



MEDIA RELEASE

## **Alitalia board gives green light to next phase of business plan**

### **Shareholders demand deep cost reductions across the business**

Rome, 22 December 2016 – Alitalia’s board of directors today approved the second phase of the airline’s business plan.

Short-term funding was agreed at a separate shareholders’ meeting to allow the airline’s management team to begin negotiations in the next 60 days with key stakeholders - lessors, suppliers, distribution companies and trade unions – to seek their commitments to deep cost reduction measures to secure long-term support from the shareholders and the financial institutions with the aim to secure sustainability for the airline.

Cramer Ball, Alitalia’s Chief Executive Officer, said: “The next two months are critical for Alitalia.

“It is vitally important that the airline’s workforce and major stakeholders, such as corporate partners, suppliers and unions, embrace and accept the radical changes we need in order to gain the next round of significant funding from our shareholders, which will be crucial for our future.

“Everyone has to pull in the same direction to make Alitalia a viable, sustainable success story and help the airline achieve its ambition of long-term growth and profitability.”

Details of the second phase of the business plan will be presented in January to Alitalia’s workforce. It will build upon the significant investments made during the last two years in ‘new Alitalia’ but recognise the challenge that the airline now operates in an increasingly turbulent aviation market.

The main focus of future activities will be to change our business model by:

- Developing further the long-haul flight network
- Reworking the narrow-body business
- Reducing costs and improve productivity to match competitors
- Re-evaluating joint venture agreements
- Deepening existing airline partnerships and look to add new commercial relationships
- Leveraging recent large investments in technology to compete, and also drive additional revenue
- Reducing manpower numbers to create the ‘right size, right shape’ for the business

The ‘right size and right shape’ programme will ensure that the organisation can operate efficiently in a highly competitive environment, while minimising redundancies and maximising productivity.

No final decisions on staff reductions have yet been taken and the management team will now begin consultation with employees and their trade union representatives.

Mr Ball added: “We are committed to work positively with the unions and reach consensus on a new collective labour agreement. Their backing on the implementation of the next phase of the business plan is vital.

“We have achieved great progress in the last two years but the commercial aviation market is brutally unforgiving so we need to go further with our programme of change. We need a business that is the right size, the right shape and with the right productivity and cost base. If we can deliver those, Alitalia will succeed.”

The board also appointed Gaetano Miccichè and Federico Ghizzoni as two new directors following the resignations at the last board meeting on 2 December of Jean Pierre Mustier and Paolo Colombo. They resigned following appointments to new responsibilities and Antonella Mansi resigned for personal reasons.

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**About Alitalia**

Alitalia - Società Aerea Italiana ([alitalia.com](http://alitalia.com)) is Italy's largest airline and commenced operations on January 1, 2015 after acquiring the operational activities of Alitalia - Compagnia Aerea Italiana, now named CAI. CAI has a 51% controlling stake in Alitalia and the remaining 49% of shares are owned by Etihad Airways, the national airline of the United Arab Emirates (Airline of the Year 2016 by the prestigious US-based aviation industry publication Air Transport World). As part of its 2016/2017 winter schedule, Alitalia flies to 80 destinations, including 26 Italian and 54 international destinations, with 3,600 weekly flights and 106 routes. Alitalia boasts one of the most modern and efficient fleets in the world. It is a member of the SkyTeam alliance and is part of the Transatlantic Joint Venture alongside Air France-KLM and Delta Air Lines. Alitalia also collaborates with the other Etihad Airways Partners - airberlin, Air Serbia, Air Seychelles, Etihad Airways, Etihad Regional operated by Darwin Airline, Jet Airways and NIKI – in order to offer customers more choice through improved networks and schedules and enhanced frequent flyer benefits.