

# ATRReview

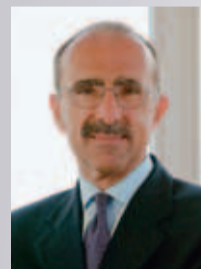


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An Alenia Aeronautica and EADS joint venture | **ATR**  
PROPELLING TOMORROW'S WORLD



## Edito



30 years ago in 1981 ATR was launched. That was the beginning of a hugely successful European partnership between France and Italy.

The original business plans drawn up on all sides suggested there was a delivery forecast of no more than 450 turboprops. Well, look at ATR now. We are close to delivering our 1000th plane and are the biggest turboprop manufacturer having captured 60% of the regional aviation market and having the strongest backlog. Throughout the past three decades there is no question the company has gone through hard times as well as good times. Right now we are definitely experiencing a very good period - a second springtime. The first one occurred in 2005 following a major pickup in orders after several sluggish years. Then we had to face the financial crisis of 2008. But we knew the good times would come back because we have always believed in our products. We always strive to improve the turboprop with constant innovation.

Today our strategy has proven correct, that building profitable, comfortable and environmentally friendly aircraft is the winning option. Today, we come to the Paris Air Show confirming this second springtime with an order book that has hit a record high for a 6 month period. In fact, it's the best figure since the program was launched 3 decades ago!

The ATR72-600 has just received its certification on schedule and in time for us to display this brand new commercial aircraft at Le Bourget and that gives me a chance to single out our teams for their passion, enthusiasm and commitment to our products. As we celebrate 30 years of success I would also like to take this occasion to thank our clients, suppliers, bankers and shareholders.

Filippo Bagnato  
Chief Executive Officer

## In flight Certified to fly

The -600 has received its EASA certification marking another milestone in ATR's three decades of innovation and continuous improvement.

It was a lot of hard work for all of ATR's team but it was worth it. The EASA certification for the -600 has come through in time for Le Bourget Air show and now the latest state of the art aircraft in the regional aviation market is eligible for the 'Certificate of Airworthiness'. Concretely that means clients can now receive their brand new turboprops

and start operations with the most modern aircraft on the market.

While the certification for the -600 is clearly a proud moment for all of ATR, it is anything but the end of the story. It is just the latest chapter in three decades of constant innovation at the company as ATR strives to improve the product while keeping operators needs foremost in mind.

Denis Clerc is ATR's Avionic Suite Development Director. He explained to ATRReview, "The -500 series turboprop is a great airplane and is hugely appre-

ciated by its operators. As the order book began to fill up in 2005/6 we decided we needed to innovate and improve the product. Our goal was to make sure it remains a highly attractive airplane that was very up-to-date and provides far more than anything its rivals could do".

To get there, ATR operators were not just kept up to speed on the changes but even had a key role in the innovation.

The re-designed cockpit and avionics suite with the five LCD\* units and improved ergonomics is a result of in-depth consultation between ATR's own teams and commercial pilots flying ATRs every day.

They told ATR they wanted display units that were easier to read, and enabled the crew to concentrate on safety.

Moreover it offers rapid troubleshooting solutions. And on all that ATR delivered. Eric Delesalle, ATR's chief test pilot,

says with justified pride, "Operators have sent their pilots to see this new cockpit and they are entirely satisfied. This new cockpit includes some of same technology on the A380 super jumbo".

Of course it's not just the cockpit that has gone through a major re-fit. The 'Armonia' cabin a joint effort between ATR and the Italian car designer Giugiaro represents a major effort to address operators' desire to provide even more

comfortable planes for their passengers. With the EASA and FAA certifications expected soon, ATR's ambition to provide an even better plane continues. Even as the -600 prepares to go into service, ATR's engineering teams are already looking several years ahead for new innovations.

The hard work never stops because ATR's philosophy is based on constant improvement.

