



Press Release

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AerCap Holdings N.V. Reports Financial Results for Full Year 2017 and Announces New Share Repurchase Program

DUBLIN – February 14, 2018

- **Net income of \$266.3 million for the fourth quarter of 2017 and \$1,076.2 million for the full year 2017**
- **Diluted earnings per share of \$1.67 for the fourth quarter of 2017 and \$6.43 for the full year 2017**

Highlights

- 402 aircraft transactions executed in 2017, including 119 widebody transactions.
- 99.1% fleet utilization rate for the full year 2017.
- 6.8 years average age of owned fleet.
- 6.9 years average remaining lease term.
- \$5.3 billion of aircraft purchased and \$2.4 billion of aircraft sold in 2017.
- Ordered 30 Boeing 787 aircraft and 50 Airbus A320neo Family aircraft in 2017.
- \$9.6 billion of available liquidity and adjusted debt/equity ratio of 2.8 to 1.
- 16% increase in book value per share since December 31, 2016.
- Repurchased 23.7 million shares in 2017 for \$1.1 billion.
- New \$200 million share repurchase program authorized, which will run through June 30, 2018.

Aengus Kelly, CEO of AerCap, commented: *"I am very pleased to report another strong set of financial results for 2017 which is due to the hard work and relentless focus on execution of our team. During the year, we generated earnings per share of \$6.43 and net income of \$1.1 billion. Our platform also purchased a record \$5.3 billion of new aircraft in 2017, and sold approximately \$2.4 billion of mid-life assets, as part of our transition to new technology aircraft."*

Full Year 2017 Financial Results

- Net income of \$1,076.2 million, compared with \$1,046.6 million for 2016.
- Diluted earnings per share of \$6.43, compared with \$5.52 for 2016, an increase of 16%, primarily driven by the repurchase of 48.7 million shares during 2016 and 2017.

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Fourth Quarter 2017 Financial Results

- Net income of \$266.3 million, compared with \$364.7 million for the same period in 2016. Diluted earnings per share of \$1.67, compared with \$2.01 for the same period in 2016.
- The decrease in net income was primarily due to the fact that during the fourth quarter of 2016, we recognized income from lease terminations and a gain related to the repayment of a note receivable earlier than expected.
- The decrease in diluted earnings per share was driven by the same factors as net income, partially offset by the repurchase of 29.4 million shares from October 2016 through December 2017.

Revenue and Net Spread

	Three months ended December 31,			Year ended December 31,		
	2017	2016	% increase/ (decrease)	2017	2016	% increase/ (decrease)
	(U.S. Dollars in millions)			(U.S. Dollars in millions)		
Lease revenue:						
Basic lease rents.....	\$ 1,035.3	\$ 1,061.8	(2%)	\$ 4,194.2	\$ 4,395.3	(5%)
Maintenance rents and other receipts.....	162.6	159.1	2%	519.6	472.3	10%
Lease revenue.....	1,197.9	1,220.9	(2%)	4,713.8	4,867.6	(3%)
Net gain on sale of assets.....	48.5	58.7	(17%)	229.1	138.5	65%
Other income.....	16.6	89.0	(81%)	94.6	146.0	(35%)
Total Revenues and other income.....	\$ 1,263.0	\$ 1,368.6	(8%)	\$ 5,037.5	\$ 5,152.1	(2%)

Basic lease rents were \$1,035.3 million for the fourth quarter of 2017, compared with \$1,061.8 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.

Maintenance rents and other receipts were \$162.6 million for the fourth quarter of 2017, compared with \$159.1 million for the same period in 2016.

Net gain on sale of assets for the fourth quarter of 2017 was \$48.5 million, relating to 27 aircraft sold and two aircraft reclassified to finance leases, compared with \$58.7 million for the same period in 2016, relating to 37 aircraft sold and three aircraft reclassified to finance leases. The decrease was primarily due to the composition of asset sales.

Other income for the fourth quarter of 2017 was \$16.6 million, compared with \$89.0 million for the same period in 2016. Other income for the fourth quarter of 2016 included income from lease terminations and a gain related to the repayment of a note receivable earlier than expected.

