



# **AerCap Holdings N.V.**

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**Fourth Quarter 2007 Earnings Call**

**February 27, 2008**

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*• Pride • Dream • Passion*

# Forward Looking Statements & Safe Harbor

*This presentation contains certain statements, estimates and forecasts with respect to future performance and events. These statements, estimates and forecasts are “forward-looking statements”. In some cases, forward-looking statements can be identified by the use of forward-looking terminology such as “may,” “might,” “will,” “should,” “expect,” “plan,” “intend,” “estimate,” “anticipate,” “believe,” “predict,” “potential” or “continue” or the negatives thereof or variations thereon or similar terminology. All statements other than statements of historical fact included in this presentation are forward-looking statements and are based on various underlying assumptions and expectations and are subject to known and unknown risks, uncertainties and assumptions, may include projections of our future financial performance based on our growth strategies and anticipated trends in our business. These statements are only predictions based on our current expectations and projections about future events. There are important factors that could cause our actual results, level of activity performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied in the forward-looking statements. As a result, there can be no assurance that the forward-looking statements included in this presentation will prove to be accurate or correct. In light of these risks, uncertainties and assumptions, the future performance or events described in the forward-looking statements in this presentation might not occur. Accordingly, you should not rely upon forward-looking statements as a prediction of actual results and we do not assume any responsibility for the accuracy or completeness of any of these forward-looking statements. We do not undertake any obligation to, and will not, update any forward-looking statements, whether as a result of new information, future events or otherwise.*

# Highlights

- Net income was \$57.0 million for fourth quarter 2007, exclusive of non-cash charges relating to mark-to-market of interest rate caps and share-based compensation
- Earnings per share for fourth quarter 2007 was \$0.67 excluding the charges referenced above
- Total revenue for fourth quarter 2007 was \$285 million, up 34% from fourth quarter 2006
- Total assets were \$4.4 billion as of December 31, 2007, up 12% from December 31, 2006
- Completed three financings during fourth quarter 2007 increasing committed funding by \$440 million
- Completed a tax restructuring during fourth quarter 2007 which reduced overall tax rate to ~12% for full year 2007 (tax rate expected to be comparable or slightly lower in future periods)



# Aircraft and Engine Transactions

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- 81 new aircraft lease agreements and letters-of-intent executed during 2007
- 33 aircraft and 51 engines delivered to lessees during 2007
- 40 aircraft and 18 engines purchased during 2007
- 24 aircraft and 22 engines sold during 2007 from our owned portfolio

# Net Income

(\$ Million)	<u>4Q 2006</u>	<u>4Q 2007</u>	<u>FY 2006</u>	<u>FY 2007</u>
Total Net Income	(8.0)	45.1	109.0	188.5*
Mark-to-market on interest rate caps	0.5	9.4	(6.8)	12.6
Share-based compensation	<u>58.7</u>	<u>2.5</u>	<u>69.1</u>	<u>9.5</u>
Net Income excluding above charges	<u>51.2</u>	<u>57.0</u>	<u>171.3</u>	<u>210.6</u>

~\$6.5 million over consensus estimates\*\*

23% increase over prior year

\* Full year 2007 also includes after-tax charges of \$24 million relating to debt refinancing

\*\* Based on Reuters consensus adjusted for share-based compensation

# Earnings Per Share

	<u>4Q 2006</u>	<u>4Q 2007</u>	<u>FY 2006</u>	<u>FY 2007</u>
<b>Earnings Per Share</b>	<b>\$(0.10)</b>	<b>\$0.53</b>	<b>\$1.38</b>	<b>\$2.22*</b>
<b>Adjusted for: mark-to-market on interest rate caps and share based compensation</b>	<b>0.73</b>	<b>0.14</b>	<b>0.79</b>	<b>0.26</b>
<b>Earnings Per Share excluding above charges</b>	<b>\$0.63</b>	<b>\$0.67</b>	<b>\$2.17</b>	<b>\$2.48</b>
<p>* Full year 2007 also includes after-tax charges relating to debt refinancing</p> <p>** Based on Reuters consensus adjusted for share-based compensation</p>		<div style="border: 1px solid black; padding: 5px; width: fit-content;"> <p>~\$0.08 over consensus estimates**</p> </div>		
<b>Average Shares Outstanding (Million)</b>	<b>81.2</b>	<b>85.0</b>	<b>79.0</b>	<b>85.0</b>

# Total Revenue

(\$ Million)

	<u>4Q 2006</u>	<u>4Q 2007</u>
Basic Lease Rents	109	126*
Maintenance and End-of-Lease Revenue	24	11
Sales Revenue	65	138
Management Fees and Interest Income	12	10
Other Revenue	<u>2</u>	<u>0</u>
Total Revenue	<u>212</u>	<u>285</u>

