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Day 2 / 2014



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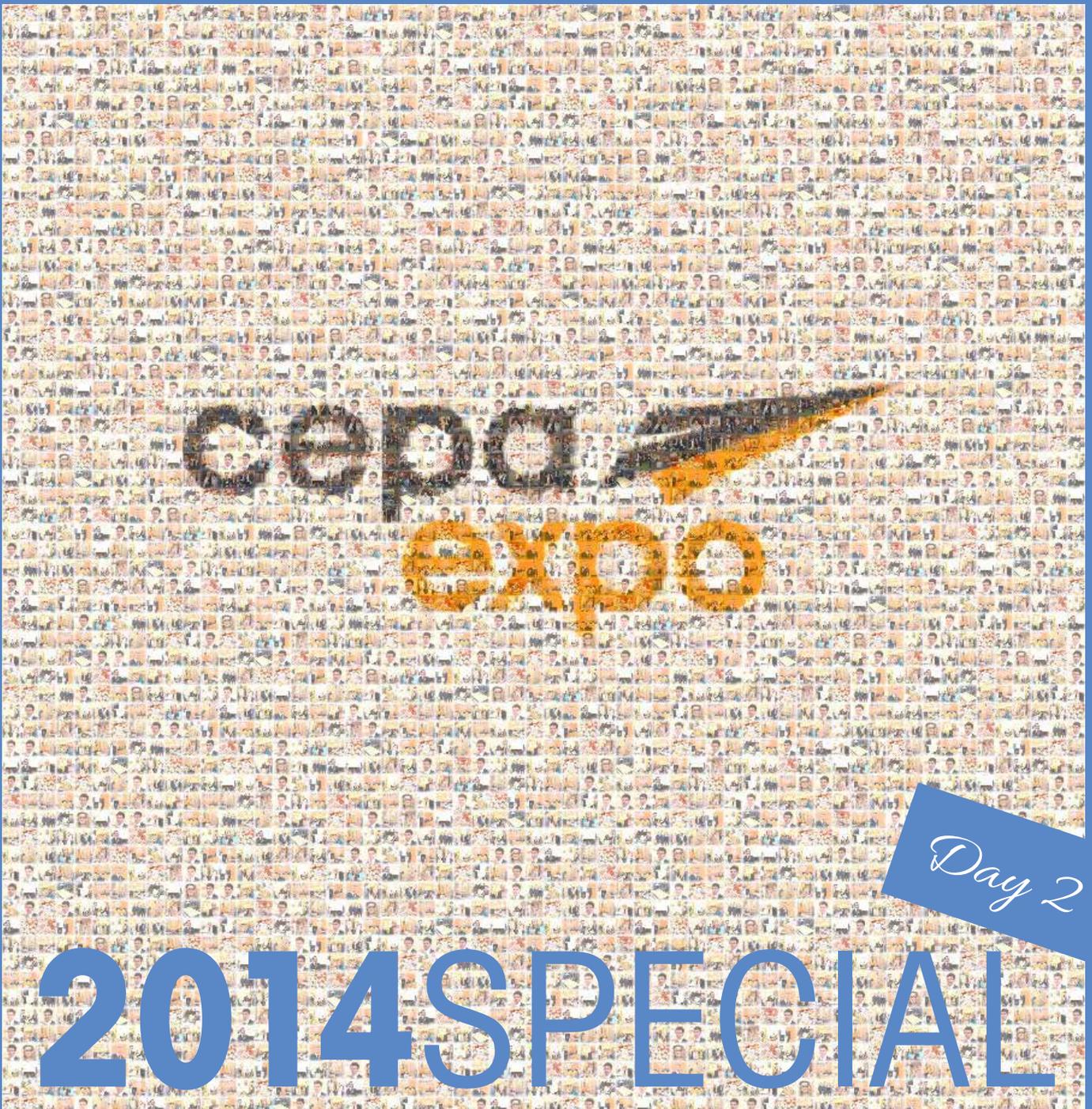
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Day 2

2014 SPECIAL



CEPA Expo 2014 Summary of Day 2

Day 2 of CEPA Expo has seen another set of outstanding presentations. Following the networking breakfast Petr Vavra, Ministry of Foreign Affairs, Director, Bilateral Economic Relations, gave a recap of the highlights of Day 1 and looked forward to another day of similarly high quality discussions. The main focus of the day was on

aircraft operations, systems, security, finance, insurance and regulations.

