



AerCap Holdings N.V.

Second Quarter 2013 Earnings Call

August 6, 2013

• Pride • Dream • Passion

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Second Quarter 2013 Highlights

- Adjusted net income for the second quarter 2013 was \$67.1 million and adjusted earnings per share were \$0.59.
- Adjusted earnings per share for the first half of 2013 were \$1.19, a record high and an increase of 29% over the first half of 2012.
- During the second quarter of 2013:
 - \$0.9 billion of aircraft were purchased, including \$0.6 billion relating to the LATAM purchase and leaseback transaction,
 - \$0.3 billion of aircraft were sold, including eight Boeing 737-800 aircraft on lease to American Airlines to an affiliate of Guggenheim Partners LLC,
 - \$1.5 billion of financing transactions were completed, including the amendment and increase of our AerFunding revolving credit facility,
 - and 81 aircraft transactions were executed.

Net Income

(\$ Millions)	<u>2Q 2013</u>	<u>2Q 2012</u>	<u>H1 2013</u>	<u>H1 2012</u>
Reported Net Income	75.7	29.6	143.1	94.6
Adjusted for: mark-to-market on interest rate caps *	(10.7)	7.0	(12.0)	9.8
Adjusted for: non-recurring charges for prepayment of secured loans*	-	20.9	-	20.9
Adjusted for: cost of share-based compensation*	<u>2.1</u>	<u>1.7</u>	<u>4.0</u>	<u>3.0</u>
Adjusted Net Income**	67.1	59.2	135.1	128.3

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

**Second quarter *adjusted* net income increased 13% over the same period in 2012 driven primarily by income generated on aircraft sales in the second quarter of 2013.



Basic Earnings Per Share

	<u>2Q 2013</u>	<u>2Q 2012</u>	<u>H1 2013</u>	<u>H1 2012</u>
Earnings Per Share	\$0.67	\$0.21	\$1.26	\$0.68
Adjusted for: mark-to-market on interest rate caps, non recurring charges for the prepayment of secured loans and share based compensation	<u>\$(0.08)</u>	<u>\$0.22</u>	<u>\$(0.07)</u>	<u>\$0.24</u>
Adjusted Earnings Per Share*	\$0.59	\$0.43	\$1.19	\$0.92
Average Shares Outstanding (Million)	113.4	138.7	113.4	139.3

* Second quarter *adjusted* earnings per share increased 39% over the same period in 2012 driven primarily by the income from aircraft sales as well as the share repurchases completed in 2012.



Revenue

(\$ Millions)	<u>2Q 2013</u>	<u>2Q 2012</u>
Basic Lease Rents	219.5	234.9
Maintenance Rents and Other Receipts	10.3	12.5
Net Gain on Sale of Assets	10.5	0.7
Management Fees and Interest Revenue	6.5	4.5
Other Revenue	<u>0.2</u>	<u>0.3</u>
Total Revenue*	247.0	252.9

** The decrease in total revenue was driven primarily by the sale of the ALS portfolio, the proceeds of which have been reinvested in future growth (new technology aircraft).*



Net Interest Margin (Net Spread) - Second Quarter 2013

(\$ Millions)	<u>2Q 2013</u>	<u>2Q 2012</u>
Net Interest Margin (Net Spread)*	160.1	173.1
Average Lease Assets	7,570	7,988
Annualized Margin %	8.46%	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 and write off of deferred financing costs.

The decrease in net spread was driven primarily by the sale of older aircraft including the ALS portfolio, partially offset by purchases of new aircraft. As a result, the average age of our aircraft portfolio was reduced to 5.3 years.



Sales of Aircraft

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

In the first half of 2013, we sold one A330, nine B737-800s and one MD-11 freighter aircraft.

In the first half of 2012, we sold two A330s, one A320 and two B757 aircraft.

Average age of our owned aircraft fleet was 5.3 years as of June 30, 2013, vs. 5.7 years as of June 30, 2012.

