



GLOBAL LEADER IN AVIATION



# *Fourth Quarter 2016 Financial Results*

AerCap Holdings N.V.

February 21, 2017


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*AerCap is the global leader in aircraft leasing*

-  **Resilient** industry fundamentals
-  **Global** platform with **unmatched breadth and reach**
-  **Strong earnings** and **cash flow generation**
-  **Disciplined** portfolio management
-  **Strong liquidity** and **access to capital**
-  **Hedging strategies** to mitigate risk
-  **Highly experienced management team** with deep industry expertise

## Financial Results

### Net Income (US GAAP)

(\$ million)	4Q 2016	FY 2016
Net Income	364.7	1,046.6

### Diluted Earnings Per Share (US GAAP)

(\$)	4Q 2016	FY 2016
Diluted EPS	2.01	5.52

Note: Net Income (US GAAP) & Diluted EPS (US GAAP) include the cost for the amortization of the maintenance rights asset (not adjusted)

## Highlights

- **458 aircraft transactions** in 2016, including **126 widebody** transactions
- **99.5% fleet utilization**
- **7.4 years average age of owned fleet** and **6.4 years average remaining lease term**
- **98% of new aircraft deliveries** through 2018 and **78% through 2019 leased**
- Over **\$3.0 billion** of **sales closed** in 2016
- **\$9.5 billion** of available **liquidity**
- **2.7 to 1** adjusted **debt/equity** ratio
- Upgraded to **Investment Grade** rating by Moody's
- **\$49.33 book value** per share
- **Repurchased 5.7 million shares** in 4Q 2016 for \$241 million and 25 million shares in 2016 for \$966 million
- New **\$350 million** share repurchase program authorized, which will run through June 30, 2017

(\$ million)	4Q 2016	4Q 2015	FY 2016	FY 2015
<b>Reported Net Income (US GAAP)</b>	<b>364.7</b>	<b>264.2</b>	<b>1,046.6</b>	<b>1,178.7</b>

## Key Highlights

### 4Q Results:

- 4Q 2016 reported net income (US GAAP) up significantly over 4Q 2015 (+38%) driven by higher gains on sale and other non-recurring items, as well as lower AeroTurbine losses

### Full Year Results:

- The decrease in year over year net income was due to various items, including sales of older aircraft during 2015 and 2016, which reduced average lease assets by ~\$1.6 billion (proceeds were used to repurchase shares)

## Components of Net Income

(\$ million)	4Q 2016	4Q 2015	FY 2016	FY 2015
<b>Gains on sale and other non-recurring items<sup>1</sup></b>	<b>115.4</b>	<b>57.0</b>	<b>248.2</b>	<b>194.4</b>
<b>AeroTurbine results, including restructuring related expenses</b>	<b>(13.6)</b>	<b>(86.2)</b>	<b>(123.4)</b>	<b>(80.4)</b>
<b>Maintenance rights amortization impact<sup>2</sup></b>	<b>(33.6)</b>	<b>(16.7)</b>	<b>(128.0)</b>	<b>(72.8)</b>
<b>All other earnings</b>	<b>296.5</b>	<b>310.1</b>	<b>1,049.8</b>	<b>1,137.5</b>
<b>Reported Net Income</b>	<b>364.7</b>	<b>264.2</b>	<b>1,046.6</b>	<b>1,178.7</b>

(1) Includes gain on sale of assets, income from lease terminations, net insurance proceeds, a gain related to the repayment of a note receivable earlier than expected and gains from the settlement of asset value guarantees.

(2) Represents the difference between the amortization cost of the maintenance rights asset as compared to depreciation expense if this asset had been classified as flight equipment. Please refer to slide 17 for additional detail regarding the maintenance rights amortization impact.

