



# ORIX TO ACQUIRE 30% STAKE IN AVOLON WITH AN ENTERPRISE VALUE OF US\$23.7BN

## Japanese financial services group to join Avolon's shareholder base providing a significant credit enhancement

**Dublin & Tokyo | 8 August, 2018:** Avolon, the international aircraft leasing company, announces that ORIX Corporation ("ORIX"), through its wholly owned subsidiary ORIX Aviation Systems ("ORIX Aviation"), has entered into an agreement to acquire a 30% stake in Avolon from Bohai Capital ("Bohai") (the "Transaction"). The Transaction is subject to customary closing conditions and Bohai shareholder approval. Bohai's largest shareholder, HNA Group, has provided its commitment to the Transaction. The Transaction is expected to complete in the fourth quarter of 2018.

### Transactions Highlights

- ORIX Aviation to acquire a 30% shareholding in Avolon for US\$2.2 billion, based on 31 March 2018 NAV subject to customary closing adjustments
- Transaction implies an Avolon enterprise value of US\$23.7 billion, as at 31 March 2018
- ORIX is rated A-/A3/A- by Fitch, Moody's and S&P respectively. For the 12 months to 31 March 2018 ORIX reported revenue of US\$25.6 billion and net income of US\$2.8 billion.
- Diversifies and strengthens the financial profile of Avolon's shareholder base
- Scale investment from an experienced sector participant highlights the attractiveness of the aircraft leasing sector, the Avolon platform and management team
- Governance structure enhances protections for minority shareholder and, indirectly, debt investors
- Facilitates positive credit rating momentum at Avolon
- Enhances Avolon's profile in the Japanese financial markets and creates the opportunity for further collaboration with ORIX Aviation, a S&P ranked aircraft lessor, asset manager and trading company

**Dómhnaíl Slattery, Avolon CEO, commented:** "ORIX is a strong, investment grade institution with a proven track record in the leasing sector over multiple industry cycles. We are delighted to welcome ORIX as a shareholder alongside Bohai. This transaction builds on this team's track record of partnering with leading global financial institutions as shareholders. We will benefit from ORIX's experience and relationships as we continue to build Avolon's financial strength and industry franchise."

*Our new shareholder structure and the associated enhancements to our governance framework will also accelerate our momentum towards an investment grade rating – a key objective for our business."*

### Governance & Board

As part of the Transaction, Bohai and ORIX will put in place a new shareholder agreement which includes a governance framework with significant protections for the minority shareholder. On completion of the Transaction, the revised Avolon Board will be comprised of two ORIX Directors, three Bohai Directors, Avolon CEO, Dómhnaíl Slattery, as executive Director, and one independent Director.



### **About ORIX Corporation**

ORIX Corporation (TSE: 8591; NYSE: IX) is an opportunistic, diversified, innovation-driven global powerhouse with a proven track record of profitability. Established in 1964, ORIX at present operates a diverse portfolio of businesses in the operations, financial services, and investment spaces. ORIX's highly complementary business activities span industries including: energy, private equity, infrastructure, automotive, ship and aircraft, real estate and retail financial services. ORIX has also spread its business globally by establishing locations in a total of 38 countries and regions across the world (As of March 31, 2018).

ORIX Corporation entered the aircraft finance and leasing sector in 1978 and has accumulated aviation experience through multiple cycles over the past 40 years. In 1991, it established ORIX Aviation in Dublin, Ireland to get a foothold in the aircraft operating lease business.

### **About ORIX Aviation**

ORIX Aviation is a 100% subsidiary of ORIX Corporation of Japan. ORIX Aviation owns and manages over 200 aircraft and leases them to more than 70 airlines located in over 30 countries. ORIX Aviation is headquartered in Dublin with offices in Hong Kong and a team of 85 professionals with USD10 billion of aircraft assets under management. For the 12 months to 31 March 2018, ORIX Aviation has bought, sold or leased over 100 aircraft valued in excess of USD4 billion.

ORIX Aviation is focused primarily on investing and trading opportunities in the aircraft leasing and aircraft asset management space while maintaining a strong balance sheet of owned assets to support stable long term profits and future growth. ORIX Aviation is ranked by S&P Global Ratings as "Strong" as a commercial aircraft lease servicer.

The asset management clients of ORIX Aviation are investors based in Japan, US funds and international banks and financial investors.

### **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 a wholly-owned, indirect subsidiary of Bohai Capital Holding Co., Ltd., a Chinese public company listed on the Shenzhen Stock Exchange (SLE: 000415). Avolon is the world's third largest aircraft leasing business with an owned, managed and committed fleet, as of 30 June, 2018 of 890 aircraft.

Avolon's financial and legal advisors for the Transaction were Morgan Stanley & Co. LLC and Weil, Gotshal & Manges LLP respectively.

**ENDS**

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