WEALTH-X AND WINGX ADVANCE

PRIVATE AVIATION IN THE MIDDLE EAST: OWNER PROFILE, TRENDS AND BUSINESS OPPORTUNITY

Private Aviation in the Middle East: Owner Profile, Trends and Business Opportunity

Introduction

The ultra wealthy enjoy a global lifestyle. Extensive domestic and international travel is often a requirement for ultra high net worth (UHNW) individuals with at least US$30 million in assets. UHNW individuals are active players in the world's aviation market; some frequently use commercial airlines, whereas others charter private planes or have fractional ownership plans. For a portion of the ultra wealthy population, however, outright ownership, whether in their name or through their corporation, is an efficient and cost-effective solution to their increasingly busy schedule across multiple countries and time zones.

While North American UHNW individuals essentially dominate the world of private aviation, the region's share of new orders has declined over the last 20 years, whilst regulatory changes in many emerging markets have resulted in the beginnings of an internationalisation of private aviation demand.

Wealth-X, WINGX Advance and industry expert Hardy Sohanpal have partnered to reveal insights about Middle Eastern UHNW individuals who own private aircrafts. Combining Wealth-X's intelligence on the ultra wealthy with WINGX Advance's analysis of aircraft activity and an industry expert's operating insight, this white paper creates a profile of the average Middle Eastern jet owner, their preferences and the business aviation opportunity in the region.

Demographics

There are 5,975 UHNW individuals in the Middle East with a combined net worth of US$995 billion, according to Wealth-X data. The world UHNW population is 211,275 with a combined net worth of US$29.7 trillion.

	Middle Eastern Jet Owners	**Global Jet Owners**
Age	59.1	63.6
Male	94.4%	96.8%
Female	5.6%	3.2%
Self-Made Wealth	31.0%	75.1%
Inherited/Self-Made Wealth	59.1%	16.9%
Inherited Wealth	9.9%	8.0%
Average Net Worth (USD)	$1.09 billion	$1.66 billion
Average Liquidity (USD)	$385.5 million	$195.5 million
Liquidity/Net Worth Ratio	35.3%	11.8%
Average Number of Planes Owned	1.1	1.3
Average Value of Planes (USD)	$48.8 million	$16.4 million
Value of Planes/Net Worth Ratio	4.5%	1.0%

Middle Eastern UHNW private jet owners make up about 2% of the world's UHNW jet owners. The average Middle Eastern aircraft owner is younger than the average global owner (59.1 years old versus 63.6 years) and has a net worth of US$1.09 billion and liquidity of US$385.5 million. Middle Eastern UHNW individuals buy more expensive planes than their global counterparts; the average value of planes purchased by Middle Eastern UHNW individuals is US$48.8 million, almost three times the global average value of US$16.4 million. Middle Eastern jet owners also spend a greater percentage of their net worth (4.5%) on private aircraft, compared to the world average of 1.0%.

The majority of Middle Eastern jet owners have a blend of self-made and inherited wealth, at 59.1%, while 31% are self-made and 9.9% entirely inherited their fortunes.

Top 5 Industries	**Middle Eastern Jet Owners**
Industrial Conglomerates	29.2%
Non-Profit & Social Organizations	25.7%
Finance/Banking/Investment	10.5%
Manufacturing	10.5%
Real Estate	5.3%

Top 5 Industries	**Global Jet Owners**
Finance/Banking/Investment	19.3%
Real Estate	7.3%
Non-Profit & Social Organizations	5.7%
Industrial Conglomerates	5.5%
Oil, Gas & Consumable Fuels	5.1%

Of further interest is the concentration of some industries in which these individuals work. The most popular industry among overall UHNW jet owners is finance, banking and investment, at 19.3%. Judging by the growing number of annual flights, Middle East jet owners have a close affinity to Europe. This is for many reasons, including family ties, education, medical treatment, homes, investments and escaping the summer heat in the region.

Middle East jet owners are no different from other owners, with only a few subtle differences excluding culture. Owners in the region tend to be diplomatic, with direct complaints and confrontation being very rare. Superior high levels of service are a must for these individuals, since flying private is less about utility, as in the United States, but more about savouring moments of space away from their usual busy lives.

