

May 12, 2016



## AerCap Holdings N.V. Reports Financial Results for the First Quarter 2016

DUBLIN--(BUSINESS WIRE)-- AerCap (NYSE: AER):

- **Adjusted net income of \$301.6 million for the first quarter of 2016 (Reported net income of \$223.1 million)**
- **Adjusted basic earnings per share of \$1.54 for the first quarter of 2016 (Reported basic earnings per share of \$1.14)**

### Highlights

- 131 aircraft transactions executed in the first quarter of 2016, including 36 widebody transactions.
- 99.3% fleet utilization rate for the first quarter of 2016.
- 6.1 years of average remaining lease term, as of March 31, 2016.
- 90% of new aircraft deliveries through 2018 have been leased under a contract or letter of intent on an average 12-year lease term, as of May 9, 2016.
- \$9.1 billion of available liquidity, as of March 31, 2016.
- Debt/equity ratio of 2.8 to 1 as of March 31, 2016.
- Upgraded to investment grade rating (BBB-) by Standard & Poor's and to Ba1 by Moody's.
- Repurchased 5.4 million shares in the first quarter of 2016 (repurchased 8.1 million shares in total through May 9, 2016).

Aengus Kelly, CEO of AerCap, commented: “AerCap produced strong first quarter results, demonstrating the consistent earnings power of our global leasing platform. We delivered adjusted earnings per share of \$1.54, and expect to generate \$800 million of excess capital during 2016. We continue to see global demand for our aircraft and have access to \$9.1 billion of liquidity to meet our strategic objectives. Our proactive portfolio management initiatives, coupled with return of capital, are focused on maximizing long-term value for our shareholders.”

### First Quarter 2016 Financial Results

- **Adjusted** net income of \$301.6 million, compared with \$302.1 million for the same period in 2015. *Adjusted* basic earnings per share of \$1.54, compared with \$1.42 for the same period in 2015. The increase in *adjusted* earnings per share was primarily due to a lower number of outstanding shares as a result of share repurchases completed in 2015 and the first quarter of 2016.
- **Reported** net income of \$223.1 million, compared with \$311.5 million for the same period in 2015. *Reported* basic earnings per share of \$1.14, compared with \$1.47 for the same period in 2015. *Reported* net income and earnings per share were driven by the same factors as *adjusted* net income and earnings per share in addition to losses related to AeroTurbine included in the results for the first quarter of 2016 and higher maintenance rights related expenses relative to those included in the results for the first quarter of 2015.

### Net Income/Earnings Per Share

Set forth below are the details to reconcile *reported* net income to *adjusted* net income, including the specific adjustments.

	Three months ended March 31,		
	2016	2015	% increase/ (decrease)
(U.S. dollars in millions except per share amounts)			
Net income	\$ 223.1	\$ 311.5	(28%)
Adjusted for:			
Mark-to-market of interest rate caps and swaps, net of tax	9.7	6.6	47%
Transaction, integration and restructuring related expenses, net of tax	12.6	3.8	232%
AeroTurbine results excluding restructuring related expenses, net of tax	12.9	(2.5)	NA
Maintenance rights related expenses, net of tax	43.3	(17.3)	NA
<b>Adjusted net income</b>	<b>\$ 301.6</b>	<b>\$ 302.1</b>	<b>0%</b>
<b>Adjusted earnings per share - basic</b>	<b>\$ 1.54</b>	<b>\$ 1.42</b>	<b>8%</b>
<b>Adjusted earnings per share - diluted</b>	<b>\$ 1.53</b>	<b>\$ 1.41</b>	<b>8%</b>

First quarter 2016 *adjusted* net income was comparable to the same period in 2015, and first quarter 2016 *adjusted* earnings per share increased 8% over the same period in 2015. *Adjusted* net income was primarily impacted by higher maintenance rents and other receipts, offset by lower gain on sale of assets. In addition to the above factors, the increase in *adjusted* earnings per share was primarily due to a lower number of outstanding shares as a result of share repurchases completed in 2015 and the first quarter of 2016. First quarter 2016 *reported* net income and *reported* earnings per share were impacted by the same drivers and the adjustments set forth in the table above.

