



Annual Report & Accounts 2020

AVOLON
2020

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avolon

Note Regarding Forward-Looking Statements

This document includes forward-looking statements, beliefs or opinions, including statements with respect to Avolon's business, financial condition, results of operations and plans. These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond our control and all of which are based on our management's current beliefs and expectations about future events. Forward-looking statements are sometimes identified by the use of forward-looking terminology such as "believe," "expects," "may," "will," "could," "should," "shall," "risk," "intends," "estimates," "aims," "plans," "predicts," "continues," "assumes," "positioned" or "anticipates" or the negative thereof, other variations thereon or comparable terminology or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. Forward-looking statements may and often do differ materially from actual results. No assurance can be given that such future results will be achieved. Forward-looking statements appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of management with respect to future events, and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to our business concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth, strategies, and the industry in which the Avolon operates, most of which are difficult to predict and many of which are beyond Avolon's control.

2020 HIGHLIGHTS

Key Metrics

842
Aircraft

142
Customers

61
Countries

Youngest Fleet
of the top 3 lessors

Business Overview

\$6.9bn
Total Available Liquidity

\$15.7bn
Unencumbered Assets

141
Lease Transactions

Investment Grade Rating Achieved

Fitch Ratings
BBB-

MOODY'S
Baa3

S&P Global
BBB-

KBRA KROLL BOND RATING AGENCY
BBB+

THE AVOLON TRIBE'S CORPORATE VALUES



Transparency



Respect



Insightfulness



Bravery



Ebullience

Living our TRIBE Culture every day



CHAIRMAN'S MESSAGE

While 2020 has been a very challenging period, the decisive action taken during the year means Avolon has delivered a solid performance across a number of key metrics. We have maintained consistently strong liquidity in excess of US\$5 billion for the year, prudently managed our capital commitments and future debt maturities, while also continuing to generate robust cashflows.

All of this was achieved through the dedication and hard work of the Avolon TRIBE to whom the Board is incredibly grateful. In particular, the multi-cycle expertise of our senior leadership team – whose relentless focus on our core strategic principles that have guided the business from the beginning ensured that we entered the crisis in a position of strength and that has made the difference in 2020. This strategy has not only driven Avolon to become a global leader, but also ensured that the business can perform in all market conditions. Balanced exposure to all of the world's regions and a singular focus on young, in-demand and attractive aircraft assets has created a diverse and resilient platform that distinguishes us from our peers.

The other outstanding feature of 2020, and one that we, as a Board, are most proud of, was the commitment and contribution of the Avolon TRIBE to those impacted by COVID-19 in our surrounding communities. Our TRIBE were instrumental in the sourcing and transportation of three flights filled with much needed PPE for front-line services in Ireland during the height of the pandemic in Q2 2020. In addition, Avolon supported a number of other initiatives to support the most vulnerable, and we are proud of the contribution that our TRIBE members have made. This is testament to the strong shared culture within the business and reflects our five corporate values in action.

As we look forward to 2021, we are cautiously optimistic and believe, as a business, that the decisive actions we took during 2020 leaves us well positioned to perform. I would like to thank my fellow Board members for their time, dedication and support throughout 2020, and to the careful stewardship of the business by the Avolon leadership.



Chris Jin
Non-Executive Chairman

CEO'S MESSAGE



Highlights

\$2.3bn

Sale and Leaseback commitments

\$1.4bn

Of early debt repayments and buybacks

\$4.4bn

New debt raised

2020 was a year like no other – for the Avolon business, for our industry and for society as a whole. Our response to the COVID-19 crisis was built around three pillars: customers, cashflow and CARE. We worked to support our customers – quickly and in scale – when the pandemic effectively shut down global air travel. We focused on cashflow, liquidity and realigning our aircraft order pipeline with a fundamentally different industry outlook. Finally, and perhaps most importantly, we placed a huge emphasis on the health and well-being of our TRIBE; and on working hard to support the front-line workers in our healthcare system at a time when we needed them most.

SUPPORTING OUR CUSTOMERS

2020 brought unprecedented challenges to the aviation industry which was among the most impacted sectors globally. Following the declaration of COVID-19 as a pandemic by the WHO in March, Governments across the world-imposed travel bans, grounding aircraft fleets. This had an immediate and profound impact on our customers. Where possible, we leveraged our strategic scale to work closely and expeditiously to provide support to our customers.

Despite the market environment, we took delivery of 57 fuel-efficient aircraft during the year. Even in a period of major stress, we continued to support our customers' fleet renewal ambitions. We are also focused on maintaining a young fleet of the most in-demand aircraft which positions Avolon to outperform in the period ahead.

FOCUS ON CASHFLOW & CAPITAL DEPLOYMENT

The multi-cycle experience of the Avolon leadership team has been a hallmark of our investment case since the business was established. Our prudent balance sheet and rigorous risk management framework is borne from this experience and positioned Avolon to withstand the capital shock of a global aviation shutdown in 2020.

