



2020 INTERIM RESULTS REVIEW

AUGUST 2020

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1H 2020 OVERVIEW

A Strong Performance in a Challenging Environment

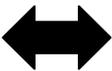
Resilient earnings growth¹

US\$323 million
Net profit after tax  **1%**

US\$0.47
Earnings per share  **1%**

Driven by:

US\$1,035 million
Total revenues and other income  **11%**

8.2%
Net lease yield²  **Stable**

US\$366 million
Core lease rental contribution³  **7%**

US\$354 million
Profit before tax  **1%**

Robust balance sheet⁴

US\$22.6 billion
Total assets  **14%**

US\$4.6 billion
Total equity  **1%**

US\$6.69
Net assets per share  **1%**

Higher interim dividend per share

US\$0.1398
Interim dividend per share⁵  **1%⁶**

All data as at 30 June 2020

Notes:

1. Compared to the first six months of 2019 unless otherwise indicated
2. Calculated as operating lease rental income less finance expenses apportioned to operating lease rental income, divided by average of aircraft net book value (including aircraft held for sale). Net lease yield for 1H 2020 is calculated on an annualised basis
3. Calculated as operating lease rental income and finance lease interest income less aircraft depreciation, finance expenses apportioned to operating lease rental income and finance lease interest income, amortisation of deferred debt issue costs and lease transaction closing costs
4. Compared to the year ended 31 December 2019
5. Payable to shareholders registered at the close of business on the record date, being 6 October 2020
6. Compared to US\$0.1388 paid for 1H 2019

Achieved First Half Growth Across the Business

- Recorded new milestones¹:
 - Committed to purchase 900 aircraft
 - Signed more than 1,000 lease commitments
- Signed 76 lease commitments
 - All aircraft scheduled for delivery from our orderbook before 2023 have been placed with airline customers
- Took delivery of 23 aircraft²
 - 20 via purchase-and-leaseback, three from aircraft manufacturers²
- Sold five owned aircraft
- Ended June 2020 with total fleet of 571 comprising 334 owned, 40 managed and 197 on order
 - Portfolio utilization of 99.8% and collection rate of 88.8%
 - Average fleet age of 3.5 years³
 - Average remaining lease term of 8.5 years³
- Total expected capital expenditure of close to US\$6 billion for 2020
 - We expect total capital expenditure of US\$3 billion for 2H 2020
- Utilised US\$3.8 billion in bonds and term loans in 1H 2020
- Total liquidity of US\$4 billion as at 30 June 2020
- S&P Global Ratings and Fitch Ratings have reaffirmed our credit ratings of A-

A resilient performance in a difficult environment

All data as at 30 June 2020 unless otherwise indicated

Notes:

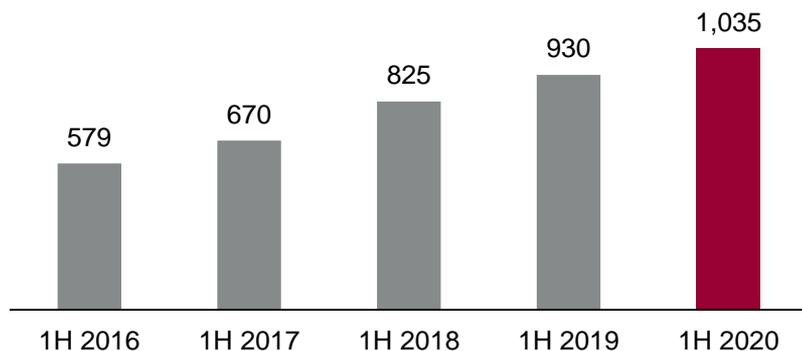
1. Since the Company's inception in 1993
2. Including one aircraft acquired by an airline customer on delivery
3. Weighted by net book value of owned fleet including aircraft on leases classified as finance leases



Stable Revenues and Earnings Growth

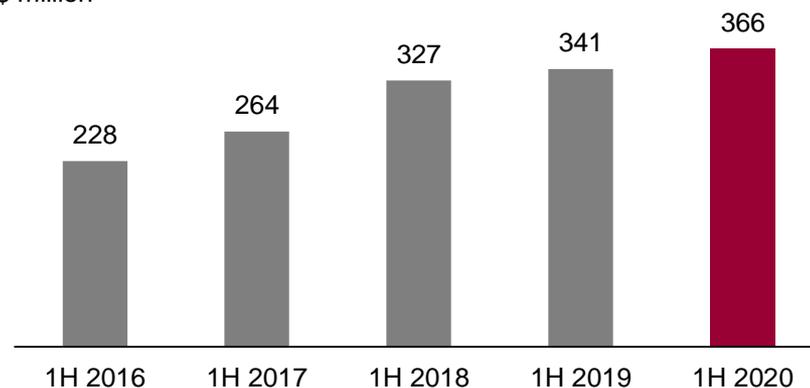
Fleet and other income growth underpins growth in revenues

