



AFRAA 10TH AVIATION STAKEHOLDERS CONVENTION

“Beyond the Crisis”

DAY 2 PROCEEDINGS, 10 MAY 2022

8 - 10 May 2022 | Nairobi, Kenya

Presentation 6

To Lease or Own Aircraft? A Comparison



Mr. Andreas Pericleous
VP Business Development
ACC Aviation

Andreas Pericleous
VP Business Development - ACC Aviation



MBA - Masters of Business Administration
Cyprus International Institute of Management

MSc (by Research) in Sustainable Aviation
Omega Research Centre, Manchester Metropolitan University

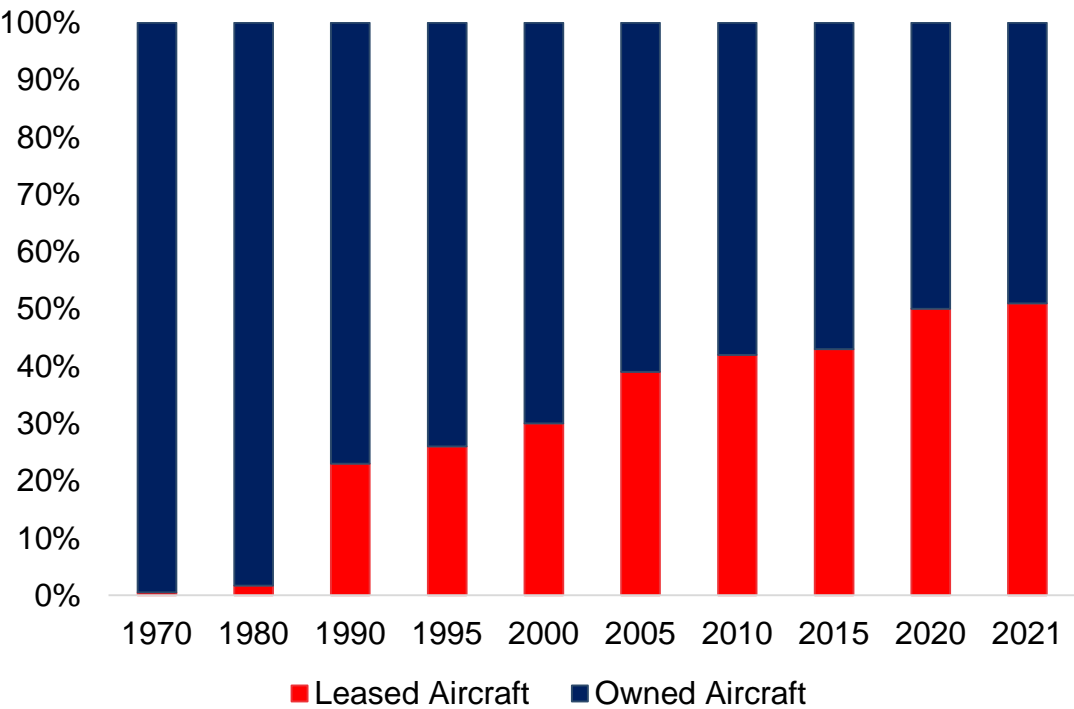
MSc in Marketing
Manchester Business School, The University of Manchester

