



(Translation)

Thai Airways International Public Company Limited  
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THAI 01/577

11 October 2024

Subject: Disclosure of the Independent Financial Advisor Report

To: President,  
The Stock Exchange of Thailand

Attachments: The Independent Financial Advisor Report by Capital Advantage Co., Ltd.

As Thai Airways International Public Company Limited (the "Company") has submitted the registration statement (Form 69-1) and draft prospectus to the Office of the Securities and Exchange Commission on 30 September 2024, the Company would like to inform you of the disclosure of the Independent Financial Advisor Report by Capital Advantage Co., Ltd., an independent financial advisor appointed by the Company, as per the attached documents and disclosed on the Company's website. The purpose of this report is to provide opinions on the Company's fair value assessment and to serve as information for considering the exercise of right to the voluntary debt-to-equity conversion and the voluntary conversion of the suspended new interests into equity by the creditors under the business rehabilitation plan.

Please be informed accordingly.

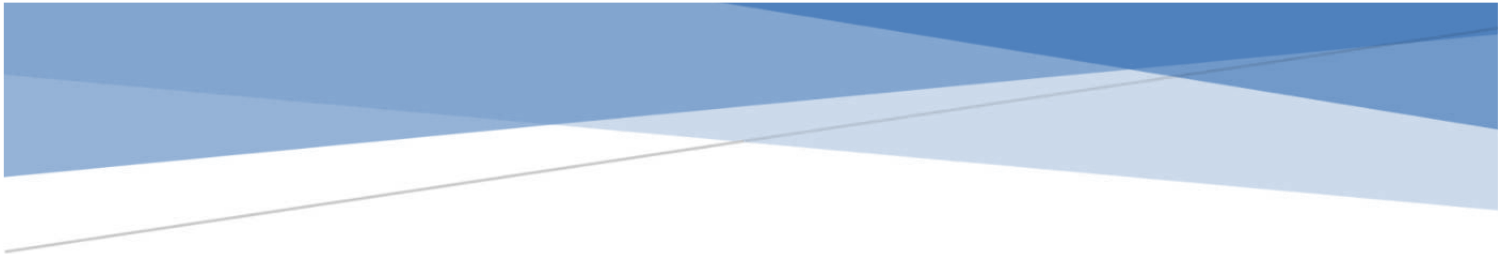
Yours sincerely,

(Mr. Chai Eamsiri)  
Chief Executive Officer

Corporate Compliance Department

Tel: 0-2545-4392

This document does not constitute an offer to sell or a solicitation to purchase any securities, nor is it prepared for the purpose of distribution, directly or indirectly, within or into the United States or any other country where such an offer or solicitation shall be considered or may be considered a violation of the laws, rules, or regulations of that country and/or shall impose or may impose additional obligations or duties on Thai Airways International Public Company Limited (the "Company") beyond those required by the laws or regulations of Thailand related to the debt-to-equity conversion of creditors under the business rehabilitation plan and the offering for sale of newly issued ordinary shares to existing shareholders prior to the capital restructuring under the business rehabilitation plan, employees of the Company, and investors on a private placement basis (if any), respectively and in accordance with the framework set forth in the Company's business rehabilitation plan. The debt-to-equity conversion and the offering for sale of newly issued ordinary shares under the business rehabilitation plan will be conducted in Thailand. Furthermore, this document or the information contained herein should not be relied upon for decisions related to the debt-to-equity conversion or the offering for sale of newly issued ordinary shares under the Company's business rehabilitation plan. Such decisions shall be based solely on the effective version of the Company's registration statement (Form 69-1) and the Company's draft prospectus. In addition, the debt-to-equity conversion and the offering for sale of newly issued ordinary shares under the Company's business rehabilitation plan shall only occur after the Company's registration statement and the Company's draft prospectus become effective.



**Fair Value Assessment Report**  
of  
**Thai Airways International  
Public Company Limited**  
*(Revision)*

Propose to

**Thai Airways International  
Public Company Limited**

**CapAd**  
*Capital Advantage*

**Capital Advantage Company Limited**

**October 2024**

## Disclaimer

### - TRANSLATION -

*The English Translation of the Independent Financial Advisor's Opinion has been prepared solely for the convenience of foreign creditors of Thai Airways International Public Company Limited and should not be relied upon as the definitive and official document. The Thai language version of the Independent Financial Advisor's Opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation.*

Capital Advantage Co., Ltd. ("**Independent Financial Advisor**" or "**IFA**" or "**CapAd**"), as an independent financial advisor appointed by Thai Airways International Public Company Limited (the "**Company**" or "**THAI**"), has been engaged to provide a fair value assessment of the Company (and the Company's share value). The purpose of this assessment is to provide information for consideration in connection with the Voluntary Conversion ("**VC**") and Accrued Interest Conversion ("**AC**") of the Creditors under the Company's Rehabilitation Plan (the "**Plan**" or the "**Rehabilitation Plan**"). This report is not intended for disclosure or distribution to any person or entity other than the aforementioned parties (except for disclosure to the Securities and Exchange Commission ("**SEC**") and the Stock Exchange of Thailand ("**SET**"). The user of this report is required to exercise independent judgment in its interpretation and must consider the scope and limitations of this report. The user may not reproduce, distribute, or otherwise disseminate this report, in whole or in part, for any purpose other than as expressly stated herein.

In preparing this report, CapAd has considered the information provided by THAI, including the consolidated financial statements for the year ended December 31, 2021 – December 31, 2023, audited by a certified public accountant approved by the SEC, the consolidated financial statements for the period ended June 30, 2024, reviewed by a certified public accountant approved by the SEC, Form 56-1 One Report, and the draft Prospectus for offering of the Company's ordinary shares for capital restructuring under the Rehabilitation Plan of the Company, historical performance of the year 2017 – 2023 and the first half of 2024, business plan, financial forecast, the Rehabilitation Plan, which was approved the amendment by the Central Bankruptcy Court on October 20, 2023, and the interview with management of the Company, including financial information and industry information from various websites, and other publicly-disclosed information from websites of the SEC ([www.sec.or.th](http://www.sec.or.th)) and the SET ([www.set.or.th](http://www.set.or.th)).

CapAd's opinion expressed herein is under the assumption that the obtained information and documents are complete and correct, and is based on the circumstances and information perceivable as of the date of preparing this report. Any change or incident arising in the future may have material impact on THAI as well as the valuation and analysis conducted by CapAd.

In conducting this valuation, CapAd has based on assumptions provided by THAI under the current economic condition and circumstances. Any change in the business plan and various policies of THAI, the government policy, and the economic condition, as well as the successful implementation of the Company's Rehabilitation Plan and the successful solving the causes for delisting from the SET within the specified timeframe, may result in a material deviation from the Company's business plan or from the forecast and variables used herein, the projection constructed under the above assumptions may change significantly, leading to a relative change in the fair value of THAI.

This report does not include a financial, tax and legal due diligence review. Consequently, it does not extend to an analysis of the accuracy of accounting records, compliance with applicable laws, regulations, agreements, and contracts, nor does it address potential future liabilities, litigation, or tax obligations.

This report is prepared for the purpose of providing a fair value assessment of THAI's shares as specified above. Accordingly, CapAd shall not be liable for any damages arising from the use of this report and/or the information contained herein for any purpose other than as stated. Furthermore, this report is not intended to solicit the purchase or sale of any securities.

**Revision Version: Revised text appears in blue font,  
while deleted text is displayed in strikethrough blue font.**

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Attachment: Airline Industry Outlook

Revision Version: Revised text appears in blue font,  
while deleted text is displayed in strikethrough blue font.

Abbreviation	
"Accrued Interest Conversion" or "AC"	Exercise of the option to convert new accrued interest under the Rehabilitation Plan, as per Clause 5.6.3 (c) The Company will allocate not exceeding 1,903,608,176 newly-issued ordinary shares, par value of Baht 10 per share, at Baht 2.5452 per share for exercise of the option to convert new accrued interest of creditors in group 4 – 6 and debenture holders at Baht 2.5452 per share.
"Available Seat-Kilometers" or "ASK"	No. of available seats * Distance flown
"Available Dead Load Ton-Kilometers" or "ADTK"	Aircraft payload after deduction of weight of passenger load * Distance flown
"CapEx"	Capital Expenditure
The "Company" or "THAI"	Thai Airways International Public Company Limited
"EBITDA"	Earnings before Interest, Tax, Depreciation, and Amortization
"Freight Load Factor" or "Cargo Load Factor"	Revenue Freight Ton-Kilometers / Available Dead Load Ton-Kilometers
"IATA"	International Air Transport Association
"Independent Financial Advisor" or "IFA" or "CapAd"	Capital Advantage Company Limited
"Mandatory Conversion" or "MC"	Conversion of existing debt to newly-issued ordinary shares, as per the Rehabilitation Plan Clause 5.6.3 (b) The Company will allocate shares to creditors in group 4 – 6 and debenture holders (or creditors group 18 – 31) as follows: - Outstanding principal of creditors in group 4 for Baht 12,827,461,287 will be converted to not exceeding 5,039,896,007 newly-issued ordinary shares, par value of Baht 10 per share, at the conversion price of Baht 2.5452 per share. - To repay outstanding principal of creditors in group 5 – 6 and debenture holders at 24.50% of principal amount of each creditor under the Court Order by converting to not exceeding 9,822,473,626 newly-issued ordinary shares, par value of Baht 10 per share, at the conversion price of Baht 2.5452 per share.
"n.a."	Not Applicable, Not Available
"Passenger Load Factor" or "Cabin Factor"	Revenue Passenger-Kilometers / Available Seat-Kilometers
"PCL."	Public Company Limited
The "Plan" or the "Rehabilitation Plan"	The rehabilitation plan of the Company that the Court approved the plan amendment on October 20, 2022
"PP"	Private Placement
"Revenue Freight Ton-Kilometers" or "RFTK"	Weight of freight carried * Distance flown
"Revenue Passenger-Kilometers" or "RPK"	No. of revenue passenger * Distance travel
"SAF"	Sustainable Aviation Fuel
"SEC"	The Securities and Exchange Commission
"SET"	The Stock Exchange of Thailand
"Voluntary Conversion" or "VC"	Exercise of the option to convert debt to additional newly-issued ordinary shares, as per the Rehabilitation Plan Clause 5.6.3 (a) The Company will allocate not exceeding 4,911,236,813 newly-issued ordinary shares, par value of Baht 10 per share, at Baht 2.5452 per share for exercise of the option by new lenders. However, since there is no new lender, this portion of shares will be reallocated for creditors in group 5 – 6 and debenture holders at Baht 2.5452 per share.

## Executive Summary

Capital Advantage Co., Ltd. ("**Independent Financial Advisor**" or "**IFA**" or "**CapAd**"), as an independent financial advisor appointed by Thai Airways International Public Company Limited (the "**Company**" or "**THAI**"), has been engaged to provide a fair value assessment of the Company (and the Company's share value). The purpose of this assessment is to provide information for consideration in connection with the Voluntary Conversion ("**VC**")<sup>1</sup> and Accrued Interest Conversion ("**AC**")<sup>2</sup> of the Creditors under the Company's Rehabilitation Plan (the "**Plan**" or the "**Rehabilitation Plan**").

Thai Airways International Public Company Limited is Thailand's full-service airline. Established in 1960, the company has been listed on the Stock Exchange of Thailand ("**SET**") since July 19, 1991. Its primary hub is at Suvarnabhumi Airport (IATA Code: BKK).

The Company's primary business is providing full-service air transportation, including passenger, cargo, and mail services, both domestically and internationally. Additionally, the Company operates various supporting businesses directly related to air transport, such as cargo and terminal services, ground customer services, ground parking and equipment services, in-flight catering, and aircraft maintenance. As of June 30, 2024, the Company's flight network covered 59 destinations in 24 countries worldwide.

On May 26, 2020, the Company filed a request for rehabilitation to the Central Bankruptcy Court. On September 14, 2020, the Central Bankruptcy Court issued an order to rehabilitate the business of Company and appoint the Plan Preparers. On June 15, 2021, the Central Bankruptcy Court issued an order to approve the Rehabilitation Plan as per the approval by the meeting of Creditors, and the Rehabilitation Plan has indicated the Plan Administrators. On October 20, 2022, the Central Bankruptcy Court issued an order to approve of the request to amend the Rehabilitation Plan.

On December 14, 2022, the Company registered to increase its capital from Baht 21,827,719,170 to Baht 336,824,601,650.

### Capital Restructuring as per Clause 5.6 of the Rehabilitation Plan

Under the Rehabilitation Plan, the Company shall restructure its capital by increasing its registered capital to accommodate (1) the conversion of existing debt to newly-issued ordinary shares, as per Clause 5.6.3 (b) (**Mandatory Conversion: "MC"**)<sup>3</sup>, (2) the exercise of the option to convert debt to additional newly-issued ordinary shares, as per Clause 5.6.3 (a) (**Voluntary Conversion: "VC"**), (2), (3) the exercise of the option to convert new accrued interest under the Rehabilitation Plan, as per Clause 5.6.3 (c) (**Accrued Interest Conversion: "AC"**), and (4) the offer of newly-issued ordinary shares to existing shareholders before the Company's capital restructuring and/or employees and/or Private Placement ("**PP**") investors, as per Clause 5.6.4. The details of the allotment are as follows:

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<sup>1</sup> Exercise of the option to convert debt to additional newly-issued ordinary shares, as per the Rehabilitation Plan Clause 5.6.3 (a), where the Company will allocate not exceeding 4,911,236,813 newly-issued ordinary shares, par value of Baht 10 per share, at Baht 2.5452 per share for exercise of the option by new lenders.

However, since there is no new lender, this portion of shares will be reallocated for creditors in group 5 – 6 and debenture holders at Baht 2.5452 per share.

<sup>2</sup> Exercise of the option to convert new accrued interest under the Rehabilitation Plan, as per Clause 5.6.3 (c), where the Company will allocate not exceeding 1,903,608,176 newly-issued ordinary shares, par value of Baht 10 per share, at Baht 2.5452 per share for exercise of the option to convert new accrued interest of creditors in group 4 – 6 and debenture holders at Baht 2.5452 per share.

<sup>3</sup> Conversion of existing debt to newly-issued ordinary shares, as per the Rehabilitation Plan Clause 5.6.3 (b). The Company will allocate shares to creditors in group 4 – 6 and debenture holders (or creditors group 18 – 31) as follows:

- Outstanding principal of creditors in group 4 for Baht 12,827,461,287 will be converted to not exceeding 5,039,896,007 newly-issued ordinary shares, par value of Baht 10 per share, at the conversion price of Baht 2.5452 per share.
- To repay outstanding principal of creditors in group 5 – 6 and debenture holders at 24.50% of principal amount of each creditor under the Court Order by converting to not exceeding 9,822,473,626 newly-issued ordinary shares, par value of Baht 10 per share, at the conversion price of Baht 2.5452 per share.

	<b>Allotment of the newly-issued ordinary shares of THAI</b>	<b>No. of newly-issued ordinary shares (shares)<sup>1/</sup></b>	<b>Exercise price (Baht/share)</b>	<b>Capital increase (Bah million)</b>
<b>1</b>	<b>Mandatory Conversion (MC)</b>			
	The conversion of existing debt to newly-issued ordinary shares, as per Clause 5.6.3 (b)	14,862,369,633	2.5452	37,827.70
<b>2</b>	<b>Voluntary Conversion (VC)</b>			
	The exercise of the option to convert debt to additional newly-issued ordinary shares, as per Clause 5.6.3 (a)	4,911,236,813	2.5452	Exercise amount is unknown at the present.
<b>3.</b>	<b>Accrued Interest Conversion (AC)</b>			
	The exercise of the option to convert new accrued interest under the Rehabilitation Plan, as per Clause 5.6.3 (c)	1,903,608,176	2.5452	Exercise amount is unknown at the present.
<b>4</b>	<b>Offer of newly-issued ordinary shares to existing shareholders/employees/PP investors</b>			
	The offer of newly-issued ordinary shares to existing shareholders and/or employees and/or PP investors, as per Clause 5.6.4	9,822,473,626	The price to be determined by the Plan Administrator but not lower than Baht 2.5452	Offering price and number of shares are unknown at the present.
	<b>Total newly-issued ordinary shares of THAI</b>	<b>31,499,688,248</b>		

Remark: 1/ Par value of Baht 10.00 per share

### **Completion of the Rehabilitation Plan (Clause 10.10)**

The completion of the rehabilitation plan of the Company shall be considered when:

- (1) Registration of the capital increase and receipt of new facility in accordance with the conditions stated in Clause 5.6; and
- (2) Implementation of the Plan without any default as described in clause 5.12 for a consecutive period of five years from the date on which the Central Bankruptcy Court approves the Plan; and
- (3) Having earnings before interest, tax, depreciation and amortization (EBITDA) from operation after deducting cash used for debt repayment under the aircraft leases agreement, in an average amount not less than Baht 20,000 million per annum for two years prior to the successful outcome of the Rehabilitation Plan being reported to the Court whereby the EBITDA in the latter year shall not be lower than Baht 20,000 million; and
- (4) Appointment of new directors, in case there is a change in shareholders in accordance with the conditions stated in Clause 5.6.8 of the Plan.

Upon successful completion of the Rehabilitation Plan, the Plan Administrators shall file a written petition with the court and/or the Bankruptcy Court to request that the court issue an order terminating the rehabilitation proceed.

### **Share valuation of THAI**

CapAd applied 7 valuation approaches in evaluating fair value of the Company (and the Company's ordinary shares), namely:

- 1) Book Value Approach (BV)
- 2) Adjusted Book Value Approach (ABV)
- 3) Market Value Approach
- 4) Price to Book Value Ratio Approach (P/BV Ratio)
- 5) Price to Earnings Ratio Approach (P/E Ratio)
- 6) Enterprise Value to EBITDA Ratio Approach (EV/EBITDA Ratio)
- 6) Discounted Cash Flow Approach (DCF)

However, CapAd was unable to evaluate value of THAI's shares under the Market Value Approach because the Company is classified to possibly be delisted from the SET. There is no trading of THAI's shares on the SET (SP sign). The latest trading day of the Company's ordinary was on May 17, 2021. Therefore, only the rest 6 approaches are employed in valuation of THAI's ordinary shares.

### **Summary of fair value assessment for THAI (and share value of THAI)**

Equity value of THAI (and THAI's share value) derived from various valuation approaches can be summarized as follows:

THAI	MC without VC & AC		MC + VC100% + AC100%	
	After the Mandatory Conversion <sup>1/</sup>		After the Voluntary Conversion <sup>2/</sup> 100% and Accrued Interest Conversion <sup>2/</sup> 100%	
Valuation approach	Equity value (Baht million)	Share value <sup>1/</sup> (Baht/share)	Equity value (Baht million)	Share value <sup>2/3/</sup> (Baht/share)
1. Book Value Approach (BV)	0.00 <sup>4/</sup>	0.00	0.00 <sup>4/</sup>	0.00
2. Adjusted Book Value Approach (ABV)	3,962.77	0.23	21,307.92	0.89
3. Market Value Approach	Unable to evaluate		Unable to evaluate	
4. Price to Book Value Ratio Approach (P/BV Ratio)	0.00 <sup>4/</sup>	0.00	17,921.34 – 26,131.53	0.75 – 1.10
5. Price to Earnings Ratio Approach (P/E Ratio)	150,395.48 – 170,287.80	8.82 – 9.99	150,395.48 – 170,287.80	6.30 – 7.14
6. Enterprise Value to EBITDA Ratio Approach (EV/EBITDA Ratio)	117,380.83 – 152,101.18	6.89 – 8.92	134,725.97 – 169,446.32	5.65 – 7.10
7. Discounted Cash Flow Approach (DCF)	236,878.96 – 290,440.88	13.90 – 17.04	262,335.55 – 316,796.69	10.99 – 13.28

Remark:

- 1/ Equity value of THAI after the Mandatory Conversion (MC) according to Clause 5.3.6 (b) but there is no exercising of the option for the Voluntary Conversion (VC) according to Clause 5.3.6 (a) and the Accrued Interest Conversion (AC) according to Clause 5.3.6 (c)
- 2/ Equity value of THAI after the Mandatory Conversion (MC) according to Clause 5.3.6 (b) + the Voluntary Conversion according to Clause 5.6.3 (a) in the whole amount (100%) + the Accrued Interest Conversion (AC) 5.6.3 (c) in the whole amount (100%).
- 3/ No. of shares after MC + VC100% + AC100% are as follows:

Description	No. of shares (million shares)
Registered and paid-up shares as of June 30, 2024	2,182.77
The conversion of existing debt to newly-issued ordinary shares (Mandatory Conversion: MC), as per Clause 5.6.3 (b)	14,862.37
<b>No. of ordinary shares of THAI after Mandatory Conversion (MC)</b>	<b>17,045.14</b>
The exercise of the option to convert to additional newly-issued ordinary shares by the Creditors (Voluntary Conversion: VC), as per Clause 5.6.3 (a), and the exercise of the option to convert new accrued interest under the Rehabilitation Plan (Accrued Interest Conversion: AC), as per Clause 5.6.3 (c).	6,814.84
<b>No. of ordinary shares of THAI after Mandatory Conversion + Voluntary Conversion in the whole amount (100%) + Accrued Interest Conversion in the whole amount (100%)</b>	<b>23,859.99</b>

Remark: Par value of Baht 10.00 per share.

- 4/ ~~Book value as of June 30, 2023 from the consolidated financial statement reviewed by a certified public accountant approved by the SEC. The book value was a value before MC, VC, and AC.~~

CapAd is of the opinion that the most appropriate approaches to value the THAI's equity value (and THAI's ordinary shares) is the Enterprise Value to EBITDA Ratio Approach. The EV/EBITDA ratio approach can reflect the company's earning potential based on its historical performance (Historical EBITDA 7/2023 – 6/2024) and the debt and capital of the Company as well as it is an approach widely accepted and commonly used approach for valuing airline companies.

CapAd is of the opinion that the fair value of THAI's equity and THAI's share value after debt-to-equity conversions, derived from Enterprise Value to EBITDA Ratio Approach (EV/EBITDA Ratio), can be summarized as follows:

- **In the case of MC without VC & AC:** The equity value of THAI after the Mandatory Conversion according (MC) to Clause 5.6.3 (b) of the Rehabilitation Plan is in a range of Baht 117,380.83 – 152,101.18 million, or the share value of Baht 6.89 – 8.92 per share.
- **In the case of MC and 100% of VC & AC:** The equity value of THAI after the Mandatory Conversion (MC) according to Clause 5.6.3 (b) the Rehabilitation Plan, the Voluntary Conversion according (VC) to Clause 5.6.3 (a) in the whole amount (100%), and the Accrued Interest Conversion (AC) according to Clause 5.6.3 (c) in the whole amount (100%) is in a range of Baht 134,725.97 – 169,446.32 million, or the share value of Baht 5.65 – 7.10 per share.



**The equity value of THAI (and THAI's share value) after an adjustment for the estimated accounting impact arising from debt-to-equity conversion (the reversal of gain on debt restructuring, which was realized in the past, or a change in the present value of debt obligations, arising from debt-to-equity conversion of the creditors)**

CapAd has made an additional assessment to the equity value of THAI (and THAI's share value) as a result from (a) an adjustment to accounting losses arising from debt-to-equity conversion (the revision of gain from debt restructuring, which was realized in the past), or (b) an estimated accounting impact to present value of debt obligations arising from debt-to-equity conversion. The adjusted equity value of THAI (and THAI's share value) derived from various valuation approaches can be summarized as follows:

THAI After an adjustment for the estimated accounting impact arising from debt-to-equity conversion	MC without VC & AC		MC + VC100% + AC100%	
	After the Mandatory Conversion <sup>1/</sup>		After the Voluntary Conversion <sup>2/</sup> 100% and Accrued Interest Conversion <sup>2/</sup> 100%	
Valuation approach	Equity value (Baht million)	Share value <sup>1/</sup> (Baht/share)	Equity value (Baht million)	Share value <sup>2/3/</sup> (Baht/share)
1. Book Value Approach (BV)	0.00	0.00	0.00	0.00
2. Adjusted Book Value Approach (ABV) <sup>4/</sup>	3,700.77	0.22	12,373.35	0.52
3. Market Value Approach	Unable to evaluate		Unable to evaluate	
4. Price to Book Value Ratio Approach (P/BV Ratio) <sup>4/</sup>	0.00	0.00	7,010.11 – 10,221.61	0.29 – 0.43
5. Price to Earnings Ratio Approach (P/E Ratio)	150,395.48 – 170,287.80	8.82 – 9.99	150,395.48 – 170,287.80	6.30 – 7.14
6. Enterprise Value to EBITDA Ratio Approach (EV/EBITDA Ratio) <sup>4/</sup>	117,118.83 – 151,839.18	6.87 – 8.91	125,791.40 – 160,511.75	5.27 – 6.73
7. Discounted Cash Flow Approach (DCF) <sup>4/</sup>	236,616.96 – 290,178.88	13.88 – 17.02	253,400.98 – 307,862.11	10.62 – 12.90

Remark:

- 1/ Equity value of THAI after the Mandatory Conversion (MC) according to Clause 5.3.6 (b) but there is no exercising of the option for the Voluntary Conversion (VC) according to Clause 5.3.6 (a) and the Accrued Interest Conversion (AC) according to Clause 5.3.6 (c).
- 2/ Equity value of THAI after the Mandatory Conversion (MC) according to Clause 5.3.6 (b) + the Voluntary Conversion according to Clause 5.6.3 (a) in the whole amount (100%) + the Accrued Interest Conversion (AC) 5.6.3 (c) in the whole amount (100%).
- 3/ No. of shares after MC without VC + AC are equivalent to 17,045.14 million shares. No. of shares after MC + VC100% + AC100% are equivalent to 23,859.99 million shares with a par value of Baht 10.00 per share. *(Please see details in Remark 3/ under previous table.)*
- 4/ Equity value of THAI (and THAI's share value) as determined by (a) the Adjusted Book Value Approach and Price to Book Value Ratio Approach will be impacted by the accounting loss arising from the debt-to-equity conversion, and (b) Enterprise Value to EBITDA Ratio Approach and Discounted Cash Flow Approach will be impacted by the change in present value of debt obligations arising from the debt-to-equity conversion.

The Company has estimated accounting loss arising from MC in a total amount of Baht (262.00) million, and from MC + VC100% + AC100% in a total amount of around Baht (8,934.57) million. However, the actual amount of the accounting losses arising from the debt-to-equity conversion may deviate from the aforementioned estimates. This is attributable to the fact that the accounting loss to be recognized in the financial statements will be calculated based on each individual debt obligation actually converted to equity, considering the distinct repayment schedule and interest rate of each debt obligation.

Therefore, in the case that the equity value of THAI (and THAI's share value) to be adjusted with an estimated accounting impact to present value of debt obligations arising from debt-to-equity conversion, the fair value of THAI's equity - net after debt conversions, derived from Enterprise Value to EBITDA Ratio Approach (EV/EBITDA Ratio), can be summarized as follows:

- **In the case of MC without VC & AC:** The equity value of THAI - net after the Mandatory Conversion according (MC) to Clause 5.6.3 (b) of the Rehabilitation Plan is in a range of Baht 117,118.83 – 151,839.18 million, or the share value of Baht 6.87 – 8.91 per share.
- **In the case of MC and 100% of VC & AC:** The equity value of THAI - net after the Mandatory Conversion (MC) according to Clause 5.6.3 (b) the Rehabilitation Plan, the Voluntary Conversion according (VC) to Clause 5.6.3 (a) in the whole amount (100%), and the Accrued Interest Conversion (AC) according to Clause 5.6.3 (c) in the whole amount (100%) is in a range of Baht 125,791.40 – 160,511.75 million, or the share value of Baht 5.27 – 6.73 per share.

**Scenario Analysis for your information only**

To provide additional information for the report's users, the IFA has also calculated the equity value of THAI under various scenarios following the allocation of new ordinary shares to different groups of creditors according to the Rehabilitation Plan Clause 5.6.3 (a), Clause 5.6.3 (b) and Clause 5.6.3 (c). The IFA applied the estimated EBTIDA of 2025 (Forward-Looking EBITDA).

**(a) Share value of THAI (Baht/share) in the case of MC without VC & AC**

(Unit: Baht/share)

<b>Share value of THAI in the case of MC without VC &amp; AC</b> (calculated from Forward-Looking EBITDA of 2025)				
		<b>Change of Passenger Yield</b>		
		<b>-2%</b>	<b>0% (Base case)</b>	<b>+2%</b>
<b>Cabin Factor +/- 2%</b>	<b>76.00%</b>	4.47 – 6.10	5.28 – 7.05	6.10 – 8.00
	<b>78.00% (Base case)</b>	5.52 – 7.33	6.36 – 8.31	7.20 – 9.28
	<b>80.00%</b>	6.57 – 8.56	7.43 – 9.56	8.29 – 10.56

**(b) Share value of THAI (Baht/share) in the case of MC and 100% of VC and AC**

(Unit: Baht/share)

<b>Share value of THAI in the case of MC and 100% of VC &amp; AC</b> (calculated from Forward-Looking EBITDA of 2025)				
		<b>Change of Passenger Yield</b>		
		<b>-2%</b>	<b>0% (Base case)</b>	<b>+2%</b>
<b>Cabin Factor +/- 2%</b>	<b>76.00%</b>	3.92 – 5.08	4.50 – 5.76	5.08 – 6.45
	<b>78.00% (Base case)</b>	4.67 – 5.96	5.27 – 6.66	5.87 – 7.36
	<b>80.00%</b>	5.42 – 6.84	6.04 – 7.56	6.65 – 8.27

And adjustment for an estimated accounting impact to present value of debt obligations arising from debt-equity conversion.

**(a2) Share value of THAI (Baht/share) - net in the case of MC without VC & AC**

(Unit: Baht/share)

<b>Share value of THAI – net in the case of MC without VC &amp; AC</b> (calculated from Forward-Looking EBITDA of 2025)				
		<b>Change of Passenger Yield</b>		
		<b>-2%</b>	<b>0% (Base case)</b>	<b>+2%</b>
<b>Cabin Factor +/- 2%</b>	<b>Adjusted for an estimated accounting impact to present value of debt obligations arising from debt-equity conversion<sup>1/</sup></b>			
	<b>76.00%</b>	4.45 – 6.08	5.27 – 7.04	6.08 – 7.99
	<b>78.00% (Base case)</b>	5.50 – 7.31	6.34 – 8.29	7.18 – 9.27
	<b>80.00%</b>	6.56 – 8.54	7.42 – 9.54	8.29 – 10.55

Remark: 1/ The Company has estimated an impact to present value of debt obligations arising from the Mandatory Conversion (MC) according to Clause 5.6.3 (b) the Rehabilitation Plan in a total amount of Baht (262.00) million, or representing around Baht (0.02) per share. However, the actual amount of accounting impact arising from the debt-to-equity conversion in the future may deviate from the aforementioned estimates. This is attributable to the fact that the accounting loss to be recognized in the financial statements will be calculated based on each individual debt obligation actually converted to equity, considering the distinct repayment schedule and interest rate of each debt obligation.

**(b2) Share value of THAI (Baht/share) - net in the case of MC and 100% of VC and AC**

(Unit: Baht/share)

<b>Share value of THAI – net in the case of MC and 100% of VC &amp; AC</b> (calculated from Forward-Looking EBITDA of 2025)				
		<b>Change of Passenger Yield</b>		
		<b>-2%</b>	<b>0% (Base case)</b>	<b>+2%</b>
<b>Cabin Factor +/- 2%</b>	<b>Adjusted for an estimated accounting impact to present value of debt obligations arising from debt-equity conversion<sup>1/</sup></b>			
	<b>76.00%</b>	3.54 – 4.71	4.13 – 5.39	4.71 – 6.07
	<b>78.00% (Base case)</b>	4.30 – 5.59	4.89 – 6.29	5.49 – 6.98
	<b>80.00%</b>	5.05 – 6.47	5.66 – 7.18	6.28 – 7.90

Remark: 1/ The Company has estimated an impact to present value of debt obligations arising from MC + VC100% + AC100% in a total amount of Baht (8,934.57) million, or representing around Baht (0.37) per share. However, the actual amount of accounting impact arising from the debt-to-equity conversion in the future may deviate from the aforementioned estimates. This is attributable to the fact that the accounting loss to be recognized in the financial statements will be calculated based on each individual debt obligation actually converted to equity, considering the distinct repayment schedule and interest rate of each debt obligation.

Users of this report should study the detailed information contained herein, in conjunction with publicly available company information such as the annual report (Form 56-1 One Report), financial statements, information on the Company's website, as well as the drafted prospectus of THAI's shares offering for capital restructuring under the Rehabilitation Plan. This information should be used to support decision-making.

As an independent financial advisor, CapAd hereby certifies that the fair value assessment has been conducted with due diligence and in accordance with professional standards.

*- Patchara Netsuwan -*

Mr. Patchara Netsuwan  
(Chief Executive Officer)

**Capital Advantage Co., Ltd.**

The Independent Financial Advisor

In assessment of the fair value of Thai Airways International PCL.

October 2024

08 6565 9900

## 1. Objective

Capital Advantage Co., Ltd., as an independent financial advisor appointed by Thai Airways International Public Company Limited, has been engaged to provide a fair value assessment of the Company (and the Company's share value). The purpose of this assessment is to provide information for consideration in connection with the Voluntary Conversion (VC) and Accrued Interest Conversion (AC) of the Creditors under the Company's Rehabilitation Plan.

This report is not intended to solicit the purchase or sale of any securities.

## 2. About Thai Airways International PCL.

### 2.1 General Information of THAI

Thai Airways International Public Company Limited is Thailand's full-service airline. Established in 1960, the company has been listed on the Stock Exchange of Thailand since July 19, 1991. Its primary hub is at Suvarnabhumi Airport (IATA Code: BKK).

The Company's primary business is providing full-service air transportation, including passenger, cargo, and mail services, both domestically and internationally. Additionally, the Company operates various supporting businesses directly related to air transport, such as cargo & terminal services, ground customer services, ground equipment services, in-flight catering, and aircraft maintenance. As of June 30, 2024, the Company's flight network covered 59 destinations in 24 countries worldwide. The Company has been providing services for over 60 years, focusing on safety, comfort, and quality service with a distinctive Thai identity. This commitment to customer satisfaction has earned the Company a reputation as a world-class airline, recognized internationally with a diverse customer base and numerous service awards.

The Company is one of the five founding members of the Star Alliance, a leading global airline alliance. Membership in Star Alliance has enhanced the company's international reputation through joint marketing and sales efforts. Additionally, it has expanded the company's route network through codeshare agreements, reciprocal frequent flyer programs, and enhanced services for global customers. As of June 30, 2024, the Royal Orchid Plus program, the company's world-renowned frequent flyer program, has approximately 4.6 million registered members.

