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# ***First Quarter 2017 Financial Results***

**AerCap Holdings N.V.**

**May 9, 2017**

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*Due to rounding, numbers presented throughout this document may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.*



*AerCap is the global leader in aircraft leasing*

-  **Resilient** industry fundamentals
-  **Global** platform with **unmatched breadth and reach**
-  **Strong earnings** and **cash flow generation**
-  **Disciplined** portfolio management
-  **Strong liquidity** and **access to capital**
-  **Hedging strategies** to mitigate risk
-  **Highly experienced management team** with deep industry expertise

## Financial Results

### Net Income

(\$ million)	1Q 2017
Net Income	261.2

### Diluted Earnings Per Share

(\$)	1Q 2017
Diluted EPS	1.48

Note: Net Income & Diluted EPS include the cost for the amortization of the maintenance rights asset (not adjusted)

## Highlights

- **105 aircraft transactions**, including **22 widebody** transactions
- **99.7% fleet utilization**
- **7.3 years average age of owned fleet** and **6.5 years average remaining lease term**
- Signed **financing transactions** for **\$7.2 billion**
- **\$9.5 billion** of available **liquidity**
- **2.7 to 1** adjusted **debt/equity** ratio
- Upgraded to **investment grade rating** by Moody's
- **\$51.20 book value** per share
- **Repurchased 6.6 million shares** in 1Q 2017 for \$293 million and 9.5 million shares year to date through May 5, 2017 for \$427 million
- New **\$300 million** share repurchase program authorized, which will run through September 30, 2017

(\$ million)	1Q 2017	1Q 2016
<b>Net Income</b>	<b>261.2</b>	<b>223.1</b>

## Key Highlights

- 1Q 2017 net income up significantly over 1Q 2016 (+17%) primarily driven by higher gain on sale of assets and lower maintenance rights expense, partially offset by lower income as a result of the sale of mid-life and older aircraft, which reduced average lease assets

## Components of Net Income

(After tax, in \$ million)	1Q 2017	1Q 2016
<b>Gain on sale of assets</b>	<b>41.4</b>	<b>16.7</b>
<b>AeroTurbine results, including restructuring related expenses</b>	<b>(13.6)</b>	<b>(25.5)</b>
<b>Maintenance rights amortization impact<sup>1</sup></b>	<b>(10.3)</b>	<b>(43.3)</b>
<b>All other earnings</b>	<b>243.7</b>	<b>275.2</b>
<b>Net Income</b>	<b>261.2</b>	<b>223.1</b>

(1) Represents the difference between the amortization cost of the maintenance rights asset as compared to depreciation expense if this asset had been classified as flight equipment. Please refer to slide 15 for additional detail regarding the maintenance rights amortization impact.

(\$)	1Q 2017	1Q 2016
<b>Diluted Earnings Per Share</b>	<b>1.48</b>	<b>1.13</b>

## Key Highlights

- 1Q 2017 diluted earnings per share up significantly over 1Q 2016 (+31%) impacted by the same factors as net income as well as the repurchase of 31.6 million shares for \$1.3 billion during FY 2016 and 1Q 2017

## Components of Earnings Per Share

(After tax, in \$ million)	1Q 2017	1Q 2016
<b>Gain on sale of assets</b>	<b>0.24</b>	<b>0.08</b>
<b>AeroTurbine results, including restructuring related expenses</b>	<b>(0.08)</b>	<b>(0.13)</b>
<b>Maintenance rights amortization impact<sup>1</sup></b>	<b>(0.06)</b>	<b>(0.22)</b>
<b>All other earnings</b>	<b>1.38</b>	<b>1.40</b>
<b>Diluted Earnings Per Share</b>	<b>1.48</b>	<b>1.13</b>

(1) Represents the difference between the amortization cost of the maintenance rights asset as compared to depreciation expense if this asset had been classified as flight equipment. Please refer to slide 15 for additional detail regarding the maintenance rights amortization impact.

