

ITA

BRUSSELS GIVES GREEN LIGHT

Following an intensive competition law review, the EU has approved the Lufthansa Group's participation in ITA Airways. The new partnership will improve passenger choice in Italy, connectivity to and from Europe and the competitiveness of the companies involved.

As part of the Lufthansa Group, ITA Airways will have prospects for the future. The Italian airline, which was launched as a restructured start-up in October 2021, will regain economic stability as a network airline. As Europe's third-largest economy, Italy will be even better connected to the world. Competition will also be stimulated, as the Italian market has so far been dominated by low-cost carriers.

In May 2023, the Italian Ministry of Economy and Finance (MEF) and Deutsche Lufthansa AG agreed on the acquisition of a minority stake in ITA Airways. After months of intensive competition law scrutiny, the EU Commission approved the transaction this week. A solution was found that makes economic sense for all parties involved and at the same time ensures strong competition in Europe.

This essentially includes the transfer of take-off and landing rights at Milan Linate Airport to a competitor in short-haul traffic. In the "neighboring traffic" between Italy and the existing home markets of the Lufthansa Group, this competitor will take over single routes on which Lufthansa Group Airlines and ITA Airways still operate today as competitors. Additional feeder flights from Rome to hubs of European competitors will also ensure improved competition on long-haul routes from Rome to North America.

After the four home markets and the USA, Italy is the most important market for the Lufthansa Group. The country is not only an attractive holiday region, but also an important destination for business travelers due to its strongly export-oriented economy. ITA Airways and Rome Fiumicino as a southern hub are excellent additions to the Lufthansa's Group's route network. The core of the Lufthansa Group's strategy is the multi-hub, multi-airline and multi-brand business model. The decisive factor here is that each airline maintains its own individual profile and proximity to its home market, while at the same time benefiting from the far-reaching synergies of cooperation within the airline group. This will also be the case with ITA. The future Group subsidiary will retain its DNA, its brand identity and its proximity to its customers and will benefit from the economies of scale of the Lufthansa Airline Group.

ITA Airways at a glance

The Lufthansa Group is looking forward to thousands of new colleagues.



The EU's approval creates the conditions for a win-win situation for the companies involved, their customers and employees. At the same time, it is an industrial policy decision with a signal effect for the entire aviation sector. Because consolidation in Europe will continue. Smaller, independent European airlines will find it difficult to compete globally against large airline groups or subsidized state carriers in the long term. In order to be successful as an aviation company globally, size is crucial. Mergers such as the one between the Lufthansa Group and ITA strengthen the strategic autonomy and competitiveness of the EU.

With this approval from the competition authority, the acquisition of a minority stake of 41 per cent in the Italian ITA Airways by Deutsche Lufthansa AG for 325 million euros, which was agreed in May 2023, can take place as part of a capital increase. The closing of this approved transaction is expected in the fourth quarter of 2024. This is subject to the prior implementation of the remedies negotiated with the EU Commission and the approval of other competition authorities outside the EU.