

# AERCAP

Global Leader in Aviation

## Fourth Quarter 2021 Financial Results

AerCap Holdings N.V.

March 30, 2022



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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.

# Key Highlights

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AerCap's **exposure to Russia is manageable**

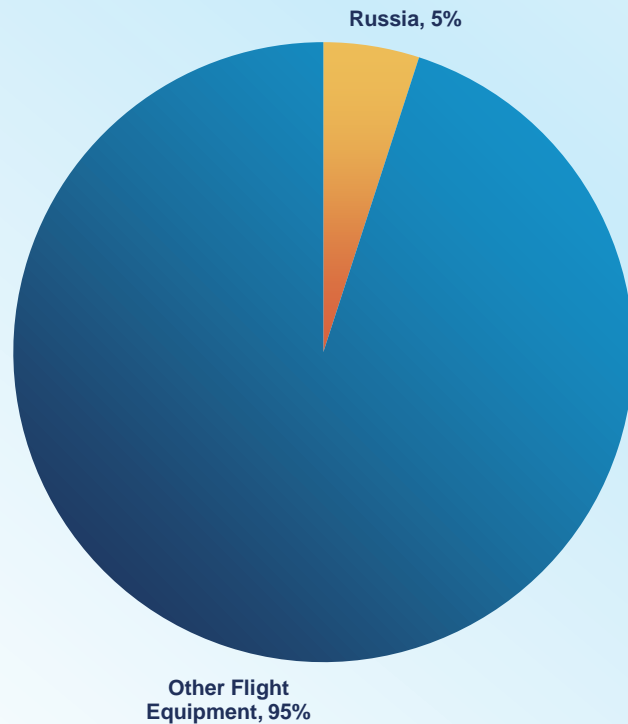
New business lines provide added **diversification**

Combined business benefiting from a seamless integration and a backdrop of **strengthening demand**

# Russian Aircraft Exposure Manageable

**As a result of fleet diversification, Russian exposure is only 5% of our fleet value**

Russian Exposure by % NBV



Key Points

- ▶ ~5% of our fleet by net book value was on lease to Russian airlines as of December 31, 2021
- ▶ Excluding Russia, narrowbodies make up nearly half of our asset value, and 90% of our order book
- ▶ Boeing 787s are the largest component of our widebody fleet
- ▶ Our freighter, helicopter and engine leasing businesses benefit from different business cycles
- ▶ Freighter demand remains strong, driven by e-commerce demand
- ▶ Milestone helicopter business is currently benefiting from more widespread demand, led by higher commodity prices, new deployment options as well as tighter OEM supply
- ▶ Engine utilization is improving as airlines continue to conserve cash and delay shop visits on engines

# GECAS Acquisition Brings Diversification

## New Business Lines



### AerCap Cargo

- Cargo team has more than 25 years' experience and a global fleet of >100 aircraft owned, serviced or committed for conversion
- Strong track record of successful conversion programs, including the 737-300, 737-400, 767-300BDSF and most recently the 777-300ER "Big Twin" freighter conversion in partnership with IAI
- Benefiting from recent supply chain constraints and structural tailwind behind the global rise in e-commerce



### AerCap Engines

- World's largest engine leasing company, with over 900 owned and managed engines, including SES joint venture, and over 75 customers
- Deep relationships with leading engine OEMs: GE Aviation, Safran and CFM International
- Two largest customers GE Aviation and SES represent over 50% of the net book value of the owned engine portfolio



### AerCap Materials

- AerCap Materials is a global distributor of airframe and engine parts for leading commercial aircraft and engine manufacturers
- Founded as the Memphis Group in 1971, AerCap Materials provides a wide variety of products and services including spares distribution, engine components, consignment, acquisition and dismantlement



### AerCap Helicopters

- Milestone Aviation provides long-term helicopter leasing and financing options to over 40 customers in over 35 countries
- Benefiting from rising commodity prices, shortage of OEM supply and experience in repurposing helicopters to new missions
- Significant upturn in placement activity since the closing of the GECAS transaction

# Financial Overview of Russian Exposure

Russian Exposure (\$bn)		Potential Offsets
Net Book Value	\$3.3	Letters of Credit
Maintenance Rights Asset and Other Assets	0.5	Removed Assets
Less: Maintenance Reserves and Other Liabilities	(0.7)	Insurance Claims
Net Carrying Value	3.1	Other Claims

