

Thai airways the incline airline

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Abstract

Thai airways international public company limited is a state enterprise under the Ministry of Transport Acting as a commercial aviation business in the national airline of Thailand.

Thai airways is the first airline in Thailand and national in the airline that provides domestic flights and international flights. Thai airways have the main flight base at Suvarnabhumi airport which is the main international airport of Thailand.

International and domestic routes, separated by management into the main business, namely the airline business aviation and transportation support group. Many people still know that Thai Airways is a business with continuous losses. Investor is still doubt of the loss regarding Thai Airways, Although Thai Airways has many interesting routes that are popular route both in domestic flight and international flight. Thai Airways has a subsidiary company. 1. Nok Air Company Limited 2. Thai Smile Airways.

Keywords:

“Thai airways”, “International”, “Flight”.

Introduction

One time, Thai airways was the airline that everyone was talking about that they are beautiful airline. Thai Airways is located in the leading airline. While Thai Smile is in the low-cost airline But in that flight system Both brand operate under the same name in the airline system.

Investors, including me, look at the financial statements each year. But the most obvious and easy to understand is 2017. Annual performance report for 2017, Thai Airways International and subsidiaries with a profit from aviation business operations of 2,856 million baht, Although Thai Airways still has some profits But compared to the previous year, the profit of the entire aviation business decreased by 29.8%. Rising jet fuel rates Average passenger revenue is 7.7% lower than last year. In addition, Thai Airways has also reduced fuel surcharge fees. But when deducting expenses incurred once Which is mainly due to loss from impairment of assets and aircraft And loss from foreign exchange rate resulting in the Company and its subsidiaries net loss of 2,072 million baht.

Research methodology

Objective

To understand the proportion or source of losses in Thai airways company.
To offer investment information to investor.

Form to understand the proportion or source of losses in Thai airways company and offer investment information to investors. There are many factor about Thai airways the incline airline.

Thai Airways has too much of the cost of building, land, and equipment so that it exceeds the depreciation that is higher than other airlines. For example The purchase of a plane that is not related to the route causes excess losses to accumulate for a long time. Aircraft maintenance And having too many planes.

Financial Statement Half Year 2018 (million bath)	THAI AIRWAYS	BANGKOK AIRWAYS	THAI AIR ASIA
Total income	100,950.44	14,486.93	20,896.24
Total cost	151,381.99	12,743.34	19,330.97
Depreciation and amortization	11,928.98	677.37	808.99
Depreciation on total revenue%	11.82%	4.68%	3.87%
Depreciation per total cost%	7.88	5.32%	4.18%

Thai Airways has a subsidiary company that has a loss. 1. Nok Air Company Limited, with a low operating loss 2. Thai Smile Airways Co., Ltd. instead of being the airline that will make profit for Thai Airways because it will help to low cost airline market, but with results Continued losses, such as last year, loss of about 1,600 million baht, causing THAI to suffer losses for both companies as well.

And when we talk about financial of Thai smile company. They co-accompany to using the statement of financial with Thai airways Because Thai smile is a part of Thai airways if Thai smile losses profit it can be effected to Thai Airways directly. For example, cost from maintenance aircraft of Thai smile so Thai airways consider to divide some part of budget to Thai smile.

Statement of Nok air company

(Unit: M.Baht)					
Period as of	Y/E '15 31/12/2015	Y/E '16 31/12/2016	Y/E '17 31/12/2017	Q3 '18 30/09/2018	
Financial Data					
Assets	7,110.22	6,000.85	7,330.15	13,203.97	
Liabilities	4,168.16	6,340.58	6,639.14	15,125.33	
Equity	3,047.22	238.92	1,315.02	-647.57	
Paid-up Capital	625.00	625.00	2,272.00	2,272.00	
Revenue	14,296.20	16,938.32	20,376.71	15,224.07	
Net Profit	-726.10	-2,795.09	-1,854.30	-1,962.59	
Profit (Loss)	-1.16	-4.47	-1.63	-0.86	
Ratio					
ROA(%)	-23.64	-48.08	-27.54	-29.58	

Thai Airways is in the airline industry which is a highly competitive industry both in the country and abroad until it is difficult to allow Thai airways to continue to profit.

However, Thai Airways continue to implement the rehabilitation plan in 2018 in order to ensure that the company is operated free from losses and can be profitable continuously. Will operate in many ways, including improvement the aircraft to be modern and able to compete with competitors. Should improve the service sales and marketing management, especially in digital marketing, increasing revenue, increasing production capacity and Expand business such as personnel development and financial structure to suit business Development of U-Tapao Aircraft Maintenance Center.

Conclusion

Thai Airways has too many costs to cause losses, although Thai Airways has a lot of income, but Thai Airways is still losing because it is a matter of management or inefficient management buying a plane that is not related to the route The fact that the affiliates cannot make profits by themselves Until causing THAI to be burdened with the inability to revive the profits continuously.

Discussion and Recommendation

1. Thai Airways should change the management or should improve the management of the organization to be effective management should sell the aircraft that is not worthwhile and then buy a new plane that should be able to make a continuous profit

2. Should develop a variety of flight routes and develop better technology in the plane and should improve the price to meet the needs of customers, the price should not be too low or too high

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