Cessna Ups Its Game

The NBAA convention heralds new aircraft and markets, as well as a bit of a pushback

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Although he's been on the job for just four months, Scott Ernest, CEO and president of Cessna Aircraft, is pushing the throttles at the beleaguered airframer and accelerating the introduction of two new Citation models to counter new competitors in the light jet market, which Cessna has dominated for decades.

The Citation M2 is successor to the CJ1+, which has proved to be a market also-ran. While the new models share the same airframe, its two Williams FJ44-1AP-21 turbofans have been upgraded and the Rockwell Collins ProLine 21 avionics replaced with a new Garmin 3000-based "Intrinzic" flight deck, featuring three 14.1-in. LCD primary and multifunction displays and two infrared touch-screen control panels.

Additionally, the cabin will be fitted with a fiber-optic "infotainment" system with a wireless router, enabling its six passengers to use their smartphones and other mobile devices.

The M2 is taking on Embraer's popular Phenom 100, for which the Brazilian manufacturer has signed hundreds of orders, and Honda Aircraft's HondaJet, which is still in certification testing. At $4.195 million, the M2 is $1 million less than its predecessor, slightly higher than the Phenom and $300,000 less than the Honda. The new Cessna is expected to begin service in 2013.

Two weeks after unveiling the M2, Ernest surprised attendees at the National Business Aviation Association's (NBAA) annual convention here by announcing the launch of the Citation Latitude.

The aircraft features an all-new, flat-floor cabin that is 77 in. across—the widest Citation by almost a foot—and 72 in. high, with Garmin G5000 avionics, touch-screen controls, and a new cabin management system with ultra-high bandwidth communications links.

Able to accommodate eight passengers and to range up to 2,000 nm, the Latitude will compete directly with Embraer's Legacy 450. However, the latter is expected to be certified and begin service in late 2013, whereas the new Cessna is not scheduled to reach the market until two years later.

Nevertheless, Cessna believes the Citation line's historical popularity—more than 6,000 have been delivered—highly regarded service network and the fact that at $14.9 million, the Latitude is priced nearly $1 million below the Brazilian aircraft, should help it succeed.

Meanwhile, Embraer celebrated more immediate success at the convention, announcing the sale of 13 Legacy 650s, valued at about $400 million, to Minsheng Financial Leasing Co. of China. And there were even broader smiles among Dassault executives since Minsheng signed for 20 Falcon 7X business jets and an equal number of Falcon 2000S jets, worth $800 million—all in addition to the five Falcon 7Xs purchased earlier.

Those deals only served to fuel speculation about China's market potential for business aircraft makers and suppliers, a constant subject of conversations and press conferences throughout the three-day convention.

Ernest Edwards, president of Embraer Executive Jets, says he believes Chinese operators will take delivery of 680 new business jets in the coming decade. And Kong Linshan, Minsheng's chairman, is even more optimistic, saying, "We think China will take delivery of 1,000 jets in that period." In time, he says, the orders announced at this year's convention, "will turn out to have been quite a small step."

Underscoring that robust view was an observation by Charles Edelstenne, chairman and CEO of Dassault Aviation, that in 2011, "China has been the No. 1 market since the beginning of the year." The company plans to deliver 15 Falcon Jets to Chinese buyers in 2012. China also features prominently in Boeing Business Jet's sales since NBAA 2010 in Atlanta, accounting for the two BBJs and one BBJ 2 sold in the...
past 12 months. The country's growing importance has also prompted BBJ to select Taeco, a subsidiary of Hong Kong Aircraft Engineering Co., as its first licensed completion center in the region.

Although China's total business jet fleet is believed to be about 150 aircraft, Jason Liao, chairman and CEO of China Business Aviation Group, says that demand for charter aircraft in China has outstripped supply and as a result there is a "huge charter shortage. If you go to an operator like Deer Jet, eight out of 10 times they will tell you that they just don't have an aircraft available, no matter how much you are willing to pay."

"The OEMs [original equipment manufacturers] will soon have to increase production for China, especially for large-cabin, the high end," he says. He believes the business jet market in China will be worth more than $11 billion by 2018, or roughly the same as that in the U.S.

