



Reinventing Risk Management for Air Travel

Skytra Business Update April 2020

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April 8th 2020



Skytra price indices have reacted as expected
under extreme COVID-19 conditions



Skytra data base & methodology allows in-depth analysis
on both regional and airline basis



Skytra has a strong partner
for MTF Technology & CCP with Nasdaq



Skytra “go live” should come at a good moment
(assuming COVID-19 recovery from autumn 2020)

- Risk management will be in greater focus
- Price-locks could support airlines during recovery
 - get customer back on planes quicker
 - generate revenues
 - protect against selling tickets too cheap

Summary



VOLATILITY

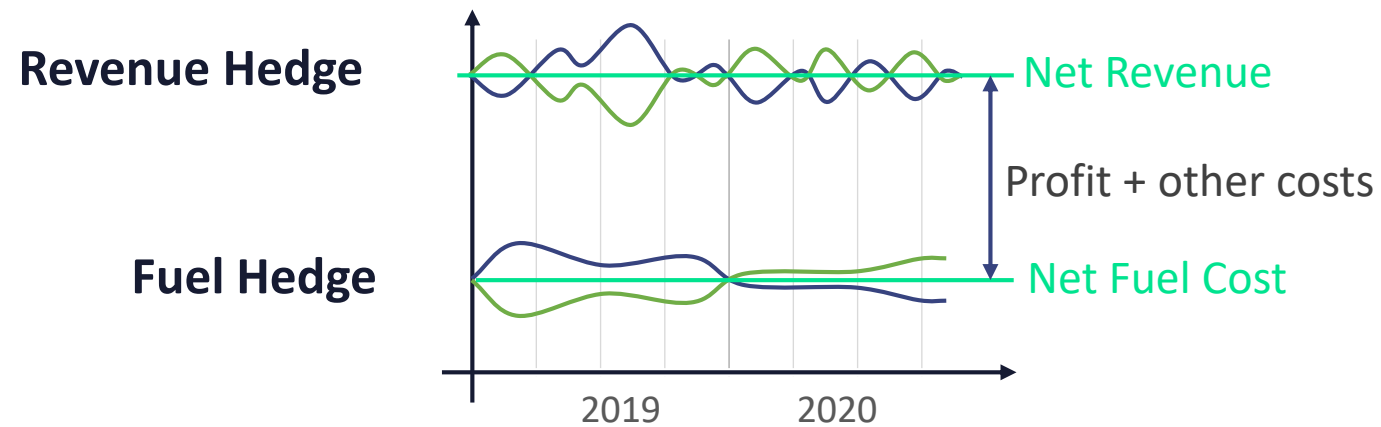
The problem
we want to
solve

Revenue
Volatility

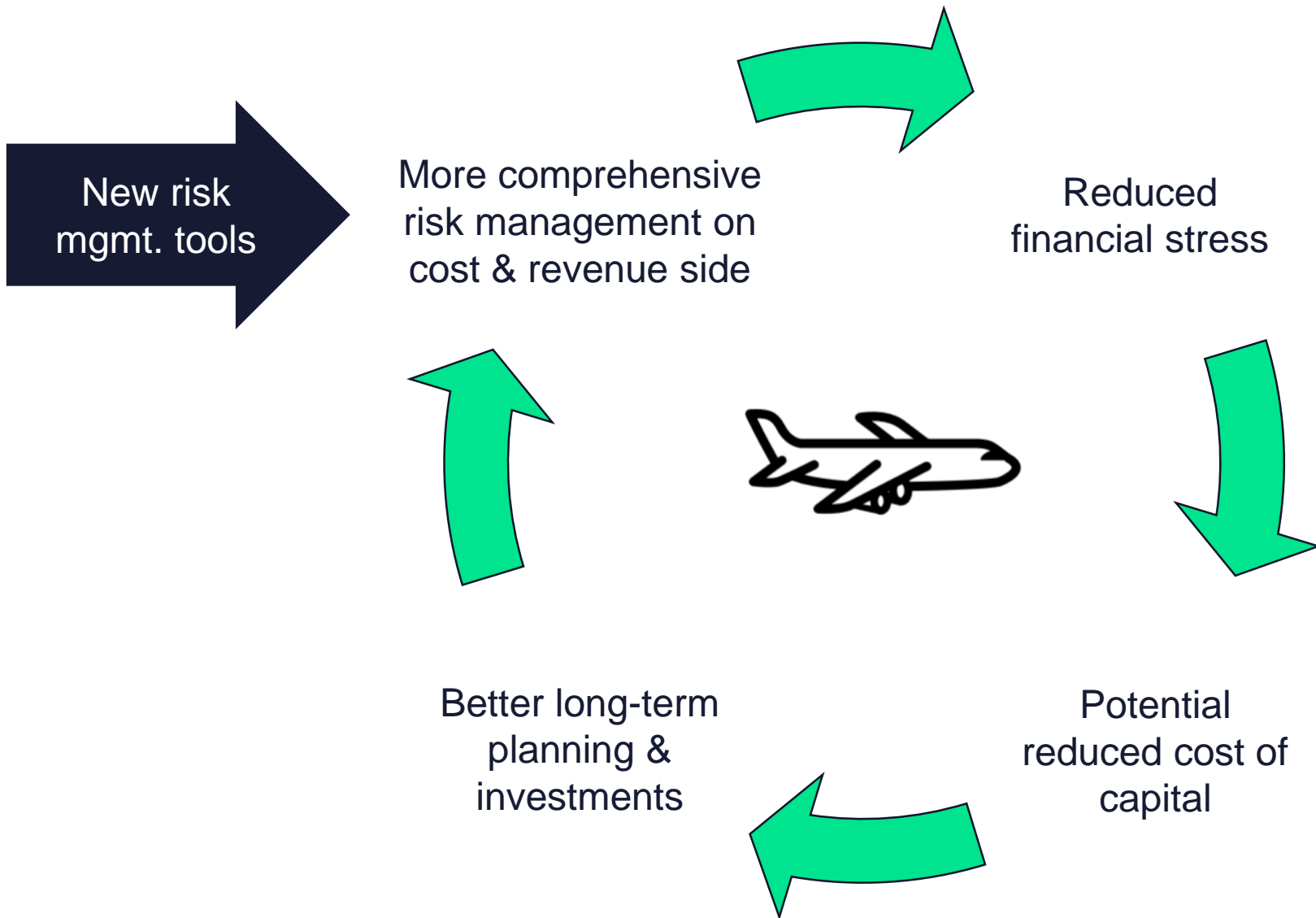


Airline Ebit-margin

(assuming perfect correlations airline yields & market-index)



The benefits for
our customers

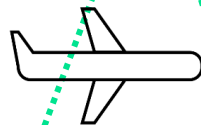


Possibly a virtuous circle

Short-term passenger decisions **90%** of revenues booked within **90 days** before flight



