

Bain wins bid to buy ailing Australian airline Virgin

26 June 2020



Administrators for ailing carrier Virgin Australia have said US private equity giant Bain Capital has won the bid to buy the airline

Administrators for Virgin Australia said Friday they had accepted a bid from US private equity giant Bain Capital to buy the pandemic-felled airline.

Officials at Deloitte said they had reached a deal with the Boston-based fund that "will result in the sale and recapitalisation of Virgin Australia Holdings and its subsidiary businesses".

The deal is subject to regulatory approvals and is due to be completed by August.

The Richard Branson-backed airline has struggled for years against larger carrier Qantas, which would have enjoyed a virtual monopoly if Virgin went out of business.

The terms of the deal were not spelled out in full, but Bain had committed to "the retention of thousands of jobs".

The airline was more than Aus\$5 billion (US\$3.2 billion) in debt and had appealed for an Aus\$1.4

billion loan to stay afloat, but the government refused to bail out the majority foreign-owned company.

"This is an important milestone and a significant achievement," said Joint Administrator Vaughan Strawbridge.

"Bain Capital has presented a strong and compelling bid for the business that will secure the future of Australia's second airline, thousands of employees and their families and ensure Australia continues to enjoy the benefits of a competitive aviation sector."

The Transport Workers Union said it was "happy to work" with Bain "on the plan for getting the airline back on its feet".

Australian airlines—like their global peers—have ceased the vast majority of operations amid coronavirus-induced [travel restrictions](#).

Australians returning to the country face mandatory a 14-day quarantine and almost all non-residents are barred, under measures that also see many Australian states effectively closed to domestic travel.

Virgin made around 1,000 staff redundant before the carrier went into voluntary administration in April while 8,000 others were furloughed, leaving just 1,000 still working.

Qantas this week announced it would be cutting 6,000 jobs and grounding 100 planes for up to a year as it aims for US\$10 billion in savings.

Bain had faced competition from Cyrus Capital Partners, who reportedly withdrew their bid early Friday.

© 2020 AFP

APA citation: Bain wins bid to buy ailing Australian airline Virgin (2020, June 26) retrieved 2 December 2021 from <https://techxplore.com/news/2020-06-bain-ailing-australian-airline-virgin.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.