

AVIATION

Nok Air maintains growth target despite turmoil

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Despite certain yet unpredictable turbulence compounded by the May 22 military coup, Nok Air is sticking to this year's growth target.

While the fallout from the military takeover adds to several risk factors including fierce competition, the SET-listed budget airline will strive to achieve the target set early this year.

"It is difficult and too early to predict the extent of the impact the military takeover will have on our business," said Panya Chutisiriwong, vice-president for investor relations.

However, the airline continues to see a relatively stable cabin factor one week after the coup. Increasing passenger demand in April and early May saw the cabin factor reach about 80%.

Nok Air, whose operation is mainly domestic, plans to increase its passenger volume to 7 million this year from 5.89 million last year.

The plan to acquire eight aircraft — four Boeing 737-800 jetliners and four Bombardier Q400 Next Generation turboprops — in stages this year remains on track, Mr Panya said.

Nok Air has taken delivery of one of the four jets planned this year and intends to take the remaining three at one each in every quarter.

It plans to maintain a cabin factor of 80% for the whole of this year amid the political turbulence.

The airline is working to achieve positive financial performance through several revenue-boosting initiatives and cost controls, Mr Panya said.

Its first-quarter net profit plunged 90.2% year-on-year to 40.9 million baht.

The airline blamed intensified industry competition, Thailand's political turmoil and the weaker baht against the US dollar for the profit fall.

Its passenger yield dropped by 7.69% to 2.76 baht per seat per kilometre from 2.99 baht.

Production unit costs rose a marginal 0.85% to 2.37 baht per seat per km from 2.35 baht a year earlier.

The 9.5% depreciation of the baht to an average of 32.80 to the dollar also hit Nok Air's balance sheet, as most of its major expenses are dollar-linked.

NOK shares closed yesterday on the SET at 17.60 baht, up 30 satang, in trade worth 124 million baht.