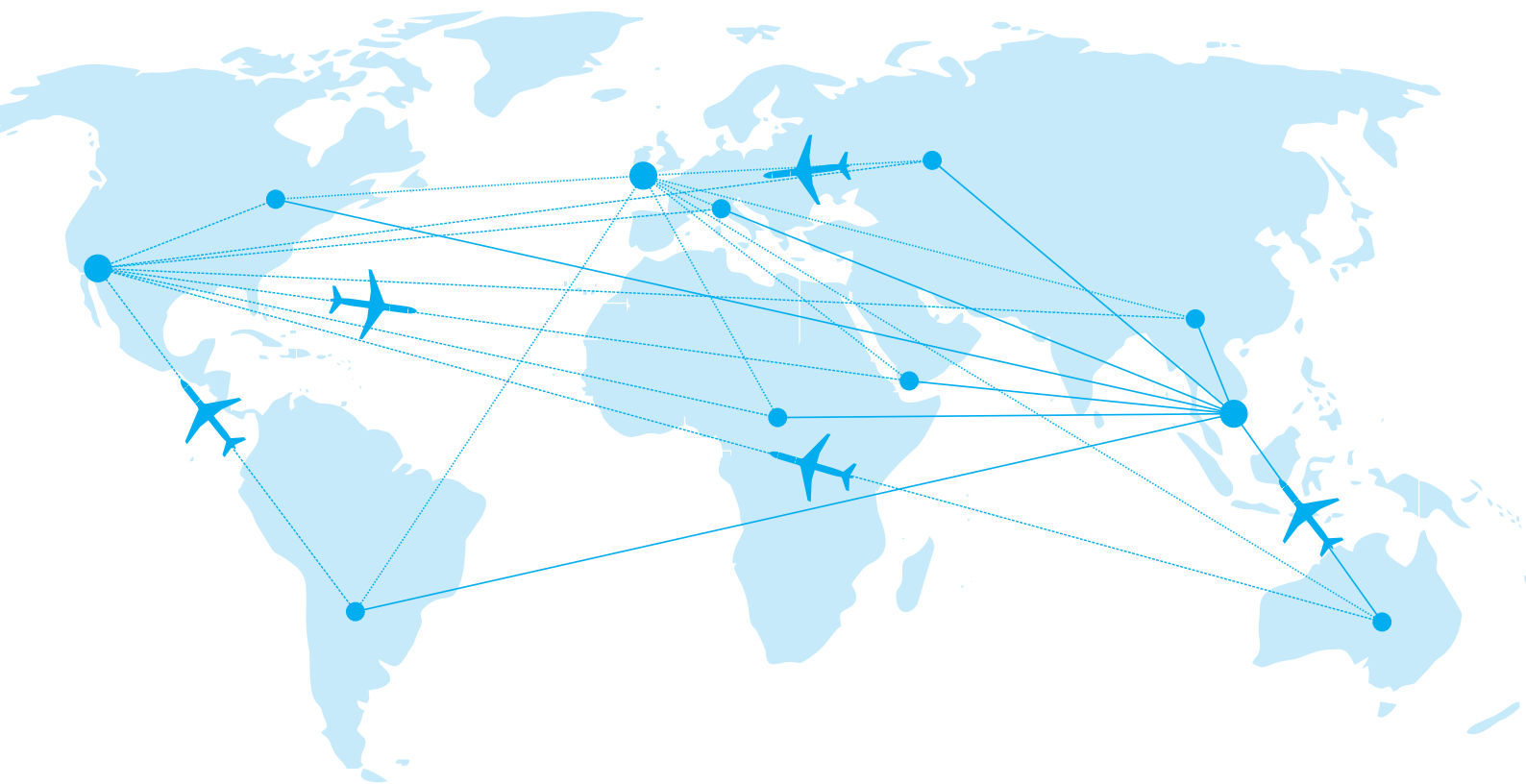




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# 2013 Leasing Market Review

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# 2013 Leasing Market Review

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The aviation finance market, the process by which airlines acquire aircraft, is slowly being dominated by aircraft lessors.

This is not a recent process. For years experts have predicted that lessors' share of the global fleet will increase to 50%, and the current trends support this.

Lessors ordered more aircraft in 2013 compared to 2012. Among the four manufacturers, Boeing, Bombardier, Airbus and Embraer, the backlog for lessors increased by 3922 aircraft in one year.

Lessors also showed more interest in diversifying their asset types last year.

The aircraft in current production awarded with the biggest order book from lessors is the Airbus A320 with 220 orders, closely followed by the Boeing 737-800.

