



RECORD PROFIT FOR INDIA'S JET AIRWAYS

News / Airlines, Finance



Jet Airways on Saturday posted a record quarterly profit for the three months to the end of December thanks to low fuel prices and high passenger numbers, helped by the success of its strategic partnership with Etihad Airways.

The airline declared a net profit of 4.67 billion rupees (Dh252.7 million) for the period, which marked its third consecutive profitable quarter and compares to a profit of 631.1 million rupees in the same months a year earlier.

Abu Dhabi's Etihad bought a 24 per cent stake in Jet Airways for US\$379 million in 2013. The two airlines combined have the largest market share in Indian international traffic.

"It is the first year after eight years that Jet will report an annual profit," said Umesh Mehta, the head of research at Samco Securities in Mumbai. "Because of the low crude price, Jet was able to deliver fantastic returns, but going forward crude prices may not remain at this low level."

Naresh Goyal, the chairman of Jet Airways, attributed the strong quarter to improvements in productivity and efficiency.

In a news release, Jet pointed specifically to the increase in passenger numbers and a rise in aircraft use that helped to improve the carrier's financial performance in the quarter. Jet's total revenue for the period was \$863m.

Jet's aircraft fuel expenses fell by 27 per cent from a year earlier, its figures showed.

Jet added that its "partnership with Etihad Airways further strengthened, underpinning a surge in codeshare traffic, which grew by 86 per cent".

The Etihad chief executive James Hogan, who is the vice chairman of Jet, said: "We remain committed to providing solid support and driving further synergies between the two partners."

The number of passengers carried by Jet increased by 19.5 per cent to 19.1 million passengers in the nine months to the end of December, while earnings before interest, taxes, depreciation and amortisation increased more than tenfold to \$230m.

Abhimanyu Sofat, the co-founder of Advisesure, an investment advisory firm, said that Jet's partnership with Etihad was a "win-win" situation for both airlines, driving traffic from across India through Abu Dhabi to markets including North America. "Abu Dhabi became a hub for Jet's international flights, and also they needed money at that point of time," he said.

India is Abu Dhabi's largest source market for tourists internationally.

Mr Sofat noted that management changes at Jet Airways were creating some uncertainty, with a report in the Economic Times on Saturday, stating that Jet was planning to overhaul its management structure. Cramer Ball in December announced his resignation as Jet's chief executive, effective from the end of this month, and will join the Etihad-affiliated Italian airline Alitalia as its chief executive.

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