SRILANKAN AIRLINES KEEPS EYE ON BREAKEVEN TARGET

News / Airlines



SriLankan Airlines is focused on having its operations break even within the next two years, as it takes delivery of new aircraft and restructures its network.

Speaking to Flightglobal at Routes Asia in Manila, an airline official says that while the carrier's load factor was above 80% in 2015, its yields were low. Last January, it was given a mandate by the country's new government to stem losses at the airline, part of which involved merging with budget carrierMihin Lanka.

"We're facing high competition from Middle Eastern carriers, especially on routes out of Europe. The yield is the problem, it keeps declining," says the official.

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He adds that the carrier wants to focus on serving destinations in China and India, especially to “unique points”, where competition is lower.

The airline last year retired its ageing Airbus A340s, and inducted seven new A330-300s. Over the next two years, it has six A320neo family aircraft, as well as three A350s, that are scheduled to be delivered, says the official. An additional three A350s will also be delivered at a later time.

The airline’s fleet will however remain stable at around 21 aircraft, with older jets being retired as new ones are delivered.

As to the government's proposed merger with Mihin Lanka, there are no clear indications as yet that it will proceed, with the units still operating separately at current, says the official. He points out, however, that Suren Ratwatt and Siva Ramachandran, play the respective roles of chief executive and chief commercial officer at both carriers.

On the airline’s future, the official says: “Previously we had a lot of intervention from the government, but the new government has given us a free hand to just make the airline profitable… so the airline is getting more focused. The strategy is clear now.”

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