



Boeing Capital Corporation

CURRENT
AIRCRAFT
FINANCE
MARKET
OUTLOOK

2019



[Boeing.com/cafmo](https://www.boeing.com/cafmo)

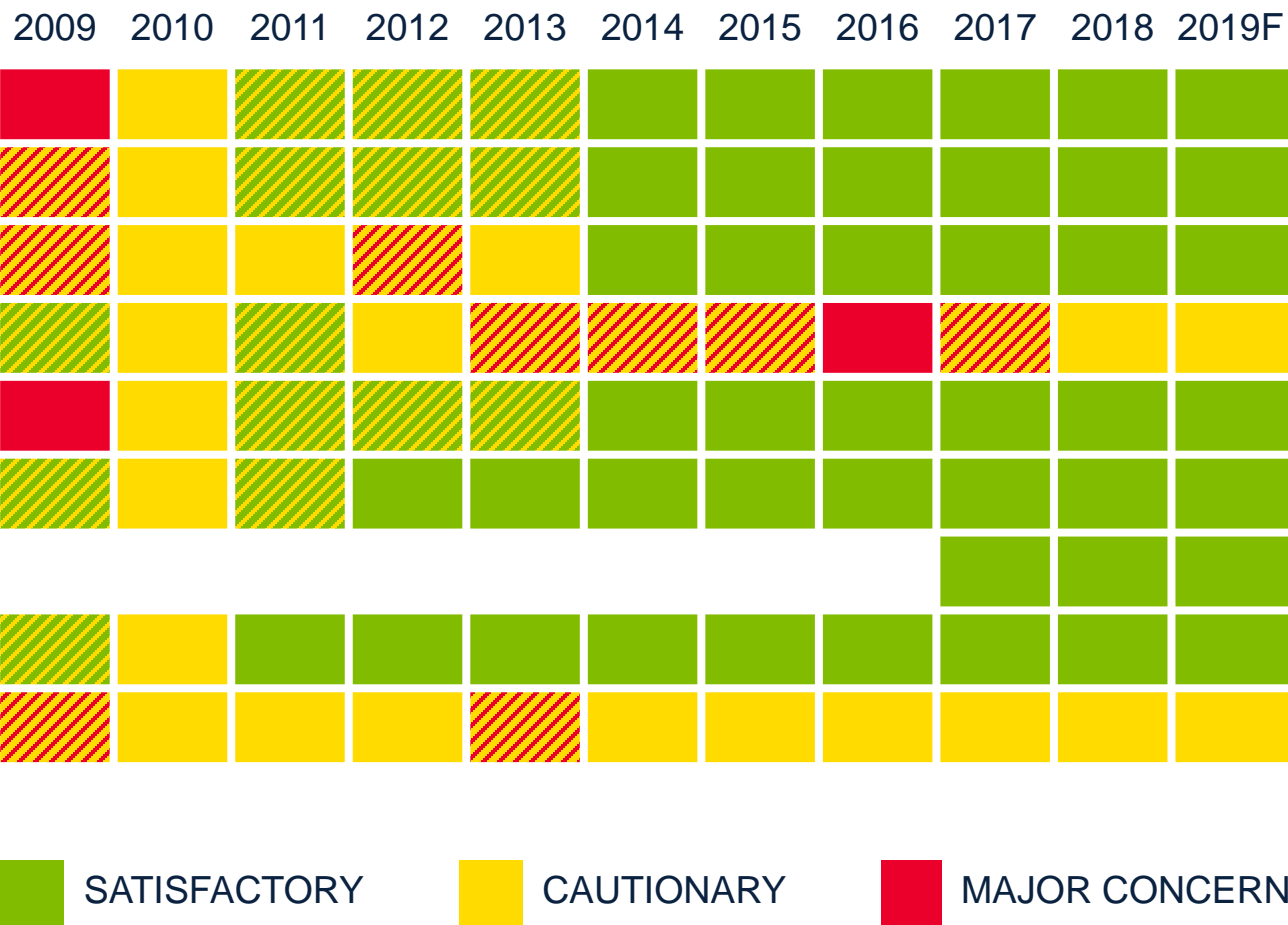
Forward-looking statements

This presentation contains forward-looking statements, which are not guaranteed, and are subject to risks, uncertainties, and changes in circumstances that are difficult to predict.

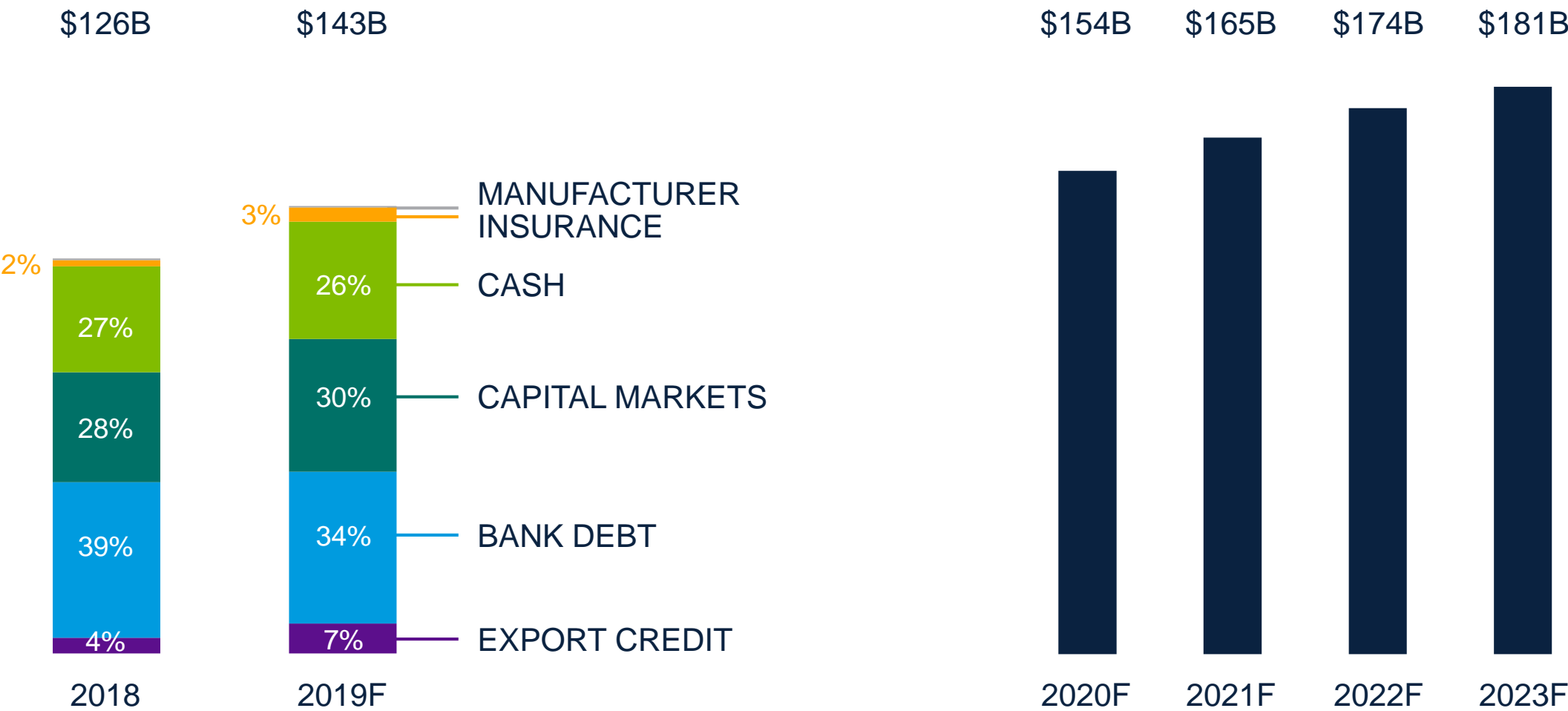
Certain statements in this document may be "forward-looking" within the meaning of the Private Securities Litigation Reform Act of 1995. Words such as "may," "should," "expects," "intends," "projects," "plans," "believes," "estimates," "targets," "anticipates," and similar expressions are used to identify these forward-looking statements. Examples of forward-looking statements include statements relating to our future financial condition and operating results, as well as any other statement that does not directly relate to any historical or current fact. Forward-looking statements are based on our current expectations and assumptions, which may not prove to be accurate. These statements are not guarantees and are subject to risks, uncertainties, and changes in circumstances that are difficult to predict. As a result, these statements speak to events only as of the date they are made and we assume no obligation to update or revise any forward-looking statement, except as required by law. Specific factors that could cause actual results to differ materially from forward-looking statements include, but are not limited to, the effect of economic conditions in the United States and globally, general industry conditions as they may impact us or our customers, the ability of the Export-Import Bank of the United States to approve the issuance of guarantees to support our aircraft sales, and our reliance on our commercial customers, our U.S. government customers, our suppliers and the worldwide market, as well as the other important factors disclosed previously and from time to time in The Boeing Company's filings with the Securities and Exchange Commission.

Strong aircraft financing environment

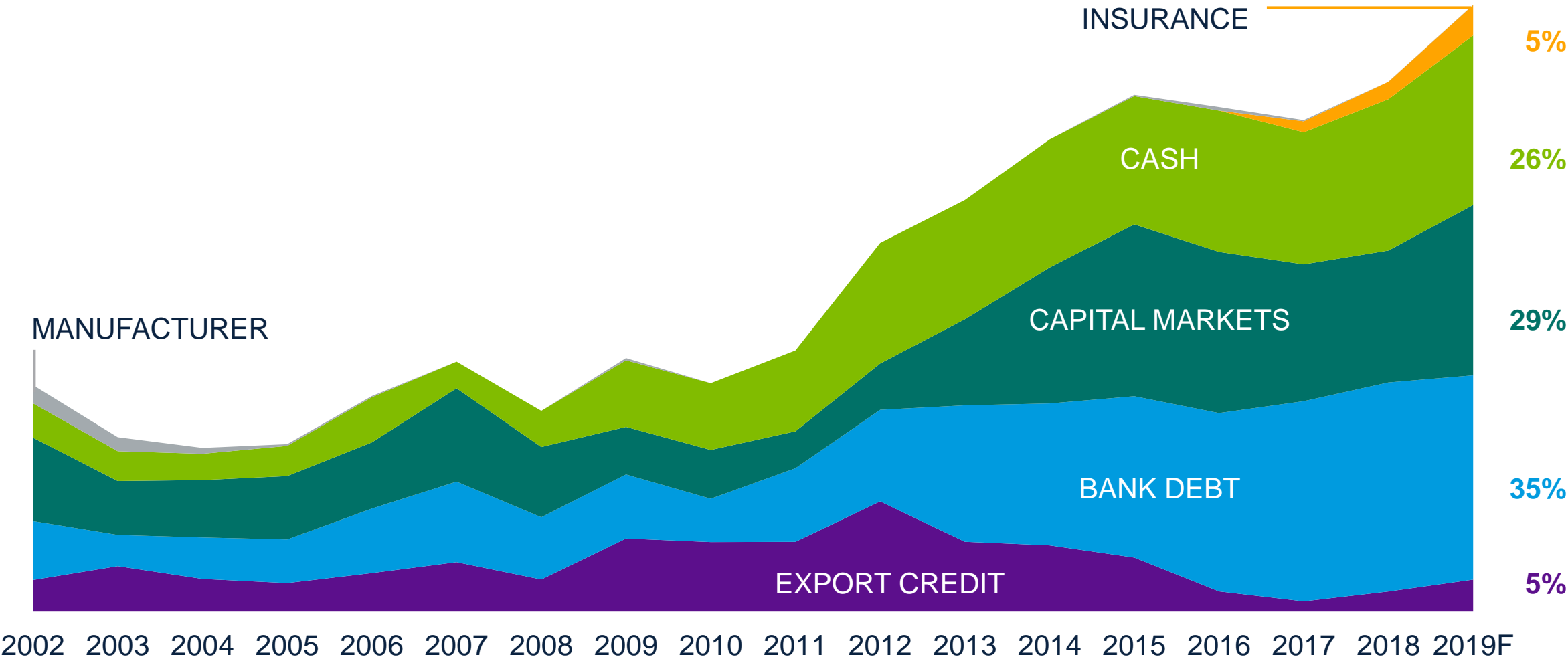
LEASING
 CAPITAL MARKETS
 COMMERCIAL BANKS
 EXPORT CREDIT AGENCIES
 PRIVATE EQUITY & HEDGE FUNDS
 TAX EQUITY
 INSURANCE
 NEW SOURCES OF FUNDING
 AIRFRAME & ENGINE MANUFACTURERS