(\$)	4Q 2016	4Q 2015	FY 2016	FY 2015
<b>Reported Diluted Earnings Per Share</b>	<b>2.01</b>	<b>1.33</b>	<b>5.52</b>	<b>5.72</b>

## Key Highlights

### 4Q Results:

- 4Q 2016 reported diluted earnings per share (US GAAP) up significantly over 4Q 2015 (+51%) driven by higher gains on sale and other non-recurring items, as well as lower AeroTurbine losses

### Full Year Results:

- Diluted earnings per share was impacted by the same factors as net income, but was favorably impacted by the repurchase of 40.7 million shares for \$1.7 billion during 2015 and 2016 (~20% of total shares outstanding)

## Components of Earnings Per Share

(\$)	4Q 2016	4Q 2015	FY 2016	FY 2015
<b>Gains on sale and other non-recurring items<sup>1</sup></b>	<b>0.64</b>	<b>0.29</b>	<b>1.31</b>	<b>0.94</b>
<b>AeroTurbine results, including restructuring related expenses</b>	<b>(0.07)</b>	<b>(0.43)</b>	<b>(0.65)</b>	<b>(0.39)</b>
<b>Maintenance rights amortization impact<sup>2</sup></b>	<b>(0.19)</b>	<b>(0.08)</b>	<b>(0.67)</b>	<b>(0.35)</b>
<b>All other earnings</b>	<b>1.63</b>	<b>1.55</b>	<b>5.53</b>	<b>5.52</b>
<b>Reported Diluted Earnings Per Share</b>	<b>2.01</b>	<b>1.33</b>	<b>5.52</b>	<b>5.72</b>

(1) Includes gain on sale of assets, income from lease terminations, net insurance proceeds, a gain related to the repayment of a note receivable earlier than expected and gains from the settlement of asset value guarantees.

(2) Represents the difference between the amortization cost of the maintenance rights asset as compared to depreciation expense if this asset had been classified as flight equipment. Please refer to slide 17 for additional detail regarding the maintenance rights amortization impact.

# Book Value Per Share



(\$ million except Book Value Per Share)	Dec. 31, 2016	Dec. 31, 2015	% Incr/(Decr) over Dec. 31, 2015
<b>Total Shareholders' Equity</b>	<b>\$8,524</b>	<b>\$8,349</b>	<b>2%</b>
Ordinary Shares Outstanding	176.2	200.3	
Unvested Restricted Stock	(3.4)	(3.0)	
<b>Ordinary Shares Outstanding (excl. Unvested Restricted Stock)<sup>1</sup></b>	<b>172.8</b>	<b>197.3</b>	<b>(12%)</b>
<b>Book Value Per Share</b>	<b>\$49.33</b>	<b>\$42.31</b>	<b>17%</b>

(1) Ordinary shares outstanding used to calculate book value per share excludes unvested restricted stock.

(\$ million)	4Q 2016	4Q 2015	FY 2016	FY 2015
<b>Basic Lease Rents</b>	<b>1,061.8</b>	<b>1,148.8</b>	<b>4,395.3</b>	<b>4,635.8</b>
<b>Maintenance Rents and Other Receipts</b>	<b>159.1</b>	<b>136.7</b>	<b>472.3</b>	<b>355.8</b>
<b>Net Gain on Sale of Assets</b>	<b>58.7</b>	<b>43.4</b>	<b>138.5</b>	<b>183.3</b>
<b>Other Income</b>	<b>89.0</b>	<b>9.1</b>	<b>146.0</b>	<b>112.7</b>
<b>Total Revenues and Other Income</b>	<b>1,368.6</b>	<b>1,338.0</b>	<b>5,152.1</b>	<b>5,287.6</b>

- Basic lease rents decreased primarily due to sales of older aircraft during 2015 and 2016, which reduced average lease assets by ~\$1.6 billion
- 4Q 2016 other income included \$73.2 million of non-recurring income from lease terminations and a gain related to the repayment of a note receivable earlier than expected



# Net Interest Margin (Net Spread)



(\$ million)	4Q 2016	4Q 2015	FY 2016	FY 2015
<b>Net Interest Margin (Net Spread)<sup>1</sup></b>	<b>790.5</b>	<b>874.3</b>	<b>3,305.0</b>	<b>3,554.0</b>
<b>Average Lease Assets<sup>2</sup></b>	<b>34,192</b>	<b>35,836</b>	<b>34,857</b>	<b>36,311</b>
<b>Annualized Net Spread</b>	<b>9.3%</b>	<b>9.8%</b>	<b>9.5%</b>	<b>9.8%</b>
<b>Average Cost of Debt (including all fees)<sup>3</sup></b>	<b>3.9%</b>	<b>3.7%</b>	<b>3.7%</b>	<b>3.6%</b>
<b>Average Age of Owned Fleet (as of December 31, 2016 and 2015)</b>	<b>7.4</b>	<b>7.7</b>	<b>7.4</b>	<b>7.7</b>

