Airline Economics
School of Aviation Finance

pwc

Aviation Market Overview

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Industry Overview

AIRCRAFT DEMAND DRIVEN BY GDP

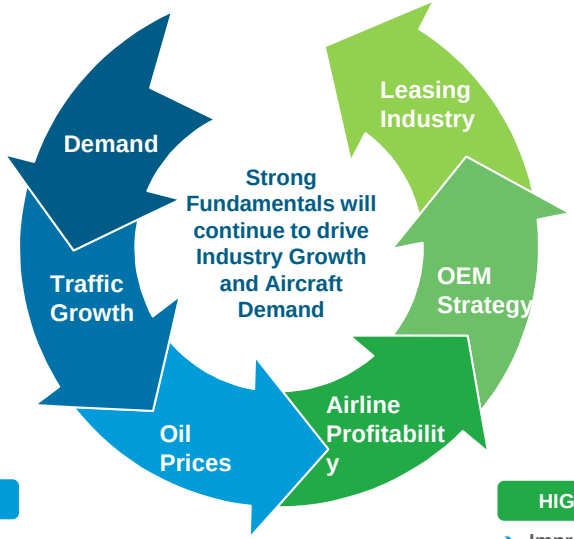
- Global GDP growth expected to be around c.3.0% in 2016, rising to 3.1% in 2017 *(source: SCB Research).*
- Forecast long term global economic growth of 3.1% pa. *(source: IHS Economics).*

PASSENGER TRAFFIC GROWTH

- Passenger traffic growth to continue above long-term trend of 5% p.a
- Traffic growth of 6.9% expected for 2016, up from 6.7% in 2015 and 5.9% in 2014. *(source: IATA).*

LOWER OIL

- Lower fuel costs expected to result in higher traffic growth and greater aircraft demand.
- Higher oil prices would see a shift in demand towards more fuel-efficient types popular with operating lessors.



AIRCRAFT LEASING INDUSTRY

- Increased demand for aircraft and financing from Lessors, who are set to account for 50% of the market.
- Established platforms being challenged by new entrants from China.

MANUFACTURER STRATEGY

- Effective duopoly, with high barriers to entry.
- Airbus and Boeing continually monitor production rates and supply of in-demand aircraft.

HIGHER AIRLINE PROFITABILITY

- Improved profitability and credit quality driven by lower oil prices and stronger worldwide GDP growth.
- Record industry net profits of $33Bn forecast for 2015, rising to $36Bn in 2016.

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Regional Perspective

Asia-Pacific

- Asia-Pacific airlines expected to achieve a 3.2% net profit margin, driven primarily by lower fuel prices and traffic growth of 8.0%.
- China economy slowing, but at c. 7% remains a key driver for regional and global economic growth. Despite a slowing economy air travel remains strong.
- Weakness in cargo markets impacting airline revenues and profitability (Asian carriers account for 40% of air freight market)
- LCC penetration is high and a key growth driver for the region.

EMEA

- Double-digit traffic growth in the Middle East driven by regional economic growth, capacity expansion and success of the “global hub” model. Region is split between strong Gulf “hub” airlines and regionally-focused airlines impacted by lower oil revenues and political conflict.
- Despite its great potential, Africa remains the weakest region, with profits barely positive. Carriers subject to political instability in N. Africa, weak economies and stiff competition on international markets. Longer term above average economic growth rates should improve carrier performance.
- European carriers achieving second highest load factor and solid growth. However combination of strong competition, low yields and high regulatory costs is impacting financial performance of some legacy carriers.

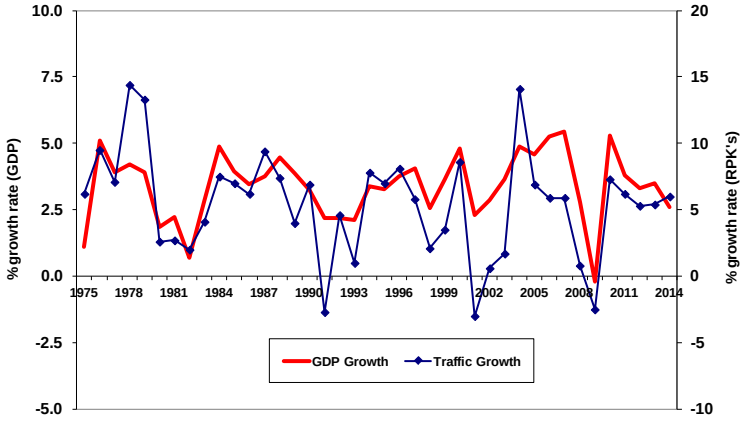
AMERICAS

- Strongest regional financial performance by US carriers due strong US economy, appreciating US dollar, lower oil prices and a restructured industry in recent years.
- US Airline net profit forecast of USD19.2Bn (net margin 9.5% vs. 5.1% globally) supported by high load factors of c.84%.
- Latin American airlines performance weak due to deepening economic crisis in Brazil, weak commodity prices and adverse currency fluctuations. Region expected to see a modest net profit of USD0.4Bn in 2016 (1.1% net margin).

Demand For Aircraft

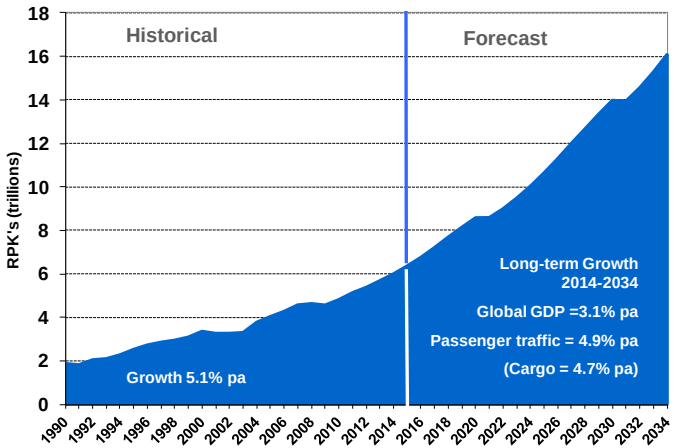
Aviation is a long-term growth industry

World GDP and Passenger Traffic (RPK*) Growth



Source: IMF, ICAO, IATA

World Airline Traffic Forecast (RPK's)

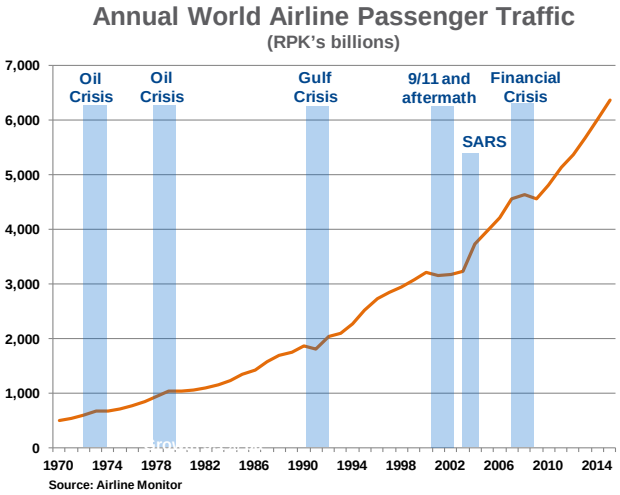


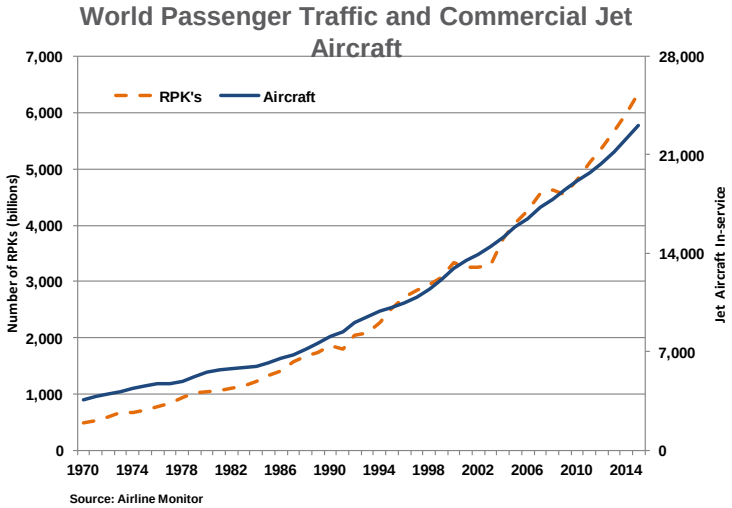
Source: Airline Monitor, Boeing CMO 2015

- Demand for air traffic is closely linked with the global economy, following a similar cyclical pattern.
- Historically passenger traffic (RPK's) has grown at around 1.5 to 2.0 x the trend of long-term growth rate in GDP.
- Air traffic doubles every 15 years
- 20 year traffic growth forecast of 4.9% p.a. driven by long term global economic growth of 3.1% p.a.
- Key drivers:
  - Globalisation of economies,
  - global tourism,
  - deregulation of air travel markets,
  - growth of low cost / low fare carriers.

