

AERCAP

Global Leader in Aviation

Fleet Planning for Success in Your Network Strategy

AerCap Holdings N.V.

November, 2019

Dublin | Shannon | Los Angeles | Singapore | Amsterdam | Shanghai | Abu Dhabi | Seattle | Toulouse

The Sky is Falling...?



Aircraft Leasing is a Growing Industry

AIR TRAVEL IS A GROWING MARKET

Air traffic has doubled every 15 years and growth is forecast to continue



MIDDLE CLASS IS GROWING AND FLYING

Over the next 20 years, the middle class is expected to grow from 4 billion to 6 billion



AIRLINES NEED OVER 44,000 NEW AIRCRAFT

Boeing has increased 20-year forecast by 1,300 aircraft; Airbus has increased 20-year forecast by 1,800 aircraft



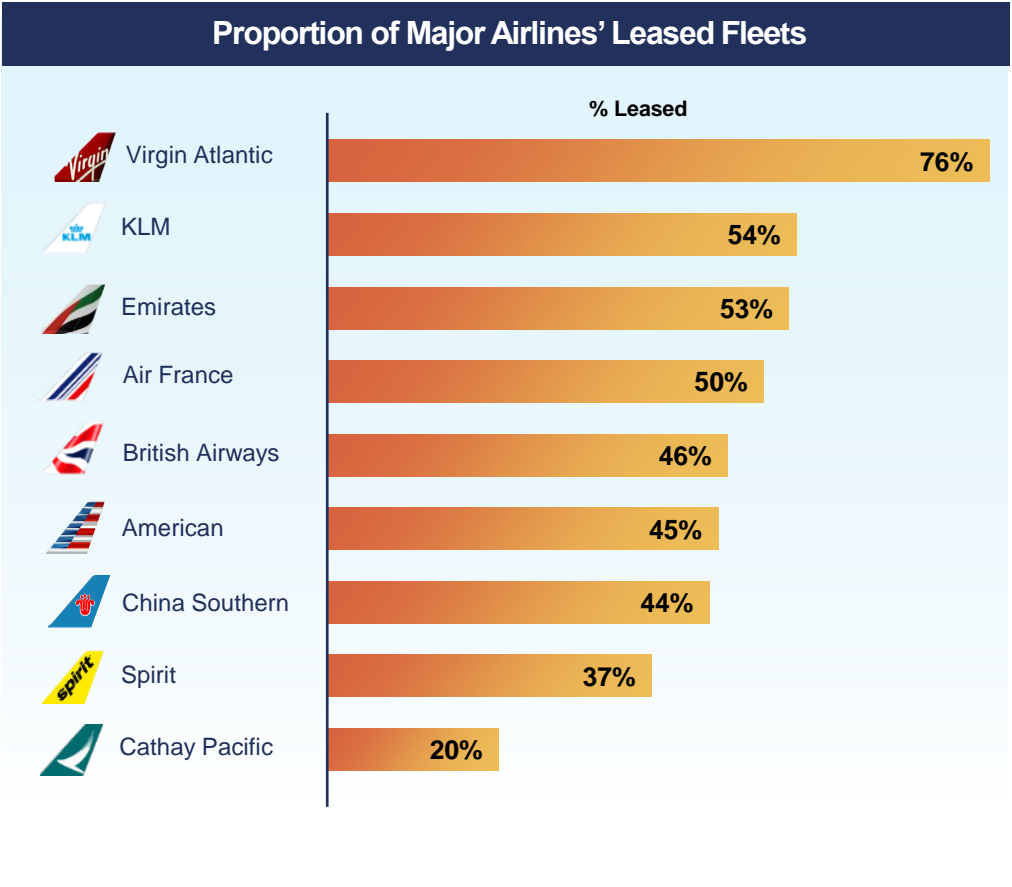
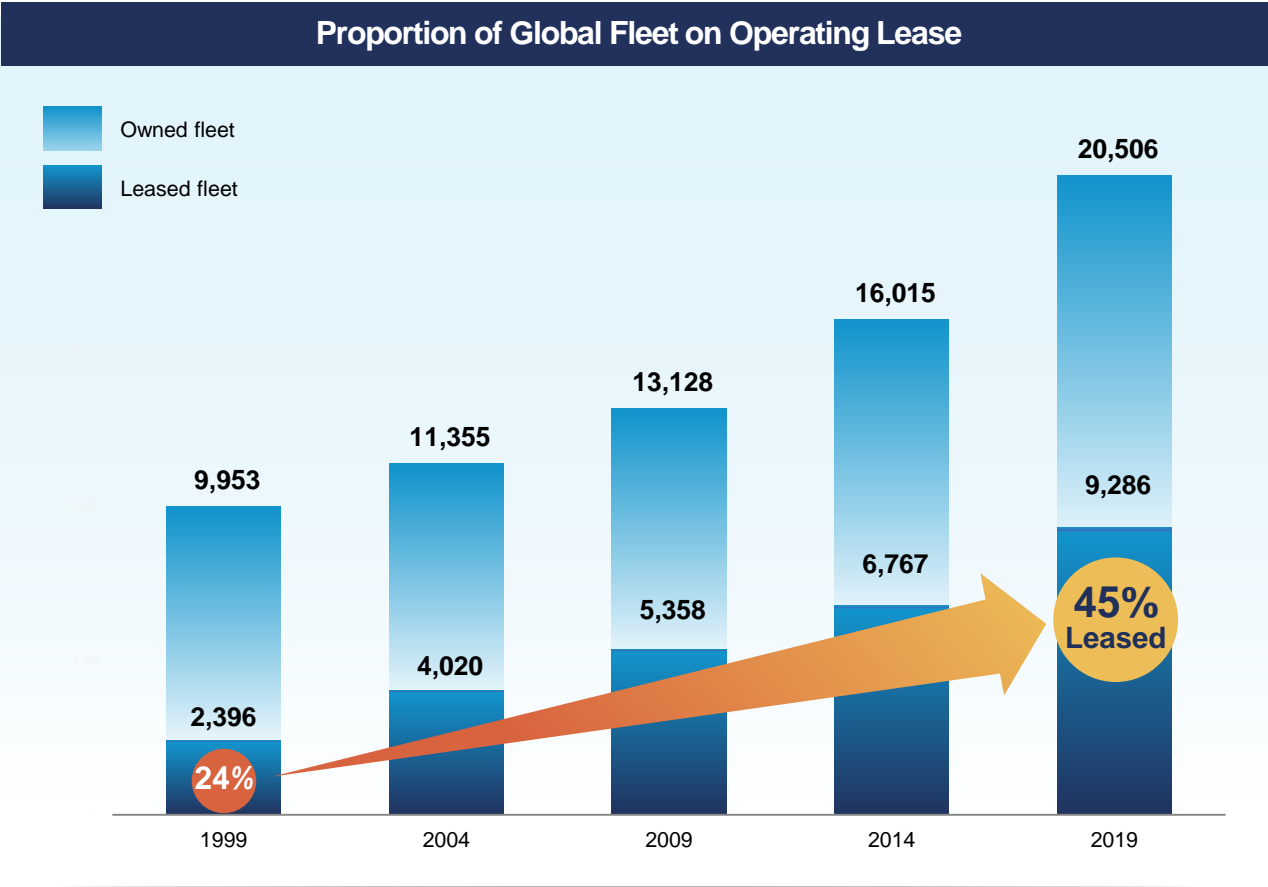
INCREASING DEMAND FOR OPERATING LEASES

Over the past 20 years, the world fleet has doubled with the leased fleet quadrupling



Increasing Demand for Operating Leases

Over the past 20 years the world fleet has **DOUBLED** while the operating lease fleet size has **QUADRUPLED**



FlightGlobal Fleets Analyzer as of June 30 for each respective year: Airbus, Boeing, McDonnell-Douglas in-service passenger jets.

FlightGlobal Fleets Analyzer as of June 30, 2019 or airline financial statements. FlightGlobal Fleets Analyzer parameters: Leased summary share, Airbus, Boeing, McDonnell-Douglas in-service, passenger jets.

