

# ASIA PACIFIC CIVIL HELICOPTER MARKET

**Nadav Kessler,**  
Business Development & Rotary Program  
Sales, Asian Sky Group

Interview by Litalia Yoakum



**I**NDUSTRY EXPERT **NADAV KESSLER** joined the Asian Sky Group (ASG) team three years ago, heading the Rotary and Industrial Aviation Department in the Asia-Pacific region. Kessler handles the sale and acquisitions of helicopters and turboprop aircraft for the Hong Kong-based company. As Director of Rotary Sales and Business Development, Kessler aims to provide creative

solutions for clients across the globe who aim to buy, sell, lease or finance their aircraft, as well as provide consultancy services to companies looking to set up or restructure their operations or adapt to a changing market.

## What is the outlook of the civil helicopter and turboprop market in the Asia-Pacific region?

The market is going through a challenging period. Of course, the oil and gas downturn plays a big part of it but this period is also affected by changes in the broader general aviation segment. Economic changes and political uncertainty have a tremendous impact on decisions made by operators and companies in the industry. Despite the challenges and the dynamics of the changing market, there are certain elements which will push Asia-Pacific's general aviation to further develop. Each country has its own unique characteristics – with some more developed than others – making room for future opportunities. Several market segments in the region have seen very little growth or even downsized in recent years, in part due to industry adaptations. It's a diverse region with very different characteristics across the board.

The industry is waiting to see what point of balance the market will reach with the oil and gas sector and how long it will actually stay there. Aside from oil and gas there have been numerous areas of continued development, many of which involve direct and indirect demand to support government requirements in sectors including law enforcement, emergency response services, firefighting, and aerial surveys.

ASG's outlook for the Asia-Pacific region sees potential not only in the sectors driving current demand but also in market segments which may be insignificant at this point in time. We look far ahead and consider ourselves an influential part of the development process in this interesting and diverse part of the world

## How are operators being impacted by the oil and gas downturn?

This region has felt the heat of the oil and gas downturn as much as the rest of the world. Initially smaller oil and gas operators were hit by the downturn, which led them to look for other solutions for their operations. This later expanded to larger operators and countries with state-owned operations, which use to be more protected by such market changes. A vast majority of oil and gas operators have felt different levels or pressure from this downturn, requiring them to adapt, adjust or find new solutions.

Operators who are dealing with more than oil and gas are now looking to diversify. They

“

Despite the challenges and the dynamics of the changing market, there are certain elements which will push Asia-Pacific's general aviation to further develop.

”

have the ability to use their aircraft for utility purposes, which may include firefighting, cargo lifting, passenger support, and medivac missions. Operators who only deal with the oil and gas industry are feeling the pressure of the downturn much more. Many of these operators have reached the point where energy companies have renegotiated rates and forced the operator to reduce their prices, which in turn reduces the gains of the operator. A number of helicopters are now on the ground and not flying, incurring costs while still requiring maintenance, insurance, hangar space, and replacement of parts. If an aircraft is on the ground, there's no revenue.

Although the downturn has led to a challenging period in the industry, ASG believes the downturn will give way to a recovery. It's difficult to say when this will happen, but when it does it will still take some time to revive. At the moment, there are enough helicopters to support more than the existing operations, as there is an excess of oil and gas helicopters in the region. Even with a rebound in oil and gas prices, these helicopters will be able to support any previous activity that revives itself; growth will not be immediate.

## How is the industry being impacted by the downturn?

Over the past two years, a large number of oil and gas development projects have been suspended, contracted, canceled or their economics restructured. As a direct result, there is an excess supply of medium and heavy

helicopters, which are typically used in oil and gas related operations. Even though oil and gas production support makes up only 10% of the Asia-Pacific fleet, its monetary value has a much larger impact in the industry than its fleet market share. This reality is significantly driving the price and market value down for these aircraft. Because the price of heavier helicopters has gone down, other sectors that might typically use smaller aircraft can now consider the option of a higher performance helicopter for the same price. With overall prices down, the market has created a butterfly effect. As the price of larger, high-performance helicopters goes down, the price of smaller helicopters drops as well.

While the oil and gas sector is suffering a difficult period, operators now seek opportunities in other segments and across borders. Some have been successful in penetrating neighboring countries by offering alternative services or new expertise for specific missions. Smaller and less diversified operators are the ones facing more significant challenges, while the larger ones with either a mixed fleet or multi-purpose aircraft are able to secure different contracts and enter other operations.

#### What are some of the other challenges the industry is facing?

In this region, a number of regulatory restrictions make doing business a challenge. Age requirements, compulsory equipment, and airspace control are among some of the issues the industry faces in each country. For example, China, Thailand, Indonesia, and

India have introduced age restrictions on aircraft imported into the country. China has been making slow progress when it comes to the ease of its heavily controlled airspace restrictions. Some countries only allow importation from countries that their aviation authorities have bilateral agreements with, even if the aircraft type is already certified.

Another issue the industry faces is the ability of buyers to get financing for smaller aircraft. There is no shortage of financiers who are interested in new and larger aircraft, but when it comes to the lighter or older aircraft the options are limited, operators are forced to opt toward short term or less suitable solutions.

“

Acting as a single source for everything general aviation-related allows us to help with an understanding of all different aspects of the industry.

”

It's a dynamic market. When something significant occurs (new regulations, political change, or a new market reality affecting global fleet) we need to respond fast and mitigate the effects it will have on the operator. At times it will be a quick process, other times it will be much longer. In any case, we aim to identify the change and its effect far in advance.

Large-scale government-related and para-public projects play an important role in the region's development. ASG has been increasingly active in these sectors over the past year and will continue to invest and direct its attention to these segments in the foreseeable future.

#### How does ASG differentiate itself from other companies in the industry?

ASG has a deep involvement in this region, in the market. We understand the mission profile and trends of each country, which allows us to translate that understanding into opportunities, development, and growth.

When companies are in need of support or expertise from larger organizations or seek to enter the Asian market, ASG is the most suitable to analyze the upgrowth and need to determine the best course of action. We've facilitated successful partnerships for companies that were small but also had a local presence and by bringing in knowledge and experience we have managed to grow into larger and more successful operation.

We also offer a range of solutions from advisory services, financing, transactional support, sales and acquisition, marketing, business planning and operational analysis. Acting as a single source for everything general aviation-related allows us to help with an understanding of all different aspects of the industry. As one company offering several services to support one objective, ASG is able to efficiently and accurately assess each client and their needs in the best possible way.

[www.asianskygroup.com](http://www.asianskygroup.com)

#### How does ASG deal with difficulties in the industry?

ASG aims to provide tailored, creative solutions for each business that helps to reduce any complications and potentially help grow their business and operations. When operators face challenges, we can always

find the most efficient way to make their business run smoothly. We understand that it's not always just about the aircraft itself, but also about the services and opportunities that allow the business to continue to thrive through difficult periods.