

AerCap Holdings NV



Recommendation

HOLD ★ ★ ★ ★ ★

Equity Analyst **J. Corridore**

Price

\$46.83 (as of Jul 07, 2017 4:00 PM ET)

12-Mo. Target Price

\$49.00

Report Currency

USD

GICS Sector Industrials

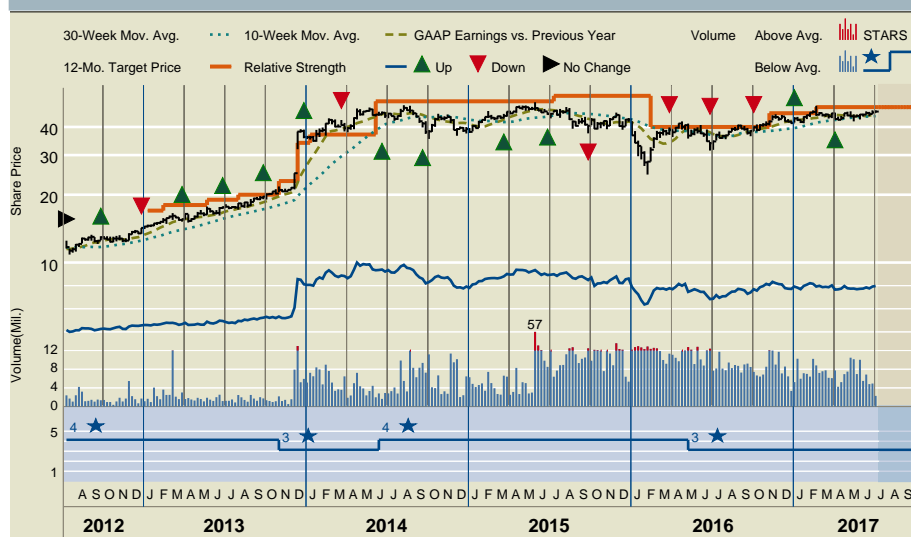
Sub-Industry Trading Companies & Distributors

Summary This Netherlands-based company leases aircraft to airlines around the world and has greatly expanded its presence following its acquisition of International Lease Finance Corp.

Key Stock Statistics (Source CFRA, S&P Global Market Intelligence, Vickers, company reports)

52-Wk Range	\$49.66–34.82	Oper. EPS 2017E	6.23	Market Capitalization(B)	\$7.792	Beta	1.77
Trailing 12-Month EPS	\$5.88	Oper. EPS 2018E	7.00	Yield (%)	Nil	3-Yr. Proj. EPS CAGR(%)	8
Trailing 12-Month P/E	8.0	P/E on Oper. EPS 2017E	7.5	Dividend Rate/Share	Nil	S&P Quality Ranking	NR
\$10K Invested 5 Yrs Ago	\$41,442	Common Shares Outstg. (M)	166.4	Institutional Ownership (%)	90		

Price Performance



Past performance is not an indication of future performance and should not be relied upon as such.

Analysis prepared by Equity Analyst **J. Corridore** on May 09, 2017 02:33 PM, when the stock traded at **\$45.98**.

Highlights

- AER completed its acquisition of International Lease Finance Corp. (ILFC) from American International Group (AIG) on May 14, 2014, for \$3 billion in cash and 97,560,976 common shares, or total consideration of around \$7.6 billion. We view this deal as transformative for AER, since it materially expanded AER's fleet to nearly 1,300 aircraft (from slightly more than 300 units pre-merger). The two companies combined also have another 380 aircraft on pre-order from manufacturers.
- Revenues more than doubled in 2014 and rose 45% in 2015, reflecting the impact of the ILFC merger. Revenues in 2016 declined 3%, and we see a 7% decline in 2017, with 6% growth likely in 2018. Operating margins widened in 2015 and 2016 amid an improvement in lease rates, along with fewer merger-related charges. We see fewer charges impacting results in 2017, but still expect the retiring of older planes faster than new ones are brought online to result in a charge.
- We forecast EPS of \$6.23 in 2017 and \$7.00 in 2018. Our estimates exclude any integration or restructuring charges, and reflect a lower share count due to share repurchases.

Investment Rationale/Risk

- Over the longer term, the need to replace aging aircraft, combined with capacity requirements in growing markets, supports long-term leasing fundamentals, we think. While AER's acquisition of the much larger ILFC was aggressive, we think the relatively stable cash flows provided by lease contracts at both companies, as well as potential gains from optimizing ILFC's financial/tax structure, serve as offsets. We expect AER to be just as aggressive in selling assets from the portfolio as it looks to fund new aircraft deliveries. AER's fleet is 99.5% leased, and we like the visible revenue stream this provides.
- Risks to our recommendation and target price include a decrease in the availability of funding, rising interest rates, airline bankruptcies, declining residual values of aircraft and unfavorable tax law changes.
- Our 12-month target price of \$49 is based on a multiple of 7.9X our \$6.23 EPS estimate for 2017. This is below AER's historical ranges, warranted in light of risks related to potentially rising interest rates.

