

# FOURTH QUARTER 2022 FINANCIAL RESULTS

AERCAP HOLDINGS N.V.

# FORWARD LOOKING STATEMENTS AND NON-GAAP FINANCIAL INFORMATION

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. Any 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, including but not limited to the availability of capital to us and to our customers and changes in interest rates; the ability of our lessees and potential lessees to make lease payments to us; our ability to successfully negotiate flight equipment (which includes aircraft, engines and helicopters) purchases, sales and leases, to collect outstanding amounts due and to repossess flight equipment under defaulted leases, and to control costs and expenses; changes in the overall demand for commercial aviation leasing and aviation asset management services; the continued impacts of the Ukraine Conflict, including the resulting sanctions by the United States, the European Union, the United Kingdom and other countries, on our business and results of operations, financial condition and cash flows; the rate of recovery in air travel related to the Covid-19 pandemic, the aviation industry and global economic conditions; the potential impacts of the pandemic and responsive government actions on our business and results of operations, financial condition and cash flows; the effects of terrorist attacks on the aviation industry and on our operations; the economic condition of the global airline and cargo industry and economic and political conditions; development of increased government regulation, including travel restrictions, sanctions, regulation of trade and the imposition of import and export controls, tariffs and other trade barriers; a downgrade in any of our credit ratings; competitive pressures within the industry; regulatory changes affecting commercial flight equipment operators, flight equipment maintenance, engine standards, accounting standards and taxes.

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In addition to presenting financial results in conformity with U.S. generally accepted accounting principles (“GAAP”), this presentation includes certain non-GAAP financial measures. We believe these measures and metrics may further assist investors in their understanding of our performance. These measures and metrics should not be viewed in isolation and should only be used in conjunction with and as a supplement to our U.S. GAAP financial measures. Non-GAAP measures and metrics are not uniformly defined by all companies, including those in our industry, and so this additional information may not be comparable with similarly-titled measures and metrics and disclosures by other companies.

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 HIGHLIGHTS



**Record level of transactions; 299 transactions executed in 4Q 2022 and 895 transactions executed in FY 2022**



**4Q 2022 results reflect strong environment across all business lines**



**China reopening is final leg in global air travel recovery**



**Supply chain constraints continue to cause delays on new aircraft deliveries, supporting leasing demand and lease rates**

