

A new lease of life for Trent-powered A340s?

A year has passed since Airbus organised an event to revitalize A340s. Maurick Groeneveld, Director Aircraft Management with Doric, reviews what has happened since the event took place.



STORAGE NUMBERS

When just only looking at the “storage numbers” for A340-500s and -600s and comparing these between December 2013 and December 2014, there is a small increase with three for each aircraft type. However, as always, there is more behind the numbers and there have been interesting transitions and movements of both A340-500s and -600s. It can be hoped that the number of transitions and movements will gain momentum and that via the support of Airbus and Rolls Royce’s commitment “4-for-2” these aircraft types will be more compelling and that these aircraft types will additionally also benefit from the significant fall in fuel prices.

A340-500

The activities around the A340-500s have primarily involved former Singapore Airlines and Emirates Airline aircraft

which were traded-in to Airbus. Of the five ex-Singapore Airlines A340-500s, the youngest ones have been sold to the Government of Saudi Arabia (currently “stored” for modification/conversion in Bordeaux) and to Las Vegas Sands Corp, which is an American casino and resort operating company. The other three ex-Singapore Airlines have remained in storage since the handover to Airbus. Of the ten A340-500s operated by Emirates, one has been parted out by the airline and so far four A340-500s have been handed over to Airbus and are in storage with reportedly four more to go to Airbus in 2015. Another trade-in occurred with an ex-Air Canada A340-500. This aircraft had been leased by Air Canada to TAM and, following its return to Air Canada, was sold to Boeing Capital. The recent transitions and movements of the A340-500s reconfirm that this is a niche model primarily suitable for VIP and special

operations, which will mean difficult placement for the ones still to find a home.

A340-600

For the A340-600s a wider range of activities took place and this supports that the airline demand for and interest in A340-600s is clearly bigger than for the -500. In this context, the A340-600 is positioned as a more modern alternative to aging 747-400s for those new operators requiring a two-class capacity with just over 400 seats. But also existing A340-600 operators have shown interest to keep the A340-600 in their fleet. Most notably is Iberia, which not only extended leases, but also decided to undertake a major cabin upgrade program for its A340-600s. Also SAA extended A340-600 leases. During 2014, four ex-Virgin Atlantic A340-600s went in the direction of Al-Naser Airlines, an operator based in Iraq. It cannot be ruled



out that more A340-600s may go the same route or find a home in this region, particularly when the sanctions for Iran are lifted. The A340-600 is state-of-the-art and offers range and capacity, which would be suitable to meet the demand from airlines in this region. Three A340-600s, which have left the fleet of Hainan Airlines, are understood not to be placed with a new operator and are anticipated to be parted out. This is essentially the result of the AerCap/ILFC merger (and the prices assumed for these A340-600s in the portfolio that was acquired) in combination with the buy-out of the return conditions under the Hainan leases, which made parting out a more compelling option in this particular odd case. Early 2015 will see two other Virgin Atlantic Airways A340-600s coming off lease and also a total of five A340-600s previously flown by China Eastern will be becoming available. These ex-China

Eastern Airlines A340-600s will be trade-ins with Boeing Capital and it will be interesting to note in which direction they will move.

CONCLUSION

Over the past year, storage numbers of Trent-powered A340s have not increased significantly despite the phase-out of aircraft by different operators. This was possible as new homes were found for both A340-500s and A340-600s. Also during 2015, the fleet plans of Virgin Atlantic, China Eastern and Emirates will result in both A340-500s and A340-600s being phased out. It can be hoped that further momentum is gained with the transitions of these aircraft and that they will also soon be picked up by different users to avoid an increase in storage numbers. The reduced fuel price is clearly an additional stimulating factor in this context.

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