



Airline Industry 2021 – What's Next?

Airline Economics Growth Frontiers Conference – London



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Executive Chairman

September 20, 2021

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:

- the extent to which the COVID-19 pandemic and measures taken to contain its spread ultimately impact our business, results of operation and financial condition;
- our inability to obtain additional capital on favorable terms, or at all, to acquire aircraft, service our debt obligations and refinance maturing debt obligations;
- increases in our cost of borrowing or changes in interest rates;
- our inability to generate sufficient returns on our aircraft investments through strategic acquisition and profitable leasing;
- the failure of an aircraft or engine manufacturers to meet its delivery obligations to us, including or as a result of technical or other difficulties with aircraft before or after delivery;
- obsolescence of, or changes in overall demand for, our aircraft;
- changes in the value of, and lease rates for, our aircraft, including as a result of aircraft oversupply, manufacturer production levels, our lessees’ failure to maintain our aircraft, and other factors outside of our control;
- impaired financial condition and liquidity of our lessees, including due to lessee defaults and reorganizations, bankruptcies or similar proceedings;
- increased competition from other aircraft lessors;
- the failure by our lessees to adequately insure our aircraft or fulfill their contractual indemnity obligations to us;
- increased tariffs and other restrictions on trade;
- changes in the regulatory environment, including changes in tax laws and environmental regulations;
- other events affecting our business or the business of our lessees and aircraft manufacturers or their suppliers that are beyond our or their control, such as the threat or realization of epidemic diseases in addition to COVID-19, natural disasters, terrorist attacks, war or armed hostilities between countries or non-state actors; and
- the factors discussed under “Part I—Item 1A. Risk Factors,” in our Annual Report on Form 10-K for the year ended December 31, 2020, and other SEC filings, including future SEC filings.

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, 2020 and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2021 and June 30, 2021 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. The factors noted above and the risks included in our other SEC filings may be increased or intensified as a result of the COVID-19 pandemic, as a result of ongoing resurgences of the COVID-19 virus and its variants. The extent to which the COVID-19 pandemic ultimately impacts our business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted. 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. 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.

The Company routinely posts information that may be important to investors in the “Investors” section of the Company’s website at www.airleasecorp.com. Investors and potential investors are encouraged to consult the Company’s website regularly for important information about the Company. The information contained on, or that may be accessed through, the Company’s website is not incorporated by reference into, and is not a part of, this presentation.

In addition to financial results prepared in accordance with U.S. generally accepted accounting principles, or GAAP, this presentation contains certain non-GAAP financial measures. Management believes that in addition to using GAAP results in evaluating our business, it can also be useful to measure results using certain non-GAAP financial measures. Investors and potential investors are encouraged to review the reconciliation of non-GAAP financial measures with their most direct comparable GAAP financial results set forth in the Appendix section.

Airline Industry 2021 – What's Next?