# SIGNIFICANT ACTIVITY ACROSS ALL BUSINESS LINES

AerCap leased, purchased and sold 895 assets in 2022



ENGINES

173

TRANSACTIONS



AIRCRAFT

570

TRANSACTIONS



HELICOPTERS

152

TRANSACTIONS



98

LEASED



28

PURCHASED



47

SOLD



351

LEASED



81

PURCHASED



138

SOLD



121

LEASED



9

PURCHASED

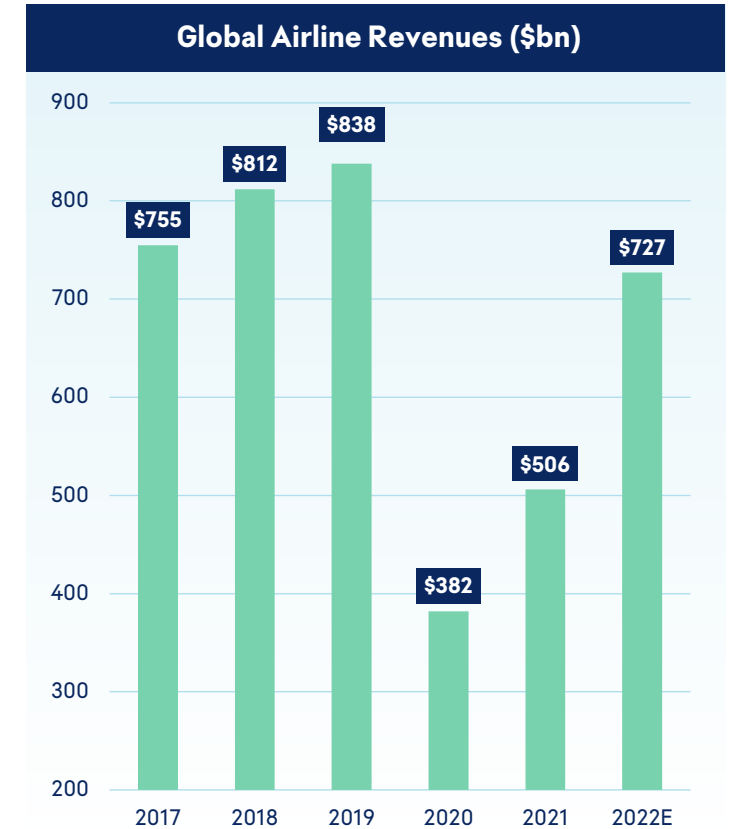
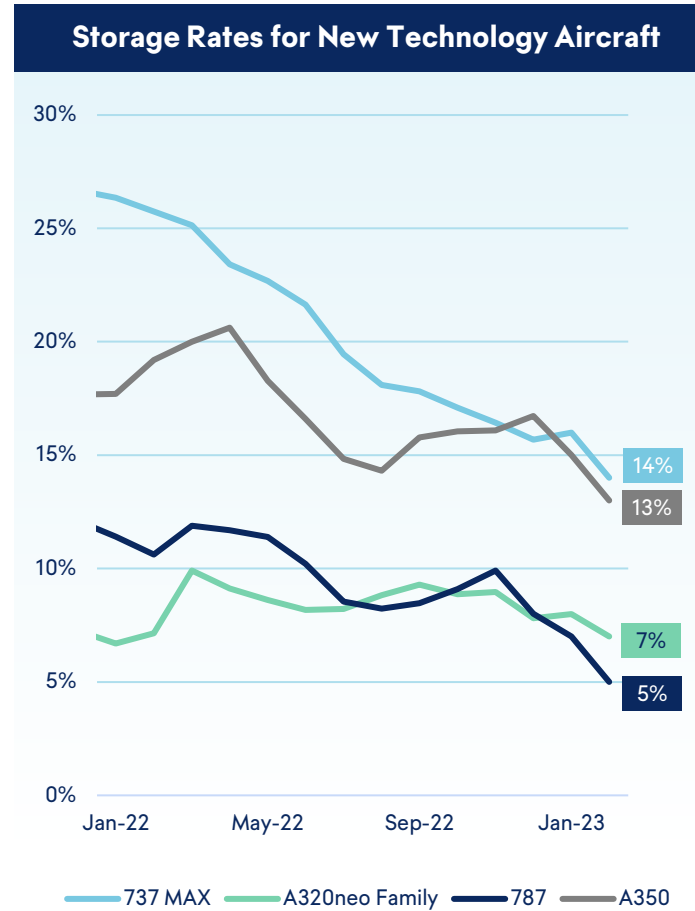
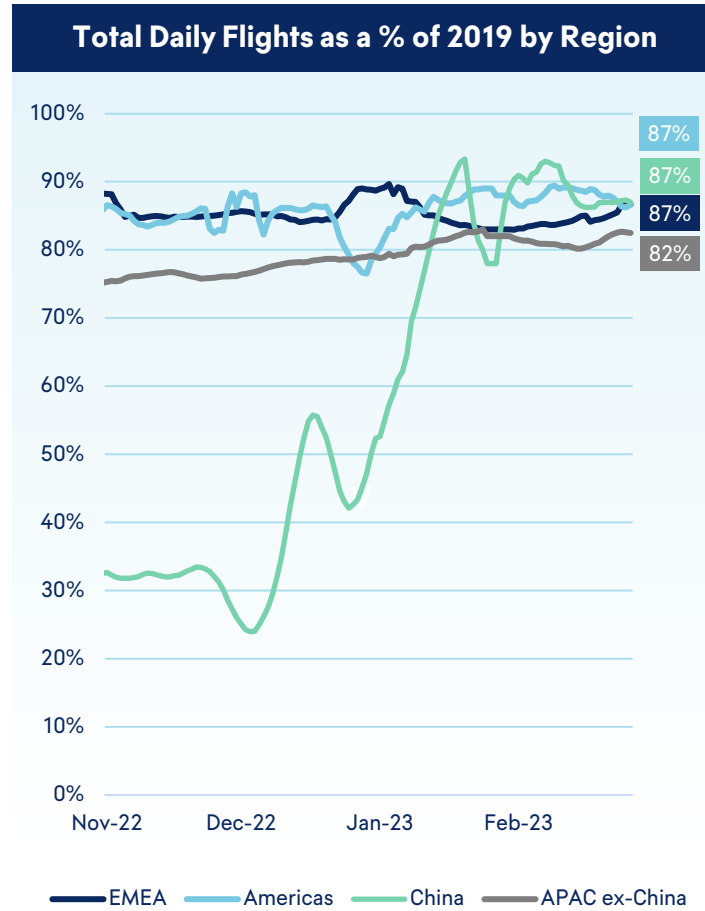


