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## **Middle East aviation industry : M&A/Privatisations and alternative financing structures**

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**Departures**

## Discussion angle

- From a death trap to an attractive investment option
- Factors requiring attention
  - technological developments/innovation
  - increasing competition
- Potential approach to factors – M&A / privatization and financing structures

# Certain factors affecting the aviation industry

## Technological developments → *digitalizing*

- Attracting consumers
- Enhancing operational efficiency

## Competition → *repositioning*

- Lesser divide than before between ultra-budget, budget and traditional full service carriers, particularly in respect of route availability and service offering

# M&A / privatization - a solution ?

- Competition and disruptive technology = M&A influencers
- Response may vary according to each market

# Risk mitigation tools

- Risk identification - due diligence (legal, financial, commercial, reputational)
- Dealing with risks in the transaction documentation
- Guarantees
- Insurance (M&A W&I - conventional and Sharia-compliant)

# Recurrent question: new type of airline M&A?

- Acquisition of Airbnb type company by airline company

# Some financing trends

- movement towards more capital market funding
- increasing prevalence of Islamic finance

# Use of the sukuk product

- “Islamic bond”
- trust certificate representing a beneficial ownership in an underlying asset or venture
- Islamic finance contains a prohibition on the payment of interest
- ownership of underlying asset or venture entitles owner to share of profits where generated

# Benefits of sukuk issuance

- diversification
- competitive pricing
- connectivity and profile
- growing base of liquidity
- capture growing trend

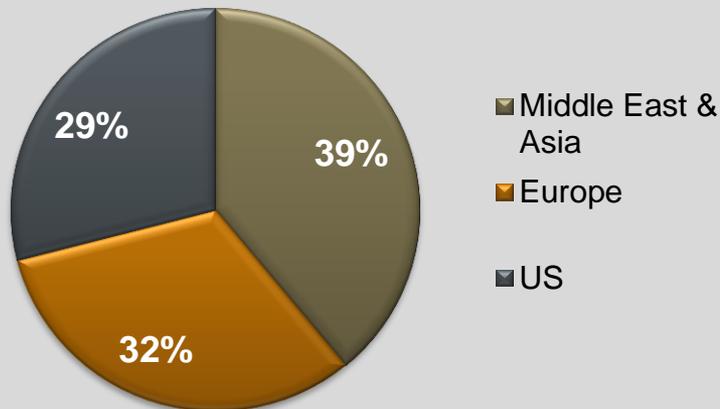
# Emirates ECA backed sukuk

## Why did Emirates choose to do it?

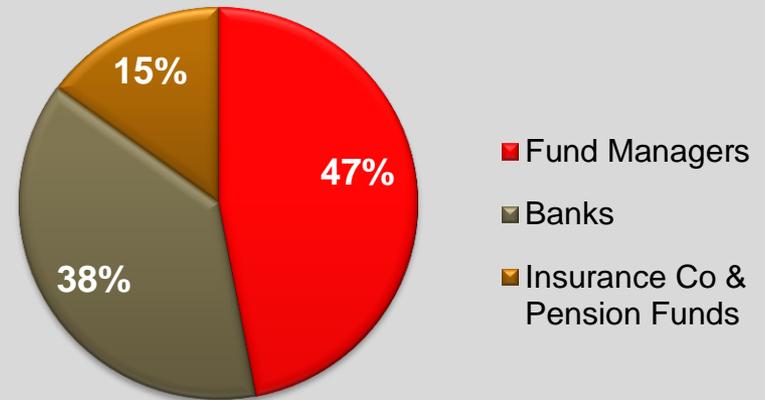
- First UK Export Finance backed sukuk for aircraft financing
- Largest ever capital markets offering in the aviation space with an Export Credit Agency guarantee
- First sukuk to be used to pre-fund the acquisition of aircraft
- First ever sukuk financing for an A380
- Regulation S and Rule 144A offering
- Admitted to listing and trading on the London Stock Exchange and on NASDAQ Dubai

# Investor base and geographies

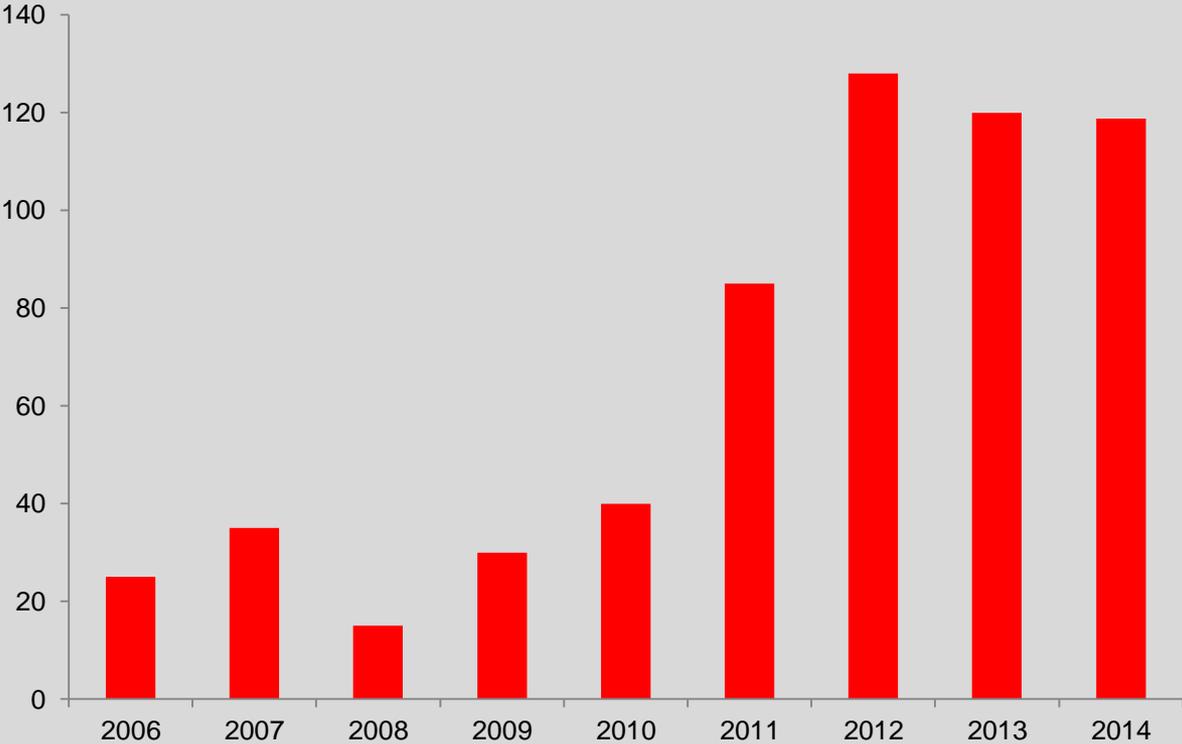
## Geographies



## Investor Type



# Annual sukuk issuance



# What more can we expect?

## Emirates transaction has inspired more innovative sukuk structures

- Islamic EETC
- Islamic tax lease
- Islamic securitisation

The logo features a stylized, upward-pointing chevron or arrow shape in a gold color, positioned above the first letter of the text.

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