*Adjusted* net income reflects, among other items, expensing the maintenance rights asset over the remaining economic life of the aircraft as compared to expensing this asset during the remaining lease term as reflected in *reported* net income. The maintenance rights asset represents the difference between the actual physical condition of the former ILFC aircraft at the acquisition date and the value based on the contractual return conditions in the lease contracts. The difference in the two methods has no economic impact as it is non-cash and equalizes over time. In addition, as a result of the restructuring and downsizing at our wholly-owned subsidiary, AeroTurbine, we incurred \$5.0 million of costs relating to severance and terminations and \$7.6 million of write-downs on leased engines and other assets, both of which we recognized as restructuring related expenses, and a period loss of \$12.9 million during the first quarter of 2016. In order to present AerCap Holdings N.V. core earnings relating to aircraft leasing, *adjusted* net income excludes AeroTurbine related income and losses. We believe *adjusted* net income may further assist investors in their understanding of our operational and financial performance. Refer to Notes Regarding Financial Information Presented in This Press Release for details relating to the adjustments.

### **Revenue and Net Spread**

	Three months ended March 31,		
	2016	2015	% increase/ (decrease)
	(U.S. dollars in millions)		
Lease revenue:			
Basic lease rents	\$ 1,139.3	\$ 1,157.9	(2%)
Maintenance rents and other receipts	150.4	68.2	121%
Lease revenue	1,289.7	1,226.1	5%
Net gain on sale of assets	19.0	33.7	(44%)
Other income	9.3	29.4	(68%)
<b>Total Revenues and other income</b>	<b>\$ 1,318.0</b>	<b>\$ 1,289.2</b>	<b>2%</b>

Basic lease rents were \$1,139.3 million for the first quarter of 2016, compared with \$1,157.9 million for the same period in 2015. The decrease was primarily due to the sale of older aircraft. Our average lease assets for the first quarter of 2016 were \$35.5 billion, compared with \$36.4 billion for the same period in 2015.

Maintenance rents and other receipts were \$150.4 million for the first quarter of 2016, compared with \$68.2 million for the same period in 2015. The increase was driven primarily by lease terminations and amendments in the first quarter of 2016.

Net gain on sale of assets for the first quarter of 2016 was \$19.0 million, relating to 19 aircraft sold and 9 aircraft reclassified to finance leases, compared with a gain of \$33.7 million for the same period in 2015, relating to 12 aircraft sold and 5 aircraft reclassified to finance leases.

Other income for the first quarter of 2016 was \$9.3 million, compared with \$29.4 million for the same period in 2015. The decrease is primarily related to lower AeroTurbine gross profit on engine, airframe, parts and supplies sales as a result of the restructuring and downsizing of AeroTurbine.

	Three months ended March 31,		
	2016	2015	% increase/ (decrease)
	(U.S. dollars in millions)		
<b>Basic lease rents</b>	<b>\$ 1,139.3</b>	<b>\$ 1,157.9</b>	<b>(2%)</b>
Interest expense	284.6	287.6	(1%)
Adjusted for:			
Mark-to-market of interest rate caps and swaps	(11.0)	(7.6)	46%
Adjusted interest expense	273.6	280.0	(2%)
<b>Net interest margin, or net spread</b>	<b>\$ 865.7</b>	<b>\$ 877.9</b>	<b>(1%)</b>

As shown in the table above, adjusted interest expense was \$273.6 million in the first quarter of 2016. Net spread was \$865.7 million in the first quarter of 2016, a 1% decrease compared with the same period in 2015, driven primarily by lower average lease assets resulting in lower basic lease rents.

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

	<b>Three months ended March 31,</b>		
	<b>2016</b>	<b>2015</b>	<b>% increase/ (decrease)</b>
	<b>(U.S. dollars in millions)</b>		
Share-based compensation expenses	\$ 25.7	\$ 24.8	4%
AeroTurbine selling, general and administrative expenses	13.3	16.6	(20%)
AerCap selling, general and administrative expenses	48.0	53.7	(11%)
<b>Total selling, general and administrative expenses</b>	<b>\$ 87.0</b>	<b>\$ 95.1</b>	<b>(9%)</b>

The decrease in selling, general, and administrative expenses, quarter over quarter, is due to realized synergies after the acquisition of ILFC and lower overhead expenses due to the restructuring and downsizing of AeroTurbine.