US\$ million



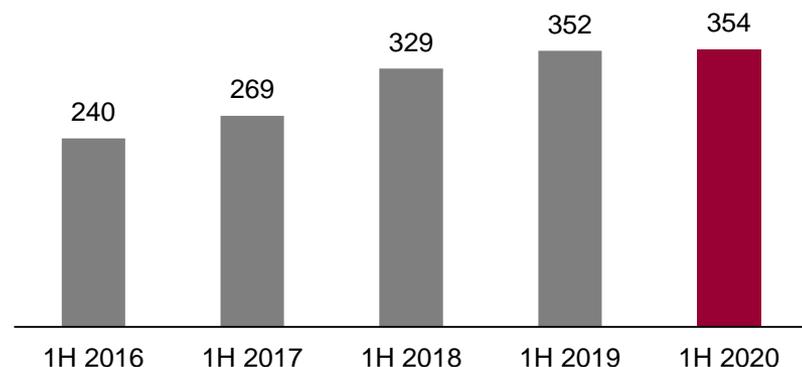
Rising core lease rental contribution¹

US\$ million



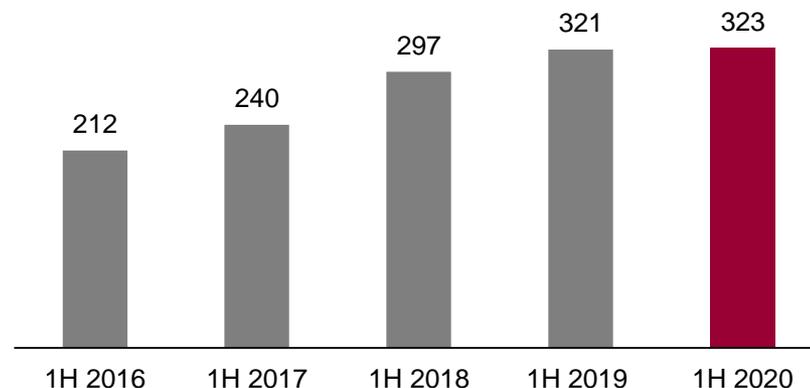
Continuing PBT Growth

US\$ million



Stable NPAT performance

US\$ million



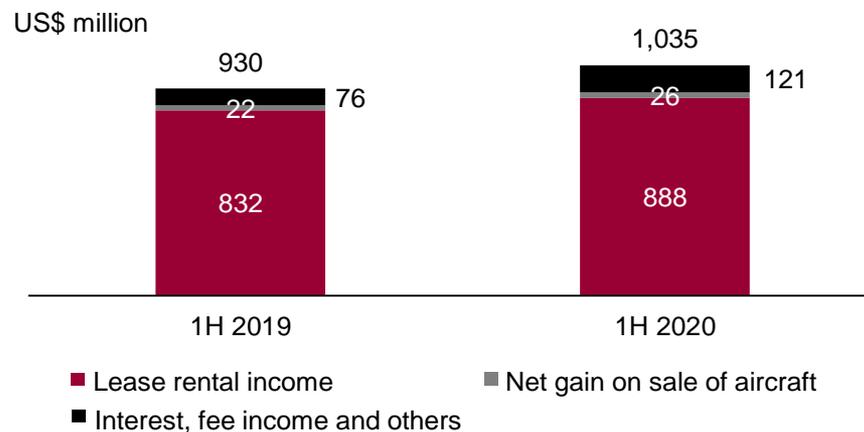
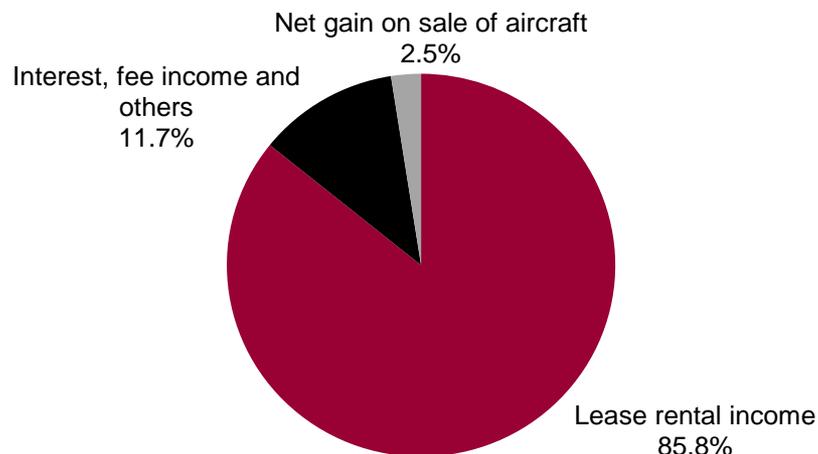
All data as at 30 June 2020

Note:

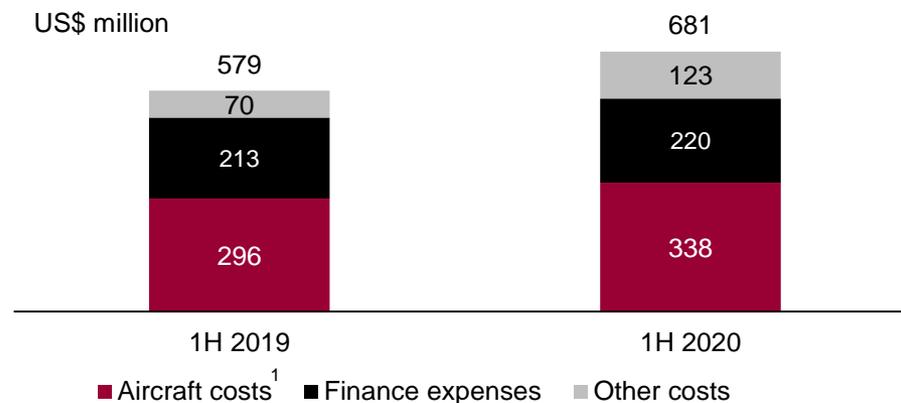
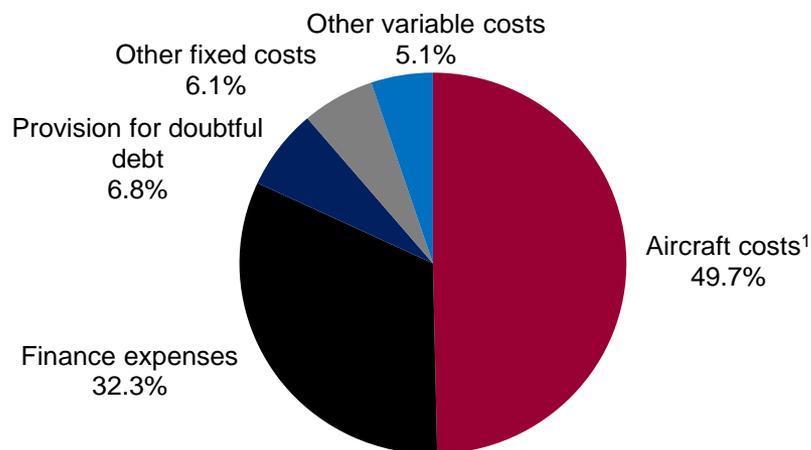
1. Calculated as operating lease rental income and finance lease interest income less aircraft depreciation, finance expenses apportioned to operating lease rental income and finance lease interest income, amortisation of deferred debt issue costs and lease transaction closing costs

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 >80% of total costs



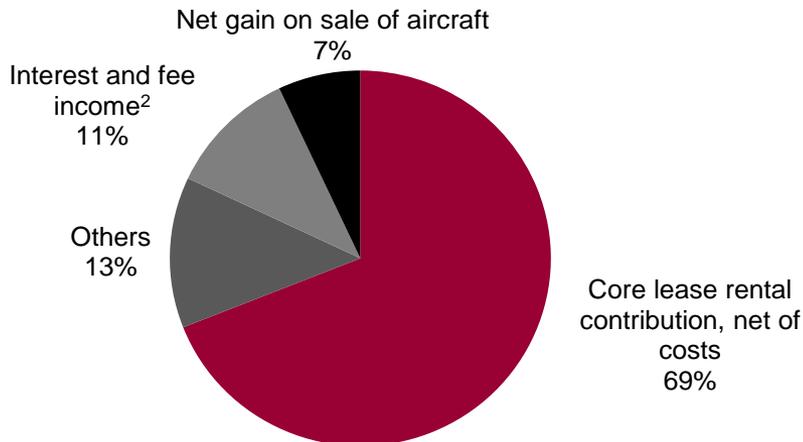
All data as at 30 June 2020

Note:

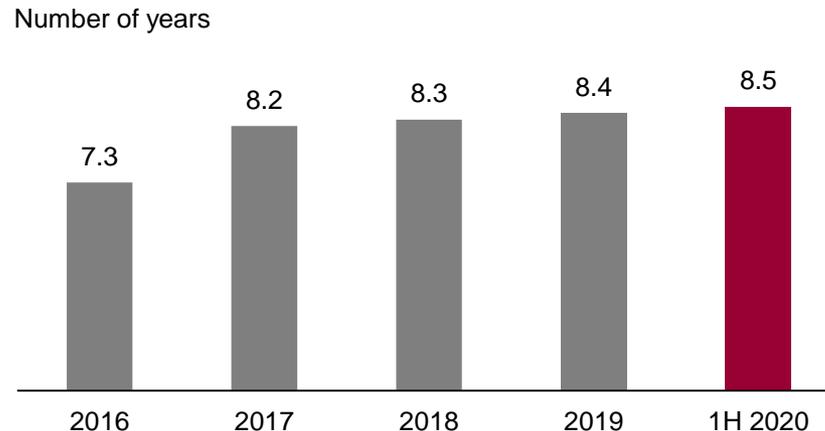
1. Comprises aircraft depreciation and impairment

Core Leasing Business Supports Earnings Growth

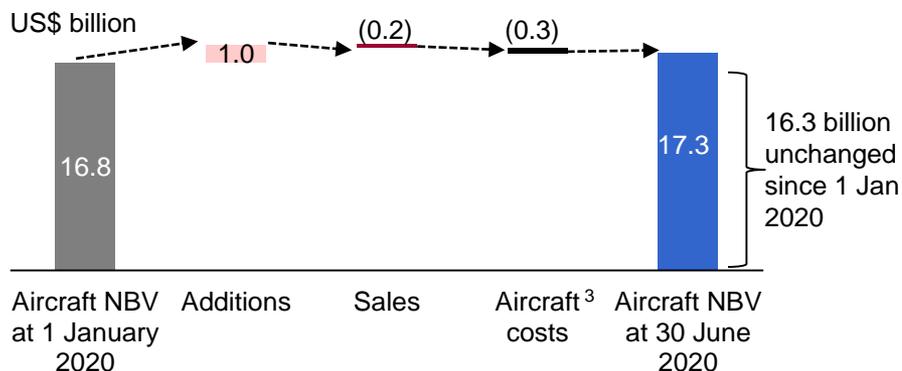
Around 70% of PBT is from core lease rental contribution¹, net of costs



