

Virus endangers 'future of aviation' without state aid: Lufthansa

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The chief executive of German airline giant Lufthansa warned Thursday that governments might need to save the industry from the coronavirus crisis, as "drastic cutbacks in flight operations" have grounded over 90 percent of its planes.

Some 700 of Lufthansa's 763 aircraft are "temporarily parked" following massive reductions in its flight operations over the coming weeks.

"The longer this crisis lasts, the more likely it is that the future of aviation cannot be guaranteed without state aid," chief executive Carsten Spohr said.

The International Air Transport Association said Thursday up to \$200 billion could be needed worldwide to rescue airlines.

For now, it was "not necessary" for Lufthansa to request help from Berlin, Spohr said, although bosses are in talks with politicians about "how to make the consequences more bearable."

Announcing "drastic and sometimes painful measures," including a flight plan pared back to levels not seen since 1955, Spohr predicted that

"this crisis will change aviation structurally and for the long term".

"We see a smaller Lufthansa ahead," although the group "will be able to hold out for longer than others" in the industry thanks to its financial strength, he added.

Until April 19 Lufthansa and its subsidiaries will operate "a total of about five percent of the originally planned programme," with Austrian Airlines suspending almost all flights until March 28 and Brussels Airlines between March 21 and April 19.

Cargo air bridge

Meanwhile the group's flagship airline will operate remaining long-haul flights from Frankfurt only, wiping out departures from second German hub Munich.

Lufthansa planes will also repatriate over 20,000 passengers in around 140 "special relief flights".

And its cargo division's aircraft will remain airborne, continuing its regular flight plan apart from connections with mainland China.

Some passenger planes may be used for cargo to cope with additional demand.

Meanwhile bosses have applied to place 31,000 Lufthansa workers on shorter hours with pay topped up by the German state.

Finance director Ulrik Svensson added that the group is "financially well equipped" to weather the corona storm, with 4.3 billion euros (\$4.7 billion) of liquidity on hand.

With many planes grounded, Lufthansa will be able to eliminate the 60 percent of its costs that usually go on items like fuel, fees and charges, he said.

Lufthansa also has "unused credit lines" and "further funds are currently being raised," the group said.

It can offer the 90 percent of its 10-billion-euro (\$10.8 billion) air fleet it owns directly as collateral.

The company had already announced last week that it will not pay a dividend for the 2019 business year.

Looking ahead to Lufthansa's 2020 financial performance, Svensson forecast a "significant reduction" in adjusted operating profit compared with last year, but could offer no detailed prediction.

Over the long term, "there will be no returning to normal conditions after this one-off crisis," CEO Spohr said.

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