



**GLOBAL LEADER IN AVIATION**



# ***Second Quarter 2018 Financial Results***

**AerCap Holdings N.V.**

**July 30, 2018**

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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.*



## *AerCap is the global leader in aircraft leasing*

-  **Resilient** industry fundamentals
-  **Global** platform with **unmatched breadth, reach** and **capabilities**
-  **Strong earnings** and **cash flow generation**
-  **Attractive order book** and **disciplined** portfolio management
-  **Strong liquidity** and **access to capital**
-  **Prudent hedging strategies** to mitigate risk
-  **Highly experienced management team** with deep industry expertise

## Financial Results

### Net Income

(\$ million)	2Q 2018	1H 2018
Net Income	254.2	519.6

### Diluted Earnings Per Share

(\$)	2Q 2018	1H 2018
Diluted EPS	1.70	3.42

## Highlights

- **90 aircraft transactions**, including **17 widebody transactions**
- **20 aircraft purchased** for **\$1.5 billion**
- **6.6 years average age of owned fleet**
- **7.1 years average remaining lease term**
- **98.9% fleet utilization**
- Closed on **\$2.7 billion** of **debt financing**
- **\$11.7 billion** of available **liquidity** and **2.8 to 1** adjusted **debt/equity** ratio
- **Book value** per share of **\$59.25**, an **increase of 12%** since June 30, 2017
- **Repurchased 1.9 million shares** in 2Q 2018 for **\$101 million**

	2Q 2018	2Q 2017	1H 2018	1H 2017
<b>Net Income (\$ million)</b>	<b>254.2</b>	<b>282.9</b>	<b>519.6</b>	<b>544.1</b>
<b>Diluted Earnings Per Share (\$)</b>	<b>1.70</b>	<b>1.67</b>	<b>3.42</b>	<b>3.15</b>

## Key Highlights

- Decrease in net income was primarily due to lower other income as well as lower gain on sale of assets. In 2Q 2017, other income included contractual payments related to a lease termination agreement
- Increase in diluted earnings per share was primarily driven by the repurchase of 24.9 million shares from April 2017 through June 2018

(millions, except per share data)	Jun. 30, 2018	Jun. 30, 2017
<b>Total Shareholders' Equity</b>	<b>\$8,669</b>	<b>\$8,521</b>
Ordinary Shares Outstanding	148.4	163.4
Unvested Restricted Stock	(2.1)	(2.8)
<b>Ordinary Shares Outstanding (excl. Unvested Restricted Stock)</b>	<b>146.3</b>	<b>160.6</b>
<b>Book Value Per Share<sup>1</sup></b>	<b>\$59.25</b>	<b>\$53.06</b>

- Book value per share has increased 12% since June 30, 2017
- Since June 2015, we have repurchased over 34% of AerCap's outstanding shares

Refer to Appendix for endnotes.

(\$ million)	2Q 2018	2Q 2017
<b>Basic Lease Rents</b>	<b>1,023.1</b>	<b>1,053.5</b>
<b>Maintenance Rents and Other Receipts</b>	<b>107.9</b>	<b>104.1</b>
<b>Net Gain on Sale of Assets</b>	<b>51.2</b>	<b>69.5</b>
<b>Other Income</b>	<b>12.4</b>	<b>36.7</b>
<b>Total Revenues and Other Income</b>	<b>1,194.6</b>	<b>1,263.8</b>

- Basic lease rents decreased primarily due to the sale of mid-life and older aircraft from April 2017 through June 2018
- Net gain on sale of assets decreased primarily due to the composition of asset sales
- In 2Q 2017, other income included contractual payments related to a lease termination agreement

# Net Interest Margin (Net Spread)



(\$ million)	2Q 2018	2Q 2017
<b>Net Interest Margin (Net Spread)<sup>1</sup></b>	<b>733.7</b>	<b>787.5</b>
<b>Average Lease Assets<sup>2</sup></b>	<b>34,897</b>	<b>34,047</b>
<b>Annualized Net Spread</b>	<b>8.4%</b>	<b>9.3%</b>
<b>Average Cost of Debt<sup>3</sup></b> <i>Including all fees</i>	<b>4.1%</b>	<b>3.9%</b>
<b>Average Age of Owned Fleet (years)</b>	<b>6.6</b>	<b>7.3</b>
<b>Average Remaining Lease Term (years)</b>	<b>7.1</b>	<b>6.4</b>

- Net spread decreased primarily due to the lower age of our owned fleet, which increased our average remaining lease term to 7.1 years. Younger aircraft tend to have lower yields than older aircraft
- Average cost of debt increased primarily due to the issuance of new longer-term bonds to replace shorter-term ILFC notes, which had lower reported interest expense as a result of ILFC acquisition purchase accounting

Refer to Appendix for endnotes.



