

Finnair to cut 1,000 jobs as coronavirus end 'not in sight'

August 25 2020



Credit: Pixabay/CC0 Public Domain

Finnish national carrier Finnair announced plans Tuesday to cut 1,000

jobs, or 15 percent of its workforce, amid dire warnings about the economic impact of the coronavirus.

"A rapid turn for the better in the pandemic situation is unfortunately not in sight," chief executive Topi Manner said in a statement.

"Our revenue has decreased considerably and that is why we simply must adjust our costs to our new size," Manner said.

Scandinavian rival SAS posted a sharp loss in its third quarter profit meanwhile, as cost-cutting measures including around 4,800 job cuts failed to offset the huge drop in airline traffic.

The 1,000 job cuts at Finnair will not apply to cabin and flight deck crew, the airline said, although flying staff will remain on furlough "until further notice".

The vast majority of its 6,700 employees are currently on temporary layoffs.

Alongside [job cuts](#), the carrier will make other structural changes and on Tuesday updated its savings target from 80 million euros (\$94 million) to 100 million euros.

Finnair, which is majority owned by the Finnish state, cut 90 percent of its flights on April 1 and issued a profit warning as coronavirus restrictions pounded international travel.

The company has been particularly hard hit by the drop in long-haul traffic, with flights between Helsinki and Asia a key part of the group's growth strategy.

The carrier sold 500 million euros' worth of shares in June to boost

liquidity.

Finland's government further tightened coronavirus travel restrictions last week, banning tourists from all but a handful of EU member states.

In Stockholm, SAS said that its third quarter that runs from May through July, ended with a net loss of 2.37 billion kronor (228 million euros, \$270 million), more than reversing the profit of 1.2 billion kronor earned during the same period a year earlier.

"Despite our immediate measures to reduce costs to adapt to a new reality, the cost reduction of 67 percent did not offset the sharp decline in revenue" that was triggered by the coronavirus pandemic, a statement said.

SAS revenues plunged by more than 80 percent to 2.5 billion kronor, and the number of passengers was down by 86 percent.

The airline furloughed around 90 percent of its staff in mid-March, and said in April that around 40 percent of its positions, or 4,800 [jobs](#), would be eliminated.

© 2020 AFP

Citation: Finnair to cut 1,000 jobs as coronavirus end 'not in sight' (2020, August 25) retrieved 17 April 2024 from <https://techxplore.com/news/2020-08-finnair-jobs-coronavirus-sight.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.