

Lufthansa hits Q1 turbulence from rising fuel costs

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Europe's largest airline group Lufthansa had an adjusted operating loss of 336 million euros in the first quarter of 2019

Shares in Lufthansa tumbled as markets opened Tuesday before

rebounding, after Europe's largest airline group blamed a steep first-quarter operating loss on rising fuel prices.

After dropping almost five percent at open, Lufthansa stock was down around 0.7 percent by 10:20 in Frankfurt (0810 GMT), trading at 21.93 euros (\$24.80).

Late Monday the Frankfurt-based group had issued preliminary first-quarter results, revealing an adjusted operating loss (EBIT) of 336 million euros.

In the same period in 2018, the European airline giant had posted a positive bottom line of 52 million euros.

But increased competition in Europe and a higher [fuel](#) bill bit into the opening months of 2019.

Lufthansa said their [fuel costs](#) were 202 million euros higher year-on-year, while sales increased three percent to 7.9 billion euros.

The group spent 6.1 billion euros on fuel last year, 850 million euros more than in 2017—and costs are set to rise another 650 million this year.

Lufthansa recalled that in their 2018 annual report they had already warned "earnings for the first quarter of 2019 were likely to be down" from the previous year.

The group said competition had intensified following the disappearance of Germany's number two airline Air Berlin—although Lufthansa itself absorbed much of the defunct carrier.

"Unit revenues for the period were down significantly" at both its

traditional carriers and low-cost arm Eurowings, it said, adding that "market-wide overcapacities in Europe" squeezed fares.

Lufthansa is eyeing lower profitability over the remainder of the year, with an expected adjusted EBIT margin of between 6.5 and eight percent, compared to 7.9 percent in 2018.

However, "we are seeing good booking levels for the quarter ahead," said Lufthansa's Chief Financial Officer Ulrik Svensson.

"At the same time, we have substantially reduced our own capacity growth" in response to airports and air traffic controllers approaching their limits in handling the volume of flights.

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