Rolland Vincent, President of Rolland Vincent Associates, outlined the possibilities, opportunities and potential pit falls of operating within Central and Eastern Europe. His overview set delegates up for a panel discussion on the Advancements

in Avionics, Cabin Systems and Electronic Cockpit Devices. The panel consisted of representatives of Arinc Rockwell Collins, Garmin and the Czech CAA.

The morning session looked at the Role of Helicopters in the region, Electronic Data Security and Planning for heavy maintenance, inspections



and refurbishment. Patrick Moulay of Bell Helicopter gave a comprehensive review of the most effective way of operating helicopters in a region such as the CEE while Dr. Andrea Galli of Scalaris advised delegates of the importance of data security in the electronic age. Scott Shefke of Duncan Aviation brought morning proceedings to a close with thoughtful insights on how to get the maximum use of an aircraft by careful planning of routine inspections, maintenance and refurbishment.

The final afternoon of CEPA Expo consisted of a series of panel discussions that looked at many of the financial and regulatory aspects of operating an aircraft. Subjects such as operating costs, fleet upgrades and charter were reviewed in detail. prior to afternoon tea, finance, leasing and taxation took centre stage, delegates were informed of recent developments in aircraft transactions and anti-money laundering regulations.

CEPA Expo came to a close with two final panel discussions, one on the

differences and challenges of insuring an aircraft to meet the requirements of both Western Europe and Central/Eastern Europe. The closing panel discussion looked at aircraft registration and the advantages and convenience of registering an aircraft with different countries.

As the Expo ended many delegates agreed it had been an excellent event and had built on the strong foundations of previous CEPA Expos.





Citation Latitude on schedule for 2015 deliveries

The Cessna product team began developing the Citation Latitude with one simple idea—listen. Whether it was customers, prospects or owners of competing products, Cessna wanted to know how each one might make the Citation product line even better. In 2015, those ideas are scheduled to deliver on time as a very real, and very exciting aircraft, the Citation Latitude.

"It's great to see a development program run this well," said Terry Shriner, business leader for the Citation Latitude program. "It's a testament to the efforts of the team. And, it's a great reflection on their passion and the quality of their efforts."

Perhaps the most visible signs the Latitude is on schedule are the results the aircraft is getting. Test flights began in February 2014. By the third flight, the Latitude achieved max performance envelope for speed—440 KTAS, mach speed of .80 and max altitude of 45,000 feet. In May, the FAA awarded Cessna a Type Inspection Authorization (TIA) certificate for the Latitude, allowing the aircraft's flight test hours to accumulate toward certification.

While the team is still reviewing test performance specs, Shriner did note, "To date, we've met the performance guarantees for the airplane."

In October Cessna announced that the aircraft specification is being changed to reflect an increase in range to 2,700 nm at long-range cruise, an increase of 200 nm. Runway performance is significantly improved with takeoff distance now an impressive 3,668 feet, rather than 4,030

"Most of our efforts have been focused on the people who get in the airplane and turn to the right. We worked to make sure they are getting the value and experience they desire from the aircraft."

feet in prior projections.

The third sign the Latitude is primed for on-time delivery is the incorporation of pre-tested and proven systems. Instead of finding new ways to create the solutions customers requested, the product team relied on components that had passed two important tests—challenging reviews by

regulatory organizations worldwide and the intense scrutiny of astute customers.

Any update on the Latitude must include a look at what will be the widest and one of the most comfortable cabins in the Citation line. According to Shriner, "Most of our efforts have been focused on the people who get in the airplane and turn to the right. We worked to make sure they are getting the value and experience they desire from the aircraft."

That experience has a lot to do with what happens in the front of the aircraft. Enhancements like touch-screen avionics with fully-integrated auto-throttles and a more spacious cockpit reduce the pilots' workload, allowing them to better concentrate on flying the aircraft more safely and more comfortably for everyone on board.

There's one improvement passengers can't see, but they're sure to notice—the Latitude's ability to pressurize to 6,000 feet while still cruising at a max ceiling of FL 450. Since most aircraft in this class can only pressurize to 8,000 feet, passengers will appreciate a more refreshing flight with less fatigue when they land.