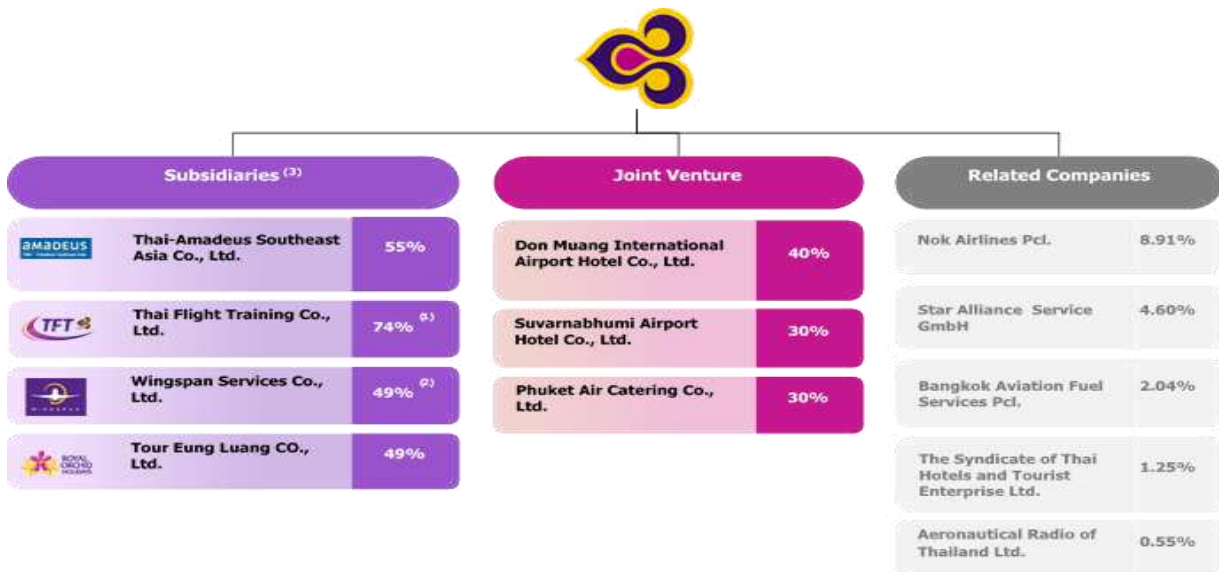
#### Important events in 2020 – 2023 and the 1<sup>st</sup> – 2<sup>nd</sup> quarter of 2024

On May 26, 2020, the Company filed a request for rehabilitation to the Central Bankruptcy Court. On September 14, 2020, the Central Bankruptcy Court issued an order to rehabilitate the business of THAI and appointed the Plan Preparers. On June 15, 2021, the Central Bankruptcy Court issued an order to approve the Rehabilitation Plan as per the approval by the meeting of Creditors as per the approval by the meeting of Creditors. On October 20, 2022, the Central Bankruptcy Court issued an order to approve of the request to amend the Rehabilitation Plan. *(Please see summary of the Rehabilitation Plan in Clause 2.5 of this report.)*

On December 14, 2022, the Company registered to increase its capital from Baht 21,827,719,170 to Baht 36,824,601,650.

On May 17, 2024, the meeting of the committee of creditors issued a resolution to approve the Company to restructure its aviation business. After the restructuring, the Company would manage the operations, fleet and schedule planning, and route networks of both the Company and Thai Smile. This would result in agility and strength in the conduct of business. The operations and services of Thai Smile have been transferred to THAI since January 2024.

Shareholding of the group of company as of June 30, 2024 is as follows.



Remark: (1) Thai Flight Training Co., Ltd. hold directly by the Company of 49%, and indirectly through Wingspan Services Co., Ltd. of 51%. Shareholding in Thai Flight Training Co., Ltd. by the group is 74%.  
 (2) Wingspan Services Co., Ltd. hold directly by the Company of 49% and indirectly through Phuket Air Catering Co., Ltd. of 51%.  
 (3) On January 5, 2024, Thai Smile Airways Company Limited completed the transferring under the restructuring of the aviation business operation of the Company and ceased its operation. The Company is under feasibility process as to operate in other business. However, Thai Smile Airways Company Limited does not have a clear operation plan, at present.

As of June 30, 2024, the Company invested in 5 subsidiaries and 3 associated companies as follows;

	Company	Business Type	Shareholding Proportion	Book value of investment as of June 30, 2024 (Consolidated) (Bah million)
<b>Subsidiary</b>				
1	Thai-Amadeus Southeast Asia Company Limited	Online Ticketing Services and Other Travel Services to agents	55%	Consolidated
2	Wingspan Services Company Limited	Human resource management	49% (with control)	Consolidated
3	Thai Smile Airways Company Limited	Air Transportation services	100% <sup>1/</sup>	Consolidated
<b>Held by the Company and the subsidiary</b>				
4	Thai Flight Training Company Limited	Flight training services	74% (with control)	Consolidated
<b>Held by the subsidiary of the Company</b>				
5	Tour Eung Luang Company Limited	Tourism services and tourism activities	49% (with control) <sup>2/</sup>	Consolidated
<b>Associated Companies</b>				
6	Don Muang International Airport Hotel Company Limited	Hotel and restaurant	40%	77
7	Phuket Air Catering Company Limited	Flight Catering	30%	171
8	Suvarnabhumi Airport Hotel Company Limited	Hotel and restaurant	30%	353

Remark: 1/ On January 5, 2024, Thai Smile Airways Company Limited completed the transferring under the restructuring of the aviation business operation of the Company and ceased its operation. The Company is under feasibility process as to operate in other business. However, Thai Smile Airways Company Limited does not have a clear operation plan, at present.  
 2/ The Company hold indirectly in Tour Eung Luang Company Limited through Wingspan Services Company Limited. (The Company hold 49% ordinary shares in Wingspan Services and have a voting right of 79.35 %.)

## 2.2 Paid-up Capital and Shareholders of THAI

As of June 30, 2024, the Company had a registered capital of 336,824,601,650 baht, consisting of 33,682,460,165 ordinary shares with a par value of 10 baht per share. The paid-up capital was 21,827,719,170 baht, comprising 2,182,771,917 ordinary shares with a par value of 10 baht per share.

List of major shareholders of the Company as of July 25, 2024, and the shareholdings after the Mandatory Conversion in according to Clause 5.6.3 (b) of the Rehabilitation Plan, are as follows:

Shareholders' list	Shareholding structure at the percent		Shareholding structure after the Mandatory Conversion (MC)	
	No. of shares (shares)	% shareholding	No. of shares (shares)	% shareholding
1. Ministry of Finance <sup>1/</sup>	1,044,737,191	47.86	6,084,600,968	35.81
2. State-owned enterprises <sup>1/2/</sup>	46,409,885	2.13	907,741,015	5.34
3. Vayupak Fund <sup>3/</sup>	165,163,864	7.57	165,163,864	0.97
4. Bangkok Bank PCL.	9,372,044	0.43	1,156,450,503	6.81
5. Existing shareholders before capital restructure	917,088,933	42.01	917,088,933	5.40
6. Creditors under the Rehabilitation Plan	-	-	7,759,407,745	45.67
<b>Total</b>	<b>2,182,771,917</b>	<b>100.00</b>	<b>16,990,453,028</b>	<b>100.00</b>

Source: The draft Prospectus for offering of the Company's ordinary shares for capital restructuring under the Rehabilitation Plan of the Company

Remark:

- 1/ According to the Rehabilitation Plan, the Company shall not allocate shares to the Ministry of Finance and state enterprises in such a manner that the combined holding of these entities exceeds fifty percent of the Company's total shares, nor shall any action be taken that would result in the Company being classified as a state enterprise
- 2/ State-owned enterprises comprise of Government Saving Bank, Islamic Bank of Thailand, Export – Import Bank of Thailand and National Telecom PCL. At the present, (1) Government Saving Bank holds 46,409,885 shares of the Company and is as a financial institution creditor and a debenture holder with the lending amount of Baht 3,500 million and Baht 100.00 million, respectively, (2) Islamic Bank of Thailand is a financial institution creditor with a lending amount of Baht 2,500.00 million, (3) Export – Import Bank of Thailand is a financial institution creditor with a lending amount of Baht 1,500.00 million, and (4) National Telecom PCL. is a debenture holder with lending amount of Baht 1,348.00 million.
- 3/ Managed equally by Krungthai Asset Management PCL. and MFC Asset Management PCL.

Following the Central Bankruptcy Court's approval of the amended rehabilitation plan on October 20, 2022, the Company is now implementing a capital restructuring. The Company shall increase its capital and allocate the newly-issued ordinary shares as follows:

- (1) Allocation of not exceeding 14,862,369,633 newly-issued ordinary shares for the conversion of existing debt to newly-issued ordinary shares, as per the Rehabilitation Plan Clause 5.6.3 (b), at Baht 2.5452 per share (**Mandatory Conversion: MC**)
- (2) Allocation of not exceeding 4,911,236,813 newly-issued ordinary shares for the exercise of the option to convert debt to additional newly-issued ordinary shares, as per the Rehabilitation Plan Clause 5.6.3 (a), at Baht 2.5452 per share (**Voluntary Conversion: VC**)
- (3) Allocation of not exceeding 1,903,608,176 newly-issued ordinary shares with the exercise price of 2.5452 per share for the exercise of the right to convert new accrued interest under the Rehabilitation Plan, as per Clause 5.6.3 (c) (**Accrued Interest Conversion: AC**)
- (4) Allocation and sale of newly-issued ordinary shares to existing shareholders and/or employees and/or Private Placement investors as per Clause 5.6.4 of the Rehabilitation Plan, in the amount not exceeding 9,822,473,626 newly-issued ordinary shares. The remaining shares from (2) and (3) above shall also be allocated to this group.

## 2.3 The Plan Administrators of THAI

As of June 30, 2024, list of the Plan Administrators of THAI are as follows:

1.	Mr. Piyasvasti Amranand	Chairman of the Plan Administrator
2.	Mr. Chansin Treenuchagron	Plan Administrator
3.	Mr. Pornchai Thiraveja	Plan Administrator

Source: Company affidavit as of February 29, 2024 and the draft Prospectus for offering of the Company's ordinary shares for capital restructuring under the Rehabilitation Plan.

Remark: The Central Bankruptcy Court appointed the Plan Administrators on June 15, 2021. The Plan Administrators have the authority under Section 90/58 of the Bankruptcy Act B.E. 2483 to sign any documents for transactions or to bind the Company. It is stipulated that two of the Plan Administrators jointly sign as per Clause 10.3 of the Rehabilitation Plan.

The Plan Administrators would be vested with the responsibility to manage the business and assets of the Company including its subsidiaries to be in line with the provisions in the Rehabilitation Plan and as per the duties and responsibilities determined in the Bankruptcy Act B.E. 2483 (1940) and other relevant laws.

## 2.4 Summary of the Consolidated Financial Statements of THAI

The consolidated financial statements of the Company for the year ended December 31, 2021 – 2023, audited by a certified auditor approved by the SEC, and the consolidated financial statements for the period ended June 30, 2024, reviewed by a certified auditor approved by the SEC.

### (a) Statement of Financial Position

Company and its subsidiaries (Unit: Baht million)	December 31, 2021	December 31, 2022	December 31, 2023	June 30, 2024
<b>Assets</b>				
Cash and cash equivalents	5,514.65	34,539.79	52,939.46	56,254.71
Trade and other current receivables	10,022.23	16,955.03	19,190.92	18,280.17
Inventories and supplies	4,131.55	4,448.94	5,253.83	5,260.44
Current tax assets	204.70	317.60	349.27	142.04
Other current financial assets	-	-	14,190.62	25,492.53
Other current assets	601.42	795.86	49.35	366.09
Non-current assets classified as held for sale	4,320.96	2,746.51	2,102.58	3,211.70
<b>Total Current Assets</b>	<b>24,795.51</b>	<b>59,803.74</b>	<b>94,076.02</b>	<b>109,007.68</b>
Other non-current financial assets	3,314.74	3,243.54	3,141.00	3,081.08
Investments in associates	515.31	511.00	574.69	601.03
Property, plant and equipment	34,493.25	45,968.61	44,579.27	39,412.07
Right-of-use assets	69,651.70	61,868.83	65,047.85	78,514.77
Intangible assets	213.38	166.07	121.67	105.57
Deferred tax assets	8,274.74	9,599.01	10,994.81	10,997.14
Maintenance reserves	15,489.51	14,328.76	14,894.11	15,289.99
Other non-current assets	4,471.12	2,688.17	5,561.23	13,516.72
<b>Total Non-current Assets</b>	<b>136,423.74</b>	<b>138,373.98</b>	<b>144,914.64</b>	<b>161,518.35</b>
<b>Total Assets</b>	<b>161,219.25</b>	<b>198,177.72</b>	<b>238,990.66</b>	<b>270,526.02</b>
<b>Liabilities</b>				
Trade and other current payables	28,076.04	25,036.72	28,547.06	33,359.74
Deferred revenue	17,753.07	35,679.21	37,575.70	39,430.21
Current portion of long term borrowing from related party	-	453.75	-	-
Current portion of lease liabilities	605.96	1,979.80	7,186.76	9,662.32
Short-term borrowings from related parties	-	39.00	-	-
Income tax payable	-	4.50	7.92	13.29
Accrued dividends	54.47	54.57	54.63	54.64
Other current liabilities	858.74	409.03	824.16	177.54
<b>Total Current Liabilities</b>	<b>47,348.30</b>	<b>63,656.58</b>	<b>74,196.22</b>	<b>82,697.73</b>
Long-term borrowings from financial institutions	10,575.57	7,717.76	8,398.92	8,527.41
Long-term borrowings from related parties	18,559.46	23,907.47	24,931.76	25,470.84
Leases liabilities	74,595.46	85,141.79	77,074.00	91,570.40
Debentures	35,538.68	42,764.68	46,826.25	48,386.83
Trade and other non-current payables	19,560.11	13,796.92	15,699.74	13,422.82
Staff pension fund	1,028.85	931.91	880.27	831.46
Non-current provisions for employee benefit	5,172.91	4,496.19	4,768.34	4,753.64
Other non-current provisions	20,071.79	26,776.84	29,340.23	35,275.89
Other non-current liabilities	18.61	12.21	17.41	19.23
<b>Total Non-current Liabilities</b>	<b>185,121.43</b>	<b>205,545.77</b>	<b>207,936.91</b>	<b>228,258.52</b>
<b>Total Liabilities</b>	<b>232,469.73</b>	<b>269,202.36</b>	<b>282,133.14</b>	<b>310,956.24</b>
<b>Shareholders' Equity</b>				
Authorized share capital	21,827.72	336,824.60	336,824.60	336,824.60
Issued and paid-up share capital	21,827.72	21,827.72	21,827.72	21,827.72
Premium on ordinary shares	1,862.98	1,862.98	1,862.98	1,862.98
Accumulated deficit	(104,673.78)	(103,848.40)	(75,879.96)	(73,129.18)
Other components of shareholders' equity	9,659.97	9,074.99	8,975.38	8,940.39
<b>Total shareholders' equity attributable to owners of the Company (capital deficiency)</b>	<b>(71,323.11)</b>	<b>(71,082.71)</b>	<b>(43,213.88)</b>	<b>(40,498.10)</b>
Non-controlling interests	72.63	58.08	71.40	67.88
<b>Total Shareholders' Equity</b>	<b>(71,250.48)</b>	<b>(71,024.64)</b>	<b>(43,142.48)</b>	<b>(40,430.22)</b>

### (b) Statement of Incomes

Company and its subsidiaries (Unit: Baht million)	Year 2021	Year 2022	Year 2023	Jan - Jun 2024
<b>Revenues</b>				
Revenues from sales and rendering services				
Passenger and excess baggage	5,528.48	73,408.34	132,736.30	78,741.40
Freight and mail	10,928.14	23,784.43	15,464.16	7,953.82
Other business	5,115.56	6,674.15	9,245.12	5,268.73

Company and its subsidiaries (Unit: Baht million)	Year 2021	Year 2022	Year 2023	Jan - Jun 2024
Total revenues from sales and rendering of services	21,572.19	103,866.92	157,445.57	91,963.95
Other incomes	68,408.82 <sup>1/</sup>	1,345.39	8,046.22	3,502.95
<b>Total Revenues</b>	<b>89,981.01</b>	<b>105,212.31</b>	<b>165,491.79</b>	<b>95,466.90</b>
<b>Expenses</b>				
Aircraft fuel expenses	5,926.00	38,378.38	47,764.89	26,668.32
Employee benefits expenses	6,410.71	7,686.64	10,708.29	5,515.23
Flight service expenses	2,414.75	9,045.39	14,034.17	8,685.34
Crew expenses	614.81	2,601.24	3,999.63	2,330.52
Aircraft repair and maintenance costs	5,704.15	11,650.52	11,037.45	10,518.97
Depreciation and amortization expenses	12,544.14	9,880.89	11,389.09	6,220.91
Lease of aircraft and spare parts	1,265.08	5,226.74	2,967.11	565.31
Inventories and supplies expenses	490.61	2,875.56	5,882.38	3,580.16
Selling and advertising expenses	837.20	4,731.73	7,240.11	4,412.81
Impairment loss on assets (Reversal)	(20,012.89)	(9,520.67)	76.80	4,069.60
Loss on debt restructuring	-	5,238.41	-	-
Net foreign exchange loss	7,617.84	1,511.79	1,065.60	6,395.06
Loss on restructuring of business operation in aviation business	4,388.00	4,787.50	6,871.77	4,459.71
<b>Total Expenses</b>	<b>28,200.38</b>	<b>94,094.13</b>	<b>123,037.30</b>	<b>83,421.94</b>
<b>Operating Profit</b>	<b>61,780.62</b>	<b>11,118.18</b>	<b>42,454.49</b>	<b>12,044.96</b>
Financial costs	9,489.83	12,686.73	15,610.61	9,403.06
Impairment loss determined in accordance with TFRS 9 (Reversal)	(169.95)	112.95	106.28	(58.11)
Share of (gain) loss from investments in associates	127.20	4.30	(63.69)	(51.16)
Profit (loss) before income tax expense	52,333.54	(1,685.80)	26,801.29	2,751.16
Income tax	2,779.77	1,434.19	1,322.01	(13.31)
<b>Profit (Loss) for the Years</b>	<b>55,113.30</b>	<b>(251.61)</b>	<b>28,123.31</b>	<b>2,737.86</b>

Remark: 1/ Comprised of gain on debt restructuring in an amount of Baht 61,807.53 million, and other incomes in an amount of Baht 6,601.29 million.

### (c) Key operating performance

Company and its subsidiaries	Unit	Year 2021	Year 2022	Year 2023	Jan - Jun 2024
No. of aircraft in operation	(aircraft)	58	64	70	77
Operating hours	(hours)	57,318	192,994	270,618	152,242
Average flight hours	(hours/day)	5.40	10.40	12.20	13.0
Kilometers flown	(^000 km.)	38,225	132,098	185,426	161,408
No. of landings	(times)	20,848	59,277	73,666	41,857
<b>Air passenger performance</b>					
No. of passengers	(million trips)	1,640.3	9,012.2	13,763.3	7,684.2
Available Seats Kilometer (ASK)	(million seats-km.)	11,224	38,527	54,280	30,639
Revenue Passenger Kilometer (RPK)	(million seats-km.)	2,148	26,163	43,268	23,927
Passenger Load Factor <sup>4/</sup>	(%)	19.13	67.91	79.71	78.09
Passenger yield	(Baht/seat-km.)	2.52	2.82	3.08	3.11
<b>Cargo performance</b>					
Available Dead Load Ton-Kilometer (ADTK)	(million tons-km.)	581	2,032	2,864	1,645
Revenue Freight Ton-Kilometer (RFTK)	(million tons-km.)	548	1,283	1,481	860
Freight load factor	(%)	94.15	63.14	51.71	52.30
Freight carried	(tons)	132,347	340,390	340,825	201,397
Freight yield	(Baht/ton-km.)	19.16	18.28	10.21	9.10
<b>Exchange rate and fuel price</b>					
Average exchange rate (1 USD)	(USD/Baht)	31.98	35.06	34.80	36.18
Average fuel price	(USD/barrel)	82.54	135.16	113.01	109.92

Source: THAI

Commercial airline business was severely impacted by the Covid-19 pandemic, particularly in 2020 – 2021, as a result from travel restrictions imposed by many government.

Since the country reopened in late 2021, the company has steadily expanded its full-service international flights to Europe, Australia, and Asia in 2022. Domestic flight frequencies have also increased, and additional routes suspended due to Covid-19 have been reinstated.

In 2023, the global aviation industry continued to recover from 2022. The Company has been continuously implementing its recovery plan since 2021 to improve cost efficiency, increase revenue, and restructure the organization to enhance competitiveness. Additionally, the Company has been executing a fleet optimization plan and expanding its route network to support the industry's recovery.



In 2023, THAI accepted the transfer of sixteen of Airbus A320-200 from Thai Smile, and started to operate some domestic and regional routes replacing Thai Smile. In January 2024, THAI accepted the remaining 4 aircraft and started to operate all domestic routes replacing Thai Smile.

In 2021 – 2023 and the 1<sup>st</sup> half of 2024, revenue from sales and services has continuously increased. Revenue from sales and services were Baht 21,572.19 million, Baht 103,866.92 million, Baht 157,445.57 million, and Baht 91,963.95 million, respectively, or equivalent to an increase of 38.49%, 51.58%, and 17.60% from the same period of prior year, respectively.

In 2021 – 2023 and the 1<sup>st</sup> half of 2024, operating profit (loss) were Baht 61,780.62 million, Baht 11,118.18 million, Baht 42,454.49 million and Baht 12,044.96 million, respectively, or equivalent to operating profit margin of 68.66%, 10.57%, 25.65% and 12.62% of total revenue, respectively.

Net profit (loss) for the year 2021 – 2023 and the 1<sup>st</sup> half of 2024 were Baht 55,113.30 million, Baht 251.61) million, Baht 28,123.31 million and Baht 2,737.86 million, respectively.

*(Please see explanation of historical performance of the Company in MD&A for the year ended December 31, 2021 – December 31, 2023 and the 2<sup>nd</sup> quarter of 2024 ended June 30, 2024, www.set.or.th)*

## 2.5 Summary of the Rehabilitation Plan

According to the rehabilitation plan of the Company that the Court approved the plan amendment on October 20, 2022, summary are as follows:

### (a) Classification of creditors

THAI's Rehabilitation Plan classifies creditors into 36 groups consisting one group of secured creditors and 35 groups of unsecured creditors. During THAI's rehabilitation proceedings, there were 13,133 applications for debt repayment filed by creditors with the Official Receiver. The total amount of claims for the restructuring under the Plan is Baht 410,140.98 billion, comprising the principal amount of Baht 404,151.72 billion and the interest and expense amount of Baht 5,989.26 billion. (As for the creditors who submitted applications for debt repayment in foreign currencies, the exchange rate to Thai Baht is the rate as at September 14, 2020 which is the date on which the court issued the rehabilitation order). Details of which are as follows:

Group	Creditors	Group	Creditors
1	Secured creditors	19	Creditors holding debentures with maturity date in 2021
2	Creditors of debt under aircraft operating leases	20	Creditors holding debentures with maturity date in 2022
3	Creditors of debt under aircraft finance leases	21	Creditors holding debentures with maturity date in 2023
4	Creditors from the loan from major shareholders that are not financial institutions	22	Creditors holding debentures with maturity date in 2024
5	Financial institution Creditors assigned to receive residual proceeds from the disposal of aircraft under the assignment agreement	23	Creditors holding debentures with maturity date in 2025
6	Unsecured financial institution Creditors	24	Creditors holding debentures with maturity date in 2026
7	Government agency Creditors pertaining to tax/duty collection	25	Creditors holding debentures with maturity date in 2027
8	Employee Creditors	26	Creditors holding debentures with maturity date in 2028
9	Ticket refund Creditors	27	Creditors holding debentures with maturity date in 2029
10	Trade Creditors	28	Creditors holding debentures with maturity date in 2030
11	Creditors pertaining to government agencies and state enterprises established under Thai laws that are directly related and essential to the aviation and aviation-related business	29	Creditors holding debentures with maturity date in 2032
12	Creditors that placed deposits for fulfillment of their contractual performance	30	Creditors holding debentures with maturity date in 2033
13	Creditors from outstanding compensation payable to ticket agents	31	Creditors holding debentures with maturity date in 2034
14	Creditors that placed deposits/guarantees for ticket purchase	32	Financial institution Creditors who issued bank guarantees
15	Creditors returning payments to customers on behalf of THAI in case they denied payments (chargebacks)	33	Persons that placed letters of guarantee with THAI for their contractual performance
16	Holders of miles who filed debt repayment applications	34	Creditors under engine maintenance agreements who are essential to THAI's aviation business
17	Shareholders who filed debt repayment applications	35	Creditors under aircraft operating leases/finance leases for the portion of debt considered by the Planner as debt incurred after the Rehabilitation Date
18	Creditors holding debentures with maturity date in 2020	36	Creditors holding engines that are essential to THAI's operation

In this regard, the Planner and creditors have filed objections against certain creditors' applications to the Official Receiver. Thus, the amount of debt may alter, depending on the final order for debt repayment of the Official Receiver and/or the Court (as the case may be) and the Plan determined that the debt repayment shall be made in compliance with the final order of the Official Receiver, the Central Bankruptcy Court, the Court of Appeal for Specialized Cases or the Supreme Court (as the case may be).

Details of repayments to each group of creditors shall be in according to the Rehabilitation Plan Clause 5.3.

### (b) Capital restructuring

(Clause 5.6 to the Rehabilitation Plan that the Court approved the plan amendment on October 20, 2022)

The Company shall restructure its capital by increasing its registered capital to accommodate (1) the conversion of existing debt to newly-issued ordinary shares, as per Clause 5.6.3 (b) **(Mandatory Conversion: MC)**; (2) the exercise of the option to convert debt to additional newly-issued ordinary shares, as per Clause 5.6.3 (a) **(Voluntary Conversion: VC)**; (3) the exercise of the option to convert new accrued interest under the Rehabilitation Plan, as per Clause 5.6.3 (c) **(Accrued Interest Conversion: AC)**; and (4) the offer of newly-issued ordinary shares to existing shareholders before the Company's capital restructuring and/or employees and/or Private Placement investors, as per Clause 5.6.4. The details of the allotment are as follows:

	Allotment of the newly-issued ordinary shares of THAI	No. of newly-issued ordinary shares (shares) <sup>1/</sup>	Exercise price (Baht/share)	Capital increase (Bah million)
<b>1</b>	<b>Mandatory Conversion (MC)</b>			
	The conversion of existing debt to newly-issued ordinary shares, as per Clause 5.6.3 (b)	14,862,369,633	2.5452	37,827.70
<b>2</b>	<b>Voluntary Conversion (VC)</b>			
	The exercise of the option to convert debt to additional newly-issued ordinary shares, as per Clause 5.6.3 (a)	4,911,236,813	2.5452	Exercise amount is unknown at the present.
<b>3.</b>	<b>Accrued Interest Conversion (AC)</b>			
	The exercise of the option to convert new accrued interest under the Rehabilitation Plan, as per Clause 5.6.3 (c)	1,903,608,176	2.5452	Exercise amount is unknown at the present.
<b>4</b>	<b>Offer of newly-issued ordinary shares to existing shareholders/employees/PP investors</b>			
	The offer of newly-issued ordinary shares to existing shareholders and/or employees and/or PP investors, as per Clause 5.6.4	9,822,473,626	The price to be determined by the Plan Administrators but not lower than Baht 2.5452	Offering price and number of shares are unknown at the present.
	<b>Total newly-issued ordinary shares of THAI</b>	<b>31,499,688,248</b>		

Remark: 1/ Par value of Baht 10.00 per share

### (c) Debt financing and capital mobilization

(Clause 5.8 to the Rehabilitation Plan that the Court approved the plan amendment on October 20, 2022)

The new facility of not exceeding Baht 25,000 million will be used as working capital, costs for normal operation, capital expenditure for the Company and its subsidiaries, maintenance of the Company's assets, maintenance and development of internal management system, information technology and commercial systems, and adjustment of aircraft fleet in accordance with the market situation and airline business which may be changed. In addition, the Plan Administrators have an authority for the debt financing as it sees fits and necessary for the Company's business operation.

- Long-term loan up to 6 years and/or a bond with maturity period not less than 6 years, for the amount up to Baht 12,500 million, with an interest rate not exceeding Minimum Lending Rate (MLR).
- Revolving facility and/or bond with maturity period less than 6 years, for the amount up to Baht 12,500 million.

*At the present, the Company has no new debt financing other than the liabilities arising from operating leases of new aircrafts.*

**(d) Debt repayment of each group of the creditors**

The Rehabilitation Plan classified creditors into 36 groups, consisting of 1 group of secured creditors and 35 groups of unsecured creditors. Each group of the creditors had different payment method, term, debt repayment period, and related interest as specified in the Rehabilitation Plan. Such debt may alter, depending on the Final Order for debt repayment from the Official Receiver and/or the Court (as the case may be) and the Rehabilitation Plan specified the debt repayment shall be made in compliance with the Final Order of the Official Receiver, the Central Bankruptcy Court, the Court of Appeal for Specialized Case, or the Supreme Court (as the case may be).

Interest incurred from loans from certain groups of creditors and debenture holders during the first 3 years from the date of the Court's Order approving the rehabilitation plan will be accrued (new accrued interest). Creditors have the option to convert such new accrued interest to the Company's ordinary shares at Baht 2.5452 per share according to the conditions specified in the Rehabilitation Plan.

**(e) Completion of the Rehabilitation Plan**

(According to clause 10.10 to the Rehabilitation Plan of the Company that the Court approved the plan amendment on October 20, 2022)

The completion of the rehabilitation plan of the Company shall be considered when:

- (1) Registration of the capital increase and receipt of new facility in accordance with the conditions stated in Clause 5.6; and
- (2) Implementation of the Plan without any default as described in clause 5.12 for a consecutive period of five years from the date on which the Central Bankruptcy Court approves the Plan; and
- (3) Having Earnings before Interest, Tax, Depreciation and Amortization ("**EBITDA**") from operation after deducting cash used for debt repayment under the aircraft leases agreement, in an average amount not less than Baht 20,000 million per annum for two years prior to the successful outcome of the Rehabilitation Plan being reported to the Court whereby the EBITDA in the latter year shall not be lower than Baht 20,000 million; and
- (4) Appointment of new directors, in case there is a change in shareholders in accordance with the conditions stated in Clause 5.6.8 of the Plan.

Upon successful completion of the Rehabilitation Plan, the Plan Administrators shall file a written petition with the Court and/or the Bankruptcy Court to request that the Court's order to terminate the rehabilitation process.

**2.6 Risk Factors of THAI****2.6.1 Risks in relation to the Rehabilitation Plan**

- The Company is currently undergoing a rehabilitation process, which is subject to various factors. The Company may not be able to control all of these factors, and as a result, it may not be able to exit the rehabilitation process and resume trading on the SET the planned timeframe.
- There is a risk that creditors who have not filed claims with the bankruptcy court in Thailand may be able to file lawsuits in foreign courts and take legal action against the Company's assets located in foreign countries.
- There is a risk that the company's counterparties to various commercial contracts, which are necessary for the Company's business operations, may exercise their right to terminate these contracts, citing the Company's entry into the rehabilitation process.

**2.6.2 Risks in relation to THAI's business**

- The Company may not succeed in implementing its strategic business plan, which could have a material adverse effect on the Company's business, financial condition, results of operations, and cash flows.
- Any damage to the Company's reputation or brand image could have a material adverse effect on the Company's business, financial condition, and results of operations.
- The Company sources aircraft, engines, and spare parts from a limited number of suppliers, which could result in delays in aircraft deliveries, unexpected aircraft or engine outages, or losses.

- The performance of the fleet and any failure of new aircraft to be certified, manufactured, or perform as expected could have a material adverse effect on the Company's business, results of operations, and financial condition.
- The Company has a significant amount of debt, which it will continue to service in accordance with the rehabilitation plan after this restructuring.
- A significant portion of the Company's operating costs is related to fuel, the price of which is subject to fluctuations beyond the Company's control. This could have a material adverse impact on the Company's profitability.
- The Company conducts business in foreign currencies, which are subject to fluctuations and could have a material adverse effect on the Company's results of operations and financial condition.
- Litigation, government and regulatory investigations, and/or proceedings could result in substantial liabilities for the Company, disrupt its operations, and have a material adverse effect on the Company's results of operations.
- The Company may not be able to attract and retain key executives and other personnel.
- The Company manages and distributes tickets through a distribution system provided by a limited number of service providers.
- The Company conducts its business by utilizing the services of third parties in various operations, including external service providers, government agencies and/or state enterprises. This involves entering into contracts with these service providers and government agencies and/or state enterprises, where the Company must adhere to the terms and conditions of such contracts.
- The Company has certain risks that are not insured, and it may face difficulties in obtaining insurance policies with commercially acceptable terms or may not be able to obtain insurance at all. Moreover, the Company's insurance policies may not provide adequate coverage for operational hazards, natural disasters, and other unforeseen events, and the losses arising from such events.
- If the Company is unable to protect its significant trademarks, service marks, and other intellectual property rights or to protect such rights from infringement, it may cause damage to the Company's business and business opportunities. The Company cannot guarantee that it will not infringe on the intellectual property rights of third parties.
- The Company uses technology and automated systems in many parts of its business. If these technologies or systems fail, it may adversely affect the Company's business, results of operations, and financial condition. In addition, the Company may face cybersecurity risks and risks related to information technology systems, overall data security, and regulatory compliance.
- The Company may be adversely affected by strikes, work slowdowns, increased labor costs, and other labor-related issues.
- Compliance with environmental laws and regulations may impact the Company's current and future operations and may result in increased costs for the Company.

### **2.6.3 Industry risks**

- The global aviation industry is highly competitive and constantly changing, which may have a material adverse effect on the Company's business, results of operations, and financial condition.
- The Company operates in a highly regulated industry at the international, regional, and domestic levels. Changes in the regulatory environment or regulatory requirements for the Company's business in Thailand, including the need for licenses and permits necessary for the Company's business, expose the Company to regulatory risks, which may result in increased costs and liabilities for the Company and may cause all or part of the Company's business to be suspended or unable to continue.
- The Company is exposed to antitrust risks.
- The Company's results of operations are subject to seasonal fluctuations and other factors related to the aviation industry, many of which are beyond the Company's control.
- Adverse economic and political conditions, both domestically and globally, may have a material adverse effect on the Company's business, results of operations, and financial condition. The Company may be adversely affected by international conflicts, terrorism, or other violence,

both domestically and internationally, and the tourism industry continues to be affected by safety concerns.

#### **2.6.4 Risks in relation to the offering of the Company's ordinary shares and holding of the Company's ordinary shares**

- The Company's ability to pay dividends is limited by the fact that the Company has significant accumulated losses and/or may be subject to the discretion of the Board of Directors, taking into account various factors such as future earnings, financial position, results of operations, cash flow, working capital, investments, and economic conditions, as well as the terms and conditions of the rehabilitation plan.
- Placement of the Company's shares and the timing of the exit from the rehabilitation and the return to trading on the SET Thailand may be subject to risk.
- The Company's share price may fluctuate, and PP investors who receive and/or purchase shares from the Company's restructuring under the rehabilitation plan may incur significant losses.
- After the share offering, certain shareholders may have significant influence over the Company, including its management and operations. In addition, the interests of the Company's major shareholders may conflict with the interests of other shareholders.
- Thai law and the Company's Articles of Association contain provisions regarding restrictions on foreign shareholdings, and such restrictions may limit the ability of PP investors to transfer shares and may affect the liquidity and market price of the Company's shares.
- The Company's future rights offerings or similar offerings may result in certain shareholders being restricted from participating due to securities laws or other regulatory provisions in foreign jurisdictions.

