



AerCap Holdings N.V.

Third Quarter 2012 Earnings Call

November 7, 2012

• *Pride* • *Dream* • *Passion*

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Third Quarter 2012 Financial Highlights

- Third quarter 2012 *reported* net income was \$57.9 million, compared with a \$7.1 million loss for the same period in 2011. Third quarter 2011 included a \$53.5 million one-time charge relating to discontinued operations. Third quarter 2012 *reported* basic and diluted earnings per share was \$0.45, compared with a *reported* basic and diluted loss per share of \$0.05 for the same period in 2011.
- Third quarter 2012 *adjusted* net income was \$62.2 million, compared with third quarter 2011 *adjusted* net income of \$75.6 million. Third quarter 2012 *adjusted* earnings per share was \$0.48, compared with \$0.51 for the same period in 2011. The decrease in *adjusted* net income and *adjusted* earnings per share was primarily the result of increased default and restructuring related costs and a lower gain on the sale of aircraft.
- Net interest margin earned on lease assets, or net spread, was \$176.5 million in the third quarter of 2012 compared with \$182.3 million for the same period in 2011. Net interest margin as a percentage of average lease assets was 8.77% for third quarter 2012 as compared to 9.17% for third quarter 2011. The decrease in net interest margin is driven primarily by the higher interest cost relating to the increase in the amount of long-term fixed rate funding plus the impact from defaults mentioned above.
- Total assets were \$9.1 billion at September 30, 2012, a decrease of 4% over total assets of \$9.6 billion at September 30, 2011. The net decrease is primarily attributable to the sale of AeroTurbine, which was partially offset by new aircraft deliveries.
- Debt to equity ratio was 2.8 to 1 at September 30, 2012, unchanged from the September 30, 2011.



Third Quarter & Year to Date 2012 Financial Highlights

- **Committed purchases of aviation assets delivered or scheduled for delivery in 2012 are \$1,101 million, of which \$743 million closed in the first nine months of 2012. The total amount of aircraft acquisitions in the third quarter 2012 was \$225 million.**
- **Repurchases of 12.9 million shares were completed in third quarter 2012 with a total cost of \$154.7 million (average price per share of \$11.99). Repurchases of 18.5 million shares were completed in the first nine months of 2012 with a total cost of \$217.4 million (average price per share of \$11.75). The book value per share at September 30, 2012 was \$18.25.**
- **The total amount of financing transactions closed in third quarter 2012 was \$210 million. The total amount of financing transactions completed in the first nine months was \$860 million.**



Net Income

(\$ Millions)	<u>3Q 2011</u>	<u>3Q 2012</u>
Reported Net (Loss)/ Income	(7.1)	57.9
Adjusted for: Loss from mark-to-market on interest rate caps *	27.6	2.7
Adjusted for: one time items relating to discontinued operations*	53.5	-
Adjusted for: cost of share-based compensation*	<u>1.6</u>	<u>1.6</u>
Adjusted Net Income**	75.6	62.2

* 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 increased default and restructuring related costs and a lower gain on the sale of aircraft.



Earnings Per Share

	<u>3Q 2011</u>	<u>3Q 2012</u>
Earnings Per Share	(\$0.05)	\$0.45
Adjusted for: mark-to-market on interest rate caps, share based compensation and one-time charges relating to discontinued operations	<u>0.56</u>	<u>0.03</u>
Adjusted Earnings Per Share*	\$0.51	\$0.48

Average Shares Outstanding (Million)**	147.4	128.4
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* The decrease in adjusted earnings per share was primarily the result of increased default and restructuring related costs and lower gains on the sale of aircraft.

** The decrease in average shares outstanding reflects 9.3 million treasury shares acquired under the 2011 share repurchase program and 18.5 million treasury shares acquired under the 2012 share repurchase program. These shares were subsequently cancelled.

Total Revenue

(\$ Millions)	<u>3Q 2011</u>	<u>3Q 2012</u>
Basic Lease Rents	238.6	239.5
Maintenance Rents and Other Receipts	27.0	24.1
Management Fees and Interest Income	5.3	4.1
Other Revenue	1.4	1.2
Net Gain on Aircraft Sales	<u>4.0</u>	<u>0.6</u>
Total Revenue*	276.3	269.5

* Decrease in 3Q 2012 total revenue was driven by the impact from defaults and restructurings and the lower gain on the sale of aircraft.



