



A STAR ALLIANCE MEMBER 

FLY WITH PRIDE



Annual Report
2019
Thai Airways International
Public Company Limited





60 Years of *PRIDE* and *HIGH HOPE*





Memorable *CUSTOMER JOURNEY* Experiences





♥ ONE TG Service from the Heart

Overhead Panel Labels: PASS SIGNS, NO ELECTRONICS, SEAT BELTS AUTO, WIND AUTO, CAMERA ON, OFF, ON, MASTER BRIGHT, BEACON, RUNWAY TURNOFF, FIELD LIGHTS, DOME, STORM, LANDING, LEFT, RIGHT, ON/OFF.

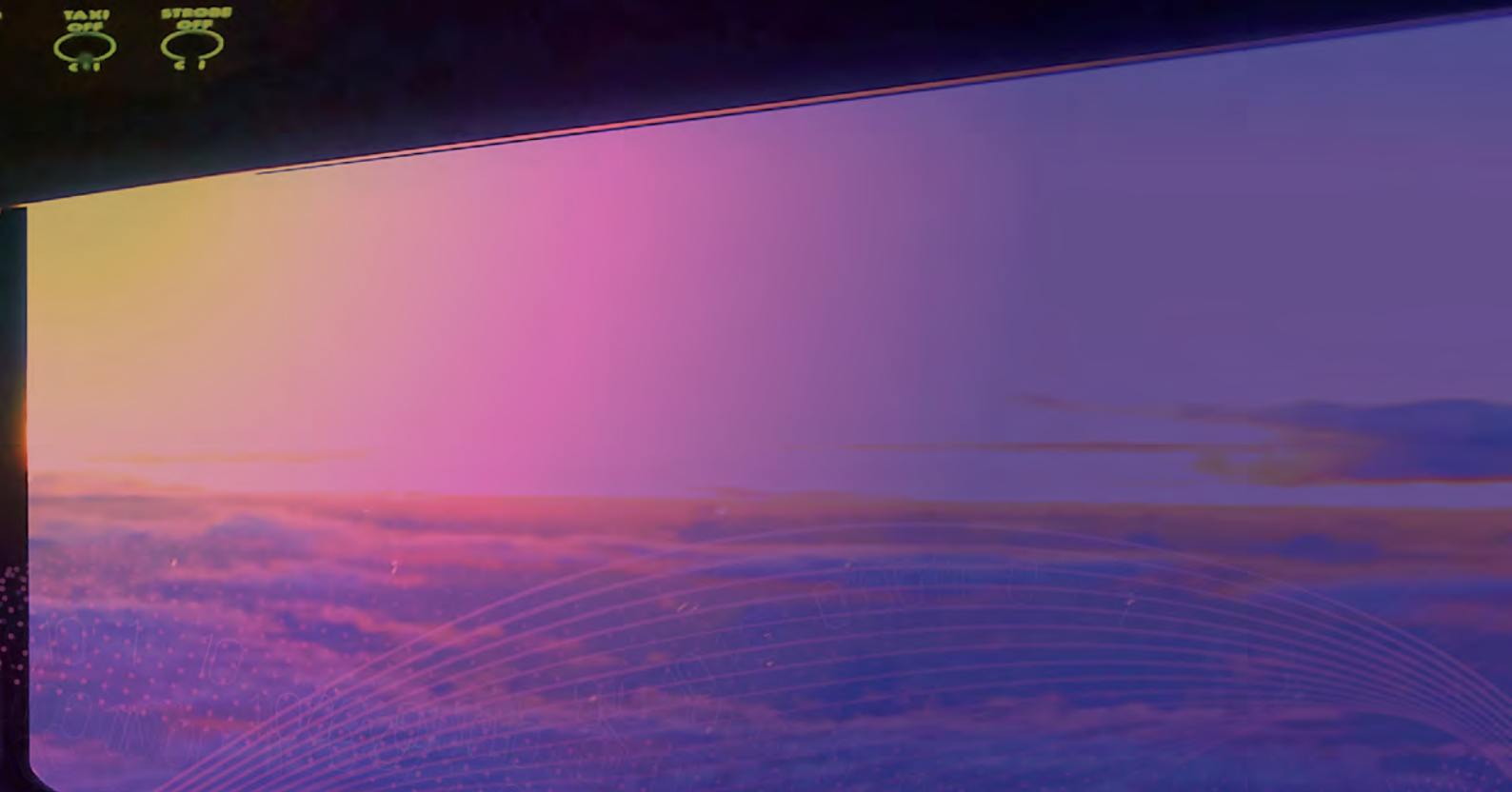
Instrument Panel Labels: A/T ARM, IAS () MACH, HDG () TRK, W/S () FPA, TRK 055, W/S, AUTO, BANK LIMIT, DOWN, UP, V1/VR, A/P DISENGAGE, HOLD, FLD, A/T, OFF, ON, CLR, A/T, LEAT, VNAV, FLD.

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Message from the Chairman



Air Chief Marshal

Chaiyapruk Didyasarin
(Chaiyapruk Didyasarin)
Chairman

In 2019, Thai Airways International Public Company Limited has conducted its 59th anniversary amid different situation from 2018. We, unavoidably have encountered various factors that negatively impacted the Thai aviation and tourism industry. For instance, the world economy grew at the poorest rate in the past 10 years, the trade war between the United States and China, natural disasters, oil price fluctuations and the strongest Baht recorded in the past 6 years as well as aggressive pricing competition action in the aviation industry.

Accordingly, the Board of Directors and Management carried out to follow the 10-year long-term strategic framework (2017 - 2026) which in conformity to the state enterprise strategic plan and government policy, consisting of 5 strategies as follows:

1. Increase profit from aggressive marketing and cost competitiveness (Aggressive Profit) to create maximum profits continuously by managing revenue from the air transport ancillary revenue, costs, fleets and aviation network effectively.
2. Develop and seek for opportunities of the business portfolio to derive highest benefit from asset management, creating advantages in competition which contributed by internal coordination of airline business and allies. Develop existing and new business or enter into a joint venture in potential business.
3. Create impressive customer experience to enable all seamless services that perfectly fit to each customer group an bringing the best satisfaction.
4. Apply innovation and digital technology to develop contemporary architectural structures, creating competitive advantages. Having modern technology systems that increase operational efficiency along with trimming the costs.



Regardless of the obstacles laying ahead, we anticipate to face and strive through. The time will proof our intension and more importantly, the support from all shareholders which is the key factor that prompts us to conquer all tests and vigorously progress to the future with the glory and jointly with all Thai citizens. Please trust and show us an encouragement to empower us carrying on the THAI Airways that rises in Thai sky forever.



5. Effective Human Capital Management Strategies allows concise and flexible organizational structure, while employees are engaged with the organization, feeling ownership and taking part in business operation. Employees will receive knowledge and skills development that is consistent to their responsibility to enhance their performance and expertise.

In 2019, the environment, society and governance (ESG) has emphasized the importance of developing good corporate governance of THAI, together with promoting corporate governance to enable understanding good corporate governance adhering to ethical management and morality when performing their duties. For this year, the Company arranged the CG Day 2019 with participation from the Board of Directors, executives and employees of THAI has mutually signed their declaration to join the Collective Action Coalition Against Corruption - CAC.

Finally, on behalf of the Board of Directors, I believe that fullest commitment and performance of the Management, executives and all employees illustrates the potentials and the spirit of the people in all sections designated to serve. Whether the ground or in-flight crews, all will speed up the reformation plan toward the target and gain the pride of THAI for the Thai nationals as always.

Regardless of the obstacles laying ahead, we anticipate to face and strive through. The time will proof our intension and more importantly, the support from all shareholders which is the key factor that prompts us to conquer all tests and vigorously progress to the future with the glory and jointly with all Thai citizens.

Please trust and show us an encouragement to empower us carrying on the THAI Airways that rises in Thai sky forever.

Message from the President



The 2020 will be the year that THAI celebrates its 60th anniversary. Thai Airways will strive to escalate and is committed to building up our dignity as a national airline gracefully and sustainably. THAI has faced through these years upturns and downturns, but the important thing that rescue us has always been the power of cooperation of the THAI employees, encouragement from shareholders and all stakeholders



In 2019, Thai Airways International PCL (THAI) has continued business operation following strategic plan with an endeavor to become the National Premium Airline, by raising many of our strategies to boost up revenue and cutback the costs. For instance, planning for new potential flight routes, reducing fuel costs and increasing the frequency of the routes with likely more passengers, such as Paris, Brussels, Vienna and Rome. This included marking a new route to Sendai, Japan. THAI have improved work procedures to reduce costs, adjust personnel welfare and compensations, deferred unnecessary investment projects while maintaining service and safety at the world standard level to deliver valuable outputs and remarkable experience to customers.

Despite following strategic plan with a firm determination, operating result of THAI and subsidiary companies in 2019 did not meet the target set forth because of the unfavorable impact of the global economic downturn, political strains that stretched in many regions, diminishing international trade relations. For instance, the stability of the Eurozone government, the conflict between India and Pakistan, and protests in Hong Kong which all posed concerns to the entire global economy and finances. In addition, the strong Thai Baht when linked to major trade partners has a disadvantageous effect on the export and tourism sector in Thailand. According to the statistics from the International Air Transport Association (IATA), the number of passengers and transportation in 2019 has dropped when matched to that of the previous year, marking the first year of reduction since global financial crisis in where the passenger demand is lower than the long-term growth trend. Eventually, between 2018-2019, many airlines experienced loss. On the other hand, the low-cost airlines in Thailand continued expanding to international field as a result of saturation of the domestic market (it is also another aspect that had affect THAI's revenue). However, thanks to the determination and motivation of the employees in all sectors, THAI garnered acclaim from Skytrax, the world excellent airline which included Best Airline Lounge Spa for fifth consecutive years, and



(Mr. Sumeth Damrongchaitham)
President

Best Airline Staff in Asia. In addition, we were ranked among the World's Top 10 Airlines of 2019. For 10 consecutive years, THAI acclaimed TIG Travel Hall of Fame by TIG Travel, and the Best South-East Asian Airline for 4 consecutive years, Asia Pacific Airline of the year 2019 -2020. Another grand award we gained was from Trip Advisor - the Best Airline in Thailand and Travelers' Choice Regional Airlines in Asia for 3 subsequent years.

With the principle that the good governance is a vital medium contributing to THAI's sustainable growth, the Board of Directors added their support and promoted CG Day 2019 activities in which the Board of Directors, Executives and employees jointly signed a declaration of intention to join the Collective Action Coalition Against Corruption (CAC) project. THAI also carried out the project "Thai Airways Moral" to become an organization of righteousness together with enhancing our personnel to have principle and ethics, which would reinforce effective management of business, enhancing competitiveness to accomplish a sustainable growth. As a result of our devotion and commitment, THAI being evaluated under Corporate Governance Report of Thai Listed Companies 2019, at "Excellent" degree and awarded a "Five Star" from the National Corporate Governance Commission.

The 2020 will be the year that THAI celebrates its 60th anniversary. Thai Airways will strive to escalate and is committed to building up our dignity as a national airline gracefully and sustainably. On behalf of the Management and employees, we would like to affirm our sincere gratitude to shareholders and all stakeholders for your continuing support to our operations which is spanning to the past six decades. THAI has faced through these years upturns and downturns, but the important thing that rescue us has always been the power of cooperation of the THAI employees, encouragement from shareholders and all stakeholders - these create prevailing power to lead THAI to overcome all challenges and keep going toward the future with grace together with all Thai citizens.

Audit Committee Report 2019

The Audit Committee of Thai Airways International Public Company Limited consists of 4 independent directors, qualified and experienced in areas of accounting, finance and reviewing the reliability of financial statements, law, risk management, human resource management, and information technology. At present, the Audit Committee consists of Miss Nitaya Direksathapon as Chairman, ACM Chanyoot Sirithumakul, Associate Professor Dr. Sanyalux Panwattanalikit and Mr. Pongchai Amtanon as committee members. Mr. Somnerk Thumrongthammavong, Vice President, Office of the Internal Audit, serves as secretary to the Committee.

In 2019, the tenure in office of the following members of the Committee was ended:

	Position	Period
1. Mr. Distat Hotrakitya	Chairman	October 2, 2018 - July 15, 2019
2. Mr. Somkiat Sirichatchai	Member	November 12, 2014 - August 15, 2019
3. Mr. Rathapol Bhakdibhumi	Member	November 12, 2014 - April 26, 2019

In 2019, 14 meetings (11 meetings with regular agenda and 3 meeting with special agenda) were organized between us, external auditors, internal auditors and the THAI's executive management. We performed their duties independently and adhered to the Charter of Audit Committee which are consistent with the Ministry of Finance's regulations on Audit Committee and Internal Audit Unit of State Enterprise B.E. 2555 (2012), the good governance practices, and the Stock Exchange of Thailand's regulations. The meeting attendance records can be referred to in the Good Corporate Governance section. To this, we reported important issues and the committee's opinions to the Board of Directors as deemed appropriate. Our significant activities and opinions in 2019 are summarized herein as follows:

1. Financial Statement Audit

The Audit Committee, together with the finance and accounting executives, and external auditors jointly reviewed THAI's quarterly and annual financial statements, consolidated financial statements, related party transactions including the reviews of financial reports, financial statement disclosure, accounting policy and significant accounting projections, as well as observed the examination and review of external auditors, supporting explanations and analysis of the THAI financial status and performance. We asked for the external auditors' opinion on the accuracy of financial statements, adequacy and suitability of the account recording methods and information disclosure including adjustment entries materially affecting the statements to ensure the accurate financial statements in accordance with Thai Financial Reporting Standards. According to the recent situation, we recommended the management to prepare the financial contingency plan.

In addition, an exclusive session between us and external auditors was organized without presence of THAI's executive management to discuss the independency of activities and views of external auditors. Furthermore, we discussed on the key audit matters which were the major concern while auditing the financial statements for the period in question, including regularly followed up with senior management on their performance and response.

2. Audit of Adequacy and Effectiveness of Internal Control and Risk Management Systems

We 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 B.E. 2561 (2018) with reference to the Committee of Sponsoring Organization of The Treadway Commission (COSO 2013).

In addition, a meeting was organized between us and THAI's executive management to discuss on the appropriate agenda in relation to the business performance and significant audit findings.

Furthermore, the Vice President of the Risk Management Department has also participated in the meeting to report the significant risks and provide guideline on risk management on annual basis.

3. Monitoring of Internal Audit Activities

The Audit Committee provided guidance on the preparation of the audit plan and approved the audit plan of the Office of the Internal Audit, including the approval of the individual development plan which has been evaluated and improved the competency framework of the internal auditors, and promotion of continuous development in order to gain further knowledge and enhance their efficiency. In addition, we approved and promoted the strategies of the Office of the Internal Audit to achieve the goals, as well as their charter review.

We also acknowledged the performance and any issues from Office of the Internal Audit on a quarterly basis, and given recommendation on the audit report's significant issues in order to address them to ensure sufficient internal control. The aforementioned issued was reported to the Board of Directors for acknowledgement.

In November 2018, the Ministry of Finance announced the Rule on Standard and Practice on Internal Audit of State Enterprise B.E. 2561 (2018). We assigned the Office of the Internal Audit to review the internal audit manual and update the related rules, manuals and charters. We also required the President to define the policy for relevant departments to strictly comply with such announced rule.

Furthermore, we reviewed the annual budget of the 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 the acknowledgement of the results of the external assessment which concluded that the vast majority of the internal audits of Office of the Internal audit were in the line with the International Standards for the Professional Practice of Internal Auditing (IIA Standards), and the support to the Office of the Internal Audit to increase the role as an advisor to various working groups to: participate in the project of Thailand's Private Sector Collective Action Coalition against Corruption (CAC); enhance the expenditure efficiency; and enhance the efficiency of internal control and reservation procedure and group reservation.

4. Legal and Regulatory Compliance Audit

The Audit Committee jointly discussed and acknowledged the report of the Corporate Secretariat whose duties are to oversee the performance and ensure the compliance of all departments with the applicable laws, rules and regulations. We also provided recommendation on the enhancement of overseeing process.

5. Audit of Related Party Transactions

The Audit Committee reviewed and provided opinions of the related party transactions in accordance with the Notification of the Stock Exchange of Thailand to ensure the transparency of the approved transactions without involvement and manipulation of the stakeholders in decision making process which was solely based on THAI's best interests as if the transactions were performed with external parties. We also acknowledged the related party transaction reports on a quarterly basis, and audited the disclosure the such transactions to ensure their accuracy.

6. Charter and Self-Assessment of the Audit Committee

The Audit Committee reviewed the Charter of the Audit Committee and performed the self-assessment as stipulated in the good practice guideline of the Stock Exchange of Thailand and the guideline for audit committee in state enterprise issued by 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 we prudently and independently performed our duties and were in-line with the required guidelines and practices as well as the Audit Committee's Charter.

7. Nomination of External Auditor

As requested by the Office of the Auditor General of Thailand that THAI appoints an external auditor from 2020 onwards, the Audit Committee nominated a certified public accountant (CPA) to the Board of Directors to present in the annual general meeting for approval and determination of remuneration.

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

We performed our duties and responsibilities stated in the Charter of Audit Committee with integrity, objectivity, prudence, transparency and independence to gain the greatest benefits for THAI.



(Miss Nitaya Direksathapon)
Chairman of the Audit Committee
February 28, 2020

Environmental, Social and Governance Committee Report 2019

Consisting of the Board of Directors and the management, the Environmental, Social and Governance Committee, was renamed under an approval in 2019 by the Board from the Corporate Governance and Social Responsibility Committee to the Environmental, Social and Governance Committee (ESG). This aimed to ensure the alignment between duties and the evolving current social landscape, of which an emphasis is placed more on environmentally and socially responsible operation to accomplish the Sustainable Development Goals (SDGs). As tasked by the Board of Directors, the ESG Committee dedicates to full delivery across areas such as offering some environmental and social responsible advice to the Board of Directors. The ESG also ensures that related bodies prepares annual action plans that cater to good corporate governance-related areas ranging from anti-corruption activities and an overhauled complaint acknowledgement process to the promotion of governance and ethics. In 2019, 12 meetings by the ESG Committee were held to probe into 40 agenda that required consideration and 33 acknowledgement-related topics. The essences can be described in the lists below:

1. Environmental Management

The ESG Committee gave greenlight to the launch of the 2 new bodies of THAI, the Waste Management Committee and the Food Waste Management Committee with the chairman of the ESG Committee acting as one of the advisors. The Chairman of the ESG Committee also acted as an advisor for the working group. Their operations are as follows:

1) Waste Management Project

Realizing the sustainable development in the aspects of economics, society and environment, with the target of reaching UN Sustainable Development Goals (SDGs), Thai Airways established the resource management policy to lessen and utilize the waste (Waste Management) throughout the supply chain. This was to look at the overview connecting upstream - midstream - downstream, useful and sustainable resource utilization and comprehensive waste management using the Reprocess/Reduce/Reuse/Recycle principle, work procedure improvement and development plan, eventually leading to the circular economy. The project comprises of three steps as follows:

- Material management, before becoming the material or waste: obtaining the material that is produced using the other proper resources including the sources of procurement, mutual society and preparation and selection of material for health and hygiene and full benefits.
- Waste reduction management: effective material production and usage, delivery and utilization to the fullest extent for beneficiaries, and value delivery in the forms appropriate to those involved in the supply chain.
- Waste transformation: sending recycled waste back to the cycle of new materials sustainably as in the circular economy.

In every step, the Company used innovations to create the mutual benefits and useful resource usage, such as water and energy resources, and to cause as less environmental impacts as possible, especially climate change and imbalances of ocean lives, and worthwhile spending in every process. With these three steps, they were deemed the truly comprehensive waste management, with the target of 50% waste reduction in 2030.

Thai Airways piloted the food production chain management to reduce food waste in 2019.

2) Food Waste Management Project

Together with FoodInnopolis, National Science and Technology Development Agency, Thai Airways, launched the Food Waste Management Project, which was its first project, under the name "Save Food, Save the World" as a model for "food waste-reducing airline" with the objectives as follows:

- Manage the food production chain to reduce the loss of resources productively and concretely, decrease the organizational expense, environmental impacts and greenhouse emission and turn resource losses into incomes.
- Improve and develop the operational procedures using scientific and technological knowledge and innovations to lessen the food loss in the production process.
- Utilize the resources throughout the supply chain to cause positive impacts to the business due to leveraging resource management in the Company's production process.

Targets of Food Waste Management Project are as follows:

- Reduce 20% of passenger's unwanted food loss;
- Reduce around 300 kilograms of food waste from the Catering Department per day, totaling 10 million baht per year;
- Reduce 3% of overall food loss and 2,078 tons carbon of greenhouse emission, equivalent to planting 230,000 large trees.

The operations in 2019 focused on reviewing to develop and improve the food production and service systems using the Reprocess/Reduce/Reuse/Recycle principles from raw material procurement, menu planning, and production to bringing food on airplanes. It had also developed the pre-selected menu system for passengers to choose their preferred dishes before boarding, which will be available in Thai Airways' European flights in 2020 and all flights in 2021. Furthermore, the Company's plastic use reduction and on-board waste management were conducted with the aim for the circular economy. All these operations, as well as educating and broadening knowledge for employees, passengers and all sectors of stakeholders, were continuous as planned to achieve the project target.

The Food Waste Management Project took part in accelerating the issue of food loss reduction in Thailand, conforming to the National Agenda regarding the sustainable production and consumption, and would help Thailand to achieve the UN Sustainable Development Goals (SDGs) in the end.

The ESG Committee had agreed to evaluate the corporate eco-efficiency with the results of the Food Waste Management, with the Board of Directors' approval.

2. Promotion of Social Activities

The ESG Committee had endorsed and approved social campaigns i.e. scholarships to THAI employees' children and supporting employees regarding projects and activities contributing to THAI and the society.

3. Promotion of Good Governance and Ethics

In 2019, valuing the significant of good corporate governance (CG), the ESG Committee had supported the good governance and ethics as follows:

1) Collective Action Coalition Against Corruption - CAC

To foster our employees' understanding of the good corporate governance, adherence to good governance and ethics and their support to prevent and stop the corruption and misconduct or any unfair actions, the ESG Committee appointed the Corporate Secretariat Department and related departments to arrange the 2019 corporate governance day. Held on November 26, 2019, Air Chief Marshal Chaiyapruk Didyasarin, then Vice President and acting President signed to declare the Company's intention in joining the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) as a part of the effect to solve the corruption problem in Thailand.

2) The Moral Organization

To drive the Moral Thai Airways Project, the Company held a special seminar in the topic of “Development of moral organizations and factors to success” to reinforce awareness and willingness to instill morals. On this occasion, Emeritus Professor Dr. Kasem Wattanachai, M.D., privy councilor and Mr. Pramote Chotimongkol, former Chief Ombudsman delivered their speeches for our directors, executives and employees.

3) Corporate Governance and Corporate Compliance Road Map and Action Plan

The Company suggested the practices regarding Corporate Governance and Corporate Compliance and 5-year Road Map and Action Plan preparation to the Board of Directors as follows:

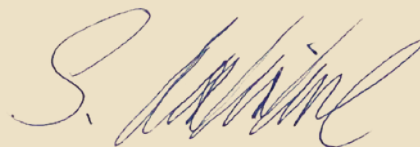
3.1) Corporate Governance: for the departments’ operations to be compliant to the Corporate Governance Code for Listed Companies 2017 of the Securities and Exchange Commission (SEC) and Thai Institute of Directors’ Good Governance Assessment Guideline, as well as review the authorities and prepare the charter of the ESG Committee

3.2) Corporate Compliance: the revision of regulation compliance policy was considered and the compliance governance procedure was reviewed to leverage the standards of employee and the Company’s operations, taking the Company to be on par with the leading registered companies and airlines.

4. Complaint Handling and Prevention of Fraud

The ESG Committee places great importance on complaint handling and prevention of fraud which pose serious threats to THAI and employees. When a complaint on potential corruption is received, the chairman, director, president, board secretary or executive vice president in charge of corruption-related department, such complaint shall be referred to the person in charge in accordance with THAI Regulations on Complaints about Corruption or Non-Compliance over Laws, Regulations, Restrictions, Orders, Good Corporate Governance or Ethics under the Good Corporate Governance and Ethics Code ACT, B.E. 2553 without exception. To prevent any kind of corruption, the Company received 95 complaints in 2019 and forwarded them to the Corporate Inspection Office to investigate the truths.

Moreover, the ESG Committee promotes information regarding the prevention of fraud through bulletin, intranet, Facebook, Line, e-mails of the employees and publishes on the official website. The Corporate Inspection Office is encouraged to take part in the anti-corruption activities hosted by the Office of the National Anti-Corruption Commission (ONACC) and Anti-Corruption Organization of Thailand (ACT). THAI’s employees across levels are required to attend an anti-corruption seminar. Furthermore, THAI regulations on complaint were revised into the THAI Regulations on Complaints about Corruption or Non-compliance over Laws, Regulations, Restrictions, Orders, Good Corporate Governance or Ethics under the Good Corporate Governance and Ethics Code ACT, B.E. 2562.



(Miss Sirikul Laukaikul)

Chairman of the Environmental, Social and Governance Committee

March 18, 2020

Nomination and Remuneration Committee Report 2019

THAI's board of directors has approved of appointing the Nomination and Remuneration Committee ("NRC") which consists of 3 persons as board of director's representatives. Most of which are independent directors and one representative of the management as a secretary. The NRC is responsible for recruiting the directors and executives to be positioned as vice presidents and upward, setting the directors' remunerations and executives to be in compliance with the relevant laws, regulations and proper corporate governance to be qualified in the international standard.

In 2019, NRC has carefully taken the matter of the structure, elements, and numbers of THAI committees to be able to serve the company's complex operation and structure into consideration. Director qualifications and skill matrix are also important as it leads to an efficient business operation. The directors and executive vice presidents are also recruited to perform to achieve THAI ultimate goals. As such, executive vice presidents' remunerations are taken into consideration to be in an appropriate amount when comparing to the other businesses. Moreover, NRC has recruited directors.

Along 2019, there were 16 NRC meeting held. The crucial information resulted from the meeting set out below:

1. Reconsider the board of committee's skill matrix, both core skills and specific skills that links with THAI's strategies;
2. Recruiting personnel with skill matrix to be proposed as directors when position is available by considering the qualifications as required by laws along with knowledge and capabilities that are useful for THAI. Number of companies that that persons are currently a director in along with their conflict of interests. The matter of appointment as such will be proposed for board of directors and/or shareholders' approvals.
3. Proving opinion to the board of directors is relation to the reduction, merger and revision work in responsible of the sub-committee or special committee to suit with the current situation and to minimize the repetition of work for THAI's benefits.
4. Reconsider the current board of directors', and sub-committee's remuneration to set an appropriate rate. The rate as such will be proposed to the board of director's consideration prior to the proposal for shareholder's approval. The remuneration for the working team who work during May 1, 2019 to April 30, 2020 is also considered in this matter.
5. Evaluating the vice president's performances to be proposed to the board of directors' consideration.
6. Considering and setting out the qualifications and remunerations of executive vice presidents for replacement of resigned, retired. NRC also ensured that their works are in line with the plan set out in case of contracted executives. The information as such will be proposed to the board of directors for their approval.
7. Consider the Nomination and Remuneration Committee.
8. Considering the company restructuring by taking the setting up of customer experience management department into consideration to be proposed for the board of directors' approval.

NRC has carefully and independently performed as its best capacity for the best interests of every stakeholder. NRC has also reported to the board of directors constantly and continuously throughout 2019.

Air Chief Marshal



(ACM Chanyoot Sirithumakul)

Chairman of the Nomination and Remuneration Committee

January 16, 2020

In 2019, executive committee's meeting was held 22 times comprises of 11 scheduled meetings and 11 meetings to consider extraordinary agendas concerning the matters approved by executive committee taking of working policy, but not regarding the other sub-committees, before passing the matter for board of director's approval. The meetings were also held to follow up with the implementation of policies, board of director's approved agendas, and strategic plans. Advices in relation to the implementation of board of director's policy were also given to the managements as set out below:

1. Screened Agenda Items Before Forwarding them to the Board for Approval:

The executive committee has screened the agendas with transparency. The executive committee also takes THAI's regulation and other relevant regulations into consideration when screening as such.

2. Follow Up with the Implementation of Board of Director's Resolutions and Strategic Plans: The executive committee has governed, supervised, advised, and followed up works especially revenue earning matters, expenses reduction, details as follows:

- Follow up with the work performance and THAI's financial status;
- Follow up with the maintenance, corporate governance, personnel, drafting of THAI MRO Master Plan for expenses reduction as planned;
- Follow up with the sale of decommissioned aircrafts;
- Follow up with the commercial airlines' performances concerning how to increase income derived from tickets sales through Foreign Exchange Guarantee for On-line Ticket System and other channels;
- Follow up with aircrafts procuring.

3. Approved Various Matters Under the Board-Assigned Authority: The executive committee has approved assigned agendas; for instant, the appointing of directors in subsidiaries and other relevant companies, the requesting for additional personnel, and the changing of hiring. The requesting for substitutes from external and currents were also taken into consideration by delicately considering the needs of each department needs for force.



(Mr. Peraphon Thawornsupacharoen)
Chairman of the Executive Committee
January 16, 2020

Corporate Strategic Committee Report 2019

In 2019, the Corporate Strategic Committee, comprising members of the board of directors and management team members performed their duties assigned by the board of directors to the best of their abilities. The Committee is to give advice to the board of directors for directing the management to create a corporate strategy plan covering all aspects of business, together with executing and monitoring all operations of THAI and its subsidiaries for effective competition and sustainable profitability with integrated implementation. The Committee also monitored, advised the management and responsible persons to implement the plan and arranged the importance or the urgency of actions to the board of directors for consideration and approval.

May 2019 - The Committee agreed to submit the Corporate Strategy Map 2019 and 11 implementation plans to the board of directors for approval. The main objective is to increase revenue, especially from passengers including ancillary revenue by optimization of various distribution channels. In addition, the effective cost management involving aircraft maintenance, flight operation and subsidiaries is to put into practice to reduce costs and reflect actual cost for sustainable profitability.

In 2019, the Committee monitored and supervised the above major implementation plans and held 9 meetings to review 29 matters for consideration and 8 matters of report. However, the company is highly impacted by external environmental factors and intense competition due to the fact that the company rarely adapts in a fast-changing business environment. As a result, the above 11 plans are categorized according to the project achievements as summarized below:

1. **The Plan that achieves milestones and outcomes is THAI Operations Control Center (TOCC).**
2. **The Plan that achieves milestones only is Improve Thai Smile Performance.**
3. **The Plans that could not achieve outcomes are**
 - Plan Buy Fly Sell
 - Enhance Web Sale / Online Sale
 - Implement New Web and Mobile
 - Improve Cost Efficiency
 - Build Customer Centric & Integrated Service Ring
 - Develop Customer Experience Management System
 - Improve Customer Services in Key Areas
 - Chief Customer Officer (CCO)
 - Information Technology / Chief Information Officer (CIO)

The Committee remains committed to its oversight of the management's development and execution of the corporate strategy plan to ensure THAI an effective competitiveness and sustainable profitability.



(Mrs. Pratana Mongkolkul)

Chairman of the Corporate Strategic Committee

March 6, 2020





Background

1960

In 1960, the Thai government, co-funded by Siamese Airways Company Limited ("SAC") and Scandinavian Airlines System ("SAS"), jointly established Thai Airways Company Limited ("TAC") in order to set up a national airline providing world-class service with management and technical support from SAS. The initial objective was to operate business providing international flights services.

On March 29, 1960, TAC was established with the initial registered capital of THB 2 million. 70% of total shares was held by SAC and the other 30% was held by SAS.

1991-2010

Due to the constant expansion of business, TAC was listed on the Stock Exchange of Thailand ("SET") and became THAI in July 1991 by converting its retained earnings into the registered capital. This results in the total amount of registered capital of THB 13,000 million. In 1992, THAI had increased its registered capital for THB 1,000 million, THB 3,000 million in 2003, and THB 4,838,709,670 in 2010.

1977-1988

The business operation went successfully. After the establishment, on March 30, 1977, SAS transferred all of the shares held to SAC which results in the ceased of joint venture. TAC had increased its registered capital. Ministry of Finance had subscribed the newly issued shares and become the shareholder of TAC. On April 1, 1988, the Thai government under the premiership of General Prem Tinsulanonda had a cabinet resolution to merge the domestic airline business of SAC with the TAC's business operation. As a result from the merger, TAC had its registered capital of THB 2,230 million, with the Ministry of Finance as a majority shareholder.

2013

On October 17, 2013, THAI established Thai Smile Airways Company Limited, a wholly owned subsidiary with totally paid-up registered capital of THB 1,800 million. Thai Smile Airways began operating on April 10, 2014 routing from Suvarnabhumi under the airline code "WE", covering 10 domestic routes initially. Since October 25, 2014, Thai Smile has expanded its services to cover Asean routes as well as China, Taiwan, and India.

2019

As of December 31, 2019, THAI had its registered capital of THB 26,989,009,500 with THB 21,827,719,170 paid up. 53.16% of the total shares were held by Ministry of Finance and Government Savings Bank, and the rest, 46.84% were held by the public domestically and internationally, and including to THAI's personnel.

After its founding of an airline business, THAI gradually accumulated experiences and developed strategies in organizational administration until capital could be increased, then became a listed company. Today, THAI, as a state enterprise under the Ministry of Transport, operates its business by providing both commercial domestic and international air transport services at the principal office located in Bangkok Thailand by having a base operation at Suvarnabhumi Airport as its transport network hub. THAI provides the services of transporting passengers, cargo, and mails along with other related businesses which comprises of cargo terminal handling services, ground customer services, ground equipment, in-flight catering, and aircraft repair and maintenance.

Vision

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

As a national airline which operates air transporting for passengers and cargo and mails, THAI determines to be the pride of the nation to continually achieve customers satisfaction by offering world-class services with touches of Thai charm and the international standards as well as to create sustainable profits through management efficiency.

Mission

- To provide comprehensive domestic and international air transport services with a focus on safety standards, convenience, and quality services with Thai touches to deliver products of high value and credibility, create lasting impressions, and build long-term relationships with **the customers**.
- To practice good corporate governance in accordance with international standards to ensure sustainable growth and high returns on investment for **the 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 complied with the principles of **good corporate governance**.

Core Values

To ensure stability and sustainable growth and to enhance the competitiveness in a fast-changing business environment, THAI promotes and upholds 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 personnel to create value through effective business performance and valued products and services.

Strategies

THAI have set a 10-year, long-term strategic framework (2017–2026) aligned with the Government’s State Enterprise Strategic Plan and government policy under five distinct strategic frameworks which are:

1. Aggressive Profit

To generate long-term maximum return by increasing air transporting services and ancillary revenue, decreasing expenses, emphasizing fleet management and network expansion.

2. Business Portfolio

To manage assets efficiently, creating competitive advantage by co-operating with Thai airlines group and strategic alliances, enhancing capabilities together with seeking new opportunities or joint venture with potential enterprises.

3. Customer Experience

To develop operating process of services in every touch points for all customer sectors with beyond expectation.

4. Digital Technology

To provide IT architectures designing the systems for the innovations that lead to cost reduction and efficiency improvement.

5. Effective Human Capital Management

To design a lean and learning organizational structure to sustain employee engagement. Building and facilitating learning of its personnel to improve



their knowledge and skills according to all levels of their responsibilities required will create culture of self-belonging.

At the end of 2018 the Board of Directors and the management team considered 3 main problems which have a crucial impact on company's performance as if it had fallen into a trap that causes a repeated cycle of business loss for a long time. In addition, THAI rarely adapts in a fast-changing business environment while gets used to old work culture that has lasted for too long. The 3 main problems are

1. **Aircraft** Long use of aircraft has effects on high operating cost due to high maintenance cost from grounded aircraft resulting in less number of available aircraft. Moreover, mismatching aircraft types to their stage length led to high fuel costs due to the fact that old aircraft consumes fuel more than new-gen one.
2. **Service Efficiency** Service inconsistency impacts on corporate image and customer satisfaction.
3. **Operational Efficiency : Revenue Management & Cost Efficiency** The company experiences a decline in air ticket sales although there is revenue from other channels or ancillary revenue, which is a small proportion, compared to other leading airlines. Meanwhile, the company still has to control costs especially aircraft maintenance costs which are very high.

The Corporate Transformation Plan 2019 or "Mantra Project" was created with an aim of continuous and sustainable profitability. We followed our 5 strategies and the following 11 implementation plans:

1. Financial Structure Management
2. Boost Ancillary / e-Commerce Revenue
3. Expand Catering Business
4. Maximize Asset Management (Plan-Buy-Fly-Sell)
5. Manage Fuel & FX within Budget
6. Maximize Asset Management (Profit & Loss by Tail Number)
7. THAI MRO Master Plan
8. Develop Partnerships with Government Sectors and Other SOEs
9. Build Customer Centric & Integrated Service Ring
10. Enhance Web Sale / Online Sale
11. Organization Structure

- Aircraft supply
- The Management of Sales and Uses of Airplane
- The Development of Corporation with The Civil Aviation Authority of Thailand (CAAT) and the Airports of Thailand (TOT)
- The Development of Cooperation between THAI Group and other THAI airlines

Aircraft

- Modernized Aircraft
- Manage the Sky
- Coordinate Family

Performance

Revenue

- Boost Ancillary Revenue by Digital Marketing
- Expand Non-Core Business (TG MRO Campus, Terminal 3, Catering OEM)

Cost

- Sales Management (P/L by tail no.)
- Plan Buy Fly Sell
 - Asset Management (Aircraft Residual Value) Fuel & FX Control
 - Digital Technology

- The Full Range Management of Aircraft: Plan Buy Fly Sell
- The Financial Structural Management
- The Ancillary Development and Increasing of Income by Using Digital Marketing
- OEM Food Supplier
- THAI MRO Master Plan Project
- The Management of Sales and Uses of Airplane (P/L by Tail No.)
- Fuel - FX control

Service Efficiency

- Ground to Sky
- Organization Restructure
- Effective Communication
- Image Recovery

- The Improvement and Development of full-services for the Customer's Satisfactory
- Structural Management on Information technology (Chief Information Center: CIO) and Chief Customer Officer (CCO) for EVP for Ground to Sky
- Moral Organization
- Effective Communication

Sustainable Development



In this regard, when operating every procedure, THAI complies with:

- 1 Digitalization for the development, changing, business adaptation which emphasize its fast, efficiency, flexibility on the fast-changing business;
- 2 "Thai with Morality Transparency and Equity" with a cautious operation which complies with internal and external regulations.

Business Operational in 2019

Financial and Accounting Management

In 2019, THAI has operated its business concerning financing, accounting and risk management on fuel price as follows:

- With respect to cash management, THAI managed the remaining cash in each currency at an appropriate level sufficient for expenses. Also, THAI managed in a way to increase to the utmost benefits for the company. In addition, THAI maintains the credit lines of short-term loan granted by financial institutions at an appropriate amount so that it can support the occurrence of economic fluctuations and other factors might happen locally and internationally.
- With respect to loan restructuring, subject to the authorization by the Board of Directors, THAI used Cross Currency Swaps (CCS) and/or Interest Rate Swaps (IRS) as operational tools to be in line with net operating cash flow.
- These financial management approaches have reduced cost of funds by 0.55 percent, with an average loan outstanding reduced for 6.4% from THB 157 billion in 2018 to THB 147 billion in 2019. Interest expense was cut only by 1.6 percent from THB 4.51 billion in 2018 to THB 4.44 billion in 2019. Although the interest rate was decreased gradually in 2019, due to 34 percent of THAI's loan were subject to the floating rate interest and 66 percent are subject to the fixed rate.
- As for accounting management, THAI has correctly complied with the new financial reporting standards effective in 2019 concerning revenue from contracts with customers. In addition, THAI has carefully studied and prepared for the new financial reporting standards concerning Leases and Financial Instruments which will be implemented in 2020. Further, the accounting management of overseas branches have also continuously controlled the accounting management centrally instead of sending staff from the head quarter to the branches.

- With respect to fuel price risk management, THAI has continuously and systematically managed the fuel price risk by implementing jet fuel price hedging at not lower than 20 percent and not more than 80 percent for annual fuel consumption. Whereby the tenor of each contract would be for a period for not more than 24 months (18 months for 2018). Fuel hedging at the higher or lower than the specified level is subject to the Board of Directors' approval. THAI manage its fuel price risk by using various financial instrument to be suitable with the market condition in each period in order to reduce the risk of fuel price volatility.

Aircraft Decommissioning

When procuring, decommissioning and distributing the aircrafts, and engine spare parts and supplies, THAI carefully consider its marketing plan and current fleet potential to be in line with the current aviation market and global trends. In 2019, the aircraft procurement year 2019-2026 project was reconsidering and results in extending the usage of aircraft to be discharged in 2019 to later. This is to maintain the production volume (ASK). In 4th quarter of 2020, THAI will obtain the leased aircrafts, 3 Boeing 777-300ER to transport across the continents. This should solve the shortage of aircraft due to the Rolls-Royce engine problems.

In 2019, THAI delivered 6 aircrafts sold the previous year which are: five 4 Airbus A330-300, and 1 cargo plane Boeing 747-400BCF.

As of December 31, 2019, 15 THAI's aircrafts were on the 'To Be Sold' list. 14 of which were in the process of sale with details as follows: 3 Airbus A340-500, 6 Airbus A340-600 with 6 spare engines, 1 A300-600R, 3 Boeing 737-400, and 1 Boeing 747-400BCF cargo planes, which are expected to be delivered on the 1st quarter of 2020 and on. Please be noted that 1 Boeing 737-400 TDE is not listed here since it is a static show.

In-flight Service Management

• First Class Service

For the highest first-class customer's satisfactory, THAI has improved and added the number of food menus designed by Michelin Chef so that it suits with the passengers in each route. In addition, the selected first-class flight attendants will be trained to work efficiently and professionally.

- **Business Class Service**

THAI has improved the business-class services providing in order to meet the customer's needs by reducing the preparing procedures on pre-service. Service trolleys and Rectangle Plate are used in some flights so that the passengers can be provided with the faster services.

- **New Flight Attendants Training**

THAI has structured the training program for the new flight attendants using competency-based training, including basic knowledge of safety, security and service to enhance service concept emphasizing customer experience management, training flight attendants to fulfill their full potential. The training course also aims for the building of service mind, and caring mind especially on quality and safety as well as instilling pride in being an important role in THAI's potential in the world competition.

Further, THAI also have the project concerning 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.

Additionally, in order to response THAI's policy, 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 frequency of flights between Bangkok- Pusan was increased during summer 2019 from April to October both inbound and outbound by adding one more flight on Tuesday which results in 7 fights per week. For winter 2019/2020 from November 2019 to March 2020, the frequency reverted to 6 flights a week due to the disapproval by Gimhae International Airport in Pusan on the Tuesday schedule. The aircraft used on this route is Airbus 330 (A330-300).
- The aircrafts used on route between Bangkok-Bali changed into bigger ones, from Boeing 777-200 to Boeing 747-400, starts from January 2020. This results in the increasing in the numbers of seats.
- A Bangkok-Brisbane route may request for the bigger aircraft and/or more flights starting from January 2020.
- The frequency of flights between Bangkok-Melbourne was increased during TPI winder 2019/2020 from 11 flights to 14 flights per week.
- Bangkok-Frankfurt routes TG 922/923 were altered both inbound and outbound from 7 flights per week to 4 flights per week. In this regard, 3 flights on Phuket-Frankfurt TG926/927 has started providing services on October 27, 2019.
- The frequency of flights between Bangkok-Paris TG932/933 was increased both inbound and outbound for 3 flights per week starting from October 28, 2019.
- The frequency of flights between Bangkok-Brussel TG934/935 was increased both inbound and outbound to 6 flights per week.
- The frequency of flights between Bangkok-Vienna TG936/937 was increased both inbound and outbound to 7 flights per week.
- The frequency of flights between Bangkok-Rome TG944/945 was increased both inbound and outbound to 5 flights per week.
- The aircrafts used on route between Bangkok-Beijing changed into a larger number of seats from Airbus A350-900 to Boeing 777-300ER.

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

The THAI Catering Department has focused on improving new products and packaging to accommodate changing in customer's 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 26, 2018.

Further, THAI Catering Department also find other channel to distribute the products. As a result, 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 from December 1, 2018.

