



Press Release

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AerCap Holdings N.V. Reports Financial Results for the First Quarter 2017 and Authorizes New Share Repurchase Program of \$300 Million

DUBLIN – May 9, 2017

- **Net income of \$261.2 million for the first quarter of 2017**
- **Diluted earnings per share of \$1.48 for the first quarter of 2017**

Highlights

- 105 aircraft transactions executed in the first quarter of 2017, including 22 widebody transactions.
- 99.7% fleet utilization rate for the first quarter of 2017.
- 7.3 years average age of owned fleet and 6.5 years average remaining lease term.
- Signed financing transactions for \$7.2 billion.
- \$9.5 billion of available liquidity.
- Adjusted debt/equity ratio of 2.7 to 1.
- Upgraded to investment grade rating by Moody's.
- \$51.20 book value per share.
- Repurchased 6.6 million shares in the first quarter of 2017 for \$293 million and 9.5 million shares year to date through May 5, 2017 for \$427 million.
- Board authorized a new \$300 million share repurchase program, which will run through September 30, 2017.

Aengus Kelly, CEO of AerCap, commented: *"AerCap delivered another quarter of consistent results. During the first quarter, we generated \$1.48 of earnings per share and net income of \$261.2 million. The strong operational performance of the business is evidenced in 105 aircraft transactions executed during the quarter, as well as the 99.7% fleet utilization level achieved. We also received our third investment grade rating from Moody's and completed \$7.2 billion of financing transactions, further strengthening AerCap's balance sheet."*

First Quarter 2017 Financial Results

- Net income of \$261.2 million, compared with \$223.1 million for the same period in 2016. Diluted earnings per share of \$1.48, compared with \$1.13 for the same period in 2016.
- The increase in net income and diluted earnings per share was driven primarily by higher gain on sale of assets and lower maintenance rights expense, partially offset by lower income as a result of the sale of mid-life and older aircraft, which reduced average lease assets. Diluted earnings per share was also favorably impacted by the repurchase of 31.6 million shares for \$1.3 billion during the full year 2016 and the first quarter of 2017.

AerCap Holdings N.V. Reports Financial Results for the First Quarter 2017 and Authorizes New Share Repurchase Program of \$300 Million

Page 2 of 9

Components of Net Income/Earnings Per Share

Set forth below are the components of net income and diluted earnings per share.

	Three months ended March 31,	
	2017	2016
	(After tax, U.S. dollar amounts in millions except share data)	
<u>Components of Net Income</u>		
Gain on sale of assets.....	\$ 41.4	\$ 16.7
AeroTurbine results, including restructuring related expenses.....	(13.6)	(25.5)
Maintenance rights amortization impact.....	(10.3)	(43.3)
All other earnings.....	243.7	275.2
Net Income.....	\$ 261.2	\$ 223.1
<u>Components of Earnings Per Share</u>		
Gain on sale of assets.....	\$ 0.24	\$ 0.08
AeroTurbine results, including restructuring related expenses.....	(0.08)	(0.13)
Maintenance rights amortization impact.....	(0.06)	(0.22)
All other earnings.....	1.38	1.40
Diluted Earnings Per Share.....	\$ 1.48	\$ 1.13

Maintenance rights amortization impact represents the difference between the amortization cost of the maintenance rights asset as compared to depreciation expense if this asset had been classified as flight equipment. Please refer to Notes regarding Financial Information Presented in this Press Release for additional detail.

Revenue and Net Spread

	Three months ended March 31,		
	2017	2016	% increase/ (decrease)
	(U.S. dollar amounts in millions)		
Lease revenue:			
Basic lease rents.....	\$ 1,067.1	\$ 1,139.3	(6%)
Maintenance rents and other receipts.....	89.9	150.4	(40%)
Lease revenue.....	1,157.0	1,289.7	(10%)
Net gain on sale of assets.....	47.3	19.0	149%
Other income.....	32.5	9.3	249%
Total Revenues and other income.....	\$ 1,236.8	\$ 1,318.0	(6%)

Basic lease rents were \$1,067.1 million for the first quarter of 2017, compared with \$1,139.3 million for the same period in 2016. The decrease was primarily due to the sale of mid-life and older aircraft during 2016 and 2017, which reduced average lease assets. Our average lease assets for the first quarter of 2017 were \$34.1 billion, compared with \$35.5 billion for the same period in 2016.