At the Le Bourget air show leasing firms placed more orders for widebodies and regional jets, which we highlight on page 7 of this report.

While commercial liquidity became constrained in the last few years lessors showed no decline in activity. Looking at the different structures by which airlines acquired aircraft last year, operating leases saw a jump of 6%, at the expense of other structures.

Operating leases now account for 38% of the market in 2013 compared to 32% in 2012. This figure understates the rise of the lessors as the total volume of the aviation market, the US dollar value of the number of aircraft being delivered, keeps rising. Boeing predicts that there will be \$4.8 trillion worth of deliveries in the next 20 years.

## Investors flock to lessors

Investors are increasingly drawn to leasing firms which have managed to raise billions in capital in the last 12 months and as a result have been aggressively chasing sale/leaseback opportunities. Leasing is a capital intensive business.

According to research by *Airfinance Deals Database* lessors require at least \$47.74 billion over the next two years. The majority of this, at least \$28.8 billion (60%) is needed for single aisle aircraft.

As a sign of how the times are changing many banking aviation teams are directing their efforts at building bilateral leasing relationships. Even firms with liquid parents are negotiating banking lines and creating war chests for opportunistic acquisitions.

A more liquid market has also seen an uptick in aircraft trading, and we predict that 2014 will see a hike in portfolio sales among lessors.

If the trends in 2014 follow the same pattern as 2013, 58% of the signed deals will be financed using commercial debt while 13% of the transactions will use export credit agencies. At least 24% of the deals will be financed in the debt capital markets—of which almost 80% will be unsecured, and finally 5% will be tax leased transactions.

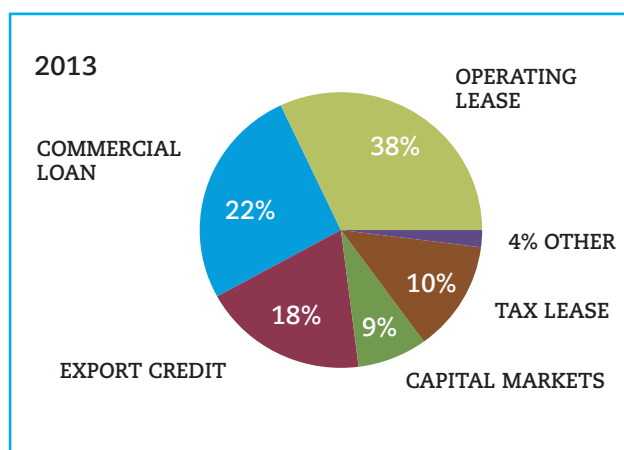
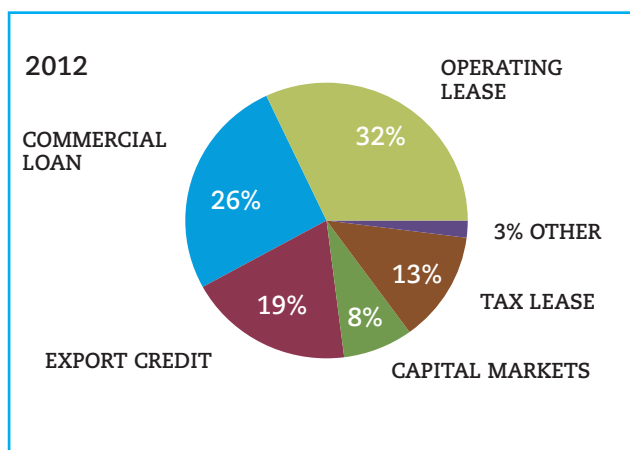
**Dickon Harris**  
Editor

