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亞洲空運會議

Flightplan to the Future



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2013

Session Four:

Widebody Freighters: Today's Supply and Demand Reality

Moderator:

- **Robert Dahl**, Managing Director, ACMG

Panelists:

- **Cliff Duke**, CEO, Eolia Group
- **Andreas Hermann**, Vice President, Freighters, Airbus
- **Krish Parampathy**, Vice President, Specialty Markets, GE Capital Aviation Services
- **Paul Sheridan**, Head of Consultancy Asia, Ascend
- **Keith Wilkins**, Director, Freighter Conversions, Boeing

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Widebody Freighters: While the discussion of Asia-Pacific air cargo trends (above) produced general agreement on most issues, the panelists sitting in on the widebody freighter round table agreed on very little. One thing they all did agree on was that the current market for widebody freighters – whether production or conversion – was in the doldrums, and that there would likely be no new widebody freighters offered in the near future. Regarding conversions, however, there was much lively discussion.

- Cliff Duke (CEO Eolia Group) said that with yields being driven down by the availability of cheap belly capacity, conversions of modern widebodies would be too expensive to be justifiable. The answer, in his view, was his company's LCF (Low Cost Freighter) concept, which eliminates the need for a large cargo door by installing elevators fore and aft and using them to lift cargo from the lower hold to the main deck.
- Both Keith Wilkins (Director Freighter Conversions, Boeing) and Andreas Hermann (Vice President Freighters & Customer Affairs, Airbus) replied that while the LCF concept might work in some niche markets, the need for large-door widebody conversions would remain, and that demand would soon pick up. Mr. Hermann pointed to the recently-launched A330 Family P-to-F program, while Mr. Wilkins said Boeing's target launch date for a 777-200ER conversion program was 2014.
- Krish Parampathy (Vice President Specialty Markets, GE Capital Aviation Services) pointed out regarding the price of conversions that with the current supply of readily available parked freighters, it did not make much sense to spend \$20 million to \$30 million on a conversion.
- Paul Sheridan (Head of Consultancy Asia, Ascend) said the impact of cheap belly space on the widebody conversion market was being underestimated. He felt that the shift from main deck to belly was permanent, and while there would always be some demand for freighters, it would be primarily for production freighters.

Narrowbody freighters: The narrowbody freighter market is in many ways the opposite of the widebody market. To begin with, there are no production programs, so the only source of narrowbody freighters is through conversion. Second, while there is very little new order activity for production or conversion widebodies, the narrowbody conversion houses can hardly keep up with demand and are continuing to introduce new programs and upgrades to existing programs. And finally, while there is no consensus about what the future holds for widebody conversions, the 737NG and A320 Families are the obvious future for the narrowbody market, and the only questions are who will convert them, and when the new programs will start.

- Dr. Yip Yuen Cheong (EVP Engineering & Development and EVP Freighter Conversions, Singapore Technologies Aerospace) said ST Aero, which has already redelivered seventy-one 14-position 757-200 P-to-F conversions to FedEx, is getting inquiries from other potential customers and is working on a 15-position conversion (as well as doing engineering work for the Airbus A330 P-to-F program).
- Bob Convey (VP Sales & Marketing, Aeronautical Engineers, Inc.) said AEI, which this year redelivered its first freighter-converted MD-80 and recently launched a P-to-F program for the Bombardier CRJ200, still views the freighter-converted 737-400F as the "baseline" for narrowbody economics. He said, however, that the window for A320 conversions is opening now, with the 737NG to follow in 2017 and the A321 in 2019.
- Brian McCarthy (VP Marketing & Sales, Precision Conversions) agreed that the A320 would be the next narrowbody model to be converted, but he felt that the A321 might precede the 737NG. He felt the timing of these programs would depend on the price of feedstock, which was somewhat unpredictable. As to new developments for existing programs, he said Precision had recently received certification for conversion of winglet-equipped 757-200s, and that the company expected certification for its 757 Passenger-to-Combi program within weeks.



Participants in the widebody freighter round-table share a moment of laughter. Given the current state of the widebody market, we suspect they were looking ahead to magnificently laid-out coffee break that would follow their session.

