

# BUILDING THE GLOBAL LEADER IN AIRCRAFT LEASING

 915

Aircraft including Max  
and Neo Orders

 No.1

Youngest owned fleet  
of top three lessors

 151

Customers globally

 65

Countries

**This document is updated  
following the end of each  
calendar quarter; the  
information contained  
herein is correct as of  
30 September 2017**

## Overview

Avolon is a leading, global aircraft leasing firm. Avolon provides aircraft leasing and lease management services to airlines and aircraft investors worldwide. Avolon is led by a highly experienced management team of aircraft leasing and finance professionals, with a proven track record in our industry – through a number of industry cycles.

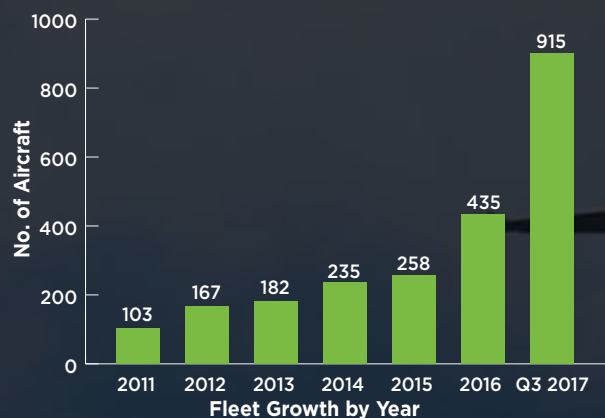
Avolon is a wholly-owned, indirect subsidiary of Bohai Capital, a global leader in transportation (container and aircraft) leasing. Bohai Capital is the only listed leasing company on the Chinese A-Share stock market, a CSI 300 Index company and is majority owned by HNA Group, a Fortune 500 company with global interests in a range of sectors including aviation, leasing, logistics, tourism and transportation.

Following another active quarter, Avolon's owned, managed and committed fleet at the end of Q3 was 915 aircraft. Year to date, Avolon has raised US\$14 billion of total capital, as announced during the quarter. This includes both new equity and new debt, US\$9.75 billion of which has been raised in the capital markets. Key developments during Q3 include:

- Successful closing of a private offering by Avolon of US\$1.25 billion, aggregate principal amount, of unsecured senior notes, upsized from an initial target size of US\$1.0 billion;
- Avolon repriced its US\$5.0 billion TLB-2 with a tenor of 5 years, which was originally priced in March 2017 at LIBOR plus 2.75% with a LIBOR floor of 0.75%, to LIBOR plus 2.25% with a LIBOR floor of 0.75%. The repricing is expected to be completed on or about 4 October, subject to customary closing conditions; and
- Raised additional new debt during the quarter of US\$629 million, providing additional financial flexibility.

Avolon is a global business, headquartered in Dublin with offices in China (Hong Kong and Shanghai), Dubai, Singapore and the United States. Our global presence provides local access to airline customers and capital providers in key geographic regions, particularly emerging markets. Avolon serves 151 customers in 65 countries.

## Our Fleet



## Attractive and Diversified Portfolio

Our investment strategy is focused on acquiring young, modern, fuel-efficient aircraft that we believe will remain in strong demand. We utilize multiple procurement channels to source aircraft, including sale-leaseback transactions with airlines, direct orders with Airbus, Boeing and other OEMs, and portfolio acquisitions from other lessors to selectively build our portfolio.

The weighted average age of our owned aircraft was 5.1 years as of 30 September, 2017, making it one of the youngest fleets in the world among the top ten lessors. We have assembled a high quality, industry leading fleet which we believe will generate attractive risk adjusted returns through the cycle.

Avolon's owned fleet largely consists of the B737, B787, A320 family and the A330 which are some of the most in-demand aircraft in the world. Avolon's owned and committed fleet also comprises new technology aircraft including:

- **128 A320neo aircraft**
- **31 A321neo aircraft**
- **141 B737 Max aircraft**
- **34 A330neo aircraft**
- **33 B787 8/9 aircraft**

### Total Portfolio by Asset Type

E190/195	24
A320 ceo Family	240
A320/321 neo	159
B737 NG	164
B737 Max 8/9	141
B757	7
B737- 8/9	33
B767	6
A330-200/300	59
A330 neo	34
A350-900	20
B777	3
CRJ-200LR	7
CRJ-900	14
E170 / E175	4
<b>Total</b>	<b>915</b>

*As of 30 September 2017*



## Multiple Aircraft Procurement Channels

We utilize multiple procurement channels to source aircraft, including sale-leaseback transactions with airlines, direct orders with Airbus, Boeing and other OEMs, and portfolio acquisitions from other lessors to selectively build our portfolio. We believe that the utilization of multiple aircraft procurement channels will provide us the flexibility to enhance our portfolio and performance through the cycle as each channel can be calibrated to react to, and increase opportunity from, prevailing market conditions.

