

Pent-up travel demand helps Lufthansa halve losses

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Lufthansa is beginning to patch up its losses.

German airline Lufthansa said Thursday it halved its losses in the second quarter compared to a year ago, as travel restrictions eased over the coronavirus pandemic and passengers returned.

Europe's largest airline group said its net loss between April and June came in at 756 million euros (\$890 million) compared with 1.5 billion euros last year, when travel worldwide was halted by Covid-19.

Increased bookings saw the company record a positive cash flow in the second quarter for the first time since the start of the health crisis.

"We have been able to stop the outflow of funds in the current phase of reviving our business and generate a positive cash flow for the first time since the beginning of the pandemic," said chief executive Carsten Spohr.

"In June alone, the number of bookings was more than twice as high as at the beginning of the quarter," the company said.

Lufthansa said it still expected to operate at 40 percent of its pre-crisis capacity this year, leaving its projection unchanged.

Flight capacity will increase to 50 percent in the third quarter, on the back of continued recovery in demand in Europe, increased business travel and the opening up of further markets, such as North America.

Following an announcement from the United States that the country would begin to allow vaccinated foreigners to travel to the country at some point, Spohr said in a conference call that Lufthansa was planning on the change to be implemented at the "end of September".

In terms of the risk posed to the business by the spread of the more-infectious Delta variant, Spohr said that the progress of the vaccination campaign was "more important" for the sector.

As a result, Lufthansa expects to book positive operating, or underlying, profit later this year on its path back into the black.

Earnings before interest, tax, depreciation and amortisation (EBITDA), a yardstick closely watched by analysts, was still severely negative in the second quarter, with the company registering a loss of about 400 million

euros in the second quarter.

Lufthansa, which also includes Austrian, Swiss and Brussels Airlines, was saved from bankruptcy last June by a German government bailout.

Lufthansa's chief financial officer Remco Steenbergen said the company was discussing with investors about how to raise the capital needed to pay down the state aid the group received, and said the final figure would be "significantly less" than the 3 to 4 billion euros previously mooted.

The company is in the throes of a painful restructuring to slash costs that will include thousands of job cuts, with 30,000 already axed since the start of the pandemic.

As part of the recovery plan, the airline will slash its current fleet of 800 aircraft to 650 by 2023.

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