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FOR IMMEDIATE RELEASE

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Aircastle Announces Fourth Quarter and Full Year 2020 Results

**Full Year Net Loss of \$(333.2) million; Investment Grade Ratings Affirmed by Fitch, S&P and Moody's
Delivered First Embraer 195 E2 aircraft to KLM Cityhopper on April 19, 2021**

Key Financial Metrics for the Three Months ended February 28, 2021

- Total revenues of \$197.5 million
- Net loss of \$(95.8) million
- Adjusted EBITDA⁽¹⁾ of \$179.9 million
- Gain on sale of flight equipment of \$9.4 million

Highlights

- Investment Grade credit ratings recently affirmed by Fitch at BBB, S&P at BBB- and Moody's at Baa3
- During Q4, issued \$750 million of seven-year senior, unsecured bonds at a record low coupon of 2.85%
- Retired \$500 million of 5.125% coupon bonds
- For the twelve months ended February 28, 2021, acquired five narrow-body aircraft for \$154 million
- For the twelve months ended February 28, 2021, sold twelve aircraft for proceeds of \$180 million and a total gain on sale of \$33.5 million; the average age of aircraft sold was approximately 13.4 years
- Delivered our first of twenty-five Embraer E2 aircraft to KLM Cityhopper on April 19, 2021; to date, eighteen E-Jets have been placed; fifteen 195 E2s placed with KLM
- For the three months ended February 28, 2021, collections represented approximately 80% of lease rental and direct financing and sales-type lease revenue

(1) Refer to the selected financial information accompanying this press release for a reconciliation of GAAP to Non-GAAP numbers.

Liquidity

- As of April 1, 2021, total liquidity of \$2.3 billion includes \$1.25 billion of undrawn credit facilities, \$609 million of unrestricted cash, \$123 million of contracted asset sales, and \$340 million of projected operating cash flows through April 1, 2022
- 219 unencumbered aircraft with a net book value of \$5.4 billion
- \$1.1 billion of total adjusted contractual commitments through April 1, 2022

Mike Inglese, Aircastle's Chief Executive Officer, commented, "While 2020 was a challenging year for the aviation industry, we have strong conviction that the long-term fundamentals for air travel are intact. Although there are still challenges ahead in the near term, as the vaccine rollout continues, we believe global travel will begin to normalize. Aircastle's fleet of modern, fuel-efficient aircraft remains desirable to the well managed airlines who will survive the COVID crisis, and our predominantly single-aisle aircraft investments will benefit from a recovery that will be driven by domestic, leisure market demand."

Mr. Inglese continued, "Airlines around the world have added significant financial leverage throughout the crisis, and this will impact their access to capital and make leasing increasingly important to all airlines as a fundamental source of financing. As the recovery unfolds, our experienced management team working with our long-term oriented shareholders, Marubeni Corporation and Mizuho Leasing, will allow Aircastle to resume profitable and disciplined long-term growth."

Aviation Assets

As of February 28, 2021, Aircastle owned 252 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 \$312 million dollars on behalf of our joint venture with Mizuho Leasing.

	As of Feb. 28, 2021 ⁽¹⁾	As of Feb. 29, 2020 ⁽¹⁾
<u>Ow ned Aircraft</u>		
Net Book Value of Flight Equipment (\$ mils.)	\$ 6,688	\$ 7,569
Net Book Value of Unencumbered Flight Equipment (\$ mils.)	\$ 5,432	\$ 5,829
Number of Aircraft	252	272
Number of Unencumbered Aircraft	219	232
Number of Lessees	75	85
Number of Countries	43	47
Weighted Average Fleet Age (years) ⁽²⁾	10.6	10.0
Weighted Average Remaining Lease Term (years) ⁽²⁾	4.2	4.7
Weighted Average Fleet Utilization for the quarter ended ⁽³⁾	93.7%	N/A

Managed Aircraft on behalf of Joint Ventures

Net Book Value of Flight Equipment (\$ mils.)	\$ 312	\$ 326
Number of Aircraft	9	9

(1) Calculated using net book value of flight equipment held for lease and net investment in leases 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.

Deferrals

In the current environment airlines have sought support from their lessor partners. These requests have generally come in the form of payment deferrals and lease restructurings. As of April 15, 2021, seven of our airline customers were subject to judicial insolvency proceedings or similar protection. We lease 23 aircraft to these customers, which comprise 14% 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 February 28, 2021. While we anticipate that there may be additional airline bankruptcies and liquidations in future periods, we remain confident that our core customers who are the major US and global carriers, as well as the largest low-cost carriers, have the means to survive the COVID-19 crisis.

We continue to grant deferrals to help certain clients manage through the crisis. As of April 15, 2021, we had executed or approved deferral arrangements with 26 airlines representing 35% of our customer base. The amount currently deferred is \$108 million, of which \$87 million is included in our February 28, 2021 Consolidated Balance Sheet. This represented approximately 17% of our reported lease rental and direct financing and sales-type lease revenues for the twelve months ended February 28, 2021.