Awards Obtained

In 2019, THAI won various awards as listed below:

World's Best Airline Awards

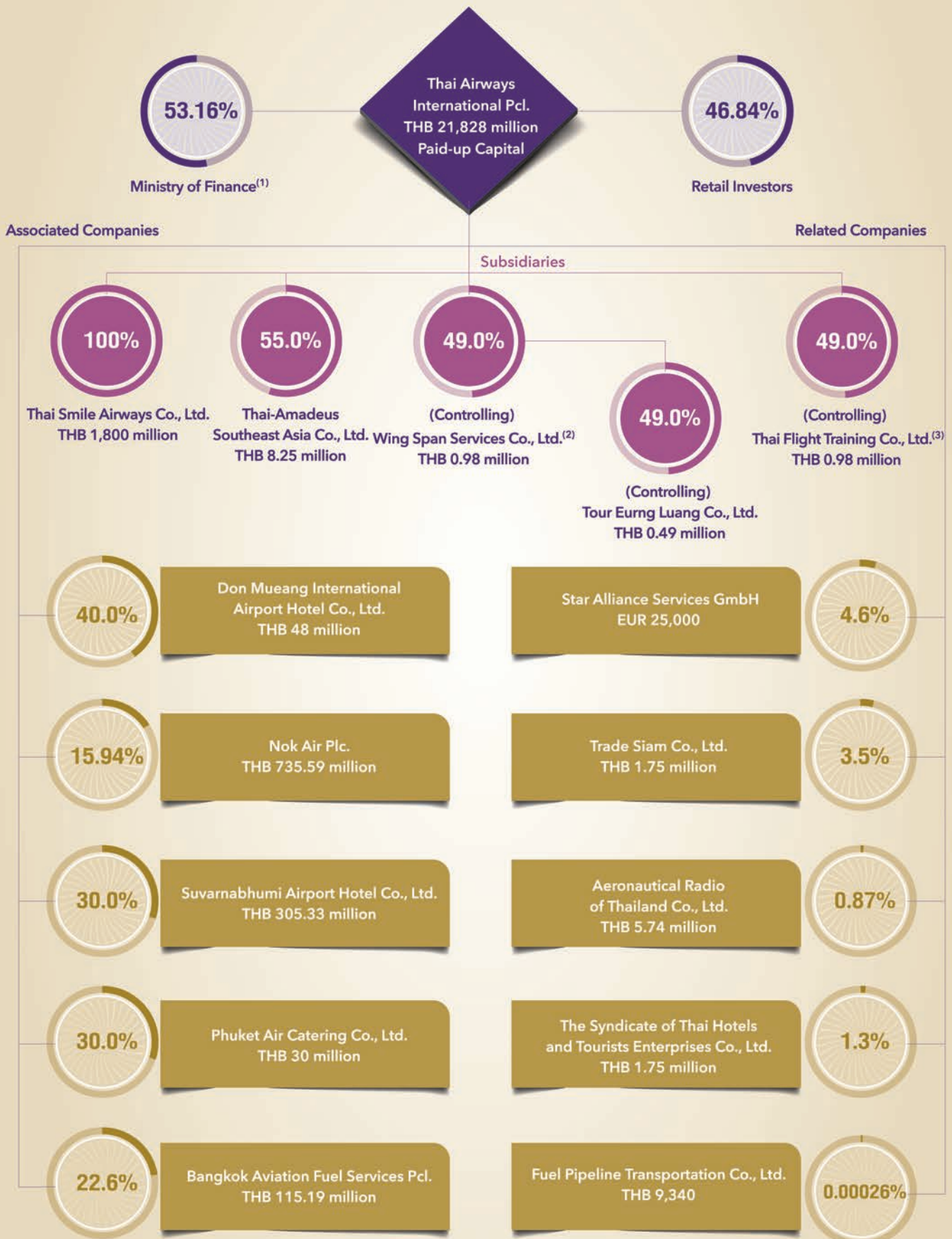
- **Best Airline Awards from Skytrax:**
 - World's Best Airline Lounge Spa 2019
 - Best Airline Staff in Asia 2019
 - World's Top 10 Airlines of 2019
 - World's Best Airport Services 2019
 - World's Best Economy Class Airlines 2019
 - World's Best Business Class Airlines 2019
 - World's Best Airline Cabin Crew 2019
 - Best Cabin Crew in Thailand 2019
- **Best Intercontinental Airline from The Grand Travel Awards 2019**
- **Best Catering Award 2018 from Air China in Thailand**
- **Best Airline Award from TripAdvisor in 2019 (3 consecutive years)**

- **Best Catering Award 2018 from Air China in Thailand**
- **Certificate of Appreciation from Japan Airline in Thailand**
- **TTG Travel Hall of Fame from TTG Travel Awards 2019 (10 consecutive years) and THAI has been honored to be inscribed in TTG Travel Hall of Fame from 2016 to present.**
- **The Best On Time Performance 2019 for International Flights Award from AIRNAV Indonesia**
- **3 awards from Suvarnabhumi Service Excellence (SSE) 2019 from Suvarnabhumi International Airport which are:**
 - Excellence Service Improvement Awards in 2019
 - A ground service staff under Customer Airlines Passenger Services Delivery Department was awarded with a Staff Service Excellent Awards Silver Medal 2019
 - A staff under the Special Service Department was awarded with a Staff Service Model Awards Bronze Medal 2019
- **Full Service Airline - Best Website Award from TravelMole - ITB Asia Awards 2019**

Other Rewards

- **Executive Vice President, Technical Department was awarded with "Role Model Award 2019" by Ministry of Transport**

Shareholding Structure



Note

⁽¹⁾ Including 2.13% shares held by the Government Savings Bank

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

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

Business Operations



○○

In 2019, THAI remained committed to continuously developing and improving the quality of products and services. 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.

○○

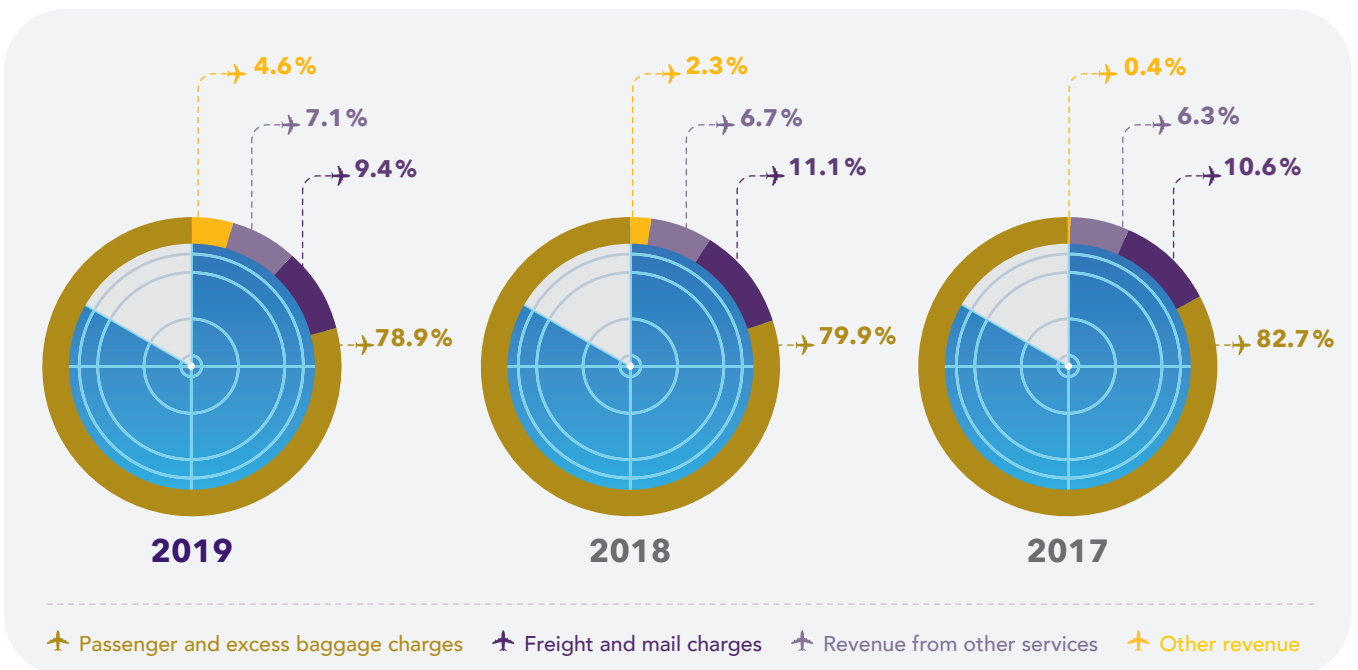
Revenue Structure of the Company and its subsidiaries.

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

	2019		2018		2017	
	MTHB	%	MTHB	%	MTHB	%
Revenue from Transport Business						
Passenger and excess baggage charges	149,044	78.9	160,255	79.9	157,475	82.7
Freight and mail charges	17,784	9.4	22,340	11.1	20,272	10.6
Total Revenue from Transport Business	166,828	88.3	182,595	91.0	177,747	93.3
Revenue from other services ⁽¹⁾	13,452	7.1	13,370	6.7	12,111	6.3
Total Revenue from Sales & Services	180,280	95.4	195,965	97.7	189,858	99.6
Other revenue ⁽²⁾	8,674	4.6	4,621	2.3	677	0.4
Total Revenue	188,954	100.0	200,586	100.0	190,535	100.0

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

⁽²⁾ Other revenue includes interest income, gains (losses) on foreign currency exchange, others and gain on change in ownership interest.



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 non-scheduled 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 handlings 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 services 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 the end of 2019, 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/300ER35 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, 2019	As of December 31, 2018
Airbus A380-800	6	6
Airbus A350-900	12	12
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
Airbus A320-200	20	20
Total	103	103

Flight Route and Destination Development

During the year, THAI committed to improving 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 codeshare flights with Nok Air on secondary routes such as Don Muang - Ranong 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 2019: 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 20 international routes including Hong Kong, Changsha, Chongqing, Kaohsiung, Penang, Kuala Lumpur, Mandalay, Yangon, Mumbai, Gaya, Varanasi, Jaipur, Lucknow, Kolkata, Ahmedabad, 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

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

To further strengthen route networks and accommodate the expanding market, THAI also signed a codeshare agreement with Ethiopian Airlines for direct flights to Africa: Bangkok-Addis Ababa, which began to operate in late 2019.

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 the end of 2019, the combined THAI and Thai Smile route network covered 82 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 247 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.

International Routes

THAI also operated 775 weekly international flights spanning two geographical zones: the Asia Pacific Region for 634 weekly flights to 54 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 54 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 288 weekly flights to 22 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. Also, we resumed flight operations to Sendai on October 29, 2019.

Thai Smile served the Changsha Chongqing Zhengzhou Kaohsiung Hong Kong, and Phuket-Hong Kong routes. The Bangkok-Guangzhou route was canceled on February 19, 2019.

THAI also cooperated with our Star Alliance partners for codeshare flights to 11 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 3 countries with 5 destinations, namely Singapore, Kuala Lumpur, Denpasar, and Jakarta.

Thai Smile served on the Penang and Kuala Lumpur routes.

Western Routes

The volume of passengers traveling 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 16 weekly flights to 6 countries with 19 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.

In addition, the Kolkata route was operated on March 31, and the Ahmedabad route on October 28, 2019.

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.

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

Indochinese Routes

The Indochinese routes were the strong point of the regional route network due to a healthy rate of growth and high profit potential. The 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 91 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.



European Routes

THAI operated 102 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 40 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 39 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 2019, 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 touchpoint to ensure alignment with the service operations procedure. THAI also consistently monitored service quality using mystery shopping and third-party surveys by world-class institutes for our products and services in order to maintain high passenger satisfaction in enjoying high quality products or services throughout their travel experience.

Effective assessment and service level agreements enhance the customer experience—the most important factor in building brand loyalty, retaining our customer base, creating word-of-mouth advertising, especially through various brand advocates via social media. Details of customer services development are discussed as follows:



Pre-flight Services

The Company developed electronic and mobile services that were available via the Internet for quick access to mobile and website check-in, booking information, flight details, timetables, flight disruption notifications. For greater customer convenience, we developed the Website Live Chat 24/7, increased online payment channels on the website, and self-check-in kiosks at airports, 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 onboard, including popular regional dishes, authentic Thai cuisine, herbal beverages, and special seasonal menus. On domestic business-class flights, in-flight meals were served on the new rectangle plate, and new delectable menus were offered during mealtime and non-meal time.

THAI has planned each of the service steps for greater customer satisfaction and requirements for each route, under the 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 has asked expert 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, Chef from Le Bua Chef from

Marriott Hotel, and KIIN KIIN, a Copenhagen-based Michelin chef, 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 menu relative to cost to ensure the highest service value.

The menu planning is classified into 2 types of menus: standard menus served on board, and promotional menus provided in Pre-flight service e-System.

To offer an impressive variety of taste and satisfaction, passengers can preorder up to 3 different menus before boarding from the Pre-select e-System.

Standard menus for in-flight catering comprises of traditional Thai set, Western menu, and Destination menu.

Promotional menus will be delicately prepared by:

1. Michelin Chefs (mostly served on flights departing Bangkok)
2. Co-Brand (dishes are exclusively created by renowned restaurants and hotels for THAI)
3. THAI's catering chef
4. Famous chefs
5. Local Signature Dish

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 expectations, to raise our competitiveness, and to increase overall convenience for passengers. Upgraded services introduced during 2019 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 Retrofit program for passenger seat design

and specifications In 2019, the retrofit program of five Airbus A330-300 aircraft was approved, aiming to provide comfort to passengers with modern design.

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 meets 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 the IATA Safety Audit for Ground Operations (ISAGO) since 2017.

During 2019, the civil aviation authorities of various countries persisted with safety audits on aircraft operated by Thai airlines that fly into their countries. THAI aircraft successfully passed the ramp safety

inspections by all civil aviation authorities. Any oversight found was duly corrected. With an aim to cultivate safety awareness as a part of the corporate culture, THAI applies the proactive approach that nurtures favorable attitude to the workers, and encourages them to review, assess, adjust their work processes 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 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 2019 included a full-scale Suvarnabhumi Airport Emergency Exercise (SEMEX-19) on June 6, 2019, an aircraft accident exercise; a full-scale Don Muang Airport Emergency Exercise (DEMEX-19) on August 23, 2019, an off runway slide scenario exercise; and a Public Health Emergency of International Concern (PHEIC) response drill at Suvarnabhumi Airport (TTX 2019) to a foodborne disease, Listeriosis, on June 25, 2019.

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 the classroom and in practice sessions on safety and service to enhance their professionalism and service-mindedness in parallel with constant safety awareness.

The Safety Management System (SMS) Course has been developed for flight crews on a basis of ICAO regulations to expand enhance their awareness and knowledge of SMS. Thus, THAI became one of the foremost airlines in the region to develop SMS course. THAI's SMS Course has been consistently improved, and additional specialist content was included in the latest revision for pilots, cabin crews, and operational staff. To encourage their participation in and awareness of the safe operating procedure, the SMS for operational staff focuses on hazard identification, risk assessment, and safety reporting, while the SMS for the manager will give emphasize on safety assurance. THAI's constant revision of its SMS Course to ensure the aviation safety and is deemed a good response to amendments of ICAO's Safety Management System. To this end, we want to ensure the highest safety in all flights operated by THAI.

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

Marketing Policy and Market Segmentation

In 2019, the Company has implemented in accordance with enterprise plan (2019-2027) by adjusting the plan to conform to the main strategy with an aim to accelerate generating profit from proactive marketing and create competitive cost (aggressive profit). The marketing and sales plan are described below.

Aggressive Profit

THAI has established a supporting plan for proactive marketing, which concentrates on corporate sales, sales through an internet platform in which the sales are boosted by stimulating development and improvement digital sales platform, network sales. Through an agreement with allied airways and ancillary revenue which cover Airline Ancillary Product and Non-Airline Ancillary Product, THAI seeks for new target groups while strengthening the Royal Orchid Plus (ROP), sales of Royal Orchid Holidays and supporting Offline Ancillary.

Marketing and Sales Ancillary Plan

The Company has established proper policy for Thai Airways and Thai Smile which aids our marketing and sales based on THAI Group strategy as a tool for managing costs and expansion of domestic and regional flight routes. To build up competitiveness and approach all target groups, we have implemented "One Network Under THAI Group", appointing a joint sales team for global sales. Furthermore, THAI has in place strategy on aviation operation and service provision



for passengers, and revenue collection derived from Special Prorate Agreement (SPA), Codeshares Flights between each other and between the Thai Smile Airways and partner airlines.

Marketing Ancillary and Promotion Plan

Marketing ancillary and promotional activities include the sponsorship for sports, cultures, engagement with the Ministry of Tourism and Sports, hosting RAK KHUN TAO FAH event or attendance to the international fair. These contribute to the aggressive profit scheme and to carry on corporate marketing strategy in various forms, and also build up brand identity, boosting the market expansion in Thailand and oversea.

Customer Care Design

THAI endeavors to improve and enhance product and service quality in all major service points from Pre-Flight Service, In-Flight Service, until Post-Flight Service to ensure our customers in each target group will experience a notable flight coupled with Thai identity. With an excellent and consistent service, aligned with a comprehensive standard and Service Level Agreement (SLA), the said service points are examined regularly to assure that our customers will have the best satisfaction from the fine quality product throughout the flight. We take a random examination (Mystery Shopping) on



service quality by following service operation procedures, as well as to conduct satisfaction assessment of products and services to compare with the third party's (Third Party Survey).

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 touchpoints 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 a positive impression on passengers including service, cabin ambiance, 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 the 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. Furthermore, the cooperation with EVA Air and All Nippon Airways was made in 2019, and THAI is to expand collaboration with China Southern Airlines and Asiana Airlines in 2020.

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 expanded into a new group of customers that love adventure as the new Ahmedabad route was added in the Winter schedule 2019/20, the same emphasis is placed on FIT (Fully independent traveler), MICE (Meeting, incentives, convention, exhibition), 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. Expansion into E-commerce sales channels

- The intensified competition in online shopping in Asia leads to THAI's new sales channel on e-Commerce platforms, namely Lazada and Shopee that are very well liked among customers in Thailand and Asia. This relates to the growing number of tickets issued via THAI's Call Center.

7. 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 on-line 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 objectives. 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 non-scheduled 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 26 member airlines providing over 19,000 flights a day to 1,350 destinations in 195 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. Smartphones 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 (Eurng 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 Eurng 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. In August 2017, Amadeus-ALTEA was adopted to align the 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 Lufthansa Airlines and its affiliates, Swissair, Austrian Airlines, EVA Airways, and All Nippon Airways. For

customer convenience, Thai Smile used InterAirline Through Check-In Implementation that provides easy access to interline flights' passenger check-in and luggage information.

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, i.e. Expedia, TripAdvisor, Ctrip, Qunar, SkyScanner, JetRadar, MakeMyTrip, Cleartrip, Yatra, and Goibibo to expand the customer base and to raise customer awareness. In 2019, Thai Smile sales commission plan was reassessed to improve sales performance.

The Aviation Industry and Competitive Conditions

In 2019, the International Monetary Fund (IMF) reported the poorest growth of the world economy within the past 10 years since the world financial crisis. Economic growth recessed by 2.9 percent, from 3.6 percent of the previous year. The recession takes part in all regions due to the extremely intense of the trade war and geopolitical issues, insecurity and local political conflict, the uncertainty of Brexit policy, fluctuating oil prices and exchange rate including the climate change issue. All these cause adverse impacts on the confidence, decision making and supply chain including weakened purchasing power. However, the main risk factors are from the trade war between the US and China which are the world's largest and second largest economy country with trading relationships to all countries around the globe respectively. The growth of world trade is slowed down to 1.0 percent from 3.7 percent in the previous year. The growth rate of US and the Chinese economy recessed to 2.3 percent and 6.1 percent respectively, while the European zone recessed at 1.2 percent. According to the risk described previously and an economic slump in main countries within the region, the growth rate of Thai economy slowed down to 2.9 percent (poorest growth in the ASEAN 5) following the

recession of the world economy and trade. As a result, the export sector shrank while the tourism sector slowly recovers.

According to the forecast for 2020, the world economy recovered insubstantially with moderate growth at 3.3 percent following the successful negotiation between the US and China, the relieve of concern over the non-agreement leave of United Kingdom from the European Union. Meanwhile, the US and Chinese economy slightly grow at 1.6 percent and 6.0 percent respectively and the growth rate of the European Union slightly recovered at 1.3 percent. Nonetheless, there is still the risk of rising tension of the trade between the US



and Europe and the recurrence tension between the US and China, coupling with a higher geopolitical tension between the US and Iran, local unrest and conflict issue, and climate change. Unfortunately, the recent outbreak of the new Coronavirus (Covid-19) which originated in China in January 2020 affect global economy and tourism. It is estimated by IMF that the world economy is dropped by 0.1 to 3.2 percent. China is the most affected country where the growth rate declined by 0.4 to 5.6 percent. For countries in other regions are expected short-term impacts in particular production limitations and tourism. For example, disruption of supply chain which needs raw materials from China and the restriction on traveling of each country. However, such estimation is based on the assumption that Chinese government manages to control the epidemic in the first quarter. The prolonged outbreak and spreading to a global scale may lag the economic growth far more than our estimation (forecast as of January 2020).

Regarding oil—a large chunk of any airline's operating expense—prices of crude oil and aviation fuel in 2019

averaged USD 64.13 and USD 77.24 a barrel, a decrease of about 8 percent from the previous year, resulting slowdown in crude oil demand following recession of global economy. In 2019, the International Energy Institute (IEA) has cut the demand of crude oil price to approximately 1 million barrels per day (estimated as of December 2019). Meanwhile, crude oil demand in the US continue rising. 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 2020 Citigroup forecast shrinkage of oil prices. Crude oil dropped by 17 percent at USD 53.32 a barrel due to the unrest between the US and Iran, production cuts agreed among major OPEC and non-OPEC producers to shore up oil prices which will end in March 2020. Meanwhile, oil demand is uncertain depending on the world economy condition and the outbreak of new Coronavirus (COVID-19) cutting back the oil demand. Jet fuel would drop by 22 percent at USD 77.24 a barrel due to the new requirement of International Maritime Organization (IMO) determining cleaner fuel for vessels. This increases higher cost of transportation and refinery (Source: Monthly Oil Price Movement Report, Fuel Price Risk Management Department, and Monthly Oil Price Forecast, Citigroup, March 2020).

From significant factors that affect economic situation i.e., fluctuation of oil prices and exchange rates, the tension between nations, domestic unrest, climate change and the outbreak of new a epidemic, continual intense competition among aviation business including the expansion of flight route network, frequency of the flights and fleet from full-service and low-cost airlines, stronger alliances among various airlines, changes of technology which deviates consumer behaviors, directly affecting the change of competition landscape among many regions in the aviation industry. Failure to adjust business direction may result in the ceasing of the business. Therefore, an airline's ability to adjust and to devise careful management strategies that can respond to situations in a promptly manner is critical to its business sustainability.

Passenger Transport Situation

International Air Transportation Association (IATA) estimated the air passenger volume in each region

with revenue passenger kilometers (RPKs), showing the slight growth of 4.2 percent in 2019 lower than the growth rate of 7.4 percent in 2018, caused by recession of the world economy, fluctuated oil price and exchange rates, the US-China trade war, uncertainty of Brexit policy, tension between the countries and domestic unrest. Furthermore, impacts from the trade war cut the volume of revenue freight ton kilometer (RFTK) in 2019 by 3.3 percent, a rapid drop from the growth rate of 3.4 percent in 2018. It is forecast in December 2019 that the year 2020 when the world economy is recovered, reduction of oil price, excluding the adverse impact from the Covid-19, the overall passenger volume would grow by 4.1 percent. Meanwhile, IATA has forecast the declined RPK in February 2020 by 4.7 percent or contraction to 0.6 percent contributed with the effect of the Covid-19 outbreak. The forecast is based on the former SARS outbreak. Such is the first reduction in the past 11 years from the financial crisis in 2009. The overall RPK growth rated by 2.0 percent following the recovering world economy and dropping of oil price, excluding the effect from the Covid-19 outbreak.

The top 3 regions with the highest RPK growth in 2019 were Africa with the lowest RPK rate at 2.1 percent of the overall industry, having the highest growth rate and higher than the overall industry at 4.9 percent. Second is Asia Pacific, recording highest RPK 34.7 percent of overall industry, growth rate at 4.7 percent. Especially, the domestic route in China and Russia accounted for 9.8 percent and 1.5 percent respectively, with a high expansion rate at 7.8 percent and 6.7 percent respectively. As for Revenue Freight Ton Kilometer (RFTK) in 2018, Asia Pacific recorded the highest proportion at 34.6 percent of the overall industry, highest drop and higher than the overall industry at -5.7 percent. This indicated a rapid reduction from 1.6 percent growth in 2018. It is forecast that in 2020, Latin America will record the highest growth at 4.2 percent higher than global growth, followed by Europe, North America and Africa an equal rate of 3.4 percent.

Thai economy slowed down, following the world economy which suffered unfavorable impact from the recession of foreign demand as a majority. The economy of trading alliances, contraction of the world trade volume due to the US-China trade war, increasing risks from geopolitical tension, domestic

unrest, natural disaster, epidemic and new outbreak, strong Thai Baht continuously cut back revenue from export sectors while tourism sectors - the main industry that driving the national economy has slowed down. However, Thailand remains as destination number 1 in ASEAN thanks to the government measure launched to stimulate the economy and promote tourism and favorable factors from the expansion of domestic flight route and international flight route, free trade for airlines. The overall tourism in 2019 slightly grew at 4.2 percent, a decrease from 7.5 in the previous year due to the significant drop in Chinese tourists. Despite of the government measure to boost up economy, granting the visa-on-arrival fee waiver and the democracy image of Thailand is restored after the appointment of the Cabinet in July 2019, the strong Baht posed adverse effect to competitiveness of the export sector and tourism. In 2019, Chinese tourist still made up the largest group at 11 million, up 4.4 percent or decrease by 7.4 percent from the previous year 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 spending and travel. As for the year 2020, the Tourism Authority of Thailand (TAT) forecasts the shrinkage of foreign tourists by 9.5 percent or around 36 million as a result of Covid-19 outbreak. Chinese tourists will drop since Chinese government issued an order prohibiting traveling in-out of Wuhan and the vicinity where the outbreak has spread. Tour agents across the country must suspend their activities (selling traveling tickers and accommodation). Regarding Thailand's overall aviation industry in 2019, 144 airlines operated both scheduled and nonscheduled flights carrying a total of 120.2 million passengers, an increase of 2.8 percent over the same period in 2018. Of the total passengers, as many as 23.8 million traveled with THAI and Thai Smile, an increase of 0.9 percent year-on-year and the largest market share of 19.8 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 a great opportunity for domestic

route expansion and increased demand, resulting in the decline of passenger yield, market maturity, and restrictive practice in domestic airports. In 2019, airlines canceled some of their domestic flights, for example, Thai Air Asia canceled its round-trip Chiang Mai - Udon Thani flights. There were 18 airlines were operating domestically with 37.3 million passengers on board scheduled and non-scheduled flights (a 3.8 percent decline from the previous year). THAI and Thai Smile transported 6.3 million passengers (a 0.7 percent decline from the previous year), with a total market share of 16.8 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 (Prague, Stockholm, and Vienna) while Thai Lion Air plans to operate new routes to Western Europe. 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. In 2019, 2 new low-cost airlines were established and scheduled for charter service in 2020. The first one is Thai East Star Jet Airline, a joint venture between Thai private entity and East Star Airline - a Korean low cost airline. Having operation base at Suvarnabhumi Airport, Thai East Star Jet is scheduled for international flight - Bangkok - Kaosong in April 2020 by Boeing 737-800. Another is Thai Summer Airways a joint



venture between Thai and Chinese investors, having an operation base in U Tapao Airport with Boeing 737-800. Thai Summer Airways focuses on developing and creating the route that connecting East Asia, Southeast Asia and South Asia. Initially, the flight is available for service in Asia.

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 the Lufthansa group, Singapore airlines group and airline group of Chinese carriers that operate services to Thailand by airlines within their group.

The European airlines have expressed an interest in Thai markets, seeking to increase their flight frequencies, commenced new route services, changed aircraft types, expanded services to secondary cities. For instance, Turkish Airline offers new routes Istanbul-Bangkok and Istanbul-Phuket after relocated its operation base to the new Istanbul Airport and Aeroflot which services their own airline and subsidiaries. Turkish Airline increases the flights on Moscow-Phuket and Moscow-Bangkok and transfer 1 flight of Moscow-Bangkok to Rossiya Airline-its subsidiary.

However, with the government support policy of boosting the economy and promoting tourism continuously 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 traveling 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 in 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. However, the Open Sky Policy which aimed to turn Thailand into the center of ASEAN aviation, stirred intense competition in the aviation business. Thai airlines remarkably lost market share to foreign airlines. This is a challenge that Thai airlines should adjust their service strategy and initiate collaboration with alliances and business partnerships to gain and advantage in competition. In 2019, the number of international scheduled passengers reached 82.9 million—up 6.1 percent year-on-year. THAI and Thai Smile transport 21.2 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 the International Air Transport Association (IATA) estimation, the RPK of the aviation industry in Asia Pacific would grow 6.3 percent, a decline from the previous year by 3.2 %ppt. ASK would grow 5.7 percent, a decrease from the previous year by 3.1%ppt. Profit after tax reached approximately USD 6 billion, a decrease of the previous year at USD 7.7 billion due to the weakness of the world trade and surging of oil price at a higher rate than forecast.

Thai aviation industry continued to grow in terms of the number of flights and passengers. According to the Airports of Thailand Public Company Limited (AOT), from January to December 2019, total aircraft movement at 6 airports under management of the AOT was 893,533 flights, up by 0.7 percent over the previous year. International flights soared to 6.1 percent while domestic flights dropped to 5.5 percent. Passenger movement from January to December 2019 reached 143 million, up by 1.8 percent over the previous year. Passengers from international flights increased from previous year at 6.1 percent while passengers of domestic flights dropped to 3.6 percent from the previous year.

According to an increasing number of the flights by 0.7 percent from the previous year, the increase is from Low Cost Carrier accounting 3.67 percent while the number of flights from Full Service Airlines decreased by 2.6 percent from the previous year. Passengers of low-cost carrier airlines rose by 4.43 percent from the previous year, while passengers of full-service airlines decreased by 0.45 percent from the previous year.

Thai aviation industry continued to grow contributed to the expansion of low-cost airlines. However, the full-service airline slowed down due to the aggressive price war which could pose an adverse impact on the domestic aviation industry in a long term.

Furthermore, services offered by the low-cost carriers and full-service airlines were overlapped and became aggressive. The low-cost carrier start offering products that target customers of the full-service airlines with ticket and separate additional services.

In 2019, there were 2 new low-cost carriers opened in Thailand. First is Thai East Star Jet, a Korean airline under joint venture between Thai and South Korean investors. The airline services international flights, connecting transits between Thailand and South Korea as well as charter service. Another new airline is Thai Summer Airway, a joint venture between Thai and Chinese investors, providing charter service. The emerging of new airlines with financial support from overseas cause more aggressive competition in Thai aviation industry. However, Thai Smile has vigorously developed and improved the quality of its products and services to meet the needs of target customers. This allowed Thai Smile to win the TripAdvisor Awards for Travelers' Choice Airlines from TripAdvisor, for 3 consecutive years wherein 2019, Thai Smile also recognized as the best domestic airline, the best airline in Asia. In addition, Thai Smile has signed a codeshare agreement for each route with other airlines to expand service route, plan the co-flight with Thai Airways, connecting to more flight routes of Thai Airways, enabling competitiveness in the market.

Products and Service Procurement

Fleet Plan

The Board called for the review of THAI's eight-year main investment plan (2019-2026) to obtain 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. Details of the fleet plan are shown below:



Type of Aircraft	2019	2020	2021	2022	2023	2024	2025	2026	Total (2019-2026)
• B777-300ER	-	3*	-	-	-	-	-	-	3
• Wide-body, mid-range aircraft	-	-	-	-	-	-	-	-	-
• Narrow-body, short-range aircraft	-	-	-	-	-	-	-	-	-
Total	-	3*	-	-	-	-	-	-	3

Remarks: * Excluding rented aircraft in short-term operation



Freight and Mail Transportation Businesses

Product and Services

Due to fluctuating weather conditions and warmer climate year by year, especially Thailand which situated near the equator, THAI has prepared a methodology to preserve product quality in good condition throughout the transport route by improving and developing freight service as follows.

Temperature-controlled products: These require temperature control throughout the transport chain to maintain product quality according to standard requirements from sender to receiver. The customer has expressed more interest in this service. THAI provides controlled containers or TGC or TG Cool & Carry. Specifically, 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. For TGP or TG Pharma Pro, our professional team works specially appointed will soon pass the Good Distribution Practice or GDP to oversee and maintain product quality, in particular pharmaceutical products and medical products that need cautious storage to be in line with the requirements and to preserve medication properties for effective curing and to ensure customers of our service quality in all service points under GDP standard.

In addition, we have TGC or TG Cool, a freight service for agricultural products that need continual cooling including before shipping. The products are stored in the temperature controlled containers specially made for specific products. This special service provides shipping of products that insulate external heat while maintaining internal temperature to minimize the change of temperature. Through the particular process, modern and meet standards with special equipment and tools to preserve the quality of products, freshness ready for consumers, suitable fruits for this service are products that need chilling temperature i.e., coconut, mango on sticky rice.

TGX or TG Force is an express transport service for non-perishable goods and TGF or TG Fresh is a specifically designed transport service for fresh products exclusively delivered with a guarantee from departure to the destination under delivery schedule. The service ranges include PRI or Priority Service, transport by automobile and THAIPAC - a transport service for tourists to send back their shopping. This premium service is available for all THAI's route.

Other services are still available for transport of general products such as agricultural goods and products, consumer products and special products such as animals of living things, hazardous goods, valuables, fresh food, oversized goods like heavy machinery, power generators, cars and dead bodies.

Marketing and Competition

THAI provides product transport service and air-mail service by passenger aircraft mainly. Thai Smile is an airline that supports the domestic flights and some regional flights are supported by our business partners. THAI also have truck transport for the route between neighboring countries.

At present, air freight is extremely affected by external factors. For instance, the US-China trade war, uncertainty of Brexit, closure of air space by Pakistan and India, unrest from protesting in Hong Kong, the impact from exchange rates. These situations pose a significant impact on freight service since they are the major market that provides income to THAI. Another unfavorable factor is a recession of the global economy, which expected to prolong until 2020. THAI was affected by the imposed regulations by authority about the regulations of the Department of Livestock and the customs fees which cause the additional fee to exporters who shifted their shipping route other than Thailand. It is our focus to generate income from transporting premium products, the products that required special care under delivery guarantees like TGX or TG Force and TGF or TG Fresh. Our freight service concentrates on the temperature-controlled products through the route that the demand is from both directions. TGC or TG Cool & Carry received positive feedback from customers and THAI plans to promote the services in other potential routes.

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.

Warehouse Service

THAI is committed to developing services to enhance performance per unit, minimize delivery time and service time for customers while leveraging standard of warehouse service to the world class in main business and activities, enhancing competitiveness. Our goal is the international standard that drives forward to a One-Stop-Service Warehouse. The implemented activities which continued until 2020 are as follows.

To enhance the storage capacity to accommodate new airline customers, THAI has added up usable space in the warehouse, provided forklifts to assist the product handling for the height tracking system, optimizing height racking storage. THAI has designed a new warehouse with an area 1,800 square meters for storage of large-scale products in the vertical position, accommodating 1,000 items. The new warehouse will be available for service in 2020. Furthermore, we have renovated the perishable center (2,000 square meters) at a truck dock into a temperature-controlled zone which will be operated under the Cool Chain Management, supporting the growth of products under special temperature control during the freight. This will enhance the opportunity and expand perishable product market. The Company is improving the Perishable Center to meet GDP standard as to support storage of pharmaceutical products and medicines and to conform to the WHO standard, to build up trust among customers that their products are under special and due care through the entire process when using THAI Cargo service.

THAI has turned the warehouse management in a closed system as a restricted area for the third party to meet the safety requirement of AOT, CAAT, IATA and ICAO after accomplishing the warehouse for the outbound goods section. Accordingly, the inbound warehouse is being developed into the One-Stop-Service to facilitate for those who use labor service. Our existing labor is under supervision to ensure

maximum performance, while work schedule of external labor is adjusted in accordance with the quantity of work in which sometimes, work procedures of the same aspects are integrated or reduced. Aiming to encourage the responsible unit to consider stop using unnecessary documents that do not affect service provision, THAI has implemented Warehouse Application to tablet, and tested the use in inbound products since the section contains least changes in work process for staff and to avoid impact on business operation. The application minimized the error of data and cut the use of paper. All information is recorded in real-time mode allowing staff to immediately check and search for products while customers can track the status of their products immediately on www.thaicargo.com. Working on a tablet is one of the projects that supports the Lean Management of the Warehouse Department. This project is undergoing and will be completed within 2020 for Thai Airways and customer airlines.

Labor Management Plan for the Future The Warehouse Operation recognized the matter of nominating current personnel with an idea to embrace the future change to develop skills on technology and other management, to prepare nomination plan for the supervisor to develop personnel with good performance and potential to support the vacancy of supervisor position in a related part. THAI has implemented the system for personnel development coupling with high-technology and the innovation that shifts the corporation into Smart Organization, establish a technology foundation and allocate appropriate manpower. THAI also considered the outsourcing job to proceed with minor activities to cut the cost for the long term and eliminate the shortage of human resource in the future.

According to the survey result on customer satisfaction, following the opening of Cargo Contact Center at the beginning of the year, satisfied and very satisfied customers were 97.5 percent from over 20,000 customers. However, THAI continues to develop our service pattern to be consistent with the change of behavior and lifestyle of consumers in the digital era in which an online media will be the target. Furthermore, THAI has added Web Chat on www.thaicargo.com as another communication channel to facilitate customers for access at all times, fast and convenient through various platforms. We aim is to leverage and shift the service into a comprehensive Omni Channel Contact Center.

THAI has put its effort to encourage the research data more than ever. In this regard, the working team for Big Data project is assigned to study and collect large information from outside and inside the company for analysis and link the relation between them under new perspective, enabling the analysis of customers' behavior into more details, forecast of demand and changes of market size in advance, market research in multi-dimensions. THAI creates an opportunity in presenting new products by using digital marketing as a tool that response to the customers' need, adding income, controlling operating expenses. In such process, the almost-completed initiative model will be tested to generate solid figure for operation and significantly affect operating result of the company at the earliest.

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 Mueang 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.

Freight control service: Freight Control Service is available in all flights of Thai Airways, customers' flights and charter service. The service scope covers freight planning, calculating aircraft weight to maintain the balance, controlling passenger freight, luggage and parcel for each loading flight to meet the freight plan within the scheduled time, unloading luggage from the aircraft and delivery to passengers and related authorities within the scheduled time. During the process, the important information about the flight is sent to the destination. THAI considers the highest safety and security that meet the aviation regulations.

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. In addition, we have 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 16 years of age traveling alone. Our Customer Service counters are available for inquiry on the traveling information, booking seats and changing flight (Information and Reservation), and primary Royal Orchid Plus for passengers.

Non-Customer airline services: We provide special services on requests such as services for bank customers 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 the 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 39 airline customers a 34 percent market share. We also serve Thai Airways and Thai Smile Airline a 31 percent, totaling 55 percent while our 2 rivals take 24 percent and 2 percent respectively. Airlines operating their own ground-handling services hold 19 percent, with 1 percent for others. The Ground Customer Service targets to broaden the base of new airline customers and persuade old customers who shifted to use the service of competitors to return to our service.

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 Mueang 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 by 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 can 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 Mueang, Chiang Mai, Chiang Rai, Phuket, Hat Yai, Krabi, Udon Thani, U-Tapao, Khon Kaen, and Surat Thani. Nevertheless, if other airports need ground equipment services such as for WVIP 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 50 airlines a 27 percent market share. We also serve Thai Airways and Thai Smile Airline at 30 percent, totaling 57 percent while our rival takes 42 percent and the other 1 percent. 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 Procurement of Products and 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 THB 2 billion.

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 Mueang 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, foodservice business in hospitals and foodservice 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 their 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 external factors, economic downturn and aggressive competition in the pricing of the aviation business, especially the low cost airlines have affected THAI Catering operations on airline customers, especially the rising raw materials and production costs. To mitigate adverse effects, we are determined to maintain our business operations using various adjustment policies such as expanding customer and production bases by OEM, broadening business partners, promoting our Puff & Pie bakery operations, implementing the strategy to gain revenue by digital marketing platform, selling products through Line-Man to reach customers at ease, managing expenses to reduce operating costs, Food Waste planning, inventory management under IT system or modern technology to minimize operating cost. 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 Phaseout. 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/light maintenance:** Technical aircraft maintenance services are carried out for transits, turnarounds, and night stops at Suvarnabhumi and Don Mueang airports as well as other domestic and international airports, and 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.
2. **Heavy/base 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.



seller. To avoid losing revenue during such time, and to facilitate passengers, THAI accepted temporary seller to maintain continual revenue. In the meantime, we also studied the mechanism and distribution of duty-free products on the aircraft with a focus on creating a new experience that brings satisfaction to passengers.

- THAI Shop is our business selling souvenirs to customers operated in six locations: our headquarters; our office at Larn Luang, Chiang Mai, the OPC Center at Suvarnabhumi Airport, Lak Si and Siam Takashimaya Store. Souvenir sales are also available through the Company's website thaishop.thairways.com to increase sales channels and facilitate more overseas customers, including integrated sales services: online order and payment, and delivery. This is to assure that customers will have the most convenient shopping experience.

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.
- In 2019, THAI granted Inflight duty-free sales to King Power Marketing and Management Co., Ltd. The contract ended on 30 November 2019 and in December 2019, THAI was seeking a new authorized







Risk Factors



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.



In the midst of several internal and external risk factors over the past few years, THAI realizes the pressing needs for a management mechanism that can increase the operating efficiency together with a highly cautious administrative approach that can drive the aviation business forward with strength and stability. Accordingly, THAI has highly concerned and implemented Enterprise Risk Management (ERM) since 2003 to create satisfying returns for shareholders and stakeholders and to secure their confidence in THAI: Risk factors along with short-term and long-term risk management plans are identified in the enterprise plan. The 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 of the board members including some independent directors, and Management to formulate and review the 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. THAI’s personnel 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, THAI has 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 considered the main expense of the aviation business- at THAI accounting for 27 percent of our total operating cost. THAI arranges for fuel hedging in order to cope with the fluctuation of fuel prices. Implementing this policy is mainly to minimize its impact when price rises on THAI's business operation, not to earn profits. During 2019 an average of 57 percent of total fuel consumption volume was hedged. Fuel hedging has been carefully managed, considering the world's fuel price situation.

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

Foreign Currency Exchange Fluctuation Risk

Since THAI's earnings are in more than 50 currencies, accounting for approximately 59 percent of the total revenues, THAI has adopted the practice of "natural hedging" to lower the risk of foreign currency exchange rate fluctuation by ensuring that cash expenses to be paid are 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 the expenses mainly in, such as fuel payment, aircraft lease payment, and employee salaries. Borrowings are restructured into the currencies of the highest net operating cash flow together with minimizing the risk of having too much loan in the other currencies by ensuring that some certain amount of loan are made in Thai baht to mitigate the foreign currency gain/loss impact on THAI's financial statements. THAI also implements 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 2019, THAI had altogether 16 cross-currency swap transactions for debt conversion:

- from baht (THB) into euro (EUR) with fixed interest rates (5 transactions)
- from baht (THB) into yen (JPY) with fixed interest rates (2 transactions)
- from baht (THB) into yen (JPY) with floating interest rates (3 transactions)
- from euro (EUR) into yen (JPY) with fixed interest rates (2 transactions), and
- from US dollar (USD) into Swiss franc (CHF) with fixed interest rates (4 transactions).

As a result, long-term loans after cross-currency swaps became debts 4% in USD, 27% in EUR, 10% in JPY, 5% in CHF, and 54% in THB. Accordingly, the balance as at December 31, 2019 remained at 16,262.46 million baht with payments for the exchange of principal and interests to be made monthly quarterly, and every 6 months. Debt settlements under these agreements will gradually be completed from 2020 to 2028.

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 potentially rising floating rates into fixed rates, or using cross-currency swap restructuring where it is possibly reduced long-term costs. As of December 31, 2019, the ratio of floating rate to fixed rate of term-loan after the swap were at 34:66 (excluding aircraft operating leases). If the interests rate increased by 1 percent a year, THAI would bear additional debt by 493 million baht.

Airline Industry Competitive Risk

Downturn Overview of aviation industry comparing to last year tends to decelerate due to the world's economics. Trade war between the United States of America and China is an important reason which slows down the parcel delivery and growth on passengers transportation. Nonetheless, the aviation industry is still highly competitive especially in Asia-Pacific region due to the expansion of low-cost airline's new routes

in a form of point-to-point to increase their regional services. The receiving of the new aircrafts into fleet and ability in lengthening the routes doubles the regional competitiveness on price and service aspects. Further, the changing of landscape due to the advanced technology, which results in digital economical system, and changing of customers' behaviors are both crucial factors for airlines to adapt to fulfill the customer's needs. This is also for THAI's business to survive the cruel competition. In this regard, technology together with business restructuring, making new business allies, and find new sources of ancillary income have been implemented to increase THAI's competitive potentiality, strengthen and make efficiency for the business at present and in the future.

To fight off the competition, THAI aims to profit from quality customers, corporate customers in particular, by implementing digital marketing to improve sales, 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 services which is directly related to the tourism industry. As such, THAI may be affected the slowdown of tourism industry caused by various internal and external environmental factors directly and indirectly; for example, natural disasters, epidemics, terrorism, and international conflicts, as well as domestic political and economic factors.



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 return to normal. THAI performs 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 has been carried out every year to detect any possible change that could pose a significant threat to the 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 also been developed and the operations manual has been updated and practiced to prepare for the unexpected. THAI also collaborates 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. Further, speedy communications and effective public relations enabled THAI to deal with natural disasters and epidemics during 2019 efficiently; for example, the protest in Hong Kong, airspace closure in Pakistan, snow storm in Tokyo, earthquake in Hokkaido, typhoon Lekima in China, typhoon Bailu in Taiwan, Tropical Storm Podul in Thailand, volcano eruption of Mount Agung in Bali, volcano eruption of Mount Sinabung in Sumatra, PM 2.5 problems in the north of Thailand. THAI also complied with the procedures issued by Bureau of

Non-Communicable Diseases Department in relation to the announcement of Ebola as epidemic by WHO. 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, THAI hires experienced employees in various fields. Different management techniques required for different groups of employees. In addition, due to the hiring limitation, some departments are in short of number of employees. Further, the uniform of KPIs are not in line with THAI's ultimate goals and employees' returns did not reflect their work performances. This renders the employees' lack of motivation to push forward the company to achieve the ultimate goals.

THAI has recruited the new and important positions which aims for them to improve their hard skills, soft skills, reskill, and upskill so that they can work in the various fields. THAI also helps unlocking the executives' potential preparing for the handovering of positions. Apart from improving their hard skills, THAI also promotes personnel's morality and desirable behaviors in order that THAI could become a moral promotion center and have a united THAI spirit.

Moreover, THAI has set the key indicators which reflects the company's performance. Knowledges and understandings on the KPIs are also provided to employees so that they could perform to meet THAI's key indicators. As a result, THAI's ultimate goal would be achieved.

Product and Services Quality Risk

As today's businesses, airline industry in particular, are customer-centric which means customer behavior dictates how airlines provide services. Customer satisfaction on services are one of the main factors that frequent customers constantly come back for services. 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.

THAI has a comprehensive quality assurance assessment to evaluate whether our products and services conform to the promise to customers. Proactive assessments ensure that service quality accords with our service operations procedures, using the mystery shopping method, conformity to a Service Level Agreement jointly made earlier with key service provider units. The customer satisfaction from an in-house survey were made in parallel with a survey by a renowned third party on product and service comparisons. Other surveys on some specific issues were also carried out to understand customer demand better. 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, THAI planned to develop a Service Ring to continuously introduce new services to satisfy customers and to further support the goals and strategic plan while improving the competitive advantage.

Cyber Threat Risk

To conduct business, it is necessary that THAI relies on IT and the Internet especially for reservation system, ground service support, Royal Orchid Plus system, cargo services system, flight operations system, and online sales. If these systems are corrupted by 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 the other site which is now in the process of relocating. The relocating is expected to be done by the end of 2020.

