

# Q3 2025 Earnings Call

## Company Participants

- Aengus Kelly, Chief Executive Officer & Executive Director
- Joseph McGinley, Head of Investor Relations
- Peter Juhas, Chief Financial Officer

## Other Participants

- Catherine O'Brien, Analyst, Goldman Sachs
- Chris, Analyst, Susquehanna International Group.
- Hillary Cacanando, Analyst, Deutsche Bank
- Jamie Baker, Analyst, J.P. Morgan
- Moshe Orenbuch, Analyst, TD Cowen
- Ron Epstein, Analyst, Bank of America
- Terry Ma, Analyst, Barclays

## Presentation

### Operator

Good day, and welcome to AerCap's Q3 2025 Financial Results. Today's conference is being recorded and a transcript will be available following the call on the company's website. At this time, I would like to turn the conference over to Joseph McGinley, Head of Investor Relations. Please go-ahead, sir.

### Joseph McGinley [{BIO 17672898 <GO>}](#)

Thank you, operator, and hello, everyone. Welcome to our third-quarter 2025 conference call. With me today is our Chief Executive Officer, Aengus Kelly; and our Chief Financial Officer, Peter Juhas. Before we begin today's call, I would like to remind you that some statements made during this conference call, which are not historical facts, may be forward-looking statements. Forward-looking statements involve risks and uncertainties that may cause actual results or events to differ materially from those expressed or implied in such statements. AerCap undertakes no obligation other than that imposed by-law to publicly update or revise any forward-looking statements to reflect future events, information, or circumstances that arise after this call. Further information concerning issues that could materially affect performance can be found in AerCap's earnings release dated October 29th, 2025. A copy of the earnings release and conference call presentation are available on our website at [aercap.com](http://aercap.com). This call is open to the public and is being webcast simultaneously at [aercap.com](http://aercap.com) and will be archived for replay. We will shortly run through our earnings presentation and will allow time at the end for Q&A. As a reminder, I would ask that analysts limit themselves to one question and one follow-up. I will now turn the call over to Aengus Kelly.

### Aengus Kelly [{BIO 2460371 <GO>}](#)

Thank you for joining us for our third-quarter 2025 earnings call. We are pleased to report another exceptional quarter for AerCap's shareholders. In Q3, we generated GAAP net income of \$1.2 billion and earnings per share of \$6.98, driven by strong gains on-sale and further insurance recoveries. Our core business continues to perform extremely well with adjusted net income of \$865 million and a record adjusted EPS of \$4.97. Given these solid results and our

positive outlook for the remainder of the year, we have increased our 2025 full-year EPS guidance to \$13.70.

On the aircraft side, we continue to see strong demand from our customers around the world and the environment remains supportive for both margins and returns. Once again, utilization rates topped 99%. And on that note, I am delighted that we delivered our first converted 777-300ER freighter in September, which should help to sustain the historically high utilization rates we are seeing as those aircraft deliver to customers.

We also had yet another healthy extension rate in the quarter with approximately 85% of our 33 used aircraft transactions extending on very attractive terms. Encouragingly, the extension rate for widebodies was 100%, including 9787s, three 777-300ERSF and two A330s in the period. One thing that seems to have been overlooked in the focus on max production rates and narrow-body engine issues is how far the OEMs are behind in the widebodies production side as well. As an example, both OEMs produced more widebody aircraft in 2008 than they did last year. And I do not expect them to surpass the peak of 2016 this decade. As a result, widebody aircraft will remain in high-demand for the foreseeable future.

The picture is similarly robust on the narrowbody side with strong demand across-the-board. This is particularly helpful at the moment, given we're taking back 27 aircraft from Spirit Airlines. We will, of course have downtime and engine shop visit costs associated with this process. The majority of the engine shop visit costs will be incurred in the 4th-quarter. These engine costs are included in our increased guidance for the year.

We will also benefit from the acquisition of Spirit's 52 Airbus A320neo family order book, as well as a further 45 options that we negotiated with Airbus. We believe that the timing and pricing of these units is far superior to what we could have negotiated with Airbus directly. In fact, the order and options mean we have now agreed to purchase over 200 aircraft in bilateral deals since 2021 without placing a direct OEM order.

