



AerCap Holdings N.V.

Second Quarter 2012 Earnings Call

August 7, 2012

• Pride • Dream • Passion

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Second Quarter 2012 Financial Highlights

- Adjusted net income was \$59.2 million for second quarter 2012 (as compared to \$72.8 million in second quarter 2011).
- Adjusted earnings per share was \$0.43 for second quarter 2012 (as compared to \$0.49 in second quarter 2011).
- Net interest margin (net spread) was \$173.1 million for second quarter 2012 (as compared to \$177.3 million in second quarter 2011).
- Total assets were \$9.3 billion as of June 30, 2012, a decrease of 3% from June 30, 2011 - the net decrease is attributable to the sale of AeroTurbine, which was only partially offset by new aircraft deliveries.
- Debt to equity ratio was 2.7 to 1 as compared to 2.8 to 1 for second quarter 2011 and total equity was \$2.3 billion as of June 30, 2012.
- We acquired \$260 million of new aircraft during the second quarter 2012.
- We purchased 5.6 million shares at cost of \$62.7 million during the second quarter of 2012 and expanded the share repurchase program to \$200 million. The average purchase price of the 5.6 million shares was \$11.22. The book value per share at June 30, 2012 was \$17.20.
- We closed three financing transactions totalling ~\$340 million in the second quarter of 2012.
- We received our second investment grade corporate credit rating of BBB- from Fitch Ratings, following the BBB- rating received from Standard and Poor's Rating Services in Q1 2012.



Net Income

(\$ Millions)	<u>2Q 2011</u>	<u>2Q 2012</u>	<u>H1 2011</u>	<u>H1 2012</u>
Reported Net Income	30.8	29.6	102.9	94.6
Adjusted for: Loss from mark-to-market on interest rate caps *	18.9	7.0	20.3	9.8
Adjusted for: one-time charge for the buy-out of the Genesis portfolio servicing rights*	21.4	-	21.4	-
Adjusted for: non-recurring charges for prepayment of secured loans*	-	20.9	-	20.9
Adjusted for: cost of share-based compensation*	<u>1.7</u>	<u>1.7</u>	<u>3.4</u>	<u>3.0</u>
Adjusted Net Income	72.8	59.2	148.0	128.3
Adjusted Net Income excluding the impacts from defaults/restructurings and gains on aircraft sales	71.2	69.0	139.6	144.9

* Adjustment reduced for tax impact as well as the amount relating to JV partners' share (when applicable) which was deducted from net income through non-controlling interest.



Earnings Per Share

	<u>2Q 2011</u>	<u>2Q 2012</u>	<u>H1 2011</u>	<u>H1 2012</u>
Earnings Per Share	\$0.21	\$0.21	\$0.69	\$0.68
Adjusted for: mark-to-market on interest rate caps, share based compensation, Genesis portfolio servicing buy-out & non recurring charges for prepayments of secured loans	<u>0.28</u>	<u>0.22</u>	<u>0.30</u>	<u>0.24</u>
Adjusted Earnings Per Share	\$0.49	\$0.43	\$0.99	\$0.92
Adjusted EPS excluding defaults & sales' gains	\$0.48	\$0.50	\$0.94	\$1.04
Average Shares Outstanding (Million)*	149.2	138.7	149.2	139.3

* The decrease in average shares outstanding reflects 9.3 million treasury shares acquired under the 2011 share repurchase program and 5.6 million treasury shares acquired under the 2012 share repurchase program (currently held as treasury stock).



Total Revenue

(\$ Millions)	<u>2Q 2011</u>	<u>2Q 2012</u>
Basic Lease Rents	238.4	234.9
Maintenance Rents and Other Receipts	26.1	12.5
Management Fees and Interest Income	5.7	4.5
Other Revenue	0.4	0.3
Net Gain on Aircraft Sales	<u>6.5</u>	<u>0.7</u>
Total Revenue	277.1	252.9

Net Interest Margin (Net Spread) - Second Quarter 2012

(\$ Millions)	<u>2Q 2011</u>	<u>2Q 2012</u>	<u>% Change</u>
Net Interest Margin (Net Spread)*	177.3	173.1	(2%)
Average Lease Assets	8,034	7,988	(1%)
Annualized Margin (% Lease Assets)**	8.83%	8.67%	

* Net Interest Margin (Net Spread) is basic lease rents less interest expense, excluding non-cash charges relating to the mark-to-market of interest rate caps.

