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AerCap Holdings N.V. Reports Financial Results for the Fourth Quarter 2020

DUBLIN – March 2, 2021 – AerCap Holdings N.V. (NYSE: AER), the global leader in aircraft leasing, today reported financial results for the fourth quarter of 2020.

- **Net income for the fourth quarter of 2020 was \$28 million, or \$0.22 per share. This was impacted by cash accounting and debt extinguishment costs of \$117 million and \$76 million, pre-tax, respectively.**
- **Cash flow from operating activities was \$653 million, an increase of 21% from the third quarter of 2020.**

Aengus Kelly, Chief Executive Officer of AerCap, said: *"I am pleased to report further positive progress for the company in the fourth quarter. Our operating cash flows increased significantly, we ran a number of successful aircraft placement campaigns and we see a renewed enthusiasm from our customers. As the pace of vaccinations accelerates around the world, allowing governments to ease restrictions, we believe the strength of consumer demand will become more evident, driving further confidence in the sector."*

Highlights

Strong Balance Sheet:

- AerCap ended the fourth quarter with over \$9 billion in total sources of liquidity, representing next 12 months' sources-to-uses coverage ratio of 2.3x.
- Adjusted debt/equity ratio of 2.6 to 1, below the company's target of 2.7x to 1.
- Secured debt-to-total assets ratio of 26%.
- Approximately \$26 billion of unencumbered assets, providing a high degree of flexibility.
- In January 2021, AerCap completed the offering of \$1 billion of 5-year senior unsecured notes with a 1.75% coupon.

Attractive Aircraft Fleet:

- AerCap's average current lease expires in 2028, and only 7% of the company's aircraft by book value are scheduled to come off lease through the end of 2022.
- AerCap has already placed all of its new aircraft deliveries from its order book for 2021 and is 98% placed through 2022.
- New technology aircraft comprise 63% of AerCap's fleet. The average age of the company's owned fleet as of December 31, 2020 was 6.4 years and the average remaining contracted lease term was 7.3 years. The fleet utilization rate for the fourth quarter of 2020 was 97%.

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Revenue and Net Spread

	Three months ended December 31,			Year ended December 31,		
	2020	2019	% increase/ (decrease)	2020	2019	% increase/ (decrease)
	(U.S. Dollars in millions)			(U.S. Dollars in millions)		
Lease revenue:						
Basic lease rents	\$885	\$1,062	(17%)	\$3,762	\$4,281	(12%)
Maintenance rents and other receipts	110	133	(17%)	559	401	39%
Total lease revenue	995	1,195	(17%)	4,321	4,682	(8%)
Net gain on sale of assets	14	49	(71%)	90	189	(53%)
Other income	22	14	63%	83	66	25%
Total Revenues and other income	\$1,032	\$1,257	(18%)	\$4,494	\$4,937	(9%)

Basic lease rents were \$885 million for the fourth quarter of 2020, compared with \$1,062 million for the same period in 2019. The decrease was primarily due to lease restructurings, transitions and the impact of airline bankruptcies.

Maintenance rents and other receipts were \$110 million for the fourth quarter of 2020, compared with \$133 million for the same period in 2019. The decrease was primarily due to lower end of lease compensation recognized during the fourth quarter of 2020.

Net gain on sale of assets for the fourth quarter of 2020 was \$14 million, relating to 12 aircraft sold for \$97 million, compared with \$49 million for the same period in 2019, relating to 28 aircraft sold for \$729 million. The decrease was primarily due to the lower volume and composition of asset sales.

Other income for the fourth quarter of 2020 was \$22 million, compared with \$14 million for the same period in 2019. The increase was primarily driven by higher interest income.