Regulatory Risk

As THAI is a state enterprise listed company conducting an airline business, the operations are governed by the relevant laws and regulations both domestically and internationally. Accordingly, where THAI or its personnel are not complied as such, there may be an incurrence of expenses. Such incompliance could affect the business operation and unassessably damage THAI's image. For example, Personal Data Protection Act B.E. 2562 ("PDPA") will be effective on May 28, 2020. This PDPA adopted the principle from

General Data Protection Regulation ("GDPR") of European Union effective on May 25, 2018 with a high penalty. Whereas PDPA has penalty in the aspects of civil law, criminal law, and administrative law. THAI recognizes the risk presented by such a law when operating and complies as such to avoid its effects. Moreover, the airlines fly inbound and outbound of the United Kingdom must comply with the UK Modern Slavery Act 2015 as indicated by International Air Transport Association. THAI also implemented accordingly.

Risk Affected Shareholder Rights and Investment

As of December 31, 2019, the Ministry of Finance and the Government Savings Bank held a combined 53.16 percent of THAI's paid-up shares. Thus, the Ministry was able to control the majority vote for most issues, including appointing members of board of directors and various approvals that require a majority vote except for the matters that the laws require three-fourths of the votes of shareholders present at the meeting. As such, the minority shareholders are unable to collect their votes to validate the agendas casted by the majority shareholders.



General Information and Significant Information



General Information

Company Name	:	THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED
Abbreviation	:	THAI
Business	:	Air transport services and other related aviation services
Head Quarter Address	:	89 Vibhavadi Rangsit Road, Jompol, Chatuchak, Bangkok 10900
Registration Number	:	0107537001757
Home Page	:	www.thaiairways.com
Telephone	:	+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, 2019, THAI had registered capital and paid up capital details as follows:

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 (%)
<p>Thai Smile Airways Co., Ltd. 89 Vibhavadi Rangsit Road, Jompol, Chatuchak, Bangkok 10900 Tel: +66 2117 8824 Fax: +66 2117 8895</p>	<p>Passenger and Cargo Air Transport Services</p>	<p>Ordinary</p>	<p>1,800.00</p>	<p>100.00</p>
<p>Thai - Amadeus Southeast Asia Co., Ltd. 89 Vibhavadi Rangsit Road, Jompol, Chatuchak, Bangkok 10900 Tel: +66 2207 9090 Fax: +66 2207 9180</p>	<p>Online Ticketing Services and Other Travel Services to agents</p>	<p>Ordinary</p>	<p>15.00</p>	<p>55.00</p>
<p>Wing Span Services Co., Ltd. 89 Vibhavadi Rangsit Road, Jompol, Chatuchak, Bangkok 10900 Tel: +66 2545 1267 Fax: +66 2545 1535</p>	<p>Human Resources Management Services</p>	<p>Ordinary Preferred</p>	<p>0.98 1.02</p>	<p>49.00 (with controlling authority)</p>
<p>Thai Flight Training Co., Ltd. 89 Vibhavadi Rangsit Road, Jompol, Chatuchak, Bangkok 10900 Tel: +66 2545 4603 Fax: +66 2545 4602</p>	<p>Aviation Training Services</p>	<p>Ordinary Preferred</p>	<p>0.98 1.02</p>	<p>49.00 (with controlling authority)</p>
<p>Tour Eurng Luang Co., Ltd 89 Vibhavadi Rangsit Road, Jompol, Chatuchak, Bangkok 10900 Tel: +66 2356 2888 Fax: +66 2288 7158</p>	<p>Tourism Services and Related-Tourism Activities</p>	<p>Ordinary Preferred</p>	<p>0.49 0.51</p>	<p>49.00% of shares held by Wingspan Services Co., Ltd. (with controlling authority)</p>
<p>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</p>	<p>Hotel and Restaurant</p>	<p>Ordinary</p>	<p>120.00</p>	<p>40.00</p>

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	3,108.52	15.94

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 +66 2009 9999 E-mail: SETContactCenter@set.or.th Website: http://www.set.or.th/tsd
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 1/2019 2/2019	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 1/2019 2/2019	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

Information on Securities and Shareholders

Registered Capital and Paid Up Capital

As of December 31, 2019, THAI had registered capital and paid up capital details as follows:

Registered Capital THB 26,989,009,500 with 2,698,900,950 Shares THB 10 per share

Paid-up Capital THB 21,827,719,170 with 2,182,771,917 Shares THB 10 per share

Majority Shareholders

First 10 majority shareholders, number of shares hold and shareholding ratios as of April 1, 2019 are set out below:

No.	Name of Shareholders	Number of Ordinary Shares	Shareholding Ratio (%)
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 Krungthai Asset Management Pcl	165,037,582	7.56
4	Thai NVDR Company Limited	71,645,528	3.28
5	Government Savings Bank	46,409,885	2.13
6	South East Asia UK (Type C) Nominees Limited	32,905,371	1.51
7	Mr. Songsak Jitjuajun	28,508,500	1.31
8	Mr. Eiam Achavakulthep	17,081,400	0.78
9	State Street Europe Limited	14,228,935	0.65
10	Mr. Vichai Kanathanavanich	13,225,500	0.61
11	Other Shareholder	514,760,573	23.58
	Total of Paid-Up Capital	2,182,771,917	100.00
	Shareholders	2,054,583,871	94.13
	Foreign Shareholders	128,188,046	5.87

53.16% of the total shares were held by Ministry of Finance and Government Savings Bank which renders THAI as a state enterprise. Accordingly, THAI is subject to some conditions when making particular transactions as set out below:

1. Prior to the large investment, THAI must obtain the cabinet's approval prior to the making a large investment.
2. State Audit Office of the Kingdom of Thailand must be THAI's auditor.



Issuing of Other Securities

THAI's Debentures

Currently, THAI has offered debentures in THB to the investors in different forms as follows:

- Name-registered, unsubordinated and unsecured debentures with holder representative namely Debentures 1/2011, 2/2018, 1/2019 and 2/2019
- Name-registered, unsubordinated and unsecured debentures with no holder representative offering for institution investors and high net worth investor namely Debentures 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



It is THAI's policy to develop its employees' capability suitable for their positions, whether in THAI's core business or supporting business unit, as well as to manage the human resources in other aspects to prepare the employees for future plan



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 shall consist of between 5 and 15 directors subject to resolution of the Annual General Meeting of Shareholders (AGM), and that no less than half of

the directors must reside in Thailand. During the AGM, one-third of the directors are required to resign from their positions, and new directors are to be elected. The resigning directors may be re-elected.

Names of Directors as of December 31, 2019 and their Board meeting attendance in 2019

Board of Directors ⁽¹⁾		Number of Attendance / Total Meeting (times)		Period ⁽²⁾
		Regular	Special	
1. ACM Chaiyapruk Didyasarin*	Vice Chairman Acting Chairman Independent Director	3/3	5/5	October 16, 2019 - April 2020
2. ACM Chanyoot Sirithumakul	Independent Director Member of the Audit Committee	5/6	9/9	June 28, 2019 - April 2020
3. Mr. Danucha Pichayanan	Director Member of the Risk Management Committee	8/8	3/10	April 26, 2019 - April 2022
4. Miss Nitaya Direksathapon	Independent Director Chairman of the Audit Committee Member of the Environmental, Social and Governance Committee	8/8	7/10	April 26, 2019 - April 2022
5. Mrs. Pratana Mongkolkul	Independent Director Member of the Executive Board Authorized Director	10/12	16/17	April 26, 2018 - April 2021
6. Mr. Peraphon Thawornsupacharoen	Director Chairman of the Executive Board Authorized Director	7/12	5/17	April 21, 2017 - April 2020
7. Mr. Pinit Puapan	Independent Director Member of the Executive Board Member of the Risk Management Committee Authorized Director	10/12	13/17	April 26, 2018 - April 2021
8. Mr. Pongchai Amtanon	Independent Director Member of the Audit Committee	3/3	5/5	October 16, 2019 - April 2022
9. Mr. Vachara Tuntariyanond	Independent Director Member of the Executive Board Chairman of the Risk Management Committee Member of the Nomination and Remuneration Committee	11/12	13/17	April 21, 2017 - April 2020
10. Miss Sirikul Laukaikul	Independent Director Member of the Nomination and Remuneration Committee Chairman of the Environmental, Social and Governance Committee	10/12	13/17	April 26, 2018 - April 2021
11. Assoc. Prof. Dr. Sanyalux Panwattanalikit	Independent Director Member of the Audit Committee	3/3	3/5	October 16, 2019 - April 2022
12. ACM Amnart Jeeramaneemai	Independent Director	0/12	0/17	April 26, 2018 - April 2021
13. Mr. Sumeth Damrongchaitham	Director Authorized Director	12/12	17/17	October 26, 2019 - April 2022

Note: ⁽¹⁾ There is 1 director holding THAI's shares from January 1 to December 31, 2019.

⁽²⁾ Only the current term is specified.

* Appointed as Chairman of the Board on January 16, 2020.

Executive Management

As of December 31, 2019, there are 8 executive management⁽¹⁾ members below:

Name ⁽¹⁾	Position
1. Mr. Sumeth Damrongchaitham	President Acting Executive Vice President, Technical Department
2. Sqn. Ldr. Soradej Namruangsri	Executive Vice President, Operations Acting Executive Vice President, Corporate Strategy and Sustainable Development
3. Mrs. Suvimol Bualerd	Executive Vice President, Human Resources Acting Executive Vice President, Legal Management and General Administration
4. Mr. Wiwat Piyawiroj	Executive Vice President, Commercial Acting Executive Vice President, Aviation Business Unit
5. Mr. Nattapong Samit-ampaipisarn	Executive Vice President, Finance and Accounting
6. Miss Piyanee Sungtong	Vice President, Management Accounting and MIS Department
7. Mr. Kritbodi Indharachote	Vice President, Comptroller Department
8. Mrs. Cherdchome Therdsteerasukdi	Director, Fund Department Acting Vice President, Corporate Finance Department

Note: ⁽¹⁾ Executive Management are "Management" as defined by Securities and Exchange Commission (SEC).

Roles, Responsibility and Approval Authority of the Executive Management

To ensure THAI's efficient administration, the Executive Management Committee has the following roles and responsibilities:

1. Consider policies, strategic plans, business strategies and budget for the Board's approval;
2. Evaluate THAI's performance, and business strategies to ensure the competitiveness;
3. Review organizational development, administration systems, and other development;
4. Monitor the policy execution by the relevant parties as assigned;
5. Consider major investment projects assigned by the Board for the Board's approval;
6. Review other matters that require the Board's

approval as defined by the regulation, 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; and

7. Approve financial and procurement matters according to THAI's regulations.

Roles and Responsibility of the President

The president plays a vital role to ensure that THAI's operations achieve targets and are align with THAI's objectives, policies, or the Board's resolutions. The president also supervises all managerial staffs and THAI's employees within his authority as specified by THAI's articles of association or by the Board.

Shareholding of Executives, their Spouses and Minor Children as of December 31, 2019

Name	Number of Common Shares		
	As of Jan 1, 2019, or Appointment Date	As of Dec 31, 2019	Increase / Decrease In 2019
1. Mr. Sumeth Damrongchaitham Appointment Date : September 1, 2018 Spouse, and Minor Children	- -	- -	- -
2. Mrs. Suvimol Bualerd Appointment Date : May 16, 2018 Spouses, and Minor Children	- 284	- 284	- -
3. Mr. Wiwat Piyawiroj Appointment Date : June 1, 2018 Spouse, and Minor Children	- -	- -	- -
4. Mr. Nattapong Samit-ampaipisarn Appointment Date : February 1, 2019 Spouse, and Minor Children	- -	- -	- -
5. Sqn. Ldr. Soradej Namruangsri Appointment Date : October 1, 2019 Spouse, and Minor Children	- -	- -	- -
6. Miss Piyanee Sungtong	-	-	-
7. Mr. Kritbodi Indharachote Appointment Date : July 5, 2018 Spouse, and Minor Children	1,100 600	1,100 600	- -
8. Mrs. Cherdchome Therdsteerasukdi Appointment Date : February 28, 2019 Spouse, and Minor Children	- -	- -	- -



Board of Directors

Subcommittees ⁽¹⁾

**H.R.H. Chairman
Operations
Support Center**

President ⁽²⁾

**Executive Management
Committee**

**Operations Support
for H.R.H Chairman,
Operations Support Center
Executive Vice President ⁽²⁾**

**Human Resources
Executive Vice President ⁽²⁾**

**Operations
Executive Vice President ⁽²⁾**

**Corporate Ancillary Revenue
Executive Vice President ⁽²⁾**

**Technical Department
Executive Vice President ⁽²⁾**

**Finance and Accounting
Executive Vice President ⁽²⁾**

**Commercial
Executive Vice President ⁽²⁾**

**Corporate Strategy and
Sustainable Development
Executive Vice President ⁽²⁾**

**Legal Management
and General Administration
Executive Vice President ⁽²⁾**

Management Structure

As of December 31, 2019, THAI management structure consisted of the Board of Directors, the Subcommittees and the Executive Management as illustrated below:



Notes:

⁽¹⁾ The subcommittees consist of Executive Board, Risk Management Committee, Nomination and Remuneration Committee, Environmental, Social and Governance Committee, THAI Corporate Strategic Committee and other committees assigned by Board.

⁽²⁾ "Management" as defined by Securities and Exchange Commission (SEC).

Corporate Secretary

The Board, recognizing the importance of the roles and duties of the corporate secretary and the compliance of 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 Leelamanee, Vice President in charge of Corporate Secretariat Department as THAI's corporate secretary.

The corporate secretary is liable to act with responsibility, care and integrity, and to comply with laws, objectives, articles of association, the Board's resolution and the resolutions of the AGM. The corporate secretary's duties under Article 89/15 and Article 89/16 of the Securities and Exchange Act (No. 4) Act B.E. 2551 (2008) are as follows:

1. Prepare and maintain the following documents:
 - 1.1 Register of directors;
 - 1.2 Complete notices calling a director meeting, minute of the meeting of the Board;
 - 1.3 Complete notices calling a shareholder meeting and minutes of the shareholders' meeting within the legal timeframe; and
 - 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 7 days from the date that such reports are received.
3. Other duties as specified by the Capital Market Supervisory Board.

During 2019, the corporate secretary also performs other duties as follows:

1. Serving as a secretary to the subcommittees assigned by the Board such as the Executive Board, the Executive Management Committee on Environmental, Social and Corporate Governance, the Corporate Strategic Committee, the Environmental, Social and Governance Committee and the secretary to the AGM;

2. Facilitating the meetings of the executives, the Board and shareholders in compliance with the timeframe specified in relevant laws and regulations and inform of any necessary resolutions and monitor the implementation of the meeting resolutions;
3. Monitoring the implementation of the state enterprise quality assessment system regarding THAI's operations;
4. Monitoring and administering the project of the transformation plan and ensure progress as planned;
5. Monitoring 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 matters on financial reporting;
6. Monitoring 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. Monitoring the preparation and disclosure of THAI's key information in Thai and English to the public through channels of the Stock Exchange of Thailand (SET) in accordance with the rules and specified timeframe;
8. Monitoring the provision of advice and facilitate shareholders on the registration of shares;
9. Monitoring the arrangement of shareholders' meetings and preparation of all necessary documents in accordance with the law and good corporate governance;
10. Monitoring the preparation of annual disclosure form (Form 56-1) and the annual report to ensure that the shareholders, investors, and analysts acquire accurate information under the rules, regulations, and good corporate governance within the specified timeframe;
11. Coordinating with legal counsel in respect of securities laws;

12. Providing initial advice to the directors and management for compliance with the rules and regulations of SET and SEC;
 13. Providing 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. Monitoring regulatory document management;
 15. Monitoring and evaluating the operations of any department under its supervision to achieve THAI's objectives and goals as well as its compliance with THAI's regulations and requirements of relevant authorities;
 16. Preparing directors' manual, organize orientation, and counsel newly appointed directors;
 17. Monitoring and follow up the appointment of directors of THAI's subsidiaries;
 18. Performing other tasks as assigned by the Board or the president. The profile of the corporate secretary appears on page 245.
1. Each Board director shall be entitled to Baht 50,000 monthly remuneration and Baht 30,000 meeting allowance per meeting;
 2. In case that the Board director is appointed by laws, cabinet resolution or the Board to sit in any committee, subcommittee or other working group of THAI, such Board director shall be entitled to additional meeting allowance of Baht 10,000 per meeting;
 3. Members of the Audit Committee shall be entitled to monthly remuneration equal to the meeting allowance of the Board. The Chairman of the Audit Committee shall receive 25 percent higher than other member of the Committee. The members of the Audit Committee shall still receive remuneration in the month when no meeting is held.
 4. The Board of Directors has resolved not to propose for the ticker privilege in 2019. The proposed monthly remuneration and meeting allowance is in line with the same approved during the AGM 2018;
 5. The Board of Directors shall be entitled to bonus in the rate of 0.2 percent of the net profit before gains/losses of exchange rate from the consolidated financial statement. The total bonus available shall be capped at Baht 30 million. This rate shall be applicable to calculate bonus in the next year.

Remuneration for Members of the Board and Management

Monetary Benefits

Remuneration for Board of Directors

The AGM 2019 on April 26, 2019 approved the Board directors' monetary benefits as follows:

Remuneration for Board of Directors and Executive Management for the Year Ending December 31, 2019

Unit: THB million

Committee	Number (Persons)	Remuneration	Meeting Allowance (Board of Directors)	Meeting Allowance (Subcommittees)	Bonus	Total
Board of Directors ⁽¹⁾	19	7.59	4.01	1.78	None	13.38
Audit Committee ⁽²⁾	7	1.13	-	-	-	1.13
Executive Management ⁽³⁾	11	65.54	-	-	-	65.54

Notes: ⁽¹⁾ 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 2018.

⁽²⁾ Remuneration for the Audit Committee included only remuneration for the Board of Directors.

⁽³⁾ 11 Executive Managements included those who retired or resigned before December 31, 2019.

Remuneration for Board of Directors for the year, Ending December 31, 2019

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. ACM Chaiyapruk Didyasarin	<ul style="list-style-type: none"> Vice Chairman of the Board Acting Chairman of the Board 	204,350.81	-	-	204,350.81
2. ACM Chanyoot Sirithumakul	<ul style="list-style-type: none"> Director Member of the Audit Committee Chairman of the Nomination and Remuneration Committee Chairman of the Labor Relation Committee Member of the Steering Subcommittee of TG MRO Campus Project and TG Business Development at U-Tapao Airport Project 	445,000.00	54,000.00	147,580.65	646,580.65
3. Mr. Danucha Pichayanan	<ul style="list-style-type: none"> Director Member of the Risk Management Committee Chairman of the Steering Subcommittee of TG MRO Campus Project and TG Business Development at U-Tapao Airport Project 	608,333.33	56,000.00	-	664,333.33
4. Miss Nitaya Direksathapon	<ul style="list-style-type: none"> Director Chairman of the Audit Committee Member of the Nomination and Remuneration Committee Member of the Environmental, Social and Governance Committee 	608,333.33	74,000.00	266,895.16	949,228.49
5. Mrs. Pratana Mongkolkul	<ul style="list-style-type: none"> Director Member of the Executive Board Chairman of the THAI Corporate Strategic Committee Former Member of THAI's Transportation Services and Ground Services Follow-up Committee Former Member of the Human Resources Committee 	704,000.00	196,000.00	-	900,000.00
6. Mr. Peraphon Thawornsupacharoen	<ul style="list-style-type: none"> Director Chairman of the Executive Board Member of the Steering Subcommittee of TG MRO Campus Project and TG Business Development at U-Tapao Airport Project 	830,000.00	124,000.00	-	954,000.00

Board of Directors	Position	Remuneration and Meeting Allowances (Board of Directors) (THB)	Meeting Allowance (Other Committees) (THB)	Remuneration (Audit Committee) (THB)	Total Remuneration (THB)
7. Mr. Pinit Puapan	<ul style="list-style-type: none"> • Director • Member of the Executive Board • Member of the Risk Management Committee • Member of the THAI Corporate Strategic Committee • Former Member of THAI's Transportation Services and Ground Services Follow-up Committee 	890,000.00	212,000.00	-	1,102,000.00
8. Mr. Pongchai Amtanon	<ul style="list-style-type: none"> • Director • Member of the Audit Committee • Member of the THAI Corporate Strategic Committee 	194,225.81	18,000	67,935.48	280,161.29
9. Mr. Vachara Tuntariyanond	<ul style="list-style-type: none"> • Director • Chairman of the Risk Management Committee • Member of the Executive Board • Former Chairman of the Nomination and Remuneration Committee 	920,000.00	260,000.00	-	1,180,000.00
10. Miss Sirikul Laukaikul	<ul style="list-style-type: none"> • Director • Chairman of the Environmental, Social and Governance Committee • Member of the Nomination and Remuneration Committee • Former Member of the Human Resources Committee 	920,000.00	161,000.00	-	1,081,000.00
11. Assoc. Prof. Dr. Sanyalux Panwattanalikit	<ul style="list-style-type: none"> • Director • Member of the Audit Committee 	194,225.81	-	67,935.48	262,161.29
12. ACM Amnart Jeeramaneemai	<ul style="list-style-type: none"> • Director 	575,000.00	-	-	575,000.00
13. Mr. Sumeth Damrongchaitham	<ul style="list-style-type: none"> • Director 	893,000.00	-	-	893,000.00
14. Mr. Ekniti Nitithanprapas	<ul style="list-style-type: none"> • Former Chairman of the Board 	1,133,750.00	-	-	1,133,750.00
15. ACM Treetod Sonjance	<ul style="list-style-type: none"> • Former Vice Chairman of the Board • Former Chairman of the Labor Relation Committee • Former Chairman of the Environmental, Social and Governance Committee • Former Chairman of the Steering Subcommittee of TG MRO Campus Project and TG Business Development at U-Tapao Airport Project 	335,000.00	100,000.00	-	435,000.00

Board of Directors	Position	Remuneration and Meeting Allowances (Board of Directors) (THB)	Meeting Allowance (Other Committees) (THB)	Remuneration (Audit Committee) (THB)	Total Remuneration (THB)
16. Mr. Distat Hotrakitya	<ul style="list-style-type: none"> Former Director Former Chairman of the Audit Committee Former Chairman of the Legal Committee 	450,000.00	80,000.00	241,935.48	771,935.48
17. Mr. Rathapol Bhakdibhumi	<ul style="list-style-type: none"> Former Director Former Member of the Audit Committee Former Member of the THAI Corporate Strategic Committee Former Member of the Human Resources Committee Former Chairman of THAI's Transportation Services and Ground Services Follow-up Committee Former Member of the Nomination and Remuneration Committee 	313,333.33	120,000.00	116,000.00	549,333.33
18. Mr. Somkiat Sirichatchai	<ul style="list-style-type: none"> Former Director Former Member of the Audit Committee Former Chairman of the THAI Corporate Strategic Committee Former Chairman of the Human Resources Committee 	607,322.58	107,645.16	223,548.39	938,516.13
19. Mr. Pitipan Teparimargorn	<ul style="list-style-type: none"> Former Director Former Member of the Risk Management Committee Former Member of the Human Resources Committee Former Chairman of the Nomination and Remuneration Committee Former Member of the Steering Subcommittee of TG MRO Campus Project and TG Business Development at U-Tapao Airport Project Former Chairman of the Labor Relation Committee Former Member of the THAI Corporate Strategic Committee 	776,000.00	215,000.00	-	991,000.00



Other Remunerations

Ticket Privilege

Board of Directors

THAI has revoked the ticket privilege for the Board of Directors since June 20, 2014 and no ticket privilege proposal is submitted to the Annual General Meeting of Shareholders.

Executive Management and Employees

Executive Management and employees, including their spouse and children, are entitled to confirm or stand by ticket under THAI's regulation.

Provident Fund

THAI's provident fund was registered on June 26, 1992, under the supervision of the Provident Fund Committee. 9 percent contribution is made to the fund by THAI for staff whose service years is less than 20 years and 10 percent contribution for those whose service years is 20 years or higher. 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 2019, Ending December 31, 2019

	Provident Fund		Pension	
	Number (Person)	Amount (Million baht)	Number (Person)	Amount (Million baht)
Executive Management ⁽¹⁾	11	3.10	-	-

Note: ⁽¹⁾ 11 Executive Managements included those who retired or resigned before December 31, 2019.

Human Resources

As of December 31, 2019, THAI had a total employees of 21,367 based in Bangkok, other provinces and abroad. Generally, THAI's employees retire at the end of the fiscal year (September 30) in which they formally

reach 60 years of age. The guidelines observed within THAI align with that of Thailand's state enterprise labor relation laws.

Employees by Location and By Duty as of the end of Specified Fiscal Year

	Number of the Employees		
	2019	2018	2017
Total number of employees	21,367	22,054	22,370
By Location			
• Bangkok	18,783	19,370	19,717
• Other sites in Thailand	1,183	1,217	1,216
• Foreign countries	1,401	1,467	1,437
By Duty			
• Flight crew			
- Pilot	1,432	1,438	1,371
- Cabin crew	5,749	5,950	6,081
• Technical	3,461	3,590	3,682
• Commercial	1,638	1,690	1,674
• Ground services business	7,064	7,322	7,447
• Others	2,023	2,064	2,115

Employee Incentive Policy Based on THAI's Performance

THAI has revised the criteria for the performance assessment to conform to employees' remuneration and THAI's performance. The revision included the adjustment of assessment in every staff level, setting up more competitive objectives compared to the previous performance to match up the executives' and THAI's objectives.

In addition, THAI has initiated the overall improvement of pay structure for employees by restructuring pay rates under the conditions where employees shoulder their own income tax and redefining a pay structure in which salary payment for pilots and cabin crews 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: THB Million

Employees Monetary Reward	2019	2018	2017
General Employees	20,830	19,879	18,551
Pilots	6,617	6,132	6,319
Cabin Crew	7,439	7,854	8,250
Total	34,886	33,865	33,120

Employee Development

It is THAI's policy to develop its employees' capability suitable for their positions, whether in THAI's core business or supporting business unit, as well as to manage the human resources in other aspects to prepare the employees for future plan such as succession planning which focus on senior management (lv.10 or higher) through the talent management program and plans for primary and intermediate management (lv.8-9). Additionally, THAI also designed the Employees Learning Development Roadmap to achieve the Competency Model, THAI Employees Development Strategy and standards of external

organizations. The policy will include the development of Core Competency, Managerial Competency, and Functional Competency which will focus on specialized area, and, other training required by laws, standards and international regulations for those who required personnel license such as pilots, aircraft technicians and ground staffs. Moreover, THAI also valued linguistics competency such as English for Specific Purposes (ESP) by developed and customized an English curricular for the employees.



Expenses for Employee Development

Unit: THB Million

Expenses for Employee Development	2019	2018	2017
General Employees	65	88	52
Pilots	292	368	399
Cabin Crew	1	4	7
Total	358	460	458

Labor Relation Policy

THAI is committed to promoting good labor relations between the employer and employees under the State Enterprise Labor Relations Act B.E. 2543 (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 enhance the efficiency of the operation, foster good workforce relations and settle disputes within THAI. The committee also makes recommendation to review the work rules and employment conditions which are beneficial to both employer and employees, resolve complaints from employees or the labor union as well as to consider the 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.

Labor Protection Policy

THAI recognizes the importance of the occupational health, safety and working environment of the employees due to the unique nature of each operation department. Thus, THAI set up the Occupational Health, Safety and Working Environment Committee consisting of the representatives of the management and the employees from various departments to consider a proper framework and compliance under legal requirements. In addition, the committee also assesses and procures the suitable tools, equipment and instruments for the convenient and safe operation to prevent or mitigate the damage of the employees from hazards, accidents and injuries. THAI also informs its employees of the procedures and processes THAI has taken concerning the labor protection as well as to settle the employees' medical expenses available under the laws since THAI has acknowledged the safety and importance of its human resources.





- ○ The result of the Corporate Governance Report of Thai Listed Companies 2019 (CGR 2019) conducted by the IOD showed that in 2019 THAI earned a score of 93%, which is “Excellent CG Scoring” or five-star recognition from the National Corporate Governance Committee for 2 consecutive years.



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 the 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 a 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 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 prioritize 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 the ability to pay debts to ensure that THAI has plans to reduce financial problems while considering 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 a 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, 2019, the Board consists of 13 members, among whom 12 are non-executive directors (92%), one is a director with a management position, and 10 are independent directors or 77% 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 a 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, 2019, the Board consists of the following members:

1. ACM Chaiyapruk Didyasarin
Vice Chairman and Acting for Chairman and Independent Director
2. ACM Chanyoot Sirithumakul
Independent Director and Member of the Audit Committee
3. Mr. Danucha Pichayanan
Director
4. Ms. Nitaya Direksathapon
Independent Director and Chairman of the Audit Committee
5. Mrs. Pratana Mongkolkul
Independent Director
6. Mr. Peraphon Thawornsupacharoen
Director
7. Mr. Pinit Puapan
Independent Director
8. Mr. Pongchai Amtanon
Independent Director and Member of the Audit Committee
9. Mr. Vachara Tuntariyanond
Independent Director
10. Ms. Sirikul Laukaikul
Independent Director
11. Assoc. Prof. Sanyalux Panwattanalikit
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, 12 of which were ordinary meetings and 17 special meetings, comprising 125 items for consideration, and 159 items for acknowledgment

• Authority and Responsibilities of the 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 the 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 the 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 Mr. Peraphon Thawornsupacharoen or Mrs. Pratana Mongkolkul or Mr. Pinit Puapan or Mr. Sumeth Damrongchaitham, 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 12 times in total, excluding 17 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, 2019, such directors were:

1. ACM Chaiyapruk Didyasarin
2. ACM Chanyoot Sirithumakul
3. Ms. Nitaya Direksathapon
4. Mrs. Pratana Mongkolkul
5. Mr. Pinit Puapan
6. Mr. Pongchai Amtanon
7. Mr. Vachara Tuntariyanond
8. Ms. Sirikul Laukaikul
9. Assoc. Prof. Sanyalux Panwattanalikit
10. ACM Amnart Jeeramaneemai.

• 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 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. This year 2 meetings of Independent Directors were held in total.

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. Ms. Nitaya Direksathapon
Chairman
2. ACM Chanyoot Sirithumakul
Member
3. Assoc. Prof. Sanyalux Panwattanalikit
Member
4. Mr. Pongchai Amtanon
Member
5. Vice President, Office of the Internal Audit
Secretary

Ms. Nitaya Direksathapon is 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 the 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. 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 period stipulated by the Audit Committee. These include:
 - Transactions that are flagged as containing conflicts of interest
 - Corrupt practices or something out of the ordinary or any fault
 - Violation of the law on securities and exchange, SET's regulations or other laws related to the Company's business.
8. Summon relevant staff and request relevant documents to clarify matters under consideration.
9. Appoint working groups to perform duties as necessary and appropriate.
10. Perform other tasks as assigned by the Board.

In 2019, 14 meetings were called (11 of which were ordinary meetings and 3 special meetings) to consider 34 issues and acknowledge 40 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 Thawornsapacharoen
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 the 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, 22 meetings were called to consider 41 issues and acknowledge 38 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 Teparthimargorn
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. 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.
2. 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.
3. Risk Management report and operations to reduce the risk in board of directors and to regularly inform. In case of any significant affects to the company must report to board of directors as soon as possible.
4. Consider and suggest to risk management issues from any long-term obligation projects or business complexity and also provide recommendation in management to reduce those risks in board of directors.
5. Evaluate the performance of the risk management committee and report the result to the board. (also disclose evaluation result in annual report)
7. Appoint working groups to perform duties as necessary and appropriate.
8. Perform other tasks as assigned by the Board.

This year, 11 meetings were called to consider 44 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 issued the Order No. 182/2561 to appoint a Nomination and Remuneration Committee consisting of three directors as follows:

1. Mr. Pitipan Teparimargorn
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)

After the AGM 2019, the Company issued the Order No. 061/2562 (dated April 26, 2019) to appoint a Nomination and Remuneration Committee consisting of three directors as follows:

1. Mr. Pitipan Teparimargorn
Chairman
2. Mr. Vachara Tuntariyanond
Member
3. Ms. Sirikul Laukaikul
Member
4. Mr. Sumeth Damrongchaitham
Member (regarding nomination of executives
senior to President, Human Resources
Department)
5. Executive Vice President, Human Resources
Secretary
6. Vice President, Human Resources Department
Assistant Secretary
7. Vice President, Office of the Internal Audit
Assistant Secretary (regarding President
assessment)

On November 1, 2019, Mr. Pitipan Teparimargorn resigned from the Company. The Board issued Order No. 158/2562 (dated November 14, 2019) to appoint a Nomination and Remuneration Committee consisting of two directors as follows:

1. Mr. Vachara Tuntariyanond
Chairman
2. Ms. Sirikul Laukaikul
Member
3. Mr. Sumeth Damrongchaitham
Member (regarding nomination of executives
senior to President, Human Resources
Department)
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)
7. Vice President, Office of the Internal Audit
Assistant Secretary (regarding President
assessment)

Later on, the Company issued the Order No. 175/2562 (dated December 16, 2019) to re-appoint a Nomination and Remuneration Committee consisting of three directors as follows:

1. ACM Chanyoot Sirithumakul
Chairman
2. Ms. Sirikul Laukaikul
Member
3. Ms. Nitaya Direksathapon
Member
4. Mr. Sumeth Damrongchaitham
Member (regarding the nomination of
executives senior to President, Human Resources
Department)
5. Executive Vice President, Human Resources
Secretary
6. Vice President, Human Resources Department
Assistant Secretary

7. Vice President, Office of the Internal Audit Assistant Secretary (regarding President assessment)

- **Nomination and Remuneration Committee's Authority and Responsibilities**

1. Define and review 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 present to the Board for consideration.
2. Define recruitment methods to comply with the rules, criteria, AOA, and applicable laws to obtain knowledgeable, skillful and experienced persons for the positions of Executive Vice Presidents and higher; and present to the Board for consideration.
3. Proceed with recruitment procedures under the criteria to obtain a suitable person as a director, Vice President and higher, including nominating them to the Board for an appointment, a promotion, or a relocation as appropriate.
4. 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 present to the Board or shareholders for consideration and approval.
5. Review the Key Performance Indicator (KPI) evaluation of Executive Vice Presidents and present the outcomes to the Board.
6. Evaluate the performance of the President under the conditions specified in the employment contract and present the outcomes to the Board.
7. 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.
8. Review and give consultations on issues concerning the Company's human resources policies to the Board.
9. Evaluate the performance of itself and report the result to the Board, and disclose it in the Company's annual report.

10. Summon relevant staff to clarify matters, and request relevant documents or other necessary items to assist in decision-making.

12. Appoint working groups to perform duties as necessary and appropriate.

13. Perform other tasks as assigned by the Board.

This year, 16 meetings were called to consider 30 issues.

Environmental, Social, and Governance Committee

Following the good corporate governance principles of both MOF and that of SET, and in line with the global trend that has shifted towards the environment, society, and sustainable development, the Board has appointed a Corporate Governance and Social Responsibility Committee consisting of the following members:

1. Ms. Sirikul Laukaikul
Chairman
2. Ms. Nitaya Direksathapon
Member
3. President
Member
4. Executive Vice President, Legal Management and General Administration
Member
5. Executive Vice President, Human Resources
Member
6. Vice President, Corporate Secretariat Department
Secretary
7. Vice President, Corporate Image and Communications Department
Secretary

- **Environmental, Social, and Corporate Governance Committee's Authority and Responsibilities**

1. Define and recommend practices of:
 - 1) Projects and activities for corporate environmental responsibility and sustainable development
 - 2) Good corporate governance and anti-corruption policy.

- 3) Public relations approaches to create a good corporate image for customers, shareholders, employees and other stakeholders, and the sharing of correct information among employees through the rapid and efficient means of communication
2. Make recommendations to the Board regarding good corporate governance and anti-corruption policy.
3. Promote public awareness of corporate culture and corporate governance.
4. Evaluate the performance of itself and report the result to the Board, and disclose it in the Company's annual report.
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. 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 11 issues and acknowledge 10 issues.

Corporate Strategic Committee

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

1. Mrs. Pratana Mongkolkul
Chairman
2. Mr. Pinit Puapan
Member
3. Mr. Pongchai Amtanon
Member
4. President
Member
5. Vice President, Corporate Secretariat Department
Secretary
6. Vice President, Business Development and Corporate Strategy
Secretary

• Corporate Strategic 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 the Company's and its subsidiaries' business operations with integration on both immediate and continual measures.
2. 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.
3. Appoint consultants to support the preparation and implementation of the strategic and organizational transformation plans as appropriate.
4. Evaluate the performance of itself and report the result to the Board, and disclose it in the Company's annual report.
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. Appoint working groups to perform duties as necessary and appropriate.
7. Perform other tasks as assigned by the Board.

This year, 9 meetings were called to consider 31 issues.

At least half (1/2) of the members must attend a meeting. The Chairman of the committee shall preside a meeting. In the absence of the Chairman to preside a meeting, he or she may appoint one of the committee members to preside that meeting. If he or she is unable to appoint anyone to preside, the attendees will choose one of them as chairman of the meeting.

Each member is entitled to one vote for resolutions of meetings. All matter to be decided by the committee will be done by unanimous approval from the majority votes. If any member of the committee has a conflict of interest in a matter being considered, he or she must leave the meeting room. In the event of a tie vote, the Chairman of the meeting shall exercise a decisive vote.

Besides, 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 2019

Board	Meetings held in 2019					
	Executive Board	Audit Committee	Risk Management Committee	Nomination and Remuneration Committee	Environmental, Social and Governance Committee	Corporate Strategic Committee
	Total: 22 times (Special meeting: 11 times)	Total: 14 times (Special meeting: 3 times)	Total: 11 times	Total: 16 times	Total: 12 times	Total: 9 times (Special meeting: – time)
1. ACM Chaiyapruk Didyasarin						
2. ACM Chanyoot Sirithumakul ^{/2}		5/7		1/1 ^{/1}		
3. Mr. Danucha Pichayanan			3/8			
4. Ms. Nitaya Direksathapon ^{/3}		9/10 ^{/1}		1/1	7/8*	
5. Mrs. Pratana Mongkolkul ^{/4}	20/22					9/9 ^{/1}
6. Mr. Pitipan Tepartimargorn ^{/5}				14/16 ^{/1}		
7. Mr. Peraphon Thawornsupacharoen ^{/6}	16/22 ^{/1}					
8. Mr. Pinit Puapan ^{/7}	20/22		8/11			3/3
9. Mr. Pongchai Amtanon ^{/8}		3/4				3/3
10. Mr. Vachara Tuntariyanond ^{/9}	18/22		11/11	11/15 ^{/1}		
11. Ms. Sirikul Laukaikul ^{/10}				7/16	11/12 ^{/1}	
12. Assoc. Prof. Sanyalux Panwattanalikit ^{/11}		3/4				
13. ACM Amnart Jeeramaneemai						
14. Mr. Sumeth Damrongchaitham ^{/12}	22/22		11/11	12/16	9/12	8/9

Notes: ^{/1} The Chairman of the Committee

^{/2} Appointed Chairman of the Nomination and Remuneration Committee on December 12, 2019

^{/3} Appointed Chairman of the Audit Committee on October 16, 2019, and Member of the Nomination and Remuneration Committee on December 12, 2019

^{/4} Appointed Member of the Corporate Strategic Committee on August 9, 2019

^{/5} Appointed Chairman of the Nomination and Remuneration Committee on April 26, 2019, and resigned from the Company on November 1, 2019

^{/6} Appointed Chairman of the Executive Board on April 26, 2019

^{/7} Appointed Member of the Executive Board, Member of the Risk Management Committee on April 26, 2019

^{/8} Appointed Member of the Audit Committee on October 16, 2019

^{/9} Appointed Chairman of the Risk Management Committee, Member of the Executive Board, and Member of the Nomination and Remuneration Committee on April 26, 2019

Appointed Chairman of the Nomination and Remuneration Committee on October 29, 2019

^{/10} Appointed Chairman of the Environmental, Social, and Governance Committee on May 15, 2019

Appointed Member of the Nomination and Remuneration Committee on April 26, 2019

^{/11} Appointed Member of the Audit Committee on October 16, 2019

^{/12} Appointed Member of the Executive Board, Member of the Risk Management Committee, and Member of the Nomination and Remuneration Committee on April 26, 2019

Appointed Member of the Environmental, Social, and Governance Committee on May 15, 2019

Appointed Member of the Corporate Strategic Committee on August 9, 2019

* Became Member of the Environmental, Social, and Governance Committee on April 26, 2019

Nomination and Appointment of Board and Top Management

Nomination of Independent Directors

The Board nominates 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 a 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 have 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 or children, to other directors, management, major shareholder, controlling person of the Company or any person being nominated to the director, management or controlling the 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 a salary or holding more than one percent of total voting shares of other companies operating a 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 a 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 the 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.

- 1.6 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 a 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 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 the 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 director's 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.

The 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 coordinate 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.

Besides, 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 affect 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.

Besides, 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

During the fiscal year 2019, the Company and its subsidiaries paid the audit fee to the Office of the Auditor General of Thailand (OAG), THAI and its subsidiaries external auditor, amounting to THB 4,670,000. No other payment was made to any person or entity associated with the OAG.

Non-audit Fees

The Company and its subsidiaries paid fees for other services, including the BOI-based audit work fee, to the OAG, as an external auditor. During the past fiscal year, the non-audit fees were a total of THB 350,000 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 detail. Then in 2019, 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 outlined in the CG Code where full compliance is still expected and institute a work plan to regularly monitor the application of the CG Code.

Compliance with Good Corporate Governance in Other Areas

The Board is determined to ensure that the Company's business operations comply 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 continuously 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 2019 (CGR 2019) conducted by the IOD showed that in 2019 THAI earned a score of 93%, which is "Excellent CG Scoring" or five-star recognition from the National Corporate Governance Committee for two consecutive years. 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 2019, 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 it. 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 the 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. 2/2562 held on February 28, 2019, a resolution was reached by the Board to hold the 2019 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 25, 2019. The 2019 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 680 shareholders and proxies attended the meeting representing a total of 1,574,956,255 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 September 12 to December 31, 2018. Details on the rules and procedures were revealed on the Company's website, published in daily newspapers on Stock News from October 24-26, 2018, and Prachachat Turakij Newspaper from October 27-30, 2018, 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 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 before 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 were 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. Regarding 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. 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 rights, and be helpful. Employees at the executive level should behave morally and be role models 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, the 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. All employees must understand customers' needs fully

and correctly, provide feedback that meets customers' real requirements, foster good relations with customers constantly, and have a system that handles customers' complaints with speed and efficiency.

Shareholders

The Company operates its business based on integrity, transparency, and fairness and treats 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 relationships 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, the 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 an 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 a false allegation. Fairtrade 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 hiring 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 employee's 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 actions 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 the 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 122.

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 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 roadshows, 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 every quarter. Besides, 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's Technical Department at Suvarnabhumi Airport to assure them of the professional excellence 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 a leader in a major food catering industry. Also, the stakeholders were invited to meet the executives at the head office to acknowledge the Company's future business plans. Moreover, several activities were conducted for securities analysts and stakeholders. In the past year, the Company's investor relations activities

Activity	Time(s)/year
Domestic Roadshows	2
International Roadshows	9
One-on-one corporate visit/ teleconference	8
Phone calls and internet enquiry	179
Quarterly pre- and post-disclosure analyst briefing	4
Company visit (site visit)	4

included:

Company Visit (site visit)

On October 3 and 10, 2019, the Company site visit was held to provide information to the stakeholders, who were invited to visit the THAI's Catering Department and Technical Department at Suvarnabhumi Airport. The Company site visits are held regularly corresponding to SET's policy for a better understanding of business operations of SET-listed companies.

Disclosure of Information through website

As a way 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, 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, company regulations, 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 acknowledgment. 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.

Besides, 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 every quarter. The Company has improved its performance procedure to comply with the changing requirements of the relevant authorities 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 to disseminate useful information to the public. Searches can be made via the www.thaiairways.com website in the Public Information Center.

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". This is responsive to the demand for information to the concerned parties leading to a good image and benefits the operation of the Company.

The Public Information Center regularly keeps its website up to date aligning with the government regulations and providing the public easy access to complete information. The center has undergone the development by using the Government Data Exchange Center (GDX) in accordance with The Licensing Facilitation Act B.E. 2558 (2015). Furthermore, in the past year, the Public Information Center provided information and hosted seminars focusing on personal data privacy to endorse the comprehensive framework for processing personal data towards international regulations.

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 77.

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 every year 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 on page 81.

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 of 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 Management

The evaluation result is reported to the Board to organize activities to enhance the knowledge and efficiency of the directors. This year, given 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. Besides, 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. The aim is to continually and regularly supplement and develop their knowledge and share various experiences related to the roles of directors and subcommittees through IOD's various Board-related training courses. A majority of THAI's directors have attended IOD training courses.

Board and Management Training

As of December 31, 2019, the Board and management have been trained in courses organized by the IOD as follows:

Board	Position	Courses attended
ACM Chaiyapruk Didyasarin	Vice Chairman and Independent Director	
ACM Chanyoot Sirithumakul	Independent Director	
Mr. Danucha Pichayanan	Director	- Directors Certification Program (DCP 211/2015)
Ms. Nitaya Direksathapon	Independent Director	- Directors Accreditation Program (DAP 91/2011)
Mrs. Pratana Mongkolkul	Independent Director	- Director Certification Program (DCP 34/2003) - Director Accreditation Program (DAP 2/2003) - Advance Audit Committee Program (AACP 22/ 2016)
Mr. Pongchai Amtanon	Director	- Directors Accreditation Program (DAP 30/2004)
Mr. Pinit Puapan	Independent Director	- Audit Committee Program (ACP 2/2004) - Director Accreditation Program (DAP 25/2004) - Corporate Governance for Capital Market Intermediaries (CGI 2/2015)
Mr. Vachara Tuntariyanond	Independent Director	- Audit Committee Program (ACP 41/2012) - Director Certification Program (DCP 94/2007) - Corporate Governance for Capital Market Intermediaries (CGI 6/2015)
Ms. Sirikul Laukaikul	Independent Director	- Ethical Leadership Program (ELP 2/2015) - Directors Certification Program (DCP 252/2018) - Strategic Board Master Class (SBM 6/2019)
Assoc. Prof. Sanyalux Panwattanalikit	Independent Director	

Board	Position	Courses attended
ACM Amnart Jeeramaneemai	Independent Director	
Mr.Sumeth Damrongchaitam	Director	<ul style="list-style-type: none"> - Company Secretary Program (CSP 28/2008) - Role Of The Compensation Committee (RCC 3/2007) - Director Accreditation Program (DAP 21/2004)

Compliance

In 2019, 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, for instance, the Personal Data Protection (PDPA) Act B.E. 2562 (2019), which will enter into force by May 28, 2020. The Thailand PDPA Act is largely based on the European Union General Data Protection Regulation (GDPR). Any breaches under PDPA will impose civil penalties, criminal penalties, and administrative penalties. The Company realized the risk of a personal data breach from its operating activities, and it has implemented an action plan where necessary towards compliance with PDPA. Moreover, the International Air Transport Association (IATA) announced that all flights to the UK must adhere to the UK Modern Slavery Act 2015 (MSA), and the Company has abided by such international regulations.

