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Aeroflot Registers Low-Coster, Posts 79% Fall in Profits

By The Moscow Times

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Aeroflot registered a low-cost airline Thursday under the brand "Dobrolyet," reviving the name of a company, created in 1923, that preceded Russia's flagship carrier.

Dobrolyet, fully owned by Aeroflot, will begin flying in spring 2014, offering fares 40 percent lower than current market rates. $100 million will be invested in the venture, which in its first year will operate a fleet of 8 planes, Vedomosti reported.

Aeroflot also reported Thursday a 79 percent fall in first-half net profit from the year earlier, hurt by a non-cash loss from the revaluation of its lease obligations denominated in foreign currencies.

While revenues rose 14 percent to $4.1 billion, net profit totaled $1.5 million compared to $7.1 million in January to June of 2012, the state-controlled carrier said in a statement, Reuters reported. EBITDA was up 42 percent to about $352 million.

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