



LUFTHANSA AND ALITALIA DISCUSSING A DEAL

News / Airlines



Reuters has reported that talks may have taken place between Lufthansa and Alitalia about the prospects of Lufthansa taking a substantial stake in Italy's national carrier. The main topic of the conversation may have been regarding Etihad looking to give Air Berlin to Lufthansa in return for a stake in Alitalia.

Etihad currently owns a 49% stake in Air Berlin and a 29% stake in Alitalia and both investments are slowly becoming disasters for Etihad. So much so that Etihad signed off on the Air Berlin deal to let Lufthansa lease 40 aircraft and take over a substantial part of Air Berlin's routes while Air Berlin tries to fix its woes.

According to the article, Alitalia management denied that any talks have happened but what are they supposed to say? Yes? We did and Lufthansa is going buy a large piece of us and we're going to throw in Air Berlin as a door prize? How many times have discussions been denied only to become fact a short time later.

It's an interesting 3-way deal that may be brewing between Rome, Frankfurt and Abu Dhabi. Etihad sees 2 major losses on the horizon with Air Berlin and Alitalia, and sees a way out of almost both problems by giving away Air Berlin to Lufthansa in turn for Lufthansa taking a stake in Alitalia.

My gut suggests that a complete take over of Air Berlin by Lufthansa would simply solidify their Eurowings unit as one of Europe's largest Low Cost Carriers (LCC) without Lufthansa having to grow the brand organically from within. Considering Air Berlin's dire financial straits, LH could steal the airline for a song.

But of course, these conversations never happened

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