

denim air

01/05/2003

Denim Air has seen it all. It was launched as a small regional airline in 1995 to serve the route from Eindhoven in the Netherlands to London City Airport but soon switched strategy to become a wet lessor of Fokker 50 aircraft and Dash 8s. It was acquired by Air Nostrum while it was diversifying and adding other strings to its bow. But recently Denim Air underwent a management buy-out and is independent once more. This is quite a past to squash into seven short years.

Denim Air is committed to providing aircraft and crew on wet lease to regional airlines from its Eindhoven Airport base in the Netherlands. It still holds an airline operating certificate but chooses instead to provide capacity and crew to other airlines, as well as charter flights and crew-management training as part of its portfolio.

The fleet

The Denim Air fleet is steadily expanding. Leen Jansson, chief executive officer of Denim Air, explains. "The Denim Air group operates a steadily growing fleet of aircraft," he says. "The Fokker 50, indeed, covers the largest part of the fleet, with nine operational aircraft. Furthermore, we operate six Dash 8-315Qs and have also ordered our first Fokker 70 regional jets."

He adds: "The Fokker 50 is the smallest true airliner available on the market today. This is not an improved general aviation aircraft, but a true airliner, designed to withstand the rough life of a commuter turboprop. In the longer run, the economics of the Fokker 50 have proved to be unbeatable." Jansson continues: "As an airline, and even more so as a flexible capacity provider like Denim Air, reliability and economics are the primary focal points." From December 2003, Denim Air will expand its fleet with several Fokker regional jets.

The Dash 8s are operated by Denim Air for Air Nostrum of Spain. "Of course, a second aircraft type complicates the fleet and certain operational, training and maintenance matters. The combined resources of the Denim Air group and Air Nostrum made the Dash 8 type introduction a rather busy but fairly smooth event," says Jansson. "As a capacity-provider we have gained very valuable experience at introducing a new aircraft type."

As for financing the fleet, Jansson says: "The Denim Air group owns approximately half of its fleet and has leased the other half on long-term contracts. The aircraft that we own are financed only to approximately half of their market value." This allows Denim Air to offer competitive rates on young aircraft.

The buy-out

Jansson is positive about the buy-out from Air Nostrum. He says it was driven by a divergence in strategy: "Whereas Air Nostrum is focusing on the development of its increasing network, Denim Air wants to focus on providing flexible capacity for other airlines."

"The management buy-out created a true win-win situation. Air Nostrum remained assured of the continued flexible capacity for the years to come, and the independent Denim Air group could prosper in today's challenging market. The Denim Air group is not "just" an airline that offers ACMI [aircraft, crew, maintenance and insurance leases] activities as a side-line; but rather a dedicated capacity provider with a proven track record."

Jansson says: "Our ACMI leases are offered on a long- or short-term contract basis to both existing airlines and to start-up operators all over Europe. All leases are based on hourly rates, which are dependant on the intended monthly aircraft utilization. We generally offer aircraft with cockpit crews, but can provide cabin crews if required. In addition to operating aircraft, we can provide true start-up assistance, [crew] training, operating manuals, assistance in financing and in-depth business-plan analyses."

Other business

Denim Air's training department has become a victim of its own success, according to Jansson. "Our training department has had to work very hard to keep up with our own expansion. If a customer wants to introduce, for instance, the Fokker 50 to its fleet, we can offer a full set of documentation, all procedures and [crew] training that have proven to be effective," he says.

The company is also expanding into providing its own maintenance in the autumn. In fact, the acquisition of a larger maintenance hangar is

imminent.

Then there is the charter business which is yet to reach its potential. ?Given our rate of growth over the last six years in the ACMI leasing business, we did not always have sufficient charter capacity. Actually that is a pity, but with our growth rates, we are not complaining,? says Jansson.

He does not see the low-fare carriers as a threat to the regional airline business and Denim Air?s position in the market. He concludes: ? Regional airlines are, in fact, not troubled too much by the low-fare carriers. In fact, low-fare carriers and regional airlines have both shown healthy growth rates over the last decade. Regional airlines already have to be highly cost-effective and operate on slightly thinner routes. It will be quite interesting to see when the first cooperation between a regional airline and a low-fare carrier will develop. If such a cooperation is short of capacity, they know who to call.?

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