BSc (Hons) in Air Transport Management
Loughborough University

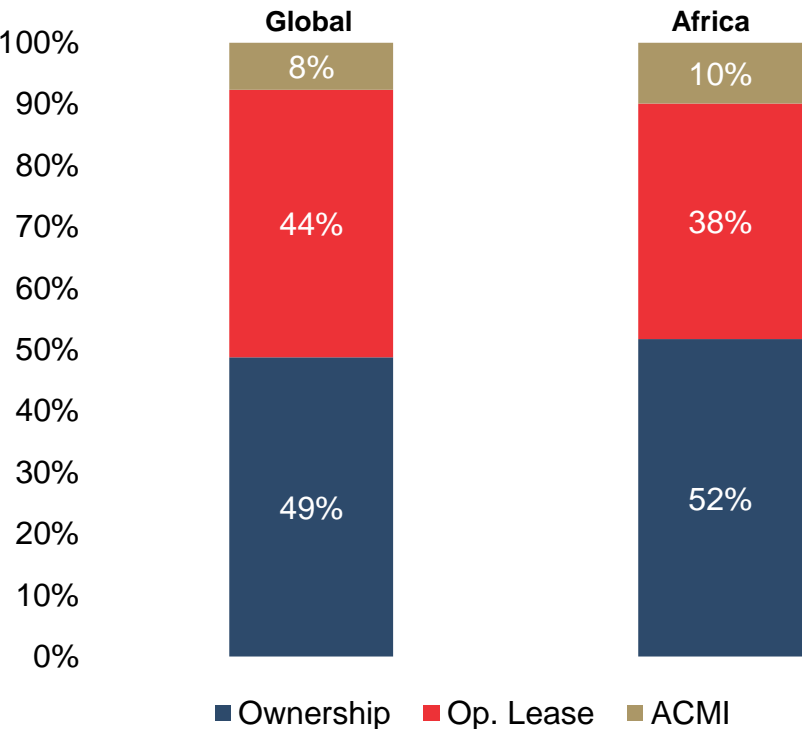
MARKET SNAPSHOT



Composition of Leased vs Owned Aircraft – Global Fleet

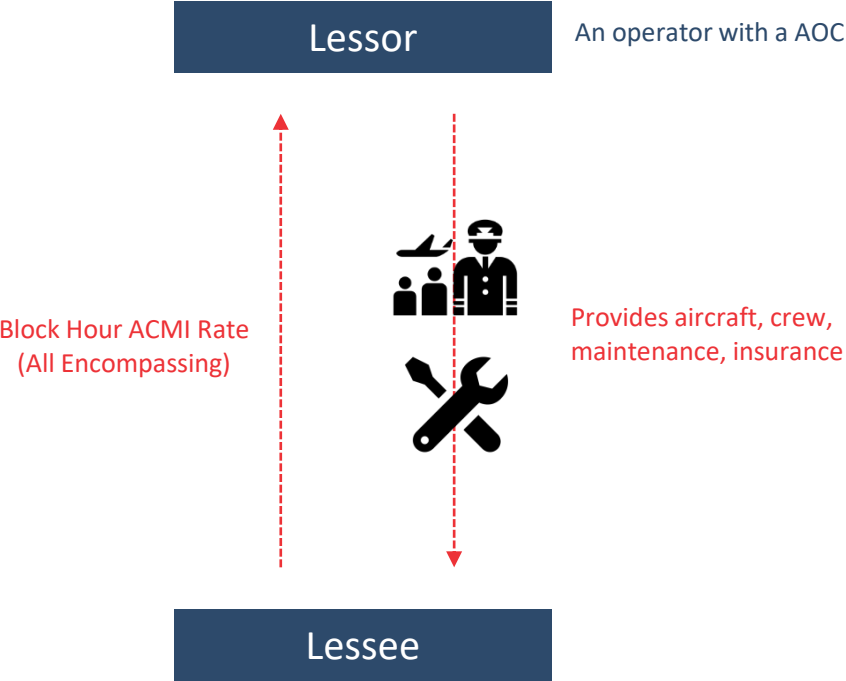
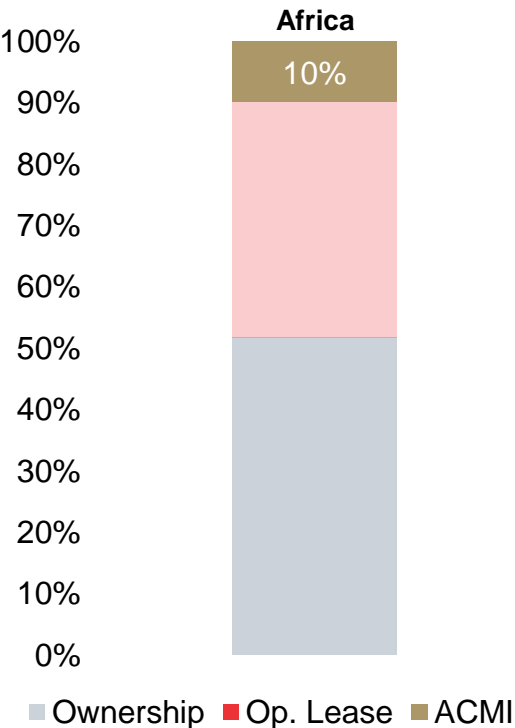


