

# THAI AIRWAYS INTERNATIONAL PCL

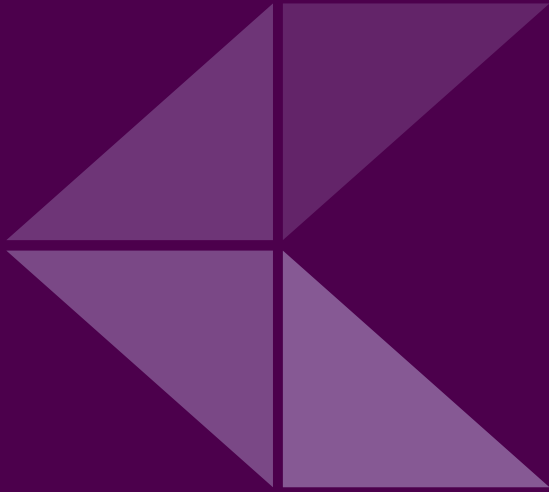
Year 2016 analysts briefing  
13-Mar-2017



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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# TRANSFORMATION PLAN

2015

2015-2016

2017 onward

## Stop bleeding

## Strength Building

## Sustainable Growth

Transformation Plan

1. Revenue Management

2. Cost management & Efficiency uplift

3. Capabilities improvement

4. Customer excellence

### Revenue

- New Fare Management
- Web Sales
- Pricing benchmark
- New customer segment

### Cost

- Cost management
- Financial & Balance Sheets Mgt.
- Assets management
- Aircraft Disposal
- Increase efficiency

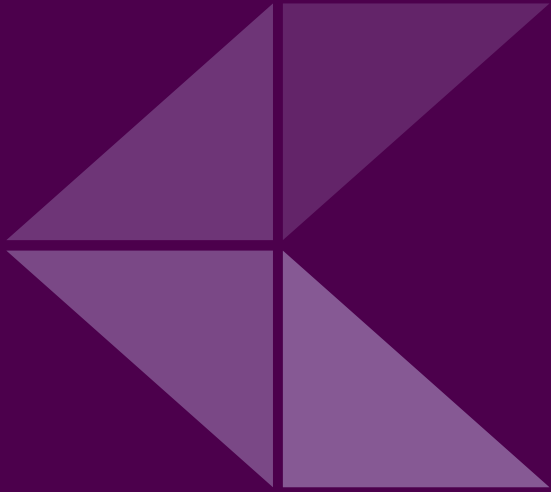
### Capabilities

- Network restructure
- New Network Management System
- Simplify Fleet
- Self service check-in enhancement
- Procurement optimization
- Reprocess
- Business Portfolio, UTP MRO
- TG&WE integration

### Service Excellence

- Business class services upgrade
- New First class
- Economy class services enhancement
- IFE and cabin upgrade: B777-200ER, B787-8, A330
- End to end customer services
- Mobile capabilities

- Total 95 active aircraft +2x A350-900 – 2xB777-200
- 270 staffs joined Mutual Separation Plan
- Best SEAsian Airline - TTG
- Most Improved Airline – Skytrax
- 565 New cabin crew on board
- #6 customer satisfaction – IATA Q3-16
- THAI stock back to SET50 after 3 years absence
- 2016's Operating profit highest in 4 years



PERFORMANCE

- **Network optimization**

- slots adjusted (MEL, MXP, OSL, ZRH, BNE, SYD)
  - Kangaroo routes performance improved significantly (4xmarket share increase)
- Working on IKA, PER, TPE, HKG, MNL, XMN
- BKK-FRA & BKK-CPH to via HKT
  - Cabin factor in mid 80's
- 10 year long term fleet plan in progress

- **Commercial**

- Pricing benchmark
- Promote web sale (21% in Dec-16)

- **Capabilities / Efficiency**

- Online check-in 26% (from 11%)
- Kiosk check-in 6% (from 0.7%)
- Sold 6 under utilized offices
- Streamline / rationalize catering meals uplift

