



DEVELOPING AN UNKNOWN REGION

INTERVIEW WITH **LYNTON VAN ASWEGEN**, ASIAN SKY GROUP, SALES DIRECTOR, AFRICA

Interview by Litalia Yoakum

Based in Johannesburg, South Africa, Lynton Van Aswegen is the newest addition to Asian Sky Group (ASG), expanding operations into the relatively unknown African business aviation market. Lynton's adoration for aviation and a bit of luck led him into the industry, starting out with as a Gulfstream Representative for a number of African countries. Over the course of his 15 years in the industry, Lynton has come to see and understand the development of business aviation in Africa, the challenges the continent faces and its future potential.

Tell me about your background and how you ended up with ASG?

On completing university in South Africa, I entered the corporate world and followed what I thought was my dream, working in corporate finance and private banking. Life though, often leads you to places that the soul secretly yearns for. It's a story that I tell often: Out of the blue, I was offered a role at the well-known National Airways Corporation (NAC), based in South Africa. I visited NAC Sales Director, Steve Hartley on a Monday during 2003, and during that conversation, he told me

that NAC had just been appointed as the Gulfstream Representative for several countries in Africa. He knew of my love for aviation, and asked if I would like the opportunity to focus on Gulfstream sales for NAC. The rest is history!

The aviation world is very connected, and through the interaction with the EMEA Gulfstream Sales Team during my time at NAC, two people – Colin Steven and Tarek Ragheb, both at Gulfstream at the time, resulted in me being presented with opportunities that further developed my love for aviation. Colin appointed me as the Sales Director for Africa, for Embraer Business Jets at the very beginning of the Business Jet division in 2006.

Over the past 15 years, I developed a friendship with Tarek Ragheb, who through his role as VP Sales for Gulfstream, and being an African himself, had firsthand knowledge of the challenges faced in selling business aircraft in Africa. Africa is a large continent made up of 54 countries, with many specific challenges, particularly for business aviation. Tarek is the Founder and Chairman of the African Business Aviation Association (AfBAA), an organization set up to help overcome



some of these challenges. I have been a member of AfBAA since its inception, and through this organization I was introduced to ASG's Managing Director, Jeffrey Lowe, who eventually paved the way for me to become a member of the growing ASG family.

What is the current outlook of business aviation in Africa?

The economies in Africa are driven primarily through commodities and are affected by commodity cycles. The collapse of the oil price for instance has severely impacted the economies of those countries dependent on oil. For business aviation, this is most evident in Nigeria and Angola, two of the countries that have shown exponential growth in recent years. OEMs had been very successful in Nigeria with the sale of large long-range jets, which resulted in increased activity for all elements of business aviation. However, the decrease in the oil price, and a new President who is trying to tackle corruption and regulate the aviation industry, these have brought the Nigerian aviation sector to a halt.

Political instability in many African countries, the collapse of commodity prices, and the lingering hangover from the financial crisis of 2008-2009 have all resulted in depressed business aviation activity. Compounding this, demo tours to Africa have decreased, leaving the local offices of the OEMs with limited resources to help market their wares. Typically, these tours stimulate interest not only for a particular aircraft, but also in the larger business aviation discussion. While Africa is seen as a growth market of the future, OEMs are forced to allocate resources elsewhere. This has had a significant effect on overall interest in the industry.

While the oil price remains depressed, there seems to be an increase in the demand and price of other commodities, which points to an improving scenario for global and developed economies. African GDP growth often lags that of developed economies, and so hopefully in the coming years, we will see this growth becoming evident in Africa. Most African countries are intent on making their economies less dependent on commodities and exposure to the commodity cycle, and with the aim of increased industrialization, should follow with a more predictable GDP growth in the future, which will translate into growth in the business aviation sector.

How has the industry evolved in Africa over the course of your work here?

An excellent example of this is the growth of business aviation in Nigeria. In 2003, NAC delivered a brand new Beechcraft Premier 1 to a well-known Nigerian businessman, who is now also a founding member of AfBAA. His is a wonderful story: On a commercial flight from Nigeria to the US, he was reading a magazine and came across an article for the Eclipse Light Jet, and the market of the very light jets. This sparked his interest, but on investigating, he found out that the Eclipse was several years away from certification, and he had decided he wanted an aircraft immediately. Of the aircraft that were available, he chose the Premier 1. When it was delivered to him in Nigeria, there were only seven business jets based in Nigeria, and those seven were all operated by the Government and related agencies. His was the first

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privately owned jet in Nigeria. He quickly outgrew the Premier, and upgraded to a Hawker 800XP. He now owns and operates six aircraft in Nigeria, and owns a company that was one of the first to be formally granted a fully regulated AOC. He has set up an AMO for one OEM and is also now the Representative for another OEM. Since the arrival of his Premier 1, the business jet fleet in Nigeria has grown to more than 100, and it is not uncommon to arrive at Abuja's airport to find the ramp packed with more than 50 business jets.

