

Fitch affirms ACG-serviced ABS

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Fitch Ratings has affirmed ratings of the class A (A) and B notes (BBB) issued by Mach 1 Cayman (Mach 1), an aircraft asset-backed securitisation (ABS) serviced by Aviation Capital Group (ACG). The rating outlooks for all classes remain negative.

Fitch said the credit profiles of the airline lessees in the pool are stable-to-improving when compared with the last review, but many continue to be under stress due to Covid-19-related impacts.

The proportion of the Mach 1 pool assumed to have an Issuer Default Rate (IDR) of CCC and below improved to 66.2%, down from 73% in the prior review.

The pool consists of Airbus and Boeing narrowbody mid-to-end-of-life aircraft with a weighted-average age of 9.1 years, and a weighted average remaining lease term of 4.6 years.

Appraisers for the Mach 1 pool are Aircraft Information Services (AIS), International Bureau of Aviation (IBA), and Morten Beyer & Agnew (mba). The transaction document values are currently \$446 million based on the February 2022 servicer report.

Fitch noted that Mach 1 lease collections fluctuated in 2021 but did improve over the past six months and were approximately 40% above the preceding six months' collections total. Based on the February 2022 servicer report (January collection period), Mach 1 received \$2.8 million in basic rent.

When launched in 2019, the largest country concentrations in Mach 1 were Vietnam (15.9%), the United States (14.5%), China (12.4%), Indonesia (11.5%), and Mexico (7.8%). The top five countries total 62.2%, with 39.8% of lessees concentrated in "emerging Asia Pacific".

Lessees at the time included Vietnam's Jetstar Pacific, Lion Group, Garuda, American Airlines, Sun Express, Southwest and now-defunct Interjet and Miami Air.

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