RYANAIR TO PROVIDE LOW-COST CONNECTIONS FOR LONG-HAUL AIRLINES

News / Airlines

Ryanair Holdings Plc will provide connecting flights for long-haul airlines including Deutsche Lufthansa AG and Air France-KLM within the next ten years, as Europe's biggest discount carrier targets tie-ups as a way to expand its network and boost passenger numbers.

"The low-fare airlines will be doing most of the feed for the flag carriers," Ryanair Chief Executive Officer Michael O'Leary said on Wednesday in an interview in Essen, Germany. While network carriers will continue to service their main hubs, they will turn to low-cost operators to deliver passengers to secondary bases across Europe, the executive said. "It's not going to happen tomorrow, but in five or 10 years time."

Ryanair is in talks with IAG SA, Virgin Atlantic Airways Ltd., Norwegian Air Shuttle ASA and Portugal's TAP about providing feeder traffic in a move that would mark a major shift from its previous strategy. The Dublin-based carrier has previously eschewed ties to other carriers, suggesting they'd be incompatible with the quick turnaround times central to the low-cost model. The company is now looking to appeal to a broader customer base by sprucing up its service,

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adding frequencies and targeting primary airports.

"Lufthansa will continue to serve their main Frankfurt and Munich hubs from the 10 or 20 most important European Union cities," O'Leary said. "But they will say look, we're losing money serving the next 20 or 30 European cities - why don't we do a deal with one of the low-cost carriers?"

Ryanair has previously said cooperation with long-haul airlines could begin on some routes as early as the coming winter timetable. Long-haul partners would be responsible for baggage transfer and dealing with missed connections.

While European airlines have enjoyed lower oil prices, which have boosted returns from strong summer traffic, the industry is likely to struggle as soon as the value of crude starts to rise, the executive said.

"Everybody will look good for the next year or two because lower oil prices will make all airlines profitable," O'Leary said. "There is going to be very significant changes when in 2 or 3 years oil goes back up again to US$100 or US$150. That's when the next crisis for the industry will be."

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