

# AERCAP

Global Leader in Aviation

## First Quarter 2020 Financial Results

AerCap Holdings N.V.

May 5, 2020

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

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Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

# Leadership, Strength and Resilience



## Unrivaled Operating Platform

- ▶ ~2,000 aircraft transactions over the past 5 years
- ▶ 100% of new aircraft deliveries through December 2021 already leased
- ▶ Strong track record of managing through challenging environments



## High Quality Customer Base

- ▶ ~70% flag carriers, U.S. and Chinese majors and other investment grade airlines
- ▶ These customers will continue to form the backbone of the global airline industry



## Attractive Aircraft Portfolio

- ▶ 59% new technology aircraft with average age of 2.5 years
- ▶ Current technology widebodies only 12% of portfolio



## Strong Balance Sheet and Liquidity

- ▶ ~\$11 billion sources of liquidity
- ▶ ~\$5.5 billion excess cash coverage for next 12 months
- ▶ Lowest leverage level since 2014
- ▶ Over \$28 billion of unencumbered assets

# Actions We Are Taking to Address Covid-19



- ▶ Generally 2-3 month rent deferrals repaid during remainder of year
- ▶ ~\$350 million deferrals agreed to date and ~\$250 million in progress, totaling ~13% of annual lease revenue, vs. over \$1 billion of security deposits and letters of credit



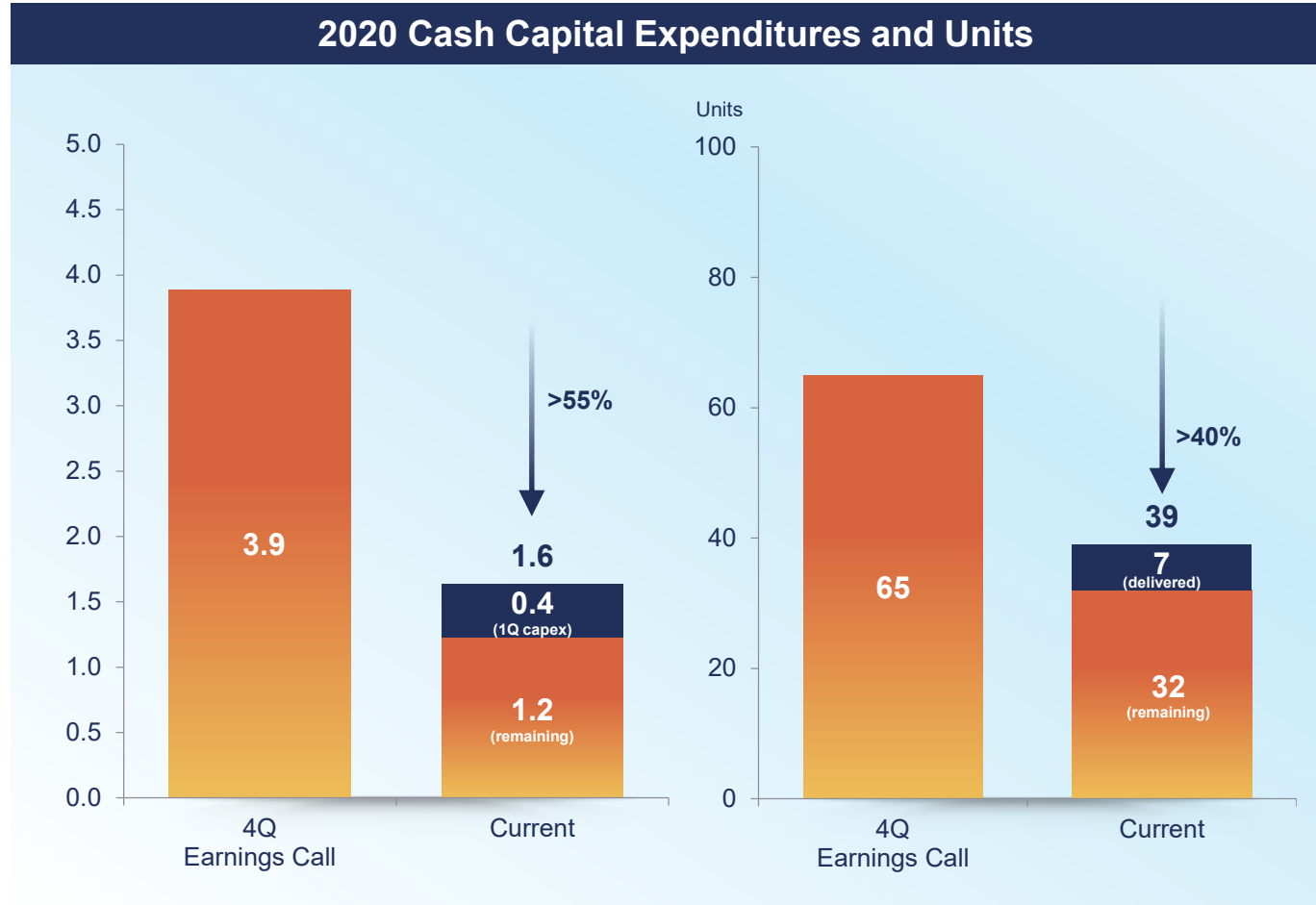
- ▶ Active discussions with OEMs and airlines to manage skyline
- ▶ Rescheduled over 60 near-term deliveries
- ▶ 2020 cash capex reduced by ~\$2.3 billion