Turning to the engine business, we continue to focus on deepening our relationships with our OEM, airline and MRO partners. This was evidenced most recently with our latest announcement with GE Aerospace, where we signed a seven-year agreement to provide lease-pool management services for the GE9X engine. This agreement also extended AerCap's ongoing lease pool support for GENx, GE90, CF6 and CF34 engines, and follows on from our separate partnership with Air France-KLM, which we announced at the Paris Air Show. The provision of spare engine support has become a key part of AerCap's overall customer proposition, particularly at the moment given the global engine shortages. Our portfolio of almost 1,200 spare engines, 90% of which are the latest technology, is another key differentiator between AerCap and our competitors.

Since closing the GECAS transaction, we have committed approximately \$10bn to engines through our two engine divisions, AerCap Engines and SES.

Turning to Milestone Aviation Group, our helicopter leasing business, our fleet utilization also remains high. During the quarter, we extended a large percentage of helicopter leases with existing customers across a broad array of mission profiles and operators.

From a fleet perspective, we adopt a balanced portfolio management strategy in our helicopter business. Similar to our barbell approach on the commercial aircraft side. We continue to invest in new technology medium and super medium helicopters at accretive returns, while divesting out of midlife or out of production types. During the quarter, we delivered new technology equipment to customers operating across the full-spectrum of mission-critical segments, including offshore oil and gas, emergency medical services and search-and-rescue, including an AW139 to Bristow

configured for use in their UK search-and-rescue operations.

Now on capital allocation, we continue to see the durable demand for our assets reflected in very strong sales volumes and margins. As you will recall, last quarter, we increased our sales volume guidance for the year-by 25% to \$2.5 billion. Despite the lower number of sales closing, we had good line-of-sight to what was ahead of us. And it has been great to see this materialize. In fact, both the sales volumes of \$1.5 billion and the gain of \$332 million were records in themselves. The timing of closing each deal is always variable, but there is no doubt we are seeing a positive environment overall.

Further, while we will not be selling \$1.5 billion every quarter, you can see the gain on-sale has been an important, repeatable and profitable aspect of our earnings over a very long period of time. We have generated gains on-sale in every quarter for the last 40 plus quarters are more than 10 years in a row. Our average unlevered margin is over 15% or more than 1.5x book equity value over the course of the last 40-plus quarters. This is despite various challenges the industry has faced and includes all of the quarters during COVID.

Those returns have been further enhanced by highly disciplined capital deployment into accretive opportunities in M&A, asset acquisitions, and share repurchases. Recently, we have been asked whether the long-established arbitrage between where our assets price in the private markets and the level of those assets trade in the public markets still exists, given the improvement in valuation of the stock above 1.0x book equity value.

The truth, as you will see from the chart on the left-hand side, is that it is not the absolute level of either sales or repurchases that matters more, but the delta between the two. While shares are trading at a higher price-to-book multiple, the increases in sales margins have actually been greater. However, this is why we continue to find share repurchases to be extremely attractive. As you can see from the chart on the right-hand side, in the third quarter alone, we bought 5% of the market cap for \$1 billion, a quarterly record for open-market purchases for AerCap. We simply cannot demonstrate our conviction any clearer than that.

So in summary, this was another great quarter for AerCap with earnings and cash flows remaining strong throughout the business and the addition of up to 97 A320 family aircraft to our order book. The favorable market environment continues and this is reflected in the results across The Group as a whole. We continue to deploy capital effectively with the purchase of approximately \$1 billion of stock and \$1.4 billion of new equipment in the quarter. This shows the remarkable cash generation and optionality we have for capital deployment at AerCap, a theme we expect to continue for the long term. With that, I'll now hand the call over to Peter to review the financials and the outlook for the remainder of 2025. Thank you.

**Peter Juhas** {[BIO 16582554](#) <GO>}

Thanks, Gus. Good morning, everyone. Our GAAP net income for the third quarter was \$1,216 million or \$6.98 per share. The impact of purchase accounting adjustments was \$62 million for the quarter or \$0.36 a share. We had net recoveries related to the Ukraine conflict of \$475 million or \$2.73 a share. That includes cash insurance settlements of \$238 million as well as an award of \$234 million of interest on the favorable decision by the London Commercial Court in June, along with some other smaller settlements. That brings our total recoveries to approximately \$2.9 billion since 2023.

