

# ATR Review



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



## Edito



The year that's just ended was a fantastic one for ATR. We sold a record 157 aircraft in 2011 and ATR's turboprop largely dominated the regional market picking up more than 80% of all sales in that industry segment.

Turboprops, and particularly ATRs are leading the regional market. ATR sold aircraft worldwide; 10 new clients are joining the ATR family for the first time. This provides me with a chance to welcome the new members to the family and to thank all other partners for once again expressing their confidence in ATR and our aircraft.

The key to our commercial success is without question our product. The excellent feedback from our operators who have already put the brand new -600 into service is proof of that. Not only have they expressed satisfaction with the on-board comfort but also with the substantially lower operating costs that the -600 offers. After the record sales of 2011 we turn to 2012 and our determination to transform orders into deliveries. We intend to deliver a record number of aircraft this year – 72, so that operators can put their planes into service as quickly as possible. On top of that we have invested in a new software called 'ASTRE' for our Spares Support and Services department that is unrivaled in the industry. It means our clients will receive an even better quality of service from ATR than ever throughout the aircraft lifecycle.

I believe that the new year's positive trend will be a real driver of more success for those in the ATR family and our many clients and partners around the world!

Filippo Bagnato  
Chief Executive Officer

### In flight

## ATR is Number 1 but the hard work continues

ATR notched up record sales in 2011 - its next challenge is turning sales into deliveries with a massive ramp up starting now.

2011 will go down as the best year ever for ATR in terms of sales.

It sold 157 planes to 18 customers worldwide. And if you look at the regional market overall, turboprops once again overwhelmingly dominated the market selling 164 planes compared to just 29 jets in the 30/90 seat range. That means turboprops represent more than 80% of all regional aircraft sales in this segment of the industry. But those figures are not a one-off by any means. They show the long term domination of turboprops in the market.

Since 2005, 896 turboprops have been sold compared to just 270 jets. Turboprops are now sold across the globe. Asia represents around 50% of all sales but double digit figures have also been reached in North America, Latin America and Europe.

Several key factors underline ATR's success in the market. Clients need to keep their costs down and no other plane matches the turboprop with its fuel savings on one hour regional flights. The low noise emissions and eco-efficiency of the turboprop are a key selling point as airlines try to increase their environ-

mental awareness. On top of that, the turboprop now offers the exact same high comfort standard as a jet and offers far lower maintenance and running costs.

In the customer and service department dispatch reliability levels at ATR are above 99,7%, unrivaled in the industry.

ATR's Senior Vice-President Commercial, Jacques Desbarats says being the outright leader in the market means there are still challenges but they change.

"Our workforce have created a dynamic and we must show that this is not the peak but part of our

long term strategy to make our product even better and more attractive for our clients. The proof is that ATR has been doubling its orders from 40 new planes in 2009 till 80 in 2010 achieving its record 157 sales in 2011."

ATR has set several key goals for 2012. It wants to break into new markets like Japan and gain a stronger foothold in North America. On top of that clients placed options for 79 turboprops worldwide. Jacques Desbarats says he wants to turn those into firm orders.

One challenge with many sales is transforming orders into deliveries, after all clients want to get their new aircraft into service as fast as possible and that means stepping up the delivery rate. ATR delivered 54 planes in 2011, its objective is to increase that to 72 this year and to 85 in 2014. The huge success of the -600 in the market (222 ATR -600 sold end of 2011) underlines ATR's constant search to make the product even better and the sales

figures speak for themselves.

"One challenge with many sales is transforming orders into deliveries"



Annual press conference – January 18<sup>th</sup>, 2012



In the air

# Air Madagascar's nonstop growth

The carrier celebrates 50 years in business and a great future ahead.



Hugues Ratsiferana, CEO of Air Madagascar

Air Madagascar, now operating since 1962, is one of ATR's longest serving customers. It bought its first second hand ATR 18 years ago before purchasing new planes. It now has 4 ATRs in service including two 72-500s, one 42-500 and one 42-320.

