

# AERCAP

Global Leader in Aviation

## Second Quarter 2019 Financial Results

AerCap Holdings N.V.

July 30, 2019

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.

# Well-Positioned for the Future



# 2Q 2019 Financial Results and Highlights

## Financial Results

### NET INCOME

(\$ million)	2Q 2019	2Q 2018
Net Income	331.5	254.2

### DILUTED EARNINGS PER SHARE

(\$)	2Q 2019	2Q 2018
Diluted EPS	2.42	1.70

## Highlights

- Record earnings per share of **\$2.42**
- **13% increase** in book value per share since June 30, 2018
- **99.4% fleet utilization**
- **\$2.7 billion increase** in average lease assets year over year
- Completed **82 aircraft transactions**, including **17 for widebodies**
- **7.4 years** average remaining lease term
- **2.0x ratio of liquidity sources to uses** for next 12 months
- **Repurchased 3.5 million shares** in 2Q 2019 for **\$169 million** and **7.2 million shares** year to date through July 24, 2019 for **\$337 million**

See Supplemental Information – Capital Structure.

# Net Income and Earnings Per Share

	2Q 2019	2Q 2018	1H 2019	1H 2018
Net Income (\$ million)	331.5	254.2	565.6	519.6
Diluted Earnings Per Share (\$)	2.42	1.70	4.09	3.42

## Key Highlights

- **Net income increased 30%**, primarily driven by higher lease rents resulting from a \$2.7 billion increase in average lease assets due to the delivery of new technology aircraft from April 2018 through June 2019, as well as higher net gain on sale of assets
- **Diluted earnings per share increased 42%**, driven by the same factors as net income and the repurchase of 14.6 million shares from April 2018 through June 2019

# Revenues and Other Income

(\$ million)	2Q 2019	2Q 2018
Basic Lease Rents	1,077.1	1,023.1
Maintenance Rents and Other Receipts	109.1	107.9
Net Gain on Sale of Assets	78.2	51.2
Other Income	17.0	12.4
<b>Total Revenues and Other Income</b>	<b>1,281.3</b>	<b>1,194.6</b>

- Basic lease rents increased in 2Q 2019 due to the increase in average lease assets
- Net gain on sale of assets increased in 2Q 2019, primarily due to the composition of asset sales
- Other income increased in 2Q 2019, primarily as a result of higher interest income



# Net Interest Margin and Net Spread

	2Q 2019	2Q 2018
Net Interest Margin (\$ million)	754.5	733.7
Average Lease Assets (\$ million)	37,644	34,897
<b>Average Cost of Debt</b> Including debt issuance costs, upfront fees, undrawn fees, commitment fees and original issuance discount fees of 0.34% in 2Q 2019 and 0.31% in 2Q 2018	4.3%	4.1%
Annualized Net Spread	8.0%	8.4%
<b>Annualized Net Spread Less Depreciation and Amortization</b>	<b>3.4%</b>	<b>3.2%</b>
<b>Average Age of Owned Fleet (years)</b> As of June 30, 2019 and 2018	6.2	6.6
<b>Average Remaining Lease Term (years)</b> As of June 30, 2019 and 2018	7.4	7.1

- Annualized net spread decreased primarily due to the lower average age of our fleet (2.0 years for new technology aircraft, 10.9 years for current technology aircraft)
- Annualized net spread less depreciation and amortization increased as a result of a lower depreciation rate due to the lower average age of our fleet, as well as due to lower maintenance rights expense

See Supplemental Information – Endnotes.

