

# ATRReview



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



## Edito

In flight

### The -600 already a commercial success

Royal Air Maroc and its passengers are delighted - it's the right plane at the right moment



There is some extremely encouraging news to report. This year turbo-props sales have outstripped regional jets in the 70-seat segment and on top of that ATR overwhelmingly has dominated the turboprop market.

To understand ATR's success look no further than Royal Air Maroc, the launch customer for the -600. In their own words the pilots and crew at RAM are delighted with the new on-board technology and its passengers are thrilled with the "new look" design, improved space and airborne comfort provided thanks to the "Armonia cabin". For RAM's management ATR's new turboprop is a money maker.

In the current economic environment these are tough time for airlines and that is why our product is considered as one of the key solutions to help them run a profitable business. That certainly explains why we have sold 145 aircraft since January. Among these customers we count three major lessors as clients placing speculative orders, which is a significant proof of confidence from the market in our technology, especially in our product.

Our production rate will rise from more than 50 aircraft this year to 72 next year, 80 in 2013 and 85 starting 2014. And on the occasion of the 5th Vendors Conference built around the theme of "Team Spirit" last month, we stressed once again the importance of the readiness of the whole supply chain to respond to the program requirements and our suppliers confirmed they are ready to build on our success as a team and deliver together.

Filippo Bagnato  
Chief Executive Officer

On the 24th of August, ATR and Royal Air Maroc wrote a new chapter in aviation history. That day the ATR 72-600 took off on its first commercial flight. The brand new turboprop flew from Casablanca to Agadir.

Royal Air Maroc is the launch customer for the -600 and since taking delivery of the first two of the four brand new turboprops it has ordered, they have become a vital part of their operation. All the way along the chain from RAM's management, its pilots and cabin

crew to the passengers the message has been the same: This is the plane we need and what a pleasure it is to fly with it. Commanding officer Omar Lechheb, CEO, RAM Express told ATRReview that the -600 adapts perfectly into the company's business plan. It's ideal for routes of between 50 minutes and 1 1/2 hours and offers substantial fuel savings. "Thanks to the -600 we have been able to open whole new traveling possibilities between Southern Morocco and

the business capital Casablanca. For the business community it's a chance to look for opportunities in the South and for tourists, the region suddenly becomes extremely appealing and accessible." Already 80% of the seats are full in RAM's -600s as they fly not just on domestic routes but internationally to Lisbon, Porto, Malaga and Valencia. Amina Berra is a chief cabin attendant for RAM

"The lights can be dimmed making the flying experience more relaxing."

Express and on the front-line. And what are passengers telling her? For a start it's so much easier to stow hand luggage now thanks to the far larger overhead storage space. So boarding is so much faster. On top of that, passengers have embraced the extra leg room between the seats and really appreciate the new modern cabin design which provides far more space. Passengers point out the plane feels a lot quieter. The small touches count for passengers too. Take the air conditioning system, they feel it's more efficient and the lights can be dimmed in the evening making the flying

experience more relaxing after a long day's work. Ms Berra who needed just one day of Delta training at ATR headquarters in Toulouse to handle working in the -600 told ATRReview, "One passenger flew with me in the -600 and he was really disappointed when he discovered it wouldn't be the brand new turboprop for the return home." Mohamed Bellahouel is a training captain at RAM. He says the glass cockpit in the -600 has made the workload for pilots a lot

easier. Not only does the glass cockpit make flying simpler, it means there is additional security and pilots can concentrate even better. Commanding officer Omar Lechheb says RAM has always considered itself at the cutting edge of aviation and a pace setter in the industry. It's done just that with the -600 and with a smile he says there are a lot of jealous airlines out there and he is convinced others will follow suit and want to have their own -600s in their fleets too soon.