Benefits of Operating Leases



Benefits of Operating Leases

SOURCING NEW AIRCRAFT THROUGH LESSORS

- ▶ alleviates financial pressure
- ▶ optimizes return on capital
- ▶ reduces operational risks

Cash flow Benefit

No advance PDPs (\$ millions per aircraft); rental payments start when aircraft is delivered and can start generating revenue

Fleet Renewal Flexibility

Keeps fleet attractive to passengers and suited to the needs of the airline, ability to up-gauge and competitive pricing for fleet requirements

No Residual Value Risk

No residual value risk or sale value risk

No Asset Disposal Challenges

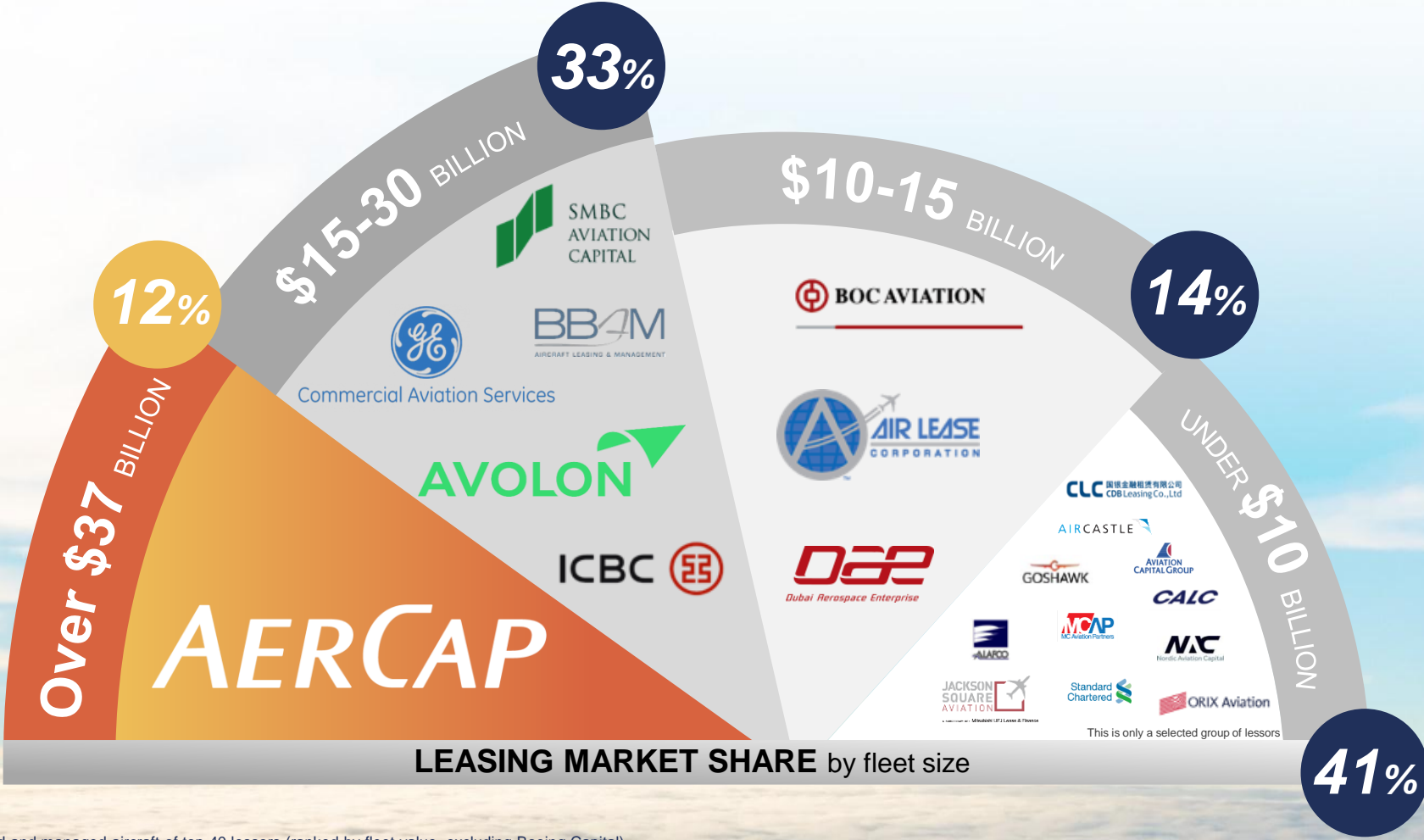
No risk of being unable to dispose of aircraft

