



2020 FIRST QUARTER RESULTS

Dublin | 6 May, 2020: Avolon, the international aircraft leasing company, announces results for the first quarter of 2020 ('Q1').

Dómhnaí Slattery, Avolon CEO, commented: *“While Avolon entered 2020 in its strongest position as a company, the impact of COVID-19 has been severe for the aviation industry. The forced lockdown by governments around the world has resulted in the effective grounding of the global fleet. Consistent with our experience of managing through previous cycles, we acted swiftly and decisively during the quarter: significantly reducing our near-term capital commitments; re-aligning our orderbook with the new market outlook; and enhancing our liquidity position by drawing down on our unsecured revolving credit facility. Additionally, the prudent management of our balance sheet over the last number of years – specifically in increasing our unencumbered assets and operating with minimal near-term debt maturities – means we are well positioned for the medium-term.*”

Looking ahead, the COVID-19 global pandemic will materially reshape the commercial aviation industry for the foreseeable future. Uncertainty remains as to the length of this crisis and we expect that it will likely be some time before air traffic returns to more normalised levels. We remain confident in the ability of our team to navigate the current environment, and the resiliency of the aviation industry to recover.”

2020 FIRST QUARTER | FINANCIAL HIGHLIGHTS

US\$ MILLION	Q1 2020	Q1 2019	CHANGE
Lease Revenue	644	616	5%
Profit for the Quarter	154	176	(13)%
Net Cashflow from Operating Activities	444	454	(2)%
Total Available Liquidity	5,539	5,348	4%
Total Assets	32,206	27,490	17%
Secured Debt / Total Assets	22%	37%	
Net Debt to Equity	2.3x	2.1x	

- Lease revenue for the quarter was US\$644 million, while delivering US\$154 million in profit for the quarter;
- Generated US\$444 million of net cashflow from operating activities;
- Ended the quarter with US\$5.5 billion of total available liquidity, including US\$4 billion of unrestricted cash and US\$1.55 billion of undrawn secured debt;
- Quarter on quarter, reduced future capital commitments in 2020 and 2021 by US\$4.1 billion, from US\$8.2 billion as at 31 December 2019 to US\$4.1 billion as at 31 March 2020; and,
- Declared a dividend of US\$193 million during the quarter which was paid to shareholders, subject to US\$65 million of which being withheld due to holdback provisions in Avolon's shareholder agreement.



2020 FIRST QUARTER | OPERATIONAL HIGHLIGHTS

- Delivered 29 new aircraft to 9 customers during the quarter;
- Sold 18 aircraft during the quarter, including 2 managed aircraft;
- Committed to sell 21 narrowbody and widebody aircraft with an appraised value of \$747 million to the Sapphire 2020-1 vehicle;
- Owned, managed and committed fleet at year end was 855 aircraft;
- Average owned fleet age of 5.0 years with an average remaining lease term of 7.0 years;
- Ended Q1 with a total of 150 airline customers operating in 62 countries; and
- During the quarter, Avolon materially re-profiled elements of its orderbook to better align to the current market outlook reducing future aircraft commitments in the 2020 to 2023 timeframe from 284 aircraft as at 31 December 2019 to 165 aircraft as at 31 March 2020. Those changes included:
 - Cancellation of orders for 75 unplaced B737MAX aircraft in the 2020-23 timeframe and the removal of commitments to acquire 4 A330neo aircraft due to deliver in 2021; and
 - Rescheduling the delivery of 16 B737MAX during the 2020-23 timeframe to 2024 or thereafter and the reprofiling of 9 A320neo family aircraft from 2020/21 to 2027.

2020 FIRST QUARTER | FINANCING HIGHLIGHTS

- Avolon executed a number of financing activities during the quarter.
 - Closed a private offering of US\$1.75 billion aggregate principal amount, of senior unsecured notes with maturities in 2025 and 2027;
 - Repriced HKAC secured warehouse facility to LIBOR plus 1.50%, extending the end of the availability period from 2020 to 2024 while reducing commitments from US\$1 billion to US\$650 million;
 - Repriced a US\$850 million tranche of Avolon's Term Loan B to LIBOR plus 1.50%, extended the maturity of this tranche to 2027 and repaid US\$300 million of the remaining Term Loan B balance, reducing the aggregate outstanding balance to US\$2.3 billion; and,
 - In addition to the repayment of the Term Loan B, proactively repaid US\$545 million of secured term facilities during the quarter.



COVID-19 IMPACT

- As a result of COVID-19, Avolon received requests from its customer base for relief from payment obligations under their leases during the quarter, which included:
 - Requests for payment relief from more than 80% of its current owned and managed customer base. These lessees account for more than 90% of annualised contracted rental cashflow of the current owned and managed fleet;
 - These requests have taken a number of forms including, but not limited to, requests for short term rent deferrals for part or all of monthly rental for a specified period of time;
 - As at 31 March, Avolon was engaged in active dialogue with its customer base and had agreed a number of rent deferral arrangements for an average of three months. It is expected that some form of short term rental deferral arrangement will be agreed with a majority of our customers;
 - Given the ongoing impact on our customers' operations we anticipate that additional requests for rent relief will be received and that a number of lessees will fall behind on their rental obligations with a related increase in Avolon's trade receivable balance.
- During the quarter Fitch Ratings, Moody's Investor Service, S&P Global and KBRA affirmed Avolon's issuer rating as BBB-, Baa3, BBB- and BBB+ respectively. All four moved Avolon's rating outlook to negative.

ENDS

About Avolon

Headquartered in Ireland, with offices in the United States, Dubai, Singapore, Hong Kong and Shanghai, Avolon provides aircraft leasing and lease management services. Avolon is 70% owned by an indirect subsidiary of Bohai Leasing Co., Ltd., a public company listed on the Shenzhen Stock Exchange (SLE: 000415) and 30% owned by ORIX Aviation Systems, a subsidiary of ORIX Corporation which is listed on the Tokyo and New York Stock Exchanges (TSE: 8591; NYSE: IX). Avolon is one of the world's largest aircraft leasing businesses with an owned, managed and committed fleet, as of 31 March 2020 of 855 aircraft.

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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.