Supporting industry fleet growth

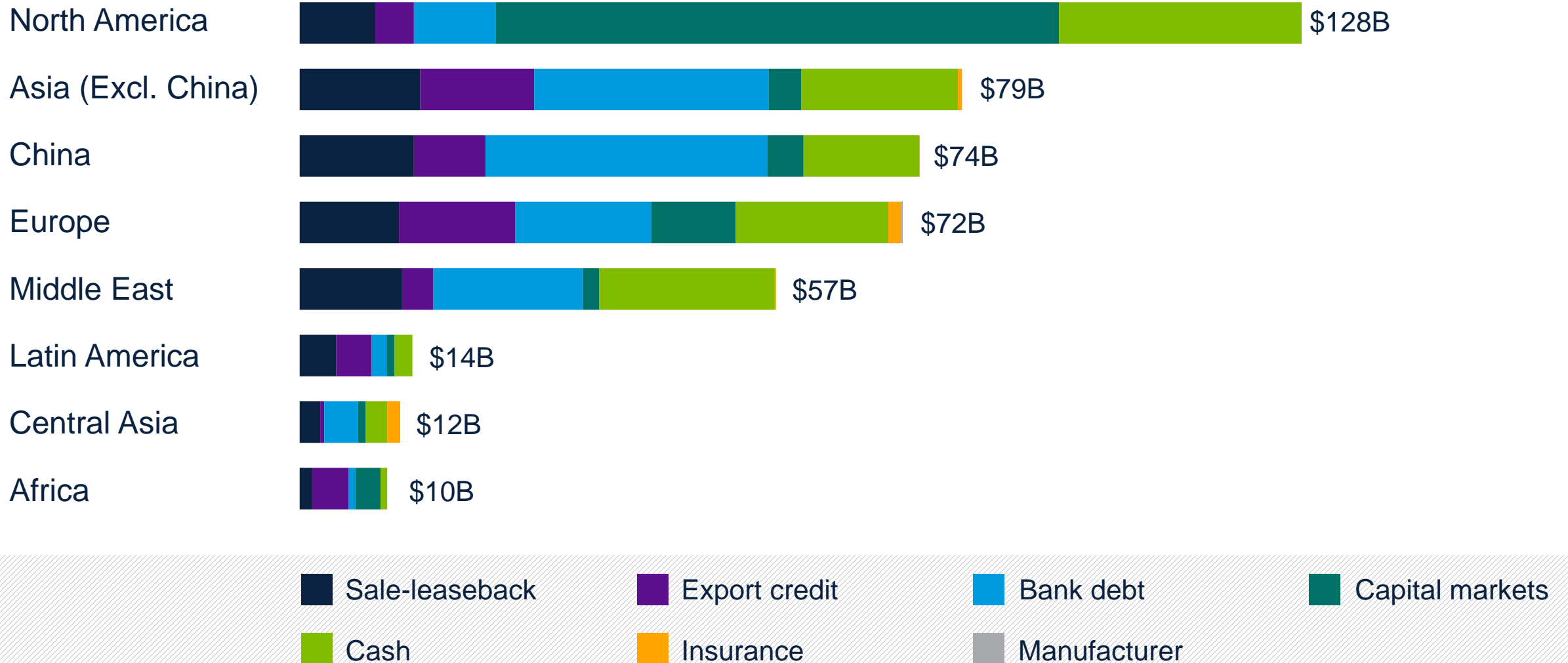


Balanced funding for Boeing deliveries



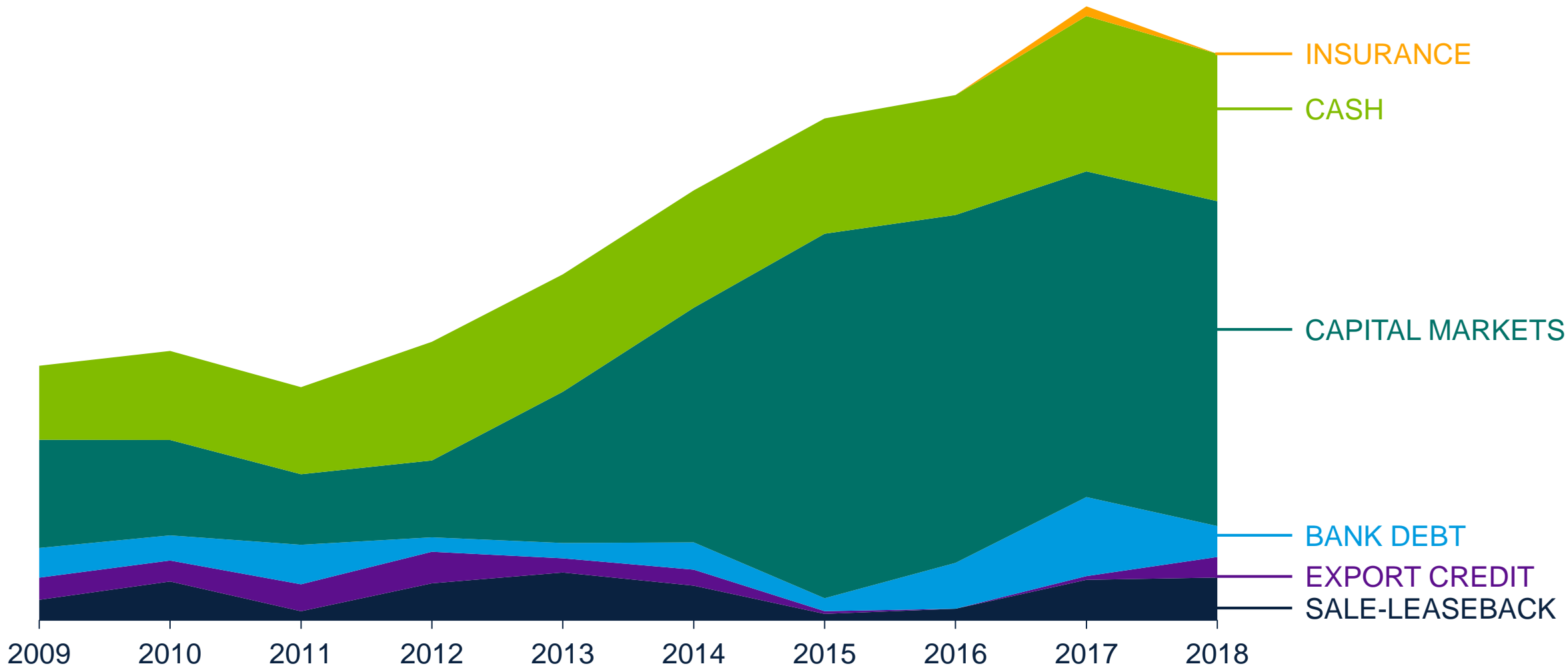
Funding distribution differs region to region