- Net spread reduction was primarily impacted by lower age of owned fleet and higher average cost of debt
- Average cost of debt increased primarily due to the issuance of new longer-term bonds to replace shorter-term ILFC notes, which had lower reported interest expense as a result of ILFC acquisition purchase accounting

(1) Net Interest Margin is calculated as basic lease rents less interest expense, excluding the non-cash charges related to the mark-to-market of interest rate caps and swaps.

(2) Includes flight equipment held for operating leases, flight equipment held for sale, net investment in finance and sales-type leases and maintenance rights intangible asset.

(3) Interest expense divided by average debt balance, excluding mark-to-market on interest rate caps and swaps.

(\$ million)	4Q 2016	4Q 2015	FY 2016	FY 2015
<b>Net Gain on Sale of Assets</b>	<b>58.7</b>	<b>43.4</b>	<b>138.5</b>	<b>183.3</b>

## 4Q 2016 Disposal Activity:

- 37 aircraft, with an average age of 15 years, were sold from our owned portfolio:
  - 2 Airbus A319-100s, 11 Airbus A320-200s, 2 Airbus A321-100s, 3 Airbus A321-200s, 6 Airbus A330-200s and 3 Airbus A330-300s
  - 1 Boeing 737 Classic, 6 Boeing 737NGs, 2 Boeing 757-200s and 1 Boeing 767-300ER
- 3 aircraft were placed on long-term leases and reclassified from flight equipment held for operating leases to net investment in finance and sales-type leases
  - 3 Boeing 737NGs
- FY 2016 sales margin of ~5%

## 4Q 2016 Purchase Activity:

- 19 aircraft were purchased:
  - 14 Airbus A320neos and 3 Airbus A350-900s
  - 2 Boeing 787-9s

(\$ million)	4Q 2016	4Q 2015	FY 2016	FY 2015
<b>Leasing Expenses</b>	<b>143.3</b>	<b>126.3</b>	<b>582.5</b>	<b>522.4</b>
<b>Selling, General &amp; Administrative Expenses</b>	<b>96.8</b>	<b>103.6</b>	<b>351.0</b>	<b>381.3</b>
<b>Asset Impairment</b>	<b>11.4</b>	<b>1.0</b>	<b>81.6</b>	<b>16.3</b>
<b>Transaction, Integration and Restructuring Related Expenses</b>	<b>8.3</b>	<b>50.8</b>	<b>53.4</b>	<b>58.9</b>

- SG&A expenses decreased due to the AeroTurbine downsizing as well as other expense reductions
- Asset impairment in 4Q 2016 primarily related to the lease termination of two aircraft, which was more than offset by \$13.4 million of related maintenance rents
- Transaction, integration and restructuring related expenses in 4Q 2016 represented non-recurring charges resulting from our decision to accelerate the downsizing of AeroTurbine (primarily severance costs)

## Sources vs. Uses (Next 12 Months)

(\$ billion as of December 31, 2016)