*RPK – Revenue Passenger Kilometre – (a measure of passenger demand, representing each kilometre each passenger is carried)

Air travel demand is resilient to external shocks





- Air traffic growth is subject to event risk but has shown resilience, even in difficult economic times.
- The industry has only experienced three years of negative growth since 1970.
- In each case negative growth was due to a severe external shock event, with the subsequent traffic recovery being rapid.
- Demand for aircraft closely follows traffic growth.

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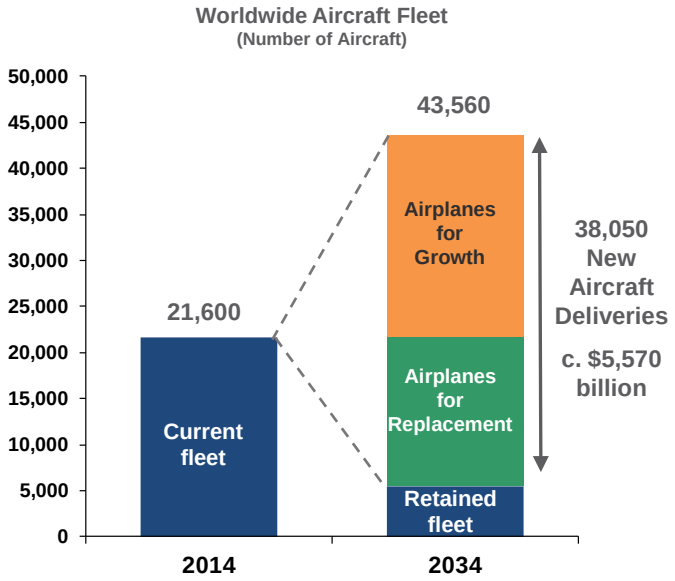
Long term demand for new aircraft remains strong

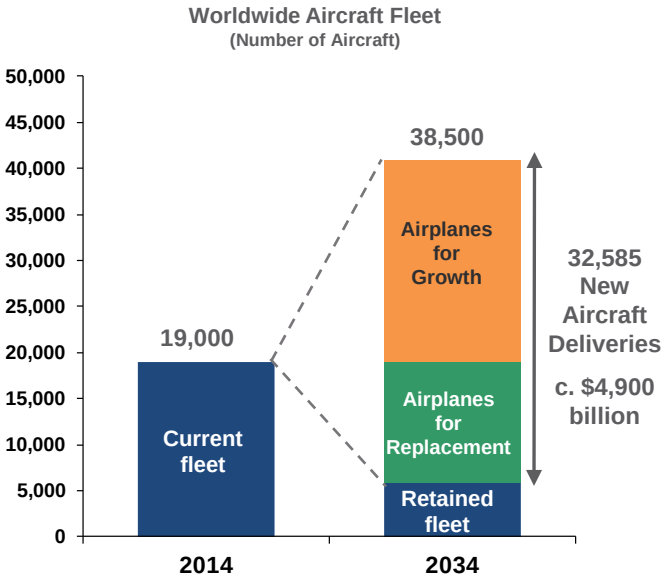
Projected Commercial Aircraft Fleet Growth: OEMs 20 Year Forecasts

Boeing



Source: Boeing Current Market Outlook 2015

Airbus



Source: Airbus Global Market Forecast 2015

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Key Demand Drivers

Aircraft For Growth

- Demographics.
- Emergence of middle class consumers with increasing propensity to travel as economy develops.
- Transport infrastructure and geographic challenges make air transport essential for growth, particularly in more remote regions.
- Global economic growth rates.
- Increasing urbanization in emerging markets.
- Increasing regional co-operation and progressive air deregulation.
- Fast developing low cost carrier (LCC) market segment
- Increasing tourism traffic both domestic and international.

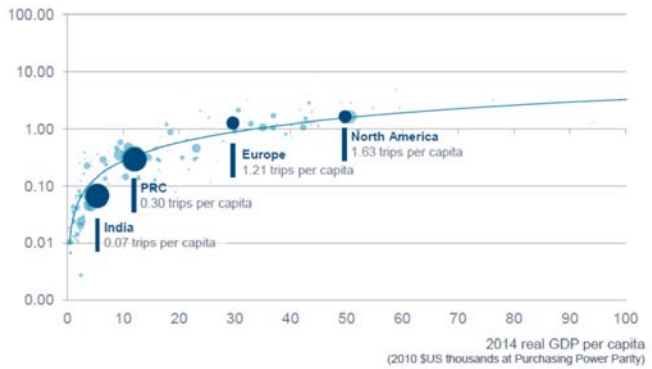
Aircraft For Replacement

- High fuel prices drives replacement of older aircraft for more fuel efficient types.
- Emissions / regulatory changes.
- Aircraft reaching end of their economic useful lives.
- Freighter conversions, driving replacement demand of passenger aircraft.

Demographic and Economic Drivers

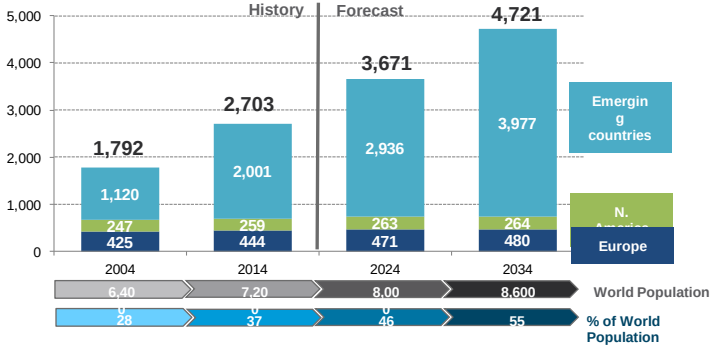
Traffic and Propensity to fly

2014 Trips per capita – Log Scale



Middle Class to grow, doubling in emerging countries

Middle Class*, millions of people



- Air travel market penetration still low in emerging markets: 85% of population, but only 40% of trips.
- PRC and Indian sub-continent will become drivers of long-term growth in Asia. China GDP growth of 5.6% pa forecast (6.6% traffic growth), India GDP 6.6%, traffic 8.3%.
- Propensity to travel set to increase as income levels rise and household consumption increases in emerging markets.
- China's potential will reach current European levels by 2034 at around 1.09 trips per capita. India will be at current Chinese levels (0.3 trips per capita).
- Increasing middle class: India set to treble from 66 million today to 180 million by 2030. China to increase from 90 million to over 300 million by 2024.
- Increasing urbanisation: Immigration within Asia-Pacific has grown rapidly with labour moving towards fast-growing newly industrialising countries.
- Asia to account for more than 50% of world urban population growth to 2050.
- Liberalisation of visa policies in China and adoption of ASEAN single aviation market helping to support industry growth.

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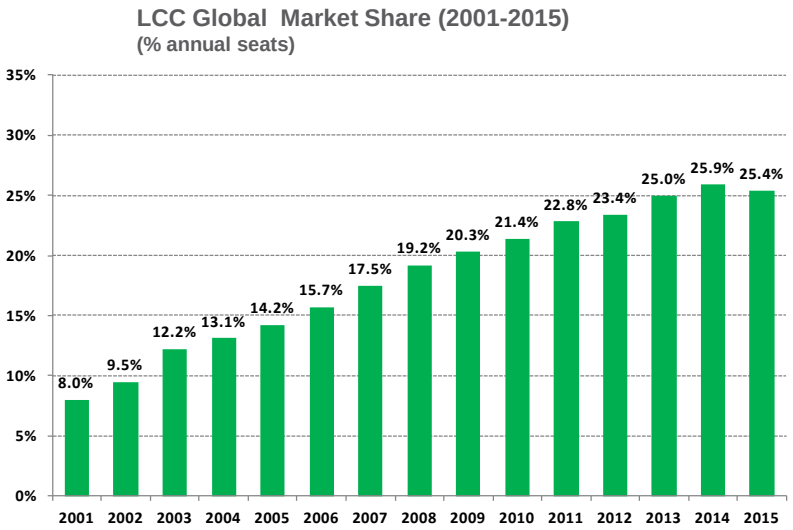
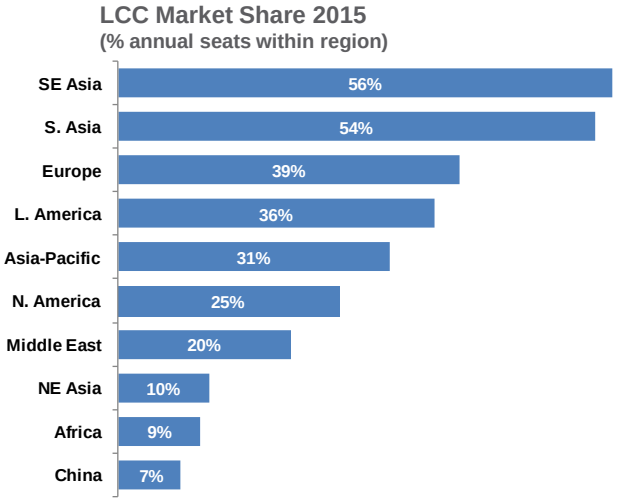
Low Cost Carrier (LCCs) model driving growth





- Low–Cost Carrier (LCC) business model has grown significantly over the last two decades. Accounts for 25% of industry capacity.
- Lack of "legacy" costs and infrastructure means LCC model can generate 25-50% lower unit costs relative to full service carriers.
- Low costs allows LCCs to reduce fares and stimulate traffic. Key driver of industry growth.
- Successful and robust business model producing some of the highest returns in the industry.
- Significant opportunity for LCC growth in China. Authorities starting to open the market to LCC competition.

