

SPRING 2018

BUSINESS AVIATION MAGAZINE

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Extraordinaire

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MORE THAN ANOTHER FALSE DAWN?

In one very important respect this issue of BAM was a surprise for me. From the fall of Lehman Brothers till now I have simply not heard the people interviewed for any edition express so much optimism about the market. There appears to be a near universal consensus that hindsight will show us that the middle of 2017 was the bottom of the market and that we're now on the upswing, with good times just around the corner.

Of course, having said this, people invariably add: "That is, unless we get some game changing incident!" If there is one thing we have all learned in the years since the 2008 crash, it is that we seem to be in a phase where global confidence can be shredded all too easily by major disruptive events – things that economists like to call "external shocks". However, having respectfully tipped a hat in the direction of dark disruption, let us put that thought aside and focus on the positives.

Pre-owned inventories are shrinking week by week. The "plum" pre-owned bargains, young, low-cycle wide-body aircraft, are vanishing fast. Brokers can put their hands on their hearts and tell their clients, "Look Bob, Burt, George, Betty, there's never been a better moment to jump in and buy an aircraft" – after checking, of course, that the client has the wherewithal to be comfortable with such a purchase.

There is no shortage of funders willing to provide financing for clients in good standing and – the icing on the cake – the OEMs have a mouth-watering array of new models they have either just released or are shortly to release onto the market. These are all good signals.

There are one or two known headwinds that will have to be borne. The US Federal Reserve has started raising rates, making borrowing more expensive as it worries about the US economy overheating at some point. And no one knows quite what kind of negative impact President Trump's enthusiasm for introducing trade tariffs and igniting trade wars, will have over the coming months and years. Plus, European politics looks as wobbly as ever, and markets are swinging back and forth between corrections and fresh all-time highs.

As always, it all comes down to being sensible and focusing on controlling the things that are within your power to control. At BAM we are already planning for our legendary After Parties at EBACE and MEBAA and we're delighted with the strength of this, our first edition in 2018. So, it only remains to hope that all our readers find 2018 to be their best year ever and to say we hope to see as many of you as possible very soon at EBACE.

ANTHONY HARRINGTON

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ENTREPRENEUR EXTRAORDINAIRE

Brad Harris, Founder, President and CEO,
Dallas Jet International



AH: Brad, how did you get into the aviation industry?

BH: I dedicated my first three and a half years of college to me becoming an architect. However, I discovered that architecture did not motivate me and I had a passion for flying aircraft so, I changed my major and gained a Bachelor of Science degree in Professional Aviation and Airway Science. From there, I earned a Masters Degree in Industrial and Organizational Psychology, which I believe has contributed quite well to the overall success of Dallas Jet International. After graduating, I started my career as a corporate pilot with International Paper. I started flying a Citation II and then moved into a Falcon 50. Throughout my career, I have accumulated ten different aircraft type ratings ranging from the Gulfstream G550 down to a Beechjet King Air 300, including the Hawker, Challenger, Citation, Falcon and the prestigious Lockheed Jet Star II.

AH: So, what career choices drove you to become Founder of Dallas Jet International?

BH: I have always had an entrepreneurial spirit. After resigning from International Paper, I started and ran an aircraft leasing and management company. In addition, I was building custom spec homes, subdivisions and I owned 50% of a barbeque restaurant. I really enjoyed entrepreneurial ventures. I got into these things just for the fun of it. Then, I realized I couldn't really do six things at once and do everything well, so I went back and focused on aviation, aircraft sales, management and leasing. In 2002, I moved to Dallas, bringing with me some ten years of entrepreneurial experience in buying, selling and leasing aircraft. In the same year, I formed Dallas Jet International to buy, sell and broker aircraft full-time.

“ I really enjoyed entrepreneurial ventures. I got into these things just for the fun of it. Then, I realized I couldn't really do six things at once and do everything well, so I went back and focused on aviation, aircraft sales, management and leasing. In 2002, I moved to Dallas, bringing with me some ten years of entrepreneurial experience...





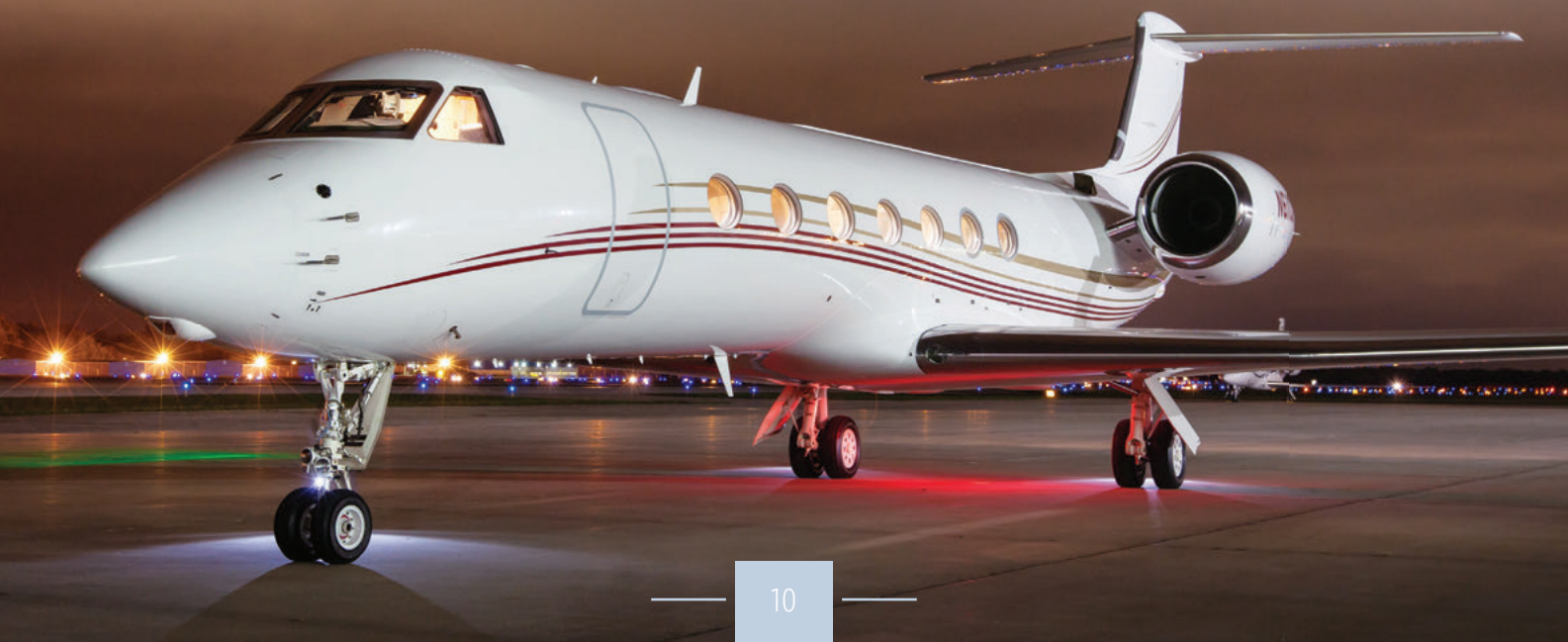
AH: What was your very first aircraft inventory deal?

BH: The first aircraft I purchased for inventory was in 1997. I was 28 years old and the bank loaned me the money to buy and sell a Cheyenne II. I bought it for \$550,000 and sold it four months later for \$665,000. In my entire career, I have never had an investor; it has either been my own money or bank financing. I worked very hard from the age of 22 to 25 to generate enough net worth that the bank would loan me money and that is how I got things off the ground. Today, I will buy up to six aircraft a year as a dealer. In 2017, I owned five aircraft at one time, which was pretty nerve-wracking, and there were many nights when I did not sleep! Thankfully, all five aircraft have sold and I was fortunate to be able to turn a good profit as a dealer.

AH: What type of clients does Dallas Jet International represent?

BH: Dallas Jet International serves a multitude of clients, ranging from high net worth individuals to Fortune 500 Corporations, families and small-to-mid size corporations. Last year my firm conducted 34 aircraft transactions with a true mix between high net worth individuals and corporate clients.

“Dallas Jet International serves a multitude of clients, ranging from high net worth individuals to Fortune 500 Corporations, families and small-to-mid size corporations.



If I had to guess at the split, I would say probably 40% are HNW individuals/corporations and 30% are small capital and mid-size capital companies. We do probably 60% of our deals in large cabin aircraft, 30% of our deals in mid-cabin aircraft and 10% of our deals in light jets/turboprops. What is unique about Dallas Jet International is that we do not specialize in one aircraft type; we cover the field. We will help a client buy a Gulfstream G650 or a King Air, and everything in-between.

When I started Dallas Jet International, I wanted to be an operational broker not a book broker. I made it a point to keep a current pilot's license in a variety of aircraft. For the last 13 years, I have not been actively flying, but prior to that I would fly a couple times a month to keep my pilots license current. It paid off. When a client calls to inquire about the operational costs of a G450 and a Falcon 2000, because I have managed and flown both, I know the operating costs and the operational and maintenance issues that are associated with that aircraft type. I can tell you what the flight characteristics are and what they cost without having to look it up. This knowledge is specifically part of the value that Dallas Jet International brings while conducting aircraft transactions for our customers. Our firm's producers and brokers are pilots



and maintenance experts who have lived and breathed aircraft from a young age.

AH: Is there anything that sets you apart from other brokers in the industry?

BH: What most people do not know about me is that I have an extensive background in commercial property and casualty insurance. At one time, over a three-year period I was President of a property and casualty third-party claims administration company, which managed \$275 million in annual premiums and had 412 employees over 18 states. I grew the company 90% the first year. Ultimately, the company sold in 2008 but I continue to hold a current insurance licence and Dallas Jet International maintains a substantial aviation insurance book of business. Since I have this insurance experience, I am able to guide our clients in their aviation insurance needs.

AH: How would you characterize your relationship and Dallas Jet International's relationship with the OEMs?

BH: Dallas Jet International will sell four or five new aircraft a year. The OEMs see us as complementary to what they are doing since we help them transact more aircraft each year. I feel fortunate to have a successful business relationship and personal relationship with several OEM

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CEOs and OEM top VPs. I am one of about 19 members on Bombardier's Presidents Advisory Board. I was one of about 50 broker-dealers at the Gulfstream Key Players event last year. In 2017, I was invited and attended Dassault's Aviation Professional's Conference event and Embraer's Industry Collaborator's Summit event. With these type of significant relationships we can make things happen and we can put deals together that would not be possible otherwise. As the owner and founder of Dallas Jet International, I take pride in the notable reputation my firm has established over the last 16 years. I am passionate about aviation and I look forward to what the future has in store for us.

AH: How useful has the fractional jet market been for you by way of giving people a taste for flying private and perhaps leading them towards ownership?

BH: It has played and continues to play very well for us as a generator of transactions in both directions. Disposals are just as important for us as acquisitions. I have had four transactions in the last year that have involved owners who have sold their businesses and therefore do not expect to be flying as much. They do not want the stress of dealing with aircraft maintenance, management companies and pilots, and are quite happy to pay the fractional fee and use the jet as and when they require it. I had one owner say to me that since he sold his business, he expects to fly 75 hours a year instead of the 250 hours a year he had been flying; and that type of usage adjustment suits the fractional ownership style.

AH: You must be a good source of business for them then?

BH: Absolutely. I have an extremely healthy relationship with the fractional players. Last year, for the first time Flexjet put together a Key Players Summit event. They called and personally invited me and a handful of other key brokers/dealers in the industry. They picked me up on a Legacy 500 and flew me back on a Gulfstream 450. I was truly honoured to be a part of their first summit and it really was a great event. These

kinds of relationships are only available to the top brokers in the industry and they can be very significant while negotiating deals for our clients. This is not something that brokers who sell one or two aircraft a year are going to have going for them.

AH: There is a world of difference between the in-depth service that an operation like yours provides and the kind of "jump-at-the-chance" service you get from a broker who's just trying to get his one deal of the year past the post.

BH: Definitely. One of the things we do is operational oversight. We help banks, for example, on repossessed aircraft and lease return aircraft. We will make sure that the aircraft is well maintained, the aircraft has all its necessary checks completed and the aircraft is run according to what the manufacturer requires for long-term storage. A lot of brokers would not want to take this on, but it is an ancillary service that we provide for our customers. And of course, we will help the bank sell the aircraft and get it off their books. Banks do not want to be stuck with a repossessed aircraft.

AH: What do you think the typical purchase-to-upgrade cycle is now on a pre-owned aircraft?

BH: Before 2008/2009, it was a three to four year cycle. Since the crash of 2008 the cycle has moved out steadily to where it is more like a five to seven year cycle. I think that with the new depreciation tax laws introduced by the present Administration, the cycle will start to come back in again. Soon, we could very well start seeing owners and corporations going back to holding aircraft for no more than three years before moving on to their next acquisition. This is mostly due to the new U.S. tax law, which allows an owner to depreciate 100% of a new or pre-owned aircraft in year one. The industry as a whole is a net gainer from the transaction and it helps jobs across the sector. So, in my view the new tax laws constitute a great win-win for business aviation and ultimately for the U.S. and world economy. **BAM**



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UPWARDS AT LAST?

Profile: Brian Proctor, President and CEO, Mente Group, based in Dallas, Texas looks forward to firmer markets

AH: How was 2017 for Mente Group and what are your expectations for the year ahead?

BP: That's a big question! In 2017, last year in February at CJI, we did not know it yet, but the market had already started turning. I think we are now well past the bottom. For example, in terms of units, we see that in the G550 pre-owned market, twelve months ago there were 29 aircraft for sale. As we sit here today at the end of January, there are just 16 pre-owned G550s available for sale.

In the Challenger 300 market there were 39 aircraft available, today there are 22. So, we have seen a massive amount of tightening in the pre-owned category. We still haven't seen a corresponding price increase across the board, though some models are now increasing.

AH: So the falling price of pre-owned aircraft is slowing?

BP: It has flattened, and I believe that the next iteration of aircraft coming onto the pre-owned market will be at a slight premium to today's asking price. Our estimate is that some time during the third quarter of 2018 we are going to see price increases, assuming that nothing happens to upset the market – no “game changers”!

AH: So, we could be looking at a very fortunate conjunction, with new models coming onto the market from the OEMs at the same time as the pre-owned market is shrinking. That should be good for new purchases since there will be fewer, really attractive, pre-owned alternatives.