*(Please see details of risk factors in Registration Statement for Securities Offering (Form 69-1) and the draft Prospectus for offering of the Company's ordinary shares for capital restructuring under the Rehabilitation Plan, in Section 2.2.2 Risk Management.)*

### 3. Share Valuation of Thai Airways International PCL.

CapAd applied 7 valuation approaches in evaluating fair value of the Company (and the Company's ordinary shares), namely:

- 1) Book Value Approach (BV)
- 2) Adjusted Book Value Approach (ABV)
- 3) Market Value Approach
- 4) Price to Book Value Ratio Approach (P/BV Ratio)
- 5) Price to Earnings Ratio Approach (P/E Ratio)
- 6) Enterprise Value to EBITDA Ratio Approach (EV/EBITDA Ratio)
- 6) Discounted Cash Flow Approach (DCF)

CapAd assessed the fair value of the Company (and the Company's ordinary shares) based on information and documents obtained from THAI, such as business plan of THAI, financial forecast, historical financial performance, the Rehabilitation Plan of the Company that the Court approved the plan amendment on October 20, 2022, and interview with management of the Company, including publicly-disclosed information such as form 56-1 One Report, Registration Statement for Securities Offering (Form 69-1) and the draft Prospectus for offering of the Company's ordinary shares for capital restructuring under the Rehabilitation Plan, audited and reviewed financial statements, financial information from various websites, and other publicly-disclosed information from websites of the SEC (www.sec.or.th) and the SET (www.set.or.th).

The IFA's opinion expressed herein is under the assumption that the obtained information and documents are complete and correct, and is based on the circumstances and information perceivable as of the date of preparing this report. Any change or incident arising in the future may have material impact on THAI as well as the valuation and analysis conducted by the IFA.

After having studied all relevant information and documents, the summary of our valuation are as follows:

#### 3.1 Book Value Approach (BV)

This approach determines value of the Company's ordinary shares as stated in the financial statements at a certain period. In this case, the calculation was based on the Company's latest consolidated financial statements as of June 30, 2024, reviewed by a certified public accountant approved by the SEC. The summary of shares valuation is as follows:

<b>Book value of THAI</b>	(Unit: Baht million)
Issued and paid-up capital	21,827.72
Share premium	1,862.98
Accumulated deficit	(73,129.18)
Other components of shareholders' equity	8,940.39
<b>Total shareholders' equity attributable to owners of the Company</b>	<b>(40,498.10)</b>
No. of paid-up shares as of June 30, 2024 (shares)	2,182,771,917 <sup>1/</sup>
<b>Book value per share (Baht)</b>	<b>-</b>

Remark: 1/ As of June 30, 2024, registered ordinary shares equal to Baht 336,824,601,650.00, comprised of ordinary shares of 33,682,460,165.00 shares with par value of Baht 10.00 per share.

The share value and equity value of THAI based on this approach is **zero**.

### 3.2 Adjusted Book Value Approach (ABV)

Under this approach, THAI's shares value is derived from THAI's total assets, deducted by total liabilities, commitments and contingent liabilities as shown on the latest consolidated financial statements as at June 30, 2024, reviewed by a certified public accountant approved by the SEC, and adjusted by transactions arising after the financial statement date or transactions that will more accurately reflect actual value such as unrealized gain or loss from assets revaluation, tax saving from losses carried forward, and contingent liabilities.

In deriving THAI's shares value based on this approach, the IFA used the book value as shown on the latest consolidated financial statements as at June 30, 2024 and considered the significant adjustments as follows:

#### 3.2.1 Gain (Loss) on assets revaluation

The Company has not arranged the revaluation of fixed assets by an independent property appraiser in the past 6 months. Majority of the Company's fixed assets are aircrafts and rotatable aircraft's spare parts (including aircraft improvement), and land and buildings (including building improvement and building under right-of-use (ROU)), accounted to 82% and 16% of total book value of property, plant and equipment and right-of-use assets as of June 30, 2024, respectively.

However, the Company has appointed Avitas, Inc., an aviation consulting firm, to evaluate market value of 88 aircrafts and 33 spare part items as of December 31, 2023, (Avitas did not physically inspect the assets nor the related technical document, Avitas has relied solely on data provided the Company to prepare the valuation.). The appraised value has been adopted to the financial statement for the year ended 2023.

If the Company has arranged the revaluation of main fixed assets including land, building, and aircrafts by an independent property appraiser, the appraised value by an independent property appraiser may be higher or lower than the book value as of June 30, 2024.

#### 3.2.2 Tax loss carried forward

The Company incurred accumulated tax losses arising from operating losses in 2013 - 2023. Such accumulated tax losses can be carried forward in order to reduce corporate income tax until the year 2032, as follows:

(Unit: Baht million)

Promoted business <sup>2/</sup>			Non-promoted business		
Tax year	Carried forward until	Accumulated Tax Losses as at January 1, 2024	Tax year	Carried forward until	Accumulated Tax Losses as at January 1, 2024
2013	n.a.	(5,806.35)			
2014	n.a.	(72.88)	2014	2019	(9,508.55)
2015	n.a.	(11,570.31)	2015	2020	(1,104.39)
2016	n.a.	(296.06)	2016	2021	(6,409.95)
2017	n.a.	(3,904.13)	2017	2022	5,209.35
2018	n.a.	(9,731.12)	2018	2023	6,817.97
2019	n.a.	(13,646.99)	2019	2024	4,057.21
2020	n.a.	(34,424.77)	2020	2024	(20,988.70)
2021	n.a.	1,316.34	2021	2026	(11,544.00)
2022	n.a.	(2,097.72)	2022	2027	16,173.13
2023	n.a.	5,351.53	2023	2028	27,392.99
<b>Accumulated tax losses</b>		<b>(74,882.46)</b>	<b>Accumulated tax losses</b>		<b>10,095.07</b>
<b>Net accumulated tax losses</b>				<b>64,787.39</b>	
<b>Tax benefit as of January 1, 2024<sup>1/</sup></b>				<b>12,957.48</b>	

Remark: 1/ Corporate income tax rate of 20%.

2/ THAI was granted corporate income tax exemption for net income from the promoted business not exceeding 100% of investment excluding land and working capital for period of 8 years (for 9 promotion certificates), and tax exemption (for 4 promotion certificates) for period of 5 years from the dates of the promoted business started to generate income (commencement dates of revenue generation were in 2014, 2015, 2016, 2017, 2018, 2022 and 2023). (Source: Note to financial statement of the Company for the year ended December 31, 2023 on Clause 30.)

In the event that the Company operates at loss during the period of tax exemption, the Company will be allowed to deduct the operating losses incurred during such tax exemption period from the net profit incurred after such tax exemption period for not exceeding 5 years after the end of tax exemption period. The deduction can be on net profits of any year or over several years.

The net accumulated tax losses arising from operating losses in 2013 – 2023 is amounted to Baht 64,787.39 million, or equivalent to tax shield of Baht 12,957.48 million of which will expire by

2032. CapAd expects that all tax losses can be utilized. (Please see the financial forecast of the Company in Clause 3.7.4 of this report.)

However, the Company has recorded Baht 2,543.86 million tax shield from tax losses carried forward in the past in deferred tax assets, as of June 30, 2024. However, the Company has not yet recorded Baht 6,633.17 million tax shield from tax losses carried forward in deferred tax assets as of June 30, 2024.

Therefore, CapAd has increased the shareholders' equity of THAI from tax shield by Baht 6,633.17 million.

### 3.2.3 Debt and capital restructuring

According to the Rehabilitation Plan Clause 5.4. the Company shall restructure its capital by increasing its registered capital to accommodate (1) the conversion of existing debt to newly-issued ordinary shares, as per Clause 5.6.3 (b) (**Mandatory Conversion: MC**), (2) the exercise of the option to convert debt to additional newly-issued ordinary shares, as per Clause 5.6.3 (a) (**Voluntary Conversion: VC**), (3) the exercise of the option to convert new accrued interest under the Rehabilitation Plan, as per Clause 5.6.3 (c) (**Accrued Interest Conversion: AC**), and (4) the offer of newly-issued ordinary shares to existing shareholders before the Company's capital restructuring and/or employees and/or PP investors, as per Clause 5.6.4.

In 2023, the Company had increased its registered capital from Baht 21,827.72 million, comprising of 2,182,771,917.00 ordinary shares with a par value of Baht 10.00 per share, to Baht 336,824.60 million, comprising of 33,682,460,165.00 ordinary shares with a par value of Baht 10.00 per share.

The Company shall allocate newly-issued ordinary shares amounted to Baht 314,996.88 million, comprising of 31,499,688,248.00 ordinary shares with a par value of Baht 10.00 per share, to each group as follows:

	Allotment of the newly-issued ordinary shares of THAI	No. of newly-issued ordinary shares (shares) <sup>1/</sup>	Exercise price (Baht/share)	Capital increase (Bah million)
<b>1</b>	<b>Mandatory Conversion (MC)</b>			
	The conversion of existing debt to newly-issued ordinary shares, as per Clause 5.6.3 (b)	14,862,369,633	2.5452	37,827.70
<b>2</b>	<b>Voluntary Conversion (VC)</b>			
	The exercise of the option to convert debt to additional newly-issued ordinary shares, as per Clause 5.6.3 (a)	4,911,236,813	2.5452	Exercise amount is unknown at the present.
<b>3.</b>	<b>Accrued Interest Conversion (AC)</b>			
	The exercise of the option to convert new accrued interest under the Rehabilitation Plan, as per Clause 5.6.3 (c)	1,903,608,176	2.5452	Exercise amount is unknown at the present.
<b>4</b>	<b>Offer of newly-issued ordinary shares to existing shareholders/employees/PP investors</b>			
	The offer of newly-issued ordinary shares to existing shareholders and/or employees and/or PP investors, as per Clause 5.6.4	9,822,473,626	The price to be determined by the Plan Administrators but not lower than Baht 2.5452	Offering price and number of shares are unknown at the present.
	<b>Total newly-issued ordinary shares of THAI</b>	<b>31,499,688,248</b>		

Remark: 1/ Par value of Baht 10.00 per share

Therefore, CapAd has increased the shareholders' equity of THAI from the conversion of existing debt to newly-issued ordinary shares (Mandatory Conversion: MC) amounted to Baht 37,827.70 million.

### **Summary of adjustments to book value of THAI**

After consideration of the adjustments from above mentioned, share value of THAI based on the Adjusted Book Value Approach could be summarized as follows:

Adjusted Book Value of THAI	(Unit: Baht million)
Total shareholders' equity attributable to owners of the Company as of June 30, 2024	(40,498.10)
Adjustment items	
Tax shield from tax loss carried forward as of June 30, 2024	6,633.17 <sup>2/</sup>
Mandatory conversion of creditors in group 4 – 6 and debenture holders	37,827.70 <sup>3/</sup>
<b>Adjusted shareholders' equity of the Company</b>	<b>3,962.77</b>
No. of paid-up shares as of June 30, 2024 (shares)	2,182,771,917 <sup>4/</sup>
No. of shares from the Mandatory Conversion (shares)	14,862,369,633 <sup>3/</sup>



<b>Adjusted Book Value of THAI</b>	(Unit: Baht million)
<b>Total shares after the Mandatory Conversion (shares)</b>	<b>17,045,141,550</b>
<b>Adjusted book value per share (Baht per share)</b>	<b>0.23</b>

Remark: 1/ As of June 30, 2024, authorized share capital is equivalent to Baht 336,824,601,650.00 comprised of 33,682,460,165.00 ordinary shares with a par value of Baht 10.00 each, and paid-up capital of Baht 21,827,719,170.00 comprised of 2,182,771,917.00 ordinary shares with a par value of Baht 10.00 each.

2/ Please see details in Clause 3.2.2 of this report.

3/ Please see details in Clause 3.2.3 of this report.

The equity value of THAI based on this approach is Baht 3,962.77 million, and the share value of Baht 0.23 per share.

The equity value of THAI based on this approach after the Mandatory Conversion (MC) as per Clause 5.6.3 (b) + Voluntary Conversion (VC) as per Clause 5.6.3 (a) in the whole amount (100%) + Accrued Interest Conversion (AC) as per Clause 5.6.3 (c) in the whole amount (100%) is Baht 21,307.92 million<sup>4</sup>, and the share value of Baht 0.89 per share<sup>5</sup>.

The Company has estimated accounting losses arising from MC + VC100% + AC100%, which may impact the equity value of THAI (and THAI's share value) derived from this valuation approach. Summary of the equity value of THAI (and THAI's share value) in each case are as follows;

- The equity value of THAI after the adjustment for MC is equivalent to Baht 3,700.77 million<sup>6</sup>, and the share value Baht is of Baht 0.22 per share.
- The equity value and the share value of THAI after the adjustment for MC + VC100% + AC100% is equivalent to Baht 12,373.35 million<sup>7</sup> and Baht 0.52 per share, respectively.

### 3.3 Market Value Approach

CapAd was unable to evaluate value of THAI's shares under the Market Value Approach because the Company is classified to possibly be delisted from the SET. There is no trading of THAI's shares on the SET (SP sign). The latest trading day of the Company's ordinary was on May 17, 2021.

<sup>4</sup> Calculated from Baht 3,962.77 million from table on previous page and adjusted with VC100% + AC100% in a total amount of Baht 17,345.14 million. The equity value after adjustment with MC + VC100% + AC100% is equal to Baht 21,307.92 million.

<sup>5</sup> Total ordinary shares of THAI **after** MC + VC100% + AC100% are equal to 23,859.99 million shares with a par value of Baht 10.00 per share.

<sup>6</sup> Calculated from Baht 3,962.77 million from a bottom table in the previous page and adjusted with accounting losses arising from debt-to-equity conversion of MC amounted to Baht (262.00) million<sup>^</sup>. The net equity value after adjustment with MC is equal to Baht 3,700.77 million.

Remark: <sup>^</sup> The actual amount of the accounting losses arising from the debt-to-equity conversion in according to the MC may deviate from the aforementioned estimates. This is attributable to the fact that the accounting loss to be recognized in the financial statements will be calculated based on each individual debt obligation actually converted to equity, considering the distinct repayment schedule and interest rate of each debt obligation.

<sup>7</sup> Calculated from the equity value after MC + VC100% + AC100% in a total amount of Baht 21,307.92 million (from previous paragraph), and adjusted with the estimated accounting loss arising from MC + VC100% + AC100% of Baht (8,972.57) million<sup>^</sup>. The net equity value after adjustment with MC + VC100% + AC100% is equal to Baht 12,373.35 million.

Remark: <sup>^</sup> The Company has estimated accounting loss arising from MC + VC100% + AC100% in a total amount of Baht (8,934.57) million. However, the actual amount of the accounting losses arising from the debt-to-equity conversion may deviate from the aforementioned estimates. This is attributable to the fact that the accounting loss to be recognized in the financial statements will be calculated based on each individual debt obligation actually converted to equity, considering the distinct repayment schedule and interest rate of each debt obligation.

### 3.4 Price to Book Value Ratio Approach (P/BV Ratio)

Under this approach, CapAd evaluated THAI's ordinary shares by using book value of THAI as shown in the latest consolidated financial statements as of June 30, 2024, reviewed by the certified public accountant on the SEC-approved list, which is equal to Baht (2,670.40) million<sup>8</sup>, and multiplied by a median of P/BV ratios of 15 comparable companies listed on the SET or the other stock exchanges, who engage in commercial airline business similar to THAI. (In this regard, CapAd considered 2 airlines listed on the SET, and 13 full service airlines listed in foreign stock exchanges with primary routes in Asia, Europe and Australia similar to THAI.) The P/BV ratios are from the period up to September 16, 2024.

The comparable companies are as follows:

Name	Security symbol <sup>1/</sup>	Business description
1. Air China Ltd.	601111 CH	Air China Limited is a major Chinese airline and is the flag carrier airline of the People's Republic of China. Its headquartered in in Shunyi, Beijing. The airline offers both domestic and international flights to different destinations around China and the world. The airline was established back in 1988 after the former Chinese flag carrier CAAC was split into 6 airlines and one of them being Air China. The airline is one of the largest airlines in China. It is 53.46% owned by the state-owned China National Aviation Holding.
2. ANA Holdings Inc.	9202 JT	ANA Holdings Inc., together with its subsidiaries, operates through Air Transportation, Airline Related, Travel Services, and Trade and Retail segments. The Air Transportation segment offers domestic and international passenger, cargo and mail, and other transportation services. The Airline Related segment provides air transportation related services, such as airport passenger and ground handling, and maintenance services. The Travel Services segment develops and sells travel products, as well as plans and sells travel packages using air transportation. The Trade and Retail segment imports and exports goods related to air transportation, as well as involved in the in-store and non-store retailing business. ANA Holdings Inc. was incorporated in 1920 and is headquartered in Minato, Japan.
3. Cathay Pacific Airways Ltd.	293 HK	Cathay Pacific is the flag carrier of Hong Kong with its head office and main hub located at Hong Kong International Airport. The airline's operations and its subsidiaries have scheduled passenger and cargo services to over 190 destinations and more than 60 countries worldwide including codeshares and joint ventures.
4. China Eastern Airlines Corporation Ltd.	600115 CH	China Eastern Airlines Co., Ltd., headquartered in Shanghai, is one of the three major state-owned aviation transportation groups in China. At present, China Eastern has four hub airports in two municipalities - Beijing and Shanghai, and a few regional air hubs in Xi'an, Kunming and other cities, achieving full coverage of provincial capitals and airports with more than ten million passengers. Every year, China Eastern can provide aviation transport services for 150 million passengers, ranking top 10 among global airlines.
5. China Southern Airlines Co., Ltd.	600029 CH	China Southern Airlines (branded as China Southern) is a major airline in China, headquartered in Guangzhou, Guangdong. It is one of the three major airlines in the country, along with Air China and China Eastern Airlines. It was established on July 1, 1988 following the restructuring of CAAC Airlines that acquired and merged a number of domestic airlines. The airline operates more than 2,000 flights to more than 200 destinations daily.
6. Deutsche Lufthansa AG	LHA GR	Deutsche Lufthansa AG is the flag carrier of Germany. When combined with its subsidiaries, it ranks second in Europe by passengers carried, as well as largest in Europe and fourth largest in the world by revenue. Lufthansa is also one of the five founding members of Star Alliance, which is the world's largest airline alliance, formed in 1997. Lufthansa was founded in 1953 and commenced operations in April 1955. Besides operating flights under its own brand, the Lufthansa Group also owns several other airlines, including Austrian Airlines, Brussels Airlines, Discover Airlines, Eurowings, and Swiss International Air Lines. The group also owns several aviation-related companies, including Global Load Control, Lufthansa Consulting, Lufthansa Flight Training, Lufthansa Systems, and Lufthansa Technik.
7. EVA Airways Corporation	2618 TT	EVA Airways Corporation is a Taiwanese international airline headquartered in Taoyuan City. The privately owned airline operates

<sup>8</sup> Calculated from the book value as of June 30, 2024 and adjusted with the Mandatory Conversion = Baht (2,670.40) million.

Name	Security symbol <sup>1/</sup>	Business description
		passenger and dedicated cargo services to over 40 international destinations in Asia, Australia, and Europe & North America. Its network fully consists of international routes, with no domestic routes. It is rated as a 5-star airline by Skytrax.
8. International Consolidated Airlines Group S.A.	IAG LN	International Consolidated Airlines Group S.A., together with its subsidiaries, engages in the provision of passenger and cargo transportation services in the United Kingdom, Spain, the United States, and rest of the world. It also provides aircraft leasing, aircraft maintenance, tour operation, air freight operations, call centre, ground handling, trustee, retail, IT, finance, procurement, storage and custody, aircraft technical assistance, human resources support, and airport infrastructure development services; and manages airline loyalty program. The company operates under the British Airways, Iberia, Vueling, Aer Lingus, and LEVEL brands. It operates a fleet of 582 aircrafts. The company was incorporated in 2009 and is headquartered in Harmondsworth, United Kingdom.
9. Japan Airlines Co., Ltd.	9201 JT	Japan Airlines (JAL) is the flag carrier of Japan. JAL is headquartered in Shinagawa, Tokyo. Its main hubs are Tokyo's Narita and Haneda airports, as well as Osaka's Kansai and Itami airports. The JAL group, which includes Japan Airlines, also comprises J-Air, Japan Air Commuter, Japan Transocean Air, Hokkaido Air System, and Ryukyu Air Commuter for domestic feeder services, and JAL Cargo for cargo and mail services.
10. Korean Air Lines Co., Ltd.	003490 Ks	Korean Air is the flag carrier of South Korea and its largest airline based on fleet size, international destinations, and international flights. It is owned by the Hanjin Group.
11. Qantas Airways Ltd.	QAN AU	Qantas Airways is the flag carrier of Australia, and the largest airline by fleet size, international flights, and international destinations in Australia and Oceania. A founding member of the Oneworld airline alliance, it is the only airline in the world that flies to all seven continents, with it operating flights to Africa, Antarctica, Asia, Europe, North America and South America from its hubs in Sydney, Perth, Melbourne and Brisbane. It also flies to over 60 domestic destinations across Australia.
12. Singapore Airlines Ltd.	SIA SP	Singapore Airlines is the flag carrier of Singapore with its hub located at Changi Airport. It provides passenger and cargo air transportation services including maintenance and overhaul services; line maintenance; technical ground handling services; fleet management. It provides training for pilots, air charters, and tour wholesale.
13. Türk Hava Yolları Anonim Ortaklığı	THYAO Ti	(Turkish Airlines) Türk Hava Yolları Anonim Ortaklığı provides air transport and aircraft technical maintenance services in Türkiye and internationally. The company offers domestic and international passenger and cargo air transportation services; repair and maintenance, and technical and infrastructure support services related to aviation sector; catering and ground service fuel services; software system maintenance and information technology consulting services. The company was incorporated in 1933 and is headquartered in Istanbul, Türkiye. As of June 2024, it operates scheduled services to 349 destinations (incl. cargo) in Europe, Asia, Oceania, Africa, and the Americas. The airline serves more destinations non-stop from a single airport than any other airline in the world and flies to 130 countries, more than any other airline. The airline also owns a low cost subsidiary, AJet. It has been a member of the Star Alliance network.
14. Bangkok Airways PCL.	BA TB	BA provides airline, airport, and airport-related services including ground and passenger, in-flight catering, and cargo terminal services to its own flights and those of other airlines.
15. Asia Aviation PCL.	AAV TB	The Company operates as a holding company, the Company holds only Thai AirAsia Co., Ltd., a low fare airline. Thai AirAsia Co., Ltd.'s revenues are mainly from scheduled passenger services and ancillary services.

Remark: 1/ Bloomberg

Summary of the Company's share valuation is as follows:

THAI	Historical Average P/BV Ratio (times)							
	7 days	15 days	30 days	60 days	90 days	120 days	180 days	360 days
1. Air China Ltd.	2.98	3.05	3.16	3.22	3.25	3.25	3.23	3.47
2. ANA Holdings Inc.	1.31	1.30	1.26	1.28	1.30	1.32	1.38	1.48
3. Cathay Pacific Airways Ltd.	0.98	0.98	0.98	1.00	1.02	1.03	1.04	1.10
4. China Eastern Airlines Corp.	2.16	2.20	2.23	2.28	2.26	2.21	2.16	3.08
5. China Southern Airlines Co., Ltd.	2.80	2.84	2.88	2.93	2.90	2.85	2.85	2.85
6. Deutsche Lufthansa AG	0.72	0.72	0.71	0.72	0.74	0.77	0.82	0.99

THAI	Historical Average P/BV Ratio (times)							
	7 days	15 days	30 days	60 days	90 days	120 days	180 days	360 days
7. EVA Airways Corporation	1.78	1.78	1.75	1.77	1.83	1.83	1.75	1.80
8. International Consolidated Airlines Group S.A.	2.37	2.30	2.18	2.17	2.45	2.59	2.61	3.38
9. Japan Airlines Co., Ltd.	1.16	1.17	1.15	1.18	1.20	1.24	1.29	1.39
10. Korean Air Lines Co., Ltd.	0.81	0.81	0.80	0.80	0.81	0.81	0.83	0.87
11. Qantas Airways Ltd.	36.91	36.27	34.45	36.37	54.62	62.56	68.38	855.96
12. Singapore Airlines Ltd.	1.26	1.25	1.22	1.29	1.32	1.31	1.30	1.25
13. Türk Hava Yollari A.O.	0.69	0.70	0.71	0.73	0.76	0.78	0.78	11.61
14. Bangkok Airways PCL.	2.72	2.68	2.54	2.49	2.40	2.26	2.15	1.96
15. Asia Aviation PCL.	4.09	3.94	3.74	3.52	3.52	3.59	3.55	3.94
<b>Median of 15 companies</b>	<b>1.78</b>	<b>1.25</b>	<b>1.22</b>	<b>1.28</b>	<b>1.30</b>	<b>1.31</b>	<b>1.30</b>	<b>1.39</b>
<b>The Company's equity value (Baht million)</b>	<b>(4,755.21)</b>	<b>(3,339.85)</b>	<b>(3,261.19)</b>	<b>(3,430.29)</b>	<b>(3,480.61)</b>	<b>(3,510.27)</b>	<b>(3,464.28)</b>	<b>(3,705.94)</b>
<b>The Company's share value (Baht/share)</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>n.a.</b>

Source: Bloomberg

However, CapAd was unable to evaluate value of the Company under this approach, due to the negative book value of the Company.

The equity value of THAI based on this approach after the Mandatory Conversion (MC) as per Clause 5.6.3 (b) + Voluntary Conversion (VC) as per Clause 5.6.3 (a) in the whole amount (100%) + Accrued Interest Conversion (AC) as per Clause 5.6.3 (c) in the whole amount (100%) is Baht 17,921.34 – 26,131.53 million<sup>9</sup>, and the share value of Baht 0.75 – 1.10 per share<sup>10</sup>.

The Company has estimated accounting losses arising from MC + VC100% + AC100%, which may impact the equity value of THAI (and THAI's share value) derived from this valuation approach. Summary of the equity value of THAI (and THAI's share value) in each case are as follows;

- The equity value of THAI and THAI's share value based on this approach after the adjustment for MC is zero<sup>11</sup>.
- The equity value of THAI based on this approach after the adjustment for MC + VC100% + AC100% is Baht 7,010.11 – 10,221.61 million<sup>12</sup>, and the share value of Baht 0.29 – 0.43 per share.

<sup>9</sup> Calculated from the shareholders' equity as of June 30, 2024 and adjusted with MC + VC100% + AC100% of Baht 55,172.85 million. The equity value after adjustment with MC + VC100% + AC100% is equal to Baht 14,674.75 million, and then multiplied with the P/BV ratio in the range of 1.22 – 1.78 times.

<sup>10</sup> Please refer to Footnote 5 on Page 20.

<sup>11</sup> Calculated from the book value as of June 30, 2024, and adjusted with the Mandatory Conversion of Baht 37,727.70 million and the accounting losses arising from debt-to-equity conversion of MC amounted to Baht (262.00) million<sup>^</sup>. The net equity value after adjustment with MC is equal to Baht (2,932.40) million, and then multiplied with the P/BV ratio in the range of 1.22 – 1.78 times.

Remark: <sup>^</sup>The actual amount of the accounting losses arising from the debt-to-equity conversion in according to the MC may deviate from the aforementioned estimates. This is attributable to the fact that the accounting loss to be recognized in the financial statements will be calculated based on each individual debt obligation actually converted to equity, considering the distinct repayment schedule and interest rate of each debt obligation.

<sup>12</sup> Calculated from the book value as of June 30, 2024, and adjusted MC + VC100% + AC100% of Baht 55,172.85 million and the accounting losses arising from debt-to-equity conversion of MC + VC100% + AC100% amounted to Baht (8,934.57) million<sup>^</sup>. The net equity value after adjustment with MC + VC100% + AC100% is equal to Baht 5,740.18 million, and then multiplied with the P/BV ratio in the range of 1.22 – 1.78 times.

Remark: <sup>^</sup> The Company has estimated accounting loss arising from MC + VC100% + AC100% in a total amount of Baht (8,934.57) million. However, the actual amount of the accounting losses arising from the debt-to-equity conversion may deviate from the aforementioned estimates. This is attributable to the fact that the accounting loss to be recognized in the financial statements will be calculated based on each individual debt obligation actually converted to equity, considering the distinct repayment schedule and interest rate of each debt obligation.

### 3.5 Price to Earnings Ratio Approach (P/E Ratio)

Under this approach, CapAd evaluated THAI's ordinary shares by using earnings per share of THAI as shown in the latest consolidated financial statements for the last 12-month period ended June 30, 2024, reviewed by the certified public accountant on the SEC-approved list, and multiplied by a median of P/E ratios of 15 comparable companies listed on the SET or the other stock exchanges, who engage in commercial airline business similar to THAI. (In this regard, CapAd considered 2 airlines listed on the SET, and 13 full service airlines listed in foreign stock exchanges with primary routes in Asia, Europe and Australia similar to THAI.) The P/E ratios are from the period up to September 16, 2024. The valuation can be summarized as follows:

THAI	Historical Average P/E Ratio (times)							
	7 days	15 days	30 days	60 days	90 days	120 days	180 days	360 days
1. Air China Ltd.	1,212.57	1,212.57	1,212.57	1,212.19	1,219.21	1,217.23	1,217.36	1,217.36
2. ANA Holdings Inc.	9.23	9.18	8.93	9.04	8.99	9.01	8.87	10.51
3. Cathay Pacific Airways Ltd.	5.98	5.98	5.97	6.03	6.00	5.98	5.94	n.a. <sup>1/</sup>
4. China Eastern Airlines Corp.	n.a. <sup>1/</sup>	n.a. <sup>1/</sup>	n.a. <sup>1/</sup>	n.a. <sup>1/</sup>	n.a. <sup>1/</sup>	n.a. <sup>1/</sup>	n.a. <sup>1/</sup>	n.a. <sup>1/</sup>
5. China Southern Airlines Co., Ltd.	n.a. <sup>1/</sup>	n.a. <sup>1/</sup>	n.a. <sup>1/</sup>	n.a. <sup>1/</sup>	n.a. <sup>1/</sup>	n.a. <sup>1/</sup>	n.a. <sup>1/</sup>	n.a. <sup>1/</sup>
6. Deutsche Lufthansa AG	5.82	5.81	5.69	5.67	5.34	5.27	5.05	5.62
7. EVA Airways Corporation	8.09	8.08	7.93	8.05	8.37	8.37	8.20	11.27
8. International Consolidated Airlines Group S.A.	4.29	4.17	3.94	3.82	3.76	3.73	3.58	4.29
9. Japan Airlines Co., Ltd.	12.19	12.28	12.03	12.29	12.19	12.36	12.18	15.90
10. Korean Air Lines Co., Ltd.	6.83	6.82	6.68	6.72	6.69	6.64	7.04	6.65
11. Qantas Airways Ltd.	9.06	8.91	8.46	8.16	7.63	7.28	6.77	7.98
12. Singapore Airlines Ltd.	10.17	10.06	9.82	10.38	10.42	10.33	10.69	13.02
13. Türk Hava Yollari A.O.	3.07	3.07	3.07	3.07	3.07	3.07	3.07	6.80
14. Bangkok Airways PCL.	11.55	11.38	10.82	10.66	10.55	10.09	10.18	n.a. <sup>1/</sup>
15. Asia Aviation PCL.	44.79	43.12	40.98	40.96	55.28	62.44	67.61	n.a. <sup>1/</sup>
<b>Median of 13 companies</b>	<b>9.06</b>	<b>8.91</b>	<b>8.46</b>	<b>8.16</b>	<b>8.37</b>	<b>8.37</b>	<b>8.20</b>	<b>9.24</b>
<b>The Company's equity value (Baht million)<sup>2/</sup></b>	<b>166,956.00</b>	<b>164,069.10</b>	<b>155,793.42</b>	<b>150,395.48</b>	<b>154,116.70</b>	<b>154,147.90</b>	<b>151,077.01</b>	<b>170,287.80</b>
<b>The Company's share value (Baht/share)<sup>3/</sup></b>	<b>9.79</b>	<b>9.63</b>	<b>9.14</b>	<b>8.82</b>	<b>9.04</b>	<b>9.04</b>	<b>8.86</b>	<b>9.99</b>

Source: Bloomberg

Remark:

- 1/ Unable to calculate due to such companies operated at losses in the past 12 months.
- 2/ For the last 12-month period ended June 30, 2024, net profit of THAI after adjusted with the extraordinary items, which are gain (loss) from debt restructuring and impairment loss of assets, was equivalent to Baht 18,423.43 million.
- 3/ Calculated with total ordinary shares of the Company after the Mandatory Conversion which is equivalent to 17,045,141,550 shares with a par value of Baht 10.00 each.

The equity value of THAI based on this approach after the Mandatory Conversion is Baht 150,395.48 – 170,287.80 million, and the share value of Baht 8.82 – 9.99 per share.

The equity value of THAI based on this approach after the Mandatory Conversion (MC) as per Clause 5.6.3 (b) + Voluntary Conversion (VC) as per Clause 5.6.3 (a) in the whole amount (100%) + Accrued Interest Conversion (AC) as per Clause 5.6.3 (c) in the whole amount (100%) is Baht 150,395.48 – 170,287.80 million, and the share value of Baht 6.30 – 7.14 per share<sup>13</sup>.

<sup>13</sup> Please refer to Footnote 5 on Page 20.

### 3.6 Enterprise Value to EBITDA Ratio Approach (EV/EBITDA Ratio)

Under this approach, CapAd evaluated THAI's ordinary shares by using EBITDA of THAI as shown in the latest consolidated financial statements for the last 12-month period ended June 30, 2024, reviewed by the certified public accountant on the SEC-approved list, and multiplied by a median of EV/EBITDA ratios of 15 comparable companies listed on the SET or the other stock exchanges, who engage in commercial airline business similar to THAI. (In this regard, CapAd considered 2 airlines listed in SET, and 13 full service airlines listed in foreign stock exchanges with primary routes in Asia, Europe, and Australia similar to THAI.) The EV/EBITDA ratios are from the period up to September 16, 2024. The valuation can be summarized as follows:

THAI	Historical Average EV/EBITDA Ratio (times)							
	7 days	15 days	30 days	60 days	90 days	120 days	180 days	360 days
1. Air China Ltd.	9.02	8.94	8.87	8.72	8.45	8.20	7.94	8.10
2. ANA Holdings Inc.	4.69	4.67	4.56	4.62	4.67	4.71	4.73	5.29
3. Cathay Pacific Airways Ltd.	4.39	4.39	4.39	4.40	4.34	4.31	4.27	4.65
4. China Eastern Airlines Corp.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
5. China Southern Airlines Co., Ltd.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
6. Deutsche Lufthansa AG	3.26	3.26	3.23	3.23	3.17	3.18	3.13	3.28
7. EVA Airways Corporation	2.75	2.74	2.69	2.73	2.82	2.81	2.80	3.19
8. International Consolidated Airlines Group S.A.	3.05	2.99	2.88	2.87	3.06	3.15	3.18	3.47
9. Japan Airlines Co., Ltd.	4.34	4.37	4.30	4.40	4.49	4.60	4.68	5.13
10. Korean Air Lines Co., Ltd.	3.86	3.86	3.81	3.82	3.77	3.73	3.76	3.56
11. Qantas Airways Ltd.	36.91	36.27	34.45	36.37	54.62	62.56	68.38	855.96
12. Singapore Airlines Ltd.	5.51	5.51	5.51	5.44	5.37	5.34	5.44	5.87
13. Türk Hava Yolları A.O.	3.93	3.99	4.01	4.10	4.16	4.19	3.42	2.56
14. Bangkok Airways PCL.	9.22	9.09	8.66	8.54	8.50	8.15	8.14	9.65
15. Asia Aviation PCL.	9.26	9.11	8.92	8.77	9.16	9.45	9.35	26.87
<b>Median of 13 companies</b>	<b>4.39</b>	<b>4.39</b>	<b>4.39</b>	<b>4.40</b>	<b>4.49</b>	<b>4.60</b>	<b>4.68</b>	<b>5.13</b>
<b>Enterprise Value<sup>1/</sup></b>	<b>206,990.27</b>	<b>207,060.60</b>	<b>206,839.60</b>	<b>207,524.96</b>	<b>211,361.73</b>	<b>216,942.60</b>	<b>220,676.74</b>	<b>241,559.95</b>

Source: Bloomberg

Remark:

1/ For the last 12-month period ended June 30, 2024, EBITDA of THAI after adjusted with the extraordinary items, which are gain (loss) from debt restructuring and impairment loss of assets, was equivalent to Baht 47,120.20 million.