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	Three months ended December 31,			Year ended December 31,		
	2017	2016	% increase/ (decrease)	2017	2016	% increase/ (decrease)
	(U.S. Dollars in millions)			(U.S. Dollars in millions)		
Basic lease rents	\$ 1,035.3	\$ 1,061.8	(2%)	\$ 4,194.2	\$ 4,395.3	(5%)
Interest expense.....	271.5	252.7	7%	1,112.4	1,091.9	2%
Adjusted for:						
Mark-to-market of interest rate caps and swaps.....	3.4	18.6	(82%)	(14.2)	(1.6)	788%
Adjusted interest expense.....	274.9	271.3	1%	1,098.2	1,090.3	1%
Net interest margin, or net spread (*).....	\$ 760.4	\$ 790.5	(4%)	\$ 3,096.0	\$ 3,305.0	(6%)
Average lease assets.....	\$ 34,748	\$ 34,192	2%	\$ 34,228	\$ 34,857	(2%)
Annualized net spread (*).....	8.8%	9.3%		9.0%	9.5%	

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

As shown in the table above, adjusted interest expense was \$274.9 million for the fourth quarter of 2017, compared with \$271.3 million for the same period in 2016.

Annualized net spread was 8.8% for the fourth quarter of 2017, compared with 9.3% for the same period in 2016. The decrease was primarily the result of the lower age of our owned fleet which is driven by aircraft sales and purchases from October 2016 to December 2017.

Selling, General and Administrative Expenses

	Three months ended December 31,			Year ended December 31,		
	2017	2016	% increase/ (decrease)	2017	2016	% increase/ (decrease)
	(U.S. Dollars in millions)			(U.S. Dollars in millions)		
Selling, general and administrative expenses.....	\$ 67.4	\$ 70.3	(4%)	\$ 240.6	\$ 248.2	(3%)
Share-based compensation expenses.....	28.9	26.5	9%	107.7	102.8	5%
Total selling, general and administrative expenses.....	\$ 96.3	\$ 96.8	(1%)	\$ 348.3	\$ 351.0	(1%)

Other Expenses

Asset impairment charges were \$10.4 million for the fourth quarter of 2017, compared with \$11.4 million recorded for the same period in 2016. Asset impairment recorded in the fourth quarter of 2017 primarily related to lease terminations and was more than offset by maintenance revenue recognized as a result of these lease terminations. Leasing expenses were \$141.2 million for the fourth quarter of 2017, compared with \$143.3 million for the same period in 2016.

Effective Tax Rate

Our effective tax rate for the full year 2017 was 13.3%, compared with the effective tax rate of 14.5% for the full year 2016. The effective tax rate is impacted by the source and amount of earnings among our different tax jurisdictions. The effective tax rate in 2017 reflects our re-assessment of our deferred tax assets and liabilities, including as a result of recent U.S. tax reform legislation. The effective tax rate in 2016 included a valuation allowance related to the AeroTurbine losses.

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Book Value Per Share

	December 31, 2017	December 31, 2016
	(U.S. Dollars in millions, except share and per share data)	
Total AerCap Holdings N.V. shareholders' equity.....	\$ 8,579.7	\$ 8,524.4
Ordinary shares outstanding.....	152,992,101	176,247,154
Unvested restricted stock.....	(3,007,752)	(3,426,810)
Ordinary shares outstanding (excl. unvested restricted stock).....	<u>149,984,349</u>	<u>172,820,344</u>
Book value per ordinary share outstanding (excl. unvested restricted stock).....	<u>\$ 57.20</u>	<u>\$ 49.33</u>

Book value per share has increased 16% since December 31, 2016.

Financial Position

	December 31, 2017	December 31, 2016	% increase/ (decrease) over December 31, 2016
	(U.S. Dollars in millions, except debt/equity ratio)		
Total cash (incl. restricted).....	\$ 2,024.1	\$ 2,364.6	(14%)
Total assets.....	42,040.1	41,620.5	1%
Debt.....	28,420.7	27,717.0	3%
Total liabilities.....	33,401.3	33,038.2	1%
Total AerCap Holdings N.V. shareholders' equity.....	8,579.7	8,524.4	1%
Total equity.....	8,638.8	8,582.3	1%
Adjusted debt (*).....	26,011.1	24,931.6	4%
Adjusted equity (*).....	9,388.8	9,332.3	1%
Adjusted debt/equity ratio (*).....	2.8 to 1	2.7 to 1	4%

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

As of December 31, 2017, AerCap's portfolio consisted of 1,531 aircraft that were owned, on order or managed. The average age of our owned fleet as of December 31, 2017 was 6.8 years and the average remaining contracted lease term was 6.9 years.

