



GLOBAL LEADER IN AVIATION



# *Fourth Quarter 2018 Financial Results*

AerCap Holdings N.V.

February 14, 2019

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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.*



*Buy the right aircraft, place them on long-term contracts and generate consistent returns*



**WORLD'S LARGEST  
OWNER OF  
COMMERCIAL  
AIRCRAFT<sup>1</sup>**



**LEASED ON FIXED  
LONG-TERM  
CONTRACTS**



**ACTIVE RISK  
MANAGEMENT AND  
CAPITAL ALLOCATION**



**CONSISTENT AND  
STABLE  
PROFITABILITY**

**1,421 AIRCRAFT  
OWNED, MANAGED  
AND ON ORDER**

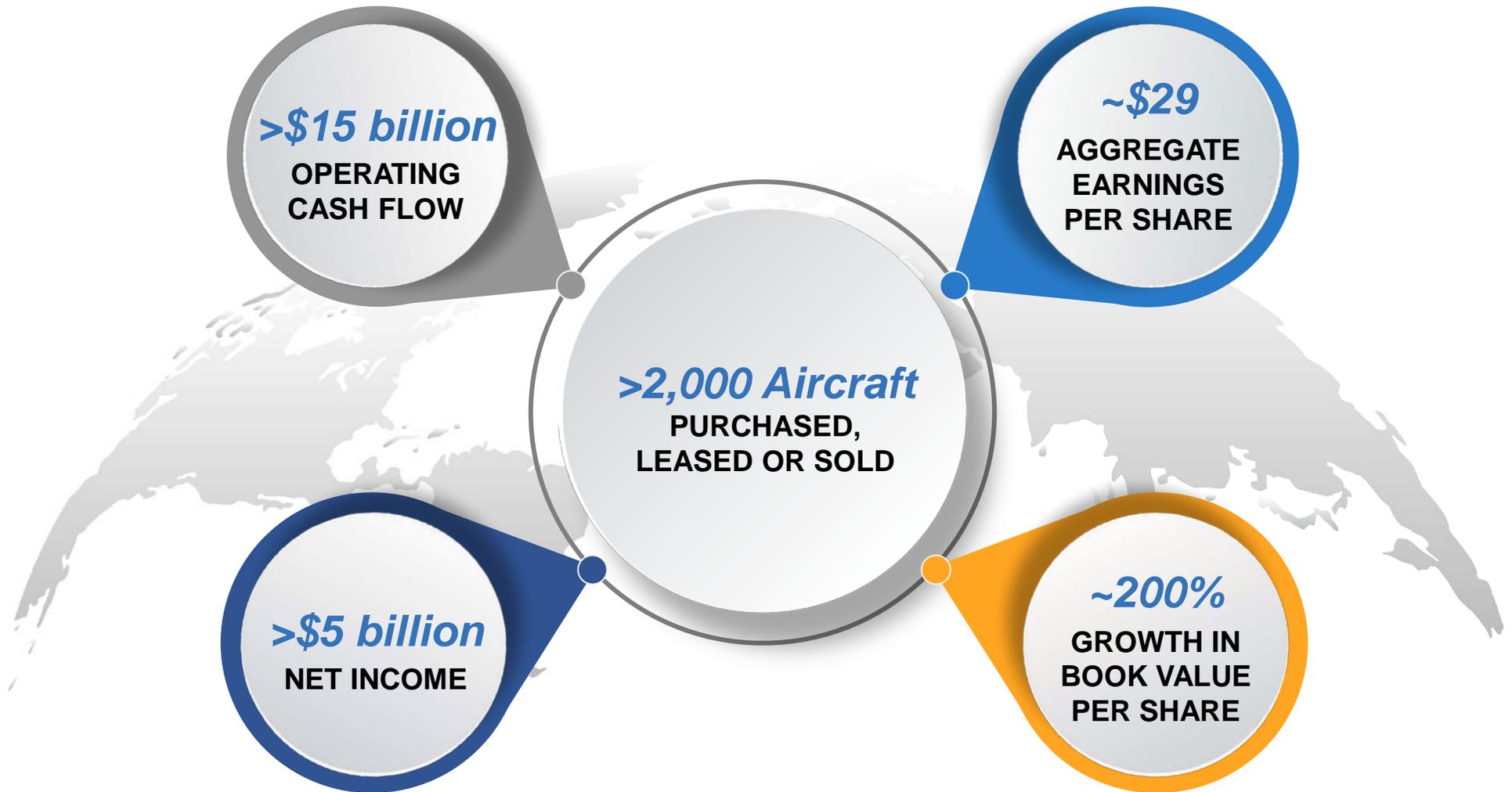
**AVERAGE REMAINING  
LEASE TERM OF 7.4  
YEARS PROVIDES  
CERTAINTY**

**AVERAGE CREDIT  
COSTS OF ~1% LEASE  
REVENUES**

**12 YEARS OF  
PROFITABILITY**

Refer to Appendix for endnotes.