	Three months ended December 31,			Year ended December 31,		
	2020	2019	% increase/ (decrease)	2020	2019	% increase/ (decrease)
	(U.S. Dollars in millions)			(U.S. Dollars in millions)		
Basic lease rents	\$885	\$1,062	(17%)	\$3,762	\$4,281	(12%)
Interest expense	311	316	(2%)	1,248	1,295	(4%)
Adjusted for:						
Mark-to-market of interest rate caps and swaps	0	(1)	NA	(14)	(30)	(52%)
Interest expense excluding mark-to-market of interest rate caps and swaps	311	316	(1%)	1,234	1,265	(3%)
Net interest margin (*)	\$575	\$747	(23%)	\$2,528	\$3,016	(16%)
Depreciation and amortization, including maintenance rights expense	(408)	(441)	(8%)	(1,691)	(1,753)	(4%)
Net interest margin, less depreciation and amortization (*)	\$167	\$306	(45%)	\$837	\$1,263	(34%)
Average lease assets (*)	\$36,496	\$37,789	(3%)	\$37,145	\$37,590	(1%)
Annualized net spread (*)	6.3%	7.9%		6.8%	8.0%	
Annualized net spread less depreciation and amortization (*)	1.8%	3.2%		2.3%	3.4%	

(*) 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 and swaps was \$311 million for the fourth quarter of 2020, compared with \$316 million for the same period in 2019. AerCap's average cost of debt was 4.1% for the fourth quarter of 2020, compared with 4.2% for the same period in 2019. The company's average cost of debt includes debt issuance costs, upfront fees and other impacts of approximately 0.3% to 0.4%.

Selling, General and Administrative Expenses

	Three months ended December 31,			Year ended December 31,		
	2020	2019	% increase/ (decrease)	2020	2019	% increase/ (decrease)
	(U.S. Dollars in millions)			(U.S. Dollars in millions)		
Selling, general and administrative expenses	\$44	\$54	(18%)	\$173	\$198	(13%)
Share-based compensation expenses	20	18	11%	69	69	—
Total selling, general and administrative expenses	\$64	\$71	(11%)	\$242	\$267	(9%)

Selling, general and administrative expenses decreased by 11% to \$64 million for the fourth quarter of 2020, compared with \$71 million for the same period in 2019.

Other Expenses

Asset impairment charges were \$27 million for the fourth quarter of 2020, compared to \$16 million recorded for the same period in 2019. Asset impairment charges recorded in the fourth quarter of 2020 related to lease terminations and sales transactions and were partially offset by related maintenance revenue.

Effective Tax Rate

AerCap’s effective tax rate for the full year 2020 was 5.5%, compared with the effective tax rate of 12.5% for the full year 2019. The effective tax rate is impacted by the source and amount of earnings among our different tax jurisdictions as well as the amount of permanent tax differences relative to pre-tax income.

The company’s effective tax rate was 21.7% for the fourth quarter of 2020, compared to 11.1% for the fourth quarter of 2019. Our effective tax rate in any quarter can be impacted by revisions to the estimated full year rate.

Book Value Per Share

	December 31, 2020	December 31, 2019
	(U.S. Dollars in millions, except share and per share data)	
Total AerCap Holdings N.V. shareholders' equity	\$8,864	\$9,315
Ordinary shares outstanding	130,398,538	131,583,489
Unvested restricted stock	(2,552,346)	(2,354,318)
Ordinary shares outstanding (excl. unvested restricted stock)	127,846,192	129,229,171
Book value per ordinary share outstanding (excl. unvested restricted stock)	\$69.34	\$72.08

Financial Position

	December 31, 2020	December 31, 2019	% increase/ (decrease) over December 31, 2019
	(U.S. Dollars in millions)		
Total cash, cash equivalents and restricted cash	\$1,495	\$1,300	15%
Total lease assets (*)	36,642	37,930	(3%)
Total assets	42,048	43,749	(4%)
Debt	28,742	29,486	(3%)
Total liabilities	33,116	34,367	(4%)
Total AerCap Holdings N.V. shareholders' equity	8,864	9,315	(5%)
Total equity	8,932	9,382	(5%)

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

Aircraft Portfolio

As of December 31, 2020, AerCap's portfolio consisted of 1,330 aircraft that were owned, on order or managed. The average age of the company's owned fleet as of December 31, 2020 was 6.4 years (3.0 years for new technology aircraft, 12.1 years for current technology aircraft) and the average remaining contracted lease term was 7.3 years.

