

Japan Airlines plans to relist shares in Tokyo

Written by Administrator
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Japan Airlines (JAL) is planning to relist its shares on the Tokyo Stock Exchange as the next step in its recovery from bankruptcy.

The company may sell between 500bn yen (\$6.5bn, ¥4.2bn) and 1tn yen of shares, reports have claimed.

Should the sale go ahead, it would turn JAL into one of the world's biggest listed airlines.

The sale would come as JAL faces a number of issues, such as weaker global demand and more domestic competition.

JAL filed for bankruptcy in January 2010 with more than \$25bn (¥16.1bn) of debt and was granted a government-backed bailout.

After de-listing from the stock market, it cut about a third of its workforce, and trimmed employee benefits and routes. It came out of bankruptcy last year.

The share sale, which could end up being the biggest in Japan since Dai-ichi Life Insurance listed in 2010, would help the government recoup its investment.

A JAL spokesman declined to comment on the size of the share sale, but said that Nomura and Daiwa Securities had been hired to lead the listing.

Tough market?

Some analysts have questioned the size of the planned share sale, warning that global market uncertainty may put off some investors.

At the same time, JAL's future success is far from guaranteed with the company facing increasing competition in its domestic market.

JAL recently announced that it was entering the low-cost market by establishing Jetstar Japan with Australian carrier Qantas and industrial and finance group Mitsubishi.

This puts it up against rivals including AirAsia Japan, a venture between All Nippon Airways and Malaysia-based AirAsia, the region's largest budget carrier.

Another competitor is Skymark Airlines, Japan's biggest low-cost carrier.

However, despite the more crowded market, JAL has done a lot to shore up its finances.

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In the 2010 financial year, JAL posted a record operating profit of 188.4bn yen.

Source : bbc.co.uk