

# 2016 MRO ASIA-PACIFIC

## MRO FINANCING

ALAIN ROUSSEAU  
CORPORATE & INSTITUTIONAL BANKING  
IBA Transportation Sector  
Singapore – September 29<sup>th</sup>, 2016



**BNP PARIBAS**

The bank for a changing world

# Overview of the Financial Markets over the past 5 years

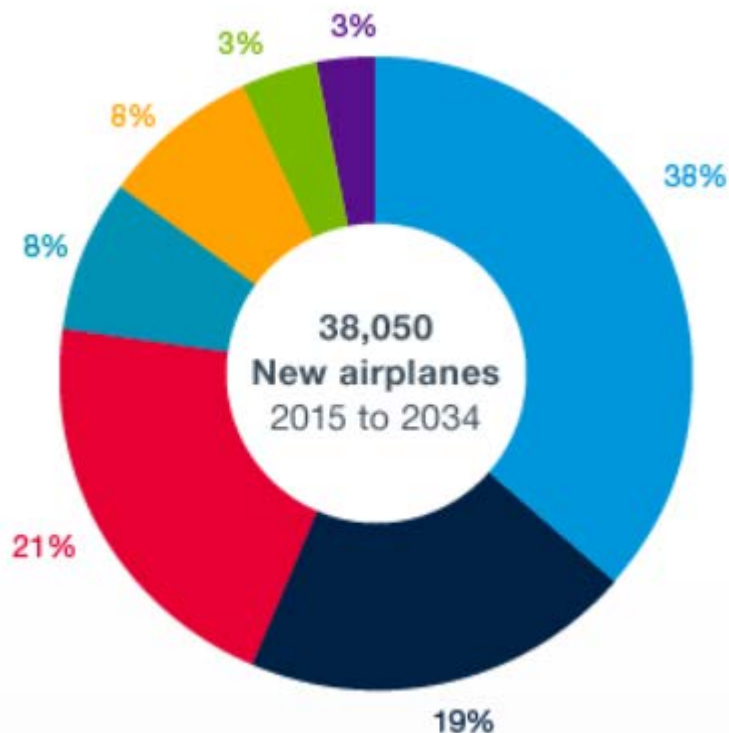
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- **From illiquid markets during the financial crisis...**
  - Banks collapses
  - No confidence on the inter-banking market
  - Difficulties for corporates to secure financing and fund their business
  - High cost of debt
  - Number of financial players existing non-core markets (e.g. aviation for some)
  
- **... to highly liquid markets today!**
  - Economic stimulus with negative rates in Europe and Japan
  - Fluid inter-banking market
  - Easy access to debt and equity
  - Lower cost of funding for corporates
  
- **How long can the party go on?**
  - USD rate hick?
  - Difficult economic environment?
  - Potential impact of higher fuel price?



# The Importance of Financing in the Aviation Industry (1/2)

- 38 000 new aircraft should be delivered in the next 20 years (+6% CAGR)



Region	New airplanes
Asia	14,330
Europe	7,310
North America	7,890
Middle East	3,180
Latin America	3,020
Africa	1,170
CIS	1,150
Total	38,050

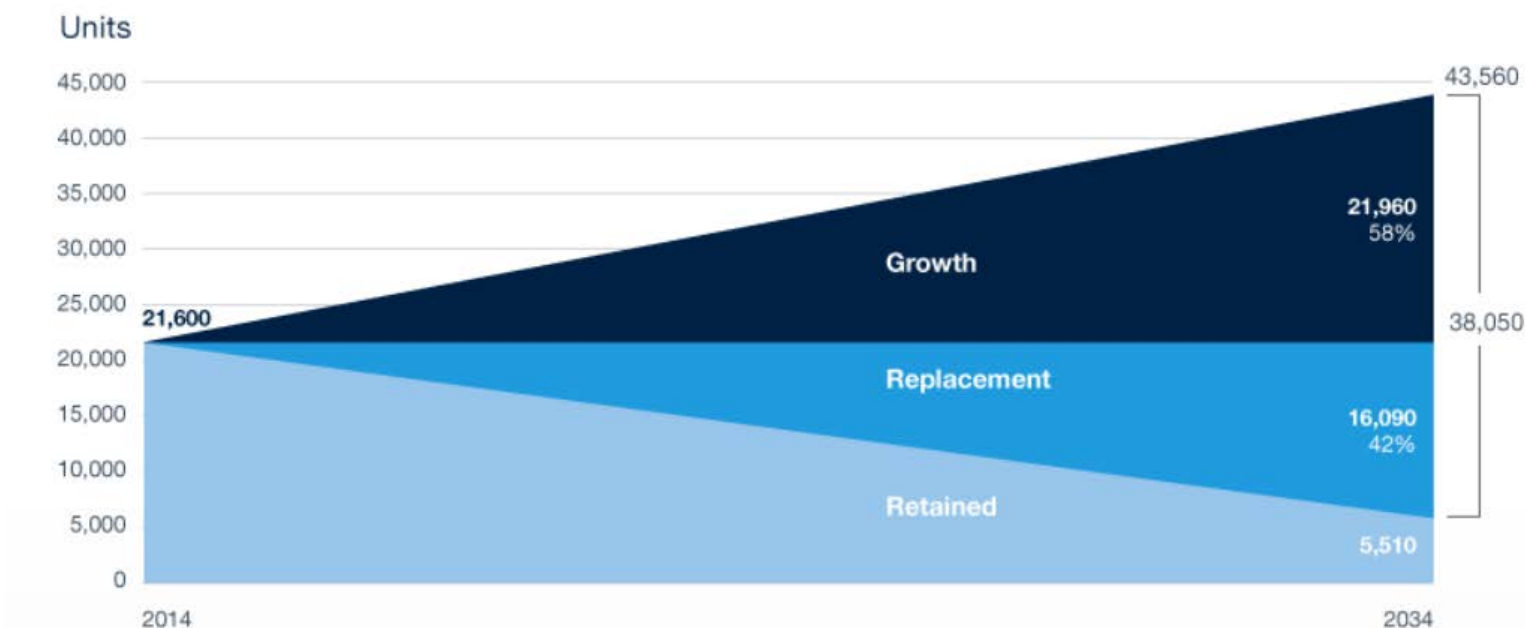
Source Boeing Current Market Outlook 2015



