

Thai Airways International PCL: Analysis of Aircraft Liquidation

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Abstract

On January 26, 2015, less than two months after his appointment as the new President of Thai Airways, Mr. Charamporn Jotikasthira¹, received a directive from the Super Board (State Enterprises Policy Commission) concerning the major rehabilitations proposed by the Super Board to reform the loss-accruing and nearly bankrupt state enterprise. Endorsed by Prime Minister Prayut Chan-o-cha, chairman of the Super Board, the directive set form a reform framework encompassing six strategies that they believed to be essential to turning around the airline, one of Thailand's largest state enterprises, and restoring its luster as the pride of the Thai people.

Having thus been put on notice of the Super Board's endorsement, President Charamporn called for a meeting with the management team to discuss the preparation of a proposal for improved operating results that the Super Board had directed be submitted at their next scheduled meeting. The President discussed with responsible managers from various departments possible ways to cooperate with business partners in order to expand the route network, augment the customer base, and improve sales by focusing on service quality, applying new marketing strategies, launching new ticket sales channels, and controlling expenses by improving efficiency in various aspects.

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On the task of developing a fleet strategy for the liquidation of unnecessary aircrafts, the Financial Manager, Mr. Karn (hypothetical name), was assigned by the President to analyze the impact of aircraft liquidation on the company's future financial performance and present it to the President and management team at their next scheduled meeting on February 17, 2015. Upon leaving the management team meeting, Mr. Karn immediately set about collecting the data that would be needed to pursue the assignment. He did so in the full awareness that he had been given a high-visibility task, the successful performance of which could only bolster his budding career with Thai Airways.

Keywords: Airline Industry, Thai Airways, Corporate Finance, Asset Liquidation

บริษัท การบินไทย จำกัด (มหาชน): วิเคราะห์แผนการขายเครื่องบิน

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บทคัดย่อ

เมื่อวันที่ 26 มกราคม 2558 เพียงสองเดือนหลังจากที่คุณจรัมพรเข้ารับตำแหน่งกรรมการผู้อำนวยการใหญ่บริษัท การบินไทย จำกัด (มหาชน) คุณจรัมพรก็ได้รับคำสั่งจากคณะกรรมการนโยบายรัฐวิสาหกิจ (คนร.) หรือ ซูเปอร์บอร์ด ที่มีพล.อ.ประยุทธ์ จันทร์โอชา นายกรัฐมนตรีเป็นประธาน ว่าที่ประชุมเห็นชอบแผนฟื้นฟูบริษัท การบินไทย จำกัด (มหาชน) จากปัญหาขาดทุนและฐานะทางการเงินที่น่าเป็นห่วง โดยจะมีการปรับกลยุทธ์ ได้แก่ การปรับเส้นทางการบิน ด้วยการหยุดเส้นทางการบินที่ขาดทุนต่อเนื่อง โดยเส้นทางที่ขาดทุนแต่มีแนวโน้มที่จะทำกำไรได้ ให้ปรับลดจำนวนเที่ยวบิน ส่วนเส้นทางที่พอมีกำไรให้พัฒนาและเพิ่มการบริการ เน้นการเชื่อมต่อเส้นทางบิน โดยการหยุดบินและลดจำนวนเที่ยวบิน และ การขายทรัพย์สินบางส่วน เช่น เครื่องบินในเส้นทางที่ไม่คุ้มค่ากับการดำเนินงาน หรือสิ้นเปลืองพลังงานมาก เพื่อให้สอดคล้องกับการปรับลดเส้นทางบินที่ขาดทุน โดยเฉพาะเครื่องบินเก่า เพื่อช่วยลดภาระด้านการซ่อมบำรุงและค่าจอดต่าง ๆ

หลังจากที่ได้รับคำสั่งจาก คนร. คุณจรัมพรก็ได้เรียกประชุมคณะกรรมการผู้บริหารเพื่อหารือถึงการดำเนินงานเพื่อตอบสนองความคาดหวังของ คนร. กรรมการผู้อำนวยการใหญ่ได้อภิปรายกับผู้จัดการที่มีหน้าที่รับผิดชอบจากหลาย ๆ ฝ่ายถึงหนทางที่จะเพิ่มรายได้โดยพัฒนาคุณภาพของการบริการ ใช้ยุทธศาสตร์ทางการตลาดใหม่ ๆ นำเสนอรายการส่งเสริมการขายใหม่ ๆ และวิธีควบคุมค่าใช้จ่ายโดยพัฒนาประสิทธิภาพในหลาย ๆ ด้าน

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ในส่วนของการขายเครื่องบินเก่าเพื่อลดภาระด้านการซ่อมบำรุงและค่าจอดต่าง ๆ นั้น คุณจรัมพรได้มอบหมายให้คุณกานต์ (นามสมมติ) ผู้จัดการฝ่ายการเงินเตรียมแผนการวิเคราะห์ผลกระทบของการขายเครื่องบินต่อผลการดำเนินงานและฐานะทางการเงินของบริษัท และนำเสนอแผนเพื่อบูรณาการร่วมกับแผนอื่น ๆ เพื่อนำเสนอต่อคณะกรรมการบริหารในการประชุมครั้งต่อไป โดยเน้นไปที่การขายเครื่องบินแอร์บัส 340-500 จำนวนสี่ลำที่การบินไทยเช่าซื้อมาสามลำในปี 2548 และอีกหนึ่งลำในปี 2550 เพื่อใช้บินเส้นทาง กรุงเทพฯ – นิวยอร์ก และ กรุงเทพฯ – ลอสแอนเจลิส เพียงสองปี ก่อนที่จะยกเลิกเส้นทางเนื่องจากพบว่าไม่ผลดำเนินงานขาดทุนตลอดระยะเวลาที่เปิดให้บริการ หลังจากนั้นเครื่องบินสี่ลำนี้ก็ได้อูกจอดทิ้งไว้โดยที่มีผู้เสนอซื้อหลายราย แต่ทางการบินไทยก็ไม่อนุมัติการขายโดยให้เหตุผลว่าราคาเสนอซื้อต่ำเกินไป

คุณจรัมพรได้เน้นย้ำว่าการขายเครื่องบินสี่ลำนี้เป็นสิ่งที่ต้องทำอย่างเร่งด่วนภายในปีนี้ โดยแผนการวิเคราะห์การขายเครื่องบินแอร์บัส 340-500 จะต้องนำเสนอ แนวทางเลือกหลังการปลดระวางเครื่องบิน การวิเคราะห์เปรียบเทียบข้อดีข้อเสียของแต่ละทางเลือก และผลกระทบของการขายเครื่องบินต่อผลการดำเนินงาน ฐานะทางการเงิน และ อัตราส่วนทางการเงินของบริษัท