Analyst's Risk Assessment

LOW **MEDIUM** **HIGH**

Our risk assessment reflects the capital-intensive nature of the leasing business and the company's leverage targets, partly offset by the multi-year lease contracts that we think generate relatively stable cash flows.

Revenue/Earnings Data

Revenue (Million \$)	1Q	2Q	3Q	4Q	Year
2017	1,237	--	--	--	--
2016	1,318	1,240	1,226	1,295	5,152
2015	1,292	1,321	1,323	1,338	5,288
2014	264.8	806.8	1,251	1,337	3,640
2013	245.8	247.0	279.4	277.8	1,050
2012	264.1	252.9	269.5	192.2	972.5

Earnings Per Share (\$)

2017	1.48	E1.51	E1.60	E1.64	E6.23
2016	1.13	1.22	1.22	2.01	5.52
2015	1.45	1.46	1.48	--	5.72
2014	0.47	0.83	1.59	--	4.54
2013	0.59	0.67	0.73	0.57	2.54
2012	0.48	0.21	0.45	0.09	1.24

Fiscal year ended Dec. 31. Next earnings report expected: Early August. EPS Estimates based on CFRA Operating Earnings; historical GAAP earnings are as reported in Company reports.

Dividend Data

No cash dividends have been paid.

Past performance is not an indication of future performance and should not be relied upon as such.

AerCap Holdings NV



Business Summary May 09, 2017

CORPORATE OVERVIEW. AerCap Holdings N.V. is a Netherlands-based global lessor of aircraft and aircraft engines. Its shares trade only in the U.S., but we think they should be viewed as ADRs, as foreign issuer reporting rules apply. The company was formed in conjunction with the hedge fund Cerberus Capital Management in 2005, although the company's predecessor was founded in 1995. Following the completion of its acquisition of International Lease Finance Corp. (ILFC) from American international Group (AIG), the new combined entity had a fleet of approximately 1,279 aircraft, with 380 aircraft on order or under contract as of December 31, 2014.

MARKET PROFILE. The aircraft leasing business is closely tied to the health of the global passenger airlines. While still cyclical, the passenger market was in a general uptrend between 2002 and early 2008, until the financial crisis hit. Passenger traffic bottomed in 2009, before recovering 7.3% in 2010 and 6.2% in 2011, according to the International Air Transport Association (IATA), a leading airline trade group. Data for 2012 from the group indicate passenger traffic increased 5.3% in 2012, with a similar rate of growth posted in 2013. The group was forecasting 6.0% passenger growth for 2014. The group estimates that cargo tonnage improved 1.0% in 2013, and forecasts growth of 2.1% in 2014. This is down from IATA's prior forecast of 3.7% growth in 2014 that it made in September 2013. Asia, and China in particular, is expected to post the most robust growth rates over the 20-year period, reflecting low per capita aircraft penetration. Additionally, leased aircraft have benefited from the expansion of low-cost carriers around the world due to airline deregulation. These upstart carriers have a greater tendency to lease aircraft rather than purchase due to the lower upfront capital commitment and the access to newer equipment.

COMPETITIVE LANDSCAPE. Aircraft sales and leasing are competitive businesses, with aircraft manufacturers, financial institutions, dedicated leasing companies and aircraft brokers all pitching the same customers. The two largest aircraft lessors are GE Commercial Aviation Services and the company (by virtue of its acquisition of International Lease Finance Corporation).

In 2014, about 35% of AER's lease revenue was generated in Asia-Pacific and Russia, 35% in Europe, while another 13% was generated in North America, 10% in the Middle East and Africa and 9% in Latin America. Its largest customer, at 6.4% of 2014 lease revenues, was AirFrance, followed by American Airlines at 6.1%, Emirates Air at 4.6%, and Virgin Atlantic at 3.2%. AER aims to continue expanding its portfolio of aircraft through a mixture of new aircraft purchases and opportunistic aircraft purchases from airlines that are re-fleeting or other lessors selling assets. At December 2014, AerCap had 55% of its portfolio in Airbus aircraft, another 34% in Boeing, with the remaining 11% represented by other manufacturers.

IMPACT OF MAJOR DEVELOPMENTS. On May 14, 2014 AER completed its acquisition of International Lease Finance Corp. (ILFC) from American international Group (AIG) for total consideration of some \$7.6 billion in cash (\$3 billion) and stock (97,560,976 AER common shares). AER will also assume \$21 billion of ILFC debt. AIG is also providing AER with a five-year, \$1 billion unsecured revolving credit facility.

The combined entity has assets of more than \$40 billion and a fleet of 1,300 aircraft with an order for 385 more. AER would also assume about \$21 billion in net debt at ILFC. The combined company, is now the world's second largest aircraft lessor, behind only GE Commercial Aviation Services (GECAS).

