

LATVIA SELLS 20% STAKE IN AIR BALTIC TO GERMAN INVESTOR

News / Airlines, Finance



Following lengthy deliberations, the **Latvian** government has agreed to sell a 20% stake in **Air Baltic**(BT,Riga) to **German investor** Ralf Dieter Montag-Girmes for EUR52 million (USD57.2 million).

The official LETA news service says that alongside Montag-Girmes' investment, government will shore up the carrier's coffers with an EUR80 million (USD88 million) loan from the Latvian central bank. Should Latvia's parliament vote in favour of both moves later this month, Air Baltic's EUR60 million positive equity standing will allow it to borrow from money markets to help finance its CS 300 order with Bombardier (BBA, Montreal Trudeau).

However, Montag-Girmes' entry into Air Baltic's shareholding is seen as only a temporary solution to the airline's longterm sustainability problems. Riga this week directed the Transport Ministry to

find a large-scale strategic investor for the airline by the end of 2017.

Meanwhile, Transport Minister Anrijs Matiss has been sacked by Prime Minister Laimdota Straujuma for his alleged 'slovenly' approach towards Air Baltic's privatization. In a statement, Straujuma's office said she was particularly displeased with Matiss's failure to keep government informed about the airline's future prospects and strategy.

Prior to his dismissal, Matiss was embroiled in a dispute with financial consultancy firm Prudentia wherein he accused it of a breach confidentiality when it publicly stated that Air Baltic risked defaulting on its C-Series order should it fail to secure an immediate recapitalization. Prudentia was subsequently released from its contract following the breakdown in the relationship.

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