


 A man with a grey beard and bald head, wearing a dark suit jacket over a light blue shirt, stands in front of a white private jet. The jet's tail fin and a large circular window are visible behind him.

TRIANGLE BUSINESS JOURNAL

COVER STORY

THE KINSTON KINGPIN

How Jim Segrave is building one of the biggest private aviation businesses from the Eastern North Carolina town

EVAN HOOPFER, 22-25

MEHMET DEMIRO

BANK SECTOR TREMORS

Fallout from Silicon Valley Bank collapse

Shareholders and depositors all brace for a potential contagion effect on the industry.

LAUREN OHNESORGE, 6



PENSION FUND

Folwell tallies exposure from SVB, others

North Carolina's immediate impact on its index fund is muted – so far.

LAUREN OHNESORGE, 6

EDITOR'S NOTEBOOK

Should we protect all depositors?

If the federal government starts protecting all depositors and eliminates the \$250K rule, expect banking to be far more expensive.

SOUGATA MUKHERJEE, 39

COVER STORY

FLYING TO A HIGHER ALTITUDE

Jim Segrave pilots flyExclusive to lofty heights

STORY BY EVAN HOOPFER | PHOTOS BY MEHMET DEMIRCI

A young Jim Segrave was sitting in the back of his economics class at East Carolina University when his pager went off.

Segrave, who got his pilot's license at 19, was balancing a college course load with a burgeoning aviation business where he'd transport goods. The message was from a client who wanted a shipment done immediately.

So Segrave stuffed his books in his backpack and got up to leave class. The professor was not happy.

"Mr. Segrave," the professor said, "what exactly is more important than this class right now?"

"If you knew," Segrave responded, "you'd just give me an 'A.'"

Segrave was not the best student – he never graduated from ECU but now sits on the university's board of trustees. He says subjects such as math and accounting came easy to him. Even as a teenager, his interests lay outside academia. He wanted to build something of his own. And he's done that. Twice.

He sold the first business, Segrave Aviation, to Delta Air Lines in 2010 for an undisclosed amount. After his five-year noncompete clause ended, Segrave started another private jet charter company, flyExclusive, in Kinston.

Since its founding in 2015, the company has grown to become an industry heavyweight and projects to hit \$522 million in revenue this year. Last year, the company announced it intends to go public via merger with a special purpose acquisition company, or SPAC, in a deal that values the company at \$600 million. Despite the headwinds currently facing SPACs, Segrave is confident his company's strong fundamentals will lead to success in the public markets. The deal is expected to close in June or July.

Segrave, 52, says he wanted to pursue the SPAC route instead of another sale because he's too young to retire, and has no interest in starting a third private jet company.

"I love what I do," Segrave says. "I'm not trying to retire, despite not having any hair. I'm still too young to think about doing anything else yet."

The private jet lifestyle suits the affable Segrave well. He chuckles easily and seems to have a permanent smile on his face. He talks fast, exudes high energy, and is always on the move. "I'm not comfortable sitting still," he admits, rapidly bouncing his foot up and down.

But for all the deal-making and jet-setting he's done in his career, his home base is still his hometown of Kinston – a city 90 minutes from Raleigh and home to just under 20,000 people. He built both Segrave Aviation and flyExclusive in Kinston, a real

JIM SEGRAVE

Founder, CEO and chairman of flyExclusive

Family: Wife, Lyndsay; children, Laura, Madison, Lillian and Thomas

Education: East Carolina University

Favorite places to fly into: Aspen, Telluride, St. Barts, St. Martin

5 LARGEST PRIVATE JET OPERATORS

Since its inception in 2015, flyExclusive has grown to become a Top 5 player in the private jet world by 2022 flight hours.

598,477

1. NetJets

183,548

2. Flexjet

167,641

3. Wheels Up

151,192

4. Vista Global

56,601

5. FlyExclusive

SOURCE: PRIVATE JET CARD COMPARISONS

achievement in a part of North Carolina that has lagged in jobs and opportunities compared to urban and suburban areas.