- ▶ The net carrying value of our 135 owned aircraft and 14 owned engines on lease to Russian airlines was ~\$3.1 billion as of December 31, 2021
- ▶ We had ~\$260 million of letters of credit related to our aircraft and engines leased to Russian airlines, of which we have received ~\$175 million to date
- ▶ As of March 30, 2022, we had repossessed and removed from Russia 22 of our owned aircraft and 3 of our owned engines, with a net carrying value of ~\$400 million as of December 31, 2021
- ▶ We expect to recognize an impairment on our assets in Russia that have not been returned to us as early as 1Q 2022, although we have not determined the amount of any impairment
- ▶ We continue to make efforts to repossess additional aircraft and engines from our former Russian airline customers, but it is unclear if we will be able to do so, or what the condition of these assets will be at the time of repossession

# Revenues and Other Income

(\$ million)	4Q 2021	4Q 2020
Basic Lease Rents	1,283	885
Maintenance Rents and Other Receipts	97	110
Net Gain on Sale of Assets	25	14
Other Income	38	22
<b>Total Revenues and Other Income</b>	<b>1,442</b>	<b>1,032</b>

- ▶ Basic lease rents increased primarily due to the impact of the GECAS acquisition
- ▶ Maintenance rents and other receipts for 4Q 2021 decreased primarily due to lower maintenance revenue recognized as a result of lease terminations
- ▶ Net gain on sale of assets increased due to the higher volume and composition of asset sales
- ▶ Other income increased primarily as a result of the GECAS acquisition

# Expenses

(\$ million)	4Q 2021	4Q 2020
Depreciation and Amortization	556	402
Asset Impairment	6	27
Interest Expense	370	311
Loss on Debt Extinguishment	1	76
Maintenance Rights Expense	1	6
Other Leasing Expenses	161	85
Selling, General and Administrative Expenses	119	64
Transaction and Integration-related Expenses	139	–
<b>Total Expenses</b>	<b>1,353</b>	<b>970</b>

- ▶ Depreciation and amortization increased primarily due to a higher lease assets balance as a result of the GECAS acquisition
- ▶ Interest expense increased primarily due to a higher debt balance as a result of the GECAS acquisition
- ▶ Loss on debt extinguishment was higher in 4Q 2020 due to the 4Q 2020 tender offers for bonds
- ▶ Other leasing expenses increased primarily due to an increase in our provision for expected credit losses
- ▶ SG&A increased primarily due to higher compensation-related expenses as a result of the GECAS acquisition



# 4Q Net Income and Earnings Per Share

(\$ million, except per share amounts)	4Q 2021	4Q 2020
Net Income	89	28
Diluted Earnings Per Share	0.44	0.22

(\$ million, except per share amounts)	4Q 2021	4Q 2020
Net Income	89	28
▶ Transaction and Integration-related Expenses	139	–
▶ Income Tax Benefit	(17)	–
<b>Net Income Excluding Transaction and Integration-related Expenses</b>	<b>211</b>	<b>28</b>
<b>Diluted Earnings Per Share Excluding Transaction and Integration-related Expenses</b>	<b>1.04</b>	<b>0.22</b>