# Aircraft Disposals and Purchases

## Net Gain on Sale of Assets

(\$ million)	2Q 2019	2Q 2018
Net Gain on Sale of Assets	78.2	51.2

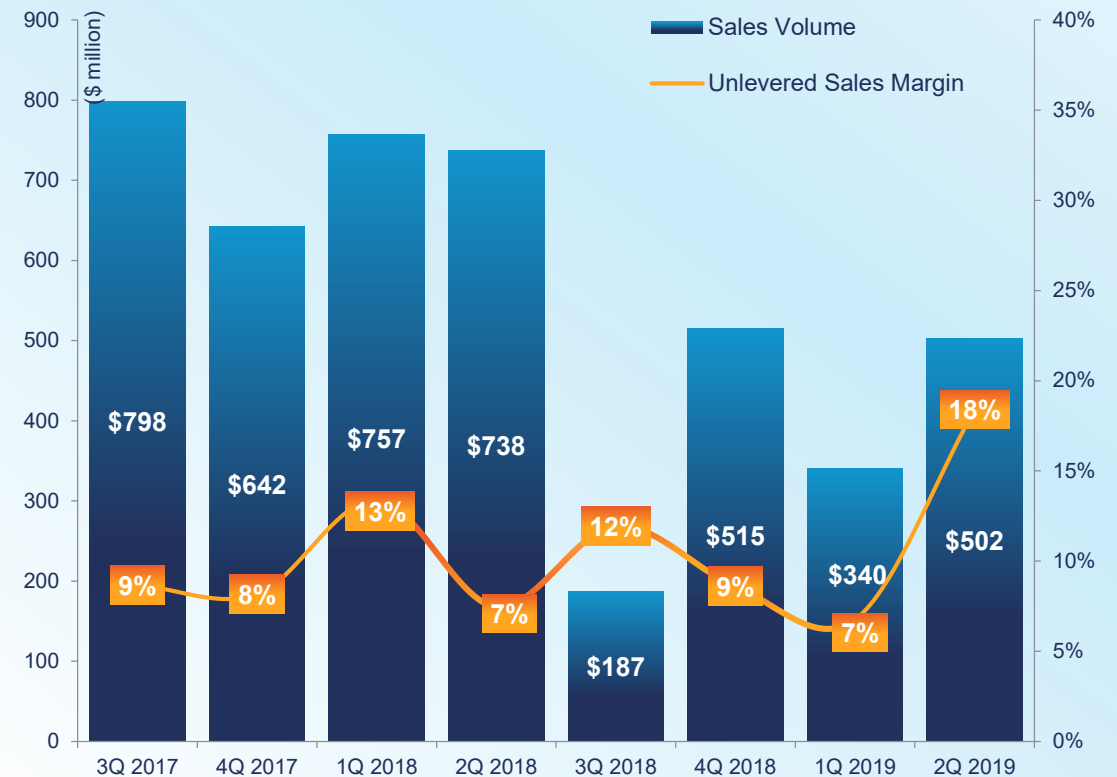
### 2Q 2019 Aircraft Disposal Activity for \$502 million

- 22 aircraft, with an average age of 16 years, were sold from our owned portfolio:
  - 9 Airbus A320 Family aircraft and 3 Airbus A330s
  - 4 Boeing 737NGs, 1 Boeing 737 Classic, 1 Boeing 777-200ER, 1 Boeing 777-300, 2 Boeing 747s and 1 Boeing 767

### 2Q 2019 Aircraft Purchase Activity for \$894 million

- 11 aircraft were purchased:
  - 6 Airbus A320neo Family aircraft
  - 4 Boeing 787-9s
  - 1 Embraer E190-E2

## Sales Volume and Margin Over the Last 8 Quarters





# Other Expenses

(\$ million)	2Q 2019	2Q 2018
Selling, General & Administrative Expenses	64.5	85.3
Maintenance Rights Expense	16.1	34.9
Other Leasing Costs	49.1	68.4
Asset Impairment	17.8	14.0

- Selling, general and administrative expenses decreased by 24% in 2Q 2019, primarily due to a decrease in compensation-related expenses
- Maintenance rights expense decreased primarily as a result of the lower maintenance rights asset balance
- Other leasing costs decreased primarily due to lower expenses incurred as a result of lease terminations
- Asset impairment in 2Q 2019 related to lease terminations and sales transactions. The maintenance revenue recognized with respect to the impaired aircraft more than offset the asset impairment

# Liquidity Position

We continue to maintain strong liquidity, with \$8.6 billion available as of June 30, 2019

## Sources vs. Uses (Next 12 Months) (\$ billion as of June 30, 2019)

### Sources (for 12 months to June 30, 2020)

Unsecured Revolver	4.0
Other Facilities and Contracted Sales	3.8
Unrestricted Cash	0.8
<b>Total Available Liquidity</b>	<b>8.6</b>
Estimated Operating Cash Flow	3.2
<b>Total Sources</b>	<b>11.8</b>

### Uses (for 12 months to June 30, 2020)

Debt Maturities	(1.1)
Capex (Cash payments for purchases)	(4.7)
<b>Total Uses</b>	<b>(5.8)</b>

**Excess Coverage (Sources less Uses) 6.0**

**Ratio of Sources to Uses 2.0x**

## Liquidity Levels Over the Last 8 Quarters



See Supplemental Information – Endnotes.

