
Norwegian Air says size matters when it comes to profits

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Norwegian Air Shuttle is reaching a size at which it can be profitable, its founder and CEO said on Tuesday, while reiterating that he will not block a sale of the budget carrier if other shareholders want out.

Both British Airways owner IAG and Lufthansa have been in contact with Norwegian over a possible deal. After the failures of Air Berlin and Monarch last year, airline executives have predicted more consolidation this year in Europe.

CEO Bjorn Kjos said that Norwegian was reaching the peak of its investment phase this summer and was ready to reap the benefits.

“We have reached the size that we need to facilitate what we would like to do. Now it’s about refining the business going forward,” Kjos told an annual conference of airports association ACI.

In March, the airline raised 1.3 billion crowns in a share sale to help fund expansion and cope with higher fuel costs after warning of a larger than expected first-quarter loss.

Kjos repeated that Norwegian had not put itself up for sale.

“It’s very good airlines that are interested. We take it as a good thing, that we are doing something right,” he said.

Kjos is the airline’s single biggest investor owning about a quarter of the shares.

“Everything is for sale if the price is right but I will listen to the other shareholders. If they want to sell, I will not be the one that holds it back,” Kjos told Reuters on the sidelines of the conference.

He said Norwegian was very well run as a standalone business. “But if the owners decide that we should be part of another group then I will listen to them.”

Norwegian’s shares traded 5.0 percent higher by 1132 GMT at a six-week high of 287.7 crowns in Oslo. On Monday, the shares rose by 10 percent following comments

by Lufthansa and Norwegian that the two companies had been in touch.

(Reuters)