

REFLECTIONS ON HOW ASIA'S BUSINESS JET MARKET HAS CHANGED

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Alasdair's Sub-Plot

The Rules of Selling Aircraft in Asia
How will the market look in 10-20 years?

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The Rules of Selling Aircraft in Asia 20 years ago

Business Aviation footprint was around 2-3 sales people.

Pre-owned remarketing from the US.

MRO coverage - Jet Seletar & Hawkers in Australia.

No Spares depots.

China not on the radar.

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The Rules of Selling Aircraft in Asia - from green fields to now.

Multiple jurisdictions.

Region wide range of MRO capabilities – JET, Textron, BAS, ExecuJet.

Spares distribution points.

Multiple sales offices from all OEM's & many Vendors.

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The Rules of Selling Aircraft in Asia - from green fields to now.

Aircraft Management – international & ‘regional’ brands.

Pre-owned aircraft sales presence.

Banks with aviation specialists.

Lawyers!

Multiple disciplines – diluted credibility?

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Flying headlong into major constraints
– no 'quick fix'.

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Expansion limited by Infrastructure
Lack of airport access & ramp space.
Some franchises not fit for purpose.
Military see 'us' as a risk.

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Special Focus – Aircraft condition, records.

As an industry we have to get all stakeholders on board – that is Owners, OEMS's, Vendors, Aircraft Management, Financiers, Airport Management, Regulators to appreciate the combined impact on aircraft in Asia.

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One OEM reports downtime of 8C inspection for an Asian based aircraft is on average 2.5 times that of a US based aircraft.

One Aircraft Management Company proudly told me he only cleans the side of the aircraft the owner sees when he is boarding!

Another commented “Cleaning is only ‘Recommended’ by the OEM and corrosion prevention is not in the Maintenance Manual.”

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Two engine OEM's Programme Rates higher for Asia.

Can OEM's mandate Corrosion Protection under routine maintenance.

Airport Management, Aviation Authorities & Security must understand how over zealous restrictions could impact flight safety.

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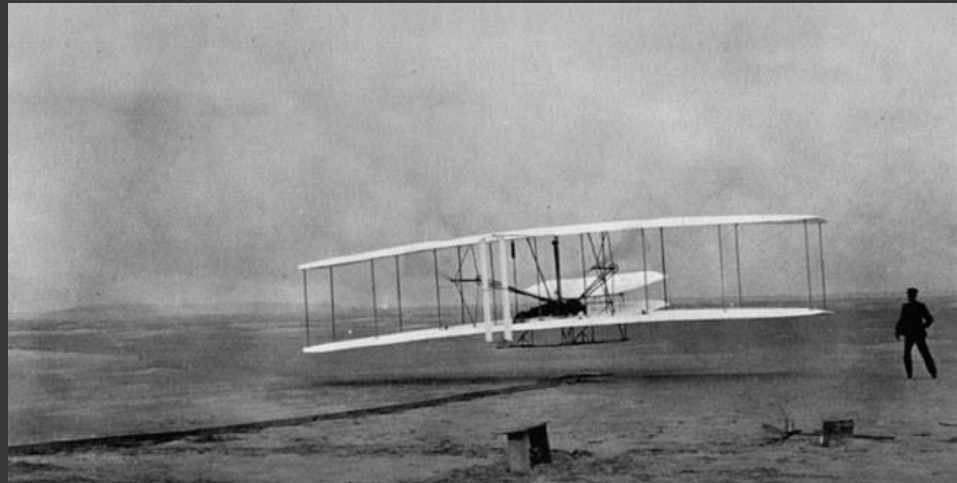
On the pre-owned side there remains some who simply resist aircraft from Asia.

There is no need to be shy of China.

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How will the market look in 10-20 years? So first lets look back a bit...



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20 years ago Business Aviation was:

Gulfstream & Bombardier predicted market for 400 ULRA worldwide!

Today there are 1040 GV/G550/G650's & 811 Globals (All Series).

Dassault dropped their entrant in this category, the Falcon 9000, saying the market was 'too small!'

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20 years ago Business Aviation in Asia was:

Traditional markets were Australia, Indonesia, Malaysia, Philippines.

China just started to acquire the taste.

China sales were to the military (Air Force/Navy).

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Looking back 10 years you will recall
the dramatic events in 2008/9!

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2008 GAMA Year End Report

Showed deliveries totaling US\$24.83bn.

A Year later the 2009 Report was US\$19.46bn.

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2018 GAMA Year End Report

Shows total billings of US\$24.5bn.

10 years to get back to where it was!

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Last month Jetcraft issued its 2019 Market Forecast

Next 5 years estimating 11,500 pre-owned transactions &
3400+ new unit deliveries.

Predicted combined value US\$29.6bn.

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Looking out to 10 years

North America will forever dominate at around 60% of new unit deliveries.

Europe will remain 2nd at around 18-20%

Asia 3rd with 12-14%.

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Are there pointers from 2008?

Gross oversupply, pricing chasing the market & speculation, production was at all time highs just when the market crashed!

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Very Crowded Airspace?

Aircraft in development or early stages of production are dominated by the larger long range aircraft.

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Flying the not so friendly skies!



If you're in any doubt – Is History Repeating itself!

“Whatever they do we can do more. We will be there first and will go further. This is our franchise. Our franchise is to have the longest range business jet.”

Chairman Gulfstream Bill Lowe, September 1992.

“Gulfstream has no intention to relinquish control of the market we created with the G650/G650ER.”

President & CEO Gulfstream Mark Burns, November 2018 at CJJ Miami.

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Potential impact on the market?

New products, ramping up production – projecting 3,400+ units next 5 years.

Only 3 of the 14 new programmes are ‘entry level’ aircraft.

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Potential impact on the market?

Where are we in the economic cycle after the last 10 years sustained growth?

New deliveries historically follow GDP trends.

OEM notoriously launch new models and ramp up production just when the market drops!

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How will the market look in 20 years?

What needs to happen?

Infrastructure improvements regionwide.

Airports & Authorities need to appreciate the value of Business Aviation.

In some case new franchises.

For China - why not consider dual use airports?

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How will the market look in 20 years?

The Asia Pacific region could challenge & displace Europe for the 2nd spot in this market only if there is a radical change of heart and attitude towards infrastructure constraints.

Some near term imaginative thinking is needed on the way.

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