



*AirAsia*

February 2018



# DISCLAIMER

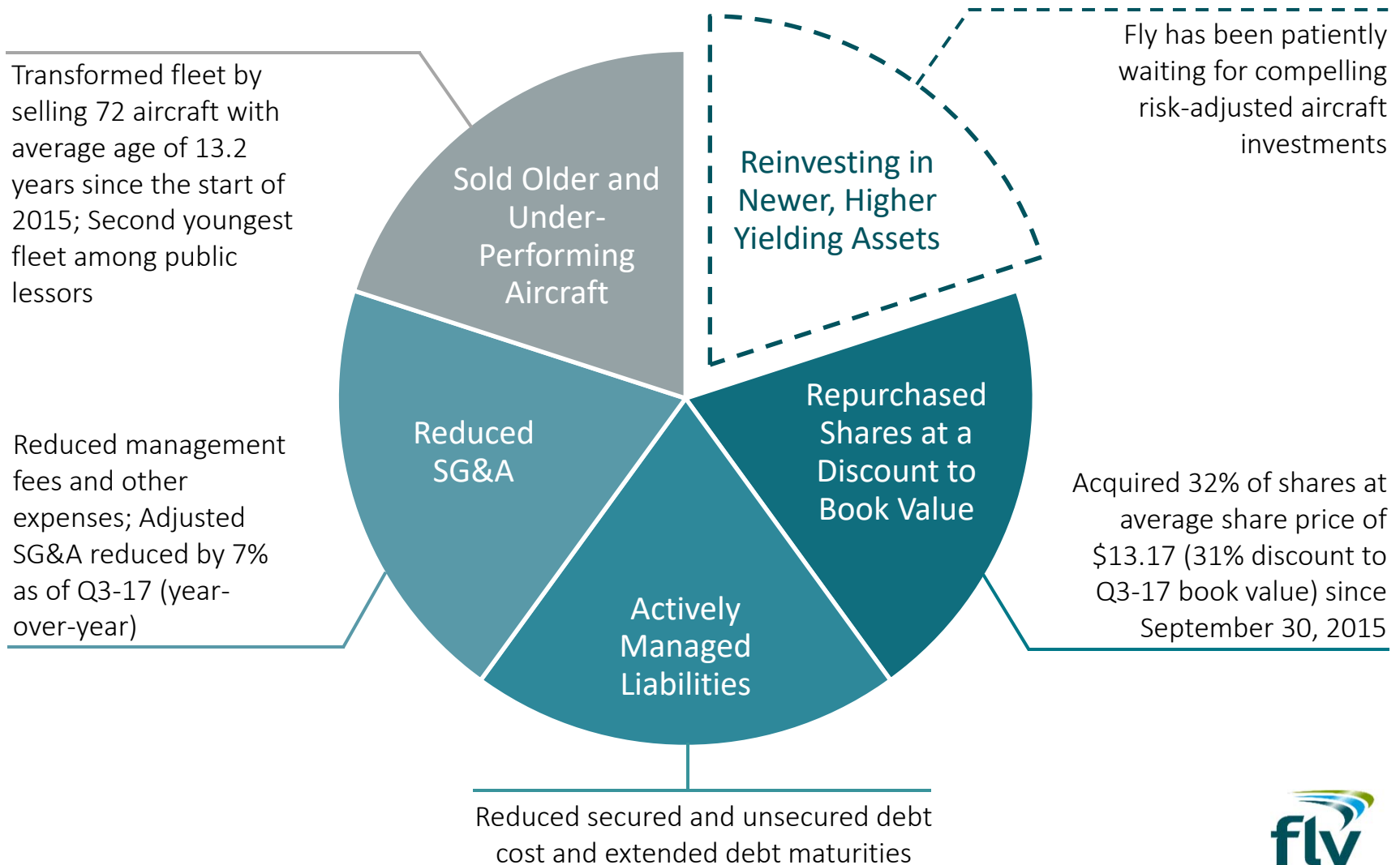
## Forward-Looking Statements:

This presentation contains certain “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by words such as “expects,” “intends,” “anticipates,” “plans,” “believes,” “seeks,” “estimates,” “will,” or words of similar meaning and include, but are not limited to, statements regarding the outlook for FLY’s future business, operations and financial performance, including the expected benefits of the transaction; whether and when the transactions described herein (the “Transactions”) will be consummated; the amount of cash and stock consideration to be paid by FLY; the type, amount and terms of the acquisition financing to be obtained by FLY; and, the amount of any fees and expenses incurred in connection with the Transactions. Forward-looking statements are based on management’s current expectations and assumptions, which are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Actual outcomes and results may differ materially due to global political, economic, business, competitive, market, regulatory and other factors and risks, including risks relating to the satisfaction of conditions to the closing of the Transactions; risks relating to satisfaction of conditions to the financing of the Transactions; risks relating to FLY’s ability to obtain additional required financing for the Transactions on favorable terms, or at all; the risk that expected benefits of the Transactions may not be fully realized or may take longer to realize than expected; the risk that business disruption resulting from the Transactions may be greater than expected; and the risk that FLY may be unable to achieve its portfolio growth expectations, or to reap the benefits of such growth. Further information on the factors and risks that may affect FLY’s business is included in filings FLY makes with the Securities and Exchange Commission (the “SEC”) from time to time, including its Annual Report on Form 20-F and its Reports on Form 6-K. FLY expressly disclaims any obligation to update or revise any of these forward-looking statements, whether because of future events, new information, a change in its views or expectations, or otherwise.

## Note:

1. Share repurchase data and fleet statistics as of December 31, 2017.

# NEXT STEP TO DRIVING HIGHER ROE AND EPS





# AIRASIA PORTFOLIO ACQUISITION

## Initial Portfolio Investments

- 34 A320-200 aircraft
  - Leased to five AirAsia Group airlines in five different countries<sup>(1)</sup>
  - 6.6 year weighted average age
  - 6.2 year weighted average remaining lease term
- Seven aircraft engines on lease to AirAsia Group
- Aggregate base purchase price of \$1.1 billion

## Future Sale-Leaseback Investments

- 21 A320neo family aircraft
  - New aircraft delivering from Airbus
  - 12 year lease term
  - Will be leased to AirAsia Group airlines
- Scheduled to deliver from Airbus between 2019 – 2021