Source of financing for Boeing deliveries 2010-2018



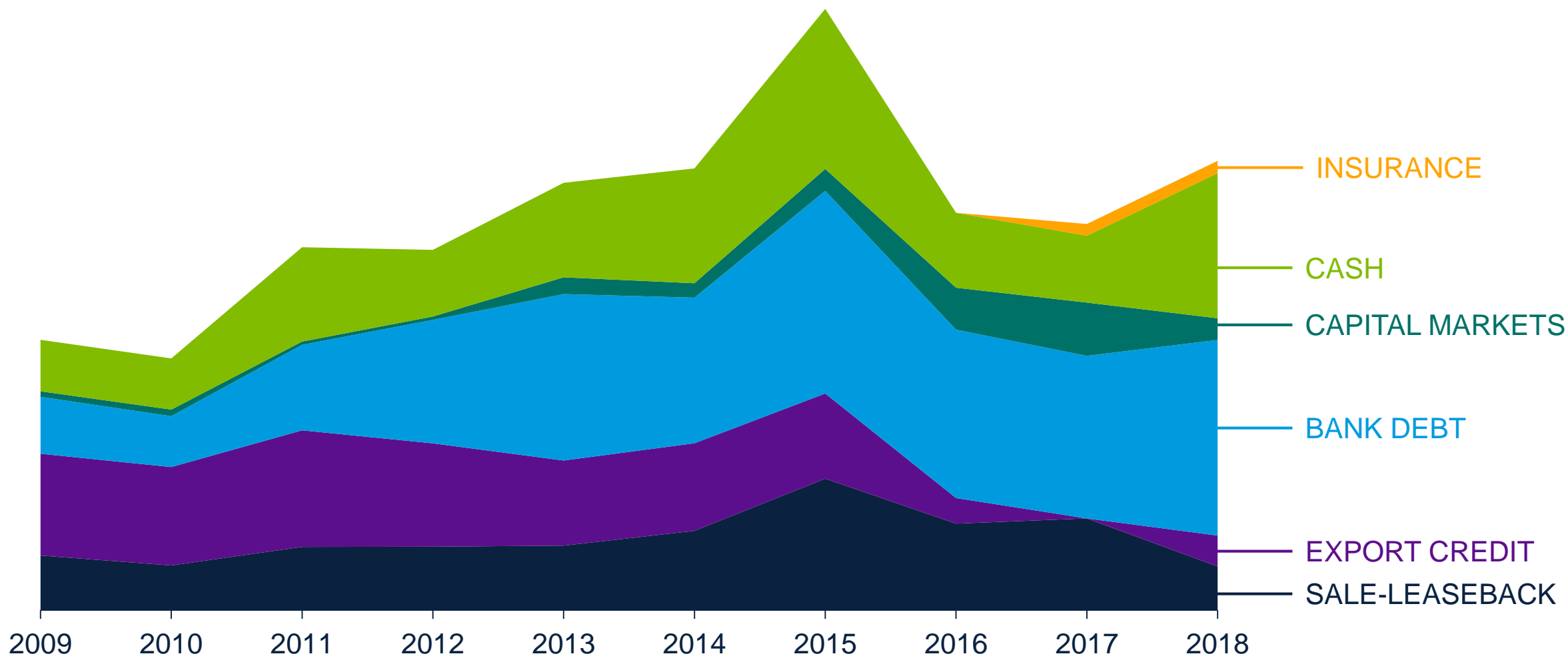
North America

Source of financing for Boeing deliveries



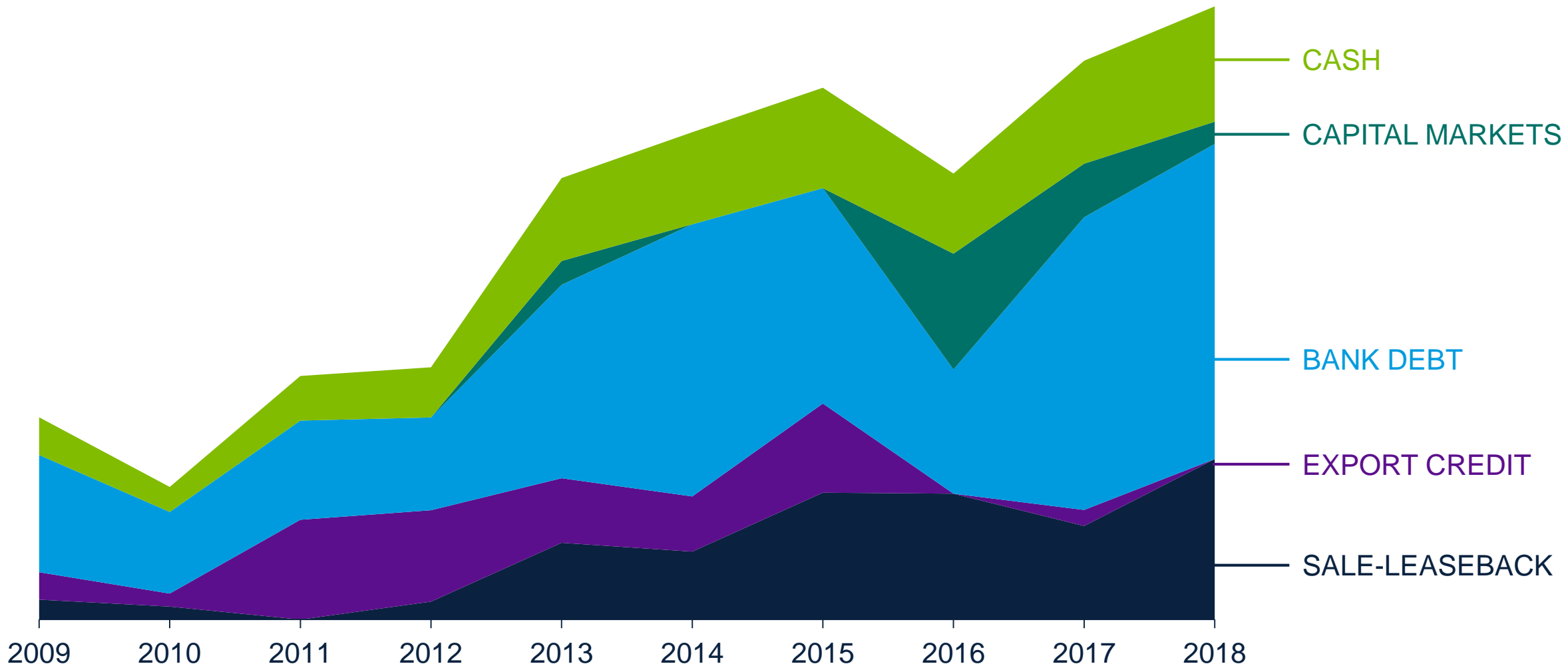
Asia, excluding China

Source of financing for Boeing deliveries



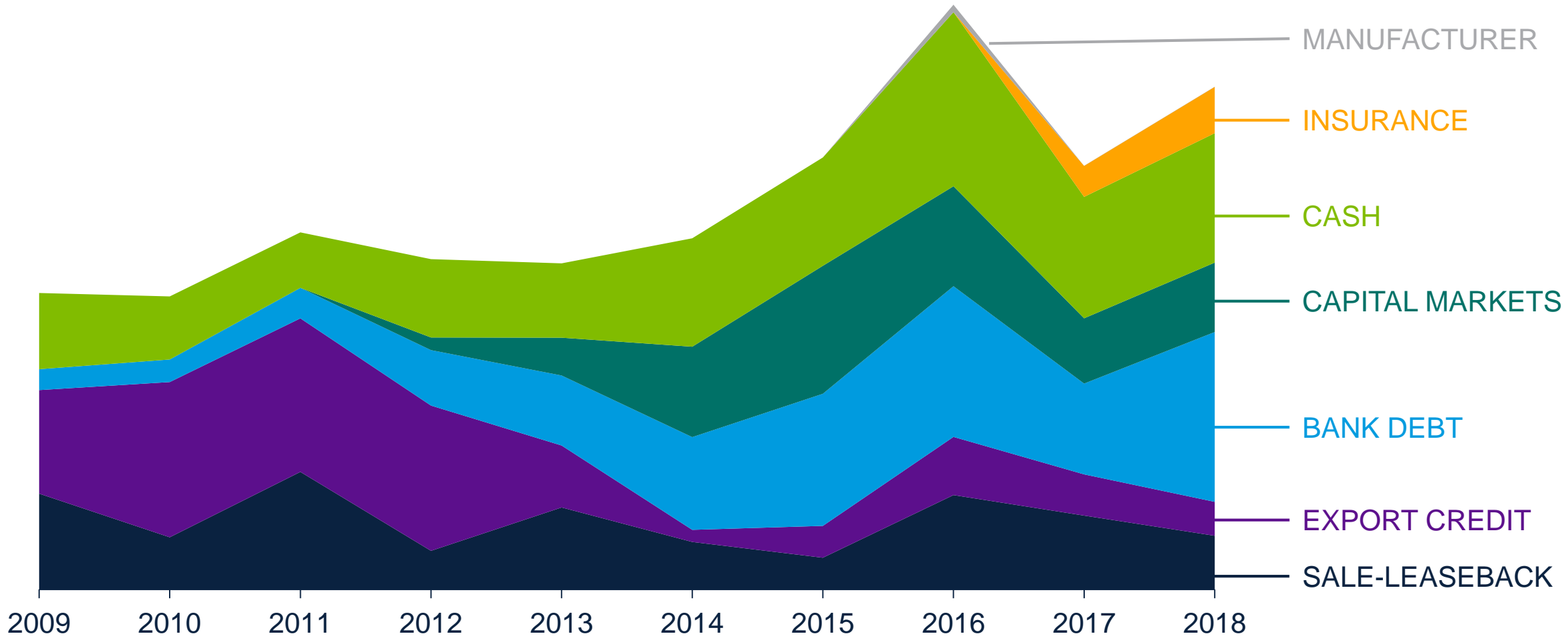
China

Source of financing for Boeing deliveries



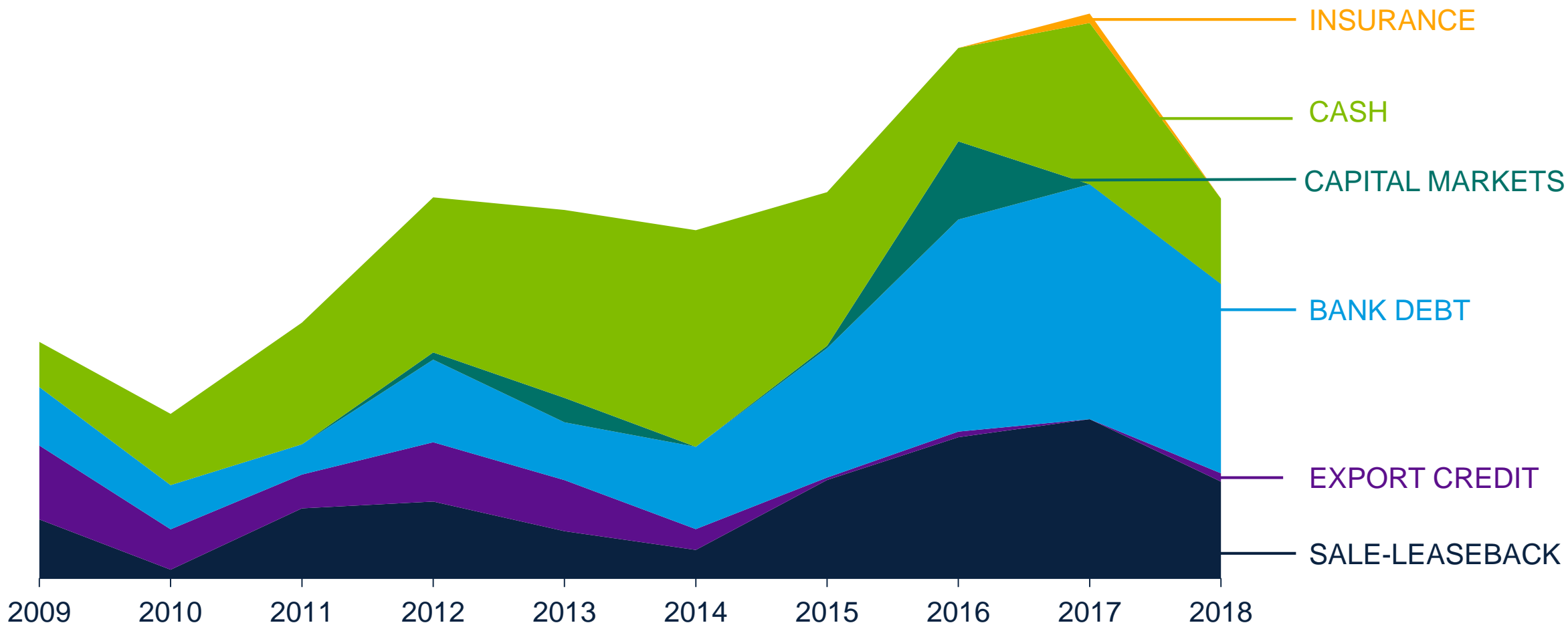
Europe

