

# AERCAP

Global Leader in Aviation

## Capital Markets Day

AerCap Holdings N.V.

November 11, 2019

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 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. Accordingly, you should not rely upon forward-looking statements as a prediction of actual results and we do not assume any responsibility for the accuracy or completeness of any of these forward-looking statements. Except

as required by applicable law, we do not undertake any obligation to, and will not, update any forward-looking statements, whether as a result of new information, future events or otherwise.

No warranty or representation is given concerning such information, which must not be taken as establishing any contractual or other commitment binding upon AerCap Holdings N.V. or any of its subsidiaries or associated companies.

In addition to presenting financial results in conformity with U.S. generally accepted accounting principles (“GAAP”), this presentation includes certain non-GAAP financial measures. Reconciliations of such non-GAAP financial measures are set forth or referred to in the presentation where relevant. Non-GAAP financial measures should be considered in addition to, not as a substitute for or superior to, financial measures determined in conformity with GAAP.

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.

# AERCAP

Global Leader in Aviation

## Introduction

**Joseph McGinley**

Head of Investor Relations



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

# Today's Speakers

▶ Introduction

▶ AerCap Overview

▶ Leasing

▶ Portfolio Management

▶ Technical

*Break (10 minutes)*

▶ Risk

▶ Funding & Liquidity

▶ Financial Outlook

▶ Q&A



**Joseph McGinley**  
*Head of Investor Relations*



**Aengus Kelly**  
*Chief Executive Officer*



**Philip Scruggs**  
*President & Chief Commercial Officer*



**Bart Lighthart**  
*Head of Trading and Portfolio Management*



**Joe Venuto**  
*Chief Technical Officer*



**Anton Joiner**  
*Chief Risk Officer*



**Brian Canniffe**  
*Group Treasurer*



**Peter Juhas**  
*Chief Financial Officer*

# AERCAP

Global Leader in Aviation

## AerCap Update

**Aengus Kelly**  
Chief Executive Officer



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

# Today's Key Messages



Aircraft leasing is a **growing industry**

AerCap is the **global leader** with a **superior platform**

Our portfolio is **high-quality** and **well-diversified**

**Culture of action** leads to superior performance

Track record of **long-term value creation** will continue

# Aircraft Leasing is a Growing Industry

## AIR TRAVEL MARKET IS GROWING

Air traffic has doubled every 15 years and this growth is forecast to continue



## MIDDLE CLASS IS GROWING AND FLYING

Over the next 20 years, the global middle class is expected to grow from 4 billion to 6 billion



## AIRLINES NEED OVER 44,000 NEW AIRCRAFT

In 2019, Boeing increased its 20-year forecast by 1,300 aircraft; Airbus increased its 20-year forecast by 1,800 aircraft



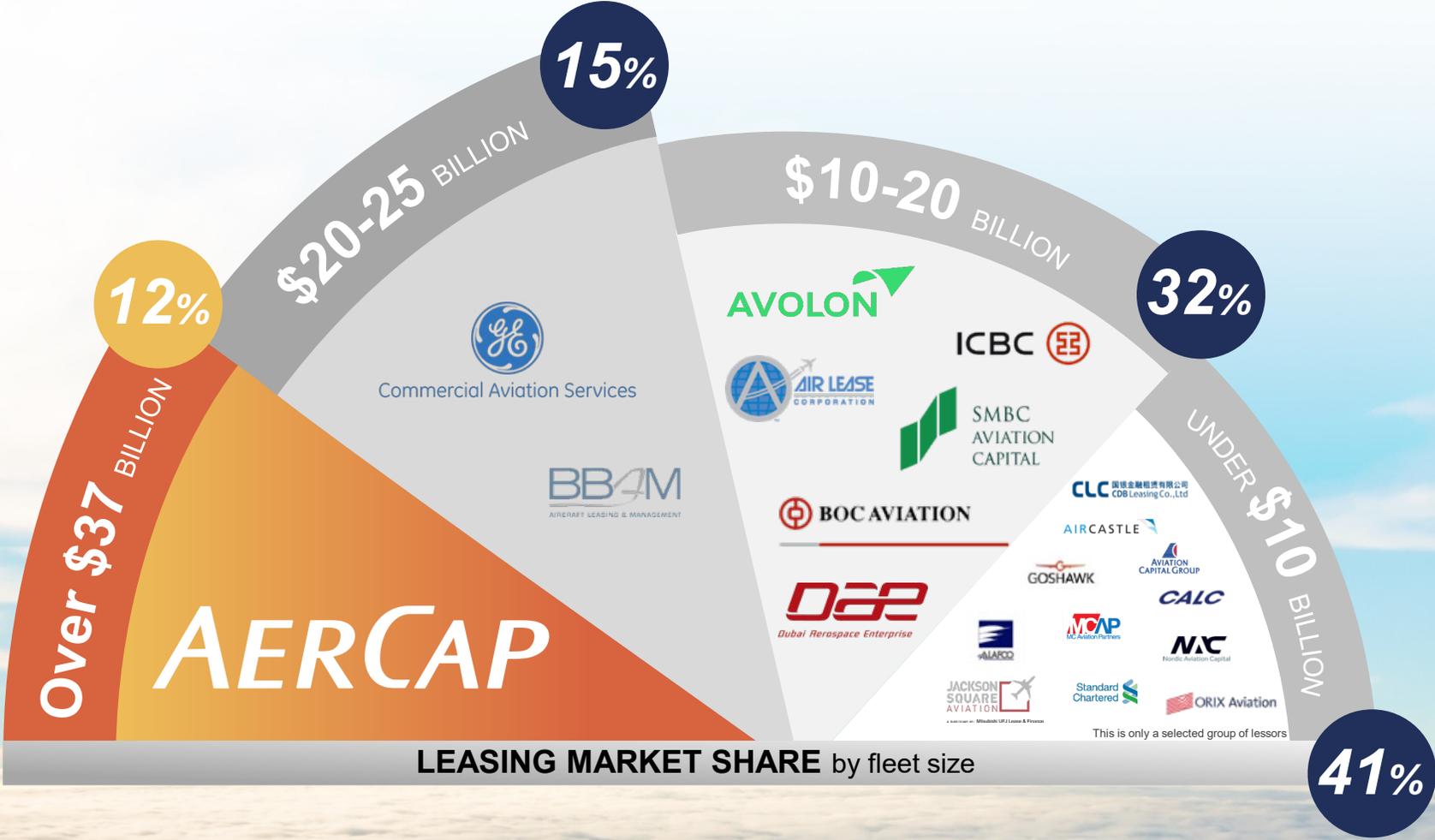
## INCREASING DEMAND FOR OPERATING LEASES

Over the past 20 years, the world fleet has doubled while the leased fleet has quadrupled



# AerCap is the Global Leader

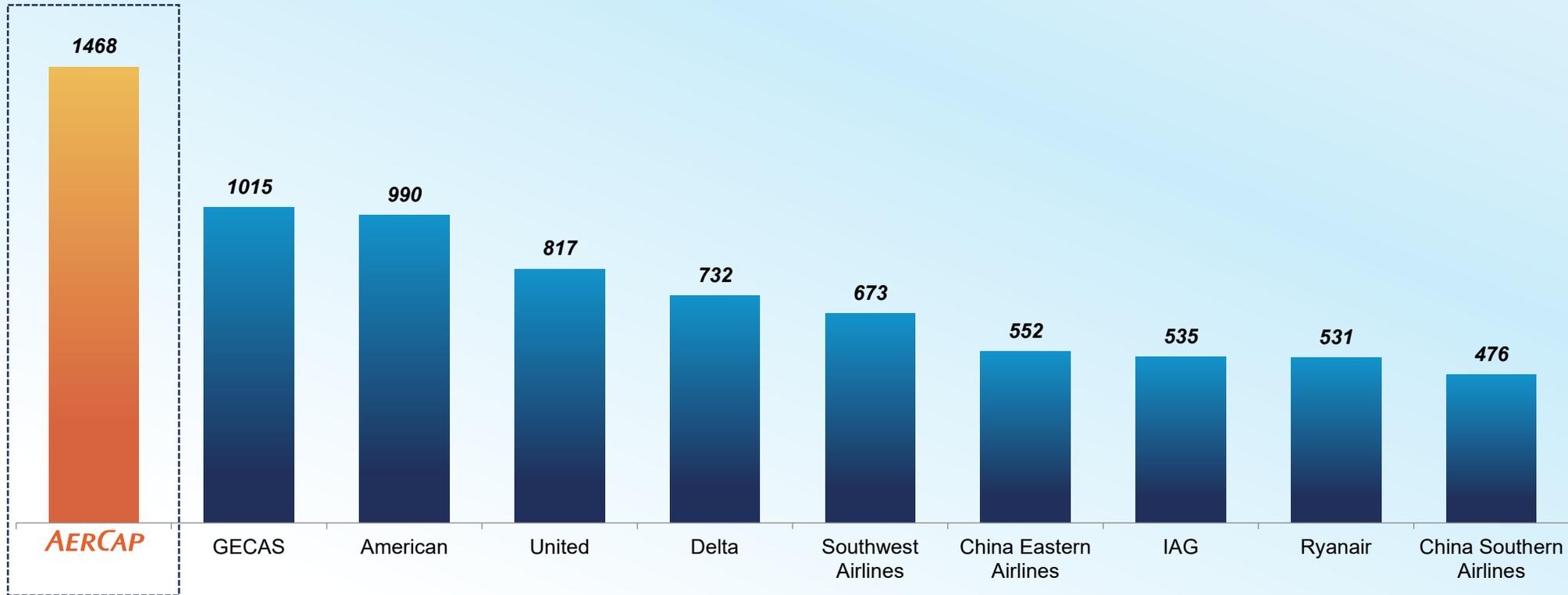
Total assets of over \$43bn, makes AerCap the largest aircraft lessor in the world



# AerCap is the Global Leader – Deliveries

Over the past 25 years, AerCap has been the largest customer of the OEMs

Deliveries from OEMs Since 1994



# Global Leader – The Past 5 Years



**>2,000 AIRCRAFT**

**>\$15 BILLION**

**>\$5 BILLION**

Purchased,  
leased or sold

Operating  
cash flow

Net income



**~\$10 BILLION**

**~\$23 BILLION**

**~\$4 BILLION**

De-levering  
3.8x to 2.7x

Capex

Returned to  
Shareholders

See Appendix for a reconciliation of Adjusted Debt / Equity Ratio to the comparable GAAP measure.

# Global Leader – Superior Platform

AerCap's superior platform delivers superior returns



# Culture of Action Drives Strong Performance

Our wealth of information allows us to act quickly and decisively



787  
Purchase

The icon features a blue airplane tail fin with the number '787' in white, set against a white circular background. Below the tail fin is a dark blue semi-circle containing the text '787 Purchase' in white.



Air Berlin  
Repossession

The icon features a red airplane tail fin with the Air Berlin logo in white, set against a white circular background. Below the tail fin is a dark blue semi-circle containing the text 'Air Berlin Repossession' in white.



Jet Airways  
Repossession

The icon features a black airplane tail fin with the Jet Airways logo in yellow and white, set against a white circular background. Below the tail fin is a dark blue semi-circle containing the text 'Jet Airways Repossession' in white.

