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 **ONE TG** 

Annual Report

**2018**

Thai Airways International  
Public Company Limited



♥ONE TG Service from the Heart



















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Mr. Ekniti Nitithanprapas  
Chairman



## Message from the Chairman and the President

Thai Airways International PCL (THAI) strives to become the National Premium Airline by leveraging essential strategies of

1. Aggressive Profit (proactive marketing at competitive costs)
2. Business Portfolio (capacity upgrading and pursuit of business opportunities through the likes of aircraft maintenance, cargo terminal handling, and catering)
3. Customer Experience
4. Digital Technology
5. Effective Human Capital Management

Properly executed, these strategies are bound to forge sustainable growth.

To achieve this goal, this year we remained committed to constantly improving our execution and services, particularly in our core air transport business, so that customers of each target group may feel the outstanding, exquisite flying experience blended with a touch of Thai under the Service from the Heart policy; so that our services may be filled with quality and convenience throughout our flights; and so that our competitiveness may grow and generate more profits. Concerning the management of business units and other business tasks, our policy is to add value, grow business opportunities, and seek profits for cargo terminal handling service, aircraft maintenance, and catering. These tasks were undertaken by either THAI or its joint ventures with public and private agencies here and abroad.

Thanks to the commitment of our workforce, this year THAI garnered acclaim from Skytrax, based on a survey of some 20.63 million travelers worldwide who used the world's 335 airlines. We take exceptional pride in being named the World's Best Economy Class airline (second straight year), the World's Best Airline Lounge Spa (fourth straight year), and the Best Economy Class Onboard Catering (second straight year). Above all, we were ranked among the top 10 World's Best Airlines 2018. These accolades speak volumes for our endeavor to become the National Premium Airline.



Mr. Sumeth Damrongchaitham  
President



We are convinced that good governance and ethics are pivotal to THAI's efforts to strengthen from the inside out and lead the corporation to sustainable growth. On behalf of the Board of Directors, management, and staff, may we assure you that each and every action we take will be with good governance, transparency, and integrity. We have assigned the Corporate Governance and Social Responsibility Committee to develop a Code of Conduct Manual, enforced from September this year onward, representing a compilation of applicable codes and policies together with corporate governance best practices for the workforce to master and apply to their jobs. The CG Day 2018 activities promoted efforts for the Board, the management, senior executives, and the rank and file to manage THAI under strict compliance with corporate governance codes together with ethics and the code of conduct, while joining hands in anti-fraud efforts. To this end, the Board assigned the Corporate Governance and Social Responsibility Committee to investigate the implementation approach of the Moral Organization Project so that THAI may successfully become a moral organization or "Moral THAI" by 2019-2020. And thanks to our joint promotional efforts for the culture of good governance in THAI, this year our excellence was recognized by the Thai Institute of Directors under the Corporate Governance Report of Thai Listed Companies 2018 assessment program, earned a five-star award from the National Corporate Governance Committee, which reiterated management practices that valued the display of responsibility to all stakeholders for sustainable growth. Each of us is prepared to do our best to once again turn THAI toward security and sustainability.



(Mr. Ekniti Nitithanprapas)  
Chairman



(Mr. Sumeth Damrongchaitham)  
President

# Summary of the 2018 Annual Activities of the Audit Committee

The Audit Committee of Thai Airways International Public Company Limited consists of three independent directors, qualified and experienced in areas of Law, human resource management, risk management, information technology, finance and reviewing the reliability of financial statements. At present, the Audit Committee consists of Mr. Distat Hotrakitya as Chairman, Mr. Somkiat Sirichatchai and Mr. Rathapol Bhakdibhumi as committee members. Mr. Somnerk Thumrongthammavong, Vice President, Office of the Internal Audit, serves as secretary to the Committee.

During the year 2018, 10 meetings (9 meetings with a regular agenda and 1 meeting for special agenda) were organized between the Audit Committee, external auditors, internal auditors and the company's executive management. The Audit Committee has performed their duties independently and adhered to the Charter of Audit Committee which are consistent with the Ministry of Finance's regulations for Audit Committee and Internal Audit Unit of state enterprises AD 2012, the Audit Committee's Good Governance Practices, and the Stock Exchange of Thailand's regulations. The Audit Committee's meeting attendance records during 2018 can be referred to in the Good Corporate Governance section. To this, the Audit Committee has reported important issues and the committee's opinions to the Board of Directors as deemed appropriate. Significant audit committee activities during the year 2018 are summarized herein as follows:

**1. Financial Statement Audit :** The Audit Committee, together with the finance and accounting executives, and external auditors have jointly reviewed company's quarterly and annual financial statements, consolidated financial statements, connected transaction including the reviews of financial reports, financial statement disclosure, accounting policy and significant accounting projections, as well as observations from the examination and review of external auditors and the supporting explanations and analysis of the company's financial status and performance (MD&A). The Audit Committee has asked the external auditors' opinion about the accuracy and completeness of financial statements, adequacy and suitability of the account recording methods and information disclosure including adjustment entries materially affecting the statements to ensure that the financial statements were accurate and completed to Thai Financial Reporting Standards.

In addition, an exclusive session between the Audit Committee and external auditors was organized without presence of company executive management to discuss the independency of activities and views of external auditors. Moreover, the committee discussed key audit matters which were of most concern in the audit of the financial statements for the period in question, including continuous followed up with senior managements' response to questions by the external auditor.

**2. The Audit of Adequacies and Effectiveness of Internal Control and Risk Management Systems :** The Audit Committee has reviewed and monitored through overseeing the Office of the Internal Audit's audit reports and results of the internal control self-assessment in accordance with the Regulations of Ministry of Finance on Internal Control Standard and Guidelines for Government Agency AD 2018 with reference to the Committee of Sponsoring Organization of The Treadway Commission : COSO 2013.

In addition, one meeting was organized between the Audit Committee and the executive management of the company to discuss over the appropriate agenda in relation to company performance and significant audit findings.

Moreover, the Vice President of the Risk Management Department has also participated in the Audit Committee meeting to report on the company's significant risks and providing instructions on how to mitigate and manage those risks on a regular basis every year.

**3. Monitoring of Internal Audit Activities :** The Audit Committee has provided guidance on the preparation of the audit plan and has approved it. These include the committee approving individual development plans which have been evaluated, and improved the knowledge and capabilities of the internal auditor (Competency Framework) and also encouraging continuous development to gain further knowledge and efficiency when performing audit activities. The Audit Committee has also acknowledged the performance and any issues from Office of the Internal Audit on a quarterly basis.



The Audit Committee has given suggestions for the Audit Report's significant points, so that the management concerned with those points will improve their operations to ensure sufficient internal control, and also reported those points to the Board of Directors for acknowledgement.

Furthermore, the Audit Committee reviewed the annual budget of Office of the Internal Audit, the Office's adequacy and suitability of resource consumption, KPIs, and the annual merit consideration for the Vice President of Office of the Internal Audit. This included acknowledging the results of the external assessment which concluded that the vast majority of the internal audit of Office of the Internal audit is in the line with IIA Standards (International Standards for the Professional Practice of Internal Auditing), and encouraging Office of the Internal Audit to increase its role as an advisor to various department, such as being the working group of preparation to join Thailand's Private Sector Collective Action Coalition against Corruption (CAC) and the working group of self-evaluation for anti-corruption measures.

**4. Legal and Regulatory Compliance Audit :** The Audit Committee has jointly discussed with the Corporate Secretariat department and acknowledged reports from the relevant department, which served to monitor and ensure that each individual divisions operations within the company were compliant of applicable laws and regulations, in order to acknowledge and offer suggestions for improvement of the monitoring process.

**5. Audit of Connected Transactions :** The Audit Committee has reviewed and provided opinions of the company's connected transactions in accordance with the Notification of the Board of Governors of the Stock Exchange of Thailand to reassure it that connected transactions were performed in a transparent manner, such that the stakeholders did not have any involvement or manipulation of the decisions and that the decisions were made solely based on the company's interests as if the transactions were performed with external parties. The Audit Committee has acknowledged the connected transaction reports on a quarterly basis, and has ensured that the transactions were properly disclosed and sufficiently complete.

**6. Charter and Self-Assessment of the Audit Committee:** The Audit Committee has reviewed the Charter of the Audit Committee, and performed the self-assessment as stipulated in the practice guidelines of the Stock Exchange of Thailand and the guidelines for audit committees in state enterprises defined by the Ministry of Finance (2012 edition), where the assessment was performed on the committee themselves both as a group and as individuals. The assessment deduced that the committee had prudently and independently performed their duties and were in-line with the required guidelines and practices as well as the Audit Committee's Charter.

**7. Proposal of an Appointment of External Auditor:** The Audit Committee has made such proposal to the Board of Directors for consideration and thereafter sought approval from the shareholders' meeting for the appointment of the Auditor General as the company's 2019 rightful external auditor.

Resulting from the Audit Committee's performance in accordance with the designated scope of power and duties, the Audit Committee has concluded that the company's financial statement is accurate in the respect of Thai Financial Reporting Standards. The company's connected transactions enlisted are appropriately and sufficiently disclosed. The company has in place sufficient and efficient internal control system. The company abides by relevant laws and regulations without any significant violations.

The Audit Committee has performed their duties and responsibilities stated in its Charter of Audit Committee with integrity, objectivity, prudence, transparency and independence to gain the greatest benefits for the company.



(Mr. Distat Hotrakitya)  
Chairman of the Audit Committee  
February 25, 2019

# Corporate Governance and Social Responsibility Committee Report 2018

This year the Corporate Governance and Social Responsibility Committee, which is made up of representatives of the Board of Directors and the management, performed Board-assigned duties to the best of their ability. The committee not only provided advice to the Board on corporate governance (CG) and social responsibility, but also approved and oversaw applicable units' preparation of the annual plan for CG and social responsibility. This plan consisted of promotion of good governance and ethics; complaint handling; prevention of fraud; compliance; and CSR promotion. This year the committee met 10 times for deliberation of nine matters and acknowledgment of 14, as summarized below:

## 1. Promotion of Good Governance and Ethics

This year the committee valued development of THAI's CG by recommending CG guidelines to the Board as well as supervising and assigning applicable units' preparation of new "THAI Code of Conduct", which was completed and enforced in September 2018. The manual embraced the former THAI Code of Conduct; Good Corporate Governance and Ethics Code, and the 2017 CG Code for listed companies together with CG principles of other companies' best practices. All these materials went into a brand-new edition, while the CG policy and other policies were updated. The committee also provided oversight for THAI's execution under the CG assessment approach of IOD and revised its duty and responsibility in line with best practices. The committee reviewed the 2017 CG Code for listed companies and acknowledged compliance with it, with Corporate Secretariat responsible for initial assessment and recommendation. The committee was in favor of the management's review of compliance with the CG Code and appropriate adaptation to THAI's business context.

The committee assigned related units to stage promotional activities called CG Day 2018, where an exhibition was displayed and activities held to remind all THAI units to manage their tasks under CG in line with ethics and a code of conduct; they were encouraged to collectively resist fraud and forge a CG culture throughout THAI. To this end, CG Day activities were held for the employees at Headquarters, THAI Operation Center at Suvarnabhumi Airport, and the Technical Department at Don Muang. During the activities the Chairman of the Board, the Chairman of this committee, and the President led the employees to the signing of a declaration of strict commitment to the Code of Conduct so that THAI may be an entity of good governance that brings utmost benefit to THAI and the country. The Chairman of this committee and the President also participated in a discussion entitled "Transparent and Fair THAI".

The committee also assigned Human Resources, Corporate Secretariat, and Corporate Image & Communication Department to study and prepare for the execution of the Moral THAI Project so that the company may become a moral organization for business efficiency and effectiveness, as assigned by the Chairman of the Board.

## 2. Complaint Handling and Prevention of Fraud

Fraud and malfeasance bring losses to corporate assets and reputation, as well as to employees. The committee therefore stresses the importance of the prevention of fraud and malfeasance. If it receives complaints about fraud or breaching of laws, regulations, THAI directives, CG, or ethics under the THAI Code of Conduct, the committee will forward the matter to the Corporate Inspection Office to proceed under THAI's rules on fraud-related complaints or complaints about such violations. This year saw 72 complaints filed by employees and external parties, 23 of which contained grounds for disciplinary actions, 45 were groundless complaints, and four were non-complaints. It also is in favor of publicizing data and outcomes of complaint verification to inform



employees and cultivate a sense of collaboration among them in resisting fraud and malfeasance. In addition, the committee values the prevention of fraud and malfeasance by supporting regular public relations/dissemination of such prevention through various channels, including the Bulletin, Intranet, Facebook, LINE, employee E-mail, and corporate website. It participated in activities marking Anti-corruption Day of the NACC and ACT (Thailand) every year.

This year it appointed a taskforce to prepare for the declaration of THAI's intention to join CAC (Collective Action Coalition against Corruption). The taskforce was to study data and guidelines for task execution to enable self-assessment form development regarding the anti-corruption policy or measures as well as supporting documents for the CAC certification to ensure accuracy and completeness.

### 3. Promotion of Social Activities

The committee supported to THAI's implementation of various projects and activities to demonstrate socio-environmental responsibility under the scope of Sustainable Development Goals (SDGs). Such projects and activities this year included key cooperation projects concerning economic development, including the Maintenance Repair and Overhaul (MRO) Project, OTOP Merchandise Development Project, and support to agricultural produce and agricultural processing in Thailand.

Recognizing environmental impacts arising from its business, THAI improved business conduct to be more environmental friendly through key projects like operation efficiency improvement, organization carbon footprint, and participation in the T-VER project to voluntarily reduce greenhouse gas emissions by Thailand's standard. It also looked into waste management by assigning the management to appoint a taskforce to proceed resource management by formulating action plans and submit to this committee for review. Concerning CSR execution, THAI organized activities to relieve victims of disasters in Thailand and abroad. For instance, we supported the journeys by foreign rescue teams that helped youths stranded in Tham Luang Cave at Khun Nam Nang Non in Chiang Rai Province; organized a special flight for Hajji pilgrims to Saudi Arabia; with Airbus Foundation, we staged an activity ("Share Love from THAI to Southern Border") to deliver school bags and school materials to youths in Narathiwat; youth scholarships in Surat Thani; Toastmasters' Caravan Project; enhancement of English skills and leadership skills for youths at the Border Police Patrol-THAI in Sa Kaeo Province; a public health project in support of the center for organ donation of the Thai Red Cross Society; the "Run for Life" charity contribution to a fund for cancer patients; and the "Mileage Share Happiness" Project in support of donations for a medical durable object fund for Siriraj Hospital's Navamindrabophit facilities.

Air Chief Marshal



(Treetod Sonjance)

Chairman of the Corporate Governance and  
Social Responsibility Committee

February 18, 2019

# Nomination and Remuneration Committee Report 2018

The current Nomination and Remuneration Committee is made up of four representatives of the Board, mostly independent directors, with a representative of the management serving as its secretary. Its responsibilities consist in determining recruitment methods for directors, vice presidents, and higher and determining compensation for directors and senior management in compliance with regulations, criteria, laws, and good governance principles, including internationally recognized corporate governance principles.

In 2018 the committee's priorities were the consideration of the structures and compositions of various subcommittees, including the number of directors appropriate to the size, type, and complexity of business, qualifications of directors (relevant skills, knowledge, and experience -- Skill Matrix) to enhance THAI's efficiency, and consideration of appropriate compensation for directors and executive vice presidents on a par with other businesses. Moreover, it determined recruitment methods for directors and executive vice presidents with qualifications according to THAI's real needs in an effort to drive THAI toward its goals.

In 2018 the committee held 17 meetings as summarized below:

1. Review of the Skill Matrix of directors, including core and specific skills, appropriate to the business and linkage to its short-term and long-term strategic directions.
2. Nomination of persons with appropriate qualifications according to the Skill Matrix as directors upon vacancy or end of term by considering the main composition of the Board, such as qualifications stipulated by law, knowledge, ability, experience that would benefit THAI (Skill Matrix), the number of companies of which they held directorship, and conflicts of interest, and then presented them to the Board or the shareholders' meeting, or both, for approval.
3. Screening and advising the Board on the reduction, merging, and improvement of the responsibilities of the subcommittees or ad-hoc working groups in line with and in keeping abreast of changing situations to reduce repetition and improve efficiency for THAI.
4. Review of the appropriate compensation of the Board, subcommittees, and ad-hoc working groups between May 1, 2019, and April 30, 2020, and submission of findings to the Board for consideration before forwarding them to the 2019 AGM for approval.
5. Determination of criteria for major KPIs for the short-term and long-term performance assessment of the President, including assessment and consideration of his appropriate annual compensation for the Board's approval.
6. Determination of qualifications and criteria for nominating qualified executive vice presidents to replace those who resigned and retired, to serve under the defined management structure, as well as determination of criteria for performance assessment and appropriate compensation for the Board's approval.

The Nomination and Remuneration Committee performed its duties with its utmost ability, caution, and independence to duly benefit all stakeholders and reported its performance to the Board regularly throughout 2018.



(Mr. Pitipan Tepartimagorn)

Chairman of the Nomination and Remuneration Committee

February 20, 2019



# Executive Board Report 2018

This year the Executive Board held 21 meetings, 13 of which were planned and eight were extraordinary meetings, to screen agenda items before forwarding them to the Board of Directors ("Board"), approve various matters under the Board-assigned authority, and track implementation of the Board's policies and resolutions as highlighted below:

**1. Screened Agenda Items Before Forwarding them to the Board for Approval:** In doing this, the Executive Board abided by applicable Company regulations and articles of association, with a stress on transparency and auditability.

**2. Tracked Implementation of the Board's Policies and Resolutions as well as Execution Against Strategic Goals:** The Executive Board provided oversight, counseling, and monitoring of various business functions, particularly income generation and cost reduction, as follows:

- Monitored the Technical Department's performance on engine maintenance, internal control administration, manpower planning, and preparation of the THAI MRO Master Plan to lower THAI's expenditure and meet goals.
- Monitored the aircraft decommissioning plan.
- Monitored the performance of the Commercial Department on revenue addition from ticket sales from assorted sales channels, as well as the Foreign Exchange Guarantee for On-line Ticket System.
- Monitored the performance of the U-Tapao Air Maintenance Center, which is one of the activities under the government's EEC Project to drive Thailand into a more competitive country.
- Monitored the aircraft procurement plan.

**3. Approved Various Matters Under the Board-Assigned Authority:** The Executive Board approved various agenda items as assigned, including increased manpower requests, changes in employment categories, and substitute hiring of various units (both external and regular wages). Prudent consideration was always given to their manpower necessity.



(Mr. Peraphon Thawornsupacharoen)  
Chairman of the Executive Board  
March 21, 2019

# Strategy and Transformation Committee Report 2018

In 2018, the Strategy and Transformation Committee, comprising members of the board of directors and the management, performed their duties assigned by the board of directors to the best of its ability. The committee recommended and directed the management to set up corporate strategy plans and corporate transformation plans to enable the company to compete effectively and generate reasonable and sustainable profits. In 2018, the company has developed a corporate transformation plan with an aim to achieve sustainable profitability for improving efficiency and service quality to meet world-class standards. To this end, the company has reviewed our vision, goals, and strategic objectives and adopted the new business model due to the fact that our 2017 performance, particularly revenue, had fallen short of established goals, coupled with high operating costs. In 2019 THAI will be required to change its accounting system to comply with the new IFRS9 standard and need to improve its services to cover customers in all segments, including the installation of new digital technology that will respond to customers' needs for speed and ease of use. The complex organizational structure requires more effective management to bring the organization a suitable size structure and to build people capabilities.

The 2017 transformation plan was part of the long-term transformation plan 2018-2022 and the 2018 action plan which were implemented to achieve key strategies. In this year the committee held 18 meetings to review 47 matters for consideration and 5 matters of report, as summarized by strategies below:

## 1. Generating Profits through Revenue Growth, Cost Control, and the Adaptation of Business Models of Low-Cost Airlines

Monitored, supervised, and advised the management to generate profits through revenue growth by route network optimization, increasing revenue per unit and ancillary revenue, cost control, and aircraft acquisition with new replacements which are commonality in products and engines. THAI board of directors has approved the review of the aircraft acquisition plan and proposed it for the Cabinet's formal approval. The committee considered the streamlining of work processes to reduce redundancies and lower operating costs by restructuring and developing organizations, systems, equipment, and work processes of ground services rendered by Ground Customer Services Department and Ground Equipment Services Department for maximum efficiency to meet with international standards; the move would lower overtime expenses and personnel expenses alike. The committee also considered the improvement of the crew management system to meet international standards and to achieve world-class performance. As for the improvement in aircraft maintenance and repair costs, which are major costs, the committee initiated the Plan Buy Fly Sell Project to lower the company's aircraft and engine maintenance costs, to improve work processes of the Technical Department and to entirely manage the company's fleet ranging from fleet & network management, aircraft acquisition, flight operation and the sale of decommissioned and non-decommissioned aircraft in an effective way to meet aviation standards and to achieve goals.

## 2. Engage, Preflight - Inflight - Post-flight to Properly Respond to Customers' Needs in All Target Segments

Monitored, supervised, and advised the management to upgrade premium services and engage with customers in each target segment, entirely ranging from ground services to inflight services to properly respond to customers' needs in all target segments. To this end, the committee continue to constantly considered the upgrade of premium services to enter top 5 rankings or equivalent scores, in other words; 6-percent increase of Customer Satisfaction Index (CSI) by 2022 as rated by Skytrax. The systems integration is also developed to seamlessly connect data of passengers and responsible staff at every touch point with an aim to improve inflight and ground services to provide joint-service with departments concerned and to immediately solve the problem for customer satisfaction.



### 3. Digital Application for Higher Efficiency and Competitiveness

Monitored, supervised, and advised the management to improve the company's performance & sales effectiveness and to build business competitiveness through innovation and digital technology for a prompt response to customers' needs with continuity and high security. The committee also overviewed system features to ensure prompt actions comparable to THAI's competitors while boosting customer satisfaction in providing web-based services. The committee also set up THAI Operations Control Center (TOCC) with an aim to improve the company's operational work processes for maximum efficiency, based on THAI's entire data to reduce redundancy of direction, lower expenses, control losses, and uphold the passenger-service standard during irregular operations (IRROPS).

The Strategy and Transformation Committee remains committed to its oversight of the management's development and execution of the corporate strategy plan, transformation plan 2018-2022 and the 2018 action plan to ensure THAI an effective competitiveness and sustainable profitability.



(Mr. Somkiat Sirichatchai)

Chairman of the Strategy and Transformation Committee

March 7, 2019







## Policy and Overall Performance

### History

1960

To create a national airline providing world-class service, the Thai government established **Thai Airways Company Limited** as a joint venture between Thai Airways Company (TAC) and Scandinavian Airlines System (SAS) with management and technical support from SAS.

THAI was registered as a limited company in 1960 with initial registered capital of THB 2 million, with TAC holding 70 percent and SAS holding 30 percent.

1977

The airline's operations became highly successfully, with SAS transferring all its shares to TAC in 1977, ending the joint venture. More capital was then raised, with the Ministry of Finance taking over the new shares.

1988

In April the Thai government under the premiership of General Prem Tinsulanonda merged the domestic commercial airline service with Thai Airways Company Limited under a cabinet resolution of the Ministry of Economic Affairs. This resulted in an increase in initial registered capital to THB 2,230 billion, with the Ministry of Finance as the major shareholder.

1991  
-  
2010

Due to business expansion, THAI was listed on the Stock Exchange of Thailand (SET) in July 1991. By converting its retained earnings to capital, the initial registered capital was increased to 13 billion baht. THAI also offered new shares worth THB 1 billion in 1992, THB 3 billion in 2003, and THB 4,838,709,670 in 2010.

2013

In October THAI established **Thai Smile Airways Company Limited**, a wholly owned subsidiary with totally paid-up registered capital of THB 1.8 billion. Thai Smile Airways began operating from Suvarnabhumi Airport in April 2014 under the airline code WE, covering 10 domestic routes. Since October 25, 2014, Thai Smile has expanded its services to cover ASEAN routes as well as China, Taiwan, and India.



“

National Premium Airline with Touches of Thai and Effective Management for Sustainable Profitability

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As at December 31, 2018, THAI had registered capital of THB 26,989,009,500 and paid-up capital of THB 21,827,719,170, with the Ministry of Finance and Government Savings Bank holding 53.16 percent. The remaining 46.84 percent of the shares are held by the public both locally and abroad in addition to company personnel.

After its founding as a domestic airline business, THAI gradually accumulated experience and developed strategies in organizational administration until capital could be increased, then becoming a listed company. Today THAI is a state enterprise under the Ministry of Transport and has become well-known as the national carrier. THAI operates both commercial domestic and international air transport routes from Suvarnabhumi Airport as its transport network hub with its headquarters in Bangkok. THAI moves passengers, cargo, and mail along with other related businesses: cargo terminal handling services, ground customer services, ground equipment, in-flight catering, and aircraft repair and maintenance.

## Vision

In 2018 THAI committee declared a new vision:

**“National Premium Airline with Touches of Thai and Effective Management for Sustainable Profitability”.**

In our role of national air carrier for passengers, cargo, and mail, we are determined to be the pride of the

nation, offering world-class services with touches of Thai charm to create lasting impressions and total customer satisfaction while creating sustainable profits through efficient management.

## Mission

- ◆ To provide comprehensive domestic and international air transport services with a focus on safety standards, convenience, and quality service with Thai touches to deliver products of high value and credibility, create lasting impressions, and build long-term relationships with our **customers**.
- ◆ To practice good corporate governance in accordance with international standards to ensure sustainable growth and high returns on investment for our **shareholders**.
- ◆ To build on our strength as a learning organization that encourages **employees** to perform at their highest capacities, realize the importance of customers, and enhance their capabilities, skills, responsibilities, and commitment to the organization.
- ◆ To provide support and assistance and demonstrate responsibilities to **society** and the environment in our role as the national airline.

All these obligations must be carried out applying the principles of **good corporate governance**.



## Core Values

To ensure stability and sustainable growth and to enhance our competitiveness in a fast-changing business environment, we promote and uphold three core values:

### 1) Customer Satisfaction

THAI aims to create total customer satisfaction with products and services that always meet customer requirements and exceed customer expectations.

### 2) World-Class Services

THAI emphasizes consistently excellent world-class service.

### 3) Value Creation

THAI encourages its people to create value through effective business performance and valued products and services.

## Strategies

We have set a 10-year, long-term strategic framework (2017-2026) aligned with the Government's State Enterprise Strategic Plan and government policy under four distinct strategic frameworks: Airline Business, Airline Supporting Business, Human Resources and Internal Processes, and Finance. Our five implementation plans include:

### 1 Aggressive Profit

### 2 Business Portfolio

### 3 Customer Experience

### 4 Digital Technology

### 5 Effective Human Capital Management

We have closely followed the Three-Phase Corporate Transformation Plan (2015-2017):

**\*Phase 1** started in 2015, including six strategies and 21 implementation plans aimed at immediately cutting losses (Stop the Bleeding)

**\*Phase 2** started in 2016, including four strategies and 20 implementation plans aimed at strengthening competitive capacity (Strength Building)

**\*Phase 3** involves six strategies and 16 implementation plans, aimed at achieving sustainable growth and profitability

In 2017, however, company performance fell short of established goals—especially for revenue and we posted high operating costs. In 2019 THAI will be required to change its accounting system to comply with the new IFRS9 standard and must improve its services to cover customers in all segments, including the installation of new digital technology that will respond to customer needs for speed and ease of use. The complex organizational structure requires more effective management to bring the organization a suitable size structure and to build people capabilities.

We have thus established a Long-Term Transformation Plan (Transformation Plan 2018-2022) and an Action Plan 2018 to generate sustainable revenue growth while improving efficiency and service quality to meet world-class standards. We have reviewed our vision, goals, and strategic objectives and adopted the new business model for the transformation plan 2018-2022 with an aim to achieve the following goals in 4 phases;



## Transformation Plan : Thai Airways International Public Company Limited



In 2018, the Company's goals were to achieve profitable business performance and improved service quality for a higher customer satisfaction index (CSI) score while maintaining persistently the international safety and service standards. We followed our five strategies and 25 implementation plans.

In executing the Company's Rehabilitation Plan 2018, the success factors were

1. Integration of THAI's structure and resources: fleet, personnel, capital, and equipment
2. Management to accommodate strategic execution
3. Applicable laws and regulations.

### Operational highlights in 2018

#### Financial and Accounting Management

In 2018, the company continued its accounting and financial management and fuel price risk management plans from last year by focusing on increasing the efficiency of all functions, with cash management and ongoing loan restructuring.

- ◆ With respect to cash management, the company managed cash flow by maintaining the cash balance for each currency at an appropriate level along with the use of credit balances held by financial institutions. Also, bank accounts were properly managed to ensure better returns and flexibility in operations.
- ◆ For loan restructuring, the company increasingly used financial tools, for example, Cross Currency Swaps (CCS) and Interest Rate Swaps (IRS) but within

limits authorized by the Board of Directors and in line with net operating cash flow. The company managed the exchange rate risk by using additional currencies such as Swiss Franc, Pound Sterling, and Swedish Krona to avoid incurring debts or raising expenses carried in US dollars due to the lack of sufficient US dollar revenue to pay for those expenses.

- ◆ These financial management approaches have allowed us to reduce our cost of funds by 0.60 percent, with average loan outstanding reduced from THB 166 billion in 2017 to THB 157 billion in 2018. Interest expense was cut by only 4 percent from THB 4.7 billion in 2017 to THB 4.5 billion in 2018 because 39 percent of these loans carried a floating interest rate that increased continually throughout 2018.



- ◆ In 2018, the company won a certificate for good foreign currency governance as required by law and received Bank of Thailand's approval as part of the first group of Qualified Companies allowed to send foreign currency transaction requests to commercial banks without having to submit further proof. This helps facilitate all our foreign currency transactions and mitigates currency exchange risks, reducing costs and simplifying procedures required to submit individual requests to the Bank of Thailand.
- ◆ As for accounting management, the company has carefully studied and prepared for the new financial reporting standards to be implemented in 2019, Revenue from contracts with customers, and the Financial Instruments and Lease which will be implemented in 2020. In addition, the accounting management of overseas branches have also started applying central accounting management plans, this time in Japan, Italy, and Australia.
- ◆ Regarding fuel price risk management, although fuel prices have risen 30.1 percent (from an average of USD 70.48 a barrel in 2017 to USD 91.72 a barrel in 2018), total fuel expense increased by only 19.2 percent due to continuous and systematic fuel price risk management.

## Aircraft Decommissioning

When making decisions on procurement, decommissioning and distribution of aircraft, and engine spare parts and supplies, we carefully consider the current aviation market and global trends, coupled with our marketing plan and current fleet potential. In 2018, we took delivery of five Airbus A350-900 aircraft, of which three are on rental and two are on hire purchase; we have also received approval to decommission two Boeing 737-400 aircraft.

In 2018 we delivered two aircraft sold earlier: an Airbus A330-300 and a Boeing 737-400. We have also approved the sale of 15 aircraft: two Airbus A340-500; six Airbus A340-600 with six spare engines; two cargo planes; a Boeing 747-400BCF; a Boeing B737-400; and four A330-300. The sales are now in the contract process, with estimated post-2019 delivery dates.

As of December 31, 2018, we had 21 aircraft awaiting sale:

- \* Five Airbus A330-300 in the contract process (one with sale approved in 2015 awaiting delivery and four approved for sale in 2018)
- \* Two Airbus A340-500
- \* Six Airbus A340-600 with six spare engines
- \* One Boeing 737-400, and
- \* Two Boeing 747-400BCF cargo planes.

For four aircraft are under sale or lease: one Airbus A300-600R; one Airbus A340-500; and two Boeing 737-400. (Note: one Boeing 737-400TDE aircraft is not listed, as it is being used for static show at the Royal Thai Air Force.)

## In-flight Service Management

### ◆ New First-Class Service

To improve in-flight services as recommended by Skytrax and IATA, we have adjusted our services from the Restaurant Concept for lunch and dinner to the Service Trolley so that passengers can see the variety of selections available and be impressed with the professional presentation by flight attendants. The in-flight main courses are especially selected by gourmet connoisseurs for their quality, taste, and presentation of cheese and fruits.

From June 1, 2018, first-class flight attendants will be strictly screened and given additional training for these services.

### ◆ New Business Class Service

We have adjusted our food and beverage service, including serving utensils on board, to ensure highly satisfied Business Class passengers. The menu has been improved and service procedures have been streamlined to provide faster and timelier service aligned with passenger needs. Compact trays and rectangular plates are now used to reduce preparation time and ensure more efficient service to passengers in adverse weather conditions. Flight attendants will be able to pack away these trays much faster. The new service was introduced on June 1, 2018, and will be expanded to include routes of less than four hours.

## New Flight Attendant Training

We have restructured our training system for flight attendants using competency-based training, including basic knowledge of safety, security and service. The training focuses on an enhanced service concept emphasizing customer experience management, training flight attendants to fulfill their full potential, and building service mind as quality providers, as well as instilling pride in being playing an important role in THAI's competitiveness.

Another new project concerns career-related knowledge capacity-building for new generations of flight attendants (TQV), that consists of diverse courses highlighting all-round knowledge for flight personnel: Commercial, Culture, Leadership and Management, Master of Ceremonies, Train the Trainer, and Personal Assistant. These courses are provided in cooperation with the Personal Development and Training Department and experts from external organizations. They were on offer from May through September 2018 with 198 participants and will be offered as continuing courses starting in April 2019.

The Cabin Crew Training Department has developed 12 more courses for flight attendants at all levels based on the Skytrax and IATA Airs@t findings. The additional courses deal with instilling a better conscience, attitudes, service psychology, understanding of responsibilities for both lead flight attendants and teams, teamwork, professional customer communication, personality, and service professionalism with touches of Thai charm.

## Products, Services, and New Routes

The Hong Kong-Seoul and Seoul-Hong Kong routes (TG628/629) were cancelled, replaced by new direct flights (TG654/655) Bangkok-Seoul and Seoul-Bangkok. TG628/629 now operate only between Bangkok-Hong Kong and Hong Kong-Bangkok as of October 28, 2018.

A new route was added: TG680/681 Bangkok-Sapporo and Sapporo-Bangkok, three times a week, operating from December 1, 2018 to March 30, 2019.

The frequency of flights between Bangkok and Pusan was increased between January and March by adding one more flight on Saturdays, changing from five to six flights a week. In the summer of 2018 the number of flights was increased to seven a week; for the winter 2018-2019, the frequency reverted to six flights a week.

More benefits such as a Corporate Lounge Zone were offered to corporate customers. At the same time, a special check-in counter was set up for domestic corporate clients. In the near future, the service will also be offered to potential target group countries.

## Expansion of Distribution Channels for Products and Services to Increase Revenue from Domestic Ground-Based Catering Services

The THAI Catering Department (Don Mueang) has focused on improving new products and packaging to accommodate changing customer needs, leading to increased revenue and expansion of new distribution channels. A business partnership MOU was signed between THAI and PTT Retail Co., Ltd., to jointly study and promote land-based business ventures, including the food and bakery products of the Catering Department, which were made available to Cafe Amazon customers in November. A three-year contract was also signed to provide more than 16 million boxed food and beverage items to passengers on all Transport Company air-conditioned bus routes, starting December 1, 2018.



“

Our training system for flight attendants on new plane models focuses on customer experience management to fulfill their potential and build service minds with emphasis on safety and quality.

”

## Awards and Recognition

In 2018, THAI won various awards below:

### The World's Best Airline Awards

- ◆ Three Best Airline Awards from Skytrax
  - No. 1 in the World's Best Economy Class
  - No. 1 in the World's Best Airline Lounge Spa
  - No. 1 in the Best Economy Class Onboard Catering
  - Top 10 in World's Best Airline 2018
- ◆ Best South-East Asian Airline for 11 consecutive years, from TTG Travel Awards 2018
- ◆ One of the top 11 Best Traveler's Choice Major Airlines - Asia from TripAdvisor
- ◆ Corporate Service Excellence Award from Airports of Thailand
- ◆ The DHL Outstanding Handling Service in Bangkok from DHL Express International (Thailand)
- ◆ The Agent-Friendly Airline Award from the Korea Association of Travel Agents
- ◆ Top Air Tickets Sale Award at the Travelport Solutions Showcase and Awards Ceremony 2018, Republic of Singapore
- ◆ Top Agent Award presented by the Japan National Tourism Organization, Bangkok
- ◆ 2017 Excellent Catering Service Award from EVA Air, Thailand
- ◆ Second Place award, Favorite In-flight Food & Beverage and Second Place Award, Favorite Airline Loyalty Program for the Royal Orchid Plus Mileage Program, from the Kayak Website
- ◆ Certificate, Thai SELECT from the Department of Trade Promotion, Ministry of Commerce in the THAIFEX - World of Food Asia 2018.





## Corporate Governance & Corporate Social Responsibility Awards

- ◆ Sustainability Report Award, Outstanding, from Thai Listed Companies Association
- ◆ Survey results from the Corporate Governance Report of Thai Listed Companies - CGR 2018 by the Thai Institute of Directors: THAI scored 92 points (Excellent), with the highest mark of five stars from the National Corporate Governance Committee.

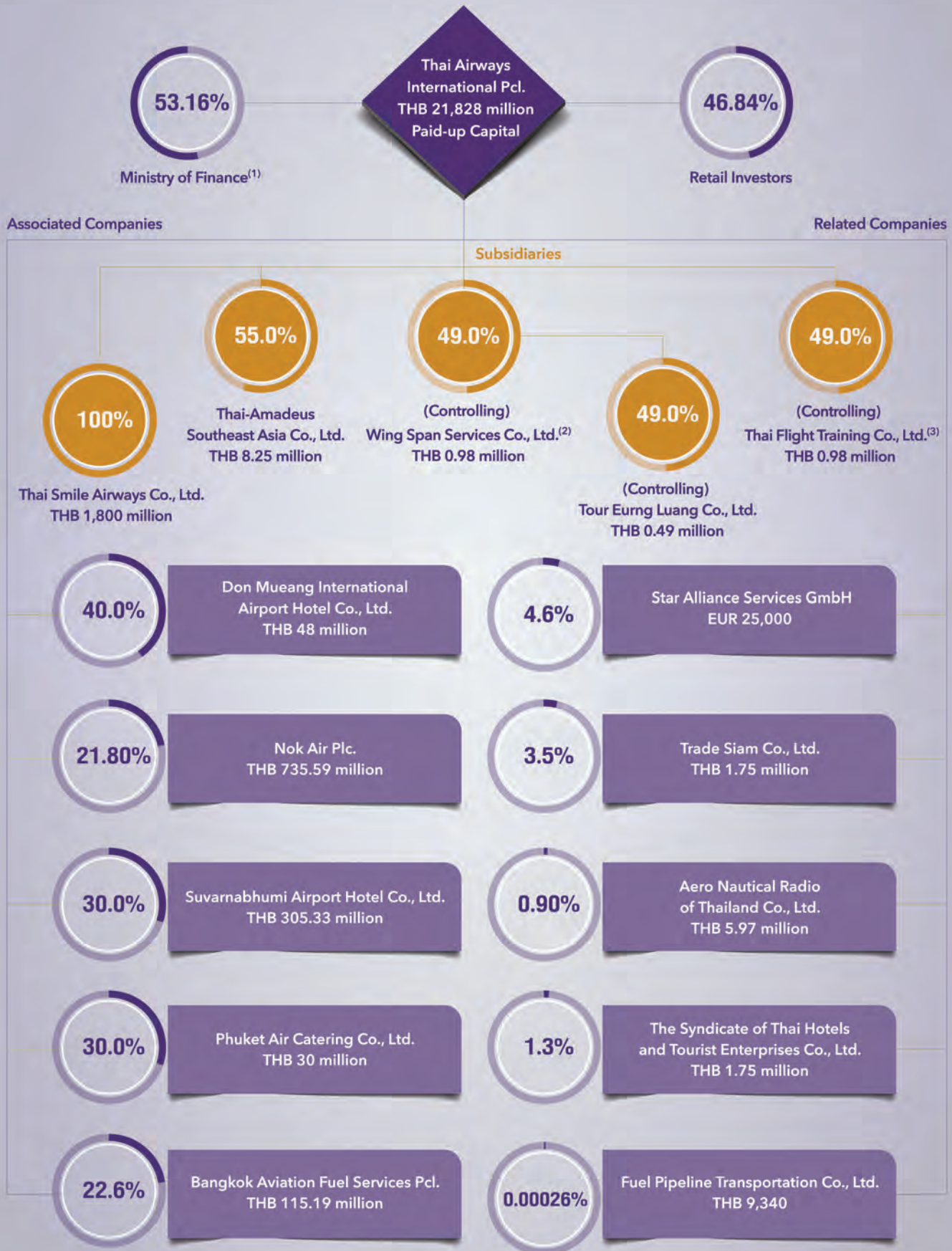
## Safety and Environment Awards

- ◆ National Occupational Safety, Health, and Environmental Excellence Award 2018: Diamond Level for the Operations Center Building
- ◆ Carbon Offset Certificate and Corporate Carbon Footprint from Thailand Greenhouse Gas Management Organization (Public Organization)
- ◆ Honorary Shield for Corporate Support in the Legend of Trees Program from the Cultural Promotion Office, Ministry of Culture, for participation in the "Trees-Heritage of the Land under His Majesty's Benevolence".

## Other Awards

- ◆ Runner-up, Outstanding Suriya Sasithorn Award for corporate calendar and runner-up, Suriya Sasithorn Award for THAI's notebook, both based on the theme "A New Thai Vision", for the category of national identity and Thai culture promotion at the 38<sup>th</sup> Suriya Sasithorn Award Ceremony 2018, organized by the Public Relations Association of Thailand.
- ◆ THAI was bestowed an Honorary Shield for the support of central Mawlid celebrations (commemorating the Prophet Muhammad's birthday) of 1439 AH by His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun.
- ◆ The THAI team received a cup for 8<sup>th</sup> Place from 50 teams in the 23<sup>rd</sup> National Elderly Athletics Competition, 2018 at Lampang Province.

# Shareholding Structure



Note

<sup>(1)</sup> Including 2.13% shares held by the Government Savings Bank

<sup>(2)</sup> 51% preferred shares held by Phuket Air Catering Co., Ltd.

<sup>(3)</sup> 51% preferred shares held by Wing Span Services Co., Ltd.



## Business Operations



### Revenue structure of the company and its subsidiaries.

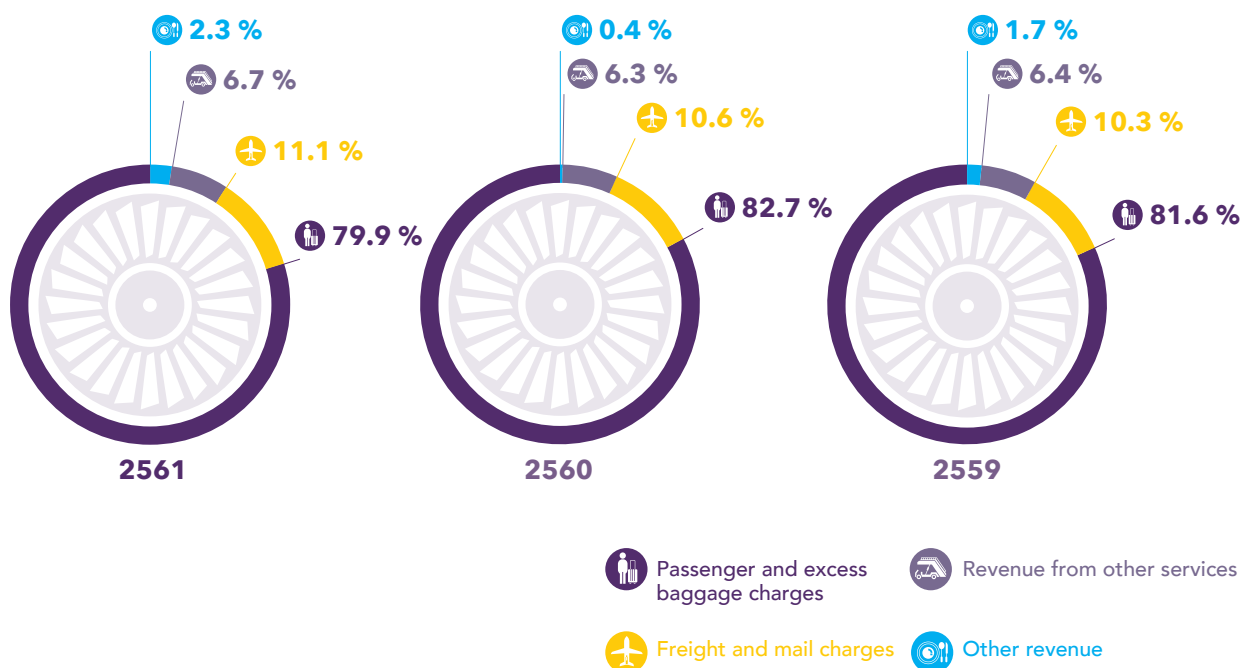
Revenue of the Company and its subsidiaries over the past 3 years are as follows:

	2018		2017		2016	
	MTHB	%	MTHB	%	MTHB	%
<b>Revenue from Transport Business</b>						
Passenger and excess baggage charges	160,255	79.9	157,475	82.7	148,060	81.6
Freight and mail charges	22,340	11.1	20,272	10.6	18,578	10.3
<b>Total Revenue from Transport Business</b>	<b>182,595</b>	<b>91.0</b>	<b>177,747</b>	<b>93.3</b>	<b>166,638</b>	<b>91.9</b>
Revenue from other services <sup>(1)</sup>	13,370	6.7	12,111	6.3	11,674	6.4
<b>Total Revenue from Sales &amp; Services</b>	<b>195,965</b>	<b>97.7</b>	<b>189,858</b>	<b>99.6</b>	<b>178,312</b>	<b>98.3</b>
Other revenue <sup>(2)</sup>	4,621	2.3	677	0.4	3,134	1.7
<b>Total Revenue</b>	<b>200,586</b>	<b>100.0</b>	<b>190,535</b>	<b>100.0</b>	<b>181,446</b>	<b>100.0</b>

Notes: <sup>(1)</sup> Revenue from other services consists of revenue from business units and other supporting businesses.

<sup>(2)</sup> Other revenue includes interest income, gains (losses) on foreign currency exchange, and others.





As a state enterprise under the Ministry of Transport, THAI is the Kingdom of Thailand's national carrier, operating both domestic and international flights. THAI provides a comprehensive air transport service through its air transport business (core business), related business units, and other businesses.

The air transport business carries out the transport of passengers, cargo, and mail. Business units directly related to air transport include cargo handling services, ground customer services, ground equipment services, and catering services. Other businesses include aircraft maintenance services, dispatch services, onboard duty-free sales, souvenir sales, flight simulation training services, and its subsidiaries' operations.

## Air Transport Business

Air transport – the primary business – comprises transport of passengers, cargoes, parcels, and mail, using both regular and chartered flights for domestic and overseas destinations.

## Business Units

THAI's business units are directly related to transport and play a key role in its smooth operation. Each unit is systematically aligned to ensure timely travel from point of departure to destination in accordance with flight plans with ease, speed, and safety—the main factors in strengthening customer confidence and trust.

Transport-related businesses include:

**Cargo & Mail Terminal Services.** THAI provides cargo and mail handling at Suvarnabhumi Airport and offers cargo handling at Chiang Mai, Chiang Rai, Hat Yai, Phuket and Krabi airports. Cargo handling includes temporary storage, general care, and care of goods that require special handling such as fresh products, live animals, and valuables.

**Ground customer services.** This section helps facilitate passengers' passage through airports from entry and processing until boarding, then through arrival procedures.

**Ground equipment services.** Equipment services provide aircraft-related service such as facilitating aircraft parking at aprons or at bays for our flights and

for customer airlines with high safety and readiness standards for all departures and arrivals.

Catering services. Catering produces food for THAI in-flight domestic and international service as well as for other leading airlines. They also operate other ground food services such as restaurants at international terminals, the Puff & Pie Bakery House, catering both in-house and on location, staff welfare meals, hospital meals, including airline lounge snacks and food. Catering also partners with various organizations in the sale and service of food and beverages—for example, with the Transport Company and Café Amazon.

## Other Businesses

THAI is also involved in other transport support businesses such as aircraft maintenance services, dispatch services, onboard duty-free sale, souvenir sale, flight simulation training services, and its subsidiaries' operations.

## Air Transport Business

As the national carrier of the Kingdom of Thailand, THAI provides comprehensive air transport services to various regions worldwide in:

- Passenger transport business
- Cargo, parcels and mail transport business.

## Passenger Transport Business

The goal here is to continuously develop its markets and route networks to ensure effective competition with other airlines, with a focus on capacity utilization and developing Suvarnabhumi Airport into a major regional hub.

## Characteristics of Products and Services

### Aircraft Fleet

As of year-end, THAI and Thai Smile Airways owned a fleet of 103 aircraft:

48 long-haul aircraft serving intercontinental destinations including Airbus A380-800, Airbus A350-900, Boeing 747-400, and Boeing 777-200ER/300ER

35 medium-haul aircraft serving regional destinations including Boeing 777-200/300, Airbus A330-300, Boeing 787-8/-9, and

20 narrow-body aircraft for short-haul routes using the Airbus A320-200.

### Aircraft Fleet Details

Aircraft Type	Number of Aircraft	
	As of December 31, 2018	As of December 31, 2017
Airbus A380-800	6	6
Airbus A350-900	12	7
Boeing 747-400	10	10
Boeing 777-200ER	6	6
Boeing 777-300ER	14	14
Boeing 777-300	6	6
Boeing 777-200	6	6
Airbus A330-300	15	15
Boeing 787-8	6	6
Boeing 787-9	2	2
Boeing 737-400	-	2
Airbus A320-200	20	20
<b>Total</b>	<b>103</b>	<b>100</b>

We acquired five Airbus A350-900s to serve regional and intercontinental routes and decommissioned two B737-400 in 2018.

### Flight Route and Destination Development

During the year THAI committed to improve our route networks according to our Transformation Plan for sustainable growth and maximum long-term profits by rescheduling flights or assigning suitable types of aircraft for each market condition, developing the market by focusing on readjusting flight frequencies to potential destinations. THAI also strengthened our route networks by increasing new destinations and optimizing cooperation with our alliances to enhance our route network and meet the demand of every customer target group, increasing flexibility in adjustments of flight schedules to suit seasonal demand and competition, as well as developing Thailand into an ASEAN aviation hub for the opening of the ASEAN Economic Community (AEC).

THAI strives for total cooperation with companies in the THAI group so as to align our operations with those of Thai Smile Airways and Nok Air and ensure efficient flight planning, strengthened competitiveness, and the best service for all customer target groups. THAI has signed a contract to develop code-share flights with Nok Air on secondary routes such as Don Muang - Mae Hong Son to expand routes to secondary tourist destinations in response to government policy to bring more tourists to these destinations.

Thai Smile Airways has taken over several THAI-commissioned flights and provided additional flights to appropriate destinations, expanding the routes to cover ASEAN, China, and India to strengthen the route network and accommodate market expansion. Thai Smile Airways operated 10 domestic routes in 2018: Udon Thani, Ubon Ratchatani, Khon Kaen, Chiang Mai, Chiang Rai, Phuket, Krabi, Hat Yai, Surat Thani and Narathiwat; a cross-regional Chiang Mai-Phuket flight; and 19 international routes including Hong Kong, Guangzhou, Changsha, Chongqing, Penang, Zhengzhou, Kaohsiung, Kuala Lumpur, Mandalay, Yangon, Mumbai, Gaya, Varanasi, Jaipur, Lucknow, Siem Reap, Phnom Penh, Luang Prabang, and Vientiane.

THAI also signed a codeshare agreement with Bangkok Airways to strengthen their route networks for flight connections as partners and elevate Thailand to the aviation hub of ASEAN. The codeshare agreement covered:

10 roundtrip domestic flights on the routes from Bangkok to Samui, Chiang Mai, Chiang Rai, Phuket, Krabi, Lampang, Sukhothai, Trat, Chiang Mai-Mae Hong Son, and Samui-Phuket, and

6 roundtrip international flights on the routes from Bangkok to Danang, Luang Prabang, the Maldives (Malé), Siem Reap, Phu Quoc, and Naypyidaw.

To further strengthen route networks and accommodate the expanding market, THAI also signed a codeshare agreement with Shenzhen Airlines for roundtrip direct flights to the People's Republic of China: Bangkok-Guangzhou and Shenzhen, and Shenzhen-Phuket.

In addition, THAI flight schedules were divided into a Summer Schedule running from the last Sunday of March to the last Saturday of October, and the Winter Schedule running from the last Sunday of October to the last Saturday of March, as required by the International Air Transport Association (IATA). However, flight frequency, aircraft types, and schedules may vary according to the change in demand for each period.

At year-end the combined THAI and Thai Smile route network covered 80 destinations in 31 countries, 10 of which were domestic (excluding Bangkok).

### Domestic Routes

THAI developed domestic flights with an emphasis on primary routes, while cooperating with partner airlines on secondary and feeder routes to maintain our market share.

THAI operated 108 weekly flights from Bangkok to the North, serving Chiang Mai, and to the South, serving Phuket and Krabi. For additional services, Thai Smile operated 266 weekly flights covering the major flights on the routes from Bangkok to Chiang Mai, Phuket, Krabi, with commissioned flights on the routes from Bangkok to Chiang Rai, Surat Thani, Hat Yai, Khon Kaen,



Udon Thani, Ubon Ratchatani, Chiang Mai-Phuket, and Bangkok-Narathiwat.

THAI's service to Samui was suspended from September 3, but a codeshare flight agreement was made with Bangkok Airways for every flight on this route.

### International Routes

THAI also operated 763 weekly international flights spanning two geographical zones: the Asia Pacific Region for 620 weekly flights to 52 destinations in 18 countries; and intercontinental routes for 143 weekly flights to 18 destinations in 13 countries.

#### Asia Pacific Region

THAI adjusted our route network in line with our strategy of developing Thailand into Asia's aviation hub covering 52 destinations in 18 countries. The five geographical zones served in the region were the North, the South, the West, the Middle East, and Indochina.

#### Northern Routes

These overcrowded routes continued to generate profits. We operated 294 weekly flights to 21 destinations in 4 countries, including Hong Kong, Tokyo (Narita and Haneda), Osaka, Nagoya, Fukuoka, Sapporo, Taipei, Seoul, Manila, Beijing, Busan, Shanghai, Guangzhou, Kunming, Xiamen, and Chengdu.

Thai Smile served the Changsha Chongqing Zhengzhou and Kaohsiung routes. The Phuket-Guangzhou route was cancelled in June, replaced by the Bangkok-Guangzhou route on July 1 and a new commissioned Phuket-Hong Kong route (a previous Thai route) began operation in October.

THAI also cooperated with our Star Alliance partners for codeshare flights to 12 other destinations such as Japan, Korea, and China.

#### Southern Routes

The intensity of competition was highest on these southern routes, with many low-cost carriers flying with high frequencies. THAI operated 84 weekly flights to Singapore, Kuala Lumpur, Denpasar, and Jakarta.

Thai Smile served on the Penang and Kuala Lumpur routes.

#### Western Routes

The volume of passengers travelling on western routes remained high with high growth rates—especially to and from India. At the same time, competition became intense due to the proliferation of India-based airlines targeting services to Thailand. We operated 144 weekly flights to 6 countries with 18 destinations: Delhi, Mumbai, Kolkata, Hyderabad, Bangalore, Dhaka, Colombo, Kathmandu, Yangon, Chennai, Karachi, Islamabad, and Lahore.

Thai Smile served on the Mandalay, Yangon, Gaya, Varanasi, Jaipur, Lucknow, and Mumbai routes.

#### Middle East Routes

Middle Eastern airlines were highly competitive due to their strong capital base, which contributed to intense competition on this route.

THAI operated 10 weekly flights serving 2 destinations in 2 countries in the Middle East: Dubai and Muscat. (The Tehran route was cancelled in February.)

THAI also agreed to operate codeshare flights with Gulf Air, El Al Israel Airline, and Oman Air to Bahrain, Tel Aviv, and Muscat.

#### Indochinese Routes

The Indochinese routes were the strong point of regional route network due to a healthy rate of growth and high profit potential. Competition was on the rise with a larger number of low-cost and long-haul carriers operating more direct flights from the Middle East and Europe to Indochina. We operated 88 weekly flights serving 6 destinations in 3 countries, including Vientiane, Phnom Penh, Hanoi, and Ho Chi Minh, while Thai Smile served the Siem Reap, Vientiane, Phnom Penh, and Luang Prabang routes.

### Intercontinental Routes

#### North America

North America was a large and highly competitive market. The North American routes highly depended on the connecting route network in the United States and Canada.

While THAI currently operates no direct flights to North America, we do have a codeshare agreement with Star Alliance partners such as All Nippon Airways



on the Trans-Pacific routes from Tokyo to Los Angeles, Chicago, New York, San Francisco, Washington DC, Seattle, and San Jose. Codeshare flights with Air Canada were added to destinations such as Hong Kong-Toronto, Hong Kong-Vancouver, Tokyo-Vancouver, and Taipei-Vancouver.

THAI had codeshare agreements with other airlines: EVA Airways from Taiwan to New York, San Francisco, Vancouver, Los Angeles, Seattle, Houston, Chicago, and Toronto; and Asiana Airlines on the Korea-North America route from Seoul to Los Angeles, San Francisco, New York, Seattle, Honolulu, and Chicago.

On the Atlantic route, THAI had codeshare agreements with these carriers:

\*Lufthansa from Frankfurt to New York, Atlanta, Miami, Chicago, Dallas, and Washington D.C.

\*Brussels Airlines from Brussels to New York, Washington D.C., and Toronto

\*Air Canada from Frankfurt to Montreal and Toronto, from London to Toronto, from Zurich to Toronto.

These codeshares brought the total destinations served by THAI and its partners to 15 in the United States and Canada.

THAI can increase our revenue from these codeshare flights with our policy of focusing on expanding the network routes by making more co-promotions with the partner airlines to generate more revenue.

#### **European Routes**

THAI operated 97 weekly flights to 13 destinations in 11 countries including London, Frankfurt, Paris, Rome, Copenhagen, Stockholm, Zurich, Munich, Brussels, Milan, Oslo, Moscow, and Vienna.

For other destinations in Europe and the UK not directly served by THAI, codeshare agreements with partner airlines were in place covering 39 destinations in 16 countries.

#### **Australia and New Zealand Routes**

The 5 destinations in these 2 countries served by THAI included Sydney, Melbourne, Brisbane, Perth, and Auckland with a total of 46 weekly flights. Also, a codeshare agreement was made with ally Air New Zealand to visit

"2 destinations in 1 country", namely Wellington and Christchurch, and the Hong Kong-Auckland route.

## Customer Services

In 2018 we remained committed to continuously developing and improving the quality of products and services so that each target group of customers could experience 'A Touch of Thai' at every service point starting with pre-flight services, in-flight services, to post-flight services. As a service provider, we developed a clear operational plan, concept, and image under the policy of 'Service from the Heart' which had been the approach used by THAI employees for over five decades of successful service to maintain our competitive edge.

To demonstrate service excellence and consistency in line with the agreed standard, we considered customer service the heart of business operations: We thus developed comprehensive service operations procedures and service level agreements encompassing all points of customer contact from reservations through reaching the destination, and actively assessed and monitored each touch point to ensure that products and services are of the highest quality throughout the passenger's travel experience. THAI also consistently monitored service quality to ensure alignment with the service operations procedure using mystery shopping and third-party surveys by world-class institutes for our products and services.

Effective assessment and service level agreements enhanced the customer experience—the most important factor in building brand loyalty and retaining our customer base, creating word-of-mouth advertising, especially through various brand advocates via social media.

## Pre-flight Services

The Company developed services that were available via the Internet for quick access to information such as booking information, flight details, timetables, online ticketing, checking in with SMS and 2D barcodes, and home-printed boarding pass functionality. For greater customer convenience, we developed the Website Live Chat 24/7, increased online payment channels on the website, and the self-check-in channels at the Novotel

Bangkok Suvarnabhumi Airport Hotel (to be further operated in other Novotel hotels), and increased Bag Drop counters at Suvarnabhumi Airport for e-check-in customers.

## In-flight Services

We aimed to develop and improve flight attendants' in-flight services by making it more personalized in both First Class and Business Class as well as improving the quality and variety of food and beverages available on board, including popular regional dishes, authentic Thai cuisine, herbal beverages, and special festive menus. In addition, the menu was adjusted to Hot Snacks for domestic routes and Hot Light Meals for Indochina routes.

THAI has planned each of the service steps for greater customer satisfaction and requirements for each route, under safety requirement conditions of the Civil Aviation Authority of Thailand.

For in-flight service equipment we have selected world-class equipment for First-Class in-flight service with five-star airline ratings:

- AKG earphones, award-winning design and quality audio equipment, for First Class and Business Class
- Boggi" brand comfort wear for First-Class passengers "Rimowa" and "Porche Design" travel kits for First-Class passengers
- "Mandarina Duck" and "Lacoste" travel kits for Business Class passengers.

As for food and beverages, THAI have asked experts chefs to improve the in-flight menu for Business and First-Class passengers, resulting in more unique flavors for each dish. Thai culinary expert Assistant Professor Srisamorn Kongpan, Je Fai, and a French Michelin chef have been asked to advise on Thai cuisine. Special seasonal fares are also served on board. At the same time, to comply with government policy, we sourced community products (OTOP) such as travel kits and snacks for in-flight service.

In developing food and beverages, we held fast to these principles:



1. **Budget.** Appropriate budget with a win-win system for all company-related enterprises.
2. **Operation system.** A single system for uniformity and verifiability.
3. **Seasoning and promotions.** For food and beverages, seasonal dishes are subject to raw ingredients available, customer needs, and for the most efficient cost-quality balance. There must also be promotions to return benefits to customers and added value for our products throughout the year.
4. **Partners and vendors.** THAI has been working more closely with enterprises and catering companies for mutual benefit and to develop targeted quality service.
5. **Executive Chef Officer for menu and beverage planning.** A food and beverage expert team was appointed to help plan the best menus relative to cost to ensure the highest service value. To become an international top-five airline we have planned our menu development during the past year based on these principles with cooperation from various partners, assisted by Michelin, in creating new menus for several routes such as Paris, Taipei, Tokyo, and Osaka. For beverages, several suppliers have contributed to cocktail design for in-flight service such as Ginger Me and Rum Thai.

In 2019, we will focus on the terms Local Signature Menu, Menu by Chef, Best Raw Material, Signature Drink, and Signature Tea & Coffee. First-Class service will be our showcase for VIP guest treatment emphasizing simplicity, quality, and consistency, and responding to customers' needs as the highest priority. We still follow our CSR policy by using OTOP products, sourcing raw materials from community enterprises and royal projects as well as obtaining quality produce direct from Thai farmers.

We are fully committed to developing our in-flight menus and beverages to be the best value and quality to achieve our organizational goal: to become one of the top five international airlines in in-flight service and to continue to be a leading world airline.

## Equipment and Services

We have adjusted our service strategies and plans to better meet customer expectation, to raise our competitiveness, and to increase overall convenience for passengers. Upgraded services introduced during 2018 included:

### 1. Passenger Seat and Entertainment System Retrofits

The main purpose of the retrofit program was to have aircraft of the same type fitted with seats and entertainment systems of a consistent design for each passenger class to win customer satisfaction.

#### 1.1 Passenger seat design and specifications

The retrofit program was implemented on three Airbus A330-300 aircraft: Newly installed seats are of modern design and provide more comfort; lie-flat seats are now offered in Business Class.

#### 1.2 In-flight entertainment systems

THAI upgraded and standardized both visual and audio entertainment systems on all aircraft flying international routes. A personal screen is offered in all passenger classes providing choices of music, movies (including Thai movies, new releases, favorite movies, world cinema), games, news, and flight information. To support more content, THAI had e-Menu and e-Shopping software developed and improved.

### 2. Business and Communication Facilities

Thai Sky Connect—onboard Internet for passengers to communicate with the ground using personal mobile devices—has now been provided on THAI aircraft. Thai Sky Connect has been serviced on 36 aircraft: seven Airbus A330-300 (33H), three Airbus A330-300 (33R), six Airbus A380-800, twelve Airbus A350-900, six Boeing 787-8, and two Boeing 787-9. For even greater convenience we provide 20 megabytes of free Wi-Fi for First Class passengers on our Airbus A380-800s and for Business Class passengers on the Airbus A350-900, Boeing B787-8, and Boeing 787-9.

## Flight Operations, Aviation Safety, Security, and Standards

Safety lies at the heart of the aviation business. For almost six decades, THAI has strived for the highest travel safety standards for passengers. We observe aviation safety standards of the Civil Aviation Authority of Thailand (CAAT), the International Civil Aviation Organization (ICAO), the European Aviation Safety Agency (EASA), and the International Air Transport Association (IATA) as well as safety standards defined by the civil aviation authorities of various countries.

As the country's flag carrier, THAI is keen to improve the organization and stands ready to cooperate with the CAAT in working toward aviation safety that meet international standards. In 2018 we provided supporting information for the country's aviation safety assessment under ICAO's Global Aviation Safety Plan (GASP) and Global Air Navigation Plan (GANP).



In 2015 THAI was accredited for a Third-Country Operators (TCO) licence from EASA, endorsed by the EU Air Safety Committee (ASC). The licence allows continuous operations of THAI flights to Europe. Then in 2017 we were recertified for the Air Operator Certificate (AOC) and Dangerous Goods Certificate. These certifications confirm THAI's approved ability to transport passengers, agricultural produce, fresh food, and other products that require safety controls. This also reflects THAI's support for the country's strategic aspiration to be an aviation and logistics hub.

To this end, THAI is prepared for any assessment by running an Operational Compliance Audit for each and every operating unit to ensure full compliance and continuous improvement. We also welcome assessment by third parties and were the first airline in Thailand to be certified under IATA's Operational Safety Audit (IOSA) in 2004. THAI has continuously been successful in such assessments carried out every two years, with the latest certification in May. In addition, THAI has been certified for IATA Safety Audit for Ground Operations (ISAGO) since 2017.

During 2018 the civil aviation authorities of various countries pressed on with safety audits on aircraft operated by Thai airlines that fly into their countries. A total of 126 ramp inspections were made on THAI aircraft during the year; any oversight found was duly corrected.

In April THAI introduced the Resilience Engineering for Safety Leadership project with an aim to make it part of the corporate culture and to enhance employee safety awareness. Resilience engineering is a modern concept that stresses nurturing positive thinking among workers, encouraging review of work processes, assess them, and adjusting them to changing situations to achieve the highest efficiency and safety.

In the area of aviation security, we have refined our Security Management System (SeMS) to meet international standards. This helps ensure compliance with our security management policies and the aviation security standards of various domestic and international organizations such as the International Civil Aviation Organization (ICAO), the Civil Aviation Authority of Thailand (CAAT), Australia's Office of Transport Security,

European Union regulations, the German Civil Aviation Authority (LBA), the UK's Department for Transport (DfT), Switzerland's Federal Office of Civil Aviation, and Japan's Civil Aviation Bureau. THAI successfully passed all of the 27 audits conducted by these organizations with no significant negative findings.

THAI strictly enforces the Emergency and Crisis Response Management standards while complying with international laws and regulations. The standards have been applied to managing internal departments and all THAI stations to keep up with changes of rules and regulations. We also have in place a crisis response plan involving, for example, relocating an operating base, public health emergencies, employee strikes, and natural disasters. Full-scale emergency exercises are performed in concert with government agencies concerned regularly. Emergency and crisis exercises THAI took part in during 2018 included a Suvarnabhumi Airport Emergency Exercise (SEMEX-18), an illegal seizure handling exercise, a hostage negotiation exercise, a Don Muang Airport Emergency Exercise (DEMEX-18), and a passenger terminal bomb threat and explosion exercise. A Crisis Management and Operation Center was established to monitor around the clock any incident that may affect operations. Furthermore, a Family Assistance and Support Team (FAST Center) was set up to extend humanitarian aid to disaster victims (with training and seminars provided) in line with international standards and regulations for flights operated by THAI, the alliance, and airlines having agreements with THAI.

Flight crew competence has been developed to meet international standards emphasizing safety awareness. We recruit those who meet international physical and mental fitness requirements on top of knowledge, skills, and desired behavior. THAI pilots must pass an aptitude test organized by the Scandinavian Institute of Aviation Psychology (SIAP) – the Swedish agency famous for pilot recruitment recognized by the world's leading airlines, an aviation psychology test organized by the Institute of Aviation Medicine of Royal Thai Aircraft, an aviation

skills test (Ride Check), and an ICAO English Proficiency Test. Meanwhile, flight attendants are given training in classroom and in practice sessions on safety and service to enhance their professionalism and service-mindedness in parallel with constant safety alertness.

