

AVIATION

Nok Air's Q2 profit soars past analysts' estimates

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Nok Airlines Plc's second-quarter profit rose by 136% on a 38.7% increase in revenue, driven by robust passenger traffic growth even as the average fare was depressed by intense competition.

The budget airline made 260 million baht in net profit during the April-June period, up from 110 million in the same period last year, with earnings per share of 51 satang, up from 22 satang, Nok Air said in a filing with the Stock Exchange of Thailand (SET).

Revenue increased to 2.61 billion baht as the number of passengers carried in the quarter rose by 50% year-on-year to 1.4 million thanks to 52% growth in capacity.

Nok Air was able to fill 86.6% of available seats, up from 83.7% a year earlier, although

fierce competition in the second quarter depressed the average fare per passenger per flight by 8.9% to 1,754 baht.

Greater deployment of more fuel-efficient Boeing 737-800s in the period improved economies of scale and reduced unit costs to 2.34 baht per seat per kilometre from 2.70 baht and drove the net profit margin to 9.9%, up from 5.8% in last year's second quarter.

Nok Air retired all its old Boeing 737-400s at the end of June and now has 12 Boeing 737-800s and two ATR turboprops.

The airline's second-quarter profit topped the forecasts of several analysts including those at Kim Eng who said the earnings beat their estimate by 11%.

Vitai Ratanakorn, Nok Air's chief financial officer, was upbeat yesterday in his second-half outlook, highlighting greater capacity with two additional Boeing 737-800s joining the fleet, resumption of international service with the start-up of three routes to Myanmar and the ramping up of more frequent flights on lucrative domestic routes.

He told the *Bangkok Post* he envisages Thai airlines cooling down their fare competition in the second half, a circumstance that would improve Nok Air's average fare.

Shares of NOK closed yesterday on the SET at 25.25 baht, up 65 satang, in trade worth 33.4 million baht.