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# POSITIVE IMPACT OF GLOBAL TRAFFIC RECOVERY

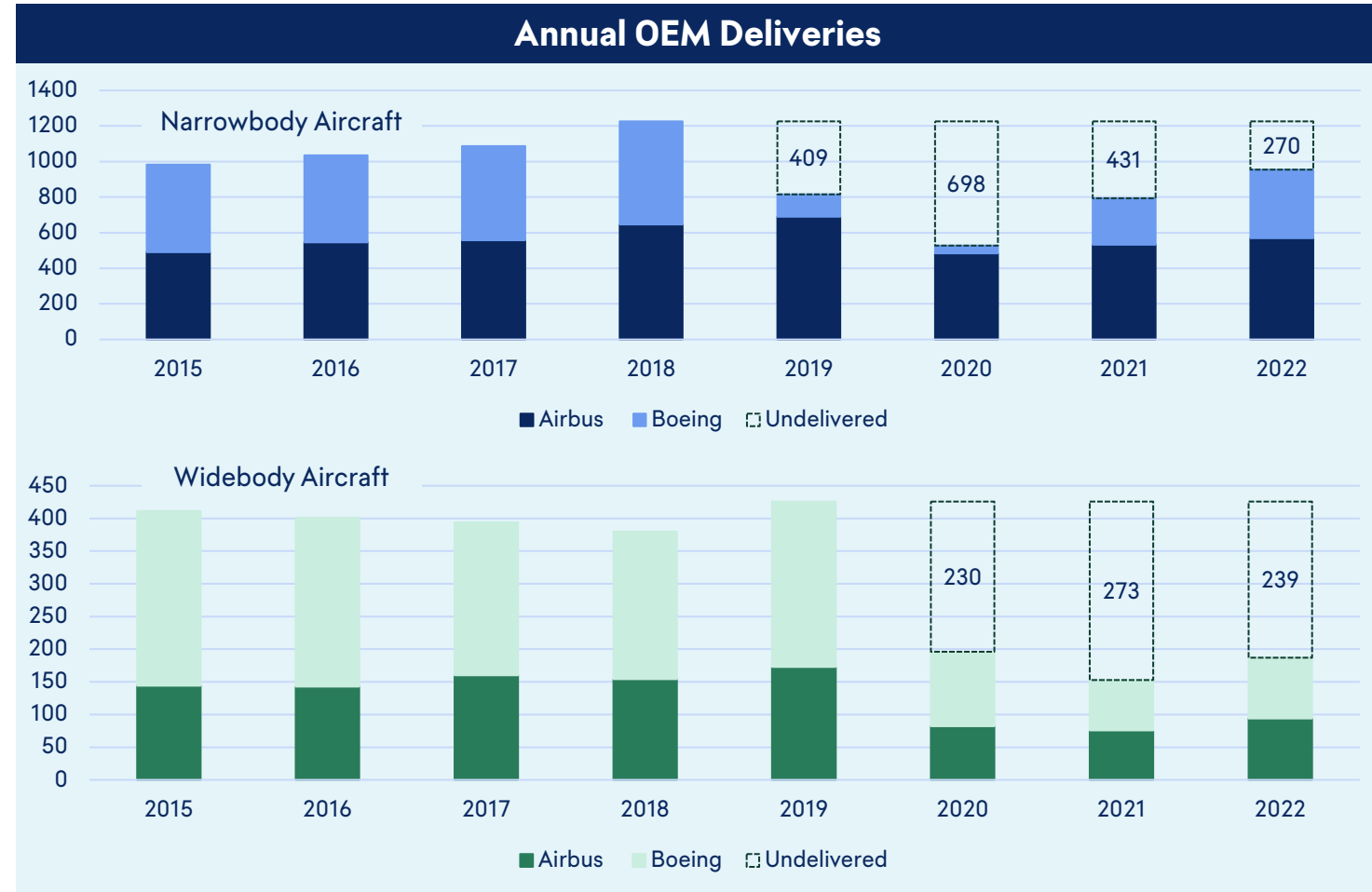
Rebound in demand is driving lower storage rates and higher airline revenues, tracking return to 2019 levels in 2023



See Supplemental Information – Endnotes.

# AIRCRAFT SUPPLY REMAINS CONSTRAINED

Production delays and regulatory issues have resulted in far fewer aircraft deliveries than the OEMs had originally planned



**~1,800 fewer narrowbody aircraft delivered**  
~11% of 2019 fleet

**~740 fewer widebody aircraft delivered**  
~15% of 2019 fleet

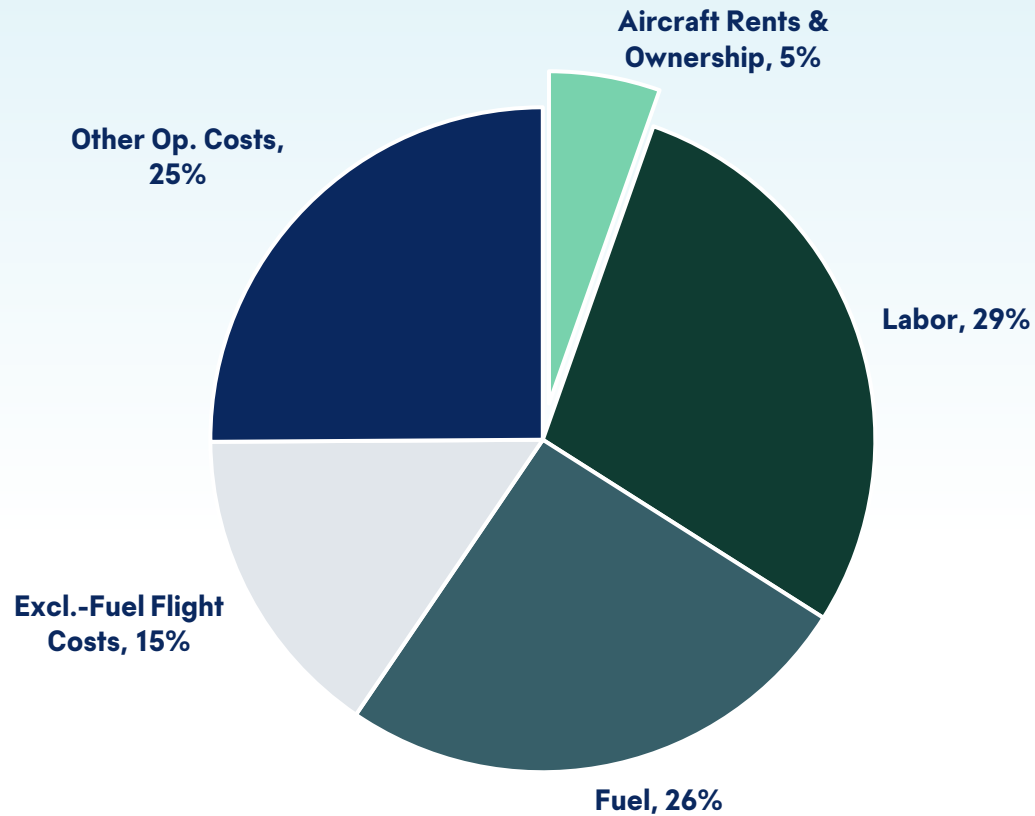
- > New aircraft supply remains constrained, with delivery delays continuing as a result of ongoing regulatory and supply chain issues
- > We expect this to persist for some time as the supply chain issues will take time to resolve
- > The shortage of capacity is driving higher demand for leased aircraft and higher lease rates

