IBA value definitions

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Engine values, rental rates and maintenance indicators are based on IBA's own engine databases, which have been built on information for various engine types routinely gathered and stored as part of IBA's daily business.

Values rely on five assumptions: (1) current/balanced market condition with balance achieved at levels perceived appropriate for today's market; (2) standard/mid-time maintenance condition; (3) good/average physical condition; (4) typical utilization; and (5) standard/average specification unless otherwise indicated.

Fair market value is IBA's opinion of the most likely trading price that may be generated for an engine under the market circumstances that are perceived to exist at the time in question.

Market value assumes that the engine is valued for its highest and best use, that the parties to the hypothetical sale transaction are willing, able, prudent and knowledgeable, and under no unusual pressure for a prompt sale, and that the transaction would be negotiated in an open and unrestricted market on an arm's-length basis, for cash or equivalent consideration, and given an adequate amount of time for effective exposure to prospective buyers.

Base value is IBA's opinion of the underlying economic value of an engine in an open, unrestricted, stable market environment with a reasonable balance of supply and demand, and assumes full consideration of its highest and best use. An engine's base value is founded in the historical trend of values and in the projection of value trends, and presumes an arm's-length, cash transaction between willing, able and knowledgeable parties, acting prudently, with an absence of duress and with a reasonable period of time available for marketing.

The base value of an engine assumes its physical condition is average for an engine of its type and age, and its maintenance time status is at mid-life, mid-time (or benefiting from an above-average maintenance status if it is new or nearly new, as the case may be).

Quick engine change (QEC) kit is defined as a collection of components and accessories installed into a bare engine to reduce the time required for installation of the entire powerplant on to an aircraft.

QEC kits can be categorized into two types: basic and full. A basic QEC includes all parts and accessories required for installation on an airframe, but excludes any items relating to a specific aircraft or application.

A full QEC comprises of the basic kit, plus those items required for varying aircraft applications. In both cases, neither the thrust reverser nor the noise cowl is included.

Values are shown as a range to bracket IBA's view of basic and full QEC kits, and to reflect the different make-up of each kit because the components and accessories vary depending on the type of aircraft the engine will eventually power.

Rental rate is IBA's opinion of the monthly lease rental as it relates to an arm's-length transaction between a willing lessor and a willing lessee for a single engine transaction, for a medium-term lease of five years' duration with no extension or early termination options.

