



## *Challenges Ahead*

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Airline Economics  
Growth Frontiers  
Dublin

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*Executive Chairman*

January 22, 2018

# Forward Looking Statements & Non-GAAP Measures

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 that are not historical facts and may be forward-looking. 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 the following:

- our inability to make acquisitions of, or lease, aircraft on favorable terms;
- our inability to sell aircraft on favorable terms;
- 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; 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, 2016, which contains and identifies 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.

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.

# Potential challenges ahead



# Today's market: clear for takeoff



## Global passenger growth, rpk %

+5.2%  
2013

+5.7%  
2014

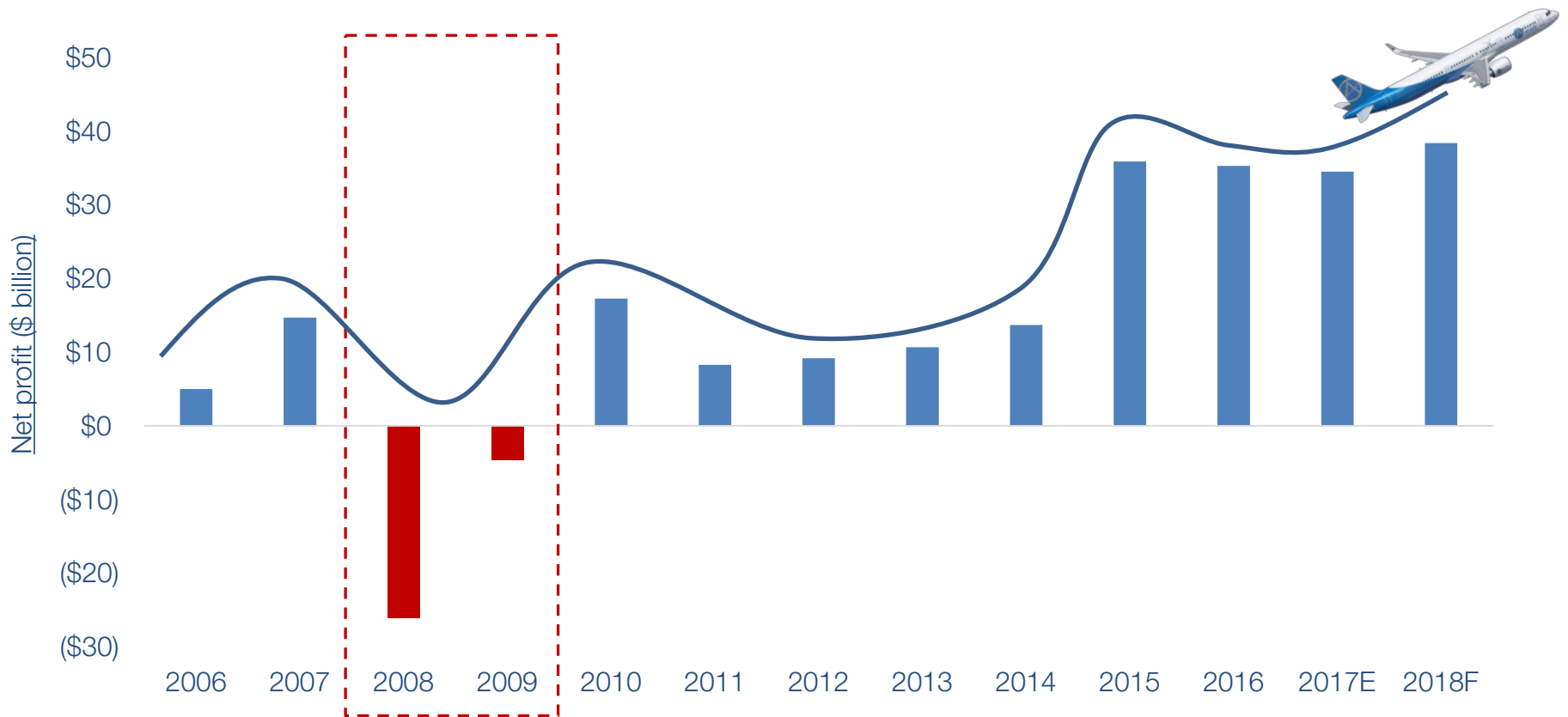
+7.5%  
2017E

+7.3%  
2015

+7.4%  
2016

# Periods of turbulence

*Historical global airline profitability as reported by IATA*

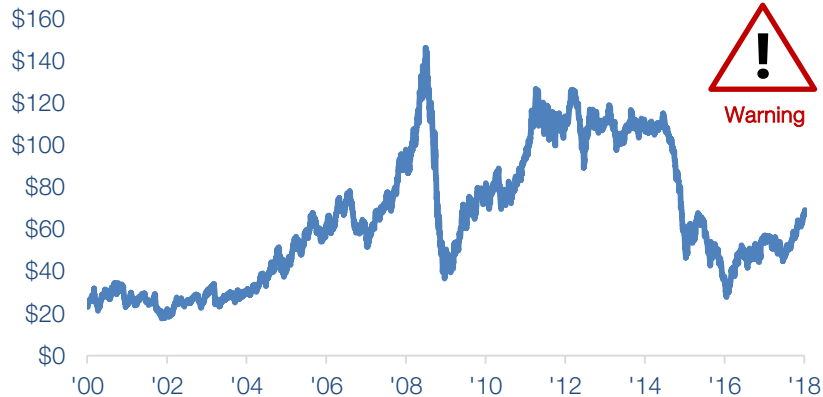


Airline profitability driven by passenger traffic and low oil prices

# Key market drivers

*Factors contributing to healthy demand for air travel*

