

MAS posts RM527m loss in Q2, doesn't expect profit for 2011
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KUALA LUMPUR, Aug 23 — Malaysia Airlines (MAS) today announced a net loss of RM527 million for the second quarter of 2011 due to higher fuel costs despite recording a better yield and a 9 per cent growth in passenger revenue from the same period last year.

This brings total losses in the first half of the year to RM769 million even as the airline said that profit outlook for the second half of the year appears bleak.

Its main regional competitor Singapore Airlines, while also hit by higher fuel costs fared better with a S\$44.7 million (RM108 million) net profit for the same period.

The flag carrier said its group total revenues increased to RM3.485 billion for the second quarter of 2011, or eight per cent more than the RM3.213 billion for the same quarter last year, while passenger revenue was RM2.086 billion for the same period this year compared to RM1.912 billion for the corresponding period in 2010.

"The airline's aggressive and consistent cost-control measures also yielded positive results, with a two per cent reduction in non-fuel-related expenses for 2Q 2011 compared to the same quarter for 2010," the airline said in a statement.

"The Board of Malaysia Airlines does not anticipate to make a profit for the 2nd half of 2011, although the anticipated losses will not be as severe as the first half of 2011," it added.

MAS suffered a net loss of RM242.3 million in the first quarter ended March 31, making it a total loss of RM769.3 million for the first half of the current financial year.

The MAS board had earlier cancelled a press conference to announce the results for what is its traditionally weakest business period. It posted a net loss of RM534.7 million for the second quarter of 2010.

The statement said fuel costs "continued to have the greatest impact to the group's operations, increasing by 41 per cent from RM1.102 billion for 2Q 2010, to RM1.550 billion for 2Q 2011."

The MAS board, meanwhile, will focus on finding strong leadership to steer the airline and is looking to fill the managing director, CEO and key senior management positions.

Other immediate initiatives will include capacity management, dynamic pricing to improve yields, a review of products and brand positioning and a review of Firefly's business to focus on its turbo-prop operations out of Subang.

"The management team shall have a serious review of its current network moving forward, and shall adjust deployed capacity accordingly," said MAS.

The airline will however continue with its fleet renewal exercise and has taken delivery of five new B737-800 aircraft and five new A330-300 aircraft as at mid-August 2011.

The first new A330 Freighter will be delivered in September 2011 and six more aircraft will be delivered in 2011 — two B737-800s, two A330 Freighters and two ATR72s. Beyond 2011,

MAS has a firm order of 38 B737-800s, 10 A330s, six A380s and two A330 Freighters.

The national airline has been flying through turbulent skies the past decade after the government bought back the airline from former corporate high-flyer Tan Sri Tajudin Ramli at RM8 per share or about double the market price at the time.

MAS also suffered the indignity of having its market capitalisation surpassed by younger upstart AirAsia after its share price fell to record lows earlier this year.

In an attempt to bolster the fortunes of the flag carrier, state asset manager Khazanah Nasional Berhad swapped 20.5 per cent of MAS stock for a 10 per cent stake in Asia's biggest budget carrier AirAsia on August 9. The swap enabled AirAsia bosses Tan Sri Tony Fernandes and his partner Datuk Seri Kamaruddin Meranun to sit on the MAS board and will ostensibly help turn it around.

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