

Lufthansa to halve flight capacity over virus

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Lufthansa will slash capacity in half in the coming weeks

German airline giant Lufthansa said Friday it would slash capacity by half in the coming weeks, as the group battles "drastic declines in bookings and numerous flight cancellations" prompted by the novel coronavirus.

"Based on further demand development, capacity will be reduced by up to 50 percent in the coming weeks," Lufthansa said in a statement, after earlier announcing it would cut one in four flights.

The carrier's shares closed slightly lower in Frankfurt, shedding 0.2 percent to trade at 11.48 euros (\$13), but still outperforming the overall blue-chip DAX index, which was down 3.4 percent.

Lufthansa with subsidiaries like Eurowings, Swiss and Austrian Airlines has announced deep cuts in its timetable this week as the effect of the COVID-19 disease began to bite.

It will not fly routes to China and Iran until late April, while Israeli restrictions on non-resident arrivals from some EU countries prompted it to scrap flights to the Jewish state until March 28.

Capacity equivalent to 150 planes was already grounded, 25 of them from the long-haul fleet.

On Thursday, Lufthansa said its previously-announced 25-percent capacity cut would mean 7,100 flight cancellations around Europe through to the end of its winter timetable on March 28.

Many of the cancellations will fall on high-frequency German domestic services to cities like Berlin and Hamburg from the group's Frankfurt and Munich hubs.

The group is also looking into temporarily taking "the entire Airbus A380 fleet" out of service in Frankfurt and Munich, amounting to 14 aircraft.

Meanwhile, "a second focus of the route cancellations" was Italy, with cities including Milan, Venice and Rome affected, and other countries around Europe also hit.

The Lufthansa group said it had instituted a hiring freeze, offered unpaid leave and is considering slashing workers' hours "to avoid dismissals".

The group is due release its 2019 results on March 19 and will likely face questions over the expected financial impact of the epidemic at the annual earnings news conference.

Lufthansa however cautioned that it was "not yet possible to estimate the burden on earnings" from the virus fallout.

The International Air Transport Association (IATA) recently warned the total revenue impact on the industry could be in the range of \$63-\$100 billion.

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