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AerCap Holdings N.V. Reports Record EPS for Full Year 2019 and Announces New Share Repurchase Program

DUBLIN – February 13, 2020

- **Net income of \$309.8 million for the fourth quarter of 2019 and \$1,145.7 million for the full year 2019**
- **Diluted earnings per share of \$2.34 for the fourth quarter of 2019 and \$8.43 for the full year 2019**

Highlights

- **44% increase in diluted EPS for the fourth quarter of 2019 year over year.**
- **New technology aircraft now comprise 58% of our owned fleet.**
- **Approximately \$40 billion of contracted future lease rents.**
- **Approximately 97% of lease rents through 2022 already contracted.**
- **Average current lease expires in the third quarter of 2027.**
- **99.8% fleet utilization rate for the fourth quarter of 2019 (99.6% for full year 2019).**
- **Adjusted debt/equity ratio of 2.6 to 1.**
- **22% secured debt to total assets ratio.**
- **6.1 years average age of owned fleet.**
- **\$1.4 billion increase in average lease assets over the fourth quarter of 2018.**
- **15% increase in book value per share since December 31, 2018.**
- **Upgraded to BBB rating by S&P Global Ratings.**
- **Repurchased 3.4 million shares in the fourth quarter of 2019 for \$197 million.**
- **New \$250 million share repurchase program authorized, which will run through June 30, 2020.**

Aengus Kelly, CEO of AerCap, said: *"I am very pleased to report a record year of financial results with earnings per share of \$8.43. New technology aircraft now represent 58% of our aircraft fleet, the highest percentage of any major lessor, positioning AerCap well for success in the years ahead and continued leadership in providing the most fuel-efficient aircraft to airlines around the world."*

Fourth Quarter 2019 Financial Results

- Net income increased by 33% to \$309.8 million, from \$232.6 million for the same period in 2018. Diluted earnings per share was \$2.34, compared with \$1.62 for the same period in 2018.
- The increase in net income was primarily driven by higher maintenance revenue and lower leasing expenses.
- Diluted earnings per share increased by 44%, driven by the repurchase of 16.6 million shares from October 2018 through December 2019 and the same factors as net income.

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Full Year 2019 Financial Results

- Net income was \$1,145.7 million, compared with \$1,015.6 million for 2018. Diluted earnings per share was \$8.43, compared with \$6.83 for 2018.
- The increase in net income was primarily driven by higher lease rents resulting from an increase in average lease assets due to the delivery of new technology aircraft in 2018 and 2019.
- Diluted earnings per share increased by 23%, driven by the repurchase of 25.9 million shares during 2018 and 2019 and the same factors as net income.

Revenue and Net Spread

	Three months ended December 31,			Year ended December 31,		
	2019	2018	% increase/ (decrease)	2019	2018	% increase/ (decrease)
	(U.S. Dollars in millions)			(U.S. Dollars in millions)		
Lease revenue:						
Basic lease rents	\$1,062.3	\$1,051.0	1%	\$4,281.3	\$4,145.6	3%
Maintenance rents and other receipts	132.5	102.3	30%	401.0	391.5	2%
Lease revenue	1,194.8	1,153.4	4%	4,682.3	4,537.1	3%
Net gain on sale of assets	48.6	40.8	19%	188.8	201.3	(6%)
Other income	13.5	25.5	(47%)	66.2	61.6	7%
Total Revenues and other income	\$1,257.0	\$1,219.7	3%	\$4,937.3	\$4,800.0	3%

Basic lease rents were \$1,062.3 million for the fourth quarter of 2019, compared with \$1,051.0 million for the same period in 2018. The increase was primarily due to an increase in average lease assets.

Maintenance rents and other receipts were \$132.5 million for the fourth quarter of 2019, compared with \$102.3 million for the same period in 2018. The increase was primarily the result of higher end of lease compensation recognized during the fourth quarter of 2019.

Net gain on sale of assets for the fourth quarter of 2019 was \$48.6 million, relating to 28 aircraft sold for \$729 million, compared with \$40.8 million for the same period in 2018, relating to 27 aircraft sold for \$515 million. The increase was primarily due to the volume and composition of asset sales.

Other income for the fourth quarter of 2019 was \$13.5 million, compared with \$25.5 million for the same period in 2018. The decrease was primarily due to higher inventory sales in the fourth quarter of 2018.

