



AerCap Holdings N.V.

Second Quarter 2011 Earnings Call

August 5, 2011

• Pride • Dream • Passion

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Second Quarter 2011 Highlights

- Net income was \$72.8 million for Second Quarter 2011, exclusive of the impact relating to mark-to-market of interest rate caps, share-based compensation and the one-off charge relating to the buy-out of the Genesis portfolio servicing rights, an increase of 22% over second quarter 2010
- Earnings per share for Second Quarter 2011 was \$0.49, exclusive of the impact relating to mark-to-market of interest rate caps, share-based compensation and the one-off charge relating to the buy-out of the Genesis portfolio servicing rights, as compared to \$0.50 first quarter 2010
- Net spread was \$187.0 million in Second Quarter 2011, an increase of 8% over second quarter 2010
- Total assets were \$9.6 billion as of June 30, 2011, up 5% from June 30, 2010
 - Total equity was \$2.3 billion, an increase of 21% over June 30, 2010

Net Income

(\$ Million)	<u>2Q 2010</u>	<u>2Q 2011</u>	<u>H1 2010</u>	<u>H1 2011</u>
Total Net Income	48.9	30.8	83.3	102.9
Adjusted for: (Gain)/Loss from mark-to-market on interest rate caps *	10.1	18.9	21.7	20.3
Adjusted for: cost of share-based compensation*	0.6	1.7	1.3	3.4
Adjusted for: one-off charge relating to the buy-out of the Genesis portfolio servicing rights*	—	<u>21.4</u>	—	<u>21.4</u>
Adjusted Net Income	59.6	72.8	106.3	148.0

* 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>2Q 2010</u>	<u>2Q 2011</u>	<u>H1 2010</u>	<u>H1 2011</u>
Earnings Per Share	\$0.41	\$0.21	\$0.81	\$0.69
Adjusted for: mark-to-market on interest rate caps, share based compensation & one-off charge relating to the buy-out of the Genesis portfolio servicing rights	<u>0.09</u>	<u>0.28</u>	<u>0.23</u>	<u>0.30</u>
Adjusted Earnings Per Share	\$0.50	\$0.49	\$1.04	\$0.99
Average Shares Outstanding (Million)*	119.4	149.2	102.2	149.2

* The increase in average shares outstanding is primarily due to the Waha Transaction (30 million shares issued in November 2010); 0.12 million shares were repurchased during Q2 2011, which were held as treasury shares and not included in average shares outstanding.

Total Revenue

(\$ Million)	<u>2Q 2010</u>	<u>2Q 2011</u>
Basic Lease Rents	233.5	251.2
Maintenance/End-of-Lease Revenue	27.2	32.9
Management Fees and Interest Income	4.1	5.4
Other Revenue	<u>1.1</u>	<u>0.3</u>
Revenue Excl. Sales	265.9	289.8
Sales Revenue	<u>328.1</u>	<u>74.5</u>
Total Revenue	594.0	364.3

Net Spread (Margin)

(\$ Millions)	<u>2Q 2010</u>	<u>2Q 2011</u>	<u>% Change</u>
Basic Lease Rents	233.5	251.2	8%
Less: Interest Expense*	<u>(59.6)</u>	<u>(64.2)</u>	8%
Net Spread (Margin)	173.9	187.0	8%
Average Lease Assets	7,479	8,368	12%
Annualized Margin (% Lease Assets) **	9.30%	8.94%	

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

** Decrease in annualized margin % is driven by the impact from the delivery of new aircraft. For new aircraft, the net spread is lower at the start of the lease because of higher interest expenses resulting from a higher loan-to-value, and also higher book value used as denominator.

Sales

(\$ Million)	<u>2Q 2010</u>	<u>2Q 2011</u>
Aircraft Sales	282.8*	9.4**
Engine Sales	9.4	16.8
Part Sales	<u>35.9</u>	<u>48.3</u>
Total Sales Revenue	328.1	74.5
Total Gain from Sales	14.5	21.1

* 2Q 2010 aircraft sales includes 2 new A330 forward sales agreed in 1st half 2009, 2 new A320 forward sales and 1 older B767

** 2Q 2011 aircraft sales includes the net gain from the sale of AerCap's 50% interest in three Airbus A330 aircraft that had been part of a joint venture with a third party