**Alfonso Olivas**  
Deals Database Manager

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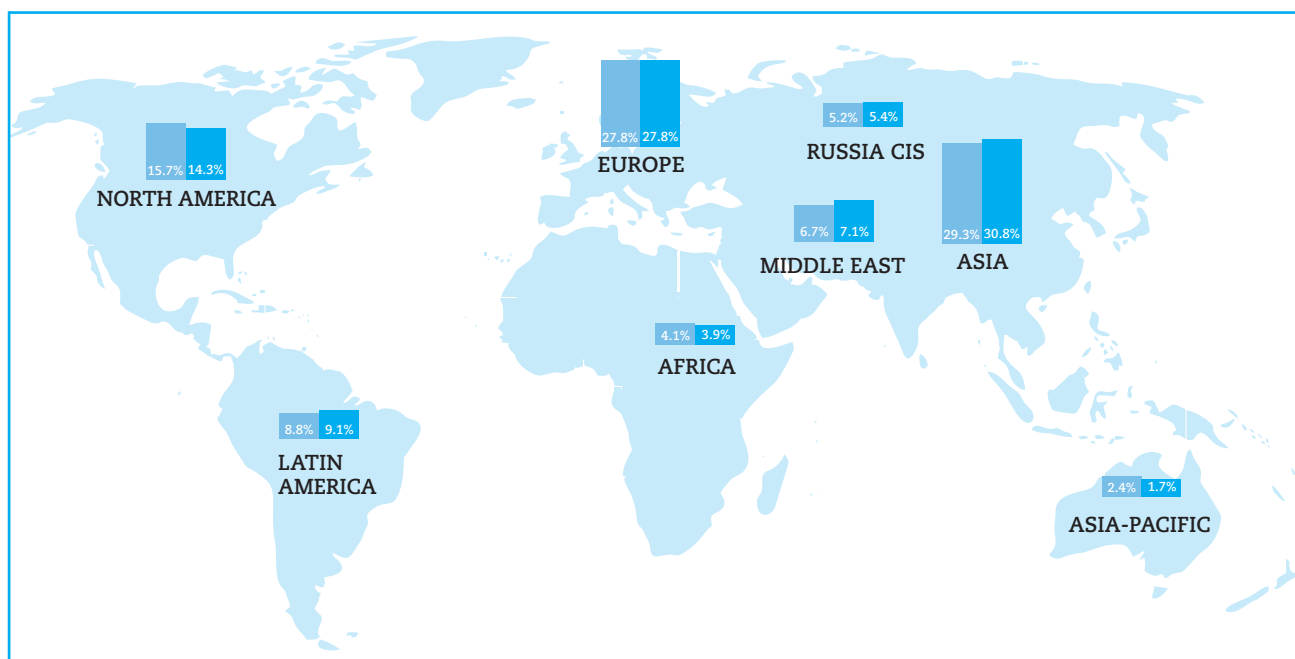
## Global Market breakdown 2012 vs. 2013

Based on number of deals. Source: Airfinance Deals Database



## Market Geographic Distribution 2012 vs. 2013

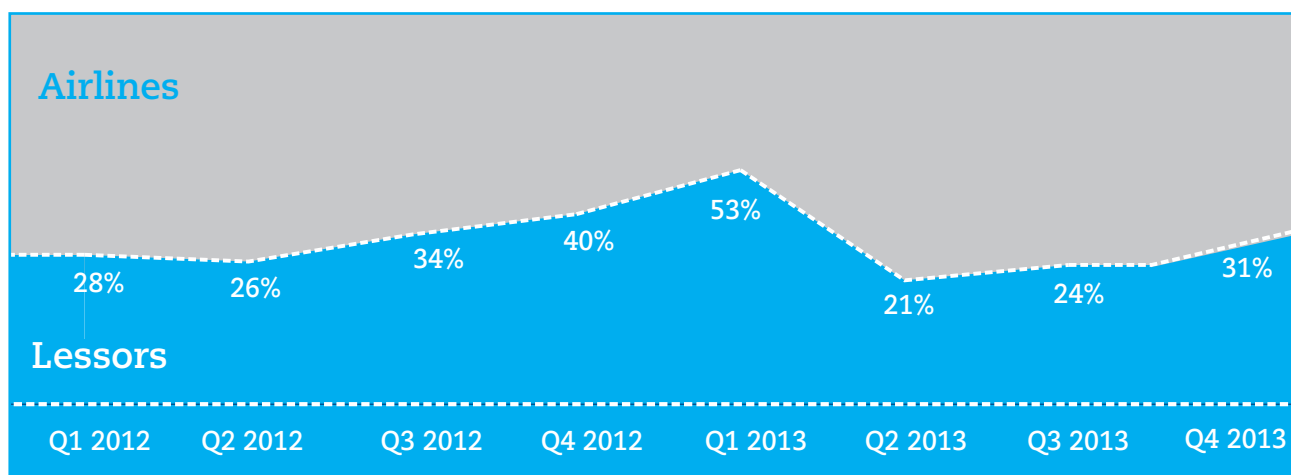
Based on number of deals. Source: Airfinance Deals Database



