



# Malaysia carrier has had its woes

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The Associated Press

HONG KONG - Within an industry notorious for impoverishing shareholders and irking customers, Malaysia Airlines has stood out for its years of restructurings and losses. The company now has recognition of a far more unfavorable kind after one of its jets disappeared with 239 people aboard.

There has been no suggestion that the unrelenting financial pressures faced by the airline and its 19,000 employees somehow played a role in the disappearance of flight MH370 en route from Kuala Lumpur to Beijing. But the revelation this week that the jet's co-pilot allowed two female passengers to ride in the cockpit for the duration of a flight two years ago has invited scrutiny of the professionalism of top-level staff.

Among Asian carriers, Malaysia Airlines has built a reputation for high-standard service and safety since being founded in 1937, bagging an array of industry awards in recent years for its food, cabin crew and overall service. Its most recent fatal incident was nearly two decades ago, when one of its planes crashed near the Malaysian city of Tawau, killing 34.

Yet the accolades in the past decade have not been sufficient to halt the ebb of customers and revenue to low-cost competitors, mostly notably

to AirAsia founded in 2001 by Malaysian businessman Tony Fernandes. The nimbler discount competitors have expanded rapidly, while Malaysia Airlines has been like a supertanker, slow to change direction.

Travelers are likely to "shun" the airline in reaction to "an incident of such proportion" as a jet vanishing, said Shukor Yusof, aviation analyst at S&P Capital IQ, a division of Standard & Poor's. "It's going to make things even worse," he said.

The company will also suffer as executives focus their attention on searching for the plane and dealing with the international media attention rather than running the business, he said.

Malaysia Airlines lost contact with the Boeing 777 jet less than an hour into a six-hour flight that was scheduled to land in Beijing about 6.30 a.m. on Saturday. After days of contradictory accounts, authorities acknowledged Wednesday they don't know which direction the plane was heading when it disappeared, vastly complicating efforts to find it.

Shares of Malaysian Airlines System, the carrier's holding company, plunged as much as 20 percent Monday. The share price has been on a downward run for a decade that mirrors its financial challenges and today is about a tenth of its value in March 2004.