

Norwegian to raise 300 mn euros to bolster finances

January 29 2019



With its results in the red, Norwegian is rushing to raise new cash

Struggling low-cost carrier Norwegian Air Shuttle said Tuesday it planned to sell new shares to raise three billion kroner (309 million euros) to meet financial obligations as it restructures and cuts costs.

Norwegian shares fell sharply in reaction to the news, losing nearly a third in early deals before regaining some lost ground to show a fall of around 16 percent mid-morning.

Norwegian, ranked third in Europe behind Ryanair and Easyjet, also reported on Tuesday an [operating loss](#) (EBITDA) of 2.2 billion kroner for 2018 on revenue of 40.3 billion kroner, reflecting the difficulties the fast-growing company faces.

"Norwegian has been through a period with significant growth. Focus going forward will increasingly be on [cost savings](#) and ([capital expenditure](#)) reductions," it said in a statement.

"We will now get in place a strengthened balance sheet that supports the further development of the company," it added.

The cash call was widely expected as the airline has juggled new services, especially long-haul routes, with a large and costly order book of planes, some of which it is trying to sell or delay.

In December, it announced a restructuring plan designed to save some 200 million euros, with some routes and bases closed.

Last week, British Airways parent company IAG, which holds 4.0 percent of Norwegian, said it had decided against making an offer for the airline.

The company said Tuesday it had received expressions of interest from several other parties.

Norwegian said existing shareholders had agreed to take up all the new stock on offer.

An extraordinary shareholders meeting next month will discuss the plan, with the share offer scheduled for late February to early March.

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