
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report: **March 10, 2017**

Willis Lease Finance Corporation
(Exact Name of Registrant as Specified in Charter)

Delaware
(State or Other Jurisdiction
of Incorporation)

001-15369
(Commission File
Number)

68-0070656
(I.R.S. Employer
Identification Number)

773 San Marin Drive, Suite 2215
Novato, California 94998
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: **(415) 408-4700**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02(a) Results of Operations and Financial Condition
Item 7.01 Regulation FD Disclosure

The following information and exhibit are furnished pursuant to Item 2.02(a), “Results of Operations and Financial Condition” and Item 7.01, “Regulation FD Disclosure”. This information shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

On March 10, 2017, the Company issued a news release setting forth the Company’s results from operations for the three months and twelve months ended December 31, 2016 and financial condition as of December 31, 2016. A copy of the news release is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Item 9.01 Financial Statements & Exhibits

The Company hereby furnishes the following exhibit pursuant to Item 2.02(a), “Results of Operations and Financial Condition” and Item 7.01, “Regulation FD Disclosure”.

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 99.1 | News Release issued by Willis Lease Finance Corporation dated March 10, 2017. |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned duly authorized officer.

Dated March 13, 2017

WILLIS LEASE FINANCE CORPORATION

By: /s/ Scott B. Flaherty
Scott B. Flaherty
Senior Vice President
and Chief Financial Officer



NEWS RELEASE

CONTACT: Scott B. Flaherty
Chief Financial Officer
(415) 408-4700

Willis Lease Finance Reports 2016 Pre-tax Profit Up 87.4% to \$23.9 Million

NOVATO, CA — March 10, 2017 — Willis Lease Finance Corporation (NASDAQ: WLFC) today reported pre-tax earnings for 2016 of \$23.9 million, up 87.4% from \$12.8 million in 2015, on record revenue of \$207.3 million. Net income attributable to common shareholders for 2016 was \$13.8 million, or \$2.05 per diluted share, compared to \$6.5 million, or \$0.81 per diluted share in 2015. Fourth quarter 2016 net income attributable to common shareholders was \$2.4 million, compared to \$3.0 million in 2015, or \$0.39 per diluted share in both periods. Fourth quarter 2016 results were impacted by a \$3.6 million non-cash write down as compared to a \$0.6 million non-cash write down in the fourth quarter 2015.

“I am very pleased that on a pre-tax basis our financial performance in 2016 was our most profitable since 2009,” said Charles F. Willis, Chairman and CEO. “Our fourth quarter and full year results reflect a combination of improved utilization, growth in the lease portfolio and the continued effective management of our assets—all contributing to record total revenues of over \$207 million. We also broadened our sources of equity through the issuance of preferred equity, which will serve our growth plans well.”

“In addition to delivering solid financial results, the Company achieved a number of objectives in 2016 that position us well for the future,” said Brian R. Hole, President. “We amended both of our principal debt facilities, improving the flexibility and capacity of our ability to borrow and to manage our portfolio. We also formed Willis Asset Management Limited to purchase the consultancy business of Total Engine Support Limited and we now own and manage almost 800 engines, making us the largest independent owner and manager of engines in the world. We expect that the capabilities of the people and systems at WAM will help us develop and deliver cutting edge programs for our customers,” explained Hole.

2016 Highlights (at or for the periods ended December 31, 2016 as compared to December 31, 2015):

- Pre-tax earnings increased 87.4% to \$23.9 million in 2016 from \$12.8 million in 2015.
 - Average utilization in the fourth quarter was sustained at 92% up from 91% reported for the year ago period.
 - Total revenues grew 4.7% to \$207.3 million in 2016, fueled primarily by a growing lease portfolio, higher portfolio utilization and rising lease rates.
 - Lease rent revenues grew 11.0% to \$119.9 million and 8.0% to \$31.2 million for the full year and fourth quarter of 2016, respectively.
 - The equipment portfolio grew 2.5% in 2016 to \$1.137 billion from \$1.109 billion a year ago.
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- The Company purchased \$149 million of equipment in 2016 as compared to \$171 million in 2015. In the fourth quarter of 2016, the Company purchased two aircraft and fourteen engines for \$64 million.
- Tangible book value per share increased 10.6% to \$30.66 at December 31, 2016, compared to \$27.72 a year ago.
- We repurchased a total of 1.2 million shares in 2016 at a weighted average price of \$23.71 per share. The Company repurchased 153,925 shares in the fourth quarter.
- On October 14, 2016, the Company issued \$20.0 million of 6.5% Series A Preferred Stock.
- On October 26, 2016, through its wholly owned subsidiary Willis Asset Management Limited, the Company purchased the consultancy business of Total Engine Support Limited, significantly improving the Company's asset management service offering and growing the Company's owned and managed portfolio of engines, aircraft and equipment by over 500 assets.

