

# AERCAP

Global Leader in Aviation

## Third Quarter 2020 Financial Results

AerCap Holdings N.V.

November 10, 2020

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

# Key Messages



Significant **increase in air travel** and **AerCap's cash flows**

**Strong balance sheet** and **record liquidity**

Accelerating trend towards **new technology** aircraft, of which **AerCap** is the **largest owner** in the world

Expect to see **significant opportunities** to deploy capital

# Air Travel Recovery Underway

## EUROPE

- ▶ European daily traffic averaged ~14,000 flights in October, a decrease from ~17,000 flights in August but well above the April 12 low of 2,099 flights

## U.S.

- ▶ U.S. daily passengers surpassed 1 million in October for the first time since March, up from a low of ~87,000 passengers on April 14

## CHINA

- ▶ In October, Chinese daily domestic flights were close to pre-pandemic levels

## OTHER KEY DRIVERS

- ▶ Positive vaccine developments
- ▶ ~\$200 billion of government support provided to airlines
- ▶ Rapid testing and elimination of quarantine periods are key to further recovery

# Recent AerCap Actions



- ▶ 2020 and 2021 cash capex reduced by ~\$5.7 billion
- ▶ Ongoing discussions with OEMs and airlines regarding further rescheduling



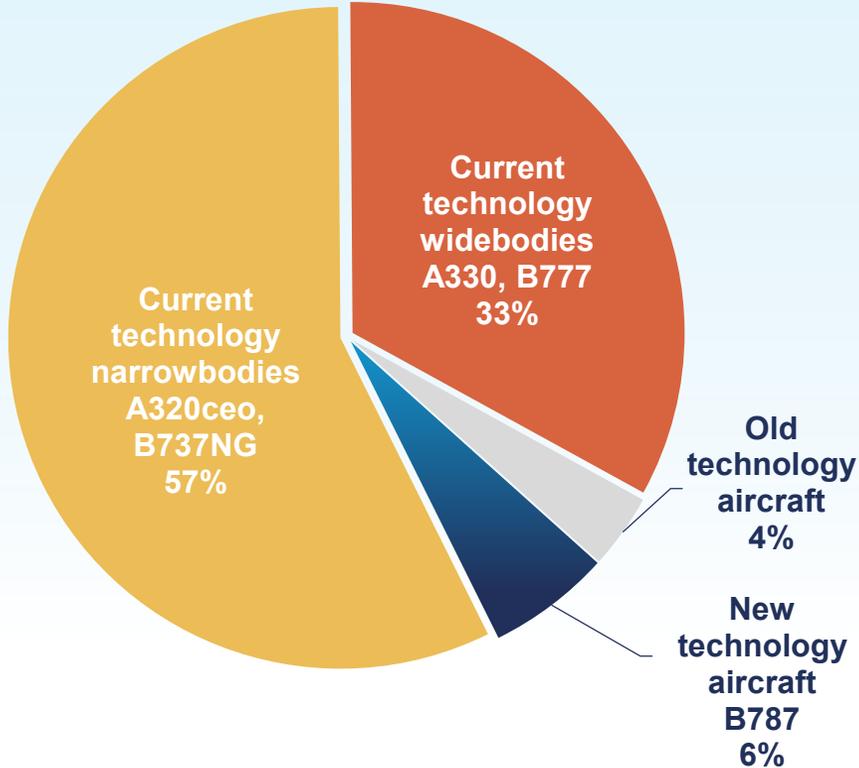
- ▶ Operating cash flow increased 76% from 2Q to 3Q
- ▶ Over \$6 billion of funding raised since March
- ▶ Record high sources-to-uses coverage of 2.9x as of September 30, 2020



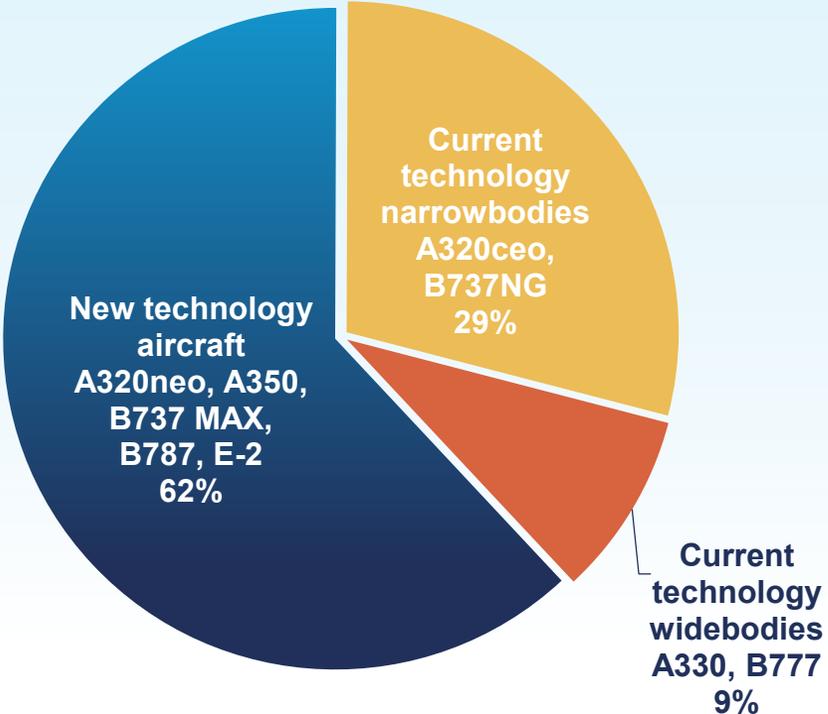
- ▶ New deferral requests have decreased significantly
- ▶ ~\$485 million deferrals balance as of September 30, 2020, a \$56 million increase in 3Q
- ▶ This represents ~10% of annual lease revenue, vs. over \$1 billion of security

