

Unaudited Consolidated Statements of Income

(In thousands, except per share data)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2019	2018	% Change	2019	2018	% Change
REVENUE						
Lease rent revenue	\$ 49,090	\$ 46,984	4.5 %	\$ 142,484	\$ 129,710	9.8 %
Maintenance reserve revenue	39,173	19,370	102.2 %	90,998	56,855	60.1 %
Spare parts and equipment sales (1)	24,409	11,529	111.7 %	56,497	36,168	56.2 %
Gain on sale of leased equipment (1)	4,589	1,065	330.9 %	19,279	1,662	1,060.0 %
Other revenue	3,105	2,010	54.5 %	10,674	5,762	85.2 %
Total revenue	<u>120,366</u>	<u>80,958</u>	48.7 %	<u>319,932</u>	<u>230,157</u>	39.0 %
EXPENSES						
Depreciation and amortization expense	22,736	19,861	14.5 %	63,037	55,600	13.4 %
Cost of spare parts and equipment sales (1)	20,195	8,832	128.7 %	47,192	30,524	54.6 %
Write-down of equipment	6,954	1,215	472.3 %	11,321	4,793	136.2 %
General and administrative	23,257	18,124	28.3 %	66,086	50,517	30.8 %
Technical expense	1,739	2,290	(24.1) %	4,934	9,199	(46.4) %
Net finance costs:						
Interest expense	16,572	17,885	(7.3) %	51,232	46,617	9.9 %
Loss on debt extinguishment	—	—	— %	220	—	100.0 %
Total net finance costs	<u>16,572</u>	<u>17,885</u>	(7.3) %	<u>51,452</u>	<u>46,617</u>	10.4 %
Total expenses	<u>91,453</u>	<u>68,207</u>	34.1 %	<u>244,022</u>	<u>197,250</u>	23.7 %
Earnings from operations	28,913	12,751	126.8 %	75,910	32,907	130.7 %
Earnings from joint ventures	2,165	506	327.9 %	4,787	1,569	205.1 %
Income before income taxes	<u>31,078</u>	<u>13,257</u>	134.4 %	<u>80,697</u>	<u>34,476</u>	134.1 %
Income tax expense	7,005	3,583	95.5 %	18,771	9,359	100.6 %
Net income	<u>24,073</u>	<u>9,674</u>	148.8 %	<u>61,926</u>	<u>25,117</u>	146.6 %

Preferred stock dividends	820	819	0.1 %	2,431	2,431	—%
Accretion of preferred stock issuance costs	21	21	—%	63	62	1.6 %
Net income attributable to common shareholders	<u>\$ 23,232</u>	<u>\$ 8,834</u>	163.0 %	<u>\$ 59,432</u>	<u>\$ 22,624</u>	162.7 %
Basic weighted average earnings per common share	\$ 3.97	\$ 1.50		\$ 10.19	\$ 3.80	
Diluted weighted average earnings per common share	\$ 3.81	\$ 1.47		\$ 9.83	\$ 3.72	
Basic weighted average common shares outstanding	5,847	5,900		5,831	5,960	
Diluted weighted average common shares outstanding	6,094	6,004		6,045	6,083	

(1) Effective January 1, 2018, the Company adopted Accounting Standards Codification (“ASC”) 606 – “Revenue from Contracts with Customers” and has identified the sale of parts from engines previously transferred from the lease portfolio to the Spare Parts segment as sales to customers of the reporting entity. As such, the Company presents the sale of these assets on a gross basis and has reclassified the three and nine months ended September 30, 2018 gross revenue and costs of sale to the Spare parts and equipment sales and Cost of spare parts and equipment sales line items from the net gain (loss) presentation within the Gain on sale of leased equipment line item. For the three months ended September 30, 2018, the reclassification resulted in an increase in Spare parts and equipment sales of \$3.2 million, a decrease in Gain on sale of leased equipment of \$0.2 million and an increase in Cost of spare parts and equipment sales of \$3.0 million with no impact to the Company's net income. For the nine months ended September 30, 2018, the reclassification resulted in an increase in Spare parts and equipment sales of \$14.5 million, a decrease in Gain on sale of leased equipment of \$0.5 million and an increase in Cost of spare parts and equipment sales of \$14.0 million with no impact to the Company's net income.