Find the video interviews of passengers and crews on RAM's first commercial flights on [atracraft.com](http://atracraft.com)

In progress

# Team Spirit is key to success

ATR and suppliers pull together to deliver on time



Filippo Bagnato at the kick-off of the Vendors Conference

These are highly exciting and challenging times for ATR as it prepares for FAL production to jump by 40% in 2012! That means the number of turboprops coming off the assembly lines will rise from 50 to 72 next year and 80 in 2013.

Delivering the brand new turboprops to clients on time is of course the absolute priority.

That means, ATR's 120 key suppliers have an essential role in making sure not only those planes arrive on time, but also provide the spares, repairs and back up support on time, which is so crucial to running a reliable and profitable airline network. ATR knows that all too well.

The world famous Stade Toulousain stadium provided the perfect location for the two day Vendors Conference bringing together ATR and more than 80 key suppliers to ensure everyone works together efficiently to guarantee the ramp-up goes smoothly.

The rugby analogy works well according to Thierry Gourmanel, ATR's Head of Vendor Monitoring, "Team spirit is the theme of this year's Vendors Conference. We are all pulling together to solve issues and come up with solutions to answer ATR in-service needs. Unlike our neighbor Airbus or Boeing we are on a "regional segment" and so are used to offering regional solutions

to operators and working closely with our suppliers to get results. During the conference we focused on the basics of product support to ensure anticipation and meet the market needs."

For ATR and its vendors, the ramp-up has significant implications. Some vendors are working with ATR for the first time on the -600; Others are providing parts for the new turboprop while also continuing to provide support for some of the nearly 900 turboprops currently in service around the globe.

ATR understands that entirely and the conference has been a unique moment to share the impact of the ramp-up on both production and support needs with the Vendors community. ATR has now reached

some of the most stringent and far reaching agreements with vendors that exist in the industry to ensure the best supply chain performance worldwide. Among others, ATR has set up a "one-stop shop" for clients. Many are small operators focused on flying and have little capacity or time to deal directly with suppliers. So they can talk to ATR who then speak directly with the vendors. It saves operators time and of course money.

Philippe Cazanave, ATR's Vice-President Procurement, points out, "ATR has had sharp ramp-ups in the past and pulled them off successfully. This production rise requires a lot of hard work but with all the measures we have put in place we can rise to the challenge."



Busy atmosphere among the attendants at the 5th Vendors Conference

Business case

# Lessors convinced -600 will be a big success

Operators can acquire brand new ATR turboprops through operating lessors

Lessors now represent 20% of ATR's order book - for new aircraft it was zero just three years ago. That amazing transition underlines not only that ATR has found a new opening in the market but also shows that the product continues to dazzle and impress. Three significant lessors in

the industry have chosen to purchase brand new -600s, Air Lease, launched by the industry pioneer Steve Udvar-Hazy, GECAS and Nordic Aviation Capital (NAC). What is especially interesting is that they are purchasing new turboprops directly from ATR without necessarily having an operator lined up.



Have you ever thought of a high flying investment?

In the industry that is called a "speculative buy" and highlights their huge confidence in the product because they are convinced they will find an airline that will want to lease the aircraft from them. For airlines, lessors provide an alternative means of securing a slot.

ATR has a strong presence in the emerging markets and that is exactly where the lessors see growth for them too. John Moore, ATR's Head of Sales says, "Lessors really like the product. They understand we have made a big investment for the future and invested in the latest technology. On top of that, they have seen the ATR success in the marketplace and that proves to them that the product is a great long term proposition."

The -600 offers several key selling points for lessors. In a tough economic context, the fuel efficiency of the turboprop keeps costs down compared to its rivals. Turboprops maintain their asset value over the long term, if lessors want to sell them on. There are many potential custo-

mers because ATR's market place is wide and vast with nearly 180 airline operators in 90 countries! That compares highly favorably with both Boeing and Airbus. Lessors entry into the market is a bonus for operators too. They can acquire a brand new turboprop delivery slot earlier from a lessor if they choose this business model. That's just what TRIP is doing, leasing its first new -600s from Air Lease.

