



2019 FINAL RESULTS REVIEW

11 MARCH 2020

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2019 OVERVIEW

A Record Year

Stable earnings growth¹

US\$702 million ↑ **13%**
Net profit after tax

US\$1.01 ↑ **13%**
Earnings per share

Driven by:

US\$1,976 million ↑ **15%**
Total revenues and other income

8.4% ↔ **Stable**
Net lease yield²

US\$695 million ↑ **5%**
Core lease rental contribution³

US\$775 million ↑ **13%**
Profit before tax

Robust balance sheet¹

US\$19.8 billion ↑ **8%**
Total assets

US\$4.6 billion ↑ **9%**
Total equity

US\$6.60 ↑ **9%**
Net assets per share

Higher annual dividend per share

US\$0.3541 ↑ **13%⁵**
Total dividend per share⁴

All data as at 31 December 2019

Notes:

1. Compared to FY2018 or as at 31 December 2018
2. Calculated as lease rental income less 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. Includes interim dividend of US\$0.1388 per share paid to shareholders registered at the close of business on 3 October 2019. The final dividend of US\$0.2153 will be payable to shareholders registered at the close of business on the record date, being 4 June 2020.
5. Compared to US\$0.3129 paid for FY2018

A Solid Performance in 2019

- 15th year of consecutive record earnings
 - ROE of 16% was one of our best years ever
- Ended 2019 with total fleet of 523 – a new high
 - Comprised 317 owned, 40 managed and 166 on order
 - Capital expenditure of US\$3.2 billion for 2019
- Took delivery of 54 aircraft¹
 - Added eight new airline customers
- Signed 87 lease commitments
- Sold 30 aircraft
 - 28 owned, two managed
 - Included a portfolio sale of 17 aircraft with leases attached
- Managed 40 aircraft
- A very busy 2H19
 - Took delivery of 29 aircraft² - more than one per week

Another year of strong performance in a difficult supply environment

All data as at 31 December 2019 unless otherwise indicated

Notes:

1. Including 12 acquired by airline customers on delivery
2. Including seven acquired by airline customers on delivery



A Long-term Investor in Aircraft

- Senior creditor in airline cashflow, not airline equity
- Highly diversified global customer base
 - 93 airlines in 41 countries and regions
- Experienced management team has successfully led the Company through multiple cycles
- Counter cyclical approach to investment
- Available cash and credit lines of more than US\$5 billion currently¹
 - We have raised US\$700 million in new term debt to date in 2020 including a US\$400 million 5-year bond
- A- credit ratings from S&P Global and Fitch Ratings
- Low debt to equity
- Well-structured operating leases that feature
 - Monthly or quarterly rents that are paid in advance
 - Security deposits
 - Long lease terms

Focus on long-term sustainable earnings

Note:

1. As at 11 March 2020

So Far in 2020

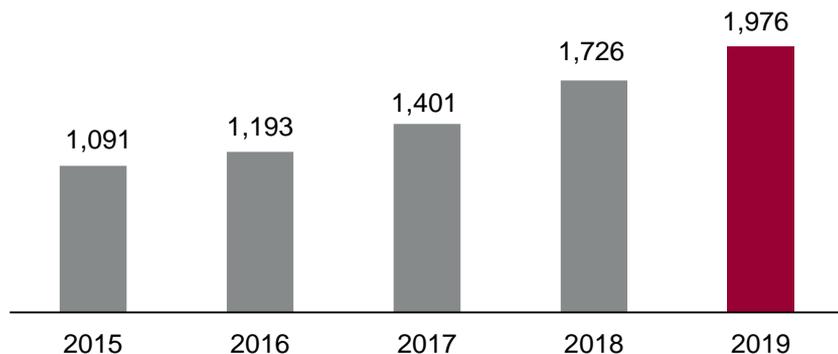
- Added another 42 aircraft to our orderbook
 - Announced the purchase of 20 Airbus A320NEO aircraft, scheduled for delivery in 2023 and 2024, ten of which have already been committed for lease
 - Committed to acquire 22 new Boeing 787 aircraft for lease to American Airlines, with deliveries in 2020 and 2021
- Additional future lease revenues of approximately US\$2 billion committed since the start of 2020
- Realignment of MAX delivery schedule
 - Scheduled to deliver between the fourth quarter of 2020 to 2023
- 100% of scheduled 2020 aircraft deliveries placed with airline customers
- Committed to additional capital expenditure of US\$3.5 billion for period to 2024
- Changes to the senior management team in 2020 reflect our well-structured succession plan and our commitment to diversity

A strong start to the year

Record NPAT

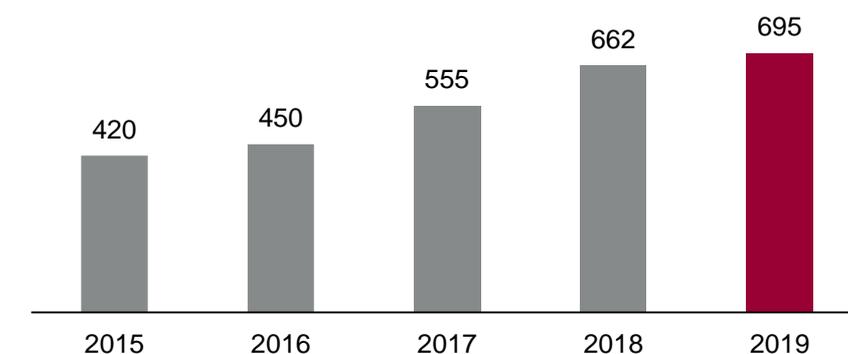
Fleet growth underpins growth in revenues