Maintenance rents and other receipts were \$89.9 million for the first quarter of 2017, compared with \$150.4 million for the same period in 2016. During the first quarter of 2016, the higher maintenance rents were primarily driven by lease terminations and amendments.

Net gain on sale of assets for the first quarter of 2017 was \$47.3 million, relating to 21 aircraft sold and three aircraft reclassified to finance leases, compared with \$19.0 million for the same period in 2016, relating to 19 aircraft sold and nine aircraft reclassified to finance leases.

AerCap Holdings N.V. Reports Financial Results for the First Quarter 2017 and Authorizes New Share Repurchase Program of \$300 Million

Page 3 of 9

Other income for the first quarter of 2017 was \$32.5 million, compared with \$9.3 million for the same period in 2016. During the first quarter of 2017, the increase in other income was primarily related to contractual payments from a lease termination agreement with a lessee.

	Three months ended March 31,		
	2017	2016	% increase/ (decrease)
	(U.S. dollar amounts in millions)		
Basic lease rents	\$ 1,067.1	\$ 1,139.3	(6%)
Interest expense.....	285.7	284.6	0%
Adjusted for:			
Mark-to-market of interest rate caps and swaps.....	(6.5)	(11.0)	(41%)
Adjusted interest expense.....	279.2	273.6	2%
Net interest margin, or net spread.....	\$ 787.9	\$ 865.7	(9%)
Average lease assets.....	\$ 34,083	\$ 35,518	(4%)
Annualized net spread.....	9.2%	9.8%	

As shown in the table above, adjusted interest expense was \$279.2 million in the first quarter of 2017, compared with \$273.6 million for the same period in 2016.

Annualized net spread was 9.2% in the first quarter of 2017, compared with 9.8% for the same period in 2016. The decrease was primarily a result of the lower age of our owned fleet and the higher average cost of debt. Our 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.

Selling, General and Administrative Expenses

	Three months ended March 31,		
	2017	2016	% increase/ (decrease)
	(U.S. dollar amounts in millions)		
Share-based compensation expenses.....	\$ 26.7	\$ 25.7	4%
AeroTurbine selling, general and administrative expenses.....	4.9	13.3	(63%)
AerCap selling, general and administrative expenses.....	51.9	48.0	8%
Total selling, general and administrative expenses.....	\$ 83.5	\$ 87.0	(4%)

Other Expenses

We did not record any asset impairment charges for the first quarter of 2017, compared to \$44.6 million recorded for the same period in 2016. Asset impairment recorded in the first quarter of 2016 was driven by impairments resulting from lease termination and amendments, which were more than offset by \$62.1 million primarily due to the release of maintenance rents. Leasing expenses were \$122.4 million for the first quarter of 2017, compared with \$167.4 million for the same period in 2016. The decrease in leasing expenses was primarily related to lower maintenance rights expense due to fewer maintenance events during the first quarter of 2017. Restructuring related expenses were \$9.9 million for the first quarter of 2017, compared with \$12.6 million for the same period in 2016. Restructuring

AerCap Holdings N.V. Reports Financial Results for the First Quarter 2017 and Authorizes New Share Repurchase Program of \$300 Million

Page 4 of 9

related expenses in the first quarter of 2017 and 2016 represented non-recurring charges related to the downsizing of AeroTurbine.

Effective Tax Rate

AerCap's effective tax rate was 13.0% during the first quarter of 2017, compared to 13.5% for the same period in 2016. The effective tax rate for the full year 2016 was 14.5%. The effective tax rate in any year is impacted by the source and amount of earnings among AerCap's different tax jurisdictions.

