



# 2019 Airline Economics Growth Frontiers Dublin

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Executive Chairman

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# Forward Looking Statements

Statements in this presentation that are not historical facts are hereby identified as “forward-looking statements,” including any statements about our expectations, beliefs, plans, predictions, forecasts, objectives, assumptions or future events or performance. These statements are often, but not always, made through the use of words or phrases such as “anticipate,” “believes,” “can,” “could,” “may,” “predicts,” “potential,” “should,” “will,” “estimate,” “plans,” “projects,” “continuing,” “ongoing,” “expects,” “intends” and similar words or phrases. Accordingly, these statements are only predictions and involve estimates, known and unknown risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed in them. We wish to caution you that our actual results could differ materially from those anticipated in such forward-looking statements as a result of several factors, including, but not limited to, the following:

- our inability to make acquisitions of, or lease, aircraft on favorable terms;
- our inability to sell aircraft on favorable terms or to predict the timing of such sales;
- our inability to obtain additional financing on favorable terms, if required, to complete the acquisition of sufficient aircraft as currently contemplated or to fund the operations and growth of our business;
- our inability to effectively oversee our managed fleet;
- our inability to obtain refinancing prior to the time our debt matures;
- impaired financial condition and liquidity of our lessees;
- deterioration of economic conditions in the commercial aviation industry generally;
- increased maintenance, operating or other expenses or changes in the timing thereof;
- changes in the regulatory environment including tariffs and other restrictions on trade;
- unanticipated impacts of the Tax Cuts and Jobs Act of 2017 (the “Tax Reform Act”), including as a result of changes in assumptions we make in our interpretation of the Tax Reform Act, guidance related to application of the Tax Reform Act that may be issued in the future, and actions that we may take as a result of our expected impact of the Tax Reform Act; and
- potential natural disasters and terrorist attacks and the amount of our insurance coverage, if any, relating thereto.

We also refer you to the documents the Company files from time to time with the Securities and Exchange Commission (“SEC”), specifically the Company’s Annual Report on Form 10-K for the year ended December 31, 2017 and the Company’s Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, which contain and identify important factors that could cause the actual results for the Company on a consolidated basis to differ materially from expectations and any subsequent documents the Company files with the SEC. All forward-looking statements are necessarily only estimates of future results, and there can be no assurance that actual results will not differ materially from expectations, and, therefore, you are cautioned not to place undue reliance on such statements. Further, any forward-looking statement speaks only as of the date on which it is made, and we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. If any such risks or uncertainties develop, our business, results of operation and financial condition could be adversely affected.

The Company has an effective registration statement (including a prospectus) with the SEC. Before you invest in any offering of the Company’s securities, you should read the prospectus in that registration statement and other documents the Company has filed with the SEC for more complete information about the Company and any such offering. You may obtain copies of the Company’s most recent Annual Report on Form 10-K and the other documents it files with the SEC for free by visiting EDGAR on the SEC website at [www.sec.gov](http://www.sec.gov). Alternatively, the Company will arrange to send such information if you request it by contacting Air Lease Corporation, General Counsel and Secretary, 2000 Avenue of the Stars, Suite 1000N, Los Angeles, California 90067, (310) 553-0555.

# Industry fundamentals remain healthy despite headlines

## Topics in 2019

Airline credit

Aircraft delays

Geopolitical issues

Oil

Interest rates

## Key measures of industry health

Global airline net profits

\$32.3 billion expected in 2018

Global GDP

+3.0% year-over-year

Passenger traffic

RPK growth +6.6% YTD

Oil

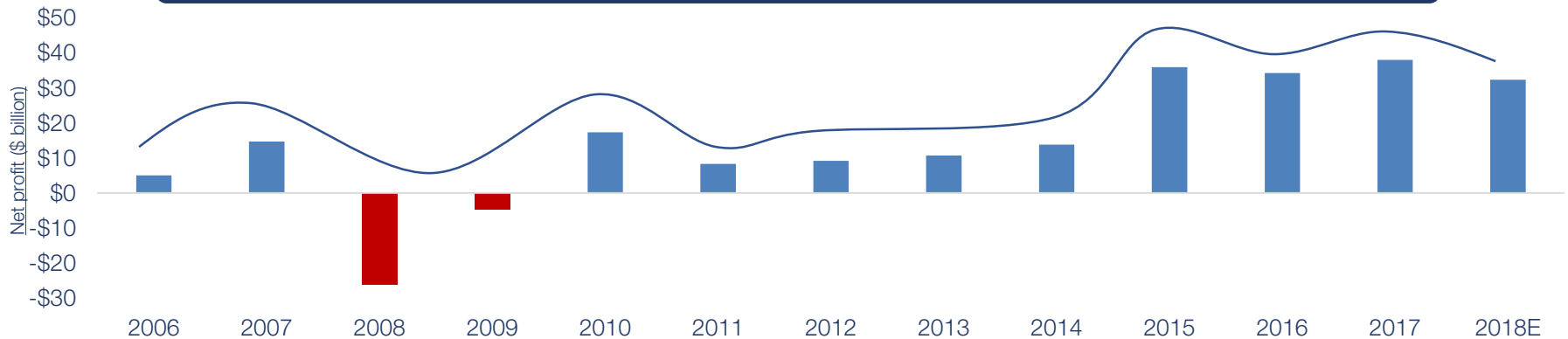
\$61.26

Interest rates

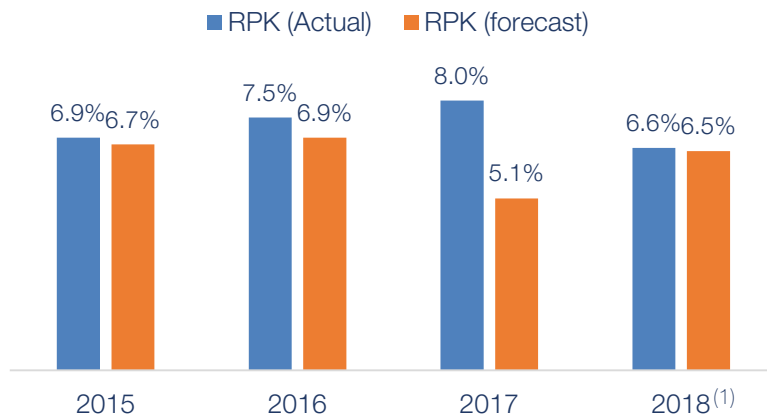
10yr UST: 2.75%

# Airline industry trends

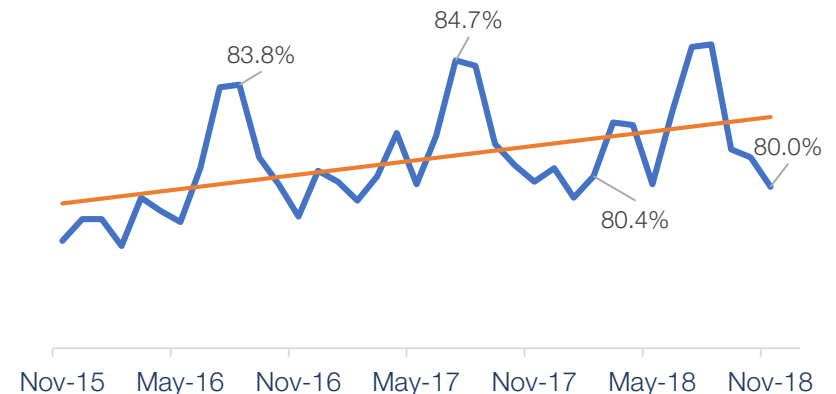
Airline profitability in recent years has increased above historical levels