# AerCap Fleet Transformation

AerCap Fleet as of December 31, 2014 by NBV

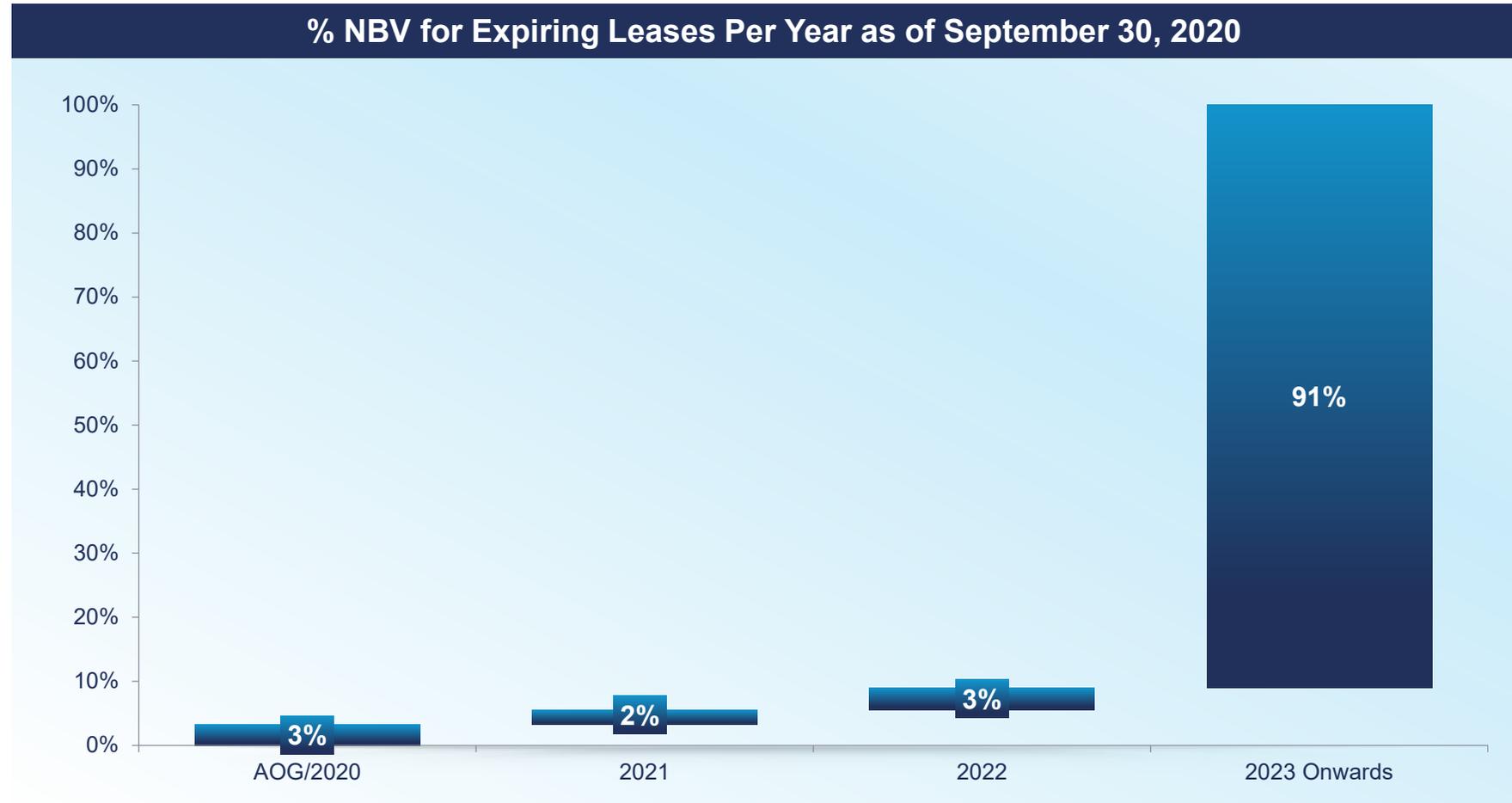


AerCap Fleet as of September 30, 2020 by NBV



# Lease Expiries Schedule

**AerCap has relatively few leases expiring through the end of 2022**



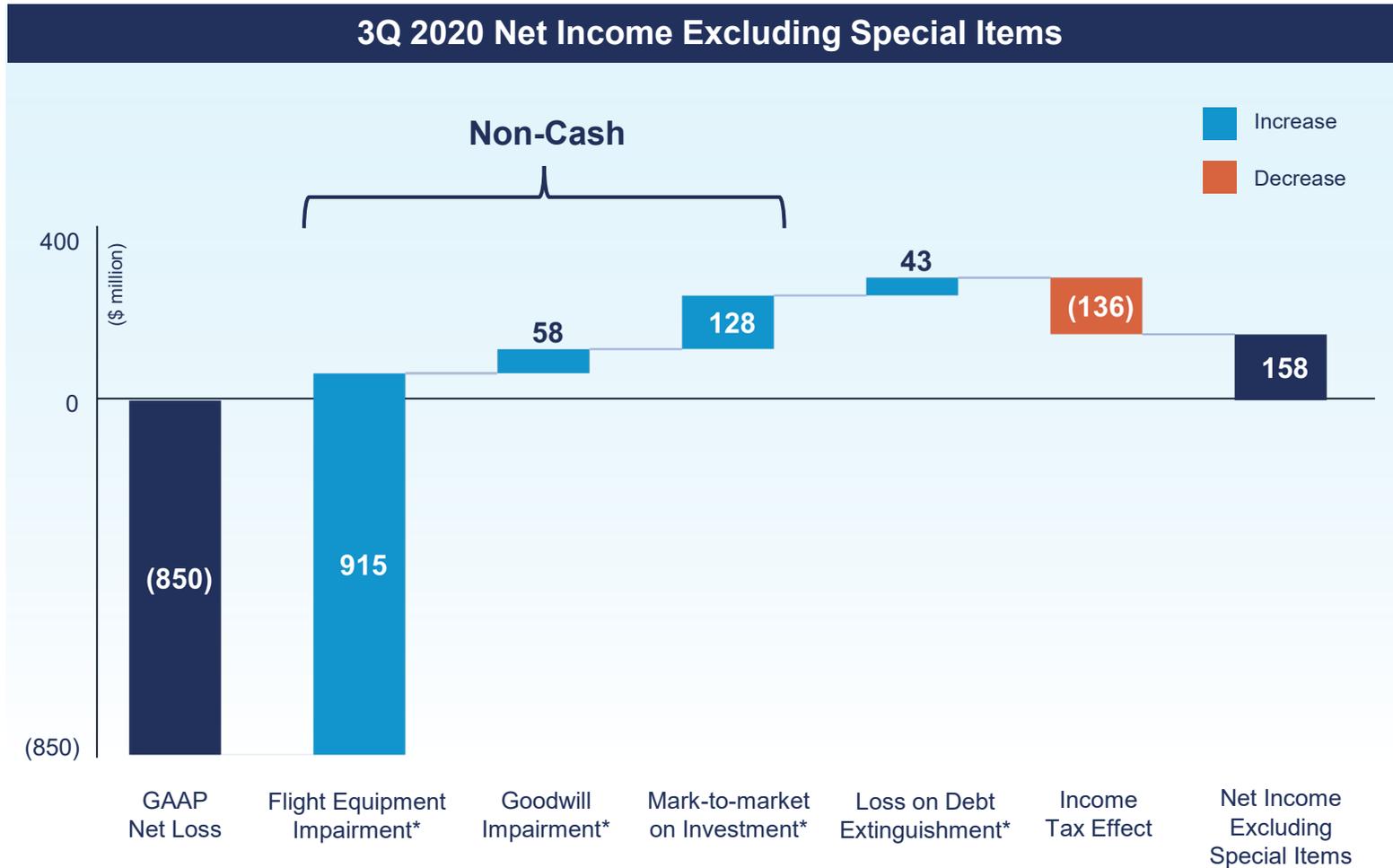
- ▶ Aircraft currently on the ground and expiring through the end of 2022 represent only 9% of our total fleet
- ▶ Average remaining lease term of 7.3 years

# Capital Deployment Alternatives

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