The top industry for Middle Eastern UHNW jet owners is industrial conglomerates (29.2%). This could include royal family members involved in private enterprise, long-standing merchant families and businessmen. The next most popular industries are non-profit and social organizations (25.7%); finance, banking and investment (10.5%) and manufacturing (10.5%). In contrast, just 5.7% of global jet owners are engaged in non-profit and social organizations. The concentration of ownership amongst non-profit and social organizations in the Middle East highlights a close correlation between ruling heads (governments) and the rapid growth of some of the regional economies, i.e. energy rich countries. These governments drive the economy through initiatives such as large-scale infrastructure and construction projects, which have had a positive impact on aircraft ownership both in the state and private sectors, as state-owned energy wealth is strategically distributed.

Popular Routes and Aircraft Types

There were 1,329 business aviation flights from the Middle East to Europe in September 2015, a 21% year-on-year increase. This follows year-on-year declines in Summer 2015. During 2014, flight activity increased 8.6%.

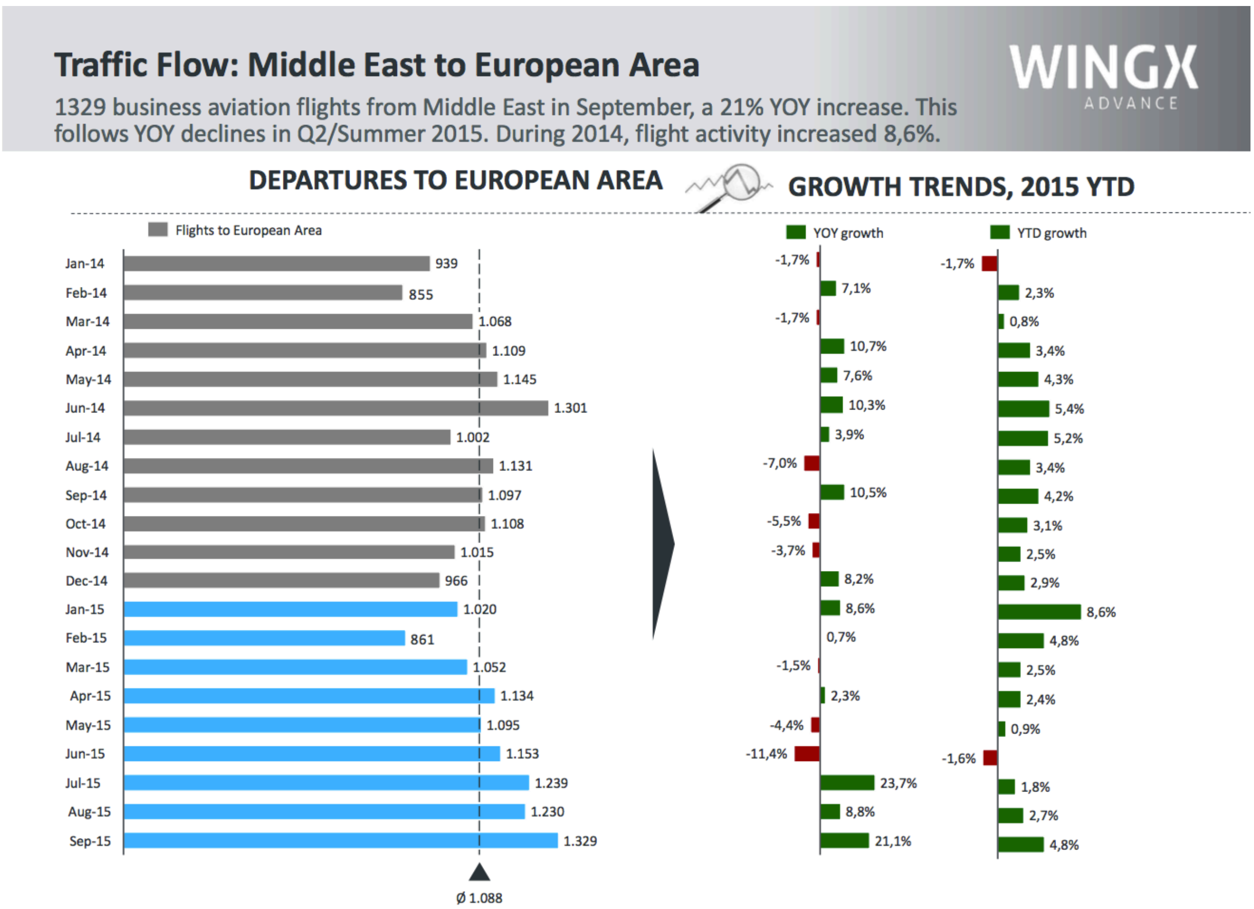
In the European region, Turkey has recently received the largest share of flights (15.9%) out of the Middle East, at 1,611 this year to date. This could be at the expense of Beirut and Cairo, two cities that were originally popular business and leisure destinations before geopolitical uncertainty in recent years. Turkey's unique position at the gateway of both Europe and Asia works well for aircraft owners, since business and leisure can be combined in an environment suited to their cultural tastes.