Net Interest Margin (Net Spread)

(\$ Millions)	<u>3Q 2011</u>	<u>3Q 2012</u>	<u>% Change</u>
Net Interest Margin (Net Spread)*	182.3	176.5	(3%)
Average Lease Assets	7,955	8,046	1%
Annualized Margin (% Lease Assets)**	9.17%	8.77%	

* 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.

** The decrease in annualized margin % is driven primarily by the impact from defaults and restructurings which occurred in previous periods, plus the higher interest cost relating to the increase in the amount of long-term fixed rate funding.



Aircraft Sales

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

Year to date, we have sold three A330 aircraft (including one through the sale of an equity interest), two 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.

- 3Q 2012 aircraft sales included one A330 aircraft and one A320 aircraft.
- 3Q 2011 aircraft sales included one A330 aircraft, three A320 aircraft, one B757 aircraft and one B737 aircraft.

(\$ Millions)	<u>3Q 2011</u>	<u>3Q 2012</u>	<u>YTD 2011</u>	<u>YTD 2012</u>
Pre-tax Gain from Sales	4.0	0.6	9.2	1.0
Gain from Sales - adjusted for tax impact and amounts relating to JV partners' share	3.5	0.5	8.1	1.7*

* The 2012 year-to-date pre-tax gain from sales included a loss in a 50% owned JV and, as a result, the net results after adjusting for tax and the JV partner's share were higher.



Leasing Expenses

(\$ Millions)	<u>3Q 2011</u>	<u>3Q 2012</u>
Default & Restructuring Related*	7.8	16.4
Normal Transition Costs	2.0	2.9
Lessor Maintenance Contributions	1.6	1.8
Other Leasing Costs	<u>2.1</u>	<u>2.1</u>
Total Leasing Expenses	13.5	23.3

* 2012 default and restructuring related costs were due to defaults and restructurings that occurred in 2011, as well as defaults by KingFisher, World Airways, Fly Aruba and Windjet that occurred during 2012.



SG&A

(\$ Millions)	<u>3Q 2011</u>	<u>3Q 2012</u>
Mark-to-market of: foreign currency hedges, foreign currency cash balances, and other derivatives	11.4	-
Share-based compensation expenses	1.8	1.8
Other Selling, General and Administrative expenses	<u>18.8</u>	<u>20.5</u>
Total Selling, General and Administrative expenses	32.0	22.3

Impact from Defaults and Restructurings

	<u>3Q 2011</u>	<u>3Q 2012</u>	<u>YTD 2011</u>	<u>YTD 2012</u>
(\$ Millions)				
<u>Default and Restructuring Related</u>				
Lost Basic Lease Rents (Net of Security Deposits)	(0.3)	(2.8)	(2.7)	(10.3)
Maintenance Rents Held	11.4	8.5	43.1	17.4
Impairment	-	(6.5)	-	(6.5)
Leasing Expenses	<u>(7.8)</u>	<u>(16.4)</u>	<u>(25.2)</u>	<u>(38.1)</u>
Total Impact (Pre-Tax)	3.3	(17.2)	15.2	(37.5)
Total Impact (Post-Tax)	2.9	(15.0)	13.3	(32.8)



