

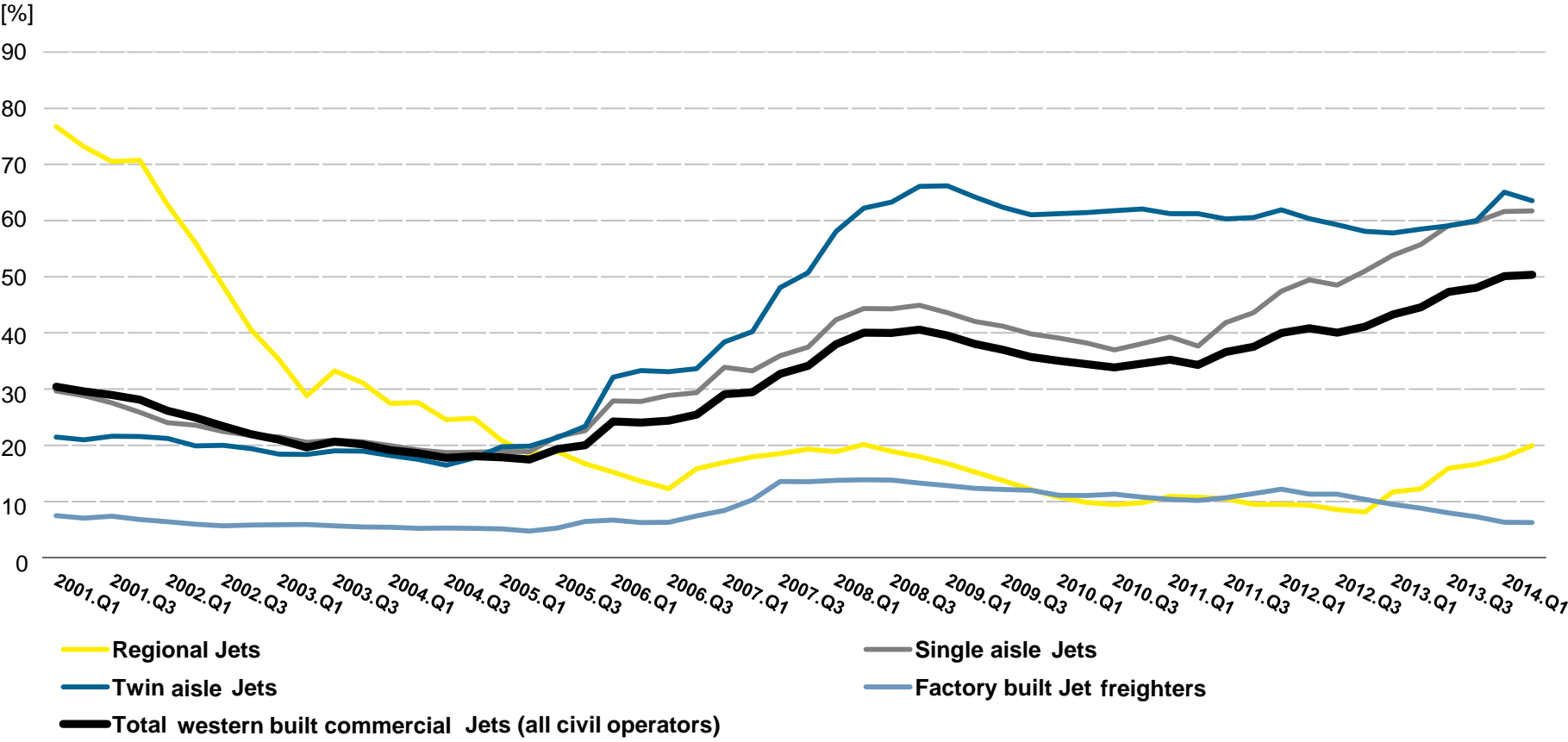
DVB research video – November 2014

Bert van Leeuwen
on Narrowbodies



Order cycle: Widebody boom, now Narrowbody boom