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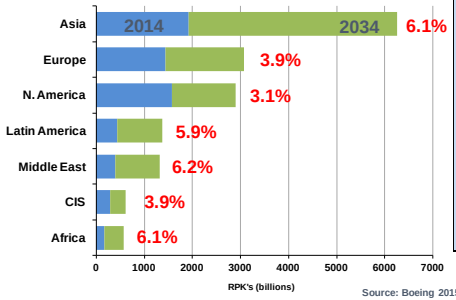
Air Traffic Growth Centred On Emerging Markets

Asia-Pacific becoming the dominant region…

2014-2034 Passenger Traffic Growth by Region

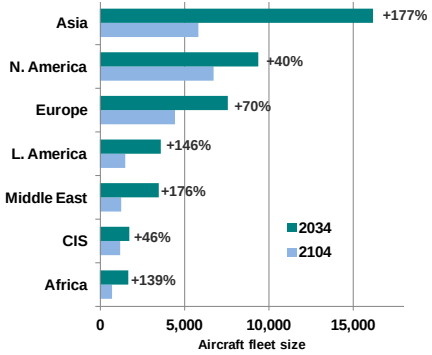


% of 2014 RPKs	% of 2034 RPKs
31%	39%
23%	19%
25%	18%
7%	9%
6%	8%
5%	4%
3%	4%

Source: Boeing 2015 CMO, company analysis

…and driving future demand for aircraft

Aircraft Fleet (number of aircraft)



New Aircraft Deliveries (2015-2034)

Region	Number	Value ($Bn) 2014 list
Asia/Pacific	14,330	$2,200
N. America	7,890	$940
Europe	7,310	$1,050
Middle East	3,180	$730
Latin America	3,020	$350
CIS	1,150	$140
Africa	1,170	$160
TOTAL	38,050	$5,570

- Expanding air travel in emerging regions is driving significant demand for aircraft.
  - Strong regional economic growth
  - Demographic changes and increased urbanisation
  - Market liberalisation and deregulation
  - Growth of LCCs / new business models
- Asia forecast to need 14,300 new aircraft in next 20 years (38% of total deliveries)
- Asia-Pacific market of 1 billion passengers, forecast to increase by 100 million annually in foreseeable future.
- Asia-Pacific set to become the dominant region, with 39% traffic share by 2034. Domestic China to be the largest single air travel market
- According to Boeing forecasts, Asia traffic is expected to grow by 6.1% pa over the next 20 years on the back of regional economic growth of 4.3%.
- LCCs successful in Asia – average annual growth rate of 24% over the last 10 years. Currently accounts for 62% of India domestic traffic and 56% in SE Asia.
- NE Asia and China LCC market penetration low – significant growth opportunity.

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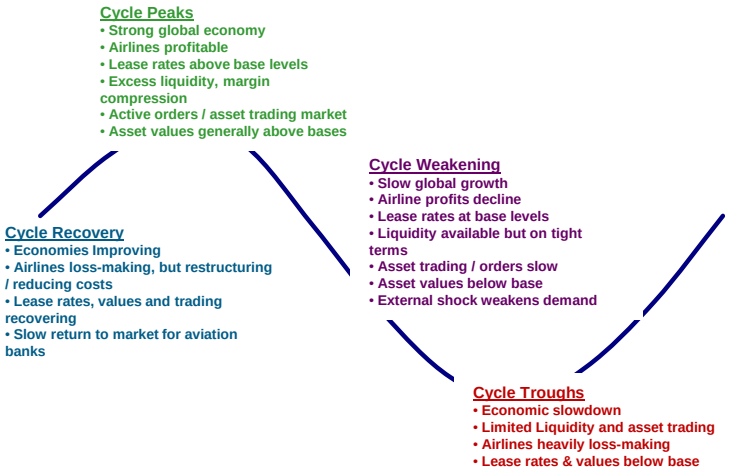
Near Term Outlook

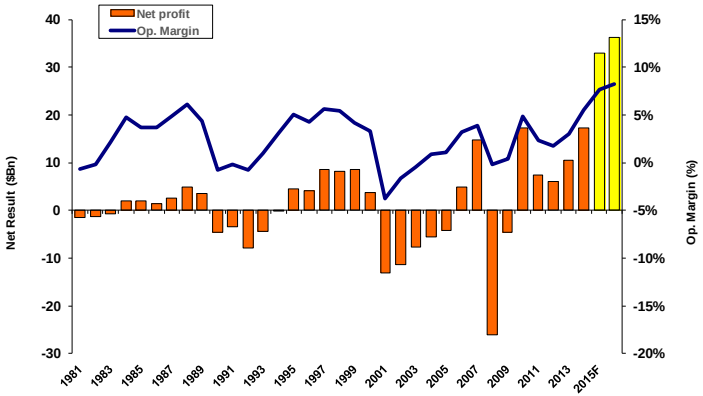
Airline Profitability and Aircraft Value Cycle

Typical Aircraft Value Cycle



- Air traffic, airline profits, aircraft orders, aircraft deliveries and other industry factors evolve in a cyclic and familiar pattern over time – The Aircraft Value Cycle.
- Typically the industry cycle lasts between 7 – 11 years. Current indicators suggest that the present cycle is approaching / at the peak.
- Key determinants of the position in and longevity of the industry cycle are global economic growth (air traffic demand) and resultant airline industry profitability.

Airline Industry Profitability (1981-2016F)



Source: ICAO, IATA

- Industry profitability cycle follows a consistent pattern, although margins rarely exceed 5%.
- Current cycle – 5 years of consecutive net profits, forecast to grow from USD33Bn in 2015 to USD36Bn this year – supported by lower fuel prices and traffic growth.
- US airlines leading the industry's performance – expected to generate USD21.4Bn in 2016 on the back of load factor and yield improvements.
- Asian carriers forecast to grow from USD5.8Bn last year to USD6.6Bn in 2016, as lower fuel costs and strong traffic growth continues.

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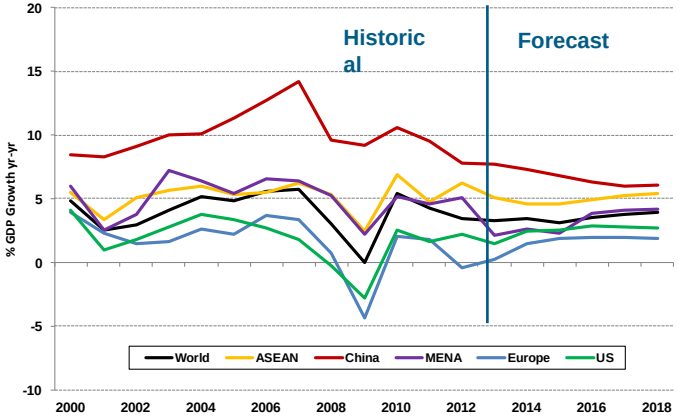
Economic Growth - GDP Growth Forecasts

GDP Growth (2000-2018F)



Source: IMF World Economic Outlook Nov 2015

GDP Forecasts (2013-2017)

	Real GDP Growth (%)				
Country / Region	2013	2014	2015	2016	2017
Global	**2.7**	**3.0**	**3.0**	**3.0**	**3.1**
Asia	**6.5**	**6.4**	**6.0**	**6.1**	**6.2**
China	7.7	7.3	6.9	6.8	6.7
India	6.9	7.3	7.4	7.6	7.8
Indonesia	5.6	5.0	4.7	5.2	5.4
Singapore	3.9	2.9	1.8	2.1	2.2
Africa	**5.3**	**4.7**	**2.4**	**3.2**	**4.0**
MENA	**3.8**	**3.4**	**3.5**	**3.4**	**3.9**
US	**1.5**	**2.4**	**2.4**	**1.6**	**1.3**
Europe	**-0.4**	**0.9**	**1.5**	**1.9**	**1.9**
Japan	**1.6**	**0.0**	**0.6**	**1.0**	**0.4**

Source: SCB Global Research

- **Global economic growth is slow, staying around 3% in 2015 and 2016.**
- **Two speed growth driven by Emerging Market economies, despite a slowing in growth rates in some key markets – notably China, although still relatively high at 6.9% for 2015.**
- **Mature markets – US and Europe growing at 2.4% and 1.5% respectively for 2015.**

