

MARKET INSIGHTS

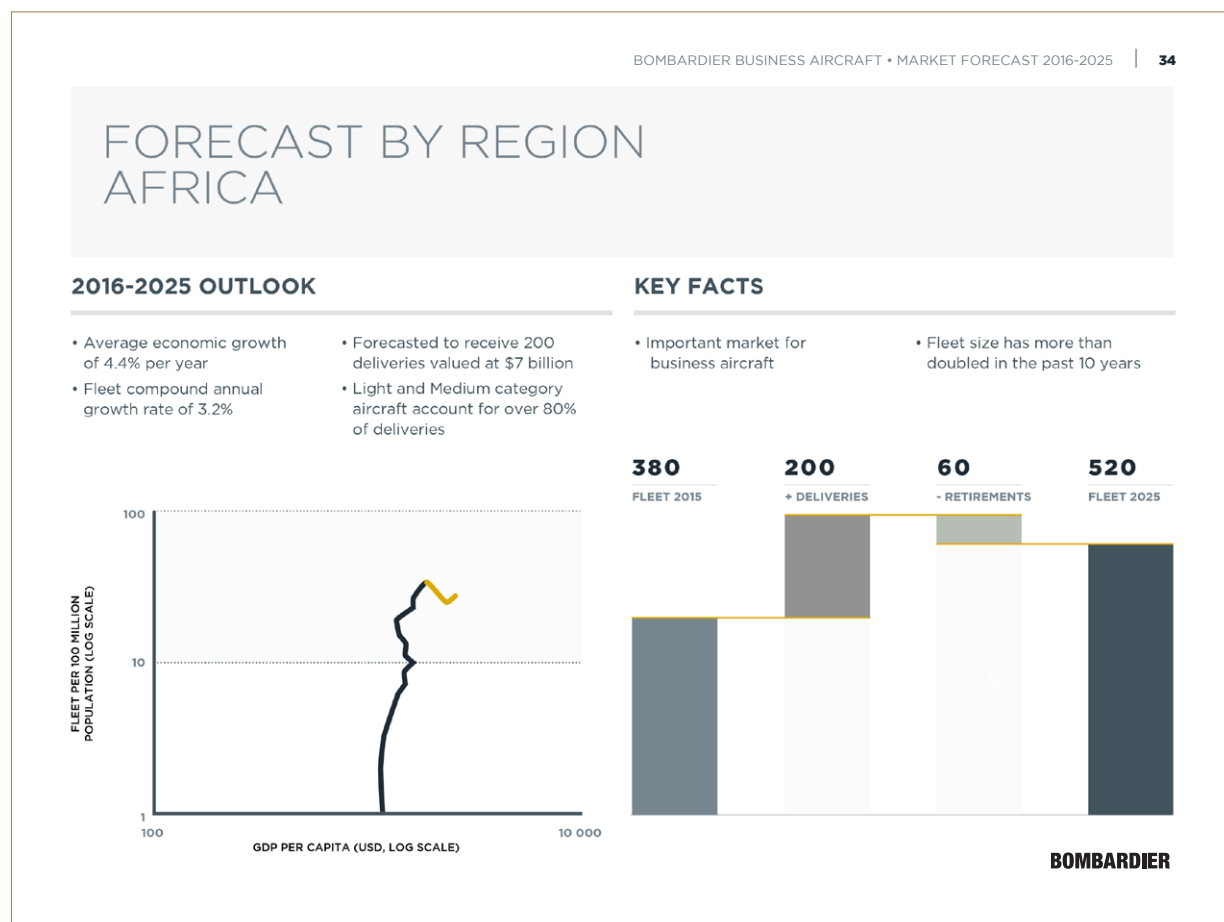
Morocco: At the Centre of African Business Aviation

Prepared by:



KEY POINTS

- Africa is one of the fastest growing aviation markets in the world projected to have 400 million passengers by 2035
- Africa's business aviation market is growing fuelled by growing commerce and gaps in the commercial aviation sector
- Bombardier anticipate 200 jets to be delivered to Africa by 2025
- An expected 175,000 business aircraft movements in MENA by 2020
- MEBA Show Morocco returns to Marrakech in September 2019 to drive the industry



Source: Bombardier

AN OVERVIEW OF THE AFRICAN BUSINESS AVIATION MARKET

Africa is the great opportunity in the aviation market. Although the continent represents 15% of the world's population, the World Bank suggests it only represents 2% of air traffic. Clearly there is room for growth and IATA predicts by 2036 there will be 400 million passengers in the African aviation marketplace, most of them moving within the continent.