2021



● **Pandemic**

● **COVID
vaccine
distribution**

● **Air travel
recovery**

● **What's
ahead?**

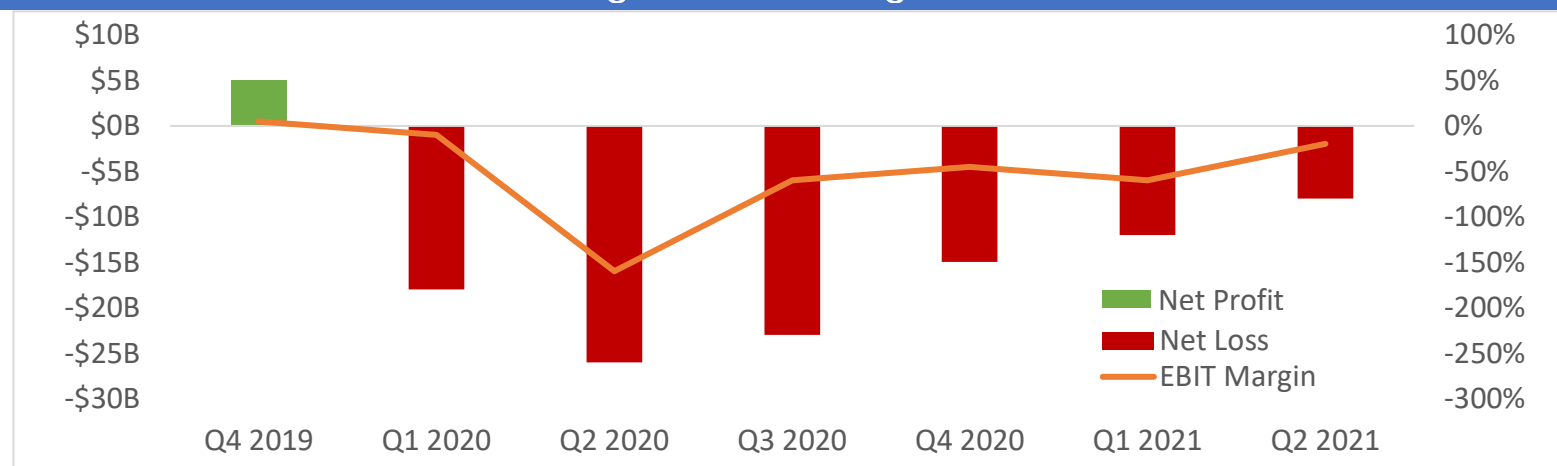


Airline Industry 2021 – Key Topics

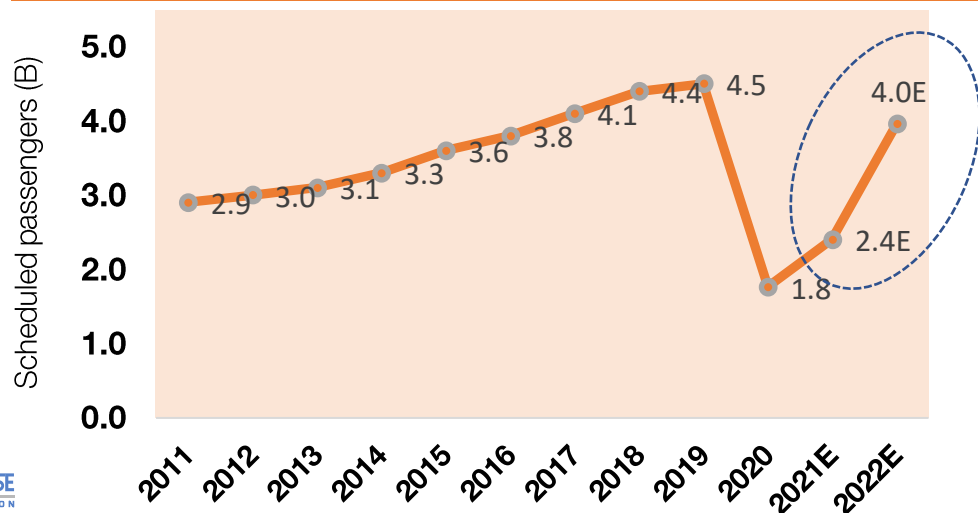


Airline Industry Trends Recovering, but Meaningful Room for Improvement