Leasing Expenses and SG&A

(\$ Million)	<u>2Q 2010</u>	<u>2Q 2011</u>	<u>% Change</u>
Operating lease in costs	3.1	3.0	(3%)
Leasing expenses *	15.9	22.6	42%
SG&A Ex. one-off charge below	<u>34.9</u>	<u>37.9</u>	9%
<i>Leasing Expenses and SG&A (Excl. one-off charge below)</i>	53.9	63.5	18%
One-off charge relating to buy-out of the Genesis portfolio servicing rights	<u>-</u>	<u>24.5</u>	NA
Total Leasing Expenses/SG&A	53.9	88.0	63%

* Details on following page

Leasing Expenses

(\$ Million)	<u>2Q 2010</u>	<u>2Q 2011</u>	<u>% Change</u>
Default Related Leasing Expenses*	0.0	4.3	NA
Normal Transition Costs	4.2	4.4	5%
Lessor Maintenance Contributions	7.9	8.2	4%
AeroTurbine & Other Leasing Costs	<u>3.8</u>	<u>5.7</u>	<u>44%</u>
Total Leasing Expenses	15.9	22.6	42%

* Costs in Q2 2011 relate to airline defaults which occurred during 2010 (Mexicana) and during 2011 (Wataniya, Kathargo & Airblue)

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)	(1.9)
Maintenance Rents Held	7.8	15.3
Default Related Leasing Expenses	(7.8)	(9.0)
Default Related Impairment Charges	<u>(5.5)</u>	<u>0.0</u>
Total Impact (Pre-tax)	(8.9)	4.4

The Accounting for Items above

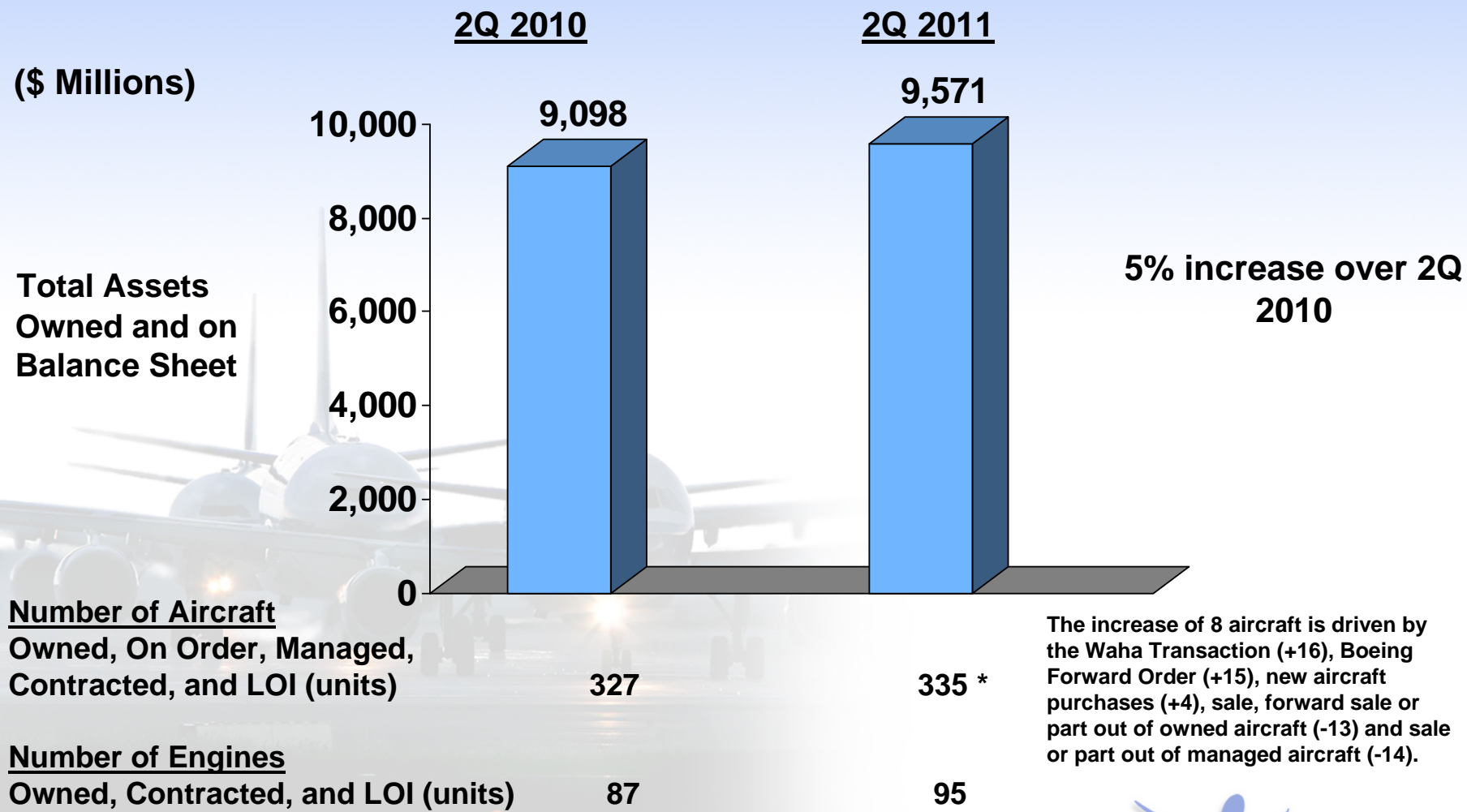
- Security deposits are applied against past-due rents, reducing impact from lost rents
- Maintenance rents held are recorded as revenue upon lease termination
- Costs are expensed as incurred

