

WINTER 2018/2019

BUSINESS AVIATION MAGAZINE

The Sky
is the Limit

SHELDON G. ADELSON

• PRESIDENT •

CITADEL COMPLETIONS

WINTER

ISSUE 08 2018

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THE SKY IS THE LIMIT

Sheldon G. Adelson, President of Citadel Completions, and Citadel Completions' Managing Director Joe Bonita, talk to Anthony Harrington about their aspirations for business aviation's newest VVIP completions center

Dr. Miriam Adelson and her husband, Mr. Sheldon G. Adelson, President of Citadel Completions

AH: Mr. Adelson, what was the inspiration for you deciding to invest in a new VVIP completions company?

SGA: Perhaps the first point to make is that I have considerable experience as a customer at a range of completions facilities around the world. We own a substantial fleet of private VVIP narrow and wide-body aircraft, as well as traditional business jets. Some of these are company aircraft and some of them are my family's, and we have had many of them in the hands of various completions centers over the years.

So, based on this experience of being a customer of these completions centers, my aviation team and I came to the conclusion that there was a clear opening in the market for a company that could do the job better, faster and to a higher standard.

As an entrepreneur, that is the approach I take when I enter any business, which at this point in my career is more than 50 different businesses. The first thing I do is to look at what is being done and see if there is an opportunity to do things differently. I've found great success in my career by continually challenging and changing the status quo – regardless of the business or the industry.



When it came to Citadel, we had a considerable level of confidence that by putting a stellar leadership team in place, hiring the best technicians and craftsmen, and investing in a great location equipped with the most modern facilities, we could deliver an outstanding VVIP completion in significantly less time without sacrificing quality.

“Very often, an owner or operator will want to have refurbishment work done on their aircraft when a major service milestone comes around. If you can offer a one-stop-shop approach you are in a much better position to win that business.

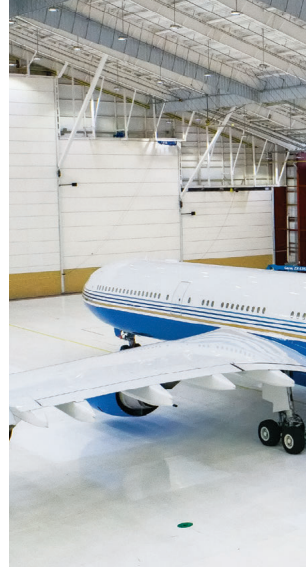
- Joe Bonita, Managing Director, Citadel Completions

AH: Setting up a brand new completions house from scratch clearly required a very significant investment. The figure announced in your launch press release back in May this year was \$17.6 million dollars. What were the clinching factors for you in deciding to press ahead?

SGA: First, my conviction as an entrepreneur is that this was the right opportunity and the right time. When we outfitted my A340, we didn't want to deal with any of the cumbersome, bureaucracy-laden completions centers. We managed much of the process ourselves and finished the airplane in an exceptionally shorter period of time than we could have expected from any of them. So, once I made the determination to start this business, it came down to finding the right location and leadership team to execute my vision.

On the leadership front, quite fortuitously, we met Joe Bonita, who has over 24 years' experience as a US Air Force aircraft maintenance officer and has spent 11 years since then as a senior leader in commercial air carrier and MRO operations. Joe also led the team who happened to be doing the MRO portion of the interior work on my A340 aircraft which had hit a few snags. He helped to deliver an outstanding result well within the project's time frame. That was very impressive and we started talking to Joe about our plans to enter the completions market.





“When I hired Joe, I told him I wanted this company to become a best in class business, just like all my businesses. He and his team rocketed Citadel Completions right out of the gate, from opening an empty facility in March, to undertaking a major project just 7 months later.

- Sheldon G. Adelson,
President, Citadel Completions

Along with my preliminary project team, Joe began the process of creating the business and identifying potential locations, finally opting for the facilities we now operate at Chennault International Airport in Lake Charles, Louisiana. We discussed and visited other locations, but we are very happy with our decision to put the business in Louisiana.

AH: Joe, what mattered most to you in the final decision to opt for Lake Charles, the incentive package they put up, or the location itself?