** Decrease in annualized margin % is driven primarily by the impact from the delivery of new aircraft and also by the impact of defaults on basic lease rents. For new aircraft, the net spread is lower at the start of the lease because of higher interest expense resulting from a higher loan-to-value, and also higher book value used as denominator.



Aircraft Sales

AerCap continues to optimize its portfolio through the sale of aircraft:

During the first half of 2012, we sold two A330 aircraft (including one through the sale of an equity interest), one A320 aircraft, and two B757 aircraft. Going forward, we expect to continue to pursue our strategy of opportunistically selling aircraft or equity interests in aircraft.

- 2Q 2012 aircraft sales included one A330 aircraft, one A320 aircraft and one B757 aircraft.
- 2Q 2011 aircraft sales included the sale of a 50% equity interest in a joint venture which contained three A330 aircraft.

(\$ Millions)	<u>2Q 2011</u>	<u>2Q 2012</u>	<u>H1 2011</u>	<u>H1 2012</u>
Pre-tax Gain from Sales	6.5	0.7	5.2	0.4
Gain from Sales - adjusted for tax impact and amounts relating to JV partners' share	5.7	1.2	4.6	1.2

Leasing Expenses

(\$ Millions)	<u>2Q 2011</u>	<u>2Q 2012</u>
Default Related	4.3	8.7
Normal Transition Costs	4.4	3.5
Lessor Maintenance Contributions	8.2	1.9
Other Leasing Costs	<u>1.8</u>	<u>3.8</u>
Total Leasing Expenses	18.7	17.9

SG&A

(\$ Millions)	<u>2Q 2011</u>	<u>2Q 2012</u>
Aircraft Management Fees*	25.8	0.5
Mark-to-market of: foreign currency hedges, foreign currency cash balances, and other derivatives	(0.4)	1.8
Share-based compensation expenses	1.7	1.9
Other Selling, General and Administrative expenses	<u>22.3</u>	<u>17.5</u>
Total Selling, General and Administrative expenses	49.4	21.7

* Aircraft management fees for quarter ended June 30, 2011 includes a \$24.5 million one-time charge for the buy-out of the Genesis portfolio servicing rights.