US\$ million



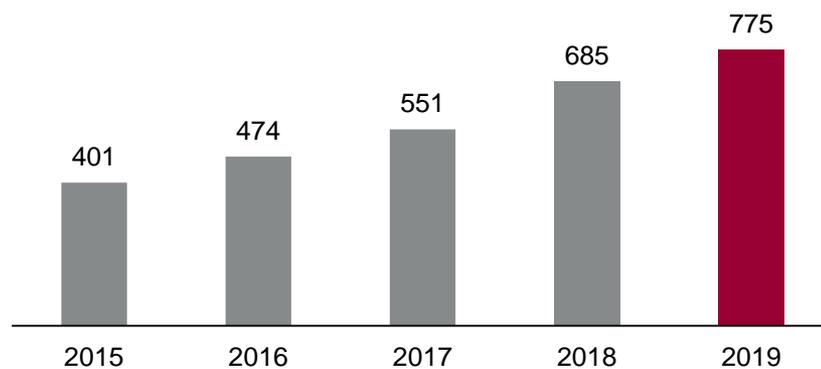
Rising core lease rental contribution¹

US\$ million



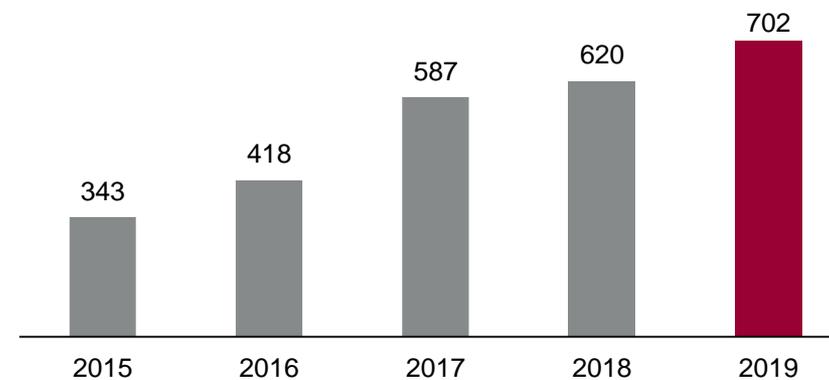
Continuing PBT Growth

US\$ million



Robust NPAT performance

US\$ million



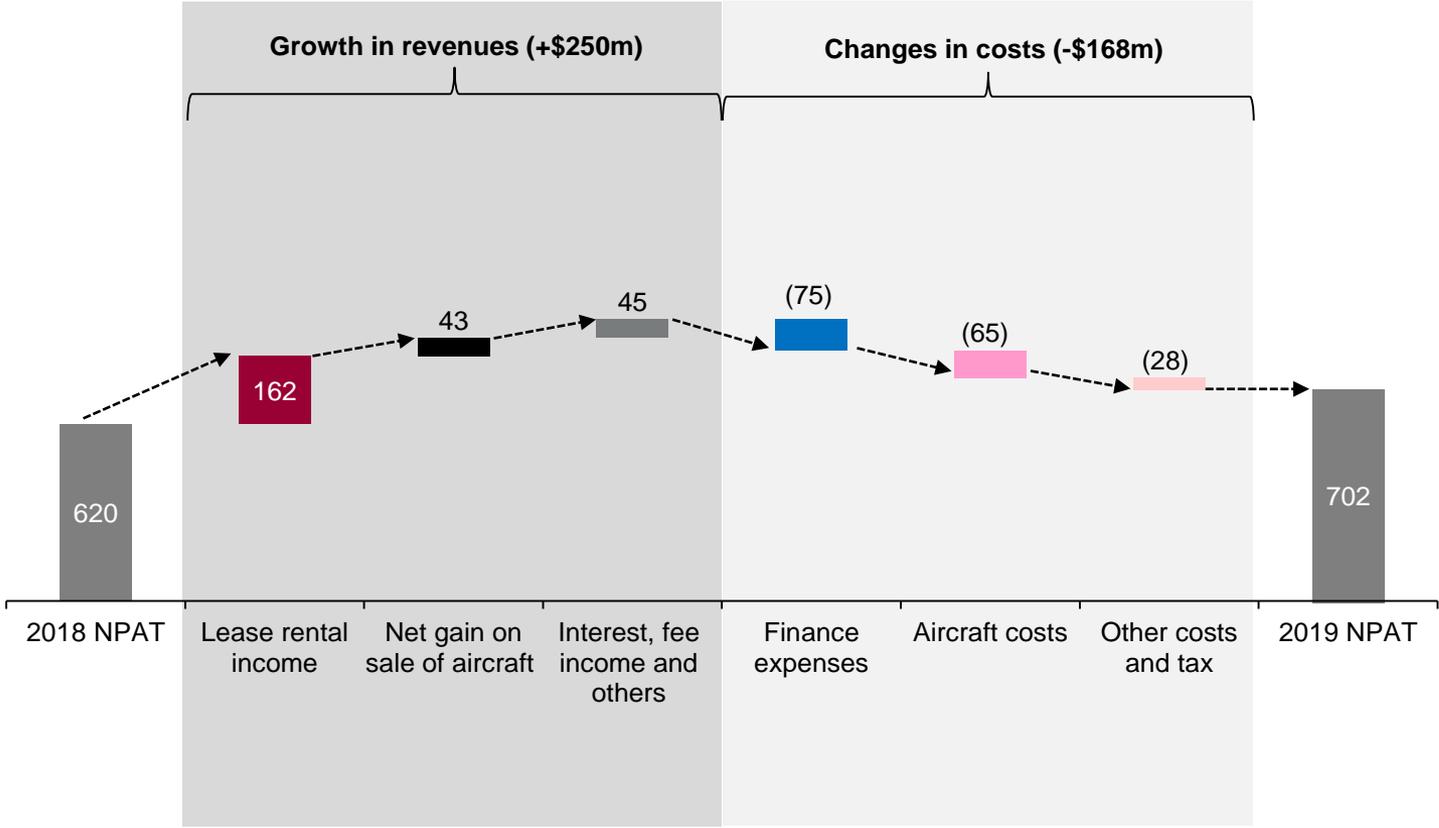
All data as at 31 December 2019

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

FY2019 NPAT Drivers

Year-on-Year change (US\$ million)

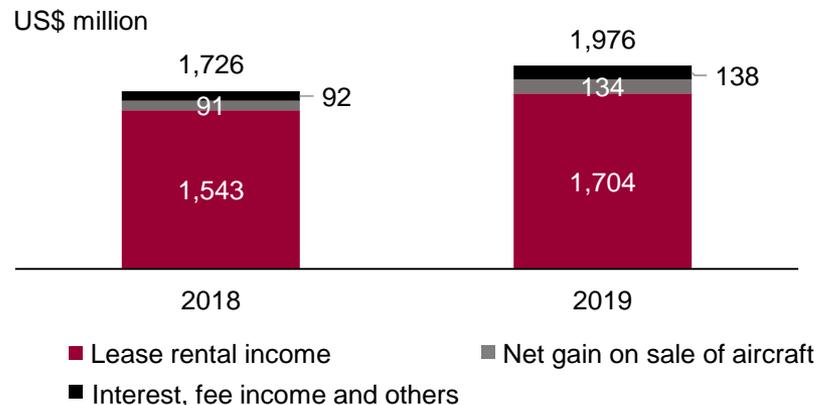
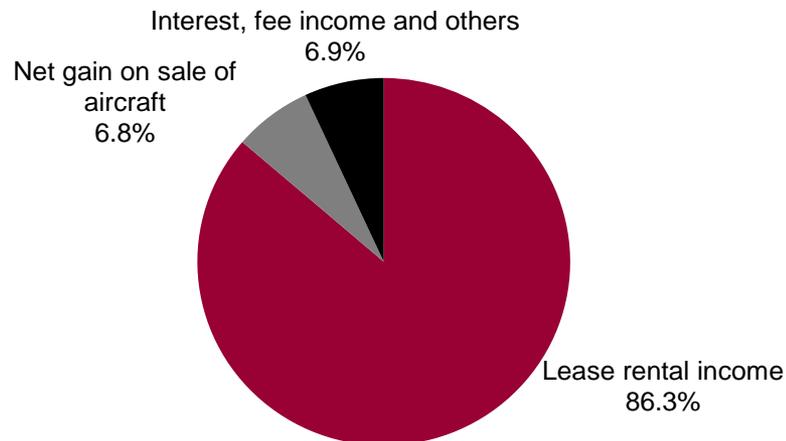


Robust growth across all revenue-contributing activities

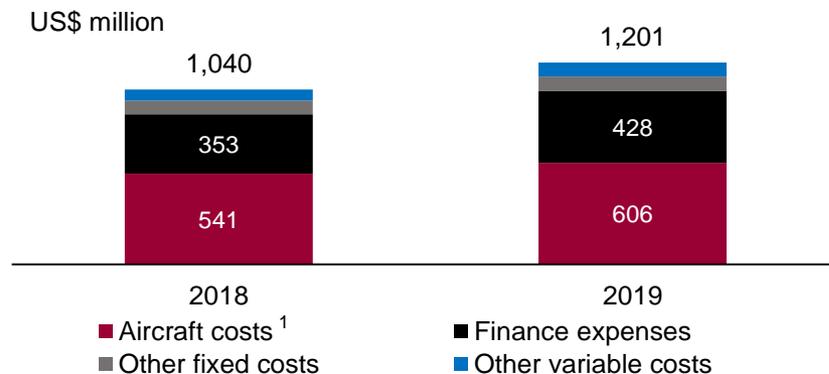
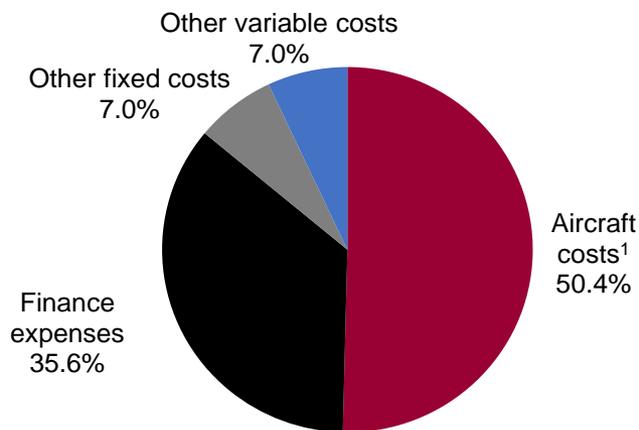


Lease Rental Income Continues to Dominate Revenue

Lease rental income consistently over 85% of total revenues and other income



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



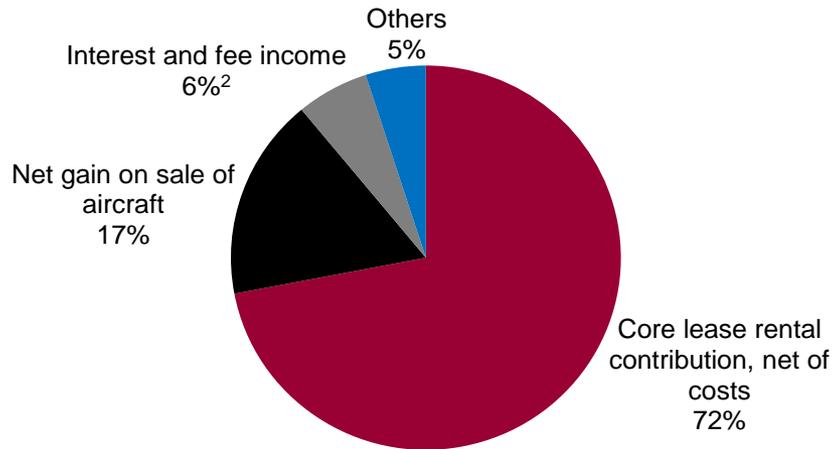
All data as at 31 December 2019

Note:

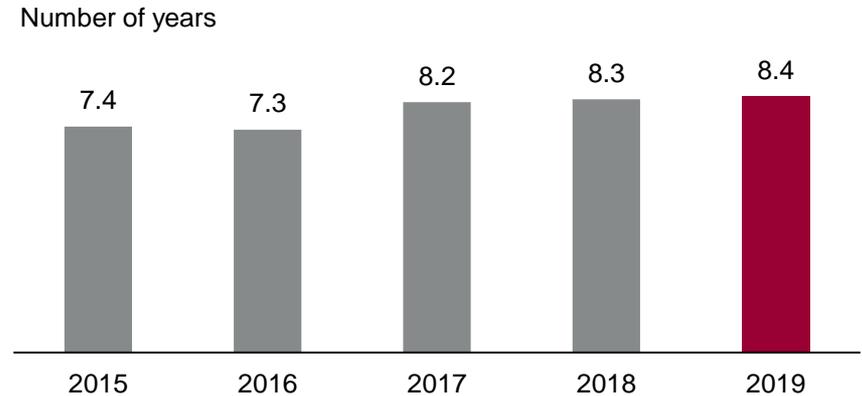
1. Comprises aircraft depreciation

Core Leasing Business Supports Earnings Growth

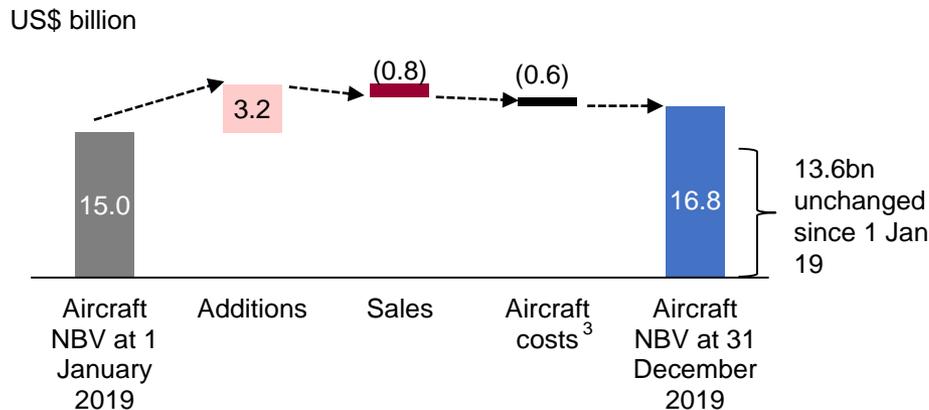
More than 70% of PBT is from core lease rental contribution¹, net of costs



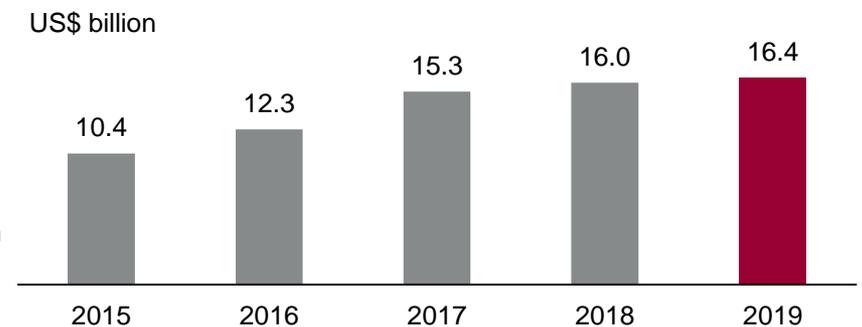
We have a long average remaining lease term⁴



and reflects continued investment in our fleet



and high future committed lease revenue



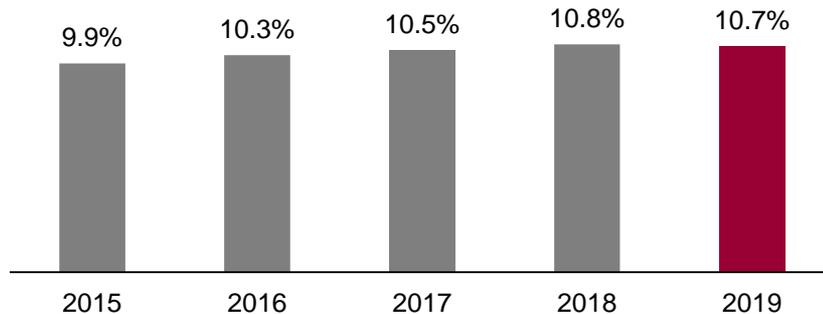
All data as at 31 December 2019

Notes:

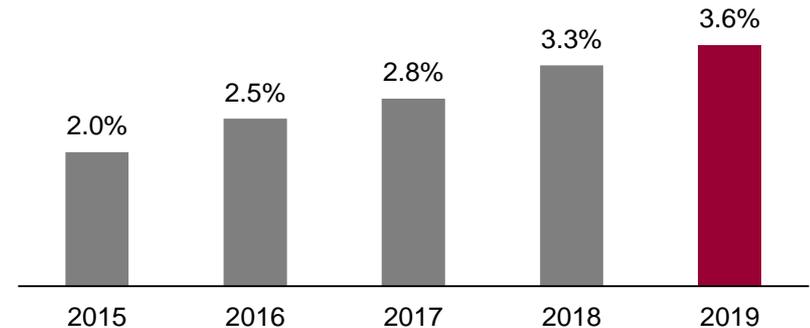
1. Calculated as lease rental income less aircraft depreciation and finance expenses apportioned to lease rental income, amortisation of deferred debt issue cost and lease transaction closing cost
2. Calculated as interest and fee income less finance expenses apportioned to interest and fee income
3. 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

