



2019 INTERIM RESULTS REVIEW

INFORMATION SLIDES

16 AUGUST 2019



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1H19 OVERVIEW



Another Record First Half Performance

Stable earnings growth¹

US\$321 million
Net profit after tax  **8%**

US\$0.46
Earnings per share  **8%**

Driven by:

US\$930 million
Total revenues and other income  **13%**

8.4%
Net lease yield²  **Stable**


US\$341 million
Core lease rental contribution³  **4%**

US\$352 million
Profit before tax  **7%**

Robust balance sheet⁴

US\$19.2 billion
Total assets  **5%**

US\$4.3 billion
Total equity  **2%**

US\$6.18
Net assets per share  **2%**

Higher interim dividend per share

US\$0.1388
Interim dividend per share⁵  **8%⁶**

All data as at 30 June 2019

Notes:

1. Compared to the first six months of 2018 unless otherwise indicated
2. Calculated as annualised lease rental income less annualised finance expenses apportioned to lease rental income, divided by average net book value of aircraft
3. Calculated as lease rental income less aircraft depreciation and finance expenses apportioned to lease rental income, amortisation of deferred debt issue cost and lease transaction closing cost
4. Compared to the year ended 31 December 2018
5. Payable to shareholders registered at the close of business on the record date, being 3 October 2019
6. Compared to US\$0.1284 paid for 1H18



An Active 1H19

- Achieved US\$4 billion in cumulative net profit after tax since inception in 1993
- Ended June 2019 with total fleet of 499 comprising 314 owned, 23 managed and 162 on order
 - Portfolio utilization of 99.6%
 - Average fleet age of 3.1 years¹
 - Average remaining lease term of 8.2 years¹
- Took delivery of 25 aircraft²
 - Added six new airline customers
 - Delivered our 350th Airbus aircraft
 - Delivered the final new Boeing 737-800NG aircraft
- Signed 39 lease commitments
- Sold 11 aircraft
 - Nine owned, two managed
 - Announced a portfolio sale of 17 aircraft scheduled to be completed in 2H19
- S&P Global Ratings and Fitch Ratings have reaffirmed our credit ratings of A-
- Total future committed CAPEX of c.US\$7.7 billion
 - FY2019 CAPEX expected to be in the US\$3-3.5 billion range based on scheduled deliveries³

Consistently strong operational performance

All data as at 30 June 2019 unless otherwise indicated

Notes:

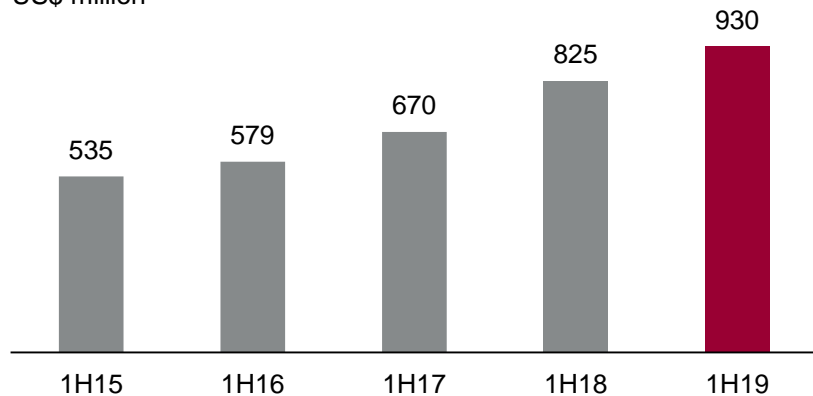
1. Weighted by net book value of owned fleet
2. Including five acquired by airline customers on delivery
3. The number of aircraft delivered in 2019 is likely to be lower from currently contracted, and up to 30 aircraft could be delayed out of 2019. Such delayed aircraft instead could be delivered in 2020 or in future years



Record NPAT

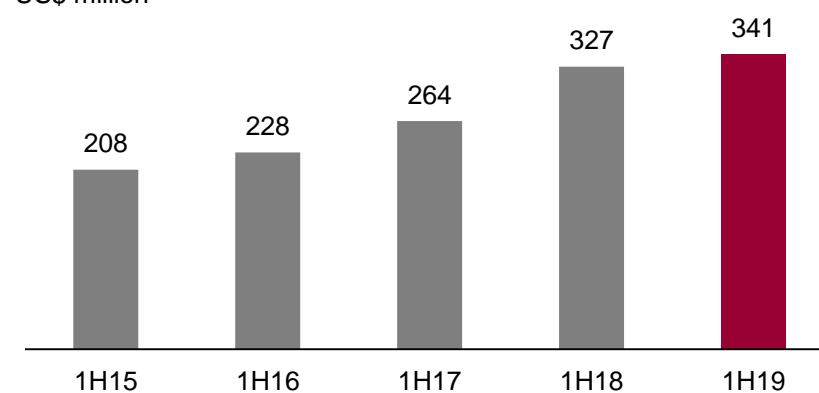
Fleet growth underpins growth in revenues

US\$ million



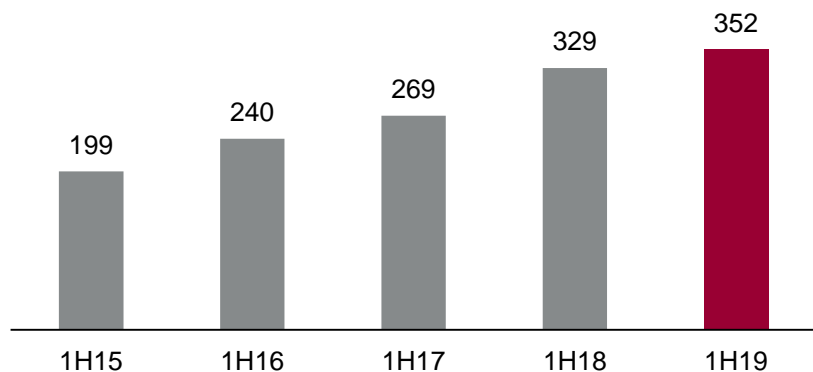
Improving core lease rental contribution¹

