

Saudi Arabia's AviLease Buys StanChart's Aircraft Portfolio

Matthew Fulco August 28, 2023



Credit: Airbus

Saudi Arabia's AviLease said on Aug. 28 that it would buy Standard Chartered's aircraft leasing business for \$3.6 billion in a move that will strengthen Riyadh's footprint in commercial aviation.

Aviation is a pillar of the Vision 2030 initiative that aims to wean the Saudi Arabian economy off its oil dependency and transform the King Salman International Airport, slated for completion by 2030, into a major hub that can compete with the United Arab [Emirates' Dubai International Airport](#) and Qatar's [Hamad International Airport](#).


For Standard Chartered (StanChart), the sale of its aviation leasing unit will "allow us to continue to focus our efforts on those areas where we are most differentiated," Simon Cooper, CEO, corporate, commercial and institutional banking said on Aug. 28.

AviLease will acquire a portfolio of 100 narrowbody aircraft and become a servicer for another 22 aircraft in the deal, increasing the size of its overall fleet to 167. [The 145](#) aircraft under AviLease's ownership will be valued at roughly \$6 billion, while the 22 it manages will have a value of \$800 million.

"Standard Chartered has a small portfolio of aircraft—certainly nowhere near the size of the large players—but has critical mass that makes it a viable alternative in the market and a platform that provides the opportunity for substantial growth," Ernest Arvai, president of the AirInsight consultancy, tells Aviation Week.

The acquisition of 122 aircraft provides AviLease with a strong portfolio of aircraft post-acquisition—167 aircraft with an average age of only 3.5 years—"a very strong and young fleet that should provide promising returns," he adds.

AviLease chairman Fahad Al-Saif said in a statement that the acquisition would "propel AviLease and will in turn support Saudi Arabia's aviation ecosystem, on our path to help realize the Saudi Vision 2030's objective of diversifying the economy and adding high value employment opportunities for Saudi citizens."

With its aviation strategy, "Saudi Arabia is creating unprecedented opportunities for global aviation," Mohammed Alkhuraisi, EVP of strategy and business intelligence at the Kingdom's [General Authority of Civil Aviation](#), told Arab News on Aug. 12. By 2030, Saudi Arabi expects t  treble passenger numbers to 330 million, extend connectivity to more than 250 destinations, and boost air freight capacity to above 4.5 million

tons per annum, he added.

AviLease was launched 14 months ago by Saudi Arabia's sovereign wealth fund Public Investment Fund (PIF), which had about \$600 billion assets under management at the end of 2022. The acquisition of StanChart's aircraft leasing business shows that despite the Saudi sovereign wealth fund's \$15.6 billion loss last year, its appetite for big-ticket M&A deals remains strong.

"We have the ambition to become a top-10 global aircraft lessor, and this acquisition brings us one step closer," AviLease CEO Edward O'Byrne said in the press release.

While the transaction is expected to close in the fourth quarter of the year, more deals could lie ahead.

"The Saudis may not be done acquiring aircraft lease portfolios, and there are likely other small players that could be consolidated into a larger entity," Arvai says.

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