\* Liquid Crystal Display

"Operators have sent their pilots to see this new cockpit and they are entirely satisfied"



In progress

# 30 years of green innovation

ATR has been an industry leader for three decades on the environment, providing more fuel efficient and quieter aircraft.



It's hard to believe now but when ATR was launched 30 years ago this year - green issues and environmental awareness in the industry was low. Just ask Henri Martre. The former president of Aerospatiale who had a key role in the launch of ATR says, "Nobody was talking about the environment when we launched the product. It only became an issue of concern when petrol prices began to rise".

Except at ATR of course, from day one it was at the heart of its strategic thinking. ATR sought to deliver a turboprop with maximum operational efficiency. That translated into a lighter aircraft that consumes less fuel and has far less impact on the environment. You could say 'green awareness' is in the company's DNA.

ATR understood from the beginning

that its turboprops must have the least environmental impact possible for the sake of all of us, the respect of our planet and because it made good business sense.

ATR focused on technology to produce a green turboprop with greater fuel efficiency. By reducing the weight structure of the plane using composite material ATR was able to significantly reduce fuel emissions. At the same time ATR passed on its environmental roadmap to its suppliers too who came up with power plant engines that reduce noise pollution externally and inside the cabin without compromising cruising speed.

Fausto Cereti was present at the launch of ATR in his role as General Manager of Aeritalia. He says ATR made the right choices at the right time. "From the very start, ATR paid a

lot of attention to noise reduction. Nothing else had been done by anyone else on such a large scale in the past. The ATR turboprop came on the market at a time when engine manufacturers also were making great strides in providing more environmentally friendly motors".

Greener cleaner aircraft is a mission statement that ATR has stuck to for three decades. In fact it's even adapted the slogan "Light is beautiful". Cleaner aircraft can improve the image and brand of the operators that fly turboprops but it also improves their bottom line. Today, across Europe airlines pay en-route charges in relation to the weight of their aircraft. The heavier, the higher the charge. ATRs weigh 6.5 tons less than their nearest competitor - that comes out to an annual saving of \$80,000 per year per

plane in charges! And what happens with environmental taxes in Europe (Emission Trading Scheme) inevitably catches on globally - so turboprop users worldwide will also see the financial advantages of operating a lighter and greener plane in the coming years.

Even though ATR is a world leader in more environmentally friendly planes, it's anything but complacent. It's always looking to innovate turboprop technology. Mario Formica, Vice President of Marketing and Airline studies says, "In the future we will always improve our technology. We want advanced engine or power plant technologies that will give us an at least 20% reduction in fuel consumption. Even if we are a reference today we want to do even better."

Already the -600 series is proof of that. For example, the new seats weigh about 200 kilos less. That weight reduction translates into 40 tons less fuel consumption and 126 tons less carbon emissions for ten -72 series turboprops over a one year

period. And ATR is striving to do better. At the moment composite material makes up 20% of the turboprop and that is the highest percentage on any plane flying around the world today. But it's ATR's aim to increase that to 30% because composite material is lighter so that reduces fuel consumption and requires less maintenance which also brings down operators costs.

Moreover, receiving ISO 14001 certification covering the activity of each step of the life cycle of aircraft is a testament to ATR's commitment to the environmental concerns of today. The adoption of environmental considerations in all decision making is vital to ensure the sustainable development of ATR's business.

It goes without saying that ATR is always looking ahead - its aircraft don't just comply with current environmental regulations, they anticipate what kind of guidelines are likely in the future. It means that ATR is always well in advance in terms of environmental standards.

In focus

-600 earns its green credentials

Not only has the -600 been certified for commercial service but it's also obtained the prestigious ISO 14001 certification for its highly rigorous environmental standards. The certificate is handed over officially to ATR's President, Filippo Bagnato, at the Paris Air Show. This new accreditation covers the full lifecycle of the -600 from its conception through to the day it's taken out of service and recycled. It also takes into account a far greater range of factors than previous evaluation ratings such as the environmental impact of everything from operations, marketing and sales, Eco design, transport and ground testing. At the same time ATR encourages its suppliers and partners to be engaged in those environmental objectives.

