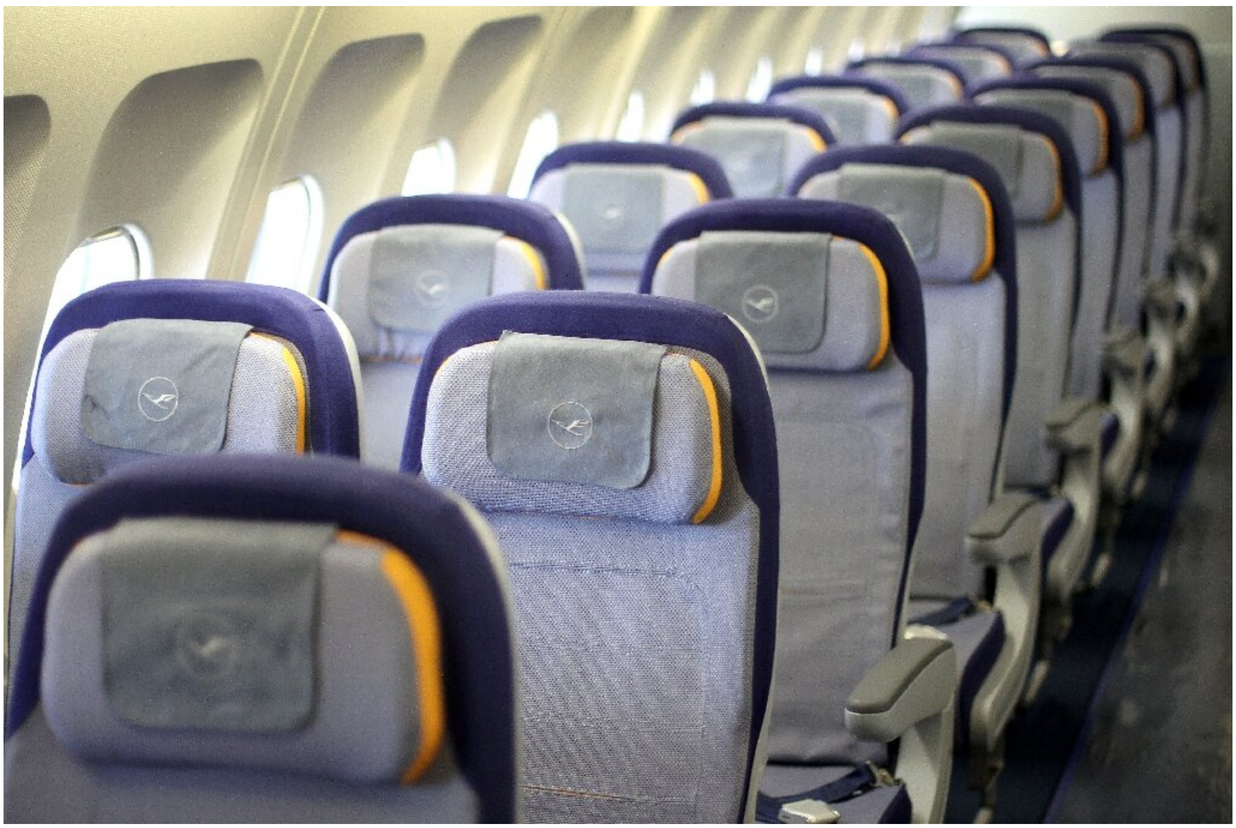
# Lufthansa warns of forced layoffs on virus turbulences

August 6 2020, by Yann Schreiber



Passenger numbers dropped 96 percent in the second quarter for Lufthansa

German airline giant Lufthansa said Thursday that demand for air travel will return to pre-crisis levels only in 2024 or even later as it announced forced layoffs on the back of a significant loss.

Net loss hit 1.5 billion euros ($1.7 billion) in the second quarter as the coronavirus pandemic slammed the brakes on travel.

The airline carried around 1.7 million travellers during the three months to the end of June—a 96 percent drop from the same period last year as lockdowns to slow the spread of the coronavirus curtailed air travel worldwide.

The results are "the worst quarterly results in Lufthansa's 65-year history," said the flag carrier's chief executive Carsten Spohr, as the airline warned of a "clearly negative" operating loss in the second half of 2020.

Quarterly revenue nosedived 80 percent to 1.9 billion euros for Lufthansa Group, which also includes Austrian Airlines and Swiss. In the second quarter of last year, Lufthansa reported revenue of more than 9.5 billion euros.

Most of the revenue—1.5 billion euros—was generated by Lufthansa Cargo and its services company Lufthansa Technik.

## Empty skies

With air travel expected to remain heavily disrupted in the coming years, Lufthansa warned that it would have to make painful job cuts.

The group, which received a government bailout worth 9 billion euros, had announced in June that 22,000 jobs would have to go.

Although it said then that it would use schemes for shorter work hours and other crisis arrangements to avoid outright redundancies, the company said Thursday that this was now "no longer realistically within reach for Germany".

This is due to "market developments" and "disappointing" negotiations with unions on pay cuts and part-time work.

An agreement avoiding redundancies for cabin crew is currently being put to a vote by the employees.

For ground staff, discussions will continue on Friday, announced the Verdi union, calling on Lufthansa to avoid wage cuts "that threaten the existence of employees".

Eight thousand employees have already left the group, mainly in other countries, and 75,000 employees were on short-time working in June, Spohr said.

"We are experiencing a caesura in global air traffic," he added.

## Turbulent future

In June, Lufthansa secured a 9 billion euro bailout from the German government, which now has a 20 percent stake in the group.

The airline said it now has 11.8 billion euros in liquidity, including government funds.

The group said it has so far reimbursed around 2 billion euros to customers in 2020 due to cancelled flights.

The company now has sufficient funds for "at least 12 months," Spohr said, signalling that "aviation has recovered in the past; it can and will do so again".

In the fourth quarter of 2020, Lufthansa said it wants to bring its short- and medium-haul services up to the 55 percent level and 50 percent for its long-haul services, compared with an average of 20 percent in July. In 2021, the airline said it hoped to reach two-thirds of its pre-crisis services.

The company said its fleet will be permanently reduced by at least 100 aircraft, and its 2024 capacity will correspond to that of 2019. Lufthansa's current fleet numbers 760 aircraft.

Lufthansa previously said it would reduce its use of Airbus A380s and Boeing 747s.

With borders slamming shut and strict restrictions placed on arrivals, the entire aviation sector is facing its biggest crisis ever.

Fraport, which runs Frankfurt Airport, Lufthansa's main hub, said this week it plans to cut 3,000 to 4,000 jobs—as much as one-fifth of its workforce.

Passenger traffic at Frankfurt, Germany's busiest airport, fell 94.4 percent year-on-year in the second quarter of 2020 compared with last year.

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