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AerCap Holdings N.V. Reports Financial Results for the First Quarter 2022

- **Net loss for the first quarter of 2022, including net charges related to the Ukraine Conflict, was \$2.0 billion, or \$8.35 per share.**
- **Net income for the first quarter of 2022 was \$540 million, or \$2.23 per share, after adjustments for net charges related to the Ukraine Conflict and other items.**

DUBLIN – May 17, 2022 – AerCap Holdings N.V. (NYSE: AER), the global leader in aviation leasing, today reported financial results for the first quarter of 2022 ended March 31, 2022.

“During the first quarter, we continued to see a broad-based recovery in travel around the world as governments lifted travel restrictions and demand for travel continued to increase. We expect to see demand for travel continue to grow as the recovery progresses,” said Aengus Kelly, Chief Executive Officer of AerCap.

“During the first quarter, we ceased all of our leasing activity to Russian airlines and took a charge primarily related to our aircraft and engines that remain in Russia. We have filed insurance claims related to these assets and will vigorously pursue all available remedies to recover our losses,” Mr. Kelly added.

Highlights:

- Executed 157 transactions in the first quarter of 2022, including 102 lease agreements, 25 purchases and 30 sales.
- First quarter cash flow from operating activities was \$1.3 billion, more than three times higher than the first quarter of 2021.
- Continued to see significant improvements in cash collections, trade receivables and deferral requests.
- Adjusted debt/equity ratio of 2.9 to 1 at March 31, 2022.
- 92% of new aircraft order book placed through 2023.
- \$17 billion in total sources of liquidity, representing next 12 months’ sources-to-uses coverage ratio of 2.1x.

Revenue and Net Spread

	Three months ended March 31,		
	2022	2021	% increase/ (decrease)
	(U.S. Dollars in millions)		
Lease revenue:			
Basic lease rents	\$1,554	\$889	75%
Maintenance rents and other receipts	186	183	2%
Total lease revenue	1,740	1,072	62%
Net gain on sale of assets	3	5	(31%)
Other income	47	19	154%
Total Revenues and other income	\$1,790	\$1,095	63%

Basic lease rents were \$1,554 million for the first quarter of 2022, compared with \$889 million for the same period in 2021. The increase was primarily due to the impact of the GECAS acquisition. Basic lease rents were reduced by \$57 million in the first quarter of 2022 as a result of the amortization of lease premium assets.

Maintenance rents and other receipts were \$186 million for the first quarter of 2022, compared with \$183 million for the same period in 2021.

Net gain on sale of assets for the first quarter of 2022 was \$3 million, relating to 23 assets sold for \$452 million, compared with \$5 million for the same period in 2021, relating to nine aircraft sold for \$184 million. The decrease was primarily due to the composition of asset sales.

Other income for the first quarter of 2022 was \$47 million, compared with \$19 million for the same period in 2021. The increase was primarily due to higher management fee income, interest income and other income as a result of the GECAS acquisition.

	Three months ended March 31,		
	2022	2021	% increase/ (decrease)
	(U.S. Dollars in millions)		
Basic lease rents	\$1,554	\$889	75%
Interest expense	381	281	36%
Adjusted for:			
Mark-to-market of interest rate caps and swaps	36	10	261%
Interest expense excluding mark-to-market of interest rate caps and swaps	417	291	43%
Net interest margin (*)	\$1,137	\$598	90%
Depreciation and amortization, including maintenance rights expense	(684)	(401)	71%
Net interest margin, less depreciation and amortization	\$453	\$197	129%
Average lease assets (*)	\$62,137	\$36,362	71%
Annualized net spread (*)	7.3%	6.6%	
Annualized net spread less depreciation and amortization (*)	2.9%	2.2%	

(*) Refer to "Notes Regarding Financial Information Presented in This Press Release" for details relating to these non-GAAP measures

Interest expense excluding mark-to-market of interest rate caps and swaps was \$417 million for the first quarter of 2022, compared with \$291 million for the same period in 2021. AerCap's average cost of debt was 3.0% for the first quarter of 2022, and 3.7% for the same period in 2021, excluding debt issuance costs, upfront fees and other impacts.

