

Qatar Airways to purchase 25pc stake in Virgin Australia

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Doha: Qatar Airways is set to acquire a 25pc stake in Virgin Australia Airlines Pty, strengthening the partnership between the two airlines. This collaboration will include Virgin Australia launching flights to Doha, enhancing connectivity within Qatar Airways' international network.

Qatar plans to buy the stake from Virgin Australia's owner Bain Capital, the companies said in a joint statement . Terms of the deal, which is subject to regulatory approval, were not disclosed.

The move aims to give Qatar Airways better access to a market where it was denied more flights by the government last year - a move the airline criticized as unfair. Australia's domestic market is highly concentrated, with dominant player Qantas Airways Ltd. carrying 62pc of passengers in March, according to the nation's competition regulator. Virgin had

31pc of the market, followed by Rex, which collapsed in July after a failed attempt to challenge the majors on capital city routes.

The tie-up will also see Virgin return to long-haul international flights. From mid-2025, the airline will launch flights from Brisbane, Melbourne, Perth and Sydney to Doha.

Virgin went bankrupt during the the pandemic, and was rescued in 2020 by Bain in a deal that wiped out much of the claims of unsecured creditors. Qatar's stake serves as a cornerstone investment ahead of Virgin's anticipated return as a listed company. Bain last year postponed plans for an initial public offering that would have valued the airline at around A\$2.5 billion (\$1.7 billion)

Qatar has been adding to its network of global equity holdings. The carrier has announced several acquisitions in Africa, including buying a 25pc stake in South Africa's SA Airlink Pty and the pending purchase of 49pc of Rwanda's RwandAir. The Doha-based carrier is the largest shareholder of British Airways owner IAG SA, and owns about 10pc of Hong Kong-based Cathay Pacific Airways Ltd. and Latam Airlines Group SA.

Virgin Group and Queensland Investment Corp. will retain shareholdings in Virgin Australia, according to the statement.

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