Passengers



Airlines



Lessors



Airports



OEMs



FINANCIAL STABILITY CORRELATES TO PASSENGER PROXIMITY

Healthy airlines
will benefit the
whole value
chain

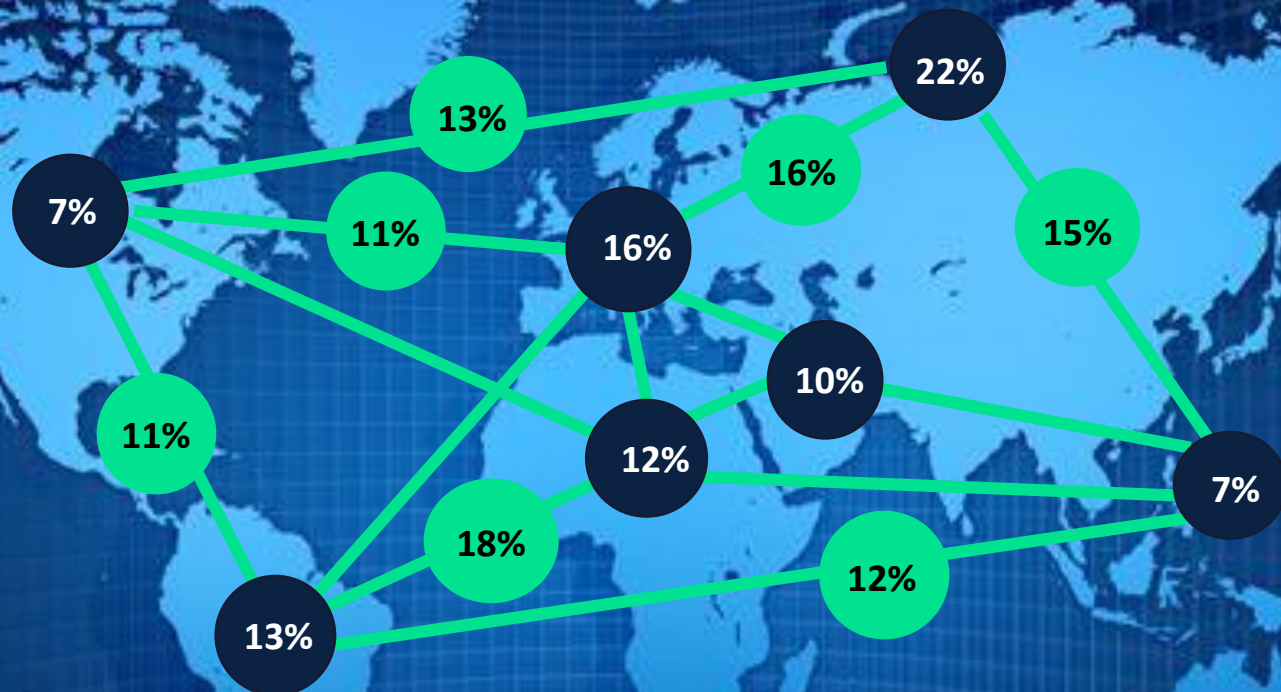
Passenger proximity
=
Revenue volatility

\$ / RPK

A well-known
index unit

Methodology defined
based on customer
feedback

3 years in development



28 geographic indices

6 for the launch

1. Europe
2. APAC
3. North Am
4. Europe-APAC
5. APAC - NA
6. NA-Europe

Percentages represent annual volatility over 5 years, after seasonal variances are removed

% 7 Regional Indices

% 21 Inter-Regional Indices

SKYTRA

Derivatives contract
(futures, options)



Buyer

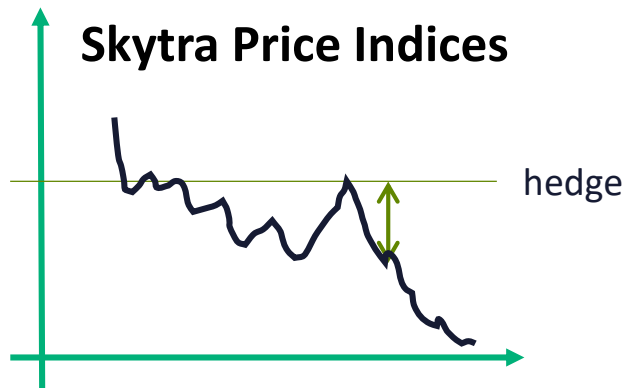


Trading venue

Seller



Skytra Price Indices



1 regulated infrastructure

Skytra will be:

UK FCA registered **Benchmark Administrator (BA)** producing air travel indices.

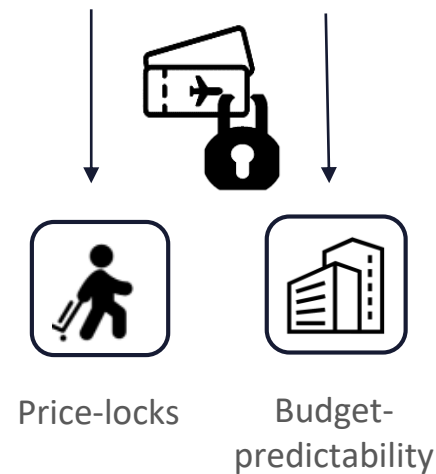
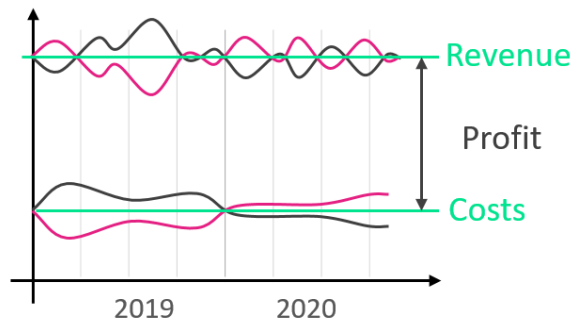
Estimated Q3 '20

UK FCA authorised **MTF** for trading futures & options.