# 3Q 2020 Financial Results



- ▶ Net loss of \$850 million, or \$6.66 per share, including special items
- ▶ Special items in 3Q included a non-cash write-down of flight equipment and goodwill, non-cash mark-to-market on investment and loss on debt extinguishment
- ▶ Net income excluding special items of \$158 million, or \$1.24 per share

\*These special items are presented pre-tax.

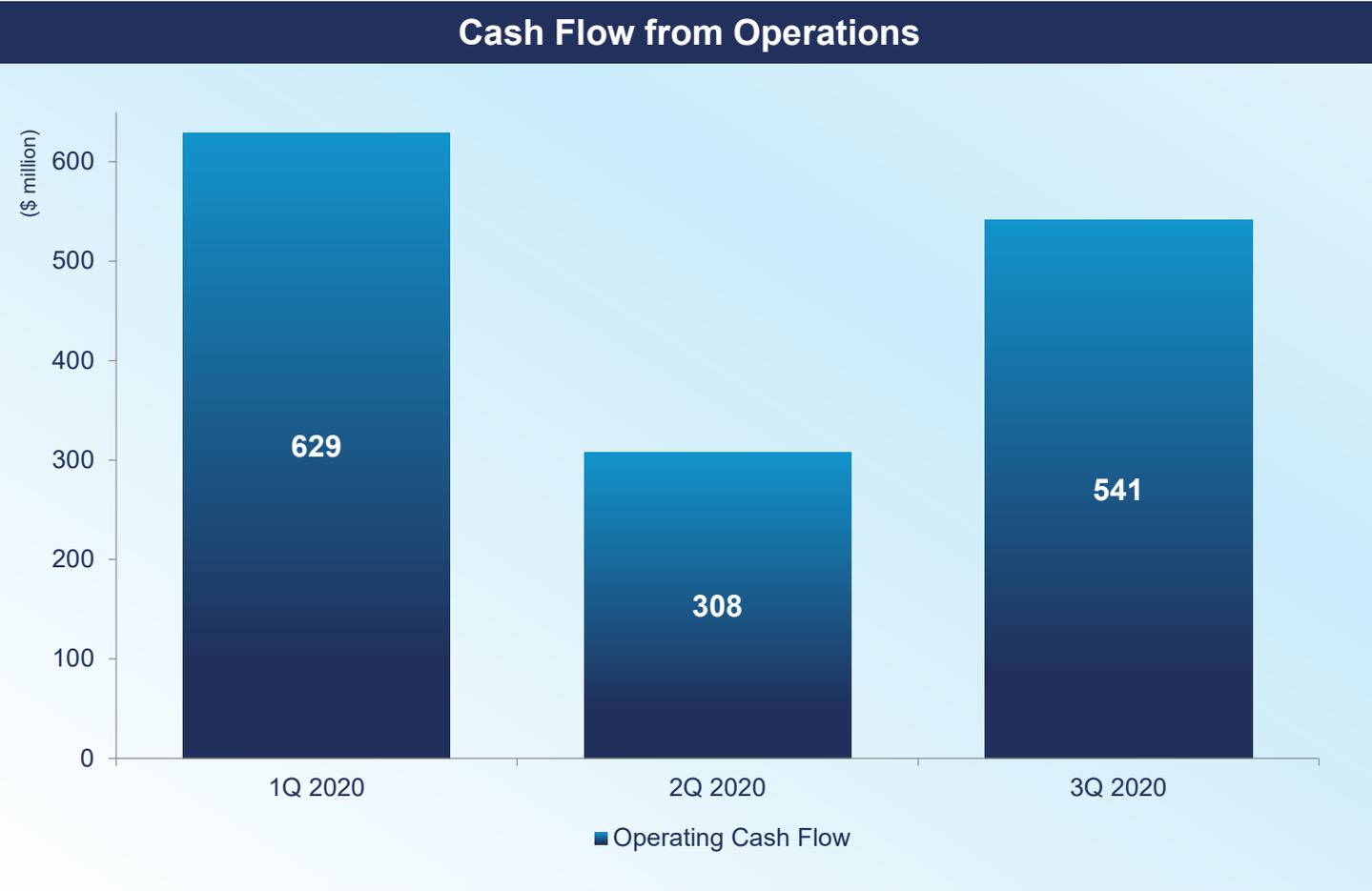
See Supplemental Information – 3Q 2020 Net Income / EPS Excluding Special Items.