Passenger growth continues to exceed forecasts



Load factors remain strong

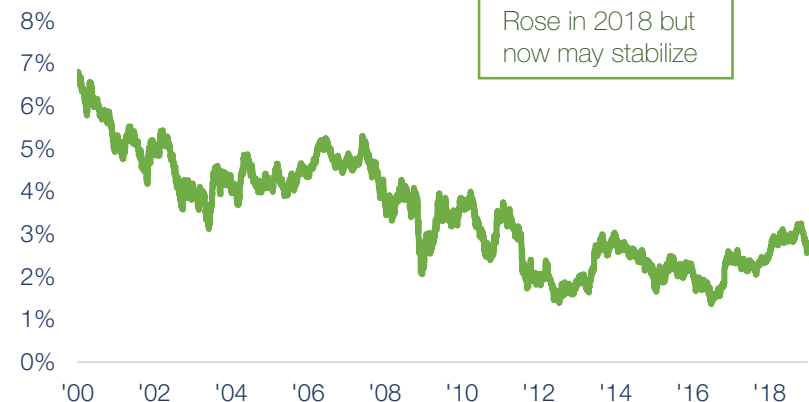


# Key market drivers

## Oil



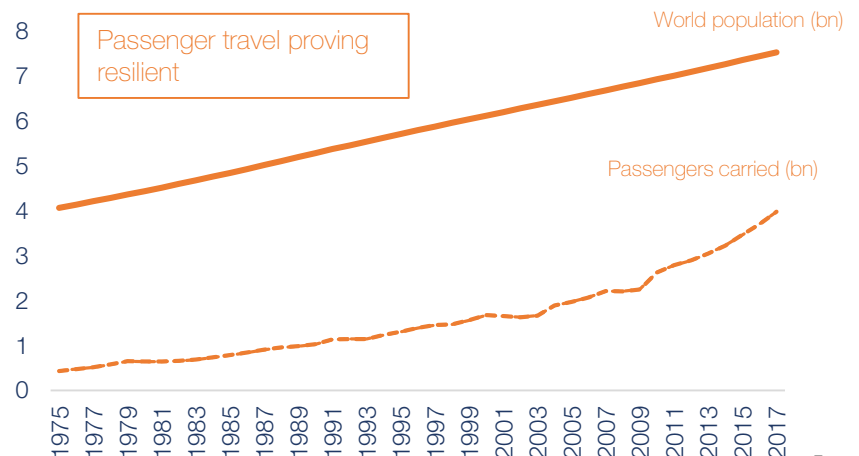
## Interest Rates



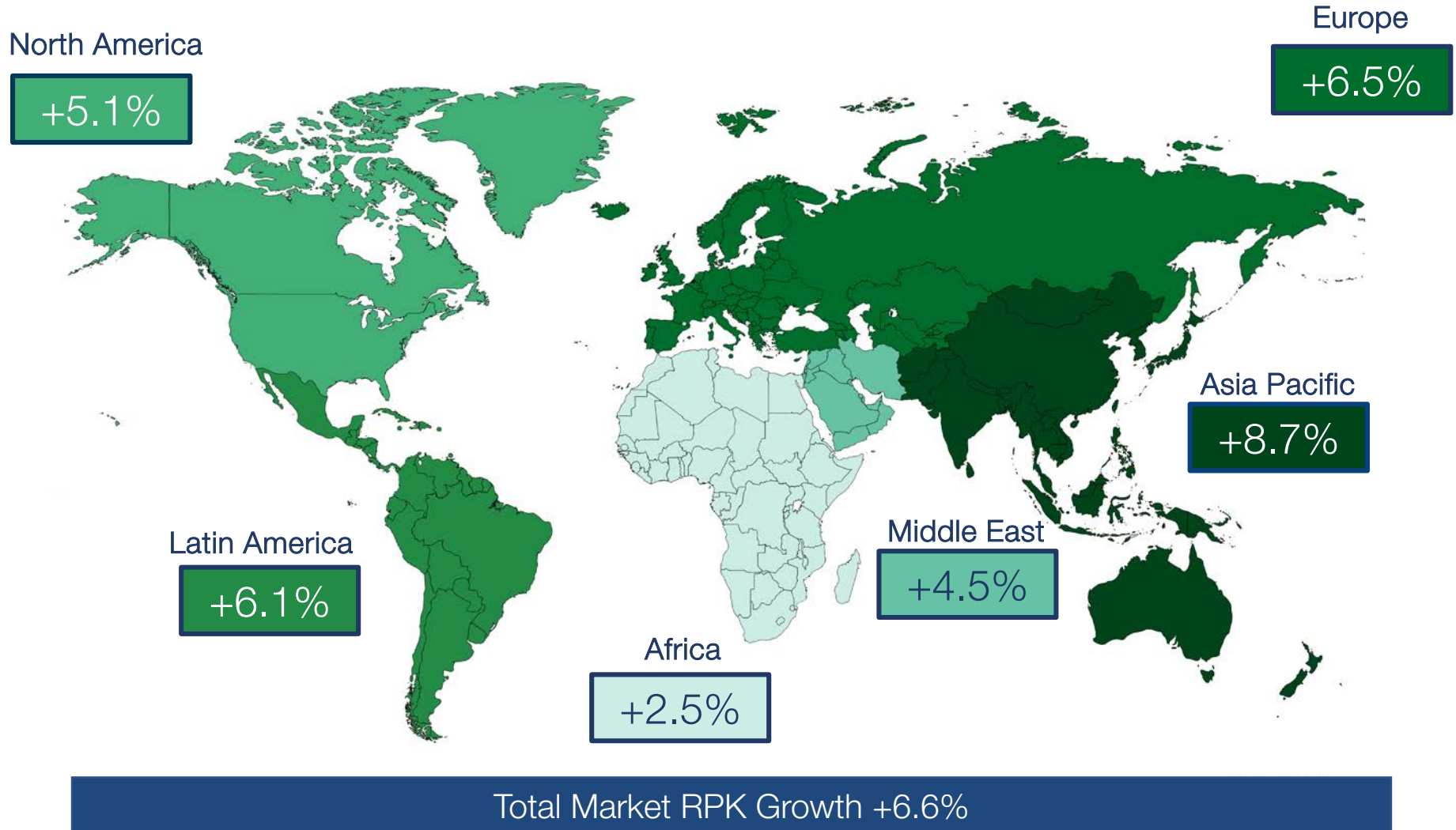
## USD Strength



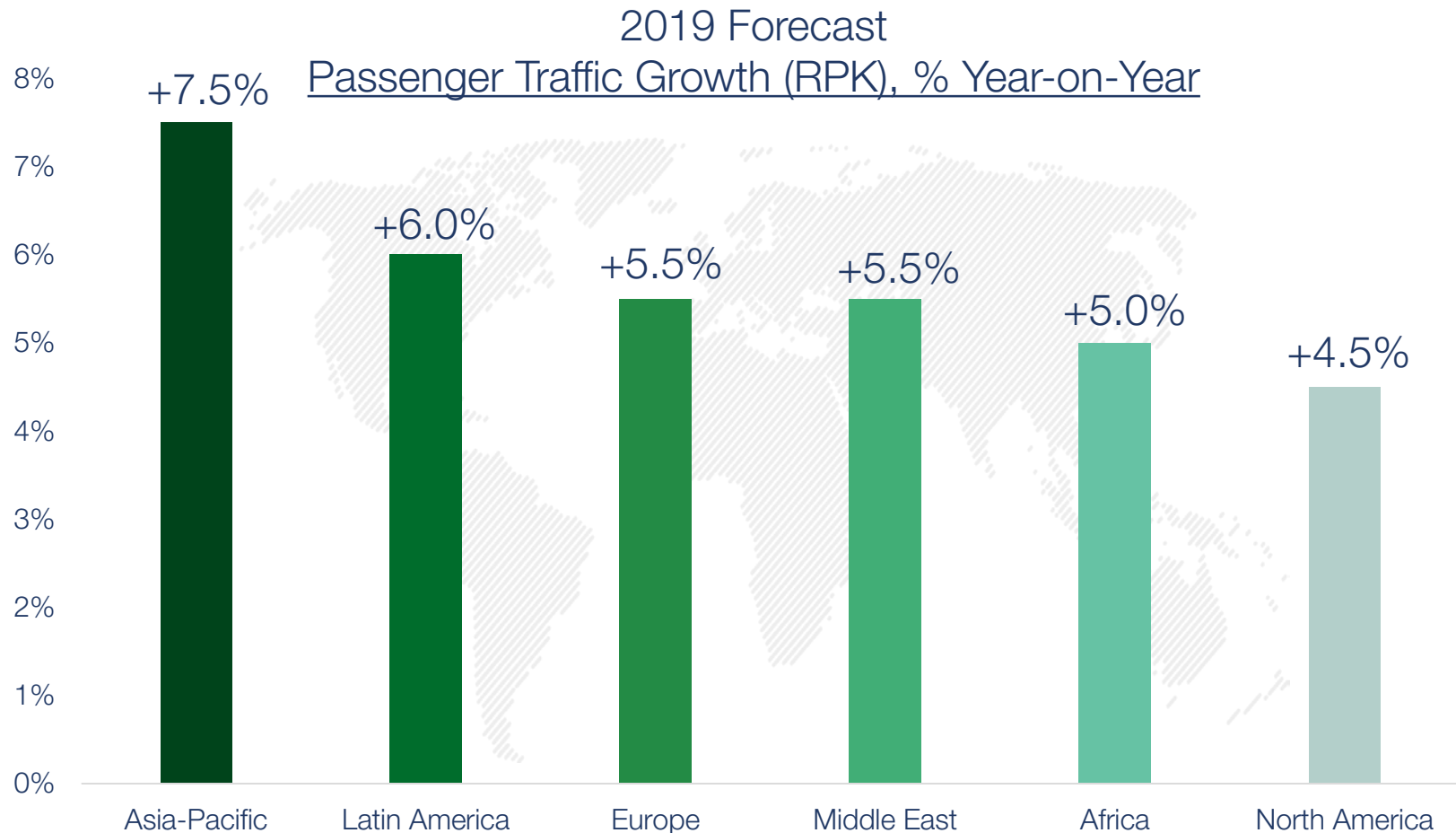