Backlog as percentage of in service + stored

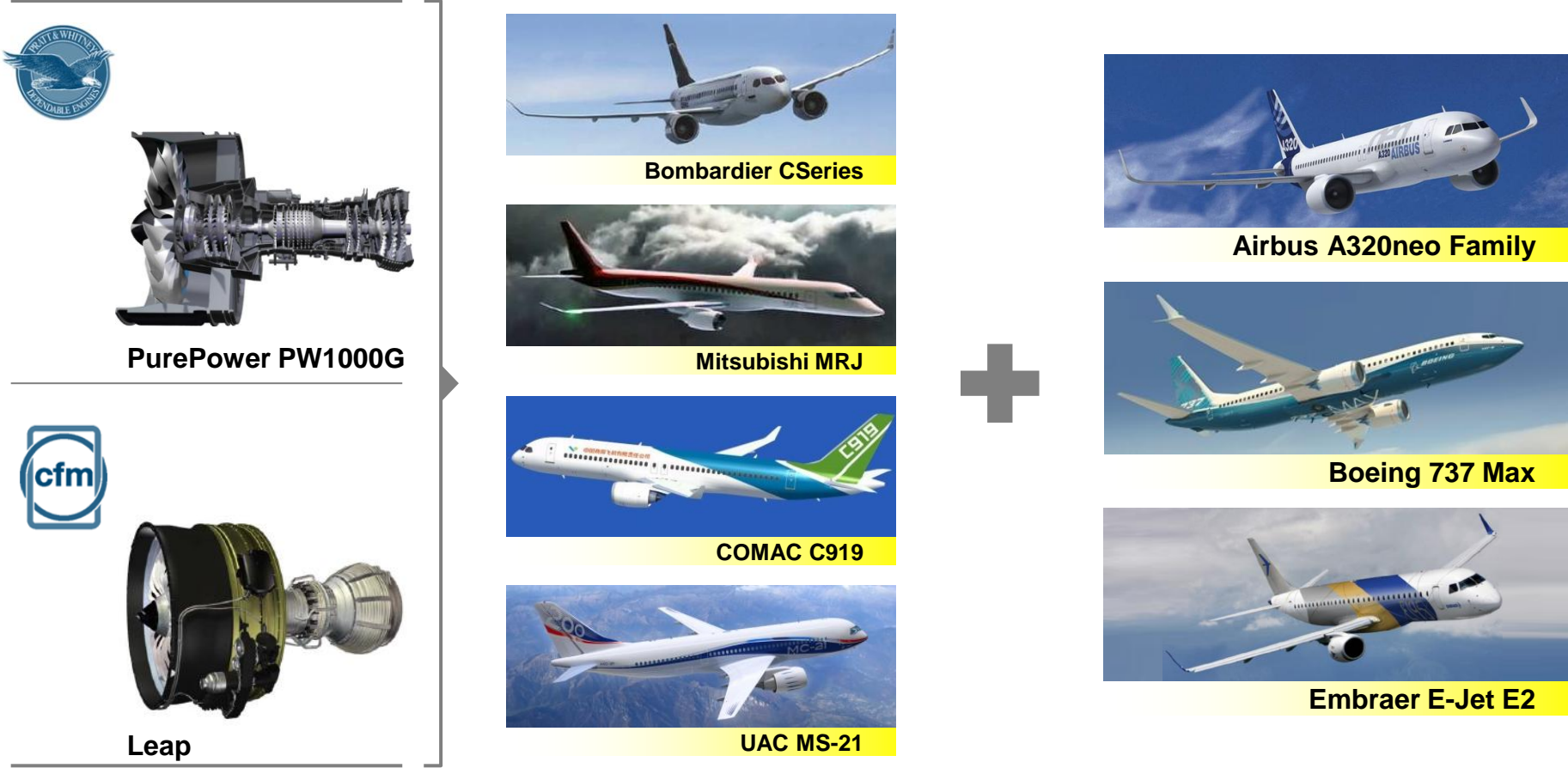


Source: Ascend / DVB Aviation Research



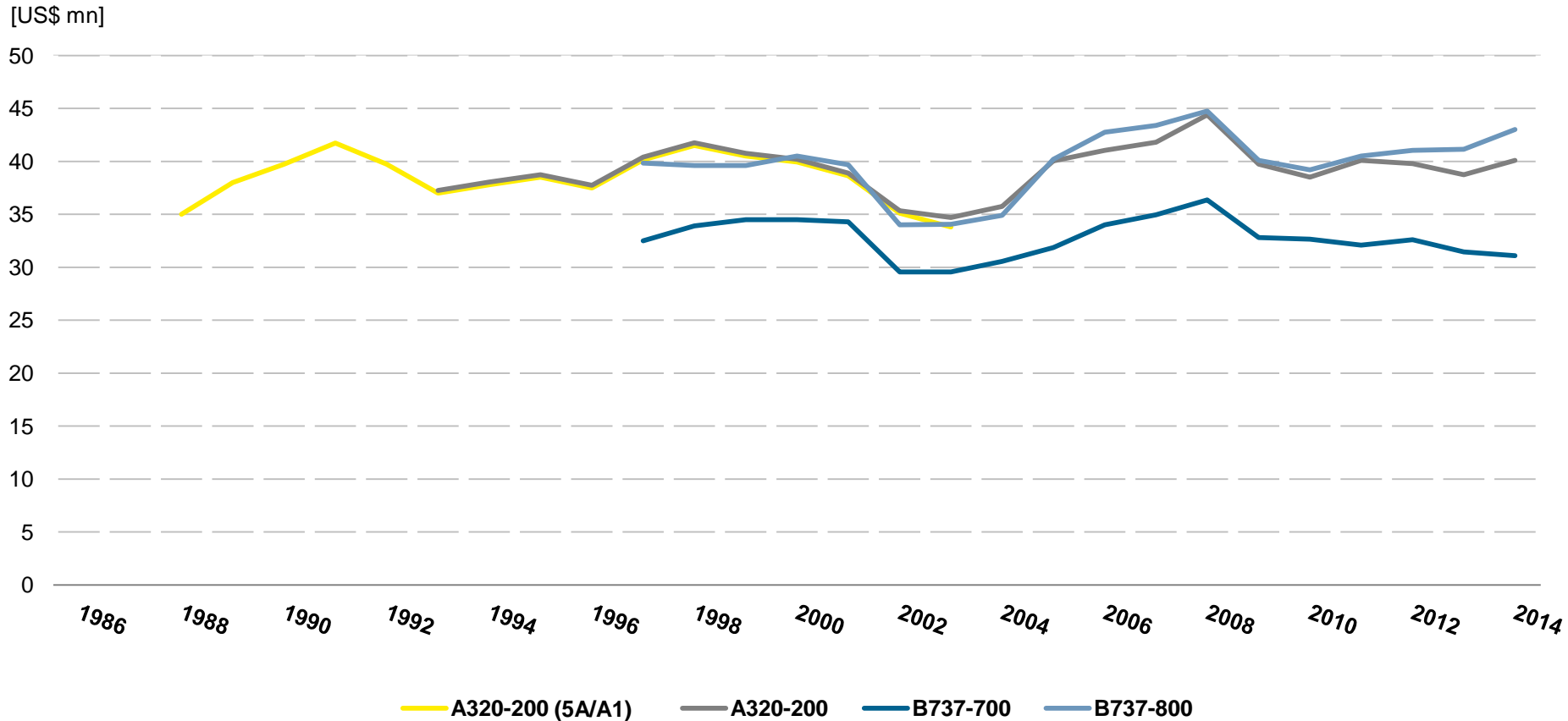
Generation change single aisle market segment

The domino effect is even more visible in the narrowbody market ...



Aircraft price cycle: commodity aircraft?

