



Aircraft leasing, business fundamentals and the market in India

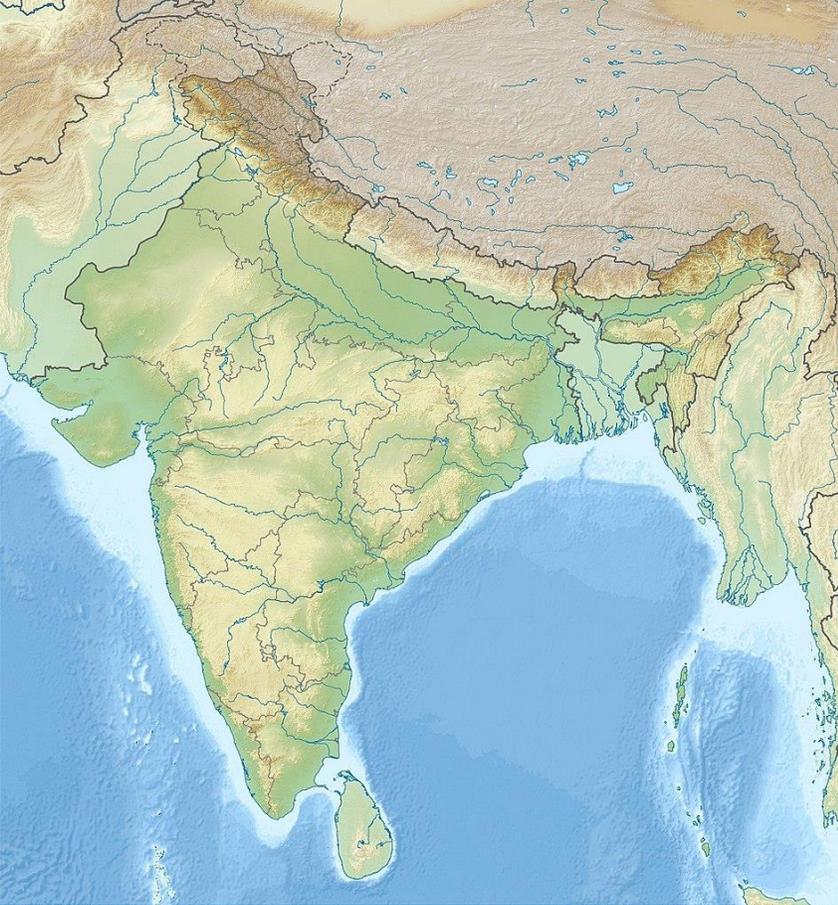
India Aircraft Leasing Roundtable

9th April 2021

Paul Meijers, EVP Aircraft Leasing, Trading & Financing

AIRBUS

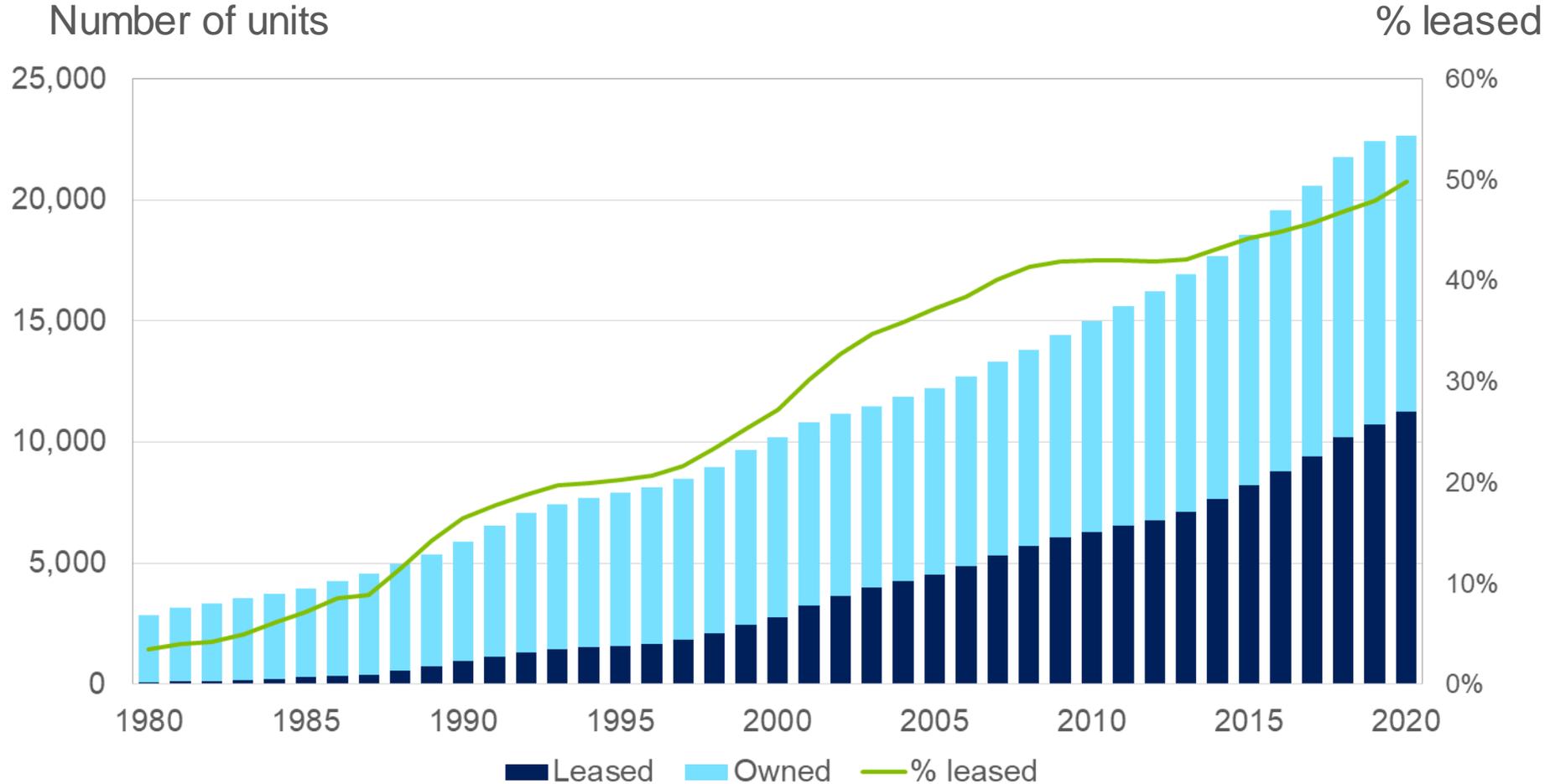
India Leasing Roundtable



- Growth and importance of aircraft leasing
- Leasing market in India
- Leasing business fundamentals



Global leased fleet growth

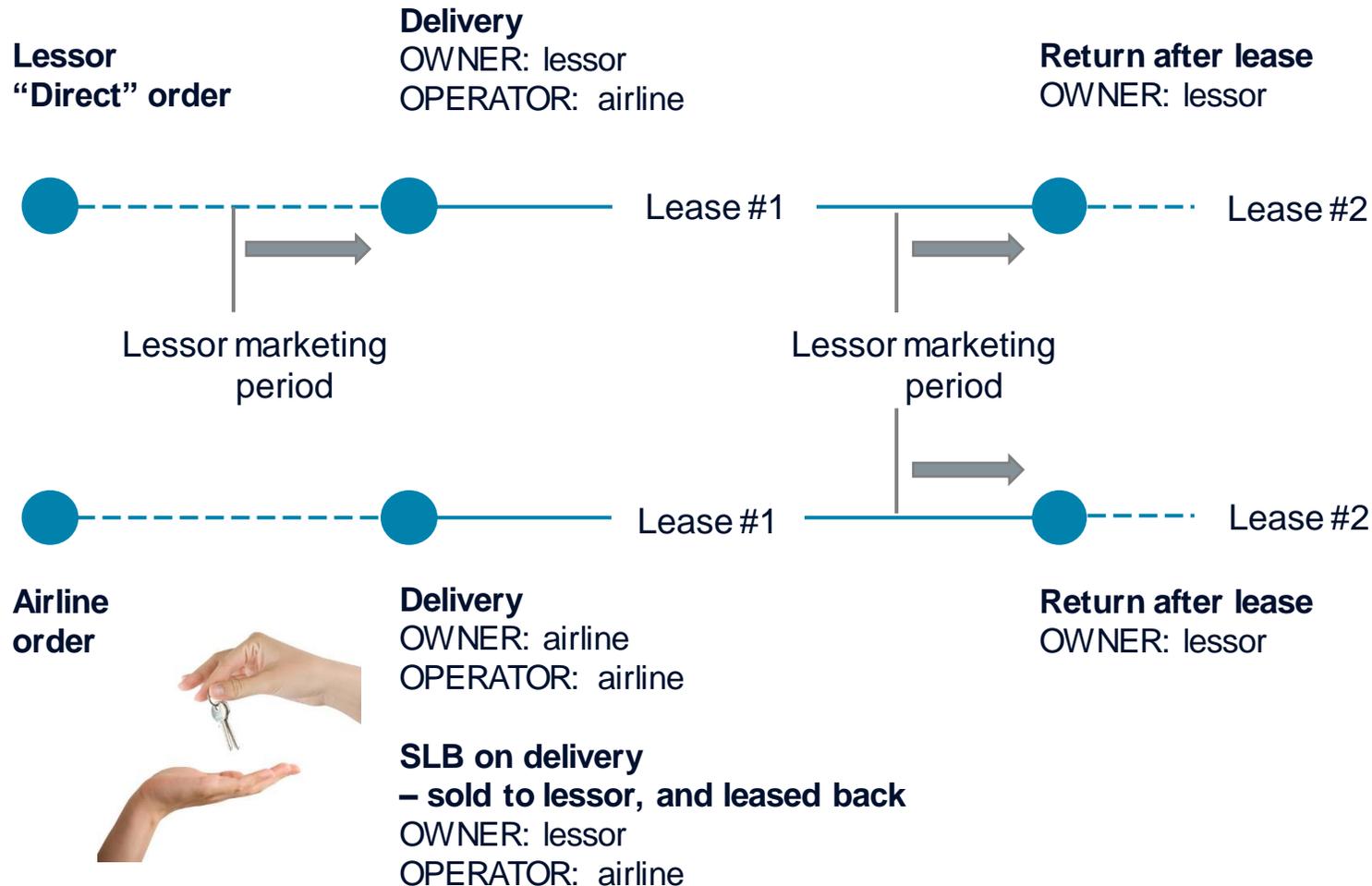


Leasing growth

~50% world fleet on lease

Source: Cirium
Passenger usage only, western build aircraft configured with => 100 seats. Includes in service and stored