From this valuation approach, the enterprise value of THAI is in the range of Baht 206,839.60 – 241,559.95 million, which can calculate the equity value of THAI as follows:

The Company's equity value	Baht million
<b>Enterprise Value</b>	<b>206,839.60 - 241,559.95</b>
<b>Adjustment items</b>	
- Interest bearing debts as of June 30, 2024	(208,965.84) <sup>1/</sup>
+ Cash and cash equivalents as of June 30, 2024	56,254.71 <sup>2/</sup>
+ <del>Non</del> -Current financial assets as of June 30, 2024	25,492.53 <sup>2/</sup>
- Non-controlling interest as of June 30, 2024	(67.88) <sup>2/</sup>
<b>Total shareholders' equity of the Company before the Mandatory Conversion</b>	<b>79,553.13 – 114,273.47</b>
+ Mandatory Conversion	37,827.70 <sup>3/</sup>
<b>Total shareholders' equity of the Company after the Mandatory Conversion</b>	<b>117,380.83 – 152,101.18</b>
Total No. of shares after the Mandatory Conversion (shares)	17,045,141,550 <sup>4/</sup>
<b>Share value of THAI after the Mandatory Conversion (Baht/share)</b>	<b>6.89 – 8.92</b>

Remark:

- 1/ Consisting of lease liabilities of Baht 101,232.71 million, long-term borrowing from related parties of Baht 25,470.84 million, long-term borrowings from financial institutions of Baht 8,527.41 million, debentures of Baht 48,386.83 million, and trade and other non-current payables (creditors under the rehabilitation plan) amounted to Baht 25,348.05 million, based on the consolidated financial statement of the Company for the period ended June 30, 2024.
- 2/ Cash and cash equivalents equal to Baht 56,254.71 million, ~~non~~-current financial assets (comprising of bill of exchange and fixed deposits) equal to Baht 25,492.53 million, and minority interest equal to Baht 67.88 million, based on the consolidated financial statements for the period ended June 30, 2024.
- 3/ Mandatory conversion of existing debts of the rehabilitation creditors in group 4 – 6 and debenture holders (group 18 – 31) to ordinary shares of THAI not exceeding 14,862,369,633 shares with a par value of Baht 10 each at the conversion price of Baht 2.5452 per share, which is equivalent to the total value of Baht 37,827.70 million.
- 4/ Calculated with total ordinary shares of the Company after the Mandatory Conversion according to Clause 5.3.6 (b), of which is equivalent to 17,045,141,550 shares with a par value of Baht 10.00 each.

The equity value of THAI based on this approach after the Mandatory Conversion is Baht 117,380.83 – 152,101.18 million, and the share value of Baht 6.89 – 8.92 per share.

The equity value of THAI based on this approach after the Mandatory Conversion (MC) as per Clause 5.6.3 (b) + Voluntary Conversion (VC) as per Clause 5.6.3 (a) in the whole amount (100%) + Accrued Interest Conversion (AC) as per Clause 5.6.3 (c) in the whole amount (100%) is Baht 134,725.97 – 169,446.32 million<sup>14</sup>, and the share value of Baht 5.65 – 7.10 per share<sup>15</sup>.

The Company has estimated accounting losses arising from MC + VC100% + AC100%, which may impact the equity value of THAI (and THAI's share value) derived from this valuation approach. Summary of the equity value of THAI (and THAI's share value) in each case are as follows;

(Unit: Baht million)

THAI After an adjustment for the estimated accounting impact to present value of debt obligations arising from debt-to-equity conversion	MC without VC & AC	MC + VC100% + AC100%
	After the Mandatory Conversion <sup>1/</sup>	After the Voluntary Conversion <sup>2/</sup> 100% and Accrued Interest Conversion <sup>2/</sup> 100%
Total shareholders' equity of the Company after debt-to-equity conversion	117,380.83 – 152,101.18	134,725.97 – 169,446.32
An accounting impact to present value of debt obligations arising from debt-to-equity conversion <sup>3/</sup>	(262.00)	(8,934.57)
<b>Total shareholders' equity of the Company after debt-to-equity conversion - net</b>	<b>117,118.83 – 151,839.18</b>	<b>125,791.40 – 160,551.75</b>
<b>Share value of THAI after debt-to-equity conversion - net (Baht/share)</b>	<b>6.87 – 8.91</b>	<b>5.27 – 6.73</b>

Remark:

- 1/ Equity value of THAI after the Mandatory Conversion (MC) according to Clause 5.3.6 (b) but there is no exercising of the option for the Voluntary Conversion (VC) according to Clause 5.3.6 (a) and the Accrued Interest Conversion (AC) according to Clause 5.3.6 (c).
- 2/ Equity value of THAI after the Mandatory Conversion (MC) according to Clause 5.3.6 (b) + the Voluntary Conversion according to Clause 5.6.3 (a) in the whole amount (100%) + the Accrued Interest Conversion (AC) 5.6.3 (c) in the whole amount (100%).
- 3/ The Company has estimated impact to present value of debt obligations arising from the MC of Baht (262.00) million, and from MC + VC100% + AC100% in a total amount of Baht (8,934.57) million. However, the actual amount of the accounting impact arising from the debt-to-equity conversion may deviate from the aforementioned estimates. This is attributable to the fact that the accounting impact to be recognized in the financial statements will be calculated based on each individual debt obligation actually converted to equity, considering the distinct repayment schedule and interest rate of each debt obligation.

From above table, the equity value and the share value of THAI after adjustment for the impacts to present value of debt obligations arising from debt-to-equity conversion can summarized as follows:

- The equity value of THAI based on this approach after adjustment for MC is Baht 117,118.83 – 151,839.18 million, and the share value of Baht 6.87 – 8.91 per share.
- The equity value of THAI based on this approach after adjustment for MC + VC100% + AC100% is Baht 125,791.40 – 160,551.75 million, and the share value of Baht 5.27 – 6.73 per share.

<sup>14</sup> Calculated from the shareholders' equity of the Company after Mandatory Conversion (from above table) and adjusted with VC100% + AC100% of Baht 17,345.14 million, resulting to the equity value after adjustment with MC + VC100% + AC100% is equal to Baht 134,725.97 – 169,446.32 million.

<sup>15</sup> Please refer to Footnote 5 on Page 20.

### 3.7 Discounted Cash Flow Approach (DCF)

This approach takes into account THAI's future operating performance by deriving present value of future cash flow streams using an appropriate discount rate. The IFA calculated the Weighted Average Cost of Capital (WACC) to be used as the discount rate and constructed a 12.5-year forecast of THAI's cash flows (the 3<sup>rd</sup> – 4<sup>th</sup> quarter of 2024 and the year 2025 - 2036) which is consistent to the debt repayment period of the rehabilitation plan (ended payment period in 2036), and based on an assumption that the Company's operation is on a going-concern basis without any significant changes under the current economic condition and circumstances.

The IFA constructed financial projection for THAI based on information, assumptions, and business plan obtained from THAI and from interviews with its executives, as well as the industry information. Then, the IFA adjusted assumptions as deemed appropriate based on industry outlook and economic statistics and on a conservative basis. The objective of the financial projection is to evaluate fair value of THAI (and THAI's shares) only. The IFA referenced to the budget for aircraft procurement, operating lease of aircraft and/or financial lease of aircraft, which was provided by THAI. However, the IFA has not received details of the aircraft acquisition including the term and condition of purchase/operating lease/financial lease. Therefore, the IFA could not provide any opinion or verify details and budget of such aircraft acquisition (CapEx Financing). In addition, if there is any material change in the overall economic condition and other internal and external factors that affect THAI's business operation from the assumptions used herein, fair value derived from this approach may change accordingly.

#### 3.7.1 Industry Outlook

##### (a) Air Passenger Transportation

As of 2024, the airline industry can turn its back on the Covid-19 pandemic. It is a remarkable rebound, considering the initial shock that saw the RPK (Revenue Passenger Kilometers) drop by 93% in April 2020. Domestic travel bounced back to the pre-Covid level in the spring (March – May) of 2023, while international routes did so only recently. Total traffic matched and surpassed 2019 numbers in February 2024. China's international traffic recovery has been slower due to the later easing of travel restrictions, economic uncertainties, and geopolitical tensions. Domestic traffic, on the other hand, has surged thanks to internal tourism, reaching record numbers.

International Air Transport Association (IATA) forecasted air passenger transportation to climb above 2019 levels in 2024, most countries will experience continues growth. Connectivity to Asia Pacific should be fully restored in 2024. The anticipated increase in total passenger numbers for 2024 is 10.4% YoY or 11.6% in RPK. (Please see Figure 1)

In 2024, Asia Pacific spots the highest growth numbers, from a lower base, at 17.2% YoY. China and India are driving developments in this region.

IATA forecasted over the next 20 years, world passengers will increase by 3.8% per year on average, resulting in over 4 billion additional passenger journeys in 2043 compared to 2023. European and North American markets will see a slower rise in demand, 2.3%, and 2.7% per year, respectively. Asia Pacific is anticipated to record the fastest rise in passenger numbers and to contribute to more than half of the net increase in global passenger numbers by 2043.

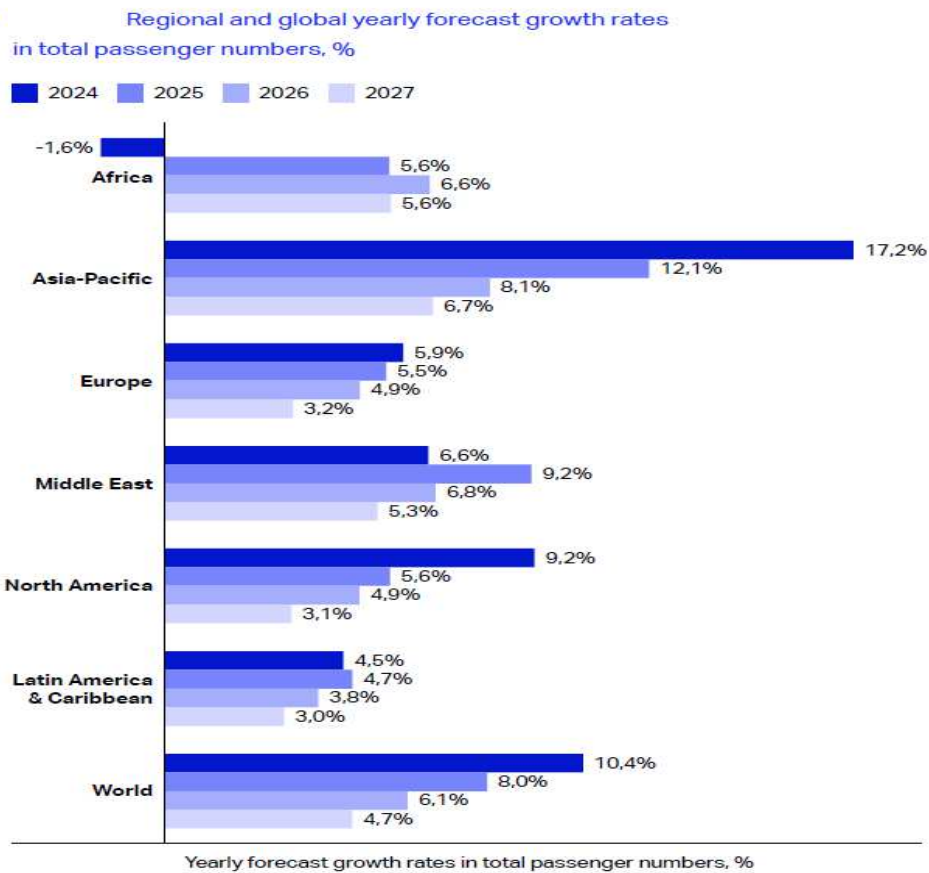
##### (b) Air Cargo Services

Available Cargo Tonne Kilometres (ACTK) recovered to just above the 2019 levels in 2023 – 2024 (Please see Figure 2). The normalization of the ratio between dedicated freighters and passenger belly can be expected to continue in 2024, and with blossoming demand, global air cargo capacity can be expected to continue to expand in 2024, albeit at a slower rate than in 2023.

Dropping of supply (ACTK) in 2020 – 2022 compared to 2019 (Pre-Covid 19) resulted to high freight load factor in 2020 – 2022. However, ACTK has returned to the 2019 levels in 2023 – 2024, while demand has slightly increased. Thus, freight load factor has been decreased. The average freight load factor in 2023 and in April 2024 was around 44% (Please see Figure 3). IATA expected freight load factor in 2024 to drop further due to oversupply.

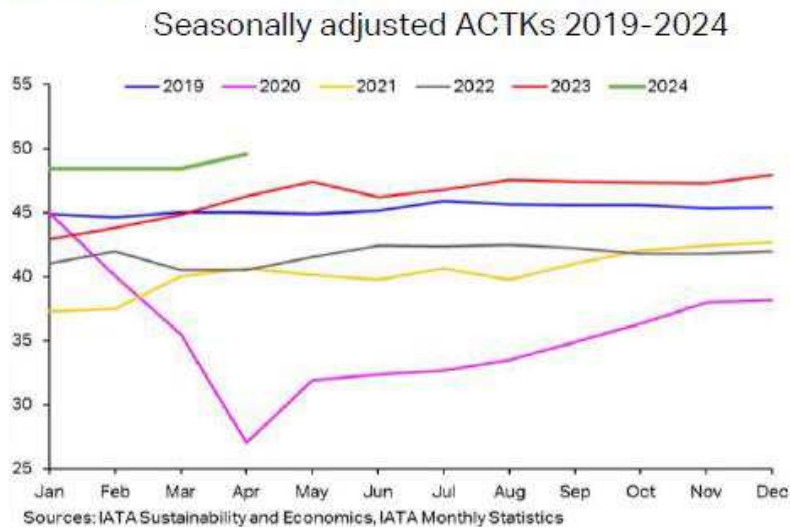


**Figure 1: Regional and global yearly forecast growth rates (percentage)**



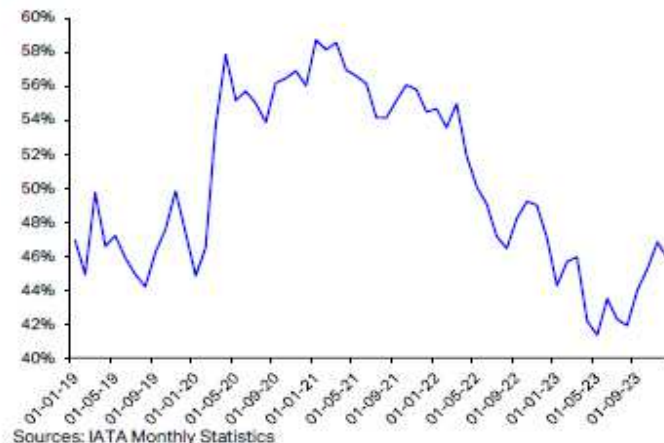
Source: Air Passenger Forecasts, February 2024 update

**Figure 2: Seasonally adjusted ACTKs 2019 - 2024**



Source: Air Cargo Market Analysis, April 2024 prepared by IATA

**Figure 3: Freight/Cargo Load Factor**  
Industry cargo load factor (percent)



Source: Air Cargo Market Analysis, December 2023, prepared by IATA

Please see more details of Industry Outlook in Attachment of this report.

### 3.7.2 Destination and Frequency, Number of Aircraft and Production Capacity of THAI

#### (a) **Business of THAI**

The Company is a national flag carrier which offers commercial full-service aviation service with domestic and international routes. The Company divides its businesses into 3 groups: Air transport (Core Business), Business Units, and other businesses. Details are as follows:

##### 1. Air Transport

Air transport is considered the core business of the Company. It involves the transport of passengers, parcels, and mails to various destinations both through regular and charter flights, covering international and domestic routes.

##### 2. Business Units

The Company's business units provide support for flight business. Each business unit is directly linked to air transport and operated systematically in congruent with each other to ensure that aircraft travels from the point of origin to the destination on time with convenience, speed, and safety. The Company also provides services to other airlines. Details of businesses that are directly linked to air transport are as follows:

- *Cargo & mail terminal services* for air transport provide by the Company at Suvarnabhumi International Airport and cargo service at Chiang Mai International Airport.
- *Ground services* consists of 2 types, which are (a) Ground customer services are the services provide direct facilitation for passengers from the point of entry through various procedures to the aircraft and from the aircraft to the ground. The services are offered for passengers of THAI and passengers of clients, and (b) Ground equipment services are the services provide facilitation related to aircraft and the aircraft parking bay for the Company and client airlines.
- *Catering services* are provided for THAI passengers both domestic and international as well as passengers from other leading airlines. THAI also provides food-related ground services such as restaurants at various international airports across Thailand, Puff&Pie Bakery House, catering, employees' canteen, hospital food, and food at Airlines Lounges. THAI also enters into partnership with various organizations in food and beverage catering. These include Muang Thong Thani, Transport Company Limited, Amazon Café, and Inthanin Coffee.

##### 3. Other Businesses

Other non-flight businesses include engineering, flight operations, and souvenir shops.

#### (b) **No. of Aircraft**

As of June 30, 2024, THAI had 77 aircraft in operation. Among these, there were 57 wide-body aircraft and 20 narrow-body aircraft that are used to operate short-haul routes.

Fleet restructuring is a part of business transformation. The Company has planned to decrease aircraft type from 7 types (as of June 30, 2024) to 4 types. These will significantly enhance operational efficiency, increase aircraft utilization rate, optimize crew scheduling, and realize economies of scale in maintenance. These measures will contribute to long-term competitiveness, revenue generation, and profitability. The fleet will consist of a mix of wide-body and narrow-body aircraft, tailored to meet market demands and varying operational requirements. This configuration will support the expansion of our route network and enable us to increase flight frequencies on popular high-demand routes.

The Company has a plan to acquire additional aircraft to replace those that will be retired due to age or lease expiration. This is to accommodate the increasing travel demand and to remain competitive with other airlines globally. The Company has engaged a world-class aviation network planning consultant to assist in developing a 10-year flight network plan, including the number of aircraft required to support this growth. By 2033, the Company expects have 150 aircraft in operation. In acquiring our fleet, the Company will consider future flight route planning on a yearly basis to determine the annual demand for new aircraft. Additionally, the Company will evaluate the suitability of various acquisition methods, such as leasing from lessors or purchasing directly from manufacturers. In short-term plan (for aircraft to deliver in 2022 – 2028), the Company has been acquired through operating lease. For the long-term plan (for aircraft to deliver in 2027 – 2033), the Company will purchase directly from manufacturers through Request for Proposal (RFP) process and evaluates proposals based on various factors.

Summary of fleet in the futures are as follows:

Aircraft type <sup>1/</sup>	2202A	Jun 24A	2024F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F
Wide-body	50	52	59	67	67	72	85	91	93	98	98	98
Narrow-body	20	20	20	21	36	43	52	52	52	52	52	52
<b>Total</b>	<b>70</b>	<b>77<sup>2/</sup></b>	<b>79</b>	<b>88</b>	<b>103</b>	<b>117</b>	<b>137</b>	<b>143</b>	<b>145</b>	<b>150</b>	<b>150</b>	<b>150</b>

Remark: A = Actual and F = Forecast

- 1/ No. of aircraft in each year are based on preliminary plan of the Company. Actual No. of aircraft in each year in the future may vary from above plan.
- 2/ As of June 30, 2024, THAI owns 8 aircraft; 15 aircraft under financial lease, comprising of six of B777-300ER, four of A350-900, and five of A320-200; and 54 aircraft under operating lease, comprising of eleven of B777-300ER, nineteen of four of A350-900, six of B787-8, three of B787-9, and fifteen of A320-200.

### (c) **Routes and Frequency**

The Company has engaged a leading business consultancy to advise on the evaluation, management, or potential discontinuation of low-profit or unprofitable routes and aircraft. This includes a review of our aircraft fleet composition, as historical fleet of THAI had been complicated and diverse.

The Company aims to position Suvarnabhumi Airport in Bangkok as the region's premier aviation hub, connecting passengers to key destinations across Asia, encompassing both leisure and business travel, through our extensive network. This objective aligns with the country's strategic vision of establishing Thailand as an aviation hub.

This includes increasing the frequency and timing of flights on major routes connecting major cities in the Asia-Pacific region with Bangkok, expanding our network to reach secondary cities in the Asia-Pacific region, and strengthening our intercontinental routes by optimizing flight schedules for better connectivity.

The Company aims to leverage partnerships with other airlines to expand its network. In December 2023, the company reached a codeshare agreement with Turkish Airlines, enabling us to offer our passengers access to over 100 new destinations across Europe and Africa, thereby increasing passenger choice and load factors. In addition, the Company has partnered with Airports of Thailand Public Company Limited (AOT) to drive the development of Suvarnabhumi Airport as a significant aviation hub in Southeast Asia.

By 2029, the Company has planned to increase from 64 destinations to 90 destinations covering 30 countries from 27 countries. Besides, the Company will increase frequencies from 847 flights/week to 1,715 flights/week. Details are as follows:

	Region	Destinations <sup>1/2/</sup>	Year 2024		Target in 2029 <sup>2/</sup>	
			No. of destination	Flights/ week	No. of destination	Flights/ week
1	Asia - Northern	<b>Japan:</b> Tokyo (Narita and Haneda), Osaka, Nagoya, Fukuoka, Sapporo and <i>Okinawa</i> <b>China:</b> Beijing, Kunming, Guangzhou, Chengdu, Shanghai, <i>Tianjin, Xi An, Chongqing, Wuhan, Changsha, Xiamen, Nanjing, Nanning, Hangzhou, Shenzhen, and Macau</i> <b>Other countries:</b> Soul, Kaohsiung, Hong Kong, Taipei, Manila, <i>Cebu (Philippines), Busan</i>	16	196	30	343
2	Asia - Southern	Singapore, Jakarta (Indonesia), Denpasar (Indonesia), Kuala Lumpur, Penang, and <i>Langkawi</i>	5	84	10	238
3	Asia - Western	<b>India:</b> Delhi, Mumbai, Chennai, Bangalore, Hyderabad, Ahmedabad, Kolkata, Gaya, Cochin, <i>Amritsar, and Jaipur</i> <b>Other countries:</b> Colombo (Sri Lanka), Dhaka (Bangladesh), Karachi (Pakistan), Lahore (Pakistan), Islamabad (Pakistan), Kathmandu (Nepal)	15	150	17	238
4	Asia – Indo China	Vientiane, Phnom Penh, Hanoi, Ho Chi Minh, Siem Reap, Yangon and <i>Danang</i>	6	77	7	133
5	Europe	Frankfurt (Germany), Munich (Germany), London (England), Zurich (Switzerland), Paris (France), Copenhagen (Denmark), Stockholm (Sweden), Istanbul (Türkiye), Oslo (Norway), Milan (Italy), Brussel (Belgium), and <i>Amsterdam (Netherlands)</i>	11	91	12	126
6	Australia	Melbourne, Sydney, Perth, and <i>Auckland</i>	3	32	4	133
7	Middle - East	<i>Tel Aviv Ben Gurion International Airport (Israel)</i>	-	-	1	7
8	Domestic	Chiang Mai, Phuket, Hadyai, Chiang Rai, Khon Kaen, Udon Thani, Krabi, Ubon Ratchathani, and <i>Surat Thani</i>	8	217	9	371
	<b>Total</b>		<b>64</b>	<b>847</b>	<b>90</b>	<b>1,715</b>

Source: THAI

Remark: 1/ New destinations are shown in italic blue font.

2/ Routes and frequency in the table above are based on the preliminary plan of THAI. Actual routes and frequency in the future may vary from above plan.

**(d) Capacity and utilization of THAI in the Year 2017 – 2023 and the 1<sup>st</sup> – 2<sup>nd</sup> quarter of 2024**

THAI and subsidiary	Unit	Before the Rehabilitation			After the Rehabilitation <sup>1/</sup>				
		Pre Covid-19			Covid-19		Post Covid-19		
		2017	2018	2019	2020	2021	2022	2023	1H.2024
No. of aircraft in operation	(aircraft)	100	103	103	81	58	64	70	77
Operating hours	(hours)	409,024	423,209	420,723	116,526	57,318	192,994	270,618	152,242
Average flight hours	(hrs./day)	12.00	12.00	11.90	6.60	5.40	10.40	12.20	13.00
No. of landings	(times)	117,891	111,664	116,242	40,402	20,848	59,277	73,666	41,857
<b>Air passenger performance</b>									
No. of passengers	(million trips)	24.56	24.32	24.51	5.87	1.64	9.01	13.76	7.68
Available Seats Kilometer (ASK) <sup>2/</sup>	(million seats-km.)	90,498	93,131	90,622	23,789	11,224	38,527	54,280	30,639
Revenue Passenger Kilometer (RPK) <sup>3/</sup>	(km.)	71,634	72,315	71,695	15,398	2,148	26,163	43,268	23,927
Passenger Load Factor <sup>4/</sup>	(%)	79.16%	77.65%	79.11%	64.73%	19.13%	67.91%	79.71%	78.09%
Passenger yield	(Baht/seat-km.)	2.17	2.19	2.04	2.17	2.52	2.82	3.08	3.11
<b>Cargo performance</b>									
Available Dead Load Ton-Kilometer (ADTK) <sup>5/</sup>	(million tons-km..)	3,832	4,054	3,950	1,015	581	2,032	2,864	1,645
Revenue Freight Ton-Kilometer (RFTK) <sup>6/</sup>	(million tons-km.)	2,377	2,465	2,127	595	548	1,283	1,481	860
Freight load factor <sup>7/</sup>	(%)	62.03%	60.80%	53.85%	58.62%	94.29	63.13	51.70	52.3
Freight yield	(Baht/ton-km.)	3,832	4,054	3,950	1,015	19.16	18.28	10.21	9.10

Source: THAI

Remark:

1/ On September 26, 2020, the Company filed a request for rehabilitation to the Central Bankruptcy Court. On September 14, 2023, the Central Bankruptcy Court issued an order to rehabilitate the business of THAI and appointed the Plan Preparers. On June 15, 2021, the Central Bankruptcy Court issued an order to approve the Rehabilitation Plan and the amended Plan as per the approval by the meeting of Creditors. On October 20, 2023, the Central Bankruptcy Court issued an order to approve of the request to amend the Rehabilitation Plan as per the approval by the meeting of Creditors, and the Rehabilitation Plan has indicated the Plan Administrators. At the present, the Company is in the process of the implementation of the Rehabilitation Plan.

2/ Available Seats Kilometer (ASK) = No. of available seats \* Distance flown

3/ Revenue Passenger Kilometer (RPK) = No. of revenue passenger \* Distance flown

4/ Passenger Load Factor (or Cabin Factor) = Revenue Passenger-Kilometers / Available Seat-Kilometers

5/ Available Dead Load Ton-Kilometer (ADTK) = Aircraft payload after deduction of weight of passenger load \* Distance flown

6/ Revenue Freight Ton-Kilometer (RFTK) = Weight of freight carried \* Distance flown

7/ Freight Load Factor (or Cargo Load Factor) = Revenue Freight Ton-Kilometers / Available Dead Load Ton-Kilometers

The commercial aviation industry was severely impacted by the Covid-19 pandemic, particularly in 2020 and 2021. As a result, many governments implemented travel restrictions, and the Company was forced to cancel both domestic and international flights from late March 2020 until the first quarter of 2021. While the situation improved at some level, domestic and international routes continued to face significant challenges. Consequently, the Company had to adjust its flight schedules to operate as a hybrid commercial carrier, providing both cargo services and passenger transportation. In 2022, the Company gradually resumed full-scale international flight operations.

Since the government reopened the country on November 1, 2021, the Company has resumed flights to Europe, Australia, and Asia. We have also increased the frequency of domestic flights and reinstated additional routes that were suspended due to the Covid-19 pandemic starting in 2023. The global aviation industry continues to recover.

From the table above, during pre Covid-19 pandemic (2017 – 2019), number of flights were between 111,664 – 117,891 flights and the RPK was around 71,634 – 72,315 million seats-km. with the passenger load factor of 77.65% - 79.16%.

However, even the commercial aviation industry has been continually improved but number of aircraft of the Company declined, as a result, number of landings (No. of flights) of the Company in 2023 and the 1<sup>st</sup> half of 2024 was dropped to 73,666 flights and 41,857 flights, respectively. In addition, the RPK was around 43,268 million seats-km. and 23,927 million seats-km., which was lower than pre Covid-19 level. The passenger load factor was 79.71% and 78.09%, respectively, which was closed to pre Covid-19 levels.

The Company is currently implementing the Rehabilitation Plan that involves adjusting our fleet and flight schedules, reviewing and improving of flight and non-flight operations, as well as acquiring more aircraft (as mentioned earlier) to ensure a sustainable revenue and profitability and to restore our position as the national carrier.

### 3.7.3 Summary of Key Assumptions

#### 3.7.3.1 Revenue from sales and services

Revenue from commercial airline business comprised of passenger and excess baggage revenues, freight and mail revenues and other businesses (consisting of revenue from cargo & mail terminal services, revenue from ground services, revenue from catering services, and other non-flight business i.e. revenue from repair and maintenance services for aircraft, and etc.)

##### ▪ Passenger and excess baggage revenue

In 2021 – 2023, passenger and excess baggage revenue was equivalent to Baht 5,528.48 million, Baht 73,408.34 million, and Baht 132,736.30 million, or equivalent to an increase of 1,227.82% and 80.82% YoY, respectively. This was due to the recovery of commercial airline business after the pandemic from the lowest point of the airline business in 2021.

In the 1<sup>st</sup> half of 2024, passenger and excess baggage revenue was Baht 78,741.40 million, or an increase of 19.12% from the same period of last year, resulting from the continuing growth of tourism sector and number of tourists.

The Tourism Authority of Thailand (TAT) forecasts 36 million international tourists visiting Thailand in 2024, exceeding the TAT's target of at least 35 million. This represents a 28% increase from the previous year and a 90% recovery compared to 2019 (pre pandemic). The TAT further projects that the number of international arrivals will reach 39 million in 2025. *(Please see industry outlook in Attachment of this report.)*

Passenger and excess baggage revenue by region in 2019 and 2021 – 2023 and the 1<sup>st</sup> half of 2024 are as follows:

(Unit: Baht million)

Passenger and excess baggage revenue	2019 (Pre-Covid 19)	2021	2022	2023	Jan – Jul 2024
Revenue by region					
Domestic	7,590.07	2,037.81	5,581.03	6,575.97	4,254.79
Asia	84,400.29	1,065.90	31,884.15	68,441.64	39,734.96
Europe	44,432.09	2,174.79	29,176.13	45,936.76	24,295.55
Australia and New Zealand	12,621.80	249.98	6,767.03	11,781.94	6,319.71
North America and others	-	-	-	-	4,136.36
<b>Passenger and excess baggage revenue</b>	<b>149,044.25</b>	<b>5,528.48</b>	<b>73,408.34</b>	<b>132,736.30</b>	<b>78,741.40</b>

In 2023 and the 1<sup>st</sup> half of 2024, revenue from Asia flight routes was in the range of 50% - 51% of passenger and excess baggage revenue, while in 2019 (pre Covid-19) revenue from Asia flight routes accounted for 57% of passenger and excess baggage revenue, which is higher than the current revenue percentage by region. Revenue from Europe flight routes in 2023 and the 1<sup>st</sup> half of 2024 was around 5% of passenger and excess baggage revenue closing to those of 2019.

(a) *Available Seats Kilometer (ASK)*

In this financial forecast, the IFA referred to the business plan, route expansion and fleet expansion plan of the Company. *(Please see destination and frequency of flights and fleet expansion based on the business plan of THAI in Clause 3.67.2 (b) and (c) of this report.)*

The Company has estimated flying distance of each model of aircraft based on route and flight frequency in the next 5 years. Then, the IFA calculated the average ASK per year of each model of aircraft and multiplied with the average number of aircraft in each model. The IFA reconfirmed with the historical average ASK of each model and industry information. The IFA viewed that the average ASK of each model was in line with historical information and/or industry information.

In 2023, available seat kilometers (ASK) was 54.28 billion seats-km., which was lower than the ASK of 2019 (pre Covid-19 and before entering into the Rehabilitation Plan) in a total of 90.62 billion seats-km. or lower by 40%. This was due to number of operated aircraft dropped from 103 aircraft to 70 aircraft.

In this financial forecast, the IFA has estimated Available Seat Kilometers (ASK) to increase in according to number of aircraft based on THAI's business plan.

(b) *Passenger load factor/Cabin factor*

Passenger load factor is assumed to be 78.00% of available seat kilometers (ASK), where the IFA has considered the historical passenger load factor of the Company and based on conservative basis. Passenger load factor was in the range of 77.65% - 79.16% in 2017 – 2019 (pre Covid-19), while it was 79.71% and 78.09% in 2023 and first half of 2024, respectively. *(Please see historical performance of THAI in Clause 2.4 (c) of this report.)*

(c) *Passenger yield*

Passenger yields in 2021 – 2023 and in the first half of 2024 were equal to Baht 2.52, Baht 2.82, Baht 3.08, and 3.11 per unit, respectively, or an increase of 11.90%, 9.22% and 1.97% from a same period of prior year. This was due to the increased demand for travel after the Covid-19 pandemic alleviated, while supply has not been able to increase to meet the growing demand due to labor shortages and supply chain issues in aircraft production, as well as the increase in oil prices in 2022 from the Russia-Ukraine war.

In this financial forecast, the IFA has considered the average passenger yield including base fare and fuel surcharges. In this past 3 years, the Company has a policy to adjust fares to reflect rising fuel costs.

The base fare is assumed to Baht 2.01 per unit in 2025, considering the average base fare in 2022 – 2023, which was lower than the 1<sup>st</sup> half of 2024. This is due to the IFA assumed higher competition in the future. In addition, for 2026 – 2036, the base fare is assumed to increase by 2.00% per annum, based on the average historical growth rate of the Consumer Price Index (CPI) of Thailand over the past 20 years (2005 – 7M-2024).