An Safety Management System Course was arranged for flight crews and others to ensure that they are always ready to perform flight operations safely and in accordance with ICAO regulations. An Engagement Training Program was also provided to strengthen bonds with the organization while enhancing their concerted efforts to perform their duties to cooperatively take the organization in the desired direction. The ultimate goal is the greatest safety and efficiency. E-learning and knowledge management methods have been applied to foster knowledge exchange among our people, which should result in customer service excellence.

THAI realizes that the health and safety of our people as well as hazard prevention and health promotion must be properly managed side by side with business administration. Thus we introduced policies on safety, occupational health, and work environment. A comprehensive healthcare program was provided, featuring health promotion, safety monitoring, accident prevention and control at risk-prone areas, health surveillance and prevention of occupational diseases, first aid, and post-injury rehabilitation programs. To this end, we established an Occupational Health and Safety Committee comprising representatives from related units to draw up plans and define policies and systematic procedures in accordance with the requirements of relevant laws. Committee meetings were held to monitor our overall operations related to safety, occupational health, and work environment to achieve maximum efficiency.

Overall, THAI aims for the highest safety standards and in-flight service excellence by leveraging the combination of up-to-date information technology with globally accepted safety standards and the unique



'Touch of Thai' service. We are determined to maintain world-class quality, safety, security, and general aviation standards. Complying with relevant laws and regulations is our utmost concern in our operations while continuously implementing policies on safety, security, and aviation standards proactively.

## Marketing and Competition

### Policy and Market Segmentation

In 2018 THAI implemented a five-year enterprise plan (2017-2021) with some strategies adjusted to suit market segmentation. Three market segments have been defined:

**THAI as the market leader**, such as the markets in Scandinavian countries, China, and Japan: We aim to maintain our leading positions and profit by increasing flights and retrofitting aircraft with up-to-date equipment to maintain customer loyalty.

**High competition**, such as the markets in Singapore, Hong Kong, and ASEAN countries: We focus on raising competitiveness and aim to safeguard our market share by enhancing cooperation with partner airlines to increase the number of transit passengers at Suvarnabhumi Airport. For this segment, Thai Smile Airways is used to maintain the market share on short-haul regional routes.

**Strong competitors**, such as the markets in Russia and United Arab Emirates: We have kept a watchful eye on the transport volume and financial results for this segment so that we can adjust our marketing strategy as needed. Aircraft types are carefully selected to fit market demand while flight adjustments can be quickly made when needed. Outcomes of the adjusted strategy will be continuously and swiftly monitored.

### Thai Smile Airways - Marketing Policy and Market Segmentation

Thai Smile Airways is positioned as a full-service airline emphasizing quality improvement and service excellence along with value for money for every single ticket entitled to inclusive service. Thai Smile Airways' marketing policy features:

1. **Excellent Service** The focus is on values offered to customers at all touch points based on these guidelines:

- **Excellent check-in:** The Internet check-in process has been improved so that passengers can opt for advance self-check-in, from which they can choose a preferred seat and print a boarding pass. A passenger lounge is provided for all customers.
- **Excellent in-flight service:** An efficient in-flight service process has been developed to create positive impression on passengers including service, cabin ambience, and catering.
- **Excellent customer relations:** A product delivery system has been developed, striving for customer satisfaction in all details such as the ticket reservation system, passenger check-in, and products offered onboard. Service is continuously rendered to ensure highest satisfaction for all target groups. Attempts to strengthen customer relations include running some activities with customers on various festivals and developing information disclosure and communication tools.

2. **Reasonable Price, High Value**

- The pricing structure has been adjusted so that ticket prices may become competitive in each market to grasp wider opportunities to compete (Right Price, Right Market).
- Pricing value has been created to attract customers while more emphasis is placed on communication with passengers through online channels or the Internet.

3. **Route Network Development**

- The route network has been strengthened by increasing flight frequencies and capacities to meet market demand, while flight connections have been rearranged for more convenient timing to increase the number of passengers for both point-to-point and connecting traffic such as routes to China, India, and Indochina as well as regional routes.

- The route network has been expanded in cooperation with THAI to create seamless flight connections such as connections of Thai Smile flights from India with THAI flights bound for Australia and New Zealand, where many Indian passengers are found traveling both as FIT (free independent travelers) and GIT (group inclusive tours).
- The route network has been expanded through cooperation with partner airlines in the Lufthansa Group comprising Lufthansa, Swissair, and Austrian Airlines for connection with flights from Germany, Switzerland, and Austria to Thailand. This includes connections beyond Thailand: It is hoped to increase revenue from points where direct flights to Thailand are not available. Cooperation with EVA Air is planned to enable more travel between the United States and Thailand.

#### 4. Strengthening Brand Communication

- Direct advertising and marketing communication channels have been increased to reach each particular target group: general customers, corporate customers, and online customers.
- Communication frequency has been increased, while making more efficient use of online channels such as Facebook, LINE Official, Instagram, and WeChat.

#### 5. Market Segmentation Strategy

- China routes: Emphasis is placed on FIT customers (free independent travelers) who have high purchasing power by creating marketing communication campaigns and activities that can reach the target group.
- India routes: Emphasis is placed on FIT and MICE (meetings, incentives, conferencing, and exhibitions) customers, as well as those wishing to organize weddings in Thailand and labor groups.
- Indochina routes: Connecting times have been rearranged to facilitate connections with long-haul flights operated by European airlines.

- Domestic routes: Thai Smile aims to maintain the existing customer base while reaching for new customers through marketing and sales strategies that directly hit the target group using all distribution channels. Thai Smile also attempts to raise its competitive edge to create an impressive and quality journey for passengers when compared with other airlines.

#### 6. Achieving Strong and Sustainable Growth with High Profitability

Thai Smile aspires to be

- a customer-oriented organization
- a highly competitive organization, and
- a dynamic organization.

Revenue Management and Distribution Channel Development

##### Revenue Management Plan

To maintain and even enhance revenue amid a slow global economy, political uncertainty, market volatility, and intense competition, coupled with aviation safety evaluation by various regulatory bodies, THAI pays careful attention to increasing sales and revenue by:

- improving products and service offerings with a new approach to fleet management and optimum use of newer and better aircraft on trunk routes while adjusting capacities in some markets with increased aircraft utilization
- increasing network sales by seeking new customers on minor routes that connect to trunk routes through agreements with partner airlines, as evident in THAI's campaign to promote new destinations in Europe, and
- increasing revenue from e-service by developing systems that respond to passenger needs, both in domestic and international markets.

##### Ancillary Revenue

Besides our core business of air transport for passengers, we have various supplementary products and services on offer—particularly in the form of online shopping—to

increase income. Examples include seat upgrades, car rentals, airport transfers, and hotel reservations. Meanwhile, existing products and services such as THAI shop products, fast-track service, and lounge access, among others, are also made available for customers. Other products considered interesting for customers have been carefully sought from domestic and overseas sources, including products under the Thai Ministry of Commerce and OTOP (One Tambon, One Product). This not only supports Thai products but also fulfills the government policy of welcoming the commencement of the AEC (ASEAN Economic Community). THAI has generated additional income by forming an alliance with complementary business entities and holding talks with new partners to strengthen the airline business in response to the modern lifestyle of a new generation of customers who always look for convenience and speed. This will enhance THAI's brand value. We will also make the corporate website more functional and will try harder to impress customers with diverse needs on their journey with THAI through Customer Experience Management.

Air transport, tourism, and logistics are businesses of great interest for today's consumers in Thailand and in neighboring countries. THAI has mapped out strategies to fulfill the needs of international customers with comprehensive service, ranging from placing orders and making payments on our website to product delivery. Customers are assured of good quality and good value for money for ancillary products and services THAI has to offer. These products and services are intended to meet customers' different lifestyles and needs on their journey while satisfying their travel objective. It is hoped that customers will be pleased with these ancillary services and will share their impressive experience with THAI through their online community and circles of friends and ultimately become repeat customers.

### Customer Segments and Distribution Channels

THAI's core business is to provide passenger transport that connects major cities in Thailand with various cities around the world via scheduled and chartered flights. With marketing positioning as a Premium Service Airline always providing full service, we continue to take good care of customers in all market segments, focusing on responding to the needs of each segment and developing

distribution channels to truly meet their needs and expectations. THAI segments customers this way:

- Premium customers, consisting of First Class and Business Class passengers, and Platinum and Gold cardholders
- Government officials
- Corporate/business/SME (small and medium enterprise) travelers
- Leisure travelers
- Students and VFR (visiting friends and relatives)
- Travelers of special interests and lifestyles
- Travelers attending meetings, seminars, and trade fairs, and those rewarded with travel prizes (MICE travelers), and
- Others.

To serve customers in all segments, THAI uses both revenue management and pricing strategies designed to satisfy the diverse demands of each customer segment.

### Network Sales and Star Alliance

Star Alliance, the network of airlines that spans all continents, has enabled us to expand our market through interline and codeshare collaboration among member airlines. We seek to further develop such collaboration not only to provide more options for customers but to increase revenue as well. Being part of Star Alliance has resulted in service quality upgrades to win customer satisfaction under Star Alliance's new strategy dubbed Making the Customer Journey Better. Star Alliance currently has 28 member airlines providing over 18,450 flights a day to 1,300 destinations in 190 countries.

### THAI Contact Center (TCC)

The THAI Contact Center (02 356-1111) is the first contact point for our customers: We realize how important the Contact Center is. Under the service level agreement (SLA), 80 percent of phone calls must be answered within 20 seconds, while call abandonment must not exceed 8 percent of the total incoming calls.



THAI has hired a specialized company to work under Contact Center supervision to ensure compliance with the desired standard and the highest customer satisfaction.

THAI can be reached via various channels: phone, email, fax, LiveChat, and special phone numbers dedicated to serving specific customer groups comprising premium customers, government officials, and corporate customers.

### Digital Commerce

The proliferation of digital channels and ongoing technological changes have resulted in intense competition in the global aviation industry and airline business, making the influence of customer lifestyle changes undeniable. Smart phones and social networks have given birth to new consumer behavior known

as socialnomics: how social media transforms the way we live and do business. All this has brought about a boom in the use of digital channels to purchase airline tickets, to search for self-service items, and to communicate with us. Attempting to leverage technology growth, we attach great importance to digital channels while differentiating ourselves with innovations that can outpace rivals. Thus we stress continuously developing online service so that customers can easily access our website at any time and from any device.

In addition to speedy, easy searches for flights and flight connections with partner airlines that we emphasize, we also offer one-stop service for customers. In a bid to cope with intense competition while raising service efficiency, we have expanded payment channels to ensure customer convenience. Payments to THAI can now be made through Counter Service, 7-Eleven stores,



Tesco Lotus stores, PayPal, LINE Pay, ATMs, and bank transfers, among others. Communication with customers has also been improved to attract wider attention so that our corporate image is properly managed and promoted. Online communication has been expanded to strengthen relationships with the online community through our various social media channels, including banners, infographics, and video. The use of social media is also optimized as an income-generating channel.

### Marketing and Sales Promotion Activities

THAI's sales promotion and marketing campaigns have been continuously run in the local and international markets to safeguard our market share while enhancing competitiveness and generating the highest possible revenue, given market conditions influenced by uncertain external factors. These factors relate to politics, the economy, and market competition. THAI's marketing activities include the Royal Orchid Plus mileage program and Royal Orchid Holidays (Eung Luang) offering tour packages with accommodation carefully selected for THAI passengers as an extension of flight services.

Royal Orchid Holiday packages are sold at THAI sales offices and agents, and over the Internet. Both local and overseas trips are offered to suit customers' diverse tastes. Sales promotion campaigns are carried out through advertisements, promotional events, and trade fairs. Some promotional campaigns are also arranged during the low season. These attempts serve to promote Royal Orchid Holiday packages and Tour Eung Luang as support for the government policy of making Thailand a Southeast Asia tourism hub.

### Thai Smile Airways Sales and Distribution Channels

Since its establishment in October 2014, Thai Smile Airways has used Navitaire as its distribution and passenger service system. Thai Smile also entered into a codeshare agreement with THAI to provide passengers traveling on Thai Smile routes with greater convenience and some extra privileges. Then in 2017 Amadeus-ALTEA was adopted to align Thai Smile's distribution system with that of THAI, which enables connections to Thai Smile flights through worldwide network sales. The same sales collaboration method

has been expanded to partner airlines currently using Amadeus, such as airlines in the Lufthansa Group comprising Lufthansa, Swissair, and Austrian Airlines.

Thai Smile stresses efficient cost management by maintaining low fixed costs. The airline pays special attention to activities in direct support of the core business such as flight operations, safety standard control, service standards, in-flight service, brand management and marketing communication, and pricing and revenue management. In addition to using direct sales and electronic systems as the main distribution channels, Thai Smile sales are made through the Amadeus system and online travel agents Expedia, TripAdvisor, Ctrip, Qunar, SkyScanner, JetRadar, MakeMyTrip, Cleartrip, Yatra, and Goibibo to expand the customer base and to raise customer awareness.

### The Aviation Industry and Competitive Conditions

In 2018, the International Monetary Fund (IMF) reported that the world economy grew at 3.7 percent, closed to previous year's growth at 3.8 percent, accounted for weaker performance in some economies, notably Europe and Asia, higher risk from a trade war, a tight global monetary situation, increased oil prices, and exchange rate fluctuation as well as political instability and other geopolitical problems. The trade war was viewed as the main risk factor influencing the world economy, with stiff tariffs threatened on goods traded between the United States and China—the world's two largest economic powers who trade with many other countries worldwide. Nevertheless, emerging and developing countries are still considered the main economic drivers—particularly China, whose economy registered 6.6 percent growth. Meanwhile, the United States, Eurozone countries, and Japan recorded growth rates of 2.9 percent, 1.8 percent, and 0.9 percent respectively. Thailand boasted 4.6 percent against a previously predicted 3.9 percent, thanks to strong tourism and export sector expansion coupled with continuous investment from the public and private sectors. As for 2019, it is forecast that impact of the United States-China trade war on the world economy

will become more evident. Economic growth in all regions is predicted to slow down, the global growth projected to decline to 3.5 percent instead of 3.7 percent as earlier predicted in October 2018. Likewise, United States and China GDP are expected to register slower growth of 2.5 percent and 6.2 percent respectively. (IMF World Economic Outlook, January 2019, except Thailand's data as of October 2018).

Regarding oil—a large chunk of any airline's operating expense—prices of crude oil and aviation fuel in 2018 averaged USD 71.52 and USD 84.79 a barrel, an increase of about 30 percent from the previous year, resulting from production cuts agreed among major OPEC and non-OPEC producers to shore up oil prices and prevent oversupply amid concerns about US sanctions imposed against Iran. Still, oil prices will move with changing situations, be they unrest in oil-producing countries, the economic situation, exchange rates, or oil price speculation. In 2019 Citigroup forecast that prices of crude oil and jet fuel would be roughly USD 51.57 and USD 66.59 a barrel, a drop of about 10-13 percent. This would be influenced by concerns over the trade war between the United States and China and risk arising from the world's economy that would grow more slowly than expected, resulting in lower demand for crude oil, coupled with increasing production from non-OPEC producers (Monthly Oil Price Movement Report, Fuel Price Risk Management Department, and Monthly Oil Price Forecast, Citigroup, January 2019).

However, the industry still confronts with various risk factors that could change the competitive landscape in various regions including the oil price and exchange rate fluctuations, continuously fierce competition in the industry from full-service and low-cost airlines to expand route networks, flight frequencies, fleets and stronger alliances among various airlines. Therefore, an airline's ability to adjust and to devise careful management strategies that can respond to situations in a timely manner is critical to its business sustainability.

### Passenger Transport Situation

In 2018, International Air Transportation Association (IATA) estimated the air passenger volume in each region with revenue passenger kilometers (RPKs),

showing the growth of 6.5 percent lower than last year growth of 8.0 percent, caused by higher ticket prices reflected from higher jet fuel costs. It is expected that in 2019 the overall passenger volume would grow by 6.0 percent, considered lower expansion rate than for 2017 and 2018 (based on a December 2018 forecast).

The top 3 regions with the highest RPK growth in 2018 were Asia Pacific, Europe, and Latin America, respectively. The Asia-Pacific region registered the highest growth at 8.5 percent—higher than the global growth, with the highest proportion of RPK 33.8 percent. Especially, the India domestic registered double-digit growth at 15.2 percent for 50 months consecutively (as of October 2018). Europe and Latin America recorded RPK growth rates of 6.4 percent and 6.0 percent, respectively. In 2019, it is expected that Asia-Pacific will see the highest RPK growth rate at 7.5 percent, higher than the global growth, followed by Latin America at 6.0 percent, with both Europe and the Middle East at 5.5 percent.

In Thailand, the tourism sector expands continuously in 2018, thanks to the government's tourism promotion policy and the supportive expansion of domestic and international flights. Thailand registered a total of 38.1 million foreign visitors, up 7.2 percent over 2017. Chinese tourists still made up the largest group at 10.5 million, up 7.5 percent over 2017, benefit from rapid expansion during the first half of the year. Even number of tourists from China declined since July, due to a boat accident in Phuket which tarnished tourists' confidence in Thailand's safety together with concerns over the trade war between the United States and China and the weaker yuan, resulted in lower spending by Chinese tourists and less travel (the Tourism Authority of Thailand, January 2019). However, between November 2018 and January 2019, the Government launched tourism stimulus measures to lure more tourists, including granting the visa-on-arrival fee waiver and a double-entry visa for a six-month validity as well as a re-entry visa, among many other measures. A recovery in Chinese tourist numbers was thus witnessed during December.



Regarding Thailand's overall aviation industry during the first 11 months of 2018 (January-November), 163 airlines operated both scheduled and nonscheduled flights carrying a total of 107.9 million passengers, an increase of 6.4 percent over the same period in 2017. Of the total passengers, as many as 21.6 million traveled with THAI and Thai Smile, an increase of 2.2 percent year-on-year and the largest market share of 20.0 percent (Airports of Thailand Public Company Limited).

#### Competition: Domestic Aviation Industry

Domestic aviation industry competition intensified due to expansion of the current carriers and new budget airline players that foresee great opportunity for domestic route expansion and increased demand, resulting in the high growth of this market. During January-November 2018, the total number of domestic operators was 25 airlines, with 35.4 million passengers on domestic scheduled and nonscheduled flights—up 3.5 percent year-on-year. THAI and Thai Smile transported 5.8 million passengers (a 7.7 percent decline from the previous year), with a total market share of 16.3 percent.

#### Competition: International Aviation Industry

Major factors affecting the aviation industry and the volume of air travelers in 2018 included oil price hikes, regional economic problems, foreign currency exchange rate fluctuations, political unrest in several countries, and fiercer competition for network expansion and the opening of new routes by other full-service and low-cost airlines. This included particularly more coverage and expansion by low-cost airlines operating in international markets both in primary and secondary cities which continue to grow with the expansion in routes and fleet focusing on several potential destinations such as China, Korea, Japan, Taiwan, India, and the CLMV countries along with long-haul services plan to the European market. For example, Thai Asia X plans to operate an Eastern Europe route by 2019, while Thai Lion Air plans to operate new routes to Western Europe by 2020. In addition, low-cost airlines developed into an aviation network by linking various routes within a group, creating partnership and alliances among airlines



together with upgrading products and services to be more competitive with full-service airlines including developing a loyalty program to build customer loyalty and increase sales, using new technology and creating multiple sales channels to serve more groups of customers.

Amid the expansion of full-service airlines from the Middle East, China, and other carriers that strengthen their home-based hubs by extending over the Southeast Asia and ASEAN markets, Thailand is considered a regional hub and becomes one of the most popular destinations with more attractions from both primary and secondary cities. Airline group service strategy by operating both full-service and low-cost airlines is applied to cover passengers in all market segments. For example, EVA Air offers a new route from Taipei to Chiang Mai, seven flights a week, and plans to commence services to Yangon and Penang to expand its North America network. This includes Lufthansa group, Singapore airlines group and airline group of Chinese carriers that operate services to Thailand by airlines within their group.

For the Middle East airlines, Thailand is still a dominant market. The airlines increased flight frequencies on the existing routes; commenced new route services; changed aircraft types; expanded services to secondary cities; enhanced partnerships with other airlines such as Qatar Airways (new route from Doha to Pattaya, and increase frequencies from Doha to Bangkok, Krabi, and Chiang Mai) and Oman Air (codeshare with Bangkok Airways to expand routes to Thailand such as Chiang Rai, Chiang Mai, Phuket, Krabi, Lampang, Trat, Sukhothai, and Samui). Nevertheless, The Middle East airlines have also expressed an interest in the Indochina and ASEAN markets, seeking to increase their capacity with more direct routes. For instance, Emirates offers new routes Dubai-Yangon- Phnom Penh, and Qatar commences Doha-Yangon and plans to operate Doha-Danang and Doha-Davao. In the long run may have a negative effect on Thailand's potential to become an aviation hub in the Indochina region.

However, with the government support policy of boosting the economy and promoting tourism continuously by focusing on stimulating local economic activities and income distribution to secondary cities,

the aviation industry is considered the main driver of the tourism industry. In addition, the government plans to improve the transportation infrastructure and utilities for travelling between primary and secondary cities, and the development of major and regional airports including high-speed train project which links 3 major airports. This should contribute to a significant increase of inbound and outbound travelers. THAI also see other positive factors for future growth and expansion—especially potential markets in China, Japan, South Korea, India, and the ASEAN countries. Thanks to Thailand's geographical location advantage. During January – November 2018, the number of international scheduled and nonscheduled passengers reached 72.5 million—up 7.9 percent year-on-year. THAI and Thai Smile transported 15.8 million passengers, a 2.2 percent year-on-year increase, with the largest market share in the country of 21.8 percent.

THAI continuously monitors situations and the relevant factors in order to adjust our strategies to keep pace with changing customer behavior to sustain the business, exploit potential opportunities, and offer competitive services to remain a leading airline.

### The Industry and Thai Smile Competition

According to an IATA estimate, the aviation industry was expected to grow constantly in 2018 with a RPK growth rate of 7.7 percent and an ASK growth rate of 6.7 percent over 2017. The Asia Pacific region was able to maintain the highest growth with an RPC forecast of 9.5 percent and an ASK forecast at 8.8 percent.

Throughout the year, even as the rising demand for air travel became obvious, many airlines still faced intense competition along with rising oil prices. IATA projected aviation fuel in 2018 would be around USD 84 a barrel, but the price increased USD 17.3 per barrel or 25.9 percent year on year, resulting in a net profit of 11 percent. In the Asia Pacific region, profits were expected to reach USD 8.2 billion, dropping 23.3 percent from the previous year.

The domestic aviation industry continued to grow substantially with greater competition from low-cost carriers. According to the Airports of Thailand Public Company Limited (AOT), from January to October 2018, through October total aircraft movement at

Suvarnabhumi and Don Muang international airports was 734,834 flights, up 6.6 percent over the previous year. Low-cost airlines accounted for 371,163 flights, up 12.5 percent, while passenger movement reached 116.08 million, up 6.2 percent over the same period in 2017. Passengers from low-cost airlines were about 57.4 million, a 12.3 percent increase over 2017. The growth rate for full-service carriers was relatively low with the passenger movement rate of 0.8 percent and aircraft movement rate slightly over 1.3 percent: This suggested a significant growth of low-cost airlines in the region. Low-cost airlines such as Thai Air Asia, Thai Lion Air, Nok Air, Thai Viet Jet, and New Gen Airline mostly operate with narrow-body aircraft and short-range flying times focusing on the ASEAN, China, and India markets. They operate in the same market as Thai Smile, thus we could not avoid competition with these low-cost carriers—particularly in the domestic market. These low-cost carriers enjoyed a market share of roughly 70 percent in 2017 according to the Civil Aviation Authority of Thailand. This could account for the Thai Smile revenue per passenger yield and cabin load factor in the domestic market, including the overlapping of domestic routes operated by such low-cost airlines and price wars.

Besides, Bangkok Airways is becoming more aggressive in this market as it has a market position similar to ours and other international carriers.

However, Thai Smile has vigorously developed and improved the quality of its products and services to meet the needs of target customers, such as special menus during various festivals, upgrading lounges, and improved service quality by flight attendants. This allowed Thai Smile to win the TripAdvisor Awards for Travelers' Choice Airlines 2018 from TripAdvisor, the world-famous tourism website for 350 million users worldwide, for two consecutive years. Thai Smile was also recognized as the best domestic airline, the best airline in Asia, and the best low-cost airline in Asia.

The Thai tourism industry's image was tarnished by a Chinese boat-sinking accident in October resulting in a drop in the number of Chinese travelers from July to October an 11.4 percent decline year-on-year (according to the Ministry of Tourism and Sports). This incident hurt the volume of Thai Smile passengers traveling from and to China such as Bangkok-Zhengzhou, Bangkok-Chongqing, and Bangkok-Changsha.

Type	2019	2020	2021	2022	2023	2024	2025	2026	Total (2019-2026)
• B777-300ER	-	3*	-	-	-	-	-	-	3
• Wide-body, mid-range aircraft	-	-	1	1	1	-	4	5	12
• Narrow-body, short-range aircraft	-	-	6	7	4	5	2	2	26
<b>Total</b>	<b>-</b>	<b>3*</b>	<b>7</b>	<b>8</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>38</b>

Remarks: \* Excluding rented aircraft in short-term operation



## Products and Service Procurement

### Fleet Plan

Our eight-year main investment plan (2019-2026) calls for us to provide 38 aircraft and aviation equipment (as a part of new aircraft procurement approved by the Cabinet, according to our 2019-2027 Strategic Plan). This aims to accommodate the growth of our aviation business and replace 31 retired aircraft to enhance fleet efficiency and maintain competitiveness:

### Cargo and Mail Transportation

#### Cargo and Mail Products

Apart from general cargo and mail transportation, various other products are provided.

**Premium products:** These require special care under timing-guaranteed conditions:

1. TGX or TG Force is an express transport service with a guarantee from departure to destination airports according to the specific flight, or
2. TGF or TG Fresh is a specifically designed transport service for fresh products exclusively delivered from Bangkok.

**Temperature-controlled products:** These require temperature control throughout the transport chain to maintain product quality according to standard requirements specified by the customer such as TGC or TG Cool & Carry. Specific, consistent temperature control is required during transport to maintain quality and freshness in accordance with customers' requirements: examples include fresh food products, fresh fruits, vegetables, dairy products, cosmetic products, and certain pharmaceutical products. Other transport services are also provided such as for live animals or dangerous goods, valuable goods, perishable goods, and oversized goods like heavy machinery, electrical generators, and cars.

#### Market and Competition: Cargo and Mail Services

THAI focuses on pricing that suits the needs of each transport route, and managing the freight section of the aircraft to maximize revenue from both our own

routes and those of partners', including truck routes. Our policy calls for seeking partnership with the other related air transport companies through partner airlines and charter freighters. This includes plans to accommodate the e-commerce business, which is currently growing with the expansion of terminal areas at Suvarnabhumi Airport.

Cargo and mail transportation then remain highly competitive, including continual product development, with new services offered by other airlines becoming more readily available. The current trade war between the United States and China might cause an economic downturn that could inevitably affect the manufacturing and production sectors. Moreover, external factors such as oil price fluctuations and geopolitics may still continue to escalate and intensify.

Therefore, we need to adjust to the changing global landscape and improve existing services to be more responsive to customers' needs, including developing new products to enhance our business muscle and correct weaknesses for the sake of sustainability.

## Business Units

THAI directly operates its transport business through various business units consisting of warehousing services, transportation management, ground services, parking and ground equipment, and catering.

### Cargo & Mail Terminal Services

The Cargo Terminal has constantly undertaken internal improvement processes by streamlining operating procedures during the past two years using Lean Management techniques that have proven very successful in creating awareness of change to employees. The terminal has also improved its ability to accommodate a rising quantity of products and has studied the impact of and opportunities for e-commerce business by introducing new technology such as Big Data and Internet of Things (IoT) to link terminal devices and to become a "Smart Cargo Terminal". This could raise its service standards to world class by launching various activities—some already completed with others being implemented in 2019 including:

**Increasing space utilization:** This is to introduce “High Racking System” to optimize vertical storage space along with a new software system to link with an automated storage and retrieval system (AS/RS) and elevating transfer vehicles (ETV) as well as Cargo Terminal management in a closed system. The goal is to achieve international cargo terminal standards, enabling us to manage inbound and outbound items on, in line with the IATA standard requirements by 2021.

**Workforce management planning through service outsourcing:** This is to operate non-core business tasks to reduce long-term operating costs and solve future personnel shortages. Our other project for nurturing young-generation employees of Cargo Terminal operation recruits current high-potential personnel and train them on new skills in emerging technologies and management tools to prepare for future changes and to be able to invent things that benefit the company.

**Cargo Contact Center:** This is to generate a convenient telephone contact channel (Tel. 02 137-4200) to enhance customer service quality and accommodate business expansion, including provision of service information to facilitate handling, creating value-added services, and instilling confidence in our cargo services.

**Increased cooperation with Airports of Thailand:** This is to perform new activities in the Free Zone areas such as providing towing service from TG and BFS warehouses to customers’ VAAs (value-added areas) within the zone together with plans to offer BUP service (ULD delivery) in collaboration with AOT. All of this should improve work standards so that we can adapt to changing technology, linking our automated system for world-class service quality, supporting the airport Phase 2 expansion, and creating new investment opportunities.

Regarding technology, a **Cargo Terminal Application** was developed in 2018 for use with tablet computer to modernize and expedite The Cargo Terminal Operations. This user-friendly system reduces errors, recording data in real time while connected to Tracking on [www.thaicargo.com](http://www.thaicargo.com), allowing customers to view the status of their goods immediately.

**Automatic storage and retrieval system (AS/RS) and Elevated Transfer Vehicles (ETV):** This is to create a fully automated platform connected to a CHORUS delete for

systematic Cargo Terminal storage. Storage information is linked to the Cargo Terminal Application in the CHORUS system. Apart from ETV and AS/RS on storage shelves, barcodes connect with the CHORUS system. The benefits of this system development linking to another storage device would simplify Cargo Terminal management and accommodate higher cargo volumes with greater productivity.

**Sending and receiving information via the Cargo Community System (CCS):** We have selected the SITA CHAMP Company as a representative in electronic data transmission connecting freight data directly from customers worldwide to THAI Cargo via the Cargo Community System (CCS). This enables us to receive cargo information accurately and more rapidly, helps reduce manual workloads, and saves operating costs.

## Ground Customer Service

### Products and Services

With more than 50 years of experience in providing full ground-handling services beginning with the early days at Don Muang Airport, we have constantly developed capabilities for servicing all aircraft types. Although we have relocated our business presence to Suvarnabhumi Airport, we still provide ground-handling services under authority granted by the AOT with a 34-year contract under agreement number Tor Sor Por.1-47/2006, starting from September 28, 2006, to September 27, 2040.

We are also permitted by various international airports in Chiang Mai, Hat Yai, Phuket, and Chiang Rai to provide full ground-handling services over the years. This agreement has entitled AOT to be the main service provider for several airports, except at Krabi International Airport, which is under the authorization of the Department of Civil Aviation.

### Types of Services

**Passenger services:** These include check-in services for tickets from both conventional and kiosk checkpoints, travel documents, boarding passes, checking for pre-requested meals or special requirements, reservations, luggage weighing and verification, outbound boarding gate services, travel document

reviews, and managing aircraft boarding procedures while facilitating disembarking passengers.

**Lounge services:** For First Class and Business Class passengers, Platinum and Gold Royal Orchid Plus cardholders, THAI's Royal Orchid Spa is reserved for our First and Business Class passengers. Also, Royal Exclusive Services provides additional lounge service to group passengers.

**Luggage services:** These include verifying and tracking lost luggage, repairing or compensating for damaged luggage, delivering delayed luggage to customers, and tracking and retrieving items forgotten on-board.

**Loading control and weight services:** These include weight calculation, loading control for goods, loading and unloading of cargo and mail, with maximum safety guarantees.

**Support services:** These offer assistance to inbound and outbound transit passengers caused by flight delays to ensure the smoothest, safest, most convenient travel to their destinations. These services also cover coordination with government agencies and state enterprises such as the Immigration Bureau, Customs, and airports, including special services for VIPs, First Class passengers (advance First Class check-in via phone), Business Class passengers, and Platinum and Gold card members (special check-in counters) along with special-needs passengers such as elderly passengers, passengers with disabilities, doctor-approved medical patients, and passengers under 12 years of age travelling alone.

**Non-Customer airline services:** We provide special services on request such as services for bank customer and private companies. Such services include travel facilitation and assistance, lounge service, and other special services according to requests and agreements.

**Customer airline services:** We provide services for passengers, baggage service, and loading control along with lounge and other special services based on agreements.

## Marketing and Competition

THAI's marketing policy on ground customer services focuses on an increase in market share at Suvarnabhumi Airport, where we currently compete with two rivals. Our Ground Customer Service unit now serves 47 airline customers a 35.7 percent market share, while our rivals take 23.6 percent. Airlines operating their own ground-handling services hold 40 percent, with 8 percent for others. Airlines operating their own ground-handling services may be our new potential customers in the future.

For services provided at regional airports in Chiang Mai, Hat Yai, Phuket, Krabi, and Chiang Rai, there is only one main competitor, with our market share exceeding 80 percent. Phuket International Airport enjoys high demand from both seasonal and charter flights, including an increasing number of low-cost airlines.

Charter flight services provided at each domestic airport depend on the requirements of certain airlines (including flights with special missions), facility availability, and related agencies. All must be consistent with the AOT's enforcement policy on operations at Don Muang International Airport promulgated in 2014, which is seen as an opportunity to increase revenue from ground services at domestic airports.

## Procurement of Products and Services

The workforce is one of the most significant factors affecting airport ground services. The growth of the aviation industry and related businesses have resulted in workforce movements seeking higher pays from other airlines, including relocation to other business lines where the working environment and wage rates might be more advantageous. For this reason, we and our competitors are mutually affected.

To address this issue, we use a labor-management approach to mitigate undesirable effects of this through outsourcing and jobbing out certain tasks to other companies, including recruitment of part-time employees to ensure an adequate workforce that can serve the needs of customers at all airports. In addition, our policy is to divert employment outside the company: Wingspan Services Company Limited, also THAI shareholders, acts in this role to create stability for employees who work under contracts.



## Ground Equipment Services

### Products and Services

THAI's Ground Equipment Services operation is approved by the AOT, authorizing us as a legal ground equipment service provider under a 34-year contract running from 2006 to September 2040. With more than 50 years' experience and expertise in ground equipment services, the Ground Equipment Services Department has been delivering high-quality services for all aircraft types for both THAI and our customer airlines.

#### Types of Services

1. Serving all types of luggage transport in the form of passenger baggage, cargo, and parcel, for both inbound and outbound flights along with extra-large cargo transportation via freighter.
2. Providing ladders for the up-down aircraft to transport passengers from the terminal to the aircraft or from the airport to the arrival terminal building and vice versa. The department also provides services to VIP passengers via luxurious buses suitable to each passenger, including passengers with illnesses and disabilities.
3. Providing aviation services with electrical equipment, assisted-engine-combustion aircraft equipment, and cooling ventilation devices to help adjust aircraft cabin temperatures, including aircraft sewage-unloading services, the operation of aircraft movement on the ground, drinking water services under the IATA/IDQP Drinking-Water Quality Pool international standards in accordance with World Health Organization requirements.
4. Providing aircraft interior cleaning services, including deep clean, for transit aircraft. Both services are classified as Secure Clean, the cleaning process with aviation security checks. Due to the dedication and continual development of our people, we have won an aircraft interior cleaning service award from Skytrax, regularly receiving compliments from our customers.
5. Serving emergency needs for both aircraft and medical requirements from epidemics,

fire emergency preparedness, and aviation base relocation if Suvarnabhumi Airport should be out of service by preparing preventive and emergency plans in collaboration with AOT at least once a year.

In addition to these services, the Ground Equipment Services Department has the capacity to maintain ground service equipment and unit loading devices (ULD) as certified by the Civil Aviation Authority of Thailand at least once a year.

Services delivery provided by this department has passed the IOSA safety standards assessment (using IATA standards), ISO 9001 quality standards assessment, and the aviation security standards assessment of the Transportation Security Administration of the Department of Homeland Security and Australia's Office of Transport Security (OTS). These standards' approvals have ensured customer confidence in the safety and security of our services.

In addition to the ground equipment service at Suvarnabhumi Airport, the department provides such services at ten regional airports: Don Muang, Chiang Mai, Chiang Rai, Phuket, Hat Yai, Krabi, Udon Thani, U-Tapao, Khon Kaen, and Surat Thani. Nevertheless, if other airports are in need of ground equipment services such as for VVIP and VIP flights operated by the Royal Thai Air Force or Hajj flights at Narathiwat Airport, the department can use ground equipment from Suvarnabhumi Airport or nearby airports using its full-service capabilities.

### Marketing and Competition

Our Ground Equipment Services Department at Suvarnabhumi Airport has only one competitor and currently serves 52 airlines a 39 percent market share. Our competitor has a 24.6 percent market share versus 35 percent for the airlines with their own ground equipment service. Our Ground Equipment Services Department is required to maintain its current customers while seeking new ones. This is done by processing data from customer complaints and satisfaction assessments to develop action plans to ensure the highest service standards and maximum satisfaction.

To seek new customers, the department has hired skilled, highly experienced people who have passed

international-standard training requirements. Also, we have a dedicated service control unit capable of decision-making in both business-as-usual and emergencies to foster customers' confidence and preference for our services.

#### Procurement of Products and Services

The primary factors in providing ground services are equipment and workforce. The Ground Equipment Services Department developed a project called the Ground Equipment Services Fleet Plan to accommodate our fleet and customer airlines to ensure adequate, up-to-date service equipment with the minimum maintenance costs. For workforce management, we have used outsourcing and out-job operations. Employees receive training in theory and practical applications from the training division aligned with corporate and international standards, including workforce development with greater ability to control a variety of device categories (multiskilling) to increase efficiency in providing equipment services and support while also considering cost-effectiveness and competitiveness. In addition, the department has arranged a team of engineers to analyze and provide suitable technological equipment suitable for certain operational areas and all types of aircraft such as electric towing tractors under the Green Airport Project to save operating costs and preserve the environment.

## Catering Services

THAI Catering Services is a business unit that supports our business operations with continual development and growth. Over the years, they have generated profits of up to 2 billion baht.

THAI Catering Services has operated in three locations:

1. THAI Catering at Suvarnabhumi Airport located in the duty-free zone in an area of about 120,000 square meters, producing food to serve passengers on international flights and for 60 other leading airlines. In 2018, the services acquired two more airlines as customers.
2. THAI Catering at Don Muang International Airport operates in an approximate area of 40,200 square meters, preparing meals for domestic flight passengers and passengers from other airlines embarking from this airport. Other ground businesses include restaurants at various Thai International airports, the Puff & Pie bakery business, indoor and outdoor catering services, employee welfare restaurant, food service business in hospitals and food service business at the Airline Lounge. All of this is done to meet dynamic consumer demand: the catering services have led to new products and packaging along with expanded distribution channels by partnering with numerous government agencies.



3. THAI Catering at Krabi International Airport in an operational space of roughly 1,200 square meters, producing food for our domestic flight passengers, passengers from other major airlines, and charter flights from Europe.

THAI Catering at Suvarnabhumi Airport is a leader of food production, providing an average of more than 75,000 sets a day to airlines on more than 82,500 flights a year from Suvarnabhumi Airport. Domestic raw material purchases are used for about 79 percent of our food production, with imported raw materials at 21 percent.

THAI Catering food processing and services have been certified based on international standards recognized by IATA and the World Health Organization using the quality management system ISO 9001:2015, Hazard Analysis and Critical Control Points (HACCP), Good Manufacturing Practices (GMP), all of which are integrated into the Quality Hygiene Safety (QHS) system. THAI Catering has also been certified by the HALAL and HAL-Q, the Occupational Health and Safety Management System (OHSAS 18001), and Environmental Management Systems (ISO 14001).

With more than fifty years' experience using certified international standards and with strong customer loyalty, THAI Catering has received the best airline award (Best Economy Class Onboard Catering award) from Skytrax in 2017 and 2018. We also received the Excellent Catering Service Award 2017 from EVA Air (BR), an honorable award for excellence at the "Sky Delight Awards 2017": a bronze medal from the Sky

Service Forum 2017, the Best Catering Award 2018 from Air China (CA), as well as Thai Select certification from the Ministry of Commerce and the AOT. THAI was also named a professional qualification organization for Thai cooking, pastry, bakery, and hotel management by the Thai Professional Qualification Institute, Prime Minister's Office. Professional qualification certification was granted to 90 people in 2016, 147 in 2017, and 297 in 2018. These international awards have guaranteed the company's service quality, which is the pride of THAI Catering.

The recent economic downturn has affected THAI Catering operations—especially the rising raw materials and product costs. To mitigate adverse effects, we are determined to maintain our business operations using various adjustment policies such as expanding customer and production bases, developing authentic Thai cuisine, promoting our Puff & Pie bakery operations, and managing expenses to reduce operating costs. This includes reduced water supply and electricity consumption along with Lean Management which we have applied to various operational processes to reduce material losses. The result: decreased overall expenses and restructuring costs for competitiveness, allowing us to maintain profits more sustainably.

## Other Businesses

Our other businesses support the core transportation business, including aircraft maintenance, aviation services, inflight duty-free merchandise, and souvenir sales.





## Aircraft Maintenance Services

Aircraft maintenance services are carried out by the Technical Department, an implementing unit responsible for maintaining our aircraft from Entry into Service through Phase out. This is to ensure that all aircraft meet specifications stipulated by the Civil Aviation Authority of Thailand (CAAT) and other governing agencies based on our agreements and to guarantee the highest safety standards. The department provides aircraft maintenance services to other airlines as well.

The department carries out three types of maintenance.

1. **Line maintenance:** Technical aircraft maintenance services are carried out for transits, turnarounds, and night stops at Suvarnabhumi and Don Muang airports as well as other domestic and international airports.
2. **Light maintenance:** Technical aircraft maintenance services based on the flight time or maintenance circles are carried out at the aircraft maintenance centers located at Suvarnabhumi and U-Tapao airports.
3. **Heavy maintenance:** These technical aircraft maintenance services cover airframes, engines, components, and other related parts based on flight time or maintenance circles at the Don Muang, Suvarnabhumi, and U-Tapao airport maintenance centers.

Technical Department maintenance service operations require highly qualified engineers who have passed competency tests and are certified by the Civil Aviation Authority of Thailand (CAAT) and other aviation regulatory agencies such as the United States' Federal Aviation Administration (FAA) and the European Aviation Safety Agency (EASA.)

Apart from these aircraft maintenance services, the Technical Department provides exterior aircraft painting

and aircraft washing services for other airlines at Don Muang and Suvarnabhumi airports. This improves a positive image for airlines, helps save energy, and reduces environmental pollution. Aircraft maintenance services require high capital investment for personnel, raw materials, workshop equipment, and tools to maintain the international standard requirements. Continual development of aerospace technology, which is highly dynamic, is also required to reaffirm that passengers and other service users enjoy maximum satisfaction and safety.

## Supported Transport Business

This includes dispatch services, inflight duty-free, and souvenir sales.

- **Dispatch services** are the aviation planning and preparation of flight information such as weather forecasts, flight paths, and relevant aviation documents for our flights and those of our airline customers. All this must be aligned with the requirements of aviation regulators and procedures specified in our contracts to ensure that flights are safely operated to their destinations.
- **Inflight duty-free sales** (or sales onboard) for duty-free onboard shopping are conducted by King Power Management and Marketing Company as the authorized seller to serve our passengers.
- **THAI Shop** is our business selling souvenirs to customers operated in six locations: our headquarters; our offices at Larn Luang, Silom, Chiang Mai, the OPC Center at Suvarnabhumi Airport, and Lak Si. Souvenir sales are also available through the Company's website to increase sales channels and facilitate more overseas customers, including integrated sales services: order, payment, and delivery.

## Risk Factors



“

THAI assessed various factors and trends at home and abroad that could significantly affect its business so that its findings may be leveraged by the management in its strategic fine-tuning under prevailing circumstances.

”

Amid many internal and external risk factors over the past several years, THAI realizes the pressing need for a management mechanism that can increase our operating efficiency together with a highly cautious administrative approach that can drive our aviation business forward with strength and stability. THAI has used Enterprise Risk Management (ERM) since 2003 to create satisfactory returns for shareholders and stakeholders and to secure their confidence in the company: Risk factors along with short-term and long-term risk management plans are identified in the enterprise plan. Management has also constantly provided workshops on risk management for all executives to incorporate risk management into the organizational culture.

The Board of Directors assigned the Risk Management Committee, comprising Board members including some independent directors, and Management to formulate and review our risk management policy and framework regularly. The committee and Management are to also oversee and monitor risk management

outcomes to ensure that risks are identified, assessed, and ranked so that measures to prevent, correct, control, and deal with risks at organizational and departmental levels can be drawn up to limit risk. Such measures must be systematically designed and must conform to standards of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), reported to the committee and the Board quarterly. All our people are encouraged to use these risk management measures as a tool for business administration.

To prevent any damage arising from uncertainties and to support the business rehabilitation plan we have integrated ERM into our business rehabilitation plan to identify the causes of and relationships between various types of risk. To accomplish this, “key risk indicators (KRIs)” have been established for use as an early warning while the ERM system has been improved and updated to enhance efficiency, further supporting the linkage between internal control reporting and other management systems.

## Significant Risk Factors

### Jet Fuel Price Fluctuation Risk

Jet fuel costs account for a large portion of the aviation business total expense – at THAI accounting for 27.5 percent of our total operating cost. To cope with the regular fluctuation of aviation fuel prices, THAI arranges for fuel hedging. Our policy is to manage aviation fuel price fluctuations to delay and minimize impact of fuel costs when prices rise. During 2018 an average of 45 percent of total fuel consumption volume was hedged. Fuel hedging has been carefully managed, considering the world oil situation.

Moreover, THAI managed to collect certain fuel surcharges depending on the market situation and competition; jet fuel price fluctuations and market response; and revised jet fuel cost estimates. Fuel stock management and increased fuel management efficiency have also been part of our attempts to deal with jet fuel price fluctuation risks.

### Foreign Exchange Fluctuation Risks

Since THAI's earnings come in more than 50 currencies, accounting for approximately 61 percent of total revenues, we have adopted the practice of "natural hedging" to lower the risk of foreign currency exchange rate fluctuation by ensuring that as much cash expenses are paid for in the same currencies as revenues as possible. The net cash flow is then managed (by converting outstanding cash in different currencies into the currencies of its expenses) to better match its major expenses such as fuel payment, aircraft operating lease payment, and employee salaries. Borrowings are structured in the currencies of the highest net operating cash flow. To ensure that THAI does not incur excessive foreign currency debts, it also took on Thai baht debts to mitigate the foreign currency gain/loss impact on THAI's financial statements. THAI also deploys financial tools such as Cross-Currency Swap (CCS) whenever the money market allows and forward contracts to earn money to pay for expenses and future liabilities.





In 2018, we had altogether 25 cross-currency swap transactions for debt conversion:

- from baht (THB) into euro (EUR) with fixed interest rates (five transactions)
- from baht (THB) into yen (JPY) with fixed interest rates (ten transactions)
- from baht (THB) into yen (JPY) with floating interest rates (three transactions)
- from baht (THB) into pound sterling (GBP) with a fixed interest rate (one transaction)
- from euro (EUR) into yen (JPY) with fixed interest rates (two transactions), and
- from US dollar (USD) into Swiss franc (CHF) with fixed interest rates (four transactions).

As a result, long-term loans after cross-currency swaps became debts in USD (5%), EUR (32%), JPY (21%), GBP (1%), CHF (6%), and THB (35%). The balance as at December 31 remained at THB 32,143.69 million with payments made for exchange of principal and interest monthly, quarterly, and biannually (Debt settlements under these contracts will gradually be completed from 2019 to 2032.)

## Interest Rate Fluctuation Risks

THAI has a risk management policy to cope with interest rate fluctuations using financial instruments such as Interest Rate Swap (IRS) to convert floating rates for upward trends into fixed rates, or using cross-currency swap restructuring if reduced long-term capital costs can be foreseen. As of December 31, THAI had long-term debt after swap with a ratio of floating rate to fixed rate standing at 39:61 (excluding aircraft leases). If the interest rate increased one percent a year, THAI would have to bear a debt increase of approximately THB 581 million.

## Airline Industry Competitive Risk

Considering the continuous growth of the aviation industry—particularly passenger traffic in Asia and the highest volume of aircraft purchases in the Asia-Pacific region expected for the next 20 years with preference for single-aisle aircraft with low operating costs—business competition in this region should intensify.

Moreover, with the number of inbound and outbound passengers expected to increase every year—especially Chinese tourists—and the country's aviation liberalization, all airlines are vying to expand their businesses. This has resulted in the increasing number of flights taking off and landing in Thailand. The higher number of flights is also attributed to ongoing competition from Middle East airlines, new strategies of some airlines, and the rapid growth of low-cost airlines which have turned from rendering point-to-point service to forming networks of low-cost airlines and expanding their regional routes.

To fight off the competition, THAI aims to profit from quality customers – corporate customers in particular—using digital marketing to improve sales, immediate revenue, and pricing management to timely respond to market demand, strengthening collaboration with allies for increased flight connections for routes operated by THAI, managing unprofitable by closely monitoring of the number of seats offered versus the number of passengers while adjusting flight frequencies to achieve the highest profit.

In addition, THAI introduced a strategic plan for “ancillary revenue” from products and services on offer in response to customer demand at all service points while seeking opportunities from supporting businesses and investing in businesses where we have expertise. The plan also includes developing a technological platform to support business management to cope with rapidly changing technology.

## External Crisis and Natural Disaster Risk

THAI's core aviation business provides domestic and international passenger and cargo air transport service and is directly related to the tourism industry which can be and is affected whenever the tourism industry experiences a slowdown possibly caused by various environmental factors, either within Thailand or overseas. These factors include natural disasters, epidemics, terrorism, and international conflicts, as well as domestic political and economic factors that can directly and indirectly affect the business.

To anticipate such disruptions we established our Crisis Management Operation Center (CMOC) and a Crisis Management Committee (CMC) to monitor and

manage critical situations until they return to normal. We perform risk assessment along with monitoring and preventive measures as well as a business continuity plan to minimize risk severity and negative impacts on the business. Risk assessment at THAI is carried out every year to detect any possible change that could pose a significant threat to our operations considering factors and trends both within and outside Thailand. Risk assessment outcomes are raised with Management to adjust business strategies, such as the opening of new operating bases, considering code-sharing with other airlines, and other measures. A crisis management plan has been developed and our operations manual has been updated to prepare for the unexpected. A crisis management exercise is regularly carried out in collaboration with business allies, state enterprises under the Ministry of Transport, and other government agencies involved to ensure smooth integration should a crisis occur and to maintain our good corporate image among the public while increasing passenger confidence. In dealing with a crisis we appreciate the importance of speedy communication and effective public relations which enabled us to deal efficiently with natural disasters and epidemics during 2018, including the Mount Agung volcano disaster in Bali; the Mayon volcano on Luzon Island in the Philippines; typhoons Maria, Tra Mi, Jebi, Jongdari, Kong-Rey, and Mangkhut; and the Nipah virus outbreak in India.

With crisis management measures that meet international standards, THAI's business continuity can be assured in all situations.

### Personnel-related Risk

In conducting an integrated aviation business we hire experienced employees in various fields. Different management techniques required for different groups of employees, as well as the performance management system that cannot lead to uniform KPIs under the same standard for employees and the Company, affect staff morale and motivation. This could cause us to miss our business targets. Earlier, Management tried to control the number of staff and would only allow openings for some key positions considered urgent for operations, but this resulted in insufficient staffing in some areas and disrupted personnel continuity.

To develop staff competence and to achieve higher productivity while strengthening employee bonds with the organization, we conducted a review of employee performance assessment methods. We've also created conditions to help unlock the potential of our executives. In parallel, employees considered high-flyers are properly managed with a succession plan mapped out and with a staff development program stressing both soft and hard skills. We promote an organizational culture of THAI Spirit as a "proactive and trust culture", resulting in



broadly similar employee behavior and practices, which will result in THAI becoming a learning organization.

### Product and Services Quality Risk

As today's businesses—particularly in the airline industry—are increasingly customer-centric, customer behavior dictates airlines' service standards while customer satisfaction helps dictate repeat business. Thus service quality and customer satisfaction are prime elements that dictate an airline's income. Another vital mechanism that dictates customers' choice of airline is "value for money" together with personalized services and offers that meet their individual expectations.

At THAI we have a comprehensive quality assurance assessment to evaluate whether our products and services conform to our promise to customers. Proactive assessments ensure that service quality accords with our service operations procedures, using the mystery shopping method and conformity to a Service Level Agreement jointly made earlier with key service provider units. We also learn about customer satisfaction from an in-house survey in parallel with a survey by a third party on product and service comparisons. Other surveys on some specific issues were also carried out to better understand customer demand. Regarding reactive assessment, we welcome customer feedback and develop corrective actions to best meet customer expectations. In a bid to improve service we initiated a project to enhance loyalty of frequent customers and to raise service excellence even further. Modern

technology such as System Integration for Customer Service Excellence has been applied at all service points with potential to impress customers from around the world. We also established a Service Development and Improvement Committee tasked with improving all service points. In addition, we plan to develop a Service Ring to continuously introduce new services to satisfy customers and to further support our goals and strategic plan while improving our competitive advantage.

### Cyber Threat Risk

To drive the business, THAI needs to rely on IT and the Internet—particularly for reservations, ground service support, Royal Orchid Plus, cargo services, flight operations, and online sales. If these systems encounter cyber threats, service interruptions could occur, confidential information such as customer data could be hacked and wrongfully disclosed, while some information could be improperly modified. Such incidents could produce severe, significant negative effects on revenue, reputation, customer satisfaction, and customer confidence.

Recognizing the possible serious impact, THAI classifies cyber threats as a risk at the organizational level and has formulated measures to tackle them. Such measures include preventing and monitoring Internet and email malware, preventing and monitoring network attacks, applying a Cybersecurity Framework which led to developing a Cybersecurity Roadmap. The roadmap—covering prevention, detection,







response, and system recovery—increases efficiency in managing such threats. THAI is currently applying the roadmap into practice by expediting a Cybersecurity Operations Center while preparing our Cybersecurity Incident Response Team for monitoring and dealing with cyber threats to ensure timely and effective responses. For data recovery, we've arranged for spare computer sets and designed appropriate recovery systems. Two replacement computer centers have been set up; however, they are located at the same site. To minimize risk, a project is being carried out to relocate one to a site yet to be decided.

### Regulatory Risk

In doing business, THAI's operations are governed by airline industry regulations and others that are beyond our control. Thus, changing interpretations of regulations or issuance of new laws or regulations impact our business. This may also incur additional expense. For example, the European Union (EU) implemented a General Data Protection Regulation (GDPR) to protect individuals' personal data including their race and permanent EU residence, while keeping

intact the data owner's rights and freedom. All EU member countries are required to follow suit. The regulation became effective in May 25, 2018 and carries a fine of up to 20 million euros or 4 percent of the noncompliant business's annual income, depending on which amount is greater. THAI recognizes the risk presented by such a law and has appointed a working team and a responsible person to work on improving our operations to meet these GDPR requirements.

### Shareholder Rights and Investment Risk

As of December 31, the Ministry of Finance and the Government Savings Bank held a combined 53.16 percent of paid-up THAI shares: thus the Ministry commands the majority vote for most issues, including appointing Board members and various approvals that require a majority vote. However, an exception exists in matters involving laws and regulations, which require three-fourths of the votes of shareholders present at a meeting. As a result of this practice, other shareholders are unable to collect their votes to counterbalance those of major shareholders.



## General and Key Information



### General Information

Company Name	:	THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED
Abbreviation	:	THAI
Business	:	Air transport services and other related aviation services
Head Office	:	89 Vibhavadi Rangsit Road, Jompol, Chatuchak, Bangkok 10900
Registration Number	:	0107537001757
Home Page	:	<a href="http://www.thaiairways.com">www.thaiairways.com</a>
Phone	:	+66 2545 1000, +66 2025 1000
THAI Contact Center	:	+66 2356 1111
Cargo Contact Center	:	+66 2137 4200
Royal Orchid Holiday	:	+66 2356 2888

As of December 31, 2018, the Company had:

Registered capital of 2,698,900,950 shares with a par value of 10 baht per share, a total of 26,989,009,500 baht  
Paid-up capital of 2,182,771,917 shares with a par value of 10 baht per share, a total of 21,827,719,170 baht.

## Subsidiary and Affiliated Companies in which THAI holds more than 10 percent equity

Company Name	Type of Business	Type of Shares	Paid-up Share Capital (MTHB)	Equity Ratio (%)
Thai Smile Airways Co., Ltd. 89 Vibhavadi Rangsit Road, Jompol, Chatuchak, Bangkok 10900 Tel: +66 2117 8824 Fax: +66 2117 8895	Passenger and Cargo Air Transport Services	Ordinary	1,800.00	100.00
Thai - Amadeus Southeast Asia Co., Ltd. 89 Vibhavadi Rangsit Road, Jompol, Chatuchak, Bangkok 10900 Tel: +66 2207 9090 Fax: +66 2207 9180	Online Ticketing Services and Other Travel Services to agents	Ordinary	15.00	55.00
Wing Span Services Co., Ltd. 89 Vibhavadi Rangsit Road, Jompol, Chatuchak, Bangkok 10900 Tel: +66 2545 1267 Fax: +66 2545 1535	Human Resources Management Services	Ordinary Preferred	0.98 1.02	49.00 (with controlling authority)
Thai Flight Training Co., Ltd. 89 Vibhavadi Rangsit Road, Jompol, Chatuchak, Bangkok 10900 Tel: +66 2545 4603 Fax: +66 2545 4602	Aviation Training Services	Ordinary Preferred	0.98 1.02	49.00 (with controlling authority)
Tour Eurng Luang Co., Ltd 89 Vibhavadi Rangsit Road, Jompol, Chatuchak, Bangkok 10900 Tel: +66 2356 2888 Fax: +66 2288 7158	Tourism Services and Related-Tourism Activities	Ordinary Preferred	0.49 0.51	49.00% of shares held by Wingspan Services Co., Ltd. (with controlling authority)
Don Mueang International Airport Hotel Co., Ltd. 333 Moo 10, Cherdwudtagard Road, Srikan, Don Mueang, Bangkok 10210 Tel: +66 2566 1020-1 Fax: +66 2566 1941	Hotel and Restaurant	Ordinary	120.00	40.00

Company Name	Type of Business	Type of Shares	Paid-up Share Capital (MTHB)	Equity Ratio (%)
Phuket Air Catering Co., Ltd. 10/3 Moo 6, Sanambin Road, Mai Khao, Talang District, Phuket 83110 Tel: +66 7632 7497-502 Fax: +66 7632 7123-4	Airline Catering	Ordinary	100.00	30.00
Suvarnabhumi Airport Hotel Co., Ltd. 999 Suvarnabhumi Airport Hotel Building, Moo 1, Nongprue, Bang Phli, Samutprakarn 10540 Tel: +66 2131 1035-46 Fax: +66 2131 1189	Hotel and Restaurant	Ordinary	1,017.78	30.00
Bangkok Aviation Fuel Services Pcl. 171/2 Kamphang Phet 6 Road, Don Mueang, Don Mueang, Bangkok 10210 Tel: +66 2834 8900 Fax: +66 2834 8999	Aviation Fuel Services, including Aviation Depot and Aircraft Refueling Services	Ordinary	637.50	22.59
Nok Airlines Pcl. 3 Rajanakarn Building, 17th Floor, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Tel: +66 2627 2678 Fax: +66 2286 6944	Passenger Air Transport Services	Ordinary	2,272.00	21.80

## References

Reference	Type of Securities	Contact
Securities Registrar	Ordinary shares	THAILAND SECURITIES DEPOSITORY CO., LTD. 93, The Stock Exchange of Thailand Building, Ratchadaphisek Road, Dindaeng, Bangkok 10400 Tel: +66 2009 9000 Fax: +66 2009 9991 SET Contact Center 0-2009-9999 E-mail: SETContactCenter@set.or.th Website: <a href="http://www.set.or.th/tsd">http://www.set.or.th/tsd</a>
Auditor		OFFICE OF THE AUDITOR GENERAL OF THAILAND Rama VI Road, Phayathai, Bangkok 10400 Tel: +66 2271 8000 Ext. 2405 Fax: +66 2618 5783
Debenture Registrar	1/2012 2/2013 1/2014 1/2018	TMB BANK PLC. Securities Operation and Investment Banking, Floor 5A, 3000 Phahonyothin Road, Jompol, Chatuchak, Bangkok 10900 Tel: +66 2299 1824-5, +66 2299 1536 Fax: +66 2242 3270
	1/2011 2/2012	CIMB THAI BANK PLC. Stock Market Operations Department and Cashier 15th Floor, 44 Langsuan Road, Lumpini, Pathumwan, Bangkok 10330 Tel: +66 2626 7503-4 Fax: +66 2626 7543
	3/2012 2/2014 1/2015 2/2015 1/2016 1/2017 2/2018	BANK OF AYUDHYA PLC. Security Services Operation Department, Floor AA, 1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120 Tel: +66 2296 4788 Fax: +66 2683 1389
Debenture Holders' Representative	1/2011	CIMB THAI BANK PLC. Stock Market Operations Department, and Cashier 15th Floor, 44 Langsuan Road, Lumpini, Pathumwan, Bangkok 10330 Tel: +66 2626 7591, +66 2626 7508 Fax: +66 2626 7543
	2/2018	BANK OF AYUDHYA PLC. Security Services Operation Department, Floor AA, 1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok 10120 Tel: +66 2296 5557 Fax: +66 2683 1298



## Major Shareholders

The top 10 shareholders of the Company, along with the number of shares held and the shareholding ratios as of March 21, 2018, were as follows:

Name of Shareholders	Number of Shares	Percentage (%)
1. MINISTRY OF FINANCE	1,113,931,061	51.03
2. VAYUPAK FUND 1 BY MFC ASSET MANAGEMENT PCL	165,037,582	7.56
3. VAYUPAK FUND 1 BY KRUNG THAI ASSET MANAGEMENT PCL	165,037,582	7.56
4. THAI NVDR COMPANY LIMITED	72,524,546	3.32
5. GOVERNMENT SAVINGS BANK	46,409,885	2.13
6. STATE STREET BANK EUROPE LIMITED	20,123,578	0.92
7. HSBC (SINGAPORE) NOMINEES PTE LTD	18,614,700	0.85
8. MR. SONGSAK JITJUAJUN	17,840,800	0.82
9. MR. EIAM ACHAVAKULTHEP	17,081,400	0.78
10. CHASE NOMINEES LIMITED	15,627,171	0.72
11. OTHER SHAREHOLDERS	530,543,612	24.31
<b>Total Paid-up Capital</b>	<b>2,182,771,917</b>	<b>100.00</b>
<b>Thai Shareholders</b>	<b>2,043,633,035</b>	<b>93.63</b>
<b>Foreign Shareholders</b>	<b>139,138,882</b>	<b>6.37</b>

The Ministry of Finance and the Government Savings Bank jointly hold 53.16 percent of the Company's shares, making THAI a state enterprise, and as such, it is subject to the following conditions:

1. The Company must obtain the Cabinet's approval before undertaking any major investment
2. The Company's financial statements are subjected to an audit by the Office of the Auditor General of Thailand.



## Issuance of Other Securities

### Debentures

The Company has issued the following debentures in Thai baht for sale to investors:

- ◆ Registered debentures, unsubordinated and unsecured with debenture holder's representative, issue no. 1/2011 and 2/2018
- ◆ Private placement of debentures (no more than 10 investors), registered, unsubordinated and unsecured without debenture holder's representative, issue no. 1/2009
- ◆ Registered debentures, unsubordinated and unsecured without debenture holder's representative for sale to institutional investors and high net-worth investors, issues no. 1/2012, 2/2012, 3/2012, 2/2013, 1/2014, 2/2014, 1/2015, 2/2015, 1/2016, 1/2017 and 1/2018.

## Dividend Policy

The Company's policy is to pay out an annual dividend of not less than 25 percent of net profit before gains or losses on foreign currency exchange on its consolidated financial statements. Dividend payment is subject to considerations of future investment plans and other applicable factors. However, the Company may consider paying out the annual dividends at a different rate from that policy or not paying out the annual dividends altogether, as the Company's Board of Directors deems appropriate. After the Board has resolved to pay or not to pay out the annual dividends, it is then subjected to the approval of the Annual General Meeting of Shareholders.

The Public Limited Company Act B.E. 2535 (PLCA) prohibits public companies from paying out dividends if there is an accumulated loss, even if profits are reported for that financial year. In addition, PLCA and the Articles of Association requires that the Company set provisions of not less than 5 percent of its net profit for the year less any retained loss in reserve until such reserve is at least 10 percent of the registered capital.

## Management Structure



“

The strength from within resulting from management and performance to the utmost ability, with integrity, justice, transparency, and fairness underlies THAI's sustainable business.

”

### Board of Directors

The Board of Directors has the ultimate responsibility for the administration of the Company's affairs under the Company's Articles of Association which requires that the Board consists of between 5 and 15 directors subject to review by the Annual General Meeting of Shareholders, and that no less than half of the Directors

must reside in Thailand. At the Company's Annual General Meeting of shareholders, one-third of the Directors are required to resign from their position, and new Directors are to be elected and the Directors who have resigned may be re-elected.

## Names of Directors as of December 31, 2018 and their Board meeting attendance in 2018

Board of Directors <sup>(1)</sup>		Number of Attendance / Total Meeting (times)		Period <sup>(2)</sup>
		Regular	Special	
1. Mr. Ekniti Nitithanprapas	Chairman	7/7	8/9	June 1, 2018 – April 2020
2. ACM Treetod Sonjance	Vice Chairman Independent Director Authorized Director Chairman of the Corporate Governance and Social Responsibility Committee Chairman of the Labour Relation Committee	15/15	14/14	April 21, 2017 – April 2020
3. Mr. Distat Hotrakitya	Independent Director Chairman of the Audit Committee	12/15	12/14	June 14, 2017 – April 2019
4. Mrs. Pratana Mongkolkul	Independent Director Member of the Executive Board	14/15	11/14	April 26, 2018 – April 2021
5. Mr. Pitipan Teparitmagorn	Independent Director Chairman of the Nomination and Remuneration Committee Member of the Risk Management Committee	14/15	12/14	April 26, 2018 – April 2021
6. Mr. Peraphon Thawornsupacharoen	Director Chairman of the Executive Board Director of the Corporate Governance and Social Responsibility Committee	12/15	13/14	April 21, 2017 – April 2020
7. Mr. Pinit Puapan	Independent Director Member of the Executive Board Member of the Risk Management Committee	13/15	14/14	April 26, 2018 – April 2021
8. Mr. Rathapol Bhakdibhumi	Independent Director Member of the Audit Committee Member of the Nomination and Remuneration Committee	12/15	13/14	April 22, 2016 – April 2019
9. Mr. Vachara Tuntariyanond	Independent Director Member of the Executive Board Chairman of the Risk Management Committee Member of the Nomination and Remuneration Committee	13/15	11/14	April 21, 2017 – April 2020
10. Ms. Sirikul Laukaikul	Independent Director Director of the Corporate Governance and Social Responsibility	8/10	9/9	April 26, 2018 – April 2021
11. Mr. Somkiat Sirichatchai	Independent Director Member of the Audit Committee	12/15	14/14	April 22, 2016 – April 2019
12. ACM Amnart Jeerameeemai	Independent Director	1/15	0/14	April 26, 2018 – April 2021
13. Mr. Sumeth Damrongchaitham	Director	4/4	5/5	October 2, 2018 – April 2019

Note: <sup>(1)</sup> No directors held THAI's shares, and throughout the year 2018 there was no change in shareholding.

<sup>(2)</sup> Only the current term is specified.



## Executive Management

As of December 31, 2018, eight members made up the Executive Management.

