

FTAI shareholders approve merger

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Fortress Transportation and Infrastructure Investors (FTAI) shareholders have voted to approve and adopt the merger agreement with a subsidiary of FTAI Finance Holdco, a Cayman Islands exempted company and subsidiary. Following the completion of the merger on 10 November, FTAI will become a wholly-owned subsidiary of FTAI Finance Holdco, which will be named FTAI Aviation.

In August FTAI agreed to merge with a subsidiary as part of the company's plan to eliminate its partnership tax classification. The move will also result in the public entity becoming a corporation, the firm said in a statement at the time. FTAI is externally managed by an affiliate of Fortress Investment Group.

FTAI says its aviation arm FTAI Aviation posted a \$51.1 million net income for the three-month period to 30 September, down from \$52.7 million in last year's corresponding quarter.

Lease revenues totalled \$40.3 million, slightly unchanged from the \$40.4 million in the year-ago quarter. Total revenues reached \$164.8 million versus \$86 million a year ago.

FTAI Aviation recorded more than \$85 million in asset sales (19 engines and nine aircraft/airframes) during the quarter. Total expenses were \$112.8 million, up from \$42.5 million. Third-quarter adjusted EBITDA was \$96 million, versus \$95 million last year.

Russia/Ukraine impairment

Earlier this year FTAI recognised a \$120 million impairment charge net of maintenance deposits, to write-off the entire carrying value of leasing equipment assets that it does not expect to recover from Ukraine and Russia.

As of 30 September, 2022, four aircraft and two engines were still located in Ukraine and eight aircraft and 17 engines were still located in Russia.

"We determined that it is unlikely that we will regain possession of the aircraft that have not yet been recovered from Ukraine and Russia," says the company.

The insured value of the aircraft and engines that remain in Ukraine and Russia is approximately \$294 million.

Additionally, FTAI has recognised transactional impairment charges of \$8.2 million, net of redelivery compensation during the nine months ended 30 September, 2022 related to certain assets in its leasing equipment portfolio.

For the first nine months of this year FTAI has also recognised approximately \$47.1 million in provision for credit losses as a result of the sanctions imposed on Russian carriers and related lease terminations.

In the nine months to 30 September, 2022, Fortress Transportation and Infrastructure Investor acquired 23 aircraft (including 22 narrowbodies and one widebody) and 45 engines. It also sold five aircraft (three widebodies and two narrowbodies) and 50 engines.

FTAI Aviation acquired one aircraft and eight engines in the third quarter for \$37.3 million. It says it has a robust pipeline of \$311 million in-place letters of intent opportunities and has a transaction in place for six aircraft leases.

At the end of the third quarter the aviation leasing segment owned and managed 325 aviation assets, consisting of 96 commercial aircraft and 229 engines, including four aircraft and two engines that were still located in Ukraine and eight aircraft and 17 engines that were still located in Russia.

As of 30 September 2022, 73 commercial aircraft and 124 engines were leased to operators or other third parties.

The company says utilisation was 72% over the three-month period. Aircraft weighted average remaining lease term was 39 months, and

engines currently on-lease have an average remaining lease term of 13 months.

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