

Business

# BMW boosts Q3 profits, says on track despite 'difficult conditions'

## We are well on our way to reaching our targets for 2019: CEO

FRANKFURT: German carmaker BMW said yesterday it was on track to hit performance targets for 2019 despite "difficult conditions", after the third quarter brought rising sales and profits. BMW's bottom line swelled 11.5 percent to over 1.5 billion euros (\$1.6 billion), lifted by the comparison to 2018's weak third quarter that was weighed down by new emissions tests.

"We are performing at a high level in comparison with our competitors and considering the difficult conditions our business is facing," chief financial officer Nicolas Peter said in a statement.

Chief executive Oliver Zipse said BMW were "well on our way to reaching our targets for the year as a whole." But bosses' objectives call for pre-tax profit to fall "significantly below" 2018's level over the full year.

Between January and September, the measure fell 35 percent year-on-year. BMW's profits met forecasts from analysts surveyed by Factset, but it was able to beat expectations on revenue-up 7.9 percent, at 26.7 billion euros-and operating profit, which gained 32.9 percent to reach 2.3 billion.

The group operating margin, closely watched by

investors, increased one percentage point, while the automobile division alone added 2.2 points year-on-year. Zipse told reporters in a conference call that sales were buoyed by ongoing high demand for BMW's flagship X7 SUV.

"We are currently nearing the limits of our production capacity," Zipse said, "and that's a very good sign". Over the full nine months, BMW's earnings have been weighed down by 1.4 billion euros of provisions it had to set aside over a European Commission cartel probe. Brussels accuses BMW, Volkswagen and Daimler of secret deals not to compete on emissions reduction technologies. Meanwhile, the group added that its results were also lifted by cost-cutting measures, as BMW-like other carmakers-looks to foot the bill for costly investments in new technologies such as electric and autonomous driving.

It plans to find 12 billion euros of annual savings "by the end of 2022". One key measure will be slimming down BMW's product line, with half its combustion-powered cars slashed in favor of electric models from 2021 — the same year new EU limits on carbon dioxide emissions kick in. "We aim to, and we will, meet the regulatory requirements in the EU and worldwide," Zipse said. — AFP



SHANGHAI: People visit a BMW stand during the second China International Import Expo in Shanghai yesterday. —AFP



A high-speed TGV seen at an Alstom factory in Belfort, France. — Reuters

## France's Alstom sees income halved, record order backlog

PARIS: French high-speed train maker Alstom saw net income halve to 227 million euros (\$252 million) in the six months of April to September as sales rose but new orders declined by a third on a year earlier. Announcing earnings results for the first half of its 2019/2020 financial year, the company that pioneered the TGV train reported "positive commercial momentum" and said it was targeting average annual sales growth of about five percent up to 2023.

The company received orders worth 4.6 billion euros in the period under review, a 35-percent decline from a year earlier when it netted "exceptional" contracts including a "TGV of the Future" project in France and a large Montreal metro order. "This first half, Alstom continued to achieve a high level of order intake, including emblematic contracts such as the maintenance of the Santiago metro, the renewal of Barcelona metro and CDG Express in France, as well as

the signalling system for (the) Paris-Lyon high-speed line," chief executive officer Henri Poupart-Lafarge said in a statement.

"The continuous improvement in our operational performance demonstrates the Group's focus on profitable growth." Sales in the half rose three percent to 4.1 billion euros.

The decline in net income is explained partly by a steep rise in taxes and a drying up of income from equity investees, related in part to Alstom selling its power and energy business to US conglomerate General Electric. Adjusted earnings before interest and taxes (aEBIT) — a measure closely watched by analysts — increased to 319 million euros in the half from 303 million euros a year earlier, boosting the operating margin by 0.2 percentage points to 7.7 percent.

Alstom said it was targeting an aEBIT margin of about nine percent in 2022/23, "and a dividend policy with a pay-out ratio between 25 percent and 35 percent."

The company now has orders worth 41.3 billion euros on its books, a record Alstom said provided "strong visibility on future sales". "The 2019/2020 fiscal year will be a year of stabilization of growth after a 2018/2019 fiscal year with an exceptional sales and profitability growth," the statement said. — AFP

## Ryanair says three Boeing 737NGs grounded by cracks

LONDON: Irish airline Ryanair indicated yesterday that three of its Boeing 737NG planes were taken out of service due to cracks, a problem that has grounded dozens of the jets globally.