In addition to \$519 million of maintenance reserves, \$81 million of security deposits and \$58 million of lease rents that have been paid in advance, we hold an additional \$151 million in letters of credit from our lessees. These combined reserves total \$809 million and provide significant protection against potential future airline failures and the unscheduled return of additional aircraft.

Impairment of Aircraft

During the fourth quarter we recorded non-cash impairment charges totaling \$126 million primarily related to four narrow-body and four A330 wide-body aircraft. Partially offsetting these fourth quarter charges were total combined maintenance revenues and gains from the sale of flight equipment totaling \$61 million for the quarter. For the full year, non-cash impairment charges related to 26 aircraft and other flight equipment totaled \$426 million. The impairment charges were partially offset by combined maintenance revenue and gains from the sale of flight equipment which totaled \$206 million for the year.

New Fiscal Year End

We changed our fiscal year end to the twelve-month period ending on the last day in February, beginning February 28, 2021. This change better aligns our financial reporting with the financial reporting cycle of our shareholders, Marubeni Corporation and Mizuho Leasing Company, Limited.

Conference Call

In connection with this press release, management will host a conference call on Wednesday, April 21, 2021, 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 (800) 437-2398 (from within the U.S. and Canada) or (720) 452-9102 (from outside of the U.S. and Canada) ten minutes prior to the scheduled start and referencing the passcode “6228518”.

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 Friday, May 21, 2021, 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 “6228518”.

About Aircastle Limited

Aircastle Limited acquires, leases, and sells commercial jet aircraft to airlines throughout the world. As of February 28, 2021, Aircastle owned and managed on behalf of its joint ventures 261 aircraft leased to 75 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)

	February 28, 2021	February 29, 2020	December 31, 2019
ASSETS			
Cash and cash equivalents	\$ 578,004	\$ 166,083	\$ 140,882
Restricted cash and cash equivalents	2,594	5,354	14,561
Accounts receivable	82,572	27,269	18,006
Flight equipment held for lease, net of accumulated depreciation of \$2,076,972, \$1,542,938, and \$1,501,664 respectively	6,492,471	7,142,987	7,375,018
Net investment in leases, net of allowance for credit losses of \$864, \$6,558 and \$0, respectively	195,376	426,252	419,396
Unconsolidated equity method investments	35,377	33,470	32,974
Other assets	311,944	206,617	201,209
Total assets	<u>\$ 7,698,338</u>	<u>\$ 8,008,032</u>	<u>\$ 8,202,046</u>
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Borrowings from secured financings, net of debt issuance costs	\$ 768,850	\$ 1,012,518	\$ 1,129,345
Borrowings from unsecured financings, net of debt issuance costs	4,366,261	3,884,235	3,932,491
Accounts payable, accrued expenses and other liabilities	174,267	207,114	172,114
Lease rentals received in advance	58,013	107,944	108,060
Security deposits	80,699	109,663	124,954
Maintenance payments	519,178	650,369	682,398
Total liabilities	<u>5,967,268</u>	<u>5,971,843</u>	<u>6,149,362</u>
SHAREHOLDER'S EQUITY			
Preference shares, \$0.01 par value, 50,000,000 shares authorized, no shares issued and outstanding	-	-	-
Common shares, \$0.01 par value, 250,000,000 shares authorized, 14,048 shares issued and outstanding at February 28, 2021; and 75,076,794 shares issued and outstanding at February 29, 2020 and 75,122,129 shares issued and outstanding at December 31, 2019	-	751	751
Additional paid-in capital	1,485,777	1,456,977	1,446,664
Retained earnings	<u>245,293</u>	<u>578,461</u>	<u>605,269</u>
Total shareholders' equity	<u>1,731,070</u>	<u>2,036,189</u>	<u>2,052,684</u>
Total liabilities and shareholders' equity	<u>\$ 7,698,338</u>	<u>\$ 8,008,032</u>	<u>\$ 8,202,046</u>