Lessors also come to ATR with deep pockets and that means deals can be reached relatively quickly and it provides an alternative means of financing for the operators. Karine Guenan, ATR's Vice-President Leasing & Financing Strategy, points out, "Lessors benefit from various sources of financing and that means they have far less worries about raising cash to invest in our product." John Moore adds that, on top of the three lessors having placed orders, ATR has been approached by others with an eye to getting into the market soon and investing in the product.

In service

# Five days and away

Difference course enables pilots to make switch to -600 in just one week saving operators time and money



Artur Almeida Marques and Rubens Schaefer training in the Virtual Hardware Panel flight simulator

Pilots worldwide flying with the -500 can't wait to sit in the cockpit of the -600 with its state-of-the-art avionics suite. It won't take long, thanks to the "one-stop" shop at ATR's Training Centre in Toulouse where they undergo a short and cost-effective "difference course". The -600 of course has a revolutionary glass cockpit with five computer display panels but it's been configured to ensure pilots can make the transition from the -500 to the -600 with just 40 hours of training. ATR's aim from the very start was to invest in a new cockpit that

makes flying even safer and easier but also keeps the costs down for the operators who need to train up their pilots for the -600. Dominique Falque, ATR's Head of Training points out, "The training is swift and the cost to the airlines is small because all the training can be accomplished in just one full week." For the pilots long used to flying the -500 the first day of training can seem daunting. 8 pilots from the Brazilian carrier TRIP Airlines have just finished the course. Rubens Schaefer with seven years flying ATRs under his belt, admitted on

the first day it all seemed like a big challenge. He had to understand the new glass cockpit and familiarize himself with controls and information data displayed in different positions from the -500, like the engine parameters and the cabin pressure. But very quickly they are put at ease by the highly competent and accessible flight instructors who provide ground courses outlining the differences between the -500 and -600

cockpit layout. At the start there is the Cockpit Resource Management course which enables the pilots to understand the glass cockpit in a very short period of time. Combined with individual training with the ATR course software or ACOS, pilots go through numerous modules to understand the new avionics suite and get a complete presentation of the flight instruments including the auto pilot. But the part the pilots enjoy the most is the flight simulator known as the Virtual Hardware Panel or VHP. Fernando Monte, a TRIP pilot with 2 years experience flying the -500 has an interesting observation, "The VHP is the nearest thing to flying throughout the week long course and pilots love to fly so the VHP is best. I spend more time flying than driving my car so with the training we were able to handle the -600 fast. I have more trouble understanding my car."

Like any training course, there is also always a risk you might forget something learnt when you get home. ATR's Training Centre is set up so that all the pilots can call up whenever they need. And Fernando Monte is looking forward to his return to Toulouse because he has been chosen to fly TRIP's brand new -600 back to Brazil straight after the delivery. "I am very excited and proud to have been selected to pilot the brand new -600 for the first flight. In fact I can't wait."

"The Virtual Hardware Panel is the nearest thing to flying."

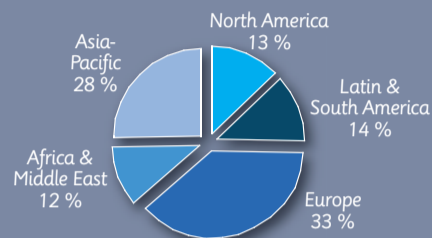
## IN FIGURES

# 275

ATR order book as of end of September 2011 hit a new annual sales record representing around 70% of the total backlog of 50 to 90-seat regional aircraft, confirming the renewed interest in turbo-prop technology.

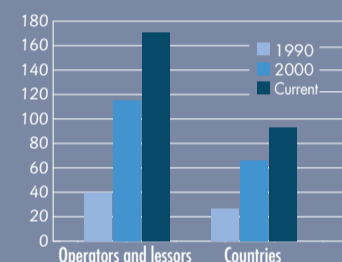


### FLEET IN SERVICE\*



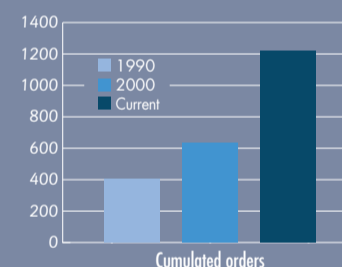
\*As of end of September 2011

### THREE DECADES IN FIGURES



ATR multiplied by four its worldwide presence while orders tripled within 20 years (doubled within the last six years).

