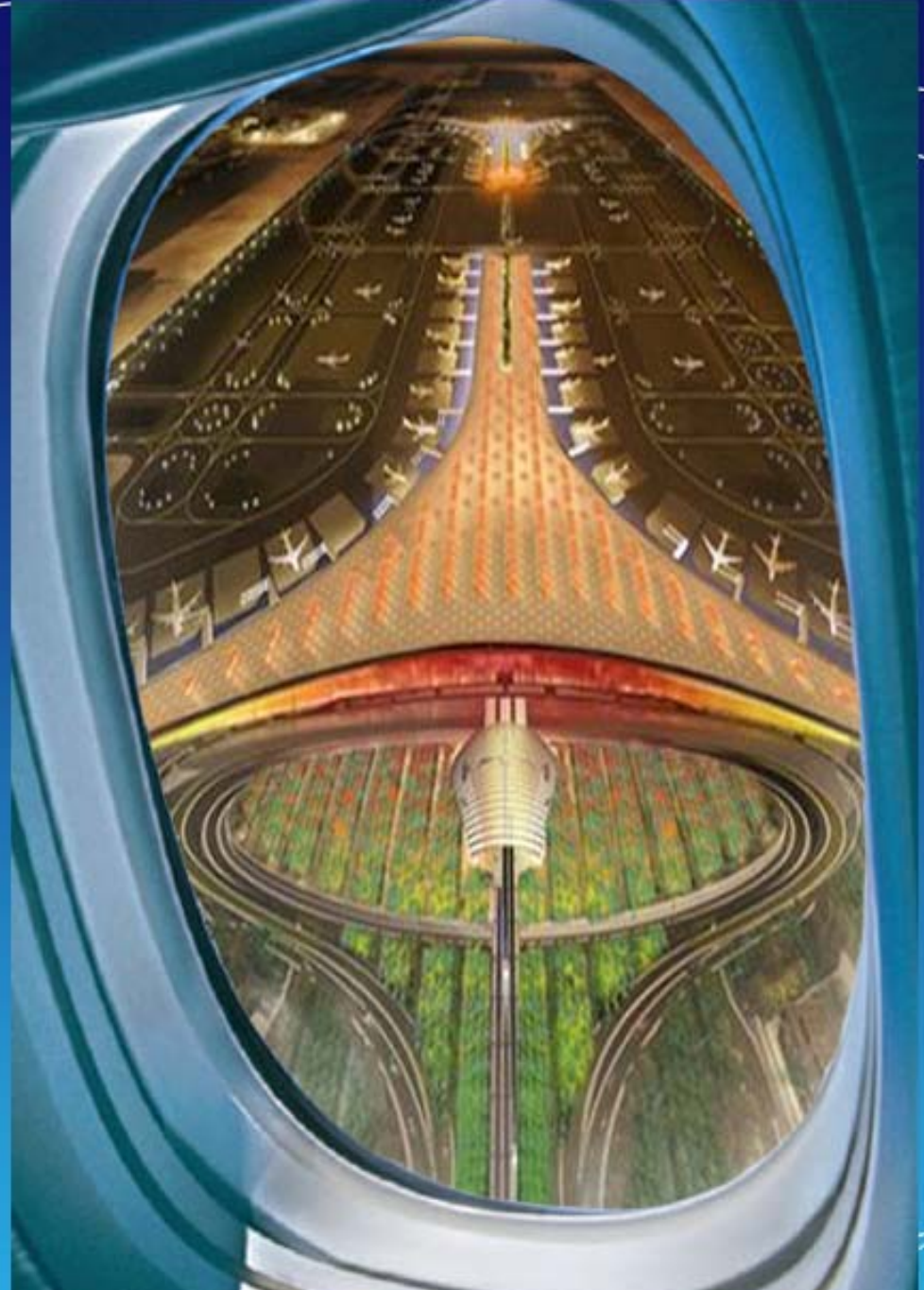


ASCEND
Aviation Insight

CAN CHINESE LEASING COMPANIES GO GLOBAL?

CHINA AERLEASING SUMMIT
BEIJING NOVEMBER 2008

Edward Pieniazek
Director of Consultancy

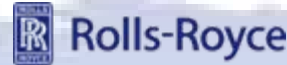


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MARKET FORECASTS & ANALYSIS

BUILDING BUSINESSES

and MANAGING ASSETS



AEROSPACE INFORMATION REDEFINED

AGENDA

WHY SHOULD CHINESE LESSORS GO GLOBAL?

