

Lufthansa warns airport capacity to squeeze growth

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Lack of spare capacity at airports and in the sky will limit growth, Lufthansa warned Thursday

Lufthansa, Europe's largest airline group, said Thursday that capacity bumping up against limits at overcrowded airports would hem in growth this year as it reported that its bottom line fell in 2018.

Net profits at the Frankfurt-based group amounted to 2.2 billion euros

(\$2.5 billion), down 8.0 percent year-on-year.

Disruption to air traffic, higher fuel costs and the pricey acquisition of large parts of defunct competitor Air Berlin all weighed on the result, Lufthansa said, outweighing a 6.0-percent boost in revenues to 35.8 billion euros.

Looking ahead to 2019, Lufthansa's executives said they had cut back their targets for [capacity](#) growth, or increasing the number of seats available, as infrastructure bottlenecks at airports and [air traffic control](#) make adding new flights a challenge.

In summer, capacity will be 1.9 percent higher than last year—half the increase previously announced.

Over 2019, Lufthansa expects revenues to grow by between four and six percent.

But it sees its [operating margin](#) likely slipping from the 7.9 percent recorded in 2018, giving a range of 6.5 percent to 8.0 percent for 2019.

Fuel prices are expected to rise further this year after rising 850 million euros in 2018, when the group also booked 518 million in costs for delayed and cancelled flights.

Finance director Ulrik Svensson promised to "further enhance our cost efficiency" after achieving the third annual reduction in outlays in a row.

2018's result was also burdened by 170 million euros over the first three quarters from the integration of Air Berlin into Lufthansa's low-cost arm Eurowings—a process the group says is now complete.

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