As the depth of the pandemic became evident, along with the uncertainty about the timeframe for recovery, we weighted our strategy to a position of "long cash, short metal". We reduced our capital commitments up to 2024 by US\$7.9 billion. This realignment of our order-book enhanced our capital strength and provides us with the capacity to be opportunistic as we move into the recovery phase.

During 2020, we deployed \$2.3 billion into the sale and leaseback channel, entering commitments for 44 aircraft with strong airline credits. We expect to continue to be active in the sale and leaseback channel in 2021 as airlines increasingly look to the leasing market to support the recovery.

We also remained active in aircraft trading during 2020. We completed the sale of 29 aircraft, 3 of which were managed during the year, including both narrowbody and widebody assets. We have a proven track record in aircraft trading and our strong counterparty relationships sustained this strong performance during the past year.

A strong balance sheet, robust risk management framework and a reputation for transparent communication with the capital markets enabled us to raise US\$4.4 billion of new debt during the year, including US\$3.4 billion of senior unsecured notes. We used \$1.4 billion of this incremental capital to reduce near-term maturities and extend our debt maturity profile.

CEO'S MESSAGE

(CONTINUED)

All of these actions focused on ensuring our capital strength and liquidity. This enabled us to maintain available liquidity in excess of US\$5 billion throughout the year and total available liquidity of US\$6.9 billion at year end.

While our financial performance for the year reflects the challenge our entire industry faced, we exited 2020 with a stronger liquidity position than we entered it, deeper relationships with our customers and a tighter bond with our colleagues. All of the rating agencies have affirmed our investment grade credit ratings and we are strongly positioned for the recovery. We have the balance sheet and experience to capitalise on the opportunities that will present as the aviation market rebounds, which we believe it will as vaccines are deployed and economies progressively reopen.

CARE

Avolon has been built on clear and shared corporate values which we strive to reinforce each and every day. Those values, Transparency, Respect, Insightfulness, Bravery and Ebullience, define who we are and form the TRIBE. In 2020, with our TRIBE tested like never before, we withstood the challenges, our culture and values emerging stronger and as crucial as ever to the success of our business.

Our team, our TRIBE, are the key differentiator for our business. We have relentlessly focused on investing in, developing, motivating and retaining skilled colleagues who are dedicated to working as a team to support our customers and deliver for our investors and shareholders.

That focus was challenged significantly in 2020 by the onset of COVID-19 – with a meaningful, adverse impact on how we work and how we engage with one another and our stakeholders. However, our transition to remote working proved seamless, testament both to the attitude and resilience of our TRIBE and to the robustness of our systems.

It was an intensive year as we collectively coped with a new working environment while also trying to support our customers through stress and distress. What is clear is that we have a strong, motivated and capable team who took what were profound changes in their stride. I am immensely proud of the resilience and commitment of each and every one of our TRIBE.

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While our financial performance for the year reflects the challenge our entire industry faced, we exited 2020 with a stronger liquidity position than we entered it, deeper relationships with our customers and a tighter bond with our colleagues

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Over and above supporting our customers, as a TRIBE, we placed significant emphasis on our CARE programme in 2020. CARE is our means of supporting those less fortunate than ourselves and to helping important social initiatives. During 2020, we directly donated over US\$500,000 to 63 charitable partner projects across the globe. Details of a number of these important projects are outlined on pages 12 and 13.

We also recognised that we could play an important part in transporting PPE to front-line healthcare workers in Ireland in the early stages of the pandemic when such equipment was in short supply. We worked closely with a number of partners, including Aircraft Leasing Ireland, HNA and PCH, to charter three flights from China to Ireland which transported 4 million individual pieces of PPE together with ventilators and other vital medical equipment. We also created a public fundraiser and raised €350,000 from members of the general public and from our own TRIBE to be put towards the cost of acquiring PPE for Ireland's front-line staff. We are grateful to each and every person that donated towards this effort and are pleased to have been able to play a part in the response to the pandemic during the course of the year.

ENVIRONMENT

Another focus for Avolon is the environment and how we can continue to work towards addressing the climate crisis. Our industry, like many others, is a net contributor to carbon emissions. As a business, and an industry, it is incumbent on us to play our part in moving to a net zero economy by 2050. Over and above ensuring we have a young-fuel efficient fleet, we are putting in place a number of initiatives to promote positive change and work towards a net zero target. We intend to advance those initiatives during 2021 and to announce progress in due course.

OUTLOOK FOR 2021

We believe we progressed significantly as a business in 2020. While the financial outcome for the business is clearly not what we would have wanted or expected this time last year, we believe we have a stronger, more resilient business today than at any point in our history and we are positioned to thrive as the recovery begins to take hold.

While the months ahead are masked in uncertainty, we are confident that recovery will gain pace in 2021. The airline industry's resilience is rooted in our shared desire to build connections, both personal and professional. That has not changed. As vaccines are distributed globally, travellers will return to the skies.