Issues in CGR not covered

This year there were issues in CGR that THAI could not be 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.



THAI
Smooth as silk

Corporate Social Responsibility



THAI reiterates that it is committed to evolving into an organization that transparently conducts business and makes no exception for any kind of corruption.



THAI has constantly promoted its corporate social responsibility (CSR) activities while taking the Environment, Social and Governance (ESG) into account. In 2019, THAI organized the following activities with aims to develop environment and society as follows:

- Educational Projects: THAI organized the “THAI fills the Dreams with Inspiration Enhancement for the Children” project on occasion of the 59th anniversary. In this project, students and teachers at Thai Airways Border Patrol Police School, Sa Kaeo to sightsee THAI aircraft. THAI also held an open donation to supply the school with teaching aids consisting of 100 reams of A4 paper and 4 printers.

“THAI supplied 1,600 SAWASDEE magazines to schools in southern-bordered provinces” to provide the teaching aids for English and academic resources in library available to students and the public.

In the “TG Young Pilot Camp For The Winner Of Thailand STEM Festival” activity, THAI brought youths to visit its engine manufacturing center and held flight training lesson in flight simulator in order to promote the learning experience in science and technology.

- Environmental Projects: The “Big Cleaning Day to Reduce Dust” activity promoted the significance of air pollution and mitigate it. In this project, clean water was sprayed on high-raised buildings to reduce PM 2.5 dust. Additionally, trees, trash, sidewalk and both sides of Vibhavadi Rangsit road were cleaned.

THAI and Thai Wacoal Pcl. received 320 kilograms of used bras, which were turned into alternative energy to reduce global warming. The remaining bras accessories were used as raw materials to launch career for underprivileged women.

The THAI Technical “No Plastic Bag” project lessened the use of plastic bags, reduce trash and global warming.

THAI Phuket office joined the “Phuket Airport Loves Community 2019” activity to promote environment, maintain cleanliness and improve the landscape around Phuket International Airport.

- Disaster Relief Support Project: THAI accompanied H.H. Thaworn Seanneam, Deputy Minister of Transport, to hand out relief supplies bags and drinking water to flood victims in Ubon Ratchathani province.
- Religious and Cultural Project: THAI offered “Special Round-Trip Flights to Saudi Arabia for Annual Hajj Pilgrimage 2019”. During this project, THAI’s 15 special round-trip flights took around 4,325 pilgrims from Narathiwat Airport to Medina Airport, Saudi Arabia.





Speaking of the “THAI Buddhist Group Ordination” project, 17 THAI employees were ordained to offer merit to H.M. King Vajiralongkorn at Wat Benchamabophit Dusitwanaram Ratchaworawihan (Marble Temple).

THAI Airways International Club hosted “Clean the Temples, Clean the Mind” activity for THAI employees and to clean the following temples: Wat Rajathiwat Ratchaworawihan, Wat Phraram 9, Wat Bowonniwet Ratchaworawihan and Wat Mahathat Yuwarat Rangsarit.

In “Royal Kathin Offering Ceremony 2019 at Wat Phrathat Cho Hae, the Royal Temple, Prae province” activity, THAI and philanthropists jointly offered Royal Kathin as support to the Religion Study Section of Wat Phrathat Cho Hae and scholarship to good-manner but underprivileged students in amount of 2,941,450.37 Baht.

- Public Health Projects: THAI donated 5,000,000 Baht to Thai Red Cross Society for “Help Heart Vital Run” project to raise fund to procure Automated External Defibrillator (AED) for public health.

- Projects to support people in various sections: THAI organized “Renovation and Painting for Thai Airways Border Patrol Police School, Sa Kaeo province and Children’s Day 2019” project. This project gave gifts such as learning materials, books, clothes, snacks and toys from THAI employees and also arranged the recreation activities to bring joys to the students at Thai Airways Border Patrol Police School, Khlong Hat district, Sa Kaeo province.

In “THAI shares Loves with The senior citizen” activity, THAI gave out Military Technical Training School (MTTS) the following medical instruments: 10 wheelchairs, 10 pairs of crutches, 59 walking sticks, 26 walkers and 1 toilet seat for the senior citizen which will be repaired or modified before being distributed to the Veteran General Hospital and the senior citizen residing around the MTTs to improve their quality of life. This also enhanced the technical skills of the MTTs students.

The Eurg Fah Association, TG Club organized “Support the Girls” activity to donate sanitary pads, toiletry, clothes and offered scholarship to underprivileged children at Huay Nok Kok School, Tak province.

THAI Technical Unit donated the used table calendar to Foundation for the Blind in Thailand under the patronage of H.M. the Queen to make the braille book for the blind.

THAI Airways' Employees Saving Cooperatives gave motorcycle helmets to the Sutthisan Police Station to be distributed to the public and students in Sutthisan precinct for their safety while riding the motorcycle.

THAI organized the career launch project for the disables at Baan Mae Nok Center for Disable. The participants were taught to make 3D POP-UP card at Christina Catholic Church, Nonthaburi province.

Special Service Cooperation Department launched "the community service at Rangsit Nursing Home." The volunteers took the proceeds from the selling donated clothes and bags to hold the luncheon and the recreation activity as well as to supply the necessities to the Older Person Welfare Development Center, Pathum Thani province.

THAI and Thai Wacoal Pcl. hosted "Love from THAI for the Cancer Patients" activity in 6 THAI offices and encouraged the employees and volunteers to decorate hats for the cancer patients who had undergone the chemotherapy. Moreover, Fashion Walk was also held to raise the fund for the Queen Sirikit Center for Breast Cancer Foundation. From these activities, at least 2,165 decorated hats are distributed and 57,000 Baht are raised.

THAI helped 10 farmers for the sale of their products worth 228,100 Baht from "Love from THAI to aid Thai farmers' products". This activity allowed THAI

employees to buy safe agricultural products and free from chemical residue directly from the farmers in reasonable prices.

THAI took part in the 4th Thailand Friendly Design Expo 2019 to introduce its service and facilities designed for the disable and the senior citizen who travel with wheelchair, i.e. special fare, flight reservation, ground service, in-flight service, toilet and in-flight facilities and continued service until reaching the destination, including facilities at THAI Headquarters and Lan Luang Office. Furthermore, THAI also brought the in-flight reclining seat to demonstrate the comfort during the flight with THAI aircraft.

- Other Projects: THAI and TG Club organized "THAI AIRWAYS HALF MARATHON 2019 @BAN CHANG" for the trophy bestowed by Her Royal Highness Princess Bajrakitiyabha Narendiradebyavati on the beach in Ban Chang district, Rayong province to encourage the public to perform good deeds as an offering to the H.M. King Rama X. All proceeds after expenses shall be distributed to charitable organizations.

THAI organized the "Blessing Offering Ceremony and Body Card Stunt Performance in auspicious occasion of the Royal Coronation Ceremony" to illustrate THAI's respect and gratitude to H.M. the King. In this ceremony, THAI employees jointly offered homage and performed the body card stunt. The exhibition of the ceremony and the King are also held in this function.

More information on Sustainable Development Report 2019 is available on www.thaiairways.com or QR Code below.



Additional Practice on Prevention of Corruption Involvement

Recognizing the consequence of corruption and misconduct, THAI implements a Whistle Blower policy to prevent such issues and maintains its good corporate governance. THAI also rolled out regulations on complaints about corruption or non-compliance of laws, regulations, restrictions, orders, good corporate governance or ethics under Good Corporate Governance and Ethics Code 2010 (2nd revision, 2017) which was effective on January 25, 2017. Employees, employees, stakeholders and external parties can use this as a channel to report any potential corruption or non-compliance of laws, regulations, restrictions and orders so that THAI may conduct fact-finding investigation under the regulations on complaints 2010, which will lead to corporate transparency, fairness and accountability.

Valuing all stakeholders, THAI places high importance on comments and suggestions to ensure mutual benefit. It also offers stakeholders an opportunity to complain or report any potential corrupt practice of its employees with protective measures to secure the stakeholders' trust and safety. Below are those entitled to receive the complaint:

1. Chairman of the Board
2. Directors

3. The President
4. Board Secretary
5. The Executive Vice President directly in charge of the complaint-related function

Complaints may be filed via the 3 following channels

1. A verbal or written complaint directly made to authorized complaint receivers

2. An email sent to authorized complaint receivers:

- Chairman of the Board
(email : tgchairman@thaiairways.com)
- The President
(email : tgpresident@thaiairways.com)
- Board Secretary
(email : 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

On December 18, 2019, THAI issued a regulation on complaint 2019 which allows the whistleblower to submit the complaint via www.thaiairways.com.

Drive to Prevent Corruption and Misconduct are as follows:

1. THAI has formulated an action plan on its strategy on prevention of corrupt practice and misconduct in fiscal year 2017-2021 and an action plan on its strategy on prevention of corruption and misconduct in fiscal year 2018 which are aligned with Phase 3 (2017-2021) of National Anti-Corruption Strategy and Annual Action Plan of Office of National Anti-Corruption Commission (ONACC);
2. THAI hosted a seminar on "Prevention of Corruption and Misconduct" for all employees from new entry to managerial level. This seminar is included in THAI's standard curricular. A site visit is also arranged in various department of THAI in suitable occasion;
3. THAI issued Order no. 106/2558 re: THAI's Policy on Prevention of Corruption and Misconduct;
4. THAI issued Order no. 084/2562 re: Prohibition on Offering or Accepting Bribe;
5. THAI issued Order no. 085/2562 re: Preventive Measurements on the Conflict of Private Interest and Public Interest;
6. THAI issued Announcement no. 001/2562 re: Honest Intention to Administer THAI to be An Organization with Good Corporate Governance and Transparency;
7. THAI publishes news and activities on prevention of corruption and misconduct in 12 channels i.e.: PD Homepage, Thaiairways, Facebook, Line, Youtube, poster etc. to encourage and educate the employees about honesty, corporate royalty and intolerance toward corruption and misconduct;
8. THAI disseminated 2 bulletins per week (2 additional bulletins per month) regarding the prevention of corruption and misconduct i.e.: related laws and case study on resolved cases to prevent corruption, misconduct and breach of discipline;
9. THAI established "TG Network against Corruption", which currently has 1,391 members, to stay vigilant, monitor, observe and prevent any form of corruption and misconduct, thus, strengthening THAI;
10. THAI encouraged employees and members of TG Network against Corruption to take part in activities regarding the prevention of corruption and misconduct hosted by THAI and other organization such as ONACC and Anti-Corruption Organization of Thailand (ACT);
11. THAI underwent Integrity & Transparency Assessment (ITA) 2019 by the ONACC and received 88.13 out of 100 scores on ITA overall assessment equivalent to Grade A (Very Good).

ITA is designated as a key strategy of Phase 3 (2017-2021) of the National Anti-Corruption Strategy. It is also a proactive anti-corruption measurement which every government agency must adopt to improve the operation of the agency and to raise Corruption Perception Index (CPI) of Thailand;

THAI reiterates that it is committed to evolving into an organization that transparently conducts business and makes no exception for any kind of corruption. It is also willing to fully support the operation of auditing organizations.

Internal Control and Risk Management



THAI set up a risk appetite as the framework to regulate our strategies appropriately to achieve the objectives of business operations.



THAI provide a proper internal control system for our 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 issued by the Committee of Sponsoring Organization of the Treadway Commission (COSO) 2013. The results of the assessment of internal control are summarized as follows:

Control Environment

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

THAI has guidelines on integrity and ethics, anti-corruption, practices/non-practices as pertained in TG Code of Conduct, which serves as guidelines for performing duties and decision-making on various matters. A proper disciplinary procedure is posed in case of violation of regulations and included in the orientation pack for new employees. In case of violation of our code of ethics, the Corporate Inspection Office has a duty and authority to consider and decide within the specific timeframe as stipulated in our regulations on complaints about corruption or non-compliance with related laws, rules, regulations, requirements, orders or the TG Code of Conduct. Furthermore, Moral THAI Project was organized to create moral examples, practices and activities in order to drive the policies and develop our organization to become the moral organization.

Our excellence has been recognized by the Thai Institute of Directors (IOD) and the Stock Exchange of Thailand (SET) under the Corporate Governance Report of Thai Listed Companies 2019 assessment program, earning a five-star award at 93% from the National Corporate Governance Committee for 2 consecutive years.

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 our Director's Manual based on the Corporate Governance Principles and Guidelines for State Enterprise B.E. 2562 (2019), the guideline issued by Ministry of Finance, the Securities and Exchange Act B.E. 2535 (1992), regulations and announcements related to the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), including our regulations and policies. To comply with the

principles of Good Corporate Governance, we have 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 in accordance with our annual strategic plan for the assessment of our business achievement, with regular follow-ups by the Board and our subcommittees assigned by the Board, such as the Executive Board, the Audit Committee, the Risk Management Committee, etc. Furthermore, the Board also has the duties to oversee the define policies and business direction between us and our subsidiaries as well as to monitor the performance of our associated companies and related companies. Our Board consists of experts from diverse business fields consistent with our 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 achievement.

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

The Board approved a revised organizational structure that is defining reporting lines, command units, authority, and responsibilities in accordance with the function description and job description documents. The Table of Authority (ToA) was prepared for executive positions of each department by compiling in one place the management authorities in our various documents relating to the determination of authorities of positions. Those holding positions in the departments signed the endorsement of the management authorities of work positions and adhere to them. In addition, the clear segregation of major duties between the aviation operation and business units was defined for us to achieve our objectives.



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

THAI has our recruitment process in accordance with our regulation on human resource management and our policy by defining the recruitment criteria and qualifications to acquire employees having matching knowledge, ability and potential for the position. The standard indicators and goals with the assessment criteria were defined under the mutual understanding between supervisors and employees. Our 3 majors are EBITDA, net profit after tax and passenger satisfaction to our services, which all employees can play a part to drive our business operation, resulting in their performance consistent with our business operations. We applied the aforementioned KPIs to our salary review and promotion of excellent performance employees in 2020 as the incentive to retain the competent employees. Furthermore, we have the training plans consistent with nature of work and responsibilities of each position. Activities for a strong corporate culture have been organized to cultivate a proactive organizational culture by developing the change agent network for cross-functional proactive work.

In addition, we have supported the inspiration to retain our employees, such as local and international training/field work to develop their competent

and motivate their inspiration to deliver excellent services, development of level 8-9 high-potential employees and level 10-13 executives in accordance with individual development plan for succession of key position in order to drive the organization to the goals, following our vision.

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

To ensure THAI's achievement of corporate objectives, we have 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 risky work to us. We also exercise check & balance system 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 satisfaction, 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, we set up a risk appetite as the framework to regulate our 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, as well as internal ones, such as the efficiency of work process and IT management. Risks have been identified for various key aspects such as strategy, operation, finance, and standards and regulations. Various departments have identified their own risks by following our risk management manual and regulating key risk indicators (KRIs). If a given risk reaches the trigger and threshold levels, the control measures will be reviewed and the supporting plans written.

Our 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 Fraud Risk. A workshop was organized to assess risks of fraud in work processes to ensure transparency, fairness, and integrity in 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 2019 we had an average score of 88.13 percent, meaning an A level of integrity and transparency in the business operations (ITA criterion level: 85-94.99 = A).

Seminars were organized on the campaign against corruption and misconduct for the employees to promote and raise awareness and attention not to breach our rules, regulations, requirements, and related laws, whether intentionally or unintentionally. We have issued a monthly bulletin with knowledge of 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 organization in creating a model of honesty and integrity in our 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 business operations in order to assess and analyze all changes for identifying the risks at corporate and departmental levels, for example, the expansion of low-cost airlines, terrorism, natural disasters and pandemic, changes in laws and regulations. The progress on risk management is constantly tracked while we coordinate with related sectors and prepare the plan 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 our major activities. Various measures have been set up to control the risks of each department by taking account of both internal and external factors. Forecasts of future situations that may affect the achievement of corporate objectives are also made. In addition, we ensure the establishment, review, and improvement of techniques to reduce risks to acceptable levels.

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

THAI has developed an IT infrastructure and defined 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 Handbook, a master plan for prioritization of IT investments to develop our IT system.

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

THAI have incorporated the laws and regulations of external agencies/organizations related to the



aviation business in both the public sector and domestic and international private organizations incorporated into our own policies, rules, regulations, and operation manuals, in both the written form and electronic files. To ensure actual practice, we have also reviewed and improved the policies and regulations to suit circumstances.

In 2019 we announced a strategy to reduce cost and increase revenue as well as enhance the operational efficiency for crisis recovery. We integrate our sales system with Thai Smile to jointly use the resources in order to reduce cost and increase the operational efficiency.

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 command an information system to study, analyze, scrutinize, and compare information from internal and external sources concerning laws, rules, regulations, requirements, performance data, and information related to the aviation business. An IT system is in place to support data storing/ searching and business 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-DE/WISE, SAP-HCM and SAP-BU 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 was set up to control and manage our information to strictly comply with the Official Information Act.

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 and up-to-date communication within the organization and reaching to all employees, a vital factor for maintaining the unity.

A communication channel has also been set up for employees to report fraud and misconduct (whistle blower policy) in compliance with our regulations on complaints towards corruption activities B.E. 2562 (2019). Complaints, in oral or in written form, via e-mail, or letter, are to be addressed to the person in charge of handling complaints, and to be sent through our website.

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 distributed to all shareholders and published on our website. Our news has been released through various media, including mobile application and channels for receiving information and complaints from customers, customer airlines, and external organizations/agencies. We also conduct 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 our Chairman of the Board, the Board, President, Corporate Secretary, and Executive Vice Presidents via 4 channels, namely oral/written form, letter, e-mail and website.

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 monitor and assess our 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 our 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 Office of the Internal Audit in accordance with the annual audit plan. In addition, the operational inspection of aviation safety, security, and standards department have been conducted 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, have 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 case of suspected transactions or actions that could cause damage to our performance, such as conflicts of interest, fraud, major irregularity or deficiency in the internal control system, or violation of rules, the head of Office of the Internal Audit will immediately report to the President and the Audit Committee.

At Board Meeting No. 2/2563 of February 28, 2020, attended by 9 independent directors and 4 members of the Audit Committee, it was resolved that our internal controls were regarded as sufficient for our 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, 2019 are detailed as follow:

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)		Terms / Pricing Policy	
			For the year ended December 31, 2019	For the year ended December 31, 2018		
Ministry of Finance (MOF)	<ul style="list-style-type: none"> MOF is the major shareholder of THAI with 51.03% shares. 	1. International loans taken through the MOF consist of: <ul style="list-style-type: none"> Long-term loans <ul style="list-style-type: none"> Outstanding loans Interest expenses Accrued interest expenses Commitment fees/ Accrued commitment fees. 	11,977.44 310.92 128.54 0.00	14,372.18 354.29 154.34 47.59	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"> Short-term loans <ul style="list-style-type: none"> Interest expenses Commitment fees/Accrued commitment fee. 	0.00 0.00	9.02 2.30		The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties.
		2. THAI leased the lands from the Treasury Department.	9.00	5.10		
		3. THAI sold tickets to the MOF. <ul style="list-style-type: none"> Total revenue Account receivable 	0.14 0.16	0.31 0.16		The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Government Savings Bank (GSB)	<ul style="list-style-type: none"> GSB is controlled by the MOF, a major shareholder of THAI. 	1. THAI entered into a committed revolving credit line with GSB, credit limit up to THB 3.5 billion. In 2019, no withdrawal from the credit line. <ul style="list-style-type: none"> Commitment fee Accrued commitment fee 	6.18 2.23	8.40 2.21	The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties.	

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)		Terms / Pricing Policy
			For the year ended December 31, 2019	For the year ended December 31, 2018	
		2. THAI sold tickets, rented out space, and other services to GSB. - Total revenue - Account receivable	7.56 0.47	8.34 1.05	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Export-Import Bank of Thailand (EXIM)	• EXIM is controlled by the MOF, a major shareholder of THAI.	1. THAI entered into a long-term loan agreement with EXIM: - Outstanding loans - Interest expenses - Accrued interests	437.31 11.41 0.02	713.91 16.74 0.11	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 3.0 billion. In 2019, THB 3.0 billion was used and paid up. - Outstanding loans - Commitment fee - Accrued commitment fee - Interest expenses - Accrued interest expenses	0.00 3.49 0.04 45.78 0.00	1,000.00 3.51 0.05 32.40 0.46	The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties.
		3. THAI sold tickets to EXIM. - Total revenue	0.32	0.15	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Islamic Bank of Thailand (IBANK)	• IBANK is controlled by the MOF, a major shareholder of THAI.	1. THAI entered into a long-term loan agreement with IBANK: - Outstanding loans - Interest expenses - Accrued Interests	2,000.00 64.84 5.14	2,000.00 53.68 5.05	The pricing, terms and interest rates are on an arms' length basis and on commercial term as unrelated parties.
		2. THAI entered into a short-term working capital loan agreement with IBANK at THB 2.0 billion. In 2019, THB 2.0 billion was used and paid up. - Interest expenses	25.36	0.00	The pricing, terms and interest rates are on an arms' length basis and on commercial term as unrelated parties.

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)		Terms / Pricing Policy
			For the year ended December 31, 2019	For the year ended December 31, 2018	
Krung Thai Bank Public Company Limited (KTB)	<ul style="list-style-type: none"> MOF controlled via the Bank of Thailand and Financial Institutions Development Fund, which is the major shareholder of KTB. THAI's directors: Mr. Ekniti Nitithanprapas is a Chairman of KTB; Mr. Distat Hotrakitya is a Director of KTB. <p>Note: Mr. Ekniti Nitithanprapas resigned as THAI's Director, effective from November 1, 2019.</p> <p>Mr. Distat Hotrakitya resigned as THAI's Director, effective from July 15, 2019.</p>	1. THAI entered into a committed revolving credit line with KTB credit limit up to THB 3.0 billion. In 2019, the credit line was used and paid up.	- Commitment fee 3.23 - Interest expenses 31.82	7.56 0.00	The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties.
		2. THAI entered into a short-term working capital loan agreement with KTB at THB 3.5 billion.	- Outstanding loans 3,500.00 - Interest expenses 12.11 - Accrued interest expenses 5.26	0.00 0.00 0.00	The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties.
		3. THAI sold debentures to KTB.	- Debenture value 750.00 - Interest expenses 10.60 - Accrued interest expenses 3.38	70.00 0.64 0.64	The pricing, terms, interest rates and commitment fees are on an arms' length basis and on commercial term as unrelated parties.
		4. THAI provided office space rental, ATM space, utilities, and leased line to KTB.	- Total revenue 3.58 - Account receivable 0.33	3.70 0.37	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		5. THAI paid service fees to KTB for cash delivery and debentures distribution fee.	- Total expenses 10.93 - Account payable 0.00	3.98 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 THB)		Terms / Pricing Policy
			For the year ended December 31, 2019	For the year ended December 31, 2018	
Thailand Post Company Limited	<ul style="list-style-type: none"> Thailand Post and THAI have a common major shareholder, namely MOF. THAI's directors: Mr. Rathapol Bhakdibhumi is Chairman of Thailand Post; Mrs. Pratana Mongkolkul was a Director of Thailand Post. <p>Note: Mr. Rathapol Bhakdibhumi retired as THAI's Director on April 26, 2019.</p> <p>Mrs. Pratana Mongkolkul retired as Director of Thailand Post on January 31, 2019.</p>	1. THAI bought postal services, both domestic and international, and postal tools from Thailand Post. - Total expenses - Account payable	1.37 0.00	1.59 0.08	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	1.73 0.14	2.08 0.24	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"> TAT is controlled by the MOF, a major shareholder of THAI. 	1. THAI paid for advertising and sales promotion to TAT. - Total expenses - Account payable	1.51 0.11	1.01 0.26	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	63.47 14.70	52.62 8.90	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 THB)		Terms / Pricing Policy
			For the year ended December 31, 2019	For the year ended December 31, 2018	
MCOT Public Company Limited (MCOT)	<ul style="list-style-type: none"> MCOT and THAI have a common major shareholder, namely MOF. THAI's director: Ms. Sirikul Laukaikul was a Director of MCOT. <p>Note: Ms. Sirikul Laukaikul resigned as MCOT's Director, effective from September 30, 2019.</p>	1. THAI paid for advertising to MCOT. - Total expenses	1.97	3.59	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
PTT Public Company Limited (PTT)	<ul style="list-style-type: none"> PTT and THAI have a common major shareholder, namely MOF. THAI's director: Mr. Danucha Pichayanan is a Director of PTT. <p>Note: Mr. Danucha Pichayanan was appointed as a THAI's Director on April 26, 2019.</p>	1. THAI bought fuel for its aircraft and vehicles from PTT. - Total expenses - Account payable	120.50 0.00	6,463.28 476.58	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	30.64 4.22	46.98 5.63	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"> AOT and THAI have a common major shareholder, namely MOF. 	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	6,432.68 168.15	5,753.57 172.27	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	99.49 18.36	93.44 11.05	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 THB)		Terms / Pricing Policy
			For the year ended December 31, 2019	For the year ended December 31, 2018	
CAT Telecom Public Company Limited (CAT)	<ul style="list-style-type: none"> CAT and THAI have a common major shareholder, namely MOF. 	1. THAI sold debentures to CAT. <ul style="list-style-type: none"> - Debenture value - Interest expenses - Accrued interest expenses 	793.00 14.96 4.79	198.00 4.04 3.67	The pricing, terms and interest rates are on an arms' length basis and on commercial term as unrelated parties.
TOT Public Company Limited (TOT)	<ul style="list-style-type: none"> TOT and THAI have a common major shareholder, namely MOF. 	1. THAI sold debentures to TOT <ul style="list-style-type: none"> - Debenture value - Interest expenses - Accrued interest expenses 	265.00 5.92 1.72	100.00 2.30 0.95	The pricing, terms and interest rates are on an arms' length basis and on commercial term as unrelated parties.
Civil Aviation Training Center (CATC)	<ul style="list-style-type: none"> CATC is controlled by the MOF, a major shareholder of THAI. 	1. CATC provided aviation training for THAI's pilots. <ul style="list-style-type: none"> - Total expenses 	14.95	58.88	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI sold tickets to CATC. <ul style="list-style-type: none"> - Total revenue 	0.18	0.05	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Thai-Amadeus Southeast Asia Company Limited (Subsidiary Company)	<ul style="list-style-type: none"> THAI is the major shareholder of Thai-Amadeus Southeast Asia, with 55% shares. THAI's executive officers: <ul style="list-style-type: none"> Mrs. Suvimol Bualerd is Chairman of Thai-Amadeus Southeast Asia; Mr. Nattapong Samit-ampaipisarn is a Director of Thai-Amadeus Southeast Asia. <p>Note: Mr. Nattapong Samit-ampaipisarn was appointed as a Director of Thai-Amadeus Southeast Asia on May 28, 2019.</p>	1. THAI sold tickets and provided office space and computer rental to Thai-Amadeus Southeast Asia Co., Ltd. <ul style="list-style-type: none"> - Total revenue - Account receivable 	11.02 0.17	20.05 5.96	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 THB)		Terms / Pricing Policy
			For the year ended December 31, 2019	For the year ended December 31, 2018	
Wingspan Services Company Limited (WSC) (Subsidiary Company)	<ul style="list-style-type: none"> THAI is the major shareholder of WSC, with 49% shares and controlling authority. THAI's executive officers: Mrs. Suvimol Bualerd is Chairman of WSC; Ms. Piyanee Sungtong is Vice Chairman of WSC 	1. THAI provided short-term loans to WSC. - Interest income	0.00	1.91	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	1,119.93 298.79 238.86	1,113.89 582.61 279.86	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	4.33 1.00	7.99 4.22	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Thai Flight Training Company Limited (TFTA) (Subsidiary Company)	<ul style="list-style-type: none"> THAI is the major shareholder of TFTA, with 49% shares and controlling authority. THAI's executive officers: Sqn. Ldr. Soradej Namruangsri is Chairman of TFTA, replacing Sqn. Ldr. Pongtorn Thepkanjana. 	1. THAI provided aviation training equipment, office space and equipment rental to TFTA. - Total revenue - Account receivable	20.23 2.58	30.47 4.09	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. TFTA provided flight attendant training to THAI. - Total expenses	0.00	0.05	The pricing is on an arms' length basis and on commercial terms as unrelated parties and according to market price.
	<p>Note: Sqn. Ldr. Pongtorn Thepkanjana retired on September 30, 2019.</p>				

Name of Entities with Potential Conflicts of Interest	Relationship	Type of Transaction	Value (Million THB)		Terms / Pricing Policy
			For the year ended December 31, 2019	For the year ended December 31, 2018	
Tour Eurng Luang Company Limited (Subsidiary Company)	<ul style="list-style-type: none"> THAI holds 49 % shares in Tour Eurng Luang Co., Ltd via WSC and with controlling authority. THAI's executive officer: Ms. Piyanee Sungtong, was appointed as Chairman of Tour Eurng Luang by WSC; Mr. Wiwat Piyawiroj is a director of Tour Eurng Luang <p>Note: Ms. Piyanee Sungtong resigned as Tour Eurng Luang's Director, effective from December 23, 2019</p> <p>Mr. Wiwat Piyawiroj resigned as Tour Eurng Luang's Director, effective from August 14, 2019</p>	1. THAI paid commission fees from the sale of Eurng Luang services to Tour Eurng Luang. - Total expenses	0.11	0.05	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. - Total revenue - Account receivable	47.60 0.33	41.86 7.60	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Thai Smile Airways Company Limited (Subsidiary Company)	<ul style="list-style-type: none"> THAI wholly owns Thai Smile Airways. THAI's executive officers: Mr. Sumeth Damrongchaitham is Chairman of Thai Smile Airways; Mr. Nattapong Samit-ampaipisarn and Mr. Wiwat Piyawiroj are Directors of Thai Smile Airways. <p>Note: Mr. Nattapong Samit-ampaipisarn was appointed as Director of Thai Smile Airways on February 13, 2019.</p>	1. THAI bought Block Space and other services from Thai Smile Airways. - Total expenses - Account payable	7,011.84 0.00	5,041.45 1,837.38	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
		2. THAI provided aircraft rental, ground services, parking space, aircraft insurance premium, boarding passes, pilot training and catering to Thai Smile Airways. - Total revenue - Account receivable	9,328.93 5,486.27	9,543.60 9,465.45	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 THB)		Terms / Pricing Policy
			For the year ended December 31, 2019	For the year ended December 31, 2018	
Don Mueang International Airport Hotel Company Limited (Associated Company)	<ul style="list-style-type: none"> THAI holds 40% shares in Don Mueang International Airport Hotel. THAI's executive officers: Mr. Wiwat Piyawiroj is Chairman of Don Mueang International Airport Hotel; Mrs. Suvimol Bualerd and Mr. Krittaphon Chantalitanon are Directors of Don Mueang International Airport Hotel; Mr. Kritbodi Indharachote is a Director of Don Mueang International Airport Hotel, replacing Mr. Surachai Piencharoensak. <p>Note: Mr. Surachai Piencharoensak retired on September 30, 2019.</p> <p>Mr. Krittaphon Chantalitanon completed his term as THAI's executive officer on December 20, 2019.</p> <p>Mr. Kritbodi Indharachote was appointed as a Director of Don Mueang International Airport Hotel on December 11, 2019</p>	<p>1. THAI bought hotel rooms for its passengers from Donmuang International Airport Hotel.</p> <p>- Total expenses</p>	0.10	0.02	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 THB)		Terms / Pricing Policy
			For the year ended December 31, 2019	For the year ended December 31, 2018	
Bangkok Aviation Fuel Services Public Company Limited (BAFS) (Associated Company)	<ul style="list-style-type: none"> THAI holds 22.59% shares in BAFS. THAI's executive officers: Mr. Nattapong Samit-ampaipisarn and Mr. Surachai Piencharoensak are Directors of BAFS; Sqn. Ldr. Soradej Namruangsri is a Director of BAFS, replacing Sqn. Ldr. Pongtorn Thepkanjana. <p>Note: Sqn. Ldr. Pongtorn Thepkanjana and Mr. Surachai Piencharoensak retired on September 30, 2019.</p> <p>Mr. Nattapong Samit-ampaipisarn was appointed as Director of BAFS on May 28, 2019.</p>	1. THAI bought Jet fuels from BAFS. - Total expenses	362.57	354.43	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	0.01	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"> THAI holds 30% shares in PACCO. 	1. THAI bought catering services from PACCO. - Total expenses - Account payable	125.92 0.00	133.28 2.34	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	0.29 0.01	1.50 0.04	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 THB)		Terms / Pricing Policy
			For the year ended December 31, 2019	For the year ended December 31, 2018	
Suvarnabhumi Airport Hotel Company Limited (Associated Company)	<ul style="list-style-type: none"> THAI holds 30% shares in Suvarnabhumi Airport Hotel. THAI's executive officer: Ms. Piyanee Sungtong is a Director of Suvarnabhumi Airport Hotel 	1. THAI bought hotel rooms for its passengers from Suvarnabhumi Airport Hotel. - Total expenses - Account payable	26.03 0.00	19.65 1.62	The pricing is on an arms' length basis and on commercial terms as unrelated parties.
Nok Airlines Public Company Limited (Associated Company)	<ul style="list-style-type: none"> THAI holds 15.94% shares in Nok Airlines. THAI's director: Mr. Rathapol Bhakdibhumi is a Director of Nok Airlines THAI's executive officers: Mr. Sumeth Damrongchaitham and Mr. Wiwat Piyawiroj are Directors of Nok Airlines <p>Notes: Mr. Rathapol Bhakdibhumi retired as THAI's Director, effective from April 26, 2019</p>	1. THAI paid for ground service equipment at Ubon Ratchathani and engineering licenses to Nok Airlines. - Total expenses - Account payable	1.16 0.00	3.83 0.24	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. - Total revenue - Account receivable	176.40 56.44	190.18 56.82	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 THB)		Terms / Pricing Policy
			For the year ended December 31, 2019	For the year ended December 31, 2018	
Aeronautical Radio of Thailand Limited (AEROTHAI) (Joint-Venture Company)	<ul style="list-style-type: none"> AEROTHAI and THAI have a common major shareholder, namely MOF. THAI holds 0.87% shares in AEROTHAI. THAI's executive officer: Sqn. Ldr. Soradej Namruangsri is a Director of AEROTHAI, replacing Sqn. Ldr. Pongtorn Thepkanjana. <p>Note: On October 28, 2019, Sqn. Ldr. Soradej Namruangsri was appointed as Director of AEROTHAI, Sqn. Ldr. Pongtorn Thepkanjana, retired on September 30, 2019.</p>	1. THAI bought navigation services and rented communication equipment from AEROTHAI. - Total expenses - Account payable	1,388.29 115.32	1,544.23 128.39	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. - Total revenue - Account receivable	0.20 0.05	2.02 1.19	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 utility services such as electricity, water, and telephone in the amount of THB 48.53 million for the year ended December 31, 2019 with outstanding balance of THB 0.43 million as of December 31, 2019.

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		
		2019	2018	2017
Statement of Income				
Total Revenues*	(Million THB)	188,954	200,586	190,535
Total Expenses	(Million THB)	199,989	212,192	193,430
Loss before Income Tax Expense	(Million THB)	(11,035)	(11,606)	(2,895)
Loss attributable to owner of the parent	(Million THB)	(12,043)	(11,625)	(2,107)
Net Loss	(Million THB)	(12,017)	(11,569)	(2,072)
Balance Sheets				
Total Assets	(Million THB)	256,665	268,721	280,775
Total Liabilities	(Million THB)	244,899	248,265	248,762
Shareholders' Equity	(Million THB)	11,766	20,456	32,013
Shares				
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)	(5.52)	(5.33)	(0.97)
Dividend per Share	(THB)	-	-	-
Financial Ratios				
Net Profit (Loss) to Total Revenues ⁽¹⁾	(%)	(6.5)	(5.8)	(1.1)
Return on Total Assets ⁽²⁾	(%)	(2.5)	(2.6)	0.7
Return on Equity ⁽³⁾	(%)	(74.6)	(44.1)	(6.3)
Interest-Bearing Debt to Equity ⁽⁴⁾	(Times)	12.5	7.4	5.0

Note: ⁽¹⁾ Net Profit (Loss) to Total Revenues = Net Profit (Loss) / Total Revenues
(excluding gain on foreign currency exchange and gain on change in ownership interest)

⁽²⁾ Return on Total Assets = Profit (Loss) before Interest and Tax / Average Total Assets

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

⁽⁴⁾ 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 and gain on change in ownership interest

Five-Year Financial Summary

		2019	2018	2017	2016	2015
Number of Aircraft	(Aircraft)	103	103	100	95	95
Flight Hours	(Block Hours/Year)	420,723	423,209	409,024	388,727	374,831
Available Ton-Kilometers	(Million Ton-Kilometers)	13,016	13,397	12,982	12,103	11,883
Revenue Ton-Kilometers ⁽¹⁾	(Million Ton-Kilometers)	9,367	9,788	9,631	8,451	8,249
Load Factor	(%)	72.0	73.1	74.2	69.8	69.4
Number of Passengers	(Thousand Passengers)	24,511	24,319	24,562	22,262	21,249
Available Seat-Kilometers	(Million Seat-Kilometers)	90,622	93,131	90,498	85,042	83,479
Revenue Passenger-Kilometers	(Million Seat-Kilometers)	71,695	72,315	71,634	62,442	60,893
Cabin Factor	(%)	79.1	77.6	79.2	73.4	72.9
Available Dead Load Ton-Kilometers ⁽¹⁾	(Million Ton-Kilometers)	3,950	4,054	3,832	3,591	3,514
Revenue Freight Ton-Kilometers	(Million Ton-Kilometers)	2,127	2,465	2,377	2,132	2,091
Freight Load Factor	(%)	53.8	60.8	62.0	59.4	59.5
Number of Personnel	(Persons)	21,367	22,054	22,370	21,998	22,864
Profit (Loss) before Tax	(Million THB)	(11,035)	(11,606)	(2,895)	(1,417)	(14,116)

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.

⁽¹⁾ 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.

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

The 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 2019 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 internal control system and risk management system. 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, 2019, 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 those financial statement.

Air Chief Marshal



(Chaiyapruk Didyasarin)
Chairman



(Mr. Sumeth Damrongchaitham)
President

Management's Discussion and Analysis



THAI received 2 Skytrax Awards in 2019 for the World's Best Airline Lounge Spa for 5 consecutive years and the Best Airline Staff in Asia. THAI has also been ranked as World's Top 10 Airlines of 2019.



Management's Discussion and Analysis for the year ended December 31, 2019 for Thai Airways International Public Company Limited and Its Subsidiaries

1. Executive Summary

The global economy in 2019 was likely to continue to slow down due to the impact of the trade war between U.S. and China affecting global investment trends and confidence in the manufacturing and export sectors.

Besides widespread of economic and politics uncertainty throughout the world such as government instability in the Eurozone, conflict between India and Pakistan, protest in Hong Kong, these upstretched concerns

about the global economy and finances. However, crude oil prices, whose movements were around the average of 63.5 USD per barrel, which is 8.5% lower than the previous year were still a positive factor.

Thai economy in 2019 indicated significant emblems of a slowdown in the export sector due to the instability of the global economy along with the impact of the trade war between the U.S. and China. In addition, the appreciation of Thai Baht compared with major trading partners affected both the export and tourism sectors in Thailand. Nonetheless, there were still supporting factors from the tourism sector that continued to expand as the government continues to use aggressive tourism stimulation measures by exempting Visa on Arrival fees for 21 foreign tourists resulting the number of foreign tourists entering Thailand in the year 2019 is 39.8 million, an increase of 4.2% from the previous year. Top 5 with the most growth of international tourists in 2019 were India, Philippines, Taiwan, Laos, and Indonesia respectively. However, Chinese tourists which accounting for 27.6 % of all tourists that started to expand from July to November 2019, an average of 20.5 %, but in December 2019 only grew 1.5 % due to the outbreak of the COVID-19 virus, which is expected to have a continuous impact until the first quarter of 2020.

According to the data from International Air Transport Association-IATA indicated traffic production and traffic demand in 2019 increased by 3.4% and 4.2%, respectively. These data showed a strong signal of slowdown condition from last year. It was the first year since the global financial crisis that traffic demand was lower than the long-term growth trend of 5.5% due to the impact of the global economic downturn which condensed business confidence amid international trade tensions. However, the increased traffic production was lower than the traffic demand resulting in an average cabin factor of 82.6%, which set a new record high. For the freight in general, it definitely decreased from the previous year. The freight traffic was 3.3% lower than the previous year and was probably the lowest decline for the first year since 2012 due to the impact of the international trade war resulting in cargo being reduced while freight production was 2.1% higher than the previous year. Freight load factor was 46.7%. IATA also estimated that in 2019, airline

business would still ensure a profit; however lower than the previous year. Moreover, airlines still confronted high cost conditions, both fuel and personnel, while the average rounded-trip fare decreased. In addition, there were abundant low-cost airlines in the market creating excess supply resulting in intense price competition.

The aviation industry in Thailand in 2019 grew but at a slower pace which was in line with the global and Thai economic conditions. Along with the appreciation of Thai Baht affected the cost of traveling to Thailand increased, it triggered some tourists to change their travel plan to other destinations while the traffic production expanded resulting in intensifying price competition. It has been estimated that extreme fare competition will continue throughout year 2020 causing trend of average passenger yield will be declined.

In 2019, THAI has continued to implement its 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) aggressive revenue and compatible cost structure, 2) efficiency development and seeking out for new opportunity, 3) building pleasure experience for customer, 4) working with innovation and digital applications, and 5) effective human resource management.

Due to the negative matters affecting the aviation industry in the world and Thailand, resulting in performance of the first half of the year did not reach the target, THAI had therefore prepared an urgent transformation plan until the end of 2019 consisting of 3 operational guidelines: increasing revenue and cost management program aimed to reduce and rigidly control costs as well as improving operation efficiency by taking action in parallel with the implementation of the operational plan in accordance with the above main strategies.

In 2019, there were other significant implications. Details as follows:

- Review of 38 aircraft acquisition plan in the 2019-2026 aircraft acquisition program, in which the Board of Directors agreed to replace the

17 aircraft that were retired in accordance with the changing financial structure and current environment. At this time, the Management was in the process of reviewing aircraft acquisition plan with careful consideration for the ability to grow sustainably without a long-term financial burden.

- Implementation of the U-Tapao maintenance and overhaul (MRO) Project, THAI, as the project owner, had already submitted the selection documents to private investors wishing to invest in December 2019, by submitting the proposal to Joint venture by March 6, 2020 and will enter the process of document review and evaluation by the selection committee.
- Integration of THAI and ThaiSmile by using management principles “Brother-Sister” with the merger of plans in all sectors, especially in the sales and flight planning, which focuses on THAI as more sales expertise step into and with more supports. THAI changed its role as the policy maker in both direction and selling strategy on all flights of THAISmile which began in March 2019 onward under “Block space concept” for enhancing overall performance.
- Revenue management, sales, and marketing management by implementing personalized customer strategy, focusing on generating ancillary revenue such as revenue from preferred seat and increasing revenue in non-aviation businesses such as catering. Simultaneously, THAI accelerated digital marketing by using big Data and data analytic tools for market analysis to increase online sales including selling products online by additional collaborating with strategic partners who are in the markets.
- Program changes in mileage accrual in order for Royal Orchid Plus card members to be able to accumulate miles to redeem rewards easily and quickly including changing the big prize redemption schedule in 25 years in order to comply with the leading airline mileage programs. The new prize table were started from October 1, 2019 onwards.

- In January 2019, Nok Airlines PCL. offered 908.80 million ordinary shares with a par value of 1 Baht each at a price of 2.75 Baht per share and registered the capital increase on February 13, 2019. However, THAI did not exercise the right to purchase such shares because considering that the future business plan is not clear enough and not in accordance with the objectives of THAI causing the shareholding proportion of the company In Nok Airlines PCL., decreasing from 21.80% to 15.94% and recognizing gain on change in ownership interest amount of THB 273 million.
- Continuously sell decommissioned aircraft, in 2019 there were transfer of ownership of 6 aircraft, including 5 Airbus A330-300 and 1 Boeing B747-400.
- Controlling and reducing costs by cutting unnecessary expenses and reduce the remuneration of Executives and the Board of Directors voluntarily, and so forth.
- On April 26, 2019, the 2019 Annual General Meeting of Shareholders had a resolution to approve transferring of legal reserve, amount of THB 2,691million and premium on ordinary shares, amount of THB 25,546 million which calculated these items in the total amount of THB 28,237 million for compensating the deficits as of December 31, 2018, the amount of THB 28,533 million. Consequently, the remained deficits totaled THB 296 million.

As of January 1, 2019, THAI had a loss carried forward of THB 28,533 million after the adjustment of the effect of the adoption of Thai Financial Reporting Standard No.15 in the amount of THB 2,159 million. The remaining accumulated loss amounted to THB 26,374 million. THAI also transferred its THB 2,691 million of legal amount and THB 23,683 million of premium on ordinary shares to compensate the accumulated loss causing deficits brought forward as at January 1, 2019, remaining to 0 and the remaining premium on ordinary shares was THB 1,863 million. Such actions was not affecting total amount of the shareholders’ equity whatsoever, whereby THAI also recorded the said transfer items in the first quarter of 2019. The details indicated in Note 8.23 to the Financial Statement.

- Improved the quality of service by renovating and expanding the Royal Orchid Prestige Lounge at Suvarnabhumi airport under the Ecology Green Mood Concept which aside from being outstanding in convenience and unique Thai. Passengers can feel like resting in the midst of nature which will be able to support the needs and the volume of passengers coming to use the service more with complete facilities for passengers to receive maximum satisfaction before traveling which opened for service on October 21, 2019

As a result of the success of continuous service improvement causing THAI to continue to receive two Skytrax Awards for the World's Best Airline Lounge Spa for five consecutive years and the Best Airline Staff in Asia that recognizes the combined customer experience of airline staff service on ground at airports and on board flights. THAI was also honored the TTG Travel Hall of Fame for the 4 consecutive times after winning the Best South East Asian Airline Award at the TTG Travel Award for 10 consecutive years. THAI also received Asia Pacific Most Outstanding Airline 2019-2020 from Now Travel Asia. In addition, THAI Smile won the Best Boutique Airline award. Thai Smile Airlines also received the grand prize from Trip Advisor for 3 consecutive years, including Best Airline in Thailand and Travelers' Choice Regional Airlines in Asia.

