

ASCEND

2nd Annual Aircraft
Valuation & Investment
Conference November
2008

FREIGHTER
AIRCRAFT

Chris Seymour



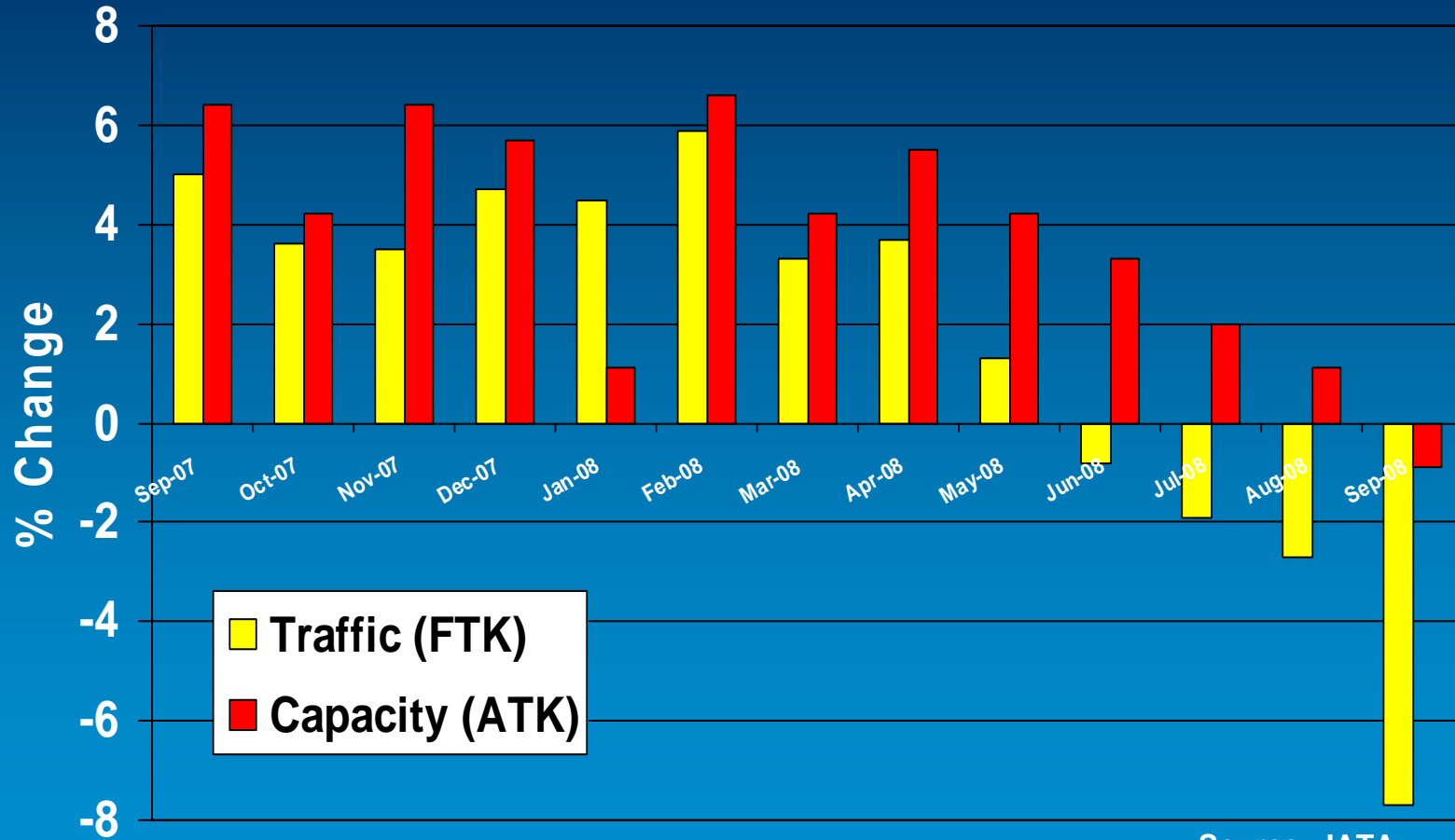
AEROSPACE INFORMATION REDEFINED

AGENDA

- LATEST TRAFFIC DATA
- FLEET IN SERVICE AND STORAGE
- BACKLOG OF NEW BUILDS
- MARKET FOR CONVERSIONS
- VALUES MOVEMENTS

HOW BAD IS IT ? GLOBAL AIR CARGO TRAFFIC AND CAPACITY

Sep 2007 – Sep 2008 – latest is drop of 7.8%



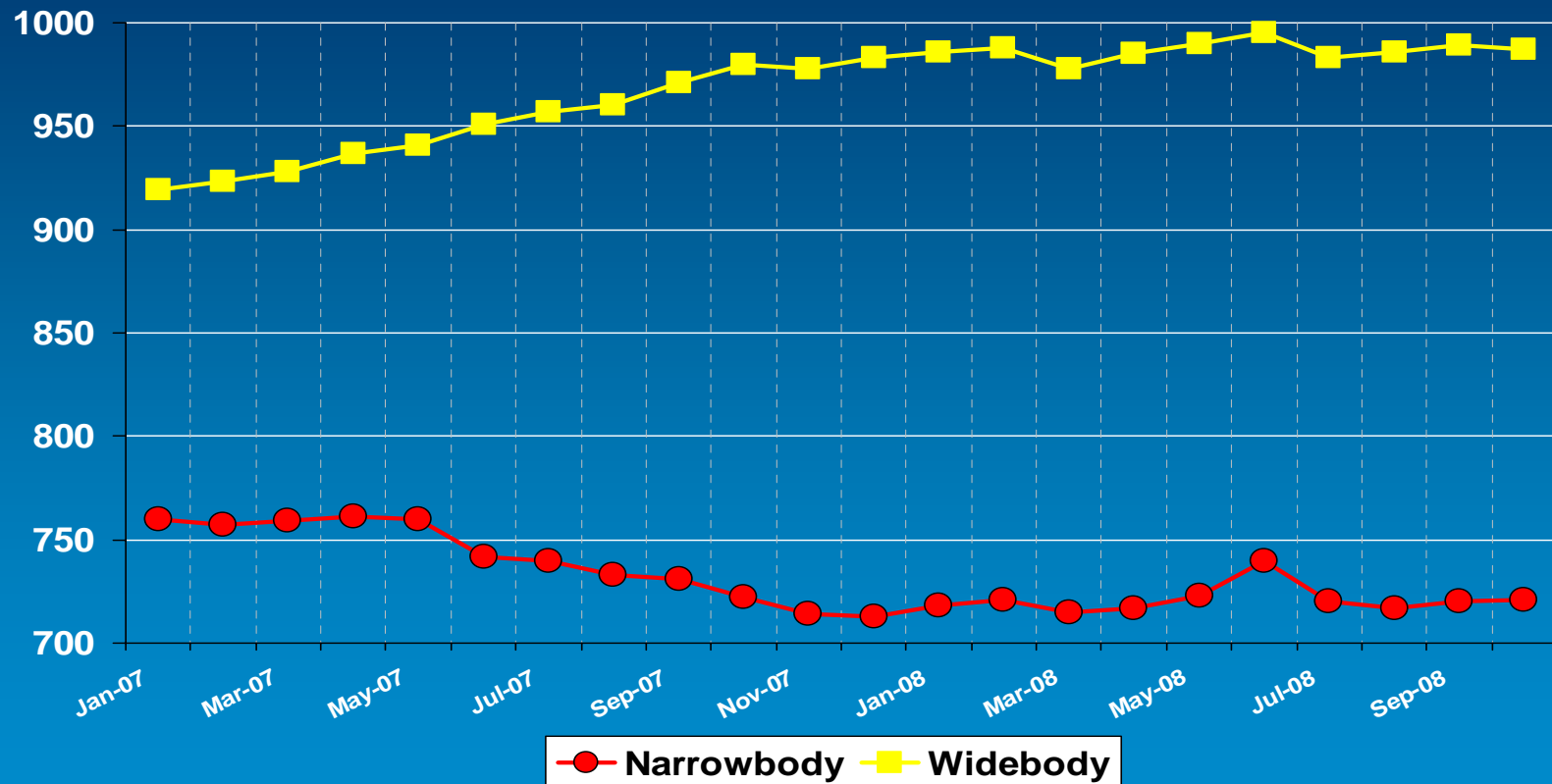
Source - IATA

COMBINATION OF FACTORS HURTING THE MARKET

