



Trends in Aviation and Shipping Investing

September 20, 2022

Greg Chianetta

Director, Alternative Asset Advisory



Greg Chianetta is a director in the Alternative Asset Advisory practice, based in the New York office. Greg brings a broad range of fixed income and structured products investing and advisory expertise, focused on structured, illiquid investments and complex assets.

Greg is responsible for real and esoteric asset valuations, capital structure advisory, and risk-adjusted returns analyses for financial institutions, including private credit funds, private equity funds, hedge funds, banks, credit unions, and related asset managers. His investment analytics experience serves clients who currently hold or are evaluating investing in structured credit securities, with a focus on aviation, transportation, consumer asset-backed securities and bespoke structured investments.

Before joining Kroll, Greg served as a vice president on the investment team of Clavis Investment Group, a structured credit hedge fund focused on the junior piece of the capital structure in aviation, transportation, and esoteric securitizations. Before joining Clavis, Greg advised public and private companies on capital raising and asset structuring in the investment banking group of Brean Capital, a fixed income-focused investment bank.

Greg holds a B.S. from the Wharton School of the University of Pennsylvania, with concentrations in finance and accounting.

Ben Hanslip

Director, Portfolio Valuation



Ben Hanslip is a director in the Portfolio Valuation service line within the Alternative Asset Advisory business unit, based in the London office of Kroll. He has primarily served alternative investment fund managers, including private equity and private debt funds, hedge funds and infrastructure fund managers, in both Europe and the U.S.

Ben has extensive experience across a wide spectrum of marine assets, including the valuation of large shipping and offshore portfolios, and is involved in maritime-related work across the broader Kroll group. His work also includes a variety of purchase price allocation and fairness opinion engagements, collaboration with the Investigations and Disputes practice and valuation work in related sectors including ports and terminals, oil and gas, petrochemical, and renewables.

Prior to joining Kroll, Ben worked for Clarkson Valuations Limited, the independent valuation arm of Clarkson PLC, the world's largest shipbroker. He previously served as a containership sector analyst for Clarkson Research.



Ben holds an MSc. in international public policy from University College London and an MA in English literature from Cambridge University. He is a Machinery and Technical Specialties Appraiser with the American Society of Appraisers (ASA). Ben has also been appointed as an Expert Witness in the field of maritime valuation.

Discussion Topics

- Transport industry's route to recovery
- Trends in aviation investing
- Trends in shipping investing

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Transport Landscape Overview



Mixed Recovery

Sharp divergence between “winners” and “losers”



Differing Views

Asset managers and deal structurers are operating under a disparate set of growth assumptions



Valuation dislocations

Geopolitical and macroeconomic events have led to pricing dislocations and opportunities for investors

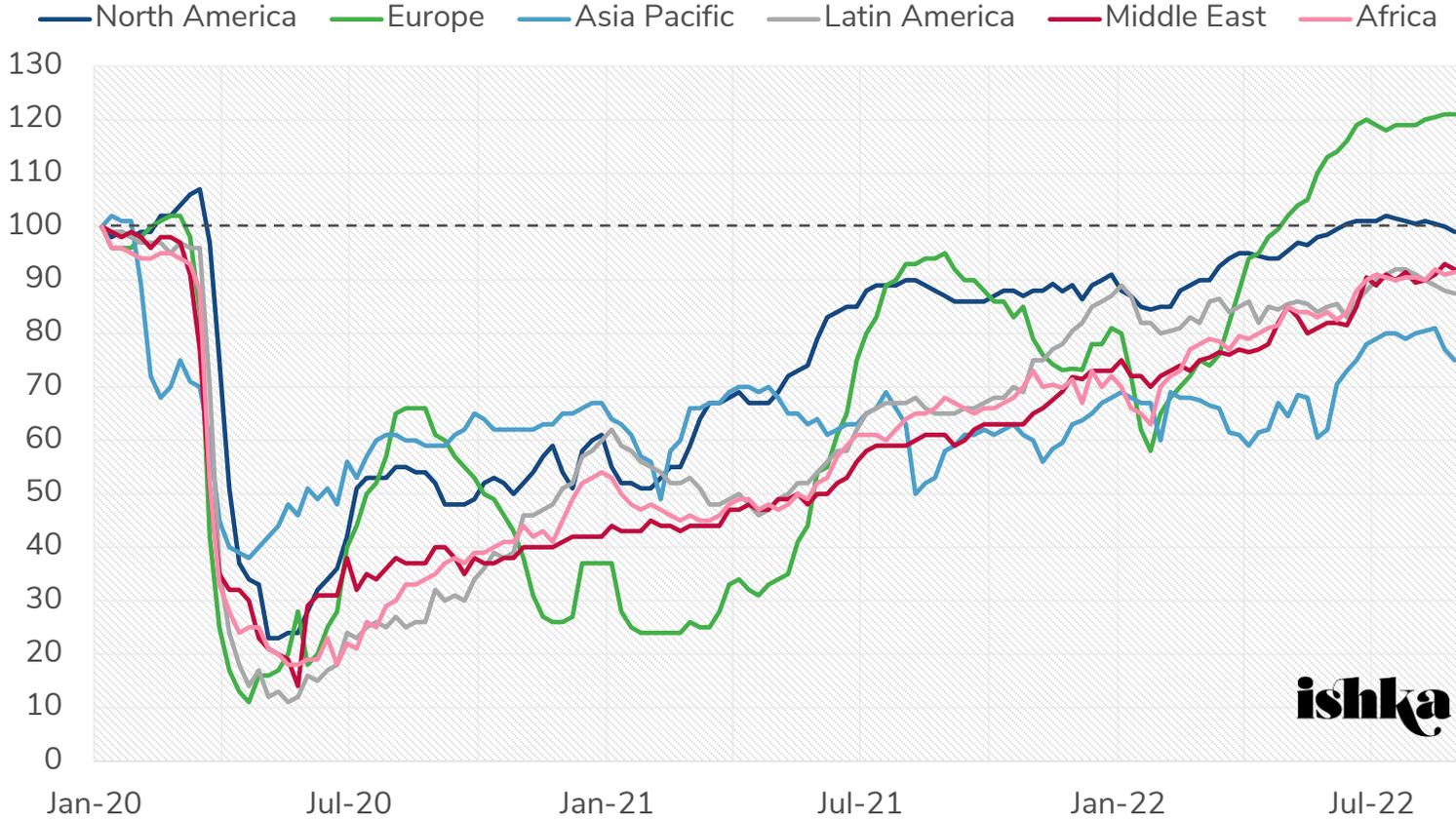
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Current Capacity Situation