# Culture of Action Mitigates Key Risks



**Credit**



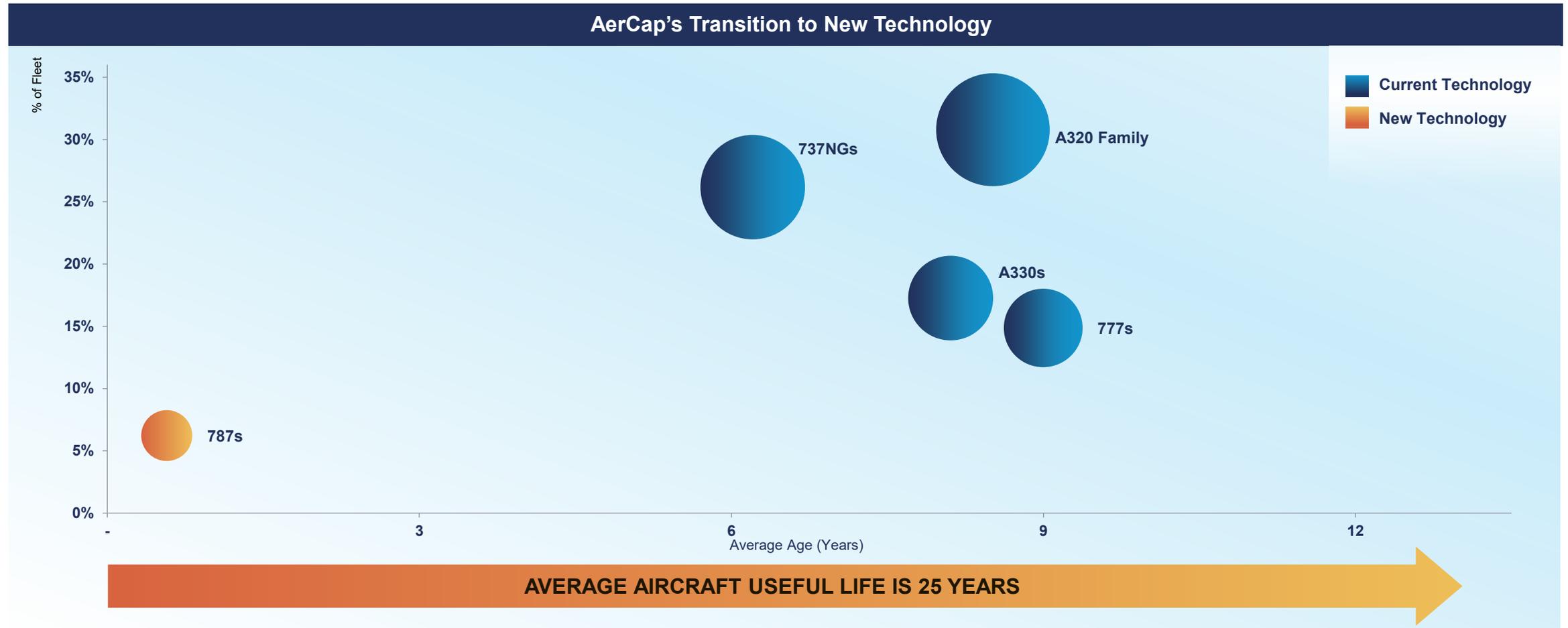
**Funding**



**Residual value**

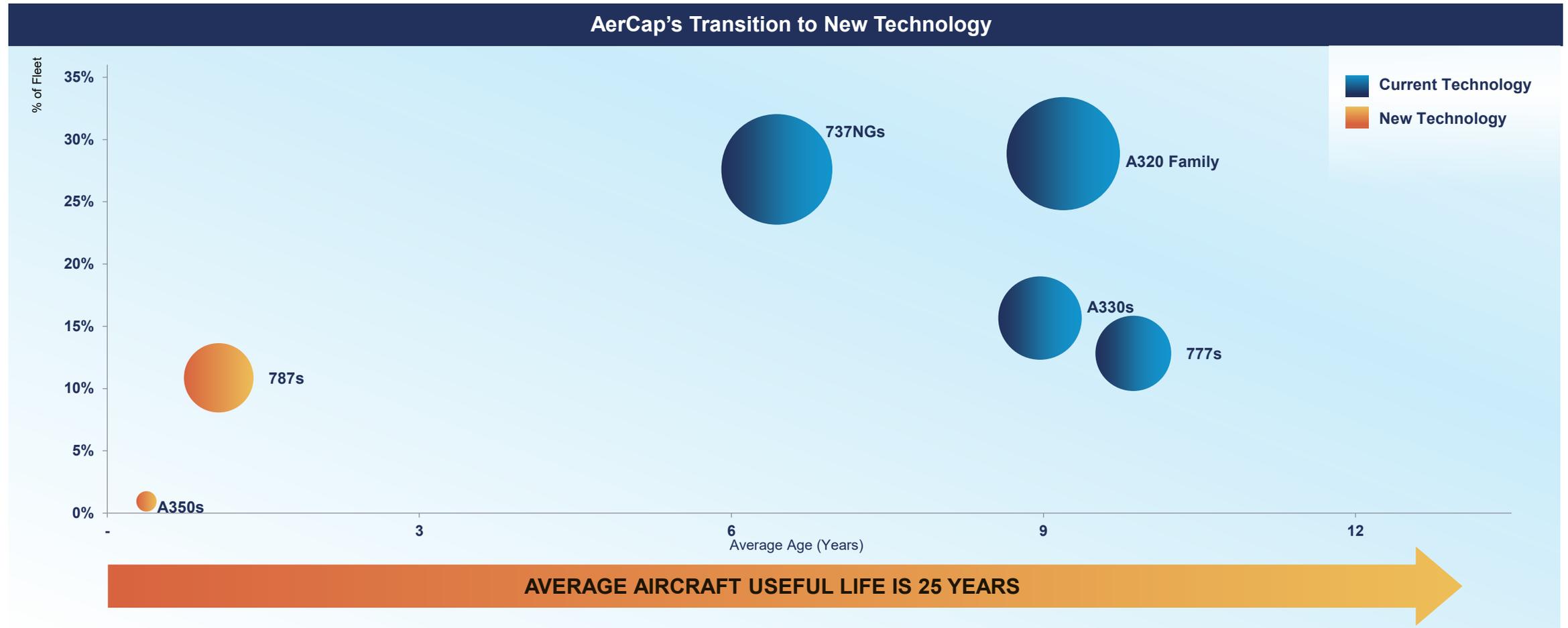
# AerCap Portfolio Transformation – 2014

In 2014, AerCap had an overall fleet average age of 7.7 years and lease term of 5.7 years



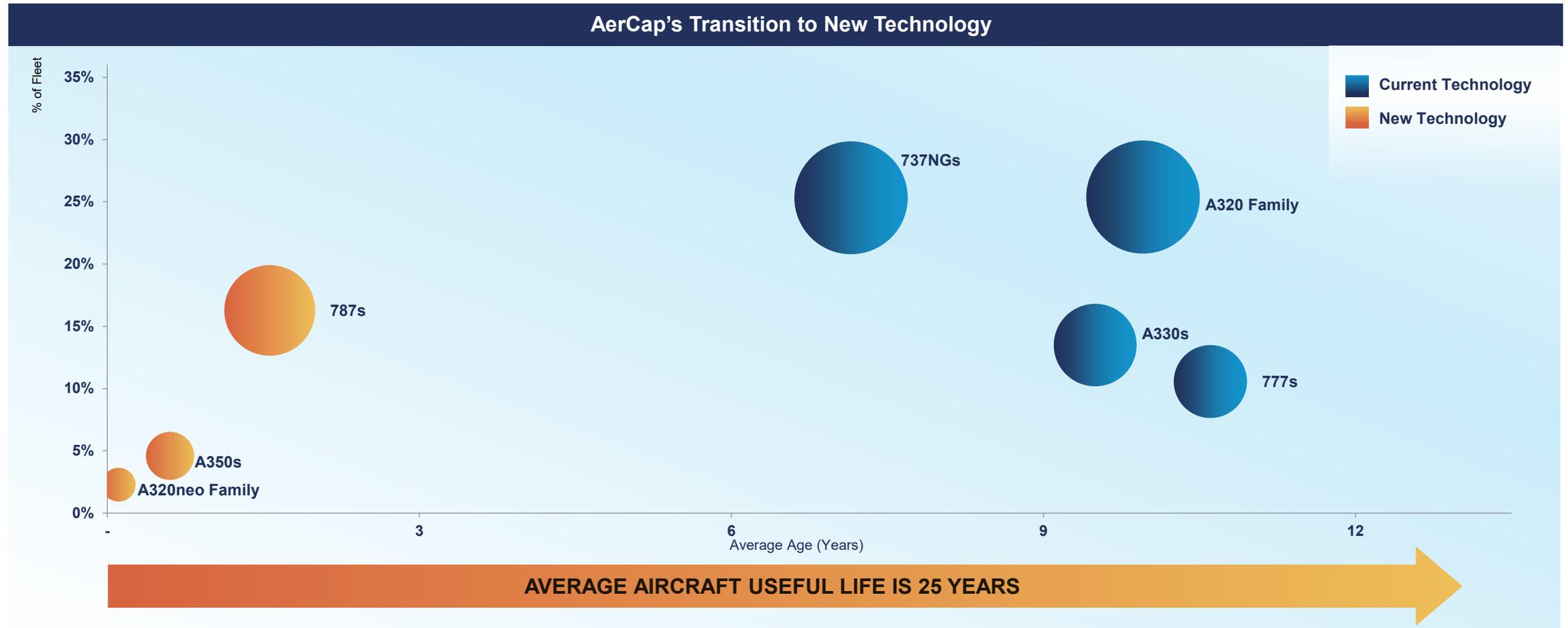
# AerCap Portfolio Transformation – 2015

In 2015, AerCap had an overall fleet average age of 7.7 years and lease term of 5.9 years



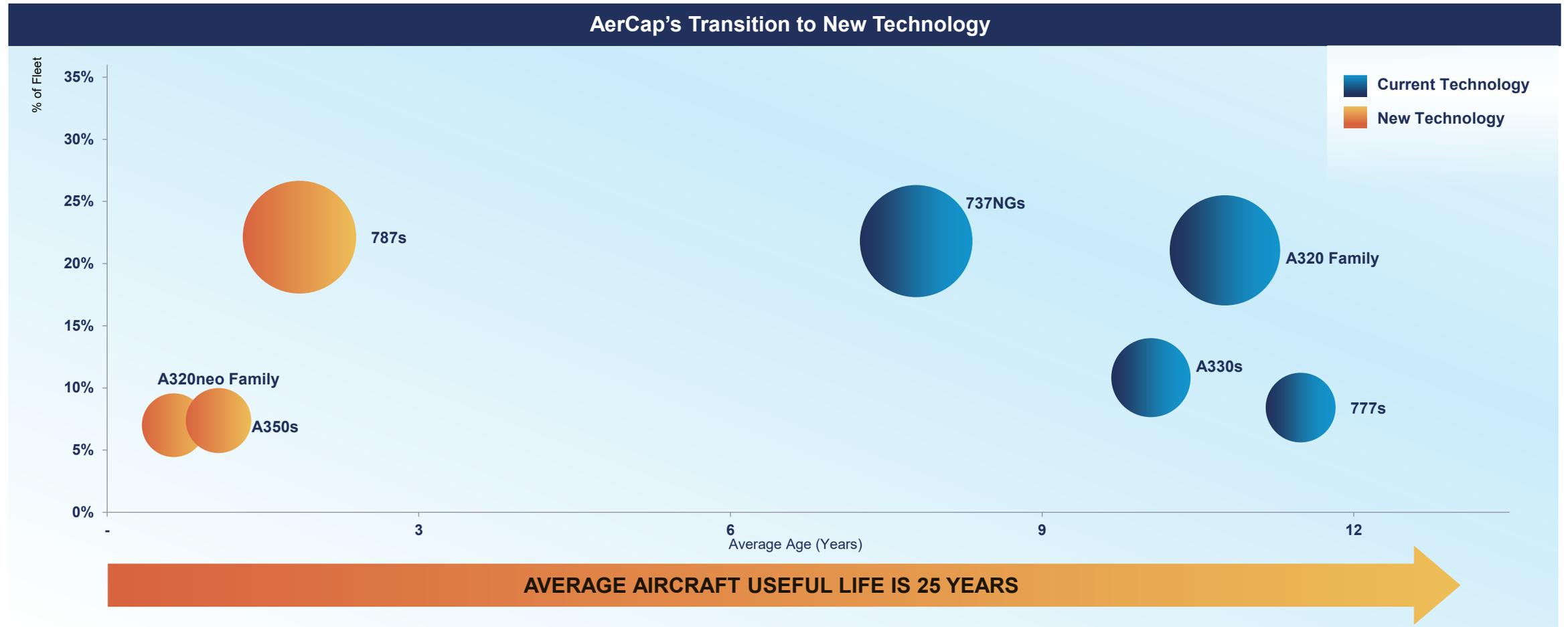
# AerCap Portfolio Transformation – 2016

In 2016, AerCap had an overall fleet average age of 7.4 years and lease term of 6.4 years



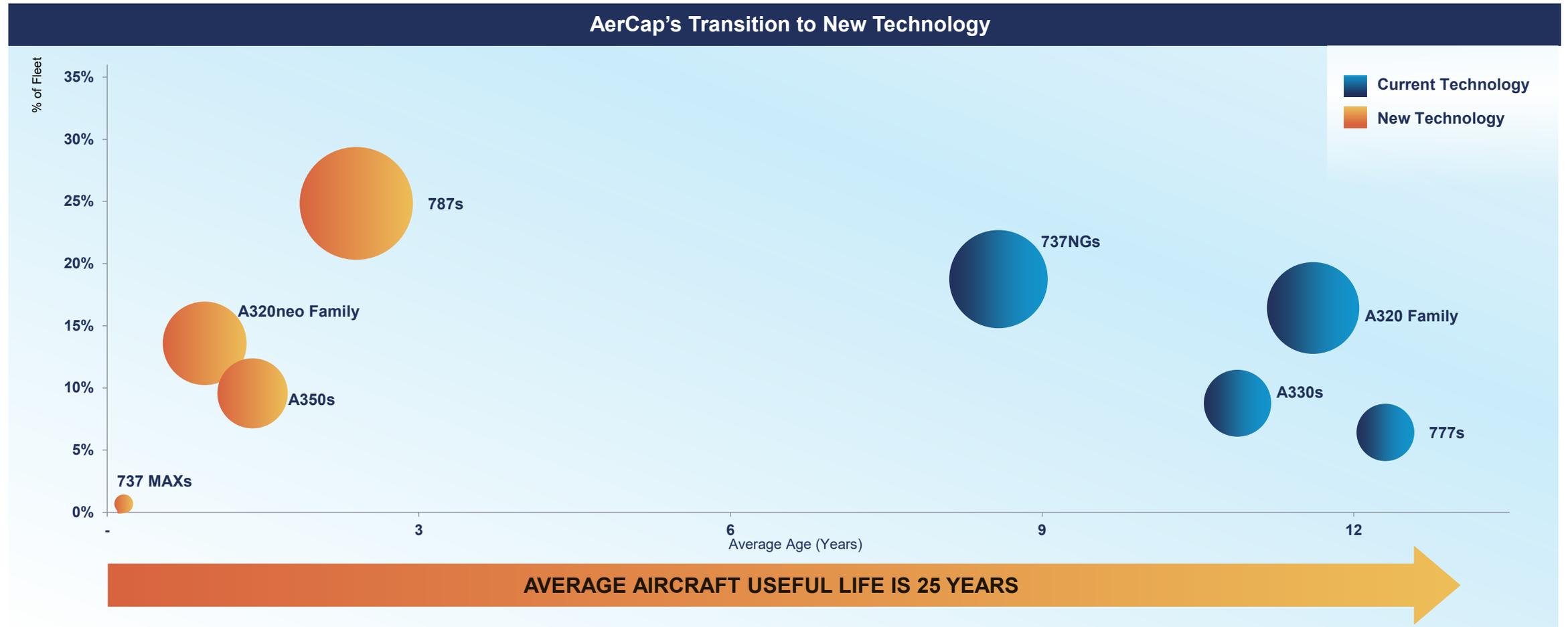
# AerCap Portfolio Transformation – 2017