- *Economic downturn in the leading economies = trade slowing = air cargo traffic falling*
- *Fuel prices still comparatively high, albeit lower than (unsustainable) levels of mid 2008*
- *Credit crunch and banking crises are affecting cost of financing and availability of finance for all but best credits*
- *Capacity cuts started but not yet enough*

IN-SERVICE TREND OF JET FREIGHTER FLEET

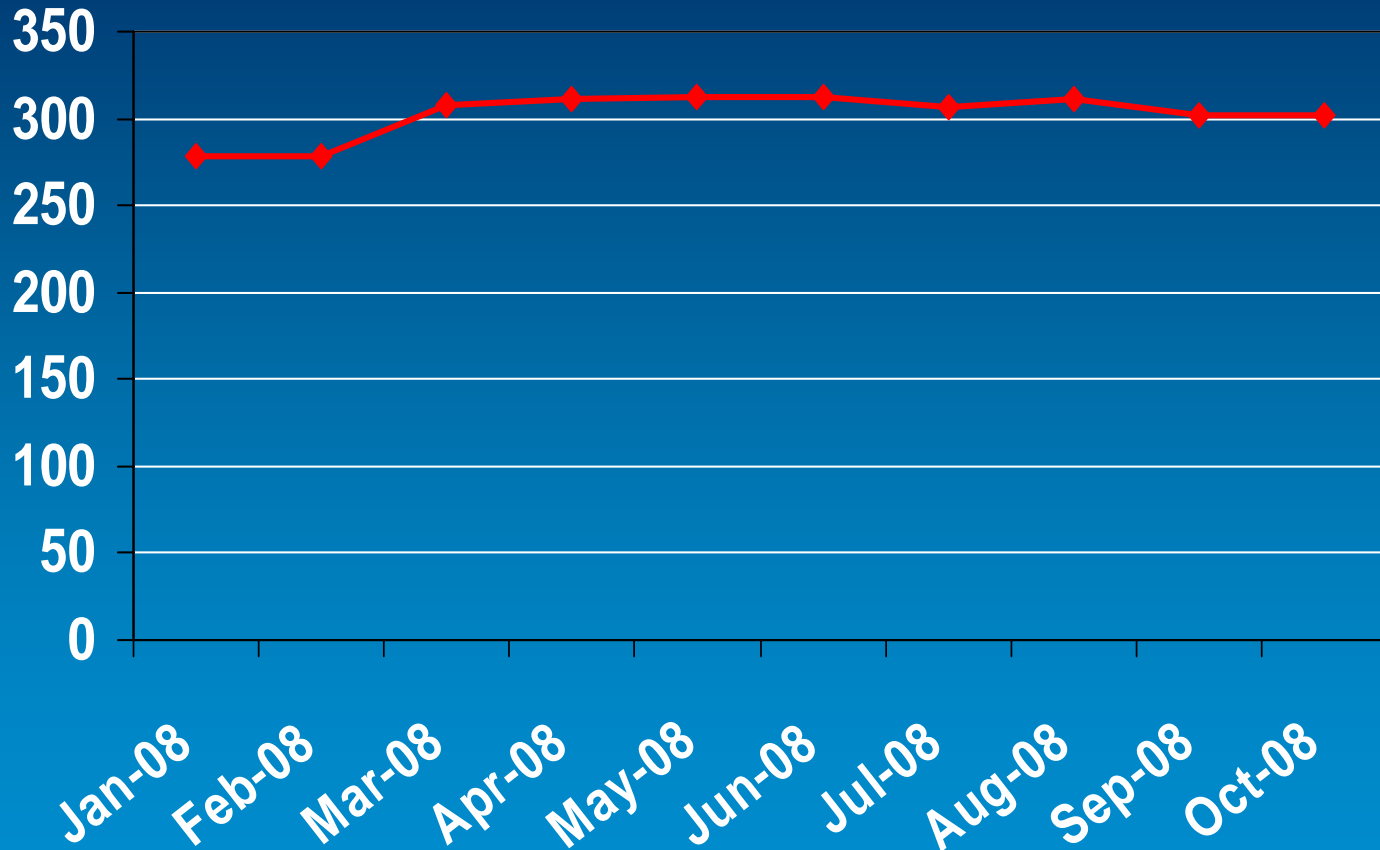
Since start of 2007 – widebodies flat since start of 08



