

In this Issue:

- Grounded Tiger vows 'all steps' to resume flying
- THAI picks four firms for leases of 22 jets
- DAE cancels \$5bn Airbus order
- 51% of Discount Airline Avianova Up for Sale
- US airlines take EU to court over emissions cap
- IBA Adds to its Technical Team
- IBA Group News

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Grounded Tiger vows 'all steps' to resume flying

The new chief of Australia's grounded Tiger Airways said its Singapore parent was "absolutely committed" to the budget carrier and "everything necessary" would be done to get it flying again.

Dispatched by Tiger Airways Singapore to take the top job after the former Australian CEO quit this week, Tony Davis said he was confident the airline would by the end of July overcome safety issues which saw it grounded.

"That's the date we've given ourselves, we believe we can do that and anything that needs to be done will be done," Davis told ABC TV late on Thursday.

"We're committed to resuming services at the end of July, we'll do everything necessary to ensure that happens, and that's the commitment not only of me personally, but of my board and the parent company."

Tiger Airways Australia has been grounded until at least Aug 1 by aviation regulators over "serious and imminent" safety risks related to pilot training and competency, fatigue management and other issues.

The flight ban followed two recent incidents where flights approached an airport too low. Tiger had already been on notice to improve its performance by Australia's Civil Aviation Safety Authority (CASA).

Davis said the grounding was costing the airline, an Australian offshoot of Tiger Airways Singapore, A\$2 million a week, but he insisted it would recover and had a strong future.

"The board of Tiger Airways is absolutely committed to the airline here in Australia," said Davis, until this week the president of parent group Tiger Airways Holdings.

"My appointment is a tangible demonstration of that commitment."

"We're committed to a long-term future and I think Australians want us to be here to ensure that there is competition in the air sector," he added.

In addition to CASA's investigation, Davis said Tiger was conducting a "comprehensive" internal review to satisfy

itself that its services were “safe and viable” and ensure it had a clean slate.

“It’s about a fresh start, it’s about addressing anything that needs to be addressed and it’s about having a long-term, viable, safe airline here in Australia,” he said.

Singapore Airlines holds 32.9% equity stake in Tiger Airways Holdings, and it has said it has no plans to reduce its share following the Australia grounding.

Source: AFP, freemalaysiatoday.com - 8th July 2011

THAI picks four firms for leases of 22 jets

Four global aircraft leasing firms are involved in providing 22 jets, mostly new-generation wide-body aircraft, to meet the immediate needs of Thai Airways International in its fleet renewal.

Los Angeles-based International lease Finance Corp (ILFC), the world's largest aircraft lessor by value, secured the most deals from the flag carrier.

Also chosen by THAI were Kuwait's Aviation Lease and Finance Company (Alafco), US-based CIT Aerospace International (CIT) and RBS Aerospace Ltd (RBSAL) of Ireland, according to an airline executive.

All the deals carry the standard 12-year leasing term with the earliest delivery next year and the last in 2017.

The accord calls for ILFC to lease six Boeing B787-8s to THAI between 2014 and 2015, and two B787-9s in 2017.

Other deliveries of leased aircraft are:

- Six Airbus A350-900s from Alafco in 2017;
- Two A350-900s from CIT in 2016;
- Six A320-200s from RBSAL between 2012 and 2013.

The flag carrier has opted to lease these aircraft largely because they will not be available sooner from the manufacturers, which have long order backlogs for these popular new age commercial airliners.

THAI has also agreed to purchase 15 other aircraft, part of the

IBA's Comment:

“If slot availability continues to be an issue, lessors are likely to be in good position to achieve strong lease rates in the coming years, given the numbers of aircraft orders they have placed recently.”

- David Rushe

total of 37 brand-new jets it will acquire over the next six years directly from Airbus and Boeing due to their availability in the timeframe required by the airline. The purchases include:

- Six B777-300ERs from Boeing for delivery between 2014 and 2015;
- Four A350-900s from Airbus for delivery between 2016 and 2017;
- Five A320-200s from Airbus for delivery between 2014 and 2015.

