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ASIA-PACIFIC

Hainan Airlines' four subsidiaries have formed a partnership being hailed as the world's first low-cost carrier (LCC) alliance. The U-FLY Alliance brings together Hong Kong-based Hong Kong Express Airlines, Kunming-based Lucky Air, Urumqi-based Urumqi Airlines and Chongqing-based West Air. Together, they operate a total of 67 aircraft on 168 routes with 298 daily departures covering 85 Asian destinations.

Air China ordered six Boeing 777-300ERs, worth \$2.05 billion at list prices, according to a statement released by the Shanghai Stock Exchange. The new aircraft, which will be used for international expansion, are scheduled for delivery between 2016-2017. The deal is subject to Chinese government approval.

Star Alliance-linked **ANA Holdings** has signed a memorandum of understanding to acquire an 8.8% strategic investment in SkyTeam member Vietnam Airlines, valued at VND2.4 billion (\$107 million). The planned "business and capital partnership" between the two airlines, which remains subject to finalization and regulatory approvals, was announced to the London Stock Exchange on Jan. 12.

China Eastern Airlines received approval from the China Securities Regulatory

Commission for a private placement to renew its fleet. The Shanghai-based carrier said it would circulate 2.33 billion A shares at CNY6.44 (\$.98) per share to no more than 10 investors so it could collect about CNY15 billion. Of that, China Eastern would spend CNY12 billion on 28 aircraft; the remainder, CNY3 billion, would pay off financial loans. The carrier will focus on four types of aircraft—Airbus A320, A330, Boeing 737 and 777—to add to its fleet.

China Southern Airlines committed to 30 Boeing 737NGs and 50 737 MAXs, valued at \$8.4 billion at list prices, and its **Xiamen Airlines** subsidiary plans to take 30 Boeing 737 MAXs. Once firm, the complex agreement will see Boeing take back 13 757s, three 737-300s and "certain aircraft spare parts and spare engines," China Southern said. Also, Xiamen Airlines is switching nine of the 40 737s it ordered in 2012 to nine 737 MAXs. In the stock market disclosure, China Southern said deliveries will run from 2017 to 2021. The Xiamen Airlines aircraft, valued at \$2.9 billion at list prices, are scheduled for delivery between 2018 and 2020.

China Southern Airlines ordered 10 Airbus A330-300 aircraft in a deal worth \$2.3 billion at list prices. The transaction still needs government approvals. The aircraft will be delivered from 2017-19. Three

will be delivered in 2017, five in 2018 and two in 2019.

China Express Airlines placed a firm order with Bombardier Commercial Aircraft for 10 CRJ900 regional jets, raising its total orders for -900s to 38. The order exercises options that the Chongqing-based carrier had as part of its initial order. To date, 20 CRJ900s have been delivered. Bombardier said the order, announced Dec. 31, 2015, was valued at \$462.6 million at list prices.

China's **Spring Airlines'** low-cost subsidiary Narita-based Spring Japan will receive a capital injection of JPY18 billion (\$151 million) from Japanese businesses that include a real estate company and consumer electronics retailer Bic Camera.

Malaysia Airlines Berhad confirmed the suspension of its Paris and Amsterdam routes will allow it to retire its remaining Boeing 777-200ERs, and that many of the pilots from this fleet will be leaving the airline. The carrier operates six 777-200ERs, which will be "retired from the fleet and sold."

EUROPE

Airberlin has won a court appeal over codesharing rights with **Etihad Airways**, reversing an earlier judgment and allowing the two carriers to continue operating 26 out of 31 codeshare flights for the full winter schedule. Together with

the other 50 approved Etihad-airberlin codeshares, 76 of the 81 are now approved. The other five codeshares are on German domestic routes.

The European Commission (EC) formally approved **FedEx Corp.'s** proposed €4.4 billion (\$4.77 billion) acquisition of **TNT Express**. The EC clearance moves FedEx and TNT closer to completing the deal. The US government cleared the acquisition in November 2015. With US and European Union approval now secured, regulators in China and Brazil present the biggest remaining hurdles to closing the transaction.

Air France ended more than 40 years of Boeing 747 operations with a final commercial flight from Mexico City to Paris-Charles de Gaulle (CDG) on Jan. 10, 2016. The French flag carrier conducted two tribute 747 flights over France and several landmarks on Jan. 14 to and from Paris CDG. The SkyTeam member was an early customer of the 747—its first flight from Paris to New York launched June 3, 1970.

Air France-KLM estimates the Nov. 13, 2015, terrorist attacks in Paris cost the company €120 million (\$131 million) in lost revenue, after incurring another €70 million hit in December 2015. The group had already reported €50 million in lost revenue for November, taking the total impact to €120 million to date.

International Airlines Group (IAG) converted options on 15 Airbus A320neos valued at \$1.4 billion at list prices. In a brief statement to the London Stock Exchange on Dec. 21, 2015, IAG detailed plans to firm up 15 options that formed part of an order originally placed in August 2013. IAG said the aircraft will be delivered in 2021 and 2022 and can be used by any airline in the group for fleet replacement.

The **Lufthansa Group** will hire more than 4,000 workers in 2016, which includes nearly 2,800 flight attendants, 240 pilots and 150 service staff at Munich Airport. The German group of airlines said it will focus on hiring 1,400 flight attendants for Lufthansa (800 in Frankfurt and 600 in Munich); 800 for Swiss International Air Lines in Zurich; 360 for Eurowings in Vienna, Düsseldorf and Hamburg; 200 for Austrian Airlines in Vienna; and 30 for Lufthansa CityLine in Munich.