### Sources (for 12 months to December 31, 2017)

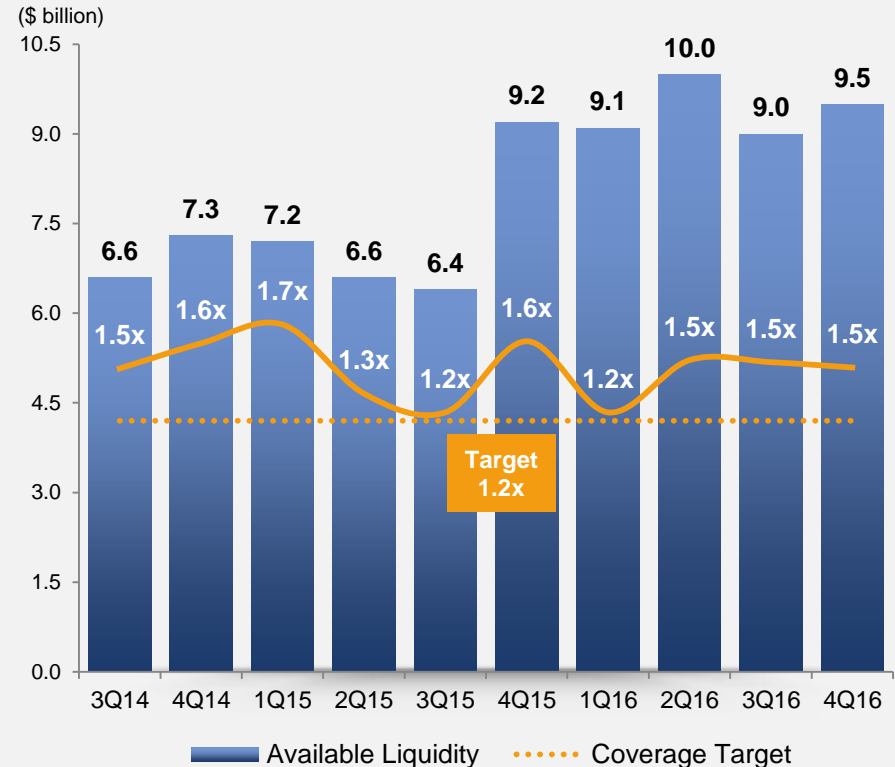
Unsecured Revolver	3.0
Other Facilities and Contracted Sales	4.5
Unrestricted Cash	2.0
<b>Total Available Liquidity</b>	<b>9.5</b>
Estimated Operating Cash Flow	3.3
<b>Total Sources<sup>1</sup></b>	<b>12.8</b>

### Uses (for 12 months to December 31, 2017)

Debt Maturities	(3.8)
Capex (Cash payments for purchases) <sup>2</sup>	(5.0)
<b>Total Uses</b>	<b>(8.8)</b>

<b>Excess Coverage (Sources less Uses)</b>	<b>4.0</b>
<b>Ratio of Sources to Uses</b>	<b>1.5x</b>

## Liquidity Levels Since July 2014



(1) Sources assume no additional financing for deliveries of new aircraft purchases.  
 (2) Includes cash payments for next 12 months' aircraft deliveries and pre-delivery payments.



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**Q&A**



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# *Supplemental Information*

# Adjusted Net Income As Previously Reported



Following the SEC's issuance of updated guidance on the use of non-GAAP financial measures, the Company will no longer report adjusted net income. Below is a reconciliation of reported net income to adjusted net income, as previously reported, which is provided as a final transitional disclosure.

(\$ million)	4Q 2016	4Q 2015	FY 2016	FY 2015
<b>Reported Net Income</b>	<b>364.7</b>	<b>264.2</b>	<b>1,046.6</b>	<b>1,178.7</b>
<b>Adjusted for:</b>				
• Maintenance rights amortization impact	<b>38.3</b>	<b>19.0</b>	<b>146.2</b>	<b>83.2</b>
• AeroTurbine pre-tax results, including restructuring related expenses	<b>13.6</b>	<b>83.4</b>	<b>123.3</b>	<b>74.0</b>
• Mark-to-market on interest rate caps and swaps	<b>(18.6)</b>	<b>(0.1)</b>	<b>1.6</b>	<b>18.1</b>
• ILFC transaction and integration related expenses	<b>-</b>	<b>1.5</b>	<b>-</b>	<b>9.6</b>
• Income tax impact of above adjustments	<b>(2.5)</b>	<b>0.3</b>	<b>(18.3)</b>	<b>(7.4)</b>
<b>Adjusted Net Income</b> (as previously reported)	<b>395.5</b>	<b>368.3</b>	<b>1,299.4</b>	<b>1,356.2</b>

# Adjusted Earnings Per Share As Previously Reported



Following the SEC's issuance of updated guidance on the use of non-GAAP financial measures, the Company will no longer report adjusted earnings per share. Below is a reconciliation of reported earnings per share to adjusted earnings per share, as previously reported, which is provided as a final transitional disclosure.