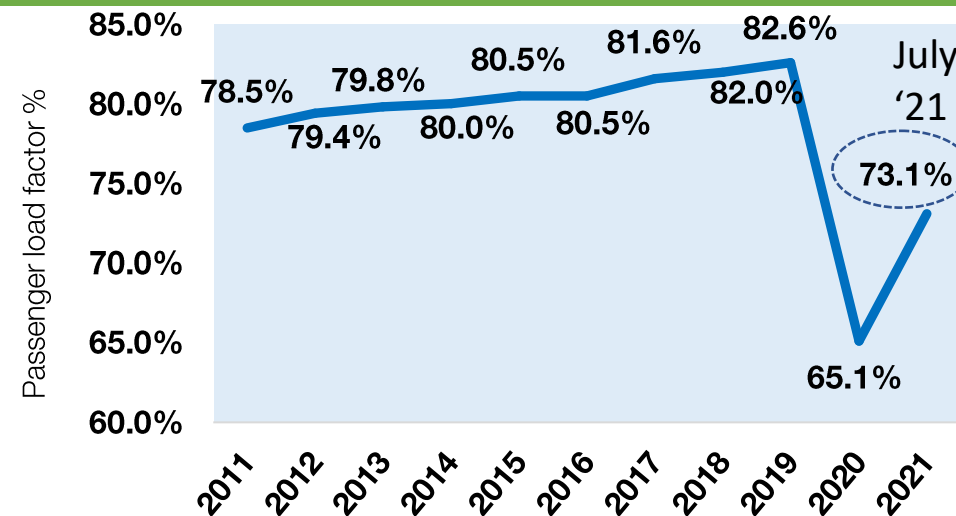
Airline loss magnitude abating, but remains erratic



Passenger traffic recovering, more to come



Load factors remain modest



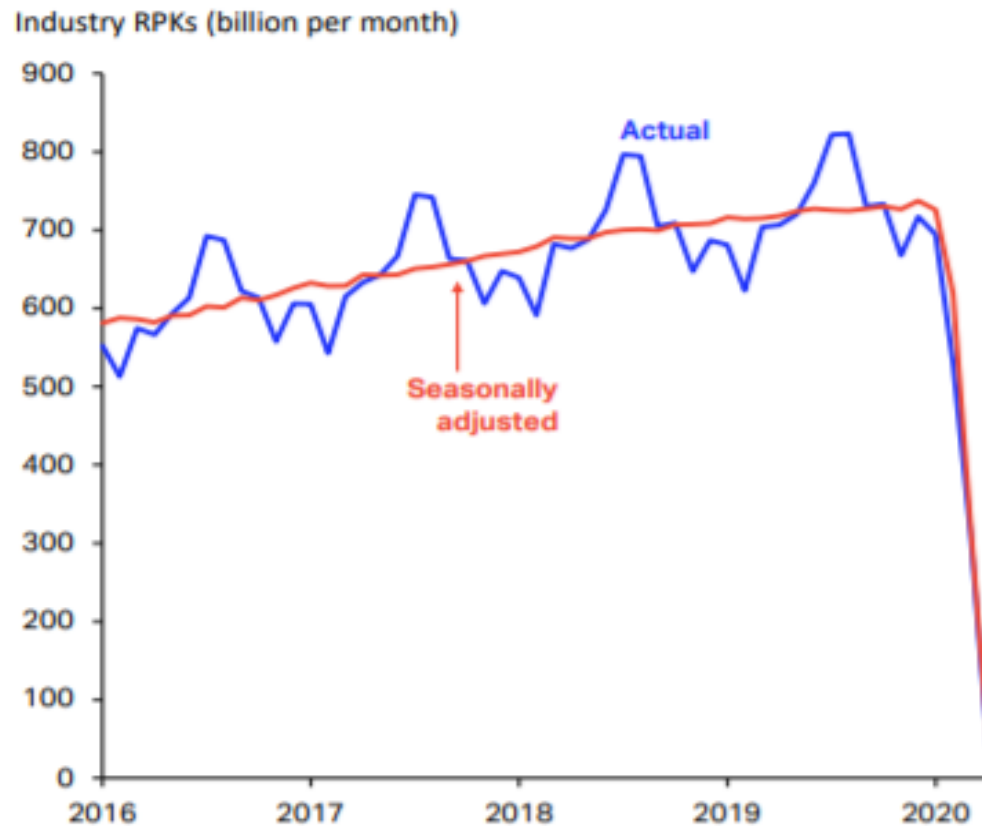
Monthly Production Rates Remain Below Pre-Pandemic Levels – Though Production Is Set to Rise