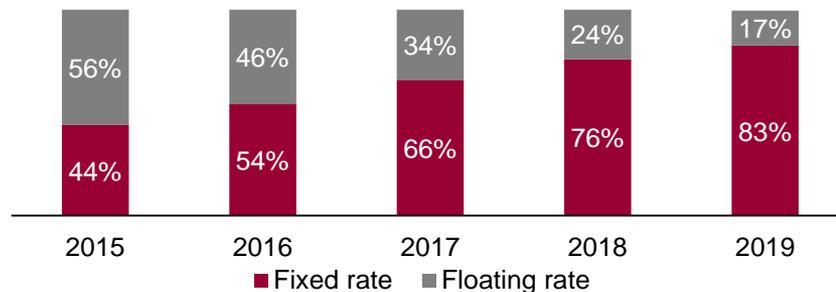


Cost of debt³ reflects more fixed rate funding

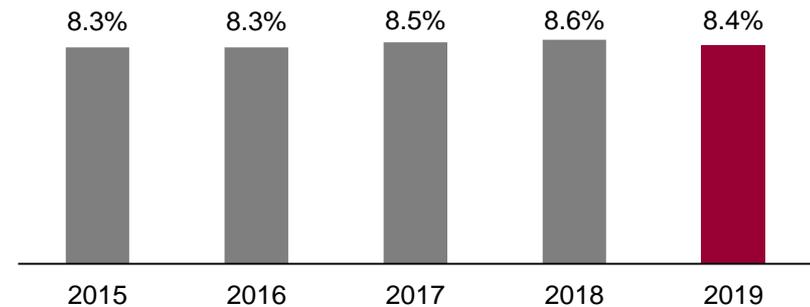


Proportion of fixed rate leases rising steadily²

By net book value



Maintaining stable net lease yield⁴



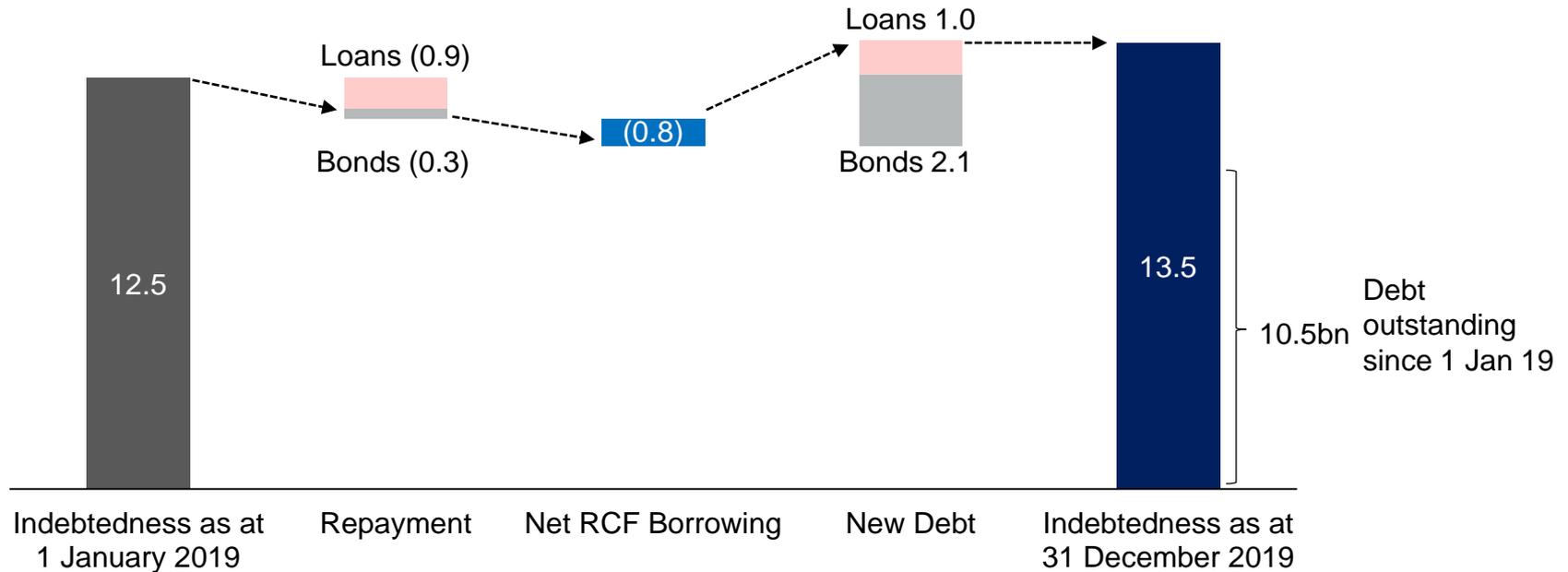
All data as at 31 December 2019

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. 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 lease rental income less finance expenses apportioned to lease rental income, divided by average net book value of aircraft

Stable Debt Structure

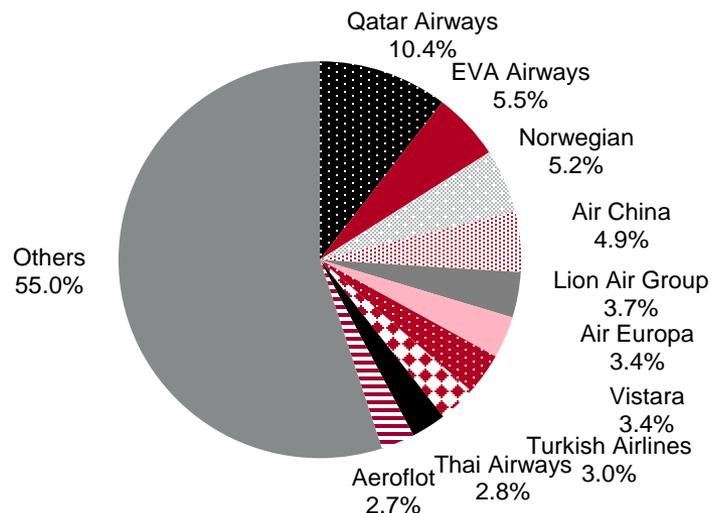
US\$ billion



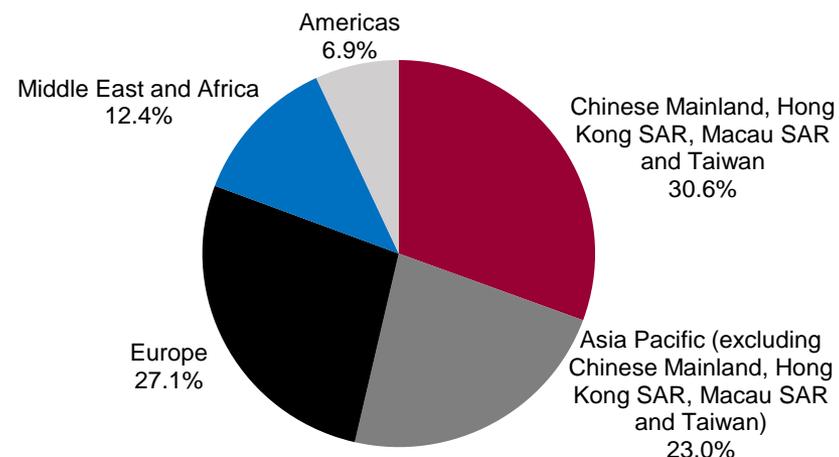
80% of debt unchanged from 1 January 2019 and debt to equity of 2.9:1

Diversified Portfolio & Stringent Customer Selection Delivers High Utilization Rate

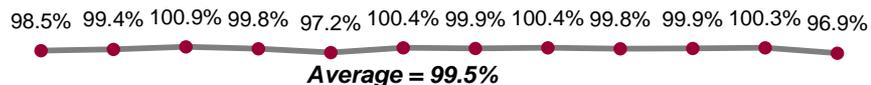
Lease portfolio diversified by customer^{1,2}



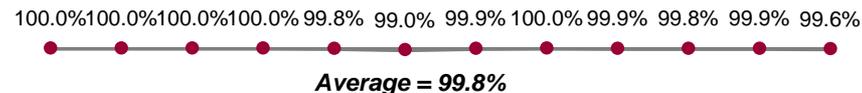
...and diversified by geography^{1,3}



High collection rate



High fleet utilization⁴



2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

All data as at 31 December 2019

Notes:

1. Based on net book value as at 31 December 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



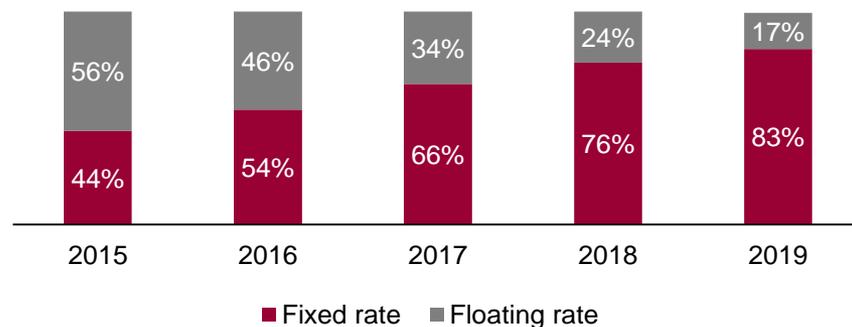
Long-term Contracted USD Leases

Well-dispersed lease expiries¹



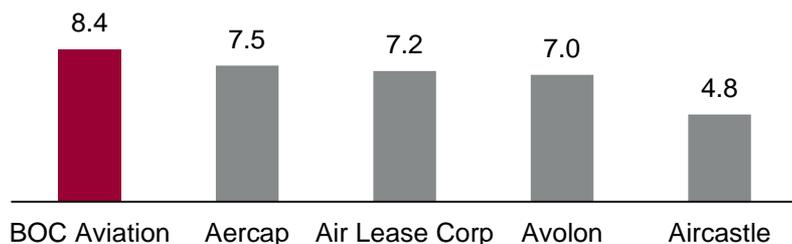
Proportion of fixed rate leases rising steadily³

By net book value



Long average remaining lease term²

Number of years



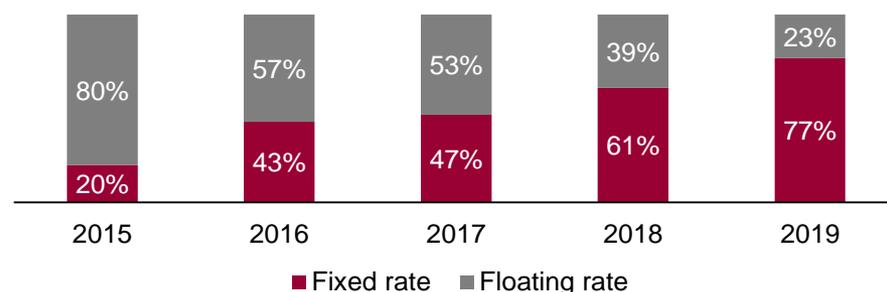
Source: Respective company websites

All data as at 31 December 2019

Notes:

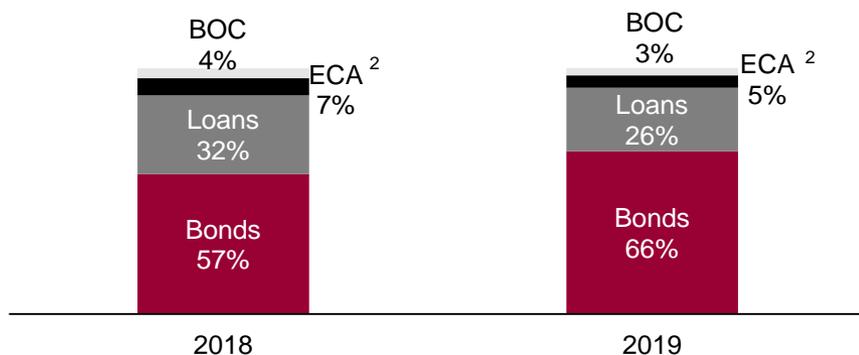
1. Owned aircraft with lease expiring in each calendar year excluding any aircraft for which BOC Aviation has a sale or lease commitment, weighted by net book value of owned fleet as at 31 December 2019
2. Weighted by net book value of owned fleet as at 31 December 2019
3. By net book value including aircraft held for sale and excluding aircraft subject to finance lease as well as aircraft off lease
4. Fixed rate debt included floating rate debt swapped to fixed rate liabilities

Proportion of fixed rate debt also rising⁴

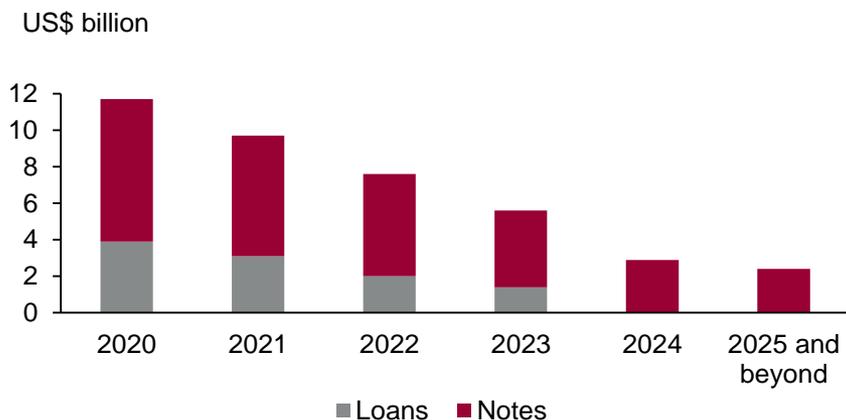


Flexible Capital Structure and Ample Backstop Liquidity

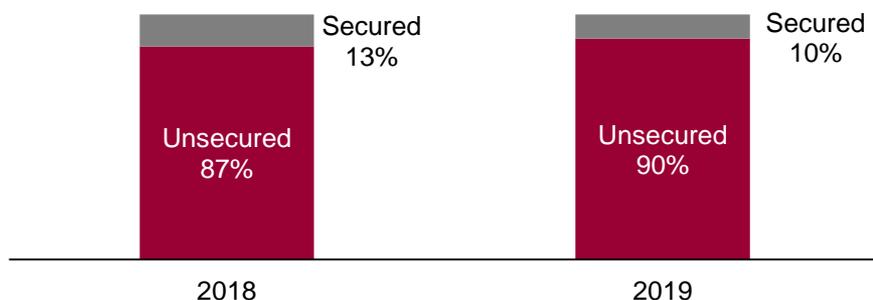
Sources of debt¹



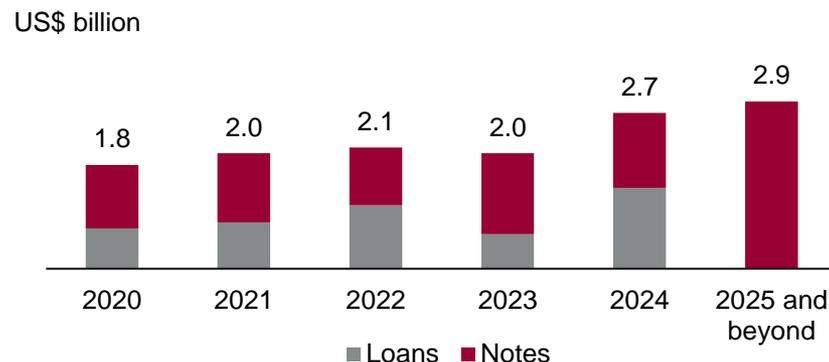
Outstanding debt amortises over a long term



Increasing unsecured funding



Debt repayment by year



Undrawn committed credit lines and cash of over US\$5 billion at 11 March 2020

All data as at 31 December 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	116	15	0	131
Airbus A320NEO family	50	0	67	117
Airbus A330CEO family	12	3	0	15
Airbus A330NEO family	2	0	6	8
Airbus A350 family	9	0	0	9
Boeing 737NG family	88	15	0	103
Boeing 737 MAX family	6	0	87	93
Boeing 777-300ER	18	4	3	25
Boeing 777-300	0	1	0	1
Boeing 787 family	11	1	3	15
Freighters	5	1	0	6
Total	317	40	166	523

Since 1 January 2020, we have added 20 Airbus A320NEO aircraft and 22 Boeing 787 aircraft of which 32 have already been placed on long-term leases

All data as at 31 December 2019

Note:

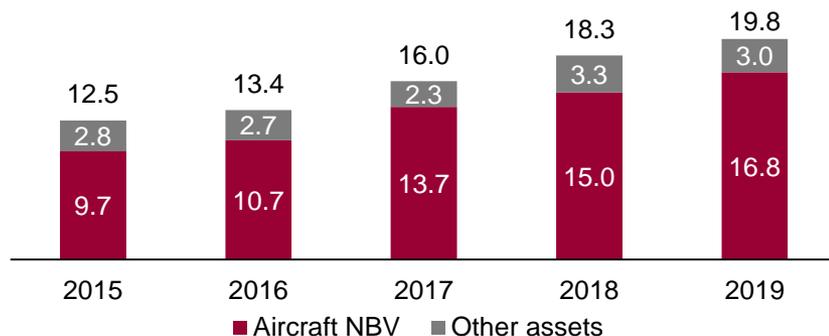
1. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery



Orderbook Underpins Future Balance Sheet Growth

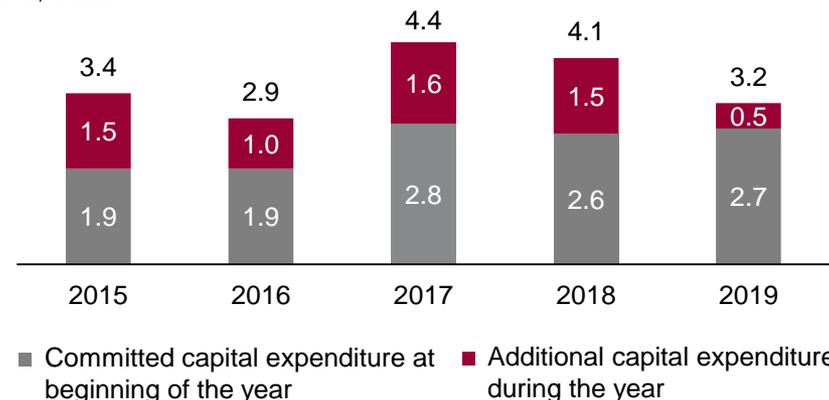
Growing balance sheet

US\$ billion



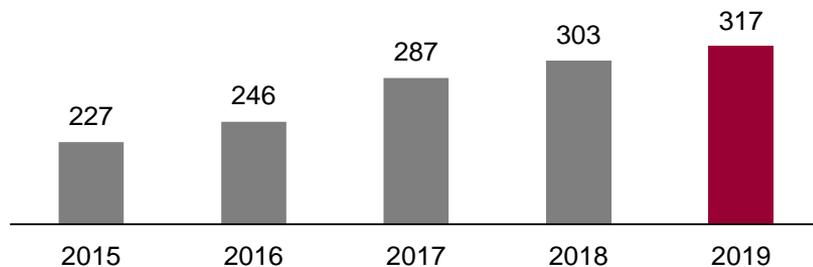
Sustained annual capital expenditure since IPO