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	Three months ended December 31,			Year ended December 31,		
	2019	2018	% increase/ (decrease)	2019	2018	% increase/ (decrease)
	(U.S. Dollars in millions)			(U.S. Dollars in millions)		
Basic lease rents	\$1,062.3	\$1,051.0	1%	\$4,281.3	\$4,145.6	3%
Interest expense	316.1	322.7	(2%)	1,295.0	1,174.1	10%
Adjusted for:						
Mark-to-market of interest rate caps	(0.6)	(20.8)	(97%)	(29.7)	5.2	NA
Interest expense excluding mark-to-market of interest rate caps	315.5	301.9	5%	1,265.3	1,179.3	7%
Net interest margin (*)	\$746.8	\$749.1	0 %	\$3,016.0	\$2,966.3	2 %
Depreciation and amortization, including maintenance rights expense	(441.1)	(461.5)	(4%)	(1,752.7)	(1,836.8)	(5%)
Net interest margin, less depreciation and amortization (*)	\$305.7	\$287.6	6 %	\$1,263.3	\$1,129.5	12 %
Average lease assets (*)	\$37,789	\$36,364	4 %	\$37,590	\$35,369	6 %
Annualized net spread (*)	7.9%	8.2%		8.0%	8.4%	
Annualized net spread less depreciation and amortization (*)	3.2%	3.2%		3.4%	3.2%	

(*) 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 of \$0.6 million was \$315.5 million for the fourth quarter of 2019, compared with \$301.9 million for the same period in 2018. Our average cost of debt was 4.2% for the fourth quarter of 2019, compared with 4.1% for the same period in 2018. Our average cost of debt includes debt issuance costs, upfront fees and other impacts of approximately 0.4%.

Selling, General and Administrative Expenses

	Three months ended December 31,			Year ended December 31,		
	2019	2018	% increase/ (decrease)	2019	2018	% increase/ (decrease)
	(U.S. Dollars in millions)			(U.S. Dollars in millions)		
Selling, general and administrative expenses	\$53.6	\$52.7	2%	\$198.1	\$210.0	(6%)
Share-based compensation expenses	17.7	18.1	(2%)	69.4	95.2	(27%)
Total selling, general and administrative expenses	\$71.3	\$70.8	1%	\$267.5	\$305.2	(12%)

Selling, general and administrative expenses decreased by 12% to \$267.5 million for the full year 2019, compared with \$305.2 million for the full year 2018, and were approximately 5.4% of total revenues.

Other Expenses

Leasing expenses were \$86.9 million for the fourth quarter of 2019, compared with \$125.9 million for the same period in 2018. The decrease was primarily due to a decrease in leasing expenses as a result of lease terminations, as well as a decrease in maintenance rights expense as a result of lower maintenance activity during the period and the lower maintenance rights asset balance. Asset impairment charges were \$16.1 million for the fourth quarter of 2019, compared to \$15.3 million recorded for the same period in 2018. Asset impairment charges recorded in the fourth quarter of 2019 related to lease terminations and sales transactions and were more than offset by maintenance revenue.

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Effective Tax Rate

Our effective tax rate for the full year 2019 was 12.5%, the same as for the full year 2018. The effective tax rate is impacted by the source and amount of earnings among our various tax jurisdictions.

Book Value Per Share

	December 31, 2019	December 31, 2018
	(U.S. Dollars in millions, except share and per share data)	
Total AerCap Holdings N.V. shareholders' equity	\$9,314.9	\$8,828.0
Ordinary shares outstanding	131,583,489	142,674,664
Unvested restricted stock	(2,354,318)	(2,429,442)
Ordinary shares outstanding (excl. unvested restricted stock)	<u>129,229,171</u>	<u>140,245,222</u>
Book value per ordinary share outstanding (excl. unvested restricted stock)	<u>\$72.08</u>	<u>\$62.95</u>

Book value per share has increased 15% since December 31, 2018.

Financial Position

	December 31, 2019	December 31, 2018	% increase/ (decrease) over December 31, 2018
	(U.S. Dollars in millions, except debt/equity ratio)		
Total cash, cash equivalents and restricted cash	\$1,300.3	\$1,415.0	(8%)
Total lease assets (*)	37,930.4	37,244.6	2%
Total assets	43,749.2	43,208.9	1%
Debt	29,486.1	29,507.6	0%
Total liabilities	34,367.0	34,328.3	0%
Total AerCap Holdings N.V. shareholders' equity	9,314.9	8,828.0	6%
Total equity	9,382.2	8,880.6	6%

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

As of December 31, 2019, AerCap's portfolio consisted of 1,334 aircraft that were owned, on order or managed. The average age of our owned fleet as of December 31, 2019 was 6.1 years (2.3 years for new technology aircraft, 11.3 years for current technology aircraft) and the average remaining contracted lease term was 7.5 years.