Net Charges Related to Ukraine Conflict

In response to the Russian invasion of Ukraine and sanctions imposed by the United States, the European Union, the United Kingdom and other countries, we terminated the leasing of all our aircraft and engines with Russian airlines. Prior to the Russian invasion, we had 135 aircraft and 14 engines on lease with Russian airlines, which represented approximately 5% of AerCap’s fleet by net book value as of December 31, 2021. We have removed 22 aircraft and 3 engines outside of Russia, and 113 aircraft and 11 engines remain in Russia.

During the first quarter of 2022, we recognized a pre-tax charge of \$2.7 billion (\$2.4 billion after-tax) to our earnings, comprised of flight equipment write-offs and impairments, which were partially offset by the derecognition of lease-related assets and liabilities. We recognized a total loss on our assets that remain in Russia and Ukraine and impairment losses on the assets we have recovered from Russian and Ukrainian airlines.

	Three Months Ended March 31, 2022
	(U.S. Dollars in millions)
Write-offs and impairments of flight equipment	\$3,176
Derecognition of lease-related assets and liabilities	(237)
Letters of credit receipts	(210)
Net charges related to Ukraine Conflict (pre-tax)	\$2,729
Income tax effect	(341)
Net charges related to Ukraine Conflict (after-tax)	\$2,388

We had letters of credit related to our aircraft and engines leased to Russian airlines as of February 24, 2022 of approximately \$260 million, confirmed by nine financial institutions in Western Europe. We have presented requests for payment to all these institutions. To date, we have received payments of \$210 million related to these letters of credit. We have initiated legal proceedings against one financial institution which rejected our payment demands in respect of certain letters of credit.

Our lessees are required to provide insurance coverage with respect to leased aircraft and we are named as insureds under those policies in the event of a total loss of an aircraft or engine. We also purchase insurance which provides us with coverage when our flight equipment are not subject to a lease or where a lessee’s policy fails to indemnify us. We have submitted an insurance claim for approximately \$3.5 billion with respect to all aircraft and engines remaining in Russia and intend to pursue all of our claims under these policies with respect to our assets leased to Russian airlines as of February 24, 2022. However, the timing and amount of any recoveries under these policies are uncertain and we have not recognized any claim receivables as of March 31, 2022.

Selling, General and Administrative Expenses

	Three months ended March 31,		
	2022	2021	% increase/ (decrease)
	(U.S. Dollars in millions)		
Selling, general and administrative expenses	\$70	\$41	69%
Share-based compensation expenses	28	16	73%
Total selling, general and administrative expenses	\$97	\$57	70%

Selling, general and administrative expenses increased to \$97 million for the first quarter of 2022, compared with \$57 million for the same period in 2021. The increase was primarily driven by higher expenses as a result of the GECAS acquisition and is consistent with our \$150 million annual expense savings target from the GECAS acquisition.

Other Expenses

Asset impairment charges were \$2 million for the first quarter of 2022, compared to \$16 million for the same period in 2021. Asset impairment charges recorded in the first quarter of 2022 related to lease terminations and were offset by related maintenance revenue. Leasing expenses were \$208 million for the first quarter of 2022, compared with \$45 million for the same period in 2021. The increase was primarily due to higher leasing expenses and an increase in maintenance rights expense as a result of the GECAS acquisition.

Effective Tax Rate

AerCap's effective tax rate was 12.2% for the first quarter of 2022, compared to 15% for the first quarter of 2021. During the first quarter of 2022, we recorded an income tax benefit due to the recognition of net charges related to the Ukraine Conflict. Excluding these charges, our effective tax rate was 14%. The effective tax rate is impacted by the source and amount of earnings among our different tax jurisdictions as well as the amount of permanent tax differences relative to pre-tax income or loss, and certain other discrete items.