US\$ million



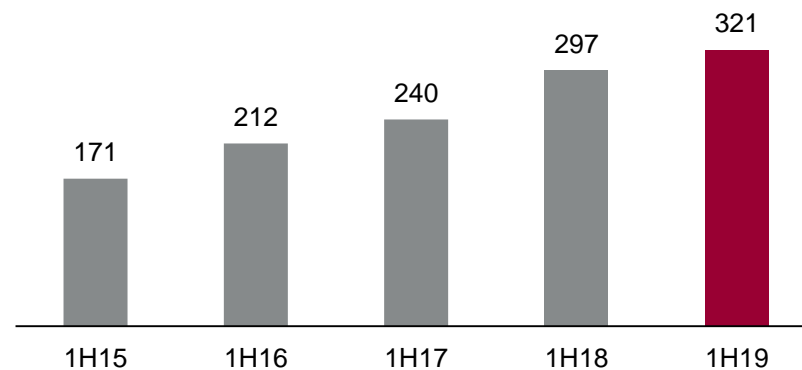
Continuing PBT Growth

US\$ million



Robust NPAT performance

US\$ million



All data as at 30 June 2019

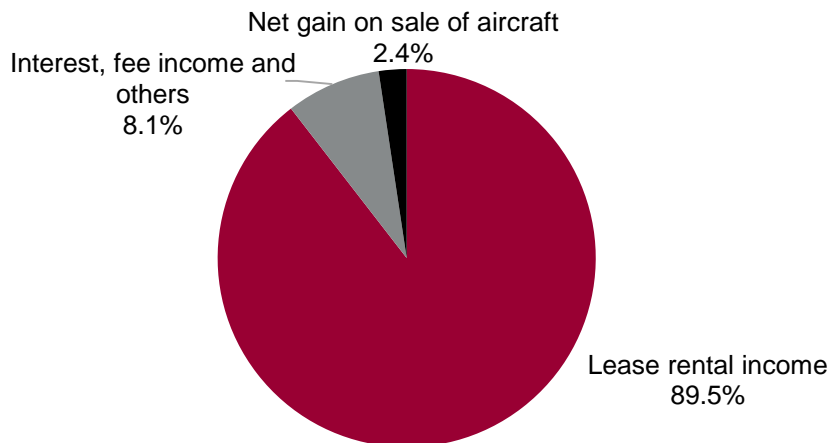
Note:

1. Calculated as lease rental income less aircraft depreciation and finance expenses apportioned to lease rental income, amortisation of deferred debt issue cost and lease transaction closing cost

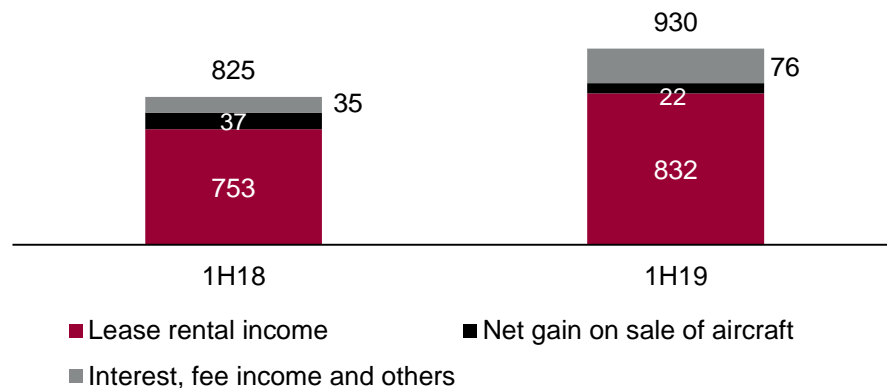


Lease Rental Income Continues to Dominate Revenue

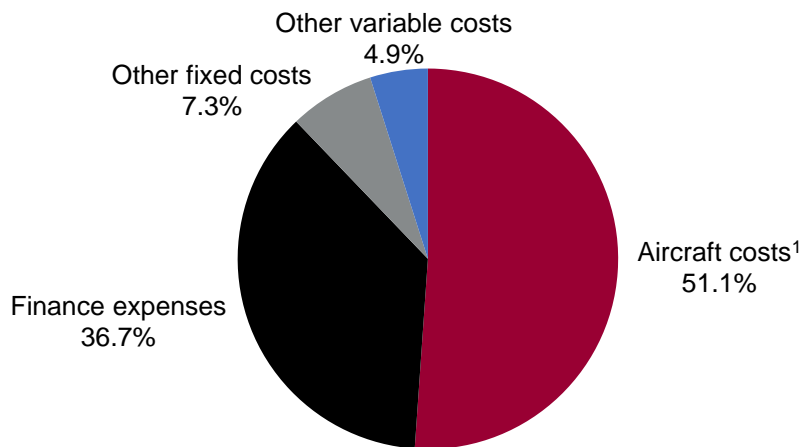
Lease rental income consistently c.90% of total revenue and other income