# 2013 Leasing Market Review

## Evolution of market share by borrower type

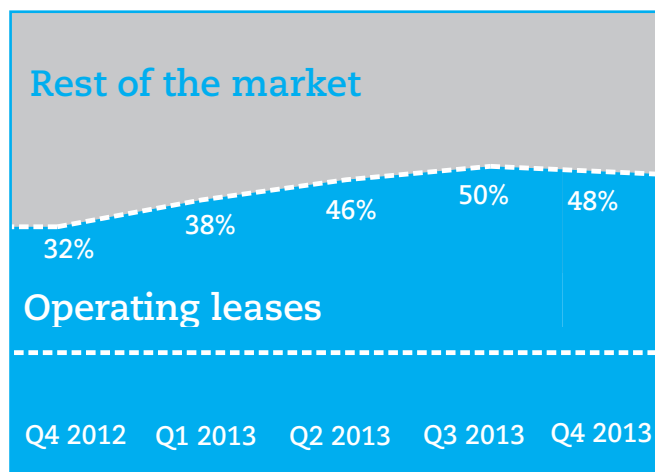
% of market share based on number of deals. Excluding operating leases.  
Source: Airfinance Deals Database



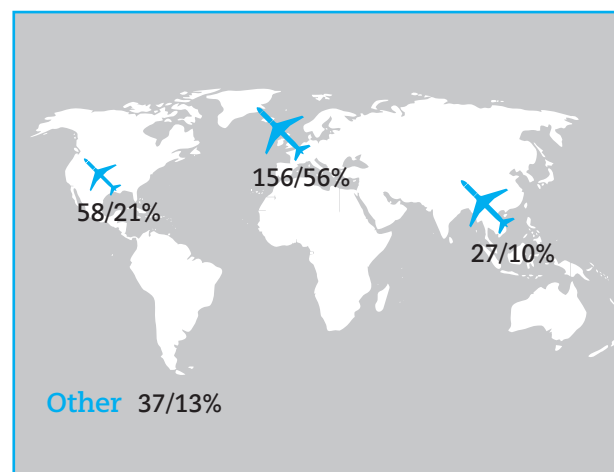
## Evolution of operating leases

Based on number of deals. Source: Airfinance Deals Database

