RYANAIR HAS LUFTHANSA IN A FLAP AS IRISH BUDGET CARRIER PLANS ROUTES FROM FRANKFURT

News / Airlines, Airports / Routes

Ryanair's plans for its first-ever flights from Frankfurt sparked a bitter response from Lufthansa, which has vowed to fight back against the surprise incursion at Germany's biggest hub.

While Ryanair will begin Frankfurt services with just two jets and four routes, Europe's top discount airline sees potential for a bigger operation there, said David O'Brien, its chief commercial officer.

"We doubled our presence in Germany within three years," Mr O'Brien said. "There is no reason why that pace shouldn't continue. There is great potential for cheap flights from Frankfurt."

Lufthansa hit back by pledging to "react as appropriate" to the intrusion. The chief executive Carsten Spohr said his company's own low-cost Eurowings arm could be drafted in to defend the hub "if there is a need", while warning the airport operator Fraport that he expects to pay the same

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fees secured by the discount giant. Fraport said it is entitled to the saving if it adds new routes.

Ryanair’s plans for Frankfurt may have blindsided Lufthansa after Michael O’Leary, the Irish company’s chief executive, ruled out operations from the airport only last year. "Our boss famously said, ‘We won’t fly to Frankfurt,"’ Mr O’Brien said. "He was wrong."

The looming clash pits Europe’s biggest no-frills carrier against one of the world’s strongest travel brands. Lufthansa’s reputation, though, has proved little defence against a squeeze from low-cost carriers at home and fast-expanding Arabian Gulf operators on lucrative long-haul routes.

Lufthansa has responded by setting up Eurowings as an in-house discounter, although the unit has so far been limited to taking over routes away from Frankfurt, where short-haul flights feed passengers onto longer trips. Services from Munich, the group’s second German hub, will start next year.

Ryanair will start flying from Frankfurt in March using two Boeing 737-800 jets, according to a joint statement from the Dublin airline and Fraport. Initial flights will serve Alicante, Malaga and Palma de Mallorca in Spain and Faro in Portugal on a daily basis, attracting an estimated 400,000 passengers a year. The schedule could be "much bigger" next winter, Mr O’Brien said.

Mr O’Leary has been reviewing Ryanair’s strategy in the wake of Britain’s June 23 vote to quit the European Union, downgrading expansion plans for its biggest market and looking to countries on the mainland for growth. Germany had already gained flights, with the airline opening a base this week in Hamburg, where it has located two planes and added seven routes to take its total to 14.

Route cuts at the unprofitable Air Berlin, Germany’s second-biggest carrier, have encouraged Ryanair to expand, while Mr O’Leary has made it a priority to target major airports as the company seeks to appeal more to business people, who tend to book later and pay more. Frankfurt ranks with London Heathrow and Paris Charles de Gaulle as one of western Europe’s three big hubs.

Ryanair’s previous foothold in the Frankfurt area has been at the low-fee Hahn airport, a converted US military airfield about 100 kilometres from the city. While derided for the distance involved, the airline won the right to advertise its flights as serving Frankfurt-Hahn after a series of court cases.

Fraport failed to raise fees this year for carriers using Frankfurt airport after regulators objected in late 2015. It has refiled the application, which includes incentives for airlines starting new routes. Lufthansa has meanwhile curbed capacity growth at Frankfurt, pledging not to add pilots before the Vereinigung Cockpit union agrees productivity improvements.

New routes attract a discount of as much as 50 per cent in the first year, said the Fraport chief executive Stefan Schulte. That would amount to €300 million (Dh1.22 billion) next year if applied to Lufthansa’s planned schedule, according to Mr Spohr.

Fraport said it expected Frankfurt traffic to stabilise next summer after it upgraded its earnings forecast for 2016 thanks to payments received from projects in St Petersburg and Manila.

The airport operator confirmed on Thursday it expects passenger numbers at Frankfurt airport to fall slightly this year, which would be the first fall in annual numbers since 2009. Passenger numbers are down 1.1 per cent for the year up until the end of October, it added.

raport has been in talks with low-cost carriers and said it expected the 2017 summer season at Frankfurt to show a "stabilising trend to slightly positive".

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It now sees 2016 earnings before interest, tax, depreciation and amortisation of between €1.04bn to €1.08bn, up from a previous forecast for €850m to €880.

Payments from a lawsuit over Manila airport will add around €120m to the net result, while the sale of part of its stake in St Petersburg airport will boost the result by some €35m.

Fraport reported third quarter ebitda of €298.3 million, in line with analyst expectations.

04 NOVEMBER 2016

SOURCE: THE NATIONAL
ARTICLE LINK:
https://50skyshades.com/news/airlines/ryanair-has-lufthansa-in-a-flap-as-irish-budget-carrier-plans-routes-from-frankfurt

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