Structure Composition – Current Global Fleet vs Africa Fleet



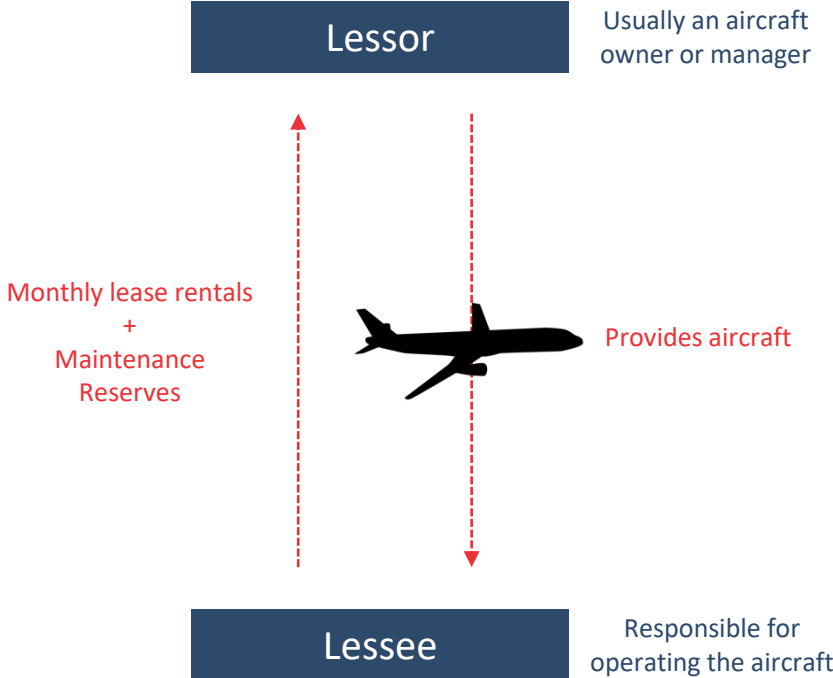
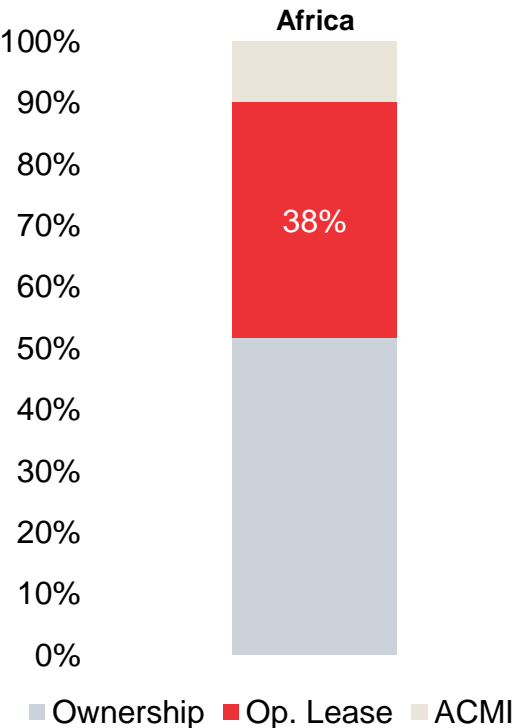
TWO MAIN TYPES OF LEASES

ACMI LEASE

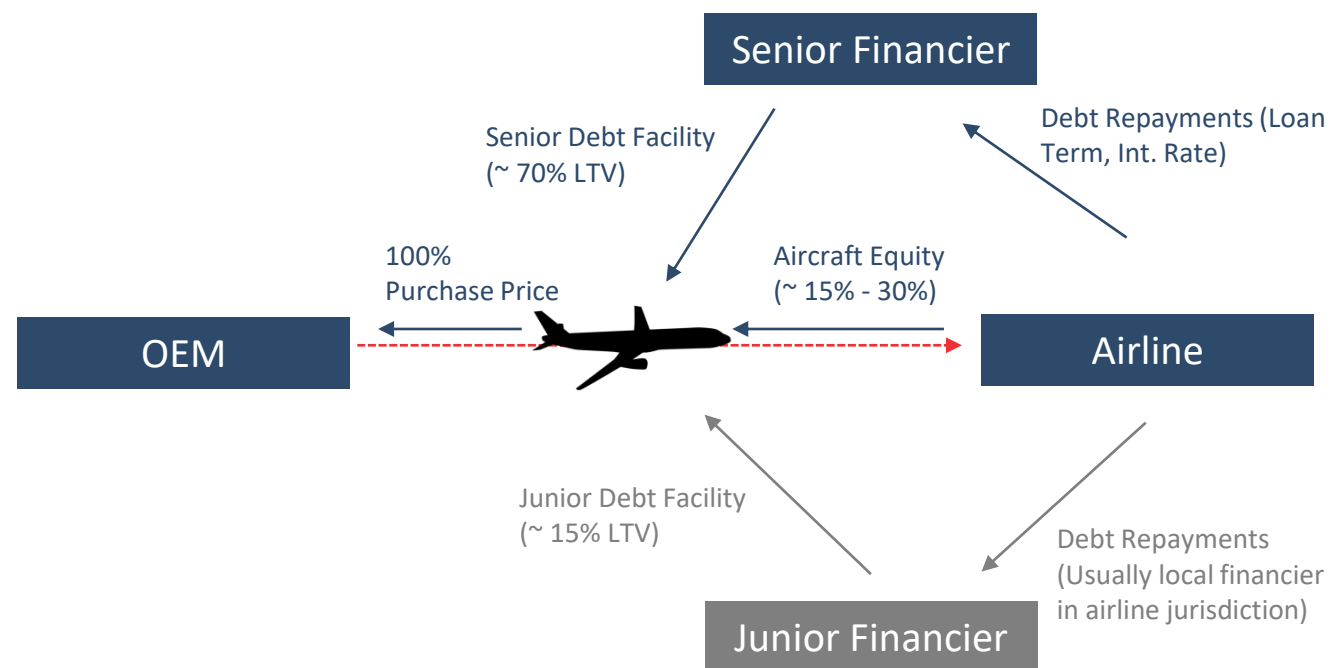
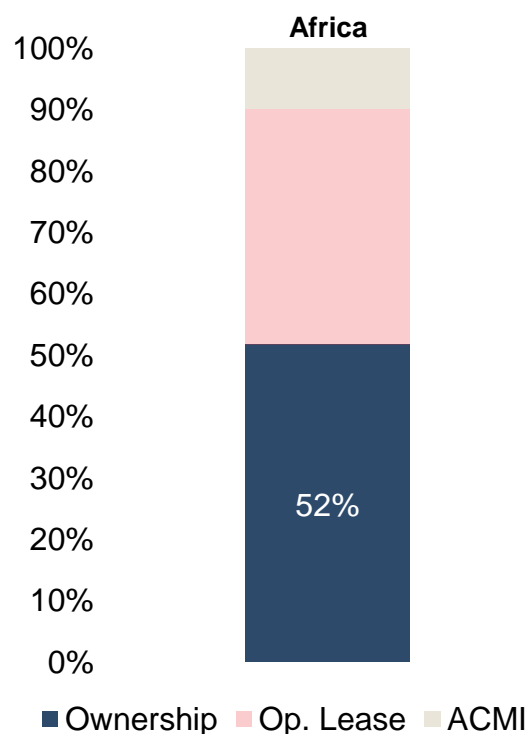