US\$ billion



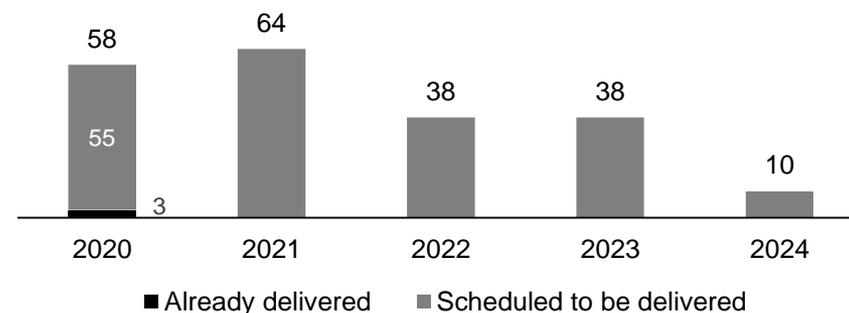
Expanding fleet size

Number of owned aircraft



Orderbook delivery schedule as at 11 March 2020^{1,2}

Number of aircraft



Aircraft net book value grew 57% since end-2016

All data as at 31 December 2019 unless otherwise indicated

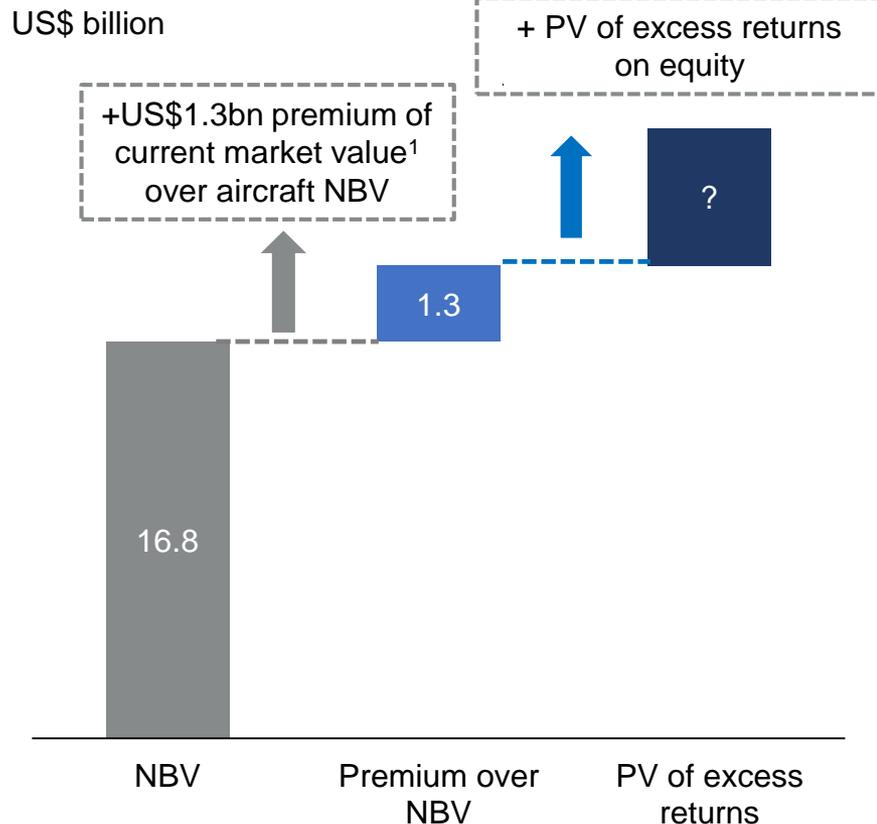
Notes:

1. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery
2. Based on expected delivery dates

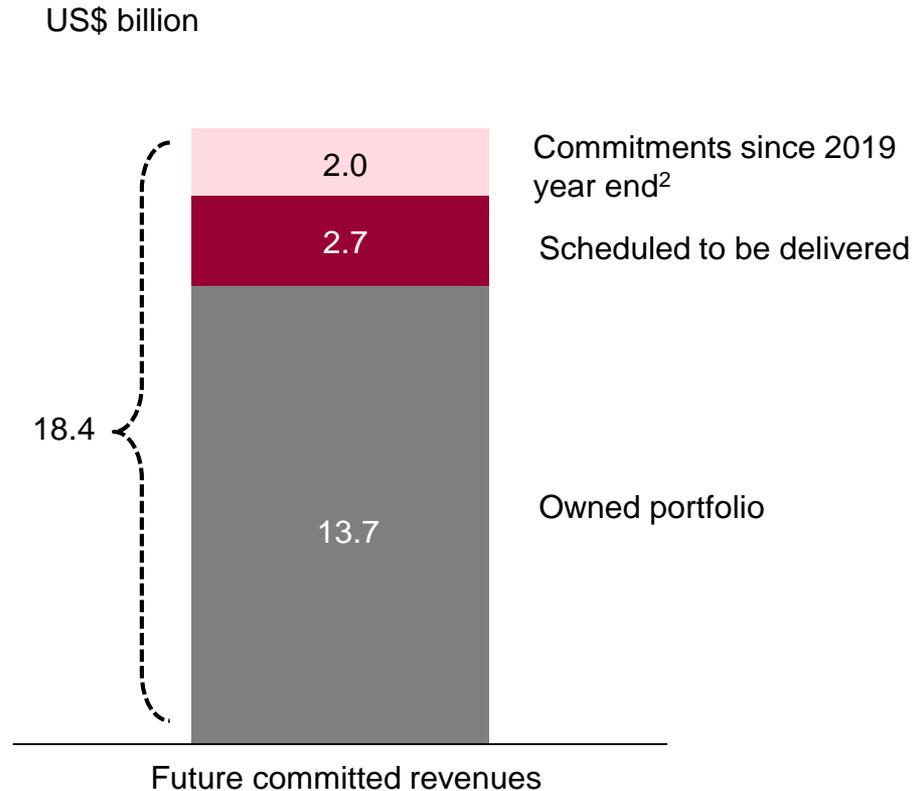


Value Driven by Fleet and Committed Lease Revenues

Net book value understates business value



Committed future revenues of more than US\$18 billion



Committed future revenues from long term leases underpin value creation

All data as at 31 December 2019

Notes:

1. Based on an average of five independent appraisers' aggregate value for our owned fleet at US\$18.1 billion, on a full-life, current market value basis, which compared with a net book value of US\$16.8 billion
2. Announced post-2019

Conclusion

- Record performance achieved in a difficult supply environment
 - NPAT increased 13% to US\$702 million
 - 15th year of consecutive record earnings
 - Total dividends increased 13% to US\$0.3541/share
 - High post-tax ROE of 16%
 - Total revenues increased 15% to around US\$2 billion, driven by:
 - Stable net lease yield of 8.4%
 - Higher aircraft NBV of US\$16.8 billion
 - Strong gains on aircraft sales
- Management alignment with shareholder continues
 - Third year of our Restricted Share Unit long-term incentive plan
- Long-term revenue sustainability supported by strong liquidity
 - Committed lease revenues in excess of US\$18 billion as at March 2020
 - Orderbook of 205 aircraft as at 11 March 2020 provides future balance sheet growth¹
 - Available liquidity of over US\$5 billion to support counter-cyclical investment²
- Opportunities opening up for counter cyclical investments
 - COVID-19 likely to pressure airline earnings and cashflows
 - We have the balance sheet power and credit ratings to enable further investment in aircraft
 - Commitments since end-2019:
 - The order of 20 new Airbus A320NEO aircraft, of which, 10 have already been committed for lease
 - Acquired 22 new Boeing 787 aircraft for lease to American Airlines, with deliveries in 2020 and 2021

