

REGIONAL INTERNATIONAL

THE OFFICIAL MAGAZINE OF ERA



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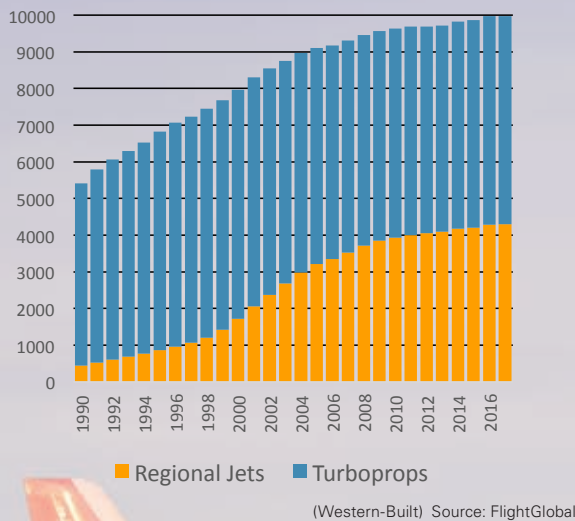
January/February 2018

Supporting regional operators: The impact of aviation finance

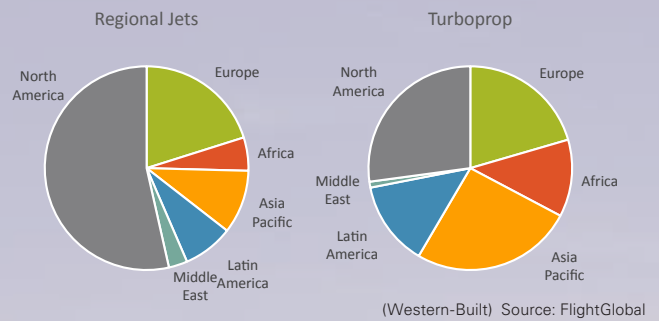
As a by-product of deregulation, European regionals enjoyed a swift growth surge prior to the arrival of low-cost carriers at the beginning of the new millennium. The growth in regional aircraft fleets has been supported by available financing options. This trend has been particularly prevalent with the leasing of regional jets.

Since 1990, the world fleet of regional aircraft has doubled to roughly 10,000 units. In that same period, leasing of regional jets was about half of what it is today, accounting for 15 per cent of the in-service and stored fleet. Today, nearly 30 per cent of regional jets are leased, and that trend has remained quite consistent at ~30 per cent since the mid-1990s.

Where turboprops enjoyed more than 90 per cent of the regional aircraft market in 1990, regional jets have gained significant traction, and since 2009, have garnered more than 40 per cent of the regional aircraft market.

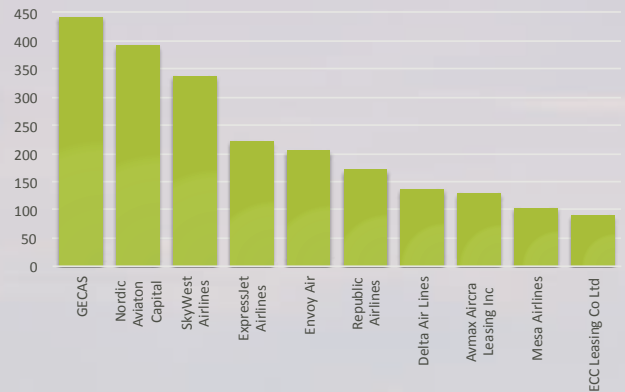


While the world's fleet of regional jets predominantly serves North American and European routes, the population of turboprops is more geographically diverse, with significant presence in Africa, Asia Pacific, and Latin America compared to their jet counterparts.



Among those who support regional airline operators, GECAS – with a 50-year history of aviation finance – leases, finances, or services the largest global fleet of regional aircraft and regional jet engines, touting a current portfolio of 420+ regional aircraft and 75 regional jet engines.

Leased, Financed and Serviced Regional Aircraft





Supporting regional airlines

GECAS, and GPA prior to that, has a long tradition of supporting and financing regional airlines. In Europe, GECAS customers range from independent operators with a few aircraft to regional arms of flag carriers with several dozen aircraft.

As **Axel Robine**, GECAS' Vice President – Regional Aircraft, declares: "GECAS is proud to have been able to contribute to the growth of the segment worldwide and particularly in Europe. Our historical presence on 'the Old Continent' is directly related to our long-standing relationships with our European customers, some of which GECAS has served for several decades."

HOP!, by example, has evolved over time and so has its association with GECAS. The mutually advantageous relationship reaches as far back as Airlinair, Régional and Britair. HOP! currently operates five GECAS-owned E-jets, and GECAS likewise is a HOP! customer, benefitting from the operator's advanced E-jet MRO expertise. Launched in 2008, HOP!'s facility was certified as an Embraer Approved Service Center in October 2011, and continues to deliver on the lessor's expectations.

Innovation

As the regional airline market has matured and operators' needs have evolved, so too have GECAS' offerings expanded. While traditional operating leases still comprise much of the portfolio, GECAS' regional aircraft offerings now extend to engine leasing, as well as debt financing via the lessor's PK AirFinance platform.

GECAS' ability to innovate has been key in building our customer relationships, such as with Stobart Air, who currently operates three of GECAS' ATR72-600s. "GECAS has made a significant effort to understand the specific needs of Stobart Air in relation to asset management," says **Mick Conlon**, Director Engineering & Board Member at Stobart Air. "They were able to meet those needs with innovative solutions."

With one-fifth of all the world's turboprops and a similar ratio of the global regional jet fleet operating in Europe, the industry

is keenly following the ramifications regarding bankruptcies of airlines including Air Berlin and others.

Regional aviation is always a very dynamic industry and 2017 was no different. The industry has seen Airbus enter into CSALP partnership with Bombardier, Embraer mulling new turboprop concepts. All of this while Brexit is still being defined. All are high-profile events which impact are still largely unknown.

Market focus

As we enter 2018, the entire industry will be focused on the effects of these developments. A lot of attention will be paid to the possible closing of the Airbus/Bombardier C Series alliance (with or without a US-imposed tariff). A potential pilot shortage will also be on everyone's mind. Regardless of the outcomes, lessons such as GECAS remain committed to serving the financial needs of the regional aircraft market through the years ahead.

"GECAS has a long tradition of supporting and financing regional airlines," explains Robine. "We intend to continue our half-century legacy of aviation finance and our support of the regional aircraft sector." ■



Axel Robine
GECAS' Vice President
serving European Regional Airlines



GECAS

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Above & Beyond

With 50 years' experience in aviation finance, GECAS provides clients in 75 countries with deep domain expertise and the industry's broadest range of products and services.