

MAB chief says lessors are accepting new terms

Dominic Lalk

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A number of lessors have agreed to lease restructurings proposed by Malaysia Airlines, the flag carrier's chief executive has told *Airfinance Journal*.

"I understand quite a sizeable number of creditors have already agreed," says Izham Ismail, chief executive of Malaysia Aviation Group (MAG) and Malaysia Airlines (MAB).

"There are creditors who have agreed already. There are others still resisting, and another group still 50:50. I need to get the 50:50 ones on board with those who have agreed," he adds.

MAB leases 75 aircraft: six Airbus A350-900s, 21 A330-300 and -200 variants, and 48 Boeing 737-800s.

Air Lease (ALC) has by far the largest exposure to MAB in terms of asset values, listed at \$710 million by *Airfinance Journal's* Fleet Tracker, followed by NBB Leasing, Standard Chartered, AerCap and Goshawk.

Last week *Airfinance Journal* spoke to certain lessors with exposure to MAG, who said they would not agree to MAB's "audacious" request as it would reduce their lease revenue from the airline by up to 75%.

In its letter to lessors, the Malaysian flag carrier suggested that owner Khazanah Nasional had told the airline to reach a new deal with lessors or face liquidation.

"Even if they don't succeed in the UK courts, they will apply for protection in Kuala Lumpur and likely be granted whatever they ask," a lessor told *Airfinance Journal*.

MAB will be unable to pay its rents after November without fresh funds from Khazanah, but Khazanah has said it will only inject more money into MAB if the airline reaches new lease agreements.

MAB parent MAG had liquidity of \$88 million as at 31 August and at the time said it could draw an additional \$139 million from its sovereign wealth fund owner.

According to the letter sent to the leasing community, Khazanah is ready to inject another \$1 billion into MAB if lessors agree to the lease restructurings. Additionally, it was noted that Khazanah would also capitalise at least \$1 billion of shareholder advances.

If no agreement with lessors is reached, MAB will go to the courts to formally restructure.

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