WHO WILL BE THE LEASING COMPETITION?

SWOT ANALYSIS FOR CHINESE LESSORS

ASSET VALUES

CONCLUSION - CAN CHINA'S LESSORS GO GLOBAL?

1. PRACTICAL BENEFITS OF GOING GLOBAL

Leasing Business - Principles



BUSINESS PRINCIPLES

MANY OPERATING LEASE BUSINESSES REQUIRE:

AN OPTIMISED PORTFOLIO MIX

- Creates future onward sale options
- Other benefits of diversification

A WIDE INTERNATIONAL CLIENT & CUSTOMER BASE

- Geographic spread to help take advantage of localised opportunities and reduce localised risks

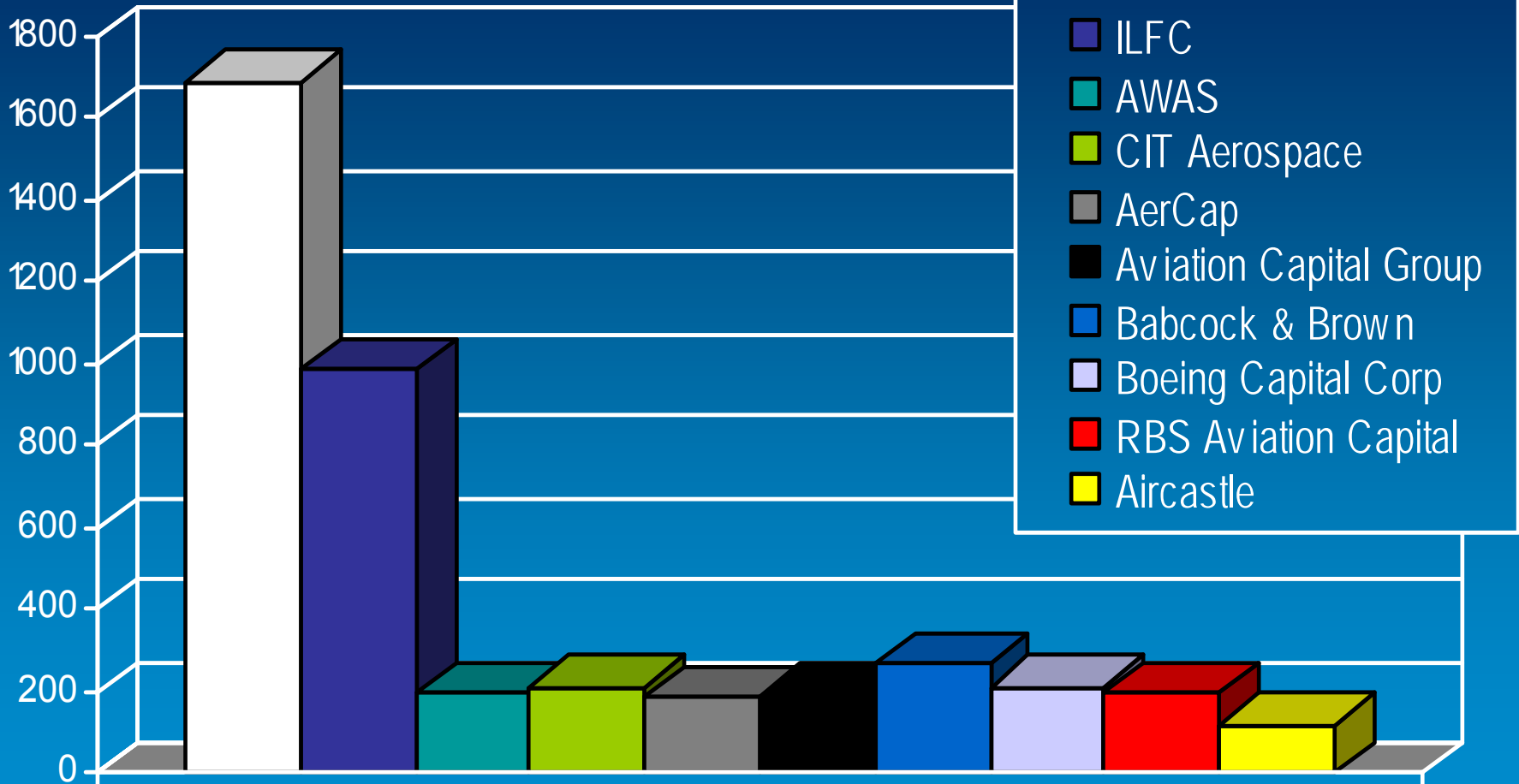
A WIDE EXPOSURE TO A RANGE OF TYPES

- Improve marketability options, enhanced offering to customers

2. THE COMPETITION

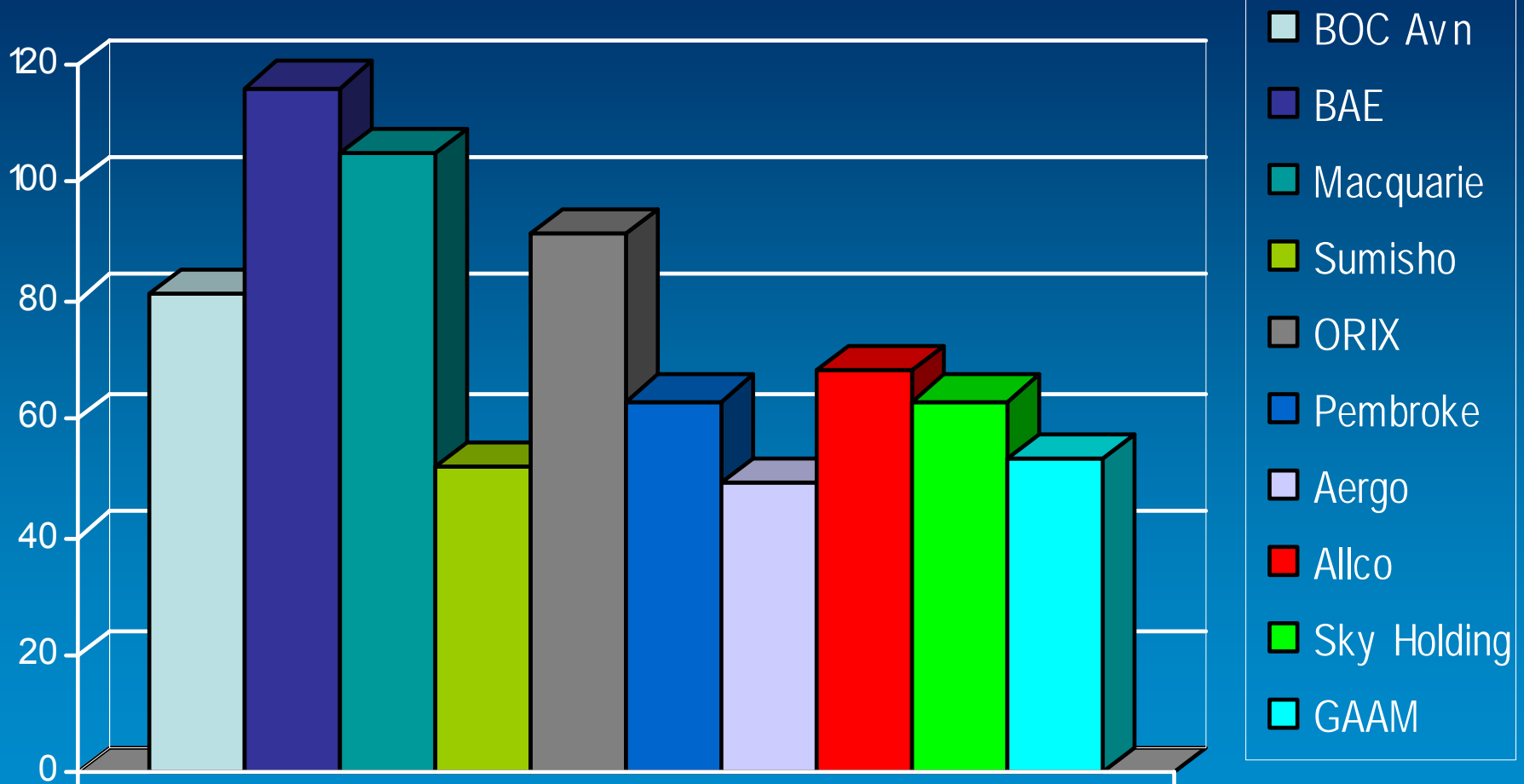


THE TOP TEN LESSORS



