



## Brian Foley Associates

## News Release Rev 1

For Immediate Release

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### **Brian Foley Associates Predicts Steeper Bizjet Downturn** ***International Sales Not a Panacea To Mounting Industry Woes***

SPARTA, NJ, September 19, 2008 – In its own proprietary assessment of future business jet deliveries, Brian Foley Associates (BriFo) challenges the upbeat outlooks of OEMs and other forecasters. “Unfortunately the next delivery trough will be more pronounced than generally accepted with a steeper downturn” warns BriFo consultancy President Brian Foley.

“It’s easy for forecasters to get caught up in what has been an extraordinary double-digit growth period for the market over the past 6 years and straight-line that growth out into the future. There was a confluence of factors that came together to create the perfect storm for new business jet sales and that’s going to be a tough act to follow.”

The notion that the recently hot international sales market will significantly buoy the market through the next downturn is flawed. “All this talk about the “BRIC” countries (Brazil, Russia, India, China) and other emerging markets significantly minimizing the next downturn is overblown.” Foley cites the example of the Russian stock market falling by half, and China’s being ranked among the top 5 worst performers in 2008. The MSCI World Index, a weighted composite of both emerging and developed stock markets, is also down 1/3 from peak levels.

Due to the plummeting dollar over the last several years, international buyers have had the equivalent of a 30-40% discount when buying dollar-denominated business jets. This caused the non-North American component of worldwide business jet deliveries to balloon from the traditional 30% to well over 50%.” Foley believes that figure will eventually settle back to the 40% range - less than it is now but higher than in the past. “With the strengthening dollar, non-North American buyers will be less motivated to purchase aircraft. We saw much of the pent-up overseas demand satisfied over a very short period of time, which temporarily raised offshore delivery levels to the current historic levels.”

There's also disagreement that worldwide deliveries will quickly rebound back to pre-correction levels. Following a delivery peak, most other forecasts show a relatively mild delivery trough followed by a rapid recovery which quickly exceeds the peak. In Foley's view deliveries will fall precipitously from peak and could take many years to return to those levels."

The OEMs have grown fat, dumb and happy with their current order backlogs and are oblivious to how quickly things will change" concludes Foley.

### **About Brian Foley Associates (BRiFO)**

The Brian Foley Associates consulting practice is used by the investment community to provide market due diligence on business aviation companies and sectors. They're also used by companies involved in the industry for strategic advice and market research. It was formed in 2006 by industry veteran Brian Foley, a former Officer at a major business jet OEM for over 20 years. For more information visit [www.BriFo.com](http://www.BriFo.com).