### Evolution by quarter



### Main leasing hubs performance



Based on number of operating leases. 2013

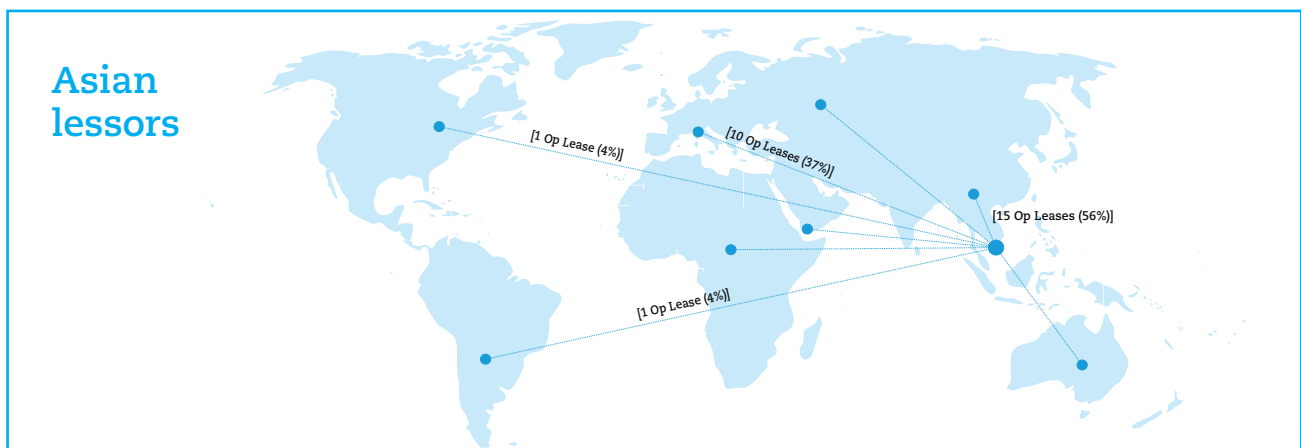
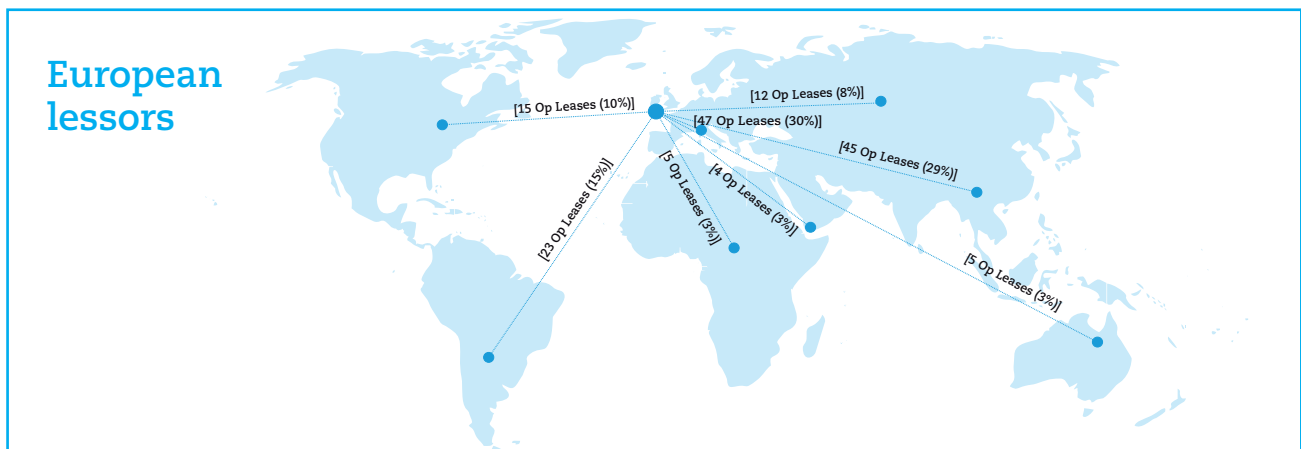
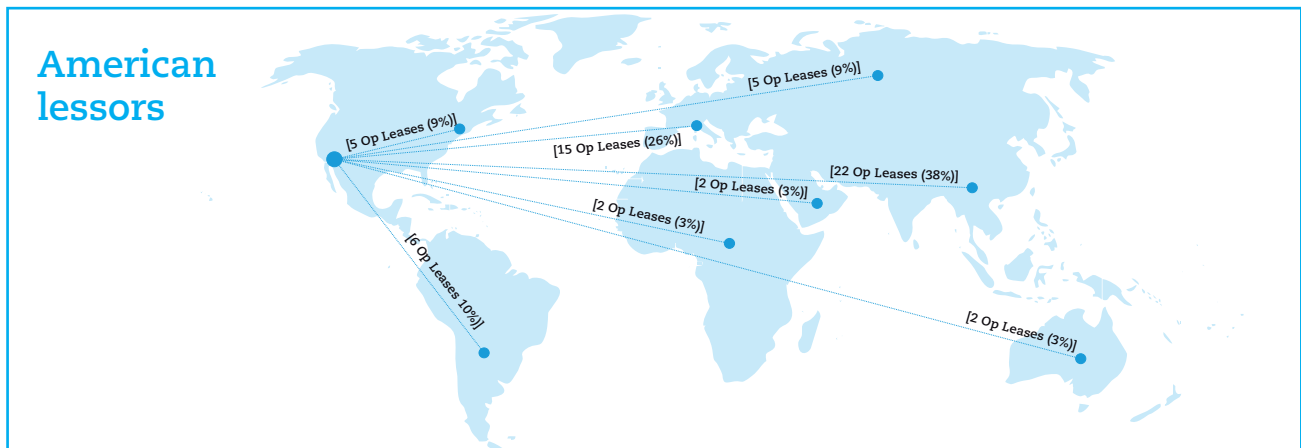




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## Operating leases world spread