(\$ Millions)	<u>2Q 2013</u>	<u>2Q 2012</u>	<u>H1 2013</u>	<u>H1 2012</u>
Pre-tax Gain from Sales	10.5	0.7	21.5	0.4
Gain from Sales - adjusted for tax impact and amounts relating to JV partners' share	9.2	1.2	18.8	1.2



Other Expenses/Taxes

(\$ Millions)	<u>2Q 2013</u>	<u>2Q 2012</u>
Leasing Expenses *	10.3	17.9
SG&A**	24.1	21.7
	<u>H1 2013</u>	<u>FY 2012</u>
Blended Tax Rate ***	8.5%	5.2%

** Decrease in leasing expenses was due primarily from lower expenses relating to lessee defaults.*

*** Increase in SG&A was due primarily from higher project related fees.*

**** Estimated 2013 tax rate compared with full year 2012 actual tax rate. The blended effective tax rate in any year is impacted by the source and amount of earnings among AerCap's different tax jurisdictions. The 2012 tax rate was reduced by the loss from the ALS transaction and non-recurring charges from the repayment of certain secured loans.*



Cash

(\$ Millions)	<u>2013</u>	<u>2012</u>
Cash and Cash Equivalents at June 30 (Excl. Restricted Cash)	156.9*	474.3
Total Cash Balance at June 30 (Incl. Restricted Cash)	404.3*	765.1
Operating Cash Flow for the Second Quarter	147.4	158.2

** The decrease in the cash balance was driven primarily by:*

- the use of \$257 million cash for share repurchases in the second half of 2012;*
- a temporary decrease of ~\$100 million from funding several aircraft with cash; and*
- \$42 million repayment in 2013 of our most expensive debt.*



Debt and Equity

(\$ Millions)	<u>2Q 2013</u>	<u>2Q 2012</u>
Total Debt at Quarter-End	6,024	6,225
Average Cost of Debt (including ~0.4% relating to amortization of debt issuance costs)*	3.9%	4.0%
Equity**	2,274	2,315
Debt / Equity Ratio	2.6 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.

** The decrease in equity is driven by the 26.5 million share repurchases, partially offset by an increase in retained earnings.



2013 Financial Outlook

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

- **2013 committed aircraft purchases are ~\$1.7 billion.**
- **As a result of the ALS sale, 2013 basic lease rents are expected to decrease ~3% over 2012.**
- **2013 maintenance contribution is expected to be minimal (maintenance & end-of-lease revenue less leasing expenses).**
- **Contracted gain on sale of assets is ~\$30 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 ~8.5%.**



Supplemental Information



Portfolio Development

	<u>2011</u>	<u>2012</u>	<u>H1 2013</u>
Total Assets (\$ billion)	9.1	8.6	9.0
Average Age of Owned Aircraft (Years)	5.5	5.1	5.3
No. Aircraft Sold	21	59	11
Book Value of Aircraft Sold (\$ billion)	0.3	1.4	0.4
Completed Purchases (\$ billion)	0.9	1.1	1.3
Committed Purchases Outstanding (\$ billion)	2.5	1.6	3.3
Book Equity / Share (\$)	\$16.28	\$18.74	\$20.00
Net Interest Margin	9.1%	8.7%	8.4%
Net Interest Margin Excl. ALS	8.4%	8.3%	8.4%

Flight Equipment and Cash (Over Past 12 Months)

Key actions taken over past 12 months include: sales of older aircraft, purchases of new aircraft, and share repurchases. The average age of our portfolio was reduced to 5.3 years.

