

# China Southern reduces finance lease exposure

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A review of China Southern Airlines' latest fleet data filings shows that the Chinese state-controlled airline significantly reduced its finance lease exposure over the past 12 months.

A year ago, China Southern was holding 276 aircraft on finance leases. This has decreased to just over 230 aircraft held on finance leases currently.

Instead, China Southern has taken to owning more aircraft, and expanding its operating lease deals.

China Southern says that its fleet now once again exceeds 900 aircraft with 911 units currently in service, up from 889 a year ago.

The carrier now has just under 120 A319neo, A320neo and A321neo aircraft in its operating fleet, and just looking at that sub-fleet, China Southern owns approximately 50 of the aircraft. The remainder of the Neo fleet is on lease, including 35 aircraft from AerCap, 18 from ICBC Aviation and two recent deliveries from CALC.

In April, China Southern disposed of more aircraft than it took in, including three Airbus A330-200s.

The airline is replacing these with new technology aircraft, including a Boeing 787-9 delivered earlier in May.

In addition to the three A330-200s, the Guangzhou-based carrier also decommissioned four 737-700s, an A320 and an A321.

During the same month, China Southern added two A321neos and a 737 Max 8.

Also in April, overall passenger capacity increased by 9.52% as compared with the same period last year, of which domestic routes decreased by 5.59%, but capacity deployed on regional routes and international routes increased by 31.29% and 120.17%, respectively.

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