A strong start to 2020

All data as at 31 December 2019 unless otherwise indicated

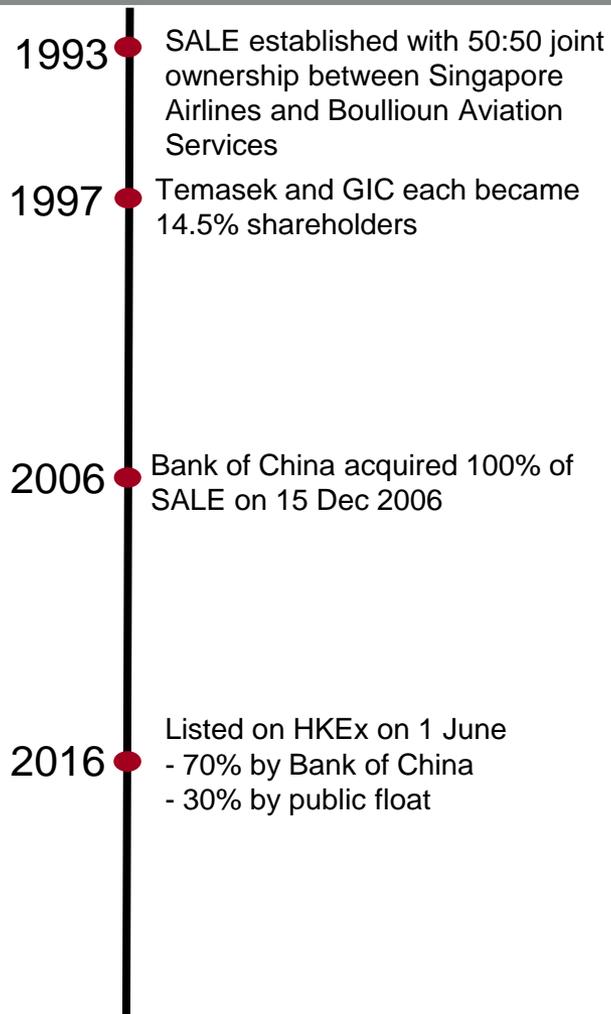
Notes:

1. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery
2. As at 11 March 2020

APPENDICES

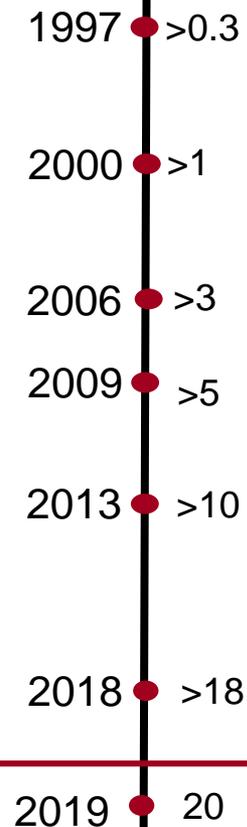
The BOC Aviation Journey

Ownership



Total assets

US\$ billion



All data as at the end of the relevant period



BOC Aviation – Who Are We?

Top 5 global aircraft operating lessor

- The largest based in Asia, by value of owned fleet
- Bank of China owns 70%
- Listed on the HKEX

Total assets of US\$19.8bn

- Aircraft net book value of US\$16.8bn
- 561 aircraft^{1,3}
- 205 aircraft on order^{2,3}

26th year of profitability

- Consistently profitable since inception
- US\$4.4bn in cumulative profits since inception

Industry leading performance

- Average ROE of 15% since 2007
- Investment grade credit ratings of A- from S&P Global Ratings and Fitch Ratings

Industry leader with best in class financial performance

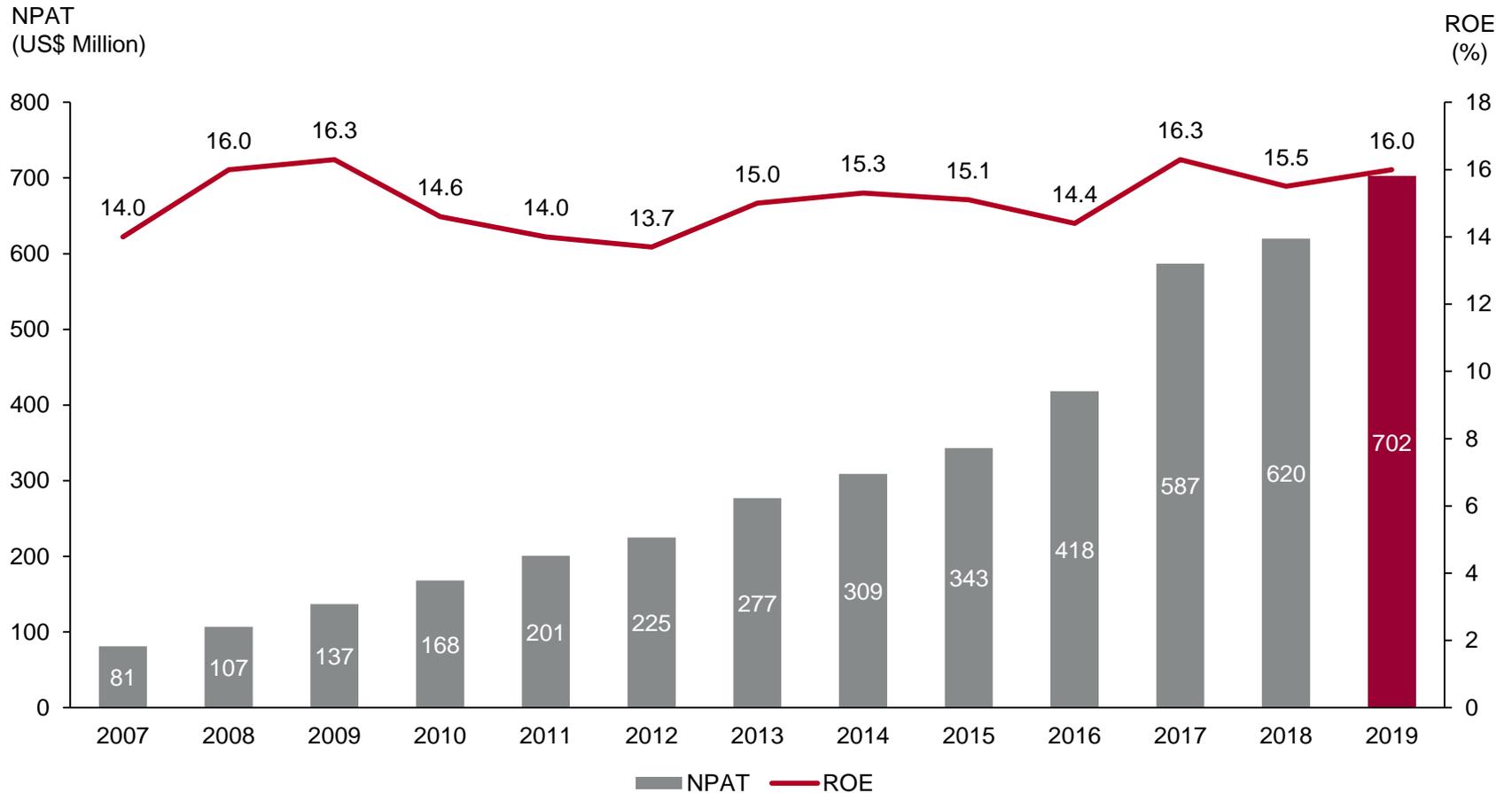
All data as at 31 December 2019 unless otherwise indicated

Notes:

1. Includes owned, managed and aircraft on order
2. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery
3. As at 11 March 2020



Strong Financial Performance



High average ROE of 15% since 2007

All data as at 31 December of relevant year unless otherwise indicated



Experienced Global Management Team



	Robert Martin	Zhang Xiaolu	Phang Thim Fatt	Steven Townend	David Walton	Deng Lei
	Managing Director & Chief Executive Officer	Vice-Chairman & Deputy Managing Director	Deputy Managing Director & Chief Financial Officer	Chief Commercial Officer (Europe, Americas, Africa)	Chief Operating Officer	Chief Commercial Officer (Asia Pacific & the Middle East)
	<ul style="list-style-type: none"> • 32 years of banking and leasing experience • Managing Director since July 1998 	<ul style="list-style-type: none"> • 29 years of banking experience • In charge of Procurement and Board Secretariat departments 	<ul style="list-style-type: none"> • 41 years of airline and leasing experience • Involved in the establishment of the Company • In charge of Finance, Risk, Tax and Treasury 	<ul style="list-style-type: none"> • 28 years of banking and leasing experience • In charge of revenue activities for Europe, Americas and Africa 	<ul style="list-style-type: none"> • 33 years of legal, aviation finance and leasing experience • In charge of all operations and related departments • Joined BOC Aviation in 2014 	<ul style="list-style-type: none"> • 21 years of banking experience • In charge of revenue activities for Asia Pacific and Middle East • Joined BOC Aviation in November 2019
Nationality						
Years with BOC Aviation	22	1	24	19	5	1
Years of experience	32	29	41	28	33	21

Highly experienced senior management team that has successfully led the Company through multiple cycles

All data as at March 2020



Core Competencies - BOC Aviation Track Record

Since inception in 1993:

- Purchasing More than 840 aircraft purchased totalling more than US\$46 billion
 - Leasing More than 950 leases executed with > 160 airlines in 57 countries and regions
 - Financing Nearly US\$29 billion in debt raised since 1 January 2007
-
- Sales 360 aircraft sold
 - Transitions More than 90 transitions
 - Repossessions¹ 46 aircraft in 14 jurisdictions