In November 2010, AER completed the sale of a 20% stake to Waha Capital, based in Abu Dhabi. AER received \$105 million in cash and full ownership of AerVenture, a joint venture between AER and Waha Capital, as well as a minority stake in a portfolio of certain other aircraft owned by the investment company. The transaction increased AER's share count by 29.8 million, but also increased the servicing fees it earns, while lowering the non-controlling interest.

In March 2010, AER acquired Genesis Lease (GLS) in an all-stock transaction, with GLS shareholders receiving one share of AER for each GLS share held. As a result of the transaction, AER issued about 34.3 million shares to shareholders of GLS, valued at approximately \$372 million. The purchase added 53 aircraft to AER's portfolio.

FINANCIAL TRENDS. As of December 2014 (and giving effect to the ILFC acquisition), AerCap had \$30.4 billion of debt, representing a debt-to-equity ratio of 3.8, which is below the 4.0 to 5.0 range it targets across the business cycle. AerCap has said it will reinvest all profits into the company to expand its portfolio, in contrast to other publicly traded lessors that pay out a portion of their net income as dividends. Like most other aircraft lessors, AerCap funds aircraft acquisitions initially with short-term credit facilities, which are then refinanced with longer-term structures once it has a sufficient number of aircraft.

Corporate Information

Investor Contact

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Officers

Chrmn

P. Korteweg

Pres

P.G. Scruggs

CEO

A. Kelly

COO & General Counsel

W.M. den Dikken

Vice Chrmn

P.T. Dacier

Board Members

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H. A. Al Shimhari

J. N. Chapman

P. T. Dacier

R. Gradon

M. J. Jonkhart

A. Kelly

P. Korteweg

J. A. Lawrence

M. Walsh

R. G. Warden

Domicile

Netherlands

Founded

2006

Employees

558

Stockholders

NA

AerCap Holdings NV



Quantitative Evaluations

Fair Value Rank	NR	1	2	3	4	5
		LOWEST		HIGHEST		

Based on CFRA's proprietary quantitative model, stocks are ranked from most overvalued (1) to most undervalued (5).

Fair Value Calculation **NA**

Investability Quotient Percentile	40	
	LOWEST = 1	HIGHEST = 100

AER scored lower than 60% of all companies for which an S&P Capital IQ Report is available.

Volatility	LOW	AVERAGE	HIGH
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Technical Evaluation **BULLISH** Since June, 2017, the technical indicators for AER have been BULLISH.

Insider Activity	UNFAVORABLE	NEUTRAL	FAVORABLE
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Expanded Ratio Analysis

	2016	2015	2014	2013
Price/Sales	1.53	1.68	1.91	4.20
Price/EBITDA	3.09	3.46	3.67	4.79
Price/Pretax Income	6.51	6.51	7.33	13.72
P/E Ratio	7.59	7.56	8.58	14.93
Avg. Diluted Shares Outstg (M)	189.7	206.2	178.7	115.0

Figures based on calendar year-end price

Key Growth Rates and Averages

Past Growth Rate (%)	1 Year	3 Years	5 Years	9 Years
Sales	-2.56	67.28	49.49	18.50
Net Income	-11.69	51.44	52.04	25.87

Ratio Analysis (Annual Avg.)

	2016	2015	2014	2013
Net Margin (%)	20.18	21.55	21.81	19.02
% LT Debt to Capitalization	76.24	77.72	75.66	72.96
Return on Equity (%)	12.32	14.19	12.55	12.79

Company Financials Fiscal Year Ended Dec. 31

Per Share Data (\$)	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Tangible Book Value	33.46	22.89	16.17	21.23	18.56	16.07	14.38	14.34	12.41	10.60
Cash Flow	6.16	5.87	4.69	5.58	4.01	1.82	2.25	2.19	3.95	4.00
Earnings	5.52	5.72	4.54	2.54	1.24	1.53	1.79	1.94	1.79	2.22
Dividends	NA	Nil	Nil	Nil	Nil	NA	NA	Nil	Nil	Nil
Payout Ratio	Nil	Nil	Nil	Nil	Nil	Nil	NA	Nil	Nil	Nil
Prices:High	45.53	51.50	50.02	39.10	13.95	15.99	14.41	9.77	21.12	32.82
Prices:Low	24.61	37.47	34.38	13.73	10.51	8.77	7.51	1.83	2.11	18.54
P/E Ratio:High	8	9	11	15	11	10	8	5	12	15
P/E Ratio:Low	4	7	8	5	8	6	4	1	1	8