In 2017, AerCap had an overall fleet average age of 6.8 years and lease term of 6.9 years



# AerCap Portfolio Transformation – 2018

In 2018, AerCap had an overall fleet average age of 6.3 years and lease term of 7.4 years



# AerCap Portfolio Transformation – 3Q 2019

Now - AerCap has an overall fleet average age of 6.2 years and lease term of 7.5 years

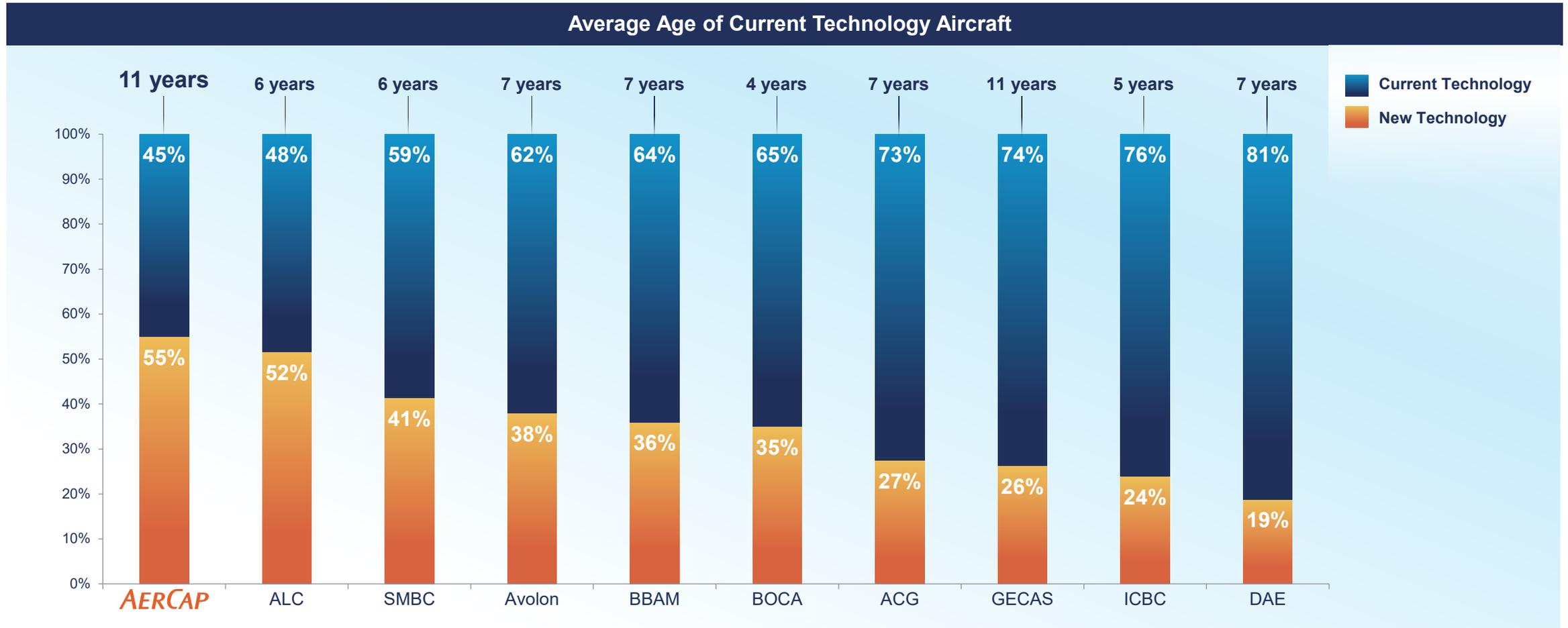
AerCap's Transition to New Technology



**AERCAP IS THE ONLY MAJOR LESSOR WITH 55% OF ITS FLEET CONSISTING OF IN-DEMAND NEW TECHNOLOGY AIRCRAFT**

# AerCap's High Quality Portfolio

**AerCap has the highest proportion of new technology aircraft among the top 10 lessors**



AerCap based on % of actual owned fleet NBV as of September 30, 2019. Others based on indicative market value of in-service and in-storage fleet per Cirium Fleets Analyzer as of September 30, 2019, AerCap estimates and actuals where available.

# Long-Term Value Creation Throughout the Cycle

AerCap's dynamic approach to capital allocation adds value throughout the cycle



# Long-Term Sustainable Returns

**AerCap's long-term focus is one of our core values**

## ENVIRONMENTAL



**Purchase only new-generation, fuel-efficient aircraft. By 2021, new technology aircraft will represent over two-thirds of our fleet.**



**~20% Fuel Burn Saving per Seat on New Technology Aircraft**



**Dublin Head Office LEED Platinum Certified**

## SOCIAL



**Encourage social mobility and contribute to the growth, affordability and accessibility of air travel.**



**Support the next generation of industry professionals through educational programs**



**Support a range of charities, globally match employee donations and strengthen communities in which we operate**

## GOVERNANCE



**Majority independent Board. Board is comprised of a distinguished, international group of directors with deep industry experience.**



**Increased Board diversity in 2019**

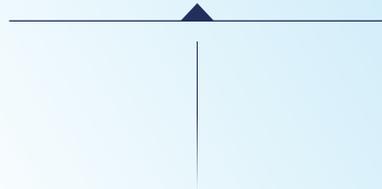


**Comprehensive Code of Conduct, strict internal controls and proactive risk management system**

# Well-Positioned for the Future



**NEW TECHNOLOGY  
AIRCRAFT AS % OF  
CURRENT FLEET NBV**



**CONTRACTED FUTURE  
LEASE REVENUES**



**AVERAGE  
LEASE END DATE**



# AERCAP

Global Leader in Aviation

## Leasing

**Philip Scruggs**

President & Chief Commercial Officer



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

# Introduction

---



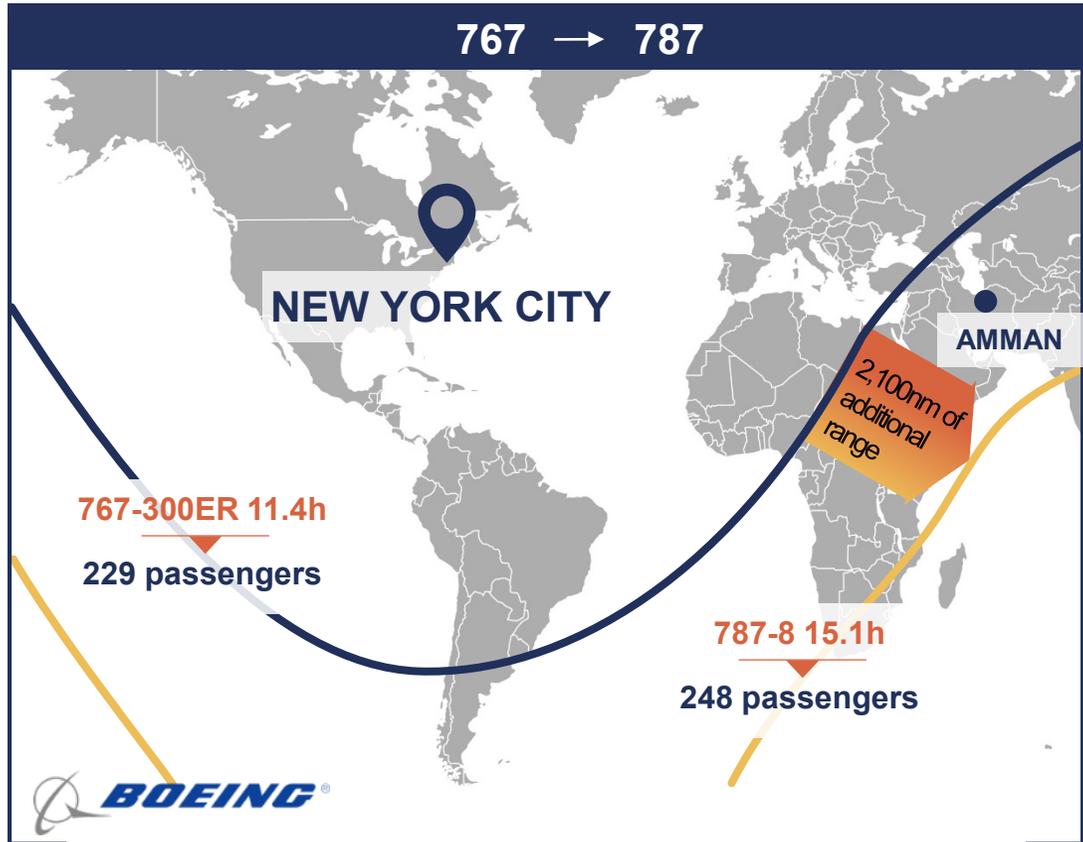
**Strong Demand for Aircraft**

**The AerCap Platform is a Competitive Advantage**

**Stable and Predictable Revenue**

# New Technology Stimulates Demand

## Greater range opens new routes

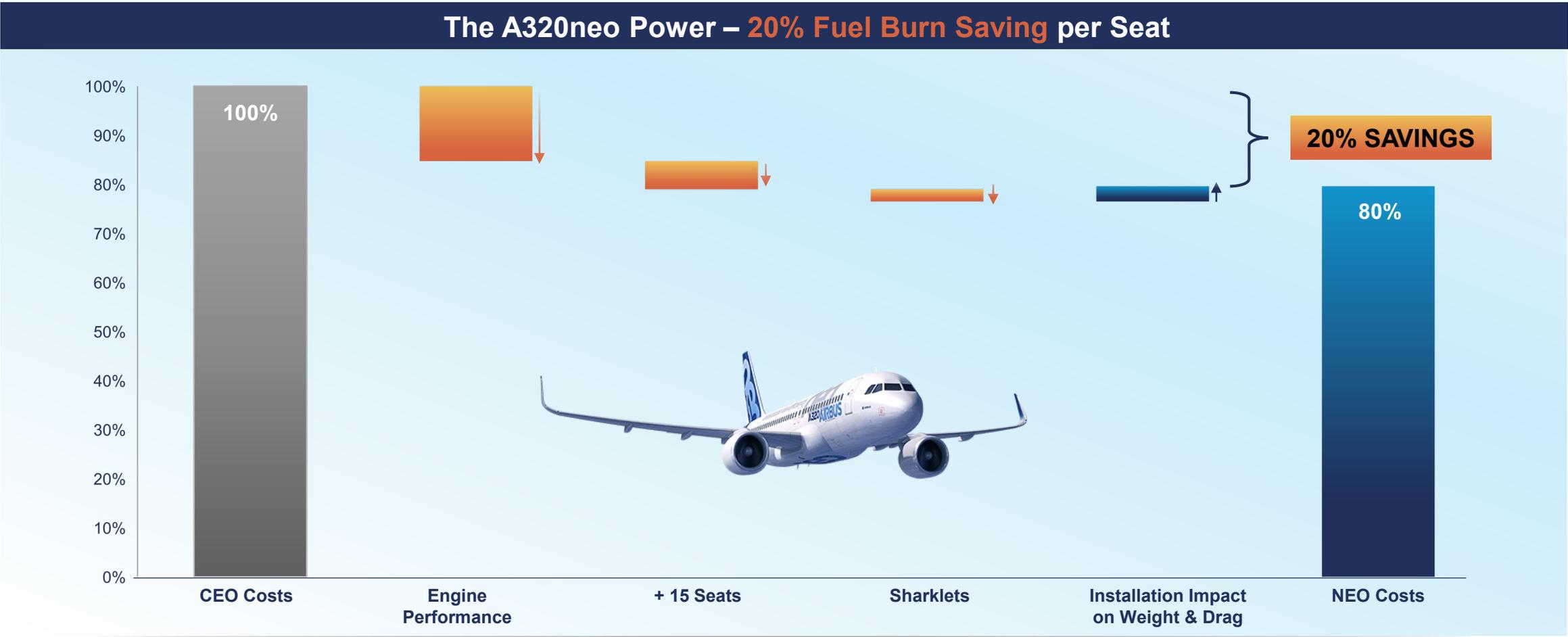


**SINCE ENTERING SERVICE, THE 787 HAS CONNECTED 235 NEW POINT-TO-POINT ROUTES**

For illustration purposes only – not a representation or warranty of actual performance.