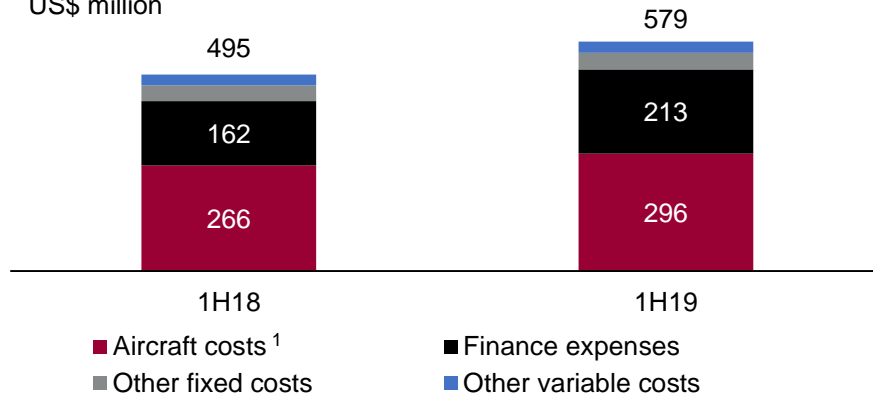
US\$ million



Depreciation of aircraft plus financing costs make up >85% of total costs



US\$ million



All data as at 30 June 2019

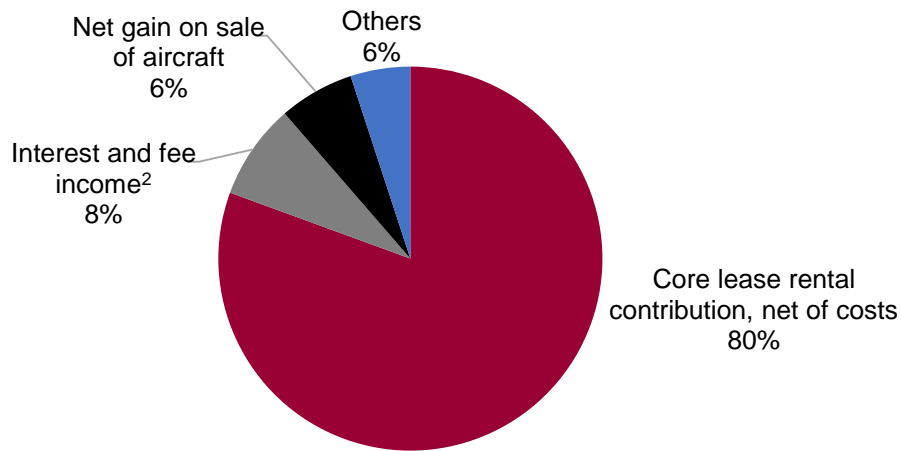
Note:

1. Comprises aircraft depreciation

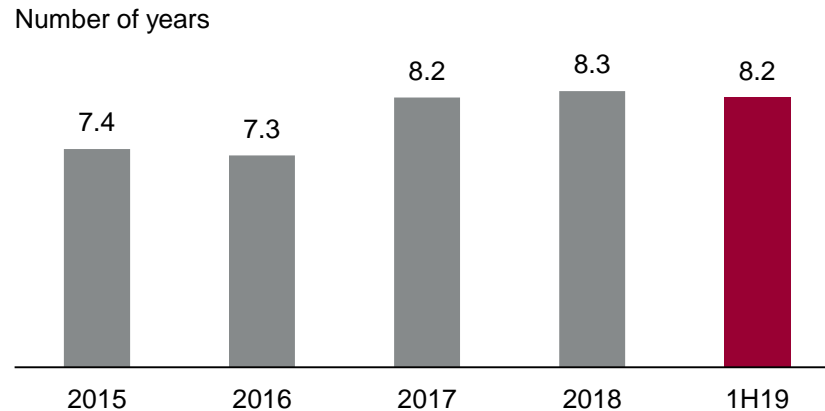


Core Leasing Business Supports Earnings Growth

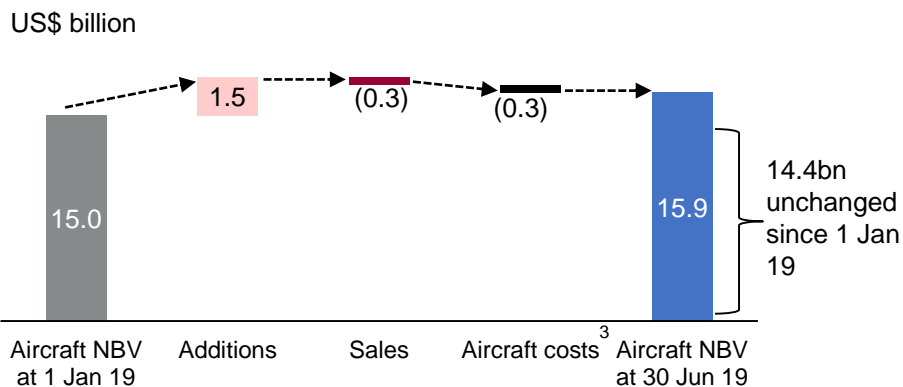
80% of PBT is from core lease rental contribution¹, net of costs



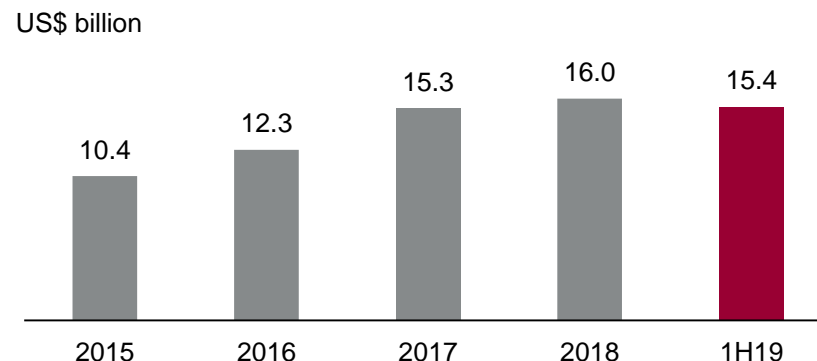
We have a long average remaining lease term⁴



and reflects continued investment in our fleet



and high future committed lease revenue



All data as at 30 June 2019 unless otherwise indicated

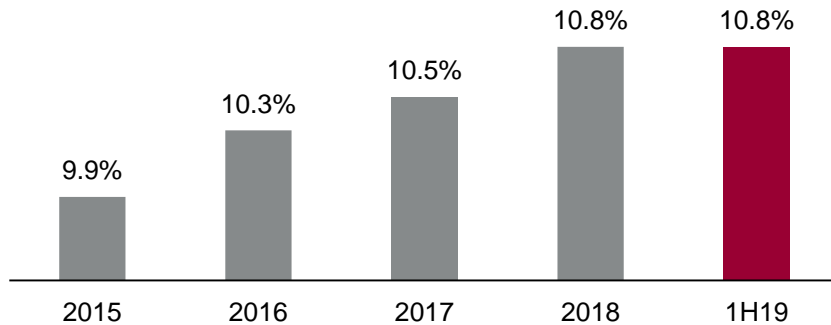
Notes:

1. Calculated as lease rental income less aircraft depreciation and finance expenses apportioned to lease rental income, amortisation of deferred debt issue cost and lease transaction closing cost
2. Calculated as interest and fee income less finance expense apportioned to interest and fee income
3. Comprises aircraft depreciation
4. Weighted by net book value of owned fleet