- **Services**

- Continue new BC roll out
- Uplift economy class service



Unit : THB' Billion/ Consolidated	Consolidated		
	2015	2016	%change
Revenues	188.7	180.5	-4.3
Costs	-184.5	-171.3	-7.2
Interest payments	-5.5	-5.1	-7.3
<b>Operating Profit (Loss)</b>	<b>-1.3</b>	<b>4.1</b>	<b>N/A</b>
(1-time) Expense	-4.2	-2.5	-40.5
Impairment loss (1-time)	-12.2	-3.6	-70.5
FX Gain/(Loss)	+3.5	+0.6	-82.9
<b>Loss before Tax</b>	<b>-14.1</b>	<b>-1.4</b>	<b>+90.1</b>
Tax	+1.1	+1.5	+36.4
<b>Net profit (Loss)</b>	<b>-13.1</b>	<b>0.1</b>	<b>N/A</b>
Passenger Production (MASK)	83,479	85,042	+1.9
Passenger Traffic (MRPK)	60,893	62,422	+2.5
Cabin Factor (%)	72.9	73.4	+0.5
Passenger carried (Million)	21.25	22.26	+4.8
Passenger Yield Inc. Surcharge (THB/km)	2.46	2.35	-4.5
Aircraft Utilization (Hrs./Day)	10.9	11.5	+5.5

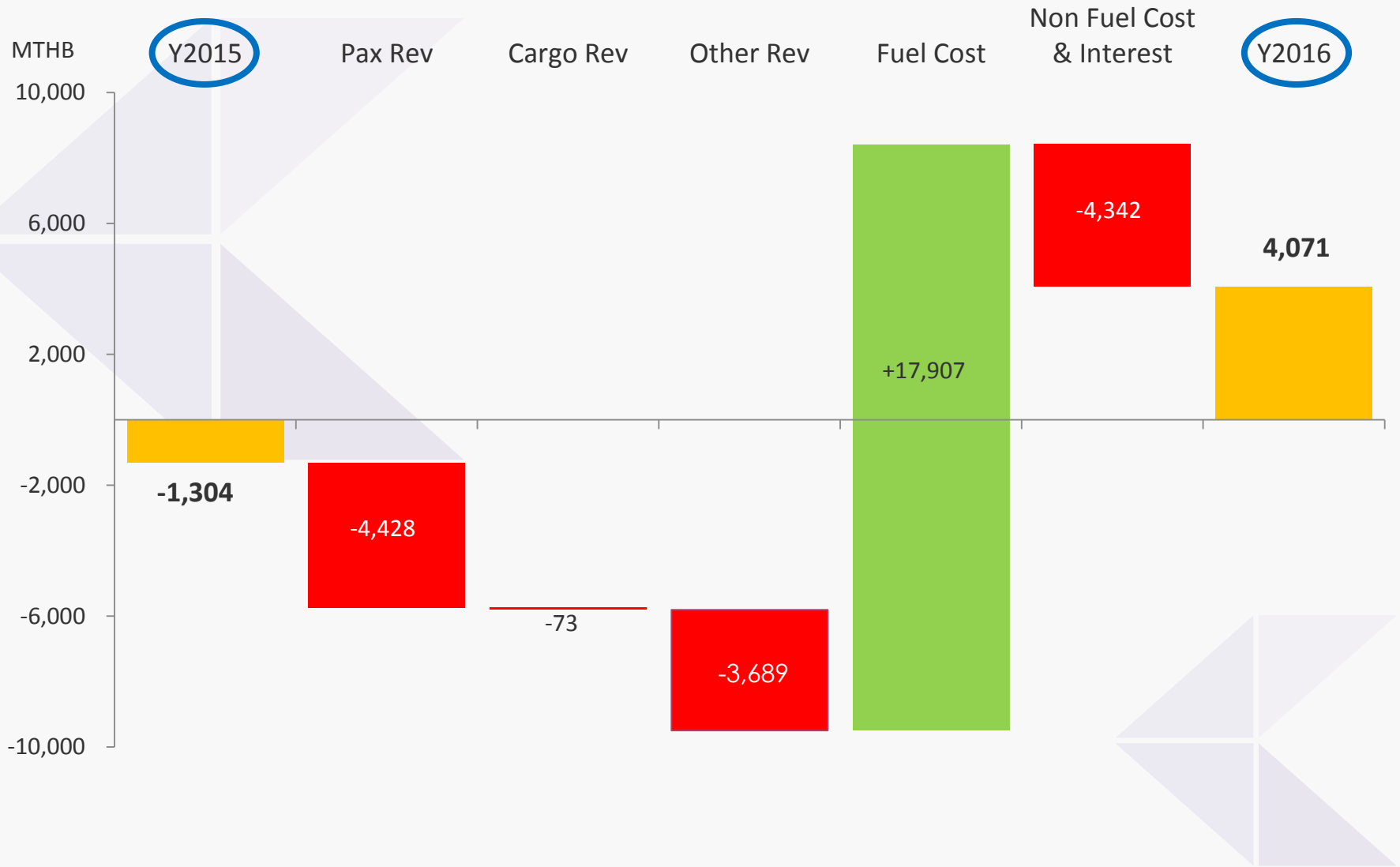
↓ Pax revenue suppressed from competition & fuel surcharge