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Airport infrastructure in Africa is very dated and in need of development to manage this growth. A CAPA report indicates there is US\$24.8 billion for projects either underway or planned as well as 73 known airport development projects of which 22 are new airports costing USD\$15.7billion. Most of these projects are government funded yet some in the form of loans from offshore banks; mainly in the Middle East and China. Many industry players have called for more public-private partnerships to meet the financing demands.

Q4 2018 Flight Hour Activity by Region—Africa

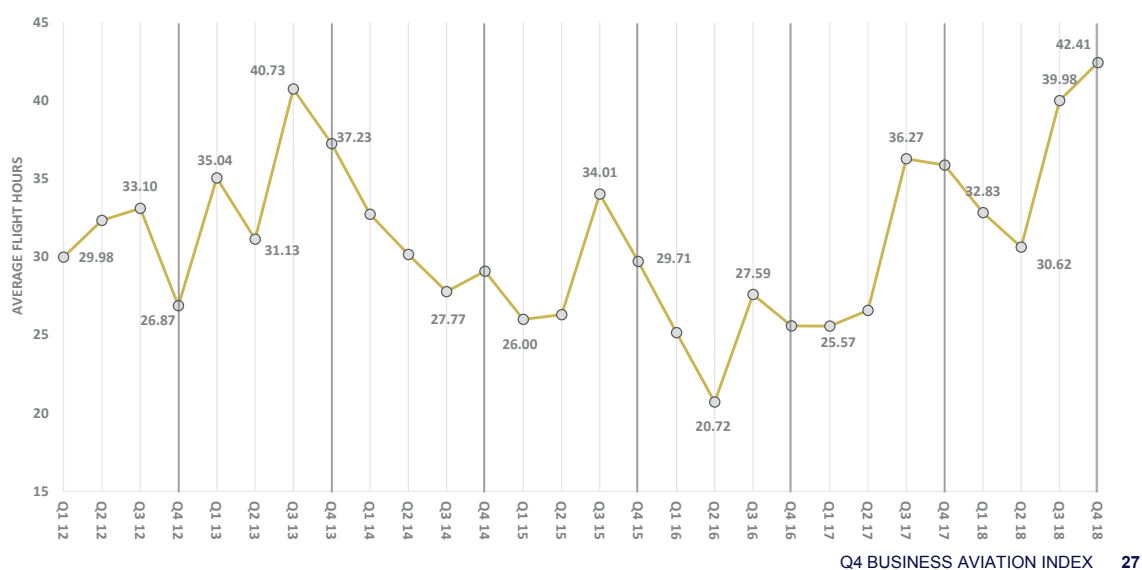


Following decreases in three consecutive quarters, the African region has now reported two consecutive quarters of increases. This brings flight activity to the highest level since 2008. QoQ activity increased 6.1%, while YoY activity was up 18.3%. For 2018 as a whole, flight hour activity was 17.4% higher than 2017.

6.1%
QoQ

18.3%
YoY

17.4%
YTD



Q4 BUSINESS AVIATION INDEX 27

Source: JSSI

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Meanwhile, many African commercial airlines are struggling with profitability, a protectionist attitude to airspace, and differing regulations amongst the states. The Single African Air Transport Market (SAATM) initiative will go a significant way to address these issues yet, as it has its foundations in the 1999 Yamoussoukro Decision, full implementation seems a very long way away.