# Revenues and Other Income

| (\$ million)                           | 3Q 2020      | 3Q 2019      |
|--|--------------|--------------|
| Basic Lease Rents                      | 897          | 1,067        |
| Maintenance Rents and Other Receipts   | 91           | 73           |
| Net Gain on Sale of Assets             | 7            | 41           |
| Other Income                           | 31           | 14           |
| <b>Total Revenues and Other Income</b> | <b>1,027</b> | <b>1,194</b> |

- ▶ Basic lease rents decreased primarily due to lease restructurings, transitions and the impact of airline bankruptcies
- ▶ Maintenance rents and other receipts increased primarily due to higher maintenance revenue recognized as a result of lease terminations
- ▶ Net gain on sale of assets decreased due to the lower volume and composition of asset sales
- ▶ Other income increased primarily due to higher interest income

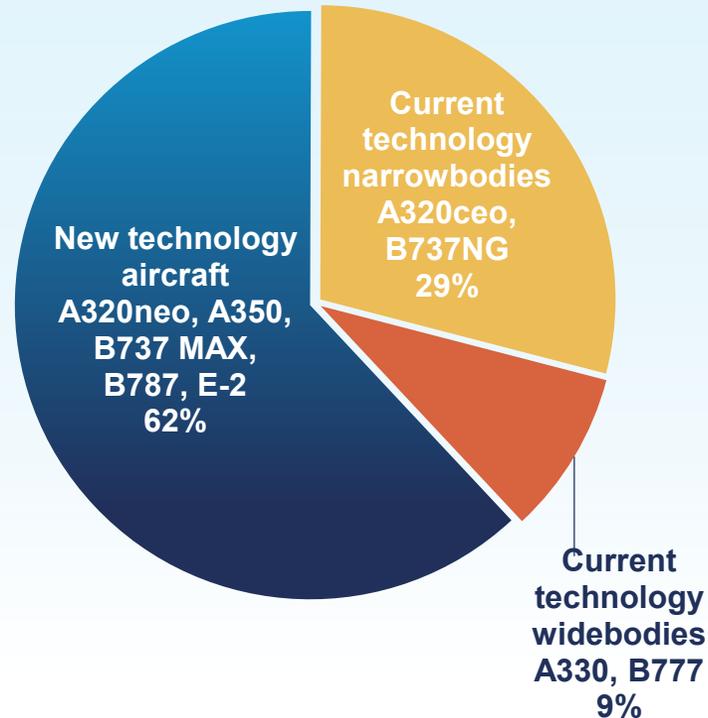
# Cash Flow Recovery



- ▶ Cash flow from operations increased 76% from 2Q to 3Q
- ▶ Vast majority of customers continue to pay every month

# Asset Impairments

AerCap Fleet as of September 30, 2020 by NBV



- ▶ Each quarter, we review our flight equipment for potential impairments
- ▶ This involves a forecast of expected cash flows over the remaining useful life of each aircraft and comparing those to our carrying value for that aircraft
- ▶ Assumptions used reflected our current estimates of impact of Covid-19 on aircraft demand and lease rates both now and in the future
- ▶ Impairment charge on flight equipment of \$915 million, which related primarily to Airbus A330 and Boeing B777 current technology widebody aircraft, which together now represent less than 10% of our fleet
- ▶ In 3Q, we completed a comprehensive review of all our owned aircraft
- ▶ No impairments of new technology aircraft and minimal impairments of current technology narrowbodies
- ▶ Write-off of entire goodwill balance of \$58 million