Austrian Airlines launched its first Embraer E195 scheduled flight on Jan. 4, 2016, on the Vienna-Stuttgart route. The Lufthansa subsidiary acquired 17 E195s from former Lufthansa CityLine for nearly \$900 million at list prices. They will gradually replace the 21 Fokker aircraft currently used by Austrian Airlines.

Iberia has become the first airline to take delivery of the Airbus A330-200 with an increased maximum take-off weight (MTOW) of 242 tonnes. The 11,500 km-range aircraft is particularly suitable for Iberia's longest routes, such as those to Buenos Aires and Montevideo.

Brussels Airlines plans to add two Airbus A330 aircraft to its fleet and launch flights from Brussels to Toronto, as well as increase its presence in Africa and the US. The Lufthansa subsidiary and Star Alliance member will add a ninth Airbus A330 to its fleet in spring 2016 and launch 5X-weekly flights to Toronto

from April to fill the void of **Jet Airways**, which announced it will close its Brussels hub and move to Amsterdam Schiphol.

Finnair plans to invest €40 million (\$43 million) in a revamp of its Airbus A320 cabin interiors, adding extra seats to 22 of its aircraft, equating to a 4% capacity boost. The cabin upgrade will see six to eight seats added to each of the A320s, depending on the variant. Finnair said the denser layout will be achieved by modifying storage and technical space at the front and rear of the aircraft, "primarily without changing the leg space available to the passenger."

Alitalia named Cramer Ball as CEO from early March 2016. Ball is former CEO of India's Jet Airways and Air Seychelles—two airlines where he led substantial transformation programs. He follows Silvano Cassano who resigned for personal reasons in September after only one year as CEO of the "New Alitalia."

SAS Scandinavian Airlines reported SEK956 million (\$111.8 million) net profit in its fiscal 2014-2015 year, reversing its SEK719 million FY 2013-2014 net loss. For SAS's financial year, which runs from November 2014 through October 2015, the airline reported full-year revenue of SEK39.65 billion, up 4.3% year-over-year (YOY). SAS's full-year operating income was SEK2.23 billion, compared to SEK153 million in operating profits from FY 2013-2014.

Spanish low-cost carrier **Vueling** is to launch three new interline agreements with long-haul carriers Cathay Pacific Air, Hainan Airlines and Royal Jordanian. The new arrangements will largely focus on Rome's Fiumicino Airport, Vueling's major hub outside Spain, from where it has connections to 65 destinations. This will offer additional connections to long-haul flights arriving at Fiumicino, making it a European gateway for the

three airlines.

Ryanair said it transported 101.4 million passengers in 2015, becoming "the first airline to reach this international traffic landmark." The Irish low-cost carrier also announced it will open its 77th base at Belfast International Airport in March, with one based aircraft and a 28X-weekly service to London Gatwick.

Dart Group, the parent of UK budget carrier **Jet2**, placed a follow-on order for three Boeing 737-800s, valued at \$288 million at list prices. This boosts Dart Group's recent orders to 30 aircraft, following on from it finalizing 27 Boeing 737-800s on Sept. 3, 2015.

Estonian Air formally declared bankruptcy following a European Commission (EC) decision that it received illegal government aid. The Baltic state's airline closed its doors Nov. 8, 2015, following the EC decision the previous day. This made it liable to repay €85 million (\$92 million) it had received in state aid.

NORTH AMERICA

Atlas Air Worldwide Holdings agreed to acquire Southern Air Holdings for \$110 million in an all-cash transaction. The deal, if approved by the US Department of Transportation (DOT), would mark a major consolidation in the US air cargo industry.

Las Vegas-based ultra low-cost carrier **Allegiant Air** is adding three new airports to its route network, notably including Baltimore/Washington International Airport (BWI). The two other airports entering Allegiant's network in the spring will be El Paso International Airport (ELP) in Texas and Destin-Fort Walton Beach Airport (VPS) in Florida.

Westjet gained the necessary ETOPs certification for its Boeing 767-300ERs and has launched flights from

Calgary and Edmonton to Hawaii, a major step for the Canadian low-cost carrier as it gears up for widebody service to London Gatwick. Westjet is formerly an all-737 operator.

Spirit Airlines president and CEO Ben Baldanza was replaced by former AirTran Airways CEO Bob Fornaro in early January 2016. Baldanza had led Spirit since 2006, overseeing the Fort Lauderdale, Florida-based airline's transformation into a rapidly growing and consistently profitable ultra low-cost carrier. The airline maintained profitability as it grew capacity 30% in 2015, but its revenue performance was sluggish throughout the year as major US airlines began aggressively matching its low fares. Consequently, Wall Street had soured on the company: Spirit's stock price, which dipped to as low as \$33.80 in October, started trading on Jan. 5 at \$39.46, down 46.9% compared to the same date last year.

Denver-based ultra low-cost carrier **Frontier Airlines** unveiled a nationwide expansion in which it will add 42 new routes in April 2016. The expansion increases connectivity to cities already in the airline's network. Highlights of the expansion include adding flights from Phoenix to Atlanta, Detroit, Seattle and Portland, Oregon; flights from Cincinnati to Houston Intercontinental, Los Angeles, Philadelphia and San Francisco; flights from Cleveland to Los Angeles, Philadelphia, San Francisco and Portland, Oregon; and flights from Kansas City, Missouri to Atlanta, Chicago O'Hare and Philadelphia.

Hawaiian Airlines' workers, represented by the International Association of Machinists and Aerospace Workers, ratified recent tentative agreements covering approximately 2,200 mechanic and related, clerical, office, stores, fleet service and passenger service employees.