### CUMULATED ORDERS



### LEADING AIRCRAFT UTILIZATION

(as of August 2011)

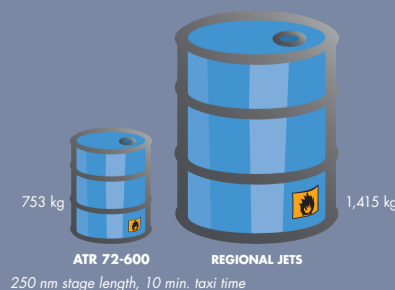
	ATR42	ATR72
Cumulative Flying Hours	61,319	43,236
Cumulative Flights	60,128	62,010

### FUEL COST FORECAST

Impact on this year's fuel bill of the global airline industry

New fuel price average for 2011	\$127.6/b
Impact on 2011 fuel bill	+\$60 billion

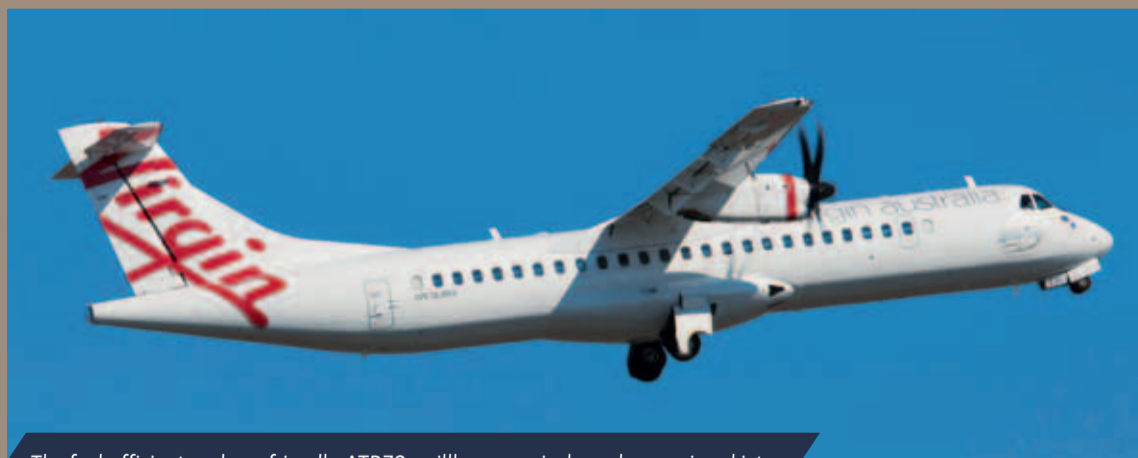
Estimated by IATA, IATA Methodology



A fleet of 10 ATR 72-600s burn 50% less fuel than 10 regional jets of the same size.

In the loop

Virgin Australia takes to the skies with brand new ATR 72s



The fuel-efficient and eco-friendly ATR72s will progressively replace regional jets

A premiere in the Australian skies! Virgin Australia partner Skywest Airlines has just inaugurated its ATR 72 services. The airline will operate on Australia's East coast with a fleet of eight 68-seat ATR 72 aircraft (four ATR 72-500s and four ATR 72-600s to be delivered early next year). ATRs have proved their worth in tough environments. They feature unmatched performances, leading edge comfort and an unrivaled reliability, out-distancing its turboprop competitors. As a result, the fuel-efficient and eco-friendly ATR 72s will progressively replace Virgin Australia's regional jets enabling the introduction of new services and additional frequencies on existing routes. Christophe Potocki, ATR's General Manager Sales Asean

