

AIR TRAFFIC CONTROL SALE COULD TRIGGER INTERNATIONAL BIDDING WAR

News / Airlines



The **sale** of the Government's stake in Britain's **air traffic control** network is expected to trigger an international bidding war among pension funds, infrastructure investors, and sovereign wealth funds as interest in big infrastructure assets grows.

The Government in the Autumn Statement revealed plans to sell its 49pc stake in National Air Traffic Services (NATS), having ditched an attempt in 2012 saying it was in the "best interests of the taxpayer" to retain it. NATS oversees air traffic control at 14 UK airports, over the UK and eastern parts of the Atlantic.

The Chancellor said last week that he wanted to sell it as part of a package of disposals to raise £5bn. The stake in NATS could sell for £500m, say industry sources, as the stock of quality infrastructure assets which produce reliable long-term returns runs down.

Such a price would represent a significant premium to the last NATS sale, when pension fund USS paid £143m for a 21pc stake in 2013.

“Appetite for infrastructure investments has increased since then,” said Colin Smith, PwC partner, adding some buyers could be put off by NATS’ regulation by the Civil Aviation Authority which sets required investment levels and the returns owners can make.

“It is not a stable infrastructure investment in the way a port or airport is,” he added. “It needs the technology to be continually refreshed.”

NATS air traffic control centre in Prestwick

Concerns have also been raised about the Government retaining control through a “golden share”, seeing NATS as critical infrastructure.

The importance of NATS to the UK was highlighted by technical faults at its air traffic controls centres which caused chaos in the skies above the UK.

Trade bidders could include German peer Deutsche Flugsicherung – which signalled its interest in the previous failed sale – and Nav Canada, according to banking sources. “There is a lot more money out there chasing fewer and fewer deals,” said one.

However, current low interest rates combined with fewer stable assets up for grabs could drive strong buyer interest and drive up the price.

A Department for Transport spokesman said no decision had yet been made on NATS value or whether it would retain control through a golden share.

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SOURCE: THE TELEGRAPH

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