## Passenger Travel



# Aircraft demand remains strong due to passenger traffic growth

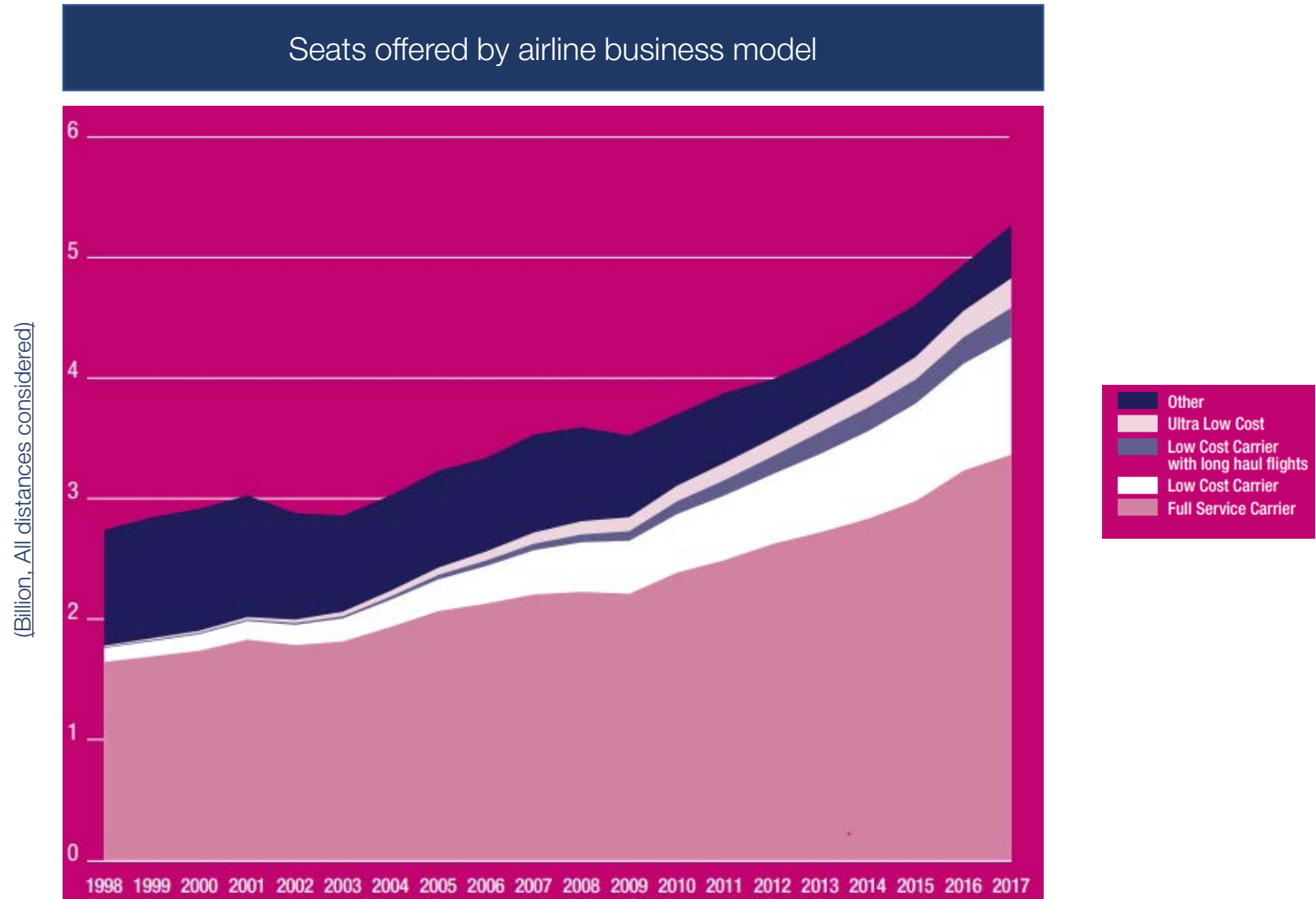


# Passenger growth is expected to continue



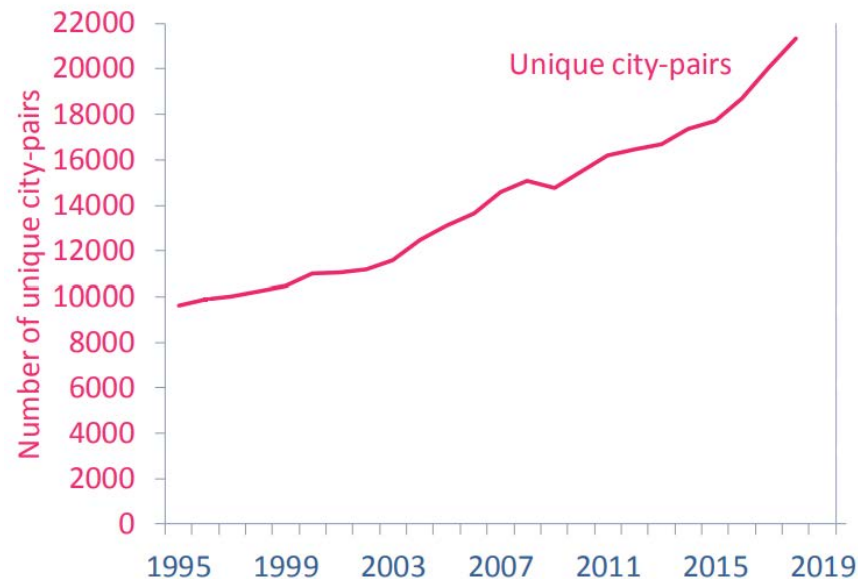
Global passenger traffic forecasted to be +6.0% in 2019

