



FASTJET RAISES £15MN THROUGH SHARE PLACEMENT

News / Airlines, Finance



fastjet says it has been able to raise GBP15 million (USD19.7 million) in fresh capital through the issuance of 30 million new ordinary shares priced at GBP0.50 (USD0.66 per share).

Among the investors was the LCC's own executive chairman, Colin Child, who agreed to subscribe for 140,000 new ordinary shares or 0.13% of the enlarged issued share capital.

The funds will provide sufficient working capital to finance the firm's operations for at least the next twelve months. As such, management will use the added liquidity to push on with its cost reduction programme which includes a moratorium on the opening of new routes while cutting existing ones to better match capacity with demand.

"A more flexible approach to the traditional low cost carrier model will also be employed," it said. "Better alignment of the Company's infrastructure and fleet to its stage of development and ensuring overheads are appropriate for the size of fastjet's operations is essential, in the Board's opinion, to achieving the desired improvement in cost management."

Fastjet is also planning to introduce distribution via a first Global Distribution System (GDS) in September this year in a bid to increase sales through its product's improved accessibility to travel agents. The move will also boost its compatibility with other airlines' schedules and ticketing as well as facilitating new and existing interline agreements.

Incoming CEO Nico Bezuidenhout will conduct a review of the business once he assumes his position early next month.

25 JULY 2016

SOURCE: CH AVIATION

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