## Oil<sup>1</sup>



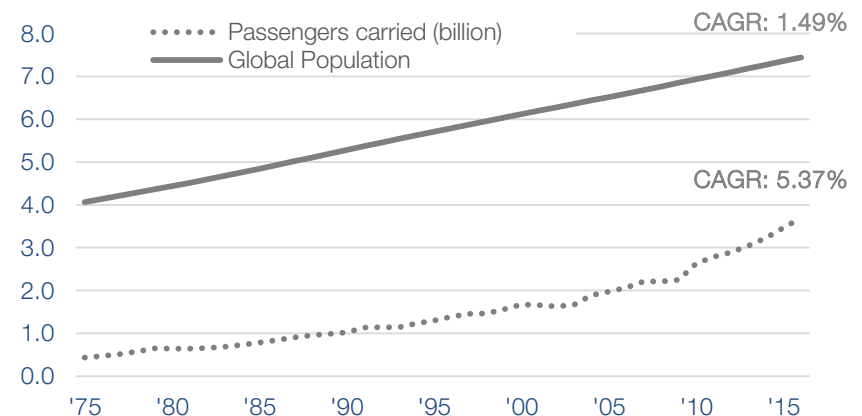
## Interest Rates<sup>2</sup>



## USD Strength<sup>3</sup>



## Passenger Travel<sup>4</sup>



# Evolving airline landscape

## *Emergence of LCC/ULCC carriers*

Illustrative example of low cost airlines launched since 2010

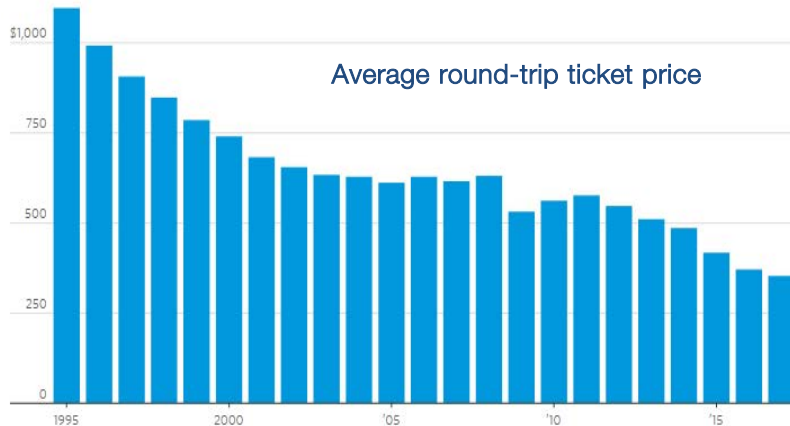




# Evolving airline landscape

## Evaluating the impact of LCC/ULCC carriers

### LCC/ULCC driving fares lower...



### ...Resulting in unprecedented affordability

#### New York to Barcelona

**norwegian** \$305  
**DELTA** \$1,911

#### Athens to Singapore

**scoot** \$307  
**TURKISH AIRLINES** \$562\*

\*With one stop

