



IAG'S VALUATION PUTS A TAG OF €110M ON THE AER LINGUS BRAND

News / Finance



Willie Walsh's British airline group has placed a value on one of Ireland's most distinctive brands.

His International Consolidated Airlines Group (IAG) has valued Aer Lingus' brand and image, one of the most recognisably Irish company brands in the world, at €110m.

The Aer Lingus brand is around 80 years old. IAG gained control of it with the purchase of Aer Lingus last August for €1.4bn.

The airline's brand received significant investment in the months leading up to its sale. After a review identified that its image needed updating and had poor recognition outside of Ireland, the company puts its creative advertising account out to pitch. It selected Dutch company KesselsKramer.

Brand-building exercises undertaken in the last 12 months included its 'Smart Flies' advertising campaign, which cost around €2m. Moone Boy actor Chris O'Dowd delivered the voiceover for the

TV ad.

The airline also signed a partnership with the Irish rugby team. The three-year deal, which made it "the official airline of the Irish rugby team", sees Aer Lingus fly players, management and support staff around Europe as they compete in the RBS 6 Nations Championships and in other high-profile international tournaments. As part of the agreement, Aer Lingus painted two planes with Irish rugby livery.

The value placed by IAG on the Aer Lingus brand was revealed in IAG's 2015 annual results, released last week.

Profits at IAG soared last year to €2.3bn with Aer Lingus adding some €35m, the results showed. Revenue for the year was up 13.3pc to €22.86bn. Fuel costs for the year were down 6.3pc, and would have been 17.2pc lower but for a rise in the value of the dollar.

The strong results capped a period of growth for IAG, which was formed in 2011 when British Airways merged with Spain's Iberia, following a tough restructuring of the business that included heavy job losses at Iberia and cost savings at BA.

Discussing the results, Mr Walsh said IAG had no plans for further acquisitions in the wake of the Aer Lingus deal, but continued to look for opportunities.

Transaction costs related to the acquisition of Aer Lingus reached €33m, the IAG results also noted. Its advisors in the Aer Lingus deal included Goodbody Stockbrokers and Deutsche Bank.

As well as the Aer Lingus brand, IAG also placed a value on Aer Lingus' property, plant and machinery - some €721m.

Its landing rights, meanwhile, were valued at €172m.

The value of the Irish airline's Heathrow runway slots caused controversy in the run up to the sale of Aer Lingus and IAG made assurances not to sell them in the near future.

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