↓ Fuel cost decrease

↓ Impact from fuel surcharge

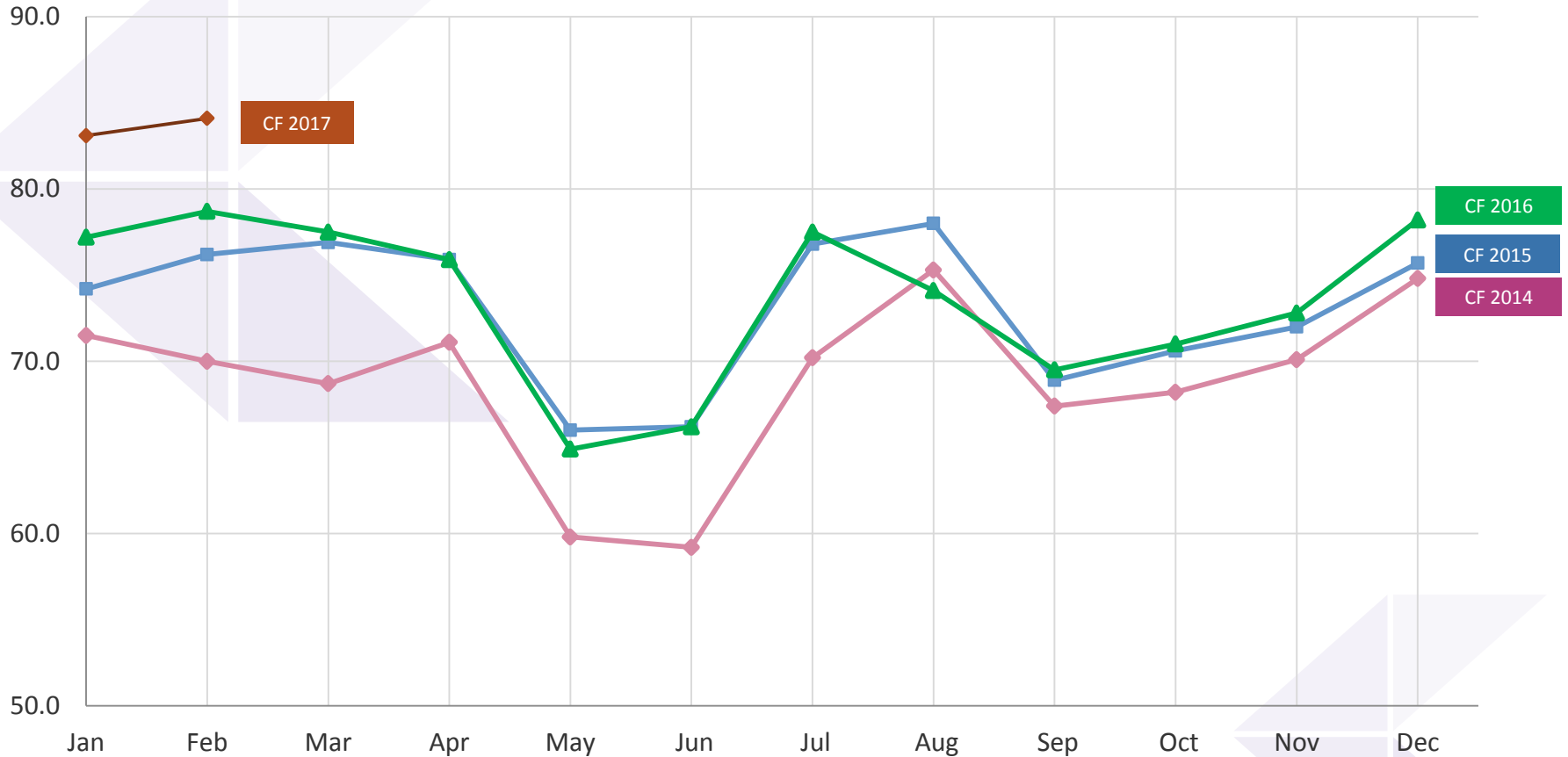