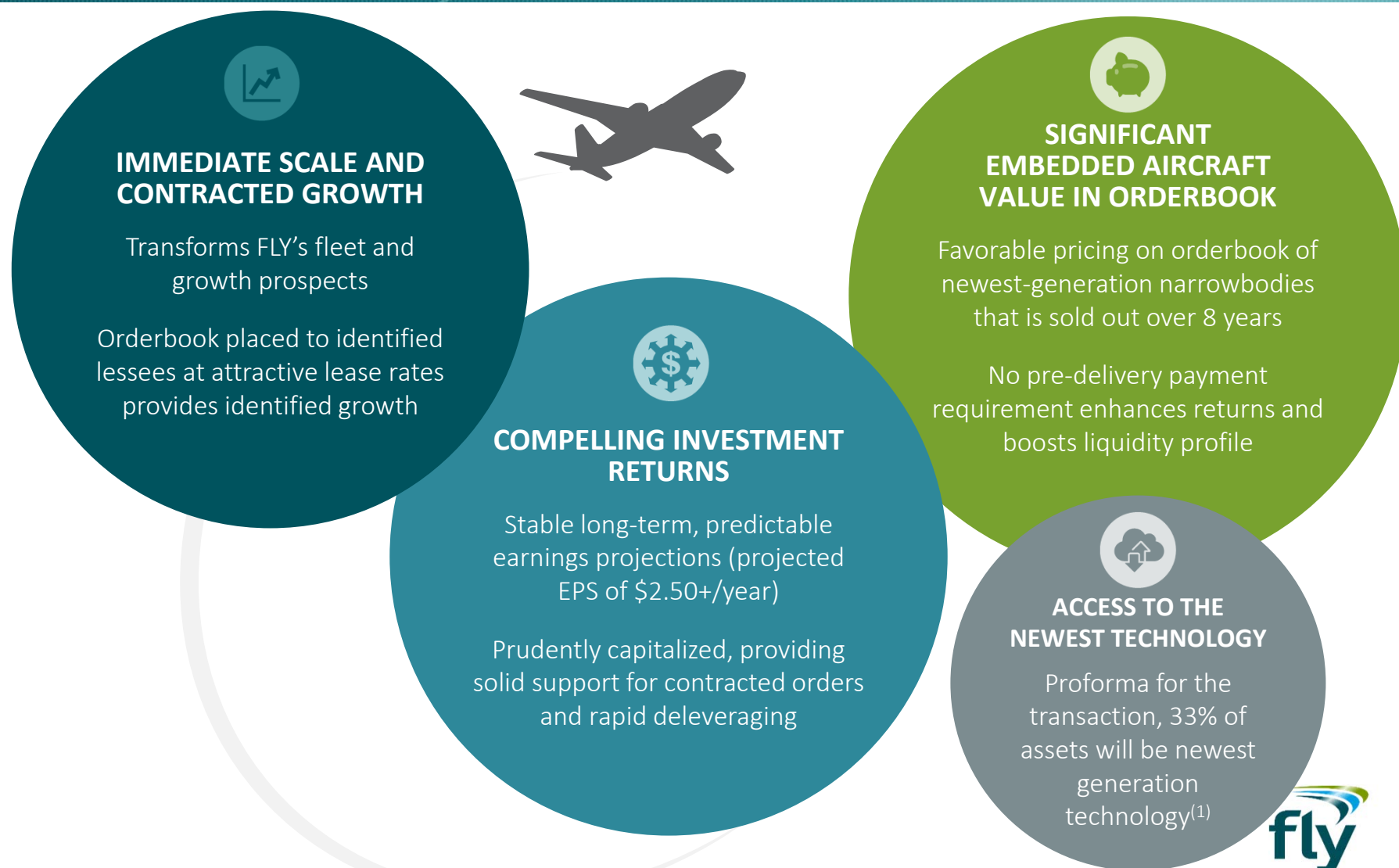
## Orderbook Option Opportunity

- Option to acquire at FLY's sole discretion up to 20 A320neo family aircraft
- "Naked" aircraft – not subject to lease
- Delivering from Airbus starting in 2019
- BBAM will market these aircraft to its airline customers globally

# TRANSACTION DETAILS

- Under the terms of the sale and purchase agreement, AirAsia Berhad (“AAB”) will receive:
  - \$1.0 billion in cash (a combination of secured debt and unrestricted cash)
  - 3,333,333 newly-issued FLY shares at \$15.00 per share
    - Represents a 29% premium to current share price<sup>(1)</sup>
    - Significant alignment of interest between FLY’s largest shareholder and its largest obligor
    - AAB shares will be locked-up through 2021
  - In addition, Onex and BBAM’s management team will each acquire 666,667 newly-issued FLY shares at \$15.00 per share, for total consideration of \$20 million
    - 17% will be owned by BBAM shareholders on a proforma basis
- Closing is subject to AAB shareholder approval and certain regulatory approvals as well as customary closing conditions
- No FLY shareholder vote is required
- The transaction is anticipated to close in Q2 and Q3 2018

# STRATEGIC RATIONALE FOR ACQUISITION



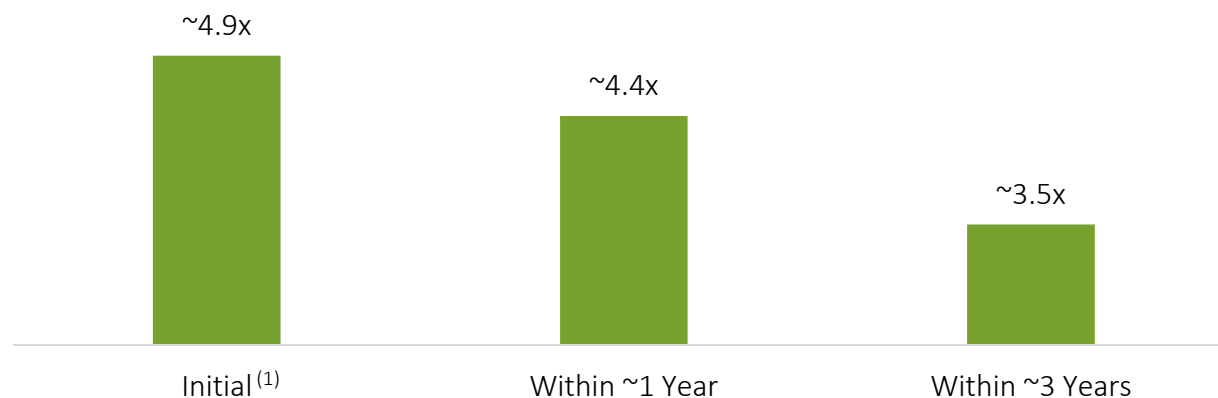
# HIGH LEVEL PROFORMA FINANCIAL IMPACT

Annual Operating Lease Revenue	\$400+ million
Run-Rate EPS	\$2.50+
Unrestricted Cash at Closing	~\$145 million
Debt at Closing	~\$3 billion
Equity at Closing	~\$640 million <sup>(1)</sup>
Proforma Share Count	~33 million