Unlike the EASA flight certification, ISO is not even compulsory, and underlines ATR's "green" commitment. But the ISO rating is not just about promoting ATR's environmental record; it also makes good business sense because the product is now even more attractive.

Business case

## ATR extends its reach

Airline industry turns to ATR to re-invest in the regional market.

The first six months of 2011 have been more than satisfactory in the airline sector confirming a recovery in the market that started at the beginning of 2010 and looks set to get even stronger.

The current recovery is most

pronounced in the BRICS<sup>1</sup> group of countries but especially in Asia. Both Europe and the North American market are also expected to bounce back too in the near future.

Even if a full worldwide recovery in the market will take time you have to

take into account how severe the crisis was just three years ago for airline companies.

In 2008 at the worst moment of the economic fallout, airline industry losses worldwide amounted to \$16 billion according to the IATA<sup>2</sup> and in

2009 they were close to \$10 billion. The following year showed an amazing turnaround with the industry recording a profit of nearly \$15 billion in 2010.

Today's market is even more competitive. As airlines once again turn a profit they reveal their intention to re-invest in the latest technology to make sure that they operate the cleanest and most fuel efficient fleets in the industry. At a time of very high kerosene prices and rising environmental awareness, that means not only their aircraft must have low running and maintenance costs, but also offer low fuel consumption. It allows them minimize their impact on the environment - and passengers enjoy a modern and comfortable airplane!

For all these reasons ATR is their solution. The proof is that ATR has sold more than 60 turboprops in the first six months of this year alone. No doubt, ATRs are ideally suited for operations in totally different environments worldwide. ATR has recently entered the Russian market with the

order for 20 72-500s with the carrier UTair. They chose ATR because its turboprops can more than handle Russia's challenging flying environment. The other major breakthrough this year for ATR was Australia with Skywest. It's buying 13 -72 series turboprops and will operate them on behalf of Virgin Australia. In Australia it was the operational costs and the very low gas emissions that convinced Virgin that ATR was the answer to their needs. Virgin Blue Chief Executive, John Borghetti, said, "The ATR is the best aircraft to operate on regional routes throughout Australia. It burns one-third less than the E170 and 20% to 30% less than its equivalent competitor."

Yet ATR is not standing still. As the market continues to recover worldwide, the order book continues to expand with more and more airlines worldwide turning to ATR for their long term business solutions.

<sup>1</sup> BRICS - Brazil, Russia, India, China and South Africa

<sup>2</sup> IATA - International Air Transport Association



Skywest ATR 72-600 in Virgin Blue livery

In service

# Preparing the ground work for a smooth delivery of the -600

ATR support teams are making sure the operators can count on them long after their brand new -600s are in service.

By the end of this year four customers, Royal Air Maroc, Air Lease, Azul and Caribbean Airlines will all receive their brand new -600 series aircraft. It's an exciting moment for both the airlines and ATR but it also requires a lot of hard work to ensure the deliveries go smoothly.

And once the planes are in service, customer support also has to be ready to assist operators. So a lot of steps are being taken to ensure everything goes to plan.

For more than a year, ATR's Vendor Monitoring department has been running through its support contracts, especially with ATR's key suppliers.

That means ATR is ready for EIS phase and assistance to operators. It can include making sure there are enough spare parts available and any repairs or technical changes needed will be done on time and on budget.

Didier Valax, ATR's head of Airlines Relations says, "For more than a year we have been working to fully integrate our full range of services, from the design centre, to purchasing department and the production line, to make sure the -600 is ready to go into service".

With the EASA certification in hand, ATR can now put into place its full new training programmes for mechanics and pilots.

That of course includes using the new training tools and offering complete qualification (type rating) and "differences courses".

In addition there will also be web-based training programmes offered for mechanics that will enable operators to train locally, saving time and money.