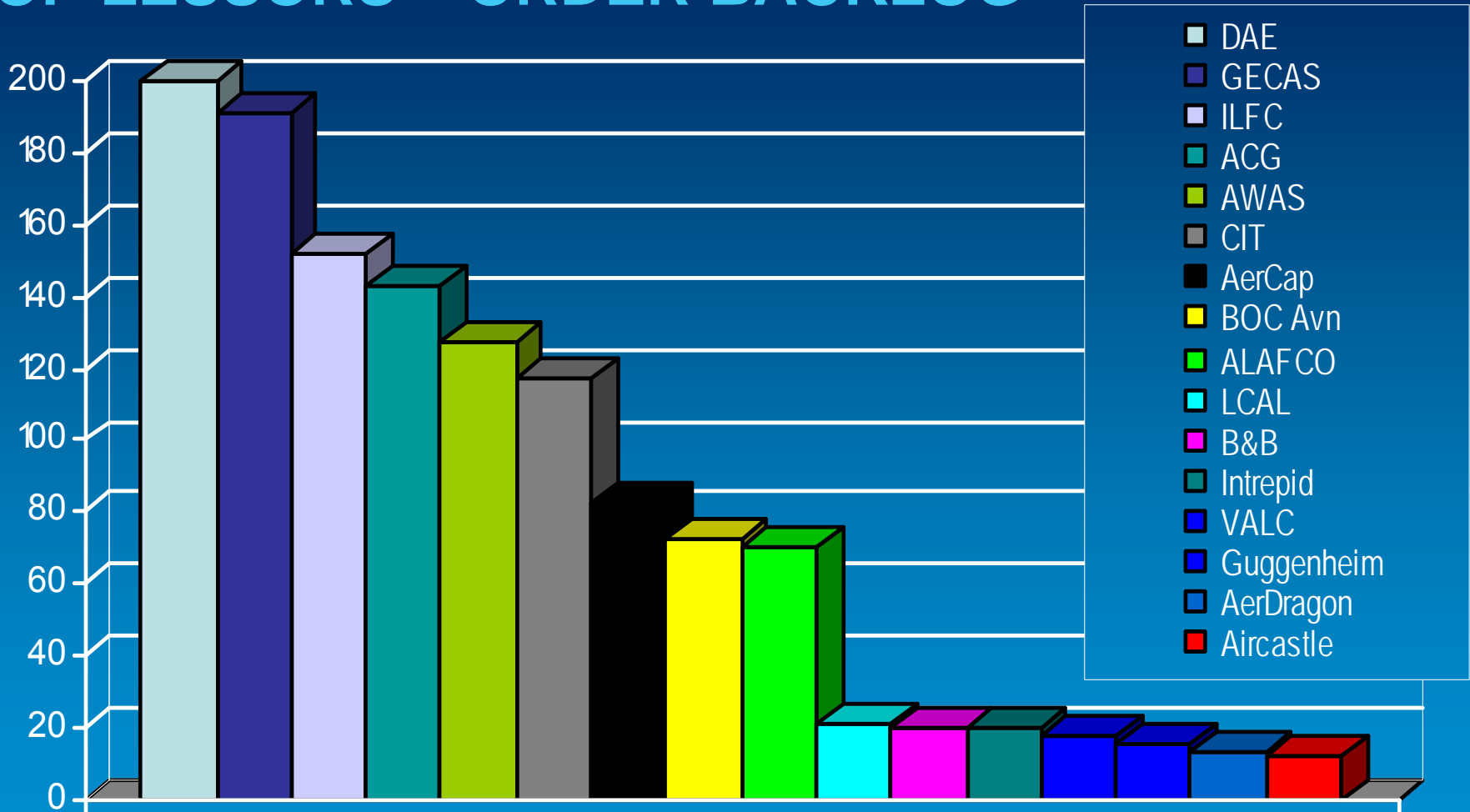
In Service Jet Fleet Managed / Owned by Lessors

THE 11TH – 20TH TOP LESSORS



In Service Jet Fleet Managed / Owned by Lessors

TOP LESSORS – ORDER BACKLOG



Jet Airliners On Order

MAJOR LESSORS – composition of fleets

ARE THERE TOO MANY LESSORS?

THE SIZE OF THE PRIZE – global fleet

HOW TO COMPETE – pricing / quality of service / terms etc.