Aircraft production by type – per month

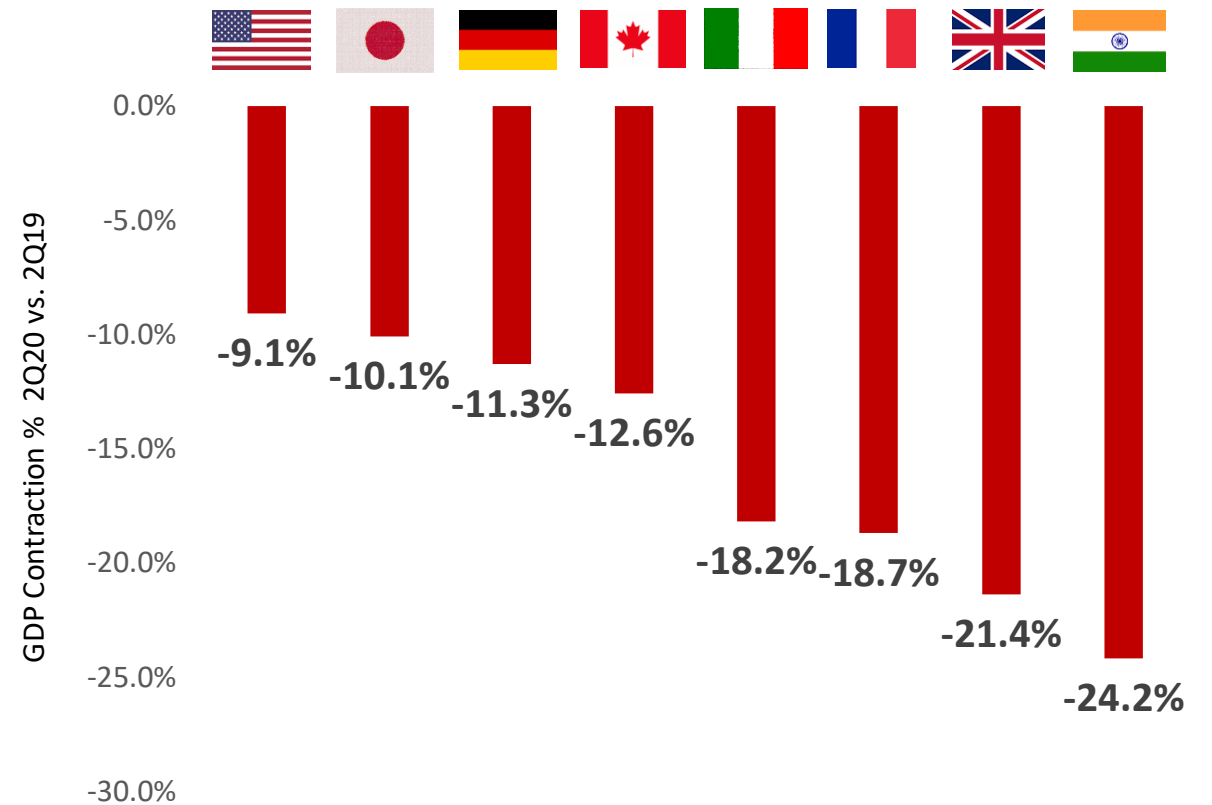


Airline Industry Challenged in 2020 and 2021

Dramatic RPK drop-off in early-mid 2020

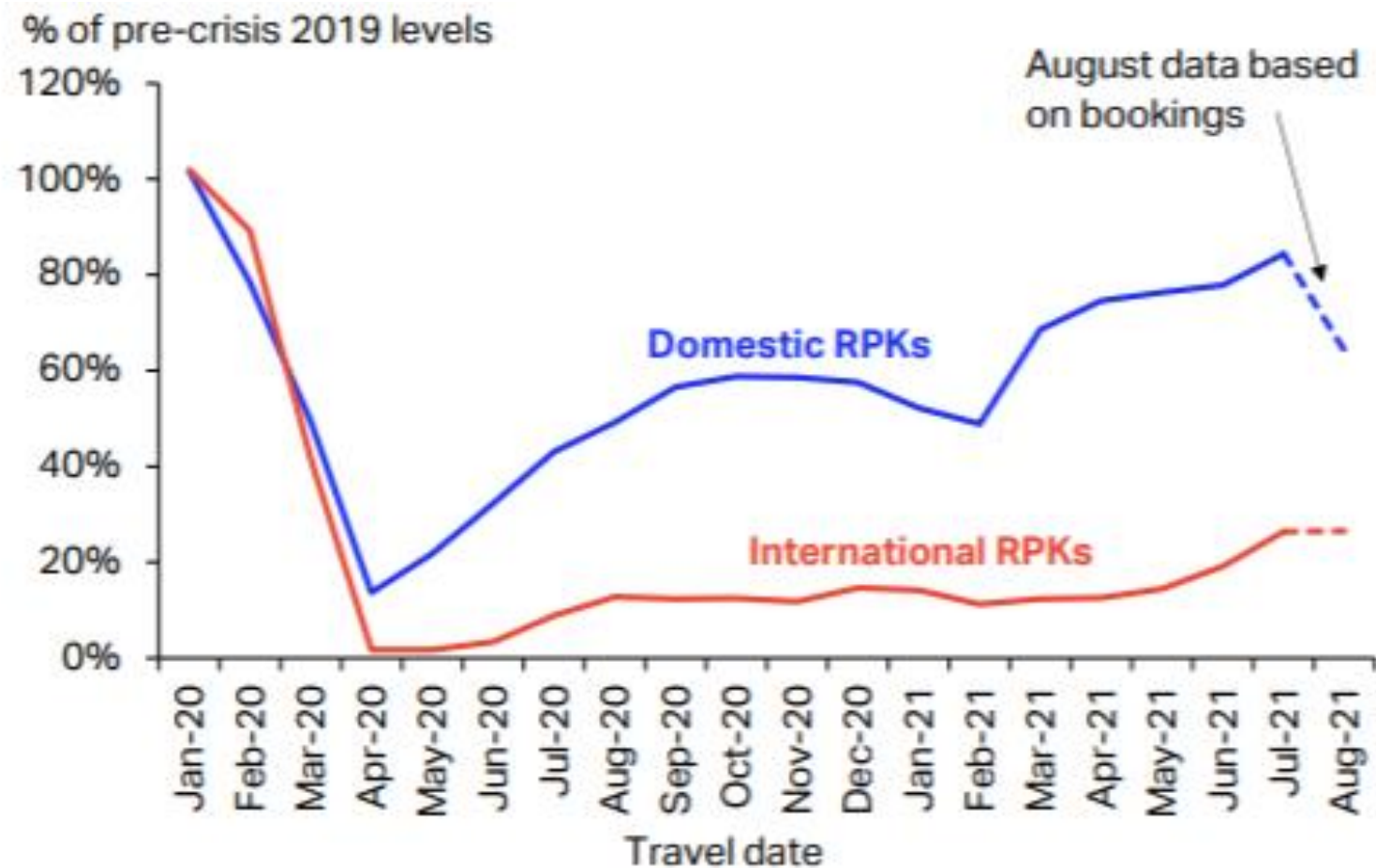


Along with a dramatic decline in major economy GDPs



Domestic Travel Improved, International Travel Recovery Slower Than Expected