### **Other Expenses**

Asset impairment was \$44.6 million for the first quarter of 2016, compared to \$4.7 million for the same period in 2015. The increase was primarily driven by impairments recorded as a result of lease terminations and amendments, and were more than offset by revenue of \$62.1 million due to the release of associated maintenance reserves and other collateral. Leasing expenses were \$167.4 million for the first quarter of 2016, compared with \$89.7 million for the same period in 2015. The increase was driven primarily by higher maintenance rights related expenses. Transaction, integration and restructuring related expenses were \$12.6 million for the first quarter of 2016, compared with \$4.4 million for the same period in 2015. Transaction, integration and restructuring related expenses in the first quarter of 2016 are related to the restructuring and downsizing of AeroTurbine and in the first quarter of 2015 are related to the acquisition of ILFC.

### **Effective Tax Rate**

AerCap's effective tax rate during the first quarter of 2015 and 2016 was 13.5%. The effective tax rate for the full year 2015 was 13.9%. The effective tax rate in any year is impacted by the source and amount of earnings among AerCap's different tax jurisdictions.

### **Financial Position**

	<b>March 31, 2016</b>	<b>December 31, 2015</b>	<b>% increase/ (decrease) over December 31, 2015</b>
	<b>(U.S. dollars in millions except d/e ratio)</b>		
Total cash (incl. restricted)	\$ 3,327.5	\$ 2,822.5	18%
Total lease assets (*)	35,311.3	35,652.3	(1%)
Total assets	43,717.7	43,749.5	(0%)
Debt	29,812.8	29,641.9	1%
Total liabilities	35,258.5	35,323.7	(0%)
Total equity	8,459.3	8,425.8	0%
Adjusted debt (**)	26,133.6	26,488.8	(1%)
Adjusted equity (**)	9,209.3	9,175.8	0%
Debt/equity ratio	2.8 to 1	2.9 to 1	(3%)

(\*) Includes flight equipment held for operating lease, net investment in finance and sales-type leases and maintenance rights intangible asset

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

As of March 31, 2016, AerCap's portfolio consisted of 1,672 aircraft that were owned, on order, under contract or managed (including aircraft owned by AerDragon, a non-consolidated joint venture). The average age of the owned fleet as of March 31, 2016 was 7.7 years and the average remaining contracted lease term was 6.1 years.

### **Notes Regarding Financial Information Presented in This Press Release**

The financial information presented in this press release is not audited.

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 net income and adjusted earnings per share.* These measures are determined by adding non-cash charges relating to gains and losses created by a mark-to-market of our interest rate caps and swaps, an adjustment for maintenance rights related expense, transaction, expenses related to the ILFC transaction and integration, and an adjustment for the AeroTurbine results, including restructuring related expenses, in each case during the applicable period and net of tax, to GAAP net income. The average number of shares is based on a daily average.

We use interest rate caps and swaps to allow us to benefit from decreasing interest rates and protect against the negative impact of rising interest rates on our floating rate debt. Management determines the appropriate level of caps in any period with reference to the mix of floating and fixed cash flows from our lease, debt and other contracts. We do not apply hedge accounting to our interest rate caps and some of our swaps. As a result, we recognize the change in fair value of these interest rate caps and swaps in our income statement during each period.

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 adjustment for maintenance rights related expense represents the difference between expensing the maintenance rights intangible assets *on a more accelerated basis* during the remaining lease terms (as in the Company's reported net income) as compared to expensing these assets on a straight-line basis over the remaining economic life of the aircraft (as in the Company's adjusted net income).

*Adjusted net income* for the first quarter of 2015 excludes non-recurring expenses of \$3.8 million, net of tax, relating to the ILFC transaction and integration. We recorded no expenses related to the ILFC transaction and integration during the first quarter of 2016.

During the fourth quarter of 2015, we made the decision to restructure and downsize the AeroTurbine business. After completion of the downsizing, AeroTurbine will only provide services to support AerCap's aircraft leasing business. In order to present AerCap Holdings N.V. core earnings relating to aircraft leasing, *adjusted net income* reflects an adjustment for AeroTurbine results, including AeroTurbine restructuring related expenses. *Adjusted net income* for the first quarter of 2016 excludes restructuring related expenses of \$12.6 million and a period loss of \$12.9 million, net of tax, in each case related to AeroTurbine and *adjusted net income* for the first quarter of 2015 excludes income of \$2.5 million, net of tax, related to AeroTurbine.