### Sale-Leaseback

- Sale-leaseback transactions represent a significant proportion of the aircraft we have committed to acquire since inception.
- Provides us with flexibility to manage cycle risk while also allowing us to be responsive to market opportunities and conditions.

### Direct Orders from Manufacturers

- Direct orders are strategically important as they give us access to highly sought-after, next generation, fuel-efficient aircraft.
- Avolon's fleet of 915 aircraft includes direct orders from manufacturers including 177 Airbus neo (A320 family and A330) aircraft, 137 Boeing 737 MAX aircraft and 20 Boeing 787-8/9 aircraft.

## Portfolio Acquisitions

- Portfolio acquisitions represent the remainder of the aircraft that we have committed to acquire since inception.

### Airline Customers

We have long-standing, active relationships with airlines around the globe. Our relationships with these airlines help us to place new aircraft, re-market end of lease aircraft and source transactions to grow our fleet through multiple acquisition channels.

Our customer base comprises 151 customers in 65 countries.

### Active Aircraft Trading

The principle of active aircraft sales is central to our portfolio strategy. Aircraft sales facilitate management of portfolio concentrations, provide ongoing liquidity of the portfolio, enable us to monetize value in our aircraft, help us maintain visibility and momentum with our customers and are a tool for effectively managing both asset residual value and lease remarketing risk.

Aircraft sales can also be a source of fee income from associated asset management opportunities, while allowing us to recycle and redeploy capital to fund further growth.





## Financial Strategy

We have sourced debt and equity capital from multiple sources, and our financing strategy is to provide the capital required to continue to grow our business through arrangements that provide us with maximum flexibility and a low cost of capital and that minimize risks relating to changes in market conditions.

We currently have a stable funding base of geographically diverse financial institutions. This combined with our future earnings and cash flow from operations provides us with steady access to capital which will allow us to acquire assets and grow our business.

Avolon is a subsidiary of Bohai Capital and part of the wider HNA Group. Avolon's owners also provide the industry experience and financial strength to support the objective to become the third largest aircraft lessor in the world.

## Industry Background

Demand for air transport is strongly correlated to economic activity and has grown at a rate in excess of 1.5 times the global GDP rate over the last 40 years, according to the International Air Transport Association (IATA).

Published forecasts predict that, over the next 20 years annual growth in air traffic will average around 5%, resulting in a doubling of traffic within 15 years.

To keep pace with this growth, the size of the global commercial aircraft fleet is expected to approximately double over the next two decades. This demand for aircraft is primarily driven by two key factors:

- New Aircraft demand for growth, most applicable to emerging markets and
- Aircraft demand for replacement, most applicable to mature markets

Boeing forecasts the total market for new jet aircraft to be almost 40,000 units over the next 20 years, of which 60% will be for growth in emerging markets. The remaining 40% of total deliveries are expected to be used as replacements for existing fleets of aging and less-efficient aircraft.

The anticipated growth in the global aircraft fleet suggests a substantial capital investment in new aircraft for growth and replacement will be needed. Airlines have increasingly turned to operating lessors to meet their aircraft needs. Since 1980 the percentage of the global commercial fleet under operating leases has increased from less than 2% to over 40% in 2016.

Boeing forecasts that operating leases will account for over 50% of the in-service aircraft by the end of this decade. The attractive outlook for the aviation industry provides significant growth opportunity for Avolon.

## Leadership & Team

Avolon's senior management team has broad industry experience that enables us to leverage relationships to drive our growth and performance. The team has on average, more than 25 years industry experience.

The senior team today is the same growth focused team that demonstrated its competency and success by being instrumental in founding and building RBS Aviation Capital (now owned by SMBC). The team is recognised as having industry-leading risk management pedigree and a unique blend of a financial institution approach to the sector coupled with very strong asset and "metal" credentials. The success of the Avolon team in scaling the business to become a global leader in aircraft leasing, reflects a risk-balanced approach to business development coupled with an extensive network of senior industry relationships with airlines, manufacturers, investors and aviation banks worldwide. Our team is organized around three functional areas: origination trading; finance; and, capital markets.

We currently have a team of proven professionals who operate from our global offices in Ireland, China (Hong Kong and Shanghai), Dubai, Singapore and the United States.



## Avolon Leadership Team

### Dómhnaíl Slattery

Chief Executive Officer



Dómhnaíl Slattery is the Chief Executive Officer of Avolon with 28 years' experience in the aircraft leasing industry.

Dómhnaíl began his aviation financing career in 1989, initially in marketing roles with Guinness Peat Aviation (GPA) and GECAS.

