

eZnis AIRWAYS

Although it is barely five years old, Eznis Airways has emerged as the leading domestic airline in Mongolia. **Sebastian Schmitz** travels to the carrier's base in Ulaanbaatar to discover the secret to its success.

Mongolia is a vast and sparsely populated country that is landlocked between its two neighbours Russia and China. Despite covering an area of over 604,000 sq miles (1,564,000km²), it has a population of just 2.75 million citizens and almost half of these live in the capital city of Ulaanbaatar. However, driven largely by the exploitation of its huge mineral resources, Mongolia is expected to become one of the world's

fastest growing economies in the years to come.

A country with difficult terrain, long distances between cities, a poor road network and a growing economy is often the breeding ground for an expanding air travel market and Mongolia is no different. One of the main beneficiaries of this development is the country's youngest airline, Eznis Airways (airline codes: ZY/EZA). Although the carrier's name may sound strange at first, it is

easy to explain with the approximate translation being 'easiness in flight' – 'Ez' simply stands for 'easy', while 'nis' is Mongolian for the verb 'to fly'. Founded as recently as 2006, Eznis has established itself as a dominant force in the domestic market in its first five years and has showed great ambition in pursuing international services.

The airline's young CEO, Munkhsukh Sukhbaatar, joined the company just last year and is enthusiastic

about the carrier's achievements and future prospects. In an interview with *Airliner World* at the carrier's downtown Ulaanbaatar headquarters, he commented: "When you look for the different challenges that an airline could face, Mongolia really has them all. The climate can be very hot in the summer and very cold in the winter and it is one of the highest countries in the world. We have a very sparse population and, even by plane, the distance between cities is great. Ground infrastructure is often very basic and some of the airports we serve can be very dusty places – many do not even have paved runways."

However, the difficulties experienced by the carrier extend beyond the day-to-day operational issues, with Sukhbaatar adding: "Regulations are in many cases still emerging and further development is needed to bring them up to international standards, so it is really very challenging."

Despite these difficulties, Eznis >>



Already established as the dominant domestic carrier, the future is looking bright for Eznis.

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Eznis CEO Munkhsukh Sukhbaatar.

Eznis has operated a fleet of four Saab 340Bs since its launch in 2006. (All photos author)



Airways has benefitted from various other developments. The launch of the carrier's first services in December 2006, between the Mongolian capital Ulaanbaatar and the eastern city of Choibalsan, coincided with the withdrawal of state-owned MIAT Mongolian Airlines from domestic routes. MIAT had been having a tough time in the domestic market and as its fleet of short-haul Antonov An-24s and An-26s were reaching the end of their operational life, it was decided to retire them and concentrate on serving the key international routes to Europe and Asia. The domestic market would be left to the private airlines, news that was obviously welcomed by the emerging regional operators which were allowed to develop relatively undisturbed. Established carrier Aero Mongolia became the dominant domestic airline, while recently launched Eznis was also able to get a foothold in the market.

The powerplant of choice for the domestic carriers was the turboprop, with low operating costs and high serviceability being essential in the difficult conditions. Eznis opted for the Saab 340B – the type can accommodate 33 passengers and has the range to serve all of the carrier's domestic routes from Ulaanbaatar. However, although the Saab was well suited to airline requirements, the harsh conditions of Mongolia meant that several modifications had to be made. With the assistance of the manufacturer, the most significant upgrade was the installation of a gravel runway protection kit, comprising shields on both the nose and main landing gears, additional protection for the fuselage and underside antennae, and a protective coating for the ram air inlet, beacon light and propeller leading-edges. Other changes included an upgraded cabin heating system to guard against the cold Mongolian winters, and a Terrain Awareness and Warning System. Today, Eznis operates four Saab 340Bs on a busy domestic schedule and in just five years, has established links to 14 domestic and two international destinations from Ulaanbaatar.

Beginning of the jet age

In June 2011, Eznis received its first ever jet, an Avro RJ85. Now carrying the registration JU-9909, the aircraft had previously flown with Lufthansa Cityline as D-AVRD (c/n E2257), and underwent a complete overhaul, including the installation of a brand new cabin interior, prior to delivery to the Mongolian carrier.

"While the Avro has relatively high operating costs, it was the right aircraft for us because the acquisition costs were quite low, the size of it is right for our busier routes and it has the capability to operate from gravel runways – [this last point is] a must-have for us," remarked Sukhbaatar. This is particularly true for



The flight attendants are very professional, speak excellent English and aim to provide a friendly yet efficient service.



Despite its relative inexperience, Eznis offers a very high standard of service which is comparable with other, more established regional carriers.

A Saab 340B, JU-9903 (c/n 340B-297), is pictured here in Mörön. During the high season, Eznis serves the busy tourist destination up to four times per day.

lease' to Eznis. He is currently running a conversion programme for pilots moving from the Saab 340B to the larger RJ85 and commented after a series of test flights that he was "delighted by the performance of the Avro on these very basic runways."