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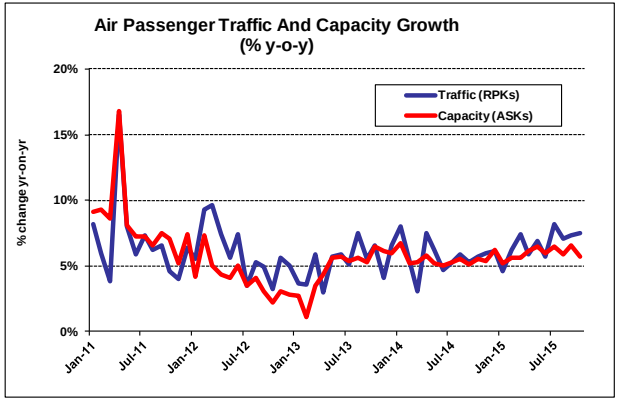
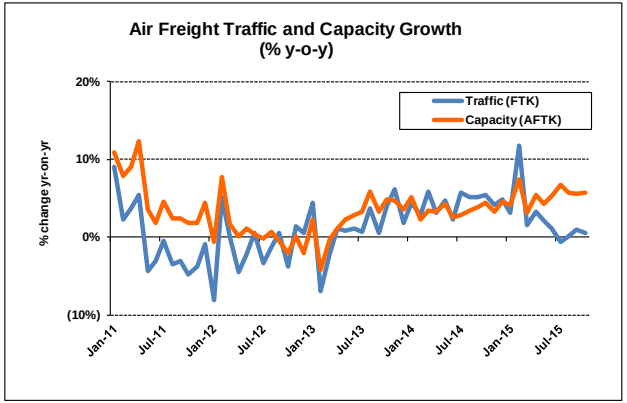
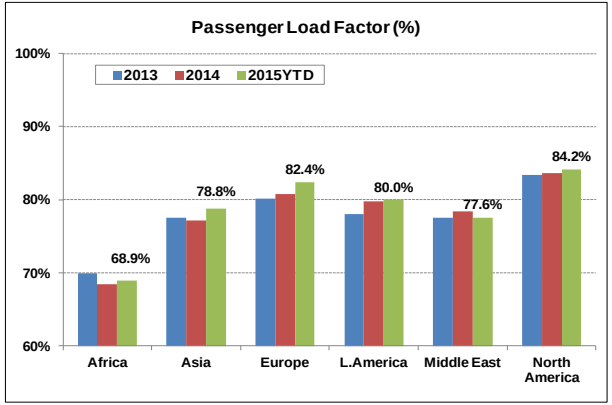
Current Traffic Demand and Capacity remain in balance





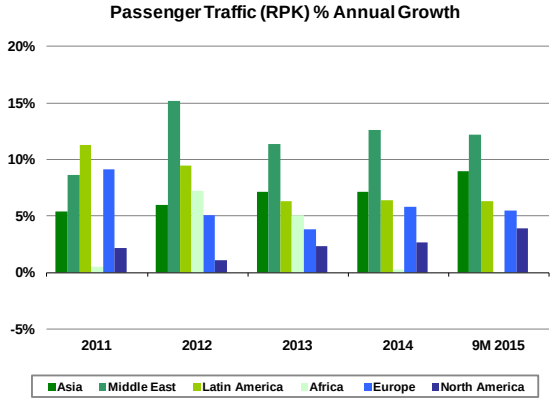


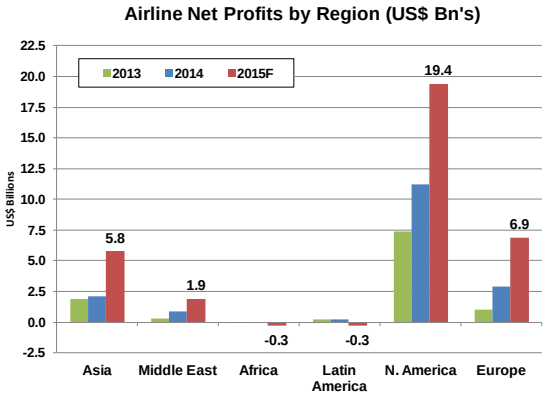
Source: IATA

- Global air traffic growth remains above long-term trend, with 6.7% increase in traffic expected for 2015.
- Recovery in air freight market in 2H 2014. Growth slowed in 2H 2015, with YTD traffic growth of 2.6% on a capacity increase of 5.8%.
- Capacity (ASKs) discipline by airlines leading to sustained record load factors – globally 80.7% YTD (to end Oct).
- ASK growth projected to rise by 6.2% in 2015.

…. outlook for air passenger demand remains broadly positive

Traffic Growth and Profitability by Region





- Traffic growth being driven emerging markets. Strong growth in Middle East (+12%), Asia (+9%).
- Industry financial performance being driven by North American carriers.
- Six years of consecutive net profits, forecast to grow to $33Bn in 2015 – supported by lower fuel prices and strong traffic growth.
- US Airlines delivering the strongest financial performance due to consolidation delivering load factor and yield improvements.
- Asian carriers forecast to make USD5.8Bn due to lower fuel costs and strong traffic growth. Overall revenues and financial returns being impacted by weakness in the freight market.
- Middle East carriers expected to make USD1.9Bn on the back of strong traffic (+12%), although capacity growing faster at c.14%.
- European airlines forecast to have the second highest profitability of any region, despite sluggish but improving economic growth, driven by LCC sector.
- Africa remains the weakest region with African airlines under pressure from international carriers, low yields and slowing economic performance in some parts of the region.

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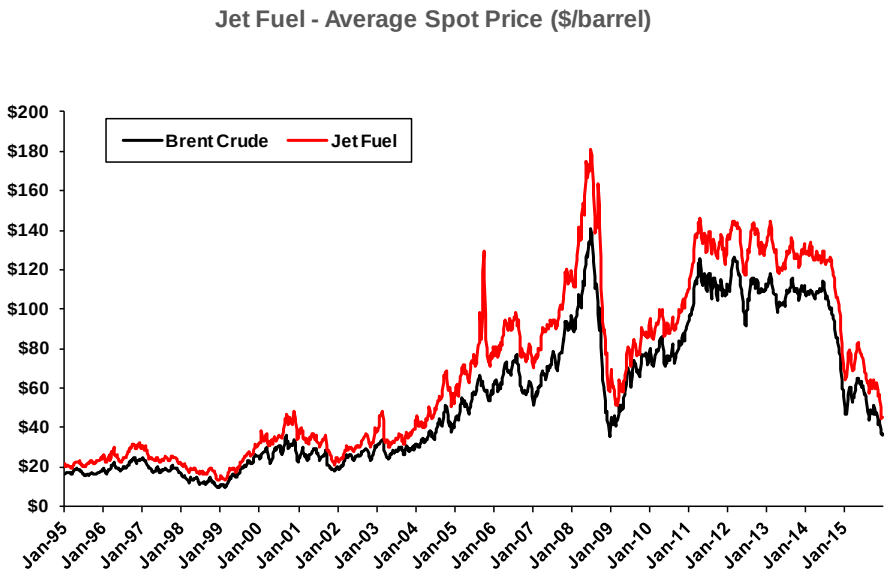
Jet Fuel Prices Staying Low



Source: US Government Energy Information Administration (EIA)

Data for weekly Brent Crude and US Gulf Coast jet fuel spot.

- Fuel accounts for approx. 30% of industry operating costs.
- Crude oil prices down 35% year-on-year as of 1 Jan 16. Trading at 11 year low.
- Jet fuel prices back at 2004 levels - trading at $45/bbl (Jan), 35% down y-o-y.
- Airlines now benefiting from lower fuel costs as hedges run off.
- IATA forecast around $90Bn in fuel cost savings in 2015.
- Potential stimulation of economic growth and air travel demand.
- Positive for aircraft demand and values - particularly mid-life aircraft.
- Latest SCB Research Forecasts:
  - Brent crude 2016: $48/bbl; 2016: $63/bbl

Lower fuel prices is a net positive for the industry, if sustained

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Aviation Demand Cycle

Most measures of demand remain positive, although early signs of slowing

Indicator	Current level	Trend
Passenger Traffic	Above trend growth for last six years. Strong growth in Asia, Latin America and W. Europe. Middle East capacity running ahead of traffic YTD.	Year-year growth rate expected to be around 6.7% for 2015, increasing to 6.9% in 2016.
Freight Traffic	Traffic reached consistent 5% y-o-y growth in 1H 2015, for first time since 2010. Has since stalled to <1.0% since.	Growth recovery has slowed since Q1 2015. Capacity exceeding demand, consistent with weaker manufacturing data from China
Yields	US yields only readily available source. Remaining high by historic standards	Yields have been falling since Dec 2014, with August 2015 data down 8%. However, costs are falling faster >10% as a result of falling oil prices.
Load Factors	Remaining at industry record high >80% YTD. Africa remains weakest region and emerging evidence of overcapacity in some regions?	Signs of overcapacity in Middle East. Africa remains weak. Capacity set to increase in Asia and N. America in 2016.
New Aircraft orders	Orders slowed in 2015 (down c. 40%) but still being placed in high numbers. Net orders for commercial jets driving book-to-bill ratio of 1.23x	Net orders down on levels of 2011-2014. New programmes sold out for several years, with limited slots now available.
Deferrals & Cancellations	Deferrals are at a low level compared to ten year average, and cancellations around average although lower as a % of growing fleet. There is also a high level of model switching as transition to new	Declining, after a large number of cancellations (c. 500 aircraft) in 2014.

