



# DP AIRCRAFT I LIMITED

Shareholder Update  
December 2024

# 1 | EXECUTIVE SUMMARY

The aviation market is still in the upswing although continuously facing supply chain issue and a shortage of aircraft, engines and parts. Amongst others, the Rolls-Royce powered B787 fleets of various operators worldwide, including Thai Airways, are impacted by a lack of engines, mainly due to a bottleneck at the Rolls-Royce maintenance facilities. Thai Airways continues to operate with a profit in the third quarter 2024 but competition and expenses are increasing and putting additional pressure on the airline. The aircraft manufacturer Boeing is struggling with deliveries due to strikes, supply chain issues and necessary internal restructuring. However, the Dreamliner B787 remains a crucial part of many airline fleets as new orders had been placed during the last months and some airlines – such as LATAM – are retrofitting their early delivered B787s with cabin upgrades indicating they will stay in their fleet for the next years.

# 2 | THE AVIATION MARKET

## THE GLOBAL AIRLINE MARKET

- In September 2024 travel demand measured in RPK (Revenue Passenger Kilometres) increased by more than 7% and the load factor by one percentage points to 84% compared to the same month in the previous year <sup>1</sup>
- International demand grew more strongly than domestic demand (9% versus 4%) <sup>2</sup>
- Values and lease rates for mid-life aircraft had increased strongly since 2022 but stayed relatively stable over the last six months <sup>3</sup>

## THE ASIAN AIRLINE MARKET

- International passenger numbers increased by 19% and the load factor rose by 0.4 percentage points to 80.5% in September 2024 compared to the same month in 2023 <sup>4</sup>
- Passenger demand in September 2024 reached 98% of pre-pandemic levels <sup>5</sup>
- One third of global cargo volume (measured in cargo tonne-kilometres) was transported by airlines of the Asia Pacific region in 2023; in September 2024, the cargo volume grew by nearly 12% compared to the same month in the previous year <sup>6</sup>
- The carriers of this region heavily complain on and suffer from supply chain issues which are limiting their growth rates <sup>7</sup>
- According to Airbus there will be demand for 19,500 aircraft from Asian Pacific carriers within the next 20 years; the aircraft manufacturer increased its estimate by 3% compared to the previous year <sup>8</sup>

## THE LESSOR MARKET

- Castlake Aviation Limited will be bought by Avolon, this deal comprises 118 aircraft of which 68% are narrow-bodies <sup>9</sup>
- In September 2024, CDB Aviation announced an order of 80 Airbus A320neo family aircraft and 50 Boeing 737 MAX 8s <sup>10</sup>

<sup>1</sup> Cirium: "September passenger demand up 7.1%, air freight up 9.4%: IATA"; 1st November 2024

<sup>2</sup> Cirium: "September passenger demand up 7.1%, air freight up 9.4%: IATA"; 1st November 2024

<sup>3</sup> ISHKA: "Asset managers Q3 2024 update"; 17th October 2024

<sup>4</sup> Cirium: "APAC airlines continued growth trajectory in September"; 29th October 2024

<sup>5</sup> Cirium: "APAC airlines continued growth trajectory in September"; 29th October 2024

<sup>6</sup> IATA: "September Saw 9.4% Growth for Air Cargo"; 31st October 2024

<sup>7</sup> Cirium: "Asian airline chiefs bemoan supply chain issues"; 14th November 2024

<sup>8</sup> Cirium: "Airbus: 19,500 new aircraft needed in APAC by 2043"; 13th November 2024

<sup>9</sup> Cirium: "Avolon to acquire 118-aircraft portfolio from Castlake"; 13th September 2024

<sup>10</sup> ISHKA: "Lessor order books: CDB Aviation orders 130 Airbus and Boeing narrowbodies"; 19th September 2024

- 21% of total aircraft deliveries in October 2024 were made to lessors; all of them narrow-body aircraft <sup>11</sup>
- Air Lease Corporation sees a strong demand for their order book and expects a raising demand in sale-and-leaseback transactions <sup>12</sup>

