

Lufthansa warns on 'damaging' strikes, as 2023 profits double

March 7 2024, by Sam Reeves



It was the second straight year of profits.

German airline giant Lufthansa warned Thursday about the "damaging" impact of a wave of industrial action at the start of this year, as it reported 2023 profits doubled on booming demand.

The group racked up a net profit of 1.67 billion euros (\$1.82 billion), substantially higher than a figure of 791 million euros in 2022.

It marks a second straight year of profits for the group—whose carriers include Lufthansa, Eurowings, Austrian, Swiss and Brussels Airlines—after two years of losses due to pandemic-related border closures.

Revenues increased 15 percent to over 35 billion euros, while a total of 123 million passengers flew with the group's airlines, up 20 percent from the previous year, although still below pre-pandemic record levels.

But Lufthansa, one of Europe's biggest airline groups, warned that a series of recent walkouts by workers pushing for higher pay to combat inflation would hit the company's bottom line.

"The uncompromising strikes... are damaging our guests, the company and ultimately our employees," personnel chief Michael Niggemann said, urging the powerful union Verdi to suspend industrial action and engage in "constructive" talks.

The group warned that losses in the first quarter—a traditionally quieter time for air travel—would be higher than in the previous year due partly to the impact of the strikes.

The latest walkout began early Thursday, with Lufthansa ground staff kicking off a nationwide, two-day strike, which is set to cause major disruptions. Ground staff had already staged a walkout in February.

Another union representing cabin crew has also set the stage for action the coming days, with members voting overwhelmingly for a strike though dates have not yet been set.

Unions insist their demands are fair at a time the airline is racking up huge profits.

While the company reports good results and "bonuses for board members will be increased substantially.... employees on the ground, with hourly wages of 13 euros in some cases, no longer even know how to make ends meet in the most expensive cities in Germany," said Verdi negotiator Marvin Reschinsky earlier this week.

Post-pandemic rebound

Like other airline groups, Lufthansa was hit hard when the coronavirus shut down global air travel and it had to be bailed out by the German government in 2020.

But the company has rebounded strongly as demand roared back when lockdowns were lifted.

In its outlook for this year, the group said it expects sales to increase significantly and operating profit to be on the same level as 2023.

Lufthansa is planning to pay shareholders a dividend this year for the first time since 2019, before the pandemic.

The airline has also faced problems with hiring staff, as it raced to replace staff that were let go or quit during the pandemic.

The group said it plans to hire 13,000 staff this year, after the same number were recruited last year.

Elsewhere, Lufthansa's bid to acquire a stake in Italy's ITA Airways has hit turbulence after the European Union's antitrust authority opened an investigation into the plan, fearing it could hurt competition.

Lufthansa last year agreed to pay 325 million euros for a 41 percent stake in ITA, with the Italian finance ministry also contributing 250 million euros as part of the capital increase.

The deal provided the German company various options to increase its stake or acquire ITA Airways outright at a later date.

Lufthansa struck an upbeat tone about the deal Thursday, saying it was "expecting the EU Commission's approval... over the course of this year".

The group is "working closely and constructively with the EU Commission to achieve a swift conclusion and subsequent implementation of the transaction," it added.

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