

ASG: Civil Turbine Helo Fleet Grows Despite O&G Woes

by Kerry Lynch
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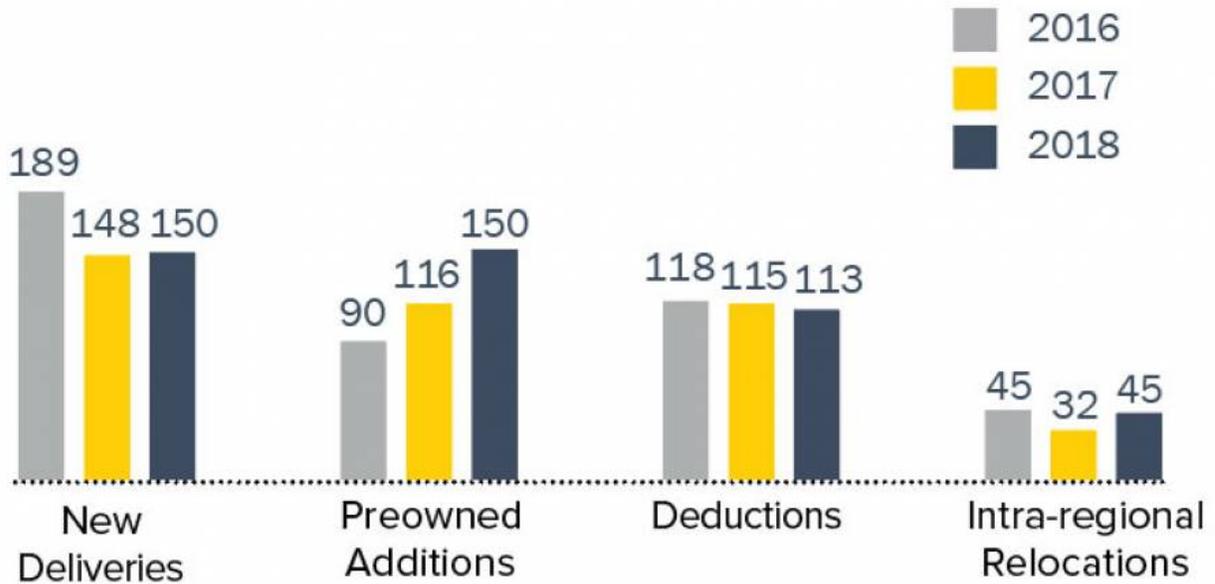
Airbus Helicopters easily accounts for the largest share of rotorcraft in Asia Pacific, representing 42 percent of the region's civil turbine fleet.

The “seemingly never-ending” turmoil in the offshore oil and gas (O&G) market made for another tumultuous year in the Asian civil turbine rotary market in 2018, but the overall fleet size still expanded 4.6 percent thanks in part to growth in the medevac segment, according to Asian Sky Group (ASG, Booth A451).

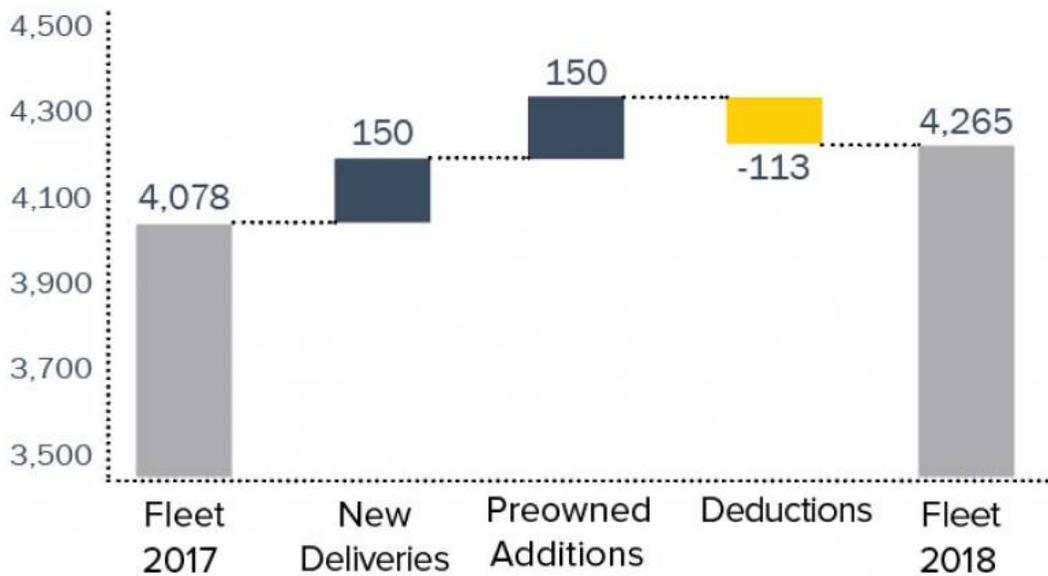
In its latest Fleet Report covering the civil turbine helicopter market, ASG notes the fleet grew to 4,265 at the end of 2018. This 4.6 percent increase was up from 3.9 percent growth in the prior year as civil turbine helicopter deliveries increased by two to 150 and the number of additions through preowned sales increased by 34, also to 150. In addition, two fewer helicopters were taken out of the market in 2018 (113).