Many Factors Impact Residual Value



Aircraft Leasing Competitive Landscape

AerCap is the largest aircraft lessor with total lease assets of over \$37 bn



Flightglobal's Portfolio Tracker, 2Q 2019 - Owned and managed aircraft of top 40 lessors (ranked by fleet value, excluding Boeing Capital).

AerCap's View

The majority of airlines worldwide use operating leases to match capacity with traffic demand and to reduce costs



1,360 aircraft
AERCAP'S FLEET



~ 200
AIRLINE CUSTOMERS
WORLDWIDE



Every 24 hours
AERCAP BUYS, LEASES OR
SELLS AN AIRCRAFT ON AVERAGE



OUR OBSERVATIONS OF THE OPERATING LEASE MARKET ARE:



Operating leases are not only used by LCCs and airlines as a tool for capital generation

In fact, regardless of size or business model, airlines worldwide are increasing the share of operating leases in their fleet

The key reason is operating flexibility

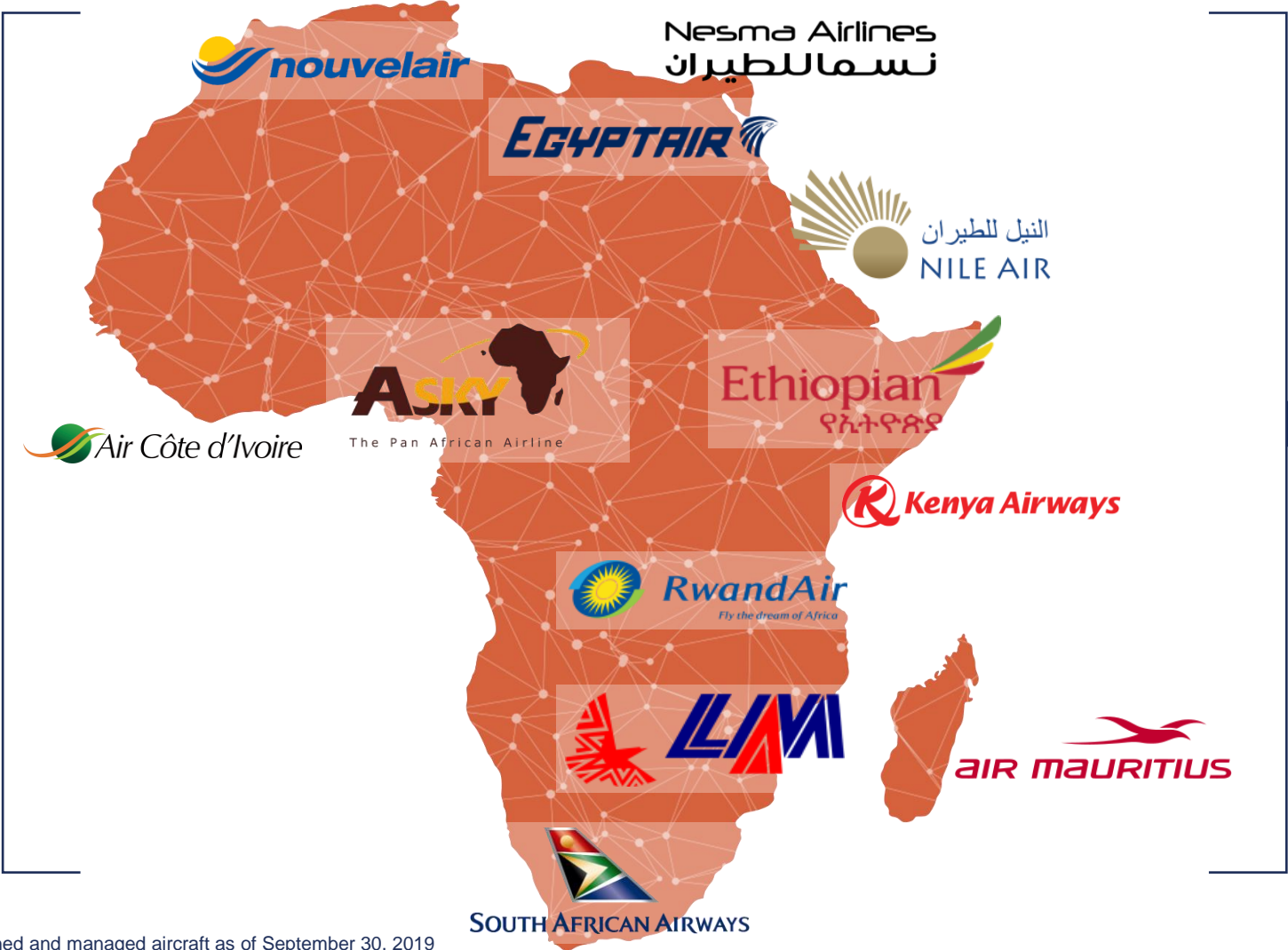
Returning or extending one aircraft at its lease end is a free option to incrementally match capacity to actual passenger demand

