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FOR IMMEDIATE RELEASE

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Aircastle Announces Third Quarter 2021 Results
Lease Rental Revenues up 13% vs Second Quarter 2021
Cash Flows Improved 118% vs 2020
Delivered Two Embraer E2 Aircraft to KLM Cityhopper

Key Financial Metrics for the Three Months ended November 30, 2021

- Total revenues of \$191 million
- Net loss of \$62 million primarily a result of net non-cash aircraft impairment charges of \$45 million
- Cash collections represented 100% of lease rental and direct financing and sales-type lease revenues
- Adjusted EBITDA⁽¹⁾ of \$174 million
- Gain on sale of flight equipment of \$7 million

Highlights

- For the three months ended November 30, 2021, Lease rental revenue of \$156 million, up 13% versus second quarter 2021
- For the nine months ended November 30, 2021, Cash flow from operations increased 118% compared to 2020
- Acquired four aircraft during the quarter including an A320neo, a B737-MAX8 and one E2 aircraft to KLM Cityhopper with a further delivery to KLM Cityhopper in December
- Acquired twelve aircraft during the nine months ended November 30, 2021, ten (or 83%) of which were new fuel-efficient technology aircraft
- For the nine months ended November 30, 2021, sold seven aircraft and other flight equipment for proceeds of \$128 million and a total gain on sale of \$18 million

Liquidity

- As of January 1, 2022, total liquidity of \$2.1 billion includes \$1.4 billion of undrawn credit facilities, \$0.2 billion of unrestricted cash, \$0.1 billion of contracted asset sales, and \$0.4 billion of projected adjusted operating cash flows through January 1, 2023
- We have 223 unencumbered aircraft with a net book value of \$5.6 billion

Mike Inglese, Aircastle's Chief Executive Officer, commented, "Despite new challenges from the omicron variant, global aviation continues to adapt, adjust, and improve. Demand is strong for domestic flights while international travel continues to work through an uneven recovery. We hope that governments will align their control measures to address the new variant effectively. Meanwhile, Aircastle will continue to pursue the strategy that has brought us to where we are now, with stronger revenues and improved cash collections. We remain focused on liquidity, collecting cash, working creatively with customers who might be struggling, and - importantly- moving forward with strategic, new-technology investments."

Mr. Inglese concluded, "Aircraft leasing has proven to be a resilient sector over the past two years as evidenced by the competitive levels of capital flowing into this space. We believe our favorable credit rating, along with the opportunities afforded by our unique ownership arrangement with the Marubeni Corporation and Mizuho Leasing, strategically position us for disciplined future growth."

Aviation Assets

As of November 30, 2021, Aircastle owned 255 aircraft and other flight equipment having a net book value of \$6.7 billion. We also manage nine aircraft with a net book value of \$302 million on behalf of our joint venture with Mizuho Leasing.

	<u>As of</u> <u>Nov 30, 2021⁽¹⁾</u>	<u>As of</u> <u>Nov 30, 2020⁽¹⁾</u>
<u>Owned Aircraft</u>		
Net Book Value of Flight Equipment (\$ mils.)	\$ 6,734	\$ 6,979
Net Book Value of Unencumbered Flight Equipment	5,619	5,406
Number of Aircraft	255	260
Number of Unencumbered Aircraft	223	224
Number of Lessees	79	80
Number of Countries	43	45
Weighted Average Fleet Age (years) ⁽²⁾	10.6	10.5
Weighted Average Remaining Lease Term (years) ⁽²⁾	4.8	4.3
Weighted Average Fleet Utilization for the quarter ended ⁽³⁾	94.0%	94.0%
Weighted Average Fleet Utilization for the nine months ended ⁽³⁾	93.7%	94.8%
<u>Managed Aircraft on behalf of Joint Ventures</u>		
Net Book Value of Flight Equipment (\$ mils.)	\$ 302	\$ 315
Number of Aircraft	9	9

(1) Calculated using net book value at period end.

(2) Weighted by net book value.

(3) Aircraft on-lease days as a percent of total days in period weighted by net book value. The decrease from our historical utilization rate for the three months ended November 30, 2021, and 2020, was primarily due to off-lease aircraft as a result of early lease terminations and scheduled lease expirations.

Aircraft Impairments

During the third quarter we recorded transactional impairment charges totaling \$69.1 million related two narrow-body and one wide-body aircraft on lease to Garuda Indonesia, resulting from the lessee's default on its lease obligations. We recognized \$24.3 million of maintenance revenue for these three aircraft.

We completed our annual recoverability assessment of all our aircraft during the third quarter – no impairments were recorded as a result of our annual recoverability assessment.

