

JAL cuts profit forecast more than 40% as virus bites

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Airlines around the world are wobbling because of coronavirus

Japan Airlines on Wednesday slashed its forecast for annual net profits by 43 percent because of the coronavirus, making it the latest carrier to fly into virus-related turbulence as global tourism plummets.

With COVID-19 hammering both domestic and international routes, JAL said net profit for the fiscal year ending in March would be 53 billion yen (\$500 million), against an earlier forecast of 93 billion yen.

JAL said demand had plunged owing to entry bans around the world, the cancellation of major domestic events and a state of emergency in Japan with authorities requesting citizens refrain from travel.

"We cancelled and reduced flights and we also used smaller planes, but these efforts didn't make up for the losses," the firm said in a statement.

JAL also sharply revised down its operating profit forecasts to 100 billion yen from 140 billion yen while sales were forecast to fall to 1.41 trillion yen from a previous estimate of 1.48 trillion yen.

JAL posted 150 billion yen in net profits in its previous fiscal year.

The firm's downward revision came a day after cash-strapped Virgin Australia filed for insolvency because of the coronavirus pandemic, which has ravaged the global airline industry.

The firm was more than Aus\$5 billion (\$3.2 billion) in debt and had appealed for a Aus\$1.4-billion loan to stay afloat, but the Australian government refused to bail out the majority foreign-owned company.

This week, Norwegian Air announced that four subsidiaries in Sweden and Denmark had filed for bankruptcy while Japan's other major airline ANA slashed its annual net profit forecast by 71 percent.

ANA and JAL are both scheduled to release full-year earnings later this month.

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