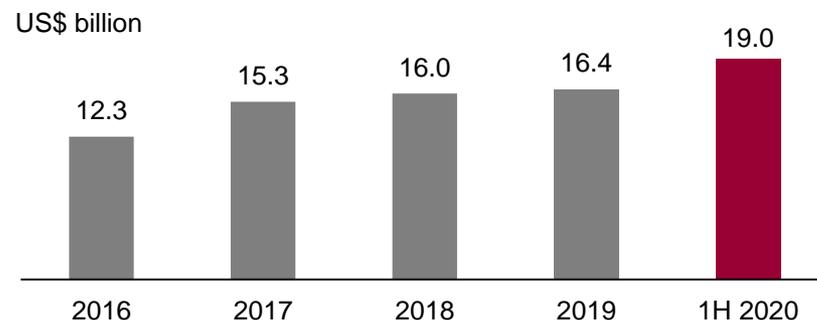
We have a long average remaining lease term⁴



and reflects continued investment in our fleet



and high future committed lease revenue



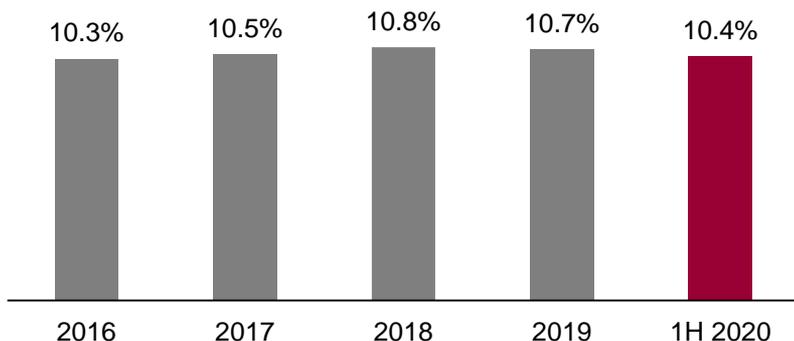
All data as at 30 June 2020

Notes:

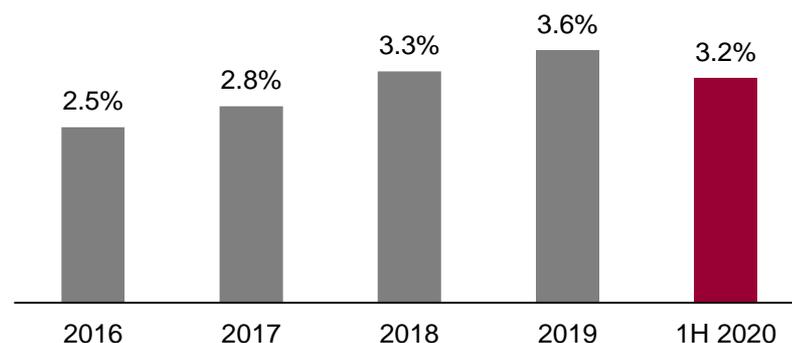
1. Calculated as operating lease rental income and finance lease interest income less aircraft depreciation, finance expenses apportioned to operating lease rental income and finance lease interest income, amortisation of deferred debt issue costs and lease transaction closing costs
2. Calculated as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

Maintained Stable Net Lease Yield

Lease rate factor¹ reflects large amount of new business added in 1H 2020

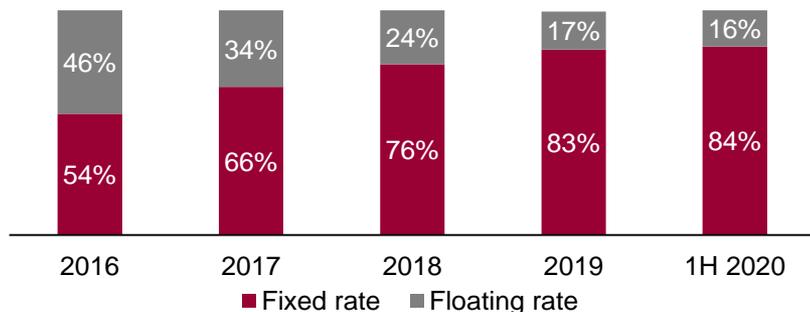


Cost of debt³ reflects lower floating rates and active fund raising at lower rates

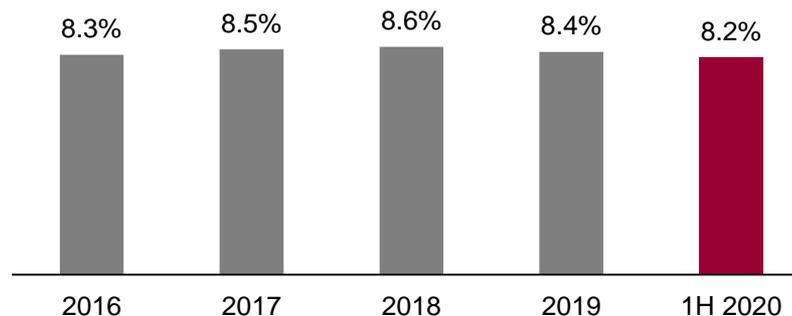


Fixed rate leases continue to dominate²

By net book value



Maintained stable net lease yield⁴

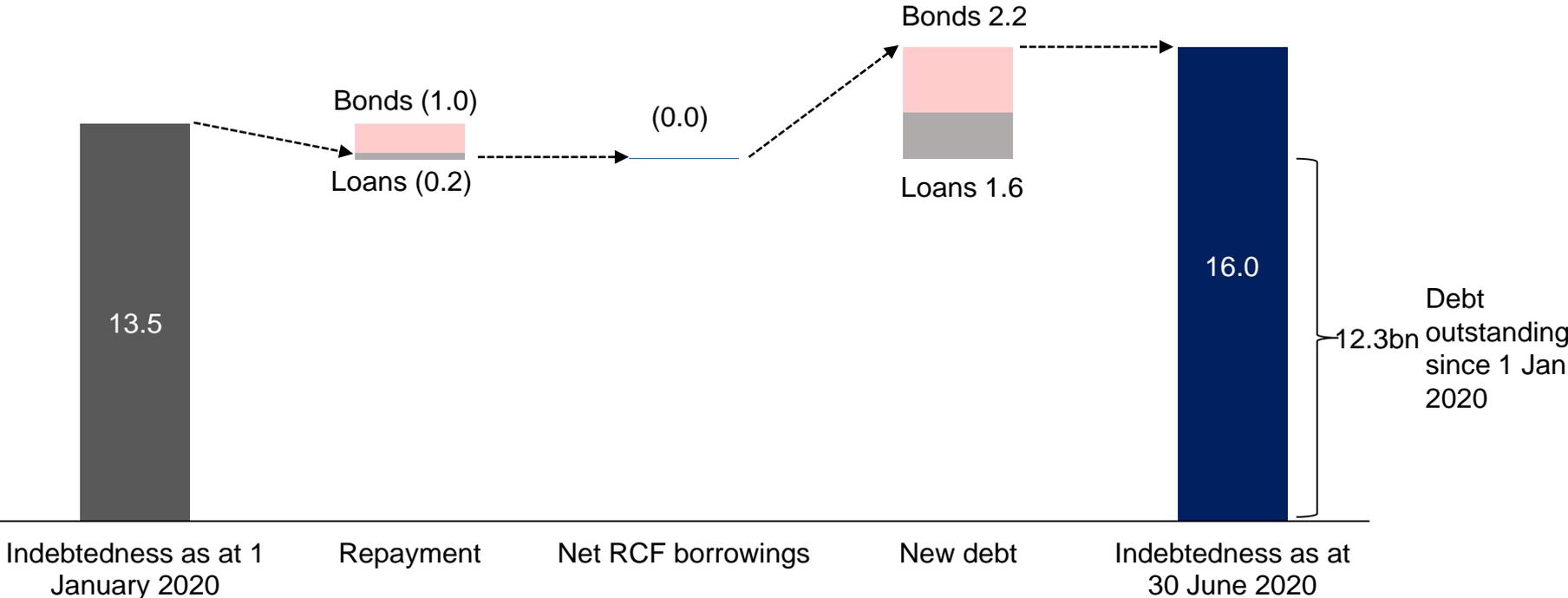


All data as at 30 June 2020

- Notes:
1. Calculated as operating lease rental income divided by average of aircraft net book value (including aircraft held for sale) and multiplied by 100%. Lease rate factor for 1H 2020 is calculated on an annualised basis
 2. By net book value including aircraft held for sale and excluding aircraft on leases classified as 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 operating lease rental income less finance expenses apportioned to operating lease rental income, divided by average of aircraft net book value (including aircraft held for sale). Net lease yield for 1H 2020 is calculated on an annualised basis