# New Technology Stimulates Demand

More efficient new technology aircraft drive the replacement cycle



# The AerCap Advantage – Vision, Reach & Scale

Systematic aggregation and distribution of proprietary information



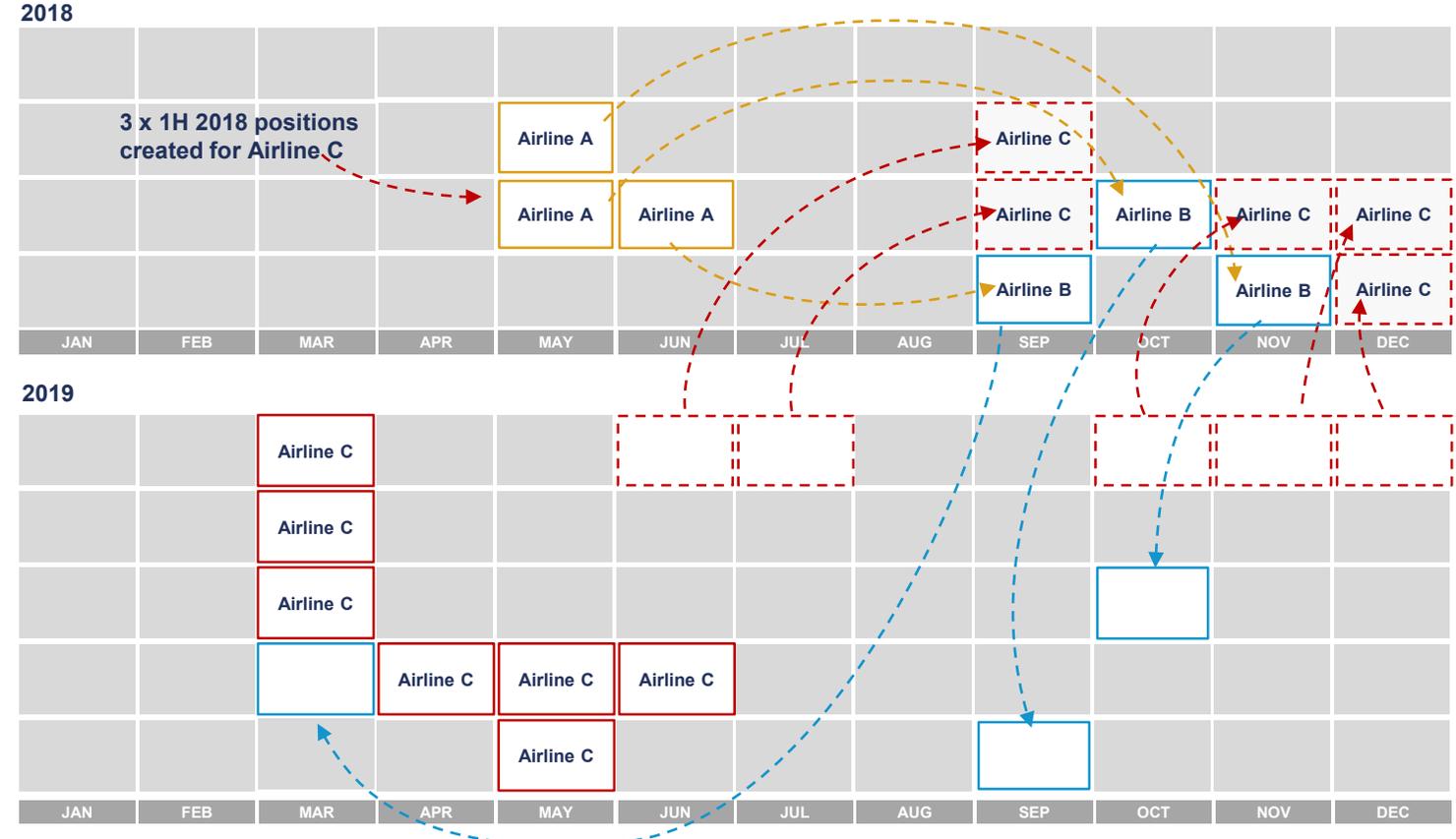
# The AerCap Advantage – Vision, Reach & Scale



Vision, reach and scale in an opaque market translates into the systematic, repeatable aggregation and distribution of information across the AerCap business that allows us to make better decisions.

# The AerCap Advantage – Vision

## Managing our order book to provide unique solutions to complex problems



**SCENARIO**

**Airline A:** Seeking deferral of 3 units from H1 to H2 2018

**Airline B:** Seeking deferral of 3 units from 2018 to 2019

**Airline C:** Seeking slots in 2018, but AerCap had no availability for NEO or MAX

**AERCAP'S COMPETITIVE ADVANTAGE**

- ▶ Delivery slots were accelerated into 2018
- ▶ Additional engines needed to be secured for incremental placement
- ▶ Model conversions were required
- ▶ Scale means we have a large enough backlog to meet customers' requirements (new and existing)

# The AerCap Advantage – Reach

LONG-STANDING RELATIONSHIPS			
Customer	Years of Relationship	Number of Aircraft	AerCap Lessor Market Position
 American Airlines	32	86	#1
 CHINA SOUTHERN AIRLINES	27	76	#1
 LATAM AIRLINES	22	23	#1
 四川航空 SICHUAN AIRLINES	24	30	#1
 Southwest	31	37	#1
 spirit airlines	16	21	#1
 THAI	22	6	#1
 virgin atlantic	31	13	#1

NEW RELATIONSHIPS		
Customer	Number of Aircraft	AerCap Lessor Market Position
 Azul Linhas Aereas Brasileiras	17	#1
 EGYPTAIR	6	#1
 Ethiopian የኢትዮጵያ	13	#1
 浙江长龙航空 LOONGAIR	6	#2
 RYANAIR	9	#2
 smartwings	7	#1
 S7 Airlines	27	#1
 vueling	16	#1

# The AerCap Advantage – Scale

## AerCap's scale facilitates large, complex deals

### Access to Modern, Fuel-Efficient Aircraft



**8 new Boeing 787-9s &  
15 new Airbus A320neo Family**

- ✓ Access to AerCap's diverse order book
- ✓ Leverage AerCap's unique relationship with OEM's to provide attractive delivery slots
- ✓ Solidify AerCap's position as a key business partner for future transactions

### Access to a Diverse Portfolio of Used Aircraft



**25 used Airbus A319s**

- ✓ Ability to deliver transactions of scale making significant contributions to fleet reorganization
- ✓ Install used aircraft to complement airline's existing order book and adjust fleet to market demand
- ✓ Utilize in-house technical transition experience

# Stable and Predictable Revenue

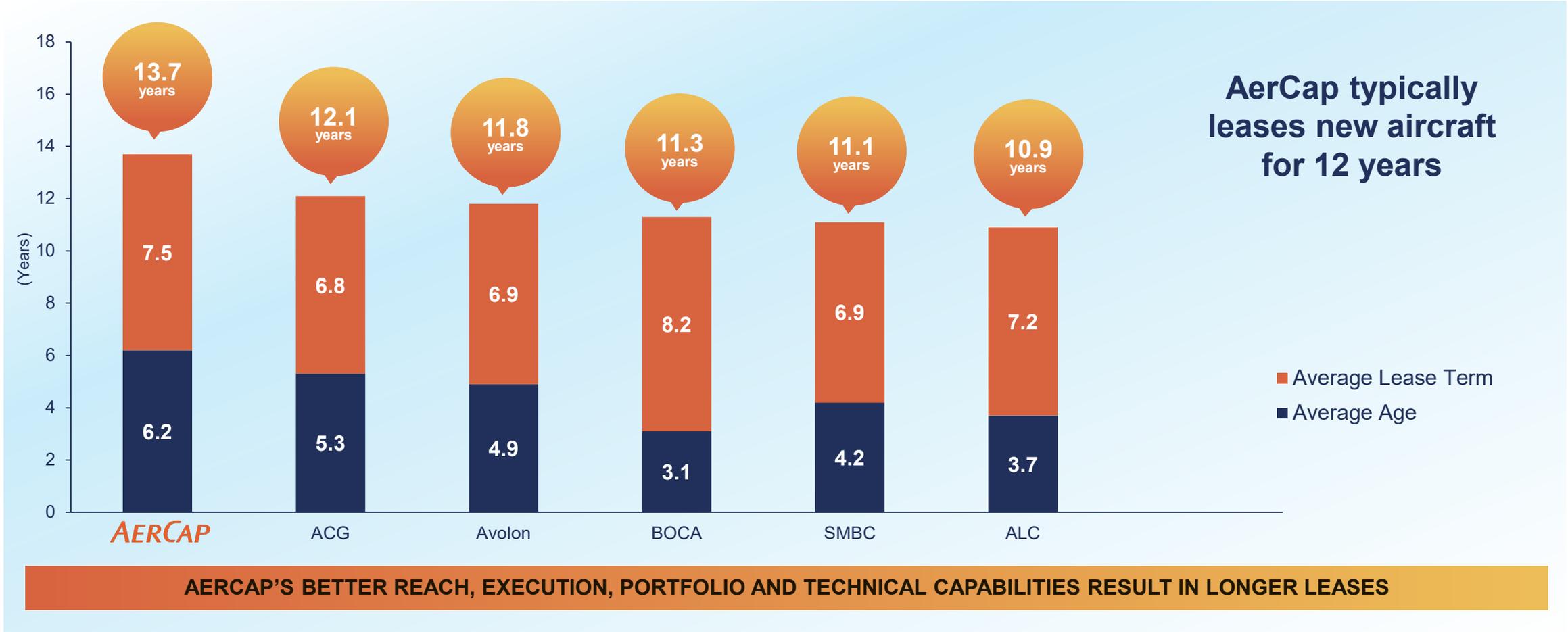
## Early placements drive stability



**OVER THE LAST 2 YEARS, AERCAP HAS EXECUTED OVER 466 LEASE TRANSACTIONS  
AERCAP HAS ONLY 100 AIRCRAFT LEFT TO LEASE OVER THE NEXT 2 YEARS**

# Stable and Predictable Revenue

## Long lease terms drive predictability



# Clear Visibility of Top Line Revenue



Refer to slide 2: Disclaimer incl. Forward Looking Statements & Safe Harbor.