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

	<u>Three Months Ended February 28, 2021</u>	<u>Three Months Ended December 31, 2019</u>	<u>Twelve Months Ended February 29, 2020</u>	<u>Twelve Months Ended December 31, 2019</u>
Revenues:				
Lease rental revenue	\$ 137,854	\$ 200,341	\$ 611,421	\$ 777,403
Net investment in lease revenue	3,311	7,302	18,215	32,295
Amortization of lease premiums, discounts and incentives	(5,481)	(5,685)	(22,842)	(22,636)
Maintenance revenue	51,161	20,924	172,668	74,987
Total lease revenue	186,845	222,882	779,462	862,049
Gain on sale of flight equipment	9,355	20,101	33,536	45,532
Other revenue	1,328	747	19,290	10,357
Total revenues	<u>197,528</u>	<u>243,730</u>	<u>832,288</u>	<u>917,938</u>
Operating expenses:				
Depreciation	84,711	90,711	347,517	356,021
Interest, net	61,343	62,969	235,338	258,070
Selling, general and administrative (including non-cash share-based payment expense of \$0, \$6,627, \$28,049 and \$15,830 respectively)	17,517	22,761	93,671	77,034
Impairment of flight equipment	126,028	-	425,579	7,404
Maintenance and other costs	5,961	4,961	20,005	24,828
Total operating expenses	<u>\$ 295,560</u>	<u>\$ 181,402</u>	<u>\$ 1,122,110</u>	<u>\$ 723,357</u>
Other (expense):				
Gain (Loss) on extinguishment of debt	(2,532)	-	(2,640)	(7,577)
Merger expenses	(114)	(7,372)	(32,605)	(7,372)
Other	-	(263)	(191)	(4,492)
Total other income (expense)	<u>(2,646)</u>	<u>(7,635)</u>	<u>(35,436)</u>	<u>(19,441)</u>
Income (loss) from continuing operations before income taxes and earnings (loss) of unconsolidated equity method investments	(100,678)	54,693	(325,258)	175,140
Income tax provision (benefit)	(4,502)	8,072	10,236	22,667
Earnings (loss) of unconsolidated equity method investments, net of tax	348	697	2,326	4,102
Net income (loss)	<u>\$ (95,828)</u>	<u>\$ 47,318</u>	<u>\$ (333,168)</u>	<u>\$ 156,575</u>

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

	Twelve Months Ended February 28, 2021	Twelve Months Ended December 31, 2019
Cash flows from operating activities:		
Net income (loss)	\$ (333,168)	\$ 156,575
Adjustments to reconcile net income (loss) to net cash and restricted cash provided by		
Depreciation	347,517	356,021
Amortization of deferred financing costs	14,791	14,578
Amortization of lease premiums, discounts and incentives	22,842	22,636
Deferred income taxes	6,506	20,223
Non-cash share-based payment expense	28,049	15,830
Cash flow hedges reclassified into earnings	-	184
Collections on net investment in leases	16,859	25,842
Security deposits and maintenance payments included in earnings	(135,115)	(49,029)
Gain on sale of flight equipment	(33,536)	(45,532)
Loss on extinguishment of debt	2,640	7,577
Impairment of flight equipment	425,579	7,404
Provision for credit losses	5,258	-
Other	(2,305)	206
Changes in certain assets and liabilities:		
Accounts receivable	(57,292)	(13,162)
Other assets	(66,290)	2,594
Accounts payable, accrued expenses and other liabilities	(13,655)	(5,483)
Lease rentals received in advance	(53,658)	19,954
Net cash and restricted cash provided by operating activities	175,022	536,418
Cash flows from investing activities:		
Acquisition and improvement of flight equipment	(145,589)	(1,172,370)
Proceeds from sale of flight equipment	180,342	361,747
Aircraft purchase deposits and progress payments, net of returned deposits and aircraft sales deposits	(13,024)	760
Unconsolidated equity method investments and associated costs	-	(15,175)
Distributions from unconsolidated equity method investment in excess of earnings	419	36,750
Other	(676)	4,259
Net cash and restricted cash provided by (used in) investing activities	21,472	(784,029)
Cash flows from financing activities:		
Repurchase of shares	(25,536)	(36,739)
Parent contribution at Merger	25,536	-
Proceeds from secured and unsecured debt financings	1,932,943	2,116,848
Repayments of secured and unsecured debt financings	(1,697,662)	(1,817,558)
Deferred financing costs	(12,832)	(13,800)
Debt extinguishment costs	(1,524)	(7,183)
Security deposits and maintenance payments received	87,510	202,833
Security deposits and maintenance payments returned	(71,743)	(117,872)
Dividends paid	(24,025)	(91,328)
Net cash and restricted cash provided by financing activities	212,667	235,201
Net increase (decrease) in cash and restricted cash:	409,161	(12,410)
Cash and restricted cash at beginning of year	171,437	167,853
Cash and restricted cash at end of year	\$ 580,598	\$ 155,443

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

	Three Months Ended February 28, 2021	Three Months Ended December 31, 2019	Twelve Months Ended February 28, 2021	Twelve Months Ended December 31, 2019
Net income (loss)	\$ (95,828)	\$ 47,318	\$ (333,168)	\$ 156,575
Depreciation	84,711	90,711	347,517	356,021
Amortization of lease premiums, discounts and incentives	5,481	5,685	22,842	22,636
Interest, net	61,343	62,969	235,338	258,070
Income tax provision (benefit)	(4,502)	8,072	10,236	22,667
EBITDA	51,205	214,755	282,765	815,969
Adjustments:				
Impairment of Aircraft	126,028	-	425,579	7,404
Equity share of joint venture impairment	-	-	-	2,724
Loss on Extinguishment of debt	2,532	-	2,640	7,577
Non-cash share based payment expense	-	6,627	28,049	15,830
Merger related expense *	114	7,886	35,165	7,886
Loss on MTM of interest rate derivative contracts	-	263	19	4,771
Contract termination expense	-	-	172	-
Adjusted EBITDA	<u>\$ 179,879</u>	<u>\$ 229,531</u>	<u>\$ 774,389</u>	<u>\$ 862,161</u>

* Included \$32.6 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.