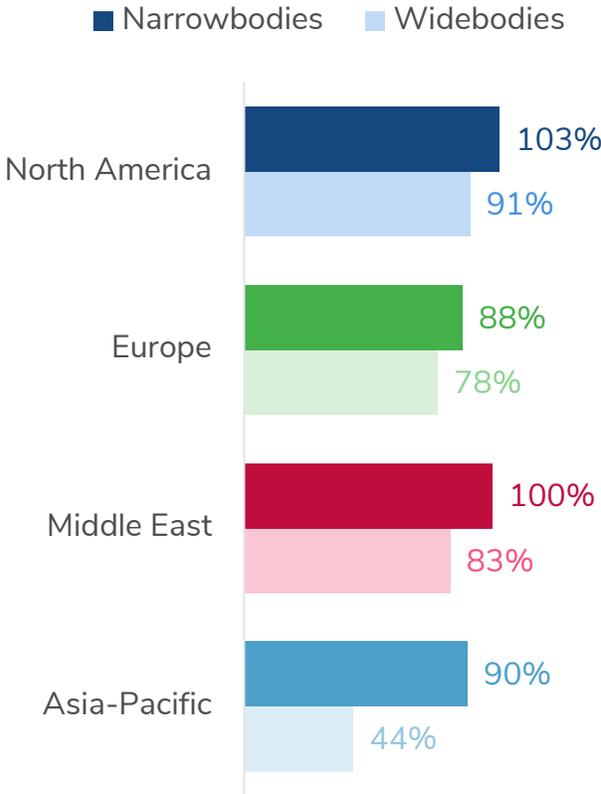
Air travel demand is meeting or exceeding pre-Covid levels