# Conclusions

---



**Strong Demand for Aircraft**

**The AerCap Platform is a Competitive Advantage**

**Stable and Predictable Revenue**

# AERCAP

Global Leader in Aviation

## Portfolio Management

**Bart Ligthart**  
Head of Trading and Portfolio Management



# Introduction



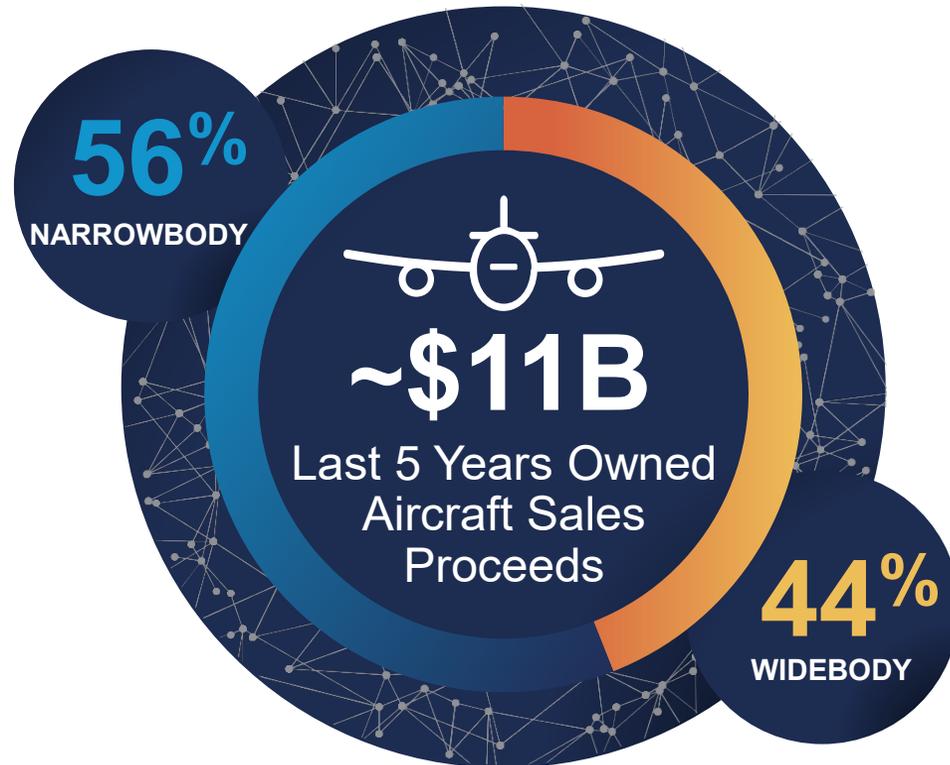
**Liquid Market for Aircraft Sales**

**Proven Aircraft Selection Process and Execution**

**Deep and Stable Buyer Base**

# Last 5 Years Trading Track Record

AerCap is the dominant player in mid-life aircraft sales



FOCUS ON MID-LIFE AIRCRAFT TO IMPROVE  
OVERALL QUALITY OF OUR PORTFOLIO AND EARNINGS



**521**

Includes 451 Owned  
and 70 Managed Aircraft



**15 YEARS**

Average Age of Aircraft Sold



**~9%**

Average Gain on Sale

# Repeatable Sales Performance

AerCap's trading results since 2006 have been consistent and repeatable



Owned Aircraft  
Sales Proceeds



Owned & Managed  
Aircraft Sold



Average  
Gain on Sale



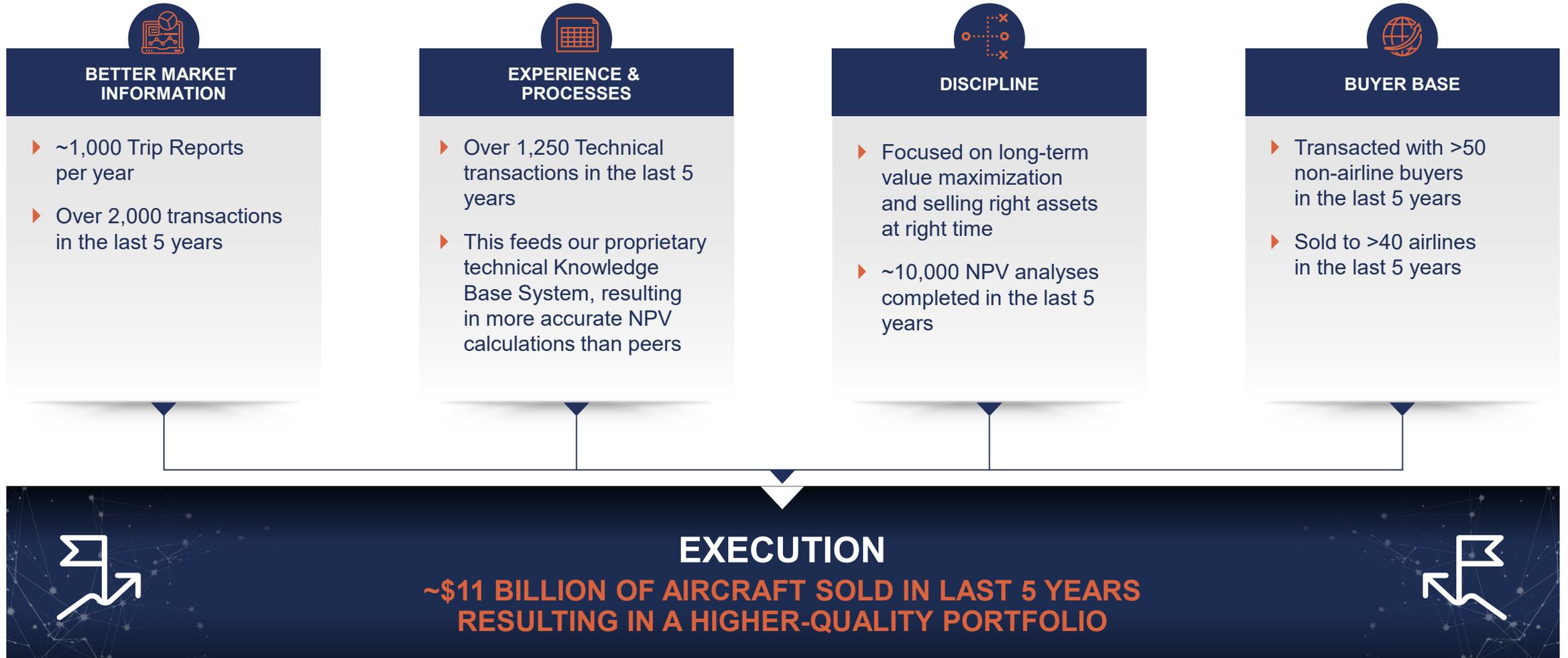
Average Sale Premium  
to Book Equity Value

# Realizing Platform Value

AerCap's platform ensures consistent and repeatable sales results

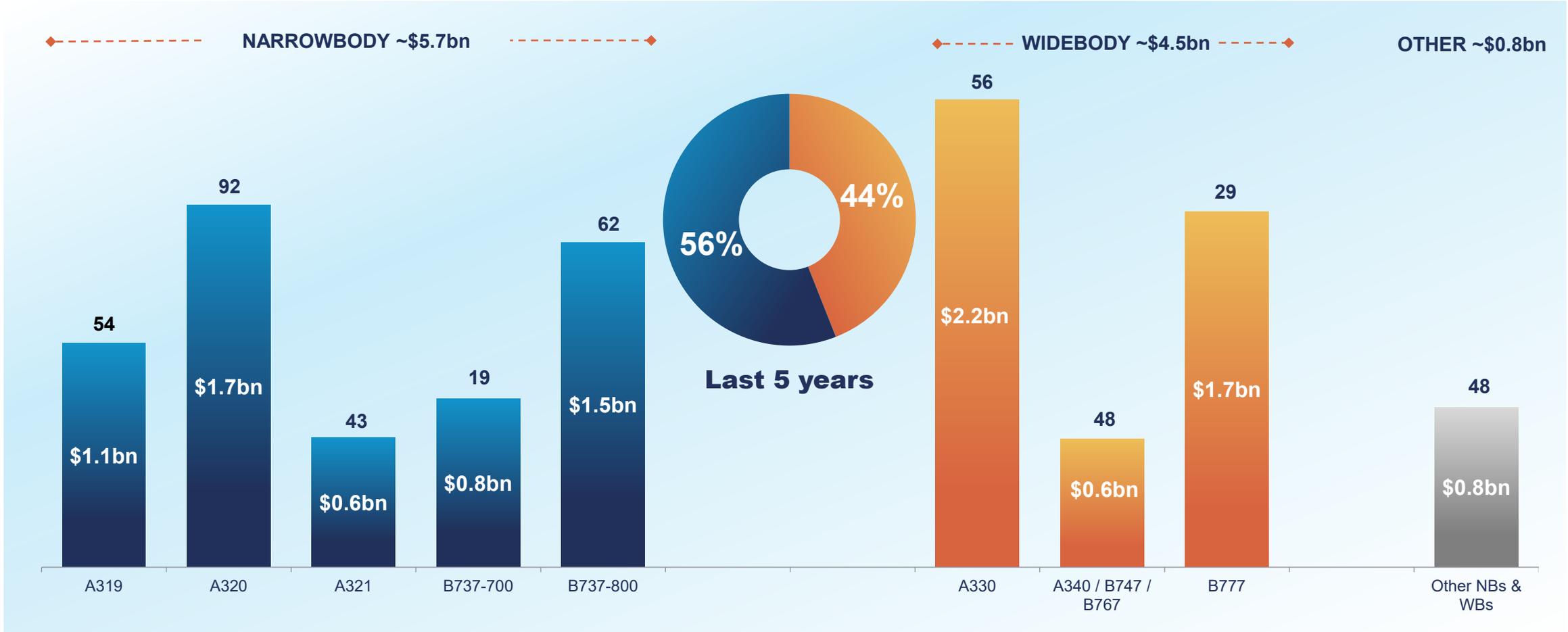


# Aircraft Selection Process



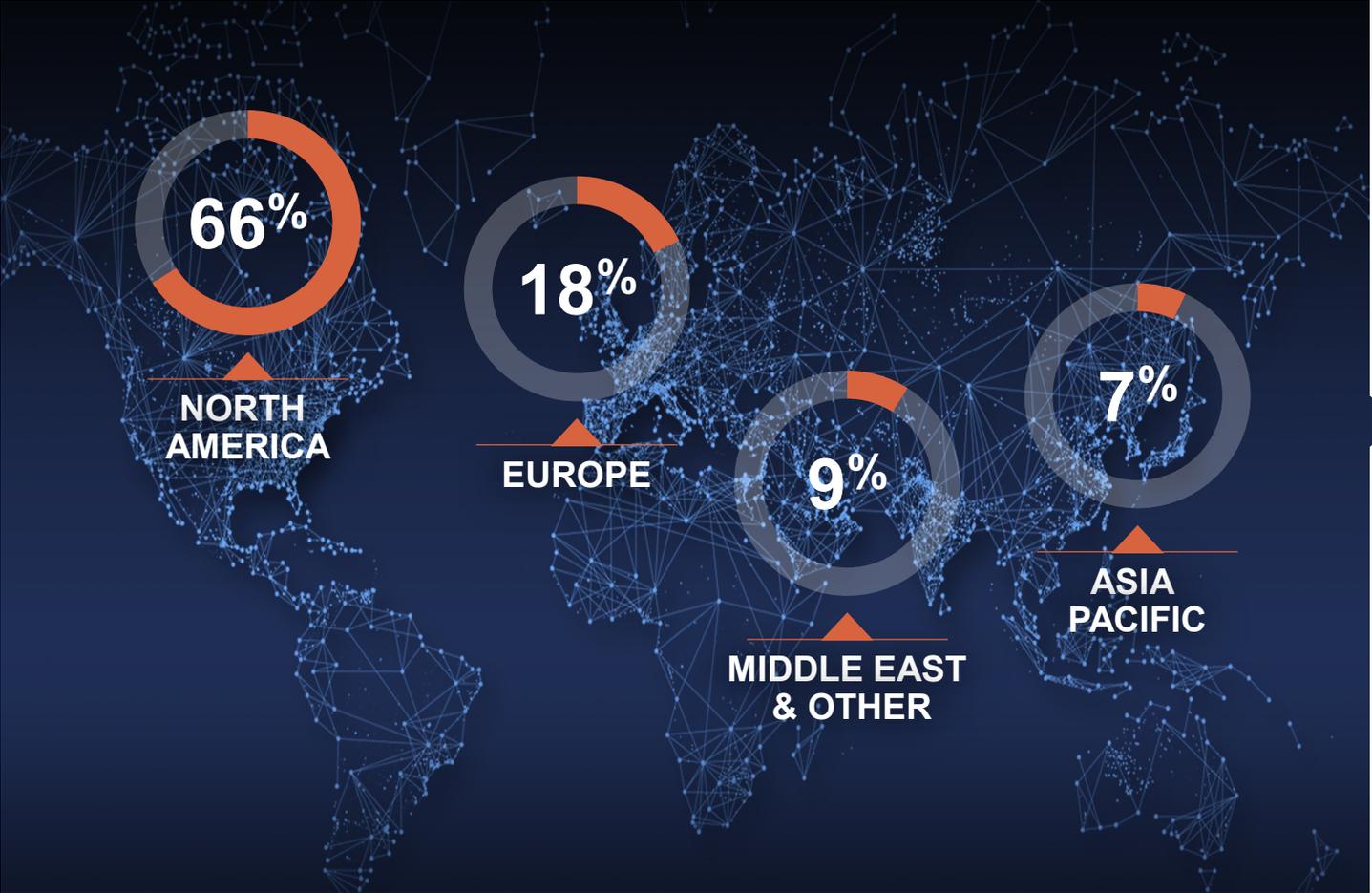
# Disciplined Sales Program

Disciplined sales approach in line with portfolio transformation strategy



# Trading Depth, Scale & Diversification

Global buyer base has developed over the last 5 years of proactive trading



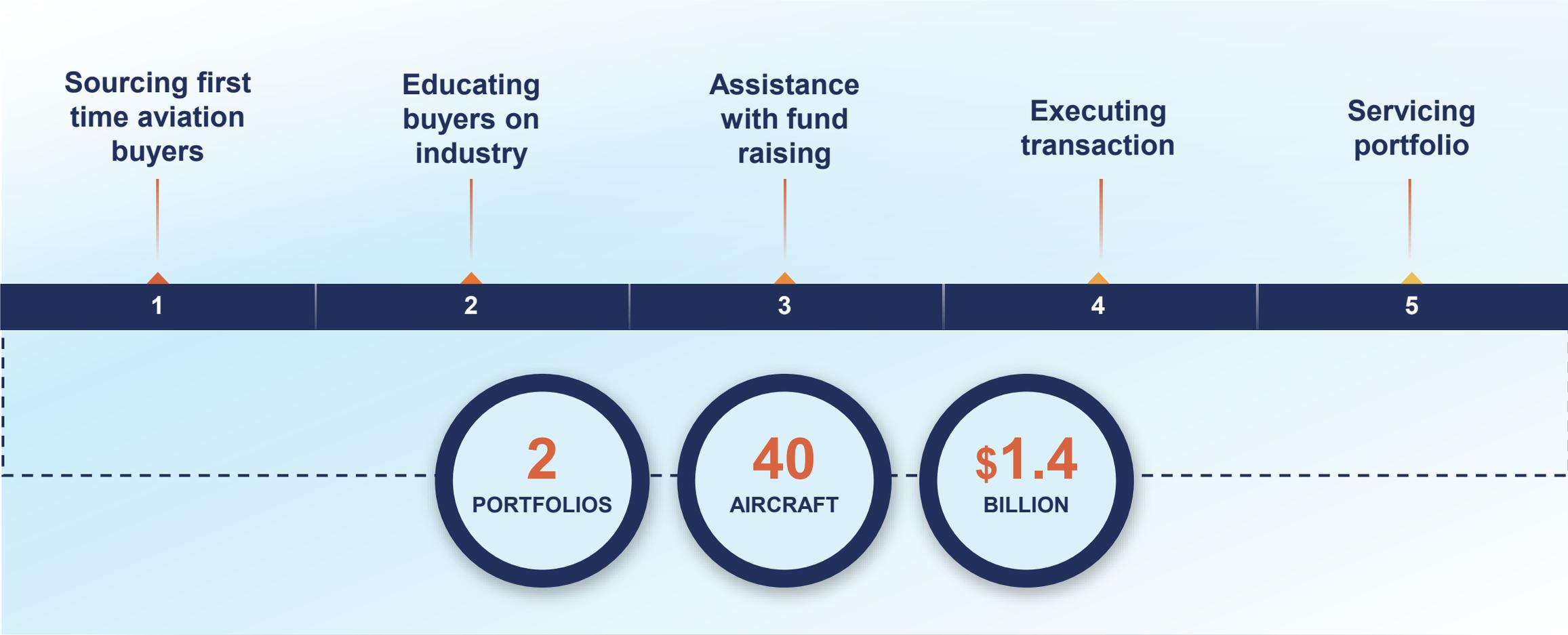
# The Business Case for Aircraft Investments