## Consolidated



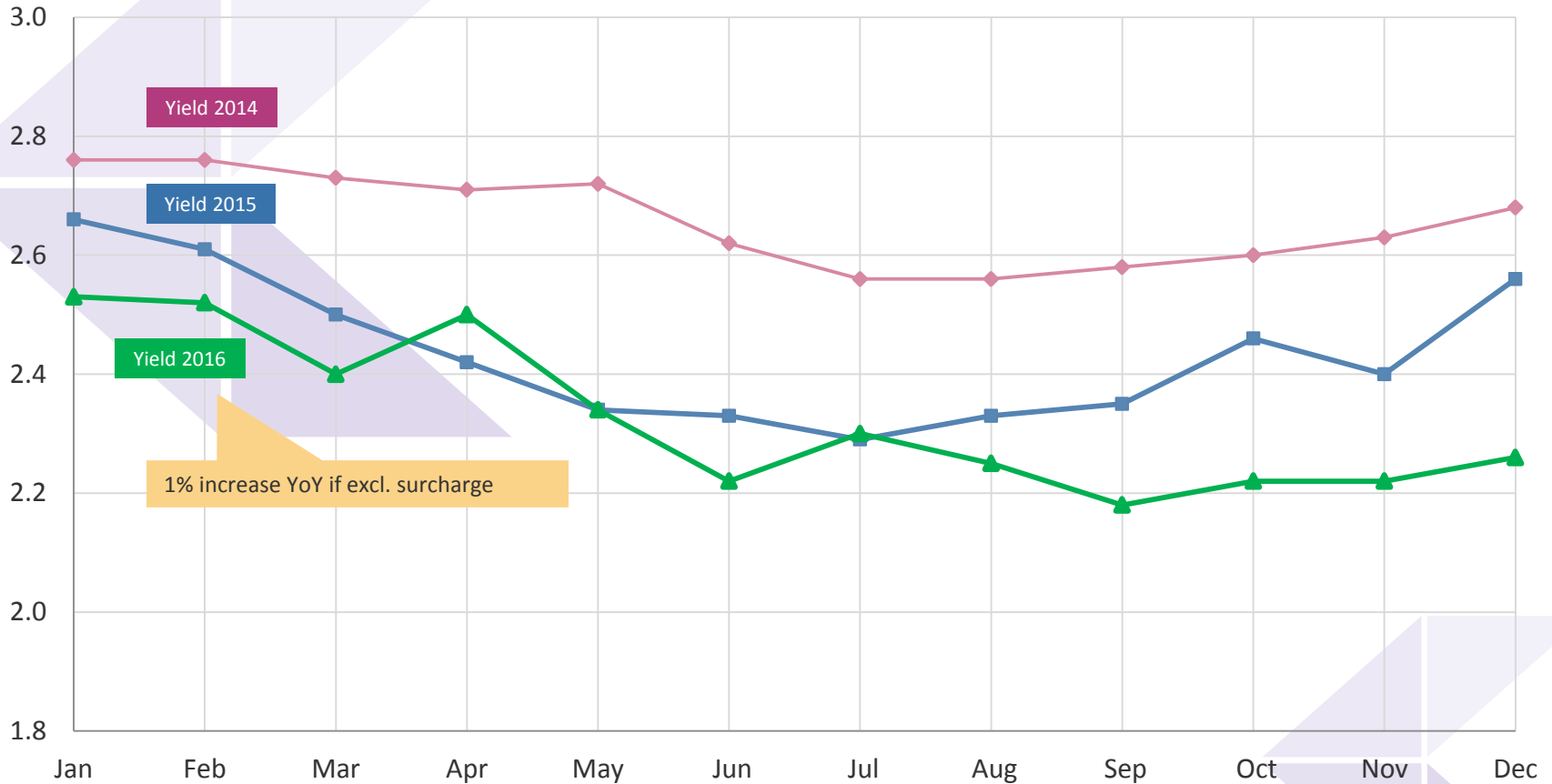
## TG Only

Cabin Factor (%)



