

Problems continue to stalk Bombardier

Bad news keeps coming this year for Bombardier. During the Q1 investor conference call in May, the Canadian manufacturer announced a slowdown in production of the Global 5000 and 6000 due to weaker demand for the aircraft. In particular it cited falls in sales in Russia, Latin America and China. A week later the company announced plans to cut 1,750 jobs in its business-jet division, about 15% of jobs in that unit, across plants in Montreal, Toronto and Belfast.

In mid-July, the company announced that it is undertaking a "full review" of the new Global 7000 and 8000 programmes. This is as a result of major cost overruns and other challenges in development of the CSeries commercial airliner. The 7000 was due to enter service in 2016, with the first ultra-long range 8000 following in 2017.

Just a few days later, on 30 July, the manufacturer announced a two-year delay in entry to service for the Global 7000. It also announced a 30% reduction in overall production of its corporate jet models. The Global 7000 is now expected to enter service in the second half of 2018. The company did not announce any changes to the timetable for the Global 8000.

Bombardier CEO Alain Bellemare called the 7000 a "game changing aircraft that will define a whole new category of business jet", but said to develop the technologies involved was "a challenge." Bellemare said the advanced wing was "the primary reason", conceding "there has been some redesign." The new high efficient engine, advanced avionics and four-zone cabin, have also contributed.

Delta Air Lines upgrades elite fliers

US major carrier Delta Air Lines announced, in mid-July, that it is to commence a flagship upgrade programme for its "Medallion" frequent fliers involving upgrades to chartered business jets operated by its subsidiary Delta Private Jets. Frequent fliers will be offered single sector upgrades for between \$300 and \$800 depending on distance flown. Emails offering the upgrades will be sent to eligible passengers 24 to 48 hours in advance of travel. Just a few days after the announcement of the programme, the first passengers were able to use the service as two passengers were flown from Cincinnati to Atlanta in a Falcon 2000. This is in line with the stated policy that these business jet flights will be centred on the airline's principal hubs at Atlanta, Cincinnati and New York La Guardia. The US Department of Transport has authorised approval of this service on 160 routes (from Tuesday to Friday).

Hangar8 and Jetclub brands to go

Farnborough airport-based Gama Aviation, which completed a £130 million merger with Hangar8 Management in January, announced in July that it was phasing out the Hangar8 and subsidiary International Jetclub brands with immediate effect. The amalgamated group, which operates a fleet of over 140 business jet aircraft, wants to move towards a single brand with a single, recognisable service standard across the world. Gama CEO Marwan Khalek gave one of the keynote presentations at this year's Isle of Man aviation conference in June. It was titled "The big operator merger story". The company made a positive trading statement confirming that the two businesses had been successfully integrated.

Lockheed Martin buys Sikorsky

US-based Lockheed Martin, the world's largest defence contractor, announced on 20 July that it had agreed to purchase leading helicopter manufacturer Sikorsky from United Technologies (UTC) for \$9 billion. Active in both the civil and military helicopter markets, commercial sales account for some 25% of Sikorsky's business. The S-92A and S-76D in particular have found a ready market with corporate operators worldwide. However the firm recently confirmed a decline in orders and cost-cutting measures. The sale requires regulatory approval from both the US departments of Justice and Defence. This is expected by the end of this year.

VistaJet in China

Rapidly expanding Austrian charter specialist VistaJet has confirmed that it is to offer Chinese domestic flights, using locally registered aircraft managed on its behalf by Apex Air. The first aircraft, a Challenger 850, will enter service by the end of September. The firm's founding chairman Thomas Flohr said: "Adding domestic flights through our partnership with Apex Air extends our service area to include one of private aviation's most exciting new markets."

RANA SERVICE CENTRE:

Aloft and afloat, the story so far...

As we mentioned last month, Sovereign's aviation and maritime divisions are running a joint marketing campaign designed to showcase the services that we can provide to clients and intermediaries. Alongside content on various social media, the central focus of the campaign is a four-episode case study dealing with the acquisition, registration, ownership, financing and insurance of a yacht and executive jet. Combined with the multi-jurisdictional corporate services capability of the wider Sovereign Group, the study illustrates how we can offer a comprehensive and bespoke worldwide service. As this issue of Airborne goes to press, our fictional client has spent some time with our respective industry experts examining options and assessing his requirements.

The case study can be found here - <http://www.SovereignGroup.com/aloft-and-afloat/>

Feel free to get in touch with the teams directly - For marine, contact Gabriel González ggonzalez@SovereignGroup.com

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Manufacturer performance

The announcement of Q2 performance by major corporate aircraft manufacturers gives useful insight into the strength or indeed weakness of particular areas of the market.