BP: The OEMs are probably in a very fortunate position, because the timing of what is happening in the pre-owned market will help them with their new models. However, with most of the new model entrants, the OEMs' order books have not been as successful so far, as they would have hoped. That

said, we are already seeing some people start to shift to new aircraft and that will be great for the OEMs.

This is anecdotal, but it is illustrative. We have a client right now who contacted us about buying a pre-owned G280 and that market has just two aircraft available in the world and neither suits his criteria. So, we have shifted to a new search looking at new Challenger 300s and G280s. This is a clear instance of where the OEMs are benefitting from the lack of inventory in the pre-owned market.

We are helping him through the comparatives between new and pre-owned. He was looking around the \$16 - \$17 million ballpark and now that we are a new buyer, we will be somewhere in the \$19 - \$20 million mark. With that, his out of pocket will be greater, but, with new tax laws in the US, he should be net-neutral.

AH: What do you think is driving this shift in the market?

BP: I believe there are two components to this. The tax changes in the US are creating a significant amount of free cash flow, and this has happened at a stroke of the pen – plus a lot of lobbying! The President is definitely unlocking things. We are already seeing the implications in the market of more cash being available.

And in Europe, we can't ignore what is going on with the dollar relative to the euro. A \$20 million dollar airplane today is 15% cheaper for a European buyer than it was a year ago. Which is nice, obviously.

Now there is typically a lag between a price drop and sales. We have done a lot of statistical studies which graph the dollar's value against a basket of world currencies, versus sales, and the correlation between sales volumes increasing and significant falls in the dollar value are about 80%, which is very strong.



“ In Europe, we can’t ignore what is going on with the dollar relative to the euro. A \$20 million dollar airplane today is 15% cheaper for a European buyer than it was a year ago. Which is nice, obviously.



“What makes our firm different is that we do a lot more advisory work than most brokers.

As the dollar weakens relative to this basket of currencies, over a period of time we see an influx of new buyers coming in. We are looking to trade that relationship right now. My guess is that around the third quarter of this year, as I said earlier, you will see sales picking up.

AH: You must be loving this, because now, for the first time in a long while, you can say to a prospective buyer, don't dawdle, the price will go up while you're dithering.

BP: My first slide in my CJI presentation says: “There has never been a better time to buy”. It is going to get much more expensive, and part of that will be driven by what happens to the dollar. If it drifts to 1.30 euros to the dollar from the current 1.23 euros, that will make the aircraft 10% less expensive for a European buyer. So again, this makes now a great time to buy if you are in Europe.

Shifting out of fractional or charter into pre-owned or new today makes a lot more financial sense than it has for a decade.

AH: Is there a rule of thumb for how much disposable net worth you should have in order to buy a jet at a certain price. For example, do you look for someone to

have five or ten times the value of the aircraft available to them either as cash or credit?

BP: What makes our firm different is that we do a lot more advisory work than most brokers. So our consulting practice will be engaged to do a feasibility study or a fleet planning study, and during that process we lay out the cost of ownership versus fractional, versus jet cards, versus charter. Very seldom do we ask, what does your cash flow look like, or how much are you worth? The decision is theirs to make when they have all the facts.

The thing is, these decisions are very personal. I have a client who is worth more than \$10 billion and he refuses to buy an aircraft. I have another client whose net worth is probably under \$50 million and he is looking for a Citation to buy. People make value judgements and it is impossible to call. I don't tell people how to spend their money. We simply frame for them what it is going to cost and then let them make the decision.

If I get a sense though that someone is overreaching, going for too big a stretch, I will recommend charter for a few years more. Don't overspend yourself on an aircraft. Let your business grow a bit more. As my Grandmother used to say, “don't ever buy something that will change your life if you lose it!” |BAM



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A man in a dark blue suit and light blue shirt stands in front of a large aircraft engine. The background shows the engine's fan and other parts of the aircraft, with a blurred view of the sky and other aircraft in the distance.

THE LEADING EDGE

Joe Carfagna, President, of New Jersey based Leading Edge Aviation Solutions (LEAS), talks to Anthony Harrington

I believe your father was in the business before you, Joe, so this must really be in your blood

JC: Absolutely. My father was in the business right from the dawn of business aviation. In 1968 He was asked by Bill Lear to sell the revolutionary new Lear 24's and 25's in the New York area. Following that he was a founder of one of the first management companies, Executive Air Fleet, which grew to approximately 120 aircraft under management and ultimately became part of Jet Aviation in the mid 80's. In 1988 he formed Wings Aviation, Int'l, an aircraft brokerage firm which is a predecessor company of Leading Edge. So, you could say that I was born into business aviation and the aircraft brokerage business.

AH: When did you join him in the business?

JC: I came in shortly after completing my bachelor's degree in business administration in 1994 and began in market research and sales support--an excellent training ground for my progression to aircraft sales. We had some partnership changes in the business around 2004, and Leading Edge Aviation Solutions was the result. It has been our name and brand ever since – though, as I say, our pedigree goes back to 1988.

AH: Much has changed in the industry during those three decades. But one of the constants amid all that change will be the length of time that it takes to bring an aircraft transaction to a successful conclusion.

JC: Very true. Aircraft acquisitions and disposals tend to involve very lengthy sales cycles, due in no small part to the degree of planning and analysis that needs to be put in at the start of these deals. We follow the market and its trends constantly. We carefully assess our clients' needs and desires and perform the research necessary to confirm or address those perceived needs and accomplish their goals whether for a buyer or a seller.

We have developed a proprietary analytic tool that puts market values in perspective. The latest industry intelligence is a critical part but blending and evaluating all the information from multiple sources is the key. What this means for a buyer or seller is accurate valuation information for each aircraft being considered for purchase or for sale. This tool would point out, as a hypothetical example, the \$20M aircraft that's worth \$22M or the one for \$19M that may be worth only \$18M.



We believe a broker's #1 job is to try to prevent a client from making mistakes. Having good industry intelligence and accurate market valuations are just two of the many factors involved in keeping a client informed. An educated client will be prepared to make good decisions. In fact, we have discouraged some clients that are first time buyers from acquiring an aircraft if we saw after initial analysis it was not feasible for them to do so.

AH: How would you characterise the market for aircraft purchases today?

JC: I think there is a very strong possibility that we will look back on mid 2017 as the point in time when the market turned for the better after nine very soft years. One of the key signs of this, from my perspective, is that we transacted as many aircraft deals in the second half of 2017 as we did in the entire preceding year. During 2015 and 2016 values were plummeting, and it was tough times for both owners and brokers.

However, I think 2018 will be a strong year for transactions, and I think it will stay strong until there is a real shortage of pre-owned aircraft.

AH: I take it that you are also involved in new aircraft sales as well as pre-owned. Are you seeing new aircraft sales picking up?

JC: We certainly handle the purchase of new aircraft for our clients and always have done so. The relative proportions of new versus pre-owned transactions varies from year to year. Of course, for the last five or so years, the softness in the pre-owned market has created so many great bargains that clients have been more interested in pre-owned rather than new aircraft.

AH: Where do you see the greatest demand right now?

JC: Demand is strongest for late model, large cabin aircraft with very little air time. However, these aircraft are in very short supply. It will be interesting to compare the price of pre-owned aircraft in this category coming to market two months from now as against today's prices. I think the next sixty days could be critical in showing us where the market is going.

AH: Let's talk a bit about the services that LEAS offers.

JC: We have a very deep suite of services that we provide

“ We carefully assess our clients' needs and desires and perform the research necessary to confirm or address those perceived needs and accomplish their goals whether for a buyer or a seller.”



to clients which we brand as THE EDGE. This includes the planning and consultancy services, technical services, aircraft acquisition and brokerage.

We are about providing 100 per cent satisfaction for the client with a very high level of communication and customer service, and this means ensuring that all the options are explored and analysed before the transaction begins. We want to be sure that an aircraft purchase is both feasible and right for a client. Is a purchase the right way forward, when compared to all the other options for private flight. When we perform acquisitions, I like to refer to ourselves as “The Aircraft Psychologists”. Asking clients “why do you feel that way?” about their predisposed opinions before coming to us is a great way to provide a professional opinion and add real value.

I would always rather challenge a decision to buy so that we can be sure that the client is going to be happy with the deal both when it is first accomplished and in the following years.

And with regard to technical services, we have a full-time director of maintenance services on staff. We oversee pre-purchase inspections, supervise pre-owned aircraft maintenance and refurbishment, and perform on-site aircraft evaluations. In addition, to ensure the highest manufacturing quality and cabin interior completion, we can monitor an owner’s newly acquired aircraft as it transitions through the manufacturing process.

Excellent, responsive and trustworthy service builds customer satisfaction. We have a very strong network of high net worth individuals and corporate clients, particularly in the New York metropolitan area, and the endorsements that our clients provide are an extremely valuable source of new business for us.

AH: How do you keep the relationship going long term, since your part of the cycle is very much at the front end, with the purchase, and then, three to five years later, with the disposal and upgrade. What keeps you in their minds during the interim?

JC: That is a great point and it is one that we are very keen to address. We have devised a new service for our clients that will provide added value for the client and will help us to stay connected with them. This is a program that offers the client cost valuations and operational analyses on their aircraft through the life of the aircraft. We will be offering this service shortly through our exclusive collaborative arrangement with ARGUS, a worldwide leader in specialized aviation services. In addition, ARGUS will offer discounts to Leading Edge clients on their audit services and certain other products. We call this program THE EDGE - Benefits Program.

Three other key industry companies are participating in THE EDGE - Benefits Program as well. Discounts for Leading Edge Aviation Solutions clients are available with FlightSafety International for their Passenger Emergency Training course and Initial Crew Emergency Training course and with MedAire for their Travel Risk Management Program and In-Flight Illness and Injury Training Program as well as medical kits. Marsh Insurance can offer Leading Edge clients an in-depth audit of their aviation policies with a full report as well as access to an insurance program that aggressively competes with large fleet plans.

AH: What are the company’s current plans for the future?

JC: To sharpen the saw every day. More can be better, but we would rather focus on the idea that being better is better. I will put our personalized service up against anyone’s in the industry, and we wish to continue to find ways to improve upon it, and to build and keep that base of satisfied clients. |BAM



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WHAT'S NEXT?

Today's inflight connectivity systems and networks are evolving quickly

Gogo Business Aviation's Sergio Aguirre, President and General Manager, talks about recent advancements in connectivity technology available today, and what lies ahead for systems and networks serving business aviation.

Q: Numerous service providers are talking about new technology – whether that's the systems on board, satellite or air-to-ground networks or IoT capabilities for aviation. What sets you apart and what do you see down the road?

A: Access to our advanced networks is critical, dating back to 1997 when the FCC authorized our predecessor company (Aircell) to launch our first-generation analog cellular network that allowed people to put communications onboard aircraft. Today, Gogo serves all of civil aviation with the most advanced satellite-based network in terms of speed, capacity and ability to grow. In 2017 we announced our Ku satellite service that leverages the same network but is specifically designed to serve business aviation. And in North America, we're deploying our next-generation air-to-ground network, which will bring data transmission speeds unheard of in aviation.

Q: How do you gauge customer expectations in such a rapidly evolving area?

A: We work closely with our customers to try to stay ahead of their needs. That's critical to our success. The reality is that the IFEC technologies we have delivered in the past have been market disruptors.

Q: To put a finer point on the subject, what is the essence of the value proposition you deliver to your customers?

A: Gogo democratizes in-flight digital entertainment and connectivity, and we do it more cost-effectively than our competitors



because of Gogo's scale. Our business model is based on developing products and services that address the entire IFEC market, not just the highest-margin niches. By providing seamless, high-speed connectivity to all aircraft, no matter its size or where it flies, we are able to introduce products and services at a much more reasonable cost to pilot/operators, fleet operators and corporate flight departments.

It's interesting because success isn't always about whether a service is technically feasible. Even if you have the technology, you need to be able to build a business case around it, and many of our competitors haven't been able to balance both sides of that equation. That's part of our secret sauce.

Q: Last year you introduced a new platform-based approach to delivering broadband connectivity products and services for aviation. What's special about Gogo's new platform?

A: You're talking about Gogo AVANCE – it's probably the most exciting development at Gogo, and I believe the marketplace has not yet recognized its full significance. Gogo AVANCE is a new software-based platform and is the heart of our comprehensive IFEC and Smart Cabin solutions (SCS).



Gogo AVANCE enables aircraft owners and operators to add features and functions without taking aircraft out of service to change black boxes and re-certify equipment—a huge time and money saver. The platform provides the flexibility to create customized systems that address customers' individual needs, including creating a unique passenger experience, and that experience can be changed without anyone needing to board the plane and touch the hardware. It's a huge advancement, and there are no limits on the features that can be added as connectivity technology continues to evolve, since the platform is scalable. Also, partners with whom we have worked with in the past, such as The Weather Company/ IBM and flight-support technology providers like Rockwell Collins, will be able to use the platform to offer services that are highly desirable to flight departments and pilots alike.

Q: What is your vision for the connected aircraft?

A: It's hard to imagine a part of aviation that the connected aircraft doesn't affect. Gogo has data analytics built into all of its boxes so we can proactively notify customers and support

teams when those electronics need attention. The Internet of Things makes such connectivity possible. In the near future, all aircraft avionics, structures, engines and other major systems will be similarly connected. Aircraft maintenance currently is done on a per-flight-hour or per-landing basis, which is very expensive. All of those functions will convert to an on-demand system so that aircraft maintenance shops, for example, won't have to remove wing flaps until bushings actually need to be replaced. The end result is that the way aircraft are maintained is going to become more efficient, safer and less expensive.

Q: Based on Gogo's technology road map, what can private aviation users expect in terms of the cabin experience in, say, five years?

A: We're at the point where connected devices can exchange data at a rate of 100 megabits per second (Mbps). I would like to say we've reached the nirvana and that level of data transmission will be adequate to meet all of customers'

future needs, but that's not the case. The trend in consumer electronics is toward future software applications that will take your traditional smartphone from a two-dimensional world to a three-dimensional holograph-type world. Facebook, Google and Microsoft are working on technologies that will create a virtual reality within a reality, as in an airplane cabin, and that is what you will start seeing with 100 Mbps. Gogo's role will be to continue to provide the networks and platforms to make such a cabin experience possible.