Another benefit includes faster induction of new technologies

New technologies reduce operating costs and residual value risk. A number of the leading global carriers are taking more mid-life aircraft at attractive lease rates

Owned, managed or on order aircraft as of September 30, 2019

AerCap is a Major Player in Africa



36 AIRCRAFT IN OPERATION

-  A320 Family
-  B737NG
-  A340
-  B787
-  A350

21 AIRCRAFT ON ORDER

-  A320neo
-  B787

Owned and managed aircraft as of September 30, 2019

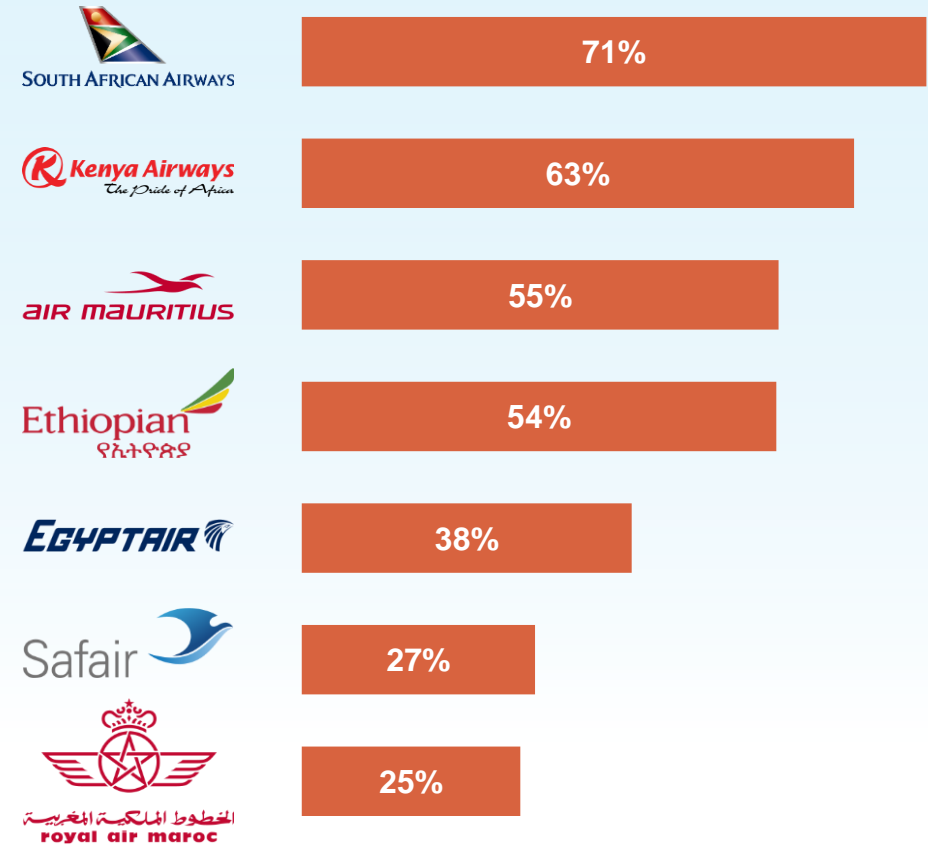
Operating Leasing in Africa

~36% of the African fleet is on operating lease

African Airline Landscape

- ▶ 54 countries
- ▶ Over 200 airline AOC's
- ▶ 75 airlines with between one and ten aircraft
- ▶ 17 airlines with more than ten aircraft

Proportion of Major Airlines' Leased Fleets

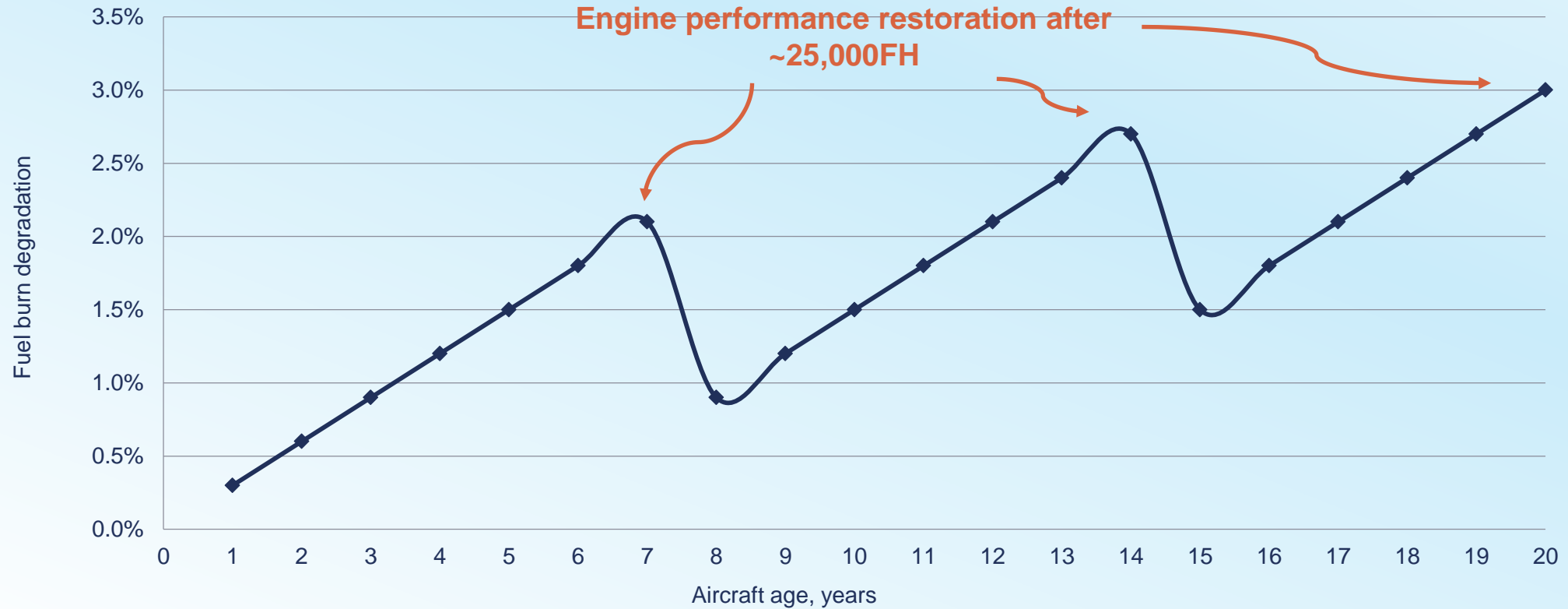


FlightGlobal Fleets Analyzer as of September 30, 2019; including Airbus & Boeing aircraft only; operating leases only

How Does Aircraft Age Affect Costs?

