

Thai Airways International Plc.

Q3-Q4/2010

<http://www.thaiair.com/about-thai/investor-relations/en/investor.html>



Events 2008-2010

Share Price Performance

Financial Performance

Previous & New Strategy

Industry Outlook

Factors of Concern



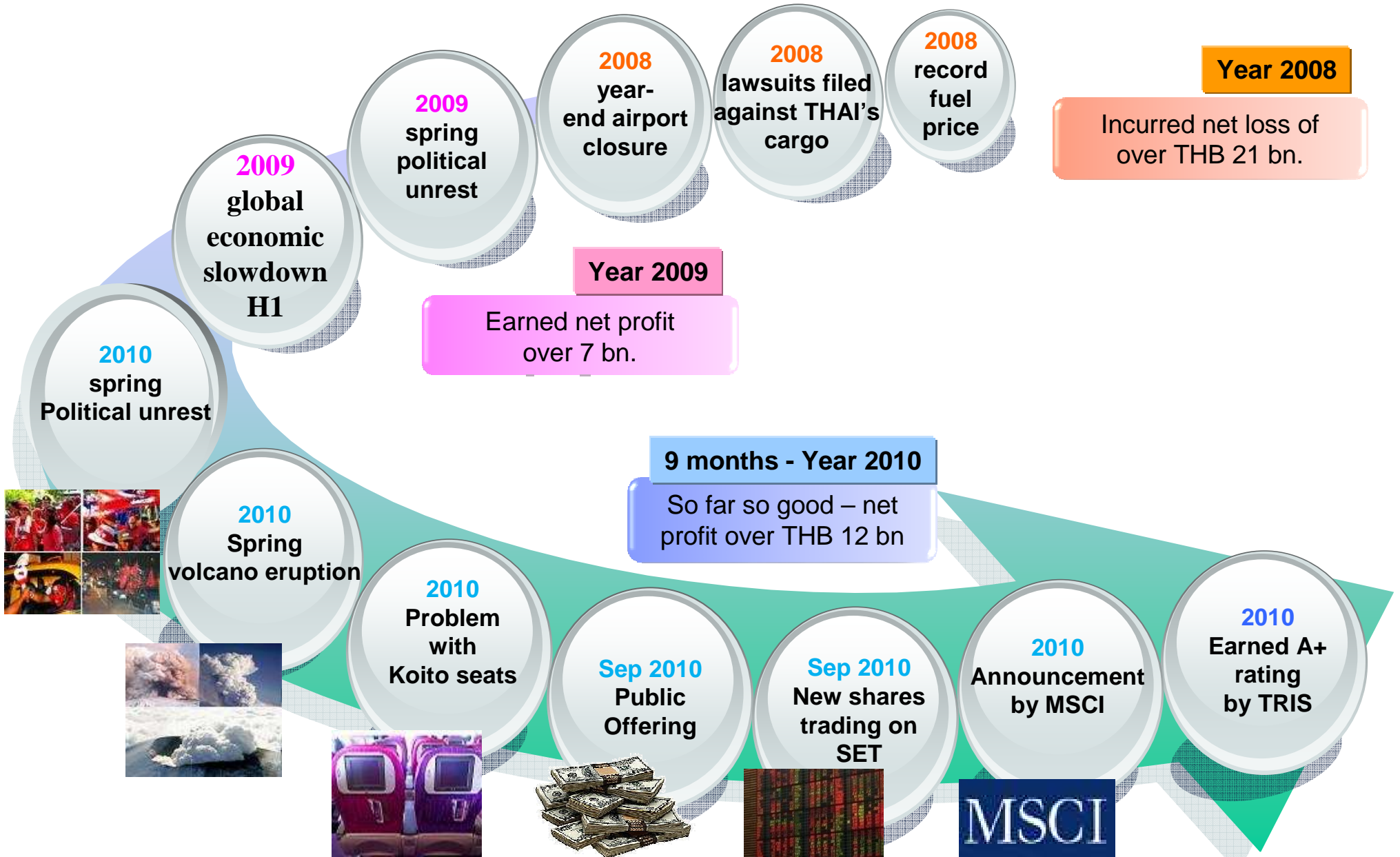
Airlines in the World

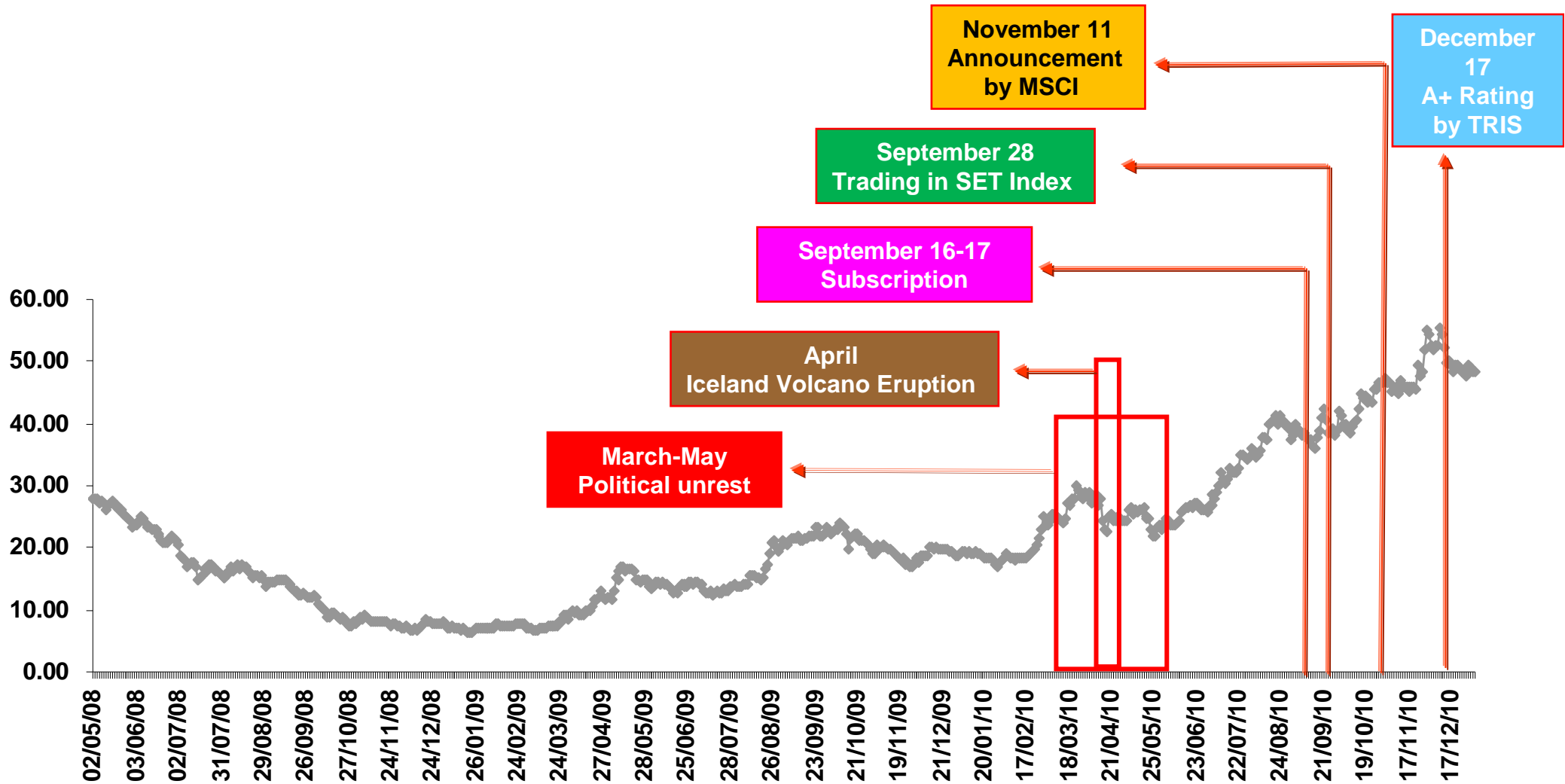


Airlines in Asia



Recap of Events Since 2008





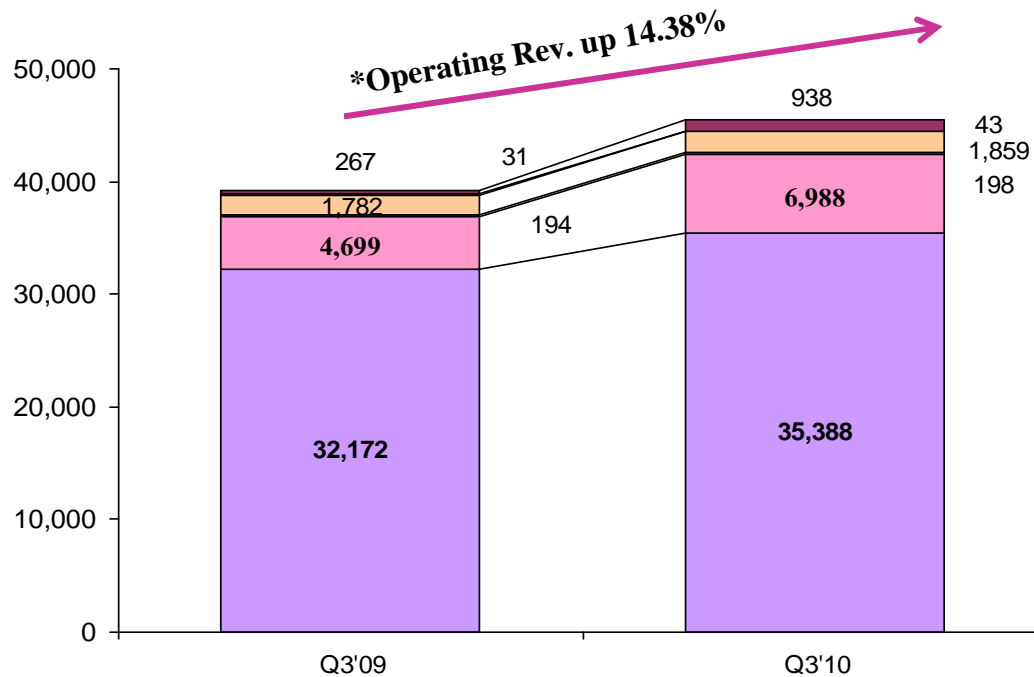
Performance Summary (3 months)