Recovery from the pandemic will be gradual. Airlines have a decade of deleveraging ahead and the manufacturers also face unprecedented challenges. However, Avolon will be a strong partner for our customers and suppliers, supporting our shared ambition to rebuild a strong and healthy aviation sector which will drive wider economic growth.

As recovery takes hold, so too will aviation's responsibility to reduce its environmental impact. Avolon's role in renewing our airline customers' fleets with young, fuel-efficient aircraft will be critical to tackling this challenge.

We look to 2021 and beyond with measured optimism. We recognise the scale of the impact of the pandemic on our customers, on our industry and wider society. Over and above the direct pandemic effect, the nature of work will also change and this will impact on some air travel. However, travel is inextricably linked to economic growth as well as our desire for personal connection. We believe the medium-term outlook for aviation is strong and the sector has a proven ability to rebound, and rebound quickly, in the aftermath of a crisis.

We look forward to returning to the skies in 2021. We will again visit our customers, our suppliers and our investors. We are excited to travel again – as both business travellers and as tourists.

We have a committed and proven TRIBE a strong balance sheet and an ambition to be, and be recognised as, the most progressive global player in aircraft leasing. We are proud of what we achieved as a business in 2020. We are positioned to support recovery in 2021 and are excited about the prospects for Avolon.



Dómnal Slattery
Chief Executive Officer

LEADERSHIP

EXECUTIVE COMMITTEE



Dómhnal Slattery

Chief Executive Officer

Dómhnal Slattery has served as our Chief Executive Officer since our inception in May 2010. As Chief Executive Officer, Mr. Slattery sets the company strategy and commercial objectives and oversees their execution. In 1989, Mr. Slattery began his aviation financing career, initially in marketing roles with Guinness Peat Aviation and GECAS. In 1994, he established his own aircraft advisory and investment banking services company, International Aviation Management Group ("IAMG"). In 2001, The Royal Bank of Scotland Group acquired IAMG as the launch platform of RBS Aviation Capital. Mr. Slattery was Chief Executive of this business from 2001 to 2004 and went on to become Managing Director of the Structured Asset Finance business for the Royal Bank of Scotland Group. He continued as a non-executive Director of RBS Aviation Capital until January 2008.



John Higgins

President and Chief Commercial Officer

John Higgins has served as our President and Chief Commercial Officer since our inception in May 2010. Previously Mr. Higgins served as the Chief Commercial Officer at RBS Aviation Capital from 2007 until 2010. Mr. Higgins also served as the Head of Origination for Europe, Middle East, Africa and Asia Pacific at RBS Aviation Capital. Before joining RBS Aviation Capital Mr. Higgins served in various roles within the aircraft leasing and finance industry at PricewaterhouseCoopers and GE Capital Aviation Services.



Andy Cronin

Chief Financial Officer

Andrew Cronin has served as our Chief Financial Officer since our inception in May 2010. Mr. Cronin previously served in various roles of increasing responsibility at RBS Aviation Capital from 2004 to 2010, where his most recent title was Senior Vice President of Investor Markets. Prior to RBS Aviation Capital, Mr. Cronin held a number of commercial and operational roles with FLS Aerospace.



Tom Ashe

Chief Operations Officer

Tom Ashe has served as our Chief Operating Officer since our inception in May 2010. Mr. Ashe has also served as our Head of Risk from 2012 until October 2020. Previously Mr. Ashe served as the Head of Origination for Europe, Middle East and Africa from 2007 through 2010 at RBS Aviation Capital. Mr. Ashe joined RBS Aviation Capital in 2002 as a Senior Vice President in the Europe, Middle East and Africa origination team. Prior to joining RBS Aviation Capital, Mr. Ashe held various roles at AerFi Group plc with responsibility for financial planning, originating aircraft and engine trading opportunities.



Paul Geaney

Chief Risk Officer

Paul Geaney has served as our Chief Risk Officer since October 2020. Mr. Geaney has been with Avolon since its inception, serving as Head of Americas from 2010 until 2017 and as Head of OEM from 2017 until 2020. Mr. Geaney began his career in investment banking with Merrill Lynch, before joining RBS Aviation Capital as an analyst and taking on roles of increasing responsibility in that business and in the RBS Structured Asset Finance business, based in London.

BOARD OF DIRECTORS



Chris Jin

Non-Executive Chairman

Chris Jin has served as a director since January 2016. Mr. Jin has served as Chief Executive Officer of HNA Capital Group Co., Ltd. since November 2016 and Chairman of the Board of Bohai since October 2020. Mr. Jin served as the Chairman of the Board and Chief Executive Officer of Bohai from May 2015 to May 2017 and as the Chairman of the Board of Tianjin Bohai from May 2015 to May 2017. From October 2012 to April 2015, Mr. Jin was Deputy Chief Executive Officer and Chief Financial Officer of Seaco SRL, a sea container leasing company in Singapore. From January 2011 to October 2012, Mr. Jin was the Chairman of the Board and President of HKIAL, an aircraft leasing company in Hong Kong. Before working with HKIAL, Mr. Jin worked in the Bank of China New York Branch in charge of credit and business development related matters. Prior to this, Mr. Jin worked with the Business Department, Credit Department and Corporate Department of Bank of China Headquarters in Beijing, China and at East-West Bank in California where he was in charge of its international business. Mr. Jin currently serves as the Chairman of the Board of various Bohai entities.



