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Gulf Air achieves significant cost-savings across its business

Gulf Air, the national carrier of the Kingdom of Bahrain, has made significant achievements across its business operations resulting in BD25.5m overall in cost savings in 2011.



The airline's aggressive cost-saving plans and measures, started in 2010 following its new business strategy, has yielded positive results in terms of cost-control, cost-efficiency, expenditure reduction and manpower optimization.

Encouraged by the results, the national carrier is pushing forward with its cost-efficiency measures in 2012 and is targeting a further 15% reduction in its cost base for the full year; it has already achieved a savings of BD6.8m between Jan and May this year.

Announcing it today Gulf Air CEO Samer Majali said, 'I am glad to report that our several restructuring initiatives aimed to reduce costs have helped us reduce our operating losses, achieve cost efficiencies without affecting the quality of our products and services offering and customer service.'

He continued, 'Despite a very difficult 2011 caused by the regional geo-political situation and higher fuel prices that have severely impacted our business, we were able to achieve this. We used this difficult period as an opportunity to focus internally reviewing our functions such as operations, services, products, fleet maintenance, fuel savings, contract negotiations and manpower optimization. We applied tighter control over expenditure and implemented cost-control measures, higher asset productivity and more streamlined processes.'

He added, 'While we are pleased with what we have achieved so far, we have set a definitive action plan for 2012 to achieve a further 15% reduction on our cost base this year and are aggressively pushing forward towards our target.'

'All these measures are being taken while maintaining the highest levels of flight safety, schedule reliability and passenger convenience. The credit goes to all my colleagues at every level and every department, who have been working together to achieve this,' Mr. Majali concluded.

During 2010-2011, Gulf Air reduced its costs by 12% on the back of a revenue generation of BD405m. This was achieved through diligent negotiations with suppliers on technical compensations, warranties, renegotiation of contracts, reduction in lease charges, disposal of engine scraps, aircraft weight management, changes in inflight products, etc.

The arrival of new A320 fleet fitted with fuel efficient and environment-friendly engines have also helped it to achieve a total fuel savings equivalent to BD1.4m.

One of the major achievements this year is the insourcing of the airline's fleet technical management services, which is expected to yield an estimated annual net savings of BD5.4m.

Gulf Air has been proactively introducing several innovative products and services both onboard and on ground. In October last year Gulf Air introduced 'Sky hub', the world's first fully integrated entertainment hub that offers live TV, broadband hi-speed internet and mobile phone service onboard. The airline also opened two fully renovated state-of-the-art lounges in London and Bahrain. The re-fleeting strategy has also resulted in the airline currently operating one of the youngest fleet in the region with an average age of just 5.06 years.

Last year the airline also launched a series of customer-focused travel packages such as family-friendly, business-friendly, Falcon Corporate Plus and a revamped Falcon Flyer programme.

Notes and Media Contacts

About Gulf Air

Founded in 1950, Gulf Air is the proud national carrier of the Kingdom of Bahrain. As a pioneering airline in the Middle East region with over sixty years of experience and expertise in flying people across continents, Gulf Air is today one of the most powerful brands and a name to reckon with in the global aviation industry. One of the prime objectives of Gulf Air is to connect Bahrain to the Middle East countries and the rest of the world. As such the airline currently operates the largest network in the Middle East with non-stop flights while providing seamless onward connections to other international destinations. The airline's current network stretches from Europe to Asia, connecting 50 cities in 31 countries, with a fleet of 36 aircraft.

In tune with the Kingdom's economic blue print, 'Vision 2030', Gulf Air's strategy is to build an efficient, commercially sustainable and dynamic airline that effectively serves the people and the economy of Bahrain and represents the Kingdom on the world stage. Reflecting the needs and aspirations of its customers, the strategy focuses on three core areas: a targeted, more focused international network; a superior, more consistent product; and a modern, more efficient fleet that will optimize value. Gulf Air's goal reflects a commitment to the latest aviation technology complemented by the hallmark Arabian hospitality for which the airline is well known.

Gulf Air is the official sponsor of the 2012 Formula One Gulf Air Bahrain Grand Prix.

For more information please visit www.gulfair.com

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