

September 24, 2013

ETIHAD AIRWAYS WILL CONSIDER MORE EQUITY INVESTMENTS IF THEY ADD VALUE, SAYS AIRLINE'S PRESIDENT AND CHIEF EXECUTIVE OFFICER

Etihad Airways, the national carrier of the United Arab Emirates, has foreshadowed more investments in other airlines, as it continues to increase its global presence through a mix of organic growth and strategic partnerships.

Speaking today at the FVW Kongress in Cologne, Germany, the President and Chief Executive Officer of Etihad Airways, James Hogan, said the airline was currently engaged in three major transactions – the acquisition of 24 per cent of India's Jet Airways, a 49 per cent stake and management contract in Air Serbia, and increasing equity in Virgin Australia from 10 per cent to a target of 19.9 per cent.

“Global reach is beyond the capacity of any single airline. Progress must come through partnership,” said Mr Hogan. “The investments we are making are delivering significant benefits not only to the airlines but to our passengers and freight customers. We will consider more strategic partnerships if they add value.”

Etihad Airways launched its equity investment strategy in 2011 with the purchase of a 29 per cent stake in airberlin, followed by a 40 per cent investment in Air Seychelles, which included a five year management contract. This was followed last year by the investment in Virgin Australia and a three per cent stake in Ireland's Aer Lingus, this year's Air Serbia deal and, subject to final approval, the Jet Airways investment.

Together, Etihad Airways and these six airlines serve more than 340 destinations with a fleet of 511 aircraft. In 2012, they carried a combined total of more than 91 million passengers – comparable to large airline partnerships in Europe and Asia.

“Equity investments deliver synergy benefits which cannot be achieved through legacy airline alliances,” Mr Hogan said. “Legacy alliances are focused largely on network and revenue benefits. Our equity alliance delivers much broader benefits for all of the partners including opportunities to reduce costs through resource sharing and joint procurement.”

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Mr Hogan said the foundation investment in airberlin had delivered significant gains to both carriers, with more than 260,000 passengers flying on their combined networks in the first half of 2013 - more than four times higher than the first half of 2012.

Etihad Airways now codeshares on 61 airberlin routes, while airberlin codeshares on 31 routes of Etihad Airways. Together, the airlines operate 42 flights each week between Abu Dhabi and four German cities – Frankfurt and Dusseldorf (both airlines), Munich (Etihad Airways), and Berlin (airberlin).

In addition, plans are being implemented to leverage a range of other synergies.

The Etihad Guest and airberlin Topbonus loyalty programs have been integrated, enabling guests on both carriers to earn and redeem mileage points on either airline.

Reservations and ticketing facilities for airberlin will be established in Etihad Airways' new European headquarters in Berlin.

And both airlines have agreed to identical interiors, engines and a joint implementation program for their new Boeing 787-9 aircraft, the first of which will enter service in 2014.

“Our equity alliance is a new business model for the airline industry,” Mr Hogan said.

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About Etihad Airways

Etihad Airways, the national airline of the United Arab Emirates, began operations in 2003, and in 2012 carried 10.3 million passengers. From its hub at Abu Dhabi International Airport, Etihad Airways offers flights to 94 passenger and cargo destinations in the Middle East, Africa, Europe, Asia, Australia and the Americas, with a fleet of over 80 Airbus and Boeing aircraft, and large orders for additional aircraft including 41 Boeing 787-9 Dreamliners and 10 Airbus A380s, the world's largest passenger aircraft. Etihad Airways also holds equity investments in airberlin, Air Seychelles, Virgin Australia and Aer Lingus, and subject to regulatory approval will acquire a 24 per cent stake in India's Jet Airways. Etihad Airways also will acquire 49 per cent of Air Serbia from January 2014. For more information about Etihad Airways, visit: www.etihad.com

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