See Supplemental Information - Endnotes

# LEASING NOT A MAJOR DRIVER OF AIRLINE OPERATING COSTS

Aircraft lease payments represent only a small proportion of airlines' operating costs

**Breakdown of Airlines' Expenses by Type**



- > Airlines' major expenses are fuel and labour, which typically represent >50% of their operational cost base
- > Lease rentals typically represent only ~5%, making lease rate increases easier to pass on
- > As a result, airlines are able to absorb the impact of higher interest rates on lease rents more easily than other cost increases

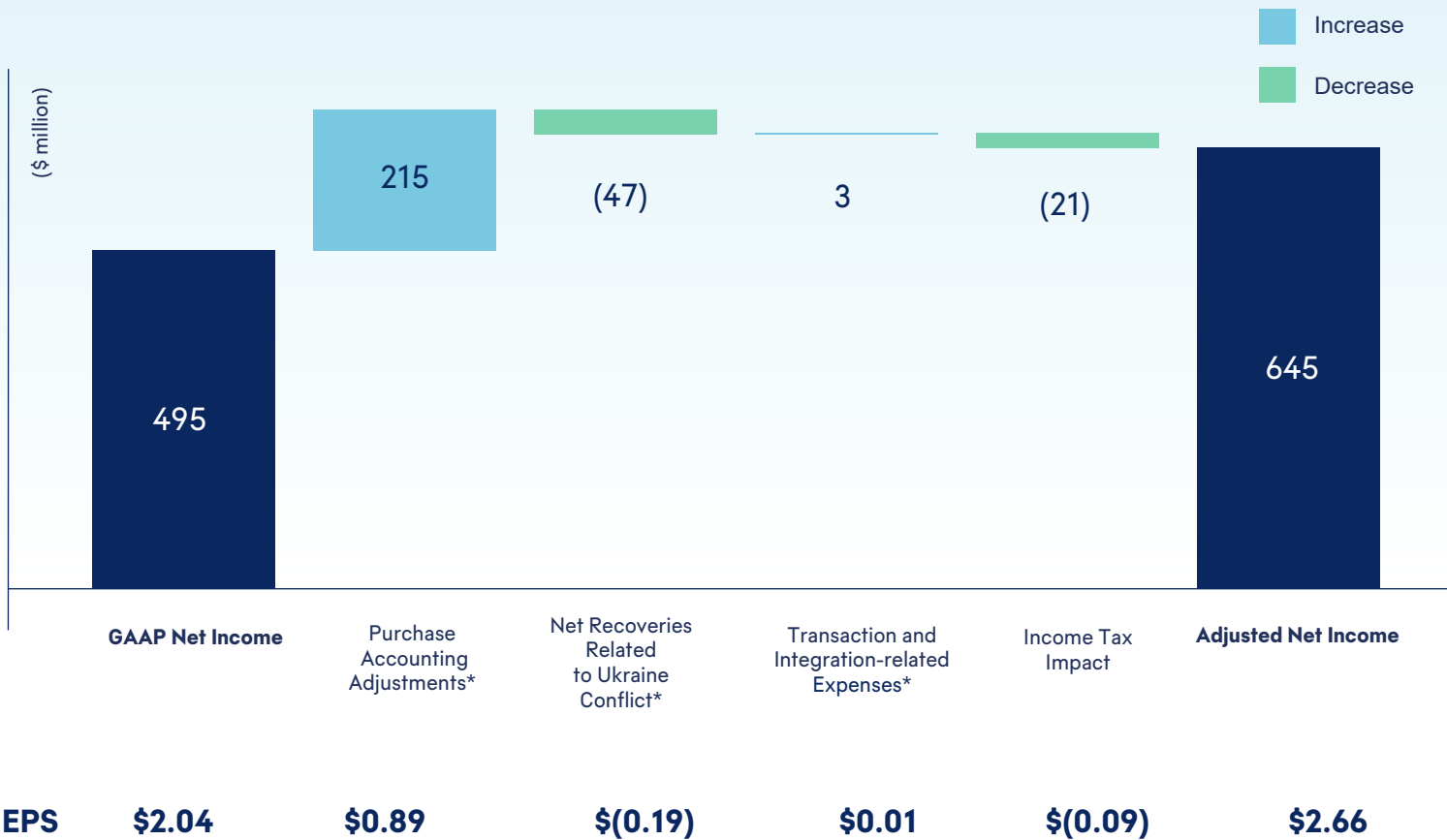
See Supplemental Information – Endnotes.

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# 4Q 2022 NET INCOME WALK

## 4Q 2022 Adjusted Net Income



- > Net income of \$495 million, or \$2.04 per share
- > Adjusted net income of \$645 million, or \$2.66 per share
- > Purchase accounting adjustments include:
  - > \$47 million related to lease premium amortization affecting basic lease rents
  - > \$111 million related to maintenance revenues
  - > \$57 million of amortization affecting leasing expenses

\*These items are presented pre-tax.