Denis Nayden

Non-Executive Vice Chairman

Denis Nayden has served as Vice Chairman of our Board since April 2016 and was previously the Chairman of the Board from May 2010 to January 2016. Mr. Nayden previously held the position of Chairman of Varagon Capital from 2014 to 2020, and is currently Chairman, Investment Committee member and Operating Investor at Harkness Capital Partners. Mr. Nayden also serves on the Board of Directors of LiteSheet Solutions and the Global Board of buildOn, a non-profit organization. Mr. Nayden was formerly an Advisory Managing Partner of Oak Hill Capital from January 2017 to December 2017 and a Managing Partner from 2003 through 2016. Prior to joining Oak Hill, Mr. Nayden served as the Chairman and Chief Executive Officer at GE Capital. Mr. Nayden spent more than 25 years serving in various roles at GE Capital, including oversight of GE Capital Aviation Services. Mr. Nayden previously served as Chairman of the Boards of Duane Reade, Firth Rixson Limited, Omada International, Primus International and RSC Equipment Rental.



Rachel Bai (Xiaoyu Bai)

Non-Executive Director

Rachel Bai has served as Vice President and Risk Control Director of Bohai Leasing Co., Ltd. since December 2016 and Director of the Board of Tianjin Bohai since July 2018. Mrs. Bai served as Head of Finance Department of Bohai Leasing from October 2013 to December 2016, and Head of Finance Department of Tianjin Bohai from January 2013 to September 2015. From July 2009 to January 2013, Mrs. Bai worked in the Finance Department of Bohai Leasing and its subsidiaries. Mrs. Bai graduated from Nankai University with a master's degree in economics in July 2009. Mrs. Bai is the charterholder of CICPA and CFA. She was appointed to the Board of Avolon on February 10, 2021.



Yi Shen

Executive Director

Yi Shen has served as our Managing Director of Business Development since July 2018 and was previously the Chief Investment Officer of CWT International Limited. Prior to that, Mr. Shen served as CFO for various HNA affiliate companies, including HNA Innovation Finance Group, HNA Hospitality Group, and Offshore Heavy Transport AS, from August 2011 to June 2018. Mr. Shen earned his Bachelor's degree in Engineering from Sichuan University in 2001 and his Masters degree in Aerospace Materials from the University of Cambridge in 2004. He was appointed to the Board of Avolon on February 10, 2021.



Kiyoshi Fushitani

Non-Executive Director

Kiyoshi Fushitani has served as a director since November 2018. Mr. Fushitani is a member of the Board of Directors of ORIX Aviation. He also serves as Senior Managing Executive Officer of ORIX and is in charge of Head of East Asia Business Headquarters and Head of Global Transportation Services Headquarters. Mr. Fushitani joined ORIX in 1975, and has held various roles within the ORIX Group, including a member of the Board of Directors of ORIX, Head of Global Business Headquarters, Deputy President of ORIX USA Corporation (currently ORIX Corporation USA), Director and Managing Executive Officer of ORIX Life Insurance Corporation, President and Chairman of ORIX Investment Corporation up to the present post. Prior to joining ORIX, Mr. Fushitani spent two years working for The Sumitomo Bank. Mr. Fushitani holds a Bachelor Degree in Business Administration and Economics from Kobe University.



Kei Kitagawa

Non-Executive Director

Kei Kitagawa has served as a director since April 2020. Mr. Kitagawa is a member of the Board of Directors of ORIX Aviation. He also serves as Executive Vice President, Deputy Head of Global Transportation Services Headquarters and Head of Aviation and Investment Group for ORIX Corporation, the sole shareholder of ORIX Aviation. Kei Kitagawa joined ORIX Corporation in April 1998 where he spent eight years in vender leasing jointly with an American multinational computer technology company. He then moved into the Aviation and Investment Group in March 2006 in a core role pioneering the Japanese Operating Leasing arrangement for ORIX Corporation. Kei Kitagawa was appointed to the Head of Aviation and Investment Group in May 2015 and Deputy Head of Global Transportation Services Headquarters in January 2019. Kei Kitagawa also has responsibility for the Aviation and Investment Group's business strategies and budgets. Kei holds a Bachelor Degree in Law and a MBA in Finance from Chuo University, Tokyo.



