



# RUSSIA'S UTAIR RESTRUCTURES \$650MN DEBT WITH CREDITOR BANKS

News / Airlines, Finance



**UTair** (UT, Khanty-Mansiysk) has signed two agreements with eleven creditor banks to **restructure RUB43 billion** (USD657.9 million) worth of debt. The first agreement involves a syndicated loan for RUB18.9 billion (USD287.2 million) for a period of seven years while the second is for RUB24.1 billion (USD366.2 million) over 12 years.

However, sources who spoke to Russia's Vedomosti newspaper said UTair is required to restructure RUB1.5 billion (USD22.8 million) in debt (already partially achieved) while increasing its registered capital by RUB25 billion (USD379.9 million).

Government will provide RUB9.5 billion (USD145.3 million) in state-backed guarantees to secure the first tranche following deputy prime minister Igor Shuvalov's approval late last month. Vnersheconombank (VEB) will now undertake a due diligence of the airline on the state's behalf before disbursement is made.

The government of the Khanty-Mansiysk Autonomous Okrug has meanwhile announced it would acquire RUB11.5 billion (USD175 million) worth of newly issued shares. It said in a statement that

having a foothold in the group would boost employment opportunities for locals and contribute to its overall financial stability.

With debts amounting to RUB84.5 billion (USD1.28 billion) as of the third quarter of this year, UTair Aviation Group has undertaken a restructuring programme - Impulse - which has seen it ground 40% of its fleet this year alone in a bid to cut up to RUB6.5 billion (USD111.4 million) in costs.

27 NOVEMBER 2015

**SOURCE: CH AVIATION**

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