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UTair May Seek $637 Million in State Support

By The Moscow Times

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A UTair passenger plane retracting its landing gear as it takes off from Moscow's Vnukovo airport.

Troubled Russian airline UTair may apply to receive state guarantees covering up to 40 billion rubles ($636 million) of its 70 billion ruble ($1.1 billion) debt, the company's CEO Andrei Martirosov was quoted by news agency TASS as saying Tuesday.

"There are several options [for a state guarantee], ranging from 18 billions rubles ($286 million) to 40 billion," Martirosov said.

UTair has struggled as Russians scrimp on travel and foreign currency costs rise in ruble terms amid the currency's decline of around 50 percent to the U.S. dollar since last summer.

Martirosov said the company expected passenger volumes to be down 25 percent from last year's 11 million customers. In February the carrier announced it had cut its staff by almost 30 percent in 2014.

The company failed to made a 2.6 billion ruble ($41 million) bond payment in December, and is now in talks with several banks, among them Sberbank and Bank Rossiya, about the terms of restructuring its debt.

Russia's government has debated offering a bailout package to the carrier, Russia's fourth largest airline. At the start of February the carrier was included on a list of companies that could receive funds from Russia's anti-crisis initiative.

Russia's airline industry last year lost an estimated 30 billion rubles ($477 million), according to the Association of Air Transport Operators.

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