One of the biggest reasons Segrave operates in Kinston is the North Carolina Global TransPark, a 2,500-acre multimodal industrial park, and airport that features an 11,500-foot runway. But he also wants to see the region prosper and create a lasting legacy in the city. His desire is to create a “generational business.” He wants his employees’ children to one day work in Kinston at flyExclusive, which has about 800 employees.

“It’s ultra-rewarding to think that we have a real chance of delivering a generational business that can sit right here in Eastern North Carolina. This business can legitimately be a multi-thousand employer,” Segrave says. “It’s incredibly rewarding for me to think that I was a part of bringing that here and creating high-paying jobs that come along with that. I think we’re four times the median salary here. It’s satisfying to be a part of that.”

Young entrepreneur

Entrepreneurship runs in Segrave’s blood. His great-uncle was Felix Harvey, who took over the family farm supply business of L. Harvey & Son at age 29 and expanded it into a multi-industry conglomerate. And his father ran American Coating Technologies, which worked on parts for the automotive industry.

Segrave’s life changed at 19 when he got his pilot’s license. He loved flying. He had no intentions of developing the hobby into a career.

At 21, Segrave was doing quality control work for his father’s company when a customer in Rogersville, Tennessee – TRW Automotive – was having a problem with a product. Segrave volunteered to rent a plane to fly out to investigate further. TRW asked Segrave to bring 1,000 rack-and-pinion steering systems with him. Segrave threw some boxes into the plane.

When Segrave arrived in Tennessee, an employee with TRW asked how much he would charge to regularly ferry goods from North Carolina to Tennessee. Segrave said he’d figure out a price and get back to them.

“Having sat through some negotiations with my dad, I knew how they just beat you to death on price, so I went really high,” Segrave says. “I would have flown it for cost because I just wanted to fly. I really wasn’t trying to make a lot of money. When I gave him the number, he just said, ‘OK, I’ll let you know,’ and hung up the phone. I was like, ‘Oh my God, I went way too high. He thinks I’m crazy.’”

Segrave says it took all he had not to call TRW back and say he’d go lower. But 48 hours later, TRW accepted his price. Segrave would spend hundreds of hours over the next few years transporting goods and customers for TRW.

Segrave Aviation doubled in size every year for 11 years, Segrave says, and the company morphed into a private jet operator. Segrave Aviation was sold in 2010 to Delta, which eventually became Delta Private Jets.

David Brody, the former chair of the ECU Board of Trustees, has been a family friend for years. Segrave’s hustle and tenacity always impressed Brody.

“His knowledge of that industry is really from the ground up because he’s learned it step-by-step-by-step,” Brody says. “He wasn’t just an overnight success. He built on it for years.”

Building flyExclusive

After selling Segrave Aviation to Delta in January 2010, Segrave did a myriad of things to keep busy. He ran a daycare in Kinston, bought a concrete business with his father and bought and sold airplanes. But he yearned to return to the private charter business.

Three months after his non-compete clause ended, flyExclusive was issued its charter certificate in the spring



of 2015.

His ascent to the upper echelon of the industry took much less time this go around. He says flyExclusive, at 8 years old, is three times larger in terms of revenue than Segrave Aviation was at the time of the Delta sale.

“It took me 17 years to build the first one, so in half the time we’re three times bigger,” Segrave says.

Private Jet Card Comparisons founder Doug Gollan, who studies the private aviation business, says that today flyExclusive is the fifth-largest U.S. operator based on charter and fractional flight hours. He says the typical startup in the industry with flyExclusive’s rapid growth rate gets there through acquisition, but flyExclusive’s growth has been largely organic.

“It’s a little bit unique and rare to build a fleet so quickly without acquiring a lot of companies,” Gollan says.

Gollan says flyExclusive’s growth has largely been done by capturing market share from competitors rather than attracting new customers to private aviation.

