



AerCap Holdings N.V.

Fourth Quarter 2012 Earnings Call

February 20, 2013

• Pride • Dream • Passion

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2012 Headlines

- ***Adjusted net income and earnings per share for the full year 2012 was \$258.0 million and \$1.96 respectively. During 2012:***
 - ***59 owned aircraft (~\$1.4 billion) were sold with an average age of nearly 10 years bringing the average age of AerCap's portfolio to 5.1 years,***
 - ***26.5 million shares were repurchased at a 33% discount to book value (total cost of \$320 million),***
 - ***\$1.1 billion of new aircraft were purchased, and***
 - ***\$1.5 billion of financing transactions were completed.***

Portfolio Development

	<u>2010</u>	<u>2011</u>	<u>2012</u>
Total Assets (\$ million)	9,601	9,108	8,581
Average Age of Owned Aircraft (Years)	6.0	5.5	5.1
No. Aircraft Sold	16	21	59
Average Age of Sales (Years)	5.0	18.0	8.5
B737 NG % of Total Investment	19.1%	30.7%	32.3%
Book Equity / Share (\$)	\$14.82	\$16.28	\$18.74
Free Capital (\$ million) *	\$404.4	\$411.1	\$805.4

Key Benefits of ALS Transaction

- Generates free cash of ~\$380 million over time creating significant liquidity for new investment opportunities.
- Reduces average age of AerCap portfolio from 5.8 to 5.1 years.

* Including free cash and undrawn working capital facility.



Net Income

(\$ Millions)	<u>4Q 2011</u>	<u>4Q 2012</u>	<u>FY 2011</u>	<u>FY 2012</u>
Reported Net Income	76.4	11.2	172.2	163.7
Adjusted for: loss from mark-to-market on interest rate caps *	3.4	-	51.3	12.5
Adjusted for: cost of share-based compensation*	1.3	1.7	5.4	6.3
Adjusted for: one time charge relating to the buy-out of the Genesis portfolio servicing rights*	-	-	21.4	-
Adjusted for: one time items relating to discontinued operations*	(1.3)	-	52.8	-
Adjusted for: non-recurring charges for prepayment of secured loans*	-	-	-	20.9
Adjusted for: loss on sale of the ALS portfolio*	=	<u>54.6</u>	=	<u>54.6</u>
Adjusted Net Income**	79.8	67.5	303.1	258.0

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

** The decrease in adjusted net income was primarily the result of the impact from defaults and restructurings.



Earnings Per Share

	<u>4Q 2011</u>	<u>4Q 2012</u>	<u>FY 2011</u>	<u>FY 2012</u>
Earnings Per Share	\$0.54	\$0.09	\$1.17	\$1.24
Adjusted for: mark-to-market on interest rate caps, share based compensation, one time items relating to discontinued operations, one time charges relating to the buy-out of the Genesis portfolio servicing rights, non-recurring charges for the prepayment of secured loans and the loss on sale of the ALS portfolio	<u>0.03</u>	<u>0.48</u>	<u>0.90</u>	<u>0.72</u>
Adjusted Earnings Per Share*	\$0.57	\$0.57	\$2.07	\$1.96
Average Shares Outstanding (Million)**	140.6	119.2	146.6	131.5

* The decrease in adjusted earnings per share was primarily the result of the higher default and restructuring related costs.

** The decrease in average shares outstanding reflects 26.5 million shares repurchased.



Net Interest Margin (Net Spread) – Fourth Quarter 2012

(\$ Millions)	<u>4Q 2011</u>	<u>4Q 2012</u>
Net Interest Margin (Net Spread)*	178.3	159.9
<u>Annualized Margin %</u>		
Total	9.0%	8.5%
Excluding ALS Portfolio	8.4%	8.3%

* 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 and write-off of deferred financing costs.

Net Interest Margin (Net Spread) – Full Year 2012

(\$ Millions)	<u>FY 2011</u>	<u>FY 2012</u>
Net Interest Margin (Net Spread)*	718.1	684.2
<u>Annualized Margin %</u>		
Total	9.1%	8.7%
Excluding ALS Portfolio	8.4%	8.3%

* 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 and write-off of deferred financing costs.

Revenue

(\$ Millions)	<u>4Q 2011</u>	<u>4Q 2012</u>	<u>FY 2011</u>	<u>FY 2012</u>
Basic Lease Rents*	237.2	222.2	951.3	931.9
Maintenance Rents and Other Receipts	26.0	11.2	99.2	65.3
Management Fees and Interest Income	5.2	6.0	21.8	19.7
Other Revenue**	8.0	0.3	12.3	2.0
Net Gain (Loss) on Aircraft Sales***	<u>0.1</u>	<u>(47.5)</u>	<u>9.3</u>	<u>(46.4)</u>
Total Revenue*	276.5	192.2	1,093.9	972.5

* The decrease in basic lease rents was driven by the sale of the ALS portfolio; The decrease in maintenance rents/other receipts was driven by lower defaults and restructurings (reserves held are recorded as revenue at time of default).