Domestic RPKs much improved, international constrained by border restrictions



Intercontinental Long Haul Passenger Business Outlook

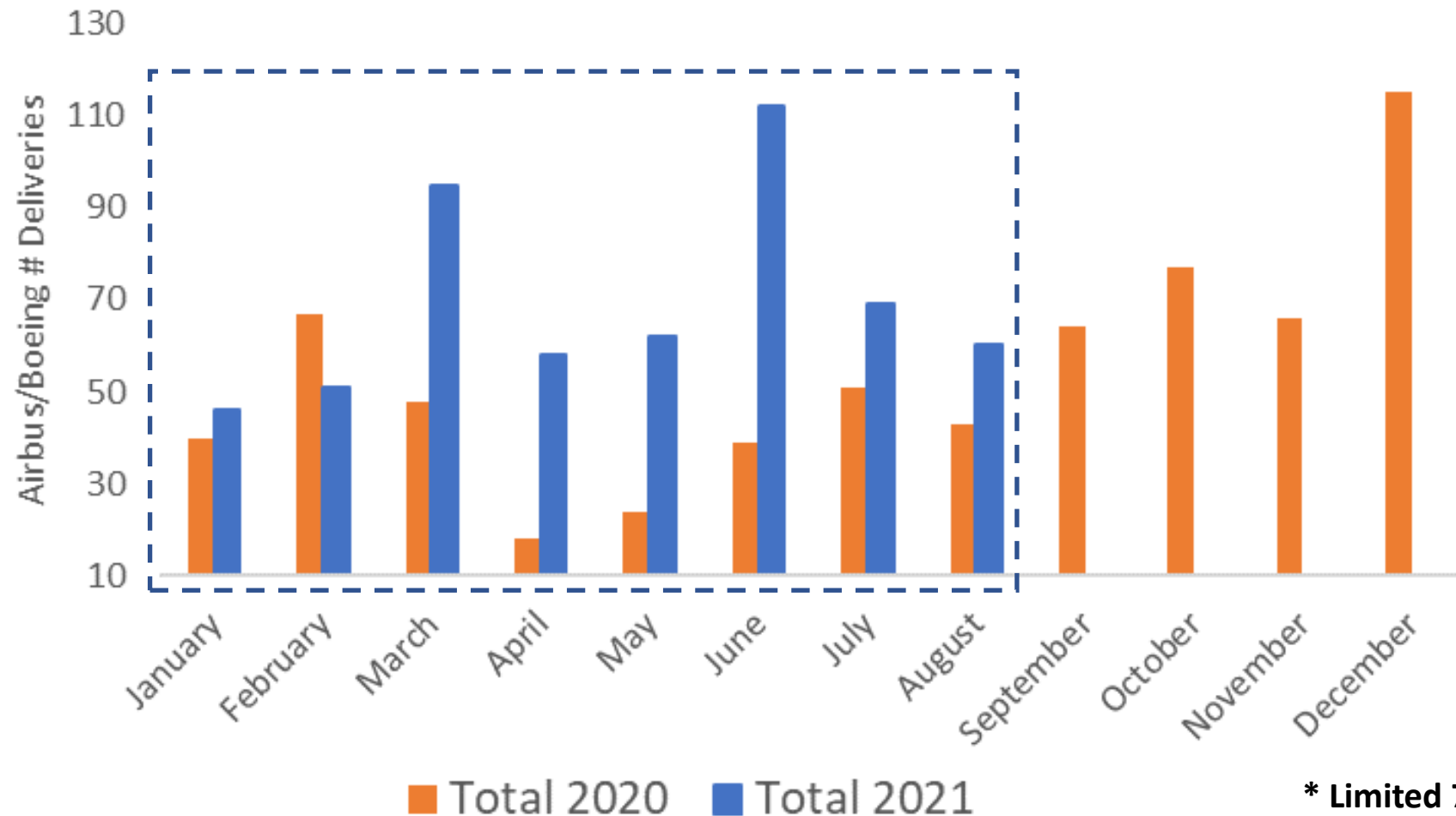
If intercontinental widebody traffic recovers much slower and with higher % of leisure vs. high yield business content, does that change:

- Mix of J class vs. Y configurations?
- Pressure on yields to stimulate traffic?
Intense transatlantic competition
- Gravitation toward single aisle aircraft (A321neo XLR) to adapt to lower traffic densities and break-even loads to minimize loss making long haul?
- More cargo conversion of A330/B777 in the next 5-6 years?