#### Kuala Lumpur to Honolulu

**ANA** \$477\*  
**中國東方航空 CHINA EASTERN** \$654\*

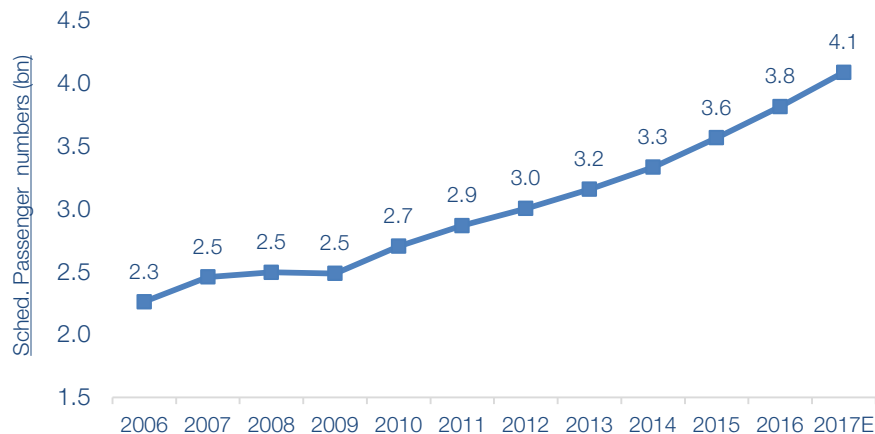
\*With one stop



#### WORLD TOUR TOTAL AIRFARE

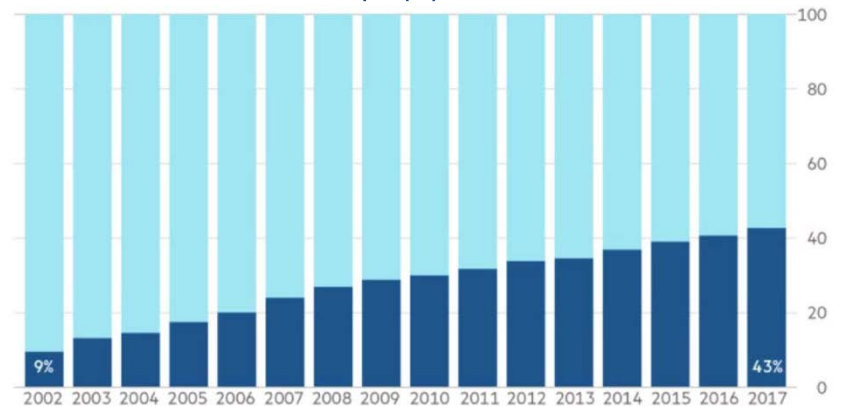


### Worldwide passenger traffic is up...



### ...As LCC/ULCC take share from legacy carriers

#### Market Share, Western Europe (%)

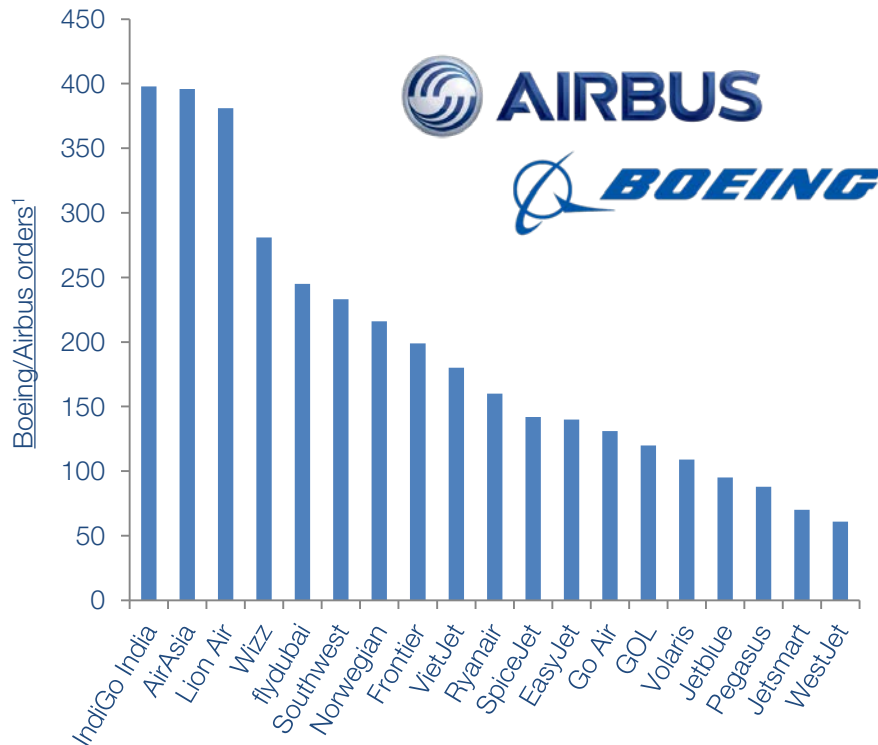




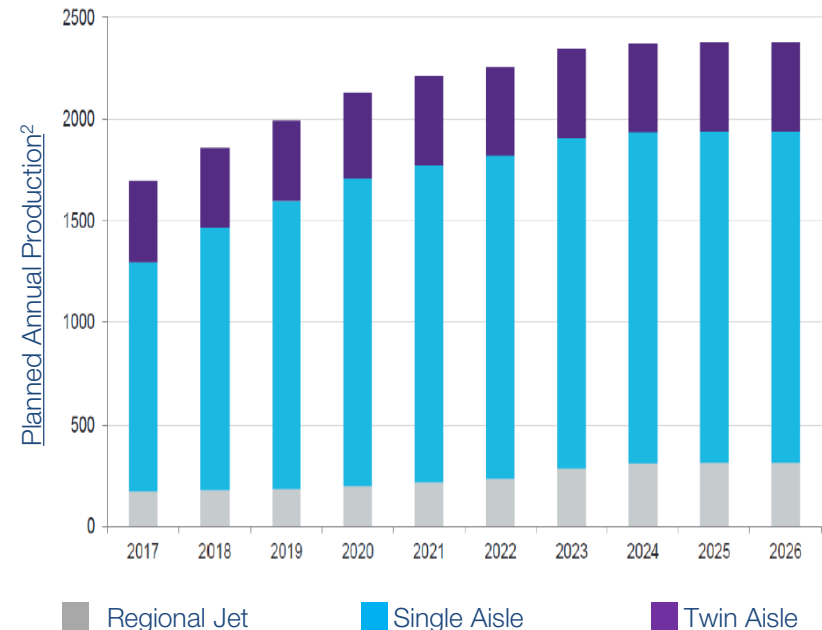
# Production rates

## *Aggressive ordering and aspirational backlogs*

Example of significant OEM orders from LCC/ULCC carriers



Driving expected increased production rates



Are these orders/production rates sustainable?

