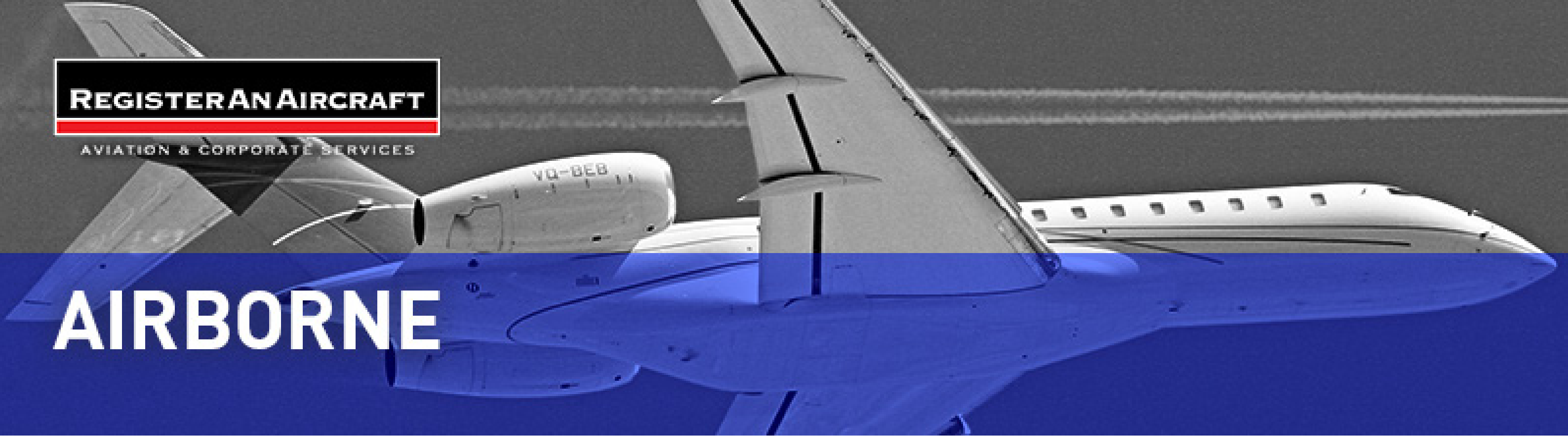

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Q1 deliveries - mixed fortunes but upbeat forecasts

Four major OEMs have posted their Q1delivery numbers in the last month and while some of the headline figures have shown year-on-year falls, that is certainly not the whole story.

Gulfstream Aerospace delivered 25 jets in Q1 2022 (21 large cabin and four G280) against 28 in Q1 2021 (25 large cabin and three G280), but this can be attributed in large part to supply and production issues caused by the Omicron Covid variant at the start of the year. The Savannah-based OEM now predicts an increase in production and forecasts a total of 124 deliveries for the whole year, up from 119 in 2021. Its financials are also strong with an operating margin of 12.8% and an order backlog for the Aerospace division – including Gulfstream and Jet Aviation – that has increased from USD11.93 billion to USD17.62 billion.

Similarly, Brazil's Embraer Executive Jets delivered just eight aircraft (five Phenom 300 and a single Phenom 100 and Praetor 600) in Q1 2022, down from 13 in Q1 2021. However, it is forecasting between 100 and 110 deliveries for the whole year and reported strong sales and an order backlog that has swelled from USD14.2 billion at the end of Q1 2021 to USD17.3 billion a year later.

Bucking the trend among its competitors, Beechcraft and Cessna manufacturer Textron Aviation announced that its Q1 deliveries had jumped from 28 Citation jets and only 14 turboprops in Q1 2021, to 39 jets and 31 turboprops in Q1 2022. The value of its order backlog has also more than doubled, from USD2 billion the end of Q1 2019 to stand at USD5.1 billion today.