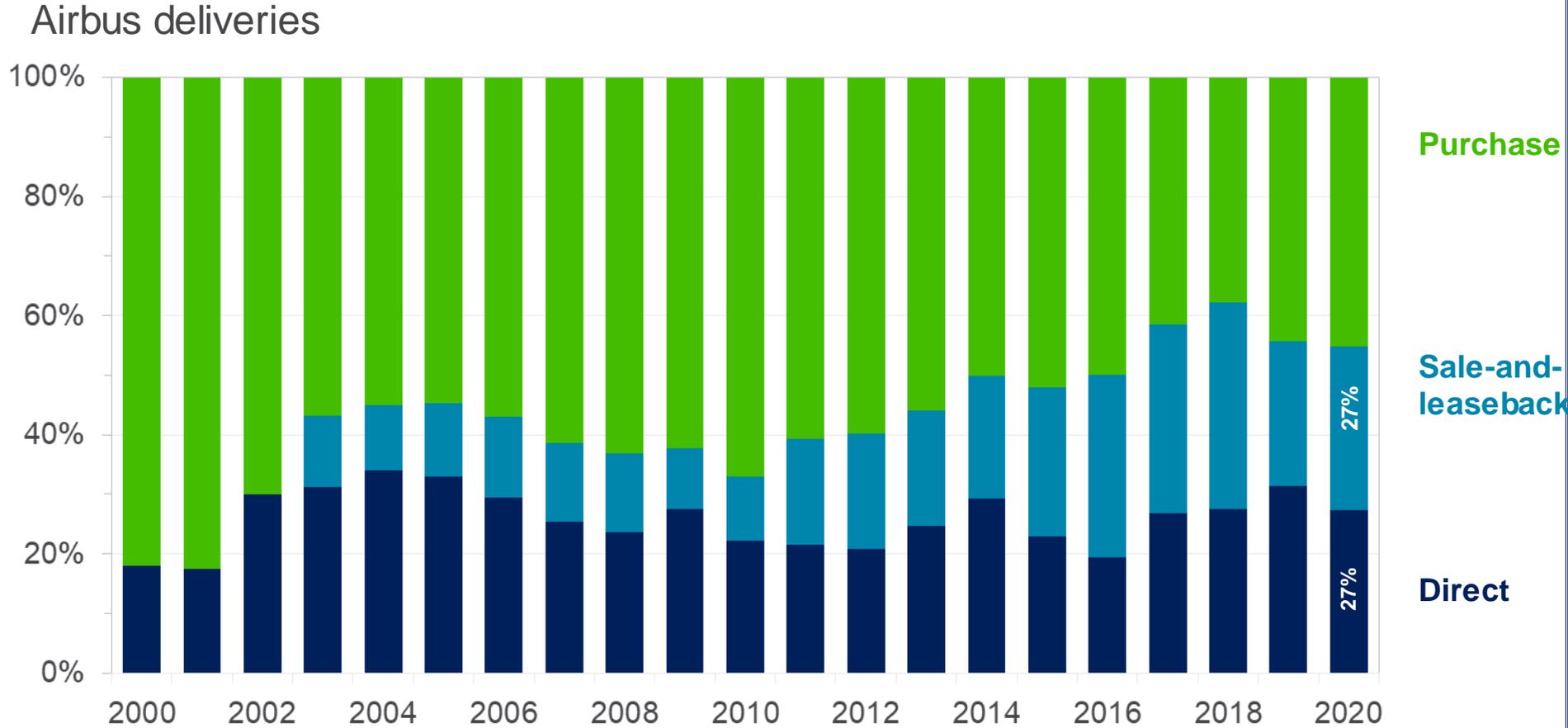
Difference between a “Direct” lease and “Sale-and-leaseback”