- ▶ Increased sources-to-uses coverage from 1.5x to 2.0x
- ▶ Over \$1 billion of new funding initiatives completed or in progress

# Significant Reduction in Capital Expenditures

2020 cash capex reduced by ~\$2.3 billion



- ▶ ~\$2.3 billion of cash capex and 26 new aircraft deliveries moved out of 2020
- ▶ Capex for 2020 reduced by over 55%, ~\$1.2 billion remaining
- ▶ Financing already in place or well underway for all 2020 deliveries

See Supplemental Information – Endnotes.

# Global Passenger Fleet vs. AerCap Fleet

Global In-Service Passenger Fleet					AerCap Fleet
	Aircraft Units		Aircraft Seats		Net Book Value
	Number	%	Number	%	%
Old Technology	1,653	8%	319,174	8%	–%
Current Technology	16,752	80%	3,227,303	78%	41%
New Technology	2,584	12%	598,722	14%	59%
<b>Total Aircraft</b>	<b>20,989</b>	<b>100%</b>	<b>4,145,199</b>	<b>100%</b>	<b>100%</b>

- New technology aircraft make up only 12% of the global mainline passenger aircraft fleet in service today, but make up 59% of AerCap’s net book value, positioning us well for the future.

See Supplemental Information – Global Passenger In-Service Fleet by Technology.



# Net Income and Earnings Per Share

	1Q 2020	1Q 2019
Net Income (\$ million)	276.8	234.2
Diluted Earnings Per Share (\$)	2.14	1.68

## Key Highlights

- **Net income increased 18%**, primarily driven by higher maintenance revenue as well as higher net gain on sale of assets
- **Diluted earnings per share increased 27%**, driven by the same factors as net income and the repurchase of 14.1 million shares from January 2019 through March 2020
- **14% increase** in book value per share since March 31, 2019 to **\$73.69**

See Supplemental Information – Book Value Per Share.

# Revenues and Other Income

(\$ million)	1Q 2020	1Q 2019
Basic Lease Rents	1,030.8	1,075.3
Maintenance Rents and Other Receipts	134.3	86.8
Net Gain on Sale of Assets	58.4	21.5
Other Income	14.7	21.4
<b>Total Revenues and Other Income</b>	<b>1,238.2</b>	<b>1,205.0</b>

- Basic lease rents decreased primarily due to downtime relating to re-leasing activity and the write-off of certain lessee receivables
- Maintenance rents and other receipts increased primarily due to higher maintenance revenue recognized as a result of lease terminations and higher end of lease compensation during the quarter
- Net gain on sale of assets increased primarily due to the composition of asset sales
- Other income was higher in 1Q 2019 primarily as a result of higher interest income and income from net insurance proceeds



# Net Interest Margin and Net Spread

	1Q 2020	1Q 2019
Net Interest Margin (\$ million)	724.7	757.0
Average Lease Assets (\$ million)	37,671	37,266
Average Cost of Debt (Includes debt issuance costs, upfront fees and other impacts of ~0.3%-0.4%)	4.1%	4.2%
Annualized Net Spread	7.7%	8.1%
Annualized Net Spread Less Depreciation and Amortization	3.1%	3.3%
Average Age of Owned Fleet (years) As of March 31, 2020 and 2019	6.2	6.2
Average Remaining Lease Term (years) As of March 31, 2020 and 2019	7.5	7.4

See Supplemental Information – Endnotes.

