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Boeing Lands \$1.2-Billion Order From Leasing Group

Boeing Commercial Airplanes has finalised an order for four new 787-9 Dreamliners with Air Lease Corp., an aircraft leasing group. ALC also exercised options for four Boeing Next-Generation 737-800 jets, making the order worth more than \$1.2-billion, Boeing said.

ALC was established last year, and already has orders in place with Boeing for 74 Next-Generation 737-800s and five 777-300ER (Extended Range) jets.

"This order is a continuation of Air Lease Corporation's disciplined approach to building its fleet," stated Senior V.P. for Sales and Customer Support, Ray Conner. "Air Lease Corporation has positioned itself for success since starting business early last year. These 787-9 Dreamliners and 737-800s support its strategy of establishing a fleet of young, high-quality, high-demand airplanes for its airline customers."

The 787 "Dreamliner" is a wide-body twin-engine aircraft with long range and basic carrying capacity for 210 to 330 passengers. Boeing has made it a core element of its future strategy in commercial aviation, with appeals to carriers and leasing companies based on the jet's cost efficiency, long range, and carrying capacity. The OEM also claims the 787 will be its most fuel-efficient commercial jet, with a structure based on a large volume of composite materials helping to reduce fuel consumption by up to 20% versus similar-size jets. A more advanced aerodynamic design than previous jets, more-electric systems, and modern engines add to the 787's appeal to airlines.

The 787-9 Dreamliner that ALC ordered is larger than the standard 787-8, and will carry 250-290 passengers on routes of 8,000 to 8,500 nautical miles. "The 787-9, with its increased size and range, will provide our customers the ability to serve more cities with the lowest possible cost per seat," according to ALC Chairman and CEO Steven F. Udvar-Hazy.

ALCs contract placement raises the number of 787-9s on order to 270. Since it entered full production, the 787 Dreamliner family (787-8 and 787-9) has accumulated a total of 825 orders.

Source: Robert Brooks, americanmachinist.com - 9th December 2011

Aviation Market: Not Easy for Those Who Come Later

The fact that the private airline Vietjet Air will provide the first commercial flights in late December cannot change the current situation in the aviation market, that the domestic aviation market is still being controlled by the national flag air carrier Vietnam Airlines which is now holding more than 80 percent of the market share.

The last week witnessed three important pieces of news. Vietjet Air, a private airline, will officially join the domestic aviation market on December 2, and announces the launching of its first commercial flight on December 25.

In the first phase of operation, Vietjet Air will develop the HCM City - Hanoi air route.

Commenting about the event, Luu Thanh Binh, Deputy Head of the Civil Aviation Authority of Vietnam CAAV, said that the opportunities for the airlines which have joined the market like Vietjet Air are very big.

However, the two other pieces of news, also released last week, show the contrary thing. An official of CAAV informed at a regular press conference held by the Ministry of Transport in late November that Indochina Airlines has had its operation license revoked.

Dinh Viet Thang, Deputy Head of CAAV, has confirmed that the license has been revoked after the ministry found out that Indochina Airlines has stopped operation for the last 12 months, and that the air carrier is not capable to resume flights.

In fact, the information did not surprise anyone, because Indochina Airlines has not been taking any activities in the last many months, and all the efforts of the air carrier to restart its operation have failed completely.

Also according to Thang, Jetstar Pacific JPA, a budget airline, has also been facing a lot of difficulties despite the great efforts to restructure the airline. The Ministry of Finance is considering transferring JPA to Vietnam Airlines.

"according to Thang, Jetstar Pacific JPA, a budget airline, has also been facing a lot of difficulties despite the great efforts to restructure the airline. The Ministry of Finance is considering transferring JPA to Vietnam Airlines."

Commenting about the latest news, experts say that the information shows that the domestic aviation market is really very tough for those who come later.

Sharing the same view, Chu Viet CUong, Managing Director of Vietjet Air, admitted that the airline is bearing a hard pressure after joining the aviation market, and that it is very likely that the airline would incur loss.

With the estimated cost of 250 million dong for a flight with Airbus 320 on the HCM City - Hanoi route, Vietjet Air needs to see at least 80 percent of seats occupied to break even. This is really a very difficult task for such a new comer on the market such as Vietjet Air.

President of Air Mekong Doan Quoc Viet also said that though the airline has prepared well for the first phase of operation, the business performance is still far below the expectation, because of the big fluctuations of the input costs.

