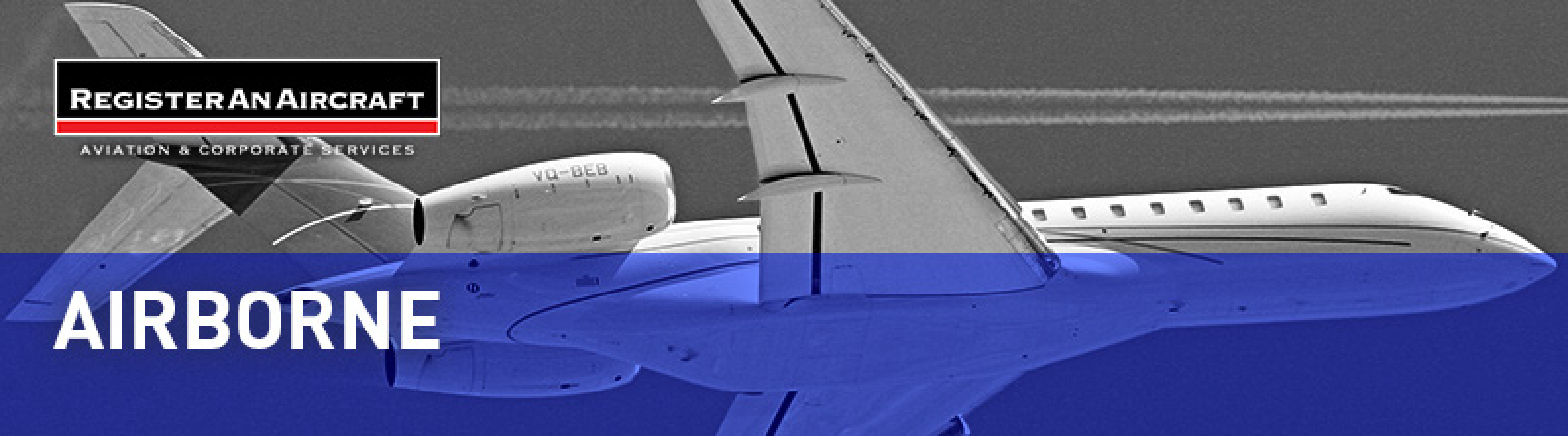

February 2023

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OEMs report delivery gains in 2022 and look to a bumper 2023

Four of the 'big five' OEMs have announced provisional or full results for 2022 and have also provided insights into their prospects for 2023.

Gulfstream Aerospace delivered 120 bizjets in 2022, up by one unit on its 2021 deliveries, and marginally below its own prediction of 124. Of this total, 96 were large cabin aircraft (G500, G600 and G650) and 24 mid-size G280. The outlook for 2023 is more promising with the Gulfstream predicting 145 deliveries by year end with revenues expected to reach USD10.4 billion. The Savannah-based manufacturer is also holding firm on its estimate of 170 aircraft deliveries in 2024. Gulfstream further reported an increased aerospace backlog that is 20% higher than 2021 and 68% greater than 2020. Strong growth is reported in Middle East and Southeast Asia (away from mainland China).

Bombardier delivered 123 bizjets in 2022, an increase of three over 2021. This total comprised 70 Globals, 50 Challengers and the last three Learjets (the final Learjet was delivered 28 March 2022). Revenues increased YoY by 14.1% from CAD 6.1 billion to CAD6.9 billion. The Canadian OEM estimates that it will deliver 138 jets in 2023 with revenues expected to hit CAD7.6 billion. It also confirmed that it has factored residual supply chain issues into this bullish prediction for the coming year.

Textron Aviation reported a very successful Q4 with deliveries of 52 Cessna Citations compared to 46 the same period in 2022. Similarly, deliveries of turboprops – including King Airs, Caravans and Sky Couriers – rose to 47 against 43 delivered in Q4 2021. Although the manufacturer continues to report supply chain problems, its backlog has jumped from USD4.1 billion at the end of 2021 to USD6.4 billion at the end of 2022.