# Aircraft Disposals and Purchases

## Net Gain on Sale of Assets

(\$ million)	1Q 2020	1Q 2019
Net Gain on Sale of Assets	58.4	21.5

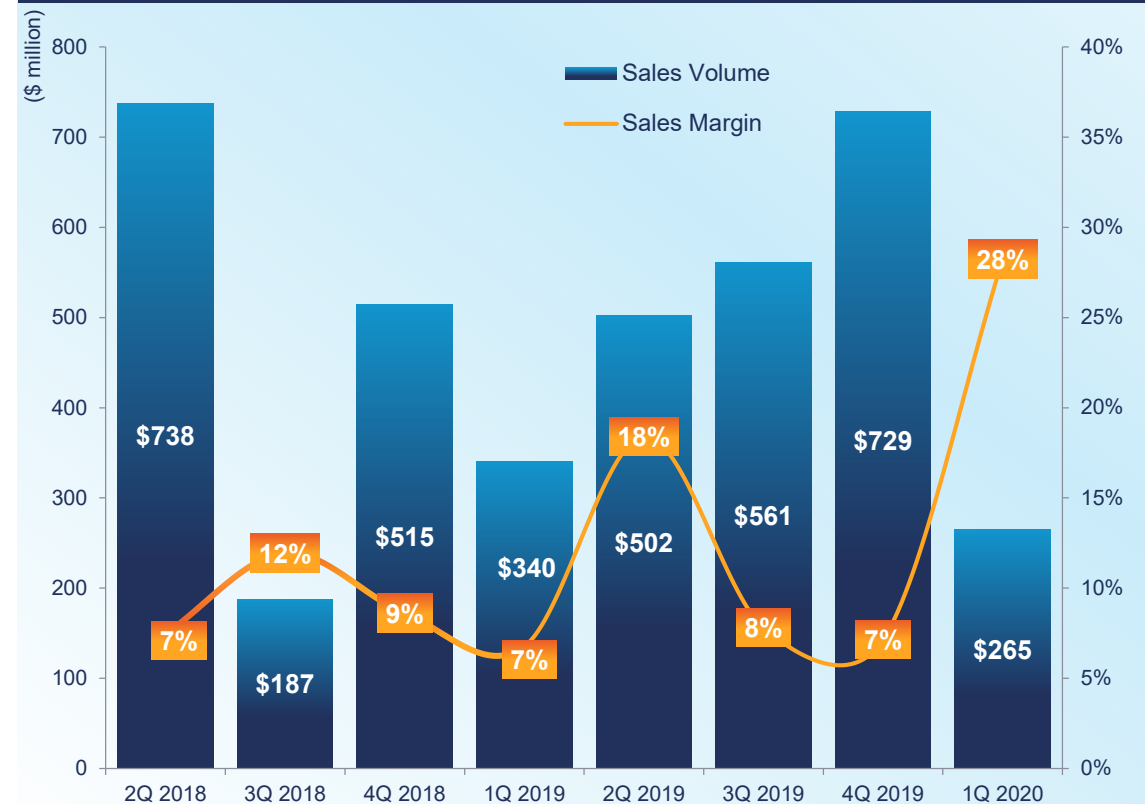
### 1Q 2020 Aircraft Disposal Activity of \$265 million

- 12 aircraft, with an average age of 14 years, were sold from our owned portfolio:
  - 5 Airbus A320 Family aircraft
  - 6 Boeing 737NGs and 1 Boeing 747

### 1Q 2020 Aircraft Purchase Activity of \$427 million

- 7 aircraft were purchased:
  - 5 Airbus A320neo Family aircraft
  - 1 Boeing 787-9
  - 1 Embraer E2