Weekly Capacity by Region



Source: OAG Data & Ishka Calculations; base = January 2020

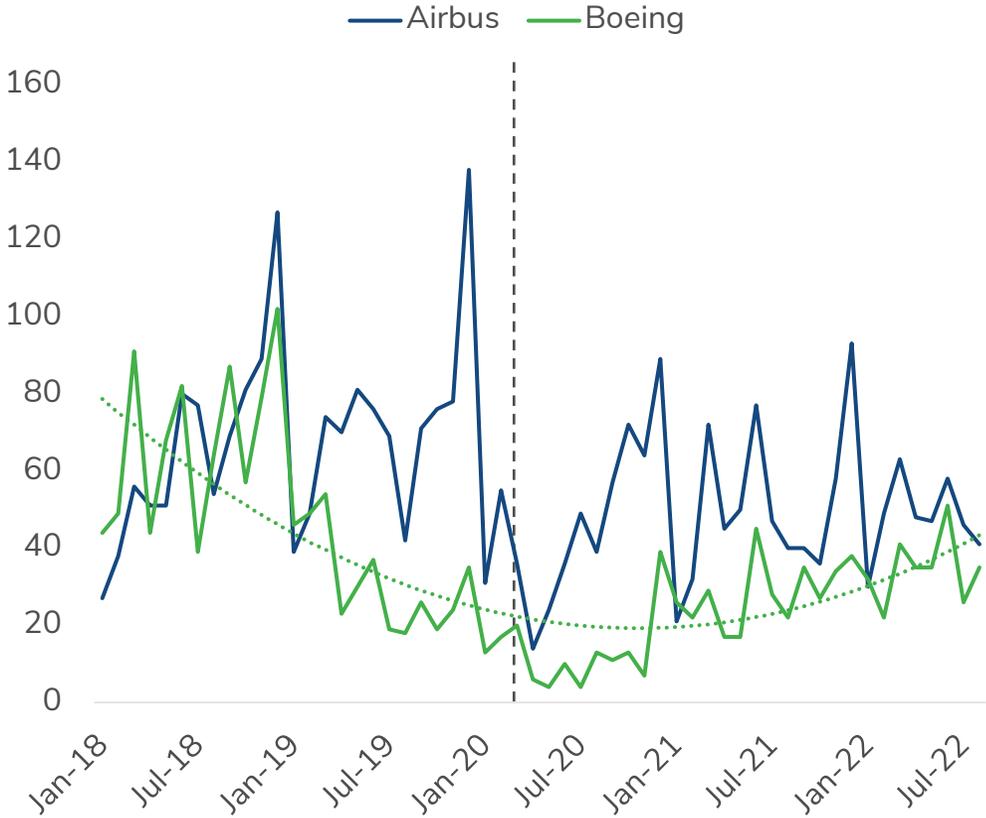
2022 Global Traffic % of 2019



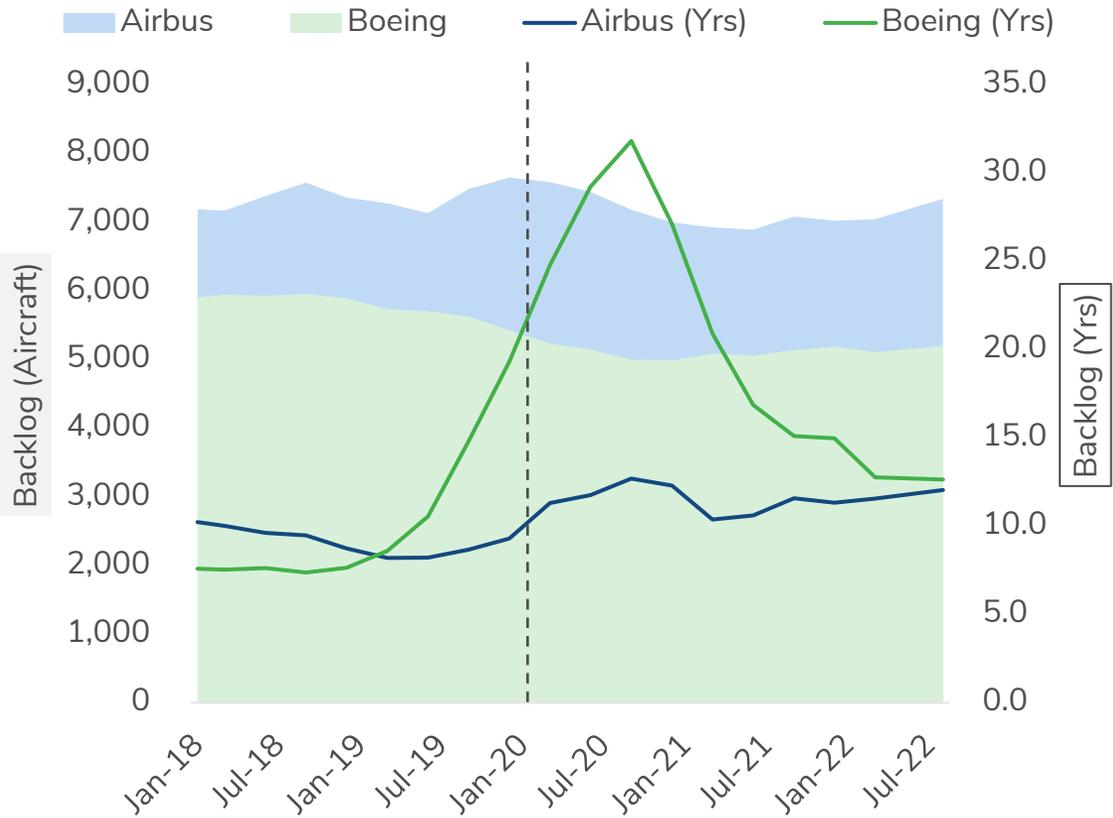
OEM Aircraft Deliveries

Aircraft production is unable to keep pace with demand

Monthly New Aircraft Deliveries



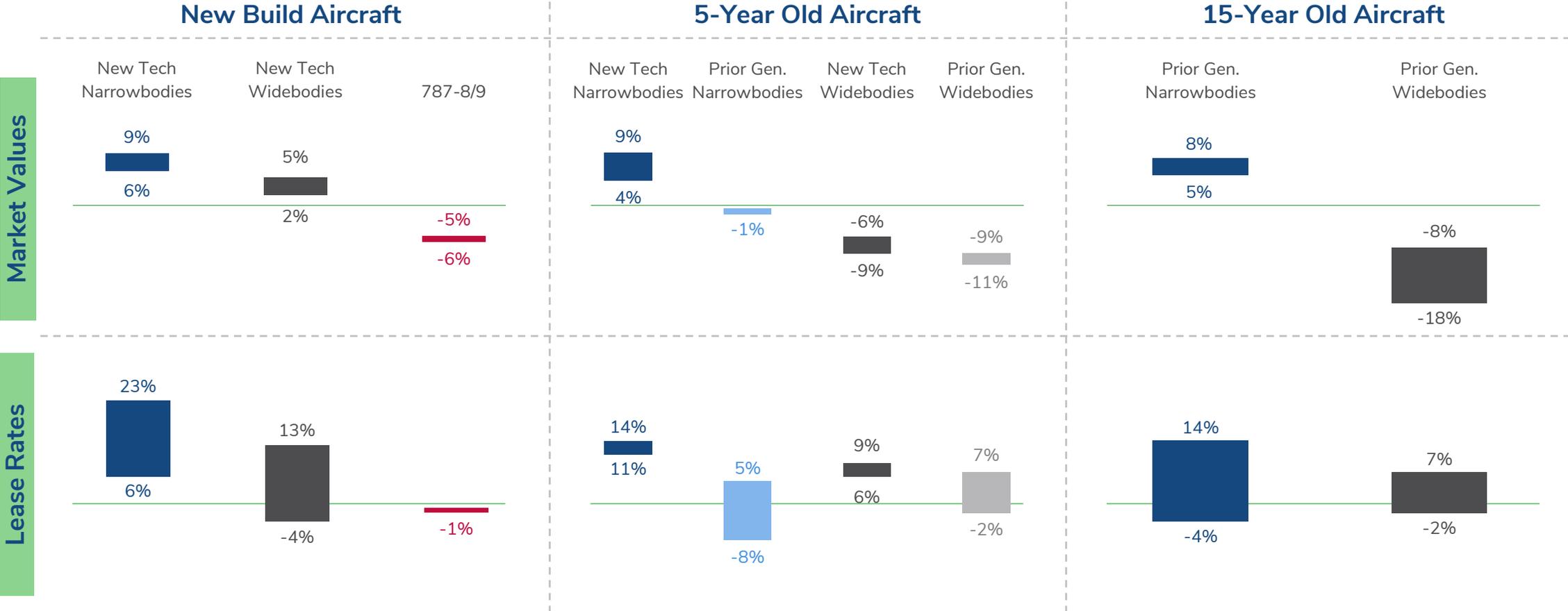
Delivery Backlog



Aircraft Values and Lease Rates

Metal shortages and production scarcity favor on-the-run narrowbodies

Aircraft Market Values and Lease Rates Changes since Mid-2021



Source: Ishka Transaction Economics

Robust Capital Raising by Lessors

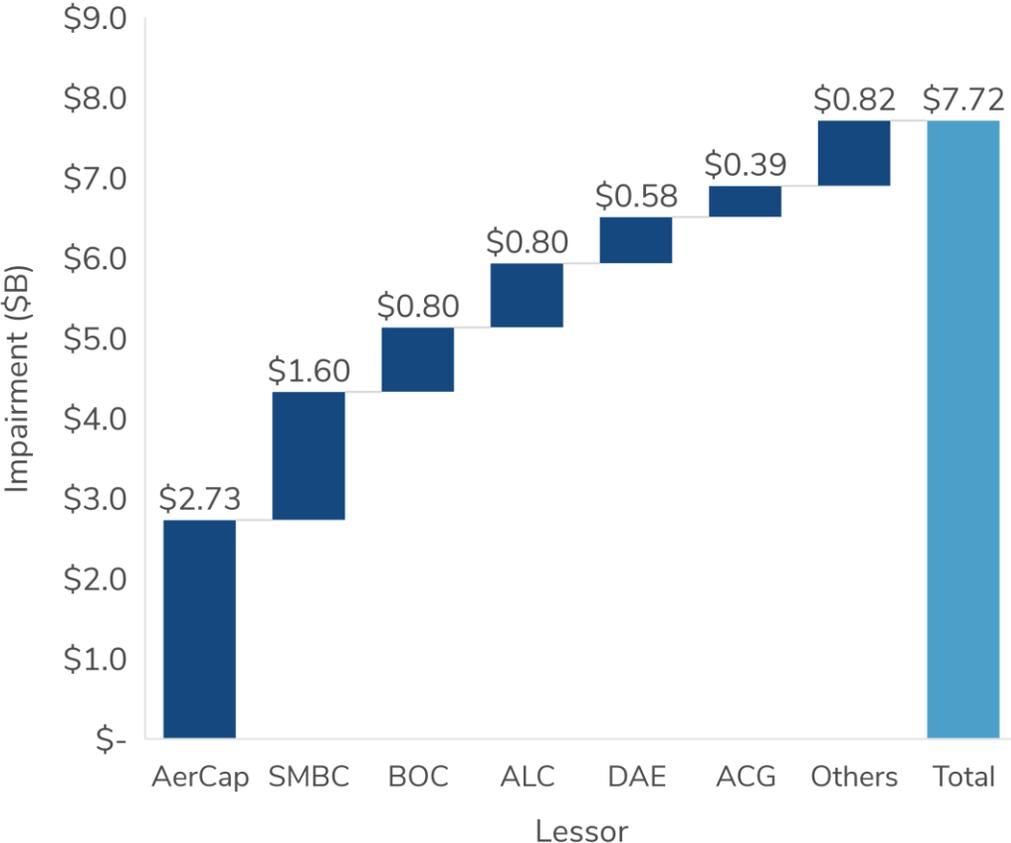
Leasing platforms have raised \$12.6 billion in new equity since 2021



