# AerCap Holdings N.V.

## First Quarter 2009 Earnings Call

May 7, 2009

Pride • Dream • Passion

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# First Quarter Financial 2009 Highlights

- Net income was $31.5 million for first quarter 2009, exclusive of non-cash charges relating to mark-to-market of interest rate caps and share-based compensation
- Earnings per share for first quarter 2009 were $0.37 on the same basis
- Basic rents in first quarter 2009 increased 12% from first quarter 2008, while interest expense excluding the mark-to-market of interest rate caps declined by 29%
  - Net spread, the difference between basic rents and the adjusted interest expense, was $112.5 million in first quarter 2009, an increase of 31%
- Total assets were $5.8 billion as of March 31, 2009, up 26% from March 31, 2008
- Aviation assets purchased and delivered in 1Q 2009 were $0.3 billion

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# Aircraft and Engine Transactions During First Quarter 2009

- 8 *new aircraft lease agreements & letters-of-intent* executed
- 13 aircraft and 8 engines *delivered to lessees*
- 10 aircraft and 4 engines *purchased*
- 4 engines *sold* from our owned portfolio



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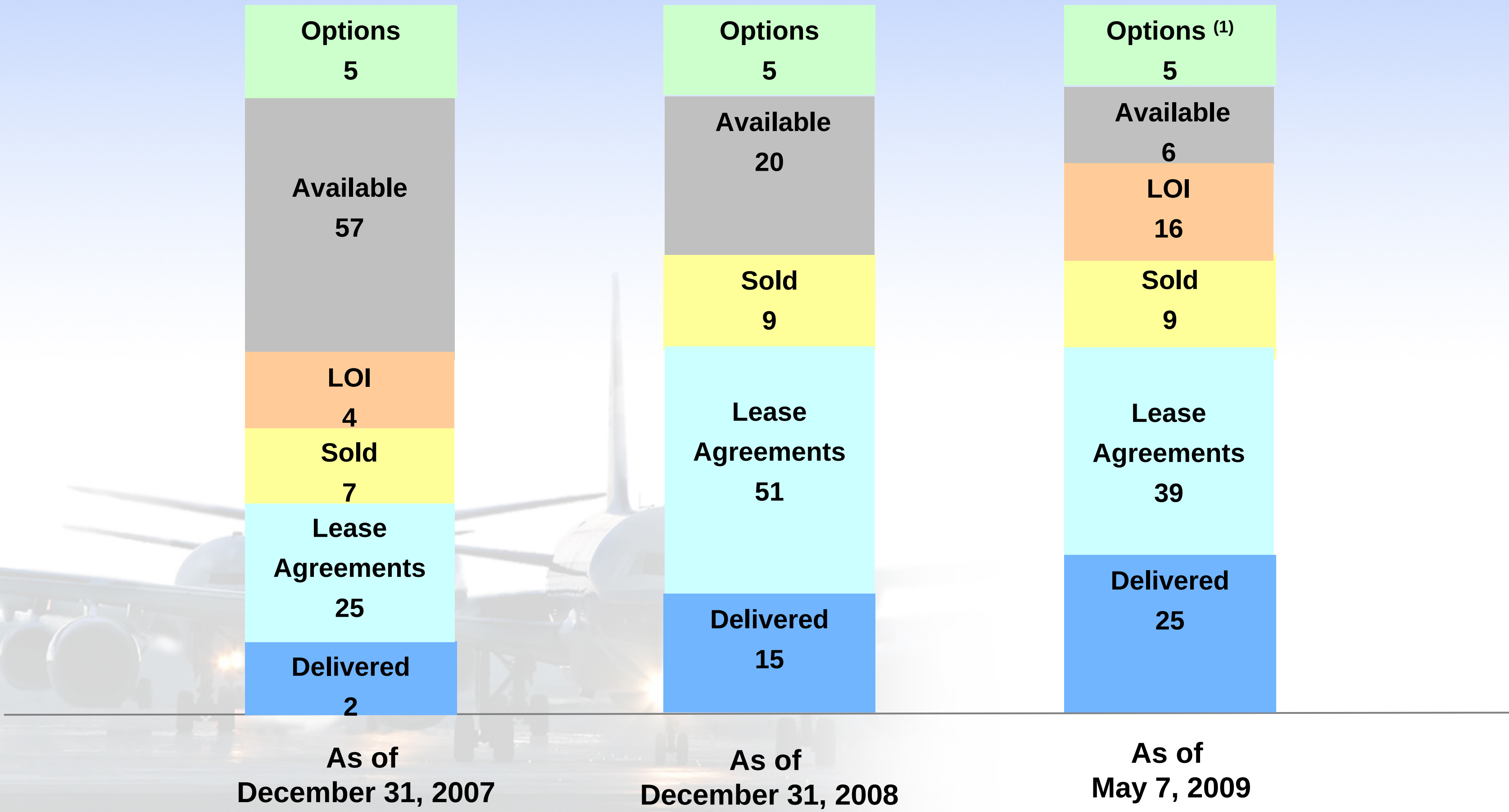
# Forward Order Aircraft