The net tax effect of the purchase accounting adjustments and the Ukraine recoveries taken together was \$62 million or \$0.36 a share. As a result, our adjusted net income for the third-

quarter was \$865 million or \$4.97 per share. We had a record quarter in terms of both the volume of assets sold as well as gains on sale. We sold 32 of our owned assets for total sales revenue of \$1.5 billion. That resulted in gain on sale of \$332 million and an unlevered gain on-sale margin of 28%, which is twice our book-value.

The large sales volume was driven by the continued strong sales environment as well as closing sales that had been signed-up earlier in the year. As of September 30, we had \$562 million worth of assets held-for-sale. And at this point, I'd expect our sales for the full year to be over \$3 billion. Besides the gains on-sale and Ukraine conflict recoveries, there were two other main items that affected our results for the third-quarter. First, we had a strong net maintenance contribution, that is maintenance revenue less leasing expenses on an adjusted basis, of \$148 million. That was driven by the release of maintenance reserves upon lease terminations, settlements we received from airlines, and a provision release as the Azul restructuring agreement became effective. We're expecting higher leasing expenses in the fourth quarter related to the Spirit Airlines restructuring, and that's reflected in our updated guidance.

The other major driver this quarter was a significant increase in lease rents, which in turn resulted in a higher lease yield and a net spread of 8%, which is the highest we've had in five years. The increase this quarter was driven in part by some large transactions involving a number of older aircraft. We've also started to deliver our 777-300ER cargo aircraft which were converted from passenger aircraft to freighters and are now earning revenue.

Turning to liquidity. Our liquidity position continues to be very strong. As of September 30th, our total sources of liquidity were approximately \$22 billion. That includes \$1.8 billion of cash and over \$12 billion of revolvers and other committed facilities. Our sources to usage coverage ratio at the end-of-the-quarter was 2.1x, which amounts to excess cash coverage of around \$12 billion. Given our higher net income this quarter, including the net recoveries related to the Ukraine conflict, we generated significant excess capital, resulting in a leverage ratio of 2.1 to 1 at the end of September.

Our operating cash flow was slightly higher than normal this quarter at approximately \$1.5 billion. We deployed a significant amount of excess capital this quarter and returned \$981 million to shareholders through the repurchase of 8.2 million shares at an average price of just under \$120. Including the share repurchases we've completed so far in the fourth quarter, that takes us to over \$2 billion of buybacks so far this year.

Turning now to guidance. On our last earnings call, given strong performance for the first half of the year, we raised our full-year 2025 EPS guidance to approximately \$11.60. As Gus mentioned, today, we are again raising our full-year 2025 adjusted EPS guidance to \$13.70. That includes approximately \$2.70 of gains on sale for the first three quarters, but it does not include any gains on sale for the fourth quarter.

As I mentioned last quarter, our outperformance relative to guidance has been driven primarily by higher lease revenue, other income and gains on sale. We've also incorporated the expected impact of the Spirit Airlines Chapter 11 bankruptcy into this updated guidance. In closing, we're coming off another record quarter for AerCap. As you can see, the environment for aircraft leasing and aircraft sales continues to be strong. We've continued to make progress on our Ukraine recoveries. And we continue to be in a position of strength with a strong balance sheet, low leverage, strong liquidity, and disciplined capital deployment. We remain confident about the outlook for the business, as you can see from the increase in our full-year guidance and our repurchases of over \$2 billion of stock so far this year.

And with that, operator, we'll open up the call for Q&A.

## Questions And Answers

### Operator

Thank you. (Operator Instructions) We will take our first question from Moshe Orenbuch with TD Cowen. Great.

### Q - Moshe Orenbuch {BIO 1497419 <GO>}

Great. Thanks. I was hoping that Gus, you could talk a little bit about how you're thinking about industry in the US kind of over the next couple of years. Is this something where you're likely to see more significant consolidation or maybe broaden it out a little bit, and are there areas in the world where you would kind of see the opportunities given the substantial amount of capital that you've got to deploy?

### A - Aengus Kelly {BIO 2460371 <GO>}

Thanks, Moshe. I'll start with the US market. There's been a very significant amount of consolidation in the US market over the last decade, as you know. I think there is room for some more limited consolidation plays in the US, but I'd say it's reasonably limited. There are not that many platforms left in the United States. So to get your hands-on won't be a rare enough asset. And from our perspective, as we look-forward though, we continue to see very strong demand coming out-of-the US market that can be driven by longer-term demand for new technology aircraft as the older aircraft have to be retired at some point in the coming five or six years. And in the shorter-term, of course, we see very strong demand for used aircraft to remain at airlines.