Dómhnaí Slattery

Chief Executive Officer

Dómhnaí Slattery has served as Avolon's Chief Executive Officer since our inception in May 2010. Mr. Slattery served as the Managing Partner of Claret Capital Limited from 2006 through 2009. Mr. Slattery was the founding Chief Executive of RBS Aviation Capital from 2001 through 2004 and went on to become the Managing Director of the Structured Asset Finance business for the Royal Bank of Scotland plc. He continued to serve as a Non-Executive Director of RBS AC until 2008. In 1994 Mr. Slattery established his own aircraft advisory and investment banking services company, International Aviation Management Group, which was acquired by RBS in 2001. Mr. Slattery began his aviation career in 1989 in marketing roles with Guinness Peat Aviation (GPA) and GE Capital Aviation Services.

CARE 2020

At Avolon our social responsibility takes its form through CARE, which has been an integral part of our values since our foundation. CARE enables our employees to take the lead in collaborating with local and international partners to promote innovation, social development, education and meaningful change in the world.



In 2020, Avolon contributed €431,647 across 63 different initiatives under our 4 pillars, Community, Avolon CARE Days, Resources, Entrepreneurship and Education. A total of €83,377 of this related to 8 specific Covid projects.

Outside of our CARE commitments in 2020, Avolon led a global humanitarian effort that delivered over 4 million individual pieces of PPE to Ireland during the months of April, May and June. The PPE was sourced in China and flown to Ireland on aircraft chartered by Avolon. The cargos included urgently needed ventilators, surgical gowns, masks, visors, gloves and face shields, which were donated directly to the Irish Health Services Executive for delivery straight to the front lines of the battle against Covid-19.

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**Members of the
Avolon TRIBE
donated over
€100,000 to the
Avolon PPE
Cargo Fund**

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Clockwise from top left

Despite the challenges presented by 2020, Avolon still embraced its CARE initiatives, which included an Avolon led humanitarian effort that delivered over 4 million pieces of individual PPE to Ireland from China.

Avolon was partnered in this humanitarian venture by HNA and Aircraft Leasing Ireland. We also instigated the Avolon PPE Cargo Fund, a crowdfunded initiative that raised €350,000 from members of the public within seven days. We also joined forces with international logistics company PCH, based in Ireland and China who sourced the PPE, as well as Irish musical legends U2, who purchased much of the PPE that was safely transported to Dublin from China.

Members of the Avolon TRIBE donated over €100,000 to the Avolon PPE Cargo Fund, which included monetary donations and over 100 annual leave days.



Watch the video [click here](#)

DIVERSITY & INCLUSION



Diversity & Inclusion



The Diversity and Inclusion Committee delivered Destinee's Letter, a 32 minute video documentary that told the story of how the Black Lives Matter movement impacted our TRIBE



Despite a challenging year that saw the TRIBE spend the majority of their time working from home, the Diversity & Inclusion Committee still launched a number of important initiatives in 2020. Key among these was the roll out of a Smart Working programme that reached far beyond home working arrangements and will add real benefit to the TRIBE for years to come.

Numerous external speakers presented virtually to the TRIBE on topics that were particularly pertinent in 2020 such as addressing the challenges of achieving the right work-life balance during a period of unprecedented disruption in everyone's lives, both in and out of work.