3. SWOT ANALYSIS FOR CHINESE LESSORS



STRENGTHS

Motivation, backing,
domestic experience

WEAKNESSES

International experience
& skills, Global Network

OPPORTUNITIES

Market Need for fresh
funding sources
Economic Downturn

THREATS

Ability to compete on
terms
Economic Downturn

3. ASSET VALUES

A general overview of aircraft value trends

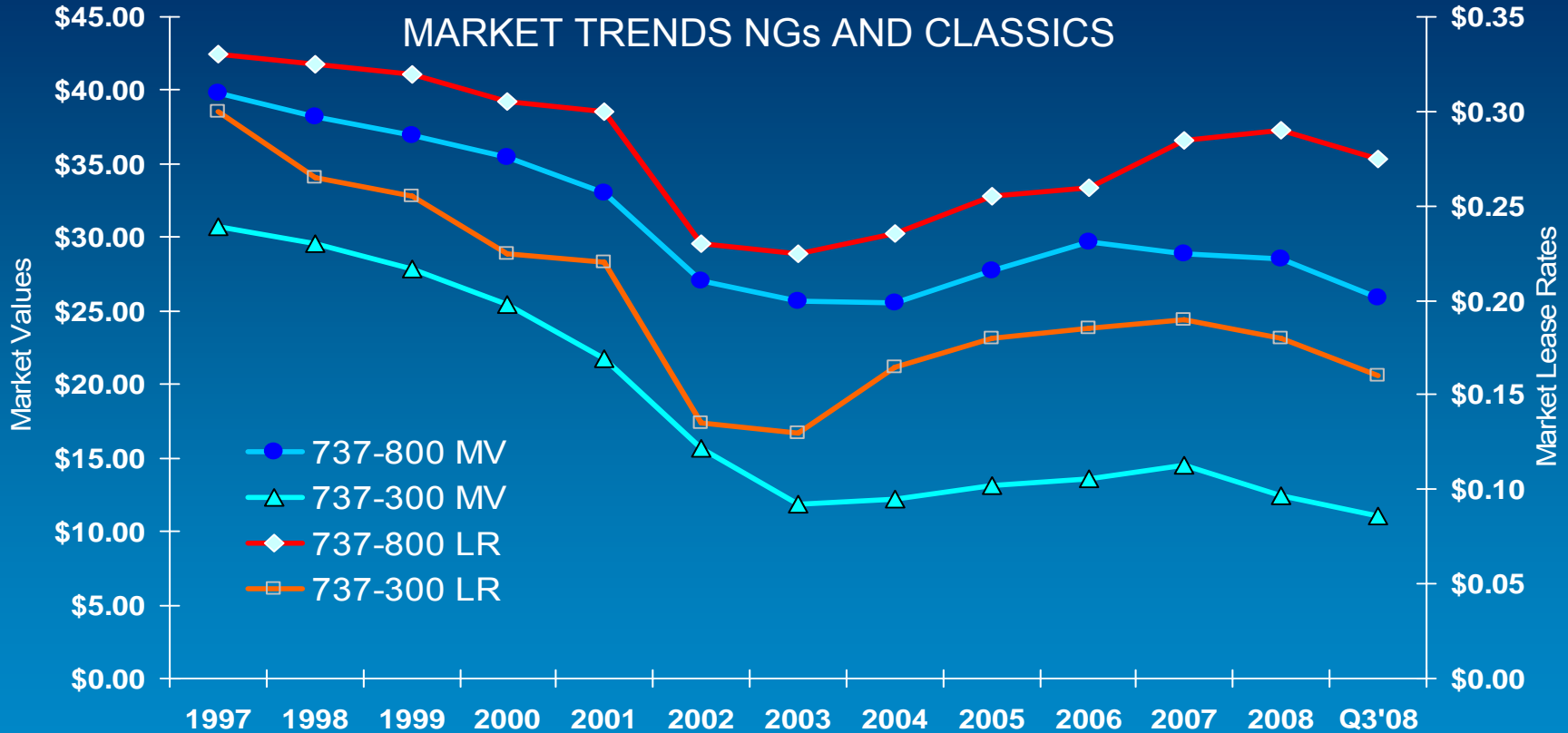


A TIME OF INVESTMENT OPPORTUNITY?

