



AerCap Holdings N.V.

Third Quarter 2011 Earnings Call

November 8, 2011

• *Pride* • *Dream* • *Passion*

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Third Quarter 2011 Financial Highlights

- Adjusted net income was \$75.6 million for third quarter 2011, exclusive of the impact relating to mark-to-market of interest rate caps, share-based compensation, and one-time items relating to discontinued operations (disposition of AeroTurbine), an increase of 24% over third quarter 2010.
- Adjusted earnings per share for third quarter 2011 was \$0.51, exclusive of the impact relating to mark-to-market of interest rate caps, share-based compensation and one-time items relating to discontinued operations, unchanged from the same period in 2010.
- Net spread was \$182.3 million in third quarter 2011, an increase of 11% over third quarter 2010.
- Total assets were \$9.6 billion as of Sept. 30, 2011, an increase of 2% from Sept. 30, 2010.
 - Total equity was \$2.2 billion, an increase of 13% over Sept. 30, 2010.
- To date we have purchased 9.4 million shares at an average price of \$10.64 per share which completes our \$100 million share repurchase program for 2011.

Net Income

(\$ Million)	<u>3Q 2010</u>	<u>3Q 2011</u>	<u>YTD 2010</u>	<u>YTD 2011</u>
Reported Net Income / (Loss)	51.9	(7.1)	135.1	95.8
Adjusted for: (Gain)/Loss from mark-to-market on interest rate caps *	9.0	27.6	30.8	47.9
Adjusted for: cost of share-based compensation*	0.2	1.6	1.5	4.1
Adjusted for: one-time items relating to discontinued operations	-	53.5	-	54.1
Adjusted for: one-time charge relating to the buy-out of the Genesis portfolio servicing rights*	—	—	—	<u>21.4</u>
Adjusted Net Income	61.1	75.6	167.4	223.3

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



Earnings Per Share

	<u>3Q 2010</u>	<u>3Q 2011</u>	<u>YTD 2010</u>	<u>YTD 2011</u>
Earnings Per Share	\$0.43	(\$0.05)	\$1.25	\$0.64
Adjusted for: mark-to-market on interest rate caps, share based compensation, one-time charges relating to discontinued operations & buy-out of the Genesis portfolio servicing rights	<u>0.08</u>	<u>0.56</u>	<u>0.30</u>	<u>0.86</u>
Adjusted Earnings Per Share	\$0.51	\$0.51	\$1.55	\$1.50
Average Shares Outstanding (Million)*	119.4	147.4	107.9	148.6

* The increase in average shares outstanding reflects 30 million shares issued in November 2010 in connection with the Waha transaction, net of 5.8 million shares repurchased year-to-date under the share repurchase program (held as treasury stock)



Total Revenue

(\$ Million)	<u>3Q 2010</u>	<u>3Q 2011</u>
Basic Lease Rents	225.1	238.6
Maintenance/End-of-Lease Revenue	14.3	27.0
Management Fees and Interest Income	3.9	5.3
Other Revenue	<u>0.9</u>	<u>1.4</u>
<i>Revenue Excl. Sales</i>	<i>244.2</i>	<i>272.3</i>
Sales Revenue	<u>167.9</u>	<u>65.5</u>
Total Revenue	412.1	337.8

Net Spread (Margin)

(\$ Millions)	<u>3Q 2010</u>	<u>3Q 2011</u>	<u>% Change</u>
Basic Lease Rents	225.1	238.6	6%
Less: Interest Expense*	<u>(60.7)</u>	<u>(56.3)</u>	(7%)
Net Spread (Margin)	164.4	182.3	11%
Average Lease Assets	7,475	7,955	6%
Annualized Margin (% Lease Assets)	8.80%	9.17%	

* Excludes non-cash charges relating to the mark-to-market of interest rate caps.

Sales

(\$ Million)	<u>3Q 2010</u>	<u>3Q 2011</u>
Sales Revenue	167.9*	65.5**
Gain from Sales	7.7	4.0

* 3Q 2010 aircraft sales includes sales of two new Airbus A320s and one new Airbus A330.

