

Lufthansa takes 1.1-billion-euro impairment as it shrinks fleet

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Lufthansa said on Monday it was shrinking its fleet further as a result of the coronavirus pandemic, forcing it to take a 1.1 billion euro (\$1.3 billion) impairment on the value of its aircraft in the third quarter.

With coronavirus infections rising rapidly in many European countries, the German airline said the outlook for international air traffic had worsened in recent weeks and booking figures were declining as the summer travel period ended.

Lufthansa said it now expects capacity to be in the range of 20-30% in the fourth quarter of this year – down from its previous forecast for 50%.

As a result, its remaining eight A380s and ten A340-600s, which it had previously intended to operate, will be transferred to long-term storage and removed from planning. It will also permanently decommission its remaining seven A340-600s.

The decision to take further aircraft out of its fleet meant its personnel surplus was now more than the 22,000 full-time positions it had previously announced, it added.

Lufthansa still aims to reduce its monthly cash burn by around 100 million euros per month to around 400 million in the winter period 2020/2021.

It plans to cut 20% of management positions in the first quarter of next year and will reduce its administrative office space by 30% in Germany.

To revive global air travel, Lufthansa said it thinks the expansion of corona tests for passengers prior to departure will be essential.

(Reuters)