

# AERCAP

Global Leader in Aviation

## Second Quarter 2020 Financial Results

AerCap Holdings N.V.

July 29, 2020

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

# Disclaimer Including Forward Looking Statements & Safe Harbor

This presentation contains certain statements, estimates and forecasts with respect to future performance and events. These statements, estimates and forecasts are “forward-looking statements.” In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as “may,” “might,” “should,” “expect,” “plan,” “intend,” “estimate,” “anticipate,” “believe,” “predict,” “potential” or “continue” or the negatives thereof or variations thereon or similar terminology. All statements other than statements of historical fact included in this presentation are forward-looking statements and are based on various underlying assumptions and expectations and are subject to known and unknown risks, uncertainties and assumptions and may include projections of our future financial performance based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors, including the impacts of, and associated responses to, the Covid-19 pandemic, that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied in the forward-looking statements. As a result, we cannot assure you that the forward-looking statements included in this presentation will prove to be accurate or correct. In light of these risks, uncertainties and assumptions, the future performance or events described in the forward-looking statements in this presentation might not occur.

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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.

# Global Air Travel Recovery Underway



**EUROPE**

- ▶ European traffic reached 16,300 flights on July 24, the highest level since March
- ▶ Steady and consistent increases seen in flights in the major tourist markets, off April's lows



**U.S.**

- ▶ U.S. daily passengers surpassed 750,000 in July, for the first time since March
- ▶ While the U.S. has improved off the lows of April, recent outbreaks have stalled further growth in July



**ASIA  
PACIFIC**

- ▶ In China, daily domestic flights surpassed 11,500 on July 24, the highest level since January

# Recent Developments



- ▶ **~\$130 billion of support to airlines in 74 countries to date, half of which is not required to be repaid**



- ▶ **Airlines have announced 950 aircraft retirements so far**
- ▶ **~5% of global capacity**



- ▶ **~33% cut in OEM production rates**
- ▶ **Coupled with MAX delays, this amounts to ~2,800 fewer aircraft expected to be in service by 2022**

# Recent AerCap Actions



- ▶ 2020 and 2021 cash capex reduced by ~\$5.3 billion
- ▶ Ongoing discussions with OEMs and airlines regarding further reductions