Income Statement Analysis (Million \$)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Revenue	5,152	5,288	3,640	1,050	973	1,094	1,834	1,003	1,256	1,177
Operating Income	2,555	2,575	1,889	921	822	587	536	359	540	549
Depreciation	128	33.7	28.9	346	369	41.0	22.1	15.7	184	152
Interest Expense	1,092	1,100	780	226	286	292	240	92.2	219	218
Pretax Income	1,213	1,367	946	321	167	241	259	210	140	212
Effective Tax Rate	14.3%	13.9%	14.5%	8.10%	4.84%	6.42%	8.61%	1.85%	NM	11.8%
Net Income	1,040	1,177	808	295	158	225	237	165	152	188

Balance Sheet & Other Financial Data (Million \$)

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Cash	2,035	2,403	1,490	296	520	411	404	183	307	337
Accounts Receivable	NA	NA	NA	NA	NA	NA	NA	NA	178	220
Accounts Payable	NA	NA	NA	NA	NA	NA	NA	NA	7.51	16.4
Total Assets	41,616	43,914	43,891	9,446	8,581	9,108	9,601	6,770	5,411	4,394
Long Term Debt	27,717	29,807	30,402	6,237	5,804	5,310	5,831	4,847	3,112	2,475
Lease Obligations	NA	NA	NA	NA	NA	NA	NA	NA	126	178
Common Equity	8,524	8,349	7,864	2,425	2,122	2,277	2,211	1,258	1,109	950
Total Capital	36,357	38,310	38,424	8,670	7,927	8,401	8,790	6,260	4,364	3,460
Capital Expenditures	3,840	3,564	2,560	1,996	1,074	810	2,080	1,718	1,642	864
Cash Flow	1,168	1,211	837	642	527	266	259	186	336	340
% Long Term Debt of Capitalization	76.2	77.8	79.1	71.9	73.2	63.2	66.3	77.4	77.1	71.5
% Net Income of Revenue	20.2	22.3	22.2	28.1	16.3	20.6	12.9	16.5	12.1	16.0
% Return on Assets	2.4	2.7	3.0	3.3	1.8	2.4	2.9	2.7	3.1	4.5
% Return on Equity	12.3	14.5	15.7	13.0	7.2	10.1	13.7	14.0	14.7	22.4

Data as originally reported in Company reports.; bef. results of disc opers/spec. items. Per share data adj. for stk. divs.; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

AerCap Holdings NV



Sub-Industry Outlook

Our neutral fundamental outlook for the trading companies and distributors sub-industry reflects our view of somewhat better market trends for maintenance, repair and operating products in the U.S., Canada and some emerging markets, offset by slower growth in China.

Historically, sales for this group tend to correlate with manufacturing output and non-farm payrolls. We think some distributors, such as W.W. Grainger (GWW 175 Hold) will boost market share by maintaining adequate inventory levels to meet demand, ramping up the sales force and e-commerce business, and distributing new products and expansion overseas. Fastenal (FAST 43 Hold) and GWW combine for more than 40% of this group's market share.

Industrial production was unchanged in May 2017 at 105.0 after a large increase in April and up from 102.8 a year earlier. Total capacity utilization was 76.6%, down 0.1% from April vs. 75.6% a year earlier, but was still 2.34 below its 30-year average and below the 80% rate considered normal. However, the rate well exceeded the all-time low of 67.3% in June 2009. Nonfarm payrolls added 138,000 jobs in May, versus 174,000 jobs added in the prior month. The unemployment rate was 4.3% in May, a 16 year low, and compared with 6.2% in July 2014. Existing home sales rose 1.1% in May, to a seasonally adjusted annual rate of 5.62 million units. Meanwhile, housing starts fell 5.5% in May to a seasonally adjusted annual rate of 1.09 million units.

Year to date through June 16, the S&P Trading Companies and Distributors Index fell 7.6%, versus an 8.2% increase for the S&P 1500 Index. In 2016, the S&P Trading Companies and Distributors index rose 27.0% versus a 10.6% increase for the S&P 1500 index. In the past 13 weeks, the group rose

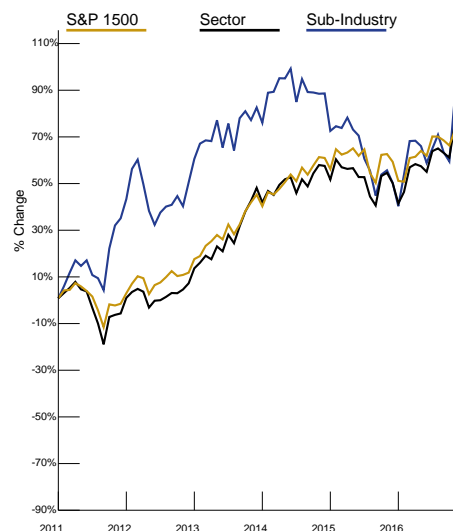
21.9%, versus a 7.2% increase for the broader market.

--Jim Corridore

Industry Performance

GICS Sector: Industrials
Sub-Industry: Trading Companies & Distributors

Based on S&P 1500 Indexes
Five-Year market price performance through Jul 8, 2017



NOTE: All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS)

Past performance is not an indication of future performance and should not be relied upon as such.

