

# British Airways parent IAG drops bid for Air Europa

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Air Europa will not join the IAG Group after owner of British Airways and Iberia abandoned the acquisition in the face of competition concerns by regulators.

Airline giant IAG, owner of Spanish airline Iberia and British Airways, said Thursday it had dropped its bid to buy Spain's Air Europa due to the

"current regulatory environment".

The move comes after the European Commission in January opened an "in-depth investigation" into the proposed deal on concerns it would reduce competition on several routes.

IAG, which also owns Spain's low-cost carrier Vueling and Ireland's Aer Lingus, had in February 2023 said it was to acquire Air Europa for 500 million euros from Globalia, its Spanish owner, pending regulatory approval.

"The board of directors has concluded that in the current regulatory environment it would not be in the best interests of shareholders to continue with the transaction," IAG said in a statement.

The London-based airline group also announced a 3.9 percent increase in first-half operating profit to 1.3 billion euros (\$1.41 billion), as well as its first dividend payment since the start of the COVID pandemic.

## **Strong demand for travel**

Revenues rose 8.4 percent to 14.7 billion euros.

"We see continuing strong demand for travel in the attractive core markets in which we operate," said IAG chief executive Luis Gallego.

"We are pleased to announce a return to paying a dividend, which reflects our confidence in the business, our performance and our transformation," he added.

IAG collapsed into annual losses in 2020 and 2021 as COVID grounded planes, forcing BA and its peers to slash thousands of jobs.

Despite calling off the Air Europa acquisition, Gallego said "IAG remains committed to its strategy, including competing effectively from its Madrid hub."

IAG had argued the deal would make Madrid's airport a major European hub and strengthen connections to Latin America.

But Brussels said it was particularly concerned about competition on domestic routes between the Spanish mainland and the Balearic and Canary Islands as well as links between Madrid and several European cities.

It was also looking into long-haul routes from Madrid to Latin America, and to the United States.

IAG had tried to allay the commission's concerns by vowing to cede 40 percent of Air Europa's routes if Brussels approved its takeover.

IAG said it would hold onto the 20 percent of Air Europa which it acquired in August 2022 and pay Globalia the required 50 million euros to cancel the deal.

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