



*Republic of Seychelles*



## **SEYCHELLES GOVERNMENT AND ETIHAD AIRWAYS TEAM UP IN NEW STRATEGIC PARTNERSHIP IN AIR SEYCHELLES LTD.**

The Government of Seychelles and Etihad Airways, the national airline of the United Arab Emirates, have signed a Memorandum of Understanding wherein Etihad will invest to acquire a 40 per cent stake in Air Seychelles Ltd as part of a strategic partnership alliance initiative between Air Seychelles and Etihad Airways.

The deal was announced today by Joel Morgan, Seychelles Minister of Home Affairs, Environment, Transport and Energy and James Hogan, President and Chief Executive Officer of Etihad Airways.

Etihad Airways' investment of USD 20 million will be matched by an equal capital injection from the Government of Seychelles. In addition, Etihad Airways will also provide a shareholder's loan of USD 25 million to meet working capital requirements and support network development.

Mr Morgan said: "This is a game-changing strategic partnership for us, establishing Air Seychelles on a sustainable growth trajectory and offering a realistic way forward for long-term commercial growth."

"The partnership simultaneously provides international presence, strategic penetration and a bright future for our national carrier."

"The aviation industry is under enormous pressure right now, with small airlines especially vulnerable to global economic instability and ongoing oil price volatility. In this context, consolidation offers the best possible solution for Air Seychelles. This agreement will allow Air



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Seychelles to share the benefits of the visionary strategy of one of the world’s leading airlines and leverage its economies of scale and synergies.”

Mr Hogan said: “This deal is consistent with our approach to expansion, which relies on the strength of strategic partnerships across the globe. The investment in the national carrier of Seychelles is a natural next step towards growing our operations in the increasingly important leisure markets of the Indian Ocean and Africa.

“The Seychelles is a renowned leisure destination and its tourism industry is surging, as indicated by record-setting visitor numbers for the island nation in 2011. There is a need for greater connectivity to support this tourism boom, and both Air Seychelles and Etihad Airways are well-positioned to leverage that demand into substantial commercial growth.

The integration of the networks will give Air Seychelles greater opportunity to tap into key tourism feeder markets across Europe – such as Germany, France, Italy and the UK – where Etihad Airways’ presence is strong and growing.”

Asia, and more specifically China, is increasingly important to the Seychelles national economy. Apart from the Seychelles strategic geographic significance as a stepping stone between China and Africa, the island nation is also an important trading partner for Chinese business and an increasingly popular leisure destination for significant numbers of Chinese travellers.

The agreement, which is the first of its kind in Africa, makes for provision for a five-year management contract for Etihad Airways which will see the implementation of strategic measures to encourage Air Seychelles’ long-term commercial growth.



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Importantly, the partnership will offer unprecedented career development opportunities and access to Etihad Airways state-of-the-art training academy and facilities in Abu Dhabi for Seychellois aviation professionals.

Etihad Airways has achieved a high level of success in encouraging and facilitating the professional growth and increased presence of nationals in the organisation following the implementation of its localisation program, and will support a similar knowledge and skill transfer for Seychellois within Air Seychelles.

Another important element of the agreement gives Air Seychelles office presence in Etihad Airways offices across the Etihad Airways network. This means vastly improved marketing possibilities for the country and its national carrier.

Finally, the new partnership will further drive consolidation of key functions, resulting in significant cost savings and process optimisation.

Also under the partnership:

- Etihad Airways will seek to increase frequency of flights between Abu Dhabi and Mahé from four per week to daily, as well as providing new services to the islands;
- Etihad Airways will work in conjunction with Air Seychelles to develop a renewed fleet and network growth plan for the island-based carrier;
- The airlines will sign a comprehensive codeshare agreement to include Etihad Airways-marketed flights across Air Seychelles' network and Air Seychelles-marketed flights to Abu Dhabi and Etihad Airways destinations across Europe, the Middle East, the GCC, Asia and Australia.
- Etihad Guest and Seychelles Bonus, the airlines' frequent flyer programs, will be integrated to include mileage earning and redemption on each other's flights.



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This agreement is Etihad Airways' second equity investment, following its December 2011 announcement that it would increase its stake in airberlin to 29.21 per cent, making it the single biggest shareholder in Europe's sixth largest airline.

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#### **About Etihad**

Etihad Airways, the national airline of the United Arab Emirates, began operations in 2003, and in 2011 carried more than eight million passengers. From its hub at Abu Dhabi International Airport, Etihad serves 82 passenger and cargo destinations in the Middle East, Africa, Europe, Asia, Australia and North America, with a fleet of 65 Airbus and Boeing aircraft, and 100 aircraft on order, including 10 Airbus A380s, the world's largest passenger aircraft. For more information, please visit: [www.etihadairways.com](http://www.etihadairways.com).

#### **About Air Seychelles**

Air Seychelles, the national airline of the Republic of Seychelles began long-haul operations in 1983 and has been a pillar of the islands' primary economic activity, tourism. Likewise, it is the primary domestic airline offering connectivity to popular tourism establishments in the archipelago. Air Seychelles is an IATA member and holds both IOSA and EASA certification. For more information, visit [www.airseychelles.com](http://www.airseychelles.com).