Airlines

Air France-KLM sees 'win-win' by taking majority stake in SAS

IAN JOHNSTON — AIX-EN-PROVENCE

Air France-KLM will take a majority stake in Scandinavian Airlines, hoping what it calls a "straightforward" deal will avoid the antitrust pushback from Brussels that has met recent attempts at European airline consolidation.

The company said yesterday it would increase its stake in SAS, the national airline of Denmark, Sweden and Norway, from 19.9 to 60.5 per cent.

The financial terms were not disclosed, but the stake is expected to be valued more highly than the $145mn Air France-KLM paid for a near-20 per cent stake in 2023, as part of a restructuring of the then troubled carrier.

Ben Smith, chief executive of Air France-KLM, said: "The management team has done a fantastic job at exceeding the business plan. It's going to be a win-win for our investment to justify an increased price."

He added that the deal would allow Air France-KLM to deliver synergies, including through potential job cuts, and increase the group's long-haul offer.

Air France-KLM expects the deal to close in the second half of 2026. It is likely to face scrutiny from the European Commission, which has expressed concern that airline takeovers could lead to higher fares.

Smith said: "We're hopeful that this is straightforward and it doesn't take the same length of time [as other deals]." He suggested that high competition in Scandinavia from Norwegian Air meant the acquisition would not give Air France-KLM a dominant position.

Ryanair has made multiple bids to buy Irish rival Aer Lingus, while IAG, owner of British Airways, dropped plans to buy Spain's Air Europa over requirements from competition regulators.

Paris and Berlin have previously called on the commission to do more to enable mergers in both the airline and telecoms industries, as Europe seeks to build regional champions capable of taking on larger rivals from countries such as China and the US.

Air France-KLM will increase its ownership of SAS by buying out the stakes of private equity group Castlelake and Lind Invest, the family office of Danish billionaire Henrik Lind. The Danish state will retain its 26.4 per cent stake.

Air France-KLM has also expressed an interest in acquiring Portuguese airline TAP, which was put up for sale by the Portuguese government. It faces competition from Lufthansa and IAG.