

# GLOBAL LEADER IN AVIATION




September 10, 2015, New York

## 2015 Investor Day

AerCap Holdings N.V.



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| **Introduction**



**John Wikoff**  
*Head of Investor Relations*

| **AerCap Overview**



**Aengus Kelly**  
*Chief Executive Officer*

| **Leasing Strategy**



**Philip Scruggs**  
*President & Chief Commercial Officer*

| **Portfolio Management**



**Edward O'Byrne**  
*Chief Investment Officer*

| **Q&A and Break**

| **Risk Management**



**Anton Joiner**  
*Chief Risk Officer*

| **OEM Relations**



**Martin Olson**  
*Head of OEM Relations*

| **Financial Performance**



**Keith Helming**  
*Chief Financial Officer*

| **Q&A**

| **Summary and Closing**



**Aengus Kelly**  
*Chief Executive Officer*



## AerCap Overview

**Aengus Kelly**  
Chief Executive Officer

# AerCap Investor Day – Key Takeaways



- ✧ Aircraft leasing is a **stable and profitable business** with tremendous growth opportunities
  - More people will travel each year than did in the previous year for the foreseeable future
- ✧ A well-managed aircraft portfolio will generate **stable and durable cash flows** over the long term
  - Selling aircraft is as important as buying aircraft
- ✧ We are the **industry leading platform** with only a few discernable competitors
  - High barriers to entry ensure this won't change any time soon
- ✧ We are a **global platform** with transferrable assets
  - We can move aircraft from nonperforming areas while airlines are trapped in their local markets
- ✧ We take **pride in our risk management culture** and emphasize the importance of '**getting paid**'
  - Since 2006, our **average annual utilization rate is 98.6%** and average impairments are 0.13% of assets

***We are here to make money for our shareholders and disciplined in how we do it***

# A Legacy of Growth and Innovation



AerCap has continued its expansion over the years with deep roots in the industry

## Emergence of Industry Leadership

- ILFC places **landmark** order for Airbus and Boeing aircraft
- GPA becomes the world's **largest lessor**

## Formation of "New" AerCap

- **debis AirFinance** acquires AerFi
- **Cerberus** acquires debis AirFinance, renames to **AerCap**
- AerCap **IPO** on NYSE



1980s

1990s

2000s

2010-today



## Ownership Changes & Industry Growth

- **AIG** acquires ILFC
- GPA **restructuring** with partial aircraft sale to GECAS
- GPA becomes **AerFi** as part of TPG deal

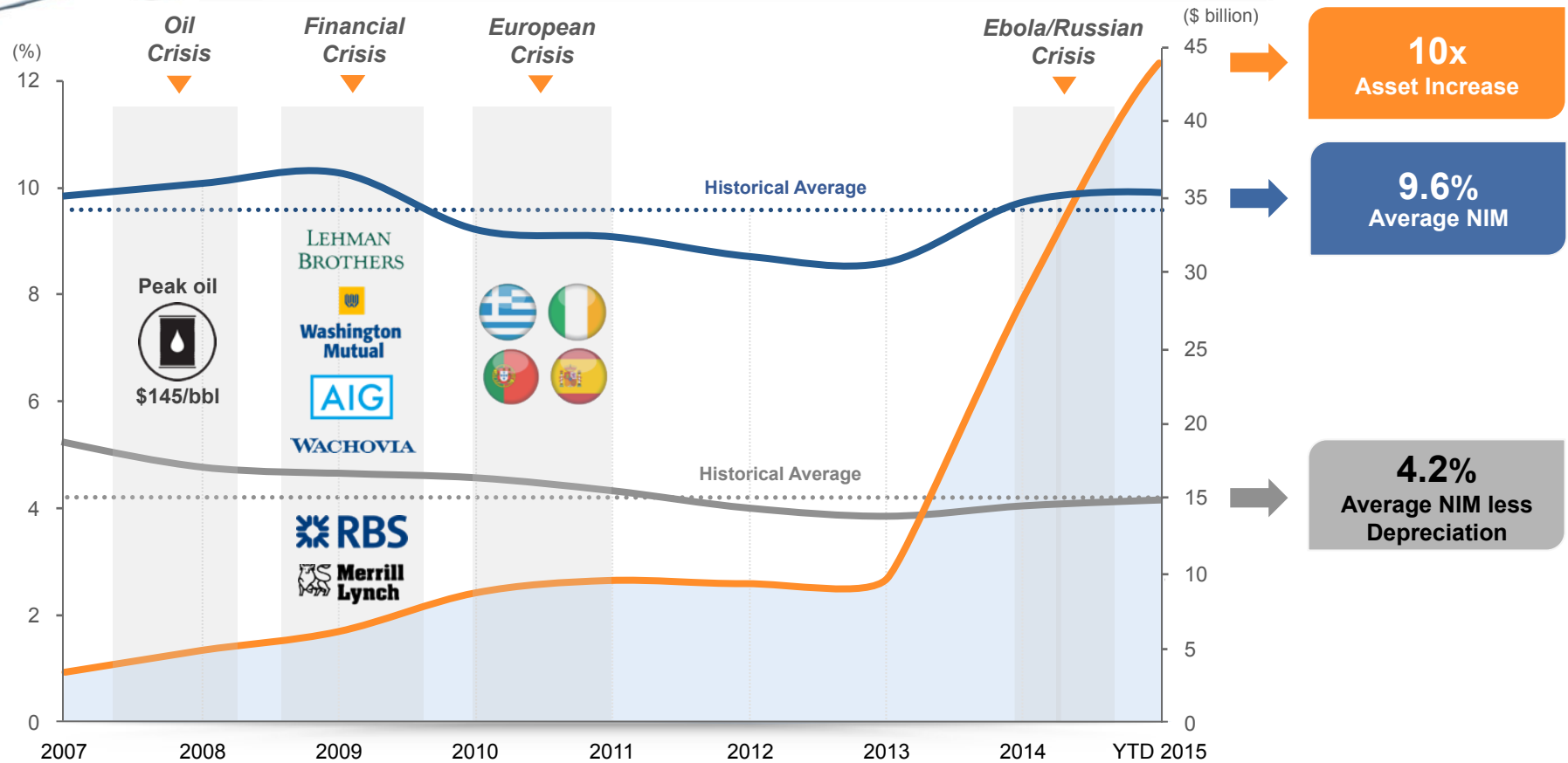
## Transformation to Industry Leader

- Cerberus share **repurchase** representing ~25% of outstanding
- **Investment Grade Rating** (S&P, Fitch)
- AerCap **acquires** ILFC
- AIG fully **divests** (\$750M share repurchase)

# AerCap's Consistent Profitability



Since 2007 AerCap has grown its assets ten-fold with consistent 12% annual average EPS<sup>1</sup> growth through all economic cycles



(1) 2007 Adjusted EPS: \$2.48; 1H 2015 Annualized Adjusted EPS: \$6.32





Since the 2013 Investor Day, AerCap has transformed into the leading global lessor

	2015 <sup>1</sup>	2013 <sup>1</sup>	Change
Equity	\$7.8B	\$2.4B	3.2x ↑
Net income	\$1.3B <sup>2</sup>	\$0.3B	4.3x ↑
Total revenue	\$5.2B <sup>2</sup>	\$1.1B	4.7x ↑
Assets	\$44.1B	\$9.5B	4.6x ↑
Aircraft	1,267 <sup>3</sup>	378	3.4x ↑
Cash flow	\$3.3B <sup>2</sup>	\$0.7B	4.7x ↑
Transactions	531 <sup>2</sup>	197	2.7x ↑
Orderbook	461	44	10.5x ↑

*AerCap has surpassed all financial and integration targets set in advance of the ILFC acquisition*

(1) As of June 30, 2015 and December 31, 2013

(2) Results LTM

(3) Owned and managed fleet, including AerDragon



*AerCap's operating strategy will remain focused on our key business principles*



## **Leasing Strategy**

- Highly diversified customer base
- Wide geographical coverage
- Security deposits and maintenance reserves to protect against lessee defaults
- Proactive risk management



## **Capital Structure**

- Focus on long-term funding to match fund long-term assets
- Flexible repayment profiles
- Conservative leverage
- Highly diversified funding sources



## **Portfolio Management**

- Focus on in-production liquid aircraft types
- Continually optimize portfolio through aircraft acquisitions and disposals
- Assets owned in appropriate tax jurisdictions



## **Hedging Policy**

- Hedge through a mix of interest rate caps, swaps and fixed-rate loans
- Provides benefit of decreasing interest rates, while protecting against increasing interest rates



*Aircraft leasing has a strong track record and has been on a robust growth path*



**Healthy and balanced global demand** for existing and new aircraft, with air traffic expected to double over the next 15 years<sup>1</sup>



Lessors expected to continue to be responsible for funding the **largest share of aircraft deliveries**<sup>2</sup>



**Half of world airline fleet expected to be leased by 2020**, compared with 42% in 2015<sup>2</sup>



**38,000 new commercial aircraft** to be delivered at a value greater than \$5.6 trillion over the next 20 years<sup>3</sup>



**Very few global industry players** due to high barriers to entry



**Dominated primarily by Boeing and Airbus**, each sharing roughly 50% of the market<sup>3</sup>

(1) FAA Forecast

(2) Boeing Current Aircraft Finance Market Outlook 2015

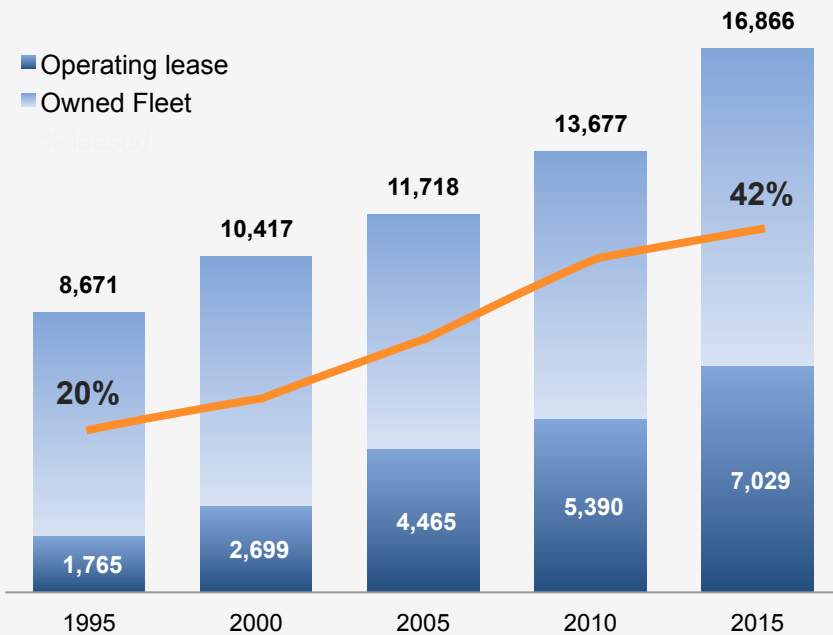
(3) Boeing Current Market Outlook 2015

# Increasing Demand for Operating Leases

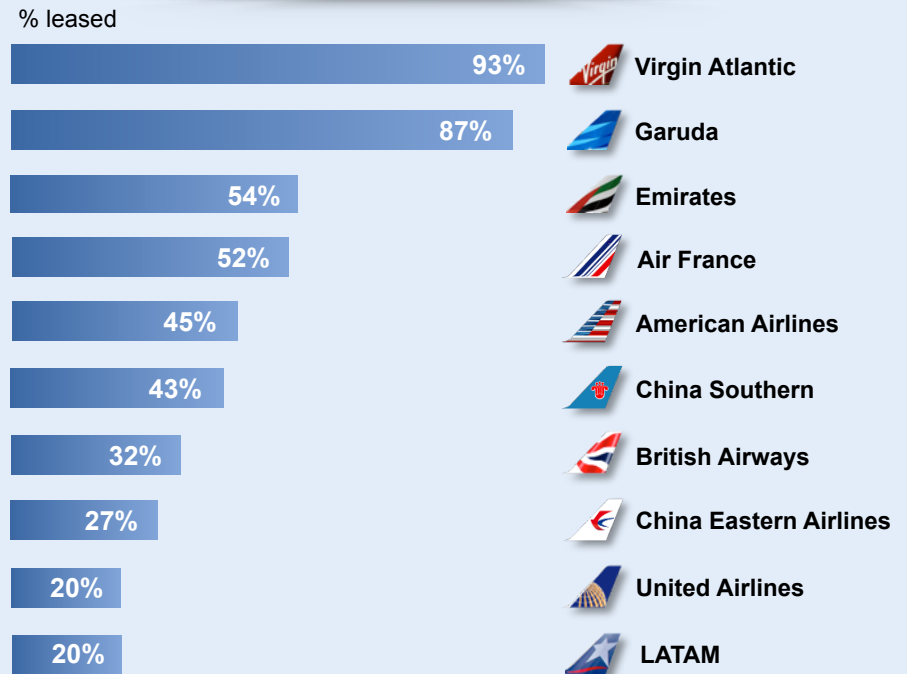


Over the past 20 years the world fleet **DOUBLED** while the operating lease fleet size multiplied by **FOUR**

## PROPORTION OF GLOBAL FLEET ON OPERATING LEASE<sup>1</sup>



## LEASING REPRESENTS A SIGNIFICANT SHARE OF MAJOR AIRLINES' FLEET<sup>2</sup>



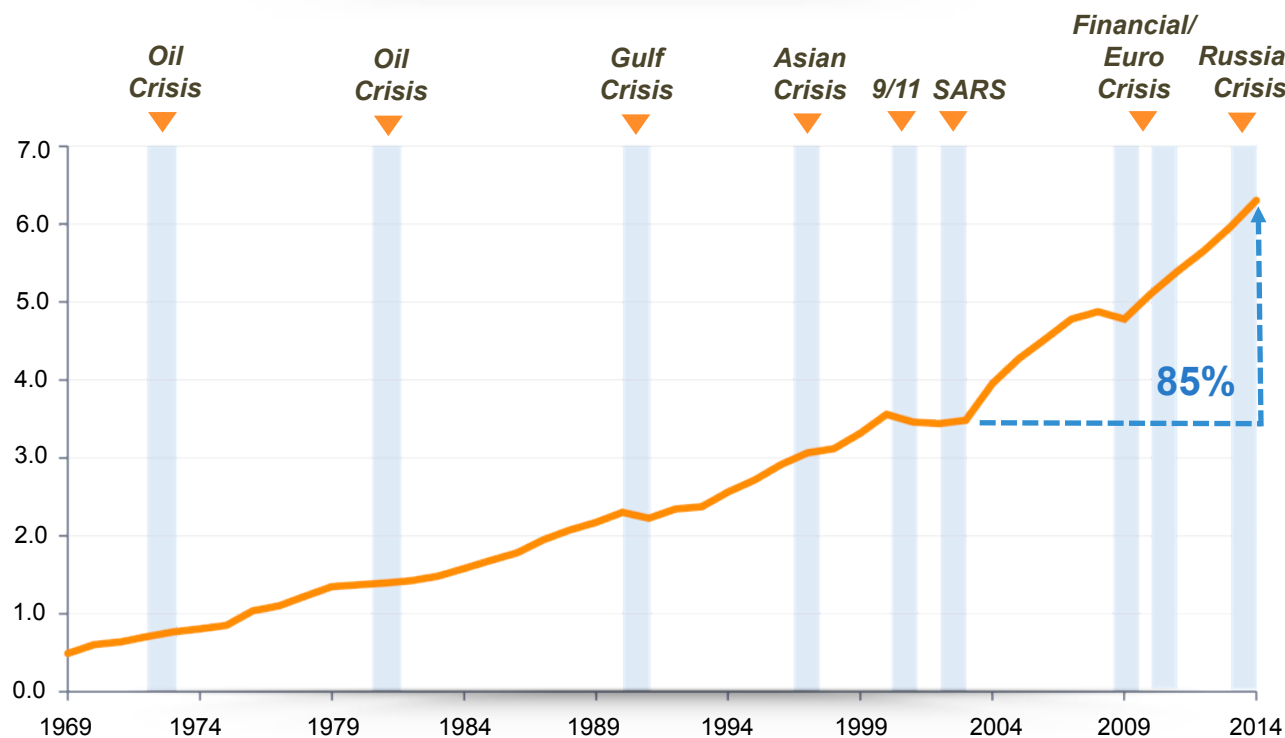
(1) Ascend Fleets Database, Airbus, Boeing, Lockheed, McDonnell-Douglas in service passenger jets – excludes regional jets

(2) Ascend as of June 30, 2015 - leased summary share, Airbus, Boeing, McDonnell-Douglas in service, passenger jets



## Resilient, growing air travel market expected to continue

WORLD ANNUAL TRAFFIC (RPKs – trillions)<sup>1</sup>



## ROBUST GLOBAL TRAFFIC

- 85% world traffic RPK increase since 9/11 despite the different crises around the world
- 2015 world traffic RPK growth expected at 6.7%, up from 6.0% in 2014<sup>2</sup>
- ASK growth projected to rise in 2015, ranging from 3.1% in North America to 12.9% in the Middle East<sup>2</sup>
- 2015 total passenger traffic expected at 3.5 billion, up from 3.3 billion in 2014<sup>2</sup>

