ALITALIA HAS TO EMBRACE CHANGE, SAYS ETIHAD CEO

News / Airlines

Etihad Airway's chief executive has said Alitalia cannot afford to "revert to past practices", as the Italian airline begins to show signs of improvement.

The Abu Dhabi-based airline made a US$627 million investment in Alitalia, equating to a 49 percent equity stake, as part of a US$1.9 billion restructuring plan for the Italian carrier.

Alitalia recorded a 2015 first-half net loss of US$144 million in its latest figures released last month, which the airline's board described as "in line with business plan forecasts" and a "slight improvement" on expectations.

James Hogan, CEO of Etihad Airways, speaking in Milan to the International Forum of Sovereign Wealth Funds, said while there are signs of progress for Alitalia, it was important that it didn't slip back into old habits.

"Alitalia is ascending, but it still faces challenges," Hogan said. "It cannot afford to revert to past practices. For Alitalia to survive and thrive, there must be a relentless focus on costs and

© 2015-2026 50SKYSHADES.COM — Reproduction, copying, or redistribution for commercial purposes is prohibited.

efficiency, coupled with a commitment to delivering quality, innovation and value for money. Through our partnership, we can achieve success together."

Having saved Alitalia from "the verge of collapse" last year, Hogan said it needed a change in direction, having identified potential partnerships that Etihad could offer.

"What did we see in Alitalia that nobody else did? A great brand, a great network, but a poor business in need of a new direction," he said.

"Partnership offers lower risks, greater rewards and faster outcomes than 'going it alone', he said. "That's good for Alitalia, good for Etihad Airways, good for Italy and good for consumers."

Hogan said Etihad Airways and Alitalia had complementary route networks which, combined, offered approximately 200 destinations. He said Alitalia gained significant new flight connectivity by connecting with Etihad Airways at its hub in Abu Dhabi, providing extensive access to destinations across Asia, and in Australia and Africa - destinations not served by Alitalia.

But he said the Etihad-Alitalia partnership offered much greater benefits for customers, including the alignment of inflight product and service, expansion of both carriers' frequent flier programs, and synergy benefits including joint procurement and resource sharing.

Recently, Etihad Airways and six equity partners, including Alitalia, participated in an innovative capital raising push, through which US$700 million was collectively sourced from global financial markets.

"Alitalia's Chairman, Luca Cordero di Montezemolo has a clear vision for the success of the Alitalia business, one which we share fully," said Hogan. "Together, we are working to re-establish the airline to its rightful place as one of the great international brands."

04 OCTOBER 2015

SOURCE: WCARN
ARTICLE LINK:
https://50skyshades.com/news/airlines/alitalia-has-to-embrace-change-says-etihad-ceo

© 2015-2026 50SKYSHADES.COM — Reproduction, copying, or redistribution for commercial purposes is prohibited.