Stable Debt Structure

US\$ billion



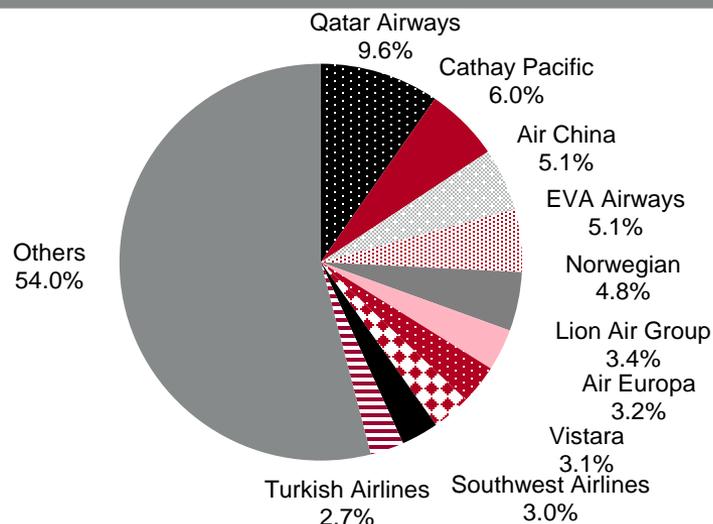
90% of debt unchanged from 1 January 2020

Due to rounding, numbers presented may not add up precisely to the totals

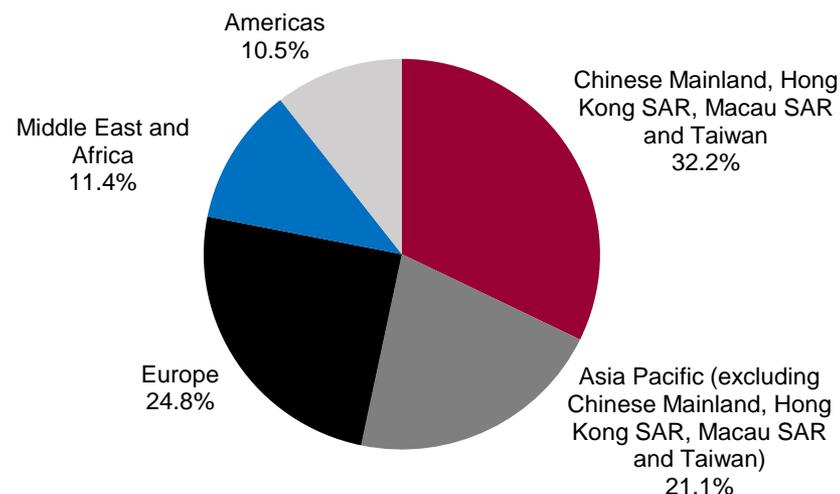


Globally Diversified Portfolio

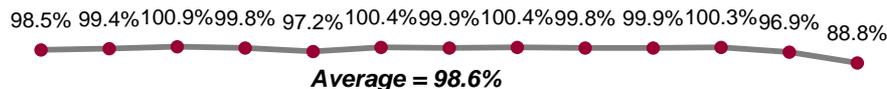
Lease portfolio diversified by customer^{1,2}



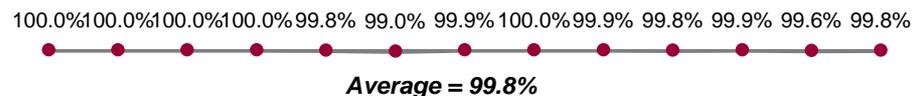
...and diversified by geography^{1,3}



High collection rate



High fleet utilization⁴



2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 1H 2020

2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 1H 2020

All data as at 30 June 2020

Notes:

1. Based on net book value of aircraft including aircraft on leases classified as finance leases and excluding two aircraft off lease as at 30 June 2020
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 leases
4. Fleet utilization is the total days on-lease in the period as a percentage of total available lease days in the period

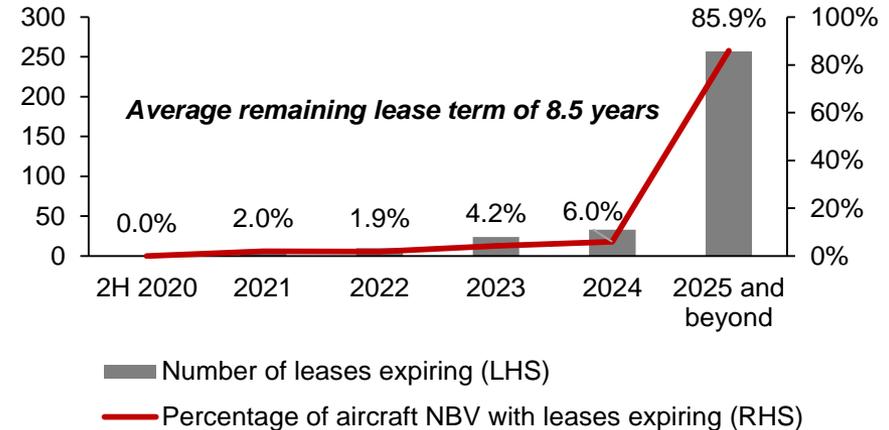


Proactive Strategy

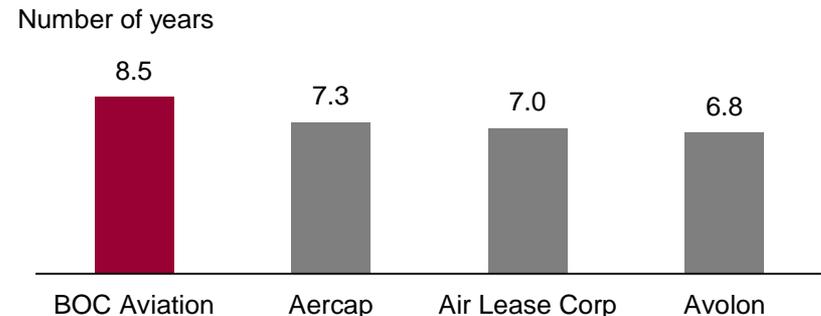
New business generation in 1H 2020

- New business delivering over the next two years features long-term leases, which adds to revenue stability and visibility
- Most of the aircraft purchased and committed to in 1H 2020 are on 12-16 year lease terms
- Well-established airlines, which included two new customers and extends our relationship with three existing customers
- Expansion of globally diverse customer base: added business in Asia, Europe and the Americas
- New CAPEX committed is equivalent to 39% of end-2019 aircraft net book value

Well-dispersed lease expiries¹



Long average remaining lease term²



Source: Respective company websites and disclosures

All data as at 30 June 2020

Notes:

1. Owned aircraft with lease expiring in each calendar year, weighted by net book value, excluding two aircraft off lease and including aircraft on leases classified as finance leases
2. Weighted by net book value of owned fleet as at 30 June 2020



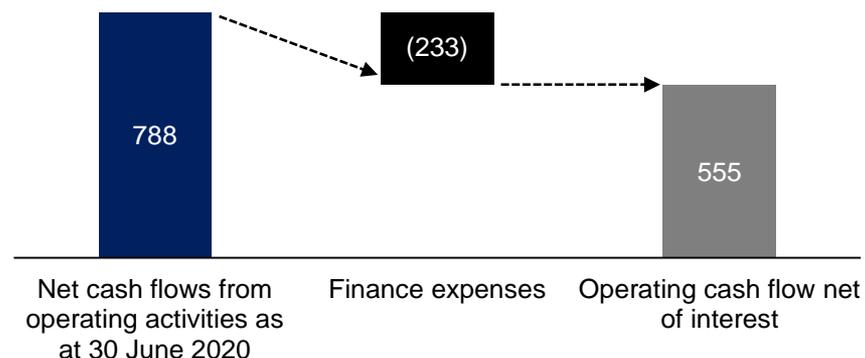
Robust Operating Cash Flow Net of Interest

