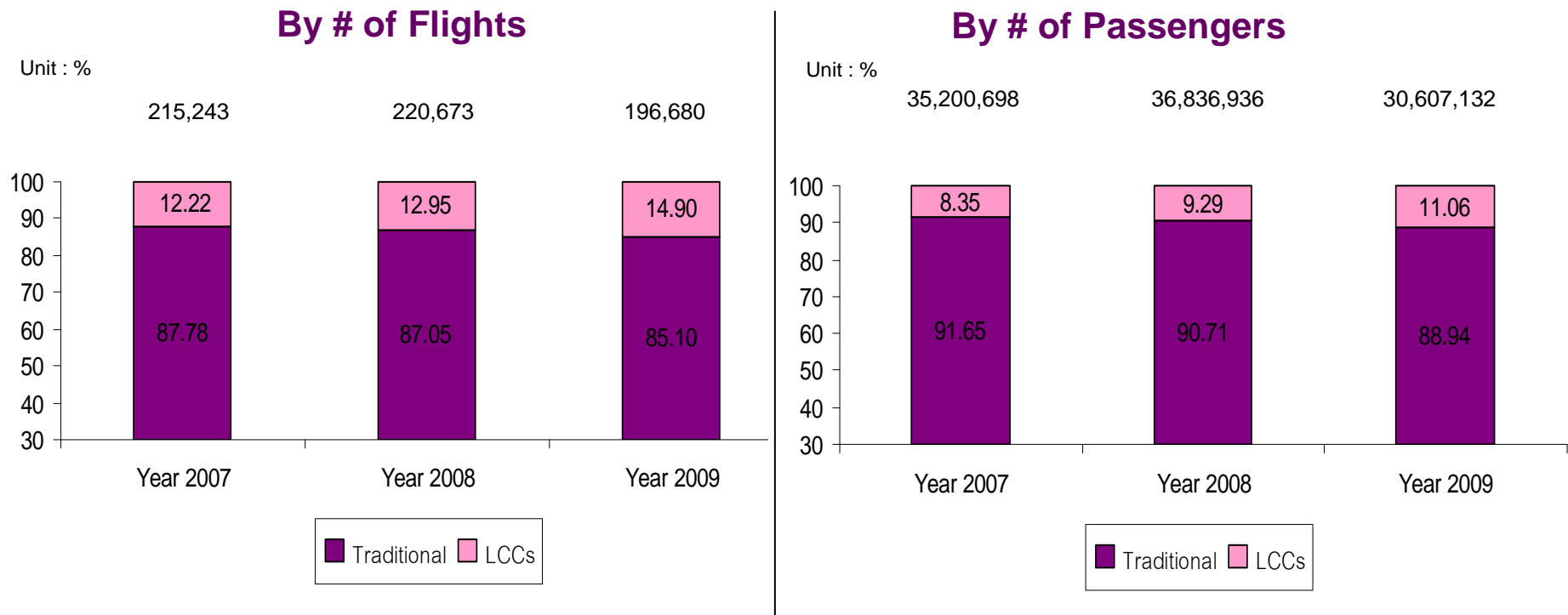
- Covers 28,000 sq. m. area, features maintenance shop under one roof

- **Destinations** : Domestic = 11 (As of Dec. 2009)
Domestic = 10 (As of Mar. 2010)
International = 61 (As of Dec. 2009)
- **Continents served** : 4
- **Total aircraft in fleet** : 91 of which 6 are leased to Nok Air
- **Flight frequency per week** : International Routes 543 Flts/Week
Domestic Routes 346 Flts/Week
- **Monthly passengers carried** : 1.54 million average
- **Staff count** : 26,943 (As of Mar. 2010)
- **Core Staff** : 12,527 (As of Mar. 2010)

Market Share of Total Passengers 2009

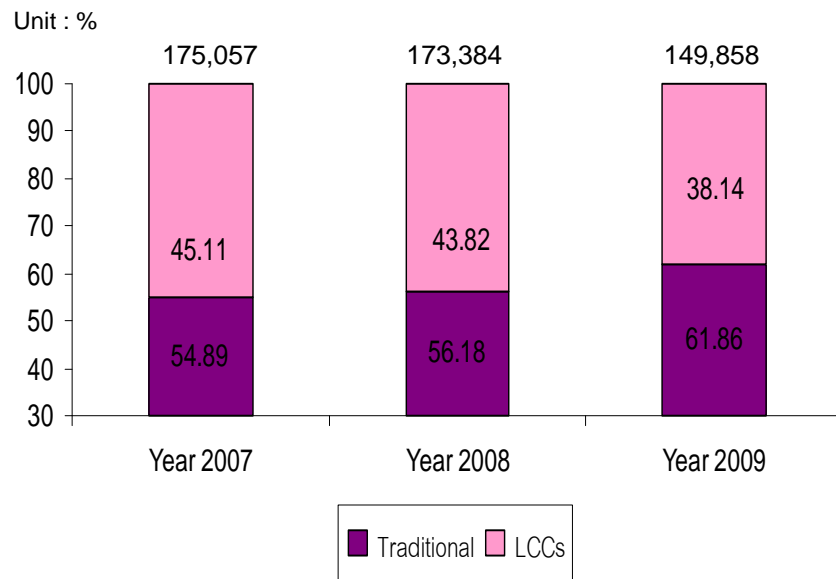


Market Share of Traditional Airline vs Low Cost Airline (International)