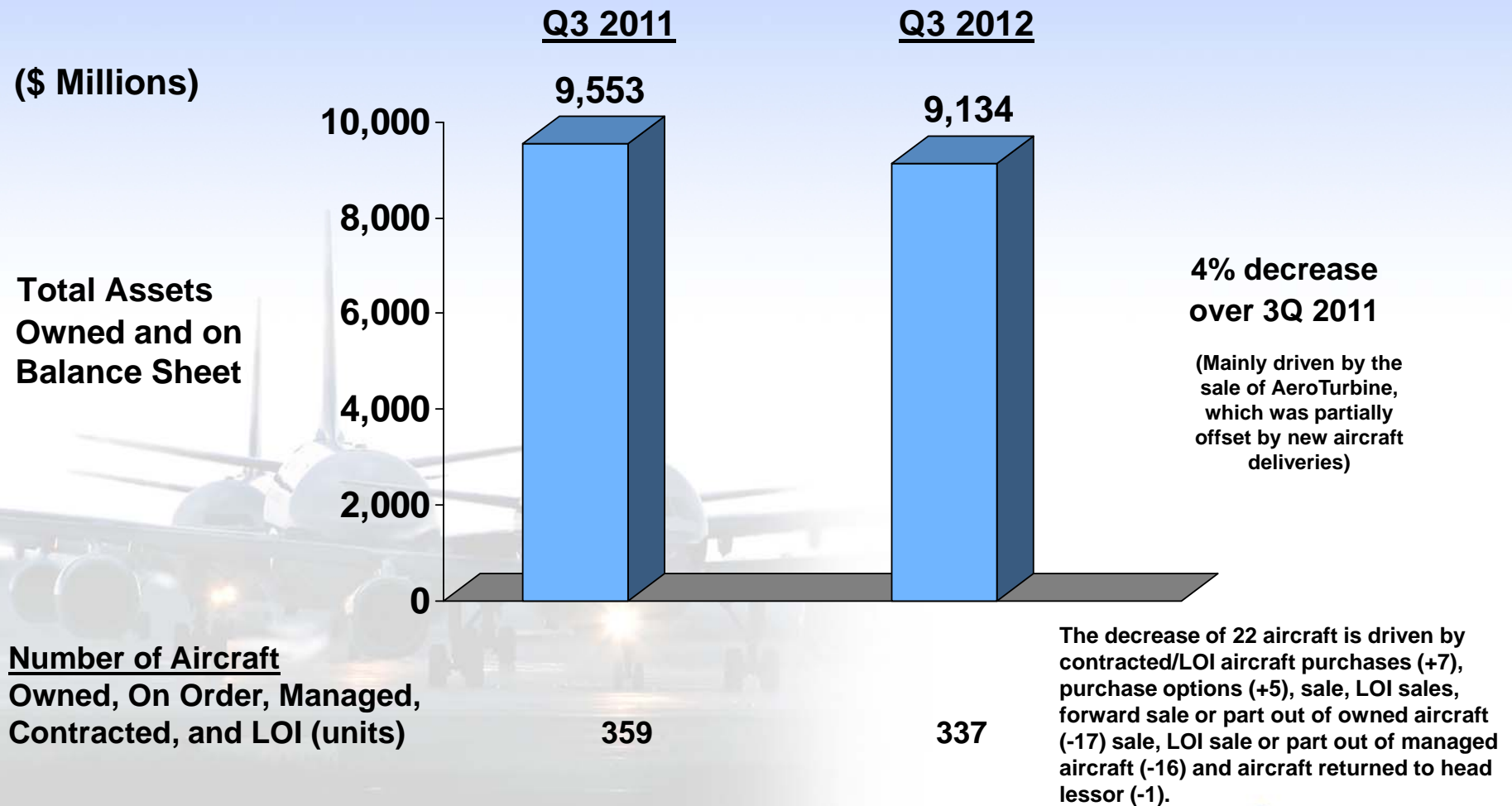
Tax Rate

	<u>FY 2011</u>		<u>FY 2012</u> <u>Estimate</u>	
Blended Tax Rate*	6.7%	Charge	5.5%	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

	<u>YTD 2012</u>	<u>Remaining 2012</u>	<u>Committed 2012</u>
Aircraft Purchases (\$ Millions)	743	358	1,101
Number of Aircraft Purchases (Units)	14	6	20



Portfolio Management Metrics Owned Aircraft

<u>Lease Portfolio</u>	<u>FY 2011</u>	<u>YTD 2012</u>
Utilization Rate*	98.4%	98.1%
Portfolio Yield**	13.2%	12.8%
Average Term (Previous 12 Months)		
– New Leases for New Aircraft (Months)	137	***139
– New Leases for Used Aircraft (Months)	74	**** 65

*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 29 new aircraft signed in the previous 12 months.