New single aisle aircraft values (Ascend jan. market values for 0 year old aircraft)

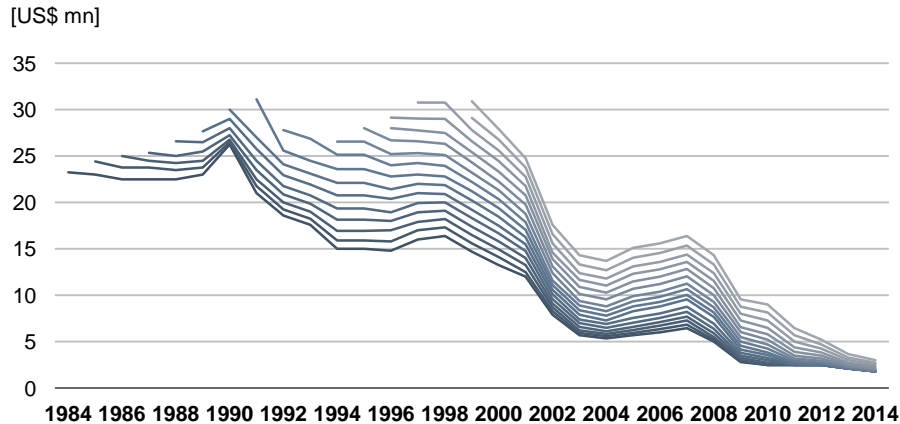


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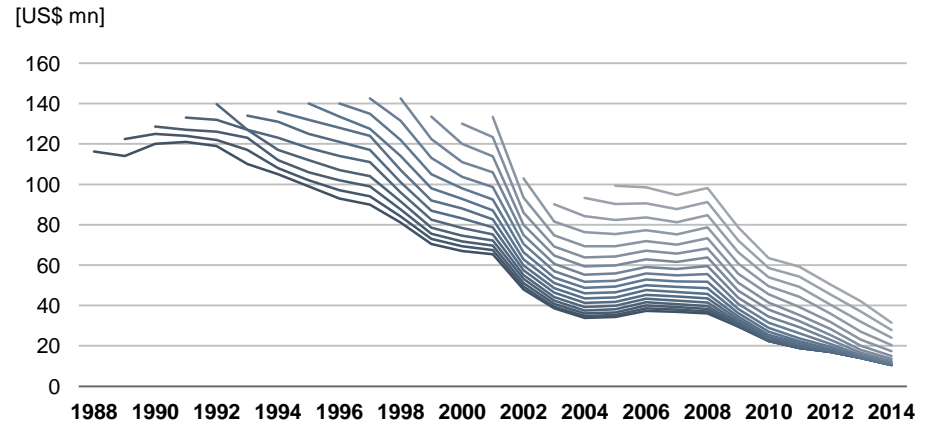


Value convergence or last of the line effect

Boeing 737-300 “value convergence”



Boeing 747-400 “value convergence”

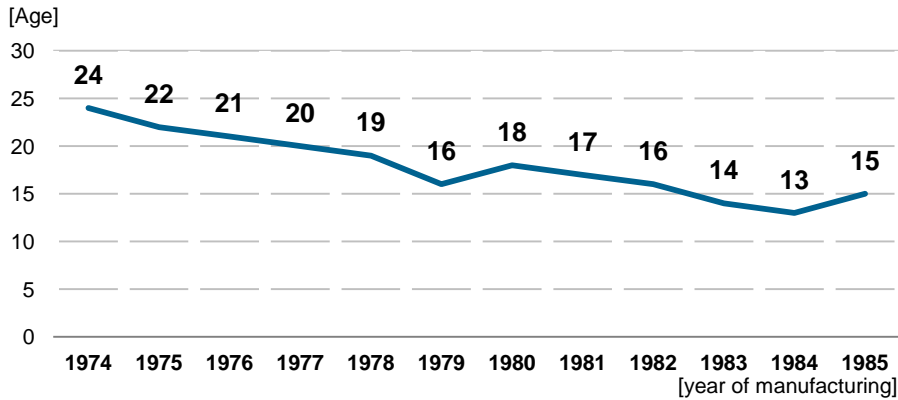


- In a low inflation environment, late production aircraft (in extremis : “last-of-the-line” aircraft) generally follow a steeper value curve compared to early production aircraft.
- One of the reasons is that late production aircraft compete in the market with new successor types that offer lower variable operating cost. The “old” technology aircraft can only compete by lowering the capital costs (lease rate and value/price).
- The effect will be stronger in an environment of high variable operating cost (high fuel) and a limited Δ in new purchase price between the new and the old aircraft
- **THE IMPACT CAN BE SIGNIFICANT!**