# AerCap Over the Past 5 Years



For the five years ended December 31, 2018

## Financial Results

### Net Income

(\$ million)	4Q 2018	FY 2018
Net Income	232.6	1,015.6

### Diluted Earnings Per Share

(\$)	4Q 2018	FY 2018
Diluted EPS	1.62	6.83

## Highlights

- **Record 145 aircraft transactions** executed in 4Q 2018
- **~95% of lease rents** through 2021 already **contracted**
- **99.0% fleet utilization** in 4Q 2018
- **Record aircraft purchases** of **\$2.5 billion** in 4Q 2018
- **6.3 years average age of owned fleet** and **7.4 years average remaining lease term**
- **\$10.0 billion** of available **liquidity** and **2.86 to 1** adjusted **debt/equity** ratio
- **10% increase** in **book value per share** since December 31, 2017
- **Repurchased 4.6 million shares** in 4Q 2018 for **\$235 million**
- New **\$200 million** share repurchase program authorized, which will run through September 30, 2019

	4Q 2018	4Q 2017	FY 2018	FY 2017
Net Income (\$ million)	232.6	266.3	1,015.6	1,076.2
Diluted Earnings Per Share (\$)	1.62	1.67	6.83	6.43

## Key Highlights

### Full Year Results:

- For FY 2018, diluted earnings per share increased 6%, primarily driven by the repurchase of 37.7 million shares during 2017 and 2018

### 4Q Results:

- The decrease in net income was primarily driven by a lower maintenance contribution as well as mark-to-market losses on interest rate caps used for hedging
- Diluted earnings per share decreased 3%, driven by the same factors as net income, partially offset by the repurchase of 19.2 million shares from October 2017 through December 2018

(millions, except per share data)	Dec. 31, 2018	Dec. 31, 2017
<b>Total Shareholders' Equity</b>	<b>\$8,828</b>	<b>\$8,580</b>
Ordinary Shares Outstanding	142.7	153.0
Unvested Restricted Stock	(2.4)	(3.0)
<b>Ordinary Shares Outstanding</b> (excl. Unvested Restricted Stock)	<b>140.2</b>	<b>150.0</b>
<b>Book Value Per Share<sup>1</sup></b>	<b>\$62.95</b>	<b>\$57.20</b>

- Book value per share has increased 10% since December 31, 2017
- Since June 2015, we have repurchased approximately 37% of AerCap's outstanding shares

Refer to Appendix for endnotes.

(\$ million)	4Q 2018	4Q 2017	FY 2018	FY 2017
<b>Basic Lease Rents</b>	<b>1,051.0</b>	<b>1,035.3</b>	<b>4,145.6</b>	<b>4,194.2</b>
<b>Maintenance Rents and Other Receipts</b>	<b>102.3</b>	<b>162.6</b>	<b>391.5</b>	<b>519.6</b>
<b>Net Gain on Sale of Assets</b>	<b>40.8</b>	<b>48.5</b>	<b>201.3</b>	<b>229.1</b>
<b>Other Income</b>	<b>25.5</b>	<b>16.6</b>	<b>61.6</b>	<b>94.6</b>
<b>Total Revenues and Other Income</b>	<b>1,219.7</b>	<b>1,263.0</b>	<b>4,800.0</b>	<b>5,037.5</b>

- Basic lease rents increased in 4Q 2018 primarily due to the delivery of new aircraft from October 2017 through December 2018, resulting in a \$1.6 billion increase in average lease assets
- Maintenance rents and other receipts decreased in 4Q 2018 primarily due to lower maintenance revenue recognized as a result of lease terminations
- Net gain on sale of assets decreased in 4Q 2018 primarily due to the composition of asset sales
- Other income increased in 4Q 2018 as a result of higher inventory sales

# Net Interest Margin (Net Spread)



(\$ million)	4Q 2018	4Q 2017	FY 2018	FY 2017
<b>Net Interest Margin (Net Spread)<sup>1</sup></b>	<b>749.1</b>	<b>760.4</b>	<b>2,966.3</b>	<b>3,096.0</b>
<b>Average Lease Assets<sup>2</sup></b>	<b>36,364</b>	<b>34,748</b>	<b>35,369</b>	<b>34,228</b>
<b>Average Cost of Debt<sup>3</sup></b> <i>Including all fees</i>	<b>4.1%</b>	<b>3.9%</b>	<b>4.1%</b>	<b>3.9%</b>
<b>Annualized Net Spread</b>	<b>8.2%</b>	<b>8.8%</b>	<b>8.4%</b>	<b>9.0%</b>
<b>Annualized Net Spread Less Depreciation and Amortization<sup>4</sup></b>	<b>3.2%</b>	<b>3.0%</b>	<b>3.2%</b>	<b>3.0%</b>
<b>Average Age of Owned Fleet (years)</b> <i>As of December 31, 2018 and 2017</i>			<b>6.3</b>	<b>6.8</b>
<b>Average Remaining Lease Term (years)</b> <i>As of December 31, 2018 and 2017</i>			<b>7.4</b>	<b>6.9</b>