In the absence of SAATM, business jet operators are far more nimble than their commercial counterparts. With limitation in intra-continental flights (in some cases, passengers need to transit via Europe or the Middle East on commercial airlines to travel between two African cities), it is easier and more cost effective to own or charter a business jet. Rather than personal use or tourism, it is commerce and gaps from the commercial sector which is driving the African business aviation market.

It is therefore no surprise the African business aviation sector is growing at an astonishing pace. The JSSI Business Aviation Index report showed business jet utilisation in Africa was 17.4% up in 2018 on the previous year. No other region came close and most had retracted.

Investec cite South Africa and Nigeria as the leaders in purchasing business jets, yet the growth is not confined to these two countries. In 2018, Global Jet Capital, business jet financier, estimated the sales of business jets to Africa would increase by 160 units by 2025, 22 of which will go into North Africa. That is a total expenditure of USD \$3.9bn. Bombardier was more optimistic predicting the delivery of 200 units to the continent representing a CAGR of 3.2%.





THE ROLE OF MOROCCO IN AFRICAN BUSINESS AVIATION

Morocco sits strategically between the European, Middle Eastern and African markets as a pivotal destination both in terms of geography and capability. In March 2019, 80% of incoming passengers were from Europe followed by the Middle East and Africa. Furthermore, Zouhair Mohamed El Aoufir, CEO of the National Airports Authority (ONDA) reports the country's airports manage 50% of North Africa's business jet movements. Given 1,200 business aircraft are expected to make 175,000 individual aircraft movements by 2020 in MENA, the Moroccan government's strategy to attract the industry has significant forethought.

In 2017, the strategy to attract business aviation was further enhanced when ONDA awarded Jetex and Swissport Executive Aviation FBO contracts for nine facilities.

Morocco's pivotal role in the African business aviation market is as much due to government strategy as it is to geography. The Kingdom of Morocco is actively targeting and attracting the aerospace and business aviation industry to the country through its Vision 2020. This strategic plan has informed much of the country's infrastructure and industry development. For instance, the Ministry of Equipment, Transport, Logistics and Water, which oversees airport development, has earmarked MAD5 billion (USD\$0.6 billion) on airport development.

The vision is yielding results to the aviation sector and an IATA report on Morocco determined, the air transport industry supported 830,000 jobs, USD\$51.2 billion in foreign direct investment, USD\$9.5 billion in value add to the economy which was 8.6% of GDP.

Unlike many of their sub-Saharan neighbours, Morocco is actively seeking foreign investment and public-private partnerships to drive the sector forward. Specifically, the government's inward investment agency is seeking 100 new investors to create 23,000 new jobs and generate USD\$1.6 billion in new revenue for the aerospace industry of Morocco.

The Moroccan aerospace industry has been growing since 2001 and by 2017, employed 15,000 people in over 200 companies including Boeing, Dassault Aviation and Stelia, a subsidiary of Airbus. Most of these jobs are in manufacturing however, it has built an environment which welcomes foreign investment and develops a pool of local talent transferable to an MRO capability needed to support the increasing number of commercial and business aircraft landing at its airports.

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Morocco will become the ideal business aviation hub leveraging its proximity to the second largest business aviation market, Europe, and the two great emerging markets, the Middle East and Africa, bolstered by low operating costs, a stable government and plentiful labour well versed in aerospace and aviation.

HARNESSING THE MOMENTUM

As the business aviation momentum builds in Africa, players will be seeking a focused way to access the market. The Middle East and North Africa Business Aviation Association (MEBAA) recognised this need and, in 2015, launched the MEBAA Show Morocco designed for the global business aviation industry to access this critical and emerging market.

Over two days in September 2019, the MEBAA Show will return to Marrakech to host 2,000+ professionals from OEMs, MROs, FBOs and operators at an exhibition and conference all focused on business aviation in North Africa. The conference will expand on trends, infrastructure development, regulation and market gaps whilst the exhibition will display the latest in business aircraft manufacturing and services. It is one of a series of events in the region focussed on driving all sectors of the MENA aviation sector.

For more information the MEBAA Show Morocco or other major regional aviation trade shows, contact the management team on the details below.

BOOK A MEETING

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