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## Etihad's Hogan steps down

January 25, 2017 by AFP

1 Comment

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DUBAI, 25 January 2017: Australian James Hogan is to stand down as head of the Etihad Airways group, the company said Tuesday, as the Abu Dhabi-based carrier struggles with investments in European airlines.

After piloting the state-owned Gulf airline through more than a decade of growth, Hogan will leave his post in the second half of 2017, Etihad Aviation Group said in a statement.

Hogan was the architect of a strategy that saw Etihad buy significant stakes and make major investments in other airlines, notably Air Berlin and the long-struggling Alitalia.



James Hogan

But Etihad Aviation Group chairman Mohamed al-Mazrouei said it was time for a company-wide review, following continued cash injections into Etihad's partners.

"We must progress and adjust our airline equity partnerships even as we remain committed to the strategy," Mazrouei said in the statement.

"We must ensure that the airline is the right size and the right shape."

Hogan's approach was in stark contrast to the strategies of fellow Gulf airlines Emirates, based in Dubai, and Qatar Airways, which instead invested in developing their own services.

It saw Etihad spend hundreds of millions on stakes in foreign airlines, including acquisitions of 49% of Alitalia, 29% of Air Berlin, 19.9% of Virgin Australia and 3% of Irish carrier Aer Lingus that it offloaded in 2015.

Etihad also acquired 40% of Air Seychelles, 24% of India's Jet Airways and 49% of Air Serbia.

Some of the investments have been costly, however, with Etihad keeping Air Berlin alive with regular cash injections in recent years. The German carrier suffered a record loss of 447 million euros (USD480 million) in 2015.

Etihad's management of Alitalia has also been criticised over fears of up to 1,600 jobs being cut at the Italian carrier, which was rescued from bankruptcy by the Abu Dhabi company in 2014.

"One could speculate that the two weak EU airlines marred his strategy. But I don't think we can blame him for this," argued Addison Schonland, an aviation expert with US-based consultancy AirInsight, adding that the expansion must have had a green light from decision-makers in the emirate.



Schonland described the strategy as a "master stroke" because it provided Etihad with wide access to Europe.

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“Since the long-term impact of the strategy is still playing out, it is still too soon to be critical,” he added.

Etihad reported a 41% surge in its net profit in 2015, reaching USD103 million on the back of rising passenger numbers and cargo volumes.

But in a sign of financial strain, the company said last month that it had begun cutting jobs in a restructuring process amid tough competition and a weakened global economy.

A prolonged slump in oil prices has forced Gulf countries — whose airlines have emerged as major global players — to tighten their belts.

Hogan became head of Etihad in 2006. Last year he was named president and chief executive officer of Etihad Aviation Group in a restructuring process.

Hogan will join an investment company along with chief financial officer James Rigney, who will also leave the company later this year, the statement said.

The search for a new CEO and CFO of the group is “already underway”, the statement said.

Under last year’s restructuring, the group named Peter Baumgartner as CEO of the carrier itself.

Carolyn McCall, CEO of Europe’s easyJet, said the budget carrier will watch “with interest”, citing during an earnings conference call Etihad’s “different kinds of moves in the European airline market”.

In addition to Etihad Airways, the group has a range of businesses including Etihad Cargo and airport services.

Launched in 2003, Etihad has a fleet of 120 aircraft with another 178 on order. It currently serves 112 destinations.

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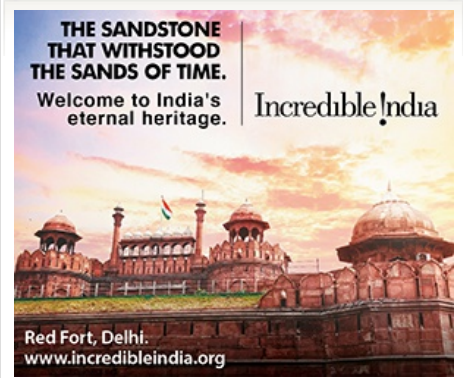
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**H. Lee says:**

January 25, 2017 at 14:47

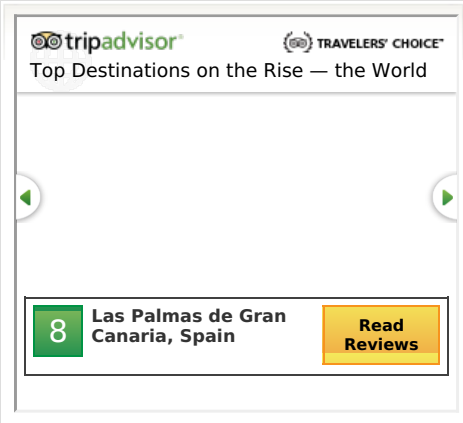
Maybe for once this second stream carrier will be able to tell the truth about subsidised fuel, aircraft, labour unrest and a total ego trip by the little Australian despot. He destroyed what was left of Gulfair, quietly plotted his move to Abu Dhabi and deceived the travel media for more than a decade about Etihad’s total reliance on state money. He engineered the purchase of all those useless stakes in foreign carriers that nobody else would touch with a barge pole. Finally the sheikhs have woken up to the con.



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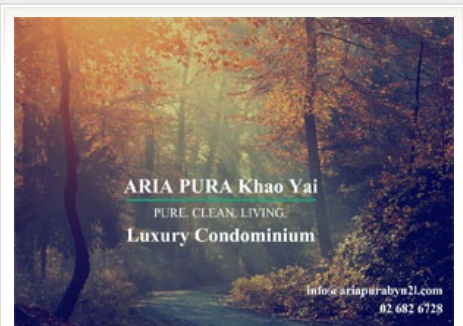
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