- **Motivated sellers – some owners may have to sell to pay off debt**
- **Many airlines will look to boost liquidity by selling**
- **Sale & Leaseback opportunities for funded lessors**
- **Good Assets at favourable prices?**
- **2009 Delivery positions could become available**

NARROWBODY MARKET VALUES / LEASE RATES

Source: Ascend
Online Values
(V1)



IN PRODUCTION NBs

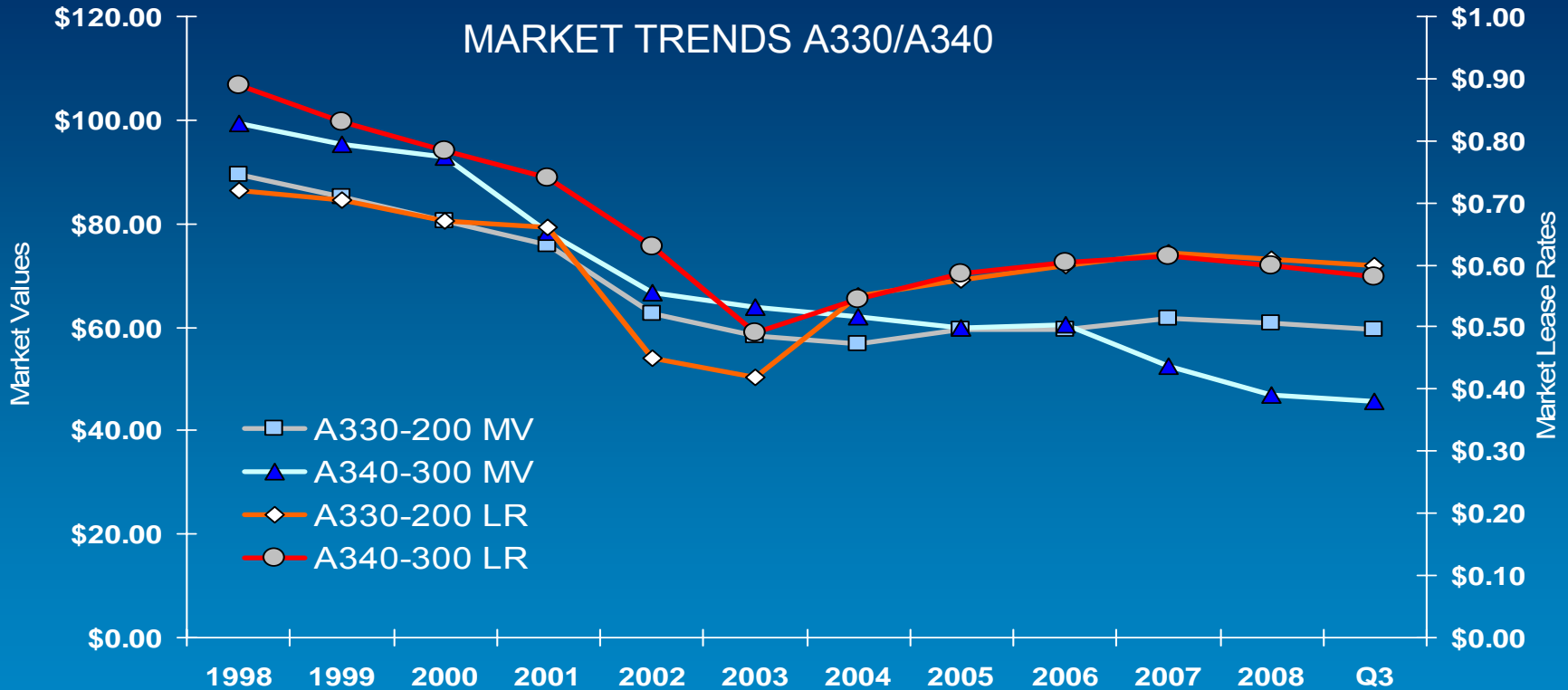
- Lease Rates down 10% since mid year
- Market Values declines 5% to 10%

OUT PRODUCTION NBs

- Lease Rates down 20% since mid year
- Recent Market Values movement - impact most noted with younger vintages

WIDEBODY VALUES AND LEASE RATES

Source: Ascend
Online Values (V1)



IN PRODUCTION WBs

- Lease Rates and Market Values display marginal changes..... so far
- The 777-200/300ER and A330s are core types for the airlines.

