

Philippine Airlines files for bankruptcy

September 4 2021



Philippine Airlines has said it will file for bankruptcy.

Philippine Airlines said Saturday it was filing for bankruptcy in the United States to slash \$2 billion in debt as it tries to survive an industry gutted by the coronavirus pandemic.

The national carrier of the Philippines said the filing will allow it to

restructure contracts and cut debt by at least \$2 billion while getting \$655 million in fresh capital when it emerges from the Chapter 11 process.

PAL will also downsize its fleet by 25 percent and re-negotiate contracts to reduce lease payments.

"Philippine Airlines will continue business-as-usual operations while finalising the restructuring of our network, fleet and organisation," [senior vice president](#) and chief financial officer Nilo Thaddeus Rodriguez said in a video message.

As part of agreements reached with suppliers, lenders and lessors, Rodriguez said PAL will secure \$505 million to execute the recovery plan. The money will later convert into airline equity and long-term debt.

It will also obtain another \$150 million in [debt](#) funding after it emerges from the restructuring process "in a few months", Rodriguez said.

Philippine air travel volume collapsed by 75 percent from about 30 million passengers in 2019 to seven million last year due to pandemic restrictions, PAL president Gilbert Santa Maria said in the same video.

The carrier cancelled more than 80,000 flights, wiping out \$2 billion in revenue, and let go of 2,300 employees.

Its main shareholder injected more than \$130 million in emergency liquidity and a non-strategic asset was sold for more than \$70 million.

Santa Maria said PAL now operates 21 percent of pre-pandemic flights to 70 percent of its usual destinations.

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