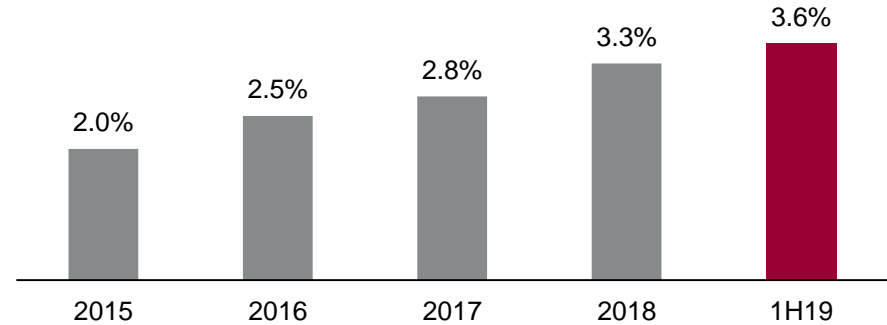


Leasing Market Continues to Shift Towards Fixed Rates

Lease rate factor¹ reflects increased proportion of fixed rate leases

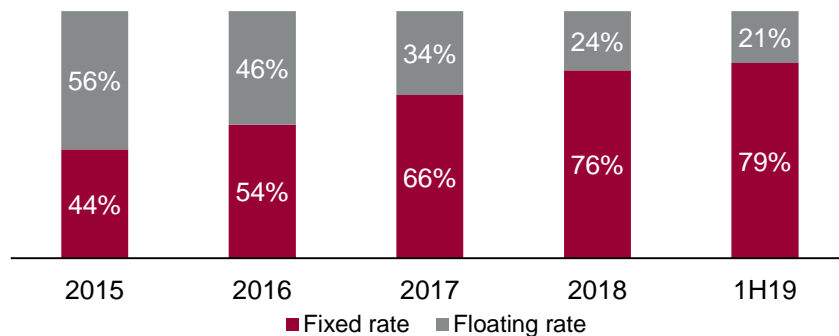


Cost of debt³ reflects more fixed rate funding

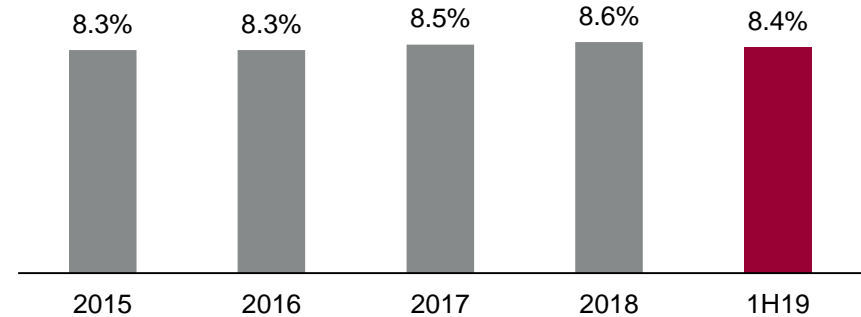


Proportion of fixed rate leases rising steadily²

By net book value



Maintaining net lease yield⁴ at target levels



All data as at 30 June 2019 unless otherwise indicated

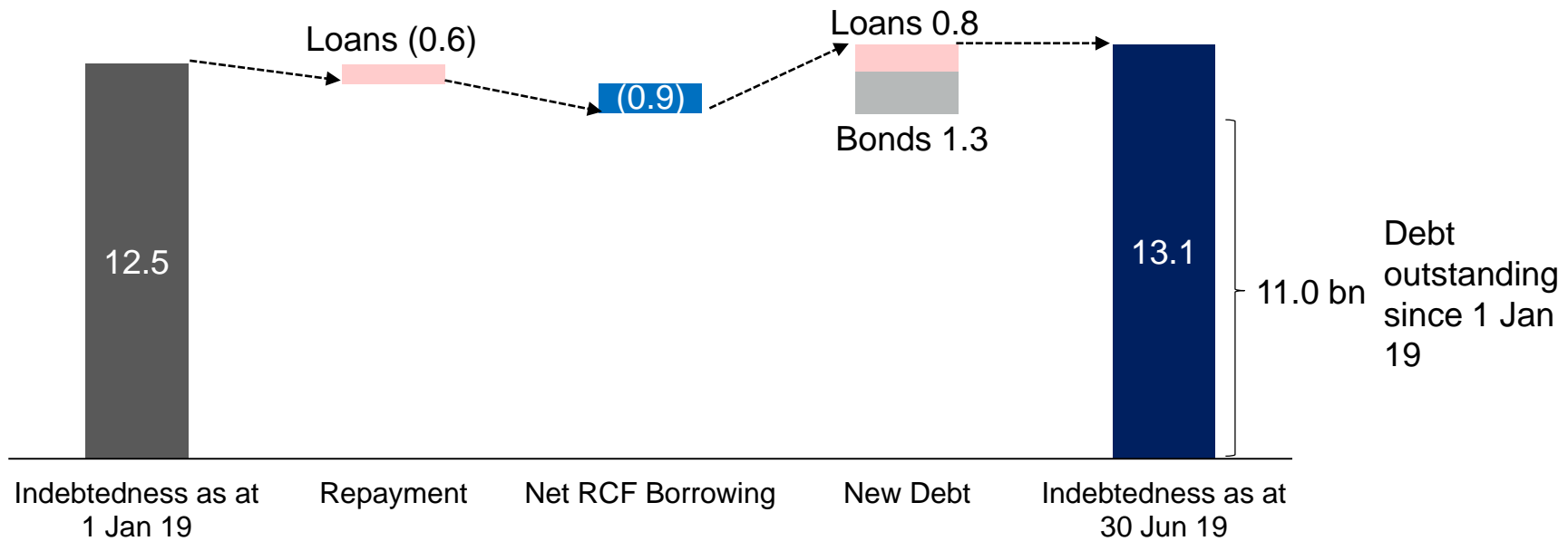
Notes:

1. Calculated as lease rental income divided by average net book value of aircraft and multiplied by 100%
2. By net book value including aircraft held for sale and excluding aircraft subject to finance lease as well as aircraft off lease
3. Cost of debt is calculated as the sum of finance expenses and capitalized interest, divided by average total indebtedness. Total indebtedness represents loans and borrowings and finance lease payables before adjustments for deferred debt issue costs, fair values, revaluations and discounts/premiums to medium term notes
4. Calculated as annualised lease rental income less annualised finance expenses apportioned to lease rental income, divided by average net book value of aircraft