# Air travel has become more affordable due to low cost carriers...



...And increased city pairs (which have also made it more accessible)

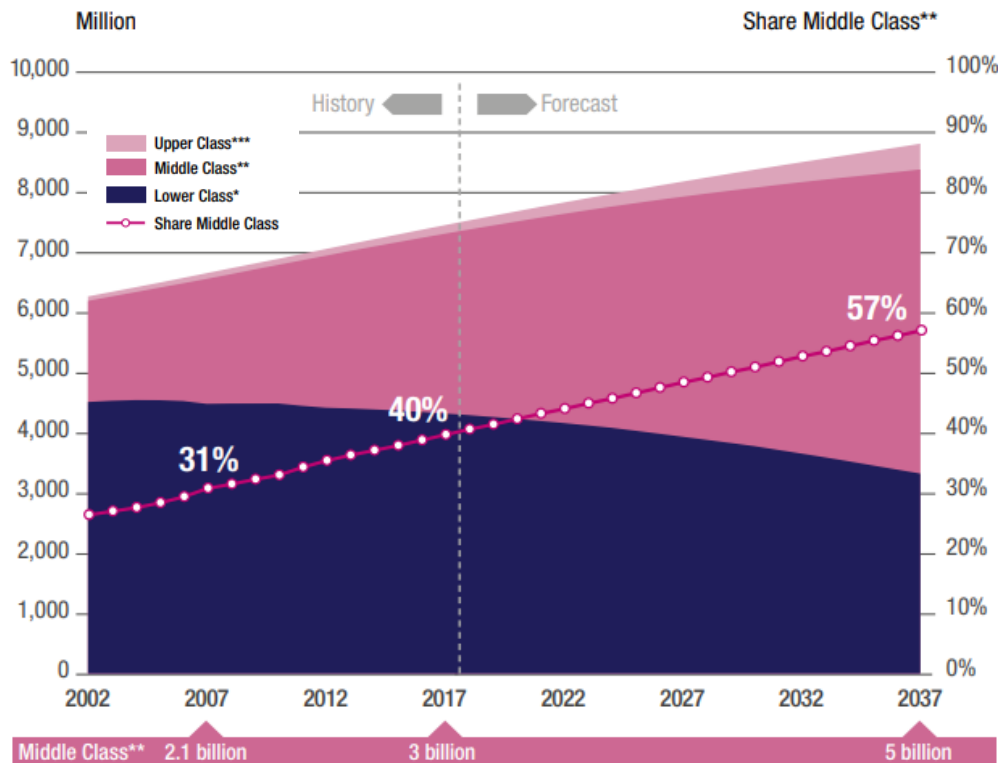
## Ease of Travel: Unique city pairs increasing



The number of unique city-pair connections has exceeded 21,000 in 2018 – double the amount of twenty years ago

