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Passengers Stranded As Air Australia Goes Bust

Hundreds of Australian travellers are stranded overseas after troubled budget airline Air Australia dived into administration today.

At least two international flights bound for Melbourne - from Phuket and Honolulu - were grounded after they were refused fuel, leaving travellers stuck in Phuket and Honolulu.

Five domestic flights between Brisbane and Melbourne today have also been cancelled.

Qantas CEO Alan Joyce has offered to try to help stuck travellers.

"Jetstar is looking at adding supplementary services to help those passengers," Mr Joyce told the Seven Network. He said Qantas would also try to add services.

"If the (Air Australia) passengers come to a Qantas desk, a Jetstar desk, show their ticket, we'll give them a ticket for the same value they have paid with Air Australia, so they do not have to pay anymore and they can try and recover that fare from their travel agencies or their credit card suppliers," he said.

Caller Katerina told Melbourne radio that she and about 300 other passengers booked on the Air Australia flight due to arrive in Melbourne from Phuket this morning learnt at midnight that the airline had gone bankrupt.

"They gave us a letter on Air Australia letterhead saying that they had gone into administration and pretty much find 'your own way home'," she told 3AW.

Another stranded passenger, Sarah McGavin, said travellers at Phuket were originally told little about what was going on.

"We have been told that the flight was delayed twice and then nothing for several hours," she told the Nine Network. "Then we had passengers go up and ask, the rumour mill went around that they had gone into administration.

She said that she has managed to get another flight back to Melbourne, but others were not so lucky.

"Three friends that I am travelling with now have to leave the airport to an internet cafe and they are not flying out for another 48 hours. It is costing a lot of money," she said.

A Melbourne Airport spokeswoman said a Honolulu flight due to arrive in Melbourne at 5.25pm had also been grounded.

"All Air Australia flights have been cancelled," the spokeswoman said.

In a statement on its website the company says the director of the Air Australia group of companies has appointed John Park and Mark Korda of KordaMentha as voluntary administrators today.

The Brisbane-based carrier, previously known as Strategic Airlines, and relaunched in November 2011, has flown domestic routes to Bali, Honolulu and Phuket.

Mr Korda told 3AW he had been monitoring the situation last night when there were "troubles with fuel suppliers".

He said that he would know after the weekend what state the airline was in.

Mr Korda oversaw Australia's largest ever administration – of Ansett airlines – with partner Mr Mentha.

KordaMentha has posted some Frequently Asked Questions on the Air Australia website, which explains "It currently appears that there are no funds available to meet operational expenses, so flights will be suspended immediately."

"For clarity, it also appears highly unlikely there will be any flights in the short to medium term."

Source: Georgia Wilkins, launcestontimes.com.au - 17th February 2012

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Transaero Buys Six Superjet 100 Planes

Transaero, one of Russia's largest airlines, will buy six Sukhoi Superjet 100 planes for short-haul domestic flights, Transaero's Deputy Head, Dmitry Stoliarov said Today.

The planes, each worth US\$35.4 million, will be used for short-haul domestic flights and will be delivered starting from 2015, Stoliarov said.

"This purchase is a response to a growing demand for regional flights in Russia," Stolyarov said, adding that the aircraft is expected to operate in Transaero's St.Petersburg hub and its Far Eastern hub in the city of Khabarovsk.

The aircraft developer, Sukhoi Civil Aircraft, confirmed ongoing negotiations with Transaero but refused to give further details.

"Transaero expressed interest in buying our planes but we cannot comment on the number of jets that are expected to be sold," Sukhoi Civil Aircraft's spokesman Andrei Muravyev said.

The deal is Transaero's third biggest purchase to date. In October 2011, the carrier signed a US\$1.5 billion agreement with the European Airbus consortium to buy four A380 aircraft. Deliveries will start from the fourth quarter of 2015.

In November, the US\$1.3 billion deal with the U.S. manufacturer Boeing, made Transaero the first airline in Russia, the CIS and East European countries to operate the long-haul wide-body Boeing 747-8.