Book Value Per Share

	March 31, 2022	March 31, 2021
	(U.S. Dollars in millions, except share and per share data)	
Total AerCap Holdings N.V. shareholders' equity	\$14,653	\$9,139
Ordinary shares outstanding	245,618,872	130,734,441
Unvested restricted stock	(5,845,011)	(2,591,959)
Ordinary shares outstanding (excl. unvested restricted stock)	239,773,861	128,142,482
Book value per ordinary share outstanding (excl. unvested restricted stock)	\$61.11	\$71.32

Financial Position

	<u>March 31, 2022</u>	<u>December 31, 2021</u>	<u>% increase/ (decrease) over December 31, 2021</u>
	(U.S. Dollars in millions)		
Total cash, cash equivalents and restricted cash	\$1,346	\$1,915	(30%)
Total assets	70,208	74,570	(6%)
Debt	48,913	50,205	(3%)
Total liabilities	55,478	57,922	(4%)
Total AerCap Holdings N.V. shareholders' equity	14,653	16,571	(12%)
Total equity	14,730	16,647	(12%)

Flight Equipment Portfolio

As of March 31, 2022, AerCap's portfolio consisted of 3,615 aircraft, engines and helicopters that were owned, on order or managed. The average age of the company's owned aircraft fleet as of March 31, 2022 was 7.0 years (3.6 years for new technology aircraft, 12.9 years for current technology aircraft) and the average remaining contracted lease term was 7.3 years.

Notes Regarding Financial Information Presented in This Press Release

The financial information presented in this press release is not audited.

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.

The following are definitions of non-GAAP measures used in this press release. We believe these measures may further assist investors in their understanding of our operational performance.

Adjusted net income / earnings per share

Adjusted net income is calculated as net loss excluding the after-tax impact of net charges related to the Ukraine Conflict, the amortization of maintenance rights and lease premium assets recognized under purchase accounting, and GECAS transaction and integration-related expenses. Adjusted earnings per share is calculated by dividing adjusted net income by the weighted average of our ordinary shares outstanding. Given the relative significance of these items during the first quarter of 2022, we have chosen to present this measure in order to assist investors in their understanding of the changes and trends related to our earnings.

	Three months ended March 31, 2022	
	Net (loss) income	(Loss) earnings per share
	(U.S. Dollars in millions, except share and per share data)	
Net loss / loss per share	(\$2,001)	(\$8.35)
Adjusted for:		
Net charges related to Ukraine Conflict	2,729	11.35
Amortization of maintenance rights and lease premium assets recognized under purchase accounting	158	0.65
Transaction and integration-related expenses	17	0.07
Income tax effect of above adjustments	(363)	(1.50)
Adjusted net income / earnings per share*	\$540	\$2.23
* Denominator for adjusted earnings per share:		
Weighted average shares outstanding - diluted		239,645,460
Potentially dilutive shares, whose effect would have been anti-dilutive		2,815,813
Adjusted weighted average shares outstanding - diluted		242,461,273
Adjusted earnings per share		\$2.23

Adjusted debt/equity ratio

This measure is the ratio obtained by dividing adjusted debt by adjusted equity.

- Adjusted debt means consolidated total debt less cash and cash equivalents, and less a 50% equity credit with respect to certain long-term subordinated debt.
- Adjusted equity means total equity, plus the 50% equity credit relating to the long-term subordinated debt.

Adjusted debt and adjusted equity are adjusted by the 50% equity credit to reflect the equity nature of those financing arrangements and to provide information that is consistent with definitions under certain of our debt covenants. We believe this measure may further assist investors in their understanding of our capital structure and leverage.

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Debt	\$48,913	\$50,205
Adjusted for:		
Cash and cash equivalents	(1,186)	(1,729)
50% credit for long-term subordinated debt	(1,125)	(1,125)
Adjusted debt	<u>\$46,602</u>	<u>\$47,351</u>
Equity	\$14,730	\$16,647
Adjusted for:		
50% credit for long-term subordinated debt	1,125	1,125
Adjusted equity	<u>\$15,855</u>	<u>\$17,772</u>
Adjusted debt/equity ratio	<u>2.94 to 1</u>	<u>2.66 to 1</u>

Net interest margin, annualized net spread, annualized net spread less depreciation and amortization and average cost of debt

Net interest margin is calculated as the difference between basic lease rents and interest expense, excluding the impact of the mark-to-market of interest rate caps and swaps. Annualized net spread is net interest margin expressed as a percentage of average lease assets. 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. Average cost of debt is calculated as interest expense, excluding mark-to-market on interest rate caps and swaps, debt issuance costs, upfront fees and other impacts, divided by average debt balance. We believe these measures may further assist investors in their understanding of the changes and trends related to the earnings of our leasing activities. These measures reflect the impact from changes in the number of aircraft leased, lease rates and utilization rates, as well as the impact from changes in the amount of debt and interest rates.