Common terms

Operating lessors manage asset risk

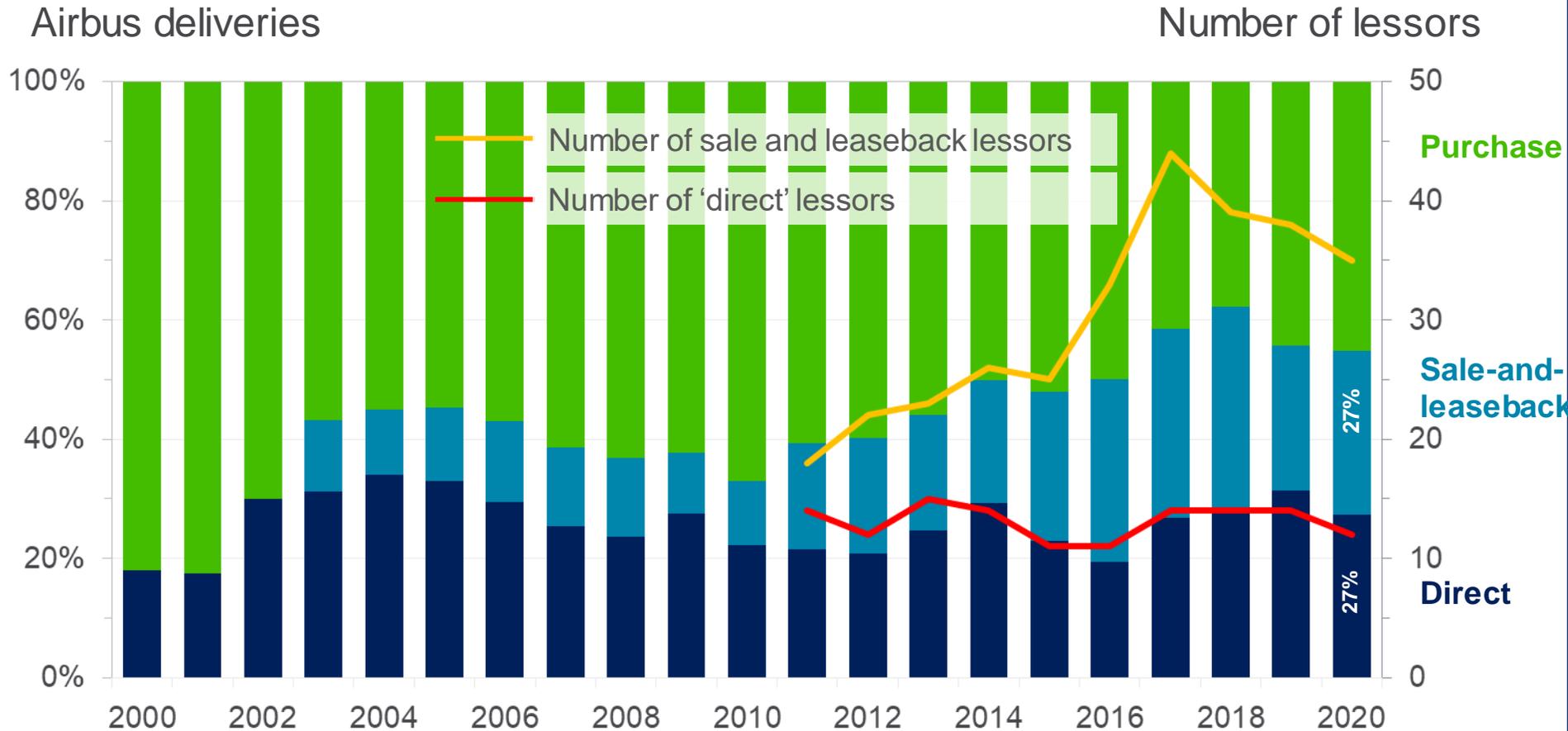
Evolution of Airbus deliveries



Lessors
financing
majority

Data: Airbus end of 2020

Evolution of Airbus deliveries



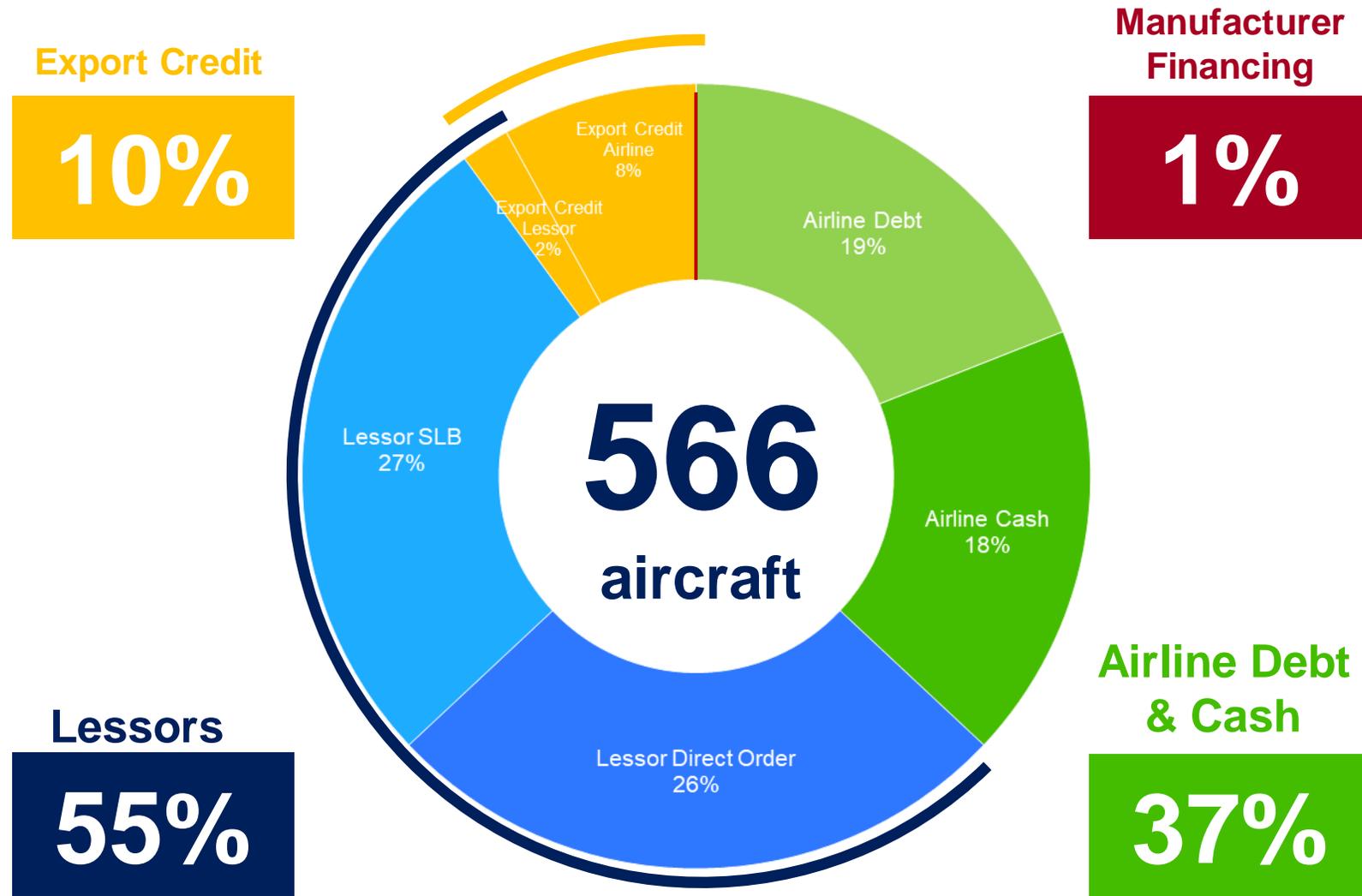
Lessors financing majority

Sale-and-Leaseback market remain highly competitive

Number of direct lessors stable

Data: Airbus end of 2020

Breakdown of 2020 deliveries by source of financing



Financing markets

Successfully weathered 2020

Note: Share in number of aircraft. Financing at the time of delivery (as at YE for Export Credit)

Lessor Airbus backlog: US centric

Year: 2000

9 Lessors

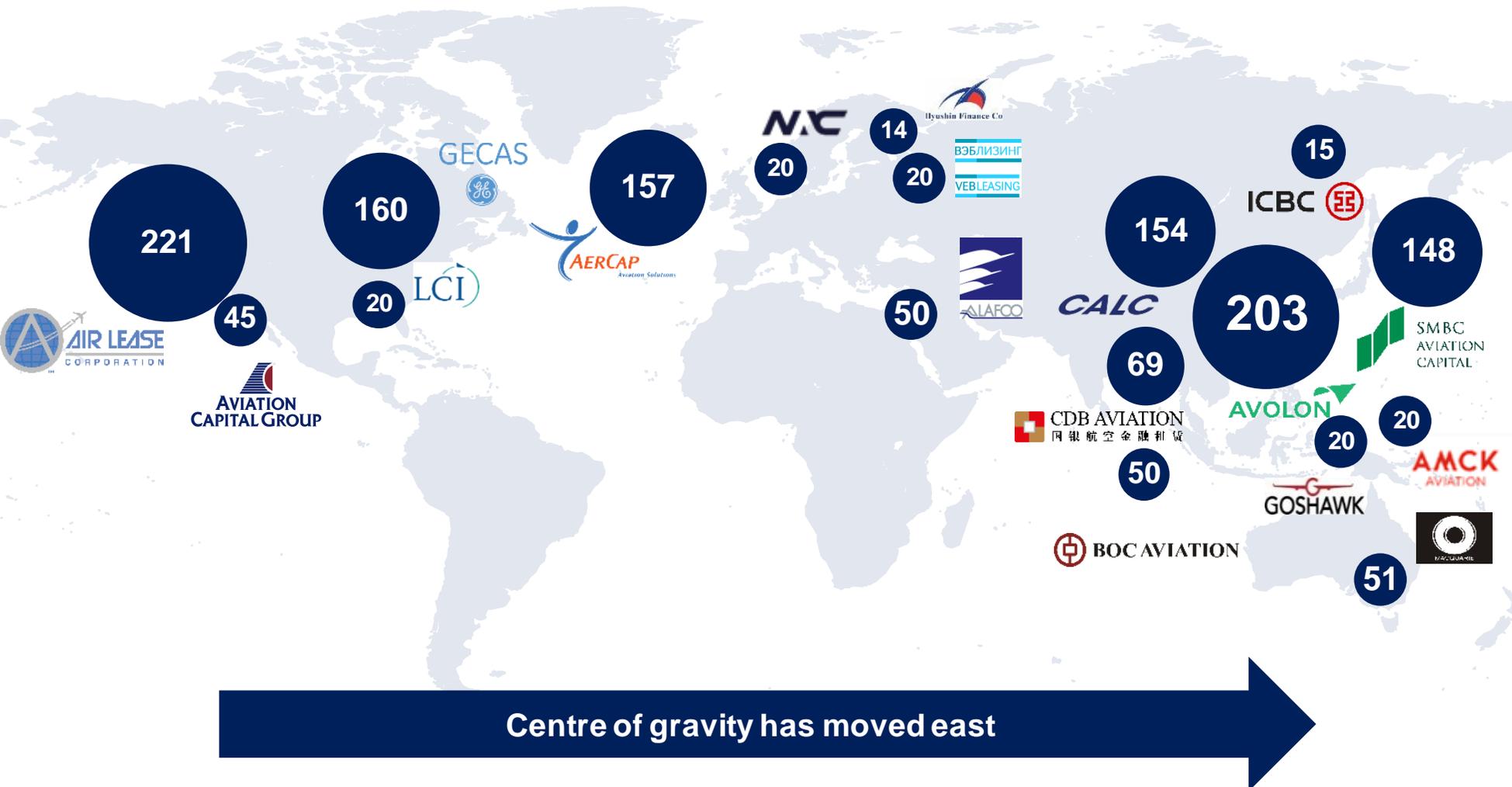
440 units on backlog

1 lessor >100 aircraft backlog

Source: Airbus data
End Feb 2021
Excluding unidentified lessors and orders
Listed by principal lessor shareholder location



Lessor Airbus backlog: A global business



Centre of gravity has moved east

In 2021

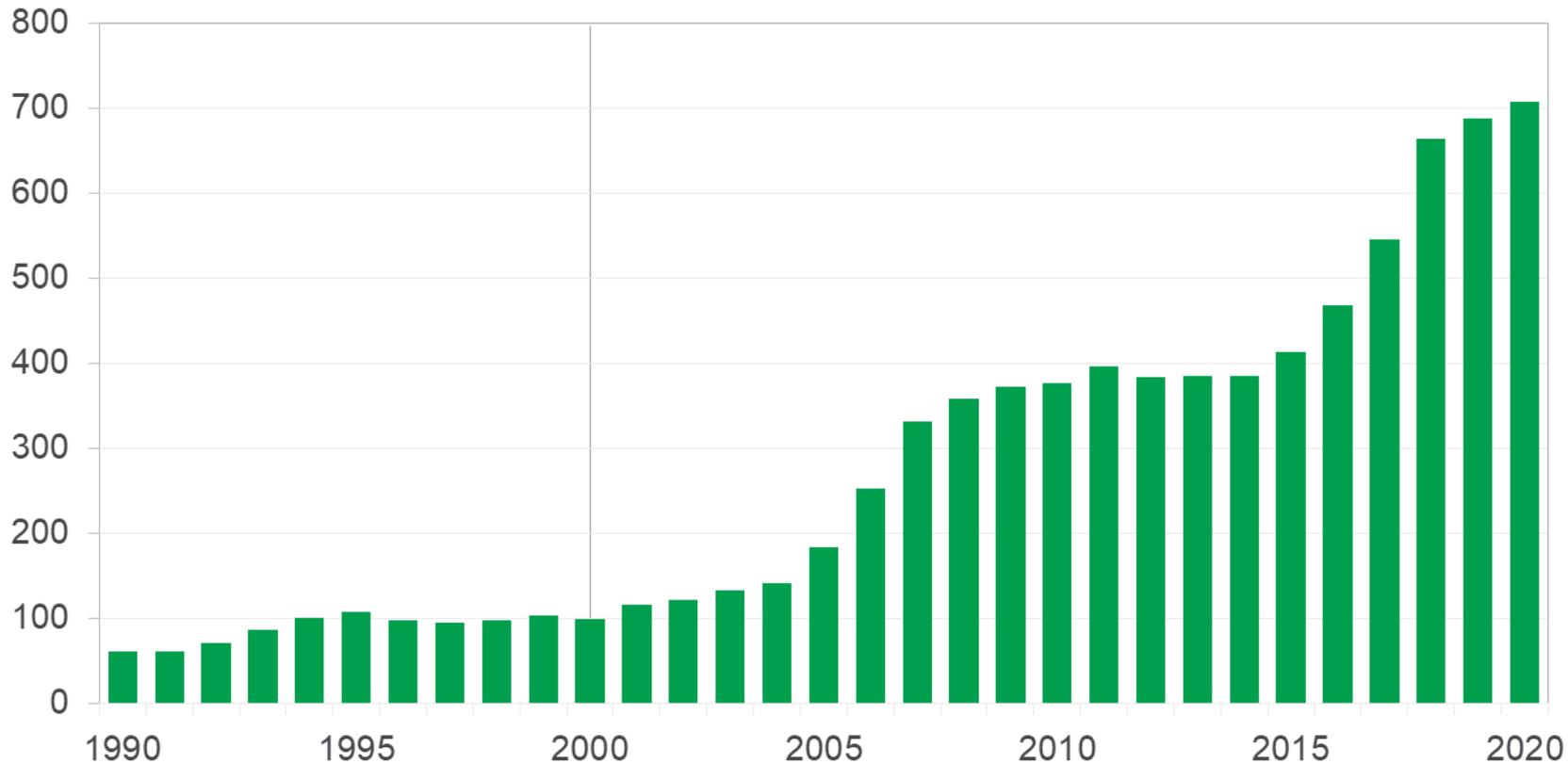
- 18 lessors
- 1,438 Airbus aircraft backlog (20% of backlog)
- 6 lessors >100 aircraft backlog