Superjet 100 is a medium-haul passenger aircraft developed by Sukhoi in cooperation with U.S. and European aviation corporations, including Boeing, Snecma, Thales, Messier Dowty, Liebherr Aerospace and Honeywell.

The aircraft is capable of carrying up to 100 passengers for up to 4,500 kilometers.

Source: en.ria.ru - 17th February 2012

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Indonesia Flies High At Singapore Airshow

Indonesian buyers dominated this year's Singapore Airshow, underscoring the vast Southeast Asian archipelago's growing importance in the world aviation industry.

An expanding middle class, strong economic growth, political stability and the need to link the resource-rich islands are fuelling a travel boom that could spawn even more local airlines, industry executives and analysts say.

Budget carrier Lion Air grabbed the limelight at the beginning of the trade fair on Tuesday, when it formally sealed a US\$22.4 billion deal for 230 aircraft with US aircraft maker Boeing.

Lion Air ordered 201 Boeing 737 MAX and 29 next-generation

737-900ERs, with purchase rights for an additional 150 planes for its domestic and regional operations.

Dinesh Keskar, Vice President of Asia Pacific and India for sales at Boeing Commercial Airplanes, described the deal as “the largest order in the history of aviation that I can know of”.

With some 240 million people, Indonesia has the world's fourth largest population and is the most far-flung archipelago with over 17,000 islands scattered across 33 provinces and three time zones between Singapore and Australia.

Indonesia's economy grew 6.5 per cent last year, the fastest pace in 15 years, with growth projected at between 6.3 and 6.7 per cent this year.

Foreign investors ploughed US\$20 billion into the economy in 2011, up from US\$17 billion the previous year.

“Indonesia alone is able to sustain the robustness of the (Southeast Asian) market because the middle class is growing, it has a growing population and the country is also gaining confidence on the economic and political fronts,” said Aviation Analyst Shukor Yusof of Standard & Poor's Equity Research.

“The country is creating the market forces that allow more and more people to fly. Geographically it is perfect for the industry.”

Airlines are targeting Indonesia's eastern part such as Makassar, Sulawesi and Manado, all areas with a promising tourism sector, said Shukor, who expects smaller family-owned airlines to join the competition.

“And do not forget that these are all the areas where you have all the mines and all the resource-based industries,” he added. “People have got the money to travel.”

The market is so massive that there is still room for growth even with the current number of airlines plying the country, according to an executive at Indonesian flag carrier Garuda, which is facing stiff competition from private firms.

“There is enough to be shared by everybody. Even if new airlines come in, we can all still make profit,” said the source, who asked not to be named.

At the Singapore Airshow, which is held every other year and closes this weekend, Garuda also signed a deal to buy six Bombardier CRJ1000 jets with an option for 18 more.

“Indonesia's economy grew 6.5 per cent last year, the fastest pace in 15 years, with growth projected at between 6.3 and 6.7 per cent this year.”

The six firm orders are worth US\$297 million, Canada-based Bombardier said, adding that if Garuda exercises the 18 options, this will raise the deal to about US\$1.32 billion.

And just two days after firming up its Boeing order, Lion Air announced it was buying 27 smaller aircraft from European manufacturer ATR.

The new ATR 72-600 turboprop planes, worth US\$610 million, will be integrated into Lion Air unit Wings Air, with full delivery scheduled for the end of 2015.

"The ATR aircraft are perfectly adapted to the Indonesian short-haul market and allow Wings Air to connect communities, even those located in remote areas," said Rusdi Kirana, Chairman of Wings Air and President of Lion Air.

Source: business.asiaone.com - 17th February 2012

Icelandic Tourism Gains The WOW Factor - New Icelandic Carrier Launches June 2012

Booming tourism from the UK to Iceland is set for a further boost this summer with the launch of a new airline creating an additional route from London.

