

Philippine Airlines to seek Chapter 11 protection from creditors - report

Posted on May 10, 2021 by News Editor



Reeling from a series of severe lockdowns and travel restrictions, PAL Holdings has told lessors that it may file for Chapter 11 bankruptcy protection in the United States by the end of the month, sources told Cirium. The Philippine Airlines (PR, Manila Ninoy Aquino Int'l) parent is reportedly planning to seek court protection from creditors as it undertakes debt restructuring, with a US Chapter 11 filing among the options. It told the Philippine Star newspaper that it would issue an official statement on the issue at the proper time. International law firm Norton Rose Fulbright is working with the carrier as its counsel on the restructuring, the sources said, while New York-based finance specialist Seabury Capital has been hired as an adviser. According to earlier reports, PAL Holdings had around USD5 billion in liabilities, including its outstanding obligations to lessors. The ch-aviation fleets ownership module shows that Philippine Airlines' fleet of 61 aircraft and its subsidiary Air Philippines' fleet of 30 aircraft are made up of a mix of Airbus, Boeing, and De Havilland Aircraft of Canada types. Of these 91, at least 62 are leased, namely six A320-200s, fourteen A321-200s, two A321-200NXs, fourteen A330-300s, six A350-900s, six B777-300(ER)s, and seven of Air Philippines' Dash 8-400s. These 62 aircraft are leased from a range of 22 lessors. About half of the total fleet is currently active, deployed on 64 scheduled routes, 42 of which have three or fewer frequencies per week, according to the ch-aviation capacities module. Reports that PAL Holdings was considering a Chapter 11 filing in New York initially emerged in November 2020. Still, it responded at the time that it had made no decision on the future of the privately-owned flag carrier. In early February 2021, it confirmed that it was implementing "a company-wide workforce reduction programme" to lay off about 2,300 employees, or 30% of the airline's workforce. Philippine Airlines was not immediately available for comment.