# Middle class represents a growing portion of the global population

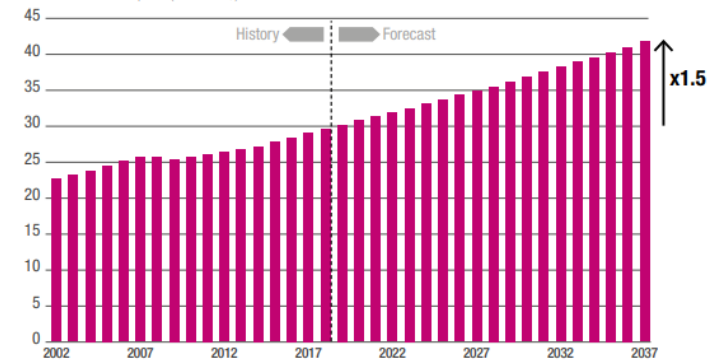
## Expected growth in the middle class



## Private consumption trends

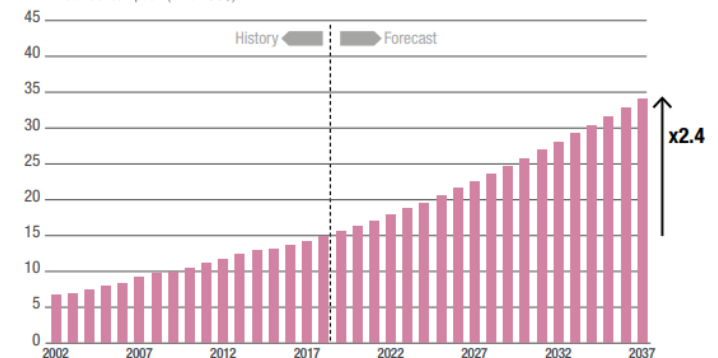
### ADVANCED ECONOMIES

Private Consumption (trillion US\$)



### EMERGING ECONOMIES

Private Consumption (trillion US\$)

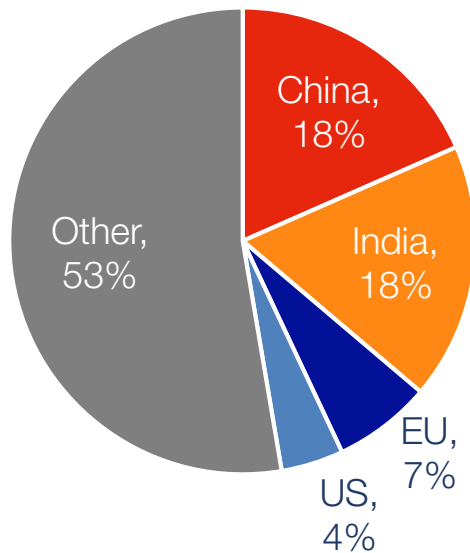


By 2037, >50% of the world's population is forecast to be middle class

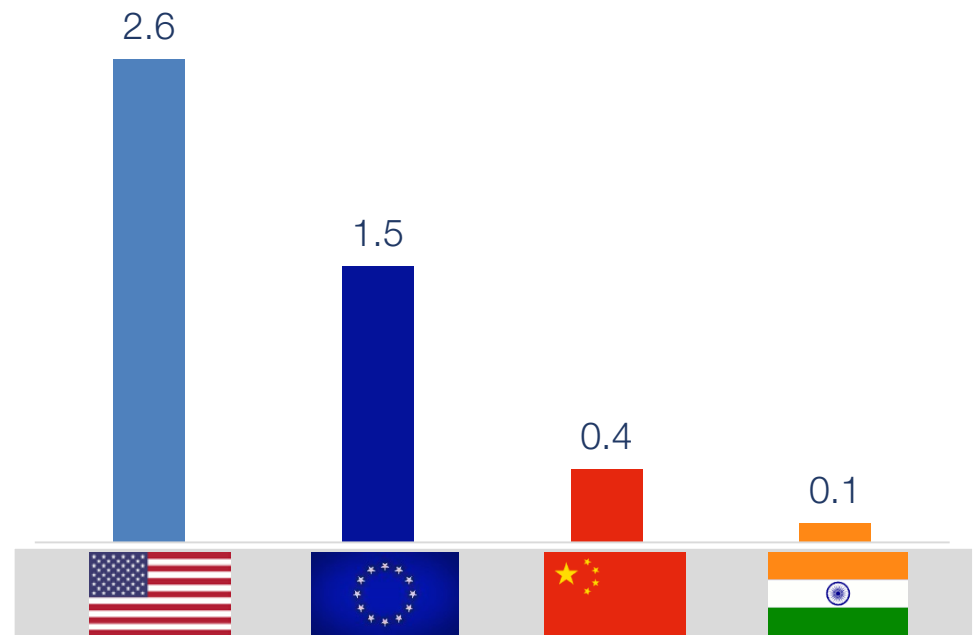
# Propensity to travel

Developing countries provide an opportunity for a convergence between air travel and population

Share of World Population



Propensity to Travel



# Quantifying the size of expected passenger growth

- Per IATA, the number of scheduled passengers grew between 5% - 7% annually between 2013 and 2017, adding 180 – 250mm passengers per year<sup>1</sup>
- A continued 5%+ annual increase in passengers would be similar to adding passenger traffic of the below airline(s):

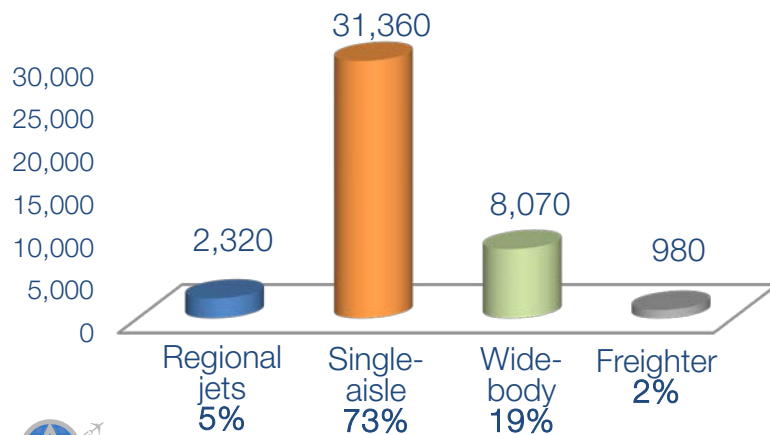
Airline / Airline Combination	 <b>DELTA</b>	 +  <b>RYANAIR</b> THE LOW FARES AIRLINE	 中国南方航空 CHINA SOUTHERN AIRLINES +  <b>CATHAY PACIFIC</b> +  <b>Vietnam Airlines</b>
# of Aircraft <sup>2</sup>	872	765	982
Annual Passenger Volume (mm) <sup>3</sup>	>180mm	~200mm	~180mm

# Market expected to need 42,730 new airplanes by 2037 – valued at ~\$6.3 trillion



## Airplane deliveries: 42,730

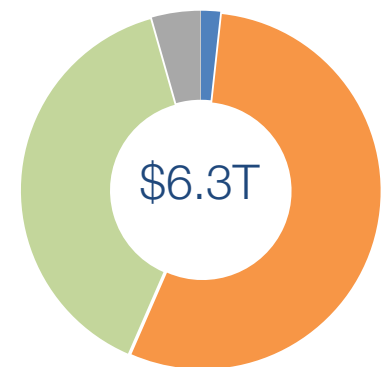
2018 - 2037



## Market value: \$6,300B

2018 - 2037

Airplane Type	Value
Regional jets	\$110B
Single-aisle	\$3,480B
Widebody	\$2,480B
Freighter	\$280B
World Total	\$6,300B