# Book Value Per Share



(\$ million except share data)	Mar. 31, 2017	Dec. 31, 2016	Mar. 31, 2016	% Incr/ (Decr) over Dec. 31, 2016	% Incr/ (Decr) over Mar. 31, 2016
<b>Total Shareholders' Equity</b>	<b>\$8,520</b>	<b>\$8,524</b>	<b>\$8,393</b>	<b>0%</b>	<b>2%</b>
Ordinary Shares Outstanding	169.9	176.2	195.6		
Unvested Restricted Stock	(3.5)	(3.4)	(3.3)		
<b>Ordinary Shares Outstanding (excl. Unvested Restricted Stock)<sup>1</sup></b>	<b>166.4</b>	<b>172.8</b>	<b>192.2</b>	<b>(4%)</b>	<b>(13%)</b>
<b>Book Value Per Share</b>	<b>\$51.20</b>	<b>\$49.33</b>	<b>\$43.66</b>	<b>4%</b>	<b>17%</b>

(1) Ordinary shares outstanding used to calculate book value per share excludes unvested restricted stock.

(\$ million)	1Q 2017	1Q 2016
<b>Basic Lease Rents</b>	<b>1,067.1</b>	<b>1,139.3</b>
<b>Maintenance Rents and Other Receipts</b>	<b>89.9</b>	<b>150.4</b>
<b>Net Gain on Sale of Assets</b>	<b>47.3</b>	<b>19.0</b>
<b>Other Income</b>	<b>32.5</b>	<b>9.3</b>
<b>Total Revenues and Other Income</b>	<b>1,236.8</b>	<b>1,318.0</b>

- Basic lease rents decreased primarily due to the sale of mid-life and older aircraft during 2016 and 2017, which reduced average lease assets by ~\$1.4 billion
- In 1Q 2016, the higher maintenance rents and other receipts were primarily driven by a higher number of lease terminations and amendments
- In 1Q 2017, the increase in other income was primarily related to contractual payments from a lease termination agreement with a lessee

## Net Interest Margin (\$ million)

1Q 2017	1Q 2016
<b>787.9</b>	<b>865.7</b>

Net Interest Margin is calculated as basic lease rents less interest expense, excluding the non-cash charges related to the mark-to-market of interest rate caps and swaps

## Average Lease Assets (\$ million)

1Q 2017	1Q 2016
<b>34,083</b>	<b>35,518</b>

Includes flight equipment held for operating leases, flight equipment held for sale, net investment in finance and sales-type leases and maintenance rights intangible asset

	1Q 2017	1Q 2016
<b>Annualized Net Spread</b>	<b>9.2%</b>	<b>9.8%</b>
<b>Average Cost of Debt</b> <i>Including all fees<sup>1</sup></i>	<b>4.0%</b>	<b>3.7%</b>
<b>Average Age of Owned Fleet (years)</b> <i>As of March 31, 2017 and 2016</i>	<b>7.3</b>	<b>7.7</b>
<b>Average Remaining Lease Term (years)</b> <i>As of March 31, 2017 and 2016</i>	<b>6.5</b>	<b>6.1</b>

- Net spread reduction was primarily a result of the lower age of our owned fleet and the higher average cost of debt
- Average cost of debt increased primarily due to the issuance of new longer-term bonds to replace shorter-term ILFC notes, which had lower reported interest expense as a result of ILFC acquisition purchase accounting

(1) Interest expense divided by average debt balance, excluding mark-to-market on interest rate caps and swaps.

(\$ million)	1Q 2017	1Q 2016
<b>Net Gain on Sale of Assets</b>	<b>47.3</b>	<b>19.0</b>

## 1Q 2017 Disposal Activity:

- 21 aircraft, with an average age of 15 years, were sold from our owned portfolio:
  - 2 Airbus A319-100s, 7 Airbus A320-200s, 1 Airbus A321-100, 4 Airbus A330-200s and 1 Airbus A330-300
  - 2 Boeing 737 Classics and 4 Boeing 737NGs
- 3 Boeing 737NGs were placed on long-term leases and reclassified from flight equipment held for operating leases to net investment in finance and sales-type leases

