

# THAI AIRWAYS INTERNATIONAL PLC

No. 9/2020  
2 April 2020

## CORPORATES

Company Rating:	A
Issue Ratings:	
Senior unsecured	A
CreditAlert:	Negative

Last Review Date: 29/10/19

### Company Rating History:

Date	Rating	Outlook/Alert
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 places CreditAlert with a “negative” implication on the “A” company rating on Thai Airways International PLC (THAI) and the issue ratings on its outstanding debentures. The CreditAlert reflects our concerns over the uncertainty and severity of the impact from the coronavirus COVID-19 pandemic to THAI’s operating performance and financial profile.

Although the company’s operating performance was substantially deteriorated than our expectation, TRIS Rating remains to affirm the “A” rating on THAI as we view that the government will likely continue to provide sufficient and timely financial support to the company to help it get through the challenges at this moment.

THAI is a state enterprise and the national flag carrier of Thailand. The Ministry of Finance as the major shareholder, and the Ministry of Transportation which THAI directly reports to, have sought to reassure the public about THAI’s liquidity and the support from the government.

The aviation industry has been among the hardest hit businesses from the fallout of the pandemic. All of the domestically registered carriers have announced the suspension of almost all domestic and international flights. Air travel has been largely halted due to the travel bans and movement restrictions imposed by authorities worldwide in an attempt to contain the spread of the virus.

We expect a drastic deterioration in the company’s operating results in 2020 as the company has announced the suspension of almost all of its flights from 1 April 2020. We project the company’s earnings before interest, tax, depreciation and amortization (EBITDA) will be around Bt100 million in 2020. We project that the air travel will be halted over the next three to four months. We will reassess THAI’s ratings, if we see the pandemic situation is worse than our assumption.

We assess that without capital injection or liquidity support from the government, the company may face liquidity shortfalls in 5-month time. Its sources of funds at the end of December 2019 comprised cash and liquid assets of Bt21.6 billion and undrawn credit facilities of Bt20 billion. THAI has scheduled debt repayments of around Bt21.7 billion due over the next 12 months. As of December 2019, the company’s outstanding short-term obligations were Bt3.5 billion. Based on our projection, we estimate THAI’s cash shortfall of around Bt30 billion in 2020.

As the pandemic situation is still evolving at a fast pace with no clear signs of when the pandemic will peak or can be contained, it is hard to predict with reasonable confidence the likely timeline for air travel to return to normalcy, and thus the recovery of the aviation industry. We will resolve the CreditAlert as soon as we have a clearer picture of the company’s plan to manage its liquidity during this turbulent period, and the likely timeframe for an industry recovery.

## 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:	A
<b>Issue Ratings:</b>	
THAI204A: Bt1,500 million senior unsecured debentures due 2020	A
THAI205A: Bt1,000 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
THAI20NA: Bt2,035 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
THAI215C: Bt1,000 million senior unsecured debentures due 2021	A
THAI218A: Bt500 million senior unsecured debentures due 2021	A
THAI21NA: Bt634 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
THAI225A: Bt1,970 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
THAI220A: Bt1,500 million senior unsecured debentures due 2022	A
THAI232A: Bt1,200 million senior unsecured debentures due 2023	A
THAI232B: Bt2,453 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
THAI245A: Bt910 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
THAI265A: Bt610 million senior unsecured debentures due 2026	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
THAI295A: Bt2,320 million senior unsecured debentures due 2029	A
THAI29NA: Bt1,899 million senior unsecured debentures due 2029	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
THAI345A: Bt2,190 million senior unsecured debentures due 2034	A
THAI34NA: Bt1,767 million senior unsecured debentures due 2034	A
<b>CREDITALERT:</b>	<b>Negative</b>

**TRIS Rating Co., Ltd.**

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