Q: How much are you striving for disruptive innovations versus incremental advances in technology?

A: We're all about disruptive. It's in our DNA. It always has been and always will be. I'm talking about innovations that make broadband, high-speed connectivity more affordable for travelers flying in everything from a twin-engine turboprop, like the King Air, to an A380 superjumbo jet. We expect our Ku satellite service to be that kind of market disrupter on a global scale. |BAM



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ALL THAT GLITTERS...

Julie Voisin, Global Product Manager, Sherwin-Williams Aerospace Coatings talks about the company's latest colour offerings to help designers realise the dreams of owners

In 2016 Sherwin Williams introduced its fast-drying basecoat paint technology, known as the SKYscapes General Aviation Basecoat 855 series. As Julie Voisin, Global Product Manager, Sherwin-Williams Aerospace Coatings, explained at the time, the company drew on demand for faster-drying paint in its automobile coatings division to create a new product for small, private jets.

The goal was to help paint shops shave days or even weeks off complex paint schemes for aircraft. In so doing the paint shop would find itself with more slots available to take on additional projects from customers and everyone would benefit.

This year, in 2018, Sherwin-Williams has introduced yet another breakthrough product in its clearcoat range, this time aimed at mid-range sized jets.

“ We saw a real market niche for an intermediate drying time clearcoat product that you apply after the basecoat, and which protects the aircraft.



Q: Julie, what can you tell us about this new product?

A: The introduction of our fast-drying product in 2016 gave us two main clearcoat product ranges for general aviation, a fast-drying product that was well suited to light jets and a slow drying, traditional product that was great for large aircraft like BBJs and ACJs. We saw a real need for an intermediate product, CM0855CC3 SKYscapes General Aviation Clearcoat, that would be more suited to painting larger airframes, with longer wet-edge times and great product buffing characteristics.

So, we saw a real market niche for an intermediate drying time clearcoat product that you apply after the basecoat, and which protects the aircraft. The introduction of this new

range, which we plan on releasing this year, will add to the options available for paint shops.

Q: You have also, I believe, already introduced a new product aimed at creating “sparkle” over a colour coat?

A: Yes indeed. Our new product here is the SKYscapes Shimmer coat. If you have, for example, a design for an aircraft exterior paint job that is based on three colours, say, red, blue and white, and you would like to add a shimmer or sparkle to the design, you can overpaint the whole aircraft with one of our two Shimmer coats. I say two, because there are two options here. One is a prismatic sparkle, SH200415, which works by refracting light, so you get a whole, rainbow like array of effect depending on how the light is striking each of the tiny points

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in the paint. The other is a silver sparkle, SH 200401 which gives a more constant shimmer to the whole design.

The key thing here is that this is not a particularly expensive addition and it is a very thin coating that goes on after the colours have been applied to the aircraft and before the clearcoat.

It also works well if the aircraft paint work needs to be touched up or a chip in the paint needs to be repaired. You can restore a repaired area to the same degree of sparkle on the rest of the aircraft, so it is a very durable and serviceable product that is very straightforward to apply. We are getting a very good reaction to it from the designer community and from paint shops.

Q: How do you get word out to the top designers when you introduce a new paint product like this

A: For SKYscapes Shimmer we created a transparent sample that you can place over our existing colour card and see immediately the kind of effect that you are going to achieve on the actual aircraft. We are also creating a new colour selection tool that we will be offering out to the community, and this has some examples in it as well.

On our trade show booths we have a large section of an aircraft, some six foot by eight foot which we did a rainbow colour scheme on and put the Shimmer coat over half of it. This showed very clearly that applying the Shimmer coat does not dull the colours underneath, and we are getting a tremendous response to this product.

“ It is a very durable and serviceable product that is very straightforward to apply. We are getting a very good reaction to it from the designer community and from paint shops.



Q: Have you had any actual projects yet that used your new Shimmer coat?

A: We have done a couple of different projects with it already. One of the most interesting was that we had a client with a BBJ that had a very fascinating and complex design on the tail of the aircraft. The client decided to have the Shimmer coat put over the entire tail to enhance the visual impact, and it looked absolutely tremendous. We have also had some smaller business jets where the client has opted to have the entire aircraft given a Shimmer coat. So it has gone really well so far and we have every confidence it is going to prove to be a sought-after product. |BAM





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TEAMWORK

Sami Simola, Manager of Business Flights FBO and Head of Apron Services at Finavia Corporation, based at Helsinki Airport, talks about Finland's facilities for private jets

Q: What are the levels of private jet flight movements through Finavia's airports so far in 2018? Are you seeing an improvement over the opening months of 2017? What are your expectations for the year?

A: 2018 has been OK so far. We have seen some small increase in movements but nothing spectacular. 2017 was much the same, though in 2017 we benefitted from having some special charters. These helped to make 2017 a little bit better than the previous year. As for the year ahead, we anticipate some further small increases in aircraft movements throughout the year, but we do not foresee any big leaps.

However, the Football World Cup being hosted by Russia may bring some business as Helsinki is very near to St. Petersburg, which one of the host cities of the World Cup.

Q: Do you have any insight into the major reasons generating private jet traffic through your facilities?

A: Clearly, the location of Helsinki has a role to play here, as does the fact that the airport is open 24hrs a day and is a



CATIII airport. The quality of the service here is excellent and these points all help. Another key factor is that Helsinki also has good connections, since commercial airlines fly from here to over 130 destinations, which helps enormously for factors like crew swaps. Finavia is also able to provide technical support for most aircraft types via our partners, Jetflite and Polar Aviation. It is worth mentioning too, that fuel prices in Helsinki are very competitive.

Q: What can you tell us about the ground handling and FBO services that Finavia provides?

A: We provide full credit services to all our customers. Our basic fees include a range of added value services, for example, carrying out hotel and transportation bookings and coordinating catering orders. For passengers and crew we have free lounges where they can wait in comfort in case of delays. Of course, one of our strengths is that we always endeavour to expedite boarding. Using our facility, it is only a 40 metre walk from your car to the aircraft!

On top of this, we have very good third party arrangements with very professional service providers here at Helsinki. We



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can arrange hangars, maintenance and other services from our partners.

Q: What about specialty catering?

A: The quality of Finnish food is great. The Finnish environment is fresh and clean and our waters are among the purest in the world. If I need to pick one speciality that our customers should try it would be hot smoked salmon. Everybody knows cold smoked salmon, but hot smoked salmon is absolutely tasty and you can eat it as a hot meal with potatoes. Cold, of course, it goes well with fresh salad.

Q: Is Helsinki a slots airport or can a pilot radio in for landing rights when they are just an hour or so out?

A: All Finnish airports, including Helsinki, require some information prior to departure from origin. Of course, handling requests are required at least a day in advance in order to ensure all services are on hand. However, Helsinki can handle ad hoc -flights with very short notice. Helsinki requires slots, but there are plenty slots available for every hour.

Q: What is your sense of how Finavia's standing, brand and reputation are developing? What are the challenges?

A: Finavia is seeing a very exciting surge in passenger visits. For example, Lapland airports are seeing a continual increase and the tourist trade is really picking up. Helsinki Airport itself had over 19,000,000 passengers last year and Business Flight Center also saw a record number of passengers and operations. The Finavia name and brand is, in my opinion, now very well known across the industry.

The main challenge we have at the airport is probably aircraft parking and hangar space in general. We are constantly seeking solutions to be able to provide more hangar space to our customers.

Q: Do you have a feel for whether the number of private jets based in Finland is increasing or decreasing?

A: There is no doubt that the lack of space is holding down a potential increase in aircraft numbers. If we can solve the problem I am confident that we would see more jets based at Helsinki. We have had more than a few enquiries already. [BAM](#)



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PRIVATE/PUBLIC SUCCESS

Alexandria Colindres, Business Development Director at the Registry of Aruba talks about the demands on a modern registry

There are just two public/private partnerships in the world, as far as aircraft registries are concerned, namely, The Registry of Aruba and the San Marino Aircraft Registry. Both Registries come under the same holding company, Aviation Registry Group (ARG), run by the Colindres family.

The concept of a private/public partnership for aircraft registries was initiated by Jorge Colindres, present CEO and Chairman of both the Aruba and San Marino Registries. The basic concept is that the Ministry of Transport in the country concerned retains ultimate ownership, with their respective Civil Aviation Authorities (CAAs) holding regulatory control. The Ministry of Transport then contracts out the daily administrative work of the registry to the private side of the partnership, leaving Colindres and his team free to innovate and to bring forward new services to meet emerging market demand.

The Registry of Aruba was established in 1995, and the San Marino Aircraft Registry in 2012. The latter is run by Jorge Colindres' eldest son, David as President. The Aruba Registry is managed jointly by Colindres and his daughter, Alexandria.

Both registries can claim a number of "firsts" and their business model, based on a global cadre of highly experienced inspectors flying out to wherever the aircraft in question is located, has proved immensely attractive to clients and prospective clients.

Q: Alexandria, you have been involved with the Registry of Aruba for much of your life, one way and another.

When did you take up your present position?

A: I began to manage the Registry of Aruba jointly with my father about a year and a half ago. I manage all the day to day operations and he does the key client relationship building, so we work very much as a combined team.

Q: What were you doing prior to taking up your present position?

A: Before that, I was involved largely with liaison work with the aviation sector in Aruba. I spent three years liaising between our office and the Aruba DCA, which gave me a very good overall view of what was entailed in managing the Registry and of the day to day workings. However, since I have spent virtually my entire life with my father coming to the Registry, growing up I developed a pretty good idea of

what it was all about. Knowing it from the outside, however, is not the same as being personally involved, and getting to know the customers and how we relate to the DCA.

Q: What, exactly, is the DCA's role in all of this?

A: As the private entity part of the partnership, we cannot register an aircraft or hold the regulatory control. That can only be done, per ICAO, by a state agency. Our role is to prepare all the documentation required for the DCA to complete the registration, which means making sure that all the necessary steps and documentation have been completed and are submitted satisfactorily. In addition, we bring the client to the Registry, we do all the marketing and set up the registration process, then we transfer it to the DCA's office where they review and approve what we have done and issue all the certificates. We continually liaise with the DCA to ensure that all the registration burden is handle by our office and our customer receives a streamlined and efficient service.

Q: What would you say are the major improvements that the private/public partnership has brought to Aruba?

A: Undoubtedly the whole operation is a lot more dynamic and fast moving now, as well as being a lot more innovative. You do not get much innovation from state owned Registries. One of the big changes we have made, dating back to 2013, was to recognise that the growth in capacity on the Registry meant that it was not viable to carry on solely with Aruba-based inspectors. So, we assembled a world-wide team of designated, Registry of Aruba inspectors, drawn from the ranks of leading CAAs around the world, especially the UK

CAA which we regard as setting the benchmark for all other CAAs. This world-wide network makes it much easier, faster, and more cost effective for clients. Our inspectors are able to easily access clients, wherever they are based in the world, to get their aircraft inspected and approved for registration.

We also helped the Aruba DCA to revamp what was quite an elderly and dated rule set when we took over management of the Registry, in 1995, and are continuously assisting in updating the regulations to meet the latest ICAO standards.

In addition, in 2014 the DCA waived the requirement of establishing an Aruban company to registry your aircraft.

Now the DCA accepts foreign companies to register an aircraft; aircraft owners, lessor, and operators are only required to complete a one-page application form, which allows them to register their aircraft via domicile using their foreign company.

Q: What are some of the major trends going forward?

A: There is a huge trend right now in owners and operators applying for Air Operator Certificates (AOC). The market we are in means that everyone is trying to make savings wherever they can, so even owners who are not at present interested in chartering their aircraft, are leaning towards getting an AOC to help subsidise the cost of owning an aircraft.

Interestingly we saw Saudi Arabia making it more or less mandatory for aircraft owners to apply for an AOC or to put their aircraft under management with an operator who can



add their aircraft to its AOC. In large part, this is because Saudi Arabia has had a historic problem with grey charters. Mandating an AOC puts an end to that practice.

Also, through the implementation of Part-NCC by EASA; small private operators are finding it increasing more difficult to keep up with heightened regulatory standards and are choosing to follow commercial operations instead for the added benefits.

So, we are now seeing a lot of enquiries about how to operate and obtain your Aruban AOC.

Another trend that I am very interested in is the current focus on women in aviation. There is a real awareness in the industry that we need more women role models in the sector.

There are just not enough of us in senior positions in the industry and those of us who have these positions need to do

as much as we can to inspire younger women coming into the industry to aspire to senior roles.

I am always very pleased to see how the industry has emerged to become more supportive of women, however, there is obviously room to improve matters still further.

Interestingly, the Asian business aviation market has more women in high powered positions than you will find in either Europe or the US. That is a cultural dynamic that we would do well to study and it is even more surprising because of the weaker position of women in many Asian countries.

I think particularly of Sino Jet CEO and founder Jenny Lau, whom I much admire. She is still in her early thirties and is a tremendous role model for younger women in the industry. She has done admirable work highlighting the challenges of business aviation in Asia and was appointed the chairman of AsBAA in 2017, the first chairwoman to lead AsBAA since its foundation back in 2000. |BAM





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TAKING THE LIVING ROOM TO THE AIRCRAFT

Reed Macdonald, CEO, FDS Avionics Corp. on building a world class IFE portfolio and a “top ten” tech company

Q: How did FDS Avionics start?

A: FDS Avionics was founded in 2000 and has been going for some 18 years now. The prior owners founded it to take a moving map to market for small business jets, and it has grown steadily from those beginnings. I led a buyout of the company in 2014, with the backing of a group of investors I knew, primarily high net worth individuals.

We felt that it was a great platform for innovation and for developing a further portfolio of products. It was an excellent opportunity and a good base to build from. There were things I wanted to do with the company. I saw that with more investment and with some aggressive hiring of talent we could put together a range of new products and technologies to take to market.

Q: So what do things look like four years on?

A: Today, we have repositioned and rebranded the company with a great new lineup of products. We had a very exciting NBAA 2017, and it was particularly gratifying that Avionics Magazine selected us as a “Top Ten Technology Supplier” at the show. That recognition was inspired by our 3D moving map that integrates into our do CAPSULE

Wireless Media Streamer and EDGE Series High Definition (HD) displays. The aim was to create an aircraft cabin experience that rivals what passengers would expect to see in their own living rooms or offices, and I think we have succeeded in this – certainly, the market response suggests that we have.