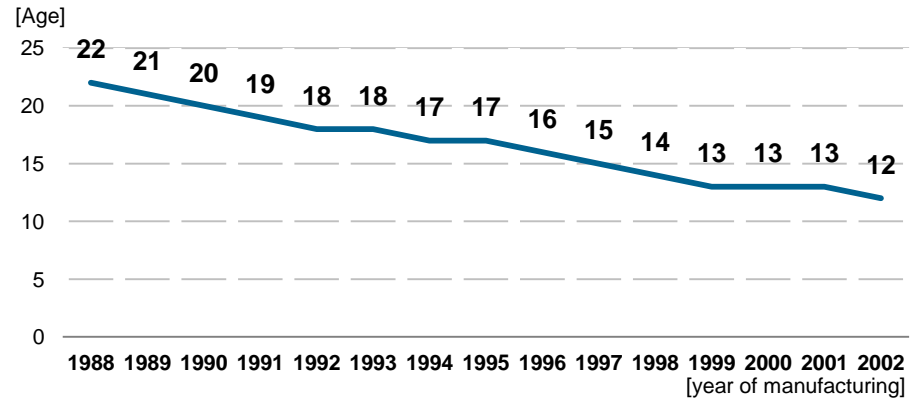
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Age when values first reached part-out level*

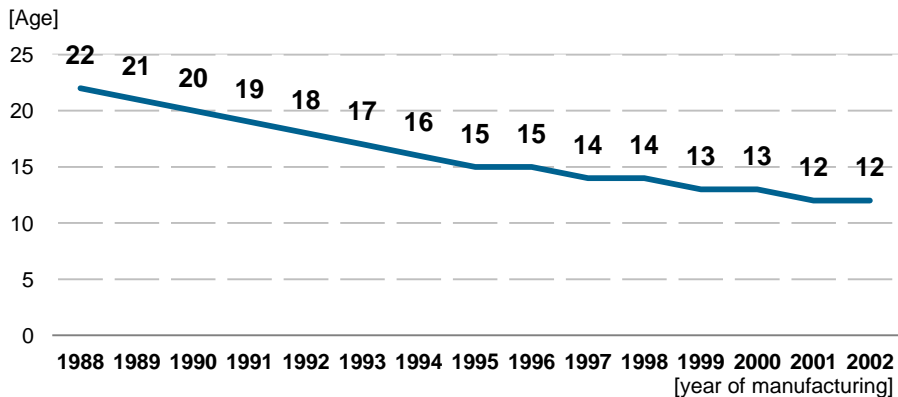
Airbus A300B4-200



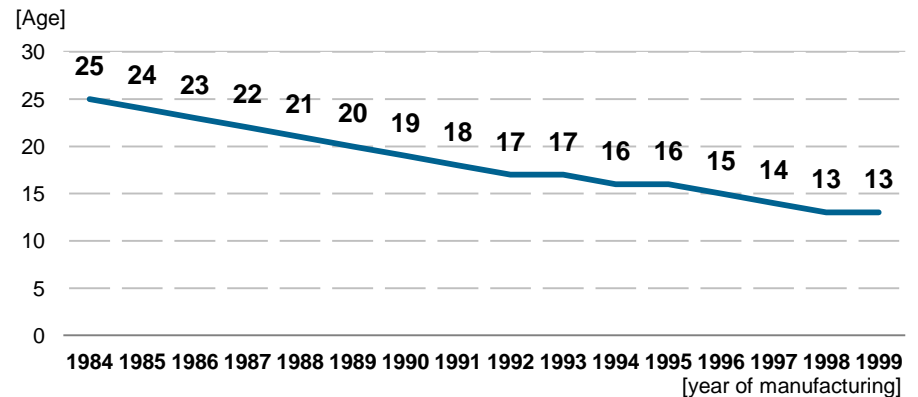
Airbus A320-200 (A1/5A)



