

SriLankan Airlines reports USD 525m annual loss

-A Monitor Report

Date: 16 May, 2023



Colombo : Sri Lanka's national carrier SriLankan Airlines reported a loss of USD 525 million in the year to March 2023. The yearly loss of USD 525 million has tripled compared to the deficit reported in the previous financial year when demand for air travel plunged following the pandemic-related travel restrictions.

The financial loss reported by the airline for the financial year 2022/2023 is the umpteenth confirmation of SriLankan Airlines' ongoing financial struggles.

In December 2022, the airline failed to repay interests covering a timespan of five years on loans obtained from local financial institutions. Notably, the Sri Lankan National Audit Office (NAO) stated the airline received USD 200 million in 2016/2017 and loan facilities amounting to USD 80.5 million from two different state banks to address short-term

financial needs.

As of March 31, 2021, the total amount due by the SriLankan carrier amounted to USD 196 million. Additionally, during the financial year 2021/2022, the airline secured another loan of USD 75 million.

However, in April 2022, the Sri Lankan government suspended all external debt repayments amid an acute currency shortage and collapsing economic stability. This decision consequently affected SriLankan Airlines' debt repayments since the Sri Lankan government owns 99.56 per cent of the national carrier. Towards the end of December 2022, the airline still owed interest repayments on an unrelated USD 175 million bond, for which SriLankan hoped to be granted a 12-month deferral.

According to the Sri Lankan aviation minister, Nimal Siripala De Silva, the airline is expected to generate USD 500 million from the sale of the airline's ground handling and catering subsidiaries. However, this sum will repay less than half of the airlines' USD 1.2 billion debts. The remaining part will have to be absorbed by the country's treasury. Since April, the Sri Lankan Ministry of Finance has been cooperating with the International Finance Corporation (IFC), a World Bank subsidiary, to divest the state-owned carrier and its two subsidiaries.