THAI and its subsidiary	Jul-Sep	
(Units : MTHB)	2010	2009
Total Revenue	45,414	39,147
Total Expense	41,249	38,823
Profit(Gain) before FX, finance costs , income tax	4,165	324
Foreign currency exchange (Loss)	2,773	2,735
Share of losses (profit) of investments by the equity method	57	-27
Profit(Loss) before finance costs and income tax expense	1,449	-2,438
Financial Cost	1,315	1,424
Profit(Loss) before income tax	134	-3,862
Income Tax	14	-153
Net Profit (Loss)	149	-4,015
Net Profit(loss) per share	0.08	- 2.37

Operating / Total Revenue (Q3/2009 & Q3/2010)

Operating Revenue

Total Revenue

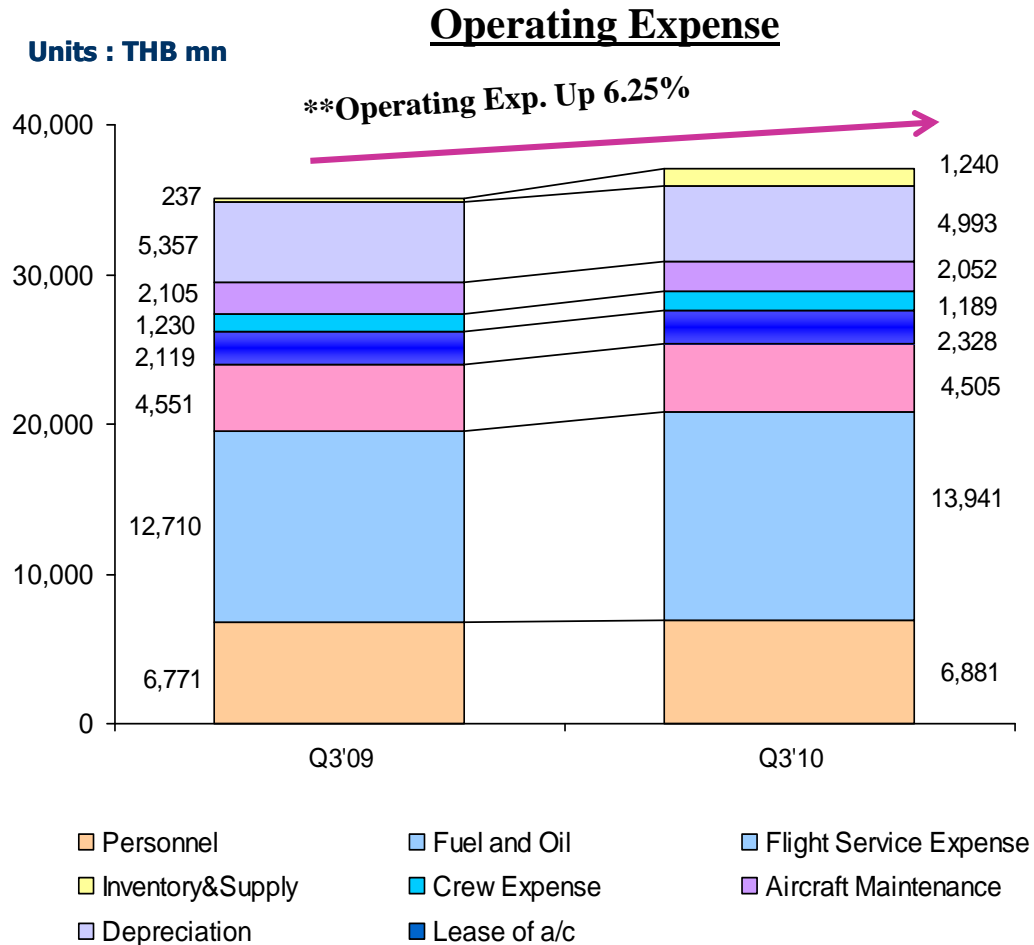


Revenue	% Change	% to Tot. Rev.
Passenger	10.00	77.92
Freight	48.71	15.39
Mail	1.71	0.44
Other activities	4.29	4.09
Interest income	37.88	0.09
Other income	251.04	2.07
Total Income	16.01	100.00

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

***Excludes Interest & Other income**

Operating / Total Expense (Q3/2009 & Q3/2010)



Total Expense

Expense	% Change YoY	% of Tot. Exp.
Personnel expense	1.62	16.68
Fuel and oil	9.69	33.80
Flight service expense	- 1.01	10.92
Inventories and supplies	9.89	5.64
Crew expense	- 3.33	2.88
Maintenance/overhaul	- 2.49	4.98
Depreciation/amortisation	- 6.79	12.10
Aircraft lease/spare parts	424.94	3.01
Other expense	10.10	9.99
**Total Expense	6.25	100.00

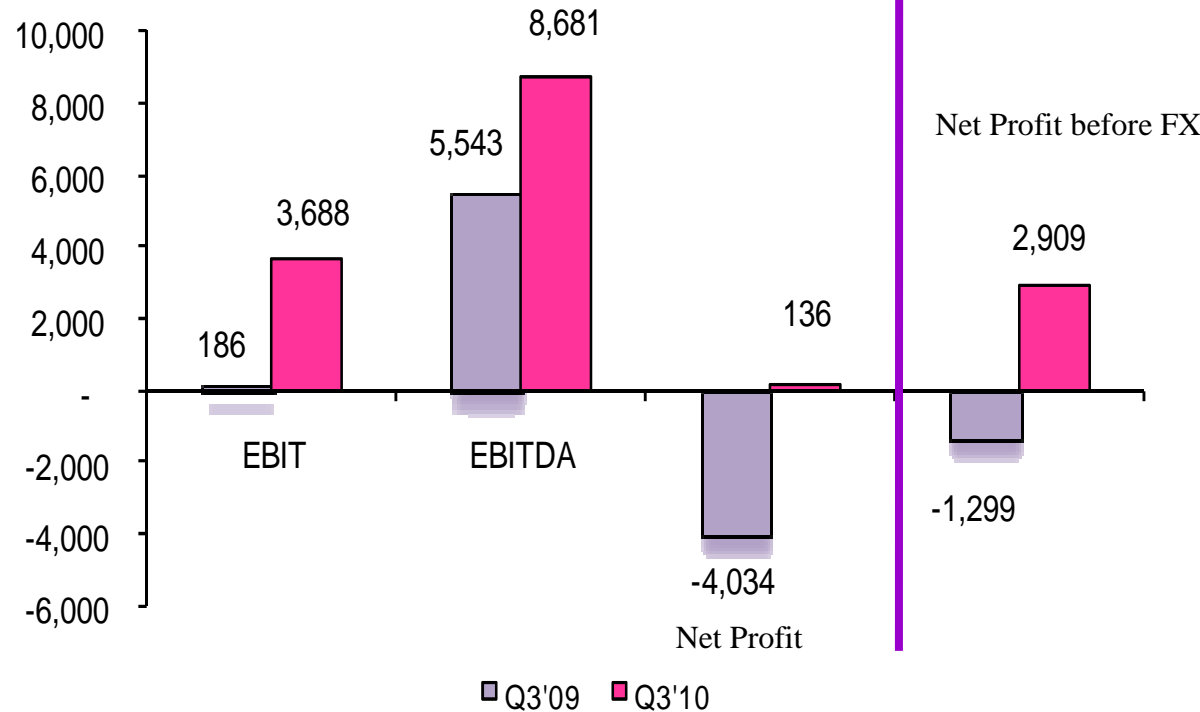
****Excludes FX**

Performance Summary (9 months)

THAI and its subsidiary	Jan-Sep	
	2010	2009
(Units : MTHB)		
Total Revenue	134,854	115,045
Total Expense	124,920	111,896
Profit(Loss) before FX, finance costs , income tax	9,934	3,149
Foreign currency exchange (Gain)	-7,317	-52
Share of losses (profit) of investments by the equity method	225	-2
Profit(Loss) before finance costs and income tax expense	17,476	3,204
Financial Cost	3,922	4,295
Profit(Loss) before income tax	13,554	-1,091
Income Tax	1,101	422
Net Profit (Loss)	12,453	-1,514
Net Profit(loss) per share	7.25	- 0.92

EBIT, EBITDA and Net Profit (Q3/2009 & Q3/2010)

