



# 2021 FINAL RESULTS REVIEW

MARCH 2022

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# 2021 OVERVIEW

# Our Performance in 2021 Was Resilient

## Improving core business<sup>1</sup>

Total revenues and other income <b>US\$2,183 million</b>		6%
Core lease rental contribution <sup>2</sup> <b>US\$696 million</b>		3%
Profit before tax <b>US\$639 million</b>		13%
Net profit after tax <b>US\$561 million</b>		10%
Earnings per share <b>US\$0.81</b>		10%

## Strong balance sheet<sup>1</sup>

Total assets <b>US\$23.9 billion</b>		1%
Total available liquidity <b>US\$6.0 billion</b>		18%
Total equity <b>US\$5.3 billion</b>		10%
Net assets per share <b>US\$7.59</b>		10%

## Higher total dividend per share

Annual dividend payout ratio <b>35%</b>		Stable <sup>1</sup>
Total dividend per share <sup>3</sup> <b>US\$0.2831</b>		10% <sup>4</sup>

All data as at 31 December 2021

Notes:

1. Compared to FY2020 or as at 31 December 2020
2. 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
3. Includes interim dividend of US\$0.1098 per share paid to shareholders registered at the close of business on 4 October 2021. The final dividend of US\$0.1733 per share will be payable to shareholders registered at the close of business on the record date, being 17 June 2022.
4. Compared to US\$0.2571 for FY2020

# Successfully Navigated Through a Challenging Year

- Cumulative earnings of US\$5.5 billion achieved over 28 years<sup>1</sup>
  - Paid over US\$1 billion in dividends to shareholders
- Improved profitability in 2021
  - Record revenues of US\$2.2 billion
  - NPAT rose 10% to US\$561 million
- Ended 2021 with a record high level of liquidity at US\$6 billion
  - Raised US\$3.5 billion in new financing
  - Collection rate improved to 97% from 94%
  - Stable operating cash flow net of interest of US\$1.3 billion
- Improved asset quality
  - Delivered 52 latest technology aircraft<sup>2</sup>
  - Sold 26 owned and managed aircraft
  - Average fleet age of 3.9 years<sup>3</sup>
  - Average remaining lease term of 8.3 years<sup>3</sup>
- Maintained A- credit ratings from S&P Global and Fitch Ratings
  - S&P lifted our outlook to Stable from Negative
  - Fitch's outlook of BOC Aviation remains Stable
- Appointed new Chairman of the Board of Directors, Mr. Chen Huaiyu, and two new non-executive directors, Mr. Wang Xiao and Mdm. Wei Hanguang in the first half of 2021