Stable Debt Structure

US\$ billion

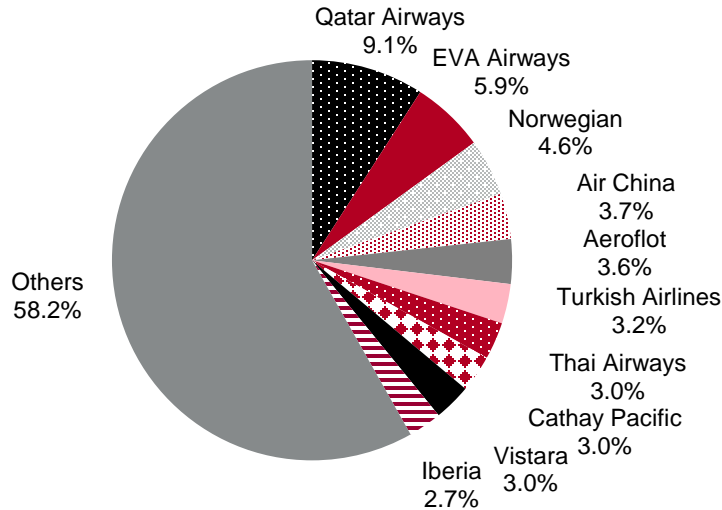


More than 80% of debt unchanged from 1 January 2019

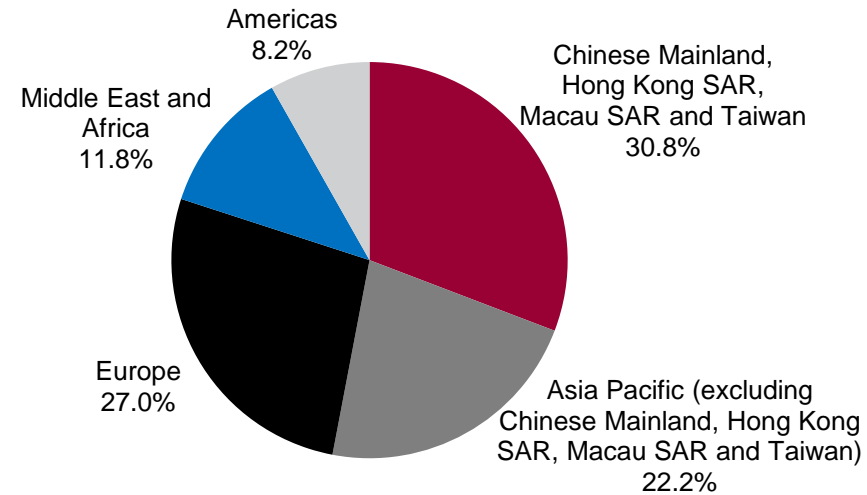


Diversified Portfolio Delivers High Utilization Rate

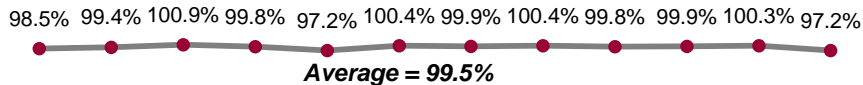
Lease portfolio diversified by customer^{1,2,3}



...and diversified by geography^{1,3}

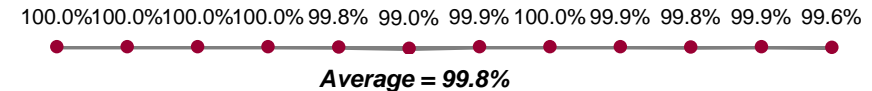


High collection rate



2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 1H19

High fleet utilization⁴



2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 1H19

All data as at 30 June 2019 unless otherwise indicated

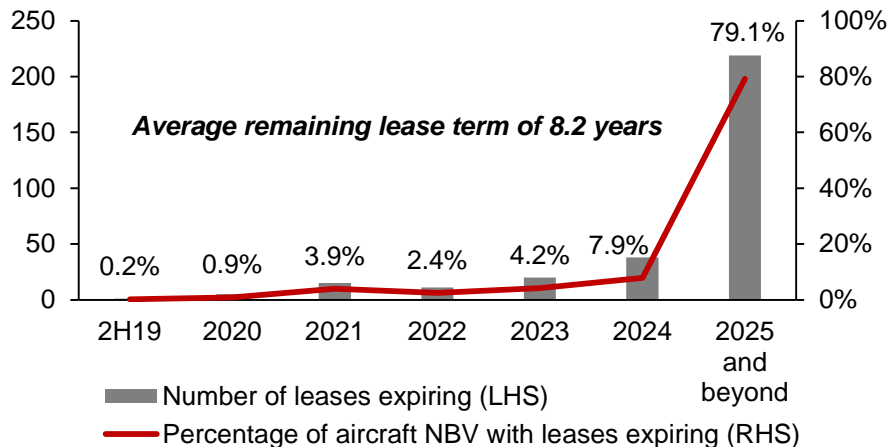
Notes:

1. Based on net book value as at 30 June 2019
2. For certain airlines, the percentage includes leases to affiliated airlines whose obligations are guaranteed by the named airline
3. Based on the jurisdiction of the primary obligor under the relevant operating lease
4. Fleet utilization is the total days on-lease in the period as a percentage of total available lease days in the period



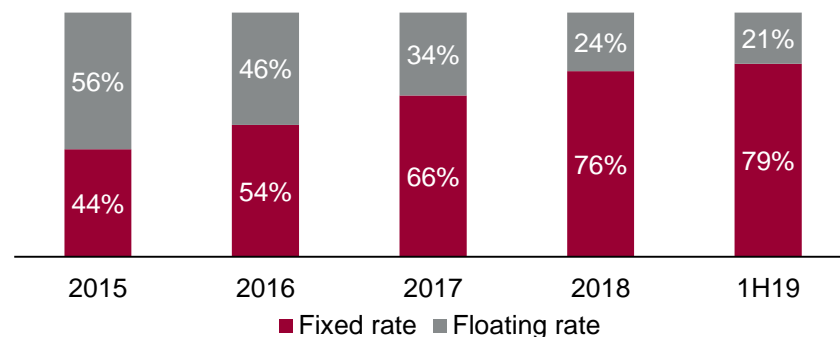
Long-term Contracted USD Leases

Well-dispersed lease expiries¹



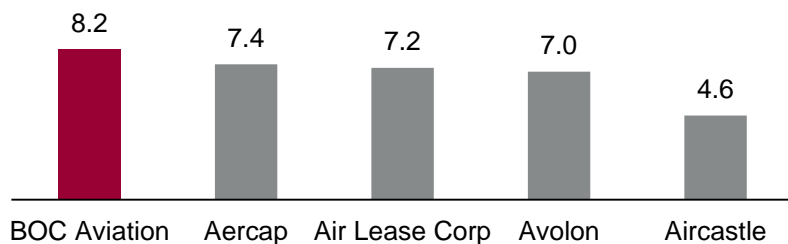
Proportion of fixed rate leases rising steadily³