Lease assets

Lease assets include flight equipment held for operating leases, flight equipment held for sale, net investment in finance leases and maintenance rights assets.

Conference Call

In connection with its report of first quarter 2022 results, management will host a conference call with members of the investment community today, Tuesday, May 17, 2022, at 8:30 am Eastern Time. The call can be accessed live via webcast by AerCap's website at www.aercap.com under "Investors", or by dialing (U.S./Canada) +1 929 477 0448 or (International) +353 1 246 5638 and referencing code 5103066 at least 5 minutes before start time.

The webcast replay will be archived in the "Investors" section of the company's website for one year.

For further information, contact Joseph McGinley: +353 1 418 0428 (jmcginley@aercap.com).

About AerCap

AerCap is the global leader in aviation leasing with one of the most attractive order books in the industry. AerCap serves approximately 300 customers around the world with comprehensive fleet solutions. AerCap is listed on the New York Stock Exchange (AER) and is based in Dublin with offices in Shannon, Miami, Singapore, Amsterdam, Shanghai, Abu Dhabi, Seattle, Toulouse and other locations around the world.

Forward-Looking Statements

This press release 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," "will," "aim," "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 press release are forward-looking statements and are based on various underlying assumptions and expectations and are subject to known and unknown risks, uncertainties and assumptions, and may include projections of our future financial performance based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors, including the impacts of, and associated responses to: the Ukraine Conflict; the Covid-19 pandemic; our ability to successfully integrate GECAS' operations and employees and realize anticipated synergies and cost savings; and the potential impact of the consummation of the GECAS transaction on relationships, including with employees, suppliers, customers and competitors, 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 press release 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 press release 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.

For more information regarding AerCap and to be added to our email distribution list, please visit www.aercap.com and follow us on Twitter www.twitter.com/aercapnv.

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AerCap Holdings N.V. Unaudited Consolidated Balance Sheets

(U.S. Dollars in thousands, except share data)

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Assets		
Cash and cash equivalents	\$1,185,702	\$1,728,794
Restricted cash	160,532	185,959
Trade receivables	128,204	181,455
Flight equipment held for operating leases, net	54,568,482	57,825,056
Investment in finance leases, net	2,112,421	1,929,220
Flight equipment held for sale	165,482	304,362
Prepayments on flight equipment	4,539,807	4,586,848
Maintenance rights and lease premium, net	3,916,453	4,444,520
Other intangibles, net	201,834	208,879
Deferred tax assets	113,766	121,571
Associated companies	708,631	705,087
Other assets	2,406,871	2,348,017
Total Assets	<u>\$70,208,185</u>	<u>\$74,569,768</u>
Liabilities and Equity		
Accounts payable, accrued expenses and other liabilities	\$1,774,761	\$1,958,096
Accrued maintenance liability	2,241,084	2,900,651
Lessee deposit liability	742,076	773,753
Debt	48,912,874	50,204,678
Deferred tax liabilities	1,807,612	2,085,230
Total liabilities	55,478,407	57,922,408
Ordinary share capital €0.01 par value, 450,000,000 ordinary shares authorized as of March 31, 2022 and December 31, 2021; 250,347,345 and 250,347,345 ordinary shares issued and 245,618,872 and 245,395,448 ordinary shares outstanding (including 5,845,011 and 5,822,811 unvested restricted stock) as of March 31, 2022 and December 31, 2021, respectively	3,024	3,024
Additional paid-in capital	8,541,022	8,522,694
Treasury shares, at cost (4,728,473 and 4,951,897 ordinary shares as of March 31, 2022 and December 31, 2021)	(273,320)	(285,901)
Accumulated other comprehensive loss	(25,687)	(79,335)
Accumulated retained earnings	6,408,091	8,410,261
Total AerCap Holdings N.V. shareholders' equity	14,653,130	16,570,743
Non-controlling interest	76,648	76,617
Total Equity	14,729,778	16,647,360
Total Liabilities and Equity	<u>\$70,208,185</u>	<u>\$74,569,768</u>

AerCap Holdings N.V. Reports Financial Results for the First Quarter 2022

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AerCap Holdings N.V.