In 2019, THAI and its subsidiaries had total 103 active aircrafts, unchanged from last year. There were 90 serviceable aircraft excluding the grounding of the aircraft for maintenance according to the normal maintenance schedule, lower than last year's 92 aircraft partly due to the impact of the Rolls-Royce Trent 1000 engine from the previous year although the last B787-8 aircraft, which has been repaired due to the engine problem, has returned to normal operation since August 2019. Aircraft utilization was 11.9 hours, which was lower than 12.0 hours of last year. Production traffic (ASK) decreased by 2.7% due to the flight reduction in Australia route: Bangkok-Sydney and Bangkok-Brisbane in November 2018 and flight termination: Bangkok-Tehran since March 1, 2018 but unable to increase flight due to engine problems. Moreover, on February 27, 2019, THAI must have been temporary canceled

its round-trip flight from Bangkok-Lahore and Bangkok-Islamabad due to the Islamic Republic of Pakistan announced the closure of the airspace and resumed to normal operation from August 1, 2019 onwards. Passenger traffic (RPK) decreased by 0.9%. Average cabin factor was 79.1% higher than last year's 77.6% with 24.51 million passengers carried representing a 0.8% higher than last year. Available Dead Load Ton-Kilometers (ADTK) and Revenue Freight Ton-Kilometers (RFTK) were 2.6% and 13.7% lower than last year, respectively due slowdown of export sector and trade war between U.S. and China resulting average freight load factor was 53.8%, lower than last year's 60.8%.

In 2019, THAI was affected by various negative factors, including the impacts from the global economic slowdown, trade war between the U.S. and China, natural disaster, the strongest Baht appreciation in the last 6 years, strong fare competition, and the recognition of compensation according to the State Enterprise Labor Relations Committee announcement increased from 300 days to 400 days. Total revenue of THB 184,046 million, lower than the previous year THB 15,454 million or 7.7%. Also, these complications and violent competition were hurt both passenger and freight traffic. As a result, revenue from passenger and freight decreased by THB 15,767 million (8.6%). Total expenses were THB 196,470 million, lower than the previous year by THB 12,088 million (5.8%). The main reason was due to the reduced fuel cost by THB 5,421 million (9.0%) due to 8.2% decrease in average jet fuel prices. Non-fuel operating expense decreased from the previous year by THB 6,580 million (4.6%). The main reason was due to the adjustment of vacation compensation expenses, annual holidays which were not used within 3 years as stipulated by the company regulations, which were recognized as expenses in the financial statements for the year 2015-2018 for a total of approximately THB 1,261 million, changing in the estimate residual value of aircraft and spare engines from 10% to 6% resulting increase of depreciation by recording the impact of aircraft that have been fully depreciated for 20 years in the year 2018 in the amount of THB 1,279 million while other operating expenses declined due to the reduction of traffic production

resulted in THAI and its subsidiaries reported operating losses of THB 12,424 million, more loss than last year by THB 3,366 million (37.2%).

This year, THAI and its subsidiaries had one-time expenses consisted of

- Estimated service compensation in the amount of THB 2,689 million. THAI recognized additional compensation according to State Enterprise Labor Relations Committee announcement regarding minimum standards of employment conditions in a state enterprise (No.4) announced to set the maximum severance pay rate at 400 days of the employee's latest wage rate for an employee who has worked for 20 consecutive years or more, effective on September 30, 2019.
- Gain on change in ownership interest in NOK Airlines PCL., amount to THB 273 million resulting from the dilution of THAI's shareholding in Nok Airlines PCL. from 21.80% to 15.94% in the first quarter of 2019.
- Impairment loss of assets and aircraft, amount of THB 634 million and
- Gain on foreign currency exchange was THB 4,439 million consisted of THB 2,243 million unrealized gain and realized gain of THB 2,196 million.

Consequently, THAI and its subsidiaries reported the net loss of THB 12,017 million which was higher loss than last year of THB 448 million (3.9%). Loss attributable to owners of the parent amounted to THB 12,042 million. Loss per share was THB 5.52 per share, THB 0.19 or 3.6% more loss than last year.

EBITDA was THB 8,804 million, which decreased by THB 5,690 million (39.3%) over last year. EBITDA margin was 4.8%, as compared to last year's reported 7.3%.

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

Adoption of new Thai Financial Reporting Standard

According to the announcement of the Thai Financial Reporting Standard No.15, subject to revenue from contracts with customers effective for the financial statements that have a reporting period beginning on or after January 1, 2019 onwards, resulting in revenue recognition in passenger patents and mileage rights which must be measured and recognized, changes in the probability that passengers who do not exercise rights and estimate fair value valuation of individual sale affecting the recognition of items in the past until December 31, 2018 affected the recognition of the past transactions which THAI adjusted these obligations indicated in current liability as unearned transportation revenue in the total amount of THB 2,159 million matched with recognition of the beginning retained earnings and the impact in the third quarter and the nine months of 2019. The details indicated in Note 6 to the Financial Statement.

The consolidated financial statements for 2019 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 Eurng Luang Co., Ltd., and 5) ThaiSmile Airways Co., Ltd.

Financial Performance: THAI and its subsidiaries

Unit : Million Baht	Jan - Dec			
	2019	2018	Variance	
			MTHB	%
Total operating revenues	184,046	199,500	-15,454	-7.7
- Passenger and excess baggage revenue	149,044	160,255	-11,211	-7.0
- Freight and mail revenue	17,784	22,340	-4,556	-20.4
- Revenue from other activities	13,452	13,370	+82	+0.6
- Other income	3,766	3,535	+231	+6.5
Total operating expenses	196,470	208,558	-12,088	-5.8
- Fuel and oil	54,675	60,096	-5,421	-9.0
- Non-fuel operating expenses	137,550	144,130	-6,580	-4.6
- Net finance cost	4,245	4,332	-87	-2.0
Operating loss	(12,424)	(9,058)	-3,366	-37.2
<u>Less</u> Estimate service compensation (400 days)	2,689	-	+2,689	-
<u>Add</u> Gain on change in ownership interest	273	-	+273	-
<u>Less</u> Impairment loss of assets and aircraft	634	3,459	-2,825	-81.7
<u>Add</u> Gain on foreign currency exchange	4,439	911	+3,528	+387.3
Loss before income tax	(11,035)	(11,606)	+571	+4.9
Net loss	(12,017)	(11,569)	-448	-3.9
Loss attribute to owners of the parent	(12,042)	(11,625)	-417	-3.6
Net loss per share (THB)	(5.52)	(5.33)	-0.19	-3.6
Significant operating data				
EBITDA (MTHB)	8,840	14,494	-5,690	-39.3
Number of passengers (Million)	24.51	24.32	+0.19	+0.8
Available Seat-Kilometers (Million)	90,622	93,131	-2,509	-2.7
Revenue Passenger-Kilometers (Million)	71,695	72,315	-620	-0.9
Cabin factor (%)	79.1	77.6	+1.5	+1.5
Passenger yield (THB/RPK)	2.04	2.19	-0.15	-6.8
Available Dead Load Ton-Kilometers (Million)	3,950	4,054	-104	-2.6
Revenue Freight Ton-Kilometers (Million)	2,127	2,465	-338	-13.7
Freight load factor (%)	53.8	60.8	-7.0	-7.0
Freight carried (Ton)	587,953	685,244	-97,291	-14.2
Freight Yield (THB/RFTK)	7.84	8.51	-0.67	-7.9
Number of aircraft (As of December 31) (Aircraft)	103	103	-	-
Flight hours (Hours)	420,723	423,209	-2,486	-0.6
Aircraft utilization (Hours/Aircraft/Day)	11.9	12.0	-0.1	-0.8
Average foreign currency exchange rate				
1 USD : THB	31.0476	32.3107	-1.2631	-3.9
1 EUR : THB	34.7548	38.1513	-3.3965	-8.9
100 JPY : THB	28.4806	29.2571	-0.7765	-2.7
Average jet fuel price (USD/BBL)	84.04	91.56	-7.52	-8.2

Note : 1) EBITDA = Total Revenue (Exclude gain/loss on foreign currency and gain on change in ownership interest) - Total Expenses (exclude finance cost, tax, depreciation and amortization, estimate service compensation, and impairment loss of assets and aircraft)

Revenues of Thai Airways International PCL. and its subsidiaries

For the year 2019, total revenues decreased by THB 15,454 million (7.7%) from the same period last year with details as follows:

- Passenger and excess baggage revenue**

Passenger and excess baggage revenue were THB 149,044 million, decreased by THB 11,211 million (7.0%) since

- Passenger traffic (Revenue Passenger-Kilometers - RPK) decreased by 0.9% or approximately THB 1,360 million in almost all routes. The traffic decreased especially in Australia, Europe, and domestic routes but increased in Northern, Southern including

routes operated by ThaiSmile. Production traffic (Available Seat-Kilometers: ASK) decreased by 2.7% resulting average cabin factor was 79.1% compared to last year's 77.6%.

- Average passenger yield (including fuel and insurance surcharge) was 2.04 THB/RPK, decreased by 0.15 THB/RPK (6.8%) or roughly THB 10,754 million resulting from the appreciation of Thai Baht against the major revenue currencies: Japanese Yen, Euro Dollar, Australian Dollar, and US Dollar partially affected less revenue by 0.09 THB/RPK (4.1%) or THB 6,693 million. When excluding such effect, the approximate passenger yield decreased by 2.7% or approximately THB 4,302 million.

Passenger operation performance classified by region: THAI and its subsidiaries

	Variance (%)		Cabin Factor (%)	
	ASK	RPK	2019	2018
Regional	-0.2	+2.1	76.9	75.2
Intercontinental	-4.7	-3.5	81.7	80.6
Domestic	-6.3	-2.3	78.5	75.3

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

Unit : Million Baht	2019	2018	Variance	
			MTHB	%
Passenger and excess baggage revenue				
Regional	82,484	87,053	-4,569	-5.2
Intercontinental	55,666	61,221	-5,555	-9.1
Domestic	10,507	11,231	-724	-6.4
Non-schedule flight	387	750	-363	-48.4
Total Passenger and excess baggage revenue	149,044	160,255	-11,211	-7.0

- *Regional passenger* and excess baggage revenue amounted to THB 82,484 million, a decrease of THB 4,569 million (5.2%) since THAI decreased traffic production by 0.2% due to cancellation its flights flying in the round-trip route Bangkok-Lahore and Bangkok-Islamabad from the closure of the Pakistan airspace. Passenger traffic increased by 2.1% resulting from the severe recession in Chinses tourists during the first half of 2019 though the situation was relieved during July - November, 2019. However, in December the tourism condition was going worse since the outbreak of the COVID-19 virus as well as the protest in Hong Kong and other negative issues which apparently affected the traffic demand. Moreover, the intense competition in Regional route from low cost carriers in terms of more flight frequencies and destinations caused lower average passenger yield by 7.5%. Cabin factor increased from 75.2% last year to 76.9% this year. This year THAI had added a new destination to Sendai, Japan since October 29, 2019 while ThaiSmile had stopped its route to Guangzhou since February 19, 2019.
- *Intercontinental passenger* and excess baggage revenue amounted to THB 55,666 million, a decrease of THB 5,555 million (9.1%) since THAI decreased traffic production by 4.7% due to the frequency adjustment in Australia routes. Passenger traffic decreased by 3.5% resulting cabin factor improved from 80.6% in 2018 to 81.7% this year while average yield reduced by 6.5% from last year due to the appreciation of Thai Baht against Euro Dollar and Australian Dollar and the harsh competition from Middle-East airlines which ruthlessly impacted the industry.
- *Domestic passenger* and excess baggage revenue amounted to THB 10,507 million, a decrease of THB 724 million (6.4%) since production traffic decreased by 6.3% resulting partially from cancellation its operation in Bangkok-Samui route since September 3, 2018. By the way, THAI continued to serve the demand of this route by signing the code share agreement with

Bangkok Airways on all flights of this route. Passenger traffic decreased by 2.3% while yield decreased by 4.8% resulting from high market penetration from Low Cost Carriers using the discount fare as the strategy to expand their market shares. As a result, cabin factor was 78.5% higher than last year's 75.3 %.

- **Freight and mail revenue**

Freight and mail revenue were THB 17,784 million, decreased by THB 4,556 million (20.4%) because freight traffic (Revenue Freight Ton-Kilometers: RFTK) decreased by 13.7% or around THB 2,876 million from the dwindling export sector resulting from global economic recession, US-China trade war, the protest in Hong Kong, and the closure of the Pakistan airspace which forced THAI to divest its regular course resulting THAI had to reserve more fuel for each operate flight to Europe. For this difficulty caused less cargo payload. Average freight yield (including fuel and insurance surcharge) was 7.84 THB/RFTK, a decrease of 0.67 THB/RFTK (7.9 %) or around THB 1,425 million. Such reduction was partly from the appreciation of Thai Baht. When exclude foreign exchange impact, the average yield decreased approximately by 0.44 THB/RFTK (5.2%) or THB 941 million. Average freight yield was lower than last year by 2.7% or around THB 490 million resulting from price competition to compete with limited markets. As the result, average freight load factor was 53.8% fell from 60.8% of the previous year, but higher than the industry average of 46.7%.

- **Other income**

Other income was THB 3,766 million, increased by THB 231 million (6.5%) mainly due to the adjustment item: passenger airport tax liability which is a part of ticket fare collected from passenger before 2016 was adjusted to be other revenue since no obligation for refunding to the airports in each country based on assumptions from past data that have not been charged for more than 3 years since the day had recorded this liability. The details indicated in Note 4.1 to the Financial Statement.

Expenses for Thai Airways International PCL. and its subsidiaries

Total expenses for 2019 was THB 196,470 million, decreased by THB 12,088 million (5.8%) from the same period last year. A summary of operating expenses is as follows:

- **Fuel and oil expense**, amount of THB 54,675 million or represented 27.8% of total expenses, decreased by THB 5,421 million (9.0%) due to 8.2% decreasing
- **Non-fuel operating expense** was THB 137,550 million, decreased by THB 6,580 million (4.6%) as the following details:

of average jet fuel price compared to the same period last year. Moreover, the appreciation of Thai Baht against US dollars to somewhat caused the lower expense in Baht term. In 2019, THAI had fuel hedging loss THB 981 million while last year THAI gained THB 1,899 million

Unit : Million Baht	Jan - Dec					
	2019	% of Total Expense	2018	% of Total Expense	Variance	
					MTHB	%
Expense						
Employee benefit expenses	28,483	20.7	30,875	21.4	-2,392	-7.7
Flight service expenses	21,058	15.3	22,165	15.4	-1,107	-5.0
Crew expenses	6,242	4.6	5,630	3.9	+612	+10.9
Aircraft maintenance and overhaul costs	19,322	14.0	20,088	14.0	-766	-3.8
Depreciation and amortization expenses	16,787	12.2	19,045	13.2	-2,258	-11.9
Lease of aircraft and spare parts	15,029	10.9	15,017	10.4	+12	+0.1
Inventories and supplies	9,101	6.6	9,111	6.3	-10	-0.1
Selling and advertising expenses	10,637	7.7	10,843	7.5	-206	-1.9
Insurance expense	628	0.5	590	0.4	+38	+6.4
Other expenses	10,040	7.3	10,243	7.1	-203	-2.0
Share of loss of associates	223	0.2	523	0.4	-300	-57.4
Non-fuel Expense	137,550	100.0	144,130	100.0	-6,580	-4.6

Summary of significant changes in expense. Details as follows:

- Employee benefits expenses consisting of personnel expense, employee benefits, management benefits and board of directors' benefits totaled THB 28,483 million decreased by THB 2,392 million (7.7%) since the adjustment of the annual vacation compensation expenses that were not used within 3 years as stipulated by the company regulations which was recognized as an expense together with accrued expenses in the financial statements for the year 2015-2018, totaling approximately THB 1,261 million. The details indicated in Note 4.2 to the Financial Statement. When excluded the above items, personnel expenses would be lower than the previous year by THB 1,131 million because there was not recording accrued compensation for annual vacation this year and reserved for employee benefit expenses which decreased. In addition, flight pay expenses decreased resulting from the change in pilot's per diem calculation which reduced the pilot's overtime.
- Flight related expenses consisted of flight service expenses and inventories and supplies totaled

THB 30,159 million, decreased by THB 1,117 million (3.6%) due to the appreciation of Thai Baht against the major currencies of expenses benefited the lower expenses around THB 1,183 million. When excluded such F/X effect, flight related expenses increased by THB 66 million though traffic production decreased. The incrementing expensed were from the rise of navigation fee due to the closure of the Pakistan airspace and consumable spare part due to schedule overhaul.

- Crew expenses totaled THB 6,242 million, increased by THB 612 million (10.9%) due to the change of pilot's per diem calculation effective since January 1, 2019 aimed to solve the problem of resigning pilots by improving the pilot compensation system to equal the industry and to allow the pilots to arrange the flight schedule and to manage the pilots effectively which resulted in an increase in pilots' per diem of THB 840 million, but reduced the pilot's overtime.
- Aircraft maintenance and overhaul costs totaled THB 19,322 million, decreased by THB 766 million (3.8%) mainly from the lower overhaul cost in Life Limited Part of TRENT800 engines. However, the appreciation of Thai Baht against US Dollar benefited the lower such costs.
- Lease of aircraft and spare parts and depreciation and amortization expenses totaled THB 31,816 million, decreased by THB 2,246 million (6.6%). Details as follow
 - Lease of aircraft and spare parts increased by THB 12 million (0.1%) mainly from the delivery of 3 operating lease aircraft: Airbus A350-900 in January, February and March of 2018 respectively. and lease of 5 spare engines: 2 TRENT800 and 3 TRENT XWB which increased from last year.

However, the appreciation of Thai Baht against US Dollar benefited the partially lower cost by THB 419 million.

- Depreciation and amortization decreased by THB 2,258 million (11.9%) due to the change in residual value of aircraft and spare engine by recognizing depreciation of 20 years old aircraft which accumulated in the year 2018 by THB 1,279 million. When excludes those items, depreciation and amortization would decrease by THB 979 million resulting from the fully depreciated aircraft, aircraft seat and other assets.
- Share of loss of associates were THB 223 million decreased by THB 300 million (57.4%) from last year. The details as follow:
 - Nok Airlines PCL's amount of THB 496 million losses, less loss from last year's by THB 372 million.
 - Bangkok Aviation Fuel Services PCL's amount of THB 218 million profits, less profit from last year's by THB 32 million.
 - Suvarnabhumi Airport Hotel Co., Ltd.'s amount of THB 29 million profits, less profit from last year's by THB 9 million.
 - Donmuang International Airport Hotel Co., Ltd.'s amount of THB 15 million profit, less profit from last year's by THB 9 million.
 - Phuket Air Catering Co., Ltd.'s amount of THB 11 million profits, less profit from last year's by THB 9 million.
 - Royal Orchid Hotel (Thailand) PCL's amount of THB 13 million less profit than last year's since the sale of the whole amount of shares and transferred the ownership's rights to buyer on April 23, 2018.



- **Net finance cost** amounted to THB 4,245 million, a decrease of THB 87 million (2.0%) mainly due to the baht appreciation against the major currencies of long-term debt, including Euro Dollar, Japanese yen and US dollar. When excluded such F/X effect, interest expenses when translate to Baht term causing less payment by THB 102 million. Finance costs would increase slightly, mainly due to increased interest expenses for short-term loans during the period. However, interest expenses for long-term loans decreased from the declining interest rates throughout the year 2019.

Estimated service compensation for employees.

On September 26, 2019, State Enterprise Labor Relations Committee announcement regarding minimum standards of employment conditions in a state enterprise (No.4) announced in the Royal Thai Government Gazette that “the maximum severance pay rate is set at 400 days of the employee’s latest wage rate for an employee who has worked for 20 consecutive years or more. The employee is entitled to receive compensation of not less than 400 days at the employee’s last wage rate and effective on September 27, 2019. Hence, it is effective to retire employee since September 30, 2019. This change is considered a post-employment benefits plan amendment, and results in an increase of THB 2,689 million in employee benefits. The Company has recorded the effect by recognizing as expenses in the statement of comprehensive income. The details indicated in Note 8.19 to the Financial Statement.

Impairment loss of assets and aircraft was THB 634 million, a decrease of THB 2,825 million (81.7%) with the following details:

- Impairment loss of aircraft totaled THB 456 million, THB 2,694 million lower than last year. This year impairment loss comprised of 15 aircraft which were of 1 Airbus A300-600, 4 Airbus A330-300, 3 Airbus A340-500, 2 Airbus A340-600, 3 Boeing B737-400, and 2 Boeing B747-400 aircraft, totaled THB 381 million and the provision for impairment loss for 10 engines totaled THB 75 million. It should be noted that last year’s impairment loss of aircraft were 19 aircraft with the amount of 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 178 million, decreased by THB 131 million due to lower reserve for damaged rotatable spare parts which were unrepairable from last year.

Gain on foreign currency exchange was THB 4,439 million consisted of THB 2,243 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 and Japanese Yen, as of December 31, 2019 when compared to the end of year 2018 and realized gain of THB 2,196 million.

In 2019, EBITDA was THB 8,804 million, decreased by THB 5,690 million (39.3%) from last year. EBITDA margin was 4.8% which decreased from last year’s where reported 7.3%.

3. Financial Position and Liquidity

Capital Expenditures

Unit : Million Baht	Jan - Dec	
	2019	2018
Aircraft and aircraft spare parts	2,410	9,213
Non-Aircraft	1,062	908
Total	3,472	10,121

Capital expenditures for 2019 was THB 3,472 million, a decrease of THB 6,649 million from last year. Capital expenditures in this year were

- Investment in aircraft and aircraft spare parts totaled THB 2,410 million, a decrease of THB 6,803 million from last year which mainly from last year there were 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. Most of the investments in this year were used for rotatable spare parts and prepayment of spare engines for a GE90-115B.
- Investments in other fixed assets amounted to THB 1,062 million mainly from the investment in equipment for ground service, technical department, and catering.

Financing

In 2019, THAI financed in the total amount of THB 45,288 million as the following details:

1. Drawing down of its promissory notes from domestic financial institution for repaying both short-term loans and the maturing debentures as well as use as working capital, amount of THB 21,500 million.
2. Issuing 2 series of new debentures, a total amount of THB 18,788 million in May, 2019, amount of THB 10,000 million their maturity between 1-15 years and in November, 2019, amount of THB 8,788 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 as well as use as working capital.
3. Acquiring long-term financing from domestic financial institute of THB 5,000 million to use as working capital.

Summary of cash from and used in each activity are as follows:

Unit : Million Baht	Jan - Dec	
	2019	2018
Net cash from operating activities	14,818	17,400
Net cash used in investing activities	(2,970)	(2,099)
Net cash used in financing activities	(3,726)	(16,846)
Effect from changing in exchange rate on cash and cash equivalents increase (decrease)	(151)	7
Increase (decreases) in cash and cash equivalents	7,971	(1,538)

In 2019, THAI had net cash from operating activities, the amount of THB 14,818 million, THB 2,582 million lower than last year due to the greater negative performance. Net cash used in financing activities was THB 3,726 million, THB 13,120 million lower than last year due to higher net cash from the issuance of debentures and short-term loans. Despite, net cash used in investing activities was THB 2,970 million, THB 871 million higher than last year since last year THAI sold all shares of Royal Orchid Hotel (Thailand) PCL. As a result, cash and cash equivalents as of December 31, 2019 was THB 21,663 million increased from December 31, 2018 of THB 7,971 million.

Fleet

The total active aircraft was 103 aircrafts as of December 31, 2019 (including 20 Airbus A320-200 under ThaiSmile's operations) which equaled to numbers of aircraft as of December 31, 2018. As of December 31, 2019, THAI had the aircraft held for sale total 15 aircraft comprised of 3 Airbus A340-500, 6 Airbus A340-600, 1 Airbus A300-600, 4 Boeing B737-400, and 1 Boeing B747-400.

Assets of Thai Airways International PCL. and its subsidiaries

As of December 31, 2019, total assets totaled THB 256,665 million, a decrease of THB 12,056 million (4.5%) from December 31, 2018.

	Consolidated					
	Dec 31, 2019		Dec 31, 2018		Variance	
	MTHB	% of Total Assets	MTHB	% of Total Assets	MTHB	%
Current assets						
Cash and cash equivalents	21,663	8.4	13,692	5.1	+7,971	+58.2
Non-current assets held for sale	23	-	490	0.2	-467	-95.3
Other current assets	27,848	10.9	29,946	11.1	-2,098	-7.0
Current assets	49,534	19.3	44,128	16.4	+5,406	+12.3
Property, plant and equipment						
Aircraft and prepaid aircraft and spare engine	40,470	15.8	45,946	17.1	-5,476	-11.9
Aircraft under finance leases	98,791	38.5	105,600	39.3	-6,809	-6.4
Aircraft spare parts	11,578	4.5	11,708	4.4	-130	-1.1
Work in process	333	0.1	341	0.1	-8	-2.3
Land, building and improvements	13,092	5.1	13,311	5.0	-219	-1.6
Other plant and equipment	2,854	1.1	2,692	1.0	+162	+6.0
Property, plant and equipment-net	167,118	65.1	179,598	66.9	-12,480	-6.9
Other non-current assets	40,013	15.6	44,995	16.7	-4,982	-11.1
Total Assets	256,665	100.0	268,721	100.0	-12,056	-4.5

Current assets were THB 49,534 million or accounted for 19.3% of total assets, an increase of THB 5,406 million (12.3%) from as of December 31, 2018. The significant items consisted of

- Cash and cash equivalents increased by THB 7,971 million (58.2%), mainly from debentures issued in November 2019, THB 8,788 million while net cash from operating activities was higher than net cash used in financial and investing activities.
- Other current assets decreased by THB 2,098 million (7.0%) mainly from trade receivables decreased by THB 1,212 million (11.7%) due to the less amount of sell volume in December 2019 which was lower than the same period last year.

It should be noted that this year THAI has been able to manage collection period which was 22 days which was the same as last year and lower than THAI's normal collecting period.

- Non-current assets held for sale decreased by THB 467 million (95.3%) from transferring 6 aircraft comprised of 5 Airbus A330-300 aircraft and 1 B747-400 to purchaser. As of December 31, 2019, non-current assets held for sale comprised of 1 Boeing B747-400 aircraft amount of THB 23 million.

Property, plant and equipment-net totaled THB 167,118 million or represented 65.1% of total assets, which saw a decrease of THB 12,480 million

(6.9%) from December 31, 2018 resulting from the normal calculation of aircraft depreciation.

Other non-current assets totaled THB 40,013 million or represented 15.6% of total assets, which decreased by THB 4,982 million (11.1%) from as of December 31, 2018 resulting from

- Non-performing assets decreased by THB 1,241 (25.4%) million due to the increasing provision impairment loss of aircraft and transferring 4 Airbus A330-300 aircraft to non-current assets held for sale
- Deferred refurbishment of operating lease aircraft decreased THB 540 million (11.9%) from amortizing both buyer-furnished equipment for operating lease aircraft and crew rest and in-flight connectivity for 6 Boeing B787-8 aircraft.
- Deferred tax assets decreased by THB 1,108 million (10.4%), which was mainly from the decreasing in deferred tax for provision of impairment of aircraft,
- Maintenance Reserve, the deposit of aircraft maintenance according to the lease agreement that the lessor charges as guarantee for the

maintenance of aircraft engines according to the flying conditions and the engine maintenance conditions according to the maintenance schedule, decreased by THB 534 million (3.9%) due to returning Maintenance Reserve for 4 B777-300ER operating leased aircraft. For seven GE90 engines from lessor, the total amount was THB 2,267 million.

- Deposit for operating lease aircraft decreased by THB 627 million (11.6%), mainly due to the appreciation of Thai Baht against US dollar resulting decrease of assets after Baht translation. This transaction has been reclassified from previous year which presented in prepayment and deposits to the prepaid expenses and deposits only for the amount within 1 year while the amount more than 1 year was displayed in other non-current assets. For benefit of whom to use the statement of financial position, THAI reclassified the items of the year 2018 to be comparable with the current year. Details as in Note 8.37 to the financial statements.

Return on assets of 2019 was -2.5 % compared to last year's -2.6%.

Liabilities of Thai Airways International PCL. and its subsidiaries

Total liabilities as of December 31, 2019 were THB 244,899 million decreased by THB 3,366 million (1.4%) from December 31, 2018. These comprised of:

	Consolidated					
	Dec 31, 2019		Dec 31, 2018		Variance	
	MTHB	% of Total Liabilities	MTHB	% of Total Liabilities	MTHB	%
Current liabilities (excluding current Portion of long-term liabilities)	62,636	25.6	66,046	26.6	-3,410	-5.2
Long-term liabilities						
Debentures	74,108	30.2	64,850	26.1	+9,258	+14.3
Liabilities under financial leases	46,456	19.0	58,982	23.8	-12,526	-21.2
Long term borrowings	23,288	9.5	24,444	9.8	-1,156	-4.7
Total long-term liabilities	143,852	58.7	148,276	59.7	-4,424	-3.0
Other non-current liabilities	38,411	15.7	33,943	13.7	+4,468	+13.2
Total Liabilities	244,899	100.0	248,265	100.0	-3,366	-1.4

Current liabilities (excluding current portion of long term liabilities' amount of THB 21,731 million) represented 25.6% of total liabilities were THB 62,636 million, a decrease of THB 3,410 million (5.2%) from December 31, 2018 since

- Accrued expenses a decrease of THB 1,780 million (9.8%) due to mainly from decrease in maintenance fees for Total Care maintenance program and transferring such accrued expense to trade payables since there was a charge for last year's expenses for which the accrued expenses had already been set up including reduced in accrued expense for fuel costs.
- Trade payables decreased by THB 657 million (12.7%) mainly from the decreased in account payables for Total Care maintenance program.
- Unearned transportation revenue decreased by THB 935 million (3.1%) in line of reducing sale volume.
- Short-term loan increased by THB 500 million (16.7%) mainly from short-term loan from the drawdown of promissory notes with domestic financial institutions to repay short-term loans and maturity debentures.

Long-term liabilities as of December 31, 2019 (including current portion of long term liabilities' totaled THB 21,731 million) were THB 143,852 million or represented 58.7% of total liabilities, which was a decrease of THB 4,424 million (3.0%) partially resulting from long-term loans repayment, debentures issuance, and liabilities under financial leases totaling THB 24,019 million. However, THAI issued debentures totaling THB 18,788 million, maturity between 1-15 years, and acquired long-term loans of THB 5,000 million. The appreciation of Thai Baht against Euro Dollar, Japanese Yen, and US Dollars caused the decrease in the long-term liabilities when translated to Thai Baht by THB 4,193 million.

Other non-current liabilities as of December 31, 2019 totaled THB 38,411 million or represented 15.7% of total liabilities which increased by THB 4,468 million (13.2%) mainly due to employee benefit obligations

increases by THB 3,204 million as a result of estimate service compensation for employees as mentioned earlier. Moreover, long-term provision increased by THB 1,257 million resulting from the maintenance provision for operating lease aircraft based on actual conditions of aircraft and maintenance contractual obligations.

At the end of 2019, interest bearing debt to equity was 12.5 times was higher than last year's 7.4. Debt to equity ratio was 20.8 times, higher than last year's 12.1 times.

Shareholders' Equity of Thai Airways International PCL. and its subsidiaries

As of December 31, 2019, shareholders' equity totaled THB 11,766 million, a decrease of THB 8,690 million (42.5%) from December 31, 2018 due to the negative results of THAI and its subsidiaries. It should be noted that the impact of the adoption of Thai Financial Reporting Standard No. 15 on Revenue from contracts with customers causing the retained earnings as of January 1, 2019 to increase by THB 2,159 million. Consequently, THAI's return on equity of 2019 decreased from -44.1% at the same period last year to -74.6% this year.

Liquidity

As of December 31, 2019, THAI and its subsidiaries had cash and cash equivalents amounted to THB 21,663 million or represented 8.4% of total assets, increased from December 31, 2018. In 2019, THAI financed short-term and long-term loans from the financial institution and issued 2 series of debentures in May and November 2019. Moreover, THAI received the refund of maintenance reserve deposit for maintenance of operating lease aircraft: Boeing B777-300ER amount of THB 2,267 million. THAI also prepared cash flow projections for the year 2020 which measured under cautious circumstances indicated that the THAI still had sufficient cash on hand and able to operate normally, provided that the Company is not affected by outside uncontrollable factors. In addition, there was a credit line for Committed Credit Line as of December 31, 2019, amount THB 13,500 million.



4. Factors affecting future operations

The aviation industry in 2020 will still face challenges, both from the COVID-19 virus which become widespread continuously in many countries causing Thailand and the governments of various countries to prohibit or advise their citizens to refrain from traveling to countries that are spread which inevitably affects the aviation and tourism industry. As a result, THAI has to diminish its flights and traffic production in accordance with the number of passengers that have significantly decreased. However, THAI is in the process of implementing measures to effectively manage the impacts by establishing a working group for problem resolution to supervise and monitor closely to handle current situations which still no sign of relief but even more violence and metastasis in Europe and many other countries now.

In addition, it seems the impact of trade war between the US and China still continues although negotiations have reached a preliminary agreement. However, it is expected to continue to lead to further negotiations. Furthermore, political uncertainty after Brexit, the conflict between the US and Iran including the situation of oil prices in the world market and fluctuate exchange rates are questionable for the future.

From various negative factors and the intense competition situation affecting the overall performance of THAI. THAI, therefore, reviewed both the external environment of the aviation: industry, market conditions, and competition, and internal environment by creating a second phase of the transformation plan by proceeding in parallel with the implementation of the master plan, consisting of 3 approaches which are

- Increasing revenue by implementing personalized customer strategy aims to focus on creating ancillary revenue as well as accelerating digital marketing operations by using big Data and data analytic tools for market analysis to increase more Online channels.
- Costs control and reduction focus on unnecessary expense, voluntarily reduction of the remuneration of Executives and the Board of Directors, and so forth.
- Improving operational efficiency, such as effective fleet management by expediting the conclusion of aircraft acquisition plans that are appropriate for business operations including controlling and tracking the plan for selling grounded aircraft and assets in accordance with the aircraft selling plan. THAI also prepares for a long-term plan to reduce debt aims to decrease debt to equity ratio in order to reduce the risk of the financial status. THAI is also going to improve its organizational structure to be more efficient and suitable for business operations and completely fill personnel in significant positions to ensure that all operations are closely supervised.

In addition, in January and February 2020, there are significant matters as follows:

- Federation of Accounting Professions announced the adoption of the Financial Reporting Standard No. 16: Lease, and No. 9: Financial Instruments which is effective on January 1, 2020, THAI has studied and prepared to support in accordance with the financial reporting standards, THAI has assessed the impact of the said financial reporting standards use and disclosed in the notes 3 to the financial statements.
- In February 2020, Nok Airlines PCL. offered 888 million ordinary shares with a par value of 1 Baht each at a price of 2.50 Baht per share. However, THAI does not exercise the right to purchase such shares causing the shareholding proportion of the company In Nok Airlines PCL., decreasing from 15.94% to 13.28%. Details as in Note 8.38.2 to the financial statements.

5. Financial Ratios

		Jan - Dec	
		2019	2018
Liquidity Ratio			
Current Ratio	(times)	0.91	0.75
Current Ratio (Included Committed Credit Line)	(times)	1.15	0.89
Profitability Ratio			
Operating Profit (Loss) Margin	(%)	(6.74)	(4.54)
Net Profit (Loss) Margin	(%)	(6.52)	(5.79)
Return on Equity	(%)	(74.59)	(44.10)
Efficiency Ratio			
Return on Total Assets	(%)	(2.51)	(2.58)
Financial Policy Ratio			
Interest Bearing Debt to Equity	(times)	12.52	7.40
Total Debt to Equity	(times)	20.81	12.14
Interest Coverage Ratio	(times)	1.98	3.22
Net Debt to EBITDA	(times)	25.36	16.18
Debt Service Coverage Ratio	(times)	0.70	0.85

GLOSSARY

Current Ratio

= Current Assets (Excluding Non-Current Assets held for sale / Current Liabilities (Excluding Unearned Transportation Revenues)

Current Ratio (Included Committed Credit Line)

= (Current Assets (Excluding Non-Current Assets 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 and gain on change in ownership interest)

Net Profit (Loss) Margin

= Net Profit (Loss) / Total Revenue (excluded gain on foreign currency exchange and Gain on change in ownership interest)

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

Net Debt to EBITDA

= (Total liabilities - Cash and cash equivalents) / EBITDA

Debt Service Coverage Ratio

= EBITDAR / (Long-term Loan repayment + Interest payment + Lease of aircraft and spare part)



Financial Statements





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, 2019, 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, 2019, 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 the State Audit Standards and Thai Standards on Auditing (TSAs). 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 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 Matter

Key audit matter is the matter that, in the State Audit Office of the Kingdom of Thailand's professional judgment, was of most significance in the audit of the consolidated and the Company's financial statements of the current period. This matter was 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 this matter.

The State Audit Office of the Kingdom of Thailand has the following key audit matter to communicate:

Deferred tax assets

According to notes to the financial statements no. 8.10.1 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, 2019 amounting to THB 9,542.73 million and THB 9,526.91 million, respectively. At the end of each reporting period, the Company is required to review the carrying amount of deferred tax assets and reduced the recorded deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that 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. 5.16 Income tax and no. 8.36 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. The management had to forecast the projection of utilizing deferred tax assets with the high discretion,

particularly in forecasting and making assumptions concerning the future events. Additionally, 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. 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;
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, strategic plans in the area of operation and marketing of the Company, and expenses efficiency plan;
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;
4. Considering and examining the reasonableness of carrying amount of deferred tax assets by considering the probable that the Company will have sufficient taxable profit in the future to utilize deferred tax assets;
5. Considering the sufficiency of information disclosure in accordance with Thai Financial Reporting Standard.

Emphasis of Matter

The State Audit Office of the Kingdom of Thailand draws attention to notes to the financial statements as follows;

1. Note 4 "Adjustments of the insignificant errors of prior periods", which describes the correction of prior periods errors that recognized in the financial statements for the current period;
2. Note 6 "The Adoption of The New Thai Financial Reporting Standards (TFRSs)", the Company and its subsidiaries have adopted TFRS 15, Revenue from Contracts with Customers, which was effective for the accounting periods beginning on or after January 1, 2019. The Company and its subsidiaries selected the modified retrospective approach by recognizing the effect with the beginning of accumulated earnings in the current period;
3. Note 7 "Corporate Transformation Plans", which describes the major operational strategies in the Transformation Plan for the year 2019 and the preparation of the Transformation Plans for the year 2020 - 2024 as a business development framework;
4. Note 8.13 "Liquidity Management", which describes how the Company acquired financing for business operations in the year 2019 and forecasted cash flow for the year 2020;
5. Note 8.23 "Transfer for compensation of the deficit", which describes transferring the legal reserve and share premium amount to compensate the deficits of the Company.

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 the State Audit Standards and TSAs 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 the State Audit Standards and TSAs, 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, 2019

Unit : Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		THE COMPANY'S FINANCIAL STATEMENTS	
		2019	2018	2019	2018
ASSETS					
Current Assets					
Cash and cash equivalents	8.1	21,663,207,227	13,691,848,724	20,873,087,866	12,523,360,617
Current investments		38,836	38,264	-	-
Trade receivables	8.2	9,181,900,902	10,394,067,903	8,364,155,497	9,705,911,027
Prepaid expenses and deposits	8.37	1,957,773,620	1,901,473,890	2,175,663,652	2,108,715,826
Inventories and supplies	8.3	4,696,671,103	4,947,017,527	4,655,962,418	4,901,658,139
Other current assets	8.4	12,011,681,033	12,702,976,136	17,830,225,716	20,535,369,827
Non-current assets held for sale	8.5	22,854,424	490,157,613	22,854,424	490,157,613
Total Current Assets		49,534,127,145	44,127,580,057	53,921,949,573	50,265,173,049
Non-Current Assets					
Investments in associates	8.6.1	2,100,845,364	2,299,713,942	1,234,106,581	1,234,106,581
Investments in subsidiaries	8.6.1	-	-	1,810,209,913	1,810,209,913
Other long-term investments	8.6.2	64,064,849	69,002,222	60,830,049	66,017,122
Property, plant and equipment	8.8	167,117,563,340	179,598,685,050	167,084,330,970	179,558,497,148
Intangible assets	8.9	283,631,296	236,352,618	213,437,758	228,806,503
Deferred tax assets	8.10.1	9,542,734,180	10,650,722,771	9,526,915,305	10,632,997,811
Maintenance reserves	8.11, 8.37	13,004,318,189	13,538,579,947	12,956,242,174	13,552,030,457
Other non-current assets	8.12, 8.37	15,017,862,886	18,200,559,755	14,876,217,753	18,053,609,572
Total Non-Current Assets		207,131,020,104	224,593,616,305	207,762,290,503	225,136,275,107
Total Assets		256,665,147,249	268,721,196,362	261,684,240,076	275,401,448,156

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, 2019

Unit : Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		THE COMPANY'S FINANCIAL STATEMENTS	
		2019	2018	2019	2018
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current Liabilities					
Trade payables		4,510,327,528	5,167,608,841	4,189,133,757	4,946,272,359
Accrued expenses		16,350,073,981	18,130,323,417	15,348,946,835	17,973,191,375
Current portion of long-term liabilities					
Long-term loans from financial institutions	8.14	3,768,076,923	3,185,096,154	3,768,076,923	3,185,096,154
Long-term loans from related parties	8.7.1, 8.14	1,624,674,694	1,448,088,914	1,624,674,694	1,448,088,914
Liabilities under finance leases	8.15	7,253,020,000	8,699,910,918	7,253,020,000	8,699,910,918
Debentures	8.16	9,085,000,000	9,530,000,000	9,085,000,000	9,530,000,000
Short-term loans from financial institutions		-	2,000,000,000	-	2,000,000,000
Short-term loans from related parties	8.7.1	3,500,000,000	1,000,000,000	3,500,000,000	1,000,000,000
Income tax payable		1,132,559	17,844,116	-	-
Other current liabilities					
Accrued dividends		57,038,694	54,556,981	54,260,694	54,403,981
Unearned transportation revenue		29,689,159,127	30,624,142,358	28,994,168,036	29,692,124,792
Others	8.17	8,528,562,780	9,050,865,454	8,568,728,928	10,283,990,506
Total Current Liabilities		84,367,066,286	88,908,437,153	82,386,009,867	88,813,078,999
Non-Current Liabilities					
Long-term liabilities					
Long-term loans from financial institutions	8.14	5,105,288,461	4,173,365,397	5,105,288,461	4,173,365,397
Long-term loans from related parties	8.7.1, 8.14	12,790,068,847	15,638,001,158	12,790,068,847	15,638,001,158
Liabilities under finance leases	8.15	39,202,993,339	50,282,098,896	39,202,993,339	50,282,098,896
Debentures	8.16	65,023,000,000	55,320,000,000	65,023,000,000	55,320,000,000
Deferred tax liabilities	8.10.1	1,856,974,424	1,703,581,058	1,856,974,424	1,703,581,058
Staff pension fund	8.18	3,673,750,892	3,824,995,651	3,673,750,892	3,824,995,651
Employee benefit obligations	8.19	16,779,855,599	13,575,420,996	16,663,441,703	13,493,261,770
Long-term provisions	8.20	15,965,547,141	14,708,086,792	14,022,569,808	13,093,931,772
Other non-current liabilities		134,896,971	130,875,130	1,792,937,467	1,356,144,193
Total Non-Current Liabilities		160,532,375,674	159,356,425,078	160,131,024,941	158,885,379,895
Total Liabilities		244,899,441,960	248,264,862,231	242,517,034,808	247,698,458,894
Shareholders' Equity					
Share capital	8.22				
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
Share premium		1,862,979,154	25,545,316,308	1,862,979,154	25,545,316,308
Retained earnings					
Appropriated					
Legal reserve		-	2,691,275,568	-	2,691,275,568
Unappropriated		(19,383,394,191)	(35,907,023,773)	(11,875,509,973)	(28,533,077,895)
Other components of shareholders' equity		7,352,018,112	6,171,756,849	7,352,016,917	6,171,756,111
Total Company Shareholders' Equity		11,659,322,245	20,329,044,122	19,167,205,268	27,702,989,262
Non-controlling interests		106,383,044	127,290,009	-	-
Total Shareholders' Equity		11,765,705,289	20,456,334,131	19,167,205,268	27,702,989,262
Total Liabilities and Shareholders' Equity		256,665,147,249	268,721,196,362	261,684,240,076	275,401,448,156

The accompanying notes are an integral part of these financial statements.