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Boeing 737 MAX Delays

On March 13, 2019, the Federal Aviation Administration issued an order to suspend operations of all Boeing 737 MAX aircraft in the U.S. and by U.S. aircraft operators following two recent fatal accidents involving Boeing 737 MAX aircraft. Non-U.S. civil aviation authorities have also issued directives to similar effect. Boeing has suspended deliveries of the Boeing 737 MAX until clearance is granted by the appropriate regulatory authorities. Prior to the grounding, we had delivered five Boeing 737 MAX aircraft that are currently on lease to an airline customer, and we currently have 95 Boeing 737 MAX aircraft on order. Boeing currently estimates that the Boeing 737 MAX will begin to return to service in mid-2020. However, it is uncertain when and under what conditions our Boeing 737 MAX aircraft will return to service and when Boeing will resume making deliveries of our Boeing 737 MAX aircraft on order. As a result, we have incurred delays and expect to incur future delays on our Boeing 737 MAX deliveries, and any such future delays are likely to have an impact on our financial results.

Share Repurchase Program

In January 2020, our Board of Directors approved a new share repurchase program authorizing total repurchases of up to \$250 million of AerCap ordinary shares through June 30, 2020. Repurchases under the program may be made through open market purchases or privately negotiated transactions in accordance with applicable U.S. federal securities laws. The timing of repurchases and the exact number of ordinary shares to be purchased will be determined by the Company's management, in its discretion, and will depend upon market conditions and other factors. The program will be funded using the Company's cash on hand and cash generated from operations. The program may be suspended or discontinued at any time.

Airbus A320neo Family Option Exercise

In February 2020, we exercised an option to purchase an additional 50 Airbus A320neo Family aircraft from Airbus, with deliveries starting in 2024.

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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 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.

	December 31, 2019	December 31, 2018
	(U.S. Dollars in millions, except debt/equity ratio)	
Debt	\$29,486	\$29,508
Adjusted for:		
Cash and cash equivalents	(1,121)	(1,204)
50% credit for long-term subordinated debt	(1,125)	(750)
Adjusted debt	\$27,240	\$27,554
 Equity	 \$9,382	 \$8,881
Adjusted for:		
50% credit for long-term subordinated debt	1,125	750
Adjusted equity	\$10,507	\$9,631
 Adjusted debt/equity ratio	 2.6 to 1	 2.9 to 1

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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. 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, 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 and sales-type leases and maintenance rights assets.

Conference Call

In connection with the earnings release, management will host an earnings conference call today, Thursday, February 13, 2020, at 8:30 am Eastern Standard Time. The call can be accessed live by dialing (U.S./Canada) +1 929 477 0324 or (International) +353 1 246 5621 and referencing code 8756050 at least 5 minutes before start time, or by visiting AerCap's website at www.aercap.com under "Investors."

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 (jmcinley@aercap.com).

About AerCap

AerCap is the global leader in aircraft leasing with 1,334 aircraft owned, managed or on order and \$43.7 billion of total assets as of December 31, 2019. AerCap has one of the most attractive order books in the industry. AerCap serves approximately 200 customers in approximately 80 countries with comprehensive fleet solutions. AerCap is listed on the New York Stock Exchange (AER) and has its headquarters in Dublin with offices in Shannon, Los Angeles, Singapore, Amsterdam, Shanghai, Abu Dhabi, Seattle and Toulouse.

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," "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 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](https://twitter.com/aercapnv).

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AerCap Holdings N.V. Unaudited Consolidated Balance Sheets (U.S. Dollars in thousands)

	December 31, 2019	December 31, 2018
Assets		
Cash and cash equivalents	\$1,121,396	\$1,204,018
Restricted cash	178,951	211,017
Trade receivables	47,935	40,379
Flight equipment held for operating leases, net	35,870,781	35,052,335
Maintenance rights and lease premium, net	809,615	1,113,190
Flight equipment held for sale	336,592	184,129
Net investment in finance and sales-type leases	1,011,549	1,003,286
Prepayments on flight equipment	2,954,478	3,024,520
Other intangibles, net	307,394	328,570
Deferred income tax assets	95,077	138,281
Other assets	1,015,476	909,190
Total Assets	\$43,749,244	\$43,208,915
Liabilities and Equity		
Accounts payable, accrued expenses and other liabilities	\$1,032,623	\$1,009,945
Accrued maintenance liability	2,190,159	2,237,494
Lessee deposit liability	747,790	768,677
Debt	29,486,131	29,507,587
Deferred income tax liabilities	910,336	804,598
Total liabilities	34,367,039	34,328,301
Ordinary share capital €0.01 par value, 350,000,000 ordinary shares authorized as of December 31, 2019 and December 31, 2018, 141,847,345 and 151,847,345 ordinary shares issued and 131,583,489 and 142,674,664 ordinary shares outstanding		
(including 2,354,318 and 2,429,442 unvested restricted stock) as of December 31, 2019 and December 31, 2018, respectively	1,754	1,866
Additional paid-in capital	2,209,462	2,712,417
Treasury shares, at cost (10,263,856 and 9,172,681 ordinary shares as of December 31, 2019 and December 31, 2018, respectively)	(537,341)	(476,085)
Accumulated other comprehensive loss	(93,587)	(1,824)
Accumulated retained earnings	7,734,609	6,591,674
Total AerCap Holdings N.V. shareholders' equity	9,314,897	8,828,048
Non-controlling interest	67,308	52,566
Total Equity	9,382,205	8,880,614
Total Liabilities and Equity	\$43,749,244	\$43,208,915