Source: Ascend Online Fleets

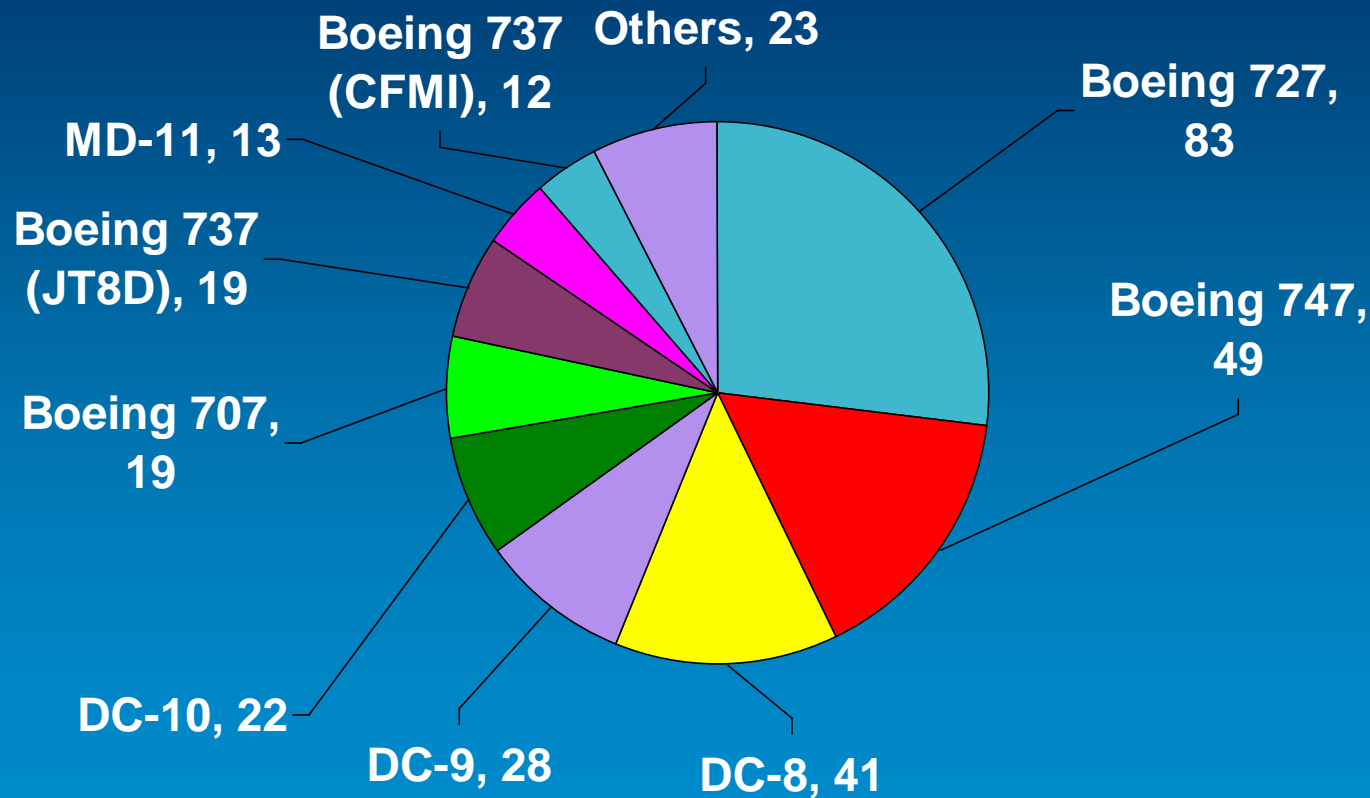
Stored Freighter Fleet in 2008

Fleet cuts yet to really happen

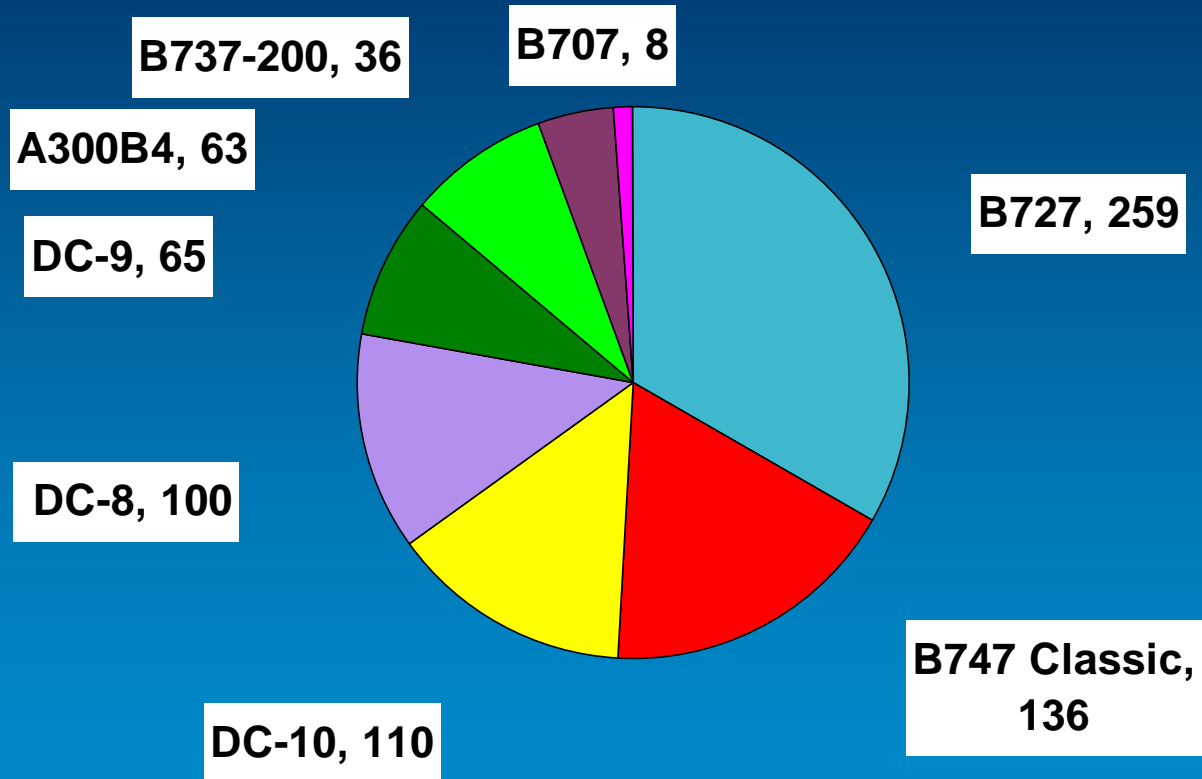


Source – Ascend Online Fleets

CURRENT JET FREIGHTER FLEET IN STORAGE



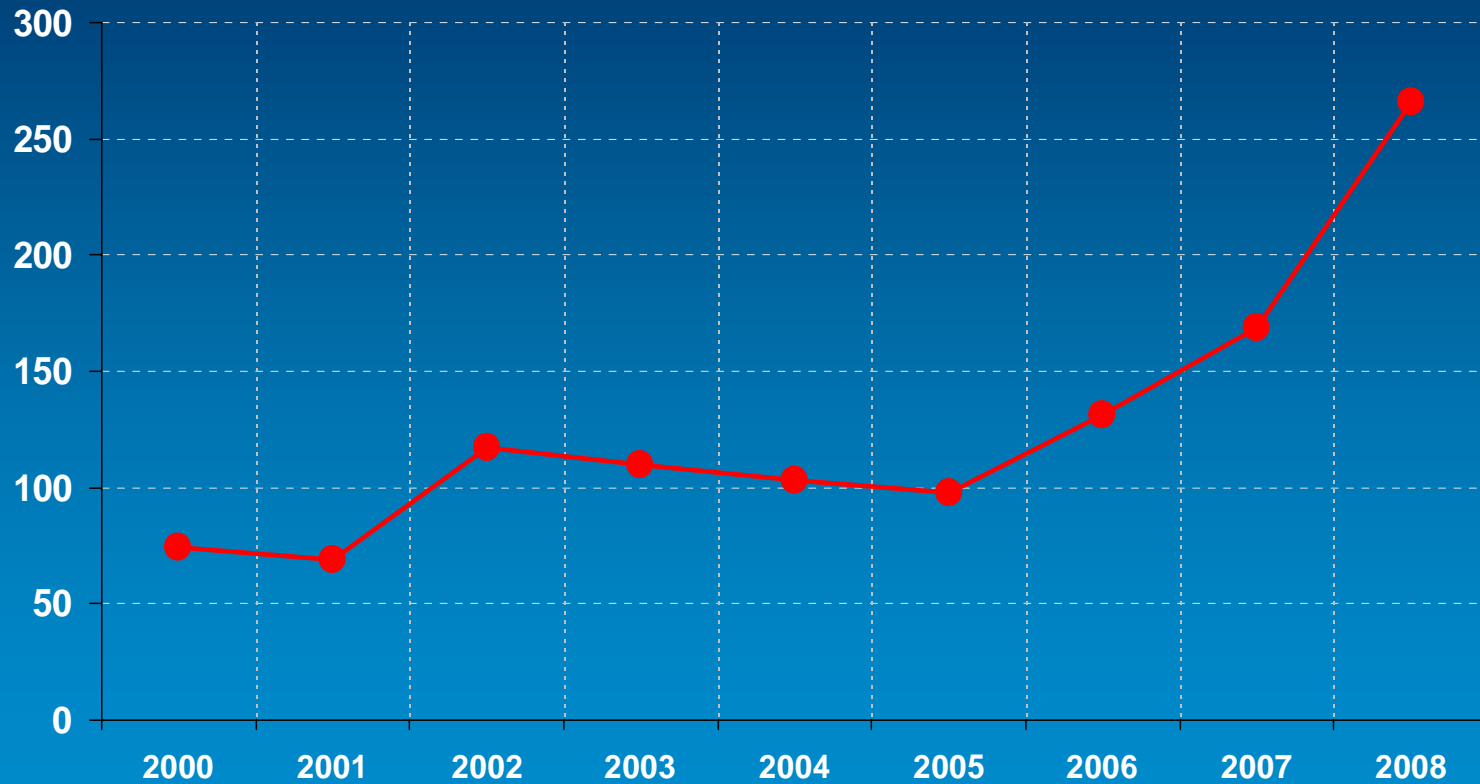
STILL MANY OLDER GENERATION TYPES IN SERVICE