# The Importance of Financing in the Aviation Industry (2/2)

- 42% of these new aircraft are for fleet replacement

## Fleet replacement

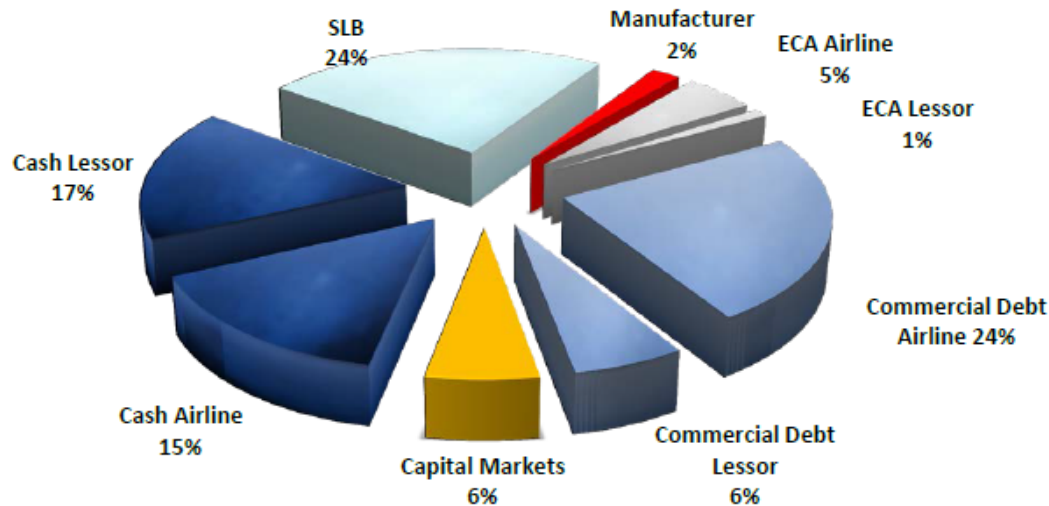


Source Boeing Current Market Outlook  
2015

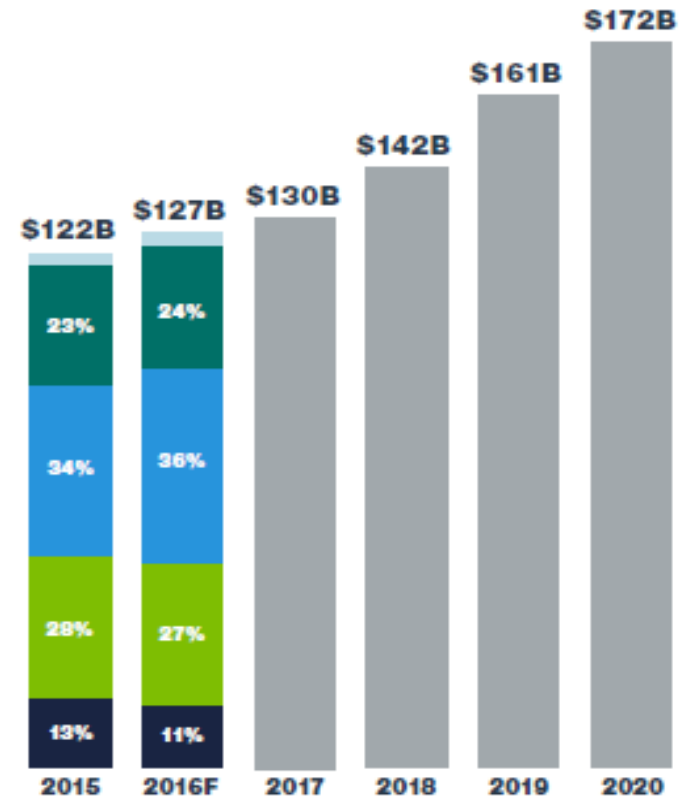


# Aircraft Financing: How?

Financing of Airbus deliveries in 2015: 635 a/c



- EXPORT CREDIT
- CAPITAL MARKETS
- BANK DEBT
- CASH
- TAX EQUITY



Source Boeing 2016 BCC Market Report



# Financing MROs

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- **Banking approach to asset finance**

- Understanding the asset
- Valuation
- Repossession
- Remarketing

- **Financing options for MROs**

- Traditional corporate banking approach
- Asset financing approach:
  - Finding the right asset
  - advantages and limitations?
- Alternative options:
  - Niche investors?
  - Crowdfunding?