# PROFORMA CAPITAL STRUCTURE

- Initial 34 aircraft acquired at closing will be financed with ~\$580 million of committed staple financing and ~\$90 million from FLY's existing aircraft acquisition facility—FLY will temporarily increase its leverage to absorb the acquisition
- Planned reduction in leverage is underpinned by significant contracted amortization, a sales strategy to reduce AirAsia Group exposure and manage FLY's debt / equity ratio
- FLY will continue to target a debt / equity ratio in the 3.0x – 3.5x range
- FLY's capital structure employs more secured debt than its peers which has more scheduled deleveraging and less point-in-time refinancing risk

## FLY's Projected Debt / Equity Ratio





# BBAM PARTNERSHIP DRIVES HIGHER RETURNS

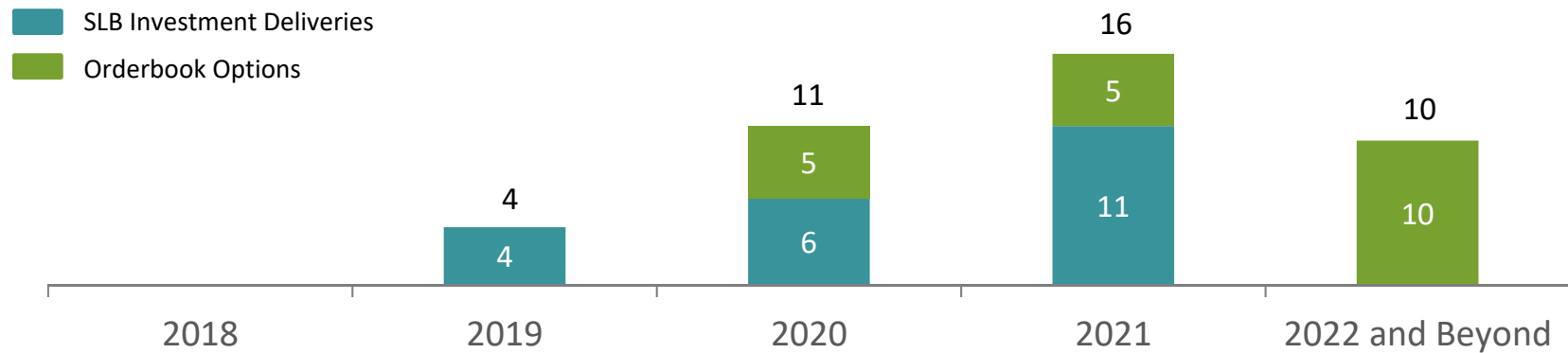
- The acquisition is part of a larger transaction with participation of other BBAM-managed capital pools:
  - Combined buying power of the BBAM franchise drives above-market investment returns
  - Distributes credit risk
  - Minimizes third party capital requirements and lowers leverage for FLY
- Aircraft were allocated among investors taking into consideration capital capacity, age, lease term, aircraft type and lessee



BBAM is a world leader in aircraft management with over 200 airline relationships

# FUTURE GROWTH OPPORTUNITIES

## Estimated Delivery Timing



Strong Pipeline of New Technology Aircraft

# ATTRACTIVE ORDERBOOK



	Future SLB Investments	Orderbook Option Opportunity
Aircraft	10 A320neo and 11 A321neo	20 A320neo/A321neo
Lessees	AirAsia Group airlines	Naked
Delivery (schedule below)	2019 – 2021	2020 – 2025
Lease Term	12 years	-

FLY benefits from AirAsia's preferential pricing  
No PDPs = Enhanced returns



# PROFORMA FLEET OVERVIEW

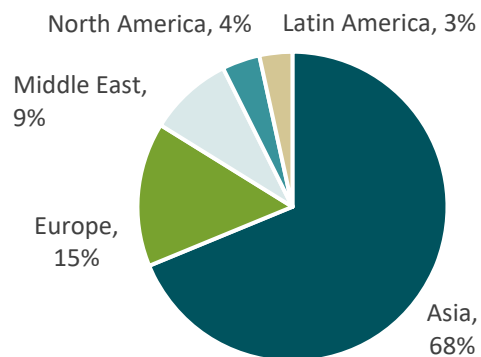
## Portfolio Highlights

- High-quality, young portfolio acquired at closing, with the sale-leaseback NEO portfolio providing identified growth at attractive prices
- The orderbook options offer further growth and lessee diversification
- Catalyst for FLY's transition to newest technology equipment