Operating cash flow net of interest¹

- 1H 2020 operating cash flows net of interest remained robust despite challenging operating environment
- Down 12% compared with 1H 2019
- The incremental investment in 20 purchase-and-leasebacks in 1H 2020 will further enhance cash flows in 2H 2020

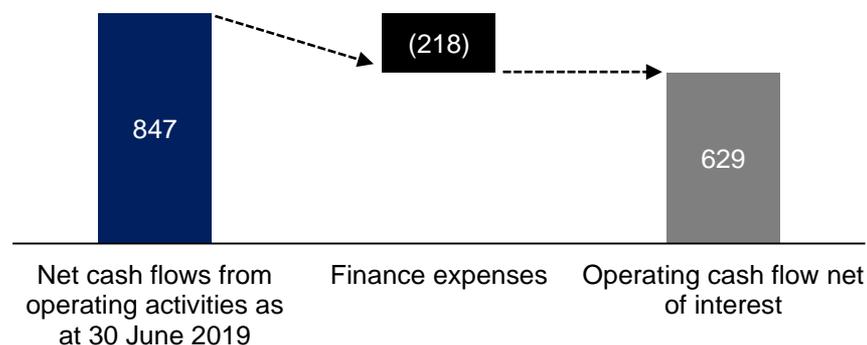
Operating cash flow net of interest¹ as at 30 June 2020

US\$ million



Operating cash flow net of interest¹ as at 30 June 2019

US\$ million



Operating cash flow net of interest is significantly positive

All data as at 30 June 2020

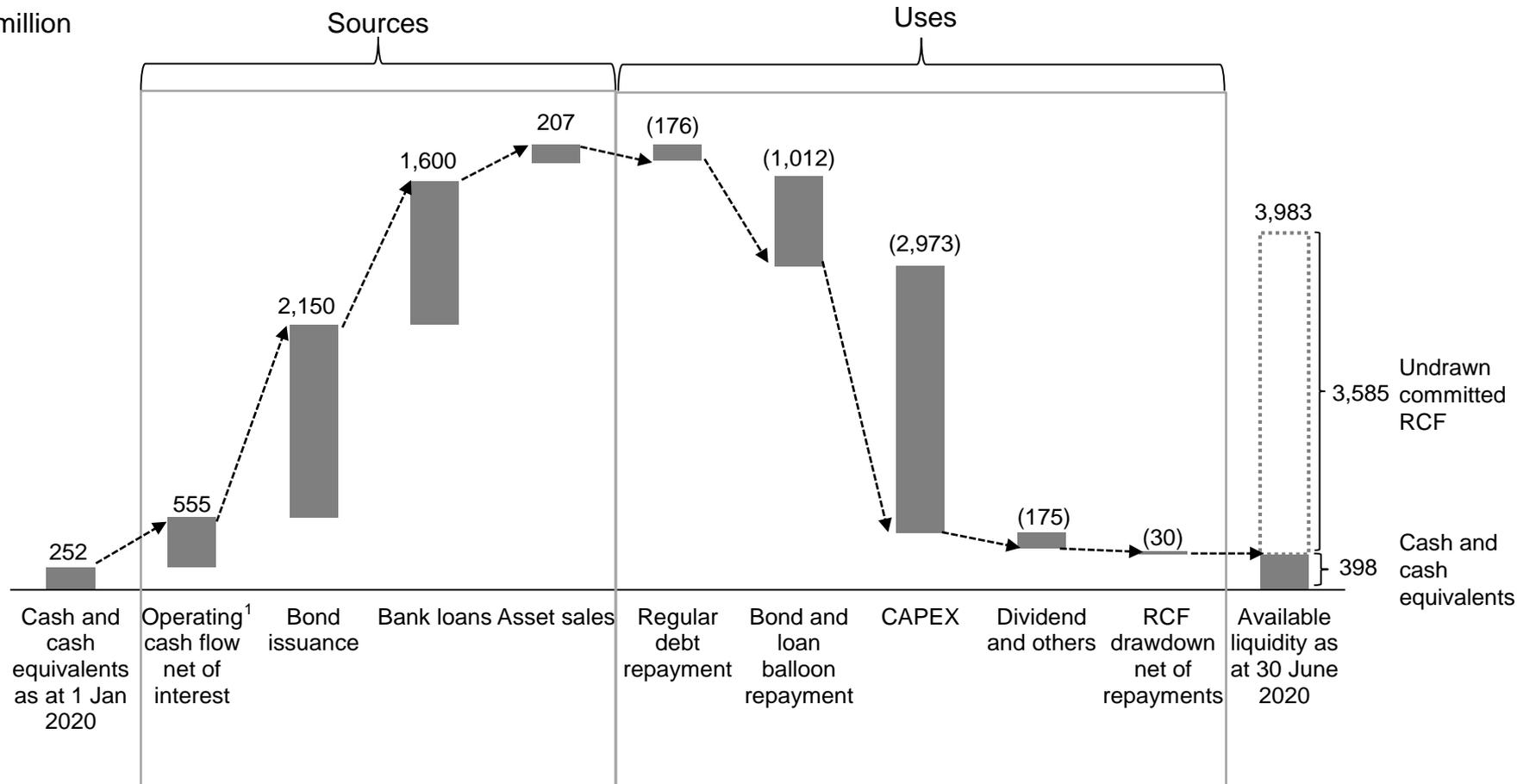
Note:

1. Calculated as net cash flows from operating activities less finance expenses

Diverse Funding Channels Utilised in First Half

Sources and Uses of Cash

US\$ million



Debt funding markets were supportive of our investment activities in 1H 2020

All data as at 30 June 2020

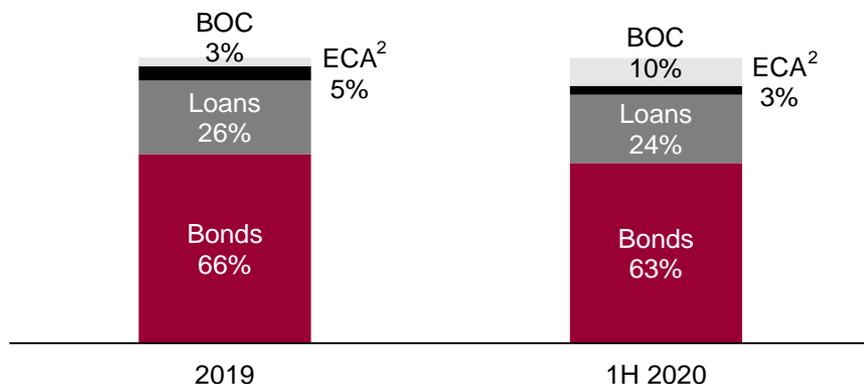
Note:

1. Calculated as net cash flows from operating activities less finance expenses

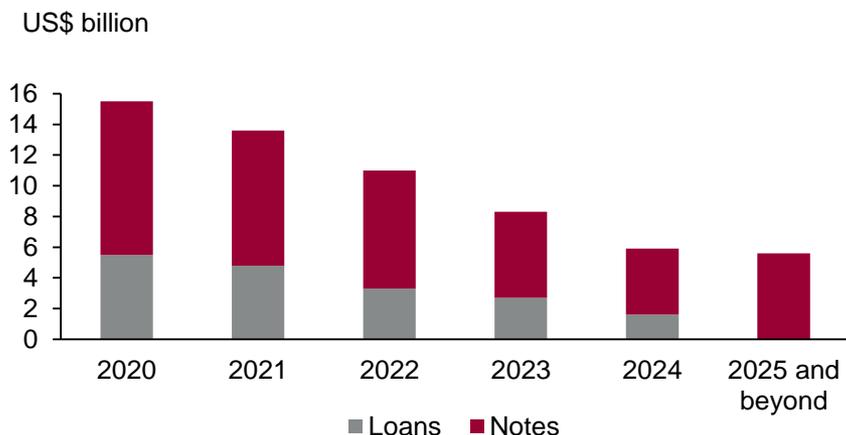


Flexible Capital Structure and Ample Backstop Liquidity

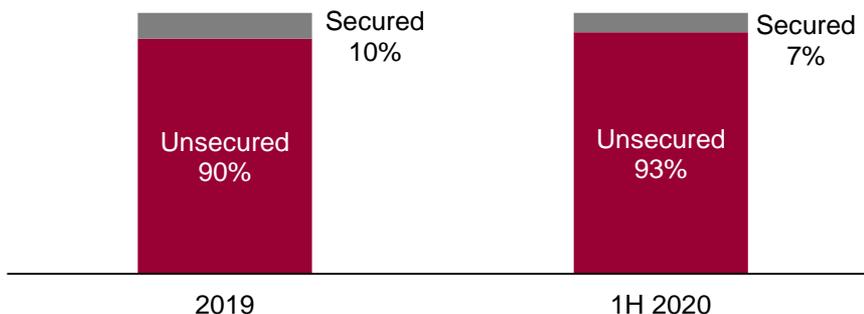
Sources of debt¹



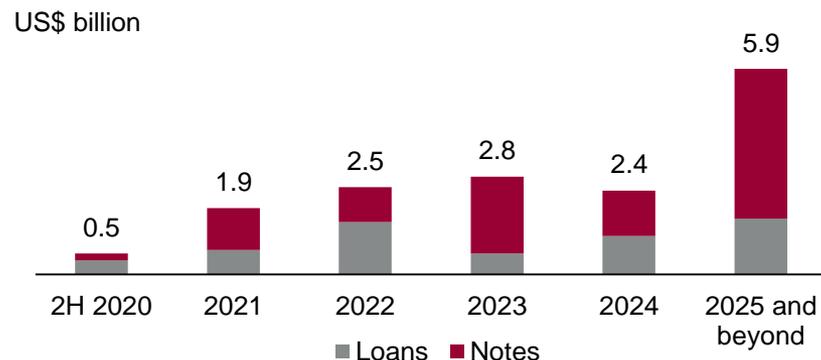
Outstanding debt amortises over a long term



Increasing unsecured funding



Debt repayment by year



US\$4 billion of liquidity includes US\$1.7 billion of undrawn revolving credit facilities from BOC

All data as at 30 June 2020 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	114	15	0	129
Airbus A320NEO family	52	0	88	140
Airbus A330CEO family	12	3	0	15
Airbus A330NEO family	2	0	6	8
Airbus A350 family	9	0	0	9
Boeing 737NG family	85	15	0	100
Boeing 737 MAX family	16	0	73	89
Boeing 777-300ER	24	4	3	31
Boeing 777-300	0	1	0	1
Boeing 787 family	15	1	27	43
Freighters	5	1	0	6
Total	334	40	197	571

Committed to purchase 86 latest technology aircraft in 1H 2020

All data as at 30 June 2020

Note:

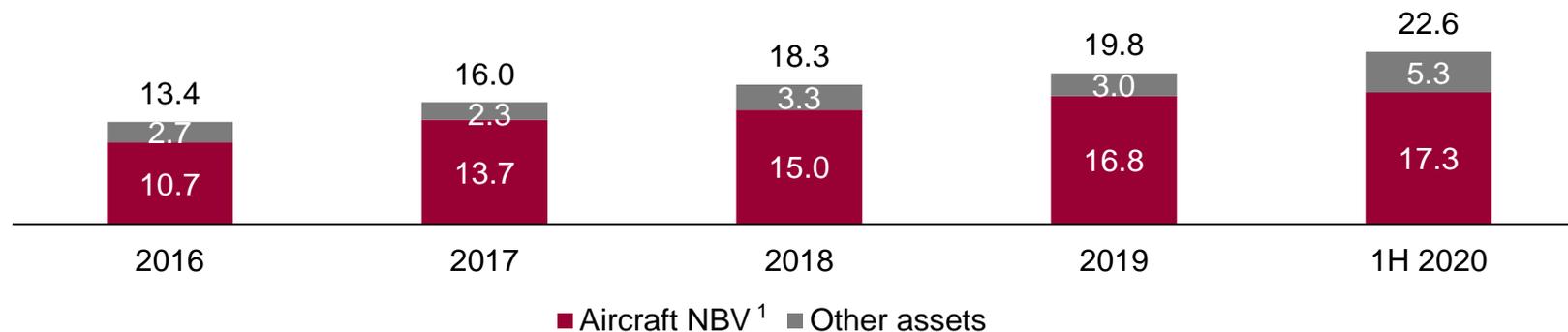
1. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery



Steadily Growing Balance Sheet and Aircraft Fleet

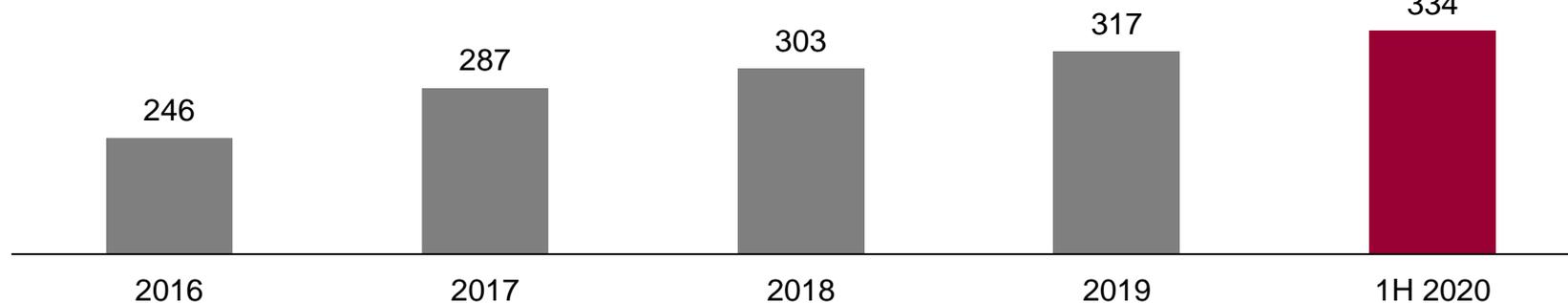
Growing balance sheet

US\$ billion



Disciplined increase in fleet size

Number of owned aircraft



1H 2020 investment positions us well for growth in the next two years

All data as at 30 June 2020

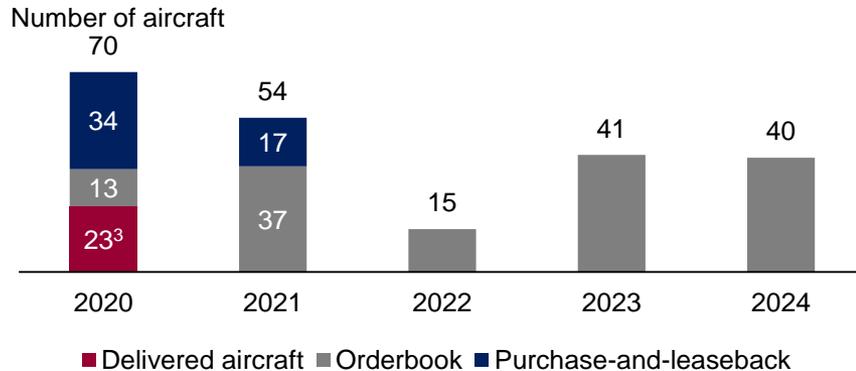
Note:

1. Excludes aircraft on leases classified as finance leases



New Investments Drive Growing Committed Lease Revenues

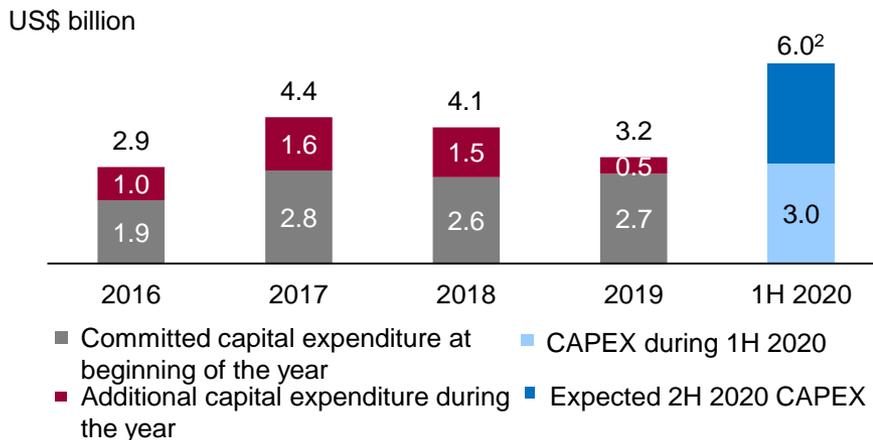
Orderbook delivery schedule^{1,2}



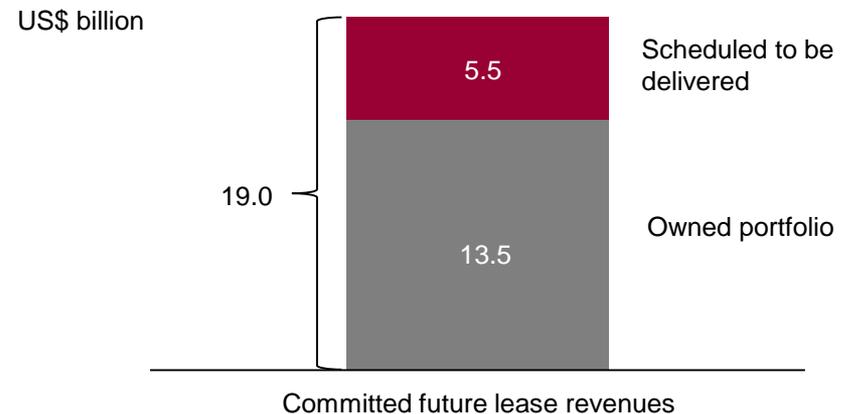
Resculed orderbook to match demand

- Committed to purchase 86 aircraft
 - 76 placed on long-term leases
- Delivered 20 of these in 1H 2020
 - 100% on-time collection rate in 1H 2020
- Resculed orderbook, including cancellation of 30 Boeing 737 MAX aircraft and deferral of 30 Boeing 737 MAX aircraft in 1H 2020
- Placed all aircraft scheduled for delivery prior to 2023

Sustained annual capital expenditure since IPO



Committed future lease revenues of US\$19 billion



De-risking orders scheduled for delivery in 2021 and 2022

All data as at 30 June 2020

Notes:

- Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery
- Based on expected delivery dates
- Aircraft delivered in 1H 2020, including one aircraft acquired by an airline customer on delivery

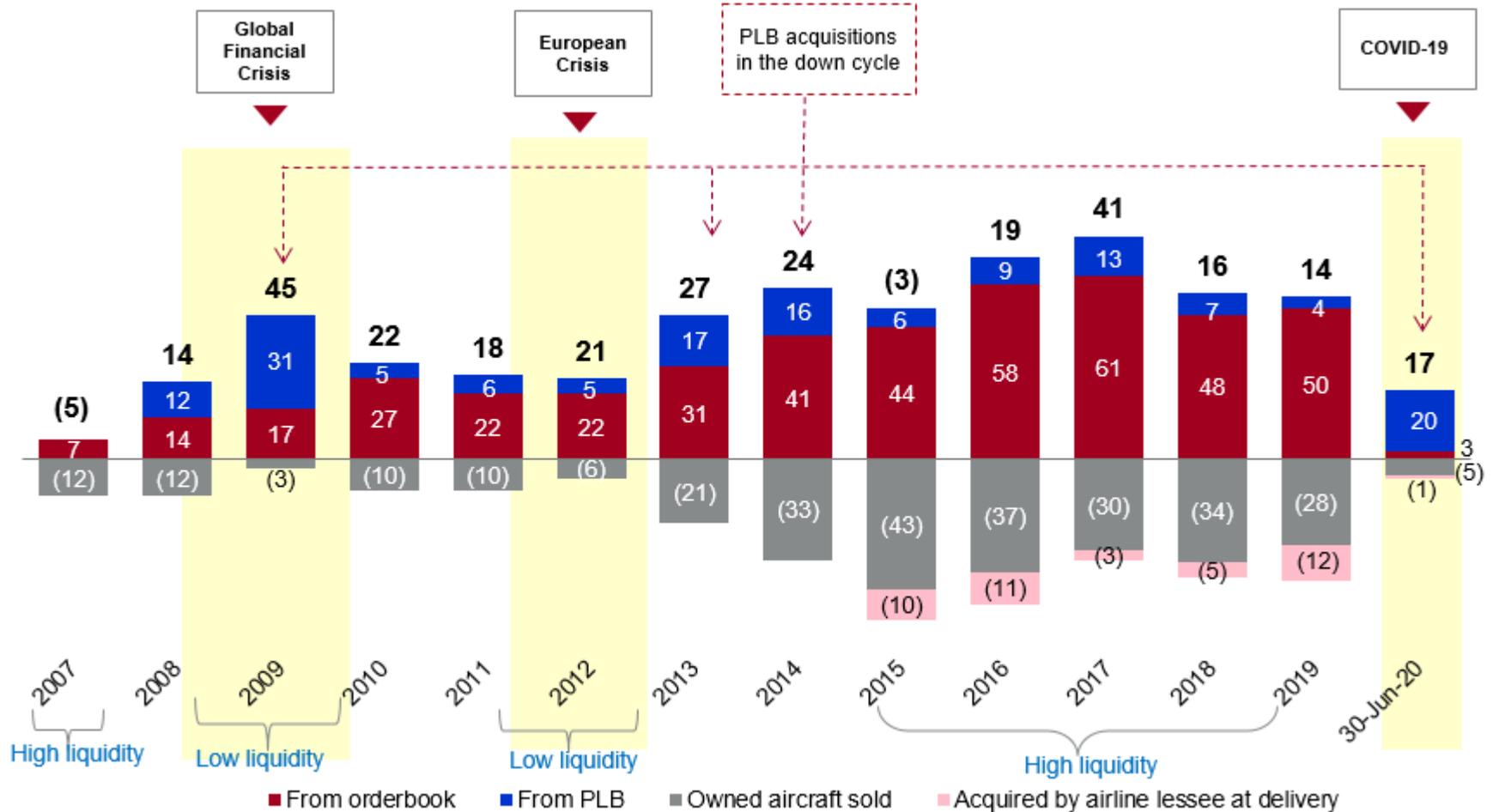
Proactive Investment Strategy

- Disciplined investment approach backed by strong liquidity position
 - Available liquidity of US\$4 billion as at 30 June 2020
- Raising debt funding is a core competency of our company
 - Raised over US\$30 billion since January 2007 through a combination of loans, debt capital markets notes and export credit agency guaranteed loans
- Debt capital markets remain open and supportive
 - Utilised US\$2.2 billion in notes and US\$1.6 billion in loans at below 2019's average cost of funds
 - Issued bonds in January 2020, April 2020 and June 2020
- Strategic changes to our aircraft orderbook
 - Added good quality near-term purchase-and-leaseback investments to replace 30 Boeing 737 MAX aircraft cancelled
 - Resculed Boeing 737 MAX aircraft order extends the delivery timeframe for the remaining 57 Boeing 737 MAX aircraft orders out to 2024
- Strengthened our relationship with OEMs and airline customers
 - Committed to purchase 86 aircraft in 1H 2020

Focus on long-term sustainable growth and earnings

How We Invest

Number of aircraft delivered, purchased and sold



All data as the end of the relevant period

Conclusion

- Resilient performance achieved in a difficult environment
 - NPAT was stable at US\$323 million
 - Interim dividend per share of US\$0.1398, payable on 15 October 2020
 - Payout ratio of 30% of 1H 2020 NPAT
 - Total revenues increased 11% to US\$1 billion
- Long-term sustainable growth supported by strong liquidity
 - Committed future lease revenues of US\$19 billion
 - Orderbook of 197 aircraft provides future balance sheet growth¹
 - All new aircraft placed until 2023
 - Available liquidity of US\$4 billion to further support investments
- 27th year of operation
 - Experienced management team that was well prepared for the downturn
 - Signed 1,000th lease commitment
 - Including 1H 2020 dividends, we have declared and will have distributed US\$890 million to shareholders since IPO

US\$4.7 billion in cumulative net profits since inception

All data as at 30 June 2020 unless otherwise indicated

Note:

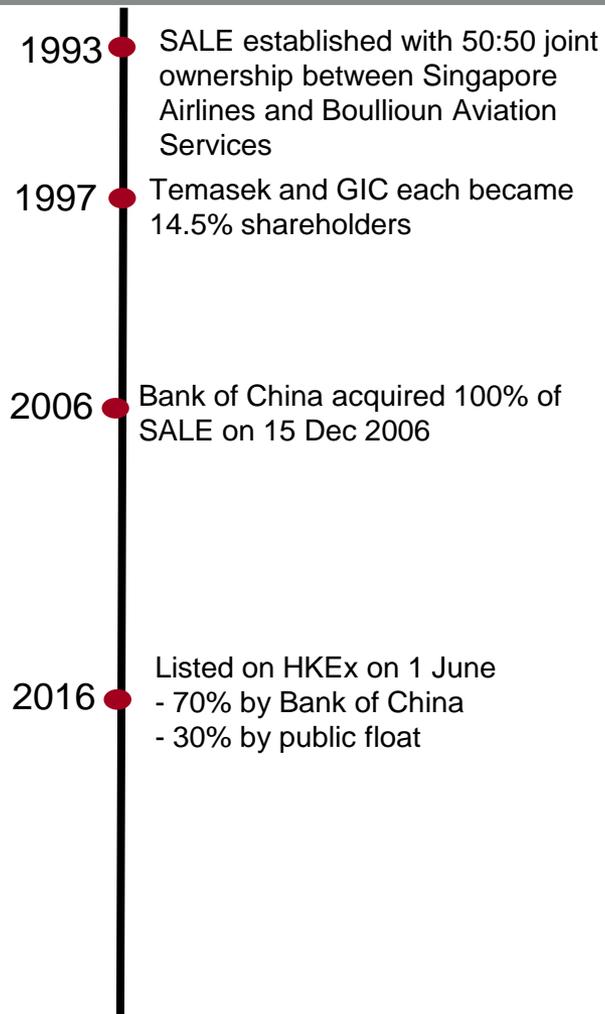
1. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery



APPENDICES

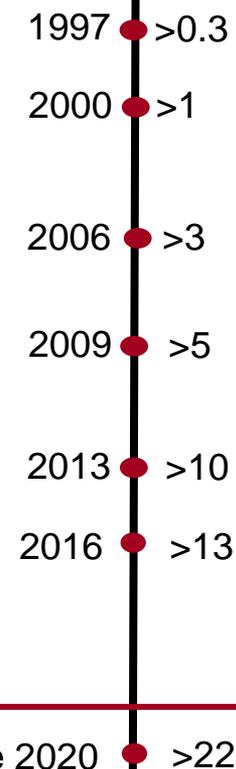
The BOC Aviation Journey

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 since June 2016

Total assets of US\$22.6bn

- Aircraft net book value of US\$17.3bn¹
- 571 aircraft²
- 197 aircraft on order³

Into our 27th year of profitability

- Consistently profitable since inception
- US\$4.7bn 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 30 June 2020 unless otherwise indicated

Notes:

1. Excludes aircraft on leases classified as finance leases
2. Includes owned, managed and aircraft on order
3. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery



Globally Diverse Management Team



Robert Martin

Managing Director & Chief Executive Officer

- 32 years of banking and leasing experience
- Managing Director since July 1998

Zhang Xiaolu

Vice-Chairman & Deputy Managing Director

- 30 years of banking experience
- In charge of Procurement and Board Secretariat departments

Phang Thim Fatt

Deputy Managing Director & Chief Financial Officer

- 41 years of airline and leasing experience
- In charge of Finance, Risk, Tax and Treasury

Steven Townend

Deputy Managing Director

- 29 years of banking and leasing experience
- Appointed Chief Financial Officer with effect from 1 October 2020

David Walton

Deputy Managing Director & Chief Operating Officer

- 34 years of legal, aviation finance and leasing experience
- In charge of all operations and related departments

Deng Lei

Chief Commercial Officer (Asia Pacific & the Middle East)

- 22 years of banking experience
- In charge of revenue activities for Asia Pacific and Middle East

Paul Kent

Chief Commercial Officer (Europe, Americas, Africa)

- 24 years of aircraft finance and leasing experience
- In charge of revenue activities for Europe, Americas and Africa

Nationality



Years with BOC Aviation

22

1

24

19

5

1

1

Years of experience

32

30

41

29

34

22

24

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

All data as at August 2020



Core Competencies - BOC Aviation Track Record

Since inception in 1993:

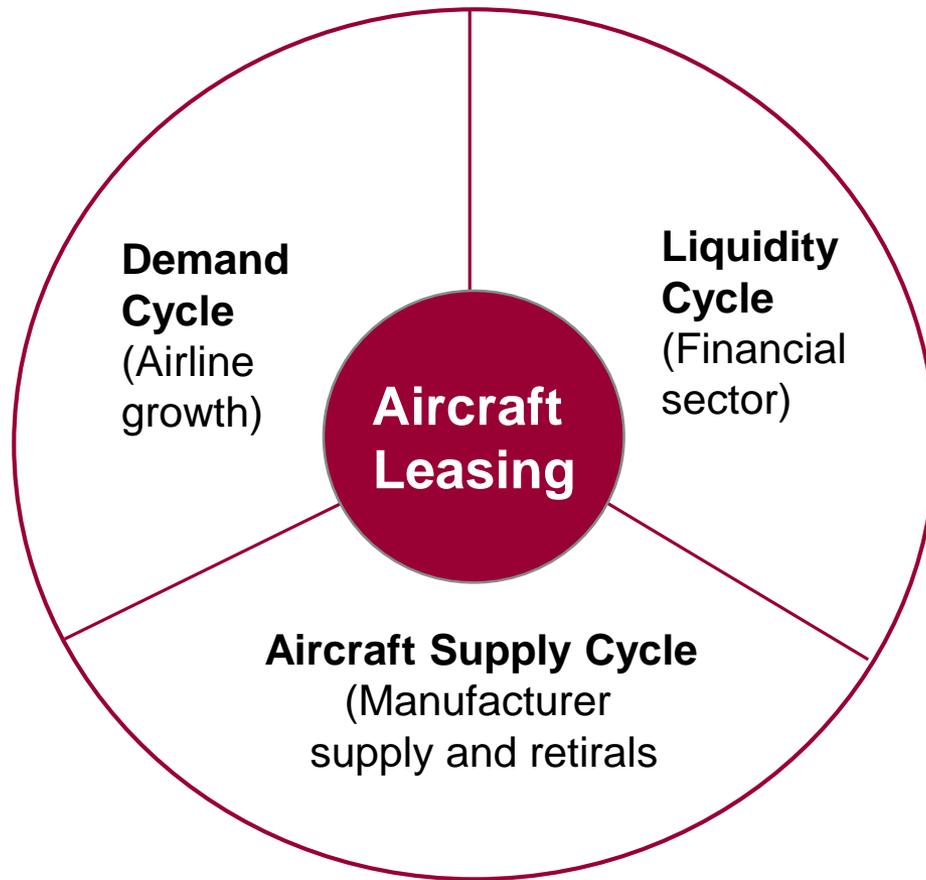
- Purchasing 900 aircraft purchased totalling more than US\$51 billion
 - Leasing More than 1,030 leases executed with > 160 airlines in 57 countries and regions
 - Financing More than US\$31 billion in debt raised since 1 January 2007
-
- Sales More than 360 aircraft sold
 - Transitions More than 90 transitions
 - Repossessions¹ 49 aircraft in 15 jurisdictions

All data as at 30 June 2020, since inception unless otherwise indicated

Note:

1. Includes repossessions and consensual early returns

Operating Leasing Driven by Three Independent Cycles



Airline Market Demand (Revenue)

Airline cash flows driven by:

- GDP growth
- Government border controls and financial support
- Trade flows
- Fuel costs

Supply of Aircraft (Procurement)

- Manufacturer supply
- On time delivery
- Availability of financing to airlines
- Parked aircraft and aircraft retireals

Supply of Financing (Financing, Sales of Aircraft)

- Government support for markets
- Financial confidence
- Commercial debt
- Bond market
- Export credit
- Equity

Aircraft leasing sits at the intersection of all three key industry cycles



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