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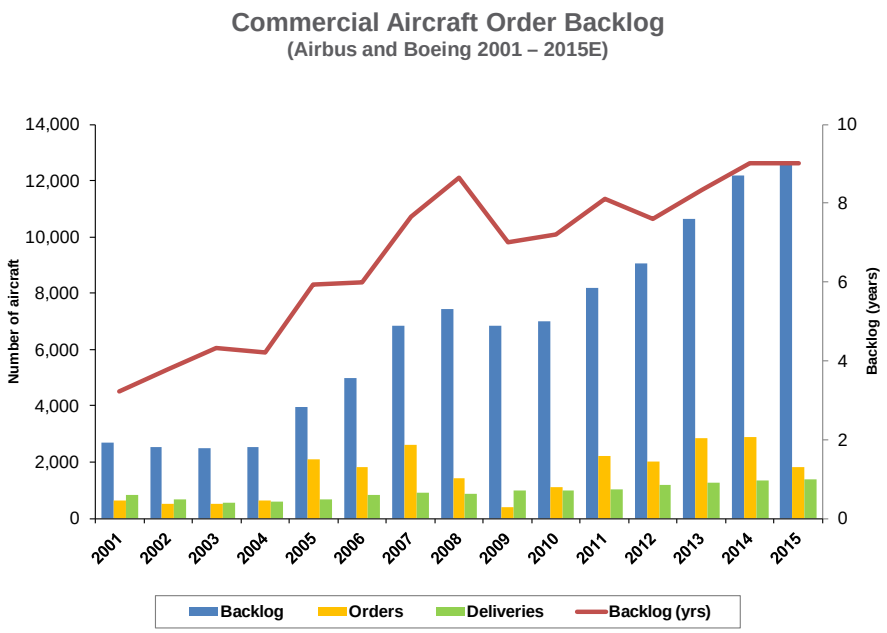
OEM Orders and Deliveries



- Orders to deliveries ratio ("book to bill) average 1.8x over the last 10 years.
- Order backlog has increased to over 13,400 aircraft (60% of the in-service fleet and 9 years current production levels)
- Manufacturers protect delivery rates by deliberately overbooking orders.
- Production is up to 15% lower than current orders.
- Most products sold out to the end of the decade.
- Narrowbody customers are significantly under-ordered.
    - 65% of A320 direct customers have no NEO backlog.
    - 74% of B737 direct customers have no MAX backlog.

Most products sold out to the end of the decade

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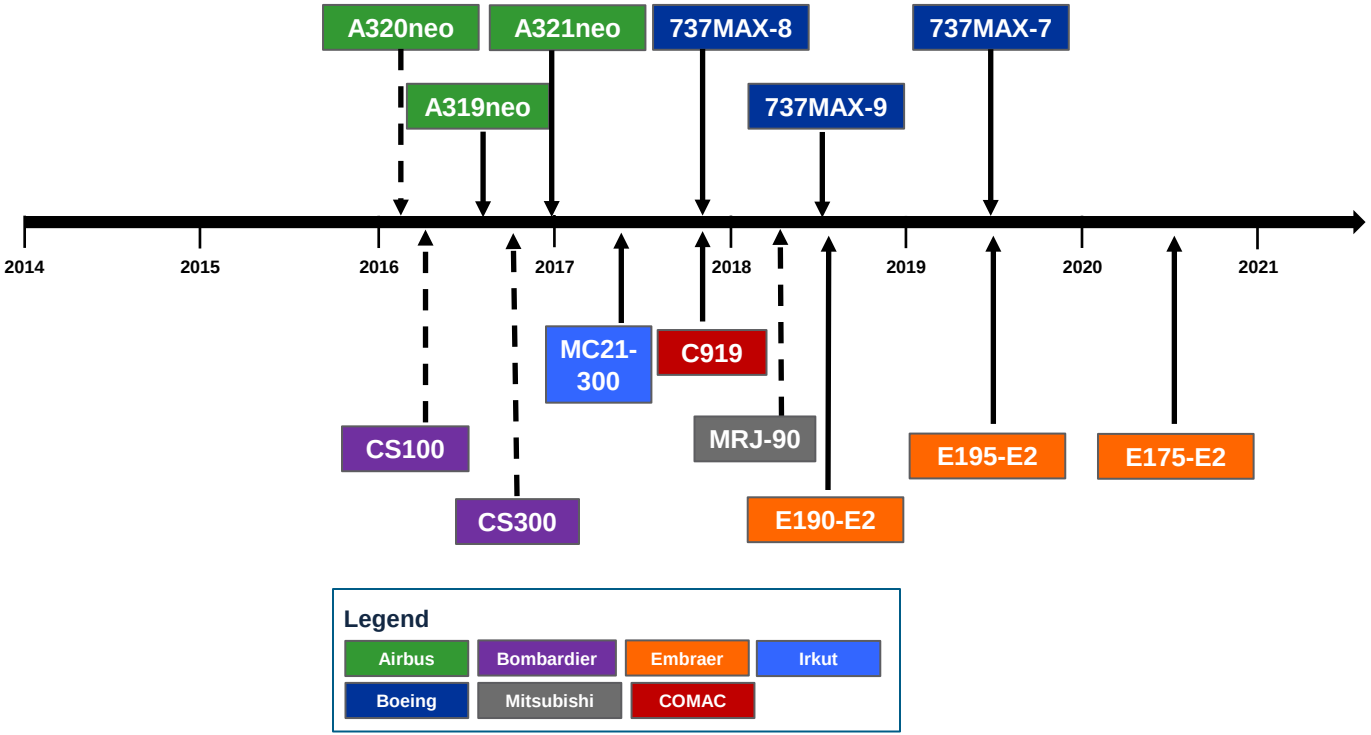
Large number of Narrowbody Programs to reach the market in the next 5 years

Scheduled EIS date for In-development narrowbody aircraft



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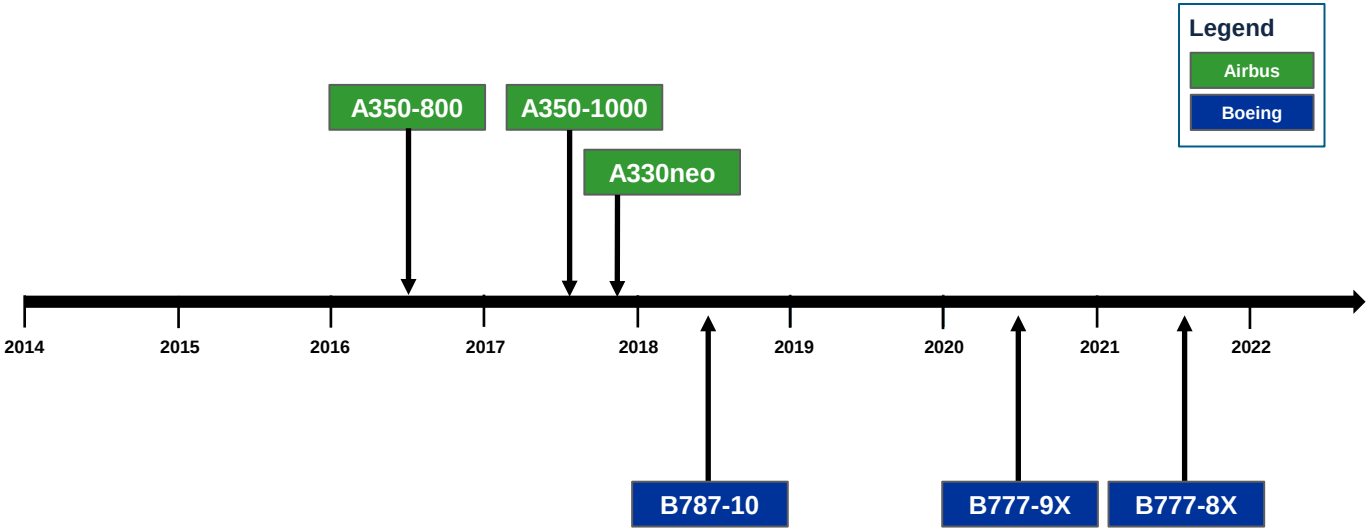
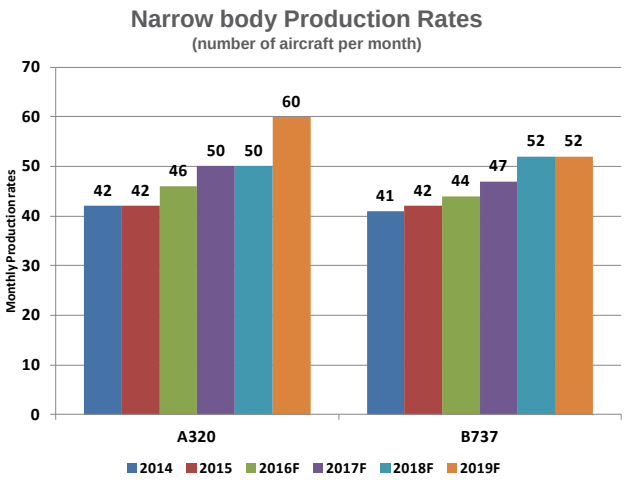
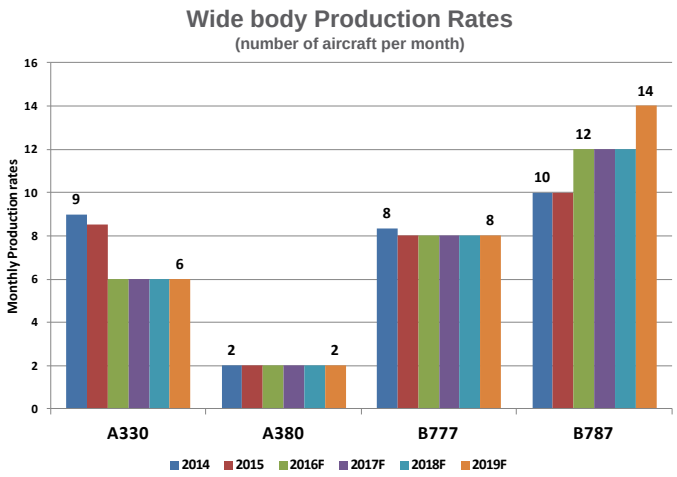
New generation of mid-size twin aisle aircraft