กรณีศึกษานี้ได้กล่าวถึง ภาพรวมโดยสังเขปและประวัติของการบินไทย ตามด้วยบทสรุปของข้อมูลการบรรยายและการปฏิบัติการทั้งในระดับโลกและท้องถิ่น (ไทย) ของธุรกิจการบิน รวมทั้งโอกาสเด่น ๆ บางโอกาสและการโต้ตอบอุปสรรคต่าง ๆ ในธุรกิจจากพันธมิตรด้านการบิน รายหลักทั้ง 3 ราย มีข้อมูลโดยละเอียดเกี่ยวกับผลประกอบการของการบินไทยระหว่างปี 2557 รวมทั้งสถิติเปรียบเทียบรายได้ ค่าใช้จ่าย กำไร (ขาดทุน) และสัดส่วนทางการเงินที่สำคัญ (เช่น อัตรากำไรสุทธิ อัตราผลตอบแทนจากสินทรัพย์ และอัตราส่วนหนี้สินต่อสินทรัพย์) ย้อนหลัง 3 ปี ในบทนี้ยังเสนอเนื้อหาโดยละเอียดมากขึ้นในเรื่องการปฏิบัติการด้านการเงินของการบินไทย รวมถึงรายได้ ค่าใช้จ่าย และฐานะทางการเงินของการบินไทย

นักศึกษาจะต้องอนุมานบทบาทของคุณกานต์ซึ่งเป็นผู้จัดการฝ่ายการเงินและเตรียมแผนการปลดระวางเครื่องบิน ตามที่กรรมการผู้อำนวยการใหญ่ได้มอบหมายไว้โดยพิจารณาถึงปัจจัยและทางเลือกต่าง ๆ ในการปลดระวางเครื่องบิน การวิเคราะห์เปรียบเทียบข้อดีข้อเสียของแต่ละทางเลือก และผลกระทบของการขายเครื่องบินต่อผลการดำเนินงาน ฐานะทางการเงิน และอัตราส่วนทางการเงินของบริษัท ตอนท้ายกรณีศึกษาที่ผู้จัดการฝ่ายการเงินได้เห็นว่ามีความหลายเรื่องที่ต้องลงมือทำ ในกรอบเวลาที่ค่อนข้างจำกัด เขาจะต้องเตรียมการเพื่อนำเสนอแผนการขายเครื่องบินต่อประธานกรรมการบริหารและคณะกรรมการบริหารสำหรับการประชุมในครั้งต่อไปในสองสัปดาห์หน้า ดังนั้นเขาจึงต้องเริ่มดำเนินการทันที

คำสำคัญ: อุตสาหกรรมการบิน บริษัทการบินไทย การเงินธุรกิจ การชำระบัญชี การจัดการทรัพย์สิน

On January 26, 2015, less than two months after his appointment as the new President of Thai Airways, Mr. Charamporn Jotikasthira, received a directive from the Super Board (State Enterprises Policy Commission) concerning the major rehabilitations proposed by the Super Board to reform the loss-accruing and nearly bankrupt state enterprise. Endorsed by Prime Minister Prayut Chan-o-cha, chairman of the Super Board, the directive set form a reform framework encompassing six strategies that they believed to be essential to turning around the airline, one of Thailand's largest state enterprises, and restoring its luster as the pride of the Thai people.

"... The operating result for this year does not depend on operations but on asset sales. It depends on whether these asset sales turn out as expected. . ."

- Mr. Charamporn Jotikasthira, President, Thai Airways Int'l PCL.

[Source: <http://www.bangkokpost.com/news/transport/482490/thai-selling-42-planes-changing-routes>.]

The reform framework called for several major rehabilitations, including the following:

1. a Network Strategy – to improve network, destination selection and route performance;
2. a Fleet Strategy – to liquidate unnecessary aircrafts;
3. a Commercial Strategy – to increase profit-making capability;
4. an Operations & Cost Strategy – to improve capability and control standards, as well as control costs;
5. an Organization Strategy – to adopt a structure suited to the new competitive environment along with an appropriate remuneration policy; and,
6. a Portfolio Strategy – to organize business units systematically and determine core business and non-core business.

Having thus been put on notice of the Super Board's endorsement, President Charamporn called for a meeting with the management team to discuss the preparation of a proposal for improved operating results that the Super Board had directed be submitted at their next scheduled meeting. The President discussed with responsible managers from various departments possible ways to cooperate with business partners in order to expand the route network, augment the customer base, and improve sales by focusing on service quality, applying new marketing strategies, launching new ticket sales channels, and controlling expenses by improving efficiency in various aspects.

On the task of developing a fleet strategy for the liquidation of unnecessary aircrafts, the Financial Manager, Mr. Karn (hypothetical name), was assigned by the President to analyze the impact of aircraft liquidation on the company's future financial performance and present it to the President and management team at their next scheduled meeting on February 17, 2015. In particular, the aircrafts that the President requested that Mr. Karn put a special focus on were the four A340-500 aircrafts acquired under financial lease agreements in the year 2005 and 2007. They had been serving the loss-riding Bangkok-New York and Bangkok-Los Angeles routes for a few years before the routes were canceled. Since then, the four aircrafts had remained parked and unused. In the past few years, there had been some potential buyers had expressed the intention to purchase; however, the Board of Directors had not approved the sale due to the low offered price.

In his assignment of the analytical task for Mr. Karn, the President emphasized that the liquidation of these four aircrafts could not be postponed any longer, that indeed they had to be sold within July 2015. Further, Mr. Karn was advised that the analysis of A340-500 aircraft liquidation was expected to begin with the liquidation alternatives, followed by a thorough analysis of the relevant benefits and costs of liquidating the four aircrafts, including the impact of any realized gain or loss on accounting profits, the forgone tax benefits from depreciating the aircrafts, and the forgone related expenses arising from holding the aircrafts. The analysis was also to include a comprehensive investigation of the impact of liquidating these four aircrafts

on the company's financial ratios and demonstrate how much the liquidation of the aircrafts would contribute to the value of the company.

Upon leaving the management team meeting, Mr. Karn immediately set about collecting the data that would be needed to pursue the assignment. He did so in the full awareness that he had been given a high-visibility task, the successful performance of which could only bolster his budding career with Thai Airways.

Thai Airways International PCL: Overview & Developmental Highlights

Thai Airways International Public Company Limited (THAI), the national carrier of the Kingdom of Thailand (see Exhibit 1: Thai Airways Global Routes), was established on May 1, 1960 (see Exhibit 2: The 1959-2014 Developmental Highlights of Thai Airways) as a joint venture between Thailand's domestic carrier, Thai Airways Company (TAC), and Scandinavian Airlines System (SAS), which initially provided various kinds of operations, managerial, training and marketing expertise and assistance. Almost from the outset, the new airline grew rapidly, and profitably, in both passenger traffic and freight carried, and by its tenth year of operations could boast of serving more destinations in Asia than any other carrier. Intercontinental service to major cities began during its second decade, and by the end of its fifteenth year of operations, THAI's international routes had reached twenty destinations in sixteen countries, with corporate profits keeping pace with the growth in passenger and freight revenues.