## Investment rationale is different across investor spectrum

% of AerCap Sales		Investor Segment	Investment Rationale
14%	0 – 8 YEARS	<ul style="list-style-type: none"> <li>▶ Far East / High Growth Lessors</li> <li>▶ Established Lessors</li> <li>▶ Retail Products</li> </ul>	<ul style="list-style-type: none"> <li>▶ Strategic Growth / Scale Up</li> <li>▶ Stable Long-Term Contracted Cash Flows</li> </ul>
60%	8 – 15 YEARS	<ul style="list-style-type: none"> <li>▶ Institutional Investors</li> <li>▶ Insurance</li> <li>▶ Pension Funds</li> <li>▶ Established Lessors</li> </ul>	<ul style="list-style-type: none"> <li>▶ Stable Medium-Term Contracted Cash Flows</li> <li>▶ Strong Current Yield</li> <li>▶ Low Volatility Returns</li> </ul>
22%	15 – 20 YEARS	<ul style="list-style-type: none"> <li>▶ Hedge Fund High Yield Desks</li> <li>▶ Specialized Lessors</li> </ul>	<ul style="list-style-type: none"> <li>▶ High Yield Bond Equivalent Transaction</li> </ul>
4%	20+ YEARS	<ul style="list-style-type: none"> <li>▶ Airline Purchases at Lease-End</li> <li>▶ Part-Out</li> </ul>	<ul style="list-style-type: none"> <li>▶ Spare Aircraft for Airlines</li> <li>▶ High Yield All-Equity Transactions</li> </ul>

# Stimulating Demand from New Buyers

2 large portfolios sold to new entrant NCB Capital, the largest bank in Saudi Arabia



# Conclusions



**Liquid Market for Aircraft Sales**

**Proven Aircraft Selection Process and Execution**

**Deep and Stable Buyer Base**

# AERCAP

Global Leader in Aviation

Technical

**Joe Venuto**  
Technical



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

# Introduction



**Depth and Experience of Technical Team**

**Unmatched Proprietary Systems and Information**

**Technical Team is Involved in all Asset Decisions of the Company**

**Capability Drives Portfolio Optimization and Financial Benefit for AerCap**

# AerCap's Technical Expertise

Average  
experience of

**~27**  
YEARS

Knowledge  
Base System (KBS)

**>1,250**  
EVENTS

Team size

**~100**  
PEOPLE

Completed

**>600**  
AIRCRAFT  
TRANSITIONS

**OUR TECHNICAL TEAM SIZE IS LARGER THAN MOST OTHER LESSORS' ENTIRE STAFF**

# Critical Information Advantage



# Technical Monitoring, ~\$1 Billion Budget

AerCap actively monitors maintenance events across all aircraft components

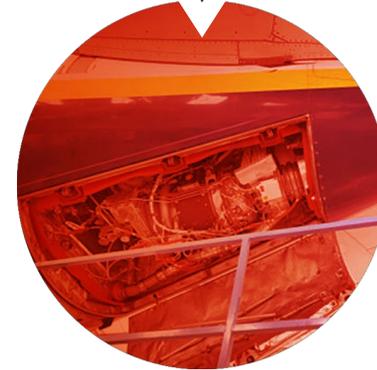
Airframes



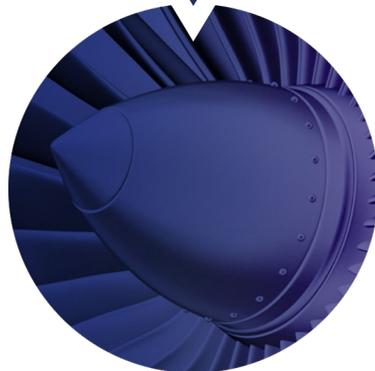
Landing Gear



APU



Engines



Engine LLPs



# Portfolio Optimization Case Studies



**18 x A319s and  
12 x B737s**  
Transitioned from Asia  
to United and  
Southwest

**Boeing 767**  
Engine exchange



**>\$70m**  
BENEFIT



**Boeing  
777-200ER**

Retirements and engines  
utilized elsewhere in fleet

**777-300ER  
Galley**

Designed  
engineering solution



# Types of Aircraft Transitions



Scheduled return and delivery.  
The “Tricky Triangle” – different objectives



Non-scheduled aircraft repossession (prior to lease expiry date) due to lessee default or other circumstances



Cooperative discussions that result in an aircraft coming back early. Includes compensation negotiations

# Conclusions



**Depth and Experience of Technical Team**

**Unmatched Proprietary Systems and Information**

**Technical Team is Involved in all Asset Decisions of the Company**

**Capability Drives Portfolio Optimization and Financial Benefit for AerCap**

# AERCAP

Global Leader in Aviation

## Risk

**Anton Joiner**  
Chief Risk Officer



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

# Introduction



**Diversification and Quality**

**Scale and Agility**

**Culture of Action**

# Pivotal Role of Risk Management

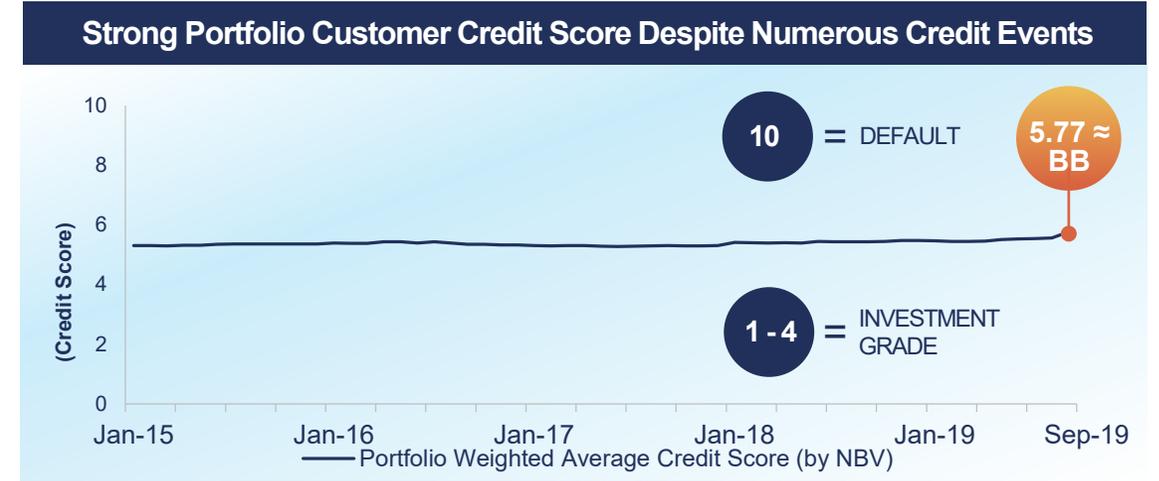
Multi-disciplinary approach to customer credit management



THROUGH OUR DAILY AIRLINE INTERACTIONS, AERCAP HAS UNMATCHED VISIBILITY ON MARKET DEVELOPMENTS

# Credit Strength and Diversity

## Strong underlying lessee credit quality despite challenges for certain airlines



### Customer Diversity

Customer	% Rent	Dominant Position
American Airlines	7.1	✓
AIRFRANCE	4.3	✓
CHINA SOUTHERN AIRLINES	4.2	✓
Emirates	4.1	✓
LATAM AIRLINES	3.9	✓

### Customer Geographic Diversity

Country	% Rent	# of Carriers
China (incl. Hong Kong & Macau)	14.1	20
United States	11.6	8
Russia	7.3	12
France	6.7	7
United Kingdom	4.7	8

# Active Use of Lease Protections

Sample Lease Protections					
Full operational indemnities	Restriction on removal of parts	Ability to ground aircraft	Advance rental payment	Lessor's power to de-register	"Hell or high water" payment clause
Lessee hull loss, war risk and liability insurance	Maintenance Reserves 	Security Deposits 	Strict maintenance standards 	Detailed return conditions 	Entire cost of operation to lessee
Electronic records	Governing law (U.S./U.K.)	Numerous separate events of default	Restriction on habitual base	MAC clause	Rights of set-off

**ADDITIONAL TOOLS:** cash flow security assignments, third country registry, guarantees

**EXPERIENCE USING LEASE PROTECTIONS AND WILLINGNESS TO INVOKE CLAUSES GIVES AERCAP A COMPETITIVE ADVANTAGE**

# Repossession Management

AerCap has successfully repossessed aircraft in challenging jurisdictions



AerCap has repossessed

**>125**

Aircraft

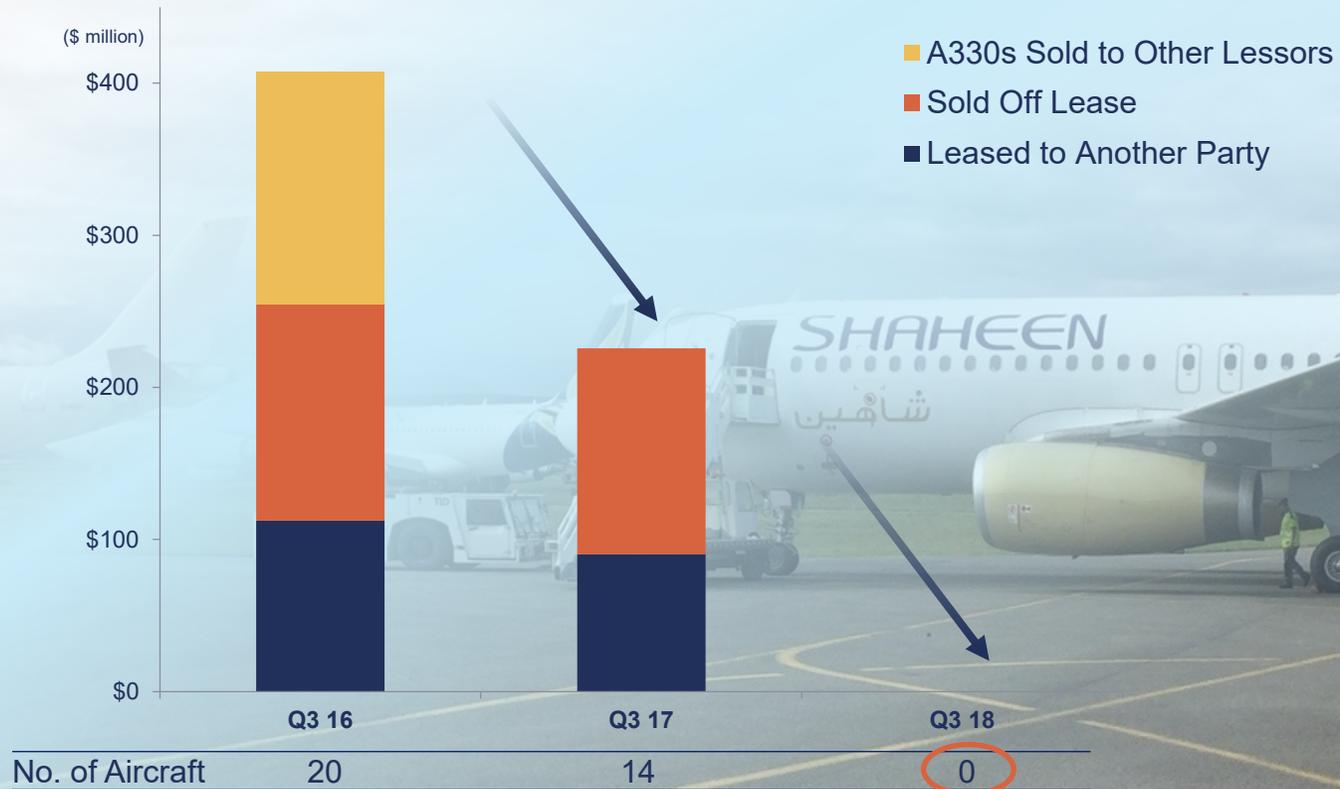
from

**>40**

Airlines

# Scale and Agility in Action: Shaheen

Example of our ability to de-risk effectively in a challenging environment



▶ **Peak exposure of 20 aircraft with a NBV of ~\$400m at Sept. 30, 2016**

▶ **Process**

- ▶ Sell down
- ▶ Continually re-marketing
- ▶ Extraction
- ▶ Liquidation and re-lease

▶ **Structuring a repossession of this magnitude requires:**

- ▶ Closure of asset sales
- ▶ Titled property re-alignment
- ▶ Record scanning, recovery and reconciliation

**MAJORITY OF NARROWBODY AIRCRAFT RETAINED IN PORTFOLIO WERE LEASED TO A BBB+ AIRLINE**

# Scale and Agility in Action: Primera

**Decisive action and preparation are key components of a successful aircraft repossession**

AerCap had 3 aircraft on lease when Primera filed for bankruptcy – effective risk mitigation began 2 months prior to bankruptcy



**Bankruptcy Filing**



4 hours before filing – leases terminated, avoiding UK CAA fleet lien, recovery team dispatched