(1) Airbus Market Outlook 2015

(2) IATA June 2015 - Estimate for 2014 and forecast for 2015 for system-wide global commercial airlines

# Competitive Industry Landscape



AerCap's scale and orderbook provide a key competitive advantage

LEASING MARKET SHARE  
by fleet size<sup>1</sup>

40%

34%

26%



(1) Based on fleet data of owned and managed aircraft for top 40 lessors from Flightglobal's Ascend Fleets database for December 2014, excludes Boeing Capital

# Objectives for the Future



*Our ultimate objective is to make money for our shareholders*

## CUSTOMER TARGETS

### *HAVE THE AIRCRAFT CUSTOMERS WANT*

Keep aircraft portfolio at the forefront of our thinking

### *LEASE THE AIRCRAFT*

Lease aircraft to drive earnings and maintain high aircraft utilization rate

### *GET PAID*

Manage our customers to ensure timely flow of receivables

## OPERATIONAL TARGETS

### *MAINTAIN THE TECHNICAL VALUE OF THE FLEET*

Monitor maintenance and record keeping to preserve asset value

### *LONG-TERM FUNDING*

Maintain a stable, long-term debt structure – availability of funds comes first, cost is second

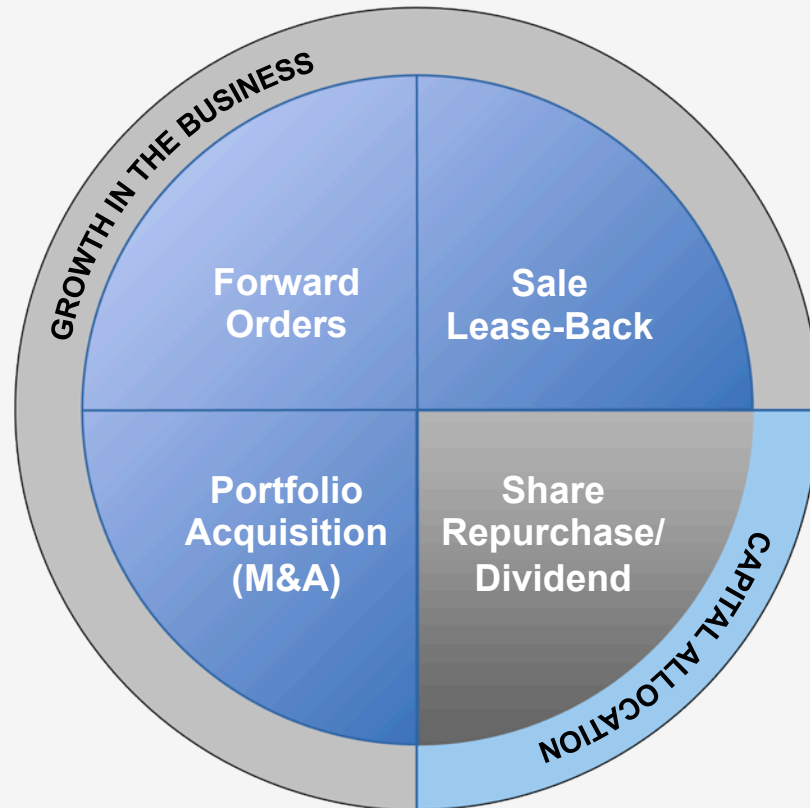
### *OPTIMIZE TAX POSITION*

Maximize tax advantages without compromising portfolio quality

**ENHANCE  
SHAREHOLDER  
VALUE**



*AerCap takes a holistic approach to enhancing shareholder value*



- **Key drivers of shareholder return include:**
  - Forward Orders
  - Sale Lease-Back
  - Portfolio Acquisition (M&A)
  - Share Repurchase/Dividend
- New orders to drive **~5% per annum contracted growth** over the next few years
- **Sale Lease-Back and Portfolio Acquisition opportunities** are **continually evaluated** and acted upon opportunistically
- **Capital Allocation** represents an **important channel for shareholder return**





## *Leasing Strategy*

**Philip Scruggs**  
*President & Chief Commercial Officer*



A diverse global network of more than 200 customers in ~90 countries

## LESSEE DIVERSIFICATION

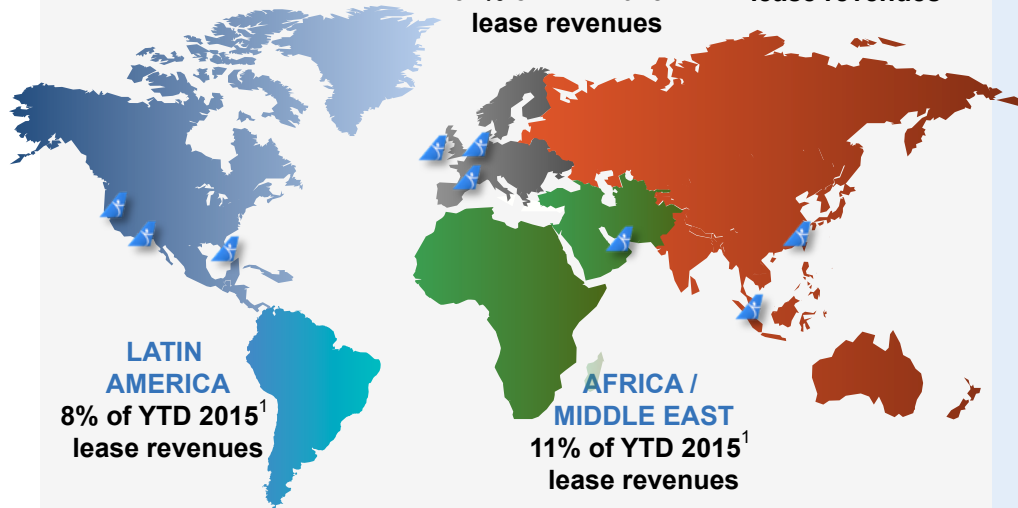
**NORTH AMERICA / CARIBBEAN**  
14% of YTD 2015<sup>1</sup> lease revenues

**EUROPE**  
32% of YTD 2015<sup>1</sup> lease revenues

**ASIA / PACIFIC & RUSSIA**  
35% of YTD 2015<sup>1</sup> lease revenues

**LATIN AMERICA**  
8% of YTD 2015<sup>1</sup> lease revenues

**AFRICA / MIDDLE EAST**  
11% of YTD 2015<sup>1</sup> lease revenues



AerCap Office Locations

## SELECT TOP AIRLINE CUSTOMERS



(1) For the six months ended June 30, 2015

***Long-Standing  
Strong  
Customers***

***Stable, Dependable Cash Flow***

# Largest Lessor Partner to Airlines Worldwide



Long-standing, strong customer relationships

Customer	Years of Relationship	Number of Aircraft	AerCap Lessor Market Position <sup>1</sup>
American Airlines	27	88	#1
AIRFRANCE	21	54	#1
CHINA SOUTHERN	21	53	#1
中國東方航空 CHINA EASTERN	16	13	#1
AEROMEXICO	23	18	#1
Emirates	21	21	#1
SHANGHAI AIRLINES	18	15	#1
spirit airlines	12	23	#1
KLM	21	12	#1
DRAGONAIR	23	7	#1

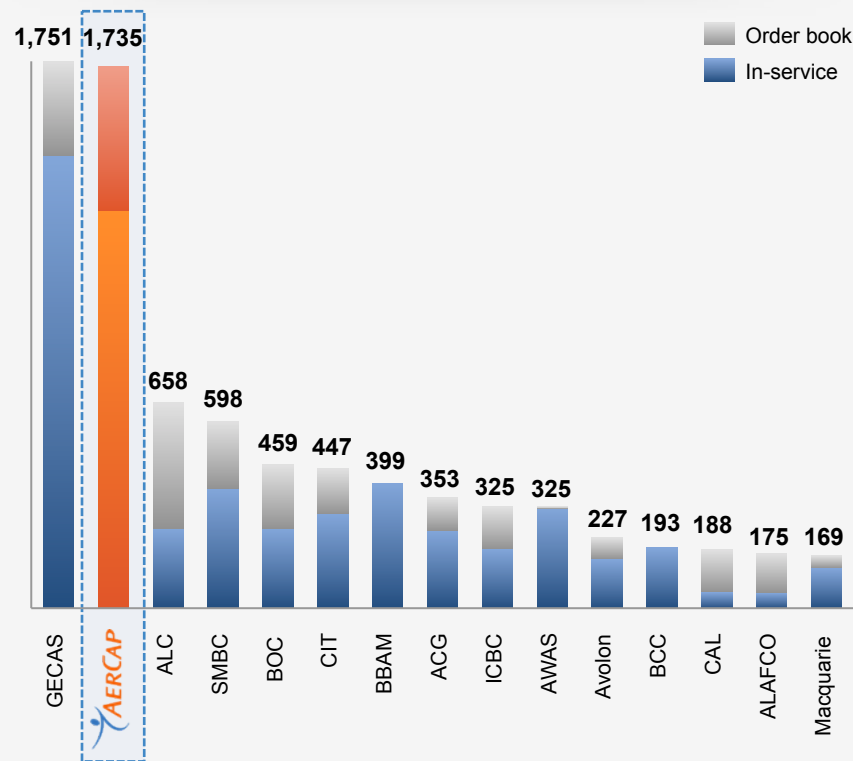
Customer	Years of Relationship	Number of Aircraft	AerCap Lessor Market Position <sup>1</sup>
Southwest	24	38	#1
IAG INTERNATIONAL AIRLINES GROUP	23	44	#1
AIR NEW ZEALAND	27	7	#1
深圳航空 Shenzhen Airlines	19	12	#1
Vietnam Airlines	13	13	#1
Virgin atlantic	27	17	#1
airberlin (Part of Etihad Group)	15	14	#1
AIR CANADA	20	14	#2
四川航空股份有限公司 SICHUAN AIRLINES CO., LTD.	20	9	#1
CATHAY PACIFIC	26	8	#2

(1) By number or value of aircraft fleet



## Scale has its advantages

### NUMBER OF AIRCRAFT IN SERVICE / FIRM ORDER<sup>1</sup>



### COMPETITIVE ADVANTAGES OF SCALE

- Ability to enter into **large, sophisticated, and strategic aircraft transactions**
- **Favorable terms** from manufacturers
- **Diversified aircraft portfolio**
- **Access to multiple sources of capital** with attractive pricing and terms
- **Diverse customer base** and geographic exposure
- **Teams in every region** in constant contact with customers

### RESULTS


- **Stable, consistent returns** for shareholders


(1) Ascend, as of July 2015

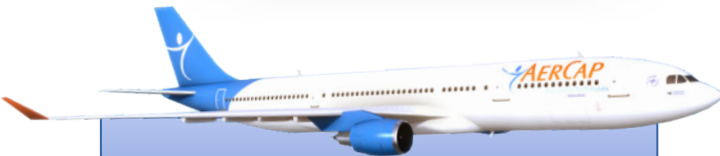
# Vision, Reach, Scale - The AerCap Advantage



 *The Vision to see the whole world*

 *The Reach to build and maintain relationships with airlines across the globe*

 *The Scale to move aircraft around the globe and create unique solutions for customers*



VISION:  
Move **13 A330-200s**  
around the world



REDUCING FLEET  
COMPLEXITY &  
CAPACITY

**LATAM**



LAUNCHING  
LONG-HAUL

**Azul**



GROWING IN VACUUM  
OF IBERIA RETREAT



EXPANDING  
**Turkish**



IN CRISIS  
**Gulf Air**

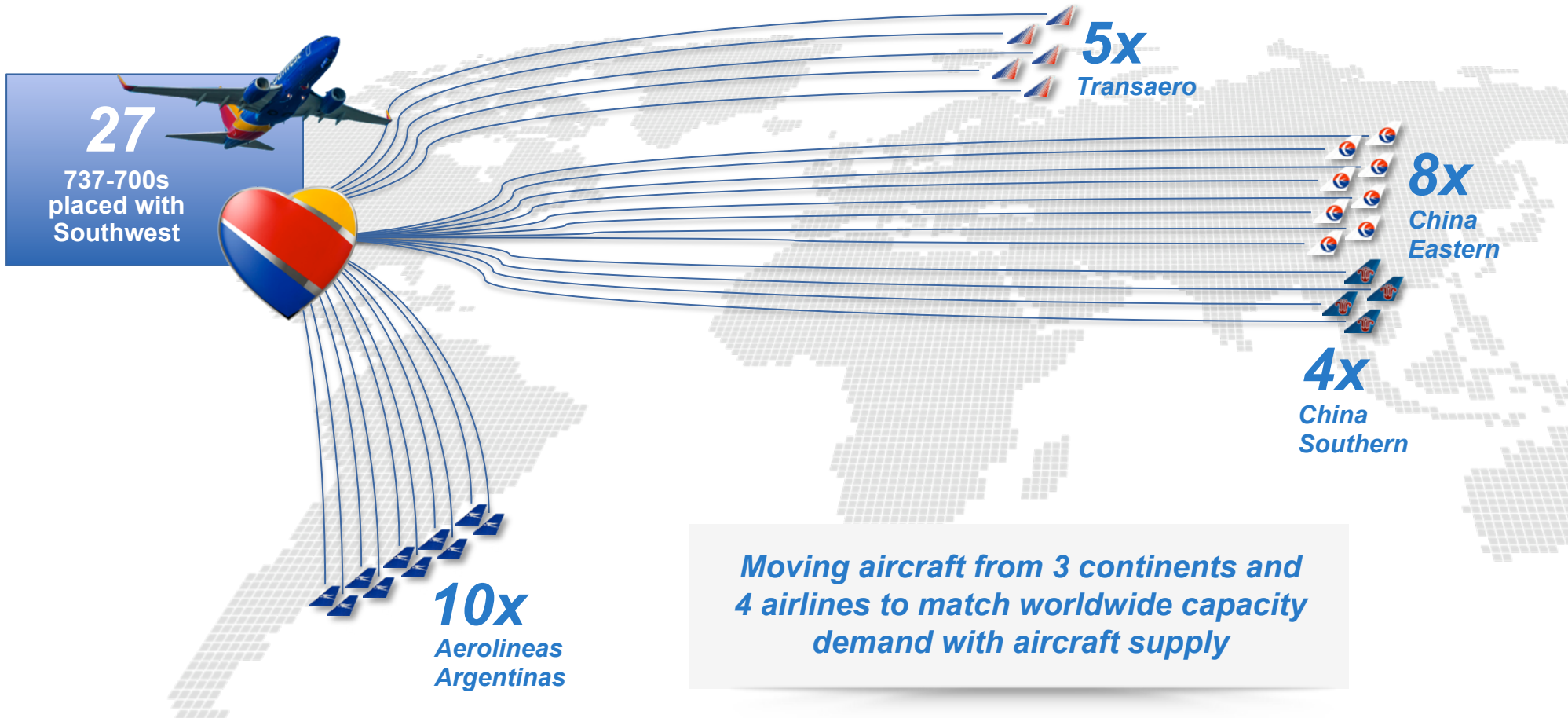


RESPONDING TO  
DEMAND  
ENVIRONMENT  
**Sichuan**

# The AerCap Advantage Drives Superior Results



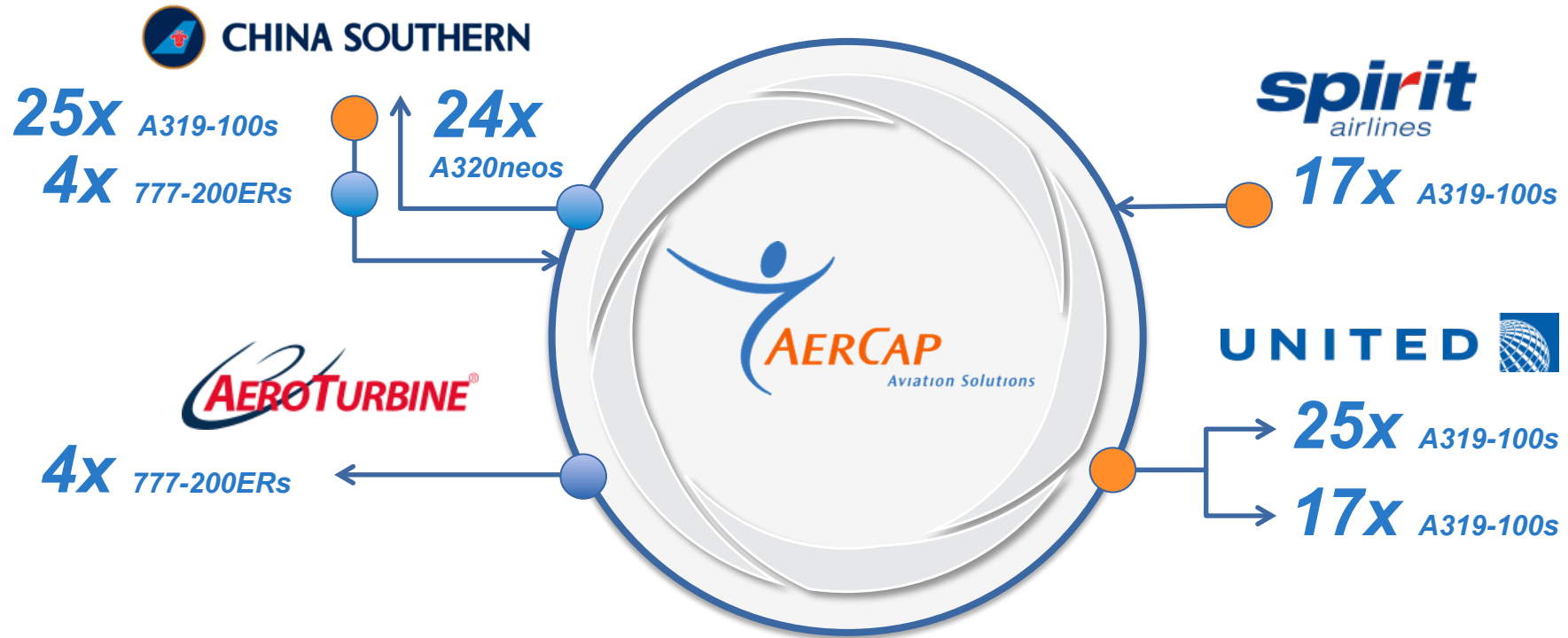
Moving capacity to maximize long-term shareholder value