Unaudited Consolidated Income Statements

(U.S. Dollars in thousands, except share and per share data)

	Three Months Ended March 31,	
	2022	2021
Revenues and other income		
Lease revenue:		
Basic lease rents	\$1,553,646	\$889,087
Maintenance rents and other receipts	185,895	182,895
Total lease revenue	1,739,541	1,071,982
Net gain on sale of assets	3,285	4,795
Other income	47,190	18,573
Total Revenues and other income	1,790,016	1,095,350
Expenses		
Depreciation and amortization	634,414	396,558
Net charges related to Ukraine Conflict	2,728,718	—
Asset impairment	2,425	16,332
Interest expense	380,785	280,817
Loss on debt extinguishment	1,140	6,061
Leasing expenses	208,055	44,532
Selling, general and administrative expenses	97,475	57,351
Transaction and integration-related expenses	17,388	25,478
Total Expenses	4,070,400	827,129
Gain (loss) on investment at fair value	113	(2,463)
Loss (income) before income taxes and income of investments accounted for under the equity method	(2,280,271)	265,758
Income tax benefit (expense)	278,307	(39,864)
Equity in net earnings of investments accounted for under the equity method	1,283	2,152
Net (loss) income	(\$2,000,681)	\$228,046
Net income attributable to non-controlling interest	(149)	(21)
Net (loss) income attributable to AerCap Holdings N.V.	(\$2,000,830)	\$228,025
Basic (loss) earnings per share	(\$8.35)	\$1.78
Diluted (loss) earnings per share	(\$8.35)	\$1.76
Weighted average shares outstanding - basic	239,645,460	127,883,690
Weighted average shares outstanding - diluted	239,645,460	129,484,250

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	Three months ended March 31,	
	2022	2021
AerCap Holdings N.V.		
Unaudited Consolidated Statements of Cash Flows		
(U.S. Dollars in thousands)		
Net (loss) income	(\$2,000,681)	\$228,046
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	634,414	396,558
Net charges related to Ukraine Conflict	2,938,487	—
Asset impairment	2,425	16,332
Amortization of debt issuance costs, debt discount, debt premium and lease premium	83,210	15,944
Amortization of fair value adjustment on debt	(1,991)	(4,119)
Maintenance rights write-off	101,114	15,209
Maintenance liability release to income	(101,162)	(68,472)
Net gain on sale of assets	(3,285)	(4,795)
Deferred tax (benefit) expense	(277,674)	40,382
Share-based compensation	27,503	15,926
Collections of finance leases	61,009	25,763
(Gain) loss on investment at fair value	(113)	2,463
Loss on debt extinguishment	1,140	6,061
Transaction and integration-related expenses	—	14,595
Other	(77,370)	10,984
Changes in operating assets and liabilities:		
Trade receivables	39,590	(45,496)
Other assets	10,778	(90,206)
Accounts payable, accrued expenses and other liabilities	(100,838)	(174,823)
Net cash provided by operating activities	1,336,556	400,352
Purchase of flight equipment	(881,608)	(11,039)
Proceeds from sale or disposal of assets	405,107	160,198
Prepayments on flight equipment	(177,176)	(79,879)
Other	7,125	—
Net cash (used in) provided by investing activities	(646,552)	69,280
Issuance of debt	84,996	1,188,357
Repayment of debt	(1,412,038)	(1,357,263)
Debt issuance and extinguishment costs paid, net of debt premium received	(8,684)	(170,002)
Maintenance payments received	202,541	75,917
Maintenance payments returned	(127,541)	(30,237)
Security deposits received	98,132	56,382
Security deposits returned	(92,826)	(49,869)
Dividend paid to non-controlling interest holders and others	(118)	(128)
Repurchase of shares and tax withholdings on share-based compensation	(3,517)	(1,841)
Net cash used in financing activities	(1,259,055)	(288,684)
Net (decrease) increase in cash, cash equivalents and restricted cash	(569,051)	180,948
Effect of exchange rate changes on cash, cash equivalents and restricted cash	532	(782)
Cash, cash equivalents and restricted cash at beginning of period	1,914,753	1,495,290
Cash, cash equivalents and restricted cash at end of period	\$1,346,234	\$1,675,456