Tax Rate

	<u>FY 2010</u>		<u>FY 2011</u> <u>(Estimate)</u>	
Tax Rate for Aircraft	8.9%	Charge	8.9%	Charge
Tax Rate for Engine/Parts	<u>34.2%</u>	Credit	<u>38.1%</u>	Credit
Blended Tax Rate*	8.6%	Charge	8.0%	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



* Number of aircraft will be up to 370 including the recently announced purchase – leaseback transaction with American Airlines

Purchases of Aviation Assets

(\$ Million)	<u>YTD 2011</u>	<u>Remaining 2011 *</u>	<u>Total 2011 *</u>
Aircraft Related	575	175	750
Engines/Airframes	<u>63</u>	<u>25</u>	<u>88</u>
Total Purchases	638	200	838
Number of Aircraft Purchases (Units)	9	2	11

* Committed purchases as of June 30, 2011. Total committed purchases will exceed \$1.0 billion including the recently announced purchase - leaseback transaction with American Airlines

Portfolio Management Metrics Owned Aircraft

<u>Lease Portfolio</u>	<u>FY 2010</u>	<u>YTD 2011</u>
Utilization Rate	98.3%	98.3%
Portfolio Yield*	13.3%	13.5%
Average Term (Months)		
– New Leases for New Aircraft	138	**144
– New Leases for Used Aircraft	62	*** 74

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

** Reflects lease agreements and LOIs for 6 new aircraft signed in 2011.

*** Reflects lease agreements and LOIs for 13 used aircraft signed in 2011.

Cash

(\$ Millions)

2Q 2011

Cash and Cash Equivalents at June 30, 2011

344.1

**Total Cash Balance at June 30, 2011
(Incl. Restricted Cash)**

535.1

Operating Cash Flow for 2Q 2011

142.0

Debt and Equity

(\$ Millions)	<u>2Q 2010</u>	<u>2Q 2011</u>
Total Debt at Quarter-End	6,394	6,519
Average Cost of Debt*	3.6%	3.7%
Equity	1,921	2,316
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.

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

	<u>YTD 2011</u>	<u>Remaining 2011</u>
Committed Aircraft Sales	\$0.05	\$0.02
Other One-Offs	<u>\$0.01</u>	<u>\$0.00</u>
EPS Impact	\$0.06	\$0.02

2011 Financial Outlook

AerCap expects to grow earnings based on the committed aircraft purchases 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 purchases of aviation assets will exceed \$1.0 billion including the recently announced purchase - leaseback transaction with American Airlines**
- **2011 basic lease revenue expected to increase 10 - 15% over 2010, including potential impact from recently announced disposition of AeroTurbine**
- **2011 maintenance contribution (maintenance / end-of-lease revenue less leasing expenses) expected to increase by ~ \$10 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 expected to be ~3.5 - 4.0%**
- **2011 tax rate expected to be in line with 2010**
- **2011 ROE (excl. MTM on interest rate caps, share based compensation & one-off charges relating to the buy-out of the Genesis portfolio servicing rights and disposition of AeroTurbine) is expected to be comparable to 2010**

Commercial Updates



American Airlines Purchase-Leaseback

- **AerCap has entered into a purchase-leaseback arrangement with American Airlines to finance up to 35 Boeing 737-800 Next Generation Aircraft.**
- **AerCap will purchase the aircraft from American and immediately lease the aircraft back to American under a purchase-leaseback financing arrangement.**
- **The financing of each aircraft under this arrangement will be subject to certain terms and conditions.**
- **The aircraft will be delivered in the period 2011 through 2014.**
- **The size of the transaction based on an average appraised value from Ascend is approximately \$1.5 - \$1.6 billion.**

Sale of AeroTurbine (Page 1 of 2)