& Pacific, commenting on this milestone said, "Some years ago ATR decided to invest and develop a presence in Australia to build up the knowledge and familiarity with the product, as well as the tangible infrastructure. Today Australia is enjoying a sustained growth offering interesting possibilities both in terms of regular passenger transport and charter flights. Australian airlines are currently developing their regional network thus presenting opportunities for new aircraft. The aging fleet also represents a promising niche. Globally there is a potential of 20 to 50 aircraft over the coming years. The recent inaugural flight of the ATR 72-500 by Skywest on behalf of Virgin Australia should allow ATR to develop further opportunities in Australia."

In focus

Air Nostrum win the gold in Rome

Air Nostrum, the Valencia-based carrier and major ATR operator has been awarded the Airline of the Year Gold Award at the European Regions Airline Association general assembly in Rome. Air Nostrum's CEO Carlos Bertomeu says he is counting on the performance of the brand new ATR -600s to quickly bounce back into profit as he receives early next year the first of the ten ATRs the airline has ordered.



Filippo Bagnato with Air Nostrum's CEO Carlos Bertomeu

It's often overlooked that many of the aircraft flying around the world are not actually owned by the airlines operating them. The leasing segment is a crucial part of the aviation sector and one of the biggest players in that field is GE Capital Aviation Services, or GECAS. Its Senior Vice-President Todd Freeman spoke to ATReview about his business and the link up with ATR



GECAS Senior Vice-President  
Todd Freeman

**GECAS is one of the largest lessors of passenger aircraft worldwide, yet the leasing industry is not well known within the turboprop segment. Tell us about your role in civil aviation.**

**Todd Freeman:** We are GE Capital's commercial aircraft financing and leasing business. At GECAS we have a fleet of over 1,750 owned and managed aircraft with approximately 245 airlines in 75 countries. GECAS offers a wide range of aircraft types and financing options, including operating leases, finance leases and secured debt financing. The GECAS fleet is composed of ~ 60% narrow body aircraft, 20% wide body aircraft, 12% is regional aircraft, the balance is cargo aircraft. This year, we will place or redeploy about 200 aircraft and take delivery of another 60 new aircraft. We finance many more via debt or purchase and leasebacks. We have scale, good funding costs and a strong focus on deal execution.

**You are a major player in commercial aircraft financing and now for the first time you are buying ATRs. Tell us why.**

**Todd Freeman:** We like the segment fundamentals and the product. Turboprops are broadly used by operators of all types, in both passenger and cargo configuration.

About half of all commercial air routes are less than 500 nm and the turboprops perform very well on these stage lengths, especially in a high fuel cost environment. We are seeing strong growth in these shorter segments, especially in emerging markets. The replacement market is large too — the average age of the western turboprop fleet is well above 15 years old. The ATR 72 has a wide user base and allows us to expand our fleet offerings to our customers. These aircraft feature a low operating cost profile, a standardized specification, a high level of reliability and value retention.

**Presumably, this commitment means that your leasing customers believe ATR fits into their own business plans. On what kind of routes do you think these turboprops will be used?**

**Todd Freeman:** Our customers' needs change constantly and we need to offer a complete range of preferred aircraft. Nearly 50% of our portfolio is in emerging markets and there we see strong demand for low cost aircraft that can help open and build new routes. The ATR 72 has a high degree of reliability and can also perform well out of shorter airfields. We expect that most carriers will operate the 72-600 on point-to-point segments between 150 and 350 nm.

**The green credentials of the turboprop are well known - does that play a big role when clients come to you to lease aircraft?**

**Todd Freeman:** Increasingly, we think so. Customers want fuel efficient, eco-friendly aircraft and so do we. GECAS has a modern, diverse fleet. The average age of our fleet is only 7 years and the vast majority of our narrow body planes are fuel and emission-efficient A320 and B737 new generation models. The ATR turboprop will be a fine addition to our eco-friendly fleet.