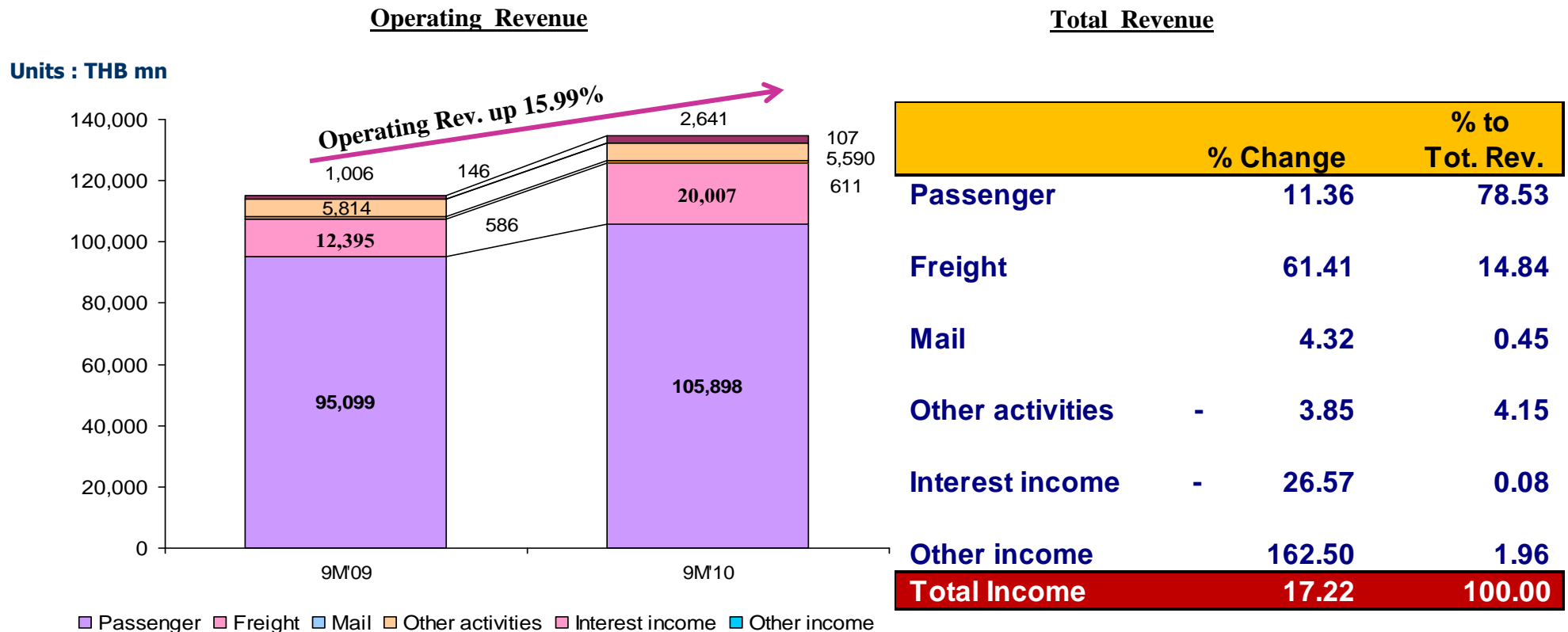
Units : THB mn



Factors Improving Q3'10 Results

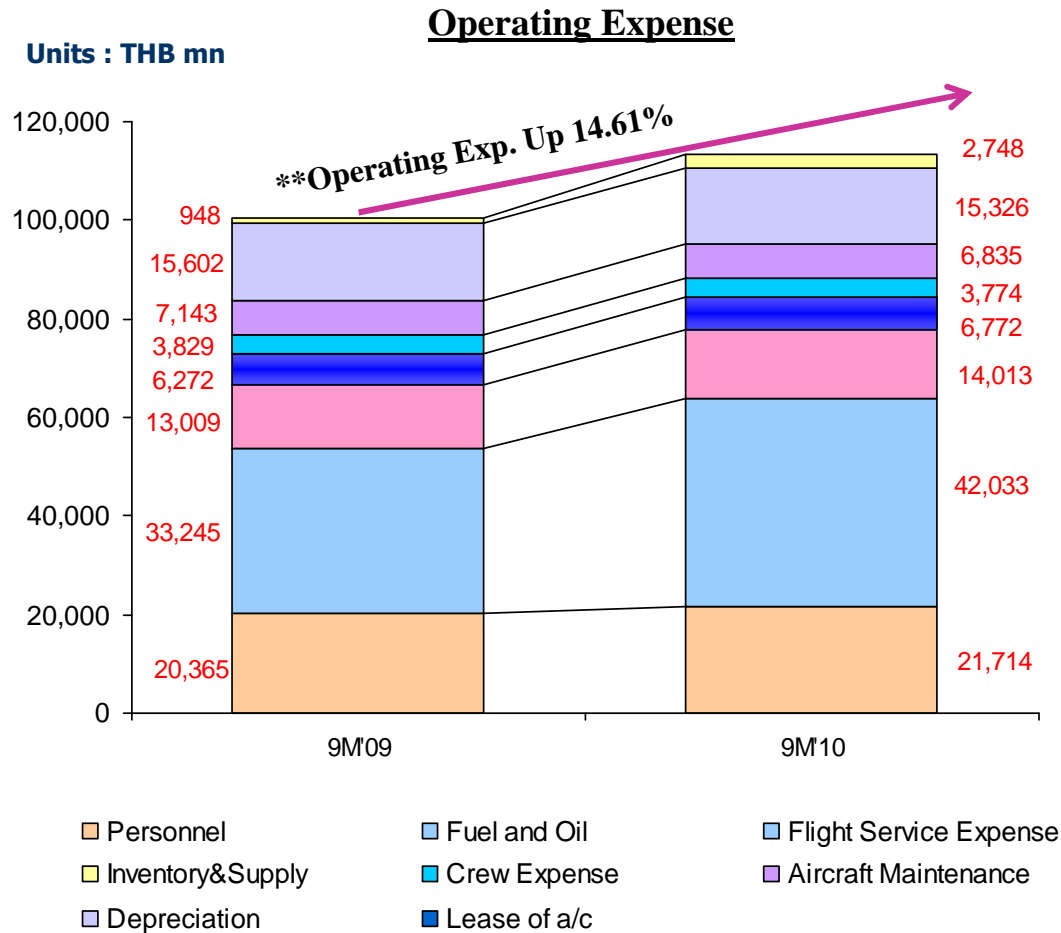
- Travel demand recovering to Thailand
- Quick operational adjustments to disruptive events
- Stronger contribution from freight business – 2 freighters
- Higher average PAX yield
- Effective fuel hedging policy

Operating / Total Revenue (9M'09 & 9M'10)



*Exclude Interest & Other income

Operating / Total Expense (9M'09 & 9M'10)



Total Expense

	% Change YoY	% of Tot. Exp.
Personnel expense	9.11	20.16
Fuel and oil	36.80	38.18
Flight service expense	12.41	12.92
Inventories and supplies	6.98	6.04
Crew expense	-0.53	3.51
Maintenance/overhaul	-5.08	6.50
Depreciation/amortisation	0.87	14.04
Aircraft lease/spare parts	112.45	2.05
Other expense	-150.58	-3.4
**Total Expense	4.69	100.00