Source – Ascend Online Fleets

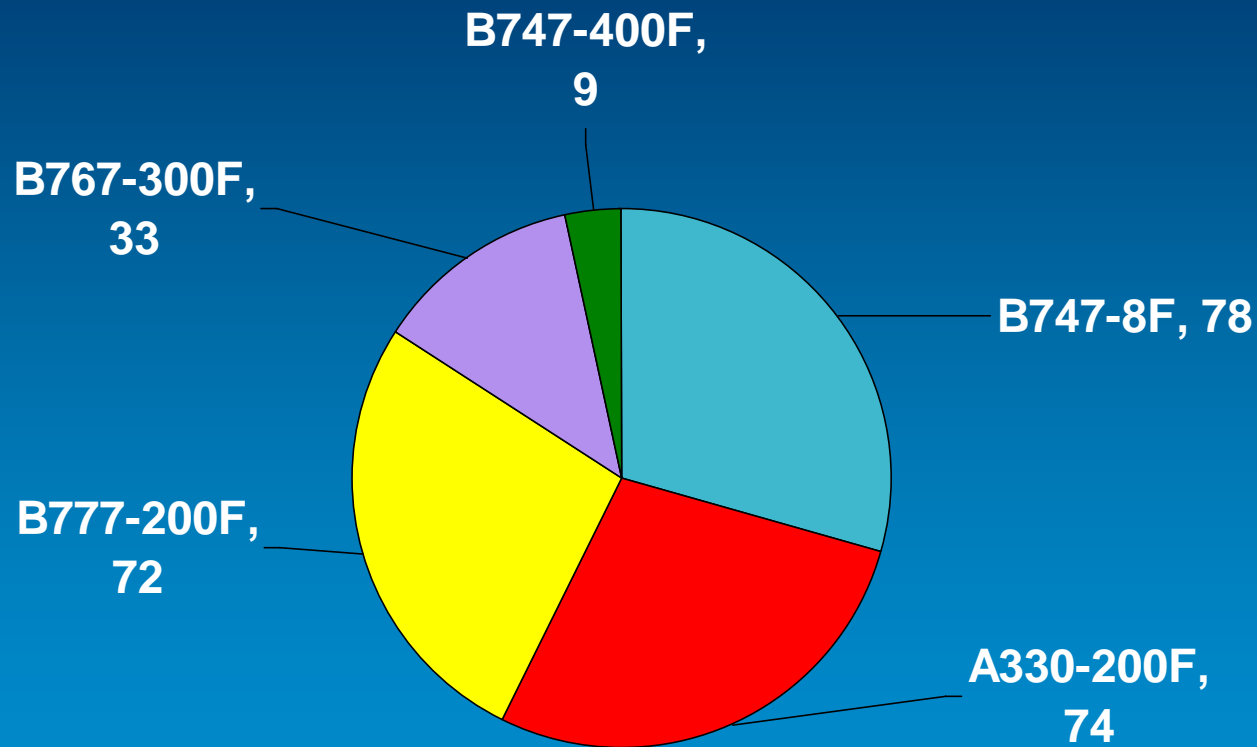
JET FREIGHTER FIRM ORDERS BACKLOG

At record levels (266) IN Nov 2008



Source: Ascend Online Fleets

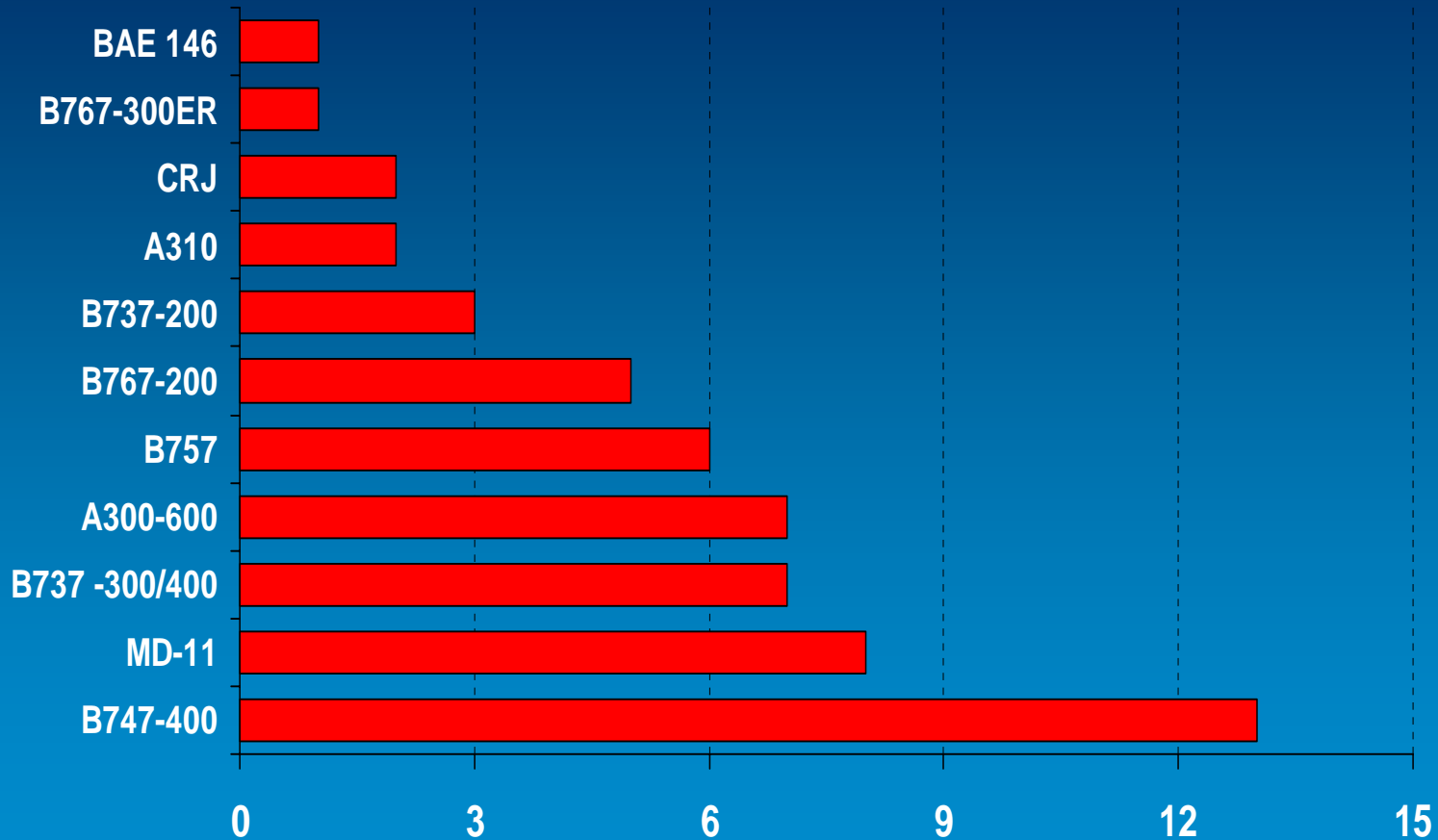
CURRENT JET FREIGHTER FIRM ORDERS BACKLOG



