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Private Aviation Steady Despite South American Turmoil

Amidst economic and political upheaval in Latin and South America over the past year, the region's combined fleet of private business jets, turboprops and turbine helicopters has remained relatively unscathed over the past year. "While one would expect a commensurate loss in fleet size and sales transactions, that is not currently the case," explains aviation analyst Brian Foley. "Pockets of weakness in specific countries were generally offset by stability and even improvements in others."

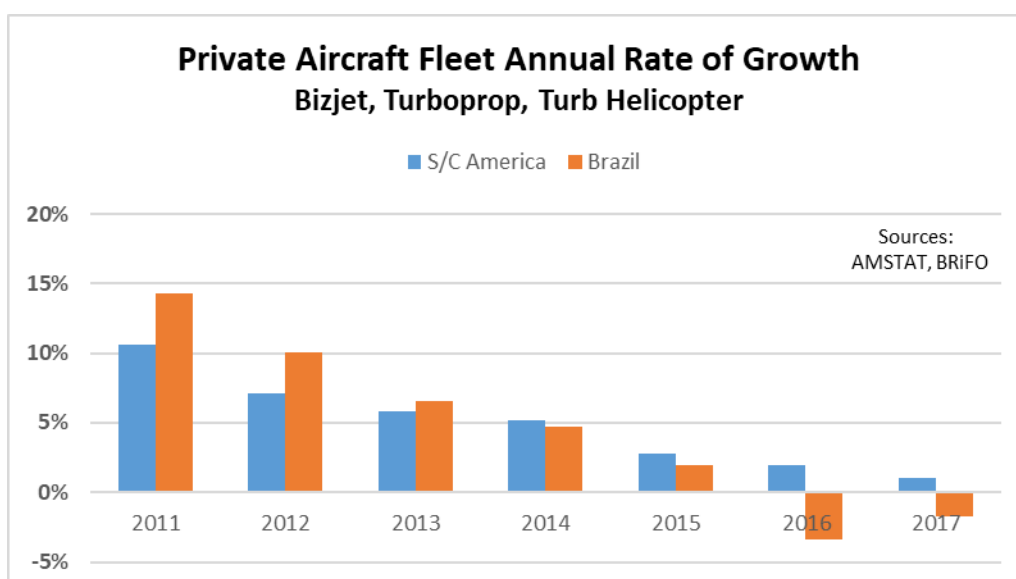
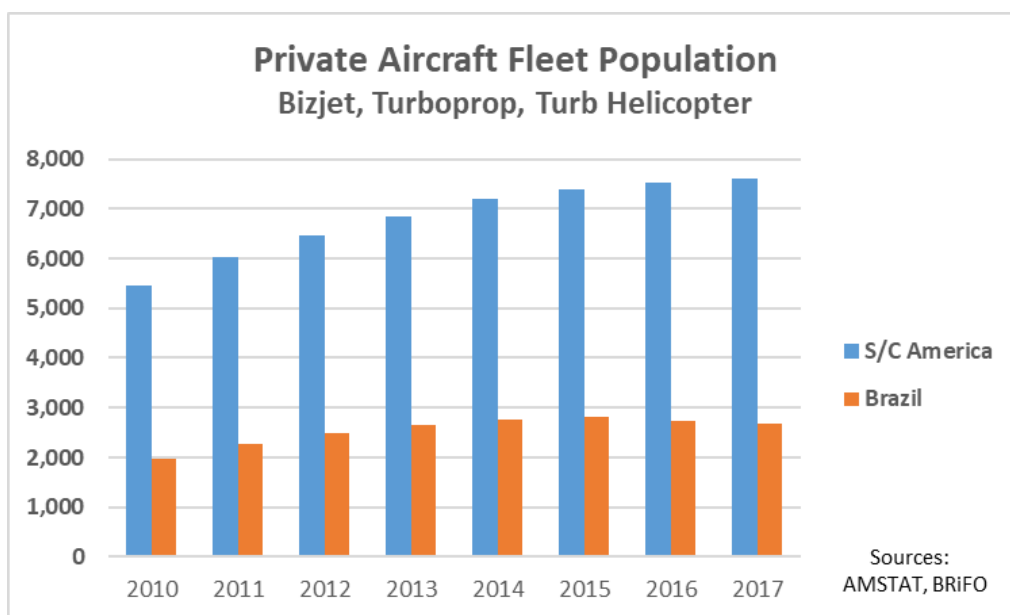
Comparing June, 2017 to the same month in 2016, aviation market data provider AMSTAT indicates that the total fleet of private aircraft eked out a slight gain in 2017. Foley notes however that this annual rate of growth of just 1% pales in comparison to the double-digit percentage gains seen earlier in the decade. In fact, Brazil's fleet has contracted for 2 years in a row but was counterbalanced by slight increases in other countries. Brazil's decrease has been primarily due to a reduction in the number of business jets based there.