** 3Q 2011 aircraft sales includes the sales of six older aircraft (3 A320s, 1 A330, 1 B737-300 & 1 B757-200).

Leasing Expenses and SG&A

(\$ Million)	<u>3Q 2010</u>	<u>3Q 2011</u>	<u>Variance</u>
Operating lease in costs	3.1	3.0	(0.1)
Leasing expenses *	14.4	13.5	(0.9)
SG&A**	<u>11.8</u>	<u>32.0</u>	<u>20.2</u>
Total Leasing Expenses/SG&A	29.3	48.5	19.2

* Details on slide 10

** Details on slide 11

Leasing Expenses

(\$ Million)	<u>3Q 2010</u>	<u>3Q 2011</u>	<u>Variance</u>
Default Related Leasing Expenses*	1.5	5.9	4.4
Normal Transition Costs	6.9	3.4	(3.5)
Lessor Maintenance Contributions	3.7	2.1	(1.6)
Other Leasing Costs	<u>2.3</u>	<u>2.1</u>	<u>(0.2)</u>
Total Leasing Expenses	14.4	13.5	(0.9)

* Costs in Q3 2011 relate to airline defaults which occurred during 2010 (Mexicana) and 2011 (Wataniya, Karthago & Airblue).

SG&A

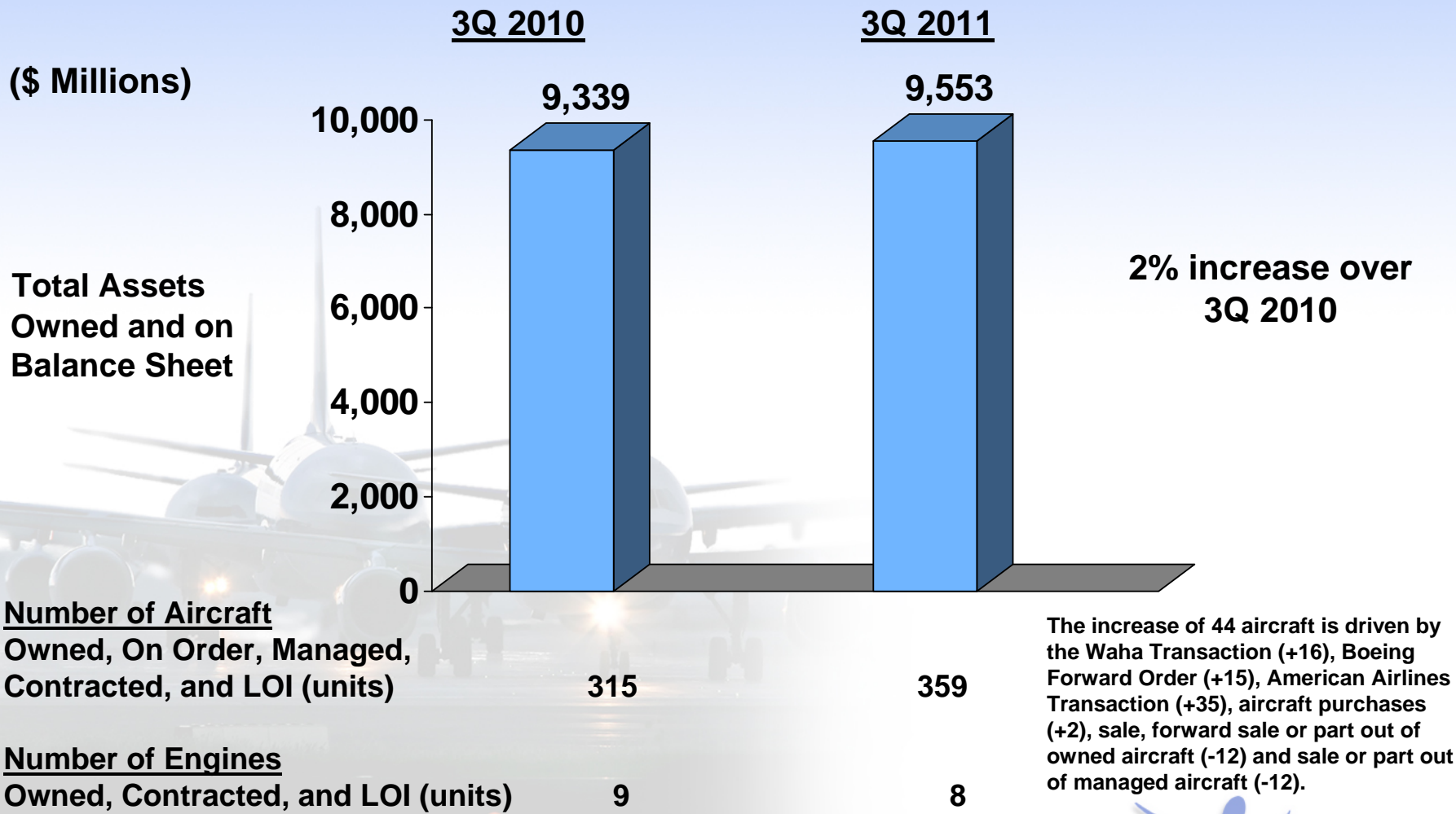
(\$ Million)	<u>3Q 2010</u>	<u>3Q 2011</u>	<u>Variance</u>
Aircraft Management Fees	1.4	-	(1.4)
Mark-to-market of: foreign currency hedges, foreign currency cash balances, and other derivatives	(8.5)	11.4	19.9
Share-based compensation expenses	0.4	1.8	1.4
Other Selling, General and Administrative expenses	<u>18.5</u>	<u>18.8</u>	<u>0.3</u>
Total Selling, General and Administrative expenses	11.8	32.0	20.2