Quotes of the day



Bernhard Fragner
CEO & Founder GlobeAir AG

"The CEE is certainly a future market which shows clearly indication of strong potential once the region is economically back on the recovery path. As GlobeAir is headquartered in the geographical center of Europe we are very close to the CEE market.

Historically eastern Europe is following closely the economic trends of Western Europe which allows room for the opportunities inside the CEE market. At GlobeAir we are convinced that our product is perfectly prepared for the future need in this market. CEPA is the perfect platform to touch base of the latest business trends and industry shape in order to prepare marketing and sales strategies."



Martin Kennaugh
Manager of ICM Aviation

"Often transactions are more complicated than initially anticipated. This is compounded by time pressure."

"As Avfuel has become more and more involved in the European market, CEPA provides an excellent opportunity to connect with key market segments and support the growth of aviation in Central and Eastern Europe."



Daniel M. Bull
District Manager, European Sales
Avfuel Ltd

"The private aviation business has traditionally failed to control and report its cost function, this has led to a "stab in the dark" approach to designing sales price models. In the panel we explored best practice to predict, control and report costs. Used wisely this knowledge should lead to profitability."



Phil Brockwell
Director of the Bristol Flying Centre
(BFC) Group



Jiri Pos
Czech Aeroholding

"Prague airport has great potential for growth, both in the aviation and non-aviation sectors and develop the airport city model. The key development plans include the improvement of access by road and rail and, last but not the least, an increase in the runway capacity. Also the general aviation sector is a firm cornerstone of our long term strategy, we are looking forward to addressing the future operations and MRO needs of the key stakeholders. I would like personally invite all companies and participants of CEPA to contact us and mutually explore the business opportunities Prague airport presents."

An overview of Business Aviation in Central and Eastern Europe from Colibri's perspective

In recent years, as the economic slowdown has hit business aviation travel in Western Europe and the United States, one area that has posted positive growth is Central and Eastern Europe. This area was overlooked for a long time but is now seen as having a great deal of potential as a key growth area. Seen as a relative late comer to the business aviation sector the region, is currently developing at a much faster pace than older, more established markets.

Compared to other parts of the world there are a high proportion of the business aircraft in Central Europe in the large cabin sector. Current estimates of fleet sizes are as follows; 149 large cabin aircraft, 144 mid-size aircraft, and 169 small cabin aircraft, a total of 462 aircraft located throughout Central and Eastern Europe. More than 50% of these aircraft are based in Austria as many Russian owned aircraft are registered there.

One of the primary factors for the tendency towards large cabin aircraft is because the commercial economies of the region are relatively new and the shift to business aviation is a recent development. This means that, initially, it is only the larger, more established enterprises that move into business aviation and are the first to purchase business aircraft. In most instances they tend to purchase larger aircraft with greater cabin capacities. Other factor are the distances involved and the need for long range aircraft in developing markets, which one again means that the choice of aircraft is often larger jets. The situation in Central Europe is mirrored in another developing market, China, where 75% of business aircraft fleet consists of large cabin, long range business aircraft.

Another factor that is very typical of these new markets is the age of aircraft. It is quite natural that new buyers purchase

new aircraft, the situation in Central Europe is that most aircraft date from 2006 onwards.

As the business aviation market continues to grow in Central Europe so does the level of aircraft sales, as an example from January to June 2014 there were 78 aircraft sold in the region. If this is compared with the 22 aircraft sold during the same period in 2004 it illustrates a 350% increase in aircraft sales, quite a



step up in just 10 years. As the market gains momentum and Central European enterprises and companies continue to grow it follows that the number of high net worth individuals will increase, potentially leading to even more aircraft sales.

Another way that more enterprises and individuals can enter the Central European business aviation sector is to look at the option of buying older aircraft. The thorough maintenance procedures for all aircraft ensure that older aircraft can be just as efficient and reliable as new aircraft, and with a cabin refit can be transformed to meet the buyers' specific

requirements. A key advantage of older aircraft is that they represent extremely good value for money and the lower pricing can lower the price barrier for new entrants in to the market. Operating costs and efficiencies can compare quite favourably with newer aircraft, while the price of an older aircraft can deliver a considerable saving.

As the number of start-up aircraft operators in Central Europe continues to grow the more established operators such as ABS Jets in the Czech Republic and Blue Jet in Poland maintain their status by expanding their fleets and services. ABS Jets has a policy of increasing its fleet of aircraft annually and has grown to become a leading international operator not only in Central Europe but to wider markets across the globe.