Bombardier saw deliveries decline from 28 in Q1 2021 to just 21 jets in Q1 2022, including nine Global 7500 and the final three examples of the iconic Learjet. However, the Canadian manufacturer reported that it expects to exceed the last year's annual tally of 120 for the full year as it transitions from the Challenger 350 to the 3500 and ramps up Global 7500 production still further.

Pre-owned inventory continues to fall as deals surge ahead

The number of pre-owned business jets for sale has continued to fall according to analysis produced by the Jefferies Aerospace & Defence Division. Citing AMSTAT data, it said there were 54% fewer aircraft on the market in April 2022 compared to a year earlier. The number of younger aircraft – less than seven-years-old – was even lower at 59%. Of the global bizjet fleet, just 2.3% is available for sale and the average price is also up by some 16% YOY.Breaking the figures down by category, the fall in inventory is sector wide, but the largest fall has been seen in midsize jets, where the number on the market has fallen by 60% since April 2021. In comparison, large cabin inventory fell by 52% and light jets by 51%.

There were 299 pre-owned bizav transactions completed in Q1 2022, according to the Q1 market report compiled by the International Aircraft Dealers Association (IADA), an increase of 35% over the 213 completed deals in Q1 2021. The report also reported a substantial increase in acquisition agreements – up from 121 in Q1 2021 to 223 this year.

Bizav traffic rises, despite Ukraine

April 2020 marked the low point for bizav traffic during the Covid 19 pandemic. In April 2022, there were more than 500,000 bizjet flights worldwide – a 281% increase over two years earlier and 16% up on pre-pandemic levels of 2019. Data from both WingX and Argus International reflects the same upward trend with the fallout of Russia's invasion of Ukraine having only a limited regional impact on traffic levels. There were 60,000 European bizjet departures in April 2022 – an increase of 35% over last year and 293% over April two years ago – with specific markets showing particular growth, notably the UK, Spain, Italy, the Netherlands and Belgium, Greece and Turkey. Activity in Ukraine however has plummeted by some 64% compared to 2019.

Last month's bizav traffic in North America, including turboprop operations, hit the highest level ever recorded for the month with an increase of 16.7% over April 2021. Again, large cabin jets recorded substantial increases with an overall uplift of 31.5% YOY. It should be noted however that traffic compared to March was down by 2.7% overall, but Argus noted that this fall was not unexpected and was in part due to capacity constraints within the charter sector. This decrease from March 2022 was mirrored elsewhere with overall traffic up 17.7% YOY but down by 7.2% from a month earlier. Forecasts for May however continue to show very healthy growth; Argus is estimating traffic in Europe to be up by 43.8% and North America to be up by 14% compared to May 2021.

AVIATION SERVICES HUB:
Aircraft registration

There is no 'one-size-fits-all' aircraft registry. A number of new registries have been launched over the last few years, while a number of other jurisdictions have widened their acceptance criteria to attract high value business and improve the services they offer to international clients. More will surely follow. Every registry seeks to attract owners and operators of corporate aircraft with what they consider to be a unique selling point. In such a niche market what may be an appropriate registration jurisdiction for one client may not work for another.

The reasons for registering an aircraft away from the owner's home base jurisdiction can be many and various. To attract this comparatively small but lucrative market, registries must be able to be offer outstanding service, ease of process, cost-efficiency, flexibility in terms of aircraft acceptance and crew standards, as well as providing confidentiality and political neutrality. In addition, corporate ownership can some offer potential tax advantages, increased asset protection and limited liability.

Corporate registers - the 2022 numbers

This month, we publish our annual review of aircraft under registry in a number of jurisdictions that are popular for the hosting of corporate jets and airliners. The data has been compiled by RANA from both official and unofficial sources. It should also be noted that figures were compiled before the de-registration of some aircraft as part of sanctions introduced after the Russian invasion of Ukraine.

Following a now well-established trend, the San Marino Aircraft Registry (SMAR) has continued to sustain outstanding growth based on the effective promotion of its customer services, competitive costing, and wide acceptance of international technical and crew standards. The registry boasts aircraft of all sizes and on the commercial side has entered into several active 83bis agreements to place commercial airliners on the T7 registry and provide regulatory oversight to those jurisdictions.

