

Lufthansa seeks state aid to secure 'solvency'

April 23 2020



Losing a million euros in reserves per hour

German airline giant Lufthansa said Thursday the group was in "intensive negotiations with the governments of its home countries... to sustainably secure the group's solvency", as it reported a 1.2-billion-euro operating loss in the first quarter.

"The business outlook, existing multi-billion liabilities... and refunds of cancelled tickets as well as upcoming repayments of financial liabilities" will make state bailouts indispensable, the group said in a statement.

But bosses are "confident" that talks with national capitals—including in the home countries of subsidiaries Brussels and Austrian Airlines and Swiss—"will lead to a successful conclusion".

Preliminary results showed Lufthansa's revenues fell 18 percent year-on-year in January-March, to 6.4 billion euros (\$6.9 billion).

In March alone, sales fell almost 50 percent, or 1.4 billion euros.

On top of the 1.2-billion-euro plunge in adjusted [operating profit](#) before interest and taxes (EBIT), Lufthansa "expects crisis-related asset impairments and the negative development of the value of fuel hedges to have a further significant negative impact" on first-quarter profits, it added.

The group will publish full financial results in "the second half of May", postponing the release from April 30.

And with its flight plan slashed to a bare minimum, Lufthansa "expects a considerably higher operating loss in the second quarter compared to the first quarter", eating still further into its 4.4-billion-euro cash buffer.

Last week, Lufthansa said its emergency flight plan would remain in effect until at least May 17, while earlier in April chief executive Carsten Spohr said it would need state aid to survive.

The group was carrying fewer than 3,000 passengers daily compared with a pre-pandemic average of around 350,000 a day, Spohr said.

"We are losing about a million euros in liquidity reserves per hour. Day and night. Week by week," he added.

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