There’s also been a huge boom in private aviation in wake of the pandemic. When Covid-19 started spreading, the major airlines cut huge amounts of their schedules in the name of saving costs. With fewer routes available and a worry about catching the virus, wealthy individuals turned to private aviation for their flying needs. Gollan says the industry is 10-20 percent larger than it was in 2019.

To SPAC or not to SPAC?

The popularity of special purpose acquisition companies has grown immensely over the last few years.

The allure of a SPAC versus a traditional initial public offering, or IPO, is it’s much easier for a company like flyExclusive to go public by merging with a company that’s already gone through all the paperwork and hassle of becoming a public company.

However, companies that went public through a SPAC have gotten decimated recently. According to data compiled by Bloomberg, since June 2022 at least eight companies that went the SPAC route have declared bankruptcy.

To be sure, a rocky 15 months on the public markets is contributing to those failures – the S&P 500 is down 16.5 percent since the start of 2022 – but the efficiency of the SPAC is being questioned.

Segrave is unperturbed by these headwinds. First, he says, flyExclusive is a company that “blocks and tackles” meaning it makes money and is not a

FLEET RANGE



LIGHT

Citation Encore Plus:
10 units

Citation CJ3: 12 units



MIDSIZE

Citation Excel/XLS:
40 units



SUPER MIDSIZE

Citation Sovereign:
7 units

Citation X: 12 units



HEAVY LONG-RANGE

Gulfstream GIV-SP:
7 units



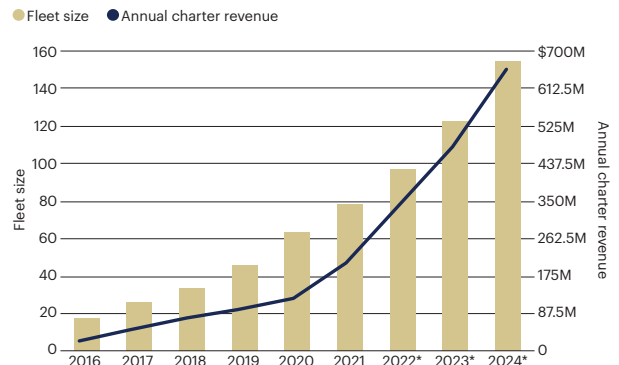
1. Inside one of the many flyExclusive hangars at its Kinston campus.

2. A flyExclusive employee works on an aircraft engine.

3. The company employs 800 people in Kinston, ranging from aircraft mechanics to operational personnel.

MORE PLANES, MORE GROWTH

FlyExclusive intends to keep growing its fleet in the years to come, which will boost charter revenue. This data, which comes from flyExclusive's investor presentation released in October, shows the company's growth in the past, and what it projects going forward.



* ESTIMATES
SOURCE: FLYEXCLUSIVE INVESTOR PRESENTATION

SEGRAVE'S CHARTERED PATH

Jim Segrave built one company, sold it, and then built another. Here are some notable events in Segrave's career.

- ▶ **1990:** Segrave gets his pilot's license at age 19. He has no intention of making a career out of the hobby, he just loves to fly.
- ▶ **1993:** Segrave starts Segrave Aviation, which started when he ferried products to TRW in Rogersville, Tennessee, out of a rented airplane.
- ▶ **2010:** Delta buys Segrave Aviation for an undisclosed price.
- ▶ **2012:** Delta shuts down the Kinston facility, laying off dozens of employees. This event has always stuck with Segrave, and he now talks about the desire to create a "generational company" in Kinston.
- ▶ **2015:** After his 5-year non-compete clause expires, Segrave starts a new private jet company in Kinston: flyExclusive.
- ▶ **2022:** FlyExclusive announces it's going public via a SPAC in a deal that values the company at \$600 million.

speculative tech product that hasn't recorded any profit yet. When flyExclusive announced the merger in 2022, it said it was projecting \$360 million in revenue for the year with an EBITDA of \$32 million.

Second, the company that flyExclusive is merging with, EG Acquisition Corp., is in it for the long haul.

