

British Airways parent IAG flies back into annual profit

February 24 2023



IAG, the owner of British Airways and several other airlines, is back making profits.

IAG, owner of British Airways and Spanish carrier Iberia, announced Friday a return to profit in 2022 as the global aviation sector reopened from COVID lockdowns.

Net profit came in at 431 million euros (\$457 million) last year compared with a loss after tax of 2.9 billion euros in 2021, IAG said in a statement.

"2022 was a year of strong recovery, driven by sustained leisure demand and markets reopening," said IAG chief executive Luis Gallego.

"At this point of the year we continue to see robust forward-bookings, while also remaining conscious of global macro-economic uncertainties."

Gallego added that IAG would look to return to much higher pre-COVID profit levels "within the next few years".

The group has restored 87 percent of its 2019 flying capacity.

IAG, whose airlines also include small European carriers Aer Lingus and Vueling, announced Thursday the acquisition of Air Europa for 500 million euros from the Spanish company Globalia.

"With the acquisition of Air Europa now agreed but subject to regulatory and other approvals which could take around 18 months, we are intending to welcome another leading airline to the group," Gallego said Friday.

"This acquisition will enable us to grow Madrid as a hub, offering a gateway to Latin America and beyond, with benefits for customers, employees and shareholders."

IAG collapsed into annual losses in 2020 and 2021 as COVID grounded planes, forcing BA and its peers to slash thousands of jobs.

That has left airlines and airports struggling to recruit enough staff as travel demand recovers strongly.

IAG said it recruited 7,400 colleagues last year after axing about 10,000 on COVID fallout.

It plans 4,100 new jobs this year, the company said Friday.

Group revenue meanwhile surged to 23 billion euros last year after 8.5 billion euros in 2021, helping to offset soaring jet fuel costs following the invasion of Ukraine by major energy producer Russia.

"Compared to recent years, IAG is flying high as the return to... normality continues apace," said Richard Hunter, head of markets at Interactive Investor.

"However, the path to full recovery is a long-haul journey."

Hunter added that IAG "has a major task in repairing its balance sheet after the pandemic tore through revenues and forced the group into substantial borrowings".

Shares in IAG slumped 6.5 percent, making it the biggest loser in afternoon trading on London's top tier FTSE 100 index.

The results update comes after European rival Air France-KLM last week said it had bounced back from two years of massive losses.

© 2023 AFP

Citation: British Airways parent IAG flies back into annual profit (2023, February 24) retrieved 16 April 2024 from <https://techxplore.com/news/2023-02-british-airways-parent-iag-flies.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.