



## Press Release

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# AerCap Holdings N.V. Reports Financial Results for the First Quarter 2018 and Announces New Share Repurchase Program

DUBLIN – May 3, 2018

- **Net income of \$265.4 million for the first quarter of 2018**
- **Diluted earnings per share of \$1.72 for the first quarter of 2018**

### **Highlights**

- 114 aircraft transactions executed in the first quarter of 2018, including 28 widebody transactions.
- Approximately 95% of new aircraft deliveries through 2019 and approximately 80% through 2020 leased.
- 6.9 years average remaining lease term.
- 98.3% fleet utilization rate for the first quarter of 2018.
- Closed on \$2.9 billion of debt financing, including \$1.15 billion senior unsecured notes offering.
- \$10.8 billion of available liquidity and adjusted debt/equity ratio of 2.8 to 1.
- Book value per share of \$59.60, an increase of 16% since March 31, 2017.
- Repurchased 5.9 million shares in the first quarter of 2018 for \$305 million.
- New \$200 million share repurchase program authorized, which will run through September 30, 2018.

Aengus Kelly, CEO of AerCap, commented: *"I am pleased to report that the AerCap platform delivered another quarter of strong operating and financial results, with earnings per share of \$1.72 and net income of \$265 million. Our high level of lease placement activity reflected robust demand for our aircraft, and we continued to deploy excess capital to create value for our shareholders."*

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## First Quarter 2018 Financial Results

- Net income of \$265.4 million, compared with \$261.2 million for the same period in 2017. Diluted earnings per share of \$1.72, compared with \$1.48 for the same period in 2017.
- The increase in net income was primarily driven by an increase in net gain on sale of assets, partially offset by the impact of the Air Berlin and Monarch Airlines lease terminations in the second half of 2017, as well as by lower other income.
- Diluted earnings per share increased 16%, primarily driven by the repurchase of 29.6 million shares from January 2017 through March 2018.

## Revenue and Net Spread

	Three months ended March 31,		% increase/ (decrease)
	2018	2017	
	(U.S. Dollars in millions)		
Lease revenue:			
Basic lease rents.....	\$ 1,032.9	\$ 1,067.1	(3%)
Maintenance rents and other receipts.....	87.4	89.9	(3%)
Lease revenue.....	1,120.3	1,157.0	(3%)
Net gain on sale of assets.....	89.3	47.3	89%
Other income.....	9.5	32.5	(71%)
<b>Total Revenues and other income.....</b>	<b>\$ 1,219.1</b>	<b>\$ 1,236.8</b>	<b>(1%)</b>

Basic lease rents were \$1,032.9 million for the first quarter of 2018, compared with \$1,067.1 million for the same period in 2017. The decrease was primarily due to the sale of mid-life and older aircraft during 2017 and the first quarter of 2018 and lower utilization as a result of the Air Berlin and Monarch Airlines lease terminations in the second half of 2017.

Net gain on sale of assets for the first quarter of 2018 was \$89.3 million, relating to 21 aircraft sold and two aircraft reclassified to finance leases, compared with \$47.3 million for the same period in 2017, relating to 21 aircraft sold and three aircraft reclassified to finance leases. The increase was primarily due to the composition of asset sales.

Other income for the first quarter of 2018 was \$9.5 million, compared with \$32.5 million for the same period in 2017. Other income for the first quarter of 2017 included contractual payments related to a lease termination agreement with a lessee.

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	Three months ended March 31,		
	2018	2017	% increase/ (decrease)
	(U.S. Dollars in millions)		
<b>Basic lease rents</b>	<b>\$ 1,032.9</b>	<b>\$ 1,067.1</b>	<b>(3%)</b>
Interest expense.....	274.4	285.7	(4%)
Adjusted for:			
Mark-to-market of interest rate caps and swaps.....	16.5	(6.5)	NA
Adjusted interest expense.....	290.9	279.2	4%
<b>Net interest margin, or net spread (*).....</b>	<b>\$ 742.0</b>	<b>\$ 787.9</b>	<b>(6%)</b>
Average lease assets.....	\$ 34,934	\$ 34,083	2%
<b>Annualized net spread (*).....</b>	<b>8.5%</b>	<b>9.2%</b>	

(\*) 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 \$290.9 million for the first quarter of 2018, compared with \$279.2 million for the same period in 2017.

