

Thai AirAsia, Nok Airlines 'on course' to meet year's business-growth targets

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THE NATION

TWO budget airlines, Thai AirAsia and Nok Airlines are confident of meeting their business growth targets this year despite the rising oil price.

Thai AirAsia's chief executive officer and director of Asia Aviation, Tassapon Bijleveld, said the increase in world oil prices following heightened tensions in Syria and the political unrest in Egypt has yet to adversely affect Thai AirAsia's operations.

The company maintains its revenue and passenger targets; growth target for this year was 20 per cent even though aviation fuel price has risen to US\$122-\$124 per barrel - which is still within the airline's risk hedging coverage of 30-35 per cent. He said the high oil price should likely be a short-term factor for about a couple of months.

Moreover, the airline could still adjust its fuel surcharge fee if the rise in oil prices start to hurt profitability when necessary, he said.

This year, Thai AirAsia will focus on launching new flights to neighbouring countries like Cambodia, Laos, Myanmar and

Vietnam, as well as China, as the number of passengers in this region has continued to grow by an average of 27 per cent in the past decade.

In the first half of this year alone the number of passengers in the region increased 45 per cent over the same period of last year, which is considered very high. The airline is seeing 40-45 per cent growth in passenger volume in the second half of this year, according to Tassapon.

The overall business outlook for Thai airlines is very encouraging, he added.

The company's profits in the second half of this year should better the first half due to the travel "high season", he said.

Meanwhile, Nok Airlines chief executive officer Patee Sarasin said the current high fuel cost and the

Thai economic slowdown would not significantly hurt the airline operations as they are short-term situations.

Nok Airlines has hedged 30 per cent of its fuel-cost risk exposure. The Thai economic slowdown may boost domestic air travel as opposed to overseas trips, Patee added.

Nok Airlines expects this year's net profit to reach Bt1.2 billion, higher than its initial target of less than Bt1 billion, of which more than Bt600 million were made in the first half of this year.

Nok Airlines' profit was highest among listed airlines in the second quarter of 2013, thanks to higher passenger volume of 2.8 million and addition of flight routes.

The airline expects passenger volume to rise to 5 million for 2013, according to Patee.

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