

Jett8 set to expand fleet to 5 in a year

It also plans an IPO in 3-4 years to fund more aircraft later

By VEN SREENIVASAN

(SINGAPORE) Singapore's only privately owned cargo airline plans to raise more cash through an initial public offering within the next few years to pay for more aircraft.

Captain Louis Tan - the founder, chairman and CEO of Jett8 Airlines - announced the IPO plan yesterday at a ceremony marking the official welcome of the airline at Changi Airport.

The airline currently uses one B747-200 dry-leased from strategic partner and investor Nippon Cargo Airlines to fly to four destinations from its Changi base - Hong Kong, Dubai, Manchester and Luxembourg.

'We will be operating five aircraft of the same type within a year,' Cpt Tan said. 'Our network will extend to include China, SE Asia, India, Australasia and Russia. Naturally, Jett8 intends to upgrade to a more fuel-efficient fleet, the B747F or even the B747-8F.'

And Cpt Tan envisages an IPO to fund this fleet upgrading. 'We are looking possibly at 2010 or 2011,' he said, when asked when the IPO was likely to be launched.

In the interim, its existing shareholders - led by Nippon Yusen Kaisha (NYK) Lines of Japan and OCBC Bank's founding shareholders, the Lee family - could inject more capital. NYK and the Lees' private vehicle, Mid City Investments, hold equal shareholdings of 5 million shares each, with the option to purchase more shares in the venture.

The airline started its maiden four-times-a-week service between Singapore and Hong Kong on June 23, just two weeks after getting its air operator's certificate.

Loads ex-Singapore are believed to be well above 70 per cent, while incoming loads are around 60 per cent.

Cpt Tan says he expects the load factor to pick up significantly when he starts services to India and China with the new planes. Jett8's second B747-200 is due to arrive in November, followed by three more in June, July and August 2008.

In a speech at the ceremony, Minister of State for Finance and Transport Lim Hwee Hua noted that logistics was a key pillar of Singapore's economy, accounting for 8 per cent of the Republic's GDP and employing over 100,000 workers.