TWO MAIN TYPES OF LEASES

OPERATING LEASE

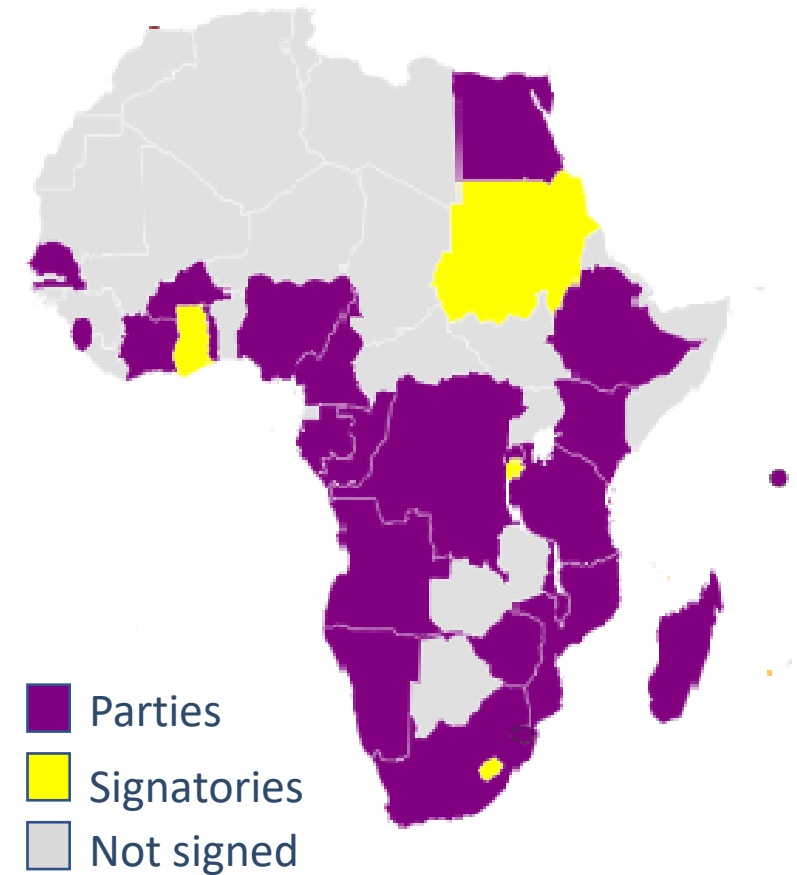


TYPICAL AIRCRAFT OWNERSHIP STRUCTURE



CAPE TOWN CONVENTION BENEFITS TO AIRLINES

- Reduction of risk associated with finance leasing transactions
- Broader credit options available to borrowers at reduced interest rates
- Longer term financing structures on more favourable terms and conditions
- Reduction of expenses related to contract enforcement.
- Greater legal certainty
- Discount on export credit premiums (important when purchasing aircraft)



LEASE TYPES – OWNERSHIP; COMPARISON TABLE

	ACMI	OPERATING LEASE	OWNERSHIP (WITH DEBT FINANCING)
Term	Short-term (1-12 months)	Long Term (6-12 years)	Long Term (financing typically 10-12 years)
Payment	Block Hour Rate	Fixed monthly rentals and MR	Monthly debt payments
Operating Respon.	Lessor is responsible	Lessee / airline is responsible	Airline is responsible
Ownership Transfer	No	No	Yes
AOC/ Op. Manuals	Lessor's AOC (who is operator)	Lessee's AOC	Lessee's AOC
Maintenance	Lessor is responsible	Lessee / airline is responsible	Airline is responsible
Deal Execution	Less than one month	3-6 months	6-12 months
Suitability / Optimality	Short term capacity requirements, remarket seasonal excess capacity, short timeframe to execute, can operate into restricted jurisdictions, lack of operational capability	Asset flexibility (no asset risk), more cost effective over long term compared to ACMI, control of operational element	Most cost effective in the long-term, self-reliant asset strategy, control of operational element, no need to pay MRs
Considerations	Expensive compared to other forms	Long term commitment required to get competitive terms, higher capital outlay compared to ACMI, MR payments	Asset risk, highest capital outlay even if financed

