

# AERCAP

Global Leader in Aviation

## Third Quarter 2019 Financial Results

AerCap Holdings N.V.

November 8, 2019

Dublin | Shannon | Los Angeles | Singapore | Amsterdam | Shanghai | Abu Dhabi | Seattle | Toulouse

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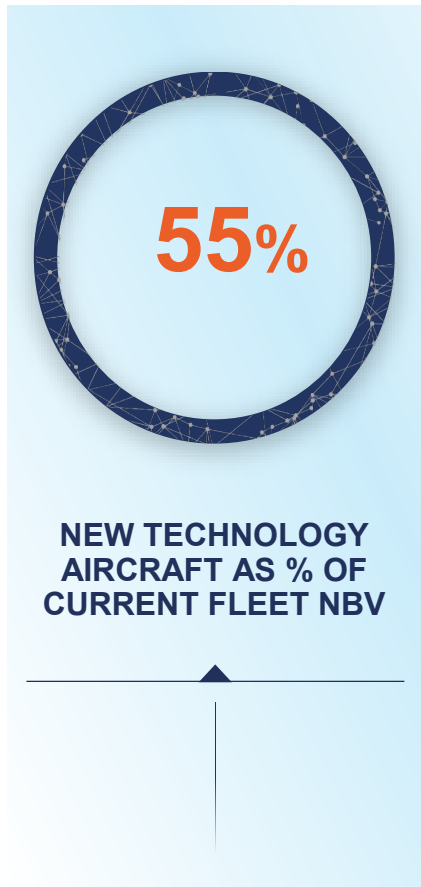
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Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

# Well-Positioned for the Future



# 3Q 2019 Financial Results and Highlights

## Financial Results

### NET INCOME

(\$ million)	3Q 2019	3Q 2018
Net Income	270.3	263.4

### DILUTED EARNINGS PER SHARE

(\$)	3Q 2019	3Q 2018
Diluted EPS	2.01	1.79

## Highlights

- **12% increase in EPS** year over year
- Upgraded to **BBB rating** by S&P Global Ratings and placed on **Positive Outlook** by Moody's
- **99.8% fleet utilization** and **108 aircraft transactions** completed
- **\$2.4 billion increase in average lease assets** year over year
- **7.5 years** average remaining lease term
- **13% increase in book value per share** since September 30, 2018
- **Repurchased 2.0 million shares** in 3Q 2019 for **\$104 million** and **9.1 million shares** year to date through November 6, 2019 for **\$438 million**
- New **\$200 million** share repurchase program authorized, which will run through March 31, 2020

See Supplemental Information – Capital Structure.

# Net Income and Earnings Per Share

	3Q 2019	3Q 2018	3Q YTD 2019	3Q YTD 2018
Net Income (\$ million)	270.3	263.4	835.9	783.0
Diluted Earnings Per Share (\$)	2.01	1.79	6.10	5.21

## Key Highlights

- The increase in net income was primarily driven by higher lease rents resulting from an increase in average lease assets due to the delivery of new technology aircraft from July 2018 through September 2019, as well as higher net gain on sale of aircraft
- **Diluted earnings per share increased 12%**, driven by the same factors as net income and the repurchase of 14.7 million shares from July 2018 through September 2019

# Revenues and Other Income

(\$ million)	3Q 2019	3Q 2018
Basic Lease Rents	1,066.6	1,038.5
Maintenance Rents and Other Receipts	72.6	93.9
Net Gain on Sale of Assets	40.5	20.0
Other Income	14.4	14.1
<b>Total Revenues and Other Income</b>	<b>1,194.1</b>	<b>1,166.5</b>

- Basic lease rents increased in 3Q 2019 due to a \$2.4 billion increase in average lease assets
- Maintenance rents and other receipts decreased in 3Q 2019 primarily due to lower maintenance revenue recognized as a result of lease terminations
- Net gain on sale of assets increased in 3Q 2019, primarily due to the volume and composition of asset sales

# Net Interest Margin and Net Spread

	3Q 2019	3Q 2018
<b>Net Interest Margin (\$ million)</b>	757.7	741.5
<b>Average Lease Assets (\$ million)</b>	37,663	35,280
<b>Average Cost of Debt</b> Including debt issuance costs, upfront fees, undrawn fees, commitment fees and original issuance discount fees of ~0.3%	4.2%	4.1%
<b>Annualized Net Spread</b>	8.0%	8.4%
<b>Annualized Net Spread Less Depreciation and Amortization</b>	3.5%	3.3%
<b>Average Age of Owned Fleet (years)</b> As of September 30, 2019 and 2018	6.2	6.6
<b>Average Remaining Lease Term (years)</b> As of September 30, 2019 and 2018	7.5	7.1

- Annualized net spread decreased primarily due to the lower average age of our fleet (2.2 years for new technology aircraft, 11.1 years for current technology aircraft)
- Annualized net spread less depreciation and amortization increased as a result of a lower depreciation rate due to the lower average age of our fleet, as well as due to lower maintenance rights expense

See Supplemental Information – Endnotes.