"We believe we have a unique service offering in leasing, trading and asset management, materials and technical services, which customers are beginning to leverage," said Hole. "There is a lot of competition in our markets but none that offers our full complement of products and services combined with our decades-long track record of delivering on promises. We will continue to emphasize creativity and reliability as we grow the business going forward."

Balance Sheet

As of December 31, 2016, Willis Lease had 208 commercial aircraft engines, 11 aircraft and 5 aircraft parts packages and other engine-related equipment in its lease portfolio, with a net book value of \$1.137 billion, compared to 201 commercial aircraft engines, 10 aircraft and 5 aircraft parts packages and other engine-related equipment in its lease portfolio, with a net book value of \$1.109 billion, a year ago. The Company's funded debt-to-equity ratio was 4.17 to 1 at year end, compared to 4.14 to 1 a year ago.

Willis Lease Finance

Willis Lease Finance Corporation leases large and regional spare commercial aircraft engines, auxiliary power units and aircraft to airlines, aircraft engine manufacturers and maintenance, repair and overhaul providers in 120 countries. These leasing activities are integrated with engine and aircraft trading, engine lease pools and asset management services supported by cutting edge technology through its subsidiary Willis Asset Management, as well as various end-of-life solutions for aircraft, engines and aviation materials provided through its subsidiary, Willis Aeronautical Services, Inc.

Except for historical information, the matters discussed in this press release contain forward-looking statements that involve risks and uncertainties. Do not unduly rely on forward-looking statements, which give only expectations about the future and are not guarantees. Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update them. Our actual results may differ materially from the results discussed in forward-looking statements. Factors that might cause such a difference include, but are not limited to: the effects on the airline industry and the global economy of events such as terrorist activity, changes in oil prices and other disruptions to the world markets; trends in the airline industry and our ability to capitalize on those trends, including growth rates of markets and other economic factors; risks associated with owning and leasing jet engines and aircraft; our ability to successfully negotiate equipment purchases, sales and leases, to collect outstanding amounts due and to control costs and expenses; changes in interest rates and availability of capital, both to us and our customers; our ability to continue to meet the changing customer demands; regulatory changes affecting airline operations, aircraft maintenance, accounting standards and taxes; the market value of engines and other assets in our portfolio; and risks detailed in the Company's Annual Report on Form 10-K and other continuing reports filed with the Securities and Exchange Commission.

Consolidated Statements of Income

(In thousands, except per share data, unaudited)