Sub-Industry : Trading Companies & Distributors Peer Group*: Based on market capitalizations within GICS Sub-Industry

Peer Group	Stock Symbol	Stk.Mkt. Cap. (Mil. \$)	Recent Stock Price(\$)	52 Week High/Low(\$)	Beta	Yield (%)	P/E Ratio	Fair Value Calc.(\$)	S&P Quality Ranking	IQ %ile	Return on Revenue (%)	LTD to Cap (%)
AerCap Holdings N.V.	AER	7,792	46.83	49.66/34.82	1.77	Nil	8	NA	NR	40	20.2	76.2
Air Lease 'A'	AL	3,915	38.07	40.24/27.05	1.54	0.8	11	47.70	NR	40	26.4	72.0
Aircastle Ltd	AYR	1,701	21.61	25.98/18.26	1.89	4.8	11	21.70	NR	28	19.8	71.1
BMC Stock Holdings	BMCH	1,609	21.60	23.90/15.45	NA	Nil	35	26.60	NR	86	1.0	33.6
Bunzl PLC ADR	BZLFY	9,695	29.44	32.33/24.40	0.92	1.7	27	NA	NR	59	3.6	47.9
Finning Intl	FTT.C	3,284	19.53	20.87/15.77	2.36	3.7	34	NA	B	NA	1.2	43.9
Fortress Transport Infra Invstrs	FTAI	1,164	15.83	16.70/9.46	NA	8.3	NM	NA	NR	21	NM	17.6
HD Supply Holdings	HDS	6,165	30.42	44.73/30.05	NA	Nil	21	43.00	NR	19	17.9	85.1
Kaman Corp 'A'	KAMN	1,373	50.65	53.41/40.85	1.47	1.6	26	52.60	B+	97	3.2	30.2
MRC Global	MRC	1,525	16.07	22.52/11.50	1.33	Nil	NM	NA	NR	63	NM	26.5
NOW Inc	DNOW	1,650	15.35	23.53/14.96	NA	Nil	NM	NA	NR	72	NM	5.2
SiteOne Landscape Supply	SITE	2,118	53.50	53.68/26.60	NA	Nil	NM	NA	NR	84	1.9	71.0
Toromont Industries	TIH.C	2,875	36.66	36.82/28.75	1.07	2.1	18	NA	A-	NA	8.3	14.5
Triton International	TRTN	2,423	32.53	34.49/11.50	NA	5.5	NM	NA	NR	73	NA	76.5
Univar Inc	UNVR	3,958	28.69	33.15/17.00	NA	Nil	NM	NA	NR	19	NM	75.6

NA-Not Available NM-Not Meaningful NR-Not Rated. *For Peer Groups with more than 15 companies or stocks, selection of issues is based on market capitalization.

AerCap Holdings NV

Analyst Research Notes and other Company News

June 26, 2017

On June 21, 2017, Walter McLallen resigned from his position as a non-executive member of the Board of Directors of AerCap Holdings N.V., effective immediately, for personal reasons. His resignation is not related to any disagreement with the company on any matter relating to the company's operations, policies or practices.

May 9, 2017

02:30 pm ET ... CFRA KEEPS HOLD OPINION ON SHARES OF AERCAP HOLDINGS (AER 46.00***): We maintain our 12-month target price of \$49, valuing the shares at 7.9X our '17 EPS estimate of \$6.23 (raised today from \$6.10). We keep our '18 EPS estimate unchanged at \$7.00. AER first quarter EPS of \$1.48 vs. \$1.53 was in line with our estimate, despite revenues missing our expectations, and falling 6%. Results benefited from gains on sales of planes, as AER continues to rationalize its fleet. Fleet remains highly utilized at 99.7%. We have some concerns about the potential for rising interest rates to hurt results, as AER remains highly levered. /J. Corridore

February 23, 2017

11:14 am ET ... S&P CAPITAL IQ MAINTAINS HOLD OPINION ON SHARES OF AERCAP HOLDINGS (AER 46.36***): We raise our 12-month target price to \$49 from \$46, 8X our '17 EPS estimate of \$6.10 (cut today from \$6.30), below AER's 5-year average of 10.6X, on risks related to interest rates. We start our '18 EPS estimate at \$7.00. AER Q4 EPS of \$2.18 vs. \$1.42 was well above the Capital IQ consensus of \$1.68, on sharply higher revenues than we were expecting. Both revenues and EPS benefited from stronger than expected asset sales. Lower equipment base impacted base rents, but maintenance revenues grew. With its fleet 99.5% leased, AER is well positioned. /J. Corridore

December 30, 2016

AerCap Holdings N.V. has reported that Peter Juhas will become its Chief Financial Officer in 2017. Juhas joined AerCap in September 2015 as its Deputy Chief Financial Officer. Prior to joining AerCap, Juhas was the Global Head of Strategic Planning for AIG, where he led the development of the company's strategic and capital plans as well as mergers, acquisitions and other transactions, including the sale of ILFC to AerCap in 2014. Keith Helming will be leaving AerCap after holding the position of Chief Financial Officer for the past 10 years. Keith will remain with AerCap through May 2017.