Deferrals

While the airline industry is slowly recovering, airlines continue to seek support from their respective governments, raise debt and equity, delay or cancel new aircraft orders, furlough employees, request concessions from lessors, and in certain cases, seek judicial protections. As of January 7, 2022, six of our airline customers were subject to judicial insolvency proceedings or similar protection. We lease 21 aircraft to these customers, which comprise 13% of our net book value of flight equipment and 12% of our reported lease rental and direct financing and sales-type lease revenues for the twelve months ended November 30, 2021. While additional airline bankruptcies and liquidations may yet occur in future periods, we remain confident that our core customers who are leading low-cost carriers and major US and global carriers, have the means to survive the ongoing COVID-19 crisis.

As of January 7, 2022, our total deferrals, net of repayments, were \$87 million. These deferrals have been granted to nineteen airlines for an average of six to twelve months of lease rentals and represent 15% of Lease rental and Direct financing and sales-type lease revenues for the twelve months ended November 30, 2021. Of the total deferrals, \$82 million are included in our November 30, 2021, Consolidated Balance Sheet with the balance representing future lease payments. As of January 7, 2022, 87% of our total deferrals have been agreed to as part of broader lease restructurings. Many of these restructurings generally include term extensions, better security packages or other valuable consideration in exchange for near-term economic concessions.

We hold \$499 million of maintenance reserves and \$73 million of security deposits, as well as an additional \$143 million in letters of credit from our lessees. These total \$715 million, represent 11% of our net book value of flight equipment, and provide significant protection against potential future airline failures and the unscheduled return of additional aircraft.

Conference Call

In connection with this press release, management will host a conference call on Thursday, January 13, 2022, at 9:00 A.M. Eastern Time. All interested parties are welcome to participate on the live call. The conference call can be accessed by dialing (888) 394-8218 (from within the U.S. and Canada) or (646) 828-8193 (from outside of the U.S. and Canada) ten minutes prior to the scheduled start and referencing the passcode "3653488".

A simultaneous webcast of the conference call will be available to the public on a listen-only basis at www.aircastle.com. Please allow extra time prior to the call to visit the site and download the necessary software required to listen to the internet broadcast.

For those who are not available to listen to the live call, a replay will be available until 12:00 P.M. Eastern Time on Saturday, February 12, 2022, by dialing (888) 203-1112 (from within the U.S. and Canada) or (719) 457-0820 (from outside of the U.S. and Canada); please reference passcode "3653488".

About Aircastle Limited

Aircastle Limited acquires, leases, and sells commercial jet aircraft to airlines throughout the world. As of November 30, 2021, Aircastle owned and managed on behalf of its joint ventures 264 aircraft leased to 79 customers located in 43 countries.

Safe Harbor

All statements in this press release, other than characterizations of historical fact, are forward-looking statements within the meaning of the federal securities laws, including the Private Securities Litigation Reform Act of 1995. Examples of forward-looking statements include, but are not necessarily limited to, statements relating to our proposed public offering of notes and our ability to acquire, sell, lease or finance aircraft, raise capital, pay dividends, and increase revenues, earnings, EBITDA and Adjusted EBITDA and the global aviation industry and aircraft leasing sector. Words such as "anticipates," "expects," "intends," "plans," "projects," "believes," "may," "will," "would," "could," "should," "seeks," "estimates" and variations on these words and similar expressions are intended to identify such forward-looking statements. These statements are based on our historical performance and that of our subsidiaries and on our current plans, estimates and expectations and are subject to a number of factors that could lead to actual results materially different from those described in the forward-looking statements; Aircastle can give no assurance that its expectations will be attained. Accordingly, you should not place undue reliance on any such forward-looking statements which are subject to certain risks and uncertainties that could cause actual results to differ materially from those anticipated as of the date of this press release. These risks or uncertainties include, but are not limited to, those described from time to time in Aircastle's filings with the SEC and previously disclosed under "Risk Factors" in Item 1A of Aircastle's most recent Form 10-K and any subsequent filings with the SEC. In addition, new risks and uncertainties emerge from time to time, and it is not possible for Aircastle to predict or assess the impact of every factor that may cause its actual results to differ from those contained in any forward-looking statements. Such forward-looking statements speak only as of the date of this press release. Aircastle expressly disclaims any obligation to revise or update publicly any forward-looking statement to reflect future events or circumstances.