In addition to GAAP net income and earnings per share, we believe these measures may further assist investors in their understanding of our operational performance in relation to past and future reporting periods. A reconciliation of *adjusted net income* to net income for the three months ended March 31, 2016 and 2015 is presented in a table under the Net Income/Earnings Per Share section of this press release.

*Net interest margin, or net spread (refer to second table under Revenue and Net Spread section of this press release).* This measure is the difference between basic lease rents and interest expense, excluding the impact of the mark-to-market of interest rate caps. 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.

*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.

### **Conference Call**

In connection with the earnings release, management will host an earnings conference call today, Thursday, May 12, 2016, at 9:00 am Eastern Time. The call can be accessed live by dialing (U.S./Canada) +1 646 254 3365 or (International) +353 1 246 5602 and referencing code 3419700 at least 5 minutes before start time, or by visiting AerCap's website at [www.aercap.com](http://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](mailto:aercap@instinctif.com).

For further information, contact John Wikoff: +31 63 169 9430 ([jwikoff@aercap.com](mailto:jwikoff@aercap.com)) or Mark Walter (Instinctif Partners): +44 20 7457 2020 ([aercap@instinctif.com](mailto:aercap@instinctif.com)).

## **About AerCap**

AerCap is the global leader in aircraft leasing with approximately 1,670 owned, managed or on order aircraft in its portfolio. AerCap has one of the most attractive order books in the industry. AerCap serves over 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 Amsterdam, Los Angeles, Shannon, Fort Lauderdale, Miami, Singapore, 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](http://www.aercap.com).

**AerCap Holdings N.V.**  
**Unaudited Consolidated Balance Sheets**  
(U.S. Dollars in thousands)

**March 31, 2016** **December 31, 2015**

**Assets**

Cash and cash equivalents	\$ 2,929,232	\$ 2,403,098
Restricted cash	398,222	419,447
Trade receivables	77,018	106,794
Flight equipment held for operating leases, net	31,987,882	32,219,494
Maintenance rights intangible and lease premium, net	2,854,320	3,139,045
Flight equipment held for sale	20,725	71,055
Net investment in finance and sales-type leases	634,813	469,198
Prepayments on flight equipment	3,304,803	3,300,426
Other intangibles, net	449,883	461,006
Deferred income tax assets	160,894	161,193
Other assets	899,918	998,743
<b>Total Assets</b>	<b>\$ 43,717,710</b>	<b>\$ 43,749,499</b>

**Liabilities and Equity**

Accounts payable, accrued expenses and other liabilities	\$ 1,144,404	\$ 1,239,199
Accrued maintenance liability	3,027,631	3,185,794
Lessee deposit liability	876,288	891,454
Debt	29,812,797	29,641,863
Deferred income tax liabilities	397,334	365,380
Total liabilities	35,258,454	35,323,690

Ordinary share capital €0.01 par value (350,000,000 ordinary shares authorized, 199,040,467 ordinary shares issued and 195,570,263 ordinary shares outstanding at March 31, 2016 and 203,411,207 ordinary shares issued and 200,342,204 ordinary shares outstanding at December 31, 2015)

	2,408	2,457
Additional paid-in capital	4,862,988	5,026,993
Treasury shares, at cost (3,470,204 ordinary shares as of March 31, 2016 and 3,069,003 ordinary shares as of December 31, 2015)	(155,573)	(146,312)
Accumulated other comprehensive loss	(7,926)	(6,307)
Accumulated retained earnings	3,690,953	3,472,132
Total AerCap Holdings N.V. shareholders' equity	8,392,850	8,348,963
Non-controlling interest	66,406	76,846
Total Equity	8,459,256	8,425,809