JB: Clearly, the scale of the business we proposed to set up was hugely attractive to a number of municipalities. We were committing to creating at least 250 new direct jobs, with an annual salary and benefits packages that would attract the best talent. Along with the corresponding inevitable creation of hundreds of new indirect jobs in the surrounding Southwest Louisiana region, that was a very promising proposition for the state and they came up with a very good incentive package for us.



State and local governments, the Lake Charles community, and Chennault International Airport leadership were very welcoming and easy to work with throughout the selection and implementation process. The State of Louisiana offered us an attractive performance-based incentive construct to defray the cost of facility modifications, and significant performance-based incentives for lease support.

However, what was just as important for us was the fact that Chennault International Airport is a former US Air Force base and has a runway of over 10,000 feet, capable of accommodating the largest aircraft. There were also excellent hangars available, which can accommodate several narrow and wide-body completion projects simultaneously, giving us a great working environment. Our primary completions hangar has approximately 112,000 square feet of operating space, and our secondary facility has three operating bays totaling approximately 150,000 square feet of space. We also have a separate administration building, and a fully functional ground support equipment maintenance structure. The airport also has terrific expansion possibilities as we grow the business.

AH: Mr. Adelson has business interests around the world. What did you think of Louisiana purely in terms of location?

JB: What was key for us was that Louisiana is a very central location, readily accessible from either the East or West Coasts. Lake Charles is uniquely situated in close proximity to air, rail, land, and sea transportation modes, and is very close to both Houston and New Orleans metropolitan areas. Lake Charles itself is truly a hidden gem of America's South.

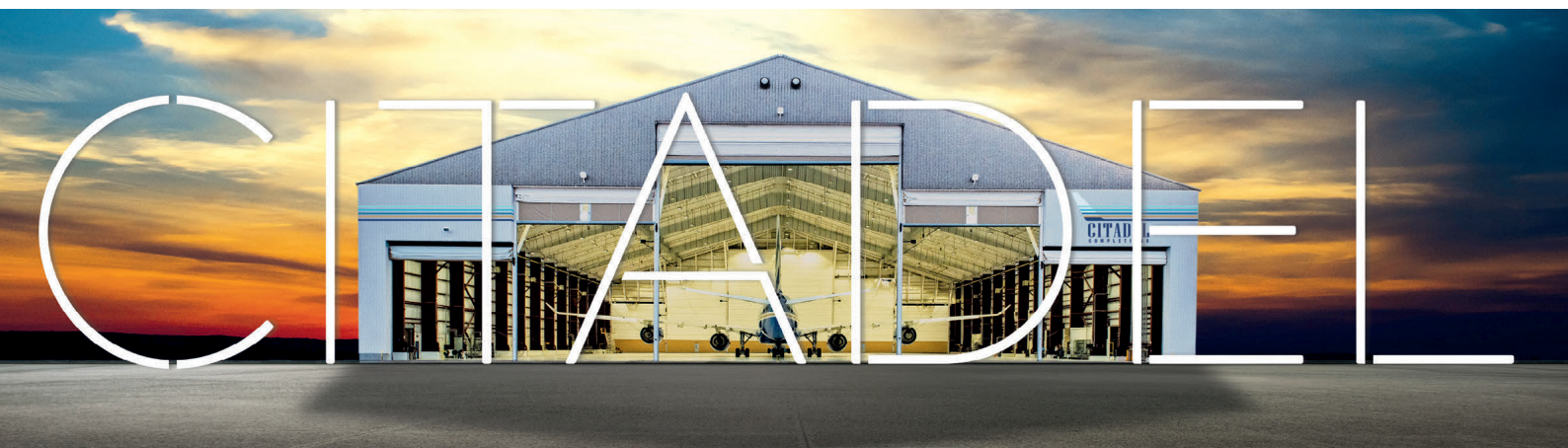
As Louisiana Governor John Bel Edwards commented on our launch announcement, Louisiana is already home to a well-established advanced manufacturing industry, which provides great advantages to aviation and aerospace companies. Chennault is regarded as one of the state's best aviation assets and they have broad plans for building on the existing aerospace complex in Louisiana. We are fortunate to have a resident aircraft painting company at Chennault supporting us, experienced in narrow- and wide-body VVIP aircraft painting.