Q: What is it that your media server does that is new or different?

A: Apart from the quality, which is excellent, the really key difference is that you do not need to sign up your aircraft for an expensive satellite subscription, with an in-aircraft or on-aircraft satellite antennae system in order to enjoy the do CAPSULE server. This makes it absolutely right for light jets and helicopters as well as for mid-size aircraft. It is in huge demand, for example, in Embraer Phenom 100 and 300 aircraft and is a perfect addition to the new HondaJet. We have many installations in various generations of King Airs, Citations and CJs as well.

One of the major advantages of our system is that it is very small and lightweight by comparison with other IFE servers on the market, and is fully certified by the FAA.

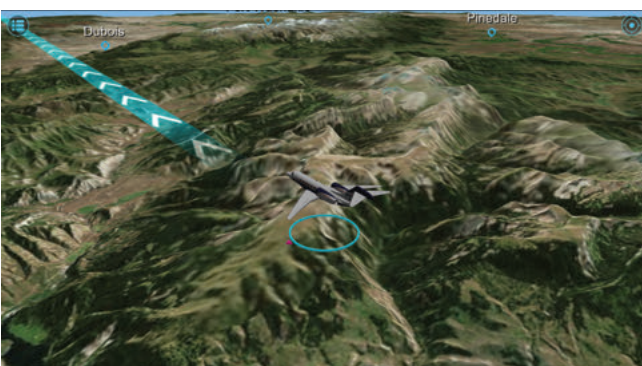




Q: So, without satellite communications, how do you populate the server with content?

A: There are two 1TB removable hard drives in the do CAPSULE, so the user can upload their favourite movies, TV shows or sports events prior to a flight. There are also USB connections on the server to share content brought on board via thumb drives or external hard drives. Passengers can stream content to their own devices from the server, either wirelessly or to a bulkhead display. Another approach is to sign up for a monthly subscription service with us and we will provide a drive pre-loaded with the latest movies and TV shows that is fully licensed content (“DRM compliant”) from Hollywood. We send the drives out to subscribers with three months’ worth of content on a rolling basis. Each month new content becomes available for subscribers to view. The key point though is that we do not need any connectivity on the aircraft for our IFE solution to deliver a first class viewing or listening experience.

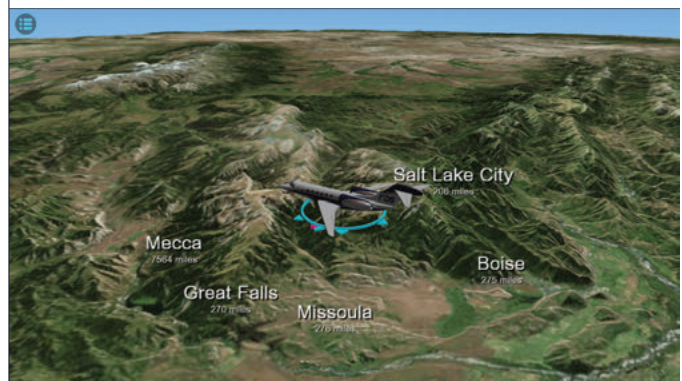
One of the unique things about our offering is that our wireless server is fully tested and certified by Hollywood studios to play high definition (“HD”) Hollywood content. It is very much the backbone of our IFE cabin solutions, and is focused on improving and enhancing the passenger experience. It has been available on the market now for two years and we have built up a tremendous client base in the light and mid-range jet segments. We also have a growing number of charter fleet operators who have standardized on the product.



Q: And how is demand for your moving map product holding up?

A: We are proud to be able to give the customer a best in class 2D or 3D moving map as well as a great IFE solution. It is important to note that our 3D system is a true 3D system. It allows the user to explore the terrain they are flying over. We also have a feature called “Glass Cabin™” that allows you to see through the walls and floor of the aircraft while you are flying. You can see the terrain below despite darkness or heavy cloud and it is accurately rendered.

Also, we can pull real-time information off the cockpit systems to provide the moving map with all the data that people love, such as estimated time of arrival, distance covered, airspeed, and so on.



We are finding that owners of older, larger cabin jets are also interested as this is an ideal way for them to upgrade the user experience without having to pay a fortune for a new, ATG or satellite-based IFEC system. It adds substantially to the attractiveness and the resale value of a pre-owned aircraft when it comes already equipped with a relatively low-cost, state of the art IFE system and moving map.

Q: How are you taking this to market, globally?

A: We have a well established world-wide network of hundreds of dealers, many of which are all listed on our website. Customers can buy direct from those dealers and have the system installed by their favourite installer, or we can recommend an installer for them. Basically, it is a simple system to install correctly, and any competent shop can do it for you.

Q: You also have rugged display technology. How does this fit in?

A: We have been providing rugged displays for the military and for special mission aircraft for many years. We take the lessons learned from these extreme environments and it enables us to deliver a very robust and reliable solution when it comes to our business jet product lineup. |BAM

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THE SKY'S THE LIMIT

Adel Mardini, President and CEO Jetex Flight Support talks to Anthony Harrington about the company's plans

AH: Let us talk first of all about Jetex's recent expansion initiatives

AM: The last announcement we made, about Oman, sees us expanding into a region that is very key for us. We are the first ever FBO operator in Oman and this heralds a new era for Omani business aviation. We have agreed with the Oman Airports Management Company that we will develop two new FBOs at Muscat International Airport and Salalah International Airport. Both destinations are really important for our clients.

We were chosen based on strict criteria concerning quality and our commitment to hospitality and customer service, as we aim to boost the level of VIP services at both airports. This is in line with the Oman Airports Authority's plans to achieve its strategic goal of being one of the top 20 airports in the world by 2020.

For our part, we are particularly pleased and proud that the government in Oman has put its faith and trust in us. It is a real privilege for us and we are looking forward to delivering high quality services and establishing ourselves as the right partner there.

AH: What is the infrastructure like in Oman for business aviation?

AM: Muscat and Salalah have more than 4,000 general aviation flights a year, which is nice. The infrastructure and investment that Oman is making right now will offer great support to business aviation. The new airport that Muscat is building will be complete in 2018. It is a commercial airport, but it will be very supportive of general aviation. With this expansion of the airport comes space for general aviation, so it has all come together very well for us – a parallel to the DWC airport in Dubai.

AH: Do you see business aviation being squeezed over time as Omani commercial air traffic increases?

AM: It could happen, of course, but the point is that right now, with Oman extending the airport heavily, there is plenty of space for business aviation. And the government there is very welcoming towards business aviation. They want business people coming to Oman, of course they do. Business aviation is an essential tool for global commerce and deal making, which in turn requires structures favourable to private jets.



“ We are particularly pleased and proud that the government in Oman has put its faith and trust in us. It is a real privilege for us and we are looking forward to delivering high quality services and establishing ourselves as the right partner there.



“ I have an architect partner that I will turn to. They are here in Dubai and they designed our FBO here, the quality of which is clear to see.

It is not just about how many flight movements you have in business aviation. It is also very much about the high-net-worth individuals who will use these facilities to come to Oman to explore business opportunities.

AH: Will you be building the Oman FBO on the same lavish scale that you have here in Dubai at Al Maktoum International Airport?

AM: We will build our FBOs in Salalah and Oman, scaling them to the size of the flight movements that we anticipate. Regardless of scale, we promise that we will be delivering an FBO that is fully up to the Jetex standard.

AH: Do you use a local firm of architects when you build around the world or do you have your own firm that you prefer?

AM: I have an architect partner that I will turn to. They are here in Dubai and they designed our FBO here, the quality of which is clear to see.

They are also building the FBO for us in Marrakesh. We decided to invest heavily in Marrakesh so that will be a very grand FBO. There were 4,000 movements in Marrakesh alone last year, which is extremely impressive. With 11,000 movements for the whole of Morocco, that means almost

40% of the country’s traffic went through Marrakesh. It is a great leisure destination. There are not too many commercial airlines flying to Marrakesh, which is why we see a great window of opportunity for Jetex and general aviation there.

I am anticipating up to 10 per cent year-on-year growth in Marrakesh. The government there is going for expansion.

AH: And Dubai itself? We see the scale of the vision with the commitment to Dubai South, which is a project on a tremendous scale. Do you see it becoming more cosmopolitan?

AM: Dubai is a city for business, quintessentially. The government in Dubai has to balance the conservative core of the city with the modernity that comes with being an international centre of commerce and finance. Personally I love Dubai very much.

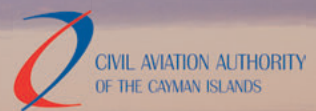
AH: You announced your new hangar. Is that a big deal for Jetex?

AM: It is a very big deal for us. It is the first hangar we have built inside the company. We are not looking to do MRO ourselves with our new hangar, but will outsource and are in discussions with a couple of established MRO companies about this. |BAM



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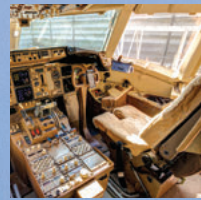


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TRAVELLING IN STYLE

Gareth Evans, Head of Sales and Marketing at Aeronexus,
on the group VIP and sports/entertainer charter market



AH: Gareth, explain Aeronexus to us if you would...

GE: The company was formed in 2002, which gives us a lengthy pedigree. It was formed by the current owners, based in Johannesburg, in order to provide VIP charter services to presidents, heads of state and high net worth individuals. They started off the operation with Boeing 727s and continued in that way till 2010, when they purchased two 767-200 ERs. One of them had 240 seats and the other was one of the ex-Silver-Jet aircraft out of Luton.

When Silver-Jet went into administration Aeronexus bought one of their aircraft and that aircraft was put into service in South Africa. However South Africa had already slipped into a major decline, beginning somewhere around 2009, with the Rand plummeting in value. So in 2011, we met with the owners and we decided to bring the aircraft to Europe, which we did in 2012. We based the former Silver-Jet aircraft in the UK, out of Manston airport in Kent.

AH: How did things go?

GE: Very nicely. Our very first flight out of the UK was to fly Chelsea from Newcastle to the Club World Championship Cup Final in Tokyo in November 2012. The former Silver-Jet aircraft, was fitted with 100 lie-flat seats. At the same time we sold the other aircraft to a company in the US who wanted the aircraft for its engines, basically. The directors of Aeronexus decided then that the future for the company lay in VIP group charters in Europe.

We flew that aircraft until the summer of 2015 and during that time we carried many different customers, ranging from international sports teams, premiership football teams and

entertainers. We flew England down to and back from Brazil for the 2014 World Cup. That Tournament also saw us fly the Dutch and French national teams. We have seen many music and film artists using our charter service, plus government officials and prime ministers. We have also operated many round the world cruises, which is a very popular thing these days.

AH: What generates business for you, apart from word-of-mouth referrals from past clients?

GE: Around 98 per cent or more of our business comes from brokers and the relationships I have built up with them over thirty years. My son, James, who is the Commercial Operations Manager here, has been in the business for 20 years. There are various specialist brokers around the market that deal with governments, or bands, or round the world trips, or HNWIs, and we work closely with all of them.

What is interesting for us is that another rich seam of business that is untouched is the executive jet operators' client base. They are the folks that we would really like to reach out to.

A great example of this is that one of the more memorable high net worth flights we did was for an extremely wealthy man who decided to take 90 of his family and friends, on the day after Boxing Day in 2014, down to San Martin in the Caribbean. He had hired a Sea Dream yacht for his exclusive use. They sailed around the Caribbean for ten days. We flew to Barbados and sat there for ten days, then we flew them all home again. That deal came through the operator who ran the executive jets that he used regularly from their base in Switzerland.



Another example was a family in the US who wanted to charter us for a function in Buenos Aires. We flew empty from the UK and picked up 30 passengers from the West Coast of the USA, then another thirty from the East Coast, and flew them down to Buenos Aires for a family function. That flight came from an executive jet operator that that client used to fly its executive jet around the world.

You have to remember that executive jets are great for taking 19 people on international flights. But if you want to take 60 to 100 people over long sectors, then you need us.

There are many instances where the CEO of a company for example will want to host a wedding for his or her daughter, or there will be some company function that they want to have a significant number of people travel in all Business Class. That is where we come in.

We have done weddings in India for HNWIs in Europe. There are a whole range of possibilities there that would not come to us through our normal lines of business.

If we get approached directly by clients who have been introduced to us by brokers we will always refer the client back to the broker and say, we'd be delighted to respond, but please go via the broker. That is a point of honour with us.

AH: So when did you dispose of the Silver-Jet 767?

GE: That aircraft was very successful for us, but in 2015, as the business expanded and people wanted to carry more people for longer distances, the flight limit of around 11 hours was proving a limitation.

So we invested and bought outright a Boeing 767-300ER, which has a 14 hour flight range with 96 people on board. The seat pitch we put in was 73 inches, which is the same as many airlines' first class cabin configuration. So even though the 300ER was four metres longer than the 200ER we put in slightly less lie flat seats, which gave us the ability to add some interesting additional fixtures. We also installed a large sofa which can be converted to a comfortable bed in a discreet and screened-off area of the aircraft.

Last year, with the 767-300ER we flew a Premiership team down to Australia, leaving the UK on a Tuesday, with one stop in Thailand, and they were back in the UK by Friday lunch time, having played a match in Australia. There is no way on earth you could do that on a commercial carrier.

That aircraft has really expanded our routes. We fly frequently to South America from Europe. At the moment, we are contracted to fly from the USA into Moscow for the World Cup, which is a 12.5 to 13 hour flight. We also regularly operate flights to Australia.

A large number of the top UK Premiership teams have all flown with us on a repeated basis. European teams fly with us regularly and there are bands that fly with us regularly too. We fly American sports teams into Europe and the Far East. So this is a very good business.

Every flight is different, which is what is so exciting for our team. **BAM**

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ANOTHER TANK OF GAS...

Mark Amor, vice president, World Fuel Services,
talks about WFS's latest partnering venture with XLR's FBO network

Q: What can you tell us about this new partnering and joint-branding venture with XLR, the FBO arm of regional airport owners, the Rigby Group?

A: This is a very exciting new partnership that we are forging with XLR. At WFS we work on a philosophy of partnering with strong companies and this has long been part of our culture. This is just the way we work in the business aviation space and is part of our mindset as a company.