# The AerCap Advantage Differentiates Us from Competitors



Vision, reach and scale to do transactions others cannot do





***Aircraft leasing is the mechanism by which the market quickly and efficiently distributes capacity around the world***

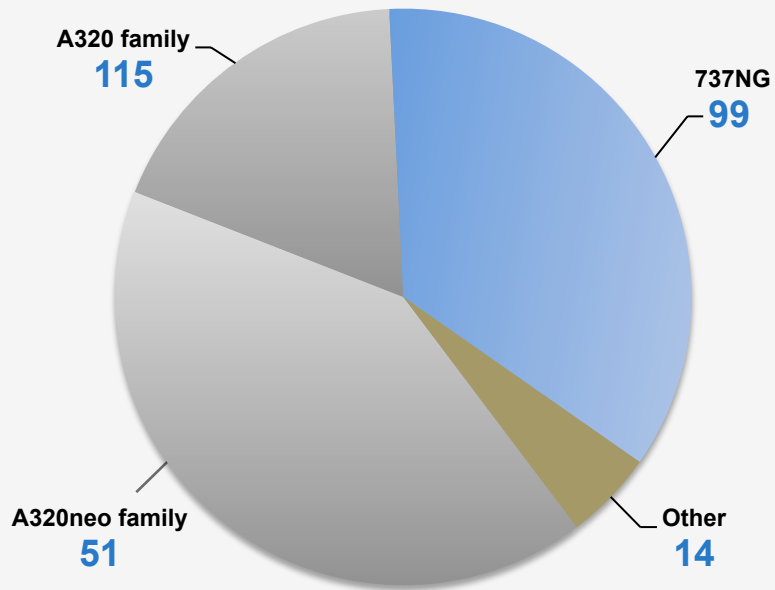
***AerCap does it better than others***

# AerCap's Platform Capabilities

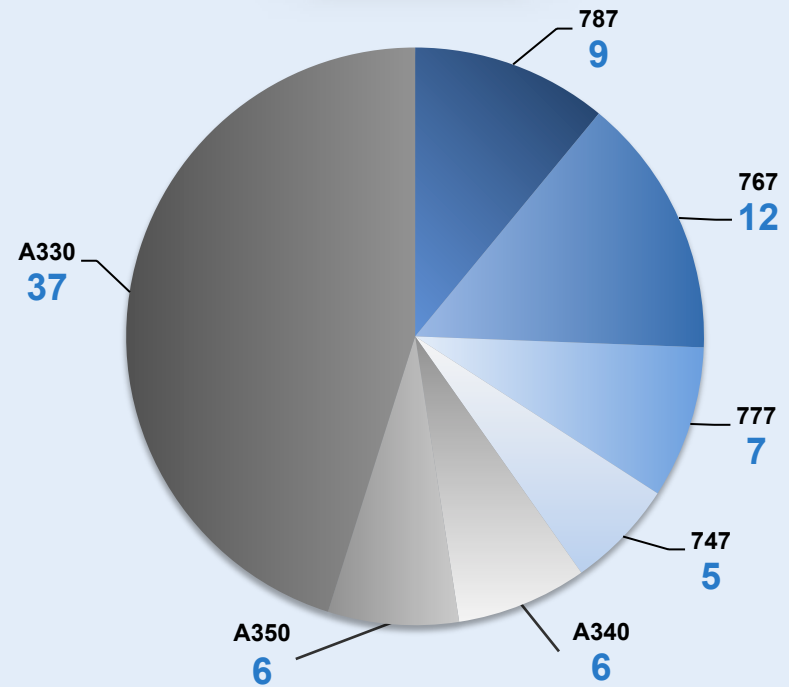


AerCap has executed 361 lease transactions over the past 12 months

279 NARROW BODY AIRCRAFT  
LEASE TRANSACTIONS  
~53% extensions<sup>1</sup>



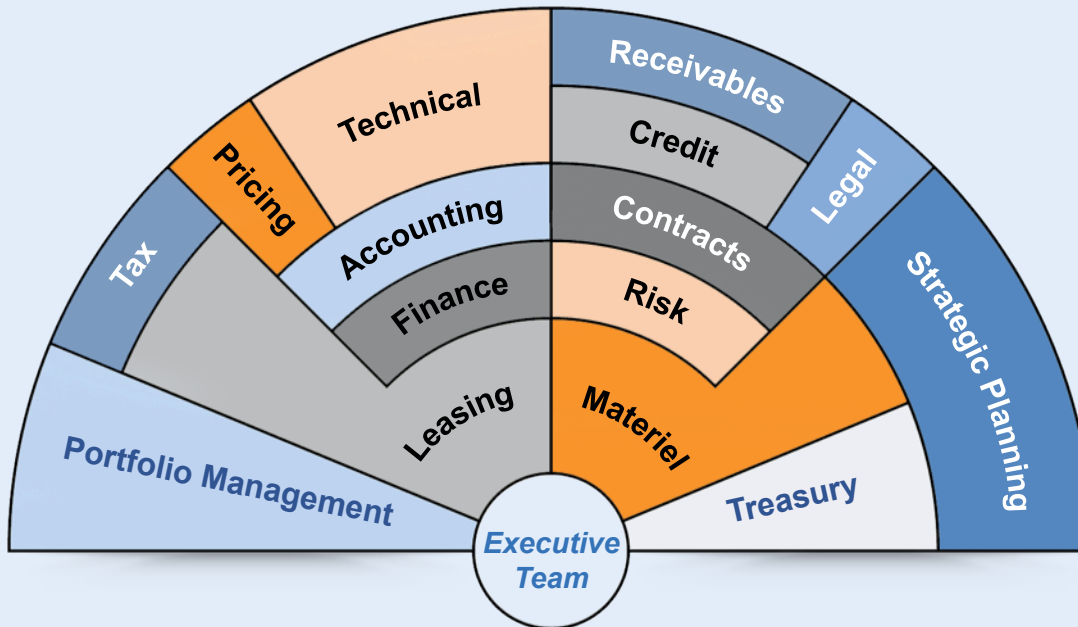
82 WIDE BODY AIRCRAFT  
LEASE TRANSACTIONS  
~69% extensions<sup>1</sup>



(1) Extension rate on existing leases



A well-synchronized organization delivers superior performance



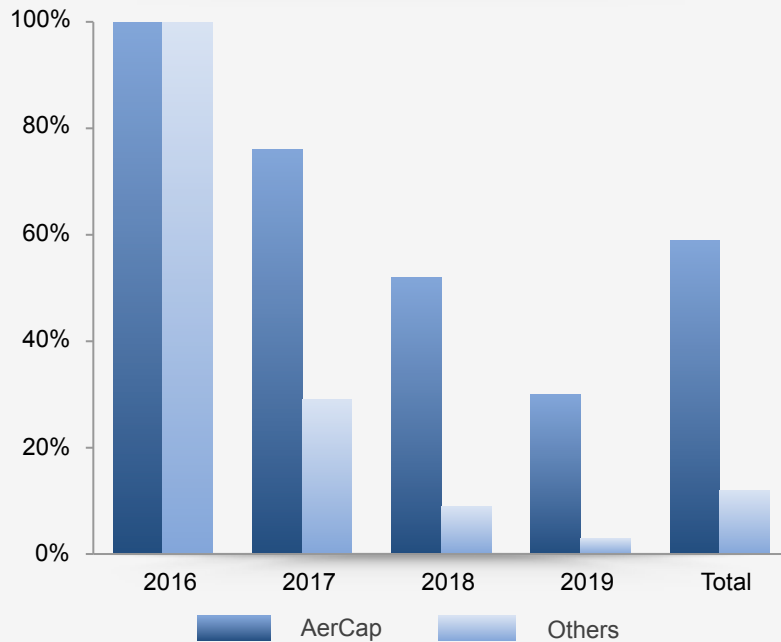
- Local, self-sufficient, regional offices with **Leasing, Pricing, Technical, Legal, Risk, and Portfolio Management** functions that allow us to touch the customer, efficiently manage the business and drive consistent profitability
  - Asia – 25 people
  - Americas – 31 people
  - EMEA – 70 people
- **Delivering consistent results** requires strong collaboration amongst team members with specialized skill sets
- Using **proprietary pricing, risk and communication tools**, AerCap operates with the speed and flexibility of a small company and the economic strength of a well-established, multinational corporation

# ...And the Results Are Clear



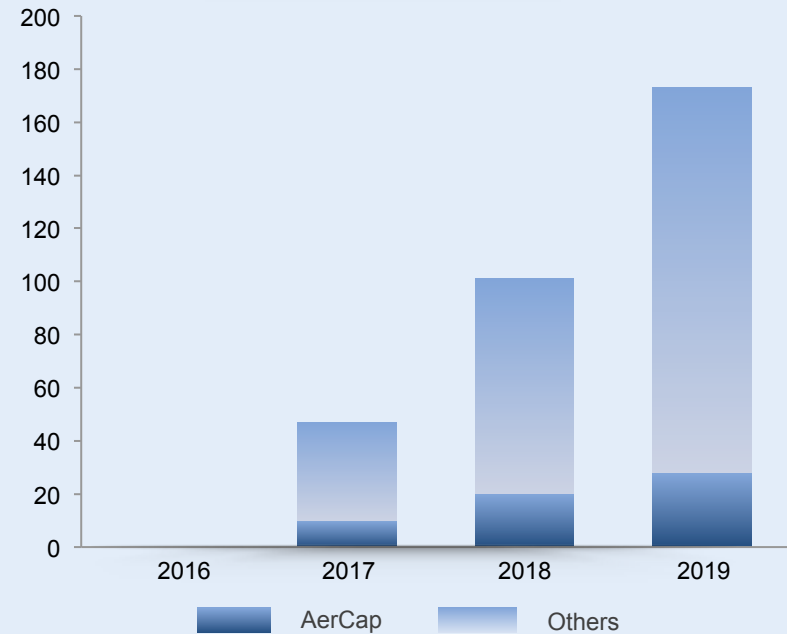
## AerCap's placement of NEOs is outpacing the market

**% OF A320NEO BACKLOG LEASED**



**83 aircraft leased by AerCap through 2019 compared to 35 by other lessors**

**OPEN A320NEO POSITIONS**



**AerCap only has 58 positions available through 2019 compared to 263 available with other lessors**

**99.3%**

**UTILIZATION RATE<sup>1</sup>**

(1) For the twelve months ended June 30, 2015

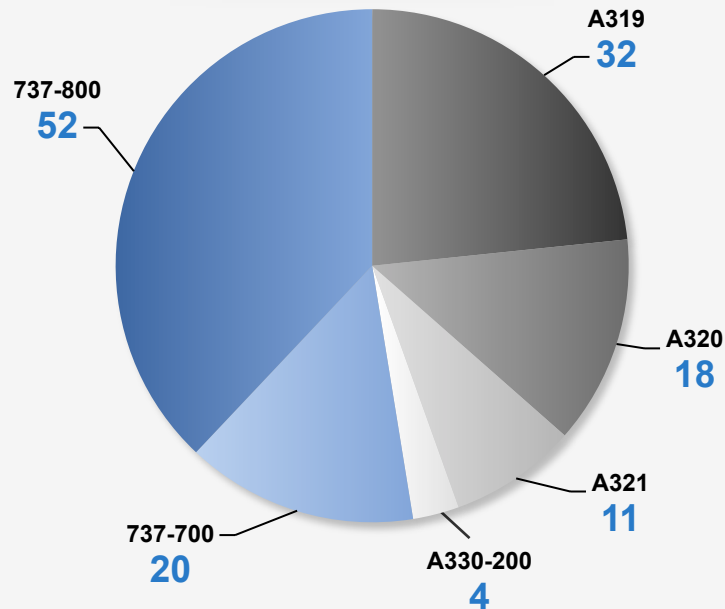


# China



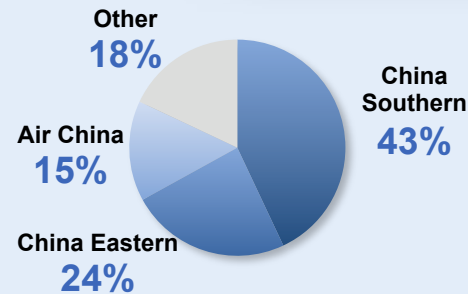
China represents ~10% of AerCap's aircraft portfolio<sup>1</sup>

## 137 OWNED AIRCRAFT<sup>2</sup>

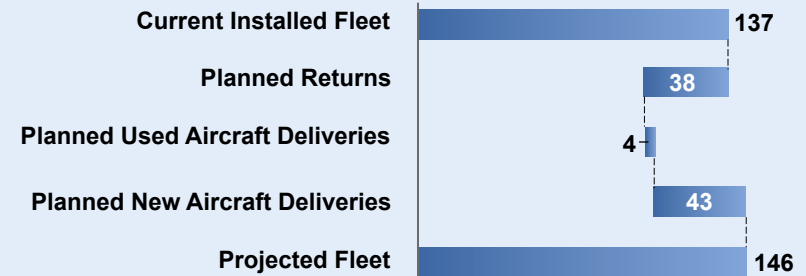


~90%<sup>2</sup> of the company's China exposure consists of A320 family and 737NG aircraft, which are the most liquid asset types

## CHINA PORTFOLIO PROFILE



82% of the company's China exposure is with the "Big 3"



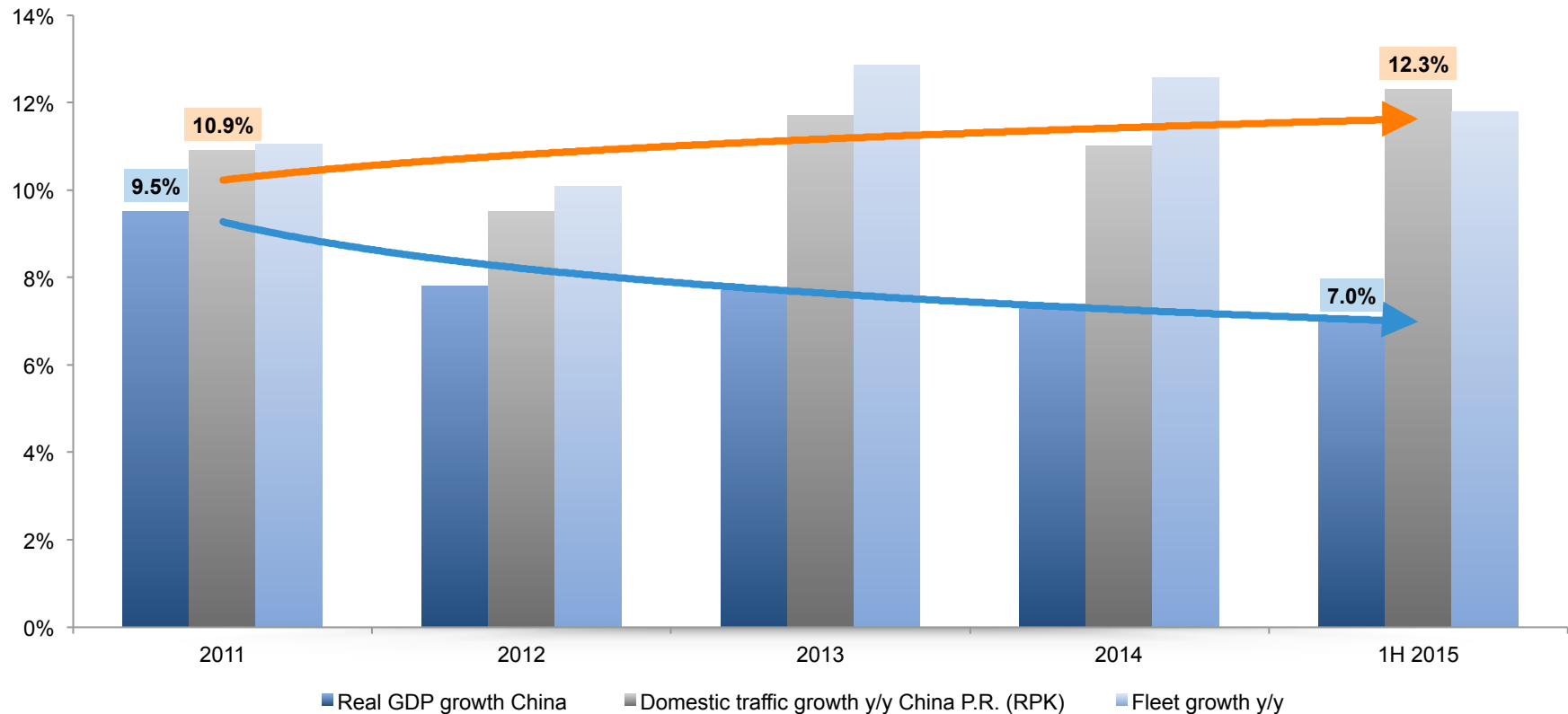
Number of aircraft in China to remain relatively stable