OLDER TECHNOLOGY WBs

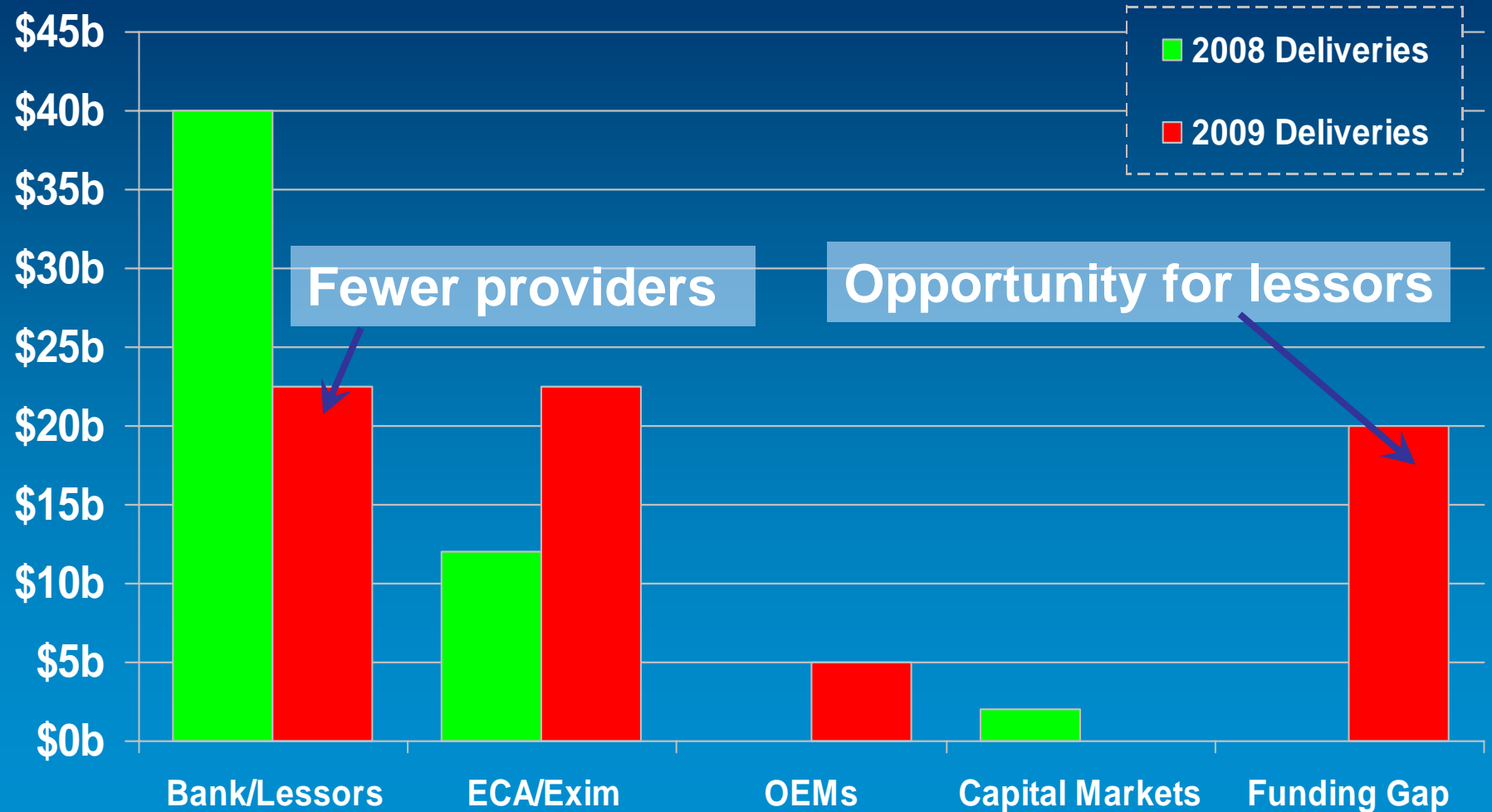
- eg B747-400, standard 777s, A340-300
- Lease Rates holding...until now
 - Market Values down 5%, very vulnerable to the Slowdown.

4. CONCLUSION

Can Chinese lessors go global?



2009 FUNDING GAP – An Opportunity?



THE MARKET IS BIG ENOUGH

- **Lessors should aim to be ‘right sized’ / have sufficient financial strength / suitable infrastructure / motivation**
- **Improve focus on Marketing / Asset Management / Market Analysis**
- **The competition is very strong – to compete will require a very good business plan and possibly a unique proposition – e.g. differentiation**

Boeing 787 – maybe add some of these?

**~900 on order
only 18% with lessors**



Airbus A380 – or maybe take some of these?

**~192 on order
only 6% with Lessors**



THANK YOU

Any...



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Director

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