In late-March 1977, the Thai government and SAS concluded discussions that paved the way for the Thai government to acquire majority control in Thai Airways Company, which was consummated on April 1, 1977, when the Thai government acquired 85% of the shares in Thai Airways Company. Following the government's assumption of majority control, the airline continued to grow and prosper, with enabling attainment of THAI's objective of providing air travel services to all major domestic and international destinations. By the late-1980s, THAI ranked 17th in size among world airlines (World Air Transport Statistics, International Air Transport Association – IATA, 1985) and was frequently found on lists of the world's "best"

airlines, as rated by both business and leisure travelers. However, maintaining the airline's competitive edge in the continuous battle for passenger (and freight) revenue was becoming an expensive proposition. For example, periodic fleet upgrades to newer, larger, or more fuel-efficient aircraft were enormously expensive undertakings. Notwithstanding the fact that majority ownership by the Thai government afforded the national carrier reasonably ready access to funds for such capital investments, and on favorable terms, Thai governmental officials were increasingly of the view that THAI – like highly successful Singapore Airlines – should compete in the capital markets for access to the funds required to maintain and expand their operations.

Thus, with the approval of the Thai Cabinet, the airline was authorized to list shares on the Stock Exchange of Thailand (SET), with a first issue of 100 million shares at a par value of 10 Baht per share. Of those 100 million shares, five million shares were reserved for THAI employees, with the remaining 95 million shares offered to the public. The listing of THAI shares on July 19, 1991, with a registered share capital of 14,000 million THB made the THAI share listing the largest in the history of the SET, as well as the single largest such offering ever undertaken in Thailand. The listing enabled THAI to continue to strengthen its competitiveness by creating customer loyalty through the establishment of the Royal Orchid Plus rewards program for frequent fliers in 1993, with its Royal Orchid Plus Gold Card for super frequent flyers launched the following year. Meanwhile, continuous growth continued apace – so much so that during its 35th anniversary year (1995), THAI carried 12.8 million passengers, compared to 62,000 passengers during its first year of existence.

Despite these accomplishments, THAI quickly surmised that it could ill afford to rest on its laurels. First, the global airline industry itself continued to be under severe pressure, as the combination of high operating costs, gyrating demand, and increasingly intense competition constituted ongoing challenges. Second, the speculative attacks that precipitated the Thai currency crisis that began during the first quarter of 1997 had the effect of severely curtailing domestic, as well as regional, air travel demand, as the crisis quickly spread from Thailand to envelop

nearly all of Southeast Asia. Faced with an increasingly uncertain revenue picture, THAI executives undertook a re-evaluation of the airline's strategic plans. With the Baht under severe devaluation pressure as the crisis deepened and spread, THAI could no longer be assured of access to the resources required to maintain a "go-it-alone" posture – at least not in the immediate future. Strategic alliances became the new imperative.

Thus, THAI executives entered into discussions with other major international airlines aimed at revenue-enhancing and cost-shaving cooperative arrangements that would benefit the group as a whole. Thus, on May 14, 1997, was born the "Star Alliance," initially consisting of THAI and four other leading international airlines – namely, Lufthansa German Airlines, United Airlines, Scandinavian Airlines System, and Air Canada – an integrated worldwide air transport network. Ushering in the strongest airline alliance in the history of commercial aviation with an extensive network covering major destinations around the world, this new global network facilitated and formalized the sharing of aviation resources among member airlines, thereby enabling THAI to offer its passengers a full complement of worldwide services and destinations.

During the early-2000s, THAI continued to expand its business in a variety of facets, including launching new routes around the region and over different continents. In the remarkable year 2002, THAI received a record four Gold Awards from the Pacific Asia Travel Association (PATA) for excellence in various aspects of promotion and destination marketing. To maintain its strategic position, THAI redefined and redesigned its entire corporate identity and brand image with a comprehensive program for the year 2005, which covered everything from a new aircraft livery, redecoration of cabin interiors, crew uniforms, and all in-flight equipment. Another remarkable year for THAI was when its Royal First Class Lounge in Suvarnabhumi Airport was voted "Best in the World" in the 2007 annual Skytrax World Airline Survey.

Alas, after experiencing a decades-long period of prosperity, in 2008, THAI entered its present era of alternating cycles of auspicious gains followed by sudden reversals. These began with the onset of severe financial difficulties

precipitated by a dramatic downward trend in travel demand – a nearly unprecedented decline that resulted from, among other factors, the worsening global financial crunch triggered by the financial crisis that originated in the United States in late-2007, as well as escalating political unrest in Thailand. In addition, THAI's operating expenses had markedly increased due to the upward trend in oil prices. In consequence of these factors, THAI experienced a loss of 21,379 million THB during 2008, compared with a 4,368 million THB profits during 2007. This was the airline's worst loss since the Asian Financial Crisis of 1997. Concurrently, THAI racked up a range of other dubious honors including a 16-year low in its share price and a ratings downgrade that triggered the deferral of a planned bond issue.

In order to solve the problems, during the year 2009, the Company's Board of Directors committed to turnaround measures such as reducing remuneration and benefits for management teams, restructuring THAI's debt profile, acquiring new aircrafts, improving service quality, rationalizing routes and destinations, and enhancing technical and maintenance efficiency. These drastic measures resulted in Thai Airways being able to turn around the net loss in 2008 to a net profit of 7,344 million THB in the year 2009. This performance enabled the company to celebrate the milestone of its historic 50th anniversary in the year 2010 with the net profits of 14,792 million baht, which was the highest profit in its fifty years of operation. In addition, its stock price peaked at 57.75 THB, from the lowest level of 6.40 in early 2009.

But, as fate would have it, additional storm clouds appeared on the horizon. More specifically, Thai Airways encountered its toughest time during the 2013 and 2014, when it suffered consecutive annual losses of 12,000 and 15,570 million THB, respectively. The loss per share of 7.15, which accounted for almost 50% compared with the market price of 14.60 (as of December 30, 2014), reflected the Company's extremely critical prospects. In addition, the airline has been ejected from the top ten of the World's Best Airlines (by Skytrax) for two consecutive years (2013-2014). It had been these results that had prompted the Thai Government Super Board, expressing much concern, to call for prompt action by the Company's President and management (see Exhibit 3: Thai Airways' President & Organization Chart) to turn

around the airline's performance and put the airline back on the path of solid and sustainable financial performance.

The Global and Local Airlines Industries: Overview of Status, Issues, and Trends

Like most other flag carrier airlines in nations around the globe, THAI competed in both the local (national) and the international arenas. THAI executives therefore had to maintain awareness of the contours and dynamics of the airline industry at both levels.

The Global Airlines Industry: Current Status, Salient Issues, and Noteworthy Trends

For all practical purposes, the global airlines industry was coterminous with the membership of the International Air Transport Association (IATA), the industry "trade" association, that was formed in 1945 and was now comprised of 240 member airlines, accounting for 84% of international air traffic. Thus, the same forces that impinged on IATA impacted the global airlines industry as a whole. In this connection, several facets concerning the industry were of particular importance: alternating cycles of growth and financial distress; the heightened criticality of operating efficiency; and, the increased importance of a global presence, given unrelenting industry consolidation (See Exhibit 4: IATA Industry Outlook for the Year 2015)

Growth Punctuated by Periods of Acute Financial Distress

First, while air travel had grown at an average rate of 7% per year during the period 1990-2000, this overall growth had been accompanied by periods of acute financial distress. For example, during 1990-1991, the industry suffered losses from both worldwide declines in demand precipitated by the Gulf War and excess capacity in the market due to airlines having over-ordered aircraft in the boom years of the late 1980s. Consequently, IATA's member airlines suffered cumulative net losses of U.S. \$20.4 billion in the years 1990 through 1994. The subsequent responses taken by individual airlines and groups of airlines to ensure their survival and

prosperity soon spread industry-wide, and indeed have continued to shape competitive dynamics in the business.