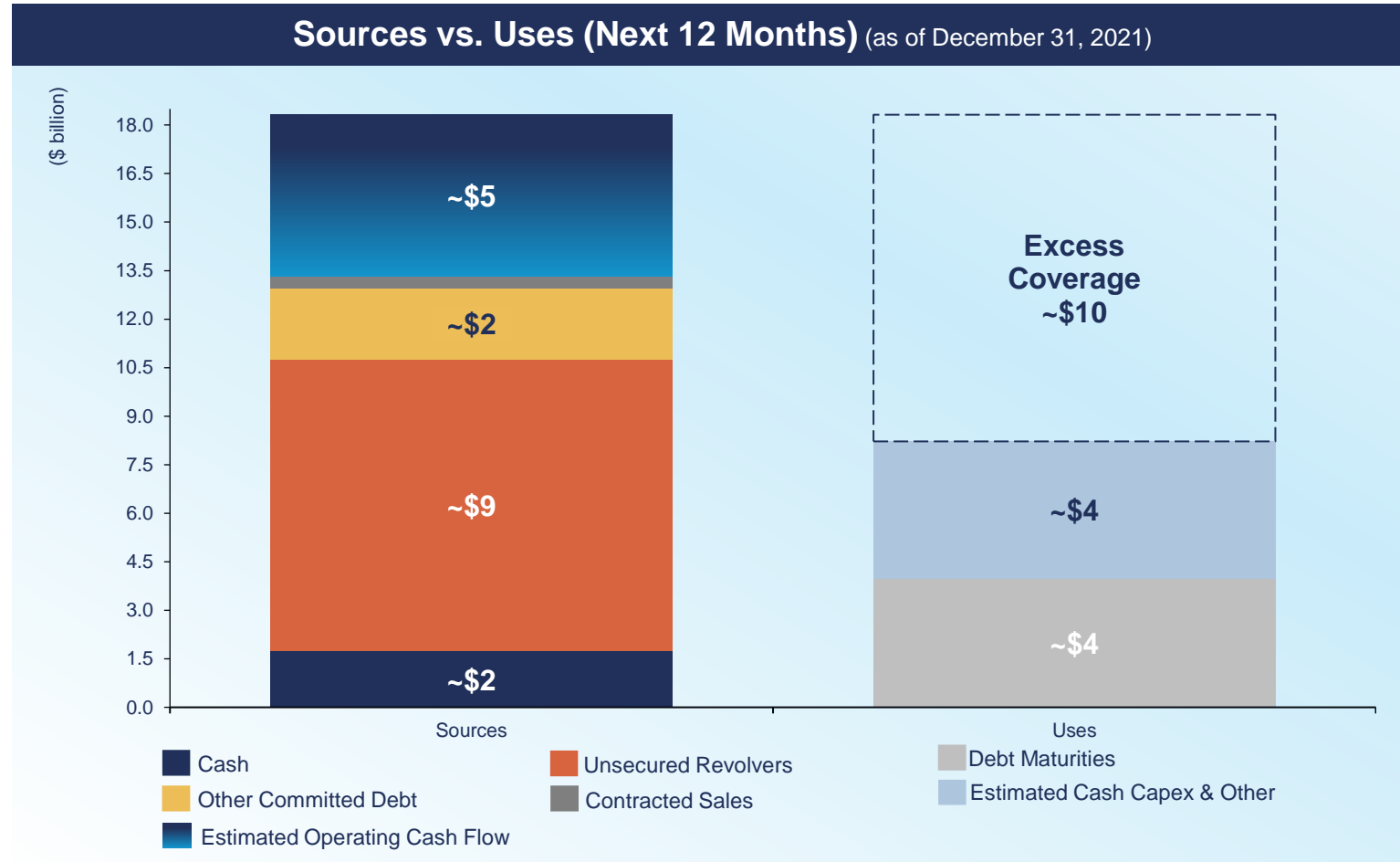
# Full Year Net Income and Earnings Per Share

(\$ million, except per share amounts)	FY 2021	FY 2020
Net Income (Loss)	1,001	(299)
Diluted Earnings (Loss) Per Share	6.71	(2.34)

(\$ million, except per share amounts)	FY 2021	FY 2020
Net Income (Loss)	1,001	(2.34)
▶ Transaction and Integration-related Expenses	335	–
▶ Income Tax Benefit	(42)	–
<b>Net Income (Loss) Excluding Transaction and Integration-related Expenses</b>	<b>1,294</b>	<b>(299)</b>
<b>Diluted Earnings (Loss) Per Share Excluding Transaction and Integration-related Expenses</b>	<b>8.68</b>	<b>(2.34)</b>