(\$ million)	2Q 2018	2Q 2017
<b>Net Gain on Sale of Assets</b>	<b>51.2</b>	<b>69.5</b>

## 2Q 2018 Aircraft Disposal Activity:

- 30 aircraft, with an average age of 13 years, were sold from our owned portfolio:
  - 21 Airbus A320 Family aircraft, 1 Airbus A330 and 1 Airbus A340
  - 5 Boeing 737NGs, 1 Boeing 767-300ER and 1 Boeing 777-300ER
- 4 Airbus A320 Family aircraft were placed on long-term leases and reclassified from flight equipment held for operating leases to net investment in finance and sales-type leases

## 2Q 2018 Aircraft Purchase Activity:

- 20 aircraft were purchased:
  - 15 Airbus A320neo Family aircraft and 1 Airbus A350
  - 4 Boeing 787-9s

(\$ million)	2Q 2018	2Q 2017
<b>Maintenance Rights Expense</b>	<b>34.9</b>	<b>90.1</b>
<b>Other Leasing Costs</b>	<b>68.4</b>	<b>46.2</b>
<b>Selling, General &amp; Administrative Expenses</b>	<b>85.3</b>	<b>84.6</b>
<b>Asset Impairment</b>	<b>14.0</b>	<b>5.3</b>
<b>Restructuring Related Expenses</b>	<b>–</b>	<b>4.7</b>

- Maintenance rights expense decreased as a result of lower maintenance activity during the period and the lower maintenance rights intangible asset balance
- Other leasing costs were higher primarily due to expenses recognized as a result of the Air Berlin and Monarch Airlines lease terminations
- Asset impairment in 2Q 2018 related to sales transactions and lease terminations and was offset by maintenance revenue

## Sources vs. Uses (Next 12 Months)

(\$ billion as of June 30, 2018)

### Sources (for 12 months to June 30, 2019)

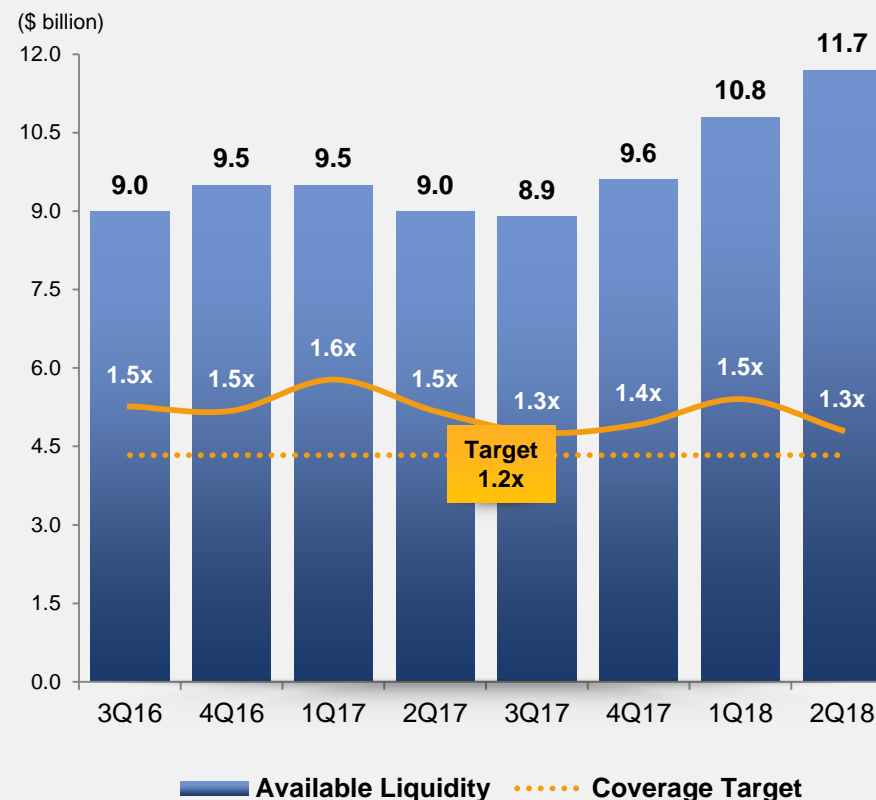
Unsecured Revolver	4.0
Other Facilities and Contracted Sales	6.1
Unrestricted Cash	1.6
<b>Total Available Liquidity</b>	<b>11.7</b>
Estimated Operating Cash Flow	3.2
<b>Total Sources<sup>1</sup></b>	<b>14.9</b>

