
Poland's LOT pulls out of deal to buy German airline Condor

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The owner of Poland's national airline LOT said on Monday it had pulled out of a deal to buy German rival Condor, raising the prospect of Berlin nationalising the troubled business.

Two weeks ago sources familiar with the matter said Germany was ready to take over Condor as it expected the deal with LOT to collapse due to the industry turmoil caused by the coronavirus pandemic.

State-run Polish Aviation Group (PGL), which owns LOT, agreed in January to buy Condor for about 300 million euros (\$327 million), potentially creating a leading European aviation group with more than 20 million passengers a year.

"I confirm that PGL informed Condor today about its withdrawal from the purchase of this company. We don't provide any more information at this stage," PGL communications director Katarzyna Majchrzak said in an email to Reuters.

Condor confirmed it had been informed that PGL was walking away. It said there were various options about future ownership on the table and it was in talks about state aid as a result of the coronavirus crisis.

A spokesman for Germany's economy ministry declined to comment.

With planes unable to fly because of travel restrictions, compounded by a plunge in demand over fears of contagion, airlines worldwide have grounded most of their fleets, and many have said they need government support to survive.

PGL had made completion of its takeover deal contingent on financial guarantees that the German government considered unacceptable, sources had said.

Condor is a former unit of Thomas Cook, the holiday company that collapsed in September.

(Reuters)