Annualized net spread was 8.5% for the first quarter of 2018, compared with 9.2% 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 6.9 years. Younger aircraft tend to have lower yields than older aircraft.

## **Selling, General and Administrative Expenses**

	Three months ended March 31,		
	2018	2017	% increase/ (decrease)
	(U.S. Dollars in millions)		
Selling, general and administrative expenses.....	\$ 54.1	\$ 56.8	(5%)
Share-based compensation expenses.....	31.7	26.7	19%
<b>Total selling, general and administrative expenses.....</b>	<b>\$ 85.8</b>	<b>\$ 83.5</b>	<b>3%</b>

Selling, general and administrative expenses were \$85.8 million for the first quarter of 2018, compared with \$83.5 million for the same period in 2017. The increase was due to a temporary increase in share-based compensation expenses as a result of the timing of share grants and vesting associated with our share-based compensation programs. We expect share-based compensation expenses to decrease significantly in the second half of 2018.

## **Other Expenses**

Leasing expenses were \$132.5 million for the first quarter of 2018, compared with \$122.4 million for the same period in 2017. The increase in leasing expenses was primarily due to expenses recognized as a result of the Air Berlin and Monarch Airlines lease terminations in the second half of 2017. Asset impairment charges were \$2.1 million for the first quarter of 2018 and related to one older aircraft that we expect to sell. We did not record any asset impairment charges for the first quarter of 2017.

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## Effective Tax Rate

Our effective tax rate for the first 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

	March 31, 2018	December 31, 2017	March 31, 2017
(U.S. Dollars in millions, except share and per share data)			
Total AerCap Holdings N.V. shareholders' equity.....	\$ 8,592.6	\$ 8,579.7	\$ 8,519.7
Ordinary shares outstanding.....	147,156,242	152,992,101	169,850,879
Unvested restricted stock.....	(2,991,371)	(3,007,752)	(3,463,660)
Ordinary shares outstanding (excl. unvested restricted stock).....	<u>144,164,871</u>	<u>149,984,349</u>	<u>166,387,219</u>
Book value per ordinary share outstanding (excl. unvested restricted stock).....	<u>\$ 59.60</u>	<u>\$ 57.20</u>	<u>\$ 51.20</u>

Book value per share has increased 16% since March 31, 2017.

## Financial Position

	March 31, 2018	December 31, 2017	% increase/ (decrease) over December 31, 2017
(U.S. Dollars in millions, except debt/equity ratio)			
Cash, cash equivalents and restricted cash.....	\$ 2,452.1	\$ 2,024.1	21%
Total assets.....	42,493.7	42,040.1	1%
Debt.....	28,890.3	28,420.7	2%
Total liabilities.....	33,845.4	33,401.3	1%
Total AerCap Holdings N.V. shareholders' equity.....	8,592.6	8,579.7	0%
Total equity.....	8,648.3	8,638.8	0%
Adjusted debt (*).....	25,988.1	26,011.1	(0%)
Adjusted equity (*).....	9,398.3	9,388.8	0%
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 March 31, 2018, AerCap's portfolio consisted of 1,519 aircraft that were owned, on order or managed. The average age of our owned fleet as of March 31, 2018 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 September 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.