The total value of the aircraft acquisitions is 118.6 billion baht, including 49.53 billion baht for the purchases and 69.06 billion baht for the leases.

Source: bangkokpost.com - 6th July 2011

"All the deals carry the standard 12-year leasing term with the earliest delivery next year and the last in 2017."

DAE cancels \$5bn Airbus order

The aircraft leasing company Dubai Aerospace Enterprise (DAE) has cancelled the last of its orders for jets from Airbus, taking the total value of rescinded orders to more than US\$10.5 billion (Dh38.56bn).

In the latest sign of trouble at DAE, the company cancelled orders for 45 jets worth some \$5.82bn, according to monthly order figures released by Airbus.

"DAE cancelled 34 A320s and 11 A350s," Justin Dubon, a spokesman for Airbus, told The National.

The list price for the A350-900, which carries 314 passengers, is \$267 million, while the smaller A320 costs \$85m.

Mr Dubon said DAE had "no more orders outstanding" with Airbus.

The move follows last month's departure of Robert Genise as Chief Executive of DAE.

Mr Genise left the company ahead of a deadline this month to repay bank loans of more than \$700m.

DAE ordered more than 200 aircraft in 2007, but after the financial crisis set in, the company cancelled several

"DAE cancelled 34 A320s and 11 A350s"
- Justin Dubon

multibillion-dollar deals.

In March, the company cancelled Airbus orders worth \$4.7bn, weeks after cancelling an order for 32 Boeing aircraft worth \$2bn.

"DAE have cancelled their orders from both manufacturers, not just Airbus," said Mr Dubon.

A spokeswoman for DAE, which is majority owned by the Government, declined to comment when contacted by The National.

According to Boeing, DAE has an outstanding order for 61 aircraft, although the plane maker is shortly due to update its order statistics.

Saj Ahmad, an analyst at FBE Aerospace in London, said the company has now cancelled about half of the 200 aircraft it ordered in 2007, Mr Ahmad said.

Mr Dubon declined to specify the financial implications of DAE cancelling the order.

The company might have lost the down payments it made on the orders, Mr Ahmad said.

"They would have put down some nominal sum to secure production slots. It probably wouldn't have been more than a few million dollars cumulatively," he said.

DAE has until July 23 to repay bank loans of more than \$700m.

Mr Ahmad said that while he believed that DAE could still pay off the loans, an extension of the facilities was a possibility.

DAE's shareholders include DIFC Investments and Investment Corporation of Dubai, Dubai's sovereign wealth arm.

Among the carriers leasing aircraft from DAE are Virgin Blue, Emirates, easyJet and Kingfisher Airlines.

DAE's total publicly disclosed debt is about \$2.7bn, according to Bloomberg News figures. A \$500m term loan and a \$225m revolving credit facility become due on July 23, the figures show.

Source: Ben Flanagan, thenational.ae - 8th July 2011

IBA's Comment:

"According to IBA Data, DAE Capital has fifteen 747-8Fs amongst its outstanding orders. Given the improving fortunes in the freighter market, IBA anticipates that Boeing will find a new customer quite quickly for these aircraft slots if the order is cancelled."
- David Rushe

51% of Discount Airline Avianova Up for Sale

Alfa Group's investment arm A1 decided to sell its 51 percent stake in Avianova in late 2010, said Dmitry Chernyak, former managing director of the investment group, who quit in March this year.

The discount airline, which is involved in a scandal concerning locked-out foreign employees, has been on the block for several months, a source close to the carrier confirmed.

The stake has been offered to Aeroflot, the source said but Aeroflot management decided not to buy it. The company's attention is focused elsewhere — Aeroflot is preoccupied integrating six regional airlines it is getting from Russian Technologies, the source said. Spokespeople from A1 and Aeroflot declined to comment.

A1 wants \$70 million for the Avianova stake, said one manager of an investment company. A source close to A1 says the entire airline is valued at \$150 million.