Source of financing for Boeing deliveries



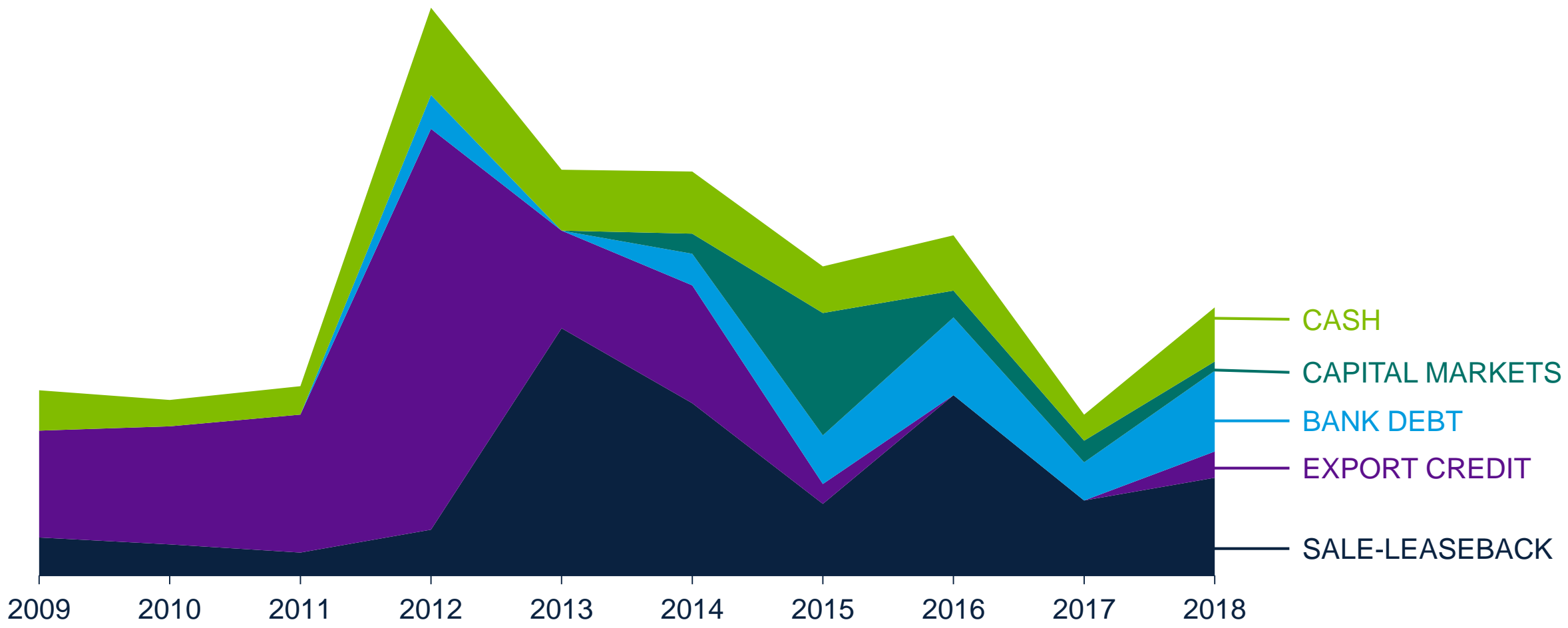
Middle East

Source of financing for Boeing deliveries



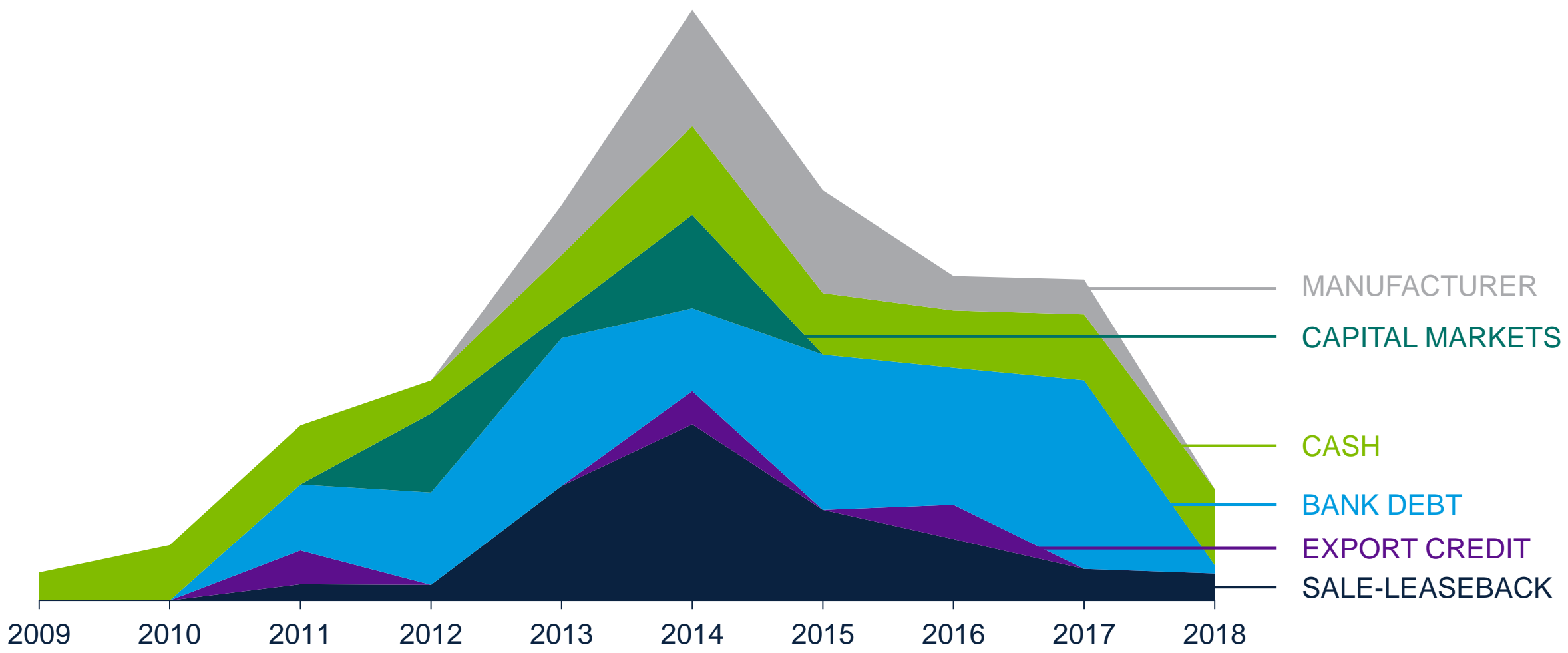
Latin America

Source of financing for Boeing deliveries



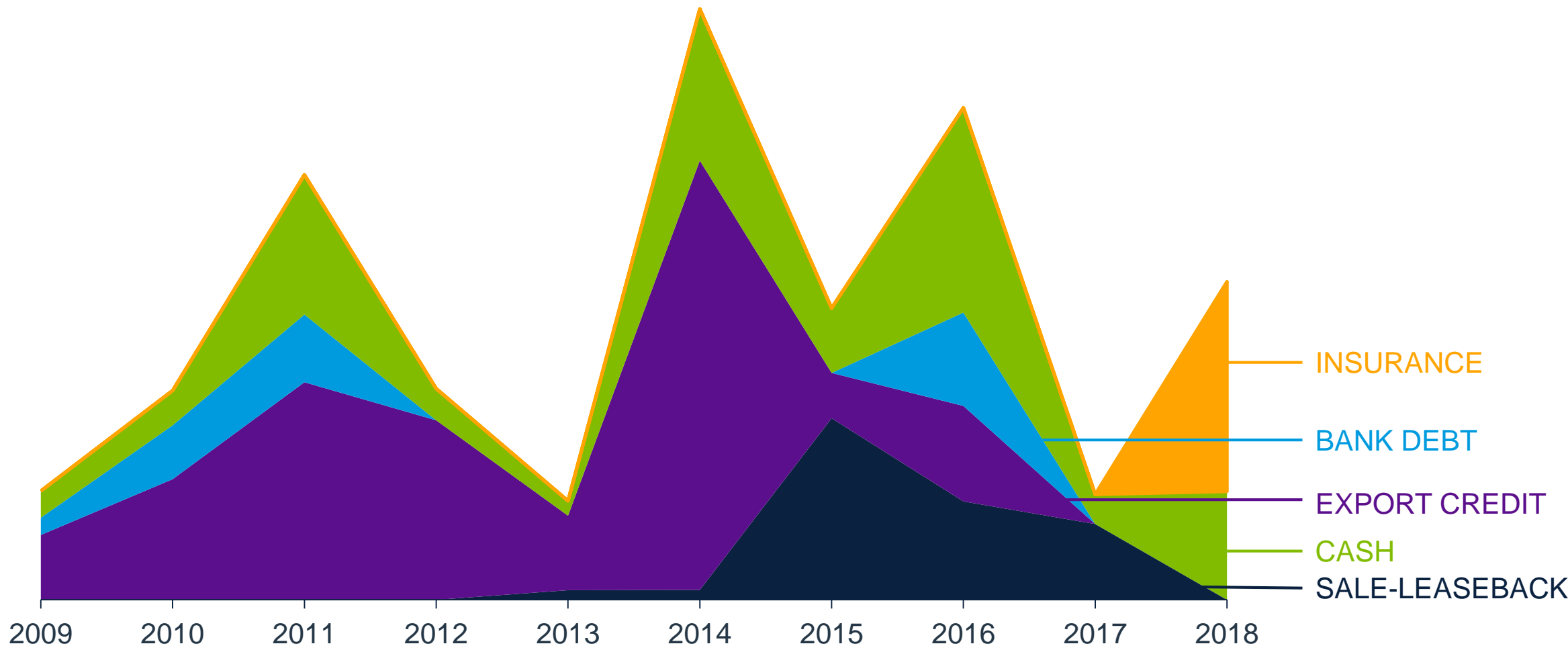
Central Asia

Source of financing for Boeing deliveries



Africa

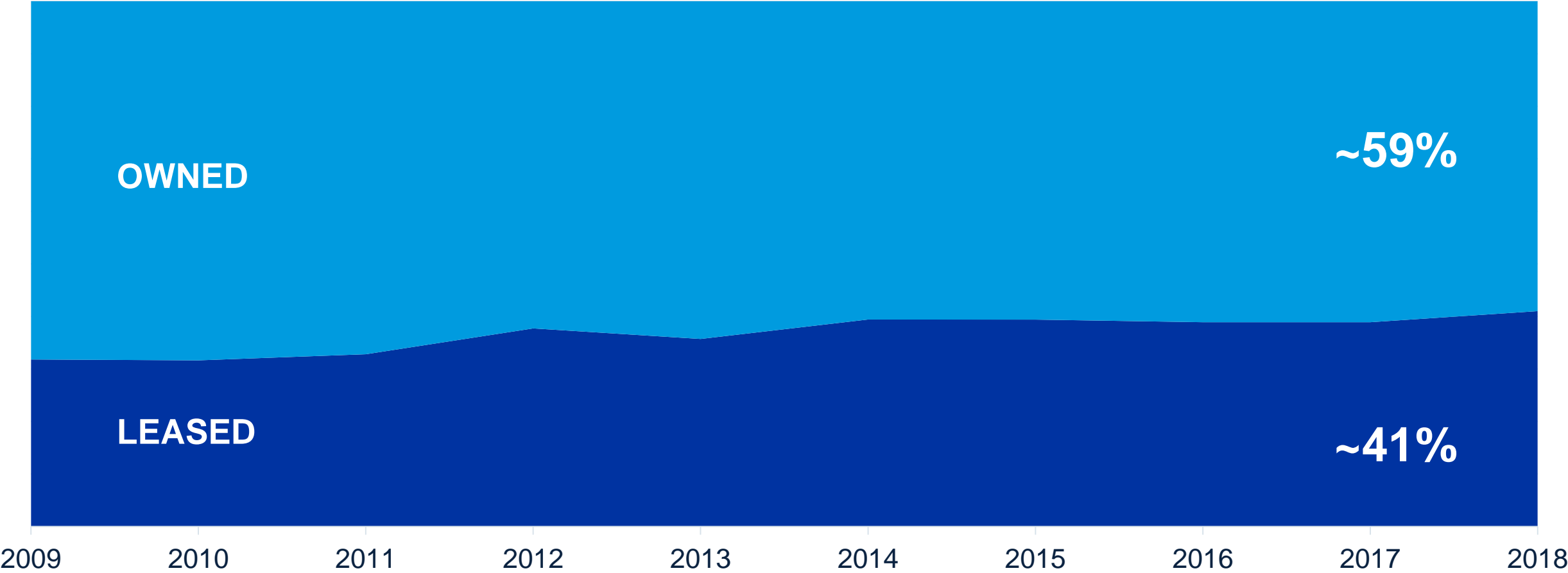
Source of financing for Boeing deliveries