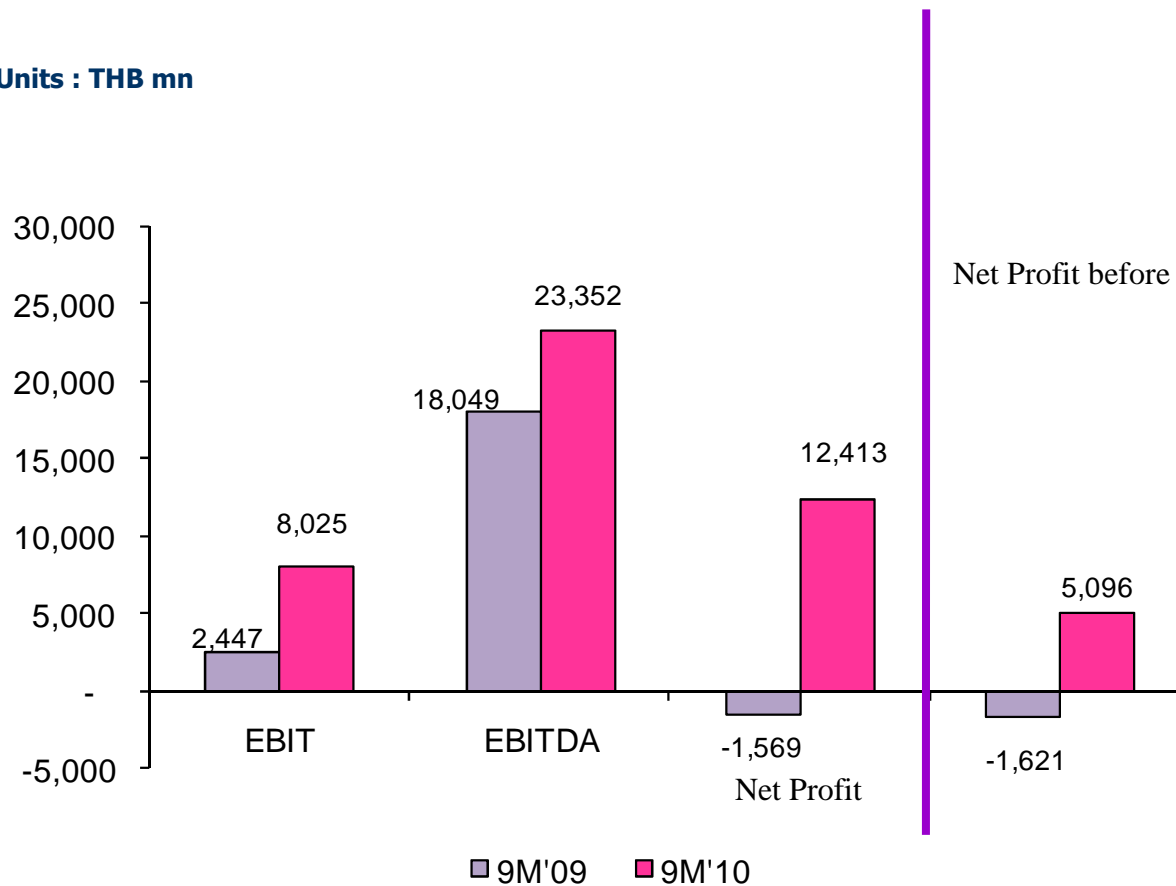
**Excludes FX

Ratios – 2008 through 2010

Ratios	units	Year 2008	Year 2009	9M 2010
Earnings Per Share	(THB)	-12.58	4.32	7.25
EBIT	(MTHB)	-6,662	9,361	8,025.0
EBITDA	(MTHB)	13,619	30,385	23,352.0
EBITDAR	(MTHB)	17,270	31,917	26,100.0
Total Debt to Equity	(Times)	4.7	4.1	2.5
Net Debt to Equity	(Times)	2.82	2.93	1.76
Debt Service Coverage	(Times)	0.7	1.6	1.4
Interest Coverage	(Times)	2.5	5.3	6.0
Operating Profit Margin	(%)	-3.3	5.7	6.1
Net Profit Margin	(%)	-10.7	4.5	9.4
EBITDA Margin	(%)	6.8	18.8	17.7
Return on Total Assets	(%)	-7.9	2.8	4.5
Return on Total Equity	(%)	-37.5	14.8	18.6
P/E Ratio	(Times)	-0.62	4.3	5.8

EBIT, EBITDA and Net Profit (9M'09 & 9M'10)

Units : THB mn



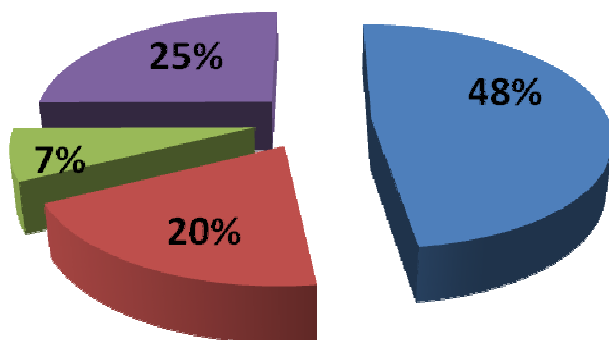
Factors Impacting 9M'10 Results

- Record cabin factor during Q1'10
- Stronger average YoY yield
- Strengthening cost control measures
- Flexible flight scheduling
- Strong FX gain

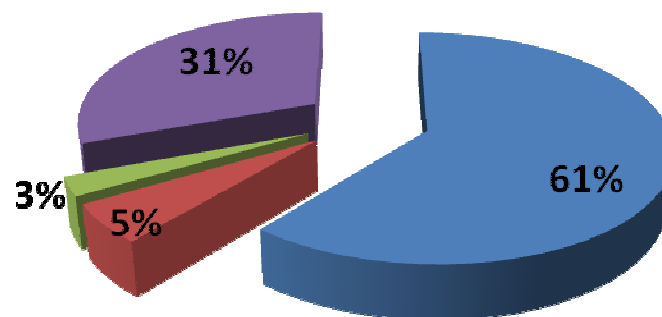
Foreign Currency Exposure – 9M 2010

	Revenue		Expense		Surplus or Deficit	Outstanding Borrowings			
	Amount	%	Amount	%		Before Swap		After Swap	
					Amount	%	Amount	%	Amount
USD BASED	63,187	47.92	66,171	61.03	- 2,984	2,489	2	1,532	1
USD	13,721		58,207		- 44,486				
Others ⁽¹⁾	49,466		7,964		41,502				
EUR BASED	25,833	19.59	5,933	5.47	19,900	52,970	38	53,984	38
EUR	12,372		4,138		8,234				
Others ⁽²⁾	13,461		1,795		11,666				
JPY	9,756	7.40	2,913	2.69	6,843	14,378	10	14,378	10
THB	33,084	25.09	33,410	30.81	- 326	71,259	50	71,259	51
TOTAL	131,860	100.00	108,427	100.00	23,433	141,096	100	141,153	100