### **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.

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	March 31, 2018	December 31, 2017
	(U.S. Dollars in millions, except debt/equity ratio)	
<b>Debt</b> .....	<b>\$ 28,890</b>	<b>\$ 28,421</b>
Adjusted for:		
Cash and cash equivalents.....	(2,152)	(1,660)
50% credit for long-term subordinated debt.....	(750)	(750)
<b>Adjusted debt</b> .....	<b>\$ 25,988</b>	<b>\$ 26,011</b>
<b>Equity</b> .....	<b>\$ 8,648</b>	<b>\$ 8,639</b>
Adjusted for:		
50% credit for long-term subordinated debt.....	750	750
<b>Adjusted equity</b> .....	<b>\$ 9,398</b>	<b>\$ 9,389</b>
<b>Adjusted debt/equity ratio</b> .....	<b>2.8 to 1</b>	<b>2.8 to 1</b>

## *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 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.

## **Conference Call**

In connection with the earnings release, management will host an earnings conference call today, Thursday, May 3, 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 5638 and referencing code 5522203 at least 5 minutes before start time, or by visiting AerCap's website at [www.aercap.com](http://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 ([jmccginley@aercap.com](mailto:jmccginley@aercap.com)).

## **About AerCap**

AerCap is the global leader in aircraft leasing with, as of March 31, 2018, 1,519 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.

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## **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](http://www.aercap.com) and follow us on Twitter [www.twitter.com/aercapnv](https://twitter.com/aercapnv).

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<b>AerCap Holdings N.V.</b>		
<b>Unaudited Consolidated Balance Sheets</b>		
(U.S. Dollars in thousands)		
	<b>March 31, 2018</b>	<b>December 31, 2017</b>
<b>Assets</b>		
Cash and cash equivalents.....	\$ 2,152,165	\$ 1,659,669
Restricted cash.....	299,965	364,456
Trade receivables.....	89,140	73,877
Flight equipment held for operating leases, net.....	32,157,331	32,396,827
Maintenance rights intangible and lease premium, net.....	1,387,187	1,501,858
Flight equipment held for sale.....	629,176	630,789
Net investment in finance and sales-type leases.....	1,031,405	995,689
Prepayments on flight equipment.....	3,366,727	2,930,303
Other intangibles, net.....	347,718	355,512
Deferred income tax assets.....	147,785	151,234
Other assets.....	885,121	979,930
<b>Total Assets.....</b>	<b>\$ 42,493,720</b>	<b>\$ 42,040,144</b>
<b>Liabilities and Equity</b>		
Accounts payable, accrued expenses and other liabilities.....	\$ 1,048,424	\$ 1,017,374
Accrued maintenance liability.....	2,368,361	2,461,799
Lessee deposit liability.....	825,979	827,470
Debt.....	28,890,287	28,420,739
Deferred income tax liabilities.....	712,390	673,948
Total liabilities.....	33,845,441	33,401,330
Ordinary share capital €0.01 par value, 350,000,000 ordinary shares authorized as of March 31, 2018 and December 31, 2017; 156,847,345 and 167,847,345 ordinary shares issued and 147,156,242 and 152,992,101 ordinary shares outstanding (including 2,991,371 and 3,007,752 unvested restricted stock) as of March 31, 2018 and December 31, 2017, respectively.....	1,923	2,058
Additional paid-in capital.....	3,199,454	3,714,563
Treasury shares, at cost (9,691,103 and 14,855,244 ordinary shares as of March 31, 2018 and December 31, 2017, respectively).....	(491,291)	(731,442)
Accumulated other comprehensive income (loss).....	35,995	14,274
Accumulated retained earnings.....	5,846,544	5,580,257
Total AerCap Holdings N.V. shareholders' equity.....	8,592,625	8,579,710
Non-controlling interest.....	55,654	59,104
Total Equity.....	8,648,279	8,638,814
<b>Total Liabilities and Equity.....</b>	<b>\$ 42,493,720</b>	<b>\$ 42,040,144</b>

