

Nok Air granted rehab go-ahead

Following in Thai Airways' footsteps

DUSIDA WORRACHADDEJCHAI

Low-cost carrier Nok Air has received permission from the Central Bankruptcy Court to embark on the rehabilitation process, with its business plan scheduled to be rolled out by next January.

"Even though Nok Air can reduce accumulative losses, the airline has suffered from the outbreak, which has grounded our fleet for months," said Kasemsant Weerakun, Nok Air's director, adding the company has to shoulder operating costs without the new income.

"The court has the jurisdiction to rehabilitate the company's business. This the only path for us."

On July 30, Nok Air, which has racked up 26 billion baht in debt, filed a rehabilitation petition with the court, becoming the second local carrier after Thai Airways to do so.

Nok Air has 23 billion baht in assets. As part of the rehabilitation process, five people and a company have been nominated to prepare the business rehabilitation plan.

They include Nok Air chief executive Wutthiphum Jurangkool.

One of the key tasks required by the plan is to amend the contracts related to aircraft leasing and maintenance, which account for 40% of the airline's total expenses.

Mr Kasemsant said Nok Air has been granted an automatic stay on payments after the court accepted the rehabilitation petition.

After the petition was accepted by the court, the company held talks with aircraft lessors, who subsequently agreed to ease leasing conditions, such

as by allowing the airline to make rental payments based on aircraft operating hours.

Within the rehabilitation plan, he said, Nok Air needs to form efficient route management approaches.

The company, he said, plans to introduce new routes, including domestic flights between Chiang Mai and Mae Hong Son as well as international flights to other Asean countries, such as the Philippines, and the Middle East.

Nok Air also aims to work with business partners, including car rental companies, to expand the customer base by providing value-added services.

Restructuring the firm, which has 1,500 employees, is also necessary to serve future operations, he said, adding it is also possible to expand the workforce, depending on the airline's future plans.

"Nok Air still has adequate liquidity while the automatic stay helps preserve



Five people and a company have been nominated to prepare Nok Air's business rehabilitation plan.PATTARACHAI PREECHAPANICH

cash flow," said Mr Kasemsant.

The rehabilitation and ensuing automatic stay mean the airline does not have to make debt repayments.

He said Nok Air's load factor is 60-70% on average but travel sentiment is likely to improve in the final two months during high season, when the load factor could climb to 70-80%,

compared with 85% recorded in the same period last year.

Nok Air has resumed all domestic flights to 24 destinations, with flight frequency recovering to 70% of pre-pandemic numbers.

He said the airline's 22 aircraft have been in operations since mid-October.

Nok Air reported a revenue of 3.4

billion baht in the first half of this year, down 47.96% from the same period a year ago. A net loss of 3.75 billion baht was racked up in the first half, up from a loss of 1.18 billion baht from the same period a year earlier.

NOK shares closed yesterday on the SET at 0.56 baht, down one satang, in trade worth 163,820 baht.