** Other Revenue included one-time payment of \$8 million in 4Q 2011.

*** Excluding the net loss on the sale of the ALS portfolio of \$59.9 million, there was a net gain of \$12.4 million in 4Q 2012 and \$13.5 million in FY 2012.

Aircraft Sales

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

In 2012, 59 aircraft were sold including 35 A320s, four A330s, 14 B737s, and six other aircraft. The ALS portfolio was part of the sales.

In 2011, 18 aircraft were sold including three A320s, one A330, six B737s, three B757s, five MD80s and the sale of AerCap's 50% interest in a three A330 aircraft joint venture. In addition, we sold our AeroTurbine business.

(\$ Millions)	<u>4Q 2011</u>	<u>4Q 2012</u>	<u>FY 2011</u>	<u>FY 2012</u>
Pre-tax Loss from Sale of ALS Portfolio	-	(59.9)	-	(59.9)
Pre-tax Gain from Other Aircraft Sales	0.1	12.4	9.3	13.5
Total Gain / (Loss) from Sales – adjusted for tax impact and amounts relating to JV partners' share	0.1	(43.7)	8.2	(42.0)

The up-front loss is essentially offset by future servicing fees and interest income of ~\$57 million.

Expenses/Taxes

(\$ Millions)	<u>4Q 2011</u>	<u>4Q 2012</u>	<u>FY 2011</u>	<u>FY 2012</u>
Leasing Expenses*	15.2	12.5	58.4	72.1
SG&A**	22.5	23.1	120.7	83.4
Tax Rate	6.9%	-2.9%	6.7%	5.2%

* Increase in full year leasing expenses driven primarily from defaults and restructurings.

** Decrease in full year SG&A driven primarily from one-time charge relating to the buy-out of the Genesis portfolio servicing rights.



Impact from Defaults and Restructurings

(\$ Millions)	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Total</u>
<u>Reserves vs. Costs</u>				
Maintenance Rents Held	29.3	63.9	20.7	113.9
Impairments	(10.9)	(3.7)	(11.7)	(26.3)
Leasing Expenses	(9.8)	(30.7)	(41.2)	(81.7)
Net of Reserves & Costs	8.6	29.5	(32.2)	5.9
Post-tax Impact including Rental Loss	3.7	21.1	(37.7)	(12.9)

2012 vs. 2011 variance: Kingfisher default occurred in late 2011 and a significant amount of deposits and reserves that were held were recorded as revenue at that time. Subsequently, costs associated with the Kingfisher default were also incurred in 2012. The Kingfisher default accounted for over 50% of the variance from 2011 to 2012. The remaining variance was the result of similar situations from the other defaults which occurred in late 2011. Excluding the timing differences, the overall net impact from reserves and costs is positive.



Cash

(\$ Millions)	<u>2011</u>	<u>2012</u>
Cash and Cash Equivalents at December 31st (Excl. Restricted Cash)	411.1	520.4
Total Cash Balance at December 31st (Incl. Restricted Cash)	648.4	800.2
Operating Cash Flow for Full Year	621.6	643.3

Note: An undrawn working capital facility of \$285 million was also available at December 31, 2012.



Debt and Equity

(\$ Millions)	<u>4Q 2011</u>	<u>4Q 2012</u>
Total Debt at Quarter-End	6,111	5,803
Average Cost of Debt (including ~0.4% relating to amortization of debt issuance costs)*	3.8%	4.2%
Equity**	2,283	2,123
Debt / Equity Ratio	2.7 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 charges not reflective of on-going interest costs. Increase in interest rate was due primarily to the ALS sale.

** The decrease in equity is driven by share repurchases, partially offset by an increase in retained earnings.



2013 Financial Outlook

Set forth below are the estimated drivers for AerCap's 2013 financial performance, which are subject to change.

- 2013 expected aircraft purchases are ~\$1.1 billion.
- As a result of the ALS sale, 2013 basic lease revenue is expected to decrease 3-6% over 2012.
- 2013 maintenance contribution (maintenance & end-of-lease revenue less leasing expenses) is expected to be minimal.
- Contracted gain on sale of assets ~\$20 million in 2013.
- 2013 average cost of debt including amortization of debt issuance costs is expected to be ~4%.
- 2013 tax rate is expected to be ~7%.