Viet said that the dong/dollar exchange rate has been fluctuating with the dollar price having increased by 10 percent over the last year. Meanwhile, the fuel price has been increasing dramatically, and the labour cost has also increased. Especially, while the input costs have increased, the revenue has not increased accordingly because the government still sets a cap on the airfare. Meanwhile, Air Mekong has to compete fiercely with other airlines that provide domestic flights.

The information that JPA may be put under the control of Vietnam Airlines has raised new worries about the competition of airlines. Statistics show that by mid 2011, Vietnam Airlines had held 80 percent of the market, while JPA 17 percent, which means that after the merger, Vietnam Airlines would hold 97 percent of the market share.

Analysts say that Vietjet Air and Air Mekong will have to struggle to hold the remaining three percent. Any move to be taken by Vietnam Airlines, the elder brother, especially in the airfare policy, the sale promotion campaigns and land services, would have big impacts on the market and influence the operation of other airlines. Of course, in the competition with the giant Vietnam Airlines, private small air carriers would be on the lower hand.

Source: vietnamnet.vn - 9th December 2011

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China's C919 Plane Gets 20 New Orders

The China Aircraft Leasing Company Limited (CALC) inked a deal to buy 20 home-made C919 passenger jetliners, the plane's manufacturer COMAC said on its official website on Thursday evening.

This agreement, signed in Hong Kong, brought the total orders of C919s to 215 and displayed "the market and customer's confidence" in the airplane, according to Commercial Aircraft Corporation of China (COMAC)'s statement.

CALC is the tenth customer to buy the 150-seat narrow-body C919, China's first domestically-developed large passenger aircraft for mass production.

Major domestic carriers such as Air China, China Southern Airlines, China Eastern Airlines and Hainan Airlines are all customers to buy the C919.

The manufacturer said it has completed a series of tests such as the structural strength test and has finished the main technical work of the preliminary design.

The aircraft will be powered by CFM International's LEAP-X1C engines, making C919's direct operation cost (DOC) 10% lower than planes in the same category that are in service now.

The C919 is scheduled to make its first flight in 2014 and to be delivered in 2016.

The Hong Kong-based CALC was founded in 2006 and mainly focuses on aircraft-leasing services.

Source: Hou Lei, chinadaily.com.cn - 9th December 2011

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Transaero Airlines Firms Up Order for Eight A320neo Aircraft

Transaero Airlines, Russia's second largest airline, has signed a firm order for eight A320neo aircraft following a Memorandum of Understanding signed in August at the International Aviation and Space Salon MAKS-2011 in Moscow. The A320neo (new engine option) is an efficiency improvement package offering up to 15 percent fuel savings on the A320 Family.

Transaero Airlines is planning to operate the aircraft on its extended medium-haul network of domestic and international routes as part of its expansion strategy and fleet renewal programme. The engine selection will be announced by the airline at a later date.

Olga Pleshakova, Transaero Airlines CEO, said, "This order for the A320neo confirms Transaero's ambition to become the first operator of this aircraft type in Russia, the CIS and Eastern Europe. These newest aircraft will enable us to offer maximum comfort to our passengers, while their high fuel efficiency will help us make air transportation affordable for wider audience."

"Transaero is an exceptionally forward looking and pioneering airline in Russia and we are delighted to play such a significant role in the company's future strategy." said John Leahy, Airbus Chief Operating Officer, Customers. "In a fiercely competitive market this is a great endorsement for our eco-efficient, passenger pleasing A320neo aircraft."

Over 8,100 A320 Family aircraft have already been ordered and more than 4,800 delivered to more than 340 customers and operators worldwide reaffirming its position as the world's best-selling single-aisle aircraft family. The A320neo has over 95 percent airframe commonality with the current A320, making it an easy fit into existing fleets while offering up to 500 nautical miles (950 kilometres) more range or two tonnes more payload at a given range.

The A320neo is a new engine option for the A320 Family entering into service from 2015 and incorporates latest generation engines and large "Sharklet" wing tip devices, which together will deliver 15 percent in fuel savings. This reduction in fuel burn is equivalent to 1.4m litres of fuel - the consumption of 1,000 mid size cars. This saves 3,600 metric tonnes of CO₂ per aircraft per year, the amount absorbed by 240,000 mature trees. The A320neo NO_x emissions are 50% below CAEP/6 and this aircraft also has a considerably smaller noise footprint.

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Source: Kelly Dunst, vadvert.co.uk - 8th December 2011

Boeing 787 Sets Two World Records

Boeing's sixth 787 Dreamliner set two world records this week, the company announced on Thursday.