By net book value



Long average remaining lease term²

Number of years



Source: Respective company websites

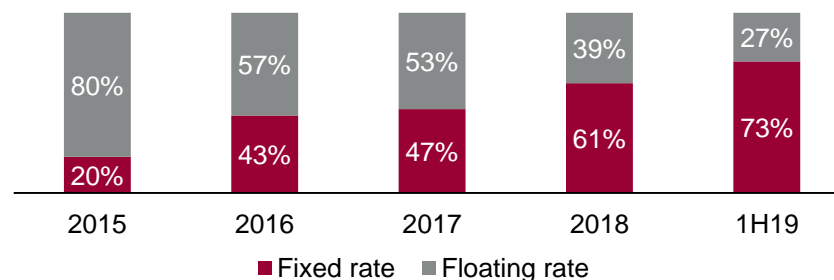
All data as at 30 June 2019 unless otherwise indicated

Notes:

- Owned aircraft with lease expiring in each calendar year excluding any aircraft for which BOC Aviation has a sale or lease commitment, weighted by net book value of owned fleet as at 30 June 2019
- Weighted by net book value of owned fleet as at 30 June 2019
- By net book value including aircraft held for sale and excluding aircraft subject to finance lease as well as aircraft off lease
- Fixed rate debt included floating rate debt swapped to fixed rate liabilities

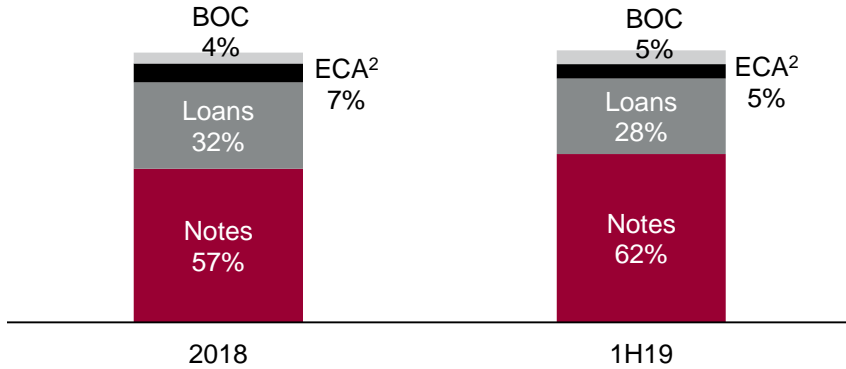
Proportion of fixed rate debt also rising⁴

- Hedged more than 90% of mismatched interest rate exposure

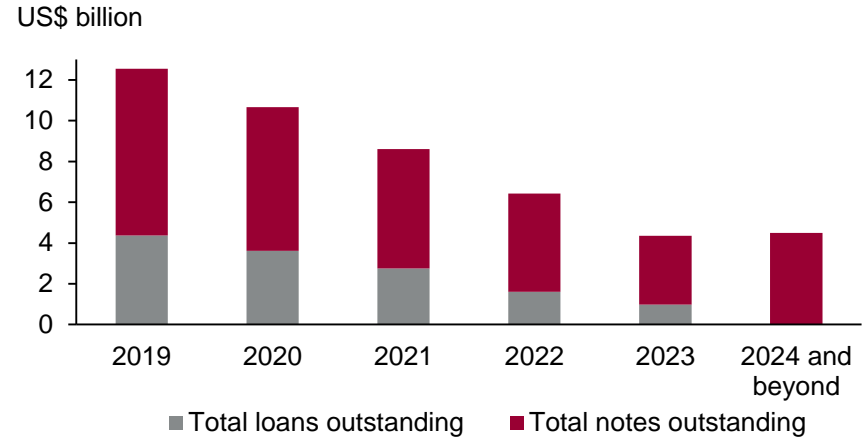


Flexible Capital Structure and Ample Backstop Liquidity

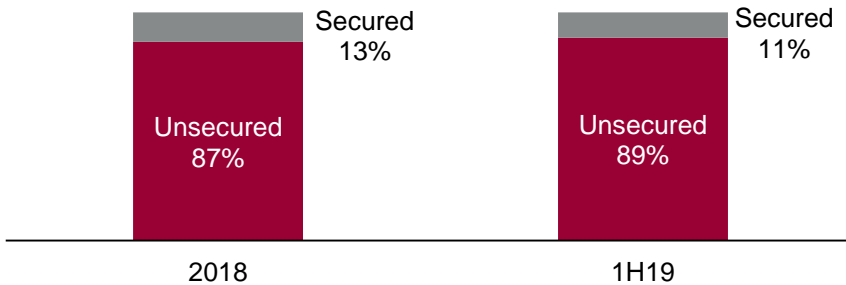
Sources of debt¹



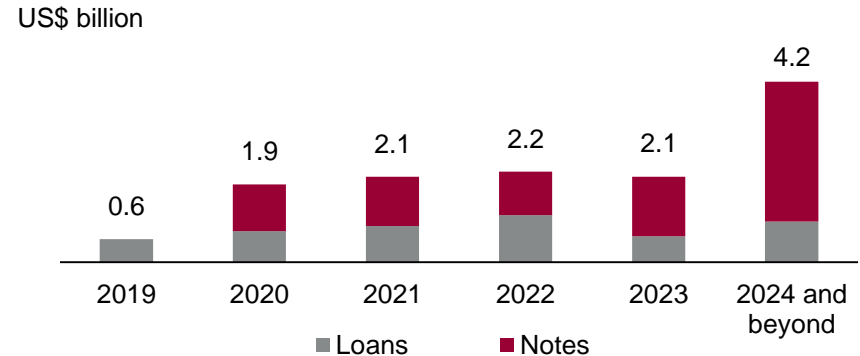
Outstanding debt amortises over a long term