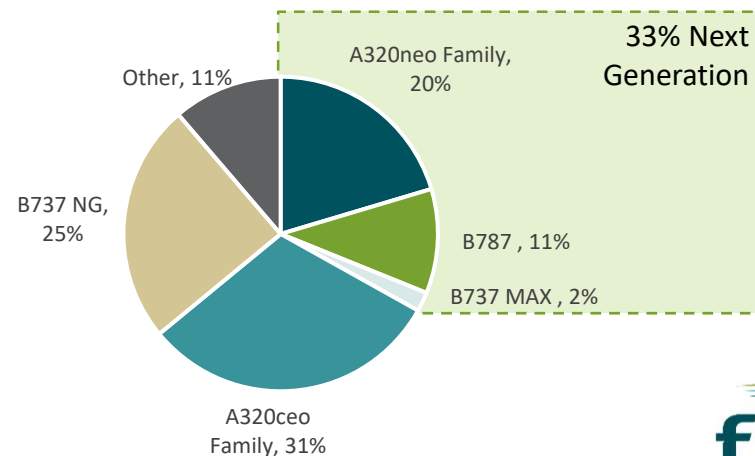
## Proforma Portfolio Overview<sup>(1)</sup> (Assumes No Sales)

	FLY	Initial Portfolio	SLB Investments	Proforma	
Size (NBV, bn)	\$3.1	\$1.0	\$1.1	\$5.2	↑ 66%
Age (yrs)	6.4	6.6	0.0	5.1	↓ 20%
Lease Term (yrs)	6.3	6.2	12.0	7.4	↑ 18%
% Airbus	26%	100%	100%	56%	
% Narrowbody	64%	100%	100%	79%	
Countries	28	6	TBD	29	
Customers	44	6	TBD	50	

### Geographical Split<sup>(1)</sup>



### Asset Type<sup>(1)</sup>



Note: All proforma data is weighted by NBV.

PAGE 11 (1) Pro forma for FLY, Initial Portfolio and SLB Investments on a combined basis. For FLY, NBV as of December 31, 2017. For Initial Portfolio, estimated purchase price allocation and weighting as of January 1, 2018, excluding engines. For SLB Investments, assumes all investments made as of January 1, 2018.










# DIVERSE GROUP OF GLOBAL LESSEES

FLY Top 10 Lessees		
#	Lessee	% of Value
1	 <b>AIR INDIA</b>	11%
2	 <b>Ethiopian</b>	10%
3	 <b>Philippine Airlines</b>	9%
4	 <b>spiceJet</b>	4%
5	 <b>AirEuropa</b>	4%
6	 <b>JET AIRWAYS</b>	4%
7	 <b>transavia</b>	4%
8	 <b>Lion air</b>	3%
9	 <b>malaysia airlines</b>	3%
10	 <b>LATAM</b>	3%
Top 10 Lessees		55%

Initial Portfolio		
#	Lessee	% of Value
1	<b>AirAsia</b>	43%
2	<b>Thai AirAsia</b>	22%
3	<b>Indonesia AirAsia</b>	14%
4	<b>AirAsia India</b>	12%
5	<b>Philippines AirAsia</b>	7%
6	<b>Pakistan Intr. Airlines</b>	2%
Lessees		100%