What makes this partnership so unique and exciting to work on is the opportunity to create a brand new full-service FBO at Birmingham Airport, which had faced historic challenges on its general aviation ramp. XLR, one of the Rigby Group's city airport sites, was keen to tackle that challenge, alongside a partner that could be flexible and innovative in its approach. We are two, strategically-aligned, growth-orientated companies and that is what brought us together.

Q: What are your plans for the venture, going forward?

A: As with every partnership, our main aim is always to deliver on our promises, and live up to the high standards we set ourselves. At XLR Birmingham, this was to drastically improve provision to business aviation customers, who had previously received a lesser service under traditional fuel supply models. The inability to fully tap into the potential of its general aviation ramp was a long-standing issue that Birmingham Airport was challenged by; our partnership with XLR to create a full-service FBO helped tackle it and as a result WFS is looking to expand its partnership across the XLR network in the UK, supporting more business aviation customers.



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Q: So, from your point of view, the proof of the venture is that you have a satisfied client base and sell more fuel?

A: The proof is really in how much we enhance the experience of those using XLR Birmingham's facilities. The general aviation ramp at Birmingham Airport was not being serviced with a convenient fuel supply, which leads to issues with turnaround times and low customer satisfaction; of course, those customers will then look elsewhere when they want to buy fuel. Our partnership with XLR changes that entirely because it's all about being in the right place at the right time when the customer needs it. That isn't just true in regards to fuel supply, but also payment solutions, which are now also in place to make life even easier for customers, who will also find that being part of two growing networks – XLR and WFS – will make onward journeys smoother and more convenient.

Q: Does WFS own the fuel farm at Birmingham Airport?

A: We own the fuel farm in joint venture partnership with Shell Aviation, with both parties competing on fuel supply to customers and each operating into plane services on a stand-alone basis.

The fuel farm is located on the other side of the runway to the general aviation ramp, so there have previously been operational challenges to getting services across to the customer. However, as a result of the venture, there will now be fuel operators at the general aviation ramp and that will be a huge convenience to private jet customers at the FBO.

This is one of the hugely practical outcomes and deliverables of the joint venture agreement. It means that XLR will be able to offer both their customers and WFS customers a one-stop shop.

Q: What does the commercial arrangement between XLR and WFS entail?

A: We assimilated a number of physical assets on the ground in Europe, Australia and Canada in 2017, following our acquisition of ExxonMobil's aviation network. This gave us our first real branding exposure and has made us much more visible in those regions. Prior to this, you could say we were a well-kept industry secret; we have been selling fuel out of over 3,000 locations worldwide for more than 20 years but no one had really heard of us!

This new partnership opens up a number of new opportunities for joint branding to continue raising the profile of both XLR and WFS.

As part of the deal, we also provide assets such as trucks, as well as technical know-how and ongoing consultancy to ensure that XLR remains ahead of the game.

We also support XLR for example, with a full training platform around the critical safety standards that are required around fuel services.

Q: You mentioned the payment services?

A: On the payments side, WFS fuel cards are now accepted by XLR, which makes things simpler for our customers who use XLR's FBO sites. The same is true of the Avcard for ground handling services. Our payment solution makes things much easier for customers and saves them from having to carry significant amounts of cash. |BAM





BUILDING A PORTFOLIO

Chris Beer, Director of XLR Executive Jet Centres, heads up FBO services at regional airport owner and manager, Regional & City Airports (RCA), part of Rigby Group. Chris talks to Tony Harrington about the Group's strategy to grow its portfolio of FBOs

“ Being part of Rigby Group gives us access to a range of complementary aviation services.”

Q: Chris, could you start by giving us an outline of Rigby Group?

A: Rigby Group is the parent company for a portfolio of family-owned and highly successful businesses operating across Europe and the Middle East. Diversifying from its origins as a principally technology-led business, Rigby Group has evolved across the last 42 years - through smart, strategic acquisitions - into a £2.1bn British success story with over 7,500 employees.

RCA owns and operates Norwich Airport, Exeter Airport, Coventry Airport and recently acquired Bournemouth Airport, as well as holding management contracts for Blackpool Airport, Solent Airport (Daedalus) and City of Derry Airport.

XLR Executive Jet Centres also sits within RCA.

Q: How did you come to be involved with all this, Chris?

A: I started my career in aviation at Exeter Airport some 12 years ago, where I acted as a check-in agent for private aircraft. The trigger for executive jet handling at the airport was when the Queen's 146 flight was on the apron. That was the turning point, from which time we developed the idea of providing executive VIP travel and a premium level of service.

Q: How many executive jet movements were you getting at Exeter?

A: We were getting of the order of 800 movements a year, which is a lot for a small regional airport. Interestingly, in the winter we picked up a lot of traffic because the South West of England is only a little behind Scotland when it comes to shooting sports. We had a lot of hunting traffic coming in from Russia and America specifically in order to go shooting. The South West really is one of the great places in the UK to go to for this activity.

RCA acquired Exeter Airport in June 2013, as a key milestone in its strategy to expand its ownership and management of regional airports.



“ Although our partnership with WFS only began in February 2018, we already have one senior member of staff trained with WFS and building a team.”





Being under RCA ownership resulted in significant investment in the facilities. My role was extended; I took on overall management responsibility for our FBO at City of Derry Airport as well as Exeter. We developed full-service corporate aviation at Exeter, together with excellent, upgraded facilities. Indeed, being part of Rigby Group gives us access to a range of complementary aviation services.

Q: Are the airports slot restricted or do they run via prior permission requests (PPRs).

A: Exeter and Liverpool are PPR and Birmingham is slot-restricted. However, if a client has a change of plans en route and wants to land at Birmingham, the airport is very supportive. Whilst Rigby Group only acquired the FBO in May 2017, XLR Birmingham has just become one of only three UK FBOs and 100 FBOs in the world invited to join the prestigious Air Elite network.

Leveraging a fantastic 44,000 square feet facility, with a 27,000 square feet heated hangar, XLR Birmingham offers panoramic views over the airport, an integrated lounge,

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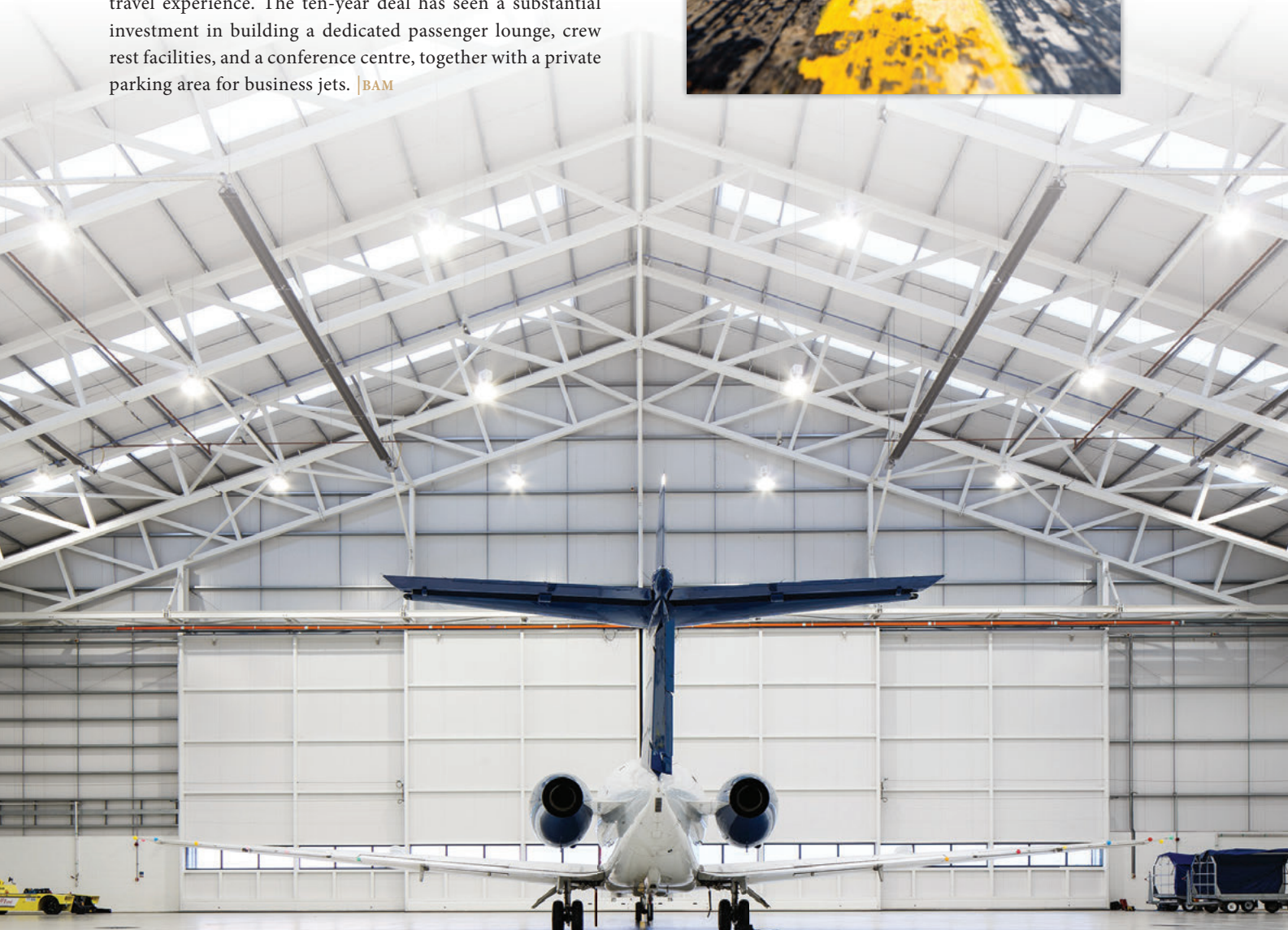
full security, quiet rooms, bedrooms and crew rest rooms. It really is a flagship operation. We already have a number of customers who use the hangar on a regular basis, and the aircraft range from a TBM to a Global Express.

Q: How is the joint venture with WFS working out for you?

A: Although our partnership with WFS only began in February 2018, we already have one senior member of staff trained with WFS and building a team. We continue to grow the partnership with WFS and have our own 20,000 litre co-branded bowser.

Q: Does the relationship with WFS extend to your other locations?

A: In March 2018, XLR opened its newest facility at Liverpool John Lennon Airport, where we also work with WFS. XLR Liverpool will handle flights to Merseyside with luxurious new facilities as part of an investment with Liverpool Airport to significantly upgrade its private travel experience. The ten-year deal has seen a substantial investment in building a dedicated passenger lounge, crew rest facilities, and a conference centre, together with a private parking area for business jets. |BAM





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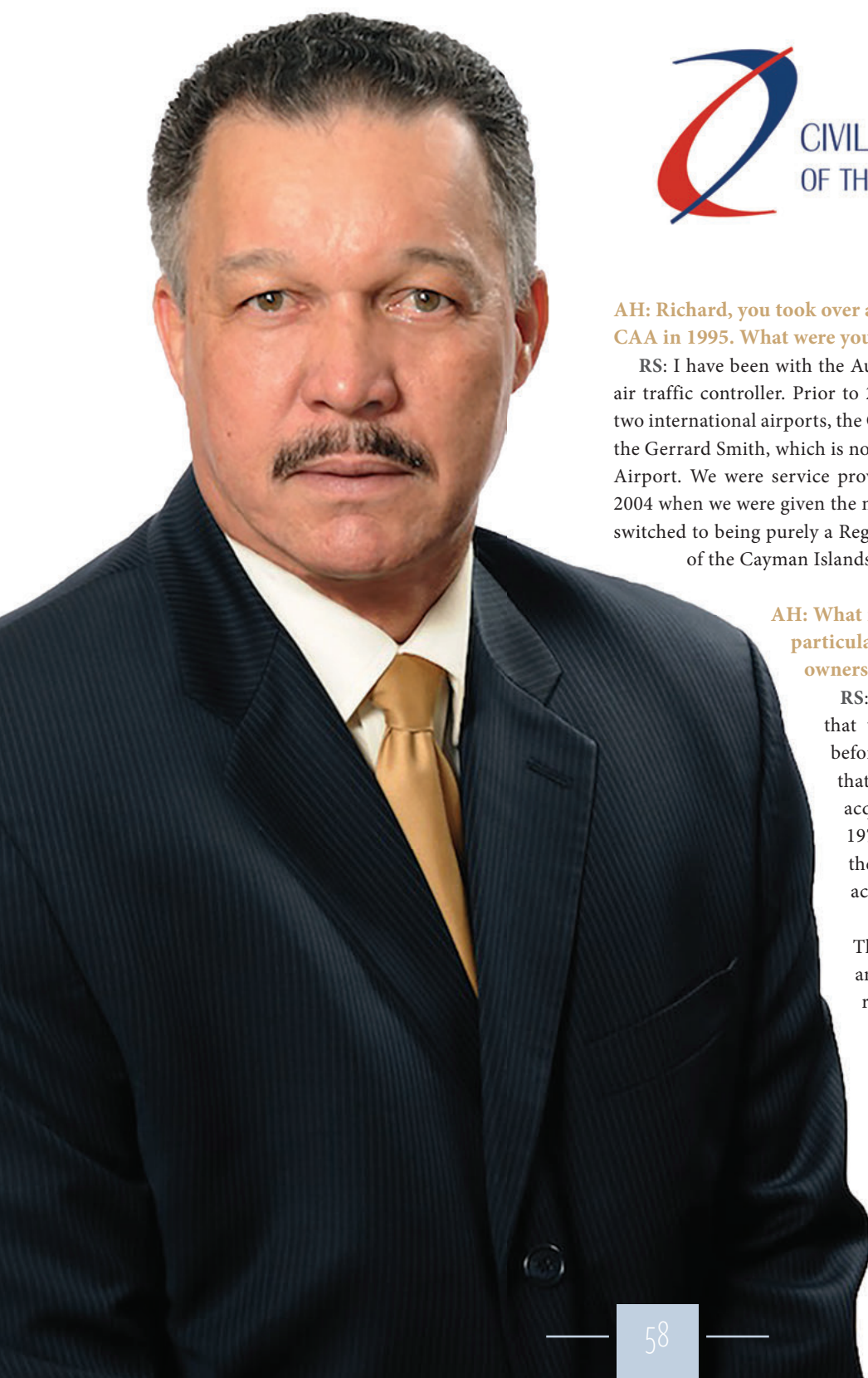
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ISLAND PARADISE

Richard Smith, Director, Cayman Islands CAA



CIVIL AVIATION AUTHORITY
OF THE CAYMAN ISLANDS

AH: Richard, you took over as Director of the Cayman Islands CAA in 1995. What were you doing before that?