Boeing 747-400



Boeing 737-300

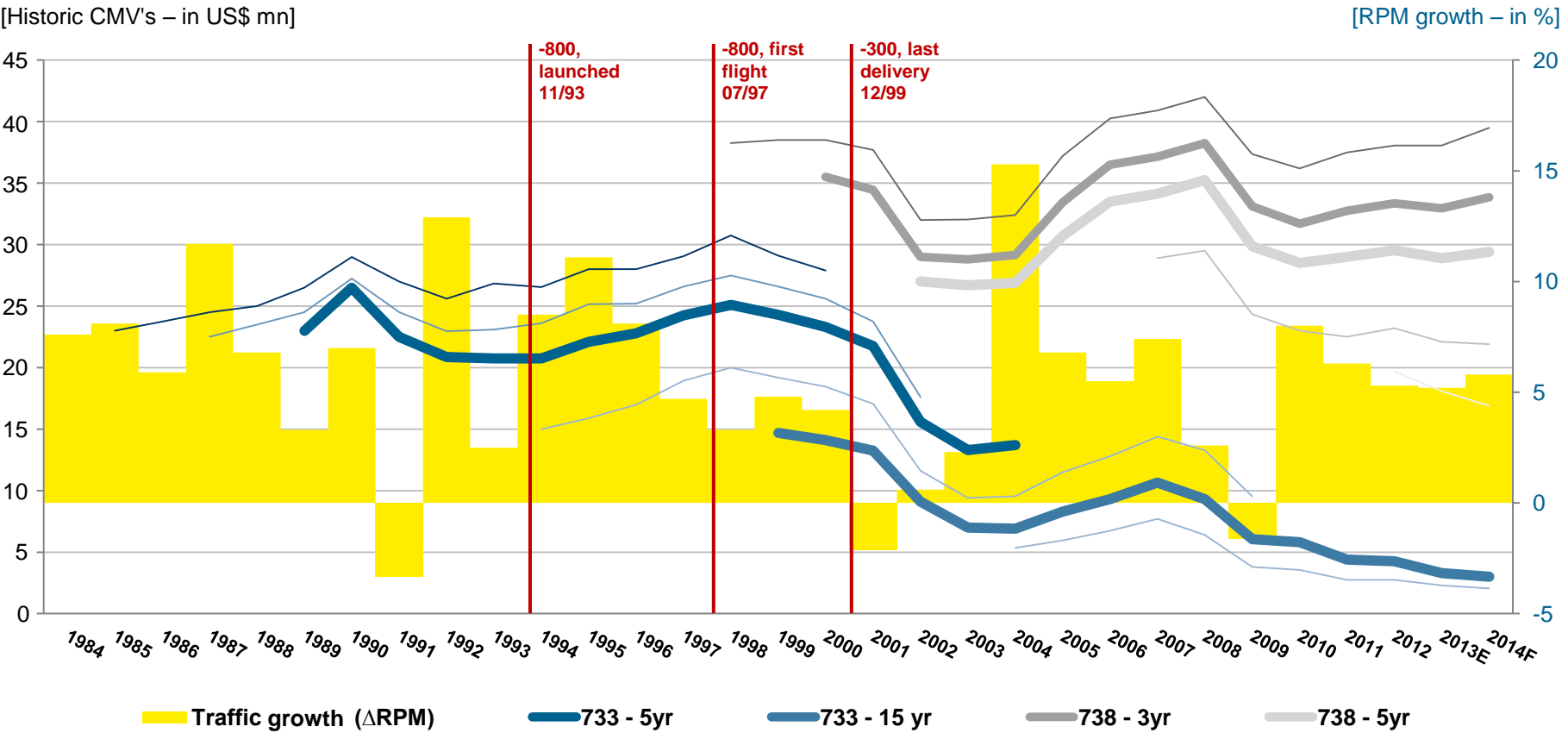


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*(20% of original value-when-new)

