

Nok Air: Six months liquidity remaining

DUSIDA WORRACHADDEJCHAI

Nok Air estimates it can sustain its business for another six months, although the uncertain market outlook makes predictions difficult.

The recurrence of virus cases locally is affecting the rehabilitation plan, which is scheduled for submission to the Central Bankruptcy Court on March 15, as the airline has to revise it again, said Wutthiphum Jurangkool, Nok Air's chief executive.

The revision is unlikely to delay the time frame of the rehabilitation process, which started on Dec 15, 2020, when the court's order was published in the *Royal Gazette*.

Nok Air has three months from the announcement date to finish the plan.

The airline and passengers are learning to cope with the virus a year into the pandemic, which makes planning easier to manage, said Kasemsant Weerakun, Nok Air's chief strategic officer.

Predicting passenger demand is harder, as numbers dropped drastically even without a nationwide lockdown order from the government as seen last year.

The airline's load factor dropped to 40% from 80% before the fresh outbreak.

Some routes like Chiang Mai-Khon Kaen and Ubon Ratchathani-Hat Yai were temporarily halted this month.



A Nok Air Boeing 737-800 jet sits at Don Mueang airport.

There are 40 flights per day on average, compared with 120 flights during last year's peak and 160 flights pre-pandemic.

"The airline's liquidity will be sufficient for the next six months, assuming the pandemic situation is unchanged," Mr Kasemsant said. "We think large-scale infections may not continue until February."

Nok Air is one of seven airlines

that requested financial aid from the government.

He said the operating cash flow estimate assumes only the airline's income, not aid.

If virus containment does not succeed by February, Nok Air, which has 1,500 employees, may consider other options to save on costs, such as leave without pay policies, said Mr Kasemsant.

He said apart from sluggish

sentiment, price wars cause difficulties for all airlines.

Nok Air filed a petition against price cutting for low-cost airlines with the Office of Trade Competition Commission at the end of last year, hoping to spark an investigation.

Mr Kasemsant said the aviation industry knows what prices they must charge to stay in business, calculated as the cost per available seat kilometre.

Yet some airlines have set prices below the actual cost, he said.

Once the virus is under control, the government should set up mechanisms to allow the entry of travellers from low-risk countries such as Singapore, China and Taiwan this year to restart inbound tourism, said Mr Kasemsant.

For a full-scale revival of the international market, Thailand may have to wait until next year, he said.

"When everything sorts out, reaching 40-50 million international tourists will not be difficult for Thailand. Airlines are still vital to travel and we have already drafted our position in the rehabilitation plan," said Mr Kasemsant.

He was one of the preparers of the rehabilitation plan and said in the post-pandemic market, the airline aims to extend services to the regional level.

Economic growth in Southeast Asia is key to supporting aviation as the region totals 18 million trips to Thailand each year, said Mr Kasemsant.