## TG Only

THB / RPK



1% increase YoY if excl. surcharge

## Consolidated

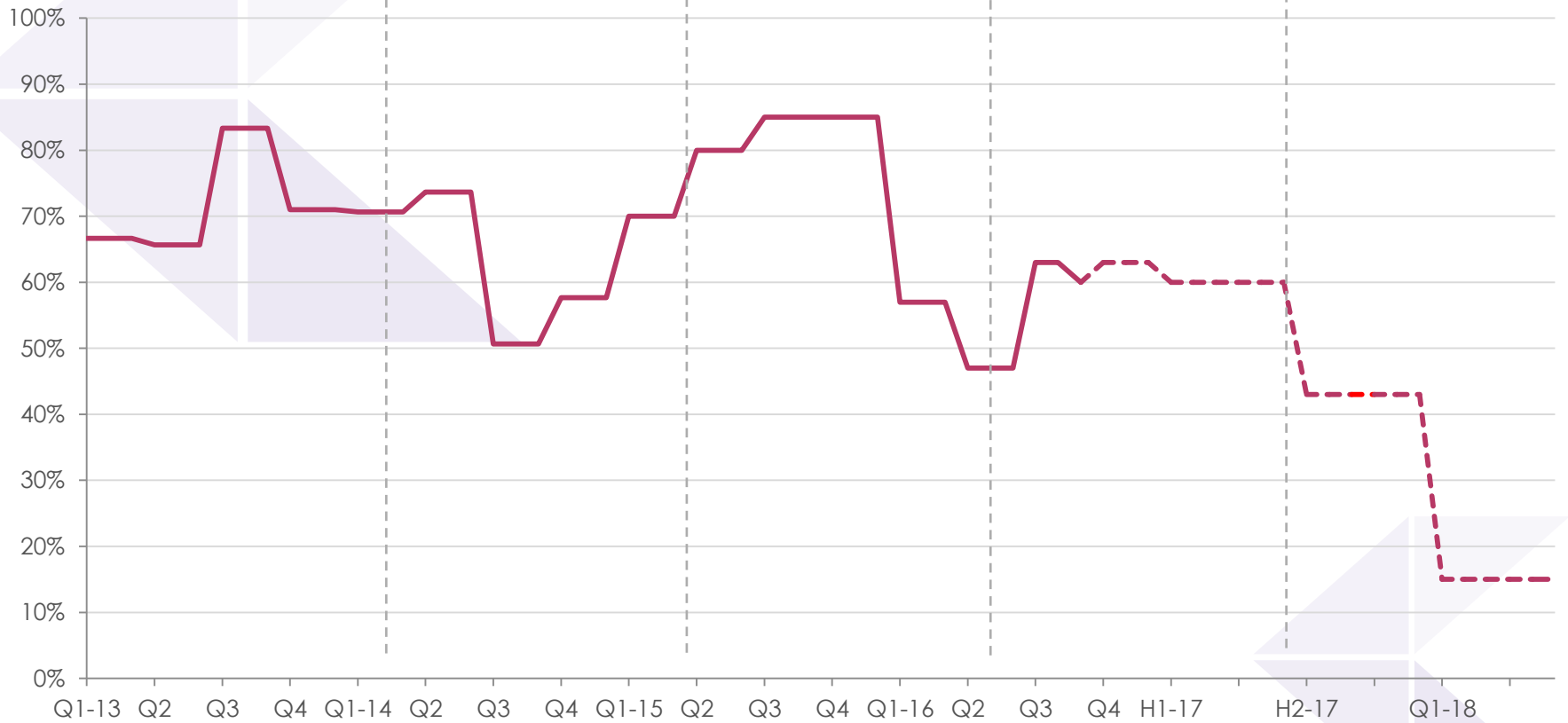
(THB/RPK)	Y'15 (Y'16 Rate)	Y'16	% Change
Pax Rev	2.51	2.35	-6.4
FX impact	(0.05)	-	-
<b>Total Pax Yield</b>	<b>2.46</b>	<b>2.35</b>	<b>-4.5</b>

## Passenger Yield by Region

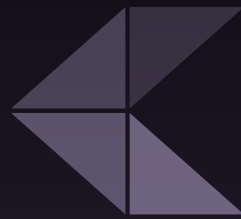
(THB/RPK)	Y'15	Y'16	% Change
Domestic	2.98	2.94	-1.3
Regional	2.82	2.74	-2.8
Intercontinental	2.03	1.88	-7.4
<b>Total system</b>	<b>2.46</b>	<b>2.35</b>	<b>-4.5</b>

		JAN - DEC	
		2015	2016
<b>Liquidity Ratio</b>			
- Current Ratio	(times)	0.78	0.78
<b>Profitability Ratio</b>			
- Operating Profit (loss) margin	%	(0.69)	2.25
- Net profit (loss) Margin	%	(6.90)	0.03
- Return to Equity	%	(35.16)	0.14
<b>Efficiency Ratio</b>			
- Return to Total Assets	%	(2.70)	1.34
<b>Financial Policy Ratio</b>			
- Interest Bearing Debt to Equity	(times)	5.84	4.98
- Total Debt to Equity	(times)	8.19	7.43
- IBD/EBITDA	(times)	9.84	6.73
- Interest Coverage Ratio	(times)	3.32	4.66
- EBITDA	(MTHB)	19,560	24,856