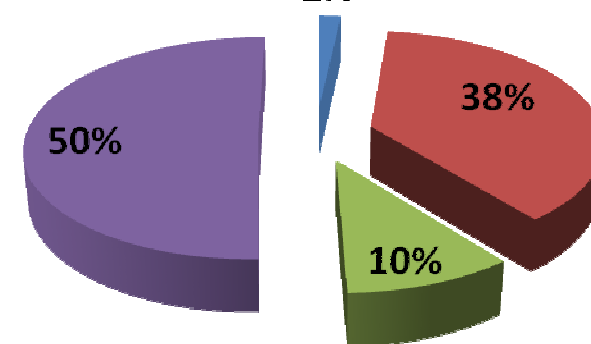
Revenue



Expense



Outstanding Borrowings

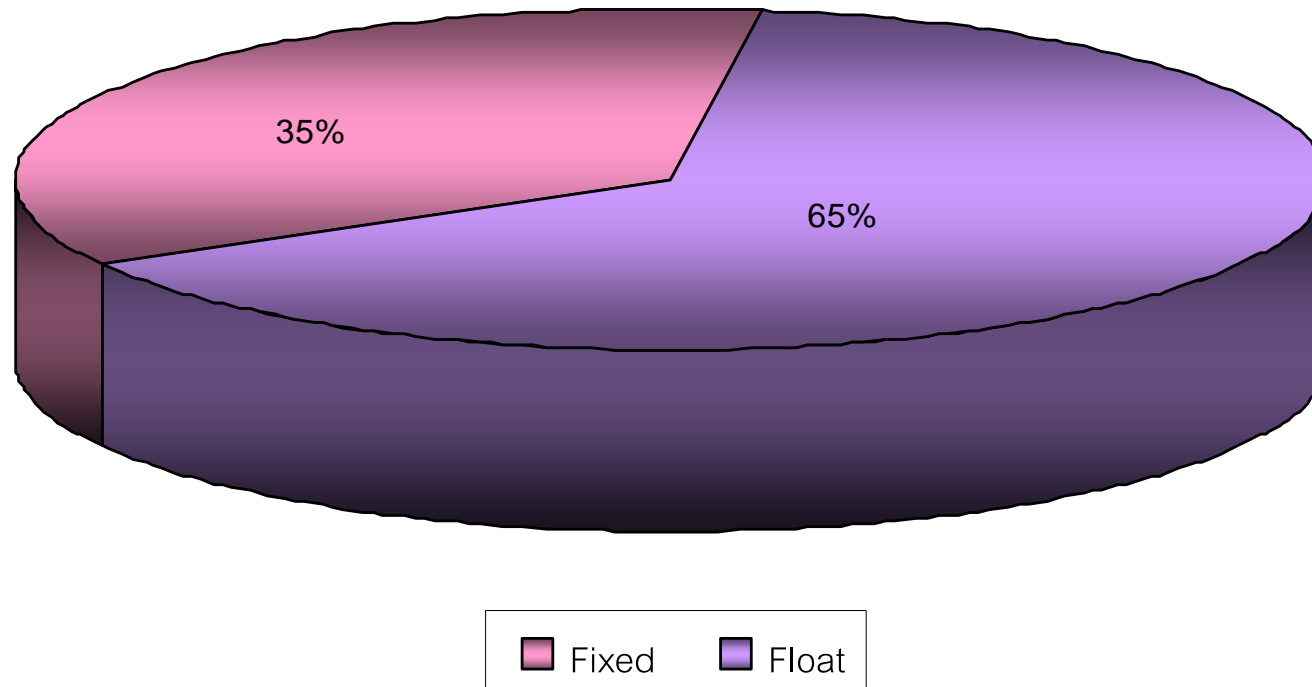


■ USD BASED ■ EUR BASED ■ JPY ■ THB

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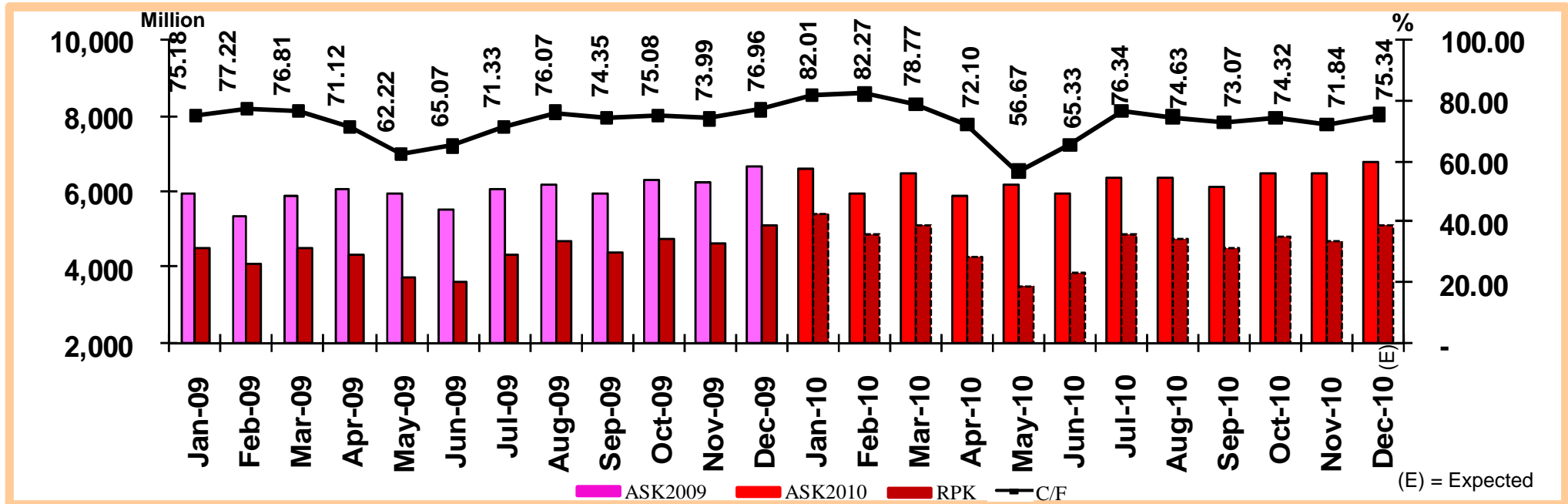
Proportion of Fixed and Float (Before Swap)



Percentage of TOTAL
(TOTAL = 135,745 MTHB)

(As of 31 Oct 10)

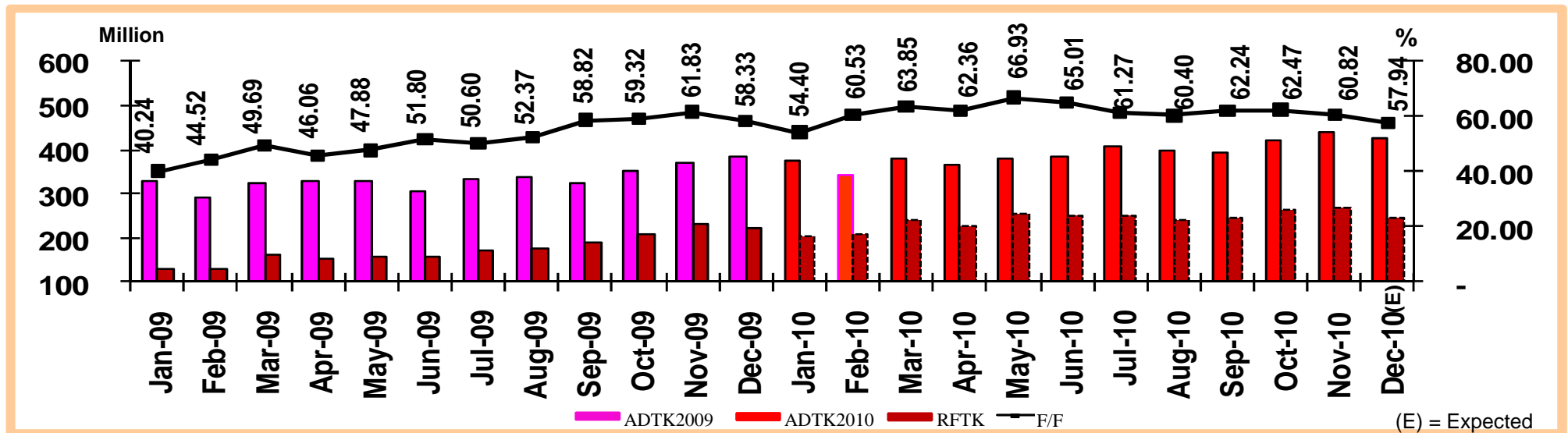
Passenger



	YoY (Q4'10 vs Q4'09)			QoQ (Q4'10 vs Q3'10)			YoY (Year'10 vs Year'09)		
	Q4'10(E)	Q4'09	YoY%	Q4'10(E)	Q3'10	QoQ%	Year'10(E)	Year'09	YoY%
MASK	19,734	19,196	2.80	19,734	18,847	4.71	75,598	72,032	4.95
MRPK	14,574	14,469	0.73	14,574	14,091	3.43	55,694	52,593	5.90
Cabin factor	73.85	75.38	- 2.02	73.85	74.77	- 1.22	73.67	73.01	0.90
PAX Yield	2.19	2.17	0.92	2.19	2.03	7.88	2.12	2.05	3.41

(E) = Estimate

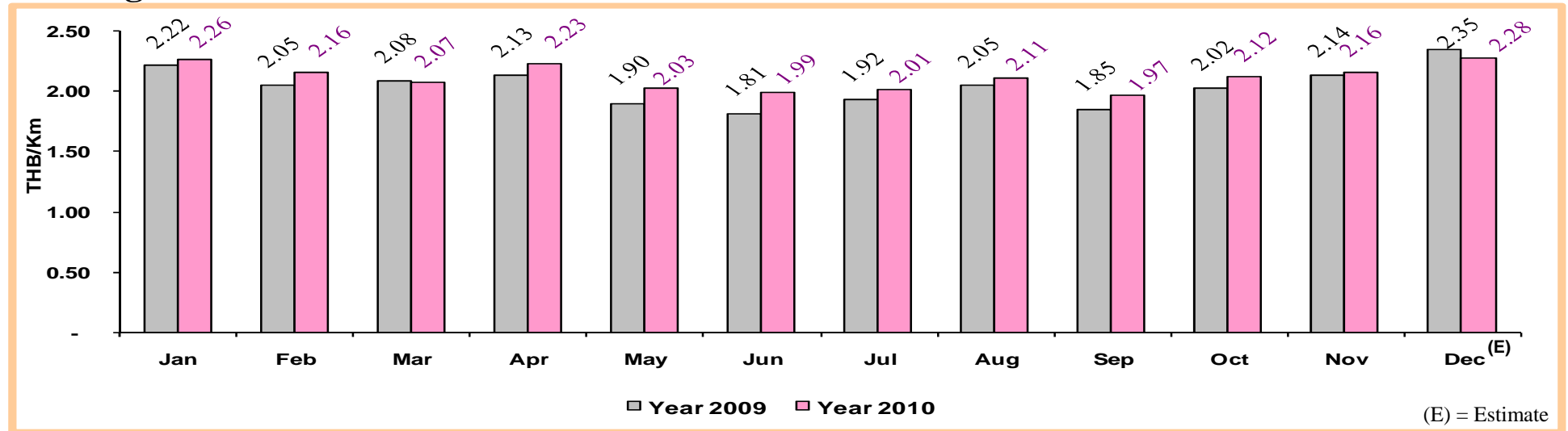
Freight



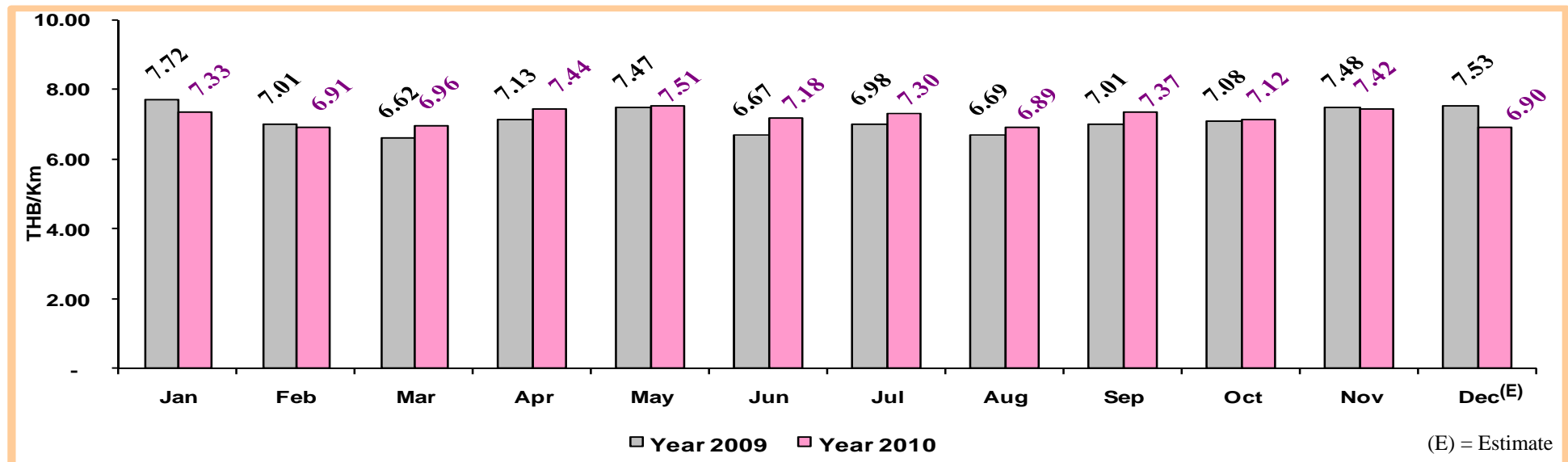
	YoY (Q4'10 vs Q4'09)			QoQ (Q4'10 vs Q3'10)			YoY (Year'10 vs Year'09)		
	Q4'10(E)	Q4'09	YoY%	Q4'10(E)	Q3'10	QoQ%	Year'10(E)	Year'09	YoY%
ADTK	1,288	1,110	16.04	1,288	1,199	7.42	4,708	4,016	17.23
RFTK	778	664	17.17	778	735	5.85	2,895	2,092	38.38
Freight Factor	60.40	59.82	0.98	60.40	61.30	- 1.46	61.49	52.09	18.04
Freight Yield	7.17	7.37	- 2.71	7.17	7.19	- 0.28	7.20	7.13	0.98