# Recent Funding Initiatives

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**\$4.0B**

**Unsecured debt  
raised since  
April**

**~\$2.5B**

**Secured debt  
raised since  
March**

**3.9%**

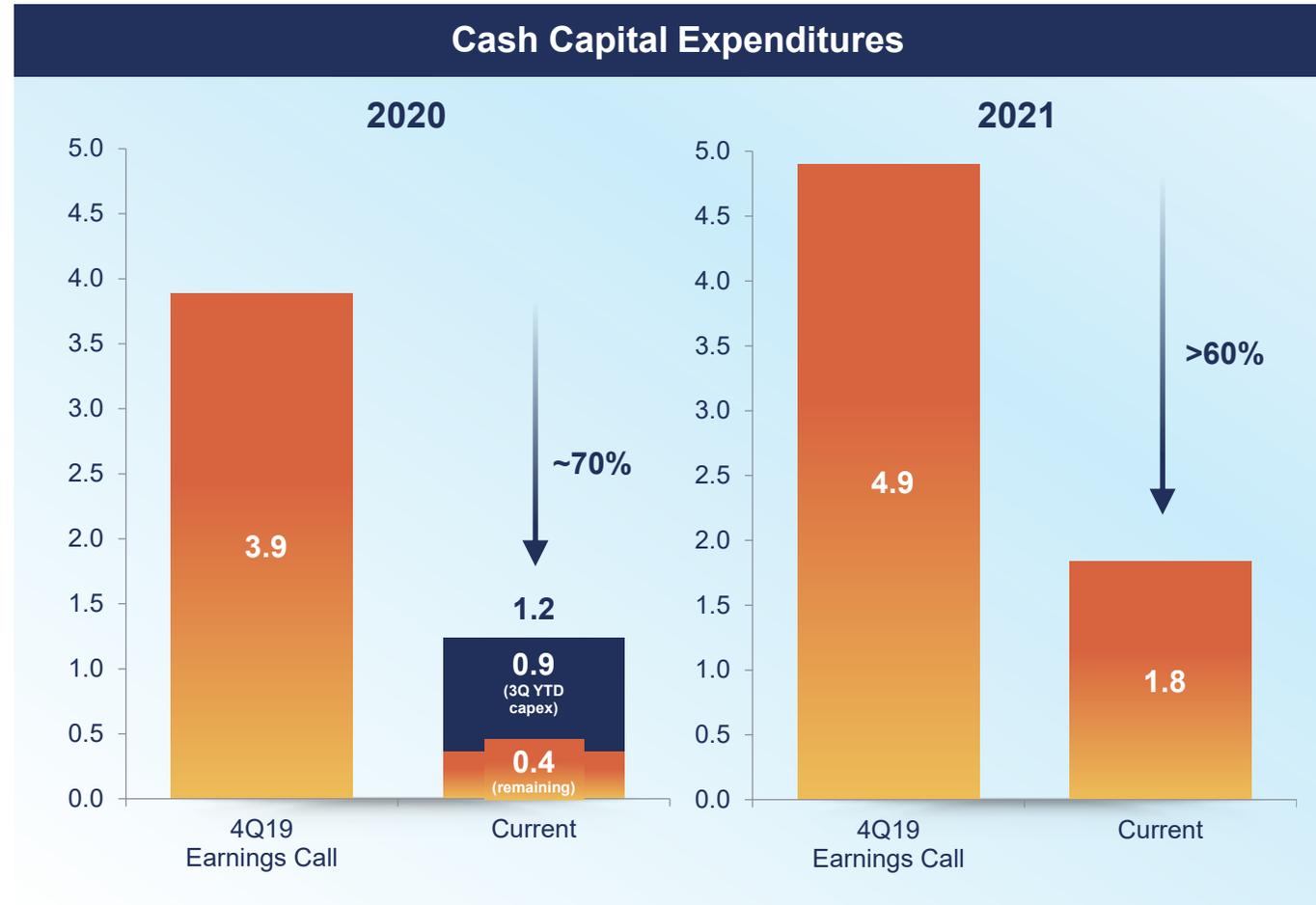
**Average cost of  
debt raised in  
2020**