Tax Rate

	<u>FY 2010</u>		<u>YTD 2011 & FY 2011 Estimate</u>	
Blended Tax Rate*	8.6%	Charge	6.6%	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/Engines (Excluding Discontinued Operations)



Committed Aircraft Purchases (As Of Sept. 30, 2011)

(\$ Million)	<u>FY 2011</u>	<u>FY 2012</u>
Aircraft Purchases	934	932
Number of Aircraft Purchases (Units)	14	16

Portfolio Management Metrics Owned Aircraft

<u>Lease Portfolio</u>	<u>FY 2010</u>	<u>YTD 2011</u>
Utilization Rate	98.3%	98.4%
Portfolio Yield*	13.1%	13.2%
Average Term (Months)		
– New Leases for New Aircraft	138	**147
– New Leases for Used Aircraft	62	*** 77

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

** Reflects lease agreements and LOIs for 9 new aircraft signed in 2011.

*** Reflects lease agreements and LOIs for 17 used aircraft signed in 2011.

Cash

(\$ Millions)	<u>3Q 2011</u>	<u>After AT Sale*</u>
Cash and Cash Equivalents at September 30, 2011	274.3	427.2
Total Cash Balance at September 30, 2011 (Incl. Restricted Cash)	485.0	637.9
Operating Cash Flow for 3Q 2011	202.4	N/A

*Pro-forma including cash impact from items relating to AeroTurbine sale

Debt and Equity

(\$ Millions)	<u>3Q 2010</u>	<u>3Q 2011</u>
Total Debt at Quarter-End	6,562	6,201
Average Cost of Debt (including amortization of debt issuance costs)*	3.6%	3.6%
Average Cost of Debt (excluding amortization of debt issuance costs)*	3.2%	3.2%
Equity	1,981	2,245
Debt / Equity Ratio	3.3 to 1	2.8 to 1

*Interest expense divided by average debt balance, excluding mark-to-market on interest rate caps and other small charges not reflective of on-going interest costs

Share Repurchase Program

- **AerCap had initiated share repurchase programs which allowed share repurchases of up to \$100.0 million in 2011.**
- **5.8 million shares had been acquired through September 30, 2011 at an average price of \$10.47 per share (total consideration \$60.6 million).**
 - **Average book value per share was \$15.61 at September 30, 2011**
- **As of November 2, 2011, we have purchased 9.4 million shares at an average price of \$10.64 per share which completes our \$100.0 million share repurchase program for 2011.**

2011 Outlook – EPS Impact of Aircraft Sales / One-offs

	<u>YTD 2011</u>	<u>4Q 2011</u>
Committed Aircraft Sales	\$0.06	\$0.01
Other One-offs	<u>\$0.01</u>	<u>\$0.00</u>
EPS Impact	\$0.07	\$0.01

2011 Financial Outlook (Excluding Discontinued Operations)

AerCap expects to grow EPS based on the committed aircraft purchases and the recently completed share repurchase program despite the continued uncertainties of the global economic environment. Set forth below are the anticipated drivers for AerCap's 2011 financial performance, which are subject to change, in light of the highly fluid market conditions.

- 2011 committed aircraft purchases will be ~ \$1.0 billion.
- 2011 basic lease revenue expected to increase 10 - 15% over 2010.
- 2011 maintenance contribution (maintenance / end-of-lease revenue less leasing expenses) expected to increase by ~ \$20 million vs. 2010.
- Expected gains from committed aircraft sales and one-offs in 2011 are ~\$10 - 15 million; gains from aircraft sales in 2010 were ~\$25 million (adjusted for non-controlling interest).
- 2011 average cost of debt including amortization of debt issuance costs expected to be ~3.5 - 4.0%.
- 2011 tax rate expected to be ~ 6.5 - 7.0 %.
- 2011 ROE is expected to be comparable to 2010 (excl. MTM on interest rate caps, share based compensation & one-time charges relating to discontinued operations and the buy-out of the Genesis portfolio servicing rights).

