

ETIHAD AIRWAYS RECEIVES 'MERGER AND ACQUISITION DEAL OF THE YEAR' AWARD FOR EQUITY INVESTMENT IN ALITALIA

Etihad Airways, the national airline of the United Arab Emirates, received the Airfinance Journal 'Merger and Acquisition Deal of the Year' award at a recent ceremony in Miami.

The prestigious accolade was presented in recognition of Etihad Airways' acquisition of a strategic minority equity stake in Alitalia, the national carrier of Italy in 2014.

James Hogan, President and Chief Executive Officer of Etihad Airways, said: "We are delighted and honoured to receive this award. It is an endorsement not only of this transaction, but of our business model, which leverages partnership and economies of scale for network growth and to create business synergies across the broad spectrum of airline activities.

"Alitalia is one of the most iconic brands in global aviation in one of the world's largest travel markets. We were confident that with the right level of capitalisation and a strong, strategic business plan, the airline could be turned around and repositioned as a premium global airline once again."

As part of the restructuring deal valued in total at more than €1.75 billion, Etihad Airways invested €560 million to acquire a 49 per cent shareholding in New Alitalia, 75 per cent of its frequent flyer program and asset purchases to restructure the airline's balance sheet. This was complemented by a further equity investment of €300 million from existing core Alitalia shareholders, including Intesa San Paolo (€88m), Poste Italiane (€75m), UniCredit (€63.5m), Atlantia (€51m), IMMSI (€10m), Pirelli (€10m) and Gavio (€2.5m).

The transaction also made provision for up to €598 million in financial restructuring of short and medium term debt provided by financial institutions and existing bank shareholders, and €300 million of new loan facilities extended by Italian financial institutions.

The transaction was completed on 31 December 2014, after receiving European Commission merger clearance, leading to the establishment of New Alitalia SAI.

Media release



“The negotiation process leading to the conclusion of the deal was a tough multi-stakeholder process which took more than a year, and we would like to acknowledge the positive support of the government, the shareholders, the unions and the people of Alitalia in achieving a consensus and in addressing the conditions precedent we required in order to proceed with this strategic transaction.

“For us it was very important not only to obtain the buy in of all these stakeholders, but also to stabilise the business so that from the start, our investment would be focused on supporting the implementation of the new business plan for a sustainable Alitalia.

“This is a strategic, long-term commercial investment for us and we are committed, with the other shareholders, to support the new management team to reinvigorate Alitalia as a competitive, sustainable and profitable business that can operate successfully in the global air travel market,” Mr Hogan said.

A strategic development plan to deliver profitability by 2017 has since been unveiled, with an unequivocal commitment by the new executive team and strategic investors to reinvent the airline as a premium global airline representing the best of Italy, with new routes, new product and service standards, new branding, and a new cost management strategy.

Etihad Airways’ advisors for its acquisition of a minority stake in Alitalia were JP Morgan (financial advisor), DLA's London and Italian team, along with Chiomenti (legal advisors), PwC’s London and Italian team (due diligence advisors) and Strategy& Middle East (strategic advisors). On Alitalia's side, the advisors were Citibank (financial advisors) and Bonelli, Erede and Pappalardo (legal advisors).

PHOTO CAPTION (L-R): Jon Hayes, DLA Piper Senior Partner; Matteo Mancinelli, Alitalia Legal Counsel; Duncan Naysmith, Alitalia Chief Financial Officer; Francois Oberholzer, Etihad Airways Senior Vice President Corporate Strategy; Bassam Al Mosa, Etihad Airways Vice President Corporate Investments & Subsidiaries; and Dickon Harris, Editor of Airfinance Journal

- Ends -



Media release



About Etihad Airways

Etihad Airways began operations in 2003, and in 2014 carried 14.8 million passengers. From its Abu Dhabi base, Etihad Airways flies to 110 existing or announced passenger and cargo destinations in the Middle East, Africa, Europe, Asia, Australia and the Americas. The airline has a fleet of 116 Airbus and Boeing aircraft, and more than 200 aircraft on firm order, including 69 Boeing 787s, 25 Boeing 777-X, 62 Airbus A350s and eight Airbus A380s.

Etihad Airways holds equity investments in airberlin, Air Serbia, Air Seychelles, Aer Lingus, Alitalia, Jet Airways, Virgin Australia, and Swiss-based Etihad Regional, operated by Darwin Airline. Etihad Airways, along with airberlin, Air Serbia, Air Seychelles, Alitalia, Etihad Regional, Jet Airways and NIKI, also participate in Etihad Airways Partners, a new brand that brings together like-minded airlines to offer customers more choice through improved networks and schedules and enhanced frequent flyer benefits. For more information, please visit: www.etihad.com