Hugues Ratsiferana, CEO of Air Madagascar, says: "Today we operate a mixed fleet of jets and turboprops. It allows us to match our offering to a specific market demand. As for ATR aircraft, I can confirm that the criteria of the economic profitability are respected."

Most of Air Madagascar's passengers are tourists who come to the island country to see the vast and extraordinary biodiversity on offer there. However once the passengers reach the capital they then fan out across the island and that is where Air Madagascar's four ATRs have a key role.

"The advantage of a modern aircraft is based on the amount of maintenance work needed. Current aircraft technology allows us to quickly troubleshoot maintenance problems which significantly reduces response time of our mechanic team," added Mr Ratsiferana.

Madagascar is the fourth biggest island in the world and the road infrastructure is poor, so visiting the island requires either very long trips by road or short hops. With a turboprop and with greater tourist numbers, Air Madagascar sees significant opportunities to expand on that. The airline is very keen to ramp up its capacity, with increased flights on its domestic routes and by extending its network across Madagascar.

Guido Di Paolo, ATR's Sales Director Africa says the turboprop is ideal for Air Madagascar's domestic routes, "It can take tourists days to reach their final destination by road which eats into their valuable holiday time and the turboprop can make the trip in an hour. The turboprop can also handle the short

runways on the island and of course provides big fuel cost savings compared to its rivals on similar routes".

Air Madagascar is also playing a key role in opening up the island's economy to new business oppor-

tunities as it expands its routes across the Indian Ocean region. ATR will continue to be there to support those efforts. Happy Birthday, Air Madagascar!

"ATR aircraft respect the criteria of the economic profitability"



Business case

# Lion Air roars! Indonesian carrier now has the largest ATR fleet worldwide

Low running costs and adaptability of the product makes ATR turboprops the 'must have' aircraft of choice for more and more operators.



Indonesia's biggest private carrier Lion Air is now officially ATR's biggest single operator. The rapidly expanding ATR client has just ordered 27 new turboprops bringing its ATR fleet to around 60 strong!

Lion Air's link up with ATR makes total business sense. The low cost operator is expanding its regional routes. With hundreds of islands across Indonesia, turboprops provide the lowest running costs around, for the airline to offer short flights across the vast archipelago.

If Lion Air is now ATR's biggest single client, several other big ATR operators are just behind. In second position is Brazil's TRIP. In third place is another Brazilian carrier Azul and Russia's UTair with forty turboprops each. 15 years ago a major ATR operator would have had between 20 and 25 turboprops in their fleet. Now it's 40 or more.

These figures underline that turboprops are now a major component of airlines business strategy. Operators are expanding rapidly in emerging markets like Asia, India and South America. Often they run low cost operations

and their business models require low cost solutions and ATR is the perfect fit for their requirements.

Kerosene prices have risen four fold in the past 10 years while passengers have got used to cheaper ticket prices so operators are relying on ATR turboprops to turn a profit because they provide far lower running costs. Moreover, ATR is a green aircraft with the lowest gas emission and noise footprint available in the industry.

ATR's product also offers another great advantage for both the operators and its paying passengers: extremely

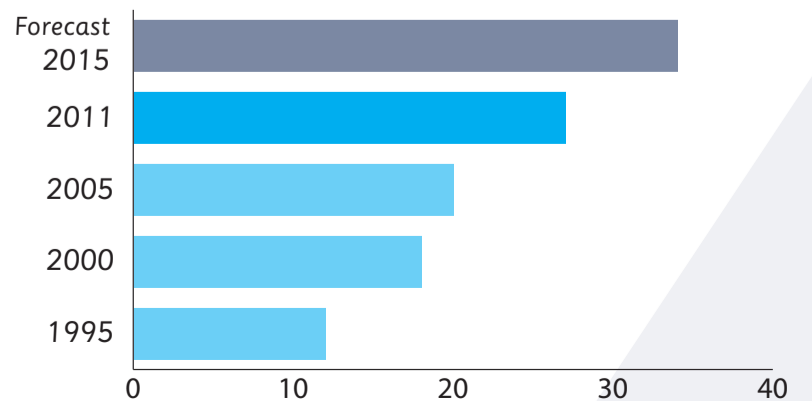
comfortable and modern cabins and the latest safest on board technology. Cargo operators also see huge advantages in using turboprops as feeders.