COMPARATIVE COST STRUCTURES | RGL. TURBOPROP

KPI BY OWNERSHIP TYPE	ACMI	OPERATING LEASE	OWNERSHIP
Cost per Trip (USD)	4,368	3,853	3,737
Cost per Seat (USD)	56	49	48
Cost per Block Hour (USD)	4,368	3,853	3,737
Cost per ASK (Cents)	16.2	14.3	13.8
Break Even Load Factor	74%	64%	62%
Operating Profit Margin	10%	21%	23%
Capital Outlay (USD)	396,000	525,000	3,048,000

Key Assumptions

- Analysis run on a 8 year old regional turboprop Aircraft
- Ownership financed via 70% debt
- Capital outlay for operating lease is based on 5 month security deposit
- Capital outlay for ACMI is based on 1 month minimum guaranteed rent security deposit

CONCLUSIONS



ACMI

- Suitable for all types of airlines needing a short term solution
- Short time frame to execute, no significant capital outlay, no operational complexity
- However, more expensive on a unit cost basis compared to other ownership / financing structures

OPERATING LEASE

- Suitable to for established or going to be established operators with own sets of operating manuals
- Cost effective solution with moderate level of fleet flexibility
- Higher margins than ACMI but also requires more capital outlay

OWNERSHIP

- Long term solution for a well defined fleet strategy
- Large capital outlay even with debt financing however lowest unit costs and highest margins
- Opportunities for refinancing of the asset in future

CAPE TOWN CONVENTION

Facilitates favourable conditions for airlines on aircraft financing and credit borrowing as well as preferable export credit premiums. However, not all African states have signed / ratified / adopted the convention.

OUR TRANSACTIONS TRACK RECORD



ACC
aviation



85,000+

Annual ACMI Hours
Arranged in a single year



50+

Aircraft Assets
Transacted



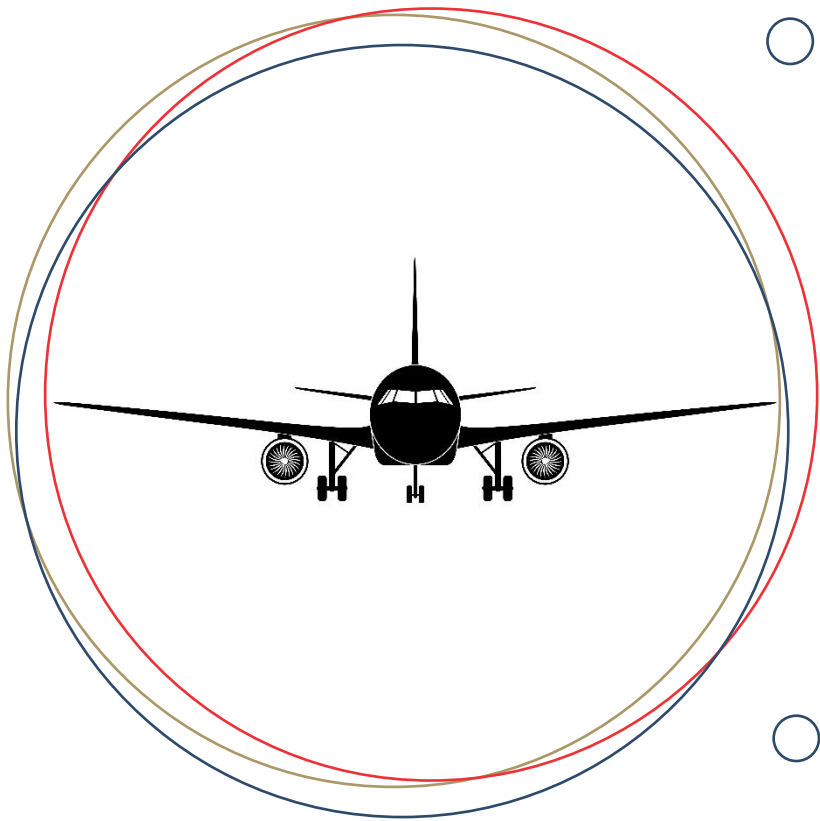
25+

Airline Clients in Africa

OUR SERVICES TO AIRLINES



ACMI | ASSET MANAGEMENT | TECHNICAL SERVICES | AVIATION FINANCE | ADVISORY



- Strategy and aircraft type selection (business plan preparation)
- Aircraft sourcing (ACMI, operating lease, outright acquisition)
- Aircraft financing (debt and sale and leaseback capital)
- Aircraft inspection and acceptance (PPI, Pre-Lease, FAL)
- Technical representation services (heavy maintenance events)
- Lease returns (project management, redelivery bible preparation, etc.)
- Aircraft remarketing (outright sale, ACMI out, sublease)