(1) Mainland China; Based on net book value as of June 30, 2015  
 (2) As of June 30, 2015; Based on current market value for the owned fleet

# Traffic Continues to Grow



Despite the decline in GDP growth over the past 5 years from 9.5% to 7%, traffic growth has accelerated from 10.9% to 12.3%

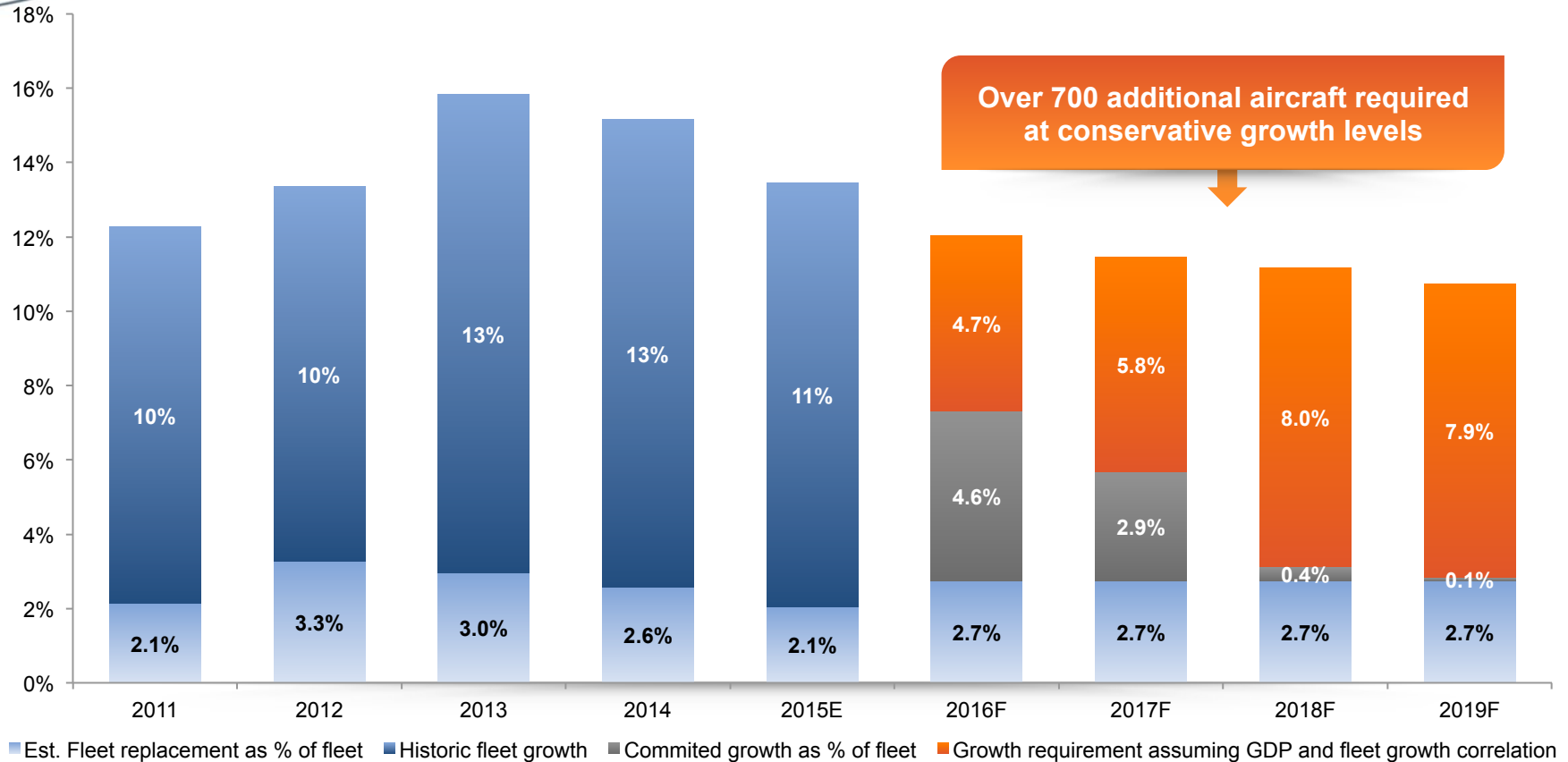


Historic GDP: World Bank, for 1H 2015, National Bureau of Statistics of China; Fleet growth: Ascend Fleets Airbus and Boeing passenger jets



# China Has a Conservative Backlog

China's conservative delivery commitments leave a gap for the leasing community to fulfill aircraft requirements



Ascend Airbus and Boeing passenger aircraft 2H 2015 – 2019; Committed deliveries through leases, firm orders and LOIs; GDP forecast: Economist Intelligence Unit




## Portfolio Management

**Edward O'Byrne**  
Chief Investment Officer



*Discipline enables sustainable superior returns*


## FUNCTIONS

-  **Aircraft Acquisition:**  
Forward Orders, Purchase & Lease-Backs
-  **Aircraft Disposition:**  
Aircraft Sales & Trading
-  **Market Intelligence:**  
Pricing & Analysis

## KEY GOALS

-  **Liquid portfolio** of in-demand assets
-  **Residual Value** Management
-  **Value Optimization** via hold vs. sell arbitrage
-  **\$1B+** in annual liquidity

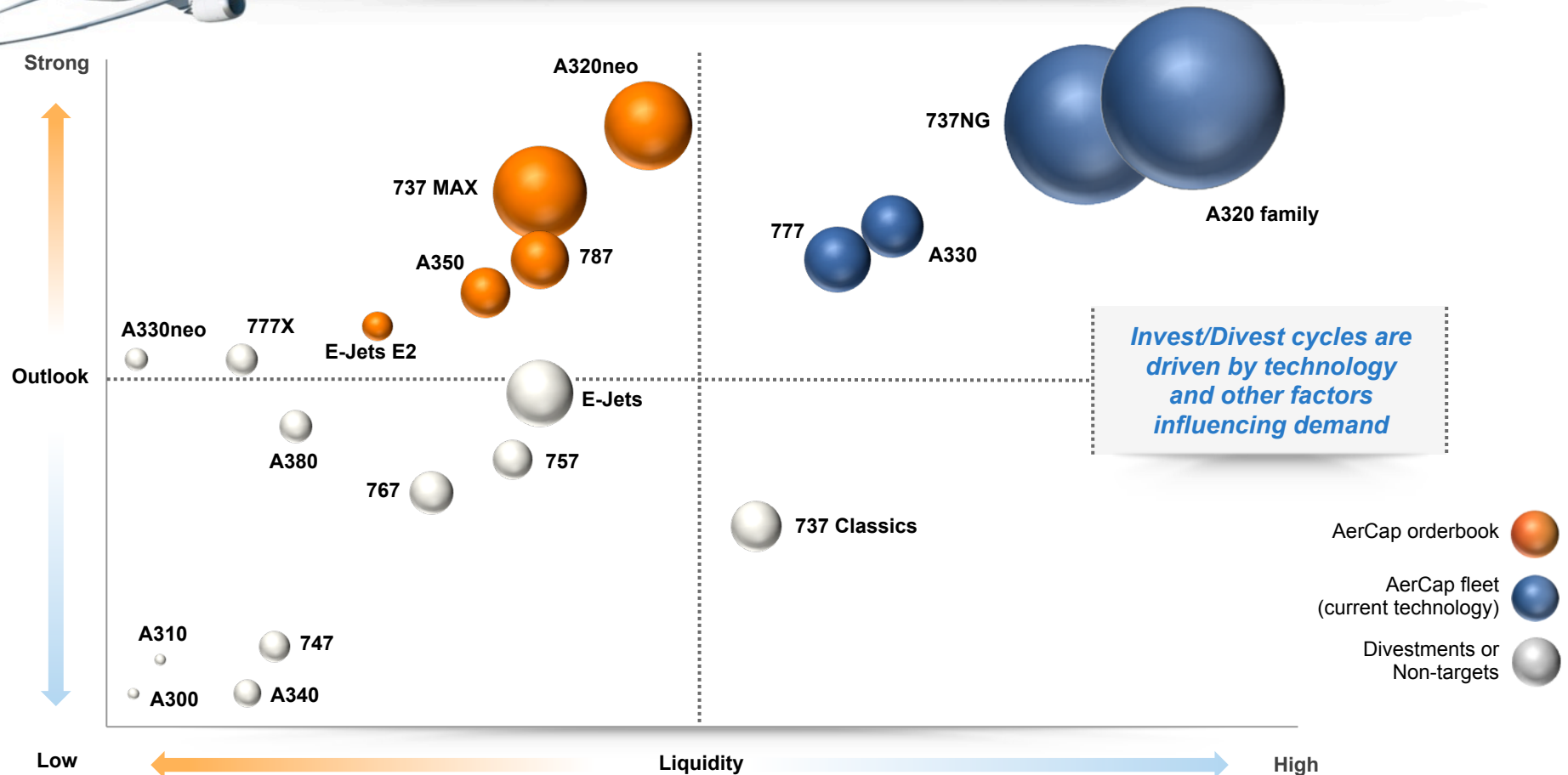
## RESULTS

-  **Industry-leading** orderbook
-  **Consistent Trading & Gains** on aircraft sales
-  **Insignificant** impairment activity

# Perspectives on Aircraft Liquidity



*AerCap focuses its fleet on the most liquid aircraft types today and invests in the most in-demand aircraft for tomorrow*



AerCap estimates, Ascend, July 2015; Liquidity is a factor of operator base, fleet size

# Decades-Long Technology Cycles



Slow technology obsolescence makes for stable residuals

	Life Cycle			Life Cycle Duration	Peak Fleet
	Start	End	Retirement		
Airbus A320	1988	2018	~2045	57 Years	7,000
Boeing 737NG	1997 <i>(Jurassic 1967)</i>	2019	~2045	48 Years	6,660
Airbus A330	1993	2018	~2040	47 Years	1,250
Boeing 777	1995	2022	~2040	45 Years	1,700

Assumptions:

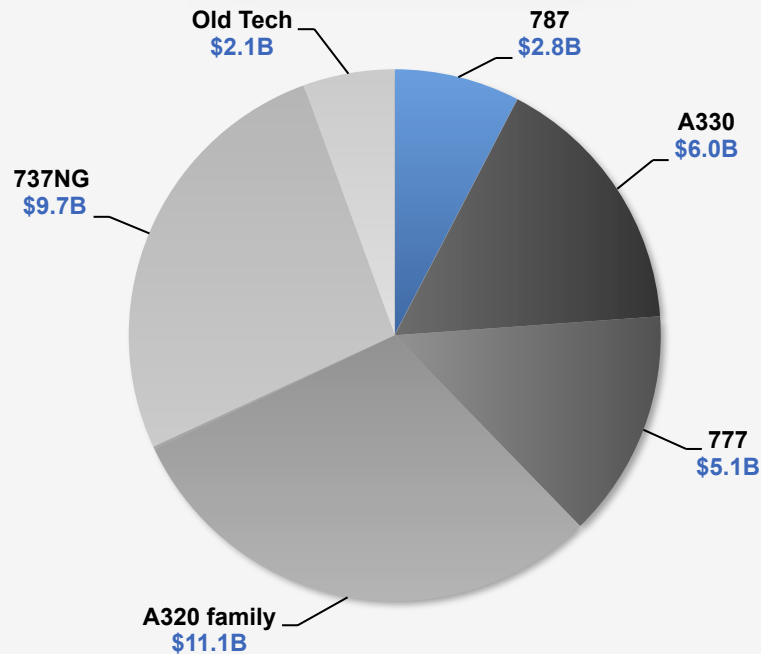
- (1) Ascend Fleets, AerCap estimates
- (2) Existing & announced OEMs' production rate
- (3) Boeing 2015 CMO ratio of 40% of the production used for replacement, 60% of the production used for growth

# Portfolio Today and Tomorrow

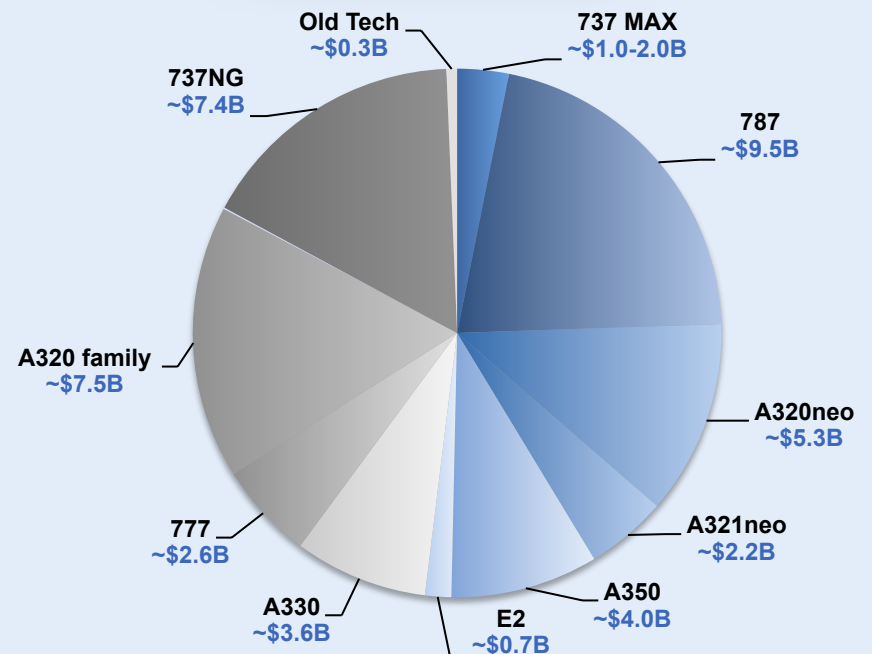


Over the next 5 years, aircraft portfolio will grow by over 20% and consist of ~50% new technology assets

**2015 PORTFOLIO**  
Fleet: 1,130 / Value: ~\$37B



**2020 PORTFOLIO**  
Fleet: 1,260 / Value: ~\$45B



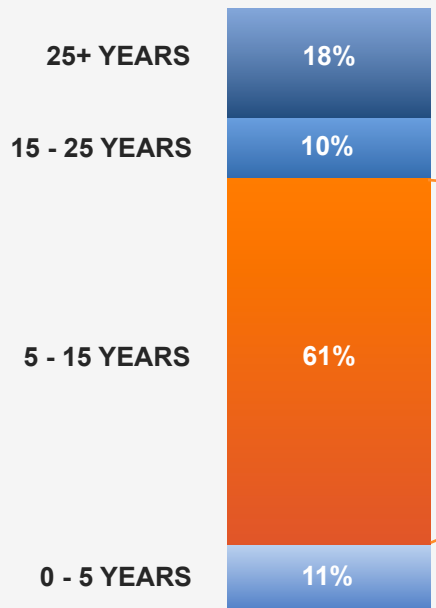
As of June 30, 2015 and January 1, 2020 estimate respectively

# Investors in Aircraft Transactions



AerCap executes transactions in all segments of the aircraft trading market

**% OF AIRCRAFT VALUE SOLD DURING THE LAST 18 MONTHS<sup>1</sup>**



**KEY TRADING TARGET: MIDLIFE AIRCRAFT**

Aircraft Age	Investor Segment
Over 25	<ul style="list-style-type: none"> <li>• Aircraft Sales at Lease End</li> <li>• Part-Out</li> </ul>
15 – 25	<ul style="list-style-type: none"> <li>• Hedge Fund High Yield Desks</li> <li>• Specialized Lessors</li> <li>• Established Lessors</li> </ul>
5 – 15	<ul style="list-style-type: none"> <li>• Institutional Investors                             <ul style="list-style-type: none"> <li>• Insurance</li> <li>• BDC</li> <li>• Pension</li> </ul> </li> <li>• Established Lessors</li> </ul> <p><b>Leveraging AerCap's Platform</b></p>
0 – 5	<ul style="list-style-type: none"> <li>• Retail Products</li> <li>• Tax Products Investors</li> <li>• Far East / High Growth Lessors</li> <li>• Established Lessors</li> </ul>

(1) As of June 30, 2015; excludes ILFC sales before the acquisition



*Aircraft assets offer a wide array of risk/reward alternatives to satisfy different investment strategies*