Based on operating lease deals. Source: Airfinance Deals Database

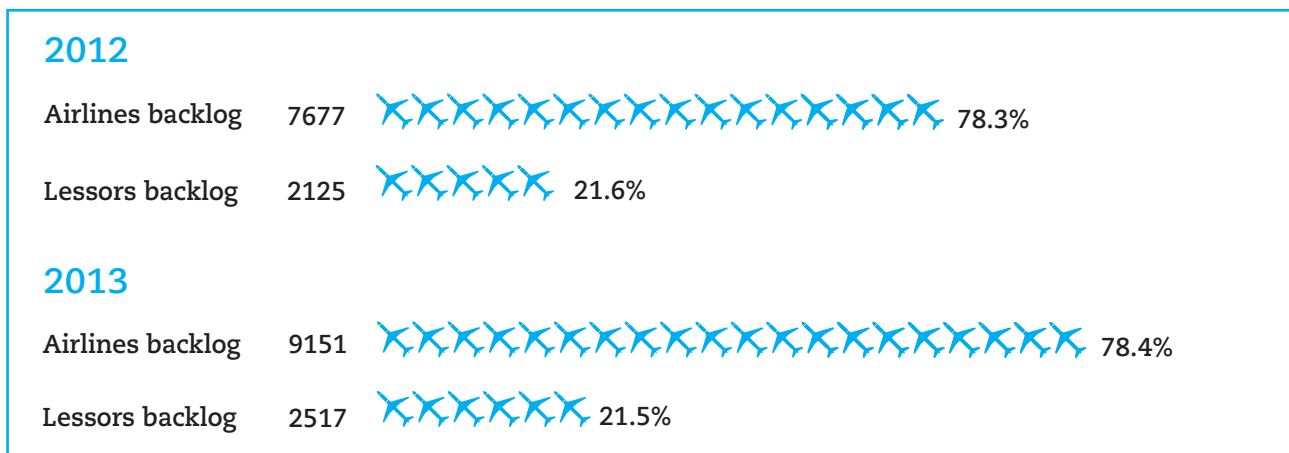


# 2013 Leasing Market Review

## Lessors and airlines order book

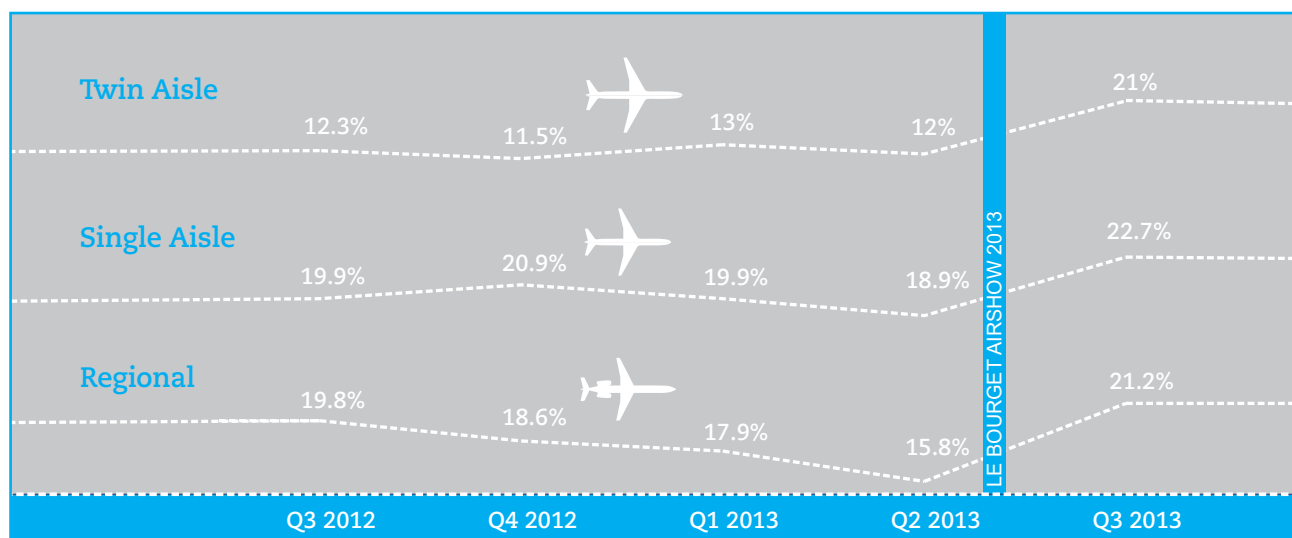
Number of orders as Q3 2012 and as Q3 2013.

