ETIHAD SAYS PARTNERSHIPS SUPPORTED RECORD YEAR OF PROFIT IN 2015

News / Airlines

Etihad Airways says almost 30 per cent of passengers travelling on its aircraft in calendar 2015 were from its codeshare and alliance partnerships with other carriers.

The figures were contained in the Abu Dhabi-based carrier's financial results for calendar 2015 and released on Wednesday (United Arab Emirates time).

The results show Etihad flew 17.6 million passengers in 2015, up 18.9 per cent from the prior year. Of those, five million, or 28 per cent, were from its 50-odd codeshare agreements other airlines.

Those partnerships generated about $US1.4 billion in revenue in 2015, representing about 16 per cent of the company's total revenue of $US9.02 billion.

Etihad holds equity stakes in airberlin, Air Serbia, Air Seychelles, Alitalia, Jet Airways, Virgin, and Swiss-based Etihad Regional.

Beyond these carriers, Etihad also has interline and codeshare agreements, along with reciprocal frequent flyer loyalty arrangements, with a number of other airlines that stretch its route network to about 600 destinations.

Etihad's Australian chief executive James Hogan said those equity investments in airlines helped

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expand his carrier’s network, achieved cost savings and were delivering excellent results.

Moreover, Hogan described the return on those investments as being many times more than the money it had spent.

“For an investment smaller than the cost of three new aircraft, we have been able to build our global network, attract five million new customers and $1.4 billion of revenues, and share massive cost synergies. That’s smart business,” Hogan said in a statement.

“This is a two-pronged approach. From a strategic level, we are looking for the equity partners to bring network connectivity, generate additional revenues and create economies of scale. All our partners are delivering on this level.”

“Each partner then has a P&L goal, which is the responsibility of its own management and Boards of Directors. Many of these, such as Air Serbia, Air Seychelles, Jet Airways and Virgin Australia, are now delivering on this level too.

Etihad holds a 25.1 per cent stake in Virgin and has a seat on the board. There is the potential for the Abu Dhabi-based carrier to increase its shareholding in the Australian carrier given Air New Zealand’s announcement at the end of March it planned to sell down its 26 per cent shareholding to focus on its own growth plans.

Singapore Airlines, also a major shareholder in Virgin with 23.1 per cent, was also a candidate to snap up the Air NZ stake, while there has been speculation a Chinese or US carrier would also be interested in investing in Virgin.

Overall, Etihad reported net profit $US103 million for calendar 2015, a 41 per cent improvement from $US73 million achieved in the prior corresponding period.

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It was the airline’s fifth straight year of profit.

With passenger demand, measured by revenue passenger kilometres (RPK) growing ahead of capacity, or available seat kilometres (ASK), load factors rose 0.2 percentage points to 79.4 per cent.

“Our mandate is to build a sustainably profitable airline. A fifth year of net profits, with our best annual financial performance to date, shows that we are delivering against that goal,” Hogan said.

“Our profitability clearly demonstrates the success of our business strategy, based on organic growth boosted by our partnerships.”

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