### 3 | THE LESSEE: THAI AIRWAYS INTERNATIONAL PCL

#### SNAPSHOT <sup>13</sup>

- Thai Airways closed the first three quarters of 2024 with a net profit, although 7% lower than in the same period last year
- The carrier operated a fleet of 78 aircraft as of 30th September 2024
- In October 2024, Thai Airways received two A330-300s
- The airline launched flights to Brussels (Belgium), Siem Reap (Cambodia) and increased frequencies to Nagoya (Japan), Kochi (India) and Denpasar (Indonesia) during the winter season
- The carrier is suffering from supply chain issues including aircraft, engines and parts; as a consequence, the airline operates with lower aircraft and engine spare capacity as needed while one B787-8 is grounded due to a lack of engines <sup>14</sup>
- According to Thai Airways' CEO Chai Eamsiri, shop visits of Trent 1000 engines are taking more than six months where it was 90 days before the pandemic and on-wing time decreased as well <sup>15</sup>
- The number of international tourists visiting Thailand during the third quarter 2024 increased by 21% compared to the same quarter in the previous year; this resembles nearly 90% of tourist number in 2019 (pre-Covid)

#### RESTRUCTURING & REHABILITATION PROCESS: SINCE JUNE 2024 <sup>16</sup>

- Debt repayment is according to the Business Rehabilitation Plan on track; the airline has already repaid about THB 7 billion to its creditors by the end of July 2024
- Sale of 12 aircraft and two engines
- Thai Airways issued about 21 million shares early November 2024 to convert THB 55 billion (approx. USD 1.6 billion) of debt to equity and plans a fundraising of about THB 44 billion (approx. USD 1.3 billion) by mid-December <sup>17</sup>
- A creditor's meeting scheduled on 8th November 2024 was postponed to 29th November; the airline's working union and some creditors do not agree on the appointment of two Plan Administrators who are part of the government, fearing that a growing influence of the government might negatively impact the carrier's Rehabilitation Process<sup>18</sup>
- At the creditor meeting taking place 29th November 2024, all three suggested amendments of the Business Rehabilitation Plan, including the addition of the two Plan Administrators had been approved by the majority of votes <sup>19</sup>
- The carrier still intends to exit Rehabilitation in the second quarter of 2025; this is supported by the plan of a debt-to-equity swap and the issuance of additional shares <sup>20</sup>

<sup>11</sup> ISHKA: "Lessor order books – leasing deliveries constrained in October and September."; 21st November 2024

<sup>12</sup> ISHKA: "ALC Q3 2024 – airlines expected to increasingly turn to SLB financing"; 13th November 2024

<sup>13</sup> Thai Airways International PCL: "Management's Discussion and Analysis for the third quarter of 2024 ended September 30, 2024, for Thai Airways International Public Company Limited and Its Subsidiaries"

<sup>14</sup> Cirium: "Thai leases 20 A321neos from three lessors amid capacity crunch"; 19th November 2024

<sup>15</sup> Cirium: "Thai leases 20 A321neos from three lessors amid capacity crunch"; 19th November 2024

<sup>16</sup> Thai Airways International PLC: "The update on the 13th progress of the implementation of the Business Rehabilitation Plan for the period from 15 June 2024 to 14 September 2024 (1st quarter of the 4th year)"; 26th September 2024


<sup>17</sup> Ch-aviation: "Thai Airways looks to raise ฿44bn in share rights offering"; 29th November 2024

<sup>18</sup> The Nation: "Amid fears of political interference, rescheduled creditors' meeting on Nov 29 to decide fate of proposal"; 16th November 2024

<sup>19</sup> THAI Airways International: "Notification on the resolutions of the creditors' meeting regarding the consideration of three petitions to amend the business rehabilitation plan, which was held on 29 November 2024"; 29th November 2024 published at the website of SET

<sup>20</sup> Cirium: "Thai Airways plans debt-to-equity swap, share sale to exit rehab"; 7th October 2024