Jet fuel price is assumed to USD 110 per barrel, and the sustainable aviation fuel (SAF) is assumed to USD 173 per barrel, based on the historical price in the 1<sup>st</sup> half of 2024. The IFA assumed the jet fuel and SAF price remain constant throughout the projection period. However, the fuel cost will be adjusted to reflect percentage use of SAF, where the Company has planned to increase the utilization of SAF to 45% of fuel consumption by 2032.

In addition, the IFA assumed the foreign exchange rate of Baht 34.60 per USD, based on the average foreign exchange rate of the commercial bank in Bangkok in the past 5 years (2021 – 8M2024). (Source: the Bank of Thailand)

▪ **Freight and mail revenues**

In 2021 – 2023, freight and mail revenues were equivalent to Baht 10,928.14 million, Baht 23,784.43 million, and Baht 15,464.16 million, or equivalent to an increase of 117.64% and a decrease of 34.98% YoY, respectively. This was due to the increase of transportation volume after the recovery of commercial airline business after the pandemic.

In the first half of 2024, freight and mail revenues were Baht 7,953.82 million, or a decrease of 2.95% from the same period of last year, as a result of declining in the average freight yield over the increase of transportation volume.

In 2021 – 2023 and the first half of 2024, the percentage of freight and mail revenues was equal to 197.67%, 32.40%, 11.65% and 10.10% of passenger and baggage revenue, respectively. The percentage of freight and mail revenues increased in 2021 – 2022 due to the decrease of passenger and baggage revenue from traveling restriction during the Covid-19 pandemic.

(a) *Available Dead Load Ton-Kilometer (ADTK)*

In this financial forecast, the IFA referred to the business plan, route expansion and fleet expansion plan of the Company. *(Please see destination and frequency of flights and fleet expansion based on the business plan of THAI in Clause 3.7.2 (b) and (c) of this report.)*

For this financial forecast, the available dead load ton-kilometer (ADTK) will be adjusted in relation with the increase of aircraft based on the business plan of THAI.

(b) *Freight load factor/Cargo load factor*

Freight load factor is assumed to be 52.00% of available dead load ton-kilometer (ADTK), where the IFA has considered the historical freight load factor of the Company in 2019, 2022 - 2023 and the first half of 2024 equivalent to 53.85%, 63.13%, 51.70% and 52.28%, respectively.

In 2020 – 2021, the average freight load factor was equal to 58.62% and 94.29%, respectively, due to the declining in available dead load ton-kilometer (ADTK) while majority of revenue derived from charter flight. *(Please see historical performance of THAI in Clause 2.4 (c) of this report.)*

(c) *Freight yield*

In 2021 – 2023 and the first half of 2024, freight yield was equal to Baht 19.16, Baht 18.28, Baht 10.21 and Baht 9.10, respectively, or equivalent to a decrease of 4.59%, 44.15% and 21.89% from the same period of prior year, respectively.

Freight yield dropped in 2023 comparing to freight yield in 2021 – 2022 as a result of an increase in supply while demand has been decreased.

In this financial forecast, the IFA assumed the average freight yield for the 2<sup>nd</sup> half of 2024 and the year 2025 to Baht 8.70 per unit, based on the average freight yield in 2017 – 2019 (pre Covid-19), year 2023 and the 1<sup>st</sup> half of 2024.

For 2026 – 2036, the average freight yield is assumed to increase by 2.00% per annum, based on the average historical growth rate of the Consumer Price Index (CPI) of Thailand over the past 20 years (2005 – 7M-2024).

▪ **Revenue from other businesses**

Revenue from other businesses comprise of revenue from ground services, revenue from catering services, revenue from cargo terminal services, and other supporting services.

In 2021 – 2023 and the first half of 2024, revenue from other business were Baht 5,115.56 million, Baht 6,674.15 million, Baht 9,245.12 million, and Baht 5,268.73 million, respectively, or equivalent to an increase of 30.47%, 38.52% and 35.00% from the same period of prior year, due to the increase in passenger number of customer airlines.

For the second half of 2024, the IFA assumed revenue from ground services, revenue from catering services, revenue from cargo terminal services, and revenue from repair and maintenance services equal to the first half of 2024. In 2025 – 2036, revenue from ground services, revenue from catering services, revenue from cargo terminal services, and revenue from repair and maintenance services to increase by 2.00% per annum, based on the average historical growth rate of the Consumer Price Index (CPI) of Thailand over the past 20 years (2005 – 7M-2024), and on conservative basis. Revenue from other business is not a main revenue of THAI, accounted to around 6% of revenue from sales and services in 2022 – 2023 and the first half of 2024.

**3.7.3.2 Operating expenses**

Operating expenses consisted of aircraft fuel expenses, employee benefit expenses, flight service expenses, crew expenses, aircraft repair and maintenance costs, lease of aircraft and spare parts, inventories and supplies expenses, selling and advertising expenses, depreciation and amortization expenses, and other expenses.

- Aircraft fuel expenses

Aircraft fuel expenses are the main expenses of commercial airline business.

In 2021 – 2023 and the first half of 2024, aircraft fuel expenses accounted for 14.60%, 39.62%, 39.19% and 36.55% of operating expenses (excluding impairment loss (reversal) of assets, exchange loss and loss on debt restructuring), respectively. This is due to relatively high fuel price especially in 2022 from the Russia-Ukraine war and a depreciation of Baht.

However, comparison to 2017 – 2019 (pre Covid-19) percentage fuel expenses was in the range of 27.15% – 29.50% of operating expenses (excluding impairment loss (reversal) of assets, exchange loss and loss on debt restructuring).

Jet fuel price is assumed to USD 110 per barrel, and the sustainable aviation fuel (SAF) is assumed to USD 173 per barrel, based on the historical price in the 1<sup>st</sup> half of 2024. The IFA assumed the jet fuel and SAF price remain constant throughout the projection period. However, the fuel cost will be adjusted to reflect percentage use of SAF, where the Company has planned to increase the utilization of SAF to 45% of fuel consumption by 2032.

In addition, the IFA assumed the foreign exchange rate of Baht 34.60 per USD, based on the average foreign exchange rate of the commercial bank in Bangkok in the past 5 years (2021 – 8M2024). (Source: the Bank of Thailand)

- Flight service expenses

Flight service expenses comprise of ground handling fees, airport charges, air traffic control fees and other aviation services.

In 2021 – 2023 and the first half of 2024, flight service expenses were Baht 2,414.75 million, Baht 9,045.39 million, Baht 14,034.17 million and Baht 8,685.34 million, or equivalent to an increase of 274.59%, 55.15% and 32.30% from the same period of prior year, respectively, as a result from an increasing in production and traffic.

It is assumed that for the second half of 2024, flight services expenses are equal to Baht 0.28 /seat-km. (Flight service expenses to ASK), based on flight service expense per unit in the first half of 2024, which was higher than those of 2021 – 2023.

In 2025 – 2036, flight service expense per unit is expected to increase by 2.00% per annum, based on the average historical growth rate of the Consumer Price Index (CPI) of Thailand over the past 20 years (2005 – 7M-2024).

- Crew expenses

Variable expenses in relation to pilots and cabin crews which will be variable to number of flights and flight hours are such as per diem, overtime charges, accommodation and transportation expenses and etc.

In 2021 – 2023 and the first half of 2024, crew expenses was in the range of Baht 0.05 – 0.08 per ASK, while the crew expenses per unit increased by 23.26%, 9.13% and 1.35% from the same period of prior year, respectively.

The IFA assumed that crew expenses per unit in the second half of 2024 is equal to Baht 0.08 per ASK, based on crew expenses per unit in the first half of 2024. From 2025 – 2036, crew expenses per unit assumed to increase by 3.50% per annum.

- Aircraft repair and maintenance costs

In 2021 – 2023 and the first half of 2024, the average aircraft repair and maintenance cost per unit was Baht 0.51, Baht 0.30, Baht 0.20 and Baht 0.34 per ASK, or equivalent to a decrease of 40.50% and 32.76%, and an increase of 42.25% from the same period of prior year, respectively.

Average aircraft repair and maintenance cost per unit in 2021 – 2022 were relatively high due to low revenue from sale and services. However, in the first half of 2024, the average aircraft repair and maintenance cost per unit remained high due to the Company's overhaul of 20 aircraft of A320 transferred from Thai Smiles

The IFA assumed the average aircraft repair and maintenance cost per unit in the second half of 2024 to Baht 0.22 per ASK, based on the average aircraft repair and maintenance cost per unit in 2017 – 2019, which was in the range of Baht 0.20 – 0.22 per ASK. This should better reflect the expenses structure than the current period. Besides, as the Company plans to acquire new aircraft in the future, maintenance costs are expected to be lower compared to older aircraft. After that in 2025



– 2036, the average aircraft repair and maintenance cost per unit are assumed to increase by 2.00% per annum.

- Lease of aircraft and spare parts

Lease of aircraft and spare parts expenses include Power by the Hour and other types of right-of-use asset lease expenses with a contract term of less than 12 months.

For the second half of 2024, lease of aircraft and spare parts expenses are estimated to Baht 666 million, based on the lease of aircraft and spare parts expenses of the 2<sup>nd</sup> quarter of 2024.

For 2025, lease of aircraft and spare parts expenses are estimated at Baht 0.02 per ASK, referenced to the average lease of aircraft and spare parts expenses in 2024. In 2026 – 2036, the average lease of aircraft and spare parts expenses per unit are assumed to increase by 2.00% per annum, based on the average historical growth rate of the Consumer Price Index (CPI) of Thailand over the past 20 years (2005 – 7M-2024).

- Inventories and supplies expenses

In 2021 – 2023 and the first half of 2024, average inventories and supplies expense per unit were Baht 0.04, Baht 0.07, Baht 0.11 and Baht 0.12 per ASK, or equivalent to an increase of 70.76%, 45.20% and 14.61% from the same period of prior year, respectively.

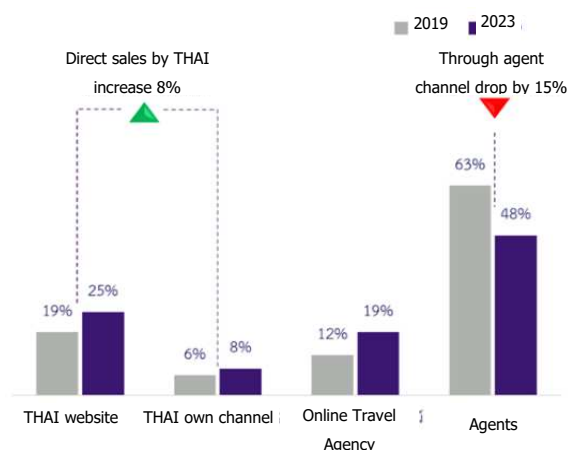
For the second half of 2024, inventories and supplies expense per unit was estimated to Baht 0.11 per ASK, referenced to the average inventories and supplies expense per unit in 2023 and the first half of 2024. In 2026 – 2036, the average inventories and supplies expense per unit are assumed to increase by 2.00% per annum, based on the average historical growth rate of the Consumer Price Index (CPI) of Thailand over the past 20 years (2005 – 7M-2024).

- Selling and advertising expenses

For the second half of 2024 and the year 2025 – 2036, the selling and advertising expenses are estimated to 4.70% of selling and administrative expenses, based on the average percentage of selling and advertising expenses to revenue from sale and service in 2023 and the first half of 2024, which was lower than those of 2019 at 5.88% of revenue from sales and services.

Since 2023, the Company has adjusted its centralized ticketing management system. This allows the Company to have a comprehensive overview of sales and inventory status for tickets across all sales channels. This will enable the company to improve its ticket distribution process and increase efficiency. Percentage of sale through each distribution channel in 2019 and 2023 as shown in Figure 4 below:

**Figure 4: Percentage of sale through each distribution channel in 2019 and 2023**



Source: THAI

The Company is continuously developing its direct sales channels through its website. In order for the company to have a system that is modern and on par with leading airlines. By integrating various distribution channels and marketing through an omnichannel approach, the Company aims to improve efficiency and provide passengers with a convenient and fast way to purchase tickets. Additionally, the Company has been consistently upgrading our ticket booking system.

- Employee benefit expenses (fixed costs)

In 2021 – 2023, employee benefit expenses amounted to Baht 6,410.71 million, Baht 7,686.64 million and Baht 10,708.29 million, or equivalent to an increase of 19.90% and 39.31% YoY, respectively, resulting from the adjustment in salary increment of pilot and cabin crew which were changed caused by the Covid-19 pandemic. In addition, there were an employee base salary modification, one-time incentive, increasing of number of employee and outsource staffs.

In the first half of 2024, employee benefit expenses amounted to Baht 5,515.23 million, or equivalent to an increase by 13.24% from the same period of last year. This was mainly due to the adjustment of the salary payments for pilots and cabin crew, which were reduced from the previous reduction during Covid-19, the increase in the number of employees and outsource staff to support and align with business growth

For the second half of 2024, the employee benefit expenses are estimated to Baht 5,515.23 million, based on the employee benefit expenses in the first half of 2024.

For 2025 – 2029, the IFA referred to the Company's manpower plan. Number of full-time employees, pilots, cabin crews and outsource staffs will increase to support the Company's business expansion. After than in 2030 – 2033, the IFA assumed number of employees to adjust with an increase of ASK.

The IFA assumed the average salary of each group in 2025 based on the Company's human resource plan. For 2026 - 2036, average salary of full-time employees, pilots, cabin crews and outsource staffs will be adjusted 3.00% - 5.00% per annum.

In addition, other employee benefit expenses, such as part-time wage, director remuneration and other expenses, are estimated to Baht 155.67 million in 2025, based on the Company's HR plan. For 2026 – 2036, it is assumed other employee benefit expenses to increase by 2.00% per annum, based on the average historical growth rate of the Consumer Price Index (CPI) of Thailand over the past 20 years (2005 – 7M-2024).

- Other expenses

In 2021 – 2023, other expenses amounted to Baht 4,388.00 million, Baht 4,787.50 million, and Baht 6,871.77 million, or equivalent to an increase of 9.10% and 43.54% YoY, respectively, resulting the increase in outsource labor varied in line with production growth.

In the first half of 2024, other expenses amounted to Baht 4,459.71 million, or equivalent to an increase by 4.85% from the same period of last year, mainly due to lump sum payment from outside and utilities expenses that increase in line with traffic and production growth.

For the second half of 2024, other expenses are estimated to Baht 4,459.71 million, which is equivalent to the other expenses in the first half of 2024.

The Company informed that around 20% of other expenses are variable expenses such as outsource labor, while the rest are fixed expenses.

Therefore, in this financial forecast, the IFA assumed that in 2025 – 2036, the fixed expenses will increase by 2.00% per annum, while the variable expenses are estimated at 1.00% of revenue from sales and services, based on the percentage of other expenses (variable expenses) to revenue from sales and services in 2024.

### 3.7.3.3 Other assumptions

- **Capital expenditures**

The Company has a plan to acquire aircraft to support the expansion of its flight network. The framework for this plan is as follows:

Short-term plan: From 2022 to present, the Company has acquired aircraft through operating lease to increase its fleet size for operations between 2024 and 2029. The schedule for receiving new aircraft is as follows:

- In the 3<sup>rd</sup> – 4<sup>th</sup> quarter of 2024, two of Airbus A330-300
- In 2025, a total of 13 aircraft, including (1) wide-body aircraft; five of Boeing 787-9, six of Boeing 777-300ER and one Airbus A330-300, and (2) one narrow-body aircraft Airbus A321
- In 2026, a total of 18 aircraft, including (1) wide-body aircraft; five of Boeing 787-9 and three of Boeing 777-300ER, and (2) fifteen of narrow-body aircraft Airbus A321
- In 2023, nine of narrow-body aircraft Airbus A321
- In 2024, seven of narrow-body aircraft Airbus A321

**Long-term plan:** In December 2023, the Company has procured wide-body aircraft under a medium to long-term timeframe. The Company has entered into agreement with Boeing and GE Aerospace to procure 45 new Boeing 787 Dreamliner wide-body aircraft equipped with GENx engines. These engines are lighter and feature advanced technology to enhance operational efficiency, reduce fuel consumption, and minimize environmental impact. The agreement also includes an option to purchase an additional 35 aircraft. The Company shall receive those aircraft in 2027 – 2033. Under such agreement, the Company has to make some deposits since 2024 onwards, and the Company shall pay all remaining amount when receive the aircraft. The Company shall consider suitable financing method and the procuring approach once the Company receives each aircraft.

*(Please see additional details in Registration Statement for Securities Offering (Form 69-1) and the draft Prospectus for offering of the Company's ordinary shares for capital restructuring under the Rehabilitation Plan, in Section 2.2.4 Management Discussion and Analysis, Clause 4.7.1 Fleet Acquisition Plan to Support Business Growth)*

The IFA does not received the details and terms regarding the procurement of aircraft through operating leases or finance leases. Therefore, the IFA has relied on financial projections and CapEx financing prepared by the Company

- **Aircraft related capital expenditures**

Aircraft related investments are such as the purchase of aircraft, aircraft retrofit, in-flight entertainment, spare parts and engines.

- **Non-aircraft related capital expenditures**

Aircraft related investments are such as investment in building, building improvement, furniture and fixtures, office equipment, vehicles and aircraft simulators.

However, the IFA assumed additional capital expenditures after 2033 (ended of the Company's financial projection) by assuming the capital expenditures in 2034 – 2036 to increase by 2.00% per annum, based on the average historical growth rate of the Consumer Price Index (CPI) of Thailand over the past 20 years (2005 – 7M-2024) and based on conservative basis.

- **Financial cost**

Financial cost comprises of interest from long-term borrowings from related parties, long-term borrowings from related parties, debentures, and financial lease.

The Company adjusted outstanding debt to repay which the Company received an order from the Official Receiver measured the fair value of financial liabilities by discount cash flow method using market rate (effective rate).

From the consolidated financial statement of the Company for the year ended 2023, the effective interest rate of non-derivative financial liabilities are as follows:

<b>(Unit: % p.a.)</b>	<b>Effective interest rate</b>	<b>Interest rate based on the Rehabilitation Plan</b>
Trade and other payables	6.70%-10.60%	n.a.
Long-term borrowings from related parties	8.86%	1.50%
Long-term borrowings from financial institutions	1.52%-11.68%	1.00% - 1.50%
Debentures	8.07%-8.86%	1.50% - 1.75%

Remark: 1/ Reference to Clause 34.4 of the note to financial statement of the Company for the year ended December 31, 2023.

- **Corporate income tax**

The Group was granted the promotional privileges under the Investment Promotional Act, (B.E. 2520) by the Board of Investment. As of August 2024, the Company has 11 promotional certificates still in effect, comprising of 31 aircraft (2 aircraft in delivery process).

The privileges are consisted of granted exemption import duties for machinery as approved by the Board, and granted corporate income tax exemption for net income from operations the promotional privileges which was not exceeding 100% of investment excluding land and working capital for period of 8 years (for 5 promotion certificates) and tax exemption for period of 5 years (for 6 promotion certificates)<sup>16</sup> from the dates of the promoted business started to generate income. In the event that the Company operates at loss during the period of tax exemption, the Company will be allowed to deduct the operating losses incurred during such tax exemption period from the net

<sup>16</sup> No. of promotion certificate as of August 28, 2024 (Source: THAI), which is different from No. of promotion certificate as of December 31, 2023 as shown the note to financial statement of the Company in Clause 3.2.2 of this report.

profit incurred after such tax exemption period for not exceeding 5 years after the end of tax exemption period. The deduction can be on net profits of any year or over several years.

In this financial forecast, the IFA assumed the corporate income tax rate of 20.00% of net profit before income tax at 70.00% (Estimated from the operating lease period of 16 years with a tax exempt not exceeding 5 years, which is equivalent to 70% of revenue throughout the lease term.)

▪ **Asset and liability turnover**

The IFA considered historical information of the Company and made a reference to the asset and liability turnover of the first half of 2024, which should better reflect the current situation of the Company. The summary are as follows:

Trade and other receivables	36.00	days on average
Inventory	11.00	days on average
Trade and other payables	66.00	days on average
Deferred revenue	90.00	days on average

▪ **Terminal value growth**

The IFA assumes terminal value growth of 1.00% per year.

▪ **Discount rate**

The discount rate applied to the calculation of the present value of free cash flow is the Weighted Average Cost of Capital (WACC), which is derived from the weighted average of cost of debt ( $K_d$ ) and cost of equity ( $K_e$ ) based on the following formula:

$$WACC = K_e * E / (D + E) + K_d * (1 - T) * D / (D + E)$$

Where $K_e$	=	Cost of equity or shareholders' required rate of return ( $R_e$ )
$K_d$	=	Cost of debt or borrowing rate of THAI
T	=	Corporate income tax rate
E	=	Total shareholders' equity
D	=	Interest-bearing debt

Cost of equity ( $K_e$ ) or the required rate of return for shareholders ( $R_e$ ) is derived from the Capital Asset Pricing Model (CAPM) as follows:

$$K_e \text{ (or } R_e) = R_f + \beta (R_m - R_f)$$

Where:

Risk Free Rate ( $R_f$ )	=	3.20% per annum, based on 30-year government bond yield (information as of September 16, 2024), which is currently the longest government bond continually issued and offered in the market under the assumption that THAI is on a going concern basis
Beta ( $\beta$ )	=	0.87 – 4.49 times (excluding 2024 of 17.30 times), based on the median unlevered beta of 2 SET-listed companies <sup>17</sup> , namely, Asia Aviation PCL. and Bangkok Airways PCL. (2-year historical data up to September 16, 2024), adjusted with the estimated interest-bearing debt to equity ratio of THAI in the future.
Market Risk ( $R_m$ )	=	9.75% per annum, which is the 33-year average rate of annual return from investment in the Stock Exchange of Thailand from 1992 - 2023 and 8M2024. It is the most suitable period to reflect average return from the SET due to the Securities and Exchange Act B.E. 2535 (1992) was issued in the beginning year.

<sup>17</sup> The IFA referred to the unlevered Beta of 2 commercial airlines listed in the SET, namely, Asia Aviation PCL. and Bangkok Airways PCL., due to the IFA viewed that it can better reflect the level of risk associated with investing in airline stocks in Thailand and based on conservative basis.

$K_d$  = Estimated interest rate of borrowings of 10.00% per annum<sup>18</sup>  
D/E Ratio = 0.93 – 9.98 times (excluding 2024 of 42.00 times), based on estimated interest-bearing debt to equity ratio of THAI in the future.

On base case, D/E ratios included the effect of Mandatory Conversion (MC) but not included the effect from Voluntary Conversion (VC), Accrued Interest Conversion (AC), and the offering of shares to existing shareholders/employees/PP investors, due to the amount of the Voluntary Conversion and the Accrued Interest Conversion and offering price and number of shares to be offered to existing shareholders/employees/PP investors are uncertain.

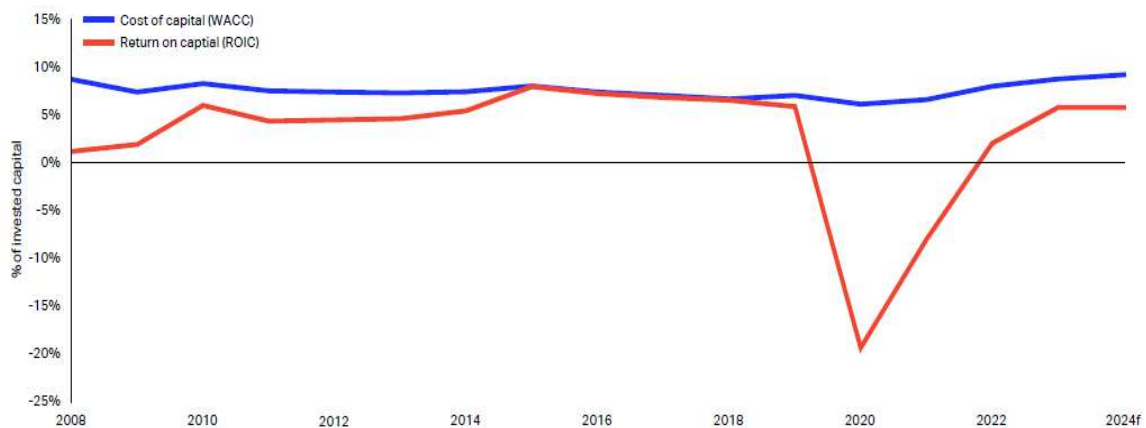
T = The IFA assumed corporate income tax rate of 20% per annum

From the aforementioned assumptions, discount rate or WACC is equal to 8.50% - 10.56% per annum (the average of 9.50% per annum).

Furthermore, the IFA rechecked the Company's WACC with the industry, and found that it was close to the industry's WACC. (Please see Figure 5)

**Figure 5: Weight average cost of capital in airline globally 2008 – 2024F**

Return on capital invested in airlines globally, 2008-2024f, % of invested capital



Source: IATA Sustainability and Economics

Source: Global Outlook for Air Transport: Deep Change, June 2024, prepared by IATA

### 3.7.4 Financial Forecast of THAI

Summary of financial forecast and key assumptions for 2H/2024 – 2036 are as follows:

<sup>18</sup> Reference to the effective rate of the Company applied for determine the fair value of financial liabilities in the range of 1.52% - 11.68% per annum. (Source: Reference to Clause 34.4 of the note to financial statement of the Company for the year ended December 31, 2023)

▪ **Summary revenue from sales and services and key assumptions for 2H/2024 – 2036 are as follows:**

Revenue from sales and services	Unit	2H/24F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F
No. of days	(days)	184	365	365	365	365	365	365	365	365	365	365	365	365
No. of aircrafts at the end of period	(aircraft)	79	88	103	117	137	143	145	150	150	150	150	150	150
<b>Passenger transportation</b>														
Available Seats Kilometer (ASK) <sup>1/</sup>	(billion seats-km.)	31.60	76.75	83.41	99.80	115.40	126.81	131.77	135.42	138.10	137.30	136.16	136.16	136.16
Revenue Passenger Kilometer (RPK) <sup>2/</sup>	(billion seats-km.)	24.65	59.86	65.06	77.84	90.01	98.91	102.78	105.63	107.72	107.09	106.21	106.21	106.21
Passenger Load Factor <sup>3/</sup>	(%)	78.00%	78.00%	78.00%	78.00%	78.00%	78.00%	78.00%	78.00%	78.00%	78.00%	78.00%	78.00%	78.00%
Passenger yield	(Baht/seat-km.)	3.00	2.87	2.91	2.95	3.00	3.06	3.12	3.18	3.23	3.29	3.36	3.43	3.50
<b>Freight and mail services</b>														
Available Dead Load Ton-Kilometer (ADTK) <sup>4/</sup>	(billion tons-km.)	1.69	4.02	4.27	4.78	5.53	6.20	6.54	6.77	6.90	6.77	6.66	6.66	6.66
Revenue Freight Ton-Kilometer (RFTK) <sup>5/</sup>	(billion tons-km.)	0.88	2.09	2.22	2.49	2.87	3.23	3.40	3.52	3.59	3.52	3.46	3.46	3.46
Freight load factor <sup>6/</sup>	(%)	52.00%	52.00%	52.00%	52.00%	52.00%	52.00%	52.00%	52.00%	52.00%	52.00%	52.00%	52.00%	52.00%
Freight yield	(Baht/ton-km.)	8.70	8.70	8.87	9.05	9.23	9.42	9.61	9.80	9.99	10.19	10.40	10.61	10.82
<b>Revenue from sales and services</b>														
Passenger and excess baggage	(Baht million)	73,941.35	171,538.05	189,495.81	229,909.45	269,960.37	302,615.59	320,572.90	335,628.94	348,422.01	352,745.46	356,884.51	364,087.01	371,434.91
Freight and mail	(Baht million)	7,645.04	18,186.60	19,690.06	22,508.24	26,538.12	30,374.47	32,645.60	34,501.98	35,865.52	35,909.11	36,005.57	36,725.68	37,460.19
Other business	(Baht million)	4,378.74	8,932.63	9,111.28	9,293.51	9,479.38	9,668.97	9,862.34	10,059.59	10,260.78	10,466.00	10,675.32	10,888.83	11,106.60
Total revenue from sales and services	(Baht million)	85,965.13	198,657.28	218,297.16	261,711.19	305,977.87	342,659.02	363,080.84	380,190.51	394,548.31	399,120.56	403,565.40	411,701.52	420,001.70
% growth of revenue from sales and services	(%)	n.a.	11.65%	9.89%	19.89%	16.91%	11.99%	5.96%	4.71%	3.78%	1.16%	1.11%	2.02%	2.02%

Remark: For meaning of letters at table heading year: 2H = 2nd half of the year, F = Forecasted

1/ Available Seats Kilometer (ASK) = No. of available seats \* Distance flown

2/ Revenue Passenger Kilometer (RPK) = No. of revenue passenger \* Distance flown

3/ Passenger Load Factor) = RPK / ASK

4/ Available Dead Load Ton-Kilometer (ADTK) = Aircraft payload after deduction of weight of passenger load \* Distance flown

5/ Revenue Freight Ton-Kilometer (RFTK) = Weight of freight carried \* Distance flown

6/ Freight Load Factor = RFTK / ADTK

▪ **Summary of financial forecast of THAI for period 2H/2024 – 2036**

(Unit: Baht million)

THAI	2H/24F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F
<b>Statement of Incomes</b>													
Passenger and excess baggage revenue	73,941.35	171,538.05	189,495.81	229,909.45	269,960.37	302,615.59	320,572.90	335,628.94	348,422.01	352,745.46	356,884.51	364,087.01	371,434.91
Freight and mail revenue	7,645.04	18,186.60	19,690.06	22,508.24	26,538.12	30,374.47	32,645.60	34,501.98	35,865.52	35,909.11	36,005.57	36,725.68	37,460.19
Revenue from other business	4,378.74	8,932.63	9,111.28	9,293.51	9,479.38	9,668.97	9,862.34	10,059.59	10,260.78	10,466.00	10,675.32	10,888.83	11,106.60
Total revenue from sales and services	85,965.13	198,657.28	218,297.16	261,711.19	305,977.87	342,659.02	363,080.84	380,190.51	394,548.31	399,120.56	403,565.40	411,701.52	420,001.70
Aircraft fuel expenses	27,503.83	65,654.68	71,929.95	86,058.82	99,960.42	112,074.19	118,569.17	123,751.17	127,835.38	128,894.37	130,465.01	133,157.40	135,905.36
Flight service expenses	8,957.45	22,191.50	24,600.67	30,021.53	35,408.18	39,688.06	42,065.54	44,096.82	45,868.67	46,513.69	47,051.10	47,992.12	48,951.96
Crew expenses	2,403.54	6,042.18	6,796.64	8,416.28	10,072.36	11,455.86	12,320.67	13,105.56	13,832.62	14,233.42	14,609.60	15,120.94	15,650.17
Aircraft repair and maintenance costs	6,951.75	17,222.52	19,092.24	23,299.29	27,479.80	30,801.36	32,646.49	34,222.94	35,598.05	36,098.64	36,515.71	37,246.03	37,990.95
Lease of aircraft and spare parts	666.00	1,649.97	1,829.10	2,232.15	2,632.65	2,950.87	3,127.64	3,278.67	3,410.41	3,458.37	3,498.32	3,568.29	3,639.65
Inventories and supplies expenses	3,558.37	8,815.64	9,772.68	11,926.13	14,066.00	15,766.19	16,710.65	17,517.58	18,221.46	18,477.69	18,691.18	19,065.00	19,446.30
Selling and advertising expenses	4,039.03	9,333.81	10,256.58	12,296.37	14,376.21	16,099.66	17,059.17	17,863.05	18,537.65	18,752.47	18,961.31	19,343.58	19,733.56
Employee benefits expenses	5,515.23	14,408.92	16,564.54	18,465.50	21,216.53	23,672.99	25,756.03	27,719.06	29,604.06	30,829.51	32,028.03	33,550.69	35,147.19
Depreciation and amortization exp.	7,192.65	14,901.65	16,133.84	19,207.57	23,949.97	29,340.80	31,351.10	34,465.64	36,662.09	40,637.70	41,003.86	41,360.20	41,715.10
Other expenses	4,459.71	9,264.81	9,606.78	10,189.39	10,783.51	11,304.79	11,666.57	11,998.39	12,305.89	12,518.82	12,733.83	12,989.15	13,249.59
Total operating expenses	71,247.54	169,485.69	186,583.01	222,113.03	259,945.63	293,154.77	311,273.03	328,018.88	341,876.28	350,414.68	355,557.94	363,393.41	371,429.85
Profit from operating activities	15,147.41	30,164.87	32,805.64	40,906.73	47,562.12	51,217.55	53,623.22	54,072.58	54,644.78	50,701.48	50,025.28	50,366.62	50,671.87
Income tax	6,801.90	14,170.24	14,096.28	21,332.59	24,519.45	25,418.04	25,272.78	23,984.31	24,885.20	16,377.72	18,181.57	22,263.69	27,132.11
Net profit	6,801.90	14,170.24	14,096.28	21,332.59	24,519.45	23,102.96	21,734.59	20,626.51	21,401.27	14,084.84	15,636.15	19,146.77	23,333.62
EBITDA	22,340.06	45,066.52	48,939.47	60,114.30	71,512.10	80,558.35	84,974.32	88,538.23	91,306.87	91,339.18	91,029.14	91,726.82	92,386.97
<b>Statement of Financial Position</b>													
Assets	275,478.27	287,757.04	323,830.11	365,012.37	427,023.04	478,689.70	517,318.92	550,750.48	564,941.64	611,451.02	593,225.99	575,269.36	548,453.60
Liabilities	271,278.88	269,387.42	291,364.21	311,213.87	354,834.95	389,174.39	411,502.66	429,464.34	427,604.54	463,550.30	433,598.15	401,281.45	356,965.47
Total shareholders' equity attributable to owner of the Company	4,131.51	18,301.74	32,398.03	53,730.62	72,120.21	89,447.43	105,748.38	121,218.26	137,269.21	147,832.84	159,559.95	173,920.03	191,420.25

Remark: 1/ In the base case, financial forecast included the effect of Mandatory Conversion (MC) as per Clause 5.6.3 (b), but not included the effect from Voluntary Conversion (VC) as per Clause 5.6.3 (a), Accrued Interest Conversion (AC) as per Clause 5.6.3 (c), and the offering of shares to existing shareholders/employees/PP investors as per Clause 5.6.4.