## PRINCIPAL FACTORS DRIVING AIRCRAFT INVESTMENT



### *Attractive Investment Profile*

- High cash yield
- Self-depreciating asset
- Medium to long term contracted cash flows
- Low aircraft value volatility
- High portfolio utilization



### *Robust Industry Fundamentals*

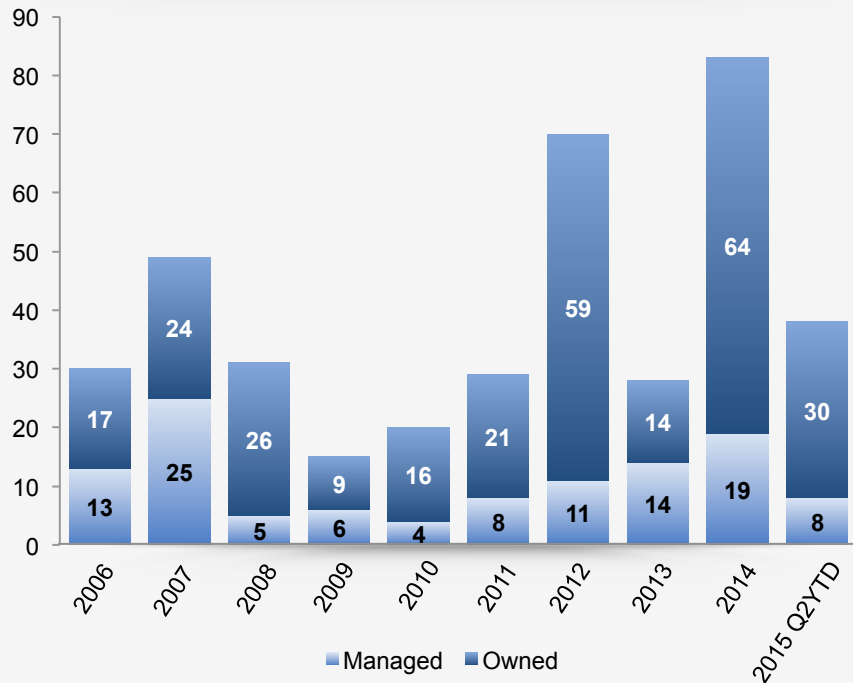
- Passenger traffic growth
- Global fleet growth
- Rational OEM supply
- Long technology cycles
- Leasing enabling airline fleet flexibility





AerCap has one of the world's most active aircraft trading team

## 393 AIRCRAFT SOLD AND PARTED-OUT SINCE 2006



## ACQUISITIONS

- **5-6%** committed CapEx Growth yearly
- **50%+** of Balance Sheet in New Technology by 2020

## AIRCRAFT TRADING

- **~400** aircraft sold; Proceeds<sup>1</sup> of over **\$7.0 billion**
- Average P&L<sup>2</sup>: **\$1.6 million** per owned aircraft sold

## MANAGEMENT OF RESIDUAL VALUE RISK

- Average age of aircraft sold: **14.3 years**
- **73% of units sold** since ILFC acquisition are Old Tech
- These aircraft represent 6% of portfolio today, will be at **~0.5% by 2020**
- Total net impairments since 2006<sup>3</sup>: **\$53.0 million**, average of **0.04%** of assets for the period

(1) Revenue from AerCap owned & managed portfolio aircraft and equity instruments sales

(2) As of June 30, 2015; Pre-tax gain from *owned* aircraft sales and part-outs, AerCap only – excludes ILFC

(3) 2006 to 1H 2015: \$119.0 million in total impairments, net of corresponding maintenance liability releases and EOL compensation received



**Aengus Kelly**  
Chief Executive Officer



**Philip Scruggs**  
President & Chief  
Commercial Officer



**Edward O'Byrne**  
Chief Investment Officer

**Q&A**



## ***AerCap Investor Day 2015 - Session Break***



**Anton Joiner**  
Chief Risk Officer

## ***Risk Management***



Focus on key business exercise of counterparty monitoring, getting paid, workout and repossession

## ROBUST RISK MANAGEMENT PHILOSOPHY EMBEDDED ACROSS THE ORGANIZATION



### LEASING

- Shape customer leasing campaigns
  - Influencing transaction size, terms & conditions and geographic concentrations based on credit preferences

### LEGAL / CONTRACTS

- Define contractual requirements and refine lease standards
- Ensure risk assessment is reflected in documentation

### PORTFOLIO MANAGEMENT

- Continuous counterparty, geographic and asset risk assessment to define asset disposition strategy and optimize portfolio



## Multi-disciplinary approach to customer credit management

### LESSEE DILIGENCE

- Thorough customer diligence at LOI stage
- Annual financial review of all current and new customers
- Weighted qualitative and quantitative risk scoring
  - Risk score utilized to determine pricing, underwriting levels, deal terms, marketing focus and critical placement decisions

### WATCHLIST

- Derived from risk scoring, payment/technical performance or exogenous shocks
- Identify and track potential expenses related to the aircraft
- Monitoring of lessees considered to be most at risk of causing an economic loss
- Heightened level of technical, legal and contractual involvement

### WORKOUT/ REPOSSESSION

- Preparedness and action plan are key determinants of Loss Given Default (LGD)
- Distressed lessee relationships are predominantly managed by Risk department
  - Extensive experience in restructuring and repossession
- Critical to making timely and accurate judgment calls

***Through its current and recent leasing activities with over 60% of the world's ~580 airlines; AerCap is best positioned to analyze industry trends and assess customer risks***

# Principal Lessor Credit Protections



Lease standards have been refined over several decades and continue to be shaped with experience across industry cycles



## TOOLS AVAILABLE FOR ADDITIONAL ENHANCEMENT

-  Lessee cash flow security assignments
-  Foreign registry
-  Guarantees
-  Enhanced records protection



## Portfolio content heavily weighted towards industry leaders

Customer	% Rent <sup>1</sup>	Flag Carrier	Dominant Position	Diverse Operations
 AIRFRANCE	6.7	✓	✓	✓
 American Airlines	6.2		✓	✓
 Emirates	5.2	✓	✓	✓
 Virgin Atlantic	3.2		✓	✓
 CHINA SOUTHERN	3.1		✓	✓
 AEROMEXICO	2.8	✓	✓	✓
 LATAM	2.0	✓	✓	✓
 Vietnam Airlines	1.8	✓	✓	✓
 AEROFLOT	1.8	✓	✓	✓
 KLM	1.8	✓	✓	✓

- **Top 10 airlines** have \$172 billion in annual revenues in 2014
- All airlines have **dominant market positions** either outright, with equity partnerships, or with strategic alliances
- **High correlation** between country exposure and sovereign credit
  - 82% of China exposure with the “Big 3”
  - 39% of Russia exposure with Aeroflot

Country	% Rent <sup>1</sup>	# of Carriers	% Average per Carrier
 USA	10.7	15	0.7
 China	10.7	15	0.7
 France	7.9	7	1.1
 Russia	7.5	16	0.5
 UAE	6.0	4	1.5

(1) For the six months ended June 30, 2015

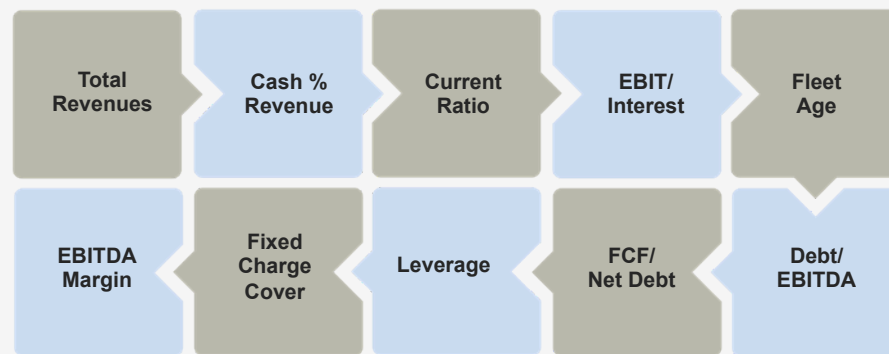


# Routine Monitoring – Recent Results



## Strong underlying lessee credit quality

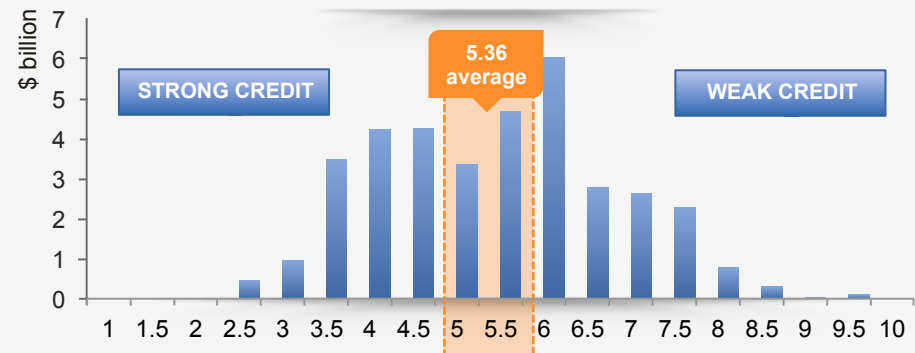
- **Comprehensive financial review** of portfolio completed in August
- **158 airlines modeled** using 2014 audited financials
- AerCap lessee weighted **average credit score = 5.36**
- **75% of AerCap lessees demonstrated significant improvement** in risk profile since January 2014
- AerCap assesses a number of **financial metrics** on lessees:



### FINANCIAL METRIC COMPARISON<sup>1</sup>

Metric	% Weight Moody's	AerCap Weighted Portfolio (by NBV)	Moody's Equivalent
Fleet Age	8	11.6	<b>Ba</b> based on quantitative metrics
EBITDA Margin	8	11.9%	
EBIT/Interest	12	2.8x	
RCF/Net Debt	12	16.8%	
Debt/EBITDA	12	5.2x	

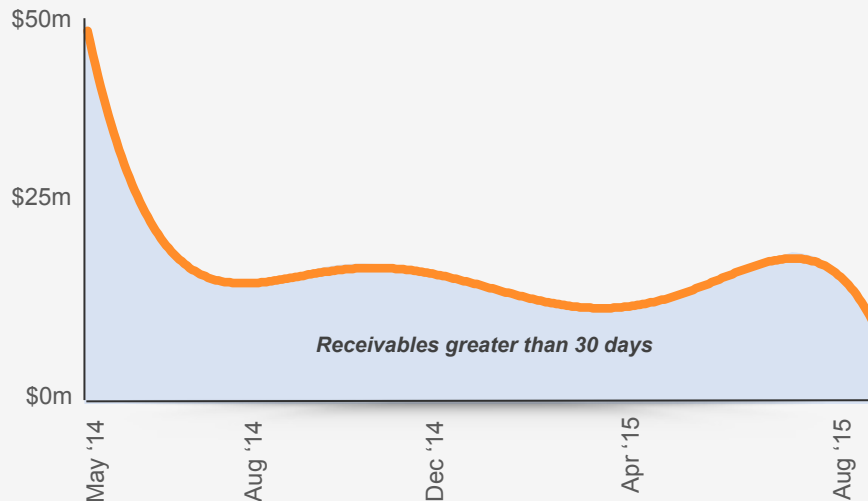
### RATINGS BY NBV



(1) Based on Moody's Airlines and Aircraft Leasing Roundtable, October 2014; Note that there are many other qualitative aspects involved in the ratings process not incorporated in the table



Aged balances have been significantly reduced since the ILFC integration



- Watchlist is determined in large part by **payment performance**
- **Getting paid** is an absolute imperative
- **Debtor management** is one of AerCap's KPIs
- **AerCap's unrelenting focus** on debtor management instilled across the organization

## ESCALATING FOCUS ON DELINQUENCIES

- **Departments to escalate:** Contracts, Leasing, Risk & Legal
  - All cross-department leasing workflows influenced by payment performance
  - Visual aids in offices to remind of priorities and successes

## 5.7 DSO on 2014 revenues

<b>Daily</b>	<ul style="list-style-type: none"> <li>• Cash posted and allocated daily</li> <li>• Debtor report circulated</li> </ul>
<b>Weekly</b>	<ul style="list-style-type: none"> <li>• Agenda item on Operations Call</li> </ul>
<b>15 days over</b>	<ul style="list-style-type: none"> <li>• A range of follow-up actions</li> </ul>
<b>30 days over</b>	<ul style="list-style-type: none"> <li>• A remedial plan put in place</li> <li>• Item #1 on weekly Senior Management Meeting</li> </ul>

# Repossession Management



*AerCap has ALWAYS been successful in repossessing aircraft*





*AerCap took quick action to secure its two A330-200s on lease to Yemenia upon escalation of Saudi conflict*

## FOUR WEEKS: MARCH 26 – APRIL 24

WEEK 1	<ul style="list-style-type: none"> <li>Conflict began March 26; borders, airspace quickly closed</li> <li>A/C 1 evacuated from Yemen to Ethiopia</li> <li>AerCap took control of A/C 2 in Indonesia and spare engine in Singapore</li> <li>AerCap teams deployed to key locations</li> </ul>
WEEK 2	<ul style="list-style-type: none"> <li>AerCap secured Yemeni ministerial support for aircraft movements</li> <li>AerCap started de-registration process with Yemenia</li> <li>Intense diplomacy across 5 countries to secure flight permits</li> </ul>
WEEK 3	<ul style="list-style-type: none"> <li>AerCap met with Yemen's U.N. Ambassador in New York, secured release of A/C 1 in Ethiopia</li> <li>A/C 1 ferried to Amman for preservation; AerCap had full control of both aircraft and spare engine</li> </ul>
WEEK 4	<ul style="list-style-type: none"> <li>Export C of A issued and aircraft de-registered</li> <li>1<sup>st</sup> aircraft inspection for next lessee arranged</li> <li>New Irish aircraft registrations allocated</li> </ul>

- AerCap leased **two A330-200s** and **one spare engine** to Yemenia, national carrier of Yemen
- Yemenia was a financially challenged lessee, **Saudi conflict was the repossession catalyst**
- On closure of Yemeni airspace, AerCap **took fast action to detain and secure** its assets
  - AerCap **de-registered and placed** the aircraft in long-term preservation at qualified MROs in **28 days**
  - Team members were deployed to negotiate with Yemeni government and work with the U.N. and Dutch diplomats to secure the assets
- Aircraft were **immediately re-leased and delivered** to an existing AerCap customer in Turkey
  - Only 6 weeks between taking control of assets and commitment from new lessee



*Sector distress presented certain challenges, but it remains an important market - we have and will take action as necessary*

## MARKET CONDITIONS

- Devaluing rouble has **increased dollar costs**
- **Decline in domestic airfares** to 2008 levels
- **Significant contraction** of Russian GDP
- Russia **54 carriers lost \$412 million** during 2014

### However...

- Long-term Russian **air transport needs are compelling**, important not to overreact to short-term pressures
- **Consolidation** and **capacity rationalisation** is underway
- **All Russian lessees pay** maintenance reserves and security deposits
- The entire AerCap fleet is **registered outside of Russia**

## AERCAP'S RESPONSE

- Only **1 out of a fleet of 110** aircraft forcibly repossessed
- **+30 days** arrears in Russia is only 0.2% of revenue
- **Consensual approach** to exposure reduction and profitable redeployment of fleet
  - Relationships maintained with **long-term participants – growth will return**
  - Discretionary **re-deployment possible** but only on economic merit
  - **Temporary** seasonal payment relief
  - **Suspension of leasing activity** to all but top-tier names



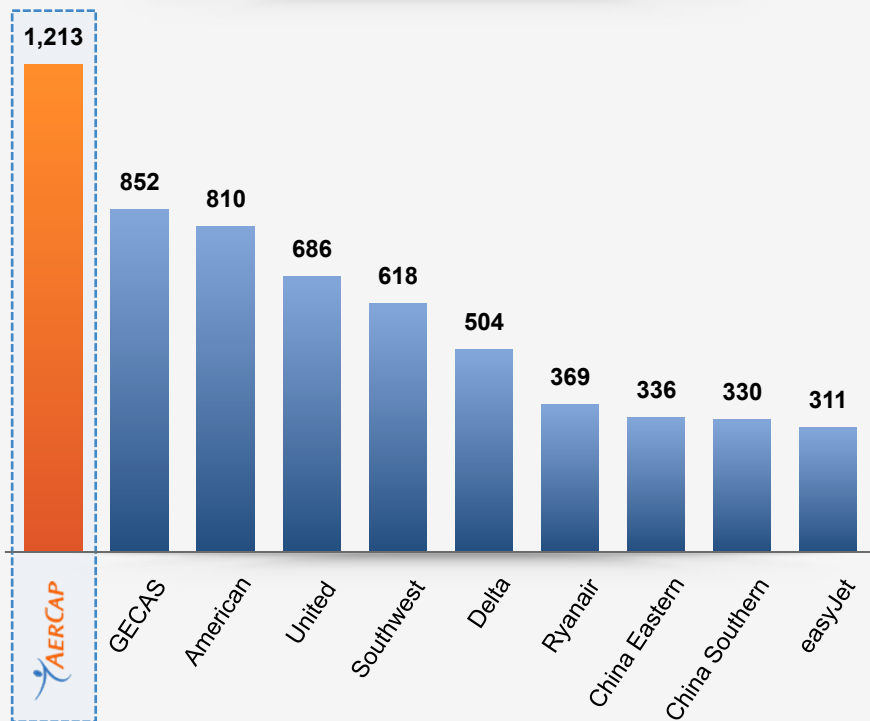
**Martin Olson**  
*Head of OEM Relations*

