

Virgin Atlantic may fold without state help: Branson

April 20 2020



The coronavirus crisis has put airlines under severe financial stress as travel is nearly halted

British tycoon Richard Branson has warned that his part-owned airline Virgin Atlantic will collapse unless it receives financial aid from the UK

government to weather the coronavirus crisis.

"We will do everything we can to keep the airline going but we will need [government support](#) to achieve that in the face of the severe uncertainty surrounding travel today and not knowing how long the planes will be grounded for," Branson said in a letter to employees seen by media.

Airlines around the world are on the financial ropes as government lockdown orders and border closures have forced them to ground most of their planes.

"This would be in the form of a commercial loan—it wouldn't be free money and the airline would pay it back," he added after the billionaire faced criticism following the airline demanding that staff take unpaid leave during the COVID-19 outbreak.

"The reality of this unprecedented crisis is that many airlines around the world need government support and many have already received it," Branson added.

"Without it there won't be any competition left and hundreds of thousands more jobs will be lost, along with critical connectivity and huge economic value," the letter went on.

Virgin is reportedly seeking £500 million (\$612 million, 564 million euros) in state help.

British no-frills airline EasyJet recently secured a £600-million loan from the British [government](#), which is dealing with airlines on a case-by-case basis rather than heeding to Virgin's demand for a multi-billion-pound state-funded pot for the entire UK airline sector.

In his letter to staff, Branson referred to "lots of comments" about his

wealth and a duty to prop up Virgin Atlantic and offer financial help to staff from his own pocket.

But he insisted that figures being published regarding his net worth were based on the value of Virgin businesses before the coronavirus pandemic, rather than "cash in a [bank account](#) ready to withdraw".

He added: "Today, the cash we have in the Virgin Group and my [personal wealth](#) is being invested across many companies around the world to protect as many jobs as possible, with a big part of that going to Virgin Atlantic."

Elsewhere on Monday, Virgin Australia—also part-owned by Branson's Virgin Group—moved toward voluntary administration, a source and local media said, making the carrier the largest yet to fall victim to the coronavirus pandemic.

The source said staff learned of the decision late Monday, leaving about 10,000 pilots, flight attendants and ground crew in limbo.

Administrators are now expected to be appointed to try to find a buyer for the company and manage creditors.

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