

Icelandair share price soars after deal with rival

November 5 2018



Low-cost airlines, like Iceland-based WoW Air, have had difficulty adjusting to rising fuel prices

Shares in Icelandair shot up more than 40 percent on Monday after it announced it had acquired its fellow Iceland-based low-cost rival WOW

Air.

The two airlines have benefitted from the boom in travel to Iceland in recent years, and have used the island as a hub to offer transatlantic flights.

No value for the deal was given, but local media said it could be worth around 16 million euros (\$18 million).

Shares in Icelandair closed nearly 40 percent higher.

"There are numerous possibilities for synergies between the two companies, but they will continue to operate under the own brands and licenses," said Icelandair Group's interim chief executive, Bogi Nils Bogason.

WOW Air has run into financial difficulties in recent months due to heightened competition and rising fuel prices. It lost \$13.5 million before tax and interest last year, after two years of profitable operations.

The recent surge in oil prices has hit low-cost airlines hard, with Denmark's Primera Air collapsing last month.

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Citation: Icelandair share price soars after deal with rival (2018, November 5) retrieved 16 June 2024 from <https://phys.org/news/2018-11-icelandair-price-soars-rival.html>

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