The fifth biggest ATR operator is FedEx. The courier and delivery service operates around 40 different ATRs in its freight version using several different operators. FedEx can bring parcels to its hubs in an hour or less flight, cheaply and far more rapidly than by road or rail. In emerging markets operators are often developing or opening up new routes more quickly than the local infrastructure develops and that is

why ATRs have extensive advantages. They can land and take off on short runways as well as unpaved ones. On top of that, as is the case with UTair, ATRs can handle the extreme weather conditions that pilots face when flying in Russia.

One telling statistic underlines airlines growing appetite for ATR's product. Today, they are 27 airlines operating more than 10 ATRs compared to just 12 companies in 1995. And according to Bertrand Pabon, ATR's Market Strategy Manager, within a decade there is a strong chance that other ATR operators will exceed 40 ATR, joining Lion Air, TRIP, AZUL and UTair.

ATR OPERATORS WITH FLEET EXCEEDING 10 AIRCRAFT





# Delivering high added value

New ATR Support and Services boss wants to make sure the customers needs come first.



Lilian Brayle joined ATR in October as the new Senior Vice President, Product Support and Services. He sat down with ATReview to spell out his goals and challenges in his new role.

**ATReview: What is your most important task right now in your new position?**

**Lilian Brayle:** "My first role is focusing on our customers. We have to make sure they get the support that they deserve, it's very challenging. Already the ATR fleet is very important and we have 30 years of experience so that means we have a global fleet in operation with several types of aircraft. Some are brand new, others are relatively old so we must deal with a variety of issues and make sure that the ATR aircraft are at

the top of their game and remain an attractive product. That not only produces happy customers but in turn helps our image and enables us to sell more aircraft in the future."

**ATReview: You have set a long term mission strategy. Where do you want ATR to be in 2020?**

**L. B. :** "We know where we have to go. The ATR fleet is already massive and present in Europe and in Asia where we are expanding our support. Now we see new regions where we need to set foot and be able to provide local support and a range of services at the exact same standard as that we provide in Europe, Asia and North America. We need to be present in Brazil and across South America. Russia and Eastern Europe will also become very important for us. We are a regional aircraft company; we need to be very present on a local level. The company has already proved that it is part of the corporate DNA and we will continue along that line."

**ATReview: To look forward means knowing your customers well?**

**L. B.:** "We have to look at the future. We need to understand where our sales will be in the future and what will be our customers' requirements in the next 5 to 10 years and be ready for that whether in terms of services, network or way of doing business. Nothing is better than knowing who your customers are, talking face to face with them and

understanding their business and what they are doing with their aircraft."

**ATReview: How important will training be in your new job?**

**L. B.:** "Training is crucial. Whether you are talking about ground maintenance staff or flight crew it's essential for our customers to have the relevant skills to support the development of their airlines. As the fleet is growing very fast we have to be in anticipation mode as we are now delivering aircraft to new regions in the world. We have to make sure we can provide anywhere in the world qualified sites and staff to maintain and fly ATR aircraft for the long term."

**ATReview: You are running the department with 260 staff, your thoughts so far?**

**L. B.:** "I feel really privileged in my new role and what strikes me is that ATR is making the most of what we have with our product every day and our staff, skill set and resources and I really love it. It's about being pragmatic, not fancy but achieving things, it's unique and our customers recognize this."

## Profile

Lilian Brayle is a trained engineer with more than 20 years experience in the aerospace industry. Before joining ATR, he spent most of his career with the Safran group working on civil and defense programs including heading the technical support department within Turbomeca's helicopter engines division. Mr Brayle's work took him to Australia where he was based for 7 years and where he became President of the French-Australian Chamber of Commerce and Industry while running a fast growing MRO facility.