LEASING



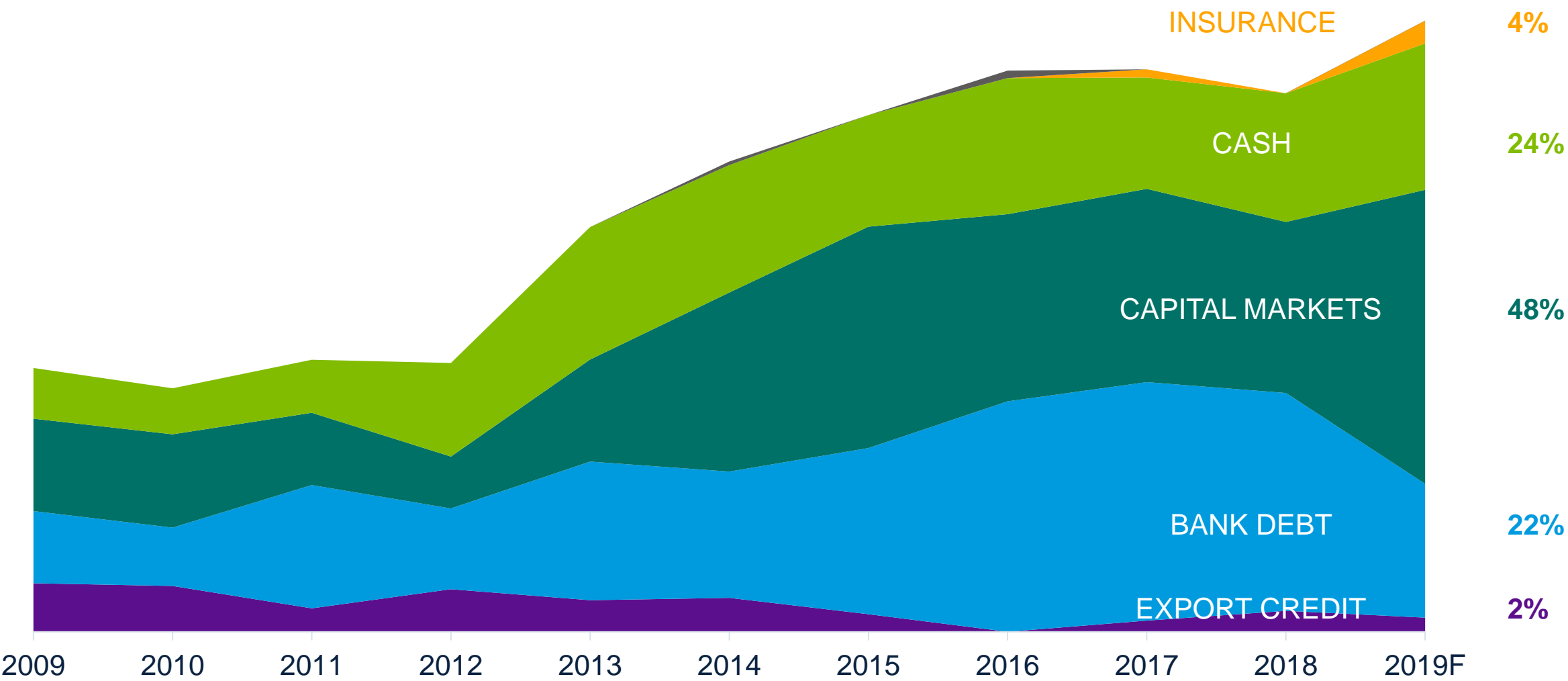
Industry share of global fleet on operating lease surpasses 40%



Source: Ascend and Boeing analysis. 2018 ascend data only.
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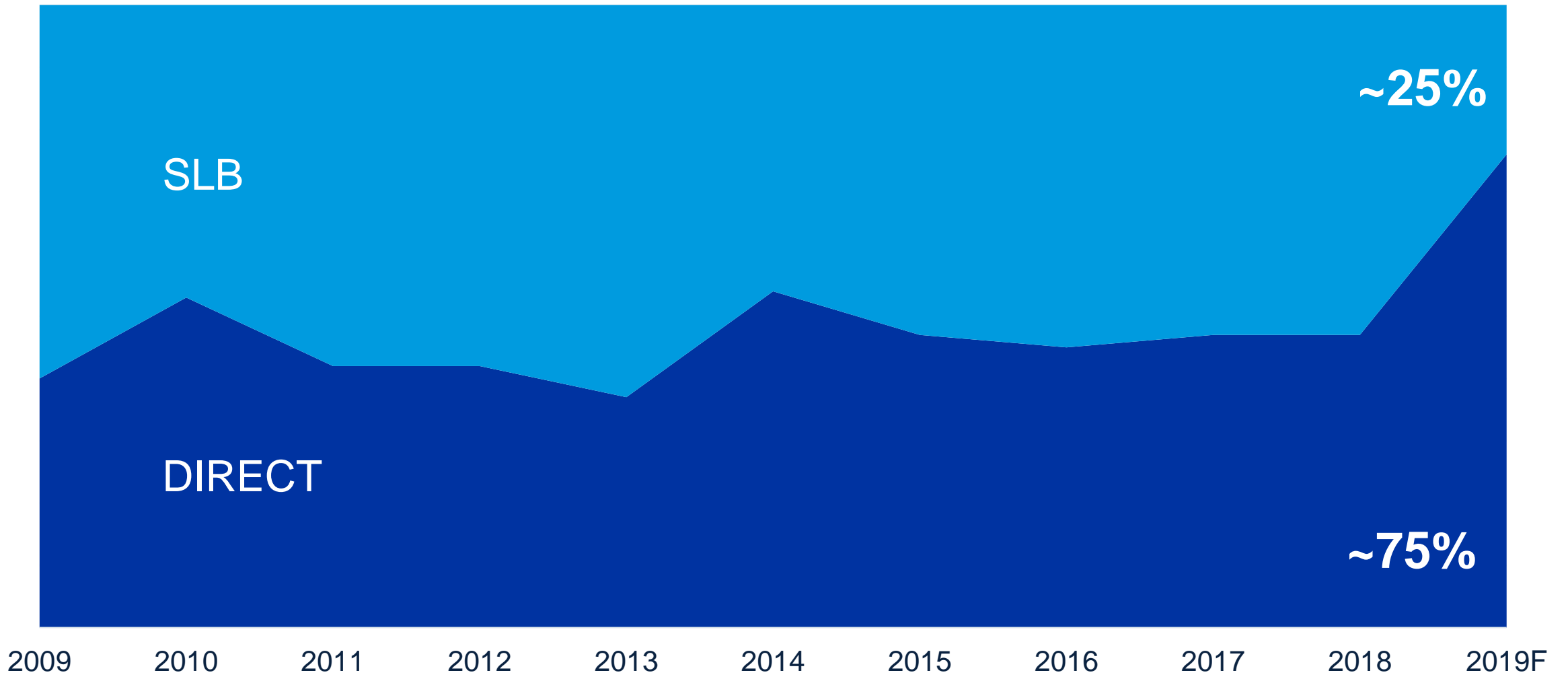
Lessors look to capital markets and bank debt for financing

Source of financing for Boeing deliveries to lessors



Sale Leaseback vs Direct Purchase

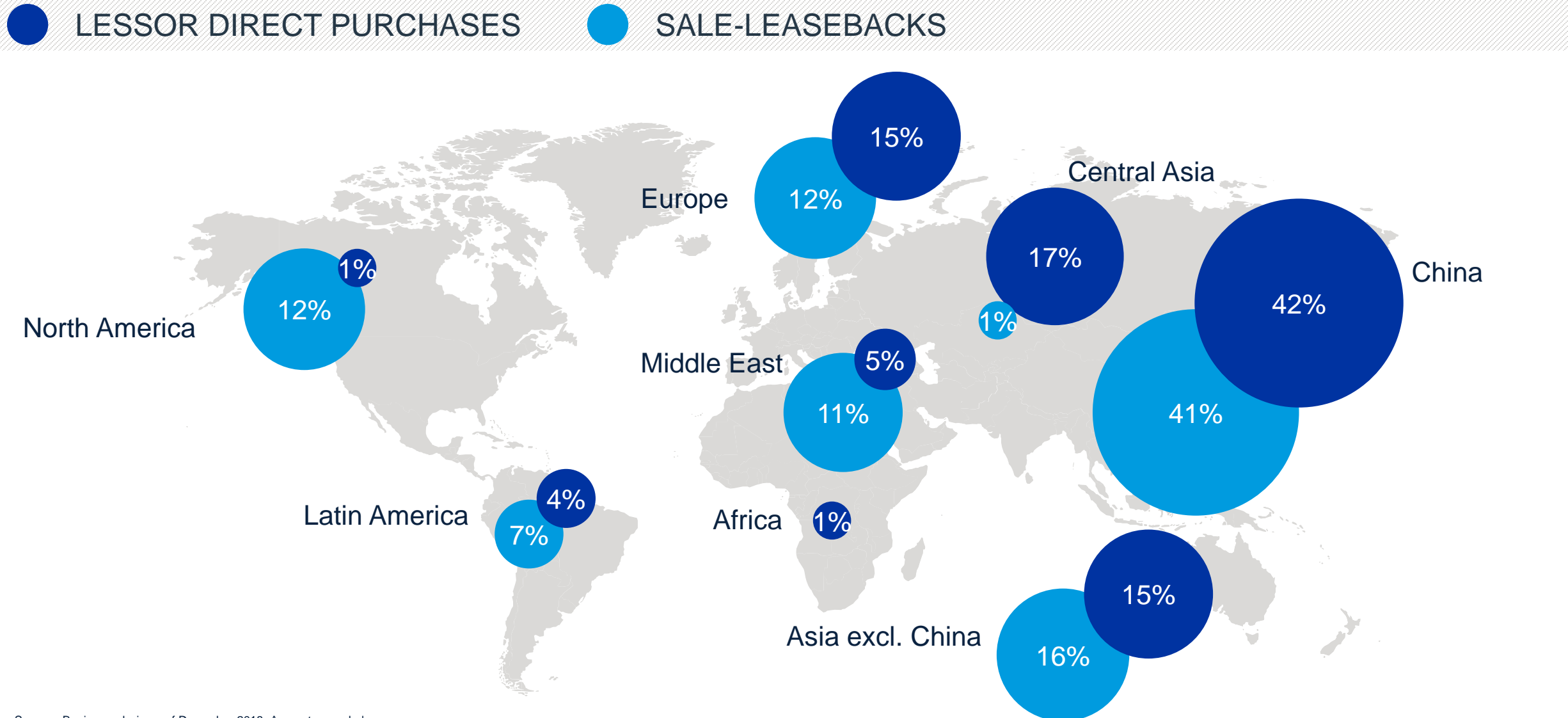
For Boeing deliveries



Source: Boeing analysis as of December 2018. Amounts rounded.
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Regional distribution of lessor-funded deliveries by structure

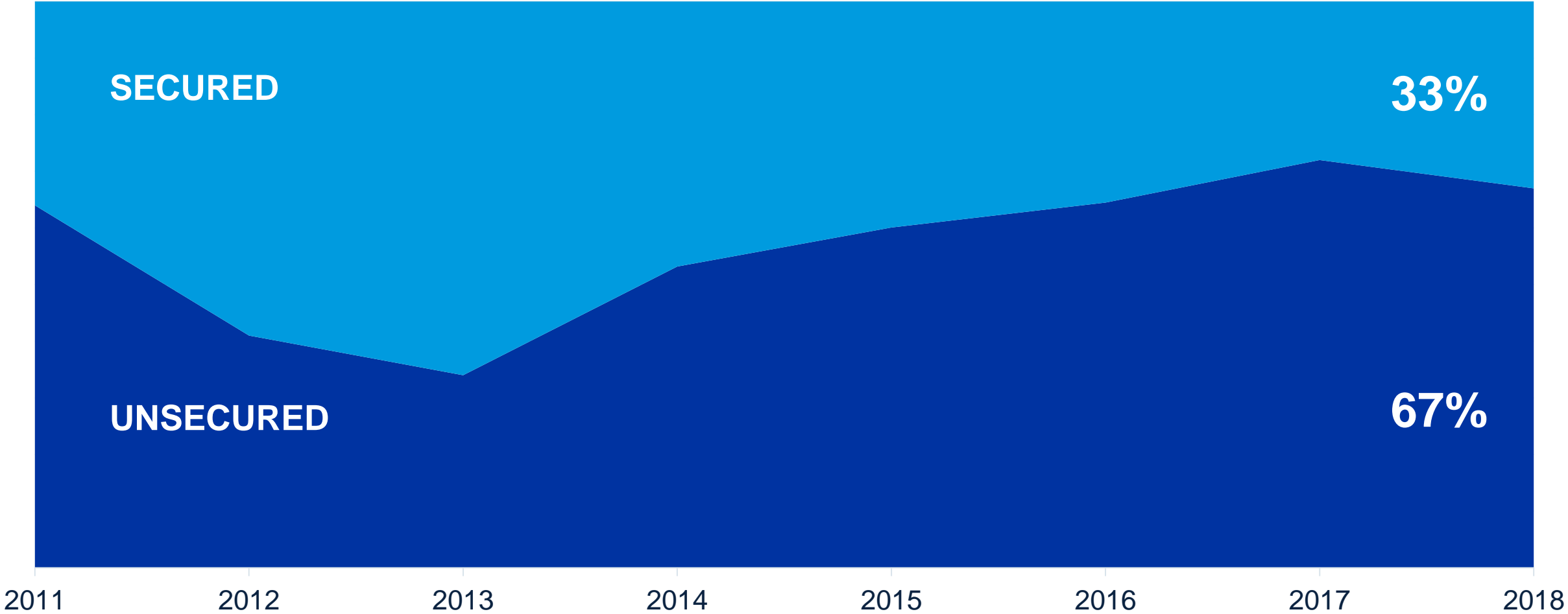
Operator region for Boeing deliveries in 2018



Source: Boeing analysis as of December 2018. Amounts rounded.