**\$3.9B**

**Prepayment of  
debt maturing  
through 2022**

# Significant Reduction in Capital Expenditures

2020 and 2021 aggregate cash capex reduced by ~\$5.7 billion, or ~65%

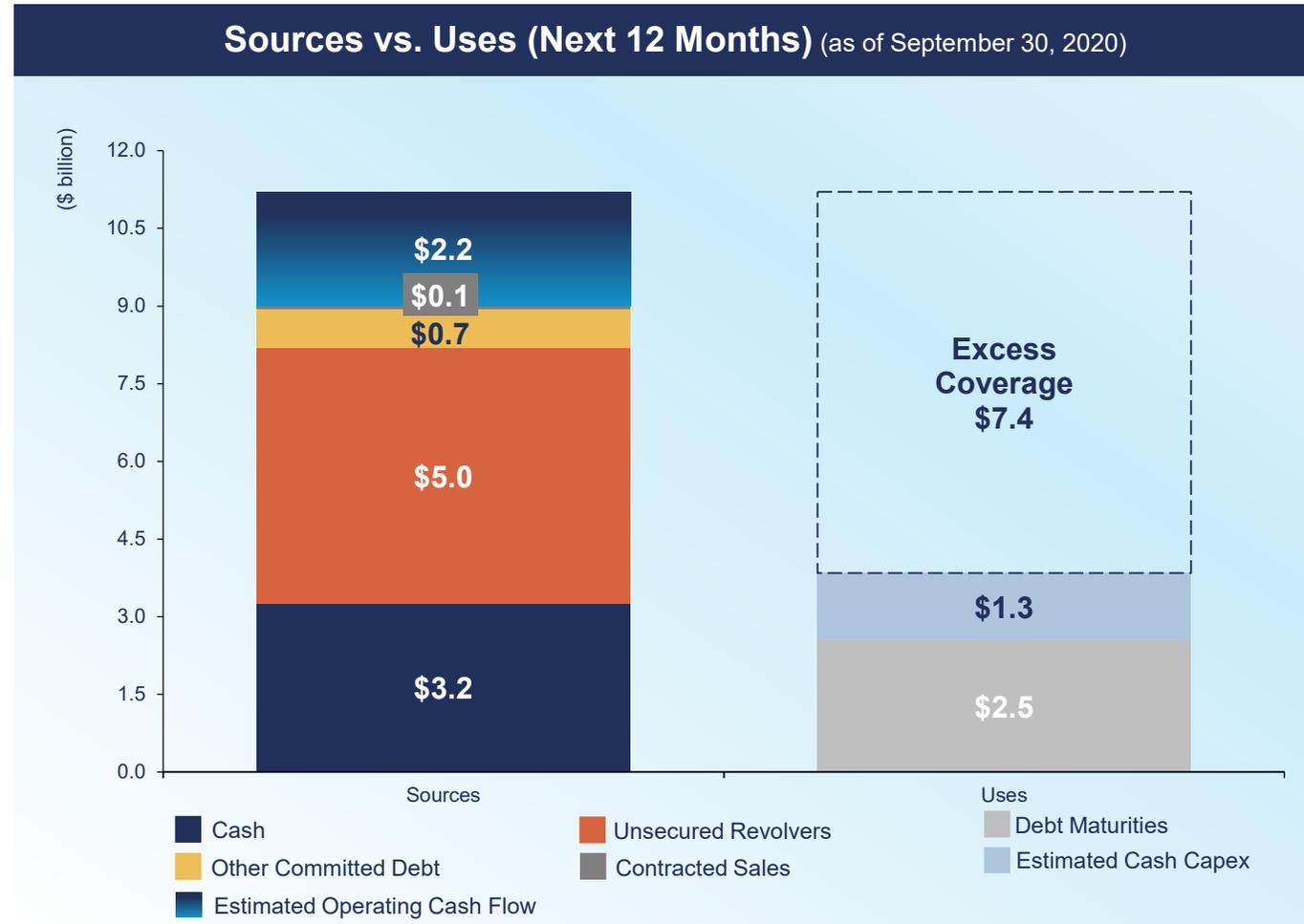


- ▶ 2020 capex reduced by ~70%, ~\$0.4 billion remaining
- ▶ 2021 capex reduced by >60% to ~\$1.8 billion
- ▶ Cancelled forward orders for 24 Boeing 737 MAX aircraft in 3Q
- ▶ Rescheduled deliveries of over 90 aircraft from 2020 and 2021 to later years

See Supplemental Information – Endnotes.

# Record Liquidity Position

**Next 12 months' sources-to-uses coverage of 2.9x, with \$11.2 billion sources of liquidity**



- ▶ \$7.4 billion of excess cash coverage
- ▶ 2.67x leverage ratio
- ▶ 24% secured debt-to-total assets ratio
- ▶ Unencumbered assets of ~\$26 billion
- ▶ Average cost of debt of 4.0% in 3Q 2020
- ▶ Ratings affirmed by Moody's and Fitch in 3Q

See Supplemental Information – Capital Structure and Endnotes.

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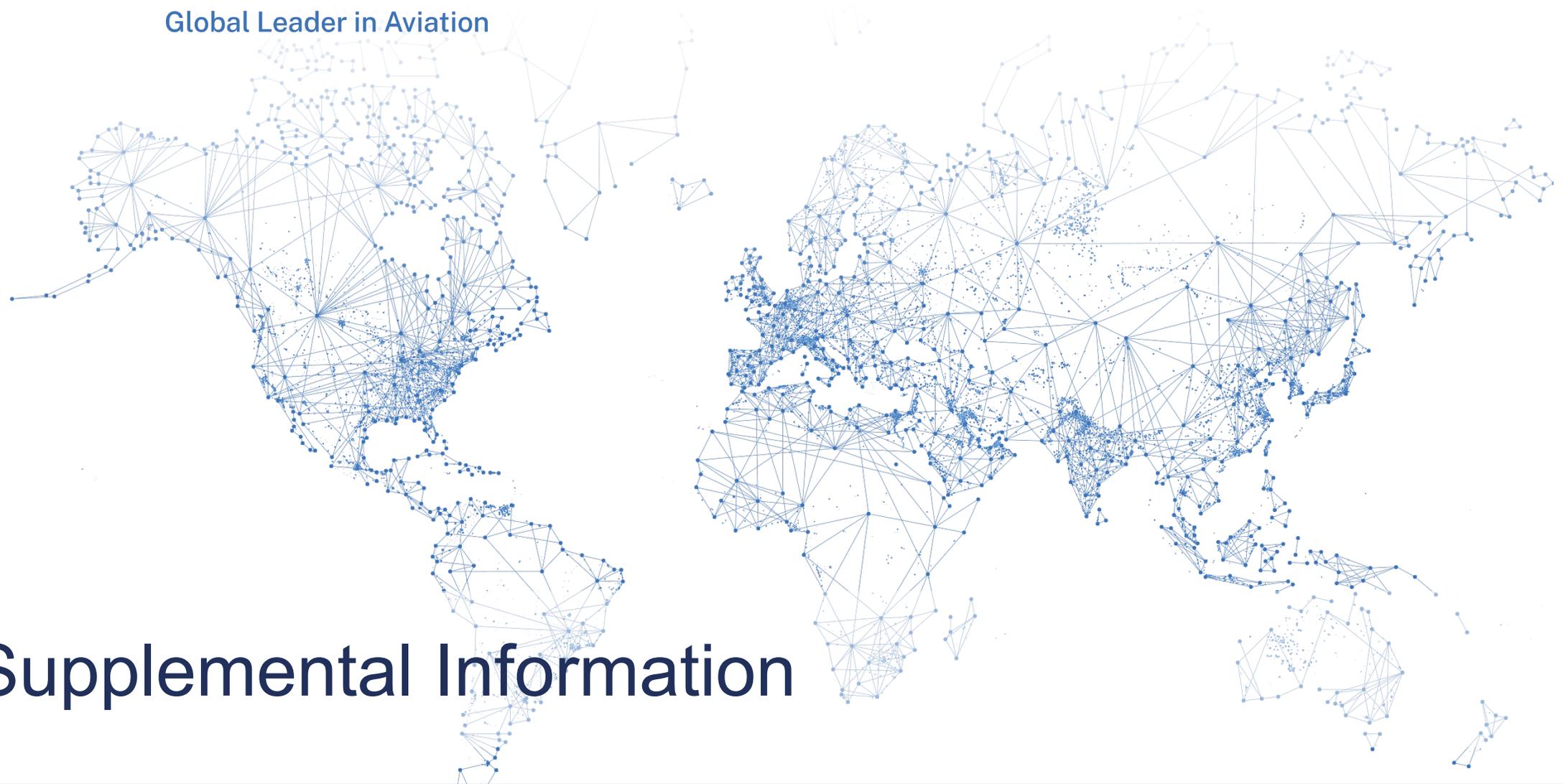
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Q&A

