

## „Express Cargo becomes additional pillar of activities“



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Interview by Hansjörg Bürgi

### **Interview with Guy Girard, Chairman of the Board of Directors, and Hugo Kopp, CEO of Zimex Aviation Ltd.**

Founded in 1969 Zimex Aviation today is the oldest airline of Switzerland. It recently added two ATR72 freighters to its fleet thus entering a new range of business. It runs its own training organization and it attracted new investors from Switzerland. SkyNews.ch had the opportunity to talk to the long-standing CEO Hugo Kopp and the new Chairman Guy Girard about current challenges.

#### **Why does Zimex enter into the Express Cargo market?**

We wanted to add another pillar of activities to our portfolio within the utility business, thus complementing our existing activities in special mission support for humanitarian organizations as well as for the oil & gas industry.

Hence, we benefit from various synergies. Entering into the Express cargo business also contributes to a reallocation of risks we are presently facing in the traditional business of Zimex, such as the low oil price, weak currencies and the geopolitical situation in Africa.

The core business of Zimex in utility aviation is providing our customers with the aircraft, its crew, the maintenance and insurance, known as ACMI Lease – a very similar service, though with larger aircraft, to requirements existing in the express cargo business.

The cargo and passenger versions of the ATR-72 are very well suited for existing and new customers in our traditional area particularly if capacities over and above the Pilatus Porter, the Twin Otter or Beech 1900 are required.

Zimex disposes of an excellent workforce, an efficient and crisis-experienced management who together maintain a very good company culture – which is one of the main factors in support of the expansion of activities.

### **Is express cargo still a booming business?**

In recent years, the express business has grown at double digit rates due to strong growth in internet trade. We discern some uncertainty and reluctance in the market as the consequences of the TNT acquisition by FedEx are still not clear. But there is no doubt on our mind that things will go back to routine; that growth rates of several major online retailers will also significantly enhance growth of the freight business. In today's world the customer orders goods in the afternoon and expects next day delivery. Therefore, we are very optimistic. The express feeder business forms a very good, healthy, but also demanding niche business.

### **Where do you see synergies with the traditional Zimex area of operations?**

The Express cargo business is only about to start within our area of operation in Africa, the Middle East and in Asia. Due to the lack of infrastructure, good connections by air are of the essence. On a long-term perspective we see good opportunities and we expect to profit from our long standing experience in these regions.

### **So you will add more ATR72F to your fleet?**

We are pursuing a long-term 5-year strategy, focused on healthy sustainable growth in both business segments of ZIMEX, in line with the changing future transport requirements of the Integrators. For the time being we plan to operate three ATR 72F in Europe. We are proud to have placed our first ATR registered HB-ALM with European Bespoke Distribution Aviation (BDA Logistics), on a multi-year contract. The aircraft carries the customer's logo. The ATR registered HB-ALL displays our new colors and ZIMEX logo. It will initially be used for charter flights as well as back-up aircraft. On a longer perspective our strategy envisages more ATR aircraft and also jet freighters.

### **Was ZIMEX entry into the air freight market well received within the industry?**

Absolutely. The integrators are quite concerned about the consolidation currently happening between the feeder airlines. With less suppliers in the market, the clients will be faced with increased prices and significantly decreased service quality.

When it comes to quality service, we are convinced that we can clearly differentiate and stand out from the competition. In the many years of company history, quality has always been the core competency of Zimex. We are confident that we can excel in this niche.

### **Who owns Zimex Aviation today?**

Ownership is with a group of Swiss investors mainly from the transport and banking sectors, who have a long term perspective associated in the holding company Corvus Aero. Zimex therefore is entirely under Swiss ownership. Until 1999 Zimex Aviation Holding was owned by its founder, Hannes Ziegler. He then sold it to a German investor residing in Switzerland. In 2002, the company went through financially difficult times, but was subsequently able to position itself successfully again. In late 2015 Zimex Holding was sold to the present owners. Corvus Aero is thus only the third owner of the soon to be 50-year old Zimex Aviation.

### **How important is the Swiss flag for Zimex operations?**

There are advantages and disadvantages to it. When we fly for humanitarian organizations, the registration in Switzerland as a politically neutral state can be of an advantage. Flying under the Swiss Cross entails that we operate under EASA regulations, which the Swiss authorities tend to somewhat amplify today. In some countries, we operate under local registry.

One of the biggest problems we face is the EASA rule for the validation of ICAO pilot licenses. In Europe Twin Otter pilots are scarce. The same is true for engineers. A larger selection of qualified personnel would also result in enhanced safety, because we would be able to choose from 20 instead of two applications. This fact was recognized by authorities outside the EASA zone and those countries are offering actual solutions. As a consequence numerous aircraft, mainly business jets, changed from the Swiss aircraft register to other registrations. We are convinced that we will find a reasonable solution for validation with FOCA, especially because our traditional utility aviation business is operated outside of the EASA zone. In our new Express Cargo activities we cannot move freely in Europe with our Swiss registration and suffer from the cabotage ban still imposed on Swiss operators within European countries. This represents a clear disadvantage compared to EU airlines. The Swiss flag is indeed associated with high quality, but at the same time with a high price. On an operational level, we have a very good understanding, open and transparent communication with the FOCA inspectors and work together efficiently. But in the medium and long term we need a regulatory environment where safety and not bureaucracy comes first.

### **What are the main areas of operation for Zimex today?**

In Africa, we operate in South Sudan, Uganda, Congo and Algeria. We also have an operation in Papua New Guinea. Two thirds of these operations are carried out for the oil- & gas industry, one third for humanitarian organizations. Oil companies need our services for the supply of remote camps for seismic exploration and surveying, later partly for the supply of production sites. Our services are particularly required in exploration phases, as often whole teams change their locations, new runways will be constructed and our full flexibility and experience is required. For humanitarian organizations we fly passengers and material from base airports to remote places.

