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# DAE reaches new debt accord with lenders

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Agree on four-year credit facility

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**GULF NEWS**

Dubai: Dubai Aerospace Enterprise (DAE), which recently called off huge orders for Airbus and Boeing planes, said Tuesday it has successfully concluded discussions and reached agreement with its lenders on a new four-year credit facility.

DAE is a globally recognised aerospace company specialising in maintenance, repair and overhaul (MRO) services, aircraft completions as well as aircraft leasing.

The new credit agreement will replace the aerospace company's credit facility that matures on Saturday, DAE said in a statement. The company did not answer queries from *Gulf News* for further details about the new arrangement.

Earlier this month, DAE's leasing arm, DAE Capital, cancelled orders for 80 aircraft from Airbus and Boeing

at an approximate combined valued of \$8.6 billion (Dh31.5 billion) at list prices.

Commenting on the move, Ernest S. Arvai, President and CEO of The Arvai Group, an aviation consultancy, said: "With the recent order cancellations, Dubai Aerospace has reduced its risk, enabling it to renew a line of credit and better support its remaining operations. Rolling over the existing line will help provide necessary capital to support existing operations."

The company, with an existing loan estimated at \$800 million, according to analysts, had placed an order for 200 aircraft worth \$27 billion in 2007 divided equally between Airbus and Boeing, aiming to become one of the world's biggest aircraft lessors.

However, poor market conditions forced it to scale back its growth plans in March and April, cancelling \$4.7 billion of orders from the two manufacturers. And the stepping down of its leasing unit's head, Robert Genise, last month spelled further doom.

But while the company has reduced its future leasing portfolio by cancelling orders with Airbus and Boeing, Arvai said, it continues in MRO (maintenance, repair and overhaul) and training, "two elements with continuing strong demand in the region [Middle East]".

Peter Morris, chief economist at aviation consulting firm Ascend Worldwide, added: "The aircraft leasing model sometimes appears to be a surefire way of making money, but it still contains elements of risk, particularly in the short term, and for new entrants to the leasing market, such as DAE was."

Owned 23 per cent by DIFC Investments, DAE in May announced consolidated net income of \$10.3 million for

full-year 2010. DAE's managing director, Khalifa H. Al Daboos, recently said that DAE has built a successful aircraft leasing business with clients in 14 countries and with aircraft assets of more than \$2 billion.