Basic rents up 16% over fourth quarter 2006

\* 1Q 2008 expected to be ~\$129 million based on already contracted leases

**Full year 2007 total revenue up 44% over full year 2006  
and basic lease rents up 26% for same period**



# Sales Revenue

## Optimizing Our Portfolio with Sales

(\$ Million)	<u>4Q2006</u>	<u>4Q 2007</u>
Aircraft Sales	35	115
Engine Sales	15	3
Part Sales	<u>15</u>	<u>20</u>
Sale Revenue	<u>65</u>	<u>138</u>

### 4Q 2007 (8 aircraft)

- 5 Fokker 100s
- 1 Dash8-100
- 1 A300 Freighter
- 1 A321 - 200



# Leasing Expenses

(\$ Million)

	<u>4Q 2006</u>	<u>4Q 2007</u>
Maintenance Costs Paid By Lessor	\$4.5	\$3.0
Transition Costs	3.0	--
Repossession Expenses	0.2	0.6
All Other	<u>2.2</u>	<u>1.0</u>
<b>Total Leasing Expenses</b>	<b>\$9.9</b>	<b>\$4.6</b>

# SG&A Expenses

<b>(\$ Million)</b>	<b><u>FY 2006**</u></b>	<b><u>FY 2007</u></b>	<b><u>% Change</u></b>
<b>SG&amp;A*</b>	<b>78.5</b>	<b>105.4</b>	<b>34%</b>
<b>Revenues</b>	<b>814</b>	<b>1,177</b>	<b>45%</b>
<b>SG&amp;A as % of Revenue</b>	<b>9.7%</b>	<b>9.0%</b>	

\* Excluding share-based compensation

\*\* Includes AeroTurbine for 8 months

# Tax Rate

	<u>2006</u>	<u>2007</u>
<b>Tax Rate for Aircraft</b>	<b>13.6%</b>	<b>9.8%</b>
<b>Tax Rate for Engine/Parts*</b>	<b>8.0%</b>	<b>35.4%</b>
<b>Blended Tax Rate</b>	<b>16.4%</b>	<b>11.8%</b>

\* Engine / Parts business incurred a pre-tax loss in 2006, (due mostly to share-based compensation, which was not fully deductible for tax purposes,) resulting in a lower tax rate versus 2007

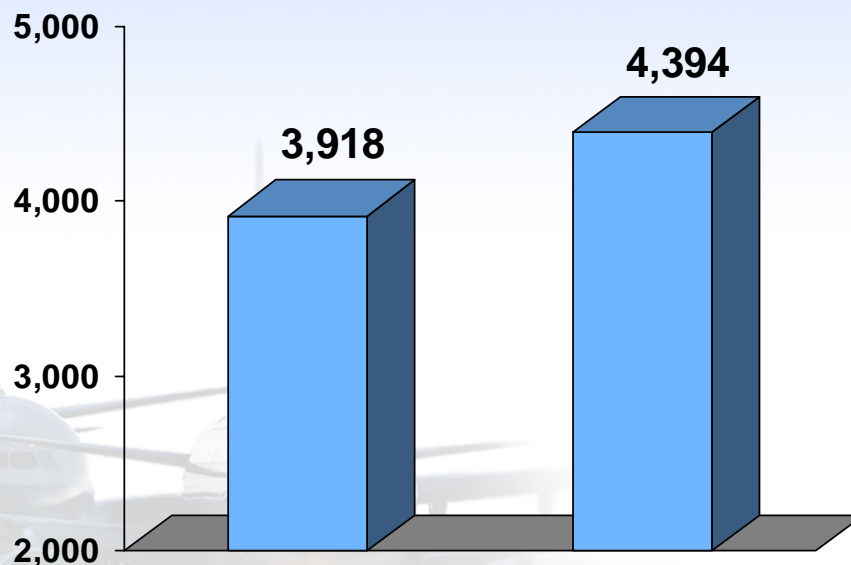
# Total Assets and Number of Aircraft/Engines

(\$ Million)

12/31/06

12/31/07

**Total Assets  
Owned and on  
Balance Sheet**



**12 % increase over  
12/31/06**

**Number of Aircraft  
Owned, On Order, Managed,  
Contracted, on LOI (units)**

344

316

**Decrease in units largely driven by  
sales of Fokker and managed aircraft**

**Number of Engines**

**Owned, Contracted, on LOI (units)**

57

69





# Purchases of Aviation Assets

<b>(\$ Million)</b>	<b><u>Full Year 2007</u></b>	<b><u>Committed 2008</u></b>
<b>Aircraft Related</b>	693	658
<b>Engines/Airframes</b>	<u>95</u>	<u>25</u>
<b>Total Purchases</b>	<b>788</b>	<b>683</b>
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<b>Number of Aircraft Purchases (Units)</b>	<b>40</b>	<b>25</b>

