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Anne-Bart Tieleman, the CEO of regional aircraft lessor TrueNoord, states that the firm is “well-positioned” to potentially buy any aircraft that may emanate from rival lessor NAC’s restructuring process. Tieleman explains that the firm, which has offices in Amsterdam, Dublin and Singapore, plans to increase its fleet to 100 aircraft in the next 12 to 24 months, but has ruled out any direct OEM orders for at least the next 12 months.

Tieleman notes that the secondary trading market is set to pick up in 2022 presenting several opportunities to accommodate TrueNoord’s growth plans. Speaking with Ishka, Tieleman states that the company will look at the sale/leaseback and secondary markets for aircraft acquisition opportunities, including any potential aircraft from NAC’s portfolio that may hit the secondary market.



NAC, the world’s largest regional aircraft lessor, reached a majority agreement with its creditors to undergo Chapter 11 bankruptcy process on the 19th December 2021. As a result of the restructuring, it is possible that the troubled lessor, or its creditors, may seek to sell some of its leased regional aircraft.

Commenting a week before NAC publicly announced it will pursue Chapter 11, Tieleman said: “Of course, we are following that process very closely. [...] We are on a growth path and trading between lessors means potential growth for us. It will definitely take some time, but those aircraft and portfolios will move. We are interested in that and have the capabilities to acquire them. For sure we are not going to buy everything, but if we are going to buy anything, we are well-positioned to play a role there. We will price them as we think makes sense.”

Tieleman also believes that AerCap-GECAS might consider its regional jet fleet a non-core asset, and that over time, it could sell its regional aircraft portfolio. He notes that TrueNoord will also be monitoring those assets closely.

RJ prices have ‘stabilised’

Tieleman admitted that during the pandemic, regional aircraft in the secondary market suffered “dramatic” drops in prices and thus a fall in lease rates, as did the mainstream aircraft market. Ishka reported average prices and monthly lease rates of young encumbered ATR 72-600s of approximately \$18.5 million and \$168,000 respectively, as part of

its Pricing Benchmark Report in September 2021. The lessor chief appears to broadly agree with these values, and believes that regional jet prices and lease rates have “found their floor” and have stabilised, with some even starting to pick up again. He attributes this to the demand for regional jets which has not been met due to the lack of supply.



Q&A with Anne-Bart Tieleman

Q: NAC is rumoured to be raising debt to acquire narrowbodies, is there any ambition from TrueNoord to widen its targeted asset type and look at narrowbodies?

Tieleman: No. None whatsoever. We focus on 50 – 150 seat class aircraft.

Q: How do you look to acquire an additional 50 aircraft to reach your 100 aircraft fleet goal?

Tieleman: From the sale/leaseback market and trading with lessors. We could of course go out and place an order for new aircraft from the manufacturer, but that’s not smart in this niche market, in our opinion. It’s a small market so why would we buy aircraft and then start competing with the manufacturer? That’s silly and that doesn’t work. We prefer to cooperate with the manufacturer, and if they have good deals and clients that we can service, then we are more than happy to do deals that of course make economic sense for us and the airline.

Q: We haven’t seen many publicly announced SLBs for regional jets recently, do you expect that market to pick up over the next 12 months?

Tieleman: Absolutely, I think so. Keep in mind that it’s not so much that the sale/leaseback market has gone quiet, rather that manufacturers have had to reduce production capacity massively to survive the pandemic. There have been fewer deliveries in the past year, but I believe it will pick up. I think the crisis has passed and as a species, we’re good at adapting. The industry and airlines have adapted to the new reality and you see new orders, or orders that

have been diverted, that are going to be delivered now. That means that when more aircraft are delivered, financing is needed, and one of the ways to finance them is via sale/leaseback. So, we expect that the number of deals will increase.

The Ishka View

Size matters when it comes to lessors and the ability to attract financing. Tieleman's 100-aircraft fleet target will ultimately help to de-risk TrueNoord's portfolio by increasing the diversity of assets, jurisdictions and clients. It will also assist TrueNoord's long-term plans to obtain an investment-grade rating and access the US capital markets.

As an experienced, and expanding, regional aircraft lessor, TrueNoord is also an obvious potential buyer if NAC's restructuring process does result in aircraft sales. However, Tieleman notes that NAC's restructuring is an "unfortunate" event for the regional aircraft market - adding that having the biggest regional aircraft lessor enter Chapter 11 does not help investor perception of the space. It is interesting to compare NAC and TrueNoord. Ishka notes that the regional aircraft lessor appears to be a very careful buyer judging by its continued but relatively modest fleet growth when compared to NAC. Tieleman simply confirms that pricing discipline is a core trait of TrueNoord. 2022 could be a big year for the lessor if, as Tieleman believes, the secondary aircraft trading market does pick up.

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