Efficiency as the New Operational Imperative

Beginning in earnest in the 1990s and continuing through the first decade of the 21st century, airlines pursued a variety of approaches aimed at optimizing operating margins. These included aggressive cost-cutting programs; cutting back on in-flight amenities and customary ground services; reducing capacity growth that had precipitated periodic outbreaks of fratricidal fare wars that left all the participants poorer; and increasing load factors (i.e., percentage of occupied seats to total available seats), thereby attempting to spread the monumental fixed costs of flying an airplane from Point A to Point B, in order to squeeze more marginal revenue out of each flight.

Globalization and Consolidation as the Way Forward

The combination of these factors led, in 1997, to the founding of the first global alliance of airlines, the Star Alliance, with other carriers soon following suit via the “SkyTeam” and “OneWorld” alliances. The participants in each of these strategic alliances were very much of the conviction that the future prosperity of the industry lay in the ability of individual airlines to offer passengers a virtually “seamless” travel experience from any point on the globe to any other point. In addition, consolidation of the industry was another trend that was propelled by airline experiences during the 1990s. As a means of effecting maximum coordination between two or more erstwhile competitors, consolidation was variously viewed by industry participants either as an adjunct to the strategic alliances represented by SkyTeam, Star Alliance, and OneWorld (see Table 1: The Three Airlines Alliance) or as an alternative approach to achieving a comparable end result – i.e., creating a seamless travel experience, globally, for their passengers.

Table 1: The Three Airline Alliances

	Star Alliance	SkyTeam	OneWorld	Rest of Industry
Founded	1997	2000	1999	NA
Members	27	20	16	NA
Market share	24.07%	19.34%	16.29%	40.30%

Sources: iata.org, oneworld.com, skyteam.com, staralliance.com (Access date: January 10, 2015)

By 2009, the tremendous pressures under which the industry had labored since late-2008 - e.g., the global economic slowdown triggered by the 2007-08 financial crisis in the U. S. and European Union, disease outbreaks (that dampened passenger traffic to affected areas of the globe), and threats and acts of terrorism -- caused air passenger growth to hit a trough in 2009, followed by another minor slowdown in growth during 2010-2012 due to the ongoing global economic slowdown resulting from the European public debt crisis and the continuing woes of the United States economy. However, the revitalization of the world economic and airline industry cycle had gradually begun in 2012, the result of an easing in fiscal austerity policies, continued expansionary monetary policies, and progress in deleveraging the private sectors. All these factors led to acceleration in air travel, with growth of 7% expected in the year 2015, the best since 2010 (See Figure 1: Passenger Growth in Airlines Industry and World Economic Growth)

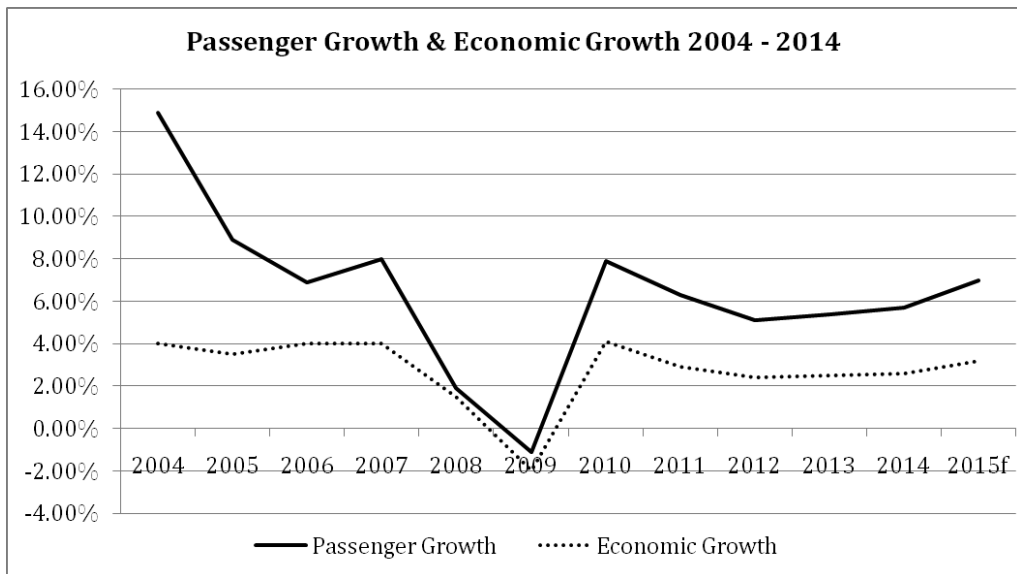


Figure 1: Passenger Growth in Airlines Industry and World Economic Growth

Source: iata.org (Access date: January 20, 2015)

As the 100th anniversary of scheduled commercial aviation had approached in 2014, additional signs of an upturn in the economic cycle included the steep fall of crude oil and jet fuel prices (See Figure 2: Crude Oil Prices and Jet Fuel Prices). From a three-year range (2011-2014) of between U.S. \$81-105 per barrel, the jet fuel price had fallen to U.S. \$62 per barrel at the beginning of the year 2015. Because jet fuel cost was the largest component in operating expenses of airlines, the substantial decline in jet fuel price was a major contribution to an improvement in airline performance.

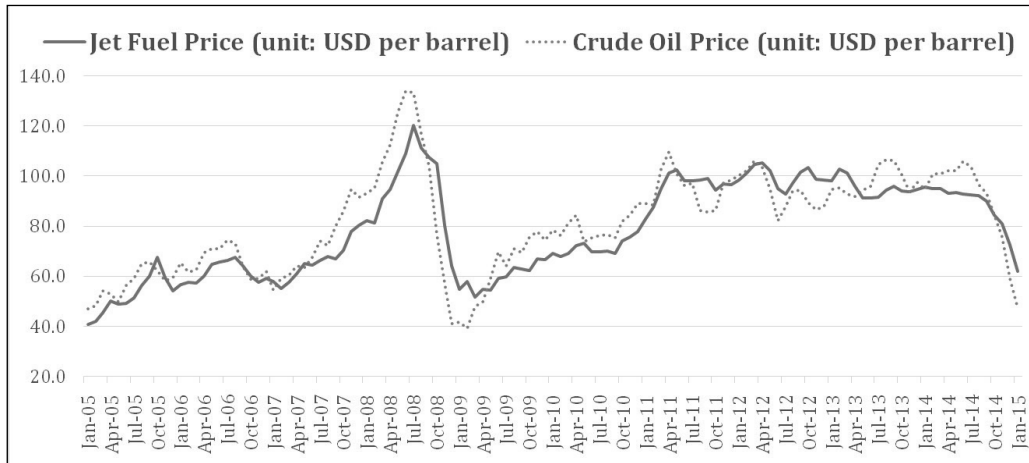


Figure 2: Crude Oil Prices and Jet Fuel Prices (January 2005-January 2015)

Sources: Bureau of Transportation Statistics – BTS (Coordination between the Research & Innovative Technology Administration – RITA and the U.S. Department of Transportation - DOT, U.S. Energy Information Administration – EIA)

The Local (Thai) Airlines Industry: Current Status, Salient Issues, and Noteworthy Trends

The local or domestic airlines industry in Thailand was comprised of those airlines that ferried passengers to and from Thailand and airlines that carried passengers between cities in Thailand. For the year 2014, there were 109 airlines providing 324,792 international flights to Thailand with a total of 46.42 million passengers. Out of the total passengers, Thai Airways carried 14.34 million passengers or equivalent to 30.89% market share. For domestic routes, there were 9 airlines providing 285,145 flights with a total of 8.28 million passengers. Thai Airways had the highest market share, 41.3%, which was equivalent to 3.42 million passengers.