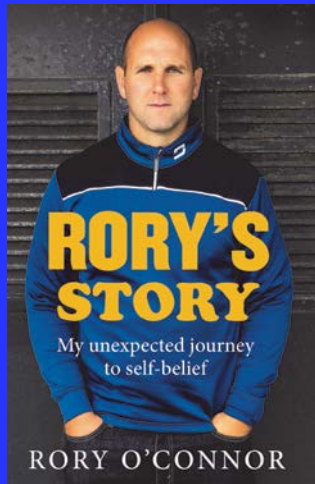
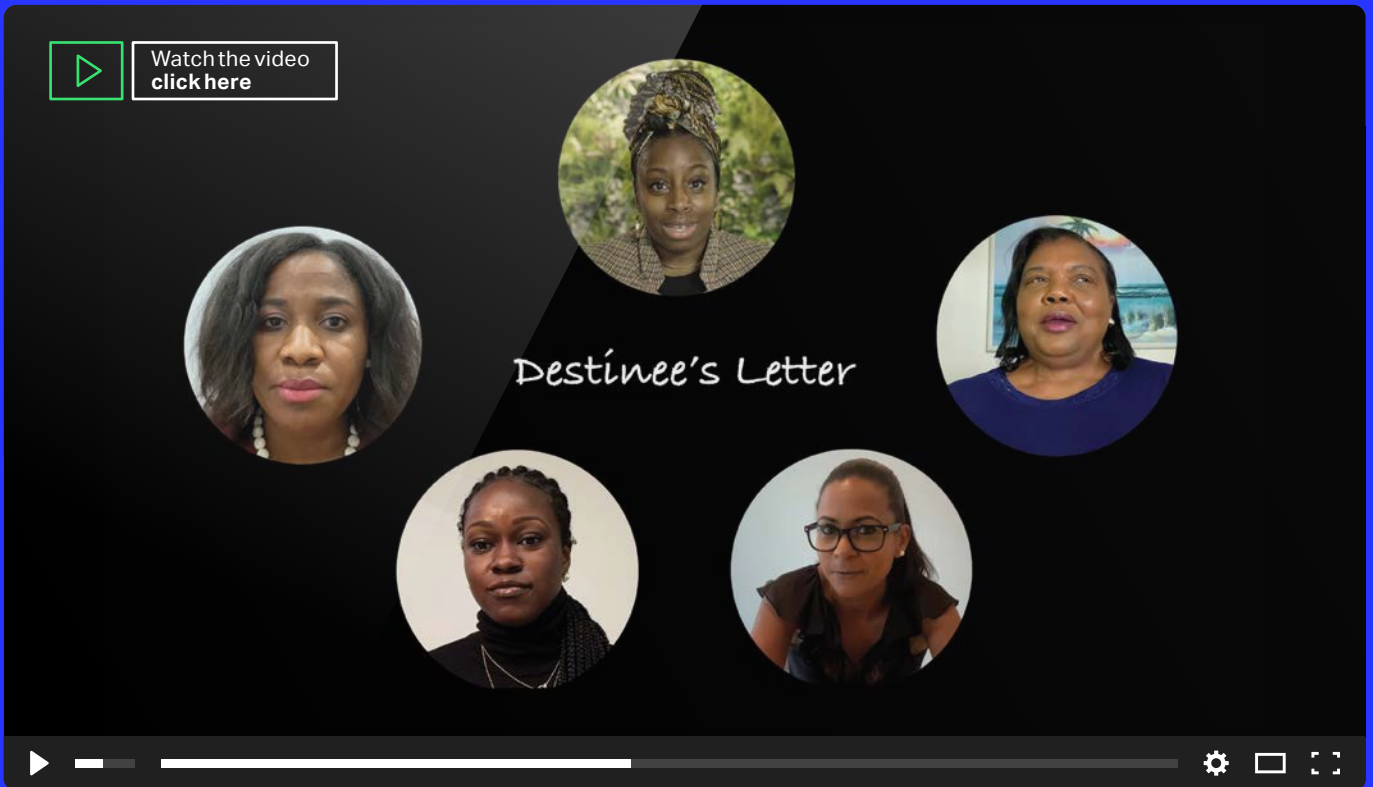
The Committee also ensured that our recruitment and promotion processes were strengthened to reduce the risk of unintentional bias.

The Diversity & Inclusion Committee engaged a global leader in the area of human capital to roll out a Leading Inclusively training initiative that will be made available to all of the TRIBE in early 2021.

In November the Diversity and Inclusion Committee delivered Destinee's Letter, a 32 minute video documentary that told the story of how the Black Lives Matter movement impacted our TRIBE, through the voices of 5 black female members of the TRIBE, based in New York, Florida and Dublin.

The video was produced internally and was instigated by TRIBE member Destinee Agard, who wrote a letter to her colleagues in New York sharing her concerns and experiences as a black woman living and working in the United States as the Black Lives Matter movement emerged on the global landscape. The letter was subsequently shared with the entire company.

The documentary, which was introduced by our CEO Domhnal Slattery, was viewed by the TRIBE in November during a company-wide call. Destinee's Letter has subsequently been watched by all of our TRIBE members on our internal viewing channel.



Clockwise from top left

Our Diversity & Inclusion Committee engaged a series of speakers in 2020 who spoke remotely with the TRIBE on a number of topical issues around working from home and the challenges this presented. This included Dr Kirsten Sailer (top left) who gave the TRIBE insights on the a comfortable workspace environment while working from home, Author and comedian Rory O'Connor (top) who spoke about his own mental wellbeing challenges in 2020 while Professor Ian Robertson (bottom left) shared his thoughts with the TRIBE on mental resilience during the pandemic.



WORKING FROM HOME



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The transition of approximately 300 employees globally from office to home working, had little to no impact on employee productivity

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In March 2020, like the rest of the global economy, Avolon was forced to move our working platforms to remote locations as all of our teams were forced to work from home. While this sudden development was a challenge for all of our staff, the transition to working from home proved to be relatively seamless for our people and our workstreams.

Over the course of 2018-2019, Avolon invested in a number of key technological advancements across applications, cyber security and home office infrastructure which included the introduction of cloud-based technologies, real time communication software and robust end point cyber protection tools.

The step change delivered from a technology standpoint ensured the business continuity impact of COVID-19 from a day-to-day operational standpoint was minimal. As a result, the transition of approximately 300

employees globally from office to home working, had little to no impact on employee productivity. In addition security protocols continued at office standards and any potential IT operational challenges were fully mitigated.

Connectivity within teams was also ramped up during 2020 with increased focus on video conferencing, with our usage of BlueJeans and Microsoft Teams increasing by 170% during the first 3 months of lockdown.