Increasing unsecured funding



Debt repayment by year



Undrawn committed credit lines and cash of US\$3.8 billion at 30 June 2019

All data as at 30 June 2019 unless otherwise indicated

Notes:

1. Drawn debt only
2. ECA refers to debt guaranteed by the export credit agencies of France, Germany, the United Kingdom or the United States



Popular and Fuel-Efficient Fleet

Our aircraft portfolio

Aircraft type	Owned aircraft	Managed aircraft	Aircraft on order ¹	Total
Airbus A320CEO family	126	7	0	133
Airbus A320NEO family	36	0	52	88
Airbus A330CEO family	12	3	0	15
Airbus A330NEO family	0	0	12	12
Airbus A350 family	6	0	2	8
Boeing 737NG family	95	8	0	103
Boeing 737 MAX family	6	0	87	93
Boeing 777-300ER	19	3	3	25
Boeing 777-300	0	1	0	1
Boeing 787 family	9	0	6	15
Freighters	5	1	0	6
Total	314	23	162	499

All data as at 30 June 2019

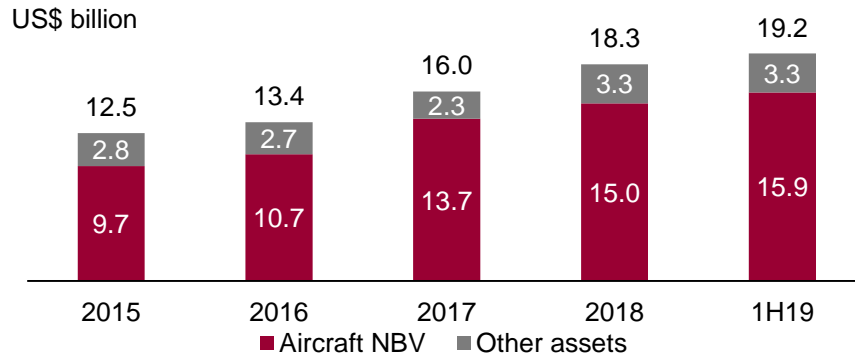
Note:

1. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery. We now expect delivery delays could result in up to 30 aircraft being delayed out of 2019, including three for which an airline customer has the right to acquire the aircraft on delivery