| | Three Months Ended December 31, | | % Change | Years Ended December 31, | | % Change |
|--|------------------------------------|-----------------|-------------|-----------------------------|-----------------|-------------|
| | 2016 | 2015 | | 2016 | 2015 | |
| REVENUE | | | | | | |
| Lease rent revenue | \$ 31,168 | \$ 28,849 | 8.0% | \$ 119,895 | \$ 108,046 | 11.0% |
| Maintenance reserve revenue | 11,529 | 14,361 | (19.7)% | 57,091 | 53,396 | 6.9% |
| Spare parts and equipment sales | 7,318 | 10,582 | (30.8)% | 17,783 | 25,582 | (30.5)% |
| Gain on sale of leased equipment | 52 | 654 | (92.0)% | 3,482 | 8,320 | (58.1)% |
| Other revenue | 5,409 | 739 | 631.9% | 9,023 | 2,718 | 232.0% |
| Total revenue | <u>55,476</u> | <u>55,185</u> | 0.5% | <u>207,274</u> | <u>198,062</u> | 4.7% |
| EXPENSES | | | | | | |
| Depreciation and amortization expense | 17,045 | 17,034 | 0.1% | 66,280 | 69,424 | (4.5)% |
| Cost of spare parts and equipment sales | 5,508 | 7,630 | (27.8)% | 13,293 | 17,849 | (25.5)% |
| Write-down of equipment | 3,590 | 601 | 497.3% | 9,514 | 9,181 | 3.6% |
| General and administrative | 13,086 | 11,918 | 9.8% | 47,780 | 42,744 | 11.8% |
| Technical expense | 2,080 | 1,567 | 32.7% | 6,993 | 9,403 | (25.6)% |
| Net finance costs | | | | | | |
| Interest expense | 10,509 | 9,780 | 7.5% | 41,144 | 39,012 | 5.5% |
| Loss (gain) on extinguishment of debt | — | — | 0.0% | 137 | (1,151) | (111.9)% |
| Total net finance costs | <u>10,509</u> | <u>9,780</u> | 7.5% | <u>41,281</u> | <u>37,861</u> | 9.0% |
| Total expenses | <u>51,818</u> | <u>48,530</u> | 6.8% | <u>185,141</u> | <u>186,462</u> | (0.7)% |
| Earnings from operations | 3,658 | 6,655 | (45.0)% | 22,133 | 11,600 | 90.8% |
| Earnings from joint ventures | <u>939</u> | <u>48</u> | n/a | <u>1,813</u> | <u>1,175</u> | 54.3% |
| Income before income taxes | 4,597 | 6,703 | (31.4)% | 23,946 | 12,775 | 87.4% |
| Income tax expense | <u>1,890</u> | <u>3,659</u> | (48.3)% | <u>9,877</u> | <u>6,315</u> | 56.4% |
| Net income | \$ <u>2,707</u> | \$ <u>3,044</u> | (11.1)% | \$ <u>14,069</u> | \$ <u>6,460</u> | 117.8% |
| Accretion of preferred stock issuance costs | 8 | — | 100.0% | 8 | — | 100.0% |
| Preferred stock dividends | <u>281</u> | <u>—</u> | 100.0% | <u>281</u> | <u>—</u> | 100.0% |
| Net income attributable to common shareholders | \$ <u>2,418</u> | \$ <u>3,044</u> | (20.6)% | \$ <u>13,780</u> | \$ <u>6,460</u> | 113.3% |
| Basic earnings per common share | \$ <u>0.39</u> | \$ <u>0.39</u> | | \$ <u>2.10</u> | \$ <u>0.83</u> | |
| Diluted earnings per common share | \$ <u>0.39</u> | \$ <u>0.39</u> | | \$ <u>2.05</u> | \$ <u>0.81</u> | |
| Average common shares outstanding | 6,149 | 7,739 | | 6,570 | 7,817 | |
| Diluted average common shares outstanding | 6,275 | 7,872 | | 6,714 | 7,987 | |

Consolidated Balance Sheets*(In thousands, except share data, unaudited)*

| | <u>December 31, 2016</u> | <u>December 31, 2015</u> |
|---|--------------------------|--------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 10,076 | \$ 9,732 |
| Restricted cash | 22,298 | 33,026 |
| Equipment held for operating lease, less accumulated depreciation | 1,136,603 | 1,109,168 |
| Maintenance rights | 17,670 | 12,140 |
| Equipment held for sale | 30,710 | 23,454 |
| Operating lease related receivable, net of allowances | 16,484 | 13,626 |
| Spare parts inventory | 25,443 | 20,826 |
| Investments | 45,406 | 41,295 |
| Property, equipment & furnishings, less accumulated depreciation | 16,802 | 20,247 |
| Intangibles assets, net | 2,182 | 932 |
| Other assets | 14,213 | 9,839 |
| Total assets | <u>\$ 1,337,887</u> | <u>\$ 1,294,285</u> |
| LIABILITIES, REDEEMABLE PREFERRED STOCK AND SHAREHOLDERS' EQUITY | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 17,792 | \$ 21,665 |
| Deferred income taxes | 104,978 | 96,154 |
| Notes payable | 900,255 | 866,089 |
| Maintenance reserves | 71,602 | 71,054 |
| Security deposits | 21,417 | 25,010 |
| Unearned lease revenue | 5,823 | 5,090 |
| Total liabilities | <u>1,121,867</u> | <u>1,085,062</u> |
| Redeemable preferred stock (\$0.01 par value) | 19,760 | — |
| Shareholders' equity: | | |
| Common stock (\$0.01 par value) | 64 | 75 |
| Paid-in capital in excess of par | 2,512 | 28,720 |
| Retained earnings | 194,729 | 180,949 |
| Accumulated other comprehensive loss, net of tax | (1,045) | (521) |
| Total shareholders' equity | <u>196,260</u> | <u>209,223</u> |
| Total liabilities, redeemable preferred stock and shareholders' equity | <u>\$ 1,337,887</u> | <u>\$ 1,294,285</u> |