AH: What have your biggest challenges been as a start-up?

JB: The main challenges have been getting to grips with the scale of a large start up like this. I've been very fortunate to bring on an extremely capable senior leadership team and they have taken the lion's share of the burden on each functional area of the business. They have built strength in all their areas, and I'm very confident we are in great shape. We've built each functional area from scratch, including a robust accounting system, processes to hire top-notch leadership, technicians, and support staffs, plus on-boarding of a comprehensive maintenance information system to handle task level workflow and project management, as well as purchasing and inventory controls required to successfully handle large completion and MRO projects. We've built a substantial sales and marketing team and are excited about doing this interview with you!

AH: You have set yourselves an additional steep challenge by opting to offer MRO capabilities from the get-go. What was the thinking there?

JB: Initially we didn't think having robust MRO ability fit the business model, but I made the case that having comprehensive MRO capability in-house is necessary to support the completions side of the business. Very often, an owner or operator will want to have refurbishment work done on their aircraft when a major service milestone comes around. If you can offer a one-stop-shop approach you are in



a much better position to win that business. Finally, having multiple lines of various project types, a good mix of VVIP completion projects as well as solid MRO activity, allows us maximum flexibility with our workforce.

Although we are still working on building the various manufacturing shops we need on the completions side, such as the upholstery and cabinet shops, we have quickly put significant MRO capabilities in place. We were awarded our repair station certification for Bermuda registered aircraft recently, and already have a privately owned 747SP in the hangar for heavy maintenance check. We have been working closely with the FAA, who have recently approved our repair station manuals and are about to carry out our facility audit. We are anticipating FAA repair station certification by the start of the New Year.

AH: How is the hiring going?

JB: We are already hiring in key specialties. But we are in the midst of finishing renovation work to fully open additional, key completion shops. Once that's done, we'll have a big push to hire more skilled workers in those manufacturing disciplines. Right now, our focus is on the aircraft maintenance and interior skills to support the hangar side for current MRO projects.

AH: What about tooling?

JB: We have already made a significant investment in tooling. In late 2017 we bought substantial amounts of tooling from a completions house that decided to exit the business, and we continue to invest in tooling to support manufacturing and various models of narrow- and wide-body aircraft.

AH: Are you already having some interesting conversations with potential customers on the completions side?

JB: We are having some very interesting conversations with users ranging from private owners, government/heads of state and corporate protocol operators. We were represented at the Monaco Yacht Show recently, which gave us very good exposure to that community. With Mr. Adelson's support, we

were able to position his A340 aircraft in Nice, France, and showcase it to select individuals who attended the show. Through an existing relationship with a prominent super-yacht company, we were able to connect with folks who either currently owned aircraft, in many cases smaller private models, or are considering aircraft ownership for the first time.

Our message was encouragement to consider the benefits of larger aircraft like a Boeing or an Airbus narrow- or wide-body model. We are also, of course, having very interesting conversations with both of these OEMs, who to date have been very supportive of our business stand-up.

MEBAA is the first official roll out of the company to the business aviation community. We won't be exhibiting in the hall, but we have Mr. Adelson's A340 on display at the static display area. In my view, being able to show the amazing interior of this aircraft gives us a very significant advantage. We'll also have a Citadel Completions chalet on the ramp area to host guests.

We will be exhibiting at EBACE in the Spring and we will look to do something exciting at NBAA, which is in our owner's home city of Las Vegas in 2019.

We're up and running in a very short time period, with our first aircraft in the hangar undergoing maintenance, and we are looking forward to winning our first VVIP interior completion contracts in the months ahead.

AH: Mr. Adelson, what are your expectations for Citadel?

SGA: When I hired Joe, I told him I wanted this company to become a best in class business, just like all my businesses. He and his team rocketed Citadel Completions right out of the gate, from opening an empty facility in March, to undertaking a major project just 7 months later. We're off to a fantastic start, and I have every confidence my vision for this company will be fully realized.

AH: Thank you both for the inspiring interview. All the best as you build and grow Citadel Completions. |BAM