

# WILLIE WALSH



REV FEATURES

**“Not only has Willie delivered the strategy, but they’re actually getting the economic benefits from it”**

PANEL JUDGE

It has been a busy six months for Willie Walsh. International Airlines Group, which Walsh leads as chief executive, has undergone some defining moments in its evolution from legacy cluster to powerful global player.

Hot on the heels of IAG’s bid for Aer Lingus at the end of 2014 came news that Qatar Airways had acquired an almost 10% stake in the airline group, which owns British Airways, Iberia and Vueling.

Then there was the news in February that full-year operating profits had risen 80% to €1.39 billion (\$1.57 billion) as a restructured Iberia returned to profit and British Airways delivered another strong performance. The UK carrier con-

tributed the most to IAG’s success, raising its operating profit by almost €450 million to €1.21 billion.

And in April, IAG revealed it expects this year’s operating profit to more than double to €2.2 billion, after making a positive first-quarter return for the first time.

Then, in May, the Irish government approved IAG’s bid, with parliament voting to allow the sale of its 25% stake in Aer Lingus.

“Willie is the most successful European legacy airline manager,” said one judge. “He’s focused on cutting labour costs but has also made good strategic decisions. He saw that the only way to operate in the low-cost sector was to buy a successful player.”

Another judge commented: “Not only has Willie delivered the strategy, but they’re actually getting the economic benefits from it.”

Walsh is the first to be recognised twice in the Executive Leadership category, having previously won the award in 2004 – ironically when at the helm of Aer Lingus.

But while the transformation and growth of IAG has been impressive, there is still work to do – not least of which is the acquisition of Aer Lingus. Walsh himself conceded this after the Irish government approval, saying the nod was “a significant first step” but “clearly, there is a long way to go”.

One challenge Walsh faces is convincing Michael O’Leary to part with Ryanair’s 29.8% stake. IAG is not going to rely on the Irish low-cost carrier being forced to sell, and Walsh is hopeful the airline “will see that this is an attractive offer for their stake”.

And while Iberia’s remarkable turnaround has helped propel the group’s profit growth, a lot more is expected from the Spanish carrier. Chief executive Luis Gallego admits that the operating profit the airline achieved in 2014 is “far” from the “ultimate goal”.

The Spanish carrier emerged from its restructuring with “a smaller cost base, a much leaner structure and a more modern business culture”, and went from “losing €1 million a day to earning €50 million of operating profit in 2014”, he says. But efforts continue to improve on that performance.

The other area of opportunity is the tie-up with Qatar Airways. The Doha-based carrier’s boss Akbar Al Baker has stated his wish to expand his IAG holding beyond the current 9.99%, and the two partners are already co-operating. Walsh says there is “opportunity” to expand this to a “significant level”, to perhaps include procurement of aircraft, engines and maintenance.

However this partnership evolves, Walsh and Al Baker will undoubtedly make a formidable pairing on the world airline stage.

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One direction: Iberia and BA

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