

Air Canada misses earnings forecast due to 737 MAX grounding

October 29 2019



Despite strong earnings, Air Canada says its operations have been disrupted by the grounding of its fleet of Boeing 737 MAX jetliners

Air Canada on Tuesday posted record operating revenues and strong

earnings, but missed forecasts, which it blamed on the grounding of Boeing's 737 MAX jetliners over the past eight months.

The nation's flagship carrier was forced to idle its 36 MAX aircraft in March following an Ethiopian Airlines crash that killed 157, and after a MAX operated by Indonesian carrier Lion Air plunged into the Java Sea months earlier, killing all 189 aboard.

Boeing's entire global fleet of almost 400 MAX planes has been out of service ever since.

Air Canada said in its third quarter report that it does not expect to return its MAX planes into service until at least mid-February.

But it also declined to adjust its long-term financial targets, saying it remains hopeful that the grounding of the MAX planes will soon be lifted.

In a statement, Air Canada president Calin Rovinescu said the MAX grounding has caused "serious disruption to our operations and to our cost structure."

"The removal of a scheduled 36 737 MAX aircraft during our peak summer season exacted a toll from a financial, route, product, and human resources perspective and the grounding is preventing us from realizing our full potential," he said.

In the third quarter, Air Canada posted revenues of Can\$5.5 billion (US\$4.2 billion), up from Can\$5.4 billion a year earlier.

Its net profit of Can\$636 million (US\$487 million) or Can\$2.27 (US\$1.74) per share in the three months ended September 30, however, was down from Can\$702 million and missed analysts' expectations of

Can\$2.35 per share.

To ensure Air Canada has sufficient capacity over the upcoming winter, it said it has leased two Airbus A330 aircraft.

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