

FTAI Aviation eyes more MRE deals with airlines

Hugh Davies

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FTAI Aviation said it is looking at similar deals to an engine provision and maintenance agreement struck with LATAM Group last month, which includes more than 30 aircraft sales and leasebacks (SLBs).

As previously reported, the FTAI agreement provided LATAM with a comprehensive engine power solution comprising both CFM56 and IAE V2500 engines, leveraging FTAI's expertise in maintenance, repair and exchange (MRE) through an engine exchange programme, plus an SLB transaction "for over 30 aircraft".

"We would love to do more of these and we hope we will," commented chief executive officer Joseph Adams during an earnings call.

"We have several projects that are of a similar nature that obviously have their own requirements and their own specs. So they'll all be a little bit different, but we hope this model is used by other airlines, and we are in discussions with the big operators of V2500s.

"We've gotten very positive feedback on this. So we expect to do more and we hope to do more," he said.

Airfinance Journal's Fleet Tracker shows LATAM Group operates almost 180 current-generation A319, A320 and A321 aircraft.

Of those, approximately 100 units are on the airline's books or on finance lease structures while the rest are on operating lease from global lessors.

FTAI reported adjusted EBITDA of \$164.1 million in the first quarter of 2024, up 29% compared with the corresponding period of 2023.

This comprised \$104.8 million from its leasing segment, with "strong demand" for assets and the start of the northern summer period expected to yield "meaningful growth" in the second quarter.

"We remain very confident in leasing EBITDA of \$425 million for the year, excluding gains on asset sales," Adams continued.

Aerospace products contributed \$70.3 million of EBITDA with a margin of 37% during the March quarter.

"We continue to see the tremendous potential in aerospace products and are comfortable that we will generate approximately \$250 million of EBITDA in 2024 at the high end of our previous range," Adams added.

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