Source: Airfinance Deals Database. Orders and deliveries report



## Evolution of unfilled orders placed by lessors

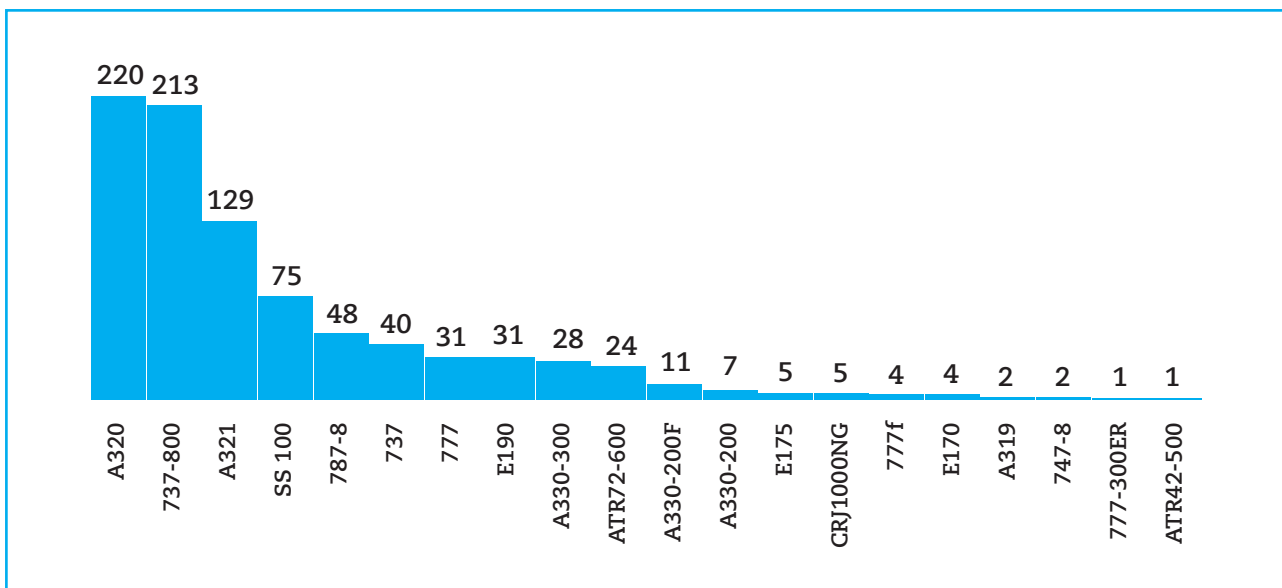
Amounts in % of the total orders by aircraft size. Source: Airfinance Deals Database



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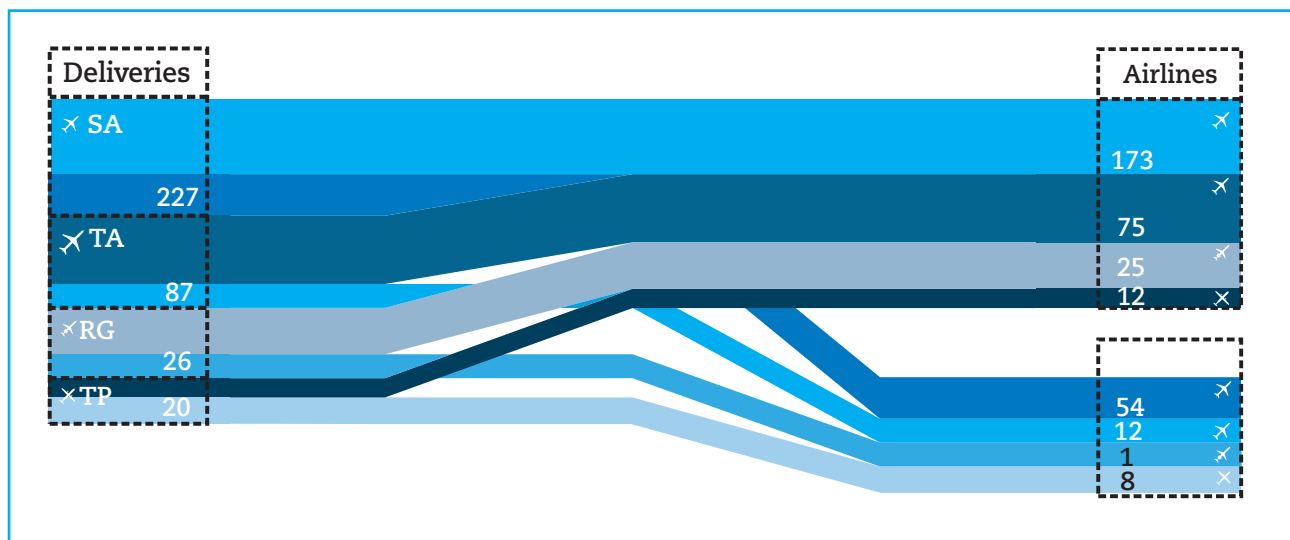
## Lessors' aircraft orders by model