Name <sup>(1)</sup>	Position
1. Mr. Sumeth Damrongchaitham	President Acting, Executive Vice President, Finance and Accounting
2. Sqn. Ldr. Pongtorn Thepkanjana	Executive Vice President, Operations
3. Mr. Surachai Piencharoensak	Executive Vice President, Technical Department
4. Mrs. Suvimol Bualerd	Executive Vice President, Human Resources, Acting Executive Vice President, Legal Management and General Administration
5. Mr. Wiwat Piyawiroj	Executive Vice President, Commercial Acting Executive Vice President, Aviation Business Unit
6. Mr. Krittaphon Chantalitanon	Executive Vice President, Corporate Strategy and Sustainable Development
7. Ms. Piyanee Sungtong	Vice President, Management Accounting and MIS Department
8. Mr. Kritbodi Indharachote	Vice President, Comptroller Department

Note: <sup>(1)</sup> Executive Management are "Management" as defined by SEC (the Securities and Exchange Commission)

### Roles, Responsibility and Approval Authority of the Executive Management

To ensure efficiency of the management, the Executive Management Committee has the following roles and responsibility

1. Consider policies, strategic plans, business strategies, and budget for the Board's approval
2. Evaluate THAI's performance, and business strategies to ensure competitiveness
3. Review organization development, administrative systems, and other development
4. Follow up on policy execution by those relevant parties as assigned
5. Consider major investment projects assigned by the Board and present the outcomes for the Board's approval

6. Review other businesses that require approval by the Board as defined by the articles of association, resolutions, or orders of the Board, or as deemed appropriate by the Chairman of the Board or the President to seek the Executive Management Committee's consideration
7. Have the authority of approval for finance and procurement according to THAI's rules.

### Roles and Responsibility of the President

The President plays a vital role to ensure that corporate operations achieve targets and are in line with THAI's objectives, policies, or resolutions of the Board of Directors meetings. The President supervises the executive management and all THAI employees within his authority as defined by THAI's articles of association or by the Board.

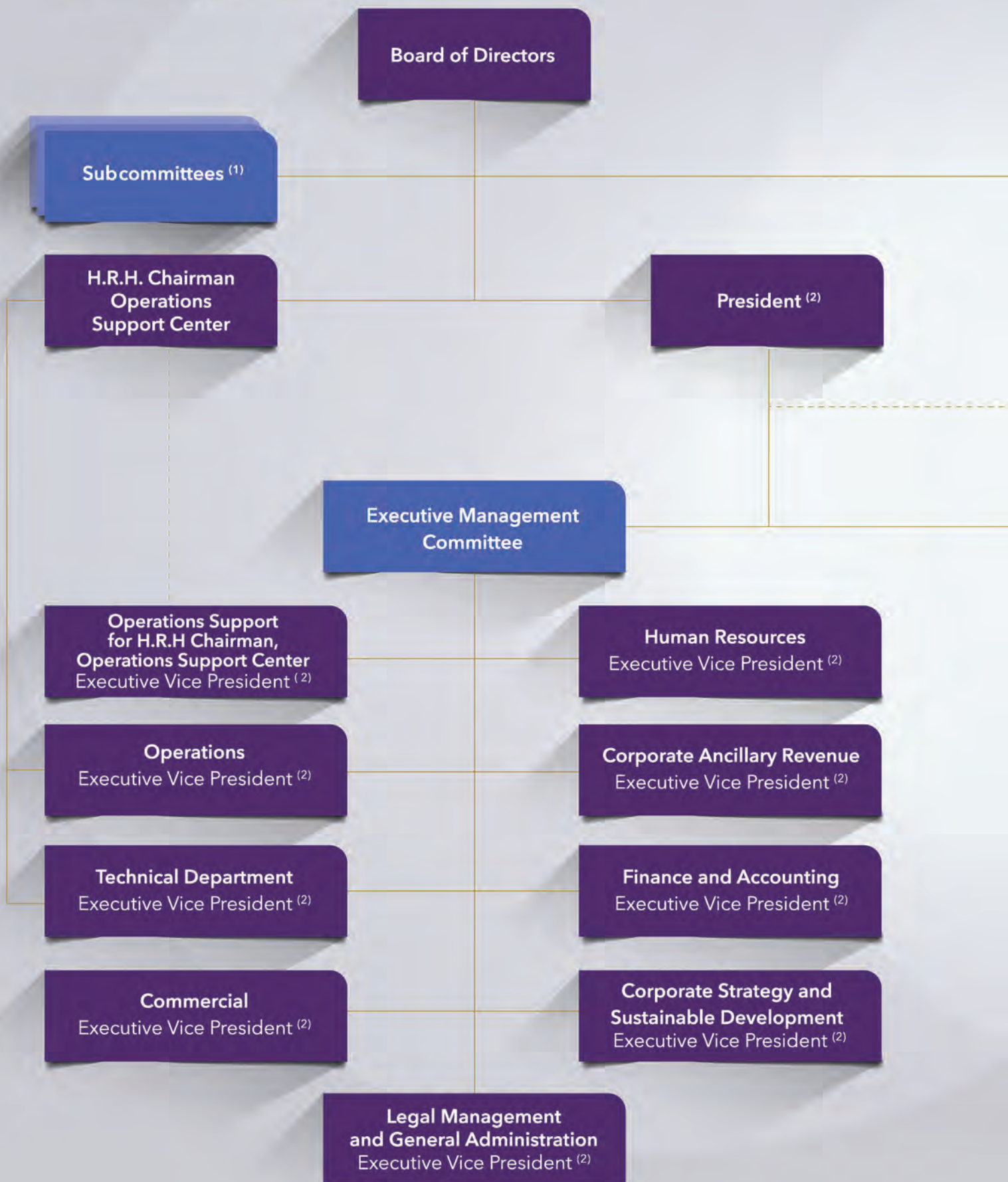
## Shareholding of Directors, Spouses, and Minor Children as of December 31, 2018

Name	Number of Common Shares		
	As of Jan 1, 2018, or Appointment Date	As of Dec 31, 2018	Increase / Decrease In 2018
1. Mr. Sumeth Damrongchaitham effective from September 1, 2018 Spouse, and Minor Children	- -	- -	- -
2. Sqn. Ldr. Pongtorn Thepkanjana Spouses, and Minor Children	1,000 -	1,000 -	- -
3. Mr. Surachai Piencharoensak Spouse, and Minor Children	6,000 -	6,000 -	- -
4. Mrs. Suvimol Bualerd effective from May 16, 2018 Spouse, and Minor Children	- 284	- 284	- -
5. Mr. Wiwat Piyawiroj effective from June 1, 2018 Spouse, and Minor Children	- -	- -	- -
6. Mr. Krittaphon Chantalitanon effective from December 20, 2018	800	800	-
7. Ms. Piyanee Sungtong	-	-	-
8. Mr. Kritbodi Indharachote effective from July 5, 2018 Spouse, and Minor Children	1,100 600	1,100 600	- -



## Management Structure

As of December 31, 2018, THAI's management structure consisted of the Board of Directors, the subcommittees and the Executive Management team.





**Audit Committee**

**Office of the Internal Audit**  
Vice President

**THAI Business Unit**  
Committee

**Aviation Business Unit**  
Executive Vice President <sup>(2)</sup>

Note:

<sup>(1)</sup> The subcommittees consist of the Executive Board, Risk Management Committee, Nomination and Remuneration Committee, Corporate Governance and Corporate Social Responsibility Committee, Strategy and Transformation Committee and other committees assigned by the Board.

<sup>(2)</sup> "Management" as defined by SEC.

**Aviation Services Support  
Department**  
Vice President

**Catering Department**  
Managing Director  
( Vice President Equivalent)

**Ground Customer  
Services Department**  
Managing Director  
(Vice President Equivalent)

**Ground Equipment  
Services Department**  
Managing Director  
(Vice President Equivalent)

**Cargo and Mail  
Commercial Department**  
Managing Director  
(Vice President Equivalent)



## Corporate Secretary

The Board, recognizing the importance of the roles and duties of the Corporate Secretary in compliance with the Securities and Exchange Act (No. 4) B.E. 2551 (2008), Article 89/15, which requires that the Corporate Secretary be appointed to take various responsibilities for the Company or the Board, has appointed Mrs. Lasanan Leelamane, Vice President, Corporate Secretariat Department as Corporate Secretary.

The Corporate Secretary must act with responsibility, care and integrity, and comply with laws, objectives, THAI's articles of association, resolutions of the Board, and the resolutions of the general meeting of shareholders. The Corporate Secretary's duties under Article 89/15 and Article 89/16 of the Securities and Exchange Act (No. 4) Act of 2551 are as follows:

1. Prepare and maintain:
  - 1.1 Director roster.
  - 1.2 Complete notice of Board meetings, meeting documents, and minutes of Board meetings.
  - 1.3 Complete notices of Shareholders' meetings, meeting documents, and minutes of meetings within the legal timeframe.
  - 1.4 THAI's annual reports.
2. Maintain the reports of vested interests as submitted by the directors or the management and file a copy of these documents to the Chairman of the Board and Chairman of the Audit Committee within seven days from the date of receipt of the reports.
3. Other duties as specified by the Capital Market Supervisory Board.

### During the year, other functions of the Corporate Secretary included:

1. To serve as Secretary to the Subcommittees as assigned by the Board such as the Executive Board, Executive Management Committee, THAI Business Unit Committee, Strategy and Transformation Committee, Corporate Governance and Social Responsibility Committee and Secretary of the Annual General Shareholders meeting.
2. To facilitate the meetings of the Executive Officers, the Board and shareholders within the scopes

specified by the applicable regulations, and communicate applicable resolutions and follow up on the implementation of the meeting resolutions.

3. To oversee the implementation of the state enterprise quality assessment system by THAI's operations.
4. To oversee and manage the project operations of the Transformation Plan and ensure progress as planned.
5. To ensure THAI's and the Board's compliance with statutory and regulatory requirements of listed company and applicable securities laws, along with the resolutions of Board and shareholders' meetings, except for financial reporting.
6. To ensure THAI's adherence to good corporate governance principles and best practices of regulatory agencies, including the Ministry of Finance, SEC, and institutions responsible for THAI's performance evaluation.
7. To oversee the preparation and disclosure of THAI's key information in Thai and English to the public through channels of SET (the Stock Exchange of Thailand) according to the rules within the specified timeframe.
8. To oversee the provision of advice and facilitate shareholders on the registration of shares.
9. To oversee the arrangement of shareholders' meetings and preparation of all necessary documents in accordance with the law and Good Governance Practice.
10. To oversee the preparation of Form 56-1 (annual disclosure form) and the annual report to ensure that the shareholders, investors, and analysts get accurate information under the rules, orders, and corporate governance principles within the specified timeframe.
11. To coordinate with legal counsel in respect of securities laws.
12. To provide initial advice to directors and management for compliance with the rules and regulations of SET and SEC.

13. To provide logistics support related to the Board, such as the implementation and coordination of all privileges of the Board, budget preparation related to the Board, and notify and coordinate with directors for events and activities that require Board participation.
14. To oversee regulatory document management.
15. To oversee and evaluate the operations of the unit under supervision to achieve THAI's objectives and goals as well as its compliance with the regulations of THAI and requirements of applicable authorities.
16. To prepare directors' manual, organize orientation, and counsel newly appointed directors.
17. To compile and maintain relevant information about THAI's subsidiary companies.
18. To perform other tasks as assigned by the Board or the President. The profile of the Corporate Secretary appears on page 237.

## Remuneration for Members of the Board and Management

### Monetary Benefits

#### Remuneration for Board of Directors

The 2018 AGM on April 26, 2018, approved the monetary remuneration of directors as follows:

1. Each Board director is to receive a fixed 50,000 baht in monthly remuneration and a monthly allowance of up to 30,000 baht for each Board meeting attendance. However, the maximum allowance paid is 30,000 baht a month regardless of the number of meetings held. The Chairman and the Vice Chairman are to receive meeting allowance payment at 25percent and 12.5percent higher than other directors. Directors are to shoulder their own income tax payment. These numbers are in line with the payment approved in 2017.
2. For directors appointed by the Board or the Chairman of the Board to a committee, a subcommittee or a working group, they are to receive an additional 10,000 baht a meeting for such attendance. However, the maximum allowance paid is 10,000 a month regardless of the number of meetings held. These numbers are in line with the payment approved in 2017.
3. The Audit Committee members are to receive monthly remuneration equal to the meeting allowance of the Board. The Chairman of the Audit Committee is to receive remuneration at 25percent higher than each audit committee member and to receive remuneration in the months when there are no meetings. This is in line with the payment approved in 2017.
4. The Board has resolved not to submit a proposal for ticket privileges or an annual bonus for fiscal year 2018 to the 2018 AGM.

### Remuneration for Board of Directors and Executive Management for the Year Ending December 31, 2018

Unit: THB million

Committee	Number (Persons)	Remuneration	Meeting Allowance (Board of Directors)	Meeting Allowance (Subcommittees)	Bonus	Total
Board of Directors <sup>(1)</sup>	15	7.49	4.25	2.76	None	14.50
Audit Committee <sup>(2)</sup>	4	1.17	-	-	-	1.17
Executive Management <sup>(3)</sup>	15	61.07	-	-	-	61.07

Note: <sup>(1)</sup> Remuneration for the Board of Directors included remuneration and meeting allowances for Board and subcommittee meetings. The Company paid no annual bonus for fiscal year 2017.

<sup>(2)</sup> Remuneration for the Audit Committee included only remuneration for the Board of Directors.

<sup>(3)</sup> Executive Management numbered 15 persons, including those retiring and resigning before December 31, 2018.

## Remuneration for Board of Directors for the year, Ending December 31, 2018

Board of Directors	Position	Remuneration and Meeting Allowances (Board of Directors) (THB)	Meeting Allowance (Other Committees) (THB)	Remuneration (Audit Committee) (THB)	Total Remuneration (THB)
1. Mr. Ekniti Nitithanprapas	<ul style="list-style-type: none"> <li>Chairman of the Board of Directors</li> </ul>	605,000.00	-	-	605,000.00
2. ACM Treetod Sonjance	<ul style="list-style-type: none"> <li>Vice Chairman of the Board of Directors</li> <li>Chairman of the Labour Relations Committee</li> <li>Chairman of the Corporate Governance and Social Responsibility Committee</li> <li>Chairman of the Procurement Efficiency Improvement Committee</li> <li>Member of the Recruitment of THAI's President</li> <li>Chairman of the Steering Subcommittee of TG MRO Campus Project and TG Business Development at U-Tapao Airport Project</li> </ul>	1,005,000.00	170,000.00	-	1,175,000.00
3. Mr. Distat Hotrakitya	<ul style="list-style-type: none"> <li>Member of the Board of Directors</li> <li>Chairman of the Audit Committee</li> <li>Chairman of the Legal Committee</li> </ul>	960,000.00	100,000.00	111,290.33	1,171,290.33
4. Mrs. Pratana Mongkolkul	<ul style="list-style-type: none"> <li>Member of the Board of Directors</li> <li>Member of the Executive Board</li> <li>Member of the Human Resources Committee</li> <li>Member of the Strategy and Transformation Committee</li> <li>Member of THAI's Transportation Services and Ground Services Follow-up Committee</li> </ul>	960,000.00	360,000.00	-	1,320,000.00
5. Mr. Pitipan Teparitargorn	<ul style="list-style-type: none"> <li>Member of the Board of Directors</li> <li>Member of the Risk Management Committee</li> <li>Member of the Human Resources Committee</li> <li>Member of the Recruitment of THAI's President</li> <li>Chairman of the Nomination and Remuneration Committee</li> <li>Member of the Steering Subcommittee of TG MRO Campus Project and TG Business Development at U-Tapao Airport Project</li> </ul>	929,354.84	290,000.00	-	1,219,354.84

Board of Directors	Position	Remuneration and Meeting Allowances (Board of Directors) (THB)	Meeting Allowance (Other Committees) (THB)	Remuneration (Audit Committee) (THB)	Total Remuneration (THB)
6. Mr. Peraphon Thawornsupacharoen	<ul style="list-style-type: none"> <li>Member of the Board of Directors</li> <li>Chairman of the Executive Board</li> <li>Member of the Corporate Governance and Social Responsibility Committee</li> <li>Member of the Recruitment of THAI's President</li> <li>Member of the President Remuneration Subcommittee</li> <li>Member of the Steering Subcommittee of TG MRO Campus Project and TG Business Development at U-Tapao Airport Project</li> </ul>	960,000.00	240,000.00	-	1,200,000.00
7. Mr. Pinit Puapan	<ul style="list-style-type: none"> <li>Member of the Board of Directors</li> <li>Member of the Executive Board</li> <li>Member of the Risk Management Committee</li> <li>Member of THAI's Transportation Services and Ground Services Follow-up Committee</li> </ul>	929,354.84	230,000.00	-	1,159,354.84
8. Mr. Rathapol Bhakdibhumi	<ul style="list-style-type: none"> <li>Member of the Board of Directors</li> <li>Member of the Audit Committee</li> <li>Member of the President Remuneration Subcommittee</li> <li>Member of the Strategy and Transformation Committee</li> <li>Member of the Human Resource Committee</li> <li>Member of the Procurement Efficiency Improvement Committee</li> <li>Chairman of THAI's Transportation Services and Ground Services Follow-up Committee</li> <li>Member of the Recruitment of THAI's President</li> <li>Member of the Nomination and Remuneration Committee</li> </ul>	960,000.00	410,000.00	360,000.00	1,730,000.00
9. Mr. Vachara Tuntariyanond	<ul style="list-style-type: none"> <li>Member of the Board of Directors</li> <li>Chairman of the Risk Management Committee</li> <li>Member of the Nomination and Remuneration Committee</li> <li>Member of the Executive Board</li> <li>Member of the Recruitment of THAI's President</li> <li>Member of the President Remuneration Subcommittee</li> </ul>	960,000.00	350,000.00	-	1,310,000.00



Board of Directors	Position	Remuneration and Meeting Allowances (Board of Directors) (THB)	Meeting Allowance (Other Committees) (THB)	Remuneration (Audit Committee) (THB)	Total Remuneration (THB)
10. Ms. Sirikul Laukaikul	<ul style="list-style-type: none"> <li>Member of the Board of Directors</li> <li>Member of the Corporate Governance and Social Responsibility Committee</li> <li>Member of the Human Resources Committee</li> </ul>	648,333.33	130,000.00	-	778,333.33
11. Mr. Somkiat Sirichatchai	<ul style="list-style-type: none"> <li>Member of the Board of Directors</li> <li>Member of the Audit Committee</li> <li>Chairman of the Strategy and Transformation Committee</li> <li>Chairman of the Human Resources Committee</li> <li>Member of the Procurement Efficiency Improvement Committee</li> </ul>	960,000.00	240,000.00	360,000.00	1,560,000.00
12. ACM Amnart Jeeranameemai	<ul style="list-style-type: none"> <li>Member of the Board of Directors</li> </ul>	630,000.00	-	-	630,000.00
13. Mr. Sumeth Damrongchaitham	<ul style="list-style-type: none"> <li>Member of the Board of Directors</li> </ul>	238,387.10	-	-	238,387.10
14. Mr. Somchai Sujjapongse	<ul style="list-style-type: none"> <li>Former Member of the Board of Directors</li> <li>Former Chairman of the Nomination and Remuneration Committee</li> <li>Former Chairman of the Risk Management Committee</li> <li>Former Chairman of the Recruitment of THAI's President</li> </ul>	260,000.00	60,000.00	-	320,000.00
15. ACM Johm Rungswang	<ul style="list-style-type: none"> <li>Former Vice Chairman of the Board of Directors</li> <li>Former Chairman of the Audit Committee</li> <li>Former Chairman of the Recruitment of THAI's President</li> <li>Former Chairman of the Nomination and Remuneration Committee</li> <li>Former Chairman of the President Remuneration Subcommittee</li> <li>Former Chairman of the Labour Relations Committee</li> <li>Former Member of the Subcommittee of TG MRO Campus Project and TG Business Development at U-Tapao Airport Project</li> </ul>	738,750.00	180,000.00	337,500.00	1,256,250.00

## Other Remunerations

### Ticket Privilege

#### Board of Directors

THAI has revoked air ticket benefits for members of the Board, effective from June 20, 2014, and submitted no proposal for ticket benefits to the AGM again.

#### Executive Management and Employees

The Executive Management and employees, including spouses and children, are entitled to confirm or standby air tickets under THAI's guidelines.

### Provident Fund

THAI's provident fund was registered on June 26, 1992, under the supervision of the Provident Fund Committee. A 9 percent contribution is made to the fund by THAI for staff whose years of services is less than 20 years while those with years of services greater than 20 years receive a 10 percent contribution. Each employee is required to make a contribution from 2 to 15 percent of the monthly salary.

## Pension Fund

THAI established a staff pension fund under a policy of contributing 10 percent of the monthly salary. Should there be a shortfall of available funds against its liabilities, THAI will make a one-time contribution to the fund to match its liabilities.

The Staff Pension Fund applies to employees who work at least three years or more before being eligible for a pension, based on the years of service upon termination of employment without guilt or with guilt but without dismissal. Since THAI established a Staff Provident Fund from June 26, 1992, employees who joined after that date has had to join the provident fund. Therefore, the Staff Pension Fund has no additional members since the provident fund was established.

### Total Contribution Made to Executive Management's Provident Fund and Pension Fund in 2018, Ending December 31, 2018

	Provident Fund		Pension	
	Number (Person)	Amount (Million baht)	Number (Person)	Amount (Million baht)
Executive Management <sup>(1)</sup>	15	3.13	0	0

Note: <sup>(1)</sup> Executive Management consisted of 15 persons, including those retiring and resigning before December 31, 2018



## Human Resources

As of December 31, 2018, THAI had a total headcount of 22,054, based in Bangkok, other provinces, and abroad. Usually they retire at the end of the budget year

(September 30) in which they formally reach 60 years of age. The guidelines observed within THAI align with that of Thailand's labor laws.

### Employees by Location and Duty

	Number of the Employees		
	2018	2017	2016
<b>Total number of employees</b>	22,054	22,370	21,998
<b>By Location</b>			
• Bangkok	19,370	19,717	19,347
• Other sites in Thailand	1,217	1,216	1,202
• Foreign countries	1,467	1,437	1,449
<b>By Duty</b>			
• Flight crew			
- Pilot	1,438	1,371	1,280
- Cabin crew	5,950	6,081	5,725
• Technical	3,590	3,682	3,724
• Commercial	1,690	1,674	1,715
• Ground services business	7,322	7,447	7,430
• Others	2,064	2,115	2,124

### Policy on Short-Term and Long-Term Employee Incentives Based on THAI's Performance

Below are THAI's policies on employee incentives, which align with its performance in the short term and the long term.

#### Short-term Incentives

In the first quarter of 2018, THAI faced surging jet fuel prices and high competition due to the expansion of the aviation business in Thailand and worldwide. As a result, THAI performance struggled to meet targets. However, with strong commitment and dedication exerted by employees, its performance of the first quarter of 2018 showed a profit gain. THAI therefore approved an extra incentive to employees from the operation

level up to the level below Vice President for the first-quarter performance to boost employee morale and engagement under the Transformation Plan to further strengthen competitiveness and sustain profitability.

#### Long-term Incentives

THAI has revised its criteria for performance evaluation to ensure better alignment with long-term incentives and its own performance. For instance, adjustments in the weight scale under the performance management at all position levels, with higher and more challenging achievement targets in comparison with past performance. Also, employees' targets must be consistent with or supportive of supervisors' and corporate goals.

In addition, THAI has plans to improve the overall pay structure for employees by restructuring pay rates under the conditions where employees shoulder their own income tax payments and redefining a pay structure in which salary payment for pilots and flight attendants

is directly linked to their performance and in line with other leading airlines' practices in order to positively motivate employees to perform according to THAI's expectations.

## Annual Monetary Reward for Employees

Unit: Million baht

	2018	2017	2016
Employee	19,879	18,551	19,465
Pilot	6,132	6,319	5,716
Flight Attendant	7,854	8,250	7,591
<b>Total</b>	<b>33,865</b>	<b>33,120</b>	<b>32,772</b>

## Employee Development

It is THAI's policy to develop its workforce's quality and capability at all levels to world-class standards through its development and training programs aiming at personnel's morality, intelligence, and functionally capability. Succession planning for key positions and critical positions have been prepared so that future leaders in core business, business units, and joint ventures may be ready and able to drive the organization toward its corporate goals. Learning development roadmaps have been designed to cover core, managerial and functional competencies for staff and lower/middle/upper management and new

talents by employing assorted development tools that involve training and non-training, such as on-the-job learning. In addition, individual development plans have been designed for management, in which each management member takes part in designing his or her development plan by choosing the behavior that need to be developed, development methods and action plans. Moreover, THAI uses E-Learning to increase training opportunities for employees and loosen restrictions for joining training programs and lower the costs of training.





## Expenses for Employee Development

Unit: Million baht

Employees	2018	2017	2016
General Staff	88	52	55
Pilot	368	399	411
Cabin Crew	4	7	10
<b>Total</b>	<b>460</b>	<b>458</b>	<b>476</b>

## Labour Relations

THAI is committed to promoting good labor relations between the employer and employees under the State Enterprise Labor Relations Act 2000. To this end, it deploys a system of mutual consultation and has set up an employee relations committee, who meet once a month to consider and make recommendations whereby THAI can increase operating efficiency, foster good workforce relations and settle disputes within THAI. The committee improves the operation rules and regulations on employment terms and conditions so that they may be mutually beneficial to both the employer and employees, resolve complaints from employees and the labor union, and consider disciplinary appeals. The employee relations committee has consistently succeeded in the negotiations and reached mutually acceptable agreements in dealing with demands made by the representatives of the employees. Various activities organized by the employees have also garnered full support by THAI.

## Policy on Labour Protection

THAI recognizes the importance of health, safety and environment in the workplace and has set up a Health, Safety and Environment Committee, which consists of employees selected from various departments to consider ways for operations to be carried out under legal requirements. In addition, the committee assesses current conditions so that suitable tools, equipment, and facilities may be provided to enable convenient and safe ways of working that minimize hazards, accidents and injuries. THAI also promotes the awareness among its employees of the procedures and processes that are in place concerning health and medical expenses available to employees, treating the importance of human resource and their health and safety as priority.





“

THAI's excellence was recognized by the Corporate Governance Report of Thai Listed Companies 2018 assessment program. This year we earned a five-star award from the National Corporate Governance Committee, echoing management practices that valued the display of responsibility to all stakeholders.

”

### Good Corporate Governance

To foster the confidence and trust among shareholders, customers, business partners, directors, employees, and other stakeholders and jointly bring about sustainable progress and growth, the Board of Directors is committed to operating business under the Good Corporate Governance Principles together with transparency and due regard for all stakeholders. Recognizing the value of management with good governance, the Board defined a corporate governance policy and developed a manual containing applicable principles and policies along with guidelines under such principles for the directors, management executives, and all employees to be aware of and master them while strictly complying with all elements contained in THAI Code of Conduct.

## Good Corporate Governance Policies

The Board acknowledged good corporate governance practice according to the Corporate Governance Code for Listed Company 2017 and adopted the code as principles and guidelines for the Board's performance of duties as follows:

### 1) Establish Clear Leadership Role and Responsibilities of the Board to Achieve Sustainable Value Creation.

The Board shall determine objectives, goals, strategies, policies, business plans and budgets as well as ensuring that all directors and executives carry out their roles and responsibilities with duty of care and duty of loyalty to the corporation under laws, regulations and resolutions of shareholders' meetings.

### 2) Define Objectives that Promote Sustainable Value Creation

The Board shall define the objectives in harmony with the goals to achieve sustainable value creation for itself, stakeholders and society at large.

### 3) Strengthen Board Effectiveness

The Board shall be responsible for determining and reviewing its structure and the proportion of independent directors, overseeing the nomination process, determining the remuneration, and conducting performance evaluation of the Board and Subcommittees. The Board shall also ensure that there are mechanisms to oversee the operations of subsidiaries and its own annual performance evaluation is conducted to be used as a scope for auditing and for development and enhancement of efficiency in the performance of duties.

### 4) Ensure Effective CEO and People Management

The Board shall ensure that an appropriate, transparent and fair nomination, development, performance evaluation of top executives and a succession plan are in place.

### 5) Nurture Innovation and Commitment to Responsible Business

The Board shall prioritise and promote innovation that creates value for the business and responsibility to society and the environment, allocate and manage THAI resources in an efficient manner, establish an IT security policy, and procedures, and apply IT to increase business opportunities.

### 6) Strengthen Effective Risk Management and Internal Control

The Board shall ensure that THAI has in place risk management, internal control and internal audit systems as well as prevention of conflicts of interest. The Board shall also establish a clear anti-corruption policy and guidelines by determining processes and procedures of whistleblowing and complaint-handling and communicating them to everyone in the organization and outsiders.

### 7) Ensure Disclosure and Financial Integrity

The Board shall monitor the adequacy of financial liquidity and ability to pay debts to ensure that THAI has plans to reduce financial problems while taking into account the shareholders' rights as well as disclosing both financial and non-financial information in an adequate, reliable, thorough, and timely manner. The Board shall also establish a unit responsible for communicating or disseminating the information to the public, investors and shareholders via different channels and applying communication technology appropriately.

### 8) Ensure Engagement and Communication with Shareholders

The Board shall value shareholder engagement, provide non-discriminating treatment to the shareholders in facilitating their exercising of rights on significant matters as well as overseeing the accuracy and completeness of the disclosure of shareholder meeting resolutions and the preparation of the minutes of shareholders' meetings.



## Committees

- **Board Structure**

The Board structure is in accordance with the Company's articles of association (AOA), the Public Limited Companies Act B.E. 2535 (1992), the Standard Qualifications for Directors and Employees of State Enterprises Act B.E. 2518 (1975), the Securities and Exchange Act B.E. 2535 (1992) and B.E. 2551 (2008), and applicable regulations.

- **Board Composition**

Under the Company's AOA, the Board must consist of at least 5 directors up to 15 directors. The Board also has skills and knowledge aligned with its missions and strategic plans. The Skill Matrix is covering the skills and knowledge of finance, accounting, law, IT, human resources, administration and business management, strategy on development planning, transport and communication, security, engineering, risk management, aviation business, telecommunication, economy and marketing.

- **Determination of Terms of Directors**

Directors' fixed term of office comes under THAI's AOA that at every AGM, one-third of the directors shall retire from office. Those who have been in office longest shall retire.

The shareholders' meeting may pass a resolution removing any director from office before the end of term, by vote of not less than three-fourths of the shareholders present at the meeting and entitled to vote, provided that the shares held by them are not, in the aggregate, less than one-half of the number of the shares held by the shareholders present at the meeting and entitled to vote.

- **Combination and Segregation of Positions**

The Chairman of the Board does not hold a management position and is not the same person as the President. The Chairman has no relationship with other members of the management. There is a clear written differentiation between the roles and responsibilities of the Board and those of the Management.

As of December 31, 2018, the Board consists of 13 members, among whom 12 are non-executive directors (92.30%), one is a director with a management position, and 10 are independent directors or 76.92% of the entire Board, sufficient to balance the power within the Board. Therefore, all stakeholders can rest assured that the Board can perform its duties on behalf of the shareholders independently under proper checks and balances.



## Board of Directors

The Board has ultimate responsibility in ensuring that the administration of THAI's affairs complies with the AOA, which prescribes that the Board shall consist not less than 5 directors but not more than 15 directors as decided by the AGM from time to time; and not less than one half of all directors shall have residence in the Kingdom. At every AGM, one-third of the directors shall retire from office and new directors shall be elected. Retiring directors are eligible for re-election.

As of December 31, 2018, the Board consists of the following members:

1. Mr. Ekniti Nitithanprapas  
Chairman
2. ACM Treetod Sonjance  
Vice Chairman and Independent Director
3. Mr. Distat Hotrakitya  
Independent Director and Chairman  
of the Audit Committee
4. Mrs. Pratana Mongkolkul  
Independent Director
5. Mr. Pitipan Tepartimargorn  
Independent Director
6. Mr. Peraphon Thawornsupacharoen  
Director
7. Mr. Pinit Puapan  
Independent Director
8. Mr. Rathapol Bhakdibhumi  
Independent Director and Member  
of the Audit Committee
9. Mr. Vachara Tuntariyanond  
Independent Director
10. Ms. Sirikul Laukaikul  
Independent Director
11. Mr. Somkiat Sirichatchai  
Independent Director and  
Member of the Audit Committee
12. ACM Amnart Jeeramaneemai  
Independent Director



13. Mr. Sumeth Damrongchaitham  
Director

Mrs. Lasanan Leelamanee (Vice President, Corporate Secretariat Department) serves as the Corporate Secretary.

This year the Board held 29 meetings, 15 of which were ordinary meetings and 14 special meetings, comprising 118 items for consideration, and 186 items for acknowledgement

### • Authority and Responsibilities of Board of Directors

The Board has the authority and responsibility to oversee THAI's operations to be strictly in line with the objectives and resolutions of the AGM without violation of the laws, regulations, good corporate governance principles and best practices for directors of SET-listed companies. The Board has authority and responsibilities to approve the following matters:

1. Define the Company's policies, vision, mission, core value, and corporate strategies.
2. Define directions of the Company's operations, supervise and monitor the management to execute the policies efficiently and effectively.



3. Uphold shareholders' interests and disclose information to investors in a correct, complete, standardized and transparent manner.
4. Monitor the Company's operations to acknowledge compliance with the laws and requirements of the Company's agreements.
5. Ensure that the Company's internal control, internal audit and good corporate governance systems are in place.
6. Independent directors must exercise their own discretion independently in all matters.
7. Refrain from operating a similar type of business that is a direct competitor with THAI. Notify the Company without delay in case of 1) direct or indirect interests in any agreements reached with the Company 2) holding shares or debentures in the Company or subsidiary companies.
8. Appoint other persons to manage the Company's operations under the supervision of the Board or the President.
9. Specify names of directors who are authorized signatories of the Company and establish subcommittees.

10. Appoint high-level executives, including the Company Secretary.
11. Approve the Company's budget.
12. Give approval on finance and procurement under the Company's regulations.

- **Authorized Signatories**

Authorized signatories consist of ACM Treetod Sonjance or Mr. Peraphon Thawornsupacharoen or Mrs. Pratana Mongkolkul or Mr. Pitipan Tepartimargorn or Mr. Pinit Puapan, three of whom are required to jointly sign, with the Company's seal affixed.

- **Roles of Chairman of the Board**

The Chairman of the Board plays a crucial role in deciding the direction and policies of THAI's major operations. The Chairman shall have leadership, be unprejudiced, promote good governance and have responsibility for the shareholders and stakeholders. He is a leader of the Board that has the President (the head of the management) as a member, which is beneficial to the management, governance and transfer of the Board's policy to the management to take actions and achieve desired results.

- **Board Meetings**

Board meetings are scheduled ahead of each fiscal year, with monthly meetings and special meetings called as necessary with clear agenda items and follow-up items to evaluate performance on a regular basis. Seven days before each Board meeting, the Corporate Secretariat Department sends an invitation letter along with agenda items and supporting documents to each director, thus allowing adequate time to study the information before attending the meeting.

This year the Board convened 15 times in total, excluding 14 special meetings. The Company Secretary made written records and minutes of all meetings to be presented to the Board for review and approval at the next meeting and made the approved minutes available for further inspection by the Board and other applicable agencies.

This year the Board has appointed several sets of subcommittees to help study and scrutinize specific matters:



## Independent Directors

To ensure compliance with the principles of good corporate governance as stipulated by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), similar guidelines of the State Enterprise Policy Office (SEPO) and that of the Thai Institute of Directors (IOD), the Board appointed the independent directors. As of December 31, 2018, such directors were:

1. ACM Treetod Sonjance
2. Mr. Distat Hotrakitya
3. Mrs. Pratana Mongkolkul
4. Mr. Pitipan Teparitargorn
5. Mr. Pinit Puapan
6. Mr. Rathapol Bhakdibhumi
7. Mr. Vachara Tuntariyanond
8. Ms. Sirikul Laukaikul
9. Mr. Somkiat Sirichatchai
10. ACM Amnart Jeerameeai.

### • Roles and Duties of Independent Directors

Independently provide comments and/or progress reports as assigned by the Board and safeguard THAI's overall interests to ensure that all shareholders especially minority shareholders receive equal benefit by using their discretion independently, their own skills and experience when making strategic decisions, monitoring the management's performance to protect the interests of the State, stakeholders and the public.

The independent directors have performed their duties well by giving opinions independently and monitoring the management's performance to safeguarding the interests of the organization and all shareholders especially minority shareholders.

## Audit Committee

To ensure the Company's compliance with the principles of good corporate governance stipulated by the Ministry of Finance (MOF) and the SET, and increase shareholders' and investors' confidence, the Board has appointed an Audit Committee consisting of independent and non-executive directors as follows:

1. Mr. Distat Hotrakitya  
Chairman
2. Mr. Somkiat Sirichatchai  
Member
3. Mr. Rathapol Bhakdibhumi  
Member
4. Vice President, Office of the Internal Audit  
Secretary

Mr. Sirichatchai and Mr. Bhakdibhumi are knowledgeable and experienced in reviewing reliability of financial statements.

The members of the Audit Committee must meet the following requirements of the Capital Market Supervisory Board:

1. Must be independent directors with qualifications defined by the Capital Market Supervisory Board.
2. Must not be directors authorized by the Company's Board to make administrative decisions of the Company, parent company, subsidiary, associate, same-level subsidiary, major shareholder or controlling person.
3. Must not be directors of the parent company, subsidiary or same-level subsidiary (only for listed companies).
4. Must command sufficient knowledge and experience to perform their duties.

• **Audit Committee's Authority and Responsibilities**

1. Review the Company's financial statements and ensure sufficient and correct disclosure of financial information.
2. Ensure the adequacy and effectiveness of internal control measures and internal audit processes, while ensuring the independence of Internal Audit and providing consent to the appointment, transfer of or dismissal of the head of Internal Audit.
3. Ensure that the Company adheres to the Securities and Exchange Act, SET's regulations and other laws related to its business.
4. Consider, select and nominate qualified independent persons to serve as the Company's

auditor along with submitting for approval the audit fees. The Audit Committee must meet with the Company's auditor at least once a year in the absence of the management.

5. Review all transactions determined to be related party transactions or have conflicts of interest and ensure adherence to all laws and regulations of the SET; determine appropriateness of such transactions and ensure that such transactions are in the best interest of the Company.
6. Prepare an Audit Committee statement under the guidelines of the SET to be included in the annual report; this must be signed by the Chairman of the Audit Committee.
7. Undertake other activities prescribed by the Company's Board, subject to the Audit Committee's approval.
8. Upon finding or having any questions regarding transactions or actions taken which may bear significant impacts on the Company's financial stability and financial performance, the Audit Committee must report such findings and/or query to the Company's Board for immediate corrective actions within the time period stipulated by the Audit Committee. These include:
  - (1) Transactions that are flagged as containing conflicts of interest
  - (2) Corrupt practices or something out of the ordinary or any fault
  - (3) Violation of the law on securities and exchange, SET's regulations or other laws related to the Company's business.
9. Summon relevant staff and request relevant documents to clarify matters under consideration.
10. Appoint working groups to perform duties as necessary and appropriate.
11. Perform other tasks as assigned by the Board.

In 2018, 10 meetings were called (nine of which were ordinary meetings and one special meeting) to consider 38 issues and acknowledge 30 issues.



## Executive Board

The Executive Board has been established to ensure that the Company is run with maximum efficiency, while ensuring maximum benefit. The Board has appointed an Executive Board Committee consisting of five directors and one executive as follows:

1. Mr. Peraphon Thawornsupacharoen  
Chairman
2. Mrs. Pratana Mongkolkul  
Member
3. Mr. Vachara Tuntariyanond  
Member
4. Mr. Pinit Puapan  
Member
5. President  
Member
6. Vice President, Corporate Secretariat Department  
Secretary
7. Director, Corporate Secretariat Office  
Assistant Secretary

- **Executive Board's Authority and Responsibilities**

1. Screen issues for the Board's consideration.
2. Follow-up on the implementation of policies and resolutions of the Board, including the implementation of strategic goals.
3. Give consultation and advice to the management concerning the implementation of policies of the Board.
4. Approve as authorized by the Board as follows:
  - 4.1 Approve procurement of materials under the Company's regulations concerning materials within an authorized amount of over THB 500 million up to THB 800 million.
  - 4.2 Approve non-budgeted investments of over THB 50 million and up to THB 100 million and report such execution to the Board.
5. Summon relevant staff and request relevant documents to clarify matters under consideration.
6. Appoint subcommittees and working groups to perform duties as necessary and appropriate.
7. Perform other tasks as assigned by the Board.

At each meeting of the Executive Board, at least half of the members must be present for a quorum to be chaired by the chairman. In cases where the chairman is not present in the meeting or cannot perform the duty, he or she shall appoint a Board member to chair the meeting on his or her behalf. In case the chairman is not able to appoint another Board member to serve as chairperson, members of the Executive Board present at the meeting shall vote among themselves for one member to serve as chairperson.

A majority vote by members of the Executive Board decides a resolution, with each member having one vote. Board members that may have conflicts of interest on a particular issue must leave the room during discussion and do not have the right to vote on the issue in question. Should there be a tie in the votes, the chairperson will cast a decisive vote.

This year, 21 meetings were called to consider 99 issues and acknowledge 25 issues.



## Risk Management Committee

To ensure THAI's compliance with the principles of good corporate governance stipulated by the SET and international best practices and for risk management to a useful management tool, the Board has appointed a Risk Management Committee consisting of the following members:

1. Mr. Vachara Tuntariyanond  
Chairman
2. Mr. Pinit Puapan  
Member
3. Mr. Pitipan Tepartimargorn  
Member
4. President  
Member
5. Executive Vice President, Corporate Strategy and Sustainable Development  
Member

6. Executive Vice President, Finance and Accounting  
Member
7. Vice President, Petroleum Corporate Insurance & Aviation Environmental Department  
Member
8. Vice President, Risk & Management Department  
Secretary
9. Director, Departmental Risk & Internal Control  
Management Department  
Assistant Secretary

### • Risk Management Committee's Authority and Responsibilities

1. Provide advice and guidance for the implementation of risk management and develop a comprehensive risk management process and strategic goals of laws, rules, regulations, income and other financial goals, effectiveness of manpower, planning, strategy implementation and aviation security.
2. Define policies, approaches to risk management, scope of risk management practices that may cause obstacles to sustainable business operation and to goals, including risks of foreign exchange, cash balance management, fuel price risk management, revenue generation, costs of operations, maintenance, personnel and labor disputes.
3. Approve engagement in fuel price risk management all forms.
4. Supervise the implementation of the risk management scope, follow up on risk identification and adequacy of risk assessment.
5. Summon relevant staff or request relevant documents to clarify matters under consideration.
6. Appoint working groups to perform duties as necessary and appropriate.
7. Perform other tasks as assigned by the Board.

This year, 12 meetings were called to consider 52 issues.



## Nomination and Remuneration Committee

Following the good corporate governance principles of both MOF and that of SET, and in observance of international best practices, the Board has appointed a Nomination and Remuneration Committee consisting of three directors as follows:

1. Mr. Pitipan Teparitarnorn  
Chairman
2. Mr. Rathapol Bhakdibhumi  
Member
3. Mr. Vachara Tuntariyanond  
Member
4. Executive Vice President, Human Resources  
Secretary
5. Vice President, Human Resources Department  
Assistant Secretary
6. Vice President, Office of the Internal Audit  
Assistant Secretary (regarding President  
assessment)

### • Nomination and Remuneration Committee's Authority and Responsibilities

1. Define recruitment methods to comply with the rules, criteria, AOA, and applicable laws to obtain knowledgeable, skillful and experienced persons for the positions of directors and Executive Vice Presidents and higher.

2. Proceed with recruitment procedures under the criteria to obtain a suitable person as director, Vice President and higher, including nominating them to the Board for appointment, promotion, or relocation as appropriate.
3. Decide remuneration for the directors, subcommittees, and outsiders who work for the Company, including senior management higher than the Vice President, by considering good practices recognized internationally and presented to the Board for consideration.
4. Evaluate the performance of the President under the conditions specified in the employment contract and present the outcomes to the Board.
5. Consider the remuneration and annual bonus welfare of the President under the conditions specified in the employment contract and present the outcomes to the Board.
6. Summon relevant staff to clarify matters, and request relevant documents or other necessary items to assist in decision-making.
7. Appoint working groups to perform duties as necessary and appropriate.
8. Perform other tasks as assigned by the Board.

This year, 17 meetings were called to consider 35 issues.





## Corporate Governance and Social Responsibility Committee

Following the good corporate governance principles of both MOF and that of SET, and in observance of international best practices, the Board has appointed a Corporate Governance and Social Responsibility Committee consisting of the following members:

1. ACM Treetod Sonjance  
Chairman
2. Mr. Peraphon Thawornsupacharoen  
Member
3. Ms. Sirikul Laukaikul  
Member
4. President  
Member
5. Executive Vice President, Legal Management and General Administration  
Member
6. Executive Vice President, Commercial  
Member
7. Executive Vice President, Human Resources  
Member
8. Vice President, Corporate Image and Communications Department  
Member
9. Vice President, Legal Department  
Member
10. Vice President, Corporate Secretariat Department  
Member and Secretary
11. Director, Corporate Inspection Office  
Assistant Secretary
12. Director, Corporate Social Responsibility and Environmental Department  
Assistant Secretary
13. Director, Corporate Compliance and Governance Department  
Assistant Secretary

### • Corporate Governance and Social Responsibility Committee's Authority and Responsibilities

1. Recommend practices of good corporate governance to the Board under the principles of MOF and SET
2. Inspect governance, performance of the Board and management under the principles of good corporate governance.
3. Make recommendations to the Board regarding good corporate governance.
4. Review practices and the principles of good corporate governance of the Company for continuity and suitability, compared with international best practices, and make due recommendations to the Board.
5. Summon employees, workers, or other related persons to clarify matters, and request relevant documents or other necessary items to assist in decision-making.
6. Define policies and public relations approaches to create a good corporate image for customers, shareholders, employees and other stakeholders.
7. Define policies and guidelines for social and environmental responsibilities.
8. Review and consider suitability of environmental projects and activities and cultivation of awareness among employees and CSR projects as proposed by relevant units or departments before making them known to public so that shareholders, customers, business partners, employees and other stakeholders may all have the chance to participate.
9. Appoint working groups to perform duties as necessary and appropriate.
10. Perform other tasks as assigned by the Board.

This year, 10 meetings were called to consider 9 issues and acknowledge 14 issues.





## Strategy and Transformation Committee

To drive strategies and reform the Company, the Board has appointed a Strategy and Transformation Committee consisting of the following members:

1. Mr. Somkiat Sirichatchai  
Chairman
2. Mr. Rathapol Bhakdibhumi  
Member
3. Mrs. Pratana Mongkolkul  
Member
4. President  
Member
5. Vice President, Corporate Secretariat Department  
Secretary

- **Strategy and Transformation Committee's Authority and Responsibilities**

1. Oversee the Management's development of strategic plans, and corporate reform plans so the Company can compete effectively and generate reasonable and sustainable returns. However, such plans must cover all aspects of business operations, with integration on both immediate and continual measures.
2. Screen strategic and organizational transformation plans before submission to the Board for approval.
3. Monitor, supervise and advise the management to implement the strategic and organizational

transformation plans, including supervising it to be responsible for the implementation of each plan.

4. Appoint consultants to support the preparation and implementation of the strategic and organizational transformation plans as appropriate.
5. Request and access the Company's business operations from all departments as appropriate.
6. Perform other tasks as assigned by the Board.

This year, 18 meetings were called to consider 47 issues and acknowledge 5 issues.

In addition, to help scrutinize specific matters, the Board has appointed other sets of committees, namely Labor Relations Committee, Legal Committee, Steering Committee for Maintenance and Operations, Human Resources Committee, Steering Subcommittee of TG MRO Campus Project and TG Business Development at U-Tapao Airport Project, and THAI's Transportation Services and Ground Services Follow-up Committee.

Details of meeting attendance of subcommittees are as follows:

### Meeting Attendance of Subcommittees in 2018

Board	Meetings held in 2018					
	Executive Board	Audit Committee	Risk Management Committee	Nomination and Remuneration Committee	Corporate Governance and Social Responsibility Committee	Strategy and Transformation Committee
	Total 21 times (special meeting: 8 times)	Total 10 times (special meeting: 1 time)	Total 12 times	Total 17 times	Total 10 times	Total 18 times (special meeting: 1 time)
1. Mr. Ekniti Nitithanprapas	Did not serve on Subcommittees					
2. ACM Treetod Sonjance					10/10 <sup>1</sup>	
3. Mr. Distat Hotrakitya <sup>2</sup>		3/3 <sup>1</sup>				
4. Mrs. Pratana Mongkolkul	14/21					14/18
5. Mr. Pitipan Teparitarnorn <sup>3</sup>			8/9	12/14 <sup>1</sup>		
6. Mr. Peraphon Thawornsupacharoen	21/21 <sup>1</sup>				6/10	
7. Mr. Pinit Puapan <sup>4</sup>	16/21		8/10			
8. Mr. Rathapol Bhakdibhumi		9/10		14/17		14/18
9. Mr. Vachara Tuntariyanond	20/21		12/12 <sup>1</sup>	16/17		
10. Ms. Sirikul Laukaikul <sup>5</sup>					6/7	
11. Mr. Somkiat Sirichatchai		10/10				18/18 <sup>1</sup>
12. ACM Amnart Jeerameemai	Did not serve on Subcommittees					
13. Mr. Sumeth Damrongchaitham <sup>6</sup>	7/8		3/4		4/4	5/5

**Note:** <sup>1</sup> The Chairman of the Committee

<sup>2</sup> Appointed Chairman of the Audit Committee on October 2, 2018

<sup>3</sup> Appointed Chairman of the Nomination and Remuneration Committee on April 18, 2018 and appointed Member of the Risk Management Committee on May 15, 2018

<sup>4</sup> Appointed Member of the Risk Management Committee on May 1, 2018

<sup>5</sup> Appointed Member of the Corporate Governance and Social Responsibility Committee on May 15, 2018

<sup>6</sup> Appointed Member of the Executive Board, Member of the Risk Management Committee, Member of the Corporate Governance and Social Responsibility, and Member of the Strategy and Transformation Committee on September 1, 2018.

## Nomination and Appointment of Board and Top Management

### Nomination of Independent Directors

The Board nominate independent directors under the criteria for nomination of directors whereby independent directors must have the qualifications as announced by the Capital Market Supervisory Board as follows:

1. Must hold no more than 0.5 percent of the total outstanding voting shares of the Company, parent company, subsidiary, associate, major shareholder or controlling person of the Company. Shareholding of the independent director includes shares held by persons related to that particular director. (This is more stringent than the criteria set by the Capital Market Supervisory Board.)
2. Is not or has never been a part of the management, staff, employee, consultant earning salary or controlling person of the Company, parent company, subsidiary, associate, same-level subsidiary, major shareholder or controlling person of the Company unless the position has been terminated for over two years. However, this restriction does not include the case of independent directors having been government officials or consultants of the government unit which is the Company's major shareholder or controlling person of the Company.
3. Is not related by blood or through legal bonding which includes father, mother, spouses, siblings, children, spouses of children, to other directors, management, major shareholder, controlling person of the Company or any person being nominated to the director, management or controlling position of the Company or its subsidiary.
4. Does not or never have business relationships with the Company, parent company, subsidiary, associate, major shareholder or controlling person of the Company which may distract one's independent judgment. This also includes not having been a shareholder of significance or a controlling person of the entity having business relationships with the Company, parent company, subsidiary, associate, major shareholder or controlling person of the Company unless the

person's term has been terminated for at least two years.

5. Is not or has never been the auditor of the Company, parent company, subsidiary, associate, major shareholder or controlling person of the Company, and is not a shareholder of significance, a controlling person or a partner of an audit firm where the auditor of the Company, parent company, subsidiary, associate, major shareholder or controlling person of the Company is subject to, unless the position has been terminated for at least two years.
6. Is not or has never been a professional service provider that includes being a legal advisor or a financial advisor receiving remuneration for over THB 2 million per annum from the Company, parent company, subsidiary, associate, major shareholder or controlling person of the Company, and is not a shareholder of significance, a controlling person or a partner of a professional service provider of that type unless the position has been terminated for at least two years.
7. Is not an appointed director acting as the proxy of the Company's Board, the major shareholder or shareholder as a related person to the major shareholder.
8. Must not operate or own a similar type of business that is a direct competitor to the Company or its subsidiary; is not a major partner in a limited partnership, a director with management authority, staff, employee, a consultant earning salary or holding more than one percent of total voting shares of other companies operating similar type of business and regarded as direct competitors to the Company or its subsidiary.
9. Have no other characteristics that would prevent the provision of independent points of view concerning the Company's operations.

A qualified independent director with all of the above requirements may be given authority from the Board to make collective decisions concerning the business operations of the Company, parent company, subsidiary, associate, and same-level subsidiary, major shareholder or controlling person of the Company.

If the person being appointed as an independent director has or has had a business relationship in Item 4 and provides professional services with remuneration exceeding the requirements in Item 6 of the requirements, the Board may consider relaxing the requirements if it is determined that the qualifications of the appointed person do not bear impact upon the role and the independence of his/her judgment.

Independent directors have the skills and required knowledge (Skill Matrix) that align with the Company's missions and strategic plans in many aspects such as finance, accounting, law, IT, human resources, administration and business management, strategy on development planning, transport and communication, stability, engineering, risk management, aviation business, telecommunication, economy and marketing.

- **Independent Directors' Terms of Office**

An independent director can hold his or her office for a maximum of nine years starting from the appointment date. On completion of the nine-year term, the Board may reappoint him or her as a director but not as an independent director.

## Nomination of Directors

According to the Company's Articles of Association: AOA, the Board shall consist not less than 5 directors but not more than 15 directors as decided by the AGM from time to time; and not less than one half of all directors shall have residence in the Kingdom. Directors shall have the qualifications and not be under the prohibition prescribed by law. At every AGM, one-third of the directors shall retire from office. If their number is not a multiple of three, then the number nearest to one-third shall do so.

The Board defined the nomination criteria of THAI's directors as the operation guidelines for the Nomination and Remuneration Committee to perform the recruitment of directors with transparency and under the good corporate governance principles of both MOF and SET. The nomination criteria are as follows:

1. **Define the qualifications of the directors being recruited.**

- 1.1 Qualify under the Skill Matrix determined by the Company to ensure that the Board has the ideal members, assigns the strategies and

policies, and ensures effective practice of the strategies.

- 1.2 The recruited persons must be able to perform the director's duties according to the key Fiduciary Duty, that is, to perform duties with prudence, integrity, morals and responsibilities, and make decisions based on facts and logic.
- 1.3 No restrictions as defined by other applicable laws and regulations
- 1.4 The independence of each independent director as defined by laws, rules and other related regulations.
- 1.5 The director's ability to make time dedication: based on the number of companies in which the director is holding a position, for example, so that they may have enough time to join Board meetings regularly and are able to control and monitor the Company's operations.

In 2018, the Board defines a policy that each director can hold directorship in up to five listed companies.

2. **Nomination procedure**

- 2.1 The Nomination and Remuneration Committee recruits appropriate persons to take up the position of Company's directors.

Case 1: Director positions are vacant due to term expiry where one-third of the directors must retire, the short-listed candidates can be considered from: (1) the former directors who previously retired being nominated to resume the position; (2) the list of directors (Directors' Pool) as announced by MOF to fill at least one-third of the Board; (3) the shareholders' nomination (if any); (4) the nomination by the Chairman of the Board, directors, and others; and (5) the recruitment of knowledgeable, skillful and experienced persons ideal for the Company under the Skill Matrix determined as in alignment with the Company's missions and strategic plans.

Case 2: Director positions are vacant due to other causes, the Nomination and Remuneration Committee shall conduct recruitment once the Board resolve to appoint



new directors as replacement and short-listed candidates can be considered from: (1) the list of directors (Directors' Pool) as announced by MOF to fill at least one-third of the Board; (2) the shareholders' nomination (if any); (3) the nomination by the Chairman of the Board, directors, and others; and (4) the recruitment of knowledgeable, skillful and experienced persons ideal for the Company under the Skill Matrix determined as in alignment with the Company's missions and strategic plans.

2.2 The Nomination and Remuneration Committee screens qualified candidates under the qualification criteria.

2.3 The Secretary of the Nomination and Remuneration Committee inspects the qualifications of those being nominated as the directors against the criteria of director nomination.

2.4 The Nomination and Remuneration Committee considers and presents the list of candidates to the Board.

### 3. Appointment of Directors

3.1 Director positions are vacant due to term expiry: Directors are appointed by the majority vote of the AGM based on the following criteria and methods:

- 1 One shareholder shall have one vote for each share.
- 2 Each shareholder shall exercise all the votes he or she has so as to elect one or several person(s) to be directors but cannot divide the votes for any person to any extent.
- 3 Persons receiving the most votes, in descending order, are those who are elected directors, to the number of directors who are to be elected. If there is a tie in the last to be elected and this would exceed the said number of directors, lots shall be drawn to meet the required number.

3.2 Director positions are vacant from other causes: The Board shall elect any person who has qualifications and is not subject to prohibition under the law as replacement director at the next Board Meeting with a vote of not

less than three-fourths of the number of the remaining directors, except that the directors term remains less than two months, when the replacement director shall hold the office only for the remaining term of the director whom he or she replaces.

## Nomination of Top Management

The appointment of the President, the Company's top management position, is made by the Recruitment of THAI's President Committee, in turn appointed by the Board, consisting of five directors, with the Executive Vice President of Human Resources as Secretary. The Recruitment of THAI's President Committee has authority to define criteria and methods for recruiting qualified persons with ideal knowledge, ability and experience and without the restrictions defined by the Standard Qualifications for Directors and Officials of State Enterprises Act B.E. 2518 (1975) and the amendment and other related laws to take the position of President. The names of the nominees will be proposed to the Board for further consideration.

The Board has set a clear policy limiting the number of directorships in other companies where the President can hold office as follows:

1. No one must appoint the President and the management to be a Director in other state enterprises except for the case of prescription of law or appointment of directorship in companies where the Company holds stakes.
2. The President can be a director in public agencies not established for political interests
3. The President can be a director in private organizations established for mutual interests, including the Federation of Thai Industries, the Thai Chamber of Commerce, Thailand Management Association, etc.

The President's directorships in other companies shall be proposed for the Board's approval.

The President, as the Company's director in the top management position, cannot hold directorships in other listed companies outside THAI's affiliated listed companies.

## **Governance of Subsidiaries, Associated Companies, and Related Companies**

To supervise the operations of subsidiaries, associated companies and related companies, the Company as a shareholder has delegated representatives to supervise its interests as well as coordinating cooperation between such companies. The Company's representatives are those approved by the management and the Executive Board or the Board to take positions as directors in such companies. The representatives are either members of the Board or the management or any external professionals with due knowledge and understanding of the business and can contribute positively to that business and must be qualified according to the Criteria for the Appointment of Representatives as Directors of Subsidiaries, Associated Companies and Related Companies of Thai Airways International Pcl.

A standard handbook on guidelines of being such a representative has been provided to ensure that the appointees follow the rules and guidelines of the same standard under good corporate governance. The handbook determines the code of conduct of representative directors, precautions, duties and responsibilities under laws, objectives and regulations as well as resolutions of the general meeting of shareholders to safeguard THAI's interests in such companies. For key policy matters, the representative of the Company obtains the policy stance of the Company before offering an opinion at the meeting of such companies, such as allocation of profits, dividend or submission of state revenue, the election of replaced directors whose terms have expired, the increase-decrease capital, and termination-merger. The Company's representative must report information within the given time to the management and the Board.

In addition, the Company has arranged analysis, monitoring, and report on the performance of subsidiaries, associated companies and related companies on a quarterly or yearly basis to allow the management and the Board to use the information in making decisions and determining directions and guidance to regulate investment in such companies.

## **Policies on Insider Information**

The Company strictly adheres to the regulations of SET and SEC as the emphasis is placed on good corporate governance. In 2017, the Board approved to improve the policies on insider information to be in line with the Securities and Exchange Act (No. 5) B.E. 2559 (2016), prescribing that no director, executive and employee who knows or possesses inside information shall trade securities by resorting to inside information, which is material non-public information, in such a manner that it is likely to have an effect on the prices or values of securities, and has known or possessed while holding a position or the function of work responsible for or capable of accessing inside information. Any actions, either for the benefit of oneself or other persons or to pass on such information to others, are prohibited. No director, executive and employee with terminated employment during the period of six months and who has known or possessed inside information, shall trade securities during the period of one month before and three days after the disclosure of the Company's financial statements.

Such policy also stipulates that all units shall have an inside information and confidentiality management system in place to prevent information leakage which will damage the Company or be used for unlawful interests causing disadvantages to investors. This year the Company ensures that its directors, executives, and employees in various units are fully aware of the guidelines on how information that affects share prices should be disclosed and kept safe and how to apply them correctly.

In addition, a monthly shareholding report is provided to the Board and management, summarizing changes in shareholding of THAI shares by directors, top executives, as well as their spouses and minor children as stipulated by SEC. The directors and management have been notified of ensuing penalties for violation of the guidelines within the time frame.

## Auditor's fee

### Audit Fees

The 2018 AGM of April 26, 2018, appointed the Office of the Auditor General of Thailand (OAG) as THAI's external auditor without stating audit fees. In its letter No. Taw Phaw 0037/5564 of December 28, 2018, OAG stated its audit fees for 2018 of THB 3.55 million for THAI alone and THB 4.67 million for THAI and its subsidiaries. THAI has not reimbursed OAG this past accounting year because it needs a prior approval from the 2019 AGM.

### Non-audit Fees

The Company and its subsidiaries paid fees for other services, including the BOI-based audit work fee, the audit work on its business units, the audit work on the Company's Brunei office to the OAG, as an external auditor. During the past fiscal year, there was a total of THB 470,000 but no fees were paid to any other person or entity associated with the OAG or future expenditure arising from the agreement of uncompleted service.

## Implementation of Corporate Governance Code for Listed Companies 2017

The Company values having the Corporate Governance Code defined for Listed Companies 2017 (CG Code) suitably applied to its corporate context. In 2017, after acknowledging the CG Code guidelines, the Board assigned the Corporate Secretariat Department to study them in details. Then in 2018, the Corporate Secretariat Department produced its initial assessment for the Corporate Governance and Social Responsibility Committee, which represents the Board, for review. The Committee then assigned the management to consider applying the principles set forth in the CG Code where full compliance is still expected, and institute a work plan to regularly monitor the application of CG Code.

## Compliance with Good Corporate Governance in Other Areas

The Board is determined to ensure that the Company's business operations complies with the principles of good corporate governance duly accepted by international best practices, SET, SEC, and ASEAN

CG Scorecard on the belief that they can help the Company's business grow with efficiency, excellent management, transparency and accountability while paying close attention to all stakeholder groups and forging shareholders' confidence and benefit. THAI has then improved its good corporate governance on a continuous basis by adhering to good corporate governance principles, the code of conduct and business ethics as well as applicable laws, regulations and best practices.

The result of the Corporate Governance Report of Thai Listed Companies 2018 (CGR 2018) survey on 657 listed companies conducted by the IOD showed that in 2018 THAI earned a score of 92%, which is an "Excellent CG Scoring" or five-star recognition from the National Corporate Governance Committee. This survey has been continuously conducted since 2001 to monitor development on corporate governance practices among listed companies in Thailand and give them advice on directions to improve and achieve best practices. The assessment is based on the Organization for Economic Co-operation and Development (OECD) Principles for Good Corporate Governance in alignment with the ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard), which contains the international standard principles for listed companies in Thailand.

In 2018, the Company's good corporate governance practices can be summarized as follows:

### 1) Rights of Shareholders

The Company values shareholders and their rights and fosters their confidence and trust to invest in its. To this end, THAI has implemented policies to protect the basic rights of its shareholders, which include the right to purchase, sell or transfer Company shares or receive a share in the Company's profits, receive sufficient and timely Company information, participate in the AGM, give proxy to vote on their behalf, make inquiries during the AGM, have rights to nominate the issues for meeting agenda and be able to nominate appropriate individuals for consideration to be appointed to the Board. Shareholders shall also have the right to participate in important decisions, such as electing directors of the Company, approving transactions that bear effect on the directions of the business, and making amendments to the Memorandum of Association and the Articles of Association.

## Annual General Shareholders' Meeting (AGM)

The Company held AGMs according to the Public Limited Companies Act B.E. 2535 (1992) under the guidelines of SET and IOD and monitored that the AGM fully complied with the requirements stated in the AGM Checklist, based on the assessment of AGM of listed companies by the Thai Investors Association, the Thai Listed Companies Association, and SEC to raise the quality of the Company's AGM as follows:

### • Date, Time and Venue for the AGM

At Board Meeting No. 2/2561 held on February 26, 2018, a resolution was reached by the Board to hold the 2018 AGM on April 26, 2018, which was within four months from the end of the fiscal year. The notice to shareholders was disclosed on the Company's website from March 22, 2018. The 2018 AGM was held at the Chaipayruk Hall, Air Force Auditorium (Thong Yai Building), Phahonyothin Road, Sai Mai, Bangkok, (at the closing meeting) a total of 1,111 shareholders and proxies attended the meeting representing a total of 1,639,767,531 shares, which is 75.12% of the Company's paid-up capital, thus constituting a quorum. The Chairman of the Board, Chairmen of the subcommittees, directors and management, the Company Secretary, auditor and legal consultants attended the meeting in unison. The details of the meeting are as follows:

### • Before the AGM

For the 2018 AGM, to ensure conformance to the guidelines of good corporate governance and recognizing shareholders' rights, the Company invited its shareholders to propose meeting agenda and to submit name(s) of qualified candidates to be considered for election to its Board. The timeframe for allowing such proposal was from October 3 to December 31, 2017. Details on the rules and procedures were revealed on the Company's website, published in daily newspapers on Stock News during October 9-11, 2017, and Prachachat Turakij Newspaper during October 12-15, 2017, as well as notified SET on such matters. None of the shareholders submitted names to be considered for election to the Board.

## Distribution of Meeting Documents for the AGM and Proxy Assignment

The shareholders' meeting invitation letter was sent along with complete details of the agenda to be considered at the AGM under laws, regulations of the SET, and the Company's AOA requiring that sufficient background information of each agenda item must be included in the information package to enable shareholders to make an informed decision. The Company clearly disclosed each agenda item for shareholders' consideration, stating whether the item is for shareholders' information, approval, or consideration. A summary of the Board's view on each agenda was also included. The complete information package delivered to shareholders also included a copy of the annual report, all necessary documents to be used for the AGM, along with proxy forms and relevant instructions. All the above documents were sent ahead of the AGM date. (The annual report was published within 4 months from the ending date of the annual accounting period.) The notice of the AGM was published in a Thai newspaper for three consecutive days, not less than three days prior to the AGM. The invitation to attend the AGM along with the complete information package was also posted on the Company's website for more than 30 days before the AGM. An invitation letter was sent to all shareholders whose names appeared on the Company's shareholder roster. Independent directors were also named for whom proxy votes can be given to vote on shareholders' behalf or such proxy can be given to another person attending the AGM to vote on their behalf.

### • Day of the AGM

## Meeting Attendance and Registration

Information relevant to the AGM was also included in the information package sent to shareholders along with the letter of invitation to attend the AGM to enable shareholders to have sufficient information to make sound decisions on the various issues proposed for consideration. The time and date of the AGM was clearly disclosed, while the meeting venue was selected to ensure maximum security for shareholders. All shareholders, elderly, and proxies were expedited through the registration process with a large number



of employees on hand to facilitate the process. Registration to attend the AGM began four hours before the meeting commencement and continued to the end of the AGM. The participating shareholders were treated with lunch, snacks and refreshments.

### **Shareholder Enquiry and Comments, Resolution and Preparing Minutes of the AGM**

Before beginning the AGM, the Company Secretary provided attendees with a summary of the quorum, explained how to use the voting ballot, the voting procedure, the ballot collection process and the vote-counting process. After each vote count, the Chairman announced the results of voting for each agenda, ensuring the transparency of each vote counted. On each agenda item for consideration, the Board and management were on hand to provide comprehensive responses to queries and/or comments that shareholders might have. In regard to the voting and vote-counting process, the Company strictly adhered to its AOA, allowing one vote per share held. The resolutions of shareholders' meeting were passed by a simple majority vote of the shareholders present at the AGM and entitled to vote. In case of a tie vote, the Chairman of the meeting shall have an additional vote as a casting vote. In counting votes for the general agenda, only disapprove votes and abstention votes were counted, and the rest was regarded as approve votes. Except for the agenda on the election of directors, all votes were counted by dividing into approve, disapprove and abstention from votes, while the rest was regarded as non-submission of ballots. Comprehensive minutes of the AGM were kept along with a video recording of the whole meeting, which is readily available for shareholders' reference.

- **After the AGM**

#### **Disclosure of Resolutions**

Resolutions reached at the AGM were disclosed to the public via SET Portal by the end of the day after the meeting. Details of approved/disapproved resolutions and the vote counts (approve/disapprove/abstention from votes) had been clearly indicated for each agenda item that was submitted for consideration. The detailed minutes of the AGM containing the names of Board members and management attending the meeting along with the resulting resolutions, (approved/

disapproved) and the vote count (approve/disapprove/abstention from votes) on agenda items posed for shareholders' consideration, along with major issues posed by shareholders and the responses made by the Company were submitted to SET and the minutes of the AGM had also been posted on the Company's website within 14 days after the AGM and submitted to relevant government bodies within the timeframe. Minutes of the meeting in English were published on the Company's website to allow foreign shareholders to thoroughly access information. The Company had no policies to prevent or obstruct intercommunication between the shareholders.