# Strong Liquidity Position

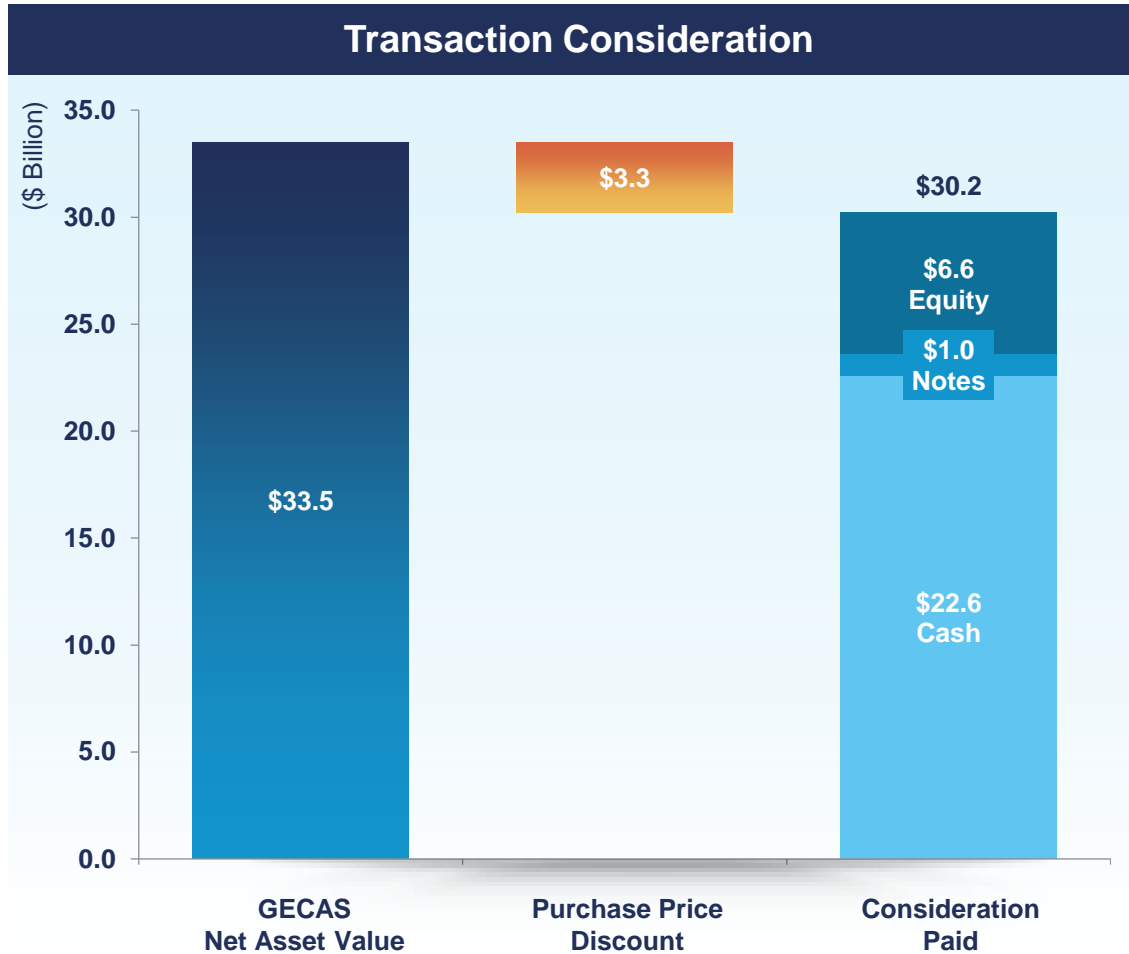
**Next 12 months' sources-to-uses coverage of 2.2x, with ~\$18 billion sources of liquidity**



- ▶ ~\$10 billion of excess cash coverage
- ▶ 4Q 2021 operating cash flow of \$1.7 billion
- ▶ Leverage ratio of 2.66x as of December 31, 2021
- ▶ Secured debt-to-total assets ratio of ~15%, a decrease from ~23% in 3Q 2021
- ▶ Average cost of debt of 3.2% in 4Q 2021

See Appendix – Capital Structure and Endnotes.

# GECAS Purchase Price Allocation



(\$ billion)	Fair Value
Flight Equipment	24.4
Maintenance Rights Asset & Lease Premium Asset	4.0
Prepayments on Flight Equipment	3.0
Other Assets	2.3
Accrued Maintenance Liability	(1.2)
Other Liabilities	(2.2)
<b>Total Consideration</b>	<b>30.2</b>

See Appendix – Endnotes.

# GECAS Purchase Price Allocation (cont'd)

**Under purchase accounting, we recorded all GECAS assets and liabilities at fair value on the acquisition closing date of November 1, 2021**

Purchase Price Allocation	Fair Value (billion)	Basis of Calculation	Amortization Period
Flight Equipment	\$24.4	<ul style="list-style-type: none"> <li>Based on maintenance condition of each asset on closing date and discounted cash flows over remaining life of each asset</li> </ul>	<ul style="list-style-type: none"> <li>Amortized over remaining useful life of each asset</li> </ul>
Maintenance Rights Asset	\$2.8	<ul style="list-style-type: none"> <li>Represents difference between (a) actual maintenance condition of each flight equipment asset on closing date and (b) contractual maintenance return condition at lease termination, as specified in lease agreement</li> </ul>	<ul style="list-style-type: none"> <li>Amortized over remaining lease term upon occurrence of maintenance events or upon end of lease</li> <li>Effectively results in accelerated depreciation of lease assets during this period</li> </ul>
Lease Premium Asset	\$1.2	<ul style="list-style-type: none"> <li>Represents difference between (a) contracted lease rental rate under lease agreement and (b) prevailing market rental rate as of closing date</li> </ul>	<ul style="list-style-type: none"> <li>Amortized over remaining lease term as a reduction to basic lease rents</li> <li>Effectively results in accelerated depreciation of lease assets during this period</li> </ul>
Maintenance Liability	\$1.2	<ul style="list-style-type: none"> <li>Represents expected amount that AerCap will reimburse lessee for maintenance events during remaining term of current lease</li> </ul>	<ul style="list-style-type: none"> <li>Reduced upon reimbursement of lessee for maintenance events</li> </ul>