## Robust core business in 2021

All data as at 31 December 2021

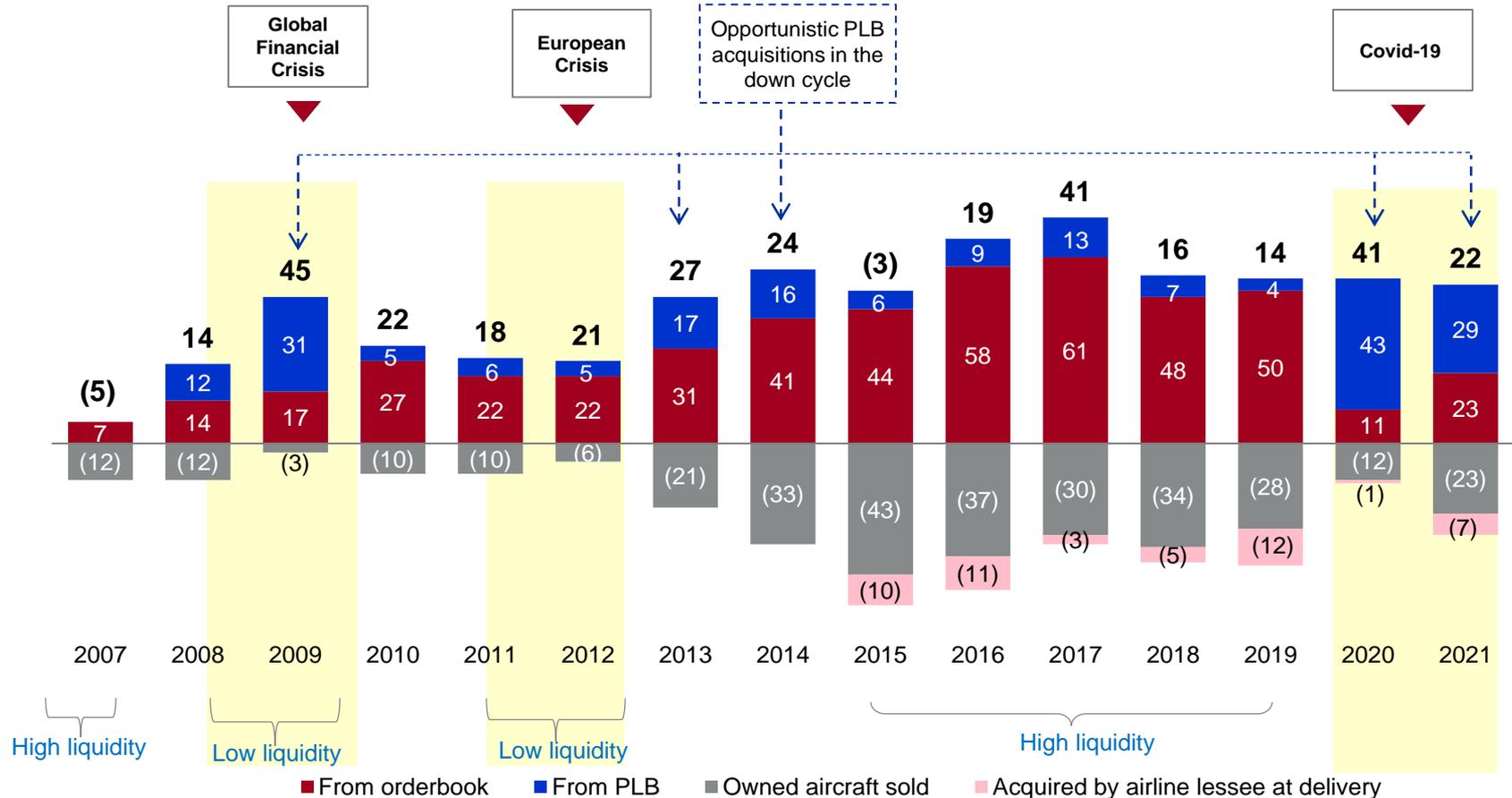
Notes:

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



# How We Invest

## Number of aircraft delivered, purchased and sold



## Investing in aircraft through multiple cycles

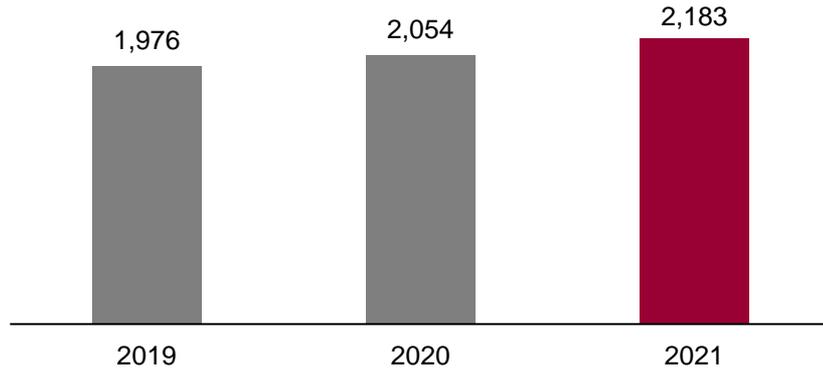
All data as at the end of the relevant period



# Resilient Performance in a Difficult Market

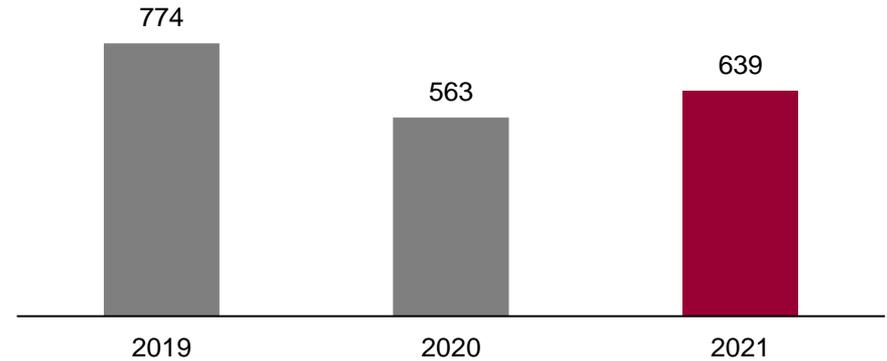
## Fleet growth underpins growth in revenues