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## Supplemental Information

# High-Quality and Well-Diversified Portfolio

**New technology aircraft comprise ~62% 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     | 276                      | 13%              | 44                         | –                           | 320            |
| Airbus A320neo Family  | 153                      | 21%              | 5                          | 169                         | 327            |
| Airbus A330            | 60                       | 4%               | 9                          | –                           | 69             |
| Airbus A350            | 27                       | 10%              | –                          | –                           | 27             |
| Boeing 737NG           | 230                      | 16%              | 43                         | –                           | 273            |
| Boeing 737 MAX         | 5                        | 1%               | –                          | 71                          | 76             |
| Boeing 767             | 25                       | –                | –                          | –                           | 25             |
| Boeing 777-200ER       | 16                       | 1%               | 2                          | –                           | 18             |
| Boeing 777-300 / 300ER | 22                       | 4%               | 1                          | –                           | 23             |
| Boeing 787             | 90                       | 29%              | 1                          | 24                          | 115            |
| Embraer E190 / 195-E2  | 10                       | 1%               | –                          | 40                          | 50             |
| Other                  | 19                       | –                | –                          | –                           | 19             |
| <b>Total</b>           | <b>933</b>               | <b>100%</b>      | <b>105</b>                 | <b>304</b>                  | <b>1,342</b>   |

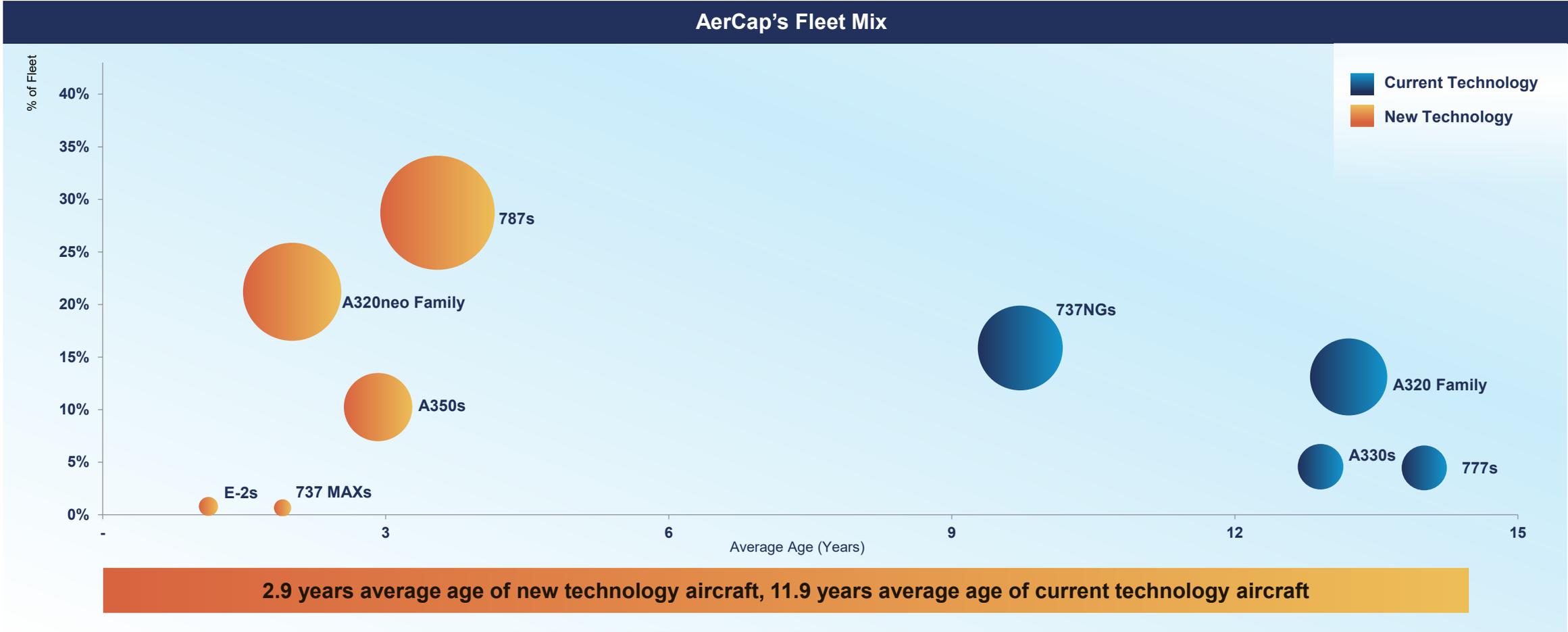
- Average age of owned aircraft fleet is **6.3 years**  
(**2.9 years** for new technology aircraft, **11.9 years** for current technology aircraft)

- Average remaining lease term is **7.3 years**

As of September 30, 2020

# Attractive Aircraft Portfolio

~62% of AerCap's fleet consists of in-demand new technology aircraft



Based on % of actual owned fleet net book value as of September 30, 2020.

# Forward Order and Purchase/Leasebacks

| Aircraft Type         | 2020      | 2021      | 2022      | 2023      | 2024      | Thereafter | Total      |
|-----------------------|-----------|-----------|-----------|-----------|-----------|------------|------------|
| Airbus A320neo Family | 12        | 25        | 31        | 37        | 29        | 35         | 169        |
| Boeing 737 MAX        | -         | 5         | 5         | 17        | 18        | 26         | 71         |
| Boeing 787            | 1         | 6         | 1         | 6         | 4         | 6          | 24         |
| Embraer E190 / 195-E2 | 5         | 2         | -         | -         | 11        | 22         | 40         |
| <b>Total Aircraft</b> | <b>18</b> | <b>38</b> | <b>37</b> | <b>60</b> | <b>62</b> | <b>89</b>  | <b>304</b> |