That's a trend that we see around the globe as well. And we don't see any sign of that letting up. The desire of airlines to transition as quickly as they can into the new tech asset, simplify their fleet, create operating leverage in their business model. However, that's just not feasible because of the lack of supply of new aircraft, the amount of time these assets are spending in the repair shop and that is continuing to drive the demand for serviceable used assets, be they 20 years-old or 15 years-old, or 22 years-old. So as we look out, we see a pretty strong demand picture globally for some time to come.

### Q - Moshe Orenbuch {BIO 1497419 <GO>}

Great. Thanks very much. Pete, maybe just to kind of dig in a little bit on the margin discussion. I mean you talked about kind of yield improving, your cost of funds improved. I would assume that some of that will actually be even better in Q4. There might be some impacts that offset some of that from some of the maintenance benefits you had this quarter. But could you kind of just generally kind of talk about how we should be thinking about that progression of the elements of your spread as you go forward over the next couple of quarters?

### A - Peter Juhas {BIO 16582554 <GO>}

Sure, Moshe. So as you mentioned, net spread went up significantly in the third-quarter by about 50 basis points to 8%. So that's the highest we've seen since 2019, and that was very positive. As we look out going forward, I think we will see some positive impact from the 777-freighters

continuing to deliver, COVID leases rolling off, although that takes a while, but that will be a positive. But in the coming quarters, the offsetting effect we'll see will be from Spirit because we will have downtime on those aircraft that we've taken back because they have to get shopped, the engines have to get shopped. And so I think that as we look out over the next several Quarters, we should see net spread about where it is today.

**Q - Moshe Orenbuch** {[BIO 1497419 <GO>](#)}

Great. Thanks very much.

**A - Peter Juhas** {[BIO 16582554 <GO>](#)}

Sure.

## Operator

We will take our next question from Jamie Baker with J.P. Morgan.

**Q - Jamie Baker** {[BIO 3406456 <GO>](#)}

Oh, hey, good morning. So Gus, Mark Streeter and I have obviously poured over-the-air lease proxy and it's pretty clear that AerCap is referenced as a strategic bidder with a \$55 all-stock offer. And we're curious for your thoughts on that bid and what you were thinking at the time. And now that this info is public, perhaps you would want to comment on the deal that ultimately was struck and any implications of industry consolidation for AerCap.

**A - Aengus Kelly** {[BIO 2460371 <GO>](#)}

Sure. Well, let me start with the second bit first. Consolidation is a significant positive for the industry and we would encourage it to continue. That is all positive for AerCap and our shareholders. As it relates to our participation in the process, what I assume my shareholders want is for AerCap to be present in any significant M&A discussion that's ongoing around the world at any time. And you can rest assured that we are. That was evidenced in this case because it's a public company, so it's clear that we were there. That being said, what you also want to see is discipline being exercised by AerCap.

We are fully aware of the return on equity that we generate and we will continue to generate. And we're aware of the return-on-equity that Air Lease generated and is likely to continue to generate. And there is only so much we would be willing to pay for that business. We could not enter into a situation, nor have we ever, in any of these other M&A discussions we have where we pursue a transaction at a price that will dilute our existing shareholders. So when it became apparent that our bid was not going to be enough to win, of course, we pivoted then to where I believe the best-value aircraft in the world are because I am selling AerCap aircraft in the private market at 200% of book equity, and I'm able to buy them back on the New York Stock Exchange at 110% of book equity.

**Q - Jamie Baker** {[BIO 3406456 <GO>](#)}

Excellent. I appreciate that color. And then you're also on record as you know, believing that the favorable aircraft supply-demand imbalance is going to last through the end-of-the decade. But with Boeing and Airbus starting to get their acts together, increasing production rates, and then of course, some of the bankruptcy-driven spirit and so forth, is your outlook still bullish through the end-of-the decade? Or do you think that, I don't know, some sort of equilibrium might happen a little bit earlier?