Although it is not necessarily supported by other forecasts, that is the kind of prediction that gives aircraft makers hope as many struggle through an industry-wide downturn that began abruptly and severely in late 2008.

Another theme supporters reiterated throughout the course of the convention concerned the abuse some politicians, in general, but President Barack Obama in particular, have unjustly and misguidedly directed toward business aviation. The offenses cited include characterizing business jet users as being fiscally irresponsible, proposing $100-per-segment air traffic control user fees, altering aircraft depreciation schedules, and disseminating aircraft identification and position information in real time through the Internet.

At the opening ceremony, former Senate majority leader Bill Frist (R-Tenn.), a heart transplant surgeon and long-time pilot, urged attendees to stand up to "the bogeyman going after you." In NBAA President Ed Bolen's view, "there is a bully pulpit being used to bully this industry." He went on to imply that the president clearly appreciated the value afforded him by "America's business jet, also known as Air Force One."

While many spoke with disfavor about the Obama administration's statements and actions toward business aviation, Bill Boisture, CEO of Hawker Beechcraft, is among the most public and direct. "The fiscal proposals in this administration are nothing short of irresponsible," he said. "They affect customer confidence in the buy decision because the future is unknown in terms of fees and depreciation."

Initially, the consequences of the president's criticisms might have been thought to be unintended, Boisture said, "but now we determine that this is intended." As a result, he is encouraging all Hawker Beechcraft employees "to be politically active."

Other noteworthy developments at the convention include:

- Honda Aircraft stating first delivery of its new HondaJet has slipped roughly nine months into 2013. CEO Michimasa Fujino attributes the delay to development issues with the aircraft's GE-Honda HF120 turbofan, which will push its certification to the second half of 2012.
- Pratt & Whitney Canada studying a next-generation PT6 that could provide a 20% improvement in fuel burn. The PT6 series has increased power-to-weight ratio by 40% and reduced fuel burn by more than 20% during the five decades it has been in production. Initial concepts will focus on technology for a possible demonstrator in the 1,000-shp range.
- Comlux being announced as launch customer for the executive version of the Russian-built Sukhoi SuperJet, placing an order for two, along with two options, for the $50 million aircraft, the first of which is to be delivered (green) in 2014.
- Gulfstream Aerospace expecting to receive certification and begin deliveries of its G280 before year-end. Additionally, provisional certification of the G650 should come this year with full type certification and first deliveries following in 2012. The 200+ unit backlog for the $64 million, ultra-long-range jet stretches to mid 2017.
- Eclipse resuming production of its very light jet in 2013 with Sikorsky's PZL Mielec subsidiary in Poland building the wings, fuselage and empennage. The new aircraft, upgraded with an integrated FMS, synthetic and enhanced vision, and auto-throttles, among other things, will be priced at $2.695 million and be designated the Eclipse 550.
- Associated Aircraft Group, another Sikorsky subsidiary that operates and manages a fleet of nine S-76 helicopters in the New York area, placing an Eclipse into charter service and planning to begin an Eclipse fractional ownership program soon.
- Lufthansa Technik expecting to begin completion work on its first executive Boeing 747-8 next July, and possibly adding a second jumbo to its Hamburg line before the end of 2012. Completion of the first 747-8VIP is planned to take 21 months; subsequent completions could shorten to 18 months.
- Cessna's Scott Ernest declaring the Wichita manufacturer "will see a slight uptick in deliveries over last year" and that it has "absolutely no intention" to divest the company's line of piston-engine aircraft.
- Transportation Security Administration officials saying the agency wants to increase business aircraft usage at Ronald Reagan Washington National Airport so that all 24 landing and departure slots are used. To accomplish this the agency has introduced several alterations to procedures and restrictions to its access program to make it more accommodating to users.
- Business jet user David C. Everitt, president of John Deere's Agriculture and Turf Div., saying a U.S. government "rush to certify" a wireless broadband service whose transmissions could encroach on GPS signals poses a threat to aviation as well as to ground users, such as farmers and others.
- A healthy 26,077 attendees, which is a 7% increase over the previous year's event in Atlanta, while the exhibitor count of 1,106 notched a 1% increase.

Overall, this year's NBAA foretells a lifting of some clouds in the sector, as well as some big bets on better days ahead.