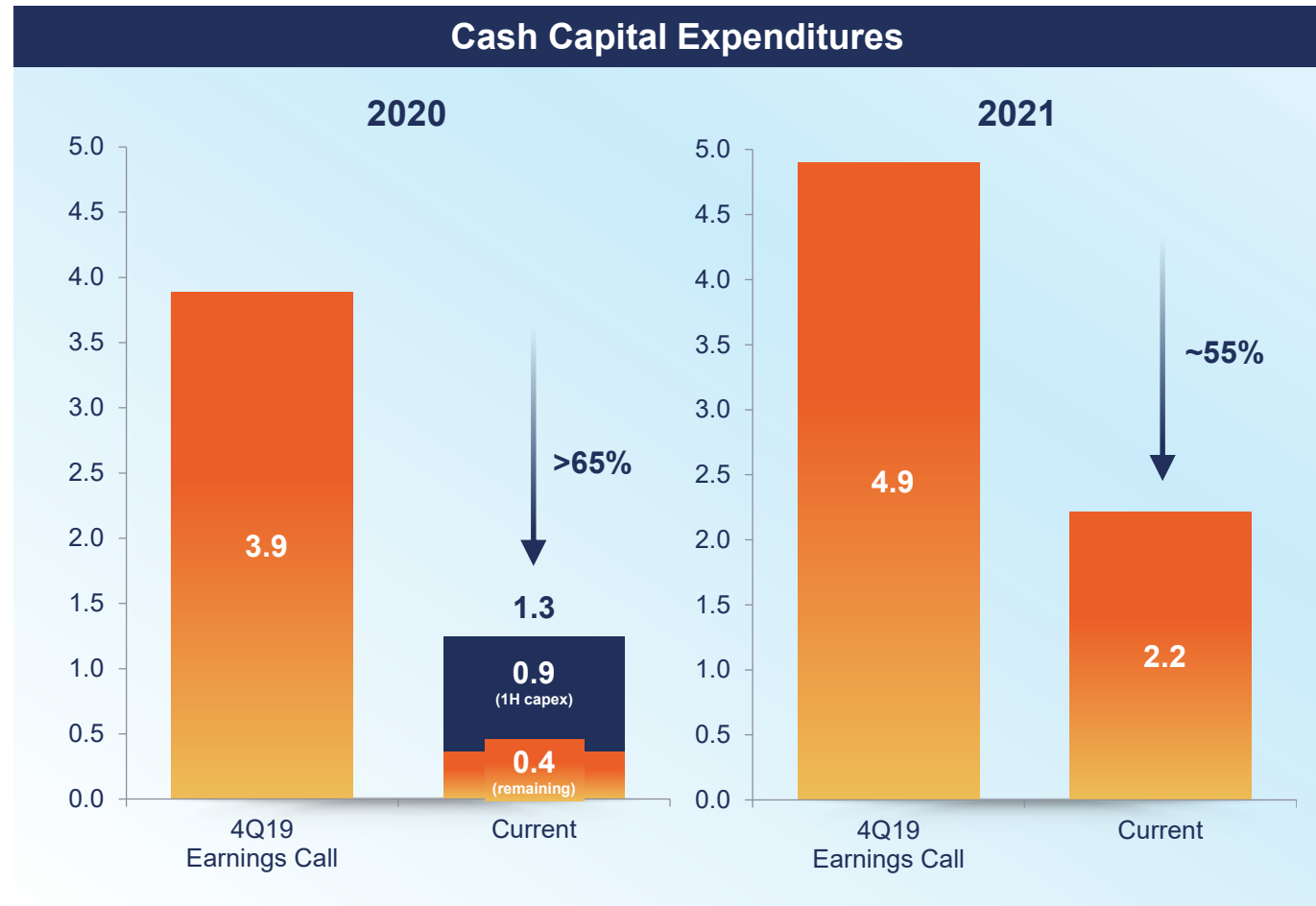
- ▶ \$3 billion of new funding raised in 2Q 2020
- ▶ Sources-to-uses coverage of 2.2x, \$6.4 billion excess coverage as of June 30, 2020



- ▶ ~\$430 million of deferrals as of June 30, 2020, representing ~9% of annual lease revenue, vs. over \$1 billion of security

# Significant Reduction in Capital Expenditures

2020 and 2021 aggregate cash capex reduced by ~\$5.3 billion, or ~60%



- ▶ 2020 capex reduced by >65%, ~\$0.4 billion remaining
- ▶ 2021 capex reduced by ~55% to ~\$2.2 billion

See Supplemental Information – Endnotes.



# Net Income and Earnings Per Share

	2Q 2020	2Q 2019	1H 2020	1H 2019
Net Income (\$ million)	246	331	523	566
Diluted Earnings Per Share (\$)	1.92	2.42	4.06	4.09

## Key Highlights

- The decrease in net income was primarily driven by lower basic lease rents as well as lower net gain on sale of assets
- The decrease in diluted earnings per share was driven by the same factors as net income, partially offset by the repurchase of 11 million shares from April 2019 through June 2020

# Revenues and Other Income

(\$ million)	2Q 2020	2Q 2019
Basic Lease Rents	948	1,077
Maintenance Rents and Other Receipts	224	109
Net Gain on Sale of Assets	10	78
Other Income	15	17
<b>Total Revenues and Other Income</b>	<b>1,197</b>	<b>1,281</b>

- Basic lease rents decreased primarily due to lease restructurings, transitions and the impact of airline bankruptcies
- Maintenance rents and other receipts increased primarily due to higher maintenance revenue recognized as a result of lease terminations
- Net gain on sale of assets decreased due to the lower volume and composition of asset sales



