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SINGAPORE AIRSHOW 2016

ATR sees slower aviation growth but confident of prospects

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Singapore

EUROPEAN aircraft manufacturer ATR sees slower growth in the aviation market but remains confident about its prospects, as it announces a multi-million-dollar deal with a lessor and is in talks with another Iranian carrier.

Noting that the industry is less bullish than it was, with the size of orders from airlines smaller than what they used to be, chief executive officer of ATR Patrick de Castelbajac said: "But we're (ATR) still discussing the orders, and people are still coming to pick up their aircraft, so that's why I'm a little bit confident."

Mr de Castelbajac was speaking at a press conference on Tuesday at the Singapore Airshow, where ATR announced a purchase by Singapore-based, London-listed commercial aircraft lessor Avation of five new ATR 72-600 aircraft.

The ATR 72-600 carries between 68 and 78 passengers, and is used for short-haul services that connect smaller towns and cities with one another as well as to larger cities.

Tuesday's purchase would bring the total number of firm orders of ATR 72s by Avation to 35.

Avation has already taken delivery of over 20 of them, making it the second largest lessor of ATR turboprop aircraft worldwide. The planes now fly in the liveries of Virgin Australia, Flybe of Scandinavian Airlines, UNI Air from Taiwan, Air India and Fiji Airways. The remaining ones will continue up to 2018.

Avation currently has a fleet of 34 commercial aircraft leased to airlines in Europe and Asia-Pacific. It includes a mix of Airbus and Boeing jets.

Earlier this month, ATR signed an agreement with Iranian national carrier Iran Air for 40 ATR 72-600s, valued at one billion euros (\$1.57 billion).

On Tuesday, Mr de Castelbajac said that ATR is in talks with Iran Aseman Airlines to replace the current six ATR planes that they have, and is "targeting more than that".

But Mr de Castelbajac also stressed that South-east Asia is the "most important" region for growth for them, as the number of jets that they have here exceeds Europe's.

Executive chairman of Avation, Jeff Chatfield, also held the view that it will be focusing on the region and the larger Asia-Pacific for growth.

While not discounting possibly leasing aircraft to North American carriers, Mr Chatfield said that Avation is not anticipating such orders.

"That market is very competitive, lessors there tend to have vast amounts of money that saturate the market, and consequently the economic returns are not as good in North America than in Asia-Pacific or Europe," he said.

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