Aircraft in production. Source: Airfinance Deals Database



## Deliveries in Q3 2013 by customer type and asset class

Source: Airfinance Deals Database. Orders and deliveries report

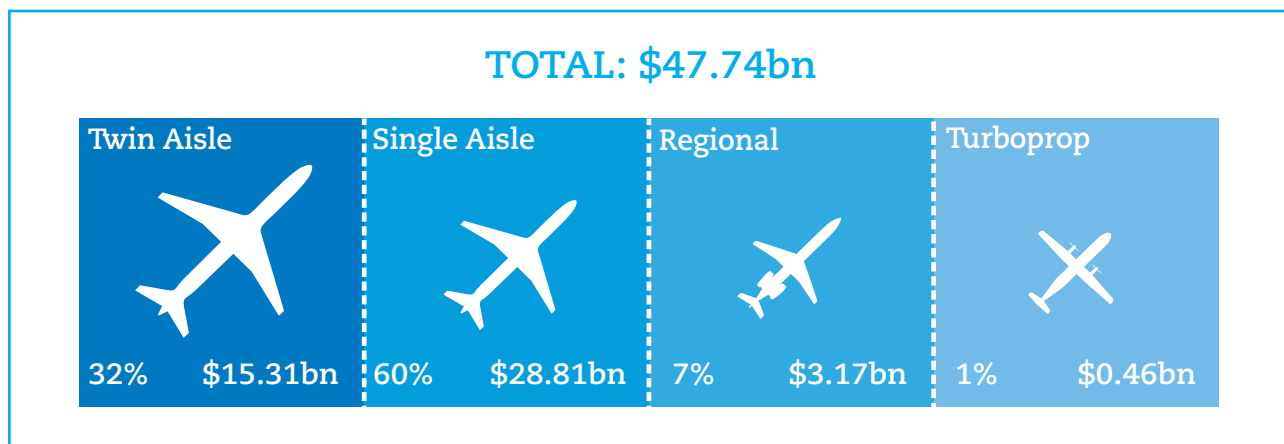




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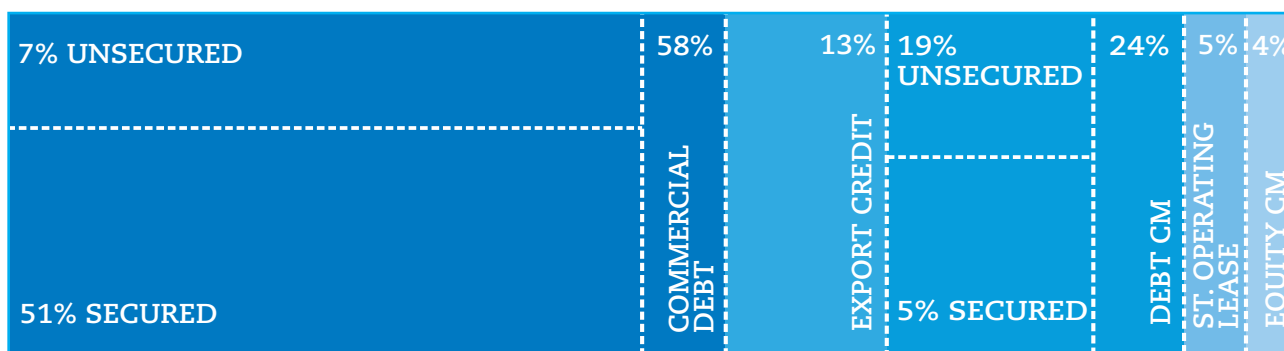
## Lessors estimated capital requirements for 2014-2016

Based on orders placed by lessors for aircraft in production Source: Airfinance Deals Database.  
Values: Avitas



## Leasing companies financing structure share 2013

Amounts in % of the registered deals. Source: Airfinance Deals Database



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## **16th Annual Global Airfinance Conference Dublin 2014**

22nd – 23rd January, Dublin

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## **Japan Aviation Masterclass**

8th April, Tokyo

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## **3rd Annual Japan Airfinance Conference**

9th – 10th April, Tokyo

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## **New York School of Aviation Finance 2014**

19th – 21st May, New York

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## **New York Awards Dinner**

22nd May, New York

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## **34th Annual New York Airfinance Conference**

22nd – 23rd May, New York

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## **2014 Aviation Finance, Leasing and Taxation Masterclass**

11th June, Shanghai

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## **12th Annual China Airfinance Conference**

12th – 13th June, Shanghai

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## **12th Annual Russia & CIS Airfinance Conference**

26th – 27th June, Moscow

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## **Summer School of Aviation Finance 2014**

30th June – 2nd July, Cambridge

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## **10th Annual Latin America Airfinance Conference**

11th – 12th September, Brazil

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## **Latin American School of Aviation**

1st – 3rd October, Miami

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## **12th Annual Middle East and Africa Airfinance Conference**

14th – 15th October, Dubai

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## **2014 Aviation Finance and Operating Leasing School Asia Pacific**

3rd – 5th November, Hong Kong

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## **15th Annual Asia Pacific Airfinance Conference**

6th – 7th November, Hong Kong

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