WOW Air will start flying from London-Stansted to Iceland's main airport at Keflavik three times a week from June 1. An introductory price of £69 each way is valid for flights booked before midnight on Friday 24th February, with travel taken between June and September. All fares include taxes and a baggage allowance of 20kg per passenger.

The new airline, operating two 168-seat Airbus A320s, will also launch flights to Iceland from 11 other European cities, including Copenhagen, Warsaw, Krakow, Berlin, Stuttgart, Cologne, Zurich, Basle, Paris, Lyon and Alicante.

WOW Air was founded in 2011 by Icelandic investors Skuli Mogensen and Baldur Baldursson. Matthias Imsland, is also on the board of directors.

Aiming to increase its frequency within the first year of operation, WOW Air is leasing its aircraft from Avion Express. They will operate with a 31 to 32-inch seat pitch.

Baldur Baldursson, CEO of WOW Air comments: "We are aware

"The new airline, operating two 168-seat Airbus A320s, will also launch flights to Iceland from 11 other European cities, including Copenhagen, Warsaw, Krakow, Berlin, Stuttgart, Cologne, Zurich, Basle, Paris, Lyon and Alicante."

that it is a brave move to launch a new airline in the present economic climate but have spotted an obvious gap in the market for low-cost flight options from Iceland to a number of European cities.

“We have extensive experience in the Icelandic tourism market and have ambitious plans for the airline - including an increase in frequency to London in the spring of 2013.”

Just three hours from the UK, Iceland’s tourist industry is currently booming with a 12 per cent increase in UK tourists in 2011, compared to 2010. The first month of 2012 also showed a huge 53.7 per cent increase in UK visitor numbers, most rushing to the country to witness the best Northern Lights displays for over 50 years.

Source: incentivetravel.co.uk - 16th February 2012

ST Aerospace, Airbus In A330 Conversion Deal

ST Aerospace (STA), the MRO (maintenance, repair & overhaul) arm of listed ST Engineering, will partner European planemaker Airbus to undertake the passenger-to-freighter (P2F) conversion for the global A330 fleet.

The deal is potentially worth tens of millions of dollars, but no details were unveiled at the ceremony to sign the Memorandum of Understanding held at the Singapore Airshow on Wednesday, which was attended by Airbus CEO Tom Enders, Airbus Chief Operating Officer John Leahy, EADS EFW's President & CEO Andreas Sperl, and STA's President Chang Chew Teck.

STA will lead the P2F engineering development, working with Airbus and Dresden-based EADS EFW, which will subsequently lead the programme during the initial industrial phase and undertake most of the conversions at its facilities in Dresden. EADS EFW, which develops and manufactures composite structures and interiors for the Airbus family of aircraft and converts passenger aircraft into freighters, will then become the European centre for STA's conversion operations.

The project is subject to final agreement in the coming weeks.

Mr Chang credited STA's successful track record in P2F conversions, especially in the B757, B767 and MD11

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programmes, for Airbus' decision to select STA as its partner.

'This is the culmination of 20 years of development,' he said. 'We are looking forward to leveraging our engineering design experience, to provide value added solutions to the aircraft operators.'

Mr Sperl said the strategic partnership between his company and STA was 'the right step at the right time.'

'Together with Airbus, we will develop an outstanding A330 freighter conversion which will add another chapter to our successful Airbus P2F programme,' he said.

STA will initially recruit 200 engineers and another 300 production personnel later when the actual conversion work begins.

The programme could also end up being extended to STA's facilities in Singapore and the United States. STA is the world's largest independent MRO operator, with facilities in the Asia-Pacific region, North America and Europe.

The global fleet of A330s is about 800 at the moment, and based on orders, this will rise to 1,100 within the next few years.

According to Airbus, some 2,700 freighters will be required over the next 20 years, of which half will be mid-sized planes like the A330. At least 900 of these will be converted freighters.

The P2F programme includes both the A330-200 and the larger A330-300 planes.