(E) = Estimate

Passenger Yield



Freight Yield

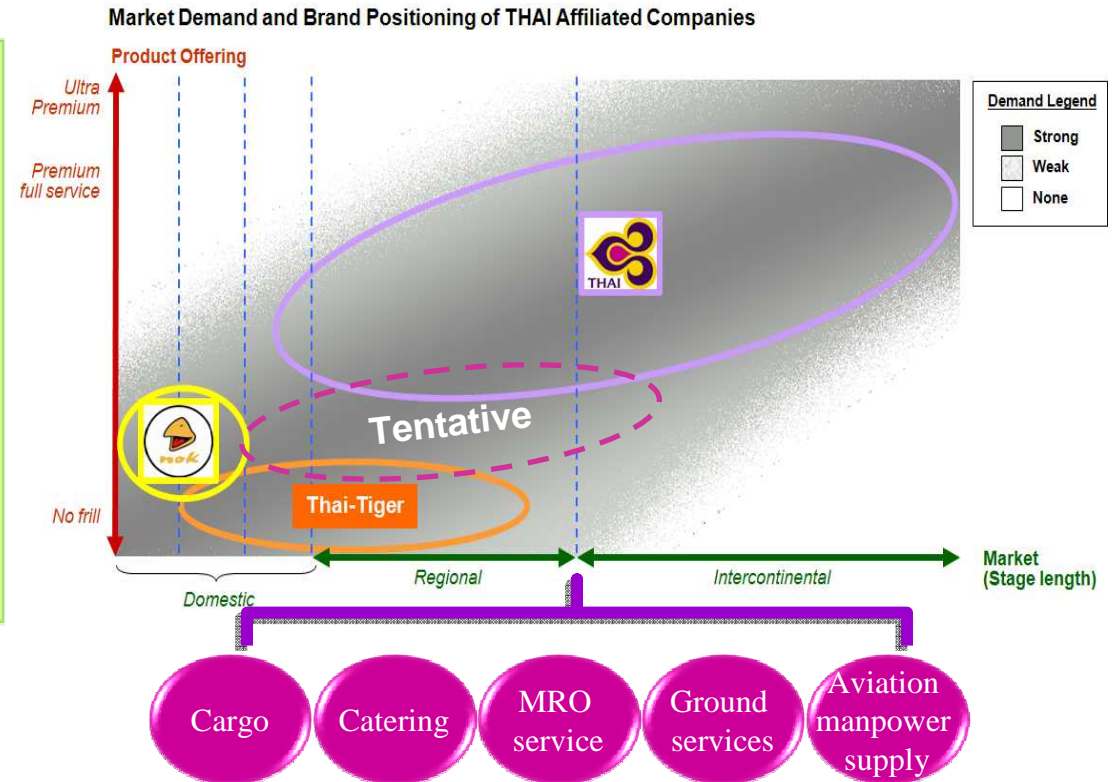


1. Corporate Portfolio Strategy

Completed Tasks

- NOK take over of some domestic routes
- TG-Tiger JV MoU signing
- Clearing BU accounts & internal pricing
- Measuring BU performance on KPI

Moving Forward

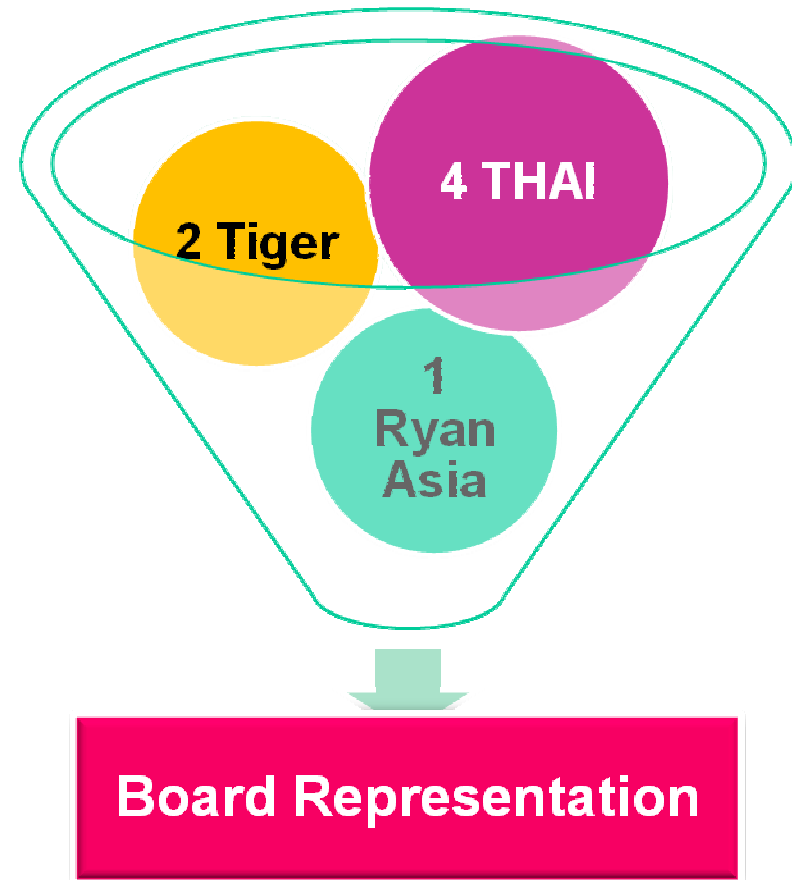
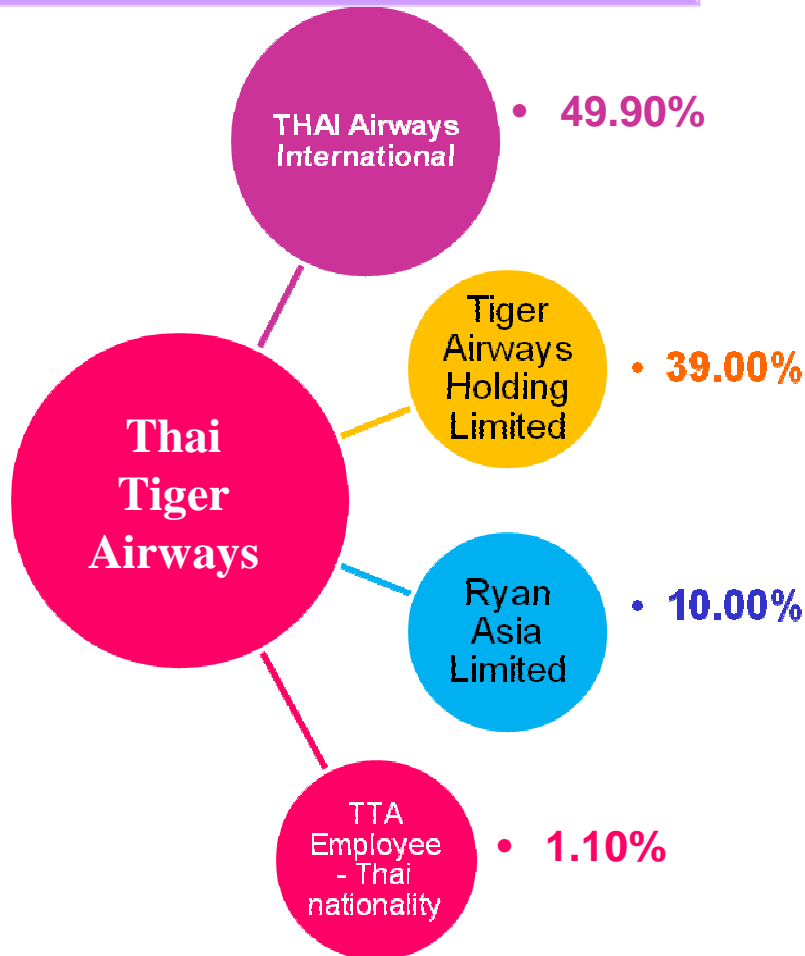


- Capture all attractive market segments
- Stimulate demand for related businesses
- Reduce risk and revenue volatility
- Lower overall operating costs

Thai Tiger Airways (TTA)

MTHB 200 registered capital

Shareholder Structure



2. Customer Value Strategy



Completed Tasks

- Product & service improvement at all touch points: quick-wins and 2010 programs
- Long-Term product plan



Moving Forward

In Progress

- Strengthen ROP program
- Enhance value proposition at all touch points
- Implement CRM
- Continue product retrofit implementation
- Touches of Thai
- Green Design