Book Value Per Share

	March 31, 2017	December 31, 2016	March 31, 2016	% increase/ (decrease) over December 31, 2016	% increase/ (decrease) over March 31, 2016
	(U.S. dollar amounts in millions except share data)				
Total AerCap Holdings N.V. shareholders' equity.....	\$ 8,519.7	\$ 8,524.4	\$ 8,392.9	(0%)	2%
Ordinary shares outstanding.....	169,850,879	176,247,154	195,570,263	(4%)	(13%)
Unvested restricted stock.....	(3,463,660)	(3,426,810)	(3,327,742)	1%	4%
Ordinary shares outstanding (excl. unvested restricted stock).....	<u>166,387,219</u>	<u>172,820,344</u>	<u>192,242,521</u>	<u>(4%)</u>	<u>(13%)</u>
Book value per ordinary share outstanding (excl. unvested restricted stock).....	\$ 51.20	\$ 49.33	\$ 43.66	4%	17%

Financial Position

	March 31, 2017	December 31, 2016	% increase/ (decrease) over December 31, 2016
	(U.S. dollar amounts in millions except d/e ratio)		
Total cash (incl. restricted).....	\$ 2,294.9	\$ 2,364.6	(3%)
Total assets.....	41,442.9	41,620.5	(0%)
Debt.....	27,520.5	27,717.0	(1%)
Total liabilities.....	32,865.9	33,038.2	(1%)
Total AerCap Holdings N.V. shareholders' equity.....	8,519.7	8,524.4	(0%)
Total equity.....	8,577.0	8,582.3	(0%)
Adjusted debt (*).....	24,834.9	24,931.6	(0%)
Adjusted equity (*).....	9,327.0	9,332.3	(0%)
Adjusted debt/equity ratio (*).....	2.7 to 1	2.7 to 1	0%

(*) Refer to Notes Regarding Financial Information Presented in This Press Release for details relating to the adjustments

As of March 31, 2017, AerCap's portfolio consisted of 1,541 aircraft that were owned, on order or managed (including aircraft owned by AerDragon, a non-consolidated joint venture). The average age of our owned fleet as of March 31, 2017 was 7.3 years and the average remaining contracted lease term was 6.5 years.

Share Repurchase Program

We have authorized a new \$300 million share repurchase program, which will run through September 30, 2017. 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 common 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

AerCap Holdings N.V. Reports Financial Results for the First Quarter 2017 and Authorizes New Share Repurchase Program of \$300 Million

Page 5 of 9

Company's cash on hand and cash generated from operations. The program may be suspended or discontinued at any time.

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.

In connection with the ILFC transaction, we have recognized maintenance rights intangible assets associated with existing leases on the legacy ILFC aircraft and we are expensing these assets during the remaining lease terms. The maintenance rights amortization impact represents the difference between expensing the maintenance rights intangible assets on a more accelerated basis during the remaining lease terms as compared to expensing these assets on a straight-line basis over the remaining economic life of the aircraft.

The following is a definition 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.

	<u>March 31, 2017</u>	<u>December 31, 2016</u>
	(U.S. dollar amounts in millions except d/e ratio)	
Debt	\$ 27,521	\$ 27,717
Adjusted for:		
Cash and cash equivalents.....	(1,936)	(2,035)
50% credit for long-term subordinated debt.....	(750)	(750)
Adjusted debt	\$ 24,835	\$ 24,932
 Equity	 \$ 8,577	 \$ 8,582
Adjusted for:		
50% credit for long-term subordinated debt.....	750	750
Adjusted equity	\$ 9,327	\$ 9,332
 Adjusted debt/equity ratio	 2.7 to 1	 2.7 to 1

Net interest margin, or net spread (refer to the second table under the Revenue and Net Spread section of this press release). This measure is the difference between basic lease

AerCap Holdings N.V. Reports Financial Results for the First Quarter 2017 and Authorizes New Share Repurchase Program of \$300 Million

Page 6 of 9

rents and interest expense, excluding the impact of the mark-to-market of interest rate caps and swaps. We believe this measure may further assist investors in their understanding of the changes and trends related to the earnings of our leasing activities. This measure reflects the impact from changes in the number of aircraft leased, lease rates, utilization rates, as well as the impact from changes in the amount of debt and interest rates.

