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Travelport Receives \$500 Million in Fresh Financing From Private Equity

Sean O'Neill, Skift - Jun 05, 2020 4:15 pm



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The cash injection will give the travel technology firm Travelport some breathing room as it fights payments tech firm Wex over a transaction dispute.
— Sean O'Neill

Travelport said Friday it had received commitments for \$500 million in financing from its private equity owners Siris Capital and the private equity affiliate of Elliott Management, Evergreen Coast Capital. The UK-based travel technology company has received a line of funding it could tap of up to an additional \$500 million.

The fresh investment provides Travelport with the liquidity it needs to manage the sharp downturn in revenue related to a devastated travel industry due to the coronavirus pandemic.

“With the support of our investment partners, we are confident in the long-term viability of our business,” said Travelport CEO Greg Webb in a statement, adding that the company remains committed to ongoing technology investments.

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Webb has previously discussed his vision of moving Travelport to a “next-generation platform.”

Travelport, which provides services to airlines and travel agencies, has been in a fight with payments company Wex, which has been trying to escape from a \$1.7 billion deal to buy two payments tech systems providers, Enett and Optal, from it.

Travelport had been counting on the proceeds from that deal announced in January to help support the business.

The argument has gotten heated enough through litigation that loan administrator Bank of America has asked to leave the role by the end of this month, Bloomberg has reported.

The owners of Travelport, acquired by Elliott and Siris last year, shifted intellectual property estimated to be worth more than \$1 billion to an unrestricted subsidiary. That would put it out of reach of its current lenders and could help raise desperately needed cash, it informed them earlier this month.

Elliott Management’s private equity arm Evergreen Coast Capital and buyout firm Siris Capital took Travelport private last year in a \$4.4 billion deal. The financiers used borrowed funds for part of the purchase. Major rating agencies Moody’s and S&P Global had downgraded some \$3.3 billion in leveraged loans, describing them as at “distressed levels,” though Moody’s withdrew its ratings in late May.

Travelport is eager to move on from crisis management to new efforts, such as supporting Southwest Airlines’s embrace of

the so-called global distribution systems.

Overall bookings across peer companies Amadeus, Sabre, and Travelport have fallen roughly 80 percent year-over-year, Amadeus estimated in financial commentary in May. Gross leverage at Travelport, the smallest of the three companies, is the highest of three, at around 7 times net earnings, said S&P Global in a March report. Travelport pays about \$250 million a year to servicing its loans, the agency estimated at the time.

Tags: gds, global distribution systems, global distributions systems, investments, private equity, travel technology, travelport

Photo Credit: Travelport CEO Greg Webb. The company said Friday it had received commitments for \$500 million in financing from its private equity owners Siris Capital and Evergreen Coast Capital. Travelport