Share Repurchase Program

Our Board of Directors approved a new share repurchase program authorizing total repurchases of up to \$200 million of AerCap ordinary shares through June 30, 2018. 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 Company's cash on hand and cash generated from operations. The program may be suspended or discontinued at any time.

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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.

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, 2017	December 31, 2016
	(U.S. Dollars in millions, except debt/equity ratio)	
Debt	\$ 28,421	\$ 27,717
Adjusted for:		
Cash and cash equivalents.....	(1,660)	(2,035)
50% credit for long-term subordinated debt.....	(750)	(750)
Adjusted debt	\$ 26,011	\$ 24,932
Equity	\$ 8,639	\$ 8,582
Adjusted for:		
50% credit for long-term subordinated debt.....	750	750
Adjusted equity	\$ 9,389	\$ 9,332
Adjusted debt/equity ratio	2.8 to 1	2.7 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 and swaps. Annualized net spread is net spread for the applicable period, scaled to a one year period. 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

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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.

Conference Call

In connection with the earnings release, management will host an earnings conference call today, Wednesday, February 14, 2018, at 8:30 am Eastern Daylight Time. The call can be accessed live by dialing (U.S./Canada) +1 323 794 2423 or (International) +353 1 246 5621 and referencing code 4730385 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 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 December 31, 2017, 1,531 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/aercapny.

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AerCap Holdings N.V.		
Unaudited Consolidated Balance Sheets		
(U.S. Dollars in thousands)		
	<u>December 31, 2017</u>	<u>December 31, 2016</u>
Assets		
Cash and cash equivalents.....	\$ 1,659,669	\$ 2,035,447
Restricted cash.....	364,456	329,180
Trade receivables.....	73,877	64,923
Flight equipment held for operating leases, net.....	32,396,827	31,501,973
Maintenance rights intangible and lease premium, net.....	1,501,858	2,167,925
Flight equipment held for sale.....	630,789	107,392
Net investment in finance and sales-type leases.....	995,689	755,882
Prepayments on flight equipment.....	2,930,303	3,265,979
Other intangibles, net.....	365,512	397,101
Deferred income tax assets.....	151,234	215,445
Other assets.....	979,930	779,206
Total Assets.....	<u>\$ 42,040,144</u>	<u>\$ 41,620,453</u>
Liabilities and Equity		
Accounts payable, accrued expenses and other liabilities.....	\$ 1,017,374	\$ 1,132,536
Accrued maintenance liability.....	2,461,799	2,750,576
Lessee deposit liability.....	827,470	859,099
Debt.....	28,420,739	27,716,999
Deferred income tax liabilities.....	673,948	578,979
Total liabilities.....	33,401,330	33,038,189
Ordinary share capital €0.01 par value, 350,000,000 ordinary shares authorized as of December 31, 2017 and December 31, 2016; 167,847,345 and 187,847,345 ordinary shares issued and 152,992,101 and 176,247,154 ordinary shares outstanding (including 3,007,752 and 3,426,810 unvested restricted stock) as of December 31, 2017 and December 31, 2016, respectively...	2,058	2,282
Additional paid-in capital.....	3,714,563	4,505,019
Treasury shares, at cost (14,855,244 and 11,600,191 ordinary shares as of December 31, 2017 and December 31, 2016, respectively).....	(731,442)	(490,092)
Accumulated other comprehensive income (loss).....	14,274	(1,769)
Accumulated retained earnings.....	5,580,257	4,509,007
Total AerCap Holdings N.V. shareholders' equity.....	8,579,710	8,524,447
Non-controlling interest.....	59,104	57,817
Total Equity.....	8,638,814	8,582,264
Total Liabilities and Equity.....	<u>\$ 42,040,144</u>	<u>\$ 41,620,453</u>