### **2) Equitable Treatment of Shareholders**

The Company's policy is to facilitate shareholders and treat all of them equally, fairly and in accordance with legal requirements, including measures to prevent directors, executives and employees from unlawfully using inside information to benefit himself or his allies, for example, taking advantage of inside information (insider trading), and disclosing internal information to a person involved with directors or executives. In order to foster confidence in investing with THAI, according to the assessment of the AGM Checklist, some procedures come into practice, including protection of the fundamental rights of shareholders; control of the right to vote according to the number of shares held (each share is entitled to one vote); assignment of independent directors to attend to for minority shareholders; assignment of Thailand Securities Depository Co., Ltd. (TSD), to be Securities Registrar; conduct of the meeting's agenda as outlined in the Notice of Meeting; allowance given to shareholders to appoint proxies to attend the meeting and vote; allocation of sufficient time; equal treatment of shareholders to comment and enquire; disclosure of information through the Company's website to let shareholders acknowledge changes in key information. The Company sent invitation letters and meeting documents in English to foreign shareholders and after the meeting, the management appointed related departments to consider adopting shareholders' suggestions.

### 3) Role of Stakeholders

The Company values all stakeholders in enhancing its competitiveness, adding value, and generating profits for itself. It therefore has set guidelines to treat all stakeholders with equity based on sustainable mutual benefits.

THAI, in its role as the national carrier, has conducted its business guided by the conscience of corporate social responsibility (CSR) reflecting international environmental standards of minimizing pollution and waste resulting from business activities. Therefore, the Company's Code of Conduct was drafted and distributed to the directors, executives and employees, reflecting the following guidelines:

#### Employees

The directors, executives, and all other employees are expected to abide by the Company's ethics code, rules, regulations, code of conduct and have self-discipline when performing their duties, respect others and their personal rights, and be helpful. Employees at the executive level should behave morally and be a role model for their subordinates, who in turn should show respect to their superiors. For the interests of the Company, all employees will perform their duties competently and with full dedication.

The Company's policies provide fair treatment to all employees regarding nomination or recruitment, appointment or position transfer, recognition of merits, and determination of penalty, all of which take into account equality, caution, honesty and transparency factors based on and in line with the Company's principles and regulations. Recognition of merits will be based on facts and the Company's regulation on the management of human resources where performance, amount and quality of work performed, maintenance of discipline, suitability of skills and competency, and positive outcomes for the Company will be considered.

#### Customers

All employees should together strive for customer satisfaction by treating customers sincerely, enthusiastically, politely, pleasantly, and equally. It is essential that all employees understand customers' needs fully and correctly, provide feedback that meets

customers' real requirements, foster good relations with customers on a constant basis, and have a system that handles customers' complaints with speed and efficiency.

#### Shareholders

The Company operates its business on the basis of integrity, transparency and fairness and treat all shareholders equally to gain their confidence that the Company will cautiously and continuously generate satisfactory returns for shareholders on a sustainable basis.

#### Business Partners

The Company's decisions on business partners are based on equality and integrity in business. All business partners should be treated equally on a fair-competition basis, and business relationship should be in line with the principles of fair returns, transparency and verifiability. THAI should also avoid any situation which may cause conflicts of interest. Employees dealing with business partners are required to keep as evidence all documents about negotiations, preparation and signing of agreements, and fulfillment of agreements. THAI will arrange an integrity pact to be made with business partners to improve transparency in the various processes of procurement and hiring to motivate fair competition. The Company will encourage the operation of business strictly in line with business integrity and fair competition, fulfillment of contract terms and commitment given between one another, as well as promoting the practices of corporate governance for sustainable growth without omitting the responsibility toward society and the environment, and avoidance of violation of laws and morality.

#### Creditors and Debtors.

It is the policy of the Company to treat creditors and debtors equally and fairly by strictly honoring agreements or conditions agreed by both parties. In case of failure to fulfill any of its obligations in the agreement, the Company will immediately notify creditors to find solutions. No creditors or debtors will be asked to pay or receive any kind of offers regarded as bribes. When such offer is known, the problem must be resolved without delay.

## Competitors

The Company's policy is to conduct business on a fair play basis with competitors in alignment with international practices under competition laws, and not to seek confidential information on competitors in a dishonest or inappropriate way, or damage the reputation of competitors by way of false allegation. Fair trade is undertaken by the Company in every country where THAI operates its aviation business, and antitrust laws are strictly observed.

## Workers

The Company also values labor, and emphasizes that all workers must be fairly treated in line with labor laws and applicable regulations. Discrimination practices due to differences in race, nationality, religion, gender, age, education or any other factor are not tolerated. The Company's business partners are encouraged to treat workers at all stages of hire with equality, and avoid the hiring of forced labor, labor from human trafficking, child labor and the use of abusive forms of punishment, whether directly or indirectly.

## Society and the General Public

The Company is aware of the importance of its role and participation in community and social development and has instilled among its employees awareness of engaging in various volunteering projects with the good conscience of social responsibility and emphasis on avoiding any act that will cause damage to the country's reputation, natural resources, the environment and public interest. The Company is also supportive of activities that benefit society and communities, but not activities or act that violate the law.

## Intellectual Property practice

The Company considers intellectual property its valuable asset. Employees must protect and safeguard this valuable asset from exploitation or dissemination without prior approval. The Company does not support the infringement of intellectual properties of others. Corporate logos must be properly used with prior approval from the relevant units in charge. The use of corporate logos for personal purposes is forbidden.

## Practices on anti-corruption policy

Please see Additional Practice Guidelines on Prevention of Involvement in Corruption, page 114.

## 4) Information Disclosure and Transparency

The Company takes seriously the principles of information disclosure and transparency according to the requirements set by MOF, SET, and SEC. Specific departments are set to oversee disclosure of financial and other information related to the Company's operations sufficiently, accurately, completely, timely and transparently in order to communicate with shareholders, investors, analysts and all stakeholders to ensure even distribution of information through various channels. The Company has set the following guidelines:

### Disclosure of information through involved agencies

The Company disclosed its information (both financial and other important aspects) to regulators, such as financial reporting and news that are material to the investment of shareholders and investors to SET, report of the Company's information through the Annual Registration Statement (Form 56-1) and Annual Report (Form 56-2) to SEC, report on financial information, directors and employees' information, including other information through the Government Fiscal Management Information System (GFMIS) of the State Enterprise Policy Office (SEPO).

### Disclosure of Information through Investor Relations

The Company takes seriously investors, shareholders and stakeholders and therefore set up the Investor Relations Department to promote good relations and communicate accurate and reliable information. To ensure that all stakeholders are treated equally and fairly and have data access and appropriate communication with the Company, activities have been undertaken, including domestic road shows, meetings/conference calls with the executives, "questions and answers" and information provided via telephone and/or email, and meetings between executives, institutional investors and securities analysts to report financial performances on a quarterly basis. In addition,



securities analysts and stakeholders were invited to visit the Company and meet executives to exchange opinions. This year the stakeholders were invited to visit the THAI Aircraft Overhaul Department (U-Tapao) to assure them of the potential and capacity of THAI to establish the Maintenance, Repair, and Overhaul (MRO) Center in the Asia-Pacific region in preparation for the Eastern Economic Corridor (EEC), and the Technical Department at Suvarnabhumi International Airport to gain their confidence in THAI's technical standards and aviation safety. The stakeholders were also invited to visit THAI's Catering Department to assure them of THAI's capability as leader in a major food catering industry. Moreover, several activities were conducted for securities analysts and stakeholders. In the past year, the Company's investor relations activities included:

Activity	Time(s)/year
Domestic Roadshows	4
International Roadshows	4
One-on-one corporate visit/ teleconference	10
Phone calls and internet enquiry	192
Quarterly pre- and post-disclosure analyst briefing	4
Company visit (site visit)	5

## Company Visit (site visit)

For the shareholders, investors or interested people to know the Company's information without delay, the Company has disseminated information to all related parties through its website, [www.thaiairways.com](http://www.thaiairways.com), including the Company's background, Board, services, news, operating results, financial statements, shareholder information, shareholders' meetings, minutes of shareholders' meetings, a list of major shareholders, operation statistics, good corporate governance, procurement reports, AOA, and information reported to SET, among others.

## Related Transactions and Prevention of Conflicts of Interest

The Company is committed to upholding the principles of good corporate governance to eliminate conflicts of interest. The Board has properly considered potential conflicts of interest or connected transactions within the framework of good ethics and ensured that the Board, management and employees comply strictly with the requirements of the Capital Market Supervisory Board and SET to be reliable and trustworthy for all stakeholders. The main criteria are as follows:

Since September 2004, a guideline was announced on the disclosure of connected transactions based on the rules and procedures of SET to the Board and all executives to disclose information of related individuals and entities. Whenever new directors or executives are appointed, the Corporate Secretariat Department sends "Details of Related Parties Form as per the Securities and Exchange Commission Concerning the Disclosure of Information of Listed Companies for Connected Transactions 2003" under the requirements of the Capital Market Supervisory Board, which are constantly updated. The newly appointed directors or executives need to submit information and endorse the accuracy of such information. If there are changes, they must submit such forms with endorsement. The Corporate Secretariat Department will then send the details of related parties to the Chairman of the Board and the Chairman of the Audit Committee for acknowledgement. A list of related persons and juristic persons is distributed to the management and coordinators of each department



to monitor connected transactions and report to the management or the Board. If there is a connected transaction, the Company will follow the procedures, based on applicable laws including the disclosure in the annual report (Form 56-2) and annual registration statement (Form 56-1).

To ensure that disclosure on related party transactions complies with SET's regulations and procedures, the Company released an announcement in January 2005 on "Transfer Pricing Guidelines for Thai Airways International Pcl." For transactions carried out between the Company and related parties, the transfer pricing guidelines for the setting of prices of goods and services exchanged between the Company and related businesses are applicable by setting average transfer prices similar to the Company's, setting transfer prices for other unrelated parties or businesses first, and using irregular conditional pricing guidelines that do not conform to market prices if necessary.

In addition, at the monthly meeting of the Board and management of the Company, the Corporate Secretariat Department prepares the agenda on "Connected Transactions of Thai Airways International Pcl." to disclose to the Board and the management whether the Company has had any related transactions each month, and also proposes the matter to the Audit Committee on a quarterly basis. The Company has improved its performance procedure to comply with the changing requirements of the relevant authorities in order to manage conflicts and benefits under the principles of Good Corporate Governance and with accuracy according to the requirements.

#### **Compliance with the Official Information Act B.E. 2540 (1997)**

The Official Information Act B.E. 2540 (1997) guarantees the people's right to have full access to information about the operation of the State and encourages public participation in examining the use of State power, which will lead to efficient and transparent State administration while maximizing public interests.

THAI has established a Public Information Center to disseminate information, knowledge and understanding of the operations of the Company to the public, government agencies and private organizations with transparency and accountability based on the guidelines of the Company's regulations on its disclosure of information under the Official Information Act B.E. 2540 (1997) by adhering to the "Disclosure is the Norm and Non-disclosure is the Exception" principle. Data collection and information management are processed systematically and can be searched effectively in order to disseminate useful information to the public. Searches can be made via the [www.thaiairways.com](http://www.thaiairways.com) website in the Public Information Center.

The Public Information Center was selected by the Ministry of Transport as a model unit on duty to provide information to the public under the Official Information Act B.E. 2540 (1997) from 1999 to 2014. The center has also received a certificate of excellence from the Official Information Commission for the provision of information to the public. The Official Information Commission, Office of the Permanent Secretary, Prime Minister Office, granted THAI a plaque for outstanding compliance with the benchmark indicators of transparency of government agencies designated under the Official Information Act B.E. 2540 (1997). It is the pride of the Company that the Public Information Center can achieve its mission in being "a leading agency and a role model in the dissemination of information, responsive to the demand for information to the concerned parties leading to a good image and benefit the operation of the Company."

This year the Public Information Center continues to cooperate with the Office of the Public Sector Development under the Licensing Facilitation Act B.E. 2558 (2015) to achieve public service quality enhancement and increase efficiency in public service provision for concrete outcomes.

## **Direct and Indirect Disclosure of the Management's Shareholding Information**

The Company has disclosed the management's shareholding information, both directly and indirectly. For more details, please see page 71.

### **5) Responsibilities of the Board**

The Board consists of individuals who command the knowledge and experience beneficial to business operations. The Board has a duty and responsibility to set the strategic direction of business operations under the principles of good corporate governance through the definition of the policy, strategy, goals, vision and mission, and plays a crucial role in supervising and monitoring the implementation by the management to ensure compliance with the policy and defined strategies.

The Board must act with competence, knowledge, integrity, and transparency in the best interests of the Company. The Board carries out a review and approval of the vision and strategies of the Company on a yearly basis to accommodate changes in current situations. The Board has regulated the ethical standards, encouraged directors, executives and employees to strictly comply by communicating and disclosing the guidelines in the Company's Good Corporate Governance and Ethics Code through the Company's website. All levels of management are also required to take it as their duties to monitor and control practices in compliance with these business ethics.

### **Remuneration of Directors**

For the detailed remuneration of directors, please see under Remuneration for the Board of Directors and Management, page 75 .

### **Performance Evaluation of the Board**

The Company requires that the performance of the Board should be evaluated annually. The performance evaluation serves as an audit tool for the Board's performance of duties.

The Corporate Secretariat Department presents an evaluation form approved by the Corporate Governance and Social Responsibility Committee to the Board for annual assessment, divided into three different assessments: Self-Assessment, Cross-Evaluation and Board Evaluation. The cross-evaluation is arranged in a random process, and directors have no knowledge who their evaluator is.

Assessment methods that have been drawn up for the approval of the Corporate Governance and Social Responsibility Committee and approved by the Board are as follows:

- 1. Self-Assessment :**
  - 1.1 Core Competency
  - 1.2 Independence
  - 1.3 Preparedness
  - 1.4 Accountability and Responsibility
  - 1.5 Committee Activities
  - 1.6 Development of Organization
- 2. Cross-Evaluation :**
  - 2.1 Core Competency
  - 2.2 Independence
  - 2.3 Preparedness
  - 2.4 Accountability and Responsibility
  - 2.5 Committee Activities
  - 2.6 Development of Organization
- 3. Board Evaluation :**
  - 3.1 Structure and Qualifications
  - 3.2 Roles, Duties and Responsibilities
  - 3.3 Board Meetings
  - 3.4 Fulfillment of Duties
  - 3.5 Relationship with the Management.

The evaluation result is reported to the Board in order to organize activities to enhance knowledge and efficiency of the directors. This year, in view of the results of Board Evaluation, it was concluded excellent.

However, the Chairman's evaluation results remain confidential and cannot be made public.

The Company assigned the Nomination and Remuneration Committee to evaluate the performance of the President as pre-conditioned in the Employment Contract. The evaluation result was then presented to the Board for their consideration. However, the President's evaluation results remain confidential and cannot be made public.

#### Directors' Orientation

The Company holds an orientation for new directors by presenting its information, aviation business, shareholding structure, and related regulations including privileges of the directors to allow them to receive related information beneficial for managing the Company. In addition, the directors are encouraged to attend training courses organized by IOD to develop, support and promote the performance of the Board.

#### Knowledge and Skill Development for the Board of Directors and the Management

THAI promotes and encourages knowledge and skill development for directors and management through training, seminars, and participation in activities organized by various entities, including IOD, SET, and SEC, and seminars as well as exhibitions in Thailand and abroad. The aim was to continually and regularly supplement and develop their knowledge and share various experiences related to the roles of directors and subcommittees. Instances were the Board's participation in the Aircraft Interiors Expo conference and exhibition held in Hamburg, Germany; participation in the Chairman Forum conference; participation in IOD's various Board-related training courses, including the Corporate Secretary Program, Board Reporting Program, Corporate Reporting Program, Effective Minutes Taking, and Anti-Corruption: the Practical Guide. A majority of THAI's directors have undergone IOD training courses as summarized below:



## Board and Management Training

As of December 31, 2018, the Board and management have been trained in courses organized by the IOD as follows:

Board	Position	Courses attended
<b>Mr. Ekniti Nitithanprapas</b>	Chairman	<ul style="list-style-type: none"> <li>- Chairman Forum (R-CF 1/2018)</li> <li>- Board Matters and Trends (BMT 4/2017)</li> <li>- Role of the Nomination and Governance Committee (RNG 8/2016)</li> <li>- Financial Statements for Directors (FSD 29/2015)</li> <li>- Corporate Governance for Capital Market Intermediaries (CGI 4/2015)</li> </ul>
<b>ACM Treetod Sonjance</b>	Vice Chairman and Independent Director	<ul style="list-style-type: none"> <li>- Ethical Leadership Program (ELP 10/2017)</li> </ul>
<b>Mr. Distat Hotrakitya</b>	Independent Director and Chairman of the Audit Committee	<ul style="list-style-type: none"> <li>- Director Certification Program (DCP 94/2017)</li> </ul>
<b>Mrs. Pratana Mongkolkul</b>	Independent Director	<ul style="list-style-type: none"> <li>- Advance Audit Committee Program (AACP 22/ 2016)</li> <li>- Director Certification Program (DCP 34/2003)</li> <li>- Director Accreditation Program (DAP 2/2003)</li> <li>- Diploma Examination (Exam 11/2006)</li> </ul>
<b>Mr. Pitipan Teparitargorn</b>	Independent Director	<ul style="list-style-type: none"> <li>- Anti-Corruption for Executive Program (ACEP 4/2012)</li> <li>- Director Certification Program (DCP 138/2010)</li> </ul>
<b>Mr. Peraphon Thawornsupacharoen</b>	Director	-
<b>Mr. Pinit Puapan</b>	Independent Director	<ul style="list-style-type: none"> <li>- Corporate Governance for Capital Market Intermediaries (CGI 2/2015)</li> <li>- Audit Committee Program (ACP 2/2004)</li> <li>- Director Accreditation Program (DAP 25/2004)</li> </ul>
<b>Mr. Rathapol Bhakdibhumi</b>	Independent Director and Member of the Audit Committee	<ul style="list-style-type: none"> <li>- Charter Director Class (CDC 9/2011)</li> <li>- Director Certification Program (DCP 52/2004)</li> <li>- Director Accreditation Program (DAP 23/2004)</li> </ul>



Board	Position	Courses attended
<b>Mr. Vachara Tuntariyanond</b>	Independent Director	<ul style="list-style-type: none"> <li>- Corporate Governance for Capital Market Intermediaries (CGI 6/2015)</li> <li>- Monitoring Fraud Risk Management (MFM 8/2012)</li> <li>- Monitoring the Quality of Financial Report (MFR 16/2012)</li> <li>- Monitoring the Internal Audit Function (MIA 13/2012)</li> <li>- Monitoring the System of Internal Control and Risk Management (MIR 13/2012)</li> <li>- Audit Committee Program (ACP 41/2012)</li> <li>- Director Certification Program (DCP 94/2007)</li> </ul>
<b>Ms. Sirikul Laukaikul</b>	Independent Director	<ul style="list-style-type: none"> <li>- Ethical Leadership Program (ELP 2/2015)</li> </ul>
<b>Mr. Somkiat Sirichatchai</b>	Independent Director and Member of the Audit Committee	<ul style="list-style-type: none"> <li>- Driving Company Success with IT Governance (ITG 4/2017)</li> <li>- Role of the Chairman Program (RCP 39/2016)</li> <li>- Director Certification Program (DCP 178/2013)</li> <li>- Role of Compensation Committee (RCC 11/2010)</li> <li>- Director Accreditation Program (DAP 84/2010)</li> </ul>
<b>ACM Amnart Jeeramaneemai</b>	Independent Director	-
<b>Mr. Sumeth Damrongchaitham</b>	Director	<ul style="list-style-type: none"> <li>- Company Secretary Program (CSP 28/2008)</li> <li>- Role Of The Compensation Committee (RCC 3/2007)</li> <li>- Director Accreditation Program (DAP 21/2004)</li> </ul>



## Compliance

In 2018, the Company compiled laws and regulations relating to THAI's operations and disseminated them to all employees for compliance in performing their duties. These laws and regulations are constantly reviewed and kept up-to-date. Directors, executives and all employees are kept informed and enhanced with knowledge and understanding of compliance practices. THAI monitors and follows up on employees whose work involves compliance with laws that will have significant impacts on the Company, such as the antitrust law and the General Data Protection Regulation (GDPR).

## Issues in CGR not covered

This year there were issues in CGR that THAI could not covered as follows:

1. Does the Board comprise of at least five members and no more than 12 members?

Article 15 of the Company's AOA prescribes that the Board shall consist not less than 5 but not more than 15 directors to suit the size and nature of THAI's business.

2. Does the company require a minimum quorum of at least 2/3 for Board decisions?

Article 24 of the Company's AOA only prescribes that at the meeting of the Board, there must be not less than one half of the total number of directors present to constitute a quorum, but it does not specify the minimum quorum to pass resolutions.

3. Where the company has more than one class of shares, does the company publicize the voting rights attached to each class of share?

The Company has only one class of share - the ordinary share. Article 4 of the Company's AOA stipulates that all shares in the Company shall be ordinary shares in the form of a name certificate.

4. Does the company use cumulative voting in the election of board members?

The Company cannot use cumulative voting as the procedure of voting for directors, since Article 16 of the AOA stipulates that one shareholder shall have one vote for each share. Each shareholder shall exercise all the votes he or she has, to select one or several person(s) as directors but cannot divide the votes for any person to any extent.

5. Does the Board have a CEO succession plan in place?

The Company, as a state enterprise, shall comply with the Standard Qualifications for Directors and Employees of State Enterprises Act, stipulating that the top management shall be selected from outsiders.

6. Does at least one of the Audit Committee members have accounting expertise, accounting qualifications or experience?

The Company shall appoint the Audit Committee comprising independent directors and two members who command adequate knowledge, expertise and experience to audit the financial statements.

## Corporate Social Responsibility

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Socio-environmental assistance, encouragement, and responsibility represent THAI's key mission as the national airline.

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THAI implements its corporate social responsibility (CSR) activities by taking the environment, society and governance (ESG) into account. In 2018 it organized the following social and environmental activities:

- **Farmer support projects:** THAI ordered agricultural produce and processed agriproducts from all regions across country, such as winter fruit and vegetables from the Royal Project, produce from a Chachoengsao farmer group, processed agriproducts from Doi Kham, and giant sea bass from the Thai Marine Finfish Farmers Association as ingredients of on-flight meals for passengers. THAI also promoted OTOP products by selling them on flights and serving them as snacks in Thai Airways lounges at Suvarnabhumi Airport.
- **Public health projects:** THAI has facilitated surgical teams of the Organ Donation Center, the Thai Red Cross Society, in organ transport. Since 1996 THAI has been waiving fees for transporting organs and blood to different provinces across country via its domestic routes. The operation staff also hosted a “Run for Life” activity to raise funds for cancer patients. The “Knowledge Transfer from Aviation to Medicine” project supported medical staff of Phramongkutklao Hospital. THAI and Siriraj Hospital organized the “Sharing Happiness with Mileage” project, raising 17,878,204 miles from Royal Orchid Plus members and turning them into medical supplies for Nawamindrabopit 84th anniversary Building of Siriraj Hospital. Finally, THAI promoted the “Bridging Lives” project among Royal Orchid Plus members and customers to support the construction of a skywalk connected to the 2nd floor of Chulalongkornrajavidyalaya Building, Police General Hospital.
- **Education projects:** THAI granted scholarships to the youth in Surat Thani province and held a Toastmasters’ Caravan project to enhance the English proficiency and leadership skills of students in Thai Airways Border Patrol Police School, Sa Kaeo province. Additionally THAI and

Air Bus Foundation organized a “Thai Airways Spreading Love to Southern Border” activity to donate bags and learning materials to students in Narathiwat province.

- **Religious and cultural projects:** In the “Loving Kindness Robe Offering Ceremony”, THAI donated 320,000 baht and items for patients in Phra Bat Namphu Temple, Lob Buri province. In the robe offering ceremony to celebrate the 10th anniversary of Thai Airways International, THAI donated 429,800 baht and a Buddha Patima Suvarnabhumi Sirichoke image along with blankets, rice and dal beans to young lama, who were disadvantaged orphans, at Lumpini Temple, Nepal. It also handed over dharma books to the Southern Marine Task Force, which delivered them to monks in the three southernmost provinces.
- **Flood relief project in Attapeu province, the Lao People’s Democratic Republic:** THAI transported consumer goods in cargoes and donated money to the victims. THAI and Thai Smiles offered complementary flights and luggage transport to rescue teams from the United Kingdom, Australia and China who saved 13 children and their soccer coach trapped in Tham Luang Cave, Chiang Rai. They also transported a mountaineer for swallow nests team from Ko Libong, Trang, home after their mission was completed.
- **Projects to look after people in different sectors:** THAI offered gifts and bicycles to Thai Airways Border Patrol Police School, Sa Kaeo province, on the National Children’s Day; provided 4,046 pilgrims with 28 special flights to Saudi Arabia; facilitated Thai Paralympic players and players in wheelchairs on their flights to a triathlon event in Australia; and provided 1,000 snack boxes for those who visited the exhibition celebrating H.M. the King’s 66th birthday anniversary. THAI also held a Surplus Donation project, which encouraged people to donate unwanted clothes or items to Baan Nokkamin Foundation. The Old Cell Phone for New Life project recycled old mobile phones in a non-polluting way and donated the income earned from recycling for the construction of hospitals in need across Thailand. THAI employees visited the elderly at Rangsit Nursing Home, and the Company

donated money and items to Saints Foundation for the Blind in Thailand.

- **Environmental projects:** A “carbon footprint assessment and carbon offsetting” project was held around Suvarnabhumi Airport and at the Head Office to set a standard for greenhouse gas reduction and management. The 8th “Thai Airways Saves Energy and Cares for Environment and Safety” activity focused on managing energy, the environment and work environment. A “Thai Airways Restores the Life of Canal along Vibhavadi Rangsit Road” activity returned the cleanliness to the canal along the road in front of the Head Office. A “Mileage to Save Forest and Community” project took Royal Orchid Plus members on an eco-tour in Ban Tham Sua, Phetchaburi province, to support the tourism policy and distribute income to local communities. THAI together with Thai Wacoal Plc received over 200 kilograms of donated bras, which were turned into alternative energy to reduce global warming. Furthermore, the remaining were used as raw materials to launch careers for disadvantaged women. In a “Phuket Airport Loves Community” project, the staff members of Phuket International Airport cleaned and improved the landscape from the runway head of Phuket International Airport to Sirinath National Park.
- **Collaborative projects with business partners to promote sustainability:** Thai Airways International and Rolls Royce jointly conducted research and development (R&D) of the world’s first Trent XWB engine to transfer the advanced aviation technology to Thailand. THAI also held more than 20 travel programs of Royal Orchid Holidays to support the tourism strategy that promoted secondary cities and develop the tourism industry in the “Take Domestic Trip for National Sustainability” project.

Those interested can find further details in Sustainability Report 2018, disclosed to the public at [www.thaiairways.com](http://www.thaiairways.com), or scan the QR code below.





## Additional Guidelines to Prevent Corruption Involvement

Recognizing the consequence of corrupt practices and misconduct, THAI promotes a whistleblower policy to prevent these and ensure that it remains an organization with good governance. It also issued regulations (effective from January 25, 2010) on complaints about corrupt practices or breach of laws, regulations, restrictions, orders, good governance or code of conduct under the Code of Good Governance and Conduct B.E. 2553 (2010) (2nd revision, 2017). Employees, workers, stakeholders and external parties can use it as a channel to report suspects of potential corruption or breach of laws and the Company's regulations and restrictions so that THAI may conduct fact-finding under its regulations on complaints B.E. 2553 (2010), which will lead to corporate transparency, fairness and auditability.

Valuing all stakeholders, THAI listens to their comments and suggestions to ensure mutual benefit. It also offers stakeholders an opportunity to complain via three following channels if witnessing any potentially corrupt practice by THAI employees: Below are those entitled to receive each complaint:

1. Chairman of the Board
2. Directors
3. The President
4. Secretary to the Board
5. The Executive Vice President directly in charge of the complaint-related function.

Complaints may be filed via the three following channels.

1. A verbal or written complaint directly made to authorized complaint receivers
2. An Email sent to authorized complaint receivers:
  - Chairman (e-mail: tgchairman@thaiairways.com)
  - President (e-mail: tgpresident@thaiairways.com)
  - Secretary to the Board (e-mail: good.gov@thaiairways.com)
3. A complaint letter sent to authorized complaint receivers at Thai Airways International Pcl.,  
89 Vibhavadi Rangsit road, Jompol sub-district, Chatuchak district, Bangkok 10900.

Whistleblowers may file a complaint through more than one channel and choose to remain anonymous if disclosing their names may harm themselves. THAI will conduct fact-finding within the period specified in the regulation on complaints, will not disclose whistleblowers' names during and after inspection, and will have a measure available to protect them. These acts will earn their confidence and keep them safe.



## Drive to Prevent Corruption and Misconduct

1. On September 27, 2017, THAI signed a tripartite MOU on driving the national strategy of corruption prevention and suppression in phase three (2017-2021) together with the Office of National Anti-Corruption Commission (ONACC), State Enterprise Policy Office (SEPO) and 54 state enterprises. This aimed for all parties to jointly declare an intent to implement the national strategy as a guideline for solving the corruption issue in the organization.
2. THAI formulated an action plan under its strategy on corruption and misconduct prevention in fiscal years 2017-2021 and an action plan under its strategy on corruption and misconduct prevention in 2018 to be aligned with the national strategy of corruption prevention and suppression in phase three (2017-2021) and ONACC's annual action plan.
3. THAI hosted a lecture on "Corruption and Misconduct Prevention" for all employees, from new entry to managerial level. The lecture was included in THAI's standard curriculum. A site visit was also held in different functions as seen suitable by THAI.
4. THAI issued Order No. 106/2558 on its policy against corruption and misconduct.
5. THAI issued Notice No. 006/2560 on its honest intent to administer THAI to be an organization with good governance and transparency.
6. THAI disseminated bulletins on corrupt practices and misconduct prevention such as related laws, case studies on resolved complaints, news and information via Thaisphere, employee email, PD Homepage and posters twice a month to prevent fraud, misconduct and a breach of discipline.

7. THAI publicized information on corrupt practices and misconduct prevention under the "Corruption and Misconduct Prevention" topic on [www.thaiairways.com](http://www.thaiairways.com).
8. THAI established "TG Network against Corruption", which currently has 1,279 members, to stay vigilant, monitor, observe, and prevent corrupt practices and misconduct, thus strengthening the Company.
9. THAI underwent an Integrity & Transparency Assessment (ITA) 2018 by ONACC and received a full score (100) on evidence-based assessment and 82.47 out of 100 scores on ITA overall assessment, which was exceptional.

Currently, ITA is the key national strategy for corruption prevention and suppression in phase three (2017 - 2021) and a proactive anti-corruption measure that every government agency must observe and deploy to further improve the efficiency of its operation and increase the Corruption Perception Index (CPI) in Thailand.

10. THAI nominated Sqn.Ldr. Pongtorn Thepkanjana, Executive Vice President of Operations (position then), to be the "Transportation Role Model" 2018 of the Ministry of Transport. He won this award as a person with exemplary behavior that reflected honesty, integrity, transparency and morality.

THAI reiterates that it is committed to being an organization transparently conducting business and making no exception for any corrupt practices. It is also willing to fully support the operation of auditing units to closure.

## Internal Control and Risk Management



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For sustainable business, THAI has defined control measures for internal management, remained committed to the values of integrity and ethics, assessed and managed risks, instituted internal as well as external communication by harnessing digital technology, and monitored and assessed outcomes for maximum internal control efficiency

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THAI provides a proper internal control system for its operations and regular assessment to ensure successful system operation under the changing environment and in acceptable level of risks. The internal control structure is in place with all 5 elements and 17 principles based on the standards set by the Committee of Sponsoring Organization of the Treadway Commission (COSO) 2013. The results of the evaluation of internal control are summarized as follows:

## Control Environment

### 1. The organization Corporation demonstrates a commitment to integrity and ethical values.

THAI has guidelines about integrity and ethics, anti-corruption, practices/non-practices as pertained in the Code of Conduct, which serves as guidelines for performing duties and decision-making on various matters, while conforming to corporate governance principles. A proper disciplinary procedure is posed in case of one's breaching Company regulations and included in the orientation pack for new employees. In case of breaching THAI's code of ethics, the Corporate Inspection Office has a duty and authority to consider and decide within the determined timeframe as stipulated in THAI's regulations on complaints about corrupt activities or the breach of THAI's rules, regulations, requirements, orders, or the Code of Conduct.

### 2. The Board of Directors demonstrates independence from the management and exercises oversight of the development and performance of internal control.

THAI has defined the roles of the Board of Directors ("Board") and the management in its Director's Manual, the Table of Authority based on the Public Limited Companies Act B.E. 2535 (1992), the applicable provisions in the Civil and Commercial Code, the Securities and Exchange Act B.E. 2535 (1992), the regulations and notifications related to the Securities and Exchange Commission (SEC), and THAI's regulations and policies. To comply with the principles of Good Corporate Governance set out by the Ministry of Finance and the Stock Exchange of Thailand (SET), THAI has entered into a memorandum of business operation assessment with the public sector through the State Enterprise Policy Office (SEPO) by defining a clear set of key performance indicators (KPIs), weights, measure values/operation goals according to THAI's annual strategic plan for the assessment of its business achievement, with regular follow-ups by the Board and its subcommittees such as the Executive Board, the Audit Committee, the Risk Management

Committee, the Corporate Governance and Social Responsibility Committee, and so on. The Board consists of experts from diverse business fields according to the Skill Matrix and THAI's mission and strategic plans. There is a requirement for the Board to include independent directors for at least one-third of the composition, as required by SEC and SEPO, and as much as 50% of the Board at times to ensure the Board's independence and appropriate balance.

### 3. The Management establishes, with Board oversight, structure and appropriate authorities and responsibilities in pursuit of corporate objectives.

The Board has approved a revised organizational structure that is both financially and legally suitable by defining reporting lines, command units, authority, and responsibilities according to the function description and job description documents with clear segregation of major duties between the aviation operation and business units for THAI to achieve its objectives.

THAI has defined duties and responsibilities, as well as rules and regulations, for each department but is in the process of preparing the Table of Authority (TOA) of the executive positions of each department by compiling in one place the management authorities in THAI's various documents relating to the determination of authorities of positions. Those holding positions in the departments sign the endorsement of the management authorities of work positions and adhere to them. Registration is also prepared for efficient control and monitoring in case of changes in organizational structure.

### 4. The organization demonstrates a commitment to attract, develop, and retain competent individuals.

THAI has its recruitment process in accordance with the requirements in the Standard Qualifications of State Enterprises Directors and Officials Act (No.7) B.E. 2558 (2015) and the Company's articles of association on human resource management by defining the recruitment criteria and qualifications to acquire employees having matching knowledge and ability for the position, plus the process/procedure for employees' annual performance



assessment by setting standard indicators and goals with the assessment criteria linking to the fair payment of remuneration and incentives, which will have a positive impact on the overall employees' morale. The employee retention policies are also developed by promoting employee competency development, training plans in accordance with lines of work, and responsibilities at each level of work position, including soft skills and hard skills such as language, IT, training on domestic laws and international standards such as quality, safety, the environment, compliance with the Occupational Health, Safety, and Environment Act, aviation security according to the regulations of IATA, ICAO, IOSA, as well as training on regulations concerning anti-corruption and anti-fraud. Activities for a strong corporate culture are organized to cultivate a proactive organizational culture, develop the network of employees as change agents, and cross-functional proactive work fostering teamwork. Moreover, inspiration is sought by

connecting assessment results to consideration for annual promotion and salary increase to boost morale. A project is also conducted for the management of competent personnel for executives to prepare personnel for key positions and critical positions.

**5. The organization holds individuals accountable for their internal control responsibilities in pursuit of objectives**

To ensure THAI's achievement of corporate objectives, it has assigned the internal control policy for executives and employees to use as guidelines in carrying out their duties to meet the goals by following the carefully designed work processes, systematic work division to avoid the same agencies or people perform work with risks to THAI. It also exercises checks and balances to prevent mistakes and rule violation and designs KPIs to convey the goals of each reporting line down to their employees in hierarchical order.



## Risk Assessment

1. The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.

THAI's main objectives focus on superior customer services, world-class services, value creation in all aspects under the "National Premium Airline with Touches of Thai and Effective Management for Sustainable Profitability" vision and with the corporate goal to "Be the World's Top 5 Leading Airline by 2022 With Consistent Profitability" based on continuous international safety standards.

In addition, THAI sets up a risk appetite as the framework to regulate its strategies appropriately to achieve the objectives of business operations.

2. The organization identifies risk to the achievement of its objectives across the entity and analyzes risks as a basis for determining how the risks should be managed.

THAI has analyzed assorted risk factors, both external ones such as the competitive situations in the airline industry, regional and global economic and political situations, terrorism, natural disasters and pandemic, and internal ones such as the efficiency of work process and IT management. Risks have been identified for various key aspects such as strategic, operational, financial, standards and regulations. Various departments have identified their own risks by following THAI's risk management manual and regulating key risk indicators (KRI). If a given risk reaches the trigger and threshold levels, the control measures will be reviewed and the supporting plans written.

The company's risk management is under the supervision of the Risk Management Committee appointed by the Board.

3. The organization considers the potential for fraud in assessing risks to the achievement of objectives.

THAI has a policy to combat corruption and misconduct. A workshop was organized to assess risks of fraud in work processes with the departments under EVP/VP/MD to ensure transparency, fairness, and integrity in work operation, assessment of motivation, and attitudes leading to fraud. The annual Integrity and Transparency Assessment (ITA) has been carried out by the Office of the National Anti-Corruption Commission (NACC) to assess the integrity and transparency of government operations. In 2018 THAI had an average score of 82.47 percent, meaning a high level of integrity and transparency in the business operation (ITA criterion level: 80 - 100 = very high). Seminars were organized on the campaign against corruption and misconduct for the employees to promote and raise consciousness and be careful not to breach THAI's rules, regulations, requirements, and related laws, either intentionally or unintentionally. THAI has issued a monthly bulletin with knowledge about anti-corruption and set up a "TG Joining Forces against Corruption" network, participated by employees from various units to maintain surveillance over possible fraudulent acts and misconduct, bringing maximum benefit to the Company in creating a model of honesty and integrity in its operations.

4. The organization identifies and assesses changes that could significantly impact the internal control.

THAI has considered both internal and external factors affecting the operation to consider and analyze all changes in order to identify the risks at corporate and departmental levels, for example, the expansion of low-cost airlines, terrorism, natural disasters and pandemic, changes in law and regulations, and constantly tracks progress on risk management and coordinate with related sectors in the planning to control risks to acceptable levels.

## Control Activities

### 1. The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

THAI has control measures to reduce the risks of failing to achieve corporate objectives by defining a policy, issuing operational and regulatory manuals for its major activities. Various measures have been set up to control the risks of each department. Risk analysis and assessment process are in place to identify risk control activities and timeframes by considering both internal and external factors. Forecasts of future situations that may affect the achievement of corporate objectives are also made. In addition, THAI ensures the establishment, review, and improvement of techniques to reduce risks to acceptable levels. For example, it complies with GDPR, EU's new legislation, to provide protection of personal information for those residing in EU with severe penalty for the violating organization. An appropriate management guideline is identified to accommodate compliance with the EU's new legislation. THAI has also complied with the announcement of the Anti-Corruption Cooperation Committee for its own regulation on procurement and supplies management directly related to commerce B.E. 2561 (2018) to ensure that its procurement meets with the stipulations of the announcement of the Anti-Corruption Cooperation Committee, among others.

### 2. The organization selects and develops general control activities over technology to support the achievement of objectives.

THAI has developed an IT infrastructure and commands policies and measures on IT security maintenance, based on the ISO 27001 standard. An order was issued, requiring common practice and compliance by all departments. Control over

the acquisition, development, and maintenance procedure of IT system comes in the form of a Project Management Manual, a master plan for prioritization of IT investments to develop the Company's IT system with an annual review to ensure compliance with THAI's strategy. The IT system is used such as for the development of "Smart Flow Application" to accommodate services in case of changes of routes for passengers, solve the problems of transferring passengers between airlines with convenience, speed, and reduced substantial costs for new reservations with other airlines. The "THAI Connect" Project uses the LINE application as a channel to promote and support sales through analysis of customers' information, and campaigns to promote marketing and support sales, as well as presentation of news, information, promotions, products, and services that match the needs of customers' segmentation and customers' personalization.

### 3. The organization deploys control activities through policies that establish what is expected and procedures that put policies into action.

THAI has incorporated the laws and regulations of external agencies/organizations related to the aviation business in both the public sector and private organizations in Thailand and abroad incorporated into its own policies, rules, regulations, and operation manuals, in both the written form and electronic files. To ensure actual practice, it has also reviewed and improved the policies and regulations to suit circumstances, such as the improvement of its regulations on procurement and supplies management directly related to commerce B.E. 2561 (2018) in accordance with the Government Procurement and Supplies Management Act B.E. 2560 (2017) and improvement of fact-finding and disciplinary action frameworks based on the Cabinet's resolutions, and so on.

## Information and Communication

1. The organization obtains or generates and uses relevant, qualify information to support the functioning of other components of internal control.

THAI commands an information system to study, analyze, scrutinize, and compare information from internal and external sources concerning laws, regulatory requirements, performance data, and information related to the aviation business. An IT system is in place to support data storing/ searching and operations which has been updated to meet the changes of the IT world. The Network Management System (NMS) is developed for long-term flight planning, and route network as well as fleet assignment analysis and planning. The SAP systems are used to optimize performance, helping executives in determining cost-effectiveness. A feasibility study is made to study, analyze, and assess the surrounding factors in considering the worthiness of operation or investment through subcommittees or working groups to administer the investment projects for the achievement of goals and optimal benefit. In addition, a Public Information Center is set up to control and manage THAI's information to strictly comply with the Official Information Act B.E. 2540 (1997).

2. The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of other components of internal control.

THAI has an adequate and effective IT system and communication processes. There are communication channels in and between the departments, allowing timely and quick access of news and information through such means as meetings, emails, intranet, internal broadcast, and social media such as Government Chat (G-Chat), LINE Group of operating lines, and others, thus ensuring efficient, up-to-date communication within THAI and reaching to all employees, a vital factor for maintaining the unity. THAI has set up a DD Command Center since 2017 to cooperate and share news and information, whereby its top executives of all operating lines will meet to listen to and catch up with situations in Thailand and abroad, including accidents and disasters, as well as reporting other matters to related units via teleconference by networking meetings held at Headquarters with other operation buildings to react to various situations affecting the Company's operations in a prompt manner. A communication channel has also been set up for employees to report fraud and misconduct (Whistle Blower Policy) in compliance with the Company's regulations on complaints towards corruption activities B.E. 2553







(2010). Complaints, in oral or in written form, via e-mail, or letter, are to be addressed to the Chairman of the Board (DH), the Board, President (DD), Company Secretary (1D), or Executive Vice Presidents (EVP) who are in the top chain of command of the function in question.

**3. The organization communicates with external parties regarding matters affecting the functioning of other components of internal control.**

THAI has prepared the annual report and the sustainable development report, which are distributed to all shareholders and published on the Company's website. THAI's news has been

released through various media, including mobile applications and channels for receiving information and complaints from customers, customer airlines, and external organizations/agencies. THAI also conducts customer satisfaction surveys to listen to problems and complaints, including suggestions to improve services for more efficiency. Communication channels have been set up to report and take the policies from applicable government agencies and for outsiders to report about fraud and corruption to THAI's Chairman of the Board, the Board, President, Corporate Secretary, and Executive Vice Presidents via three channels, namely oral/written form, letter, and e-mails.

## Monitoring Activities

1. The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.

THAI monitors and evaluates its internal controls with the acknowledgment of the executives at all levels and the recognition of responsibility to monitor the performance according to the plans and goals, for example, by organizing department meetings to monitor work performance to achieve goals against KPIs, preparing a report on performance results against goals or budget plans to be presented to the management for further actions to always meet goals. All departments carry out assessments of their internal controls and provide internal control reports annually, as regulated by the Office of the Auditor General of Thailand. The internal control efficiency verification and assessment of each department have been carried out by internal auditors from THAI's Office of the Internal Audit, according to the annual audit plan, plus the operational inspection of aviation safety, security, and standards department to ensure compliance with international standards. External auditors include the Office of the Auditor General of Thailand (OAG), Civil Aviation Authority of Thailand (CAAT), IATA Operational Safety Audit (IOSA), European Aviation Safety Agency (EASA), Japan Civil Aviation Bureau (JCAB), and the International Organization for Standardization

(ISO). The management values these audits and is committed to taking actions to rectify and improve as recommended.

2. The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior managements and the board of directors as appropriate.

THAI, through Office of the Internal Audit, has defined guidelines for the preparation of audit reports and suggestions for improvement, as well as the follow-up on the implementation as recommended and presented to the executives for acknowledgment and approval. The Office of the Internal Audit monitors the progress of these implementations to completion and provides a summary of progress for presentation to the President and the Audit Committee on a quarterly basis to ensure effective practices under the recommendations. In the case of suspected transactions or actions that could cause damage to THAI's operating results, such as conflicts of interest, fraud, major irregularity or deficiency in the internal control system or a breach of rules, the head of Office of the Internal Audit will report to the President and the Audit Committee immediately.

At Board Meeting No. 2/2562 of February 28, 2019, attended by 6 independent directors and 2 members of the Audit Committee, it was resolved that THAI's internal controls were regarded as sufficient for its business operations.



## Related Party Transactions

Significant related party transactions carried between the company and major shareholders and entities that may have conflicts of interest for the year ended December 31, 2018 are detailed as follow:

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million Baht)		Terms / Pricing Policy
			For the year ended December 31, 2018	For the year ended December 31, 2017	
Ministry of Finance (MOF)	<ul style="list-style-type: none"> <li>MOF is the major shareholder of THAI with 51.03% shares.</li> <li>THAI's director: Mr. Somchai Sujjapongse was Permanent Secretary of the MOF.</li> </ul> <p><b>Note:</b> Mr. Somchai Sujjapongse resigned from THAI's director, effective from May 1, 2018.</p>	1. International loans taken through the MOF consist of:			The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties.
		<ul style="list-style-type: none"> <li>Long-term loans with outstanding balance and interest expenses as follows:</li> </ul>			
		- Outstanding loans	14,372.18	15,102.67	
		- Interest expenses	354.29	360.48	
		- Accrued Interests	154.34	162.25	
		- Commitment fees/ Accrued commitment fee.	47.59	47.25	
		• Short-term loans with outstanding balance and interest expenses as follows:			The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties.
		- Outstanding loans	0.00	4,270.14	
		- Interest expenses	9.02	73.43	
		- Pre-paid interest expenses	0.00	9.02	
		- Commitment fees/ Accrued commitment fee.	2.30	6.83	
		2. THAI leased the lands from the Treasury Department.	5.10	5.12	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		3. THAI sold tickets to the MOF.			The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		- Total revenue	0.31	0.12	
		- Account receivable	0.16	0.03	

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million Baht)		Terms / Pricing Policy
			For the year ended December 31, 2018	For the year ended December 31, 2017	
Government Savings Bank (GSB)	<ul style="list-style-type: none"> <li>GSB is controlled by the MOF, a major shareholder of THAI.</li> </ul>	1. THAI entered into a committed revolving credit line with GSB, credit limit up to THB 3.5 billion. <ul style="list-style-type: none"> <li>- Commitment fee</li> <li>- Accrued commitment fee</li> </ul>	8.40 2.21	17.50 4.36	The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties.
		2. THAI sold tickets, rented out space, and other services to GSB. <ul style="list-style-type: none"> <li>- Total revenue</li> <li>- Account receivable</li> </ul>	8.34 1.05	8.23 1.23	
Export-Import Bank of Thailand (EXIM)	<ul style="list-style-type: none"> <li>EXIM is controlled by the MOF, a major shareholder of THAI.</li> </ul>	1. THAI entered into a long-term loans agreement with EXIM: <ul style="list-style-type: none"> <li>- Outstanding loans</li> <li>- Interest expenses</li> <li>- Accrued Interests</li> </ul>	713.91 16.74 0.11	952.54 22.55 0.10	The pricing, terms and interest rates are on an arms' length basis and on commercial term as unrelated parties.
		2. THAI entered into a committed revolving credit line with EXIM at THB 3 billion. In 2018, THB 1 billion was used. <ul style="list-style-type: none"> <li>- Commitment fee</li> <li>- Accrued commitment fee</li> <li>- Outstanding loans</li> <li>- Interest expenses</li> <li>- Accrued interest expenses</li> </ul>	3.51 0.05 1,000.00 32.40 0.46	4.89 0.02 2,000.00 1.02 0.43	
		3. THAI sold tickets to EXIM. <ul style="list-style-type: none"> <li>- Total revenue</li> <li>- Account receivable</li> </ul>	0.15 0.00	0.07 0.00	



Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million Baht)		Terms / Pricing Policy
			For the year ended December 31, 2018	For the year ended December 31, 2017	
Islamic Bank of Thailand (IBANK)	<ul style="list-style-type: none"> <li>IBANK is controlled by the MOF, a major shareholder of THAI</li> </ul>	THAI entered into a long-term loan agreement with IBANK: <ul style="list-style-type: none"> <li>- Outstanding loans</li> <li>- Interest expenses</li> <li>- Accrued Interests</li> </ul>	2,000.00  53.68  5.05	0.00  0.00  0.00	The pricing, terms and interest rates are on an arms' length basis and on commercial term as unrelated parties.
Krung Thai Bank Public Company Limited (KTB)	<ul style="list-style-type: none"> <li>MOF controlled via the Bank of Thailand and Financial Institutions Development Fund, which is the majority shareholder of KTB</li> <li>THAI's Director: Mr. Ekniti Nitithanprapas is a Chairman of KTB, replacing Mr. Somchai Sujjapongse and Mr. Distat Hotrakitya, is a director of KTB.</li> </ul>	1. THAI entered into a committed revolving credit line with KTB credit limit up to THB 3 billion: <ul style="list-style-type: none"> <li>- Commitment fee</li> </ul>	7.56	7.35	The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties.
		2. THAI provided office space rental, ATM space, utilities, and leased line to KTB. <ul style="list-style-type: none"> <li>- Total revenue</li> <li>- Account receivable</li> </ul>	3.70 0.37	3.92 0.20	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		3. THAI paid service fees to KTB for cash delivery and debentures distribution fee <ul style="list-style-type: none"> <li>- Total expenses</li> <li>- Account payable</li> </ul>	3.98 0.03	6.05 0.03	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		<b>Note:</b> Mr. Ekniti Nitithanprapas was appointed as THAI's director on June 1, 2018.  Mr. Somchai Sujjapongse resigned from THAI's director effective from May 1, 2018.			

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million Baht)		Terms / Pricing Policy
			For the year ended December 31, 2018	For the year ended December 31, 2017	
Thailand Post Company Limited	<ul style="list-style-type: none"> <li>Thailand Post and THAI have a common major shareholder, namely MOF.</li> <li>THAI's director: Mr. Rathapol Bhakdibhumi is Chairman of Thailand Post; Mrs. Pratana Mongkolkul is a director of Thailand Post.</li> </ul>	1. THAI bought postal services, both domestic and international, and postal tools from Thailand Post. - Total expenses - Account payable	1.59 0.08	1.63 0.09	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets to Thailand Post. - Total revenue - Account receivable	2.08 0.24	2.79 0.65	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Tourism Authority of Thailand (TAT)	<ul style="list-style-type: none"> <li>TAT is controlled by the MOF, a major shareholder of THAI.</li> </ul>	1. THAI paid for advertising and sales promotion to TAT. - Total expenses - Account payable	1.01 0.26	0.70 0.001	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets and provided office space rental to TAT. - Total revenue - Account receivable	52.62 8.90	64.43 5.89	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
MCOT Public Company Limited (MCOT)	<ul style="list-style-type: none"> <li>MCOT and THAI have a common major shareholder, namely MOF.</li> <li>THAI's director: Ms. Sirikul Laukaikul, is a director of MCOT.</li> </ul> <p><b>Note:</b> Ms. Sirikul Laukaikul was appointed as a THAI director on April 26, 2018.</p>	1. THAI paid for advertising to MCOT. - Total expenses - Account payable	3.59 0.00	1.73 0.16	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets to MCOT. - Total revenue - Account receivable	0.00 0.00	0.54 0.00	The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million Baht)		Terms / Pricing Policy
			For the year ended December 31, 2018	For the year ended December 31, 2017	
PTT Public Company Limited (PTT)	<ul style="list-style-type: none"> <li>PTT and THAI have a common major shareholder, namely MOF.</li> <li>THAI's director: Mr. Somchai Sujjapongse was director of PTT.</li> </ul> <p><b>Note:</b> Mr. Somchai Sujjapongse resigned as THAI's director effective from May 1, 2018.</p>	1. THAI bought fuel for its aircraft and vehicle from PTT. - Total expenses - Account payable	6,463.28 476.58	9,020.95 567.00	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets and provided AC dielectric tester service to PTT. - Total revenue - Account receivable	46.98 5.63	86.07 21.98	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Airports of Thailand Public Company Limited (AOT)	<ul style="list-style-type: none"> <li>AOT and THAI have a common major shareholder, namely MOF.</li> </ul>	1. AOT provided space rental at several airports for THAI's offices, aircraft/ vehicle parking, cargo loading/ unloading, stores for ground service equipment, containers, and other services. - Total expenses - Account payable	5,753.57 172.27	5,855.42 174.66	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets to AOT and received 2% of passenger service charge collected for AOT. - Total revenue - Account receivable	93.44 11.05	96.95 11.51	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Civil Aviation Training Center (CATC)	<ul style="list-style-type: none"> <li>CATC is controlled by the MOF, a major shareholder of THAI.</li> </ul>	1. CATC provided aviation training for THAI's pilots. - Total expenses	58.88	66.12	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets to CATC. - Total revenue	0.05	0.44	The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million Baht)		Terms / Pricing Policy
			For the year ended December 31, 2018	For the year ended December 31, 2017	
<b>Thai-Amadeus Southeast Asia Company Limited (Subsidiary Company)</b>	<ul style="list-style-type: none"> <li>THAI is the major shareholder of Thai-Amadeus Southeast Asia, with 55% shares.</li> <li>THAI's executive officer: Mr. Narongchai Wongthanaivimok was Chairman of Thai-Amadeus Southeast Asia. Mrs. Suvimol Bualerd is a director of Thai-Amadeus Southeast Asia.</li> </ul> <p><b>Note:</b> Mr. Narongchai Wongthanaivimok resigned from THAI, effective from August 29, 2018.</p>	THAI sold tickets and provided office space and computer rental to Thai-Amadeus Southeast Asia Co., Ltd. - Total revenue - Account receivable - Deposit for office rental	20.05 5.96 1.84	0.59 0.01 0.16	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
<b>Wingspan Services Company Limited (WSC) (Subsidiary Company)</b>	<ul style="list-style-type: none"> <li>THAI is the major shareholder of WSC, with 49% shares and controlling authority.</li> <li>THAI's executive officer: Mrs. Suvimol Bualerd is Chairman of WSC, replacing Flt.Lt. Kanok Thongpurk; Ms. Piyanee Sungtong is Vice Chairman of WSC; Mrs. Phakkhra Ruangsiradecho was a director of WSC.</li> </ul> <p><b>Note:</b> Mrs. Suvimol Bualerd was appointed as Chairman of WSC on November 22, 2018.  Flt.Lt. Kanok Thongpurk and Ms. Phakkhra Ruangsiradecho retired on September 30, 2018.</p>	1. THAI provided short-term loans to WSC. - Short-term loans - Interest income - Accrued interest income	0.00 1.91 0.00	45.00 0.52 0.00	The pricing, terms and interest rates are on an arms' length basis and on commercial term as unrelated parties.
		2. WSC outsourced its staff to THAI. - Total expenses - Account payable - Advance wages	1,113.89 582.61 279.86	910.54 427.69 345.22	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		3. THAI provided office space and equipment rental to WSC. - Total revenue - Account receivable	7.99 4.22	49.63 47.96	The pricing is on an arms' length basis and on commercial terms as unrelated parties.



Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million Baht)		Terms / Pricing Policy
			For the year ended December 31, 2018	For the year ended December 31, 2017	
Thai Flight Training Company Limited (TFTA) (Subsidiary Company)	<ul style="list-style-type: none"> <li>THAI is the major shareholder of TFTA, with 49% shares and controlling authority.</li> <li>THAI's executives officer: Sqn. Ldr. Pongtorn Thepkanjana is Chairman of TFTA. Mr. Arichai Numlamun was a director of TFTA.</li> </ul> <p><b>Note:</b> Mr. Arichai Numlamun resigned from THAI effective from March 16, 2018.</p>	1. THAI provided aviation training equipment, office space and equipment rental to TFTA. <ul style="list-style-type: none"> <li>- Total revenue 30.47</li> <li>- Account receivable 4.09</li> <li>- Office space rental deposit 0.18</li> </ul>		12.75 0.10 0.18	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. TFTA provided flight attendant training to THAI. <ul style="list-style-type: none"> <li>- Total expenses 0.05</li> </ul>	0.05	0.82	
Tour Eurng Luang Company Limited (Subsidiary Company)	<ul style="list-style-type: none"> <li>THAI holds 49 % shares in Tour Eurng Luang Co., Ltd via WSC and with controlling authority.</li> <li>THAI's executive officer: Ms. Piyanee Sungtong, was appointed as director of Tour Eurng Luang by WSC, replacing Flt.Lt. Kanok Thongpurk; Mr. Wiwat Piyawiroj is a director of Tour Eurng Luang.</li> </ul> <p><b>Note:</b> Ms. Piyanee Sungtong was appointed director of Tour Eurng Luang by WSC on November 22, 2018, replacing Flt.Lt. Kanok Thongpurk, who retired on September 30, 2018.</p>	1. THAI paid commission fees from the sale of Eurng Luang services to Tour Eurng Luang <ul style="list-style-type: none"> <li>- Total expenses 0.05</li> <li>- Space rental deposit 0.004</li> </ul>		0.09 0.004	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold Eurng Luang tours to Tour Eurng Luang <ul style="list-style-type: none"> <li>- Total revenue 41.86</li> <li>- Account receivable 7.60</li> </ul>		59.02 0.45	

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million Baht)		Terms / Pricing Policy
			For the year ended December 31, 2018	For the year ended December 31, 2017	
Thai Smile Airways Company Limited (Subsidiary Company)	<ul style="list-style-type: none"> <li>THAI wholly owns Thai Smile Airways.</li> <li>THAI's executive officer: Mr. Wiwat Piyawiroj and Mrs. Usanee Sangsingkeo are directors of Thai Smile Airways.</li> </ul> <p><b>Note:</b> Mrs. Usanee Sangsingkeo retired on September 30, 2018.</p>	1. THAI bought Block Space and other services from Thai Smile Airways. - Total expenses - Account payable	5,041.45 1,837.38	1,284.51 2,016.47	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI provided aircraft rental, Jet fuels, ground services, parking space, aircraft insurance premium, boarding passes, pilot training and catering to Thai Smile Airways. - Total revenue - Account receivable	9,543.60 9,465.45	8,942.06 7,951.12	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Don Mueang International Airport Hotel Company Limited (Associated Company)	<ul style="list-style-type: none"> <li>THAI holds 40% shares in Don Mueang International Airport Hotel.</li> <li>THAI's executive officer: Flt.Lt. Kanok Thongpurk is Chairman of Don Mueang International Airport Hotel. Mr. Surachai Piencharoensak, Mr. Wiwat Piyawiroj, and Mrs. Suvimol Bualerd are directors of Don Mueang International Airport Hotel.</li> </ul> <p><b>Note:</b> Flt.Lt. Kanok Thongpurk retired on September 30, 2018.</p>	THAI bought hotel rooms for its passengers from Donmuang International Airport Hotel. - Total expenses - Account payable	0.02 0.00	0.04 0.00	The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million Baht)		Terms / Pricing Policy
			For the year ended December 31, 2018	For the year ended December 31, 2017	
Bangkok Aviation Fuel Services Public Company Limited (BAFS) (Associated Company)	<ul style="list-style-type: none"> <li>THAI holds 22.59% shares in BAFS.</li> <li>THAI's executive officer: Mrs. Usanee Sangsingkeo, Sqn. Ldr. Pongtorn Thepkanjana, and Mr. Surachai Piencharoensak are directors of BAFS.</li> </ul> <p><b>Note:</b> Mrs. Usanee Sangsingkeo retired on September 30, 2018.</p>	1. THAI bought Jet fuels from BAFS. - Total expenses - Account payable	354.43 0.00	338.02 0.00	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI provided transportation and catering services to BAFS. - Total revenue - Account receivable	0.00 0.00	0.08 0.06	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Royal Orchid Hotel (Thailand) Public Company Limited (ROH) (Associated Company)	<ul style="list-style-type: none"> <li>THAI holds 24% shares in ROH.</li> <li>THAI's executive officer: Mr. Narongchai Wongthanavimok was a director of ROH.</li> </ul> <p><b>Note:</b> THAI sold all its shares to Grand Asset Hotels and Property Public Company Limited on April 23, 2018.</p>	1. THAI bought hotel rooms for its passengers from ROH. - Total expenses - Account payable	0.33 0.00	2.90 0.04	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI earned income from advertising in leaflets of Tour Eung Luang Co., Ltd. - Total revenue - Account receivable	0.00 0.00	0.13 0.00	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Phuket Air Catering Company Limited (PACCO) (Associated Company)	<ul style="list-style-type: none"> <li>THAI holds 30% shares in PACCO.</li> <li>THAI's executive officer: Mrs. Phakkhra Ruangsiradecho was a director of PACCO.</li> </ul> <p><b>Note:</b> Mrs. Phakkhra Ruangsiradecho retired on September 30, 2018.</p>	1. THAI bought catering services from PACCO. - Total expenses - Account payable	133.28 2.34	79.39 7.95	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold raw materials and services to PACCO. - Total revenue - Account receivable	1.50 0.04	0.39 0.03	The pricing is on an arms' length basis and on commercial terms as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million Baht)		Terms / Pricing Policy
			For the year ended December 31, 2018	For the year ended December 31, 2017	
<b>Suvarnabhumi Airport Hotel Company Limited (Associated Company)</b>	<ul style="list-style-type: none"> <li>THAI holds 30% shares in Suvarnabhumi Airport Hotel.</li> <li>THAI's executive officer: Ms. Piyanee Sungtong was appointed Vice Chairman of Suvarnabhumi Airport Hotel, replacing Mrs. Phakkhra Ruangsiradecho.</li> </ul> <p><b>Note:</b> Mrs. Phakkhra Ruangsiradecho retired on September 30, 2018.</p>	THAI bought hotel rooms for its passengers from Suvarnabhumi Airport Hotel. <ul style="list-style-type: none"> <li>- Total expenses</li> <li>- Account payable</li> </ul>	19.65 1.62	27.15 0.30	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
<b>Nok Airlines Public Company Limited (Associated Company)</b>	<ul style="list-style-type: none"> <li>THAI holds 21.80% shares in Nok Airlines.</li> <li>THAI's director: Mr. Rathapol Bhakdibhumi is a director of Nok Airlines.</li> <li>THAI's executive officer: Mr. Sumeth Damrongchaitham is a director of Nok Airlines, replacing Mrs. Usanee Sangsingkeo. Mr. Wiwat Piyawiroj is a director of Nok Airlines.</li> </ul> <p><b>Note:</b> On December 21, 2018 Mr. Sumeth Damrongchaitham replaced Mrs. Usanee Sangsingkeo, who retired on September 30, 2018.</p> <p>Mr. Wiwat Piyawiroj was appointed as Director of Nok Airlines on September 13, 2018.</p>	1. THAI paid for ground service equipment at Ubon Ratchathani and engineering licenses to Nok Airlines. <ul style="list-style-type: none"> <li>- Total expenses</li> <li>- Account payable</li> </ul>	3.83 0.24	0.06 0.00	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI provided aviation services such as aircraft and equipment maintenance and Jet fuels to Nok Airlines. <ul style="list-style-type: none"> <li>- Total revenue</li> <li>- Account receivable</li> </ul>	190.18 56.82	142.64 53.14	The pricing is on an arms' length basis and on commercial terms as unrelated parties.



Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million Baht)		Terms / Pricing Policy
			For the year ended December 31, 2018	For the year ended December 31, 2017	
Aeronautical Radio of Thailand Limited (AEROTHAI) (Joint-Venture Company)	<ul style="list-style-type: none"> <li>AEROTHAI and THAI have a common major shareholder, namely MOF.</li> <li>THAI holds 0.90% shares in AEROTHAI.</li> <li>THAI's executive officer: Sqn. Ldr. Pongtorn Thepkanjana is a director of AEROTHAI.</li> </ul>	1. THAI bought navigation services and rented communication equipment from AEROTHAI. <ul style="list-style-type: none"> <li>- Total expenses 1,544.23</li> <li>- Account payable 128.39</li> </ul>		1,600.60 135.95	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets and provided transportation services to AEROTHAI. <ul style="list-style-type: none"> <li>- Total revenue 2.02</li> <li>- Account receivable 1.19</li> </ul>		19.26 0.17	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Royal Thai Air Force (RTAF)	<ul style="list-style-type: none"> <li>THAI's director: ACM Johm Rungswang was Commander-in-Chief of RTAF.</li> </ul> <p><b>Note:</b> ACM Johm Rungswang resigned as THAI's director effective from October 1, 2018.</p>	THAI provided aircraft retrofit of Airbus 340-500 and maintenance of aircrafts, engines, aircraft retrofit spare parts and other services to RTAF. <ul style="list-style-type: none"> <li>- Total revenue 479.71</li> <li>- Account receivable 268.39</li> </ul>		506.20 275.02	The pricing is on an arms' length basis and on commercial terms as unrelated parties.

In addition, THAI had related party transactions with public agencies and/or state enterprises for their public utilities services such as electricity, water, and telephone in the amount of THB 41.35 million for the year ended December 31, 2018 with outstanding balance of THB 2.38 million as of December 31, 2018.

## Necessity and Reasonableness of Related Party Transactions

For the above relate party transactions, THAI has the purpose to bring its best interests. These transactions included buying and selling of products and services, regarded as normal business operations which were executed on an arm's length basis as the market reference prices and suitable conditions with third parties and without transfer of benefits between the parties. The practice is meant to ensure the best interests of all shareholders and stakeholders, while ensuring strict conformity to the corporate governance policy.

## Approval Procedures of Related Party Transactions

The related party transactions were conducted in the course of normal business practices under THAI's procedures that complied with government and state enterprise regulations. Directors and executives with potential conflicts of interests were not involved with the approval process.

## Policies on Future Related Party Transactions

THAI and the Audit Committee will jointly oversee future related party transactions to ensure that transactions are made properly with a fair rate of return and approved in accordance with appropriate processes and procedures. Items and values of related party transactions with related parties are to be disclosed in compliance to the announcement and regulations by the Securities and Exchange Commission (SEC), the Capital Market Supervisory Board, and the Stock Exchange of Thailand (SET).