# Aircraft Disposals and Purchases

(\$ million)	3Q 2019	3Q 2018
Net Gain on Sale of Assets	40.5	20.0

## 3Q 2019 Aircraft Disposal Activity for \$561 million

- 19 aircraft, with an average age of 14 years, were sold from our owned portfolio:
  - 8 Airbus A320 Family aircraft and 3 Airbus A330s
  - 6 Boeing 737NGs, 1 Boeing 777-300 and 1 Boeing 777-300ER

## 3Q 2019 Aircraft Purchase Activity for \$1.3 billion

- 16 aircraft were purchased:
  - 9 Airbus A320neo Family aircraft and 1 Airbus A350
  - 4 Boeing 787-9s
  - 2 Embraer E190-E2



# Other Expenses

(\$ million)	3Q 2019	3Q 2018
Selling, General & Administrative Expenses	64.7	63.4
Maintenance Rights Expense	13.9	33.5
Other Leasing Costs	30.2	51.3
Asset Impairment	31.2	12.8

- Maintenance rights expense decreased as a result of lower maintenance activity during the period and the lower maintenance rights asset balance
- Other leasing costs decreased primarily due to lower expenses incurred as a result of lease terminations
- Asset impairment charges in 3Q 2019 primarily related to lease terminations and were partially offset by maintenance revenue recognized upon termination

# Liquidity Position

We continue to maintain strong liquidity, with \$9.1 billion available as of September 30, 2019

## Sources vs. Uses (Next 12 Months) (\$ billion as of Sept 30, 2019)

### Sources (for 12 months to September 30, 2020)

Unsecured Revolver	4.0
Other Facilities and Contracted Sales	4.0
Unrestricted Cash	1.0
<b>Total Available Liquidity</b>	<b>9.1</b>
Estimated Operating Cash Flow	3.1

**Total Sources 12.2**

### Uses (for 12 months to September 30, 2020)

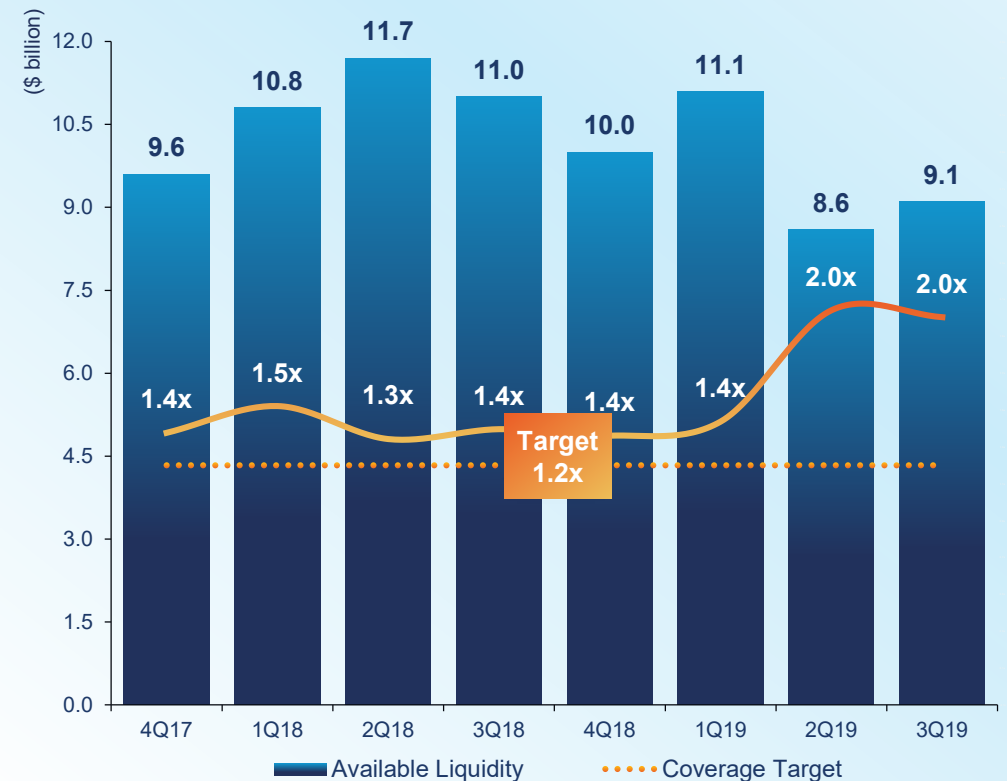
Debt Maturities	(1.6)
Capex (Cash payments for purchases)	(4.5)

**Total Uses (6.1)**

**Excess Coverage (Sources less Uses) 6.1**

**Ratio of Sources to Uses 2.0x**

## Liquidity Levels Over the Last 8 Quarters



See Supplemental Information – Endnotes.

