



GLOBAL LEADER IN AVIATION



# *Second Quarter 2016 Financial Results*

AerCap Holdings N.V.

August 9, 2016






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*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)	2Q 2016	1H 2016
Reported	233.3	456.4
Adjusted	291.6	593.3

### DILUTED EARNINGS PER SHARE

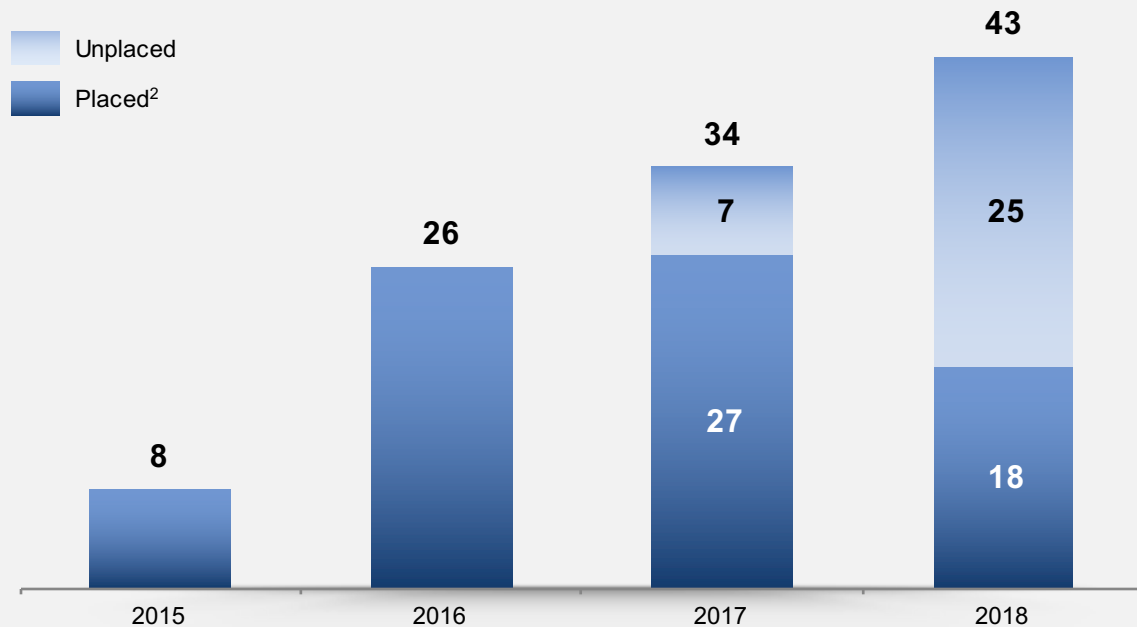
(\$)	2Q 2016	1H 2016
Reported	1.22	2.35
Adjusted	1.53	3.06

## Highlights


- **68 aircraft transactions**, including **27 widebody transactions**
- **99.4% fleet utilization**
- **6.0 years average remaining lease term**
- **90%** of new aircraft deliveries through 2018 leased
- **\$1 billion** of sales closed in **1H 2016** and another **\$1 billion** of contracted sales expected to close in **2H 2016**
- **\$10 billion** of available liquidity
- **2.8 to 1** adjusted debt/equity ratio
- Upgraded to **investment grade rating (BBB-)** by Fitch
- **\$45.26** book value per share
- **Repurchased 7.7 million shares** in 2Q 2016 and 15.4 million shares year to date through August 5, 2016