- Annualized net spread less depreciation and amortization increased due to the lower average age of our fleet as well as lower maintenance rights amortization during 2018

Refer to Appendix for endnotes.

(\$ million)	4Q 2018	4Q 2017	FY 2018	FY 2017
<b>Net Gain on Sale of Assets</b>	<b>40.8</b>	<b>48.5</b>	<b>201.3</b>	<b>229.1</b>

## 4Q 2018 Aircraft Disposal Activity:

- 27 aircraft, with an average age of 16 years, were sold from our owned portfolio:
  - 14 Airbus A320 Family aircraft and 2 Airbus A330s
  - 6 Boeing 737NGs, 1 Boeing 737 Classic, 1 Boeing 757, 2 Boeing 777-200ERs and 1 Boeing 777-300

## 4Q 2018 Record Aircraft Purchase Activity:

- 37 aircraft were purchased:
  - 26 Airbus A320neo Family aircraft and 2 Airbus A350s
  - 3 Boeing 737 MAX 8s and 5 Boeing 787s
  - 1 Embraer E190-E2

(\$ million)	4Q 2018	4Q 2017	FY 2018	FY 2017
<b>Selling, General &amp; Administrative Expenses</b>	<b>70.8</b>	<b>96.3</b>	<b>305.2</b>	<b>348.3</b>
<b>Maintenance Rights Expense</b>	<b>35.6</b>	<b>75.5</b>	<b>157.7</b>	<b>347.8</b>
<b>Other Leasing Costs</b>	<b>90.3</b>	<b>65.7</b>	<b>288.8</b>	<b>190.0</b>
<b>Asset Impairment</b>	<b>15.3</b>	<b>10.4</b>	<b>44.2</b>	<b>61.3</b>
<b>Restructuring Related Expenses</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>14.6</b>

- Selling, general and administrative expenses decreased by 26% in 4Q 2018, primarily due to a decrease in share-based compensation and other compensation-related expenses
- Maintenance rights expense decreased primarily as a result of the lower maintenance rights asset balance
- Other leasing costs increased primarily due to expenses recognized as a result of lease terminations
- Asset impairment in 4Q 2018 related to lease terminations and sales transactions and was more than offset by maintenance revenue

## Sources vs. Uses (Next 12 Months)

(\$ billion as of December 31, 2018)

### Sources (for 12 months to December 31, 2019)

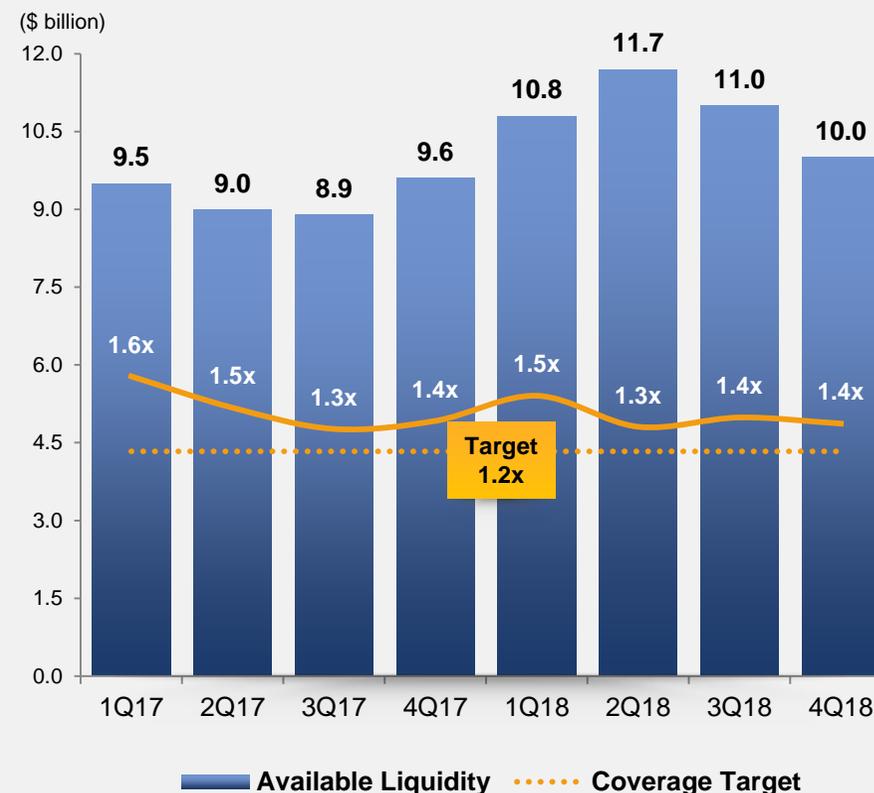
Unsecured Revolver	4.0
Other Facilities and Contracted Sales	4.8
Unrestricted Cash	1.2
<b>Total Available Liquidity</b>	<b>10.0</b>
Estimated Operating Cash Flow	3.2
<b>Total Sources<sup>1</sup></b>	<b>13.2</b>

