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Q2 OEM performance - highs, lows and 'issues'!

The 'big five' OEMs have now reported their Q2 performance and it is a veritable mixed bag. While Embraer and Bombardier had a good three months, Gulfstream, Textron and Dassault all confirmed that their figures had been negatively impacted by continuing post-Covid supply chain issues as well as the war in Ukraine.

Embraer was the star performer in Q2, delivering 38 executive jets against the 30 it delivered during the same period in 2022. This year's total comprised three Phenom 100, 25 Phenom 300, six Legacy 500 and seven Legacy 600. As we reported at the time, the Brazilian OEM also recently received an order for up to 250 Praetor 500 from fractional specialist NetJets.

While deliveries for Canadian OEM Bombardier increased slightly over Q2 2022, revenues for the three months jumped by 8% to USD1.7 billion. In terms of deliveries, the company handed over 29 aircraft in Q2 – 15 Challengers and 14 Globals. This compares to 28 in the same period last year, comprising 12 Challengers and 16 Globals. So far this year Bombardier has delivered 15 bizjets – 28 Globals and 23 Challengers – an increase on the 49 handed over in H1 2022)

Gulfstream Aerospace delivered 24 aircraft in Q2 – 18 large cabin Gulfstream and six G280. While this was two aircraft more than it delivered Q2 2022, the Savannah-based firm tempered the good news by lowering expectations for the year. It announced that it expects to miss its annual forecast of 145 deliveries by five or six units due to the continued challenge of supply chain issues in the wake of the pandemic. Nearly 70 deliveries are expected in Q4 with an expected bounce from the anticipated regulatory certification for its G700 twinjet.

Textron Aviation also pointed to ongoing labour and supply chain issues as it reported a fall in Citation bizjet deliveries in Q2. This year it delivered 44 aircraft, against 48 in the same three months last year, but also reported an increase in its turboprop deliveries from 35 to 37. During the investor call, Textron CEO Scott Donnelly confirmed that, like Gulfstream, it would not meet its 2023 delivery target because some of the 200 units would be delayed into 2024 because of supply chain issues.

Dassault Aviation reports its figures on a six-monthly basis and confirmed, on a positive note, that it expects to meet its forecast tally of 35 Falcons for the whole year. But the French manufacturer delivered only nine Falcons in H1 of this year, compared to 14 in the same period in 2022. Worryingly, the company also announced just 12 orders for Falcons in the first six months of the year, a substantial drop from the 41 orders it received in H1 last year.

Wheels Up receives cash injection

US private flight provider Wheels Up has endured a 'challenging' few months, which has included difficult trading figures, a huge fall in its share price and the loss of its charismatic founder and CEO Kenny Dichter. As this issue of Airborne was in production, the company announced a 'short-term cash infusion' from major US carrier Delta Air Lines, which holds 20% of the company. Wheels Up cancelled its Q2 investor call and announced that it is looking at various 'strategic options', including the sale of its non-core aircraft management business to fractional ownership firm Airshare.

European bizav traffic - seeing a slower summer

European bizjet traffic experienced a 'substantial drop' in activity compared to last summer, according to the latest data published by Hamburg-based WingX Advance. It reported that traffic in week 30 – ending 30 July – was 7% lower than in the same period in 2022. Overall YOY traffic is 9% lower than in the previous year, although the figures remain 8% higher than those of pre-pandemic 2019. The largest falls in activity were in the German and UK markets, which each recorded 15% fewer flights in week 30 compared to 2022. Bizjet airports also reflected mixed performances in July: traffic in Nice was down by 13% against the same month last year, while Farnborough saw double digit traffic growth. The continued decline in bizjet traffic in Europe was blamed on the ongoing economic uncertainty and the challenges posed by Russia's invasion of Ukraine.

Bizjet paint attack

A group of 'environmental activists' managed to break into a European airport and damage a corporate jet on the ramp. It was the second such attack in two months. In the latest example, three members of Spanish group Futuro Vegetal and one from Extinction Rebellion breached the security at Ibiza airport and spray-painted an Embraer Phenom 300 D-CJKP with yellow and black paint, before gluing themselves to the aircraft's fuselage. The Ibiza attack came just before Spanish voters went to the polls in the general election.

AVIATION SERVICES HUB:

Aircraft registration

It may be a cliché, but there is no 'one-size-fits-all' aircraft registry. Several new registries have been launched over the last few years and more are in the pipeline. Many existing registries have also made changes to their offering by expanding the scope of acceptable aircraft operation and ownership. Each is seeking to attract owners and operators of corporate aircraft – a comparatively small but highly lucrative market – with what they consider to be a unique selling point.

The reasons for registering an aircraft outside the owner's home jurisdiction are many and various, and it should always be remembered that what might be an appropriate register for one client may not be suitable for another. All credible registries must be able to offer outstanding service, cost efficiency, flexibility in terms of acceptance of aircraft and crew standards, as well as providing security, confidentiality and political neutrality. Some may also offer potential tax savings and the benefits of asset protection and limitation of liability through corporate ownership.