(\$)	4Q 2016	4Q 2015	FY 2016	FY 2015
<b>Reported Diluted Earnings Per Share</b>	<b>2.01</b>	<b>1.33</b>	<b>5.52</b>	<b>5.72</b>
<b>Adjusted for:</b>				
<ul style="list-style-type: none"> <li>Maintenance rights amortization impact, AeroTurbine pre-tax results, including restructuring related expenses, mark-to-market on interest rate caps and swaps and ILFC transaction and integration related expenses</li> </ul>	<b>0.18</b>	<b>0.52</b>	<b>1.43</b>	<b>0.90</b>
<ul style="list-style-type: none"> <li>Income tax impact of above adjustments</li> </ul>	<b>(0.01)</b>	<b>-</b>	<b>(0.10)</b>	<b>(0.04)</b>
<b>Adjusted Diluted Earnings Per Share</b> (as previously reported)	<b>2.18</b>	<b>1.85</b>	<b>6.85</b>	<b>6.58</b>



(\$ million)	4Q 2016	4Q 2015	FY 2016	FY 2015
<b>Maintenance Rights Expense</b>	<b>94.5</b>	<b>85.0</b>	<b>381.6</b>	<b>348.4</b>
<b>Other Leasing Costs</b>	<b>48.8</b>	<b>41.3</b>	<b>200.9</b>	<b>174.0</b>
<b>Total Leasing Expenses</b>	<b>143.3</b>	<b>126.3</b>	<b>582.5</b>	<b>522.4</b>

- As a result of purchase accounting, a portion of the acquired ILFC aircraft value is classified as an intangible asset (\$2.1 billion as of December 31, 2016, compared to \$4.0 billion as of May 14, 2014)
- The amortization costs for this portion of the aircraft value is recorded as leasing expense over the remaining lease term instead of over the remaining aircraft life

Summary	Dec. 31, 2016	Dec. 31, 2015
<b>Adjusted Debt / Equity Ratio</b>	<b>2.7 to 1</b>	<b>2.9 to 1</b>
<hr/>		
Adjusted Debt/Equity Calculation (\$ million)	Dec. 31, 2016	Dec. 31, 2015
<b>Debt</b> (including fair value adjustments)	<b>27,717</b>	<b>29,642</b>
<b>Adjusted for:</b>		
• Unrestricted cash & cash equivalents	<b>(2,035)</b>	<b>(2,403)</b>
• 50% equity credit for long-term subordinated debt	<b>(750)</b>	<b>(750)</b>
<b>Adjusted Debt</b>	<b>24,932</b>	<b>26,489</b>
<b>Equity</b>	<b>8,582</b>	<b>8,426</b>
<b>Adjusted for:</b>		
• 50% equity credit for long-term subordinated debt	<b>750</b>	<b>750</b>
<b>Adjusted Equity</b>	<b>9,332</b>	<b>9,176</b>

Aircraft Type	Number of Owned Aircraft	% Net Book Value	Number of Managed & AerDragon Aircraft	Aircraft on Order	Total Aircraft
Airbus A319	125	6	11	-	136
Airbus A320	205	13	29	-	234
Airbus A320neo Family	15	2	-	204	219
Airbus A321	82	6	13	-	95
Airbus A330	98	14	10	-	108
Airbus A350	10	5	-	19	29
Boeing 737NG	297	25	43	-	340
Boeing 737MAX	-	-	-	109	109
Boeing 767	37	1	-	-	37
Boeing 777-200ER	26	3	3	-	29
Boeing 777-300 / 300ER	31	8	3	-	34
Boeing 787	45	16	-	38	83
Embraer E190 / 195-E2	-	-	-	50	50
Other	51	1	12	-	63
<b>Total</b>	<b>1,022</b>	<b>100</b>	<b>124</b>	<b>420</b>	<b>1,566</b>

- Average age of owned aircraft fleet is **7.4 years**
- Average remaining lease term is **6.4 years**

# Forward Order & Purchase/Leasebacks *as of December 31, 2016*



(Unit)	2017	2018	2019	2020	2021	Thereafter	Total
Airbus A320neo Family	39	47	48	40	30	-	204
Airbus A350	10	7	2	-	-	-	19
Boeing 737MAX	-	6	23	25	28	27	109
Boeing 787	18	14	6	-	-	-	38
Embraer E190 / 195-E2	-	5	14	14	14	3	50
<b>Total Units</b>	<b>67</b>	<b>79</b>	<b>93</b>	<b>79</b>	<b>72</b>	<b>30</b>	<b>420</b>



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