Long-Term Effects of War in Ukraine

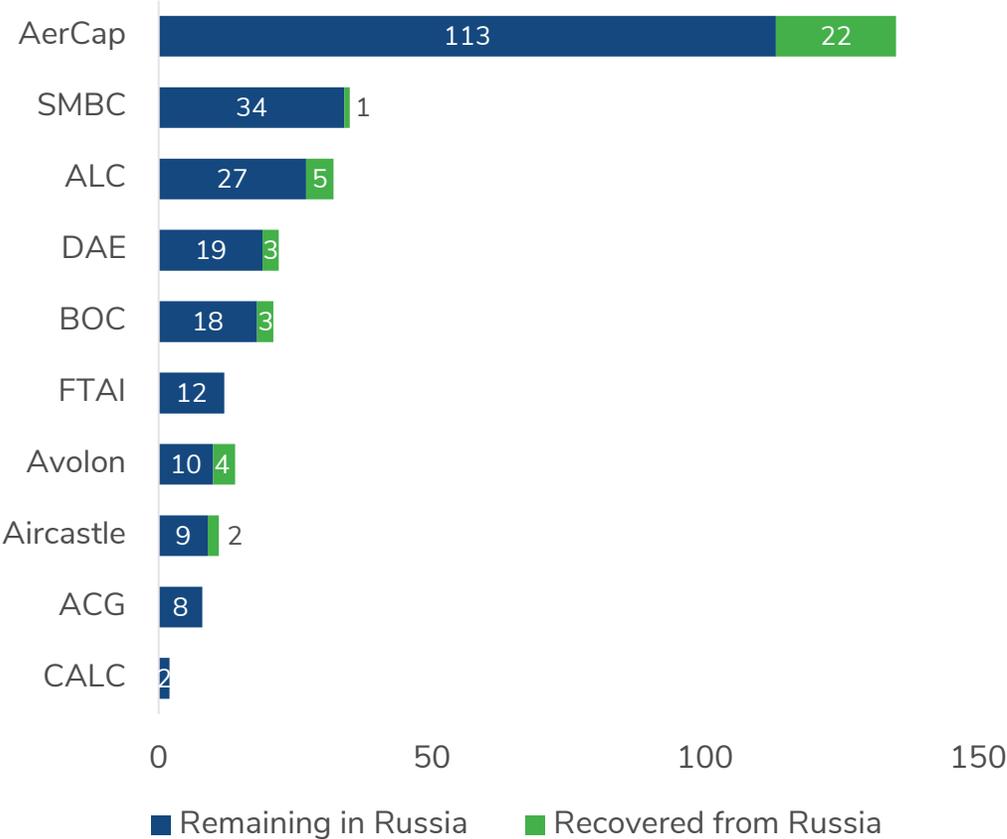
>\$7.7 billion in Russian aircraft impairments

Lessor Impairments Relating to Aircraft in Russia



Source: Ishka

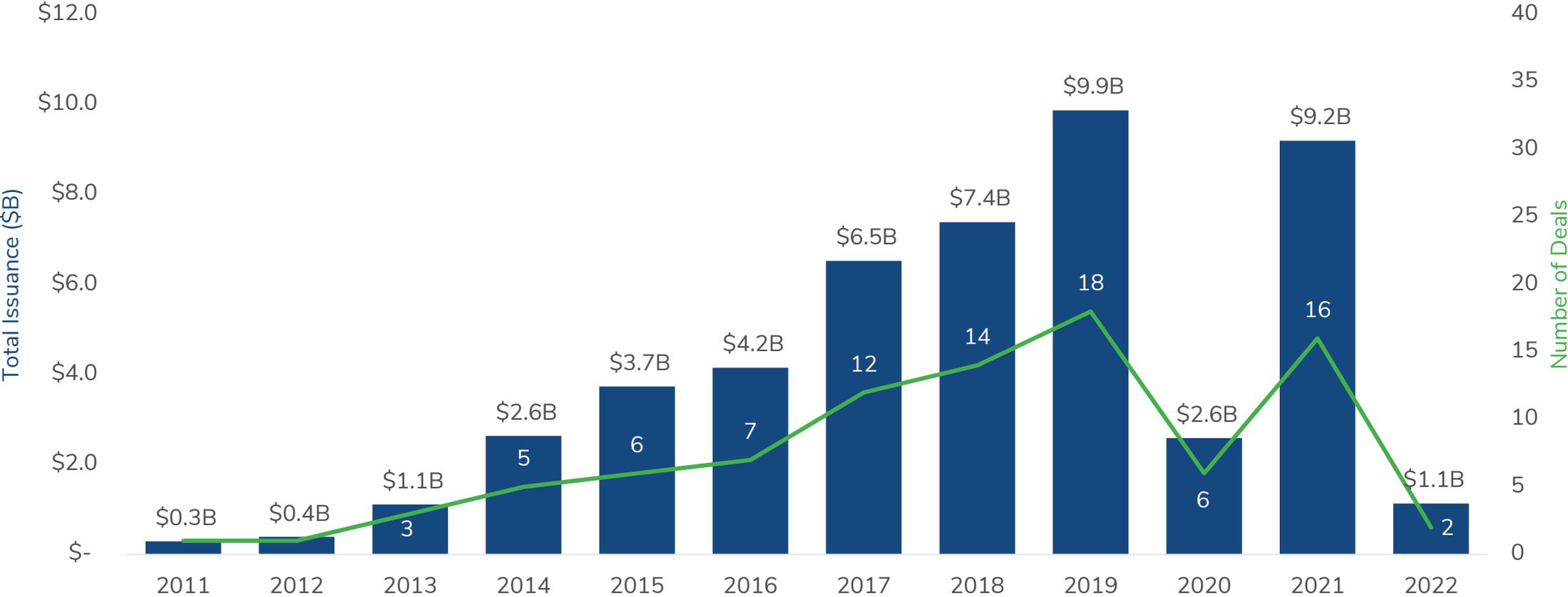
>250 Aircraft on Lease to Russian Airlines



