

# Lufthansa on a good track after difficult year

Lufthansa posted a favorable result for the year and carried a record 108 million passengers. Says Carsten Spohr, chairman of the executive board and CEO of Deutsche Lufthansa AG "2015 was our toughest year in emotional terms, and at the same time one of the most successful in our corporate history."



skeeze via [pixabay](#)

## Executive Board and Supervisory Board propose dividend of EUR 0.50 per share

"After safety, future viability is and remains our paramount objective," Spohr continues. "And we made a lot of progress here." In its 2015 annual results the Lufthansa Group reported an Adjusted EBIT of EUR 1.8 billion and a net profit of EUR 1.7 billion on revenues of EUR 32.1 billion, thereby achieving its projections.

Financial stability was further enhanced, too: liquidity was raised, net indebtedness declined and free cash flow significantly increased. In view of this, the Executive Board and Supervisory Board propose to the Annual General Meeting of Shareholders that a dividend be paid of EUR 0.50 per share for the 2015 financial year, representing a total dividend distribution of EUR 232 million and a dividend yield of around 3.5 per cent.

This means that Lufthansa will have paid its shareholders a total dividend amount which is the equivalent of some 25 percent of the company's market capitalisation since 2008. "This is the highest level of such dividend payments of any stock exchange-listed European airline," Spohr emphasizes. "And we aim to continue to distribute dividends in the years ahead." From 2016, shareholders should also be newly offered the option of receiving their dividend in the form of additional shares.

## Strategic further development

The three pillars of the Lufthansa Group are being continuously further developed. With its network airlines Lufthansa, SWISS and Austrian Airlines, the company is securing its high revenue quality by offering enhanced products at all three carriers. Thanks to their new functional alignment and the closer intermeshing of their commercial, operational and administrative processes, customers will reap the benefits of the company's swifter and more efficient further development.

At the same time, the reorganisation will deliver annual savings of EUR 500 million from 2019 onwards. Despite this, however, further cost reductions will be required, especially at Lufthansa German Airlines. And one contribution to this should be the conclusion of competitive collective labor agreements for the airline's cockpit and cabin personnel, a goal that Lufthansa has set itself for the current year.

Eurowings is being further developed as a second group brand, and is already the number one point-to-point carrier in the home markets of the Lufthansa Group. Eurowings also has an outstanding average seat load factor of over 94 percent on its long-haul services.

The Lufthansa Group's service companies should continue their profitable growth. In doing so, Lufthansa Technik is focusing on further expanding the provision of its services to the low-cost carrier segment, while LSG Sky Chefs is enlarging its product portfolio and also tapping into customer groups beyond the aviation sector.

Actions deriving from the '7:1 – Our Way Forward' programme continue to be consistently implemented groupwide. Innovation is playing a key role in these endeavors: additional offers – such as new transport products, new arrival services, new hotel products and new online shopping facilities – should generate supplementary revenues of EUR 300 million a year from 2018 onwards.

## **Outlook for 2016**

New aircraft are also helping to raise overall efficiency. An Airbus A320neo, for instance, is around 20 percent more efficient per passenger than a conventional A320. The Lufthansa Group will take delivery of 52 new aircraft in 2016 alone. As well as enhancing the environmental credentials of the group fleet, the new aircraft are further improving passenger comfort and convenience. And by offering inflight internet connectivity on its short- and medium-haul aircraft from this year onwards, the Group is providing yet another innovation for its customers aloft.

The Lufthansa Group expects to report an Adjusted EBIT for 2016 which is slightly above their prior-year levels. "The changes will continue, in our industry and at Lufthansa," concludes Spohr. "We're optimistic, though. We're on a good track and our current successes confirm to us that we should keep consistently to it as we continue to develop the Lufthansa Group."

For more, visit: <https://www.bizcommunity.com>