

Corporate Restructuring of Air Malta

Service Area	Corporate Strategy, Corporate Restructuring	Sector	Transport
Client	Air Malta	Date	2 years, 2011-2012



The Project

Air Malta is the Government owned official carrier of the Maltese Islands, established in 1974. At the time of the beginning of the project, the airline was unprofitable and the Government of Malta decided to recapitalise and restructure the airline, subject to approval by the European Commission of a Restructuring Plan compliant with the guidelines for state aid.

Our Role

Maddox was hired, via its strategic partner Catalise, to be part of the senior strategy team directly advising the CEO and Chief Restructuring Officer on major strategic issues. Key elements included:

- Preparation and presentation of the full Restructuring Plan to the European Commission for approval of the State aid case, which has been successfully approved and is currently being implemented. The Plan in particular provides detailed analysis of the competitive environment, the issues affecting Air Malta, the path to recovery, the revenue and cost initiatives, the debt and equity recapitalisation plan and the 5 year financial and operational plan.
- Successful negotiation of a bridge loan with a syndicate of international banks and of a commercial loan partly securitised through landing slots, amongst the first in Europe. Negotiation with Government for scheduling a number of equity issues to provide Commission approved state aid (€138m).
- Conducted a review of the entire scheduled and charter network of the airline with the aim of establishing profitability by route. The analysis was used both for network improvement maximisation and for establishing suitable compensatory measures requested by the Commission as part of the state aid case.
- Provided commercial and financial advisory for the renegotiation of the heavy maintenance contract, resulting in substantial financial savings for the airline.
- Reduced the operational fleet by negotiating sub-leasing of surplus aircraft, both long-term dry leasing and seasonal wet/dry leasing. Conducted financial analysis of the existing options and advised in the commercial and legal negotiations.



The Outcome

As a direct result of the project Air Malta's restructuring plan was approved for state aid by the European Commission, paving the path for the recapitalisation that followed. The restructuring programme remained on track reducing operating losses by half after one year and being on-course for break-even after two years.