GRADUATE PROGRAMME

In September, Avolon welcomed the second intake of graduates to our global headquarters in Dublin for the 2020 Avolon Graduate Programme. The successful candidates were selected for the graduate programme, following a process that was concluded in November 2019. In the third quarter the five graduates had the opportunity to meet some of their colleagues and experience their onboarding week in our Dublin office, before moving to a virtual working environment.

Avolon provides the talented graduates with an opportunity to develop their potential, professionally and personally, while working closely with Avolon executives, in the new remote working world.

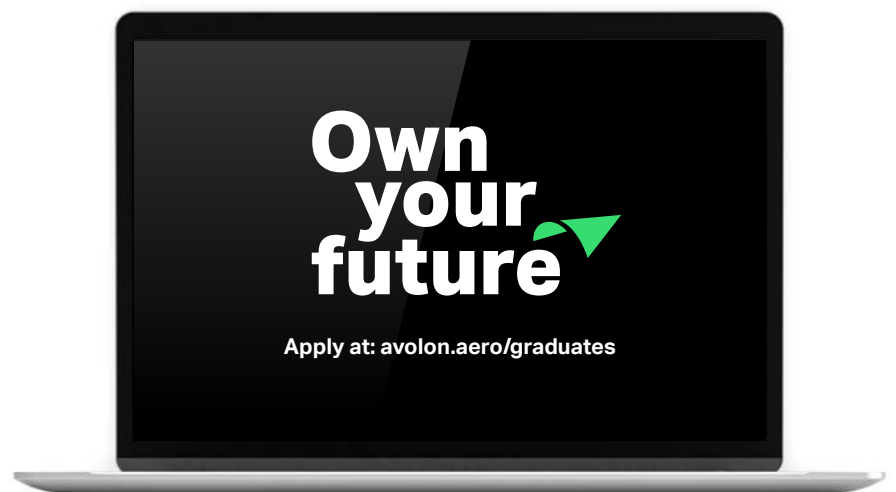
Avolon is committed to bringing future talent into the organisation and in November 2020, adapted the recruitment process to an online, virtual campaign.

We received over 700 applications from a wide range of Irish and international universities to join our 2021 intake. Many members of the TRIBE, across different departments, were involved in the new online assessment centre which saw the entire recruitment process conducted virtually. Candidates completed a number of exercises and interviews, in order to gain a place on our 2021 Graduate Programme. The three successful graduates will join Avolon in September 2021 and have an opportunity to work on exciting new projects and initiatives across the firm.

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Avolon provides the talented graduates with an opportunity to develop their potential, professionally and personally, while working closely with Avolon executives











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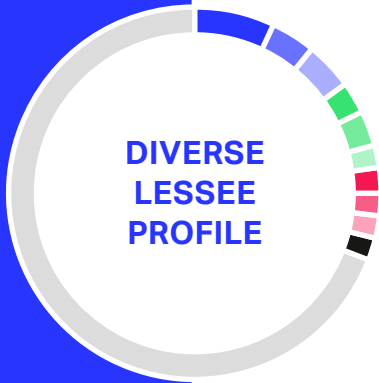


OUR FLEET

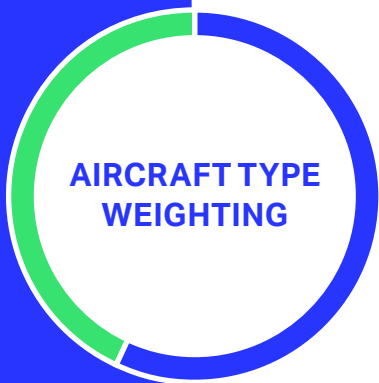
The Avolon fleet is a risk-balanced portfolio of quality assets and the youngest fleet among the world's three largest aircraft lessors.

Portfolio as at 31 December 2020

TOTAL	AIRCRAFT TYPE	DELIVERED/ OWNED	DELIVERED/ MANAGED	FLEET COMMITMENTS	
225	A320ceo Family	201	24	–	
142	B737 NG Family	120	22	–	
54	A330-200/300	44	10	–	
33	B787-8/9	28	–	5	
268	A320neo Family	63	3	202	
17	A350-900	14	–	3	
48	A330neo	18	1	29	
50	B737 MAX 7/8/9/10	19	–	31	
3	B777-300ER	3	–	–	
2	B767-300ER	–	2	–	
842		510	62	270	



- Hainan Airlines **7%**
- Lion Air **4%**
- TAP **4%**
- Garuda **3%**
- IndiGo **3%**
- American Airlines **2%**
- Philippine Airlines **2%**
- Air Europa **2%**
- Delta **2%**
- Avianca **2%**
- Other **69%**



