

## Aviation: BA's profits up 45%

Whilst Willie Walsh fines himself his annual bonus because of the LHR T5 debacle, and oil has doubled in price in the past year, BA has increased its profits by 45%. See: they *could* have afforded to keep Concorde.

GBP883 million. That's the size of profit at BA for the year ended 31 March in some of the most difficult trading conditions the airline industry has seen since late 2001 and the fall out from 11 September and 2002 when SARS threatened to infect the world through the simple medium of air travel.

More competition, strikes, rapidly increasing oil prices have seen several of BA's rivals collapse, seek government aid, offer themselves for sale, head for mergers or enter administration of one form or another. Yet BA has not only increased its turnover, it has also managed, in some places, to reduce its expenses. BA benefited from the pound's strength against the dollar which meant that its oil bill - although almost GBP125 million more than in the previous year for the same amount of flying, was not so hard hit as airlines that sell tickets in USD. Also BA's hedging strategy had anticipated high oil prices for a long time. The company is coy about how much its hedging can help it in the future: there's a limit to how many years ahead one can plan.

Total operating costs were down by a little under one percent. However, most of the savings are attributed to reductions in staff costs.

The result is that shareholders will receive the first dividend since 2001. Two years later, the company killed Concorde saying it could not afford to keep it flying. Concorde remains the record holder for the fastest cross-Atlantic trip - by any aircraft and some British people have boycotted BA since its decision to chop up the aircraft so that they could never fly again. All, that is except one: Alpha Bravo was last seen in December last year sitting in a maintenance shed at the back of the BA facility at LHR, with its plans to for a showpiece at T5 having been apparently abandoned. Suggestions for its future are reportedly being solicited.

Staff will receive a share of a total bonus allowance of GBP35 million. They might like to club together and buy the world's best aircraft from their soul-less but profitable employer.