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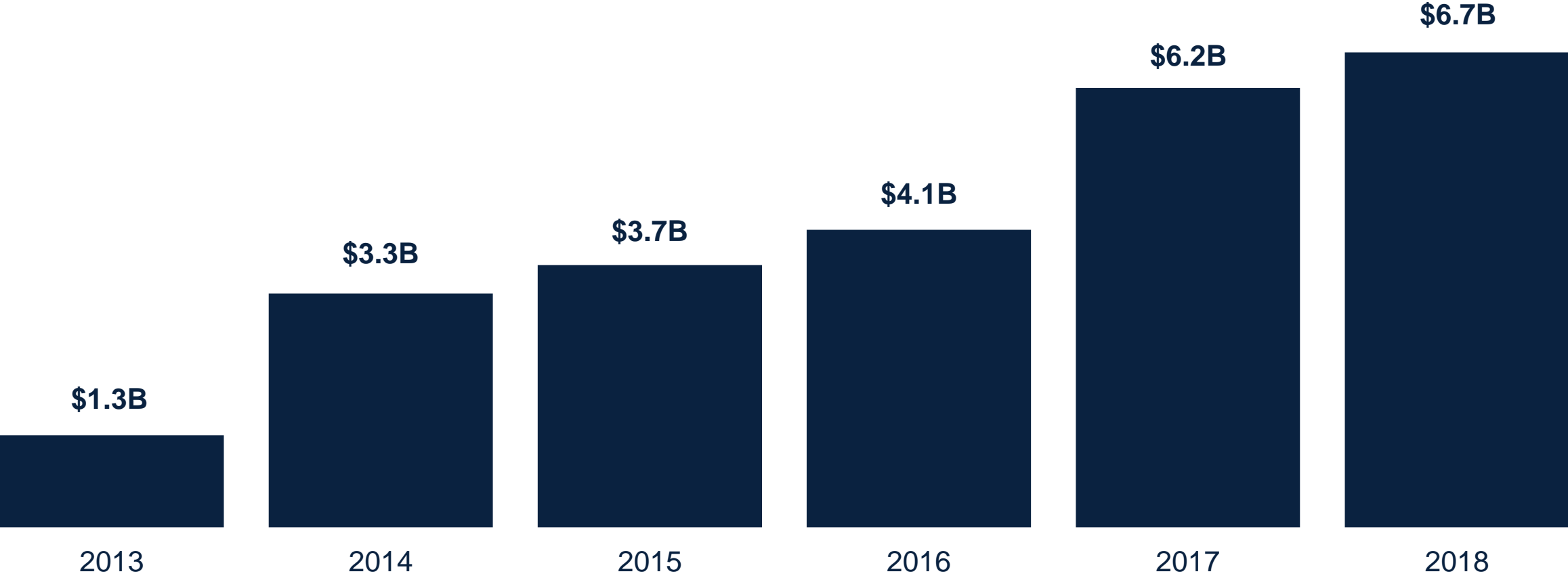
Lessors' strong ratings drive strength in unsecured borrowing



Source: Boeing analysis as of December 2018. Amounts rounded.
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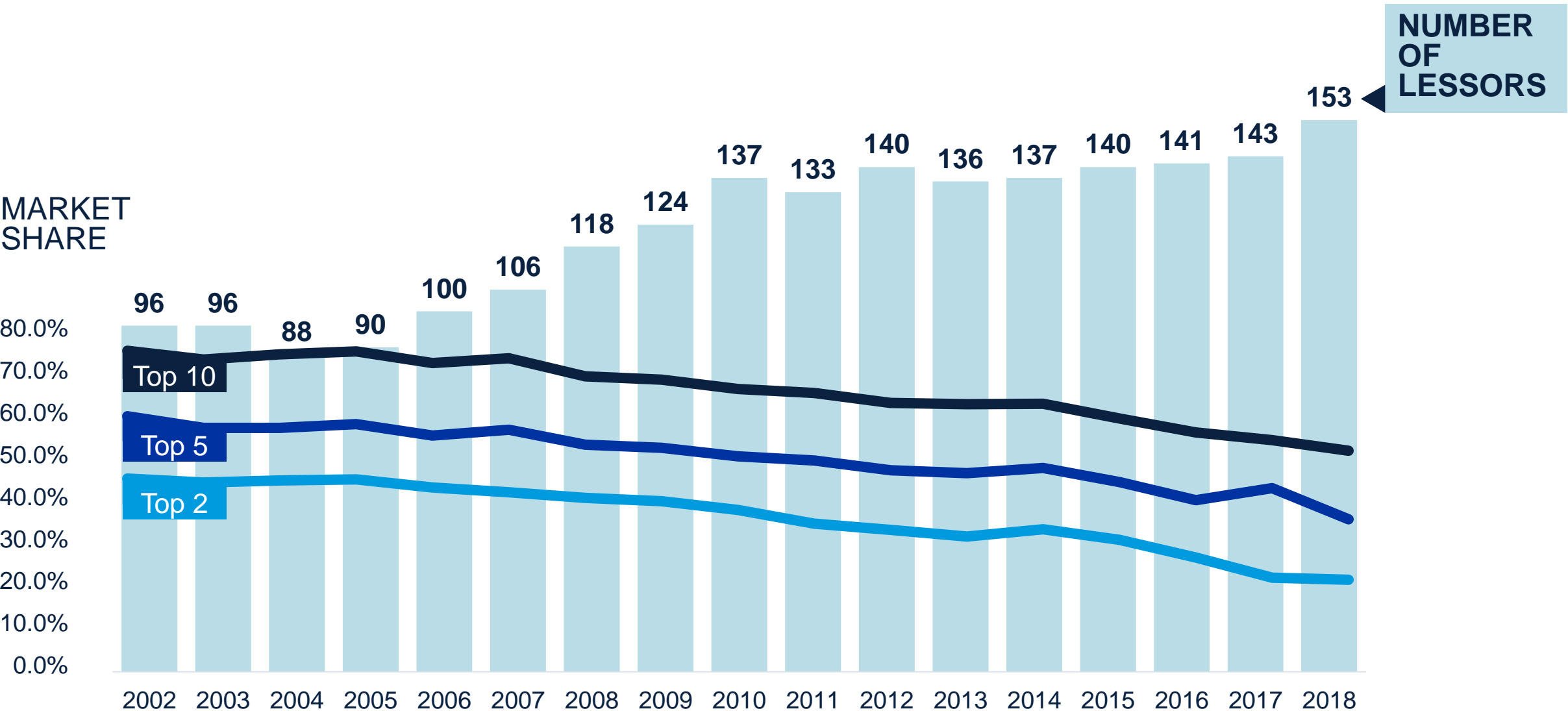
Steady Asset-backed security momentum

Structured debt transaction volume (\$mm)



Source: Boeing analysis as of December 2018. Flight Global and Airfinance Journal.
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Lessor fragmentation

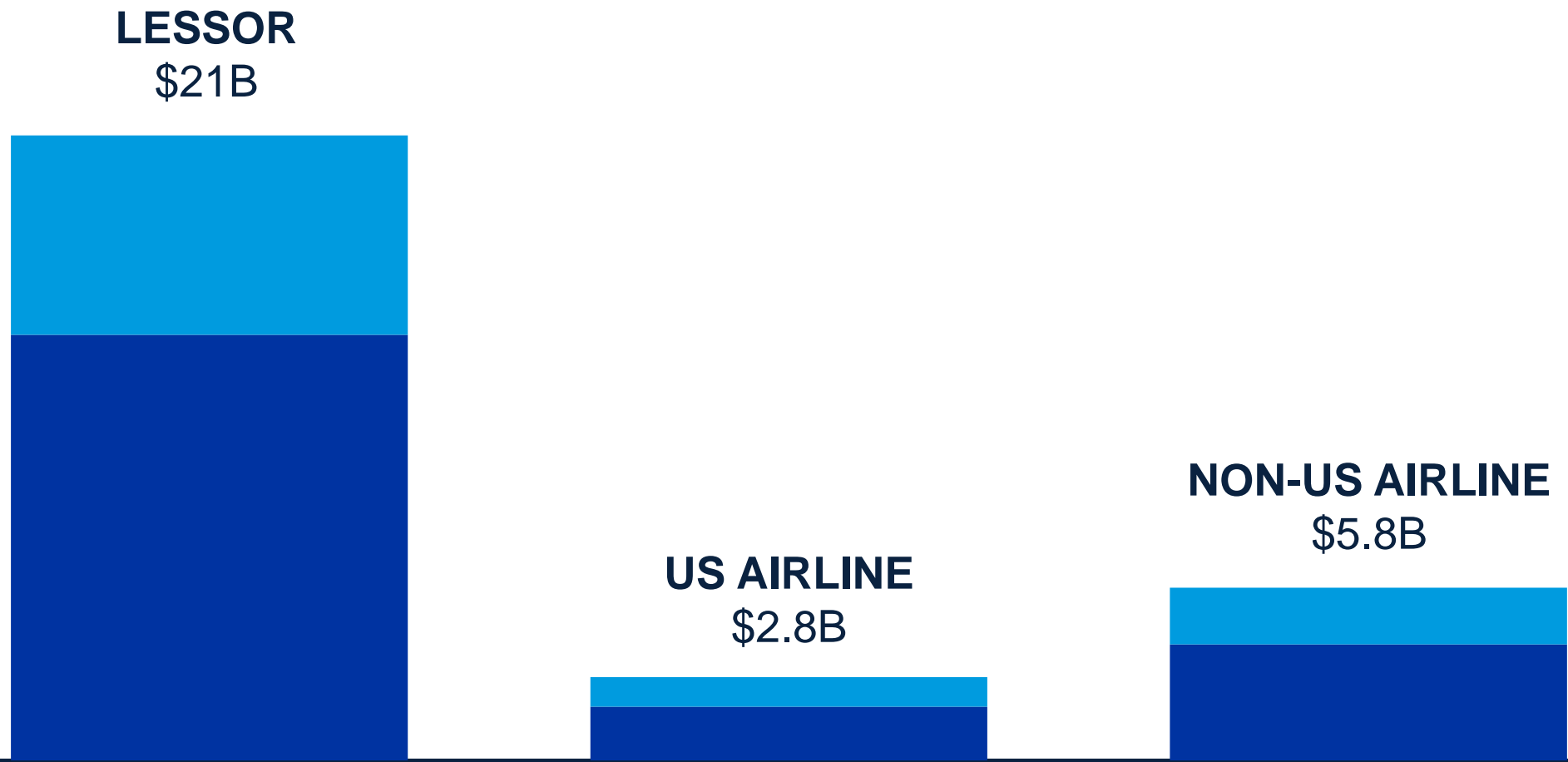


Source: Boeing analysis as of December 2018. Ascend. Flight Global.
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CAPITAL MARKETS