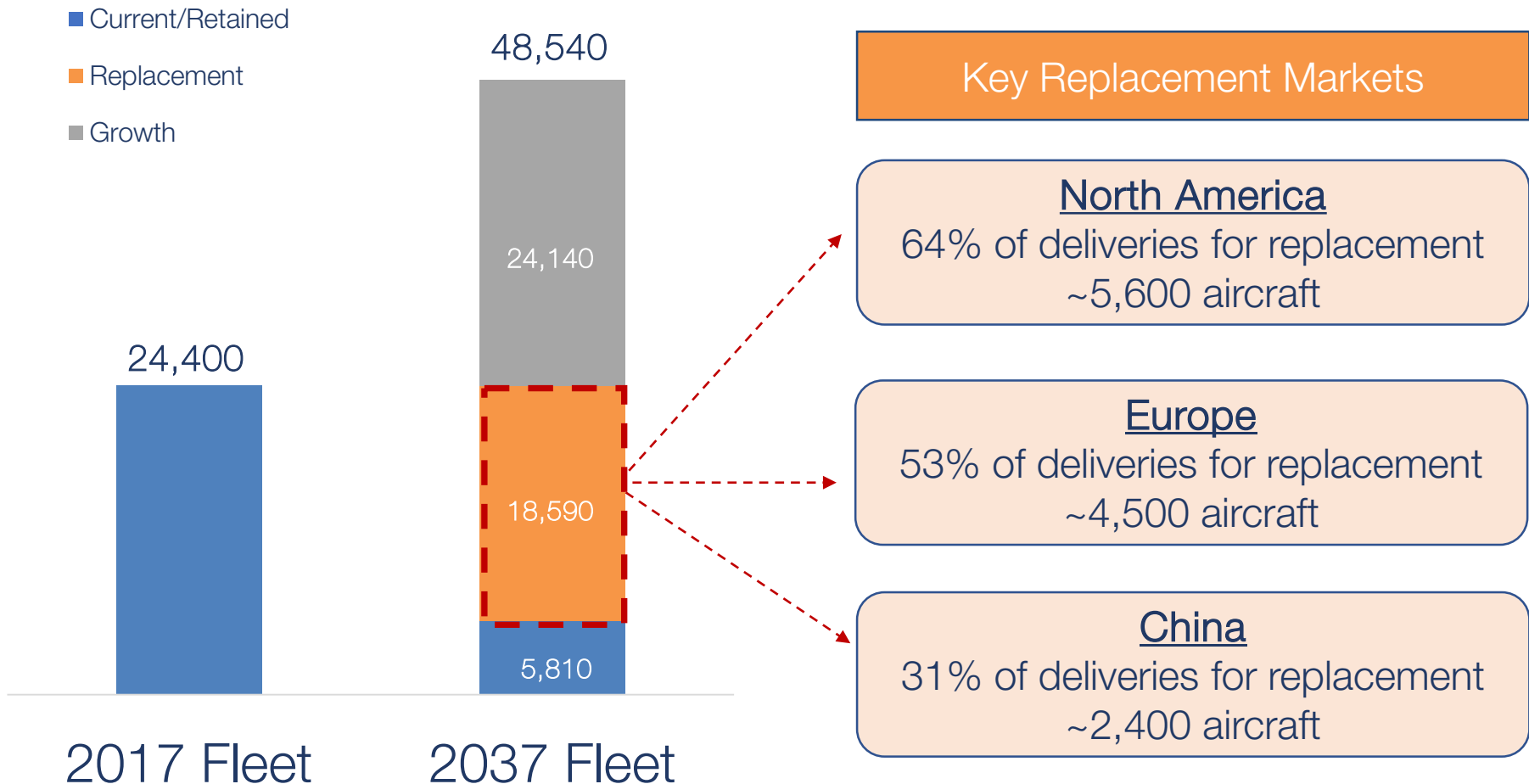
■ RJ ■ Single Aisle ■ Widebody ■ Freighters



Source: Boeing, Commercial Market Outlook, 2018

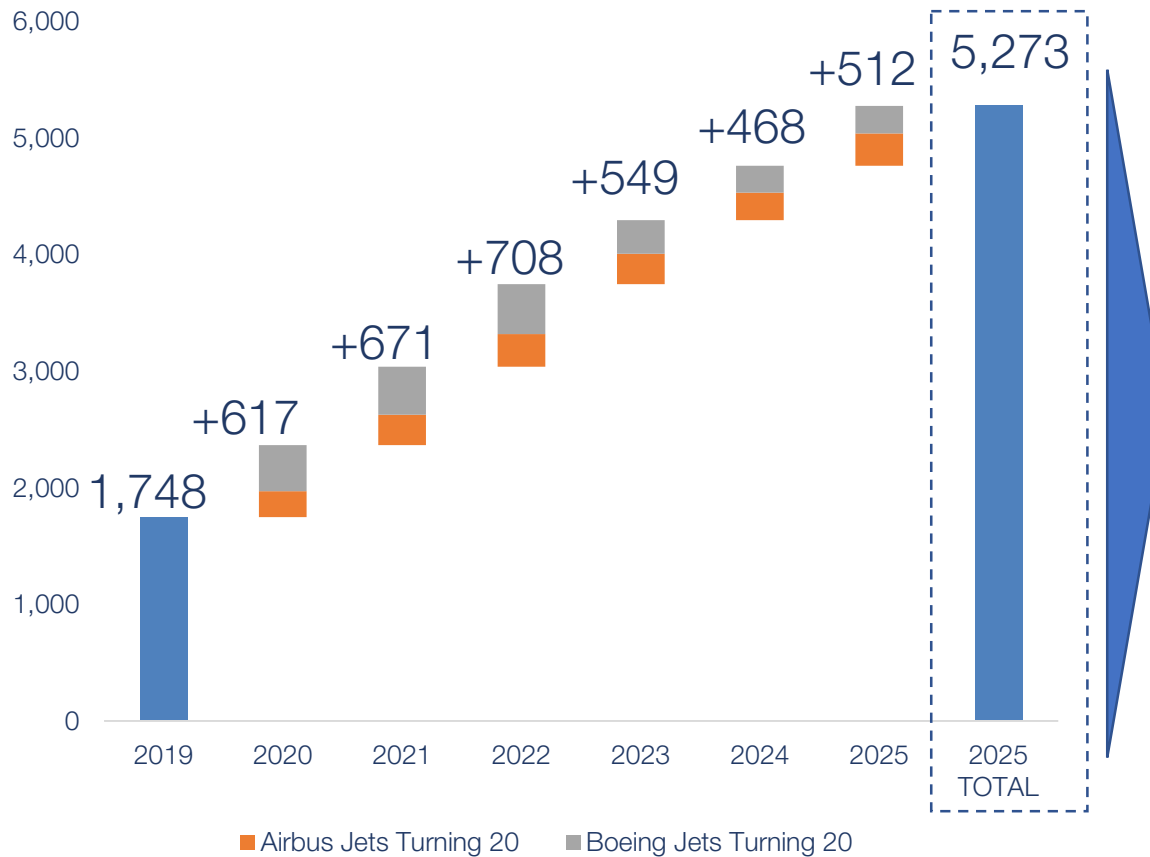
# Often overlooked: replacement needs are an important driver of aircraft demand

