

Nasdaq OMX

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Atlantic Airways adjusts to lower activity

The result before tax for the first nine months of the year was a DKK 7.8 million profit, and after tax a DKK 6.4 million profit. The result before tax for the third quarter was a DKK 4.4 million loss, and after tax a DKK 3.6 million loss.

The hard impact of the global economical crisis on the airline industry is evident in Atlantic Airways' result. The company's total production decreased by 34% during the first nine months of 2009 compared to the same period last year.

In the third quarter, the company's total production decreased by 53% compared to third quarter 2008, and most of this decrease is related to ACMI charters abroad, but the market for off-shore helicopter services has also contracted severely in the past six months.

"The loss posted for this quarter is evidence that the company's core operations have been severely affected by the domestic and global economic downturn. We continue our efforts to adjust our operations to a lower level of activity – we had 7 airplanes in operation earlier this year, and we expect to operate 4 airplanes next year," says Mr. Magni Arge, CEO of Atlantic Airways.

The outlook for improved operations is good when all the measures undertaken to reduce the fleet, reduce capacity, and to rationalise operations come into full effect in 2010.

Scheduled services have decreased by 9% so far this year, but the reduction in passenger numbers appears to have stabilised at this level. Total passenger numbers in the first nine months of 2009 on the scheduled services network decreased by 16,319 from 171,757 to 155,441, a decrease of 9%. In the third quarter of 2009 the decrease in passengers on scheduled services was 10%.

The result of core operations was DKK 14.6 million in the third quarter compared to DKK 37.9 million third quarter 2008. Total revenue for the first nine months of this year was DKK 319.2 million compared to DKK 428.9 million same period last year, or 26% lower this year.

"It is therefore not inconceivable that the fourth quarter will cancel out the profit earned for the first 3 quarters, leading to a meagre full-year result. The recent decision by the Vágur Airport Authority to increase virtually all its service charges just adds to the burden," says Mr. Arge.

It is Atlantic Airways' view that the planned development of Vágar Airport is necessary. Expanding the airport should encourage operators and make travel easier for our passengers, as well as increasing revenue for the tourism sector in Faroe Island, which has room for growth. It is however a hindrance for growth that passenger taxes and airport charges are among the highest in Europe.

The company's equity was DKK 226 million as of 30 September, and the equity ratio 51%. Cash flow is good – available cash was DKK 105 million as of 30 September, while the company's long-term debt was DKK 136 million

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