**51 Aircraft Placed Since 2007 with Only 6 Remaining**

(1) Options have expired

# AerVenture Update

- During March 2009, our joint venture partner in AerVenture failed to make a capital contribution of $80 million as required under the joint venture agreement
- Under the terms of the agreement, our joint venture partner lost its voting rights and economic rights in AerVenture with the exception of certain rights to limited residual payments upon liquidation of AerVenture
- All directors representing our joint venture partner were automatically removed from the AerVenture Board
- AerCap now controls AerVenture and appoints all directors
- AerVenture continues to be fully consolidated by AerCap and now receives all economic benefits



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# Net Income

| ($ Million) | 1Q 2008 | 1Q 2009 |
|---|---|---|
| Total Net Income | 50.9 | 30.0 |
| Mark-to-market on interest rate caps | 7.6 | 0.7 |
| Share-based compensation | 1.4 | 0.8 |
| Net Income excluding above charges | 59.9 | 31.5* |

* Decrease in first quarter 2009 net income as compared to first quarter 2008 explained on following page

# Net Income Drivers

**($Million – Amounts are After-Tax)**

| | 1Q 2008 | 1Q 2009 | Variance |
|---|---|---|---|
| Gain from Asset Sales | 30.0 | 7.7 | (22.3) |
| Impairments | 0.0 | (6.8) | (6.8) |
| Impact from 2008 Defaults | 0.0 | (6.4) | (6.4) |
| All Other Income (Up 24%) | 29.9 | 37.0 | 7.1 |
| Total Net Income* | 59.9 | 31.5 | (28.4) |

*** Excludes non-cash charges relating to the mark-to-market of interest rate caps**

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# Earnings Per Share

| | 1Q 2008 | 1Q 2009 |
|---|---|---|
| **Earnings Per Share*** | **$0.60** | **$0.35** |
| Adjusted for: mark-to-market on interest rate caps and share based compensation | 0.11 | 0.02 |
| **Earnings Per Share excluding above charges*** | **$0.71** | **$0.37** |
| **Average Shares Outstanding (Million)** | **85.0** | **85.0** |

# Total Revenue

($ Million)

| | 1Q 2008 | 1Q 2009 |
|---|---|---|
| Basic Lease Rents | 127 | 142 |
| Maintenance/End-of-Lease Revenue | 17 | 20 |
| Sales Revenue | 143 | 42 |
| Management Fees and Interest Income | 8 | 5 |
| Other Revenue | 0 | 0 |
| **Total Revenue** | 295 | 209 |

Basic rents up 12% over first quarter 2008



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# Net Spread (Margin)

| ($ Million) | 1Q 2008 | 1Q 2009 | % Change |
|---|---|---|---|
| Basic Lease Rents | 127 | 142 | 12% |
| Less: Interest Expense* | (41) | (29) | (29%) |
| Net Spread (Margin) | 86 | 113 | 31% |
| Average Lease Assets | 3,290 | 4,145 | 26% |
| Annualized Margin(% Lease Assets) | 10.4% | 10.9% | |

