Struggling Abu Dhabi's Etihad posts fourth year of losses

March 5 2020

Abu Dhabi's struggling Etihad invested heavily in carriers around the world and faces still competition from regional rivals

Abu Dhabi's struggling carrier Etihad on Thursday posted a $870 million loss for 2019, its fourth year in the red, and said its restructuring plan still has "some way to go".

The latest loss compared to a shortfall of $1.28 billion in 2018, dropping by a third thanks to significant cuts in spending, the company said in a statement.

In the previous three years, Etihad accumulated total losses of $4.67 billion mainly because of failed massive investments in global airlines, some of which went bankrupt.

"Operating costs were reduced significantly last year," said Tony Douglas, CEO of Etihad Aviation Group.

Much progress had been made since 2017 under a restructuring plan but "there is still some way to go", he added.

Etihad invested heavily in carriers around the world including Alitalia, airberlin, Air Seychelles, Virgin Australia and India's Jet Airways, some of which have faced financial difficulties, causing Etihad heavy losses.

Established in 2003 by the oil-rich emirate of Abu Dhabi, Etihad also faces stiff competition mainly from regional rivals Dubai's Emirates Airline and Doha-based Qatar Airways.

The hard times have forced the airline to sharply reduce its orders from Airbus and Boeing, cancelling dozens of aircraft in the process.

Etihad said that last year it continued its fleet renewal programme and took delivery of additional fuel-efficient aircraft, including eight Boeing 787-9s and three Boeing 787-10s, while retiring its Airbus A330s from the mainline fleet.

By the end of last year, the carrier had a fleet of 95 passenger aircraft including Airbus A-380 superjumbos and Boeing 787 Dreamliners, in addition to six cargo aircraft, with 76 destinations served around the

globe.

In a cost-cutting measure, Etihad in December signed an agreement with Seattle-based aviation finance company Altavair and investment firm KKR for the sale of the retired Airbus A330 fleet, and the sale and lease-back of the airline's in-service Boeing 777-300ER aircraft.

Etihad transported 17.5 million passengers last year compared to 17.8 million passengers in 2018.

Its revenues in 2019 dropped to $5.6 billion from $5.9 billion the previous year—far below the $9 billion it posted in 2015 before the troubles started.

© 2020 AFP

Citation: Struggling Abu Dhabi's Etihad posts fourth year of losses (2020, March 5) retrieved 25 April 2024 from https://techxplore.com/news/2020-03-struggling-abu-dhabi-etihad-fourth.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.