Aruba - aircraft auction demonstrates benefits of P4- registration

The Registry of Aruba, which operates the P4 prefix, used the recent auction of an Airbus Corporate Jet (ACJ) that was on the register to promote registration in the Dutch Caribbean island. A press release issued on 17 July – titled “Public sale of frozen assets: Successful aircraft auction highlights the benefits of registration and financing in Aruba” – said the aircraft was owned by an individual who was subject to sanctions relating to Ukraine, placing him in default of his obligations to a European financier. The financier had established a right of first mortgage under Aruba law to secure the financing and the aircraft was auctioned successfully on 15 June by the Court of First Instance of Aruba, which issued a decision documenting the sale and transferring the proceeds. This granted the buyer clear title and enabled seamless re-registration in Aruba, demonstrating the effectiveness and reliability of the Aruba aircraft registry system.

Appeal court gives go ahead to Amsterdam flight reduction

A Dutch appeals court ruled, on 7 July, that the country’s government could impose traffic restrictions on Amsterdam Airport Schiphol (AMS). Overturning a legal challenge brought by flag carrier KLM that the Dutch government had not followed due process, which had succeeded in a lower court, the new decision clears the way for the total number of annual flights to be reduced from 500,000 to 460,000. In practical terms this could mean a substantial reduction in bizav movements at one of Europe’s major hub airports. Earlier this year Schiphol authorities announced plans to ban private jets and small business aircraft from 2025 as part of a campaign to reduce noise and emissions.

New Portugal tax targets bizav

The Portuguese government has implemented, effective from 1 July, a new tax primarily targeting business aviation. Billed as a “carbon-emissions tax”, the new charge is to be levied on aircraft with up to 19 seats. It follows a similar levy that was introduced for commercial airline passengers in 2021. The tax includes a ‘pollution coefficient’, which results in a tenfold increase over the airline charge, and now applies to all commercial and non-commercial flights departing Portugal, including Madeira and the Azores.

Belgium proposes new noise limits

While the Belgian government is not planning to implement a blanket ban on bizav (unlike the Schiphol Airport authorities), new proposals to ban night flights at Brussels Zaventem Airport (BRU) will inevitably impact the sector if implemented. Targeting a 20% reduction in noise and environmental pollution, the measure proposes a ban on flights between 11 pm and 6 am starting in October 2024. The proposal also seeks to reduce average noise levels by 20% between 6 am and 7 am, by 30% between 9 am and 11 am, and by 7% between 7 am and 9 pm.

Corporate aircraft news

In a major milestone, Gulfstream Aerospace announced that the world-wide Gulfstream G550 fleet had achieved its one millionth flight. The G550 received FAA certification on 14 August 2003 and entered service shortly thereafter. By the time production of the long-range twinjet came to an end in 2021, more than 600 examples had been produced. The G550 has also accumulated an impressive 2.6 million flight hours. Gulfstream President Mark Burns said: “This is a testament to the quality of the G550 and the technology that Gulfstream introduced on this aircraft, which paved the way for our next-generation fleet. The G550 is also backed by Gulfstream’s Customer Support worldwide network, which helps ensure continued service achievements like this one.”

On 15 July, the second test example of the Gulfstream G800 made its first flight from the OEM’s headquarters in Savannah, Georgia. The maiden flight lasted three hours and 26 minutes and was made using a 30% sustainable fuel blend. Certification of the flagship ultra-long range twin is expected by the middle of 2024. Regulatory certification of the G700 is expected by the end of Q4 this year.



AIRCRAFT FACT FILE \ \

McDonnell Douglas MD-11



CATEGORY

Heavy jet

MANUFACTURER

McDonnell Douglas - later Boeing, USA

ENGINE

3 x PW4460/62 or GE CF6-80C2D1F turbofan

LENGTH

61.60 m

WINGSPAN

51.97 m

RANGE

12,455 km

MAX. SPEED

940 kmh

SEATING CAPACITY

410 in airline service

NO. OF CREW

2

MAXIMUM TAKE-OFF WEIGHT (MTOW)

285,988 kg

DESCRIPTION

A total of 200 examples of the McDonnell Douglas MD-11 were built between 1988 and 2000. The tri-jet airliner was originally launched at the end of December 1986 as a logical development of the popular DC-10 airliner, which had first flown in 1970. Compared to the DC-10, the MD-11 featured a stretched fuselage, a slightly larger wingspan, winglets, uprated turbofan engines and an increased MTOW. The aircraft also featured a fully glass cockpit, which allowed the MD-11 to be operated without a flight engineer.

With the benefit of hindsight, the MD-11 appeared at the wrong time. Competitors Boeing and Airbus were delivering their own fuel efficient widebodied twinjet airliners – such as the Boeing 777 and Airbus A330 – rather than relying on the development of an older trijet. The MD-11 saw limited success with commercial airlines but no passenger examples remain in service. All current MD-11s serve as freighters, either built as such or subsequently converted.