



Press Release

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AerCap Holdings N.V. Reports Financial Results for the Second Quarter 2018

DUBLIN – July 30, 2018

- **Net income of \$254.2 million for the second quarter of 2018 and \$519.6 million for the first half of 2018**
- **Diluted earnings per share of \$1.70 for the second quarter of 2018 and \$3.42 for the first half of 2018**

Highlights

- 90 aircraft transactions executed in the second quarter of 2018, 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 rate for the second quarter of 2018.
- Closed on \$2.7 billion of debt financing.
- \$11.7 billion of available liquidity and adjusted debt/equity ratio of 2.8 to 1.
- Book value per share of \$59.25, an increase of 12% since June 30, 2017.
- Repurchased 1.9 million shares in the second quarter of 2018 for \$101 million.

Aengus Kelly, CEO of AerCap, commented: *"I am pleased to report another quarter of strong operating and financial results, with earnings per share of \$1.70 and net income of \$254.2 million. The AerCap platform remained active in the quarter, completing 90 aircraft transactions, including 17 widebody transactions. We took delivery of 20 aircraft and expect to take delivery of over 200 new technology aircraft through the end of 2020. We continue to see strong global demand from our airline customers and have access to \$11.7 billion of liquidity to meet our strategic objectives."*

Second Quarter 2018 Financial Results

- Net income of \$254.2 million, compared with \$282.9 million for the same period in 2017. Diluted earnings per share of \$1.70, compared with \$1.67 for the same period in 2017.
- The decrease in net income was primarily driven by lower other income as well as a decrease in net gain on sale of assets. Other income for the second quarter of 2017 included contractual payments related to a lease termination agreement.
- The increase in diluted earnings per share was primarily driven by the repurchase of 24.9 million shares from April 2017 through June 2018.

Revenue and Net Spread

	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% increase/ (decrease)	2018	2017	% increase/ (decrease)
	(U.S. Dollars in millions)			(U.S. Dollars in millions)		
Lease revenue:						
Basic lease rents.....	\$ 1,023.1	\$ 1,053.5	(3%)	\$ 2,056.0	\$ 2,120.5	(3%)
Maintenance rents and other receipts.....	107.9	104.1	4%	195.3	194.0	1%
Lease revenue.....	1,131.0	1,157.6	(2%)	2,251.3	2,314.5	(3%)
Net gain on sale of assets.....	51.2	69.5	(26%)	140.5	116.9	20%
Other income.....	12.4	36.7	(66%)	22.0	69.2	(68%)
Total Revenues and other income.....	\$ 1,194.6	\$ 1,263.8	(5%)	\$ 2,413.8	\$ 2,500.6	(3%)

Basic lease rents were \$1,023.1 million for the second quarter of 2018, compared with \$1,053.5 million for the same period in 2017. The decrease was primarily due to the sale of mid-life and older aircraft from April 2017 through June 2018.

Maintenance rents and other receipts were \$107.9 million for the second quarter of 2018, compared with \$104.1 million for the same period in 2017.

Net gain on sale of assets for the second quarter of 2018 was \$51.2 million, relating to 30 aircraft sold and four aircraft reclassified to finance leases, compared with \$69.5 million for the same period in 2017, relating to 24 aircraft sold and six aircraft reclassified to finance leases. The decrease was primarily due to the composition of asset sales.

Other income for the second quarter of 2018 was \$12.4 million, compared with \$36.7 million for the same period in 2017. Other income for the second quarter of 2017 included contractual payments related to a lease termination agreement.