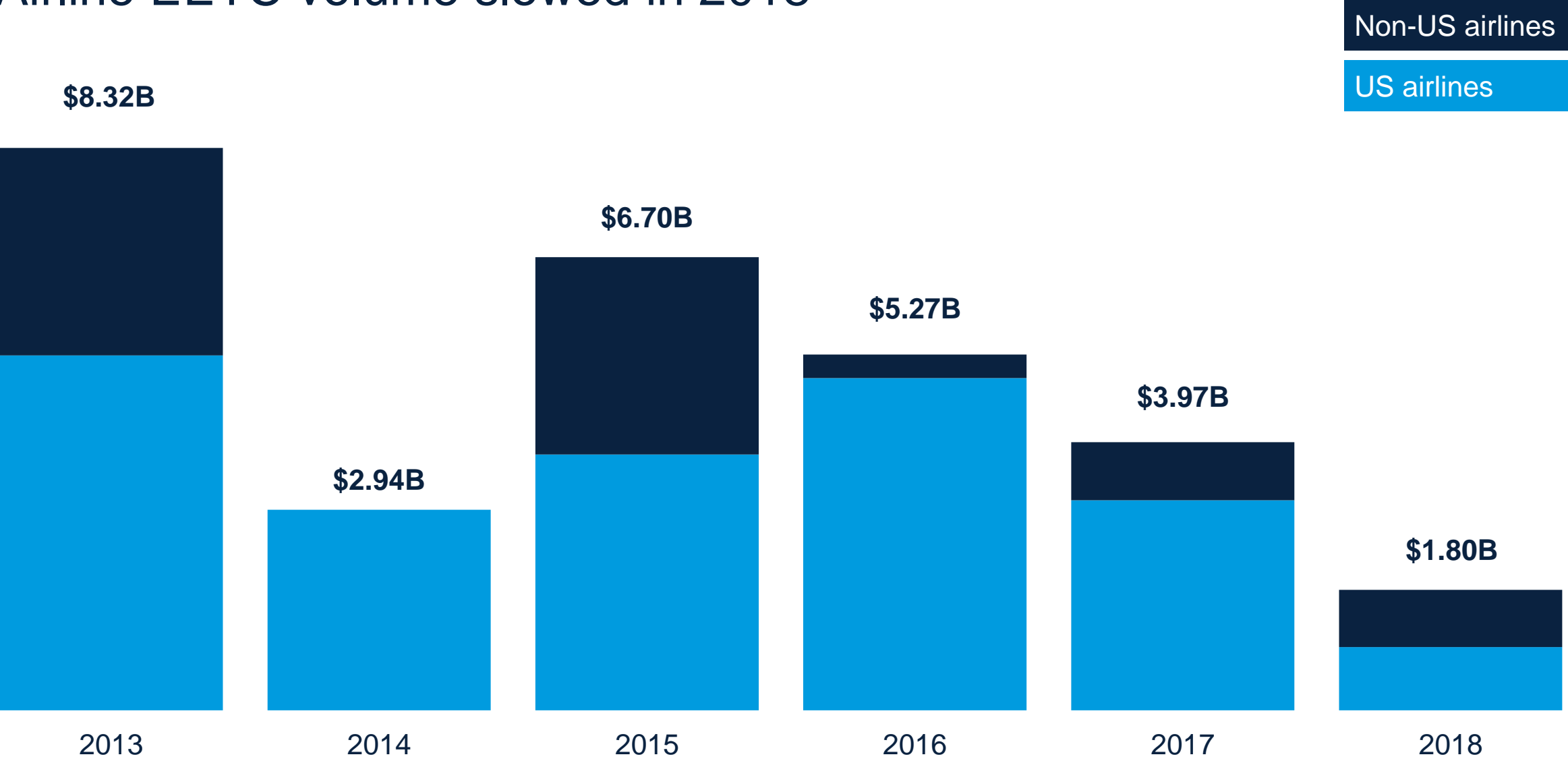


Capital markets dominated by lessors in 2018



Source: Boeing analysis. Amounts rounded.
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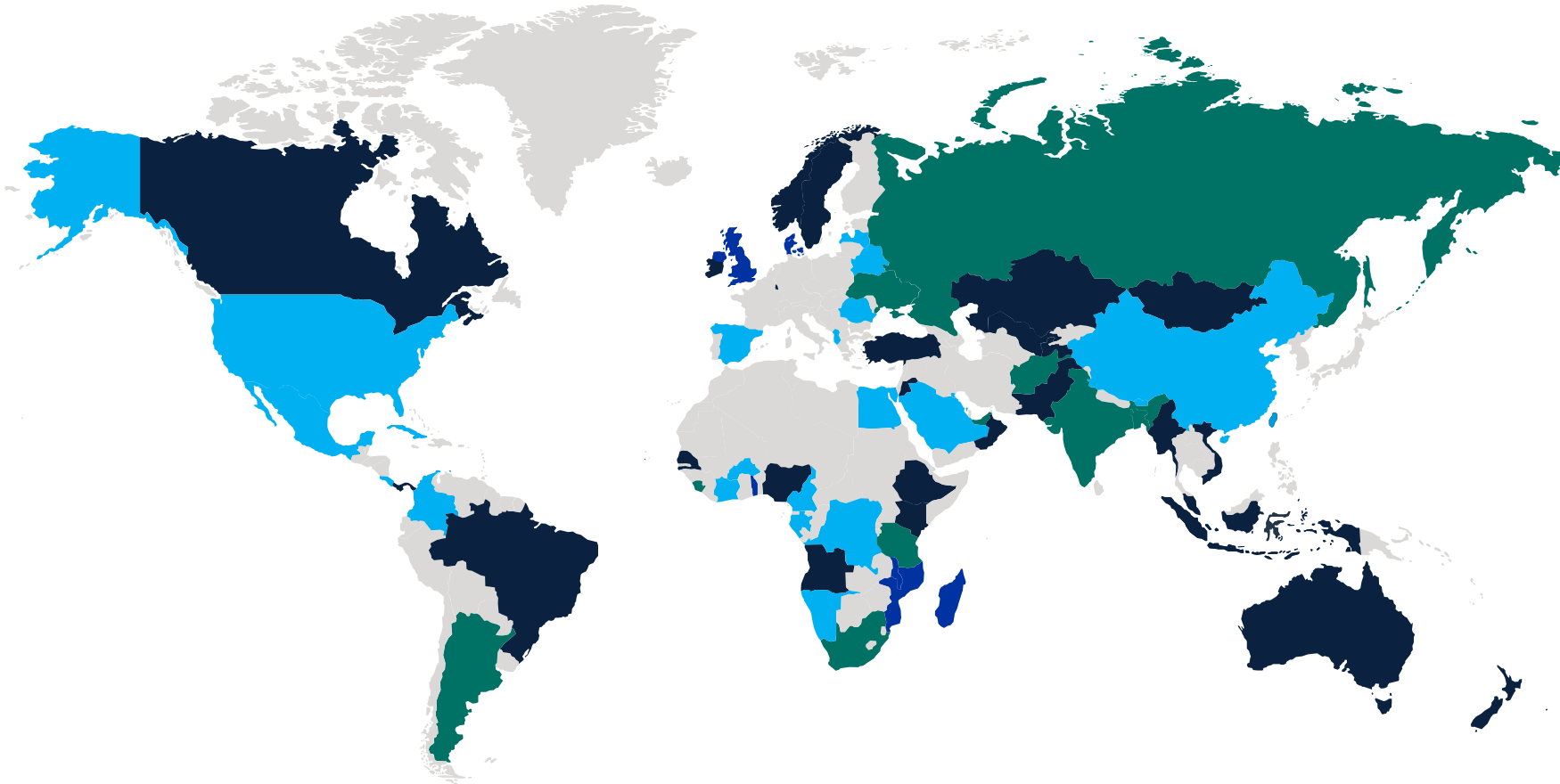
Airline EETC volume slowed in 2018



Source: Boeing analysis as of December 2018. Flight Global and Airfinance Journal.
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Cape Town Convention with Aircraft Protocol