## ***OEM Relations***



AerCap is a significant and growing part of the OEM backlog

## DELIVERIES FROM OEMs SINCE 1995<sup>1</sup>



- The global fleet under an **operating lease increased** from 12% in 1990 to **42% in 2014<sup>2</sup>**
  - Trend likely to continue to **50% by 2020**
- Lessors are **increasingly important** to OEMs
- Lessors provide:
  - Delivery stability
  - Access to customers
  - Near term capacity
  - Order in size
  - Support for new aircraft launches

(1) Ascend: Airbus, Boeing and McDonnell Douglas deliveries by aircraft manager (owner)

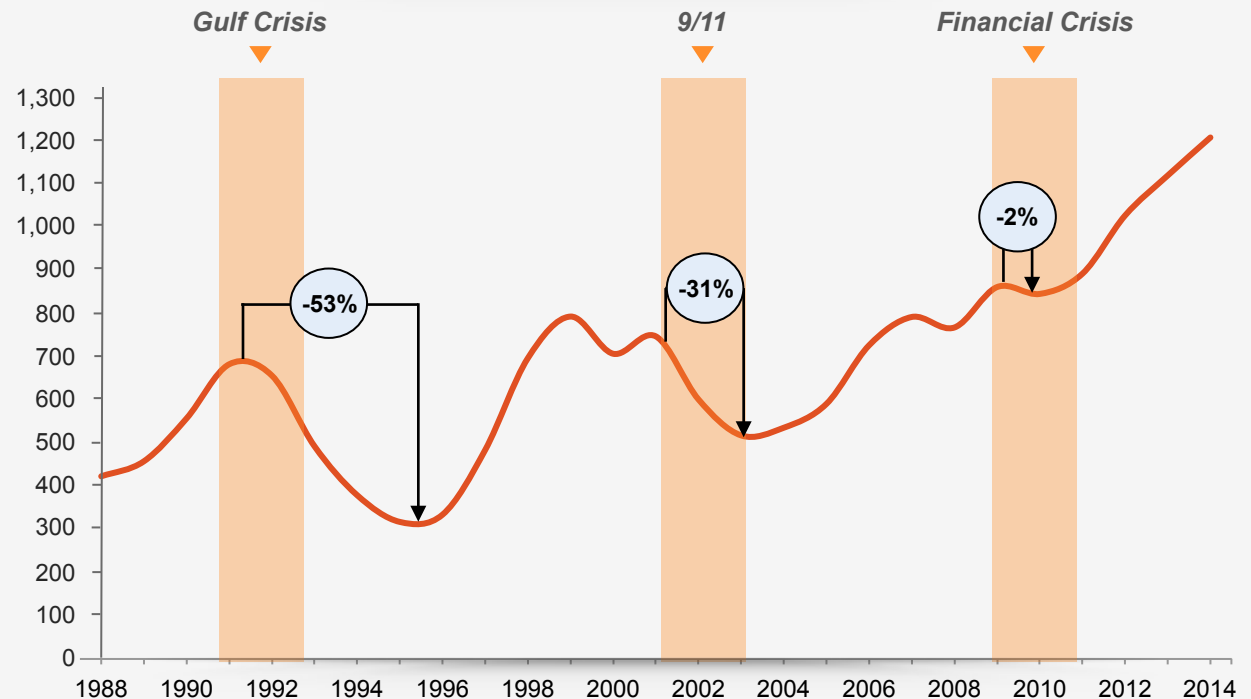
(2) Boeing Aircraft Finance Market Perspectives, April 2015



Effective OEM backlog management reduces asset volatility for new aircraft

- **OEM sophisticated approach** to order cycle management rooted in past experience
  - Backlog representing ~9 years at current production rates
- **Deliveries** expected to **continue unabated**
  - Annual deliveries growth at 4% per year since 1980
- Significant growth in **replacement requirement**<sup>1</sup>
  - 30% of global fleet reaching 25 years of age by 2024
  - Represents 6,000 aircraft

## AIRCRAFT DELIVERIES – RESILIENCE<sup>1</sup>



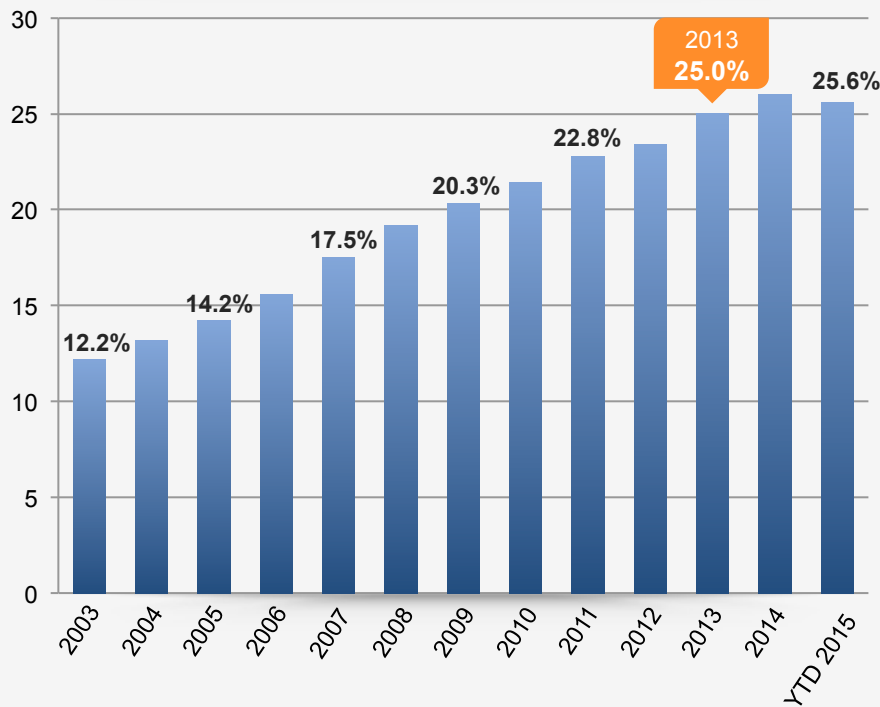
(1) Ascend





## Increased levels of customer diversification and maturation of LCCs

LCC CAPACITY SHARE (%) OF TOTAL SEATS<sup>1</sup>



- **Market liberalization** and significant growth of **Low Cost Carriers (LCCs)**<sup>2</sup>

- Increase in LCCs flying short-haul flights under 3,000 miles from 10% in 1994 to ~30% today
- 40% of the 20-year single-aisle deliveries—400 to 500 airplanes every year—will be in this market segment

- **Average annual growth rate** of LCCs over the past 10 years<sup>2</sup>

- Asia Pacific: 24.5%
- Europe: 13.4%
- North America: 2.2%

(1) CAPA – Centre for Aviation

(2) Boeing Current Market Outlook 2015-2034



## Increased levels of market diversification and reduced market volatility

### WORLD TO TAKE DELIVERY OF OVER 38,000 AIRCRAFT IN NEXT 20 YEARS<sup>2</sup>

	Deliveries (1994-2014) <sup>1</sup>	Deliveries (2015-2034) <sup>2</sup>	% Growth
Africa	476	1,170	146 ↑
Asia-Pacific	5,934	14,330	141 ↑
Europe	5,387	8,460	57 ↑
Latin America & Caribbean	1,223	3,020	147 ↑
Middle East	930	3,180	242 ↑
North America	6,088	7,890	30 ↑
<b>Overall</b>	<b>20,038</b>	<b>38,050</b>	<b>90 ↑</b>

- **More than 38,000 aircraft** expected to be delivered over the next 20 years
  - More than 60% of the 38,000 aircraft not yet ordered
- Highest level of demand represented by **emerging markets**
- **Reduced market volatility** due to globalization and less reliance on any particular market
- **Decrease in North America and Europe RPKs** from 73% in 1994 to 49% today

(1) Ascend deliveries share of narrow body and wide body aircraft

(2) Boeing Current Market Outlook 2015-2034, includes regional jets

# Forward Order Considerations



When placing aircraft orders, several considerations factor into decision-making



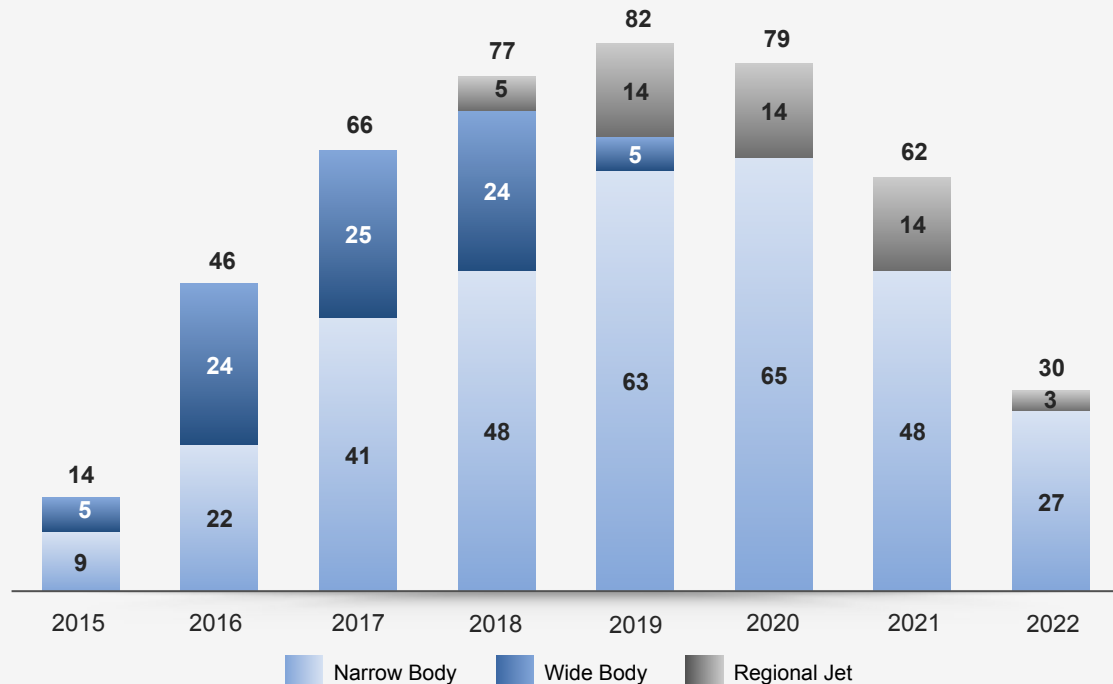
*Value creation through order placement*



*AerCap well positioned to meet current and future demand*

- Focus on **keeping orderbook fresh and liquid**
- **Diverse mix of Airbus and Boeing aircraft** to meet customer demand
- Contracted **growth rate of ~5%** over the next few years
- Over **99%** of forward orders are **new technology aircraft**

**AVERAGE OF ~61 NEW AIRCRAFT DELIVERIES PER YEAR (2015-2022)**



## Top customer across all modern technology aircraft



**Boeing 787**

- Largest lessor customer
- World's 2<sup>nd</sup> overall customer



**Airbus A350**

- 1<sup>st</sup> lessor delivery
- 2<sup>nd</sup> largest lessor customer



**Airbus A320neo**

- Largest lessor customer
- World's 3<sup>rd</sup> overall customer



**Boeing 737 MAX**

- 2<sup>nd</sup> largest lessor customer
- World's 3<sup>rd</sup> overall customer



**Embraer Jets-E2**

- Largest lessor customer
- Lessor launch customer



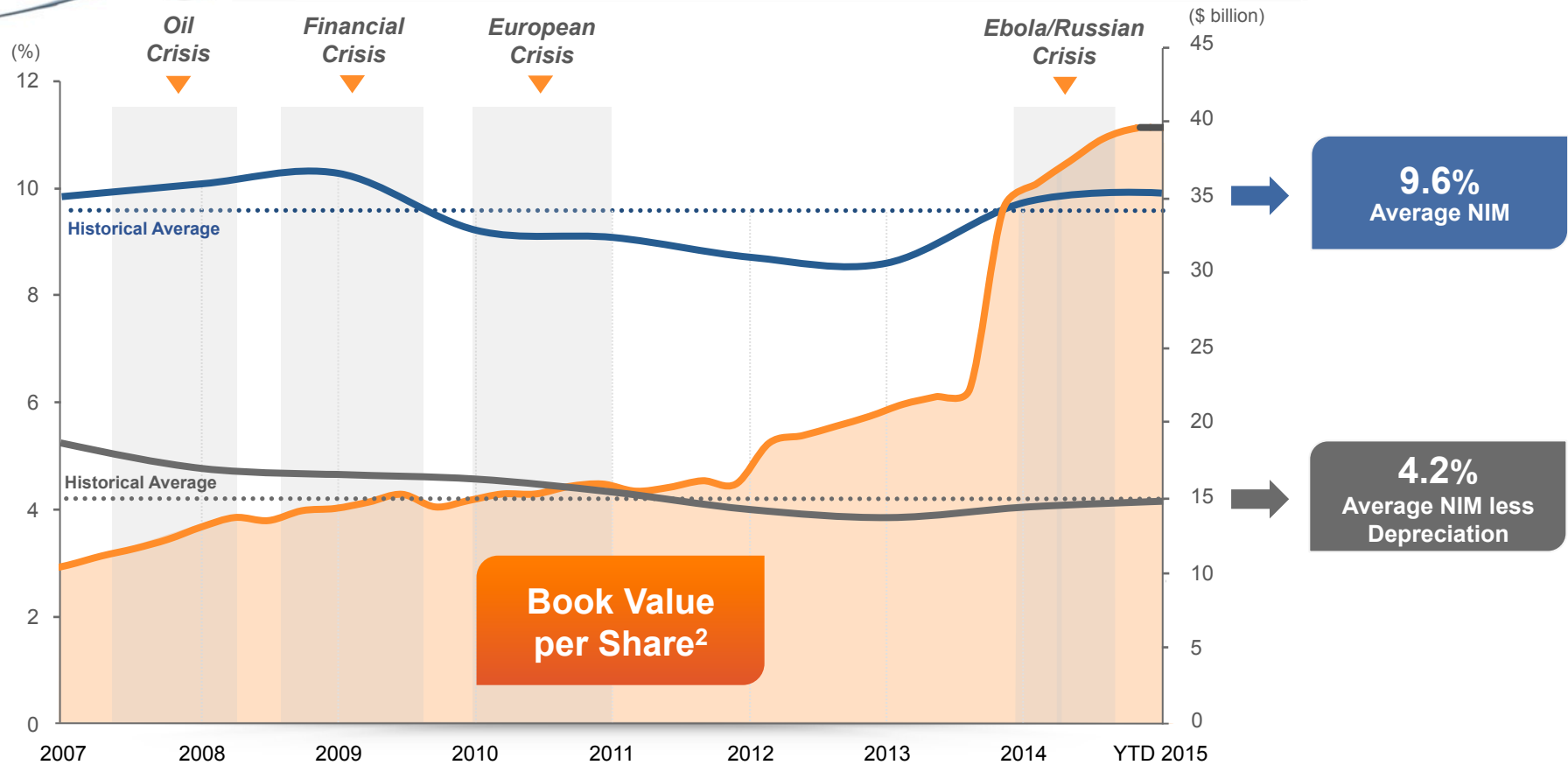
**Keith Helming**  
Chief Financial Officer

## Financial Performance

# Consistent Margins



Since 2007, AerCap has grown its assets ten-fold with consistent 12% annual average EPS<sup>1</sup> growth through all economic cycles