THANK YOU

CONTACTS

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www.afraa.org

Presentation 7

Leveraging on technology to support travel recovery from COVID-19 – Insights from SITA's 2021 Air Transport IT Insights



Mr. Deepak Garg
Business Development
Sr. Manager (MEA),
SITA For Aircraft



10TH AVIATION
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CONVENTION
AFRAA
8 – 10 May 2022 | Nairobi, Kenya
Kenya Airways
The Spirit of Africa

SITA

Efficiently Improving Passenger Experience

Innovative solutions for a safe
and sustainable journey

Deepak Garg
May 10, 2022



Pressure to Achieve Sustainability Goals Now

Economic & Environmental pressure to Show Sustainability Today



An **unstable worldwide** economic context



High volatility of jet fuel price



Huge ROI on fuel saving initiative implementation

Economic

Environmental



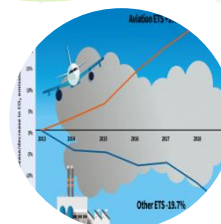
Ever-growing volume of emissions



Commitment **NOW** to **reduce emissions**



Huge CO2 reduction in the with smart flight tools



1. Digitalization

Everyone agrees - success is in the power of digital transformation



What is happening with transformation:

90%

Of airline leaders are looking to invest into digital initiatives

2. Passengers

There is one way to attract more passengers – show them that you care

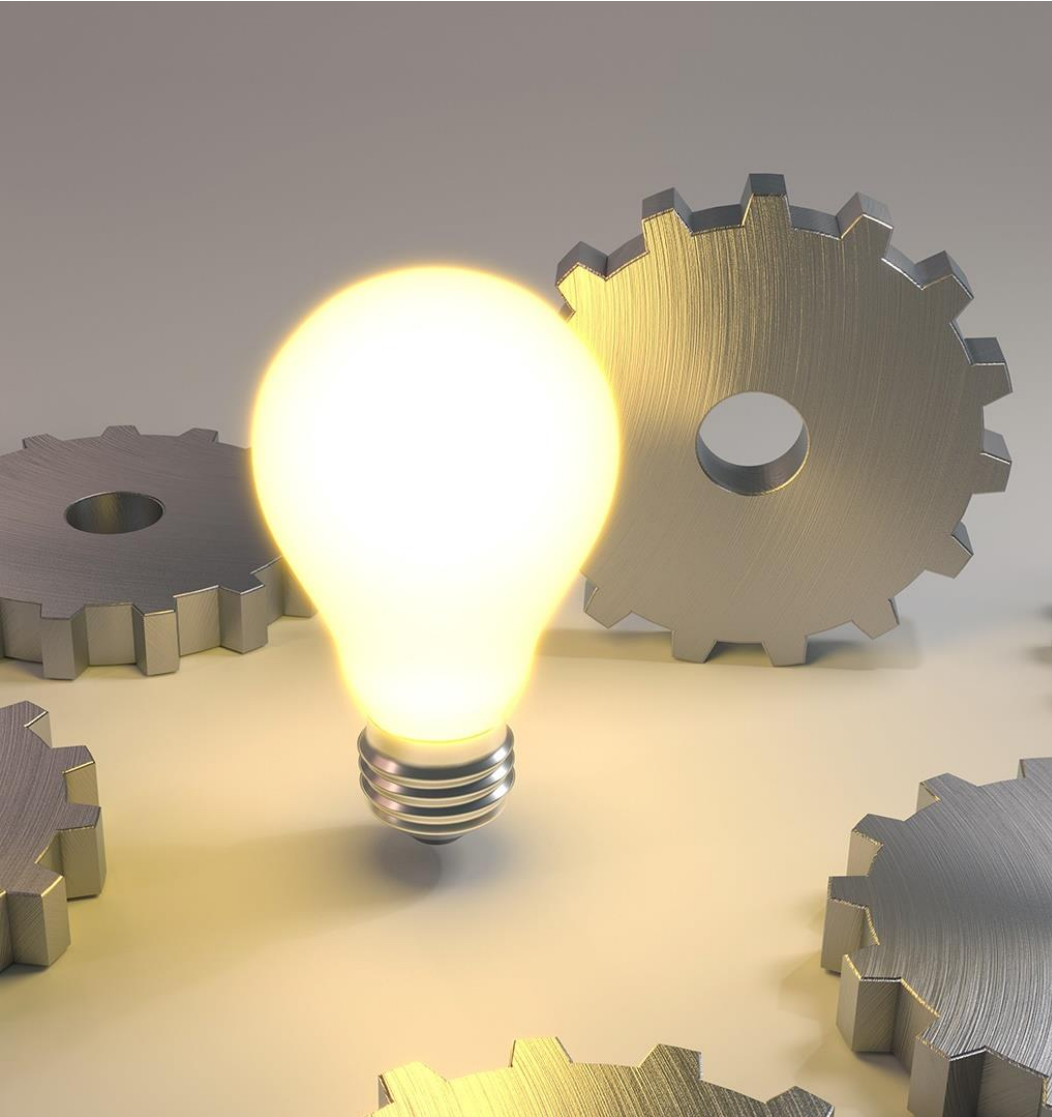


Top drivers for selecting an airline to fly with:

