

Thai airways plans to double fleet after debt recovery

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Bangkok : Five years after filing for bankruptcy protection, Thai Airways International is planning an ambitious international expansion under the leadership of court-appointed debt administrator Piyasvasti Amranand.

Piyasvasti, who was brought out of semi-retirement in 2020 by then-Prime Minister Prayut Chan-o-cha, was tasked with crafting a rescue plan after the airline suffered annual losses since 2013.

Thai Airways expects to complete its debt restructuring by 2025 and aims to resume stock trading in the second quarter of that year.

A sounder financial footing allowed the airline in 2024 to order 45 Boeing aircraft with an option for 35 more. Flight capacity has been increased.

“Thai Airways’ rapid turnaround is quite astonishing,” said Federation of Savings and Credit Cooperatives of Thailand president Weera Wongsan.

The federation invests in the airline's bonds and stocks.

"Most lenders were prepared for a much longer and more painful recovery timeframe."

The turnaround is reflected in the airline's earnings and global surveys that show its image and service ranking improving. Thai Airways posted net income of 15.2 billion baht (S\$605 million) in the first nine months of 2024, adding to a 28 billion baht profit in 2023. That is a recovery from a record loss of 141 billion baht in 2020 when the Covid-19 pandemic grounded most of its planes.

"The debt rehabilitation accomplishment and earnings jump have significantly strengthened Thai Airways' finances, which has allowed it to return to aggressive expansion mode," said Mr Piyasvasti, a 71-year-old economist.

He was interviewed as industry executives gathered in Singapore on Feb 18 for the Aviation Festival Asia to discuss sustainability, artificial intelligence and passenger loyalty.

He added that Thai Airways is now positioned to take advantage of the post-pandemic travel boom.

It expects its fleet to jump to 143 aircraft in 2029 from 77 as at September 2024, according to its November presentation. It expects to expand to Europe, China, Australia and other international destinations.

Thai Airways forecasts that by 2029, it will carry about 35 per cent of total passengers travelling through Bangkok's Suvarnabhumi International Airport, up from about 26 per cent in 2024.

Still, as post-pandemic pent-up air travel demand slows amid more seat capacity, that "increased competition has pulled down ticket prices", said Investors Association of Thailand president Tiwa Shintadapong.

At the heart of the carrier's recovery plan for Thailand's largest corporate debt crisis was the dismissal of more than half of its 28,000 employees in exchange for about 50 billion baht of new loans and cash, according to Mr Piyasvasti, who was the carrier's president from 2009 to 2012.

The airline's total employees fell to about 13,000 in 2021 before rising

to almost 17,000 in 2024, according to a company presentation. It also sold about 30 per cent of its aircraft in four years until 2023.

“It was a difficult decision to dismiss a large group of our colleagues, many of whom had been with the company for a long time,” said Mr Piyasvasti. He, as head of a three-member debt administrator team, has final say on company decisions.

“But that was the very last option to ensure the survival of the company and remaining employees.”

Mr Piyasvasti also raised cash by selling the airline’s properties and other assets. The move included launching a Bangkok restaurant resembling an airplane that serves in-flight meals. It also generated revenue by allowing people to experience flight simulations.

Thai Airways just completed its 76 billion baht capital reorganisation through a debt-to-equity swop with creditors and a new rights offering.

The fresh cash helped turn the shareholders’ equity into a surplus, allowing the airline to seek the court’s permission for a debt plan exit in the second quarter, according to Mr Piyasvasti.

In 2009, during his first stint with Thai Airways, he pulled the carrier out of financial trouble amid a surge in fuel costs during the global economic slowdown. A year later, it reported a record net income after what at the time were historic losses in 2008.

Two decades ago, he oversaw a restructuring of the country’s power and oil industry when he served as energy minister. Later, as chairman of PTT, the nation’s largest oil company, he orchestrated the listings of PTT and state-controlled power producer Electricity Generating.

Mr Piyasvasti indicated he plans to step back a little from his intense involvement in Thai Airways after the debt rehabilitation exit.

“I will not work any full-time job any more after this,” he said. “I already have had enough after a very tough and demanding time here.”

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