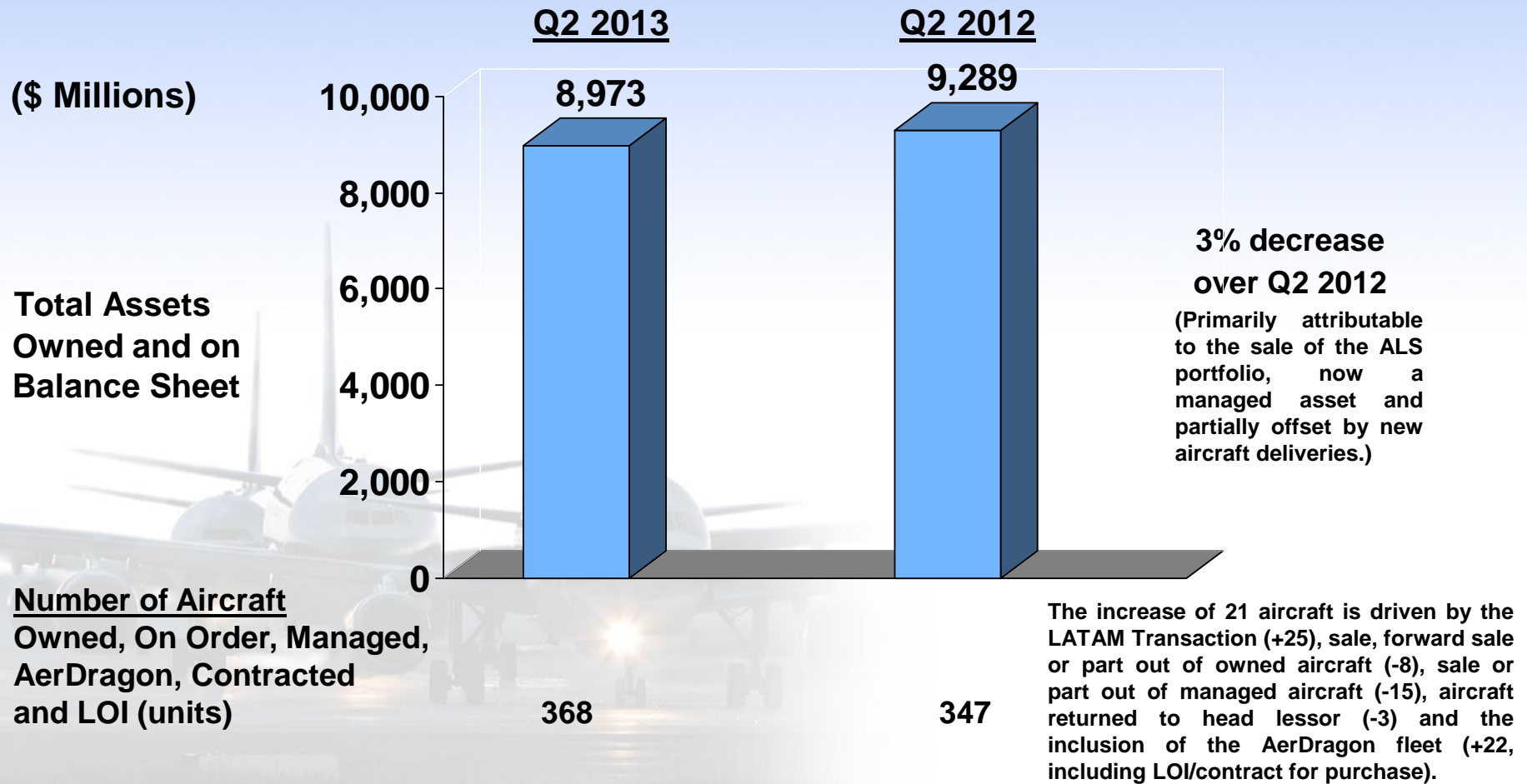
	<u>Flight Equipment</u>	<u>Total Cash</u>
June 30, 2012	8,051	765
Aircraft Sales (incl. ALS Portfolio)	(1,623)	445
Aircraft Purchases (incl. AA & LATAM)	1,863	(380)
Share Repurchases in Second Half of 2012	-	(257)
High Cost Debt Prepayment	-	(42)
Temporary Reduction in Cash	-	(100)
Depreciation, Other	<u>(360)</u>	<u>(27)</u>
June 30, 2013	7,931	404



Aircraft Transactions Year to Date June 2013

- 37 lease agreements & letters-of-intent executed
- 34 aircraft delivered to lessees
- 26 aircraft purchased
- 11 aircraft sold from our owned and seven from managed portfolios

Total Assets and Number of Aircraft



Value of aircraft under our management and owned by AerDragon was \$2.1 billion as of June 30, 2013. Aircraft value was based on the average appraised value provided by three external appraisers between September 2012 and March 2013.