December 20, 2016

AerCap Holdings N.V. has announced that Peter Juhas will become its Chief Financial Officer in 2017. Peter joined AerCap in September 2015 as its Deputy Chief Financial Officer. Prior to joining AerCap, Peter was the Global Head of Strategic Planning for AIG, where he led the development of the company's strategic and capital plans as well as mergers, acquisitions and other transactions, including the sale of ILFC to AerCap in 2014.

November 15, 2016

AerCap Holdings N.V. has announced that John Wikoff will be stepping down as Head of Investor Relations and transfer this position to Brian Canniffe. John joined AerCap in November 2014 to assume the role of Head of Investor Relations. Prior to this he worked with AerCap over many years in a banking capacity in his role as Head of Transportation Finance at Goldman Sachs. Brian Canniffe will become Head of Investor Relations, based at AerCap's office in Dublin. Brian's most recent position was with Bank of America Merrill Lynch in Hong Kong and Tokyo as the Managing Director, Asia Pacific Head of Global Markets Financing, where he led a division that was responsible for providing secured financing, trading, clearing, reporting and various treasury functions in the Asia Pacific region. In addition, Brian held roles within the financing divisions at Nomura Securities and Bankers Trust International. #Brian's extensive experience in the financial markets will be a valuable addition to the AerCap team, # added Mr. Helming.

November 8, 2016

08:55 am ET ... S&P CAPITAL IQ KEEPS HOLD OPINION ON SHARES OF AERCAP HOLDINGS (AER 41.71***): We raise our 12-month target price to \$46 from \$40, 7.3X our '17 EPS estimate of \$6.30 (unchanged today), the low end of AER's ten year range, reflecting our concerns about the impact of potentially rising interest rates, given AER's extremely high debt levels (\$28 bil.) and need to continue tapping capital markets. We raise our '16 EPS estimate to \$6.25 from \$6.03 after

AER Q3 adjusted EPS of \$1.68 vs. \$1.65 beat our \$1.46 estimate on better revenues than expected. EPS comparisons benefited from share repurchases while adjusted net income fell 5% on higher interest expense. /J. Corridore

August 9, 2016

11:03 am ET ... S&P GLOBAL KEEPS HOLD OPINION ON SHARES OF AERCAP HOLDINGS (AER 38.29***): We keep our 12-month target price at \$40, 6.3X our '17 EPS estimate of \$6.30 (trimmed today from \$6.48), in line with AER's historic forward P/E. We trim our '16 EPS estimate to \$6.03 from \$6.20 on a lower revenue outlook due to recent sale of older planes from the fleet. AER Q2 EPS of \$1.53 vs. \$1.71 was a penny off our estimate but beat the Capital IQ consensus of \$1.47. AER's fleet remains highly utilized, and we expect it to continue to close deals for new planes scheduled for delivery at attractive rates. However, we see the shares trading near our estimate of fair value. /J. Corridore

May 12, 2016

11:18 am ET ... S&P GLOBAL LOWERS OPINION ON SHARES OF AERCAP HOLDINGS TO HOLD FROM BUY (AER 36.74***): We keep our 12-month target price at \$40, 6.5X our adjusted EPS estimate of \$6.20 (trimmed today from \$6.26), below AER's 5-year average to reflect risks we see related to interest rates and the aircraft leasing market. We lower our '17 EPS estimate to \$6.48 from \$6.72. AER Q1 adjusted EPS of \$1.53 vs. \$1.42 was in line with our estimate. Revenues were better than we expected, on strong utilization. However, size of asset base declined and the rate environment less than robust. After recent run up, we find shares trading near our estimate of fair value. /J. Corridore

