ETIHAD PARTNER AIRBERLIN TO UNDERGO RESTRUCTURING AS IT EYES LONG-HAUL GROWTH

News / Airlines

Etihad Airways partner airberlin is set to undergo a "far-reaching" restructuring including up to 1,200 job cuts and giving its rival Lufthansa up to 40 of its aircraft.

Germany’s second-largest airline said late on Wednesday that it would become a "leaner, fitter, stronger" carrier operating from its two key hubs in Berlin and Dusseldorf, with a core fleet of 75 aircraft from the middle of next year.

"We are implementing a size and structure for the business that is fit for purpose. We will see revenues grow and costs contained as a result of this restructuring of our business," said airberlin’s chief executive Stefan Pichler.

It said it would provide up to 40 Airbus 320 aircraft to rival Lufthansa, the leading German carrier. It would operate up to 38 of the planes under a six-year agreement beginning in 2017.

"Fewer staff will be required, with up to 1,200 positions becoming redundant," airberlin said in its statement.

The airline also announced it would separate its touristic business into an independently operating

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business unit "as strategic options are evaluated".

Lufthansa separately announced the same 40-aircraft deal, saying it will allow its budget airline Eurowings "to significantly expand its capacities and strengthen its position in the European point-to-point air transport market."

The final agreement is expected to be concluded in the fourth quarter of this year, Lufthansa added, and is subject to the companies' supervisory boards and competition authorities.

Mr Pichler said the restructuring plan was necessary due to "significant external market pressures which dictate a change to our current complicated business model."

"We have to make reductions but we will aim to do so in a supportive manner, offering new opportunities to employees where possible," he added in the statement.

The company plans to concentrate on it profitable long-haul business which will be expanded with new routes and additional frequencies, particularly to the United States.

Last year the company suffered a record loss of 447 million euros ($501m).

The company has received regular cash injections from Etihad, which owns 29.1 per cent of its shares, and has undergone several restructurings previously to trim costs and achieve a return to profitability.

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