It should not be forgotten that as the number of aircraft and operators increases this creates a growing demand for service providers (management companies, operators, maintenance facilities, brokers). This creates a better infrastructure and network through Central Europe which in turn helps the market grow further. This in turn creates a need for finance from banks as the demand for capital grows incrementally.

The future looks promising for business aviation in Central and Eastern Europe but there is the ever present threat that as the market demand grows this will be met by operators and owners from other regions. The very nature of aviation means that increased demand can quickly be met by operators from outside the region. So while the future looks bright for central and Eastern Europe it is critical that aircraft operators and owners move quickly to meet demand before the window of opportunity closes.

CEE Business Aviation at a Crossroads: Headwinds, Tailwinds, Or Turbulence?

Rolland Vincent delivered some outstanding insight into the current status of Business Aviation activities in Central Europe. With a 30-year background in aviation market research, economics and statistics, Rolland (Rollie) has held senior positions with Cessna, Bombardier, Flexjet, and Learjet. He began his aviation career as an economics and statistics analyst in ICAO's Air Transport Bureau.

As a consultant, he focuses on aviation market research and forecasting, with a client base that includes the world's foremost business aircraft manufacturers, their key suppliers, and the investment community. Since 2010, he has partnered with JETNET to develop and deliver JETNET iQ, a leading advisory service for business aviation.

Some of the key points from Rolland's presentation included a review of the aircraft operating in the region, how they are distributed compared to the rest of the world and a comparison with deliveries in recent years. Under the title Headwinds Rolland pointed out the issues creating difficulties in the region but balanced this with another part of the presentation called Tailwinds which highlighted all the positive factors that can lead to business aviation growth in the CEE. The presentation concluded with a section called Turbulence which illustrated where business aviation is in the business cycle and presented a number of forecasts for the future indicating some positive outcomes for Central and Eastern Europe.



Business Aviation in the CEPA Countries reported by WingX

Richard Koe of WingX was the moderator for the afternoon session Protect your aircraft – registrations and convenience. WingX are independent Business Aviation specialists with expertise in business intelligence: data sourcing and analysis to inform commercial operations and strategy. With a focus on real time tracking and analysis of aircraft movements and utilization, Richard has prepared a special monthly review for the month of October 2014 with special insight for CEPA.

The review makes it clear that in October 2014 there has been a fall of 11% in business aircraft activity in the 19 countries that comprise of the CEPA

region. While at first sight this may appear alarming the fall in business activity has been most notable in Ukraine (-49.5%) which accounts in large part for the reduction in activity in the CEPA countries.

The special presentation by WingX includes full details of type of aircraft used (size), the most popular city pairings, growth patterns, and aircraft activity by flight departures. Interestingly the analysis of the top destination countries for flights from the CEPA region indicates that France is still the most popular destination country while flights to Ukraine and Turkey have seen a very large reduction in numbers.

Gallery from the Gala Dinner

After a day full of thought provoking presentations, discussions and networking, CEPA Expo delegates had the chance to continue exchanging ideas and making

contacts at the CEPA Expo Dinner. The dinner took place in the historic surroundings of the Zofin gardens last night, guests mingled until late into the evening enjoying a

sumptuous dinner and spectacular entertainment. Everyone agreed it was a wonderful introduction to Czech hospitality and a fitting end to day 1 of CEPA Expo.



Dassault Aviation introducing Falcon 8X



First Dassault Falcon 8X Completes Ground Testing

The Dassault Falcon 8X has completed its ground test campaign preparing the way for a maiden flight in the first quarter of 2015.

The 6,450 nm ultra-long range 8X was unveiled at the European Business Aviation Convention and Exhibit (EBACE) in May. Powered by improved Pratt & Whitney Canada PW307D engines, it will build on the strengths of the fast-selling Falcon 7X, adding 500 nm to aircraft range and 3.5 ft to cabin length.

Wing mating and engine installation operations on aircraft number one were completed at Dassault's final assembly

plant in Mérignac, near Bordeaux, in early July. The aircraft was powered up for the first time shortly after. The initial ground test campaign, including fuel system and flight control system testing and vibration tests, was concluded in October. All systems performed as designed.