High Quality and Well-Diversified Portfolio

Aircraft Portfolio as of June 30, 2013

	Number of Owned Aircraft	% Net Book Value	Number of Managed & AerDragon 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	7.8%	6	0	0	30
Airbus A320	89	32.5%	30	3	0 **	122
Airbus A320 NEO	0	0.0%	0	0	5 **	5
Airbus A321	8	3.5%	14	0	0	22
Airbus A330	34	30.1%	5	4	-2	41
Airbus A350	0	0.0%	0	9	0	9
Boeing 737 (Classics)	2	0.1%	14	0	-2	14
Boeing 737 (NG)	59	22.6%	21	20 *	0	100
Boeing 747 Freighter	2	0.8%	0	0	0	2
Boeing 757	0	0.0%	2	0	0	2
Boeing 767	3	1.4%	2	0	0	5
Boeing 777	0	0.0%	2	0	0	2
Boeing 787	0	0.0%	0	6	0	6
CRJ-705	0	0.0%	1	0	0	1
CRJ-900	4	0.8%	0	0	0	4
ERJ170-100	2	0.3%	0	0	0	2
	227	100.0%	98	42	1	368

- **67% narrow body – “Work Horses” of the industry**
- **High share of liquid / remarketed aircraft**
- **Average age of owned aircraft fleet is 5.3 years**

* Includes 10 firm aircraft and 5 purchase rights as part of a Boeing order and 5 aircraft as part of the American Airlines Purchase-Leaseback transaction.

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



Committed Aircraft Purchases

	<u>H1 2013</u>	<u>Remaining 2013</u>	<u>Committed 2013</u>	<u>Committed 2014 & Beyond</u>
Aircraft Purchases (\$ Millions)	1,278	417	1,695	2,919*
Number of Aircraft Purchases (Units)	26	9	35	33

* Comprises of \$0.4 billion in 2014, \$0.5 billion in 2015 and \$2.0 billion between 2016 and 2018.

Portfolio Management Metrics Owned Aircraft

<u>Lease Portfolio</u>	<u>H1 2013</u>	<u>FY 2012</u>
Utilization Rate*	99.7%	98.5%
Portfolio Yield**	12.2%	12.7%
Average Term (Previous 12 Months)		
– New Leases for New Aircraft (Months)	166***	149
– New Leases for Used Aircraft (Months)	58****	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. The lower portfolio yield was due primarily to the sale of the ALS portfolio.

*** Reflects lease agreements and LOIs for 21 new aircraft signed in the previous 12 months.

**** Reflects lease agreements and LOIs for 34 used aircraft signed in the previous 12 months.



Leasing Expenses

(\$ Millions)	<u>2Q 2013</u>	<u>2Q 2012</u>
Default Related	0.8	8.7
Normal Transition Costs	3.3	3.5
Lessor Maintenance Contributions	4.4	1.9
Other Leasing Costs	<u>1.8</u>	<u>3.8</u>
Total Leasing Expenses	10.3	17.9

Impact from Defaults and Restructuring

	<u>2Q 2013</u>	<u>2Q 2012</u>	<u>H1 2013</u>	<u>H1 2012</u>
(\$ Millions)				
<u>Default and Restructuring Related</u>				
Lost Basic Lease Rents (Net of Security Deposits)	-	(4.2)	(0.8)	(7.5)
Maintenance Rents Held	-	0.3	0.2	8.9
Default Related Leasing Expenses*	<u>(0.8)</u>	<u>(8.7)</u>	<u>(2.6)</u>	<u>(21.7)</u>
Total Impact (Pre-Tax)	(0.8)	(12.6)	(3.2)	(20.3)
Total Impact (Post-Tax)	(0.7)	(11.0)	(2.8)	(17.8)

* 2Q and H1 2012 default related leasing expenses related to 13 aircraft which defaulted in 2011 and 2012. 2Q and H1 2013 expenses related to one aircraft which defaulted in 2012.

SG&A

(\$ Millions)	<u>2Q 2013</u>	<u>2Q 2012</u>
Mark-to-market of: foreign currency hedges, foreign currency cash balances and other derivatives	(0.1)	1.8
Share-based compensation expenses	2.4	1.9
Other Selling, General and Administrative Expenses*	<u>21.8</u>	<u>18.0</u>
Total Selling, General and Administrative Expenses	24.1	21.7

**Increase in Other SG&A was primarily due to higher project related fees.*