(Mr. Sumeth Damrongchaitam)
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, 2019

Unit : Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		THE COMPANY'S FINANCIAL STATEMENTS	
		2019	2018	2019	2018
Revenues					
Revenues from Sales or Services					
Passenger and excess baggage		149,044,250,701	160,255,180,477	141,391,907,930	150,591,550,463
Freight		17,242,992,085	21,639,512,371	17,245,876,019	21,640,732,337
Mail		540,349,624	700,891,715	540,349,624	700,891,715
Other activities		13,452,034,334	13,369,555,839	15,152,259,177	14,983,550,540
Total Revenues from Sales or Services		180,279,626,744	195,965,140,402	174,330,392,750	187,916,725,055
Other Income					
Interest income		196,131,554	175,370,095	190,044,539	170,077,219
Gain on foreign currency exchange rates		4,439,258,477	910,848,196	4,583,991,027	890,338,751
Other income - Others	8.24	3,766,254,046	3,534,582,155	4,098,797,324	3,973,962,494
Gain on changes in ownership interest		273,177,862	-	-	-
Total Other Income		8,674,821,939	4,620,800,446	8,872,832,890	5,034,378,464
Total Revenues		188,954,448,683	200,585,940,848	183,203,225,640	192,951,103,519
Expenses					
Aircraft fuel expenses	8.25	54,675,194,646	60,095,677,157	50,804,826,722	56,261,516,980
Employee benefits expenses		31,171,648,957	30,874,607,242	30,384,503,955	29,958,199,105
Flight service expenses		21,058,256,685	22,164,846,590	19,419,619,264	20,887,692,337
Crew expenses		6,241,614,091	5,629,910,006	5,708,279,804	5,142,524,274
Aircraft repair and maintenance costs		19,321,533,731	20,087,736,505	17,167,401,670	18,482,370,455
Depreciation and amortization expenses		16,787,211,108	19,045,361,201	16,761,089,359	19,026,265,580
Lease of aircraft and spare parts		15,029,384,424	15,016,993,147	20,386,830,739	14,605,570,422
Inventories and supplies expenses		9,100,798,414	9,110,482,191	8,516,974,673	8,581,313,986
Selling and advertising expenses		10,637,026,412	10,843,388,858	9,861,433,383	9,841,166,237
Insurance expenses		628,380,490	590,318,725	536,734,013	510,932,307
Impairment loss of assets		178,202,757	309,011,023	178,202,757	309,011,023
Impairment loss of aircraft		455,712,627	3,149,969,372	455,712,627	3,149,969,372
Other expenses	8.26	10,040,116,238	10,243,201,353	9,491,945,435	9,819,672,402
Finance costs	8.27	4,440,770,542	4,507,462,622	4,440,770,542	4,507,462,622
Share loss of associates		223,202,616	522,830,120	-	-
Total Expenses		199,989,053,738	212,191,796,112	194,114,324,943	201,083,667,102
Loss before Income Tax Expense		(11,034,605,055)	(11,605,855,264)	(10,911,099,303)	(8,132,563,583)
Income tax (expense) income		(981,865,522)	36,730,039	(964,410,670)	68,290,659
Loss for the year	8.10.2	(12,016,470,577)	(11,569,125,225)	(11,875,509,973)	(8,064,272,924)
Other comprehensive income (loss)					
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		1,475,326,008	321,055,050	1,475,326,008	321,055,050
Income tax related to effective portion of gain					
(loss) on changes in fair value of cash flow hedges		(295,065,202)	(64,211,010)	(295,065,202)	(64,211,010)
Unrealized gain (loss) on remeasuring available-for-sale investments		572	401	-	-
Income tax related to unrealized gain (loss) on remeasuring available-for-sale investments		(115)	(80)	-	-
Items that will not be reclassified to profit or loss in subsequent periods					
Actuarial gain (loss) on employee benefit obligations		12,555,059	(267,145,227)	-	(267,145,227)
Income tax related to actuarial gain (loss) on employee benefit obligations		(2,511,012)	53,429,046	-	53,429,046
Share of other comprehensive income of joint ventures and associates		23,413,058	-	-	-
Other Comprehensive Income for the year - Net of Tax		1,213,718,368	43,128,180	1,180,260,806	43,127,859
Total Comprehensive Income (loss) for the year		(10,802,752,209)	(11,525,997,045)	(10,695,249,167)	(8,021,145,065)
Profit (loss) Attributable to					
Owners of the Parent		(12,042,405,969)	(11,625,168,787)	(11,875,509,973)	(8,064,272,924)
Non-controlling interests		25,935,392	56,043,562	-	-
		(12,016,470,577)	(11,569,125,225)	(11,875,509,973)	(8,064,272,924)
Total Comprehensive Income (loss) Attributable to					
Owners of the Parent		(10,829,192,946)	(11,582,040,607)	(10,695,249,167)	(8,021,145,065)
Non-controlling interests		26,440,737	56,043,562	-	-
		(10,802,752,209)	(11,525,997,045)	(10,695,249,167)	(8,021,145,065)
Loss per Share					
Basic loss per share	8.29	(5.52)	(5.33)	(5.44)	(3.69)

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 CHANGES IN SHAREHOLDERS EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2019

CONSOLIDATED FINANCIAL STATEMENTS

Unit : Baht

	Issued and Paid-up Share Capital	Share Premium	Owners of the parent							Total Owners of the Parent	Non-controlling Interests	Total Shareholders' Equity		
			Retained Earnings		Other Components of Shareholders' Equity									
			Appropriated Legal reserve	Unappropriated	Effective portion of gain (loss) on changes in fair value of cash flow hedges	Income tax related to changes in fair value of cash flow hedges	Revaluation surplus on assets	Income tax related to revaluation surplus on assets	Unrealized gain (loss) on remeasuring available-for-sale investment				Income tax related to unrealized gain (loss) on remeasuring available-for-sale investment	Total other components of shareholders' equity
Balance as at January 1, 2018	21,827,719,170	25,545,316,308	2,691,275,568	(24,239,600,441)	(977,252,927)	1,95,450,886	8,585,218,762	(1,717,043,752)	521	(104)	6,086,373,086	31,911,083,691	101,714,295	32,012,797,986
Changes in Shareholders' Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	(30,375,010)
Less: Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	-	(91,800)
Add: Change in the ownership interests in subsidiary	-	-	-	1,038	-	-	-	-	-	-	-	1,038	-	(1,038)
Less: Profit (loss) for the year 2018	-	-	-	(11,625,168,787)	-	-	-	-	-	-	-	(11,625,168,787)	-	56,043,562
Less: Transfer revaluation surplus on disposed assets	-	-	-	171,440,598	-	-	(214,325,748)	-	-	-	-	(171,440,598)	-	-
Add: Other comprehensive income (loss) for the year 2018	-	-	-	(213,716,181)	321,055,050	(64,211,010)	42,845,150	-	401	(80)	256,844,361	43,128,180	-	43,128,180
Balance as at December 31, 2018	21,827,719,170	25,545,316,308	2,691,275,568	(35,907,023,773)	(656,197,877)	131,239,576	8,370,893,014	(1,674,178,602)	922	(184)	6,171,756,849	20,329,044,122	127,290,009	20,456,334,131
Balance as at January 1, 2019	21,827,719,170	25,545,316,308	2,691,275,568	(35,907,023,773)	(656,197,877)	131,239,576	8,370,893,014	(1,674,178,602)	922	(184)	6,171,756,849	20,329,044,122	127,290,009	20,456,334,131
Add: Modified retrospective adjustments from changes in accounting policy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance After adjustment	21,827,719,170	25,545,316,308	2,691,275,568	(33,747,558,600)	(656,197,877)	131,239,576	8,370,893,014	(1,674,178,602)	922	(184)	6,171,756,849	22,488,509,295	127,290,009	22,615,799,304
Changes in Shareholders' Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer of legal reserve and share premium to compensate deficits	-	(23,682,337,154)	(2,691,275,568)	26,373,612,722	-	-	-	-	-	-	-	-	-	(47,250,066)
Less: Dividends paid	-	-	-	-	-	-	-	-	-	-	-	-	-	(91,800)
Less: Dividends paid to cumulative preferred shares	-	-	-	-	-	-	-	-	-	-	-	-	-	(5,896)
Add: Change in the ownership interests in subsidiary	-	-	-	5,896	-	-	-	-	-	-	-	5,896	-	(5,896)
Less: Profit (loss) for the year 2019	-	-	-	(12,042,405,969)	-	-	-	-	-	-	-	(12,042,405,969)	-	25,935,392
Add: Other comprehensive income (loss) for the year 2019	-	-	-	32,951,760	1,475,326,008	(295,045,202)	-	-	572	(115)	1,180,261,263	1,213,213,023	505,345	1,213,718,368
Balance as at December 31, 2019	21,827,719,170	1,842,979,154	-	(19,383,394,191)	819,128,131	(163,825,626)	8,370,893,014	(1,674,178,602)	1,494	(299)	7,352,018,112	11,659,322,245	106,383,044	11,765,705,289

The accompanying notes are an integral part of these financial statements.



(Mr. Sumeth Damrongchaitam)
President



(Mr. Nattapong Samit-Ampaipisarn)
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, 2019

THE COMPANY'S FINANCIAL STATEMENTS

Unit : Baht

	Issued and Paid-up Share Capital	Share Premium	Retained Earnings		Other Components of Shareholders' Equity						Total Shareholders' Equity	
			Appropriated Legal reserve	Unappropriated	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	Unrealized gain (loss) on re-measuring available-for-sale investments	Income tax related to unrealized gain (loss) on re-measuring available-for-sale investments		Total other components of shareholders' equity
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	(1,777,043,752)	-	-	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
Balance as at January 1, 2019	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
Add: Modified retrospective adjustments from changes in accounting policy	-	-	-	2,159,465,173	-	-	-	-	-	-	-	2,159,465,173
Changes in Shareholders' Equity												
Transfer of legal reserve and share premium to compensate deficits	-	(23,682,337,154)	(2,691,275,568)	26,373,612,722	(656,197,877)	131,239,576	8,370,893,014	(1,674,178,602)	-	-	6,171,756,111	29,862,454,435
Less: Loss for the year 2019	-	-	-	(11,875,509,973)	-	(295,065,202)	-	-	-	-	-	(11,875,509,973)
Add: Other comprehensive income (loss) for the year 2019	-	-	-	1,475,326,008	-	-	-	-	-	-	1,180,260,806	1,180,260,806
Balance as at December 31, 2019	21,827,719,170	1,862,979,154	-	(11,875,509,973)	819,128,131	(163,825,626)	8,370,893,014	(1,674,178,602)	-	-	7,352,016,917	19,167,205,268

The accompanying notes are an integral part of these financial statements.



(Mr. Sumeth Damrongchaitam)
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, 2019

Unit : Baht

Notes	CONSOLIDATED FINANCIAL STATEMENTS		THE COMPANY'S FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Cash Flows from Operating Activities				
Loss before income tax expense	(11,034,605,055)	(11,605,855,264)	(10,911,099,303)	(8,132,563,583)
Adjustment to reconcile profit (loss) before income tax expense to cash received (paid) from operating activities :				
Depreciation and amortization expenses	16,787,211,108	19,045,361,201	16,761,089,359	19,026,265,580
Aircraft lease fee	540,376,757	501,611,436	540,376,757	501,611,436
Dividends received	(1,175,176)	(1,202,907)	(331,770,051)	(346,164,144)
Share loss of investments in associates by equity method	223,202,616	522,830,120	-	-
Gain on changes in ownership interest	(273,177,862)	-	-	-
Interest income	(196,131,554)	(175,370,095)	(190,044,539)	(170,077,219)
Interest expenses	4,440,770,542	4,507,462,622	4,440,770,542	4,507,462,622
Loss (gain) on disposal of assets	12,099,579	(731,681,814)	11,847,737	(731,661,996)
Loss (gain) on sales of aircraft	16,453,704	(54,906,952)	16,453,704	(54,906,952)
Gain on reversal of current liabilities in prior period				
Gain on foreign currency exchange rates	(2,249,819,331)	(857,439,603)	(2,309,653,800)	(866,986,566)
Gain on sale of investment	-	(656,955,062)	-	(697,500,000)
Employee benefit obligations	3,609,993,382	1,086,882,511	3,560,873,652	1,025,760,178
Provision for obsolete inventories and supplies	156,872,401	403,473,771	156,872,401	403,473,771
(Reversed) Doubtful accounts and bad debt	62,279,324	176,399,632	62,552,289	176,191,748
Impairment loss of aircraft	455,712,627	3,149,969,372	455,712,627	3,149,969,372
Impairment loss of assets	178,202,757	309,011,023	178,202,757	309,011,023
Operating profits before changes in operating assets and liabilities	12,728,265,819	15,619,589,991	12,442,184,132	18,099,885,270
Decrease (increase) in operating assets :				
Trade receivables	1,089,602,559	855,429,900	1,218,222,358	1,425,585,264
Inventories and supplies	93,474,023	(350,643,898)	88,823,320	(336,966,231)
Prepaid expenses and deposits	(106,702,569)	(82,445,321)	(115,376,435)	(18,483,960)
Tax refund	531,529,340	(1,001,754)	531,529,340	(1,001,754)
Other current assets	780,375,326	(399,681,601)	2,759,728,157	(1,510,049,292)
Non-current assets held for sale	1,244,614,279	1,266,583,913	1,244,614,279	1,266,583,913
Maintenance reserves	(23,047,549)	(3,162,729,909)	38,478,976	(3,190,473,509)
Security deposits for aircraft lease	248,115,000	247,201,811	248,115,000	247,201,811
Other assets	410,636,625	(264,645,787)	414,319,426	(250,306,242)
Deferred charges	10,955,797	(949,450,509)	-	(978,899,849)
Increase (decrease) in operating liabilities :				
Trade payables	(1,760,862,019)	(779,422,440)	(1,798,342,691)	(781,459,626)
Accrued expenses and other current liabilities	(2,457,103,771)	2,686,675,401	(4,494,122,989)	998,592,945
Staff pension fund	(151,244,759)	23,974,158	(151,244,759)	23,974,158
Unearned transportation revenues	1,224,621,863	(747,796,971)	1,461,648,338	(789,365,000)
Employee benefit paid	(393,003,719)	(372,977,915)	(390,693,719)	(372,977,915)
Other non-current liabilities	1,977,662,878	4,315,564,570	2,081,609,534	4,151,106,521
Proceeds from operations	15,447,889,123	17,904,223,639	15,579,492,267	17,982,946,504
Cash paid for income tax	(629,873,798)	(504,678,735)	(558,002,652)	(473,790,580)
Net Cash provided by Operating Activities	14,818,015,325	17,399,544,904	15,021,489,615	17,509,155,924

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, 2019

Unit : Baht

	Notes	CONSOLIDATED FINANCIAL STATEMENTS		THE COMPANY'S FINANCIAL STATEMENTS	
		2019	2018	2019	2018
Cash Flows from Investing Activities					
Cash paid for acquisition of fixed assets	b	(3,341,873,211)	(3,819,319,845)	(3,335,828,471)	(3,802,955,400)
Cash paid for intangible assets		(96,368,764)	(51,047,773)	(82,749,447)	(49,931,891)
Proceeds from transferring the rights for advance payment of aircraft and aircraft equipment		-	202,163,729	-	202,163,729
Cash received from sales of assets		3,019,915	3,834,882	3,019,915	3,811,518
Interest income		190,212,811	173,328,287	183,984,011	167,856,744
Dividends received		273,432,051	308,059,154	331,770,051	346,164,144
Investments decrease		1,135,302	1,976,938	1,385,002	1,849,938
Proceeds from sale of investment		-	922,500,000	-	922,500,000
Current investments decrease		-	160,000,000	-	-
Net Cash used in Investing Activities		(2,970,441,896)	(2,098,504,628)	(2,898,418,939)	(2,208,541,218)
Cash Flows from Financing Activities					
Proceeds from debentures		18,788,000,000	13,000,000,000	18,788,000,000	13,000,000,000
Proceeds from short-term loans		21,500,000,000	7,000,000,000	21,500,000,000	7,000,000,000
Proceeds from long-term loans		5,000,000,000	2,500,000,000	5,000,000,000	2,500,000,000
Proceeds from liabilities under finance leases		-	1,621,900,832	-	1,621,900,832
Cash paid for repayment of short-term loans		(21,000,000,000)	(11,328,167,000)	(21,000,000,000)	(11,328,167,000)
Cash paid for repayment of debentures		(9,530,000,000)	(10,250,000,000)	(9,530,000,000)	(10,250,000,000)
Cash paid for repayment of long-term loans		(5,077,670,091)	(4,916,602,710)	(5,077,670,091)	(4,916,602,710)
Cash paid for liabilities under finance leases		(9,411,722,751)	(10,605,563,785)	(9,411,722,751)	(10,605,563,785)
Cash paid for borrowings interest		(3,949,060,488)	(3,837,106,004)	(3,949,060,488)	(3,837,106,004)
Dividends paid		(143,287)	(169,155)	(143,287)	(169,155)
Dividends paid to non-controlling interests		(44,716,800)	(30,466,800)	-	-
Net Cash used in Financing Activities		(3,725,313,417)	(16,846,174,622)	(3,680,596,617)	(16,815,707,822)
Net increase (decrease) in cash and cash equivalents		8,122,260,012	(1,545,134,346)	8,442,474,059	(1,515,093,116)
Cash and cash equivalents at the beginning of the year		13,691,848,724	15,229,686,324	12,523,360,617	14,022,787,581
		21,814,108,736	13,684,551,978	20,965,834,676	12,507,694,465
Effects of changes in foreign currency exchange rates on cash on hand and at banks increase (decrease)		(150,901,509)	7,296,746	(92,746,810)	15,666,152
Cash and Cash Equivalents at the end of the year	c	21,663,207,227	13,691,848,724	20,873,087,866	12,523,360,617

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, 2019

Note to Statements of Cash Flows

A. Tax Refund - Consolidated and the Company's Financial Statements

Unit : Million Baht

	2019
Proceed from income tax refund (P.N.D.50) for the year 2016	543.56
Adjustment of tax refund for the year 2018	(12.03)
	531.53

Unit : Million Baht

	2018
Adjustment of tax refund for the year 2017	(0.49)
Adjustment of tax refund for the year 2018	(0.51)
	(1.00)

B. Property, Plant and Equipment

Consolidated Financial Statements

During the year 2019, the Company bought property, plant and equipment totaling THB 3,471.25 million, cash payment in amount of THB 3,341.87 million and outstanding balance in amount of THB 129.38 million.

During the year 2018, the Company bought property, plant and equipment totaling THB 10,251.51 million, 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.

The Company's Financial Statements

During the year 2019, the Company bought property, plant and equipment totaling THB 3,465.21 million, cash payment in amount of THB 3,335.83 million and outstanding balance in amount of THB 129.38 million.

During the year 2018, the Company bought property, plant and equipment totaling THB 10,105.15 million, under finance lease 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.

C. Cash and Cash Equivalents

Unit : Million Baht

	Consolidated Financial Statements		The Company's Financial Statements	
	2019	2018	2019	2018
Cash and cash equivalents before effects of changes in foreign currency exchange rates	21,814.11	13,684.55	20,965.84	12,507.69
Effects of changes in foreign currency exchange rates	(150.9)	7.30	(92.75)	15.67
Cash and cash equivalents after effects of changes in foreign currency exchange rates	21,814.11	13,691.85	20,965.84	12,507.69



(Mr. Sumeth Damrongchaitham)
President



(Mr. Nattapong Samit-Ampaipisarn)
Executive Vice President, Finance and Accounting

NOTES TO THE FINANCIAL STATEMENTS

THAI AIRWAYS INTERNATIONAL PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019, the Company had the routes network servicing to 62 destinations in 31 countries all over the world, whereas 3 destinations were domestic (excluding Bangkok).

2. BASIS OF FINANCIAL STATEMENTS 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	
			2019	2018
Held by the Company:				
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%
Held by the Subsidiary of the Company				
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 FINANCIAL REPORTING STANDARDS BEING EFFECTIVE IN THE FUTURE

Thai Financial Reporting Standards which are effective for accounting periods beginning on or after January 1, 2020:

TAS	1	Presentation of Financial Statements
TAS	2	Inventories
TAS	7	Statement of Cash Flows
TAS	8	Accounting Policies, Changes in Accounting Estimates and Errors
TAS	10	Events after the Reporting Period
TAS	12	Income Taxes
TAS	16	Property, Plant and Equipment
TAS	19	Employee Benefits
TAS	20	Accounting for Government Grants and Disclosure of Government Assistance
TAS	21	The Effects of Changes in Foreign Exchange Rates
TAS	23	Borrowing Costs
TAS	24	Related Party Disclosures
TAS	26	Accounting and Reporting by Retirement Benefit Plans
TAS	27	Separate Financial Statements
TAS	28	Investments in Associates and Joint Ventures
TAS	29	Financial Reporting in Hyperinflationary Economies
TAS	32	Financial Instruments: Presentation
TAS	33	Earnings per Share
TAS	34	Interim Financial Reporting
TAS	36	Impairment of Assets
TAS	37	Provisions, Contingent Liabilities and Contingent Assets
TAS	38	Intangible Assets
TAS	40	Investment Property
TAS	41	Agriculture
TFRS	1	First-time Adoption of Thai Financial Reporting Standards
TFRS	2	Share-based Payments
TFRS	3	Business Combinations
TFRS	4	Insurance Contracts
TFRS	5	Non-current Assets Held for Sale and Discontinued Operations
TFRS	6	Exploration for and Evaluation of Mineral Resources
TFRS	7	Financial Instruments: Disclosures
TFRS	8	Operating Segments
TFRS	9	Financial Instruments
TFRS	10	Consolidated Financial Statements
TFRS	11	Joint Arrangements
TFRS	12	Disclosure of Interests in Other Entities
TFRS	13	Fair Value Measurement
TFRS	15	Revenue from Contracts with Customers
TFRS	16	Leases
TSIC	10	Government Assistance - No Specific Relation to Operating Activities
TSIC	25	Income Taxes - Changes in the Tax Status of an Entity or Its Shareholders
TSIC	29	Service Concession Arrangements: Disclosures
TSIC	32	Intangible Assets - Web Site Costs
TFRIC	1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC	5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds

TFRIC 7	Applying the Restatement Approach under TAS 29, “Financial Reporting in Hyperinflationary Economies”
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 14	TAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 17	Distributions of Non - cash Assets to Owners
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
TFRIC 20	Stripping Costs in the Production Phase of a Surface
TFRIC 21	Mine Levies
TFRIC 22	Foreign Currency Transactions and Advance Consideration
TFRIC 23	Uncertainty over Income Tax Treatments

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:

Thai Financial Reporting Standard No.16 (TFRS 16), “Leases”

With reference to announcement of Federation of Accounting Professions (TFAC) regarding the implication of Thai Financial Reporting Standard No.16 (TFRS 16) “Leases” which is effective in Thailand for annual reporting periods beginning on or after January 1, 2020. This standard sets out the principles for the recognition, measurement, presentation and disclosure of Leases to ensure that users provide relevant information in a manner that faithfully represents those transactions. The underlying asset of Leases is recognized as “Right-of-Use” (ROU) asset and lease payment obligation is recognized as Lease Liabilities on the statements of financial position.

The company has adopted TFRS 16 since January 1, 2020, using the modified retrospective approach. Under this approach, the cumulative effect of adopting TFRS 16 will be recognized as an adjustment to the opening balance of retained earnings at January 1, 2020, without restatement of comparative information. Therefore, the classification of leases and adjustment transactions from changing accounting policy will be recognized in statements of financial position at January 1, 2020.

The company measures the amount of Right-of-Use assets for contracts previously classified as operating leases equal to the lease liability amount and estimate costs of restoring the underlying asset to the return condition required by the lease’s terms and conditions, adjusted by the amount of any prepaid or accrued lease payments relating to those leases recognized in the statements of financial position at December 31, 2019. Lease liability measured at the present value of the remaining lease payments, discounted using the company’s incremental borrowing rate at the date of initial application, including the estimated restoration obligation associated with the maintenance condition of its aircraft on delivery to the lessor.

The company apply the recognition exemptions for leases with a remaining term of 12 months or less at the date of initial application and not require any adjustments on transition for leases for which the underlying asset is low value. Rental payments of these leases will be recognized as expenses in the statements of comprehensive income.

As at January 1, 2020 The Company expects the impact of TFRS 16 as follows:

Statements of Financial Position

Unit : Million Baht

As at January 1, 2020	Consolidated Financial Statement	The Company’s Financial Statement
Right-of-Use - Aircraft and reserve engines	86,300	78,600
Right-of-Use - Land and Building	8,500	8,500
Right-of-Use - Other assets	100	100
Account Receivable - Sublease Agreement	-	7,700
Total Assets Impact	94,900	94,900
Lease Liabilities	94,700	94,700
Estimated restoration obligation	200	200
Total Liabilities Impact	94,900	94,900

Thai Financial Reporting Standard No.9 (TFRS 9), “Financial instruments”

The TFRS 9, “Financial instruments” establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When financial instruments standards are effective, some accounting standards, interpretations and guidance which are currently effective will be superseded. The impacts from adoption of TFRS – Financial instruments are as follows:

Classification - Financial assets

TFRS 9 classifies financial assets by measurement into three categories: amortized cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the existing classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by Thai Accounting Standard (TAS) No. 105. The classification under TFRS 9 will be based on the cash flow characteristics of the financial asset and the business model in which they are managed.

Under TFRS 9, derivatives will be measured at FVTPL. It shall replace current accounting policies of the Company on recognition when the derivatives were exercised.

Measurement at amortized cost

Under TFRS 9, interest incomes and interest expenses recognized from all financial assets and financial liabilities measured at amortized cost shall be calculated using effective interest rate method. TFRS 9 shall replace current accounting policies of the Company on recognition of both finance cost and finance income at the rate specified in the contract.

Impairment - Financial assets and contract assets

TFRS 9 introduces forward-looking “expected credit loss” (ECLs) model whereas, currently, the Company estimates allowance for doubtful account by analyzing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments.

Classification - Financial liabilities

TFRS 9 introduces a new classification and measurement approach for financial liabilities consisting of two principal classification categories; amortized cost and FVTPL. A financial liability is classified as financial liability measured at FVTPL if it is held for trading, a derivative or designated as such on the initial recognition.

Hedge accounting

TFRS 9 introduces guidance on hedge accounting while current TFRSs are silent. There are three hedge accounting models and the type of model applied depends on the hedged exposures consisting of a fair value exposure, a cash flow exposure or a foreign currency exposure on a net investment in a foreign operation. Under TFRS 9, the Company is required to ensure that hedge accounting relationships are aligned with the Company’s risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assess hedge effectiveness.

Currently, the Company had derivatives for foreign currency exchange rate risk, interest rate risk, fuel price risk and which were recognized when the derivatives were exercised. However, TFRS 9 has an option to apply the hedge accounting for any transactions that meet the specific requirement of hedge accounting under TFRS 9 at date of initial application.

The practice during transition

The company expects to adapt these set of Thai Financial Reporting Standards for the first time by adjusting the impact to the retained earnings or other components of shareholders’ equity as of January 1, 2020. In the result of adaptation, the Company will not apply these set of TFRSs to the comparative information. In order to comply with the change in accounting measurement, reclassification and impairment of financial instrument, the Company expects approximately the increase of total asset at THB 1,100 million, decrease of total liabilities THB 200 million, resulting in increase of retained earnings and other components of shareholders’ equity THB 1,300 million. However the management is reviewing the impact from Thai Financial Reporting Standards’ accounting models, which will be effective in the commenced period.

4. ADJUSTMENTS OF THE INSIGNIFICANT ERRORS OF PRIOR PERIODS

4.1 During this accounting period, the company adjusted the airport fee liability, which is a part of the ticket price collected from passengers before 2016, to be recognized as other income totaling THB 1,976.56 million because the Company has no obligations to pay the fee to the airports in each country. Based on assumptions from the historical data, the Company has not been charged for airport fee liability which older than three years since initial recognition date.

4.2 During this accounting period, the company adjusted the vacation compensation expense (unutilized annual leave, which has not been used within three years as stipulated by the company regulations) which were accrued as accrued expenses during the year 2015-2018 totaling THB 1,261.53 million because the payment of compensation must be complied with the Company's regulation according to the specified time in the order of the Company. The Company found that no compensation was requested within the specified time, therefore, there is no obligation to recognize liability in the financial statements.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

5.1 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:

Overdue Periods:	Allowance for doubtful accounts (percentage)
over 6 months to 1 year	50
over 1 year to 2 years	75
over 2 years	100

5.2 Inventories and Supplies

Inventories and supplies at the year-end, consisting of aircraft spare parts, aircraft fuel, 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.

5.2.1 Active aircraft spare parts' provision for obsolescence is at an annual rate of 10 percent of the year-end balance of aircraft spare parts.

5.2.2 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 gradually made at an annual rate of 33.33 percent of the cost until completion of the value.

5.2.3 Provision for obsolete and damaged inventories is made at the full amount.

5.3 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.

5.4 Investments

5.4.1 Investments in subsidiary and associated companies are recorded by using the cost method in the Company's financial statements. Investment in associated companies are recorded by using equity method in the Consolidated financial statements.

5.4.2 Temporary investments in debt securities held-to-one 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.

5.4.3 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 statements of comprehensive income.

5.5 Property, Plant and Equipment and Depreciation

5.5.1 Aircraft and aircraft under finance leases

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, using a residual value 6 percent of cost.

2) Passenger seats are presented at cost as separated 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.

3) Aircraft overhaul (D-check) costs, the first estimated overhaul costs, are presented at cost 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.

5.5.2 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.

5.5.3 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 in other comprehensive income and accumulated in equity. The Company has not a policy to pay dividend on revaluation surplus of assets.

5.5.4 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.

5.5.5 Leasehold buildings are amortized as expense over a lease term of 10 - 30 years.

5.5.6 Gain or loss on sale of aircraft 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 statements of comprehensive income.

5.6 Intangible Assets

Software license and cost that are directly associated with identifiable and unique software product, which can be separated, identified costs and have an economic useful life over one accounting period, will be recognized as an intangible asset at cost and amortized as expenses on a straight-line basis over useful life of 5 years.

Expenses arising from developing or maintaining computer software are recognized as expenses when incurred.

5.7 Non-performing Assets

Non-performing assets are presented at the lower of carrying amount and fair value less costs of disposal. The assets have been committed to a sale plan, but the sale process was not qualified for recognition as a completed sale within one year from the date of classification.

Losses on impairment are recognized in the statements of comprehensive income.

5.8 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 of disposal 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 statements 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.

5.9 Deferred Charges

5.9.1 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 four to seven years but not over the lease term.

5.9.2 Loan guarantee premiums are presented as deferred charge, and amortized as expenses over the period of loans in each accounting period.

5.9.3 Buyer Furnished Equipments for aircraft under operating lease are amortized as expenses over the lease term.

5.10 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.

5.11 Revenue Recognition

5.11.1 Passenger and excess baggage revenue:

1) Income from ticket sales and service orders is recorded to unearned transportation revenue and 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.

2) Unused tickets and service orders are recognized as revenue after 15 months from the issuing date.

5.11.2 Freight revenue is recognized as revenue when the Company provides the services and issues its Air Waybill. 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 one year.

5.11.3 The Company has operated a frequent flyer program called "Royal Orchid Plus" since 1993. Members can exchange accumulated mileage for services. The Company calculates stand-alone selling price rate per mile by average stand-alone selling price of air award redemption and other award redemption, then weighted by all award redemption.

Both air award and other award redemption stand-alone selling price are calculated using the same concept. Air award redemption stand-alone selling price 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 stand-alone selling price 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 mileage redemption cost is used to reduce passenger revenue and recorded liabilities under "unearned transportation revenue". Revenue is recognized when members redeem awards.

1) Mileage collection and 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.

2) The Company sells mileage to its members in order to encourage redemptions and recognizes the difference between the sale price and stand-alone selling price per mile as revenue.

3) Unredeemed awards are recognized as revenue after three years.

5.11.4 Revenue from business units (i.e. aircraft maintenance services, ground customer services, ground handling and 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 Duty free sale on board and THAI shop is recognized when sales occur, but revenue from dispatch services is recognized when services are provided.

5.11.5 Other revenue is recognized on an accrual basis.

5.12 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.

5.13 Foreign Currency Transactions

Foreign currency transactions incurred during the year are translated into Baht by using average buying and selling exchange rate of the Bank of Thailand at transaction date, 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 statements of comprehensive income.

5.14 Employee Benefit Obligations

Short-term employee benefits are recognized as expenses in the statements 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.

5.15 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 statements of comprehensive income.

5.16 Income tax

Income tax consist of current income tax and deferred tax.

Current Income tax

The Company and its subsidiaries record current income tax at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

The Company and its subsidiaries record deferred income tax based on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted by the end of the reporting period.

The Company and its subsidiaries recognize deferred tax liabilities for all taxable temporary differences while recognize deferred tax assets for all deductible temporary differences and unused tax losses (tax losses carryforward) to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and unused tax losses (tax losses carryforward) can be utilized. At each reporting period, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to the items that are recorded directly to shareholders' equity.

5.17 Accounting Estimates

The Company and its subsidiaries have applied the accounting estimates and many assumptions in preparation of 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 statements are consistently reviewed. Revisions to accounting estimates are recognized in the reviewed accounting periods and affected future periods.

5.18 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 agreed currency and interest rate. The arising interest difference is recognized as interest expenses in the statements of comprehensive income and the principal difference is recognized as gains or losses on foreign currency exchange in the statements of comprehensive income. For the forward foreign exchange contracts, the Company recognizes in its financial statements at maturity. The arising difference from such contracts will be recognized as gains or losses on foreign currency exchange in the statements of comprehensive income.

In addition, the Company entered into fuel price hedging agreements in which premium and the difference of the fuel price arising from these agreements are recognized as expenses in the statements of comprehensive income.

5.19 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 when the active market or a quoted market price is not available, the cost approach or income approach is used.

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 Company is able to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included 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.

5.20 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 statements of comprehensive income.

The profit or loss incurred from effective portion of cash flow hedges in other components of shareholders' 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 transportation and excess baggage revenue.

When hedge items is no longer expected to occur, the cumulative gain or loss that was presented in the shareholders' equity shall be immediately recognized in the statements of comprehensive income.

6. THE ADOPTION OF THE NEW THAI FINANCIAL REPORTING STANDARDS

According to the announcement of Thai Financial Reporting Standard No. 15 (TFRS 15), "Revenue from contracts with customers", has been applied to accounting periods beginning on or after January 1, 2019 onwards. It affects to the revenue measurement and recognition of the possibility of unused tickets and accumulated mileage, and the calculation of accumulated mileage value from the stand-alone selling prices. Therefore, those affect to the historical transactions recorded as an unearned transportation revenue in the current liabilities as at December 31, 2018 totaling amount THB 2,159.46 million to be adjusted against the beginning balances of retained earnings.

The Company uses the modified retrospective approach to recognize the impact to beginning balance of retained earnings in the current period, which affect to the related transaction as follows:

Consolidated Statements of Financial Position as at January 1, 2019

Unit : Million Baht

Item	As at December 31, 2018 based on previous TFRSs	The effect on the adoption of TFRS 15	As at January 1, 2019 based on TFRS 15
Current Liabilities			
Unearned transportation revenue	30,624.14	(2,159.46)	28,464.68
Shareholders' Equity			
Unappropriated retained earnings	(35,907.02)	2,159.46	(33,747.56)

The Company's Statements of Financial Position as at January 1, 2019

Unit : Million Baht

Item	As at December 31, 2018 based on previous TFRSs	The effect on the adoption of TFRS 15	As at January 1, 2019 based on TFRS 15
Current Liabilities			
Unearned transportation revenue	29,692.12	(2,159.46)	27,532.66
Shareholders' Equity			
Unappropriated retained earnings	(28,533.07)	2,159.46	(26,373.61)

Moreover, the Company has the effect on the adoption of TFRS 15 in the current period as follows:

The Company considers the expenses paid to the agents to encourage sale volume as the additional cost of contract obtaining and records along the relevant period of the revenue recognition from the contracts as the selling and advertising expense.

The Company considers the bonus mileage from the first time ROP enrollment as the uncommitted mileage apart from passenger service. The Company, therefore, records this expense as the promotion expense and presents in the selling and advertising expense.

For freight carried by other air carriers, the Company recognizes income by Gross method, since the Company act as the principal of freight service and has the right to command or control other air carriers to provide services to the customers. The Company has to recognize the expenditure paid to other air carriers as the selling and advertising expenses.

Consolidated Statements of Financial Position as at December 31, 2019

Unit : Million Baht

Item	As at December 31, 2019 based on previous TFRSs (before compensation)	The effect to the balance brought forward on the adoption of TFRS 15	Unappropriated retained earnings after the deficits	The effect to the current period on the adoption of TFRS 15	As at December 31, 2019 based on TFRS 15
Current Liabilities					
Unearned transportation revenue	34,412.99	(2,159.46)		(2,564.37)	29,689.16
Shareholders' equity					
Unappropriated retained earnings	(50,480.83)	2,159.46	(48,321.37)		
<u>Less</u> Transfer of legal reserve and share premium to compensate with retained earnings (Note 8.23)			26,373.61		
Unappropriated retained earnings after the deficits			(21,947.76)	2,564.37	(19,383.39)

The Company's Statements of Financial Position as at December 31, 2019

Unit : Million Baht

Item	As at December 31, 2019 based on the previous TFRSs (before compensation)	The effect to the balance brought forward on the adoption of TFRS 15	Unappropriated retained earnings after the deficits	The effect to the current period on the adoption of TFRS 15	As at December 31, 2019 based on TFRS 15
Current Liabilities					
Unearned transportation revenue	33,404.41	(2,159.46)		(2,250.78)	28,994.17
Shareholders' equity					
Unappropriated retained earnings	(42,659.36)	2,159.46	(40,499.90)		
<u>Less</u> Transfer of legal reserve and share premium to compensate with retained earnings (Note 8.23)			26,373.61		
Unappropriated retained earnings after the deficits			(14,126.29)	2,250.78	(11,875.51)

Consolidated Statements of Comprehensive Income for the year ended December 31, 2019

Unit : Million Baht

Item	For the year ended December 31, 2019 based on previous TFRSs	The effect on the adoption of TFRS 15	For the year ended December 31, 2019 based on TFRS 15
Passenger and excess baggage revenue	145,727.83	3,316.42	149,044.25
Freight revenue	17,105.74	137.25	17,242.99
Selling and advertising expenses	(9,747.73)	(889.30)	(10,637.03)
Profit (loss) for the year	(14,580.84)	2,564.37	(12,016.47)
Basic (loss) earnings per share (Baht)	(6.69)	1.17	(5.52)

The Company's Statements of Comprehensive Income for the year ended December 31, 2019

Unit : Million Baht

Item	For the year ended December 31, 2019 based on previous TFRSs	The effect on the adoption of TFRS 15	For the year ended December 31, 2019 based on TFRS 15
Passenger and excess baggage revenue	138,249.45	3,142.46	141,391.91
Freight revenue	17,108.63	137.25	17,245.88
Selling and advertising expenses	(8,832.50)	(1,028.93)	(9,861.43)
Profit (loss) for the year	(14,126.29)	2,250.78	(11,875.51)
Basic (loss) earnings per share(Baht)	(6.47)	1.03	(5.44)

7. CORPORATE TRANSFORMATION PLANS

In 2019, the Company continues to follow the Corporate Transformation Plan with the goal to achieve profitable business performance and sustainability, and to improve efficiency and high standard service quality while persistently maintaining the international safety and service standards. The Plan comprises 5 main strategies and followings:

1. Aggressive Profit Strategy; includes
 - 1.1 Financial Structure Management Project
 - 1.2 Ancillary and e-Commerce Revenue Boost Project
 - 1.3 OEM Catering Business Project
 - 1.4 Plan Buy Fly Sell Project
 - 1.5 THAI MRO Master Plan Project
2. Business/Assets Portfolio Strategy; includes The Civil Aviation Authority of Thailand (CAAT) and Airport of Thailand (AOT) Public Company Limited Cooperation Enhancement Project
3. Customer Experiences Strategy; includes Customer Centric Building and Integrated Service Ring Project
4. Digital Technology Strategy; includes Sales and Distribution Optimization-Web Sales Project
5. Effective Human Capital Management Strategy; includes Organization Structure Development Project

The Company has continued to turn the above strategies and plans into actions through implementation plans. In the meantime, since the Company and its subsidiaries' performance reported losses for the first six months of 2019, the Company reassessed external environment of aviation industries, analyzed market and competitive situation including internal environments. The transformation plan was revised and updated with prompt measures taken in parallel with the above strategies until the end of 2019. The revised plan comprises of 3 main initiatives i.e. revenue enhancement, cost efficiency and performance and efficiency improvement. To increase revenue, personalized marketing strategy is executed to improve ancillary revenues and accelerate digital marketing by using big data and data analytics in marketing analysis to increase online sales. To manage cost effectively, the Company issued measures to eliminate unnecessary expenses and reduce management and board remuneration with voluntary pay reduction. To improve performance and efficiency, the Company improved fleet management efficiency by expediting aircraft acquisition plan which is appropriate for the Company's business, and monitored the decommissioning and sale activities of grounded aircraft and other assets to be in line with selling plan, managed long term plan to reduce debt and debt-to-equity ratio with the purpose of minimizing the company's financial risks. In addition, to ensure good governance, organizational structure required improvement to suit the company's business and requires the best fill for major executives and employees.

The Transformation Plan 2020-2024 is under preparation and submission for board approval. The Plan is considered 3 main initiatives as a business development framework to minimize crisis and business risk, recover loss and make profit. The initiatives comprise 1) revenue enhancement 2) cost efficiency 3) performance and efficiency improvement, in which the following strategies and activities are executed:

1. Revenue Enhancement. Profits for the Company are determined by increasing revenue from airline business and enhance the model to aviation business by the following strategies:
 - 1.1 Optimize Transportation Revenue
 - 1.2 Boost Other Revenues
 - 1.3 Expand Business Opportunity
2. Cost Efficiency. In order to achieve competitive advantage through cost excellence, the following strategies are executed:
 - 2.1 Streamline Work Process (Reprocess)
 - 2.2 Maximize Asset Management
 - 2.3 Manage Fuel and Foreign Exchange Rate
3. Performance and Efficiency Improvement. The following strategies are executed:
 - 3.1 Strengthen Network and Fleet
 - 3.2 Enhance Customer Experience
 - 3.3 Develop Partnerships with Government Sectors and Other SOEs
 - 3.4 Analysis of Business Model Adjustment
 - 3.5 TG Culture Changes

8. SUPPLEMENTARY INFORMATION

8.1 Cash and Cash Equivalents

Unit : Million Baht

	Consolidated Financial Statements		The Company's Financial Statements	
	2019	2018	2019	2018
Cash on hand - Domestic	12.50	14.54	10.23	12.03
Cash on hand - Abroad	18.44	28.55	18.44	28.55
Cash at banks - Domestic	12,560.94	6,727.22	12,032.08	5,561.25
Cash at banks - Abroad	9,071.33	6,921.54	8,812.34	6,921.53
Total	21,663.21	13,691.85	20,873.09	12,523.36

8.2 Trade Receivables

Unit : Million Baht

	Consolidated Financial Statements		The Company's Financial Statements	
	2019	2018	2019	2018
Overdue Periods:				
Not over 6 months	8,816.92	10,017.29	8,223.31	9,333.51
Over 6 months to 1 year	383.67	340.47	159.02	340.47
Over 1 year to 2 years	227.87	193.37	227.88	188.35
Over 2 years	1,031.53	1,063.83	1,002.09	1,034.25
	10,459.99	11,614.96	9,612.30	10,896.58
<u>Less</u> Allowance for doubtful accounts	(1,278.09)	(1,220.89)	(1,248.14)	(1,190.67)
Trade receivables - net	9,181.90	10,394.07	8,364.16	9,705.91

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.

8.3 Inventories and Supplies

Unit : Million Baht

	Consolidated Financial Statements		The Company's Financial Statements	
	2019	2018	2019	2018
Aircraft spare parts	3,246.75	3,430.65	3,246.75	3,430.65
<u>Less</u> Allowance for obsolescence (10 percent of the year - end balance)	(324.67)	(343.06)	(324.67)	(343.06)
Aircraft spare parts - Net	2,922.08	3,087.59	2,922.08	3,087.59
Slow moving aircraft spare parts and spare parts for sale	4,922.37	4,561.03	4,922.37	4,561.03
<u>Less</u> Allowance for obsolescence (33.33 percent)	(4,264.45)	(4,047.11)	(4,264.45)	(4,047.11)
Slow moving aircraft spare parts and spare parts for sale - Net	657.92	513.92	657.92	513.92
Vehicle spare parts and ground support equipments	327.36	348.64	327.36	348.64
Fuel and oil for aircraft	163.02	347.98	163.02	347.98
Goods for sales	259.41	270.47	252.89	265.15
Cabin supplies	192.13	233.41	164.37	200.06
Supplies and other consumables	24.56	24.10	23.51	23.78
Stationery and office supplies	99.48	103.49	94.10	97.12
Inventories and spare parts in transit	50.71	17.42	50.71	17.42
Total inventories and other supplies	789.31	996.87	748.60	951.51
Obsolete and damaged inventories and supplies for disposal	35.86	80.58	35.86	80.58
<u>Less</u> Allowance for obsolescence (100 percent)	(35.86)	(80.58)	(35.86)	(80.58)
Obsolete and damaged inventories and supplies for disposal - Net	-	-	-	-
Total inventories and supplies - Net	4,696.67	4,947.02	4,655.96	4,901.66
Total inventories and supplies at year - end	9,321.65	9,417.77	9,280.94	9,372.41
<u>Less</u> Total allowance for obsolete inventories and supplies	(4,624.98)	(4,470.75)	(4,624.98)	(4,470.75)
Total inventories and supplies - Net	4,696.67	4,947.02	4,655.96	4,901.66

8.4 Other Current Assets

Unit : Million Baht

	Consolidated Financial Statements		The Company's Financial Statements	
	2019	2018	2019	2018
Tax refund	1,463.16	1,436.69	1,463.16	1,436.69
Cash at banks of pension fund	3,858.53	3,970.42	3,858.53	3,970.42
Accrued income	2,008.02	1,139.30	2,030.49	2,061.75
Receivables from related parties	594.98	2,160.46	5,546.80	9,358.33
Others	4,086.99	3,996.11	4,931.24	3,708.18
Total	12,011.68	12,702.98	17,830.22	20,535.37

8.5 Non-current assets held for sale

Unit : Million Baht

	Aircraft	Other assets	Total
As at January 1, 2019	490.16	-	490.16
- Additions	926.16	1.44	927.60
- Impairment	(140.56)	-	(140.56)
- Disposals	(1,252.90)	(1.44)	(1,254.34)
As at December 31, 2019	22.86	-	22.86

As at January 1, 2019, 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.

During the year 2019, non-performing assets were reclassified to non-current assets held for sale in the amount of THB 927.60 million consisted of four A330-300 in the amount of THB 926.16 million and other assets in the amount of THB 1.44 million.

Moreover, the Company recognized the impairment losses of two B747-400 and one A330-300 in the amount of THB 140.56 million.

The Company transferred the title of five A330-300 and one B747-400 in the amount of THB 1,252.90 million and sold other assets in the amount of THB 1.44 million which made a grand total of THB 1,254.34 million.