## Key Financial Information

### Financial Highlights

		Consolidated Financial Statements		
		2018	2017	2016
<b>Statement of Income</b>				
Total Revenues*	(Million THB)	200,586	190,535	181,446
Total Expenses	(Million THB)	212,192	193,430	182,863
Profit (Loss) before Income Tax Expense	(Million THB)	(11,606)	(2,895)	(1,417)
Profit (Loss) attributable to owner of the parent	(Million THB)	(11,625)	(2,107)	15
Net Profit (Loss)	(Million THB)	(11,569)	(2,072)	47
<b>Balance Sheets</b>				
Total Assets	(Million THB)	268,721	280,775	283,124
Total Liabilities	(Million THB)	248,265	248,762	249,536
Shareholders' Equity	(Million THB)	20,456	32,013	33,588
<b>Shares</b>				
Issued and Paid-up Share Capital	(Million Shares)	2,182.77	2,182.77	2,182.77
Par Value	(THB)	10.00	10.00	10.00
Earnings (Loss) per Share	(THB)	(5.33)	(0.97)	0.01
Dividend per Share	(THB)	-	-	-
<b>Financial Ratios</b>				
Net Profit (Loss) to Total Revenues <sup>(1)</sup>	(%)	(5.8)	(1.1)	0.03
Return on Total Assets <sup>(2)</sup>	(%)	(2.6)	0.7	1.3
Return on Equity <sup>(3)</sup>	(%)	(44.1)	(6.3)	0.1
Interest-Bearing Debt to Equity <sup>(4)</sup>	(Times)	7.4	5.0	5.0

Note: <sup>(1)</sup> Net Profit (Loss) to Total Revenues = Net Profit (Loss) / Total Revenues (excluding gain on foreign currency exchange)

<sup>(2)</sup> Return on Total Assets = Profit (loss) before Interest and Tax / Average Total Assets

<sup>(3)</sup> Return on Equity = Net Profit (Loss) / Average Shareholders' Equity

<sup>(4)</sup> Interest-Bearing Debt to Equity = (Short-Term Loan + Long-Term Loans including current portion of Long-Term Loan within 1 year) / Shareholders' Equity

\* Total Revenues include Gain (Loss) on foreign currency exchange



## Five-Year Financial Summary

		2018	2017	2016	2015	2014
Number of Aircraft	(Aircraft)	103	100	95	95	102
Flight Hours	(Block Hours)	423,209	409,024	388,727	374,831	370,309
Available Ton-Kilometers	(Million)	13,397	12,982	12,103	11,883	12,346
Revenue Ton-Kilometers <sup>(1)</sup>	(Million)	9,788	9,631	8,451	8,249	7,717
Load Factor	(%)	73.1	74.2	69.8	69.4	62.5
Number of Passengers	(000)	24,319	24,562	22,262	21,249	19,096
Available Seat-Kilometers	(Million)	93,131	90,498	85,042	83,479	82,969
Revenue Passenger-Kilometers	(Million)	72,315	71,634	62,442	60,893	57,194
Cabin Factor	(%)	77.6	79.2	73.4	72.9	68.9
Available Dead Load Ton-Kilometers <sup>(1)</sup>	(Million)	4,054	3,832	3,591	3,514	3,812
Revenue Freight Ton-Kilometers	(Million)	2,465	2,377	2,132	2,091	2,458
Freight Load Factor	(%)	60.8	62.0	59.4	59.5	64.5
Number of Personnel	(Persons)	22,054	22,370	21,998	22,864	24,952
Profit (Loss) before Tax	(Million THB)	(11,606)	(2,895)	(1,417)	(14,116)	(16,738)

### Definition of Aviation Terms

- Available Ton-Kilometers (ATK) refers to the aircraft payload multiplied by kilometers flown.
- Revenue Ton-Kilometers (RTK) refers to the actual traffic load (passengers, excess baggage, freight and mail) multiplied by kilometers flown.
- Load Factor refers to the ratio of Revenue Ton-Kilometers (RTK) to Available Ton-Kilometers (ATK).
- Available Seat-Kilometers (ASK) refers to the number of seats on an aircraft multiplied by kilometers flown.
- Revenue Passenger-Kilometers (RPK) refers to the number of passengers carried multiplied by kilometers flown.
- Cabin Factor refers to the ratio of Revenue Passenger-Kilometers (RPK) to Available Seat-Kilometers (ASK).
- Available Dead Load Ton-Kilometers (ADTK) refers to the aircraft payload after deduction of the weight of the load of passengers multiplied by kilometers flown.
- Revenue Freight Ton-Kilometers (RFTK) refers to the weight of freight carried multiplied by kilometers flown.
- Freight Load Factor refers to the ratio of Revenue Freight Ton-Kilometers (RFTK) to Available Dead Load Ton-Kilometers (ADTK).
- Aircraft Payload refers to the total weight of passengers, excess baggage, freight and mail that an aircraft can carry.

<sup>(1)</sup> In 2015, THAI changed its standard weight for free baggage allowance from 90 kilograms to 100 kilograms per passenger for consistency of comparison with the changing aviation industry. To this end, the statistics for 2014 were adjusted to ensure the same comparison standard.

## Report of the Board of Director's Responsibilities for Financial Report

The Company's Board of Directors is responsible for the consolidated financial statements of Thai Airways International Public Company Limited and its subsidiaries and the separate financial statements of Thai Airways International Public Company Limited. The aforementioned financial statements are prepared in accordance with Thai Financial Reporting Standards under appropriated accounting policies and applied consistently by using careful judgment and the best estimation. Important information is adequately and transparently disclosed in the notes to financial statements and financial information in the Company's 2018 annual report for the company's shareholders and investors. Moreover, the financial statements have been audited by an independent certified public accountant whose unqualified opinion is stated therein.

The Board of Directors provides good corporate governance and maintains the risk management system and internal controls. The Board of Directors has appointed an Audit Committee comprising independent directors to be responsible for reviewing the reliability and correctness of financial reports as well as evaluating the effectiveness of internal control system, risk management system and internal audit to ensure that it is sufficient to maintain the Company's assets and prevent fraud and irregularities with material implications. The audit committee's comments on these issues are presented in the audit committee report included in this annual report.

The Board of Directors believes that the consolidated financial statements of Thai Airways International Public Company Limited and its subsidiaries and the separate financial statements of Thai Airways International Public Company Limited for the year ended December 31, 2018, reviewed by the Audit Committee, management and the Company's auditor are fairly presented in all material respects and in accordance with Thai Financial Reporting Standards and employs appropriate accounting policies on a consistent basis including careful consideration, together with prudent and reasonable estimation in preparation. The financial disclosure is deemed to be transparent, provides an appropriate level of disclosure and is compliance with all the relevant legal guidelines and policies. The Board of Directors therefore approved the issuance of those financial statements.



(Mr. Ekniti Nitithanprapas)  
Chairman



(Mr. Sumeth Damrongchaitham)  
President

## Management's Discussion and Analysis



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THAI also received three prestigious awards from Skytrax 2018: World's Best Economy Class and Best Economy Class Onboard Catering which both areas were awarded for the second successive year, World's Best Airline Lounge Spa for the fourth consecutive year. THAI ranked as one of the top 10 World's Best Airlines 2018.

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### **Management's Discussion and Analysis for the year ended December 31, 2018 for Thai Airways International Public Company Limited and Its Subsidiaries**

#### **1. Executive Summary**

Global economic in the year 2018 continued to grow with the expansion of the US while EU, Japanese and China economies began to see slight growth signs. The overall world economy still had a strong economic

foundation due to the expanding global trade; however, it started to slow down a bit. Crude oil prices in the global market in 2018 averaged USD 69.4 per barrel, 30.5% higher than the previous year.

Thai economy in 2018 continued to expand from both consumption and investment of both public and private sectors along with the acceleration of investment in various government projects. The overall export sector continued to expand due to the economic growth of the main trading partners and world trade but began to shrink at the end of the third and fourth quarter of this year in key markets such as China, the European Union, and Australia. For the tourism sector, it continued to well develop following the growth of foreign tourists. The number of foreign tourists traveling to Thailand in 2018 amounted to 38.3 million, an increase of 7.6% from the previous year, although the increase declined from the previous year by 8.9% due to the impact of the boat accident in Phuket, resulting in the number of Chinese tourists, which accounts for 27.5% of all foreign tourists decreased in the second half of the year by 9.6% compared to the previous year, which increased 32.0% from the year 2016, which was continued to decrease from July to November 2018, but slightly recovered in December 2018

The global aviation industry continued to grow in 2018. The passenger demand continued to increase but the growth trend began to somewhat decrease compared to the previous year. According to IATA (International Air Transport Association) 2018's data, the growth of passenger traffic was 6.5%, lower than 7.6% in 2017 due to 1) economic recession in the second half of 2018 and 2) rising airfare to alleviate the enlarged fuel expense which increased in line with higher fuel prices resulting the shrinking passenger demand. Asia-Pacific airlines had the outstanding growth in passenger traffic at 8.6% while domestic India indicated the highest growth in 4 consecutive years. Total production traffic increased by 6.1% from last year with average cabin factor was 81.9%, higher than 81.4% in 2017. Overall freight transport still in good shape since the volume of world trade continued to grow but unluckily there had been the indicators that have showed the recession sign. The growth of freight traffic was 3.5% lower than 9.0% in 2017 while freight load factor increased to 49.1% from last year's 45.5%.

The overall picture of the Thai aviation industry continued to expand from supporting factors including 1) the expansion of the Thai economy, 2) the increase in the number of tourists, although there were some

impacts from Chinese tourists in the second half of the year, 3) airlines business plans by adding more aircraft, expanding new routes, and increasing flight frequencies, resulting from the removal red flag from ICAO in October 2017, 4) the progress of returning to Category 1 by the grant from Federal Aviation Administration (FAA), 5) the capabilities development of airports in Thailand including the 2<sup>nd</sup> phase of Suvarnabhumi Airport Development Plan, the 3<sup>rd</sup> phase of Don Mueang Airport Development plan, and U-Tapao Airport Development Project. However, intense competition and the highest adjustment in 4 years of average oil prices this year caused the increase in operating expenses.

In 2018, THAI has implemented its 2018 transformation plan whose objectives to ensure continuous and sustainable profit performance and to increase efficiency and service quality comparable to world-class standards with guidelines for the implementation of the 5 main strategies including 1) creating profits from increasing revenues, controlling cost structure by adopting low-cost business models, 2) transforming business units to profit centers by seeking new business opportunities and increasing efficiency in asset management, 3) improving and integrating service ring to better customer engagement, 4) implementing digital applications to increase performance and to create a competitive, and 5) developing human resources focused on organization structure and from last year organizational culture, leadership, and human resource development.

In 2018, there were other significant implications. Details as follows:

- The development of revenue efficiency aimed to increase all types of revenues throughout THAI such as passenger revenue via the Revenue Management System (RMS).
- Network Expansion by introducing codeshare flights with Shenzhen Airlines to China such as Bangkok - Guangzhou, Bangkok - Shenzhen, and Shenzhen - Phuket, etc. Moreover, THAI signed codeshare agreement with Bangkok Airways for 10 domestic and 6 international routes, with Nok Airlines PCL for Secondary route: Don Mueang - Mae Hong Son for supporting the Government's tourism economies



policy to promote secondary destinations and, with ThaiSmile for replacing the operation of THAI and adding more flight in the appropriate destinations including expanding routes to cover ASEAN, China and India in order to accommodate passengers from all over the world for better connectivity, more alternatives, and better convenience, strengthen the network, and increase sales potential and support the expansion of the market in the future.

- Sold unusable properties by selling both domestic and international properties which were Mae Hong Son province and foreign property in Sydney, Australia, Copenhagen, Denmark, and Madrid, Spain. THAI recognized gain on sale of assets totaled THB 763 million.
- Successfully sold 22.5 million shares or 24% of Royal Orchid Hotel (Thailand) PCL at THB 41 per share. The total proceed was THB 922.5 million. THAI recognized gain on sale of investment amounted to THB 657 million. It should be noted that THAI had the guiding principle to sell the shares in associates that are not in compliance with or supporting the operations of the strategies of THAI as well as the unsatisfied operating results or less dividends.
- THAI revised its 2018-2022 fleet development plan by using the name of THAI's aircraft procurement project 2019 - 2024, which acquired for replacing older aircraft aging over 20 years by hiring the consultant company to advice about route network and fleet in accordance with the market situation and actual usage. The plan was approved by Board of Directors on January 8, 2019 and in the process of further approval.
- Fleet capacity enhancement by adding 5 new aircraft to the fleet comprising of 2 Airbus A350-900 aircraft under finance lease, and 3 A350-900 operating lease aircraft served on intercontinental routes and regional routes. In addition, THAI finished the installation of the Crew Rest and In-flight Connectivity (IFC) program on 4 Boeing 787-8 aircraft.
- THAI, Royal Thai Navy, and Eastern Economic Corridor Office Sign Memorandum of Understanding (MOU) on August 10, 2018 that granted THAI, a pioneer project of The TG MRO Campus, the rights

to operate at U-Tapao International Airport in the Eastern Special Development Zone. This MOU was the outcome of the feasibility study and analysis report which would be used as part of approval in principle from the Eastern Economic Corridor Policy Committee. The result of successful cooperative efforts between THAI and the government sector which led to establishment of TG MRO Campus, a pioneer project in the EEC area of vital importance to Thailand.

- THAI signed an agreement on establishing a new joint venture maintenance and overhaul (MRO) facility at U-Tapao on June 22, 2018, which aimed to develop one of the most advanced and efficient aircraft maintenance centers anywhere in the world. Moreover, on June 29, 2018 THAI signed the agreement to develop the THAI's existing MRO becoming Authorized Maintenance Centers for engines. With this implementation, THAI would increase the capability to service engine maintenance for THAI's fleet and also for customer airline.
- THAI and Rolls-Royce inaugurated the first Rolls-Royce Trent XWB Engine Research and Development Testing Program, the first collaboration of this kind in the world on September 6, 2018. The main objective to conduct research and further develop Trent XWB-97 engines, which powers the Airbus A350-1000 aircraft. Rolls-Royce has chosen to conduct tests on its engines at THAI's Engine Test Cell, located at THAI's Technical Department, Don Mueang Airport, where is the first aircraft maintenance center that has received trust, confidence, and cooperation from Rolls-Royce for engine research and development testing that is conducted outside of the United Kingdom. This program is part of the strategic plan for 2018-2019 and is a revenue generating in the future, collaborative project for the Company, whereby technology and skills gained will further strengthen Thailand's aviation industry.
- THAI announced that it would form the alliance with 3 state enterprises comprised with Tourism Authority of Thailand (TAT), Airports of Thailand Public Company Limited (AOT), and Krungthai Bank Public Company Limited, to boost Thailand's economy for Thailand's sustainable growth.

The three state enterprises will cooperate with THAI as follows:

- Tourism creates the greatest revenue for the country, especially the strategy support tourism Thailand's secondary destinations that will boost aviation business, create jobs and revenue in all sectors throughout Thailand. THAI will bring tourists to all secondary destinations, whereby the Tourism Authority of Thailand will provide support through advertising and public relations.
- With regard to THAI's part in the Thai aviation industry, as the national carrier of Thailand, THAI operates the most roundtrip flights to and from Suvarnabhumi Airport and joining forces with the Airports of Thailand Public Company Limited will boost Thailand as the regional aviation hub.
- In support of the Thailand 4.0 strategy and in the digital media, the leading state enterprises must support each other in the area of "Big Data." THAI, TAT, AOT, and Krungthai Bank will develop tourist segment information and make "Payment Gateway" development making it easy and convenient to make purchases with THAI.
- THAI decommissioned 2 Boeing 737-400 aircraft and successfully sold 2 aircraft held for sale which were 1 Airbus A330-300 and 1 Boeing B737-400 aircraft.
- THAI Issued the 2nd series of new debentures amount of THB 13,000 million on February 28, 2018 and August 16, 2018 respectively with maturity between 1-15 years. The main purposes were to repay the maturing debentures, and/or repay the loan with higher financial costs and/or invest in assets, and/or use as working capital.
- Moreover, the board of director appointed Mr. Sumeth Damrongchaitham as a new President being effective since September 1, 2018.

Resulting from the accomplishment of services development, THAI was honored the TTG Travel Hall of Fame after winning the Best South East Asian Airline Award at the TTG Travel Award for 10 consecutive years which has continued for the 3rd consecutive year. THAI also received three prestigious awards from Skytrax

2018: World's Best Economy Class and Best Economy Class Onboard Catering which both areas were awarded for the second successive year, World's Best Airline Lounge Spa for the fourth consecutive year. In addition, THAI ranked as one of the top 10 World's Best Airlines 2018. THAISmile also received major awards from Trip Advisor for the second year in the row: Best Airline in Thailand and Best Regional Airline in Asia.

In 2018, THAI took delivery of 5 aircraft while decommissioned 2 aircraft: Boeing B737-400, resulting total number of 103 active aircraft in THAI's fleet as of December 31, 2018 which was 3 aircraft higher than as of December 31, 2017. Aircraft utilization was 12.0 hours equaled to last year's. Production traffic (ASK) increased by 2.9% while passenger traffic (RPK) increased by 1.0%. Average cabin factor was 77.6% lower than last year's 79.2% with 24.3 million passengers carried representing 1.0% decreasing from last year.

It should be noted that the turbine blades of Rolls-Royce's TRENT1000 engines were installed on 8 Boeing 787-8 and Boeing 787-9 aircraft and TRENT 900 engines were installed on 6 Airbus A380-800 were cracks and breakage which might affect the safety of flight operations. This trouble have been continuing since 2017 not only THAI confronted this difficulty but all airlines throughout the globe used the engine faced the same problem as well. Hence, to continue the operation by using Boeing 787-8, 787-9 and airbus A380-800 aircraft, THAI had to gradually switch the engines to repair. THAI solved the problems by adjusting the flight schedule and frequencies in line with the available operative aircraft, especially in the 2018's Winter Schedule (October 28, 2018 – March 30, 2019). As a result of this incident, the service had caused the delays in flight and impacting flight schedule. This resulted in the increasing cost and revenue loss from plans. Finally, as of December 31, 2018, the situation was relieved after Boeing 787-9 and Airbus A380-800 were back into the serviceable condition; however, 4 Boeing B787-8 aircraft have been inoperative and waiting for repair.

In 2018, THAI and its subsidiaries's have been encountering the fierce competition, the unpredictable high fuel prices which is the highest prices in the past 4 years, the decreasing adjustment of estimated residual

value of aircraft and spare engines from 10% to 6% of initial value, high operating expenses resulting THAI and its subsidiaries's performance for the year 2018 had operating loss of THB 9,058 million compared to THB 2,856 million profit of last year. Total revenues were THB 199,500 million, increased by THB 7,554 million (3.9%) from all sorts of revenue including passenger and excess baggage revenue, freight and mail revenue, revenue from other activities, and other income. Total expenses was THB 208,558 million, increased by THB 19,468 million (10.3%) resulting from the increase of fuel expenses by THB 9,881 million (19.7%) from the rising average fuel price which increased significantly by 30.1% even though better fuel hedging performance than last year. Non-fuel operating expense enlarged by THB 9,802 million (7.3%) due to the increase of aircraft maintenance and overhaul costs, lease of aircraft and spare parts, depreciation and amortization expenses. Moreover, both of production and passenger traffic increased. Finance cost decreased by THB 215 million (4.7%) from cash management and ongoing financial restructure from previous year.

This year THAI and its subsidiaries had impairment loss of assets and aircraft, amount of THB 3,459 million but had gains on foreign currency exchange was THB 911 million mainly from loan revaluation. Consequently, THAI and its subsidiaries reported the net loss of THB 11,569 million. Loss attributable to owners of the parent amounted to THB 11,625 million. Loss per share was THB 5.33 while last year's loss per share of THB 0.97.

EBITDA was THB 14,494 million, THB 9,551 million (39.7%) lower than last year. EBITDA Margin was 7.3%, as compared to last year's reported 12.5%.

## 2. Summary of Operating Results for Thai Airways International PCL. and its Subsidiaries Financial Performance

In 2018, THAI has changed in accounting treatments as follows:

- Reviewed the residual value of aircraft and spare engines in accordance with TAS 16 (revised 2017) Property, plant and equipment and has changed the estimated residual value of aircraft and spare engines from 10 percent to 6 percent of the initial cost, based on historical aircraft selling price data, expert information on aircraft appraisals that have been recognized in the aviation industry and aviation technology changes. As a result, the depreciation of aircraft and spare engines in 2018 increased by approximately THB 3,129 million (details in the notes to financial statements no.6.9)
- Review of passenger revenue recognition period, whose air ticket has been sold but not yet utilized, from over 24 to 15 months from the date of issue, causing the passenger revenue for the year 2018 increased by THB 1,028 million baht (details in the notes to financial statements no. 6.37)

The consolidated financial statements for 2018 consists of THAI's financial statement and 5 subsidiary companies which are 1) THAI-Amadeus Southeast Asia Co.,Ltd., 2) Wingspan Services Co., Ltd., 3) THAI Flight Training Co., Ltd, 4) Tour Eung Luang Co., Ltd., and 5) Thai Smile Airways Co., Ltd.

## Financial Performance: THAI and its subsidiaries

Unit : Million Baht	Jan - Dec			
	2018	2017	Variance	
			MTHB	%
<b>Total operating revenues</b>	<b>199,500</b>	<b>191,946</b>	<b>+7,554</b>	<b>+3.9</b>
- Passenger and excess baggage revenue	160,255	157,475	+2,780	+1.8
- Freight and mail revenue	22,340	20,272	+2,068	+10.2
- Revenue from other activities	13,370	12,111	+1,259	+10.4
- Other income	3,535	2,088	+1,447	+69.3
<b>Total operating expenses</b>	<b>208,558</b>	<b>189,090</b>	<b>+19,468</b>	<b>+10.3</b>
- Fuel and oil	60,096	50,215	+9,881	+19.7
- Non-fuel operating expenses	144,130	134,328	+9,802	+7.3
- Net finance cost	4,332	4,547	-215	-4.7
<b>Operating profit (loss)</b>	<b>(9,058)</b>	<b>2,856</b>	<b>-11,914</b>	<b>-417.2</b>
Less Maintenance provision for operating lease aircraft	-	550	-550	-100.0
<u>Less</u> Loss from change in ownership interest	-	429	-429	-100.0
<u>Less</u> Impairment loss of assets and aircraft	3,459	3,191	+268	+8.4
<u>Add</u> Gain (Loss) on foreign currency exchange	911	(1,581)	+2,492	+157.6
Loss before income tax	(11,606)	(2,895)	-8,711	-300.9
Net loss	(11,569)	(2,072)	-9,497	-458.3
<b>Loss attribute to owners of the parent</b>	<b>(11,625)</b>	<b>(2,107)</b>	<b>-9,518</b>	<b>-451.7</b>
Net loss per share (THB)	(5.33)	(0.97)	-4.36	-449.5
<b>Significant operating data</b>				
EBITDA (MTHB)	14,494	24,045	-9,551	-39.7
Number of passengers (Million)	24.32	24.56	-0.24	-1.0
Available Seat-Kilometers (Million)	93,131	90,498	+2,633	+2.9
Revenue Passenger-Kilometers (Million)	72,315	71,634	+681	+1.0
Cabin factor (%)	77.6	79.2	-1.6	-1.6
Passenger yield (THB/RPK)	2.19	2.17	+0.02	+0.9
Available Dead Load Ton-Kilometers (Million)	4,054	3,832	+222	+5.8
Revenue Freight Ton-Kilometers (Million)	2,465	2,377	+88	+3.7
Freight load factor (%)	60.8	62.0	-1.2	-1.2
Freight carried (Ton)	685,244	654,915	+30,329	+4.6
Freight Yield (THB/RFTK)	8.51	7.98	+0.53	+6.6
Number of aircraft (As of December 31) (Aircraft)	103	100	+3	+3.0
Flight hours (Hours)	423,209	409,024	+14,185	+3.5
Aircraft utilization (Hours/Aircraft/Day)	12.0	12.0	-	-
Average foreign currency exchange rate				
1 USD : THB	32.3107	33.9380	-1.6273	-4.8
1 EUR : THB	38.1513	38.2778	-0.1265	-0.3
100 JPY : THB	29.2571	30.2696	-1.0125	-3.3
Average jet fuel price (USD/BBL)	91.72	70.48	+21.24	+30.1

Note : EBITDA = Total Revenue (Exclude gain/loss on foreign currency) - Total Expenses (exclude finance cost, tax, depreciation and amortization, impairment loss of assets and aircraft expenses, and loss from change in ownership interest)



## Revenues of Thai Airways International PCL. and its subsidiaries

For the year 2018, total revenues increased by THB 7,554 million (3.9%) from the same period last year with details as follows:

- Passenger and excess baggage revenue**

Passenger and excess baggage revenue were THB 160,255 million, increased by THB 2,780 million (1.8%) since

- Passenger traffic (Revenue Passenger-Kilometers - RPK) increased by 1.0% or approximately THB 1,480 million since the traffic increased in Intercontinental, Southern and Western routes, including routes operated by ThaiSmile but decreased in Northern, Indochina, Middle-east and domestic routes.

Production traffic (Available Seat-Kilometers: ASK) increased by 2.9% resulting average cabin factor was 77.6% compared to last year's 79.2%.

- Average passenger yield (including fuel and insurance surcharge) was 2.19 THB/RPK, increased by 0.02 THB/RPK(0.9%) resulting the developed passenger revenues by THB 1,450 million; whereas, the strengthen Thai Baht against the major revenue currencies: Japanese Yen, US Dollar, Euro Dollar, and Australian Dollar, partially affected less revenue by 0.06 THB/RPK or roughly THB 4,685 million. When excluding such effect, the approximate passenger yield increased by 3.7% or approximately THB 5,785 million due to the increase of fuel surcharge in line the rising fuel price.

## Passenger operation performance classified by region: THAI and its subsidiaries

	Variance (%)		Cabin Factor (%)	
	ASK	RPK	2018	2017
Regional	+3.5	+1.2	75.2	76.9
Intercontinental	+4.0	+1.6	80.6	82.5
Domestic	-8.7	-7.5	75.3	74.2

## Passenger and excess baggage revenue classified by region: THAI and its subsidiaries

Unit : Million Baht	2018	2017	Variance	
			MTHB	%
Passenger and excess baggage revenue				
Regional	88,430	86,322	+2,108	+2.4
Intercontinental	61,221	59,263	+1,958	+3.3
Domestic	9,854	11,633	-1,779	-15.3
Non-schedule flight	750	257	+493	+191.8
<b>Total Passenger and excess baggage revenue</b>	<b>160,255</b>	<b>157,475</b>	<b>+2,780</b>	<b>+1.8</b>

- *Regional passenger* and excess baggage revenue amounted to THB 88,430 million, an increase of THB 2,108 million (2.4%). In 2018, THAI increased traffic production for supporting the growth in Asia region by adding more flight and frequency in high density demand routes such as Bangkok-Tokyo, Bangkok-Sapporo, Bangkok-Busan, etc. However, THAI stopped flying to Tehran, Iran on March 1, 2018 onward. ThaiSmile had canceled Phuket - Guangzhou flight since June 30, 2018 by changing flight routes to Bangkok-Guangzhou since July 1, 2018, added a new flight to Hong Kong, by replacing the operation of THAI in the route Phuket - Hong Kong since October 28, 2018 resulting traffic production increased by 3.5%. However, THAI was impacted prominently by the foremost recession from Chinese tourists since July causing the passenger traffic increased slightly by 1.2%. Cabin factor decreased from 76.9% last year to 75.2% this year. Average passenger yield increased trivially by 1.2% since, the increasing of fuel surcharge.
- *Intercontinental passenger* and excess baggage revenue amounted to THB 61,221 million, an increase of THB 1,958 million (3.3%) since THAI increased traffic production by 4.0% due to the expansion of European routes to Vienna, Austria, since November 16, 2017. However, THAI decreased flights frequencies in Australia routes which were Bangkok-Sydney and Bangkok - Brisbane. Passenger traffic increased merely by 1.6% resulting cabin factor fell from 82.5% in 2017 to 80.6% this year while average yield rose by 1.7% from last year due to the increasing of fuel surcharged this year.
- *Domestic passenger* and excess baggage revenue amounted to THB 9,854 million, a decrease of THB 1,779 million (15.3%) since production traffic decreased by 8.7%. The passenger traffic decreased by 7.5% while yield decreased by 8.6% resulting from high market penetration from Low Cost Carriers using the discount fare as the strategy to expand their market shares.

This year, THAI had canceled its operation in Bangkok - Samui route since September 3, 2018. However, THAI continued to serve the demand of this route by signing the code share agreement with Bangkok Airways on all flights of this route. As a result, cabin factor was 75.3 % higher than last year's 74.2%.

- **Freight and mail revenue**

Freight and mail revenue were THB 22,340 million, increased by THB 2,068 million (10.2%) because average freight yield was 8.51 THB/RFTK, an increase of 0.53 THB/RFTK (6.6%) or around THB 1,310 million as long as freight traffic (Revenue Freight Ton-Kilometers: RFTK) increased by 3.7% or around THB 702 million from the export sector which has continued to improve from the previous year, even though it started to slow down. As the result, average freight load factor was 60.8%, fell from 62.0% of the previous year, but higher than the industry average of 49.1%.

- **Revenue from other activities**

Revenues from other activities consists of revenues from business units which are Ground services, Catering, Cargo handling services, and other activities were THB 13,370 million, increased by THB 1,259 million (10.4%) from last year's mainly due to more revenue from all business units. Revenue from Ground services and catering service were from higher customer airlines' flight and cargo handling services from greater freight traffic. The income from maintenance service was also higher than last year.

- **Other income**

Other income was THB 3,535 million, increased by THB 1,447 million (69.3%) mainly due to gain from sale of shares in Royal Orchid Hotel (Thailand) PCL, the amount of THB 657 million, and gain from sale of both international properties in Sydney, Australia, Copenhagen, Denmark, and Madrid, Spain, and domestic property in Mae Hong Son province totaled THB 763 million.

## Expenses for Thai Airways International PCL. and its subsidiaries

Total expenses for 2018 was THB 208,558 million, increased by THB 19,468 million (10.3%) from the same period last year. A summary of operating expenses is as follows:

- **Fuel and oil expense**, amount of THB 60,096 million or represented 28.8% of total expenses compared to 26.6% of last year, increased by THB 9,881 million (19.7%) due to 30.1% increasing of average jet fuel price compared to the same period last year. However, the depreciation of the US dollars to Thai Baht somewhat caused the lower expense in Baht term. Moreover, fuel hedging gain mitigated lower fuel expense nearby THB 1,899 million, higher than last year amount of THB 1,596 million.
- **Non-fuel operating expense** was THB 144,130 million, increased by THB 9,802 million (7.3%) as the following details:

Unit : Million Baht	Jan - Dec					
	2018	% of Total Expense	2017	% of Total Expense	Variance	
					MTHB	%
<b>Expense</b>						
Employee benefit expenses	30,875	21.4	29,702	22.1	+1,173	+3.9
Flight service expenses	22,165	15.4	22,354	16.6	-189	-0.8
Crew expenses	5,630	3.9	5,604	4.2	+26	+0.5
Aircraft maintenance and overhaul costs	20,088	14.0	17,247	12.8	+2,841	+16.5
Depreciation and amortization expenses	19,045	13.2	17,022	12.7	+2,023	+11.9
Lease of aircraft and spare parts	15,017	10.4	11,282	8.4	+3,735	+33.1
Inventories and supplies	9,111	6.3	9,009	6.7	+102	+1.1
Selling and advertising expenses	10,843	7.5	11,215	8.4	-372	-3.3
Insurance expense	590	0.4	512	0.4	+78	+15.2
Other expenses	10,243	7.1	10,219	7.6	+24	+0.2
Share of loss of associates	523	0.4	162	0.1	+361	+222.8
<b>Non-fuel Expense</b>	<b>144,130</b>	<b>100.0</b>	<b>134,328</b>	<b>100.0</b>	<b>+9,802</b>	<b>+7.3</b>

- Employee benefits expenses consisting of personnel expense, employee benefits, management benefits and board of directors' benefits were THB 30,875 million, increased by THB 1,173 million (3.9%) due to the increments of annual salary, increase in overtime and accrued expenses for vacation compensation.
- Flight related expenses consisted of flight service expenses, crew expenses, and inventories and supplies totaled THB 36,906 million, decreased by THB 61 million (0.2%) due to the appreciation of Thai against the major currencies especially US Dollar, Euro Dollar, Japanese Yen, and Australian Dollar benefited the lower expenses around THB 810 million (impacted THAI only). When excluded such F/X effect, flight related expenses would increase by THB 749 million due to the increase of both production traffic and passenger traffic in Regional and Intercontinental routes.
- Aircraft maintenance and overhaul costs amounted to THB 20,088 million, increased by THB 2,841 million (16.5%) mainly from the higher overhaul cost of GE90 engines used in Boeing B777-300ER due to earlier-than-schedule overhaul period resulting from actual usage condition as well as the higher

average rate of maintenance expense. However, the appreciation of Thai Baht benefited the lower such cost.

- Depreciation and amortization totaled THB 19,045 million, increased by THB 2,023 million (11.9%) due to the new residual value of aircraft and spare engine stated previously which caused such expense in 2018 increased approximate THB 3,129 million. When excludes those items, depreciation and amortization would decrease by THB 1,106 million due to the fully depreciated aircraft, aircraft seat and assets. Despite there were new 2 aircraft under finance leases: Airbus A350-900 aircraft, 1 added to THAI's fleet in the first and another one in the second quarter respectively.
- Lease of aircraft and spare parts totaled THB 15,017 million, increased by THB 3,735 million (33.1%) due to the increase in 8 operating lease aircraft which 5 of them comprised of 3 Airbus A350-900, 2 Boeing B787-9 were delivered in in third and fourth quarter of 2017 and the rests of them were Airbus A350-900 delivered in the first quarter of 2018. However, the return of 2 Airbus A330-300 aircraft and the appreciation of Thai Baht benefited the partially lower cost.
- Selling and advertising expenses totaled THB 10,843 million, a decrease of THB 372 million (3.3%) which consisted of
  - Selling expense amounted to THB 9,825 million decreased by THB 370 million (3.6%) resulting from lower reservation expense which decreased from the lower number of reservation in line with the lower number of passenger. Next, the appreciation of Thai Baht against US Dollar mitigated these expenses. In addition, the result was from the negotiation to change the method of charge collection in the Altea System Usage section from the original amount collected in excess of the amount specified in the billing to the lump sum payment making it possible to reduce the cost of reservation.

- Advertising expense amounted to THB 1,018 million, decrease by THB 2 million (0.2%)

- **Share of loss of associates** were THB 523 million increased by THB 361 million (222.8%) from last year. The details as follow:

- Phuket Air Catering Co. Ltd.'s amount of THB 19 million profit, a decrease of THB 45 million,
- Royal Orchid Hotel (Thailand) PCL's amount of THB 14 million profit, a decrease of THB 17 million from the sale of the whole amount of shares and transferred the ownership's rights to buyer on April 23, 2018,
- Suvarnabhumi Airport Hotel Co. Ltd.'s amount of THB 37 million profit, a decrease of THB 8 million,
- Donmuang International Airport Hotel Co. Ltd.'s amount of THB 24 million profit, an increase of THB 11 million,
- Bangkok Aviation Fuel Services PCL's amount of THB 251 million profit, an increase of THB 16 million, and
- Nok Airlines PCL's amount of THB 868 million loss, increase in loss of THB 318 million.

- **Net finance cost** amounted to THB 4,332 million, a decrease of THB 215 million (4.7%) mainly due to the restructuring of loans by continually using financial instruments such as the Interest Rate Swap (IRS) resulting cost of fund decreased by 0.6%. The average loan decreased by 5% from THB 166 billion in 2017 to THB 157 billion in 2018. In addition, the result of the baht appreciation against the major currencies of long-term debt, including Euro Dollar, Japanese yen and US dollar causing less interest expenses when translate to Baht term. However, net financial costs decreased by only 4.5% due to some loans had floating rate that had been continued to rise throughout the year 2018. As of December 31, 2018 39% of loan after the financial instruments were floating rate.



**Impairment loss of assets and aircraft** was THB 3,459 million, an increase of THB 268 million (8.4%) with the following details:

- Impairment loss of aircraft totaled THB 3,150 million, THB 429 million higher than last year. This year impairment loss comprised of 19 aircraft which were of 1 Airbus A300-600, 3 Airbus A330-300, 3 Airbus A340-500, 6 Airbus A340-600, 2 Boeing B747-400, and 4 Boeing B737-400 aircraft, totaled THB 3,064 million which should be noted that the reference price from the standard appraiser of Airbus A340-500 and A340-600 aircraft had been greatly reduced causing higher impairment setting and the provision for impairment loss for 10 engines totaled THB 86 million.

- Impairment loss of assets totaled THB 309 million, decreased by THB 161 million due to lower reserve for damaged rotatable spare parts which were unrepairable from last year.

**Gain on foreign currency exchange** was THB 911 million consisted of THB 816 million unrealized gain resulting from revaluation foreign currency loans, assets and liabilities especially the appreciation of Thai Baht against the US Dollar and Euro dollar, as of December 31, 2018 when compared to the end of year 2017 where THAI had the Euro loan represented 28.4% of total loan and realized gain of THB 95 million.

### 3. Financial Position and Liquidity

#### Capital Expenditures - The Group

Unit : Million Baht	Jan - Dec	
	2018	2017
Aircraft and aircraft spare parts	9,213	9,317
Non-Aircraft	908	673
<b>Total</b>	<b>10,121</b>	<b>9,990</b>

Capital expenditures for 2018 was THB 10,121 million, an increase of THB 131 million from last year. Capital expenditures in this year were

- Investment in aircraft and aircraft spare parts totalled THB 9,213 million which mainly was from the delivery of 2 Airbus A350-900 aircraft under finance lease and 3 engines which were 2 TRENT

XWB-84 spare engines used for Airbus A350-900 aircraft and 1 GE90-115B engine used for Boeing B777-300ER aircraft.

- Investments in other fixed assets amounted to THB 908 million mainly from the investment in ground service equipment and technical tools for Maintenance services.

## Financing

In 2018, THAI financed in the total amount of THB 30,302 million as the following details

1. Issuing 2 series of new debentures, a total amount of THB 13,000 million, the first series in February, 2018, amount of THB 6,000 million their maturity between 5-15 years and the second series in August, 2018, amount of THB 7,000 million their maturity between 1-15 years. The main purposes were to repay the maturing debentures, repay loan with higher financial costs and/or invest in assets, and/or use as working capital.
2. Long-term financing through hire purchase for 2 A350-900 aircraft by using them as collateral for payment of totaling about THB 7,802 million,
3. Acquiring long-term financing from domestic financial institute of THB 2,500 million to use as annually long-term investment and repay the maturity loan.
4. Drawing down of its committed revolving credit line from domestic financial institution to repay the maturing debentures and used as working capital, amount of THB 7,000 million.

Summary of cash from and used in each activity are as follows:

Unit : Million Baht	Jan - Dec	
	2018	2017
Net cash from operating activities	17,400	23,692
Net cash used in investing activities	(2,099)	(3,106)
Net cash used in financing activities	(16,846)	(18,677)
Effect from changing in exchange rate on cash and cash equivalents increase (decrease)	7	(69)
<b>Increase(decreases) in cash and cash equivalents</b>	<b>(1,538)</b>	<b>1,840</b>

In 2018, THAI had net cash from operating activities, the amount of THB 17,400 million, THB 6,292 million lower than last year. Net cash used in financing activities was THB 16,846 million, THB 1,831 million, less than last year, due to the less repayment of both short term, long term loans. Despite, net cash used in investing activities was THB 2,099 million, THB 1,007 million lower than last year since this year THAI sold all shares of Royal Orchid Hotel (Thailand) PCL, the amount of THB 923 million. As a result, cash and cash equivalents as of December 31, 2018 decreased from December 31, 2017 of THB 1,538 million.

## Fleet

In 2018, THAI's consolidated had 5 new aircraft and decommissioned 2 Boeing B737-400 aircraft resulting, as of December 31, 2018, THAI's net active aircraft fleet was 103 aircraft (including 20 Airbus A320-200 aircraft operated under ThaiSmile) which were more 3 aircraft than last year's. Aircraft held for sale as of December 31, 2018 totaled 21 aircraft.

## Assets of Thai Airways International PCL. and its subsidiaries

As of December 31, 2018, total assets totaled THB 268,721 million, a decrease of THB 12,054 million (4.3%) from December 31, 2017.



Unit : Million Baht	Jan - Dec					
	Dec 31, 2018		Dec 31, 2017		Variance	
	MTHB	% of Total Assets	MTHB	% of Total Assets	MTHB	%
Current assets						
Cash and cash equivalents	13,692	5.1	15,230	5.4	-1,538	-10.1
Non-current assets held for sale	490	0.2	201	0.1	+289	+143.8
Other current assets	35,366	13.1	36,085	12.8	-719	-2.0
<b>Current assets</b>	<b>49,548</b>	<b>18.4</b>	<b>51,516</b>	<b>18.3</b>	<b>-1,968</b>	<b>-3.8</b>
Property, plant and equipment						
Prepaid aircraft and spare engine	-	-	6,124	2.2	-6,124	-100.0
Aircraft	45,946	17.1	42,186	15.0	+3,760	+8.9
Aircraft under finance leases	105,600	39.3	113,220	40.3	-7,620	-6.7
Aircraft spare parts	11,708	4.4	9,592	3.4	+2,116	+22.1
Work in process	341	0.1	599	0.2	-258	-43.1
Land, building and improvements	13,311	5.0	13,554	4.9	-243	-1.8
Other plant and equipment	2,692	1.0	2,828	1.0	-136	-4.8
<b>Property, plant and equipment-net</b>	<b>179,598</b>	<b>66.9</b>	<b>188,103</b>	<b>67.0</b>	<b>-8,505</b>	<b>-4.5</b>
Other non-current assets	39,575	14.7	41,156	14.7	-1,581	-3.8
<b>Total Assets</b>	<b>268,721</b>	<b>100.0</b>	<b>280,775</b>	<b>100.0</b>	<b>-12,054</b>	<b>-4.3</b>

Current assets were THB 49,548 million or accounted for 18.4% of total assets, a decrease of THB 1,968 million (3.8%) from as of December 31, 2017. The significant items consisted of

- Cash and cash equivalents amounted to THB 13,692 million, decreased by THB 1,538 million (10.1%), mainly from net cash from operating activities was lower than net cash used in financial and investing activities.
- Non-current assets held for sale increased by THB 289 million due to the non-performing assets was reclassified to non-current assets held for sale, totaled THB 734 million, comprised of 5 aircraft: 2 Airbus A330-300, 2 Boeing B747-400, and 1 Boeing B737-400, amount of THB 694 million, abroad land and other assets amount of THB 40 million. During the period, THAI sold 2 aircraft: 1 Boeing B737-400 and 1 Airbus A330-300 aircraft, and properties both domestic and abroad. As of

December 31, 2018 non- current assets held for sale consisted of 3 aircraft: 1 Airbus A300-300 and 2 Boeing B747-400 aircraft, had the total amount of THB 490 million.

- Other current assets totaled THB 35,366 million, decreased by THB 719 million (2.0%) mainly from trade receivables amounted to THB 10,394 million, decreased by THB 1,311 million due to the less amount of sell volume in December 2018 which was lower than the same period last year. It should be noted that this year THAI has been able to better manage faster collection period by speeding up from 23 days in 2017 to 22 days this year which was lower than THAI's normal collecting period.

Property, plant and equipment-net totaled THB 179,598 million or represented 66.9 % of total assets, which saw a decrease of THB 8,505 million (4.5%) from December 31, 2017 resulting from the normal calculation of aircraft depreciation and the change of the residual value of aircraft and spare engines from 10 percent to 6 percent of the initial cost and THAI decommissioned 2 Boeing B737-400 aircraft as well ; however, there were deliveries of 2 new aircraft under finance lease: Airbus A350-900 and 3 engines.

Other non-current assets totaled THB 39,575 million or represented 14.7% of total assets, which decreased by THB 1,581 million (3.8%) from as of December 31, 2017 resulting from

- Non-performing assets totaled THB 4,891 million, decreased by THB 3,734 (43.3%) million since

the provision impairment loss of aircraft increased by THB 3,150 million and transferred to non-current assets held for sale amounted to THB 734 million. (Also see Non-current assets held for sale mentioned previously)

- Investment in associates totaled THB 2,300 million, decreased by THB 1,095 million (32.3%), was from sale of shares in Royal Orchid Hotel (Thailand) PCL which impacted less investment by THB 278 million and the investment in Nok Airlines PCL reduced THB 868 million due to the loss from operation in 2018
- Maintenance Reserve totaled THB 13,539 million, increased by THB 3,150 million (30.3%) in maintenance reserve corresponds to an increase in maintenance provision to aircraft maintenance plan according to its utilization and maintenance condition. Once after THAI will perform the maintenance according to criteria under lease agreement, THAI can reimburse from lessors under the maintenance reserves deposit.
- Deferred buyer furnish equipment for operating lease aircraft totaled THB 4,539 million, increased THB 399 million (9.6%) by installing buyer-furnished equipment for 3 Airbus A350-900 and installing crew rest and in-flight connectivity for 4 Boeing B787-8 aircraft.

Return on assets of 2018 was -2.58% compared to last year's 0.65%.





## Liabilities of Thai Airways International PCL. and its subsidiaries

Total liabilities as of December 31, 2018 were THB 248,265 million decreased by THB 497 million (0.2%) from December 31, 2017. These comprised of:



Unit : Million Baht	Consolidated					
	Dec 31, 2018		Dec 31, 2017		Variance	
	MTHB	% of Total Liabilities	MTHB	% of Total Liabilities	MTHB	%
Current liabilities (excluding current Portion of long-term liabilities)	66,046	26.6	68,031	27.4	-1,985	-2.9
<b>Long-term liabilities</b>						
Debentures	64,850	26.1	62,100	25.0	+2,750	+4.4
Liabilities under financial leases	58,982	23.8	62,517	25.1	-3,535	-5.7
Long term borrowings	24,444	9.8	27,480	11.0	-3,036	-11.0
<b>Total long-term liabilities</b>	<b>148,276</b>	<b>59.7</b>	<b>152,097</b>	<b>61.1</b>	<b>-3,821</b>	<b>-2.5</b>
Other non-current liabilities	33,943	13.7	28,634	11.5	+5,309	+18.5
<b>Total Liabilities</b>	<b>248,265</b>	<b>100.0</b>	<b>248,762</b>	<b>100.0</b>	<b>-497</b>	<b>-0.2</b>

**Current liabilities** (excluding current portion of long term liabilities' amount of THB 22,863 million) represented 26.6% of total liabilities, a decrease of THB 1,985 million (2.9%) from December 31, 2017 since

- the short-term loan totaled THB 3,000 million, decreased by THB 4,270 million mainly from repayment of the short-term loan and
- Accrued expenses amounted to THB 18,130 million, an increase of THB 1,517 million due to increased accrued fuel expense and accrued vacation compensation.

**Long-term liabilities** as of December 31, 2018 (including current portion of long term liabilities' totaled THB 22,863 million) or represented 59.7% of total liabilities, which was a decrease of THB 3,821 million (2.5%) from December 31, 2017 partially resulting from long-term loans, debentures Issuance, liabilities under the leased of the 2 Airbus A350-900 aircraft, totaling THB

23,302 million, and repayment of long-term loans and debentures totaling THB 25,772 million. The appreciation of Thai Baht against Euro Dollar and US dollars; however, it slightly depreciated compared with the Japanese Yen on December 31, 2018, compared to the end of the year 2017, resulting the decrease in the long-term liabilities when translated to Thai Baht by THB 1,351 million.

**Other non-current liabilities** as of December 31, 2018 represented 13.7% of total liabilities totaled THB 33,943 million which increased by THB 5,309 million (18.5%) mainly due to the increase of long-term provision by THB 4,398 million from the maintenance provision for operating lease aircraft based on actual conditions of aircraft and maintenance contractual obligations which can be refunded from the lessor when maintenance activities meet the reimbursement condition, and provision for employee benefit obligations increased by THB 981 million.

At the end of 2018, interest bearing debt to equity was 7.4 times was higher than last year's 5.0. Debt to equity ratio was 12.1 times, higher than last year's 7.8 times.

#### Shareholders' Equity of Thai Airways International PCL. and its subsidiaries

As of December 31, 2018, shareholders' equity totaled THB 20,456 million, a decrease of THB 11,557 million (36.1%) from December 31, 2017 due to the negative results of THAI and its subsidiaries. Consequently, THAI's return on equity of 2018 decreased from -6.3% at the same period last year to -44.1% this year.

#### 4. Factors affecting future operations

The situation of the aviation industry in 2019 is expected to continue to grow as the growth rate of the global economy is expected to expand ; however, it seems to be lower than the growth rate in 2018. The major risks that may have a negative impact on economic growth include trade wars between the United States and China, political uncertainties such as BREXIT, etc. However, the predictions of such factors will not severe due to positive factors from expansionary fiscal policy and the developing business investments in major

business countries. Cabin factor and passenger production in 2019 are expected to continue to grow despite the decline from 2018 but still higher than the average growth rate of the past 20 years. In addition, crude oil prices are expected to decline. In 2019, the estimated average jet fuel price is USD 81.3 per barrel, 7.2% lower than the year 2018.

The trend of the Thai aviation industry in 2019 is expected to continue to expand from 2018 in the same direction as the global aviation industry. In addition, restoring confidence in visitors from China from relevant agencies and temporary Visa on Arrival fee exemption scheme covering 21 countries, including China, will be a supporting factor for the Chinese tourist market to gradually and quickly recover. Furthermore, the progress of TG MRO Campus at U-Tapao aims to be an aviation hub (Acropolis) with world-class technologies will be a significant milestone of the aerospace industry development in Thailand with good inspiration to the Eastern Economic Corridor-EEC based on the Thai government's Thailand 4.0 policy. The main purposes designed to develop innovative -based manufacturing and services in the country to elevate the country to world-class standard. For the progress of solving the



problem that the Federal Aviation Administration (FAA) to level up aviation safety in Thailand from Category 2 to Category 1 for the expansion of Thai air carrier to fly to the US, it is expected that the FAA will re-visit to perform the formal audit and the Civil Aviation Authority of Thailand targets that Thailand will be back to Category 1 again within 2019.

In 2019, THAI has the important operating plan as follows:

- Aircraft acquisition plan 2019- 2024 aims to replace the aging aircraft whose lives are over 20 years.
- Operational efficiency enhancement by focusing on accelerating more revenue resulting from aggressive profit policy with competitive cost. For instance, THAI aims to develop revenue enhancement program as well as increasing ancillary revenue such as digitalized ancillary marketing, to concentrate on aircraft management program which starts from planning, buying, operating,

and end up at selling aircraft from the fleet, to better collaborate with ThaiSmile, to improve and develop for the completion of services ring wishing for customers' pleasure experience. In addition, THAI concentrates on the major operating expenses such as fuel management and Foreign currency exchange, etc.

In addition, in January 2019 there were important events as follows:

- In January 2019, Nok Airlines PCL. offers the capital increase and the allocation of the newly issued ordinary shares to the existing shareholders of 908.8 million shares with the subscription fee of the newly issued ordinary shares: 2.75 Baht per share. Nok Airlines PCL. did register the increase capital to Department of Business Development, Ministry of Commerce on February 13, 2019. THAI waived the right to subscribe the offering newly issuing shares from Nok Airlines PCL. resulting the decrease in shareholding of THAI from 21.80% to 15.94%.



- According to the Federation of Accounting Professions' announcement of Financial Reporting Standard No. 15 (TFRS15) regarding revenue from contracts with customers which is applicable to the financial statements for the period beginning on or after January 1, 2019 onwards. THAI has complied with the requirements of accounting standards.



## 5. Financial Ratios

		Jan - Dec	
		2018	2017
<b>Liquidity Ratio</b>			
Current Ratio	(times)	0.84	0.84
Current Ratio (Included Committed Credit Line)	(times)	0.99	1.01
<b>Profitability Ratio</b>			
Operating Profit (Loss) Margin	%	(4.54)	1.49
Net Profit (Loss) Margin	%	(5.79)	(1.08)
Return on Equity	%	(44.10)	(6.32)
<b>Efficiency Ratio</b>			
Return on Total Assets	%	(2.58)	0.65
<b>Financial Policy Ratio</b>			
Interest Bearing Debt to Equity	(times)	7.40	4.98
Total Debt to Equity	(times)	12.14	7.77
Interest Coverage Ratio	(times)	3.22	5.10

## GLOSSARY

### Current Ratio

= Current Assets (Excluding Non-Current Assets classified as held for sale / Current Liabilities (Excluding Unearned Transportation Revenues)

### Current Ratio (Included Committed Credit Line)

= (Current Assets (Excluding Non-Current Assets classified as held for sale) + committed credit line) / Current Liabilities (Excluding Unearned Transportation Revenues)

### Operating Profit (Loss) Margin

= Operating Profit (Loss) / Total Revenue (excluded gain on foreign currency exchange)

### Net Profit (Loss) Margin

= Net Profit (Loss) / Total Revenue (excluded gain on foreign currency exchange)

### Return on Equity

= Net Profit (Loss) / Average Shareholders' Equity

### Return on Total Assets

= Profit (Loss) before interest and tax / Average total assets

### Interest Bearing Debt to Equity

= (Short-term Loan + Long-term Loan including current portion of Long-term Loan within 1 year) / Shareholders' Equity

### Total Debt to Equity Ratio

= Total liabilities / Shareholders' Equity

### Interest Coverage Ratio

= EBITDA / Interest



Financial Statements



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This letter is given to confirm that the English version of the auditor's report together with the consolidated financial statements for the year ended December 31, 2018 of Thai Airways International Public Company Limited and its subsidiaries and the Company's financial statements for the year ended December 31, 2018 of Thai Airways International Public Company Limited was translated by Thai Airways International Public Company Limited. The State Audit Office of the Kingdom of Thailand has reviewed the aforementioned English version of the auditor's report and the consolidated and the Company's financial statements and found that it is in agreement, as to form and content, with the Thai version of the auditor's report and the consolidated and the Company's financial statements for the same period.

Given on March 13, 2019



(Pattra Showsri)  
Deputy Auditor General



## AUDITOR'S REPORT

To: The Shareholders of Thai Airways International Public Company Limited

### Opinion

The State Audit Office of the Kingdom of Thailand has audited the accompanying consolidated financial statements of Thai Airways International Public Company Limited and its subsidiaries (the Group) and the Company's financial statements of Thai Airways International Public Company Limited (the Company), which comprise the consolidated and the Company's statements of financial position, as at December 31, 2018, the consolidated and the Company's statements of comprehensive income, the consolidated and the Company's statements of changes in equity and the consolidated and the Company's statements of cash flows for the year then ended, and notes to the consolidated and the Company's financial statements, including a summary of significant accounting policies.

In the State Audit Office of the Kingdom of Thailand's opinion, the above mentioned consolidated and the Company's financial statements present fairly, in all material respects, the consolidated financial position of the Group and financial position of the Company as at December 31, 2018, and their consolidated and the Company's financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### Basis for Opinion

The State Audit Office of the Kingdom of Thailand conducted the audit in accordance with Thai Standards on Auditing (TSAs) and the State Audit Standards. The State Audit Office of the Kingdom of Thailand's responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and the Company's Financial Statements section of the State Audit Office of the Kingdom of Thailand's report. The State Audit Office of the Kingdom of Thailand is independent of the Group and the Company in accordance with the ethical requirements set out in the State Audit Standards issued by the State Audit Commission and the Thai Federation of Accounting Professions' Code of Ethics for Professional Accountants that are relevant to the State Audit Office of the Kingdom of Thailand's audit of the consolidated and the Company's financial statements, and has fulfilled other ethical responsibilities in accordance with these requirements. The State Audit Office of the Kingdom of Thailand believes that the audit evidence the State Audit Office of the Kingdom of Thailand has obtained is sufficient and appropriate to provide a basis for the State Audit Office of the Kingdom of Thailand's opinion.

## Key Audit Matters

Key audit matters are those matters that, in the State Audit Office of the Kingdom of Thailand's professional judgment, were of most significance in the audit of the consolidated and the Company's financial statements of the current period. These matters were addressed in the context of the State Audit Office of the Kingdom of Thailand's audit of the consolidated and the Company's financial statements as a whole, and in forming the State Audit Office of the Kingdom of Thailand's opinion thereon, and the State Audit Office of the Kingdom of Thailand does not provide a separate opinion on these matters.

The State Audit Office of the Kingdom of Thailand has the following key audit matters to communicate:

### 1. Deferred tax assets

According to notes to the financial statements no. 6.11.1 Deferred tax assets and liabilities, deferred tax assets are recognized in the consolidated financial statements and the Company's financial statements as at December 31, 2018 amounting to THB 10,650.72 million and THB 10,632.99 million, respectively. At the end of each reporting period, the Company is required to review the carrying amount of deferred tax assets and reduces the deferred tax assets to the extent that it is probable that sufficient taxable profit will be available for the deferred tax assets to be utilized. For this purpose, the management had prepared the projections of operating results to consider whether the Company will have sufficient taxable profit available for the deferred tax assets to be utilized as stated in notes to the financial statements no. 4.16 Deferred taxes and no. 6.36 Projections of operating performance.

When preparing the projection of the operating performance, the management required to exercise high considerable judgment in order to set assumptions to forecast revenue and profit growth, including the assumptions that may be effected by global economic circumstances or the future global market. Moreover, the management had to forecast the projection of utilizing deferred tax assets with the high discretion and the Company still had operating loss in this year, which there was the risk of forecasting the future profitability

that mattered significantly for the State Audit Office of the Kingdom of Thailand.

The State Audit Office of the Kingdom of Thailand performed significant audit procedures as follows;

- 1.1 Assessing the reasonableness of the projections of revenues, expenses, profits growth, and taxable profits by examining related documents and making inquiries with the management regarding applied assumptions;
- 1.2 Evaluating and examining the evidences that the management used for those assumptions, especially projection of transportation revenues, the factors from passengers yield and number of passengers, comparing with the historical airline industry data, annual budget, and strategic plans in the area of operation and marketing of the Company;
- 1.3 Examining the deferred tax assets utilization plan correspond to the timing of utilization in order to determine the likelihood of utilization of those deferred tax assets. In particular, determining taxable profit or loss from both the portion that receive benefit of corporate income tax exemption in the Promotion Certificates from the Office of the Board of Investment of Thailand (BOI) and Non-BOI portion that do not receive Promotion Certificate for such exemption in order to consider probable sufficient taxable profit and deferred tax asset utilization in the future;
- 1.4 Considering and examining the reasonableness of carrying amount of deferred tax assets, especially from timing difference of impairment loss of aircraft, provision of accrued expenses, and provision for employee benefit obligations whether they will be utilized from sufficient taxable income in the future;
- 1.5 Considering the sufficiency of information disclosure in accordance with Thai Financial Reporting Standard.

### 2. Change in residual value of aircraft and spare engines

According to notes to the financial statements no. 6.9 The change in estimated residual value of aircraft and spare engines, the Company had revised the estimated



residual value of aircraft and spare engines and changed the percentage of estimated residual value of aircraft and spare engines from 10 percent to 6 percent of initial value. The management of the Company exercised significant level of judgment to appraise estimated residual value from various factors, especially the effects from development of aviation technology and the demand of second hand aircraft in each models in the future that would be high uncertainty. Furthermore, such change of accounting estimate had significant impact to the current and future financial statements. The State Audit Office of the Kingdom of Thailand; therefore, focused on this matter as a key audit matter.

The State Audit Office of the Kingdom of Thailand performed significant audit procedures as follows;

- 2.1 Making inquiry to the management, understanding criteria and revised process of residual value of aircraft and spare engines, including reviewing evidence that management used for assessment;
- 2.2 Reviewing the management's discretion in revising the appropriate residual value of aircraft and spare engines. Considering the reasonableness of the change in residual value of aircraft and spare engines by compare the selling price of aircraft and spare engines in the past with historical cost on the receiving date. Moreover, comparing the selling price information of aircraft at the year of completion which has to be in accordance with the qualified appraiser's principles in aviation industry with the aircraft and spare engines' historical cost;
- 2.3 Comparing the percentage of the Company's revised residual value with the percentage used by airlines in the same level in the aviation industry;
- 2.4 Testing the accuracy of the journal entries affected by the change of residual value to ensure that were followed the rules by sampling method and recalculating;
- 2.5 Testing the depreciation calculation after the change in residual value of aircraft and spare engines with the revised and previous rate to evaluate the effect on the financial report as well as reviewing the

accuracy of calculation and disclosure of effects from the change of residual value in notes to the financial statements;

- 2.6 Considering the sufficiency of information disclosure in accordance with Thai Financial Reporting Standards.

### 3. Passenger Revenue

Revenue from passengers and excess baggage in the consolidated and the Company's financial statements as at December 31, 2018 in the amount of THB 160,255.18 million and THB 150,591.55 million, respectively, which major revenue from passenger services are recognized according to the accounting policies stated in notes to financial statements no. 4.11.1 Passenger and excess baggage revenue. The Company initially recognizes the passenger revenue when the flight booking is made as liability, unearned transportation revenues, in the statements of financial position and the passenger revenue will be recognized as revenue in the statements of comprehensive income when the service is provided. The process of Fare Management system initiates when the authorized officers set the fare, which has been passed the authorization process, and will be recorded into the passenger revenue system. Since the variety of the fare structure depends on the type of the seats, the distribution channel, and service conditions, the significant volume of the transactions are recorded each time into the system. Together with the high competitive in the aviation industry, the Company has to revise and set new fare in order to be competitive in the market. Therefore, the transactions of new fare might not be correct and complete because of the high volume of transactions and frequency in fare pricing. Moreover, the fare pricing procedure, the calculation of flight revenue, the journal entries, the measurement of sale value, and the commissions and discounts entries are all complex transactions which required many high information technology systems to record all the transactions. These affected to information in the information system that might be inaccurate and incomplete, especially from accuracy of the fare pricing input, which may be effected to the passenger revenue

account. The State Audit Office of the Kingdom of Thailand had considered this matter significantly.

The State Audit Office of the Kingdom of Thailand performed significant audit procedures as follows;

- 3.1 Understanding the process of Fare Management system and passenger revenue system;
- 3.2 Reviewing the control of the fare input process and the processing of fare management system;
- 3.3 Performing test of controls of the Fare Management system which covers the fare approval process and the Fare Management system input process, also, comparing the approved fare rate in the system of input class with the fare in the passenger revenue system in order to identify any possible error of information, and testing other significant controls to ensure that the controls were operated effectively;
- 3.4 Testing the passenger revenue system by testing controls of the information transferring from the passenger revenue system to the accounting processing system to ensure that controls, which were designed to protect the information from being edited, were operated, and the journal entries regarding the passenger revenue were accurate and completed;
- 3.5 Considering the sufficiency of information disclosure in accordance with Thai Financial Reporting Standards.

## Emphasis of Matter

The State Audit Office of the Kingdom of Thailand draw attention to notes to the financial statements no. 5 Corporate transformation plans, which describes the operation strategies of the year 2018 on Corporate Transformation Plan and the future action plan of Thai Airways International Public Company Limited, and notes to the financial statements no 6.13 Liquidity management, which describes the liquidity management that provides information about detailed financing activities and cash flows for the year 2019.

The State Audit Office of the Kingdom of Thailand's opinion is not modified in respect of these matters.

## Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and the Company's financial statements and auditor's report thereon. The annual report is expected to be made available to the State Audit Office of the Kingdom of Thailand after the date of this auditor's report.

The State Audit Office of the Kingdom of Thailand's opinion on the consolidated and the Company's financial statements does not cover the other information and the State Audit Office of the Kingdom of Thailand will not express any form of assurance conclusion thereon.

In connection with the audit of the consolidated and the Company's financial statements, the State Audit Office of the Kingdom of Thailand's responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and the Company's financial statements or the State Audit Office of the Kingdom of Thailand's knowledge obtained in the audit, or otherwise appears to be materially misstated.

When the State Audit Office of the Kingdom of Thailand reads the annual report if the State Audit Office of the Kingdom of Thailand concludes that there is a material misstatement therein, the State Audit Office of the Kingdom of Thailand is required to communicate the matter to those charged with governance.

## Responsibilities of Management and Those Charged with Governance for the Consolidated and the Company's Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and the Company's financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of the consolidated and the Company's financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and the Company's financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

### Auditor's Responsibilities for the Audit of the Consolidated and the Company's Financial Statements

The State Audit Office of the Kingdom of Thailand's objectives are to obtain reasonable assurance about whether the consolidated and the Company's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes the State Audit Office of the Kingdom of Thailand's opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs and the State Audit Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and the Company's financial statements.

As part of an audit in accordance with TSAs and the State Audit Standards, the State Audit Office of the Kingdom of Thailand exercises professional judgment and maintains professional skepticism throughout the audit. The State Audit Office of the Kingdom of Thailand also:

- Identifies and assesses the risks of material misstatement of the consolidated and the Company's financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and

appropriate to provide a basis for the State Audit Office of the Kingdom of Thailand's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Concludes on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If the State Audit Office of the Kingdom of Thailand concludes that a material uncertainty exists, the State Audit Office of the Kingdom of Thailand is required to draw attention in the auditor's report of the State Audit Office of the Kingdom of Thailand to the related disclosures in the consolidated and the Company's financial statements or, if such disclosures are inadequate, to modify the State Audit Office of the Kingdom of Thailand's opinion. The State Audit Office of the Kingdom of Thailand's conclusions are based on the audit evidence obtained up to the date of the auditor's report of the State Audit Office of the Kingdom of Thailand. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluates the overall presentation, structure and content of the consolidated and the Company's financial statements, including the disclosures, and whether the consolidated and the Company's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The State Audit Office of the Kingdom of Thailand is responsible for the direction, supervision and performance of the group audit. The State Audit Office of the Kingdom of Thailand remains solely responsible for the State Audit Office of the Kingdom of Thailand's audit opinion.

The State Audit Office of the Kingdom of Thailand communicates with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the State Audit Office of the Kingdom of Thailand identifies during the State Audit Office of the Kingdom of Thailand's audit.

The State Audit Office of the Kingdom of Thailand also provides those charged with governance with a statement that the State Audit Office of the Kingdom of Thailand has complied with the State Audit Standards and relevant ethical requirements regarding independence, and communicates with them all relationships and other matters that may reasonably be thought to bear on the State Audit Office of the Kingdom of Thailand's independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, the State Audit Office of the Kingdom of Thailand determines those matters that were of most significance in the audit of the consolidated and the Company's financial statements of the current period and are therefore the key audit matters. The State Audit Office of the Kingdom of Thailand describes these matters in the auditor's report of the State Audit Office of the Kingdom of Thailand unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, the State Audit Office of the Kingdom of Thailand determines that a matter should not be communicated in the State Audit Office of the Kingdom of Thailand's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Signed)

*Pattra Showsri*  
(Pattra Showsri)  
Deputy Auditor General

(Signed)

*Balloon Sirisingsongchai*  
(Balloon Sirisingsongchai)  
Director of Financial and  
Procurement Audit Office No.11



**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF FINANCIAL POSITION**  
AS AT DECEMBER 31, 2018

Unit : Baht

Notes		CONSOLIDATED FINANCIAL STATEMENTS		THE COMPANY'S FINANCIAL STATEMENTS	
		2018	2017	2018	2017
ASSETS					
Current Assets					
Cash and cash equivalents	6.1	13,691,848,724	15,229,686,324	12,523,360,617	14,022,787,581
Temporary investments		38,264	160,037,864	-	-
Trade receivables	6.2	10,394,067,903	11,704,953,905	9,705,911,027	11,560,770,758
Prepaid expenses and deposits		7,321,908,745	7,490,102,653	7,529,150,681	7,761,325,199
Inventories and supplies	6.3	4,947,017,527	4,999,847,400	4,901,658,139	4,968,165,680
Other current assets	6.4	12,702,976,136	11,730,122,163	20,535,369,827	18,450,827,464
Non-current assets held for sale	6.5	490,157,613	200,807,000	490,157,613	200,807,000
Total Current Assets		49,548,014,912	51,515,557,309	55,685,607,904	56,964,683,682
Non-Current Assets					
Investments in associates	6.6.1	2,299,713,942	3,394,945,236	1,234,106,581	1,459,106,581
Investments in subsidiaries	6.6.1	-	-	1,810,209,913	1,810,209,893
Other long-term investments	6.6.2	69,002,222	70,988,078	66,017,122	67,875,978
Property, plant and equipment	6.8	179,598,685,050	188,102,612,250	179,558,497,148	188,067,083,674
Intangible assets	6.10	236,352,618	432,497,804	228,806,503	418,673,523
Deferred tax assets	6.11.1	10,650,722,771	10,679,231,900	10,632,997,811	10,663,254,345
Other non-current assets	6.12	26,318,704,847	26,578,712,721	26,185,205,174	26,402,333,280
Total Non-Current Assets		219,173,181,450	229,258,987,989	219,715,840,252	228,888,537,274
Total Assets		268,721,196,362	280,774,545,298	275,401,448,156	285,853,220,956

The accompanying notes are an integral part of these financial statements.