## Sales Volume and Margin Over the Last 8 Quarters



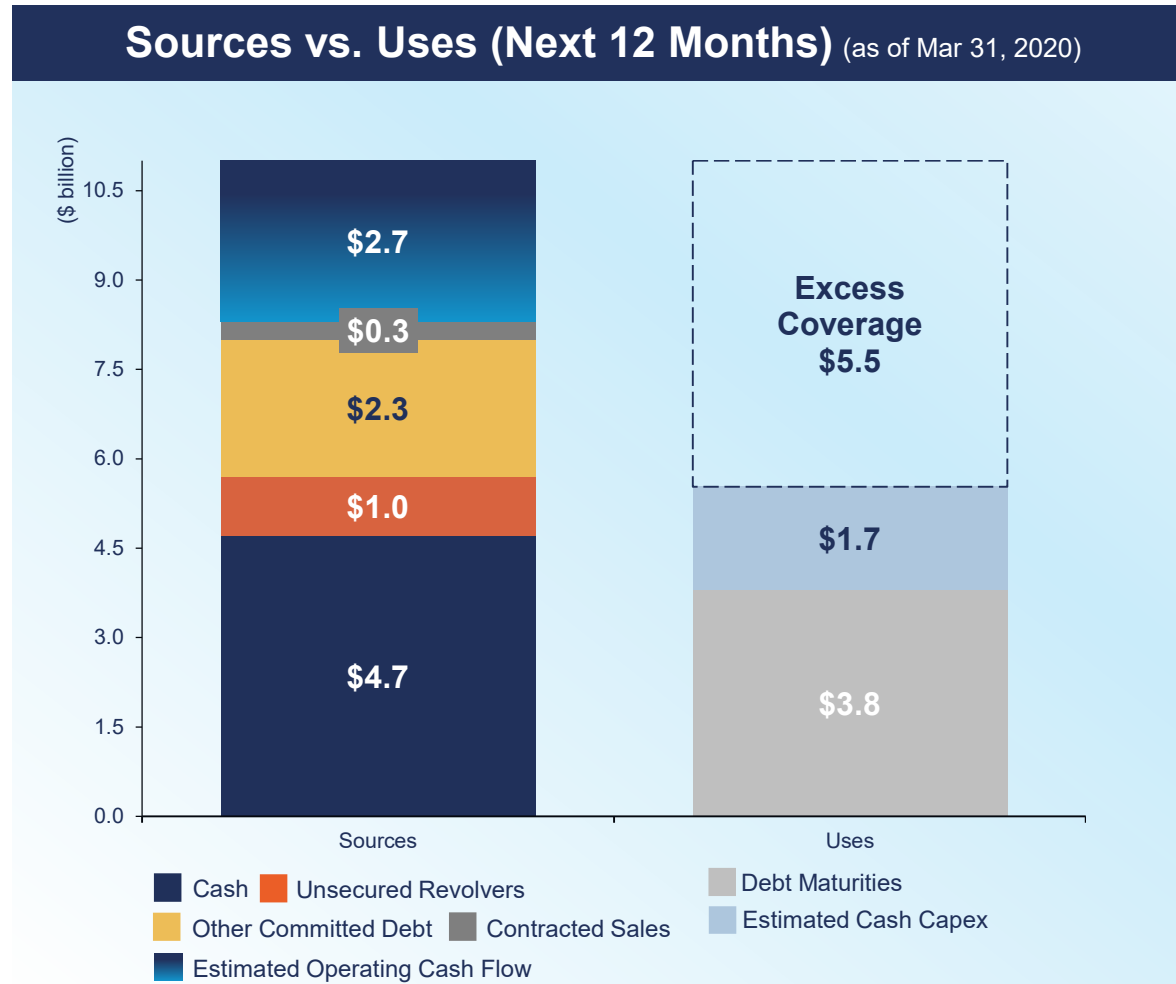
# Other Expenses

(\$ million)	1Q 2020	1Q 2019
Selling, General & Administrative Expenses	64.6	66.9
Maintenance Rights Expense	16.2	21.4
Other Leasing Costs	87.1	70.3
Asset Impairment	13.9	5.0

- Maintenance rights expense decreased as a result of lower maintenance activity during the period and the lower maintenance rights asset balance
- Other leasing costs increased primarily due to higher expenses incurred as a result of higher lessor maintenance contributions
- Asset impairment charges in 1Q 2020 related to sales transactions and lease terminations and were more than offset by related maintenance revenue

# Strong Liquidity Position

**Next 12 months sources-to-uses coverage of 2.0x, with ~\$11 billion sources of liquidity**



- ▶ **\$5.5 billion of excess cash coverage**
- ▶ **2.0x next 12 months sources to uses coverage, an increase from 1.5x in 4Q 2019**
- ▶ **Over \$1 billion of new financing initiatives completed or in progress since March 31, 2020**
- ▶ **Over \$28 billion of unencumbered assets**

See Supplemental Information – Endnotes.

