

The Global Helicopter Market

An upbeat industry - but not without its challenges.

by Michael Chase & Marj DeLong

The rotor-wing worldwide market is buzzing along with 24,000 helicopters in operation according to the latest information compiled by JETNET/AvData, whose research covers both turbine and piston-powered modern western-produced helicopters.

The recent Heli-Expo in Anaheim, California, was attended by an estimated crowd of over 17,000 visiting 585 industry exhibitors and 65 helicopters on display on the showroom floor.

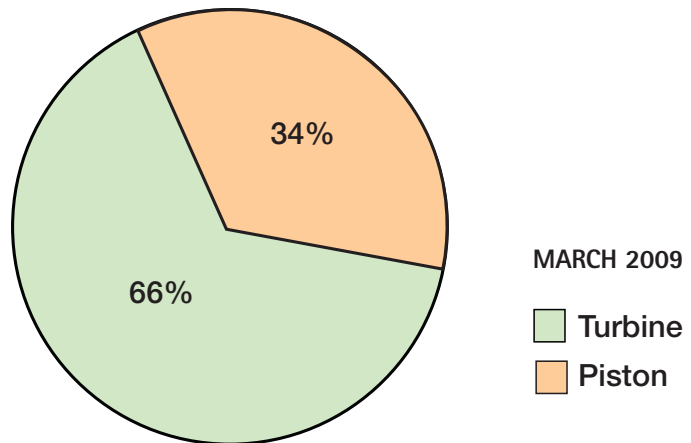
The Helicopter market news was very upbeat compared to the woes begetting other industry sectors. However, this does not mean that the Helicopter sector is without its challenges.

We will discuss some of the recent trends in the Pre-Owned Helicopter market to provide a current understanding of this unique market sector. Approximately two thirds of the total helicopter fleet are turbine-powered and the remaining are piston-powered, as displayed in **Chart A** (top right).

Bell and Eurocopter are the market leaders by a large margin in the manufacturing of the turbine-powered helicopter sector as illustrated in **Chart B** (right).



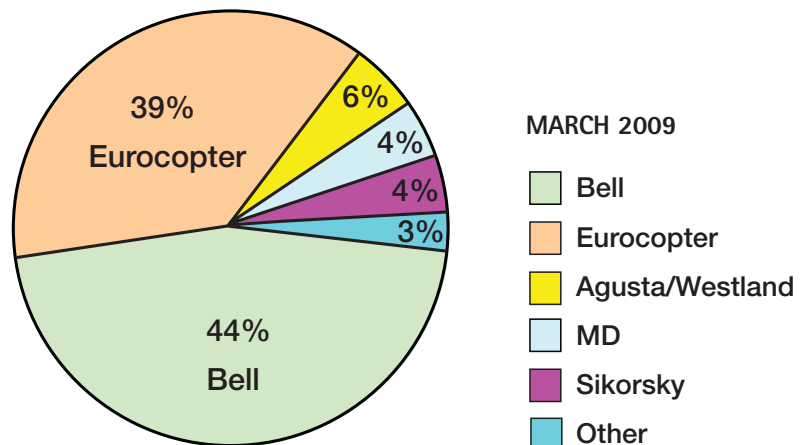
CHART A - WORLDWIDE HELICOPTERS



WORLDWIDE THERE ARE MORE THAN 24,000 HELICOPTERS IN OPERATION TODAY WITH 2/3 TURBINE AND 1/3 PISTON POWERED

Source: JETNET/AvData: Presentation & Analysis by Chase & Associates

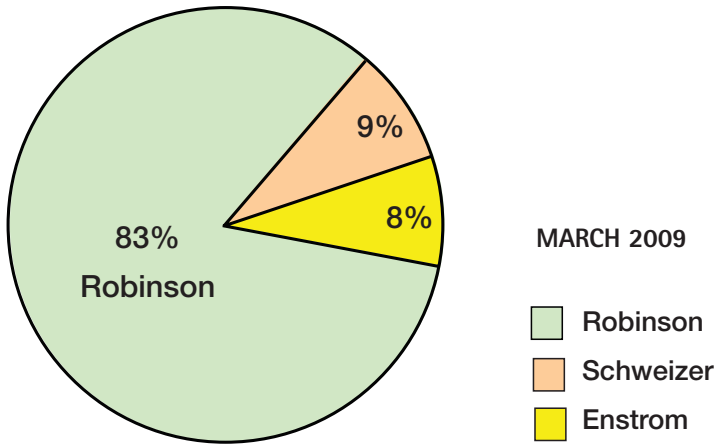
CHART B - WORLDWIDE TURBINE POWERED HELICOPTERS



WORLDWIDE THERE ARE MORE THAN 15,800 TURBINE POWERED HELICOPTERS IN OPERATION TODAY WITH 83% BUILT BY BELL AND EUROCOPTER

Source: JETNET/AvData: Presentation & Analysis by Chase & Associates

CHART C - WORLDWIDE PISTON POWERED HELICOPTERS



WORLDWIDE THERE ARE OVER 8,300 PISTON POWERED HELICOPTERS IN OPERATION TODAY WITH 83% BUILT BY ROBINSON

Source: JETNET/AvData: Presentation & Analysis by Chase & Associates

TABLE A

BREAKDOWN OF HELICOPTERS BY REGION		
Region	Turbine	Piston
North America	7,400	3,600
Europe	3,700	2,200
Asia (inc. Middle East)	1,800	300
South America	1,350	500
Australia/Oceania	900	1,200
Africa	620	500

TABLE B

Pre-Owned Helicopter Market			
Year	For Sale *	Full Sales Transactions	Avg. Months on the Market
Turbine			
2006	317	2,217	5.2
2007	362	2,548	5.9
2008	825	2,408	5.7
Piston			
2006	294	1,759	4.5
2007	384	1,867	5.9
2008	568	2,007	6.8

Source: JETNET STAR reports * FOURTH QUARTER

When it comes to piston-powered helicopters, **Chart C** (top left) shows that Robinson is the undisputable market leader producing 83% of the piston-powered helicopters worldwide, followed by Schweizer at 9% and Enstrom at 8%.