## A - Aengus Kelly {[BIO 2460371 <GO>](#)}

Yeah, well, the short answer is I am, but let me explain that. Because you're right, of course, Boeing are slowly increasing the ramp-in their production. But let me give you one example that I referenced in my prepared comments. On the widebody markets, more widebody aircraft were produced by both OEMs in 2008 than were in 2024. Just think about that. There are aircraft that were probably manufactured in around 2005, 2006, 2007 that are being retired today. Their replacement aircraft isn't even being manufactured by the OEMs at the moment. So the widebody market is extraordinarily acute, and you saw that in our commentary around our extension rate, which is at 100% for widebodies.

As it pertains to narrowbodies, even though we are slowly – and it is a very modest increase – bear in mind Boeing is hoping to get to 42 deliveries a month, which is miles below where they want to be. Even when those aircraft come into service, they are not lasting as long in service as was envisaged. That's because different components of the aircraft, be it engine or landing gears, are not lasting as long on the wing and are going into the shop for repair. That's chewing up the available parts that are available to make new aircraft, new engines, or overhaul engines. Therefore, based on that, I know that narrowbody production rates are not going to hit the levels that the OEMs want. And even if they did to be candid, the amount of time that these assets are spending in the shop means that for example, if you had 10 NGs or 10 A320s flying a particular route as an airline, I suspect you're going to need 11 today of the new type.

Now, so when I look out wide, narrow, I see a very constrained situation. Of course, you're right, there'll be the odd bankruptcy here and there that will put a bit of capacity in the sector for a few months or maybe a quarter or two, but that will always get eaten up. And then furthermore, as it pertains to AerCap, in that environment that I just spoke about with the engine shortage, we are the biggest owner of spare engines in the world. We have unique relationships with airlines and OEMs that enhance our position and adds to the power of the AerCap platform and enables us to get assets in the air faster than anyone else.

## Q - Jamie Baker {[BIO 3406456 <GO>](#)}

That's great. Thank you so much for the thorough answers. Take care.

## Operator

We will take our next question from Hillary Cacanando with Deutsche Bank.

## Q - Hillary Cacanando {[BIO 18940405 <GO>](#)}

Great. Thank you. Thank you so much, you said spirit exposure is included in your 4th-quarter guidance. Do you think there could be any further exposure in 2026 as well? And does your fourth-quarter guidance reflect any potential idleness of the rejected aircraft? And if you could kind of just detail the exposure, whether they're -- are they all due to maintenance or are there any like unpaid rental fees that are included? If you kind of detailed that? Thank you so much.

## A - Peter Juhas {[BIO 16582554 <GO>](#)}

Sure, Hillary. So the impact of Spirit really is in two parts. First, you have the downtime in the aircraft, and likely we'll see that in the fourth quarter and we'll see that pretty much throughout next year, we would expect. And that's really because the engines need to be shopped. There is plenty of demand for those aircraft, but the engines need to be overhauled. That's the driver.

The second impact is the cost of overhauling those engines, so those engine expenses and we

have factored that in. I expect that we will take the majority of those in the fourth quarter of this year. We're still negotiating, it's still under commercial discussion so I can't comment more on that. But I would expect the majority to be in the fourth quarter and that's what we factored in. But it's possible some of that could slip into next year out of fourth quarter and into next year. So that's what we based our guidance on.

**Q - Hillary Cacanando** {[BIO 18940405](#) <GO>}

Okay, got it. Thank you.

**A - Aengus Kelly** {[BIO 2460371](#) <GO>}

Now the one thing Hillary you also have to mention there, as Pete referenced, we will incur those engine shop visit costs, which is in our guidance, the anticipated ones. We'll have downtime. But against that, we were able to negotiate up to 97 aircraft, A320, A321 aircraft on timing and pricing that would not be available from the manufacturers. That once again speaks to the unique capability and power of the AerCap platform.

**Q - Hillary Cacanando** {[BIO 18940405](#) <GO>}

Yeah, no, that's great. And I thought that you're getting -- options for 45 aircraft and in the bankruptcy filing, it had originally said 10, so it looks like you negotiated to get more option aircraft, which is great. So that was great to see. I do have another question. I know 12 of those aircraft were already grounded. So we've heard that those 12 aircraft could come back sooner than expected because they were already grounded. If you could you just provide a little more color? Do you expect those 12 aircraft to come back soon or are they going to be grounded for a while?