### **Where does Zimex performs aircraft maintenance?**

In 2013, we opened our own maintenance base in St. Gallen-Altenrhein taking over the entire Twin Otter maintenance department of Altenrhein Aviation, which at the time still belonged to Pilatus. The main reason was to maintain our own fleet, beside serving external Twin Otter customers. Meanwhile, the third-party business accounts for more than half of our maintenance activity.

We fully overhauled a DHC-6 on floats for a Danish operator flying between Aarhus and Copenhagen. We equipped two DHC-6 from Nepal for the Maldives, where we could win a major contract. European Para-Clubs from Norway, Sweden, Spain and Germany have their Twin Otters maintained by us.

We send our specialists abroad, e.g. we performed several complete autopilot installations on a Twin Otter fleet in Vietnam. The same will be done in Nigeria soon. Moreover, since 2015 Zimex is the only "Factory Endorsed Service Center" for Europe, Africa, the Middle East and Russia nominated by the Canadian new DHC6-400 Twin Otter Manufacturer Viking.

Last year we rebuilt a DHC 6 in Siberia. It is our set goal not only to assure but to expand our market pole position as the number one Twin Otter Maintenance provider outside of the Americas.

### **Where does Zimex get their employees trained?**

As is the case with maintenance, we also rely on our own solutions in the area of training. In 2007, we acquired the Lausanne based flight school "Twinair". This EASA ATO (Approved Training Organization) was renamed to Zimex Training in April 2016. Training is our fourth pillar, together with Utility Aviation, Express Cargo and Maintenance. We do not train new pilots *ab initio*, but focus on Type Ratings on aircraft types that we operate. This guarantees

an extremely practical approach and targeted training. An expansion of the range of Zimex training for mechanics on Twin Otter is also a project in our pipeline.

### **How many people are employed with Zimex?**

All in all, about 200 people, half of them are pilots, about 60 mechanics and 40 staff. We currently operate one Beech 1900D, five Pilatus PC-6 Turbo Porter, twelve Twin Otter and the two ATR 72F. The PC-6 fleet has shrunk - Zimex once operated more than 25 Turbo Porter – since many of our customers today require a twin-engine aircraft such as the Twin Otter.

### **How did the business environment in Africa change in recent years?**

It has become more difficult, demanding and complex, particularly in the area of security. However, our mission statement is "Our missions start, where the missions of others end." So we literally fly where others stop on the last mile, which is our niche. Where infrastructure is perfect, we are not wanted; though - maybe in the future we are - but rather with an ATR- 72.

[www.zimex.ch](http://www.zimex.ch)

### **ABOUT - Guy Girard**

Born in Basel, Guy Girard studied economics at the University of St. Gallen (HSG) and at the University of Basel. He taught economics at various trade schools and then built-up and managed the "Basler Kaderschule (BKS), a management school. Already during his time at University he started his career as commercial pilot and flight instructor (VFR, IFR, ATP). He was also appointed as an expert of the Federal Office of Civil Aviation.

In 1987 he joined Basel based Farnair as chief pilot, became Flight Operations Manager and in 1991 CEO. He continued to fly as a Captain and instructor on the Fokker F-27 until 1995, when he decided to end his pilot career with 6000 flight hours on various aircraft types.

It was him who drove Farnair's expansion geographically and in fleet size. "My 27 years at Farnair have always been very intense but were also very enjoyable" says Guy Girard who recently turned 65.

In February 2016 he became Chairman of Glattbrugg based Zimex Aviation and takes on this challenge with pleasure contributing with his many years of experience. Guy Girard is married and lives in the Basel area. He likes to spend his scarce leisure time enjoying nature accompanied by his dog or on a mountain bike. He very much enjoys offshore sailing.

### **ABOUT - Hugo Kopp**

Born in 1965, Hugo Kopp is a civil engineer by training and Postgraduate in Business Administration. In 2000 he joined Zimex and although new to aviation (except for his private pilot license), built-up and established the company's Algeria operations within two years.

When Hugo Kopp became Zimex CEO on January 1<sup>st</sup>, 2003 the company operated only seven aircraft, today there are 20 on the AOC. Hugo Kopp is married, has two children and lives in the area of Birrfeld airfield, where he is sometimes taking-off as a private pilot. He enjoys spending time with his family, at home and in his garden and as an enthusiastic triathlete trains his endurance by swimming, cycling and running.

## KEY WORDS

### **Drones**

Drones are the future in parcel transportation. And this has to be organized by an airline with an AOC, as the drones are moving in airspace and have to be operated just like aircraft. We are about to build up this specific line of business and are currently looking for a qualified project lead. We are convinced that in a few years' time cargo planes will be UAV - without pilot.

### **EASA**

Actually a good idea, but its implementation is not quite as good as the idea itself. It would be important to rather focus on "Safety first" and not "Paper first".

### **Lufthansa**

I enjoy travelling on SWISS which is owned by Lufthansa. The image of Lufthansa is suffering from the strikes, be it those of their own employees or those at airports in Germany.

### **Solar Impulse**

A bold, innovative and exciting project. As a student, I was present at Solarmobil races and now produce solar power with panels on the roof of our house. People with visions like the Solar Impulse team are key when it comes to developing the use of solar energy and also to demonstrate that flying is still very fascinating, despite fierce competition and bureaucracy.

### **Doris Leuthard (Swiss commerce minister)**

Like me originates from the canton of Aargau. She oversees a difficult department. While it is easy to criticize politics, to take all stakeholders into account is more difficult.