

**Thomson Reuters – Friday, June 19<sup>th</sup> 2009.  
(Translated by Calyon)**

**Aviation financing is improving according to Calyon.**

- \* The gap between financing needs and sources should be absorbed by the end of 2009.
- \* There has been an increase in financing provided by aircraft and engine manufacturers.
- \* Order cancellations and postponements have also contributed to a decline in financing demand.

Paris, June 19 (Reuters) – The gap between the aviation sector's financing needs and its sources, currently estimated at around USD 8 billion, should be absorbed by the end of 2009, in the opinion of bankers at Calyon, one of the market's global leaders.

"There are factors of both an increase in supply and a decline in demand", announced to the press José Abramovici, head of aviation financing for Crédit Agricole's investment bank <CAGR.PA>. On the demand side, many airlines have postponed or cancelled orders and possible bankruptcies could also have a significant impact on contracts.

"This is a hypothesis that cannot be excluded," said José Abramovici. Aviation financing has also been affected by the disappearance of numerous establishments previously active in the sector but which in the case of some have been swept away by the crisis.

"Before the Lehman Brothers [bankruptcy], banks were lining up to provide financing but since then many have left the sector," noted José Abramovici.

Hit hard by the credit crisis, certain banks have redeployed their resources toward sectors considered more strategic, in particular by using their equity to finance their countries' economies.

The end of the period of the drying up of credit should help stimulate activity. Government assistance in the form of export credit to compensate for the lack of capital could also increase and provide a breath of fresh air to the sector.

The bankers have also seen an increase in the financing provided to their clients by the aircraft and engine manufacturers.

The cancellation of M&A deals, which require vast amounts of capital, could also contribute to the freeing up of capital.

*By Julien Ponthus, edited by Jean-Michel Bélet*