

Thai AirAsia mulls over capital raising options

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Thai AirAsia (FD, Bangkok Don Mueang) is contemplating various options to raise capital, including through a new share issuance and from domestic or foreign banks, as the government remains uncommitted to soft loans promised to local airlines last year, Tassapon Bijleveld, the Chairman of 51%-shareholder Asia Aviation Capital, told The Bangkok Post. The low-cost carrier asked for THB4.5 billion bahts (USD150 million) – the most of the eight airlines that submitted a joint request for soft loans to help them offset the detrimental effects of the COVID-19 pandemic. In total, the carriers requested THB24.15 billion (USD802 million) in five-year low-interest loans. While the government agreed in principle to support the industry, no loans have been disbursed so far. Since the initial request was filed, one of the eight airlines – NokScoot (XW, Bangkok Don Mueang) – has been liquidated. Tassapon said the recent uptick in COVID-19 cases in Thailand had jeopardised the airlines’ planned recovery. The country has been registering less than 20 daily new cases since late April but at the expense of a near-total border closure which has ravaged international tourism. Despite attempts to launch travel bubbles in October, only 346 monthly visitors on average have arrived since then. The embattled Thai tourism and airline industry hit another snag in mid-December when the country started posting triple-digit numbers of new cases. Although still very low by global standards, the surge prompted the government to impose new restrictions on largely restriction-free domestic tourism. “We were just rebounding from the first lockdown last year. Despite hardly any profits, at least we could have had a consistent revenue stream from the domestic market. But this outburst of new cases destroyed us,” Tassapon said. He added that the upcoming Chinese New Year, usually a busy period in the middle of Thailand’s high season, looks to be the “quietest ever”. “Travel sentiment has plunged lower than last year. This is different this time because people are voluntarily skipping their travel plans even without a nationwide lockdown order from the government,” Tassapon said.

