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Aeroflot Issue Emergency Shares to Boost Funds Amid Sanctions Fallout

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Denis Grishkin / Moskva News Agency

Russian flag carrier Aeroflot hopes to raise $3 billion by issuing new shares amid ongoing economic turmoil sparked by Western sanctions and Moscow's war in Ukraine.

Aeroflot shareholders approved the emergency issue of new shares worth 185.2 billion rubles on Wednesday, news agency Reuters reported. More than half of that amount, 107 billion rubles ($1.74 billion), will come from the Russian government's National Wealth Fund.

The planned cash injection comes after a host of Western countries closed their airspace to Russian airplanes in retaliation to Moscow's invasion of Ukraine, cutting Aeroflot off from many of its most profitable routes.

Western sanctions have also seen aircraft manufacturers Boeing and Airbus halt their supplies of replacement parts, affecting 95% of Aeroflot's fleet.

The company may use the capital to order 300 aircraft from the United Aircraft Corporation, a

subsidiary of state-run aerospace conglomerate Rostec, business newspaper Vedomosti reported.

Potential new models for the Aeroflot fleet could include the Russian-made Irkut MS-2, a medium-range plane with a capacity of more than 200, or the smaller Sukhoi Superjet 100, a domestic-made passenger jet.

The new restrictions mean that Aeroflot is still struggling to revive its passenger numbers, which were still down by a third at the start of the year compared with pre-coronavirus levels.

Aeroflot and its lowcoster brand Pobeda carried 2.2 million passengers in March 2022, down from 2.8 million in February and less than half of the 4.6 million carried in March 2019.

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