**A - Aengus Kelly** {[BIO 2460371](#) <GO>}

What's happening, Hillary, as we set-out in the court case, is that we're taking back 27 aircraft. They're on the way back to us now in various stages and then 10 aircraft remain with the airline. They paid the arrears rents on those and they continue to pay current rents.

**Q - Hillary Cacanando** {[BIO 18940405](#) <GO>}

Okay, got it. Great. Thank you so much. Great quarter.

**Operator**

We will take our next question from Catherine O'Brien with Goldman Sachs.

**Q - Catherine O'Brien**

Great. Good morning, everyone. Thanks for the time. So last quarter, you talked about seeing more opportunistic sale-leasebacks coming to-market. In the quarter, you obviously executed on those, acquiring the 52 firm orders and 10 options from Spirit in addition to the other 32 options, which I'd be interested in hearing how those came about with Airbus as well. Just as a quick follow-up to Hilary's question. But I guess bigger picture, are these the kind of transactions you're referring to? Or do you think the size of transaction you are able to do means that you're likely to see growth opportunities with airlines outside of distressed situations as well? Just any thoughts on like what the size of these opportunities could be over the next couple of years? Thanks.

## A - Aengus Kelly [{BIO 2460371 <GO>}](#)

I mean, you never know. But of course, Catie, generally when I say something, I'm looking at something. And we had various sale-leaseback opportunities we were pursuing, were hoping to close. One of them did in this instance. But again, the way that came together is in a manner that no other leasing company in the world could have executed or could have even contemplated, to be quite candid. When those opportunities present themselves, once again, my shareholders would expect me to be present, and in, those negotiations and that's our objective here as well. We won't close all of them, of course, because as we discussed earlier on, we're not going to close transactions that are going to dilute our own returns. But as we look forward, there are definitely opportunities out there, but that's where discipline comes in. We're here to make money for the shareholders. We're not here to grow the business for the sake of growth.

But it should be noted that since 2021, we have negotiated 200 aircraft acquisitions, including those options on bilateral deals. So, we're getting them sooner and on better pricing than would be available going to the OEMs. Furthermore, I might add, in the last two years and nine months, we've returned \$6.4 billion to our shareholders, which is equivalent to buying over \$18 billion of assets at well below-market rates.

## Q - Catherine O'Brien

All very impressive. Maybe just one last one and relatedly, despite a very active quarter, as you just mentioned on the buybacks and the incremental acquisitions, your leverage ended the quarter at 2.1 times. Can you just help us think about the guardrails between the 2.7 target, leaving dry powder to be opportunistic perhaps on some of the other deals that are out there that you were just referencing to us and where you ended the 3rd-quarter? Just how do we think about the moving pieces over the next quarter or two? Thanks.

## A - Peter Juhas [{BIO 16582554 <GO>}](#)

Sure, Catie. So one of the things that has driven the leverage down over the last couple of quarters has been the significant insurance proceeds that we received. So it was about \$1 billion in the second quarter and \$475 million in the third quarter. So that has really contributed to that lower leverage, taking it down. I'd say, look, obviously, having room relative to our target gives us a lot of optionality in terms of the opportunities that we can pursue. But we are deploying that capital pretty rapidly as well. You look at \$1 billion of buybacks in the third quarter alone, that's the most we've ever done in the open-market. And I expect we will continue to deploy capital like that. And so over time, I would think that our leverage ratio starts to get more normal and get closer to the target level, maybe not up to the target level, but somewhat closer to it than today.

## Q - Catherine O'Brien

That's really helpful. Thanks so much.

## A - Peter Juhas [{BIO 16582554 <GO>}](#)

Sure.

## Operator

We will take our next question from Ron Epstein with Bank of America.

## Q - Ron Epstein [{BIO 15893287 <GO>}](#)

Hey, good morning, guys. Good morning. Gus, can you talk a little bit about -- we've covered a lot of ground so far, but can you talk a little bit about the market for the A220? What do you see there and what's going on there?

**A - Aengus Kelly** {[BIO 2460371 <GO>](#)}

The A220 is one of the more niche aircraft. Of course, we have some of them. Every passenger that gets on that aircraft loves it, a great passenger experience, great spacious cabin, I'd encourage anyone to fly on it. That being said, the challenge around the aircraft has been around the engine time on wing. And we would hope that in the coming year or two -- because it is a bigger aircraft relative to the E2 195 -- where the aircraft is a bit smaller, but the engine is the same. So the engine we believe doesn't come under as much strain on the E2 as it comes under on the 220.

