

Aeroflot books \$88m impairment of Rossiya goodwill

Hugh Davies

11/03/2021

Aeroflot generated revenue of RUB68 billion (\$922 million) in the fourth quarter of 2020, a decrease of 56% from 2019.

Its revenue decline slowed from the third quarter through revenue management and a focus on cargo activities, Aeroflot said at its full-year results presentation.

Aeroflot noted its fourth-quarter net loss of RUB43.8 billion was in line with expectations, with certain one-off adjustments.

These included a RUB6.5 billion write-off of goodwill for subsidiary Rossiya Airlines, due to a decline in the company's charter business, and a RUB158 million disposal loss for Aurora.

The company reported a loss of RUB123 billion in 2020, compared with a profit of RUB13.5 billion in 2019.

"The persistence of large-scale restrictions on international flights and closed borders due to the pandemic are significant negative factors that continue to have a decisive impact on the aviation industry in general and on Aeroflot Group in particular," said Aeroflot's deputy chief executive officer, Andrey Chikhanchin.

The carrier achieved an EBITDA result of RUB27 billion, while net debt increased 20% to RUB658 billion at the end of 2020.

Cash and cash equivalents totalled RUB89 billion, including RUB77 billion in bank deposits maturing in under 90 days.

Aeroflot said it was able to secure sufficient liquidity to cover its financial obligations, including funds from a secondary public offering of RUB80 billion launched in the fourth quarter and state-guaranteed credit lines of RUB70 billion. These are in addition to government grants of RUB9.1 billion as additional liquidity support through 2020.

At 31 December, Aeroflot's group fleet comprised 342 aircraft, all leased, including 241 units for Aeroflot, 67 for Rossiya and 34 for Pobeda.

Aeroflot management expects this number to continue to decline from 2022 onwards as part of a retirement schedule under lease agreements due to the impact of the Covid-19 pandemic.

Airfinance Journal's Fleet Tracker shows that leases for 30 units in Aeroflot's and Rossiya's fleets are scheduled to expire in 2022 and 2023.

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