## Placement Status of Boeing 777s and Airbus A330s<sup>1</sup>



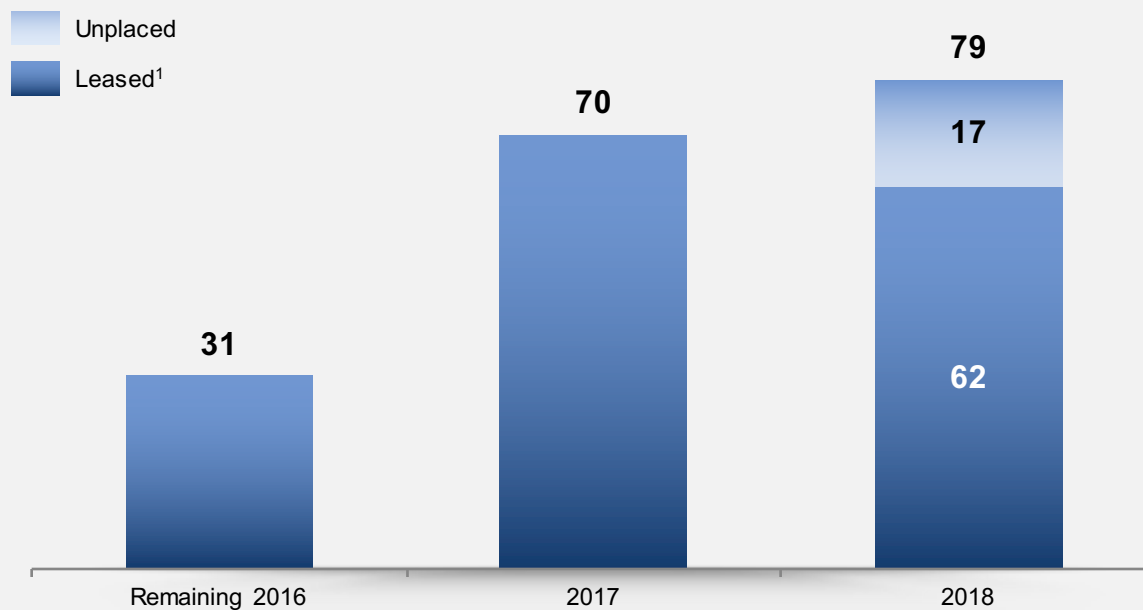
## Continued Progress

-  Only 7 Boeing 777 and Airbus A330 aircraft remain to be placed through 2017
-  AerCap leased or sold 52 widebody aircraft in 1H 2016 alone
-  We are in active dialogue on the remaining 2017 and 2018 aircraft

(1) Based on scheduled expiries of owned Boeing 777s and Airbus A330s as of December 31, 2014 plus additional scheduled expiries resulting from subsequent extensions.

(2) Released or extended either under a lease or letter of intent, sold or planned part-outs as of August 5, 2016.

## Placement Status of New Aircraft Deliveries



## Order Book Leasing

 All of our aircraft delivering through 2017 have been leased<sup>1</sup>

  
~12  
years

**AVERAGE LEASE TERM  
FOR NEW AIRCRAFT**

(1) Either under a lease contract or letter of intent as of August 5, 2016.

(\$ million)	2Q 2016	2Q 2015	1H 2016	1H 2015
<b>Reported Net Income</b>	<b>233.3</b>	<b>309.1</b>	<b>456.4</b>	<b>620.6</b>
<b>Adjusted for:</b>				
• Maintenance rights related expenses <sup>1</sup>	<b>46.2</b>	<b>58.3</b>	<b>95.9</b>	<b>38.4</b>
• AeroTurbine pre-tax results, including restructuring related expenses <sup>2</sup>	<b>11.2</b>	<b>(3.9)</b>	<b>36.7</b>	<b>(7.9)</b>
• Mark-to-market on interest rate caps and swaps	<b>7.6</b>	<b>0.1</b>	<b>18.6</b>	<b>7.6</b>
• ILFC transaction and integration related expenses	<b>-</b>	<b>1.1</b>	<b>-</b>	<b>5.5</b>
• Income tax impact of above adjustments	<b>(6.7)</b>	<b>(6.0)</b>	<b>(14.3)</b>	<b>(3.4)</b>
<b>Adjusted Net Income</b>	<b>291.6</b>	<b>358.7</b>	<b>593.3</b>	<b>660.8</b>

- Year over year net income decreased primarily due to sales of older aircraft during 2015 and 2016, which reduced average lease assets by ~\$1.5 billion, as well as lower other income, lower net gain on sale of assets and slightly higher interest expense
- Proceeds from assets sales have provided capital for deleveraging, committed capex and share repurchases

(1) Please refer to slide 17 for additional detail regarding the maintenance rights related expenses adjustment.

(2) Includes \$3.5 million severance and termination expenses in 2Q 2016 in connection with the AeroTurbine downsizing.

