



SCANDINAVIAN AIRLINES' FOCUS ON CHEAP FUEL AND BUSINESS TRAVEL BRINGS IT PROFITS

News / Airlines



Scandinavian Airlines parent SAS AB returned to full-year profit as it benefited from **lower fuel prices and a sharper focus on business travel**, sending the stock to its biggest gain in 11 months.

Earnings before tax and nonrecurring items recovered to 1.17 billion kronor (\$140 million) in the year ended Oct. 31, from a loss of 697 million kronor a year earlier, the Stockholm-based company said in a statement.

Almost 50 percent of SAS's passenger revenue came from people signed up to its Eurobonus loyalty program after membership surged 14 percent in the year to 4.2 million. The carrier has focused on serving key short-haul routes with a high-frequency timetable that helps maximize its appeal to business travelers and provide an edge over local discount specialist Norwegian Air Shuttle ASA.

"We're continuing to work on trying to sell people a more complete product," SAS Chief Financial Officer Goeran Jansson said in an interview, adding that investment in premium lounges, fast track check-in facilities and new cabins on wide-body jets has led to improved customer feedback.

Costs will be cut in other areas as competition intensifies, he said.

Shares of the Nordic region's largest airline jumped 11 percent, the biggest gain since Jan. 13, before trading 5.6 percent higher at 22.60 kronor as of 11.25 a.m. in Stockholm, taking gains this year to 48 percent.

Revenue advanced 4.3 percent to 39.7 billion kronor in the 12 months, while fuel expenses declined 22 percent, adjusted for currency fluctuations.

SAS is looking to further bolster its intercontinental business after announcing plans to add flights to Stockholm to Los Angeles and Oslo and Copenhagen to Miami next year, when it will serve a total of 10 long-haul destinations, according to Jansson.

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