We would hope that as Pratt improves the time on wing and the durability of the parts in that engine, we'll see that aircraft become more durable in-service. And if that can happen then I think there's a solid future for it.

**Q - Ron Epstein** {[BIO 15893287 <GO>](#)}

Got it. Got it. And then in your engine business, is there an opportunity to do more with Pratt? I mean you're one of the larger CFM customers, if not the largest. Was there anything to do with?

**A - Aengus Kelly** {[BIO 2460371 <GO>](#)}

Look we talk to Pratt, et cetera, so we wouldn't rule anything out. But of course, we are in partnership with both GE and CFM in providing their spares network around the world and managing the logistics of all those engines, the records, the shop visits of their spares fleets, which is a very significant task and requires a lot of unique intellectual property that I think we'd be reluctant to share.

**Q - Ron Epstein** {[BIO 15893287 <GO>](#)}

Got it. Got it. Got it. And then maybe just one last one. And this one's a little bit out there, but maybe not. We're starting to see the emergence of more players in electric aircraft and hybrid aircraft. And how would you expect that those aircraft could get financed? Would you guys have any interest in financing sort of this next-generation of smaller stuff, some of the EV stuff and urban air mobility stuff? Or would you kind of leave that to somebody else?

**A - Aengus Kelly** {[BIO 2460371 <GO>](#)}

Have to wait-and-see. We did look at that several years ago when it was at its inception and we felt it was better to be an intelligent follower than the initial innovator in that space. I think that still holds true.

**Q - Ron Epstein** {[BIO 15893287 <GO>](#)}

Got it. All right. Thank you very much.

**Operator**

We will take our next question from Terry Ma with Barclays. Please go ahead.

**Q - Terry Ma** {[BIO 17247903 <GO>](#)}

Hey, thank you. Good morning. Just wanted to touch on capital allocation. It's nice to see the buyback accelerate this quarter and also the Spirit deal. But last quarter, you also highlighted additional kind of sale-leaseback opportunities in engine deals. Maybe just update us on those and maybe rank order the relative attractiveness of each of those options.

**A - Aengus Kelly** {[BIO 2460371 <GO>](#)}

Sure. Well, as you saw, we did execute there with the Spirit transaction. And Terry, as I noted, we've done now 200 aircraft and \$10 billion of engine buys on bilateral basis in the last four years. So I mean, those opportunities are out there, but again, they must be ones that are accretive to our earnings and there are plenty of opportunities to grow the business, but it must grow profitably. And that's where when we come to capital allocation, our job here is to make a return for the shareholders. That's our only job. It's not to make a return for the shareholders of Airbus. It's not to make a return for the shareholders of Boeing. It's not to make a return for the shareholders of airlines. It's for our shareholders is why we're here. They pay our wages.

And so when we see transactions that are accretive, of course, we'll execute on those. And clearly, at the moment, we are selling assets in the private markets in the last quarter at 200% of the book equity value. We're buying the very same assets every day down on the NYSC at about 110% of book-value. So, if I can sell something for 200 and someone will keep selling me that at 110, I mean you do it the next day, that's a good use of shareholders' money.

**Q - Terry Ma** {[BIO 17247903 <GO>](#)}

Got it. That's helpful. And I guess outside the Spirit deal, how does the opportunity for-sale leaseback kind of look from a kind of returns basis.

**A - Aengus Kelly** {[BIO 2460371 <GO>](#)}

I mean, we haven't executed any more in the last quarter. Of course we're pursuing them. There are other ones you pass on, much like on the M&A stuff, there are ones we've passed on over the last three or four years. So we will look at all of these transactions, but they do have to hit the hurdles that we want or else we won't do it.

**Q - Terry Ma** {[BIO 17247903 <GO>](#)}

Got it. Helpful. Maybe one last one for me and for Pete. Like you guys delivered the first freighter in September. What's the cadence for kind of additional kind of deliveries going-forward.

**A - Peter Juhas** {[BIO 16582554 <GO>](#)}

We delivered the first few in September and then we've delivered some more this quarter and those will just roll-out over the course of the next year or two.