## 1Q 2017 Purchase Activity:

- 11 aircraft were purchased:
  - 7 Airbus A320neos and 2 Airbus A350-900s
  - 2 Boeing 787-9s

(\$ million)	1Q 2017	1Q 2016
<b>Leasing Expenses<sup>1</sup></b>	<b>122.4</b>	<b>167.4</b>
<b>Selling, General &amp; Administrative Expenses</b>	<b>83.5</b>	<b>87.0</b>
<b>Asset Impairment</b>	<b>–</b>	<b>44.6</b>
<b>Restructuring Related Expenses</b>	<b>9.9</b>	<b>12.6</b>

- Leasing expenses decreased in 1Q 2017 as a result of lower maintenance rights expense due to fewer maintenance events during the period
- Asset impairment in 1Q 2016 was driven by impairments resulting from lease terminations and amendments, which were more than offset by \$62.1 million primarily due to the release of maintenance rents
- Restructuring related expenses in 1Q 2017 represented non-recurring charges resulting from our decision to downsize AeroTurbine (primarily facility lease termination fees)

(1) Please refer to slide 15 for additional detail regarding leasing expenses.

## Sources vs. Uses (Next 12 Months)

(\$ billion as of March 31, 2017)

### Sources (for 12 months to March 31, 2018)

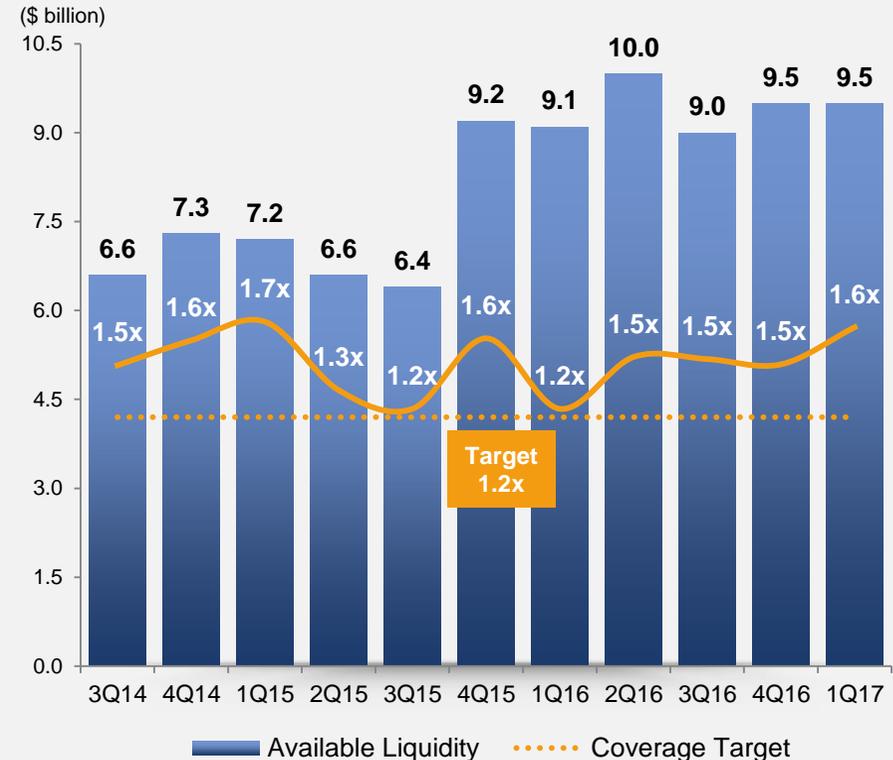
Unsecured Revolver	3.7
Other Facilities and Contracted Sales	3.9
Unrestricted Cash	1.9
<b>Total Available Liquidity</b>	<b>9.5</b>
Estimated Operating Cash Flow	3.3
<b>Total Sources<sup>1</sup></b>	<b>12.8</b>

### Uses (for 12 months to March 31, 2018)

Debt Maturities	(2.3)
Capex (Cash payments for purchases) <sup>2</sup>	(5.5)
<b>Total Uses</b>	<b>(7.8)</b>

<b>Excess Coverage (Sources less Uses)</b>	<b>5.0</b>
<b>Ratio of Sources to Uses</b>	<b>1.6x</b>

## Liquidity Levels Since July 2014



(1) Sources assume no additional financing for deliveries of new aircraft purchases.  
 (2) Includes cash payments for next 12 months' aircraft deliveries and pre-delivery payments.



