

Lufthansa sells USD 1.9bn bond to repay bailout loan

A Monitor Report

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Berlin: German carrier Deutsche Lufthansa AG sold EUR 1.6 billion (USD 1.92 billion) of bonds on February 4 to partly repay a government bailout that kept it afloat after the pandemic severely disrupted international travel.

Lufthansa will use EUR 500 million to refinance financial liabilities due this year, and the rest of the funds will repay part of a EUR 3 billion loan from state development bank KfW, the company said in an emailed statement.

The KfW loan was part of a EUR 9 billion rescue package from the German government agreed in June after the pandemic, and associated collapse in passenger numbers, left the company reeling.

Airlines were among the hardest hit sectors last year, with many forced to ground their fleets and Lufthansa was among several that lost highly-prized investment-grade credit ratings.

Raising debt to repay government loans could help Lufthansa avoid fire sales of assets that would fetch a higher price once the aviation market recovers from the coronavirus downturn in travel.

Chief Executive of the airline Carsten Spohr said he does not expect a return to pre-crisis flying levels until 2024, feeding speculation the company might need to quickly sell or partially list its Lufthansa Technik maintenance division.