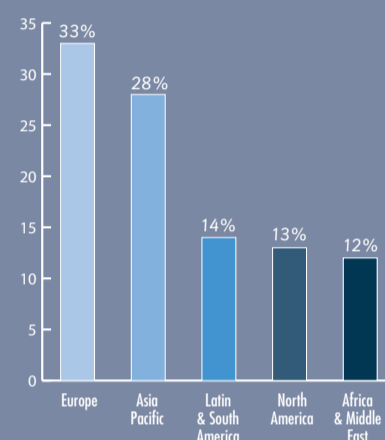


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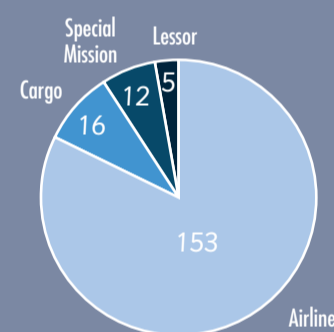
That is the number of turboprops ATR sold in 2011, the biggest annual figure ever in the company's history.



## FLEET IN SERVICE (as of Decembre 2011)



## AIRLINE OPERATORS AND LEASING COMPANIES (as of Decembre 2011)



## In the loop

### ASTRE : Software Big Bang in Spares Support and Services



ATR's committed to investing in the latest technology to ensure clients are getting the best service on the market and throughout the lifecycle of the aircraft. That's why the Spares Support & Services department has switched to the latest cutting edge SAP software (Systems, Applications and Products) available in the industry. The project known as ASTRE (ATR Spares Total Re-Engineering) aims at improving the

level of service of all activities related to spare parts (standard exchanges, repairs, leasing...), but also adapting the logistics services model to the changes in the regional market for planes. This complete intuitive support solution allows clients to browse spare parts catalogues interactively and proceed with the online ordering and technical support for spare parts by integrating with corporate order-management systems.

It has required 11 million euros of investment, with a full time team of around 50 working on the project for more than three years. The new system went 'live' on November 14th 2011. It has been a big challenge for the team but the change went smoothly.

ATR's distribution points worldwide are all working from the same software, and data entered into the system is now accessible in real time everywhere. Delivery targets for the 70,000 'living' spares currently referenced are even quicker. Laurent Besombes, ATR's Vice-President of Spares Support says, "There are always tiny glitches when you make such a big change but they are being resolved quickly; Key performance indicators so far are green. We are really satisfied and our clients are supporting us, but we are not complacent, we aim to steadily improve our performance."



## LEADING AIRCRAFT UTILIZATION (as of Decembre 2011)

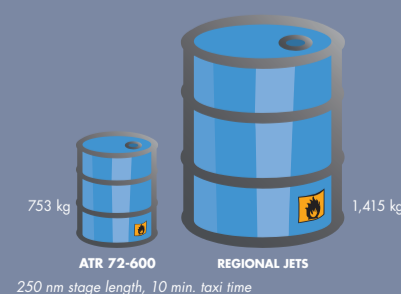
	ATR42	ATR72
Cumulative Flying Hours	61,319	43,236
Cumulative Flights	60,128	62,010

## 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 confidence

# Precision Air Services

## Number 1 ATR Operator in Africa and looking to expand.

Following the purchase of five -600s late last year, the Tanzanian-based carrier will soon become the biggest ATR operator on the African continent with 14 turboprops in its fleet. Alfonso Kioko, the CEO of Precision Air Services spoke to ATRReview about the airline and its business.



**ATRReview: How long has Precision Air Services been running and who are your key customers?**

**Alfonse Kioko:** "The company started in the early 1990s as a crop sprayer. It then turned to passenger services and bought its first ATR in 1996. Since then the company has expanded as Tanzania has gone through fast economic development.

The airline now operates 13 different routes both domestic and international with turboprops including to Kenya and Uganda. We carry business travelers as well as farmers. Tanzania has the fastest growing economy in East Africa and we are part of that development. Tanzania also has extraordinary sites to visit including national parks and of course the world famous Mount Kilimanjaro and the beaches of Zanzibar and we are flying tourists to those sites."