## Monthly fuel hedging as % of consumption by month



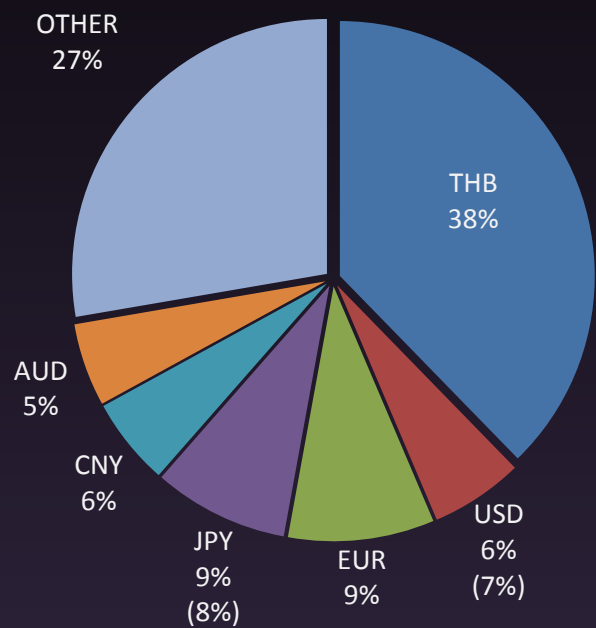
Note : As of Feb 28,2017



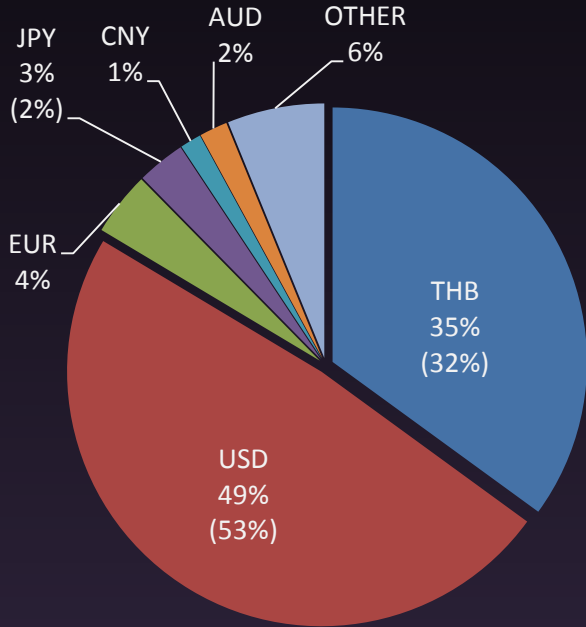
# 2016 Financial Restructuring

# THAI has over 50+ multiple currencies

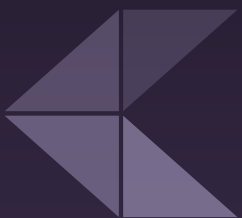
### Revenue



### Expense



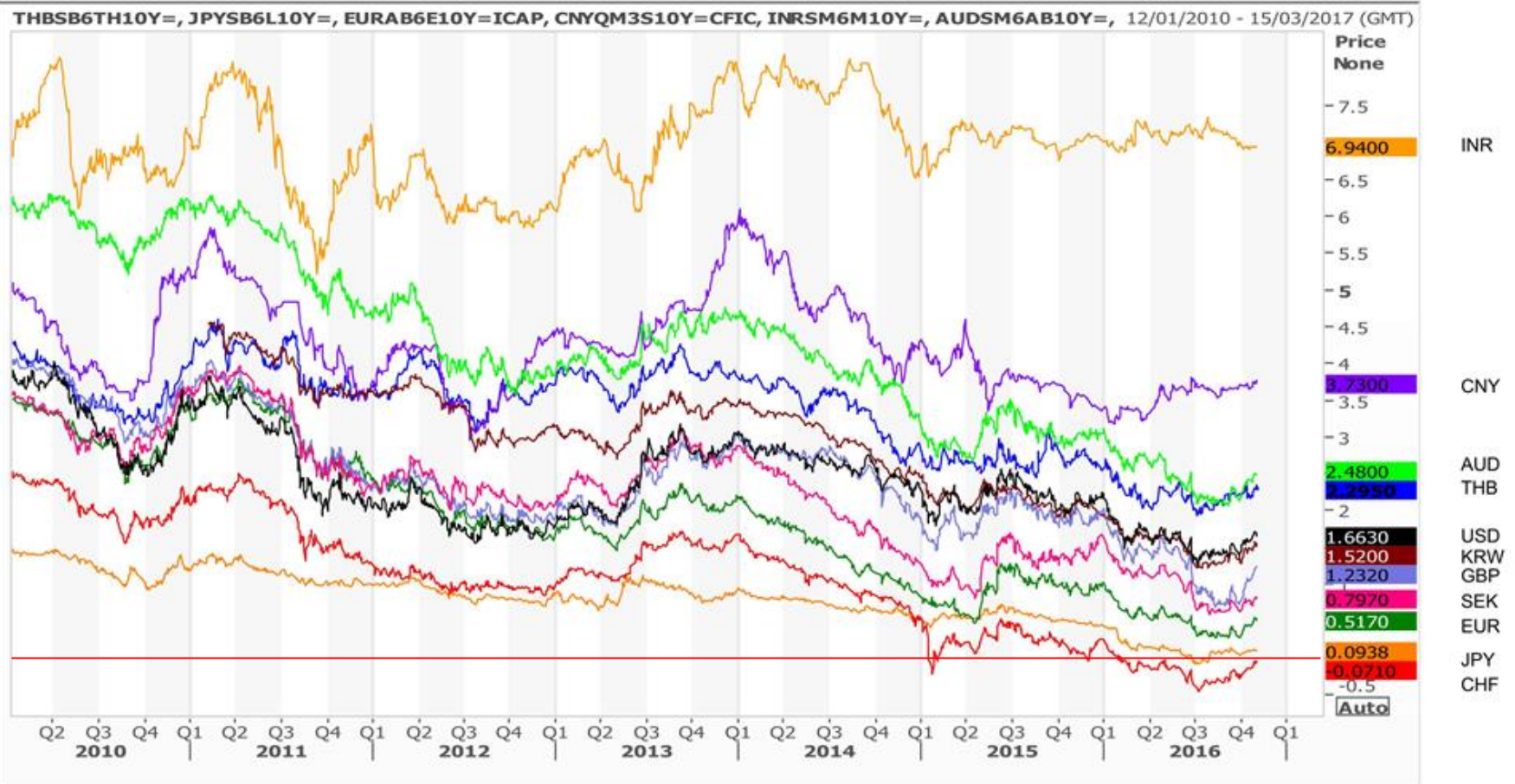
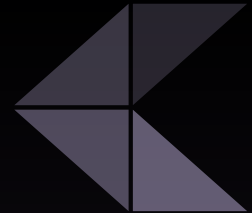
As of Sep16