# AerCap Holdings N.V. Reports Financial Results for the First Quarter 2018 and Announces New Share Repurchase Program

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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 March 31,	
	2018	2017
<b>Revenues and other income</b>		
Lease revenue.....	\$ 1,120,294	\$ 1,156,962
Net gain on sale of assets.....	89,300	47,328
Other income.....	9,532	32,536
<b>Total Revenues and other income.....</b>	<b>1,219,126</b>	<b>1,236,826</b>
<b>Expenses</b>		
Depreciation and amortization.....	422,713	438,541
Asset impairment.....	2,108	-
Interest expense.....	274,449	285,678
Leasing expenses.....	132,468	122,409
Restructuring related expenses.....	-	9,875
Selling, general and administrative expenses.....	85,782	83,482
<b>Total Expenses.....</b>	<b>917,520</b>	<b>939,985</b>
<b>Income before income taxes and income of investments accounted for under the equity method.....</b>	<b>301,606</b>	<b>296,841</b>
Provision for income taxes.....	(39,228)	(38,585)
Equity in net earnings of investments accounted for under the equity method.....	3,341	2,980
<b>Net income.....</b>	<b>\$ 265,719</b>	<b>\$ 261,236</b>
Net (income) loss attributable to non-controlling interest.....	(320)	(63)
<b>Net income attributable to AerCap Holdings N.V.....</b>	<b>\$ 265,399</b>	<b>\$ 261,173</b>
Basic earnings per share.....	\$ 1.80	\$ 1.54
Diluted earnings per share.....	\$ 1.72	\$ 1.48
Weighted average shares outstanding - basic.....	147,194,589	169,911,481
Weighted average shares outstanding - diluted.....	154,146,803	175,903,060

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

(U.S. Dollars in thousands)

	Three months ended March 31,	
	2018	2017
Net income.....	\$ 265,719	\$ 261,236
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b> .....		
Depreciation and amortization.....	422,713	438,541
Asset impairment.....	2,108	-
Amortization of debt issuance costs and debt discount.....	20,763	17,181
Amortization of lease premium intangibles.....	2,740	4,224
Amortization of fair value adjustment on debt.....	(41,100)	(61,965)
Accretion of fair value adjustment on deposits and maintenance liabilities.....	5,413	8,406
Maintenance rights write-off.....	100,827	114,533
Maintenance liability release to income.....	(42,230)	(54,486)
Net gain on sale of assets.....	(89,300)	(47,328)
Deferred income taxes.....	39,772	36,145
Restructuring related expenses.....	-	2,662
Other.....	23,306	41,842
<b>Changes in operating assets and liabilities:</b>		
Trade receivables.....	(15,944)	3,138
Other assets.....	563	1,315
Accounts payable, accrued expenses and other liabilities.....	42,618	36,065
<b>Net cash provided by operating activities.....</b>	<b>737,968</b>	<b>801,509</b>
Purchase of flight equipment.....	(447,998)	(603,578)
Proceeds from sale or disposal of assets.....	598,195	400,602
Prepayments on flight equipment.....	(681,616)	(267,282)
Collections of finance and sales-type leases.....	21,031	21,956
Other.....	(12,514)	(335)
<b>Net cash used in investing activities.....</b>	<b>(522,902)</b>	<b>(448,637)</b>
Issuance of debt.....	1,594,823	1,867,333
Repayment of debt.....	(1,084,956)	(1,995,691)
Debt issuance costs paid.....	(26,043)	(29,567)
Maintenance payments received.....	181,937	178,153
Maintenance payments returned.....	(149,100)	(123,270)
Security deposits received.....	42,096	41,762
Security deposits returned.....	(29,878)	(50,681)
Dividend paid to non-controlling interest holders.....	(2,700)	-
Repurchase of shares and tax withholdings on share-based compensation.....	(313,371)	(297,028)
Other.....	-	(13,700)
<b>Net cash provided by (used in) financing activities.....</b>	<b>212,808</b>	<b>(422,689)</b>
Net increase (decrease) in cash, cash equivalents and restricted cash.....	427,874	(69,817)
Effect of exchange rate changes on cash, cash equivalents and restricted cash.....	131	41
Cash, cash equivalents and restricted cash at beginning of period.....	2,024,125	2,364,627
<b>Cash, cash equivalents and restricted cash at end of period.....</b>	<b>\$ 2,452,130</b>	<b>\$ 2,294,851</b>