

Erste Group's Česká spořitelna acted as sole financial advisor on sale of 44% stake of Czech Airlines to Korean Air

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Korean Air's first investment abroad amounted to EUR 2.64mn for 44% stake in Czech Airlines

Sale is landmark for Czech Airlines and the European airline industry, in a difficult market environment

Prague Airport to become European transfer point for Korean Air and further consolidate its position as European hub

CEE is favourite destination for South Korean investments; Asian companies expected to reinvest profits and expand footprint in the region

State-owned company Czech Aeroholding has entered into an agreement to sell a 44% stake in Czech Airlines (ČSA a.s.), the Czech Republic's flagship carrier, to Korean Air. The sale price amounted to EUR 2.64mn. Česká spořitelna, member of Erste Group Bank and the biggest bank in the Czech Republic, acted as sole financial advisor to the seller.

Franz Hochstrasser, Deputy CEO of Erste Group said: "Entering a strategic partnership with a company from Asia, whose economy has been fast-rising and is successful in many industry sectors, lays the ground for the further development of the Czech airline industry. This move will also strongly fuel Vaclav Havel Airport's ambitions to become a CEE hub and join the global aviation network."

We are pleased that the joint efforts of Erste Corporate Banking and Czech Aeroholding yielded fruit and our experience in mergers and acquisitions, as well as a profound knowledge of the central European market and infrastructure assets, helped to conclude a transaction that is strategic not only for the Czech Republic, but also for the entire European aviation industry."

Petr Vlasák, deputy chairman of the board and director for finance and human resources at Czech Aeroholding, highlighted: "We have been working closely with Ceska sporitelna's M&A team, and appreciate them as a thorough and reliable partner. Their support was instrumental in helping to materialize the successful sale of a minority stake in Czech Airlines".

Korean Air has been operating direct flights between Prague and Seoul since 2004 and this transaction is expected to further intensify the partnership between the Czech Republic and South Korea. Under the privatization plan, Korean Air will make Prague one of its transfer points in Europe, helping to consolidate Prague Airport's position as a hub. ČSA will resume its long-haul service with twice-weekly flights to Seoul starting this summer. Both carriers are members of the Sky Team global alliance of airlines and already have an agreement for the cross selling of seats on each other's flights in Europe and Asia.





This is Korean Air's first investment abroad. Erste Group analysts note: "Asian companies have significantly increased their footprint in central and eastern Europe after these countries' integration in the EU. The region has long been a favourite destination for South Korean investments, particularly in the manufacturing, engineering, trade and real estate sectors. Companies such as Hyundai Motor and Samsung in the Czech Republic and KIA in Slovakia are some of the flagship investors. Their presence in the CEE region offers perfect access to the common EU consumer market, with labor costs at a reasonable level. We expect that Asian companies will continue to reinvest their profits in CEE in the following years."

Czech Airlines was founded in 1923 and is one of the five oldest airlines in the world. It operates a fleet of 26 planes and carried 4.25 million passengers in 2011. It is a member of the International Air Transport Association (IATA), the Association of European Airlines (AEA), and the SkyTeam alliance.

Korean Air is south Korea's flagship carrier and one of the world's top 20 airlines. In 2012, it operated a fleet of 146 planes and carried 23.3 million passengers to 121 destinations worldwide.