

Business today

The flying business tools

Sales of private jets are taking off in the Asia-Pacific

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YOU could hold an important meeting, have a sumptuous dinner at a proper dining table and sleep in the privacy of your own bedroom – all while in the air. This is what flying is like if you own a private jet.

With plush leather seats and spatial configurations that could be as huge as a tiny apartment, a private jet comes at a princely price tag of between US\$25 million (\$40.6 million) and US\$62 million.

But before you assume that such a lifestyle only exists among the super rich in the United States or Europe, figures show that the private jet phenomenon is hitting Asia in a big way.

There are currently about 330 such jets in the Asia-Pacific region, executive jet manufacturers and chartered flight operators in town for Asian Aerospace 2006 told TODAY. While this represents only 2 to 3 per cent of the world fleet, manufacturers are seeing rapid growth in numbers.

The world's third-largest aerospace manufacturer, Bombardier, saw 40-per-cent growth in the private jet business in the last year alone with 15 orders from the region. With 106 Bombardier business jets in Asia-Pacific currently, the company is the present market leader in the region.

Business aircraft maker Gulfstream Aerospace doubled the size of its business jet fleet in Asia from 22 in 2000 to 44 last year.

Another player, Brazil-based Embraer, delivered six jets to the region over the

last two years. During Asian Aerospace 2006, it announced another two new orders from Indonesia.

Looking ahead, the industry's major players are gearing for record growth in this region over the next few years. The biggest markets are Australia, India, China and Indonesia, with Hong Kong growing quickly.

Over the next decade, Embraer expects to deliver 250 business jets, which would make up 10 per cent of its global fleet.

"If you look at the combined GDPs (gross domestic products) and growth of the Asian economies like Japan, China and Asean, Asia is under-represented in terms of business aviation and this will grow significantly in the next decade," said Mr Luis Carlos Affonso, Embraer senior vice-president for executive aviation.

BUSINESS TOOL, NOT A TOY

It costs US\$2,500 to US\$15,000 per hour to fly on a private jet and at least US\$1.5 million a year to maintain one, depending on the type of aircraft. But contrary to popular belief, the private jet is not a toy for the rich and famous – 60 to 80 per cent of those who buy these jets are companies or businessmen, and not celebrities.

"It's not a rich man's toy; it's a working vehicle and I think people are now understanding the benefits. I can give you one good example of someone in Australia who says he actually gets 28 days more in the office by having his own airplane," said Mr David Dixon, regional vice-president (Asia-Pacific) of Bombardier.

Apart from time, a private jet gives privacy and security. "If you are travelling for a top-secret deal, you don't want everyone to see you," said Mr David Ho, executive

director of Singapore-based Executive Jets Asia, which brings together investors to purchase shares in private jets.

Which is why governments too are popular buyers of these machines. According to Boeing's Asia-Pacific sales director Scott McMurray, about 38 per cent of Boeing Business Jets were sold to governments. The Indian government, for instance, bought several jets over the past few years.

Strong economic growth over the past two years has led to a revival in the industry.

Fear of terrorism too has led to the increased popularity of business jets. MyJet Asia's business tripled since the Sept 11 terrorist attacks in the United States, said owner Logan Ravishankar of MyJet Asia, a Singapore-based chartered flight operator.

"The tedious routine of driving to an airport, having to wait in line to check-in and being subjected to security checks is taking its toll and many CEOs are starting to appreciate the convenience," he said.

PRIVATE JETS IN SINGAPORE?

Although one of the smallest markets, Singapore also boasts a tiny fleet of private jets operating through Seletar Airport.

Insiders estimate there to be about eight to 10 such aircraft based in Singapore, most of which are owned by foreigners, some by multi-national corporations and a "handful" by high net-worth Singaporeans. Ownership is "practically zero" among Singapore corporations.

Executive Jets Asia's first aircraft, a Lear Jet 35A, is already up and running, with a group of investors behind it. Another two jets are in the pipeline.

Given that Singapore is the financial centre of the region, why is business avia-



BOEING BUSINESS JETS

MEETINGS IN THE SKY: Hold big discussions on board a private plane such as the Boeing Business Jet.

tion not taking off as quickly as among its neighbours? It's not about the affordability, but the culture, said Mr Ravishankar.

"In the US, if you are a CEO with a private jet, shareholders are happy because it shows that the company is successful. But here, if a company buys a private jet, the shareholders would see it as extravagance."

Also, in Singapore, the Government often sets the tone for what the private sector does. In many countries, governments are big purchasers of private jets. But not here.

