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Keynote Address  
ISHKA World Tour**

October 2020



# The future of freighter aircraft: Which aircraft types will dominate the market

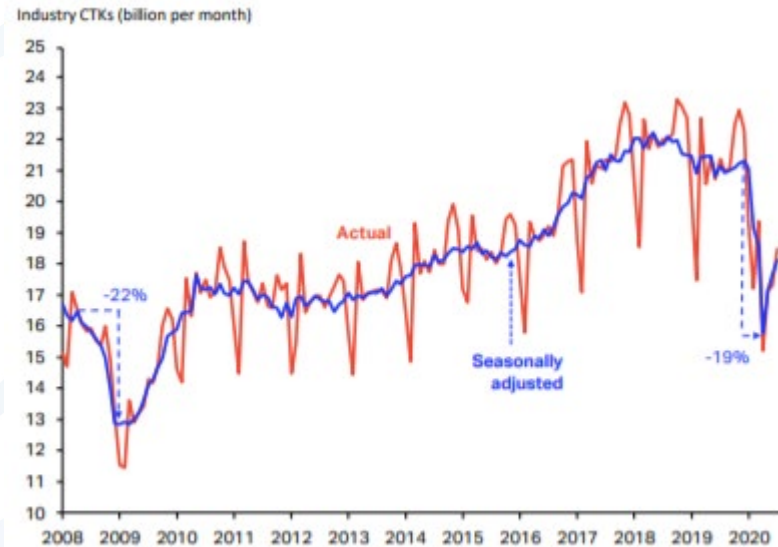


# 1. Forecasting the freighter market - understanding the rush to conversion.

- Market

2019/20 key data overview (at July 2020)		
	2019	2020
GDP growth	2.6%	-5.6%
Passenger traffic	4.2%	-64% (IATA)
Cargo traffic	-3.2%	-17% (IATA)
Oil price	\$65/bbl	~\$40/bbl
Airline net profits	\$26 billion	-\$84billion (IATA)

Cargo tonne-kilometres (CTKs) levels, actual and seasonally adjusted



Sources: IATA Economics, IATA Monthly Statistics

# 1. Forecasting the freighter market - understanding the rush to conversion cont.

- *Availability of pax aircraft feedstock due Covid*

## June 2020

“**GAMECO** and **BOEING** plan in 2021 to open a second 737-800BCF line in Guangzhou”

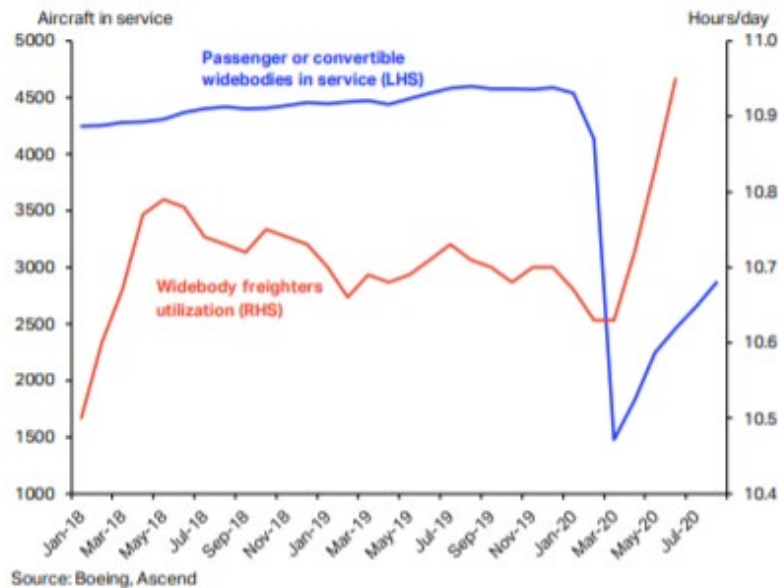
## September 2020

“**ST ENGINEERING** plans in 2021-2022 to open A321 freighter conversion lines in Singapore, Guangzhou, China and San Antonio, TX; conversions are now performed by **EFW** in Germany.”

- *Temporary pax as freighter aircraft arising from Covid*

## 2. How will factory freighters compete with converted freighters in the next few years? How does this affect residual values?

*Passenger widebody in service, freighters widebody utilization*



- *More A330 conversions and a mix of A330 factory and converted freighters*
- *B 748F factory vs B744F converted freighters*
- *Residual value variability on converted vs. factory freighters*
- *Longer life remaining on factory built aircraft?*



### 3. Uncovering opportunity at the lower end of the spectrum for investors: turboprops, widebodies, engines etc.

- *ATR72-600F*
- *Investor alignment with wide/ narrow bodies*
- *Customer / user commitments*
- *'Green time' management of engines*



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