

Malaysia's AirAsia X wins court nod to restructure debt

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The High Court in Malaya, which has been overseeing the restructuring process at AirAsia X (D7, Kuala Lumpur Int'l), approved the low-cost long-haul carrier's debt restructuring scheme on December 16, the airline announced in a Bursa Malaysia stock exchange filing.

Under the scheme, which creditors approved in consecutive meetings on November 12, AirAsia X will pay only 0.5% of the MYR33.65 billion ringgit (USD8 billion) worth of liabilities it owes. The plan also terminates all existing contracts.

"On behalf of the board of directors of AAX, [stockbroking firm] Mercury Securities wishes to announce that AAX had filed an application to the High Court of Malaya pursuant to Section 366 of the Companies Act, 2016, for approval and/or sanction of the Proposed Debt Restructuring, and the High Court of Malaya had, at a hearing today, granted an order thereof," the brief disclosure declared.

The debt restructuring will take effect, it added, as soon as the court order is lodged with the Registrar of Companies of Malaysia. AirAsia X will then embark on a recapitalisation, which it expects to complete in the first quarter of 2022.

AirAsia X first proposed a radical restructuring of its debt in October 2020. The original figure of MYR63.5 billion (USD15 billion) was cut to MYR33.65 billion after a proof of debt exercise the airline conducted to determine the list of creditors to be included in the scheme. It had to face 15 creditors, including lessors, which pleaded with the courts to dismiss the plan. One year on, in October 2021, it formally asked creditors to convene on November 12 to consider the proposal, telling them the alternative was liquidation.

Half of the sum was owed to Airbus in the form of the cost of terminating orders from the manufacturer. The other creditors are:

BOC Aviation;
Malaysia Airports;
Macquarie AirFinance;
Sky High Leasing;
ILFC;
KDAC Aircraft Holding 4;
Jerdons Baza Leasing 1048 Designated Activity;
Jerdons Baza Leasing 1066 Designated Activity;
Jerdons Baza Leasing 1075 Designated Activity;
Lavender Leasing One;
Lavender Leasing Two;
BNP Paribas;
AWAS 1533; and
AWAS 1549.