Once the operators receive their



new planes, ATR will be on hand with a special technical team made up of ATR and Thales mechanics. They will be on site with the operators.

A 24/7 technical platform in Toulouse made up of engineering staff from ATR and Thales is also going to be available to offer solutions.

ATR is known worldwide for its customer support throughout the

life cycle of its products and the airlines know they can count on ATR to be at their side with the -600 series too.

A seminar will be organized, next

year, bringing together operators already flying the -600. The idea is to share experiences and see what can be done to make the whole process run even better.

Didier Valax says, "Our teams, and suppliers organization must

be available to anticipate all logistic, training, reliability and performance issues that our operators could face. We offer long term customer service that is recognised across the whole industry."

While all these steps are geared up towards ensuring the -600's entry into service is a seamless operation, the support teams also say experience shows whenever a new product is launched, new procedures and ways of operating can also be applied to current programmes like the -500 and help make them run more efficiently too.

"We offer long term customer service that is recognised across the whole industry".

## In the loop

ATR makes a breakthrough in Russia thanks to its unique turboprop capabilities



ATR recently announced the signature of a deal with the Russian carrier UTair for 20 72-500s and with Taimyr Airlines (Nordstar) for 4 42-500s. As it already operates a fleet of 17 ATRs, this deal will make UTair ATR's biggest single customer in Europe. And they are unlikely to be the only Russian carrier to sign on with ATR. John Moore, ATR's Head of Sales says, "We are talking to a number of carriers in Russia and we expect positive outcomes because we really have a product that is well adapted to the Russian market". And it's easy to understand why: Russia has extreme weather conditions, with winters that can be harsh. Yet ATR is now approved to fly in extreme temperatures. Russia also has a challenging physical environment with unpaved runways. But that is

not a problem for ATRs. They are certified to be able to take off and land in rough terrain. In fact in winter many roads and rail links are impractical which makes turboprops the ideal transport solution. ATRs low fuel consumption is also a major advantage in Russia. Ironically even though Russia is a major energy supplier, fuel prices in Russia are high - at some regional airports in Russia, kerosene prices can be double that of Western European airports, so the fuel economics of the ATR present a major savings for clients. Russia has a long history of flying turboprops. Many are getting old and are not fuel efficient. They will need replacing soon. The -42 is expected to be especially attractive to Russian clients because many routes involve small passenger numbers in remote locations. Watch this space for more on this rapidly evolving ATR market.



## In focus

ATR's -600 training programmes certification imminent

As Operators prepare for the delivery of their new turboprops - their pilot and mechanic teams will very soon be able to start training courses for the -600. EASA is soon expected to give full type rating approval for ATR's training programmes for the -600. The FAA and Brazil's National Civil Aviation Agency will certainly follow suit.

Consequently, the certification will approve all flight and maintenance training. That of course includes "differences courses" enabling crews familiar with the -500 series to operate the -600. But there will also be regional web-based training programmes offered for mechanics that will enable operators to train close to home, saving time and money.

# IN FIGURES

# 14001

That is the internationally recognized certification handed out to businesses for their positive environmental management systems. ATR has just received it for the full life-cycle of its aircraft.

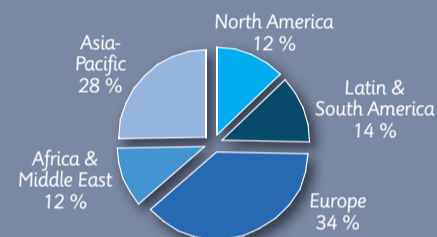


## 2011 STATUS

(as of June 20<sup>th</sup>, 2011)

Aircraft type	Orders	Deliveries
ATR 42	426	416
ATR 72	709	513
TOTAL	1135	929

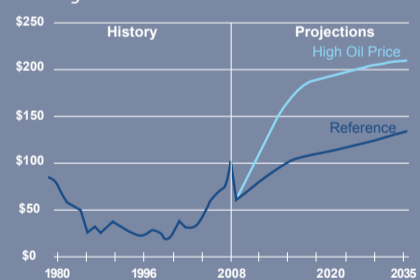
## FLEET IN SERVICE\*



\*As of May 2011

# FUEL COST FORECAST

Average Annual World Oil Prices



The U.S. Energy Information Administration predicts that oil prices could rise 75 percent to more than \$150 a barrel by 2015, demonstrating the strong need for ATR turboprops.