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**Q&A**



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# *Supplemental Information*

(\$ million)	1Q 2017	1Q 2016
<b>Maintenance Rights Expense</b>	<b>73.0</b>	<b>108.8</b>
<b>Other Leasing Costs</b>	<b>49.4</b>	<b>58.6</b>
<b>Total Leasing Expenses</b>	<b>122.4</b>	<b>167.4</b>

- Leasing expenses decreased in 1Q 2017 as a result of lower maintenance rights expense due to fewer maintenance events during the period
- As a result of purchase accounting, a portion of the acquired ILFC aircraft value is classified as an intangible asset (\$2.0 billion as of March 31, 2017, compared to \$4.0 billion as of May 14, 2014)
- The amortization costs for this portion of the aircraft value are recorded as leasing expense over the remaining lease term instead of over the remaining aircraft life

Summary	Mar. 31, 2017	Dec. 31, 2016
<b>Adjusted Debt / Equity Ratio</b>	<b>2.7 to 1</b>	<b>2.7 to 1</b>
<hr/>		
Adjusted Debt/Equity Calculation (\$ million)	Mar. 31, 2017	Dec. 31, 2016
<b>Debt</b> (including fair value adjustments)	<b>27,521</b>	<b>27,717</b>
<b>Adjusted for:</b>		
• Unrestricted cash & cash equivalents	<b>(1,936)</b>	<b>(2,035)</b>
• 50% equity credit for long-term subordinated debt	<b>(750)</b>	<b>(750)</b>
<b>Adjusted Debt</b>	<b>24,835</b>	<b>24,932</b>
<b>Equity</b>	<b>8,577</b>	<b>8,582</b>
<b>Adjusted for:</b>		
• 50% equity credit for long-term subordinated debt	<b>750</b>	<b>750</b>
<b>Adjusted Equity</b>	<b>9,327</b>	<b>9,332</b>

Aircraft Type	Number of Owned Aircraft	% Net Book Value	Number of Managed & AerDragon Aircraft	Aircraft on Order	Total Aircraft
Airbus A319	123	6	11	–	134
Airbus A320	198	13	28	–	226
Airbus A320neo Family	22	3	–	198	220
Airbus A321	81	6	13	–	94
Airbus A330	93	13	10	–	103
Airbus A350	12	5	–	14	26
Boeing 737NG	293	25	43	–	336
Boeing 737MAX	–	–	–	109	109
Boeing 767	37	1	–	–	37
Boeing 777-200ER	25	3	3	–	28
Boeing 777-300 / 300ER	31	7	2	–	33
Boeing 787	47	17	–	39	86
Embraer E190 / 195-E2	–	–	–	50	50
Other	49	1	10	–	59
<b>Total</b>	<b>1,011</b>	<b>100</b>	<b>120</b>	<b>410</b>	<b>1,541</b>

- Average age of owned aircraft fleet is **7.3 years**
- Average remaining lease term is **6.5 years**

# Forward Order & Purchase/Leasebacks *as of March 31, 2017*



(Unit)	Remaining 2017	2018	2019	2020	2021	Thereafter	Total
Airbus A320neo Family	41	39	48	40	30	–	198
Airbus A350	8	4	2	–	–	–	14
Boeing 737MAX	–	3	24	27	28	27	109
Boeing 787	16	13	6	2	2	–	39
Embraer E190 / 195-E2	–	5	14	14	14	3	50
<b>Total Units</b>	<b>65</b>	<b>64</b>	<b>94</b>	<b>83</b>	<b>74</b>	<b>30</b>	<b>410</b>



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