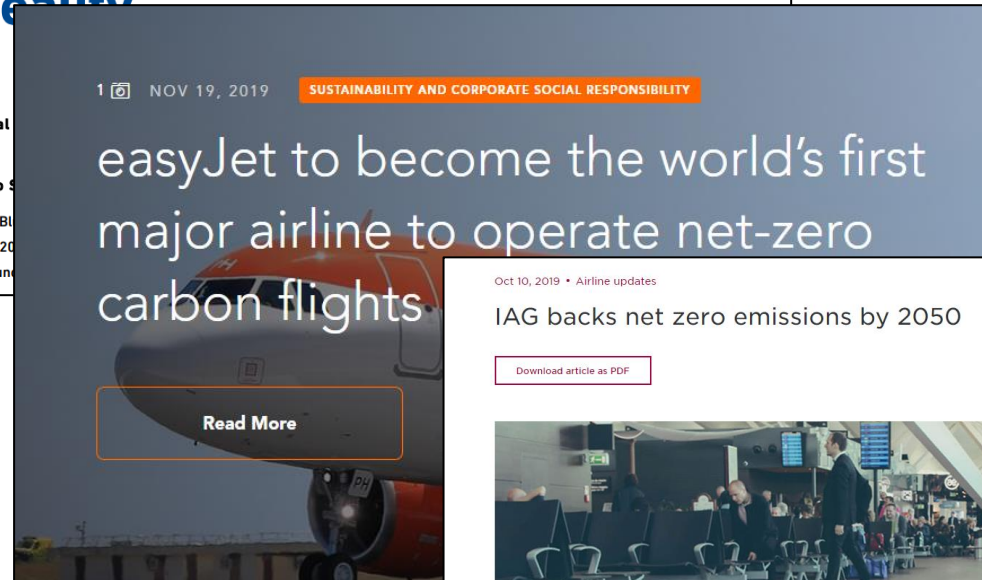
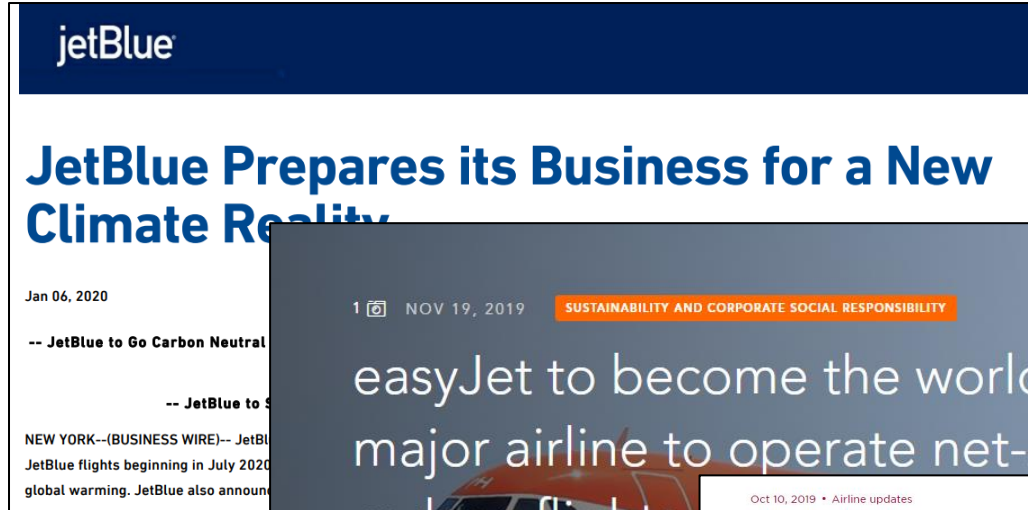


OEM Delivery Volumes Recovering In 2021, ~60% Lease Content vs. Direct Airline Purchase

