Apollo group in talks over Atlas Air takeover bid

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A group led by investment firm Apollo Global Managment is in talks to purchase airfreight group Atlas Air Worldwide Holdings, according to Reuters.

The newswire quotes a person familiar with the matter as saying that talks are at an advance stage, although no details of whether a deal had been reached or details of the bid were forthcoming.

The Wall Street Journal, which broke the story, said that a deal could come soon if the talks don't fall apart.

Bloomberg reports that the deal is worth $3.2bn, or $102.50 per share.

Air Cargo News has contacted Apollo and Atlas for comment.

News of the deal caused the Atlas share price to leap, yesterday jumping from just over $75 per share before the news broke to $84.99 at closing.

Freighter aircraft have been in high demand over the last couple of years as air benefitted from bounce back in demand following the outbreak of Covid in 2020.

Meanwhile, passenger aircraft, which have traditionally carried around 50% of the world's air cargo, are still being rolled back out following the pandemic and are lacking on key cargo destinations, such as China, due to ongoing restrictions.

Looking ahead, ongoing e-commerce demand, congestion at major hubs, supply chain diversification and a rise in the use of passenger aircraft with less cargo capacity are expected to keep freighters in demand.

Over the next 20 years the global freighter fleet will grow by 80%, with conversions accounting for two third of deliveries, predicts Boeing.

As of March 31, 2022, Apollo had approximately $513bn of assets under management.

Atlas Air Worldwide is the parent company of Atlas Air and Titan Aviation Holdings and it is the majority shareholder of Polar Air Cargo Worldwide.

Its airlines operate the world's largest fleet of 747 freighter aircraft and also provide B777, B767 and B737 aircraft for domestic, regional and international cargo and passenger operations.

In the first quarter of the year, the company reported improvements in revenues despite a decline in volumes.

The freighter lessor and operator saw first-quarter revenues increase by 20% on last year to $1bn, adjusted earnings before interest, tax, depreciation, amortisation (ebitda) increased 11.9% to $202,814 but net income dropped by 9.4% to $81.5m.

Last year, the company benefitted from a $40.9m, $31.9m after tax, of CARES Act (US government Covid support) grant income.

The company said that its figures were also negatively affected by increased pilot costs stemming from a new collective bargain agreement, a reduction in less profitable smaller gauge CMI flying, operational disruption due to omicron, and higher fuel prices.

The company has been busy ramping up its fleet over recent years, most recently taking delivery of another B747 freighter.

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