The larger plane is particularly suitable for integrators and express carriers, thanks to its high volumetric payload capability with lower-density cargo. The A330-200 freighter will be optimised for higher-density freight and longer range performance.

Entry-into-service for the first converted A330-300 is targeted for 2016.

Source: Ven Sreenivasan, businesstimes.com.sg - 16th February 2012

"STA will initially recruit 200 engineers and another 300 production personnel later when the actual conversion work begins."

BOC Aviation Orders 20 China-made Jets

Singapore-based aircraft leasing company BOC Aviation placed an order for 20 C919 aircraft from China's state-owned plane maker Commercial Aircraft Corporation of China (COMAC) at the Singapore Air Show on the morning of 14th February.

This deal will increase the total orders for the China-made jet to 235 units, and make BOC Aviation the eleventh customer of the C919.

According to an article published on CNN.com, a much talked-about mission to create China's own civil aircraft business is aiming to challenge the dominance of Boeing and Airbus in the Chinese aviation market. The vanguard of the Chinese project is the C919, a single-aisle, 168-seat plane set to rival Boeing's 737 and Airbus' A320.

Jin Zhuanglong, Chairman of COMAC, said that the C919 project has gone smoothly, and entered the detailed design phase. The plane is expected to make its test flight in 2014, and be delivered starting 2016.

The C919 is designed in accordance with international standards, and great efforts have been made to ensure its safety, cost-effectiveness, comfort, and eco-friendliness. COMAC expects the C919 to be a strong rival of Airbus' and Boeing's aircraft.

Reuters reported that increasing personal wealth and income are boosting air travel in China, and making the country's skies increasingly crowded.

The news agency cited Randy Tinseth, Vice President of marketing for Boeing Commercial Airplanes, as saying that China will need 5,000 new commercial aircraft over the next 20 years to fulfill the needs of the country's burgeoning jet set as it becomes the world's second largest market for new aircraft deliveries, only behind the United States.

Source: Yu Jinghao, english.peopledaily.com.cn - 16th February 2012

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IBA Group News

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

Conference Dates

18th - 20th March 2012 - ISTAT Americas 2012, Arizona - Laurie Hatcher, Phil Seymour, Owen Geach and Alice Gondry will attend

23rd - 24th April 2012 - 32nd Annual New York Airfinance Conference, New York - Owen Geach will attend

24th - 26th April 2012 - AFCA (Aircraft Finance & Commercial Aviation) 2012, Barcelona - IBA will be speaking

6th - 8th May 2012 - ISTAT Asia 2012, Singapore - Phil Seymour will be speaking

14th - 16th May 2012 - EBACE 2012, Geneva - Owen Geach and Mark Wooller will attend



Phil Seymour's Notes on the Week

Being a modest person it would not seem appropriate for me to mention (again) that IBA has won the 2012 Appraiser/Consultant of the year award. I promise not to mention it again, but we will be having a team photo, just as soon as the sun appears over the skies of our office.

Probably a little while before that happens, but here is a photo of the sunrise in Miami yesterday.

Phil

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As a leading independent aviation consultancy, IBA Group Ltd. offers technical advice, commercial business solutions & asset valuations for our worldwide client base.

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The Aviation 100 Appraiser of the Year- IBA Group

No matter whether you are a buyer, seller, banker, or insurance company, you have a major stake in ensuring that the amount paid for an aircraft is within a reasonable range. It is the independent third party appraisal system that is entrusted to keep all parties in check, after all: "An aircraft is worth what someone will pay for it." Those words are nothing if not accurate and therefore when settling on a price of an asset as valuable as a commercial aircraft, the appraiser is crucial to the industry.

The appraisal is essentially an impartial, professional opinion regarding the value of the particular aircraft being purchased but it is in fact much more than that. It is a thorough description and detailed inventory of the aircraft that verifies the major selling points for the buyer and the financing entity. Furthermore, the appraisal can assist in expediting the sale of the aircraft because the buyer and seller are assured of the fair market value and relative condition of the aircraft through the independent appraisal. The appraisal also supports the bank's collateral position in the aircraft loan by verifying that the aircraft is what it is said to be. Any financier who goes ahead based on self-evaluations without verifying that the collateral exists, or that the aircraft is equipped as represented, is putting his bank at risk for a major loss should the client default.

