

Lufthansa issues profit warning, launches 'turnaround'

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Lufthansa is facing turbulence after a weak second quarter.

German airline giant Lufthansa slashed its 2024 profit forecast Friday after a weak second quarter and launched a "turnaround" plan for its flagship carrier, which it warned might not break even.

It was further evidence of renewed turbulence at one of Europe's biggest aviation groups, which has been on the back foot in recent months as a post-pandemic bounce peters out.

The group said in a statement it now expects operating [profit](#) of 1.4-1.8 billion euros (\$1.5-\$1.9 billion) for the year, down from a previous estimate of around 2.2 billion euros.

Second-quarter operating profit was 686 million euros, tumbling almost 40 percent from a year earlier, according to preliminary figures for the group, whose airlines include Lufthansa, Eurowings, Austrian, Swiss and Brussels Airlines.

Nevertheless, the result was slightly higher than the 646 million profit predicted by analysts surveyed by financial data firm FactSet.

Flagship carrier Lufthansa saw its profits fall particularly sharply due to poor market conditions, inefficient flight operations and delayed aircraft delivery, the statement said.

"It is becoming increasingly challenging for Lufthansa Airlines to break even for the full year," the group said.

"To counteract this, a comprehensive turnaround program is being launched," it said, without giving further details.

Lufthansa's shares were down more than two percent in Frankfurt after the results were published.

Stormy skies

Earnings for the group's other passenger airlines as well as its cargo and maintenance businesses were expected to be broadly at the previous

year's level, and in some cases higher, it said.

More information on the financial outlook will be released alongside its final results for the [second quarter](#) on July 31.

Lufthansa had to be bailed out by the German government during the coronavirus pandemic but rebounded strongly when demand roared back, racking up healthy profits last year and in 2022.

But the airline giant is now facing multiple challenges.

The group reported a hefty first-quarter loss after facing a wave of walkouts as staff pushed for higher pay to compensate for elevated inflation.

The strikes have ended now after Lufthansa agreed on deals with key unions, although the group previously warned the impact would also overshadow the second quarter.

The Hamas-Israel war and broader tensions in the Middle East have had an impact, forcing Lufthansa on occasion to suspend flights to and from several destinations in the region.

Last month the group said it would introduce an environmental charge for fares in Europe to cover [additional costs](#) from increasing EU climate regulations, particularly rules related to sustainable aviation fuel.

It will be hoping for a boost from the acquisition of a stake in ITA Airways, created from the ashes of Alitalia. The EU this month gave conditional approval for the deal following a probe over concerns it could hurt competition.

Lufthansa's major European rival, Airbus-KLM, has also struggled this

year, losing 522 million euros in the first quarter on rising costs and geopolitical tensions despite a higher number of passengers and higher ticket prices.

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