

# Woolley plans sale and leaseback of Qantas fleet

09/12/2013

Former Macquarie banker Greg Woolley is planning to buy Qantas' aircraft fleet in a deal that could be worth more than A\$5 billion (US\$4.53 billion).

Woolley led a failed bid to acquire Qantas in 2006 but now says he has A\$1bn committed from Australian investors and several billion dollars available in debt, according to reports in the Australian Financial Review (AFR).

The deal would be a sale and leaseback of a large portion of Qantas' fleet which would be guaranteed by Australia's federal government.

Qantas' S&P credit rating was downgraded one notch from BBB- to BB+ last week while Moody's put the airline's Baa3 rating on review for possible downgrade.

The rating decisions came after Qantas forecasted an unexpected A\$250-300m before tax loss for the six months to the end of December.

Qantas intends to slash 1000 jobs in a move to reduce costs but will likely face higher funding costs.

Australian Prime Minister Tony Abbot has said there will be no government bail-out of the nation's flag carrier, and added that a government guarantee of Qantas debt would be a "bottomless pit".

Woolley's consortium believes its deal would be more likely to receive favour from the government, because it would guarantee the airline's infrastructure and asset obligations, rather than its entire operations.

He says the deal would improve Qantas's balance sheet and could boost its credit rating.

The AFR reports Melbourne's Liberman family plans to invest in the consortium, as well as British billionaire Joe Lewis, African's second-richest person Johann Rupert, South African entrepreneur Rob Hersov and London property magnate Vincent Tchenguiz.

Woolley sold Global Aviation Asset Management to New York-listed FLY Leasing in 2011, with assets amounting to A\$1.7 billion.

A Qantas spokesman told AFR the airline had not had any formal discussions on Woolley's proposal.

"There are many lease providers in the market and we have a large proportion of unencumbered aircraft.

"Our focus at the moment is on the structural review we announced earlier in the week that will look at a range of options for unlocking value to strengthen the Qantas group," he said.

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