In addition to the impacts of trends and forces that affected the global airlines industry (see discussion in section above), Thai Airways, as a participant in the local airlines industry, had to contend with several other factors. Particularly salient among these were the impacts of a major external crisis and internal political turmoil.

Impacts of the External Crisis Originating in the Euro Zone

The external crisis was the global economic slowdown that arose from the euro-zone sovereign debt crisis that began in late 2009 and intensified in 2010 and thereafter. The crisis not only caused adverse economic effects for the euro-zone countries, but also had a spillover impact on the global economy and financial markets. First, being a strong cyclical industry, the tourism activities suffered alongside the economic downturn. The overall number of visitors to Thailand had declined by 6.66% from the year 2013 to 2014, a trend observed in most regions of the world. (See Exhibit 5: The Arrivals to Thailand by Region for the Year 2014.)

The Coup D'Etat in May 2014

Second, at the commencement of 2014, the Thai tourist industry suffered due to the political turmoil that had erupted in October 2013. A shutdown of Bangkok's governmental offices started from January 2014 by anti-government protesters, followed by the declaration of coup d'état and nationwide martial law by the military in May 2014 had dissuaded a considerable number of potential tourists from visiting Thailand. Airline passenger movement in June 2014, a month after the coup d'état, declined by 24.56% (compare to the same month of the previous year), the highest decline in the previous 24 months. Some cause for cautious optimism, however, was seen in the fact that following a number of measures to stimulate tourism in both the public and private sectors, the month-on-month growth in number of passengers showed a slight improvement during the last quarter of 2014 (see Exhibit 6: AOT Air Traffic - Passenger Movements at Suvarnabhumi Airport, Thailand).

Although the growth of demand in the local airline industry was negatively impacted by the global economic downturn and the domestic political turmoil that had afflicted the industry as a whole, at points in time in recent decades, the profitability performance of the airline industry had been determined not only by revenues but also by expenses. Thus, the downward trend in fuel prices could precipitate gains for the local airline industry just as it had for the global sector of the market.

Nevertheless, given their vulnerability to both economic and political circumstances, airlines confronted the challenge of securing their internal strengths by engaging in innovative and proactive marketing strategies, as well as maintaining operating efficiency. Only in this way could they expect to remain viable individual players and make a positive contribution to the overall business and financial performance of the airline industry as a whole.

Thai Airways International PCL: Operating & Financial Performance Results

Shortly after the directive from the Super Board, Thai Airways management announced that the Company had been generated net losses of 15,573 million Baht for the year 2014, a continuing and troubling deterioration in financial performance compared to the 12,000 million Baht net losses for the year 2013, and the 6,510 million Baht net profits for the year 2012. Because the company had incurred two years of consecutive losses, there was no dividend payment during these periods (see Exhibit 7: Dividends Payout History, Share Information, & IAA Consensus Target Price of Thai Airways). Moreover, the interest-bearing debt to equity ratio during the past three years had been increasing dramatically from 2.3 (in 2012), 3.1 (in 2013), to 4.65 (in 2014) (see Table 2: Thai Airways Operating and Financial Highlights 2012-2014 and Exhibit 8: Financial Statements of Thai Airways and Peers, 2012-2014). As a result, although the TRIS Rating affirmed Thai Airways' company rating and senior debentures rating of A+, the rating outlook had been revised downward from A+/stable to A+/negative.

Table 2: Thai Airways Operating and Financial Highlights 2012-2014

Income Statement (Million Baht)	2012	2013	2014
Total Revenue	213,530	211,605	191,266
Net Profit (Loss)	6,510	(12,000)	(15,573)
Financial Ratios (Percent)			
Net Profit (Loss) Margin	3.00	(5.67)	(8.14)
Return on Assets	4.50	(2.25)	(3.47)
Debt to Equity	2.30	3.10	4.65
Return on Equity	9.80	(19.04)	(31.71)
Shares (Baht)			
Earnings Per Share	2.85	(5.52)	(7.15)
Dividend Per Share	0.50	-	-

Source: Thai Airways International PCL Financial Statements 2014

To tackle the disappointing results from financial and operating performance, the management team of Thai Airways had developed a business turnaround plan with three transformation goals; re-emerge as a national carrier bearing the pride of the Thai people, ensure sustainable growth and profit, and be ranked among the top three airlines in the world.

Thai Airways International PCL: The Aircraft Liquidation Plan

One of the most urgent tasks in fleet strategy that the Super Board had emphasized to the management team was that all the excessive aircrafts had to be liquidated within July 2015. As of January 2015, Thai Airways owned nine families of aircraft, the highest variety of aircraft compared to its two most direct peers, Singapore Airlines and Cathay Pacific, which owned only six families of aircraft. An earlier fleet strategy analysis by the Super Board had shown that owning the higher variety of aircrafts led to lower efficiency in terms of economies of scale and higher maintenance cost, spare parts expense, and personnel expenses. As a result, the Super Board's transformation plan required Thai Airways to reduce its fleet variety from nine to six

families within July 2015. The management team had responded to Super Board by putting aside the unused aircrafts as asset held for sale. The first schedule for aircraft liquidation plan had been set for the four Airbus 340-500s to be liquidated by 2015Q1.

Table 3: Thai Airways International PCL's Fleet Profile as of December 2014

Aircraft family	Number	Own	Finance Lease	Operating Lease	Active
B747-400	15	13	2	-	14
B777-300	6	6	-	-	6
B777-200	14	6	6	2	8
B737-400	9	6	-	3	2
B777-300	11	-	3	8	11
B787-8	4	-	-	4	4
A340-600	6	-	6	-	6
A340-500	4	4	-	-	-
A330-300	26	9	15	2	22
A320-200	17	-	2	15	17
A380-800	6	2	4	-	6
A300-600	8	8	-	-	-
ATR72	2	2	-	-	-

Source: Management's Discussion and Analysis for the year ended December 31, 2014

Of the four A340-500 aircrafts, three were purchased in the year 2005 and the fourth was purchased in the year 2007. The approximate purchase price per aircraft was 153.57 million USD. Depreciation of the aircraft was calculated on a straight-line basis over an estimated useful life of 20 years with a residual value of 10% of cost.

At time of acquisition, the A340-500 was known as the world's longest-range commercial airliner. Its capability and range of up to 9,000 nautical miles allowed the A340-500 to operate the world's longest non-stop routes, an ideal aircraft for VIP & ultra-long-range operations.