Securitization Market Stalls

2 new issues brought to market in 2022 following strong 2021

Aircraft Lease Securitization Volume



Themes for Holiday Travel Season & 2023 Outlook



Continued resilience in On-the-Run aircraft types



Strong backlog of securitizations ready to come to market



Mixed regional outlook for air traffic recovery



Upward cost pressure on airlines



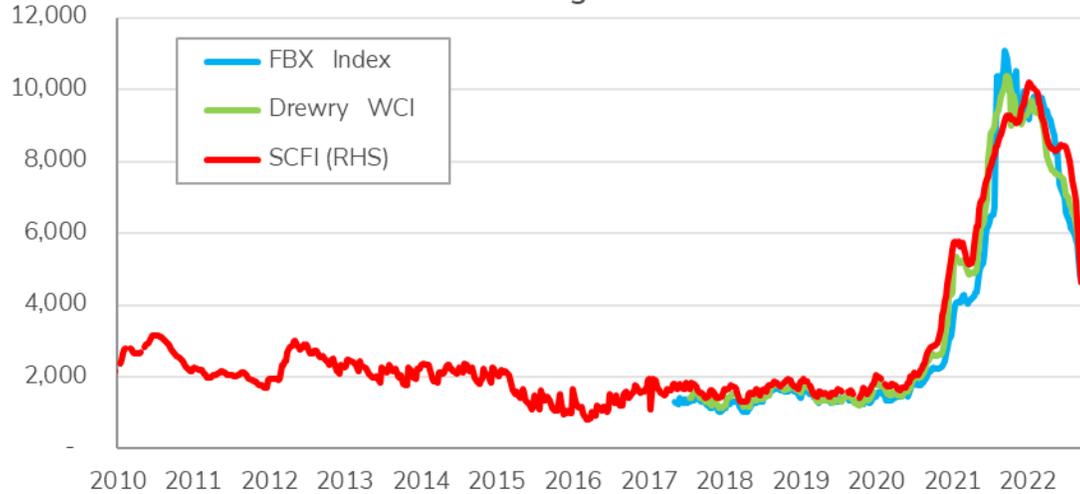
Airline restructurings?

Discussion Topics

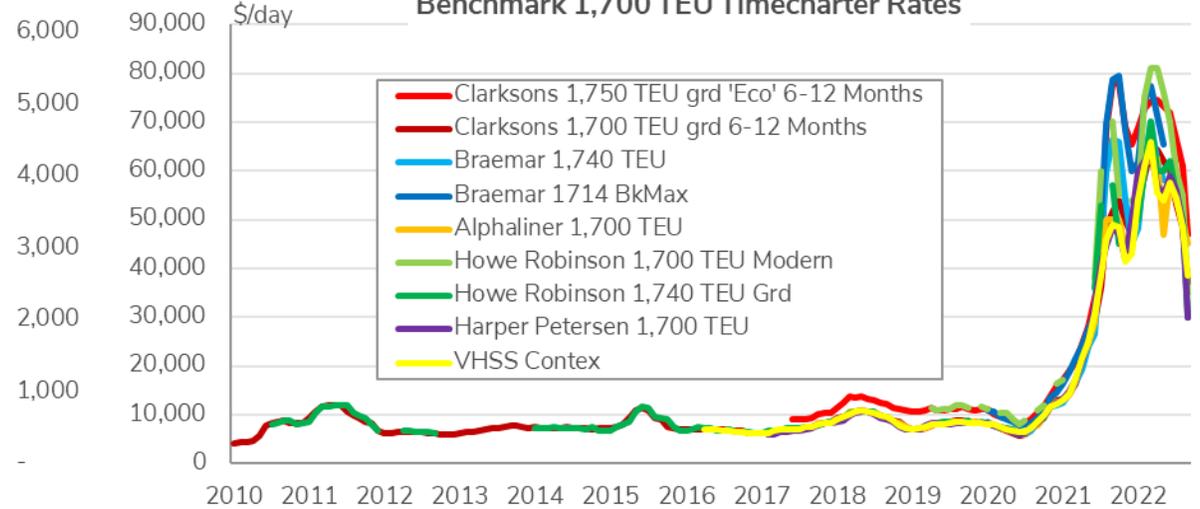
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Containership Market