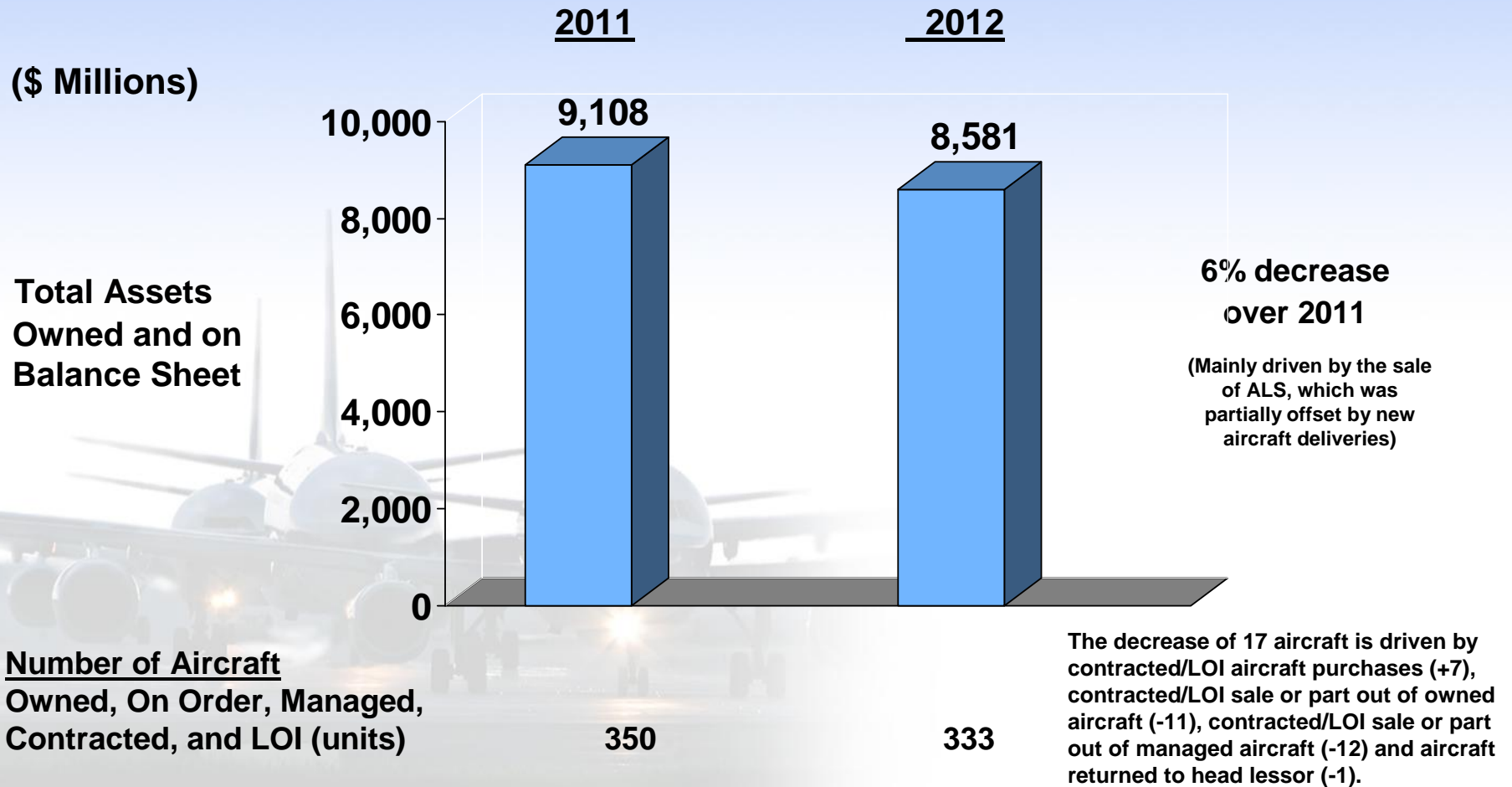
Supplemental Information



Aircraft Transactions Full Year 2012

- **53 aircraft lease agreements & letters-of-intent executed**
- **35 aircraft delivered to lessees**
- **20 aircraft purchased & contracts/ letters of intent signed for a further 7 aircraft purchases**
- **59 aircraft sold from our owned portfolio (including ALS) and 16 aircraft sold or subject to letters of intent for sale from our managed portfolios**

Total Assets and Number of Aircraft



High Quality and Well-Diversified Portfolio

Aircraft Portfolio as of December 31, 2012

	Number of Owned Aircraft	% Net Book Value	Number of Managed Aircraft	Aircraft on Order	Aircraft under Sale / Purchase Contract or LOI	Total Aircraft
Airbus A300 Freighter	0	0.0%	1	0	0	1
Airbus A319	24	8.7%	6	0	0	30
Airbus A320	88	35.5%	20	6***	0	114
Airbus A320 NEO	0	0.0%	0	0	5 **	5
Airbus A321	8	3.9%	14	0	0	22
Airbus A330	24	25.4%	4	5	-3	30
Boeing 737 (Classics)	2	0.2%	20	0	-4	18
Boeing 737 (NG)	54	22.3%	7	34 *	-1	94
Boeing 747	2	0.9%	0	0	0	2
Boeing 757	0	0.0%	2	0	0	2
Boeing 767	3	1.6%	3	0	-1	5
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
	212	100.0%	80	45	-4	333