The three ultra-long range A340-500s acquired in 2005 had from May 1, 2005 served the 17-hour nonstop Bangkok-New York/JFK and Bangkok-Los Angeles for three years, and the latest A340-500 acquired in 2007 was in service for merely a year before the management team of Thai Airways realized that the two routes had always been generating approximately 4 billion THB accumulated losses during the service period. Subsequently, Flg. Off. Apinan Sumanaseni, Thai Airways' President at that time, announced the Bangkok-New York flight cancelation from 1 July 2008 onwards and the replacement of the A340-500 flying Bangkok-Los Angeles with the new B777-200 to be effective from September 2008. Eventually the four A340-500s were taken out of service and parked.²

The value of A340-500 began to tumble when Airbus announced the end of its production. Further, several airlines announced the liquidation of their A340-500 aircrafts.³ As of December 2014, not a single A340-500 aircraft remained in the commercial airline business.

For Thai Airways, the four A340-500s were put up for sale on the company's website since December 2008 (thaiaircrafttrading.com) and there were a few potential buyers with the estimated market price ranged between 20-23.50 million USD per aircraft. Still, the negotiation process continued for several years. The most recent negotiations were during the year 2013 when Siam Global Air expressed the intention to buy the four aircrafts at total price of 88 million USD, while AvCon Worldwide Company submitted the bid at 23.5 million USD for the A340-500 acquired in the year 2007, and 20 million USD for the other three. However, the Thai Airways Board of Directors did not approve any of the offers, stating that the market price was too much at deep discount compared to the book value. However, during the year 2013, Bloomberg reported that airlines and leasing companies were reselling the same model of aircraft for about 20 million USD, while Wall Street Journal reported that professional airplane appraisers valued the A340-500 in a range of 15-18 million USD.

As the president had made explicit when he assigned Mr. Karn to analyze the impact of A340-500 aircraft liquidation, the A340-500s liquidation was a matter of urgency. The four aircrafts had been parked unused for many years, and the longer time the aircrafts were held, the higher expenses Thai Airways incurred, including

aircraft overhaul cost of approximately 1.5 million USD per aircraft per year and parking fees of approximately 3,000 THB per aircraft per day.

Thai Airways International PCL: Financing Cost

For a thorough analysis on the net present value of benefits, Mr. Karn had gathered the necessary information in order to estimate the financing cost of the company. As of the year 2014, Thai Airways' debt funding was comprised of long-term financing through financial lease using the aircraft as collateral, revolving credit lines and long-term funding from local financial institutions; short-term and long-term financing from Boeing Capital Corporation for purchase of Boeing aircraft; foreign loans borrowed via the Ministry of Finance; and, debentures (see Exhibit 9: Debentures of Thai Airways as of December 31, 2014). Of the total amount of 51,925.31 million THB long-term borrowings, 8,039.45 million THB had been transferred to a current portion of long-term borrowing, leaving the balance of long-term borrowings amount of THB 43,885.86 million.

Although there was a decrease in long-term financing, the overall finance cost increased from 6,057 million THB in the year 2013 to 6,073 million THB in the year 2014 due to the larger impact from an increase in a short-term loan. The 23,300 million THB increase in short-term loan consisted of 10,000 million THB loan from the Government Saving Bank and Krungthai Bank, and the remaining 13,300 million THB loan from domestic financial institutions (See Table 4: Thai Airways Financial Liabilities 2012-2014).

Table 4: Thai Airways Financial Liabilities 2012-2014

Unit: Million Baht	2012	2013	2014
Current liabilities (excluding current portion of long-term liabilities)	82,683	57,569	80,432
Current portion of long-term liabilities	23,944	24,800	21,677
Total current liabilities	106,627	82,369	102,109
Debentures	32,120	37,400	41,600
Liabilities under financial leases	61,611	63,319	61,389
Long term borrowing	41,011	50,831	43,886
Other non-current liabilities	16,853	16,247	16,987
Total non-current liabilities	151,595	167,797	163,862
Total liabilities	258,221	250,166	265,971

Source: Thai Airways International PCL Financial Statements 2014

For the fiscal year 2014, the outstanding balance of obligations under finance leases for 38 aircraft is THB 75,810.97 million, with maturities ranging from 2015 to 2028. After deducting interest expenses amount of THB 3,784.12 million, the principal balance of obligations under the Company's finance leases is THB 72,026.85 million. As of December 31, 2014, the amount of THB 10,638.03 million has been transferred to a current portion of finance lease, leaving the balance of long-term liabilities under finance lease amount of THB 61,388.82 million (See Table 5: Liabilities under Finance Leases 2013-2014).

Table 5: Liabilities under Finance Leases 2013-2014

Liabilities under Finance Leases	2014		2013	
	Book Value	Present Value	Book Value	Present Value
Within 1 year	10,638.03	10,092.05	10,313.02	9,485.65
More than 1 year-5 years	34,499.85	29,021.27	37,381.28	31,163.91
More than 5 years	26,888.97	17,481.22	25,937.58	17,751.54
Total	72,026.85	56,594.54	73,631.88	58,401.10

Source: Thai Airways International PCL Notes to Financial Statements 2014

For Interest Rate Risk Management, the Company applies a derivative financial instrument, Interest Rate Swap (IRS), to swap the floating interest rates with the fixed rates. As of December 31, 2014, the proportion of the Company's debt after swap between floating rates and fixed rates is 50:50 (See Table 6: Thai Airways Weighted Average Interest Rate and Outstanding Loan Balances as of December 31, 2014).

Table 6: Thai Airways Weighted Average Interest Rate and Outstanding Loan Balances as of December 31, 2014

Unit: Million Baht		USD	JPY	EUR	THB	Total
Weighted average rate		2.18%	1.17%	1.59%	4.30%	
Floating	< 1 year	165.74	1,675.61	7,797.69	30,123.47	39,762.51
	1 to 5 years	700.64	4,023.06	27,973.04	21,366.07	54,062.81
	> 5 years	1,385.32	4,156.90	21,346.75	3,704.62	30,593.59
Fixed	< 1 year			2,214.96	3,000.00	5,214.96
	1 to 5 years			6,437.35	26,080.00	32,517.35
	> 5 years			14,180.95	15,520.00	29,700.95
Total		2,251.70	9,855.57	79,950.74	99,794.16	191,852.17

Source: Thai Airways International PCL Notes to Financial Statements 2014

Collectively, Mr. Karn believed that all the relevant information he had at hand would enable him to make a sound analysis of impact of the A340-500s liquidation.

An Auspicious Time to Take Off

With much pressure from the general public and the charge from the Government's Super Board to stop the bleeding and turn around the national airline, the President of Thai Airways had called for a prompt response from each of the related department managers to present a specific action plan aligning with the six major strategies in the reform plan delivered by the Super Board. While each of the six requested strategies was deemed essential to the airline's pursuit of a successful transformation, President Charnporn was particularly interested to learn the conclusions and recommendations that would emerge from the aircraft liquidation strategy that he had assigned to the Finance Manager. An extremely able and bright young man who had acquitted himself well in other special assignments of this general nature, Mr. Karn was one of coterie of "bright, young stars" in the Company. The President was quite confident that Mr. Karn would bring his usual enthusiasm and analytical prowess to the matter at hand.