Source: Airbus data
 End Feb 2021
 Excluding unidentified lessors and orders
 Listed by principal lessor shareholder location

India fleet growth

Evolution since 1990

Total fleet size



India fleet growth

x7 in 20 years

10% annual growth

Source: Cirium
(In-service + stored passenger & combi, cargo. Large RJ, NB, WB, TP)
Data March 2020

March 30th 2001: the first leased A320 in India



Date	Event	Reg	Status	Operator	Manager	Owner	Operational Lessor
30/03/2001	Leased in	VT-EVP	In Service	Indian Airlines	ORIX Aviation	ORIX Aircraft Corp	ORIX Aviation

20 years since
first A320 lease

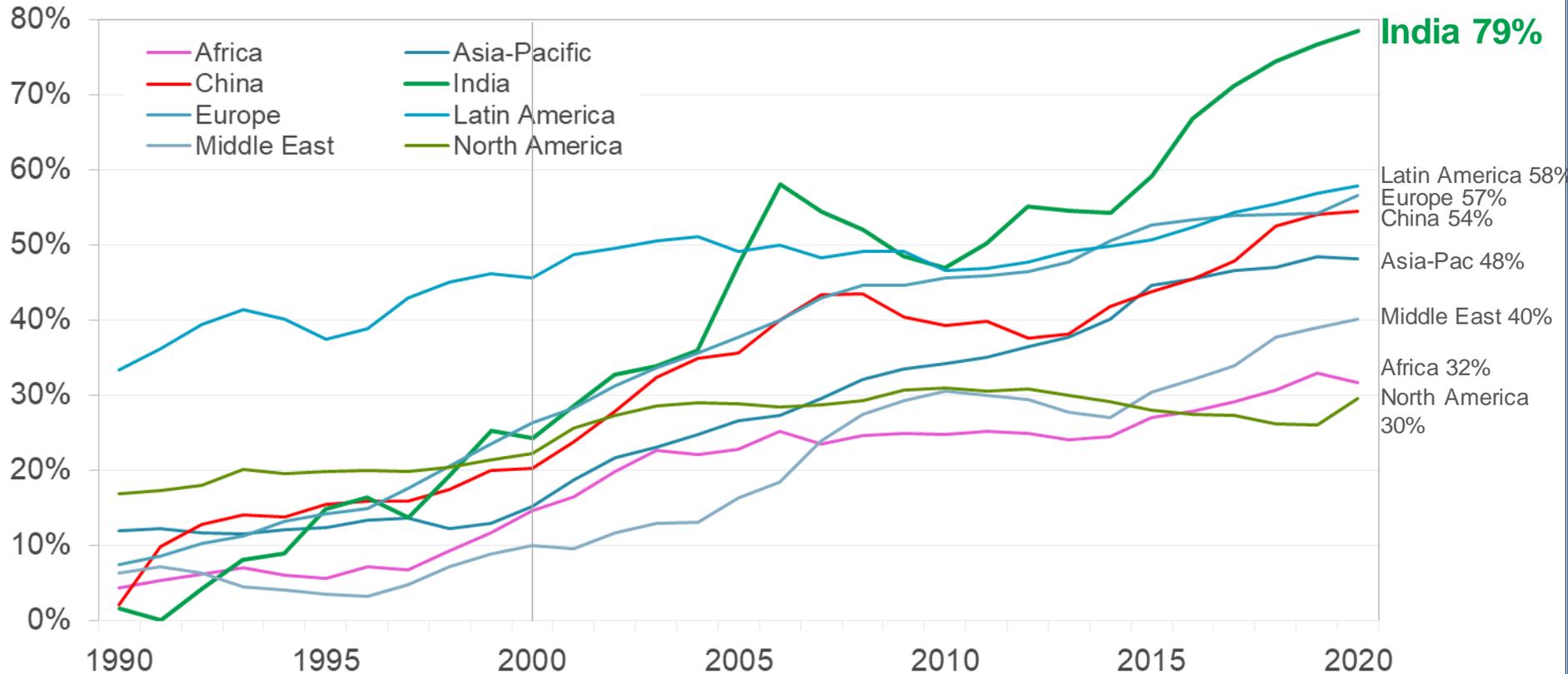
Today over **550**
leased aircraft in
India

Benchmarking India leased fleet vs. rest of the world

Evolution since 1990

% of fleet leased

% leased



India fleet growth

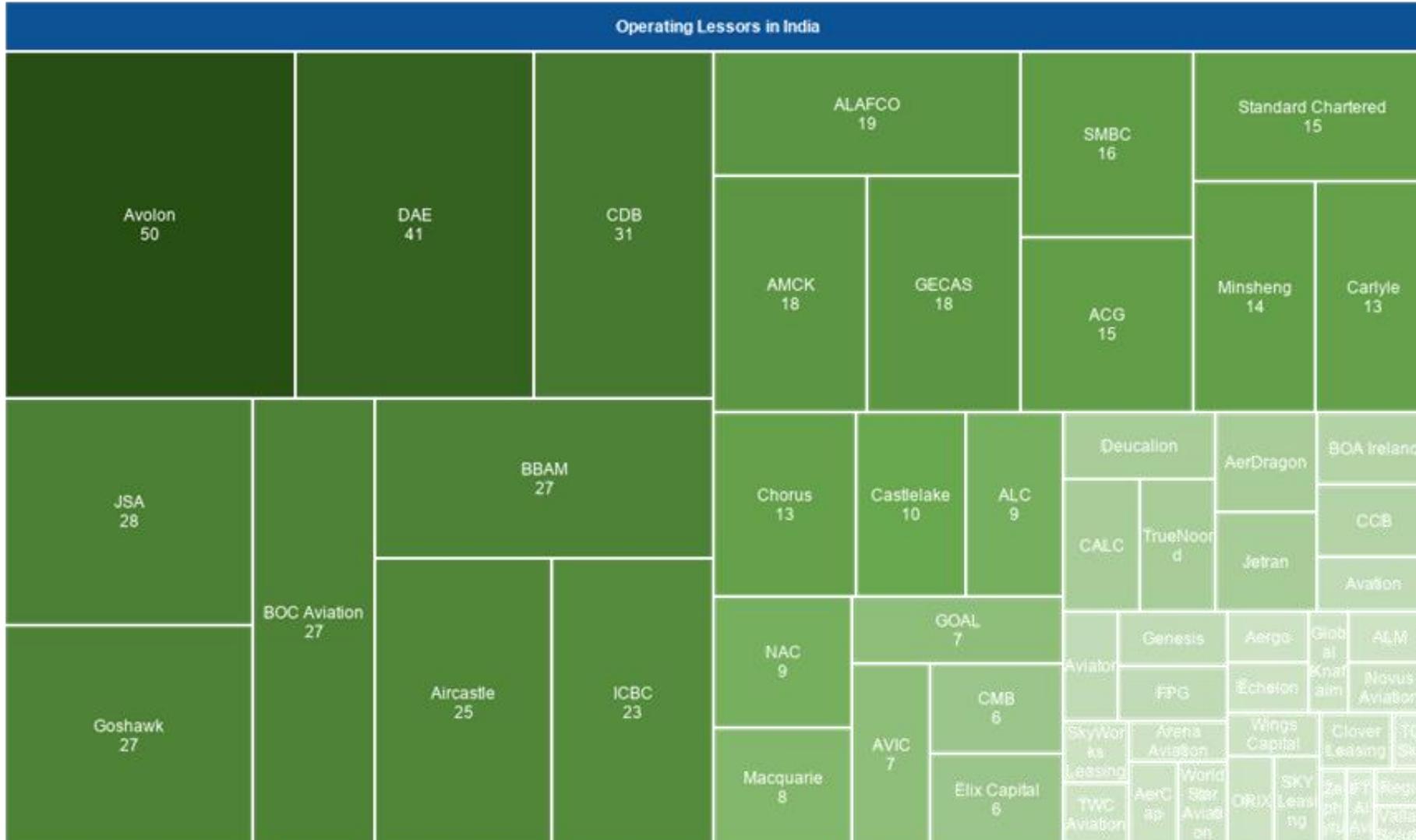
Indian airlines:

Highest lease share

Young fleet
average age 5.8 yrs

Source: Cirium
(In-service + stored passenger & combi, cargo. Large RJ, NB, WB, TP)
Data March 2020