### Uses (for 12 months to December 31, 2019)

Debt Maturities	(4.1)
Capex (Cash payments for purchases) <sup>2</sup>	(5.5)
<b>Total Uses</b>	<b>(9.6)</b>

<b>Excess Coverage (Sources less Uses)</b>	<b>3.6</b>
<b>Ratio of Sources to Uses</b>	<b>1.4x</b>

## Liquidity Levels Over the Last 8 Quarters



**We continue to maintain strong liquidity, with \$10 billion available as of December 31, 2018**



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**Q&A**



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# *Supplemental Information*

Summary	Dec. 31, 2018	Dec. 31, 2017
<b>Adjusted Debt / Equity Ratio</b>	<b>2.86 to 1</b>	<b>2.77 to 1</b>
<hr/>		
Adjusted Debt/Equity Calculation (\$ million)	Dec. 31, 2018	Dec. 31, 2017
<b>Debt</b> (including fair value adjustments)	<b>29,508</b>	<b>28,421</b>
<b>Adjusted for:</b>		
• Unrestricted cash & cash equivalents	<b>(1,204)</b>	<b>(1,660)</b>
• 50% equity credit for long-term subordinated debt	<b>(750)</b>	<b>(750)</b>
<b>Adjusted Debt</b>	<b>27,554</b>	<b>26,011</b>
<b>Equity</b>	<b>8,881</b>	<b>8,639</b>
<b>Adjusted for:</b>		
• 50% equity credit for long-term subordinated debt	<b>750</b>	<b>750</b>
<b>Adjusted Equity</b>	<b>9,631</b>	<b>9,389</b>

Aircraft Type	Number of Owned Aircraft	% Net Book Value	Number of Managed Aircraft	Number of on Order Aircraft	Total Aircraft
Airbus A320 Family	318	16	41	–	359
Airbus A320neo Family	97	14	–	173	270
Airbus A330	73	9	11	–	84
Airbus A350	24	10	–	2	26
Boeing 737NG	261	19	36	–	297
Boeing 737 MAX	5	1	–	99	104
Boeing 767	31	–	–	–	31
Boeing 777-200ER	18	1	4	–	22
Boeing 777-300 / 300ER	26	5	2	–	28
Boeing 787	76	25	1	40	117
Embraer E190 / 195-E2	1	–	–	49	50
Other	32	–	1	–	33
<b>Total</b>	<b>962</b>	<b>100</b>	<b>96</b>	<b>363</b>	<b>1,421</b>

- Average age of owned aircraft fleet is **6.3 years**
- Average remaining lease term is **7.4 years**

# Forward Order and Purchase/Leasebacks



Aircraft Type	2019	2020	2021	2022	2023	Total
Airbus A320neo Family	42	49	32	25	25	173
Airbus A350	2	–	–	–	–	2
Boeing 737 MAX	17	24	28	27	3	99
Boeing 787	15	4	6	6	9	40
Embraer E190 / 195-E2	10	13	14	12	–	49
<b>Total Aircraft</b>	<b>86</b>	<b>90</b>	<b>80</b>	<b>70</b>	<b>37</b>	<b>363</b>

## **SLIDE 3: AerCap's Business Model**

1. By aircraft value, based on FlightGlobal data, airline company filings and AerCap estimates.

## **SLIDE 7: Book Value Per Share**

1. 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.

## **SLIDE 9: Net Interest Margin (Net Spread)**

1. 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.
2. Includes flight equipment held for operating leases, flight equipment held for sale, net investment in finance and sales-type leases and maintenance rights asset.
3. Interest expense, excluding mark-to-market on interest rate caps, divided by average debt balance.
4. Annualized net spread less depreciation and amortization, including maintenance rights expense.

## **SLIDE 12: Liquidity Position**

1. Sources assume no additional financing for deliveries of new aircraft.
2. Includes cash payments for next 12 months' aircraft deliveries and pre-delivery payments.



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