- **AerCap has entered into an agreement with International Lease Finance Corporation (ILFC) for the sale of its wholly-owned subsidiary AeroTurbine, Inc.**
- **The closing of the transaction is expected to occur in the coming months subject to satisfaction or waiver of certain closing conditions and regulatory approvals.**
- **The purchase price is \$228 million for 100% of the shares.**
- **AerCap will guarantee AeroTurbine's \$425 million revolving credit facility until December 14, 2011 (~\$299 million drawn at July 31, 2011).**
- **ILFC will provide counter guarantee to AerCap for any payments made as a result of AerCap guarantee.**
- **It is expected AeroTurbine will amend and restate the credit facility prior to December 14, 2011.**

Sale of AeroTurbine (Page 2 of 2)

Financial Impact

- The sale will create a pre-tax book loss of ~\$20 million.
- In addition, an ~\$8 million tax asset will no longer be recoverable as a result of the sale.
- Transaction expenses of \$22 million will be incurred.
- Inclusive of the sales proceeds less the transaction expenses, net cash proceeds generated from AeroTurbine since the acquisition by AerCap will be ~\$40 million.

Share Repurchase Program

- In 2010, AerCap initiated a share repurchase program.
- 118,237 shares were acquired under this program in second quarter 2011 for a consideration of \$1.4 million.
- AerCap is initiating another share repurchase program.
- The new program will run through to December 30, 2011.
- The new program will allow AerCap to acquire up to \$50 million of shares in 2011, inclusive of the amount acquired in second quarter 2011.
- AerCap will disclose purchases made under the program on a regular basis.

Amendment to Revolving Debt Facility

- **AerCap's revolving debt facility originally put in place during 2006 has been amended.**
- **The facility size is \$775 million and is non-recourse.**
- **The amendment allows for an additional two year revolving period with a three year term-out period, extending the transaction to June 2016.**
- **The facility continues to allow for the acquisition of a range of aircraft types.**
- **The facility was arranged by UBS Securities LLC and included several new and significant lenders to AerCap – Credit Suisse AG, Citibank N.A., Nomura Global Financial Products Inc. and Scotiabank Capital.**

First Half (YTD) 2011 Highlights

- **Net income was \$148.0 million for first half 2011, exclusive of the impact relating to mark-to-market of interest rate caps, share-based compensation and the one-off charge relating to the buy-out of the Genesis portfolio servicing rights, an increase of 39% over the same period in 2010**
- **Earnings per share for H1 2011 was \$0.99, exclusive of the impact relating to mark-to-market of interest rate caps, share-based compensation and the one-off charge relating to the buy-out of the Genesis portfolio servicing rights, as compared to \$1.04 during the same period in 2010**
- **Net spread was \$373.1 million for YTD 2011, an increase of 22% over the same period in 2010**

Appendix



Net Maintenance Contribution per Quarter

	Avg. Qtr. 2010 <u>(Actual)</u>	Avg. Qtr. 2011 <u>(Forecast)</u>	Avg. First 2 Qtrs. 2011 <u>(Actual)</u>
Maintenance Rents	20.6	~24.0	29.5
Leasing Expenses	<u>(17.0)</u>	<u>~(18.0)</u>	<u>(18.4)</u>
Pre-tax Impact	3.6	~6.0	11.1
EPS Impact (after tax)	\$0.02	\$0.03	\$0.07

Aircraft and Engine Transactions Year To Date (June) 2011

- 19 aircraft lease agreements & letters-of-intent executed
- 18 aircraft and 24 engines delivered to lessees
- 9 aircraft and 15 engines purchased
- 6 aircraft and 9 engines sold from our owned and managed portfolios

High Quality and Well-Diversified Portfolio

Aircraft Portfolio as of June 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	10.3%	0	0	0	30
Airbus A320	114	39.3%	9	5	-1	127
Airbus A321	20	7.5%	2	0	0	22
Airbus A330	22	20.9%	4	7	-1	32
Boeing 737 (Classics)	15	1.3%	26	0	-5	36
Boeing 737 (NG)	43	14.9%	0	15 *	0	58
Boeing 747	2	1.0%	0	0	0	2
Boeing 757	8	1.0%	1	0	-4	5
Boeing 767	5	2.0%	2	0	0	7
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
	271	100.0%	48	27	-11	335

* Consists of ten firm aircraft and five purchase rights

- **76% narrow body – “Work Horses” of industry**
- **High share of liquid / remarketable aircraft**
- **Average age of owned aircraft fleet 5.6 years**
- **95 engines in portfolio, as of June 30, 2011**
 - **CFM56 engines, one of the most widely used engines in the commercial aviation industry, represented 64% of our engine portfolio**