In conversation with...

VALLAIR

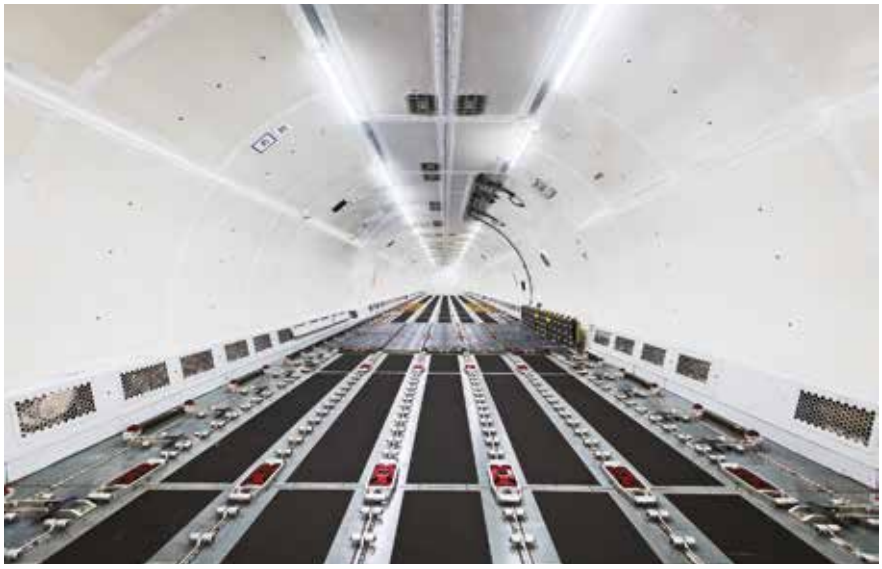
Aviation services company Vallair has taken the lead in the conversion of the A321 passenger-to-freighter aircraft programme and has bagged Qantas Freight as its launch customer. ***Jason Holland*** spoke to the company's president and founder Grégoire Lebigot about his vision for the A321P2F and its market potential

What gave Vallair the confidence to get involved in the A321P2F programme?
One of the main reasons was that only the Boeing 757 was available for this segment of the market. The 757 is a very good freighter, but unfortunately soon we will be saying it *was* a very good freighter because the feedstock is shrinking. Over the course of the next 20 years, the only airplane available to replace it will be the Airbus A321.

I have been personally involved in cargo conversion for more than 20 years, so I was following what was happening in the narrowbody conversions market. I was trying to understand when and how this could happen with the Airbus A320 family, so when Precision came to see me to talk about launching the product I said yes immediately. [*Editor's note: Vallair has invested in prototypes from two different conversion houses, Singapore's ST Engineering and an Airbus joint venture involving EFW and Florida-based 321 Precision*].

GRÉGOIRE LEBIGOT
Vallair president and founder

Right: Global Crossing Airlines is lined up to lease Vallair's converted A321 freighters
Below: The converted A321 offers enhanced cargo capacity with reduced fuel consumption



Then I just had to manage to convince my board and investors, which is probably the most difficult part. That is because it involved investing in prototypes, which is always a challenge. Japan Investment Adviser owns 40 per cent of the company and they have been key for us in supporting the financing needs of the programme.

When EFW came to see me and made a proposal, I also said yes. It is unique in the story of cargo conversion where one company is launching the same product with two providers. This is proof of how trusting I was that we were going to have great success with it.

The market potential is huge. If you look at where the A321 is flying, you can place it all over the world – it works on both domestic and international routes. There's nowhere that would be unsuitable for the A321F to operate.

What is the environmental advantage of using this younger type of aircraft?
The environmental advantage is extremely important. With the A321, fuel consumption is roughly 20 per cent less than the industry standard. We know that ecommerce is boosting the need for freighters, but the logistics need to be greener; that's essential for the world.

It's also a young airplane, so there is feedstock available. And there will be even more feedstock available in the future. The maintenance cost is cheaper because of that availability of engines and

spare parts. The airplane is still in production too, with the A321neo version.

In about 10 years from now, the A321neo will also become a freighter, leading to an additional 15 per cent reduction in fuel consumption.

What is the significance of the first delivery to Qantas Freight?

It is extremely significant, not only for Vallair but the whole freight and cargo industry. Qantas is a huge name and an amazing airline. It is the only airplane that is going to be integrated into the Qantas fleet this year.

I think Qantas will most probably be looking for more A321s to join its fleet later on. That triggers sales demand from other operators. It's also a very important milestone in that we are establishing a track record, passing from the project stage to the programme stage.

By 2023 the narrowbody market will need about 100 airplanes per year on average

You can place the A321 all over the world – it works on both domestic and international routes

What about other customers and contracts for the A321?

We have the other prototype with Precision that should be certified soon. This airplane will be leased to SmartLynx Malta early next year. Since the STC (supplemental type certificate) is not approved yet, it is difficult to set a date. The airplane has begun flight testing, so we are getting closer. SmartLynx Malta will operate on behalf of a major express company, but we can't divulge the name at this stage.

The second airplane will be sent to SmartLynx next year and will be operated on behalf of the same express company. That airplane will be converted in China by EFW.

We have also announced a Letter of Intent (LoI) for 10 airplanes with Global Crossing. There are other deals in the pipeline and these will be announced either before Christmas or early next year.

It's fair to say that 10 is a significant number in the Global Crossing contract. When an operator decides to go for 10 aircraft, it is showing a lot of trust in the project. That's very important, again not only for Vallair and Global Crossing, but for the entire cargo industry.

What impact has Covid-19 had on Vallair?

We are, almost all of us, facing difficulties. Vallair has a varied business; the aim was always to avoid being trapped in one activity. As well as converting freighters, our historical business is aircraft teardowns, so we have an important spare parts activity, which is facing a loss of revenue, just like our counterparts in the same marketplace.

Our MRO activities have also been suffering. Overall loss of revenue in 2020 has run into several tens of millions of dollars, but hopefully this will be compensated by our cargo activities.

What is Vallair's vision for the future of the A321P2F?

I believe that by 2023 the market will absorb at least 40 A321Fs a year. Of these, Vallair has the ambition to provide 10 – so one quarter of the market, a significant proportion.

In our model we will most probably also convert 737-800s, because our partners in Japan have the same type in their portfolios. We have completed about 15 737-400s in the past and this has helped us acquire the knowledge required for a successful conversion.

By 2023 the narrowbody market will need about 100 airplanes per year on average. Out of this, I would expect 40 to be A321s.