"Thanks to the wealth of experience from the popular 7X – over 250 units have been produced to date – and the maturity of the digital processes put in place for its development and production, work on the 8X is quickly advancing, and reaching schedule milestones," said Olivier Villa, Senior Vice President, Civil Aircraft, Dassault Aviation.

Three aircraft will be involved in the flight test and certification campaign,

including one fully outfitted with an interior. Aircraft number two completed wing joining operations earlier this month and is due to fly in the second quarter.

Production of subsequent units has started and is proceeding as expected. Deliveries are scheduled to start in the second half of 2016.

In other developments Dassault has announced that the brand new Falcon 5X has entered the ground testing phase following power up of the first aircraft at the end of August. The first flight of the Falcon 5X is expected by the second quarter of next year and certification by the end of 2016.



The San Marino Aircraft Registry delivers business advantages

Speaking at CEPA Expo 2014 David Colindres, President of the San Marino Aircraft Registry, took the opportunity to alert delegates to the business advantages of registering their aircraft with the San Marino Aircraft Registry. David advised "One of the key factors that we offer to aircraft owners, financiers and leasing companies is the flexibility to use offshore "vehicles" operating in OECD whitelisted tax-neutral jurisdictions; while at the same time the aircraft or asset is regulated and overseen by a reputable Civil Aviation Authority."

To conduct commercial air transport operations, an operator must comply with all San Marino Civil Aviation Authority requirements CAR-OPS 1. The certification process is designed to ensure that prospective AOC holders understand and are capable of fulfilling this duty. When satisfactorily completed, the certification process should ensure that the operator is able to comply with Civil Aviation Authority legislation and regulations, which are in accordance with the international standards.

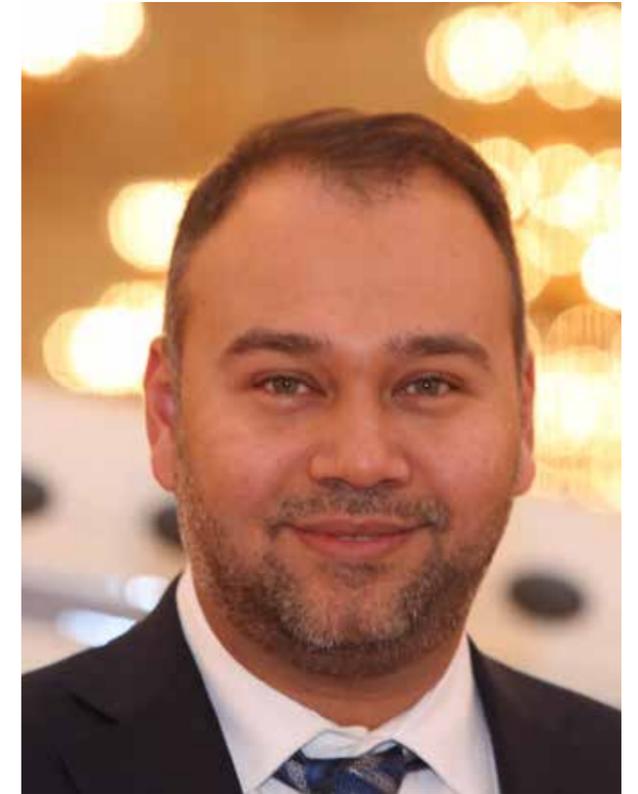
To further underline the San Marino Aircraft Registry's commitment to the

aviation industry, the Registry has the honor of recently announcing the San Marino Republic's accession to the Cape Town convention. The agreement comes into force on January 1, 2015.

David Colindres added:

"This ratification is very important as it gives value added and confidence to banks and leasing companies. The Registration of interest in an asset such as an aircraft is considered to be best practice for owners, creditors, debtors, lessors, lessees, agents and others in protecting their financial interest in such an asset."

The Cape Town Convention is one of the most important and innovative international conventions ever to have been concluded in the field of transactional commercial law and has already secured nearly 50 ratifications.



The Cape Town Convention is intended to give parties involved in such transactions greater confidence and predictability, principally through the establishment of a uniform set of rules guiding the constitution, protection, prioritization, and enforcement of certain rights in aircraft and aircraft engines. It alters the rules governing aircraft sales, leases and financing on a jurisdiction-by-jurisdiction basis by establishing a new international framework and providing for the creation of an International Registry ("The International Registry") to be supervised by the International Civil Aviation Organization ("ICAO").

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