The airplane, ZA006, took off from Boeing Field in Seattle at 11:02 a.m. on Dec. 6 and flew 10,710 nautical miles to Dhaka, Bangladesh (officially credited as 10,337 nautical miles) - a new distance record for its class (440,000-550,000 pounds). An Airbus A330 set the previous record, 9,127 nautical miles, in 2002.

After stopping for about two hours to refuel, the airplane flew 9,734 nautical miles to complete an around-the-world trip in 42 hours and 27 minutes, setting a speed record. There was no previous around-the-world speed record for this weight class.

"Speed and distance capabilities are fundamental to the value the 787 brings to the market," Scott Fancher, Vice President and General Manager of the 787 program, said in a news release. "These records are a great way to demonstrate that this airplane is the game-changer we have promised."

The 787 carried 13 people, including six pilots and an observer for the National Aeronautic Association. Its route took it over the U.S., the Atlantic Ocean, Spain, Egypt, the Middle East, India, Bangladesh, Singapore, the Philippines, Guam and the Pacific.

Boeing holds world records for longest-distance flights in five weight classes, set by a KC-135, 767-200ER, 777-200 and 777-200LR. The 777-200 also holds the speed record for its weight class.

ZA006 is one of two flight-test 787s with GENx engines.

"GE Aviation is thrilled to be a part of the record-setting flights on the Boeing 787 Dreamliner," Bill Fitzgerald, Vice President and General Manager of the GENx Program, said in a news release. "These world records showcase the extreme reliability and durability of the GENx-1B engines and the advanced technologies that are incorporated."

Source: Aubrey Cohen, seattlepi.com - 8th December 2011

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C-Series to Trigger Up to \$8B Annual Revenue

The C-Series jetliner in development could add between \$5 billion and \$8 billion to the company's annual revenues at full production, Bombardier Inc. Executives estimate.

That would represent up to two-thirds of the \$12-billion growth in annual revenues Bombardier forecasts for the next 20 years, an indication of how important the future narrowbody C-Series is to the company's prospects. All figures are in U.S. dollars.

If Bombardier keeps to its schedule, the airliner will come out in late 2013, and full production could come three or four years later.

The \$5-billion to \$8-billion estimate represents between 120 and 125 C-Series planes a year, analysts at Bombardier's annual investor day conference said from New York.

"Do we still believe we can make (the 2013 date)? Yes," Bombardier Aerospace President Guy Hachey told the conference.

David Tyerman of Toronto brokerage Canaccord Genuity said that 120 aircraft is in line with his recent forecast.

Company president Pierre Beaudoin reiterated, as Bombardier has several times before, that the company is looking at listing its shares on the New York Stock Exchange, but that no decision is imminent.

Bombardier Aerospace President Guy Hachey again mentioned the C-Series' Parker Hannifin fly-by-wire system as one of the areas of the plane's development the company is watching most closely, as he did at the National Business Aircraft Association conference in Las Vegas in October.

Cleveland's Parker Hannifin is late delivering the fly-by-wire (electronic flight controls) system for business jets being developed by Brazil's Embraer.

Bombardier's commercial plane production rates have been cut in Montreal and Toronto in the last year, but the company has so far avoided large layoffs. The division, Hachey said, is now better positioned than at any time in the last six years.

Hachey conceded in an interview at NBAA that Bombardier had traditionally concentrated its commercial aircraft efforts in North America and Europe to the detriment of emerging markets. But he noted on Tuesday that Bombardier has doubled its commercial aircraft sales staff in the last nine months - all of that in emerging markets.

"If Bombardier keeps to its schedule, the airliner will come out in late 2013, and full production could come three or four years later."

He added on Tuesday and in a recent teleconference call that the addition of Bombardier's CRJ-1000 100-seat jet will help sales campaigns. Brazilian rival Embraer has snagged many regional-jet orders in the last year, but Hachey said part of that was because of the lack of availability of Bombardier's competing CRJ-1000. He added that Embraer's larger planes have not been a factor in any CSeries sales campaign.

Bombardier also said on Tuesday that over the long haul, its rail division might beat the company's eight-per-cent pre-tax profit margin target by one per cent. The company is maintaining its eight-per-cent forecast for 2013 - up slightly from the current 7.6 per cent.

Cameron Doerksen, an analyst with National Bank Financial, said in a note to clients that "Bombardier Transportation's \$33-billion backlog supports revenue growth in the coming years."