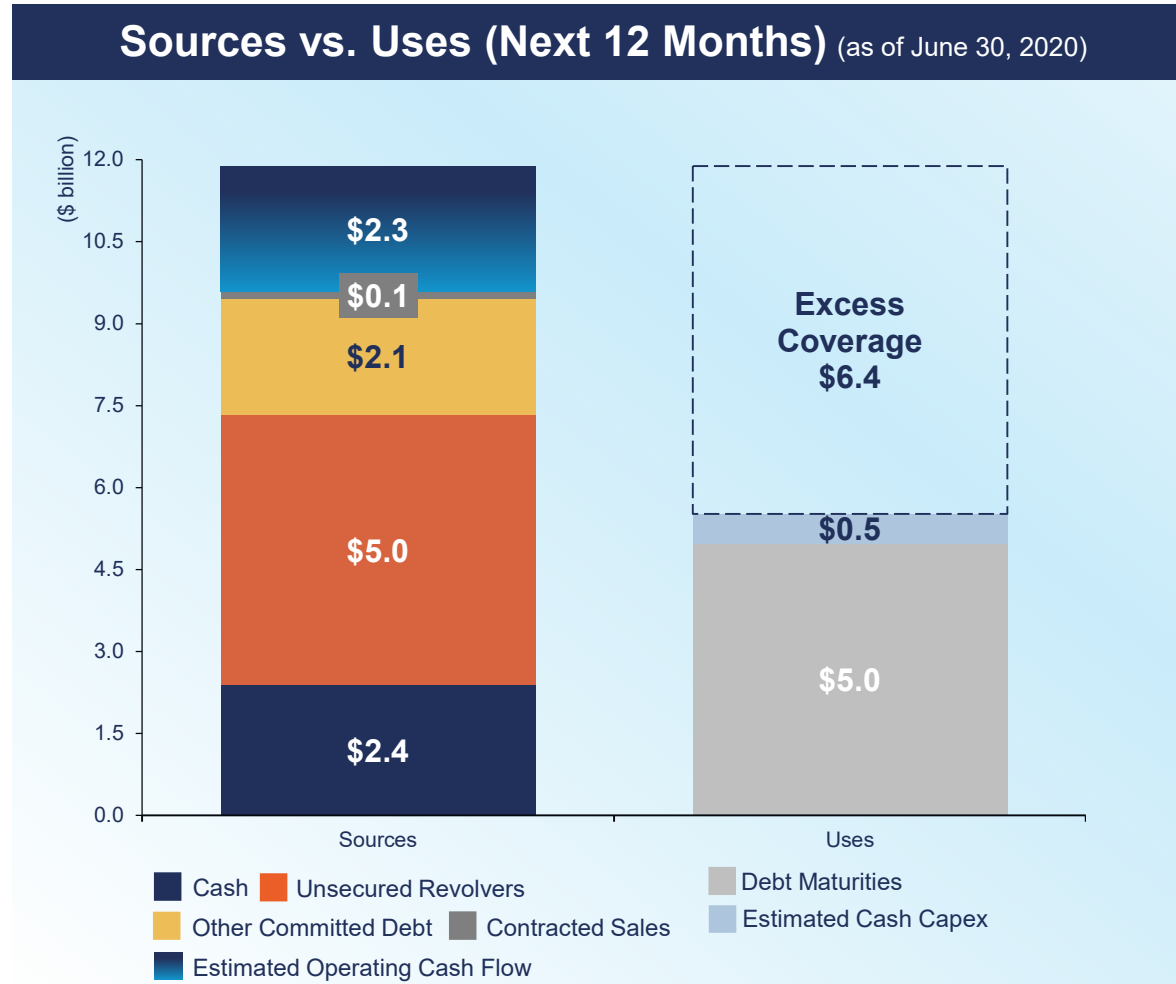
# Expenses

(\$ million)	2Q 2020	2Q 2019
Selling, General & Administrative Expenses	53	65
Maintenance Rights Expense	12	16
Other Leasing Costs	66	49
Asset Impairment	73	18