Commercial Update



Key Commercial Transactions Completed in 2011

- **Extension of \$775 million Revolving Debt Facility**
 - Two year extension of revolving period to May 2013 then term out to 2016.
 - Provides funding for up to 6 American Airlines aircraft.
- **Buy-out of Genesis Servicing Contract from GECAS**
 - \$24 million payment (pre-tax) agreed with GECAS.
 - Eliminates ~\$6 million annual servicing fee through 2020.
- **American Airlines Purchase-Leaseback**
 - Purchase/leaseback of 35 B737-800 aircraft.
 - Provides stable growth in portfolio through 2014.
- **Sale of AeroTurbine**
 - Purchase price of \$228 million (~11-12x EBITDA).
 - Frees up capital for alternative investments and improves liquidity.
- **Share Repurchase Program**
 - \$100 million of share repurchases at average price of ~\$10.50.
 - Provides annual EPS accretion benefit of ~\$0.10.
- **Signed \$400 million Credit Facility to Fund 12 American Airlines aircraft**
 - Funding provided by 5 key banking partners.
 - Ten year term.

Appendix



Impact from Defaults & Restructurings

(\$ Million)	FY 2010 <u>(Actual)</u>	YTD 2011 <u>(Actual)</u>
Lost Basic Lease Rents (Net of Security Deposits)	(3.4)	(1.2)
Maintenance Rents Held	7.8	15.3
Default Related Leasing Expenses	(7.8)	(15.0)
Default Related Impairment Charges	<u>(5.5)</u>	<u>0.0</u>
Total Impact (Pre-tax)	(8.9)	(0.9)

The Accounting for Items above is as follows:

- Security deposits are applied against past-due rents, reducing impact from lost rents.
- Maintenance rents held are recorded as revenue upon lease termination.
- Costs are expensed as incurred.

Net Maintenance Contribution

	<u>Full Year 2010</u>	<u>Full Year 2011 Estimate</u>	<u>Full Year 2012 Estimate *</u>
Maintenance Rents	61.9	~86.0	~38.0
Leasing Expenses	<u>(55.5)</u>	<u>~(59.0)</u>	<u>~(45.0)</u>
Pre-tax Impact	6.4	~27.0	~(7.0)
EPS Impact (after tax) *	\$0.05	~\$0.16	~(\$0.04)

* 2012 estimates are adjusted for JV partners' share which will be deducted from net income through non-controlling interest.

Aircraft and Engine Transactions Year To Date (September) 2011

- 26 aircraft lease agreements & letters-of-intent executed
- 27 aircraft and 2 engines delivered to lessees
- 11 aircraft purchased
- 11 aircraft sold from our owned and managed portfolios

High Quality and Well-Diversified Portfolio

Aircraft Portfolio as of September 30, 2011

	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	10.2%	0	0	0	30
Airbus A320	104	37.7%	9	5	2	120
Airbus A321	20	7.4%	2	0	0	22
Airbus A330	23	22.6%	4	5	0	32
Boeing 737 (Classics)	14	1.1%	26	0	-4	36
Boeing 737 (NG)	45	15.7%	0	48 *	0	93
Boeing 747	2	1.0%	0	0	0	2
Boeing 757	4	0.6%	1	0	-3	2
Boeing 767	4	1.8%	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%	1	0	0	2
MD-83	4	0.1%	0	0	0	4
ERJ170-100	2	0.3%	0	0	0	2
	258	100.0%	48	58	-5	359

- **73% narrow body – “Work Horses” of industry**
- **High share of liquid / remarketable aircraft**
- **Average age of owned aircraft fleet 5.4 years**
- **8 engines in portfolio, as of September 30, 2011**

* Boeing Forward Order consists of ten firm aircraft and five purchase rights, AerCap has also entered into a purchase-leaseback arrangement with American Airlines to finance up to thirty-five Boeing 737-800 aircraft, two of which were acquired during the third quarter

Financial Impact of AeroTurbine Sale



Cash Impact from Items Relating to AeroTurbine Sale

(\$ Million)	<u>Cash</u> <u>Amount</u>
Purchase Price	228.0
AerCap Repurchase of Aircraft Leasing Notes from AT	(57.2)
Settlement of Intercompany Receivables	4.6
Transaction Related Expenses	<u>(22.5)</u>
Net Cash	152.9

Impact on Q3 Financial Statements from Items Relating to AeroTurbine Sale (Discontinued Operations)

	<u>Assets</u>	<u>Liabilities</u>
AT Before Sale	650.6	(391.0)
Transfers	(57.2)*	4.6**
P&L Related Items	<u>(31.6)***</u>	<u>(22.5)****</u>
Disposal Group Amount	561.8	(408.9)

* Purchase by AerCap of Notes Relating to Aircraft Leasing Assets Held by AeroTurbine.

** Settlement of intercompany liabilities (AerCap and AeroTurbine).

*** Loss on Sale of AeroTurbine (\$21.0 million) and deferred tax write-off/other (\$10.6 million).

**** Transaction related expenses.