



ETIHAD TO ACQUIRE STAKE IN AIR MALTA?

News / Airlines



Air Malta (KM, Malta) is close to finalizing a strategic partnership agreement with Etihad Airways (EY, Abu Dhabi Int'l) aviation sources in the Maltese capital, Valletta, have revealed.

Speaking to The Times of Malta newspaper on condition of anonymity, the sources said airline chairwoman Maria Micallef and senior officials from the Office of the Prime Minister had conducted the negotiations on behalf of Air Malta with an announcement expected shortly. The Emirati carrier is expected to acquire a shareholding in the state-run carrier though no exact details of the proposed deal were given.

Last week, Maltese Tourism Minister Edward Zammit Lewis confirmed the national carrier was in talks with an interested party but refused to disclose their identity.

Air Malta has been in the midst of a restructuring programme aimed at returning it to profitability following years of losses, the most serious of which was EUR78 million in 2012. Though it posted a EUR16.4 million (USD18 million) loss for the year ending March 2015, the carrier's top brass is confident it can reduce that figure to EUR4 million (USD4.38 million) by March 2016.

However, despite improvements in financials, Micallef in October lamented the carrier's lack of a prominent partner adding that access to economies of scale would help drive down Air Malta's costs thus rendering it more competitive.

"No matter how much we address our costs, we shall never be able to negotiate with the same

clout of airlines that have fleets of hundreds of aircraft," she said. "We will not be able to negotiate the same costs for fuel, for maintenance, for IT systems and for everything else. And, in an industry driven first and foremost by cost and pricing, this means we shall never be able to compete effectively. Therefore, Air Malta would definitely gain advantages from a potential strategic alliance to beat the challenges brought by the lack of economies of scale the airline has at the moment."

Contacted for comment, an Etihad spokesman refused to either confirm or deny the talks simply stating that it was not company policy "to comment on rumours or speculation".

Should the reports turn out to be true, Air Malta would become Etihad's fifth equity partner in Europe behind Air Berlin (AB, Berlin Tegel), Air Serbia (JU, Belgrade), Darwin Airline (F7, Lugano), and Alitalia (AZ, Rome Fiumicino). The Abu Dhabi-based carrier has also signed a Memorandum of Understanding (MOU) with Montenegro Airlines (YM, Podgorica) concerning a proposed strategic cooperation agreement.

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