US\$ million



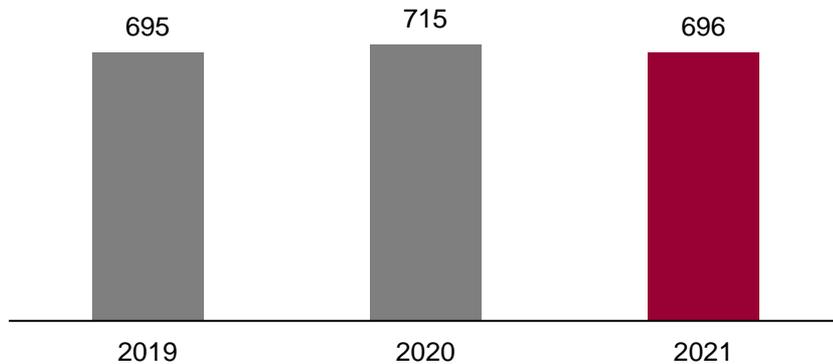
## Improving profit before tax

US\$ million



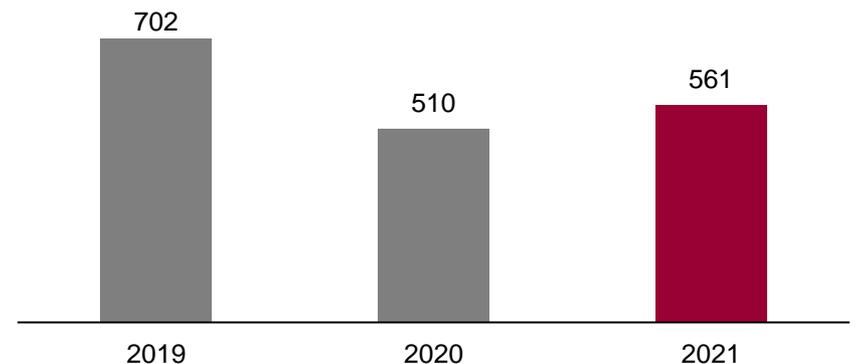
## Consistently high core lease rental contribution<sup>1</sup>

US\$ million



## Increasing net profit after tax

US\$ million



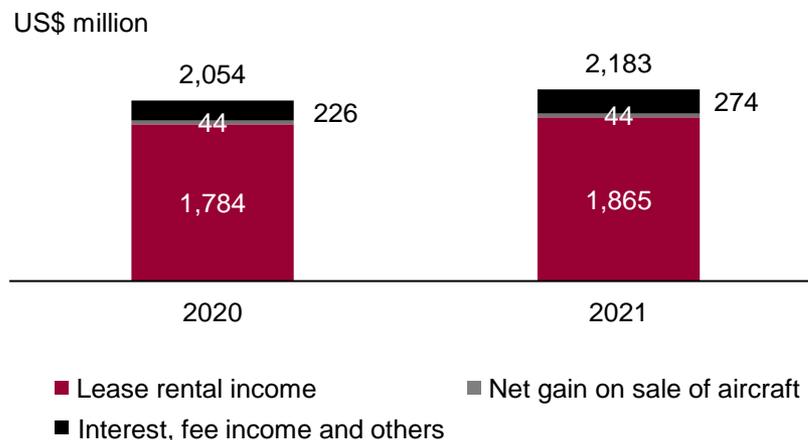
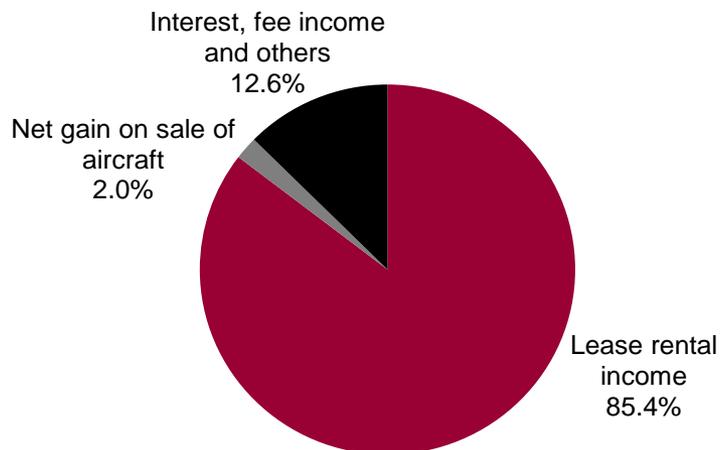
All data as at 31 December 2021