"Our huge companies are dominated by the GLCs (Government-linked companies), and the Government doesn't want to be seen flying on a private jet. But I think this is changing as we see a new generation of entrepreneurs, many of whom are educated in the west and exposed to flying by private jets. If you have flown private before, you can get used to it easily," said Mr Ho.

marketwatch

Singapore

SHARE prices ended higher on Friday as investors ignored a weaker Wall Street overnight and focused instead on better-than-expected earnings from local companies and signs of further strengthening in the property market.

The ST Index ended up 18.09 points, or 0.7 per cent, at 2,453.67.

Advancers led decliners 382 to 188 while 1.3 billion shares worth \$1.2 billion were traded.

Property stocks were among the top gainers, boosted by reports that apartments in the Orchard Road shopping belt had been changing hands at prices near pre-Asian financial crisis levels.

"The ST Index did better today than the previous few sessions, so it seems like there's still some momentum and further upside in the upcoming week," said a local trader.

— Dow Jones

ST Index — 2,453.67 +18.09



World markets

Index	Value	Change Pts	Change %
Nikkei 225	16101.91	+5.81	+0.04
Hang Seng	15856.05	+43.52	+0.28
ASX	4893.40	-19.80	-0.40
Taiwan Wtd	6538.22	+63.53	+0.98
Korea Comp	1365.82	+4.59	+0.34
KLCI	924.91	-2.60	-0.28
SET Index	741.80	+9.12	+1.24
Jakarta Comp	1216.14	-8.02	-0.66
Phils Comp	2069.93	-21.39	-1.02
Shenzhen B	252.82	+1.98	+0.79
Mumbai Sensex	10200.76	-43.29	-0.42

SGX most active

By volume	Close	Change	%	'000
Luzhou	0.425	-	-	98,630
SKY Petrol	0.505	+0.035	+7.4	35,012
Celestial	1.060	+0.080	+8.2	34,300
China Sun	0.645	+0.015	+2.4	30,097
ChinaEssen	0.530	+0.010	+1.9	28,987
Delong	0.120	-0.010	-7.7	25,446
Ferrocchina	0.600	+0.025	+4.3	21,952
MultiVis	0.175	-	-	19,165
MediaRing	0.330	-0.005	-1.5	18,996
Hongguo	0.320	+0.020	+6.7	17,918

Your S\$1 buys

US\$	0.6155	Peso	31.854
UK£	0.3515	AS	0.8333
Yen	72.101	Indian Rs	27.358
HKS	4.7759	Won	596.52
RM	2.2867	CS	0.7096
Euro	0.5165	Yuan	4.9538
Rupiah	5702.9	NZ\$	0.9306
Baht	24.197	NT\$	20.044

Commodities

Gold US\$/oz	550.90	Rubber cents/kg	331.50
Silver US\$/oz	9.47	Palm oil RM/tonne	1,492.00
Platinum US\$/oz	1,023.00	Brent US\$/barrel	60.53

SGX top rises

By \$	Close	Change	By percentage	Close	Change
KeppCorp	13.600	+0.500	StarHubSGA060313	0.045	+350.0
SIA	14.400	+0.400	StarHub DB060328	0.115	+130.0
SIA 200	14.400	+0.400	StarHub	0.020	+100.0
Jardine C&C	10.400	+0.300	Wee Poh	0.010	+100.0
KeppLandSGA060313	1.560	+0.250	StarHub MBL060313	0.185	+76.2
CITYDEV	9.300	+0.200	Compact	0.035	+75.0
F&N	18.500	+0.200	StarHubSGA060918	0.295	+43.9
JSH 500US\$	11.600	+0.200	StarHub DB060515	0.225	+40.6
Capitaland	4.120	+0.140	KeppLand MBL060418	0.195	+39.3
KeppLand	4.340	+0.120	KeppLandSGA060703	0.275	+37.5

SGX top falls

By \$	Close	Change	By percentage	Close	Change
DBS	16.100	-0.200	SPC SGA eCW060306	0.010	-50.0
Sp Land	6.250	-0.150	KeppCorpBNP ePW060324	0.030	-45.5
HSCEI5900SGA06029	0.875	-0.115	SPC MBL eCW060421	0.020	-42.9
Creative 50	12.600	-0.100	CapitalandDBePW06012	0.025	-37.5
OCBC Bk4.5%NCP\$100	102.400	-0.100	CoscoCorpDBeCW060307	0.010	-33.3
QUE	11.800	-0.100	DBS SGA eCW060313	0.010	-33.3
Venture	13.100	-0.100	Sapphire	0.010	-33.3
HartfordEdu	0.635	-0.085	Teledata	0.020	-33.3
LinkReitBNP060518	0.865	-0.055	UOB MBL eCW060317	0.010	-33.3
LinkReitCA060816	0.305	-0.055	SPH JP eCW060623	0.110	-29.0

Information provided by SGX, Bloomberg