

Cargo Aircraft Management to enter 737 market

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Cargo Aircraft Management (CAM) is to purchase a pair of Boeing 737 aircraft for freighter conversion at the ATSG's newly acquired PEMCO unit.

The transaction will mark first entry into the 737 freighter market for ATSG's leasing arm.

Both units will be placed under lease agreements with China's Okay Airways, representing CAM's first investments in the 737 type. Okay, which in 2015 agreed with ATSG to form a new joint venture to support growing e-commerce-driven express-network demand in Asia, expects to operate the 737s pending government approval of the joint venture.

At 31 December, 2016, CAM owned 60 Boeing cargo aircraft, 59 of which were in service, including 52 767s, four 757-200 freighters and four 757-200 combi aircraft.

CAM purchased 11 767-300 aircraft in 2016 and sold one unit. Seven were awaiting or undergoing modification from passenger to freighter configuration at year-end.

The asset management company placed 14 767-200/300 freighters with Amazon last year.

ATSG projects 2017 capital expenditures of approximately \$355 million, of which \$285 million will be related to fleet expansion, and the remainder principally to maintain ATSG's current fleet. The 2017 fleet expansion spending will include costs to complete modification of 11 767-300 aircraft, nearly all of which are committed to customers for deployment in 2017, including five for Amazon.

ATSG also expects to end 2017 with six more 767s in modification for 2018 deployment.

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