▪ **Summary future cash flows of THAI for period 2H/2024 – 2036**

(Unit: Baht million)

DCF	2H/24F	2025F	2026F	2027F	2028F	2029F	2030F	2031F	2032F	2033F	2034F	2035F	2036F
EBIT	15,147.41	30,164.87	32,805.64	40,906.73	47,562.12	51,217.55	53,623.22	54,072.58	54,644.78	50,701.48	50,025.28	50,366.62	50,671.87
Depreciation and amortization exp.	7,192.65	14,901.65	16,133.84	19,207.57	23,949.97	29,340.80	31,351.10	34,465.64	36,662.09	40,637.70	41,003.86	41,360.20	41,715.10
Income tax	0.00	0.00	0.00	0.00	0.00	(5,927.01)	(7,507.25)	(7,570.16)	(7,650.27)	(7,098.21)	(7,003.54)	(7,051.33)	(7,094.06)
Working capital	(2,792.18)	(10,749.80)	4,545.21	10,290.23	10,041.02	8,203.95	4,477.50	3,733.30	3,165.23	1,089.60	1,095.05	1,831.51	1,868.62
Capital expenditures <sup>1/</sup>	(16,885.57)	(36,203.41)	(61,643.61)	(71,899.20)	(74,657.81)	(56,259.46)	(36,071.07)	(44,773.81)	(26,345.98)	(49,334.24)	(4,562.98)	(4,654.24)	(4,747.33)
Free Cash Flow to Firm	2,662.31	(1,886.68)	(8,158.92)	(1,494.67)	6,895.31	26,575.84	45,873.49	39,927.56	60,475.85	35,996.34	80,557.67	81,852.77	82,414.20
Long-term capital expenditures													(41,520.00) <sup>2/</sup>
<b>PV of FCFF</b>	<b>2,531.98</b>	<b>(1,627.20)</b>	<b>(6,393.04)</b>	<b>(1,066.93)</b>	<b>4,489.27</b>	<b>15,797.04</b>	<b>24,915.79</b>	<b>19,830.20</b>	<b>27,500.09</b>	<b>14,979.92</b>	<b>30,733.56</b>	<b>28,688.71</b>	<b>13,210.21</b>

Remark: For meaning of letters at table heading year: 2H = 2nd half of the year, F = Forecasted

1/ Inclusive of operating lease of aircraft and financial lease.

2/ Additional budget to ensure the terminal value reflects the company's long-term cash flow. The IFA assumed and additional investment for 7.5 aircraft / year (150 aircraft / 20 years) by considering investment budget in 2025 – 2023.



(Unit: Baht million)

Value of THAI after the Mandatory Conversion	Base Case
Present value of cash flow during the projection period (PV of FCFF)	173,589.58
Present value of cash flow after the projection period (PV of Terminal Value)	177,897.45
Present value of total cash flow as of June 30, 2024	351,487.03
<b>Adjustment</b>	
Add: Cash and cash equivalents as of June 30, 2024	56,254.71 <sup>1/</sup>
Add: <del>Non</del> -current financial assets as of June 30, 2024	25,492.53 <sup>1/</sup>
Less: Interest-bearing debt as of June 30, 2024	(208,965.84) <sup>2/</sup>
Add: Mandatory conversion	37,827.70 <sup>3/</sup>
<b>Shareholders' equity of THAI after the Mandatory Conversion (MC)</b>	<b>262,096.14</b>
Total No. of shares after the Mandatory Conversion (MC)	17,045.14 <sup>4/</sup>
<b>Share value of THAI after the Mandatory Conversion (Baht/share)</b>	<b>15.38</b>

Remark:

- 1/ Cash and cash equivalents equal to Baht 56,254.71 million, ~~non~~-current financial assets (comprising of bill of exchange and fixed deposits) equal to Baht 25,492.53 million, and minority interest equal to Baht 67.88 million, based on the consolidated financial statements for the period ended June 30, 2024.
- 2/ Consisting of lease liabilities of Baht 101,232.71 million, long-term borrowing from related parties of Baht 25,470.84 million, long-term borrowings from financial institutions of Baht 8,527.41 million, debentures of Baht 48,386.83 million, and trade and other non-current payables (creditors under the rehabilitation plan) amounted to Baht 25,348.05 million, based on the consolidated financial statement of the Company for the period ended June 30, 2024.
- 3/ Mandatory conversion of existing debts of the rehabilitation creditors in group 4 – 6 and debenture holders (group 18 – 31) to ordinary shares of THAI not exceeding 14,862,369,633 shares with a par value of Baht 10 each at the conversion price of Baht 2.5452 per share, which is equivalent to the total value of Baht 37,827.70 million.
- 4/ Calculated with total ordinary shares of the Company after the Mandatory Conversion according to Clause 5.3.6 (b), of which is equivalent to 17,045,141,550 shares with a par value of Baht 10.00 each.

By this valuation approach, the equity value of THAI after the Mandatory Conversion is Baht 262,096.14 million, and the share value of Baht 15.38 per share.

Moreover, the IFA has made additional valuation of THAI's ordinary shares in the case of Mandatory Conversion (MC) as per Clause 5.6.3 (b), the Voluntary Conversion according (VC) to Clause 5.6.3 (a) in the whole amount (100%), and the Accrued Interest Conversion (AC) according to Clause 5.6.3 (c) in the whole amount (100%). Summary of cash flow of THAI are as follows:

(Unit: Baht million)

Value of THAI after MC + VC100% + AC100%	
Present value of cash flow during the projection period (PV of FCFF)	176,652.98
Present value of cash flow after the projection period (PV of Terminal Value)	183,371.70
Present value of total cash flow as of June 30, 2024	360,024.68
<b>Adjustment</b>	
Add: Cash and cash equivalents as of June 30, 2024	56,254.71 <sup>1/</sup>
Add: <del>Non</del> -Current financial assets as of June 30, 2024	25,492.53 <sup>1/</sup>
Less: Interest-bearing debt as of June 30, 2024	(208,965.84) <sup>2/</sup>
Add: Mandatory Conversion (MC)	37,827.70 <sup>3/</sup>
Add: Voluntary Conversion (VC) and Accrued Interest Conversion (AC)	17,345.14 <sup>4/</sup>
<b>Shareholders' equity of THAI after MC + VC100% + AC100%</b>	<b>287,978.93</b>
Total No. of shares after MC + VC100% + AC100% (shares)	23,859.99 <sup>5/</sup>
<b>Share value of THAI after MC + VC100% + AC100% (Baht/shares)</b>	<b>12.07</b>

Remark:

- 1/ Cash and cash equivalents equal to Baht 56,254.71 million, ~~non~~-current financial assets (comprising of bill of exchange and fixed deposits) equal to Baht 25,492.53 million, and minority interest equal to Baht 67.88 million, based on the consolidated financial statements for the period ended June 30, 2024.
- 2/ Consisting of lease liabilities of Baht 101,232.71 million, long-term borrowing from related parties of Baht 25,470.84 million, long-term borrowings from financial institutions of Baht 8,527.41 million, debentures of Baht 48,386.83 million, and trade and other non-current payables (creditors under the rehabilitation plan) amounted to Baht 25,348.05 million, based on the consolidated financial statement of the Company for the period ended June 30, 2024.
- 3/ Mandatory conversion (MC) of existing debts of the rehabilitation creditors in group 4 – 6 and debenture holders (group 18 – 31) to ordinary shares of THAI not exceeding 14,862,369,633 shares with a par value of Baht 10 each at the conversion price of Baht 2.5452 per share, which is equivalent to the total value of Baht 37,827.70 million.
- 4/ The exercise of the option to convert to additional newly-issued ordinary shares by the Creditors (Voluntary Conversion: VC) as per Clause 5.6.3 (a), and the exercise of the option to convert new accrued interest (Accrued Interest Conversion: AC) under the Rehabilitation Plan, as per Clause 5.6.3 (c).  
Under these Clause, the Company will allocate newly-issued ordinary shares not exceeding 6,814.84 million shares with a par value of Baht 10.00 per share at the exercise price of Baht 2.5452 per share, or equivalent to a total amount of Baht 17,345.14 million.
- 5/ No. of shares after MC + VC100% + AC100% are as follows:

Description	No. of shares (million shares)
Registered and paid-up shares as of June 30, 2024	2,182.77
The conversion of existing debt to newly-issued ordinary shares (Mandatory Conversion: MC), as per Clause 5.6.3 (b)	14,862.37
<b>No. of ordinary shares of THAI after Mandatory Conversion (MC)</b>	<b>17,045.14</b>
The exercise of the option to convert to additional newly-issued ordinary shares by the Creditors (Voluntary Conversion: VC), as per Clause 5.6.3 (a), and the exercise of the option to convert new accrued interest under the Rehabilitation Plan (Accrued Interest Conversion: AC), as per Clause 5.6.3 (c).	6,814.84
<b>No. of ordinary shares of THAI after Mandatory Conversion + Voluntary Conversion in the whole amount (100%) + Accrued Interest Conversion in the whole amount (100%)</b>	<b>23,859.99</b>

Remark: Par value of Baht 10.00 per share.

The equity value of THAI based on this approach after the Mandatory Conversion (MC) + Voluntary Conversion (VC) in the whole amount (100%) + Accrued Interest Conversion (AC) in the whole amount (100%) is Baht 287,978.93 million, and the share value of Baht 12.07 per share.

### **Sensitivity Analysis**

The IFA conducts sensitivity analysis on cash flow of THAI by adjusting the significant variables as follows:

Case: Adjusted the cabin factor upwards/downwards by 2.00% from the base case (Cabin Factor = 78.00% in base case)

And adjusted the discount rate upwards/downwards by 5.00% from the base case (base case: discount rate = 9.50% per annum)

Results of the sensitivity analysis can be summarized as follows:

- **In the case with MC without VC & AC: Equity value and share value of THAI after the Mandatory Conversion (MC)**

THAI	Equity value (Baht million) <sup>1/</sup>			Share value (Baht/share) <sup>1/2/</sup>		
	Average Discount Rate (% p.a.)			Average Discount Rate (% p.a.)		
	9.98%	9.50%	9.03%	9.98%	9.50%	9.03%
Case 1: Cabin Factor = 76%	156,199.14	175,877.20	197,969.34	9.16	10.32	11.61
<b>Base Case: Cabin Factor = 78%</b>	<b>236,878.96</b>	<b>262,096.14</b>	<b>290,440.88</b>	<b>13.90</b>	<b>15.38</b>	<b>17.04</b>
Case 2: Cabin Factor = 80%	321,170.15	352,206.55	387,120.07	18.84	20.66	22.71

Remark: 1/ Equity value of THAI after the Mandatory Conversion (MC) according to Clause 5.3.6 (b) but there is no exercising of the option for the Voluntary Conversion (VC) as per Clause 5.3.6 (a) and the Accrued Interest Conversion (AC) as per Clause 5.3.6 (c).

2/ No. of shares after the Mandatory Conversion (MC) according to Clause 5.3.6 (b) is equivalent to 17,045,141,550 shares with a par value of Baht 10.00 each.

From the sensitivity analysis, value of shareholder's equity of THAI after the Mandatory Conversion (Base Case) is in the range of Baht 236,878.96 – 290,440.88 million and share value of THAI is in the range of Baht 13.90 – 17.04 per share.

This share valuation is based on assumptions provided by THAI under the current economic condition and circumstances. If there is any change in the business plan and various policies of THAI, including the government policy and the economic condition, or any unusual event that may cause a material variation from the current business operation of THAI or from the forecast and variables used herein, the projection constructed under the above assumptions may change significantly, leading to a relative change in the share value of THAI.

### Result of the additional sensitivity analysis

- **In case with MC + VC100% + AC100%: Equity value and share value of THAI after the Mandatory Conversion (MC) + the Voluntary Conversion (VC) in the whole amount (100%) + the Accrued Interest Conversion (AC) in the whole amount (100%)**

THAI	Equity value (Baht million) <sup>1/</sup>			Share value (Baht/share) <sup>1/2/</sup>		
	Average Discount Rate (% p.a.)			Average Discount Rate (% p.a.)		
	9.98%	9.50%	9.03%	9.98%	9.50%	9.03%
Case 1: Cabin Factor = 76%	180,797.93	200,890.01	223,443.71	7.58	8.42	9.36
<b>Base Case: Cabin Factor = 78%</b>	<b>262,335.55</b>	<b>287,978.93</b>	<b>316,796.69</b>	<b>10.99</b>	<b>12.07</b>	<b>13.28</b>
Case 2: Cabin Factor = 80%	347,386.62	378,866.05	414,270.32	14.56	15.88	17.36

Remark: 1/ Equity value of THAI after the Mandatory Conversion (MC) according to Clause 5.3.6 (b) + the Voluntary Conversion (VC) as per Clause 5.6.3 (a) in the whole amount (100%) + the Accrued Interest Conversion (AC) as per Clause 5.6.3 (c) in the whole amount (100%).

2/ No. of shares after the Mandatory Conversion (MC) according to Clause 5.3.6 (b) + the Voluntary Conversion (VC) as per Clause 5.6.3 (a) in the whole amount (100%) + the Accrued Interest Conversion (AC) as per Clause 5.6.3 (c) in the whole amount (100%) are equivalent to 23,859.99 million shares with a par value of Baht 10.00 per share.

From the sensitivity analysis, value of shareholder's equity of THAI after the Mandatory Conversion (MC) + the Voluntary Conversion (VC) in the whole amount (100%) + the Accrued Interest Conversion (AC) in the whole amount (100%) (**Base case**) are in the range of Baht 262,335.55 – 316,796.69 million and share value of THAI is in the range of Baht 10.99 – 13.28 per share.

In addition, the Company has estimated impact to present value of debt obligations arising from MC + VC100% + AC100%, which may impact the equity value of THAI (and THAI's share value) derived from this valuation approach. Summary of the equity value of THAI (and THAI's share value) in each case are as follows;

(Unit: Baht million)

THAI After an adjustment for the estimated accounting impact to present value of debt obligation arising from debt-to-equity conversion	MC without VC & AC After the Mandatory Conversion <sup>1/</sup>	MC + VC100% + AC100% After the Voluntary Conversion <sup>2/</sup> 100% and Accrued Interest Conversion <sup>2/</sup> 100%
	Total shareholders' equity of the Company after debt-to-equity conversion	236,878.96 – 290,440.88
An accounting impact to present value of debt obligations arising from debt-to-equity conversion <sup>3/</sup>	(262.00)	(8,934.57)
<b>Total shareholders' equity of the Company after debt-to-equity conversion - net</b>	<b>236,616.96 – 290,178.88</b>	<b>253,400.98 – 307,862.11</b>
<b>Share value of THAI after debt-to-equity conversion - net (Baht/share)</b>	<b>13.88 – 17.02</b>	<b>10.62 – 12.90</b>

Remark:

1/ Equity value of THAI after the Mandatory Conversion (MC) according to Clause 5.3.6 (b) but there is no exercising of the option for the Voluntary Conversion (VC) according to Clause 5.3.6 (a) and the Accrued Interest Conversion (AC) according to Clause 5.3.6 (c).

2/ Equity value of THAI after the Mandatory Conversion (MC) according to Clause 5.3.6 (b) + the Voluntary Conversion according to Clause 5.6.3 (a) in the whole amount (100%) + the Accrued Interest Conversion (AC) 5.6.3 (c) in the whole amount (100%).

3/ The Company has estimated impact to present value of debt obligations arising from the MC of Baht (262.00) million, and from MC + VC100% + AC100% in a total amount of Baht (8,934.57) million. However, the actual amount of the accounting impact arising from the debt-to-equity conversion may deviate from the aforementioned estimates. This is attributable to the fact that the accounting impact to be recognized in the financial statements will be calculated based on each individual debt obligation actually converted to equity, considering the distinct repayment schedule and interest rate of each debt obligation.

From above table, the equity value and the share value of THAI after adjustment for the impacts to present value of debt obligations arising from debt-to-equity conversion can summarized as follows;

- The equity value of THAI based on this approach after the adjustment for MC is Baht 236,616.96 – 290,178.88 million, and the share value of Baht 13.88 – 17.02 per share.
- The equity value of THAI based on this approach after the adjustment for MC + VC100% + AC100% Mandatory Conversion (MC) as per Clause 5.6.3 (b) + Voluntary Conversion (VC) as per is Baht 253,400.98 – 307,862.11 million, and the share value of Baht 10.62 – 12.90 per share.

### 3.8 Summary of THAI Valuation

Equity value of THAI (and THAI's share value) derived from various valuation approaches can be summarized as follows:

THAI	MC without VC & AC		MC + VC100% + AC100%	
	After the Mandatory Conversion <sup>1/</sup>		After the Voluntary Conversion <sup>2/</sup> 100% and Accrued Interest Conversion <sup>2/</sup> 100%	
Valuation approach	Equity value (Baht million)	Share value <sup>1/</sup> (Baht/share)	Equity value (Baht million)	Share value <sup>2/3/</sup> (Baht/share)
1. Book Value Approach (BV)	0.00 <sup>4/</sup>	0.00	0.00 <sup>4/</sup>	0.00
2. Adjusted Book Value Approach (ABV)	3,962.77	0.23	21,307.92	0.89
3. Market Value Approach	Unable to evaluate		Unable to evaluate	
4. Price to Book Value Ratio Approach (P/BV Ratio)	0.00 <sup>4/</sup>	0.00	17,921.34 – 26,131.53	0.75 – 1.10
5. Price to Earnings Ratio Approach (P/E Ratio)	150,395.48 – 170,287.80	8.82 – 9.99	150,395.48 – 170,287.80	6.30 – 7.14
6. Enterprise Value to EBITDA Ratio Approach (EV/EBITDA Ratio)	117,380.83 – 152,101.18	6.89 – 8.92	134,725.97 – 169,446.32	5.65 – 7.10
7. Discounted Cash Flow Approach (DCF)	236,878.96 – 290,440.88	13.90 – 17.04	262,335.55 – 316,796.69	10.99 – 13.28

Remark:

- Equity value of THAI after the Mandatory Conversion (MC) according to Clause 5.3.6 (b) but there is no exercising of the option for the Voluntary Conversion (VC) according to Clause 5.3.6 (a) and the Accrued Interest Conversion (AC) according to Clause 5.3.6 (c)
- Equity value of THAI after the Mandatory Conversion (MC) according to Clause 5.3.6 (b) + the Voluntary Conversion according to Clause 5.6.3 (a) in the whole amount (100%) + the Accrued Interest Conversion (AC) 5.6.3 (c) in the whole amount (100%).
- No. of shares after MC + VC100% + AC100% are as follows:

Description	No. of shares (million shares)
Registered and paid-up shares as of June 30, 2024	2,182.77
The conversion of existing debt to newly-issued ordinary shares (Mandatory Conversion: MC), as per Clause 5.6.3 (b)	14,862.37
<b>No. of ordinary shares of THAI after Mandatory Conversion (MC)</b>	<b>17,045.14</b>
The exercise of the option to convert to additional newly-issued ordinary shares by the Creditors (Voluntary Conversion: VC), as per Clause 5.6.3 (a), and the exercise of the option to convert new accrued interest under the Rehabilitation Plan (Accrued Interest Conversion: AC), as per Clause 5.6.3 (c).	6,814.84
<b>No. of ordinary shares of THAI after Mandatory Conversion + Voluntary Conversion in the whole amount (100%) + Accrued Interest Conversion in the whole amount (100%)</b>	<b>23,859.99</b>

Remark: Par value of Baht 10.00 per share.

- ~~Book value as of June 30, 2023 from the consolidated financial statement reviewed by a certified public accountant approved by the SEC. The book value was a value before MC, VC, and AC.~~

As shown in the above table, equity value of THAI after the Mandatory Conversion (MC) according to Clause 5.6.3 (b) of the Rehabilitation Plan derived from various valuation approaches is in a range of Baht 0 – 290,440.88 million, or the share value of Baht 0.00 – 17.04 per share.

As shown in the above table, equity value of THAI after the Mandatory Conversion (MC) according to Clause 5.6.3 (b) of the Rehabilitation Plan + the Voluntary Conversion (VC) according to Clause 5.6.3 (a) in the whole amount (100%) + the Accrued Interest Conversion (AC) according to Clause 5.6.3 (c) in the whole amount (100%) derived from various valuation approaches is in a range of Baht 0 – 316,796.69 million, or the share value of Baht 0.00 – 13.28 per share.

Book Value Approach reflects operating results and status of THAI at a given period based on its past performance, without taking into account its real asset value and future profitability, as well as the overall economic and industry outlook. Thus, the valuation of THAI's shares under this approach could not reflect the actual value of the shares.

Adjusted Book Value Approach, under which adjustments are made to certain accounting items, reflects current market value of THAI's assets better than the Book Value Approach. This approach reflects market value of assets, tax saving from losses carried forward, and events after the financial statement date. In this case, the adjustments are from tax saving from losses carried forward and the Mandatory Conversion (MC) in according to Clause 5.6.3 (b) of the Rehabilitation Plan. However, the valuation of THAI's shares under this approach could not reflect its future profitability, and the debt and capital restructuring in according to Clause 5.6.3 (a), Clause 5.6.3 (c) and Clause 5.6.4 of the Rehabilitation Plan, as well as the overall economic and industry outlook. Thus, the valuation of THAI's shares under this approach could not reflect the actual value of the shares.

Market Value Approach takes into account market price of THAI's shares traded on the SET, which reflects share value according to demand and supply of PP investors in the stock market after taking into consideration all publicly available information and the PP investors' expectation of future operating performance. However, CapAd was unable to evaluate value of THAI shares under the Market Value Approach because the Company is a listed company which has possibility to be delisted, and THAI's shares are posted "SP". The latest trading day of the Company's ordinary was on May 17, 2021.

Price to Book Value Ratio Approach estimates value of THAI's shares using past financial figures as of June 30, 2024 from the latest consolidated financial statement audited by a certified public accountant and adjusted with the Mandatory Conversion in according to Clause 5.6.3 (b) of the Rehabilitation Plan, to compare with P/BV ratios of 15 comparable companies<sup>19</sup> listed on the SET and the foreign stock exchanges, who engage in similar commercial airline business to THAI. However, the CapAd was unable to evaluate share value of the Company under this approach, due to the book value of the Company is a negative value

Price to Earnings Ratio Approach uses historical data on earnings per share over 12-month period ended June 30, 2024 of THAI to compare with P/E ratios of 15 comparable companies listed on the SET and the foreign stock exchanges, who engage in similar commercial airline business to THAI. However, this valuation approach can reflect the company's earning potential based on its historical performance, but not reflect the debt and capital structure of THAI.

Enterprise Value to EBITDA Ratio Approach uses historical data on EBITDA over 12-month period ended June 30, 2024 of THAI to compare with EV/EBITDA ratios of 15 comparable companies listed on the SET and the foreign stock exchanges, who engage in similar commercial airline business to THAI. This valuation approach can reflect the company's earning potential based on its historical performance and the debt and capital of the Company.

The valuation approach employed herein is a widely accepted and commonly used approach for valuing airline companies. In comparison to traditional P/E ratio valuations, this approach offers a more comprehensive view of a company's financial health and growth prospects. Given the capital-intensive nature of the airline industry, coupled with significant annual depreciation charges and varying levels of interest expense stemming from diverse financial policies and capital structures among airlines, net income may not provide a reliable indicator of operational performance.

Discounted Cash Flow Approach is the method that considers the historical operating results and the future growth prospects. Under this approach, net present value of cash flows is derived from the cash flows projection, which is based on various assumptions determined from publicly available information and documents and under the current economic conditions and circumstances. If there is any change in the future that materially affect the assumptions and variables used herein, the future operating results of THAI might not be as projected and the value of THAI share evaluated under this approach may change accordingly.

The IFA views that the airline industry is characterized by significant volatility in revenue, profitability, and cash flow, primarily driven by external factors. These include macroeconomic conditions, the acquisition of foreign regulatory approvals for route expansions and increased flight frequencies, and market dynamics such as supply and demand and competitive pressures as the highly competitive nature of the airline industry, both from existing and new airlines. At the present (Post-Covid effects), given the current supply constraints in the aircraft manufacturing industry, airlines are facing limitations in fleet expansion and capacity growth. This atypical competitive landscape makes it challenging to forecast a return to normalized market conditions within the next 5 - 10 years. Moreover, as a capital-intensive industry, the revenue and profit of airlines are highly sensitive to changes in various financial assumptions. Changes in these variables can significantly impact an airline's revenue and profit. Therefore, this valuation method may not be suitable for assessing the fair value of THAI.

CapAd is of the opinion that the most appropriate approaches to value the THAI's equity value (and THAI's ordinary shares) is the Enterprise Value to EBITDA Ratio Approach. The EV/EBITDA ratio approach can reflect the company's earning potential based on its historical performance (EBITDA 7/2023 – 6/2024) and the debt and capital of the Company as well as it is an approach widely accepted and commonly used approach for valuing airline companies.

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<sup>19</sup> Please refer to details of comparable companies in Clause 3.4 of this report.

CapAd is of the opinion that the fair value of THAI's equity and THAI's share value after debt-to-equity conversions, derived from Enterprise Value to EBITDA Ratio Approach (EV/EBITDA Ratio), can be summarized as follows:

- **In the case of MC without VC & AC:** The equity value of THAI after the Mandatory Conversion (MC) according to Clause 5.6.3 (b) of the Rehabilitation Plan is in a range of Baht 117,380.83 – 152,101.18 million, or the share value of Baht 6.89 – 8.92 per share.
- **In the case of MC and 100% of VC & AC:** The equity value of THAI after the Mandatory Conversion (MC) according to Clause 5.6.3 (b) the Rehabilitation Plan, the Voluntary Conversion (VC) according to Clause 5.6.3 (a) in the whole amount (100%), and the Accrued Interest Conversion (AC) according to Clause 5.6.3 (c) in the whole amount (100%) is in a range of Baht 134,725.97 – 169,446.32 million, or the share value of Baht 5.65 – 7.10 per share.

(Unit: Baht million)

Base Case (Historical EBITDA) <sup>1/</sup>	In the case of MC without VC & AC	In the case of MC + VC100% + AC100%
	After the Mandatory Conversion <sup>2/</sup>	After the Voluntary Conversion 100% and Accrued Interest Conversion 100% <sup>3/</sup>
No. of ordinary shares (million shares) <sup>4/</sup>	17,045.14	23,859.99
Equity value of THAI after the Mandatory Conversion (MC)	117,380.83 – 152,101.18	117,380.83 – 152,101.18
Adjustments		
Increase of equity value from the Voluntary Conversion (VC) in the whole amount (100%) + the Accrued Interest Conversion (AC) in the whole amount (100%)		17,345.14
<b>Equity value of THAI after debt conversion in each case</b>	<b>117,380.83 – 152,101.18</b>	<b>134,725.97 – 169,446.32</b>
<b>Equity value of THAI after debt conversion in each case (Baht/share)</b>	<b>6.89 – 8.92</b>	<b>5.65 – 7.10</b>

Remark:

- 1/ On the base case, EBITDA for the past 12 months ended June 30, 2024 was Baht 47,120.20 million based on the share valuation in Clause 3.6 of this report.
- 2/ After the Mandatory Conversion (MC) according to Clause 5.6.3 (b) of the Rehabilitation Plan.
- 3/ After the Mandatory Conversion (MC) according to Clause 5.6.3 (b) the Rehabilitation Plan + the Voluntary Conversion (VC) according to Clause 5.6.3 (a) in the whole amount (100%) + the Accrued Interest Conversion (AC) according to Clause 5.6.3 (c) in the whole amount (100%).
- 4/ No. of ordinary shares after MC without VC & AC is equivalent to 17,045.14 million shares.  
No. of ordinary shares after MC + VC100% + AC100% is equivalent to 23,859.99 million shares.

**The equity value of THAI (and THAI's share value) after an adjustment for the estimated accounting impact arising from debt-to-equity conversion (the reversal of gain on debt restructuring, which was realized in the past, or a change in the present value of debt obligations, arising from debt-to-equity conversion of the creditors)**

CapAd has made an additional assessment to the equity value of THAI (and THAI's share value) as a result from (a) an adjustment to accounting losses arising from debt-to-equity conversion (the revision of gain from debt restructuring, which was realized in the past), or (b) an estimated accounting impact to present value of debt obligations arising from debt-to-equity conversion. The adjusted equity value of THAI (and THAI's share value) derived from various valuation approaches can be summarized as follows:

THAI After an adjustment for the estimated accounting impact arising from debt-to-equity conversion	MC without VC & AC		MC + VC100% + AC100%	
	After the Mandatory Conversion <sup>1/</sup>		After the Voluntary Conversion <sup>2/</sup> 100% and Accrued Interest Conversion <sup>2/</sup> 100%	
Valuation approach	Equity value (Baht million)	Share value <sup>1/</sup> (Baht/share)	Equity value (Baht million)	Share value <sup>2/3/</sup> (Baht/share)
1. Book Value Approach (BV)	0.00	0.00	0.00	0.00
2. Adjusted Book Value Approach (ABV) <sup>4/</sup>	3,700.77	0.22	12,373.35	0.52
3. Market Value Approach	Unable to evaluate		Unable to evaluate	
4. Price to Book Value Ratio Approach (P/BV Ratio) <sup>4/</sup>	0.00	0.00	7,010.11 – 10,221.61	0.29 – 0.43
5. Price to Earnings Ratio Approach (P/E Ratio)	150,395.48 – 170,287.80	8.82 – 9.99	150,395.48 – 170,287.80	6.30 – 7.14
6. Enterprise Value to EBITDA Ratio Approach (EV/EBITDA Ratio) <sup>4/</sup>	117,118.83 – 151,839.18	6.87 – 8.91	125,791.40 – 160,511.75	5.27 – 6.73
7. Discounted Cash Flow Approach (DCF) <sup>4/</sup>	236,616.96 – 290,178.88	13.88 – 17.02	253,400.98 – 307,862.11	10.62 – 12.90

Remark:

- Equity value of THAI after the Mandatory Conversion (MC) according to Clause 5.3.6 (b) but there is no exercising of the option for the Voluntary Conversion (VC) according to Clause 5.3.6 (a) and the Accrued Interest Conversion (AC) according to Clause 5.3.6 (c).
- Equity value of THAI after the Mandatory Conversion (MC) according to Clause 5.3.6 (b) + the Voluntary Conversion according to Clause 5.6.3 (a) in the whole amount (100%) + the Accrued Interest Conversion (AC) 5.6.3 (c) in the whole amount (100%).
- No. of shares after MC without VC + AC are equivalent to 17,045.14 million shares. No. of shares after MC + VC100% + AC100% are equivalent to 23,859.99 million shares with a par value of Baht 10.00 per share. *(Please see details in Remark 3/ under previous table.)*
- Equity value of THAI (and THAI's share value) as determined by (a) the Adjusted Book Value Approach and Price to Book Value Ratio Approach will be impacted by the accounting losses arising from the debt-to-equity conversion, and (b) Enterprise Value to EBITDA Ratio Approach and Discounted Cash Flow Approach will be impacted by the change in present value of debt obligations arising from the debt-to-equity conversion.

The Company has estimated accounting losses arising from MC in a total amount of Baht (262.00) million, and from MC + VC100% + AC100% in a total amount of around Baht (8,934.57) million. However, the actual amount of the accounting losses arising from the debt-to-equity conversion may deviate from the aforementioned estimates. This is attributable to the fact that the accounting losses to be recognized in the financial statements will be calculated based on each individual debt obligation actually converted to equity, considering the distinct repayment schedule and interest rate of each debt obligation.

Therefore, in the case that the equity value of THAI (and THAI's share value) to be adjusted with an estimated accounting impact to present value of debt obligations arising from debt-to-equity conversion, the fair value of THAI's equity after debt conversions, derived from Enterprise Value to EBITDA Ratio Approach (EV/EBITDA Ratio), can be summarized as follows:

- In the case of MC without VC & AC:** The equity value of THAI after the Mandatory Conversion according (MC) to Clause 5.6.3 (b) of the Rehabilitation Plan is in a range of Baht 117,118.83 – 151,839.18 million, or the share value of Baht 6.87 – 8.91 per share.
- In the case of MC and 100% of VC & AC:** The equity value of THAI after the Mandatory Conversion (MC) according to Clause 5.6.3 (b) the Rehabilitation Plan, the Voluntary Conversion according (VC) to Clause 5.6.3 (a) in the whole amount (100%), and the Accrued Interest Conversion (AC) according to Clause 5.6.3 (c) in the whole amount (100%) is in a range of Baht 125,791.40 – 160,511.75 million, or the share value of Baht 5.27 – 6.73 per share.

#### 4. Scenario Analysis: By EV/EBITDA Ratio Approach (For your information only)

To provide additional information for the report's users, the IFA has also calculated the equity value of THAI under various scenarios following the allocation of new ordinary shares to different groups of creditors according to the Rehabilitation Plan Clause 5.6.3 (a), Clause 5.6.3 (b) and Clause 5.6.3 (c).

#### Scenario analysis for your information only

#### 4.1 Estimated THAI's EBITDA in 2025 (Forward-Looking EBITDA)

From the financial forecast of THAI under the Discounted Cash Flow Approach (from Clause 3.7 of this report), the estimated EBITDA in 2025 is Baht 45,066.52 million, the IFA has also made a sensitivity analysis on the forward EBITDA of 2025 by adjusting key variables from the base case, which are (a) passenger yield, and (b) cabin factor. The results are as follows:

##### 4.1.1 Forward-Looking EBITDA of 2025 in various scenarios

(Unit: Baht million)

Forward-Looking EBITDA of 2025 <sup>1/</sup> in various scenarios				
		Change of Passenger Yield		
		-2%	0% (Base case)	+2%
Cabin Factor +/- 2%	76.00%	37,727.74	40,896.76	44,065.78
	78.00% (Base case)	41,814.11	45,066.52	48,318.94
	80.00%	45,900.48	49,236.29	52,572.10

Remark: 1/ Refer to financial forecast in Clause 3.7.4 of this report.

From the estimated EBITDA of 2025 in each scenario above, the IFA has calculated share value of THAI in each scenario as follows:

##### 4.1.2 Share value of THAI in the case of MC without VC & AC

Share value of THAI after the Mandatory Conversion (MC) without the Voluntary Conversion (VC) as per Clause 5.6.3 (a) and the Accrued Interest Conversion (AC) as per Clause 5.6.3 (b) are as follows:

(Unit: Baht/share)

Share value of THAI in the case of MC without VC & AC (calculated from Forward-Looking EBITDA of 2025)				
		Change of Passenger Yield		
		-2%	0% (Base case)	+2%
Cabin Factor +/- 2%	76.00%	4.47 – 6.10	5.28 – 7.05	6.10 – 8.00
	78.00% (Base case)	5.52 – 7.33	6.36 – 8.31	7.20 – 9.28
	80.00%	6.57 – 8.56	7.43 – 9.56	8.29 – 10.56

##### 4.1.3 Share value of THAI in the case of MC + VC100% + AC100%

Share value of THAI after the Mandatory Conversion (MC) + the Voluntary Conversion (VC) as per Clause 5.6.3 (a) in the whole amount (100%) + the Accrued Interest Conversion (AC) as per Clause 5.6.3 (c) in the whole amount (100%) are as follows:

(Unit: Baht/share)

Share value of THAI in the case of MC + VC100% + AC100% (calculated from Forward-Looking EBITDA of 2025)				
		Change of Passenger Yield		
		-2%	0% (Base case)	+2%
Cabin Factor +/- 2%	76.00%	3.92 – 5.08	4.50 – 5.76	5.08 – 6.45
	78.00% (Base case)	4.67 – 5.96	5.27 – 6.66	5.87 – 7.36
	80.00%	5.42 – 6.84	6.04 – 7.56	6.65 – 8.27

#### 4.2 Estimated THAI's EBITDA in 2025 (Forward-Looking EBITDA) and adjusted with an estimated accounting impact to present value of debt obligations arising from the debt-to-equity conversion

##### 4.2.1 Forward-Looking EBITDA of 2025 in various scenarios

Reference to forward-looking EBITDA of 2025 from Clause 4.1.1 above.