According to preliminary data, France's Dassault Aviation delivered 32 Falcons in 2022, up from the 30 delivered in 2021 but down on its forecast of 35. Most strikingly, however, it reported a Falcon order backlog of 87, representing a 55.2% increase over the 55 that were on order at the end of 2021.

Foley forecasts newcomer demand to slow

When industry analyst and consultant Brian Foley speaks, the business aviation sector tends to listen. In his latest analysis, he opines that the demand for private aviation sparked by the Covid pandemic is now faltering. Supporting this theory is data from both Amstat and WingX showing that preowned aircraft inventory is increasing at the same time charter flight activity is falling. Many of the customers attracted to bizav during the pandemic are now returning to commercial airlines and the figures indicate that "the peak has passed for the general public's discovery and fascination with private aviation".

At its peak, Foley had previously noted that charter operators were reporting that more than 50% of their clients were new to business aviation. This increase was also mirrored by OEMs and brokers reporting that many buyers were newcomers. Although Foley forecasts that less than 10% of these newcomers will stay, "it still favourably raises the baseline obtainable market for the industry from this point forward. This is frankly a relief for an industry that was never scaled to be a mass-transit system and has been overwhelmed over the last couple of years."

Bizav traffic starting to flatten

The latest data from specialist analyst WingX makes for sobering reading. WingX MD Richard Koe said: "The next couple of months could be the first time since 2019 when year-on-year trends start to normalise, with the modest growth so far this year compared to 2022 largely flattered by the Omicron surge at the start of last year. The trends are not encouraging in Europe, where the charter market is now seeing double-digit drops. The US market is still more or less holding its own, with geographical variability."

Looking at the figures in detail, European bizjet movements (excluding Russia) are 7% lower than January 2022 – although this remains 6% greater than 2019. The ongoing war in Ukraine continues to affect demand with weaker bizjet traffic in Russia and an erosion in demand, seen most notably in charter flight activity. The end of the month saw a blip as the World Economic Forum in Davos attracted a significant number of additional flights albeit at a lower level than previous years.

In North America, there were 220,000 bizjet sectors in January 2023 – around the same level as 2022 and 14% higher than January 2019. Flight hours were also 1% lower than a year ago. On a more positive note, fractional operator flights (including NetJets, Flexjets etc.) were 15% higher than a year ago while branded charter flights were 9% down on the same period last year and just 3% above pre-pandemic levels of January 2019.

AVIATION SERVICES HUB:

Aviation finance

The new and used corporate aircraft market continues to function, despite the twin shocks to the global economy from the pandemic and the invasion of Ukraine. Buyers continue to seek finance for these transactions, with growing demand in some sectors, business models and geographical areas. RANA has built up relationships with a number of banks, finance houses, leasing companies and groups of individual investors that have demonstrated an appetite for investment in the corporate aviation sector.

Lenders will of course look at a number of different factors and each has its own criteria for acceptance, in addition to loan-to-value ratios and the length of term of any potential deal. These criteria may include: the maximum age of the aircraft; whether it is new or pre-owned; the book value of the aircraft; the jurisdiction of the aircraft's registration; or the type and nationality of the client. Any such financing is of course viewed on a strictly case-by-case basis with tailored terms and conditions.

The WEF returns to its winter slot

The World Economic Forum, the annual get together for the world's 'movers and shakers', returned to its familiar January slot in Davos, Switzerland, this year after being forced to switch to May last year due to Covid restrictions. As usual, delegates were gathered up from a raft of nearby airports and then transported to Europe's highest town. According to WingX data analysis covering Zurich, Samedan, Dubendorf and Altenrhein airports, overall bizjet arrivals were 10% lower on the day prior and opening day compared to 2019. From the perspective of the many seasoned 'WEF watchers', it was clear that both VistaJet and NetJets made up an ever-growing proportion of movements.

In the wake of recent protests at European bizav facilities, Greenpeace produced a report highlighting the negative environmental impact of bizjets bringing delegates to the WEF. In response, industry champions including the NBAA, EBAA and NATA countered the report's methodology and dismissed the high number of additional flights that it cited around the WEF. They also pointed to organisers' efforts towards the use of sustainable fuels in partnership with FBOs in airports used by WEF traffic.