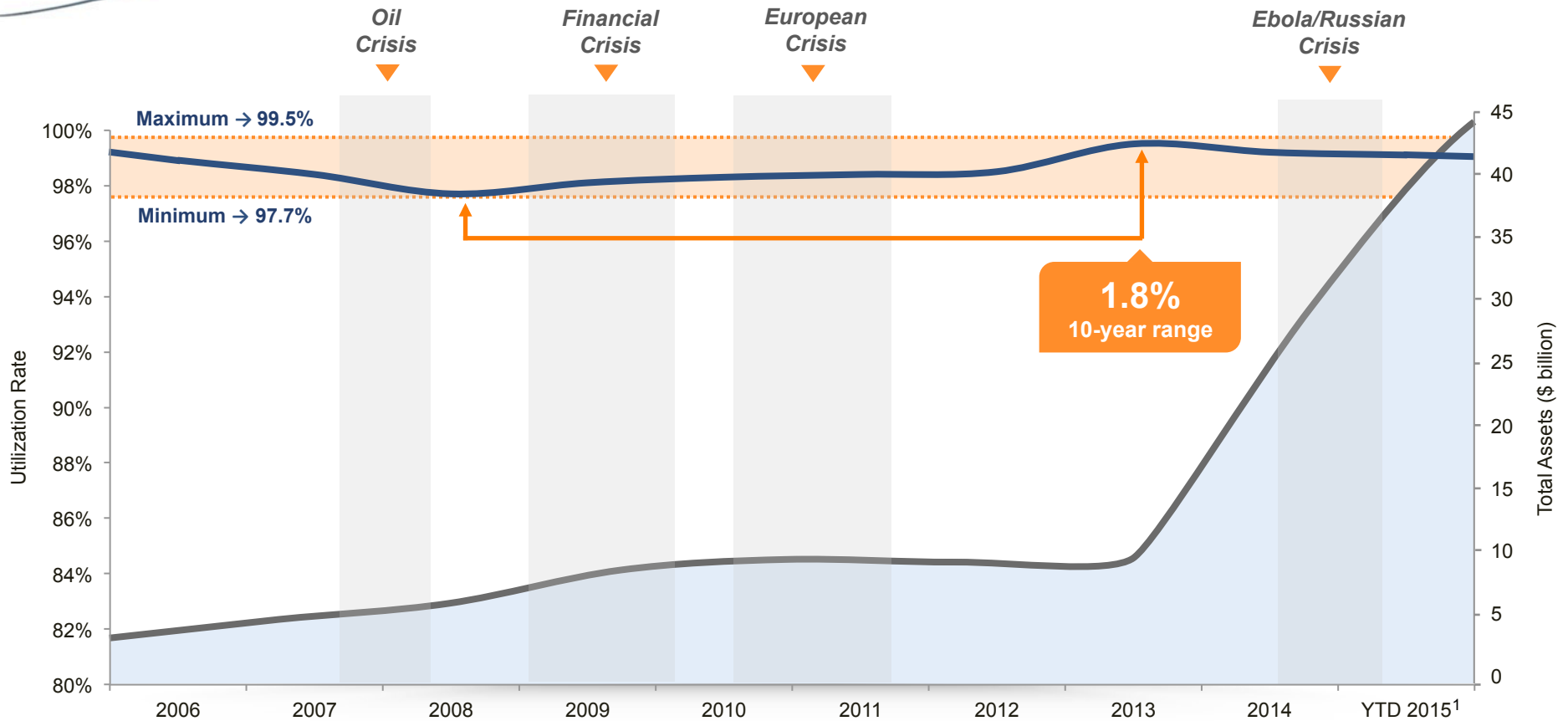
(1) 2007 Adjusted EPS: \$2.48; 1H 2015 Annualized Adjusted EPS: \$6.32

(2) Book Value per Share is calculated as of June 30, 2015

# Consistent Fleet Utilization



AerCap has achieved stable fleet utilization through all economic cycles



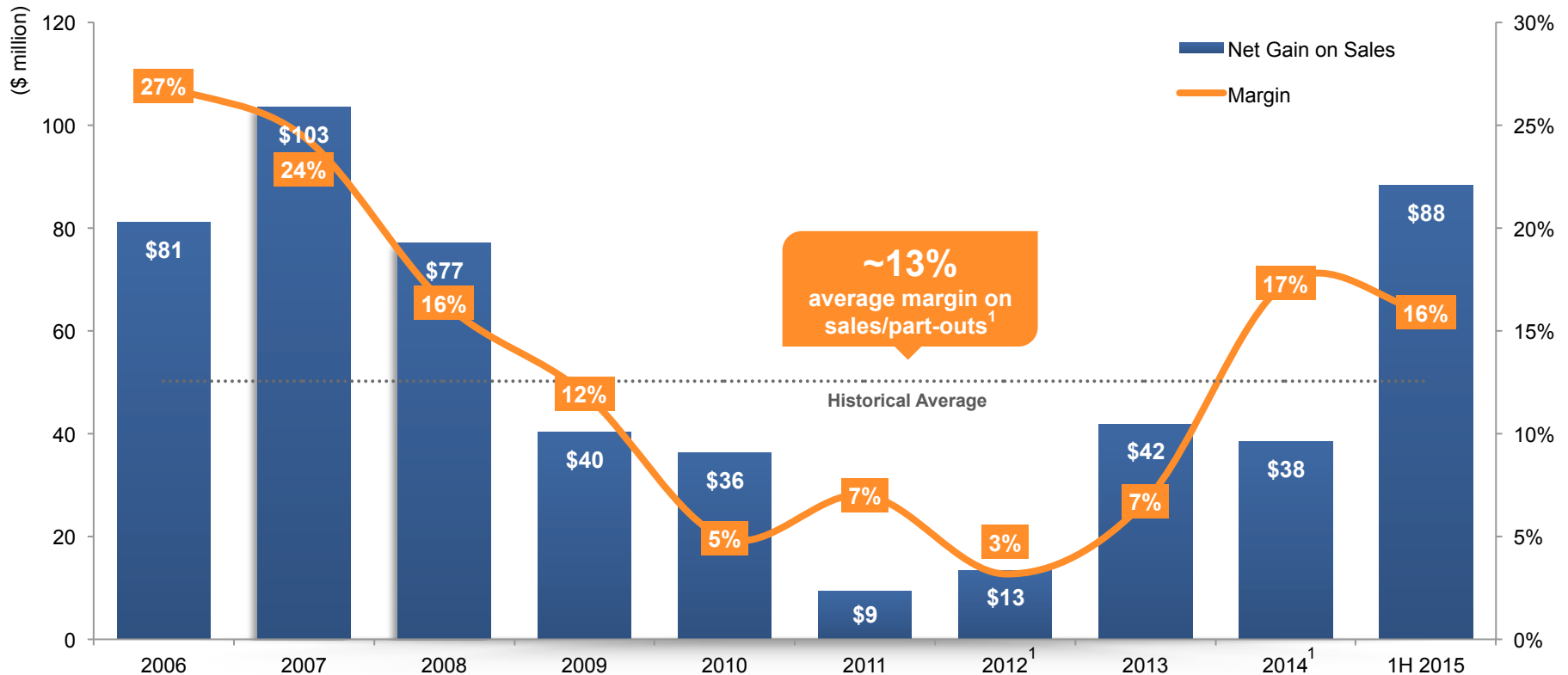
(1) For the six months ended June 30, 2015



# Consistent Generation of Gains on Sales



Proven track record of active portfolio management with 280 owned aircraft sold since 2006 (393 incl. managed aircraft)

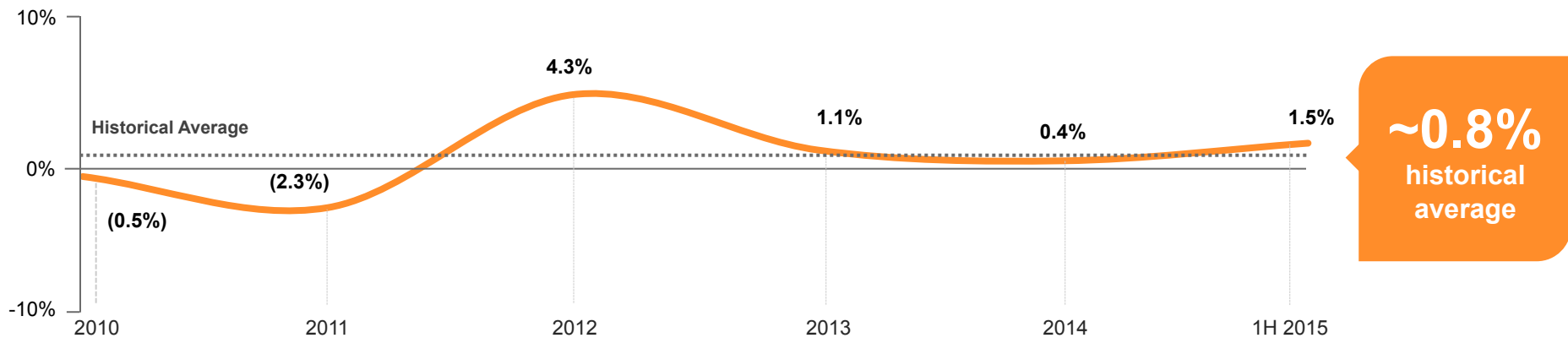


(1) Excludes loss on ALS and Genesis portfolio sales

# Limited Impact from Defaults



Impact for defaults and restructuring have averaged less than 1% of lease revenue since 2010



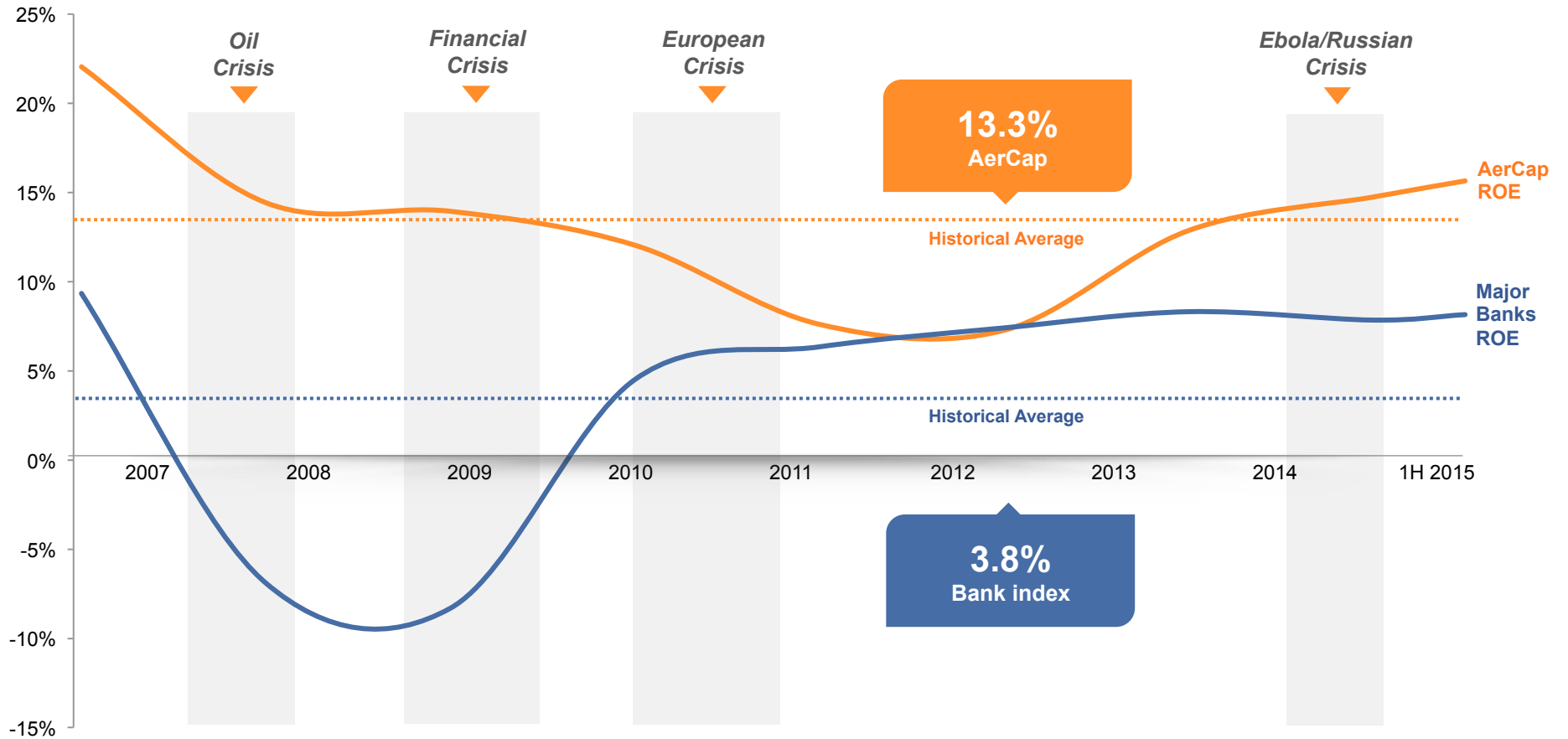
The accounting for default costs is as follows:

- Maintenance reserves and deposits held are recorded as revenue upon lease termination
- Costs are expensed as incurred

# Consistent Outperformance vs. Bank Returns



Since 2007, AerCap's ROE outperformed major banks<sup>1</sup> by 9.5% on average



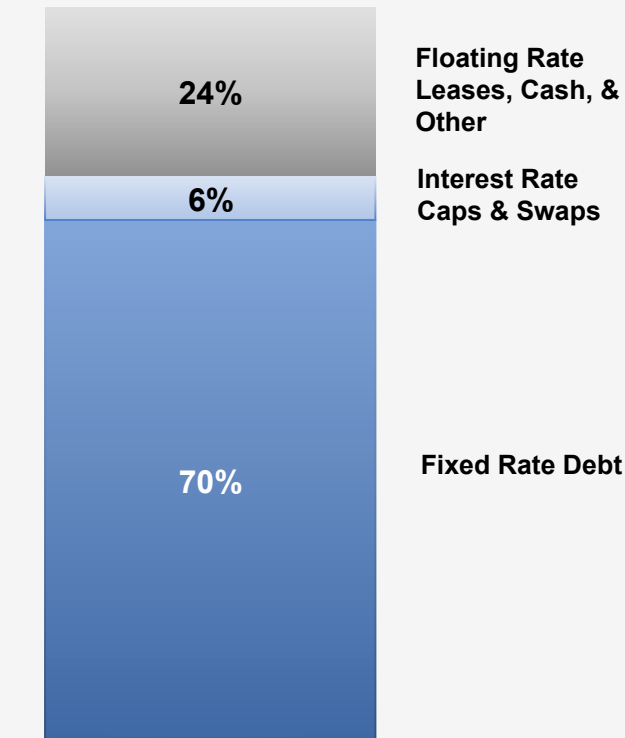
(1) KWB Bank Index used as proxy for Major Banks Return on Equity (Bloomberg)



## *Specific Financial Topics*



*Risk from rising interest rates is essentially hedged*



*100bps increase in interest rates would have a negative impact of ~\$30 million per annum*

*Primarily driven by the difference between current rates and strike rates of caps*

Balances as of June 30, 2015



## Carrying value of assets compares favorably with third-party appraisals

(\$ billion)	Carrying Value
<b>Flight Equipment</b>	<b>33.0</b>
<b>Maintenance Rights Intangible</b>	<b>3.7</b>
<b>Maintenance Liability</b>	<b>(3.2)</b>
<b>Net Carrying Value</b>	<b>33.5</b>
<b>Value from Appraisers<sup>2</sup></b>	<b>36.8</b>
<b>Difference</b>	<b>3.3</b>

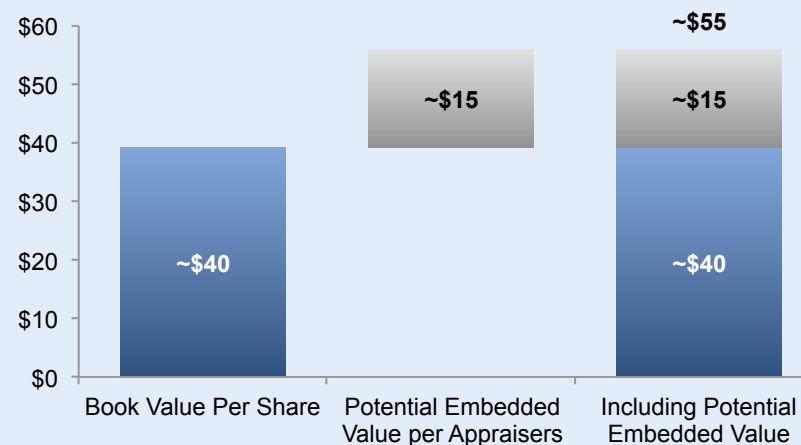
**Note:**

Information from Appraisers reflect their opinions of the value of aircraft in our portfolio. Their estimates may not be indicative of the current or future market values of aircraft. Information relating to current market values from appraisers was not used in our determination of fair value of the ILFC portfolio.