Airbus and Boeing monthly deliveries – 2021 improved vs 2020*

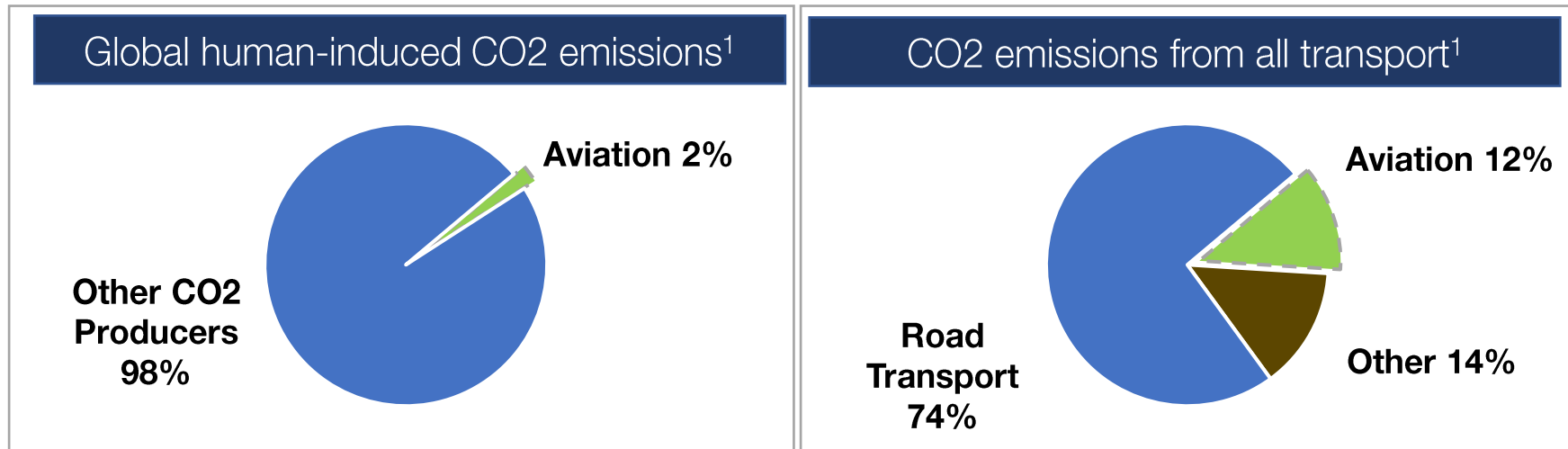


Environmental Sustainability Is Becoming a Critically Important Focus of Airlines Worldwide



Aviation and Environmental Sustainability

- While continued progress is needed, the aviation industry has not appropriately underscored the advancements made over the last few decades:
- Today's aircraft are over 80% more fuel efficient per seat km vs. those from the 1960s¹
 - Air transport has seen 2.2% improvement on average in fuel efficiency each year since 1990 (3x that of cars and 9x that of heavy-duty trucks)²



~80% of aviation CO2 emissions are from flights >1,500km for which there is no practical alternative mode of transport¹

Quality Lessors Have a Significant Funding Advantage vs. Most Airlines

Market Bond Yields ~5-Year Maturity Unsecured

4.4% Avg

Select Global Airlines
≤ BB Credit



~2.5% + funding cost spread

1.9% Avg

Select Global Lessors
≥ BBB Credit



Significant cost advantage vs. airlines

- B787-9/A350-900 ~\$150M purchase price
- 80% financing = \$120M

\$3M annual funding cost advantage to quality lessors vs. airlines



Commercial Aircraft Product Development – What's Next?



In Service

A350

1/15/2015

A320neo

1/26/2016

A330neo

12/15/2018

A321XLR

2024?



In Service

787-8/9/10

10/26/2011

737-8/9/10

5/22/2017

777-9X

Delayed

B797

What & When?



What's Next for Commercial Aircraft Technology & Airlines?

- **Emerging technologies**
- **Electric/hydrogen propulsion**
- **Advances in turbine engine technologies**
- **Further divergence in business models of ULCC airlines and full-service global network carriers?**
- **What happens to all the equity/debt governments have injected into the airline industry in the past 18 months – will these billions ever get repaid?**
- **Air traffic control systems in need of major upgrades**
- **Too many government regulations, taxes, and barriers**





Questions?