

Brazilian carrier Azul files for bankruptcy

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Dhaka: The Sao Paulo-based airline Azul filed for bankruptcy protection, initiating the Chapter 11 process at a US court.

The Brazilian airline said it would continue operating its flying schedule uninterrupted and paying employees during the financial restructuring process, which would see the company alleviate significant debt related mostly to keeping operations afloat during the Covid-19 pandemic.

The company disclosed on May 28 that it had entered “restructuring support agreements” with stakeholders, including existing bondholders, lessor AerCap and partner carriers American Airlines and United Airlines.

In total, agreements secured by Azul include USD 1.6 billion in financing to support the restructuring process, the elimination of about USD 2 billion in debt and further equity financing of up to USD 950 million

upon emergence from bankruptcy.

The exit financing figure includes a total of USD 300 million of investments from American and United that are “subject to satisfaction of certain conditions,” said reports citing Azul.

Azul reported strong results and an upbeat outlook during the seasonally strong first quarter, including a BRL 783 million (USD 139 million) first-quarter profit, compared with its BRL 1.1 billion loss during the same three months of 2024.

However, that followed an exceptionally difficult full year of 2024, a period during which Azul lost BRL 8.3 billion. The carrier said, it has struggled with “macroeconomic headwinds and aviation supply chain issues.”

Lack of aircraft and engine availability, operational disruptions from severe weather events, and devaluation of the Brazilian real have created further challenges for Azul.

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