Vista Global sees numbers soar

Vista Global, the Dubai-based parent company of specialist programme operator VistaJet, recorded a record 50% increase in revenues on the back of a 74% hike in the number of programme membership hours sold last year. To put these numbers into perspective, current membership hours are three times higher than pre-pandemic levels. Overall, the Vista Group added a net total of 117 aircraft to its fleet in 2022 and VistaJet now operates 18 Global 7500, the world's largest fleet of Bombardier's flagship long range twin.

Vista Founder and Chairman Thomas Flohr said: "I am incredibly excited for the future. More and more clients globally are recognising that Vista provides the best value and end-to-end experience, and our expanded team of over 4,000 experts are fully committed to developing the next-era of innovative and advanced flying solutions across the globe. This will only strengthen Vista's unrivalled offering and our position as the world's largest on demand provider."

Farnborough traffic flying high

Farnborough Airport in Hampshire, which markets itself as the UK's sole dedicated bizav airfield has reported record traffic figures in 2022 that exceeded pre-Covid figures. Farnborough recorded 33,120 movements in 2022, a significant increase on the 26,007 reported in 2021 and exceeding the 32,366 reported in 2019. This figure gives the facility a 31% share of bizav movements in the London area. By comparison Luton recorded 27%, Biggin Hill 22% and Stansted 10%. Farnborough Airport CEO Simon Geere attributed the growth in large part to the 'Covid bounce' as travellers moved to the security of bizav, many for the first time.

Corporate aircraft news

Textron Aviation marked a significant landmark on 13 January with the delivery (to a Brazilian client) of the 3,000th turboprop single Cessna Caravan, which was first introduced in 1985. The Caravan is designed to operate in challenging conditions and is in use in a wide variety of roles – small package freighter, commuter airliner and private transporter.

Brazilian OEM Embraer Executive Jets has received a supplemental type certificate from both EASA and the FAA for a 'medevac' version of its popular Phenom 300 twinjet. The Phenom 300MED has been developed in several configurations, which can accommodate up to two stretchers and the ability to carry assorted medical equipment up to the size of an incubator. The aircraft can be switched from executive to medevac interior in just five hours.

In a ceremony at the company's facility at Everett, Washington, Boeing delivered the last production 747 to US cargo specialist Atlas Air on 31 January. The delivery of this aircraft – a 747-8F – marks the end of a production line that has spanned some 56 years and involved the manufacture of some 1,574 examples of the iconic 'jumbo jet'. The 747-100 entered service between New York JFK and London in January 1970. While most high-profile passenger airlines have now eliminated the aircraft from their fleets, many 747s will continue to operate as freighters for many years to come.

AIRCRAFT FACT FILE \\

CASA/IPTN CN-235

CATEGORY
Turboprop transport

MANUFACTURER
CASA/IPTN, Spain/Indonesia

ENGINE
2 x General Electric CT7-9C3 turboprops

LENGTH	WINGSPAN
21.40 m	25.81 m

RANGE	MAX. SPEED
4,355 km	450 kmh

SEATING CAPACITY	NO. OF CREW
51	2

MAXIMUM TAKE-OFF WEIGHT (MTOW)
16,100 kg

DESCRIPTION

The example of the CN-235 pictured above is acting in a VIP transport role and is pictured leaving Zurich after WEF 2023 carrying Irish Taoiseach Leo Varadkar. Originally developed as a military transport, the roles and spheres of operation for the CN-235 have expanded considerably to encompass commercial airline operation, maritime patrol, armed gunships and aerial surveillance – as well as VIP and government service, as we see here.

The CN-235 was the result of a joint development between CASA of Spain and IPTN of Indonesia. The two manufacturers formed a joint venture in 1979 – Airtech International – to develop a medium-haul turboprop transport. The civilian opportunities afforded by the CN-235 was a particular part of the strategy for IPTN, which saw potential for a transport that was able to serve the multitude of remote airfields scattered throughout Indonesia. The aircraft was announced at the Paris Airshow of 1981 with the prototype's first flight taking place on 11 November 1983.