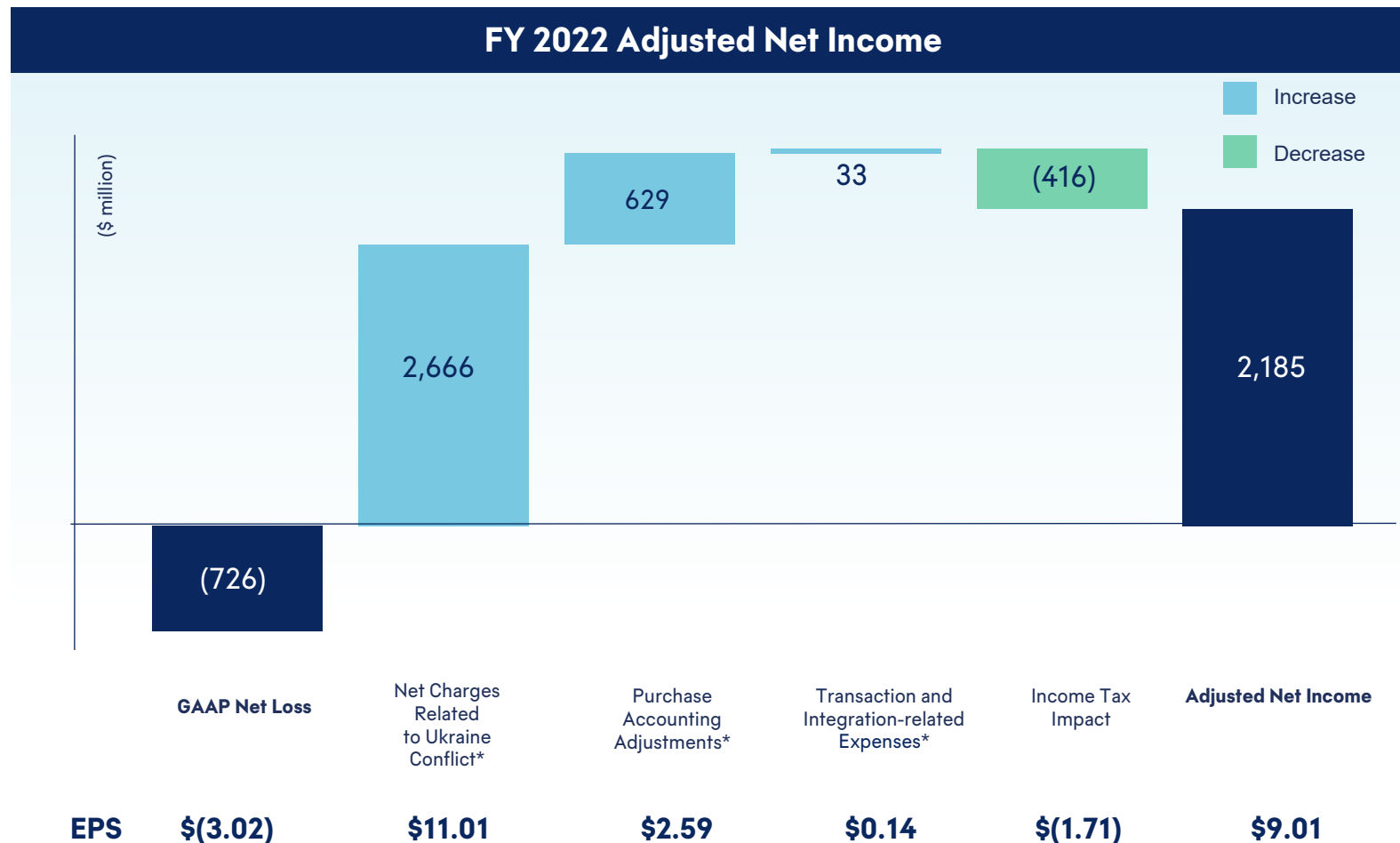
See Supplemental Information – 4Q & Full Year 2022 Adjusted Net Income and EPS and Endnotes.



# 4Q 2022 FINANCIAL DRIVERS

- **Basic lease rents** of \$1,494 million reflected strong cash collections as well as \$47 million of lease premium amortization
- **Maintenance rents and other receipts** were \$140 million, and were negatively impacted by \$111 million of maintenance rights assets amortized to revenue
- **Net gain on sale of assets** was \$121 million, representing a 14% gain-on-sale margin
- **Other income** was \$74 million, including \$36 million of proceeds from unsecured claims and settlements
- **Net recoveries related to Ukraine Conflict** were \$47 million due to proceeds related to letters of credit
- **Leasing expenses** were \$261 million, including \$57 million of lease premium and maintenance rights amortization expenses
- **Equity in net earnings of investments accounted for under the equity method** was \$38 million, primarily driven by continued strong earnings from our Shannon Engine Support joint venture

# FULL YEAR 2022 NET INCOME WALK



- > Net loss of \$726 million, or \$3.02 per share
- > Adjusted net income of \$2.2 billion, or \$9.01 per share
- > Purchase accounting adjustments include:
  - > \$206 million related to lease premium amortization affecting basic lease rents
  - > \$245 million related to maintenance revenues
  - > \$177 million of amortization affecting leasing expenses