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	Three months ended December 31,		Year ended December 31,	
	2019	2018	2019	2018
AerCap Holdings N.V.				
Unaudited Consolidated Income Statements				
(U.S. Dollars in thousands, except share and per share data)				
Revenues and other income				
Lease revenue:				
Basic rents	\$1,062,326	\$1,051,035	\$4,281,260	\$4,145,552
Maintenance rents and other receipts	132,500	102,323	401,006	391,541
Lease revenue	1,194,826	1,153,358	4,682,266	4,537,093
Net gain on sale of assets	48,618	40,806	188,835	201,323
Other income	13,508	25,521	66,239	61,564
Total Revenues and other income	1,256,952	1,219,685	4,937,340	4,799,980
Expenses				
Depreciation and amortization	415,866	425,905	1,676,121	1,679,074
Asset impairment	16,131	15,257	70,149	44,186
Interest expense	316,089	322,678	1,295,020	1,174,074
Leasing expenses	86,905	125,896	287,950	446,487
Selling, general and administrative expenses	71,330	70,771	267,458	305,226
Total Expenses	906,321	960,507	3,596,698	3,649,047
Income before income taxes and income of investments accounted for under the equity method	350,631	259,178	1,340,642	1,150,933
Provision for income taxes	(39,013)	(28,147)	(167,714)	(144,079)
Equity in net earnings of investments accounted for under the equity method	1,877	2,123	(6,151)	10,643
Net income	\$313,495	\$233,154	\$1,166,777	\$1,017,497
Net income attributable to non-controlling interest	(3,740)	(512)	(21,086)	(1,865)
Net income attributable to AerCap Holdings N.V.	\$309,755	\$232,642	\$1,145,691	\$1,015,632
Basic earnings per share	\$2.36	\$1.63	\$8.51	\$7.00
Diluted earnings per share	\$2.34	\$1.62	\$8.43	\$6.83
Weighted average shares outstanding - basic	131,119,824	142,557,379	134,570,169	145,162,220
Weighted average shares outstanding - diluted	132,227,255	144,033,735	135,898,139	148,706,266

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	Year ended December 31,	
	2019	2018
AerCap Holdings N.V.		
Unaudited Consolidated Statements of Cash Flows		
(U.S. Dollars in thousands)		
Net income	\$1,166,777	\$1,017,497
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	1,676,121	1,679,074
Asset impairment	70,149	44,186
Amortization of debt issuance costs, debt discount, debt premium and lease premium	79,645	76,499
Amortization of fair value adjustment on debt	(79,098)	(142,596)
Maintenance rights write-off	244,748	287,119
Maintenance liability release to income	(207,849)	(228,081)
Net gain on sale of assets	(188,835)	(201,323)
Deferred income taxes	162,498	147,588
Collections of finance and sales-type leases	98,365	—
Other	165,527	155,628
Changes in operating assets and liabilities:		
Trade receivables	(8,751)	19,839
Other assets	(73,646)	9,800
Accounts payable, accrued expenses and other liabilities	31	(24,858)
Net cash provided by operating activities	3,105,682	2,840,372
Purchase of flight equipment	(3,359,092)	(4,036,194)
Proceeds from sale or disposal of assets	1,773,766	1,822,601
Prepayments on flight equipment	(1,369,400)	(1,912,215)
Collections of finance and sales-type leases	—	94,703
Other	(17)	(21,505)
Net cash used in investing activities	(2,954,743)	(4,052,610)
Issuance of debt	6,539,310	5,589,825
Repayment of debt	(6,504,830)	(4,360,520)
Debt issuance costs paid, net of debt premium received	(36,592)	(57,831)
Maintenance payments received	736,423	743,256
Maintenance payments returned	(352,032)	(459,326)
Security deposits received	232,219	208,259
Security deposits returned	(233,222)	(220,452)
Dividend paid to non-controlling interest holders and others	(6,341)	(8,403)
Repurchase of shares and tax withholdings on share-based compensation	(639,941)	(834,398)
Net cash (used in) provided by financing activities	(265,006)	600,410
Net decrease in cash, cash equivalents and restricted cash	(114,067)	(611,828)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(621)	2,738
Cash, cash equivalents and restricted cash at beginning of period	1,415,035	2,024,125
Cash, cash equivalents and restricted cash at end of period	\$1,300,347	\$1,415,035