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	Three months ended December 31,		Year ended December 31,	
	2017	2016	2017	2016
AerCap Holdings N.V.				
Unaudited Consolidated Income Statements				
(U.S. Dollars in thousands, except share and per share data)				
Revenues and other income				
Lease revenue.....	\$ 1,197,837	\$ 1,220,872	\$ 4,713,802	\$ 4,867,623
Net gain on sale of assets.....	48,525	58,681	229,093	138,522
Other income.....	16,647	89,004	94,598	145,986
Total Revenues and other income.....	1,263,009	1,368,557	5,037,493	5,152,131
Expenses				
Depreciation and amortization.....	425,423	433,533	1,727,296	1,791,336
Asset impairment.....	10,383	11,428	61,286	81,607
Interest expense.....	271,500	252,679	1,112,391	1,091,861
Leasing expenses.....	141,164	143,306	537,752	582,530
Restructuring related expenses.....	-	8,272	14,605	53,389
Selling, general and administrative expenses.....	96,256	96,768	348,291	351,012
Total Expenses.....	944,726	945,986	3,801,621	3,951,735
Income before income taxes and income of investments accounted for under the equity method.....	318,283	422,571	1,235,872	1,200,396
Provision for income taxes.....	(50,019)	(60,712)	(164,718)	(173,496)
Equity in net earnings of investments accounted for under the equity method.....	1,880	3,556	9,199	12,616
Net income.....	\$ 270,144	\$ 365,415	\$ 1,080,353	\$ 1,039,516
Net (income) loss attributable to non-controlling interest.....	(3,893)	(765)	(4,202)	7,114
Net income attributable to AerCap Holdings N.V.....	\$ 266,251	\$ 364,650	\$ 1,076,151	\$ 1,046,630
Basic earnings per share.....	\$ 1.74	\$ 2.07	\$ 6.68	\$ 5.64
Diluted earnings per share.....	\$ 1.67	\$ 2.01	\$ 6.43	\$ 5.52
Weighted average shares outstanding - basic.....	153,018,890	175,871,138	161,059,552	185,514,370
Weighted average shares outstanding - diluted.....	159,609,223	181,223,598	167,287,508	189,682,036

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

(U.S. Dollars in thousands)

	Year ended December 31,	
	2017	2016
Net income.....	\$ 1,080,353	\$ 1,039,516
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization.....	1,727,296	1,791,336
Asset impairment.....	61,286	81,607
Amortization of debt issuance costs and debt discount.....	65,420	55,768
Amortization of lease premium intangibles.....	13,632	19,836
Amortization of fair value adjustment on debt.....	(194,728)	(335,998)
Accretion of fair value adjustment on deposits and maintenance liabilities.....	31,360	55,210
Maintenance rights write off.....	539,772	652,111
Maintenance liability release to income.....	(302,408)	(421,332)
Net gain on sale of assets.....	(229,093)	(138,522)
Deferred income taxes.....	157,021	161,340
Restructuring related expenses.....	5,097	33,588
Other.....	120,489	121,700
Changes in operating assets and liabilities:		
Trade receivables.....	(10,567)	40,065
Other assets.....	55,309	257,190
Accounts payable, accrued expenses and other liabilities.....	19,978	(32,183)
Net cash provided by operating activities.....	3,140,217	3,381,232
Purchase of flight equipment.....	(3,956,671)	(2,892,731)
Proceeds from sale or disposal of assets.....	1,779,321	2,366,242
Prepayments on flight equipment.....	(1,268,585)	(947,419)
Collections of finance and sales-type leases.....	91,918	74,207
Movement in restricted cash.....	(35,276)	90,267
Other.....	(38,102)	(21,678)
Net cash used in investing activities.....	(3,427,395)	(1,331,112)
Issuance of debt.....	5,596,402	3,642,166
Repayment of debt.....	(4,695,453)	(5,213,724)
Debt issuance costs paid.....	(81,396)	(34,687)
Maintenance payments received.....	756,314	794,711
Maintenance payments returned.....	(523,403)	(505,407)
Security deposits received.....	187,378	201,970
Security deposits returned.....	(188,362)	(270,575)
Dividend paid to non-controlling interest holders.....	(266)	(10,501)
Repurchase of shares and tax withholdings on share-based compensation.....	(1,138,782)	(1,021,119)
Net cash used in financing activities.....	(87,568)	(2,417,166)
Net decrease in cash and cash equivalents.....	(374,746)	(367,046)
Effect of exchange rate changes on cash and cash equivalents.....	(1,032)	(605)
Cash and cash equivalents at beginning of period.....	2,035,447	2,403,098
Cash and cash equivalents at end of period.....	\$ 1,659,669	\$ 2,035,447