**You play a big role in helping airlines get financing to buy new planes. With the economic downturn many airlines had trouble getting credit - is it now easier for them to raise cash to upgrade their fleets?**

**Todd Freeman:** It depends. Through consolidation and rationalization, we have seen some significant improvements in the balance sheet strength of some of our customers. Some of the US majors come to mind. These stronger airlines have large cash balances and can be selective in how they finance their fleet. Elsewhere, especially in emerging markets, the growth rates are such that operating leasing is an important means to capture opportunities and finance

fleet additions. Export credit remains an important source of financing in the regional segment but we think operating leasing will play an increasingly important role in the turboprop segment going forward.

**After the rocky time recently for the civil aviation market the industry is making a big comeback especially in Asia and South America - do you expect a major recovery in Europe and North America soon too?**

**Todd Freeman:** Business and consumer confidence is under pressure which clearly has an impact on travel. Europe is showing some positive signs, posting some year-over-year traffic growth over the summer but this could be due in part to the weaker Euro. The European regional segment is stable and exhibits a good balance between turboprop and regional jet capacity. In the US, year-to-date system traffic is nearly flat but capacity growth has been tightly managed. The long expected fleet renewal cycle has now begun. With the economic challenges, we are also seeing increased interest in turboprops in the US so the pendulum is starting to swing back from the majors' heavy reliance on regional jet capacity.



GECAS placed a first-time ATR order for 15 ATR 72-600s, plus 15 options during the latest Le Bourget airshow

## In brief

### ATR hits the red carpet with its own Oscar

ATR's own film "Designed for the Future" has been singled out at the annual Cannes Corporate Media and TV Awards. ATR's production has been awarded in the "Communication Marketing" category.

### New look ATR management

Lilian Brayle joins ATR as Senior Vice-President Product Support and Services, Thierry Casale and Carmine Orsi are respectively appointed Senior Vice-President Operations and Senior Vice-President Technical.

### ATR fully active in cancer prevention campaign

As part of the international "Octobre Rose" breast cancer awareness campaign, ATR's CEO, Filippo Bagnato donated a cheque for 30,000 euros and continues an action launched on International Woman's Day, when ATR delivered a pink aircraft called "La Ville Rose" to the airline company AZUL. AZUL supports the Brazilian association FEMAMA in its program against cancer.

### ATR makes its presence felt at Dubai Air Show

Once again ATR will have high visibility at the Dubai Air Show in November. As well as having a 100m<sup>2</sup> booth to display models of all the ATR operators from the Middle East, a user-friendly version of the Armonia cabin configuration is also available for the visitors to design their own dream interior.

## In the know

## TRIP Airlines - number 1. The Brazilian carrier breaks the 50 barrier!

The Brazilian Airline TRIP announced firm orders for 18 ATR -600s and an option for another 22. It means the Brazilian carrier is now the biggest single user of ATRs worldwide and by 2014 will have more than 50 in service! What is also unique is that TRIP is purchasing half of them directly from ATR and the rest through two leasing companies. 5 are being bought through Air Lease and 4 from GECAS. The deals underline the advantages and flexibility on offer for clients keen to get brand new turboprops into service rapidly.

TRIP is now the biggest regional operator in Brazil flying to more than 80 cities. A decade ago 30 million passengers flew on internal routes in

Brazil. This year it's expected to be close to 80 million as the domestic aviation market grows by 20% per year. For TRIP, ATRs are the ideal solution. Most of its passengers are businessmen and women who until recently spent hours on the road but can now make substantial savings in time and money with a one hour regional hop. Pierluigi Baldacchini, ATR's Sales Director is convinced ATR will continue to sign even more deals soon in the country as Brazil goes from strength to strength.

He says, "The market is so promising that even Brazilian banks which were once so reluctant to get involved in aircraft sales financing are now looking at this new business as a major opportunity for them."



TRIP purchased 9 ATR-600s directly from ATR and the rest through the two leasing companies Air Lease and GECAS