



BRITISH AIRWAYS TO EXIT LONDON CITY IF CHARGES RAISED

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British Airways (BA, London Heathrow) has warned it would consider leaving London City airport should any new owner raise service charges to cover the GBP2 billion (USD2.915 billion) asking price.

In August last year, the airport's majority shareholder, Global Infrastructure Partners, put the airport up for sale with several entities - Cheung Kong Infrastructure Holdings, Atlantia Spa, Macquarie Infrastructure Corp. and two other consortia - having now submitted bids.

"If the owners succeed in selling this for 2 billion pounds, we cannot see how a buyer will be able to recover or make any return on that investment unless they make a significant increase in airport charges," Willie Walsh, CEO of IAG, British Airways' parent firm, told the Financial Times. "We will not stay in London City at the levels we are today if these charges increase. Quite honestly the margins we make at London City would not support any increase in charges."

Walsh added that he has reservations about the GBP2 billion valuation placed on the airport which is 44x the airport's EBITDA earnings for 2014.

Located in the heart of London's financial district, London City is popular with business executives and offers scheduled passenger flights to other economic hubs around Europe as well as to New York JFK in the US.

Other scheduled operators to use the airport include: Alitalia (AZ, Rome Fiumicino), flybe. (BE, Exeter), CityJet (WX, Dublin Int'l), SkyWork Airlines (SX, Berne), Swiss (LX, Zurich), Luxair (LG, Luxembourg), Aurigny Air Services (GR, Guernsey), and Blue Islands (SI, Jersey).

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