Other top destination countries include the UK (1,513 flights in 2015 YTD), France (1,272), Greece (883) and Italy (628). Greece as a destination has been 14% more popular in 2015 compared to the previous year. The five most popular destination countries represented 58% of all flights out of the Middle East to the European region.

Image of Challenger 605 via Bombardier

The busiest jet operating out of the Middle East is the Bombardier Challenger 600 series, with 174 planes making 1,159 departures from the region in 2015 YTD — a 5.4% year-on-year increase in activity. The 600's wide body interior and competitively priced charter rates explain its popularity. In second place is the Gulfstream IV/G400, with 146 planes making 828 departures in 2015 YTD, a 1.3% year-on-year increase in activity. Third place is the Bombardier Global Express, which posted a 24.4 percent increase in activity from the previous year to 713 departures among 160 planes. Generally, the busy aircraft flying from the Middle East are mid-size and larger jets.

Preference for large aircraft is not just a simplistic reflection of prestige, but one of practicality, since trips tend to be predominantly family oriented, with close and extended family members expected to accompany the patriarch. Typically, personalized VIP commercial airline interiors serve the families' hierarchal traditions well, matching closely the rituals of daily life, including a heritage of eating together.



Top Aircraft Types, 2015 YTD

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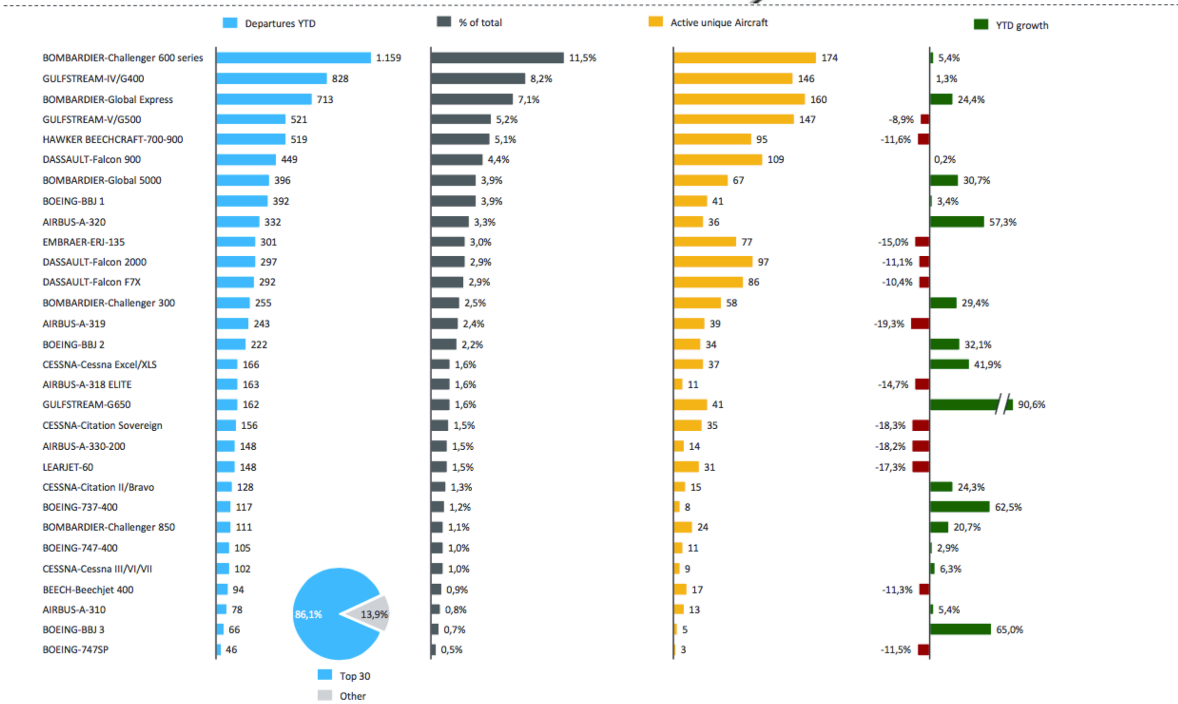
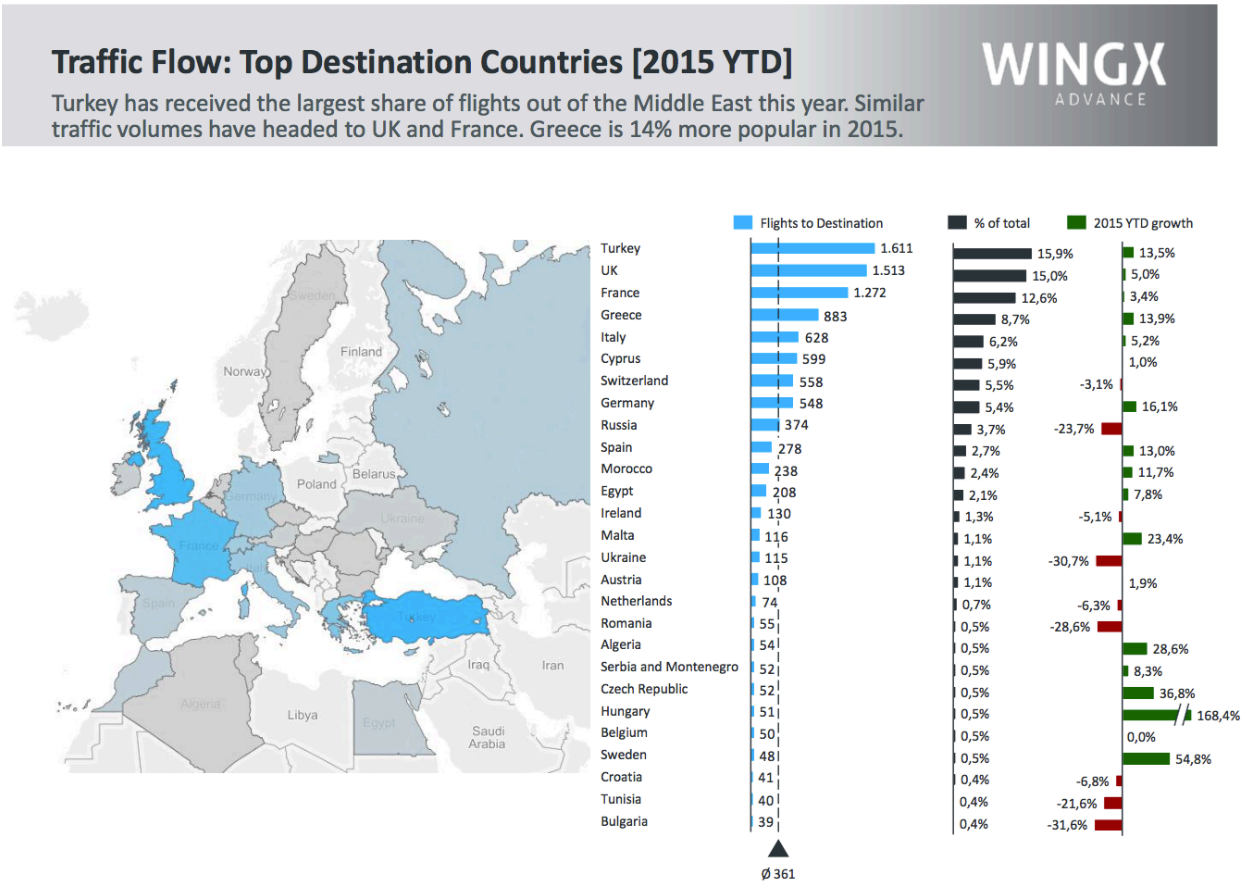
The busiest jet operating out of the Middle East is the Challenger 600; 174 aircraft, activity up 5% this year. Other busy aircraft are typically midsize and larger jets.

DEPARTURES , DISTRIBUTION, ACTIVE TAILS

TRENDS FUEL UPLIFT YTD





About Wealth-X
Wealth-X is the global authority on wealth intelligence, providing sales, marketing, strategy and compliance solutions to clients in the financial services, luxury, not-for-profit and education sectors. Its award-winning research and thought leadership are regularly cited by the world's media such as CNBC, Financial Times, Thomson Reuters and BBC. Wealth-X has more than 250 staff in 10 global centers, including Singapore, London and New York (www.wealthx.com)

About WINGX Advance
WINGX provides data, market intelligence and consulting on the global business aviation market for customers including aircraft manufacturers, engine and avionics suppliers, airports, MRO businesses, aircraft operators, brokers, fuel suppliers, FBOs, insurance companies, banks, regulators, legal advisors, leasing companies, investors and owners of business aviation aircraft.

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