	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% increase/ (decrease)	2018	2017	% increase/ (decrease)
	(U.S. Dollars in millions)			(U.S. Dollars in millions)		
Basic lease rents	\$ 1,023.1	\$ 1,053.5	(3%)	\$ 2,056.0	\$ 2,120.5	(3%)
Interest expense.....	284.9	275.0	4%	559.3	560.7	(0%)
Adjusted for:						
Mark-to-market of interest rate caps.....	4.5	(9.0)	NA	21.1	(15.5)	NA
Interest expense excluding mark-to-market of interest rate caps....	289.4	266.0	9%	580.4	545.2	6%
Net interest margin, or net spread (*).....	\$ 733.7	\$ 787.5	(7%)	\$ 1,475.6	\$ 1,575.3	(6%)
Average lease assets (*).....	\$ 34,897	\$ 34,047	2%	\$ 34,915	\$ 34,065	2%
Annualized net spread (*).....	8.4%	9.3%		8.5%	9.2%	

(*) 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 \$4.5 million was \$289.4 million for the second quarter of 2018, compared with \$266.0 million for the same period in 2017. Our average cost of debt was 4.1% for the second quarter of 2018, compared with 3.9% for the same period in 2017. 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.

Annualized net spread was 8.4% for the second quarter of 2018, compared with 9.3% for the same period in 2017. The decrease was 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.

Selling, General and Administrative Expenses

	Three months ended June 30,			Six months ended June 30,		
	2018	2017	% increase/ (decrease)	2018	2017	% increase/ (decrease)
	(U.S. Dollars in millions)			(U.S. Dollars in millions)		
Selling, general and administrative expenses.....	\$ 55.0	\$ 58.0	(5%)	\$ 109.1	\$ 114.8	(5%)
Share-based compensation expenses.....	30.3	26.6	14%	62.0	53.3	16%
Total selling, general and administrative expenses.....	\$ 85.3	\$ 84.6	1%	\$ 171.1	\$ 168.1	2%

Other Expenses

Leasing expenses were \$103.3 million for the second quarter of 2018, compared with \$136.3 million for the same period in 2017. The decrease was primarily due to lower maintenance rights expense as a result of lower maintenance activity during the period and the lower maintenance rights intangible asset balance. Asset impairment charges were \$14.0 million for the second quarter of 2018, compared to \$5.3 million recorded for the same period in 2017. Asset impairment recorded in the second quarter of 2018 related to sales transactions and lease terminations and was offset by maintenance revenue.

Effective Tax Rate

Our effective tax rate for the second quarter of 2018 was 13.0%, compared to 13.0% for the same period in 2017. The effective tax rate for the full year 2017 was 13.3%. The effective tax rate is impacted by the source and amount of earnings among our different tax jurisdictions.

Book Value Per Share

	June 30, 2018	June 30, 2017
	(U.S. Dollars in millions, except share and per share data)	
Total AerCap Holdings N.V. shareholders' equity.....	\$ 8,669.5	\$ 8,520.8
Ordinary shares outstanding.....	148,432,487	163,418,626
Unvested restricted stock.....	(2,101,497)	(2,833,754)
Ordinary shares outstanding (excl. unvested restricted stock).....	146,330,990	160,584,872
Book value per ordinary share outstanding (excl. unvested restricted stock).....	\$ 59.25	\$ 53.06

Book value per share has increased 12% since June 30, 2017.

Financial Position

	<u>June 30,</u> <u>2018</u>	<u>December 31,</u> <u>2017</u>	<u>% increase/ (decrease) over December 31, 2017</u>
	<u>(U.S. Dollars in millions, except debt/equity ratio)</u>		
Total cash, cash equivalents and restricted cash.....	\$ 1,858.5	\$ 2,024.1	(8%)
Total lease assets (*).....	35,407.6	35,404.4	0%
Total assets.....	42,019.4	42,040.1	(0%)
Debt.....	28,545.5	28,420.7	0%
Total liabilities.....	33,295.6	33,401.3	(0%)
Total AerCap Holdings N.V. shareholders' equity.....	8,669.5	8,579.7	1%
Total equity.....	8,723.8	8,638.8	1%
Adjusted debt (*).....	26,197.0	26,011.1	1%
Adjusted equity (*).....	9,473.8	9,388.8	1%
Adjusted debt/equity ratio (*).....	2.8 to 1	2.8 to 1	0%

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

As of June 30, 2018, AerCap's portfolio consisted of 1,471 aircraft that were owned, on order or managed. The average age of our owned fleet as of June 30, 2018 was 6.6 years and the average remaining contracted lease term was 7.1 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 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.