Scheduled EIS date for In-development widebody aircraft



Aircraft Production Rates





- Manufacturers planning to increase narrow body production rates as a result of the large order backlog and introduction of new re-engined models.
  - Airbus is planning to raise production to “rate” 50 by 2017 and rate 60 by 2019.
  - Boeing is planning to raise production to “rate” 52 by 2018 and is already considering a further increase to 60 pm.
- Boeing is increasing production on B787 to 12pm in 2016 and 14pm by end of the decade. Production levels on the B777 are being maintained at current rates pre-transition to the B777X.
- Airbus plans to reduce A330 production to 6 pm as the A350 program deliveries start to ramp up.

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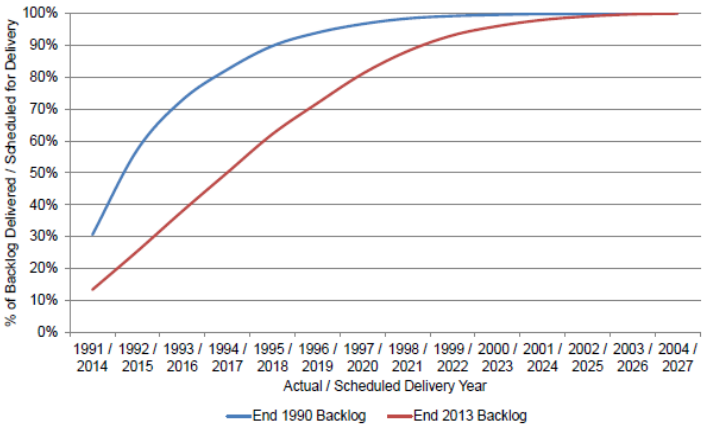
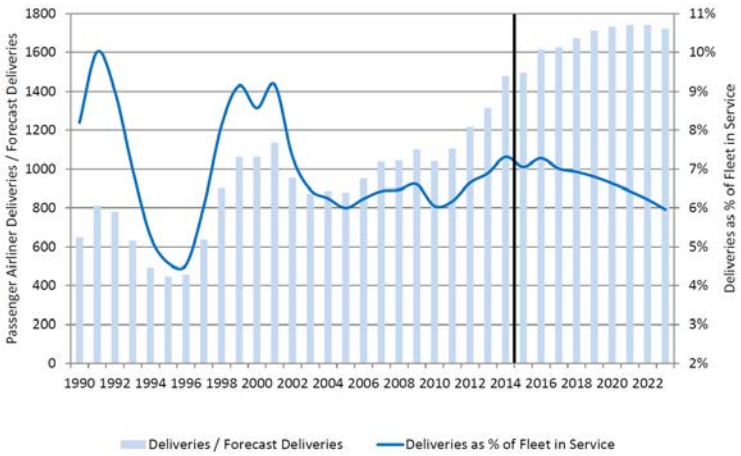
Future Delivery Forecasts

Lead times are longer this cycle….



Source: Ascend

Deliveries are expected to represent between 6% and 7% of in-service fleet...



Source: Ascend

Planned deliveries appear to be in line with historic norm

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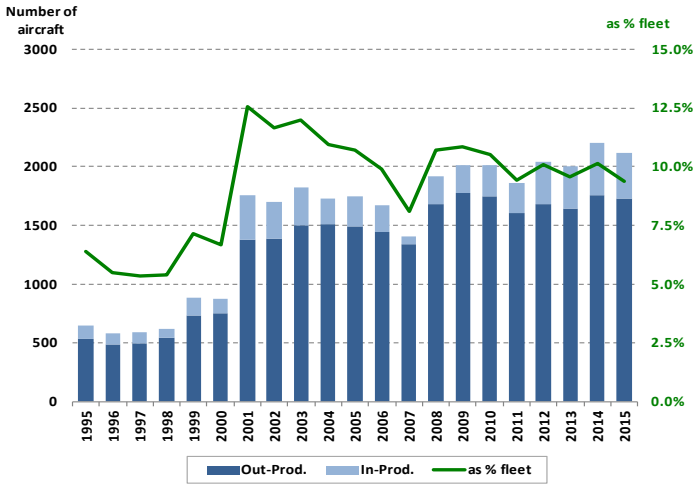
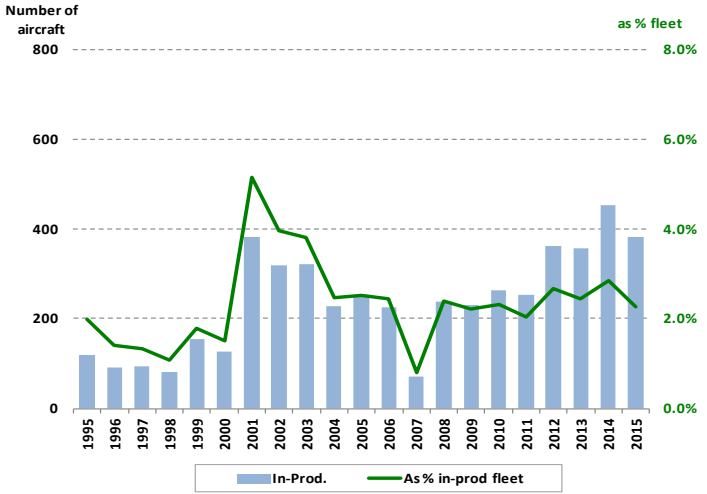
Aircraft Storage Trends

Total Parked Fleet



In-Production Parked Fleet



- Post 9/11 aircraft storage levels doubled, going from 6.6% of the total fleet to 12.6% in 2001, remaining above 10% until 2006.
- The impact of the 2008 crisis was less marked, with storage rates increasing to 10.7%. Current levels are at 9.3% of the total fleet.
- The majority of parked aircraft are out-of production models, accounting for 78% and 87% of the total in 2001 and 2008 respectively

- Storage rates for in-production models remain low, even during periods of disruption, averaging c. 2%-2.5% of the total in-production fleet.
- Post 2001, this "spiked " to 5% , coming back to 2.4% after three years. Currently parked aircraft represent 2.3% of the in-production fleet.

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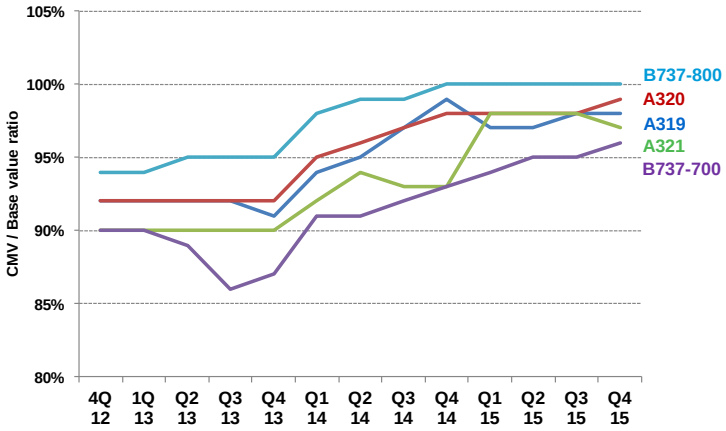
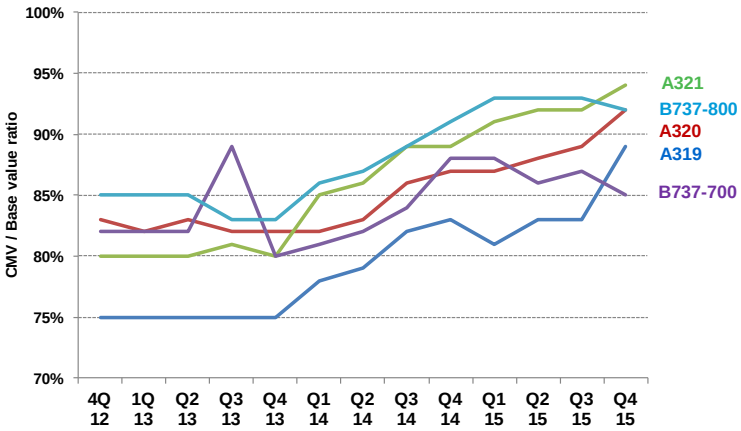
Asset Value Trends – Narrowbody Aircraft

New Delivery Aircraft Values
(CMV /Base ratio)



Source: IBA

Used (10 yrs) Aircraft Values
(CMV /Base ratio)



Source: IBA

- Successful lessors need to identify and acquire aircraft which make good investments.
- Lessors must also determine the optimum timing of investment and disposal of assets to:
  - enhance economic returns
  - manage the risk profile of the portfolio
  - generate attractive returns throughout the cycle

- Current market value (CMV*) to base value* ratio is a useful measure for deciding at what point to invest and divest in the aviation cycle, particularly for in-production types.
- The CMV / BV relationship for new popular and liquid narrowbody aircraft continues to exhibit positive trends with comparatively low volatility compared to out-of production types.
- Similar relationship exists for used (10 year old) in-production types, with in values for in demand models trending toward long term base values.

