

EXCHANGE --- AmEx Unit Joins Apollo To Go Public Via SPAC 2

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American Express Global Business Travel is merging with a blank-check company backed by Apollo Global Management Inc. to go public with a roughly \$5.3 billion valuation, the companies said.

A travel-booking services provider for corporate customers, AmEx Global Business Travel is 50%-owned by American Express Co. It is combining with the special-purpose acquisition company Apollo Strategic Growth Capital. The Wall Street Journal previously reported the two sides were nearing a deal.

The merger represents a vote of investor confidence in business travel despite a bumpy 2021 recovery in the industry.

Although business travel is bouncing back as more people are vaccinated, new Covid-19 variants and travel restrictions continue to emerge and keep activity well below pre-pandemic levels. Paul Abbott, chief executive officer of American Express Global Business Travel, responded to plunging sales at the start of the pandemic by cutting costs.

In May 2020 the private-equity firm Carlyle Group Inc. and the Singapore sovereign-wealth fund GIC Pte. Ltd. backed away from a deal to take a 20% stake in the company after it was hit by the pandemic. That transaction would have valued it at about \$5 billion, including debt.

The company has since made several deals, including the acquisition of the digital travel platform Egencia from Expedia Group Inc. As part of that transaction, Expedia became an AmEx Global Business Travel investor. AmEx Global Business Travel also bought an artificial-intelligence business-travel startup, 30SecondsToFly, and Ovation Travel Group in recent months.

"The pandemic has created challenges, but it has also created significant opportunities," Mr. Abbott said. "We have this huge runway for growth ahead of us."

SPAC mergers such as the company's deal with Apollo Strategic Growth Capital have exploded in the past year, in part because they allow companies to raise large sums of money and accelerate growth. Companies going public in SPAC deals can make business projections, which aren't allowed in traditional initial public offerings.

London-based American Express Global Business Travel is raising about \$335 million in a private investment in public equity, or PIPE, associated with the merger. PIPE investors include Zoom Video Communications Inc., the travel **technology** firm Sabre Corp. and Apollo Global Management.

The Apollo SPAC has about \$815 million, making it the 12th-largest out of the 550 blank-check companies that hadn't announced deals as of Wednesday, according to SPAC Research.

AmEx Global Business Travel has commitments for a roughly \$1 billion term-loan facility, some of which could be used for existing debt and some of which could cover other corporate costs, including any SPAC investor withdrawals before the deal is completed. Such withdrawals have become common in recent months because of low share prices.

The Apollo SPAC is the first blank-check company fully backed by Apollo Global Management. Another Apollo SPAC raised nearly \$700 million in February. Many large private-equity and investment firms now launch their own SPACs, in part because the unique incentives granted to creators allow them to make several times their initial investment.

AmEx Global Business Travel became its own entity in 2014, when American Express sold half of the corporate-travel business to a group of investors led by Certares LP.

A SPAC, or blank-check company, is a shell entity that raises money and begins trading on a stock exchange with the purpose of merging with a private firm to take it public. After the private firm files detailed financial statements with regulators and the deal is approved, it replaces the SPAC in the stock market.

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