As of September 30, 2020

# 3Q 2020 Net Income / EPS Excluding Special Items

|  | Net (Loss) Income<br>(\$ million) | (Loss) Earnings<br>Per Share (\$) |
|--|-----------------------------------|-----------------------------------|
| <b>Net Loss / Loss Per Share</b>                               | <b>(850)</b>                      | <b>(\$6.66)</b>                   |
| <b>Special Items:</b>  |                                   |                                   |
| ▶ Asset Impairment   | 973                               | 7.63                              |
| ▶ Mark-to-market Movement on Investment                        | 128                               | 1.01                              |
| ▶ Loss on Debt Extinguishment                                  | 43                                | 0.34                              |
| ▶ Income Tax Benefit   | (136)                             | (1.06)                            |
| <b>Net Income / Earnings Per Share Excluding Special Items</b> | <b>158</b>                        | <b>\$1.24</b>                     |

# Capital Structure

| Adjusted Debt/Equity Calculation (\$ million)       | Sept. 30, 2020   | Dec. 31, 2019    |
|---|------------------|------------------|
| <b>Debt</b> (including fair value adjustments)      | <b>31,087</b>    | <b>29,486</b>    |
| <b>Adjusted for:</b>                                |                  |                  |
| ▶ Unrestricted cash & cash equivalents              | (3,244)          | (1,121)          |
| ▶ 50% equity credit for long-term subordinated debt | (1,125)          | (1,125)          |
| <b>Adjusted Debt</b>                                | <b>26,718</b>    | <b>27,240</b>    |
| <b>Equity</b>                                       | <b>8,879</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>10,004</b>    | <b>10,507</b>    |
| <b>Adjusted Debt / Equity Ratio</b>                 | <b>2.67 to 1</b> | <b>2.59 to 1</b> |

# Endnotes

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**SLIDE 6 / 7 / 12: Fleet Transformation / Lease Expiries Schedule / Asset Impairments**

NBV: net book value

**SLIDE 14: Significant Reduction in Capital Expenditures**

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

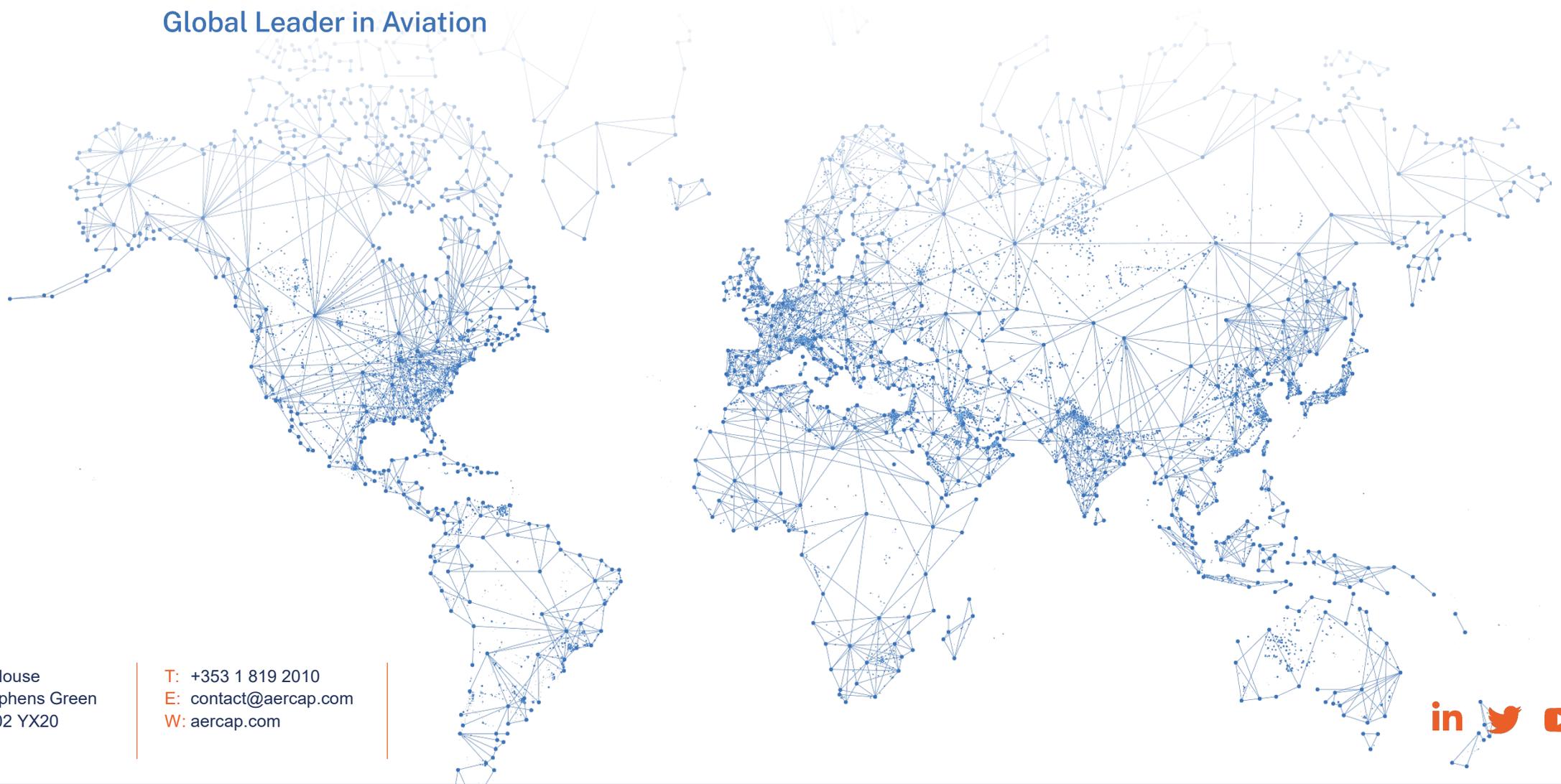
**SLIDE 15: Record Liquidity Position**

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

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

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