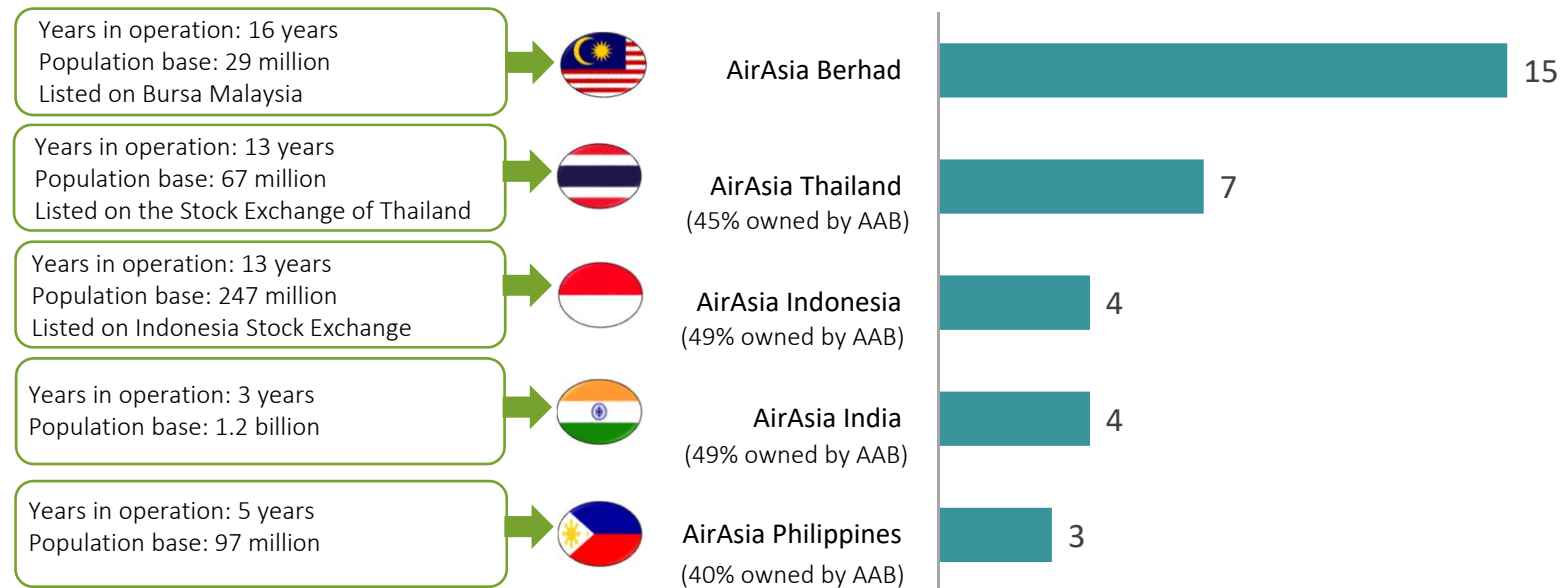
Proforma Top 10 Lessees <sup>(1)</sup>		
#	Lessee	% of Value
1	<b>AirAsia</b>	10%
2	 <b>AIR INDIA</b>	9%
3	 <b>Ethiopian</b>	8%
4	 <b>Philippine Airlines</b>	7%
5	<b>Thai AirAsia</b>	5%
6	<b>Indonesia AirAsia</b>	3%
7	 <b>spiceJet</b>	3%
8	<b>AirAsia India</b>	3%
9	 <b>AirEuropa</b>	3%
10	 <b>JET AIRWAYS</b>	3%
Top 10 Lessees		54%
AirAsia Group Exposure		24%

AirAsia Group (currently five different airlines in five countries) exposure will decline with a disciplined disposition strategy. FLY is targeting ~\$150 million of AirAsia Group sales annually



# AIRASIA GROUP OVERVIEW

## Initial AirAsia Group Exposure



AirAsia Group is the largest low-cost carrier in Asia and fourth largest airline in Asia in terms of passengers carried. The group is diversified across five countries and has access to independent capital—three of the entities are listed on local stock exchanges