# Key Points

**~\$11bn**

Sources of **liquidity**

**2.0x**

**Sources-to-uses** coverage, \$5.5 billion excess cash coverage

**2.5x**

**Leverage** ratio, lowest since 2014

**19.6%**

**Secured debt-to-total assets** ratio, all-time low

**>\$28bn**

**Unencumbered assets**

**~70%**

Revenue from **flag carriers, majors and higher-rated airlines**

**100%**

**Placed** order book through December 2021

**59%**

**New technology** aircraft

**~2,000**

**Unmatched capabilities** with ~2,000 transactions in last 5 years

See Supplemental Information – Capital Structure and Endnotes.

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Q&A

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## Supplemental Information

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# Book Value Per Share

**AerCap has grown book value per share by 14% year over year and by ~14% per year over the last 5 years**

## Book Value Per Share

(millions, except per share data) Mar. 31, 2020

Total Shareholders' Equity \$9,383

Ordinary Shares Outstanding 129.6

Unvested Restricted Stock (2.3)

**Ordinary Shares Outstanding  
(excl. Unvested Restricted Stock) 127.3**

**Book Value Per Share \$73.69**

## Book Value Per Share Growth



See Supplemental Information – Endnotes.

# Capital Structure

Adjusted Debt/Equity Calculation (\$ million)	Mar. 31, 2020	Dec. 31, 2019
<b>Debt</b> (including fair value adjustments)	<b>32,761</b>	<b>29,486</b>
<b>Adjusted for:</b>		
• Unrestricted cash & cash equivalents	(4,694)	(1,121)
• 50% equity credit for long-term subordinated debt	(1,125)	(1,125)
<b>Adjusted Debt</b>	<b>26,942</b>	<b>27,240</b>
<b>Equity</b>	<b>9,452</b>	<b>9,382</b>
<b>Adjusted for:</b>		
• 50% equity credit for long-term subordinated debt	1,125	1,125
<b>Adjusted Equity</b>	<b>10,577</b>	<b>10,507</b>
<b>Adjusted Debt / Equity Ratio</b>	<b>2.5 to 1</b>	<b>2.6 to 1</b>

# High-Quality and Well-Diversified Portfolio

**New technology aircraft comprise ~59% of our owned fleet**

Aircraft Type	Number of Owned Aircraft	% Net Book Value	Number of Managed Aircraft	Number of on Order Aircraft	Total Aircraft
Airbus A320 Family	281	13%	41	–	322
Airbus A320neo Family	143	19%	1	182	326
Airbus A330	60	7%	9	–	69
Airbus A350	27	10%	–	–	27
Boeing 737NG	232	16%	41	–	273
Boeing 737 MAX	5	1%	–	95	100
Boeing 767	27	–%	–	–	27
Boeing 777-200ER	17	1%	2	–	19
Boeing 777-300 / 300ER	22	4%	1	–	23
Boeing 787	89	28%	1	25	115
Embraer E190 / 195-E2	10	1%	–	40	50
Other	21	–%	–	–	21
<b>Total</b>	<b>934</b>	<b>100%</b>	<b>96</b>	<b>342</b>	<b>1,372</b>

