

## ANALYSIS OF AIRLINES STATE DURING PANDEMIC

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**Key words:** pandemic, COVID-19, Lufthansa, air transportations, indicators.

Nowadays we cannot imagine our life without air transportations. Transportation plays a huge role not only in everyday life, but also in the formation of the economy and gross domestic product both domestically and internationally. Air transportation is the carriage of passengers, mail, load and freight by aircraft and helicopters and all types of air transportations are classified according to the territorial sign, to objects of transportation and to direction of transportation [1]. Air transport entered our life like no other and was able to bring dreams into reality by the safety, comfort and speed.

In 2020, aviation faced problems related to the COVID-19 pandemic, which made adjustments to the plans of all airlines around the world. That is why the main goal of this work is to analyze how the pandemic influenced two of the best airline around the world – Lufthansa.

Lufthansa was founded in 1953. It is the one of the world's largest and most prestigious airlines, which flies to 205 destinations in 74 countries on 4 continents. It's head office in Cologne and with hubs in Frankfurt/Main, Munich and Dusseldorf, Lufthansa employs more than 36,000 people. As an industry innovator, Lufthansa has long been committed to environmental care and sustainability, operating one of the most technologically-advanced and fuel-efficient fleet in the world. Its long-haul fleet includes the Boeing 747-8 and the Airbus A380 – the industries' two most environmentally-friendly passenger aircraft. The airline is the largest European operator of the A380 and was also the launch customer for the new Boeing 747-8. Lufthansa's fleet currently consists of 351 aircraft. The airline will receive another 225 scheduled for delivery to 2025 [2,3].

To visually display the consequences of the impact of the pandemic on the aviation industry, in particular Lufthansa airlines, the key features of the airline for 2019 will be considered, when the world did not yet know what COVID-19 was and for the full year of 2020, in which it underwent significant changes in connection with the current situation.

At the beginning of the pandemic, namely in April 2020, the Lufthansa Group activated its Group Crisis Committee which was responsible for shutting down virtually all flight operations in the Group during the first few weeks of the crisis and developing of Lufthansa Pandemic Plan. But unfortunately, no one could have predicted such fatal outcomes for the whole world and aviation in particular.

For each airline, the main indicator is its revenue, which depends on the number of flights performed, passengers carried, return on flights, etc. The main reason for all the losses of the airline is the cancellation of almost all flights, for

comparison, in 2019, Lufthansa made 1,187,728 [4] flights with a passenger turnover of 145,299 [4] thousand passengers, while in 2020 only 390,900 [4] with a passenger turnover of 36,354 thousand passengers.

Thus, already at this stage, we understand that significant losses have led to a reduction of working places. At the time of December 31, 2019, 138353 [4] employees were officially employed at Lufthansa, exactly one year later their number decreased and became 110065 [4], which means that the number of working places decreased by 20%.

According to the annual reports for 2019 and 2020, the total revenue for 2019 was 36 424 [4] million euros, while in 2020 it was 13 589 [4] million euros, the huge difference between the revenue values was -63%, which means a huge loss of profit for the airline. EBITDA will be used as a general indicator of key profitability and value creation figures, which is an analytical indicator equal to the volume of profit before interest expense, taxes and depreciation charges. In 2019, this rate was 13% [4], when in 2020 it became -21.3% [4], which sums up how much the airline suffered from the pandemic.

As we can see, not only airlines such as Lufthansa, but also the global transport and logistics system turned out to be one of the most affected areas as a result of the COVID-19 pandemic. The negative consequences are based on various factors: the closure of state borders, the imposition of restrictions on the movement of people and goods, the rupture of supply chains, and a decrease in demand and purchasing power. The combination of these factors affected all types of transport - from the use of personal and public transport in cities to the implementation of passenger and freight transport both within countries and between them. The scale of the negative consequences depends on the type of transport and the state's integration into the global transport and logistics system. During the pandemic, 90% of flights were canceled in the EU countries, there was a decrease in the volume of passenger traffic by cars by 60 - 90%, and by public transport by 50%.

### **Conclusions:**

The COVID-19 pandemic has had a significant impact on the entire aviation industry, both airports and airlines, and every worker in the industry. In this work, using the example of Lufthansa airline, we examined how severe the losses in the financial, personnel and operational component of the airline are. As a result, we clearly saw that significant reductions in flights led to reduction of the workplaces and, most importantly, to large financial losses for the airline.

### **Source:**

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3. Lufthansa's official webpage. URL: [www.lufthansa.com](http://www.lufthansa.com)
4. Lufthansa's Annual Report 2020. URL: <https://investor-relations.lufthansagroup.com/fileadmin/downloads/en/financial-reports/annual-reports/LH-AR-2020-e.pdf>