In 1994, he established his own aircraft advisory and investment banking services company, International Aviation Management Group (IAMG). In 2001 The Royal Bank of Scotland Group acquired IAMG as the launch platform of RBS Aviation Capital. Dómhnaíl was Chief Executive of this business from 2001 to 2004 and went on to become Managing Director of the Structured Asset Finance business for the Royal Bank of Scotland Group. He continued as a non-executive Director of RBS Aviation Capital until January, 2008.

Dómhnaíl has a Bachelor of Commerce (Hons) from University College Galway and is a graduate of the Accelerated Development Programme from the London Business School.

### John Higgins

President & Chief Commercial Officer



John Higgins is the President and Chief Commercial Officer. He has global responsibility for all aircraft origination, marketing and trading activity.

John has over twenty years' experience in aircraft leasing and finance having previously worked at GPA, GECAS and most recently as the Chief Commercial Officer at RBS Aviation Capital.

John has a Bachelor of Science (Management) with First Class Honours from Trinity College Dublin and is a Fellow of the Institute of Chartered Accountants of Ireland.



## Avolon Leadership Team (continued)

### Kaixiang Mo

Head of China and Deputy CEO



Kaixiang Mo is Head of China and Deputy CEO. He will be responsible for leading the team in China.

At Hong Kong Aviation Capital Kaixiang was the deputy CEO and CFO.

Kaixiang brings more than a decade's experience in finance with HNA Group, where he was responsible for fleet planning, aircraft purchasing, aircraft lease and aircraft disposal. He was the Head of Aviation Finance for the HNA Group Co. Ltd. Kaixiang has been extensively involved in HNA Group's international M&A and financing projects during the time when he was CFO of HNA Group International Co Ltd from November 2010 to March 2014. Mr Mo has been a Director of the Board of HNA Group International Company since November 2010.

Kaixiang holds a B.A. Degree from Xi'an JiaoTong University, China, and he holds an Executive MBA from Hong Kong University of Science and Technology. Mr Mo is currently a learning partner, pursuing his doctorate degree in Business Administration in City University of Hong Kong.

### Andy Cronin

Chief Financial Officer



Andy Cronin is the Chief Financial Officer.

Andy previously served in various roles of increasing responsibility at RBS Aviation Capital from May 2004 to April 2010, where his most recent title was SVP Investor Markets with responsibility for disposal, financing and debt syndication of operating lease and structured debt products to a wide pool of investor and bank communities. Prior to working at RBS Aviation Capital, Andy worked in a number of commercial and operational roles at FLS Aerospace.

Andy has a Bachelor of Engineering and a Masters of Industrial Engineering, both with First Class Honours from University College Dublin.

### Tom Ashe

COO and Head of Risk



Tom Ashe is Chief Operating Officer and Head of Risk. He is responsible for all operational activity within the business, including deal structure and pricing, contract execution, technical asset management, contracts management and risk management.

Tom started his career in aircraft leasing with GPA Group in 1994 and has held a variety of roles with GPA/AerFi Group, debisAirFinance and most recently as Head of Origination EMEA at RBS Aviation Capital.

Tom holds a Bachelor of Commerce (Hons) and a Diploma in Professional Accounting, both from University College Dublin and is a Fellow of the Institute of Chartered Accountants in Ireland.



## Avolon Leadership Team (continued)

### Ed Riley

General Counsel



Ed Riley is Avolon's General Counsel. Ed manages Avolon's legal team and has responsibility for all of Avolon's legal and contractual matters.

Ed began his career at Clifford Chance in London. Specialising in aircraft finance, he advised airlines, banks and lessors and also completed secondments to Airbus and GECAS. He then spent six years from 2001 as Senior Legal Counsel with Airbus in Toulouse before joining RBS Aviation Capital as Senior Vice President, Commercial Negotiation with responsibility for leading the negotiation of transaction documentation with airlines, financiers, operating lessors and export credit agencies.

Ed has a Bachelor of Arts (Hons) in Modern Languages from The University of Durham and a Diploma in Law and a Diploma in Legal Practice from The College of Law, York. He was admitted as a Solicitor in England and Wales in 1999.

### Dick Forsberg

Head of Strategy



Dick Forsberg has over 40 years' aviation industry experience, working in a variety of roles with airlines, operating lessors, arrangers and capital providers in the disciplines of business strategy, industry analysis and forecasting, asset valuation, portfolio risk management and airline credit assessment. As a founding executive and Head of Strategy at Avolon, his responsibilities include defining the trading cycle of the business, primary interface with the aircraft appraisal and valuation community, industry analysis and forecasting, driving thought leadership initiatives, setting portfolio risk management criteria and determining capital allocation targets.

Prior to Avolon, Dick was a founding executive at RBS Aviation Capital and previously worked with IAMG, GECAS and GPA following a 20-year career in the UK airline industry.

Dick has a Diploma in Business Studies and in Marketing from the UK Institute of Marketing is a member of the Royal Aeronautical Society and also a Board Director of ISTAT (The International Society of Transport Aircraft Trading).