# Portfolio Management Metrics

<b><u>Aircraft Lease Portfolio</u></b>	<b><u>FY 2006</u></b>	<b><u>FY 2007</u></b>
<b>Utilization Rate</b>	<b>98.9%</b>	<b>98.4%</b>
<b>Portfolio Yield*</b>	<b>17%</b>	<b>18%</b>
<b>Average Term (Months)</b>		
– <b>New Aircraft Leases</b>	<b>103</b>	<b>107**</b>
– <b>Used Aircraft Leases</b>	<b>59</b>	<b>72</b>

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**2008 Aircraft Lease Revenue Contracted  
as a % of 2007 Aircraft Lease Revenue: ~108%**

\* Lease revenue divided by average book value of flight equipment on lease

\*\* Reflects 22 lease agreements and 24 LOIs for new aircraft leases signed during the year



# Debt

(\$ Million)

	<u>2006</u>	<u>2007</u>
<b>Total Debt at Year-End</b>	<b>2,555</b>	<b>2,893</b>
<b>Average Cost of Debt in Fourth Quarter*</b>	<b>7.6%</b>	<b>6.4%</b>
<b>Debt / Equity Ratio at Year-End Based on Book Equity of \$950 million</b>	<b>3.4 to 1</b>	<b>3.0 to 1</b>

\* Interest expense divided by average debt balance, excluding mark-to-market on interest rate caps

# Interest Savings from Hedging Strategy

- **AerCap uses caps to hedge against increases in interest rates**

- Caps have an initial cost but allow for the benefits from lower interest rates
- Under no circumstances do caps require cash collateral

- **Expected benefit in 2008 from lower interest rates:**

- AerCap average cost of debt for full year 2007 was ~6.7%\*
- Average cost of debt for full year 2008 is expected to be ~5.5% (inclusive of new debt), based on current interest rates.
- Benefits from lower interest rates in 2008 expected to be ~\$35 million, pre-tax.

\* Interest expense excludes mark-to-market on interest rate caps and cost of ALS refinancing





# Funding/Access to Capital

**Cash Balance at December 31, 2007\*** **\$242 Million**

**Operating Cash Flow for Full Year 2007\*\*** **\$206 Million**

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## **Fourth Quarter Financings (Total of \$440 Million)**

- **A330 Pre-Delivery Payments Debt Facility** **\$182 Million**
  - **Aircraft Acquisition Debt Facility** **\$150 Million**
  - **AeroTurbine Debt Facility Increase\*\*\*** **\$108 Million**
  - **\$1 Billion Revolver Extended by one year to May, 2014**
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**Available Lines of Credit at December 31, 2007\*\*\*\*** **~\$2.1 Billion**

\* Free cash only (excludes restricted cash balance of \$95 million)

\*\* Operating cash flow is reduced for interest cost

\*\*\* Total AeroTurbine debt facility is \$328 million

\*\*\*\* Includes revolving lines of credit, ECA financing and PDP financing



# Contracted Purchases and Financing

**2008 and 2009 Contracted Purchases (Capex)\*** ~\$1.8 billion

**Amount of Available Debt Financing\*\*** ~\$1.6 billion

**Cash Requirement in 2008/2009\*\*\*** ~\$0.2 billion

*\* Net of pre-delivery payments of ~\$0.1 paid in previous years.*

*\*\* Debt financing will be provided by either existing warehouse line (~\$1 billion) and European Export Credit Agencies (~\$0.6 billion), or alternative financing.*

*\*\*\* The cash requirement in 2008/2009 is expected to be provided by current cash balance and 2008/2009 operating cash flows.*

# AerCap Owned and Forward Order Aircraft

**Value of Aircraft Based on Data Published by External Appraisers\*** ~\$9.0 billion

**Book Value/Cost of Aircraft\*** ~\$7.5 billion

**Amount in Excess of Book Value/Cost** ~\$1.5 billion

\* Includes AerCap's currently owned aircraft plus forward orders (and excludes JV partner's portion)

# 2008 Financial Outlook

- Purchases of aviation assets in 2008 expected to be ~\$1 billion
- 2008 basic lease revenue expected to increase ~15% over 2007
- 2008 sales revenue expected to be comparable with 2007 (~50% already subject to LOI or contract)
- 2008 average cost of debt expected to be ~5.5%
- 2008 tax rate expected to be slightly lower than 2007
- 2008 ROE expected to be ~20%



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