* Excludes non-cash charges relating to the mark-to-market of interest rate caps

# Sales Revenue

| ($ Million) | 1Q 2008 | 1Q 2009 |
|---|---|---|
| Aircraft Sales | 118 | - |
| Engine Sales | - | 11 |
| Part Sales | 25 | 31 |
| Total Sales Revenue | 143 | 42 |
| Total Gain from Sales | 32 | 8 |

# Leasing Expenses and SG&A

| ($ Million) | 1Q 2008 | 1Q 2009 | % Change |
|---|---|---|---|
| Operating lease in costs | 3.6 | 3.3 | (8%) |
| Leasing expenses | 6.4 | 19.2* | 200% |
| SG&A | 30.6 | 27.2** | (11%) |
| Total Leasing expenses and SG&A | 40.6 | 49.7 | 22% |

* Increase in Leasing Expenses was caused primarily by airline defaults that occurred in 2008, lessee transitions and maintenance events

** SG&A expenses in first quarter 2009 included a charge of $2.8 million relating to a mark-to-market on a currency hedge

# Impairment Charges offset by End-of-Lease Payments

*Numbers Relate to Three Older A320 Aircraft*

**($ Million)**

| | Dec. 31, 2008 | Mar. 31, 2009 |
|---|---|---|
| **Expected Future Cash Flows** | | |
| - End of Lease Payments | 7.2 | 0.0 |
| - Remaining Rentals/Residual Value | 29.0 | 28.3 |
| **Total Future Expected Cash Flows** | 36.2 | 28.3 |
| Net Book Value | 32.9 | 25.3* |
| **Excess Cash Flows vs. NBV** | 3.3 | 3.0 |

**End of Lease Payments of $7.2 Million Received in 1Q 2009 (part of Revenues), Offsetting Impairment Charges**

*** NBV decrease of $7.6 million driven by normal depreciation charges of $0.4 million plus $7.2 million impairment charge**



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# Impact from Defaults & Restructuring

**($ Millions)**

| | **2008 Total** | **1Q 2009** |
|---|---|---|
| **Lost Basic Lease Rents (Net of Security Deposits)** | **(14)** | **(2)** |
| **Provision for Doubtful Accounts Receivable** | **(1)** | **0** |
| **Maintenance Rents** | **12** | **0** |
| **Leasing Expenses** | **(15)** | **(6)** |
| **Total** | **(18)** | **(8)** |

**Accounting Specifics**

- **Security deposits are applied against past-due rents, reducing impact from lost rents**
- **Maintenance rents held are recorded as revenue upon lease termination**
- **Costs are expensed as incurred**

# Tax Rate

| | FY 2008 | 1Q 2009 |
|---|---|---|
| Tax Rate for Aircraft | 2.0% Charge | 2.3% Charge |
| Tax Rate for Engine/Parts | (56.8%) Income | 34.8% Charge |
| Blended Tax Rate | (0.3%) Income | 5.2% Charge |

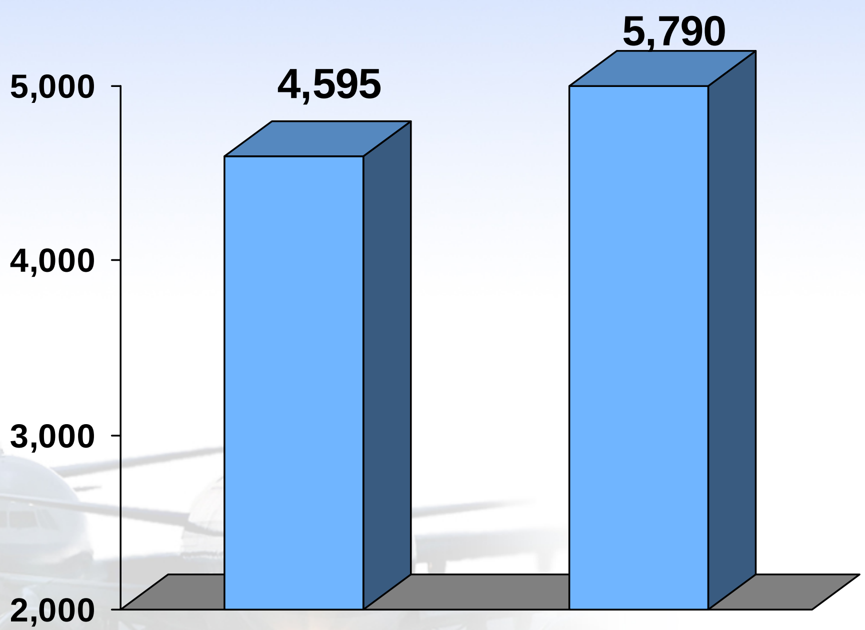
**Note: The tax income in 2008 resulted because the most significant portion of the charges relating to airline defaults and inventory impairments occurred in the higher tax rate jurisdictions, and the most significant portion of pre-tax earnings occurred in the lower tax rate jurisdictions.**