RS: I have been with the Authority since 1976, when I joined as an air traffic controller. Prior to 2004, the Authority was responsible for two international airports, the Owen Roberts International Airport and the Gerrard Smith, which is now the Charles Kirkconnell International Airport. We were service providers and regulators. That changed in 2004 when we were given the mandate from the UK. In 2004 our focus switched to being purely a Regulator, which included being Custodian of the Cayman Islands Registry.

AH: What makes the Cayman Islands particularly attractive as a Registry to aircraft owners in other jurisdictions?

RS: To answer that, I should point out that we have a long history as a Registry before aircraft registries became something that private companies were interested in acquiring or running. When I joined in 1976 there was no thought of promoting the Registry through any kind of marketing activity.

There were high net worth individuals and Heads of State who had their aircraft registered with us, but it was not promoted. The major reason people came to us was for reasons of privacy. We were their first choice because the UK Civil Aviation Authority was

“ So, we saw a way of really providing a value added service, particularly by having inspectors that are contracted full time by the Civil Aviation Authority of the Cayman Islands and will fly out to the client’s base of operations to do the approvals on site.

heavily involved at the time, which enhanced our oversight credibility tremendously. The safety standards applied by the UK CA were highly credible, and that created business in and of itself.

When I took charge of the Registry in 1995, I wanted to know who our user base was. I saw we had some HNWI’s and a few corporates as well as Heads of State. By 1997 I had made up my mind to do a road trip to see some of the corporations and individuals who were operating their aircraft on our registry. Of itself that was instructive as to what they were looking for from an offshore Registry, with privacy and safety being two very key considerations.

What I found was that our user base, and in particular the corporations, were using the Registry in a way that enabled them to be more efficient in their processes. The quality of the regulatory oversight and speed of response was key for them. The traditional national CAA approach of saying the equivalent of ‘take a number and we’ll get back to you in six months or so’, just did not work for our client base. They wanted rapid responses to requests for modifications, approvals and so on.

So, we saw a way of really providing a value added service, particularly by having inspectors that are contracted full time by the Civil Aviation Authority of the Cayman Islands



and will fly out to the client's base of operations to do the approvals on site. This spared the client the hassle and cost of flying the aircraft to the Registry and this continues to be a very important value added service for us.

At this point Bermuda and Aruba were also engaged in aircraft registration offshore so the three offshore Registries were Bermuda, Cayman and Aruba. Somewhere around 2002 and 2003 the prevailing view of offshore Aircraft Registries began to change and people became more aware that this was a potential business in its own right. We became aware that there were these trade show avenues to attract business aviation, so we made plans to attend NBAA in 2001. Unfortunately, that was when 9/11 and the Twin Towers attack happened, but the next year we attended our first NBAA and we have been going to the major shows ever since.

AH: What is the relationship between the Registry and UK law?

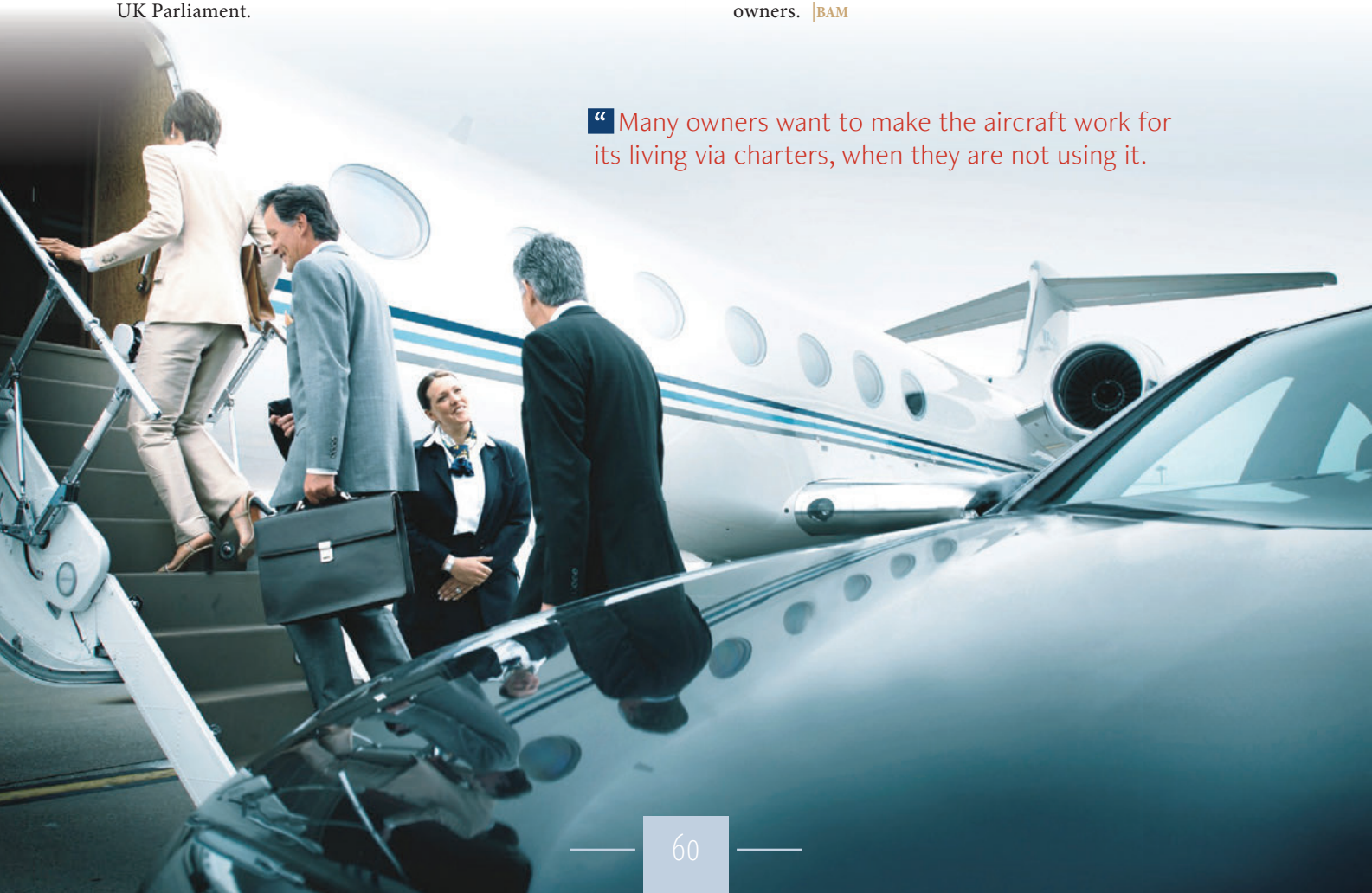
RS: The Registry falls under a government statutory authority. The CAA is the Custodian and the Registry itself is ring-fenced within the CAA. An individual registering an aircraft with us, utilises the same structure that we apply to an airline registering their fleet with us. All contracts between the Registry and owners are covered by the laws applicable to aviation in the UK territories. The territories themselves are run by autonomous governors, but the laws are written by the UK Parliament.

This created a bit of an issue, since we are not part of Europe, and the UK had to find a way of satisfying its ICAO obligations as far as the Overseas Territories are concerned. So we established the OTARs, or Overseas Territories Aviation Requirements. These are written in a way that enables us to fit in with both the FARs while incorporating EASA provisions. This gives us the best of both worlds and provides us with a lot of flexibility in the way we provide our oversight, which, of course, is a real benefit to our owners.

AH: So you would say that, given that all Registries have to be uncompromising on safety, the degree of responsiveness to client requests is critical to differentiate a registry?

RS: Time is money for our clients. Having the aircraft sit around for a week waiting for a specific approval just will not cut it in today's world. There is a much greater desire now across the business aviation industry to be much more commercially minded where transactions are concerned. Many owners want to make the aircraft work for its living via charters, when they are not using it. At the same time the body of regulations governing the acquisition and use of private aircraft keeps growing. So there is plenty of scope for regulatory standards to become more and more onerous. The Registry has a real and dynamic role to play in ensuring that increased oversight does not become too heavy a burden for owners. |BAM

“ Many owners want to make the aircraft work for its living via charters, when they are not using it.



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INSPIRATIONAL CARIBBEAN

The Round Hill Hotel and Villas, by Jane Stanbury,
BAM's Global Luxury Correspondent

Looking for a source of inspiration that was good enough for JFK? Look no further than The Round Hill Hotel and Villas, Montego Bay, Jamaica. The 110-acre property originally opened in 1953 when entrepreneur John Pringle transformed the existing plantation into an exclusive haunt for society's glitterati.

Sheltering in outrageously lush tropical gardens, 27 private villas are still independently owned by an elite group of "shareholders." Sir Noel Coward was reputedly the first owner, with musical legend Oscar Hammerstein joining soon after. Current owners include Sir Ralph Lauren, American bankers, dynastic European families, and recent guests include Prince Harry and Megan Markle, who attended the wedding of Tom Inskip during March 2017.

President JFK wrote his presidential inaugural address in Villa 25, and a quick review of the black and white photos gracing the walls of the wood panelled, colonial-style Cocktail Bar showcase a litany of modern history's famous presidents, literati and celebrities.

They visit The Round Hill because it provides a complete retreat from the world. The villas, which of course have been updated since the first heady glamour days, are glimpsed through dappled foliage. Each property features spacious open-air living accommodation, manicured lawns interspersed with fountains and fish ponds, and shimmering swimming pools; some are complemented by annexe properties that boast their own splash pools and secret entryways. Every villa has a dedicated cook, housekeeper and at least two gardeners. They vary in size from two to six bedrooms, from classic to premium luxury categories, and can be rented in their entirety or partially.



They visit The Round Hill because it provides a complete retreat from the world. The villas, which of course have been updated since the first heady glamour days, are glimpsed through dappled foliage.

Villas are finished to the highest quality, yet give forth an understated ambience. The Lauren-influence seeps through with clean lines, meeting plantation-style comfort to create a laid-back Caribbean vibe. Four poster beds are sumptuously deep, with floating canopies dancing on the cooling zephyrs. Over-sized sofas and armchairs in neutral tones provide comforting respite from the zealous mid-day sun in the airy living rooms.

Bathrooms feature marble surfaces with deep tubs, complemented by outdoor rain-showers open





to the starry skies. Sun-kissed bodies are wrapped in thick, fluffy, cotton towels and robes. Villas face west to maximise the sunset while to the east, perched atop the estate with 360 views to Montego Bay and beyond, is the Round Hill organic garden. Exotic, tropical ingredients are cultivated to support the chef's farm-to-table philosophy which is guided by a philosophy of light, clean, Caribbean cuisine that prioritises locally sourced ingredients. The Round Hill is a gastro-lover's delight.

An expansive breakfast, with smoothie bar, is served in The Grill, where the rooftop restaurant's vista takes in panoramic property views of the ocean and gardens. The décor is also Lauren-influenced, and is balanced by local artist Albert Huie's white wood cut prints, bringing a touch of plantation

to the mix. During the day guests can also lunch at The Seaside Terrace, take traditional afternoon tea at four, attend pre-dinner cocktails and canapes at the manager's evening soiree, before enjoying a fine dining à la carte experience, or one of the themed nights sampling the highlights of Caribbean, Jamaican and Barbeque specialties.



The ten-course tasting menu, designed by head-chef Martin Maginley, epitomises his creativity, serving up an array of contemporary Caribbean dishes. These include bammy, a cassava bread served with a ceviche made of local red snapper, smoked marlin yam balls with a jerk mayonnaise, and an ironic ice cream featuring the scotch bonnet chilli which gives a cold-hot thrill to the end of your meal.

Ackee, served with beluga caviar, also features. This local fruit is a delicacy, although it occasionally features in top-ten lists of the world's most dangerous foods. A relation to the lychee, the unripe fruit contains a poisonous substance, hypoglycin, and must only be eaten when fully ripe. The flesh is delicious, and ackee with saltfish is a national Jamaican dish often served for breakfast. It makes a delicious alternative to scrambled eggs being remarkably similar in texture and colour. "A Jamaican house is not a home without an ackee tree," I'm told.

A day at The Round Hill is not complete without a visit to its sublime crescent moon beach. Of course, relaxing on the golden sand is not obligatory, although almost impossible to avoid. Numerous sea activities are available including paddle boarding, snorkelling, wind surfing, diving and dinghy sailing. Guests are also encouraged to explore the gardens beyond the water's edge. Marine scientists are working with local fishermen, trained as "coral gardeners", to renew and maintain the reefs, which in turn attract a colourful myriad of fish. A dedicated coral nursery provides the seedlings which are used to replenish vital habitats for threatened species. The underwater Round Hill Reef Gardens are protected and fishing is forbidden.



For the hyperactive there is a fully equipped modern gym, jogging path, nature trail and selection of tennis courts. The gym is part of the spa complex which beckons from one end of the arced bay and is accessed via a short, shady stroll along a picturesque bay-side path. The spa menu is extensive and offers a range of facial, beauty, and body treatments with wraps and massages featuring Jamaican coffee beans, vanilla seeds, frangipani, brown sugar, and pineapple in the treatments. In the accompanying hair salon, Jamaican hair braiding is an option. For 2018, a new hydrotherapy area has been added. Set within the verdant forest it will offer the ultimate in-hydro-beauty treatments in the blissful gardens.

Gardens feature large at The Round Hill, unsurprisingly, as it was originally a

Gardens feature large at The Round Hill, unsurprisingly, as it was originally a sugar, then pineapple, plantation.





sugar, then pineapple, plantation. Today, the pineapple is the property's emblem and signifies not only its historical origins, but pays homage to its historic symbol of wealth. The now common pineapple was once a rare fruit, that in the 1800s, could fetch up to \$8000. Socialites would demonstrate high



status by renting the fruit to display at dinners and parties. Today it exemplifies the warmth and hospitality which The Round Hill still offers in abundance. The service is always impeccable, courteous and above all friendly. Nothing is too much bother for the team, many of which have been at The Round Hill for decades. It is unsurprising that this piece of paradise inspired JFK to pick up his pen, and write his rousing speech. |BAM

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AFRICA RISING

Jane Stanbury, BAM's luxury global correspondent talks to Rady Fahmy, Executive Director of the African Business Aviation Association

JS: You've been marking your fifth year this year, what has been the Association's greatest achievement since launching?