Consolidated Statements of Income (Loss)
(In thousands, except per share data, unaudited)

| | Years Ended December 31, | | | | |
|--|-----------------------------|-----------------|-----------------|------------------|-------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| REVENUE | | | | | |
| Lease rent revenue | \$ 119,895 | \$ 108,046 | \$ 101,431 | \$ 101,737 | \$ 108,046 |
| Maintenance reserve revenue | 57,091 | 53,396 | 53,322 | 46,694 | 53,396 |
| Spare parts and equipment sales | 17,783 | 25,582 | 8,917 | — | 25,582 |
| Gain on sale of leased equipment | 3,482 | 8,320 | 5,882 | 5,675 | 8,320 |
| Other revenue | 9,023 | 2,718 | 4,506 | 4,306 | 2,718 |
| Total revenue | 207,274 | 198,062 | 174,058 | 158,412 | 198,062 |
| EXPENSES | | | | | |
| Depreciation and amortization expense | 66,280 | 69,424 | 65,314 | 58,727 | 69,424 |
| Cost of spare parts and equipment sales | 13,293 | 17,849 | 7,474 | — | 17,849 |
| Write-down of equipment | 9,514 | 9,181 | 5,602 | 6,461 | 9,181 |
| General and administrative | 47,780 | 42,744 | 35,859 | 33,868 | 42,744 |
| Technical expense | 6,993 | 9,403 | 12,336 | 12,863 | 9,403 |
| Net finance costs | | | | | |
| Interest expense | 41,144 | 39,012 | 37,062 | 38,719 | 31,669 |
| Loss (gain) on extinguishment of debt | 137 | (1,151) | — | — | 15,462 |
| Total net finance costs | 41,281 | 37,861 | 37,062 | 38,719 | 47,131 |
| Total expenses | 185,141 | 186,462 | 163,647 | 150,638 | 195,732 |
| Earnings from operations | 22,133 | 11,600 | 10,411 | 7,774 | 937 |
| Earnings from joint ventures | 1,813 | 1,175 | 1,329 | 3,526 | 1,759 |
| Income before income taxes | 23,946 | 12,775 | 11,740 | 11,300 | 2,696 |
| Income tax expense | 9,877 | 6,315 | 4,560 | (4,326) | 1,161 |
| Net income | \$ 14,069 | \$ 6,460 | \$ 7,180 | \$ 15,626 | \$ 1,535 |
| Accretion of preferred stock issuance costs | 8 | — | — | — | — |
| Preferred stock dividends | 281 | — | — | — | 2,493 |
| Preferred stock redemption costs | — | — | — | — | 2,835 |
| Net income (loss) attributable to common shareholders | \$ 13,780 | \$ 6,460 | \$ 7,180 | \$ 15,626 | \$ (3,793) |
| Basic earnings (loss) per common share | \$ 2.10 | \$ 0.83 | \$ 0.91 | \$ 1.95 | \$ (0.45) |
| Diluted earnings (loss) per common share | \$ 2.05 | \$ 0.81 | \$ 0.88 | \$ 1.89 | \$ (0.43) |
| Average common shares outstanding | 6,570 | 7,817 | 7,917 | 8,029 | 8,490 |
| Diluted average common shares outstanding | 6,714 | 7,987 | 8,141 | 8,289 | 8,791 |