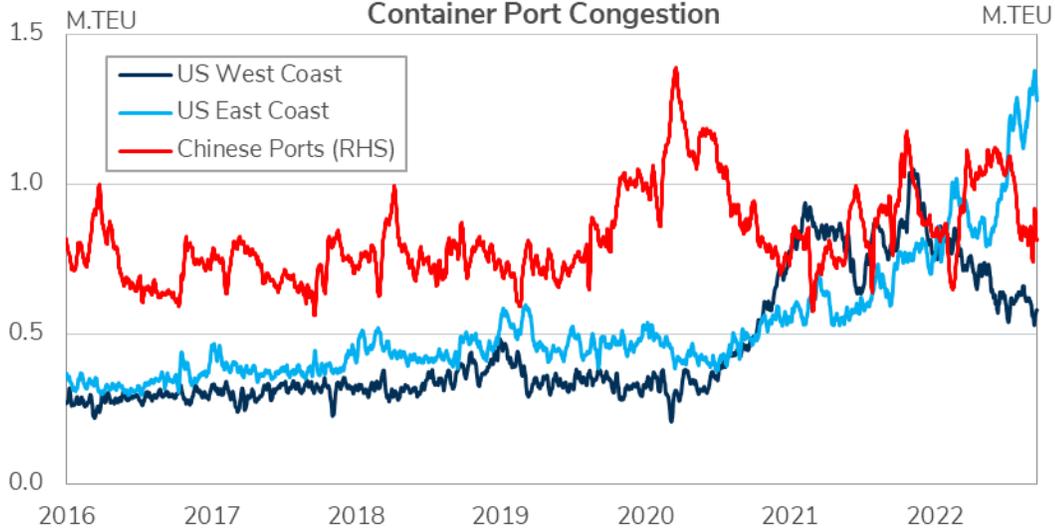
Container Freight Rate Indices



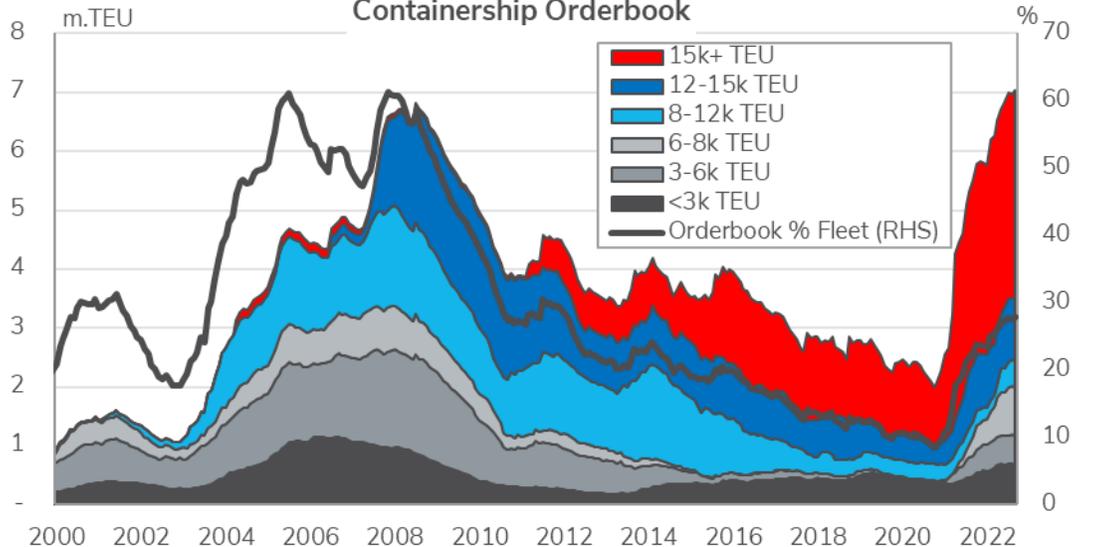
Benchmark 1,700 TEU Timecharter Rates



Container Port Congestion



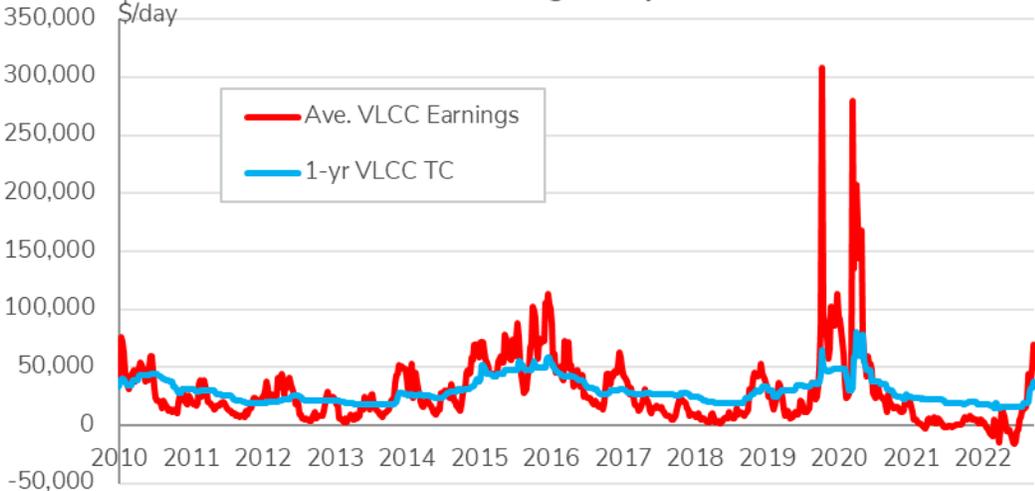
Containership Orderbook



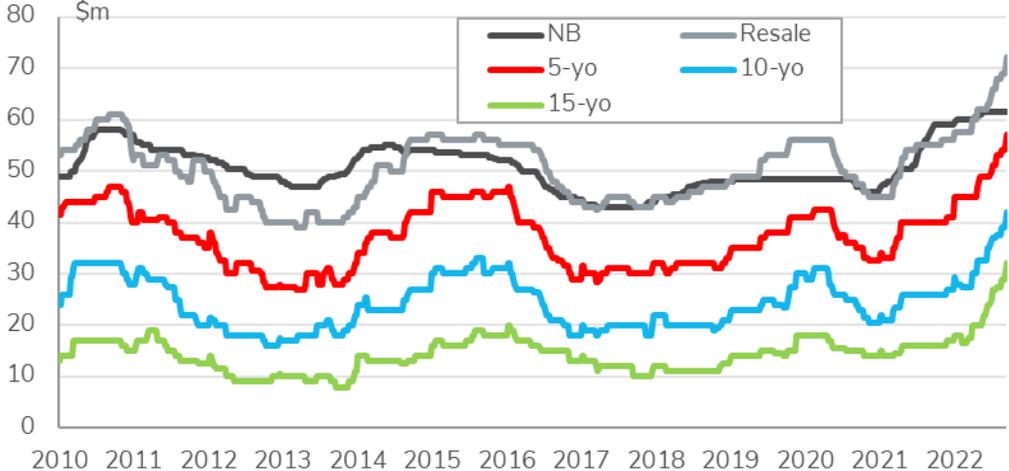
Source: Clarksons, FBX, Drewry, Braemar, Alphaliner, Howe Robinson, Harper Petersen, VHSS Contex