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, 2020	December 31, 2019
	(U.S. Dollars in millions, except debt/equity ratio)	
Debt	\$28,742	\$29,486
Adjusted for:		
Cash and cash equivalents.....	(1,249)	(1,121)
50% credit for long-term subordinated debt.....	(1,125)	(1,125)
Adjusted debt	\$26,368	\$27,240
Equity	\$8,932	\$9,382
Adjusted for:		
50% credit for long-term subordinated debt.....	1,125	1,125
Adjusted equity	\$10,057	\$10,507
Adjusted debt/equity ratio	2.6 to 1	2.6 to 1

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 and swaps. 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 and swaps, 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 its report of fourth quarter 2020 results, management will host a conference call with members of the investment community today, Tuesday, March 2, 2021, at 8:30 am Eastern Time. The call can be accessed live via webcast by AerCap's website at www.aercap.com under "Investors", or by dialing (U.S./Canada) +1 929 477 0402 or (International) +353 1 246 5621 and referencing code 6107189 at least 5 minutes before start time.

The webcast replay will be archived in the "Investors" section of the company's website for one year.

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About AerCap

AerCap is the global leader in aircraft leasing. 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, including the impacts of, and associated responses to, the Covid-19 pandemic, 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/aercapny.

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AerCap Holdings N.V. Unaudited Consolidated Balance Sheets (U.S. Dollars in thousands)	December 31, 2020	December 31, 2019
Assets		
Cash and cash equivalents	\$1,248,772	\$1,121,396
Restricted cash	246,518	178,951
Trade receivables	170,675	47,935
Flight equipment held for operating leases, net	35,156,450	35,870,781
Investment in finance and sales-type leases, net	878,451	1,011,549
Flight equipment held for sale	—	336,592
Prepayments on flight equipment	2,111,659	2,954,478
Maintenance rights and lease premium, net	649,914	809,615
Other intangibles, net	224,634	307,394
Deferred income tax assets	131,532	95,077
Other assets	1,229,434	1,015,476
Total Assets	\$42,048,039	\$43,749,244
Liabilities and Equity		
Accounts payable, accrued expenses and other liabilities	\$1,109,325	\$1,032,623
Accrued maintenance liability	1,750,395	2,190,159
Lessee deposit liability	600,321	747,790
Debt	28,742,081	29,486,131
Deferred income tax liabilities	913,431	910,336
Total liabilities	33,115,553	34,367,039
Ordinary share capital €0.01 par value, 350,000,000 ordinary shares authorized as of December 31, 2020 and 2019; ... 138,847,345 and 141,847,345 ordinary shares issued and 130,598,538 and 131,583,489 ordinary shares outstanding (including 2,552,346 and 2,354,318 unvested restricted stock) as of December 31, 2020 and 2019, respectively	1,721	1,754
Additional paid-in capital	2,078,125	2,209,462
Treasury shares, at cost (8,448,807 and 10,263,856 ordinary shares as of December 31, 2020 and 2019, respectively)	(459,994)	(537,341)
Accumulated other comprehensive loss	(155,085)	(93,587)
Accumulated retained earnings	7,399,703	7,734,609
Total AerCap Holdings N.V. shareholders' equity	8,864,470	9,314,897
Non-controlling interest	68,016	67,308
Total Equity	8,932,486	9,382,205
Total Liabilities and Equity	\$42,048,039	\$43,749,244

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AerCap Holdings N.V.

Unaudited Consolidated Income Statements

(U.S. Dollars in thousands, except share and per share data)