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



Cash

(\$ Millions)	<u>Q3 2012</u>
Cash and Cash Equivalents at September 30, 2012 (Excl. Restricted Cash)	309.7
Total Cash Balance at September 30, 2012 (Incl. Restricted Cash)	620.0
Operating Cash Flow for Q3 2012	187.4



Debt and Equity

(\$ Millions)	<u>3Q 2011</u>	<u>3Q 2012</u>
Total Debt at Quarter-End	6,201	6,131
Average Cost of Debt (including ~0.4% relating to amortization of debt issuance costs)*	3.6%	4.0%
Equity**	2,245	2,218
Debt / Equity Ratio	2.8 to 1	2.8 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.

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



2012 Financial Outlook

Set forth below are the anticipated drivers for AerCap's 2012 financial performance, which are subject to change.

- 2012 committed aircraft purchases are ~\$1.1 billion.
- 2012 basic lease revenue expected to be comparable with 2011.
- 2012 maintenance contribution (maintenance & end-of-lease revenue less leasing expenses) is expected to be minimal.
- Minimal impact expected from committed aircraft sales in 2012.
- 2012 average cost of debt including amortization of debt issuance costs expected to be ~4%.
- 2012 tax rate expected to be 5 - 6%.
- 2012 ROE is expected to be ~10%.



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 ~\$1.2 billion, including purchases of 18 aircraft as part of the American Airlines Purchase-Leaseback transaction (12 of which are subject to confirmation on an aircraft by aircraft basis).
- 2013 basic lease revenue expected to increase 6-10% over 2012.
- 2013 maintenance contribution (maintenance & end-of-lease revenue less leasing expenses) is expected to be minimal.
- Minimal impact expected from aircraft sales in 2013.
- 2013 average cost of debt including amortization of debt issuance costs expected to be ~4%.
- 2013 tax rate expected to be ~7%.
- 2013 ROE is expected to be ~10%.



Appendix



Aircraft Transactions Year to Date September 2012

- **38 aircraft lease agreements & letters-of-intent executed**
- **25 aircraft delivered to lessees**
- **14 aircraft purchased & contracts/ letters of intent signed for a further 7 aircraft purchases**
- **9 aircraft sold or contracted for sale from our owned portfolio and 15 aircraft sold or subject to letters of intent for sale from our managed portfolios**

High Quality and Well-Diversified Portfolio

Aircraft Portfolio as of September 30, 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	1	0.3%	0	0	0	1
Airbus A319	30	9.6%	0	0	0	30
Airbus A320	103	35.9%	5	6	0 **	114
Airbus A320 NEO	0	0.0%	0	0	5 **	5
Airbus A321	20	6.9%	2	0	0	22
Airbus A330	23	21.5%	4	7	-1	33
Boeing 737 (Classics)	9	0.7%	16	0	-7	18
Boeing 737 (NG)	57	20.7%	0	36 *	2	95
Boeing 747	2	0.9%	0	0	0	2
Boeing 757	2	0.3%	1	0	-1	2
Boeing 767	4	1.7%	2	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
	258	100.0%	33	49	-3	337

■ **74% narrow body – “Work Horses” of industry**

■ **High share of liquid / remarketable aircraft**

■ **Average age of owned aircraft fleet 5.8 years**

* Includes 10 firm aircraft and 5 purchase rights as part of a Boeing order, and 21 aircraft as part of the American Airlines Purchase-Leaseback transaction (11 of which are subject to confirmation on an aircraft by aircraft basis and 10 which are firm confirmations)

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



Indebtedness as of September 30, 2012

Outstanding (\$million)	Commitment (\$m)	Outstanding (\$m)	Availability (\$m)
ECA Guaranteed Financings	1,716	1,550	166
UBS Revolving Credit Facility	800	544	256
SkyFunding B737 Acquisition Facilities	388	388	—
Unsecured Notes	300	300	—
ALS I	515	515	—
ALS II	604	604	—
GFL	572	572	—
All Other	1,795	1,659	136
Total	6,690	6,132	558

No Short Term Obligations and ~\$0.6 Billion of Available Liquidity