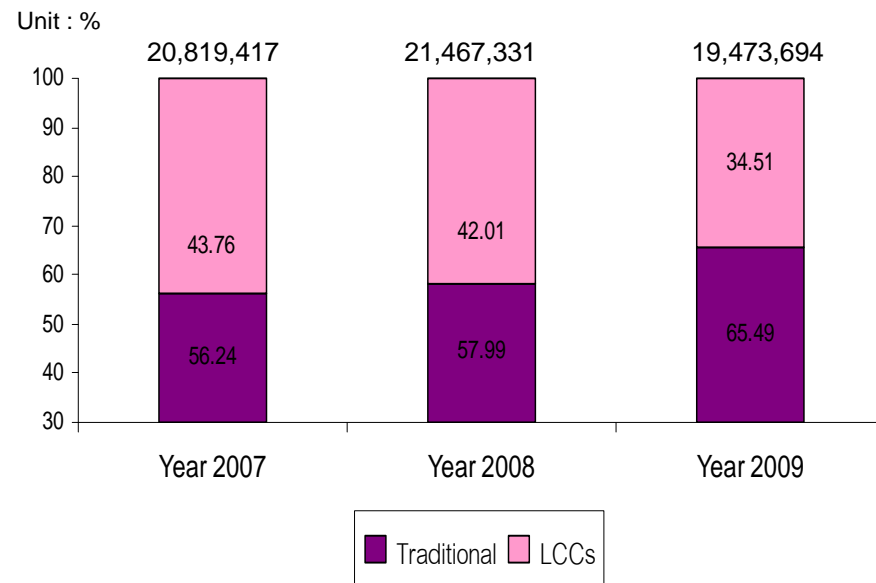


Market Share of Traditional Airline vs Low Cost Airline (Domestic)

By # of Flights

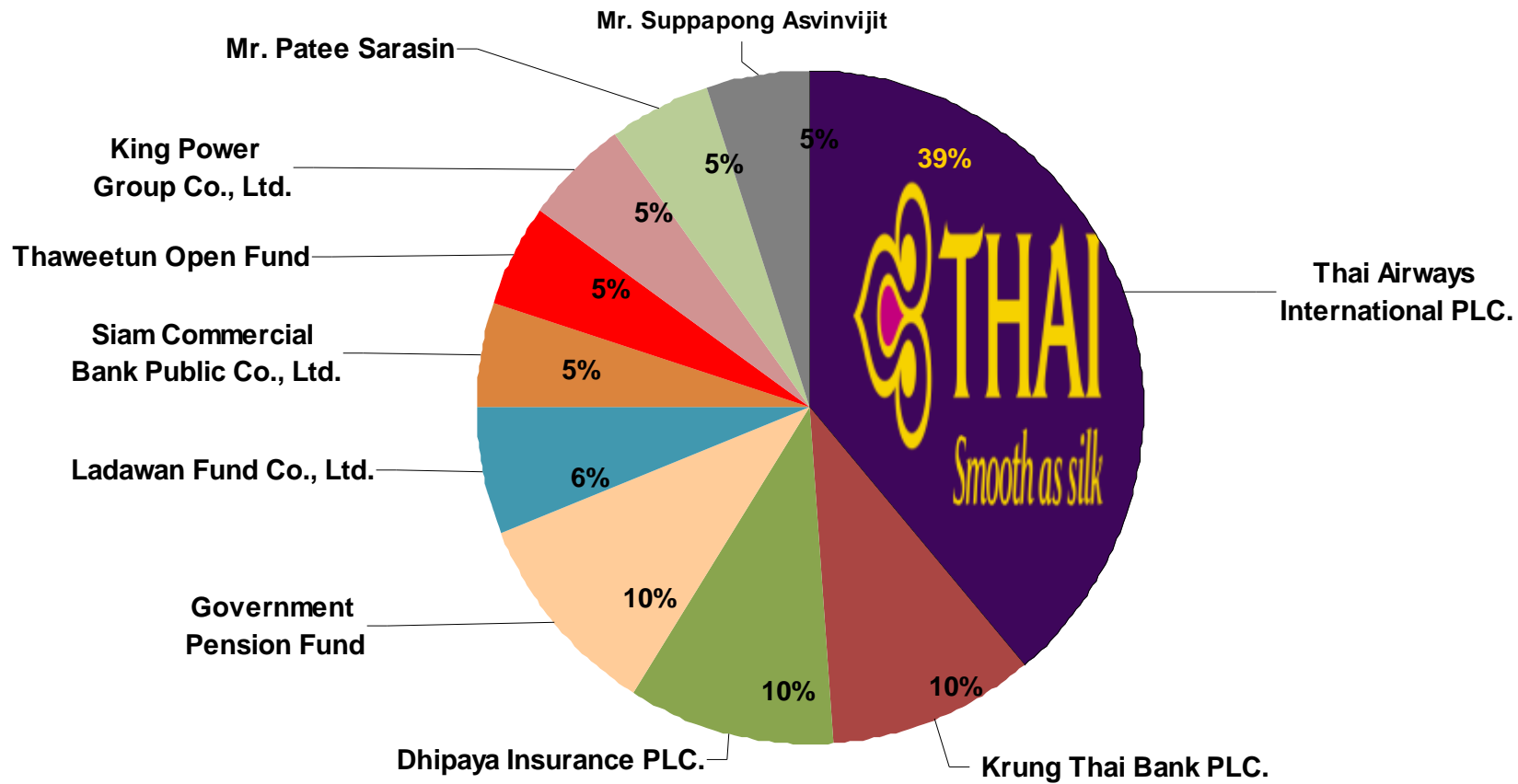


By # of Passengers





Nok Airlines's Shareholder



2010 Skytrax World Airline Awards

- **Best Airport Service**

- **Best Airline First Class Lounge**

- **Top 10 in the Airline of the year category**