This rapid growth was a catalyst for aviation-related businesses, such as FBOs, MROs and charter operations. As is always the case with rapid sales activity, other support activities lagged, and this caused some frustration to owners and operators. In addition, regulations for charter operations were non-existent, and then once regulated, were not easily enforced, which allowed for a "grey market" to develop. This had an adverse effect on the regulated operators who had higher costs.

What are some of the other challenges the industry faces in Africa?

When people talk of Africa, it is often referred to as one place – but there are 54 countries, and all have different regulatory environments, cultures, languages etc. That makes it a challenging continent to operate in.



Business aviation infrastructure is also severely lacking. It would be difficult to sell a light jet in Kenya, for example, when the closest service center may be in South Africa, which may be as many as three stops away. This often results in a classic “Chicken & Egg” scenario: A buyer may want a service center in country before making a commitment to buy, and an OEM may need critical mass (or a single sale) before considering this. It is not often that a first time buyer, (which will be the scenario in order to see growth in the business aviation market in Africa) will buy a \$50 million long-range aircraft as his first purchase. Most will likely start small and move up, but this will require more service centers around the continent. Given the size and scale of Africa, this is going to be a challenge that will take time and considerable investment to solve.

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The ability to finance aircraft that are based in Africa can also be a challenge. Most financial institutions insist on the aircraft being managed by a reputable management company, and such companies are few and far between. One possibility of solving this is via a digital platform that can track all matters related to the aircraft, thus providing data that can be relied upon by the financiers. In addition, there is not enough information about country risk such as to reduce the perceived risk by banks. This lack of information is relatively easy to solve, but will require collaboration.

With much of business aviation still in its infancy in many African

countries, it can be challenging to find qualified crew. This means that expat pilots are often recruited, creating its own set of challenges. As the demand for pilots increases in developed countries across the world, many Africa-based pilots leave for more lucrative opportunities abroad. Pilots have become commodities that are easily relocated, and their salaries are linked to the USD, making pilots an expensive resource in most African countries.

Regulatory challenges also abound – over-flight clearances can take days to arrange, making the very reason for the convenience of business aviation less attractive. AfBAA is now working with the African Union to see how to streamline this process. But for now, it is a source of much frustration.

What does the worldwide industry need to understand about the growing African market?

As far as business aviation is concerned, Africa is a developing market that is in its infancy. This is the biggest challenge, and yet also the biggest opportunity. Africa's sheer size is often overlooked and certainly misunderstood. It takes about 10 hours to fly from North to South, and at its widest point, the East to West flight is more than eight hours. Although Africa is one continent, there are 54 different countries, with different cultures, languages and regulatory authorities.

While the GDP growth rates of several countries in Africa are among the best performing economies in the world, this is off a low base. Additionally, business aviation growth usually lags behind economic growth by several years. Overall economic growth depends on the movement of people. Business aviation can move company executives around Africa far more efficiently than by utilizing airlines. But despite this obvious case highlighting its benefits, most business jets in Africa are owned by HNWI's, and many corporates still shy away from airplane ownership due to what would be perceived as negative publicity.

Transportation infrastructure in Africa is severely lacking. The most efficient way to get anywhere in Africa is via air transport. However, connections between some African cities are infrequent, and sometimes the quickest way between two cities that are only an hour or two apart by air, may involve flying via Europe at huge costs. But then a number of African airlines are below par in safety and therefore banned from flying into Europe.

Due to the lack of suitable aircraft in many countries, charter is very expensive, as such requests often involve two dead-leg flights for the pick-up and drop off. Many of these dead legs are several hours long. Many times aircraft are sourced in Europe or the Middle East. Even in relatively developed markets such as South Africa or Nigeria, fractional ownership models are challenging, lacking critical mass.

With that said, I believe that business aviation presents good opportunities in Africa. It's a market that will develop slowly, requiring investment in all related activities and services, and such ancillary activities will present excellent opportunities also. It will most likely require a collaborative approach, with like-minded parties as partners, and help from organizations such as AfBAA that is tackling regulatory challenges, in order to fast track a healthy business aviation community.

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What are you hoping to achieve with ASG in your new role?

The challenges being experienced in Africa, are very similar to those that were and are faced in Asia, and in China, in particular. When I learned more about ASG, and the philosophy and patience with which they approached the market in Asia, I knew that the same approach would work in Africa. Results may not be immediate, but as the ASG brand becomes more known and respected in Africa, as it has become in Asia, I believe that success in Africa will follow and mirror that which has been achieved in Asia.

During my first visit to ASG in Hong Kong, I was simply blown away by the skills and dedication of the ASG team in that office, and I wanted to be part of it. I am fully aware of the challenges of this market, but with ASG we will seek to establish good working relationships with all parties that share our vision for Africa. I may be the first employee based in Africa, but I am planning on building a successful team in Africa to replicate ASG's team in Asia.

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