AVOLON TO ACQUIRE PORTFOLIO OF 118 AIRCRAFT

News / Finance

Avolon announced an agreement to acquire Castlelake Aviation Limited, an entity managed by Castlelake L.P., the global alternative investment manager.CA Ltd’s total assets as of 31 March 2024 were US$5.0 billion, which included a portfolio of 105 aircraft on lease, commitments for 13 new-technology aircraft, 2 engines on lease, and 9 loans. The portfolio is 68% narrowbody aircraft, 70% new technology aircraft, has a weighted average aircraft age of 4.7 years, and a weighted average remaining lease term of 8.4 years.

The transaction will accelerate Avolon’s earnings growth, building its fleet at attractive yields. It is supported by Avolon’s strong balance sheet position, with US$8.2 billion of available liquidity at 30 June 2024. Pro forma for the transaction Avolon’s balance sheet metrics remain within its target investment grade ranges, with net debt to equity of 2.8x and next 12 months sources to uses of 1.5x.

Andy Cronin, Avolon CEO, commented: “This transaction accelerates our growth plans adding a portfolio of assets that will further strengthen our cashflow and earnings profile. Our balance sheet strength, high levels of liquidity, and established capital markets access have enabled us to acquire these assets. They are complementary to our existing portfolio and will increase our fleet at attractive yields, supporting our positive ratings trajectory."

Joe McConnell, Castlelake Partner and Deputy Co-Chief Investment Officer stated: "We're pleased to collaborate with Avolon on this notable transaction, delivering what we believe is a win-win for all parties: returning capital to Castlelake's and CA Ltd.'s investor stakeholders, position lessees for ongoing high-quality asset management services, and provide Avolon with a fleet of high-quality aircraft assets."

The CA Ltd portfolio has up to US$3.3 billion of transferable debt available to Avolon on closing, with the balance funded from Avolon's existing sources of liquidity. The transaction is expected to close in Q1 2025, subject to customary closing conditions.

16 SEPTEMBER 2024

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