## Leading aircraft utilisation

(as of May 2011)

	ATR42	ATR72
Cumulative Flying Hours*	59,717	42,169
Cumulative Flights*	58,613	60,939

\* in Millions

## Airline Operators and Leasing Companies

Africa Middle East	35
Asia Pacific	48
Europe	57
Latin America	29
North America	13
<b>TOTAL</b>	<b>182</b>

In confidence

# Jet Airways

Jet Airways launched its first commercial passenger service in 1993 with the goal of becoming a world class airline. Since then it has succeeded in an extraordinarily rapid period of time. Its now one of the biggest in India and its CEO Nikos Kardassis, explained to ATReview the secret behind its success and why ATR turboprops are central to its business plan.



CEO of Jet Airways - Nikos Kardassis

## Tell us about Jet Airways - just 20 years ago it was an air taxi operator - and now one of the biggest in India. Explain your success?

In the first year itself, 1993, Jet Airways operated 28 daily flights to 12 destinations in India with a fleet of four leased B737-300 aircraft. All in all, in the first year of operations itself, the staff ensured that no stone was left unturned in setting new standards at every customer touch point in civil aviation. The determination, investments, and hard work paid off and at the end of our first year there was a growing recognition that Jet Airways was a professional, reliable airline that was comparable to the best in the world. Thus began the journey of linking metros and later other cities keeping in mind the needs of the passengers. From inception, the goal was to connect India and facilitate the movement of people, cargo and business. The airline today, connects over 48 domestic and 24 international destinations across the globe. And our aircraft fleet is one of the youngest in the world!

## Jet Airways is a big international carrier flying around the world. How does the turboprop fit into your network plans?

A keen eye on current capacities correlating it to demand-supply and its impact on yields, have become par for the course for any airline, turning around post global recession. Secondly, as a significant cost component, particularly in India, volatile fuel prices and high ATF taxes impact airline profitability.

At Jet Airways, we had to take a look at all of the above and link them with our decision to service the smaller Tier II & III towns and cities in India. Operating the 50-70 seater turboprop aircraft on these feeder routes enable us to seamlessly pick up guests from these towns and cities and connect them onwards through our operational hubs in New Delhi and Mumbai.

## Is the turboprop ideal for your domestic network?

The turboprop is ideal from a cost perspective to service small feeder

routes given the traffic (demand) to capacity (supply) ratios and more importantly for their operational economics. Given this rational we have felt that the turboprop is ideal for some destinations on our domestic network. These aircraft are especially ideal when it comes to providing air links to smaller towns and cities given that some of the existing airports have only just been remodeled to accommodate such smaller aircraft. Furthermore, the ATRs are also ideal to service guests moving onwards to other domestic cities from our operational hubs in Delhi and Mumbai and mini-hubs like Hyderabad.

## As one of the big Asian tigers - give us an idea how much air traffic growth you expect in your domestic market.

The aviation sector in recent months has shown positive signs of a revival both globally and in India on the back of a revival in the global economic environment, it would be a bit premature to suggest a return to profitability and pre-downturn traffic growth just

yet. As expected though, Asia-Pacific carriers have posted some of the most dramatic financial improvement globally in 2010, as compared to the preceding year. Regarding the sustainability of this recovery, it would depend in large part on the global economic scenario and we are cautiously optimistic in this regard, while rising crude prices though could have a dampening effect.