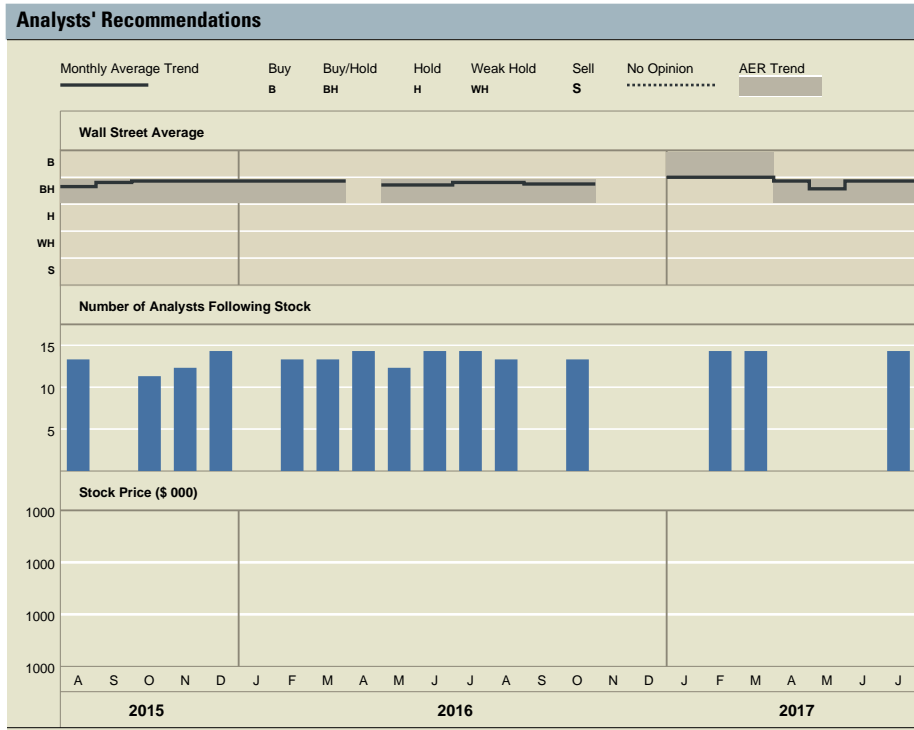
February 24, 2016

10:01 am ET ... S&P CAPITAL IQ KEEPS BUY OPINION ON SHARES OF AERCAP HOLDINGS (AER 33.17***): We keep our 12-month target price of \$40, 6.4X our '16 EPS estimate of \$6.26 (raised today from \$6.13), below AER's 5-year average of 10.3X. We find the current valuation of just over 5X forward EPS attractive. We start our '17 EPS estimate at \$6.72. AER Q4 EPS of \$1.42 vs. \$1.38 missed our \$1.60 estimate. Results were hurt by higher maintenance and restructuring expense. We see less impact from this likely in '16. With 99.5% of its fleet leased and 85% of incoming deliveries through '18 leased, we like the visibility into revenues and EPS this gives. /J. Corridore

February 16, 2016

10:29 am ET ... S&P CAPITAL IQ MAINTAINS BUY OPINION ON SHARES OF AERCAP HOLDINGS (AER 28.5***): Based on lower peer multiples, we cut our 12-month target price to \$40 from \$55. This values the shares at 6.5X our '16 EPS estimate of \$6.13 (raised today from \$5.50). This valuation reflects a potential rising rate environment and risks related to a difficult global macroeconomic environment. However, we do think the current valuation of under 5X forward earnings is attractive, and think that a visible recurring revenue stream provides meaningful protection from the current environment. AER is expected to report Q4 EPS on 2/23. /J. Corridore

AerCap Holdings NV



Wall Street Consensus Opinion

BUY/HOLD

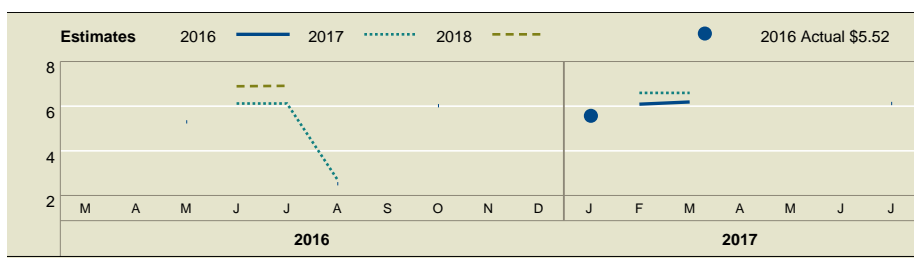
Companies Offering Coverage

- BofA Merrill Lynch
- Citigroup Inc
- Compass Point Research & Trading, LLC
- Cowen and Company
- Credit Suisse
- D.A. Davidson & Co.
- Davy
- Deutsche Bank
- JP Morgan
- Morgan Stanley
- RBC Capital Markets
- Stephens, Inc.
- UBS Investment Bank
- Wells Fargo Securities, LLC

Of the total 14 companies following AER, 14 analysts currently publish recommendations.

	No. of Recommendations	% of Total	1 Mo. Prior	3 Mos. Prior
Buy	9	64	9	0
Buy/Hold	3	21	3	0
Hold	1	7	1	0
Weak Hold	0	0	0	0
Sell	1	7	1	0
No Opinion	0	0	0	0
Total	14	100	14	0

Wall Street Consensus Estimates



Fiscal Years	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2017	6.96	7.50	6.55	10	6.7
2016	6.16	6.68	5.30	10	7.6
2017 vs. 2016	▲ 13%	▲ 12%	▲ 24%	0%	▼ -12%
Q2'17	1.73	1.87	1.60	0	27.1
Q2'16	NA	NA	NA	0	NM
Q2'17 vs. Q2'16	NA	NA	NA	NA	NA

Wall Street Consensus vs. Performance

For fiscal year 2016, analysts estimate that AER will earn US\$ 6.16. For the 1st quarter of fiscal year 2016, AER announced earnings per share of US\$ 1.13, representing 18% of the total annual estimate. For fiscal year 2017, analysts estimate that AER's earnings per share will grow by 13% to US\$ 6.96.

