



Aviation Finance Services

During this ongoing period of turbulence arising from the rapid spread of COVID 19 and global Government reactions there to, Deloitte brings together professionals with diverse experience and deep knowledge to provide customised solutions for clients

across all segments of the aviation finance sector. We serve our clients locally, while drawing upon the firm's considerable global resources and industry experience to assist during this period of significant market disruption.

Issues and challenges

The impact of COVID 19 has had, and will continue to have, a significant negative impact on the aviation finance sector including severe liquidity challenges and potentially the reduction in aircraft values, lower lease rates, challenges in remarketing and redeploying aircraft, deterioration of credit quality and erosion of investor confidence.

Like many industries aircraft, lessors are challenged by the new remote working environment.

Net present value, internal rate returns and cash flow modelling did not calculate a collapse of the airline industry with reduced lease rental payments and reduced aircraft values. It will be necessary to review and refine such models.

Opportunities may arise for favourable investment terms in leasing platforms and portfolios.

The crisis undoubtedly will also give rise to opportunities for some industry participants to acquire assets and lay the foundations for survival and success in the transformed aviation finance market of the future.

Opportunities may arise for favorable investment terms in leasing platforms and portfolios.

With deep expertise in tax, accounting and assurance, risk and consulting combined with strong data analytical and IT support means Deloitte is uniquely equipped to help aircraft lessors in many areas of their businesses.

Deloitte's solutions

Restructuring Services: Deloitte can deliver restructuring solutions to companies in financial difficulties including advice on debt and capital restructuring, examinership and schemes of arrangement.

M&A: Our team is highly experienced in delivering complex aviation M&A transactions, from tax and financial diligence to people integration. We have deep industry expertise and have strong relationships with private equity and debt funders.

Cyber Resilience: Deloitte has deep expertise in preventing cyberattacks and protecting valuable assets during a period of heightened risk. We believe in being secure, vigilant, and resilient—not only by looking at how to prevent and respond to attacks, but at how to manage cyber risk in a way that allows you to unleash new opportunities.

Remote Working: Deloitte can provide assistance in the next phase to ensure continuity of business but also in preparing to return to the workplace through readiness assessments and planning.

Tax support: Deloitte has deep expertise and can assist in preparing for significant international tax reforms that are now coinciding with the largest aviation market crisis in history, including tax efficient bond buyback / loan restructure arrangements, preparing for the 30% EBITDA interest limitation rules, MLI impact on treaty access, revised Transfer Pricing rules and several other developments.

Repossession framework: Provision of strategic expertise on the legal, tax and regulatory pitfalls of repossession of aircraft including clear guidelines on the development of a repossession framework.

Technical accounting support: Deloitte can provide technical analysis and advice on the accounting impact of COVID-19, including impairment considerations, deferred receivables, and liability off-sets.

Business Process Solutions: Deloitte can provide resourcing for assistance with investor reporting & communications, modelling, finance function support, payroll and more at a time when finance functions are placed under even more pressure while operating in a hiring freeze environment.

Contract management services: Combining our unique industry knowledge and Deloitte's IT capability allows for the provision of a full suite of contract management services designed to proactively manage contracts to mitigate risk. These contract managements services result in revenue maximisation and cost reduction.

ESG: Aviation faces climate transition risks arising from rapidly evolving regulation on taxes and shifts in consumer behaviour. Climate action might impact the risk profile of airlines, profitability and the residual values of aircraft. Deloitte specialists have developed the ClimWISE framework, mixing expertise of both credit risk and sustainability experts to assist the Aircraft Leasing industry to assess the impact of climate risk scenarios on their portfolios and quantify this impact in terms of possible economic losses and risk mitigation opportunities.

Risk Analytics: Deloitte assists aircraft leasing firms by applying advanced data analytics to analyse lease data, portfolio data, credit risk ratings and external datasets to develop interactive data visualisation dashboards. These dashboards support the identification of outliers, potential control weaknesses, operational risk considerations, subsequent improvement opportunities including forecasting and any relevant trends contained in the data. Deloitte's risk analysis team can provide a risk toolkit to provide sensitivity and scenario analysis on current investment portfolios focusing on organisations, their credit and the assets they hold.



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