## Talking of high fuel prices right now - is the turboprop the answer for you to keep your costs down?

Fuel costs and other costs like route navigation, landing and parking charges are high in India, as compared to some of the neighbouring countries. Having said that the feeder routes we operate on are an essential air link to some cities and towns and these need to be serviced. However, for turboprop operations, the Government fees levied on fuel and navigation charges are substantially lower, and it is here that the ATR's are the most economical solution on the routes they fly.



Jet Airways ATR 72 -500

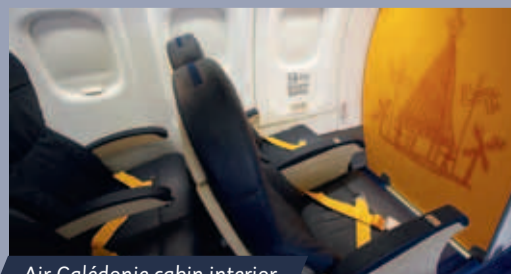
## In the know

### Making flying fun, ATRs white fuselage offers great marketing opportunity for clients to promote their fantastic destinations

The outside shell of the ATR fuselage and tail may offer one of the best and currently under-used marketing opportunities for operators to promote themselves and their routes in an upbeat kind of way. And ATR wants to help them use that space well. Think how many excited holiday makers start their trip by taking photos of their families or traveling companions in front of the plane flying them to their hotspot or exotic location? Lots, and maybe you too. There is more chance than not that those photo snaps were taken in front of an ATR because you get on board via an external staircase usually after getting off a bus from the main terminal. It means an ATR is one of the few planes passengers actually see entirely from the outside. Some clients have grasped the significance of this already by painting a design livery on the fuselage to give them a unique identity or image with a guarantee they will be seen by all their passengers. Air Calédonie for example has tribal signs painted on its side. Bangkok Airways's fuselage has colorful fish as well as palm trees clearly identifying the aircraft with exotic routes. Azul Brazilian Airlines of course painted one of its ATRs pink in support of cancer research - and that was a hugely successful marketing campaign tool. ATR is convinced that painting the fuselage is a great promotional tool especially as ATRs fly to some many awe inspiring destinations.



AZUL's pink livery



Air Calédonie cabin interior

## In brief

### Jet Airways deal praised for challenging and innovative financing

The financing package for 6 ATR 72-500s by India's carrier Jet Airways has been singled out with an award as "Regional Deal of the Year 2010" by the magazine Air Finance Journal at a ceremony in New York. The deal was praised for its innovation. Jet Airways operates 20 -500s.

### Air Nostrum wins "Regional Airline of the Year" award for 2011

The Valencia-based regional carrier has received the prestigious title at the Air Transport World awards ceremony in Washington DC. Air Nostrum was singled out for its customer service and ability to adapt to economic conditions. It currently operates 5 -500s and has ordered 10 -600 series.

### ATR enters Angola market

The new Angolan carrier, Fly540 Angola is now up and running with its brand new 72-500. Its the only ATR operator in the country and started domestic commercial services in April after receiving certification from the Angola Civil Aviation Authorities.

### New partnership between ATR and Giugiaro

After the hugely successful creation of the new look Armonia cabin in the -600, the Italian designer Giugiaro and ATR continue working on new themes in the first class cabin. As part of this close partnership Giugiaro's new concept car is on display at ATR's chalet throughout the Bourget Air Show.

## WHERE TO FIND US IN 2011

Paris Airshow Le Bourget	Paris, France	20-26 June
MAKS	Moscow, Russia	16-21 August
RAAA, Annual Convention	Coolum, Australia	7-9 Sept.
AVIATION EXPO CHINA	Beijing, China	21-24 Sept.
ERA	Rome, Italy	28-30 Sept.
ALTA	Rio de Janeiro, Brazil	16-18 Nov.
Dubai Airshow	Dubai, UAE	13-17 Nov.
AFRAA, General Assembly	Marrakech, Morocco	20-22 Nov.

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