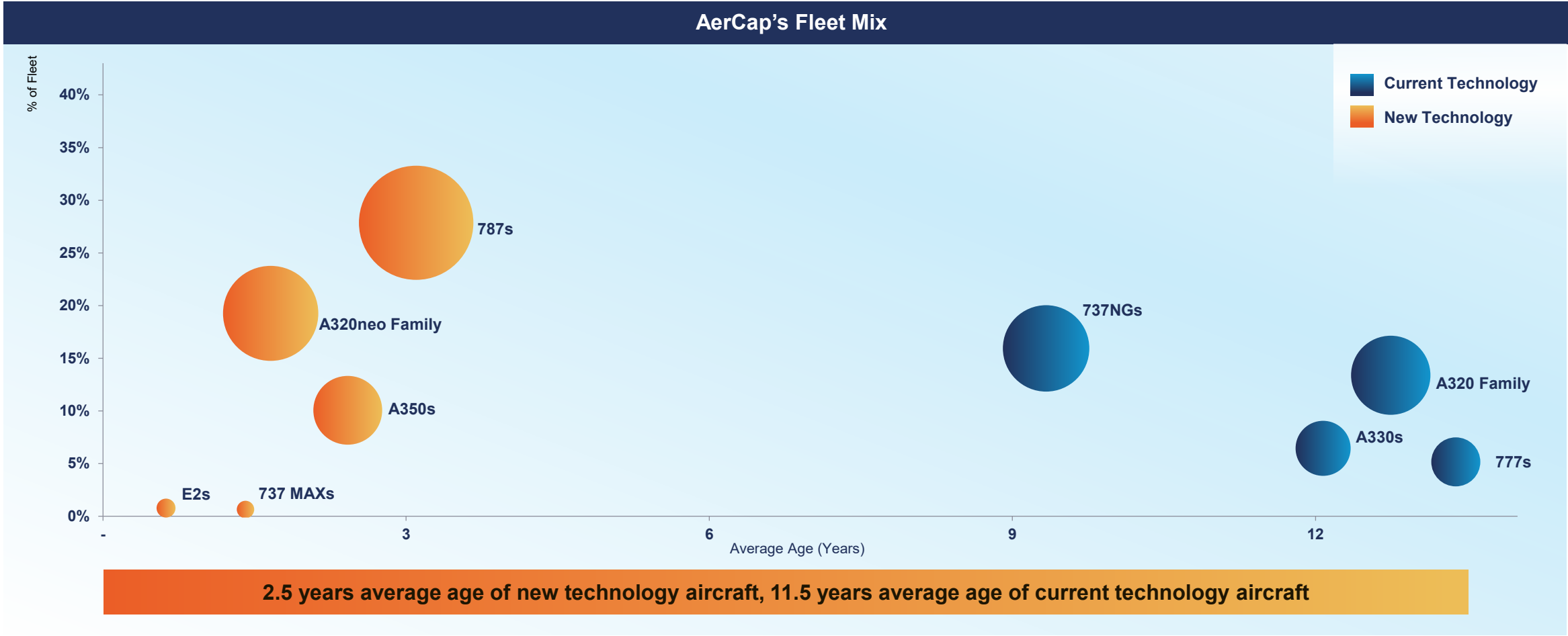
- Average age of owned aircraft fleet is **6.2 years**  
(**2.5 years** for new technology aircraft, **11.5 years** for current technology aircraft)

- Average remaining lease term is **7.5 years**

As of March 31, 2020

# Attractive Aircraft Portfolio

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



Based on % of actual owned fleet net book value as of March 31, 2020.