Aircraft located and local technical access secured

+12 hours – records removed

+18 hours – 1st aircraft ferried

+24 hours – 2nd aircraft released by Danish administrator

+36 hours – all aircraft ferried and liens avoided



# Results of Active Risk Management



# Conclusions



**Diversification and Quality**

**Scale and Agility**

**Culture of Action**

# AERCAP

Global Leader in Aviation

## Funding & Liquidity

**Brian Canniffe**  
Group Treasurer



# Introduction



**Broad and Growing Financing Market**

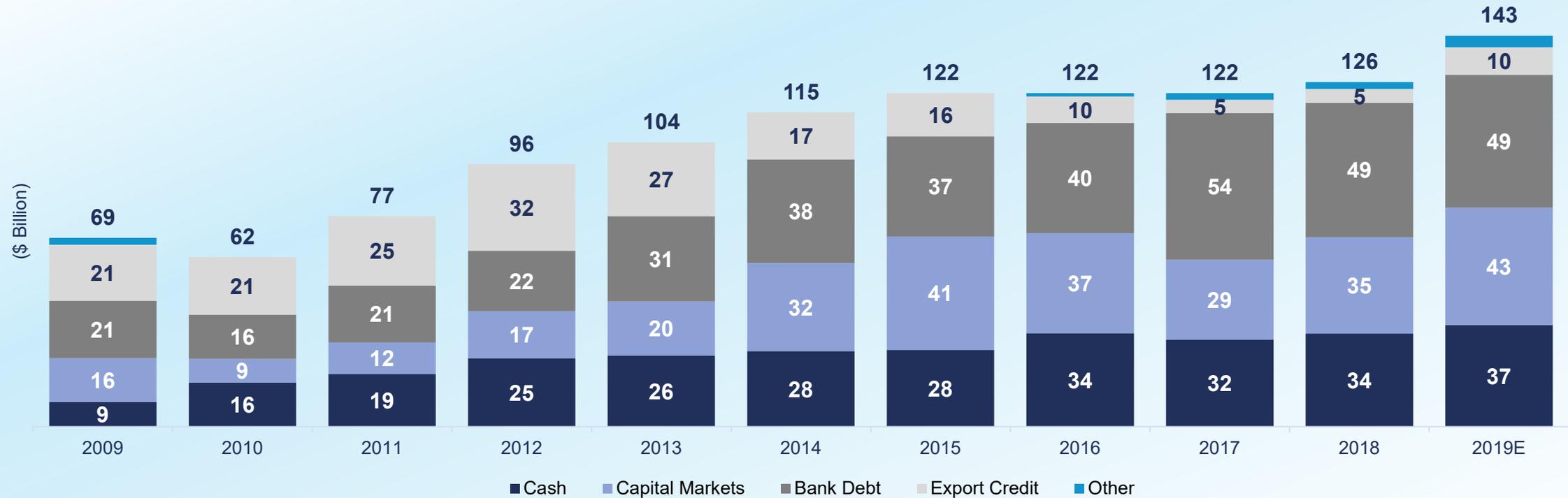
**Diversification of Capital Structure**

**Upward Ratings Trajectory**

# Evolution of Aviation Financing

New aircraft delivery financing has doubled over the past decade

Sources of Delivery Financing



AVIATION FINANCING IS NOW A MORE FINANCEABLE ASSET CLASS

# Conservative Approach to Liquidity & Funding



See Appendix for a reconciliation of Adjusted Debt / Equity Ratio to the comparable GAAP measure.

# AerCap's Diversified Capital Structure

4Q 2009

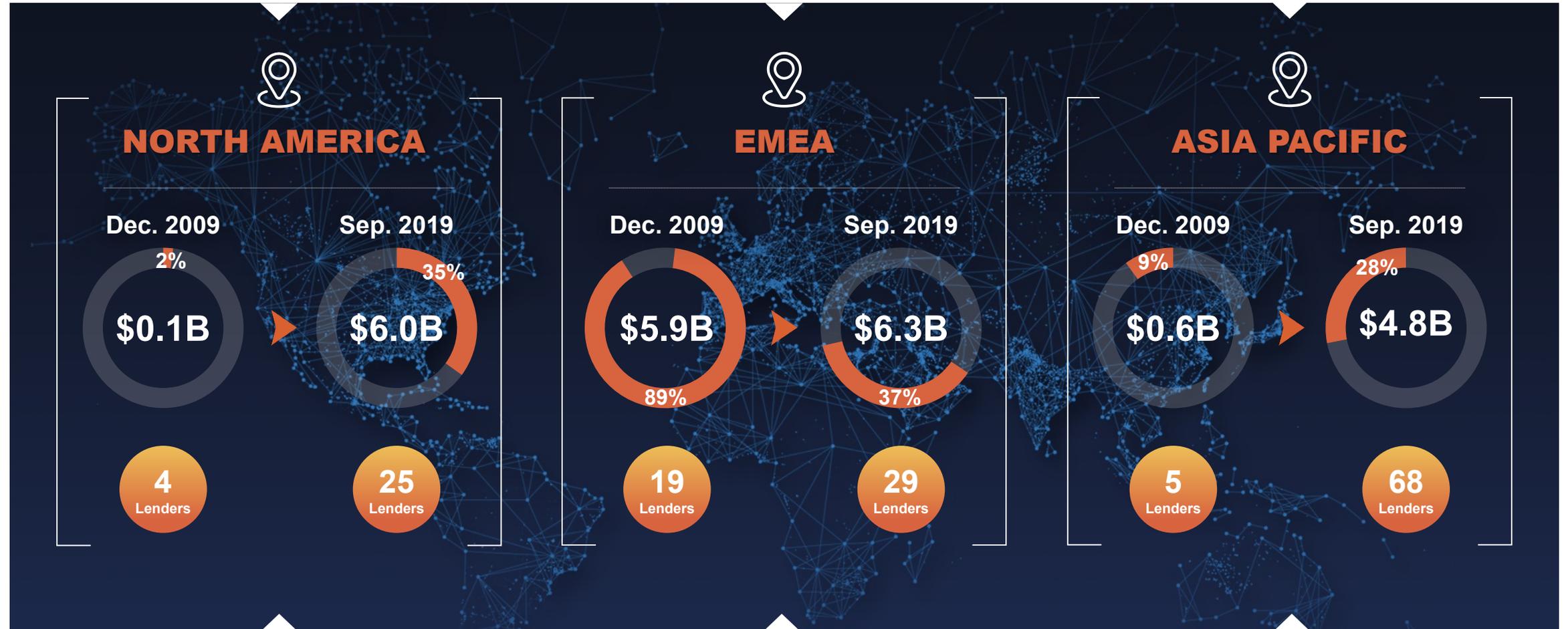


3Q 2019



# Diversified Funding Footprint

AerCap's banking group is geographically diversified



# Benefits of Secured Funding

AerCap has reduced secured debt-to-total assets to ~24% at September 30, 2019



**DIVERSIFICATION**



**PRICING**



**AMORTIZING**



**FLEXIBILITY**



**DEEP SUPPLY**

# Industry Leading Liquidity Position

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

Liquidity Levels and Coverage from 3Q14 to 3Q19



**AERCAP HAS CONSISTENTLY MAINTAINED STRONG LIQUIDITY COVERAGE EVERY QUARTER**

# Upward Ratings Trajectory

AerCap's credit metrics have continued to improve, leading to positive rating actions

**S&P Global**  
Ratings

**BBB**  
**Stable**

**Upgraded**

**MOODY'S**

**Baa3**  
**Positive**

**Positive**  
**Outlook**

**FitchRatings**

**BBB-**  
**Stable**

Fitch Criteria	
2.7x Debt/Equity Ratio	✓
Differentiated Risk Management	✓
Liquid Aircraft Portfolio	✓
Robust Liquidity Policy	✓
Average Age approaching 6 years	✓
Unsecured Debt approaching 90%	✓

# Conclusions

---



**Broad and Growing Financing Market**

**Diversification of Capital Structure**

**Upward Ratings Trajectory**

# AERCAP

Global Leader in Aviation

## Financial Outlook

**Peter Juhas**  
Chief Financial Officer



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

# Introduction



**Predictable Earnings and Cash Flows**

**Effective Capital Allocation**

**Well-Positioned for Future**

**Attractive Entry Point for Investors**

# Predictable, Contracted Lease Rents

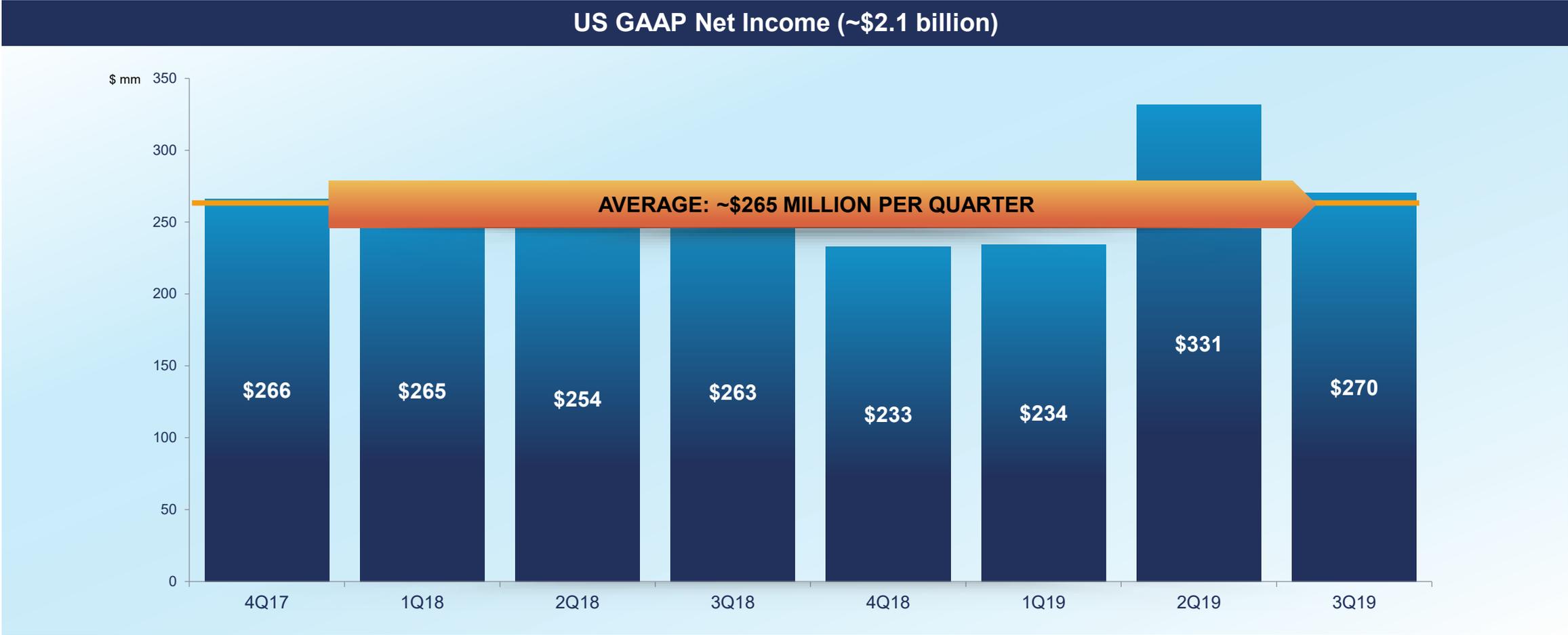
Lease revenues are highly predictable because our leases are long-dated and contracted well in advance



Refer to slide 2: Disclaimer incl. Forward Looking Statements & Safe Harbor.