The Isle of Man's figures have declined slightly, in part perhaps because of owners reacting to full implementation of Brexit and the island's changed VAT status along with the UK. 2-REG based in the Channel Island of Guernsey has again attracted more bizjets and corporate airliners, while also maintaining its importance as a jurisdiction in which to register dormant commercial airliners between leases – a sizeable part of its business. The continued lack of progress for the Jersey registry is clear.

Since last year's review, Malta has maintained an unchanged number of 29 AOCs set up to operate business aircraft on a commercial basis. Operators continue to be attracted by the island's tax incentives and ease of process. Several operators have added to their existing fleets, with Vistajet in particular taking delivery of nine Global 7500 and expanding in the smaller end of the market with three Cessna Citation 560XLS.

The table shows the figures as of February 2021/February 2022 (or latest available).

Registry	Corporate Jets	Corporate Airliners
Aruba (P4)	36/38	25/24
Bermuda (VP/VQ-B)	61/56	35/37
Cayman (VP-C)	133/131	44/43
Guernsey (2)	49/55	8/7
Ireland (EI/EJ)	13/13	2/1
Isle of Man (M)	230/213	26/24
Jersey (ZJ)	1/1	0/0
Malta (9H)	170/180	41/45
San Marino (T7)	176/178	27/34

Corporate aircraft news

Textron Aviation announced that it has received FAA certification for the Cessna Citation XLS Gen2. The enhancements to the XLS+ midsize twin include a new airstair, a new 'eco' interior option using renewable textiles, new cabin lighting, a new refreshment centre and wireless chargers. The Gen2 was announced at NBAA-BACE in October last year.

French OEM Daher unveiled its new TBM 960 turboprop single last month. It has now confirmed that the first example was delivered to a German customer during the Aero Friedrichshafen show held from 19 to 23 April. The manufacturer is working towards FAA certification later this year and expects to deliver 60 examples of the 960 this year.

In a recent investor call, Gulfstream Aerospace warned that certification of the G700 could be delayed by between three and six months. Originally slated for Q4 this year, the delay is due to an FAA requirement that the OEM carry out a line-by-line validation of the software for the aircraft's fly-by-wire system. Industry observers have pointed to increased FAA scrutiny following apparent systemic failures highlighted by the Boeing 737 Max investigations. The certification delay will also have a knock-on effect on the G800, which had been slated for certification in Q1 2023.

US fractional specialist NetJets has reached a significant milestone with the delivery of the 100th aircraft – a Cessna Citation Latitude – to its NetJets European arm, based in Portugal.

AIRCRAFT FACT FILE \\

Airbus Helicopters H120 Colibri

CATEGORY
Helicopter

MANUFACTURER
Airbus Helicopters, Multinational

ENGINE
1 x Turbomeca TM319 Arrius 2F turboshaft

LENGTH
11.52 m

ROTOR DIAMETER
10.00 m

RANGE
727 km

MAX. SPEED
278 kmh

SEATING CAPACITY
4

NO. OF CREW
1

MAXIMUM TAKE-OFF WEIGHT (MTOW)
1,800 kg

DESCRIPTION

Originally known as the Eurocopter EC120, the Colibri made its maiden flight in June 1995. Certification from the French DGAC was received in June 1997, with the first production example being delivered in December of that year. Since then, more than 700 examples of this versatile light helicopter have been delivered to customers in more than 50 countries.

The H120 is the smallest model in the Airbus Helicopters range. The manufacturer's marketing material makes much of the levels of comfort and "exceptionally low vibration levels" within the helicopter's cabin. Airbus also claims that the Colibri is the quietest in its class, due in large part to its third generation Fenestron tail rotor. The H120 also features expansive windshield and side windows that provide excellent visibility onboard. The manufacturer also points to the H120's simplicity of design, which delivers low maintenance costs through minimal investment in bespoke tools and enables end customers to perform most tasks themselves.