Fuel burn characteristics deteriorate each year

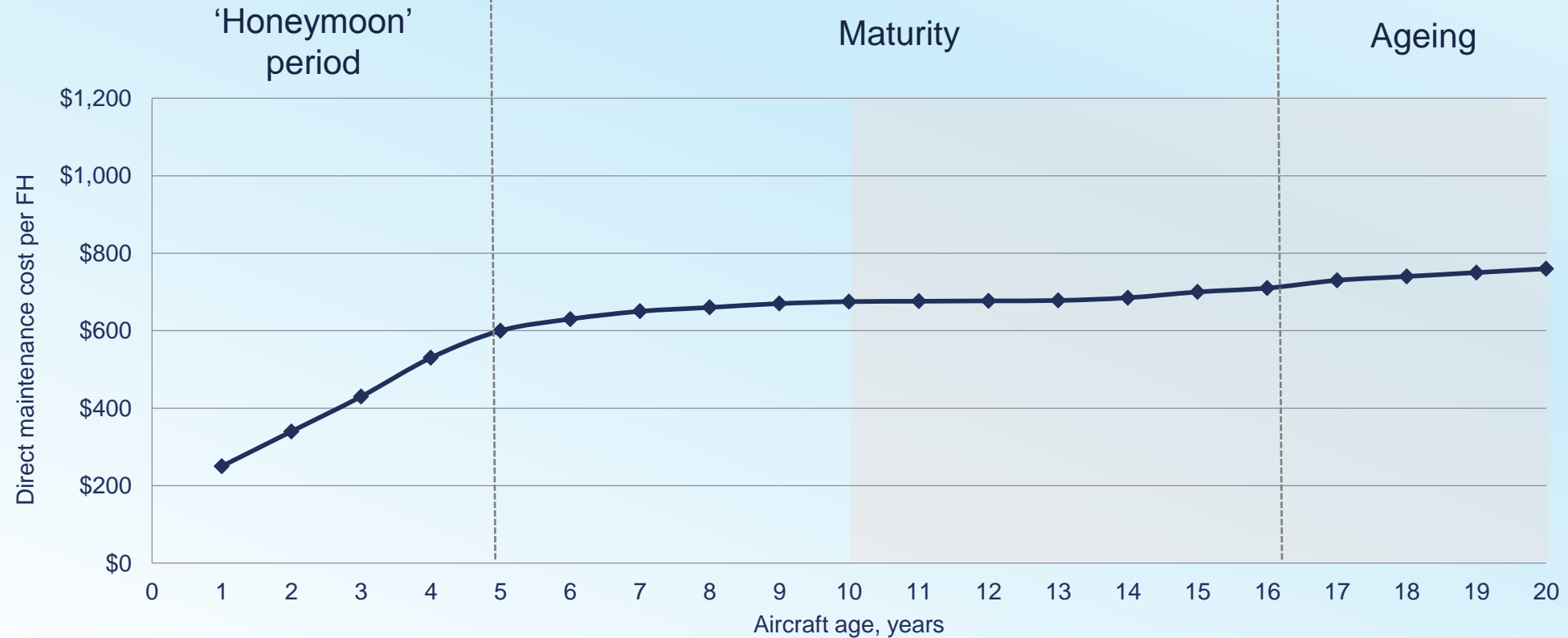
Fuel Burn Evolution with Age (Illustrative Example)



How Does Aircraft Age Affect Costs?

Typically, during its second decade of service an aircraft is more expensive to maintain

Fuel Burn Evolution with Age (Illustrative Example)



Does Aircraft Age Correlate with Profitability?