Mining charters have become an essential contributor to the carrier's revenue. New mines are being opened on a very regular basis and workers generally require transportation every two weeks as they alternate between home and the mine. However, these intervals are shorter in the wintertime and for Eznis, this means additional charter flights. This works well against the very seasonal demand for air travel – the majority of the carrier's passengers

some of the airfields used for mining charters, an increasingly important business for Eznis. The majority of the newly-opened mines are located in the southern part of Mongolia, in close proximity to, or actually in, the Gobi Desert. Airstrips established to support those mines are often less than basic – gravel runways lacking any form of landing aids are the norm.

The difficult conditions pose few problems for the RJ85 according to David Wiggins, a British training Captain 'on



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Demand for air travel in Mongolia is growing rapidly, with passenger figures for 2010 having increased by 50% over the previous year.

being tourists. Although the number of visitors to the country is increasing year-on-year, most make their trip to Mongolia during the short summer season, resulting in a peak in demand which lasts around three months. As such, Eznis busies its fleet with regular scheduled services through the summer, while the increasing demand from mining companies picks up the shortfall during the colder periods, meaning that its aircraft are rarely idle.

The carrier's expanding network and increasing demand has resulted in it becoming the leading domestic airline in the country. A second former Lufthansa Cityline Avro RJ85, D-AVRE (c/n E2261), has recently joined the Eznis fleet while Sukhbaatar reveals that, having added services to all of the major domestic points, the airline is now looking at launching new international routes outside of Mongolia. "Northern China could be an interesting market and we

are also analyzing other cities in Russia and Kazakhstan."

The limiting factor at present is the issue of traffic rights with neighbouring countries – currently, only one airline from each country can serve a particular route. Unfortunately for Eznis, the circumstances which led to the airline

flourishing domestically are now limiting its expansion internationally. Core routes, such as those to Beijing and Seoul are effectively off limits as they are already served by a Mongolian carrier (MIAT) and a foreign airline (Air China and Korean Air respectively). Consequently, Eznis must instead consider secondary markets. It already boasts services to two international destinations: Ulan-Ude, a large city, located to the east of Lake Baikal across the border in southern Russia has a strong Mongolian influence and is served three times weekly. The carrier also operates between Ulaanbaatar and Hailar in Northern China via the eastern Mongolian city of Choibalsan.

Apart from the anticipated second Avroliner, Eznis is not planning any further aircraft acquisitions for the foreseeable future. "We need to prove the business case for those two first of all. We are thinking about additional >>

"THE CARRIER'S EXPANDING NETWORK AND INCREASING DEMAND HAS RESULTED IN IT BECOMING THE LEADING DOMESTIC AIRLINE IN THE COUNTRY!"





jets, maybe even freighters, but we want to give it some time and see how the two RJ85s integrate into our operations," commented Sukhbaatar. The purchase of the Avro regional jets has led to Eznis forging a close relationship with the German national carrier Lufthansa – subsidiary Lufthansa Cityline was the former operator of the two aircraft, while responsibility for maintaining the type has been contracted to Basel/Mulhouse-based Lufthansa Technik Switzerland.

The growing success of Eznis and the now year-round utilisation of its fleets have led to the carrier taking measures to establish its own maintenance facility at Chingis Khaan Airport in Ulaanbaatar. Until now, minor repair work was carried out in the hangars of its rival carriers, or out on the ramp where it was open to the elements. Eznis' new maintenance hangar is expected to open during December 2011.

Fast growing market

The rapid growth of the Mongolian economy and the huge increase in the demand for air travel surprised many observers, including Sukhbaatar. During 2010 in particular, domestic passengers increased by almost 50% against the previous year, while mining charters grew by 260% for the same period. A contributory factor to the high increases is the relatively low base

level from which they started, though the explosive rate of growth is still significantly higher than anyone cared to predict and is showing little sign of slowing down.

In order to gauge the potential future domestic market in Mongolia, one has to look to the past. In 1990, the year in which the Soviet Union and the Warsaw Pact had its eventual demise, around 900,000 passengers travelled domestically. However, events in the USSR also had a major impact south of the border and the Mongolian economy, which was heavily reliant on its Soviet neighbour, collapsed, taking with it the domestic air travel market.

Even by December 2006, when Eznis launched its operations, the situation still hadn't improved greatly and although growth rates have remained positive since then, barely 150,000 passengers travelled domestically during 2010 across all of the Mongolian carriers.

The difficult local geography means that there is often no viable alternative to flying. Travelling the 885 miles (1,425km) from Ulaanbaatar to the western city of Khovd can take up to three days by car – much of the journey being on poor roads or pistes (unpaved trails). Although this is a significant undertaking, the journey is achievable

Despite its high operating costs, the STOL characteristics and suitability to gravel strips make the Avro RJ85 ideal for Eznis' needs. (Falko)



The terminal building at Ulaanbaatar has undergone recent renovation.