# Availability of capital

*Abundant liquidity today...what about tomorrow?*

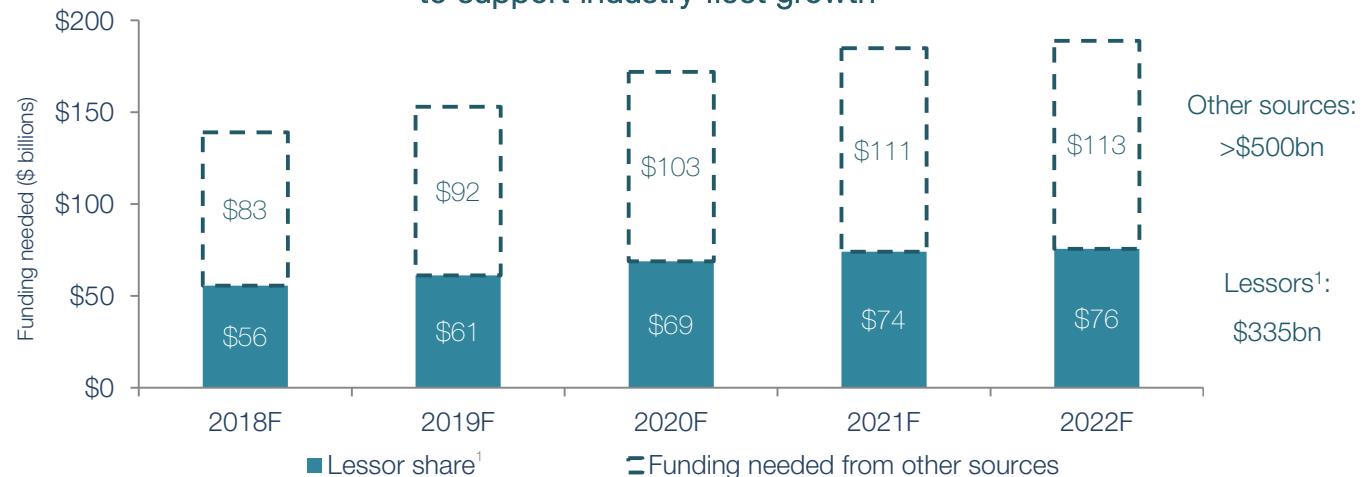
Wide variety  
of financing  
choices  
currently  
available

- ✓ Leasing Companies
- ✓ Capital Markets
- ✓ Commercial Banks
- ✓ Export Credit Agencies
- ✓ Alternative Asset Managers
- ✓ Tax Equity
- ✓ Insurance
- ✓ Airframe & Engine Manufacturers
- ✓ New Sources of Funding



Significant  
financing  
requirements  
to support  
industry fleet  
growth will  
require these  
capital  
sources

>\$800 billion of capital needed over next five years  
to support industry fleet growth



# Shift to new generation aircraft

*Technology risk is present in old and new generation aircraft*



- Obsolescence
- Fuel economy
- Maintenance
- Residual values
- Customer experience

Old Generation

New Generation

- Technical issues
- Delivery delays
- Airline adoption
- Production scale/availability



# Know your counterparty

*ALC is a long-term partner for the airline industry*



## Scale

**\$43 billion**

*Total assets owned and on order*

**659**

*Total aircraft owned, managed and on order*

## Visibility

**91 %**

Order book placed through  
2019

**\$23 billion**

Contracted & committed  
fleet rentals<sup>1</sup>

## Stability

**High level of capitalization and significant  
liquidity**

**Highest rated standalone aircraft lessor**  
(S&P: BBB / Fitch: BBB / Kroll: A-)



Note: Values and information included above as of September 30, 2017 unless noted otherwise

<sup>1</sup> Includes \$9.6 billion of contracted minimum future rentals on our existing fleet and \$13.7 billion committed rentals on our order book



Questions?