Conference Call

In connection with the earnings release, management will host an earnings conference call today, Tuesday, May 9, 2017, at 8:30 am Eastern Daylight time. The call can be accessed live by dialing (U.S./Canada) +1 719 325 2385 or (International) +353 1 246 5638 and referencing code 9781821 at least 5 minutes before start time, or by visiting AerCap's website at www.aercap.com under "Investor Relations".

The webcast replay will be archived in the "Investor Relations" section of the Company's website for one year. For further details and to register for this event please email: aercap@instinctif.com.

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About AerCap

AerCap is the global leader in aircraft leasing with, as of March 31, 2017, 1,541 owned, managed or on order aircraft in its portfolio. 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, Fort Lauderdale, Miami, 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.

AerCap Holdings N.V. Reports Financial Results for the First Quarter 2017 and Authorizes New Share Repurchase Program of \$300 Million

Page 7 of 9

AerCap Holdings N.V. Unaudited Consolidated Balance Sheets

(U.S. Dollars in thousands)

	March 31, 2017	December 31, 2016
Assets		
Cash and cash equivalents.....	\$ 1,935,630	\$ 2,035,447
Restricted cash.....	359,221	329,180
Trade receivables.....	60,518	64,923
Flight equipment held for operating leases, net.....	31,560,918	31,501,973
Maintenance rights intangible and lease premium, net.....	2,029,150	2,167,925
Flight equipment held for sale.....	161,329	107,392
Net investment in finance and sales-type leases.....	762,133	755,882
Prepayments on flight equipment.....	3,215,459	3,265,979
Other intangibles, net.....	386,795	397,101
Deferred income tax assets.....	215,396	215,445
Other assets.....	756,349	779,206
Total Assets.....	\$ 41,442,898	\$ 41,620,453
Liabilities and Equity		
Accounts payable, accrued expenses and other liabilities.....	\$ 1,148,360	\$ 1,132,536
Accrued maintenance liability.....	2,726,400	2,750,576
Lessee deposit liability.....	855,365	859,099
Debt.....	27,520,504	27,716,999
Deferred income tax liabilities.....	615,286	578,979
Total liabilities.....	32,865,915	33,038,189
Ordinary share capital €0.01 par value, 350,000,000 ordinary shares authorized as of March 31, 2017 and December 31, 2016; 182,847,345 and 187,847,345 ordinary shares issued and 169,850,879 and 176,247,154 ordinary shares outstanding (including 3,463,660 and 3,426,810 unvested restricted stock) as of March 31, 2017 and December 31, 2016, respectively.....	2,229	2,282
Additional paid-in capital.....	4,330,179	4,505,019
Treasury shares, at cost (12,996,466 and 11,600,191 ordinary shares as of March 31, 2017 and December 31, 2016, respectively).....	(579,841)	(490,092)
Accumulated other comprehensive loss.....	(294)	(1,769)
Accumulated retained earnings.....	4,767,381	4,509,007
Total AerCap Holdings N.V. shareholders' equity.....	8,519,654	8,524,447
Non-controlling interest.....	57,329	57,817
Total Equity.....	8,576,983	8,582,264
Total Liabilities and Equity.....	\$ 41,442,898	\$ 41,620,453

AerCap Holdings N.V. Reports Financial Results for the First Quarter 2017 and Authorizes New Share Repurchase Program of \$300 Million

