

JCR rates engine lessor at A+

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Japan Credit Rating Agency (JCR) has announced a A+ rating for aircraft and engine leasing company Total Engine Asset Management (TEAM).

“This prestigious A+ rating is a testament to TEAM’s robust financial health and commitment to transparency and governance. It reinforces our position as a trusted partner, providing confidence to our stakeholders. For our airline customers and investors, this means an even greater assurance of stability, reliability, and trust in our solutions and services,” said the aircraft engine leasing company, jointly operated by the Marubeni Group and ST Engineering Aerospace.

The rating agency said ST Engineering Aerospace has a strong business foundation as the world's largest independent maintenance, repair and overhaul, while benefitting strong ties with the Marubeni Group in operating activities, financing and engine’s exit strategies.

“Going forward, the two shareholders on an equal footing can be expected to provide support to TEAM in a variety of areas,” JCR commented.

JCR considers TEAM's capital adequacy to be good based on unrealized gains in its portfolio, and its asset quality to be sound based on careful credit risk assessment.

TEAM has built a portfolio focused on engines for newly manufactured narrowbody aircraft with high liquidity by sale and leaseback transactions.

While TEAM plans to stably accumulate its aircraft engines portfolio, it also intends to build a high-quality portfolio by selling them to Japanese investors such as Jol investors through Marubeni’s subsidiary and others to secure a certain level of periodic profit/loss, diversify credit risk concentration, and control the ageing of engines in its portfolio.

The engine lessor also diversified its funding methods to include the procurement of leased equipment from Jolco investors and the issuance of asset-backed securities. It has also been working to diversify redemption dates by extending the maturities of its loans, noted the rating agency.

[In January The Japan Bank for International Cooperation signed a loan agreement amounting to up to \\$75 million with TEAM to procure spare aircraft engines.](#) The loan is co-financed with four private financial institutions - Mizuho Bank, Bank of Taiwan, First Commercial Bank, and Taiwan Business Bank – bringing the total co-financing amount to \$155 million.

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