**ATRReview: Why are you counting on ATR as part of your growth strategy?**

**AK:** "First of all if you are not growing, you stagnate. If you stagnate, then you will end up with negative growth and that means in reality as a business you are dying. I believe there are big opportunities out there.

If you work in a smart way you will always find new business, you just have to work to get there.

ATR fits perfectly into that development strategy. We want to

open up new regional routes and expand capacity on others. Thanks to our new turboprops we will be able to do both with new services and routes towards Nairobi, Kigali in Rwanda and the Democratic Republic of Congo."

**ATRReview: You clearly believe that turboprops fit into your business model?**

**AK:** "ATR's turboprops are by far the most cost-efficient way of running a business on our domestic and regional routes. We are even planning to open new

airlines in other countries and to create partnerships with local carriers. We will of course recommend that ATRs are used on those routes."

**ATRReview: Your relationship with ATR goes beyond just buying new turboprops from us?**

**AK:** "You could even say that a long term relationship has been created between us. ATR has played a key role in our company's expansion over the years and that continues today: Take the joint partnership between us and ATR to train our new pilots and mechanics at the Aeronautical Technical school in Toulouse. That started back in 2006 and will expand even further. It's a great long term investment for us and ATR."

**ATRReview: You clearly believe there are great opportunities in East Africa?**

**AK:** "The continent has great potential. Some countries are developing economically rapidly and need a solid airline structure to accompany that development. It's up to us to grab those opportunities and often that will come

with the creation of partnerships between different airlines in the region as well as with international carriers. You can't be scared of the competition, you just have to make the most of the opportunities out there and act fast."



Alfonse Kioko, CEO Precision Air Services next to Filippo Bagnato, CEO ATR

### In brief

#### Interactive ATRReview

ATRReview has gone high tech. You can now read your favorite magazine online with enhanced interactive content including video and slideshows. You can check out this 'new look' edition of the magazine already online on ATR's corporate website.

#### Asia-Pacific driving demand for ATR

With growing demand from new potential customers in Asia-Pacific, ATR boosts its presence in the region. Once again, it participates in the 2012 Singapore Airshow (Booth E01). Currently, there are 251 ATR planes being operated in the region by more than 52 airlines.

### In the know

## Top of the Polls. Industry rates ATR the best investment.

ATR's turboprops are not just the best operational success and value for money but they also offer the best long term investment compared to its rival. In an anonymous poll conducted by the prestigious annual Air Finance Journal, the ATR 72-500 is currently rated as number one for "Operational success" in the regional segment and number one of the turboprops for "Best residual value" in its market segment.

That means operators believe the product maintains its forward value and investors including lessors and banks are convinced

the strong re-sale worth of the -500 is proof that it is a great medium to long term financing. In the "Best value for money" category, both ATR 72-500 and 42-500 aircraft are placed well above their competitor, signaling that the benefit/cost ratio of flying an ATR are far more advantageous on a one hour regional flight because of its far lower running costs.

ATR's VP Leasing & Financing Strategy, Karine Guenan says the Air Finance Journal survey is a hugely valuable marketing tool for her team, "We can talk up our product as much as we like but

when the Journal's survey confirms what we have been saying all long, people really sit up and listen."

New potential operators and investors who don't necessarily know the ATR product well take the Air Finance Journal's annual ratings very seriously. With ATR, year in year out topping the survey, they know that they have an aircraft that is considered a highly profitable long term

investment by both the investment community and airlines.



## WHERE TO FIND US IN 2012

Singapore Airshow	Singapore	14 - 19 Feb.
India Aviation	Hyderabad - India	14 - 18 March
Farnborough	Farnborough - UK	9 - 15 July
Airex	Istanbul - Turkey	6-9 Sept.
ERA	Dublin - Ireland	19-21 Sept.
Africa Aerospace	Cape Town - South Africa	19-23 Sept.
RAAA	Coolum - Australia	10-12 Oct.
Airshow China	Zhuhai - China	13-18 Nov.
AFRAA	Bamako - Mali	18-20 Nov.
Aeromart	Toulouse - France	4-6 Dec.