*Current Market Value (CMV) – spot trading price given current market conditions, assumes open sale with no distress pricing.

*Base Value (BV) - long term underlying economic value of the asset. Based on historic trends and future expectations assuming balanced market conditions.

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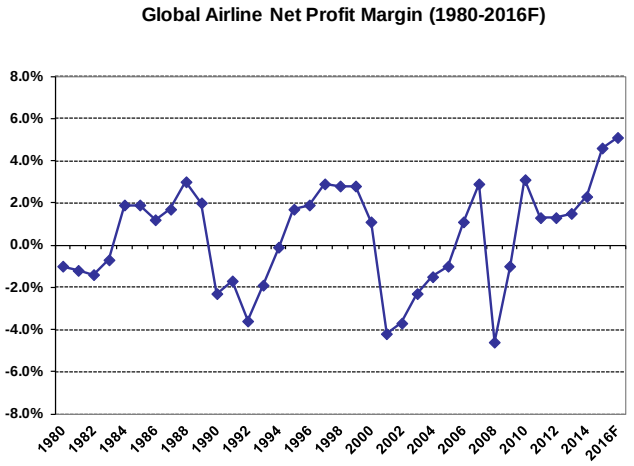
Aviation Supply Cycle

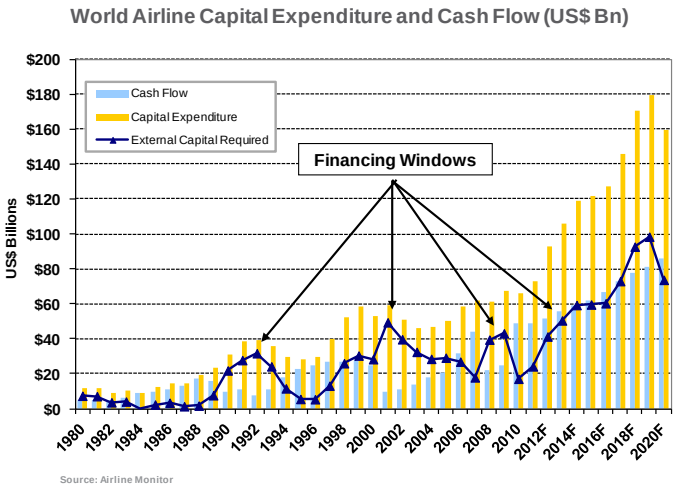
Supply indicators largely in line with demand

Indicator	Current level	Trend
Aircraft deliveries	2014 had record commercial jet deliveries, 2015 expected to be up c. 4%. Both NB and WB rates at record levels	Production rates set to increase for A320, B737, B787 and A350. A330 reducing and B777 yet to be adjusted.
Deliveries for replacement / growth	Past 5 years, deliveries for replacement made up around 50% of total, around ten points higher than long-run average.	Decline since 2008. 2015 has seen share for replacement falling significantly, towards numbers consistent with peak years of cycles
Deliveries as percentage of fleet	7.3% in 2014, expectation of 7.2% in 2015. The average over the past 25 years has been 7%.	Delivery trend is for 6-7% of in-service fleet (due to longer delivery lead time), consistent with historical average.
Stored aircraft	Absolute levels of stored commercial jets remain close to historic high, though declining as a % of the in-service fleet	Narrow body aircraft declining, small increase in wide bodies. RJs increasing rapidly driven by 50 seat jets ex-US market
Used aircraft availability	Commercial aircraft offered for sale / lease currently at lowest point since 2010. Limited availability of in-production types.	Short-term increase in available WB. RJs stable with many stored 50 set jets not actively being marketed.
Aircraft utilisation	Narrow body and wide body utilisations are at or near historic highs	Trend flattening. 1H 2015 showed less than 1% decline off post-recession peak.

Leasing and Aircraft Finance

The Need for External Financing





- Profitability is highly cyclical and rarely exceeds 3%
- Average annual net profit margin of 0.3% since 1980
- Historical performance of just 1% net margin (since 1962)

- Airline profitability and cash flows are highly cyclical.
- Generated cash flows only partially cover capital expenditure needs (historically around 52% on average).
- Airlines currently facing a financing shortfall – opportunity for external financing.
- Demand for external capital is forecast to increase as new aircraft deliveries increase.

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Primary Sources of Industry Financing

Traditional Sources

- Commercial Banks
- Capital Markets
- Export Credit Agencies
- Operating Lessors
- Airlines – cash
- Manufacturers

Developing Sources

- Regional / Local Banks and Lessors
- Islamic financing
- Sovereign Wealth Funds
- Pension Funds
- Private Equity / Hedge Funds

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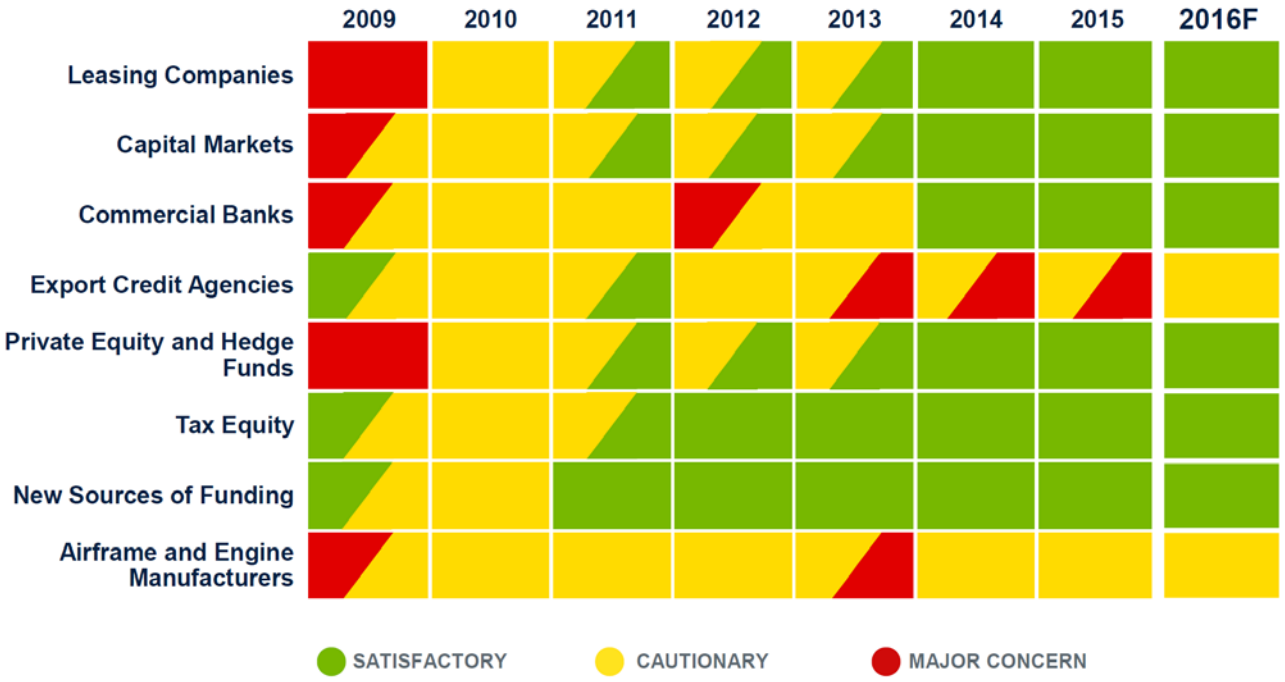
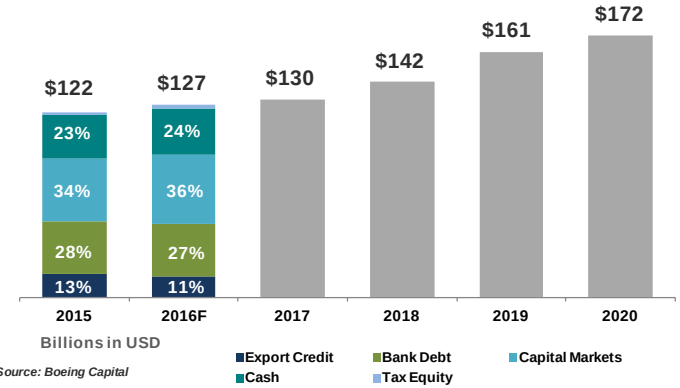
Healthy Aircraft Financing Environment



Source: Boeing Capital

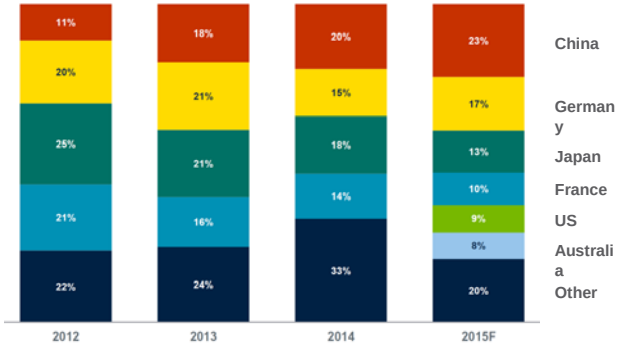
Aircraft Financing Requirements

Financing Forecast for Global Aircraft Deliveries in 2016



Source: Boeing Capital

Sources of Commercial Bank Debt Financing for Aircraft Deliveries



Source: Boeing Capital

- New aircraft financing remains a robust growth market, helped by historically low interest rates.
- $732Bn delivery funding requirement over the next 5 years
- The ECAs are withdrawing to pre-financial crisis levels.
- Share of commercial banks (incl. new entrants from Asia, Middle East), operating leasing and capital markets is increasing.