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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.

	June 30, 2018	December 31, 2017
	(U.S. Dollars in millions, except debt/equity ratio)	
Debt	\$ 28,546	\$ 28,421
Adjusted for:		
Cash and cash equivalents.....	(1,599)	(1,660)
50% credit for long-term subordinated debt.....	(750)	(750)
Adjusted debt	\$ 26,197	\$ 26,011
Equity	\$ 8,724	\$ 8,639
Adjusted for:		
50% credit for long-term subordinated debt.....	750	750
Adjusted equity	\$ 9,474	\$ 9,389
Adjusted debt/equity ratio	2.8 to 1	2.8 to 1

Net interest margin, or net spread, and annualized net spread

Net interest margin, or net spread, is 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. 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 intangible assets.

Conference Call

In connection with the earnings release, management will host an earnings conference call today, Monday, July 30, 2018, at 8:30 am Eastern Daylight Time. The call can be accessed live by dialing (U.S./Canada) +1 929 477 0448 or (International) +353 1 246 5621 and referencing code 3294370 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 (jmginley@aercap.com).

About AerCap

AerCap is the global leader in aircraft leasing with, as of June 30, 2018, 1,471 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, 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.

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AerCap Holdings N.V. Unaudited Consolidated Balance Sheets

(U.S. Dollars in thousands)

	June 30, 2018	December 31, 2017
Assets		
Cash and cash equivalents.....	\$ 1,598,502	\$ 1,659,669
Restricted cash.....	259,971	364,456
Trade receivables.....	100,692	73,877
Flight equipment held for operating leases, net.....	32,947,511	32,396,827
Maintenance rights intangible and lease premium, net.....	1,276,039	1,501,858
Flight equipment held for sale.....	248,522	630,789
Net investment in finance and sales-type leases.....	1,049,230	995,689
Prepayments on flight equipment.....	3,162,686	2,930,303
Other intangibles, net.....	341,230	355,512
Deferred income tax assets.....	147,513	151,234
Other assets.....	887,491	979,930
Total Assets.....	\$ 42,019,387	\$ 42,040,144
Liabilities and Equity		
Accounts payable, accrued expenses and other liabilities.....	\$ 954,765	\$ 1,017,374
Accrued maintenance liability.....	2,252,791	2,461,799
Lessee deposit liability.....	791,966	827,470
Debt.....	28,545,513	28,420,739
Deferred income tax liabilities.....	750,536	673,948
Total liabilities.....	33,295,571	33,401,330
Ordinary share capital €0.01 par value, 350,000,000 ordinary shares authorized as of June 30, 2018 and December 31, 2017; 156,847,345 and 167,847,345 ordinary shares issued and 148,432,487 and 152,992,101 ordinary shares outstanding (including 2,101,497 and 3,007,752 unvested restricted stock) as of June 30, 2018 and December 31, 2017, respectively.....	1,923	2,058
Additional paid-in capital.....	2,963,443	3,714,563
Treasury shares, at cost (8,414,858 and 14,855,244 ordinary shares as of June 30, 2018 and December 31, 2017, respectively).....	(434,457)	(731,442)
Accumulated other comprehensive income.....	42,585	14,274
Accumulated retained earnings.....	6,095,973	5,580,257
Total AerCap Holdings N.V. shareholders' equity.....	8,669,467	8,579,710
Non-controlling interest.....	54,349	59,104
Total Equity.....	8,723,816	8,638,814
Total Liabilities and Equity.....	\$ 42,019,387	\$ 42,040,144