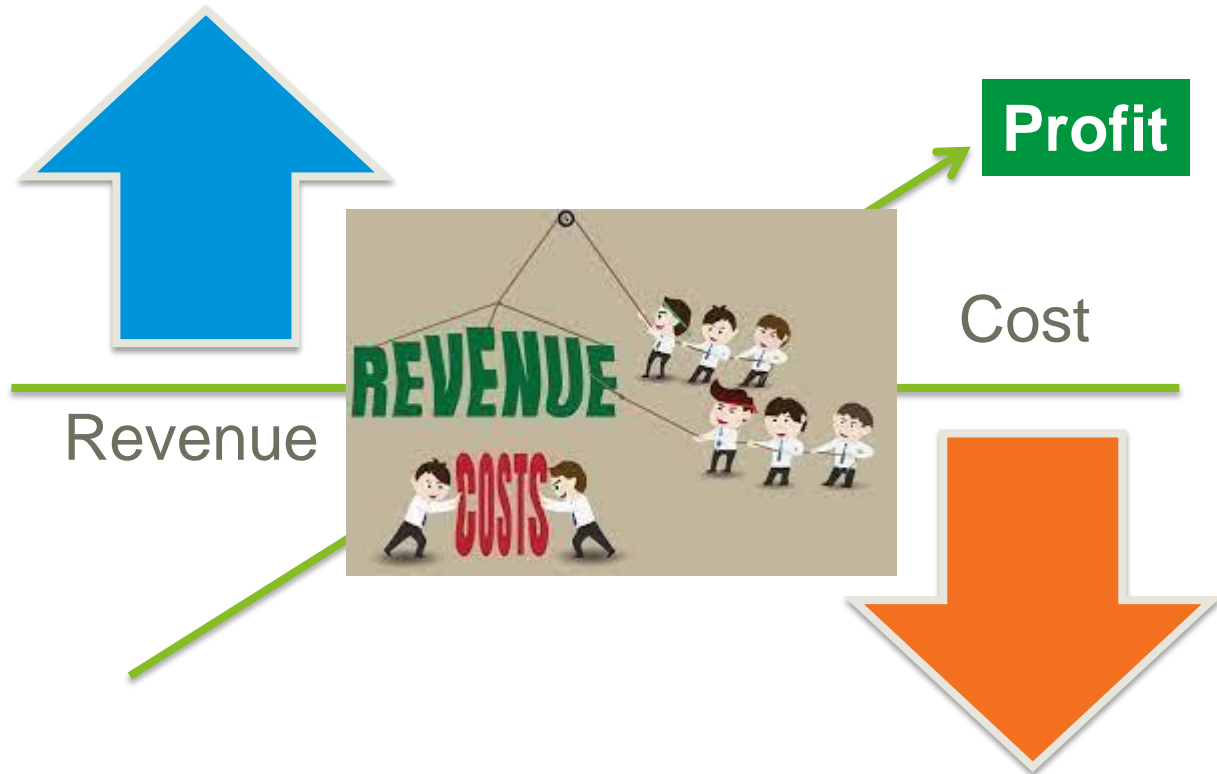
- 1 past experience with an airline
- 2 good customer service
- 3 convenient scheduling

3. Optimization

Optimization is key to grow your business with reduced costs, better efficiency and higher revenues



Optimization delivers:



1. Digitalization

Choosing trusted partner

Operational Excellence

SITA
FOR AIRCRAFT

Passenger Experience



Sustainable Actions

1. Passenger

Passenger experience is at the heart of our core business



Connectivity as entertainment with *WiFi / 4G*

be among the first to give your passengers access to high speed, seamless in-flight connectivity.



Personalized customer service with *CrewTab*

bring passengers insights into every cabin crew's decision for customer-centric approach

A fully customized passenger experience improving your passenger loyalty and enhancing the image and reputation of your airline

Digital tools helping improve your operational efficiency through

- An increase in ancillary revenues
- A reduction of briefing and flight preparation time
- The reduction of printed papers

A modern way of working attracting new generation cabin crews.

3. Optimization

Our excellence – we go above and beyond for your operations



Improve your Operations & OTP with user-friendly digital tools fully integrated in the cockpit and OCC
eWAS Dispatch, eWAS Pilot and FlightFolder

equip your core team with the top performing tools for daily tasks



Connect people for all with *Mission Control*

let all key stakeholders collaborate efficiently around every single flight with complete visibility

Fully integrated digital tools for your cockpit, cabin, OCC and on ground stakeholders to

- Improve flight safety and passenger experience with better situational awareness
- Improve turnaround time
- Avoid inefficient diversions
- Improve on-time fueling
- Reduce flight briefing time

Attract new generation flight ops, cabin & cockpit crew

Something extra...