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Three of the carrier's Saab 340s are pictured here on the ramp at their Ulaanbaatar base.

during the summer months, however, in the harsh winter, not only do travel times increase significantly but driving can be very dangerous at times. The alternative offered by Eznis is an Avroliner flight of barely two hours – given the option, there appears to be little contest, but many Mongolians, for whom travelling time often appears to be of little consequence, choose the cheaper, and sometimes more dangerous alternative, and undertake the journey by bus.

Demand for mining charters in 2010 had increased by 260% against the previous year. (Falko)

Japanese connection

In May 2011, Eznis signed a strategic partnership agreement with Japanese carrier All Nippon Airways (ANA). The deal includes co-operation between the airlines over a broad range of areas including management, operations and longer term, potential services between Mongolia and Japan. As part of this agreement, Japanese Chief Operations Officer Hiroshi Kitahara has been seconded to Ulaanbaatar to assist Eznis with its expansion. With a background in engineering, his main task is to prepare the company for its IOSA (IATA Operational Safety Audit) certification, which is due next year. The certification is considered to be a minimum requirement for carriers wishing to enter into code-share or similar co-operative agreements with other airlines, and it is this which Eznis hopes will open the door to further international expansion.

The deal with ANA appears to be beneficial for both parties. The Japanese carrier has gained an important foothold in what may become a very interesting (and potentially large) market, while

Eznis, still a relatively small airline, has gained the backing of one of the leading carriers in Asia. With only MIAT currently linking the two countries, there remains scope within the existing traffic rights for a Japanese carrier to launch services to Ulaanbaatar – ANA appears to be the logical solution, and it is rumoured that such plans have at least been considered by the carrier.

Eznis is currently fully owned by its founder, the Newcom Group, which is one of the country's leading investment companies. However, whether the agreement between the two airlines is the precursor to ANA purchasing a stake in the Mongolian airline remains to be seen, but it has not been ruled out.

The In-flight experience

During his visit to the carrier, the author travelled with Eznis on two of its domestic routes. The first was a Saab 340B flight from the capital to the busy tourist destination at Mörön, located in one of the most picturesque parts of the country. The second was a triangular service between Ulaanbaatar >>



The rather basic terminal building at Mörön, a busy tourist destination located west of Ulaanbaatar.



Mongolia has inhospitable terrain, long distances between cities, a poor road network and a growing economy, making it the ideal breeding ground for air travel.



This Avro RJ85, JU-9909 (c/n E2257), is the carrier's first jet type, with a second example having been delivered to Eznis in late September.

and the key western Mongolian cities of Ulaangom and Khovd aboard the new Avroliner. As it was early August – the height of the peak summer season – the flights were almost full. They both departed on time and the aircraft appeared to be immaculate, leading the author to conclude that this was a very

professional airline. Eznis appears to attach great importance to seemingly little details. Despite being second-hand aircraft, a complete refit of the cabins prior to delivery means that any signs of a previous operator are long gone. The company logo, an orange flower, features heavily on everything from the

wrapping paper of the in-flight meal to the coffee cups, while the carrier also has its own in-flight magazine. The flight attendants speak excellent English and certainly aim to provide a friendly yet professional and efficient service. Eznis' in-flight product contrasts starkly with the often very basic ground infrastructure (the check-in counter at the small airport of Mörön consists of a wooden table, a laptop computer and a printer), and can be considered to be on par with many of the more established regional airlines in the world.

A bright future

After enjoying a particularly successful period since its launch in 2006, there is little reason for the airline not to be optimistic about its future prospects. Mongolia has become one of the fastest developing economies in the world and the demand for air travel is set to continue growing at a rapid pace. In just five short years, Eznis has established a very efficient and stable operation and is successfully integrating the first jetliners, the Avro RJ85, into its fleet. The carrier is hopeful that Mongolia will sign an open skies agreement with its neighbouring countries, which will allow it to expand its international network. However, even with the limitations that in are currently in place, Eznis has continued its relatively conservative expansion and has been able to establish itself as the dominant domestic carrier in Mongolia. **✈️/🇮🇲**



PIC02

PIC03

The fleet of Saab 340s and Avro RJ85s are adorned with the carrier's flower logo.

PIC04

PIC05

PIC06

PIC07

The airline's Saab 340s have been modified with a gravel kit for use on Mongolia's unprepared surfaces and an upgraded heating system to cope with the cold winters.

PIC08

The Saab 340B is ideally suited to Eznis' needs – it has the range to serve all of the carrier's domestic routes while its turboprop engines give a low operating cost and high serviceability.

PIC15

PIC16

This Avro RJ85, JU-9909 (c/n E2257), is the carrier's first jet type and is one of two that previously flew with Lufthansa Cityline. Eznis was expecting to have taken delivery of the second example during the early autumn.

PIC17

With demand for mine charter work up by 260% against last year, the Avro RJ85 adds much needed capacity to the Eznis fleet.

PIC18