More than 50 lessors lease into Indian operators



Lessors in India

>50 lessors lease into India with varied levels of concentration

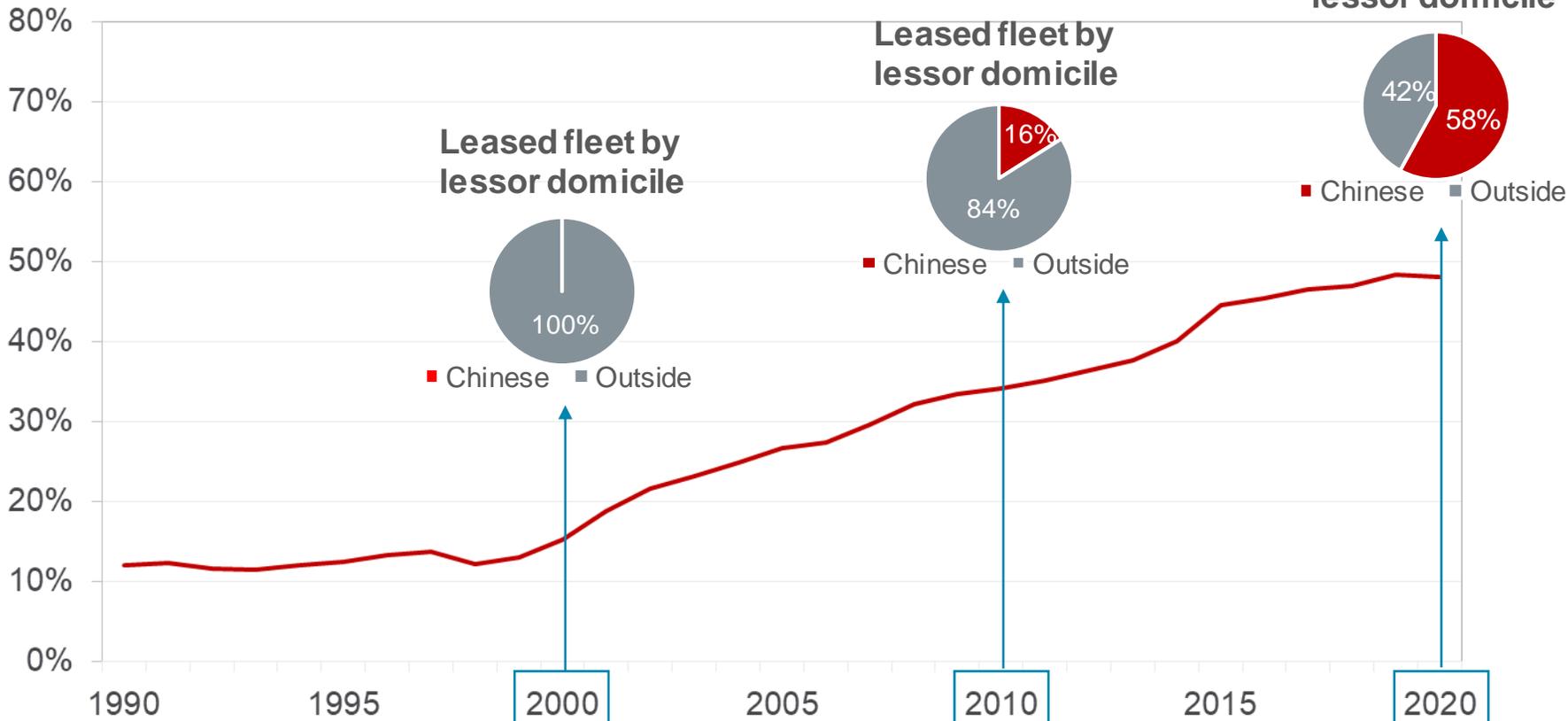
Source: Cirium
 (In-service + stored passenger & combi, cargo. Large RJ, NB, WB, TP)
 Data March 2020

April 2021 India Aviation Leasing Roundtable
 Number next to lessor name denotes quantity of aircraft leased in India
 Those <5 do not have a number allocated

An example of a 'home grown' aircraft leasing industry

Evolution of leased aircraft in China since 1990

% of fleet leased

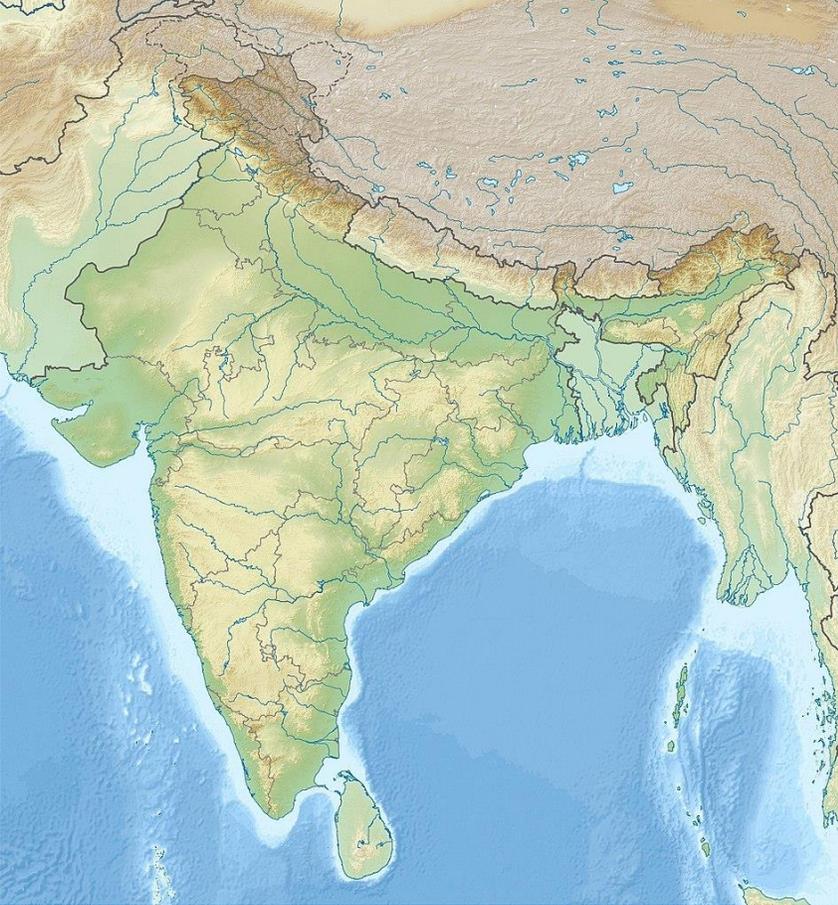


20 years to develop their lessor industry

As the China fleet grew, as did the involvement of local lessors

Source: Cirium
(In-service + stored passenger & combi, cargo. Large RJ, NB, WB, TP)
Data March 2020

India Leasing Roundtable



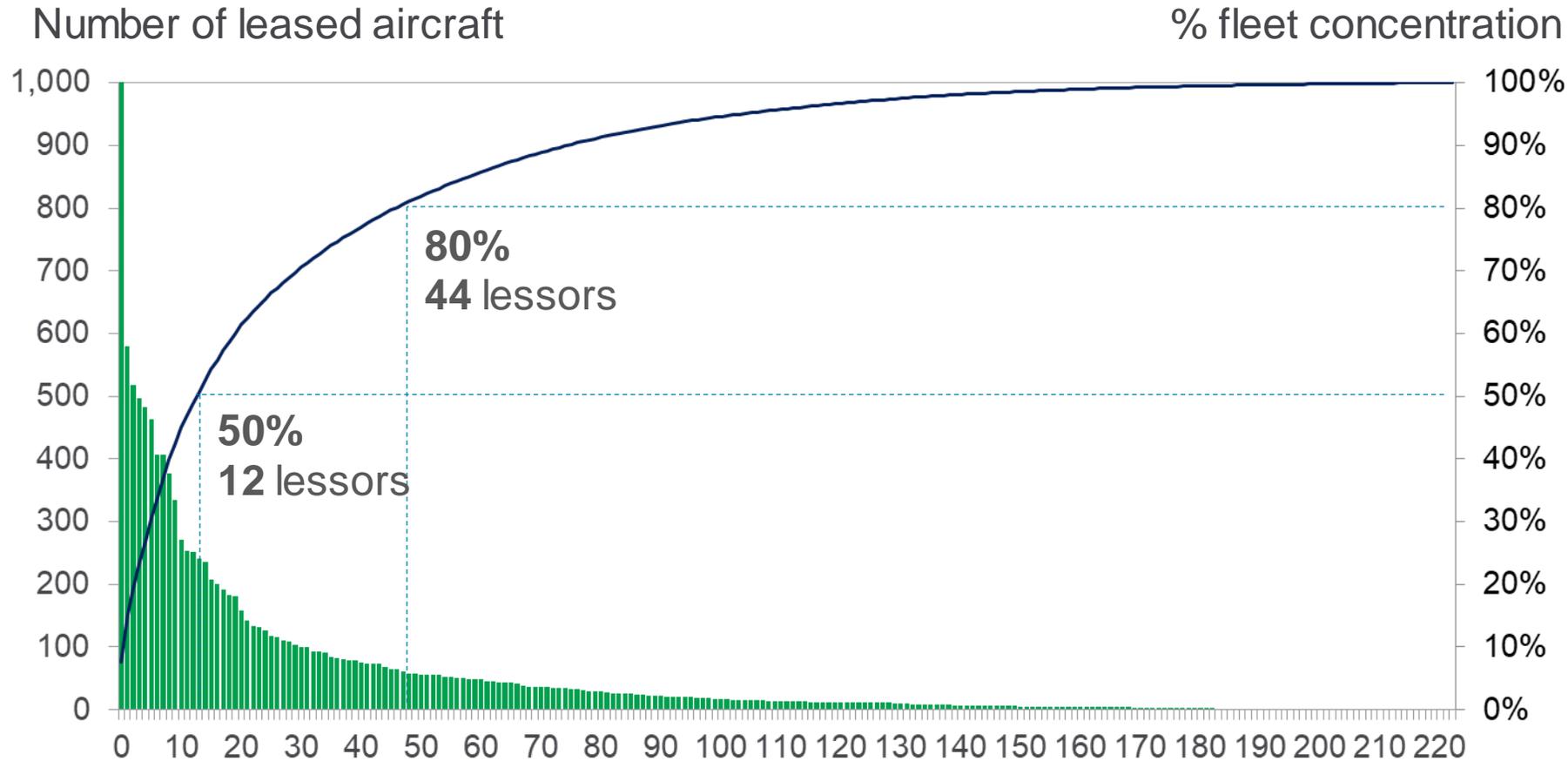
→ Growth and importance of aircraft leasing