44% of deliveries over the next 20 years will be for replacement



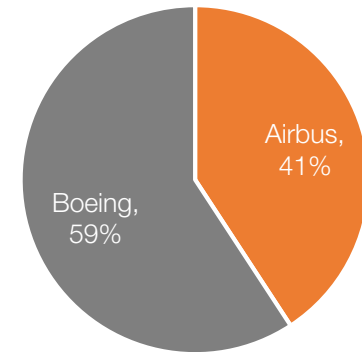
# More than 3,000 Boeing & Airbus jets will reach 20 years of age between 2020-2025

## Boeing/Airbus passenger jets >20 years old

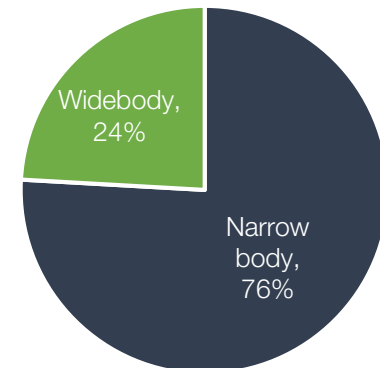


## Boeing/Airbus passenger jets >20 years old in 2025

### Breakdown by manufacturer



### Breakdown by aircraft size



# ALC's order book includes the most modern aircraft

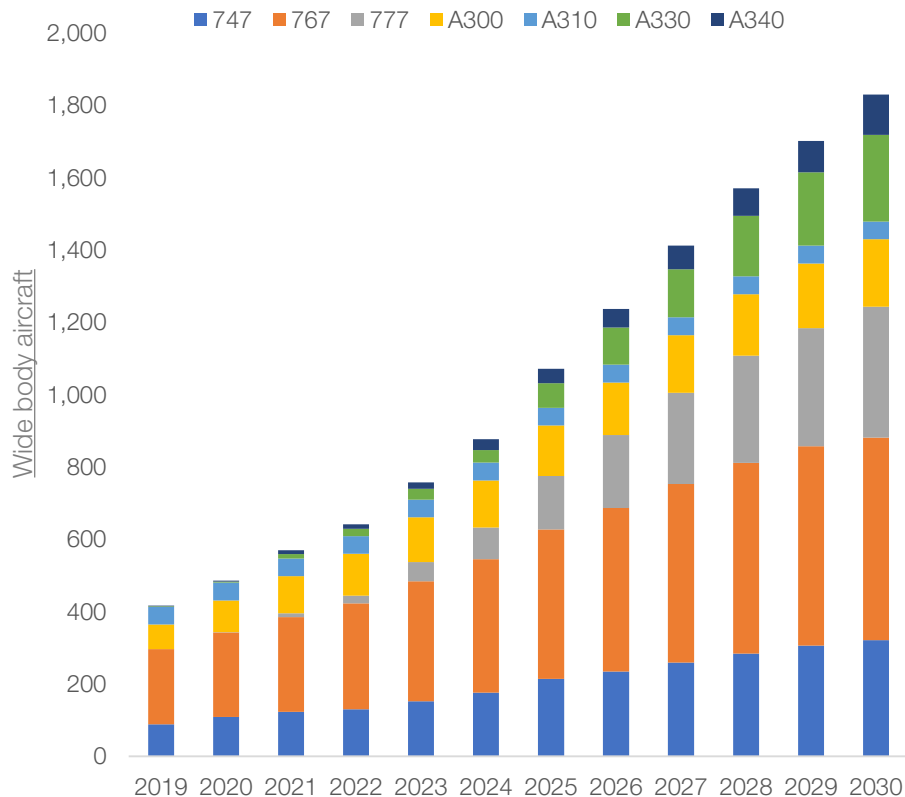
ALC Order book: 422\*

*Widely distributed, modern single & twin-aisle commercial aircraft*

 <b>AIRBUS</b> <b>A320/321/321LR/NEO</b> <i>(A321LR NEO Launch Customer)</i>		 <div>137 on order</div>
 <b>BOEING</b> <b>737-7/8/9 MAX</b>		 <div>199 on order<sup>1</sup></div>
 <b>AIRBUS</b> <b>A330-900NEO</b> <i>(Launch Customer)</i>		 <div>24 on order</div>
 <b>BOEING</b> <b>787-9/10</b> <i>(787-10 Launch Customer)</i>		 <div>39 on order</div>
 <b>AIRBUS</b> <b>A350-900/1000</b> <i>(A350-1000 Launch Customer)</i>		 <div>23 on order<sup>2</sup></div>

# Air Lease remains bullish on wide body demand

Wide body aircraft 25 years or older<sup>1</sup>



ALC wide body deliveries / placements



# How will new aircraft deliveries be financed?

Financing availability	2018	2019E
Lessors – <i>Sale Leaseback</i>	Satisfactory	Cautionary
Lessors – <i>Order book</i>	Satisfactory	Satisfactory
Capital markets	Satisfactory	Satisfactory
Commercial banks	Satisfactory	Satisfactory
Export credit agencies	Concern	Concern
Alternative asset managers	Satisfactory	Satisfactory
Tax equity	Satisfactory	Cautionary
Insurance	Satisfactory	Satisfactory
Airframe & engine manufacturers	Satisfactory	Cautionary
New sources of funding	Satisfactory	Cautionary