	Three months ended December 31,		Year ended December 31,	
	2020	2019	2020	2019
Revenues and other income				
Lease revenue:				
Basic rents	\$885,333	\$1,062,326	\$3,761,611	\$4,281,260
Maintenance rents and other receipts	110,143	132,500	559,395	401,006
Lease revenue	995,476	1,194,826	4,321,006	4,682,266
Net gain on sale of assets	14,099	48,618	89,618	188,835
Other income	22,042	13,508	83,005	66,239
Total Revenues and other income	1,031,617	1,256,952	4,493,629	4,937,340
Expenses				
Depreciation and amortization	401,787	415,866	1,645,373	1,676,121
Asset impairment	26,694	16,131	1,086,983	70,149
Interest expense	310,534	316,089	1,248,225	1,295,020
Loss on debt extinguishment	75,625	—	118,460	—
Leasing expenses	91,453	86,905	323,535	287,950
Selling, general and administrative expenses	63,746	71,330	242,161	267,458
Total Expenses	969,839	906,321	4,664,737	3,596,698
Loss on investment at fair value	(29,089)	—	(143,510)	—
Income (loss) before income taxes and income of investments				
accounted for under the equity method	32,689	350,631	(314,618)	1,340,642
Income tax (expense) benefit	(7,080)	(39,013)	17,231	(167,714)
Equity in net earnings of investments accounted for under the equity method	2,861	1,877	2,464	(6,151)
Net income (loss)	\$28,470	\$313,495	(\$294,923)	\$1,166,777
Net loss (income) attributable to non-controlling interest	8	(3,737)	(3,643)	(21,083)
Net income (loss) attributable to AerCap Holdings N.V.	\$28,478	\$309,758	(\$298,566)	\$1,145,694
Basic earnings (loss) per share	\$0.22	\$2.36	(\$2.34)	\$8.51
Diluted earnings (loss) per share	\$0.22	\$2.34	(\$2.34)	\$8.43
Weighted average shares outstanding - basic	127,662,360	131,119,824	127,743,828	134,570,169
Weighted average shares outstanding - diluted	128,840,968	132,227,255	127,743,828	135,898,139

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	Year ended December 31,	
	2020	2019
AerCap Holdings N.V.		
Unaudited Consolidated Statements of Cash Flows		
(U.S. Dollars in thousands)		
Net (loss) income.....	(\$294,923)	\$1,166,777
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization.....	1,645,373	1,676,121
Asset impairment.....	1,086,983	70,149
Amortization of debt issuance costs, debt discount, debt premium and lease premium.....	64,970	79,645
Amortization of fair value adjustment on debt.....	(47,279)	(79,098)
Maintenance rights write-off.....	133,015	244,748
Maintenance liability release to income.....	(344,210)	(207,849)
Net gain on sale of assets.....	(89,618)	(188,835)
Deferred income taxes.....	(20,882)	162,498
Share-based compensation.....	69,187	69,410
Collections of finance and sales-type leases.....	68,128	98,365
Loss on investment at fair value.....	143,510	—
Loss on debt extinguishment.....	118,460	—
Other.....	252,350	96,117
Changes in operating assets and liabilities:		
Trade receivables.....	(128,188)	(8,751)
Other assets.....	(400,316)	(73,646)
Accounts payable, accrued expenses and other liabilities.....	(126,177)	31
Net cash provided by operating activities.....	2,130,383	3,105,682
Purchase of flight equipment.....	(778,547)	(3,359,092)
Proceeds from sale or disposal of assets.....	471,437	1,773,766
Prepayments on flight equipment.....	(405,178)	(1,369,400)
Other.....	—	(17)
Net cash used in investing activities.....	(712,288)	(2,954,743)
Issuance of debt.....	10,946,333	6,539,310
Repayment of debt.....	(11,560,015)	(6,504,830)
Debt issuance and extinguishment costs paid, net of debt premium received.....	(253,806)	(36,592)
Maintenance payments received.....	345,699	736,423
Maintenance payments returned.....	(412,492)	(352,032)
Security deposits received.....	137,130	232,219
Security deposits returned.....	(297,469)	(233,222)
Dividend paid to non-controlling interest holders and others.....	(2,935)	(6,341)
Repurchase of shares and tax withholdings on share-based compensation.....	(127,777)	(639,941)
Net cash used in by financing activities.....	(1,225,332)	(265,006)
Net decrease in cash, cash equivalents and restricted cash.....	192,763	(114,067)
Effect of exchange rate changes on cash, cash equivalents and restricted cash.....	2,180	(621)
Cash, cash equivalents and restricted cash at beginning of period.....	1,300,347	1,415,035
Cash, cash equivalents and restricted cash at end of period.....	\$1,495,290	\$1,300,347