NEW BUILD – A LONG TERM INVESTMENT 2008 \$ BASE VALUES

- ***Boeing 747-8F - \$187m***
- ***Boeing 777-200F - \$160m***
- ***Airbus A330-200F - \$102m***
- ***Boeing 767-300F - \$83m***
- ***FINANCING ISSUES.....***

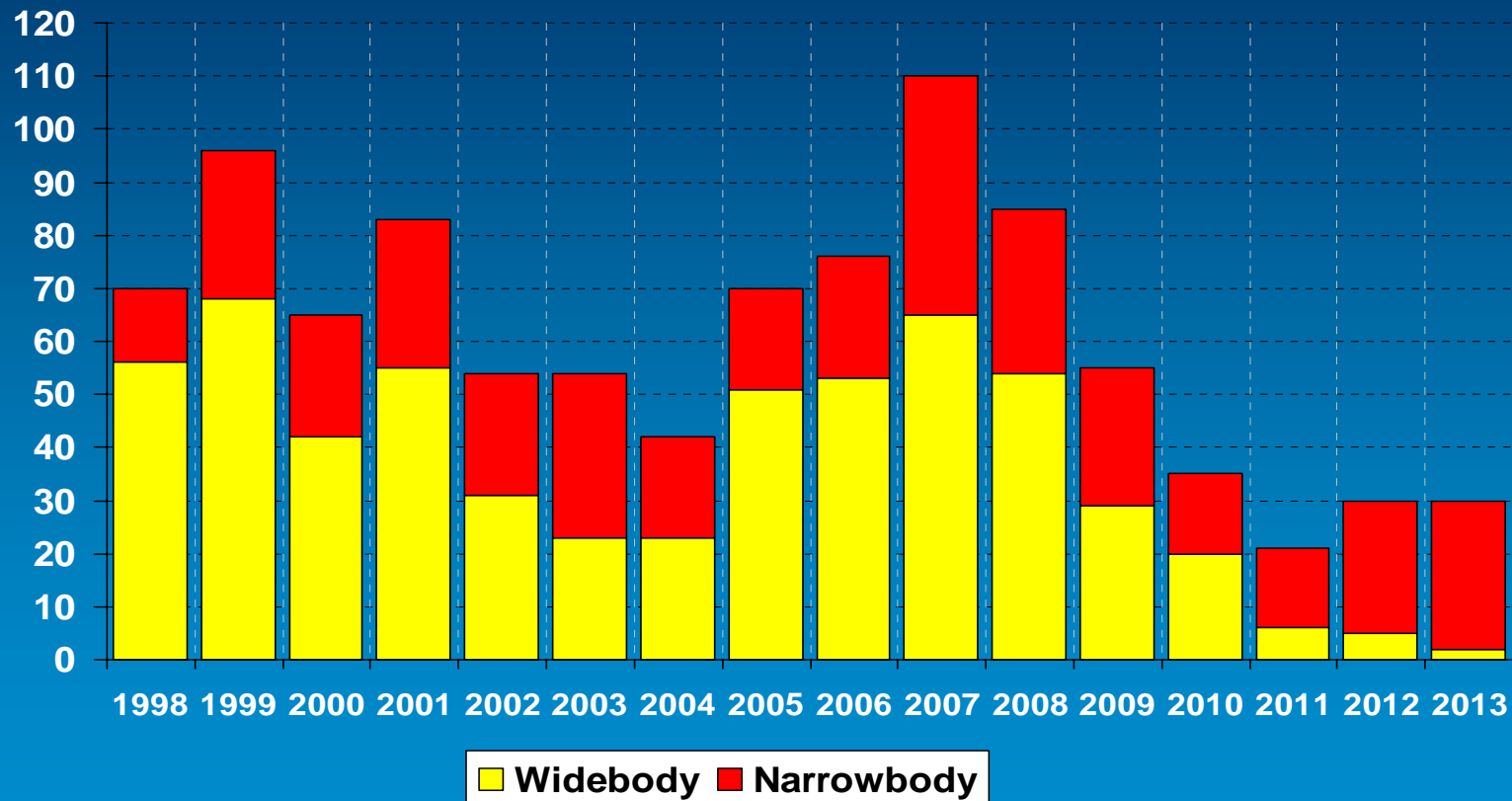
2008 – JET FREIGHTER CONVERSIONS TO DATE