As at December 31, 2019, non-current assets held for sale consisted of one B747-400 in the amount of THB 22.86 million

8.6 Investments

Consolidated Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments				Income on Investments	
	2019	2018	Cost Method		Equity Method		2019	2018
			2019	2018	2019	2018		
8.6.1 Investments in associates recorded by equity method								
Royal Orchid Hotel (Thailand) Public Company	-	24.00	-	225.00	-	265.54	-	13.52
<u>Less</u> Sale of total shares	-	(24.00)	-	(225.00)	-	(265.54)	-	-
Balance	-	-	-	-	-	-	-	13.52
(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	101.07	109.76	15.31	24.20
Bangkok Aviation Fuel Services Public Company Limited (Fair value for the year 2019 amount of THB 3,455.60 million and for the year 2018 amount of THB 3,772.36 million)	22.59	22.59	115.19	115.19	1,271.80	1,250.82	218.23	250.79
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	228.61	269.16	10.45	19.03
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	312.30	283.42	28.88	37.40
Nok Airlines Public Company Limited and its subsidiaries (Fair value for the year 2019 amount of THB 990.78 million and for the year 2018 amount of THB 1,198.85 million)	15.94	21.80	735.59	735.59	187.07	386.55	(199.48)	(867.77)
Total investments in associates recorded by equity method					2,100.85	2,299.71	73.39	(522.83)
8.6.2 Other long-term investments recorded by cost method								
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00934	0.00934			-	-
Aeronautical Radio of Thailand Limited	1.36	1.36	8.97	8.95			-	-
SITA Investment Certificate	-	-	22.32	25.09			-	-
Trade Siam Company Limited (paid 25 percent of authorized share capital)	3.50	3.50	1.75	1.75			0.54	0.50
SITA Information Networking Computing	-	-	27.41	29.52			-	-
Other investments	-	-	2.60	2.68			0.63	0.70
Vayupak mutual Fund	-	-	1.00	1.00			0.006	0.006
Total other long-term investments			64.06	69.00			1.18	1.20

Total income on investments amounted of THB 73.39 million, consist of gain on changes in ownership interest in the amount of THB 273.18 million, share loss of associates in the amount of THB 223.20 million and share of other comprehensive income of associates in the amount of THB 23.41 million.

The Company's Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
	2019	2018	Cost Method		2019	2018
			2019	2018		
8.6.1 Investments recorded by cost method						
Subsidiaries						
Thai-Amadeus Southeast Asia Company Limited	55.00	55.00	8.25	8.25	57.75	37.12
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	0.59	0.98
Thai Smile Airways Company Limited	100.00	100.00	1,800.00	1,800.00	-	-
Total			1,810.21	1,810.21	58.34	38.10
Associates						
Royal Orchid Hotel (Thailand) Public Company Limited	-	24.00	-	225.00	-	26.44
<u>Less</u> Sale of total shares	-	(24.00)	-	(225.00)	-	-
Balance	-	-	-	-	-	26.44
(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 (Fair value for the year 2019 amount of THB 3,455.60 million and for the year 2018 amount of THB 3,772.36 million)	22.59	22.59	115.19	115.19	197.25	181.42
Phuket Air Catering Company Limited	30.00	30.00	30.00	30.00	51.00	75.00
Suvarnabhumi Airport Hotel Company Limited	30.00	30.00	305.33	305.33	-	-
Nok Airlines Public Company Limited and its subsidiaries (Fair value for the year 2019 amount of THB 990.78 million and for the year 2018 amount of THB 1,198.85 million)	15.94	21.80	735.59	735.59	-	-
Total			1,234.11	1,234.11	272.25	306.86
Total Investments recorded by cost method			3,044.32	3,044.32	330.59	344.96

The Company's Financial Statements

Unit : Million Baht

Name of Company	Percentage of Shareholding		Investments		Dividend Income	
	2019	2018	Cost Method		2019	2018
			2019	2018		
8.6.2 Other long-term investments recorded by cost method						
Fuel Pipeline Transportation Limited	0.00026	0.00026	0.00934	0.00934	-	-
Aeronautical Radio of Thailand Limited	0.87	0.90	5.74	5.97	-	-
SITA Investment Certificate	-	-	22.32	25.09	-	-
Trade Siam Company Limited (paid 25 percent of authorized share capital)	3.50	3.50	1.75	1.75	0.54	0.50
SITA Information Networking Computing	-	-	27.41	29.52	-	-
Other investment	-	-	2.60	2.68	0.63	0.70
Vayupak mutual Fund	-	-	1.00	1.00	0.006	0.006
Total other long-term investments			60.83	66.02	1.18	1.20

Associates are the entities in which The Company has significant influence. With the power to participate in financial and operation policy decision, but not to the level of control or joint control. The Company has representatives to be board of directors in Nok Airlines Public Company Limited, therefore the investment in Nok Airlines Public Company Limited considered as an investment in associates.

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.

8.6.3 Financial Information Summary of Subsidiaries

Unit : Million Baht

Name of Company	Assets	Liabilities	Income	Gains (Losses)
Subsidiaries				
Thai-Amadeus Southeast Asia Company Limited	309.84	76.84	283.54	58.55
WingSpan Services Company Limited	493.45	385.37	1,212.00	14.61
Thai Flight Training Company Limited	86.27	8.23	58.33	13.60
Tour Eurng Luang Company Limited	5.91	0.42	3.08	0.88
Thai Smile Airways Company Limited	3,894.51	10,775.73	14,454.53	(112.58)

Unit : Million Baht

Name of Company	Assets	Liabilities	Income	Gains (Losses)
Associates				
Donmuang International Airport Hotel Company Limited	363.31	106.52	400.04	38.28
Bangkok Aviation Fuel Services Public Company Limited	17,332.80	9,447.85	3,956.22	966.06
Phuket Air Catering Company Limited	839.97	68.57	360.01	35.52
Suvarnabhumi Airport Hotel Company Limited	1,372.32	324.70	918.76	96.25
Nok Airlines Public Company Limited and its subsidiaries	15,296.51	18,720.05	19,976.77	(2,927.67)

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.

8.7 Significant Transactions with Related Parties

8.7.1 Related Transactions with Major Shareholders

1) Short-term loans from related parties

Unit : Million Baht

	2019	2018
Foreign loans via the Ministry of Finance	-	-
Loans via domestic Financial Institutions	3,500.00	1,000.00
Total	3,500.00	1,000.00

2) Long-term loans from related parties

Unit : Million Baht

	2019	2018
Current maturities of long-term loans		
Foreign loans via the Ministry of Finance	1,089.81	1,198.64
Loans via domestic Financial Institutions	534.86	249.45
Total	1,624.67	1,448.09
Long-term loans		
Foreign loans via the Ministry of Finance	10,887.63	13,173.54
Loans via domestic Financial Institutions	1,902.44	2,464.46
Total	12,790.07	15,638.00

Foreign loans via the Ministry of Finance are loans that the Ministry of Finance entered into loan agreements with foreign entities and lent to the Company in Euro currency.

8.7.2 Related Transactions with Subsidiaries

1) Sales and Purchases

Unit : Million Baht

	2019		2018	
	Sales	Purchases	Sales	Purchases
Thai-Amadeus Southeast Asia Company Limited	11.02	-	20.05	-
WingSpan Services Company Limited	4.33	1,119.93	7.99	1,113.89
Thai Flight Training Company Limited	20.23	-	30.47	0.05
Tour Eurng Luang Company Limited	47.60	0.11	41.86	0.05
Thai Smile Airways Company Limited	9,328.93	7,011.84	9,543.60	5,041.45

The related purchase transactions of Thai Smiles Airways Co., Ltd. present the increasing amount of purchase compare to the same period of last year due to the coordination of the integration strategy for efficient and concrete ticket sale for the passengers. The Company mainly controls the direction and the passenger ticket selling's strategy under the concept called "Block space concept" for 90 percent of total passenger seats per flight of every route of Thai Smile Airways Co., Ltd. starting from March 2019. The Company recognizes the cost of passenger ticket at the agreed price for both sold and unsold tickets and presents the cost under lease of aircraft and spare part expenses in the statements of comprehensive income in the occurring period.

2) Accounts Receivable and Accounts Payable

Unit : Million Baht

	2019		2018	
	Accounts Receivable	Accounts Payable	Accounts Receivable	Accounts Payable
Thai-Amadeus Southeast Asia Company Limited	0.17	-	5.96	-
WingSpan Services Company Limited	239.86	298.79	284.08	582.61
Thai Flight Training Company Limited	2.58	-	4.09	-
Tour Eung Luang Company Limited	0.33	-	7.60	-
Thai Smile Airways Company Limited	5,486.27	-	9,465.45	1,837.38

Related accounts receivable and accounts payable of WingSpan Service Co., Ltd. included prepaid and accrued expenses in the amount of THB 238.86 million and THB 298.79 million, respectively.

3) Aircraft Lease

The Company signed A320-200 aircraft sublease agreements with Thai Smile Airways Co., Ltd. As at December 31, 2019, 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.

8.7.3 Related Transactions with Associates

1) Sales and Purchases

Unit : Million Baht

	2019		2018	
	Sales	Purchases	Sales	Purchases
Royal Orchid Hotel (Thailand) Public Company Limited	-	-	-	0.33
Donmuang International Airport Hotel Company Limited	-	0.10	-	0.02
Bangkok Aviation Fuel Services Public Company Limited	0.01	362.57	-	354.43
Phuket Air Catering Company Limited	0.29	125.92	1.50	133.28
Suvarnabhumi Airport Hotel Company Limited	-	26.03	-	19.65
Nok Airlines Public Company Limited and its subsidiaries	176.40	1.16	190.18	3.83

2) Accounts Receivable and Accounts Payable

Unit : Million Baht

	2019		2018	
	Accounts Receivable	Accounts Payable	Accounts Receivable	Accounts Payable
Royal Orchid Hotel (Thailand) Public Company Limited	-	-	-	-
Donmuang International Airport Hotel Company Limited	-	-	-	-
Bangkok Aviation Fuel Services Public Company Limited	-	-	-	-
Phuket Air Catering Company Limited	0.01	-	0.04	2.34
Suvarnabhumi Airport Hotel Company Limited	-	-	-	1.62
Nok Airlines Public Company Limited and its subsidiaries	56.44	-	56.82	0.24

The Company's pricing policy is to purchase goods and services at market price from related parties on normal commercial term as unrelated parties.

8.8 Property, Plant and Equipment

Consolidated Financial Statements As at December 31, 2019

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
Cost											
As at January 1, 2019	-	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
- Additions	991.66	391.41	562.26	1,555.67	222.23	-	6.07	-	88.16	771.76	4,589.32
- Adjust/Transfers	-	92.88	(2.70)	(207.03)	(218.89)	-	-	-	(70.10)	(409.86)	(815.70)
- Disposals/Write off	-	(507.27)	(681.18)	(650.11)	(11.71)	-	-	-	(11.86)	(20.70)	(1,882.83)
As at December 31, 2019	991.66	155,926.29	145,984.35	36,615.41	332.83	9,035.06	2,125.26	10,809.16	4,783.13	31,547.01	398,150.16
Accumulated depreciation											
As at January 1, 2019	-	110,002.96	40,505.97	24,208.41	-	-	2,086.43	6,709.58	4,633.82	28,513.51	216,660.68
- Depreciation	-	6,952.26	7,368.89	1,310.57	-	-	10.51	228.90	73.01	734.93	16,679.07
- Adjust/Transfers	-	-	-	(61.54)	-	-	-	-	(69.71)	(535.07)	(666.32)
- Disposals/Write off	-	(507.27)	(681.18)	(476.92)	-	-	-	-	(11.86)	(20.43)	(1,697.66)
- Allowance for impairment	-	-	-	56.83	-	-	-	-	-	-	56.83
As at December 31, 2019	-	116,447.95	47,193.68	25,037.35	-	-	2,096.94	6,938.48	4,625.26	28,692.94	231,032.60
Carrying amount											
As at December 31, 2018	-	45,946.31	105,600.00	11,708.47	341.10	9,035.06	32.76	4,099.58	143.11	2,692.30	179,598.69
As at December 31, 2019	991.66	39,478.34	98,790.67	11,578.06	332.83	9,035.06	28.32	3,870.68	157.87	2,854.07	167,117.56

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
Cost											
As at January 1, 2018, as prior 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
Accumulated depreciation											
As at January 1, 2018, as prior 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
Carrying amount											
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	341.10	9,035.06	32.76	4,099.58	143.11	2,692.30	179,598.69

The Company's Financial Statements
As at December 31, 2019

Unit : Million Baht

Cost	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
As at January 1, 2019	-	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
- Additions	991.66	391.41	562.26	1,555.67	222.26	-	6.07	-	76.54	765.55	4,571.42
- Adjust/Transfers	-	92.88	(2.70)	(207.03)	(217.52)	-	-	-	(70.10)	(411.23)	(815.70)
- Disposals/Write off	-	(507.27)	(681.18)	(650.11)	-	-	-	-	(11.86)	(16.89)	(1,867.31)
As at December 31, 2019	991.66	155,926.29	145,984.35	36,615.41	332.82	9,035.06	2,125.26	10,809.16	4,741.53	31,440.05	398,001.59
Accumulated depreciation											
As at January 1, 2019	-	110,002.96	40,505.97	24,208.41	-	-	2,086.43	6,709.58	4,611.07	28,430.26	216,554.68
- Depreciation	-	6,952.26	7,368.89	1,310.57	-	-	10.51	228.90	65.55	729.49	16,666.17
- Adjust/Transfers	-	-	-	(61.54)	-	-	-	-	(69.71)	(535.07)	(666.32)
- Disposals/Write off	-	(507.27)	(681.18)	(476.92)	-	-	-	-	(11.86)	(16.87)	(1,694.10)
- Allowance for impairment	-	-	-	56.83	-	-	-	-	-	-	56.83
As at December 31, 2019	-	116,447.95	47,193.68	25,037.35	-	-	2,096.94	6,938.48	4,595.05	28,607.81	230,917.26
Carrying amount											
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
As at December 31, 2019	991.66	39,478.34	98,790.67	11,578.06	332.82	9,035.06	28.32	3,870.68	146.48	2,832.24	167,084.33

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
Cost											
As at January 1, 2018, as prior 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
- Additions	-	658.03	6,902.14	2,508.78	619.92	-	-	-	75.72	647.69	11,412.28
- Adjust/Transfers	(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
Accumulated depreciation											
As at January 1, 2018, as prior 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
Carrying amount											
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

As at December 31, 2019, 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.

From 34 aircraft of the total fleet, there were 2 own aircraft pledged as collateral with the carrying amount of THB 4,436.57 million and 32 aircraft under finance leases with carrying amount of THB 98,790.67 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 95,342.54 million, the leasehold buildings in the amount of THB 3,947.94 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).

8.9 Intangible Assets

Unit : Million Baht

	Consolidated Financial Statements	The Company's Financial Statements
Cost		
As at January 1, 2019	3,537.94	3,498.15
- Additions	155.42	79.55
- Adjust/Transfers	(0.85)	(0.85)
- Disposals/Write off	(0.27)	(0.27)
As at December 31, 2019	3,692.24	3,576.58
Accumulated amortization		
As at January 1, 2019	3,301.59	3,269.34
- Amortization	108.14	94.92
- Adjust/Transfers	(0.85)	(0.85)
- Disposals/Write off	(0.27)	(0.27)
As at December 31, 2019	3,408.61	3,363.14
Carrying amount		
As at December 31, 2018	236.35	228.81
As at December 31, 2019	283.63	213.44

8.10 Deferred Income Tax and Income Tax

8.10.1 Deferred Tax Assets and Liabilities

Unit : Million Baht

	Consolidated Financial Statements		The Company's Financial Statements	
	2019	2018	2019	2018
Deferred Tax Assets	9,542.73	10,650.72	9,526.91	10,632.99
Deferred Tax Liabilities	1,856.97	1,703.58	1,856.97	1,703.58

Movement of deferred tax assets and liabilities during the year are as follows:

Unit : Million Baht

	Consolidated Financial Statements				
	Balance as at January 1, 2019	Items recognized in Profit or Loss	Items recognized in Other Comprehensive Income	As at December 31, 2019	
				Deferred Tax Assets	Deferred Tax Liabilities
Contribution to staff provident fund	38.88	(4.11)	-	34.77	-
Contribution to staff pension fund	167.44	(63.44)	-	104.00	-
Allowance for obsolete inventories	894.15	(0.53)	-	893.62	-
Allowance for doubtful accounts	297.39	-	-	297.39	-
Allowance for impairment of assets	2,679.36	(672.82)	-	2,006.54	-
Estimated accrual expenses	155.48	(150.75)	-	4.73	-
Intangible assets	6.16	(6.16)	-	-	-
Employee benefit obligations	1,942.46	(76.41)	(2.51)	1,863.54	-
Effective portion of changes in fair value of cash flow hedges	131.24	-	(131.24)	-	-
Tax losses carryforward	4,336.06	-	-	4,336.06	-
Others	2.10	(0.02)	-	2.08	-
	10,650.72	(974.24)	(133.75)	9,542.73	-
Intangible assets	29.40	(10.43)	-	-	18.97
Effective portion of changes in fair value of cash flow hedges	-	-	163.82	-	163.82
Revaluation surplus	1,674.18	-	-	-	1,674.18
Total	1,703.58	(10.43)	163.82	-	1,856.97

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	-
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	-
	10,679.23	(17.73)	(10.78)	10,650.72	-
Intangible assets	74.30	(44.90)	-	-	29.40
Revaluation surplus	1,717.05	(42.87)	-	-	1,674.18
Total	1,791.35	(87.77)	-	-	1,703.58

*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

The Company's Financial Statements					
	Balance as at January 1, 2019	Items recognized in Profit or Loss	Items recognized in Other Comprehensive Income	As at December 31, 2019	
				Deferred Tax Assets	Deferred Tax Liabilities
Contribution to staff provident fund	38.88	(4.11)	-	34.77	-
Contribution to staff pension fund	167.44	(63.44)	-	104.00	-
Allowance for obsolete inventories	894.15	(0.53)	-	893.62	-
Allowance for doubtful accounts	293.12	-	-	293.12	-
Allowance for impairment of assets	2,679.36	(672.82)	-	2,006.54	-
Estimated accrual expenses	149.64	(149.64)	-	-	-
Intangible assets	6.16	(6.16)	-	-	-
Employee benefit obligations	1,936.94	(78.14)	-	1,858.80	-
Effective portion of changes in fair value of cash flow hedges	131.24	-	(131.24)	-	-
Tax losses carryforward	4,336.06	-	-	4,336.06	-
Others	-	-	-	-	-
	10,632.99	(974.84)	(131.24)	9,526.91	-
Intangible assets	29.40	(10.43)	-	-	18.97
Effective portion of changes in fair value of cash flow hedges	-	-	163.82	-	163.82
Revaluation surplus	1,674.18	-	-	-	1,674.18
Total	1,703.58	(10.43)	163.82	-	1,856.97

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	-
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	-	-	-	-	-
	10,663.25	(19.48)	(10.78)	10,632.99	-
Intangible assets	74.30	(44.90)	-	-	29.40
Revaluation surplus	1,717.05	(42.87)	-	-	1,674.18
Total	1,791.35	(87.77)	-	-	1,703.58

The deductible temporary differences and tax losses carryforward, which the Company has not recognized as deferred tax assets are as follows:

Unit : Million Baht

Item	The Company's Financial Statements
Contribution to staff pension fund	21.23
Allowance for obsolete inventories	31.37
Allowance for doubtful accounts	4.13
Estimated accrual expenses	100.65
Employee benefit obligations	358.19
Tax losses carryforward	1,949.78
Total	2,465.35

As at December 31, 2019, the Company did not recorded the deferred tax assets for temporary differences and tax losses carryforward because the management assessed that the future taxable profit will not be available against which deferred tax can be utilized for the Company's financial statements.

8.10.2 Income Tax

Income Tax Expense (Revenue) for the year ended December 31, 2019 and 2018 consist of:

Unit : Million Baht

	Consolidated Financial Statements		The Company's Financial Statements	
	2019	2018	2019	2018
Current income tax				
Corporate income tax for the year	18.06	33.31	-	-
Deferred tax				
Add (less): deferred tax from temporary differences and reversal of temporary differences	963.81	(70.04)	964.41	(68.29)
Income Tax Expense (Revenue) as presented in the statements of comprehensive income	981.87	(36.73)	964.41	(68.29)

8.11 Maintenance reserves

Unit : Million Baht

	Consolidated Financial Statements		The Company's Financial Statements	
	2019	2018	2019	2018
Maintenance reserves - at the beginning balance	13,538.58	10,388.15	13,552.03	10,373.86
<u>Add</u> Disburse	3,657.66	3,789.52	3,677.06	3,817.26
<u>Less</u> Reimburse/Adjust	(4,191.92)	(639.09)	(4,272.85)	(639.09)
Maintenance reserves - at the ending balance	13,004.32	13,538.58	12,956.24	13,552.03

Maintenance reserves is collected by lessor to accrue for the scheduled major maintenance events as specified by maintenance schedule in lease agreements.

8.12 Other Non-Current Assets

Unit : Million Baht

	Consolidated Financial Statements		The Company's Financial Statements	
	2019	2018	2019	2018
Deferred charges	1,865.00	2,230.00	1,787.07	2,141.11
Deferred buyer furnished equipment for aircraft under operating lease	3,998.67	4,539.04	3,998.67	4,539.04
Non-performing assets	3,650.13	4,891.45	3,650.13	4,891.45
Security deposits for aircraft lease	4,793.10	5,420.44	4,793.10	5,420.44
Others	710.96	1,119.63	647.25	1,061.57
Total	15,017.86	18,200.56	14,876.22	18,053.61

Non-performing assets consisted of:

Unit : Million Baht

	Aircraft	Engines	Land Revalued in year 2015	Other assets	Total
As at January 1, 2019	4,088.19	498.63	242.83	61.80	4,891.45
- Additions	-	-	-	1.43	1.43
- Impairment	(240.76)	(74.39)	-	-	(315.15)
- Adjust/Transfers	(926.16)	-	-	(1.44)	(927.60)
As at December 31, 2019	2,921.27	424.24	242.83	61.79	3,650.13

As at December 31, 2019, total non-performing assets in amount of THB 3,650.13 million consisted of 14 aircraft in amount of THB 2,921.27 million (one A300-600, three A340-500, six A340-600 and four B737-400), spare engines in amount of THB 424.24 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 61.79 million which mostly were spare parts of decommissioned aircraft.

8.13 Liquidity Management

In the year 2019, the Company acquired financing through short-term and long-term loans for the Company's operation as follows:

1. Acquired short-term loan, promissory note, from various financial institutions in the total of THB 21,500 million, consisting of THB 15,500 million of short-term loan and rolled over the existing short-term loan of THB 6,000 million to repay for the matured short-term loan and debentures.

2. Issued THB 10,000 million of debentures in May 2019 and THB 8,788 million in November 2019 to repay for matured debentures, for loans with higher costs, investment on assets, and partially used for the Company's cash flow.

3. Acquired long-term loan from local financial institutions in the amount of THB 3,000 million in July 2019 and THB 2,000 million in October 2019 in order to maintain liquidity. Furthermore, in December 2019, the Company received Maintenance Reserve fee for the four rented B777-300ER aircraft, maintenance fee of seven GE90 engines from BOC Aviation Limited in the amount of THB 2,267 million, and from unwinding of Cross Currency Swap in the amount of THB 1,805 million.

As of December 31, 2019, the Company THB 13,500 million worth of committed credit line, THB 7,800 million of uncommitted credit line, and USD 20 million (equivalent to approximately THB 600 million) as working capital.

From the aforementioned information and forecasted cash flow for the year 2020, under the conservative approach, the Company's cash on hand is at the sufficient level for the going concern operation, provided that the Company would not be affected by external uncontrollable factors.

8.14 Long-Term Loans Consolidated and the Company's financial statements

Unit : Million Baht

Currency	Loan Currency		Baht Equivalent (Million)	
	2019	2018	2019	2018
EUR	351,403,159	383,376,783	11,977.44	14,372.18
JPY	1,564,029,808	2,404,029,808	437.31	713.91
THB	10,873,365,385	9,358,461,551	10,873.36	9,358.46
Total long-term loans			23,288.11	24,444.55
<u>Less</u> Current portion of long-term loans			5,392.75	4,633.18
Net long-term loans			17,895.36	19,811.37

As at December 31, 2019, 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 11,977.44 million, loan in JPY currency from Export-Import Bank of Thailand in the amount of THB 437.31 million and domestic loans from the commercial banks in the amount of THB 10,873.36 million. The total long-term loans amounted to THB 23,288.11 million had been transferred to a current portion of long-term loans in the amount of THB 5,392.75 million, the outstanding balance of long-term loans amounted to THB 17,895.36 million.

Current portion of long-term loans in the amount of THB 5,392.75 million consisted of long-term loans from the financial institutions and related party in the amount of THB 3,768.08 million and THB 1,624.67 million, respectively.

The outstanding balance of long-term loans in the amount of THB 17,895.36 million consisted of long-term loans from financial institutions and related party in the amount of THB 5,105.29 million and THB 12,790.07 million, respectively.

8.15 Liabilities under Finance Leases Consolidated and the Company's financial statements

Unit : Million Baht

Liabilities under Finance Leases	2019		2018	
	Carrying Value	Present Value	Carrying Value	Present Value
Within 1 year	7,253.02	6,839.89	8,699.91	8,200.50
More than 1 year - 5 years	27,034.68	22,085.98	30,117.04	24,571.82
More than 5 years	12,168.31	7,925.83	20,165.06	12,973.04
Total	46,456.01	36,851.70	58,982.01	45,745.36

The Company contracted aircraft lease agreement equipped with purchase options with 21 foreign and domestic financial institutions, which presented the value regarding to the accounting policy described in Note 5.10. For the year 2019, the outstanding balance of obligations under finance leases for 32 aircraft was THB 50,110.52 million with maturities ranging from the year 2020 to 2030. After deducting interest expense due in the amount of THB 3,654.51 million, the principal balance of obligations under the Company's finance leases was THB 46,456.01 million. As at December 31, 2019, the amount of THB 7,253.02 million has been transferred to a current portion of finance lease, the outstanding balance of long-term liabilities under finance lease amounted to THB 39,202.99 million.

8.16 Debentures

Unit : Million Baht

Resolutions of Shareholders' Meeting /No./Date	Issuing					Redemption		Balance as at December 31, 2019				
	Amount Issued	Time Issued	Year Issued	Due Date	Age (Year)	Interest Rate Paid Every 6 Months (Percentage)	Amount		2019			
Ordinary /2005 December 23, 2005	60,000	1(Tranche4)	2009	January 20, 2019	10	6.00	3,600.00	Jan 20	(3,600.00)	-		
							3,600.00					
Ordinary /2010 April 28, 2010	40,000	1 (Tranche2)	2011	May 13, 2021	10	Year 1-4 4.25% Year 5-8 4.75% Year 9-10 5.35%	833.00		-	833.00		
							2,167.00		-	2,167.00		
							3,000.00		-	3,000.00		
During the year 2013 August 30, 2013		1 (Tranche1) 1 (Tranche2)	2012	February 16, 2019	7	4.41	1,000.00	Feb 16	(1,000.00)	-		
				February 16, 2022	10	4.75	2,000.00		-	2,000.00		
		2	2012	March 23, 2024	12	4.98	3,000.00		1,500.00		2,000.00	
							1,500.00		-	1,500.00		
		3 (Tranche2) 3 (Tranche3)	2012	October 11, 2019 October 11, 2022	7 10	4.70 4.90	1,500.00		1,500.00	Oct 11	(1,500.00)	-
							3,000.00		-	1,500.00		1,500.00
2 (Tranche 2) 2 (Tranche 3)	2013 2013	August 30, 2020 August 30, 2023	7 10	4.88 5.16	1,250.00 1,500.00		1,250.00 1,500.00		- -	1,250.00 1,500.00		
							2,750.00			2,750.00		

Resolutions of Shareholders' Meeting /No./Date	Issuing							Redemption		Balance as at December 31, 2019
	Amount Issued	Time Issued	Year Issued	Due Date	Age (Year)	Interest Rate Paid Every 6 Months (Percentage)	Amount	2019		
During the year 2014 NO. 1 /2014 February 07, 2014		Tranche 1	2014	February 07, 2019	5	4.71	1,200.00	Feb 7	(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			2,000.00
NO. 2 /2014 December 26, 2014		Tranche 1	2014	December 26, 2019	5	4.46	1,230.00	Dec 26	(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			2,770.00
During the year 2015 NO. 1 /2015 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			5,800.00
NO. 2 /2015 September 30, 2015		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
							7,000.00			7,000.00
During the year 2016 NO. 1 /2016 December 23, 2016		Tranche 1	2016	December 23, 2019	3	2.97	500.00	Dec 23	(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			6,500.00

Unit : Million Baht

Resolutions of Shareholders' Meeting /No./Date	Issuing							Redemption		Balance as at December 31, 2019
	Amount Issued	Time Issued	Year Issued	Due Date	Age (Year)	Interest Rate Paid Every 6 Months (Percentage)	Amount	2019		
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		8,000.00	
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		6,000.00	
NO. 2 /2018 August 16, 2018	7,000	Tranche 1	2018	August 16, 2019	1	2.25	500.00	Aug 16 (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		6,500.00	

Unit : Million Baht

Resolutions of Shareholders' Meeting /No./Date	Issuing							Redemption		Balance as at December 31, 2019
	Amount Issued	Time Issued	Year Issued	Due Date	Age (Year)	Interest Rate Paid Every 6 Months (Percentage)	Amount	2019		
During the year 2019										
NO. 1 /2019										
May 3, 2019	10,000	Tranche 1	2019	May 3, 2020	1	2.35	1,000.00	-	1,000.00	
		Tranche 2	2019	May 3, 2021	2	2.65	1,000.00	-	1,000.00	
		Tranche 3	2019	May 3, 2022	3	3.06	1,970.00	-	1,970.00	
		Tranche 4	2019	May 3, 2024	5	3.55	910.00	-	910.00	
		Tranche 5	2019	May 3, 2026	7	3.87	610.00	-	610.00	
		Tranche 6	2019	May 3, 2029	10	4.20	2,320.00	-	2,320.00	
		Tranche 7	2019	May 3, 2034	15	4.65	2,190.00	-	2,190.00	
							10,000.00	-	10,000.00	
NO. 2 /2019	8,788	Tranche 1	2019	November 13, 2020	1	2.32	2,035.00	-	2,035.00	
November 13, 2019		Tranche 2	2019	November 13, 2021	2	2.43	634.00	-	634.00	
		Tranche 3	2019	February 13, 2023	3.3	3.00	2,453.00	-	2,453.00	
		Tranche 4	2019	November 13, 2029	10	3.72	1,899.00	-	1,899.00	
		Tranche 5	2019	November 13, 2034	15	3.98	1,767.00	-	1,767.00	
							8,788.00	-	8,788.00	
Total							83,638.00	9,530.00	74,108.00	

The balance of debentures as at January 1, 2019

During the year, debentures were issued

1st in May 2019
2nd in November 2019
Total

THB 64,850 million
THB 10,000 million
THB 8,788 million
THB 83,638 million
THB 9,530 million
THB 74,108 million

Debentures redeemed during the year
Balance as at the end of year

As at December 31, 2019, the balance of debentures is THB 74,108 million, which the amount of THB 9,085 million is transferred to be a current portion of long-term liabilities, leaving the balance of long-term liabilities amount of THB 65,023 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).

8.17 Other Current Liabilities - Others

Unit : Million Baht

	Consolidated Financial Statements		The Company's Financial Statements	
	2019	2018	2019	2018
Airport fees payable	4,456.09	5,508.54	4,456.09	5,508.54
Deferred revenue	4.81	4.42	4.13	4.13
Tax payables	306.92	594.00	301.70	593.42
Fringe benefits payable (field office staff)	530.95	570.09	530.95	570.09
Deposit received	803.10	888.76	792.71	878.27
Employee payable	2.66	3.03	2.66	3.03
Revenue received in advance	93.54	341.59	93.54	341.59
Deferred assets payable	85.46	86.87	85.46	86.87
Other payables	2,245.03	1,053.57	2,301.49	2,298.05
Total	8,528.56	9,050.87	8,568.73	10,283.99

8.18 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 employee 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

	2019	2018
Cash at banks	3,858.53	3,970.42
Others	29.73	24.26
Total	3,888.26	3,994.68
Other current liabilities	214.51	169.69
Pension fund	3,673.75	3,824.99
Total	3,888.26	3,994.68

As at December 31, 2019, the fund balance is THB 3,673.75 million and is equal to the Company's obligation to its staff under the fund. (The total Company contribution to the fund in this accounting period is THB 150.72 million, which came from the Company's contributions to the fund in the amount of THB 44.56 million deducted by the surplus of available fund against its obligation in the amount of THB 106.16 million.)

8.19 Employee Benefit Obligations The Company's financial statements

Employee benefit obligations are classified into 5 projects as follows:

8.19.1 Legal Severance Payments are paid to the retired employees who have been working with the Company from 5 to less than 15 years, receiving 180 days of the latest salary rate. For the retired employees who have been working with the Company from 15 to less than 20 years, will receive for 300 days of the latest salary rate. And the retired employees who have been working with the Company from 20 years onwards will receive for 400 days of the latest salary rate.

8.19.2 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.

8.19.3 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.

8.19.4 Long Service Awards (Pin/Ring) are rewarded to the employees who have been working with the Company for 15, 25 and 35 years.

8.19.5 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	
	2019	2018	2019	2018
Beginning Balance - Employee benefit obligations	13,575.42	12,594.37	13,493.26	12,573.33
Employee benefit obligations adjustments	-	133.14	-	133.14
Current service cost	533.84	556.06	494.69	496.38
Interest cost	378.93	397.68	377.05	396.24
Past service cost	2,697.22	-	2,689.13	-
Benefits paid	(393.00)	(372.98)	(390.69)	(372.98)
Actuarial losses (gains)	(12.55)	267.15	-	267.15
Ending Balance - Employee benefit obligations	16,779.86	13,575.42	16,663.44	13,493.26

Principal actuarial assumptions:

	2019	2018
Discount rate	2.75% - 3.50%	2.75% - 3.50%
Price inflation	1.75%	1.75%
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, 2019 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	(1,415.59)	1,737.21
Average salary increase rates	1,094.01	(957.82)
Medical cost inflation	814.98	(619.56)

On September 26, 2019, State Enterprise Labor Relations Committee Notification, regarding the minimum standards of employment conditions in a State Enterprise (No.4) enacted in the Royal Thai Government Gazette, determined the maximum severance pay rate at 400 days of the employees' latest wage rate for employees who have worked for 20 consecutive years onwards. The Notification was effective on September 27, 2019 and entitled to the employees who retired from September 30, 2019. This change is considered as a post-employment benefits plan amendment and resulted in an increase of THB 2,689.13 million in employee benefits. The Company recognized the effect as expense in the current statements of comprehensive income.

On 5 April 2019, the Labour Protection Act (No. 7) B.E. 2562 was enacted in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The Notification has been effective from May 5, 2019 and the subsidiaries have recorded the effect as past service cost in the effective period.

8.20 Long-Term Provision

Unit : Million Baht

	Consolidated Financial Statements		The Company's Financial Statements	
	2019	2018	2019	2018
Long-term provision at the beginning balance	14,708.09	10,310.08	13,093.93	9,318.99
Long-term provision for the period	1,257.46	4,398.01	928.64	3,774.94
Long-term provision at the ending balance	15,965.55	14,708.09	14,022.57	13,093.93

Long-term provision as at December 31, 2019 (The Company's financial statements) consisted of:

The Company recognizes long term provision for future repair and maintenance cost of aircraft as at December 31, 2019 in the amount of THB 14,022.57 million. This represents 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 6,642.59 million, engine restoration costs of THB 7,206.55 million (engines under operating leases of THB 3,990.42 million and under finance leases of THB 3,216.13 million) and return conditions cost of THB 173.43 million.

8.21 Dividend Payment

According to the Resolution of the 2019 Annual General Shareholders' Meeting held on April 26, 2019 approved the Company to abstain from dividend payment for 2018 operating result.

8.22 Share Capital

As at December 31, 2019, 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.

8.23 Transfer for compensation of the deficit

On April 26, 2019, the 2019 Annual General Meeting of Shareholders had an approved resolution to transfer legal reserve in the amount of THB 2,691,275,568, and share premium in the amount of THB 25,545,316,308, total amount of THB 28,236,591,876 to compensate the deficits.

As at December 31, 2018, the Company reported the deficits in the amount of THB 28,533,077,895, which the management presented their intention in the Annual General Meeting of the Shareholders to transfer legal reserve and share premium to compensate the deficits in the first quarter of 2019 by stating that the deficits would lower to THB 296,486,019 by the compensation. Moreover, according to the adoption of Thai Financial Reporting Standard No.15, "Revenue from contracts with customer" which is effective on January 1, 2019, the Company required to adjust the deficits as at December 31, 2018, amounted of THB 28,533,077,895 with the effect of TFRS 15's adoption THB 2,159,465,173. Therefore, the THB 2,691,275,568 of legal reserve and THB 23,682,337,154 of share premium were able to transfer for compensating the remaining deficits in the amount of THB 26,373,612,722. Such transfers occurred in the first quarter of 2019 with no impact to the total amount of shareholders' equity of the Company. Details are as follows:

Unit : Baht

Item	As at December 31, 2018 as per the former Financial Reporting Standard	Impact on using the Thai Financial Reporting Standard No.15	Balance as at January 1, 2019 as per Thai Financial Reporting Standard No. 15	Transfer for compensation of deficits	Balance as at January 1, 2019
Legal reserve	2,691,275,568	-	2,691,275,568	(2,691,275,568)	-
Share Premium	25,545,316,308	-	25,545,316,308	(23,682,337,154)	1,862,979,154
Retained earnings (Deficits)	(28,533,077,895)	2,159,465,173	(26,373,612,722)	26,373,612,722	-

8.24 Other Income - Others

Unit : Million Baht

Item	Consolidated Financial Statements		The Company's Financial Statements	
	2019	2018	2019	2018
Gains on sale of assets	-	786.59	-	786.57
Dividends from subsidiary, associated and other companies	1.18	1.20	331.77	346.16
Revenue from other services of Aircraft Maintenance Department	666.99	566.22	666.99	566.22
Compensation revenue from the delay delivery of Aircraft	-	133.24	-	133.24
Other fine revenue	146.45	393.06	146.45	393.06
Revenue from Royal Orchid Lounge service	94.91	116.80	94.91	116.80
Revenue from service to Thai Smile Airways	-	-	42.61	53.78
Revenue from management services at Suvarnabhumi Airport	77.63	67.36	77.63	67.36
Revenue from services to Other Air Carriers passenger at Suvarnabhumi Airport	89.42	106.73	89.42	106.73
Revenue from in-flight internet service	26.19	16.61	26.19	16.61
Revenue from sale of investment	-	656.96	-	697.50
Insurance compensation from asset and personal claim	92.00	263.46	92.00	263.46
Revenue from airport fees is collected from passengers	1,976.56	-	1,976.56	-
Others	594.92	426.35	554.26	426.47
Total	3,766.25	3,534.58	4,098.79	3,973.96

During this accounting period, the company adjusted airport fees liabilities to be recognized as other income (Revenue from airport fees is collected from passengers) in the amount of THB 1,976.56 million, which is not a significant matter in the prior period as clarified in Note 4.1 to the financial statements

8.25 Employee Benefits Expenses

Unit : Million Baht

Item	Consolidated Financial Statements		The Company's Financial Statements	
	2019	2018	2019	2018
Personnel expenses	27,865.51	30,073.47	27,134.28	29,228.68
Employee benefits	3,216.99	713.90	3,170.18	652.78
Executive remuneration	71.85	68.36	65.54	61.07
Board of directors remuneration	17.30	18.88	14.50	15.67
Total	31,171.65	30,874.61	30,384.50	29,958.20

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.

During this accounting period, the Company adjusted vacation compensation expense which was recognized as personnel expenses in the financial statements of prior years in the amount of THB 1,261.53 million by deducting personnel expenses of this period, which considered as insignificant prior period error as described in Note 4.2 to the financial statements.

The employee benefits for the year ended December 31, 2019 includes past service costs occurred in accordance with the Notification of the State Enterprise Labor Relations Committee regarding the Minimum Standard of Employee Condition in State Enterprise (No.4) in the amount of THB 2,689.13 million as described in Note 8.19 to the financial statements.

8.26 Impairment Loss of Aircraft

Unit : Baht

Item	2019		2018	
	Number	Amount	Number	Amount
Aircraft	15	381.32	19	3,064.02
Spare Engines	10	74.39	10	85.95
Total		455.71		3,149.97

The impairment loss of aircraft and spare engines presented in the statements of comprehensive income for the year ended December 31, 2019 in the amount of THB 455.71 million, which consist of one A300-600, four A330-300, three A340-500, two A340-600, three B737-400 and two B747-400, totaling 15 aircraft in an aggregate of THB 381.32 million as well as five PW4158, one TRENT553, two TRENT 556, and two CFM56-3C1, totaling 10 spare engines in an aggregate of THB 74.39 million.

8.27 Other Expenses

Unit : Million Baht

Item	Consolidated Financial Statements		The Company's Financial Statements	
	2019	2018	2019	2018
Rentals and utilities	2,554.69	2,511.05	2,554.69	2,511.05
Office supplies	133.15	155.16	133.15	155.16
Repair of building and equipment	624.65	689.49	624.65	689.49
Outsource services	2,124.68	2,020.61	2,124.68	2,020.61
Consultant and service fees	587.92	636.39	587.92	636.39
Legal fee for Antitrust/ Competition Law	4.72	38.65	4.72	38.65
Computer service expenses	626.49	674.99	626.49	674.99
Rental of communication devices and office equipment	232.07	230.97	232.07	230.97
Travelling and transportation expenses	530.42	567.23	530.42	567.23
Concession fees	398.72	419.51	398.72	419.51
Passenger claim expenses	327.29	342.16	327.29	342.16
Obsolete inventories and supplies expenses	156.87	403.47	156.87	403.47
Service cargo expenses	209.86	222.64	209.86	222.64
Joint venture expenses in Star Alliance	56.26	53.83	56.26	53.83
Company business and municipal taxes	244.56	244.27	224.56	244.27
Bad debts and provision for bad debts	62.28	176.39	62.55	176.19
Service fee for IT Hosting system	96.92	79.62	96.92	79.62
Fine and interest expenses	107.70	33.47	107.70	33.47
Fund of Empowerment of person with disabilities	20.46	21.56	20.46	21.56
Ground, Sea and Air transportation expenses	126.24	132.15	126.24	132.15
Loss on sale of assets	28.55	-	28.30	-
Others	805.62	589.59	257.43	166.26
Total	10,040.12	10,243.20	9,491.95	9,819.67

8.28 Investment Promotion The Company's Financial Statements

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, 2019 and 2018 are as follows:

Unit : Million Baht

Revenue from sales or services	The Company's Financial Statements	
	2019	2018
Promoted activities	96,486.03	110,196.49
Non-promoted activities	77,844.36	77,720.24
Total revenue from sales or services	174,330.39	187,916.73

8.29 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	
	2019	2018	2019	2018
Loss attributable to owners of the parent	(12,042.41)	(11,625.17)	(11,875.51)	(8,064.27)
Number of issued ordinary shares as at January 1 st	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
Basic loss per share (Baht)	(5.52)	(5.33)	(5.44)	(3.69)

8.30 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 three 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 handling and 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.

8.30.1 Financial Information by Segment

Consolidated Financial Statements Statements of Comprehensive Income For the year ended December 31, 2019

Unit : Million Baht

	Air Transportation		Business Units		Other Activities		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
External Revenue	166,827.59	182,595.58	10,850.26	10,639.52	2,601.78	2,730.04	180,279.63	195,965.14
Inter - segment revenue (expenses)	(14,612.17)	(14,441.58)	9,694.70	9,940.86	4,917.47	4,500.72		
Interest income	190.04	170.08			6.09		196.13	175.37
Gain (loss) on Foreign currency exchange	4,583.99	890.34			(144.73)	20.51	4,439.26	910.85
Other income	3,863.10	3,362.28	87.24	110.43	89.09	61.87	4,039.43	3,534.58
Total Revenue	160,852.55	172,576.70	20,632.20	20,690.81	7,469.70	7,318.43	188,954.45	200,585.94
Aircraft fuel expenses	(50,804.82)	(56,261.52)			(3,870.37)	(3,834.16)	(54,675.19)	(60,095.68)
Employee benefits expenses	(17,606.75)	(17,551.61)	(7,284.43)	(7,340.17)	(6,280.47)	(5,982.83)	(31,171.65)	(30,874.61)
Flight service expenses	(19,374.64)	(20,841.71)	(44.98)	(45.99)	(1,638.64)	(1,277.15)	(21,058.26)	(22,164.85)
Depreciation and amortization expenses	(15,488.28)	(17,724.36)	(395.57)	(379.43)	(903.36)	(941.57)	(16,787.21)	(19,045.36)
Impairment loss of assets and aircraft	(633.92)	(3,458.98)					(633.92)	(3,458.98)
Other expenses	(56,198.78)	(58,607.47)	(7,466.52)	(7,420.53)	(7,333.55)	(5,494.03)	(70,998.85)	(71,522.03)
Finance costs	(4,440.77)	(4,507.46)					(4,440.77)	(4,507.46)
Share loss on investment in associates	(223.20)	(522.83)	-	-	-	-	(223.20)	(522.83)
Total Expenses	(164,771.16)	(179,475.94)	(15,191.50)	(15,186.12)	(20,026.39)	(17,529.74)	(199,898.05)	(212,191.80)
Profit (loss) before Income Tax Expense	(3,918.61)	(6,899.24)	5,440.70	5,504.69	(12,556.69)	(10,211.31)	(11,034.60)	(11,605.86)
Income tax (expense) income	(964.41)	68.29	-	-	(17.46)	(31.56)	(981.87)	36.73
Gain (loss) by segments	(4,883.02)	(6,830.95)	5,440.70	5,504.69	(12,574.15)	(10,242.87)	(12,016.47)	(11,569.13)

Assets and Liabilities
As at December 31, 2019

Unit : Million Baht

	Air Transportation		Business Units		Other Activities		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Current assets	42,132.75	37,573.83	667.59	715.55	2,892.55	5,318.76	45,692.89	43,608.14
Investments in associates and other long-term investment	2,160.66	2,364.71	-	-	4.25	4.01	2,164.91	2,368.72
Property, plant and equipment	159,314.64	171,791.37	5,340.44	5,225.78	2,462.48	2,581.53	167,117.56	179,598.68
Other non current assets	35,901.04	35,816.83	0.06	0.01	1,947.45	1,388.94	37,848.55	37,205.78
Non-allocated assets	-	-	-	-	-	-	3,841.24	5,939.88
Total assets							256,665.15	268,721.20
Current liabilities	74,747.40	75,829.13	432.19	499.29	8,052.92	11,316.10	83,232.51	87,644.52
Non-current liabilities	157,025.89	157,210.15	-	-	3,506.48	2,146.28	160,532.37	159,356.43
Non-allocated liabilities	-	-	-	-	-	-	1,134.56	1,263.91
Total Liabilities							244,899.44	248,264.86

8.30.2 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 on Foreign Currency Exchange rates		Others Income - Others	Gain on changes in ownership interest
Jan-Dec 2019	10,968.04	10,850.25	2,601.78	91,447.11	49,999.32	14,024.50	388.63	196.13	4,439.26	3,766.25	273.18	188,954.45
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

8.31 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 1,214.70 million for this fiscal year.