(1) Includes 1,133 owned aircraft as of March 31, 2015

(2) Average of half-life current market values from Ascend, BK and AISI as of March 31, 2015

### VALUE PER SHARE



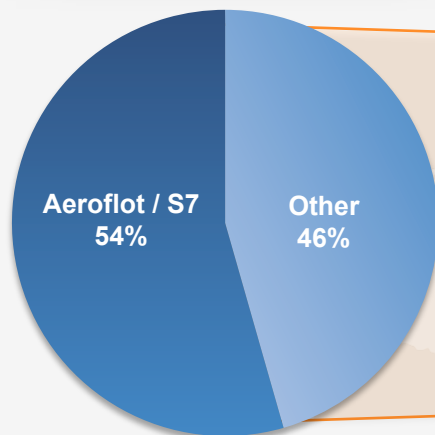
**\$3.3 billion differential translates into ~\$15 in per share additional value (post-tax)**



AerCap continues to monitor market conditions

## CURRENT NET EXPOSURE

**110**  
Aircraft



Net Exposure<sup>1</sup>

\$2.1 billion

Aircraft Value<sup>2</sup>

\$ 2.7 billion

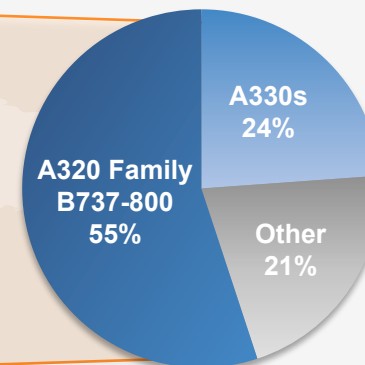
## PLANNED ACTIONS

**(18)**  
Aircraft

- (5) Re-leases under LOI
- (1) Contracted Sale
- (12) Planned Part-outs

## FORECASTED NET EXPOSURE

**92**  
Aircraft



Net Exposure<sup>1</sup>

\$1.9 billion

Aircraft Value<sup>2</sup>

\$2.4 billion

*Since 2H 2014, AerCap reduced exposure by 19 aircraft with further 18 planned*

(1) Includes Flight Equipment, Finance Leases, Maintenance Rights Intangible, Maintenance Liability and Letters of Credit as of March 31, 2015

(2) Average of half-life current market values from Ascend, BK and AISI as of March 31, 2015



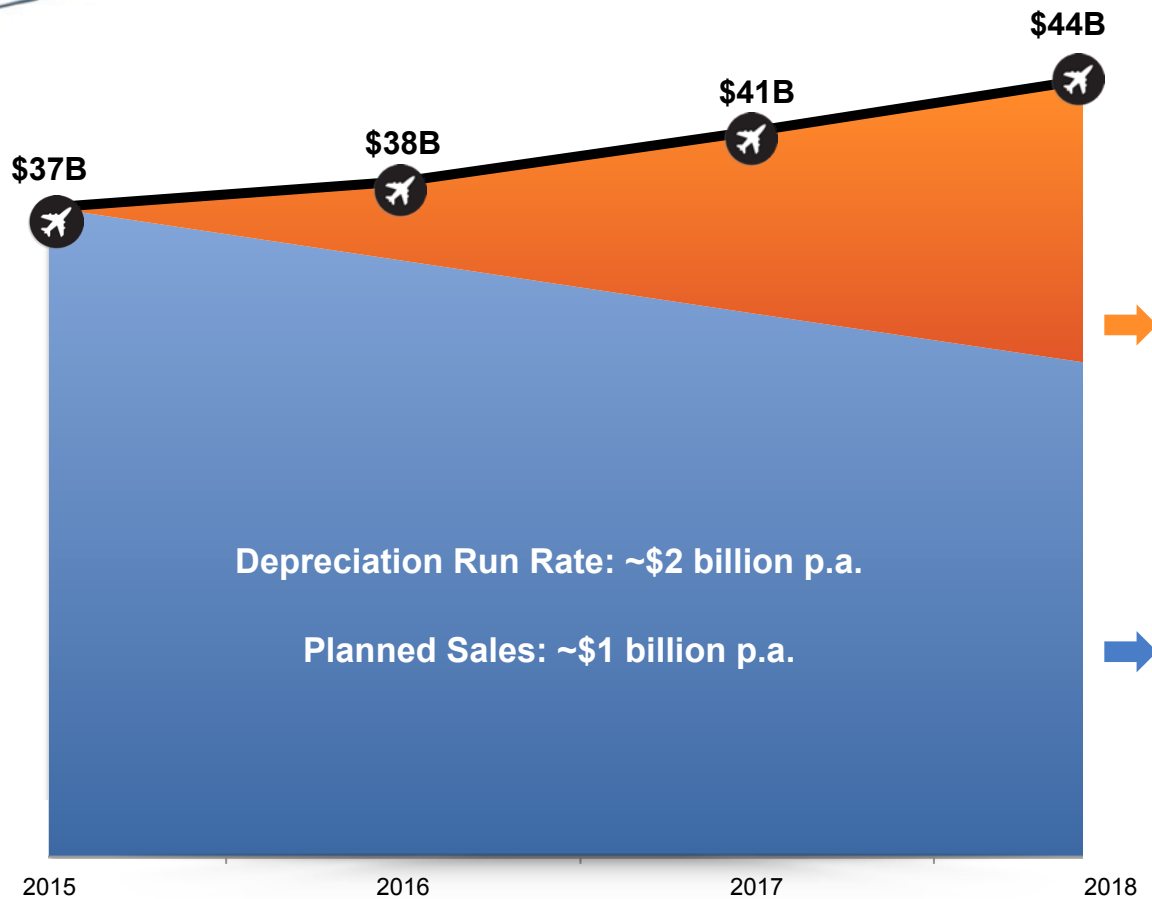
# Guidance



# Contracted Portfolio Growth



Portfolio growth expected to be ~5-6% based on contracted purchases before use of excess capital



~5% expected growth per annum to 2017 and ~6% to 2018

## Contracted Purchases

- 2016 = ~\$5 billion
- 2017 = ~\$6 billion
- 2018 = ~\$6 billion

Depreciation Run Rate: ~\$2 billion p.a.

Planned Sales: ~\$1 billion p.a.

Current Flight Equipment

# Portfolio Yields and Depreciation



Portfolio yield / depreciation expected to be relatively stable in coming years

	2015	2016	2017	2018
<b>Weighted Average Age<sup>1</sup></b>	7.7	7.7	7.4	6.9
<b>Estimated Yield<sup>2</sup> (%)</b>	12.7	12.5	12.3	12.0
<b>Estimated Depreciation Rate<sup>3</sup> (%)</b>	5.7	5.6	5.5	5.2
<b>Estimated Net Impact (%)</b>	7.0	6.9	6.8	6.8

- Decreasing average age in aircraft portfolio drives a reduction in yield and depreciation rates
- Reduction in average age reduces risk in the aircraft portfolio

(1) Age at midyear

(2) Basic lease rents divided by average book value of flight equipment and maintenance right intangible

(3) Depreciation rate on adjusted basis

# Maintenance Contribution



Net maintenance contribution expected to be \$0.10 - \$0.15 billion in coming years

(\$ billion)	2015	2016-2018
<b>Estimated Maintenance Income</b>	<b>0.25</b>	
<b>Estimated Lease Expense</b>	<b>0.15</b>	
<b>Estimated Net Maintenance Contribution<sup>1</sup></b>	<b>0.10</b>	<b>0.10-0.16</b>
<b>Maintenance Contribution Yield (%)</b>	<b>0.27</b>	<b>0.37</b>

(1) Maintenance contribution on adjusted basis

# Other Expense Items



*Modest variation in other expense items through 2018*

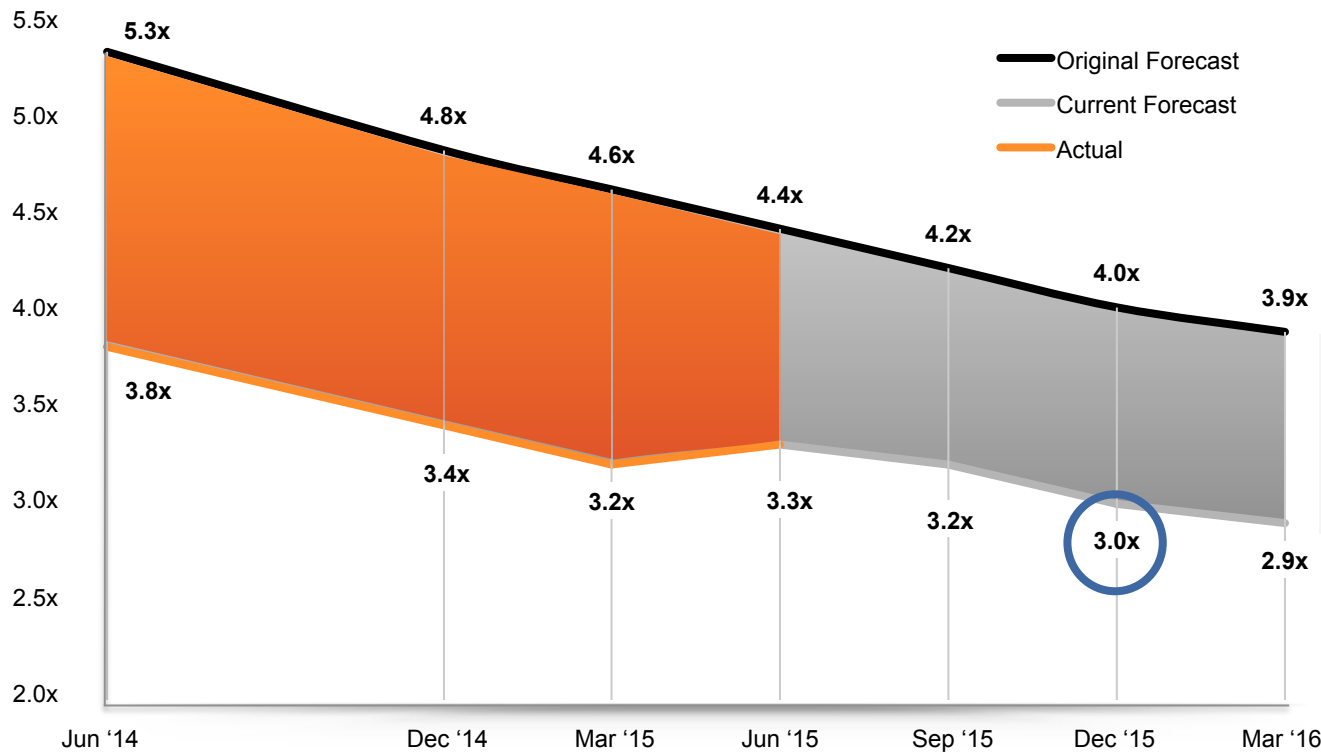
	2015	2016	2017	2018
<b>Interest Rate (%)<sup>1</sup></b>	<b>3.6</b>	<b>3.8</b>	<b>4.0</b>	<b>4.0</b>
<b>SG&amp;A (\$ billion)<sup>2</sup></b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>
<b>Tax Rate (%)</b>	<b>13.5</b>	<b>12.5-13.0</b>	<b>12.5-13.0</b>	<b>12.5-13.0</b>

(1) Based on current market rates, increase in cost is equal to ~30bps of average leased assets

(2) SG&A includes share based compensation expense

# Rapid Deleveraging

Debt/Equity ratio expected to be 3.0x at year end 2015;  
Excess capital of ~\$500m+ expected to be generated per annum<sup>1</sup>



**~2.7x - 3.0x**  
Targeted debt/equity range

The debt/equity ratios are calculated by dividing adjusted net debt by adjusted equity. Adjusted net debt is calculated as follows: debt less cash and cash equivalents, less 50% equity credit for long-term subordinated debt. Adjusted equity is calculated as follows: total equity plus 50% equity credit for long-term subordinated debt

(1) AerCap's estimated capital structure (debt/equity ratios), are subject to change, in light of highly fluid market conditions and other factors, refer to slide 2: Disclaimer Incl. Forward Looking Statements & Safe Harbor

# Use of Expected Excess Capital



Combination of additional aircraft purchases and return of capital expected

EXCESS CAPITAL OF  
**~\$1.5+ billion**  
GENERATED 2016 THROUGH 2018

*IF USED FOR AIRCRAFT PURCHASES*

COULD RESULT IN ADDITIONAL  
AIRCRAFT LEASE ASSET GROWTH OF  
~5% ABOVE CONTRACTED LEVELS

*IF USED FOR SHARE REPURCHASES*

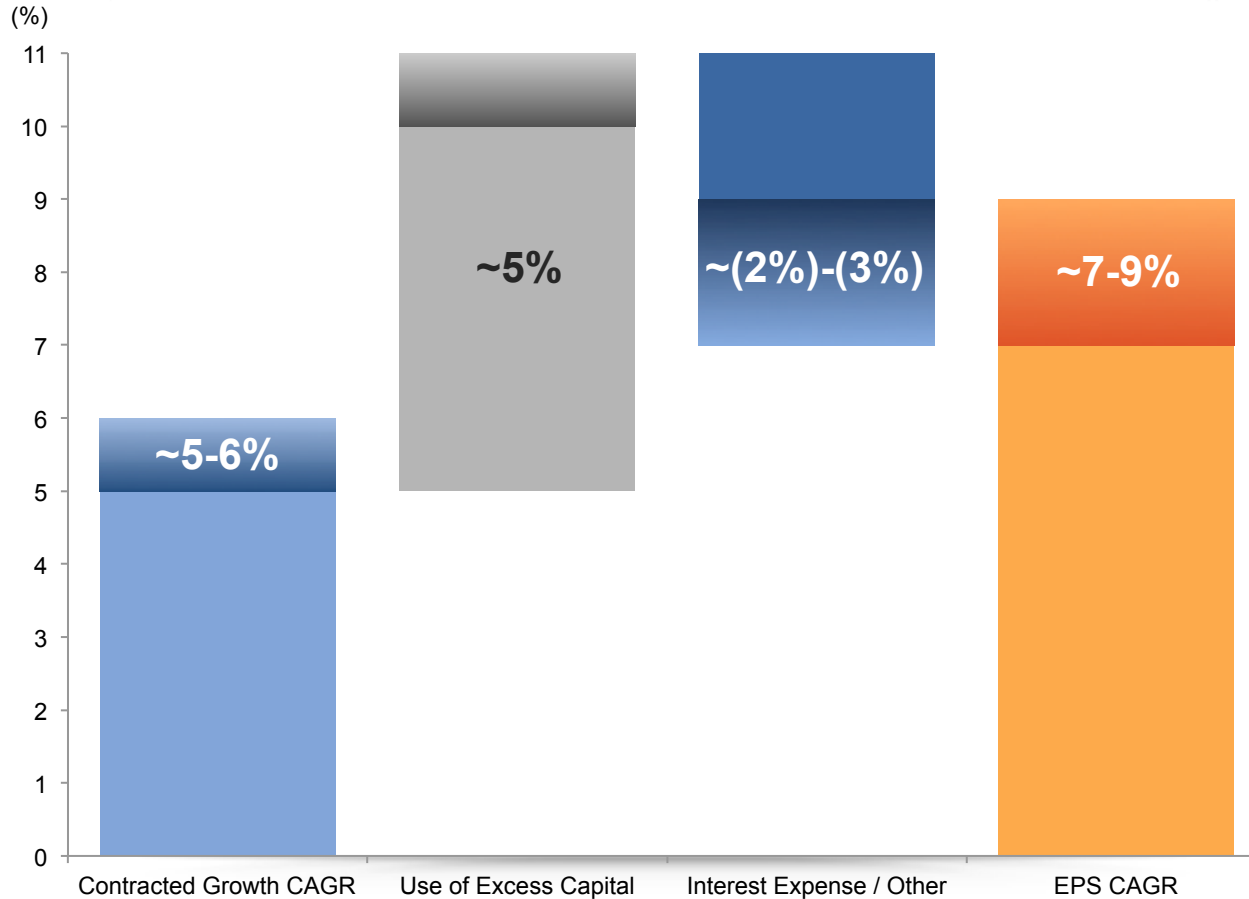
NUMBER OF SHARES THAT CAN BE  
REPURCHASED: +/- **30** MILLION,  
COULD RESULT IN ADDITIONAL EPS  
GROWTH OF ~5%

Note: Refer to slide 2: Disclaimer Incl. Forward Looking Statements & Safe Harbor

# Targeted Earnings Per Share Growth



*~7-9% EPS growth per annum driven by contracted growth and use of excess capital<sup>1</sup>*



(1) Earnings per Share growth from 2016 to 2018 excludes gains on sales; Refer to slide 2: Disclaimer Incl. Forward Looking Statements & Safe Harbor

# Maintenance Rights Asset



Accounting for maintenance rights asset results in accelerated depreciation of aircraft values

(\$ billion)	2014	2015	2016	2017	2018+	Total <sup>1</sup>
<b>Depreciation Adjustment</b>	(0.17)	(0.25)	(0.25)	(0.25)	(2.06)	(2.98)
<b>Leasing Expenses Adjustment</b>	0.06	0.42	0.48	0.30	1.72	2.98
<b>Net Pre-Tax Adjustment</b>	(0.11)	0.17	0.23	0.05	(0.34)	-
<b>Net Post-Tax Adjustment</b>	(0.10)	0.15	0.20	0.05	(0.30)	-

As a result of the purchase accounting, **a portion of the acquired ILFC aircraft value is classified as an intangible asset**

- The amortization cost for this portion of the aircraft asset value is **recorded as lease expense instead of depreciation expense**
- Prior to the acquisition, this asset was part of the aircraft book value and **subject to normal depreciation**
- The **adjusted amount reflects lease expense and depreciation on an economic basis**

(1) Reflects estimated cash receipts of ~\$1.0 billion on end-of-lease contracts which is applied against/reduces the maintenance rights asset





**Anton Joiner**  
Chief Risk Officer



**Martin Olson**  
Head of OEM Relations



**Keith Helming**  
Chief Financial Officer

**Q&A**



**Aengus Kelly**  
*Chief Executive Officer*

## **Summary and Closing**



*Today AerCap is the largest and most profitable aircraft lessor*

- ✧ **Strong and resilient** industry fundamentals
- ✧ **Industry leading earnings** delivering shareholder value
- ✧ Proven track record of **rapid deleveraging**
- ✧ **Efficient and scalable** platform
- ✧ **Strong growth** profile
- ✧ **Hedging strategies** to mitigate risk
- ✧ **Highly experienced management team** with deep industry expertise



***Thank you***



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