Source – Ascend Online Fleets

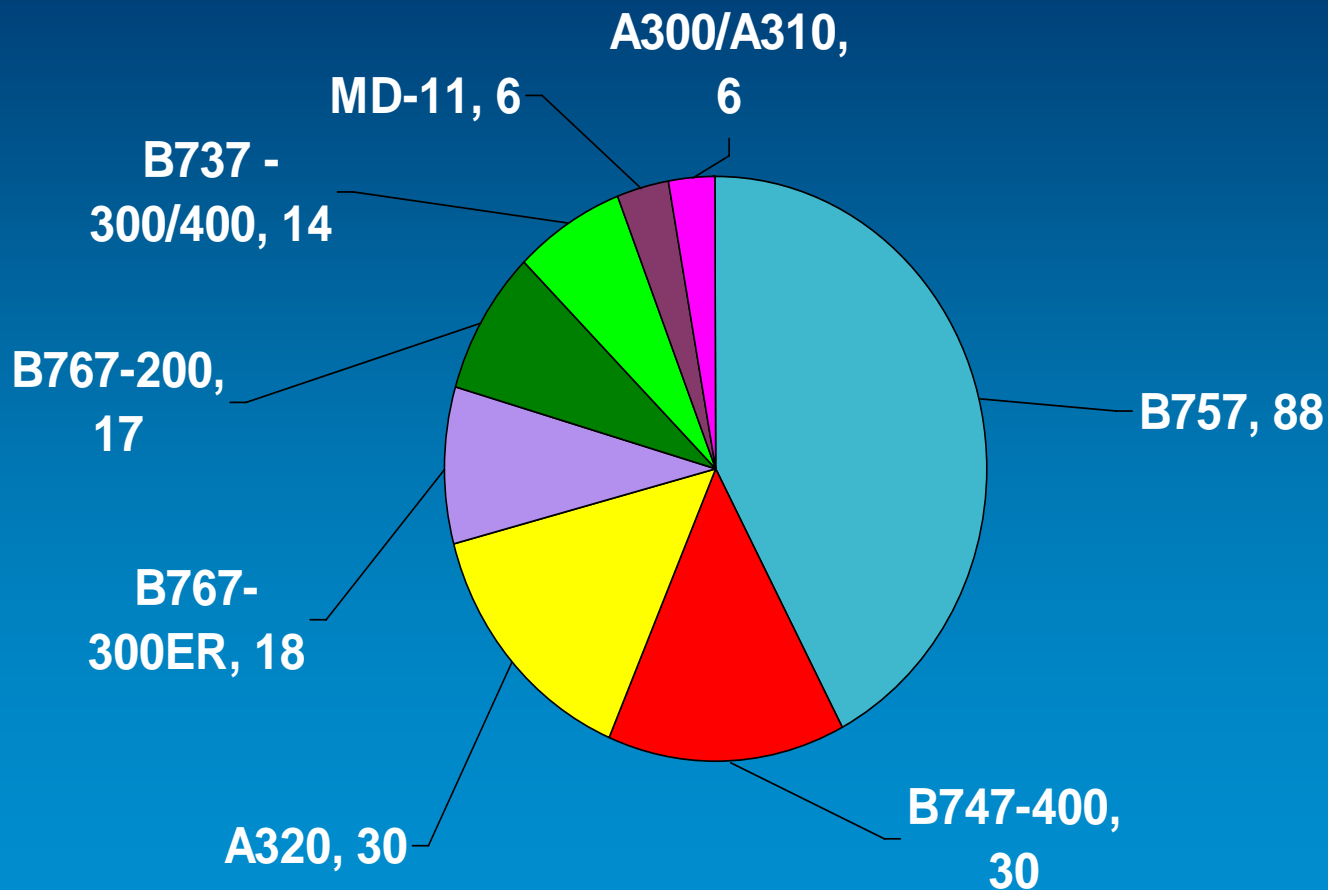
JET FREIGHTER CONVERSIONS

Past ten years and current commitments next 5 years (160)