Endnotes

¹ I owe my deepest gratitude to Mr. Charnporn Chotigasatira, the President of Thai Airways International PCL, who kindheartedly granted me the opportunity to interview him.

² This operational downfall had been due to the fact that at the time that Airbus had designed the A340-500 and several airlines, including Thai Airways, had placed orders, the then fuel price of 30-40 USD per barrel would endure. No one imagined that the fuel price would surge to 130 USD per barrel not long afterwards. Moreover, in February 2006, Boeing launched the new model of aircraft, B777-200, which became the world's new longest-range commercial airliner with much greater operational efficiency in terms of fuel consumption. Due to the dramatic upsurge in fuel price and the technology advancement in the new B777-200, the A340-500 was no longer financially feasible in the commercial airline business.

³ For instance, Singapore Airline and Emirates decided to liquidate their A340-500 fleets by selling the aircrafts back to Airbus, with the agreement that they purchase the A380s and A350s in return. Moreover, Emirates parted out and sold its remaining A340-500s. A340-500 aircraft composed of four Rolls-Royce Trent 500 engines which could be sold back to Rolls-Royce at approximately 1 million USD per engine.

Exhibit 1: Thai Airways International PCL Global Routes

International Destinations: 33 countries/61 destinations - excluding Bangkok.

Middle East 2 countries / 2 destinations

- Oman: Muscat
- United Arab Emirates: Dubai

Asia/Pacific 19 countries/46 destinations

- Australia : Brisbane, Melbourne, Perth, Sydney
- Bangladesh : Dhaka
- China : Beijing, Kunming, Guangzhou, Shanghai, Cheng-Du, Xiamen, Hong Kong
- Cambodia : Phnom Penh
- India : Calcutta, Delhi, Mumbai, Chennai,
- Bangalore, Hyderabad, Gaya, Varanasi
- Indonesia : Jakarta, Denpasar
- Japan : Osaka, Tokyo, Nagoya, Fukuoka, Sapporo, Sendai
- Korea : Seoul, Busan
- Laos : Vientiane
- Malaysia : Kuala Lumpur*, Penang*
- Myanmar : Yangon
- Nepal : Kathmandu
- New Zealand : Auckland

- Pakistan : Karachi, Lahore, Islamabad
- Philippines : Manila
- Singapore : Singapore
- Sri Lanka : Colombo
- Taiwan : Taipei
- Vietnam : Ho Chi Minh, Hanoi

* Joint operations with other airlines.

North America 1 country / 1 destination

- U.S.A. : Los Angeles

Europe: 11 countries / 13 destinations

- Belgium : Brussels
- Denmark : Copenhagen
- England : London (Heathrow)
- France : Paris
- Germany : Frankfurt, Munich
- Italy : Rome, Milan
- Russia : Moscow
- Spain : Madrid
- Sweden : Stockholm
- Switzerland : Zurich
- Norway : Oslo

Domestic Destinations: 10 Destinations - excluding Bangkok

Chiang Mai*
Chiang Rai*
Khon Kaen
Ubon Ratchathani
Udon Thani
Hat Yai*
Phuket*
Surat Thani
Samui
Krabi

Source: http://www.thaiairways.com/en_TH/plan_my_trip/international_destination.page?,
http://www.thaiairways.com/en_TH/plan_my_trip/domestic_destination.page? (Date Access:
January 20, 2015)

Exhibit 2: The 1959-2014 Developmental highlights of Thai Airways

1959 - In August 1959, Thai Airways Company (TAC) entered into a partnership with the Scandinavian Airlines System (SAS) to create a dynamic new international airline for Thailand. The Thai Government through TAC held 70 percent and SAS 30 percent of shares in Thai Airways International Company Limited, registered with a capital investment of USD 100,000 (2 million baht).

1960 - On May 1st, a propeller-driven Douglas DC-6B with a full load of 60 passengers took off from Bangkok International Airport en route to Hong Kong, Taipei and Tokyo. This first flight launched THAI's services, which during the first year, linked Bangkok with 11 Asian destinations and utilised a fleet of 3 DC-6B aircraft.

1967 - The one millionth passenger was carried. THAI pioneered its highly profitable Bali route. This insightful move established THAI as an innovative airline, supportive of regional development.

1971 - THAI's first intercontinental route was launched, linking Bangkok to Sydney via Singapore. A new Cargo Terminal was opened at Bangkok International Airport. In its first year, it handled around 2,000 tons of cargo.

1973 - Long haul services to Frankfurt and London were inaugurated developing Bangkok as a major hub and gateway between Europe and Asia. THAI managed the Bangkok International Airport's spacious new Tax Free shop.

1976 - THAI's flights connecting Bangkok to Amsterdam, Paris and Athens, launched the year before, grew quickly in popularity. Passengers flying from Europe stopped over in Bangkok on their way to Australia or to other Asian cities.

1977 - After 17 successful years, the partnership between TAC and SAS ended. SAS shares were sold back to the Thai Airways International was now entirely Thai owned and managed. Backed by a route net covering 3 continents, Thailand's flag carrier was ready to take on the world.

1980 - With the arrival of the jumbo jets, THAI was now ready for trans-Pacific services to North America. Los Angeles became THAI's gateway city into the US. At the same time THAI increased its operations to the Middle East.

1981 - THAI pioneered the North Pacific Bangkok-Seattle route. It expanded its route net into the People's Republic of China by serving Canton. During that year, the company's share capital was increased to 1,100 million baht.

1988 - THAI and its parent company, TAC, merged into a single airline, bringing together domestic and international air operations. The route net comprised 48 cities in 35 countries around the world plus a network of 23 cities in Thailand.

1990 - There was much to celebrate on THAI's 30th anniversary. It was the second most profitable year in the Company's history. THAI recorded a profit before-tax of 6,753.6 million baht and 8.3 million passengers were carried, the highest number ever recorded. Early that year, THAI took delivery of its first Boeing 747-400, which remains the largest commercial aircraft in passenger service.

1991-1992 - THAI became a full partner of AMADEUS Global Distribution System, a vast computerized network for reservations information that linked 98 airlines and over 47,500 travel agents worldwide. THAI's privatization process began. 100 million of the company's shares were listed on the stock Exchange of Thailand, the country's largest share.

1994 - On 20 May 1994, THAI was formally registered as Thai Airways International Public Company Limited.

1997 - THAI and 4 of the world's major airlines joined together to form the Star Alliance, the largest airline consortium in the world. Being part of this strong global network enabled THAI to offer its passengers a world of services and destinations.

2004 - THAI signed a contract with InterBrand Co.,Ltd to develop the Company's new Corporate identity, THAI introduced new Premium Customer Service for its First and Business Class passengers, offering added travel convenience and comfort. THAI invested 39% shares in "Nok Air", a joint ventured low cost airline.

2007 - The first full year of operations at Suvarnbhumi Airport since its opening on September 28, 2006. THAI recommenced its domestic services at Don Muang Airport. As a result, THAI operated THAI city Air Terminal to provide an alternative check-in point for domestic passengers without flight connections flying out of Don Muang Airport.

