

# **Airline Economics**

THE LEADING GLOBAL PUBLICATION FOR OPERATORS OF AND INVESTORS IN AIRCRAFT AND ENGINES



**Twice in a Generation  
AerCap closes the deal of the decade**

# LCI acquires Nova Capital Aviation

Fixed-wing and helicopter leasing company LCI finalised an agreement in December to acquire Nova Capital Aviation (Ireland) Limited, the twin-engine rotary and fixed-wing aircraft lease division of the Nova Capital Group. The Nova Capital Group has retained single-engine operations.

The acquisition will result in a substantial expansion of LCI's leasing platform to over 140 twin-engine rotary and fixed-wing aircraft. It will also take the proportion of aircraft deployed on emergency medical services (EMS), search

and rescue (SAR), off-shore wind and utility missions, to over 80% of the entire leasing platform.

"The Nova brand is highly regarded, and is a major presence in the mission-critical EMS market which perfectly complements our own," said Crispin Maunder, Executive Chairman of LCI. "Our agreement reflects the current trend towards industry consolidation, and is testament to the robust leasing platform we have built. It expands our customer base, introduces new aircraft types to our fleet,

and cements LCI's long-term commitment to growth."

Last year, Nova Capital further expanded its fleet with the addition of eight factory new twin-engine EMS helicopters valued at over US\$90 million, reaching half-a-billion total fleet value at 2021 year-end. Nova Capital stated that it will now focus on the development of its single-engine helicopter, light utility fixed-wing aircraft, and other advanced air mobility operations, in partnership with LCI.

"Over 20 years, we have developed a market-

leading leasing operation that specialises in providing asset financing solutions to helicopter and fixed-wing aircraft operators, primarily in onshore mission critical services," said Olivier Piot, Founder and CEO of Nova Capital. "We are delighted to conclude this agreement with such a complementary business as LCI. Their proven leasing platform, extensive experience in both the fixed-wing and rotary-wing leasing markets, and immersion in mission-critical helicopter operations, makes them a natural choice."

# Air Canada exits Government of Canada Financial Support

Due to its improved liquidity position and ongoing recovery from the pandemic, Air Canada has withdrawn from further Government of Canada financial support. The support package, announced in April 2021, provided the carrier access to interest bearing loans of \$5.375 billion through several separate credit facilities. To date, Air Canada has only accessed the facility solely dedicated to refunding customers' non-refundable tickets, while all other remaining facilities totalling \$3.975 billion have not been used.

"Air Canada's recovery from COVID-19 continues. We are recalling employees, adding

new routes and frequencies to our network, and restoring services, and, last quarter, we completed a \$7.1-billion financing. Today, in another convincing sign of our progress, we are announcing our withdrawal from the major funding provisions of our support agreement with the Government of Canada for the \$3.975 billion in facilities that were never accessed and remain unused," said Michael Rousseau, President and Chief Executive Officer.

Air Canada's support agreement with the government, under the Large Employer Emergency Financing Facility, provided access to up to

\$5.375bn in interest bearing loans and \$500 million in equity for a total of \$5.875bn in liquidity. It consisted of several elements, including: a \$1.5bn secured revolving facility and three separate \$825 million unsecured revolving credit facilities (all undrawn); a \$1.4bn unsecured facility solely dedicated to refunding customers' non-refundable tickets (\$1.2bn drawn and will be repaid under terms of the agreement); and the government purchased \$500 million worth of Air Canada common shares at \$23.18 per share, representing about 6 per cent of the current public float, which it continues to hold.

Air Canada also issued to the government about 14.6 million 10-year warrants for the purchase of an equal number of Air Canada shares, at a price of approximately \$27.27 per share. With the termination of the operating credit facilities, half of these warrants, which have not yet vested with the government, were cancelled.

In the third quarter of 2021, Air Canada completed a series of financing transactions generating gross proceeds of about \$7.1bn. The airline stated that these financing transactions provided substantial liquidity to Air Canada and extended debt maturities out until near the end of the decade.

## SIA A380 leases extended

Since the start of Covid-19 pandemic, EastMerchant has successfully arranged the lease extensions for three

Airbus A380-800 aircraft with Singapore Airlines (SIA).

The company states that the key to this success was "finding a balance between the lessee's requirements and the lessor investors' interests, achieving a favourable outcome for all parties involved".

Two of the aircraft have already been reintroduced to operations following a period of parking due to the Covid-19 pandemic.

Patrick Giese, Managing Director of EastMerchant Capital GmbH, commented: "We very much appreciate

Singapore Airlines' support in completing the lease extensions in the current challenging environment. This confirms our confidence in the recovery of the aviation industry and our ability to find positive solutions for our clients even in demanding times and circumstances."