#### 4.2.2 Share value of THAI (Baht/share) - net in the case of MC without VC & AC

Share value of THAI after the Mandatory Conversion (MC) without the Voluntary Conversion (VC) as per Clause 5.6.3 (a) and the Accrued Interest Conversion (AC) as per Clause 5.6.3 (b) are as follows:

(Unit: Baht/share)

<b>Share value of THAI – net in the case of MC without VC &amp; AC</b> (calculated from Forward-Looking EBITDA of 2025)				
<b>Adjusted for an estimated accounting impact to present value of debt obligations arising from debt-equity conversion<sup>1/</sup></b>		<b>Change of Passenger Yield</b>		
		<b>-2%</b>	<b>0% (Base case)</b>	<b>+2%</b>
<b>Cabin Factor +/- 2%</b>	<b>76.00%</b>	4.45 – 6.08	5.27 – 7.04	6.08 – 7.99
	<b>78.00% (Base case)</b>	5.50 – 7.31	6.34 – 8.29	7.18 – 9.27
	<b>80.00%</b>	6.56 – 8.54	7.42 – 9.54	8.29 – 10.55

Remark: 1/ The Company has estimated an impact to present value of debt obligations arising from the Mandatory Conversion (MC) according to Clause 5.6.3 (b) the Rehabilitation Plan in a total amount of Baht (262.00) million, or representing around Baht (0.02) per share. However, the actual amount of accounting impact arising from the debt-to-equity conversion in the future may deviate from the aforementioned estimates. This is attributable to the fact that the accounting losses to be recognized in the financial statements will be calculated based on each individual debt obligation actually converted to equity, considering the distinct repayment schedule and interest rate of each debt obligation.

#### 4.2.3 Share value of THAI (Baht/share) - net in the case of MC and 100% of VC and AC

Share value of THAI after the Mandatory Conversion (MC) + the Voluntary Conversion (VC) as per Clause 5.6.3 (a) in the whole amount (100%) + the Accrued Interest Conversion (AC) as per Clause 5.6.3 (c) in the whole amount (100%) are as follows:

(Unit: Baht/share)

<b>Share value of THAI – net in the case of MC and 100% of VC &amp; AC</b> (calculated from Forward-Looking EBITDA of 2025)				
<b>Adjusted for an estimated accounting impact to present value of debt obligations arising from debt-equity conversion<sup>1/</sup></b>		<b>Change of Passenger Yield</b>		
		<b>-2%</b>	<b>0% (Base case)</b>	<b>+2%</b>
<b>Cabin Factor +/- 2%</b>	<b>76.00%</b>	3.54 – 4.71	4.13 – 5.39	4.71 – 6.07
	<b>78.00% (Base case)</b>	4.30 – 5.59	4.89 – 6.29	5.49 – 6.98
	<b>80.00%</b>	5.05 – 6.47	5.66 – 7.18	6.28 – 7.90

Remark: 1/ The Company has estimated an impact to present value of debt obligations arising from MC + VC100% + AC100% in a total amount of Baht (8,934.57) million, or representing around Baht (0.37) per share. However, the actual amount of accounting impact arising from the debt-to-equity conversion in the future may deviate from the aforementioned estimates. This is attributable to the fact that the accounting losses to be recognized in the financial statements will be calculated based on each individual debt obligation actually converted to equity, considering the distinct repayment schedule and interest rate of each debt obligation.

## Attachment Airline Industry Overview

### 1. Global Airline Industry Overview

#### 1.1 Air Passenger Traffic

The airline industry has faced significant challenges in recent years due to the Covid-19 pandemic. However, the easing of travel restrictions and the increasing demand for air travel have led to a recovery in the airline industry.

International Air Transport Association (IATA) forecasts that the airline industry will recover by 2024. After a significant 93% decline in Revenue Passenger Kilometers (RPK) during the peak of the Covid-19 pandemic in April 2020, domestic travel was first to recover in the beginning of 2023 while international routes are anticipated to return to normal in 2024.

The pace of recovery in the airline industry has been uneven across different regions. China's international traffic recovery has been slower due to the later easing of travel restrictions, economic uncertainties, and geopolitical tensions.

**Figure 6: Recovery of Air Passenger Traffic after the Covid-19 Pandemic**



Source: International Air Transport Association (IATA)

- **Forecast of Airline Industry Growth in the Next 3 Years (2024 - 2027)**

In 2024, the total passengers increased by 10.4% year-on-year (YoY) and Revenue Passenger-Kilometer (RPK) increase by 11.6%. Asia Pacific spots the highest growth of total passengers of 17.2% YoY (from the low base due to delay recovery from other regions), especially in China and India.

In 2025, total passengers are expected to increase at a relatively high rate of 8% and will increase at a lower rate of 6.1% and 4.7% in 2026 and 2027, respectively. Asia Pacific region is expected to grow at a higher rate than other regions, by which the growth rate is expected at 12.1% in 2025, 8.1% in 2026, and 6.7% in 2027.

**Table 1: Forecast of Regional Passenger Growth Rate in the Next 3 Years**

Passenger Growth Rate	2024F	2025F	2026F	2027F
Asia Pacific	17.2%	12.1%	8.1%	6.7%
North America	9.2%	5.6%	4.9%	3.1%
Europe	5.9%	5.5%	4.9%	3.2%
Latin America & Caribbean	4.5%	4.7%	3.8%	3.0%
Middle East	6.6%	9.2%	6.8%	5.3%
Africa	-1.6%	5.6%	6.6%	5.6%
<b>World</b>	<b>10.4%</b>	<b>8.0%</b>	<b>6.1%</b>	<b>4.7%</b>

Source: International Air Transport Association (IATA)

- **Forecast of Airline Industry Growth in the Next 20 Years (2023 - 2043)**

Over the next 20 years, IATA expects total passengers to increase by 3.8% per year on average, resulting in over 4 billion additional travels in 2043 compared to 2023. European and North American markets will see a slower rise in demand of 2.3% and 2.7% per year, respectively. Meanwhile, the airline industry in Asia Pacific has a strong growth trend as a result of expected economic growth (GDP) and trips per capita that are clearly higher than other regions. Asia-Pacific region is anticipated to have 46% share of global passenger traffic in 2043 (up from 34.1% in 2023).

Table 2: Forecast of Share of Air Passenger Traffic by Region in the Next 20 years

Region	Share of Passenger Traffic	
	2023	2043F
Asia Pacific	34.1%	46.0%
Europe	26.0%	19.5%
North America	21.3%	17.3%
Latin America & Caribbean	9.3%	7.8%
Middle East	5.5%	5.7%
Africa	3.8%	3.7%

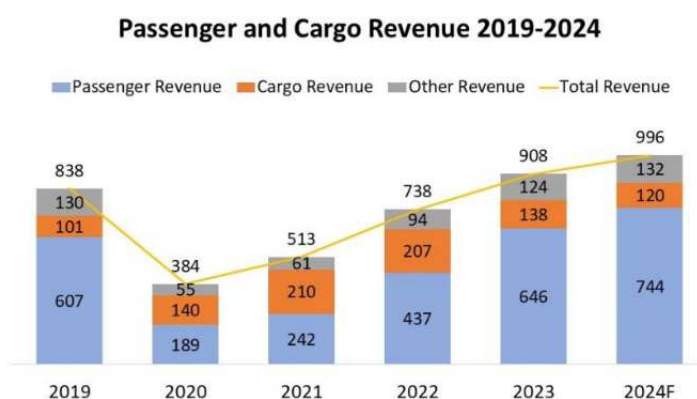
Source: International Air Transport Association (IATA)

## 1.2 Air Cargo Traffic

The global air freight industry has returned to normal after experiencing a surge in demand and higher freight rates during the Covid-19 pandemic. This surge contributed significantly to the industry's revenue, accounting for over 40% of total airline revenue during the travel restrictions in 2020 - 2021. Currently, the ratio of revenue from air freight stands at approximately 12 - 15% of total revenue. (Please refer to Figure 7)

International Air Transport Association (IATA) forecasts that Cargo Tonne Kilometre (CTK) in 2024 will increase by 4.9% from the previous year due to the recovery of freight transport in many regions, especially the Asia Pacific and Middle East. Global air cargo capacity, measured in Available Cargo Tonne Kilometre (ACTK), recovered to above 2019 level in 2023 as China's borders reopening led to the rise of passenger aircrafts' belly capacity on international routes. In 2024, ACTK is expected to continue to expand but at a slower rate than that of 2023.

**Figure 7: Revenue of Global Airline Industry in 2019 - 2024**



Source: International Air Transport Association (IATA)

Unit: Billion USD

Cargo Load Factor (CLF) has returned to normal, close to the pre-pandemic period, with an average of 44.2% in 2023 and 42.7% in 2024.

Table 3: Key Figures of Air Cargo

Air Cargo	2019	2020	2021	2022	2023	2024F
Freight Yield (USD/Kg)	1.79	2.77	3.49	3.73	2.54	2.10
Freight Rate Growth (%YoY)	-8.2%	+54.7%	+25.9%	+7.0%	-31.8%	-17.5%
Available Cargo Tonne Kilometre (ACTK) (billion tonne-kilometre)	543	426	485	500	557	604
Cargo Tonne Kilometre (CTK) (billion tonne-kilometre)	254	229	272	250	246	258
Cargo Load Factor (CLF)	46.8%	53.8%	56.1%	50.0%	44.2%	42.7%

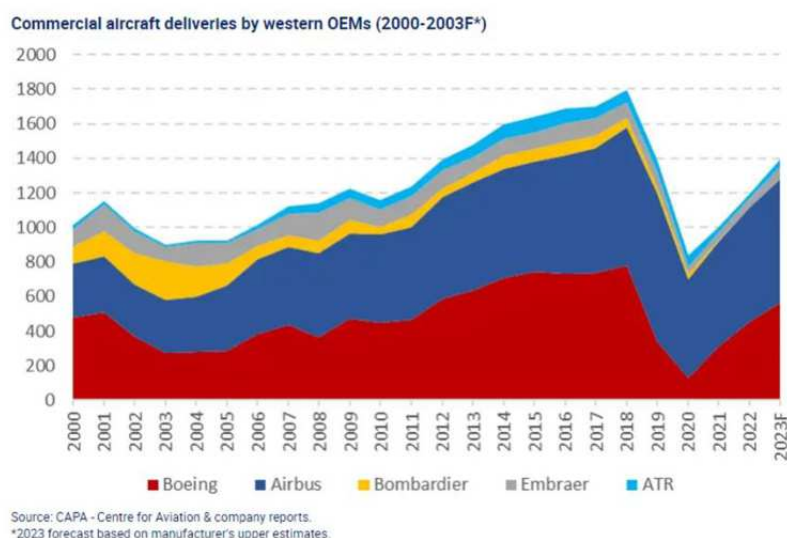
Source: International Air Transport Association (IATA)

### 1.3 Supply of Aircraft

Airline industry has now returned to pre-pandemic level and it is expected that growth in passengers will continue to increase in 2024. The outlook for the airline industry is positive, with airlines and airports reporting profit from operations after a series of difficult years. The Covid-19 also led to the dislocation of global supply chain and aircraft deliveries, which are below the target and unable to respond to the ongoing growth in air travel and freight. With deliveries short of where they should be, airlines are keeping existing aircrafts in service for longer period, resulting in the fewer global commercial airliner fleet and less overall efficiency and capability. If airlines are to meet air travel demand and improve their metrics in terms of efficiency, then the industry needs to be able to rely on OEMs to meet their delivery promises.

Aircraft deliveries by major western manufacturers dropped sharply after 2018 due to the 737 MAX grounding and Covid-19 pandemic. With air travel at a near standstill, western original equipment manufacturers (OEMs) cut output sharply and reversed plans to increase production capacity. As a result, aircraft deliveries in 2020 were less than half of the pre-pandemic level.

**Figure 8: Commercial Aircraft Deliveries by OEM in 2000 - 2023**

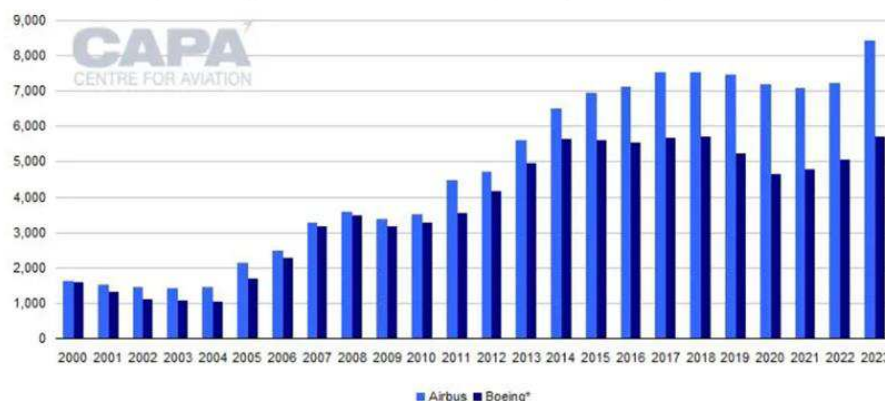


Global deliveries of passenger aircraft in 2023 were 26% below 2018's record high, and set the clock back a decade to 2012 - 2013 level.

The global order backlog reached a record high in 2023 and was equivalent to 12.6 years of production.

**Figure 9: Backlog of Orders for Commercial Passenger Aircraft in 2000 - 2023**

Airbus and Boeing\*: backlog of orders for commercial passenger aircraft, 2000 to 2023\*

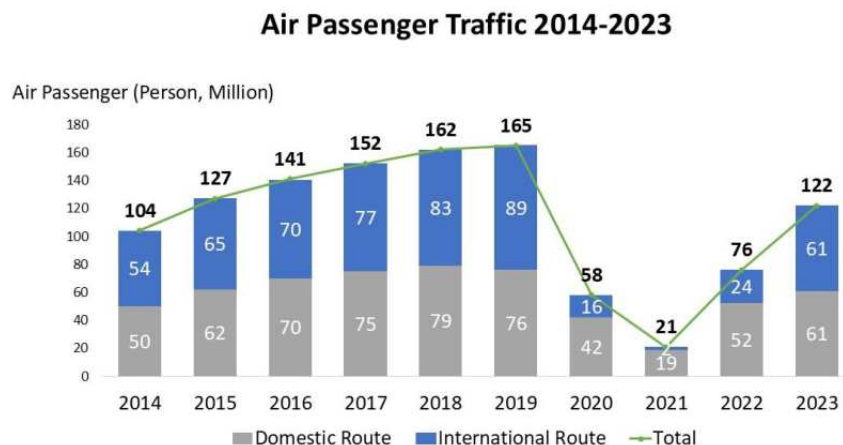


\*Boeing including McDonnell Douglas; \*\*At year end.  
Source: CAPA - Centre for Aviation Fleet Database.

## 2. Thailand's Airline Industry Overview

Prior to the Covid-19 pandemic, between 2014 and 2019, Thailand's airline industry experienced continuous growth. The compound annual growth rate (CAGR) of number of passengers reached 9.67% while the number of flights increased by an average of 6.82% per year. However, the Covid-19 pandemic severely impacted Thailand's airline industry, causing the most significant decline in a decade and reaching its lowest in 2021.

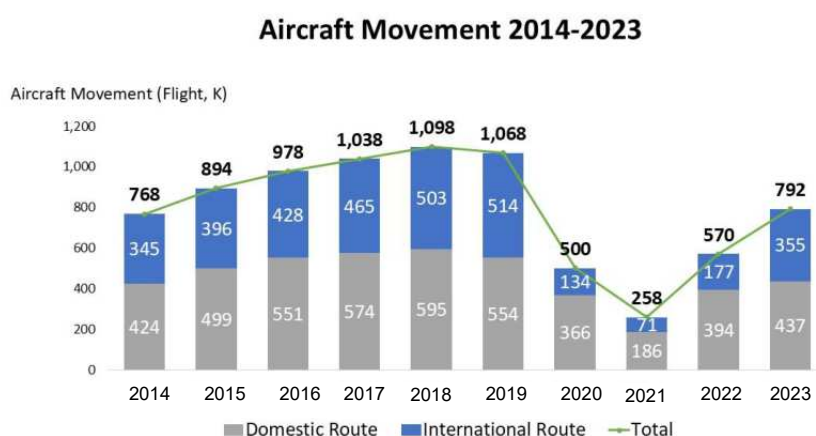
Following the easing of the Covid-19 situation with the reopening of borders to tourists and the relaxation of travel restrictions, Thailand's airline industry began to recover in 2022 and experienced significant growth in 2023 and 2024.

**Figure 10: Thailand's Air Passenger Traffic in 2014 - 2023**

Source: The Civil Aviation Authority of Thailand (CAAT)

The Civil Aviation Authority of Thailand (CAAT) has projected a passenger recovery that aligns with the International Air Transport Association (IATA) forecast, suggesting that the airline industry will return to pre-pandemic level by 2024 - 2025. Specifically, CAAT anticipates a recovery to 2019 level in 2025, with 165 million passengers and 1.07 million flights.

The impact of the Covid-19 pandemic on air freight volume was limited to the initial phase. A recovery to normal level began as early as 2021. In 2023, overall air freight volume was comparable to the previous year, reaching a total of 1.24 million tons, primarily consisting of international air freight at Suvarnabhumi Airport.

**Figure 11: Thailand's Aircraft Movement in 2014 - 2023**

Source: The Civil Aviation Authority of Thailand (CAAT)

**Figure 12: Thailand's Air Cargo Movement in 2014 - 2023**

Source: The Civil Aviation Authority of Thailand (CAAT)

Krungsri Research predicts that the outlook for the Thailand's airline industry over 2024 to 2026 will continue to improve.

- Total passengers (arrivals and departures) is expected to grow by 13% - 15% per year to reach 168 million passengers in 2025 (above the total of 165 million passengers in 2019), due partly to the high level of global demand for travel.
- The total number of flights is expected to rise by an average of 10% - 20% per year. After having been reducing the size of fleet during Covid-19 pandemic, several airlines plan to expand their fleet to respond to the recovering demand. Airlines will respond to improving conditions by opening new routes (such as direct flights between major Thailand's tourist destinations and cities across the Asia-Pacific region) or adding more flights on existing routes, especially on international routes. It is expected that the domestic flights will return to normal in 2024 while the international flights will recover to normal in 2025.
- Air cargo volume is expected to grow by 3% - 5% per year over the next 3 years. The domestic air cargo market will benefit from the development of the infrastructure that facilitate transshipping using road, rail, and sea travel modalities, which will then support an expansion in the options available for goods freight. International cargo will benefit from improving prospects for the global economy, growth in world trade, and ongoing expansion in e-commerce business (Euromonitor expects that Thailand's e-commerce market will grow at an annual average of 16% in 2024 - 2025).

Table 4: Growth of Thailand's Airline Industry

	2019 (Pre-Covid-19)	2023	2024F	2025F	2026F
Passengers (million)	165	122	155	168	179
Aircraft movement (thousand flights)	1,068	792	951	1,132	1,325
Cargo (thousand tonnes)	1,491	1,243	1,270	1,304	1,342

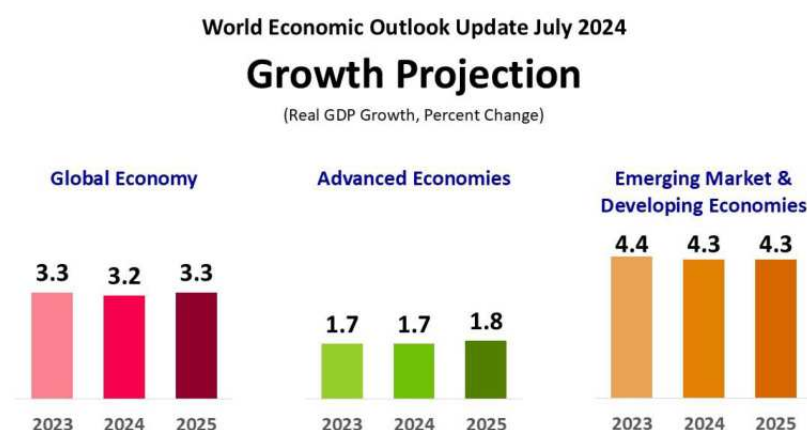
Source: Krungsri Research

### 3. Key Challenges in Airline Industry

#### 3.1 The Global Economy

The global economy in 2024 continues to face complex challenges, including lingering effects from the Covid-19 pandemic, geopolitical tensions, inflationary pressures, and supply chain disruptions. Although inflation has begun to decline from its peak, it remains high in many regions, posing a challenge for central banks and consumers. The World Bank forecasts global economic growth of 2.6% and adjusts to a slightly higher rate of 2.7% in 2025 - 2026, driven by modest growth in trade and investment, reflecting inflationary pressures. As such, central banks are likely to adopt a cautious approach to monetary policy. Interest rate over the next 5 years is expected to remain higher than the pre-pandemic level. The World Bank views that geopolitical tensions, trade barriers, and persistent high-interest rate policies are factors pressuring the global economic growth.

**Figure 13: World Economic Outlook in 2023 - 2025 by the IMF**



Source : International Monetary Fund

The International Monetary Fund (IMF) forecasts global economic growth of 3.2% in 2024 and 3.3% in 2025. The growth of advanced economies is projected at 1.7% and 1.8% in 2024 and 2025, respectively. Meanwhile, emerging market and developing economies (EMDEs) are expected to grow at 4.3% in 2024 and 2025.

The IMF projects US economic growth to be 2.6% in 2024 and 1.9% in 2025 due to rising unemployment, subdued consumption, and a more restrictive fiscal policy.

The overall US economic outlook still indicates a slowdown ahead due to (1) the continued decline in job openings to their lowest level since January 2021; (2) the sharpest contraction in manufacturing activity in 8 months; and (3) increasing debt defaults. Markets are now seeing a higher likelihood of the Federal Reserve (Fed) cutting rates by 0.5%.\* However, there are no obvious signs of a US recession as consumer spending continues to grow, consumer confidence has reached a 4-month high, and the service sector is expanding. Given signs steady underlying inflation (above 3%), Krungsri Research views that the Fed will likely proceed with gradual rate cuts of 0.25% at each remaining meetings this year to maintain price stability and support medium-term economic growth.

(Remark: \* The Fed announced 0.5% interest rate cut on September 18, 2024. (Source: [https://www.matichon.co.th/foreign/news\\_4799214](https://www.matichon.co.th/foreign/news_4799214)))

Meanwhile, economic growth rate of European Union (EU) is estimated at 0.9% and 1.5% in 2024 - 2025, respectively. The E's economic recovery remains fragile and uncertain due to (1) the reduced support from fiscal policies, (2) slower consumption growth caused by relatively high interest

rates and cost of living, (3) a slowdown in investment due to declining business profits, (4) uneven growth among key countries, and (5) limited credit recovery amid high interest rates. Additionally, risks from trade barriers with China and uncertainties following the US presidential election will pose challenges to the EU's recovery.

Emerging Market and Developing Economies (EMDEs) are projected to grow by 4.3% per year in 2024 and 2025, driven primarily by China and India. The IMF forecasts China's economic growth to be 5% in 2024, supported by a recovery in private consumption and exports. In 2025, China's GDP is projected to grow at 4.5% before gradually slowing down to 3.3% in 2029 due to aging demographics and a decline in productivity growth. India's economic growth is projected to be 7.0% in 2024, continuing the strong growth from the previous year, driven by increased private consumption especially in rural areas.

China's economic growth is showing signs of continuous slow down. Although exports are still growing at a good rate, there is higher risk given several countries' plans to raise import tariffs on Chinese products. Recently, after imposing provisional tariffs, the EU will vote on September 25, 2024 for up to 45% tariffs on Chinese electric vehicles (EV). The US will also enforce 100% tariffs on EVs, 50% on solar cells, and 25% on steel, aluminum, and EV lithium-ion batteries on September 27, 2024.

### 3.2 Thailand's Economy

Thailand's economy expanded by 2.3% in Q2/2024, accelerating from the 1.6% growth in Q1/2024 (%YoY). After adjusting for seasonal factors, Thai economy in Q2/2024 grew by 0.8% (QoQ) from Q1/2024. For the first half of 2024, the Thai economy expanded by 1.9%. On the consumption side, growth was supported by improvements in government consumption, exports of goods and services, and continued strong growth in private consumption (despite the fact that private and public investment declined). On the production side, the manufacturing sector returned to grow while the accommodation and food services, wholesale and retail trade, and transportation and storage sectors continued to expand. However, the construction and agriculture sectors contracted.

The Office of National Economic and Social Development Board (NESDB) forecasts that the Thai economy will grow by 2.3% - 2.8% in 2024 (with a median forecast of 2.5%). This forecast is supported by the expectation of a 4.5% expansion in private consumption and a 0.3% increase in private investment. USD-denominated exports are projected to grow by 2.0%. Average inflation is expected to be 0.4% - 0.9% and the current account balance is forecasted to be at a surplus of 2.3% of GDP. Key drivers for this growth include the continued recovery of the tourism sector, robust domestic consumption, increased government spending and investment, and a gradual recovery in exports. However, there are several limiting factors, including high household and corporate debt levels, tighter lending standards, climate change, and global economic and financial fluctuations. These fluctuations include (1) the uncertainty of geopolitical conflicts, (2) adjustments in monetary policies of major economies, (3) a sharper-than-expected slowdown in the Chinese economy, and (4) uncertainties in the economic and trade policies of several major countries.

Meanwhile, the Bank of Thailand forecasts that Thailand's economic growth will be 2.6% in 2024 and 3.0% in 2025, respectively, increase from 1.9% in 2023. The Bank of Thailand also forecasts inflation to be 0.6% and 1.3% in 2024 and 2025, respectively, compared to 1.2% in 2023.

SCB Economic Intelligence Center (SCB EIC) views the new Cabinet's urgent economic policies as a continuation of the previous Cabinet's policies, with a greater emphasis on vulnerable households and businesses. SCB EIC assesses that the government's short-term economic stimulus measures will have a positive impact on businesses related to consumption, tourism, and agriculture. On the other hand, businesses with a high proportion of unskilled labor may face increased costs, and energy businesses may experience a decline in revenue. Meanwhile, policies promoting competition will positively impact businesses related to infrastructure, industries aligned with global trends, and future industries. The Thai business sector still faces structural challenges. The gears driving the Thai economy are facing challenges from all aspects, especially 1) the automotive industry, which could lose approximately 40% of its domestic production capacity if automakers fail to adapt to changing trends and 2) SMEs are facing pressure from fragile domestic demand and are further burdened by competition from imported goods and outdated production and marketing processes. Therefore, to foster sustainable growth in these sectors, short-term economic stimulus measures must be combined with long-term policies to enhance competitiveness.



### 3.3 Oil Price

#### 3.3.1 Crude Oil Price

Crude oil price can fluctuate significantly over time, influenced by various key factors such as supply and demand dynamics, market speculation, and currency fluctuations.

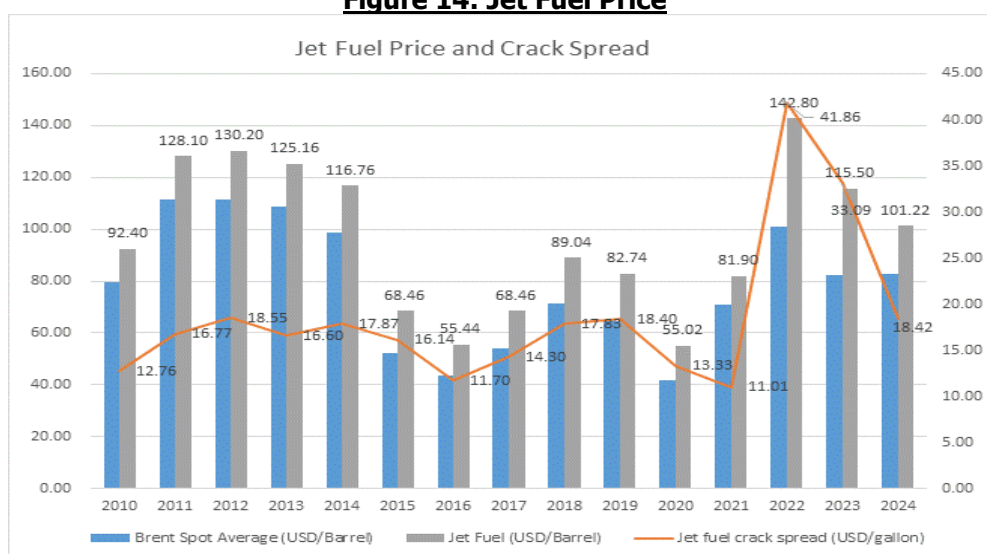
In 2020, crude oil price plummeted to an average of USD 41.69 per barrel, a 35.20% decrease from the previous year. This was primarily due to the decline in demand caused by the Covid-19 pandemic. However, in 2022, crude oil price surged significantly due to the Russia-Ukraine war and increase demand as the global economy recovered from the pandemic. The average crude oil price in 2022 was approximately USD 100.94 per barrel, a 42.39% increase from the previous year. Meanwhile, in 2023, crude oil price declined compared to the previous year, settling at an average of USD 82.80 per barrel, an 18.36% decrease year-on-year, due to the increased supply. In the first 8 months of 2024, the average crude oil price remained at USD 82.80 per barrel, showing a slight increase of approximately 0.47% compared to the same period of previous year.

Despite market concerns about the economic situation and the oil demand growth, especially from China, which could lead to a decrease in oil demand, OPEC+ has plans to reduce or slow down production. Therefore, the U.S. Energy Information Administration (EIA) forecasts the average Brent crude spot price at USD 82 per barrel in Q4/2024 and USD 84 per barrel in 2025.

#### 3.3.2 Jet Fuel Price

In 2023, the price of jet fuel was approximately USD 115.50 per barrel and the jet fuel crack spread was USD 33.09 per barrel, reflecting a tight supply that did not align with increasing demand. In 2024, the price of jet fuel decreased to approximately USD 101.22 per barrel and the jet fuel crack spread narrowed to USD 18.42 per barrel, a level close to that of 2019 (before Covid-19).

**Figure 14: Jet Fuel Price**



Source: U.S. Energy Information Administration as of September 19, 2024  
<https://www.eia.gov/outlooks/steo/data/browser/>

Jet fuel crack spread remains at a high level, although lower than in 2022 (during the Russia-Ukraine war). It is still higher than the historical average jet fuel crack spread of approximately USD 16 per barrel. S&P Global Commodity Insights forecasts the jet fuel crack spread at approximately USD 20 per barrel.

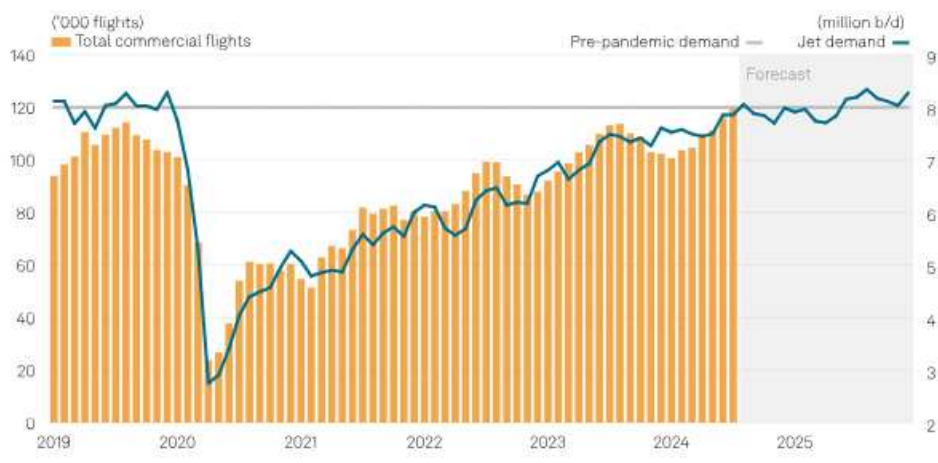
With air travel recovering to pre-Covid-19 level (2019), the demand for jet fuel has also rebounded to pre-pandemic level. S&P Global Commodity Insights forecasts jet fuel and kerosene demand to reach a peak of 8 million barrels per day this summer, the highest level since late 2019. The estimated demand for jet fuel and kerosene is expected to increase by 0.55 million barrels per day in 2024 and by 0.30 million barrels per day in 2025, driven primarily by Eastern Europe and China.

Since 2020, new aircraft models have been designed to be more fuel-efficient. For instance, the Airbus A320neo and Boeing 737 Max consume up to 30% less fuel compared to their older models.

Regulatory mandates designed to curb carbon emissions are poised to catalyze the airline industry's adoption of energy-efficient technologies and alternative fuel sources.

According to S&P Global Commodity Insights, the maximum jet fuel supply is projected to reach 7.8 million barrels per day in 2035. Sustainable Aviation Fuel (SAF)<sup>20</sup> is expected to constitute 11% of the total jet fuel demand, with the potential to increase to 36% by 2050.

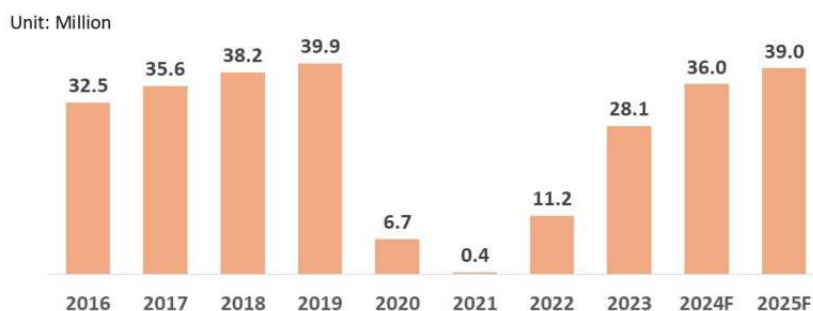
**Figure 15: Global Demand for Jet Fuel**



Source: <https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/oil/080724-global-jet-demand-set-to-soar-past-pre-pandemic-heights-while-saf-takes-off>

#### 4. Driving Force from the Tourism Sector

**Figure 16: Thailand's Tourist Arrivals in 2016 - 2024**



Source: Tourism Authority of Thailand

The Tourism Authority of Thailand (TAT) expects 36 million foreign visitors in 2024, surpassing its target (35 million foreign visitors) and marking a 28% year-on-year increase and 90% recovery from 2019 or pre-pandemic level. The number of international arrivals is anticipated to reach 39 million in 2025.

The TAT has set an ambitious target of 35 million international arrivals in 2024. Short-haul markets (those with a flight duration of less than 6 hours) are expected at 25.8 million visitors,

<sup>20</sup> Sustainable Aviation Fuel (SAF), a certified aviation fuel (Jet-A/A1), represents a departure from traditional jet fuels derived solely from fossil sources. SAF is presently formulated as a blend of conventional fossil fuel and synthetic components produced from a diverse range of renewable feedstocks, including used cooking oil, fats, vegetable oils, and municipal, agricultural, and forestry waste.

On average, SAF offers up to an 80% reduction of CO<sub>2</sub> emissions compared to traditional jet fuel. Such substantial reduction marked pivotal improvement to the airline industry's decarbonization efforts.

representing 74% of the total international arrivals, while 9.1 visitors or 26% of total international arrivals is anticipated to come from long-haul markets (those with a flight duration of 6 hours or more).

