

We are not closing down MAS for now, says Najib
Malaysian Insider
June 19, 2014

National carrier Malaysia Airlines will not be closed down for now Prime Minister Datuk Seri Najib Razak said today.

Najib said although MAS was incurring losses, the direction of the company is still being reconsidered and any financial implication to the government would depend on the outcome of the due diligence being undertaken by the main shareholder, Khazanah Nasional Bhd, Bernama reported today.

"The government has discussed MAS' dismal financial performance and has asked that the due diligence be carried out soon to identify the reasons behind the losses and the best options to solve them.

"Khazanah, as the biggest shareholder of MAS, has also undertaken studies to evaluate the airline company's past performances and its current status.

"The findings of the study will be presented to the Khazanah board as soon as it is finalised in order to decide on the future direction of the company," Bernama quoted the prime minister as saying in a written reply to Lim Guan Eng (DAP-Bagan) in Parliament today.

The Penang Chief Minister asked Najib whether the suggestion to close down MAS was part of a plan to revive the national carrier which incurred losses amounting to RM4.1 billion since three years ago.

According to Bernama, Najib, who is also Finance Minister, was asked to give a breakdown of the losses recorded for the duration, the negative impact on MAS employees and shareholders and the losses incurred by the government in terms of grant and financial guarantees.

In the prime minister's reply, it was also stated that MAS had recorded a net loss of RM2.52 billion in 2011 following the slump in the aviation, sector especially for cargo service.

He explained that there was an increase in operating costs, especially that of fuel, while non-fuel cost climbed on capacity-related costs, marketing, maintenance and provisions for aircraft that were phased out.

However, Najib said with the implementation of strategic measures under its comprehensive business plan, MAS succeeded in turning around its financial

performance and recorded a net profit of RM431 million in 2012 against a RM2.52 billion loss in 2011, Bernama reported.

Najib said the flag carrier did record a 10% growth in sales to RM15.1 billion for the financial year ended December 31, 2013, versus the RM13.8 billion registered in 2012, adding that the increase could be attributed to an increase in capacity.

"However, MAS still incurred an after-tax loss of RM1.174 billion. This loss was due to higher fuel cost and a weaker ringgit against the US dollar (foreign exchange losses)," he said.

For Q1 this year, Najib said MAS' net losses widened to RM443 million against net losses of RM279 million recorded in the previous corresponding period.

The losses were due to pressure on yields, under-performing non-core activities and negative sentiment on the airline which overshadowed commendable air traffic growth and cost savings, Bernama reported. – June 19, 2014.

Hakcipta © 2013 The Malaysian Insider

Source: <http://www.themalaysianinsider.com/malaysia/article/we-are-not-closing-down-mas-for-now-says-najib>