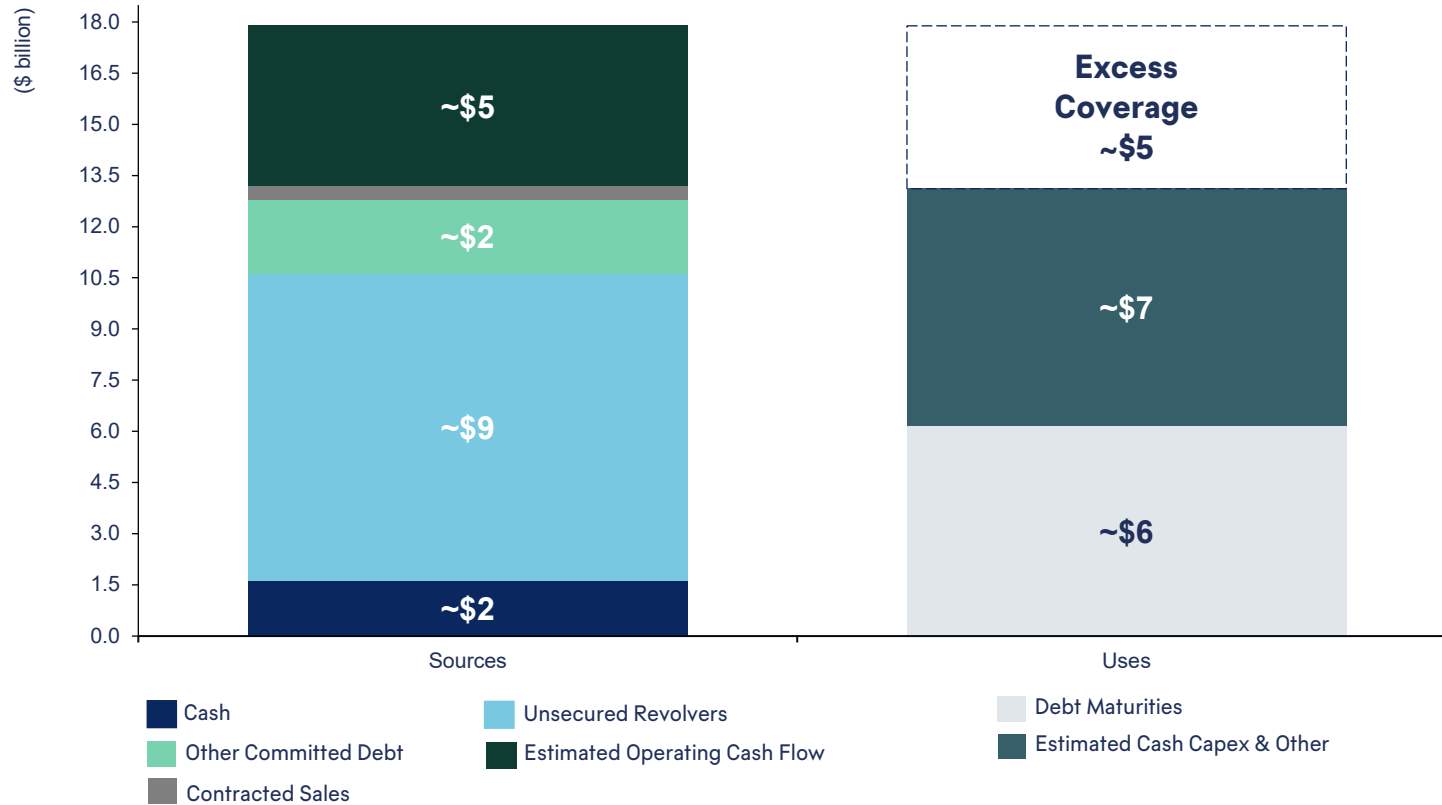
\*These items are presented pre-tax.

See Supplemental Information – 4Q & Full Year 2022 Adjusted Net Income and EPS and Endnotes.

# STRONG LIQUIDITY POSITION


Next 12 months' sources-to-uses coverage of 1.4x, with ~\$18 billion sources of liquidity

Sources vs. Uses (Next 12 Months) (as of December 31, 2022)



- > Leverage ratio of 2.5x as of December 31, 2022
- > 4Q 2022 operating cash flow of \$1.6 billion
- > Secured debt-to-total-assets ratio of ~14%
- > Average cost of debt of 3.3% in 4Q 2022
- > Upgraded to Baa2 rating by Moody's, rating outlook positive at Fitch