Think Sustainable



Reduce fuel consumption with *OptiFlight*

give your pilot smart tool that will save fuel at every stage of the flight



Bring it all together with *eWAS Pilot*

combine all critical information for pilots in one tool that aids in making sustainable flight decisions

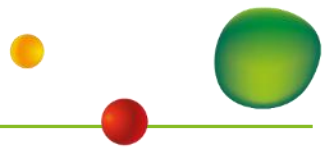
Reduce fuel consumption and carbon emission with data driven tools that enable intelligent yet seamless decision-making

- Reduce discretionary fuel uplift by up to 5%-10%
- Reduce climb fuel by 2%-5%
- Reduce CO2 emissions
- Reduce your insurance costs



THE SUSTAINABLE FLIGHT CHALLENGE

SITA
FOR AIRCRAFT



Challenges

Solutions

1 Achieving Business Goals



Strong & Proven ROI

2 Maintaining / Improving Operations

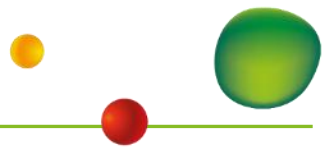


Easily **adopt** into **existing workflow**

3 Rapidly Achieving Returns



Easy to **Upgrade**, Fast to **Integrate**
Scalable solution for **dynamic** operations



Panel 2

Creation of a more streamlined and digitally enabled journey to boost passenger confidence and enhance convenience



**Ms. Agnes Mucuha
Chief Executive Officer
Kenya Association of
Travel Agents (KATA)**



**Mr. Paschal Wafula, Account
Director - Amadeus**



**Mr. Roger Page-Morris,
Regional Sales Director –
Accelva**



**Mr. Rami Haddad, Chief
Information Officer -
National Aviation
Services (NAS)**



**Mr. Fredrick Kithya Kitunga,
Chief Information and Data
Officer - Kenya Airways**



**Mr. Johan Pauwels, Regional
Vice President Africa and
France - Hahn Air
Moderator**

Welcome to Hahn Air

10th Aviation Stakeholders Convention
Nairobi, Kenya



IATA member airline HR-169 since 2001

IATA Clearing House Member / SIS compliant

MITA participant

Experts in worldwide ticketing

Leader in the airline distribution industry



Present in 190 markets
4000 destinations
350+ partner airlines
102.000 Travel Agencies

Generating incremental revenues
for our airline partners.

Trusted business partner
since more than 20 years.

Our partner portfolio covers
40% of airline seat capacity
worldwide.



68 African Airline partners

10.000 Travel agencies partners
in Africa

Partner of AFRAA



Our team in Africa

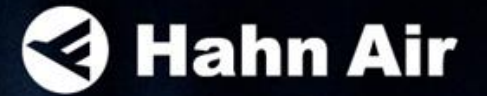


Candy Kasonkomona



Christelle Boute

Our team in Africa



Vincent Ndoricimpa



Johan Pauwels

Masterclasses

Class 1

Aircraft configuration and fleeting decisions for recovery by Embraer

Class 2

Showcase of selected AFRAA Projects:

- AFRAA Fuel Project
- AFRAA-UTD Brown Condor Initiative

Class 3

Regional Operators' Opportunities for Route and Network Planning by De Havilland Aircraft of Canada and Jambojet



**10TH AVIATION
STAKEHOLDERS
CONVENTION**

8 – 10 May 2022 | Nairobi, Kenya



Networking Coffee

10.00-10.30hrs

(Press conference 10.00-10.45hrs)

Sponsored by:



**NAS
SERVAIR**

a gategroup member 

CEO Keynote Interview 2

CEO Keynote Interview – How Safarilink navigated through the crisis, lessons learnt and strategic focus beyond the crisis



Mr Alex Avedi
Chief Executive Officer
Safarilink Aviation



Ms. Maureen Kahonge
Senior Manager Business Development
& Communications
AFRAA

Moderator



Panel Discussion 3

Cost Competitiveness: Optimisation of Industry costs in the post-COVID era



**Mr. Cisse Abdoulaye, COO –
Ground Handling and Cargo -
National Aviation Services
(NAS)**



**Mr. Didier Perrin, Sales
and Marketing - Collins
Aerospace - Avionics
EuMEA**



**Mr. Semou Diouf,
Director SatNav - AFRICA
JPO**



**Mr. Georges Abou-Nasr,
Customer Business Executive,
Africa - Rolls-Royce**



**Mr. Walid El-Ghoz - SVP
International Middle
East & Africa - Safran**



**Mr. Alan Peaford -
Editor-in-chief - Times
Aerospace**

Moderator

Closing Ceremony



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8 – 10 May 2022 | Nairobi, Kenya



Closing Networking Coffee Break

16.00-17.00hrs



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