Estimated time Q1 '21

Risk Management for Airlines

New revenues for Airlines & Travel Agents



2 sides of the
market

Risk Management
&
New Revenues

Natural sellers

Investors and speculators

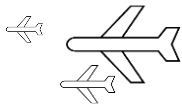


Lessors and smaller airlines



2

Top 40 airlines



1



B2B travel agents
Large multinational corporates



B2C travel agents

3



Airports, hotels,
investors and
speculators

Natural buyers

3 Phase Market Development

A Balanced market
develops in each phase

1. Big airlines + B2B
2. Lessors, other airlines + B2C
3. The rest of the aviation dependent value chain + investors



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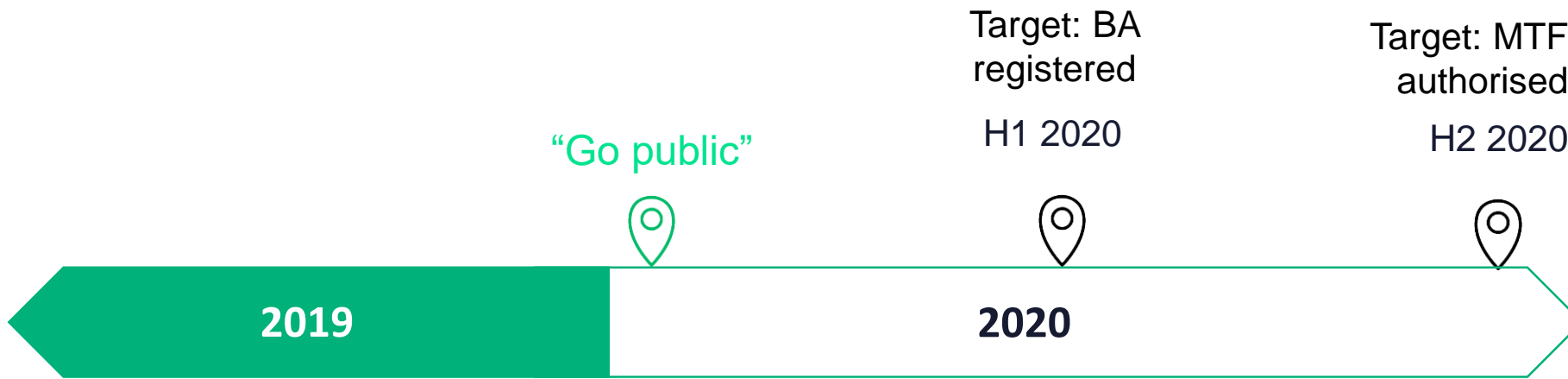
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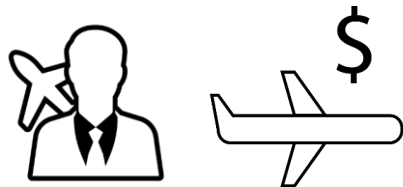
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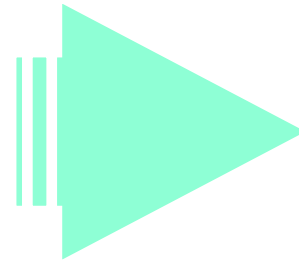
Summary



Air industry
feedback loop



Airlines, IATA, Lessors,
Travel agents



Financial Market
participants



Banks
Liquidity Providers

Summary timeline

Engagement timeline



Get familiar with the Skytra Price Index

Available for free under research license.

Downloadable on www.skytra.com



Engage with your teams: clearing services, structured products, commodity trading desks, airline financing, airline analysts, credit analysts



Engage with your customers (when appropriate): Airlines, Lessors, Corporate Treasurers, Institutional Investors, Travel Agents

Call to Action

The runway towards
Air Travel Derivatives



THANK YOU!

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