"Ryanair has already inspected over 70 of its oldest aircraft in full compliance with the Airworthiness Directive (of the US Federal

Aviation Authority), and our rate of findings is less than the industry wide 5.0 percent confirmed by Boeing recently," the Irish airline said in a statement emailed to AFP.

"Boeing are carrying out these repairs on behalf of Ryanair currently," the low-cost carrier added, after The Guardian newspaper reported that cracks had been found on three Ryanair jets between the wing and fuselage. The Dublin-based airline—which is the world's biggest operator of Boeing's popular 737NG aircraft—added that the repairs would have no impact on its flight schedules.

"Ryanair will continue to inspect the remainder of its fleet, in full compliance with the Airworthiness Directive, and we are confident

that the tiny number of pickle fork cracks, if any, will not affect either Ryanair's fleet, its flights, or its schedules," the carrier said.

Boeing had previously reported a problem with the model's "pickle fork"—a part which helps bind the wing to the fuselage. The US aerospace giant had announced on October 31 that dozens of 737NG planes had been taken out of service after the cracks were detected, marking another setback for the crisis-stricken US aircraft maker. The new difficulties compound troubles facing the US manufacturer, which has faced tumbling profits, federal scrutiny and calls for its CEO to resign after deadly crashes involving the 737 MAX, the plane that succeeded the 737NG. — AFP

## Lufthansa scraps 1,300 flights over two-day strike

FRANKFURT: Lufthansa said yesterday it was scrapping 1,300 flights as German cabin crew pressed ahead with a two-day strike, plunging passengers into travel chaos amid an escalating row over pay and conditions.

"As a result of the strike, around 180,000 passengers will be affected by 1,300 flight cancellations," the airline said in a statement after losing a last-minute court battle to halt the walkout.

The 48-hour stoppage called by the UFO flight attendants' union is due to start at 2300 GMT on Wednesday and last until 2300 GMT on Friday. The union said the stoppage would affect all Lufthansa departures in Germany during that time. Germany's largest airline said it "regrets the inconvenience for the passengers". The carrier was putting together an alternative flight schedule where possible, it said, adding that affected passengers could rebook their journeys for free or swap their domestic flights for train tickets.

The announcement of 700 flight cancellations on Thursday and roughly 600 on Friday comes after a Frankfurt labor court denied Lufthansa's request for an injunction to block the strike. The court ruled that the strike was legal. Hoping to still avert the upheaval, Lufthansa CEO Carsten Spohr has invited UFO and two rival unions for last-ditch talks on Wednesday evening. The UFO union has said the strike was necessary because negotiations with Lufthansa bosses were deadlocked.

The union already staged a day-long warning strike last month at four Lufthansa subsidiary airlines, causing sev-



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eral dozen flight cancellations at Eurowings, Germanwings, SunExpress and Lufthansa CityLine.

But the Lufthansa brand was spared after management offered a surprise two-percent pay rise to avoid flight disruptions at its flagship unit. Since then however, UFO said no progress had been made in talks. In addition to higher pay for cabin crew across the Lufthansa group, UFO is demanding more

benefits and easier routes into long-term contracts for temporary workers. Lufthansa bosses meanwhile believe that UFO does not have the right to represent workers after an internal leadership tussle, and have challenged the union's legal status in court.

Months of infighting have cost the union members and support among cabin crew, some of whom have now turned to other representative organizations. — AFP

### EXCHANGE RATES

#### AL-MUZAINI EXCHANGE CO.

##### EUROPEAN & AMERICAN COUNTRIES

US Dollar Transfer	304.250
Euro	340.150
Sterling Pound	393.550
Canadian dollar	232.250
Turkish lira	53.570
Swiss Franc	309.200
US Dollar Buying	296.800

##### ASIAN COUNTRIES

Japanese Yen	2.796
Indian Rupees	4.300
Pakistani Rupees	1.975
Sri Lankan Rupees	1.677
Nepali Rupees	2.684
Singapore Dollar	224.790
Hongkong Dollar	38.817
Bangladesh Taka	3.561
Philippine Peso	6.020
Thai Baht	10.120
Malaysian ringgit	77.813

