

Britain clears Virgin Atlantic's £1.2 bn rescue

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Virgin Atlantic has slashed more than one-third of its staff in its battle for survival

Britain's High Court on Wednesday cleared a £1.2-billion rescue of struggling airline Virgin Atlantic, part-owned by British tycoon Richard Branson and which has been hit badly by the coronavirus pandemic.

The private recapitalisation, worth \$1.6 billion or 1.3 billion euros, was approved by the carrier's creditors last week.

The Virgin Atlantic rescue deal was launched in July following a drastic jobs-slashing overhaul as the pandemic decimated travel demand and grounded most passenger jets worldwide.

Judge Richard Snowden said Wednesday he sanctioned the plan, a key step in its implementation.

"This is a plan that I propose to sanction," Snowden said in a court hearing conducted remotely due to ongoing Covid-19 pandemic restrictions, adding that the decision would allow Virgin Atlantic to make the plan effective on Friday.

The rescue cash, including £200 million from Branson's Virgin Group, will be delivered over the next 18 months.

Branson had previously warned that Virgin Atlantic would collapse unless it received financial aid from the UK government to help weather the crisis.

However, with the state unwilling to help save the 36-year-old airline, Virgin scrambled around for a privately-funded package—which it has secured with the help of Delta Air Lines, which owns 49 percent of the carrier.

"Today, Virgin Atlantic attended an English High Court hearing where the restructuring plan was formally sanctioned," a Virgin Atlantic spokesperson said Wednesday.

"A US procedural hearing will follow tomorrow... ensuring the restructuring plan is recognised in the US, paving the way for completion

of the £1.2 billion private-only, solvent recapitalisation of Virgin Atlantic.

"Achieving this significant milestone puts Virgin Atlantic in a position to rebuild its balance sheet, restore customer confidence and welcome passengers back to the skies, safely, as soon as they are ready to travel."

Virgin Atlantic does not foresee a return to pre-crisis levels of flying until 2023.

The carrier revealed in May that it would slash 3,550 jobs—more than one-third of its staff—and close its base at London Gatwick.

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