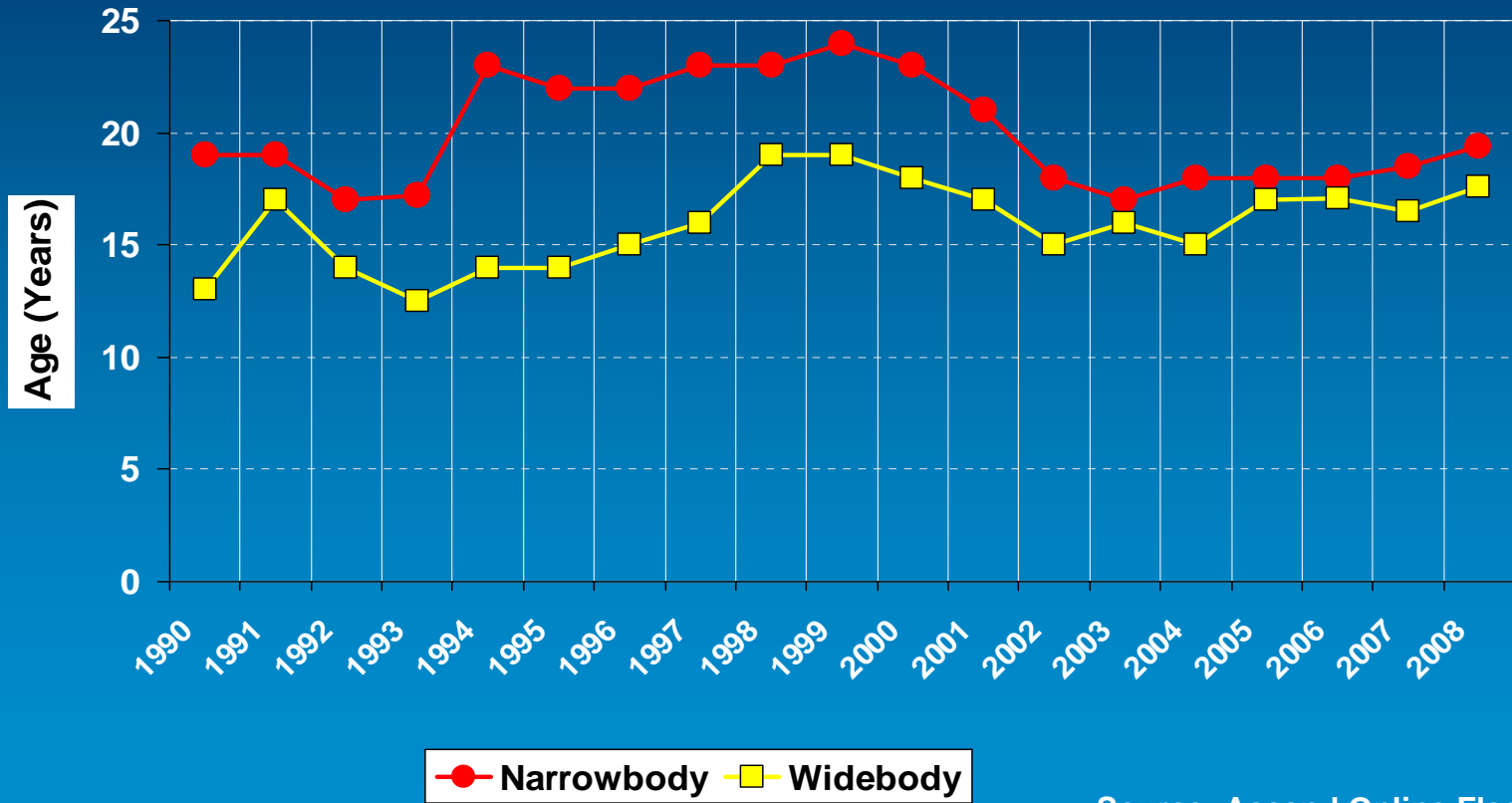
Source: Ascend Online Fleets and data

FREIGHTER CONVERSIONS – CURRENT BACKLOG



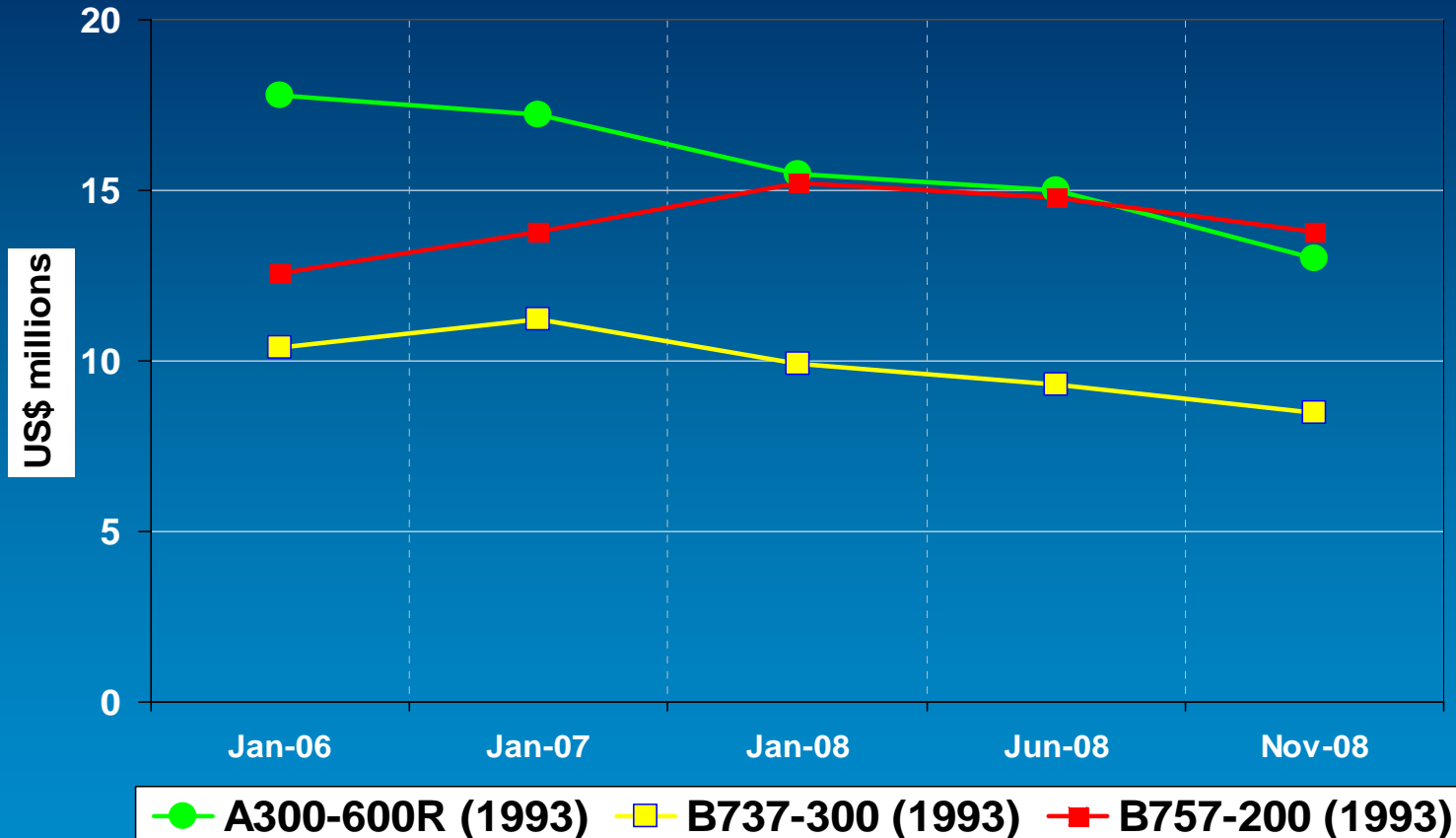
JET FREIGHTERS – AVERAGE AGE AT CONVERSION

Younger a/c get converted in downturns – lower values, more available



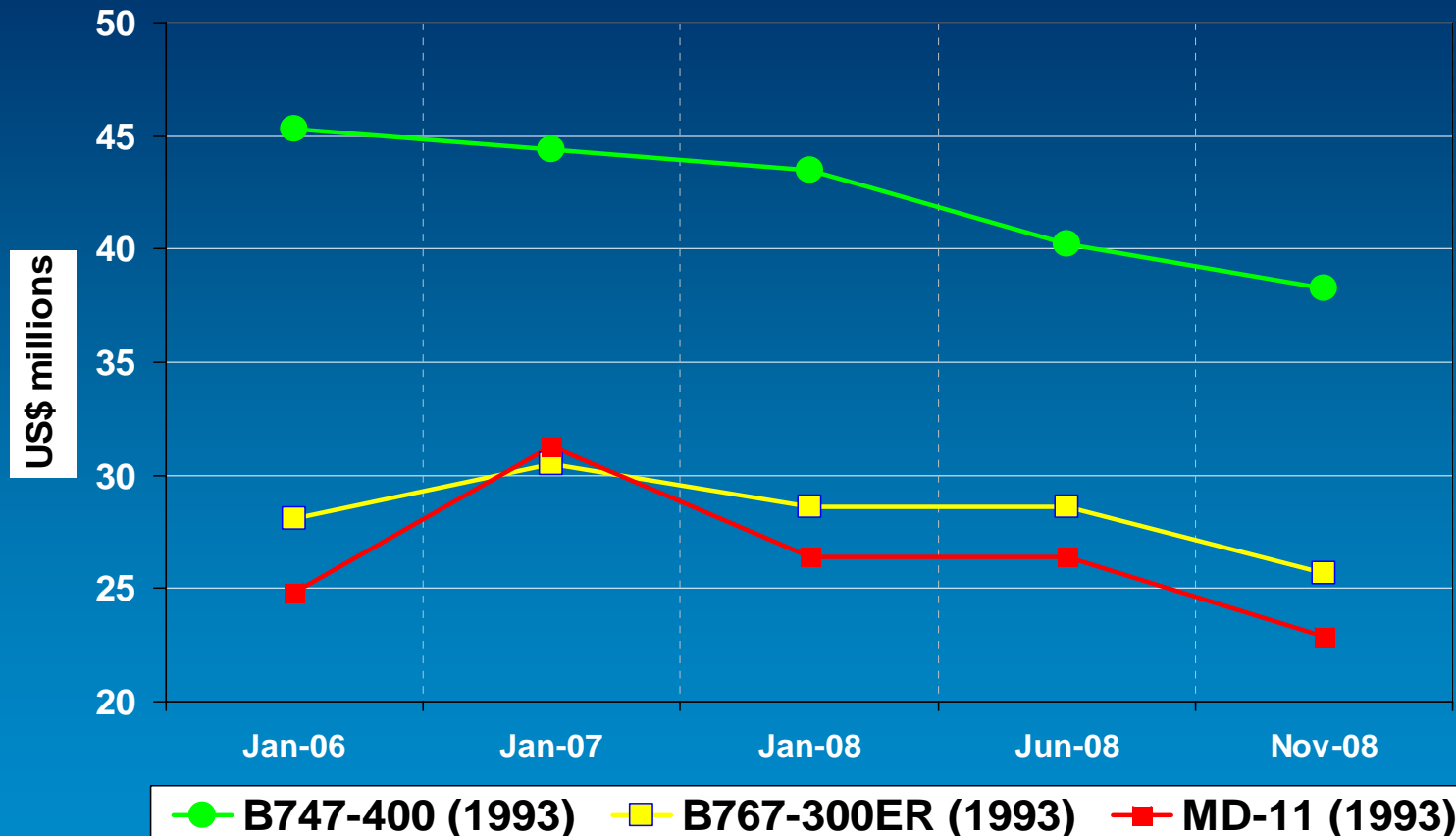
Source: Ascend Online Fleets

MARKET VALUES OF SR/MR WB + NB PAX AIRCRAFT FALLING



Source: Ascend Online V1 Values

MARKET VALUES OF LONG HAUL WIDEBODY PAX AIRCRAFT FALLING



Source: Ascend Online V1 Values

CONVERSIONS – GOOD NEWS....BAD NEWS

- *Feedstock is becoming less of an issue – e.g. A300/A310, 737-300/400 757, 767-300ER*
- *Market Values falling – cost to buy and convert is coming down again*
- *Slots available for most programmes – 2/3 converters for most types*
- *BUT...IS THE TRAFFIC DEMAND THERE...AND MORE IMPORTANTLY, IS THE FINANCING THERE TO BUY AND CONVERT*

