

# AIR FRANCE CHALLENGES LUFTHANSA TO TAKE OVER THE SPANISH CARRIER AIR EUROPA



Air France-KLM is competing with Lufthansa to acquire a 20% stake in Air Europa. The top management of the French airline is partnering with Société Générale to pursue the airline Globalia, which is 80% controlled by the Hidalgo family and 20% by International Airlines Group (IAG), the parent company of Iberia.

Experts suggest two main reasons for choosing the French bank: Société Générale had previously assessed the acquisition when Hainan Airlines, a Chinese airline, made an offer for 100% of the Spanish carrier. **Now, they believe the time is right to proceed with this operation, potentially preventing an inconvenient and problematic Chinese entity from entering the shareholder structure of a European airline.**

According to Spanish media, Air France-KLM will face significant challenges in competing against Lufthansa, which has recently partnered with ITA Airways and has completed negotiations to acquire a stake in Air Europa. Two other major airlines, Delta Air Lines and Etihad, are also interested in Air Europa and remain in the running. However, the Hidalgo family, which controls the Spanish carrier, has consistently preferred a European partner for the acquisition.

The financial aspects will also be important in this situation. Javier Hidalgo, who oversees the negotiations, wants to finalize the partnership by the end of February. **He is seeking a total of 240 million euros through a targeted capital increase,** followed by a simultaneous request for a bridging loan of 235 million euros from the family. This funding, combined with the new partner's investment, would ultimately pay off Air Europa's debt of 475 million euros to Sepi, the Sociedad Estatal de Participaciones Industriales, which facilitated the airline's rescue in 2020.

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