

Stratos Aircraft Management Ltd. AVERAGE Aircraft Servicer Ranking Affirmed; Ranking Outlook Stable

March 20, 2023

Overview

- Stratos Aircraft Management Ltd. is a third-party servicer of aircraft leases set up in Ireland in late 2017. It is the servicing arm of Stratos Group, which was established in 2013, and is privately owned by Stratos Group's CEO.
- We affirmed our overall AVERAGE ranking on Stratos Aircraft Management Ltd. as an aircraft servicer.
- The ranking outlook is stable.

DALLAS (S&P Global Ratings) March 20, 2023--S&P Global Ratings today affirmed its AVERAGE ranking on Stratos Aircraft Management Ltd. (SAM) as an aircraft servicer. The ranking outlook is stable.

Our ranking reflects SAM's:

- Continued growth in its servicing portfolio.
- Increased lease activity in 2022 in spite of the fact that it missed its target for aircraft under management by three leases.
- Experienced executive team.
- Satisfactory induction program and an adequate level of continuous education training hours, primarily consisting of attendance at external aviation-related diploma and masters programs sponsored by the company.
- A business risk assessment covering a broad spectrum of risk areas including but not limited to economic, environmental, operational, and compliance is performed annually with open items reviewed by the board quarterly.
- Testing against compliance with policies and procedures performed by its manager of operation controls, though it lacks an internal audit function typically in place for larger servicers. In addition, Grant Thornton conducts assessments on agreed upon procedures, which identified discrepancies between its findings and those found during the operative controls review in the most recent review.
- Access-based lease management system, which has proved to be suitable to handle the servicing activities and remains separate from the general ledger.

SERVICER ANALYST

Leigh Stafford McLean
Dallas
+ 1 (214) 765 5867
leigh.stafford
@spglobal.com

SECONDARY CONTACT

Chiara Sardelli
London
+ 44 20 7176 3878
chiara.sardelli
@spglobal.com

ANALYTICAL MANAGER, SERVICER EVALUATIONS

Robert J Radziul
New York
+ 1 (212) 438 1051
robert.radziul
@spglobal.com

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Furthermore, the company is part of Stratos Group, which is owned by Gary Fitzgerald. Stratos Group also includes Stratos SARL (Stratos Monaco), a Monegasque aircraft lease remarketing and advisory company, and Stratos Trading Ltd., providing aircraft trading services. In mid-2022, Stratos Group opened Stratos Co. Ltd. in Japan. On March 6, 2023, Stratos Group announced its agreement to acquire Magi Aviation Capital. This acquisition is expected to be completed within the first quarter of 2023 and will result in an increase of four aircraft to the SAM servicing portfolio.

The ranking outlook is stable. SAM remains a reliable aircraft lease servicing operation given its size and the capability to grow the portfolio as planned while maintaining servicing standards. SAM has an experienced management team and well-trained staff, adequate servicing platform, and well-designed lease administration processes. We will continue monitoring the stability of SAM's operations and the ability of the servicer to expand the set of controls in-line with the business' growth.

The financial position is SUFFICIENT.

Related Research

- U.S. Aircraft ABS Newsletter, Feb. 24, 2023
- Select Servicer List, Feb. 14, 2023
- Servicer Category Descriptions Expanded and Revised, Feb. 28, 2022
- Servicer Evaluation Spotlight Report™: Environmental, Social, And Governance Factors Have Consistently Powered Our Servicer Evaluation Rankings, Nov. 16, 2020
- Analytical Approach: Global Servicer Evaluations Rankings, Jan. 7, 2019

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