Tanker Market

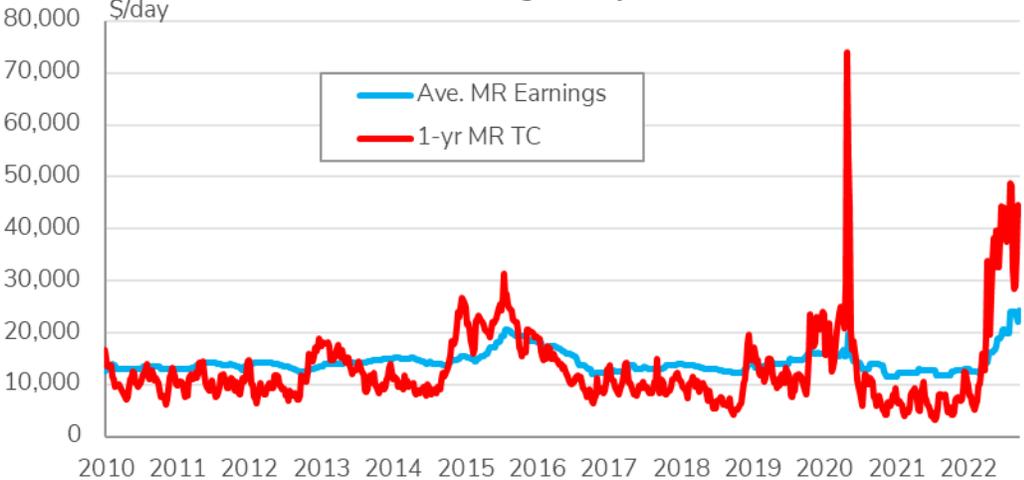
VLCC Earnings & 1-yr TC



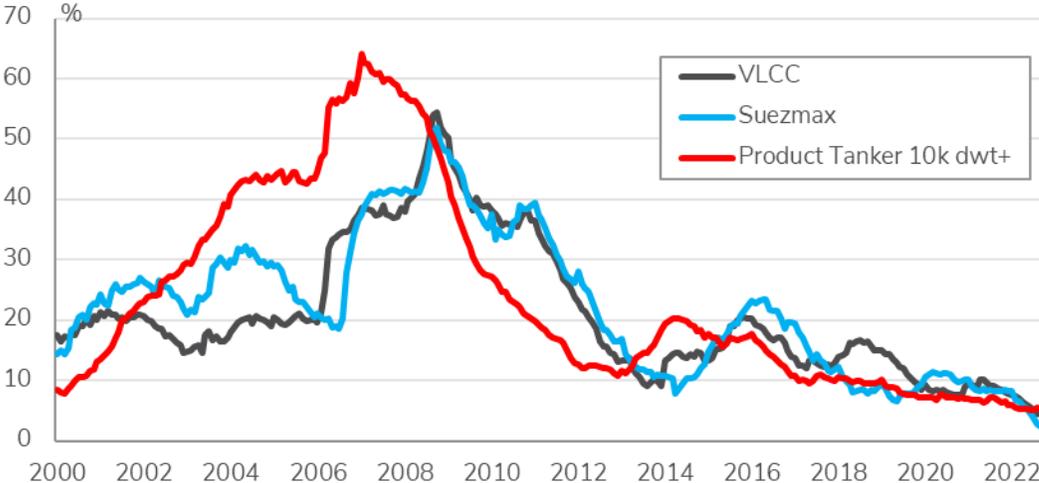
Aframax Asset Prices



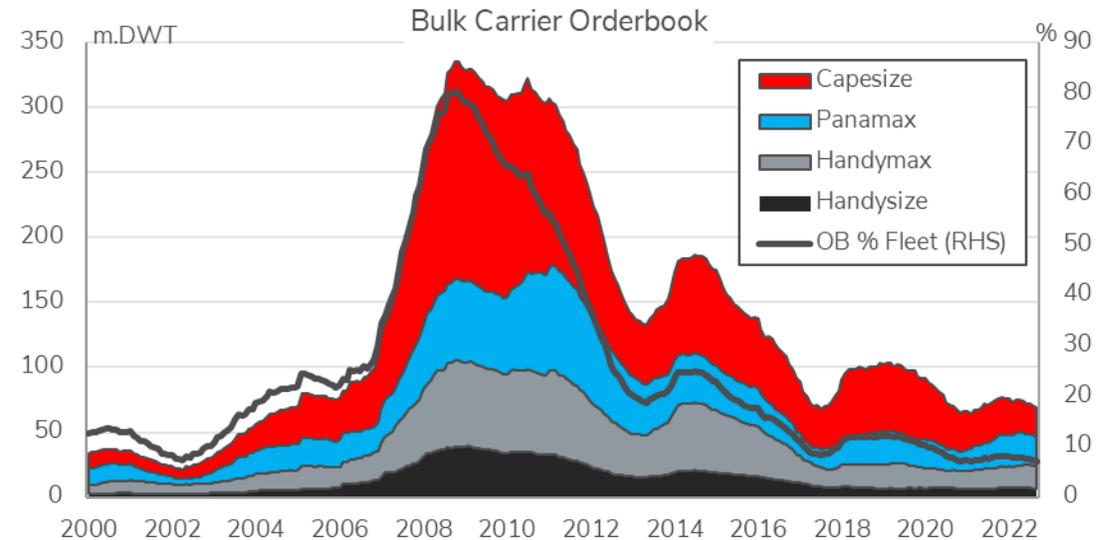
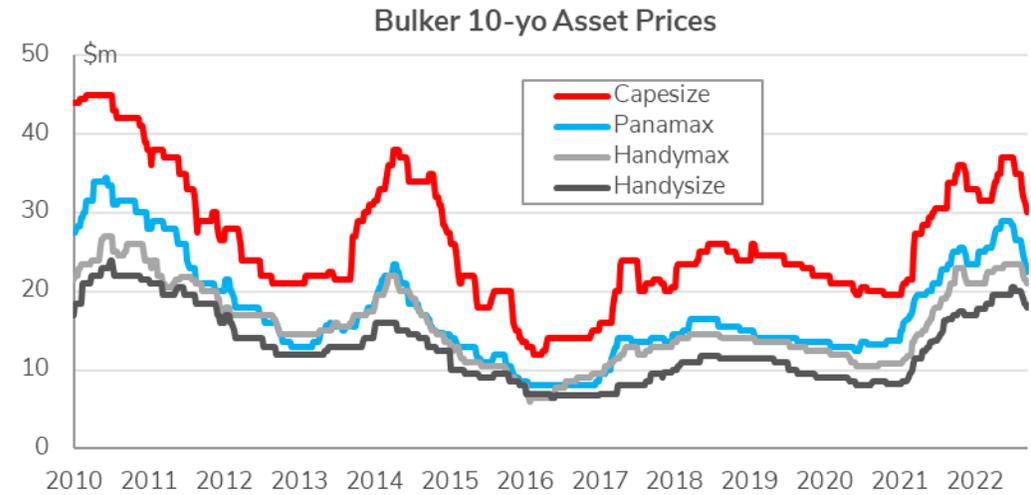
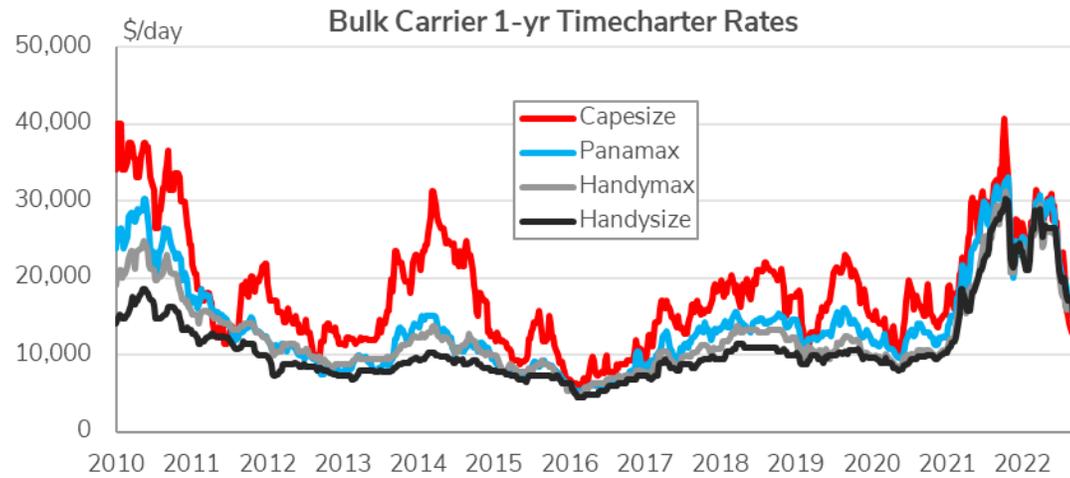
MR Earnings & 1-yr TC