FINANCIAL & OPERATIONAL KEY FIGURES (incl. SUBSIDIARIES) <sup>21</sup>

[BILLION THB]**	3 Q20 24	3 Q20 23	CHANGE	REMARKS*
<b>Operating Revenues</b>	<b>45.76</b>	<b>34.84</b>	<b>+ 31 %</b>	
- Passenger and Excess Baggage	37.10	28.60	+ 30 %	
- Freight and Mail	4.73	3.46	+37 %	
- Other Businesses	2.61	2.22	+ 18 %	a)
- Other Income	1.31	0.56	+ 135 %	
<b>Operating Expenses</b>	<b>38.59</b>	<b>26.15</b>	<b>+ 48 %</b>	<b>b)</b>
- Fuel and Oil	13.55	10.93	+ 24 %	c)
- Non-fuel Operating Costs	25.04	15.22	+ 65%	d)
Finance Costs	4.83	3.57	+ 35%	
<b>Operating Result excl. One-Time Items</b>	<b>2.34</b>	<b>5.12</b>	<b>- 54%</b>	
<b>Net Result</b>	<b>12.59</b>	<b>1.92</b>	<b>+ 557 %</b>	<b>e)</b>
<b>Capacity – ASK <sup>22</sup> (million)</b>	<b>17,139</b>	<b>12,586</b>	<b>+ 36 %</b>	
<b>Demand – RPK (million)</b>	<b>13,046</b>	<b>9,698</b>	<b>+ 35%</b>	
<b>Load Factor</b>	<b>76.1 %</b>	<b>77.1 %</b>	<b>- 1 pp</b>	
<b>Passengers (million)</b>	<b>3.94</b>	<b>2.19</b>	<b>+ 80 %</b>	
<b>Passenger Yield [THB/RPK]</b>	<b>2.83</b>	<b>2.94</b>	<b>- 4 %</b>	
<b>Aircraft Utilisation [Block Hours]</b>	<b>13.1</b>	<b>13.3</b>	<b>- 2 %</b>	
<b>Number Of Aircraft</b>	<b>78</b>	<b>61</b>	<b>+ 28 %</b>	
<b>Cash &amp; Cash Equivalents [bn THB]; Sep 24 vs Dec 23</b>	<b>59.60</b>	<b>52.36</b>	<b>+ 14%</b>	
<b>Current Ratio Jan-Sep 24 (consolidated)</b>	<b>2.90</b>	<b>2.212</b>		<b>f)</b>

\*\* Exchange rate THB:USD as at 30th September 2024: 1.00 THB : 0.031 USD <sup>23</sup>

## \*Remarks

- a) Catering, Ground Services, Cargo handling, etc.
- b) Increase in operating expenses increased more strongly than operating revenues
- c) The average fuel price is about 7% lower than in 2023
- d) Crew expenses, aircraft maintenance, lease of aircraft, etc.
- e) Affected by one-time events, particularly due debt restructuring (THB 2.62 billion and foreign currency exchange (THB 9.03 billion) as well as losses from adjustment of inventory for non-fleet aircraft (THB 1.45 billion)
- f) Improve in liquidity and the ability to pay debt services (Current Ratio = Current Assets/Current Liabilities)

## OUTLOOK AND OPPORTUNITIES

- The issues with the limited availability of spare Trent 1000 engines for Thai's B787 fleet are expected to continue
- Further growth is only possible with the entrance of additional aircraft to the carrier's fleet according to Chai Eamsiri <sup>24</sup>

<sup>21</sup> Thai Airways International PCL: "Management's Discussion and Analysis for the third quarter of 2024 ended September 30, 2024, for Thai Airways International Public Company Limited and Its Subsidiaries"

<sup>22</sup> Available Seat Kilometres

<sup>23</sup> Bundesverband Deutscher Banken; 14th November 2024

<sup>24</sup> Cirium: "Thai leases 20 A321neos from three lessors amid capacity crunch"; 19th November 202

- The carrier signed operating leases for 20 Airbus A321neos with China Aircraft Leasing Group, SMBC Aviation Capital and BOC Aviation with delivery dates between 2026 and 2028 to deal with capacity shortfalls and to grow its narrowbody fleet <sup>25</sup>
- Thai Airways intends to grow its fleet to 52 narrowbody and 98 widebody aircraft in 2033 <sup>26</sup>
- The airline is reviewing a potential spin-off of its MRO (maintenance, repair, overhaul) and inflight catering divisions as its CEO believes that this would increase the prospect to generate further third-party business and to increase revenues <sup>27</sup>
- Competition is increasing:
  - British Airways resumes flights from London-Heathrow to Bangkok after four years; Thai operates twice daily on this route <sup>28</sup>
  - Norse Atlantic will start flying to Bangkok out of Stockholm twice a week next autumn; Thai Airways is operating this route daily <sup>29</sup>