# Book Value Per Share

**AerCap has grown book value per share by 13% year over year and by ~15% per year over the last 5 years**

## Book Value Per Share

(millions, except per share data)	Jun. 30, 2019	Jun. 30, 2018
Total Shareholders' Equity	\$9,013	\$8,669
Ordinary Shares Outstanding	136.6	148.4
Unvested Restricted Stock	(2.3)	(2.1)
<b>Ordinary Shares Outstanding (excl. Unvested Restricted Stock)</b>	<b>134.4</b>	<b>146.3</b>
<b>Book Value Per Share</b>	<b>\$67.08</b>	<b>\$59.25</b>

## Book Value Per Share Growth



See Supplemental Information – Endnotes.

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Q&A

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## Supplemental Information

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# Capital Structure

<b>Summary</b>	<b>Jun. 30, 2019</b>
<b>Adjusted Debt / Equity Ratio</b>	<b>2.8 to 1</b>

<b>Adjusted Debt/Equity Calculation (\$ million)</b>	<b>Jun. 30, 2019</b>
<b>Debt</b> (including fair value adjustments)	<b>29,020</b>
<b>Adjusted for:</b>	
• Unrestricted cash & cash equivalents	(783)
• 50% equity credit for long-term subordinated debt	(750)
<b>Adjusted Debt</b>	<b>27,487</b>
<b>Equity</b>	<b>9,078</b>
<b>Adjusted for:</b>	
• 50% equity credit for long-term subordinated debt	750
<b>Adjusted Equity</b>	<b>9,828</b>

# High-Quality and Well-Diversified Portfolio

**New technology aircraft comprise 53% 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	302	15	39	–	341
Airbus A320neo Family	115	16	–	155	270
Airbus A330	68	8	11	–	79
Airbus A350	25	10	–	4	29
Boeing 737NG	251	18	36	–	287
Boeing 737 MAX	5	1	–	95	100
Boeing 767	29	–	–	–	29
Boeing 777-200ER	17	1	4	–	21
Boeing 777-300 / 300ER	25	5	2	–	27
Boeing 787	83	26	1	30	114
Embraer E190 / 195-E2	3	–	–	47	50
Other	26	–	–	–	26
<b>Total</b>	<b>949</b>	<b>100</b>	<b>93</b>	<b>331</b>	<b>1,373</b>

- Average age of owned aircraft fleet is **6.2 years**  
(**2.0 years** for new technology aircraft, **10.9 years** for current technology aircraft)

- Average remaining lease term is **7.4 years**

As of June 30, 2019



# Forward Order and Purchase/Leasebacks

Aircraft Type	2019 remaining	2020	2021	2022	2023	Total
Airbus A320neo Family	22	49	34	25	25	155
Airbus A350	–	–	2	2	–	4
Boeing 737 MAX	3	34	28	27	3	95
Boeing 787	6	3	6	6	9	30
Embraer E190 / 195-E2	8	13	14	12	–	47
<b>Total Aircraft</b>	<b>39</b>	<b>99</b>	<b>84</b>	<b>72</b>	<b>37</b>	<b>331</b>

- Note: Boeing 737 MAX deliveries based on AerCap estimates

As of June 30, 2019

# Endnotes

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## **SLIDE 7: 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.

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, 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 10: Liquidity Position**

Total sources assume no additional financing for deliveries of new aircraft.

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

## **SLIDE 11: 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

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AerCap House  
65 St. Stephen's Green  
Dublin D02 YX20  
Ireland

T: +353 1 819 2010  
E: [contact@aecap.com](mailto:contact@aecap.com)  
W: [aecap.com](http://aecap.com)



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