

Garuda continues lessor legal disputes amid big H1 loss

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Garuda Indonesia has posted a \$723 million net loss for the six months ended 30 June, having taken a near-60% hit to operating revenues.

This followed a net loss of \$120 million for the first quarter, down from a \$21 million profit in the year-ago quarter.

Garuda's negotiations with its aircraft lessors continue, although some firms have run out of patience and have taken the Indonesian flag carrier to court.

Despite suggestions to the contrary, Garuda's legal dispute with lessor AerCap is ongoing.

In its latest financial report, Garuda noted that both AerCap and Helice Leasing had filed proceedings against it.

Garuda said Helice submitted an application to a Dutch court in Amsterdam in late March "to seize collateral for funds in Company's account in Amsterdam and this was granted by the Dutch Court".

It added: "Likewise, on May 29, 2020 the French Court granted the request for a seizure of guarantee from Helice Leasing S.A.S to Company's account in France related to aircraft lease payment that have not been made by the Company. Until now, the Company has not received a lawsuit related to the claim and the Company is in commercial negotiation stage with Helice Leasing."

It also noted that AerCap filed on 14 May in a UK court "regarding payment of aircraft leases that the Company had not yet made", adding that "the trial is currently being held at London Court".

"The company has negotiated with AerCap several times. Currently, the Company is in commercial discussion with AerCap to agree on a contract restructuring," said Garuda.

Sources say that AerCap is seeking outstanding rent for 10 aircraft; the claim is said to total approximately \$16 million.

On 14 July, *Airfinance Journal* reported that six lessors had denied Garuda Indonesia's requests for lease payment deferrals, resulting in default events and the leasing companies issuing grounding orders for their assets to Garuda.

A total of 31 lessors are exposed to Garuda. Twelve have agreed to payment restructurings, six have declined to grant deferrals and negotiations are continuing with the remaining 13 lessors.

ICBC Leasing has the largest exposure in terms of asset value, followed by Nordic Aviation Capital, AerCap, CDB Aviation, DAE Capital and GECAS, *Airfinance Journal's* Fleet Tracker data shows.

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