##### GCC COUNTRIES

Saudi Riyal	81.187
Qatari Riyal	83.620
Omani Riyal	790.773
Bahraini Dinar	808.420
UAE Dirham	82.891

##### ARAB COUNTRIES

Egyptian Pound - Cash	21.400
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Egyptian Pound - Transfer	18.869
Yemen Riyal/for 1000	1.222
Tunisian Dinar	111.450
Jordanian Dinar	429.460
Lebanese Lira/for 1000	0.203
Syrian Lira	0.000
Morocco Dirham	32.162

#### DOLLARCO EXCHANGE CO. LTD

Rate for Transfr	Selling Rate
US Dollar	303.890
Canadian Dollar	231.765
Sterling Pound	392.910
Euro	339.610
Swiss Frank	303.010
Bahrain Dinar	808.155
UAE Dirhams	83.140
Qatari Riyals	84.380
Saudi Riyals	81.935
Jordanian Dinar	429.905
Egyptian Pound	18.870
Sri Lankan Rupees	1.688
Indian Rupees	4.297
Pakistani Rupees	1.951
Bangladesh Taka	3.535
Philippines Peso	6.026
Cyprus pound	18.080
Japanese Yen	3.790
Syrian Pound	1.590
Nepalese Rupees	2.688
Malaysian Ringgit	74.130
Chinese Yuan Renminbi	43.735

Thai Bhat	11.050
Turkish Lira	53.375
Singapore dollars	223.154

#### BAHRAIN EXCHANGE COMPANY WLL

CURRENCY	BUY	SELL
<b>EUROPE</b>		
British Pound	0.384666	0.398566
Czech Korune	0.005184	0.014484
Danish Krone	0.041003	0.046003
Euro	0.329287	0.342987
Georgian Lari	0.102118	0.102118
Hungarian	0.000925	0.001115
Norwegian Krone	0.029068	0.034268
Romanian Leu	0.053877	0.070727
Russian ruble	0.004783	0.004783
Slovakia	0.009099	0.019099
Swedish Krona	0.027455	0.032455
Swiss Franc	0.299825	0.310825
<b>Australasia</b>		
Australian Dollar	0.201492	0.213492
New Zealand Dollar	0.187578	0.197078
<b>America</b>		
Canadian Dollar	0.225801	0.234801
US Dollars	0.300300	0.305600
US Dollars Mint	0.300800	0.305600
<b>Asia</b>		
Bangladesh Taka	0.002977	0.003778

Chinese Yuan	0.042010	0.045510
Hong Kong Dollar	0.036772	0.039522
Indian Rupee	0.003682	0.004454
Indonesian Rupiah	0.000017	0.000023
Japanese Yen	0.002704	0.002884
Korean Won	0.000252	0.000267
Malaysian Ringgit	0.069758	0.075758
Nepalese Rupee	0.002625	0.002965
Pakistan Rupee	0.001310	0.002080
Philippine Peso	0.005760	0.006060
Singapore Dollar	0.218605	0.228605
Sri Lankan Rupee	0.001319	0.001899
Taiwan	0.009891	0.010071
Thai Baht	0.009736	0.010286
Vietnamese Dong	0.000013	0.000013

##### Arab

Bahraini Dinar	0.801282	0.809328
Egyptian Pound	0.018636	0.021377
Iranian Riyal	0.000084	0.000085
Iraqi Dinar	0.000214	0.000274
Jordanian Dinar	0.424432	0.433432
Kuwaiti Dinar	1.000000	1.000000
Lebanese Pound	0.000151	0.000251
Moroccan Dirhams	0.021011	0.045011
Omani Riyal	0.785524	0.793411
Qatar Riyal	0.082956	0.083788
Saudi Riyal	0.080087	0.081387
Syrian Pound	0.001290	0.001510
Tunisian Dinar	0.103175	0.111175
Turkish Lira	0.046094	0.055939
UAE Dirhams	0.082245	0.083071
Yemeni Riyal	0.000989	0.001069