Chernyak told Vedomosti that he is willing to buy into the project. He said he and a "first-class institutional investor," which he declined to name, could finance the purchase themselves.

Avianova is not yet two years old. It started flying in August 2009. It is already in 11th place in terms of passenger traffic. It flies exclusively domestic routes, except for Moscow-Simferopol.

A1 and its partner American fund Indigo Partners — which has 49 percent — invested \$65 million in the project, according to sources close to Avianova. Those funds have already been spent, and the company needs another \$30 million to \$40 million.

A1 is not in the mood to invest more, a source told Vedomosti. As a result, the company has not been getting any investment for the last few months, and has been surviving on its own income. According to forecasts, the company should be out of the red by 2012.

As a result of the current situation, Avianova has had to cancel plans to expand its existing fleet of six Airbus A320s to 10.

This could be the reason why its market share has dropped. The drop in passenger volume is also due to the reduced number of

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seats in the aircraft. The aircraft can carry 180 passengers, but, like most foreign aircraft, were liable for a 20 percent customs duty.

This worked out to an annual additional expense per aircraft of \$10 million, including VAT, said former Avianova head Andrew Pyne.

In 2010 the Russian government cancelled the duty on aircraft with up to 160 seats. The extra seats were removed at the expense of passenger capacity. Now, the customs rules have been tweaked to allow up to 170 seats.

It is legally forbidden for a foreigner to be general manager of an airline, so Pyne held the post of general manager of an offshore company called Whitefish Aviation, founded by A1 and Indigo. He also headed Alaved, which provided consulting services to Avianova.

Avianova announced an internal investigation "concerning a number of foreigners who were working" with the company. On July 18 the board of directors will discuss the question of "ending work" with those people.

Source: Anastasia Dagayeva & Grigory Milov, Vedomosti, themoscowtimes.com - 8th July 2011

"In 2010 the Russian government cancelled the duty on aircraft with up to 160 seats. The extra seats were removed at the expense of passenger capacity."

US airlines take EU to court over emissions cap

U.S. airlines took the European Union to court on Tuesday arguing that its imposition of emissions caps on non-European carriers breaches international law.

The suit at the European Court of Justice in Luxembourg was filed by Air Transport Association of America (ATA), which represents the U.S. airlines, together with United/Continental and American Airlines.

Starting in January next year, the EU plans to include all airlines flying to and from the continent in its cap-and-trade scheme - a move that will eventually force the carriers to pay for their emissions. The new pollution restrictions are designed to encourage airlines to reduce greenhouse gases that contribute to global warming by switching to cleaner fuels or economizing on fuel consumption.

Each carrier will be allocated permits to emit a set amount of

"the EU plans to include all airlines flying to and from the continent in its cap-and-trade scheme."

carbon dioxide. They can buy extra credits if they exceed that limit or sell credits if they emit less.

Air travel is responsible for about 3 percent of greenhouse gases, but their share of global emissions is rising rapidly. Although thousands of airlines will fall under the scheme, 50 major carriers are responsible for about 70 percent of the emissions.

In March, the European Commission, the EU's executive, set the 2012 cap at 212.9 million tons of CO₂, about 3 percent less than the annual average the airlines emitted in 2004-2006. The cap will be reduced the following year by another 2 percent of that three-year average, where it will remain until 2020.

The EU said the impact of the measure on airline tickets will be minimal. It calculated that a round trip ticket from Brussels to New York will cost only a few euros more if the full price of carbon is passed onto the customer.

Still, airlines from the United States, China, Russia and elsewhere have argued that the EU cannot impose its rules on flights from outside the bloc.

The U.S. demand for judicial review and the annulment of the EU decision was originally filed with a court in Britain, which then referred it to the European Court of Justice. The court is expected to deliver a preliminary ruling before the start of 2012, when the EU plans to include the aviation sector in its emissions trading system.