(\$)	2Q 2016	2Q 2015	1H 2016	1H 2015
<b>Reported Diluted Earnings Per Share</b>	<b>1.22</b>	<b>1.46</b>	<b>2.35</b>	<b>2.91</b>
<b>Adjusted for:</b>				
<ul style="list-style-type: none"> <li>Maintenance rights related expenses, AeroTurbine pre-tax results, including restructuring related expenses, mark-to-market on interest rate caps and swaps and ILFC transaction and integration related expenses</li> </ul>	<b>0.34</b>	<b>0.27</b>	<b>0.78</b>	<b>0.21</b>
<ul style="list-style-type: none"> <li>Income tax impact of above adjustments</li> </ul>	<b>(0.03)</b>	<b>(0.03)</b>	<b>(0.07)</b>	<b>(0.02)</b>
<b>Adjusted Diluted Earnings Per Share</b>	<b>1.53</b>	<b>1.70</b>	<b>3.06</b>	<b>3.10</b>

- 2Q 2016 EPS decrease was primarily driven by lower other income, lower net gain on sale of assets and slightly higher interest expense
- 1H 2016 EPS ~\$3 per share, in line with 1H 2015
- EPS was favorably impacted by the redeployment of capital from aircraft sales to repurchase 28.8 million shares during 2015 and 1H 2016



# Book Value Per Share



(million except book value per share)	Jun 30, 2016	Dec 31, 2015	Jun 30, 2015	% Incr/(Decr) over Jun 30, 2015
<b>Total Shareholders' Equity</b>	<b>\$8,352</b>	<b>\$8,349</b>	<b>\$7,746</b>	<b>7.8%</b>
Ordinary Shares Outstanding	187.8	200.3	197.4	
Unvested Restricted Stock	(3.3)	(3.0)	(0.2)	
<b>Ordinary Shares Outstanding (excl. Unvested Restricted Stock)<sup>1</sup></b>	<b>184.5</b>	<b>197.3</b>	<b>197.2</b>	<b>(6.4%)</b>
<b>Book Value Per Share</b>	<b>\$45.26</b>	<b>\$42.31</b>	<b>\$39.29</b>	<b>15.1%</b>

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

(\$ million)	2Q 2016	2Q 2015
<b>Basic Lease Rents</b>	<b>1,106.3</b>	<b>1,164.6</b>
<b>Maintenance Rents and Other Receipts</b>	<b>70.9</b>	<b>69.7</b>
<b>Net Gain on Sale of Assets</b>	<b>38.4</b>	<b>54.6</b>
<b>Other Income</b>	<b>23.9</b>	<b>48.6</b>
<b>Total Revenues and Other Income</b>	<b>1,239.5</b>	<b>1,337.5</b>

- Basic lease rents decreased primarily due to sales of older aircraft during 2015 and 2016, which reduced average lease assets by ~\$1.5 billion
- Other income decreased due to lower gross profit on engine, airframe, parts and supplies sales as a result of the AeroTurbine downsizing

# Net Interest Margin (Net Spread)



(\$ million)	2Q 2016	2Q 2015
<b>Net Interest Margin (Net Spread)<sup>1</sup></b>	<b>833.2</b>	<b>909.7</b>
<b>Average Lease Assets<sup>2</sup></b>	<b>35,140</b>	<b>36,633</b>
<b>Annualized Net Spread</b>	<b>9.5%</b>	<b>9.9%</b>
<b>Average Cost of Debt (including all fees)<sup>3</sup></b>	<b>3.7%</b>	<b>3.5%</b>

- Net spread decreased due to lower basic lease rents and higher interest expense
- Interest expense increased primarily due to:
  - the issuance of new longer-term bonds to replace short-term ILFC notes, which had lower reported interest expense as a result of ILFC acquisition purchase accounting, and
  - the cost associated with holding higher amounts of liquidity for upcoming capital expenditures

(1) 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.

(2) 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.

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

(\$ million)	2Q 2016	2Q 2015
<b>Net Gain on Sale of Assets</b>	<b>38.4</b>	<b>54.6</b>

## 2Q 2016 Disposal Activity:

- 32 aircraft, with an average age of 14 years, were sold from our owned portfolio:
  - 3 Airbus A319-100s, 8 Airbus A320-200s, 1 Airbus A321-100, 3 Airbus A321-200s, 2 Airbus A330-200s, 2 A330-300s and 1 Airbus A340-600
  - 4 Boeing 737NGs, 2 Boeing 737 Classics, 5 Boeing 767-300ERs and 1 Boeing 777-200ER
- 3 aircraft were reclassified from flight equipment held for operating leases to net investment in finance and sales-type leases