Note:

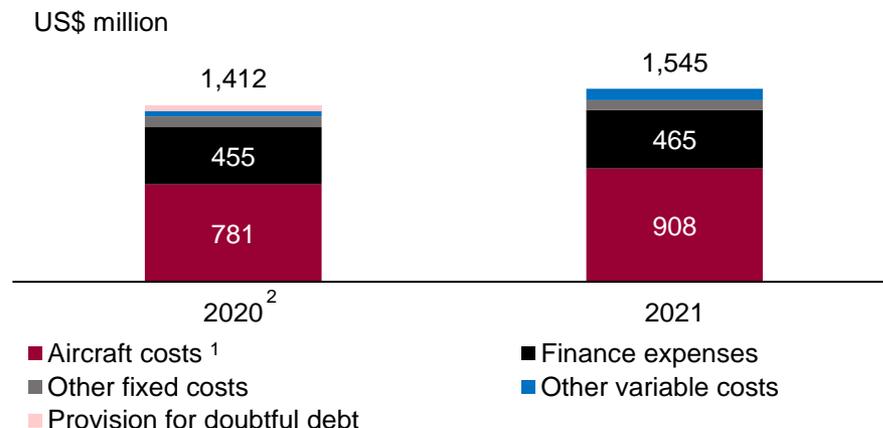
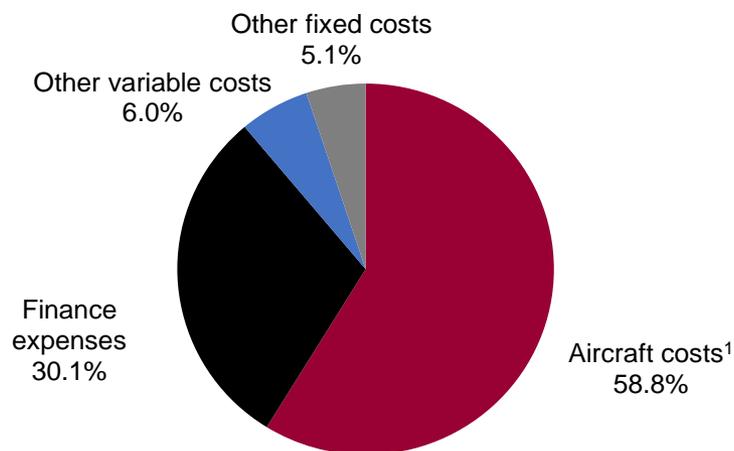
1. Calculated as lease rental income less aircraft depreciation and finance expenses apportioned to lease rental income, amortisation of deferred debt issue cost and lease transaction closing cost

# Lease Rental Income Continues to Dominate Revenue

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



Depreciation of aircraft and financing costs are key costs



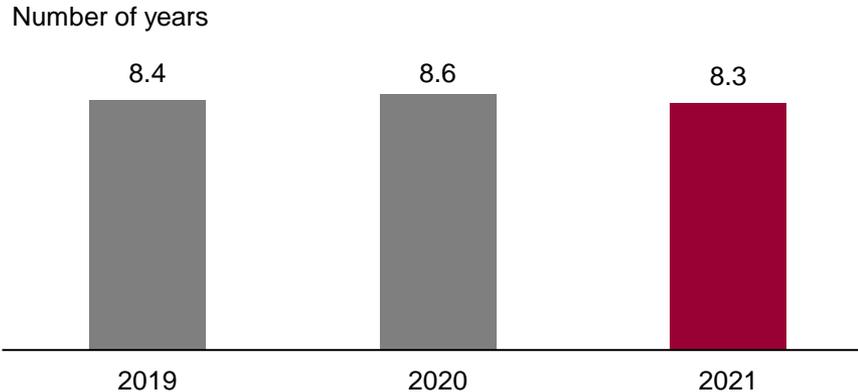
All data as at 31 December 2021

Notes:

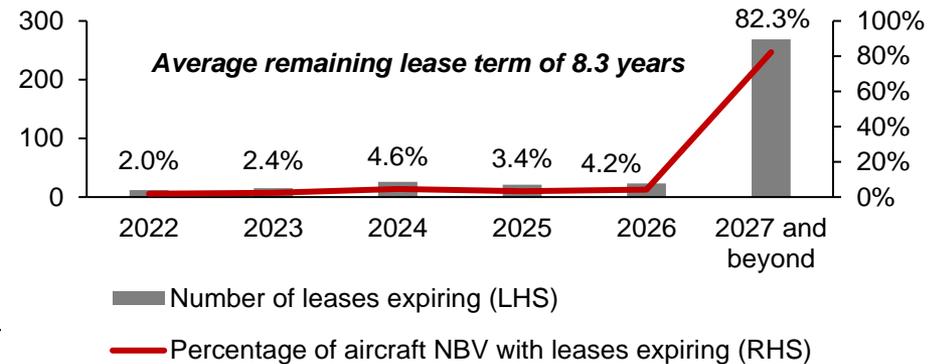
1. Comprises aircraft depreciation and impairment charges
2. Excludes loss on investment in equity instruments

# Long-Term Leases Enhance Revenue Visibility

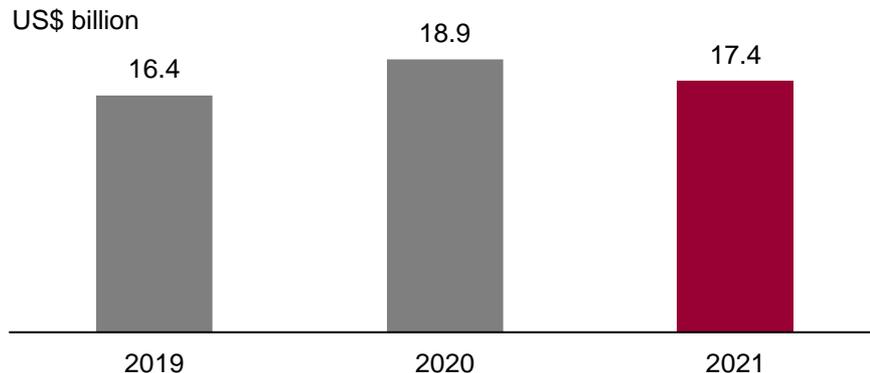
**We have a long average remaining lease term<sup>1</sup>**



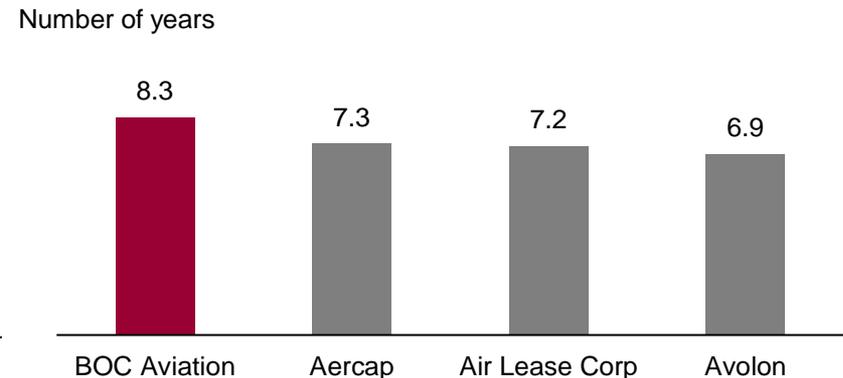
**Well-dispersed scheduled lease expiries<sup>2</sup>**