RF: It's been a wonderful five years as we have built and developed an Association with more than 100 members, that is credible, sustainable, and acts as a pan-African voice to help grow business inside and outside the continent. We set out with a vision that was focused on establishing business aviation as an asset that is recognised, valued and supported by governments, African Civil Aviation Authorities, enterprises, entrepreneurs and business leaders across Africa. Over the past five years we have done this, and more, as we've extended the message, Africa is open for business, to the international sector. When we first launched we were greeted with scepticism, but today that has been replaced by genuine enthusiasm and interest from across the world.

Our greatest achievements have been varied, but perhaps one of the most significant has been the portfolio of events that have provided platforms for education, networking and knowledge sharing. It was during one such event, our third regional symposium, that we firmly put the business aviation sector onto the agenda of the African Union.

After attending our symposium, ministers openly agreed that business aviation was an area that needed their attention, and as the guiding body for Africa this was a huge achievement. This change perfectly reflects the power of AfBAA.

Personally, I would say our greatest achievement came towards the end of last year when we were voted on to the International Business Aviation Council board. On November 17th we were officially recognised as IBAC's 15th member. This was a major milestone for us, and one we worked very hard to achieve. It demonstrates that the international community wants to work with us, that we are a credible organisation, and that we want to collaborate with fellow associations to improve operating standards across the continent.

JS: The industry is full of associations what do you think members want from AfBAA?

RF: It takes a bit of magic to match every member's expectations, but we believe that as an organisation we can help our members drive new business, as well as create and develop



“ Personally, I would say our greatest achievement came towards the end of last year when we were voted on to the International Business Aviation Council board. On November 17th we were officially recognised as IBAC’s 15th member. This was a major milestone for us, and one we worked very hard to achieve.

better more profitable operations. At this stage of Africa's business aviation life cycle, this is where AFBAA can really add value. Members want to meet potential business partners and customers, as well as learning how to physically improve operating standards within Africa. They also want to use the platform to profile-raise and create an extensive network of contacts.

JS: Africa is a diverse continent with many challenges, where do you see the potential for growth for business aviation?

RF: We were honoured to have Poppy Khoza, the South African Director of the Civil Aviation Authority, present the key note speech at last year's AfBAC-EXPO, and she succinctly describes the potential when she talks of a "hopeful", not a "hopeless" Africa. There are many reports that confirm this too. Data from the World Bank indicates that a number of non-commodity producing countries including Morocco, Côte d'Ivoire, Kenya, Mali, Rwanda, Senegal, and Tanzania are exhibiting economic resilience. Venture capital investments, innovation hubs, and tech-related businesses are mushrooming, putting down deep roots for future local, continental and international growth.

These burgeoning enterprises, as well as the traditional sectors, are run by executives that need to travel frequently and conveniently. Commercial aviation remains extremely restricted in Africa with passengers often having to make a multi-leg trip, instead of what could be a simple two-hour flight between countries. The benefits of business aviation are now being felt by African executives who realise flying privately is not a luxury, but genuinely facilitates business. The benefits of privacy, security, time saving, efficiency and productivity are being increasingly realised.

Whilst the continent's economy is tidal, with changing markets surging and receding, overall the potential is enormous for those that keep an eye on Africa's commercial trends.

JS: What are the trends you're seeing in Africa right now that business aviation firms should be aware of?

RF: Nations with commodities such as oil and gas were the initial drivers of business aviation growth, however, it is now those less dependent on hydrocarbon wealth that are faring better as the price of commodities decline. East Africa particularly is undergoing rapid economic development.

New opportunities and growth are coming from several diverse sectors. Medevac operations are on the rise and we

are seeing Remotely Piloted Aerial systems being increasingly utilised for functional tasks such as surveying, mapping, delivering badly needed medical supplies. As tourism to, and within, Africa increases, sight-seeing flights, helicopter tours, and shuttle services between safari destinations and principal airports are growing apace.

Industries as diverse as mining, computing, agriculture, finance, technology, construction and telephony are also looking to the efficiencies offered by business aviation.

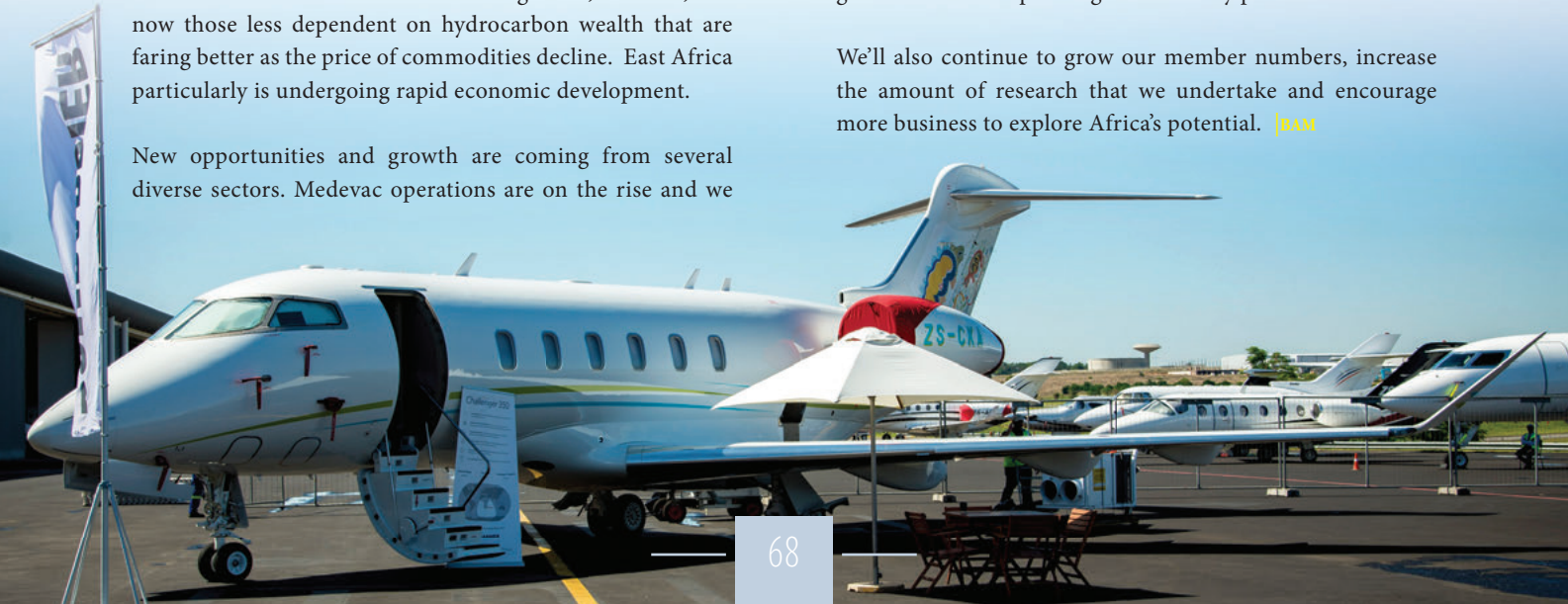
We also anticipate that the rise of crypto currencies, virtual contracts and the increasingly digital business aviation operating environment will be maximised by the sector across Africa. The continent is known for early adoption of technology that circumvents perceived challenges, and all the above are viable alternatives to regular banking, legal and paper-led practices. This technological revolution will be welcomed in Africa.

JS: What will you be working on in 2018?

RF: Our esteemed founder and current Chairman, Tarek Ragheb, announced at AfBAC-EXPO he will be stepping down. As an institution led by transparent governance and with a mandate to develop the sector, we are seeking a replacement to take up the role within the next six months.

We are also working on a new set of events for 2018 that will look at the business aviation sector vertically, with clearly defined topics related to particular subjects, underpinning event themes. Until now our events have been designed to appeal to all sections of business and general aviation, but with so many distinct areas developing across the continent we want to create platforms that will explore targeted topics. We are exploring events that focus on humanitarian operations, flights serving specific corporate needs within industry sectors such as oil and gas, and the rapidly growing tourism sector which serves an increasing number of African and international clients. Whilst we can't provide the mythical unicorn i.e. the perfect event for each member, we believe these smaller focused events will support commercial growth for those operating in these very particular fields.

We'll also continue to grow our member numbers, increase the amount of research that we undertake and encourage more business to explore Africa's potential. [JBAM](#)





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TAILOR MADE

Eric Roth, President, International Jet Interiors

Q: How did International Jet Interiors start?

A: Incorporated on November 5th, 1986, we are entering our 32nd year in business. I got my start in aviation very early on in my childhood, working for my father's aircraft interiors company on weekends and during holidays when I was off from school. Anticipating my transition from college to entail turning my fathers business around, I was met with him in the midst of bankruptcy and the challenge of starting a completely new entity.

Q: That was hugely ambitious for someone straight out of school!

A: I am a very ambitious guy. I had a clear vision from early on as to what I wanted to achieve, and in hindsight, there were less obstacles by starting from scratch. I recognized that most completion centers were using a model that focused primarily on their financial growth and not on customer service. The OEM's as well my larger competitors were creating cookie cutter interiors, so I set out to create a custom modification and refurbishment center that would be client-centric and deliver an extraordinary experience. Today, IJI is a well respected boutique facility that offers highly custom work as we cater to an esteemed, yet very demanding Clientele.

Q: What would constitute a good year for IJI these days?

A: A good year for us would be six major completions and somewhere between 50 to 75 additional work orders.

“ A good year for us would be six major completions and somewhere between 50 to 75 additional work orders.”





“ Our clients don’t buy their suits off the rack – they are tailor made for them. Their jet may be one of their larger purchases, so why would they want to feel that they just bought something off-the-shelf?”

Q: The last decade has seen a notable slowdown in new jet deliveries. How has that impacted you?

A: The market has shifted. For us, our clients have definitely been taking advantage of opportunities in the preowned marketplace, with its dramatically reduced prices. For example, a new G550 would cost approximately \$41 or \$42 million USD. In this market, you can buy a relatively low-time G550 for anywhere around \$18 and \$21 million USD. So if you invest a couple million dollars into that aircraft, you have a like-new aircraft that is customized to reflect your requirements and sense of style for half the price. That represents a tremendous financial savings. So this makes acquiring a used aircraft a very attractive proposition, and refurbishing it with IJI then translates to a prudent investment.

Concurrently, what happens when you bring your aircraft to our facility is that you have rejected the notion of accepting the production line mentality and the basic interior that gets stamped out of the OEM. It is a standard interior but there is nothing custom about it. It could be anybody’s. Isn’t that an odd thought, when you recognize that these ultra high net worth individuals likely do not have anything in their homes or yachts that are “basic” or “standard”? Our clients don’t buy their suits off the rack – they are tailor made for them. Their jet may be one of their larger purchases, so why would they want to feel that they just bought something off-the-shelf?

Q: Do you find that the bulk of your work is mid-cabin or is it the large cabin category that people bring to you?

A: We specialize in Gulfstreams, Globals and Falcons. These are large cabin aircraft. In addition we have refurbished a few Boeings. We refurbished President Donald Trump’s iconic jet, his Boeing 757.





Q: Did it already have the gold taps in place?

A: Not originally, but it did after we installed about half a million dollars' worth of 24 carat gold into his aircraft.

Q: Do you have your own paint shop on the premises?

A: Although we do not perform exterior paint, we will design the paint scheme and provide the spray outs, but the plane has to leave our facility to get painted. With that said, our clients come to us because we provide them with solid information, intelligent insight and a balanced, financially strategic approach to refurbishment. This is why so many brokers, corporations and ultra-high net worth individuals come to us.

It is one thing to simply refurbish an aircraft, it is another thing entirely to have the refurbishment make financial sense. Our clients appreciate that we maintain intimate and current market knowledge while also understanding resale strategy. Obviously, we do not have a crystal ball, but there are certain projections we can make which will show an aircraft owner the potential impact their refurbishment decisions will have on resale values.

We consistently advise clients in this fashion. We may have a client say, "I like a certain colour, I know it's not usual, but I like it." So I might start off with a question as to how long they expect to maintain ownership? If they are holding it through to the next refurbishment cycle, say five years or more, then an odd choice may be acceptable. If there is a chance they may place the aircraft back on the market in three years or less, then there will be financial consequences directly associated with an odd choice. You have to start considering your exit strategy, and this is true for everything, from the colours to the floor plan. You need to consider how things are going to impact you at the back end, when you look to dispose of the asset.

You can spend a1.5 million dollars creating a unique floorplan, and with poor choices the real cost to you might be 2.5 million or more at the time you decide to sell, due to the potential that you may have to provide a substantial discount just to move it. The new owner now will have to take that aircraft and create a more standardised floor plan.

Make no mistake, I have had plenty of clients who want what they want, regardless. They will say, I appreciate the insight you have given me, but I want what I want and if there is a financial penalty down the line, I'll take that hit. That is their choice. Our responsibility is to see that they are well informed when they make any decisions so there are no surprises later.

Q: So it is all about transparency as well as great design?

A: Absolutely. We are completely transparent with our clients throughout the entire project, from the initial design to the final completion and delivery. **|BAM**



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A portrait of Jay Mesinger, a middle-aged man with short, spiky grey hair, wearing glasses with a tortoiseshell pattern and a dark suit with a white shirt and a blue tie. He is smiling broadly, showing his teeth. The background is a soft, out-of-focus grey.

“ It is always hard to say what starts first, perception or reality? I was always a glass-half-full person.

PROFILE:

JAY MESINGER

CEO/President of Mesinger Jet Sales

AH: I am hearing a surprisingly large number of people talking quite optimistically about the potential for growth in 2018. What is your take on this?

JM: It is always hard to say what starts first, perception or reality? I was always a glass-half-full person. It was very interesting, for example, to hear Chad Anderson talking optimistically about the prospects for the next year or so. We are accustomed to the big OEMs like Boeing, Airbus and Bombardier giving us their aviation market forecasts, but it was great to get this from a broker's perspective when Jetcraft started doing their market forecasts a few years ago, and to hear Chad being very positive today. It is very important to know how the broker dealer community feels about things.