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Q&A

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Supplemental Information

# High-Quality and Well-Diversified Portfolio

**New technology aircraft comprise ~61% of aircraft fleet**

Aircraft Type	Number of Owned Assets	% Net Book Value	Number of Managed Assets	Number of On Order Assets	Total Assets
<b>Passenger Aircraft</b>	1,685	86%	189	417	2,291
Airbus A220 Family	1	0%	–	10	11
Airbus A320 Family	530	12%	76	–	606
Airbus A320neo Family	312	24%	15	265	592
Airbus A330	74	3%	10	–	84
Airbus A330neo Family	–	–	–	12	12
Airbus A350	44	9%	6	–	50
Boeing 737 MAX	45	3%	1	67	113
Boeing 737NG	366	12%	79	–	445
Boeing 777-200ER	21	0%	–	–	21
Boeing 777-300 / 300ER	49	4%	1	–	50
Boeing 787	99	18%	1	25	125
Embraer E190 / 195 / E2	73	1%	–	33	106
Other	71	1%	–	5	76
<b>Freighter Aircraft</b>	71	2%	7	–	78
Boeing 737	45	1%	7	–	52
Boeing 747 / 767 / 777	26	1%	–	–	26
<b>Engines</b>	450	5%	497	30	977
<b>Helicopters</b>	339	6%	–	16	355
<b>Total</b>	<b>2,545</b>	<b>100%</b>	<b>693</b>	<b>463</b>	<b>3,701</b>

Number of managed engines includes SES owned and managed engines



# Forward Orders and Purchase/Leasebacks

Aircraft Type	2022	2023	2024	2025	2026	Thereafter	Total
Airbus A220 Family	7	3	-	-	-	-	10
Airbus A320neo Family	58	63	51	48	28	17	265
Airbus A330neo Family	1	5	6	-	-	-	12
Boeing 737 MAX	6	15	18	21	7	-	67
Boeing 787	3	5	5	6	3	3	25
Embraer E190 / 195-E2	5	-	11	17	-	-	33
Other	-	-	-	-	5	-	5
<b>Total Aircraft</b>	<b>80</b>	<b>91</b>	<b>91</b>	<b>92</b>	<b>43</b>	<b>20</b>	<b>417</b>

As of December 31, 2021. See Appendix – Endnotes.

# Capital Structure

Adjusted Debt/Equity Calculation (\$ million)	Dec. 31, 2021	Dec. 31, 2020
<b>Debt</b> (including fair value adjustments)	<b>50,205</b>	<b>28,742</b>
<b>Adjusted for:</b>		
▶ Unrestricted cash & cash equivalents	(1,729)	(1,249)
▶ 50% equity credit for long-term subordinated debt	(1,125)	(1,125)
<b>Adjusted Debt</b>	<b>47,351</b>	<b>26,368</b>
<b>Equity</b>	<b>16,647</b>	<b>8,932</b>
<b>Adjusted for:</b>		
▶ 50% equity credit for long-term subordinated debt	1,125	1,125
<b>Adjusted Equity</b>	<b>17,772</b>	<b>10,057</b>
<b>Adjusted Debt / Equity Ratio</b>	<b>2.66 to 1</b>	<b>2.62 to 1</b>

# Endnotes

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**SLIDE 11: Strong Liquidity Position**

Estimated cash capex includes expected cash payments for aircraft deliveries and pre-delivery payments during the next 12 months.

**SLIDE 12: GECAS Purchase Price Allocation**

GECAS net asset value includes a ~\$0.4 billion benefit from a reduction in non-U.S. deferred tax liabilities.

**SLIDE 16 / 17: High-Quality and Well-Diversified Portfolio / Forward Orders and Purchase/Leasebacks**

Aircraft on order excludes aircraft for which we have cancellation rights and aircraft with contracted sales at delivery.

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