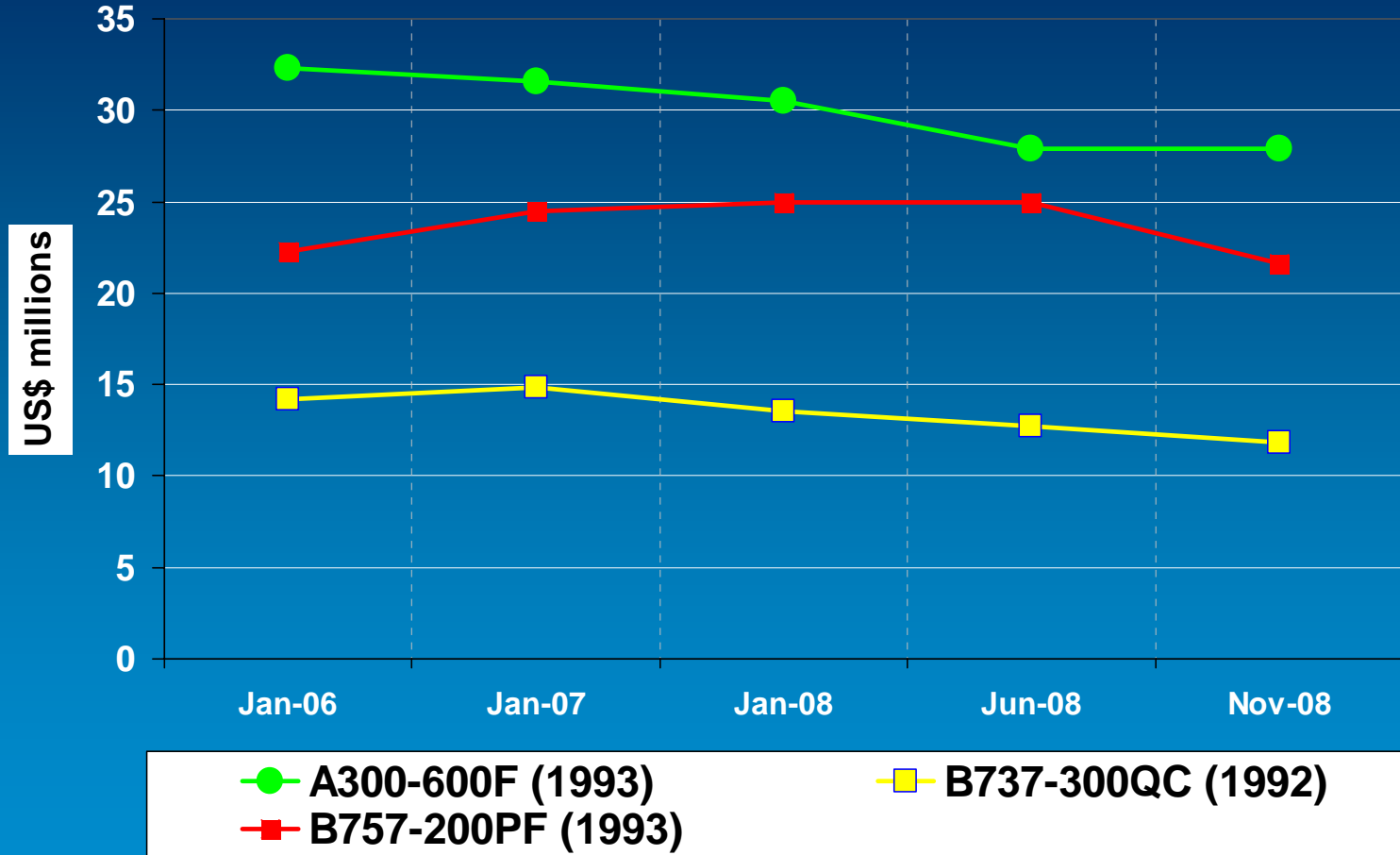
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Online Fleets and Values – V1
Appraisals
Inspections & Audits
Market Studies & Forecasts
Online Data - AIR
Airport & Traffic Forecasting

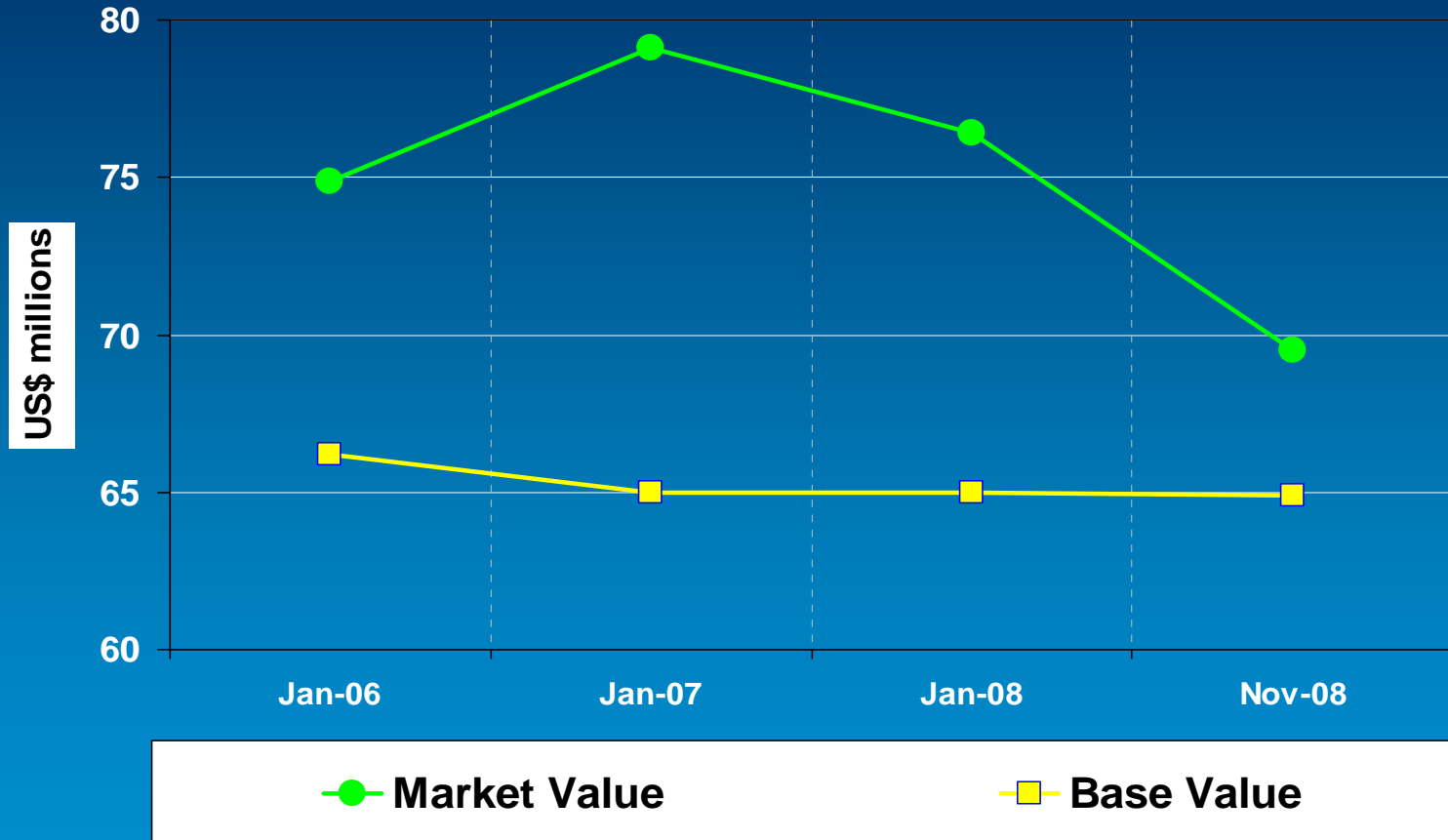
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MARKET VALUES OF FREIGHTER AIRCRAFT ALSO FALLING



Source: Ascend Online V1 Values

MARKET VERSUS BASE VALUE FOR A 1993 BUILD 747-400F



Source: Ascend Online V1 Values