The Company's provident fund is managed by Krungthai Asset Management Public Company Limited, One Asset Management Limited and Principal Asset Management Company Limited.

8.32 Contingent Liabilities

8.32.1 The Company has contingent liabilities, not presented in the financial statements, as follows:

- The Company has letters of guarantee issued by domestic and abroad banks in amount of THB 120.86 million and THB 429.48 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 13 labor cases with an approximate amount of THB 103.56 million and has been filed the complaints in domestic and abroad with an approximate amount of THB 403.66 million.

- The Cambodia branch has been assessed additional taxes including penalty and interest from year the 2017 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, 2019 is USD 2.65 million or approximately THB 79.80 million. The petition for reassessment of taxes was sent to the Revenue Department by the Company's tax consultant and still is 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 to the Customs Department and still is under consideration of the Customs Department.

8.32.2 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 Plaintiff 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.

8.32.3 Leasing Space Agreement and License to Operate Business Agreement at Don Mueang International Airport

Leasing space agreement and license to operate business between Airports of Thailand Public Company Limited (AOT) and the Company Contract No. 3-08 / 2009 dated December 14, 2010 with the three years contract term from September 28, 2009 to September 27, 2012 was beyond the period for renting space and operating activities at Don Mueang International Airport. The company is under negotiation process with AOT regarding rules, conditions and rental rates, and concession fee from obtaining permission to operate business that will be identified in the new contract. Besides, the Company has continued to pay space rental and compensation based on the amount in original contract. However, AOT reserves the rights to consider adjusting the minimum rental fee and the concession fee if the result of consideration to increase in the minimum rental fees and concession fee are completed. It is possible that the rate would be higher than the original rate specified in the original contract or the notification letter of AOT that announced the extension of the contract.

8.33 Cash Flow Hedge

In 2019, 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 were resulted from the difference of the foreign exchange rate at designated date or drawdown rate (one which occurs later) until the reporting date rate. Gains or losses from the effective portion of the hedges were deferred in other component of shareholders' equity in the shareholders' 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, 2019, the Company recognizes loss in the amount of THB 70.58 million from application of hedge accounting to foreign currency borrowings and forecasted future foreign currency revenue.

As at December 31, 2019, 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 2019

Unit : Million Baht

	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years	Total
Forecast received cash flows	6,787.77	16,584.29	126,766.60	396,841.49	546,980.15

As at December 31, 2019, the Company recognizes the loss from effective portion of changes in the fair value of cash flow hedges in the amount of THB 819.13 million in other component of equity. This amount is expected to be recognized in the statements of comprehensive income over the period of forecasted future foreign currency revenue as referred to in the table above.

8.34 Disclosure of Financial Instruments The Company's financial statements

8.34.1 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.

The following tables show weighted average interest rates and the amount of financial liabilities.

Year 2019

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	3.98	1,515.70	6,207.82	5,541.23	-	-	-	13,264.75
JPY	1.08	1,810.92	6,405.85	3,552.06	-	-	-	11,768.83
EUR	1.52	4,039.21	14,240.53	2,988.27	1,089.81	4,359.23	6,528.40	33,245.45
THB	3.94	4,190.12	7,088.21	186.76	12,585.00	31,437.00	33,586.00	89,073.09
Total		11,555.95	33,942.41	12,268.32	13,674.81	35,796.23	40,114.40	147,352.12

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
Total		12,134.45	36,254.87	20,665.06	13,728.64	30,384.56	38,108.98	151,276.56

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 presented high tendency to increase, to fixed interest rate. As at December 31, 2019, the portion of the Company's debt after swap with floating to fixed interest rate was 34 : 66. At the end of the period, the Company had no IRS transactions.

8.34.2 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, 2019, the proportion of the Company's debts after swap in each currency i.e. USD : EUR : JPY : THB : CHF = 4 : 27 : 10 : 54 : 5 . 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 16 CCS transactions. These debt swaps are five transactions of THB currency to EUR currency with fixed interest rate, two transactions of THB currency to JPY currency with fixed interest rate, three transactions of THB currency to JPY currency with floating interest rate, two transaction 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, 2019 is equivalent to THB 16,262.46 million of which payments, both principle and interest, are done monthly, quarterly and every 6 months. These CCS transactions will terminate between the year 2020-2028.

Foreign Currency Liabilities

Unit : Million Baht

Currency	2019			2018		
	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	1,515.70	6,207.82	5,541.23	1,740.27	6,612.12	7,651.27
JPY	1,810.92	6,405.85	3,552.06	1,903.41	7,160.54	5,339.00
EUR	5,129.02	18,599.76	9,516.67	6,382.27	21,167.85	15,397.60

8.34.3 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. For the year ended December 31, 2019, the Company's hedge portion account to 57 percent of its annual fuel consumption and the Company still has an obligation from fuel price hedging until December 31, 2020 in portion account to 45 percent of total fuel consumption.

8.34.4 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 statements. 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, 2019	Consolidated Financial Statements			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	2,450.37	-	2,450.37
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	1.15	-	1.15
Fuel price swap agreements	-	713.53	-	713.53
Financial liabilities measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	1,664.27	-	1,664.27
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	1.19	-	1.19
Fuel price swap agreements	-	-	-	-

Unit : Million Baht

As at December 31, 2018	Consolidated Financial Statements			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	1,669.72	-	1,669.72
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	0.81	-	0.81
Fuel price swap agreements	-	-	-	-
Financial liabilities measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	1,132.27	-	1,132.27
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	3.85	-	3.85
Fuel price swap agreements	-	4,563.60	-	4,563.60

Unit : Million Baht

As at December 31, 2019	The Company's Financial Statements			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	2,450.37	-	2,450.37
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	1.15	-	1.15
Fuel price swap agreements	-	713.53	-	713.53
Financial liabilities measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	1,664.27	-	1,664.27
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	1.19	-	1.19
Fuel price swap agreements	-	-	-	-

Unit : Million Baht

As at December 31, 2018	The Company's Financial Statements			
	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	1,669.72	-	1,669.72
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	0.81	-	0.81
Fuel price swap agreements	-	-	-	-
Financial liabilities measured at fair value				
Derivatives				
Foreign exchange forward contracts	-	1,132.27	-	1,132.27
Interest rate swap agreements	-	-	-	-
Cross currency swap agreements	-	3.85	-	3.85
Fuel price swap agreements	-	4,137.92	-	4,137.92

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.

As at December 31, 2019, the Company changed the presentation of the disclosure of the financial instrument by presenting the summary of fair value of individual contracts and changed the method of discount rate for derivatives by using the widely used well known input from the financial service industry such as the discount rate from banks. For the comparison purpose, the Company also changed the presentation of financial statements of the year 2018.

During the year, there was no transfer within the fair value hierarchy.

8.35 Contractual Obligations

Leases and Obligations of Aircraft

As at December 31, 2019, the Company has obligations from entering into operating leases for 42 aircraft amount of USD 3,587.67 million or approximately THB 108,818.64 million consisting of fifteen A320-200, eight A350-900, eleven B777-300ER, six B787-8, and two B787-9 aircraft. As at December 31, 2019, 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 6 and 36 aircraft which the lease will expire in the year 2020 - 2024 and 2025 - 2030, respectively.

Lease obligation for forty two aircraft operating leases can be classified as follows:

Unit : Million Baht

Obligation	Within 1 year	Over 1 year - 5 years	Over 5 years
Rent	13,418.27	56,815.80	38,584.57

8.36 Projections of operating performance

The Company prepared the 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 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 agreed by the Company's management and are under the consideration of Board of Directors, and the projections were used to consider the effect of relevant accounting impact.

8.37 Reclassifications

In the year 2019, reclassifications have been made to the financial statements for all of security deposits of aircraft lease from Prepaid expenses and deposits account to the Prepaid expenses and deposits for the current portion and to Other non-current assets account for the portion due over one year. The maintenance reserves for aircraft lease, formerly presented under Other non-current assets, were reclassified to the Maintenance reserves account. The comparative information of the year 2018 are reclassified to conform with the financial statements for the year ended December 31, 2019.

Unit : Million Baht

Year 2018 The Company's Financial Statements	As prior period	Increase (Decrease)	As reclassification
Statements of Financial Position			
Current Assets			
Prepaid expenses and deposits	7,529.15	(5,420.44)	2,108.71
Non-Current Assets			
Maintenance reserves	-	13,552.03	13,552.03
Other non-current assets	26,185.20	(8,131.59)	18,053.61

Unit : Million Baht

Year 2018 Consolidated Financial Statements	As prior period	Increase (Decrease)	As reclassification
Statements of Financial Position			
Current Assets			
Prepaid expenses and deposits	7,321.91	(5,420.44)	1,901.47
Non-Current Assets			
Maintenance reserves	-	13,538.58	13,538.58
Other non-current assets	26,318.70	(8,118.14)	18,200.56

8.38 Events after the Reporting Period

8.38.1 The Company plans to enter into derivative transaction, Cross Currency Swap (CCS), for USD aircraft operating leases and THB debentures. These financial instruments will be gradually utilized according to the degree of favorability in the financial market.

8.38.2 In February 2020, Nok Airlines Public Company Limited offered 888,147,358 newly issued ordinary shares with a par value of THB 1.00 at the offering price THB 2.50 per share. Nok Airlines Public Company Limited received net proceeds of THB 1,548.24 million, However, the Company did not subscribe to the newly issued ordinary shares which caused the decrease of the Company's share portion from 15.94 to 13.28 percent.

8.38.3 According to the outbreak of the COVID-19 virus which become continuously widespread in many countries causes Thai government and other countries' governments prohibited or advised citizens to refrain from traveling to risky countries. It inevitably affects to the aviation and tourism industry, as a result, the Company has to diminish flights and traffic production since the number of passengers have significantly decreased.

However, the Company is in the process of implementing measures to effectively manage the impact from the COVID-19 virus by establishing a working group for the problem solving to supervising and closely monitoring to handle the current situations. However, the situation is still uncertain and the disease spreads into Europe and many other countries at present.

8.39 Approval of Financial Statements

The financial statements have been approved by the Board of Directors of the Company on February 28, 2020.

Board of Directors

as of December 31, 2019



ACM Chaiyapruk Didyasarin

Vice Chairman
Acting Chairman
Independent Director

Appointed Date:

October 16, 2019 - Present

Vice Chairman Since:

October 16, 2019

Acting Chairman Since:

November 11, 2019

Age 61 Years

Education / Training

- ◆ Bachelor of Science (Aeronautical Engineering), Royal Thai Air Force Academy
- ◆ Master of Business Administration Program in General Management, Ramkhamhaeng University
- ◆ Other Training Programs
 - Flying Training School, RTAF (Class 72)
 - The National Defence College Course (Class 53), National Defence College
 - The Executive Program in Energy Literacy for a Sustainable Future, TEA (Class 12)
 - Overseas Joint Warfare, Australia
 - Asia-Pacific Center for Security Studies, Hawaii, USA
 - Logistics Technology for Executives at Institute for Defense & Business, University of North Carolina, USA

Experiences

Listed company on Stock Exchange of Thailand None

Companies or other entities

- ◆ Present Retired Government Official, Ministry of Defence

Experiences in Last 5 Years

- ◆ October 1, 2016 - September 30, 2019 Commander-in-Chief, Royal Thai Air Force
- ◆ 2017 Assistant Commander-in-Chief (Support Services), Royal Thai Air Force
- ◆ October 1, 2016 Assistant Commander-in-Chief (Special Affairs), Royal Thai Air Force
- ◆ October 1, 2015 Deputy 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



ACM Chanyoot Sirithumakul

Independent Director
Member of Audit Committee
Chairman of Labour Relations Committee
Member of Steering Subcommittee of TG MRO
Campus Project and TG Business Development at
U-Tapao Airport Project

Appointed Date:

June 28, 2019 - Present

Age 60 Years

Education / Training

- ◆ Bachelor of Science, Royal Thai Air Force Academy

Experiences

Listed company on Stock Exchange of Thailand None
Companies or other entities

- ◆ Present Retired Government Official, Ministry of Defence

Experiences in Last 5 Years

- ◆ 2019 Member of the Defence Council, Ministry of Defence
- ◆ 2019 Chairman of the Monitoring Committee, Thai Aviation Industry Co., Ltd.
- ◆ 2019 Chairman, The RTAF Savings Cooperative Committee
- ◆ 2019 Chairman, The Fund Raising for Khum Klao Foundation under the royal patronage
- ◆ 2019 Chief of Accelerating Aircraft and Armament Maintenance Staff, Royal Thai Air Force
- ◆ 2019 Director, Thai Aviation Industry Co., Ltd.
- ◆ 2019 Member of War Veterans Organization Council, War Veterans Organization Council
- ◆ 2019 Assistant Commander in Chief, Royal Thai Air Force
- ◆ 2018 Senior Expert, Royal Thai Air Force
- ◆ 2017 Deputy Chief of the Air Staff, Royal Thai Air Force
- ◆ 2016 Director of Logistics, Royal Thai Air Force
- ◆ 2015 Deputy Director of Logistics, Royal Thai Air Force

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between Executives None



Mr. Danucha Pichayanan

Director
Member of the Risk Management Committee
Chairman of the Steering Subcommittee of
TG MRO Campus Project and TG Business Development
at U-Tapao Airport Project

Appointed Date:
April 26, 2019 - Present
Age 49 Years

Education / Training

- ◆ Bachelor of Engineering, Chulalongkorn University
- ◆ M.S. Engineering Management, George Washington University, USA
- ◆ Training Program Organized by Thai Institute of Directors Association (IOD)
 - Director Certification Program (DCP) Class 211/2015

Experiences

Listed company on Stock Exchange of Thailand

- ◆ 2017 - Present Director, PTT Public Company Limited

Companies or other entities

- ◆ 2016 - Present Deputy Secretary-General National Economic and Social Development Council, Office of the National Economic and Social Development Council (NESDC)
- ◆ 2013 - Present Director, Provincial Electricity Authority

Experiences in Last 5 Years

- ◆ 2013 - 2016 Senior Advisor in Policy and Plan (Plan and Policy Analyst, Advisory Level), Office of the National Economic and Social Development Council (NESDC)

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between Executives None

Miss Nitaya Direksathapon

Independent Director
Chairman of the Audit Committee
Member of the Environmental, Social
and Governance Committee

Appointed Date:
April 26, 2019 - Present
Age 62 Years

Education / Training

- ◆ Bachelor of Accounting (Second-Class Honors), Chulalongkorn University
- ◆ Master of Business Administration (Finance), National Institute of Development Administration (NIDA)
- ◆ Training Program Organized by Thai Institute of Directors Association (IOD)
 - Director Accreditation Program (DAP) Class 91/2011
- ◆ Other Training Programs
 - Finance for Senior Executives, Harvard Business School, USA
 - Senior Executive Program, Sasin Graduate Institute of Business Administration
 - Senior Judicial Administration Executives Program, Class 3, The Office of the Administrative Court of Thailand

Experiences

Listed company on Stock Exchange of Thailand None

Companies or other entities

- ◆ April 2019 - Present Member of the Audit Committee Thailand Institute of Justice (Public Organization)

Experiences in Last 5 Years

- ◆ 2017 - 2019 Advisor to the Audit Committee, PTT Public Company Limited
- ◆ 2016 - 2017 Senior Executive Vice President, Office of Corporate Audit, PTT Public Company Limited
- ◆ 2552 - 2016 Executive Vice President, Office of Corporate Audit, PTT Public Company Limited

Percentage of Shareholding 0.00003

Percentage of Shareholding by Spouse and Minor Child None

Relationship between Executives None

Board of Directors as of December 31, 2019



Mrs. Pratana Mongkolkul

Independent Director

Authorized Director

Member of the Executive Board

Member of Corporate Strategic Committee

Appointed Date:

Term 1 February 28, 2017 - April 26, 2018

Term 2 April 26, 2018 - Present

Age 55 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
 - 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
 - Advanced Certificate Course in Politics and Governance in Democratic Systems for Executives Rationale 20/2016, King Prajadhipok's Institute

Experiences

Listed company on Stock Exchange of Thailand

- ◆ April 24, 2019 - Present Independent Director, Audit Committee, TBSP PCL.
- ◆ March 15, 2019 - Present Independent Director, Chairman of Audit Committee, Central Retail Corporation PCL.
- ◆ December 2015 - Present Director, Chairman of Risk Management Committee, Remuneration Committee, Good Corporate Governance Committee, FN Factory Outlet PCL.

Companies or other entities

- ◆ June 2017 - Present Director, Chairman of Audit Committee, Aisance Co., Ltd.
- ◆ 2013 - Present Director, Secretary and Treasurer, Dr. Kamchad-Pranee Mongkolkul Chairman, Boutique Consulting Group Limited Councilor, Thailand Management and Association Graduated Member and Lecturer, Thai Institute of Director Association
- ◆ 2011 - Present
- ◆ 2010 - Present
- ◆ 2003 - Present

Experiences in Last 5 Years

- ◆ 2013 - March 14, 2019 Independent Director, Audit Committee, Chairman of Financial Risk Committee, T.K.S Technologies PCL.
- ◆ January 5, 2018 - May 2019 Board of Trustees, Audit Committee and Risk Management, Dhurakij Pubdit University
- ◆ April 2015 - January 2019 Director, Chairman of Audit Committee, Subcommittee on Investment Security and Investment Budget Disbursement Acceleration, Thailand Post Co., Ltd.
- ◆ 2014 - February 6, 2019 Associate Judge, The Central Intellectual Property and International Trade Court (Thailand)
- ◆ 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
- ◆ 2014 - January 2017 Director, Dusit Thani PCL.
- ◆ 2012 - September 2015 Director and Chairman of Executive Committee, MC Group PCL.

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between Executives None



Mr. Peraphon Thawornsupacharoen

Director

Authorized Director

Chairman of the Executive Board

Member of 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 60 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

Listed company on Stock Exchange of Thailand None

Companies or other entities

- ◆ Present Director - General, Department of Land
Transport, Ministry of Transport

Experiences in Last 5 Years

- ◆ September 2015 - Deputy Secretary of Transportation
September 2018 (Head of Infrastructure Development Group,
Highway), Office of the Secretary,
Ministry of Transport

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between Executives None

Board of Directors

as of December 31, 2019



Mr. Pinit Puapan

Independent Director

Authorized Director

Member of the Executive Board

Member of the Risk Management Committee

Appointed Date:

Term 1 December 20, 2017 - April 26, 2018

Term 2 April 26, 2018 - Present

Age 52 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

Listed company on Stock Exchange of Thailand

- ◆ 2017 - Present Director and Director Investment Committee, Srisawad Finance PCL.
- ◆ 2015 - Present Director, Srisawad Corporation PCL.
- ◆ 2002 - Present Independent Director Audit Committee and Risk Management Committee, Charn Issara Development PCL.

Companies or other entities

- ◆ October 15, 2019 - Present Director, State Railway of Thailand
- ◆ 2018 - Present Director, Veyla Natai Residences (Villa) Co., Ltd.
- ◆ 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.

Experiences in Last 5 Years

- ◆ 2018 - Present Authorized Director, MG 1962 Warehouse and Distribution Co., Ltd.
- ◆ 2014 - Present Vice Chairman, Authorized Director, Mali Group 1962 Co., Ltd.
- ◆ 2015 - May 7, 2019 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)
- ◆ 2009 - January 2019 Authorized Director and Director Investment Committee, Seamico Securities PCL.
- ◆ 2009 - 2017 Director, Solaris Asset Management Co., Ltd.
- ◆ 2008 - April 2018 Managing 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



Mr. Pongchai Amtanon

Independent Director

Appointed Date:

October 16, 2019 - Present
Age 55 Years

Education / Training

- ◆ B.E. Electrical Engineering (Second Class Honor), King Mongkut's Institute of Technology Ladkrabang
- ◆ Training Program Organized by Thai Institute of Directors Association (IOD)
 - Director Accreditation Program (DAP) Class 30/2004
- ◆ Other Training Programs
 - Capital Market Academy Leadership Program (Class 14), Capital Market Academy
 - The National Defence College Course (Class 58), National Defence College
 - Advanced Master of Management Program, National Institute of Development Administration

Experiences

Listed company on Stock Exchange of Thailand

- ◆ 1989 - Present Executive Chairman, Forth Corporation PCL.
- ◆ 2005 - Present Director, Forth Smart Service PCL.

Companies or other entities

- ◆ 2002 - Present Director, Genius Traffic System Co., Ltd.
- ◆ 2004 - Present Director, Genius Electronic Meter Co., Ltd.
- ◆ 2005 - Present Director, Forth Tracking System Co., Ltd.
- ◆ 2013 - Present Director, Forth Lighting Co., Ltd.
- ◆ 2013 - Present Director, Forth Vending Co., Ltd.
- ◆ 2013 - Present Director, Forth Smart Trading Co., Ltd.

Experiences in Last 5 Years None

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 Remuneration Committee

Appointed Date:

April 21, 2017 - Present
Age 61 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

Listed company on Stock Exchange of Thailand

- ◆ 2016 - Present Director, M Pictures Entertainment PCL.
- ◆ 2013 - Present Director and Chairman, Eastern Polymer Group PCL.
- ◆ 2018 - Present Director, Asset World Corp PCL.

Companies or other entities

- ◆ 2017 - Present Director, Thai Airways International PLC.
- ◆ 2017 - Present Commission Member in Finance, Office of Insurance Commission

Experiences in Last 5 Years

- ◆ 2018 - April 2019 Director, Hydroquip Co., Ltd.
- ◆ 2013 - 2016 Director, Big C Supercenter PCL.
- ◆ 2013 - 2016 Director, International Research Corporation PCL.
- ◆ 2013 - 2016 Director, National Credit Bureau
- ◆ 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

Board of Directors as of December 31, 2019



Miss Sirikul Laukaikul

Independent Director
**Chairman of the Environmental,
 Social and Governance Committee**
**Member of the Nomination and
 Remuneration Committee**

Appointed Date:

April 26, 2018 - Present
 Age 60 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

Listed company on Stock Exchange of Thailand

- ◆ 2017 - 2019 Director, MCOT Public Company Limited

Companies or other entities

- ◆ 2019 - Present Advisor to The Boards, Designated Areas for Sustainable Tourism Administration (Public Organization)
- ◆ 2017 - Present Advisor to the Boards, Board of Trade of Thailand
- ◆ 2017 - Present Director, Organ Donation Centre, The Thai Red Cross Society
- ◆ 2015 - Present Country Director, Sustainable Brands Conference, Thailand
- ◆ 2015 - Present Director, BeingSustain Co., Ltd.
- ◆ 2005 - Present Founder, The BrandBeing Consultant Co., Ltd.
- ◆ 2019 - Present Director, Corporate Social Responsibility Committee, Tourism Authority of Thailand

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



Associate Professor Dr. Sanyalux Panwattanalikit

Independent Director
Member of the Audit Committee

Appointed Date:

October 16, 2019 - Present
 Age 48 Years

Education / Training

- ◆ Bachelor of Law, Thammasat University
- ◆ Master of Law (Criminal Law), Thammasat University
- ◆ Doctor of Law (Criminal Law), Thammasat University
- ◆ Other Training Programs
 - Certificate of advocacy and moot court (Class 7), Law Society of Thailand
 - Diploma of Administrative Law and Procedure, Office of the Administrative Court
 - Notary Public Training Course (Class 1), Law Society of Thailand
 - The Training Course for Interpreters, Office of Judiciary
 - Certificate of execution and deposit, Ministry of Justice
 - Certificate of Participation at The National Center for State Courts United State of America
 - Certificate of Participated in the International Visitor Leadership Program, US Judicial System, USA

Experiences

Listed company on Stock Exchange of Thailand None

Companies or other entities

- ◆ Present Associate Professor at Faculty of Law, Payap University, Chiangmai Board of the Civil Aviation, the Civil Aviation Authority of Thailand Expert Committee, Chiangmai Provincial Education Board Subcommittee of Chiangmai Provincial Education, Chiangmai Provincial Education (Discipline and Human Resource) Subcommittee on Law, Pinkanakorn Development Agency (Public Organization) Subcommittee of the Chiangmai Provincial Women's Development Fund, The Chiangmai Provincial Women's Development Fund Subcommittee of National Health Security Office 1, National Health Security Office 1, Chiangmai. Counselor of Chiang Mai Lawyers Council. Chiang Mai Lawyers Council Director, Sanyalux Advocates & Solicitors Company Limited Education Evaluator, Office of the Higher Education Commission

Experiences in Last 5 Years

- ◆ 2011 - 2019 Dean of Faculty of Law, Payap University (2 consecutive Terms)
- ◆ 2014 Members of the House of Representatives Election Commission, 2nd Election Area, Chiang Mai Committee of Overseeing and coordinating special projects, Pinkanakorn Development Agency (Public Organization)
- ◆ 2015 Advisor and Subcommittee, The Chiang Mai Reform Council Quality Assessor, Faculty of Law, Thammasat University (Bachelor of Law, Master of Law, Doctor of Law) Expert Committee, Chiangmai Provincial Education Board Expert Committee, Mae Hong Son Provincial Education Board Chiang Mai Justice Administration Development Board, Chiang Mai Justice Administration Development Board Specialist of Member, The National Reform Steering Assembly
- ◆ 2016

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 56 Years

Education / Training

- ◆ Bachelor of Science, Mechanical Engineering, Royal Thai Air Force Academy

Experiences

Listed company on Stock Exchange of Thailand None
Companies or other entities

- ◆ Present Deputy Commander-in-Chief of the Royal Security Command, Royal Security Command

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 Nomination and Remuneration Committee

Member of the Environmental, Social and Governance Committee

Member of the Steering Committee for Maintenance and Operations

Member of Corporate Strategic Committee

Member of Steering Committee of TG MRO Campus Project and TG Business Development at U-Tapao Airport Project

Appointed Date: President

September 1, 2016

Acting Executive Vice President,
Technical Department

October 1, 2019

Appointed Date:

Term 1 October 2, 2018 - April 26, 2019

Term 2 April 26, 2019 - Present

Age 55 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 Chairman, Thai Smile Airway Company
- ◆ Present Director, Nok Airlines PCL.

Companies or other entities None

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

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between Executives None

Management

as of December 31, 2019



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 Chairman, Thai Smile Airway Company
- ◆ Present Director, Nok Airlines PCL.

Companies or other entities None

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

Percentage of Shareholding None

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**

Appointed Date:
October 1, 2018
Age 58 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
- ◆ 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

Listed company on Stock Exchange of Thailand None

Companies or other entities

- ◆ Present Chairman, Wingspan Service Co., Ltd.
- ◆ Present Acting Chairman, Thai-Amadeus South-East Asia Co., Ltd.
- ◆ Present Director, Don Mueang International Airport Hotel Co., Ltd.

Experiences in Last 5 Years

- ◆ October 1, 2018 - Present Executive Vice President, Human Resources Acting Senior Vice President, Human Resources Management Department and Acting Executive Vice President, Legal Management and General Administration, Thai Airways International PCL. Executive Vice President, Human Resources and Acting Senior Vice President, Human Resources Management Department, Thai Airways International PCL. Executive Vice President, Human Resources and Corporate Secretariat Management Acting Senior Vice President, Human Resources Management Department and performs the duties of Corporate Secretariat, Thai Airways International PCL. Senior Vice President, Corporate Secretariat Department Acting Executive Vice President, Human Resources and General Administration Department and Acting Senior Vice President, Human Resources Management Department, Thai Airways International PCL. Senior Vice President, Corporate Secretariat Department, Thai Airways International PCL. Vice President, Corporate Secretariat Department Acting Vice President, General Administration and perform the duties of Corporate Secretariat, Thai Airways International PCL.
- ◆ June 20, 2018 - September 30, 2018
- ◆ May 16, 2018 - June 19, 2018
- ◆ October 1, 2017 - May 15, 2018
- ◆ January 18, 2017 - September 30, 2018
- ◆ November 13, 2012 - January 17, 2017

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child 0.000013

Relationship between Executives None

Management

as of December 31, 2019



Mr. Wiwat Piyawiroj

Executive Vice President, Commercial

Appointed Date:

June 1, 2018

Acting Executive Vice President, Aviation Business

Appointed Date :

October 1, 2018

Age 54 Years

Education / Training

- ◆ Bachelor of Law, Thammasat University
- ◆ Master of Science Management, Southern Nazarene University, USA

Experiences

Listed company on Stock Exchange of Thailand None
Companies or other entities

- ◆ Present Director, Tour Eurng Luang Co., Ltd.
- ◆ Present Director, THAI Smile Airways Co., Ltd.
- ◆ Present Director, Don Mueang International Airport Hotel Co., Ltd.

Experiences in Last 5 Years

- ◆ May 2, 2017 - Acting Chief Executive Officer, THAI Smile Airways Co., Ltd.
- ◆ October 17, 2017 - Assistant Executive Vice President, Commercial, Thai Airways International PCL.
- ◆ March 1, 2016 - Acting Vice President, Sales Department, Thai Airways International PCL.
- ◆ May 30, 2018 - Vice President, Sales Thailand and Indo China Department, Thai Airways International PCL.
- ◆ October 1, 2015 - Vice President, Sales Thailand and Indo China Department, Thai Airways International PCL.
- ◆ April 13, 2016 - Director, East Asia, The America, Phillipines, Thai Airways International PCL.
- ◆ October 1, 2013 - Director, East Asia, The America, Phillipines, Thai Airways International PCL.
- ◆ September 30, 2015 - Director, East Asia, The America, Phillipines, Thai Airways International PCL.
- ◆ October 1, 2013 - Director, East Asia, The America, Phillipines, Thai Airways International PCL.
- ◆ September 30, 2013 - Director, East Asia, The America, Phillipines, Thai Airways International PCL.

Percentage of Shareholding None

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 56 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

Companies or other entities 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



Sqn. Ldr. Soradej Namruangsri

Executive Vice President, Operations

Appointed Date:
October 1, 2019

**Acting Executive Vice President,
Corporate Strategy and Sustainable Development**

Appointed Date:
December 21, 2019
Age 59 Years

Education / Training

- ◆ Bachelor of science civil engineering, Royal Thai Air Force

Experiences

Listed company on Stock Exchange of Thailand

- ◆ Present Director, Bangkok Aviation Fuel Services PCL.

Companies or other entities

- ◆ Present Director, Aeronautical Radio of Thailand LTD.

Experiences in Last 5 Years

- ◆ October 1, 2017 - Vice President, Flight Operations Department,
September 9, 2019 Thai Airways International PCL.
- ◆ December 1, 2016 - Mission Commander, Flight Operations
September 9, 2017 Support Department,
Thai Airways International PCL.
- ◆ February 23, 2015 - Director, Operations Control & Planning
November 30, 2016 Department,
Thai Airways International PCL.
- ◆ October 1, 2013 - Deputy Director, Aviation Personnel
February 22, 2015 Development Department,
Thai Airways International PCL.

Percentage of Shareholding None

Percentage of Shareholding by Spouse and Minor Child None

Relationship between Executives None



Mrs. Lasanan Leelamanee

Corporate Secretariat

Appointed Date:
June 20, 2018

Vice President, Corporate Secretariat Department

Appointed Date:
January 5, 2018
Age 55 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

Companies or other entities 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,
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 TKT/RSVN: (64-09) 377-3886
 LEVEL 8, 23 CUSTOMS STREET EAST FAX : (64-09) 379-8597
 CITIGROUP BUILDING, PO BOX 4559 AIRPORT : (64-09) 256-8518
 AUCKLAND 1010, NEW ZEALAND FAX : (64-09) 256-8454

BANGALORE, REPUBLIC OF INDIA

BLRAD : MR. PHIROMTIS TKT/RSVN: (91-80) 4663-3555
 THONGTHAEM NA AYUTTHAYA AIRPORT : (91-80) 6678-3191
 THAI AIRWAYS INTERNATIONAL FAX : (91-80) 6678-3192
 305, 3rd FLOOR EMBASSY SQUARE
 148 INFANTRY ROAD
 BENGALURU- 560 001, INDIA

BEIJING, PEOPLE'S REPUBLIC OF CHINA

BJSAA : MR. ANAN BUDKAEW TKT : (86-10) 8515-0088
 UNITS 303-4, LEVEL 3, OFFICE TOWER W3 RSVN : (86-10) 8515-1142
 ORIENTAL PLAZA, NO.1 EAST CHANG AN AVENUE FAX : (86-10) 8515-1135
 DONG CHENG DISTRICT AIRPORT : (86-10) 6459-8899
 BEIJING, 100738 PEOPLE'S REPUBLIC OF CHINA FAX : (86-10) 6459-0012

BRISBANE, AUSTRALIA

BNEAA : MR. CHAWARIT THANASOMBATNANTH TKT/RSVN : (61-07) 3215-4700
 THAI AIRWAYS INTL BRISBANE AIRPORT : (61-07) 3860-4163
 LEVEL 9, 300 ANN ST. FAX : (61-07) 3860-4328
 BRISBANE QUEENSLAND 4000, AUSTRALIA

BRUSSELS, BELGIUM

BRUSD : MRS. KATRIEN DEPAUW TEL : (32-2) 502-4447
 THAI AIRWAYS INTERNATIONAL FAX : (32-2) 502-6947
 21, AVENUE DE LA TOISON D'OR E-MAIL : reservations@thaiairways.be
 1050 BRUSSELS, BELGIUM TKT/RSVN : (32-2) 502-4447
 FAX : (32-2) 502-6947
 E-MAIL : reservations@thaiairways.be

BUSAN, REPUBLIC OF KOREA

PUSAD : MR. TIRAWATT THONGPURK TKT : (82) 51-600-8183/84
 6th FL. HYUNDAI MARINE & FIRE INSURANCE B/D, RSVN : (82) 51-600-8183/84
 240 JUNGANG-DAERO, DONG-GU, FAX : (82) 51-463-8564
 BUSAN, REPUBLIC OF KOREA 601-713 AIRPORT : (82) 51-941-8182
 FAX : (82) 51-941-8183

BODHGAYA, REPUBLIC OF INDIA (TEMPORARY OFFICE)

INPAC TRAVELS (INDIA) PVT LTD. TEL : (91-0631) 220-0124/220-1156
 C/O MR CB SINGH FAX : (91-0542) 250-5353
 GF, HOTEL THE ROYAL RESIDENCY
 DUMUHAN ROAD, BODHGAY
 DISTT GAYA, BIHAR, REPUBLIC OF INDIA

CHENNAI, REPUBLIC OF INDIA

MAAAA : MR. NATAPOL VANICHKUL TKT/RSVN : (91-44) 4206-3311/99
 THAI AIRWAYS INTERNATIONAL PLC., LTD. FAX : (91-44) 4206-3366
 KGN TOWERS, 4th FLOOR, B WING AIRPORT : (91-44) 2256-1928/1929
 62 ETHIRAJ SALAI, EGMORE FAX : (91-44) 2256-1930
 CHENNAI 600 105, REPUBLIC OF INDIA

CHENGDU, PEOPLE'S REPUBLIC OF CHINA

CTUAA : MISS PIRANUJ SOMBURANADHIRA TKT/RSVN : (86-28) 8666-7575/8666-7171
 ROOM 02-03, 12th FLOOR OF TOWER 1, FAX : (86-28) 8666-9371
 CENTRAL PLAZA
 8 SHUNCHENG AVENUE, CHENGDU, SICHUAN AIRPORT : (86-28) 8520-5842/8520
 PEOPLE'S REPUBLIC OF CHINA FAX : (86-28) 8520-5840

COLOMBO, SRI LANKA

CMBAA : MR. NARINTORN SUKKASEAM TKT/RSVN : (94-11) 730-7100-5
 NBR 03, SIR EARNEST DE SILVA MAWATHA FAX : (94-11) 266-7890
 COLOMBO 3, SRI LANKA AIRPORT : (94-11) 225-2057
 FAX : (94-11) 225-2861

COPENHAGEN, DENMARK

CPHAA : MR. NATTHAKORN CHUNHACHA TKT/RSVN : (45-33) 750-120
 RAADHUSPLADSEN 16 FAX : (45-33) 750-121
 DK-1550 COPENHAGEN V AIRPORT : (45-32) 521-225
 DENMARK FAX : (45-32) 523-052

DELHI, REPUBLIC OF INDIA

DELAA : MR. THAMANOON KUPRASERT TKT/RSVN : (91-11) 4149-7777
 THAI AIRWAYS INTERNATIONAL PUBLIC CO., LTD. FAX : (91-11) 4149-7788
 GROUND FLOOR, CADDIES COMMERCIAL TOWER AIRPORT : (91-11) 2565-2413/2565-2796
 NOVOTEL-PULLMAN HOTEL COMPLEX, ASSET NO.2 FAX : (91-11) 2565-2788
 HOSPITALITY DISTRICT, AEROCITY
 NEW DELHI 110037, REPUBLIC OF INDIA

DENPASAR, INDONESIA

DPSAD : MR. NARONGRAT SITTHI TKT/RSVN : (62-361) 288-141
 THAI AIRWAYS INTERNATIONAL PCL FAX : (62-361) 288-063
 INNA GRAND BALI BEACH HOTEL, GROUND FLOOR AIRPORT : (62-361) 935-5064
 J.L. HANG TUAH, SANUR - BALI 80032, INDONESIA FAX : (62-361) 935-5063

DHAKA, BANGLADESH

DACAA : MR. SATIT DUMRERNG TKT : (88-02) 887-9131-45 EXT 502
 THAI AIRWAYS INTERNATIONAL PUBLIC CO.LTD RSVN : (88-02) 887-9131-45 EXT 501
 SHANTA WESTERN TOWER, LEVEL-9, SPACE-903, FAX : (88-02) 887-9146
 186 BIR UTTAM MIR SHAWKAT ALI ROAD, AIRPORT : (88-02) 890-1807/1809/1812
 TEJGAON INDUSTRIAL AREA, DHAKA-1208, FAX : (88-02) 890-1813
 BANGLADESH

DUBAI, U.A.E.

DXBAA : MR. CHANTOUCH SRINILTA TKT/RSVN : (971-4) 268-1701
 THAI AIRWAYS INTERNATIONAL PCL AIRPORT : (971-4) 224-4305
 NO.1 BU HALEEBA PLAZA, SHOP NO. 1 FAX : (971-4) 224-5716
 AL MURAQQABAT ROAD, DEIRA
 P.O. BOX 13142, DUBAI - U.A.E.

FRANKFURT, GERMANY

FRAAA : MR. PATAPONG NA NAKORN TKT : (49-69) 92874-446
 THAI AIRWAYS INTERNATIONAL PCL RSVN : (49-69) 92874-444
 ZEIL 127, 60313 FRANKFURT, GERMANY FAX : (49-69) 92874-222
 AIRPORT : (49-69) 69070-931
 FAX : (49-69) 692-981

FUKUOKA, JAPAN

FUKAD : MR. SWASDIART PANIKABUTR TKT/RSVN : 0570-064-015
 HINODE FUKUOKA BUILDING (Call Center for local calls only)
 12-1, TENJIN 1-CHOME, CHUO-KU FAX : (81-92) 734-9480
 FUKUOKA 810-0001, JAPAN AIRPORT : (81-92) 477-7870
 FAX : (81-92) 477-0345

GUANGZHOU, PEOPLE'S REPUBLIC OF CHINA

CANAA : MR. WICHIAN SRISINTHARAKUN TKT/RSVN : (86-20) 8365-2333
 G3, WEST WING, THE GARDEN HOTEL FAX : (86-20) 8365-2300
 368 HUANSI DONGLU, GUANGZHOU 510064 AIRPORT : (86-20) 8613-5310/8612-3866
 PEOPLE'S REPUBLIC OF CHINA FAX : (86-20) 8613-5315

HANOI, SOCIALIST REPUBLIC OF VIETNAM

HANAA : MR. JUCKSAWAT KITISOOK TKT/RSVN : (84-24) 3826-7921
 1st & 3rd FLOOR, HANOI WESTLAKE TOWER FAX : (84-24) 3826-7394
 28 THANH NIEN STREET, TAY HO DISTRICT, AIRPORT : (84-4) 3884-0530
 HANOI, VIETNAM FAX : (84-4) 3886-5574

HO CHI MINH CITY, SOCIAL REPUBLIC OF VIETNAM

SGNAA : MR. RATAPONG YANYONG TKT/RSVN : (84-28) 3824-3359
 UNITE 102, SAIGON TOWER OFFICE BUILDING FAX : (84-28) 3822-3465
 29 LE DUAN BOULEVARD, BEN NGHE WARD, AIRPORT : (84-8) 3547-0300
 DIST. 1, HO CHI MINH CITY, FAX : (84-8) 3547-0301
 SOCIAL REPUBLIC OF VIETNAM

HONG KONG, PEOPLE'S REPUBLIC OF CHINA

HKGAA : MR. CHETSENI DHANARAJATA TKT : (852) 2179-7700 EXT. 2
 24A UNITED CENTRE FAX : (852) 2529-0132
 95 QUEENSWAY, HONG KONG RSVN : (852) 2179-7777
 PEOPLE'S REPUBLIC OF CHINA 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.901-9TH 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 JUTAGANOON 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 , 6TH 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. NOPORN 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 NONTHAKORN 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
 40/2 PRECHISTENKA STREET
 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, 8th 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 KARRER BAYERSTRASSE 83 FAX : (49-89) 2420-7070
 80335 MUNICH, GERMANY AIRPORT : (49-89) 9759-2670/71
 FAX : (49-89) 9759-2676

GSA MUSCAT, SULTANATE OF OMAN

MCTAA : ** VACANT ** TKT/RSVN : (968) 2465-4195-96/79
 THAI AIRWAYS INTERNATIONAL PUBLIC CO., LTD. FAX : (968) 2465-9765
 GSA BAHWAN TRAVEL AGENCIES AIRPORT : (968) 2451-9874
 ALRAWAQ BUILDING FAX : (968) 2451-0524
 NO. 10/1 BLOCK 205, PLOT 20
 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

OSLO, NORWAY

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

PARIS, FRANCE

PARAA : MR. VIRUJ RUCHIPONGSE TKT : (33-1) 5568-8060
 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
 FRANCE

PERTH, AUSTRALIA

PERAD : MISS PHANIT KONGSIN TKT/RSVN : (61-8) 9265-8201
 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

PHNOM PENH, KINGDOM OF CAMBODIA

PNHAA : MRS. CHATIYA APINYANUKUL TKT/RSVN : (855-23) 214-359-61
 THAI AIRWAYS INTERNATIONAL PCL FAX : (855-23) 214-369
 294 REGENCY COMPLEX B AIRPORT : (855-23) 303-868
 MAO TSE TOUNG BLVD. FAX : (855-23) 890-239
 PHNOM PENH, KINGDOM OF CAMBODIA

ROME, REPUBLIC OF ITALY

ROMAA : MR. WAROTE INTASARA TKT/RSVN : (39-6) 4781-3304
 50, VIA BARBERINI FAX : (39-6) 4746-449
 00187 ROME, REPUBLIC OF ITALY AIRPORT : (39-6) 6501-0703/773
 FAX : (39-6) 6501-0297

SEOUL, REPUBLIC OF KOREA

SELAA : MR. SUTTICHOKE RODLEECHIT TKT : (82-2) 3707-0133
 15th FL., HANHWA FINANCE CENTER-TAEPYUNGRO FAX : (82-2) 3707-0155
 92 SEJONG DAERO, JUNG-GU RSVN : (82-2) 3707-0011
 SEOUL, REPUBLIC OF KOREA, 04525 FAX : (82-2) 755-5251
 AIRPORT : (82-32) 744-3571-4

SHANGHAI, PEOPLE'S REPUBLIC OF CHINA

SHAAA : MISS PATSAMON SINGHA-UDOM TKT/RSVN : (86-21) 3366-4000
 THAI AIRWAYS INTERNATIONAL PCL. FAX : (86-21) 3366-4010
 SHANGHAI OFFICE AIRPORT : (86-21) 6834-6803
 UNIT 2302, 2303 AB, FAX : (86-21) 6834-6802
 CHONG HING FINANCE CENTER
 288 NAN JING ROAD (WEST)
 SHANGHAI 200003, PEOPLE'S REPUBLIC OF CHINA

SINGAPORE

SINAA : MR. NIVAT CHANTARACHOTI TKT/RSVN : (65) 6210-5000
 100 CECIL STREET #02-00 FAX : (65) 6223-9005
 THE GLOBE, SINGAPORE 069532 AIRPORT : (65) 6542-8333
 FAX : (65) 6542-0179

STOCKHOLM, SWEDEN

STOAA : MRS. PORNSRI CHOTIWIT TKT/RSVN : (46-8) 5988-3600
 DROTTNINGGATAN 33 , BOX 11185-111 81 AIRPORT : (46-8) 5988-3680
 STOCKHOLM, SWEDEN FAX : (46-8) 5988-3693

SYDNEY, AUSTRALIA

SYDAA : MR. SERN CHUPIKULCHAI TKT : (61-2) 1300-651-960/9844-0929
 75 PITT STREET, SYDNEY FAX : (61-2) 9844-0936
 NEW SOUTH WALES 2000 RSVN : (61-2) 1300-651-960/9844-0999
 AUSTRALIA FAX : (61-2) 9844-0936
 AIRPORT : (61-2) 9844-0939/9669-3033
 FAX : (61-2) 8339-1176

TAIPEI, TAIWAN

TPEAA : MR. WIT KITCHATHORN TKT : (886) 2-8772-5222 EXT. 711
 7F, NO. 308, SEC. 2, BADE ROAD, FAX TKT : (886) 2-2776-7656
 TAIPEI 10492 TAIWAN 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. TKT/RSVN : (98-21) 4296 7700
 NO.1 MIREMAD AVENUE MOTAHARI ST. FAX : (98-21) 8845 7757
 TEHRAN , IRAN EMAIL : sales@thaiairways.co.ir

TOKYO, JAPAN

TYOAA : MR. ARNUPHAP KITTIKUL TKT/RSVN : (81-3) 3503-3311
 1-5-1 YURAKUCHO, CHIYODA-KU FAX : (81-3) 3503-3323
 TOKYO 100-0006, JAPAN 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 TEL : (43-1) 700-738-937
 OFFICE PARK 3, GROUND FLOOR, TOP 8 EMAIL : vie@thaiair.at
 1300 VIENNA AIRPORT, AUSTRIA

VIENTIANE, LAO PEOPLE'S DEMOCRATIC REPUBLIC

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