

Alitalia shareholders approve administration move

ROME, Italy: Shareholders in Alitalia voted unanimously Tuesday to place the company into "extraordinary administration" as efforts continue to find a buyer and stave off liquidation for the troubled airline.



The move follows last week's rejection by staff of a restructuring and refinancing plan based on hefty job and salary cuts which management had presented as a precondition for injecting new funds under a two-billion-euro rescue plan.



Alitalia workers reject rescue plan

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The company said in a statement that flights would continue to operate as planned under the administrators, who will be appointed by the Italian government. The Italian government said last week it would provide bridging loan finance to keep Alitalia's planes flying for around six months but ruled out nationalisation as a solution.

Potential 20,000 jobs out of Italian economy

If no buyer can be found, the administrators will have to organise the winding-up of the company, a step which economists estimate will take 20,000 jobs out of the Italian economy.

In a statement, Etihad Airways, which has a 49% stake, and Alitalia's Italian shareholders voiced "deep regret" at the outcome of the ballot and reiterated that they could not inject any more cash.

The plan rejected by staff involved cutting 1,700 jobs from a global headcount of 12,500 and wage cuts of up to eight percent. Alitalia has been loss-making for years and has been squeezed hard recently by the emergence of leaner, low-cost rivals on domestic and European routes, particularly Ryanair, which is now the market leader in Italy.

The company lost €460 million last year and a similar loss is predicted for 2017. The restructuring plan envisaged a return to profitability by 2019 and a subsequent expansion of long-haul operations.

Source: AFP

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