



AIRBERLIN UPBEAT DESPITE LOSSES

News / Airlines



There is light at the end of the tunnel for loss-making airberlin, the German airline that is part of Etihad Airways' global alliance network.

Airberlin, the second-biggest carrier in Germany, reported a loss of nearly €450 million (Dh1.87 billion) for last year, but in its most upbeat trading statement for years.

"The underlying fundamentals of our business are now trending in the right direction and we can look forward to further improvements in our trading performance, especially in the second half of this year," said Stefan Pichler, the chief executive.

The increased loss – nearly €70m more than 2014 – arose because of the "protracted and damaging" dispute over codesharing agreements with Etihad; currency hedging policies that meant airberlin missed out the benefits of lower fuel prices; and one-off restructuring costs.

On the codeshare dispute, Mr Pichler said: "Even if the decision by the Lüneburg Higher Regional

Court [the German court that eventually ruled in favour of airberlin] ultimately led to a pleasing outcome for us and Etihad, the months spent in limbo cost us €40m in lost or cancelled sales in the fourth quarter of 2015."

On fuel costs, he said: "airberlin benefited only to a limited extent from the more favour-able kerosene price in 2015 and its fuel hedging transactions, coupled with the sharp decline in the US dollar, meant a missed opportunity amounting to more than €200m."

However, he said: "In 2016 we will benefit from the relatively low cost of fuel in the order of €250m."

On the on-off costs, Mr Pichler said: "This will start to show benefits in our efficiency and cost base in the second half of this year."

The airline was also affected by geopolitical events such as the terrorist attacks in Egypt and Paris.

Mr Pichler was upbeat on current trading: "I am confident that with this sound basis, airberlin will witness an improved trading performance in 2016, thanks to the continued development of our hubs in Berlin and Düsseldorf, a deepening of the commercial relationship with Etihad Airways Partners and oneworld [the global aviation alliance] and by taking advantage of lower fuel prices.

"Etihad is committed to airberlin and we continue to play a key role towards its success. We delivered €140m last year in direct passenger revenues to our major shareholder.

"We have its support for the aggressive and radical restructuring of our business. However, there are still hard decisions to be made, which require the clear support of key internal stakeholders," he said.

But he sees an improvement for the rest of this year and beyond. "Airberlin has made important steps in tackling its cost base, which will reap benefits in 2016 – particularly in the second half of the year – and for the first time in four years we succeeded in increasing the yield significantly."

Last year, total revenue per available seat kilometre increased above the general market trend by a significant 3.7 per cent to 7.31 euro cents. The average fare per passenger increased by 2 per cent to €120.31.

Overall, ancillary revenue rose by 4.2 per cent to €191m, with passenger spending increasing by 9.2 per cent. The most frequently purchased additional services were seat reservations, followed by additional baggage and on-board sales. Airberlin improved average yield significantly, especially thanks to premium offerings such as the 40 additional XL seats in economy class, installed in each long-haul aircraft.

The proceeds from ground and other services rose by 6.3 per cent in €343.9m.

Etihad owns 29 per cent of airberlin, whose shares are traded on the Frankfurt Stock Exchange. The shares were up by 1.3 per cent in early trading after the results.

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