

Newspaper	MALAYSIAN RESERVE
Date	22 MAY 2016

MAB committed to have only 2,000 contracts

Malaysian Reserve - 22/5/2016

by P PREM KUMAR

MALAYSIA Airlines Bhd (MAB) aims to halve the number of contracts from 4,000 to 2,000 under a comprehensive review which would reduce costs.

Datuk Seri Mohd Najib Razak (*picture*) said MAB is presently reviewing all the 4,000 contracts and to renegotiate them based on real market conditions as part of the airline's Recovery Plan.

"The contracts' negotiations aim to tweak the terms and conditions to suit market value," Najib who is the finance minister said in a written reply in Dewan Rakyat yesterday.

Najib was answering the query by Kelana Jaya MP Wong Chen who asked the government's commitment to reduce MAB suppliers to



2,000 companies as proposed by outgoing CEO Christoph Mueller:

"Currently, MAB is still actively

reviewing and negotiating new agreements with existing suppliers to meet the 2,000 contracts objective as planned."

Major MAB suppliers are comprised of aircraft makers, engine manufacturers, fuel suppliers, aircraft maintenance and catering.

Among 10 largest MAB suppliers are Petronas Dagangan Bhd, IATA Clearing House, Malaysia Airports (Sepang) Sdn Bhd, Willis (M) Sdn Bhd, Petron Malaysia Refining and Marketing Sdn Bhd, Kuwait Petroleum International Avia, Shell Malaysia Trading Sdn Bhd, Rolls-Royce Total Care Services Ltd, United Technologies International and Brahim's Airline Catering Sdn Bhd.

Since 1997, the national carrier has undergone four business turn-

around plans. Khazanah Nasional Bhd is currently embarking on a RM6 billion turnaround plan. It hopes to return the airline to profitability by 2018.

Before taken private in end-2014, MAB reported cumulative net adjusted losses of RM8.4 billion from 2001.

Mueller tendered his resignation in mid-April citing personal reasons. He was selected by Khazanah, the sole owner of the airline, after a global talent search. Since taking over, Mueller axed 6,000 employees, revamped the airline's operations and cut several unprofitable routes.

Mueller also managed to get Emirates as a code-share partner with MAS (Malaysia Airlines) to give the national carrier the global connectivity it needs.