

PRESS RELEASE

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New National Airline for Malta Announced

Prime Minister Robert Abela and Minister for Finance and Employment, Clyde Caruana, today announced the establishment of a new national airline for the Maltese Islands.

The new company will be called KM Malta Airlines p.l.c. and will commence operations on 31 March 2024, subject to the new airline obtaining the necessary authorizations from the Maltese Civil Aviation Directorate. The new airline will, at inception, have the Government of Malta as its sole shareholder.

Prime Minister Abela reiterated Malta's commitment to maintaining a national airline with a sustainable and realistic business model. He emphasized that the forthcoming national airline would diligently implement a five-year business plan. He earmarked March 31, 2024, as the commencement date for the new national airline, thus ensuring its viability. The Prime Minister assured that the airline would retain its current workforce, fleet size, and continue serving 17 important routes. He stressed the importance of connectivity for Malta, situated in the heart of the Mediterranean, and highlighted how the new national airline would continue to be a key player in Malta's tourism industry.

Minister Caruana explained that the Government of Malta and the European Commission have been engaged in complex discussions and negotiations.

As it would not have been possible for Air Malta to become viable without continued state subsidies, in agreement with the European Commission government decided to establish a new airline built on

a realistic business model underpinned by a sustainable long-term strategy.

Minister Caruana stated, “throughout our discussions and negotiations with the European Commission I have always insisted on the importance of our country to have a national airline. We consider our national airline to be a critical part of the infrastructure of our Islands and the air connectivity the national airline provides is inextricably linked to the economic growth and success of the Maltese Islands. In the absence of a solution for the capitalization of Air Malta p.l.c. within the parameters of EU state aid rules it has been decided to establish a new airline from a clean sheet – a new airline that builds on the many strengths of Air Malta but with a strong focus on long-term financial sustainability.”

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Minister explained that significant work was undertaken with international industry experts, to develop a credible five-year business plan that was also shared with the European Commission.

The business plan for the new airline is based on two central drivers – an efficient network and a well-planned fleet. With the network and fleet determined, it was possible to shape a commercial strategy that serves customers well, while ensuring the financial sustainability of the business.

The route network has been designed by industry-leading experts, SABRE for optimal commercial efficiency connecting Malta to the capital cities and primary airports of mainland Europe and beyond. The new airline will initially operate a total of 17 routes, with increased frequencies added on some existing mature routes to maximise aircraft utilisation and optimise commercial performance. This organic point-to-point network will be supported by existing and new codeshare partnership agreements with major airlines operating from key European transit hubs, which provide important connections onto their long-haul international services. The core network will continually be reviewed to identify new opportunities commercial growth.

The right commercial mix is equally important. Based on full customer segmentation, the new airline will present a fully unbundled product offering with economy and premium services, based on analysis which indicated a clear demand for premium and premium economy class flights serving Malta.

The new airline will operate a single type aircraft fleet of eight Airbus 320NEOs, in a two-class configuration with a flexible premium-class cabin averaging 168 total saleable seats with up to 36 premium class seats. Importantly, these modern fuel-efficient aircraft offer superior operating economics and better environmental performance with reduced CO₂ emissions per passenger and noise pollution. In line with industry best practice,

the fleet will comprise a mixed owned and leased ownership structure for aircraft and spare engines.

Clyde Caruana said, “we also expect the new airline to prioritise its commitment to sustainability. This will mean aligning its policies with the UN Sustainable Development Goals and Malta’s Sustainable Development Plan 2050, which set out our long-term aspirations and priorities for sustainable development and to take the necessary measures to comply with the requirements of the EU Green Deal and Fit for 55 policy objectives to mitigate its environmental impacts.”

In closing Minister Caruana thanked everyone who worked on the new strategic plan “this is a realistic and exciting roadmap for the future of our new national airline. The successful implementation of this plan and the establishment of a sound airline business is good for the Maltese Islands, its people and its economy. It also enhances our future opportunities for aviation development and economic growth.

“It is now important that we get behind this plan and commit to making it work.”

Air Malta will cease operations on 30 March 2024, but will continue to operate as planned all its flights up to 30 March 2024. Customers can continue to book and purchase tickets as normal and Air Malta will honour all tickets for flights up to 30 March 2024. Flights with travel dates 31 March 2024 and after will be operated by the new airline.

Air Malta will refund customers the total cost of any tickets already issued with travel dates on or after 31 March 2024. Refunds are guaranteed by the Government of Malta as the principal shareholder of Air Malta. From 1 December 2023 customers whose tickets are refunded by Air Malta as part of this transition, will have the opportunity to book the same flights with the new airline.

Further timely communications will be issued by Air Malta in due course.

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