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENTS OF FINANCIAL POSITION  
AS AT DECEMBER 31, 2018

Unit : Baht

Notes	CONSOLIDATED FINANCIAL STATEMENTS		THE COMPANY'S FINANCIAL STATEMENTS	
	2018	2017	2018	2017
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Current Liabilities</b>				
Trade payables	5,167,608,841	5,042,628,631	4,946,272,359	4,823,318,835
Accrued expenses	18,130,323,417	16,613,129,758	17,973,191,375	17,849,085,739
Current portion of long-term liabilities				
Long-term loans from financial institutions 6.14	3,185,096,154	4,813,179,873	3,185,096,154	4,813,179,873
Long-term loans from related parties 6.7.1.2, 6.14	1,448,088,914	-	1,448,088,914	-
Liabilities under finance leases 6.15	8,699,910,918	9,762,005,635	8,699,910,918	9,762,005,635
Debentures 6.16	9,530,000,000	10,250,000,000	9,530,000,000	10,250,000,000
Short-term loans from financial institutions	2,000,000,000	3,000,000,000	2,000,000,000	3,000,000,000
Short-term loans from related parties 6.7.1.1	1,000,000,000	4,270,136,000	1,000,000,000	4,270,136,000
Income tax payable	17,844,116	15,143,142	-	-
Other current liabilities				
Accrued dividends	54,556,981	54,664,936	54,403,981	54,573,136
Unearned transportation revenue	30,624,142,358	31,409,888,882	29,692,124,792	30,481,532,187
Others 6.17	9,050,865,454	7,625,258,914	10,283,990,506	9,165,007,131
<b>Total Current Liabilities</b>	<b>88,908,437,153</b>	<b>92,856,035,771</b>	<b>88,813,078,999</b>	<b>94,468,838,536</b>
<b>Non-Current Liabilities</b>				
Long-term liabilities				
Long-term loans from financial institutions 6.14	4,173,365,397	7,564,356,800	4,173,365,397	7,564,356,800
Long-term loans from related parties 6.7.1.2, 6.14	15,638,001,158	15,102,668,302	15,638,001,158	15,102,668,302
Liabilities under finance leases 6.15	50,282,098,896	52,754,724,555	50,282,098,896	52,754,724,555
Debentures 6.16	55,320,000,000	51,850,000,000	55,320,000,000	51,850,000,000
Deferred tax liabilities 6.11.1	1,703,581,058	1,791,346,286	1,703,581,058	1,791,346,286
Staff pension fund 6.18	3,824,995,651	3,791,098,462	3,824,995,651	3,791,098,462
Employee benefit obligations 6.19	13,575,420,996	12,594,371,173	13,493,261,770	12,573,334,280
Long-term provisions 6.20	14,708,086,792	10,310,083,902	13,093,931,772	9,318,993,931
Other non-current liabilities	130,875,130	147,062,061	1,356,144,193	913,725,477
<b>Total Non-Current Liabilities</b>	<b>159,356,425,078</b>	<b>155,905,711,541</b>	<b>158,885,379,895</b>	<b>155,660,248,093</b>
<b>Total Liabilities</b>	<b>248,264,862,231</b>	<b>248,761,747,312</b>	<b>247,698,458,894</b>	<b>250,129,086,629</b>
<b>Shareholders' Equity</b>				
Share capital 6.22				
Authorized share capital				
2,698.90 million ordinary shares par value of Baht 10 each	26,989,009,500	26,989,009,500	26,989,009,500	26,989,009,500
Issued and paid-up share capital				
2,182.77 million ordinary shares par value of Baht 10 each	21,827,719,170	21,827,719,170	21,827,719,170	21,827,719,170
Premium on ordinary shares	25,545,316,308	25,545,316,308	25,545,316,308	25,545,316,308
Retained earnings				
Appropriated				
Legal reserve 6.23	2,691,275,568	2,691,275,568	2,691,275,568	2,691,275,568
Unappropriated	(35,907,023,773)	(24,239,600,441)	(28,533,077,895)	(20,426,549,388)
Other components of equity	6,171,756,849	6,086,373,086	6,171,756,111	6,086,372,669
<b>Total Company Shareholders' Equity</b>	<b>20,329,044,122</b>	<b>31,911,083,691</b>	<b>27,702,989,262</b>	<b>35,724,134,327</b>
Non-controlling interests	127,290,009	101,714,295	-	-
<b>Total Shareholders' Equity</b>	<b>20,456,334,131</b>	<b>32,012,797,986</b>	<b>27,702,989,262</b>	<b>35,724,134,327</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>268,721,196,362</b>	<b>280,774,545,298</b>	<b>275,401,448,156</b>	<b>285,853,220,956</b>

The accompanying notes are an integral part of these financial statements.

  
(Mr. Sumeth Damrongchaitham)  
President

  
(Mr. Nattapong Samit-Ampaipisarn)  
Executive Vice President, Finance and Accounting

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

Unit : Baht

Notes	CONSOLIDATED FINANCIAL STATEMENTS		THE COMPANY'S FINANCIAL STATEMENTS	
	2018	2017	2018	2017
<b>Revenues</b>				
<b>Revenues from Sales or Services</b>				
Passenger and excess baggage	160,255,180,477	157,474,642,686	150,591,550,463	148,462,506,525
Freight	21,639,512,371	19,543,755,148	21,640,732,337	19,546,567,289
Mail	700,891,715	727,910,750	700,891,715	727,910,750
Other activities	13,369,555,839	12,110,671,871	14,983,550,540	13,741,948,197
<b>Total Revenues from Sales or Services</b>	<b>195,965,140,402</b>	<b>189,856,980,455</b>	<b>187,916,725,055</b>	<b>182,478,932,761</b>
<b>Other Income</b>				
Interest income	175,370,095	170,426,521	170,077,219	159,001,563
Gain (loss) on foreign currency exchange rates	910,848,196	(1,581,246,154)	890,338,751	(1,406,397,072)
Other income - Others	3,534,582,155	2,088,468,154	3,973,962,494	2,391,531,999
<b>Total Other Income</b>	<b>4,620,800,446</b>	<b>677,648,521</b>	<b>5,034,378,464</b>	<b>1,144,136,490</b>
<b>Total Revenues</b>	<b>200,585,940,848</b>	<b>190,534,628,976</b>	<b>192,951,103,519</b>	<b>183,623,069,251</b>
<b>Expenses</b>				
Aircraft fuel expenses	60,095,677,157	50,214,668,767	56,261,516,980	47,191,233,123
Employee benefits expenses	30,874,607,242	29,702,304,701	29,958,199,105	29,126,283,668
Flight service expenses	22,164,846,590	22,353,433,918	20,887,692,337	21,298,670,145
Crew expenses	5,629,910,006	5,603,505,793	5,142,524,274	5,224,192,458
Aircraft repair and maintenance costs	20,087,736,505	17,796,784,451	18,482,370,455	16,245,210,843
Depreciation and amortization expenses	19,045,361,201	17,021,470,515	19,026,265,580	16,996,160,244
Lease of aircraft and spare parts	15,016,993,147	11,282,272,496	14,605,570,422	10,641,101,387
Inventories and supplies expenses	9,110,482,191	9,008,767,018	8,581,313,986	8,560,236,644
Selling and advertising expenses	10,843,388,858	11,215,232,163	9,841,166,237	10,438,278,851
Insurance expenses	590,318,725	512,111,908	510,932,307	451,700,619
Impairment loss of assets	309,011,023	469,968,586	309,011,023	469,968,586
Impairment loss of aircraft	3,149,969,372	2,721,335,582	3,149,969,372	2,721,335,582
Other expenses	10,243,201,353	10,219,372,624	9,819,672,402	10,059,646,079
Loss on changes in ownership interest	-	429,092,766	-	-
Finance costs	4,507,462,622	4,717,217,641	4,507,462,622	4,717,217,641
Share of the loss of associates	522,830,120	162,036,346	-	-
<b>Total Expenses</b>	<b>212,191,796,112</b>	<b>193,429,575,275</b>	<b>201,083,667,102</b>	<b>184,141,235,870</b>
<b>Loss before Income Tax Expense</b>	<b>(11,605,855,264)</b>	<b>(2,894,946,299)</b>	<b>(8,132,563,583)</b>	<b>(518,166,619)</b>
Income tax revenue	36,730,039	822,898,858	68,290,659	846,687,728
<b>Profit (loss) for the year</b>	<b>(11,569,125,225)</b>	<b>(2,072,047,441)</b>	<b>(8,064,272,924)</b>	<b>328,521,109</b>
<b>Other comprehensive income (loss)</b>				
Items that might be reclassified to profit or loss in subsequent periods				
Effective portion of gain on changes in fair value of cash flow hedges	321,055,050	652,581,496	321,055,050	652,581,496
Income tax related to effective portion of gain on changes in fair value of cash flow hedges	(64,211,010)	(130,516,299)	(64,211,010)	(130,516,299)
Unrealized gain (loss) on remeasuring available-for-sale investments	401	(88,462)	-	-
Income tax related to unrealized gain (loss) on remeasuring available-for-sale investments	(80)	17,693	-	-
Items that will not be reclassified to profit or loss in subsequent periods				
Actuarial gain on employee benefit obligations	(267,145,227)	(163,910)	(267,145,227)	-
Income tax related to actuarial gain on employee benefit obligations	53,429,046	32,782	53,429,046	-
Share of other comprehensive loss from joint ventures and associates	-	(4,867,855)	-	-
<b>Other Comprehensive Income for the year - Net of Tax</b>	<b>43,128,180</b>	<b>516,995,445</b>	<b>43,127,859</b>	<b>522,065,197</b>
<b>Total Comprehensive Income (loss) for the year</b>	<b>(11,525,997,045)</b>	<b>(1,555,051,996)</b>	<b>(8,021,145,065)</b>	<b>850,586,306</b>
<b>Profit (loss) Attributable to</b>				
<b>Owners of the Parent</b>	<b>(11,625,168,787)</b>	<b>(2,107,345,043)</b>	<b>(8,064,272,924)</b>	<b>328,521,109</b>
Non-controlling interests	56,043,562	35,297,602	-	-
	<b>(11,569,125,225)</b>	<b>(2,072,047,441)</b>	<b>(8,064,272,924)</b>	<b>328,521,109</b>
<b>Total Comprehensive Income (loss) Attributable to</b>				
<b>Owners of the Parent</b>	<b>(11,582,040,607)</b>	<b>(1,590,290,586)</b>	<b>(8,021,145,065)</b>	<b>850,586,306</b>
Non-controlling interests	56,043,562	35,238,590	-	-
	<b>(11,525,997,045)</b>	<b>(1,555,051,996)</b>	<b>(8,021,145,065)</b>	<b>850,586,306</b>
<b>Profit (loss) per Share</b>				
Basic profit (loss) per share	(5.33)	(0.97)	(3.69)	0.15

The accompanying notes are an integral part of these financial statements.



(Mr. Sumeth Damrongchaitham)  
President



(Mr. Nattapong Samit-Ampaipisarn)  
Executive Vice President, Finance and Accounting

FOR THE YEAR ENDED DECEMBER 31, 2018

The accompanying notes are an integral part of these financial statements.

G. Lindner

(Mr. Nattapong Samit-Ampaisarn)

Executive Vice President, Finance and Accounting



**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

Unit : Baht

	THE COMPANY'S FINANCIAL STATEMENTS									
	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Retained Earnings		Other Components of Equity				Total Shareholders' Equity	
			Appropriated Legal reserve	Unappropriated	Other Comprehensive Income (loss)					
					Effective portion of gain (loss) on changes in fair value of cash flow hedges	Income tax related to effective portion of gain (loss) on changes in fair value of cash flow hedges	Revaluation surplus on assets	Income tax related to revaluation surplus on assets		Total other components of equity
Balance as at January 1, 2017	21,827,719,170	25,545,316,308	2,691,275,568	(20,794,927,497)	(1,629,834,423)	325,966,885	8,635,040,012	(1,727,008,002)	5,604,164,472	34,873,548,021
Changes in Shareholders' Equity										
Add Profit for the year 2017	-	-	-	328,521,109	-	-	-	-	-	328,521,109
Less Transfer revaluation surplus on disposed assets	-	-	-	39,857,000	-	-	(49,821,250)	9,964,250	(39,857,000)	-
Add Other comprehensive income (loss) for the year 2017	-	-	-	-	652,581,496	(130,516,299)	-	-	522,065,197	522,065,197
Balance as at December 31, 2017	21,827,719,170	25,545,316,308	2,691,275,568	(20,426,549,388)	(977,252,927)	195,450,586	8,585,218,762	(1,717,043,752)	6,086,372,669	35,724,134,327
Balance as at January 1, 2018	21,827,719,170	25,545,316,308	2,691,275,568	(20,426,549,388)	(977,252,927)	195,450,586	8,585,218,762	(1,717,043,752)	6,086,372,669	35,724,134,327
Changes in Shareholders' Equity										
Less Loss for the year 2018	-	-	-	(8,064,272,924)	-	-	-	-	-	(8,064,272,924)
Less Transfer revaluation surplus on disposed assets	-	-	-	171,460,598	-	-	(214,325,748)	42,865,150	(171,460,598)	-
Add Other comprehensive income (loss) for the year 2018	-	-	-	(213,716,181)	321,055,050	(64,211,010)	-	-	256,844,040	43,127,859
Balance as at December 31, 2018	21,827,719,170	25,545,316,308	2,691,275,568	(28,533,077,895)	(656,197,877)	131,239,576	8,370,893,014	(1,674,178,602)	6,171,756,111	27,702,989,262

The accompanying notes are an integral part of these financial statements.



**(Mr. Sumeth Damrongchaitham)**  
President



**(Mr. Nattapong Samit-Ampaipisarn)**  
Executive Vice President, Finance and Accounting

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

Unit : Baht

Notes	CONSOLIDATED FINANCIAL STATEMENTS		THE COMPANY'S FINANCIAL STATEMENTS	
	2018	2017	2018	2017
<b>Cash Flows from Operating Activities</b>				
Loss before income tax expense	(11,605,855,264)	(2,894,946,299)	(8,132,563,583)	(518,166,619)
Adjustment to reconcile profit (loss) before income tax expense to cash received (paid) from operating activities :				
Depreciation and amortization expenses	19,045,361,201	17,021,470,515	19,026,265,580	16,996,160,244
Aircraft lease fee	501,611,436	265,683,460	501,611,436	265,683,460
Dividends received	(1,202,907)	(1,445,845)	(346,164,144)	(301,605,257)
Share loss of investments in associates by equity method	522,830,120	162,036,346	-	-
Loss on changes in ownership interest	-	429,092,766	-	-
Interest income	(175,370,095)	(170,426,521)	(170,077,219)	(159,001,563)
Interest expenses	4,507,462,622	4,717,217,641	4,507,462,622	4,717,217,641
Loss (gain) on disposal of assets	(731,681,814)	72,252,718	(731,661,996)	61,856,830
Loss (gain) on sales of aircraft	(54,906,952)	49,720,687	(54,906,952)	49,720,687
Loss (gain) on foreign currency exchange rates	(857,439,603)	1,062,717,626	(866,986,566)	1,044,342,014
Gain on sale of investment	(656,955,062)	(507,037)	(697,500,000)	-
Provision for employee benefit obligations	713,904,596	674,134,266	652,782,263	669,478,935
Provision for obsolete inventories and supplies	403,473,771	327,642,988	403,473,771	327,642,988
Doubtful accounts	176,399,632	59,842	176,191,748	371,231
Impairment loss of aircraft	3,149,969,372	2,721,335,582	3,149,969,372	2,721,335,582
Impairment loss of assets	309,011,023	469,968,586	309,011,023	469,968,586
Operating profits before changes in operating assets and liabilities	15,246,612,076	24,906,007,321	17,726,907,355	26,345,004,759
Decrease (increase) in operating assets :				
Trade receivables	855,429,900	(1,528,712,580)	1,425,585,264	(1,298,571,914)
Inventories and supplies	(350,643,898)	(340,715,286)	(336,966,231)	(334,182,230)
Prepaid expenses and deposits	164,756,490	(53,805,942)	228,717,851	(86,923,703)
Tax refund	(1,001,754)	253,663,119	(1,001,754)	253,663,119
Other current assets	(399,681,601)	(1,062,131,783)	(1,510,049,292)	(3,030,883,000)
Non-current assets held for sale	1,266,583,913	786,612,304	1,266,583,913	786,612,304
Maintenance reserves	(3,162,729,909)	(2,953,488,770)	(3,190,473,509)	(3,270,948,897)
Other assets	(264,645,787)	(88,533,063)	(250,306,242)	(72,840,801)
Deferred charges	(949,450,509)	(2,371,268,826)	(978,899,849)	(2,408,226,948)
Increase (decrease) in operating liabilities :				
Trade payables	(779,422,440)	(700,759,110)	(781,459,626)	(715,659,606)
Accrued expenses and other current liabilities	2,686,675,401	(659,084,470)	998,592,945	460,884,691
Staff pension fund	23,974,158	65,818,918	23,974,158	65,818,918
Unearned transportation revenues	(747,796,971)	4,331,726,809	(789,365,000)	3,889,800,790
Other non-current liabilities	4,315,564,570	3,596,787,982	4,151,106,521	3,704,710,003
<b>Proceeds from operations</b>	<b>17,904,223,639</b>	<b>24,182,116,623</b>	<b>17,982,946,504</b>	<b>24,288,257,485</b>
Cash paid for income tax	(504,678,735)	(490,260,746)	(473,790,580)	(440,328,525)
<b>Net Cash provided by Operating Activities</b>	<b>17,399,544,904</b>	<b>23,691,855,877</b>	<b>17,509,155,924</b>	<b>23,847,928,960</b>

The accompanying notes are an integral part of these financial statements.

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2018**

Unit : Baht

Notes	CONSOLIDATED FINANCIAL STATEMENTS		THE COMPANY'S FINANCIAL STATEMENTS	
	2018	2017	2018	2017
<b>Cash Flows from Investing Activities</b>				
Cash paid for acquisition of fixed assets b	(3,819,319,845)	(3,590,188,349)	(3,802,955,400)	(3,569,798,997)
Cash paid for intangible assets	(51,047,773)	(27,920,714)	(49,931,891)	(27,540,923)
Proceeds from transferring the rights for advance payment of aircraft and aircraft equipment	202,163,729	208,513,123	202,163,729	208,513,123
Cash received from sales of assets	3,834,882	258,310,049	3,811,518	258,264,254
Interest income	173,328,287	171,558,078	167,856,744	159,972,038
Dividends received	308,059,154	277,038,857	346,164,144	301,605,257
Investment decrease (increase)	1,976,938	(374,040,379)	1,849,938	(373,923,479)
Proceed from sale of investment	922,500,000	-	922,500,000	-
Temporary investments decrease (increase)	160,000,000	(29,200,000)	-	-
<b>Net Cash used in Investing Activities</b>	<b>(2,098,504,628)</b>	<b>(3,105,929,335)</b>	<b>(2,208,541,218)</b>	<b>(3,042,908,727)</b>
<b>Cash Flows from Financing Activities</b>				
Proceeds from debentures	13,000,000,000	8,000,000,000	13,000,000,000	8,000,000,000
Proceeds from short-term loans	7,000,000,000	13,594,262,000	7,000,000,000	13,594,262,000
Proceeds from long-term loans	2,500,000,000	-	2,500,000,000	-
Proceeds from liabilities under finance leases	1,621,900,832	1,981,651,804	1,621,900,832	1,981,651,804
Cash paid for repayment of short-term loans	(11,328,167,000)	(13,484,245,000)	(11,328,167,000)	(13,484,245,000)
Cash paid for repayment of debentures	(10,250,000,000)	(5,200,000,000)	(10,250,000,000)	(5,200,000,000)
Cash paid for repayment of long-term loans	(4,916,602,710)	(9,053,224,456)	(4,916,602,710)	(9,053,224,456)
Cash paid for liabilities under finance leases	(10,605,563,785)	(10,253,784,601)	(10,605,563,785)	(10,253,784,601)
Cash paid for borrowings interest	(3,837,106,004)	(4,241,116,218)	(3,837,106,004)	(4,241,116,218)
Dividends paid	(169,155)	(80,140)	(169,155)	(80,140)
Dividends paid to non-controlling interests	(30,466,800)	(20,403,000)	-	-
<b>Net Cash used in Financing Activities</b>	<b>(16,846,174,622)</b>	<b>(18,676,939,611)</b>	<b>(16,815,707,822)</b>	<b>(18,656,536,611)</b>
Net increase (decrease) in cash and cash equivalents	(1,545,134,346)	1,908,986,931	(1,515,093,116)	2,148,483,622
Cash and cash equivalents at the beginning of the year	15,229,686,324	13,389,710,774	14,022,787,581	11,925,036,967
	<b>13,684,551,978</b>	<b>15,298,697,705</b>	<b>12,507,694,465</b>	<b>14,073,520,589</b>
Effects of changes in foreign currency exchange rates on cash on hand and at banks increase (decrease)	7,296,746	(69,011,381)	15,666,152	(50,733,008)
<b>Cash and Cash Equivalents at the end of the year c</b>	<b>13,691,848,724</b>	<b>15,229,686,324</b>	<b>12,523,360,617</b>	<b>14,022,787,581</b>

The accompanying notes are an integral part of these financial statements.



(Mr. Sumeth Damrongchaitham)  
President



(Mr. Nattapong Samit-Ampaipisarn)  
Executive Vice President, Finance and Accounting

**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
 FOR THE YEAR ENDED DECEMBER 31, 2018

**Note to Statements of Cash Flows**

**A. Tax Refund - Consolidated and the Company's Financial Statements**

Unit : Million Baht

	<u>2018</u>
Adjustment of tax refund for the year 2017	(0.49)
Adjustment of tax refund for the year 2018	(0.51)
	(1.00)
	<u>2017</u>
Proceed from income tax refund ( P.N.D.50 ) for the year 2015	254.75
Adjustment of tax refund for the year 2016	(1.09)
	253.66

**B. Property, Plant and Equipment**

**Consolidated financial statements**

During the year 2018, the Company bought property, plant and equipment under finance leases in amount of THB 6,044.37 million, cash payment in amount of THB 3,819.32 million and outstanding balance in amount of THB 257.82 million, total cost amounted to THB 10,121.51 million.

During the year 2017, the Company bought property, plant and equipment under finance leases in amount of THB 6,242.82 million, cash payment in amount of THB 3,590.19 million and outstanding balance in amount of THB 156.60 million, total cost amounted to THB 9,989.61 million.

**The Company's financial statements**

During the year 2018, the Company bought property, plant and equipment under finance leases in amount of THB 6,044.37 million, cash payment in amount of THB 3,802.96 million and outstanding balance in amount of THB 257.82 million, total cost amounted to THB 10,105.15 million.

During the year 2017, the Company bought property, plant and equipment under finance leases in amount of THB 6,242.82 million, cash payment in amount of THB 3,569.80 million and outstanding balance in amount of THB 156.60 million, total cost amounted to THB 9,969.22 million.

**C. Cash and Cash Equivalents**

Unit : Million Baht

	<b>Consolidated Financial Statements</b>		<b>The Company's Financial Statements</b>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash and cash equivalents before effects of changes in foreign currency exchange rates	13,684.55	15,298.70	12,507.69	14,073.52
Effects of changes in foreign currency exchange rates	7.30	(69.01)	15.67	(50.73)
Cash and cash equivalents after effects of changes in foreign currency exchange rates	13,691.85	15,229.69	12,523.36	14,022.79



(Mr. Sumeth Damrongchaitham)  
President



(Mr. Nattapong Samit-Ampaipisarn)  
Executive Vice President, Finance and Accounting



**THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED DECEMBER 31, 2018

## 1. GENERAL INFORMATION

Thai Airways International Public Company Limited ("the Company") is incorporated as a public limited company in Thailand and is listed on the Stock Exchange of Thailand. The address of its incorporated and registered office is as follow:

The head office of the Company is located at 89 Vibhavadee Rungsit Road, Chom Phon, Chatuchak, Bangkok, Thailand.

The Company's principal activity is the operation of airline business and business units which concern directly with transportation.

As at December 31, 2018, the Company had the routes network servicing to 60 destinations in 31 countries all over the world, whereas 3 destinations were domestic (excluding Bangkok).

## 2. BASIS OF FINANCIAL STATEMENT PREPARATION

The consolidated and the Company's financial statements have been prepared in accordance with generally accepted accounting principles under the Accounting Act B.E. 2543 (2000), including Thai Accounting Standards which issued by the Accounting Profession Act B.E. 2547 (2004) and the Financial Reporting Requirements of the Securities and Exchange Commission, Thailand under the Securities and Exchange Act B.E. 2535 (1992).

The Company's financial statements consist of Thai Airways International Public Company Limited and the Company's staff pension fund.

The consolidated financial statements consist of the Company and its subsidiaries, which the subsidiaries are as follows:

Company's Name	Type of Business	Located Country	Percentage of Share Holding	
			2018	2017
<b>Held by the Company:</b>				
1. Thai-Amadeus Southeast Asia Company Limited	Information technology for travel services	Thailand	55%	55%
2. WingSpan Services Company Limited	Providing specialized personnel services to the Company	Thailand	49%	49%
3. Thai Flight Training Company Limited	Aviation training services	Thailand	49%	49%
4. Thai Smile Airways Company Limited	Air transportation services	Thailand	100%	100%
<b>Held by the Subsidiary of the Company</b>				
A subsidiary held by WingSpan Services Company Limited				
- Tour Eung Luang Company Limited	Tourism Business	Thailand	49%	49%

Thai Smile Airways Co., Ltd. received the Airline Operator License (AOL), Airline Operator Certificate (AOC) as well as Airline Designator Code from IATA on January 10, March 31 and April 1, 2014, respectively. In addition, Thai Smile Airways Co., Ltd. commenced its business operations on April 10, 2014.

The subsidiaries are controlled by the Company, directly or indirectly, in determining the financial policies and operations of such subsidiaries. Significant accounting transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

An English language version of the financial statements has been translated from the statutory financial statements that were issued in Thai language. In case of conflict or difference in understanding, the financial statements in Thai language shall prevail.

These financial statements are prepared by the historical cost basis to measure the component of financial statements except for the other disclosures in the accounting policies.

### **3. THAI ACCOUNTING STANDARDS (TASs), THAI FINANCIAL REPORTING STANDARDS (TFRSs), THAI ACCOUNTING STANDARD INTERPRETATIONS (TSICs) AND THAI FINANCIAL REPORTING STANDARD INTERPRETATIONS (TFRICs) WHICH ARE NOT CURRENTLY EFFECTIVE ARE AS FOLLOWS:**

- Thai Financial Reporting Standards which are effective for accounting periods beginning on or after January 1, 2019:

TAS 1 (Revised 2018)	Presentation of Financial Statements
TAS 2 (Revised 2018)	Inventories
TAS 7 (Revised 2018)	Statement of Cash Flows
TAS 8 (Revised 2018)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2018)	Events after the Reporting Period
TAS 12 (Revised 2018)	Income Taxes
TAS 16 (Revised 2018)	Property, Plant and Equipment
TAS 17 (Revised 2018)	Leases
TAS 19 (Revised 2018)	Employee Benefits
TAS 20 (Revised 2018)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2018)	The Effects of Changes in Foreign Exchange Rate
TAS 23 (Revised 2018)	Borrowing Costs
TAS 24 (Revised 2018)	Related Party Disclosures
TAS 26 (Revised 2018)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (Revised 2018)	Separate Financial Statements
TAS 28 (Revised 2018)	Investments in Associates and Joint Ventures
TAS 29 (Revised 2018)	Financial Reporting in Hyperinflationary Economies
TAS 33 (Revised 2018)	Earnings per Share
TAS 34 (Revised 2018)	Interim Financial Reporting
TAS 36 (Revised 2018)	Impairment of Assets
TAS 37 (Revised 2018)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2018)	Intangible Assets
TAS 40 (Revised 2018)	Investment Property
TAS 41 (Revised 2018)	Agriculture
TFRS 1	First-time Adoption of International Financial Reporting Standards
TFRS 2 (Revised 2018)	Share-Based Payments
TFRS 3 (Revised 2018)	Business Combinations
TFRS 4 (Revised 2018)	Insurance Contracts

TFRS 5 (Revised 2018)	Non - current Assets Held for Sale and Discontinued Operations
TFRS 6 (Revised 2018)	Exploration for and Evaluation of Mineral Resources
TFRS 8 (Revised 2018)	Operating Segments
TFRS 10 (Revised 2018)	Consolidated Financial Statements
TFRS 11 (Revised 2018)	Joint Arrangements
TFRS 12 (Revised 2018)	Disclosure of Interests in Other Entities
TFRS 13 (Revised 2018)	Fair Value Measurement
TFRS 15	Revenue from Contracts with Customers
TSIC 10 (Revised 2018)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (Revised 2018)	Operating Leases - Incentives
TSIC 25 (Revised 2018)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (Revised 2018)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29 (Revised 2018)	Service Concession Arrangements : Disclosures
TSIC 32 (Revised 2018)	Intangible Assets - Web Site Costs
TFRIC 1 (Revised 2018)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (Revised 2018)	Determining whether an Arrangement contains a Lease
TFRIC 5 (Revised 2018)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (Revised 2018)	Applying the Restatement Approach under TAS 29 (Revised 2018) <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10 (Revised 2018)	Interim Financial Reporting and Impairment
TFRIC 12 (Revised 2018)	Service Concession Arrangements
TFRIC 14 (Revised 2018)	TAS 19 (Revised 2018) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 17 (Revised 2018)	Distributions of Non-cash Assets to Owners
TFRIC 20 (Revised 2018)	Stripping Costs in the Production Phase of a Surface Mine
TFRIC 21 (Revised 2018)	Levies
TFRIC 22	Foreign Currency Transactions and Advance Consideration

Most of the revised Thai Financial Reporting Standards will not significantly impact the financial statements when adopted. However, the significant changes in Thai Financial Reporting Standards are summarized as follows:

#### **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 will supersede the concerned Thai Accounting Standards, Thai Accounting Standard Interpretations and Thai Financial Reporting Standard Interpretations as follows:

TAS 11 (Revised 2017)	Construction Contracts
TAS 18 (Revised 2017)	Revenue
TSIC 31 (Revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (Revised 2017)	Customer Loyalty Programmes
TFRIC 15 (Revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (Revised 2017)	Transfers of Assets from Customers

The principles in TFRS 15 establish the five step model framework for revenue recognition. The Company will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

For adoption of TFRS 15, the significant impact are as follow:

1. Revenue recognition of the expected Ticket breakage liability.
2. Revenue recognition of the expected Royal Orchid Plus mileage breakage liability.
3. Define proper fair value, standalone selling price, for loyalty credits in customer loyalty program (Royal Orchid Plus).

- Thai Financial Reporting Standards which are effective for accounting periods beginning on or after January 1, 2020:

TAS 32	Financial Instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

Financial Instruments in the principles of these Thai Financial Reporting Standards will be classified and measured by fair value or amortized cost. Classification and measurement were considered by types of financial derivative, contractual cash flow characteristics and business model plan. The impairment model based on expected credit loss, hedge accounting concept and presentation and disclosure. When these Thai Financial Reporting Standards become effective, Thai Accounting Standards, Thai Accounting Standard Interpretations and Accounting Guidance which currently effective will be canceled.

Thai Financial Reporting Standards "Financial Instruments" will replace the Thai Accounting Standard No. 101 "Doubtful Accounts and Bad Debts", Thai Accounting Standard No. 103 "Disclosures in the Financial Statements of Banks and Similar Financial Institutions", Thai Accounting Standard No. 104 (revised 2016) "Accounting for Troubled Debt Restructuring", Thai Accounting Standard No. 105 (revised 2016) "Accounting for Investments in Debt and Equity Securities", Thai Accounting Standard No. 106 "Accounting For Investment Entities", Thai Accounting Standard No. 107 (revised 2016) "Financial Instruments: Disclosure and Presentation" and Thai Accounting Standard Interpretations No. 9 "Assets Transferred by Debtors for Debt Settlement".

The impact of these new Thai Financial Reporting Standards on the consolidated and the Company's financial statements in the period of initial application is being assessed by the management of the Company.

## 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Allowance for Doubtful Accounts

Trade receivables, excluding government agencies and state enterprises, are set aside an allowance for doubtful accounts by analysing a payment history and connection data together with aging analysis of each trade receivables as a criteria at the following rates:

Aging Periods:	Allowance for doubtful accounts (percentage)
over 6 months to 1 year	50
over 1 year to 2 years	75
over 2 years	100



## 4.2 Inventories and Supplies

Inventories and supplies at the year-end, consisting of aircraft spare parts, aircraft fuel expenses, cabin supplies, goods for sales as well as stationery and office supplies, are presented at the lower of moving average cost and net realizable value, except inventories in transit are presented at cost on the purchase date.

4.2.1 Provision for obsolete aircraft spare parts is made at an annual rate of 10 percent of the year - end balance of aircraft spare parts.

4.2.2 Slow moving aircraft spare parts and spare parts for sales are spare parts not moving over two years or spare parts for aircraft not represented in the fleet. Provision for obsolescence is made at an annual rate of 33.33 percent of the incurred balance during the year.

4.2.3 Provision for obsolete and damaged inventories is made at the full amount.

## 4.3 Non-current Assets Held for Sale

Non-current assets held for sale are presented at the lower of carrying amount and fair value less costs to sell. Furthermore, the sale is highly probable and expected to qualify for recognition as a completed sale within one year from the date of classification.

Gains or losses on sale of assets are recognized as other income or expense by the date of the sale of assets.

## 4.4 Investments

4.4.1 Investments in subsidiary and associated companies are recorded by using the equity method in the consolidated financial statements, and using the cost method in the Company's financial statements.

4.4.2 Temporary investments in debt securities held-to-1 year maturity are stated by the amortized cost method. A premium or discount on debt securities is amortized according to an effective interest rate. The amortized amount will be taken to adjust to an interest income.

4.4.3 Long-term investments in non-marketable equity securities are presented at cost net of a provision for impairment. An impairment loss is recognized in the statement of comprehensive income.

## 4.5 Property, Plant and Equipment and Depreciation

4.5.1 Aircraft and aircraft under finance leases

4.5.1.1 Aircraft and aircraft under finance leases are presented at cost including engines and other flight equipment as well as cost of decoration incurred prior to the aircraft being placed into service, excluding passenger seats and the first estimated overhaul cost, and less any concessions for the acquisition of aircraft. Depreciation is calculated on a straight-line basis over an estimated useful life of 20 years. In 2018, the Company had changed a residual value from 10 percent to 6 percent of cost (Note 6.9 to the Financial Statements).

4.5.1.2 Passenger seats are presented as separate assets from the aircraft cost and depreciated on a straight-line basis over an estimated useful life of 5 years. When the replacement costs incur, they are accounted for as the separate assets and the replaced assets will be written off.

4.5.1.3 Aircraft overhaul (D-check) costs, the first estimated overhaul costs, are presented as separate assets from the aircraft cost and depreciated over the period of the next scheduled overhaul 4-7 years depending on type of aircraft. When these costs incur, the asserted assets will be expensed and replaced by the incurred overhaul cost.

4.5.2 Aircraft spare parts are presented at cost on the acquisition date and depreciated on a straight-line basis over an estimated useful life of 5-20 years.

4.5.3 The land are presented at a revalued amount using market approach method, starting from accounting period year 2015 onward. The revaluation was done by the independent appraiser qualified by the Securities and Exchange Commission, Thailand (SEC). The revaluation shall be made every five years or shall be considered if there are any changes that affect the fair value of land significantly. The revaluation surplus are recognized

4.5.4 Other fixed assets are presented at cost on the acquisition date or on the date of completion of construction and depreciated on a straight-line basis over an estimated useful life of 3-30 years.

4.5.5 Leasehold buildings are amortized as expense over a lease term of 10-30 years.

4.5.6 Gain or loss on sale of aircraft and other assets are calculated from the difference between the net consideration from aircraft selling and the carrying amount of the aircraft, including D-check and passenger seats and recognized as revenue or expense in the statement of comprehensive income.

## 4.6 Intangible Assets

Software license and related cost that are directly with identifiable and unique software product, which can be separated, identified costs and have an economic useful life over the accounting period, will be recognized as an intangible asset at cost and amortized as expenses on a straight-line basis over an useful life of 5 years.

Expenses arising from developing or maintaining computer software are recognized as expenses when incurred.

## 4.7 Non-performing Assets

Non-performing assets are presented at the lower of carrying amount and fair value less costs to sell and have been committed to a plan to sell but the sale cannot qualify for recognition as a completed sale within one year from the date of classification.

Losses on impairment are recognized in the statement of comprehensive income.

## 4.8 Impairment of Assets

Assets may be impaired whenever there is an indicator that the carrying amount of the asset exceeds its recoverable amount. A recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. The Company has considered to impair decommissioned aircraft and spare engine. The Company's aircraft appraisal expert has determined the recoverable amount of aircraft based on active market price announced by aircraft professional appraisers, and making adjustment for condition and lifetime of aircraft in accordance with aircraft appraisal standard procedures.

The Company recognizes an impairment loss in the statement of comprehensive income when the carrying amount of the asset exceeds its recoverable amount. However, the Company reverses the impairment loss when there is an indicator that the impairment has no longer existed or amount of impairment has decreased.

## 4.9 Deferred Charges

4.9.1 Aircraft overhaul costs (D-check) for aircraft under operating lease are presented as deferred charges, and amortized as expenses over an estimated useful life of 4-7 years but not over the lease term.

4.9.2 Loan guarantee premiums are presented as deferred charge, and amortized as expenses over the period of loans in each accounting period.

4.9.3 Buyer furnished equipment for aircraft under operating lease are amortized as expenses over the lease term.

## 4.10 Liabilities under Finance Leases

Liabilities under finance leases are liabilities from the purchase of aircraft under long-term finance leases with financial institutions and are presented at obligation to pay lease payments less aggregate repayments.

## 4.11 Revenue Recognition

### 4.11.1 Passenger and excess baggage revenue:

4.11.1.1 Revenue from ticket sales and service orders is recognized as revenue when transportation is provided. For passengers using the services of other airlines, the difference between the selling price charged by the Company and the amount billed to the Company by those airline performing the services is recognized as revenue.

4.11.1.2 Unused tickets and service orders were previously recognized as revenue after 24 months from the issuing date. In the year 2018, the Company has changed the criteria for revenue recognition from 24 months to 15 months.

4.11.2 Freight revenue is recognized as expense when the Company provides the services and issues its air waybills. For freight carried by other air carriers, the difference between the selling price charged by the Company and the amount billed to the Company by those air carriers performing the services is recognized as revenue.

- Freight with respect to which the Company has issued an air waybill but carried by other air carriers is recognized as revenue if the other air carriers do not bill within 1 year.

4.11.3 The Company has operated a frequent flyer program called "Royal Orchid Plus" since 1993. Members can exchange accumulated mileage for services. The Company calculates fair value rate per mile by average of air award redemption fair value and other award redemption fair value, then weighted by all award redemption.

Both air award and other award redemption fair value are calculated using the same concept. Air award redemption fair value is calculated from the average net collected fare in each zone divided by the number of miles redeemed for awards in that zone then weighted by each zonal redemption. Other award redemption fair value is calculated from the selling price divided by the average number of miles redeemed for other awards as a value per mile of the Royal Orchid Plus. The estimated cost is used to reduce passenger revenue and recorded liabilities under "unearned transportation revenue". Revenue is recognized when members redeem awards.

4.11.3.1 Redemptions with Star Alliance partners involve interline billing arrangements and costs per mile specified in partner redemptions agreements. Revenue is recognized when transportation is provided.

4.11.3.2 The Company sells mileage to its members in order to encourage redemptions and recognizes the difference between the sale price and fair value per mile as revenue.

4.11.3.3 Unredeemed awards are recognized as revenue after 3 years.

4.11.4 Revenue from business units (i.e. aircraft maintenance services, ground customer services, ground support equipment services, and cargo and mail commercial services) is recognized when services are provided. Revenue from catering services is recognized when sales occur. Revenue from supporting activities such as sale on board and Thai shop is recognized when sales occur, but revenue from dispatch services is recognized when services are provided.

4.11.5 Other revenue is recognized on an accrual basis.

## 4.12 Earnings per Share

Basic earnings per share is calculated by dividing a profit or loss of owners of the parent by the weighted average number of ordinary shares outstanding during the period.

## 4.13 Foreign Currency Transactions

Foreign currency transactions incurred during the year are translated into Baht by exchange rates of the Bank of Thailand at transaction date using average buying and selling rate, starting from January 1, 2015 onward.

Assets and liabilities in foreign currency at year-end are translated into Baht by the closing rate of the average buying and average selling rates of commercial banks announced by the Bank of Thailand at the statements

of financial position date, respectively. Gains or losses on currency exchange are recognized as income or expenses in the statement of comprehensive income.

#### **4.14 Employee Benefit Obligations**

Short-term employee benefits are recognized as expenses in the statement of comprehensive income.

The Company's obligation concerning post-employment benefits under the defined benefit plans and other long-term benefits are recognized in the financial statements using the Projected Unit Credit Method based on calculations by a qualified actuary. Actuarial gains and losses for the Company's defined benefit plans and other long-term benefits are recognized in the other comprehensive income.

#### **4.15 Staff Provident Fund**

On June 26, 1992, the Company established an "Employee of Thai Airways International Public Company Limited Registered Provident Fund" in accordance with the Provident Fund Act B.E. 2530. The fund is managed by a professional fund manager and does not appear on the Company's statements of financial position. The Company contributes to the fund on a monthly basis at a rate of 9 percent of salaries for members having not more than 20 years of service and 10 percent for members having more than 20 years of service. Contributions are recognized as expenses of the Company in the statement of comprehensive income.

#### **4.16 Deferred Tax**

The Company's income tax is calculated in accordance with the Revenue Code of Thailand.

The deferred tax asset is calculated from temporary differences between the tax base of an asset and liability and its carrying amount in the statements of financial position, and unused tax losses. The Company recognizes the deferred tax assets when it is probable that taxable profit will be available against which the deferred tax asset can be utilized. The Company reviews the carrying amount of deferred tax assets at the end of each reporting period, and will reduce the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

The deferred tax liability is calculated from temporary differences between the tax base of intangible asset and its carrying amount and surplus on revaluation of assets.

#### **4.17 Accounting Estimates**

The Company and its subsidiaries have applied the accounting estimates and many assumptions in preparation financial statements to conform to the generally accepted accounting principles. These have impact on the amounts of revenue, expenses, assets, liabilities as well as the disclosure of contingent assets and liabilities which may be differed from actual results.

The estimates and assumptions used in the preparation of financial statement are consistently reviewed. Revisions to accounting estimates are recognized in the reviewed accounting periods and affected future periods.

#### **4.18 Financial Instruments**

The Company uses financial instruments which are Interest Rate Swap (IRS) and Cross Currency Swap (CCS) to reduce the fluctuation risk from an interest rate and exchange rate by entering into a Swap Confirmation to exchange the principal amount and interest at maturity according to the contract. Each party will pay and receive the principal and/or interest in the agreeing currency and interest. The arising interest difference is recognized as interest expenses in the statement of comprehensive income and the principal difference is recognized as gains or losses on foreign currency exchange in the statement of comprehensive income. For the forward foreign exchange contracts, the Company recognizes in its financial statements at maturity. The arising difference will be recognized as gains or losses on foreign currency exchange in the statement of comprehensive income.



#### 4.19 Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company and its subsidiaries have measured fair value and disclosed the information relating to fair value measurement by using the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or a quoted market price is not available.

##### Fair Value Hierarchy

In applying the aforementioned approaches, the Company and its subsidiaries endeavors to use the most possible relevant observable inputs by determining a fair value hierarchy that categorizes inputs into three levels as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

#### 4.20 Hedge Accounting

##### Cash Flow Hedge Accounting

When the Company uses financial instrument as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the financial instrument is recognized in other comprehensive income which separately disclosed in shareholders' equity while the ineffective portion of profit and loss will be acknowledged from foreign exchange rates in the statement of comprehensive income.

The profit or loss incurred from effective portion of cash flow hedges in other components of equity is reclassified to profit or loss in the same period which the hedged forecast cash flow affect profit or loss. The reclassification adjustment will result in an increase or decrease in the revenue from transportation and excess baggage revenue.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was presented in equity is recognized in profit or loss immediately.

### 5. CORPORATE TRANSFORMATION PLANS

In 2018, the Company had implemented the transformation plan aiming at sustainable profit, efficiency and quality of services improvement to increase Customer Satisfaction Index (CSI) and maintaining the international safety standards. There are 5 operating strategies as follows:

1. Strategies for aggressive profit by increasing revenue and cost controlling as well as application of low cost airline's business model.
2. Strategies for development of business unit capability and opportunity to be a growth profit center and improvement of asset management (Asset Lite).
3. Strategies for customer experience development (Engage, Preflight - Inflight - Post Flight) to create impressive and seamless service at each customer contact point to meet requirements of different target groups.
4. Strategies for operating with innovation and Digital Application to increase operational efficiency and enhance business competitive advantage.
5. Strategies for Effective Human Capital Management to improve the organizational structure and culture, leadership, and human resources development to excellence.

According to the above strategies, the Company has continuously plan to reinforce sales efficiency through Web Sales project including revenue generation from business units. Moreover, the Company also emphasized on enhancing cost effectiveness through long term fleet planning and improvement of inflight equipment and entertainment in order to encourage excellent passenger services and seamless integration and collaboration between the Company and Thai Smile Airways Company Limited.

## 6. SUPPLEMENTARY INFORMATION

### 6.1 Cash and Cash Equivalents

Unit : Million Baht

	Consolidated Financial Statements		The Company's Financial Statements	
	2018	2017	2018	2017
Cash on hand - Domestic	14.54	12.68	12.03	12.04
Cash on hand - Abroad	28.55	24.74	28.55	24.74
Cash at banks - Domestic	6,727.22	4,561.61	5,561.25	3,357.48
Cash at banks - Abroad	6,921.54	10,630.66	6,921.53	10,628.53
<b>Total</b>	<b>13,691.85</b>	<b>15,229.69</b>	<b>12,523.36</b>	<b>14,022.79</b>

### 6.2 Trade Receivables

Unit : Million Baht

	Consolidated Financial Statements		The Company's Financial Statements	
	2018	2017	2018	2017
Aging Periods:				
Not over 6 months	10,017.29	11,493.11	9,333.51	11,349.57
Over 6 months to 1 year	340.47	101.57	340.47	101.57
Over 1 year to 2 years	193.37	138.17	188.35	138.03
Over 2 years	1,063.83	965.57	1,034.25	935.05
	11,614.96	12,698.42	10,896.58	12,524.22
Less Allowance for doubtful accounts	(1,220.89)	(993.47)	(1,190.67)	(963.45)
<b>Trade receivables - net</b>	<b>10,394.07</b>	<b>11,704.95</b>	<b>9,705.91</b>	<b>11,560.77</b>

Part of the outstanding overdue trade receivables belong to government agencies and state enterprises. The Company does not set aside the allowance for doubtful accounts for trade receivables of government agencies, while set aside the allowance for doubtful accounts for trade receivables of state enterprises when there is a significant indicator of uncollectible debt.

### 6.3 Inventories and Supplies

Unit : Million Baht

	Consolidated Financial Statements		The Company's Financial Statements	
	2018	2017	2018	2017
Aircraft spare parts	3,430.65	3,279.93	3,430.65	3,279.93
<u>Less</u> Allowance for obsolescence (10 percent of the year-end balance)	(343.06)	(327.99)	(343.06)	(327.99)
<b>Aircraft spare parts - Net</b>	<b>3,087.59</b>	<b>2,951.94</b>	<b>3,087.59</b>	<b>2,951.94</b>
Vehicle spare parts and ground support equipments	348.64	347.99	348.64	347.99
Slow moving aircraft spare parts and spare parts for sale	4,638.97	4,511.94	4,638.97	4,511.94
<u>Less</u> Allowance for obsolescence (33.33 percent of incurred balance during the period)	(4,047.11)	(3,727.48)	(4,047.11)	(3,727.48)
<b>Slow moving aircraft spare parts and spare parts for sale - Net</b>	<b>591.86</b>	<b>784.46</b>	<b>591.86</b>	<b>784.46</b>
Fuel and oil for aircraft	347.98	366.84	347.98	365.74
Goods for sales	270.47	221.00	265.15	216.16
Cabin supplies	233.41	175.33	200.06	154.66
Supplies and other consumables	24.10	23.31	23.78	23.04
Stationery and office supplies	103.49	112.29	97.12	107.49
Inventories and spare parts in transit	17.42	28.50	17.42	28.50
<b>Total inventories and supplies</b>	<b>996.87</b>	<b>927.27</b>	<b>951.51</b>	<b>895.59</b>
<u>Less</u> Adjust for Obsolete and damaged inventories for disposal	(77.94)	(11.81)	(77.94)	(11.81)
Obsolete and damaged inventories for disposal	80.58	29.62	80.58	29.62
<u>Less</u> Allowance for obsolescence (100 percent)	(80.58)	(29.62)	(80.58)	(29.62)
<b>Obsolete and damaged inventories for disposal - Net</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total inventories and supplies - Net</b>	<b>4,947.02</b>	<b>4,999.85</b>	<b>4,901.66</b>	<b>4,968.17</b>
Total inventories and supplies at year-end	9,417.77	9,084.94	9,372.41	9,053.26
<u>Less</u> Total allowance for obsolete inventories and supplies	(4,470.75)	(4,085.09)	(4,470.75)	(4,085.09)
<b>Total inventories and supplies - Net</b>	<b>4,947.02</b>	<b>4,999.85</b>	<b>4,901.66</b>	<b>4,968.17</b>

## 6.4 Other Current Assets

Unit : Million Baht

	Consolidated Financial Statements		The Company's Financial Statements	
	2018	2017	2018	2017
Tax refund	1,436.69	952.98	1,436.69	952.98
Cash on hand and at banks of pension fund	3,970.42	3,942.10	3,970.42	3,942.10
Accrued income	1,139.30	1,212.86	2,061.75	1,828.05
Receivables from related parties	2,160.46	1,237.17	9,358.33	7,881.65
Others	3,996.11	4,385.01	3,708.18	3,846.05
<b>Total</b>	<b>12,702.98</b>	<b>11,730.12</b>	<b>20,535.37</b>	<b>18,450.83</b>

## 6.5 Non-current assets held for sale

Unit : Million Baht

	Aircraft	Engines	Land Revalued in year 2015	Other assets	Total
As at January 1, 2018	-	-	200.81	-	200.81
- Additions	694.30	-	38.91	0.84	734.05
- Disposals	(204.14)	-	(239.72)	(0.84)	(444.70)
<b>As at December 31, 2018</b>	<b>490.16</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>490.16</b>

As at January 1, 2018, non-current assets held for sale consisted of the Company's domestic and abroad land which had been revalued in 2015 in the amount of THB 200.81 million.

During the year ended December 31, 2018, non-performing assets was reclassified to non-current assets held for sale in the amount of THB 734.05 million consisted of two A330-300, one B737-400 and two B747-400, totaling 5 aircraft in the amount of THB 694.30 million as well as the Company's abroad land in the amount of THB 38.91 million and other assets in the amount of THB 0.84 million.

Moreover, the Company had transferred the title of one B737-400 and one A330-300 in the amount of THB 204.14 million, the Company's domestic and abroad land which had been revalued in 2015 in the amount of THB 239.72 million to the buyer as well as sold out other assets in the amount of THB 0.84 million, which made a grand total of THB 444.70 million.

As at December 31, 2018, non-current assets held for sale consisted of one A330-300 and two B747-400, totaling 3 aircraft in the amount of THB 490.16 million.



## 6.6 Investments

### Consolidated Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on Investments	
	2018	2017	Cost Method		Equity Method		2018	2017
<b>6.6.1 Investments in associates recorded by equity method</b>								
Royal Orchid Hotel (Thailand) Public Company	24.00	24.00	225.00	225.00	265.54	278.46	13.52	30.18
Less Sale of total shares	(24.00)	-	(225.00)	-	(265.54)	-	-	-
Balance	-	24.00	-	225.00	-	278.46	13.52	30.18
(Fair value as at Apr 23, 2018 amount of THB 916.88 million and for the year 2017 amount of THB 838.13 million)								
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	109.76	109.56	24.20	12.94
Bangkok Aviation Fuel Services Public Company Limited	22.59	22.59	115.19	115.19	1,250.82	1,181.45	250.79	230.40
(Fair value for the year 2018 amount of THB 3,772.36 million and for the year 2017 amount of THB 5,384.97 million)								
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	269.16	325.13	19.03	63.93
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	283.42	246.02	37.40	44.93
Nok Airlines Public Company Limited and its subsidiaries	21.80	21.80	735.59	735.59	386.55	1,254.33	(867.77)	(978.38)
(Fair value for the year 2018 amount of THB 1,198.85 million and for the year 2017 amount of THB 1,684.33 million)								
<b>Total investments recorded by equity method</b>					<b>2,299.71</b>	<b>3,394.95</b>	<b>(522.83)</b>	<b>(596.00)</b>
<b>6.6.2 Other long-term investments recorded by cost method</b>								
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00934	0.00934			-	0.00004
Aeronautical Radio of Thailand Limited	1.36	1.45	8.95	9.54			-	-
SITA Investment Certificate	-	-	25.09	26.22			-	-
Trade Siam Company Limited (paid 25 percent of authorized share capital)	3.50	3.50	1.75	1.75			0.50	0.42
SITA Information Networking Computing	-	-	29.52	29.73			-	-
Other Shares	-	-	2.68	2.74			0.70	1.02
Investment in Vayupak Fund	-	-	1.00	1.00			0.006	0.006
<b>Total other long-term investments</b>			<b>69.00</b>	<b>70.99</b>			<b>1.20</b>	<b>1.45</b>

The Board of Directors meeting no. 1/2018 dated January 24, 2018 approved the Company to sell 22.50 million shares of registered capital of Royal Orchid Hotel (Thailand) Public Company Limited., at THB 41.00 per share, totaling to THB 922.50 million. The ROH's share had been completely transferred to Grande Asset Hotels and Property Public Company Limited since April 23, 2018.

The Company's Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments Cost Method		Dividend Income	
	2018	2017	2018	2017	2018	2017
<b>6.6.1 Investments recorded by cost method</b>						
<b>Subsidiaries</b>						
Thai-Amadeus Southeast Asia Company Limited	55.00	55.00	8.25	8.25	37.12	24.75
WingSpan Services Company Limited	49.00	49.00	0.98	0.98	-	-
Thai Flight Training Company Limited	49.00	49.00	0.98	0.98	0.98	-
Thai Smile Airways Company Limited	100.00	100.00	1,800.00	1,800.00	-	-
<b>Total</b>			<b>1,810.21</b>	<b>1,810.21</b>	<b>38.10</b>	<b>24.75</b>
<b>Associates</b>						
Royal Orchid Hotel (Thailand) Public Company Limited	24.00	24.00	225.00	225.00	26.44	20.25
<u>Less</u> Sale of total shares	(24.00)	-	(225.00)	-	-	-
Balance	-	24.00	-	225.00	26.44	20.25
(Fair value as at Apr 23, 2018 amount of THB 916.88 million and for the year 2017 amount of THB 838.13 million)						
Donmuang International Airport Hotel Company Limited	40.00	40.00	48.00	48.00	24.00	24.00
Bangkok Aviation Fuel Services Public Company Limited	22.59	22.59	115.19	115.19	181.42	175.66
(Fair value for the year 2018 amount of THB 3,772.36 million and for the year 2017 amount of THB 5,384.97 million)						
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	75.00	55.50
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	-	-
Nok Airlines Public Company Limited and its subsidiaries	21.80	21.80	735.59	735.59	-	-
(Fair value for the year 2018 amount of THB 1,198.85 million and for the year 2017 amount of THB 1,684.33 million)						
<b>Total</b>			<b>1,234.11</b>	<b>1,459.11</b>	<b>306.86</b>	<b>275.41</b>
			<b>3,044.32</b>	<b>3,269.32</b>	<b>344.96</b>	<b>300.16</b>

The Company's Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments Cost Method		Dividend Income	
	2018	2017	2018	2017	2018	2017
<b>6.6.2 Other long-term investments recorded by cost method</b>						
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00934	0.00934	-	0.00004
Aeronautical Radio of Thailand Limited	0.90	0.97	5.97	6.43	-	-
SITA Investment Certificate	-	-	25.09	26.22	-	-
Trade Siam Company Limited (paid 25 percent of authorized share capital)	3.50	3.50	1.75	1.75	0.50	0.42
SITA Information Networking Computing	-	-	29.52	29.73	-	-
Other Shares	-	-	2.68	2.74	0.70	1.02
Investment in Vayupak Fund	-	-	1.00	1.00	0.006	0.006
<b>Total other long-term investments</b>			<b>66.02</b>	<b>67.88</b>	<b>1.20</b>	<b>1.45</b>

**Control of the Subsidiaries**

The Company holds more than 50 percent of total shares of the subsidiaries or has power over the subsidiaries. The Company is entitled to appoint board of directors who have voting rights and ability to direct the relevant activities of the subsidiaries in accordance with the proportion of shareholding or the terms of shareholders' agreement. As a result, the Company holds the majority of voting rights in the board of directors' meeting.

**6.6.3 Financial Information Summary of Subsidiaries**

Unit : Million Baht

Name of Company	Assets	Liabilities	Income	Gains (Losses)
<b><u>Subsidiaries</u></b>				
Thai-Amadeus Southeast Asia Company Limited	366.53	87.08	330.37	124.35
WingSpan Services Company Limited	472.61	379.08	1,107.53	(97.67)
Thai Flight Training Company Limited	71.77	6.68	66.10	14.30
Tour Eurng Luang Company Limited	20.48	15.82	2.12	0.46
Thai Smile Airways Company Limited	5,752.08	12,695.57	11,063.50	(2,602.32)

Unit : Million Baht

Name of Company	Assets	Liabilities	Income	Gains (Losses)
<b><u>Associates</u></b>				
Royal Orchid Hotel (Thailand) Public Company Limited	1,102.63	235.54	477.51	69.15
Donmuang International Airport Hotel Company Limited	402.04	127.29	407.20	62.17
Bangkok Aviation Fuel Services Public Company Limited	16,290.37	8,437.40	3,806.60	1,110.20
Phuket Air Catering Company Limited	966.81	71.05	459.32	63.44
Suvarnabhumi Airport Hotel Company Limited	1,428.02	476.65	945.95	124.66
Nok Airlines Public Company Limited and its subsidiaries	14,205.58	17,259.82	19,740.23	(3,980.63)

Suvarnabhumi Airport Hotel Company Limited has a reporting period as at September 30, corresponds with a reporting period of Airport of Thailand Public Company Limited, a major shareholder of Suvarnabhumi Airport Hotel Company Limited.

Royal Orchid Hotel (Thailand) Public Company Limited; Asset and Liability are the balance as at June 30, 2018 but Income and Gains are the amount of the six-month period ended June 30, 2018. In the second quarter of the year 2018, the Company sold and transferred total shares to the buyer in the amount of THB 922.50 million and there was gain on sale of investment in the amount of THB 697.50 million (Note to the Financial Statements no. 6.24 other income).

## 6.7 Significant Transactions with Related Parties

### 6.7.1 Related Transactions with Major Shareholder

#### 6.7.1.1 Short-term loans from related party

Unit : Million Baht		
	2018	2017
Foreign loans via the Ministry of Finance	-	4,270.14
Loans via domestic Financial Institutions	1,000.00	-
<b>Total</b>	<b>1,000.00</b>	<b>4,270.14</b>

#### 6.7.1.2 Long-term loans from related party

Unit : Million Baht		
	2018	2017
<b><u>Current maturities of long-term loans</u></b>		
Foreign loans via the Ministry of Finance	1,198.64	-
Loans via domestic Financial Institutions	249.45	-
<b>Total</b>	<b>1,448.09</b>	<b>-</b>
<b><u>Long-term loans</u></b>		
Foreign loans via the Ministry of Finance	13,173.54	15,102.67
Loans via domestic Financial Institutions	2,464.46	-
<b>Total</b>	<b>15,638.00</b>	<b>15,102.67</b>

Foreign loans via the Ministry of Finance mean the Ministry of Finance entered into loan agreements with foreign entities and lent to the Company in Euro currency.

### 6.7.2 Related Transactions with Subsidiaries

#### 6.7.2.1 Loans to Subsidiary

Unit : Million Baht		
	2018	2017
WingSpan Services Company Limited	-	45.00
<b>Total</b>	<b>-</b>	<b>45.00</b>

#### 6.7.2.2 Sales and Purchases

Unit : Million Baht				
	2018		2017	
	Sales	Purchases	Sales	Purchases
Thai-Amadeus Southeast Asia Company Limited	20.05	-	0.59	-
WingSpan Services Company Limited	7.99	1,113.89	49.63	910.54
Thai Flight Training Company Limited	30.47	0.05	12.75	0.82
Tour Eung Luang Company Limited	41.86	0.05	59.02	0.09
Thai Smile Airways Company Limited	9,543.60	5,041.45	8,942.06	1,284.51

### 6.7.2.3 Accounts Receivable and Accounts Payable

Unit : Million Baht

	2018		2017	
	Accounts Receivable	Accounts Payable	Accounts Receivable	Accounts Payable
Thai-Amadeus Southeast Asia Company Limited	5.96	-	0.01	0.16
WingSpan Services Company Limited	284.08	582.61	393.18	427.69
Thai Flight Training Company Limited	4.09	-	0.10	0.18
Tour Eurng Luang Company Limited	7.60	-	0.45	0.004
Thai Smile Airways Company Limited	9,465.45	1,837.38	7,951.12	2,106.47

Related accounts receivable and accounts payable of WingSpan Service Co., Ltd. included prepaid and accrued expenses in the amount of THB 279.86 million and THB 578.02 million, respectively.

Related accounts receivable and accounts payable of Thai Smile Airways Co., Ltd. included accrued income and accrued expenses in the amount of THB 165.42 million and THB 1,433.51 million, respectively.

### 6.7.2.4 Aircraft Lease

The Company signed A320-200 aircraft sublease agreements with Thai Smile Airways Co., Ltd. As at December 31, 2018, a total of such aircraft were 20 aircraft consisting of 15 aircraft under operating lease agreements with monthly lease payment and 5 aircraft under finance lease agreements with quarterly lease payment. The sublease term shall continue for the entire term of the main lease agreements.

## 6.7.3 Related Transactions with Associates

### 6.7.3.1 Sales and Purchases

Unit : Million Baht

	2018		2017	
	Sales	Purchases	Sales	Purchases
Royal Orchid Hotel (Thailand) Public Company Limited	-	0.33	0.13	2.90
Donmuang International Airport Hotel Company Limited	-	0.02	-	0.04
Bangkok Aviation Fuel Services Public Company Limited	-	354.43	0.08	338.02
Phuket Air Catering Company Limited	1.50	133.28	0.39	79.39
Suvarnabhumi Airport Hotel Company Limited	-	19.65	-	27.15
Nok Airlines Public Company Limited and its subsidiaries	190.18	3.83	142.64	0.06

### 6.7.3.2 Accounts Receivable and Accounts Payable

Unit : Million Baht

	2018		2017	
	Accounts Receivable	Accounts Payable	Accounts Receivable	Accounts Payable
Royal Orchid Hotel (Thailand) Public Company Limited	-	-	-	0.04
Donmuang International Airport Hotel Company Limited	-	-	-	-
Bangkok Aviation Fuel Services Public Company Limited	-	-	0.06	-
Phuket Air Catering Company Limited	0.04	2.34	0.03	7.95
Suvarnabhumi Airport Hotel Company Limited	-	1.62	-	0.30
Nok Airlines Public Company Limited and its subsidiaries	56.82	0.24	53.14	-

The Company's pricing policy is to purchase goods and services at market price from related parties on normal commercial term as unrelated parties.



## 6.8 Property, Plant and Equipment

### Consolidated Financial Statements As at December 31, 2018

Unit : Million Baht

	Prepaid Aircraft and Spare Engines	Aircraft	Aircraft under Finance Leases	Aircraft Spare Parts	Work in Progress	Land	Buildings	Leasehold Buildings	Building Improvement	Other Plant and Equipment	Total
<b>Cost</b>											
As at January 1, 2018, as previous period	6,123.73	131,482.17	162,019.28	33,222.04	599.09	9,035.06	2,119.19	10,809.16	4,769.11	31,195.61	391,374.44
Less: Adjustment	-	(900.66)	-	-	-	-	-	-	-	-	(900.66)
As at January 1, 2018 - after adjustment	6,123.73	130,581.51	162,019.28	33,222.04	599.09	9,035.06	2,119.19	10,809.16	4,769.11	31,195.61	390,473.78
- Additions	-	658.03	6,902.14	2,508.78	621.31	-	-	-	79.48	658.90	11,428.64
- Adjust/Transfers	(6,123.73)	25,341.05	(22,285.82)	1,356.51	(879.30)	-	-	-	(59.10)	(617.57)	(3,267.96)
- Disposals/Write off	-	(631.32)	(529.63)	(1,170.45)	-	-	-	-	(12.56)	(31.13)	(2,375.09)
As at December 31, 2018	-	155,949.27	146,105.97	35,916.88	341.10	9,035.06	2,119.19	10,809.16	4,776.93	31,205.81	396,259.37
<b>Accumulated depreciation</b>											
As at January 1, 2018, as previous period	-	89,296.63	48,799.44	23,630.04	-	-	2,072.52	6,479.60	4,625.73	28,367.87	203,271.83
Less: Adjustment	-	(900.66)	-	-	-	-	-	-	-	-	(900.66)
As at January 1, 2018 - after adjustment	-	88,395.97	48,799.44	23,630.04	-	-	2,072.52	6,479.60	4,625.73	28,367.87	202,371.17
- Depreciation	-	8,070.36	8,205.06	1,407.26	-	-	13.91	229.98	79.50	791.92	18,797.99
- Adjust/Transfers	-	14,167.95	(15,968.90)	(33.05)	-	-	-	-	(58.85)	(617.01)	(2,509.86)
- Disposals/Write off	-	(631.32)	(529.63)	(795.84)	-	-	-	-	(12.56)	(29.27)	(1,998.62)
As at December 31, 2018	-	110,002.96	40,505.97	24,208.41	-	-	2,086.43	6,709.58	4,633.82	28,513.51	216,660.68
<b>Carrying amount</b>											
As at December 31, 2017	6,123.73	42,185.54	113,219.84	9,592.00	599.09	9,035.06	46.67	4,329.56	143.38	2,827.74	188,102.61
As at December 31, 2018	-	45,946.31	105,600.00	11,708.47	340.10	9,035.06	32.76	4,099.58	143.11	2,692.30	179,598.69

Consolidated Financial Statements  
As at December 31, 2017

	Prepaid Aircraft and Spare Engines	Aircraft	Aircraft under Finance Leases	Aircraft Spare Parts	Work in Progress	Land	Buildings	Leasehold Buildings	Building Improvement	Other Plant and Equipment	Total
Unit : Million Baht											
<b>Cost</b>											
As at January 1, 2017	9,646.95	126,334.89	156,393.29	33,291.82	371.21	9,063.37	2,124.24	10,805.23	4,794.03	31,335.71	384,160.74
- Adjust/Transfers	(5,321.35)	5,233.07	(5,412.31)	(72.54)	(1,557.87)	(28.31)	(2.99)	3.93	(56.08)	(682.00)	(7,896.45)
- Additions	1,798.13	846.71	11,119.55	2,215.58	1,785.75	-	-	-	51.24	576.90	18,393.86
- Disposals/Write off	-	(932.50)	(81.25)	(2,212.82)	-	-	(2.06)	-	(20.08)	(35.00)	(3,283.71)
As at December 31, 2017	6,123.73	131,482.17	162,019.28	33,222.04	599.09	9,035.06	2,119.19	10,809.16	4,769.11	31,195.61	391,374.44
<b>Accumulated depreciation</b>											
As at January 1, 2017	-	81,648.97	43,476.63	23,063.89	-	-	2,063.66	6,245.16	4,605.78	28,165.30	189,269.39
- Depreciation	-	5,690.64	8,161.70	1,439.35	-	-	13.91	230.51	96.12	912.17	16,544.40
- Adjust/Transfers	-	2,783.31	(2,757.72)	87.01	-	-	(2.99)	3.93	(56.09)	(677.06)	(619.61)
- Disposals/Write off	-	(893.56)	(81.17)	(960.21)	-	-	(2.06)	-	(20.08)	(32.54)	(1,989.62)
- Allowance for impairment	-	67.27	-	-	-	-	-	-	-	-	67.27
As at December 31, 2017	-	89,296.63	48,799.44	23,630.04	-	-	2,072.52	6,479.60	4,625.73	28,367.87	203,271.83
<b>Carrying amount</b>											
As at December 31, 2016	9,646.95	44,685.92	112,916.66	10,227.93	371.21	9,063.37	60.58	4,560.07	188.25	3,170.41	194,891.35
As at December 31, 2017	6,123.73	42,185.54	113,219.84	9,592.00	599.09	9,035.06	46.67	4,329.56	143.38	2,827.74	188,102.61

The Company's Financial Statements  
As at December 31, 2018

Unit: Million Baht											
	Prepaid Aircraft and Spare Engines	Aircraft	Aircraft under Finance Leases	Aircraft Spare Parts	Work in Progress	Land	Buildings	Leasehold Buildings	Building Improvement	Other Plant and Equipment	Total
<b>Cost</b>											
As at January 1, 2018, as previous period	6,123.73	131,482.17	162,019.28	33,222.04	587.47	9,035.06	2,119.19	10,809.16	4,742.89	31,100.29	391,241.28
Less Adjustment	-	(900.66)	-	-	-	-	-	-	-	-	(900.66)
As at January 1, 2018 - after adjustment	6,123.73	130,581.51	162,019.28	33,222.04	587.47	9,035.06	2,119.19	10,809.16	4,742.89	31,100.29	390,340.62
- Adjust/Transfers	-	658.03	6,902.14	2,508.78	619.92	-	-	-	75.72	647.69	11,412.28
- Additions	(6,123.73)	25,341.05	(22,285.82)	1,356.51	(879.31)	-	-	-	(59.10)	(617.57)	(3,267.97)
- Disposals/Write off	-	(631.32)	(529.63)	(1,170.45)	-	-	-	-	(12.56)	(27.79)	(2,371.75)
As at December 31, 2018	-	155,949.27	146,105.97	35,916.88	328.08	9,035.06	2,119.19	10,809.16	4,746.95	31,102.62	396,113.18
<b>Accumulated depreciation</b>											
As at January 1, 2018, as previous period	-	89,296.63	48,799.44	23,630.04	-	-	2,072.52	6,479.60	4,608.81	28,287.16	203,174.20
Less Adjustment	-	(900.66)	-	-	-	-	-	-	-	-	(900.66)
As at January 1, 2018 - after adjustment	-	88,395.97	48,799.44	23,630.04	-	-	2,072.52	6,479.60	4,608.81	28,287.16	202,273.54
- Depreciation	-	8,070.36	8,205.06	1,407.26	-	-	13.91	229.98	73.67	786.05	18,786.29
- Adjust/Transfers	-	14,167.95	(15,968.90)	(33.05)	-	-	-	-	(58.85)	(617.01)	(2,509.86)
- Disposals/Write off	-	(631.32)	(529.63)	(795.84)	-	-	-	-	(12.56)	(25.94)	(1,995.29)
As at December 31, 2018	-	110,002.96	40,505.97	24,208.41	-	-	2,086.43	6,709.58	4,611.07	28,430.26	216,554.68
<b>Carrying amount</b>											
As at December 31, 2017	6,123.73	42,185.54	113,219.84	9,592.00	587.47	9,035.06	46.67	4,329.56	134.08	2,813.13	188,067.08
As at December 31, 2018	-	45,946.31	105,600.00	11,708.47	328.08	9,035.06	32.76	4,099.58	135.88	2,672.36	179,558.50

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As at December 31, 2017

Unit : Million Baht

	Prepaid Aircraft and Spare Engines	Aircraft	Aircraft under Finance Leases	Aircraft Spare Parts	Work in Progress	Land	Buildings	Leasehold Buildings	Building Improvement	Other Plant and Equipment	Total
<b>Cost</b>											
As at January 1, 2017	9,646.95	126,334.89	156,393.29	33,291.82	371.21	9,063.37	2,124.24	10,805.23	4,768.82	31,224.76	384,024.58
- Adjust/Transfers	(5,321.35)	5,233.07	(5,412.31)	(72.54)	(1,557.87)	(28.31)	(2.99)	3.93	(56.08)	(682.00)	(7,896.45)
- Additions	1,798.13	846.71	11,119.55	2,215.58	1,774.13	-	-	-	50.23	568.27	18,372.60
- Disposals/Write off	-	(932.50)	(81.25)	(2,212.82)	-	-	(2.06)	-	(20.08)	(10.74)	(3,259.45)
As at December 31, 2017	6,123.73	131,482.17	162,019.28	33,222.04	587.47	9,035.06	2,119.19	10,809.16	4,742.89	31,100.29	391,241.28
<b>Accumulated depreciation</b>											
As at January 1, 2017	-	81,648.97	43,476.63	23,063.89	-	-	2,063.66	6,245.16	4,596.38	28,066.10	189,160.79
- Depreciation	-	5,690.64	8,161.70	1,439.35	-	-	13.91	230.51	88.60	908.70	16,533.41
- Adjust/Transfers	-	2,783.31	(2,757.72)	87.01	-	-	(2.99)	3.93	(56.09)	(677.06)	(619.61)
- Disposals/Write off	-	(893.56)	(81.17)	(960.21)	-	-	(2.06)	-	(20.08)	(10.58)	(1,967.66)
- Allowance for impairment	-	67.27	-	-	-	-	-	-	-	-	67.27
As at December 31, 2017	-	89,296.63	48,799.44	23,630.04	-	-	2,072.52	6,479.60	4,608.81	28,287.16	203,174.20
<b>Carrying amount</b>											
As at December 31, 2016	9,646.95	44,685.92	112,916.66	10,227.93	371.21	9,063.37	60.58	4,560.07	172.44	3,158.66	194,863.79
As at December 31, 2017	6,123.73	42,185.54	113,219.84	9,592.00	587.47	9,035.06	46.67	4,329.56	134.08	2,813.13	188,067.08

As at December 31, 2018, there were 103 aircraft represented in the Company's fleet, consisting of 32 own aircraft, 32 aircraft under finance leases and 39 aircraft under operating leases.

