BIZJET DELIVERIES INCH UP, BUT GAMA BILLINGS DAMPENED LAST YEAR

News / Business aviation

Slumping piston and turboprop deliveries and a slight weakening in some pockets of the large-cabin business jet market combined to drive down industry billings last year, despite the boost new models gave to the midsize and light jet segment, according to the General Aviation Manufacturers Association's latest aircraft shipment report.GAMA released its year-end industry results and outlook for 2016 today in Washington, D.C., presenting mixed results for both the fixed-wing and rotorcraft markets.

The fixed-wing results compared 2015 with 2014 results, but omitted the fourth-quarter results of one of the largest contributors to the annual shipment report: Bombardier, which will not report its deliveries until February 18. Excluding the last-quarter Bombardier data in both 2014 and 2015, business and general aviation fixed-wing shipments overall dropped 4.6 percent, to 2,267, and billings declined 4 percent, to $20.94 billion.

The drop in shipments was driven by a 6.5-percent decline in piston deliveries and 7.6-percent slide in turboprop deliveries. Business jet shipments climbed by 10, or 1.6 percent, to 654 for the year.

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The gain in business jet shipments was spurred in part by the entrance of new light and midsize models, including the delivery of the first two HondaJets and the first three Embraer Legacy 450s. Both models entered service in the fourth quarter. Also joining the lineup of new in-service aircraft this year was the Cessna Citation Latitude, which reached the market in the third quarter. Textron Aviation's Cessna has since delivered 16 of these midsize jets, 12 of them in the fourth quarter.

Improvements in business jet deliveries typically drive gains in billings. But in 2015 the reverse happened, with Dassault's billings dropping by $1.468 billion. Gulfstream's shipments and billings were up last year but they had softened in the fourth quarter. The Savannah, Ga. manufacturer cut G550 production rates in the fourth quarter and plans G450 production cuts this quarter.

At the lighter end of the market, Embraer continued to ramp up Legacy 500 deliveries, shipping 20 last year. Cessna's CJ3+ and CJ4 also experienced gains in 2015, although deliveries of the Sovereign+ and Citation X+ were down over 2014, when those upgraded models reached the market.

Still struggling is the lightest end of the business jet market. Embraer's Phenom deliveries dropped by 10, with the Phenom 100 accounting for most of that slide. Cessna quietly shelved the CJ2+, and M2 deliveries were down by five. Deliveries of the Eclipse 550 also were off by five.

In the market for pressurized turboprops, both the Pilatus PC-12 and Daher TBM 900 logged improvements last year. Beechcraft's King Air line, however, marked fewer deliveries as the company continues to transition to the Pro Line Fusion cockpits. Piaggio, still recovering from the collapse of its single largest customer—Avantair—delivered three Avantis last year, one more than in 2014. The manufacturer, however, has been transitioning to the upgraded Avanti Evo.

"Everything was mixed, with pistons down, turboprops down and business jets up from a delivery numbers standpoint," noted GAMA president and CEO Pete Bunce, adding the same held true on the rotorcraft side.

As with the business jets, GAMA reported the rotorcraft totals without the fourth-quarter results of Finmeccanica Helicopters (née AgustaWestland), which will report on March 16, and adjusted the year-over-year comparisons accordingly. Turbine helicopter deliveries dropped 8.9 percent last year, to 675, erasing gains in the piston helicopter market, where deliveries were up 8.6 percent, to 279. In sum, helicopter deliveries were down 4.4 percent and, as a result of the decline in turbine shipments, billings plummeted 21.9 percent, to $3.85 billion.

Airbus Helicopters deliveries dropped to 279 from 324, and billings declined by more than $270 million, to $1.526 billion. Robinson, meanwhile, saw shipments climb to 347 last year from 329 in 2014. Its billings also climbed to $197.5 million, up about $18 million.

Bunce said the results strongly point to the fact that "energy dollars matter. Energy dollars affect the high-end large cabin, long-range business jet market and large, more capable helicopters."

The GAMA chief also cited turmoil in emerging markets, which had been buoying the large-cabin, long-range aircraft market. "Virtually every one of them has issues right now." While the Chinese market is down, he noted, other issues such as government austerity measures are complicating sales in China.

"It boils down to uncertainty. We don't know what's going to happen with the emerging countries," he said. That uncertainty extends to the U.S. "We don't know what is going to happen with the

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U.S. elections. Every analyst is saying the U.S. economy is strong, but our growth is weak and our growth especially in the last quarter was weak."

But Bunce also pointed to positive moves in the market, including the strength of piston rotorcraft and the recent reauthorization of the Ex-Im Bank, which boosts the agriculture market. "The light to midsize jets coming back is a bright spot," he added.

Despite the mixed results, Bunce noted, "It's still a market where people are making money. It's a solid market. It's a robust industry."

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