

Helicopters compete with business jet industry



Business jets get the headlines, but the helicopter industry is just as economically relevant and vital, said analyst Brian Foley with Brian Foley Associates.

Taken together, the value of civil and military rotorcraft delivered over a year's time is comparable to business jets, Foley said.

Foley describes that realization as an "aha" moment for him. "When you put the helicopter value on the military side and combine that with the civil side, that piece of the pie is just as big as business jets," he said.

The helicopter market is more diversified, while the business jet market is more vulnerable to cycles.

The civil and military markets often run counter-cyclical to one another, he said.

"This makes for a more stable sales environment for helicopters, with military frequently compensating for any civil slack and vice versa," Foley said.

The rotorcraft market is important to Wichita, where some suppliers build parts for the market.

Seventy-five percent of the work at Kaman Composites-Wichita, for example, is for the helicopter industry.

The Helicopter Association International is holding its annual Heli-Expo in Las Vegas next week, Monday through Thursday.

Corporations and individuals are the primary buyers of business jets.

Civil rotorcraft counts those sectors in its customer base, but helicopters also are used for emergency medical services, police,

utility, search and rescue, and offshore oil and gas. Military markets include scout/attack, naval warfare, squad transport, combat search and rescue, and special operations, Foley said.

In addition, manufacturers can use the same platform for military and civil configurations.

The more diverse customer base helped the industry during the economic downturn.

When civil sales activity was down, firm government contracts from the military helped offset it.

"Now, just as military contracts are threatened by shrinking defense budgets, civil is making a timely comeback," Foley said.

On the other hand, corporations and individuals canceled business jet contracts and orders slowed during the recession.

"That was catastrophic to Wichita and other business jet providers," Foley said.

Helicopter manufacturers delivered 1,044 helicopters last year, up 21.5 percent from 859 shipments in 2011, according to the General Aviation Manufacturers Association. Business jet makers, meanwhile, delivered 672 business jets in 2012, down from 696 in 2011, GAMA said.

Last year was the first time that GAMA compiled delivery numbers for the helicopter industry.

Over the 10 years from 2013 to 2022, Foley expects the helicopter industry to deliver 24,000 helicopters, including about 12,000 civil turbines, 6,000 military turbines and 6,000 piston-powered helicopters valued at approximately \$250 billion.

He expects the business jet manufacturers to deliver a similar dollar amount of jets.

"For years, the helicopter industry has had something of a Wild West, maverick image," Foley said. "With numbers like these, there's no denying that they're just as relevant as the business jet crowd, only better diversified, which makes the space even more attractive."

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