## 4 | THE ASSETS

### UPDATE BOEING B787

- Boeing delivered 116 aircraft and received 49 net orders during the third quarter 2024 <sup>30</sup>
- The aircraft manufacturer currently produces four B787s per month and intends to reach a monthly rate of five B787s at year's end <sup>31</sup>
- Airlines are facing groundings of B787s due to a lack of spare engines, e.g. Thai has ground one B787-8, Air New Zealand four B787 and British Airways five B787s <sup>32</sup>
- Latest transactions:
  - September 2024
    - LATAM started to refurbish 24 Boeing 787s (including 10 B787-8s) and invests about USD 360 million in new seats, onboard entertainment and design developments <sup>33</sup>
    - Air Premia of South Korea intends to lease four Rolls-Royce powered B787-9s from Fitz Walter Capital Aviation Services; these aircraft had been formerly in service with Norwegian <sup>34</sup>
  - October 2024
    - Lessor BOC Aviation signed an operating lease agreement with United Airlines for one GE powered B787-9 <sup>35</sup>
    - Leasing company AviLease purchased one B787-9 from lessor BBAM; the aircraft is on lease with Aeromexico <sup>36</sup>
    - Ten orders plus five options for the B787-9 variant had been placed by LATAM; all of them GE powered <sup>37</sup>

<sup>25</sup> Cirium: "Thai leases 20 A321neos from three lessors amid capacity crunch"; 19th November 2024

<sup>26</sup> Cirium: "Thai leases 20 A321neos from three lessors amid capacity crunch"; 19th November 2024

<sup>27</sup> FlightGlobal: "Israel's El Al tentatively signs for up to nine more 787s"; 23rd March 2024

<sup>28</sup> Cirium: "Thai mulls spinning off MRO and catering businesses"; 9th October 2024

<sup>29</sup> Cirium: "Thai mulls spinning off MRO and catering businesses"; 9th October 2024

<sup>30</sup> Cirium: "Norse Atlantic to launch Stockholm-Bangkok flights in 2025"; 22nd November 2024

<sup>31</sup> Boeing: "Boeing Reports Third Quarter Results"; 23rd October 2024

<sup>32</sup> Cirium: "Boeing's commercial unit incurs \$4 billion loss in third quarter"; 23rd October 2024

<sup>33</sup> Cirium: "Air New Zealand engine woes to weigh on first half profit"; 25th November 2024 // ISHKA: "Boeing's \$10bn credit line, Wafra to buy Aquila, BA's parts crisis and Azorra raises secured debt"; 21st October 2024 <sup>32</sup> Cirium: "Boeing's commercial unit incurs \$4 billion loss in third quarter"; 23rd October 2024

<sup>34</sup> Cirium: "LATAM to invest \$360 million in 787 cabin renewals"; 13th September 2024

<sup>35</sup> Cirium: "NETWORKS REPORT: Elliott claims first scalps at Southwest"; 13th September 2024

<sup>36</sup> Cirium: "BOC Aviation agrees leases for four Boeing jets with United"; 7th October 2024

<sup>37</sup> Cirium: "AviLease acquires 787 leased by Aeromexico"; 14th October 2024

<sup>38</sup> Cirium: "LATAM orders 10 787-9 widebodies"; 28th October 2024

- November 2024
  - Royal Jordanian decided to stay with GE engines for their on-order B787-9s; the airline operates already seven B787-8s powered by GE engines <sup>38</sup>
  - A B787-9 (vintage 2018) leased to American Airlines had been sold by the lessor ORIX Aviation to Phoenix Aviation Capital and AIP Capital <sup>39</sup>
  - Israelian carrier El Al is looking for financing of its 17th B787 delivery by a local bank <sup>40</sup>
  - The Dutch carrier KLM is looking for financing of one 787-10 scheduled to be shortly <sup>41</sup>
- According to ISHKA’s October remarketing update, one B787s was advertised <sup>42</sup>
- This November, China Southern announced to remarket its 10 B787-8s plus two spare engines, these aircraft are GE powered with vintage 2013 to 2014 and available in 2025 to 2026 <sup>43</sup>

ASSETS & OPERATIONS

Due to a shortage of spare engines from the engine manufacturer Rolls Royce, Thai Airways is currently facing operational challenges regarding the B787 fleet. TQC is in regular commercial service. TQD is AOG since 2nd November 2024 due to a lack of spare engines. Their utilisation as well as their respective titled engines are shown in the following tables:

AIRFRAME STATUS (30 <sup>th</sup> November 2024)	THAI AIRWAYS	
	HS-TQC	HS-TQD
Total Time [Flight Hours]	26,970	24,538
Total Flight Cycles	6,559	5,921

TITLED ENGINE DATA (30 <sup>th</sup> November 2024)	ENGINE SERIAL NUMBER			
	10239	10243	10244	10248
Total Time [Flight Hours]	25,142	17,036	21,592	24,053
Total Flight Cycles	6,083	3,609	5,460	5,505
Location	Spare at THAI	HS-TQF (B787-8)	HS-TQE (B787-8)	HS-TQC

Engine ESN 10243 returned from the SAESL facility in Singapore on 30th September 2024 and was installed to HS-TQF (B787-8) on 2nd October 2024.

