



Deutsche Bank
Aircraft Finance & Leasing Conference

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- **Growth minded with two large, long-term oriented anchor shareholders**
- **Cash flow-driven “value based” aircraft investor**
- **Flexible capital structure with efficient access to many financing sources**
- **Strategic role for unsecured debt; driving to investment grade credit ratings**
- **Strong in-house team to capitalize on a multitude of opportunities**

Differentiated strategy that builds on our strengths

- **Our investment targets vary with market opportunities**
- **Complexity creates opportunity**
- **Focus on risk adjusted returns rather than non-economic factors (e.g., aircraft age)**
- **Keep capital flexible and don't rely on big order streams**
- **Proactive management to de-risk the portfolio**
- **Buy into weakness / sell into strength**

Create and capture value-add opportunities

Business Environment

- **Robust air traffic growth and strong lease demand for passenger aircraft but air freight market remains weak**
- **Growing investor interest is driving aircraft prices higher and increasing competition for investments**
- **Low interest rates persisting as capital markets conditions remain strong**
- **Large, sustained drop in fuel prices is benefiting airline P&Ls and demand for current technology aircraft**
- **Mixed impact from a strong US\$**

Q2:15 Highlights

- **Acquired 19 aircraft for \$550M**
 - Focusing on larger deals with value-add elements
- **Executed a firm order for 25 Embraer E-Jet E2s**
 - New technology aircraft that benefit from an incumbent position at more than 70 airlines and limited lessor supply
- **Profitably sold ten older passenger aircraft and designated for sale two MD-11 freighters**
 - Tapping into strong investor demand for older aircraft
- **Strong fleet performance; 99.1% utilization**
 - Driven by proactive asset management
- **Completed \$150M in secured bank financing and extended Revolver term by one year**
 - Bank financing with Bank of Tokyo Mitsubishi UFJ and Development Bank of Japan

Positive Portfolio Trends

- Grew portfolio by \$2.4B over the past five years
- Reshaped capital structure, building a \$3.7B unencumbered aircraft base
- Shifted fleet mix towards younger passenger aircraft
- Increased remaining lease term while maintaining strong utilization

\$ in billions	Q2:10	Q2:12	Q2:14	Q2:15	Q2:15 vs Q2:10
Flight Equipment Held for Lease ¹	\$3.7	\$4.7	\$5.7	\$6.1	+\$2.4
Unencumbered Flight Equipment	--	\$2.0	\$3.2	\$3.7	+\$3.7
Number of Aircraft	129	155	148	161	+32
Number of Unencumbered Aircraft	--	67	91	110	+110
Passenger Aircraft (% of NBV)	71%	70%	84%	87%	+16%
Wtd. Avg. Fleet Age (years) ²	11.3	11.1	8.6	8.0	-3.3
Wtd. Avg. Lease Term (years) ³	4.6	4.9	4.9	5.8	+1.2
Wtd. Avg. Utilization ⁴	97.5%	97.8%	99.5%	99.1%	

1. Calculated using net book value of flight equipment held for lease and net investment in finance leases at period end.

2. Weighted average age by net book value.

3. Weighted average remaining lease term by net book value.

4. Aircraft on-lease days as a percent of total days in period weighted by net book value.

Capital Structure Summary

- Net debt to equity of 2.3 times; unsecured debt to total debt 67%
- Reduced weighted average cash interest expense to 4.78%
- Average remaining life of debt is 4.3 years; no debt maturities until 2017
- \$450M in available unsecured revolver capacity;¹ unrestricted cash of \$243M

	As of Jun 30, 2015 ²		As of Dec 31, 2014 ²		As of Dec 31, 2013 ²	
	\$MM	Rate ¹	\$MM	Rate ¹	\$MM	Rate ¹
Total Secured Debt	1,427	2.90%	1,396	2.96%	1,587	3.17%
Total Unsecured Debt	2,850	5.72%	2,400	5.70%	2,151	6.99%
Total Debt & Wtd Avg Rate	4,277	4.78%	3,796	4.69%	3,737	5.37%
Shareholders' Equity	1,786		1,720		1,646	
Net Debt to Equity	2.3x		2.1x		1.9x	
Unsecured Debt to Total Debt	67%		63%		58%	

1. Bank revolver was increased to \$600 million from \$450 million on January 26, 2015. As of June 30, 2015, \$150 million of the bank revolver was drawn.

2. Reflects fixed swap rate in effect plus the margin for Securitization No. 2. With the exception of five variable rate Bank Financings and Revolving Credit facility borrowings, all other debt, including ECA Term Financings, all other Bank Financings and the Senior Notes due 2017 through 2022 are fixed rate financings.

AIRCASTLE 

Q&A