Page 8 of 9

AerCap Holdings N.V.
Unaudited Consolidated Income Statements

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

	Three months ended March 31,	
	2017	2016
Revenues and other income		
Lease revenue.....	\$ 1,156,962	\$ 1,289,666
Net gain on sale of assets.....	47,328	19,033
Other income.....	32,536	9,319
Total Revenues and other income.....	1,236,826	1,318,018
Expenses		
Depreciation and amortization.....	438,541	466,611
Asset impairment.....	-	44,628
Interest expense.....	285,678	284,562
Leasing expenses.....	122,409	167,403
Restructuring related expenses.....	9,875	12,602
Selling, general and administrative expenses.....	83,482	87,028
Total Expenses.....	939,985	1,062,834
Income before income taxes and income of investments accounted for under the equity method.....	296,841	255,184
Provision for income taxes.....	(38,585)	(34,449)
Equity in net earnings of investments accounted for under the equity method.....	2,980	2,406
Net income.....	\$ 261,236	\$ 223,141
Net (income) loss attributable to non-controlling interest.....	(63)	(61)
Net income attributable to AerCap Holdings N.V.....	\$ 261,173	\$ 223,080
Basic earnings per share.....	\$ 1.54	\$ 1.14
Diluted earnings per share.....	\$ 1.48	\$ 1.13
Weighted average shares outstanding - basic.....	169,911,481	196,022,650
Weighted average shares outstanding - diluted.....	175,903,060	197,743,117

AerCap Holdings N.V. Reports Financial Results for the First Quarter 2017 and Authorizes New Share Repurchase Program of \$300 Million

Page 9 of 9

AerCap Holdings N.V.
Unaudited Consolidated Statements of Cash Flows

(U.S. Dollars in thousands)

	Three months ended March 31,	
	2017	2016
Net income.....	\$ 261,236	\$ 223,141
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.....	438,541	466,611
Asset impairment.....	-	44,628
Amortization of debt issuance costs and debt discount.....	17,181	13,646
Amortization of lease premium intangibles.....	4,224	5,331
Amortization of fair value adjustment on debt.....	(61,965)	(95,128)
Accretion of fair value adjustment on deposits and maintenance liabilities.....	8,406	14,286
Maintenance rights write off.....	114,533	229,904
Maintenance liability release to income.....	(54,486)	(157,491)
Net gain on sale of assets.....	(47,328)	(19,033)
Deferred income taxes.....	36,145	32,345
Restructuring related expenses.....	2,662	12,602
Other.....	41,842	37,826
Changes in operating assets and liabilities:		
Trade receivables.....	3,138	30,984
Other assets.....	1,315	45,713
Accounts payable, accrued expenses and other liabilities.....	36,065	(46,592)
Net cash provided by operating activities.....	801,509	838,773
Purchase of flight equipment.....	(603,578)	(498,037)
Proceeds from sale or disposal of assets.....	400,602	341,952
Prepayments on flight equipment.....	(267,282)	(194,146)
Collections of finance and sales-type leases.....	21,956	14,175
Movement in restricted cash.....	(30,041)	21,225
Other.....	(335)	-
Net cash used in investing activities.....	(478,678)	(314,831)
Issuance of debt.....	1,867,333	791,749
Repayment of debt.....	(1,995,691)	(533,078)
Debt issuance costs paid.....	(29,567)	(6,115)
Maintenance payments received.....	178,153	172,317
Maintenance payments returned.....	(123,270)	(147,119)
Security deposits received.....	41,762	38,201
Security deposits returned.....	(50,681)	(58,033)
Dividend paid to non-controlling interest holders.....	-	(10,501)
Repurchase of shares and tax withholdings on share-based compensation.....	(297,028)	(246,732)
Other.....	(13,700)	-
Net cash (used in) provided by financing activities.....	(422,689)	689
Net (decrease) increase in cash and cash equivalents.....	(99,858)	524,631
Effect of exchange rate changes on cash and cash equivalents.....	41	1,503
Cash and cash equivalents at beginning of period.....	2,035,447	2,403,098
Cash and cash equivalents at end of period.....	\$ 1,935,630	\$ 2,929,232