Aircraft age does not answer this question, only capacity control, cost discipline and revenue generation do

Mature Aircraft, Moderate to Low Utilization



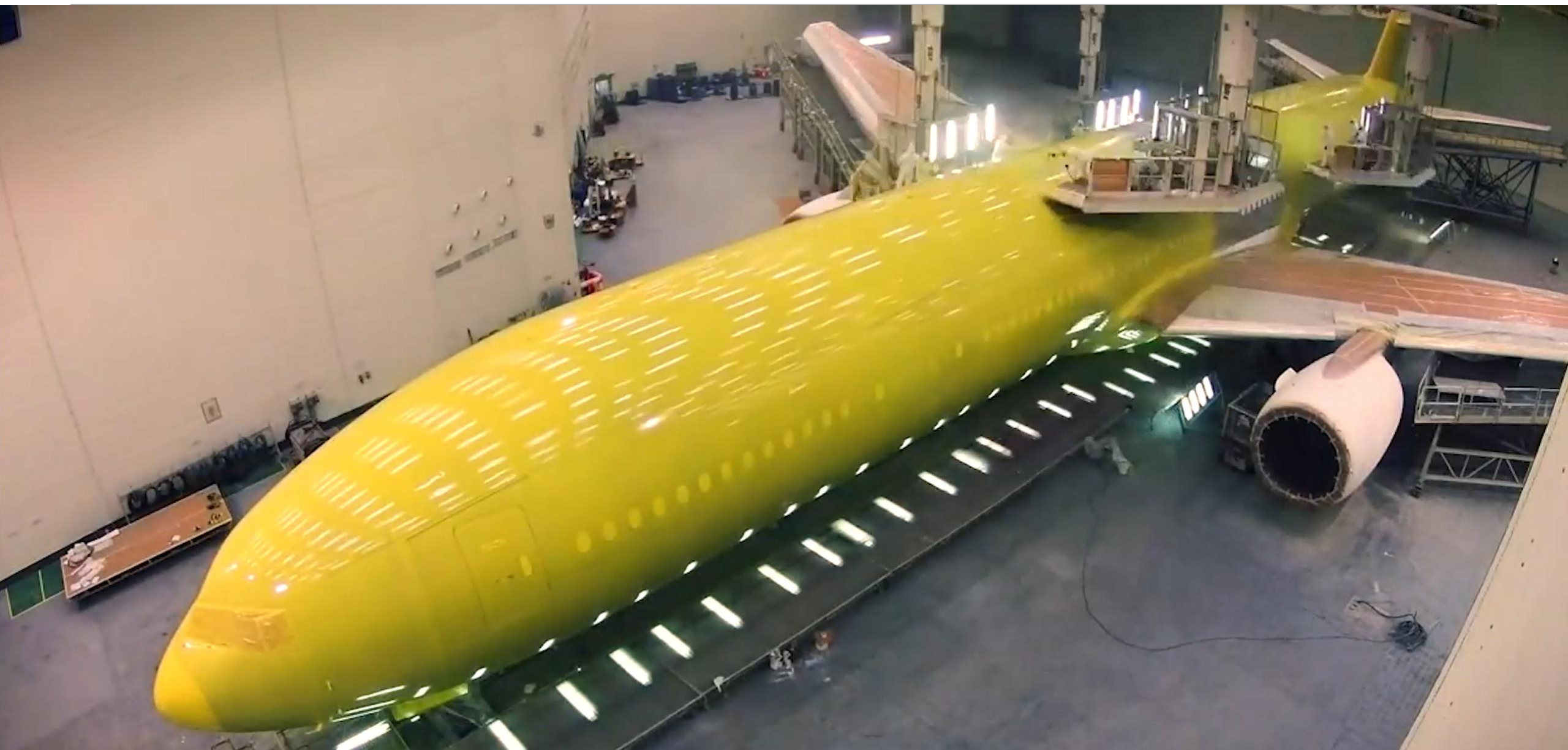
- 12.3 - 13.5 years average fleet age
- 7.2FH daily aircraft utilization
- 15% operating margin

Young Aircraft, High Utilization



- 5.4 years average fleet age
- 12.1FH daily aircraft utilization
- 10.6% operating margin

Azur Air Boeing 777-300ER Transition



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