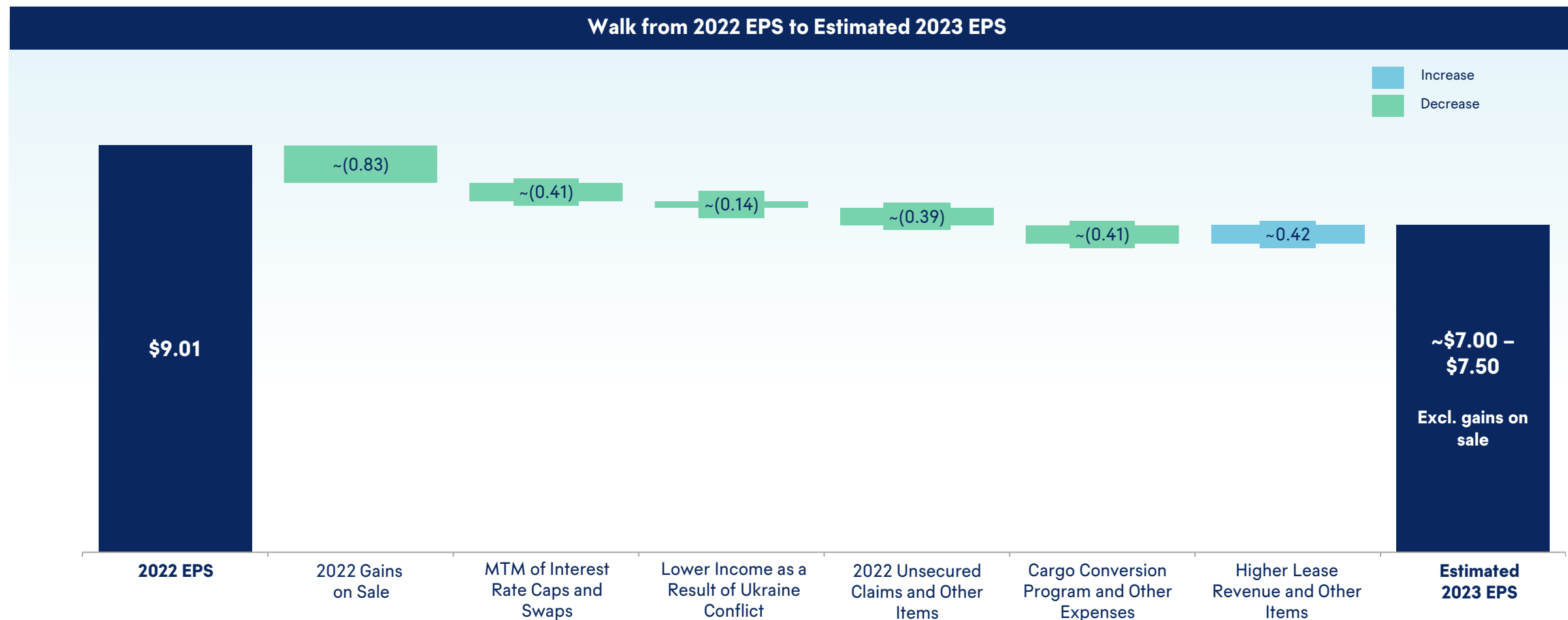
See Supplemental Information – Capital Structure and Endnotes.

The slide features a dark blue background with a faint, semi-transparent image of an airplane's wing and tail. The text is centered and rendered in a clean, white, sans-serif font. The title is split into two lines: 'AERCAP 2023' on the top line and 'FINANCIAL OUTLOOK' on the bottom line.

# AERCAP 2023 FINANCIAL OUTLOOK

# WALK FROM 2022 EPS TO 2023E EPS

Estimated 2023 adjusted EPS of \$7.00-\$7.50, excluding gains on sale



# 2023 PROJECTED INCOME STATEMENT

(\$ billion, except EPS)	FY 2023E
<b>Total Revenue</b>	<b>\$6.8</b>
Interest Expense	(1.8)
Depreciation	(2.5)
Leasing Expenses, SG&A & Other	(1.2)
<b>Total Expenses</b>	<b>(\$5.5)</b>
<b>Pre-Tax Income</b>	<b>\$1.3</b>
Tax Expense (Includes Income from Equity Method Investments)	(0.0)
<b>GAAP Net Income</b>	<b>\$1.2</b>
Purchase Accounting Adjustments (After-Tax)	0.5
<b>Adjusted Net Income</b>	<b>\$1.7</b>
<b>Adjusted Diluted EPS, not including gains on sale</b>	<b>\$7.00 - \$7.50</b>

- > We expect to generate adjusted EPS of \$7.00 - \$7.50, not including any gains on sale
- > Assumes cash capex of ~\$6.8 billion
- > Assumes sales of ~\$2.5 billion



# Q&A



# SUPPLEMENTAL INFORMATION

# 4Q & FULL YEAR 2022 ADJUSTED NET INCOME AND EPS

(\$ million, except per share amounts)	4Q 2022		FY 2022	
	Net Income	Earnings Per Share (\$)	Net loss	Loss Per Share (\$)
<b>Net Income (Loss) / Earnings (Loss) Per Share</b>	<b>495</b>	<b>2.04</b>	<b>(726)</b>	<b>(3.02)</b>
> Amortization of Maintenance Rights and Lease Premium Assets Recognized under Purchase Accounting <sup>1</sup>	215	0.89	629	2.59
> Net (Recoveries) Charges Related to Ukraine Conflict	(47)	(0.19)	2,666	11.01
> Transaction and Integration-related Expenses	3	0.01	33	0.14
> Income Tax Benefit	(21)	(0.09)	(416)	(1.71)
<b>Adjusted Net Income / Earnings Per Share</b>	<b>645</b>	<b>2.66</b>	<b>2,185</b>	<b>9.01</b>

1. Includes \$158 million adjustment to Revenues and \$57 million adjustment to Leasing expenses for 4Q 2022, and \$451 million adjustment to Revenues and \$177 million adjustment to Leasing expenses for FY 2022.

# BOOK VALUE PER SHARE

Book value per share of \$66.85 as of December 31, 2022

<b>(millions, except per share data)</b>	<b>Dec. 31, 2022</b>
<b>Total Shareholders' Equity</b>	<b>\$16,118</b>
Ordinary Shares Outstanding	245.9
Unvested Restricted Stock	(4.8)
<b>Ordinary Shares Outstanding (excl. Unvested Restricted Stock)</b>	<b>241.1</b>
<b>Book Value Per Share</b>	<b>\$66.85</b>

See Supplemental Information – Endnotes.

