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American Express Global Business Travel Nears \$5.3 Billion Spac Deal

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IdeaWorksCompany contributed information to this article - - see italics.

Business travel has been greatly curtailed since the coronavirus pandemic hit leading to restrictions on international travel that have not fully been lifted.

That has not dimmed the long-term optimism for the category by Apollo Global Management, which has backed a blank-check company that will merge with American Express Global Business Travel to bring the company public in a roughly \$5.3 billion deal, The Wall Street Journal reported.

American Express owns 50% of the global travel booking service, which will become a public entity after it merges with the special-purpose-acquisition-company, or Spac, Apollo Strategic Growth Capital. The deal could close as soon as today, according to The Journal.

Will Global Business Travel Recover?

Global business travel was basically cut in half in 2020, dropping to \$694 billion (52%), according to the Global Business Travel Association. That association estimates that \$1.4 trillion was lost in global business travel from the onset of the pandemic in 2019 through now.

The group also estimates that spending on global business travel will not fully recover until 2025.

That may be an optimistic view as a recent analysis of data from business leaders done by the Wall Street Journal suggests that business travel may drop 19% to 36% permanently.

“Brick-and-mortar retail has been devastated by ecommerce and I think this is a parallel story,” Jay Sorensen, president of IdeaWorks, an airline-industry consulting firm, told the paper.

Sorensen was a member of the panel consulted by The Journal along with former Spirit Airlines Chief Executive Ben Baldanza, an unidentified current Jetblue (JBLU) - Get JetBlue Airways Corporation Report board member, and the consumer advocate Charlie Leocha, president of passenger-advocacy organization Travelers United.

American Express Global Travel does not appear to share these fears. The company's meetings and events division expects a strong comeback in 2021, although it stops short of forecasting a full return to normal.

"Two-thirds (67%) of respondents believe in-person meeting levels will return to their pre-pandemic numbers within one to two years," according to 2022 Global Meetings and Events Forecast, the 11th annual report produced by American Express Meetings & Events, a division of American Express Global Business Travel.

The report, a global survey of meetings and events professionals, found that in-person meetings will bounce back in 2022, with 81% of events expected to have an in-person element. In addition, 64% of the global meetings and events professionals surveyed said they expected increased budgets next year.

"While we are all eager to see the pent-up demand for meetings and events fully realized, we recognize that recovery will not be a straight line and we can't get there by simply repeating what we've done in the past," said Gerardo Tejado, American Express GBT's senior vice president of value development and general manager of meetings and events.

"As we look to 2022, we expect the optimism, resourcefulness and innovation we've seen in the sector over the past two years lead to a new era of thoughtful, tech-forward, responsible [meetings and events] strategies."

What a Public AmExpress GBT Would Look Like

The SPAC deal will add money to the new company's coffers. The London-based company will raise roughly \$335 million in a separate investment from a group that includes Zoom Video Communications, Sabre, and Apollo Global Management, The Journal reported.

In addition, the Spac has \$815 million on hand and American Express Global Business Travel has about \$1 billion in its loan facility," some of which could cover other corporate costs, including any Spac investor withdrawals before the deal is completed," according to the paper.