**A - Aengus Kelly** {[BIO 2460371 <GO>](#)}

Five are delivered now at this point and they probably deliver another couple before Christmas and then another five or six next year. But they're approximate because as you have seen, deliveries are moving targets.

**Q - Terry Ma** {[BIO 17247903 <GO>](#)}

Got it. Helpful. Thank you.

**Operator**

We will take our next question from Chris Stathoulopoulos with Susquehanna International Group.

**Q - Chris Stathoulopoulos** [{BIO 4815032 <GO>}](#)

Good morning, everyone. Thanks for taking the questions. Angus, on the extension rates, curious on your thoughts on '26 next year. I realize it's still early, but there's still a good degree of uncertainty out there, geopolitical economy tariffs. Just your thoughts on there, whether you see any sort of, I guess, change from what you've been able to achieve thus far year-to-date.

**A - Aengus Kelly** [{BIO 2460371 <GO>}](#)

We don't and I don't think that's going to change. You've got to remember, of course, that when airlines are looking at their fleets, they're not looking at the next quarter, the next half year, the next year, they're looking on older aircraft, the minimum duration is three years, but more around five to seven. On new aircraft, they're looking at 20-plus years. So, their fleet plans are not going to be significantly altered by short-term issues geopolitically. That's what we're seeing. And as we look out in the new year, I'd expect to see more of the same because I don't see, as I referenced earlier on the levels of production, the time on wing that these assets are achieving, I don't see those factors changing.

**Q - Chris Stathoulopoulos** [{BIO 4815032 <GO>}](#)

Okay. And there's a second, I realize that you've spoken at length on the gains on-sale, strong secondary market. But if you could perhaps give a bit more color on the type of transactions, aircraft types, curious how that has evolved and whether you see that changing going into '26? Thanks.

**A - Aengus Kelly** [{BIO 2460371 <GO>}](#)

No, I think you've seen a very consistent approach to asset sales. As I noted, since we became a public company in 2006, every year we've sold assets and we have sold them at a gain. Indeed, if you look at the chart on Page 5, since the beginning of 2023, the assets we've sold have traditionally been old mid-life assets out of production, but we still managed to generate a gain of book equity of 190%. The reason we sold those assets is not for the gain. The reason we sold those assets is that we know at some point in the future, airlines will have to leave the older assets. It's a few years away. I think it will be the end-of-the decade. That being said, I want to position our fleet for the future always. So that's how we think about asset sales. The one exception to that really is we have sold a handful of newer technology assets as part of our ongoing reduction in our Chinese exposure, which continues. And because China is mainly a new aircraft market, that's been the case there. But the reason we sell assets is to improve the quality of the portfolio. The power and capability of the platform has meant that for the last 20-odd years, and particularly in the last several years as the capabilities of the GCAS platform that we purchased, particularly as it pertains to engine cost shop visit management and the ability to manage the ongoing life of engines, has enabled us to accelerate those gains. And that's a structural capability that we have that no one else has in our business.

**Q – Chris Stathoulopoulos** [{BIO 4815032 <GO>}](#)

Thank you.

**Operator**

There are no further questions at this time. I will turn the conference back to Aengus Kelly for any additional or closing remarks.

**A - Aengus Kelly {BIO 2460371 <GO>}**

Thank you, operator, and thank you very much for joining us for today's call. And we look forward to speaking to you again with the full-year results. Thank you.

**Operator**

This concludes today's call. Thank you for your participation. You may now disconnect.

---

*This transcript may not be 100 percent accurate and may contain misspellings and other inaccuracies. This transcript is provided "as is", without express or implied warranties of any kind. Bloomberg retains all rights to this transcript and provides it solely for your personal, non-commercial use. Bloomberg, its suppliers and third-party agents shall have no liability for errors in this transcript or for lost profits, losses, or direct, indirect, incidental, consequential, special or punitive damages in connection with the furnishing, performance or use of such transcript. Neither the information nor any opinion expressed in this transcript constitutes a solicitation of the purchase or sale of securities or commodities. Any opinion expressed in the transcript does not necessarily reflect the views of Bloomberg LP. © COPYRIGHT 2025, BLOOMBERG LP. All rights reserved. Any reproduction, redistribution or retransmission is expressly prohibited.*