Tanker Orderbook % Fleet

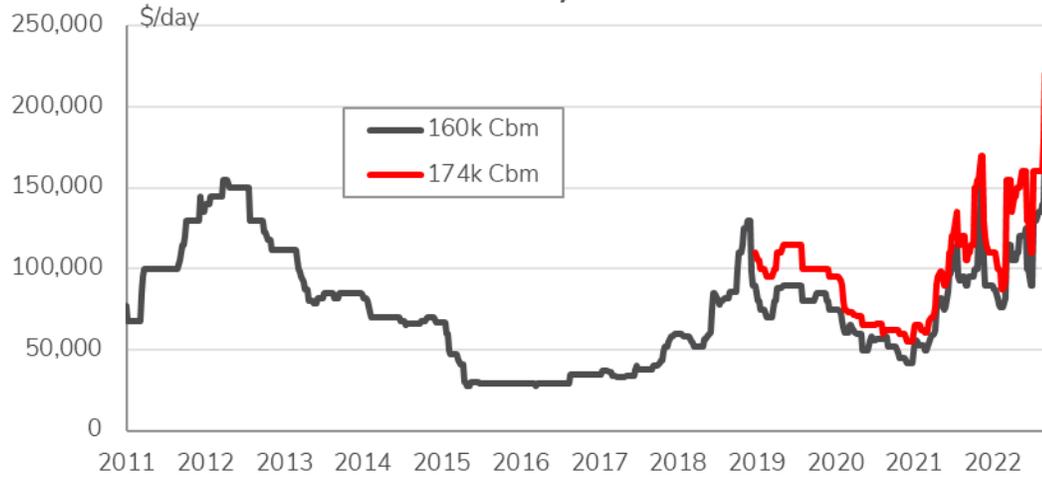


Bulker Market

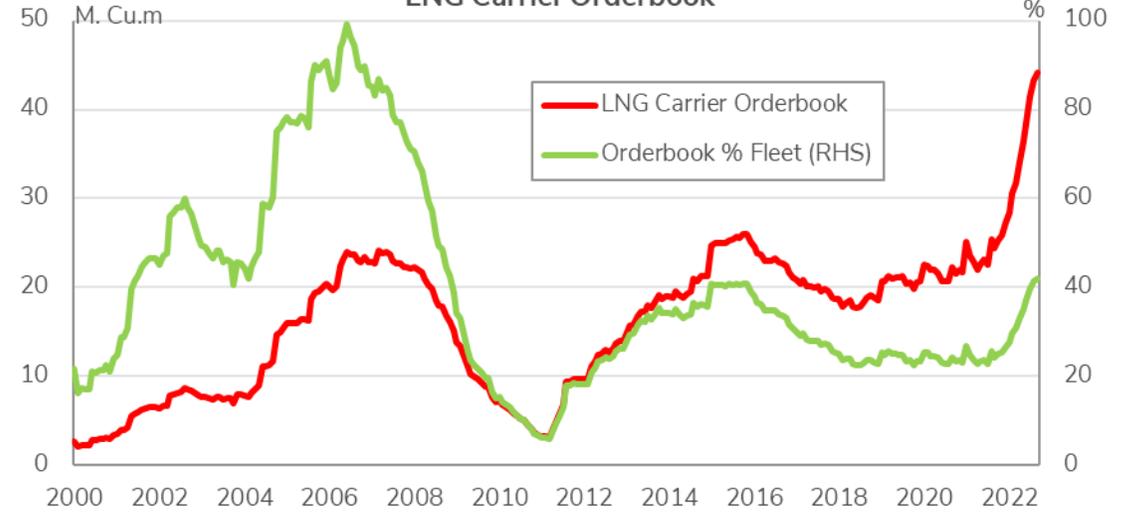


Other Markets

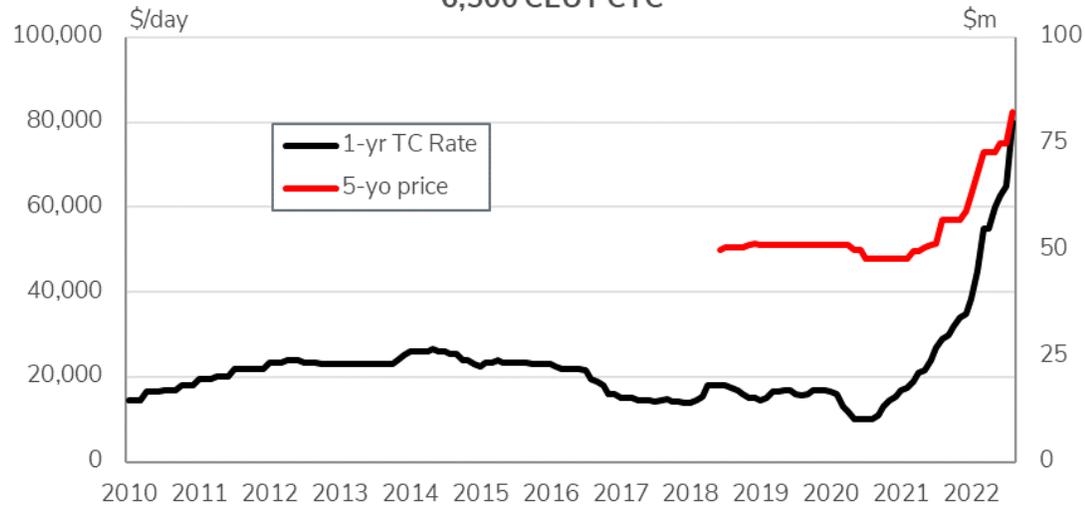
LNG 1-yr TC



LNG Carrier Orderbook



6,500 CEU PCTC



Questions?



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