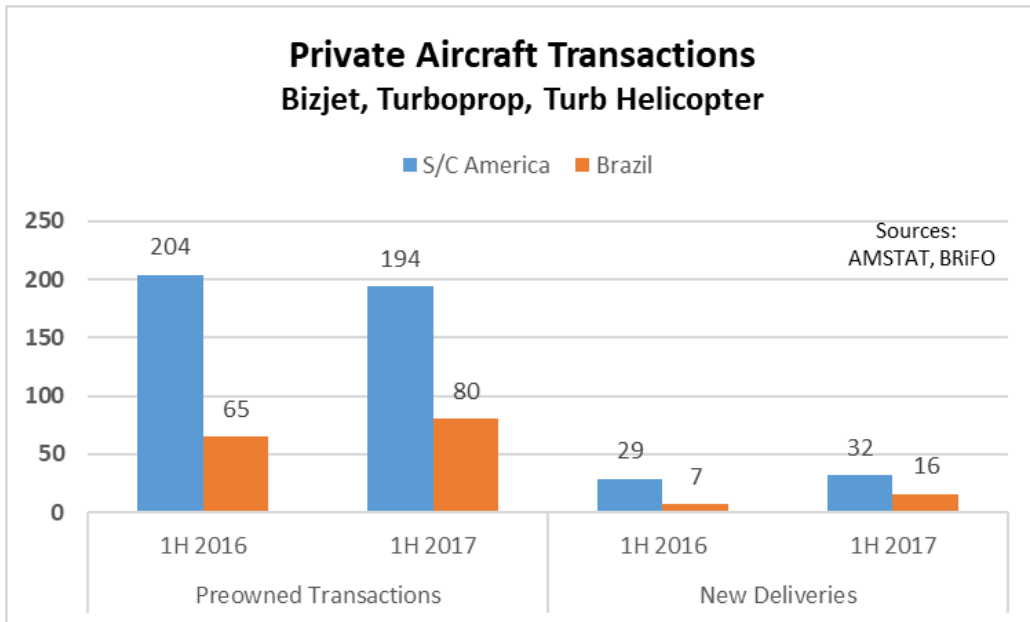
Perhaps contrary to popular belief, the number of new aircraft deliveries and preowned aircraft transactions are not indicative of the current upheaval in the area. Amidst the regional chaos the number of preowned transactions have barely budged and are within 5% of last year. With new aircraft, deliveries actually increased 10% from 29 to 32 units. It should be noted that these figures could improve even more since there's a time lag in reporting these events

Brazil has been the antithesis to the rest of the region. Even though the fleet contracted 2% in the most recent year-over-year, preowned transactions climbed 23% while new deliveries rose a whopping 128% from 7 units to 16. Foley tempers this spike by reminding that a large percentage increase of a small number is still a small number.

According to Foley another standout is Mexico. Despite uncertainty with NAFTA and its trading status with the U.S., the fleet total increased led by jet and turboprop growth with a slight falloff in helicopters.

“It appears that despite drama in the region, the private aircraft market in Latin and South America may have already seen the worst. While it could easily take upwards of a decade for activity to return to previous levels, some of the downside risk has already been absorbed. It’s my supposition that the market may have already bottomed out.”





About Brian Foley Associates (BRiFO)

Since 2006 BRiFO has provided aviation investors and companies with advice, research, diligence and investment banking services. www.BRiFO.com