Lufthansa warns rescue threatened as billionaire weighs in

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European airline giant Lufthansa warned Wednesday that a billionaire investor could block a nine-billion-euro ($10.1 billion) pandemic rescue plan agreed with the German state.

With attendance at a general shareholder meeting next week expected to be low, "the board considers it possible that the stabilisation package could fail", Lufthansa said in a statement, pointing to "the latest public statements by the company's largest single shareholder, Heinz-Hermann Thiele".

"The management board urgently appeals to all... shareholders to exercise their voting rights," the company added.

Only a simple majority is needed for approval if the holders of more than 50 percent of shares vote, while lower participation ups the threshold to two thirds.

Just two weeks ago, chief executive Carsten Spohr had said he was "confident that the measures will receive a majority".

Plans to save the group from the fallout of the coronavirus pandemic would see the state climb aboard with a 20-percent stake, with an option on a further five percent plus one share to block hostile takeovers.

In an interview with the Frankfurter Allgemeine Zeitung (FAZ) daily published late Tuesday, rail industry billionaire Thiele said he had increased his stake in Lufthansa in recent weeks to 15 percent.

But he said his snapping up shares was "not a signal that I will vote against anything at the general meeting".

Thiele had announced in March that he held 10 percent, making him the group's biggest single investor.

He told FAZ airline bosses "could have negotiated more toughly" with Berlin over the rescue package.

"Not all the possibilities were exhausted" before deciding to dilute existing investors' holdings to make room for Berlin, Thiele charged.

"It's conceivable that we can discuss and clear up where there is still room for manoeuvre" before the June 25 meeting, he said.

Thiele pointed to other European airlines like Air France/KLM, which have received state aid in the form of loans rather than government shareholdings.

With government-appointed members around the supervisory board table under the Lufthansa rescue plan, necessary harsh restructuring moves like job cuts could be made more difficult or even blocked, Thiele argued.

The group has already warned that 22,000 full-time positions out of 135,000 worldwide must be slashed, as demand is expected to remain far below pre-pandemic levels for years to come.

Without the rescue, Lufthansa "would possibly have to apply for protective shield proceedings under insolvency law... if no other solution is found immediately," the company said.

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