



## **Operational Performance Review, November 2010 to May 2011**

The global aviation market in the first half of 2011 exhibited moderate, but steady growth. Airlines have remained profitable, but have struggled with margins due to the increased cost of jet fuel. This condition presents a significant opportunity for lessors like AWAS which has a large new order pipeline of highly desirable, fuel-efficient aircraft.

The AWAS fleet at the end of May 2011 comprised 211 aircraft with an additional 107 aircraft on order from Boeing and Airbus. We have also committed to purchase 9 additional aircraft from other lessors and airlines over the remainder of this financial year.

AWAS' Mission Statement is as follows: "We aim to be airlines' lessor of choice by providing best-in-class aviation fleet management and finance solutions." Our business strategy continues to be one of sustained, profitable growth.

The first half of 2011 for AWAS has been a successful one as we have executed against our business transformation and growth plan. AWAS has placed-out our near-term new order pipeline at strong lease rates, and we have also achieved several milestones showcasing our ability to effectively and efficiently obtain and deploy capital. This includes previously announced sales leaseback transactions, the closing of a \$500m credit warehouse facility, and the advantageous re-pricing of our existing \$530m term loan to reduce our interest costs by 250 basis points. Additionally, AWAS secured the acquisition of a portfolio from another lessor of 7 modern aircraft already leased to strong airlines at favourable rates.

Our balance sheet continues to improve, our shareholders and investors have added additional capital to help fuel our growth, and the markets are showing signs of sustained expansion. AWAS is very well-positioned to take advantage of these marketplace conditions in the near, and longer-term.

### **Key highlights for the 6 months to 31 May 2011 compared to the 6 months to 31 May 2010:**

- Leasing Activity – AWAS completed 21 new leasing transactions (compared to 2010: 18) with 18 customers (2010: 14).
- Purchases – AWAS purchased 11 aircraft (2010: five).
- Sales – AWAS disposed of three aircraft (2010: six).
- Total number of aircraft at May 31, 2011 was 211, compared to 203 at November 30, 2010.
- AWAS committed to purchase nine aircraft from other lessors and airlines over the remainder of this financial year. AWAS has 107 aircraft on forward order due to deliver from May 31, 2011 to 2017, of which seven aircraft are due to deliver over the remainder of this year.

- AWAS closed \$276 million worth of financings of new and pipeline aircraft during the six months ended May 31, 2011 (total of seven aircraft), AWAS also took delivery of four pipeline aircraft, which were financed through the \$600 million Senior Secured Notes issued in October 2010. Subsequent to period end AWAS favourably re-priced the May 2010 \$530 million Term Loan Facility to achieve a 250bps advantage over the previous terms. In addition, in June 2011 AWAS secured a \$500 million non-recourse warehouse facility.

### **Corporate Social Responsibility**

AWAS has continued to actively support our global community in 2011. In January, AWAS and our aviation industry guests raised over €118,000 to help eradicate preventable blindness in Ethiopia at the annual Orbis Ball in Dublin.

AWAS has also supported a July charity climb of Mount Kota Kinabalu in Borneo to benefit the Roslin Orphanage in East Timor. AWAS and its counterparts will help to make the orphanage self-funding, with the planting of banana plantations, as well as enable capital improvements to the facility.

**Raymond Sisson**



**President & Chief Executive Officer**

**31 August 2011**