→ Leasing market in India

→ Leasing business fundamentals



Globally: a deep pool of lessors



Operating lessors

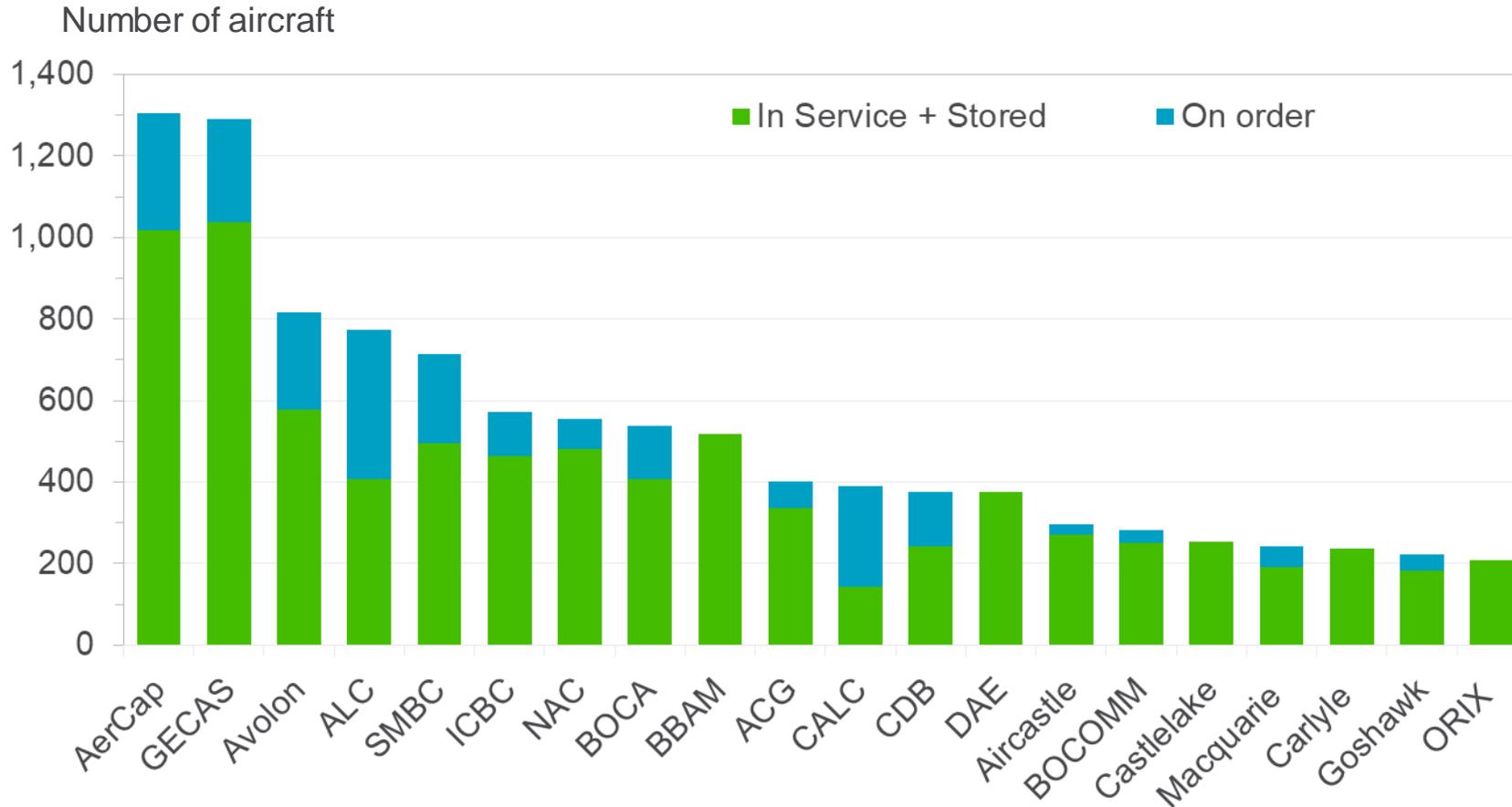
Over 200 lessors

High concentration with relatively few lessors

Source: Cirium
(In-service + stored passenger & combi, cargo. Large RJ, NB, WB, TP)
Data March 2020

Top 20 leasing players

Ranked by top in service/stored/on order



Top players

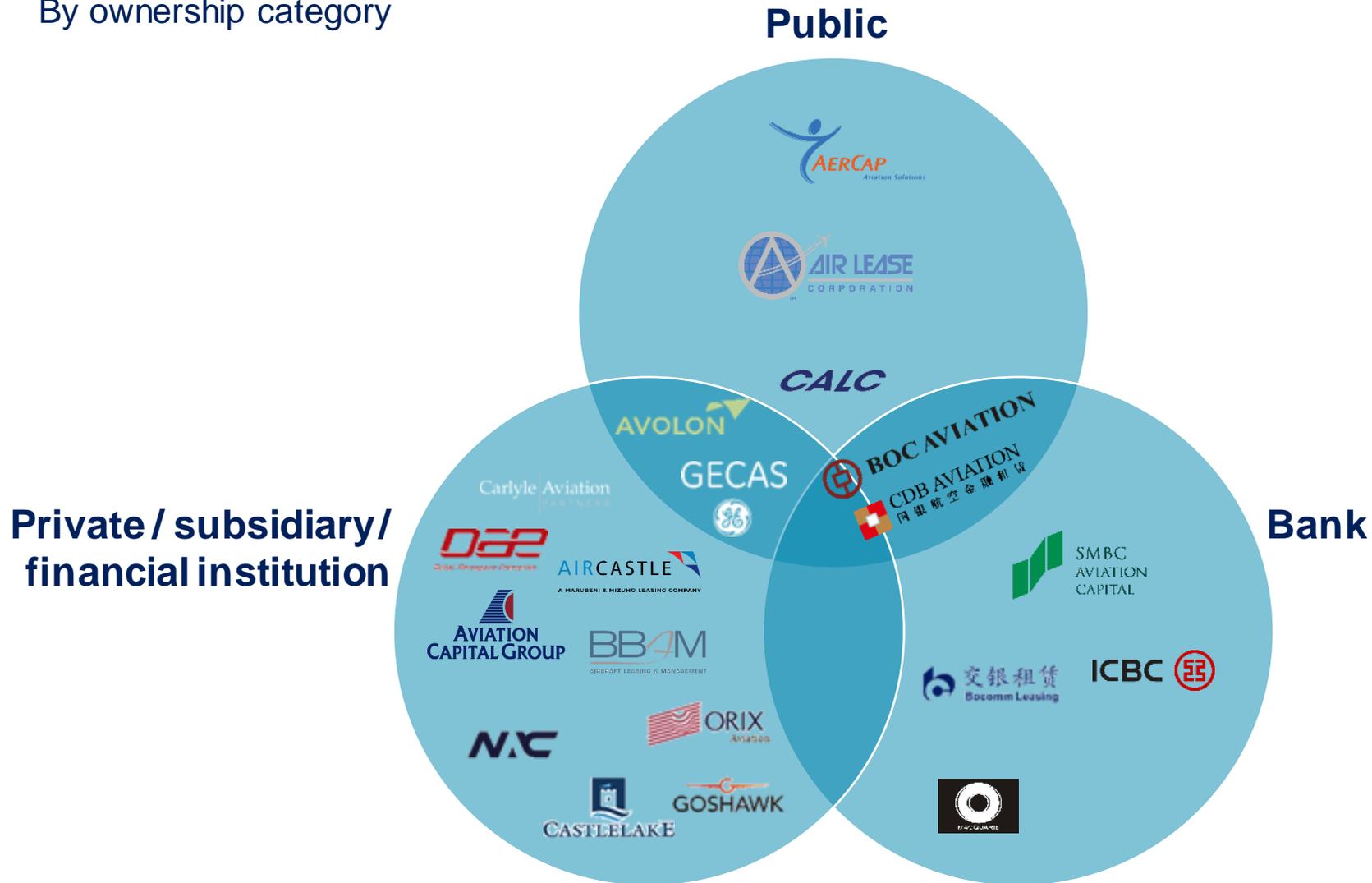
Many of the top 20 lessors have orders

Others focus on mid-life / financing activities

Source: Cirium
(In-service + stored passenger & combi, cargo. Large RJ, NB, WB, TP)
Data March 2020

Top 20 leasing players

By ownership category



Top players

Multiple ownership profiles

Source: Cirium / Airbus analysis
Data March 2020

3 lessor case studies: portfolio KPIs

	Public	Bank	Private institution
			
Company founded	1973	2001	2013
Number of employees	~380	~185	~100
Number of aircraft	>1,000	>500	>180
Number of lessees	~160	~120	~70
Number of aircraft on order	>280	>200	40

Lessor examples

Long history

Teams to manage and market assets

Deep portfolios

Source: Cirium / company websites

Company histories include mergers/acquisitions

3 lessor case studies: portfolio distribution

Lessor examples

Widely spread portfolios

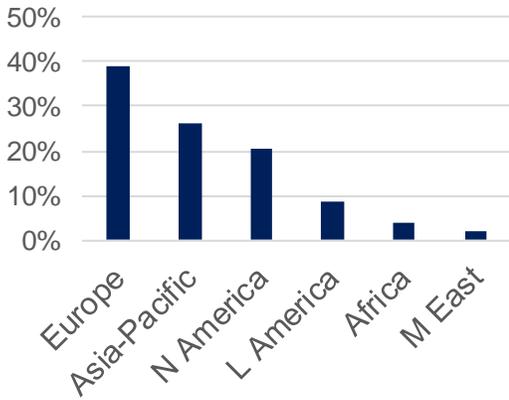
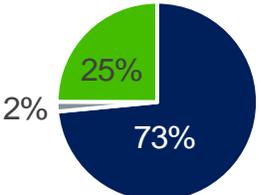
Younger lessors tend to tap into growth markets