Generation change

737-300 and -800 values (constant age) + traffic growth

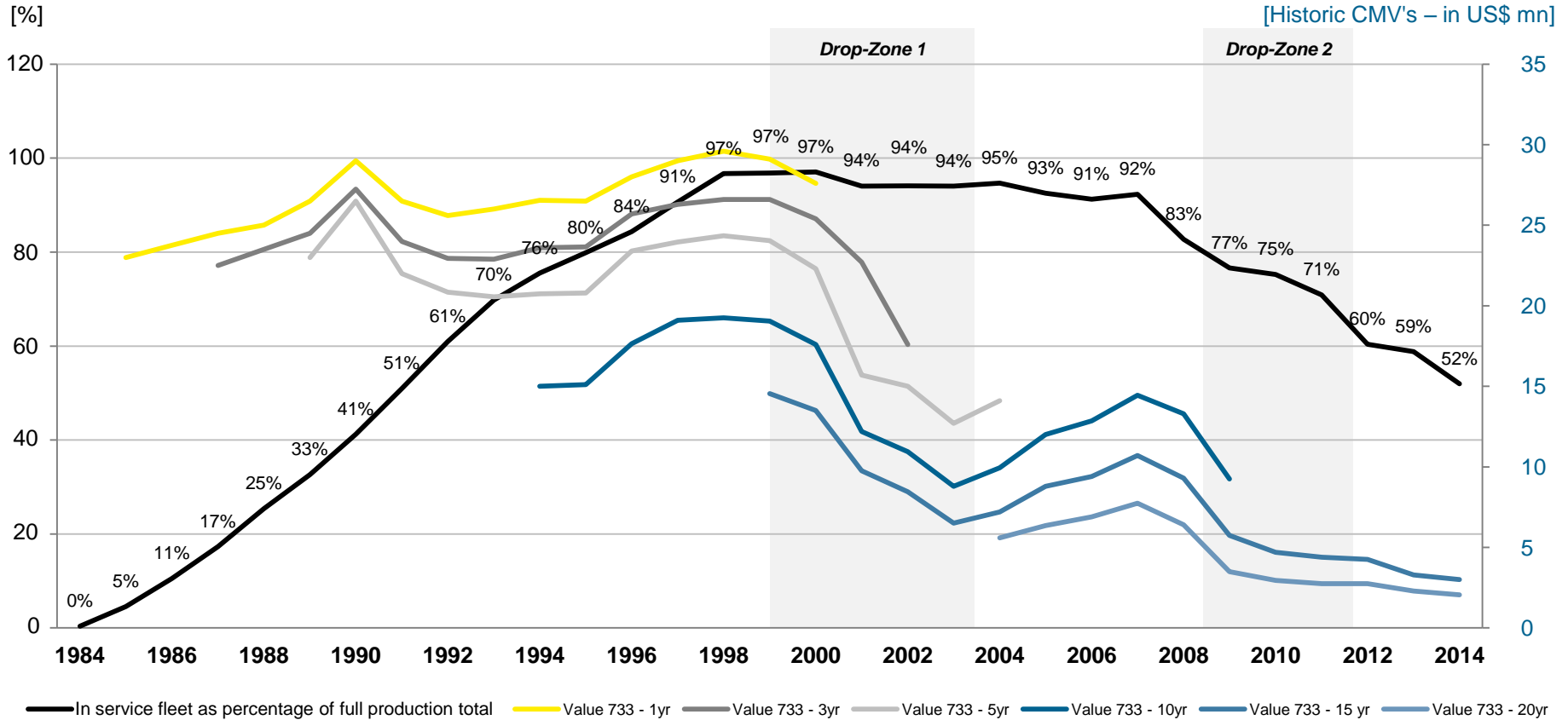


Source: Ascend / DVB Aviation Research



Generation change

737 classics: phase-out dynamics vs. aircraft value (737-300)



Source: Ascend / DVB Aviation Research