Aircastle Limited and Subsidiaries
Consolidated Balance Sheets
(Dollars in thousands, except share data)

	<u>November 30, 2021</u>	<u>February 28, 2021</u>
ASSETS		
Cash and cash equivalents	\$ 276,289	\$ 578,004
Restricted cash and cash equivalents	2,740	2,594
Accounts receivable	73,073	82,572
Flight equipment held for lease, net of accumulated depreciation of \$2,365,312 and \$2,076,972 respectively	6,542,555	6,492,471
Net investment in leases, net of allowance for credit losses of \$1,828 and \$864, respectively	191,013	195,376
Unconsolidated equity method investments	36,587	35,377
Other assets	335,420	311,944
Total assets	<u>\$ 7,457,677</u>	<u>\$ 7,698,338</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Borrowings from secured financings, net of debt issuance costs	\$ 703,592	\$ 768,850
Borrowings from unsecured financings, net of debt issuance costs	3,872,584	4,366,261
Accounts payable, accrued expenses and other liabilities	200,959	174,267
Lease rentals received in advance	52,887	58,013
Security deposits	72,608	80,699
Maintenance payments	498,995	519,178
Total liabilities	<u>5,401,625</u>	<u>5,967,268</u>
SHAREHOLDER'S EQUITY		
Preference shares, \$0.01 par value, 50,000,000 shares authorized, 400 (aggregate liquidation preference of \$400,000) shares issued and outstanding at August 31, 2021 and no shares issued and outstanding February 28, 2021	-	-
Common shares, \$0.01 par value, 250,000,000 shares authorized, 14,048 shares issued and outstanding at November 30, 2021 and February 28, 2021	-	-
Additional paid-in capital	1,878,774	1,485,777
Retained earnings	177,278	245,293
Total shareholders' equity	<u>2,056,052</u>	<u>1,731,070</u>
Total liabilities and shareholders' equity	<u>\$ 7,457,677</u>	<u>\$ 7,698,338</u>

Aircastle Limited and Subsidiaries
Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)
(Dollars in thousands)

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2021	2020	2021	2019
Revenues:				
Lease rental revenue	\$ 156,088	\$ 139,493	\$ 425,802	\$ 473,566
Direct financing and sales-type lease revenue	2,724	4,839	8,377	14,903
Amortization of lease premiums, discounts and incentives	(8,867)	(5,384)	(20,026)	(17,360)
Maintenance revenue	33,510	24,843	81,204	121,508
Total lease revenue	183,455	163,791	495,357	592,617
Gain on sale of flight equipment	7,420	12,951	17,944	24,181
Other revenue	605	4,169	1,641	17,962
Total revenues	191,480	180,911	514,942	634,760
Operating expenses:				
Depreciation	84,526	86,845	250,308	262,806
Interest, net	50,515	59,945	163,965	173,996
Selling, general and administrative (including non-cash share-based payment expense of \$0 and \$0 for the three months, and \$0 and \$28,049 for the nine months ended November 30, 2021 and 2020, respectively)	17,141	14,403	48,714	70,897
Provision for credit losses	958	742	970	5,255
Impairment of flight equipment	69,111	9,867	110,926	299,551
Maintenance and other costs	8,660	4,207	24,275	14,044
Total operating expenses	230,911	176,009	599,158	826,549
Other (expense):				
Loss on extinguishment of debt	-	(43)	(14,156)	(108)
Merger expenses	-	(450)	-	(32,492)
Other	63	-	57,682	(191)
Total other income (expense)	63	(493)	43,526	(32,791)
Income (loss) from continuing operations before income taxes and earnings (loss) of unconsolidated equity method investments	(39,368)	4,409	(40,690)	(224,580)
Income tax provision	23,504	2,269	22,877	14,738
Earnings of unconsolidated equity method investments, net of tax	465	572	1,210	1,978
Net income (loss)	\$ (62,407)	\$ 2,712	\$ (62,357)	\$ (237,340)
Preference share dividends	-	-	(5,658)	-
Net income (loss) available to common shareholders	\$ (62,407)	\$ 2,712	\$ (68,015)	\$ (237,340)
Total comprehensive income (loss) available to common shareholders	\$ (62,407)	\$ 2,712	\$ (68,015)	\$ (237,340)

Aircastle Limited and Subsidiaries
Consolidated Statements of Cash Flows
(Dollars in thousands)

