

Norwegian Air to get government loan in restructuring

January 29 2021



In this file photo dated Monday, June 12, 2017, showing a Boeing 787 airplane being built for Norwegian Air Shuttle is shown at Boeing Co.'s assembly facility, in Everett, Wash, USA. Low-cost carrier Norwegian Air Shuttle said Thursday Jan. 14, 2021, it will focus on European destinations and close its long-haul operations as it struggles with the fallout of the coronavirus pandemic and debt restructuring. (AP Photo/Ted S. Warren, FILE)

Norway's government said Friday it will give low-cost carrier Norwegian Air Shuttle a 1.5 billion kroner (\$173 million) loan as long as the ailing company manages to raise at least 4.5 billion kroner (\$520 million) from other investors.

The [government](#) had put several conditions for participating in the Norwegian airline's restructuring, including that the Oslo-based company must get new capital from [private investors](#).

"The state has no ambitions to become an owner of Norwegian," stressed Trade Minister Iselin Nyboe. A formal proposal for the loan was presented Friday to Parliament.

Earlier this month, the airline said it will end its long-haul operations and instead focus on European destinations as it struggles with the fallout of the coronavirus pandemic and debt restructuring. The company presented a plan that cut its fleet from 140 aircraft to about 50.

In its plan, Norwegian wants to reduce its total debt to around 20 billion kroner (\$2.36 billion) and plans to raise 4-5 billion kroner (\$473 million-\$590 million) in new capital, including through a rights issue and a private placement of shares.

The plan must be approved by a bankruptcy court in Ireland, where its planes are registered.

Like other airlines, its fleet is now mostly grounded as the pandemic has caused a near-total halt to global travel.

In May last year, the carrier got 3 billion kroner (\$354 million) in [loan guarantees](#) from the Norwegian government as part of a restructuring plan. A second call for aid was turned down on Nov. 9. The Norwegian government noted that the airline had been struggling financially even

before the pandemic and said aid should be targeted first at healthy businesses.

The government only changed its mind about giving [financial support](#) to the company after it presented a restructuring plan that included tapping private sector investors for money.

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