## 2Q 2016 Purchase Activity:

- 6 aircraft were purchased and delivered from our order book:
  - 2 Airbus A350-900s
  - 4 Boeing 787-9s

(\$ million)	2Q 2016	2Q 2015
<b>Leasing Expenses</b>	<b>143.1</b>	<b>173.4</b>
<b>Selling, General &amp; Administrative Expenses</b>	<b>86.5</b>	<b>91.5</b>
<b>Asset Impairment</b>	<b>10.5</b>	<b>2.7</b>
<b>Transaction, Integration and Restructuring Related Expenses<sup>1</sup></b>	<b>3.5</b>	<b>1.1</b>

- Leasing expenses decreased primarily due to a ~\$20 million decrease in maintenance rights related expenses
- SG&A expenses decreased primarily due to the AeroTurbine downsizing
- Asset impairment in 2Q 2016 related to 3 aircraft that are being sold at a loss but were treated as held for sale because the sale of those aircraft had not been completed as of June 30, 2016. The aircraft were part of a 37-aircraft portfolio that is being sold at an overall profit

(1) The \$3.5 million of expenses in 2Q 2016 represent severance and termination expenses incurred in connection with the AeroTurbine downsizing.

## Sources vs. Uses (Next 12 Months)

(\$ billion as of June 30, 2016)

### Sources (for 12 months to June 30, 2017)

Unsecured Revolver	3.0
Other Facilities and Contracted Sales	4.4
Unrestricted Cash	2.6
<b>Total Available Liquidity</b>	<b>10.0</b>
Estimated Operating Cash Flow	3.3
<b>Total Sources<sup>1</sup></b>	<b>13.3</b>

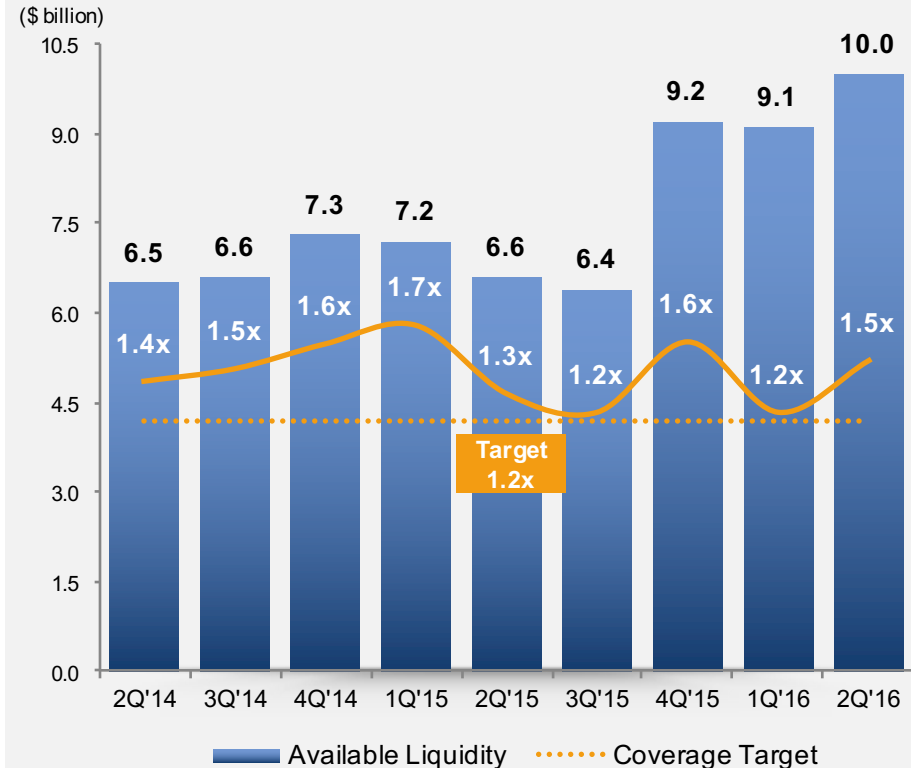
### Uses (for 12 months to June 30, 2017)

Debt Maturities	(4.7)
Capex (Cash payments for purchases) <sup>2</sup>	(4.2)
<b>Total Uses</b>	<b>(8.9)</b>