	Nine Months Ended November 30,	
	2021	2020
Cash flows from operating activities:		
Net income (loss)	\$ (62,357)	\$ (237,340)
Adjustments to reconcile net income (loss) to net cash and restricted cash provided by		
Depreciation	250,308	262,806
Amortization of deferred financing costs	12,483	10,642
Amortization of lease premiums, discounts and incentives	20,026	17,360
Deferred income taxes	8,998	12,109
Non-cash share-based payment expense	-	28,049
Collections on net investment in leases	11,727	12,953
Security deposits and maintenance payments included in earnings	(58,480)	(107,732)
Gain on sale of flight equipment	(17,944)	(24,181)
Loss on extinguishment of debt	14,156	108
Impairment of flight equipment	110,926	299,551
Provision for credit losses	970	5,255
Other	(1,210)	(1,991)
Changes in certain assets and liabilities:		
Accounts receivable	4,059	(55,946)
Other assets	(23,305)	(40,780)
Accounts payable, accrued expenses and other liabilities	7,205	(1,875)
Lease rentals received in advance	(6,127)	(54,608)
Net cash and restricted cash provided by operating activities	<u>271,435</u>	<u>124,380</u>
Cash flows from investing activities:		
Acquisition and improvement of flight equipment	(533,741)	(134,263)
Proceeds from sale of flight equipment	127,584	113,588
Aircraft purchase deposits and progress payments, net of deposits returned and aircraft sales deposits	(11,361)	(4,083)
Other	(64)	(594)
Net cash and restricted cash used in investing activities	<u>(417,582)</u>	<u>(25,352)</u>
Cash flows from financing activities:		
Repurchase of shares	-	(25,536)
Parent contribution at Merger	-	25,536
Net proceeds from preference share issuance	393,347	-
Proceeds from secured and unsecured debt financings	-	1,193,871
Repayments of secured and unsecured debt financings	(566,885)	(1,027,164)
Deferred financing costs	(13,372)	(108)
Debt extinguishment costs	(5,170)	(6,358)
Security deposits and maintenance payments received	63,012	63,443
Security deposits and maintenance payments returned	(20,696)	(48,162)
Dividends paid	(5,658)	(24,025)
Net cash and restricted cash (used in) provided by financing activities	<u>(155,422)</u>	<u>151,497</u>
Net (decrease) increase in cash and restricted cash:	<u>(301,569)</u>	<u>250,525</u>
Cash and restricted cash at beginning of year	<u>580,598</u>	<u>171,437</u>
Cash and restricted cash at end of year	<u>\$ 279,029</u>	<u>\$ 421,962</u>

Aircastle Limited and Subsidiaries
Reconciliation of GAAP to non-GAAP Measures
EBITDA and Adjusted EBITDA Reconciliation
(Dollars in thousands)

	Three Months Ended Nov 30,		Nine Months Ended Nov 30,	
	2021	2020	2021	2020
Net income (loss)	\$ (62,407)	\$ 2,712	\$ (62,357)	\$ (237,340)
Depreciation	84,526	86,845	250,308	262,806
Amortization of lease premiums, discounts and incentives	8,867	5,384	20,026	17,360
Interest, net	50,515	59,945	163,965	173,996
Income tax provision	23,504	2,269	22,877	14,738
EBITDA	105,005	157,155	394,819	231,560
Adjustments:				
Impairment of Aircraft	69,111	9,867	110,926	299,551
Loss on Extinguishment of debt	-	43	14,156	108
Non-cash share-based payment expense	-	-	-	28,049
Merger related expense *	-	437	-	35,039
Loss on mark-to-market of interest rate derivative contracts	-	-	-	19
Contract termination expense	-	-	-	172
Adjusted EBITDA	<u>\$ 174,116</u>	<u>\$ 167,502</u>	<u>\$ 519,901</u>	<u>\$ 594,498</u>

* Included \$32.5 million in Other expense and \$2.6 million in Selling, general and administrative expenses.

We define EBITDA as income (loss) from continuing operations before income taxes, interest expense, and depreciation and amortization. We use EBITDA to assess our consolidated financial and operating performance, and we believe this non-U.S. GAAP measure is helpful in identifying trends in our performance.

This measure provides an assessment of controllable expenses and affords management the ability to make decisions which are expected to facilitate meeting current financial goals, as well as achieving optimal financial performance. It provides an indicator for management to determine if adjustments to current spending decisions are needed.

EBITDA provides us with a measure of operating performance because it assists us in comparing our operating performance on a consistent basis as it removes the impact of our capital structure (primarily interest charges on our outstanding debt) and asset base (primarily depreciation and amortization) from our operating results. Accordingly, this metric measures our financial performance based on operational factors that management can impact in the short-term, namely the cost structure, or expenses, of the organization. EBITDA is one of the metrics used by senior management and the Board of Directors to review the consolidated financial performance of our business.

We define Adjusted EBITDA as EBITDA (as defined above) further adjusted to give effect to adjustments required in calculating covenant ratios and compliance as that term is defined in the indenture governing our senior unsecured notes. Adjusted EBITDA is a material component of these covenants.