- SG&A decreased primarily as a result of lower compensation-related expenses
- Maintenance rights expense decreased as a result of lower maintenance activity during the period and the lower maintenance rights asset balance
- Other leasing costs increased primarily due to an increase in our provision for expected credit losses
- Asset impairment charges in 2Q 2020 primarily related to lease terminations and were largely offset by related maintenance revenue

# Strong Liquidity Position

Next 12 months' sources-to-uses coverage of 2.2x, with ~\$12 billion sources of liquidity



- ▶ \$6.4 billion of excess cash coverage
- ▶ 2.5x leverage ratio, lowest since 2014
- ▶ 23% secured debt-to-total assets ratio
- ▶ 4.2% average cost of debt issued in 2020

See Supplemental Information – Capital Structure and Endnotes.

# Strong Global Access to Funding

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**~\$10B of  
Liquidity Initiatives  
(Funding and  
Capex Reductions)  
Executed to Date**

**~\$2.5B of  
Liquidity  
Management  
Actions since  
June 30<sup>th</sup>**

**Over \$2B of  
Funding  
Currently in  
Progress**

**~\$27B of  
Unencumbered  
Assets**

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Q&A

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## Supplemental Information

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# Capital Structure

Adjusted Debt/Equity Calculation (\$ million)	Jun. 30, 2020	Dec. 31, 2019
<b>Debt</b> (including fair value adjustments)	<b>30,684</b>	<b>29,486</b>
<b>Adjusted for:</b>		
• Unrestricted cash & cash equivalents	(2,383)	(1,121)
• 50% equity credit for long-term subordinated debt	(1,125)	(1,125)
<b>Adjusted Debt</b>	<b>27,176</b>	<b>27,240</b>
<b>Equity</b>	<b>9,703</b>	<b>9,382</b>
<b>Adjusted for:</b>		
• 50% equity credit for long-term subordinated debt	1,125	1,125
<b>Adjusted Equity</b>	<b>10,828</b>	<b>10,507</b>
<b>Adjusted Debt / Equity Ratio</b>	<b>2.5 to 1</b>	<b>2.6 to 1</b>

# High-Quality and Well-Diversified Portfolio

**New technology aircraft comprise ~59% 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	278	13%	44	–	322
Airbus A320neo Family	145	20%	4	177	326
Airbus A330	60	6%	9	–	69
Airbus A350	27	10%	–	–	27
Boeing 737NG	231	16%	43	–	274
Boeing 737 MAX	5	1%	–	80	85
Boeing 767	27	–	–	–	27
Boeing 777-200ER	17	1%	2	–	19
Boeing 777-300 / 300ER	22	4%	1	–	23
Boeing 787	89	28%	1	25	115
Embraer E190 / 195-E2	10	1%	–	40	50
Other	20	–	–	–	20
<b>Total</b>	<b>931</b>	<b>100%</b>	<b>104</b>	<b>322</b>	<b>1,357</b>

- Average age of owned aircraft fleet is **6.4 years** (**2.7 years** for new technology aircraft, **11.7 years** for current technology aircraft)