# Total Assets and Number of Aircraft/Engines

| | 1Q 2008 | 1Q 2009 |
|---|---|---|

**($ Million)**

**Total Assets Owned and on Balance Sheet**




**26% increase over 1Q 2008**

| | 1Q 2008 | 1Q 2009 |
|---|---|---|
| **Number of Aircraft** Owned, On Order, Managed, Contracted, on LOI (units) | 320 | 295 |
| **Number of Engines** Owned, Contracted, on LOI (units) | 71 | 78 |

**Decrease in units largely driven by sales of aircraft and expiration of 5 options for forward order aircraft**

# Purchases of Aviation Assets

| ($ Million) | 1Q 2009 | Committed 2009 |
|---|---|---|
| **Aircraft Related** | 326 | 1,735 |
| **Engines/Airframes** | 17 | 17 |
| **Total Purchases** | **343** | **1,752** |
| **Number of Aircraft Purchases (Units)** | **10** | **37** |

# Aircraft Portfolio Valuation (as of March 31, 2009)

| ($ Billion) | Carrying Value or Price Paid | External Appraisers | Difference/ Appraisers Value* |
|---|---|---|---|
| A320 Family, A330s, & B737NGs (~95% of Portfolio) | 6.53 | 7.90 | 17% |
| B757s, B767s, A300s (~3.0% of Portfolio) | 0.17 | 0.20 | 15% |
| B737 Classics and All Others (~2.0% of Portfolio) | 0.16 | 0.18 | 11% |
| Total Aircraft Assets | 6.86 | 8.28 | 17% |

**Notes:**

- Based on data provided by external appraisers as of March 31, 2009 (Ascend, BK Associates, AISI, IBA)
- Includes AerCap's currently owned aircraft plus forward orders (discounted to present)
- Includes 100% of AerVenture

* Percentages based on difference in values divided by appraisers values

# Portfolio Management Metrics Owned Aircraft

| Lease Portfolio | FY 2008 | March YTD 2009 |
|---|---|---|
| Utilization Rate | 97.7% | 97.8% |
| Portfolio Yield* | 16.9% | 15.6% |
| Average Term (Months) | | |
| – New Leases for New Aircraft | 124 | 120** |
| – New Leases for Used Aircraft | 65 | 45*** |

* Lease revenue divided by average book value of flight equipment

** Reflects 2 LOIs for new aircraft leases signed during 1Q 2009

*** Reflects 2 lease agreements and 3 LOIs for used aircraft leases signed during 1Q 2009

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# Debt and Equity

($ Million)

| | 1Q 2008 | 1Q 2009 |
|---|---|---|
| Total Debt | 3,044 | 4,134 |
| Average Cost of Debt in First Quarter* | 5.4% | 2.8% |
| Equity | 1,033 | 1,161 |
| Debt / Equity Ratio | 3.0 to 1 | 3.6 to 1** |

* Interest expense divided by average debt balance, excluding mark-to-market on interest rate caps