2008 - THAI received numerous number 2 ranking for its First Class Lounge from Skytrax. Thai also received the Best Intercontinental Airline award for the 4th consecutive year from the Norwegian travel industry.

2009 - THAI achieved numerous awards from the various international institutions, for instance; the second rank under the category of Best Asian Carrier from Gold Awards and the second rank in Best Intercontinental Airlines regarding to the announcement in Grand Travel Award Ceremony. THAI also received Trusted Brands Platinum Award 2009 from Reader's Digest for 10 consecutive years. In addition, THAI's Royal First Class Lounge at Suvarnbhumi Airport ranked the Best in Skytrax 2009.

2010 - THAI celebrated its 50th anniversary with the highest profits of 14,792 million THB which marked the highest profits in the airline's fifty years of operation.

Exhibit 3: Thai Airways' President & Organization Chart



Mr. Charamporn Jotikasthira, President (Appointed on November 12, 2014)

Education:

- M.B.A. Harvard University, U.S.A.
- B.Eng (Electrical Engineering and Computer Science), Massachusetts Institute of Technology, U.S.A.

Experience:

- President of the Stock Exchange of Thailand (June 1, 2010 – May 31, 2014)
- Chief Information Officer and Senior Executive Vice President, Siam Commercial Bank Public Company Limited, Thailand

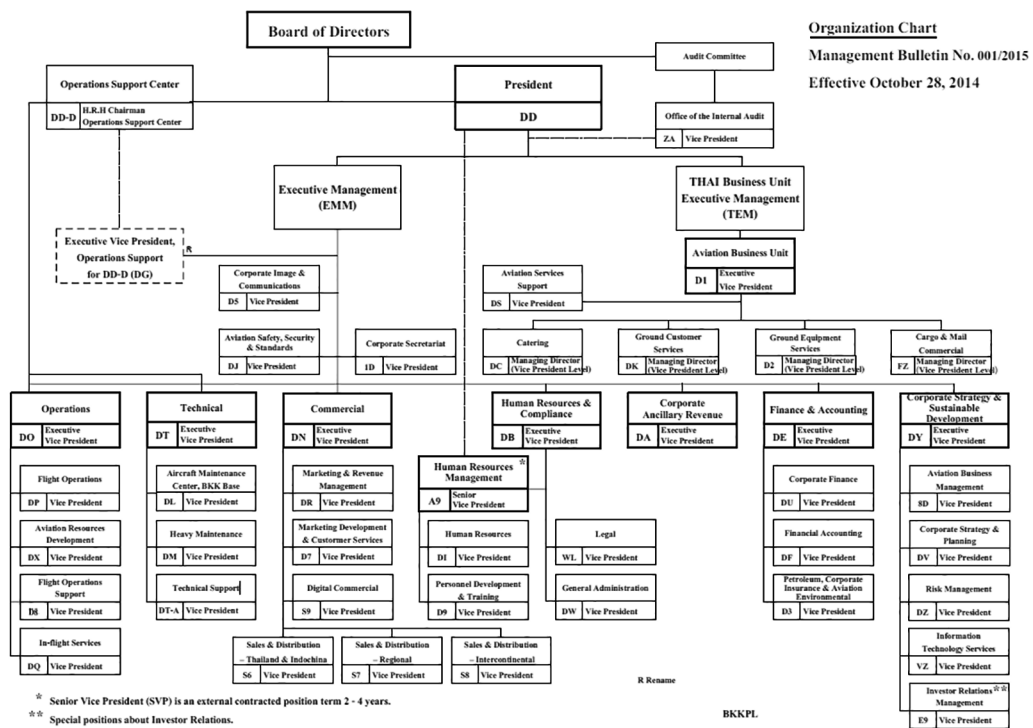
Specialization:

- Information Technology
- Money Management
- Corporate Finance
- Risk Management

Source:

<http://www.bloomberg.com/research/stocks/people/person.asp?personId=8594386&ticker=SCB:TB>

(Date Access: January 20, 2015)



Source: <http://publicinfo.thaiairways.com/general/org-28oct14.pdf> (Date Access: January 20, 2015)

Exhibit 4: IATA Industry Outlook for the Year 2015

In PDF file available upon request.

Source: <http://www.iata.org/whatwedo/Documents/economics/IATA-Economic-Performance-of-the-Industry-end-year-2014-report.pdf> (Date Access: January 20, 2015)

Exhibit 5: The Arrivals to Thailand by Region for the Year 2014

In Excel file available upon request.

Source: Department of Tourism, Thailand

Exhibit 6: AOT Air Traffic – Passenger Movements at Suvarnabhumi Airport, Thailand

In PDF file available upon request.

Source: Air Transport Information Division, AOT

Exhibit 7: Dividends Payout History, Share Information, & IAA Consensus Target Price of Thai Airways

Dividends Payout History

Date	X-Date	Payment Date	Dividend (Baht/Share)
23/02/15			No Dividend
21/02/14			No Dividend
28/02/13	13/03/13	10/05/13	0.50
24/02/12			No Dividend
25/02/11	11/03/11	20/05/11	1.25
26/02/10	31/03/10	27/05/10	0.25
18/03/09			No Dividend
25/02/08	18/04/08	09/05/08	0.45
26/11/07	07/01/08	25/01/08	1.80
22/11/06	05/01/07	26/01/07	1.65
23/11/05	03/01/06	20/01/06	1.50

Share Information (as of 31 December 2014)

Authorized Capital	26,989,009,500 THB
No. of Listed Share	2,182,771,917 shares
Paid up Capital	21,827,719,170 THB
Free Float	48.96%
Date of Listing	19 July 1991

Source: http://www.settrade.com/C04_07_stock_rightsandbenefit_p1.jsp?txtSymbol=THAI&subPage=a&selectPage=7 http://www.settrade.com/C04_03_stock_companyhighlight_p1.jsp?txtSymbol=THAI&selectPage=3 (Date Access: January 20, 2015)

IAA Consensus Target Price (as of 31 December 2014)

Broker	EPS 2015F	EPS 2016F	P/E 2015F	P/BV 2015F	Div (%) 2015F	Target Price
PTS	-4.13	2.45	-2.8	0.8	-	11.80
KS	0.27	-7.10	42.2	0.6	-	12.00
SCBS	-1.37	1.88	-8.3	0.6	-	18.00
BLS	-2.62	-1.26	-4.4	0.7	-	14.00
ASP	1.00	2.15	11.4	0.6	1.8	16.50
Average	-1.37	-0.38	-8.3	0.6	1.8	14.46
High	1.00	2.45	42.2	0.8	1.8	18.00
Low	-4.13	-7.10	-8.3	0.6	1.8	11.80
Median	-1.37	1.88	-2.8	0.6	1.8	14.00

Source: http://www.settrade.com/AnalystConsensus/C04_10_stock_saa_p1.jsp?txtSymbol=THAI&selectPage=10 (Date Access: January 20, 2015)

Exhibit 8: Financial Statements of Thai Airways & Peers 2010 - 2014

In Excel file available upon request.

Source: Thompson Reuters Database

Exhibit 9: Debentures of Thai Airways as of December 31, 2014

In PDF file available upon request.

Source: Notes to the Financial Statements for the Years Ended December 31, 2014 (page 36-38)

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