

It may be too late to save MAS post-MH370, says Najib
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Datuk Seri Najib Razak has said that it might be too late to save Malaysia Airlines (MAS) in its current form, as the national flag carrier struggles to stay afloat following the disappearance of flight MH370.

In an interview with the The Wall Street Journal (WSJ) published yesterday, the prime minister said that bankruptcy might be among several options as a way to restructure the national flag carrier, after years of losses and bitter conflicts with its labour unions.

"We have to look at it from all angles, bearing in mind that Malaysia Airlines is a government-linked company. It's not a private company, so there are certain repercussions in what you want to do in terms of how it is received by the employees and the general public," Najib (pic, right) told WSJ.

MAS said yesterday that its net loss expanded to RM443.4 million in the first quarter, from a net loss of RM278.8 million in the same period last year.

"The tragic MH370 incident had a dramatic impact on the traditionally weak first quarter performance," the company said in a statement to the Malaysian stock exchange.

It said it saw high numbers of cancellations and a decline in long-haul travel after flight MH370 went missing on March 8.

Since the majority of the passengers travelling on flight MH370 were Chinese, sales in China slumped 60%, added MAS.

Following the announcement, Reuters reported that it was the carrier's worst quarterly loss since October-December 2011. MAS had lost money for the last three years, beset by high costs and stiff competition, the report said.

Acting Transport Minister Datuk Seri Hishammuddin Hussein said yesterday that Putrajaya would not rescue MAS following the airline's dismal performance.

"Is the Malaysian government offering any assistance to MAS? No," Hishammuddin said during a press conference on flight MH370 in Kuala Lumpur yesterday.

Acting Transport Minister Datuk Seri Hishammuddin Hussein (left), seen here with MAS CEO Ahmad Jauhari Yahya, has ruled out the government coming to the airline's rescue. – The Malaysian Insider file pic, May 16, 2014. Acting Transport Minister Datuk Seri Hishammuddin Hussein (left), seen here with MAS CEO Ahmad Jauhari Yahya, has ruled out the government coming to the airline's rescue. – The Malaysian Insider file pic, May 16, 2014. Ahmad Jauhari Yahya, the airline's CEO, told WSJ that he thinks there is still time to revive MAS without an expensive bailout or a move to seek bankruptcy.

"We know what we need to do to get the airline working," he said.

WSJ reported that as with other government-linked firms and civil service, ethnic Malays dominated top management positions at MAS, with non-Malays preferring to work in the private sector.

Ibrahim Suffian, executive director at independent pollster Merdeka Center, told WSJ that MAS was more than just a business.

"It also serves a social and political purpose. When it runs into trouble, it is very difficult for the government to behave in a commercial way," he said.

News of MAS heading down to bankruptcy has created a divide among analysts and the company's employees union. The union's chief, Alias Aziz, told WSJ that since MAS is a

government-linked company, help from Putrajaya should be the way to go.

"We need the government to help us. We need them to help us to serve our customers.

"We're a government-linked company. We should get the help we need," he said.

Analysts, however, told WSJ that MAS needed "tough love", even to the point of allowing it to go through bankruptcy, as Japan Airlines did a few years ago.

"There will be a line crossed where the government will look at it and ask whether they should declare bankruptcy.

"The only way out is creative destruction - kill the airline and rebuild it from scratch," Shukor Yusof, an independent aviation analyst formerly with Standard & Poor's, told WSJ. - May 16, 2014.

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