

Thai Airways renegotiates seven lease contracts

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The administrator of Thai Airways' business rehabilitation has agreed with its Class 35 creditors to amend finance or operating lease agreements for seven more aircraft.

This brings the total number of aircraft at Thai Airways with a renegotiated agreement to 53 units.

"The plan administrator is now negotiating on this matter with Class 35 creditors for the remaining four aircraft," Thai Airways said this week.

Going forward, [Thai Airways will exclusively fly Airbus A350, Boeing 787 and 777-300ER aircraft. Thai Smile will remain an A320 operator.](#) All other aircraft, including all A330s and A380s, are to be sold.

The flag carrier leases A350-900s from lessors including Avolon, SMBC AC and Amedeo Air Four Plus. Its 787s are mostly from AerCap, while the 777-300ERs are from many firms including Avenue Capital, Castlake, Aircastle and BOC Aviation.

Thai Airways was forced to enter a court-supervised rehabilitation after reporting its worst-ever net loss, THB141 billion, in 2020.

However, the carrier returned to profit last year. Thai reported a net profit of THB55.1 billion (\$1.7 billion) for the 12 months to 31 December, after a net loss of THB141.2 billion the previous year.

That result, however, was boosted by a THB61.8 billion gain from debt restructuring efforts under the flag carrier's business rehabilitation plan and a THB40.4 billion reduction - 48% - in operating expenses during the year. Without the restructuring gain, the carrier's net profit was roughly zero.

The airline was able to reduce its aircraft leasing costs after agreeing to usage-based payments with most lessors.

In 2021, impairment loss on aircraft, right-of-use assets and spare parts amounted to THB20 billion, a decrease of THB102 billion "due to the reduction in the value of the new right of use by the conditions in the letter of intent (LOI) or new lease agreements with each lessor".

When one-off items and finance costs were excluded, Thai Airways recorded a loss of THB19.7 billion, improved from a THB35.4 billion loss in 2020.

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