

BA owner's shares lift after dividend payout and Air Europa deal scrapped

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In this article:

- [BABWF0.00%](#)

British Airways owner International Consolidated Airlines Group (IAG) has seen shares lift after it scrapped a deal to buy Spanish carrier Air Europa.

IAG shares rose 5% in early trading on Friday after it confirmed the termination, posted its half-year results and dished out a dividend late the previous evening.

The airline group, which also owns Iberia and Aer Lingus, said it has given up on efforts to buy Air Europa after EU regulators raised competition concerns over the deal.

IAG last year agreed a deal to buy the 80% of Air Europa it did not already own for around 400 million euros (£340 million).

Late on Thursday, IAG also said it would hand shareholders their first dividend payment since the Covid-19 pandemic as it said travel demand remained strong.

The group revealed revenues rose to 14.7 billion euros (£12.5 billion) for the six months to June 30, from 13.6 billion euros (£11.5 billion) over the same period a year earlier.

IAG said it was partly boosted by “strong demand” for short-haul flights across Europe.

Chief executive Luis Gallego said: “We see continuing strong demand for travel in the attractive core markets in which we operate: North Atlantic, Latin America and intra-Europe.

“We are pleased to announce a return to paying a dividend, which reflects our confidence in the business, our performance and our transformation.

“We are delivering on our strategy and our commitment to sustainable shareholder returns.”

Mark Crouch, market analyst at eToro, said: “British Airways owner IAG has maintained a steady flight path in 2024, with the international carrier faring considerably better than its national counterparts.

“Long-haul travel has held up well with robust demand for air travel fuelling increased free cash flow, boosting shareholder returns as a result.

“While profits were down a touch from last year, the company’s balance sheet is in a far healthier state.”