- Enhance customer satisfaction
- Increase customer retention

- Improve yield
- Reduce waste & unnecessary expense

3. Route network and fleet strategy

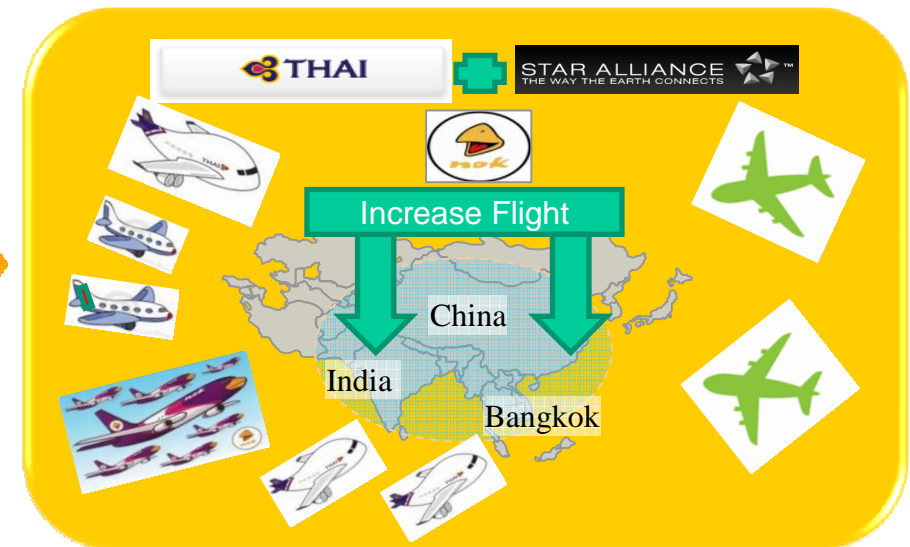


Completed Tasks

- Developed Route Network Strategy for 2013-2017
- Discontinued unprofitable routes and adjust network scheduling
- Developed new route networks



Moving Forward



- Strengthen THAI's route network
- Enhance efficiency & improve yield

- Appropriate aircraft type selection
- Common product & reliability
- Increase THAI's market share

Re-fleeting to enhance fuel efficiency, increase reliability & enhance overall customer satisfaction

AIRCRAFT FLEET PLAN

Target avg. fleet age in 2017 = 8.5 yrs from current 11.6 yrs

	< ----- PLAN ----->						TOTAL
	2552	2553	2554	2555	2556	2557	5 YEARS
	2009	2010	2011	2012	2013	2014	(2010-14)
TOTAL INCOMING AIRCRAFT	3	5	2	8	11		29
<u>Government Approved</u>	3	5		3	3		14
- A330-300 HGW (High Gross Weight)	3	*5					8
- A380-800				3	3		6
<u>Additional Aircraft (New)</u>			2	5	8		15
- A330-300			2	3	2		7
- B777-300ER				2	6		8
TOTAL OUTGOING AIRCRAFT		5	2	8	7	2	24
- B747-400 (B744)				4	2		6
- B777-300ER (Jet Airways)					3		3
- B737-400		1				2	3
- A300-600 (AB6)		2	2	4	2		10
- ATR-72		2					2

* Pending Delivery

Route Network

Suspension routes	Manila-Osaka Hong Kong-Taipei Kuwait
Transfer some domestic routes to NOK	Chiang Mai-Mae Hong Son Phisanulok
Increase frequency	Paris from 7 to 10 flts/week Oslo from 5 to 7 flts/week Moscow from 3 to 4 flts/week Nagoya from 7 to 10 flts/week Fukuoka from 5 to 7 flts/week
New destination	Haneda 7 flts/week Bangkok-Gaya-Varanasi 3 flts/week on seasonal basic
Resume Operation	Johannesburg 4 flts/week

Total Number of New & Retrofit Aircraft

Aircraft Type	Year 2010	Year 2011	Year 2012	Year 2013	Total
A330-300 (8aircraft)	3	5	-	-	8
A330-300 (7aircraft)	-	2	3	2	7
B777-300ER (8aircraft)	-	-	2	6	8
A380-800 (6 aircraft)	-	-	3	3	6
B747-400, #7-12 (6aircraft)	-	5	1	-	6
B777-200 (8aircraft)	-	4	4	-	8
B747-400, #13-18 (6aircraft)	-	-	5	1	6
Total	3	16	18	12	49

Remark : Not include 3 projects to be approved and to be retrofitted in year 2012-2014

4. Commercial strategy



Completed Tasks

Moving Forward

- Revenue Management System
- Strategic & flexible pricing structure
- Developed appropriate fuel surcharge strategy



In progress

- Real time dynamic pricing
- Manage and monitor fuel surcharge
- Diversify distribution channels
- Internet Enhancement
- Social Media Sites
- Mobile Services
- Payment Gateway

- Ensure optimal yield
- Ensure optimal cabin factor

- Ensure sufficient fuel cost coverage
- Enhance revenue channels

5. Efficiency, Productivity, and Social Responsibility Strategy



Completed Tasks

- “Quick-win” cost cutting activities
- Developed effective fuel hedging strategy



Moving Forward

In progress

- “Lean & Green” / carbon management strategy
- Strengthen internal fuel risk management capability
- Streamline procurement process

- Ensure alignment with social trends
- Minimizing environmental impact

- Ensuring operations stability
- Enhancing efficiency & minimizing cost

6. Human Capital and Organization Effectiveness Strategy



Completed Tasks

- “Whistle Blower”
- Financial Authority Approval
- Establishment of WingSpan
- Modern Staffing and Job Classification Policies
- Performance Management and Performance-based pay for senior management



Moving Forward

In progress

- Implement modern staffing & job classification system
- Implementing performance-based management at individual level
- Knowledge Management / Cross functional integration
- Talent development/ Succession Planning
- General management & procurement regulations

- Ensure transparency at all levels
- Expedite decision & operating processes

- Ensure performance based reward
- Ensure succession talent

Thai Airways International Pcl.

Staff Structure



• Total As of Sep.'10 = 26,757

Retirement = 213
Early Retirement = 628

COST

Retirement = 441 MTHB
Early Retirement = 1,900 MTHB

COST

Breakeven about 3 years

7. IT Strategy



Completed Tasks

- Identified key issues to tackle
- Developed concrete plans to move ahead with enhancing IT capability



Moving Forward

In Progress:

- Corporate SAP system
- THAI Star Common Platform
- Commercial Data Warehouse
- New cargo system
- New ROP
- New ROH

- Ensure future ability to compete
- Enhance efficiency & reduce redundancy

- Improve quality & speed of decisions
- Enhance integrity & speed of service

8. Fuel Hedging & Management Strategy



Completed Tasks

- Established working guidelines
- Established authority
- Enable active & quick decision making process



Moving Forward

In progress

- Actively manage fuel burn
- Active fuel surcharge management
- Be vigilant of fuel trend
- Study new fuel options

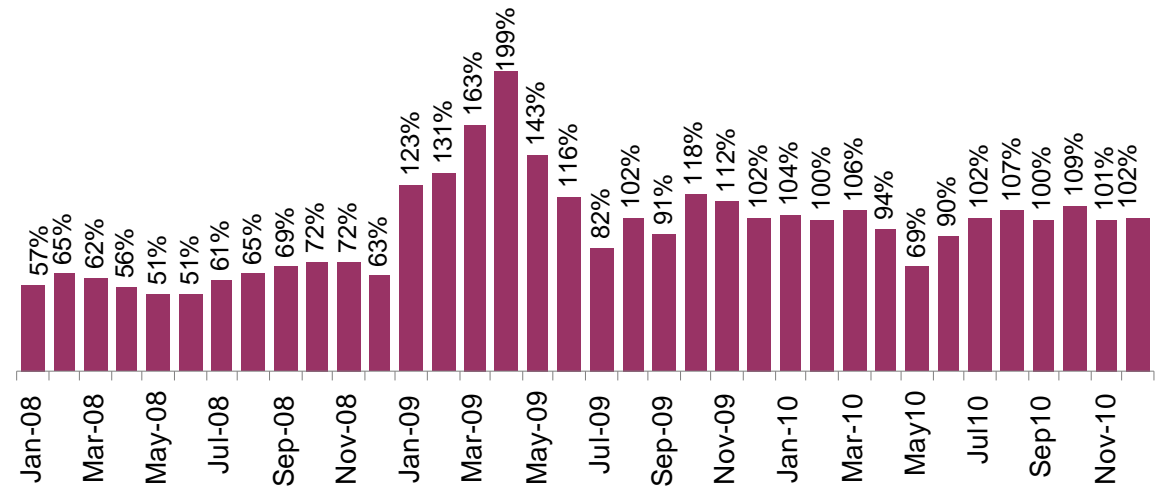
- Ensure least fuel burn & reduce waste
- Ensure optimum hedging

- Ensure sufficient surcharge coverage
- Being aware of the environment

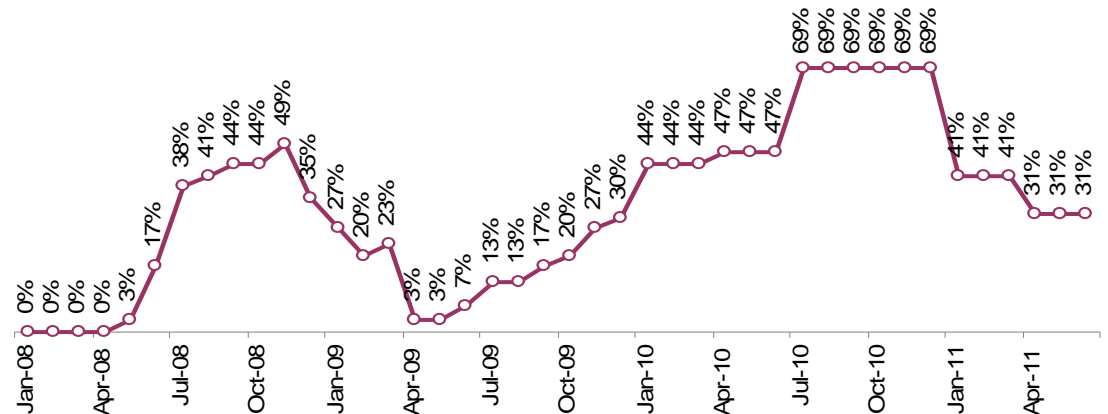
Hedging combined with fuel surcharge greatly mitigates fuel price fluctuation risk