Abundant availability of liquidity – new sources increasing

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What is an Operating Lease?

Under IAS 17, a lease is defined as:

An agreement whereby the owner (Lessor) conveys to the user (Lessee) in return for a payment or series of payments the right to use an asset for an agreed period of time.

Title to the asset may or may not transfer to the lessee at the end of the lease.

Key Elements of an Operating Lease

Elements that distinguish an Operating Lease from a Finance Lease

- **Aircraft ownership:** Remains with Lessor. No transfer of ownership to Lessee
- **Length of lease:** Limited period (less than aircraft's total life)

Operating lease as effective risk management

- **Lessor Risks:** Credit risk, Residual / Asset risk
- **Lessee Risks:** Airline operations, Revenue income

Operating Lease means only operational risk for the Lessee – and serial redeployment for the Lessor

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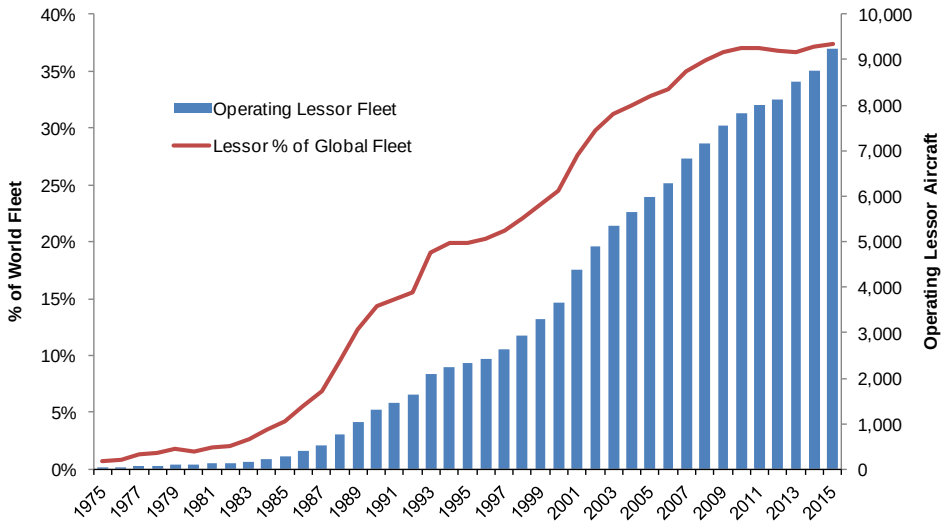
Growth of Operating Leasing

Growth of Operating Lease Fleet (1975-2015)



- Operating leasing share of aircraft deliveries (including s/lb) has increased from 6% in 1984 to c. 40% today.
- Share is expected to increase to 50% by 2020.
- Diverse lessor funding sources driving growth, with private equity and capital markets taking growing share.
- As of December 2015, there were 8,331 aircraft on operating lease (with further 896 in lease transition/storage).
- Operating Lessor order backlog of 2,480 aircraft, representing 18% of manufacturers total backlog.

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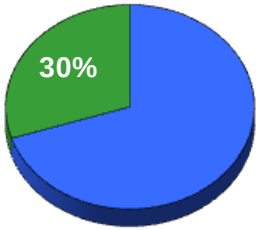
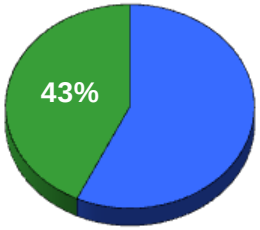
Aircraft Leasing is established in all Regions

Passenger Jet Aircraft On Operating Lease by Region (2016)

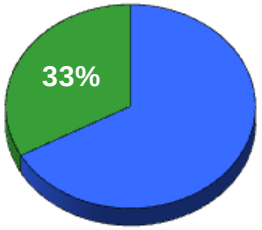
Africa



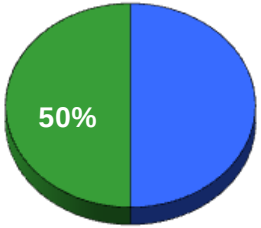
Asia



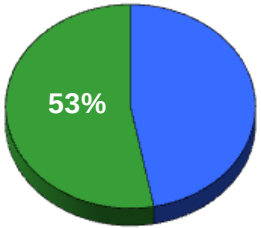
Middle East



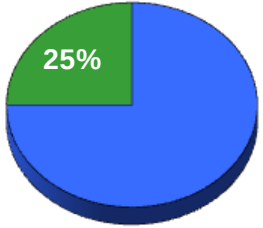
Europe



Latin America



North America



Source: Ascend On-line

Operating Lessor Community 2015

		Estimated Value ($bn)	%	Number of Aircraft	%
1	AerCap	36.6	15.6%	1,279	15.6%
2	GECAS	35.5	15.1%	1,608	19.6%
3	BBAM	13.6	5.8%	413	5.0%
4	SMBC Aviation Capital	12.3	5.2%	393	4.8%
5	BOC Aviation	10.4	4.4%	256	3.1%
6	CIT Aerospace	9.6	4.1%	313	3.8%
7	Air Lease Corp.	9.4	4.0%	251	3.1%
8	AWAS	8.8	3.7%	295	3.6%
9	ICBC Leasing	7.1	3.0%	173	2.1%
10	Aviation Capital Group	7.0	3.0%	273	3.3%
11	Avolon	6.9	2.9%	166	2.0%
12	Pembroke / SCB	5.0	2.1%	119	1.5%
13	Jackson Square/MUFJ	4.9	2.1%	110	1.3%
14	Aircastle	4.9	2.1%	141	1.7%
15	CDB Leasing	4.8	2.0%	120	1.5%
16	Macquarie	4.5	1.9%	176	2.2%
17	Doric	4.0	1.7%	38	0.5%
18	Orix Aviation	3.6	1.5%	148	1.8%
19	VEB Leasing	3.4	1.4%	84	1.0%
20	MC Aviation Partners	3.2	1.4%	92	1.1%
	Top 21 - 50 others	39.3	16.7%	1,736	21.2%
Total Top 50 Lessors		234.8		8,184	

Source: Airfinance Journal

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Popularity of Operating Leases

Flexibility

- shorter lease terms keep options open
- keep at the leading edge of new technology

Availability

- respond quickly to market forces
- lessors frequently offer earlier delivery dates than manufacturers

Funding

- particularly where reduced bank appetite for financing airlines
- provides close to 100% financing. May benefit from lessor's buying power
- off balance sheet (at the moment). Improved debt/equity ratio
- may be cheaper than own cost of funds

Cash Conservation

- low levels of advance payments required
- preserves capital for developing the business

Credit Rating

- Available to weaker credits.
- Lessor focus is on the asset and credit risk not the credit

Asset Exposure

- Avoids asset exposure. Lessor takes the residual risk

Finance Product Comparison

	Operating Lease	Debt Finance
Typical Term	5-7 yrs	10-12 yrs
Capital Requirement	Low	Moderate
Deposits	3-6 mths rent	No
PDP's	No	Moderate c. 20-30%
Repayments	Rental	Principal & Interest
Payments made	Monthly in advance	1,3 or 6 monthly in arrears
Credit rating	Lower	Moderate
Asset exposure	None	Some/All
On/off balance sheet	Off	On
Fleet Flexibility	High	Low
Lead time to delivery	Short	May be long

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Executive Summary

- Commercial aviation is a global business with sustainable growth driven by emerging markets. It is a cyclical but resilient industry.
- World fleet is set to double to 43,500 aircraft by 2033.
- The industry is a voracious consumer of capital – c. USD730 billion over the next 5 years.
- The leasing sector is the single largest financing channel and is set to continue to grow.
- Experienced lessors have become adept at managing through the industry cycle.
- OEMs have remained disciplined – carefully matching production capacity to demand.
- Aircraft values for new in-production types remain robust.
- The industry environment remains healthy with a positive outlook.

Here for good

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