**Total Liabilities and Equity**

**\$ 43,717,710** **\$ 43,749,499**

**AerCap Holdings N.V.****Unaudited Consolidated Income Statements**

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

	<b>Three months ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
<b>Revenues and other income</b>		
Lease revenue	\$ 1,289,666	\$ 1,226,138
Net gain on sale of assets	19,033	33,701
Other income	9,319	29,376
<b>Total Revenues and other income</b>	<b>1,318,018</b>	<b>1,289,215</b>
<b>Expenses</b>		
Depreciation and amortization	466,611	452,229
Asset impairment	44,628	4,696
Interest expense	284,562	287,605
Leasing expenses	167,403	89,728
Transaction, integration and restructuring related expenses	12,602	4,385
Selling, general and administrative expenses	87,028	95,080
<b>Total Expenses</b>	<b>1,062,834</b>	<b>933,723</b>
<b>Income before income taxes and income of investments accounted for under the equity method</b>	<b>255,184</b>	<b>355,492</b>
Provision for income taxes	(34,449)	(47,990)
Equity in net earnings of investments accounted for under the equity method	2,406	1,868
<b>Net income</b>	<b>\$ 223,141</b>	<b>\$ 309,370</b>
Net (income) loss attributable to non-controlling interest	(61)	2,125
<b>Net income attributable to AerCap Holdings N.V.</b>	<b>\$ 223,080</b>	<b>\$ 311,495</b>
Basic earnings per share	\$ 1.14	\$ 1.47
Diluted earnings per share	\$ 1.13	\$ 1.45
Weighted average shares outstanding - basic	196,022,650	212,119,050
Weighted average shares outstanding - diluted	197,743,117	214,823,708



**AerCap Holdings N.V.**  
**Unaudited Consolidated Statements of Cash Flows**  
(U.S. Dollars in thousands)

	<b>Three Months ended March 31,</b>	
	<b>2016</b>	<b>2015</b>
Net income	\$ 223,141	\$ 309,370
<b>Adjustments to reconcile net income to net cash provided by operating activities:</b>		
Depreciation and amortization	466,611	452,229
Asset impairment	44,628	4,696
Amortization of debt issuance costs and debt discount	13,646	11,188
Amortization of lease premium intangibles	5,331	6,263
Amortization of fair value adjustment on debt	(95,128)	(122,455)
Accretion of fair value adjustment on deposits and maintenance liabilities	14,286	21,920
Maintenance rights write off	229,904	57,751
Maintenance liability release to income	(157,491)	(6,255)
Net gain on sale of assets	(19,033)	(33,701)
Deferred income taxes	32,345	44,007
Restructuring related expenses	12,602	-
Other	37,826	32,900
<b>Changes in operating assets and liabilities:</b>		
Trade receivables	30,984	9,792
Other assets	45,713	12,200
Accounts payable, accrued expenses and other liabilities	(46,592)	(39,290)
<b>Net cash provided by operating activities</b>	<b>838,773</b>	<b>760,615</b>
Purchase of flight equipment	(498,037)	(1,044,294)
Proceeds from sale or disposal of assets	341,952	112,829
Prepayments on flight equipment	(194,146)	(108,661)
Collections of finance and sales-type leases	14,175	15,694
Movement in restricted cash	21,225	383,403
<b>Net cash used in investing activities</b>	<b>(314,831)</b>	<b>(641,029)</b>
Issuance of debt	791,749	413,569
Repayment of debt	(533,078)	(431,612)
Debt issuance costs paid	(6,115)	(4,920)
Maintenance payments received	172,317	136,971
Maintenance payments returned	(147,119)	(126,484)
Security deposits received	38,201	44,738
Security deposits returned	(58,033)	(45,676)
Dividend paid to non-controlling interest holders	(10,501)	-
Repurchase of shares and tax withholdings on share-based compensation	(246,732)	-
<b>Net cash (used in) provided by financing activities</b>	<b>689</b>	<b>(13,414)</b>
Net increase in cash and cash equivalents	524,631	106,172
Effect of exchange rate changes on cash and cash equivalents	1,503	(2,523)
Cash and cash equivalents at beginning of period	2,403,098	1,490,369
<b>Cash and cash equivalents at end of period</b>	<b>\$ 2,929,232</b>	<b>\$ 1,594,018</b>

View source version on businesswire.com: <http://www.businesswire.com/news/home/20160512005588/en/>

AerCap Holdings N.V.  
**For Investors:**  
Keith Helming, +353 1 636 0924

Chief Financial Officer  
[khelming@aercap.com](mailto:khelming@aercap.com)

or

John Wikoff, +31 20 655 9661

Investor Relations

[jwikoff@aercap.com](mailto:jwikoff@aercap.com)

or

**For Media:**

Gillian Culhane, +353 1 636 0945

Corporate Communications

[gculhane@aercap.com](mailto:gculhane@aercap.com)

Source: AerCap Holdings N.V.