In aerospace, Bombardier is shooting for a 10-per-cent pre-tax margin eventually, nearly double the current 5.6 per cent, "but (that) is likely pushed out until volumes return more meaningfully," Doerksen said.

He lowered his stock outlook recently to a \$6 target for the next 12 months. "Momentum in the stock will likely only turn positive if Bombardier can announce additional orders (especially for regional aircraft) and when it shows some more tangible progress on the CSeries development program, which could occur in the coming months."

"In the meantime, we continue to believe that the key earnings drivers for the stock in 2012 are both intact."

Source: François Shalom, montrealgazette.com - 7th December 2011

"Bombardier Transportation's \$33-billion backlog supports revenue growth in the coming years"
- Cameron Doerksen, Analyst with National Bank Financial

Sukhoi Superjet Welcomes First Passengers Aboard

Russia's civil aviation flagship, the Sukhoi Superjet, has completed its first ever international commercial flight.

Only a prototype just a year ago, the plane is now officially in business. The Aeroflot jet flew from Moscow to Oslo on Sunday before returning to Moscow's Sheremetyevo airport.

From now on, Superjets will regularly be used on the company's international routes. Before the end of this year, the Superjet will add a new dimension to the Moscow-Budapest route.

A joint project between Russian aviation giant Sukhoi, Europe's Superjet International and several dozen other companies, this is the first civil aircraft produced in Russia from scratch since the collapse of the USSR.

Equipped up with some of the most advanced navigation equipment and with a maximum range of around 2,000 miles, the Sukhoi Superjet will replace Soviet-era aircraft.

With a price tag of around \$25,000,000 a piece, which is around 20 per cent cheaper than its main rivals, the Superjet has immediately attracted interest from foreign airlines.

Source: rt.com - 5th December 2011

“ From now on, Superjets will regularly be used on the company's international routes ”

IBA announces remarketing mandate with Global Knafaim Leasing Limited

IBA Group is pleased to announce it has been exclusively mandated by Israel-based Global Knafaim Leasing limited to remarket one Boeing B757-200 passenger aircraft. Built in 1990, it is serial number 24543 which has Rolls-Royce RB211-535E4 engines. The aircraft was formerly operated by Astraeus Airlines and is on the UK register. The aircraft is available now and offered for sale.

This appointment strengthens the relationship between IBA Group and Global Knafaim Leasing personnel that has been developed by individuals in both companies over a number of years.

Adrian Lee, IBA Group's Head of Aircraft Transaction Management said, “We are delighted to have this appointment and to working closely with such a respected and well-known leasing company.”

More information on IBA Group Limited can be obtained at www.ibagroup.com.

Source: IBA Group and Inter-Relation Company - 9th December 2011

“We are delighted to have this appointment and to working closely with such a respected and well-known leasing company.”

-Adrian Lee,
Head of Aircraft
Transaction
Management



IBA Group News

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

Conference Dates

24th - 26th January 2012 - Euromoney 14th Annual International Aviation Finance Conference, Dublin - IBA is sponsoring and will be speaking - IBA's Phil Seymour, Owen Geach, Steve Fisk and Dr Stuart Hatcher will attend

7th - 8th February 2012 - 2nd Annual International Corporate Jet and Helicopter Finance Conference, London - Phil Seymour, Owen Geach, Ben Jacques and Mark Wooller will attend

Phil Seymour's Notes on the Week

I am in a quandary this week. As an Arsenal supporter I was quite relaxed going into the last round of the group stage of the UEFA Champions league as Arsenal had already qualified as winners of the group. It didn't matter that we then lost to Olympiacos on Tuesday night - we could almost relax and send the youngsters to play. My problem is that neither of the Manchester teams managed to qualify. City, despite their win against Bayern Munich, had left it too late and as Napoli beat Villareal, they failed to qualify for the knock-out stages. United lost to Basle having only needed to draw. Several of my colleagues took the high moral ground, that it was not good for the English game that only Chelsea and Arsenal qualified and in the long term we need the top four clubs to get into the knock-out stages. My dilemma is, that whilst I agree with that long term mature adult-like response - I just couldn't help but fall into a more childish attitude: wetting myself with laughter, enjoying the ability to wear my Arsenal woolly hat and gloves with pride (at last) and punching the air with excitement. Perhaps that is how low I have gone - celebrating another club's misfortune rather than winning a trophy. But that doesn't make me a bad person does it?

Phil

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