

Burnham Sterling acted as lead arranger and sole book runner in a privately placed transaction for Avianca, Colombia's national airline which closed in November and December 2014, Aviation Finance speaks with the investment bank's executive managing director on the market.



The investment bank Burnham Sterling Securities LLC acted as lead arranger and sole book runner in a privately placed transaction for Avianca, Colombia's national airline which closed in November and December 2014. The Avianca deal covered two A320s and one Boeing 787s and used an Enhanced Aviation Investment Vehicle private EETC Structure ("EAIV"), developed by Burnham Sterling.

At the time of the announcement Burnham Sterling's executive managing director Michael Dickey Morgan said 'We are experiencing strong and growing demand from new investor sources seeking to finance commercial aircraft. Burnham Sterling is structuring transactions to channel investor demand to meet the needs of airlines. We specialize in private placements which provide access to a growing global investor base, bringing new investors and attractive terms to our clients in the airline industry.' The deal was a first for Avianca who chose to use an EETC structure as it gives them flexibility in their financing.

Aviation Finance spoke with Burnham Sterling's executive managing director, Mike Dickey Morgan, on the market outlook for aviation assets.

## **Could you give your views on the strength of the private placement market for aviation assets in 2015?**

We anticipate strong demand for aircraft-secured transactions in 2015, both from established and new investors.

## **There has been much talk of an almost unprecedented demand for capital markets in the past year yet the supply has been somewhat slow. What sort of supply of eetc, abs do you see in 2015? What caused the market to be so slow for EETCs in 2014?**

The industry's overall profitability has been robust, and the focus of many airlines has switched to deleveraging and balance sheet improvement. This means that, for those airlines that need financing, 2015 represents an opportunity to lower financing

costs and tap new investors. Burnham Sterling is satisfying this demand through our innovative new financing products which offer flexible new options in a changing marketplace.

## **There have been a number of non-US airlines who have issued EETCs this year, and in 2013, do you see this trend strengthening?**

Yes, we closed a number of transactions in 2014 with non-U.S. airlines and see this trend accelerating in 2015.

## **What new investors do you see coming to aviation assets? Of these new investors who are the most eager?**

We are introducing many new parties to aviation transactions, including US and non-US institutional investors as well as regional banks and leasing companies worldwide.

## **What assets will prove the most popular with capital market investors?**

Burnham Sterling is working to educate investors and broaden the scope of aircraft that can be financed.

## **Will investors become increasingly adventurous regarding the assets in which they are willing to invest on the near horizon?**

Burnham Sterling is experiencing strong demand for all kinds of assets. For example, an investor new to turboprops closed our first \$165 million financing earlier this month through a partnership with ATR. But even as Burnham Sterling experiences strong demand from its investors, we do not lose focus on placing transactions that are suitable, long term contributors to investors' portfolios.