The headline from French manufacturer Dassault Aviation is that weak demand has significantly slowed sales. For the first half of 2015 the company confirmed 25 orders offset by 20 cancellations. Deliveries for the year however are expected to remain close to target (at 65 units). At 30 June the company had an order backlog for 105 Falcons. The 20 cancelled aircraft represented an order from NetJets for Falcon 2000s placed in 2006. In its investor statement the company pointed to challenging areas in emerging markets (in particular Brazil), coupled with increased competition. The company did however point to a usually stronger second half of the year and firm demand from the US and northern Europe. The company is also looking forward to the first flight of its new Falcon 5X and service entry for the 8X next year.

Brazil's Embraer announced a number of positive results. The most notable is the company's largest ever order backlog (at \$22.9 billion). The company also confirmed that its deliveries had increased in Q2 over the same period last year, although the overall figures for the first half of the year are down by one Lineage and three Phenoms. The first six months of 2015 saw 45 executive jet deliveries (36 light jets and nine large jets).

Textron Aviation delivered 36 new Citations and 30 King Airs in Q2 compared to 36 and 34 respectively last year. Revenues were also down \$59 million. The division's backlog stood at \$1.4 billion – an increase of \$145 million.

In contrast to any perceived negativity from its competitors, Savannah-based Gulfstream Aerospace announced very strong performance – particularly in the North American market. Sales in Q2 this year were the best for the period since 2008. The company also delivered 41 completed aircraft in the period – an increase of three over Q2 2014 – of which 33 were large cabin jets, an increase of seven.

Corporate aircraft news

ONE Aviation, the US manufacturer formed by the merger of Eclipse Aerospace and Kestrel Aviation in April, is now offering a fully refurbished version of an Eclipse 500 very light jet with most of the features of the new Eclipse 550. The Eclipse Special Edition features a new interior, livery, PPG glass windshield and a dual Avio integrated flight management system. The Eclipse SE has a list price of \$2.195 million.

Fort Worth-based Bell Helicopter announced that its medium-lift Bell 525 Relentless made its first flight on 1 July. Billed as the world's first commercial "fly-by-wire" helicopter, the 525 Relentless was first announced at Heli-Expo in 2012. The aircraft is expected to receive FAA certification in 2017.

Cirrus Aircraft has completed ultimate load testing of the ballistic recovery parachute (Cirrus Airframe Parachute System – CAPS), which is to be used on the SF50 Vision single-engine jet. The Minnesota-based manufacturer has also begun production of the first block of three pilot customer airframes that are to be used for testing the manufacturing process along with function and reliability. FAA certification of the very light jet is expected by the end of this year.

On 24 July, Brazilian manufacturer Embraer received type certificate approval for the super mid-size Legacy 500 from the Civil Aviation Administration of China (CAAC). The first example is due to be delivered to Embraer's "brand ambassador", the Hong Kong-born actor and martial artist Jackie Chan, later this year.

Wichita-based Textron Aviation confirmed at the EAA AirVenture fly-in convention in Oshkosh, Wisconsin, that it had received FAA certification on 20 July for the Beechcraft King Air 250. The upgraded King Air is equipped with the Pro Line Fusion avionics system and new cabin enhancements.

EASA certification for the AgustaWestland medium twin-engine AW169 was granted on 15 July. The aircraft will be produced both in Italy and in the US.



AIRCRAFT FACT FILE \\\

Airbus ACJ318



CATEGORY

Heavy Jet

MANUFACTURER

Airbus, Multi-National

ENGINE

2 x P&W PW-6124A or CFM Intl. CF56-5B9/3 turbofans

LENGTH

31.44 m

WINGSPAN

34.10 m

RANGE

7,800 km

MAX. SPEED

1,004 kmh

SEATING CAPACITY

19 in exec. config.

NO. OF CREW

2

MAXIMUM TAKE-OFF WEIGHT (MTOW)

68,000 kg

DESCRIPTION

The Airbus ACJ318 is the smallest of the ACJ family. It is based on the A318 airframe, the smallest member of the Airbus 320 family of short-to-medium-range, narrow-body, commercial passenger twin-engine jet airliners. The design is 4.5 frames shorter than the A319. The A318 was first announced at the Farnborough Air Show in mid-1998 and the design's first flight, using the Pratt & Whitney powerplant, took place in January 2002. The corporate/VVIP version was launched in 2005 as the A318 Elite and then subsequently remarketed as the current ACJ318.

Each of the Airbus ACJ range feature a common cockpit with the same layout of instruments and controls to enable easy transition for flight crew from one model to another. The ACJ family also feature full "fly by wire" controls. The A318 is certified for operation from London City airport and British Airways uses the airliner version on its niche services to New York JFK.