



Tom Campbell



FLIGHT AIRLINE BUSINESS AWARD

# AENGUS KELLY

It is not every day that a company with a book value of \$7 billion acquires a business nearly three times its size. To date, AerCap's purchase of International Lease Finance Corporation (ILFC) is the largest M&A deal in the aircraft leasing space.

At the centre of that transaction was one man – Aengus Kelly, chief executive of AerCap.

Kelly's shrewd approach has ensured the lessor has gone from strength to strength since he became its leader in 2011.

Kelly began his career at Guinness Peat Aviation (GPA) in 1998. From there, he honed his expertise in aircraft leasing.

"You end up in a place that suits your skillset, and that was GPA for me," he tells FlightGlobal.

Kelly's financial acumen enabled him to quickly traverse the leasing sector and, incredibly, reach the top within two decades.

His first deal as chief executive of AerCap in 2011 involved putting \$1 billion of aircraft into American Airlines.

But acquiring ILFC became his largest deal – a transaction that

made the business the biggest lessor in the world by value. The company took an additional \$35 billion on to its balance sheet and an order book worth \$25 billion.

The decision to proceed with the ILFC transaction was not taken lightly, Kelly recalls. "There was no way I was going to take ILFC's problems on to my balance sheet unless it was at a price that reflected that risk."

In the end, AerCap purchased ILFC for \$7.3 billion.

One investment banker has dubbed Kelly a "master of the aircraft cycle", noting his ability to pick assets at their cheapest.

For Kelly, the size of the ILFC deal is less important than what it means in the longer term. "Being the biggest sounds great, but being the best is far more important. We run the business for the long-term, that is key."

That long-term focus is reflected in Kelly's awareness of the risks associated with running a large lessor. "To protect what you have is hard enough," he states. "The risks don't change. There will always be volatility in

the global economy and we are a global business."

Kelly notes lessors must be particularly careful about asset selection. "You have to listen to the market. One of the advantages of our scale is that we have access to more touch points and market intelligence than anyone else in the industry, all of which drives our purchasing strategy. That gives us great comfort over the direction of travel of the industry."

He continues: "You can inflate your balance sheet and profits by buying end-of-line aircraft or niche aircraft. You get a good return, but you're annihilating your shareholders because when you go to sell that airplane in 10-12 years' time, the value of the aircraft will have dropped, meaning those earnings were artificially inflated."

Becoming publicly listed has been "great", he adds. "Having a currency to acquire companies can be a huge advantage over cash, as we benefit from deeper pools of capital and the seller can participate in the upside."

Sophie Segal



BillyPax

AerCap has seen huge growth

**"An advantage of our scale is that we have access to more market intelligence"**

AENGUS KELLY  
Chief executive, AerCap

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