34 aircraft from the total of aircraft represented in the Company's fleet, there were 2 own aircraft pledged as collateral with the carrying amount of THB 4,969.02 million and 32 aircraft under finance leases with carrying amount of THB 105,600.00 million were pledged as collateral for liabilities (Asset-based Financing). The ownership of these aircraft under finance leases will be transferred to the Company when the conditions, terms and payments are paid and fulfilled by the end of lease term.

Aircraft spare parts consisted of aircraft engines and other aircraft spare parts.

The Company has buildings and equipment that are fully depreciated with historical cost of THB 86,593.31 million, the leasehold buildings in the amount of THB 3,935.16 million included.

Property, Plant and Equipment include the leasehold premises which are leased from Airports of Thailand Public Company Limited at Suvarnabhumi Airport with a lease term of 30 years starting from September 28, 2006 to September 27, 2036 and at Donmuang Airport with a lease term of 3 years starting from September 28, 2015 to September 27, 2018. The ownership of the buildings and component parts will be passed to the Ministry of Finance at the end of the lease term. The lease agreement at Donmuang Airport is currently under the negotiation.

The measurement of the Company's domestic and abroad land had been changed from historical cost of THB 899.86 million to revaluation model of THB 9,035.06 million, consisting of land in Bangkok, other provinces, and abroad in amount of THB 8,007.24 million, THB 301.66 million and THB 726.16 million, respectively, which excluded land classified as other non-current assets with the carrying amount of THB 242.83 million. The revaluation was done in September 2015 by the appraiser qualified by the Securities and Exchange Commission, Thailand (SEC.).

## **6.9 The change in estimated residual value of Aircraft and Spare Engines**

As at December 31, 2018, the Company reviewed the residual value of aircraft and spare engines in accordance with TAS 16 (revised 2017) "Property, plant and equipment" which the residual value and the useful life of an asset shall be reviewed at least at each financial year-end and, if estimated value differ from previous estimated value, the change shall be accounted for as a change in an accounting estimate.

The Company reviewed the residual value using the information based on historical selling price, aircraft appraisals information by the qualified airline industry appraiser and the development of aviation technology. According to the mentioned information, the Company has changed the estimated residual value of aircraft and spare engines from 10 percent to 6 percent of the initial cost which is comparable to the residual value of the other leading airline in between 5-10 percent.

Due to the change of accounting estimate for the residual value of aircraft and spare engines, the depreciation expense of aircraft and spare engines in 2018 increased by approximately THB 3,129.09 million.



## 6.10 Intangible Assets

Unit : Million Baht

	Consolidated Financial Statements	The Company's Financial Statements
<b>Cost</b>		
As at January 1, 2018	3,544.95	3,506.27
- Adjust/Transfers	(1.75)	(1.75)
- Additions	51.21	50.10
- Disposals/Write off	(56.47)	(56.47)
As at December 31, 2018	3,537.94	3,498.15
<b>Accumulated amortization</b>		
As at January 1, 2018	3,112.45	3,087.60
- Amortization	247.37	239.97
- Adjust/Transfers	(1.75)	(1.75)
- Disposals/Write off	(56.48)	(56.48)
As at December 31, 2018	3,301.59	3,269.34
<b>Carrying amount</b>		
As at December 31, 2017	432.50	418.67
As at December 31, 2018	236.35	228.81

## 6.11 Deferred Income Tax and Income Tax

### 6.11.1 Deferred Tax Assets and Liabilities

Deferred tax assets and liabilities arising from the temporary differences between the carrying amount and tax base of assets and liabilities in the statements of financial position as well as the tax loss carryforward measured by tax rate at 20 percent are as follows:

Unit : Million Baht

	Consolidated Financial Statements		The Company's Financial Statements	
	2018	2017	2018	2017
Deferred Tax Assets	10,650.72	10,679.23	10,632.99	10,663.25
Deferred Tax Liabilities	1,703.58	1,791.35	1,703.58	1,791.35

Movement in deferred tax assets and liabilities during the year are as follows:

Unit : Million Baht

	Consolidated Financial Statements				
	Balance as at January 1, 2018	Items recognized in Profit or Loss	Items recognized in Other Comprehensive Income	As at December 31, 2018	
				Deferred Tax Assets	Deferred Tax Liabilities
Contribution to staff provident fund	41.95	(3.07)	-	38.88	-
Contribution to staff pension fund	173.20	(5.76)	-	167.44	-
Allowance for obsolete inventories	817.02	77.13	-	894.15	-
Allowance for doubtful accounts	268.23	29.16	-	297.39	-
Allowance for impairment of assets	4,607.25	(1,927.89)	-	2,679.36	-
Estimated accrual expenses	2,047.84	(1,892.36)	-	155.48	-
Intangible assets	7.70	(1.54)	-	6.16	-
Provisions for employee benefit obligations	2,518.88	(629.85)	53.43	1,942.46	-
Effective portion of changes in fair value of cash flow hedges	195.45	-	(64.21)	131.24	-
Tax losses carryforward	-	4,336.06	-	4,336.06	-
Others	1.71	0.39	* -	2.10	-
	<b>10,679.23</b>	<b>(17.73)</b>	<b>(10.78)</b>	<b>10,650.72</b>	<b>-</b>
Intangible assets	74.30	(44.90)	-	-	29.40
Revaluation surplus	1,717.05	(42.87)	-	-	1,674.18
<b>Total</b>	<b>1,791.35</b>	<b>(87.77)</b>	<b>-</b>	<b>-</b>	<b>1,703.58</b>

\*In 2018, Deferred tax asset was recognized in other item of the Consolidated financial statements for an increase of THB 80.00.

Unit : Million Baht

	Consolidated Financial Statements				
	Balance as at January 1, 2017	Items recognized in Profit or Loss	Items recognized in Other Comprehensive Income	As at December 31, 2017	
				Deferred Tax Assets	Deferred Tax Liabilities
Contribution to staff provident fund	44.71	(2.76)	-	41.95	-
Contribution to staff pension fund	167.98	5.22	-	173.20	-
Allowance for obsolete inventories	751.49	65.53	-	817.02	-
Allowance for doubtful accounts	279.21	(10.98)	-	268.23	-
Allowance for impairment of assets	4,316.20	291.05	-	4,607.25	-
Estimated accrual expenses	1,723.87	323.97	-	2,047.84	-
Intangible assets	19.92	(12.22)	-	7.70	-
Provisions for employee benefit obligations	2,384.01	134.84	0.03	2,518.88	-
Effective portion of changes in fair value of cash flow hedges	325.97	-	(130.52)	195.45	-
Others	1.59	0.10	0.02	1.71	-
	<b>10,014.95</b>	<b>794.75</b>	<b>(130.47)</b>	<b>10,679.23</b>	<b>-</b>
Intangible assets	127.23	(52.93)	-	-	74.30
Revaluation surplus	1,727.01	(9.96)	-	-	1,717.05
<b>Total</b>	<b>1,854.24</b>	<b>(62.89)</b>	<b>-</b>	<b>-</b>	<b>1,791.35</b>

Unit : Million Baht

	The Company's Financial Statements				
	Balance as at January 1, 2018	Items recognized in Profit or Loss	Items recognized in Other Comprehensive Income	As at December 31, 2018	
				Deferred Tax Assets	Deferred Tax Liabilities
Contribution to staff provident fund	41.95	(3.07)	-	38.88	-
Contribution to staff pension fund	173.20	(5.76)	-	167.44	-
Allowance for obsolete inventories	817.02	77.13	-	894.15	-
Allowance for doubtful accounts	264.01	29.11	-	293.12	-
Allowance for impairment of assets	4,607.25	(1,927.89)	-	2,679.36	-
Estimated accrual expenses	2,042.00	(1,892.36)	-	149.64	-
Intangible assets	7.70	(1.54)	-	6.16	-
Provisions for employee benefit obligations	2,514.67	(631.16)	53.43	1,936.94	-
Effective portion of changes in fair value of cash flow hedges	195.45	-	(64.21)	131.24	-
Tax losses carryforward	-	4,336.06	-	4,336.06	-
Others	-	-	-	-	-
	<b>10,663.25</b>	<b>(19.48)</b>	<b>(10.78)</b>	<b>10,632.99</b>	<b>-</b>
Intangible assets	74.30	(44.90)	-	-	29.40
Revaluation surplus	1,717.05	(42.87)	-	-	1,674.18
<b>Total</b>	<b>1,791.35</b>	<b>(87.77)</b>	<b>-</b>	<b>-</b>	<b>1,703.58</b>

Unit : Million Baht

	The Company's Financial Statements				
	Balance as at January 1, 2017	Items recognized in Profit or Loss	Items recognized in Other Comprehensive Income	As at December 31, 2017	
				Deferred Tax Assets	Deferred Tax Liabilities
Contribution to staff provident fund	44.71	(2.76)	-	41.95	-
Contribution to staff pension fund	167.98	5.22	-	173.20	-
Allowance for obsolete inventories	751.49	65.53	-	817.02	-
Allowance for doubtful accounts	274.98	(10.97)	-	264.01	-
Allowance for impairment of assets	4,316.20	291.05	-	4,607.25	-
Estimated accrual expenses	1,718.03	323.97	-	2,042.00	-
Intangible assets	19.92	(12.22)	-	7.70	-
Provisions for employee benefit obligations	2,380.77	133.90	-	2,514.67	-
Effective portion of changes in fair value of cash flow hedges	325.97	-	(130.52)	195.45	-
Others	-	-	-	-	-
	10,000.05	793.72	(130.52)	10,663.25	-
Intangible assets	127.23	(52.93)	-	-	74.30
Revaluation surplus	1,727.01	(9.96)	-	-	1,717.05
Total	1,854.24	(62.89)	-	-	1,791.35

6.11.2 Income Tax Expense (Revenue) for the year ended December 31, 2018 consisted of:

Unit : Million Baht

	Consolidated Financial Statements		The Company's Financial Statements	
	2018	2017	2018	2017
Income tax expense (revenue) from taxable profit for the period	33.31	34.74	-	9.92
Add (less): deferred tax assets/liabilities from temporary differences increase/decrease	(70.04)	(857.64)	(68.29)	(856.61)
Total	(36.73)	(822.90)	(68.29)	(846.69)

## 6.12 Other Non-Current Assets

Unit : Million Baht

	Consolidated Financial Statements		The Company's Financial Statements	
	2018	2017	2018	2017
Deferred charges	2,230.00	2,569.35	2,141.11	2,451.01
Deferred buyer furnished equipment for aircraft under operating lease	4,539.04	4,140.17	4,539.04	4,140.17
Maintenance reserves	13,538.58	10,388.15	13,552.03	10,373.86
Non-performing assets	4,891.45	8,626.03	4,891.45	8,626.03
Others	1,119.63	855.01	1,061.57	811.26
<b>Total</b>	<b>26,318.70</b>	<b>26,578.71</b>	<b>26,185.20</b>	<b>26,402.33</b>

Maintenance reserves is collected by lessor to accrue for the scheduled major maintenance events as specified by maintenance schedule in lease agreement.

Non-performing assets consisted of:

Unit : Million Baht

	Aircraft	Engines	Land Revalue in year 2015	Other assets	Total
As at January 1, 2018	7,697.86	584.58	281.74	61.85	8,626.03
- Additions	148.65	-	-	0.79	149.44
- Impairment	(3,064.02)	(85.95)	-	-	(3,149.97)
- Adjust/Transfers	(694.30)	-	(38.91)	(0.84)	(734.05)
<b>As at December 31, 2018</b>	<b>4,088.19</b>	<b>498.63</b>	<b>242.83</b>	<b>61.80</b>	<b>4,891.45</b>

As at December 31, 2018, total non-performing assets in amount of THB 4,891.45 million consisted of 18 aircraft in amount of THB 4,088.19 million (one A300-600, four A330-300, three A340-500, six A340-600 and four B737-400), spare engines in amount of THB 498.63 million, the Company's domestic and abroad land which had been revalued in 2015 in amount of THB 242.83 million, and other assets in amount of THB 61.80 million which mostly were spare parts of decommissioned aircraft.

## 6.13 Liquidity Management

In the year 2018, the Company acquired financing through short-term and long-term loans as follows:

1. Acquired long-term loans from related parties, for engines purchase.
  2. Acquired long-term financing through finance lease for aircraft by using these aircraft as collateral.
  3. Issued THB 6,000 million and THB 7,000 million debentures in February 2018 and August 2018, respectively, to repay the matured debentures, and/or use as investment in assets and the Company's working capital.
  4. Acquired revolving credit line from local financial institutions to redeem the matured debentures.
- Furthermore, the Company has been approved of committed credit line from financial institutions in the amount of THB 3,000 million for 3 years and THB 2,000 million for 1 year for using as working capital to support the Company's business. Moreover, the Company's expiring credit line of THB 8,000 million has also been extended.



From the above mentioned information and forecasted cash flow for the year 2019, it is found that the Company's liquidity is at the sufficient level for the Company's operation, provided that the Company would not be affected by external uncontrollable factors.

#### 6.14 Long-Term Loans Consolidated and the Company's financial statements

Currency	Loan Currency		Baht Equivalent (Million)	
	2018	2017	2018	2017
EUR	383,376,783	405,975,653	14,372.18	15,992.92
JPY	2,404,029,808	3,244,029,808	713.91	952.54
THB	9,358,461,551	10,534,736,842	9,358.46	10,534.74
Total long-term loans			24,444.55	27,480.20
<u>Less</u> Current portion of long-term loans			4,633.18	4,813.18
<b>Net long-term loans</b>			<b>19,811.37</b>	<b>22,667.02</b>

As at December 31, 2018, long-term loans of the Company consisted of the foreign loans in EUR currency borrowed via the Ministry of Finance in the amount of THB 14,372.18 million, loan in JPY currency from Export-Import Bank of Thailand in the amount of THB 713.91 million and domestic loans from the commercial banks in the amount of THB 9,358.46 million. The total long-term loans amounted to THB 24,444.55 million had been transferred to a current portion of long-term loans in the amount of THB 4,633.18 million, the outstanding balance of long-term loans amounted to THB 19,811.37 million.

Current portion of long-term loans in the amount of THB 4,633.18 million consisted of long-term loans from the financial institutions and related party in the amount of THB 3,185.09 million and THB 1,448.09 million, respectively.

The outstanding balance of long-term loans in the amount of THB 19,811.37 million consisted of long-term loans from financial institutions and related party in the amount of THB 4,173.37 million and THB 15,638.00 million, respectively.

#### 6.15 Liabilities under Finance Leases Consolidated and the Company's financial statements

Liabilities under Finance Leases	2018		2017	
	Carrying Value	Present Value	Carrying Value	Present Value
Within 1 year	8,699.91	8,200.50	9,762.01	9,211.18
More than 1 year – 5 years	30,117.04	24,571.82	29,669.03	24,374.47
More than 5 years	20,165.06	12,973.04	23,085.69	14,961.20
<b>Total</b>	<b>58,982.01</b>	<b>45,745.36</b>	<b>62,516.73</b>	<b>48,546.85</b>

The Company contracted aircraft lease agreement equipped with purchase options with 20 foreign and domestic financial institutions, which presented the value regarding to the accounting policy described in Note 4.10. For the year 2018, the outstanding balance of obligations under finance leases for 32 aircraft was THB 65,682.69 million with maturities ranging from the year 2019 to 2030. After deducting interest expense due in the amount of THB 6,700.68 million, the principal balance of obligations under the Company's finance leases was THB 58,982.01 million. As at December 31, 2018, the amount of THB 8,699.91 million had been transferred to a current portion of finance lease, the outstanding balance of long-term liabilities under finance lease amounted to THB 50,282.10 million.

## 6.16 Debentures

Unit : Million Baht

Issuing										Redemption					Balance as at December 31, 2018
Resolutions of Shareholders' Meeting /No./Date	Amount Issued	Time Issued	Year Issued	Due Date	Age (Year)	Interest Rate Paid Every 6 Months (Percentage)	Amount	2018	2019	2020	2021	2022			
Ordinary /2005 December 23, 2005	60,000	1 (Tranche4)	2009	January 20, 2019	10	6.00	3,600.00	May 13					3,600.00		
							3,600.00								
Ordinary /2010 April 28, 2010	40,000	1 (Tranche1)	2011	May 13, 2018	7	Year 1-3 4%	1,555.00						-		
						Year 4-6 4.5%									
						Year 7 5.25%									
						Year 1-4 4.25%									
						Year 5-8 4.75%									
		1 (Tranche2)	2011	May 13, 2021	10	Year 9-10 5.35%	833.00						833.00		
						4.36									
						4.62									
		1 (Tranche4)	2011	May 13, 2018	7		1,445.00	May 13					-		
							2,167.00								
							6,000.00								
							1,000.00								
							2,000.00								
		1 (Tranche2)	2012	February 16, 2019	10	4.75	3,000.00						1,000.00		
							1,500.00								
							1,500.00								
							1,500.00								
							3,000.00								
		3 (Tranche2)	2012	October 11, 2019	7	4.70	1,500.00						1,500.00		
							1,500.00								
							1,500.00								
							3,000.00								
		3 (Tranche3)	2012	October 11, 2022	10	4.90	5,000.00						1,500.00		
							5,000.00								
During the year 2013 May 16, 2013		1	2013	May 16, 2018	5	4.18	5,000.00	May 16					-		
							5,000.00								

Unit : Million Baht

Issuing								Redemption					Balance as at
Resolutions of Shareholders' Meeting /No./Date	Amount Issued	Time Issued	Year Issued	Due Date	Age (Year)	Interest Rate Paid Every 6 Months (Percentage)	Amount	2018	2019	2020	2021	2022	December 31, 2018
August 30, 2013		2	2013	August 30, 2018	5	4.58	1,250.00	Aug 30					-
		2 (Tranche 1)	2013	August 30, 2020	7	4.88	1,250.00						1,250.00
		2 (Tranche 2)	2013	August 30, 2023	10	5.16	1,500.00						1,500.00
		2 (Tranche 3)	2013				4,000.00						
During the year 2014													
NO. 1/2014													
February 07, 2014		Tranche 1	2014	February 07, 2019	5	4.71	1,200.00						1,200.00
		Tranche 2	2014	February 07, 2021	7	5.14	1,000.00						1,000.00
		Tranche 3	2014	February 07, 2024	10	5.58	1,000.00						1,000.00
							3,200.00						
NO. 2/2014													
December 26, 2014		Tranche 1	2014	December 26, 2019	5	4.46	1,230.00						1,230.00
		Tranche 2	2014	December 26, 2021	7	4.76	1,340.00						1,340.00
		Tranche 3	2014	December 26, 2024	10	4.98	1,430.00						1,430.00
							4,000.00						
During the year 2015													
NO. 1/2015	7,000												
April 30, 2015		Tranche 2	2015	April 30, 2020	5	4.32	1,500.00						1,500.00
		Tranche 3	2015	April 30, 2022	7	4.62	2,000.00						2,000.00
		Tranche 4	2015	April 30, 2025	10	4.92	2,300.00						2,300.00
							5,800.00						

Unit : Million Baht

Issuing								Redemption					Balance as at December 31, 2018
Resolutions of Shareholders' Meeting /No./Date	Amount Issued	Time Issued	Year Issued	Due Date	Age (Year)	Interest Rate Paid Every 6 Months (Percentage)	Amount	2018	2019	2020	2021	2022	
NO. 2/2015 September 30, 2015	8,000	Tranche 1	2015	September 30, 2018	3	3.46	1,000.00	Sep 30					-
		Tranche 2	2015	September 30, 2020	5	4.14	1,500.00						1,500.00
		Tranche 3	2015	September 30, 2022	7	4.44	2,500.00						2,500.00
		Tranche 4	2015	September 30, 2025	10	4.74	3,000.00						3,000.00
							8,000.00						
During the year 2016 NO. 1/2016 December 23, 2016	7,000	Tranche 1	2016	December 23, 2019	3	2.97	500.00						500.00
		Tranche 2	2016	December 23, 2021	5	3.45	500.00						500.00
		Tranche 3	2016	December 23, 2023	7	3.66	1,000.00						1,000.00
		Tranche 4	2016	December 23, 2026	10	4.35	3,000.00						3,000.00
		Tranche 5	2016	December 23, 2028	12	4.66	2,000.00						2,000.00
							7,000.00						
During the year 2017 NO. 1/2017 June 23, 2017	8,000	Tranche 1	2017	June 23, 2020	3	2.74	1,000.00						1,000.00
		Tranche 2	2017	June 23, 2022	5	3.06	1,000.00						1,000.00
		Tranche 3	2017	June 23, 2024	7	3.57	1,000.00						1,000.00
		Tranche 4	2017	June 23, 2027	10	4.04	3,000.00						3,000.00
		Tranche 5	2017	June 23, 2032	15	4.68	2,000.00						2,000.00
							8,000.00						

Unit : Million Baht

Unit : Million Baht													
Issuing								Redemption					Balance as at December 31, 2018
Resolutions of Shareholders' Meeting /No./Date	Amount Issued	Time Issued	Year Issued	Due Date	Age (Year)	Interest Rate Paid Every 6 Months (Percentage)	Amount	2018	2019	2020	2021	2022	
During the year 2018 NO. 1/2018 February 28, 2018	6,000	Tranche 1	2018	February 28, 2023	5	2.74	1,200.00						1,200.00
		Tranche 2	2018	February 28, 2025	7	3.19	1,000.00						1,000.00
		Tranche 3	2018	February 28, 2028	10	3.76	2,400.00						2,400.00
		Tranche 4	2018	February 28, 2033	15	4.18	1,400.00						1,400.00
							6,000.00						
NO. 2/2018 August 16, 2018	7,000	Tranche 1	2018	August 16, 2019	1	2.25	500.00						500.00
		Tranche 2	2018	August 16, 2020	2	2.47	800.00						800.00
		Tranche 3	2018	August 16, 2021	3	2.70	500.00						500.00
		Tranche 4	2018	August 16, 2023	5	3.23	500.00						500.00
		Tranche 5	2018	August 16, 2028	10	4.04	2,200.00						2,200.00
		Tranche 6	2018	August 16, 2030	12	4.42	1,200.00						1,200.00
		Tranche 7	2018	August 16, 2033	15	4.62	1,300.00						1,300.00
					7,000.00								
Total													64,850.00

As at December 31, 2018, the balance of debentures was THB 64,850.00 million, which the amount of THB 9,530.00 million was transferred to be a current portion of long-term liabilities, leaving the balance of long-term liabilities amount of THB 55,320.00 million.



The Company has registered these debentures with the Thai Bond Market Association (Thai BMA) in the Bond Electronic Exchange of the Stock Exchange of Thailand, except for the issuance of debentures No. 1/2009 which were offered to specific investors (not more than 10 investors).

### 6.17 Other Current Liabilities - Others

Unit : Million Baht

	Consolidated Financial Statements		The Company's Financial Statements	
	2018	2017	2018	2017
Airport fees payable	5,508.54	5,402.25	5,508.54	5,402.25
Deferred revenue	4.42	4.41	4.13	4.14
Tax payables	594.00	551.04	593.42	549.03
Fringe benefits payable (field office staff)	570.09	569.16	570.09	569.16
Deposit received	888.76	950.23	878.27	941.69
Employee payable	3.03	7.16	3.03	7.16
Revenue received in advance	341.59	-	341.59	-
Deferred assets payable	86.87	-	86.87	-
Other payables	1,053.57	141.01	2,298.05	1,691.58
<b>Total</b>	<b>9,050.87</b>	<b>7,625.26</b>	<b>10,283.99</b>	<b>9,165.01</b>

### 6.18 Staff Pension Fund

The Company has established a staff pension fund, contributing to the fund on a monthly basis at a rate of 10 percent of employees salaries. The fund's assets, liabilities, and balance are presented in the Company's statements of financial position. Interest and expenses arising from fund operations are recognized as income and expenses of the Company. The details are as follows:

Unit : Million Baht

	2018	2017
Cash and cash equivalents	3,970.42	3,942.10
Others	24.26	22.70
<b>Total</b>	<b>3,994.68</b>	<b>3,964.80</b>
Other current liabilities	169.69	173.70
Pension fund	3,824.99	3,791.10
<b>Total</b>	<b>3,994.68</b>	<b>3,964.80</b>

As at December 31, 2018, the fund balance was THB 3,824.99 million and was equal to the Company's obligation to its staff under the fund. (The total Company contribution to the fund in this accounting period was THB 153.83 million, which came from the Company's contributions to the fund in the amount of THB 157.07 million deducted by the surplus of available fund against its obligation in the amount of THB 3.24 million.)

## 6.19 Employee Benefit Obligations The Company's financial statements

Employee benefit obligations are classified into 5 projects as follows:

6.19.1 Legal Severance Payments are paid to the retired employees who work with the Company from 5 to less than 15 years, receiving 180 days of the latest salary rate. For the retired employees who work with the Company from 15 years onwards will receive for 300 days of the latest salary rate.

6.19.2 Post-Retirement Medical Benefits are provided to the retired and early retired employees together with their spouses and unmarried children less than 20 years of age with no expenses at all medical centers of the Company.

6.19.3 Encashment of Unutilized Holiday Leaves is paid to the retired and early retired employees who have outstanding holiday leaves in each year, which can be accumulated not more than 3 consecutive years.

6.19.4 Long Service Awards (Pin/Ring) are rewarded to the employees who have been working with the Company for 15, 25 and 35 years.

6.19.5 Post-Retirement Long Service Awards (Air ticket) is provided to the employees who have been working with the Company for 15 years, rewarded for 1 free confirmed ticket on the Company's routes, and every next 5 years from the latest reward if continue working with the Company. The employees can accumulate and use these awards whenever they desire.

### Changes in present value of employee benefit obligations

	Unit : Million Baht			
	Consolidated Financial Statements		The Company's Financial Statements	
	2018	2017	2018	2017
Beginning Balance - Employee benefit obligations	12,594.37	11,920.07	12,573.33	11,903.86
Employee benefit obligations adjustments	133.14	-	133.14	-
Current service cost	556.06	520.04	496.38	515.76
Interest cost	397.68	379.05	396.24	378.66
Benefits paid	(372.98)	(224.95)	(372.98)	(224.95)
Actuarial losses	267.15	0.16	267.15	-
<b>Ending Balance - Employee benefit obligations</b>	<b>13,575.42</b>	<b>12,594.37</b>	<b>13,493.26</b>	<b>12,573.33</b>

### Principal actuarial assumptions:

	2018	2017
Discount rate	2.75% - 3.50%	3.2%
Price inflation	1.75%	3.0%
Average salary increase rates	3.0% - 7.0%	3.0% - 7.0%
Staff turnover rate	0.0% - 9.0%	0.0% - 9.0%
Medical cost inflation	6.0%	6.0%
Mortality rate	TMO17	TMO17

### Sensitivity analysis:

The actuarial assumptions of the employee benefit obligations is sensitive to the possible change on assumptions used for calculation such as economic and demographic assumptions under the defined benefit plan. The change in each assumption occurs separately.

The effect of assumption changes to Present Value of the Employee benefit obligations as at December 31, 2018 are as follows:

Unit : Million Baht

	Changes in present value of employee benefit obligations	
	Increase in assumption 1 percent	Decrease in assumption 1 percent
Discount rate	(1,423.98)	1,748.78
Average salary increase rates	1,030.19	(903.28)
Medical cost inflation	746.00	(568.91)

On December 13, 2018, National Legislative Assembly (NLA) approved Labor Protection Act that will effective 30 days after it is published in Royal Thai Government Gazette. It is stipulated the employer shall pay the compensation to the employee who is terminated if the employee has worked for consecutive period of 20 years. The employee shall be entitled to receive the compensation of not less than the rate of wages for the last of 400 days. This shall not have an effect to the Company because the Company must comply with the State Enterprise Labor Relations Act. The new Labor Protection Act will be applicable to the subsidiaries but does not have a significant effect to the consolidated financial statements.

## 6.20 Long-Term Provision

Unit : Million Baht

	Consolidated Financial Statements		The Company's Financial Statements	
	2018	2017	2018	2017
Long-term provision at the beginning balance	10,310.08	7,365.83	9,318.99	7,034.08
Long-term provision for the period	4,398.01	2,944.25	3,774.94	2,284.91
<b>Long-term provision at the ending balance</b>	<b>14,708.09</b>	<b>10,310.08</b>	<b>13,093.93</b>	<b>9,318.99</b>

Long-term provision as at December 31, 2018 (The Company's financial statements) consisted of:

6.20.1 The Court of First Instance and the Court of Appeal has rendered a judgment ordering the Company to pay for damages, return cash guarantee or fines in the amount of THB 3.19 million. At present, the case is under the Supreme Court's consideration.

6.20.2 The Company recognized long term provision for future repair and maintenance cost of aircraft as of December 31, 2018 in the amount of THB 13,090.74 million. This represented the obligation under operating lease as to major maintenance cost of aircrafts, engines, and other major components over the leasing periods and the obligation to restore aircraft conditions at the end of the lease period. The measurement of the provision based on the assumptions of flight hours, flight cycles, maintenance schedules and period of operating lease. The estimated maintenance costs were recorded over the period that the aircraft have been used which comprised aircraft restoration costs (D-Check) and other major components restoration costs of THB 5,750.96 million, engine restoration costs of THB 7,198.09 million (engines under operating leases of THB 4,941.23 million and under finance leases of THB 2,256.86 million) and return conditions cost of THB 141.69 million.

## 6.21 Dividend Payment

According to the Resolution of the 2018 Annual General Shareholders' Meeting held on April 26, 2018 approved the Company to abstain from dividend payment for 2017 operating result.

## 6.22 Share Capital

## 6.22 Share Capital

As at December 31, 2018, the Company has authorized ordinary shares in amount of 2,698.90 million shares at par value THB 10 each for an aggregate of THB 26,989.00 million, issued and paid-up ordinary shares in amount of THB 21,827.72 million.

## 6.23 Legal Reserve

As at December 31, 2018, the Company's legal reserve balance was THB 2,691.28 million.

## 6.24 Other Income - Others

Unit : Million Baht

	Consolidated Financial Statements		The Company's Financial Statements	
	2018	2017	2018	2017
Gains on sale of assets	786.59	-	786.57	-
Dividends from subsidiary, associated and other companies	1.20	1.45	346.16	301.61
Revenue from other services of Aircraft Maintenance Department	566.22	705.73	566.22	705.73
Compensation revenue from the delay delivery of aircraft	133.24	446.56	133.24	446.56
Other fine revenue	393.06	199.64	393.06	199.64
Insurance compensation from the flood disaster	-	101.56	-	101.56
Revenue from Royal Orchid Lounge service	116.80	102.33	116.80	102.33
Revenue from service to Thai Smile Airways	-	-	53.78	66.74
Revenue from management services at Suvarnabhumi Airport	67.36	68.74	67.36	68.74
Revenue from services to Other Air Carriers passenger at Suvarnabhumi Airport	106.73	78.31	106.73	78.31
Revenue from in-flight internet service	16.61	9.16	16.61	9.16
Gain on sale of investment	656.96	-	697.50	-
Insurance compensation from asset and personal claim	263.46	1.62	263.46	1.62
Others	426.35	373.37	426.47	309.53
<b>Total</b>	<b>3,534.58</b>	<b>2,088.47</b>	<b>3,973.96</b>	<b>2,391.53</b>

## 6.25 Employee Benefits Expenses

Unit : Million Baht

	Consolidated Financial Statements		The Company's Financial Statements	
	2018	2017	2018	2017
Personnel expenses	30,073.47	28,932.51	29,228.68	28,370.61
Employee benefits	713.90	674.13	652.78	669.48
Executive remuneration	68.36	76.75	61.07	70.22
Board of directors remuneration	18.88	18.91	15.67	15.97
<b>Total</b>	<b>30,874.61</b>	<b>29,702.30</b>	<b>29,958.20</b>	<b>29,126.28</b>

According to Securities and Exchange Mandate, executives refer to the Company's chief executive, persons in the next four executive levels below the chief executive, and in similar position, including accounting or finance department managers or above.

## 6.26 Impairment Loss of Aircraft

Unit : Million Baht

	2018		2017	
	Number	Amount	Number	Amount
Aircraft	19	3,064.02	16	2,514.02
Spare Engines	10	85.95	5	207.32
<b>Total</b>		<b>3,149.97</b>		<b>2,721.34</b>

The impairment losses of aircraft and spare engines presented in the statements of comprehensive income for the year ended December 31, 2018 in the amount of THB 3,149.97 million, which consist of one A300-600, three A330-300, three A340-500, six A340-600, four B737-400 and two B747-400, totaling 19 aircraft in an aggregate of THB 3,064.02 million as well as two TRENT 556, two CFM56-3C1, four PW4158 and two CF6-80C2A5, totaling 10 spare engines in an aggregate of THB 85.95 million.

## 6.27 Other Expenses

Unit : Million Baht

	Consolidated Financial Statements		The Company's Financial Statements	
	2018	2017	2018	2017
Rentals and utilities	2,511.05	2,685.73	2,511.05	2,685.73
Office supplies	155.16	173.51	155.16	173.51
Repair of building and equipment	689.49	656.16	689.49	656.16
Outsource services	2,020.61	1,969.31	2,020.61	1,969.31
Consultant and service fees	636.39	533.78	636.39	533.78
Legal fee for Antitrust/ Competition Law	38.65	27.95	38.65	27.95
Computer service expenses	674.99	645.61	674.99	645.61
Rental of communication devices and office equipment	230.97	228.53	230.97	228.53
Travelling and transportation expenses	567.23	593.82	567.23	593.82
Concession fees	419.51	389.54	419.51	389.54
Passenger claim expenses	342.16	365.96	342.16	365.96
Obsolete inventories and supplies expenses	403.47	327.64	403.47	327.64
Service cargo expenses	222.64	192.80	222.64	192.80
Joint venture expenses in Star Alliance	53.83	56.32	53.83	56.32
Company business and municipal taxes	244.27	351.26	244.27	351.26
Bad debts and provision for bad debts	176.39	0.06	176.19	0.37
Service fee for IT Hosting system	79.62	87.41	79.62	87.41
Fine and interest expenses	33.47	(97.10)	33.47	(97.10)
Fund of Empowerment of person with disabilities	21.56	157.64	21.56	157.64
Ground, Sea and Air transportation expenses	132.15	109.66	132.15	109.66
Loss on sale of assets	-	122.01	-	111.58
Others	589.59	641.77	166.26	492.17
<b>Total</b>	<b>10,243.20</b>	<b>10,219.37</b>	<b>9,819.67</b>	<b>10,059.65</b>



## 6.28 Earnings (Loss) Per Share

Basic earnings (loss) per share is calculated by dividing profit or loss attributable to owners of the parent for the period by the weighted average number of ordinary shares outstanding during the periods.

Unit : Million Baht/Million Shares

	Consolidated Financial Statements		The Company's Financial Statements	
	2018	2017	2018	2017
Profit (loss) attributable to owners of the parent	(11,625.17)	(2,107.35)	(8,064.27)	328.52
Number of issued ordinary shares as at January 1 <sup>st</sup>	2,182.77	2,182.77	2,182.77	2,182.77
Number of weighted average ordinary shares	2,182.77	2,182.77	2,182.77	2,182.77
<b>Basic earnings (loss) per share (THB)</b>	<b>(5.33)</b>	<b>(0.97)</b>	<b>(3.69)</b>	<b>0.15</b>

## 6.29 Investment Promotion

The Company received the investment promotion certificates for air transportation operation of aircraft, consisting of passenger and cargo transportation activities, according to the investment promotion certificates as follows:

Investment Promotion Certificates No.	Investment Promotion Certificates Date
1874(2)/2009	November 19, 2009
1446(2)/2011	April 21, 2011
1178(2)/2012	February 10, 2012
1627(2)/ 2012	May 22, 2012
2576(2)/2012	October 22, 2012
2577(2)/2012	October 22, 2012
1220(2)/2013	February 13, 2013
1221(2)/2013	February 13, 2013
1590(2)/2013	May 1, 2013
2357(2)/2013	September 27, 2013
2358(2)/2013	September 27, 2013
2360(2)/2013	September 27, 2013
2362(2)/2013	September 27, 2013
2363(2)/2013	September 27, 2013
2364(2)/2013	September 27, 2013
2365(2)/2013	September 27, 2013
2366(2)/2013	September 27, 2013
2367(2)/2013	September 27, 2013

Under the condition, the Company has received the privilege for exemption from corporate income tax for the net profit, which operated by such aircraft starting from the date of first revenue derived from the promoted activities, up to 8 years.

Revenue from sales or services classified to the promoted and non-promoted activities for the year ended December 31, 2018 and 2017 are as follows:

Unit : Million Baht

	The Company's Financial Statements	
	2018	2017
<b>Revenue from sales or services</b>		
Promoted activities	110,196.49	100,321.41
Non-promoted activities	77,720.24	82,157.52
<b>Total revenue from sales or services</b>	<b>187,916.73</b>	<b>182,478.93</b>

## 6.30 Operating Segments

### Segments Information

The Company determines reportable segments based on the nature of the products and services provided, which the management has considered the organization structure in relation to commercial airline operation.

The Company has 3 reportable segments, consisting of air transportation activities segment, business units segment, and other activities segment. Air transportation activities segment composed of passenger, freight, and mail services. The business units segments related directly to transportation activities, which include cargo and mail commercial, ground customer services, ground support equipment services, and catering services. Other activities segment are transportation supporting activities, which include dispatch services, sales on board, THAI shop, technical services and operation of subsidiaries

### Measurement Criteria

The Company records the transaction of transferring inter-segment revenue at market price charged to its unaffiliated customer net of discount, for ground customer services segment recorded at cost net of discount, and for other activities segment recorded at budget cost. Those transferred transaction will be eliminated in consolidated financial statements.

Total gain (loss) before income tax by segments was derived from revenue net of costs and operating expenses.

Segment assets are the assets used for the operation or related to such activity.

Segment liabilities are the liabilities used for the operation or related to such activity.

### 6.30.1 Financial Information by Segment

#### Consolidated financial statements

#### Statements of Profit or Loss For the year ended December 31, 2018

Unit : Million Baht

	Air Transportation		Business Units		Other Activities		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
External Revenue	182,595.58	177,746.31	10,639.52	9,834.71	2,730.04	2,275.96	195,965.14	189,856.98
Inter -segment revenue (expenses)	(14,441.58)	(14,612.51)	9,940.86	9,854.59	4,500.72	4,757.92	-	-
Interest income	170.08	159.00	-	-	5.29	11.43	175.37	170.43
Gain (loss) on foreign currency exchange	890.34	(1,406.40)	-	-	20.51	(174.85)	910.85	(1,581.25)
Other income	3,362.28	2,041.68	110.43	44.32	61.87	2.47	3,534.58	2,088.47
<b>Total Revenue</b>	<b>172,576.70</b>	<b>163,928.08</b>	<b>20,690.81</b>	<b>19,733.62</b>	<b>7,318.43</b>	<b>6,872.93</b>	<b>200,585.94</b>	<b>190,534.63</b>
Aircraft fuel expenses	(56,261.52)	(47,191.23)	-	-	(3,834.16)	(3,023.44)	(60,095.68)	(50,214.67)
Employee benefits expenses	(17,551.61)	(17,039.68)	(7,340.17)	(7,137.68)	(5,982.83)	(5,524.94)	(30,874.61)	(29,702.30)
Flight service expenses	(20,841.71)	(21,249.76)	(45.99)	(48.91)	(1,277.15)	(1,054.76)	(22,164.85)	(22,353.43)
Depreciation and amortization expenses	(17,724.36)	(15,621.14)	(379.43)	(441.49)	(941.57)	(958.84)	(19,045.36)	(17,021.47)
Impairment loss of assets and aircraft	(3,458.98)	(3,191.31)	-	-	-	-	(3,458.98)	(3,191.31)
Other expenses	(58,607.47)	(54,058.98)	(7,420.53)	(7,177.33)	(5,494.03)	(4,830.83)	(71,522.03)	(66,067.14)
Finance costs	(4,507.46)	(4,717.22)	-	-	-	-	(4,507.46)	(4,717.22)
Share of loss on investment in associates	(522.83)	(162.04)	-	-	-	-	(522.83)	(162.04)
<b>Total Expenses</b>	<b>(179,475.94)</b>	<b>(163,231.36)</b>	<b>(15,186.12)</b>	<b>(14,805.41)</b>	<b>(17,529.74)</b>	<b>(15,392.81)</b>	<b>(212,191.80)</b>	<b>(193,429.58)</b>
<b>Profit (loss) before Income Tax Expense</b>	<b>(6,899.24)</b>	<b>696.72</b>	<b>5,504.69</b>	<b>4,928.21</b>	<b>(10,211.31)</b>	<b>(8,519.88)</b>	<b>(11,605.86)</b>	<b>(2,894.95)</b>
Income tax revenue (expense)	68.29	846.69	-	-	(31.56)	(23.79)	36.73	822.90
<b>Gain (loss) by segments</b>	<b>(6,830.95)</b>	<b>1,543.41</b>	<b>5,504.69</b>	<b>4,928.21</b>	<b>(10,242.87)</b>	<b>(8,543.67)</b>	<b>(11,569.13)</b>	<b>(2,072.05)</b>

#### Assets and Liabilities As at December 31, 2018

Unit : Million Baht

	Air Transportation		Business Units		Other Activities		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Current assets	37,573.83	38,549.58	715.55	673.70	5,318.76	5,837.54	43,608.14	45,060.82
Investments in associates and other long-term investment	2,364.71	3,461.80	-	-	4.01	4.13	2,368.72	3,465.93
Property, plant and equipment	171,791.37	179,986.65	5,225.78	5,302.29	2,581.53	2,813.67	179,598.68	188,102.61
Other non-current assets	35,816.83	36,713.37	0.01	0.05	1,388.94	977.03	37,205.78	37,690.45
Non-allocated assets	-	-	-	-	-	-	5,939.88	6,454.74
<b>Total assets</b>							<b>268,721.20</b>	<b>280,774.55</b>
Current liabilities	75,829.13	81,456.09	499.29	734.53	11,316.10	9,813.55	87,644.52	92,004.17
Non-current liabilities	157,210.15	154,805.02	-	-	2,146.28	1,100.69	159,356.43	155,905.71
Non-allocated liabilities	-	-	-	-	-	-	1,263.91	851.87
<b>Total Liabilities</b>							<b>248,264.86</b>	<b>248,761.75</b>

6.30.2 Geographical Segments

Consolidated financial statements

Unit : Million Baht

For the period	Domestic Revenue			Foreign Revenue			Charter Revenue and Others	Other Income			Total
	Air Transportation	Business Unit	Others	Regional Asia	Europe	Australia & New Zealand		Interest Income	Gain (loss) on Foreign Currency Exchange	Others Income	
Jan-Dec 2018	11,576.61	10,639.52	2,730.03	100,255.28	53,691.60	16,309.26	762.84	175.37	910.85	3,534.58	200,585.94
Jan-Dec 2017	15,366.37	9,834.71	2,275.96	94,532.15	50,825.78	16,765.43	256.58	170.43	(1,581.25)	2,088.47	190,534.63

### 6.31 Staff Provident Fund

The Company contributed to the provident fund at the rate of 9 percent of a salary for members having not more than 20 years of services and 10 percent of a salary for members having more than 20 years of services, representing in the amount of THB 1,216.33 million for this fiscal year.

The Company's provident fund is managed by Krungthai Asset Management Public Company Limited, One Asset Management Limited and CIMB - Principal Asset Management Company Limited.

### 6.32 Contingent Liabilities

6.32.1 The Company has contingent liabilities, not presented in the financial statement, as follows:

- The Company has letters of guarantee issued by domestic and abroad banks in amount of THB 18.98 million and THB 669.05 million, respectively. If the Company defaults on an obligation to a beneficiary in letter of guarantee, bank agrees to pay a specific amount of money to that beneficiary and will claim from the Company later.
- The Company has been filed 14 labor cases with an approximate amount of THB 91.82 million and has been filed the complaints in domestic and abroad with an approximate amount of THB 292.69 million.
- The Cambodia branch has been assessed additional taxes including penalty and interest, from October 2012 to September 2015 due to the difference in interpretations of tax law (i.e. tax on profit, specific tax, and withholding tax), the amount as at December 31, 2018 was USD 7.28 million or approximately THB 237.44 million. In addition, the Corporate income tax, Specific tax and Withholding tax have been assessed for the period of October 2015 to December 2015 and January 2016 to December 2016 for the total of USD 3.23 million or approximately THB 105.35 million. Therefore, the Company has been assessed for the total amount of USD 10.51 million or approximately THB 342.79 million. The petition for reassessment of taxes was sent to the Revenue Department by the Company's tax consultant and still under consideration of the Cambodia Revenue Department.

The Company, entrepreneur in the duty free zone, received an official letter from the Customs Department No. Gor Kor 0503(4)/621 dated August 28, 2017, notifying the Company to clarify issues relating to the completeness of the certificate license of the importation of restricted food products. The customs official assessed additional taxed and duties based on 252 import declarations, consisting of price of products in amount of THB 492.73 million, import duty in amount of THB 244.36 million, excise tax in amount of THB 754.47 million, interior tax in amount of THB 75.45 million, value added tax in amount of THB 109.69 million, the subsidies for Thai Health Promotion Foundation in amount of THB 14.91 million, the subsidies for Thai Public Broadcasting Service in amount of THB 11.18 million. The Company has submitted the letter of clarification No. Gor Bor 01/399 dated May 16, 2018 to the Customs Department and still under consideration of the Customs Department.

6.32.2 There are antitrust cases which have been filed alleged and conducted a criminal investigation against the Company as follows:

1. The case where British Airways, which is a defendant in Cargo Civil Class Action Case in the UK, issued a cross claim against the Company:

The Company had reached the settlement with respect to the case which a contribution claim had been filed against the Company and other airlines by British Airways, who is the defendant in the civil case in England. With respect to the case which a contribution claim had been filed against Thai Airways International Public Company Limited (the "Company") and more than 20 airlines before the English court by British Airways, who is the main defendant in the civil case in England pursuant to Part 20 Proceedings, it arose from the case where a group of claimants have filed lawsuits against British Airways to claim for damages from fuel and security surcharges fixing in England. After that, the Court has ordered all the parties to settle the case by way of mediation. On December 20, 2018, all the parties had already entered into the settlement agreement without any admission of liability alleged by the claimants and British Airways. After the settlement, the claimants and British Airways will jointly inform the Court of the settlement and discontinuance of the claims.



Furthermore, all of the airlines that had been filed a contribution claim by British Airways similar to the Company have also entered into the settlement negotiation in the same manner.

2. The Cargo Civil Case filed against the Company in the Republic of Korea:

The Company had been informed by the branch office in the Republic of Korea on January 22, 2014 that LG Group Companies, including LG Chemical, LG Electronics, LG Display and LG Life Science, had filed a civil lawsuit against 12 airlines, including the Company, on November 27, 2013 in order to claim damages arisen from the conduct of conspiracy to fix fuel and security surcharges during 1999-2007. LG Group Companies had asserted the amount of claim at KRW 404,000,000 with interest or approximately THB 12 million and reserved their rights to amend the Complaint to increase the amount of claim if they can prove their claims to the court later on. The case is currently undergoing the court procedures.

3. Regarding the case where British Airways, Lufthansa and KLM-AF, who are the defendants in the Cargo Civil Class Action case in the Netherlands, requested that the court give them leave to implead the Company.

At the beginning of July 2015, the Company had received a writ of summons for contribution claim from British Airways, Deutsche Lufthansa and Lufthansa Cargo A.G. (collectively "Lufthansa"), and Koninklijke Luchtvaart Maatschappij N.V., Martin Air Holland N.V., Societe Air France S.A. (collectively "KLM-AF"). These airlines had submitted such writ of summons against the Company and more than 20 other airlines in the case where a group of plaintiffs had filed a lawsuit against British Airways, Lufthansa, KLM-AF and Singapore Airlines and Singapore Airlines Cargo (collectively "Singapore Airlines") as defendants since December 24, 2013 by alleging that these airlines had jointly acted to fix the price for various surcharges (Main Proceedings). Nonetheless, the Company had not been sued as a defendant in the Main Proceedings. Subsequently, British Airways, Lufthansa and Swiss International, KLM-AF, Korean Airlines and Qantas Airways, who were parties to the Contribution Claim Case, had submitted a writ of summons to exercise the contribution claim in addition to the Contribution Claim Case above (known as sub contribution claim), and the Company then submitted a writ of summons to exercise the contribution claim in the form of this sub contribution claim against all airlines as well in order to reserve the Company's right. The initiation of such proceedings in the form of contribution claim and sub contribution claim is merely for the purpose of reserving the right in the event that the court orders that each airline pay for the damages exceeding its market share. This is not a lawsuit to demand for additional damages.

Moreover, in December 2016 to January 2017, the Company had received a writ of summons for contribution claim from British Airways, Lufthansa and KLM-AF. These airlines had submitted such writ of summons to the Company and more than 20 other airlines in the case where a new group of plaintiffs had filed a lawsuit against British Airways, Lufthansa, KLM-AF and Singapore Airlines as defendants on November 6, 2015. The allegation is of similar type as that in the first Main Proceedings in which the Company had not been sued as a defendant. At present, all the cases are under the court's consideration.

6.32.3 Leasing Space Agreement and License to Operate Business Agreement at the airport

Upon the expiration of the term in leasing space agreement and license to operate business agreement at the airport, the new terms and conditions, rental fee from leasing space agreement, and concession fee from license to operate business agreement are under the negotiation with Airports of Thailand Public Company Limited. The Company has made the payment for rental fee and concession fee from being permitted to operate business according to the terms and conditions of original agreement or letter of agreement extension from Airports of Thailand Public Company Limited. However, Airports of Thailand Public Company Limited reserves the right to increase the minimum of space rental rate and concession fee if the consideration has been finished and such rate is higher than the rate specified in the original agreement or the letter of agreement extension from Airports of Thailand Public Company Limited.

### 6.33 Cash Flow Hedge

In 2018, the Company used foreign currency borrowings to manage the variability in future cash flows on forecasted foreign currency revenue. Gains or losses on exchange differences arising from the translation, as a result of the difference from rate at designate date or drawdown rate (which one occur later) until the reporting date rate, arising on the effective portion of the hedges are deferred in other component of equity in equity and reclassified to profit or loss in the same period or periods during the hedged item affects profit or loss.

For the year ended December 31, 2018, the Company recognized loss THB 71.90 million from application of hedge accounting to foreign currency borrowings and forecasted future foreign currency revenue.

As at December 31, 2018, the time periods in which cash flows of hedged items are expected to incur and affect profit or loss are as follows:

#### Consolidated and the Company's financial statements Year 2018

Unit : Million Baht

	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 year	Over 5 years	Total
Forecast receivable cash flows	7,191.78	19,183.14	125,323.64	430,187.36	581,885.92

As at December 31, 2018, the Company recognized the loss from effective portion of changes in the fair value of cash flow hedges in the amount of THB 656.20 million in other component of equity. This amount is expected to be recognized in the statement of comprehensive income over the period of forecasted future foreign currency revenue as referred to in the table above.

### 6.34 Disclosure of Financial Instruments The Company's financial statements

#### 6.34.1 Interest rate risk

Interest rate risk in financial statements arises from changes in market interest rates which have an effect on the Company's operating results at present and in the future.

following tables show weighted average interest rates and the amount of financial liabilities.

#### Year 2018

Unit : Million Baht

Financial Liabilities	Weighted Average Interest Rate	Outstanding Balances Floating Interest Rates			Outstanding Balances Fixed Interest Rates			Total
		Less than 1 year	1 to 5 years	Over 5 years	Less than 1 year	1 to 5 years	Over 5 years	
By currency								
USD	4.78	1,740.27	6,612.12	7,651.27	-	-	-	16,003.66
JPY	1.07	1,903.41	7,160.54	5,339.00	-	-	-	14,402.95
EUR	1.76	5,183.63	16,373.29	7,018.62	1,198.64	4,794.56	8,378.98	42,947.72
THB	4.26	3,307.14	6,108.92	656.17	12,530.00	25,590.00	29,730.00	77,922.23
<b>Total</b>		<b>12,134.45</b>	<b>36,254.87</b>	<b>20,665.06</b>	<b>13,728.64</b>	<b>30,384.56</b>	<b>38,108.98</b>	<b>151,276.56</b>

## Year 2017

Unit : Million Baht

Financial Liabilities	Weighted Average Interest Rate	Outstanding Balances Floating Interest Rates			Outstanding Balances Fixed Interest Rates			Total
		Less than 1 year	1 to 5 years	Over 5 years	Less than 1 year	1 to 5 years	Over 5 years	
By Currency								
USD	3.28	1,455.42	5,626.72	6,900.79	4,270.14	-	-	18,253.07
JPY	1.10	1,571.76	6,135.60	4,559.02	-	-	-	12,266.38
EUR	1.45	6,928.84	18,402.05	11,625.88	890.25	5,038.25	10,064.42	52,949.69
THB	4.33	3,728.91	7,069.02	-	13,250.00	29,120.00	22,730.00	75,897.93
<b>Total</b>		<b>3,684.93</b>	<b>7,233.39</b>	<b>3,085.69</b>	<b>18,410.39</b>	<b>34,158.25</b>	<b>32,794.42</b>	<b>159,367.07</b>

For Interest Rate Risk Management policy, the Company applied a derivative financial instrument, Cross Currency Swap (CCS) and/ or Interest Rate Swap (IRS), to swap the floating interest rates, which show high tendency to increase, to fixed rate. As at December 31, 2018, the portion of the Company's debt after swap with floating to fixed interest rate was 39 : 61.

At the end of the period, the Company had no IRS transactions because the previous transactions were expired in November 2018 and no additional contract had been entered.

### 6.34.2 Foreign Currency Exchange Rate Risk

The Company generates revenue in THB and more than 50 currencies, mainly in USD, THB, EUR and JPY while incurring liabilities mainly in four major currencies: USD, EUR, THB and JPY as well as expenses mainly in USD and THB. Fluctuations in exchange rates affect on long-term liabilities and operating expenses denominated in foreign currencies. Therefore, the Company has adopted "Natural Hedging" strategy to manage this risk by increasing the matching of currency between the revenue and expenses and to arrange for loan and restructure loan to coincide with net operating cash flow, and at the same time, to decrease foreign currency debt risk partially by relying on Thai baht loan in order to decrease the fluctuation of gain or loss from foreign exchange in the financial statements. In addition, the Company has a policy to enter into Cross Currency Swap (CCS) when the financial market benefits to the Company. As at December 31, 2018, the proportion of the Company's debts after swap in each currency i.e. USD : GBP : EUR : JPY : CHF : THB = 5 : 1 : 32 : 21 : 6 : 35. Gradually, the Company also used hedging strategy named Forward Contracts, by providing various degrees of participation in favorable currency exchange rate movement to hedge the future obligation that has underlying exposures.

At present, the Company has 25 CCS transactions. These debt swaps are five transactions of THB currency to EUR currency with fixed interest rate, ten transactions of THB currency to JPY currency with fixed interest rate, three transactions of THB currency to JPY currency with floating interest rate, one transaction of THB currency to GBP currency with fixed interest rate, two transactions of EUR currency to JPY currency with fixed interest rate and four transactions of USD currency to CHF currency with fixed interest rate. The notional amount as at December 31, 2018 is equivalent to THB 32,143.69 million of which payments, both principle and interest, are done monthly, quarterly and every 6 months. These CCS transactions will terminate between the year 2019 - 2032.

Unit : Million Baht

Currency	Foreign Currency Liabilities					
	2018			2017		
	Due within 1 year	1 to 5 years	Due over 5 years	Due within 1 year	1 to 5 years	Due over 5 years
USD	1,740.27	6,612.12	7,651.27	5,725.56	5,626.72	6,900.79
JPY	1,903.41	7,160.54	5,339.00	1,571.76	6,135.60	4,559.02
EUR	6,382.27	21,167.85	15,397.60	7,819.09	23,440.30	21,690.30

#### 6.34.3 Fuel Price Risk

Fuel price fluctuation depends on supply and demand of global economic situation and political uncertainty worldwide. Fuel price has direct impact on the Company's operating result as fuel plays vital factor in airline industry. The Company has implemented jet fuel price hedging in order to reduce the risk of fuel price volatility, to protect the value of the Company for shareholders and all concerned and is not to be treated as a profit-marking venture.

This was in accordance with the Company's policy, specifying that fuel hedging be conducted on a regular basis at not lower than 20 percent and not more than 80 percent of annual fuel consumption. Whereby the tenor of each contract would be for a period of not more than 24 months. The Company selected a financial tool that was suitable for the market situation by establishing the lowest and highest prices of jet fuel, whereby the Company would incur the difference in USD currency, should the price of jet fuel falls below the lowest price. On the contrary, the Company would be compensated should the price of jet fuel rises higher than the highest price. In 2018, the Company's hedge portion account to 51 percent of its annual fuel consumption and the Company still has an obligation from fuel price hedging until December 31, 2019 in portion account to 46 percent of total fuel consumption.

#### 6.34.4 Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The methods and assumptions that the Company uses to estimate the fair value of financial instruments are as follows:

Cash and cash equivalents, trade payables, loans, and accrued expenses fair value are stated at the carrying value.

Other investments fair value are stated at carrying value net of allowance of impairment. Investments in marketable equity securities fair value are stated at market value.

Trade receivables fair value are stated at carrying value net of allowances for doubtful accounts.

Financial derivative transaction is a fair value derived from value adjustment of contract between the Company and the bank with market price as at the report release date to more currently reflect the value of the contract.

The following tables present the disclosure of financial instruments which are not presented in the consolidated and the Company's financial statement. The Company and its subsidiaries' financial assets and liabilities are measured at fair value using a fair value hierarchy as follows:

Unit : Million Baht

As at December 31, 2018	Consolidated Financial Statement			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Derivatives				
Foreign exchange forward contracts	-	47,004.00	-	47,004.00
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	1,398.66	-	1,398.66
Fuel price swap agreements	-	-	-	-
<b>Financial liabilities measured at fair value</b>				
Derivatives				
Foreign exchange forward contracts	-	46,559.44	-	46,559.44
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	1,410.40	-	1,410.40
Fuel price swap agreements	-	4,563.60	-	4,563.60

Unit : Million Baht

As at December 31, 2017	Consolidated Financial Statement			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Derivatives				
Foreign exchange forward contracts	-	51,220.92	-	51,220.92
Interest rate swap agreements	-	1,445.92	-	1,445.92
Cross currency swap agreements	-	848.23	-	848.23
Fuel price swap agreements	-	966.58	-	966.58
<b>Financial liabilities measured at fair value</b>				
Derivatives				
Foreign exchange forward contracts	-	50,730.37	-	50,730.37
Interest rate swap agreements	-	1,493.44	-	1,493.44
Cross currency swap agreements	-	1,493.44	-	862.05
Fuel price swap agreements	-	-	-	-



Unit : Million Baht

As at December 31, 2018	The Company's Financial Statement			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Derivatives				
Foreign exchange forward contracts	-	47,004.00	-	47,004.00
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	1,398.66	-	1,398.66
Fuel price swap agreements	-	-	-	-
<b>Financial liabilities measured at fair value</b>				
Derivatives				
Foreign exchange forward contracts	-	46,559.44	-	46,559.44
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	1,410.40	-	1,410.40
Fuel price swap agreements	-	4,137.92	-	4,137.92

Unit : Million Baht

As at December 31, 2018	The Company's Financial Statement			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Derivatives				
Foreign exchange forward contracts	-	51,220.92	-	51,220.92
Interest rate swap agreements	-	1,445.92	-	1,445.92
Cross currency swap agreements	-	848.23	-	848.23
Fuel price swap agreements	-	966.58	-	966.58
<b>Financial liabilities measured at fair value</b>				
Derivatives				
Foreign exchange forward contracts	-	50,730.37	-	50,730.37
Interest rate swap agreements	-	1,493.44	-	1,493.44
Cross currency swap agreements	-	862.05	-	862.05
Fuel price swap agreements	-	-	-	-

#### Fair value valuation techniques and inputs for Level 2 valuation

The fair values of debt securities and derivatives were determined based on discounted future cash flow and valuation model techniques, using an appropriate risk-adjusted discount rate. Most of the inputs used for the valuation are observable in the relevant markets such as spot rates, forward rates, interest rate yield curves, bonds yield curves, forward fuel price and fuel contractual price, etc.

During the year, there was no transfer within the fair value hierarchy.

### 6.35 Contractual Obligations

#### Leases and Obligations of Aircraft

As at December 31, 2018, the Company has obligations from entering into operating leases for 42 aircraft amount of USD 4,015.09 million or approximately to THB 130,951.42 million consisting of fifteen A320-200,

eight A350-900, eleven B777-300ER, six B787-8, and two B787-9 aircraft. As at December 31, 2018, there were 39 aircraft which had been already taken the delivery and there are 3 aircraft which have not been taken deliver yet. Also, there are 4, 5 and 33 aircraft which the lease will expire in the year 2019, 2020 - 2023 and 2024 - 2030, respectively.

Lease obligation for 42 aircraft operating leases can be classified as follows:

Unit : Million Baht			
Obligation	Within 1 year	Over 1 year - 5 years	Over 5 years
Rent	14,828.05	59,644.17	56,459.20

### 6.36 Projections of operating performance

The Company has prepared 8 year projections of its operating results to use for business management planning purposes and to consider the relevant accounting effects, taking into account both external and internal factors, such as economic conditions, market growth, competitors, target customers, management policy and past operating performance.

The Company has determined the financial assumptions, considering the factor mentioned above related to both revenues and expenses, which were the best assumptions at the time of projection. The projections were approved by the Company's management and Board of Directors, and they were used to consider the effect of relevant accounting impact.

### 6.37 Change of the revenue recognition criteria for unused ticket

The Company had previously recognized unused tickets as revenue after 24 months from the issuing date. In 2018, the Company reviewed the criteria for revenue recognition for unused ticket to be 15 months from issuing date based on terms and historical data as follows:

1. Ticket validity is one year from issuing date and the Company provides 90 days from the expiry date for refund, resulting to the ticket life cycle is 15 months.

2. The historical data revealed that most of passenger refunded ticket within 15 months from issuing date and the refund amount after 15 months was insignificant, approximately 0.01 percent of sales amount.

Therefore, the Company has changed the timing of aforementioned revenue recognition from 24 months to 15 months from issuing date, resulting to additional revenue in the amount of THB 1,027.73 million recognized in the financial statements for the year ended December 31, 2018.

### 6.38 Events after the Reporting Period

6.38.1 In January 2019, Nok Airlines Public Company Limited offered 908,799,918 newly issued ordinary shares with a par value of THB 1.00 at the offering price THB 2.75 per share. Nok Airlines Public Company Limited received net proceeds of THB 2,297.15 million, and registered the increase in paid-up capital with the Department of Business Development of Commerce on February 13, 2019. However, the Company did not subscribe to the newly issued ordinary shares which caused the decrease of the Company's share portion from 21.80 to 15.94 percent.

6.38.2 On February 28, 2019, the Board of Directors passed a resolution to propose to the Annual General Meeting of the Company's shareholders for the year 2019 to approve the transfer of legal reserve and premium on ordinary shares to offset with the Company deficit.

### 6.39 Approval of Financial Statements

These financial statement were approved by the Board of Directors of the Company on February 28, 2019.