# Global Passenger In-Service Fleet by Technology

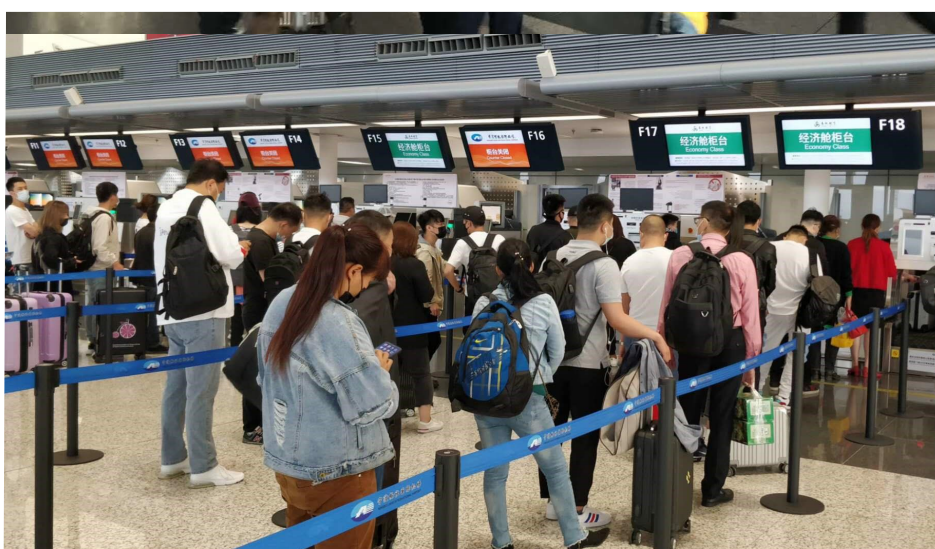
Split of Technology Type								
New Technology			Current Technology		Old Technology			
	Units	Seats		Units	Seats	Units	Seats	
<b>Airbus</b>	<b>1,640</b>	<b>339,665</b>	<b>Airbus</b>	<b>8,519</b>	<b>1,667,018</b>	<b>Airbus</b>	<b>36</b>	<b>8,992</b>
A220-100 (CS100)	37	4,177	A318	24	2,902	A300's	18	5,099
A220-300 (CS300)	62	8,771	A319	1,226	168,115	A310	18	3,893
A320neo	881	154,712	A320	4,103	689,378	<b>Boeing</b>	<b>1,444</b>	<b>284,055</b>
A321neo	290	58,731	A321	1,635	319,279	717-200	142	16,322
A330neo	40	12,677	A330-200	479	126,129	737-200	15	1,718
A350-1000	35	11,679	A330-300	693	207,893	737-300	161	22,364
A350-900	295	88,918	A380-800	235	117,514	737-400	107	16,641
<b>Boeing</b>	<b>926</b>	<b>256,923</b>	A340-300	74	19,975	737-500	123	14,298
747-8	36	12,886	A340-500	2	474	737-600	31	3,636
787-10	49	16,332	A340-600	48	15,359	747-300	1	460
787-8	348	88,113	<b>Boeing</b>	<b>7,603</b>	<b>1,494,202</b>	747-400	118	45,437
787-9	493	139,592	737-700	979	134,470	757-200	280	51,035
<b>Embraer</b>	<b>18</b>	<b>2,134</b>	737-800	4,801	835,594	757-300	54	13,243
E190 E2	11	1,194	737-900	554	102,910	767-200	14	3,176
E195 E2	7	940	777-200	419	123,978	767-300	361	86,743
			777-300	850	297,250	767-400	37	8,982
			<b>Embraer</b>	<b>630</b>	<b>66,083</b>	<b>DCs/MDs</b>	<b>173</b>	<b>26,127</b>
			E190	473	47,566			
			E195	157	18,517			
<b>Total</b>	<b>2,584</b>	<b>598,722</b>	<b>Total</b>	<b>16,752</b>	<b>3,227,303</b>	<b>Total</b>	<b>1,653</b>	<b>319,174</b>

Source: Cirium Fleets Analyzer: Airbus, Boeing, McDonnell-Douglas, Embraer in-service passenger jets as of January 2020.



# International Labor Day Holiday, May 1, 2020

Beijing, Shanghai, Guangzhou, Chengdu, Xiamen and Shenzhen international airports





# Forward Order and Purchase/Leasebacks

Aircraft Type	2020	2021	2022	2023	2024	Thereafter	Total
Airbus A320neo Family	22	44	34	30	27	25	182
Boeing 737 MAX	3	15	16	17	18	26	95
Boeing 787	2	7	1	9	6	-	25
Embraer E190 / 195-E2	5	16	14	5	-	-	40
<b>Total Aircraft</b>	<b>32</b>	<b>82</b>	<b>65</b>	<b>61</b>	<b>51</b>	<b>51</b>	<b>342</b>

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



# Endnotes

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## **SLIDE 5: Significant Reduction in Capital Expenditures**

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

## **SLIDE 9: Net Interest Margin and Net Spread**

Net interest margin 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 swaps.

Average lease assets includes flight equipment held for operating leases, flight equipment held for sale, net investment in finance and sales-type leases and maintenance rights asset.

Average cost of debt is calculated as interest expense, excluding mark-to-market on interest rate caps and swaps, divided by average debt balance.

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.

## **SLIDE 12 / SLIDE 13: Strong Liquidity Position / Key Points**

Sources include ~\$0.4 billion of new funding raised since March 31, 2020.

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

4Q 2019 next 12 months' sources-to-uses coverage as per 4Q 2019 earnings presentation.

## **SLIDE 16: Book Value Per Share**

Book value per share is based on ordinary shares outstanding excluding unvested restricted stock.

Unvested restricted stock represents ordinary share units issued under our share incentive schemes that vest only upon the satisfaction of certain conditions.

# AERCAP

Global Leader in Aviation



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