



FITCH AFFIRMS AEROFLOT'S LONG-TERM CREDIT RATING

News / Airlines, Finance



Fitch Ratings has affirmed PJSC Aeroflot's long-term issuer default rating at "BB" as part of its annual review of the airline's credit ratings. The outlook has changed from "stable" to "negative".

Fitch noted that the change in the outlook is due to the impact of COVID-19 on the Company's metrics "in 2020, which is consistent with a similar or more pronounced deterioration for other airlines". The agency added that "rapidly spreading coronavirus led to unprecedented lockdowns and border closures and a dive in customer confidence in air travel".

At the same time, Fitch noted that "Aeroflot's cash and credit facilities provide sufficient buffer against the expected cash burn" and that the Company has "started to reduce operating expenses and manage working capital outflows". In addition, "unlike for many rated airlines, about 40% of Aeroflot revenues are generated on domestic routes which are currently less impacted compared to international flights".

Andrey Chikhanchin, Aeroflot's Deputy CEO for Commerce and Finance, said:

"We welcome Fitch's decision to affirm Aeroflot's long-term credit rating, especially in the face of increased turbulence in the aviation industry. COVID-19 has put unprecedented pressure on the sector, and there is hardly an airline in the world that has not felt the impact. We are focused on maintaining liquidity and reducing costs in order to preserve all the resources that we will need when the market begins to recover."



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