Impact from Defaults and Restructuring

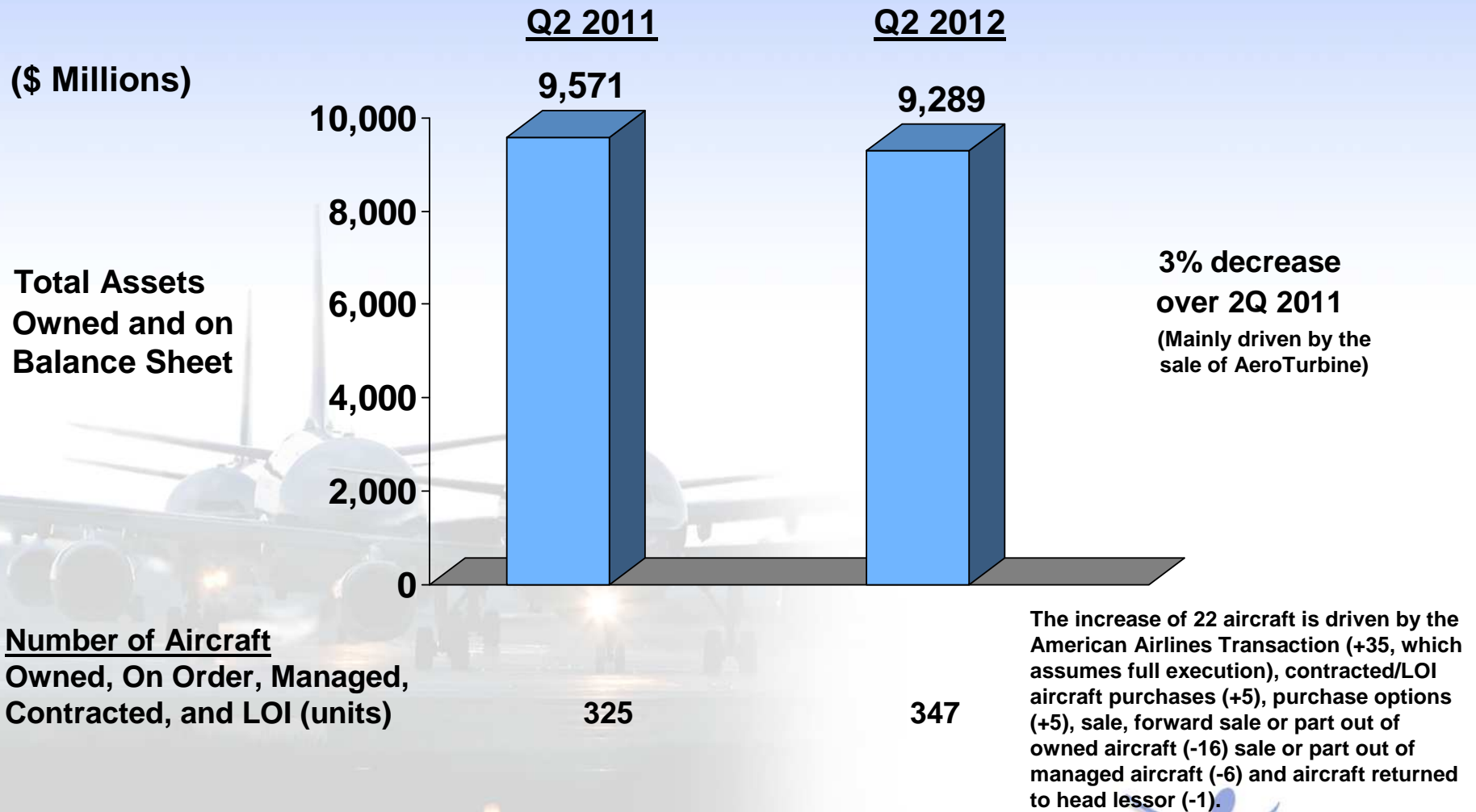
	<u>2Q 2011</u>	<u>2Q 2012</u>	<u>H1 2011</u>	<u>H1 2012</u>
(\$ Millions)				
<u>Default and Restructuring Related</u>				
Lost Basic Lease Rents (Net of Security Deposits)	(5.0)	(4.2)	(1.9)	(7.5)
Maintenance Rents Held	4.6	0.3	15.3	8.9
Default Related Leasing Expenses	<u>(4.3)</u>	<u>(8.7)</u>	<u>(9.0)</u>	<u>(21.7)</u>
Total Impact (Pre-Tax)	(4.7)	(12.6)	4.4	(20.3)
Total Impact (Post-Tax)	(4.1)	(11.0)	3.8	(17.8)

Tax Rate

	<u>FY 2011</u>		<u>FY 2012</u> <u>Estimate</u>	
Blended Tax Rate*	6.7%	Charge	8.0%	Charge

* The blended effective tax rate in any year is impacted by the source and amount of earnings among AerCap's different tax jurisdictions.

Total Assets and Number of Aircraft



Committed Aircraft Purchases

(\$ Millions)	<u>H1 2012</u>	<u>Remaining 2012*</u>	<u>Committed 2012</u>
Aircraft Purchases	518	579	1,097
Number of Aircraft Purchases (Units)	10	10	20

* Includes purchases of seven additional aircraft as part of the American Airlines Purchase-Leaseback transaction (subject to confirmation on an aircraft by aircraft basis).

Portfolio Management Metrics Owned Aircraft

<u>Lease Portfolio</u>	<u>FY 2011</u>	<u>H1 2012</u>
Utilization Rate*	98.4%	97.6%
Portfolio Yield**	13.2%	12.3%
Average Term (Previous 12 Months)		
– New Leases for New Aircraft (Months)	137	***138
– New Leases for Used Aircraft (Months)	74	**** 64

* Days utilized weighted by book value of flight equipment divided by total days in the period. Utilization rate would be 98.5% for H1 2012, assuming four ex Kingfisher aircraft were on lease for Q2 2012.

