CHINESE MAJOR AIRLINES 3Q PROFITS HIT BY YUAN WEAKNESS

News / Finance

China's four major carriers achieved an accumulated net profit of 20.97 billion yuan in the first nine months of this year, while all of them posted declines for the third-quarter profit due to exchange losses resulting from yuan depreciation.

China Southern Airlines (CZ), the nation's largest carrier by passenger and fleet, reported a net profit of from January to September, soaring 270% compared to the year-ago period. Air China (CA) nearly doubled its net profit in the first nine months, while China Eastern Airline (MU)'s net income climbed 159% to 5.33 billion yuan, as results of robust travel demand and lower fuel prices. Hainan Airlines (HU), the fourth largest carrier in China, said its 9-month profit increased 31.89% to 2.4 billion yuan.

However, all the big three carriers experienced a profit decline in the third quarter. The Guangzhou-based airline reported that net profit fell to 1.174 billion yuan in the three months ended September 30, down 48.4% from 2.274 billion yuan in the same period a year earlier.

Air China posted a third-quarter net profit of 2.34 billion yuan, down 13% compared with 2.68 billion yuan in the same period of last year. China Eastern's 3Q net profit came in at about 1.97 billion yuan, down 6% year on year.

Hainan Airlines reported a third-quarter net profit of 887.33 million yuan, down nearly 37 percent

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compared to a net income of 1.41 billion yuan in the year-ago.

Industry analysts are citing yuan depreciation as the main reason for the third-quarter profit decline, but they remain optimistic about the overall yearly outlook.

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