

Italy picks bid by US fund, Delta and Air France for ITA Airways

August 31 2022, by Brigitte HAGEMANN



The Italian government gave the green light in February to the privatisation of the state-owned ITA Airways, which took to the skies last year.

Italy announced Wednesday it chose a bid by US investment fund Certares, in partnership with Delta Airlines and Air France-KLM, for

exclusive talks to take over national carrier ITA Airways.

The decision came as a surprise, as Swiss-Italian shipping group MSC and its ally, German airline Lufthansa, had appeared frontrunners in the race to buy Alitalia's successor.

The offer by Certares and its partners "was deemed to be the most in line with the objectives set" by the state, which owns 100 percent of the company, the Italian economy ministry said in a statement, without disclosing the amount on the table.

"At the end of the exclusive negotiations, binding agreements will only be signed if their content is fully satisfactory for the public shareholder," the ministry said.

According to the Italian daily Il Messaggero, the Certares fund, which specialises in tourism, has proposed to buy nearly 56 percent of ITA for around 600 million euros (\$599 million).

The Italian state would retain a 44 percent stake and have two of the five seats on the future ITA board.

MSC and Lufthansa had proposed at the end of August to pay 850 million euros for 80 percent of ITA, a lower offer than a previous one of 1.3 billion to 1.4 billion euros made in January, due to the expected decline of the airline market after the summer.

Soaring energy prices, the war in Ukraine, a lack of staff and the COVID pandemic all contribute to a hazy outlook for the industry.

"From our point of view, our joint offer with MSC was the better solution for ITA," Lufthansa said in a statement.

"Evidently, a path is now being chosen that allows more state influence and does not envisage the complete privatisation of ITA.

"Even without a cooperation with ITA, the Lufthansa Group remains excellently positioned in Italy."

A turbulent ride

The travel agency network controlled by Certares will enable ITA to expand its presence in the United States.

French-Dutch airline group Air France-KLM has previously set its sights on Alitalia —in 2009, it acquired a 25 percent stake in the Italian company before gradually withdrawing from it from 2013.

Its hands are tied by EU conditions set in return for state aid it received during the coronavirus pandemic.

It was prevented from taking a stake of more than 10 percent in another company in the sector.

The Italian government gave the [green light](#) in February to the privatisation of the state-owned airline, which took to the skies in October last year.

ITA Airways replaced the loss-making national carrier Alitalia, which was put under state administration in 2017, after years of fruitless attempts to find a buyer.

The Italian state has spent more than 13 billion euros trying get the national airline back on its feet.

The announcement comes in the middle of Italy's legislative elections

campaign.

Just over one month before the September 25 vote, opinion polls put Giorgia Meloni on course to take power in the eurozone's third largest economy as part of a right-wing coalition.

Her post-fascist Brothers of Italy party criticised the move.

Decisions on the future of the national airline "belong to the next executive that comes out of the ballot box," warned Marco Silvestroni, the party's representative on the parliamentary transport committee.

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