Source: Cirium / company websites

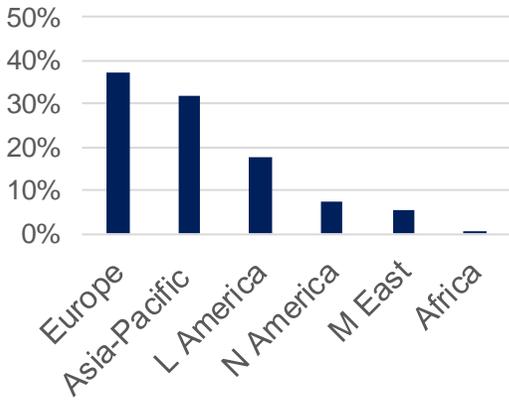
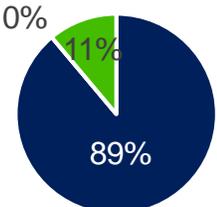
Company histories include mergers/acquisitions



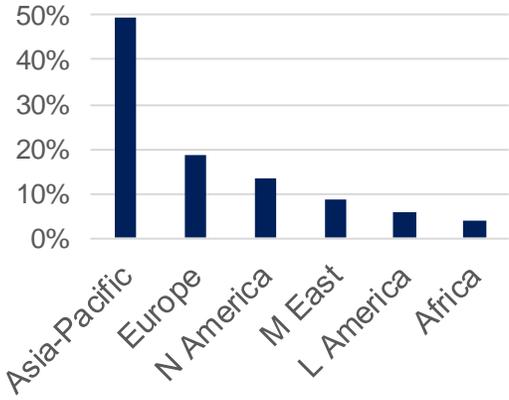
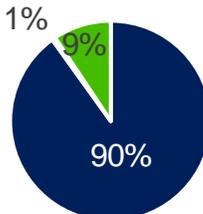
Public



Bank



Private institution



- Single-aisle
- Widebodies
- Regional Jets

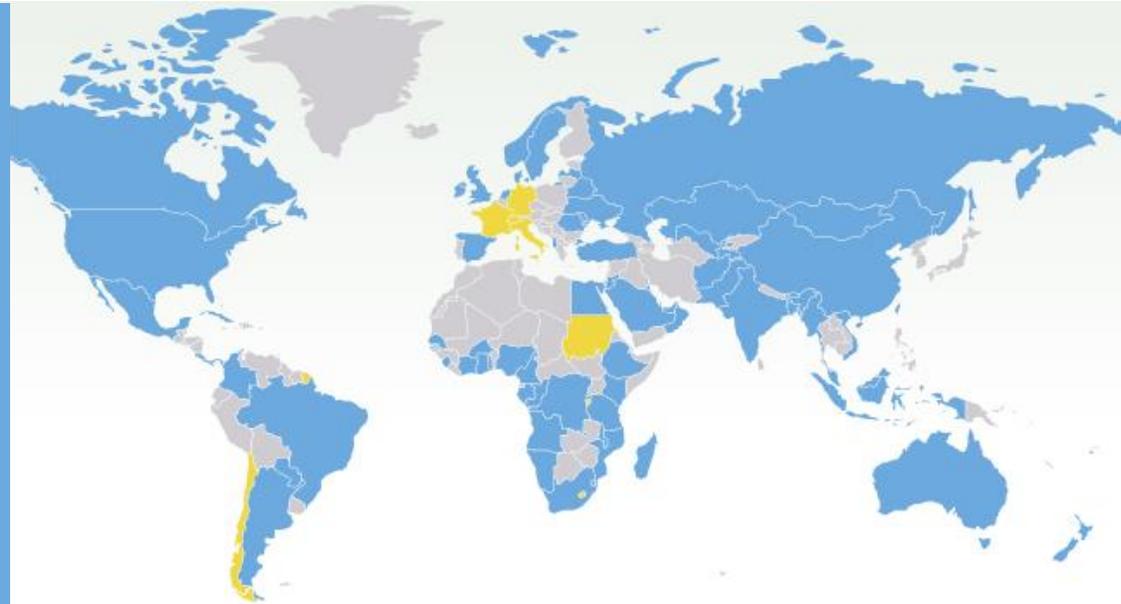
Current portfolio split by type

Portfolio distribution (units)

Cape Town Convention (CTC): Repossession of collateral worldwide

Cape Town Convention:

- International treaty to facilitate cross-border and asset-based lending
- Common international legal framework to protect security
- Force of law with priority over conflicting laws
- The international registry in Ireland is up and running
- CTC recognised by OECD with discounts
- Entered into by 82 countries as of today



Entry into force

Signature

Aviation Working Group



Pro-active actions for the benefit of lenders and lessors

Aircraft repossession

Adequate
repossession
rights for lenders in
82 countries

Some jurisdictions
w/o CTC provide
same benefits
through local law

Source:Unidroit
world map as of April 2021

Business fundamentals for aircraft lessors

Elements for success



- Experienced management
- Understanding of the market
- Expert know ledge



- Technical know-how
- Maintenance relationships
- Maintain asset value



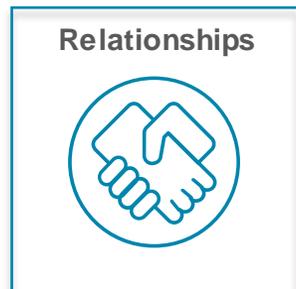
- Manage portfolio risk
- Manage distribution risk
- Manage lessee credit risk



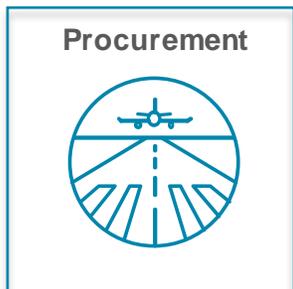
- Identify lessees
- Maintain relationships
- Re-deploy aircraft quickly



- Manage portfolio risk
- Buy and sell assets
- Sell at the right time and price



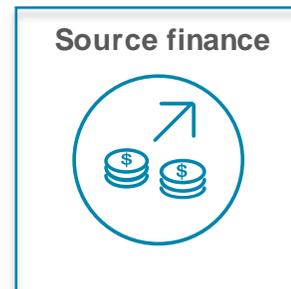
- Client relationships
- OEM relationships
- Financier relationships



