LUFTHANSA PROFITS INCREASE BUT CARGO MAKES A LOSS

News / Airlines, Finance

Lufthansa Group has seen **profit increase** by 262.7 per cent to 1.7 billion euros ($1.9 billion) helped by selling its stake in JetBlue, the **Cargo** division **making a loss** in the third quarter.

The Group says 500 million euros of the 1.7 billion euros profit came from selling its equity stake in JetBlue in the first half of 2015. Revenue for the whole airline in the first nine months of 2015 increased by 7.4 per cent to 24.3 billion euros compared to 22.6 billion euros in 2014. Lufthansa Cargo EBIT halved to 35 million euros between January and September because of weak development from May onwards. In the third quarter, between July and September,Lufthansa Cargo made an EBIT loss of 22 million euros.

Lufthansa chief executive officer and chairman of the executive board, Carsten Spohr says: “We are delighted to be able to present these encouraging results, which confirm that we are on the right track, and that our chosen strategy is having its desired effect.”

Spohr also says the fall in fuel prices is noticeable but Lufthansa will not become dependent on it. He says: “We cannot expect to fly for too long with a tailwind of low oil prices. So we must continue to work hard on the competitiveness of our cost structures. And here we have already identified cost savings of around one billion euros for 2016.”

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Revenue from the Logistics segment, which coversLufthansa Cargo, Jettainer and Lufthansa's stake in Aerologic, dipped by 0.2 per cent to 1.7 billion euros. Freight and mail handled fell by 0.9 per cent in the nine month period to 1.2 million tonnes, though it dropped by 4.3 per cent in the third quarter to 400,000 tonnes. So far in 2015, the load factor has fallen by 3.2 percentage points to 65.8 per cent, with the third quarter seeing a decline of 4.7 percentage points to 62.4 per cent.

Lufthansa says global airfreight was strong in the first quarter of 2015 before losing momentum. it is also facing expanding bellyhold capacity from Middle Eastern and Turkish carriers. In February Lufthansa Cargo received its fifthBoeing 777 Freighter and it plans to cut its Boeing MD-11 Freighter fleet from 14 to 12 at an undefined date in the future. In December 2014 Lufthansa started a joint sales venture with Japanese carrier, All Nippon Airways. The carrier says: "This partnership has already proved its worth after just a few months."

30 OCTOBER 2015

SOURCE: AIRCARGOWEEK
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