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

Percentage of Fuel Surcharge Coverage



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



9. Financial Strategy



Completed Tasks

- Public Offering : 15,000 MTHB
- Secured Term Loans & to issue debentures in 2010
- Signed revolving credit



Moving Forward

In progress

- Seek additional standby credit
- Issue MTHB 8 bn debenture
- Seek means to reduce impact of FX
- Improved income tax planning

- Ensure healthy capital structure
- Ensure sufficient liquidity

- Ensure manageable capital burden
- Minimizing FX impact

Completed Tasks

- Increased operating efficiency
- Stabilized operations
- Greater customer satisfaction
- Enhanced profitability
- Greater financial stability

Inducted to the MSCI Index



Moving Forward

- Positioning THAI to compete globally
- Ensuring necessary structure, processes, preparation to meet challenges
- Leveraging off every busy operation to maximize revenue
- Ensuring cost effectiveness with robust risk management for all aspects of operations



Economy Outlook

Airline Industry Trend and Growth in 2011-2012

- Global Economy expected to grow by 5% - IMF

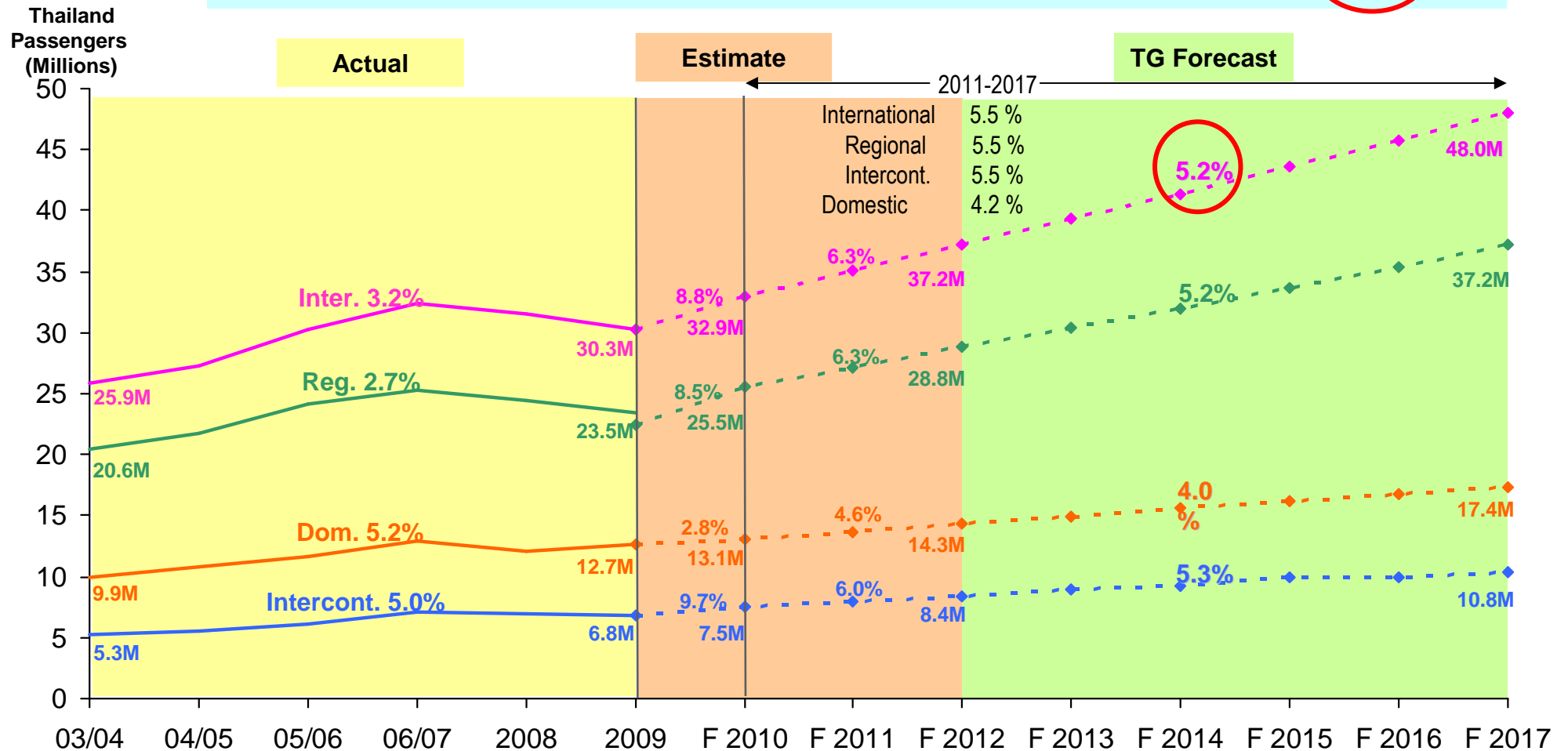
- Global # of Tourists expected grow by 4-5 - UNWTO

- Passenger Traffic expected to grow by 5.2% - IATA

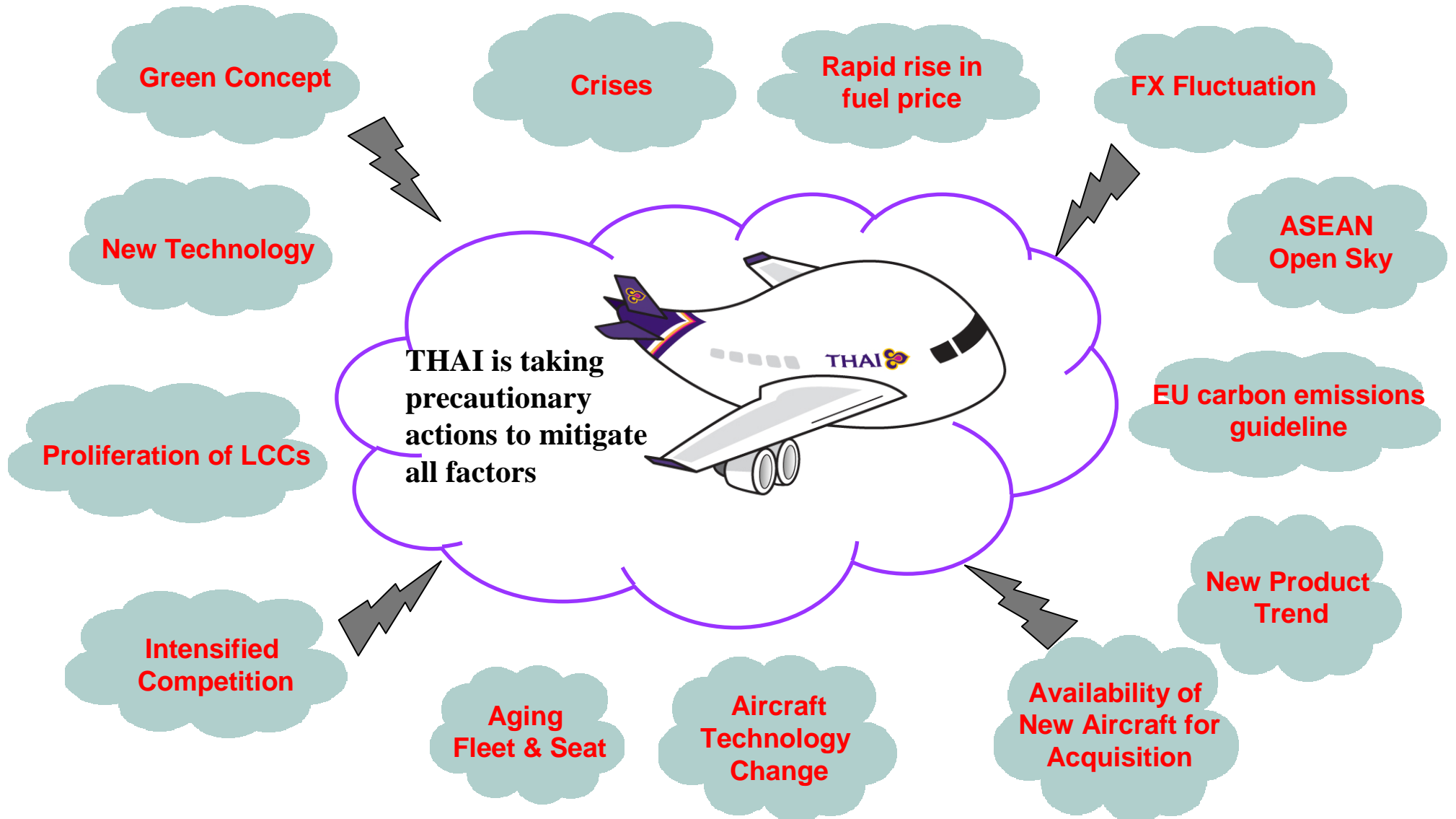
- Air Traffic Transportation expected to grow by 5.5% - IATA

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%	5.3%
Asia Pacific	11.6%	7.2%	6.9%	6.5%	6.1%	6.7%



Factors Affecting Aviation Business





Thank you