# CAPITAL STRUCTURE

Adjusted Debt/Equity Calculation (\$ million)	Dec. 31, 2022	Dec. 31, 2021
<b>Debt</b> (including fair value adjustments)	<b>46,533</b>	<b>50,205</b>
<b>Adjusted for:</b>		
> Unrestricted cash & cash equivalents	(1,597)	(1,729)
> 50% equity credit for long-term subordinated debt	(1,125)	(1,125)
<b>Adjusted Debt</b>	<b>43,811</b>	<b>47,351</b>
<b>Equity</b>	<b>16,195</b>	<b>16,647</b>
<b>Adjusted for:</b>		
> 50% equity credit for long-term subordinated debt	1,125	1,125
<b>Adjusted Equity</b>	<b>17,320</b>	<b>17,772</b>
<b>Adjusted Debt / Equity Ratio</b>	<b>2.5 to 1</b>	<b>2.7 to 1</b>

# HIGH-QUALITY & WELL-DIVERSIFIED PORTFOLIO

New technology aircraft comprise ~66% of aircraft fleet

AIRCRAFT TYPE	NUMBER OF ASSETS OWNED	% NET BOOK VALUE	NUMBER OF ASSETS MANAGED	NUMBER OF ASSETS ON ORDER	TOTAL ASSETS
Airbus A220 Family	5	-	3	17	25
Airbus A320 Family	457	11%	69	-	526
Airbus A320neo Family	343	26%	23	217	583
Airbus A330 Family	55	2%	9	-	64
Airbus A330neo Family	1	-	-	11	12
Airbus A350 Family	41	9%	6	-	47
Boeing 737 MAX	47	3%	5	130	182
Boeing 737NG	296	11%	63	-	359
Boeing 777 -200ER	14	-	-	-	14
Boeing 777 -300ER	45	4%	1	-	46
Boeing 787	100	18%	1	25	126
Embraer E190 / E195-E2	70	1%	-	30	100
Other	39	1%	-	5	44
<b>Total Passenger Aircraft</b>	<b>1,513</b>	<b>86%</b>	<b>180</b>	<b>435</b>	<b>2,128</b>
Boeing 737	41	1%	7	-	48
Boeing 747 / 767 / 777	18	1%	-	-	18
<b>Total Freighter Aircraft</b>	<b>59</b>	<b>2%</b>	<b>7</b>	<b>-</b>	<b>66</b>
<b>Total Engines</b>	<b>461</b>	<b>6%</b>	<b>487</b>	<b>47</b>	<b>995</b>
<b>Total Helicopters</b>	<b>325</b>	<b>6%</b>	<b>-</b>	<b>18</b>	<b>343</b>
<b>Grand Total</b>	<b>2,358</b>	<b>100%</b>	<b>674</b>	<b>500</b>	<b>3,532</b>

Number of managed engines includes SES owned and managed engines as of December 31, 2022.

# FORWARD ORDERS AND PURCHASE/LEASEBACKS

AIRCRAFT TYPE	2023	2024	2025	2026	2027	THEREAFTER	TOTAL
Airbus A220 Family	8	9	-	-	-	-	17
Airbus A320neo Family	49	52	58	41	17	-	217
Airbus A330neo Family	4	7	-	-	-	-	11
Boeing 737 MAX	12	19	34	65	-	-	130
Boeing 787	4	6	10	5	-	-	25
Embraer E190 / 195-E2	2	11	17	-	-	-	30
Other	-	-	-	5	-	-	5
<b>Total Aircraft</b>	<b>79</b>	<b>104</b>	<b>119</b>	<b>116</b>	<b>17</b>	<b>-</b>	<b>435</b>

As of December 31, 2022. See Supplemental Information – Endnotes.

# ENDNOTES

## **SLIDE 5: Positive Impact of Global Traffic Recovery**

Total Daily Flights: Cirium as of February 26, 2023, Total includes domestic and international flights.

Storage Rates: Cirium as of February 26, 2023.

Global Airline Revenues: December 2022 IATA; actuals for 2017-2021, estimates for 2022.

## **SLIDE 6: Aircraft Supply Remains Constrained**

Annual OEM Deliveries include all narrowbody and widebody aircraft delivered from 2015 to 2022.

2018 run-rate for narrowbody aircraft and 2019 run-rate for widebody aircraft.

## **SLIDE 7: Leasing Not a Major Driver of Airline Operating Costs**

Airlines For America – A4A Passenger Airline Cost Index (PACI): 3Q22.

<https://www.airlines.org/dataset/a4a-quarterly-passenger-airline-cost-index-u-s-passenger-airlines/>

Excl.-Fuel Flight Costs include food & beverage, landing fees, aircraft insurance, passenger commissions and transport-related expenses.

Other Op. Costs include non-aircraft insurance, utilities and office supplies, non-aircraft rents & ownership, professional services, maintenance material, communication, advertising & promotion, employee business expenses and other operating expenses.

## **SLIDE 8 & 10: 4Q 2022 & Full Year 2022 Net Income Walk**

Purchase accounting adjustments consist of the amortization of maintenance rights and lease premium assets recognized under purchase accounting.

## **SLIDE 11: Strong Liquidity Position**

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

## **SLIDE 18: 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.

## **SLIDE 20 & 21: High-Quality and Well-Diversified Portfolio & Forward Orders and Purchase/Leasebacks**

Aircraft on order excludes aircraft for which we have cancellation rights that we expect to exercise.



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