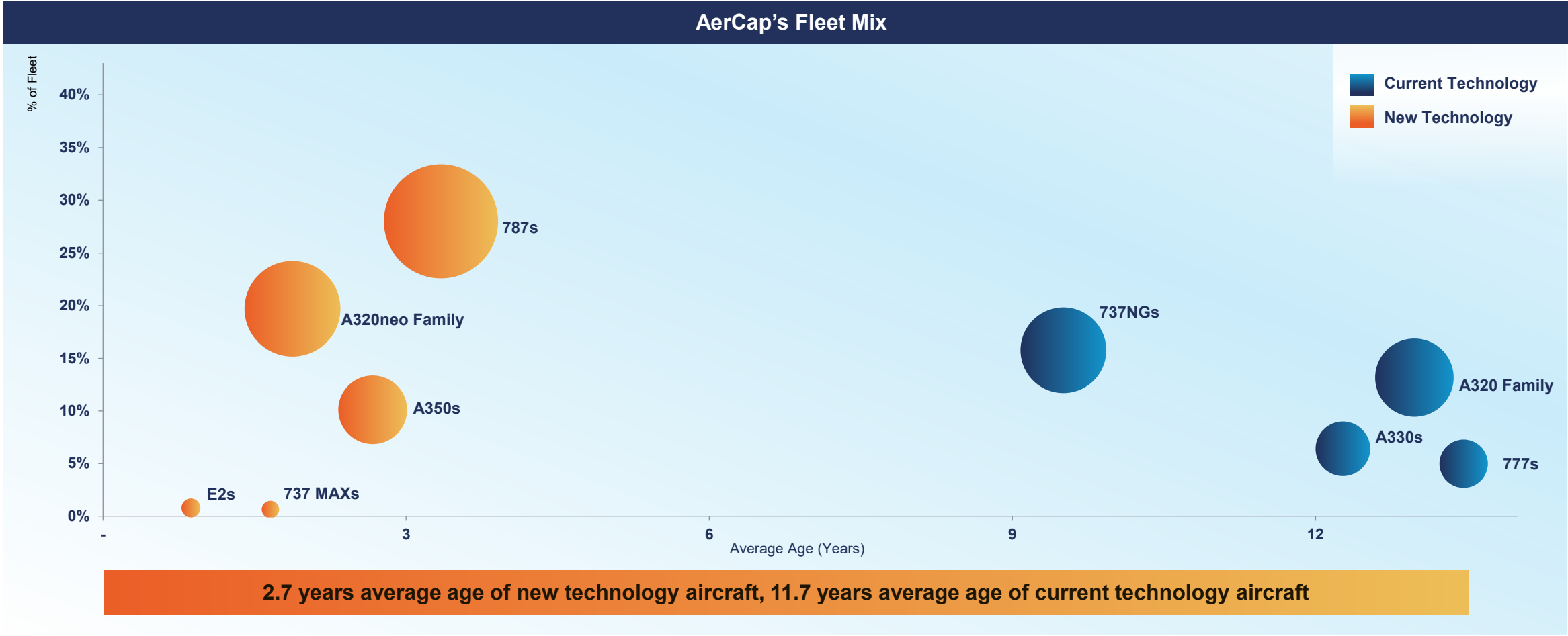
- Average remaining lease term is **7.3 years**

As of June 30, 2020. See endnotes.



# Attractive Aircraft Portfolio

~59% of AerCap's fleet consists of in-demand new technology aircraft



Based on % of actual owned fleet net book value as of June 30, 2020.

# Forward Order and Purchase/Leasebacks

Aircraft Type	2020	2021	2022	2023	2024	Thereafter	Total
Airbus A320neo Family	20	32	30	37	29	29	177
Boeing 737 MAX	-	7	3	17	18	35	80
Boeing 787	2	7	-	9	7	-	25
Embraer E190 / 195-E2	5	2	-	-	11	22	40
<b>Total Aircraft</b>	<b>27</b>	<b>48</b>	<b>33</b>	<b>63</b>	<b>65</b>	<b>86</b>	<b>322</b>

- We expect this delivery schedule to change in the future based on further discussions with the aircraft manufacturers and our airline customers

As of June 30, 2020. See endnotes.

# Endnotes

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**SLIDE 6 / SLIDE 10: Significant Reduction in Capital Expenditures / Strong Liquidity Position**

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

Sources of liquidity include \$1.25 billion of 4.5% unsecured notes due 2023.

**SLIDE 15 / SLIDE 17: High-Quality and Well-Diversified Portfolio / Forward Order and Purchase/Leasebacks**

Number of aircraft on order reflects the cancellation of 15 Boeing 737 MAX aircraft in July 2020.

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