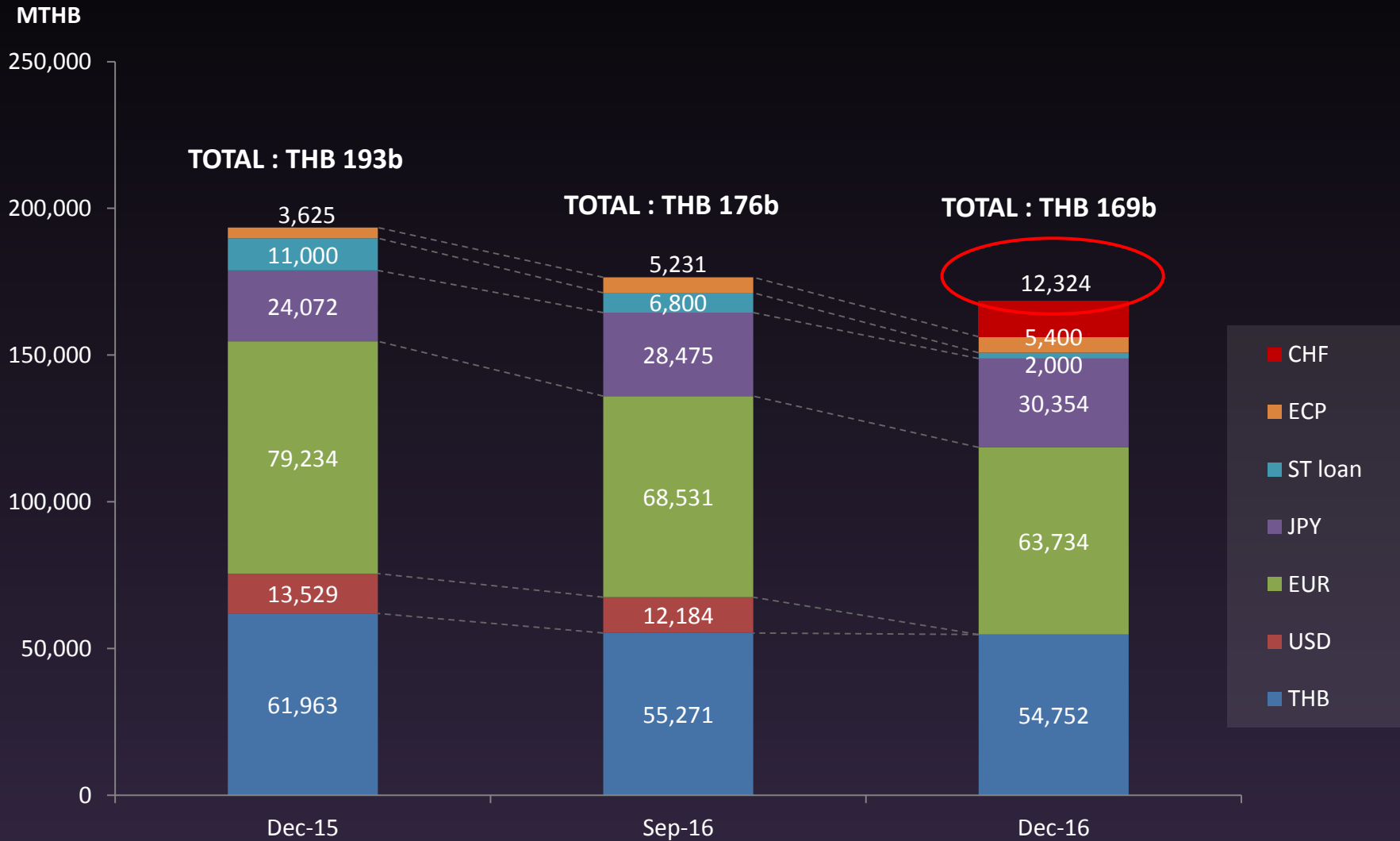
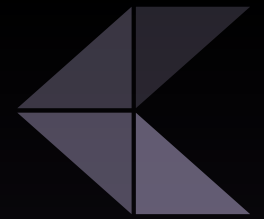