73 NATIONS HAVE ACCEDED AS OF DECEMBER 2018



Eligible for OECD Discount
29 countries

Awaiting OECD review
9 countries

Qualifying declarations not adopted
25 countries

Qualifying declarations,
but implementation issues
10 countries

Cape Town compliance

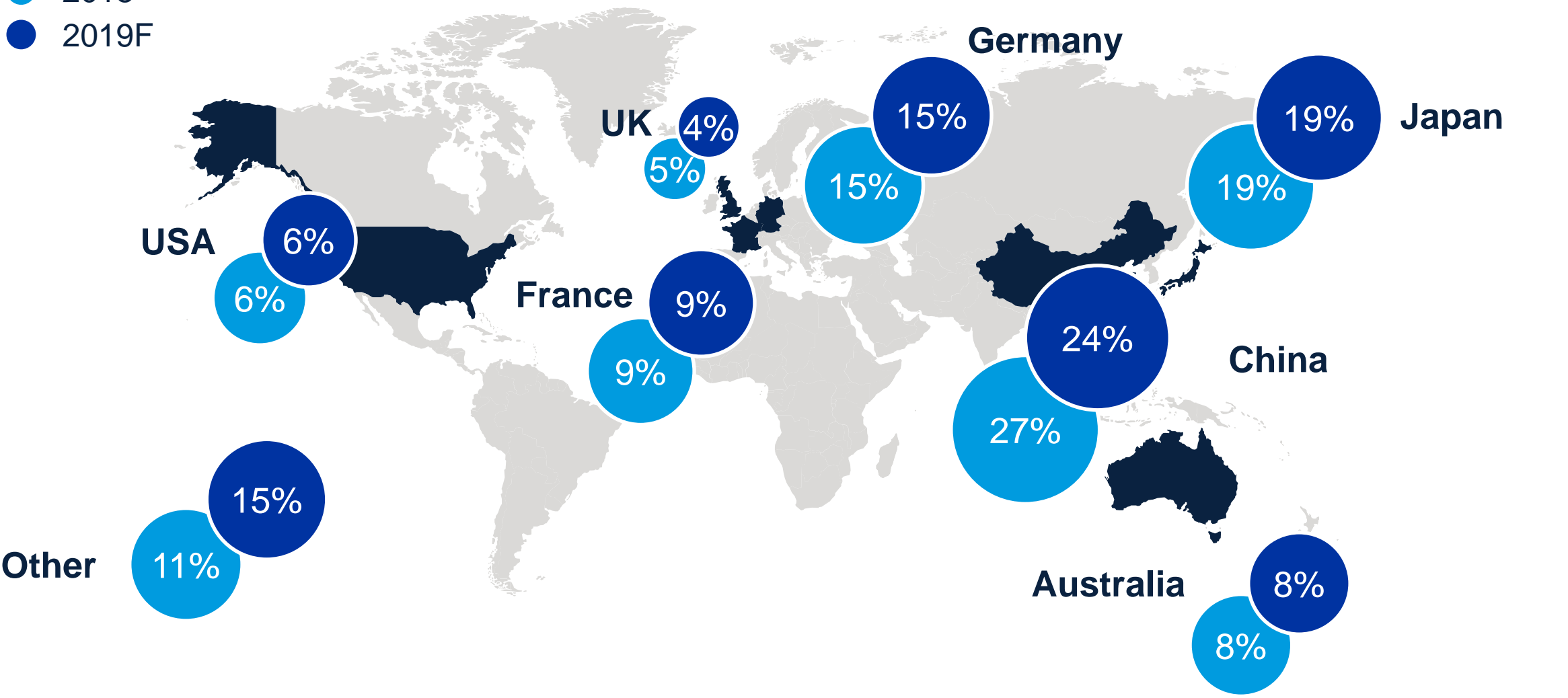




COMMERCIAL BANKS

Bank debt

- 2018
- 2019F



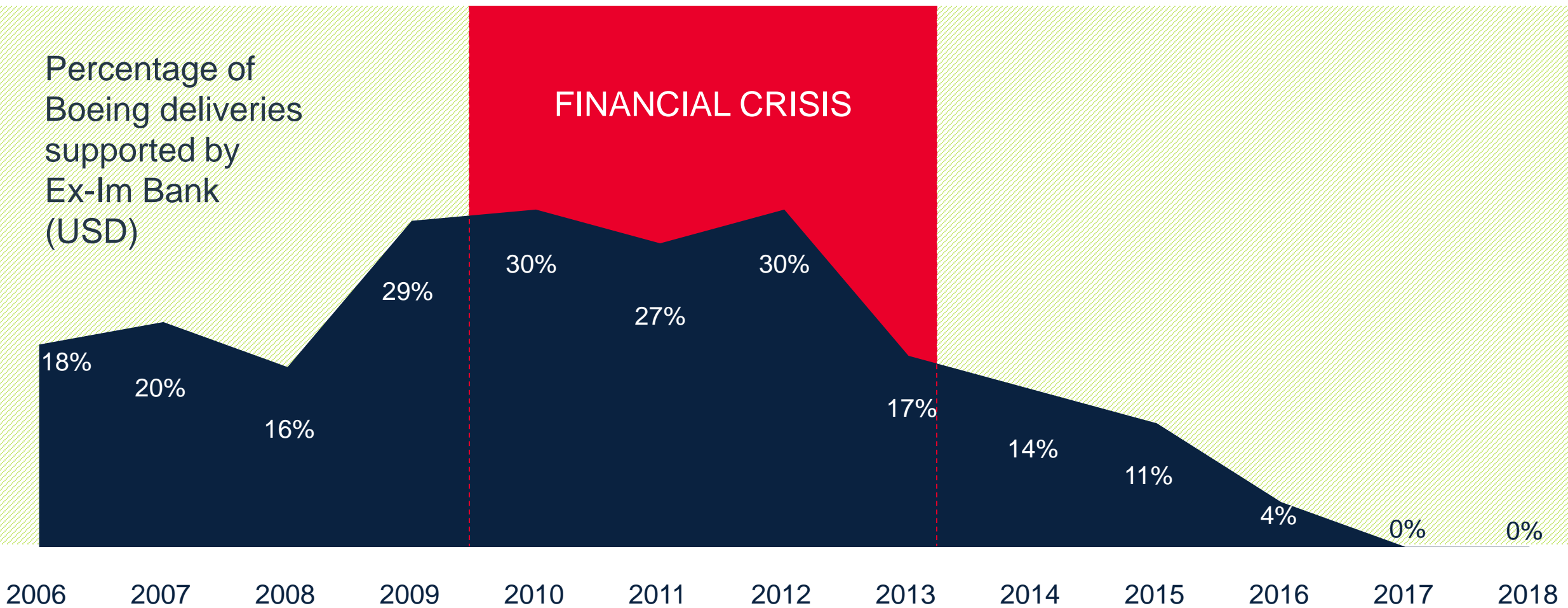
Source: Boeing analysis as of December 2018. Amounts rounded.
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EXPORT CREDIT



US Ex-Im usage has fallen sharply since 2012

Percentage of Boeing deliveries supported by US Ex-Im Bank (USD)



Source: Boeing analysis as of December 2018. Amount rounded.
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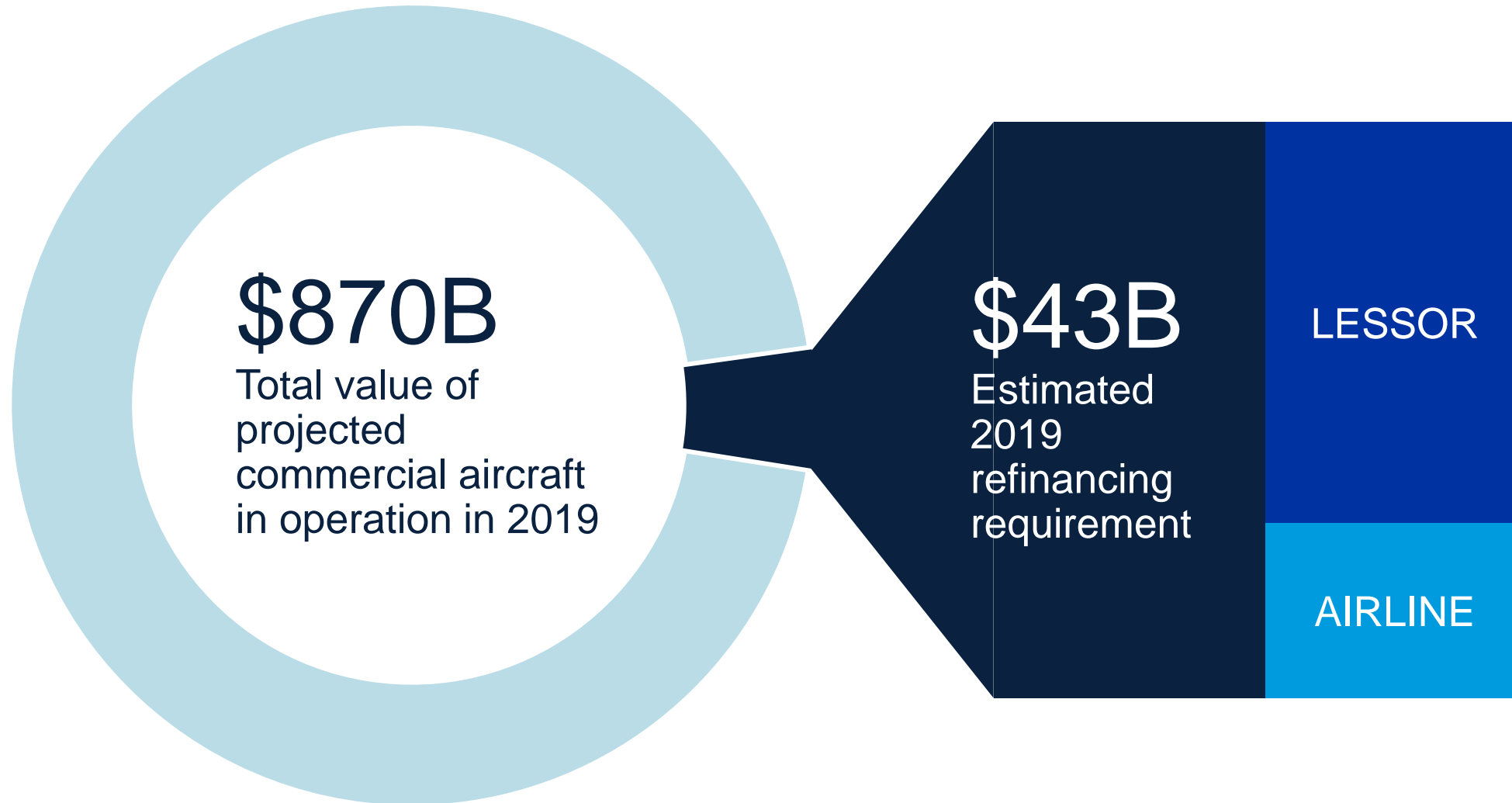
Boeing's global Export Credit Agency strategy



SECONDARY MARKET



Robust secondary aircraft financing market





Secondary market
represents attractive
financing opportunity



Lessors are a
vital part of the
aviation industry



Bank debt is
geographically
balanced with
unprecedented volume



Capital markets are
providing inexpensive
liquidity for select
lessors and airlines

**COMPETITIVE
MARKET
DRIVING
INNOVATIVE
FINANCING
SOLUTIONS**

What is the Current Aircraft Finance Market Outlook (CAFMO)?



- Assessment of the current state of the aircraft financing environment
- Forecast of new airplane financing for the coming year
- Projection of industry delivery financing requirements over next five years

Methodology and definitions

The Current Aircraft Finance Market Outlook considers permanent financing for new commercial airplanes, either at or post-delivery. Refinancing activity more than twelve months post-delivery is generally not considered.

Cash	Funded with cash reserves or operating cash flow; not expected to be refinanced or leveraged. Includes cash equity for other financing structures.
Capital Markets	Secured by structured debt transaction, such as enhanced equipment trust certificates (EETC) or unsecured debt raised by an airline, lessor, or parent companies that may be used to directly or indirectly finance a delivery. May be issued in either the public or private markets.
Bank Debt	Financed with aircraft-secured or unsecured commercial bank debt that may be used to directly or indirectly finance a delivery.
Export Credit	Supported by a guarantee from an export credit agency, including both commercial bank loans and bond transactions funded in the capital markets. Direct export credit lending also included.
Insurance	Backed with a non-payment insurance policy (such as AFIC) through a commercial bank loan or capital markets structure
Secondary Market	Total market is equivalent to Boeing & Airbus in service aircraft valued based on the median of five independent appraisers plus the estimated delivery value of 2019 aircraft. The annual financing requirement for airlines and lessors is calculated based on the age of the aircraft and the average financing lifecycle of the aircraft.

Sources of industry delivery financing

Historical share of funding by capital provider

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019F
Cash	26%	25%	26%	25%	24%	23%	28%	26%	27%	26%
Capital Markets	14%	15%	18%	19%	28%	34%	30%	24%	28%	30%
Bank Debt	26%	27%	23%	30%	33%	30%	33%	44%	39%	34%
Export Credit	34%	33%	33%	26%	15%	13%	8%	4%	4%	7%
Insurance								1%	2%	3%
Manufacturer	0%	0%	0%	0%	0%	0%	1%	1%	0%	0%
Total Revenue USD billions	\$62	\$77	\$96	\$104	\$115	\$122	\$122	\$122	\$126	\$143

Commercial Deliveries	2010	2011	2012	2013	2014	2015	2016	2017
Boeing	462	477	601	648	723	762	748	763
Airbus	510	534	588	626	629	635	688	718
Bombardier*	97	78	50	55	86	76	84	17**
Embraer	101	105	106	90	92	101	108	101

- Bombardier deliveries for 2009-2011 are for the respective fiscal years
- ** C Series deliveries .

Historical numbers subject to revision.

Sources of Boeing delivery financing

Historical share of funding by capital provider

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019F
Cash	15%	17%	16%	18%	21%	11%	18%	26%	29%	31%	34%	29%	29%	25%	28%	27%	29%	28%
Capital Markets	37%	31%	35%	38%	31%	37%	35%	19%	21%	14%	11%	21%	27%	33%	32%	28%	25%	28%
Bank Debt	26%	18%	25%	26%	30%	32%	31%	25%	19%	28%	25%	33%	30%	30%	35%	41%	39%	34%
Export Credit	14%	26%	20%	17%	18%	20%	16%	29%	30%	27%	30%	17%	14%	11%	4%	2%	4%	5%
Insurance																2%	3%	5%
Manufacturer	8%	8%	4%	1%	1%	0%	0%	1%	0%	0%	0%	0%	0%	1%	1%	0%	0%	0%

Historical numbers subject to revision

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