

IAG and Globalia agree to terminate Air Europa acquisition agreement and to work on alternative structures

International Airlines Group (“IAG”) and Globalia today announce that they have terminated the agreement signed on 4 November 2019 and amended on 20 January 2021, under which IAG’s subsidiary, Iberia, had agreed to acquire the entire issued share capital of Air Europa (the “Acquisition”).

IAG has also reached an understanding with Globalia to evaluate, before the end of January 2022, alternative structures that may be of interest to both companies and offer significant benefits for their shareholders, customers and employees.

In addition to the previously agreed break-fee of €40 million, IAG will pay Globalia €35 million. Both parties have agreed that these amounts will be applied to reduce any future purchase price if a new agreement is reached and to avoid any litigation relating to the Acquisition.

Luis Gallego, IAG’s chief executive, said:

“It is very disappointing that we have had to terminate the current agreement to acquire Air Europa but the decision makes sense due to the market conditions, the deep crisis resulting from COVID-19 and taking into account our desire to maintain a disciplined approach to capital allocation. However, we have committed to analyse alternative arrangements with Globalia that could deliver significant benefits. In the same way, we will continue to work with the Spanish Government to guarantee the connectivity of Spain and the development of the Madrid hub.

“As it has for the last 94 years, Iberia will continue to carry out its mission to connect Spain with the world, working hard to strengthen and develop the Madrid hub so that it can compete as an equal with the other European hubs.”

Stephen Gunning
Chief Financial Officer

16 December 2021