

AVIATION

Nok Air plans IPO in second half of 2013



A Nok Air flight takes off from its Don Mueang airport base. The budget carrier plans to raise 2-3 billion baht from an IPO next year.

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Nok Air is planning on launching an initial public offering (IPO) in the second half of next year to raise funds for expansion to cash in on the budget air travel boom.



Patee: Set to restart international flights

The budget airline's management is drawing up a plan to list for submission to the boards of Nok Air and its major shareholder Thai Airways International (THAI) in November.

The eight-year-old airline plans to raise 2-3 billion baht from the listing, which will include an offer of up to a 30% stake in the company, with existing shareholders' holdings reduced pro rata.

"It's high time to get our IPO plan off the ground," said Patee Sarasin, the chief executive of Nok Air.

Over the next five years, Nok Air, 49%-owned by the flag carrier THAI, plans to operate a fleet of 40 aircraft, up from 18 now, raising its passenger volume to more than 14 million in 2017 from 6 million expected this year.

Nok Air would become the third local airline recently to raise funds publicly, restructure shareholding or seek a listing on the Stock Exchange of Thailand (SET).

Earlier this year, the full-service carrier Bangkok Airways revealed a planned divestiture to end its 44-year private ownership with the launch of an IPO in next year's first quarter.

Puttipong Prasarttong-Osoth, the president of Bangkok Airways, indicated the company may offer up to a 40% interest in the airline to help raise some 10 billion baht to fund fleet expansion and construction of new hangars at its Suvarnabhumi airport hub.

On May 31, Asia Aviation Plc (AAV), the holding firm of the discount carrier Thai AirAsia, made its trading debut on the SET.

AAV issued 1.21 billion shares at 3.70 baht each, raising 4.48 billion baht to expand its fleet and boost capital.

Mr Patee believes Nok Air has the fundamentals to make its IPO appealing, with four consecutive years of profits and combined net earnings the past three years reaching nearly 1 billion baht.

This year, Nok Air expects net profits to exceed 400 million, he said.

"We do not really need to raise a lot of money from the IPO, probably only 2-3 billion baht," said the 50-year-old

executive, noting that Nok Air has 1.7 billion baht in cash on hand.

The airline also plans to resume international flights next year.

Mr Patee said the international relaunch will be carried out in a cautious step-by-step manner, avoiding the mistakes that plunged the budget carrier into a financial crisis several years ago.

The International roll-out comes just as THAI recently scrapped a proposed joint venture with Nok Air to launch a separate regional ultra-low-cost carrier to compete with AirAsia.

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

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

The resumption of Nok Air's international service will probably start with southern China and will not clash with THAI or its discount offshoot, THAI Smile.