On 2nd November 2024, TQD was grounded due to a lack of engines by Rolls-Royce. The aircraft is currently without engines until a suitable second engine from the Rolls-Royce maintenance facility will arrive and can be paired with ESN 10239 (hold as spare which is common practice to avoid any additional aircraft grounding due to a lack of engines). To ensure compliance with the lease agreement, DS Aviation carried out an inspection to assess the storage conditions. The inspection was performed 20th November 2024. According to the Thai Airways, TQD is expected to remain on the ground until mid-January 2025.

Monthly lease rentals are fixed and independent on the utilisation of Airframe and Engines.

<sup>38</sup> Cirium: "Royal Jordanian stays with GEnx for incoming 787s"; 13th November 2024  
<sup>39</sup> Cirium: "Phoenix and AIP acquire 787 from ORIX"; 20th November 2024  
<sup>40</sup> Cirium: "Israeli flag carrier taps local banks for 787 financing"; 25th November 2024  
<sup>41</sup> Cirium: "KLM seeks bids for 787 financing: sources"; 26th November 2024  
<sup>42</sup> ISHKA: "Remarketing Watch Data Sheet: October 2024"; 29th October 2024  
<sup>43</sup> Cirium: „China Southern looks to sell 10 787-8s, two spare engines"; 21st November 2024

HS-TQC AND HS-TQD DESTINATIONS BETWEEN 8 SEPTEMBER TO 13 NOVEMBER 2024

Destination	Average Flight Time	Frequency – TQC	Frequency - TQD
Ahmedabad, Pakistan	3:46	6	4
Bangalore, India	3:12	-	1
Calcutta, India	2:06	2	1
Chengdu, China	2:50	3	4
Chiang Mai, Thailand	0:54	-	1
Delhi, India	3:37	2	5
Dhaka, Bangladesh	2:03	4	3
Fukuoka, Japan	4:53	11	12
Guangzhou, China	2:32	4	7
Ho Chi Minh City, Vietnam	1:10	1	-
Hong Kong	2:34	3	2
Hyderabad, India	3:01	11	8
Jakarta, Indonesia	2:53	4	5
Karachi, Pakistan	4:28	3	2
Kuala Lumpur, Malaysia	1:46	10	8
Madras, India	2:52	2	1
Mumbai, India	4:12	1	2
Perth, Australia	6:23	8	5
Phnom Penh; Cambodia	0:50	-	1
Phuket, Thailand	1:10	5	4
Rangoon, Myanmar	1:13	-	4
Singapore	2:00	17	17

Source: Flightaware; 14<sup>th</sup> November 2024





# 5 | Annex

## DP AIRCRAFT – FACT SHEET

Ticker	DPA
Company Number	56941
ISIN Number	GG00BBP6HP33
SEDOL Number	BBP6HP3
Traded	SFS
<ul style="list-style-type: none"><li>SFM Admission Date</li><li>Share Price</li></ul>	4 <sup>th</sup> October 2013 USD 0.060 [4 <sup>th</sup> December 2024]
Country of Incorporation	Guernsey
Current Shares in Issue	256,000,000
Directors	Jonathan (Jon) Bridel (Chairman) Jeremy Thompson Harald Brauns Robert Knapp
Administrator and Company Secretary	Aztec Financial Services (Guernsey) Limited
Asset Manager	DS Aviation GmbH & Co. KG
Auditor	KPMG; Chartered Accountants
Corporate Broker	Investec Bank plc
Aircraft Registration (Date of Delivery)	HS-TQC (29 <sup>th</sup> October 2014) HS-TQD (9 <sup>th</sup> December 2014)
Aircraft Serial Number	36110; 35320
Aircraft Type and Model	B787-8
Engine Type	Rolls Royce Trent 1000
Lessee	Thai Airways International PCL
Website	<a href="http://www.dpaircraft.com">http://www.dpaircraft.com</a>



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