- **71% narrow body – “Work Horses” of industry**
- **High share of liquid / remarketable aircraft**
- **Average age of owned aircraft fleet 5.1 years**
- **Average remaining lease term 6.9 years**

* Includes 10 firm aircraft and 5 purchase rights as part of a Boeing order, 17 aircraft as part of the American Airlines purchase-leaseback transaction (6 of which are confirmed and 11 are subject to confirmation on an aircraft by aircraft basis) and 2 aircraft under purchase-lease back transaction with VRG.

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

*** Includes two A320 aircraft under a purchase-leaseback arrangement which have been cancelled as of the date of this report.



Aircraft Portfolio Valuation – As of September 30, 2012

(\$ Billion)

	<u>Carrying Value or Price Paid</u>	<u>External Appraisers</u>	<u>Difference</u>
A320 Family, A330s, & B737NGs (~97% of Portfolio)	8.08	8.83	9%
B737 Classics and All Others (~3% of Portfolio)	<u>0.23</u>	<u>0.24</u>	4%
Total Aircraft Assets	8.31	9.07	9%

Notes:

- Based on data as of September 30, 2012, provided by external appraisers (Ascend, BK Associates and AISI)
- Includes AerCap's currently owned aircraft plus forward orders (discounted to present)
- Excludes JV partner's share
- Excludes ALS aircraft



Aircraft Portfolio Valuation (Based on PV of Rent & Residual Values)

(\$ Billion)	<u>Carrying Value / Price Paid</u>	<u>PV of Contracted Rent</u>	<u>PV of Residual Value</u>	<u>Total Present Value</u>	<u>Difference</u>
Future Value Based on 3 Appraisers	8.31	5.37	3.54	8.91	7%
Future Value Based on Ascend	8.31	5.37	3.65	9.02	9%

Notes:

- Based on data as of September 30, 2012, provided by external appraisers (Ascend, BK Associates and AISI)
- Includes AerCap's currently owned aircraft plus forward orders (discounted to present)
- Excludes JV partner's share
- Excludes ALS aircraft



Committed Aircraft Purchases

	<u>FY 2012</u>	<u>Committed 2013</u>
Aircraft Purchases (\$ Millions)	1,106	1,115
Number of Aircraft Purchases (Units)	20	25

Portfolio Management Metrics Owned Aircraft

<u>Lease Portfolio</u>	<u>FY 2011</u>	<u>FY 2012</u>
Utilization Rate*	98.4%	98.5%
Portfolio Yield**	13.2%	12.7%
Average Term (Previous 12 Months)		
– New Leases for New Aircraft (Months)	137	149***
– New Leases for Used Aircraft (Months)	74	66****

*Days utilized weighted by book value of flight equipment divided by total days in the period.

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

***Reflects lease agreements and LOIs for 27 new aircraft signed in 2012.

****Reflects lease agreements and LOIs for 26 used aircraft signed in 2012.



Leasing Expenses

(\$ Millions)	<u>4Q 2011</u>	<u>4Q 2012</u>	<u>FY 2011</u>	<u>FY 2012</u>
Default & Restructuring Related*	5.5	3.0	30.7	41.2
Normal Transition Costs	1.4	2.8	9.1	12.2
Lessor Maintenance Contributions	6.2	4.5	10.2	9.3
Other Leasing Costs	<u>2.1</u>	<u>2.2</u>	<u>8.4</u>	<u>9.4</u>
Total Leasing Expenses	15.2	12.5	58.4	72.1

* 2012 default and restructuring related costs were due to defaults and restructurings that occurred in 2011 as well as 2012.

SG&A

(\$ Millions)	<u>4Q 2011</u>	<u>4Q 2012</u>	<u>FY 2011</u>	<u>FY 2012</u>
Mark-to-market of: foreign currency hedges, foreign currency cash balances, and other derivatives	(1.1)	0.1	2.8	(2.9)
Share-based compensation expenses	1.5	1.9	6.2	7.5
Other Selling, General and Administrative expenses*	<u>22.1</u>	<u>21.1</u>	<u>111.7</u>	<u>78.8</u>
Total Selling, General and Administrative expenses	22.5	23.1	120.7	83.4

* Full year 2011 includes a one-time charge of \$24.5 million related to the buy-out of the Genesis portfolio servicing rights.

Tax Rate

	<u>FY 2011</u>		<u>FY 2012</u>	
Blended Tax Rate*	6.7%	Charge	5.2%	Charge

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