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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 June 30,		Six months ended June 30,	
	2018	2017	2018	2017
Revenues and other income				
Lease revenue.....	\$ 1,130,981	\$ 1,157,562	\$ 2,251,275	\$ 2,314,524
Net gain on sale of assets.....	51,225	69,525	140,525	116,853
Other income.....	12,446	36,663	21,978	69,199
Total Revenues and other income.....	1,194,652	1,263,750	2,413,778	2,500,576
Expenses				
Depreciation and amortization.....	417,734	435,005	840,447	873,546
Asset impairment.....	13,978	5,300	16,086	5,300
Interest expense.....	284,865	275,018	559,314	560,696
Leasing expenses.....	103,309	136,345	235,777	258,754
Restructuring related expenses.....	-	4,730	-	14,605
Selling, general and administrative expenses.....	85,272	84,633	171,054	168,115
Total Expenses.....	905,158	941,031	1,822,678	1,881,016
Income before income taxes and income of investments accounted for under the equity method.....				
	289,494	322,719	591,100	619,560
Provision for income taxes.....	(37,615)	(41,956)	(76,843)	(80,541)
Equity in net earnings of investments accounted for under the equity method.....	2,468	2,107	5,809	5,087
Net income.....	\$ 254,347	\$ 282,870	\$ 520,066	\$ 544,106
Net (income) loss attributable to non-controlling interest.....	(107)	10	(427)	(53)
Net income attributable to AerCap Holdings N.V.....	\$ 254,240	\$ 282,880	\$ 519,639	\$ 544,053
Basic earnings per share.....				
	\$ 1.75	\$ 1.73	\$ 3.55	\$ 3.27
Diluted earnings per share.....				
	\$ 1.70	\$ 1.67	\$ 3.42	\$ 3.15
Weighted average shares outstanding - basic.....				
	145,272,520	163,150,532	146,228,245	166,512,330
Weighted average shares outstanding - diluted.....				
	149,474,890	169,263,392	151,858,686	172,568,854

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

(U.S. Dollars in thousands)

	Six months ended June 30,	
	2018	2017
Net income.....	\$ 520,066	\$ 544,106
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.....	840,447	873,546
Asset impairment.....	16,086	5,300
Amortization of debt issuance costs and debt discount.....	34,753	30,202
Amortization of lease premium intangibles.....	7,092	8,129
Amortization of fair value adjustment on debt.....	(80,221)	(109,290)
Accretion of fair value adjustment on deposits and maintenance liabilities.....	9,933	16,718
Maintenance rights write-off.....	160,233	283,430
Maintenance liability release to income.....	(113,184)	(107,450)
Net gain on sale of assets.....	(140,525)	(116,853)
Deferred income taxes.....	77,074	76,679
Restructuring related expenses.....	-	5,097
Other.....	48,319	66,352
Changes in operating assets and liabilities:		
Trade receivables.....	(29,266)	(14,947)
Other assets.....	24,142	38,447
Accounts payable, accrued expenses and other liabilities.....	(29,731)	(803)
Net cash provided by operating activities.....	1,345,218	1,598,663
Purchase of flight equipment.....	(1,594,556)	(1,260,123)
Proceeds from sale or disposal of assets.....	1,195,770	720,773
Prepayments on flight equipment.....	(868,265)	(575,802)
Collections of finance and sales-type leases.....	46,211	43,863
Other.....	(20,935)	(35,706)
Net cash used in investing activities.....	(1,241,775)	(1,106,995)
Issuance of debt.....	2,443,006	2,539,991
Repayment of debt.....	(2,242,343)	(2,966,535)
Debt issuance costs paid.....	(40,457)	(34,243)
Maintenance payments received.....	362,801	356,525
Maintenance payments returned.....	(276,144)	(239,574)
Security deposits received.....	85,808	75,096
Security deposits returned.....	(92,999)	(79,965)
Dividend paid to non-controlling interest holders.....	(2,700)	(265)
Repurchase of shares and tax withholdings on share-based compensation.....	(508,680)	(596,609)
Net cash used in financing activities.....	(271,708)	(945,579)
Net decrease in cash, cash equivalents and restricted cash.....	(168,265)	(453,911)
Effect of exchange rate changes on cash, cash equivalents and restricted cash.....	2,613	(372)
Cash, cash equivalents and restricted cash at beginning of period.....	2,024,125	2,364,627
Cash, cash equivalents and restricted cash at end of period.....	\$ 1,858,473	\$ 1,910,344