Q&A





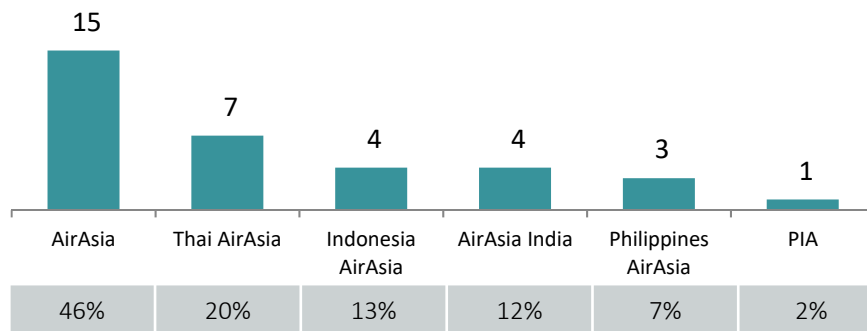
# APPENDIX



# INITIAL PORTFOLIO

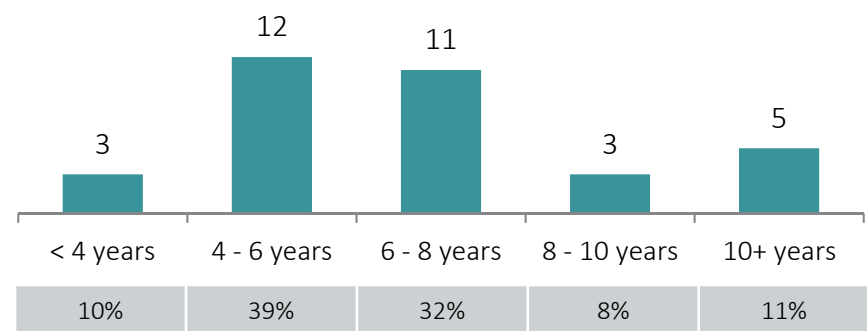
## Lessees

AAG is the largest LCC in Asia and 4<sup>th</sup> largest airline in Asia



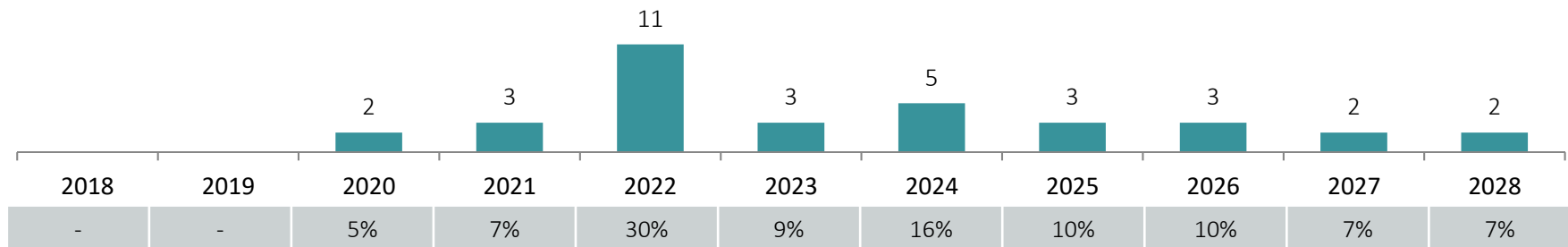
## Aircraft Age

Weighted Average Age of 6.6 years



## Lease Maturity Profile

Weighted Average Remaining Lease Term of 6.2 years



Note: Percentages reflect average full-life current market value from three appraisers. Excludes engines.

# ASSET ALLOCATION SNAPSHOT

	Initial Portfolio	Future SLB Investments	Orderbook Option Opportunity
FLY Asset Allocation			
Aircraft Types	34 A320-200 and 7 engines	21 A320neo/A321neo	20 A320neo/A321neo
Base Purchase Price	\$1.1 billion	\$1.1 billion	\$1.1 billion
Asset Age	6.7 years	0 years	0 years
Average Rem'g Lease Term	6.1 years	12 years	TBD
Monthly LRF	0.88%	0.77%	TBD
Incline Asset Allocation			
Aircraft Types	35 A320-200 and 7 engines	21 A320/A321neo	20 A320neo/A321neo
Base Purchase Price	\$1.1 billion	\$1.1 billion	\$1.1 billion
Asset Age	6.6 years	0 years	0 years
Average Rem'g Lease Term	6.0 years	12 years	TBD
Monthly LRF	0.87%	0.77%	TBD
NBB Asset Allocation			
Aircraft Types	5 A320-200	3 A320-200 and 10 A320neo/A321neo	10 A320neo/A321neo
Base Purchase Price	\$0.2 billion	\$0.6 billion	\$0.5 billion
Asset Age	3.6 years	0 years	0 years
Average Rem'g Lease Term	8.4 years	12 years	TBD
Monthly LRF	0.79%	0.77%	TBD

# SHARE ISSUANCE GOVERNANCE TERMS

## FLY Issuance:

- AAB will acquire 3.3 million newly-issued shares (10%) at \$15.00 per share
- Onex and BBAM management team will each acquire 666,667 newly-issued shares at \$15.00 per share

## Lock-up Period

- AAB's shares will be subject to lock-up arrangements through the delivery of the final SLB investment (2021)

## Governance Arrangements

- AAB will enter into a shareholder agreement providing that:
- AAB will enter into voting and standstill agreements for as long as it owns 10%+ of FLY's outstanding shares