



# BRAZIL'S LARGEST CARRIER RIDES UPDRAUGHT AS RETURNED JETS CUT COSTS

News / Airlines



The Brazilian airline Gol Linhas Aereas Inteligentes, known as Gol, has posted third-quarter earnings that beat analysts' estimates as the country's largest airline cut expenses with the early return of leased airplanes and amid lower dollar-denominated costs.

Earnings before interest, tax, depreciation and amortization reached 333.4 million reais (Dh381.9m) from 113.6m reais a year earlier, Gol said. That topped the 248m reais average estimate compiled by Bloomberg. Revenue fell 3.5 per cent to 2.4 billion reais, while analysts predicted 2.46bn reais.

The airline, which has about 60 per cent of costs denominated in the US currency and 85 per cent of its revenue in reais, got some relief from a combination of lower fuel costs and a stronger real, which helped the company to cut costs by 13 per cent in the quarter. The real has been the strongest major currency against the dollar this year, advancing 24 per cent.

Gol attributed the drop in revenue to the soft air travel market in its home country as the economy struggles to rebound from a two-year recession. Air travel dropped 6.5 per cent in September, the

14th consecutive monthly decline, according to airline association Abear. Gol's load factor climbed 1.8 points to 78.3 per cent in September as the company cut 7.2 per cent of capacity in the first nine months of the year to adjust to the weak demand – the airline said it expects to reduce available seats per kilometre by 8 per cent in 2016, compared to the previous forecast of a reduction between 5 and 8 per cent.

The company will end the year with 122 airplanes, from a current 135, and will trim its fleet down to 117 in 2017, it said in its third-quarter presentation. Gol was operating 116 of the Boeing 737s it had in its fleet by the end of the third quarter, according to the carrier, with 11 aircraft in the process of being returned to their lessors and eight subleased to other airlines.

The fleet will resume growth in 2018 with the first deliveries of Boeings 737-8 Max, said the chief financial officer Richard Lark.

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**SOURCE: BLOOMBERG**

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