### Uses (for 12 months to June 30, 2019)

Debt Maturities	(5.3)
Capex (Cash payments for purchases) <sup>2</sup>	(5.8)
<b>Total Uses</b>	<b>(11.1)</b>

<b>Excess Coverage (Sources less Uses)</b>	<b>3.8</b>
<b>Ratio of Sources to Uses</b>	<b>1.3x</b>

## Liquidity Levels Over the Last 8 Quarters



**We continue to maintain strong liquidity with \$11.7 billion as of June 30, 2018**



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**Q&A**



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## ***Supplemental Information***

Summary	Jun. 30, 2018	Dec. 31, 2017
<b>Adjusted Debt / Equity Ratio</b>	<b>2.8 to 1</b>	<b>2.8 to 1</b>
<hr/>		
Adjusted Debt/Equity Calculation (\$ million)	Jun. 30, 2018	Dec. 31, 2017
<b>Debt</b> (including fair value adjustments)	<b>28,546</b>	<b>28,421</b>
<b>Adjusted for:</b>		
• Unrestricted cash & cash equivalents	<b>(1,599)</b>	<b>(1,660)</b>
• 50% equity credit for long-term subordinated debt	<b>(750)</b>	<b>(750)</b>
<b>Adjusted Debt</b>	<b>26,197</b>	<b>26,011</b>
<b>Equity</b>	<b>8,724</b>	<b>8,639</b>
<b>Adjusted for:</b>		
• 50% equity credit for long-term subordinated debt	<b>750</b>	<b>750</b>
<b>Adjusted Equity</b>	<b>9,474</b>	<b>9,389</b>

Aircraft Type	Number of Owned Aircraft	% Net Book Value	Number of Managed Aircraft	Number of on Order Aircraft	Total Aircraft
Airbus A320 Family	338	19	50	–	388
Airbus A320neo Family	65	9	–	205	270
Airbus A330	77	10	11	–	88
Airbus A350	20	8	–	6	26
Boeing 737NG	268	21	36	–	304
Boeing 737MAX	–	–	–	104	104
Boeing 767	33	1	–	–	33
Boeing 777-200ER	21	2	4	–	25
Boeing 777-300 / 300ER	28	5	2	–	30
Boeing 787	69	24	1	46	116
Embraer E190 / 195-E2	–	–	–	50	50
Other	36	1	1	–	37
<b>Total</b>	<b>955</b>	<b>100</b>	<b>105</b>	<b>411</b>	<b>1,471</b>

- Average age of owned aircraft fleet is **6.6 years**
- Average remaining lease term is **7.1 years**

# Forward Order and Purchase/Leasebacks as of June 30, 2018



Aircraft Type	2018	2019	2020	2021	2022	Thereafter	Total
Airbus A320neo Family	34	42	49	30	25	25	205
Airbus A350	4	2	–	–	–	–	6
Boeing 737MAX	5	17	27	28	27	–	104
Boeing 787	6	12	7	6	6	9	46
Embraer E190 / 195-E2	1	14	14	14	7	–	50
<b>Total Aircraft</b>	<b>50</b>	<b>87</b>	<b>97</b>	<b>78</b>	<b>65</b>	<b>34</b>	<b>411</b>



## **SLIDE 6: Book Value per Share**

1. 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 8: Net interest Margin (Net Spread)**

1. 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.
2. Includes flight equipment held for operating leases, flight equipment held for sale, net investment in finance and sales-type leases and maintenance rights intangible asset.
3. Interest expense, excluding mark-to-market on interest rate caps, divided by average debt balance.

## **SLIDE 11: Liquidity Position**

1. Sources assume no additional financing for deliveries of new aircraft.
2. Includes cash payments for next 12 months' aircraft deliveries and pre-delivery payments.



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AerCap Holdings N.V.  
AerCap House  
65 St. Stephen's Green  
Dublin 2, Ireland  
+353 1 819 2010  
contact@aecap.com

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