# Consistent Earnings and Cash Flows

AerCap's platform has generated strong and consistent results



# Aircraft Sales at Attractive Margins

We have consistently sold aircraft at a significant premium to our carrying values

Sales Volume and Margin Over the Last 8 Quarters



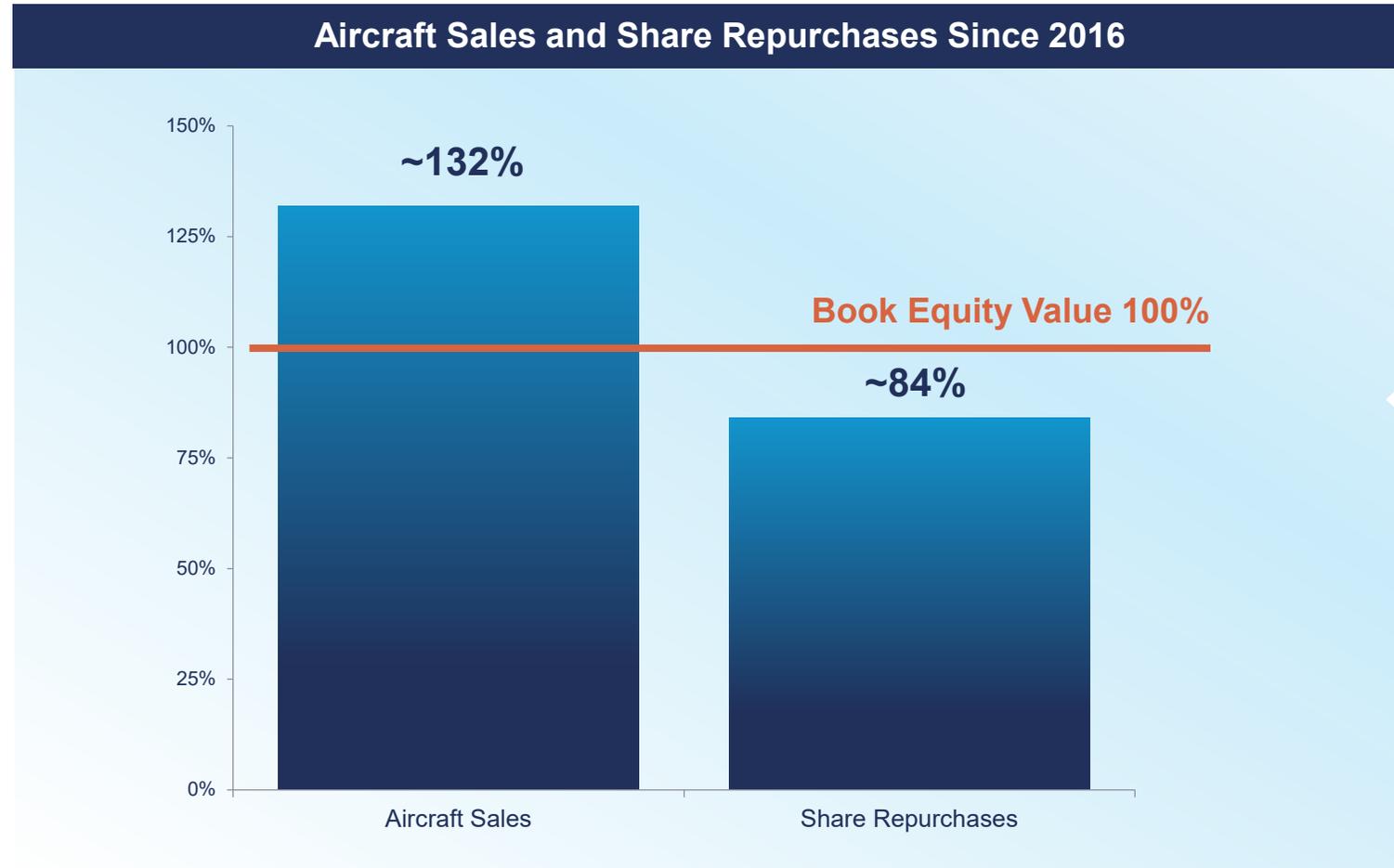
# Effective Capital Allocation

Dynamic capital allocation policy enables deployment of capital towards most productive uses



# Capturing Arbitrage Benefits

Taking advantage of the differential between public and private markets for aircraft to create value



- ▶ Over the last 13 years we have sold ~860 aircraft at an average gain on sale of ~8%, which represents a ~30% premium to book equity value
- ▶ Since 2016, the average sale premium to book equity value was ~32% and we have repurchased shares at an average discount of ~16%
- ▶ This results in a private / public market valuation arbitrage of ~48%

# Recycling Excess Capital

**Proactive capital allocation approach results in a stronger, more valuable business**



# Superior Return of Capital to Shareholders

AerCap has created significant value for long-term shareholders through disciplined capital allocation



shares repurchased since 2015



of share repurchases since 2015



of the company repurchased since 2015



percentile of all S&P 500 companies for return of capital

# Key Performance Drivers and Metrics

**Main drivers are new aircraft deliveries, aircraft sales and capital redeployment**

	2018A	2019E	2020E
<b>EPS Excluding Gain on Sales</b>	\$5.65	~\$6.80 – \$7.00	~\$7.00 – \$7.40
<b>Contracted Purchases (\$ billion)</b>	\$5.9	~\$4.7	~\$4.2
<b>Expected Aircraft Sales (\$ billion)</b>	\$2.2	~\$2.2	~\$1.0
<b>Excess Capital after Contracted Purchases (\$ billion)</b>	\$0.7	~\$0.5	~\$1.0
<b>Weighted Average Age (years)</b>	6.3	~6.2	~6.0
<b>Lease Yield</b>	11.7%	~11.3%	~10.9%
<b>Average Interest Rate (including debt issuance costs &amp; fees)</b>	4.1%	~4.3%	~4.2%
<b>Net Spread</b>	8.4%	~8.0%	~7.7%
<b>Depreciation Rate (including maintenance rights amortization)</b>	5.2%	~4.7%	~4.7%
<b>Net Spread Less Depreciation</b>	3.2%	~3.3%	~3.0%

Refer to slide 2: Disclaimer incl. Forward Looking Statements & Safe Harbor.

# Positive EPS Outlook

Record EPS expected in 2019 with continued growth in 2020



Refer to slide 2: Disclaimer incl. Forward Looking Statements & Safe Harbor.

# Attractive Entry Point

**AerCap has a higher return on current market value than other North American financial institutions**

2019E Return on Equity / Price-to-Book Ratio



Refer to slide 2: Disclaimer incl. Forward Looking Statements & Safe Harbor.

# Equity Overhang Removed

The volatility and downward pressure created by large legacy shareholder sales is coming to an end



- ▶ Since 2015, legacy shareholders AIG and Waha have sold ~120 million AerCap shares
- ▶ These sales created volatility and placed downward pressure on AerCap's stock price
- ▶ The exit of these investors removes a sizeable overhang



# Compelling Opportunity for Investors

**EXPECTED BOOK VALUE PER SHARE OF ~\$100 BY 2023**

**Book Value Per Share Trajectory**



Predictable earnings and cash flows

Effective capital allocation

Well-positioned for future: strong performance in 2019 and positive outlook for 2020

Attractive entry point for investors

Refer to slide 2: Disclaimer incl. Forward Looking Statements & Safe Harbor.

# AERCAP

Global Leader in Aviation

Go raibh maith agat

GRAZIE

Danke

감사합니다

# THANK YOU

谢谢

GRACIAS

Bedankt

Merci

有り難う

شُكْرًا

AerCap House  
65 St. Stephen's Green  
Dublin D02 YX20  
Ireland

T: +353 1 819 2010  
E: [contact@aercap.com](mailto:contact@aercap.com)  
W: [aercap.com](http://aercap.com)



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

# AERCAP

Global Leader in Aviation

## Q&A

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

# AERCAP

Global Leader in Aviation

## Appendix

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

# Capital Structure

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

# Endnotes

Unless otherwise stated, data as of September 30, 2019.

## SLIDE 7: Aircraft Leasing is a Growing Industry

1. Air travel growth and aircraft requirements per the Airbus Global Market Forecast 2019-2038 and the Boeing Commercial Market Outlook 2019-2038.
2. Middle class growth per Oxford Economics, Airbus Global Market Forecast 2019-2038.
3. Cirium Fleets Analyzer as of September 30 for each respective year: Airbus, Boeing, McDonnell-Douglas in-service passenger jets.

## SLIDE 8: AerCap is the Global Leader

1. Total assets as of September 30, 2019.
2. Leasing market share per Cirium's Portfolio Tracker, 3Q 2019 - Owned and managed aircraft of top 40 lessors (ranked by fleet value, excluding Boeing Capital).

## SLIDE 9: AerCap is the Global Leader – Deliveries

1. Cirium Fleets Analyzer: Airbus, Boeing and McDonnell Douglas deliveries by aircraft manager (owner) between January 1, 1994 and September 30, 2019.

American includes US Airways, America West, TWA & Reno Air.

United includes Continental.

Delta includes Northwest.

## SLIDE 14: AerCap Portfolio Transformation – 2014

1. As of December 31, 2014, weighted average age based on NBV of the owned fleet.
2. NBV as a percentage of the overall fleet NBV as of December 31, 2014. Note: ~5% of NBV is ~15 years old, categorized as 'Other' and not shown.

## SLIDE 15: AerCap Portfolio Transformation – 2015

1. As of December 31, 2015, weighted average age based on NBV of the owned fleet.
2. NBV as a percentage of the overall fleet NBV as of December 31, 2015. Note: ~3% of NBV is greater than 15 years old, categorized as 'Other' and not shown.

## SLIDE 16: AerCap Portfolio Transformation – 2016

1. As of December 31, 2016, weighted average age based on NBV of the owned fleet.
2. NBV as a percentage of the overall fleet NBV as of December 31, 2016. Note: ~2% of NBV is greater than 15 years old, categorized as 'Other' and not shown.

## SLIDE 17: AerCap Portfolio Transformation – 2017

1. As of December 31, 2017, weighted average age based on NBV of the owned fleet.
2. NBV as a percentage of the overall fleet NBV as of December 31, 2017. Note: ~1% of NBV is greater than 15 years old, categorized as 'Other' and not shown.

## SLIDE 18: AerCap Portfolio Transformation – 2018

1. As of December 31, 2018, weighted average age based on NBV of the owned fleet.
2. NBV as a percentage of the overall fleet NBV as of December 31, 2018. Note: ~1% of NBV is greater than 15 years old, categorized as 'Other' and not shown.

## SLIDE 19: AerCap Portfolio Transformation – 3Q 2019

1. As of September 30, 2019, weighted average age based on NBV of the owned fleet.
2. NBV as a percentage of the overall fleet NBV as of September 30, 2019. Note: ~1% of NBV is greater than 15 years old, categorized as 'Other' and not shown.
3. Based on the indicative market value percentage of the fleet, of the top 10 lessors per Cirium Fleets Analyzer as of September 30, 2019.

## SLIDE 26: New Technology Stimulates Demand

1. Range capabilities per AerCap estimates.
2. 787 seat count as of the Boeing Commercial Airplanes Reference Guide, 2019.
3. 787 route creation per Boeing website as of September 30, 2019.

## SLIDE 27: New Technology Stimulates Demand

Per Airbus.

# Endnotes

## **SLIDE 28: The AerCap Advantage – Vision, Reach & Scale**

Last 12 months ends September 30, 2019. Includes owned and managed aircraft that have been leased, purchased or sold.

## **SLIDE 31: The AerCap Advantage – Reach**

Contracted leases on owned and managed aircraft as of September 30, 2019. Lessor market position based on Cirium Fleets Analyzer by number or value of aircraft fleet.

## **SLIDE 33: Stable and Predictable Revenue**

1. Required placements for owned and on order fleet. Excludes aircraft either under a lease or letter of intent and aircraft identified as sale or part-out as of November 4, 2019.
2. Includes owned and managed aircraft, as of September 30, 2019.

## **SLIDE 34: Stable and Predictable Revenue**

AerCap and Avolon as of September 30, 2019. Others per the last published accounts, as of June 30, 2019.

## **SLIDE 39: Last 5 Years Trading Track Record**

1. Owned aircraft sold, including sales and reclassifications to finance and sales-type leases, units excluding sales and reclassifications to finance and sales-type leases.

## **SLIDE 40: Repeatable Sales Performance**

Owned aircraft sold, including sales and reclassifications to finance and sales-type leases, units excluding sales and reclassifications to finance and sales-type leases.

## **SLIDE 43: Disciplined Sales Program**

Owned aircraft sold, including sales and reclassifications to finance and sales-type leases, units excluding sales and reclassifications to finance and sales-type leases.

## **SLIDE 45: The Business Case for Aircraft Investments**

In the five years to September 30, 2019. Includes finance and sales-type leases.

## **SLIDE 50: AerCap's Technical Expertise**

1. Events includes maintenance claims paid in the five years to September 30, 2019.
2. Transitions includes transitions to a new lessee and off-lease aircraft sales to a party other than the returning lessee, in the five years to September 30, 2019.

## **SLIDE 59: Credit Strength and Diversity**

1. As of September 30, 2019.
2. Customer diversity rent breakdown as of December 31, 2018.
3. Number of carriers operating owned aircraft on lease as of September 30, 2019.

## **SLIDE 68: Evolution of Aviation Financing**

Boeing Current Aircraft Finance Market Outlook 2019 and Deutsche Bank.

## **SLIDE 70: AerCap's Diversified Capital Structure**

3Q 2019 subordinated notes includes \$750 million Junior Subordinated Notes issued on October 10, 2019.

## **SLIDE 73: Industry Leading Liquidity Position**

1. Liquidity Coverage = (Available Liquidity + Estimated Operative Cash Flow) / (Debt Maturities + Capex) for the next 12 months.
2. Available Liquidity includes Unsecured Revolver, Other Facilities and Contracted Sales, and Unrestricted Cash.

# Endnotes

---

## **SLIDE 80: Aircraft Sales at Attractive Margins**

As of September 30, 2019. Owned aircraft sold, including sales and reclassifications to finance and sales-type leases.

## **SLIDE 84: Superior Return of Capital to Shareholders**

1. Sourced from CapitalQ; reflects AerCap rank relative to S&P 500 constituents as of October 15, 2019.
2. As of September 30, 2019.

## **SLIDE 85: Key Performance Drivers and Metrics**

1. Age at year-end.
2. For lease yield, basic lease rents are divided by average book value of flight equipment, net investment in finance and sales type leases and maintenance rights assets.
3. Depreciation rate including maintenance rights amortization.
4. Average cost of debt is calculated as interest expense, excluding mark-to-market on interest rate caps, divided by average debt balance.
5. Annualized net spread is calculated as basic lease rents less interest expense, excluding the non-cash charges related to the mark-to-market of interest rate caps and expressed as a percentage of average lease assets.
6. 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 86: Positive EPS Outlook**

EPS refers to Diluted EPS.

## **SLIDE 87: Attractive Entry Point**

ROE for AerCap is based on 2019 estimates. North American financial institutions' ROEs per Bloomberg, based on FY 2019 consensus estimates.

## **SLIDE 88: Equity Overhang Removed**

AerCap ordinary shares outstanding as of September 30, 2019 excludes restricted stock.