Satisfactory
  Cautionary
  Concern

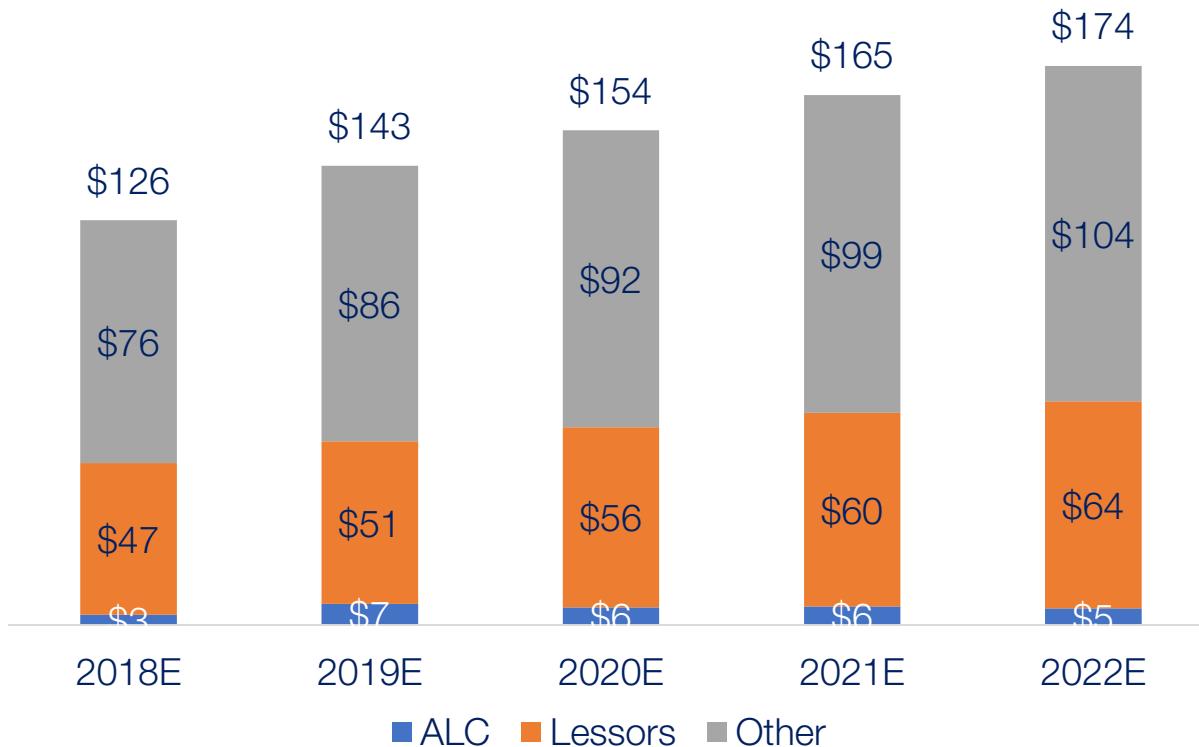


Source: Based on ALC management views

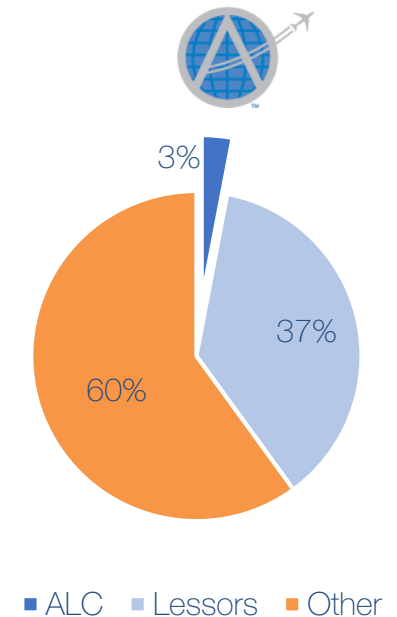


# Capital requirements for aircraft deliveries put into context

## Capital expected to be needed to fund aircraft deliveries



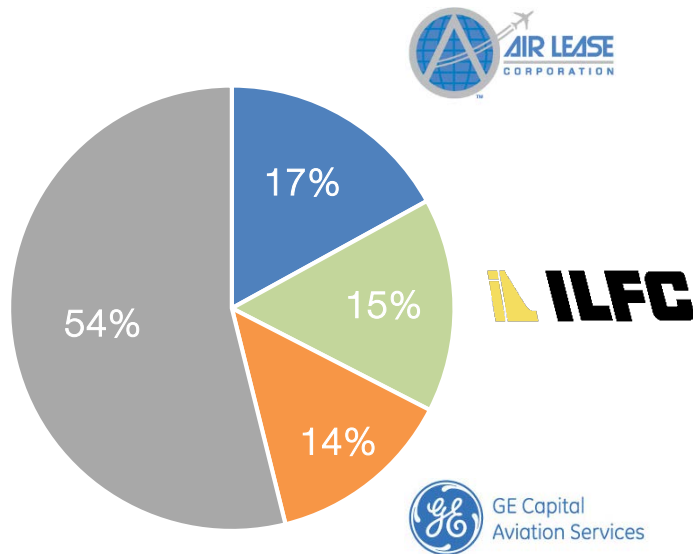
## ALC order book



>\$900bn of capital expected to be needed to fund new aircraft deliveries between 2018 - 2023

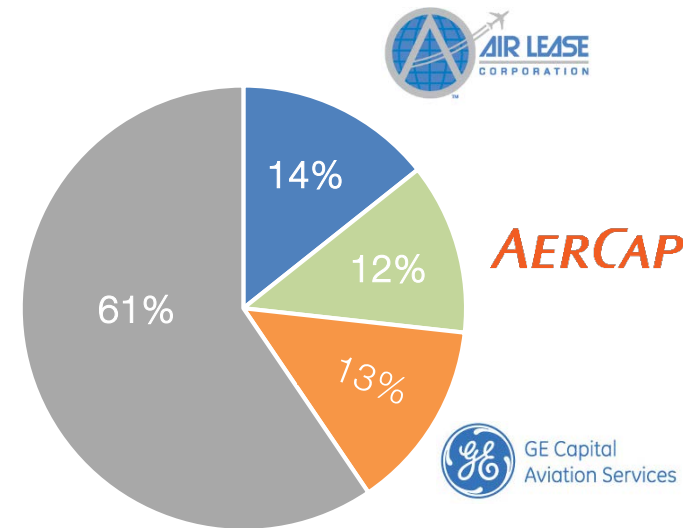
# Air Lease represents 14% of lessor orders for Boeing and Airbus aircraft

2013<sup>1</sup>



Total Aircraft on Order by Lessors: 1,806  
Total Lessors: 29

2018<sup>2</sup>



Total Aircraft on Order by Lessors: 2,828  
Total Lessors: 31

# Air Lease focuses on total airline fleet solutions



# Air Lease is a reliable, long-term partner



## Scale



**\$17.6 billion**

Total Assets

**758**

Aircraft owned, managed & on order

## Visibility



**90%**

Orderbook placed through 2020

**\$24.1 billion**

Total committed minimum future fleet rentals

## Returns



**15.6%**

Pre-tax return on equity<sup>1</sup>

## Stability



**Large unencumbered asset  
base & significant liquidity**



Data as of September 30, 2018 except Aircraft owned, managed and on order as of 12/31/18 and Orderbook placed through 2020 as of 1/17/19; 758 aircraft owned, managed and on order includes 275 owned aircraft, 61 managed aircraft, 372 aircraft on order and 50 aircraft purchase options; \$24.1 billion total committed future rentals includes \$11.4 billion in contracted minimum rental payments on the aircraft in our existing fleet and \$12.7 billion in minimum future rental payments related to aircraft which will deliver between 2018 and 2022; (1) TTM as of September 30, 2018.



Questions?