- Identify channels for growth
- SLB, direct purchase, portfolio acquisitions



- Understand the market
- Identify trends
- Procure the right asset

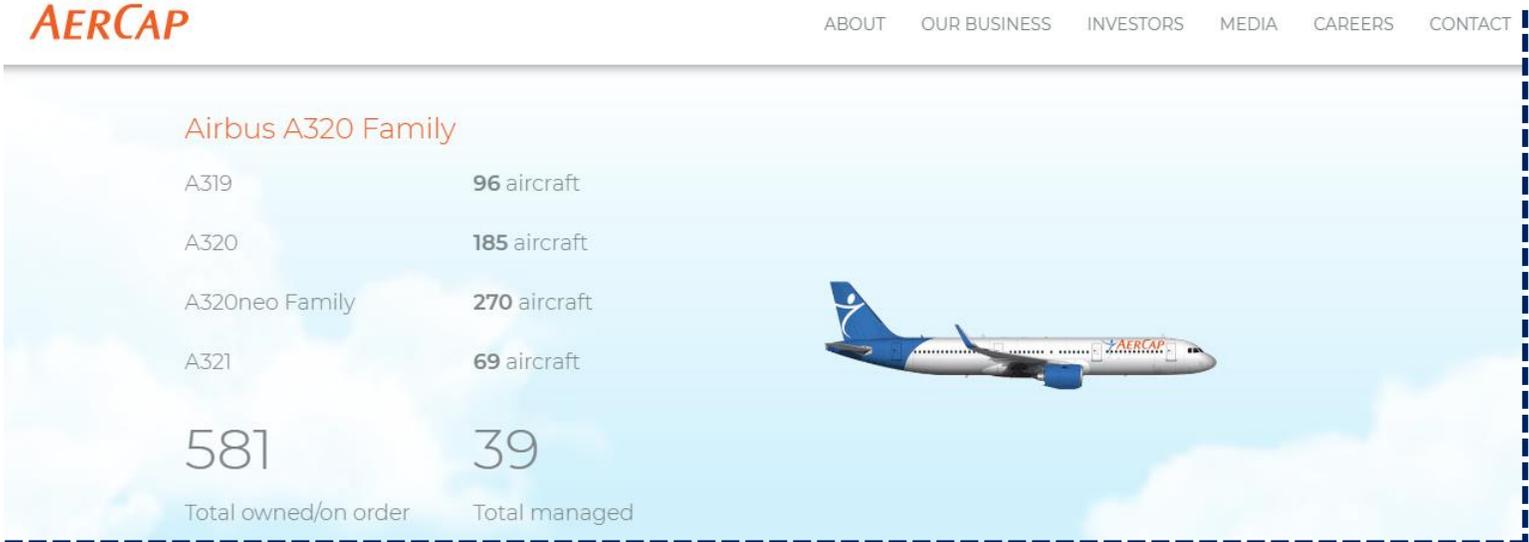


- Diversify financing
- Manage maturities
- Develop relationships



- Adapt to market trends
- Solutions based approach
- Manage competitiveness

Typically, lessors prefer the most remarketable aircraft



AERCAP ABOUT OUR BUSINESS INVESTORS MEDIA CAREERS CONTACT

Airbus A320 Family

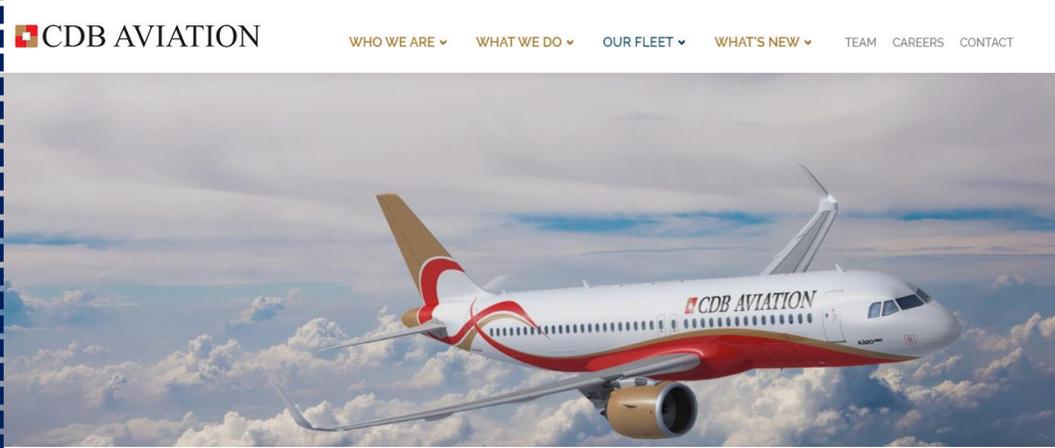
A319	96 aircraft
A320	185 aircraft
A320neo Family	270 aircraft
A321	69 aircraft
581	39
Total owned/on order	Total managed



“Our strategy is to focus on the most modern, efficient and desirable aircraft types, working closely with our airline and investor customers to meet their specific requirements”



“Our portfolio comprises a balance of new aircraft ordered directly from manufacturers, together with young aircraft acquired through sale and leaseback transactions. The Avolon fleet is a risk-balanced portfolio of quality assets and the youngest fleet among the world’s three largest aircraft lessors”



CDB AVIATION WHO WE ARE WHAT WE DO OUR FLEET WHAT'S NEW TEAM CAREERS CONTACT



Trading is a key element of a lessor's portfolio management

Aircraft trading

Allows lessors to manage portfolio risk

[Back to Today's News](#)

GECAS Sells Portfolio of 20 Boeing & Airbus Aircraft to START III

DEC 5, 2019 - 6:10 am

GECAS and Sculptor Capital Management closed STARR 2019-2. Under the terms of the transaction, GECAS will sell twenty in-production Boeing and Airbus narrowbodies to START III.

SMBC AVIATION CAPITAL

News — 2017

Aircastle to acquire 20 Narrow-Body Aircraft from SMBC Aviation Capital

03/10/2017

Dublin, October 3rd 2017 - SMBC Aviation Capital, the leading aircraft leasing company has today announced that it has reached agreement with Aircastle Limited who will acquire 20 narrow-body aircraft from its portfolio. The aircraft are on lease with thirteen airlines across the globe.

Avolon Announces Sale of 49 Regional Jets to Falko

December 20, 2018 07:00 AM Eastern Standard Time

DUBLIN--(BUSINESS WIRE)--Avolon, the international aircraft leasing company has announced today that it has contracted to sell a portfolio of 49 regional jet aircraft to Falko. The aircraft are currently on lease to nine airlines around the world and the transaction is expected to close in early 2019.

"We are delighted to extend our already close and long-standing business relationship with Falko, who have clearly demonstrated their ability to transact in scale. The business the Falko team have built over several years is truly impressive."

John Higgins, Avolon President and Chief Commercial Officer, commented; "We are delighted to extend our already close and long-standing business relationship with Falko, who have clearly demonstrated their ability to transact in scale. The business the Falko team have built over several years is truly impressive."

Mark Hughes, Chief Commercial Officer, Falko Regional Aircraft Limited, commented; "We are delighted to have finalised another deal with Avolon. This acquisition is a major step forward in the development of Falko and will expand our portfolio to over 120 regional jets and turboprops. Falko is now one of the world's foremost aircraft operating lease companies focused on the regional aircraft sector and we believe this deal is reflective of our market leading position."

[Tweet this](#)

ENDS

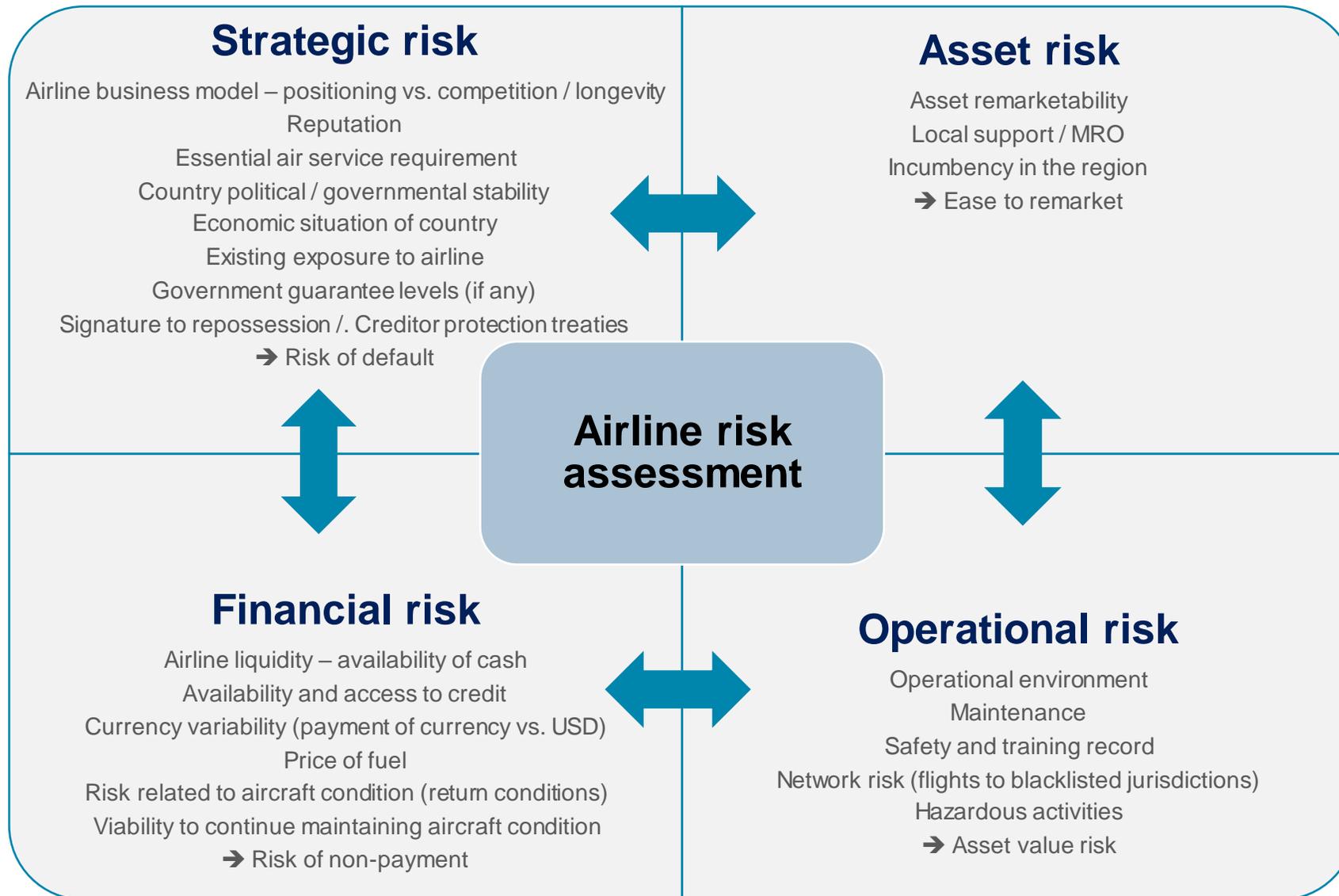
AerCap's net gain on sale of assets for the second quarter of 2019 was \$78.2 million, relating to 22 aircraft sold for \$502.4 million, compared with \$51.2 million for the same period in 2018, relating to 30 aircraft sold for \$737.7 million. The increase was primarily due to the composition of asset sales.

BOC Aviation to sell 15 aircraft portfolio

23 May 2018

BOC Aviation has entered into an agreement to sell a 15 aircraft portfolio to a third-party lessor with the transaction expected to close over the course of the year.

Lessor risk analysis



A business environment for success: Ireland case study



Ireland plays a major role in leasing and financing aircraft

Ireland provides a **fiscal, macroeconomic, legal and expert** environment which has allowed lessors to thrive



Key drivers supporting Ireland's position:



The right business environment

Business environment is key to success

The multiplier effect of aircraft leasing



An office to manage the asset



Direct and indirect employment
Potential for urban regeneration
Inflow of lease revenues

A hangar to maintain the aircraft



Physical space – requires a footprint
Direct and indirect employment
Generation of local expertise

A hangar to store parts



Some lessors lease engines/parts
Physical space – requires footprint
Direct and indirect employment
Generation of local expertise

A facility to convert aircraft



Conversion to freighter / other uses
Lessors provide the aircraft -some provide P2F solutions

A facility to recycle aircraft



Some lessors recycle aircraft

Full lifecycle solution

Leasing benefits

Lessors and leased aircraft contribute to a potential macroeconomic multiplier effect

The leasing market



- Operating lessor industry has grown rapidly, enabled airlines to grow rapidly as well, particularly in India
- Leasing requires multiple skillsets, notably suitable aircraft, marketing teams, risk management and asset & trading experience
- The right business environment