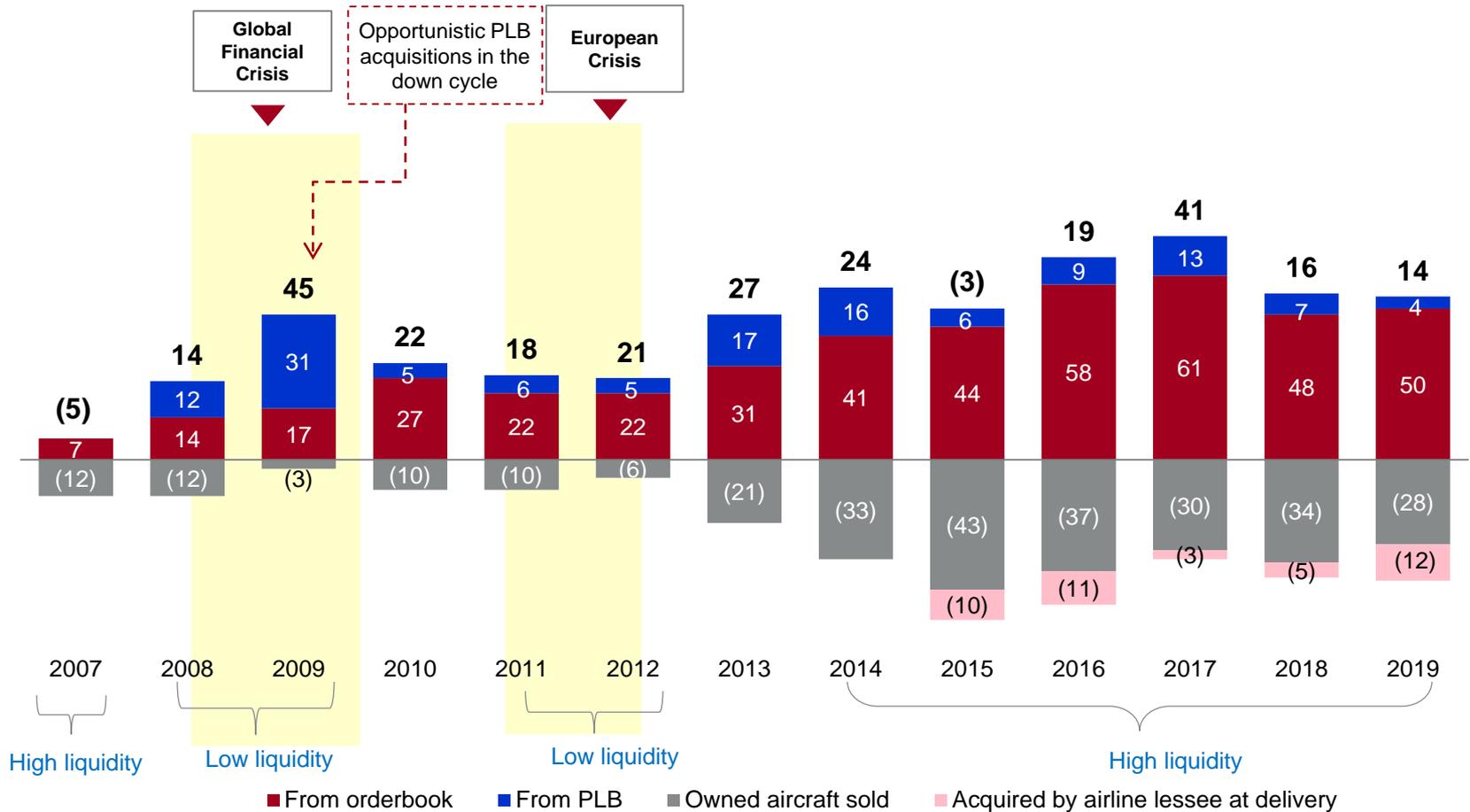
All data as at 31 December 2019, since inception unless otherwise indicated

Note:

1. Includes repossessions and consensual early returns

How We Invest

Number of aircraft delivered, purchased and sold

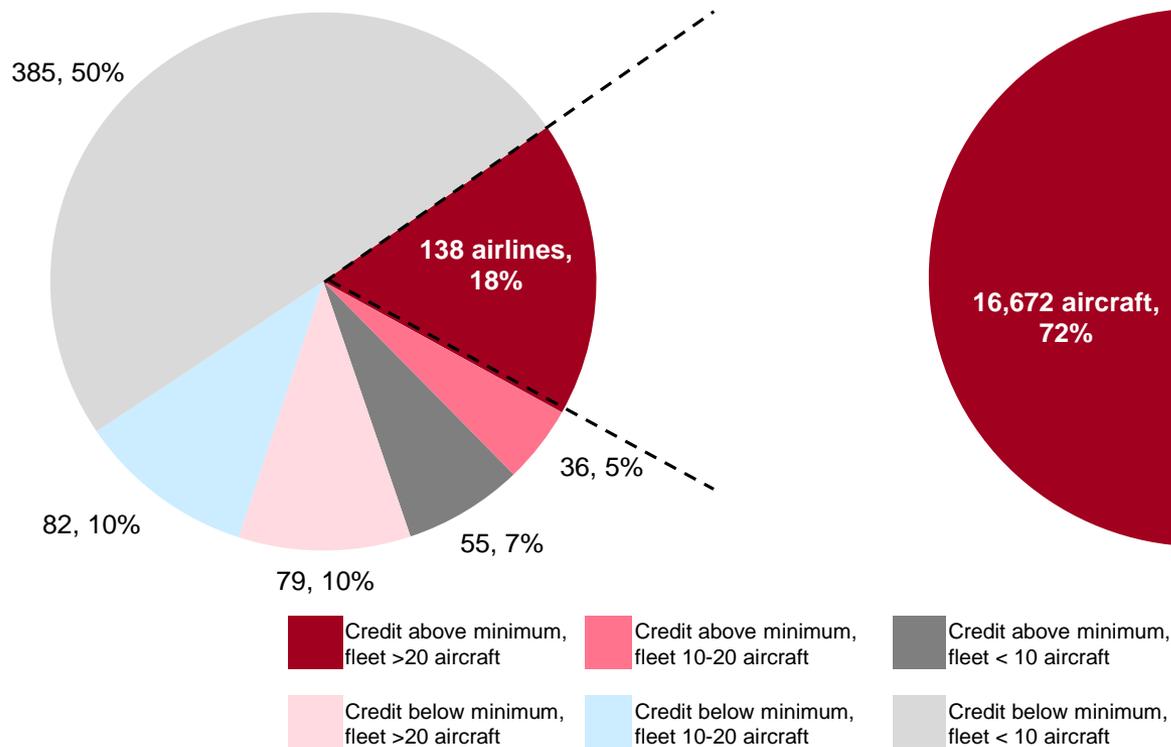


All data as the end of the relevant period

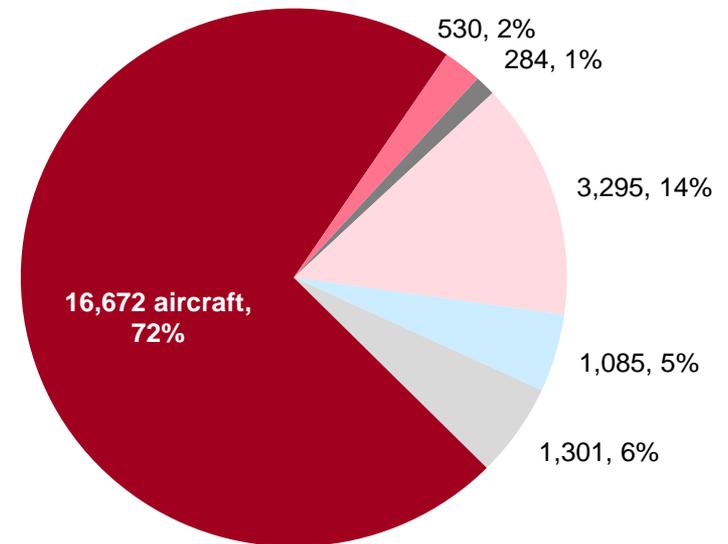
Leasing: Customer Segmentation

- 775 airlines in service today
- Focus on 138 airlines or only 18% of the airlines in the market – minimum credit score, above 20 aircraft

Airline segmentation by credit score and fleet size



Our target 138 airlines operate 72% of the current in-service aircraft



Source: Ascend, as at 31 December 2019
Only commercial aircraft with 100 seats and above



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