** Lease revenue divided by average book value of flight equipment.

*** Reflects lease agreements and LOIs for 28 new aircraft signed in the previous 12 months.

**** Reflects lease agreements and LOIs for 19 used aircraft signed in the previous 12 months.

Cash

(\$ Millions)	<u>Q2 2012</u>
Cash and Cash Equivalents at June 30, 2012 (Excl. Restricted Cash)	474.3
Total Cash Balance at June 30, 2012 (Incl. Restricted Cash)	765.1
Operating Cash Flow for Q2 2012	157.9

Debt and Equity

(\$ Millions)	<u>2Q 2011</u>	<u>2Q 2012</u>
Total Debt at Quarter-End	6,519	6,225
Average Cost of Debt (including ~0.4% relating to amortization of debt issuance costs)*	3.7%	4.0%
Equity	2,316	2,315
Debt / Equity Ratio	2.8 to 1	2.7 to 1

* Interest expense divided by average debt balance, excluding mark-to-market on interest rate caps, non recurring charges for the prepayments of secured loans and other small charges not reflective of on-going interest costs.

2012 Financial Outlook

Notwithstanding continued uncertainties throughout the global markets, AerCap intends to grow EPS based on our committed and new aircraft purchases coupled with the completed and the recently announced share repurchases. To that end, previous guidance provided for the 2012 full year financial results essentially remains unchanged.

Appendix



Aircraft Transactions Year to Date June 2012

- 32 aircraft lease agreements & letters-of-intent executed
- 17 aircraft delivered to lessees
- 10 aircraft purchased & contracts signed for a further 5 aircraft purchases
- 5 aircraft sold from our owned and 5 from managed portfolios

High Quality and Well-Diversified Portfolio

Aircraft Portfolio as of June 30, 2012

	Number of Owned Aircraft	% Net Book Value	Number of Managed Aircraft	Aircraft on Contract or Order	Aircraft under Sale / Purchase Contract or LOI	Total Aircraft
Airbus A300 Freighter	1	0.3%	0	0	0	1
Airbus A319	30	9.7%	0	0	0	30
Airbus A320	104	36.5%	6	6	0	116
Airbus A320 NEO	0	0.0%	0	0	5 **	5
Airbus A321	20	7.1%	2	0	0	22
Airbus A330	23	21.8%	4	8	-1	34
Boeing 737 (Classics)	9	0.7%	18	0	-1	26
Boeing 737 (NG)	54	19.4%	0	39 *	0	93
Boeing 747	2	0.9%	0	0	0	2
Boeing 757	2	0.4%	1	0	-1	2
Boeing 767	4	1.7%	2	0	0	6
Boeing 777	0	0.0%	2	0	0	2
CRJ-705	0	0.0%	1	0	0	1
CRJ-900	4	0.9%	0	0	0	4
MD 11 Freighter	1	0.3%	0	0	0	1
ERJ170-100	2	0.3%	0	0	0	2
	256	100.0%	36	53	2	347

- 74% narrow body – “Work Horses” of industry
- High share of liquid / remarketable aircraft
- Average age of owned aircraft fleet 5.7 years

* Includes 10 firm aircraft and 5 purchase rights as part of a Boeing order, and 24 aircraft as part of the American Airlines Purchase-Leaseback transaction which are subject to confirmation on an aircraft by aircraft basis

** AerCap has 5 SLB call-options on Airbus A320 family NEO aircraft delivering in 2016



Indebtedness as of June 30, 2012

Outstanding (\$million)	Commitment (\$m)	Outstanding (\$m)	Availability (\$m)
ECA Guaranteed Financings	1,857	1,588	269
UBS Revolving Credit Facility	800	484	316
SkyFunding B737 Acquisition Facilities	395	361	34
Unsecured Notes	300	300	–
ALS I	557	557	–
ALS II	635	635	–
GFL	585	585	–
All Other	1,809	1,715	94
Total	6,938	6,225	713

No Short Term Obligations and ~\$0.7 Billion of Available Liquidity