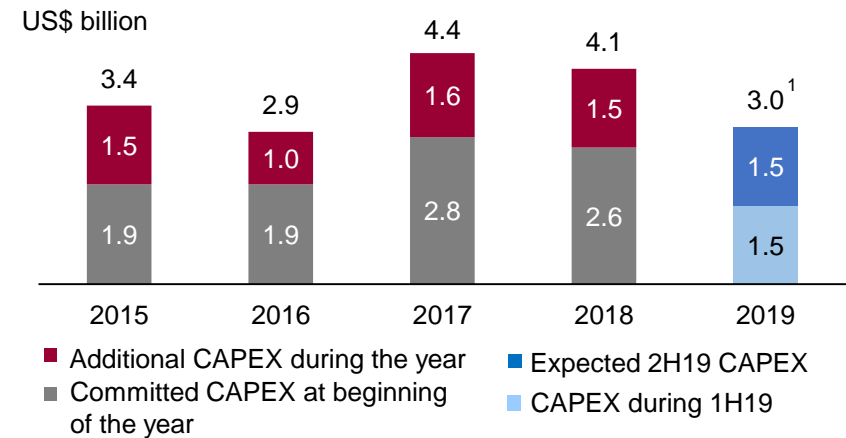


Orderbook Underpins Future Balance Sheet Growth

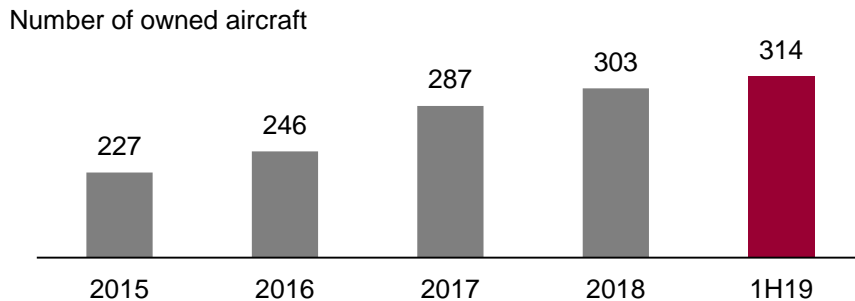
Growing balance sheet



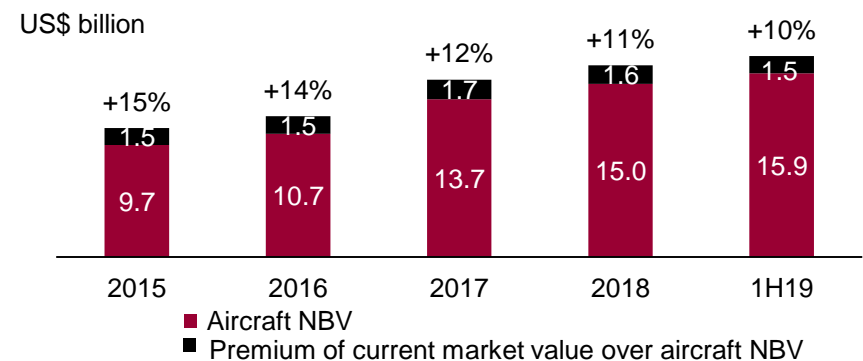
Sustained annual CAPEX since IPO



Expanding fleet size



Consistent premium over aircraft NBV^{2,3}



Aircraft net book value grew 49% since 2016

All data as at 30 June 2019 unless otherwise indicated

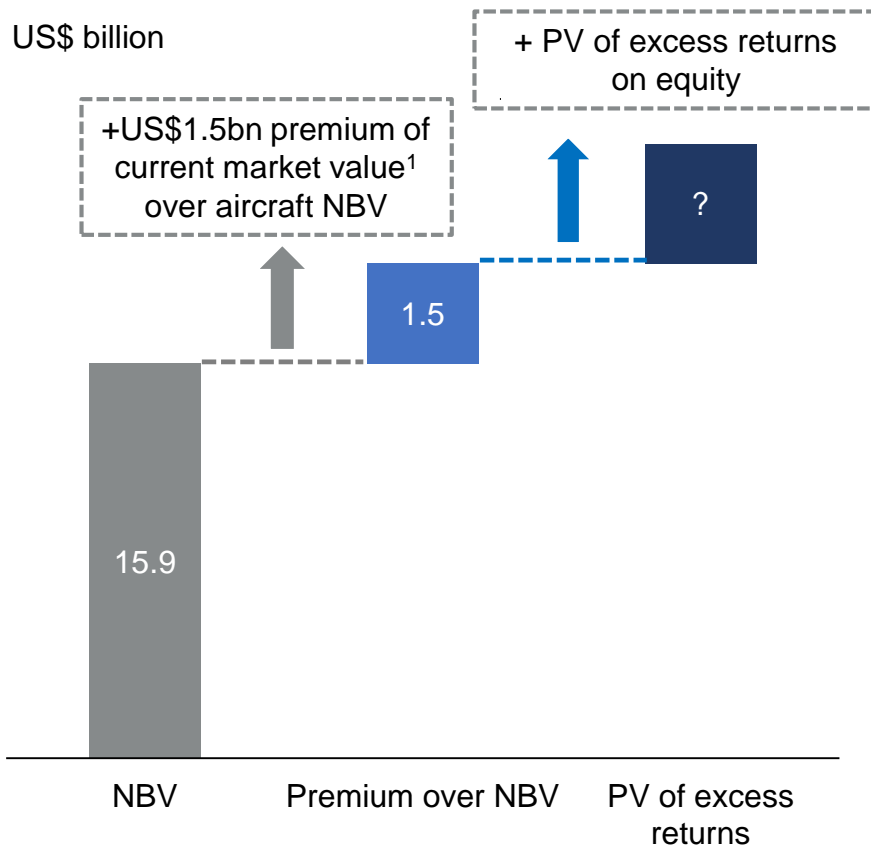
Notes:

1. Based on contractual scheduled delivery dates as at 30 June 2019, adjusted for the 30 aircraft that could be delayed out of 2019
2. Average of five appraisers
3. Percentages refer to premium of appraised current market value over aircraft NBV

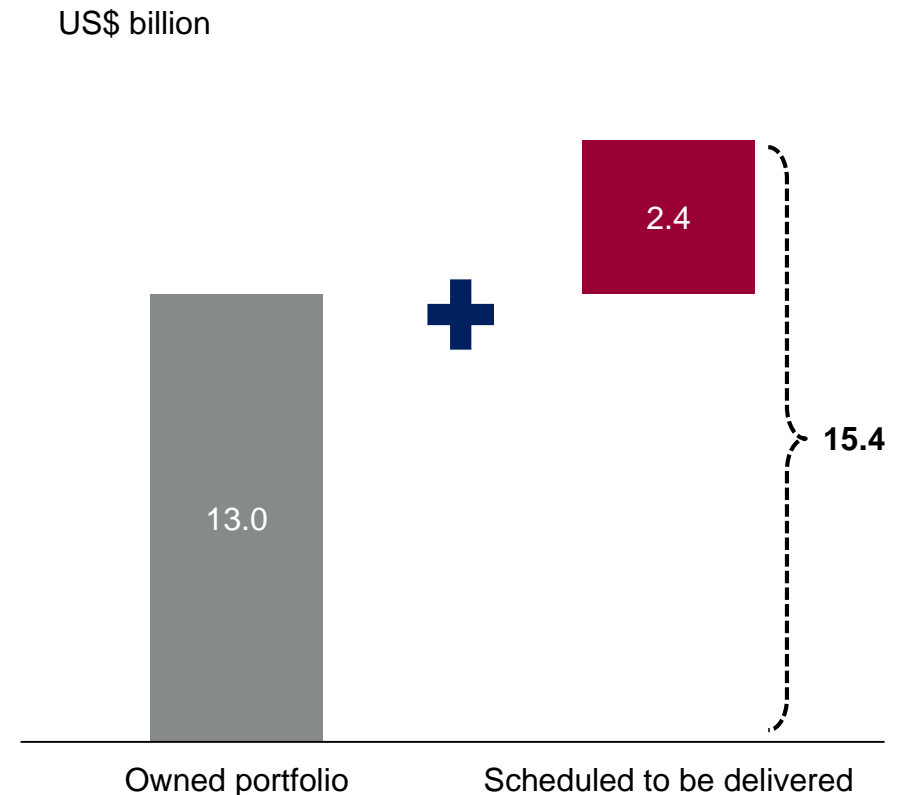


Value Driven by Fleet and Committed Lease Revenues

Net book value understates business value



Committed future revenues of more than US\$15 billion



Committed future lease revenues underpin value creation

All data as at 30 June 2019

Note:

1. Based on an average of five independent appraisers' aggregate value for our owned fleet at US\$17.4 billion, on a full-life, current market value basis, which compared with a net book value of US\$15.9 billion



Conclusion

- Another solid performance
 - Cumulative NPAT of US\$4 billion since inception
 - 1H19 NPAT increased 8% to US\$321 million
 - Interim dividend also increased 8% year-on-year to US\$0.1388/share
- Long-term revenue sustainability supported by strong liquidity
 - Committed lease revenues maintained at more than US\$15 billion
 - Orderbook of 162 aircraft provides future balance sheet growth¹
 - Available liquidity of US\$3.8 billion to support opportunistic investment
 - Strong pipeline of 2H19 aircraft sales including recently announced portfolio sale to SLVRR 2019-1²
- Positive outlook
 - Healthy passenger growth of 5% projected by IATA for 2019³
 - 2019 is expected to be the fifth year of robust airline earnings at US\$28 billion³
 - Post 30-June 2019, we announced:
 - PLB transaction with Qatar for three Airbus A350 aircraft delivering in 3Q19
 - The signing of leases for 10 Airbus A320NEO aircraft placed with Air China
 - The signing of leases for four new Airbus A321NEO aircraft placed with Scoot, a subsidiary of SIA

On track for continued growth in 2019 despite external challenges

All data as at 30 June 2019 unless otherwise indicated

Notes:

1. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery
2. Silver Aircraft Lease Investment Limited and affiliates
3. International Air Transport Association (IATA)





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