**Excess Coverage (Sources less Uses)** 4.4

**Ratio of Sources to Uses** 1.5x

## Liquidity Levels Since ILFC Acquisition



(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)	2Q 2016 Reported Amount	2Q 2016 Adjusted Amount	2Q 2016 Adjustment
<b>Depreciation and Amortization</b>	<b>(451.3)</b>	<b>(511.6)</b>	<b>(60.3)</b>
<b>Leasing Expenses</b>	<b>(143.1)</b>	<b>(36.6)</b>	<b>106.5</b>
<b>Pre-Tax Income Impact</b>			<b>46.2</b>
<b>Net Income Impact</b>			<b>40.5</b>

- As a result of purchase accounting, a portion of the acquired ILFC aircraft value is classified as an intangible asset (\$2.6 billion as of June 30, 2016, compared to \$4.0 billion as of May 14, 2014)
  - The depreciation cost for this portion of the aircraft value is recorded as leasing expense over the remaining lease term instead of depreciation expense over the remaining aircraft life
  - Prior to the acquisition, this asset was part of the aircraft book value and subject to normal depreciation
- The difference in costs (leasing expense versus depreciation) is effectively accelerated depreciation of \$46.2 million for 2Q 2016
- The adjusted amount reflects leasing expense and depreciation on an economic basis

Summary	Jun 30, 2016	Dec 31, 2015
<b>Adjusted Debt / Equity Ratio</b>	<b>2.8 to 1</b>	<b>2.9 to 1</b>
<hr/>		
Adjusted Debt/Equity Calculation (\$ million)	Jun 30, 2016	Dec 31, 2015
<b>Debt</b> (including fair value adjustments)	<b>29,139</b>	<b>29,642</b>
<b>Adjusted for:</b>		
• Unrestricted cash & cash equivalents	<b>(2,585)</b>	<b>(2,403)</b>
• 50% equity credit for long-term subordinated debt	<b>(750)</b>	<b>(750)</b>
<b>Adjusted Debt</b>	<b>25,804</b>	<b>26,489</b>
<b>Equity</b>	<b>8,415</b>	<b>8,426</b>
<b>Adjusted for:</b>		
• 50% equity credit for long-term subordinated debt	<b>750</b>	<b>750</b>
<b>Adjusted Equity</b>	<b>9,165</b>	<b>9,176</b>

Aircraft Type	Number of Owned Aircraft <sup>1</sup>	% Net Book Value	Number of Managed & AerDragon Aircraft	Aircraft on Order <sup>2</sup>	Total Aircraft
Airbus A319	134	7	11	-	145
Airbus A320	220	14	32	-	252
Airbus A320neo Family	-	-	-	209	209
Airbus A321	92	6	14	-	106
Airbus A330	111	15	12	-	123
Airbus A350	4	2	-	25	29
Boeing 737NG	313	27	43	-	356
Boeing 737MAX	-	-	-	109	109
Boeing 767	38	1	-	-	38
Boeing 777-200ER	30	4	3	-	33
Boeing 777-300 / 300ER	32	8	3	-	35
Boeing 787	40	15	-	42	82
Embraer E190 / 195-E2	-	-	-	50	50
Other	56	1	14	-	70
<b>Total</b>	<b>1,070</b>	<b>100</b>	<b>132</b>	<b>435</b>	<b>1,637</b>

- Average age of owned aircraft fleet is **7.7 years**
- Average remaining lease term is **6.0 years**

(1) Excluding AeroTurbine which owned 2 aircraft.

(2) Excludes spare engine commitments and 10 Airbus A320neo Family options which were exercised in August 2016 with deliveries in 2021.



# Forward Order & Purchase/Leasebacks *as of June 30, 2016*



(Unit)	Remaining 2016	2017	2018	2019	2020	Thereafter	Total
Airbus A320neo Family	20	39	50	40	40	20	209
Airbus A350	7	13	4	1	-	-	25
Boeing 737MAX	-	-	6	23	25	55	109
Boeing 787	4	18	14	6	-	-	42
Embraer E190 / 195-E2	-	-	5	14	14	17	50
<b>Total Units<sup>1</sup></b>	<b>31</b>	<b>70</b>	<b>79</b>	<b>84</b>	<b>79</b>	<b>92</b>	<b>435</b>

(1) Excludes spare engine commitments and 10 Airbus A320neo Family options which were exercised in August 2016 with deliveries in 2021.





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