

Fitch changes outlook on Rolls-Royce & Partners Finance

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18/11/2022

Fitch Ratings has revised Rolls-Royce & Partners Finance's (RRPF) outlook to positive from stable and affirmed its Long-Term Issuer Default Rating (IDR) at 'BB-'.

Fitch has also affirmed the company's short-term IDR at 'B' as well as RRPF's and RRPF Engine Leasing's senior secured debt long-term rating at 'BBB-'.

The revision of the outlook follows a similar rating action on RRPF's 50% owner, Rolls-Royce, says the rating agency. An upgrade of RRPF's IDR would not result in an upgrade of the senior secured debt rating at RRPF's current rating level, it adds.

The rating agency says air traffic recovery to pre-pandemic levels may be constrained by geopolitical and macroeconomic concerns, which may put pressure on lessees' ability to service leases. However, it adds that RRPF's revenue profile benefits from long-dated leases to a diversified lessee base, including original equipment manufacturers, which partly protects RRPF's profitability in an uncertain market recovery.

Fitch Ratings says RRPF's funding base is secured and reliant on wholesale sources.

Upcoming debt maturities are limited to \$300 million in 2023 following the repayment of \$100 million of United States private placement notes in the first quarter of this year. RRPF maintains comfortable headroom on debt covenants including its EBITDA/interest expense covenant (set at a minimum of 2.75x versus actual 5x in 2021), it writes.

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