

GERMAN AIRLINE GROUP DOUBLES PROFITS IN 2023



Lufthansa, a leading airline group, reported an outstanding financial performance in 2023. The group's net profit for the year amounted to €1.67 billion, representing a significant increase of 112% from the previous year.

This was primarily driven by the continued growth in demand for its services since the lifting of pandemic-related restrictions. Lufthansa's passenger business has notably returned to profitability, recording an operating profit of €2 billion.

Lufthansa's performance is impressive, considering the ongoing social conflict with its employees over salary increases to offset inflation. The result is slightly below the Factset's financial tool's estimated net profit of €1.82 billion. However, it is still the third-best result in the airline group's history.

In response to its strong financial performance, Lufthansa has announced that it will invest €4.5 billion in new aircraft. This investment is part of the group's largest fleet modernization program in history. The airline group plans to acquire at least 30 new aircraft this year, including approximately 20 long-haul aircraft, another record for the group.

It is worth noting that for the first time, all airlines in the group, including Austrian, Swiss, Eurowing, and Brussels Airlines, have reported an operating profit, a significant milestone for the group.

In 2023, the German airline group witnessed a 20% YoY increase in passenger demand, with the number of passengers reaching 123 million, almost close to the pre-Covid record of 145 million passengers in 2019. The group's turnover also witnessed a significant increase of 15% compared to 2022, amounting to 30.9 billion euros. The group attributes this growth to a 6% increase in ticket prices, which allowed it to generate an overall margin of operational growth of 7.6%, compared to 4.9% in the previous year.

For 2024, the airline group expects revenues from its passenger business to remain stable or decline slightly due to the normalization of demand. The group's expansion project, which involves acquiring the Italian public company ITA Airways, is under scrutiny by the European authorities. The European Commission is concerned about the potential reduction in competition on specific routes and is reviewing the matter.

Despite this, the German airline group remains committed to the project, stating that it promotes the company's internationalization. The group hopes to receive approval for the project from the European Commission this year and has assured that it will work closely and constructively with the Commission.

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