

THAI AIRWAYS INTERNATIONAL PLC

No. 34/2020

16 May 2020

CORPORATES

Company Rating:	BBB
Issue Ratings:	
Senior unsecured	BBB
Outlook:	Alert Negative

Last Review Date: 02/04/20

Company Rating History:

Date	Rating	Outlook/Alert
02/04/20	A	Alert Negative
29/10/19	A	Negative
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 downgrades the company rating on Thai Airways International PLC (THAI) and the ratings on THAI's senior unsecured debentures to "BBB" from "A". The rating change reflects the heightened uncertainty and our eroded confidence that the government will provide support to THAI to meet its obligations.

The government is seriously considering having THAI file for bankruptcy restructuring through a court-supervised rehabilitation process as an option to solve the company's financial distress. This latest development has heightened the uncertainty that the government will provide support to THAI in times of distress. We still believe THAI will still receive support from the government based on its status as a state enterprise. But the consideration of filing for bankruptcy restructuring as an option has eroded our confidence that necessary actions from the government will be taken to enable THAI to meet all of its obligations in a timely manner. While a court-supervised restructuring is a way to transform THAI's operation, it will hurt THAI's creditors and its credibility.

To reflect our updated view with respect to potential government support, we have reduced the rating enhancement, which is a component of the company rating on THAI. The revision of the rating enhancement has resulted in the rating downgrade. According to our "Government-Related-Entity Rating Methodology", we derive the company rating on THAI from its stand-alone credit profile plus the rating enhancement or notch-up that reflects our view on the degree of potential government support. We assess THAI's stand-alone credit profile at the "BB" level. The rating enhancement has been reduced from six notches to three notches for the reasons discussed above.

If the government eventually reaches a resolution to provide direct financial support to THAI based on an agreed transformation plan, the ratings on THAI as announced in this CreditUpdate will remain unchanged. However, if there is a definite resolution by the government to have THAI file for a bankruptcy restructuring that triggers a debt moratorium, the ratings on THAI will ultimately be downgraded to "D" or "Default".

CREDIT ALERT

TRIS Rating maintains CreditAlert with a "negative" implication on the company and issue ratings of THAI. The CreditAlert reflects our concerns over the uncertainty that the government will provide support to THAI in times of distress. In addition, there is high uncertainty on the prospect of THAI's recovery from the severe impact of the coronavirus (COVID-19) pandemic.

COMPANY OVERVIEW

THAI was founded in 1960 under a joint investment agreement between a Thai government agency operating the domestic airline, Thai Airways Co., Ltd. (TAC), and Scandinavian Airlines Systems (SAS) to engage in international air transportation. SAS provided the know-how to support THAI's efforts to operate and manage an airline efficiently. SAS sold its 30% stake in THAI to the Thai government in 1977. Before a public offering in November 2003, the

government owned 93% of THAI via the Ministry of Finance (MOF), the Vayupak Fund, and the Government Savings Bank (GSB). Currently, the MOF directly owns 51% of THAI while the Vayupak Fund holds 15.1% and the GSB holds 2.1%.

THAI is the national carrier of Thailand, operating domestic and international flights from its home base in Bangkok. In 2004, THAI and its partners set up “Nok Air” to compete in the domestic low-cost carrier (LCC) market. Presently, the company holds a 13.3% stake in Nok Air. In mid-2012, THAI established a wholly-owned light premium airline, “THAISmile”, to serve short-haul routes, supporting THAI’s overall network.

RELATED CRITERIA

- Rating Methodology – Corporate, 26 July 2019
- Key Financial Ratios and Adjustments, 5 September 2018
- Rating Methodology – Government-Related-Entity, 6 June 2017

Thai Airways International PLC (THAI)

Company Rating:	BBB
Issue Ratings:	
THAI206A: Bt1,000 million senior unsecured debentures due 2020	BBB
THAI208A: Bt1,250 million senior unsecured debentures due 2020	BBB
THAI208B: Bt800 million senior unsecured debentures due 2020	BBB
THAI209A: Bt1,500 million senior unsecured debentures due 2020	BBB
THAI20NA: Bt2,035 million senior unsecured debentures due 2020	BBB
THAI212A: Bt1,000 million senior unsecured debentures due 2021	BBB
THAI215A: Bt833 million senior unsecured debentures due 2021	BBB
THAI215B: Bt2,167 million senior unsecured debentures due 2021	BBB
THAI215C: Bt1,000 million senior unsecured debentures due 2021	BBB
THAI218A: Bt500 million senior unsecured debentures due 2021	BBB
THAI21NA: Bt634 million senior unsecured debentures due 2021	BBB
THAI21DA: Bt1,340 million senior unsecured debentures due 2021	BBB
THAI21DB: Bt500 million senior unsecured debentures due 2021	BBB
THAI222A: Bt2,000 million senior unsecured debentures due 2022	BBB
THAI224A: Bt2,000 million senior unsecured debentures due 2022	BBB
THAI225A: Bt1,970 million senior unsecured debentures due 2022	BBB
THAI226A: Bt1,000 million senior unsecured debentures due 2022	BBB
THAI229A: Bt2,500 million senior unsecured debentures due 2022	BBB
THAI22OA: Bt1,500 million senior unsecured debentures due 2022	BBB
THAI232A: Bt1,200 million senior unsecured debentures due 2023	BBB
THAI232B: Bt2,453 million senior unsecured debentures due 2023	BBB
THAI238A: Bt1,500 million senior unsecured debentures due 2023	BBB
THAI238B: Bt500 million senior unsecured debentures due 2023	BBB
THAI23DA: Bt1,000 million senior unsecured debentures due 2023	BBB
THAI242A: Bt1,000 million senior unsecured debentures due 2024	BBB
THAI243A: Bt1,500 million senior unsecured debentures due 2024	BBB
THAI245A: Bt910 million senior unsecured debentures due 2024	BBB
THAI246A: Bt1,000 million senior unsecured debentures due 2024	BBB
THAI24DA: Bt1,430 million senior unsecured debentures due 2024	BBB
THAI252A: Bt1,000 million senior unsecured debentures due 2025	BBB
THAI254A: Bt2,300 million senior unsecured debentures due 2025	BBB
THAI259A: Bt3,000 million senior unsecured debentures due 2025	BBB
THAI265A: B610 million senior unsecured debentures due 2026	BBB

THAI26DA: Bt3,000 million senior unsecured debentures due 2026	BBB
THAI276A: Bt3,000 million senior unsecured debentures due 2027	BBB
THAI282A: Bt2,400 million senior unsecured debentures due 2028	BBB
THAI288A: Bt2,200 million senior unsecured debentures due 2028	BBB
THAI28DA: Bt2,000 million senior unsecured debentures due 2028	BBB
THAI295A: Bt2,320 million senior unsecured debentures due 2029	BBB
THAI29NA: Bt1,899 million senior unsecured debentures due 2029	BBB
THAI308A: Bt1,200 million senior unsecured debentures due 2030	BBB
THAI326A: Bt2,000 million senior unsecured debentures due 2032	BBB
THAI332A: Bt1,400 million senior unsecured debentures due 2033	BBB
THAI338A: Bt1,300 million senior unsecured debentures due 2033	BBB
THAI345A: Bt2,190 million senior unsecured debentures due 2034	BBB
THAI34NA: Bt1,767 million senior unsecured debentures due 2034	BBB
CREDITALERT:	Negative

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