

The long view

When it comes to business dynamics, Japan-based ITC-Aeroleasing takes the view that corporate and social responsibility are just as important as the financial drivers that commonly power leasing and trading companies. Gideon Ewers sat down with the company's Mirika Nakayama and Steven Nixon to find out more.

Since its 1989 founding by Tomoo Nakayama, who still serves as the company's Chairman, front and centre in ITC-AeroLeasing's mission statement is corporate and social responsibility.

Consequently, the markets the company is active in are defined by extension, and thus it confines its activities to the support of Emergency Medical Services (EMS), Essential Air Service (EAS) and humanitarian aid missions.

While headquartered in Tokyo, the company has flexibility via its US-based trust and Irish subsidiary, as well as reach through its representation network in Canada, Peru and Taiwan.

Despite having structured over a half a billion dollars in leases, it remains at its

heart a family business, as President and CEO Mirika Nakayama explains.

"If we were a large company owned by institutional investors or a hedge fund, you can see there would be a pressure to keep up expansion," she says. "But we have a freedom from that, so we have always been careful with how we invest money."

This caution, combined with the public service nature of its clients, means that the company has also been able to avoid having to service an idle inventory during market downturns.

"There is steady growth in EMS, of course, although we've seen some turbulence in the market in the US recently," says Nakayama. "But the fact is that the need for humanitarian operations continues to increase, and given the global political situation that is likely to continue – and then you have the environmental changes that means

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Nakayama notes that as a Japanese-based company in a global market, ITC also has to be mindful of the position of the yen on the money markets.

"The ability to secure financing is becoming harder as the supply of 'low cost' finance has disappeared with rising interest rates," says Nakayama. "But we also have to keep in mind the weakening of the yen, especially against the US dollar, because it was fluctuating quite a lot. Now finance here has begun to accept that the yen will continue to be weaker, but because of that there is also an opportunity for a gain there."

Resisting temptation

Although some lessors have begun to make forays into electric aviation, and eVTOLs in particular, it's not an arena for ITC, at least for the time being.

Nakayama says: "I think a lot of the interest at the moment comes from a desire to be involved in case it turns out to be a winner. But what you see are minimal deposits, so for us they don't carry much influence. Again, we are not

driven by speculative investments. We were tempted on one occasion in recent years, but it was not a wonderful experience!"

ITC's EVP Asset Management and

Trading, Steven Nixon, adds: "To be a successful leasing and financing business, we have to look at assets that we think there is a long-term demand for, and even if that's with existing technology it's the proven track record that we are looking for."

"Add to that the fact that there are so many different types of eVTOL under development and as a leasing company we think it would be reckless at this point to hang our hat on this programme or that one and say 'Oh, this is the one that's going to be the game changer' or 'That one is the next big thing' – especially when we are not sure what the market for these aircraft will be."

Nakayama adds that what the company is looking for is for a sustainable balance to its portfolio, especially given the feast and famine nature of the industry.

"We've seen a lot of risks taken that were unnecessary and we want to avoid that," she says. "I'm not saying we are better than others, because we are not, but we do have lot of experience in aviation where others with perhaps a banking background do not, and that experience is required to survive a volatile market." ■