**Table 5: Proportion of Short-haul and Long-haul Tourists in 2018 – 2024**

	2018	2019	2020	2021	2022	2023	2024F
Long haul	9,1015,827 24%	9,015,157 23%	2,457,305 37%	331,312 77%	3,883,824 35%	7,500,000 27%	9,128,200 26%
Short haul	29,072,367 76%	30,901,094 77%	4,234,269 63%	96,557 23%	7,269,202 65%	20,500,000 73%	25,871,800 74%

Source: European Market Department, Tourism Authority of Thailand (TAT)

In the first 8 months of 2024, Thailand welcomed 23.6 million foreign visitors, of which the top 5 markets, namely China, Malaysia, India, South Korea, and Russia contributed 50% of total international arrivals. (Please refer to Figure 17)

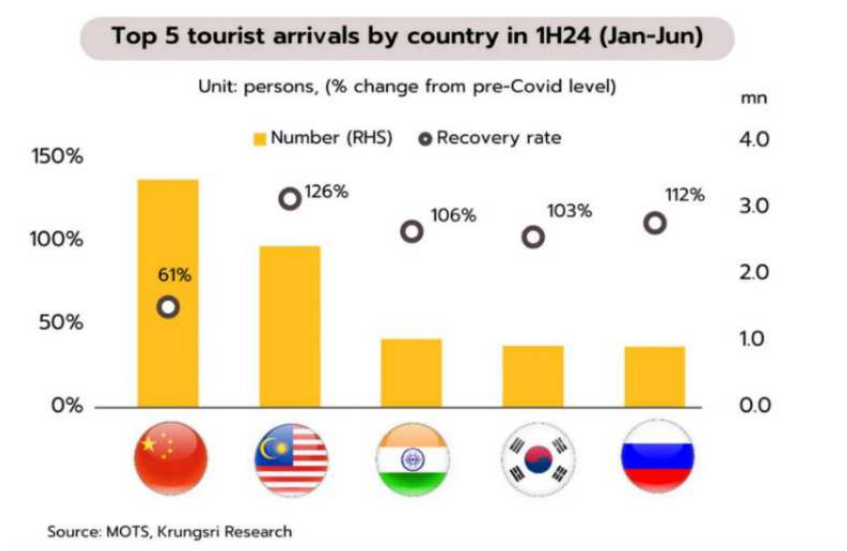
**Figure 17: Top 10 Nationalities of Tourists Visiting Thailand**

### Top 10 Nationalities of Tourists Visiting Thailand

2019 (Pre-Covid) Arrivals		2023 Arrivals		2024 (8 Months) Arrivals	
1	China 11,138,658	1	Malaysia 4,626,422	1	China 4,785,096
2	Malaysia 4,274,458	2	China 3,521,095	2	Malaysia 3,269,575
3	India 1,961,069	3	South Korea 1,660,042	3	India 1,364,502
4	South Korea 1,880,465	4	India 1,628,542	4	South Korea 1,249,044
5	Laos 1,856,762	5	Russia 1,482,611	5	Russia 1,082,784
6	Japan 1,787,765	6	Vietnam 1,033,688	6	Laos 820,086
7	Russia 1,481,837	7	Singapore 1,027,424	7	Taiwan 731,434
8	Singapore 1,150,024	8	USA 930,206	8	Vietnam 719,009
9	USA 1,136,210	9	Laos 919,401	9	USA 650,285
10	Hong Kong 1,090,121	10	UK 817,220	10	Singapore 624,893

Source: Tourism Authority of Thailand

**Figure 18: Recovery of Top 5 International Tourist Arrival Compared to Pre-Covid Period**



While overall international tourist arrivals have almost reached 90% of pre-pandemic level (2019), there are some differences when considering at specific countries. Chinese tourists have

returned at 61% while tourists from Malaysia, India, South Korea, and Russia have recovered even stronger, with a recovery rate of 103% - 126% compared to 2019. (Please refer to Figure 18)

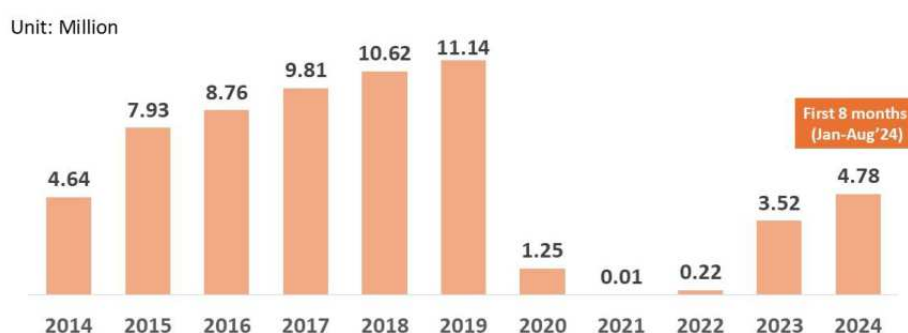
The recovery of Chinese tourist arrival is slower than other markets due to the real estate crisis which caused a domino effect on the Chinese economy, eroding consumer confidence, and reducing spending. The complicated visa process has also led many Chinese to choose domestic tourism instead. The limited increase in international flights from China, compared to 2019, has resulted in insufficient airline capacity on routes between China and Thailand.

- **Chinese Tourists**

Chinese tourists are the largest segment of foreign visitors to Thailand, exhibiting a consistent upward trend. In 2019, Chinese tourists accounted for a significant 28% of total international arrival to Thailand, reaching an impressive figure of 11 million.

The Covid-19 pandemic led to a substantial decrease in Chinese tourist arrival to Thailand in 2020 - 2022. Following the relaxation of China's zero-Covid policy on January 8, 2023, Chinese outbound tourism rebounded, with Thailand as a popular destination. In 2023, Thailand welcomed 3.5 million Chinese tourists, representing 32% recovery rate when compared to 2019 figures.

**Figure 19: Chinese Tourist Arrival to Thailand in 2014 - 2024**



Source: Tourism Authority of Thailand

To stimulate the tourism sector, the Thai government announced a visa exemption for Chinese tourists in March 2024. This policy has significantly boosted the number of Chinese visitors, particularly among Gen Z and Gen Y, who account for 60% of all Chinese tourists. In the first 8 months of 2024, 4.78 million Chinese tourists visited Thailand, representing 61% recovery compared to the same period of 2019.

Reasons for Thailand becoming a popular destination for Chinese tourists:

- (1) Affordable travel: The cost of travel to Thailand is relatively low. In addition, Thailand is not far from China so flight tickets are reasonably priced. The cost of living is also affordable.
- (2) Pleasant climate: During China's cold winters, Thailand offers a comfortable climate that is neither too hot nor too cold.
- (3) Easy visa process: Obtaining a visa for Thailand is straightforward. Visa on arrival is available, and currently, many Chinese tourists can visit Thailand visa-free.
- (4) Diverse attractions: Thailand offers a wide variety of attractions, including world-class beaches, vibrant nightlife, historical sites, mountains, and unique regional cuisines.
- (5) Excellent service and hospitality: Thai people are known for their friendliness, patience, and welcoming attitude towards foreign visitors, especially those who may not speak Thai. Thailand is also a socially progressive country that is accept diversity, including the LGBTQ+ community, and has a strong Buddhist culture.

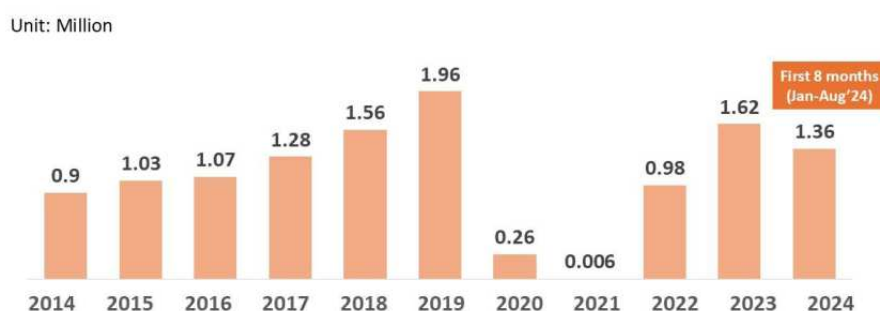
The Bank of Thailand estimates that the number of Chinese tourists visiting Thailand will reach 6.2 million in 2024 and 7.8 million in 2025. However, the recovery is slower than expected due to

Chinese government policies post-Covid-19 that prioritize domestic consumption and tourism to stimulate the domestic economy.

- **Indian Tourists**

Indian tourists are a rapidly growing market, ranking as the third largest group of international visitors to Thailand. With 1.36 million Indian tourists visiting Thailand in the first 8 months of 2024, it is expected to reach a new high of 2 million visitors in 2024 (surpasses the previous record of 1.96 million Indian tourists in 2019).

**Figure 20: Indian Tourist Arrival to Thailand in 2014 - 2024**



Source: Tourism Authority of Thailand

ttb analytics, the economic analysis center of TTB Bank, forecasts that 2 million Indian tourists will visit Thailand in 2024. Furthermore, it predicts that within the next 5 years, Indian tourists will become the second largest tourism market after China, driven by short-term factors such as visa-free entry and long-term factors such as India's expanding economy and growing population.

- India's economy continues to grow at a robust pace: The International Monetary Fund (IMF) projects India's economy to expand by 6.3% per year between 2023 and 2027, fueled by strong domestic demand, particularly from infrastructure investments to support private sector investment. This, in turn, leads to business expansion, job creation, and a significant increase in per capita income, enabling more people to afford international travel.
- A growing working-age population: India's working-age population is expanding rapidly, fueled by its status as the world's most populous nation with 1.428 billion people. The working-age population currently stands at 665 million and is projected to reach 708 million by 2027. This growth, coupled with a burgeoning middle class and their increasing purchasing power, presents a significant opportunity for Thailand to attract more Indian tourists, particularly Gen Y individuals aged between 29 and 40 years old who are known for their high spending power and propensity for travel.
- Thailand is one of the top destinations for first-time international travelers from India: Thailand's key attractions include a diverse range of tourist destinations, activities, and cuisine. Additionally, flight time from India to Thailand is relatively short and there are a growing number of direct flights available.

- **Regional Aviation Hub**

On February 22, 2024, the government announced the Thailand Vision, aiming to position Thailand as a regional aviation hub. The goal is to elevate Suvarnabhumi Airport to be among the world's top 20 best airports within 5 years. To achieve such goal, the airport's capacity will be expanded to accommodate 150 million passengers per year by 2030. Plans include the expansion of the passenger terminal on the east - west side and the construction of a new southern passenger terminal to further increase passenger capacity. For Don Mueang International Airport, there are plans to construct a large commercial junction building to sell OTOP products. Additionally, there is a project to build a second

Phuket International Airport, or the Andaman International Airport, aiming to establish it as a southern aviation hub connecting long-haul flights.

The Civil Aviation Authority of Thailand (CAAT) has developed a plan to promote Thailand as a regional aviation hub, which can be divided into 3 phases as follows:

#### Short Term (2024 - 2025)

- Increase capacity to accommodate 1.2 million flights by 2025
- Increase passenger capacity to 180 million passengers by 2025
- Develop an air cargo strategy
- Reduce minimum connecting time (MCT) to 75 minutes
- Optimize air traffic management for maximum efficiency

#### Medium Term (2026 - 2028)

- Increase capacity to accommodate 1.4 million flights by 2028
- Increase passenger capacity to 210 million passengers by 2028
- Improve Thailand's ranking in air cargo transportation within the Asia-Pacific region
- Reduce minimum connecting time (MCT) to 60 minutes

#### Long Term (2029 - 2037)

- Increase capacity to accommodate 2.1 million flights by 2037
- Increase passenger capacity to 270 million passengers by 2037
- Achieve a top 5 ranking in air cargo transportation within the Asia-Pacific region
- Reduce minimum connecting time (MCT) to 45 minutes

Furthermore, Thailand possesses a high level of air transport capacity, underpinned by its strategic geographical location and the fact that it is the second largest destination of international tourists in Asia in the previous year. According to OAG, a global flight data provider, in 2023 Suvarnabhumi Airport ranked as the 11th busiest airport globally and the second busiest in ASEAN. Additionally, it offers direct flights to over 134 destinations worldwide, particularly within Asia.

Thailand becoming a regional aviation hub will be a crucial foundation for elevating the country's competitiveness across various dimensions, including tourism (involving hotels, transportation, retail, restaurants, and attractions), trade and investment (attracting foreign direct investment, establishing regional offices for multinational companies, and hosting international conferences), and construction (driven by real estate and infrastructure development). All of these factors will contribute to the country's growth, job creation, and income distribution to local communities.

## **5. Competition in Airline Industry**

### **5.1 Passenger Transportation: Domestic Flight**

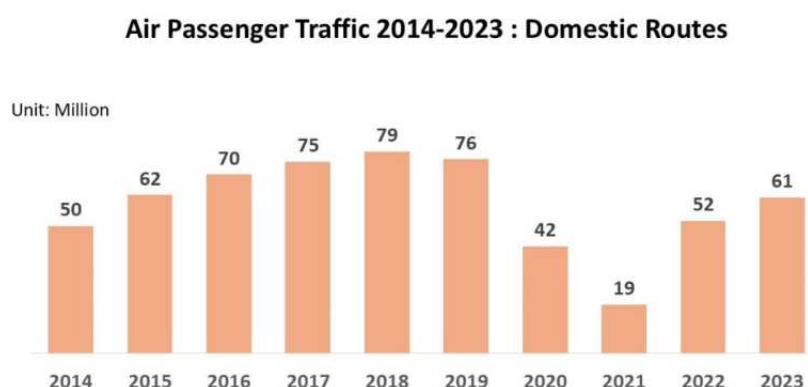
The domestic airline industry is showing signs of a near-complete recovery, thanks to the relaxation of restrictions and a decline in public transportation concerns among Thai people. In 2023, the number of domestic passengers reached 61 million, representing 80% of the pre-pandemic level in 2019 when there were 76 million passengers.

The top 5 domestic flight routes with the highest number of passengers in 2023 were Bangkok - Phuket (5.24 million passengers), Bangkok - Chiang Mai (4.99 million passengers), Bangkok - Hat Yai (2.55 million passengers), Bangkok - Chiang Rai (1.89 million passengers), and Bangkok - Udon Thani (1.70 million passengers), respectively.

The domestic airline market is currently served by six carriers, divided into full-service carriers (FSC) (Bangkok Airways and Thai Airways (Thai Smile ceased operations in December 2023 and was merged into Thai Airways)) and low-cost carriers (LCC) (Thai AirAsia, Nok Air, Thai VietJet Air, and Thai Lion Air). The LCC segment is focused on price competition and attractive promotional offers to stimulate bookings, while the FSC segment emphasizes brand building and exceptional service.

Thai AirAsia is the market leader in the domestic airline industry with 36.9% market share due to its extensive network and flight routes. With a total of 35 domestic routes and 612 weekly flights, the airline operates from 4 bases: Don Mueang, Suvarnabhumi, Chiang Mai, and Phuket.

Nok Air is the second with 14.6% market share, followed by Thai VietJet Air at 14.2%, Thai Smile at 11.2% (which ceased operations in December 2023 and was integrated into Thai Airways), Bangkok Airways at 11.2%, Thai Lion Air at 11.1%, and Thai Airways at 0.9%.

**Figure 21: Number of Domestic Passengers in 2014 - 2023**

Source: The Civil Aviation Authority of Thailand (CAAT)

**Table 6: Market Share of Airlines - Domestic Scheduled Flights**

No. of Passenger	2019	2020	2021	2022	2023
Thai AirAsia	24.45 million 32.3%	14.23 million 33.9%	5.05 million 26.7%	14.84 million 29.1%	22.39 million 36.9%
Nok Air	13.55 million 17.9%	7.34 million 13.4%	2.53 million 17.5%	8.78 million 17.2%	8.88 million 14.6%
Thai VietJet Air	4.33 million 5.7%	5.09 million 12.1%	4.20 million 22.2%	9.55 million 18.7%	8.62 million 14.2%
Thai Smile	6.99 million 9.2%	4.11 million 9.8%	2.84 million 15.0%	7.05 million 13.8%	6.78 million 11.2%
Bangkok Airways	7.90 million 10.4%	3.04 million 7.3%	0.99 million 5.2%	4.42 million 8.7%	6.78 million 11.2%
Thai Lion Air	12.81 million 16.9%	7.02 million 16.7%	3.31 million 17.5%	6.42 million 12.6%	6.75 million 11.1%
Thai Airways	4.23 million 7.6%	1.13 million 2.7%	2 thousand 0.01%	1.13 million 2.7%	0.54 million 0.9%
<b>Total</b>	<b>75.78 million</b>	<b>41.99 million</b>	<b>18.9 million</b>	<b>51.07 million</b>	<b>60.74 million</b>

Each domestic airline has its own unique strengths and competitive strategies, as follows:

**Thai Airways** currently operates 8 domestic routes.

- High-Quality service: Thai Airways is committed to providing premium service. The staffs are professional and offer warm hospitality.
- Extensive network: Flight network covers major cities and popular tourist destinations across the country, making travel convenient.
- Travel comfort: Modern and comfortable aircraft, equipped with various amenities such as quality food and beverages.
- Exclusive lounges: Passengers have access to exclusive lounges, making the wait for flights more convenient and enjoyable.
- Thai Airways prioritizes on a positive customer experience and building brand loyalty. Various promotions are offered to attract domestic travelers such as travel packages and special deals.

**Bangkok Airways** has 13 domestic routes.

- Extensive route network: Connects major cities in Thailand, including Bangkok, Chiang Mai, Phuket, and Samui, offering convenient travel options.
- Unique service: Provides high-quality services such as complimentary airport lounges for all passengers, along with premium food and beverage offerings.
- Modern and comfortable aircraft: Utilizes a modern fleet, ensuring a comfortable and safe travel experience for passengers.
- Punctuality: Employs efficient flight management, leading to improved on-time performance.
- Bangkok Airways focuses on brand building, warm and friendly service, and special promotions to stimulate travel.

**Thai AirAsia** operates the most extensive domestic network with 35 routes.

- Affordable price: Thai AirAsia offers highly competitive fares, making air travel accessible to a wide range of travelers.
- Extensive route network: With a vast network connecting major cities and secondary destinations nationwide, Thai AirAsia offers convenient travel options.
- Simple and quick service: The airline provides user-friendly online booking and check-in systems for a seamless travel experience.
- Flexible service: Passengers can customize their journey by selecting additional services like seat selection or in-flight meals.
- Thai AirAsia emphasizes on affordable pricing, and communication of exceptional value to attract travelers, and expansion of its route network.
- Thai AirAsia anticipates a full recovery of passenger capacity in Q4/2024, reaching pre-Covid level.

**Nok Air** has 16 domestic routes.

- Affordable price: Nok Air offers competitive fares, making air travel accessible to a wide range of travelers.
- Extensive route network: Connecting major cities and secondary destinations throughout Thailand, Nok Air provides convenient travel options.
- Friendly service: Warm and friendly staff create a memorable travel experience.
- Unique aircraft design: The airline's distinctive and charming aircraft designs add to the fun of flying.
- Nok Air emphasizes on affordable pricing, competitive fares, attractive promotions to stimulate bookings, and expansion of its route network.

**Thai VietJet Air** has 11 domestic routes.

- Affordable price: Thai VietJet Air offers highly competitive fares, making air travel accessible to budget-conscious travelers.
- Flexibility: A wide range of booking options, including promotions and discounts, encourage frequent travel.
- Extensive route network: Connecting major cities and popular tourist destinations throughout Thailand, Thai VietJet Air offers convenient travel options.
- Modern service: The airline utilizes advanced technology for online booking and check-in, providing a convenient experience for passengers.
- Thai VietJet Air emphasizes on affordable pricing, attractive promotions, and the expansion of new routes.

**Thai Lion Air** has 14 domestic routes.

- Affordable price: Thai Lion Air offers low fares and attractive promotions, making it an ideal choice for budget-conscious travelers.
- Extensive route network: With a wide range of routes connecting major cities and smaller towns across Thailand, passengers have plenty of options.
- Friendly service: The airline's warm and friendly staff contribute to a pleasant travel experience.
- Convenient booking and check-in: The user-friendly online booking system and quick check-in process make traveling a breeze.
- Thai Lion Air prioritizes on affordable fares and continues to expand its network of destinations.

Table 7: Domestic Routes of Each Airline

Domestic Routes	Thai Airways	Bangkok Airways	Thai AirAsia	Nok Air	Thai VietJet Air	Thai Lion Air
Bangkok - Chiang Mai	•	•	•	•	•	•
Bangkok - Chiang Rai	•		•	•	•	•
Bangkok - Lampang		•	•			
Bangkok - Nan			•	•		
Bangkok - Mae Sot				•		
Bangkok - Sukhothai		•				
Bangkok - Phitsanulok			•	•		•
Bangkok - Udon Thani	•		•	•	•	•
Bangkok - Khon Kaen	•		•		•	•
Bangkok - Ubon Ratchathani	•		•	•	•	•



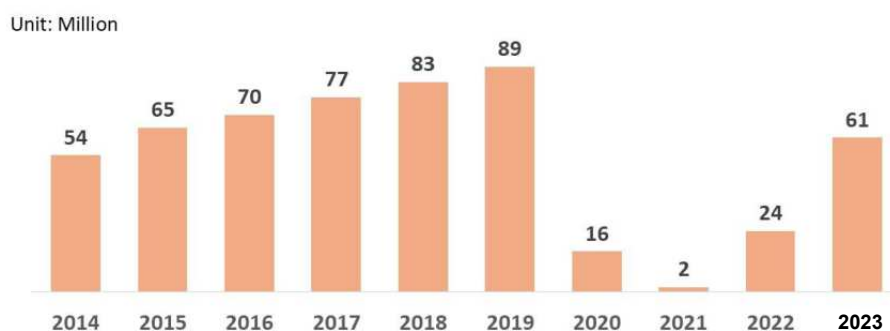
Domestic Routes	Thai Airways	Bangkok Airways	Thai AirAsia	Nok Air	Thai VietJet Air	Thai Lion Air
Bangkok - Loei			•			
Bangkok - Nakhon Phanom			•			
Bangkok - Sakon Nakhon			•	•		
Bangkok - Roi Et			•			
Bangkok - Buriram			•			
Bangkok - Krabi	•	•	•	•	•	•
Bangkok - Phuket	•	•	•	•	•	•
Bangkok - Hat Yai	•		•	•	•	•
Bangkok - Trang			•	•		•
Bangkok - Surat Thani			•	•	•	•
Bangkok - Nakhon Si Thammarat			•	•		•
Bangkok - Chumphon			•			
Bangkok - Ranong			•			
Bangkok - Samui		•				
Bangkok - Trat		•				
Bangkok - Narathiwat			•			
Chiang Mai - Phuket			•		•	
Chiang Mai - Hua Hin			•			
Chiang Mai - Krabi			•			
Chiang Mai - Hat Yai			•			
Chiang Mai - Khon Kaen			•			
Chiang Mai - Udon Thani				•		
Chiang Mai - Ubon Ratchathani				•		
Chiang Mai - U-Tapao						•
Samui - Chiang Mai		•				
Samui - Phuket		•				
Samui - U-Tapao		•				
Phuket - Hat Yai		•				
Phuket - U-Tapao		•				
Phuket - Chiang Rai					•	
Mae Hong Son - Lampang		•				
Hat Yai - Udon Thani						•

## 5.2 Passenger Transportation: International Flight

The international airline industry has been experiencing a growing trend in recent years. During normal times in 2014 - 2019, the industry exhibited a compound annual growth rate (CAGR) of 10.51%. However, the Covid-19 pandemic severely impacted the number of international passengers. The industry began to recover in 2022 and 2023. In 2023, Thailand recorded 61 million international passengers, representing a 68% recovery compared to the pre-pandemic level of 89 million passengers in 2019.

**Figure 22: Air Passenger Traffic – International Routes in 2014 - 2023**

### Air Passenger Traffic 2014-2023 : International Routes



Source: The Civil Aviation Authority of Thailand (CAAT)

When considering the number of passengers traveling to and from Thailand on international flights before Covid-19 pandemic, it was found that the majority of flights were to Asia, specifically Northeast Asia (such as China, South Korea, and Japan), accounting for the highest ratio of 47.8%. This was followed by flights to Southeast Asia (26.7%), Europe (8.7%), South Asia (7.7%), and the Middle East (6.7%), respectively.

The top 5 international flight routes by country with the highest number of passengers to and from Thailand are flights to China (31.2%), followed by Japan (7.3%), Singapore (7.1%), South Korea (5.7%), and India (5.7%), respectively.

**Table 8: Ratio of Passengers on International Routes in 2019 (pre-Covid-19)**

Route by Region	Market Share	Route by country	Market Share
Asia: North East Asia	47.8%	China	31.2%
Asia: South East Asia	22.7%	Japan	7.3%
Europe	8.6%	Singapore	7.1%
Asia: South Asia	7.7%	South Korea	5.7%
Asia: Middle East	6.7%	India	5.7%
Australia	1.9%	Malaysia	5.6%
Africa	0.4%	Vietnam	4.7%
Asia: Central Asia	0.2%	Taiwan	3.5%
		United Arab Emirates	3.3%
		Cambodia	2.3%
		Myanmar	2.3%
		Other	21.3%

There are more than 100 airlines, both Thai and foreign carriers, operating international flights to and from Thailand.

Thai Airways International, Thailand's national carrier, captured a 15.1% market share of international routes in 2023, serving 9.14 million passengers (lower than the 18.9% market share and 16.34 million passengers recorded in 2019). The next 5 top airlines were Thai AirAsia (10.8%), Emirates (3.6%), AirAsia Berhad (2.8%), Scoot and Thai VietJet Air (2.7%).

**Table 9: Market Share of Airlines - International Scheduled Flights**

	2019	Passengers	Market Share		2023	Passengers	Market Share
1	Thai Airways	16.34 million	19.0%	1	Thai Airways	9.14 million	15.1%
2	Thai AirAsia	8.52 million	9.9%	2	Thai AirAsia	6.57 million	10.8%
3	Thai Lion Air	4.49 million	5.1%	3	Emirates	2.21 million	3.6%
4	Thai AirAsia X	2.51 million	2.9%	4	AirAsia Berhad	1.70 million	2.8%
5	Emirates Airline	2.36 million	2.7%	5	Qatar Airways	1.64 million	2.7%
6	AirAsia Berhad	2.35 million	2.7%	6	Scoot Tiger Air	1.64 million	2.7%
7	China Southern Airline	2.30 million	2.6%	7	Thai VietJet Air	1.40 million	2.3%
8	Spring Airline	2.18 million	2.5%	8	Singapore Airline	1.40 million	2.3%
9	Bangkok Airways	2.00 million	2.3%	9	Thai AirAsia X	1.27 million	2.1%
10	Cathay Pacific	1.75 million	2.0%	10	EVA Air	1.26 million	2.1%

Currently, Thai Airways operates 56 international direct flights from Bangkok. The destinations are as follows:

Region	Country	City/Airport
Europe (10 countries / 11 routes)	Belgium	Brussels (starting December 1, 2024)
	Denmark	Copenhagen
	Germany	Munich, Frankfurt
	England	London (Heathrow)
	France	Paris
	Sweden	Stockholm
	Switzerland	Zurich
	Türkiye	Istanbul
	Italy	Milan
	Norway	Oslo
	East Asia (5 countries / 15 routes)	China
Japan		Tokyo (Narita), Tokyo (Haneda), Osaka, Sapporo, Fukuoka, Nagoya
South Korea		Seoul
Taiwan		Taipei, Kaohsiung
Hong Kong		Hong Kong
Southeast Asia and Oceania (9 countries / 15 routes)	Malaysia	Kuala Lumpur, Penang
	Singapore	Singapore
	Philippines	Manila
	Indonesia	Jakarta, Denpasar
	Vietnam	Hanoi, Ho Chi Minh City
	Cambodia	Phnom Penh, Siem Reap
	Laos	Vientiane
	Myanmar	Yangon
	Australia	Sydney, Melbourne, Perth
South Asia (6 countries / 15 routes)	India	New Delhi, Mumbai, Bengaluru (formerly Bangalore), Hyderabad, Ahmedabad, Kochi, Kolkata, Chennai, Gaya
	Bangladesh	Dhaka
	Pakistan	Karachi, Islamabad, Lahore
	Nepal	Kathmandu
	Sri Lanka	Colombo

Source: Websites of Thai Airways as of September 30, 2024

## • Strategic Plans of Airlines in 2024 - 2025

### **Thai Airways**

Thai Airways has plans to launch several new routes, including Bangkok - Perth (Australia), Bangkok - Colombo (Sri Lanka), starting from March 31, 2024. Additionally, Bangkok - Milan (Italy), Bangkok - Oslo (Norway), and Bangkok - Kochi (India) will commence operations from July 1, 2024. Furthermore, in Q4/2024, Thai Airways plans to introduce new routes: Bangkok - Amritsar (India) and Bangkok - Brussels (Belgium).

There are also plans to increase the frequency of flights on high-demand routes, such as Bangkok - Beijing and Bangkok - Shanghai (China) from 7 flights per week to 10 flights per week; Bangkok - Chengdu (China) from 5 flights per week to 7 flights per week; Bangkok - Kunming (China) from 4 flights per week to 7 flights per week; Bangkok - Narita (Japan) from 2 flights per day to 3 flights per day; and Bangkok - Phuket from 8 flights per day to 10 flights per day.

To support the expansion of its flight network and in line with the government's policy of promoting Suvarnabhumi Airport as an aviation hub for the Asia - Pacific region, Thai Airways has a plan to acquire a large fleet of 80 new aircrafts, which will be gradually introduced in 2027 - 2033.

### **Thai AirAsia**

Thai AirAsia views the economic downturn as an opportunity for low-cost carriers to capture the market. Despite the impact of the economic situation on purchasing power and consumer spending, Thai AirAsia plans to launch 4 - 6 new routes in 2H/2024, including Bangkok (Don Mueang) to Hyderabad (India), as well as Kathmandu, Nepal, and Phu Quoc (Vietnam).

Meanwhile, Thai AirAsia is adjusting its flight schedule to boost number of passengers and achieve its 2024 target of 20 - 21 million passengers, representing a 20 - 25% growth from the 18 - 19 million passengers recorded in the previous year. Additionally, the airline is set to receive 3 more Airbus A321neo aircrafts, bringing its total fleet to 60 aircrafts by the end of 2024, from the current 57 aircrafts.

While this is still lower than the 63 aircrafts it had in 2019 before the Covid-19 pandemic, Thai AirAsia plans to gradually receive 4 - 6 more aircrafts each year going forward.

### **Emirates**

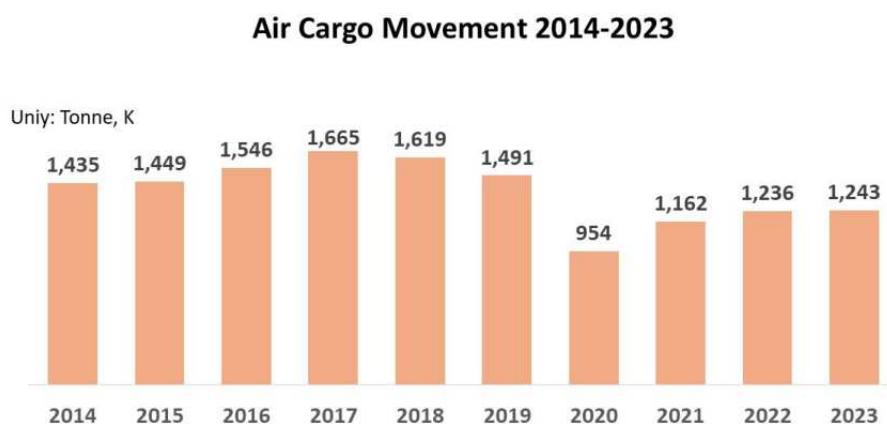
Emirates focuses on a strategy of offering the best deals through its products and services, as well as providing extensive global network connectivity to support Dubai's position as a world-class commercial and tourism hub.

Emirates is confident that the global travel and aviation industry will recover to pre-pandemic level by 2024. As a result, the airline is investing in new services to enhance the customer journey from online to offline. Additionally, Emirates is undertaking a major aircraft refurbishment worth USD 2 billion and is emphasizing its modern wide-body fleet, including the Airbus A380 and Boeing 777. For network expansion, Emirates has launched new routes to Miami, Tel Aviv, and Montreal, and has introduced new codeshare agreements to enhance global connectivity. Currently, Emirates serves 143 destinations across 6 continents, with 10 cities served exclusively by cargo flights.

### **5.3 Air Cargo**

The air cargo industry has historically grown in line with economic conditions. Although it was significantly impacted by the Covid-19 pandemic, it began to recover as early as 2021. In 2023, the volume of air freight reached 1.24 million tons, representing 83% of the 2019 level. However, the air cargo industry is currently facing challenges due to the global economic slowdown and trade contraction, which have negatively affected the demand for air cargo.

**Figure 23: Air Cargo Movement in 2014 - 2023**



Source: The Civil Aviation Authority of Thailand (CAAT)

Most air cargo carriers operate passenger services alongside their cargo operations. They often collaborate with freight forwarders to sell cargo space to customers. Additionally, these carriers form partnerships with both domestic and international businesses to provide services on non-overlapping routes, resulting in comprehensive air cargo coverage

In 2023, Thai Airways held a 30.4% market share of Thailand's air cargo, increased from 26.7% in 2019 (pre-pandemic). The next 5 largest carriers were EVA Air, Aerologic, Qatar Airways, China Airlines, and All Nippon Airways, with market shares ranging from 3.1% to 5.4%. However, when comparing the total weight of air cargo transported in 2019 and 2023, Thai Airways actually transported 374,809 tons in 2023, decreased by approximately 35% compared to the 575,007 tons transported in 2019. Similarly, other airlines experienced a decline in their cargo volumes compared to 2019.

Table 10: Market Share of Airlines - Air Cargo Volume

2019		Freight Volume	Market Share	2023		Freight Volume	Market Share
1	Thai Airways	575,007.1 tons	26.7%	1	Thai Airways	374,809.0 tons	30.4%
2	EVA Air	58,735.5 tons	5.5%	2	EVA Air	66,807.7 tons	5.4%
3	Cathay Pacific	53,089.7 tons	3.9%	3	AeroLogic	47,004.4 tons	3.8%
4	All Nippon Airways	50,683.6 tons	3.7%	4	Qatar Airways	45,328.7 tons	3.6%
5	Qatar Airways	47,691.3 tons	3.2%	5	China Airlines	38,856.9 tons	3.1%
6	China Airlines	40,858.1 tons	3.2%	6	All Nippon Airways	38,552.6 tons	3.1%
7	Singapore Airlines	36,492.5 tons	3.0%	7	Cathay Pacific	36,358.6 tons	2.9%
8	Japan Airlines	35,685.8 tons	2.6%	8	K-Mile Air	31,883.2 tons	2.6%
9	Emirates	29,139.7 tons	2.3%	9	Korean Air	27,975.7 tons	2.3%
10	Korean Air	24,387.2 tons	2.2%	10	Japan Airlines	26,552.8 tons	2.1%

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