# Board of Directors as of December 31, 2018



## Mr. Ekniti Nitithanprapas Chairman

### Appointed Date

June 1, 2018

### Chairman Since

July 10, 2018

Age : 47 Years

### Experiences

- ◆ 2018 - Present Director - General of the Revenue Department, Ministry of Finance, Thailand

### Listed company on Stock Exchange of Thailand

- ◆ 2018 - Present Chairman of the Board of Directors, Krung Thai Bank Public Company Limited, Thailand
- ◆ 2015 - Present Member of the Board of Directors and Member of Risk Management Committee, IRPC Public Company Limited, Thailand

### Education/ Training

- ◆ B.A. in Economics (Honors), Thammasat University, Thailand
- ◆ M.S. in Economics, University of Illinois at Urbana-Champaign, U.S.A.
- ◆ Ph.D. in Economics, Claremont Graduate University, U.S.A.
- ◆ Training Program Organized by Thai Institute of Directors Association (IOD)
  - Board Matters and Trends (BMT) Class 4/2017
  - Role of the Nomination and Governance Committee (RNG) Class 8/2016
  - Financial Statement for Directors (FSD) Class 29/2015
  - Corporate Governance for Capital Market Intermediaries (CGI) Class 4/2015
  - Director Certification Program (DCP) Class 93/2007

### Experiences in Last 5 Years

- ◆ 2015 - 2018 Director - General of the State Enterprise Policy Office, Ministry of Finance, Thailand
- ◆ 2015 - 2018 Chairman of the Board of Directors, National Credit Bureau, Thailand
- ◆ 2015 - 2018 Member of the Board of Directors and Member of Nomination, Compensation and Corporate Governance Committee, The Siam Commercial Bank Public Company Limited
- ◆ 2014 - 2015 International Economic Advisor of Fiscal Policy Office, Ministry of Finance
- ◆ 2014 - 2015 Member of the Board of Directors and Chairman of Risk Management Committee, Krungthai Asset Management Public Company Limited
- ◆ 2013 - 2015 Chairman of the Executive Board of Directors, EXIM Bank of Thailand
- ◆ 2013 - 2015 Member of the Board of Directors, Thailand Securities Finance Corporation
- ◆ 2012 - 2014 Deputy Director - General of Fiscal Policy Office, Ministry of Finance
- ◆ 2010 - 2012 Minister (Economics and Finance), Office of Economics and Financial Affairs for U.K and Europe, Royal Thai Embassy, U.K

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between Executives None





## ACM Treetod Sonjance

Vice Chairman

Independent Director

Authorized Director

Chairman of the Corporate Governance

and Social Responsibility Committee

Chairman of the Labour Relations Committee

Chairman of the Steering Subcommittee of TG MRO

Campus Project and TG Business Development

at U-Tapao Airport Project

### Appointed Date

Term 1 August 5, 2014 – April 21, 2017

Term 2 April 21, 2017 – Present

Age : 62 Years

### Education/ Training

- ◆ Diplom - Ingenieur German Military University (Hochschule der Bundeswehr) Munich, Germany
- ◆ Training Program Organized by Thai Institute of Directors Association (IOD)
  - Ethical Leadership Program (ELP) Class 10/2017
- ◆ Other Training Programs
  - Air Command and Staff College
  - Joint Staff College, National Defence Studies Institute
  - Graduate Diploma in Management of Public Economy, King Prajadhipok's Institute
  - National Defence Course for the Joint State Private Sector, National Defence Studies Institute

### Experiences

- ◆ Present Member of the National Legislative Assembly

Listed company on Stock Exchange of Thailand None

### Experiences in Last 5 Years

- ◆ October 1, 2014 – 2016 Commander-in-Chief, Royal Thai Air Force
- ◆ 2013 Chief of the Air Staff, Royal Thai Air Force

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between Executives None



## Mr. Distat Hotrakitya

Independent Director

Chairman of the Audit Committee

Chairman of the Legal Committee

### Appointed Date

June 14, 2017

Age : 60 Years

### Education/ Training

- ◆ Bachelor of Laws (Honors), Chulalongkorn University
- ◆ D.E.A. de Droit Public, Université Strasbourg III (Robert Schuman), France
- ◆ Diplôme de Droit Comparé (premier cycle), France
- ◆ Certificate in Public Administration, Ecole nationale d'administration (ENA), France
- ◆ Public Administration Program, France
- ◆ Administration Litigation and Supervision Program, France
- ◆ Training Program Organized by Thai Institute of Directors Association (IOD)
  - Director Certification Program (DCP) Class 94/2007
- ◆ Other Training Programs
  - The National Defence College Course Class 53, National Defence College
  - Certificate in Rule of Law for Democracy Class 3/2015, Office of the Constitutional Court
  - Senior Executive Training Course : Visionary Leader, Class 47/2006, Civil Service Training Institute
  - Public Legal Executive Training Program, Class 1, Office of the Council of State
  - Good Governance for the Development of National, Undergraduate Education Program, Knowledge Network Institute of Thailand

### Experiences

- ◆ Present Member of the National Legislative Assembly
- ◆ Present Director, Electric Generating Authority of Thailand

### Listed company on Stock Exchange of Thailand

- ◆ Present Director, Krungthai Bank PCL.

### Experiences in Last 5 Years

- ◆ 2014 - 2018 Secretary - General, Office of the Council of State
- ◆ 2016 - 2017 Director, MCOT PCL.
- ◆ 2015 - 2018 Director, The Office of the Knowledge Management and Development
- ◆ 2015 - 2016 Director, Sukhumvit Asset Management Co., Ltd.
- ◆ 2014 Acting Secretary - General, Office of the Council of State
- ◆ 2012 - 2014 Director, Thailand Post Co., Ltd.
- ◆ 2010 - 2016 Director, National Science Museum

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between Executives None



# Board of Directors as of December 31, 2018



## Mrs. Pratana Mongkolkul

Independent Director

Authorized Director

Member of the Executive Board

Member of the Strategy and Transformation Committee

Member of the Human Resources Committee

Member of the THAI's Transportation Services and Ground Services Follow-up Committee

### Appointed Date

Term 1 February 28, 2017 – April 26, 2018

Term 2 April 26, 2018 – Present

Age : 54 Years

### Education/ Training

- ◆ Bachelor Degree in Accounting , Thammasat University
- ◆ Master Degree in Business Administration, Thammasat University
- ◆ Associate Judge, The Central Intellectual Property and International Trade Court (Thailand)
- ◆ Training Program Organized by Thai Institute of Directors Association (IOD)
  - Director Certification Program (DCP) Class 34/2003
  - Director Accreditation Program (DAP) Class 2/2003
  - Advanced Audit Committee Program (Advanced ACP) Class 22/2016
  - Risk Management Program for Corporate Leaders (RCL) Class 8/2017
- ◆ Other Training Programs
  - Public Director Certification Program (DAP) Class 13/2015
  - Advanced Management Program 180, Year 2011, Harvard Business School, Boston, USA
  - Capital Market Academy Leader Program 6/2008, Capital Market Academy
  - Thai intelligent Investors 1/2012, Thai investors Association
  - Chief Financial Officer Certificate Program 1/2004, Institute of Certified Accounting and Auditors of Thailand
  - Director Diploma Examination, Year 2003 The Australian Institute of Directors Association

### Experiences

- ◆ 5 January 2018 – Present Board of Trustees, Audit Committee and Risk Management, Dhurakij Pubdit University
- ◆ June 2017 – Present Director, Audit Committee, Aisance Co., Ltd.
- ◆ April 2015 – Present Director, Chairman of Audit Committee, Subcommittee on Investment, Security and Investment Budget Disbursement Acceleration, Thailand Post Co., Ltd.
- ◆ 2014 – Present Associate Judge, The Central Intellectual Property and International Trade Court (Thailand)

◆ 2013 – Present

Director, Secretary and Treasurer, Dr. Kamchad – Pranee Mongkolkul Foundation

◆ 2011 – Present

Chairman, Boutique Consulting Group Limited Councilor,

◆ 2010 – Present

Thailand Management and Association Graduated Member and Lecturer, Thai Institute of Director Association

◆ 2003 – Present

### Listed company on Stock Exchange of Thailand

◆ Present

Independent Director, Audit Committee, Chairman of Financial Risk Committee, T.K.S Technologies PCL.

◆ December 2015 – Present

Director, Chairman of Risk Management Committee, Remuneration Committee, Good Corporate Governance Committee, FN Factory Outlet PCL.

### Experiences in Last 5 Years

◆ July 2014 – December 1, 2018

Director, Chairman of Audit Committee, Chairman of Asset Transformation Committee, Document Consideration Committee, Corporate Governance and Corporate Social Responsibility Committee, Port Authority of Thailand

◆ 2015 – January 2017

Director, Executive Committee, Risk Management Committee, Corporate Governance and Corporate Social Responsibility Committee, Government Saving Bank Director, Dusit Thani PCL.

◆ 2014 – January 2017

◆ 2012 – September 2015

Director and Chairman of Executive Committee, MC Group PCL.

◆ 1998 – February 2012

Director/Group Chief Financial Officer, Minor International PCL. Director, Minor Corporation PCL. Director, The Minor Food Group PCL. Director, Rajadamri Hotel PCL.

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between Executives None



### Mr. Pitipan Tepartimargorn

**Independent Director**

**Authorized Director**

**Chairman of the Nomination and Remuneration Committee**

**Member of the Risk Management Committee**

**Member of the Human Resources Committee**

**Member of the Steering Committee of TG MRO Campus Project and TG Business Development at U-Tapao Airport Project**

#### Appointed Date

Term 1 December 20, 2017 - April 26, 2018

Term 2 April 26, 2018 - Present

Age : 62 Years

#### Education/ Training

- ◆ B.E. Electrical Engineering (Second Class Honor), King Mongkut's Institute of Technology Ladkrabang
- ◆ M.A. Political Science (Public Administration), Thammasat University
- ◆ Training Program Organized by Thai Institute of Directors Association (IOD)
  - Anti-Corruption for Executive Program (ACEP) Class 4 /2012
  - Director Certification Program (DCP) Class 138 /2010
- ◆ Other Training Programs
  - Strategic Human Resource Management, Harvard University, USA
  - NIDA-Wharton Executive Leadership Program, The Wharton School, University of Pennsylvania USA
  - Senior Executive Program (SEP), Sasin Graduate Institute of Business Administration
  - Advance Political and Electoral Development Program (Class 3), Office of The Election Commission of Thailand
  - PTT Executive Leadership Program, General Electrics, Crotonville, USA
  - Capital Market Academy Leadership Program (Class 19), Capital Market Academy

#### Experiences

- ◆ 2015 - Present Council Member, Chairman of Executive Committee and Chairman of Human Resources Committee, Vidyasirimedhi Institute (VISTEC)
- ◆ Present Vice Chairman of the Governing Board, Kamnoetvidya Science Academy (KVIS)
- ◆ 2014 - Present Sub - Commissioner, The Civil Service Sub - Commission on Development of Human Resource Management System, Office of the Civil Service Commission (OCSC)

#### Listed company on Stock Exchange of Thailand

- ◆ Present Director, Member of the Risk Management Committee and Member of the Corporate Governance Committee, PTT Exploration and Production Public Company Limited

#### Experiences in Last 5 Years

- ◆ 2015 - September 2016 Chief Operation Officer, Upstream Petroleum and Gas Business Group, PTT Public Company Limited
- ◆ 2010 - 2015 Senior Executive Vice President, Human Resources & Organization Excellence, PTT Public Company Limited
- ◆ 2014 - November 2016 Director and Chairman of the Remuneration Committee, Sakari Resources Limited
- ◆ April - October 2016 Chairman, PTT Energy Resources Company Limited
- ◆ 2012 - 2015 Chairman, PTT Polymer Logistic Company Limited
- ◆ 2010 - 2016 Chairman, PTT ICT Solutions Company Limited
- ◆ 2012 - 2014 Chairman, PTT Polymer Marketing Company Limited

**Percentage of Shareholding** None

**Percentage of Shareholding by Spouse and Minor Child** None

**Relationship between Executives** None

# Board of Directors as of December 31, 2018



## Mr. Peraphon Thawornsupacharoen

Director

Authorized Director

Chairman of the Executive Board

Member of the Corporate Governance and Social Responsibility Committee

Member of the Steering Committee of TG MRO Campus Project and TG Business Development at U-Tapao Airport Project

### Appointed Date

Term 1 December 28, 2015 – April 21, 2017

Term 2 April 21, 2017 – Present

Age : 59 Years

### Education/ Training

- ◆ Bachelor of Economics (Finance and Treasury), Thammasat University
- ◆ Master of Political Science, Thammasat University
- ◆ Other Training Programs
  - Middle Management Course (Class 1), Ministry of Transport
  - Senior Management Course (Class 58), Office of the Civil Service Commission
  - Senior Management Course (Class 6), Office of the Civil Service Commission
  - Advanced Certificate Course, Public Administration and Public Law
  - The National Defence College Course 2012, National Defence College
  - Chief Information Officer Course (Class 27), Ministry of Information and Communication Technology
  - Institute of Business and Industrial Development Leader Course (Class 3), Institute of Business and Industrial Development
  - Capital Market Academy Leader Course (Class 24), Capital Market Academy
  - E-Government for Chief Executive Officer Program (Class 5), Thailand Digital Government Academy (TDGA)

### Experiences

- ◆ Present Director - General, Department of Land Transport, Ministry of Transport

Listed company on Stock Exchange of Thailand None

### Experiences in Last 5 Years

- ◆ September 2015 - September 2018 Deputy Secretary of Transportation (Head of Infrastructure Development Group, Highway), Office of the Secretary, Ministry of Transport
- ◆ 2014 Director, Office of Transport and Traffic Policy and Planning
- ◆ 2013 Deputy Director, Office of Transport and Traffic Policy and Planning

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between Executives None



## Mr. Pinit Puapan

**Independent Director**

**Authorized Director**

**Member of the Executive Board**

**Member of the Risk Management Committee**

**Member of the THAI's Transportation Services and Ground Services Follow-up Committee**

### Appointed Date

Term 1 December 20, 2017 – April 26, 2018

Term 2 April 26, 2018 – Present

Age : 51 Years

### Education/ Training

- ◆ BA. Economics & Political Science, Tufts University , USA
- ◆ Master Degree in Economics, The London School of Economic and Political Science
- ◆ Training Program Organized by Thai Institute of Directors Association (IOD)
  - Corporate Governance for Capital Market Intermediaries (CGI) Class 2/2015
  - Director Accreditation Program (DAP) Class 25/2004
  - Audit Committee Program (ACP) Class 2/2004
- ◆ Other Training Programs
  - Advance Management Program, Harvard Business School (AMP 170) 2006
  - Leader Program, Capital Market Academy (CMA11) /2011
  - Advanced Security Management Program (ASMP 5) The Association National Defense College of Thailand /2014
  - Corporate Governance for Directors and Senior Executives of State Enterprises and Public Organizations King Prajadhipok's Institute (PDI 15)
  - Executive Energy Program, The Federation of Thai Industries (EEP 3)
  - Corporate Governance in Digital Era, Fiscal Policy Research Institute Foundation
  - Oxford Programme on Negotiation Programme in Bangkok, Executive Education and Enrichment Institute

### Experiences

- ◆ 2018 – Present Director, MG 1962 Warehouse and Distribution Co., Ltd.
- ◆ 2014 – Present Vice Chairman, Mali Group 1962 Co., Ltd.
- ◆ 2013 – Present Director, Veyla Cha Am Residences Co., Ltd.
- ◆ 2008 – Present Director, Idea 1606 Co., Ltd.
- ◆ 2003 – Present Director, Talon Holding Co., Ltd.
- ◆ 2002 – Present Director, Thai Dairy Industry Co., Ltd.

### Listed company on Stock Exchange of Thailand

- ◆ 2017 – Present Director and Director Investment Committee, Srisawad Finance PCL.
- ◆ 2015 – Present Director, Srisawad Corporation PCL.
- ◆ 2015 – Present Director, CAT Telecom PCL.
- ◆ 2002 – Present Independent Director Audit Committee and Risk Management Committee, Charn Issara Development PCL.

### Experiences in Last 5 Years

- ◆ 2018 – Present Authorized Director, MG 1962 Warehouse and Distribution Co., Ltd.
- ◆ 2015 – Present Director, Audit Committee, Remuneration Committee, Presidential Performance Evaluation Committee, Corporate Strategic Supervision Committee, Negotiating Disputed Resolution with the Concession Companies, CAT Telecom PCL.
- ◆ 2015 Independent Advisor, EDL - General Public Company Limited (Laos)
- ◆ 2014 – Present Vice Chairman, Authorized Director Mali Group 1962 Co., Ltd.
- ◆ 2009 – 2018 Authorized Director and Director Investment Committee, Seamico Securities PCL.
- ◆ 2009 – 2017 Director, Solaris Asset Management Co., Ltd.
- ◆ 2008 – April 2018 Director and Authorized Director, KT ZMICO Securities Co., Ltd.

**Percentage of Shareholding** None

**Percentage of Shareholding by Spouse and Minor Child** None

**Relationship between Executives** None

# Board of Directors as of December 31, 2018



## Mr. Rathapol Bhakdibhumi

**Independent Director**

**Member of the Audit Committee**

**Member of the Nomination and Remuneration Committee**

**Member of the Strategy and Transformation Committee**

**Member of the Human Resources Committee**

**Chairman of the THAI's Transportation Services and Ground Services Follow-up Committee**

### Appointed Date

Term 1 August 5, 2014 - April 22, 2016

Term 2 April 22, 2016 - Present

Age : 51 Years

### Education/ Training

- ◆ Bachelor of Science, University of Colorado, Boulder, USA
- ◆ MBA (Business Administration) Sasin Graduate Institute of Business Administration
- ◆ Executive Master's in International Logistics and Supply Chain Strategy, Georgia Institute of Technology, Atlanta, USA
- ◆ Executive Program in General Management, Sloan School of Management, MIT, USA
- ◆ Training Program Organized by Thai Institute of Directors Association (IOD)
  - Director Accreditation Program (DAP) Class 23/2004
  - Director Certification Program (DCP) Class 52/2004
  - Charter Director Class (CDC) Class 9/2015
- ◆ Other Training Programs
  - Thailand National Defence College (58)
  - Tourism Management Program for Executives (TME), TAT Academy
  - Top Executive Program in Commerce and Trade (TEPCOT8) Commerce Academy, University of Thai Chamber of Commerce
  - Executive Program "Bhumipalung Phandin", Chulalongkorn University
  - 2013 Southeast Asia Regional Program Fellows, Eisenhower Fellowships
  - Administrative Law for Executive Class 5, (ALE 5), National Intelligence Agency, Thailand
  - Administrative Law Course for Executive Class 1, The Administrative Court
  - Thailand Energy Academy Executive Program Class 1 (TEA 1) Thailand Energy Academy, Thailand
  - Member of Government Civil Aviation Training Royal Thai Air Force Class 65
  - Politics and Democracy for Executive Class 13, King Prajadhipok's Institute
  - 2009 Directors' Consortium Stanford Graduate School of Business, USA
  - Electronic Business and Commerce Executive Program
  - e-Business and Supply Chain Management Program Graduate School of Business Stanford University, USA
  - Enrolled as a special student at the Sloan School of Management for two academic term. Course work includes Operation and Financial Management Massachusetts Institute of Technology Cambridge, MA, USA

### Experiences

- ◆ 2014 - Present President & CEO, General Electronic Commerce Services Co., Ltd.
- ◆ Present Director, Sahachat Sethakit Co., Ltd
- ◆ 2000 - Present Chairman, SFG PCL.
- ◆ 1990 - Present Executive, SK Minerals Co., Ltd

### Listed company on Stock Exchange of Thailand

- ◆ Present Director, Nomination and Remuneration Committee, Nok Airlines PCL.

### Experiences in Last 5 Years

- ◆ 2014 - 2018 Director, Audit Committee, Corporate Governance Committee, Nomination and Remuneration Committee, CAT Telecom Public Company Limited Annual Budget Approval , Ad-hoc Committee to negotiate and dispute with Concessionary Company, CAT Telecom PCL.
- ◆ August 2014 - November 2018 Chairman of the Working Group Development of Service System with Alibaba Subcommittee, Investment Committee Subcommittee on Risk Management Committee, Thailand Post Co., Ltd

**Percentage of Shareholding** None

**Percentage of Shareholding by Spouse and Minor Child** None

**Relationship between Executives** None





## Mr. Vachara Tuntariyanond

Independent Director

Member of the Executive Board

Chairman of the Risk Management Committee

Member of the Nomination and Remuneration Committee

### Appointed Date

April 21, 2017 - Present

Age : 60 Years

### Education/ Training

- ◆ Master of Science in Management Administration, Northrop University, California, USA
- ◆ Training Program Organized by Thai Institute of Directors Association (IOD)
  - Director Certification Program (DCP) Class 94/2007
  - Audit Committee and Continuing Development Program (ACP) Class 41/2012
  - Monitoring Fraud Risk Management (MFM) Class 8/2012
  - Monitoring the Quality of Financial Reporting (MFR) Class 16/2012
  - Monitoring the Internal Audit Function (MIA) Class 13/2012
  - Monitoring the System of Internal Control and Risk Management (MIR) Class 13/2012
  - Corporate Governance for Capital Market Intermediaries (CGI) Class 6/2015

### Experiences

- ◆ September 18, 2018 - Present Director, Asset World Corp PCL
- ◆ March 31, 2018 - Present Director, Hydroquip Co., Ltd.
- ◆ 2017 - Present Commission Member in Finance, Office of Insurance Commission
- ◆ 2014 - Present Director and Chairman, Krungthai Asset Management PCL

### Listed company on Stock Exchange of Thailand

- ◆ 2016 - Present Director, M Pictures Entertainment PCL
- ◆ 2013 - Present Director and Chairman, Eastern Polymer Group PCL

### Experiences in Last 5 Years

- ◆ 2013 - November 2016 Director, Big C Supercenter PCL
- ◆ 2013 - June 2016 Director, International Research Corporation PCL
- ◆ 2013 - 2016 Director, National Credit Bureau
- ◆ 2010 - 2013 Director and Chairman of the Board of Executive Directors, MFC Asset Management PCL
- ◆ 2009 - 2015 Director and Chairman of the Board of Executive Directors, Government Saving Bank

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between Executives None



## Ms. Sirikul Laukaikul

Independent Director

Member of the Corporate Governance

and Social Responsibility

Member of the Human Resources Committee

### Appointed Date

April 26, 2018 - Present

Age : 59 Years

### Education/ Training

- ◆ B.A. Mass Communications, Major Film Production, Chulalongkorn University
- ◆ M.A. Advertising Management, University of Texas at Austin, USA
- ◆ Ph.D. in Human Resources Development (International Program), Burapha University and Victoria University, Australia
- ◆ Training Program Organized by Thai Institute of Directors Association (IOD)
  - Director Certification Program (DCP) Class 252/2018
  - Ethical Leadership Program (ELP) Class 2/2015

### Experiences

- ◆ 2019 - Present Advisor to The Boards, DASTA
- ◆ 2017 - Present Advisor to the Boards, Board of Trade of Thailand
- ◆ 2017 - Present Director, The Thai Red Cross Organ Donation Centre
- ◆ 2015 - Present Country Director, Sustainable Brands Conference, Thailand
- ◆ 2015 - Present Director, BeingSustain Co., Ltd.
- ◆ 2005 - Present Founder, The BrandBeing Consultant Co., Ltd.

### Listed company on Stock Exchange of Thailand

- ◆ 2017 - Present Director, MCOT Public Company Limited

### Experiences in Last 5 Years

Vast experience in Corporate Brand Building and Sustainability Strategy for leading conglomerates in Thailand as well as SME sector

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between Executives None

# Board of Directors as of December 31, 2018



## Mr. Somkiat Sirichatchai

Independent Director

Member of the Audit Committee

Chairman of the Strategy and Transformation Committee

Chairman of the Human Resources Committee

### Appointed Date

Term 1 August 28, 2014 – April 22, 2016

Term 2 April 22, 2016 – Present

Age : 54 Years

### Education/ Training

- ◆ Bachelor of Engineering (with Honors), Chulalongkorn University
- ◆ MBA (Finance), University of Pennsylvania (Wharton), USA, 1991
- ◆ Diploma, Regular for the Joint State - Private Sector Course, National Defence College , 2010
- ◆ Certificate of Leader Program, Capital Market Academy, 2014
- ◆ Advanced Management Program, Harvard Business School, USA, 2015
- ◆ Training Program Organized by Thai Institute of Directors Association (IOD)
  - Advanced Audit Committee (AACP) Class 29/2018
  - Driving Company Success with IT Governance (ITG) Class 4/2017
  - Role of the Chairman Program (RCP) Class 39/2016
  - Director Certification Program (DCP) Class 178/2013
  - Director Accreditation Program (DAP) Class 84/2010
  - Role of Compensation Committee (RCC) Class 11/2010
- ◆ Other Training Programs
  - Advanced International Training Program for Bank Management, SIDA, Stockholm, Sweden, 2011
  - High Performance Leadership, IMD, Lausanne, Switzerland, 2008
  - Advanced HR Executive, Michigan Ross, School of business, USA, 2007

### Experiences

- ◆ Present Director, Chairman of The Risk Management Committee, Vice Chairman of the Nomination, Remuneration, and Corporate Governance Committee, Muang Thai Life Assurance PCL.
- ◆ Present Director, Muangthai Group Holding Co., Ltd.

- ◆ Present Adviser to Executive Committee, King Chulalongkorn Memorial Hospital, and Queen SavangVadhana Memorial Hospital, The Thai Red Cross Society
- ◆ Present Chief of the Advisory Panel of the Human Resource Management Committee, The Thai Red Cross Society

### Listed company on Stock Exchange of Thailand

- ◆ Present Director, Member of Executive Committee and Chairman of The Risk Management Committee, Muang Thai Insurance PCL.
- ◆ Present Director, Chairman of Nomination and Compensation Committee and Member of Corporate Governance Committee, B.Grimm Power Public Co., Ltd.

### Experiences in Last 5 Years

- ◆ 2016 – 2018 Human Resources Committee, Chulalongkorn University Council
- ◆ 2013 – 2018 Member of the Risk Management Sub-Committee, The Stock Exchange of Thailand
- ◆ 2008 – 2018 Member of the Workforce Management in Public Sector Sub-Committee, Office of the Civil Service Commission
- ◆ April 2013 – December 2018 Chairman of the Risk Management Committee, Kasikornbank PCL.
- ◆ 2011 – 2012 Chairman, Kasikorn Asset Management Co., Ltd.
- ◆ 2011 – 2012 Chairman, Kasikorn Research Center Co., Ltd.
- ◆ 2010 – February 2013 Senior Executive Vice President, Kasikornbank PCL.

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between Executives None



## ACM Amnart Jeeramaneemai

### Independent Director

#### Appointed Date

Term 1 November 23, 2015 – April 26, 2018

Term 2 April 26, 2018 – Present

Age : 55 Years

#### Education/ Training

- ◆ Bachelor of Science, Mechanical Engineering,  
Royal Thai Air Force Academy

#### Experiences

- ◆ Present Deputy Commander-in-Chief of the Royal  
Security Command, Royal Security Command

Listed company on Stock Exchange of Thailand None

#### Experiences in Last 5 Years

- ◆ 2016 Chief of Office of HRH The Crown Prince's  
Special Operation Officer,  
Royal Security Command
- ◆ 2010 Deputy Chief of Office of HRH The Crown Prince's  
General Staff, Royal Security Command

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between Executives None



## Mr. Sumeth Damrongchaitham

Director

Member of the Executive Board

Member of the Risk Management Committee

Member of the Corporate Governance  
and Social Responsibility Committee

Member of the Steering Committee  
for Maintenance and Operations

Member of the Human Resources Committee

Member of the Strategy and Transformation Committee

Member of the THAI's Transportation Services  
and Ground Services Follow-up Committee

#### Appointed Date : President

September 1, 2018

#### Appointed Date : Director

Term 1 October 2, 2018 – Present

Age : 54 Years

#### Education/ Training

- ◆ Bachelor of Science (Construction Management and Technology),  
King Mongkut's Institute of Technology Ladkrabang
- ◆ Bachelor of Economics (Public Finance and Monetary Theory),  
Chulalongkorn University
- ◆ Bachelor of Business Administration (General Administration),  
Ramkhamhaeng University
- ◆ Master of Business Administration, Thammasat University
- ◆ Training Program Organized by Thai Institute of Directors Association (IOD)
  - Director Accreditation Program (DAP) Class 21/2004
  - Role of The Compensation Committee (RCC) Class 3/2007
  - Company Secretary Program (CSP) Class 28/2008
- ◆ Other Training Programs
  - Rockonomics: The Economics of Popular Music, Prof. Alan B. Krueger
  - Capital Market Academy Leader Program (Class 8),  
Capital Market Academy
  - Politics and Governance in Democratic System for Executives  
(Class 14), King Prajadhipok's Institute
  - Thailand and the ASEAN Economic Community (AEC1),  
King Prajadhipok's Institute
  - Advanced Judicial Administration (Class 17), The Judicial Training Institute

#### Experiences

Listed company on Stock Exchange of Thailand

- ◆ Present Director, Nok Airlines PCL.

#### Experiences in Last 5 Years

- ◆ 2013 – 2018 Director and Managing Director,  
Dhanarak Asset Development Co., Ltd.
- ◆ 2016 – 2017 Employer's Side Committee of the State Enterprise  
Labour Relations Committee, Ministry of Labour
- ◆ 2013 – 2014 Director and Member of the Audit Committee,  
Government Saving Bank
- ◆ 2010 – 2013 Advisory Board Financial Commission,  
House of representatives

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between Executives None

# Management



## Mr. Sumeth Damrongchaitham President

### Appointed Date : President

September 1, 2018

Age : 54 Years

### Education/ Training

- ◆ Bachelor of Science (Construction Management and Technology), King Mongkut's Institute of Technology Ladkrabang
- ◆ Bachelor of Economics (Public Finance and Monetary Theory), Chulalongkorn University
- ◆ Bachelor of Business Administration (General Administration), Ramkhamhaeng University
- ◆ Master of Business Administration, Thammasat University
- ◆ Training Program Organized by Thai Institute of Directors Association (IOD)
  - Director Accreditation Program (DAP) Class 21/2004
  - Role of The Compensation Committee (RCC) Class 3/2007
  - Company Secretary Program (CSP) Class 28/2008
- ◆ Other Training Programs
  - Rockonomics: The Economics of Popular Music, Prof. Alan B. Krueger
  - Capital Market Academy Leader Program (Class 8), Capital Market Academy
  - Politics and Governance in Democratic System for Executives (Class 14), King Prajadhipok's Institute
  - Thailand and the ASEAN Economic Community (AEC1), King Prajadhipok's Institute
  - Advanced Judicial Administration (Class 17), The Judicial Training Institute

### Experiences

#### Listed company on Stock Exchange of Thailand

- ◆ Present Director, Nok Airlines PCL.

#### Experiences in Last 5 Years

- ◆ 2013 - 2018 Director and Managing Director, Dhanarak Asset Development Co., Ltd.
- ◆ 2016 - 2017 Employer's Side Committee of the State Enterprise Labour Relations Committee, Ministry of Labour
- ◆ 2013 - 2014 Director and Member of the Audit Committee, Government Saving Bank
- ◆ 2010 - 2013 Advisory Board Financial Commission, House of representatives

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between Executives None



## Sqn. Ldr. Pongtorn Thepkanjana Executive Vice President, Operations

### Appointed Date

October 1, 2017

Age : 60 Years

### Education/ Training

- ◆ Aeronautical Engineer, Royal Thai Air Force Academy

### Experiences

- ◆ Present Chairman, Thai Flight Training Co., Ltd
- ◆ Present Director, Aeronautical Radio of Thailand Ltd.

#### Listed company on Stock Exchange of Thailand

- ◆ Present Director, Bangkok Aviation Fuel Services PCL.

#### Experiences in Last 5 Years

- ◆ October 1, 2016 - Vice President of Flight Operations
- ◆ September 30, 2017 Department, Thai Airways International PCL.
- ◆ October 1, 2015 - Vice President of Aviation Resource
- ◆ September 30, 2016 Development Department, Thai Airways International PCL.
- ◆ October 1, 2014 - Mission Commander,
- ◆ September 30, 2015 Thai Airways International PCL.
- ◆ August 1, 2011 - Director of Flight Test & Development
- ◆ September 30, 2014 Department, Thai Airways International PCL.

Percentage of Shareholding 0.000046

Percentage of Shareholding by Spouse and Minor Child None

Relationship between Executives None



**Mr. Surachai Piencharoensak**  
Executive Vice President, Technical Department

**Appointed Date**

October 1, 2017

Age : 59 Years

**Education/ Training**

- ◆ Bachelor in Mechanical Engineering (KMUT-North Bangkok)

**Experiences**

- ◆ November 3, 2017 - Present Director, Don Mueang International Airport Hotel Co., Ltd.

**Listed company on Stock Exchange of Thailand**

- ◆ November 8, 2017 - Present Director, Bangkok Aviation Fuel Services PCL.

**Experiences in Last 5 Years**

- ◆ October 1, 2016 - September 30, 2017 Vice President : Heavy Maintenance; BKK Base, Thai Airways International PCL.
- ◆ November 1, 2015 - September 30, 2016 Deputy Vice President : Heavy Maintenance ; BKK Base, Thai Airways International PCL.
- ◆ February 23, 2015 - October 31, 2015 Director ; Base & Outer Station Maintenance, Thai Airways International PCL.
- ◆ November 17, 2009 - February 22, 2015 Director : Strategy & Information Technology Services, Thai Airways International PCL.

Percentage of Shareholding 0.000275

Percentage of Shareholding by Spouse and Minor Child None

Relationship between Executives None



**Mrs. Suvimol Bualerd**  
Executive Vice President, Human Resources

**Appointed Date**

May 16, 2018

**Acting Executive Vice President,  
Legal Management and General Administration**

**Appointed Date**

October 1, 2018

Age : 57 Years

**Education/ Training**

- ◆ Bachelor of Science, General Science, Chulalongkorn University
- ◆ Master of Science (Microbiology) Southern Illinois University, USA
- ◆ MBA (Management) Kasetsart University
- ◆ Master of Art (Communication) Chulalongkorn University
- ◆ Senior Executive Development Program, Office of the Civil Service Commission
- ◆ Training Program Organized by Thai Institute of Directors Association (IOD)
  - Company Secretary Program (CSP)
  - Director Certification Program (DCP) Class 195/2014
  - Anti Corruption : The Practical Guide (ACPG) Class 39/2017
- ◆ Other Training Programs
  - Transport Management for Chief Executive Program, Ministry of Transport
  - Certificate in Anti-Corruption, Strategic Management for Senior Executive (Class 9), Institute of Defence and the National Counter Corruption Sanya Dharmasakti

**Experiences**

- ◆ Present Director, Chairman of Audit Committee, Thai - Amadeus South - East Asia Co., Ltd.
- ◆ Present Chairman, Wingspan Service Co., Ltd.
- ◆ Present Director, Don Mueang International Airport Hotel Co., Ltd.

Listed company on Stock Exchange of Thailand None

**Experiences in Last 5 Years**

- ◆ January 5, 2018 - May 15, 2018 Senior Vice President, Office of The President, Thai Airways International PCL.
- ◆ January 18, 2017 - January 4, 2018 Senior Vice President, Corporate Secretariat Department, Thai Airways International PCL.
- ◆ November 13, 2012 - January 17, 2017 Vice President, Corporate Secretariat Department, Thai Airways International PCL.

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child 0.000013

Relationship between Executives None



# Management



## Mr. Wiwat Piyawiroj Executive Vice President, Commercial

### Appointed Date

June 1, 2018

### Acting Executive Vice President, Aviation Business Unit

### Appointed Date

October 1, 2018

Age : 53 Years

### Education/ Training

- ◆ Bachelor of Law, Thammasat University
- ◆ Master of Science Management, Southern Nazarene University, USA

### Experiences

- ◆ Present      Director, Tour Eurng Luang Co., Ltd.
- ◆ Present      Director, THAI Smile Airways Co., Ltd.
- ◆ Present      Director, Don Mueang International Airport Hotel Co., Ltd.

### Listed company on Stock Exchange of Thailand

- ◆ Present      Director Nok Airlines PCL.

### Experiences in Last 5 Years

- ◆ May 2, 2017 -      Acting Chief Executive Officer, October 17, 2017      THAI Smile Airways Co., Ltd.
- ◆ October 1, 2017 -      Acting Executive Vice President, Commercial, May 31, 2018      Thai Airways International PCL.
- ◆ March 1, 2016 -      Assistant Executive Vice President, Commercial, May 30, 2018      Thai Airways International PCL.
- ◆ October 1, 2015 -      Acting Vice President, Sales Department, April 3, 2016      Thai Airways International PCL.
- ◆ October 1, 2013 -      Vice President, Sales Thailand and Indo September 30, 2015      Department, Thai Airways International PCL.
- ◆ October 1, 2012 -      Director, East Asia, The America, Phillipines, September 30, 2013      Thai Airways International PCL.

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between Executives None



## Mr. Krittaphon Chantalitanon Executive Vice President, Corporate Strategy and Sustainable Development

### Appointed Date

December 20, 2018

Age : 59 Years

### Education/ Training

- ◆ B.A. in Business Organisation Heriot-Watt University, UK
- ◆ Master Degree, Hotel Catering, Institute Management Professional Qualification, Queen Margaret University, UK
- ◆ Other Training Programs
  - Global Customer Summit South East Asia Executive Programme.

### Experiences

Listed company on Stock Exchange of Thailand None

### Experiences in Last 5 Years

- ◆ 2016 - 2018      Vice President - Alliance & Commercial Strategy Department, Thai Airways International PCL.
- ◆ 2015      Vice President - Aviation Service Support and Acting Vice President Sales & Distribution Inter - Continental., Thai Airways International PCL.
- ◆ 2014      Vice President - Aviation Service Support, Thai Airways International PCL.
- ◆ 2011      Vice President - Products & Services Development, Thai Airways International PCL.

Percentage of Shareholding 0.000037

Percentage of Shareholding by Spouse and Minor Child None

Relationship between Executives None



## Mr. Nattapong Samit-Ampaipisarn

Executive Vice President, Finance and Accounting

### Appointed Date

February 1, 2019

Age : 55 Years

### Education/ Training

- ◆ B.A. Economics (with Honors), Thammasat University
- ◆ M.A. Financial Economics (English Program), Thammasat University

### Experiences

Listed company on Stock Exchange of Thailand None

### Experiences in Last 5 Years

- ◆ 2009 – January 31, 2019 Senior Vice President International Banking Group Treasury, Bangkok Bank

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between Executives None



## Mrs. Lasanan Leelamanee

Corporate Secretary

### Appointed Date

June 20, 2018

Vice President, Corporate Secretariat Department

### Appointed Date

January 5, 2018

Age : 54 Years

### Education/ Training

- ◆ Bachelor of Science Program in Mathematics, Prince of Songkla University
- ◆ Master Program in Economics, The University of the Thai Chamber of Commerce
- ◆ Training Program Organized by Thai Institute of Directors Association (IOD)
  - Company Secretary Program (CSP) 85/2018
  - Board Reporting Program (BRP) 27/2018
  - Anti Corruption : The Practical Guide (ACPG) Class 47/2018
- ◆ Other Training Programs
  - Advances for Corporate Secretaries 1/2018
  - Engagement and Action Learning Assessment
  - Talent Management for Level 10-13

### Experiences

Listed company on Stock Exchange of Thailand None

### Experiences in Last 5 Years

- ◆ January 1, 2016 Director, Corporate Transformation Management Office, Thai Airways International PCL.
- ◆ October 1, 2015 Department Manager, Processing and Transportation Revenues Department, Thai Airways International PCL.
- ◆ February 27, 2015 Department Manager, Processing and Transportation Revenues Department, Acting Department Manager, Corporate Transformation Management - Operation & Finance, Thai Airways International PCL.
- ◆ October 1, 2008 Department Manager, Processing and Transportation Revenues Department, Thai Airways International PCL.

Percentage of Shareholding 0.000050

Percentage of Shareholding by Spouse and Minor Child None

Relationship between Executives None

# THAI's On-Line Offices

## AUCKLAND, NEW ZEALAND

AKLAA : MR. KARUN SIRAROJANAKUL  
LEVEL 8, 23 CUSTOMS STREET EAST  
CITIGROUP BUILDING, PO BOX 4559  
AUCKLAND 1010, NEW ZEALAND

TKT/RSVN : (64-09) 377-3886  
FAX : (64-09) 379-8597  
AIRPORT : (64-09) 256-8518  
FAX : (64-09) 256-8454

## BANGALORE, REPUBLIC OF INDIA

BLRAD : MR. PHIROMTIS  
THONGTHAEM NA AYUTTHAYA  
THAI AIRWAYS INTERNATIONAL  
305, 3RD FLOOR EMBASSY SQUARE  
148 INFANTRY ROAD  
BENGALURU- 560 001, INDIA

TKT/RSVN : (91-80) 4663-3555  
AIRPORT : (91-80) 6678-3191  
FAX : (91-80) 6678-3192

## BEIJING, PEOPLE'S REPUBLIC OF CHINA

BJSAA : MR. ANAN BUDKAEW  
UNITS 303-4, LEVEL 3, OFFICE TOWER W3  
ORIENTAL PLAZA, NO.1 EAST CHANG AN AVENUE  
DONG CHENG DISTRICT  
BEIJING, 100738 PEOPLE'S REPUBLIC OF CHINA

TKT : (86-10) 8515-0088  
RSVN : (86-10) 8515-1142  
FAX : (86-10) 8515-1135  
AIRPORT : (86-10) 6459-8899  
FAX : (86-10) 6459-0012

## BRISBANE, AUSTRALIA

BNEAA : MR. CHAWARIT THANASOMBATNANTH  
3215-4700  
THAI AIRWAYS INTL BRISBANE  
LEVEL 9, 300 ANN ST.  
BRISBANE QUEENSLAND 4000, AUSTRALIA

TKT/RSVN : (61-07)  
AIRPORT : (61-07) 3860-4163  
FAX : (61-07) 3860-4328

## BRUSSELS, BELGIUM

BRUSD : MRS. KATRIEN DEPAUW  
THAI AIRWAYS INTERNATIONAL  
21, AVENUE DE LA TOISON D'OR  
1050 BRUSSELS, BELGIUM

TEL : (32-2) 502-4447  
FAX : (32-2) 502-6947  
e-mail : reservations@thaiairways.be  
TKT/RSVN : (32-2) 502-4447  
FAX : (32-2) 502-6947  
e-mail : reservations@thaiairways.be

## BUSAN, REPUBLIC OF KOREA

PUSAD : MR. TIRAWATT THONGPURK  
6TH FL. HYUNDAI MARINE & FIRE INSURANCE B/D,  
240 JUNGANG-DAERO, DONG-GU,  
BUSAN, REPUBLIC OF KOREA 601-713

TKT : (82) 51-600-8183/84  
RSVN : (82) 51-600-8183/84  
FAX : (82) 51-463-8564  
AIRPORT : (82) 51-941-8182  
FAX : (82) 51-941-8183

## BODHGAYA, REPUBLIC OF INDIA (TEMPORARY OFFICE)

INPAC TRAVELS (INDIA) PVT LTD.  
C/O MR CB SINGH  
GF, HOTEL THE ROYAL RESIDENCY  
DUMUHAN ROAD, BODHGAY  
DISTT GAYA, BIHAR, REPUBLIC OF INDIA

TEL : (91-0631) 220-0124/220-1156  
FAX : (91-0542) 250-5353

## CHENNAI, REPUBLIC OF INDIA

MAAAA : MR. NATAPOL VANICKUL  
THAI AIRWAYS INTERNATIONAL PLC., LTD.  
KGN TOWERS, 4th FLOOR, B WING  
62 ETHIRAJ SALAI, EGMORE  
CHENNAI 600 105, REPUBLIC OF INDIA

TKT/RSVN : (91-44) 4206-3311/99  
FAX : (91-44) 4206-3366  
AIRPORT : (91-44) 2256-1928/1929  
FAX : (91-44) 2256-1930

## CHENGDU, PEOPLE'S REPUBLIC OF CHINA

CTUAA : MISS PIRANUJ SOMBURANADHIRA  
ROOM 02-03, 12TH FLOOR OF TOWER 1,  
CENTRAL PLAZA  
8 SHUNCHENG AVENUE, CHENGDU, SICHUAN  
PEOPLE'S REPUBLIC OF CHINA

TKT/RSVN : (86-28) 8666-7575/8666-7171  
FAX : (86-28) 8666-9371  
AIRPORT : (86-28) 8520-5842/8520  
FAX : (86-28) 8520-5840

## COLOMBO, SRI LANKA

CMBAA : MR. NARINTORN SUKKASEAM  
NBR 03, SIR EARNEST DE SILVA MAWATHA  
COLOMBO 3, SRI LANKA

TKT/RSVN : (94-11) 730-7100-5  
FAX : (94-11) 266-7890  
AIRPORT : (94-11) 225-2057  
FAX : (94-11) 225-2861

## COPENHAGEN, DENMARK

CPHAA : MR. NATTHAKORN CHUNHACHA  
RAADHUSPLADSEN 16  
DK-1550 COPENHAGEN V  
DENMARK

TKT/RSVN : (45-33) 750-120  
FAX : (45-33) 750-121  
AIRPORT : (45-32) 521-225  
FAX : (45-32) 523-052

## DELHI, REPUBLIC OF INDIA

DELA : MR. THAMANOON KUPRASERT  
THAI AIRWAYS INTERNATIONAL PUBLIC CO., LTD.  
GROUND FLOOR, CADDIES COMMERCIAL TOWER  
NOVOTEL-PULLMAN HOTEL COMPLEX, ASSET NO.2  
HOSPITALITY DISTRICT, AEROCITY  
NEW DELHI 110037, REPUBLIC OF INDIA

TKT/RSVN : (91-11) 4149-7777  
FAX : (91-11) 4149-7788  
AIRPORT : (91-11) 2565-2413/2565-2796  
FAX : (91-11) 2565-2788

## DENPASAR, INDONESIA

DPSAD : MR. NARONGRAT SITTHI  
THAI AIRWAYS INTERNATIONAL PCL  
INNA GRAND BALI BEACH HOTEL, GROUND FLOOR  
JL. HANG TUAH, SANUR - BALI 80032, INDONESIA

TKT/RSVN : (62-361) 288-141  
FAX : (62-361) 288-063  
AIRPORT : (62-361) 935-5064  
FAX : (62-361) 935-5063

## DHAKA, BANGLADESH

DACAA : MR. SATIT DUMRERNG  
THAI AIRWAYS INTERNATIONAL PUBLIC CO.LTD  
SHANTA WESTERN TOWER, LEVEL-9, SPACE-903,  
186 BIR UTTAM MIR SHAWKAT ALI ROAD,  
TEJGAON INDUSTRIAL AREA, DHAKA-1208,  
BANGLADESH

TKT : (88-02) 887-9131-45 EXT 502  
RSVN : (88-02) 887-9131-45 EXT 501  
FAX : (88-02) 887-9146  
AIRPORT : (88-02) 890-1807/1809/1812  
FAX : (88-02) 890-1813

## DUBAI, U.A.E.

DXBAA : MR. CHANTOUCH SRINILTA  
THAI AIRWAYS INTERNATIONAL PCL  
NO.1 BU HALEEBA PLAZA, SHOP NO. 1  
AL MURAQQABAT ROAD, DEIRA  
P.O. BOX 13142, DUBAI - U.A.E.

TKT/RSVN : (971-4) 268-1701  
AIRPORT : (971-4) 224-4305  
FAX : (971-4) 224-5716

## FRANKFURT, GERMANY

FRAAA : MR. PATAPONG NA NAKORN  
THAI AIRWAYS INTERNATIONAL PCL  
ZEIL 127, 60313 FRANKFURT, GERMANY

TKT : (49-69) 92874-446  
RSVN : (49-69) 92874-444  
FAX : (49-69) 92874-222  
AIRPORT : (49-69) 69070-931  
FAX : (49-69) 692-981

## FUKUOKA, JAPAN

FUKAD : MR. SWASDIART PANIKABUTR  
HINODE FUKUOKA BUILDING  
12-1, TENJIN 1-CHOME, CHUO-KU  
FUKUOKA 810-0001, JAPAN

TKT/RSVN : 0570-064-015  
(Call Center for local calls only)  
FAX : (81-92) 734-9480  
AIRPORT : (81-92) 477-7870  
FAX : (81-92) 477-0345

## GUANGZHOU, PEOPLE'S REPUBLIC OF CHINA

CANAA : MR. WICHIAN SRISINTHARAKUN  
G3, WEST WING, THE GARDEN HOTEL  
368 HUANSHI DONGLU, GUANGZHOU 510064  
PEOPLE'S REPUBLIC OF CHINA

TKT/RSVN : (86-20) 8365-2333  
FAX : (86-20) 8365-2300  
AIRPORT : (86-20) 8613-5310/8612-3866  
FAX : (86-20) 8613-5315

## HANOI, SOCIALIST REPUBLIC OF VIETNAM

HANAA : MR. JUCKSAWAT KITISOOK  
1st & 3rd FLOOR, HANOI WESTLAKE TOWER  
28 THANH NIEN STREET, TAY HO DISTRICT,  
HANOI, VIETNAM

TKT/RSVN : (84-24) 3826-7921  
FAX : (84-24) 3826-7394  
AIRPORT : (84-4) 3884-0530  
FAX : (84-4) 3886-5574

## HO CHI MINH CITY, SOCIAL REPUBLIC OF VIETNAM

SGNAA : MR. RATAPONG YANYONG  
UNITE 102, SAIGON TOWER OFFICE BUILDING  
29 LE DUAN BOULEVARD, BEN NGHE WARD,  
DIST. 1, HO CHI MINH CITY,  
SOCIAL REPUBLIC OF VIETNAM

TKT/RSVN : (84-28) 3824-3359  
FAX : (84-28) 3822-3465  
AIRPORT : (84-8) 3547-0300  
FAX : (84-8) 3547-0301

## HONG KONG, PEOPLE'S REPUBLIC OF CHINA

HKGAA : MR. CHETSENI DHANARAJATA  
24A UNITED CENTRE  
95 QUEENSWAY, HONG KONG  
PEOPLE'S REPUBLIC OF CHINA

TKT : (852) 2179-7700 EXT. 2  
FAX : (852) 2529-0132  
RSVN : (852) 2179-7777  
FAX : (852) 2179-7661  
AIRPORT : (852) 2769-7421  
FAX : (852) 2382-4595

**HYDERABAD, REPUBLIC OF INDIA**

HYDAA : \*\*VACANT\*\* TKT/RSVN : (91-40) 2333-3030  
 THAI AIRWAYS INTERNATIONAL PUBLIC CO., LTD. AIRPORT : (91-40) 6660-5022  
 QUEENS PLAZA, D.NO 1-8-382, 2-C, 2ND FLOOR FAX : (91-40) 6662-2003  
 S.P ROAD, BEGUMPET, SECUNDERABAD  
 TELANGANA 500003, REPUBLIC OF INDIA

**GSA ISLAMABAD, ISLAMIC REPUBLIC OF PAKISTAN**

ISBAA : \*\* VACANT \*\* RSVN : (92-51) 227-2140  
 OFFICE NO 3, 4 HOLIDAY INN ISLAMABAD HOTEL : (92-51) 227-2141  
 ISLAMABAD, PAKISTAN FAX : (92-51) 282-3735  
 AIRPORT : (92-51) 578-1409/411  
 FAX : (92-51) 578-1410

**JAKARTA, REPUBLIC OF INDONESIA**

JKTAA : MR. WEERAWAT SWASDIBUDTRA TKT/RSVN : (62-21) 390-3588 EXT. 1, 2  
 WISMA NUSANTARA BUILDING 26TH FLR AIRPORT : (62-21) 550-2442-3  
 JL. MH. THAMRIN NO. 59 FAX : (62-21) 550-2442-3  
 JAKARTA 10350 INDONESIA

**KARACHI, PAKISTAN**

KHIAA : MR. KANAPORN APINONKUL TKT/RSVN : (92-21) 3278-8000  
 OFFICE NO.901-9 TH FLOOR EMERALD TOWER FAX : (92-21) 3514-7006  
 PLOT NO. G -19-BLOCK 5 CLIFTON AIRPORT : (92-21) 457-0847/907-1472  
 KARACHI, PAKISTAN FAX : (92-21) 457-3009

**KATHMANDU, NEPAL**

KTMAA : MR. PEERAPONG JUTAGANOO TKT/RSVN : (977-1) 422-3565  
 ANNAPURNA ARCADE, DURBAR MARG FAX : (977-1) 422-1130  
 KATHMANDU, NEPAL AIRPORT : (977-1) 411-3293  
 FAX : (977-1) 411-3287

**KOLKATA, REPUBLIC OF INDIA**

CCUAD : MR. KRIS THEERARAK TKT/RSVN : (91-33) 3982-7000  
 APEEJAY HOUE , 6 TH FLOOR, BLOCK-A, FAX : (91-33) 3982-7197  
 15 PARK STREET, KOLKATA - 700016, AIRPORT : (91-33) 2511-8931  
 REPUBLIC OF INDIA FAX : (91-33) 2511-8033  
 e-mail : tgkolkata@thaiccu.com

**KUALA LUMPUR, MALAYSIA**

KULAA : MR. TISHTI SUMITRA TKT/RSVN : (60-3) 2034-6900, 2034-6999  
 SUITE 30.01, 30TH FLOOR, WISMA GOLDHILL FAX : (60-3) 2034-6891  
 67 JALAN RAJA CHULAN AIRPORT : (60-3) 8787-3522  
 50200 KUALA LUMPUR, MALAYSIA FAX : (60-3) 8787-3511

**KUNMING, PEOPLE'S REPUBLIC OF CHINA**

KMGAD : MR. NOPPORN KANCHANAMANEE TKT/RSVN : (86-871) 6351-1515  
 6TH FLOOR OF CROWNE PLAZA FAX : (86-871) 6316-7351  
 KUNMING CITY CENTRE, NO.399, AIRPORT : (86-871) 6708-5520  
 QINGNIAN ROAD, KUNMING YUNNAN FAX : (86-871) 6708-5519  
 650011, PEOPLE'S REPUBLIC OF CHINA

**GSA LAHORE, ISLAMIC REPUBLIC OF PAKISTAN**

LHEAA : \*\* VACANT \*\* TKT : (92-042) 3630-9791-4  
 THAI AIRWAYS INTERNATIONAL PUBLIC CO., LTD. RSVN : (92-042) 3637-3377  
 9-A, DAVIS ROAD, GRAND HOTEL&TOWER BUILDING FAX : (92-042) 3636-8690  
 LAHORE, ISLAMIC REPUBLIC OF PAKISTAN AIRPORT : (92-042) 3661-1514/15  
 FAX : (92-042) 3661-1513

**LONDON, UNITED KINGDOM**

LONAA : MISS NONTAKORN TRAKULPA TKT/RSVN : (44) 333-400-4022  
 41 ALBEMARLE STREET FAX : (44) 207-409-1463  
 LONDON, W1S 4BF, UNITED KINGDOM AIRPORT : (44-020) 8976-7915  
 FAX : (44-020) 8976-7911

**MANILA, PHILIPPINES**

MNLAA : MR. POLAPAT NEELABHAMORN TKT : (63-2) 580-8446-8  
 COUNTRY SPACE 1 BUILDING SEN. RSVN : (63-2) 580-8441  
 GIL J. PUYAT AVENUE FAX : (63-2) 580-8484  
 MAKATI CITY, PHILIPPINES AIRPORT : (63-2) 834-0366-68  
 FAX : (63-2) 879-5265

**MELBOURNE, AUSTRALIA**

MELAA : MR. LAWIT SAWADIRAK TKT : (61-3) 8662-2200  
 3RD FLOOR, 250 COLLINS STREET RSVN : (61-3) 8662-2255  
 MELBOURNE, VICTORIA 3000 FAX : (61-3) 9650-7003  
 AUSTRALIA AIRPORT : (61-3) 9338-8954  
 FAX : (61-3) 9335-3608

**MILAN, REPUBLIC OF ITALY**

MILAA : MRS. APHITCHAYA SAISA-ARD TKT/RSVN : (39-02) 890-0351  
 VIA AMEDEI, 15 FAX : (39-02) 864-51711  
 20123 MILAN, REPUBLIC OF ITALY AIRPORT : (39-02) 748-67911  
 FAX : (39-02) 748-60470

**GSA MOWCOW, RUSSIAN FEDERATION AND C.I.S.**

MOWAA : MR. VICHAYA SINGTOROJ TKT/RSVN : (7) 495-280-1516  
 THAI AIRWAYS INTERNATIONAL PUBLIC CO., LTD. FAX : (7) 495-425-1800  
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 BUILDING 1, ENTRANCE 1, OFFICE 8  
 MOSCOW 119034

**MUMBAI, REPUBLIC OF INDIA**

BOMAA : MR. TANAWAT HIRANYALEKHA TKT/RSVN : (91-22) 6637-3777  
 THAI AIRWAYS INTERNATIONAL PCL AIRPORT : (91-22) 6685-9219/20/21  
 UNIT NO. 82, 8 TH FLOOR, MAKER CHAMBERS VI  
 NARIMAN POINT, MUMBAI - 400 021  
 REPUBLIC OF INDIA

**MUNICH, GERMANY**

MUCAA : MR. THONGCHAI TUNGKASAREERUK TKT/RSVN : (49-89) 2420-7010  
 BAYER KARREE BAYERSTRASSE 83 FAX : (49-89) 2420-7070  
 80335 MUNICH, GERMANY AIRPORT : (49-89) 9759-2670/71  
 FAX : (49-89) 9759-2676

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 GSA BAHWAN TRAVEL AGENCIES AIRPORT : (968) 2451-9874  
 ALRAWAQ BUILDING FAX : (968) 2451-0524  
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 WAY NO. 207 STREET 7, ALQURUM  
 MUSCAT SULTANATE OF OMAN

**NAGOYA, JAPAN**

NGOAA : \*\* VACANT \*\* TKT/RSVN : (81-52) 963-8586  
 SOUTH HOUSE 9F, 6-29, NISHIKI 3-CHOME FAX : (81-52) 963-8588  
 NAKA-KU, NAGOYA 460-0003, JAPAN AIRPORT : (81-56) 938-1024  
 FAX : (81-56) 938-1023

**OSAKA, JAPAN**

OSAAA : MR. WEERAWAT RATTANA RSVN : (81-06) 6202-5161  
 SUMITOMO SEIMEI YODOYABASHI BUILDING FAX : (81-06) 6202-5453  
 4-1-21, KITAHAMA, CHUO-KU AIRPORT : (81-072) 456-5140  
 OSAKA 541-0041, JAPAN FAX : (81-072) 456-5144

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OSLAD : MISS PLOYPAILIN PAMON-MONTRI TKT/RSVN : (47) 2311-8888  
 AKERSGT. 32 4TH FLOOR FAX : (47) 2311-8880  
 0180 OSLO , NORWAY AIRPORT : (47) 9481-0985  
 FAX : (47) 6482-0590

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 TOUR OPUS 12 FAX : (33-1) 4090-7165  
 77 ESPLANADE DU GENERAL DE GAULLE AIRPORT : (33-1) 4862-4130  
 92914 LA DEFENSE CEDEX FAX : (33-1) 4864-6267  
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 LEVEL 4, ST MARTINS TOWER FAX : (61-8) 9265-8261  
 44 ST GEORGE'S TERRACE AIRPORT : (61-8) 9477-1099  
 PERTH, WESTERN AUSTRALIA 6000 FAX : (61-8) 9479-2113

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PNHAA : MRS. CHATIYA APINYANUKUL  
 THAI AIRWAYS INTERNATIONAL PCL  
 294 REGENCY COMPLEX B  
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 PHNOM PENH, KINGDOM OF CAMBODIA

TKT/RSVN : (855-23) 214-359-61  
 FAX : (855-23) 214-369  
 AIRPORT : (855-23) 303-868  
 FAX : (855-23) 890-239

**ROME, REPUBLIC OF ITALY**

ROMAA : MR. WAROTE INTASARA  
 50, VIA BARBERINI  
 00187 ROME, REPUBLIC OF ITALY

TKT/RSVN : (39-6) 4781-3304  
 FAX : (39-6) 4746-449  
 AIRPORT : (39-6) 6501-0703/773  
 FAX : (39-6) 6501-0297

**SEOUL, REPUBLIC OF KOREA**

SELAA : MR. SUTTICHOKE RODLEECHIT  
 15TH FL., HANHWA FINANCE CENTER-TAEPYUNGRO  
 92 SEJONG DAERO, JUNG-GU  
 SEOUL, REPUBLIC OF KOREA, 04525

TKT : (82-2) 3707-0133  
 FAX : (82-2) 3707-0155  
 RSVN : (82-2) 3707-0011  
 FAX : (82-2) 755-5251  
 AIRPORT : (82-32) 744-3571-4

**SHANGHAI, PEOPLE'S REPUBLIC OF CHINA**

SHAAA : MISS PATSAMON SINGHA-UDOM  
 THAI AIRWAYS INTERNATIONAL PCL.  
 SHANGHAI OFFICE  
 UNIT 2302, 2303 AB,  
 CHONG HING FINANCE CENTER  
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 SHANGHAI 200003, PEOPLE'S REPUBLIC OF CHINA

TKT/RSVN : (86-21) 3366-4000  
 FAX : (86-21) 3366-4010  
 AIRPORT : (86-21) 6834-6803  
 FAX : (86-21) 6834-6802

**SINGAPORE**

SINAA : MR. NIVAT CHANTARACHOTI  
 100 CECIL STREET #02-00  
 THE GLOBE, SINGAPORE 069532

TKT/RSVN : (65) 6210-5000  
 FAX : (65) 6223-9005  
 AIRPORT : (65) 6542-8333  
 FAX : (65) 6542-0179

**STOCKHOLM, SWEDEN**

STOAA : MRS. PORNSRI CHOTIWIT  
 DROTTNINGGATAN 33, BOX 11185-111 81  
 STOCKHOLM, SWEDEN

TKT/RSVN : (46-8) 5988-3600  
 AIRPORT : (46-8) 5988-3680  
 FAX : (46-8) 5988-3693

**SYDNEY, AUSTRALIA**

SYDAA : MR. SERN CHUIKULCHAI  
 75 PITT STREET, SYDNEY  
 NEW SOUTH WALES 2000  
 AUSTRALIA

TKT : (61-2) 1300-651-960/9844-0929  
 FAX : (61-2) 9844-0936  
 RSVN : (61-2) 1300-651-960/9844-0999  
 FAX : (61-2) 9844-0936  
 AIRPORT : (61-2) 9844-0939/9669-3033  
 FAX : (61-2) 8339-1176

**TAIPEI, TAIWAN**

TPEAA : MR. WIT KITCHATHORN  
 7F, NO. 308, SEC. 2, BADE ROAD,  
 TAIPEI 10492 TAIWAN

TKT : (886) 2-8772-5222 EXT. 711  
 FAX TKT : (886) 2-2776-7656  
 RSVN : (886) 2-8772-5111  
 FAX RSVN : (886) 2-8772-7200  
 AIRPORT : (886) 3383-4131  
 FAX : (886) 3383-4395

**GSA TEHRAN , IRAN**

ORASIA AVIATION CO.  
 NO.1 MIREMAD AVENUE MOTAHARI ST.  
 TEHRAN , IRAN

TKT/RSVN : (98-21) 4296 7700  
 FAX : (98-21) 8845 7757  
 EMAIL : sales@thaiairways.co.ir

**TOKYO, JAPAN**

TYOAA : MR. ARNUPHAP KITTIKUL  
 1-5-1 YURAKUCHO, CHIYODA-KU  
 TOKYO 100-0006, JAPAN

TKT/RSVN : (81-3) 3503-3311  
 FAX : (81-3) 3503-3323  
 AIRPORT (NRT) : (81-4) 7634-8329  
 FAX : (81-4) 7634-8328  
 AIRPORT (HND) : (81-3) 3747-0327  
 FAX : (81-3) 3747-0318

**VIENNA, REPUBLIC OF AUSTRIA & EASTERN EUROPE**

VIEAA : MISS CHONNAKARN AKRAPREEDEE  
 OFFICE PARK 3, GROUND FLOOR, TOP 8  
 1300 VIENNA AIRPORT, AUSTRIA

TEL : (43-1) 700-738-937  
 EMAIL : vie@thaiair.at

**VIENTIANE, LAO PEOPLE'S DEMOCRATIC REPUBLIC**

VTEAD : MISS PARINEE CHANTHRAKUPT  
 M & N BUILDING, GROUND FLOOR  
 ROOM NO. 70/101-103  
 SOUPHANOUVONG AVENUE  
 VIENTIANE, LAO PEOPLE'S DEMOCRATIC REPUBLIC

TKT/RSVN : (856-21) 222-527  
 FAX : (856-21) 216-143  
 AIRPORT : (856-21) 512-024  
 FAX : (856-21) 512-096

**VARANASI, REPUBLIC OF INDIA (TEMPORARY OFFICE)**

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 GF-3, R.H. TOWERS, THE MALL  
 VARANASI CANTT, VARANASI - 221001  
 UTTAR PRADESH, REPUBLIC OF INDIA

TEL : (91-0542) 329-5158  
 FAX : (91-0542) 250-5353

**XIAMEN, PEOPLE'S REPUBLIC OF CHINA**

XMNAA : MR. PRASERT TANHANSA  
 23 RD FLOOR, INTERNATIONAL PLAZA,  
 NO.8 LUJIANG ROAD, SIMING DISTRICT,  
 XIAMEN, FUJIAN  
 PEOPLE'S REPUBLIC OF CHINA

TKT/RSVN : (86-592) 226-1688  
 FAX : (86-592) 226-1678  
 AIRPORT : (86-592) 573-0558  
 FAX : (86-592) 573-0578

**YANGON, UNION OF MYANMAR**

RGNAA : MR. VUTICHAIR KAMPANARTSANYAKORN  
 THAI AIRWAYS INTERNATIONAL PCL.  
 UNIT01,03,FLOOR11,OFFICER TOWER1,  
 HAGL MYANMAR CENTRE  
 192 KABA AYE PAGODA ROAD, BAHAN TOWNSHIP 11201,  
 THE REPUBLIC OF THE UNION OF MYANMAR

TKT/RSVN : (95-1) 934-5214  
 AIRPORT : (95-1) 533-173  
 FAX : (95-1) 934-5215

**ZURICH, SWITZERLAND**

ZRHAA : MR. ATHIWAT KRISNAMPOK  
 THAI AIRWAYS INTERNATIONAL PUBLIC CO., LTD.  
 BAHNHOFSTRASSE 67 / SIHLSTRASSE 1  
 8001 ZURICH, SWITZERLAND

TKT/RSVN : (41-44) 215-6500  
 FAX : (41-44) 212-3408  
 AIRPORT : (41-43) 816-4323  
 FAX : (41-43) 816-4590

**THAILAND DOMESTIC****CHIANGMAI, THAILAND**

CNXSD : MRS. PUANGPETCH KULTHAWEE  
 240 PRAPOKKLAO ROAD,  
 AMPHUR MUANG, CHIANGMAI 52000,  
 THAILAND

TKT : (053) 920-920  
 FAX : (053) 920-990  
 RSVN : (053) 920-999  
 FAX : (053) 920-995  
 AIRPORT : (053) 201-286  
 FAX : (053) 922-162

**UDONTHANI, THAILAND**

224 UDON-NONGBUALAMPHU ROAD,  
 T.MAKKANG, MUANG, UDONTHANI 41000,  
 THAILAND

TKT/RSVN : (042) 246-567,  
 246-697, 243-222  
 FAX : (042) 243309

**PATTAYA, THAILAND**

PYXSD : MISS WANIDA SARIDDICHAINANTA  
 THAI AIRWAYS INTERNATIONAL PCL  
 DUSIT RESORT, 240/2 PATTAYA BEACH ROAD  
 PATTAYA CITY, CHONBURI 20150, THAILAND

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**HATYAI, THAILAND**

HDYSD : MR. KITTISAK PINMUANG (Acting)  
 11/206-207 PRACHAYINDEE ROAD  
 HATYAI, SONGKHLA 90110, THAILAND

TKT/RSVN : (074) 233-433  
 FAX : (074) 232-392

**PHUKET, THAILAND**

HKTSD : MR.KITTISAK PINMUANG  
 78 RANONG ROAD, TAMBON TALAD NUE  
 MUANG DISTRICT, PHUKET, 83000, THAILAND

TKT : (076) 360-400  
 FAX : (076) 360-487-8  
 RSVN : (076) 360-444  
 FAX : (076) 360-485-6  
 AIRPORT : (076) 351-216  
 FAX : (076) 327-423

**THAI OFF LINE OFFICE ADDRESS****PENANG, MALAYSIA**

PENAD : \*\* VACANT \*\*  
 LEVEL 3 BURMAH PLACE  
 142-L BURMAH ROAD  
 10050 PENANG, MALAYSIA

TKT : (604) 226-7000  
 FAX : (604) 226-6821  
 RSVN : (604) 226-6000  
 FAX : (604) 226-1857  
 AIRPORT : (604) 643-9491  
 FAX : (604) 644-3657

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 BEACH ROADPATTAYA CITY,  
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