ETIHAD AIRWAYS SELLS FIRST AIRLINE STAKE SINCE LAUNCHING REVIEW

News / Airlines, Finance



Etihad Airways has sold its minority stake in European regional carrier Darwin Airline, the first divestment since launching a strategic review last year and just weeks after chief executive James Hogan left the Abu Dhabi carrier.

Etihad, which held a 33.33 percent stake in Darwin Airline, and other investors have sold their shares to a new Swiss subsidiary of Slovenia's Adria Airways, according to a Darwin Airline statement on Thursday.

An Adria Airways spokeswoman told Reuters it had bought 99.1 percent of Darwin Airline and would purchase the remaining shares "shortly".

Darwin Airline was one of eight carriers Etihad bought since 2011 and the second one sold after British Airways-owner International Airlines Group (IAG) took over Aer Lingus in 2015.

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Darwin Airline will be rebranded as Adria Airways Switzerland. It has operated as Etihad Regional since 2014 when Etihad Airways bought its stake.

The value of the transaction was not disclosed. The shares were sold to a new Swiss subsidiary of Adria Airways, the statement said.

Adria Airways Chief Financial Officer Heinrich Ollendiek will replace Maurizio Merlo as Darwin Airline chief executive officer.

Etihad' minority stakes, which include holdings in Italy's Alitalia and Germany's Air Berlin, were already in doubt after the Gulf carrier began a strategy review last year.

Etihad sold its stake in Darwin Airline as part of the continuing review, Etihad's chief strategy and planning officer Kevin Knight said.

Etihad appointed Irishman Ray Gammell as interim chief executive in May, replacing Hogan who left Etihad on July 1.

Etihad has spent billions of dollars buying minority stakes from Europe to Australia in its bid to catch up with regional rivals Emirates and Qatar Airways.

Hogan had championed the strategy, arguing it provided scale for Etihad, the youngest of the three major Middle East carriers.

Etihad's strategy has allowed it to cut costs by pooling items such as aircraft procurement, while offering a larger network. It says it brings together 600 destinations and over 700 aircraft.

The future of those investments is unclear amid the review and after staff at Alitalia overwhelmingly rejected its latest restructuring plans in April.

Air Berlin saw its losses widen to a record 782 million euros in 2016.

Other investments such as Air Serbia and Air Seychelles have been more successful. In those carriers, Etihad was given hands-on management control and benefited from close diplomatic ties.

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Image result for Darwin Airline

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