AH: Do you feel that the lending community will be there to support a new wave of private jet purchases?

JM: What is certain is that from 2008 onwards the lending community

shrank dramatically. A lot of that shrinkage was simply them pulling back from their prior lending appetite, which was wildly unsustainable. We saw finance people willing to fund sky high premiums and not paying sufficient attention to who they were lending to, and how much they were lending.

Looking back with hindsight on the global crash of 2008 it is pretty obvious that much of it was created by the finance world. Today, we have to be mindful of the fact that whereas for the lending community the sweet spot in the pre-owned market is as young as you can get, and certainly under ten years of age, that is not where the greatest population of pre-owned aircraft are to be found. Yet many of those aircraft are actually extremely good buys and well worthy of being financed. The good news is that of late the lending community is beginning to get back in the game and embrace the older aircraft again. This time with realistic valuations and loan to value ratios.

Take the Gulfstream 550. A new or one or two-year-old Gulfstream 550 is pretty much the same aircraft today as the ones that Gulfstream built in 2003, fifteen years ago. This new, invigorated lending group is looking more favourably at the older aircraft.

Today, if you have the financing, you could go and buy a classic Global Express, modernise it with new switch panels, a refreshed interior, LED screens and an up-to-date avionics suite. When you're done you will have a very attractive aircraft for 30% of the new price, and you are in the game. You have your own aircraft.

AH: As we all know, finding the purchase price is one thing, having the depth of pocket to run the aircraft is another.

JM: One of my favourite sayings is: price is a one-time thing, cost is a lifetime thing. There is potentially a higher running cost to an older aircraft but that just means that the potential owner needs help to balance the two sides of this equation as against the total cost for a new aircraft. Plus there are so many maintenance programs out there that will smooth out surprise costs from unforeseen component failures and the like.

A lot of what creates AOG situations comes from putting off maintenance items that are not safety critical but that you know need attention. What are you living with in the aircraft that should really be fixed?

AH: Let's look at one of the perennial problems that serious brokers such as yourselves face, namely the fact that anyone can call themselves an aircraft broker, and it only takes a little dishonesty to muddy the waters for everyone.

JM: It all comes down to questions of ethics and

transparency. Aviation transactions are complicated by their very nature, and every deal has its own unique twists. But the problem of ethics doesn't come down to the contract. It goes to how transparent the whole deal is to all sides.

Anyone with a business card and a cell phone can set themselves up to do aircraft transactions. In our industry there are perhaps 25 to 30 firms that do it day in and day out and make a living at it. There are thousands of people who say they are aircraft brokers and many of them will have only done a deal or two in their entire careers.

In my view, the broker that will build a loyal following of clients and have longevity in this business is the one who says, let's get the deal right before we say yes. That principle needs to be in every community within business aviation. When a client says, "I hired a broker and he/she did a terrible job, that sours things for the whole industry."



The key is, you have to have enough courage not to deal with transactions that lead a client to a bad place. I have been in this industry for 44 years and no-one pays me a dime for talking someone out of a transaction. But I know from experience that there is another good transaction behind the one that you didn't do. I have a family business, with my wife and our children in the business, bringing their own very different and unique skill sets to the company. By definition then, we are in it for the long term, not just for today's deal. And the only way you have a long term future in this industry is by being client centric and putting the client's best interests first at all times. |BAM

BUILDING ON STRONG FOUNDATIONS

Profile: Janine Iannarelli, Founder and President, Par Avion

Q: Janine, how did you come to get started in business aviation, and why as a broker?

A: It was pure luck – a matter of being in the right place at the right time. I was fortunate enough to discover the business aviation industry just prior to graduation from university. I met a woman who turned out to be the Founder of the business jet research company, Amstat Corporation, Diane Levine, a real entrepreneur in this or any other industry. She hired me as their first employee. Shortly after I started, Diane's husband joined the company from his previous role as President of an apparel manufacturer.

Together they convinced me to commit to the industry full time and to forego a position I had lined up with a New York advertising firm. I thought that in the short term this would be a great way to get tremendous practical business experience and discover an industry which I knew very little about. The rest, as they say, is history. I have never left the industry since, though I did leave Diane 18 months later to go and join an aircraft dealership.

Q: What was the attraction of that first move?

A: One of the things that attracted me was that suddenly the subjects of the business case studies that were part of my university core curriculum were now part of my worklife. There I was as a junior employee speaking directly with senior management in companies. From what I learned in business school at the time, that just does not happen. It was so interesting and uplifting to discover that private aircraft had such an allure that they took you straight to top management or other key decision makers. That was absolutely fascinating for me.

So that was part of it. The other part was that I was dealing directly with Fortune 500 companies. A third factor, and this was very important for me, was that I discovered that I had a knack for over-the-phone communication that led to building solid relationships, and that is invaluable in this industry.

You do get a great feel for a person when you are sitting across the table from them, but very often you have to deal long range. Knowing I could do this, and that I could establish relationships over the phone, then formalise them when I met the person face to face, really lifted my confidence levels.

Joining AeroSmith Penny, in 1984, when they had only been in existence for a year, took my emerging skill set to a wholly new level. They, like a number of then clients of Amstat, made me a job offer. So, I realised then that I must have something

that these business aviation aircraft sales companies wanted or recognized in me. In that, the chance for me to parley this into a great career in the industry was born.

I have to say I really enjoyed working for AeroSmith/Penny and found the work and the company very much to my liking. I think it was a great mutual appreciation starting with the fact that I turned down their initial proposal. I think that made that aircraft sales company value me more highly since I demonstrated that I was not afraid to negotiate my own entry to their company! But if I were to make a move outside the metropolitan New York area and the environment that I knew, to go work in South Texas selling airplanes it had to be worth my while to do so from the very beginning!

Anyway, we agreed on terms and I took the job and really gave it my best. What they gave me in turn was a tremendous foundation not just in aircraft sales but in the aircraft themselves. One of the two partners was a certified mechanic and former test pilot who stressed the importance of product knowledge and provided for a hands on approach to learning. The two partners took me under their wing. They did not coddle me in the least bit and at the age of 23 they gave me every opportunity to prove my value and offered a tremendous learning environment, fostering an education in aircraft sales and building customer relationships.

Q: So how long did you spend with this company?

A: Thirteen years. At some point near the end of this period I realised that I needed to do something more. There was no chance of becoming a partner in the firm. I realised I had choices which came down to going to work for an OEM, or for another broker or for myself. I decided to take the riskier option and go out on my own. I had a tremendous rolodex by that point in time and I was fortunate that the book of business I had built up followed me.

Q: So maybe those two guys should have said, "Hey, this lady's now an integral part of our operation. Let's make her a partner".

A: If they had, I would have stayed, no question. Every major change of my life has been like standing at the precipice, and you can either pull back or jump, and I've always taken the leap. My fall-back position in this instance was that I felt that I was still young enough so that if it didn't work out I could join one of the majors, as a couple had already been courting me. But I've never looked back.

Q: And business has been good?

A: I've had ups and downs, like everyone in this industry.

“ I decided to take the riskier option and go out on my own. I had a tremendous rolodex by that point in time and I was fortunate that the book of business I had built up followed me.

Back in 2009 I had a conversation with my banker and he warned me that we were looking at seven or eight years for a recovery. Well, as we've heard at this conference, its been nine years and we look as if we are just now starting to see a stronger economic environment. So it has been challenging. In October 2008, right at the height of the crash we had clients cancelling agreements saying there was going to be blood in the streets. As part of helping our clients deal with the panic that seemed to set in, we offered to provide a market appraisal of their aircraft for free. And I advised my staff to reassure everyone that we would continue to be there well into the future. I personally am at a point where I am comfortable in starting to grow the business again.

What I am thinking about now is succession, since having taken the time and made the effort to build what I believe is a really good brand, I think it would be a shame to watch it simply slip away upon my retirement. So this is now something that preoccupies me.

Q: How many transactions would you say you do in an average year?

A: I would say that a good sales person, if they are approaching transactions with the care and depth that I was taught to approach them, can do on average seven to ten transactions a year of varying sizes, properly. So then how many a brokerage company does is a function both of market demand, available inventory and of the number of skilled sales people you have.

With help and assistance on the contracts and administration side you can certainly squeeze in a few more, but this is a job that requires so much personal interaction and you can't clone yourself to visit multiple clients or airplanes around the world simultaneously. I just spent the last seven months concluding a major deal that placed previously not experienced demands on my time. Certainly it chewed into my profit centre, but I was not going to abandon the party that I represented just because it was not what I bargained for. These difficult ones come with the territory, knowing that there will be an exceptionally favourable deal that will make up for it somewhere along the way. I believe in karma! |BAM



ADVISING AMERICA'S ELITE

Don Dwyer, managing partner of Guardian Jet, talks to Anthony Harrington about building a leading position as advisor, broker and consultant to Fortune 500 companies on all things related to private jets.



AH: How did it all begin?

DD: Guardian Jet, one of the big three aircraft brokers, was founded in 2002, some 16 years ago, by my brother, Mike Dwyer, along with Mike Mikolay. My brother, Mike, and I share managing partner responsibilities and Mikolay is our Executive Vice President, responsible for operations.

AH: Having two brothers as joint managing partners is something of a unique set up for this industry. How do you two manage to keep the peace between you and avoid sibling rows?

DD: (Laughs) In the beginning of our careers, out of necessity because we had a tiny budget, we made do with a very small office with our desks butting up against each other. Now we have a very nice, architect designed office. We still have our desks in the same room, not because we have to, but because it's still the best way for us both to stay in touch with everything that is happening and what the other one is doing. He's better at some things than I am, so we each play to our strengths and we get along splendidly!

“ Right from the outset, we said we wanted to serve the needs of the most sophisticated and demanding customer base in the world.

AH: So, how did the business fare in the early days?

DD: We took a very different approach to most start-ups. A lot of small businesses start regionally and slowly extend their customer base to other states. We, on the other hand, started off as a customer-centric business. And, right from the outset, we said we wanted to serve the needs of the most sophisticated and demanding customer base in the world, namely the directors and senior executives of Fortune 500 companies. We told ourselves that we wanted to earn the right to advise and to represent these companies across a range of



transactions. We are a consultancy, first and foremost, and Fortune 500 companies have embraced our approach.

AH: How would you characterise the work of a great consultancy when it comes to buying and selling jets?

DD: If you're behaving in your customer's best interests, you should find that as often as you are saying, "Now is a great time for you to buy," you should also find yourself saying, almost as many times, "Let's slow down and hold on to the aircraft that we currently have!" This last bit of advice is not going to make you money, but it's going to build your reputation for independence and for putting the client's interests first—and that is what we're focused on. And ultimately, of course, the quality of your reputation is what brings in new clients and retains the client base.

We've had customers we've given that advice to turn around and say, "Hey, aren't you a broker? Aren't you supposed to be selling us the jet?" And the answer is, "Not if it's not in your best interests right now!"

AH: You are strong in the Fortune 500 segment of the market, what about the high net worth side?

DD: If you look at the number of deals we've done over time, we have a very high concentration of Fortune 500 clients represented in those deals. But we love the HNWI business and we're growing a sales force specifically to focus on individuals who have the means to own private jets.

There tends to be a different feel to the two kinds of transactions. Fortune 500 companies want a defensible plan when they allocate capital to buy a jet. They want to be able to show its value to the business. With a high-net-worth person, you're really looking to see that they'll be comfortable with the purchase and the ongoing costs.

It is important to make the point that we are not an operational consultancy. We don't set out to tell clients how to fly more safely or more economically. Our consultancy is all about the capital that you're going to invest in your aircraft. We analyse all the scenarios that apply to a possible purchase, including what it would cost to charter for the equivalent number of flight hours a year. We show them what it will cost to operate that particular aircraft and what the residual value is likely to be, and we will help them by providing all the facts around the decision. But we don't try to talk the client into buying the aircraft. That is their decision and we only put it to them when we are comfortable with it.

AH: Are you seeing any real change in the market today versus a few years ago?

DD: Right now, we're seeing a host of first time buyers. It seems to me that at long last we are seeing a real change



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from the fractional jet side of the market. We've been waiting forever, it seems, for the first wave of buyers to come out of the fractional market and acquire their own aircraft. It is really starting to happen at last.

AH: What about the financing side of the business? Is there the cash available from the market to support the acquisition of new and pre-owned jets?

DD: We can always find a finance company for a qualified buyer. However, we live in the world of qualified buyers. Trying to get financing for unqualified buyers is very difficult and you should probably not be doing that. For a high-end broker, such as ourselves, there are more than enough customers that fall into the “qualified” category and who really are in the market to buy a jet.

“We buy an awful lot of new aircraft because of the nature of our client base. But we always look at the relative values and merits of new and pre-owned. With our Fortune 500 clients, what we do is to try to help them to get some logical cadence into their buying.

AH: What about residuals? This can be a very elusive number to try to pin down, can it not?

DD: We have as much data on residual values as anyone on the planet. However, the bottom line for any owner is that a jet is a depreciating asset, with some models depreciating faster than others. A Phenom 300, for example, holds its value very well. Today it has the same year on year residual value as pretty much all models used to have pre-2007. You also know that the Gulfstream G650 is going to hold its value better than most.

AH: I take it you are buying and selling both new and pre-owned?

DD: We buy an awful lot of new aircraft because of the nature of our client base. But we always look at the relative values and merits of new and pre-owned. With our Fortune 500 clients, what we do is to try to help them to get some logical cadence into their buying. If they hold on to a jet for too long, for example, the delta between what their aircraft is worth and the new price will be huge. If you buy more regularly, that delta becomes much more manageable. |BAM





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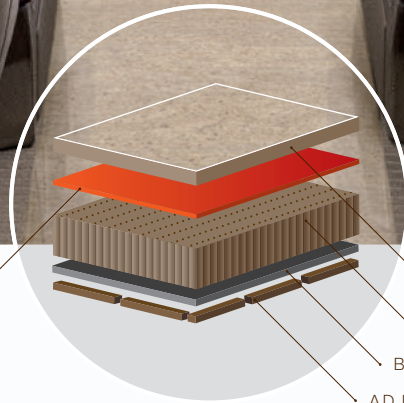
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