

SkyEurope Airlines

At the turn of the 20th and 21st centuries, new business models developed in the context of the massive development of information and communication technologies. In addition to Internet commerce, the "low-cost" model has become very successful.

SkyEurope Holding AG was a low-cost airline with its headquarters at M.R. Štefánik Airport (BTS) in Bratislava and additional bases in Prague, Košice and Vienna. It was founded in 2001 and began operations in February 2002, supported by funding from the European Bank for Reconstruction and Development (EBRD), ABN-Amro and EU funds, and employed 700 people. In September 2005, it started trading its shares on the Warsaw and Vienna stock exchanges. With bases in Austria, the Czech Republic and Slovakia, SkyEurope was the first multi-base airline in Central Europe. The company provided short-haul, charter and cargo services. In fact, SkyEurope was the top-rated Eastern European low-cost carrier in a Skytrax survey conducted between August 2007 and July 2008. SkyEurope, on the other hand, was losing tens of millions of euros each year. In the 2008 financial year, the average loss per ticket sold was around CZK 400. SkyEurope operated 44 routes to 30 destinations in 17 countries.

The causes of the problems can be found in many areas. Unprofitable ticket prices failed to provide sufficient funds to cover the largest costs. Progressively declining ticket sales and the associated low utilisation of the fleet exacerbated the loss. In early 2009, the leasing company seized 6 aircraft from SkyEurope. The airline started to lease aircraft and crews from other airlines. From June 2009, events took a rapid turn. First, an aircraft was seized in Paris due to unpaid debts. SkyEurope reacted by acquiring an investor, Focus Equity, with EUR 16,5 million. However, the attempt to recover the business failed because the company did not obtain a bridging loan. In August, both Vienna and Prague airports stopped accepting SkyEurope aircraft again due to outstanding debts. At the end of August 2009, the company stopped all flights, declared bankruptcy and a court-appointed trustee filed for bankruptcy. On 2 September 2009, the Slovak Ministry of Transport revoked the company's air transport licence. The collapse of SkyEurope is a warning to passengers who take advantage of cheap flights. SkyEurope left behind EUR 100 million in claims from hundreds of creditors.

The company's cumulative losses have grown to EUR 180 million, leaving it with almost no assets and no severance pay for its employees. The company did not even have enough money to pay the bankruptcy trustee and there are suspicions of bankruptcy fraud. The company has not delivered its 2009 accounts. Although the company had ceased operations, ticket sales were still ongoing. The air transport licence was extended without the delivery of the accounts. The question to be asked is why did anyone renew the licence? Who is responsible? Also, the money collected from the sale of 280,000 tickets was lost, even though the company was already bankrupt and the services could not be fulfilled. The Slovak law firm Bizoň & Partners has filed an indictment with the Slovak Prosecutor General's Office on suspicion of deliberate enrichment of an unknown person at the expense of a wide range of people. The Austrian prosecutor's office received a complaint from the Financial Market Supervisory Authority with suspicions of falsification of economic results and bankruptcy. The ownership of a 50% stake in the Italian company My Sky Societa Consortile was also highly suspicious. The airline's missing money went into My Sky's account. The ownership of My Sky was not included in the annual report or other accounts and black holes were found in SkyEurope's accounts.

What mistakes did the company's management make?