A professionally qualified aircraft appraiser must acquire all the facts about the aircraft in question. The appraiser thoroughly examines the aircraft log books, inspects the exterior and interior surfaces of the aircraft, and pays close attention to the general condition as well as the maintenance history of the aircraft.

The role of the appraiser has changed over the years and now many appraisers supply databases that allow members to instantly assess an aircraft's pricing range and data that has been available to underwriters for many decades is now mainstream across the board. Nonetheless there remains no substitute for 'on the ground' aircraft inspections by a certified appraiser.

As always the vote for "The Aviation 100 Appraiser of the Year" award was broken down during the month of January 2012 so that only those involved in the commissioning of and working with an appraiser/appraisal report had their vote counted. This involved stripping a great many votes out of the poll to arrive at a fair and balanced view. The vote this year for appraiser of the year was a hotly contested affair as always, but threw up some surprises. The mighty Ascend usually walk away with the award and this was the case in 2011 with MBA in close second but this year IBA managed to secure the majority of the vote to secure the award from far larger companies. In trying to answer why this is, we have to look at what IBA has been doing in 2011 that has struck the industry as significant. Going through the comments left, it was clear that the market seek simplicity and speed in a format that is easily digested and distributable. It seems that the personal approach of the IBA Group's employees along with the launch of its Jet Values 2 offering has ticked all the boxes.

IBA's Jet Values 2 offers greater functionality than its predecessor and includes portfolio valuation along with full-life valuation and access to IBA's trade publications. Jet Values 2 enables the user to search for a specific serial number or reproduce their portfolio of aircraft to determine current and forecast market value, base value, soft market value and full-life values as well as market lease rates. It is the ease of use and the "what if" scenario analysis tools that are proving popular for some in this most uncertain of markets. All appraisers are seeing an increase in demand for online appraisals and the ability to account for the premium or discount associated with certain aircraft specifications, making this type of tool central to the appraisal industry.

Founded in 1988, IBA Group Ltd has grown to be one of the leading aviation consultancies in the world, concentrating on commercial and technical issues in the aerospace community. Based in the United Kingdom, IBA is an independent organisation which allows us to provide opinions and recommendations to clients without any conflict of interest. IBA provides valuations to a wide range of clients, from manufacturers to leasing companies to banks. IBA's methodology is based on the analysis of transaction data obtained from internal records and in-house knowledge, as well as regular interactions with the trading community. With continually updated market information, IBA is able to conduct comprehensive and in-depth analysis for each aircraft model to provide a specific depreciation profile for each asset. This differs greatly from the majority of competitors, who currently adopt a more generic valuation approach. IBA asset appraisals can be supplied in a variety of formats, from Excel valuation report, opinion letter to extensive market letter, half-life or maintenance adjusted, for new build or vintage aircraft.

"We are thrilled with receiving this award, especially in the face of such stiff competition" said Dr. Stuart Hatcher, Head of Valuations & Risk. "We are grateful to all those who took the time to vote for IBA as it endorses the huge effort the team have put in over the last few years. We pride ourselves on our strong customer focus and are glad that has been recognised. Our customers also have come to appreciate the breadth of our services. It is not just about the appraisal, but we are also happy to help those who need the additional "colour" to complete the picture. Thanks to our strong background on transactional analysis, aircraft and engine economics (in particular maintenance cost and reliability research) and our strong links with the OEMs, we are able to provide realistic and concise advice on all aspects of the deal. During 2011 we also decided to significantly expand the commercial team in response to growing demand, ensuring that the quality of our service was not compromised. Judging by what we hear in the market, it was a good move. The market is evolving and we must evolve with it"