** Debt/Equity ratio is 3.3 to 1 if subordinated debt of $63 million received from JV partner is treated as equity

# Recent Funding/Cash Initiatives

- An $846 million funding arrangement utilizing European Export Credit Agency guarantees was closed in first quarter 2009 to finance 20 A320 aircraft delivering 2009 through 2011
- $106 million of financing for pre-delivery payments on four A330s was closed in first quarter 2009
- ~$75 million of additional liquidity is expected by the signing of a term sheet in March 2009 with a bank to provide financing for pre-delivery payments on 11 A330s and also to refinance one other aircraft in our existing fleet
- $11 million of additional unrestricted cash was generated by the sale of two A321 aircraft in April 2009

# Funding/Access to Capital

| Cash ($ Million) | 1Q 2009 |
| --- | --- |
| Cash and Cash Equivalents at March 31, 2009 | $175 |
| Total Cash Balance at March 31, 2009 | $320 |
| Operating Cash Flow for 1Q 2009 | $111 |

| Total Capital Needs ($ Billion) | '09/'10 | '09-'13 |
| --- | --- | --- |
| Pre-Delivery & Final Delivery Payment Obligations | $3.22 | $4.02 |
| Less: Committed Debt & Cash Plus Cash Initiatives in Process | $3.08 | $3.04 |
| Remaining Debt and Cash Needs* | $ 0.14 | $0.98 |

* $700 million of the remaining capital needs is term debt and $280 million is cash/equity ($140 million in '09/'10 and $140 million in '11-'13)

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# 2009 Financial Outlook

**The financial markets and access to capital remain uncertain and volatile. As a result, AerCap's 2009 financial outlook is less certain than in years past, particularly given the increasing stresses imposed by the global economic climate on the financial conditions of many of our business partners, competitors and contract counterparties. Notwithstanding the foregoing, set forth below are the anticipated drivers for AerCap's 2009 financial performance, which are subject to change, in light of the highly fluid market conditions.**

- **Purchases of aviation assets in all of 2009 expected to be ~$1.8 billion**
- **2009 basic lease revenue expected to increase 15% or more over 2008**
- **2009 gain from aircraft sales and other revenue relating to forward position sales expected to be 30% or more lower vs. 2008**
- **2009 average cost of debt expected to be ~3.0%**
- **2009 blended tax rate expected to be ~6%**
- **2009 ROE expected to be ~15%, due mostly to lower gain from sales and the impact of airline defaults**



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# Appendix

# High Quality and Well Diversified Portfolio

**Aircraft Portfolio as of March 31, 2009**

| | Owned Portfolio | | Managed Portfolio | | | |
|---|---|---|---|---|---|---|
| | Number of Aircraft Owned | % Net Book Value at 31 March, 2009 | Number of Aircraft | Number of Aircraft on Order | Number of Aircraft under Purchase Contract and letter of Intent | Total Owned, Managed and Ordered Aircraft |
| Airbus A300 Freighter | 1 | 0.7% | - | - | - | **1** |
| Airbus A319 | 18 | 13.5% | - | 6 | - | **24** |
| Airbus A320 | 69 | 41.7% | 14 | 33 | | **116** |
| Airbus A321 | 18 | 13.0% | 1 | 3 | - | **22** |
| Airbus A330 | 5 | 5.7% | - | 28 | - | **33** |
| Boeing 737 Classic | 15 | 3.2% | 30 | - | 1 | **46** |
| Boeing 737 NG | 18 | 14.2% | - | - | 3 | **21** |
| Boeing 757 | 11 | 3.6% | 3 | - | - | **14** |
| Boeing 767 | 6 | 3.3% | 2 | - | - | **8** |
| MD 11 Freighter | 1 | 0.8% | 1 | - | - | **2** |
| MD-82 | 2 | 0.1% | 1 | - | - | **3** |
| MD-83 | 4 | 0.3% | 1 | - | - | **5** |
| **Total** | **168** | **100.0%** | **53** | **70** | **4** | **295** |

- 90% narrowbody – “Work Horses” of industry
- High share of liquid / remarket-able aircraft
- Average age of owned aircraft fleet 7.0 years
- 78 engines in portfolio, as of March 31, 2009, incl. 1 on order
  - CFM56 engines, one of the most widely used engines in the commercial aviation industry, represented 66% of our engine portfolio

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