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Nok Air will resume international flights. B3

# Nok Air will resume international flights

Proceeds with caution to avoid past mistakes

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Nok Air looks set to resume international flights early next year but this time will be careful not to repeat the same mistakes that plunged the budget carrier into a financial crisis several years ago.

"We're ready for take-off again," chief executive Patee Sarasin declared as his management finalised plans to propose the resumption to a board meeting next Friday.

The move for the international relaunch came as Thai Airways International (THAI), the main shareholder at 49%, recently decided to scrap a proposed joint venture with Nok Air to launch a separate regional ultra-low-cost carrier in competition with the discount giant AirAsia.

By abandoning the plan, the flag carrier instead advocated Nok Air resuming international flights.

Such a plan has been on Nok Air's radar screen for the past year but stalled amid THAI's drive to set up the joint-venture ultra-low-cost carrier in which THAI would have held a 51% stake.

THAI chairman Ampon Kittiampon recently told reporters the planned joint venture was terminated due to the flag carrier's poor financial performance and struggling outlook.

It will spend more time trying to turn its balance sheet around this year after losing 10.2 billion baht last year.

The national carrier posted a 1.53-billion-baht second-quarter net loss but still managed a 2.21-billion profit for the first half.

The airline will also focus on making sure that THAI Smile, its sister budget airline that took to the skies last month, stays afloat.

In 2010, THAI disclosed plans to launch a joint venture ultra low-cost carrier for the regional international market with the Singapore-based Tiger



Getting ready for international service: one of Nok Air's latest B737-800 aircraft taxis at Bangkok's Don Mueang airport.

Airways.

But plans to launch Thai Tiger fell through last year after repeated delays in securing approval to establish the new airline.

Mr Patee said Nok Air's international relaunch will be carried out in a more cautious step-by-step manner to ensure a sustainable operation.

"We don't intend to cause a commotion, nor rush into launching several new international routes in a short span of time," he told the *Bangkok Post*. "We've learned our lesson."

Nok Air is better off than in 2008, financially strong and with the tools to navigate through risks such as fuel hedging, which accounts for 30% of its fuel consumption, to ensure its international relaunch is successful, said Mr Patee.

Nok Air has focused on expanding its domestic business since 2008, when it suspended its loss-making international flights (to Vietnam and India) as part of a turnaround programme that has shown positive results.

Its resumption of international service will be carried out in a way that will not clash with THAI Smile in order to avoid unnecessary competition among other carriers in THAI's portfolio, said Mr Patee.

Southern-Chinese cities such as Nanjing, where Nok Air has been operating on a charter basis from its base at Bangkok's Don Mueang airport since April, will be among the first destinations in the airline's international network.

Myanmar, which is attracting more international carriers including Thai AirAsia, is also on Nok Air's radar, he said without elaborating.

Nok Air will use its growing fleet of B787-800s, a single-aisle jet with 189 seats, for its the new international service.

At home, Nok Air has already firmed up plans for three new routes and will increase the number of flights on some existing routes.

Its current domestic network covers 20 cities excluding Bangkok.

By year-end, Nok Air will receive five more B737-800 jets and two ATR72-500 turboprops.

The airline will retire four of its older B737-400s, but the new arrivals will significantly increase capacity.

Nok Air's current fleet consists of four Boeing 737-800s with 189 seats each, nine Boeing 737-400s with 150-168 seats and two ATR-72 aircraft with 66 seats.