# Interest rate environment

Can benefit from low interest rate currencies



# Liabilities by currency



# Managing Interest Cost

TG Only

Unit : THB 'bn	Actual 14'	Actual 15'	Forecast 16'
Interest Payment	5.9	5.9	5.3 (-10%)
Loan balance (avg)	187.2	189.5	181.8 (-4.1%)



# In sum

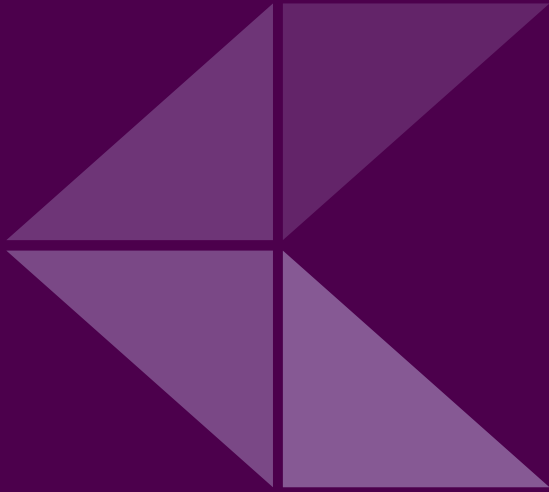
2016

▼ **-0.40%**

Cost of fund

▼ **THB -600mm**

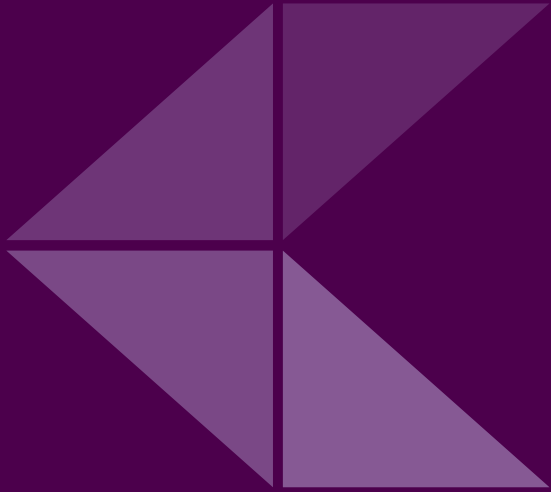
Interest expense



OUTLOOK

- **MRO Project at UTP & EEC**
  - Signed MOU with Airbus on 8-Mar-17
  
- **Comprehensive network & long term fleet uplift**
  - Initial schedule adjustment done for Kangaroo to EU
  - 2<sup>nd</sup> flight to FRA & CPH to via HKT (BKK-HKT-FRA)
  - Pull back WE flights from DMK and move to BKK
  - 4 forward TPI planned – adjusting for better network
  - New aircraft 41% in 2013 and 81% in 2018
  - Flexible aircraft -20%
  
- **Sales capabilities uplift**
  - New internet platform
  - New mobile platform
  - Partner with airlines in creating 524+ routes
  
- **Service capabilities uplift**
  - New F Class & new short haul BC to be implemented
  - New iRF (Integrated Route Folder) deployed on 9-Jan-17 ([www.salesforce.com](http://www.salesforce.com)) for all customer touch points





Q & A