

Hawker Beechcraft Update – May 9 2012

Hidden away in the declaration of Steve Miller, Hawker Beechcraft's CEO, which was filed with the bankruptcy court there is an executive summary of the company's business plan –we think this is the first official guide to how management is looking at reshaping the company.

The key things in it:

- Hawker Beechcraft aims to exit bankruptcy by December
- The company is likely to stop building Premier aircraft – which will impact certain financiers as 241 have been delivered in last six years
- As widely expected both the Hawker 900 (167 delivered since 2006) and Hawker 4000 (52 aircraft) models are under review
- King Air, Pistons, Defence and Customer Services are key to new business and safe

A more detailed analysis is here: <http://www.corporatejetinvestor.com/articles/Premier-Hawker-4000-Hawker-900-under-review-552> but here are the key findings (apologies for so many tables):

Obviously this plan could change, but the company has identified three options:

Units	Option A	Option B	Option C
Global customer services	Keep	Keep	Keep
King Air	Keep	Keep	Keep
Pistons	Keep	Keep	Keep
Hawker Beechcraft Defence Corporation	Keep	Keep	Keep
Hawker 900	Close	Keep building	Keep building
Hawker 4000	Close	Close	Keep building
Hawker 200	Stop development	Stop development	Stop development
Premier	Close	Close	Close

Affected aircraft programmes

	Premier 1A	Hawker 900XP	Hawker 4000
Standard equipped list price	\$7 million	\$15.7 million	\$22.4 million
Standard passenger capacity (pilots)	6 (2)	8 (2)	9 (2)

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Financial analysis

The also include two forecasts for the different strategies – one for orders staying at 2012 levels and one for a rise in demand. On a clear financial decision just keeping the Hawker 900 looks unlikely.

Hawker Beechcraft estimates for sales staying at 2012 levels				
Option A	2013	2014	2015	2016
Revenue	1,934	1,966	2,044	2,014
EBITDA	165.4	185.2	198.9	189.7
Option B				
Revenue	2,322	2,360	2,45	2,431
EBITDA	170.7	173.0	173.6	149.7
<i>EBITDA Difference to Option A</i>	5.3	(12.2)	(25.2)	(38.9)
Option C				
Revenue	2,718	2,777	2,880	2,871
EBITDA	137	155.9	140.1	114.7
<i>EBITDA Difference to Option A</i>	(28)	(29.3)	(58.7)	(74.9)

Hawker Beechcraft estimates for demand increasing				
Option A	2013	2014	2015	2016
Revenue	2,041	2,151	2,297	2,351
EBITDA	200	239	275	286
Option B				
Revenue	2,451	2,622	2,821	2,917
EBITDA	208	235	263	262
<i>EBITDA Difference to Option A</i>	8.7	(3.4)	(12)	(23)
Option C				
Revenue	2,850	3,139	3,394	3,546
EBITDA	176	244	268	279
<i>EBITDA Difference to Option A</i>	(24)	5	(7.5)	(7.8)

A full story is here: <http://www.corporatejetinvestor.com/articles/Premier-Hawker-4000-Hawker-900-under-review-552>

The business plan is on page 199 of Miller's declaration. You can find it under docket number 22: <http://dm.epiq11.com/Hawker/Docket#Debtors=4674&RelatedDocketId=&ds=true&maxPerPage=25&page=2>

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Deliveries

Whilst Hawker Beechcraft's total deliveries halved between 2008 and 2011 deliveries of Hawker aircraft actually fell by two thirds.

Aircraft	2011	2010	2009	2008	2007	2006
Hawker 4000	10	16	20	6		
Hawker 900XP	22	28	35	50	32	
Hawker 800XP/850XP	1	1	3	15	35	64
Hawker 750	7	5	13	23		
Hawker 400XP				35	41	53
Premier	11	11	16	31	154	23
King Air	107	114	155	178	157	142
Pistons	54	51	56	103	111	118
Total	213	238	309	441	530	400
Total Hawker	40	50	71	129	108	117
Total Beechcraft	173	188	238	312	422	283