ASG managing director Jeffrey Lowe pointed to “rays of sunshine,” including increased demand for light helicopters as the emergency medical services (EMS) market expands. Price reductions that had occurred also enticed some buyers back into the market. China experienced a 57 percent increase in its EMS fleet, while Japan remained the top EMS market.

HELICOPTER MOVEMENTS



HELICOPTER ADDITIONS AND DEDUCTIONS



SOURCE: ASIAN SKY GROUP

Australia remained as the largest market overall with 853 turbine helicopters in operation, followed by Mainland China at 667, Japan at 649, and New Zealand at 511. Mainland China experienced the largest fleet expansion, up 14 percent, or by 82 helicopters. This pushed China past Japan as far as fleet size goes. Altogether, the four countries account for 63 percent of the civil turbine helicopter fleet in the Asia-Pacific market.

Airbus Helicopters easily accounts the largest share with 1,810 rotorcraft in Asia Pacific, representing 42 percent of the region's civil turbine fleet. Bell follows at 27 percent with 1,159 helicopters in the region, followed by Leonardo at 10 percent (445 helicopters). Leonardo, however, experienced the largest fleet expansion percentage-wise in 2018, with 11 percent growth. Robinson followed at 8 percent and Bell at 5 percent.

More than half of helicopters – 53 percent – are for multi-mission, with other uses fairly evenly distributed, including corporate (9 percent), offshore (8 percent), SAR (7 percent), law enforcement (7 percent), and emergency medical services (6 percent).

However, the fleet value of the offshore O&G segment, which relies on the more expensive, heavier helicopters, decreased to 19 percent. The ongoing woes of the O&G market have resulted in an oversupply of medium and heavy helicopters, as operators are not only reducing order books but also delaying deliveries, Lowe said. "Asia Pacific has felt this acutely, from Indonesia to Australia."

O&G operators continue to struggle, as underlined by the CHC and PHI bankruptcy filings. Further, the leasing market is feeling the effects with the Waypoint Helicopters bankruptcy filing before its sale to Macquarie Group.

Despite the uncertainties, ASG is seeing a steady acceptance of leasing in Asia and expects this trend to continue. "Some of the smaller, independent regional Asian operators from India to South Korea continue to grow and China has continued to develop despite the additional headwinds of an economic slowdown," Lowe said, adding O&G operators have begun diversifying their fleets for multi-mission.

The number of helicopters on lease increased by 4.8 percent in 2018 to 261. While increased from the year earlier, the growth slowed notably over the 23.3 percent expansion that occurred in 2017. Last year, operators in Australia put eight additional helicopters on lease, the most of any country in the Asia Pacific region. That brought the leased fleet in Australia to 98. The leased fleet in Mainland China grew by three to 31. Several countries saw declines in the number of active leases, including India, the Philippines, and Malaysia among others.

Milestone is the largest lessor in the region with 79 helicopters placed. This was up by eight helicopters from 2017. Medium helicopters account for 59 percent of the leased fleet, and helicopters used for offshore support still accounted for the largest share of the leased fleet, at 35 percent, just eclipsing multi-mission helicopters that make up 34 percent of the leased fleet. Emergency medical services, however, accounted for 20 percent of the leased fleet. "As EMS grows in the region, it may eventually replace offshore O&G as the main growth driver for leasing companies," ASG said.

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