
Airbus to lose over \$5 billion in orders under AirAsia X's proposed restructuring

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Aircraft manufacturer Airbus SE said it stands to lose more than \$5 billion worth of aircraft orders if AirAsia X Bhd's (AAX) debt restructuring scheme goes through, court documents showed, joining a dozen creditors that have challenged the Malaysian low-budget carrier's plan.

Airbus's challenge comes as AAX defended its scheme from key lessor BOC Aviation Limited's (BOCA) allegations that it favoured Airbus and lacked a debt-to-equity swap offer for creditors.

In a Dec. 16 affidavit filed at Kuala Lumpur High Court, Asia-Pacific Head of Region Anand Emmanuel Stanley said there was a strong possibility Airbus "will suffer substantial losses and prejudice" from termination of purchase agreements.

"AAX has ordered and Airbus has already built, or substantially built, seven A330neo aircraft which are currently in the inventory," he said, adding that there are another 71 on order that may impact Airbus's profitability if cancelled.

AAX revealed in a Dec. 17 affidavit seen by Reuters it owes Airbus 48.71 billion ringgit (\$12 billion) including pre-delivery payments for committed purchase of 118 aircraft.

BOCA has said AAX's debt calculations should not include future debts, which are primarily owed to Airbus. Airbus alone holds about 75% of the total debt value needed to approve the restructuring, giving lessors relatively little say.

AAX Senior Legal Counsel Shereen Ee denied the calculations were unfair as they also consider termination compensation for BOCA until the end of its lease period.

As for BOCA's proposed debt-to-equity conversion, Ee said it "would run counter to the objective of restructuring AAX to ensure it can raise fresh funds to continue as a going concern."

She said any party may have an equity stake in AAX if they inject fresh funds in return for it.

BOCA became one of Norwegian Air's top shareholders in May after lessors agreed to

convert debt to equity.

The airline failed to get more state support last month and sought bankruptcy protection. It secured shareholders' vote last week for its rescue plan.

BOCA is AAX's largest lessor, AAX's lawsuit showed.

AAX would continue engaging with all creditors, a company spokeswoman said.

"We are working with all stakeholders to expedite the completion of this recapitalisation so that we can start flying again," she said.

The airline said the alternative was a liquidation with nothing for creditors and shareholders.

Airbus and BOCA declined to comment while legal proceedings and discussions are ongoing.

AAX, the long-haul unit of budget airline AirAsia Group, has total debts and liabilities of about 64.15 billion ringgit (\$15.8 billion), the lawsuit stated. It had earlier proposed to reconstitute its debts into a principal amount of 200 million ringgit.

Recording losses since June 2019, AAX is now seeking court approval to convene a meeting with creditors to vote on the scheme.

Legal Counsel Ee said the scheme would "at least offer creditors a prospective chance for survival".

(Reuters)