# Book Value Per Share

**AerCap has grown book value per share by 13% year over year and by ~15% per year over the last 5 years**

## Book Value Per Share

(millions, except per share data)	Sept. 30, 2019	Sept. 30, 2018
Total Shareholders' Equity	\$9,175	\$8,870
Ordinary Shares Outstanding	134.7	147.0
Unvested Restricted Stock	(2.2)	(2.1)
<b>Ordinary Shares Outstanding (excl. Unvested Restricted Stock)</b>	<b>132.5</b>	<b>144.8</b>
<b>Book Value Per Share</b>	<b>\$69.24</b>	<b>\$61.24</b>

## Book Value Per Share Growth



See Supplemental Information – Endnotes.

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Q&A

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## Supplemental Information

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# Capital Structure

Summary	Sept. 30, 2019
Adjusted Debt / Equity Ratio	2.75 to 1

Adjusted Debt/Equity Calculation (\$ million)	Sept. 30, 2019
<b>Debt</b> (including fair value adjustments)	<b>29,284</b>
<b>Adjusted for:</b>	
• Unrestricted cash & cash equivalents	(1,037)
• 50% equity credit for long-term subordinated debt	(750)
<b>Adjusted Debt</b>	<b>27,497</b>
<b>Equity</b>	<b>9,240</b>
<b>Adjusted for:</b>	
• 50% equity credit for long-term subordinated debt	750
<b>Adjusted Equity</b>	<b>9,990</b>

# High-Quality and Well-Diversified Portfolio

**New technology aircraft comprise 55% of our owned fleet**

Aircraft Type	Number of Owned Aircraft	% Net Book Value	Number of Managed Aircraft	Number of on Order Aircraft	Total Aircraft
Airbus A320 Family	294	15	39	–	333
Airbus A320neo Family	124	17	–	151	275
Airbus A330	65	7	11	–	76
Airbus A350	26	10	–	3	29
Boeing 737NG	245	17	37	–	282
Boeing 737 MAX	5	1	–	95	100
Boeing 767	29	–	–	–	29
Boeing 777-200ER	17	1	4	–	21
Boeing 777-300 / 300ER	23	4	2	–	25
Boeing 787	87	28	1	26	114
Embraer E190 / 195-E2	5	–	–	45	50
Other	26	–	–	–	26
<b>Total</b>	<b>946</b>	<b>100</b>	<b>94</b>	<b>320</b>	<b>1,360</b>

- Average age of owned aircraft fleet is **6.2 years**  
(**2.2 years** for new technology aircraft, **11.1 years** for current technology aircraft)

- Average remaining lease term is **7.5 years**

As of September 30, 2019

# Forward Order and Purchase/Leasebacks

Aircraft Type	2019	2020	2021	2022	Thereafter	Total
Airbus A320neo Family	13	38	43	32	25	151
Airbus A350	1	–	2	–	–	3
Boeing 737 MAX	–	25	37	30	3	95
Boeing 787	2	3	3	6	12	26
Embraer E190 / 195-E2	6	13	14	12	–	45
<b>Total Aircraft</b>	<b>22</b>	<b>79</b>	<b>99</b>	<b>80</b>	<b>40</b>	<b>320</b>

As of September 30, 2019



# Endnotes

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## **SLIDE 7: Net Interest Margin and Net Spread**

Net interest margin is calculated as basic lease rents less interest expense, excluding the non-cash charges related to the mark-to-market of interest rate caps.

Average lease assets includes flight equipment held for operating leases, flight equipment held for sale, net investment in finance and sales-type leases and maintenance rights asset.

Average cost of debt is calculated as interest expense, excluding mark-to-market on interest rate caps, divided by average debt balance.

Annualized net spread is net interest margin expressed as a percentage of average lease assets.

Annualized net spread less depreciation and amortization is net interest margin less depreciation and amortization, including maintenance rights expense, expressed as a percentage of average lease assets.

## **SLIDE 10: Liquidity Position**

Total sources assume no additional financing for deliveries of new aircraft.

Capex includes cash payments for the next 12 months' aircraft deliveries and pre-delivery payments.

## **SLIDE 11: Book Value Per Share**

Book value per share is based on ordinary shares outstanding excluding unvested restricted stock. Unvested restricted stock represents ordinary share units issued under our share incentive schemes that vest only upon the satisfaction of certain conditions.

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