Segrave says in most SPACs, the sponsors – or the ones who put together the shell company – have a six-month holding period and then they dump their shares. Often, sponsors have about \$2 per share in costs associated with forming the SPAC, so they don't care if their shares sell for \$5 or \$6 (most SPACs trade at \$10 a share to start off).

"That puts massive downward pressure on the stock," Segrave says. "In my deal, I made the people agree to be locked up for three years, so there isn't going to be any downward pressure from the sponsors selling shares six months into it. I got a long-term deal out of my guys."

Third, Segrave says sometimes companies that go public through a SPAC have sold a hefty portion of their shares to large investors for a lower price upfront. In this scenario, companies get a big check, but it comes at a discount and can ultimately drag their stock price down when trading starts.

"We have not sold one share of our stock below \$10 a share," Segrave says. "So, we're a block and tackle company. We're not crypto. We don't have any China ties. We've got sponsors that are locked up for three years, and we haven't sold any stock below our offering price."

According to the company's investor presentation it filed in October, after the merger with EG Acquisition Corp. closes in late Q2 or early Q3 this year, flyExclusive shareholders will retain 62.1 percent of company shares.

Segrave owns all those shares (his four children each own 1 percent, and Segrave owns the other 96 percent). If the company maintains the \$600 million valuation, that gives Segrave a \$372.6 million stake in his own company.

FlyExclusive intends to use these funds to fuel expansion and buy more aircraft. Another potential growth

vehicle: The company is getting more into the fractional jet ownership model which is another offering for customers.

As far as potential industry headwinds, Segrave says he has seen the industry flattening over the last few months, but his company still grew revenue in February by 25 percent year-over-year.

He says that is "somewhat a function of we continue to add more airplanes. We're still growing and increasing, I would say the market has, in my mind, flattened somewhat."

'Generational company'

Segrave's authenticity and honesty are what stick out the most to Mike Hensley, partner of Raleigh-based Guardian Wealth Partners and Guardian Wealth Advisors. He has been a close friend of Segrave's for nearly 20 years.

Hensley also describes Segrave as intense and direct. He says even though Segrave has softened as he aged, he still values authenticity and honesty more than ever from his peers.

"He is aware of the fact that in a lot of cases, people are trying to say what they think he wants them to say," Hensley says. "He would much rather someone be honest and direct."

FlyExclusive's campus in Kinston is massive. Giving a tour of the campus, Segrave walks through the different hangars explaining their uses. The company is building hangars to bring more maintenance in-house, therefore cutting down on outsourcing costs. The operation could also perform maintenance for other operators and create a new revenue stream for flyExclusive.

Segrave strides into one hangar, home to a giant white jet. "This one's mine," Segrave says, admiring his personal aircraft.

Unlike other executives, Segrave doesn't shy away from his wealth. He's an open book. His frank, authentic personality is a trademark among his friends and peers.

For example, even before flyExclusive agreed to go public and detailed financial information is required to be disclosed, Segrave had no problem disclosing financial figures to colleagues, customers or the press.

"From a customer standpoint, you don't want to buy from me if I'm not profitable. If you're going to put your life in my hands, you don't want me to have to skimp on something to make sure I can deliver for you," Segrave says. "You want me to make money. I think a lot of people would shy away from it because they'd say, 'I don't want anybody to know how much money I'm making.' Businesses need to be profitable to survive."

Again, Segrave brings up the desire to build a generational company. After he sold Segrave Aviation to Delta in 2010, two years later Delta closed the Kinston facility and dozens of people were laid off. Segrave hasn't forgotten that.

"A lot of people in Eastern North Carolina had built careers here who you thought were not going anywhere. But when you sold, it wasn't in your control anymore. Someone else is making that decision of whether to keep a location here or not," Segrave says. "In this case, I'm maintaining control. I'm maintaining majority ownership. I'm maintaining control of the board. I'm maintaining chairman and CEO. I'm still the founder. I still own the majority of the stock. It's not going anywhere. The business is staying here." ❧