

Norwegian cuts back on growth after turbulent year

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Low-cost airline Norwegian Air Shuttle has been hit by a period of financial turbulence after years of unbridled expansion

Struggling low-cost airline Norwegian Air Shuttle said Thursday it would sacrifice growth in a bid to return to profitability after posting losses for

the second year in a row.

Norwegian, Europe's third budget airline behind Ryanair and Easyjet, has been hit by an extended period of financial turbulence after years of unbridled expansion.

It announced a net loss of 1.46 billion kroner (\$170 million, 150 million euros) in 2018, after dropping 1.79 billion kroner the previous year.

"The company was hit by several unforeseen challenges during 2018. Continued tough competition and high jet fuel prices affected the results, in addition to significant costs related to Rolls Royce engine issues on the Dreamliners," the company said in a statement.

"Going into 2019, Norwegian's growth and investments will decrease considerably, and a series of initiatives have been undertaken to return to profitability this year."

Growth in its passenger carrying capacity would be cut from 37 percent in 2018 to just nine percent this year, the airline said, after it spent big on new services, especially long-haul routes, with a large and costly order book of planes, some of which it is trying to sell or delay.

The announcement comes after a troubled few months for the budget airline, which said last week it would sell new shares to raise three billion kroner to meet its financial obligations.

In January, British Airways parent company IAG, which holds four percent of Norwegian, decided against making an offer for the airline.

And in December, Norwegian announced a restructuring plan designed to save around 200 million euros, with some routes and bases being closed.

After the announcement on Thursday, shares slid more than five percent to 1.21 kroner in late morning trading in Oslo, bringing its total downturn to 30 percent since the start of the year.

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