Breaking the entire helicopter market down by continent reveals that 70% of the 24,000 helicopters operated worldwide are based in North America and Europe. 46% are based in North America, while Europe has 24%. **Table A** (middle left) shows the number of helicopters that are both turbine and piston-powered by Continent as reported by JETNET / AvData.

Asia (including the Middle East) has the third largest number of turbine-powered helicopters, and the highest ratio 86:14 (1,800 to 300) of turbine to piston-powered helicopters of all the continents. Meantime, Australia/Oceania is the only area that has more piston-powered (1,200) helicopters than turbine (900).

PRE-OWNED HELICOPTER MARKET

Shown in **Table B** (bottom left) are the past three years pre-owned turbine and piston-powered helicopter numbers, including those a) For Sale, b) completing Full Sale Transactions, and c) Average Months on the Market. Several observations regarding the data shown in Table B are required:

First, the number of "For Sale" helicopters for both the pre-owned turbine and pistons have increased significantly. The increase has seen numbers more than double compared to those in Q4, 2007. Numbers have risen from 362 to 825 in 2008 for the turbine-powered helicopters alone.

Second, while there was a decline of 5.5% of the pre-owned full sales transactions for turbine-powered helicopters in 2008 at 2,408 compared to 2007 at 2,548, the pre-owned piston-powered helis showed a strong increase of +7.5% in 2008 compared to 2007. This increase is very good news, and could be influenced by the current economics driving more sales at the lower end of the market.

Third, in spite of the increase in full sales transactions, the piston-powered pre-owned helicopters are taking longer on average to sell as indicated by the average months on the market, which increased to 6.8 months in 2008 compared with 5.9 months in 2007. There was a slight decline in the pre-owned turbine-powered helicopter average months on the market in 2008 at 5.7 months.

NUMBER OF HELICOPTERS FOR SALE

According to the JETNET / AvData listings, as of this writing there were 920 Turbine

and 570 Piston-powered helicopters FOR SALE worldwide. **Table C** (top right) reflects (by Manufacturer) the number FOR SALE, as of March 2009 compared to September 2007.

Table D (middle right) represents a further breakdown of the 'For Sale' helicopters for the TOP 10 Countries by turbine and piston-powered helicopters. The United States, United Kingdom, Canada and Australia are leading the 'For Sale' listings.

Table E (bottom right) breaks down even further our analysis in the previous tables, and focuses specifically on the United States. Here we consider the 'TOP 10' States in which turbine and piston-powered helicopters can be found For Sale.

AVERAGE LENGTH IN YEARS OF AIRCRAFT OWNERSHIP

The "Average Length of Ownership" for the pre-owned piston-powered helicopter is 3.9 years and for turbine-powered helicopters is much longer at 6.4 years, according to JETNET's STAR reporting system. This data can be valuable information for dealer/broker repeat business to anticipate frequency of helicopter ownership changes.

To summarize, the rotor aircraft market continues to be quite significant for the numbers in operation worldwide. The current build up in the FOR SALE inventory of the pre-owned Helicopters in 2008 is concerning but there is still plenty of sales currently occurring.

New helicopter orders are based on the successful sale of existing helicopters in the pre-owned market so we will continue to monitor these trends as 2009 unfolds.



► For more information:
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TABLE C

Helicopter Summary "For Sale" (By Manufacturer)			
Turbine		# For Sale	
Manufacturer	Mar. 2009	Sept. 2007	Change
BELL	372	132	240
EUROCOPTER	341	103	238
AGUSTA/WESTLAND	86	28	58
MD	54	18	36
SIKORSKY	33	15	18
BELL/AGUSTA	13	7	6
ENSTROM	13	5	8
SCHWEIZER	7	4	3
EUROCOPTER/KAWASAKI	1	2	-1
TOTAL	920	314	606
Piston		# For Sale	
ROBINSON	435	254	181
SCHWEIZER	70	41	29
ENSTROM	65	42	23
TOTAL	570	337	233

Source: JETNET Evolution Program

TABLE D

Summary of Helicopters 'For Sale' by Country					
Rank	Country	Turbine	Rank	Country	Piston
1	United States	314	1	United States	284
2	United Kingdom	88	2	United Kingdom	54
3	Canada	82	3	Canada	51
4	Australia	43	4	Australia	37
5	Ireland	38	5	South Africa	24
6	New Zealand	36	6	Ireland	21
7	South Africa	36	7	New Zealand	19
8	Brazil	31	8	Germany	10
9	Italy	22	9	Brazil	8
10	France	20	10	Denmark	7

Source: JETNET Evolution

* RECORDED MARCH 2009

TABLE E

Summary of Helicopters 'For Sale' by State					
Rank	State	Turbine	Rank	State	Piston
1	TX	43	1	FL	32
2	FL	38	2	CA	29
3	CA	28	3	TX	28
4	TN	15	4	OR	16
5	HI	12	5	GA	14
6	NC	11	6	MI	13
7	PA	10	7	VA	10
8	IL	9	8	IL	8
9	LA	9	9	NC	8
10	WA	9	10	WI	8

Source: JETNET Evolution

* RECORDED MARCH 2009