"The EU emissions trading scheme, as it applies to aviation, has extra-territorial effect and is for that reason contrary to established principles of customary international law," said Derrick Wyatt, the ATA attorney who presented the oral arguments.

Wyatt noted that the EU's directive would regulate the conduct of non-EU airlines outside EU airspace, such as the emissions of Japanese airlines over Russia, or the emissions of U.S. airlines over Canada.

"That would infringe the exclusive sovereignty of those third countries over their airspace," he said.

The EU has argued that the measure is fully consistent with all the provisions of international law, saying it would not overturn a law approved by EU governments and the European Parliament.

The law allows the EU to grant exemption to foreign airlines

IBA's Comment:

"With the January 2012 first phase of the EETS approaching rapidly, it appears somewhat late in the day for US and Chinese carriers to be pursuing litigation and threatening order cancellations. Passengers will face additional surcharges on top of rising fuel and ancillary surcharges."
- David Rushe

from buying carbon permits if their nations implement "equivalent measures" to reduce emissions, in order to avoid duplication of efforts.

China has already threatened to review its contracts for the purchase of Airbus planes if the emissions caps are applied to Chinese airlines. In contrast, Russia is working with the EU to implement equivalent measures demanded by the bloc.

Source: AF, hdnews.net - 5th July 2011

IBA adds to its Technical Team

IBA is pleased to add Chris Miles to its growing Technical and Asset Management team of experts based at their head office.

Chris joins IBA with a decade of aviation experience. Chris started his aviation career with European Aviation where he completed a four year engineering apprenticeship working with various Boeing and British Aerospace aircraft.

He subsequently transferred to Bournemouth Aviation Services Company (BASCO), a Singapore Technologies Aerospace company where he was employed for base maintenance duties on Airbus and Boeing wide and narrow body aircraft. Chris held subsequent positions with ATC Lasham and Gama Support Services.

Prior to joining IBA Group as a Technical Manager, Chris was employed by an aircraft maintenance contracting company working base maintenance at SPS Aerostructures, Monarch Airlines, Inflight Engineering Services and British Airways.

Director of Asset Management & Technical Services, Ben Lamzed, comments "I am very pleased to have secured Chris' services as he has a breadth of experience with both commercial and corporate aircraft that matches our current asset managed portfolio and technical activities."

For more information on the services offered by the IBA Group or to speak to a member of their Commercial Team, please contact Owen Geach on owen.geach@ibagroup.com or call +44 (0) 1372 224488.

Source: IBA Group Ltd - 8th July 2011

"I am very pleased to have secured Chris' services as he has a breadth of experience with both commercial and corporate aircraft that matches our current asset managed portfolio and technical activities."
- Ben Lamzed



IBA Group News

Press Releases & Presentations can be viewed in the News & Views section of our website, www.ibagroup.com

SMi Masterclass Series 2011

IBA will be running and participating in the following Aviation Masterclass Series in 2011, in Central London:

18th July - Continuing Airworthiness - <http://www.smi-online.co.uk/training/overview.asp?is=1&ref=3798>

19th July - Continuing Military Airworthiness - <http://www.smi-online.co.uk/training/overview.asp?is=1&ref=3800>

For further information, please contact Owen Geach at owen.geach@ibagroup.com

SMi Inaugural Conference - Future MRO & Ageing Aircraft 2011

24th & 25th October 2011, Holiday Inn Bloomsbury, London

Topics include Global Fleet Maintenance Strategies, Fleet Life Extension vs Renewals & Component Life management

For further details please visit www.smi-online.co.uk

Publications - 2011 Editions

Please contact marketing@ibagroup.com for more information.

Aircraft Values Book	Published in February 2011 & August 2011	£660 per year
Lease Rate Digest	Published in February 2011 & August 2011	£360 per year
Engine Values Book	Published in April 2011	£650 per year
Maintenance Cost Journal	Published Quarterly	£200 per year

Phil Seymour's Notes on the Week

What? No NEO orders this week?

Maybe Boeing's announcement is imminent?

Phil

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