

# THAI AIRWAYS INTERNATIONAL PLC

No. 28/2019  
11 April 2019

## CORPORATES

<b>Company Rating:</b>	A
<b>Issue Ratings:</b>	
Senior unsecured	A
<b>Outlook:</b>	Stable

**Last Review Date:** 14/01/19

### Company Rating History:

Date	Rating	Outlook/Alert
12/01/16	A	Stable
27/12/13	A+	Negative
17/12/10	A+	Stable
23/01/09	A	Stable
25/07/08	A+	Stable
12/07/04	AA-	Stable
11/09/03	AA-	-

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## RATIONALE

TRIS Rating affirms the company rating on Thai Airways International PLC (THAI) and the ratings on THAI's outstanding senior unsecured debentures at "A". At the same time, TRIS Rating assigns the rating of "A" to THAI's proposed issue of up to Bt10,000 million in senior unsecured debentures. The proceeds from the new debentures will be used to refinance maturing debts and for investments.

The company rating is enhanced from THAI's stand-alone credit profile based on our expectation of the high likelihood of government support due to its status as a state enterprise. The stand-alone credit profile reflects its position as national flag carrier and a leading international passenger airline in Thailand. The ratings, however, are constrained by rising financial leverage in line with its aircraft acquisition plan and persistently high operating cost. The ratings are also constrained by fuel price fluctuations and event risks that could adversely impact air travel demand.

In 2018, the company's revenue was Bt198,056 million, a 3.2% increase from the previous year. The operating profit margin declined to 14.0% in 2018, compared with 18.6% in 2017 due to the rise in both jet fuel price and other non-fuel costs. However, TRIS Rating expects THAI's financial performance to gradually improve over the next few years, mainly due to lower fuel cost. We project THAI's operating profit margin will recover to a range of 18%-19% during 2019-2021.

THAI's capital structure remains weak. The debt to capitalization ratio remained high at 92% as of December 2018. THAI has plans to renew the existing fleet of aircraft, which entails large capital expenditures. As a result, the capital structure is expected to stay at this level during 2019-2021.

## RATING OUTLOOK

The "stable" outlook reflects the expectation that THAI's operating performance will be in line with our expectation and its status as a state enterprise is maintained.

## RATING SENSITIVITIES

The ratings could be lowered if the operating profit margin deteriorates significantly without material reduction in leverage or if TRIS Rating believes that the level of government support will be reduced. The ratings and/or outlook are unlikely to be upgraded in the near term. However, the ratings and/or outlook could be revised upward if THAI's operating performance improves significantly or its debt to the earnings before interest, tax, depreciation, and amortization (EBITDA) ratio stays below 5 times on a sustained basis.

## RELATED CRITERIA

- Key Financial Ratios and Adjustments, 5 September 2018
- Rating Methodology – Corporate, 31 October 2007

## Thai Airways International PLC (THAI)

<b>Company Rating:</b>	A
<b>Issue Ratings:</b>	
THAI198A: Bt500 million senior unsecured debentures due 2019	A
THAI19DA: Bt1,230 million senior unsecured debentures due 2019	A
THAI19DB: Bt500 million senior unsecured debentures due 2019	A
THAI19OA: Bt1,500 million senior unsecured debentures due 2019	A
THAI204A: Bt1,500 million senior unsecured debentures due 2020	A
THAI206A: Bt1,000 million senior unsecured debentures due 2020	A
THAI208A: Bt1,250 million senior unsecured debentures due 2020	A
THAI208B: Bt800 million senior unsecured debentures due 2020	A
THAI209A: Bt1,500 million senior unsecured debentures due 2020	A
THAI212A: Bt1,000 million senior unsecured debentures due 2021	A
THAI215A: Bt833 million senior unsecured debentures due 2021	A
THAI215B: Bt2,167 million senior unsecured debentures due 2021	A
THAI218A: Bt500 million senior unsecured debentures due 2021	A
THAI21DA: Bt1,340 million senior unsecured debentures due 2021	A
THAI21DB: Bt500 million senior unsecured debentures due 2021	A
THAI222A: Bt2,000 million senior unsecured debentures due 2022	A
THAI224A: Bt2,000 million senior unsecured debentures due 2022	A
THAI226A: Bt1,000 million senior unsecured debentures due 2022	A
THAI229A: Bt2,500 million senior unsecured debentures due 2022	A
THAI22OA: Bt1,500 million senior unsecured debentures due 2022	A
THAI232A: Bt1,200 million senior unsecured debentures due 2023	A
THAI238A: Bt1,500 million senior unsecured debentures due 2023	A
THAI238B: Bt500 million senior unsecured debentures due 2023	A
THAI23DA: Bt1,000 million senior unsecured debentures due 2023	A
THAI242A: Bt1,000 million senior unsecured debentures due 2024	A
THAI243A: Bt1,500 million senior unsecured debentures due 2024	A
THAI246A: Bt1,000 million senior unsecured debentures due 2024	A
THAI24DA: Bt1,430 million senior unsecured debentures due 2024	A
THAI252A: Bt1,000 million senior unsecured debentures due 2025	A
THAI254A: Bt2,300 million senior unsecured debentures due 2025	A
THAI259A: Bt3,000 million senior unsecured debentures due 2025	A
THAI26DA: Bt3,000 million senior unsecured debentures due 2026	A
THAI276A: Bt3,000 million senior unsecured debentures due 2027	A
THAI282A: Bt2,400 million senior unsecured debentures due 2028	A
THAI288A: Bt2,200 million senior unsecured debentures due 2028	A
THAI28DA: Bt2,000 million senior unsecured debentures due 2028	A
THAI308A: Bt1,200 million senior unsecured debentures due 2030	A
THAI326A: Bt2,000 million senior unsecured debentures due 2032	A
THAI332A: Bt1,400 million senior unsecured debentures due 2033	A
THAI338A: Bt1,300 million senior unsecured debentures due 2033	A
Up to Bt10,000 million senior unsecured debentures due within 15 years	A
<b>Rating Outlook:</b>	Stable

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