A company's earnings outlook plays a major part in any investment decision. S&P Global Market Intelligence organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.

Glossary

STARS

Since January 1, 1987, CFRA Equity and Fund Research Services, and its predecessor S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs (American Depositary Receipts), and ADSs (American Depositary Shares) based on a given equity's potential for future performance. Similarly, we have ranked Asian and European equities since June 30, 2002. Under proprietary STARS (STock Appreciation Ranking System), equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark (e.g., a regional index (S&P Asia 50 Index, S&P Europe 350® Index or S&P 500® Index)), based on a 12-month time horizon. STARS was designed to meet the needs of investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P Capital IQ Quality Ranking

(also known as **S&P Capital IQ Earnings & Dividend Rankings**) - Growth and stability of earnings and dividends are deemed key elements in establishing S&P Capital IQ's earnings and dividend rankings for common stocks, which are designed to encapsulate the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+ Highest	B Below Average
A High	B- Lower
A- Above Average	C Lowest
B+ Average	D In Reorganization
NR Not Ranked	

EPS Estimates

CFRA's earnings per share (EPS) estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, EPS estimates reflect either forecasts of equity analysts; or, the consensus (average) EPS estimate, which are independently compiled by S&P Global Market Intelligence, a data provider to CFRA. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

Core Earnings

Core Earnings is a uniform methodology for adjusting operating earnings by focusing on a company's after-tax earnings generated from its principal businesses. Included in the definition are employee stock option grant expenses, pension costs, restructuring charges from ongoing operations, write-downs of depreciable or amortizable operating assets, purchased research and development, M&A related expenses and unrealized gains/losses from hedging activities. Excluded from the definition are pension gains, impairment of goodwill charges, gains or losses from asset sales, reversal of prior-year charges and provision from litigation or insurance settlements.

12-Month Target Price

The equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics, including Fair Value.

CFRA Equity Research

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Abbreviations Used in Equity Research Reports

CAGR - Compound Annual Growth Rate
CAPEX - Capital Expenditures
CY - Calendar Year
DCF - Discounted Cash Flow
DDM - Dividend Discount Model
EBIT - Earnings Before Interest and Taxes
EBITDA - Earnings Before Interest, Taxes, Depreciation and Amortization
EPS - Earnings Per Share
EV - Enterprise Value

FCF - Free Cash Flow
FFO - Funds From Operations
FY - Fiscal Year
P/E - Price/Earnings
P/NAV - Price to Net Asset Value
PEG Ratio - P/E-to-Growth Ratio
PV - Present Value
R&D - Research & Development
ROCE - Return on Capital Employed
ROE - Return on Equity
ROI - Return on Investment
ROIC - Return on Invested Capital
ROA - Return on Assets
SG&A - Selling, General & Administrative Expenses
SOTP - Sum-of-The-Parts
WACC - Weighted Average Cost of Capital

Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes (paid in the country of origin).

Qualitative Risk Assessment

Reflects an equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:

★★★★★ 5-STARS (Strong Buy):

Total return is expected to outperform the total return of a relevant benchmark, by a wide margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★☆ 4-STARS (Buy):

Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months, with shares rising in price on an absolute basis.

★★★☆☆ 3-STARS (Hold):

Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months, with shares generally rising in price on an absolute basis.

★★☆☆☆ 2-STARS (Sell):

Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months, and the share price not anticipated to show a gain.

★☆☆☆☆ 1-STAR (Strong Sell):

Total return is expected to underperform the total return of a relevant benchmark by a wide margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks:

In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the S&P Europe 350 Index and the S&P Asia 50 Index, respectively.

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Quantitative Stock Reports:

Quantitative recommendations are determined by ranking a universe of common stocks based on 5 measures or model categories: Valuation, Quality, Growth, Street Sentiment, and Price Momentum. In the U.S., a sixth sub-category for Financial Health will also be displayed. Percentile scores are used to compare each company to all other companies in the same universe for each model category. The five (six) model category scores are then weighted and rolled up into a single percentile ranking for that company. For reports containing quantitative recommendations refer to the Glossary section of the report for detailed methodology and the definition of Quantitative rankings.

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STARS Stock Reports:

Global STARS Distribution as of June 30, 2017

Ranking	North America	Europe	Asia	Global
Buy	37.4%	25.9%	36.6%	35.4%
Hold	55.1%	56.1%	39.4%	53.5%
Sell	7.5%	18.0%	24.0%	11.1%
Total	100%	100%	100%	100%

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