- Single aisle **57%**
- Twin aisle **43%**



- APAC **48%**
- EMEA **33%**
- Americas **19%**



- Airbus **64%**
- Boeing **36%**

5.3 years

owned fleet weighted average age

31%

total NBV with top 10 customers only

57%

weighting towards single aisle by NBV

270

committed portfolio of latest technology fuel-efficient aircraft

“

Our portfolio comprises a balance of new aircraft ordered directly from manufacturers, together with young aircraft acquired through sale and leaseback transactions

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CFO'S STATEMENT

We ended 2020 with exceptional capital strength, with \$6.9 bn of available liquidity, low leverage and minimal near term debt maturities. Despite increased rating agency thresholds, our investment grade credit ratings were affirmed by Fitch, KBRA, Moody's and S&P Global. Despite the stress in the sector, the fundamentals of our business remain strong and we are well positioned for 2021.



US GAAP REPORTING

We are reporting our full year 2020 financial accounts under US GAAP for the first time since we were listed on the New York Stock Exchange. This reversion to US GAAP reflects the fact that a portion of our shareholder base reports under US GAAP and that our primary source of funding has become the US capital markets. Many publicly focused sector peers report on this basis and this change will provide increased reporting consistency, particularly in relation to the cashflow statement, which is a critical focus as we look to recovery.

OPERATING PERFORMANCE

2020 was the most challenging year for the business to date. The Covid-19 pandemic brought several fast moving and unexpected variables to the sector, but through thoughtful development of our business continuity management plans over the last number of the years, the entire platform was well equipped to adapt to the new working environment.

Despite the challenges of remote working, it's a testament to the team and our platform that we executed 141 lease transactions, including 79 lease extensions to ensure that we continue to manage our lease expiry profile. Given the backdrop in aircraft trading activity was reduced across the sector, but during the year we executed the sale of 29 aircraft, 3 of which were managed aircraft.

In the early stages of the pandemic, we took decisive action to materially enhance our capital position through reducing our near-term capital commitments. Working alongside our manufacturer partners, and indeed our airline customers, we cancelled 100 aircraft in the 2020 to 2023 timeframe. These actions both strengthened our capital position and created capacity for us to be opportunistic as the market recovers.

The core characteristics of our fleet remain unchanged. Our fleet remains one of the youngest in the sector at 5.3 years and remaining lease term of 6.8 years. We have limited near-term placement risk as we have placed our entire orderbook out to the end of 2021 and have no twin-aisle availability until the second half of 2022.

FINANCIAL PERFORMANCE

During 2020, we recorded total revenues of \$2.4 billion and reported a loss of \$37 million. Our financial performance was impacted by a number of one-off charges such as asset impairment (\$108 million), accelerated amortisation (\$175 million), loss on investments (\$67 million) and the write-off of PDP equity interest associated with our orderbook management activities (\$54 million).

A number of our airline customers either filed for bankruptcy or entered restructuring processes during the year.

While the majority of these aircraft remain on lease, reflected in our utilisation rate of 98% for the year, we have moved to recognise revenue on a cash basis from a number of customers. At the end of the year approximately 13% of our portfolio was on a cash recognition basis, which feeds into a lower overall revenue total for the year.

Owing to the pandemic, aircraft trading volumes were lower than prior years. However, we generated proceeds of \$863 million from the sale of 26 aircraft and 3 engines, resulting in a gain on disposal of \$62 million for the year.

Over the course of 2020, we also worked with our airline customers to provide temporary support where appropriate. This has led to an increase in receivables and deferred revenue through the year, however collection rates have improved from a low in Q2 and have generated a lease revenue collection rate of 86% for the full year. Despite the stresses in the sector, we generated cash from operating activities for the year of \$802 million, demonstrating the resilience of the business model and the Avolon platform.

CAPITALISATION

We ended the year with \$6.9 billion of available liquidity, \$2.4 billion of which was unrestricted cash, and low leverage of 2.3x net debt to equity. Despite volatility in the public debt markets, we issued \$4.4 billion of debt during the course of the year, with an average cost of 3.7%, helping to reduce our average cost of funds from 4.3% to 4%. In addition, we proactively reduced near-term maturities by \$1.4 billion through a tender offer and a series of opportunistic bond buybacks at a discount to par.

Following the reduction in near-term maturities, our debt principal obligations for 2021 are extremely minimal at \$995 million, together with our 2021 capital commitments of \$3 billion, are materially covered by our available liquidity of \$6.9 billion, before considering 2021 operating cashflow highlighting the strength of our sources to uses position.

Access to multiple and diversified funding channels is critical to our capital strategy, however we are focused on maintaining a capital structure that is primarily unsecured. At the end of the year our secured debt to total assets ratio stood at 25%, comfortably within investment grade parameters and generating \$15.7 billion of unencumbered assets.

Our capital position was further enhanced in January 2021 with the issuance of \$1.5 billion of senior unsecured notes at Avolon's lowest coupon to date. This capital raise further strengthened our sources to uses position and positions us to be opportunistic as we look to recovery.

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