**High future committed lease revenue**



**Industry-leading average remaining lease term<sup>3</sup>**



All data as at 31 December 2021

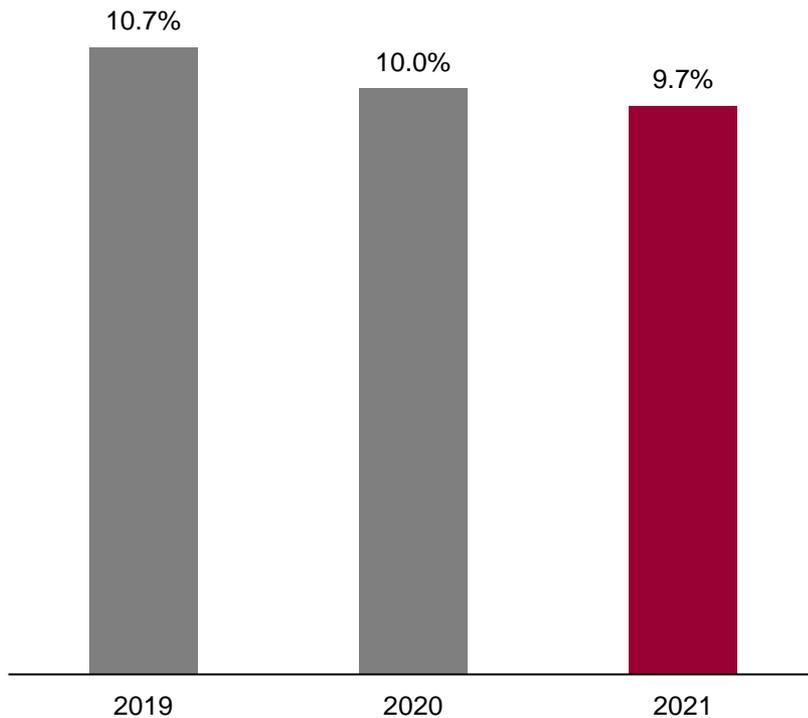
Notes:

1. Weighted by net book value of owned fleet including aircraft on leases classified as finance leases
2. Owned aircraft with lease expiring in each calendar year, weighted by net book value, excluding any aircraft for which BOC Aviation has sale or lease commitments as well as aircraft off lease
3. Weighted by net book value of owned fleet as at 31 December 2021 for BOC Aviation, Air Lease and Avolon, as at 30 September 2021 for Aercap

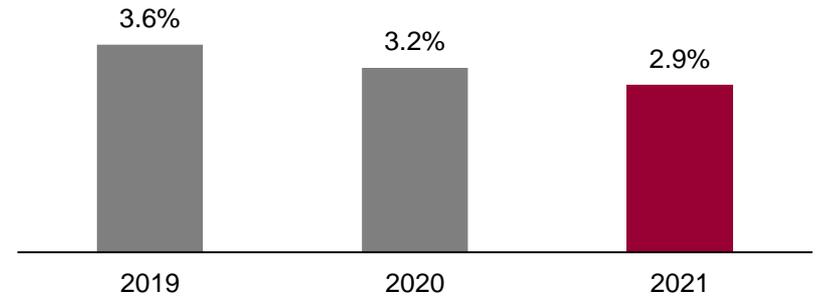


# Lease Yields Reflect Market Environment

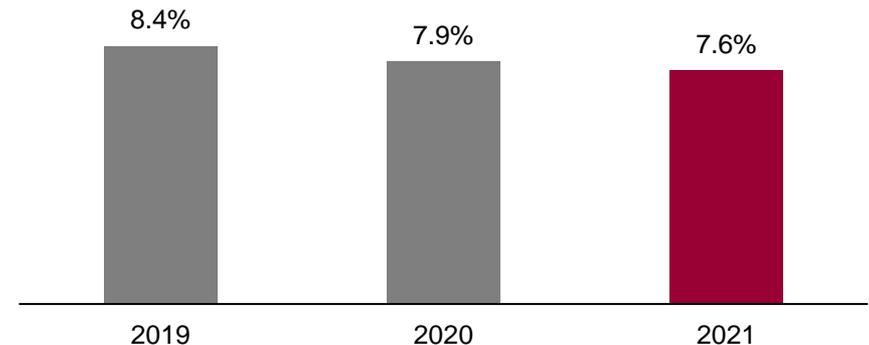
Lease rate factor<sup>1</sup> high at around 10%



Reduced cost of debt<sup>2</sup>



Lower net lease yield<sup>3</sup>



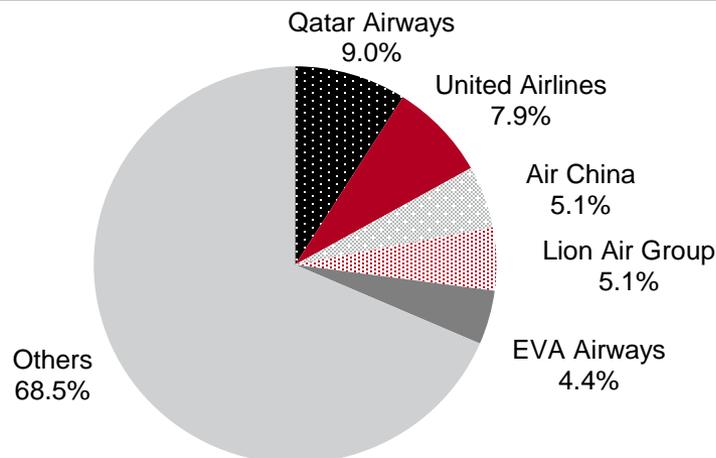
All data as at 31 December 2021

Notes:

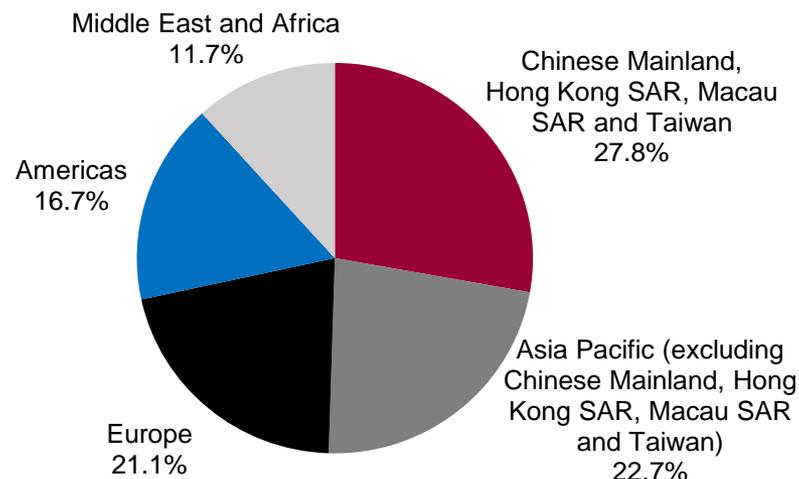
1. Calculated as operating lease rental income divided by average net book value of aircraft and multiplied by 100%
2. Calculated as the sum of finance expenses and capitalized interest, divided by average total indebtedness. Total indebtedness represents loans and borrowings before adjustments for deferred debt issue costs, fair values, revaluations and discounts/premiums to medium term notes
3. 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).

# Globally Diversified Portfolio

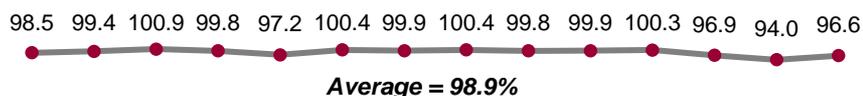
## Lease portfolio diversified by customer<sup>1,2</sup>



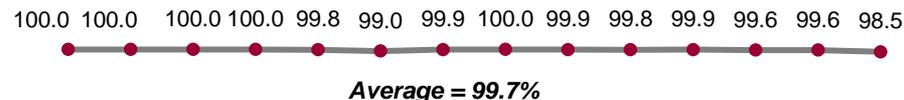
## ...and increasingly diversified by geography<sup>1,3</sup>



## Collection rate (%)



## Fleet utilization (%)<sup>4</sup>



2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021

2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021

All data as at 31 December 2021

Notes:

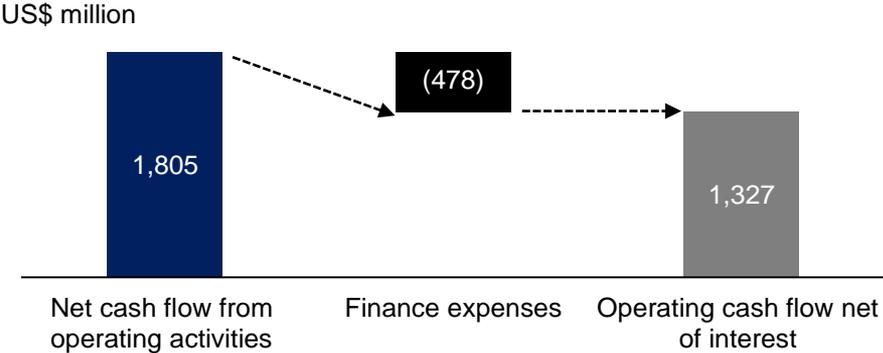
1. Based on net book value including aircraft subject to finance leases and excluding aircraft off lease as at 31 December 2021
2. For certain airlines, the percentage includes leases to affiliated airlines whose obligations are guaranteed by the named airline
3. Based on the jurisdiction of the primary 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

# Operating Cash Flow Net of Interest

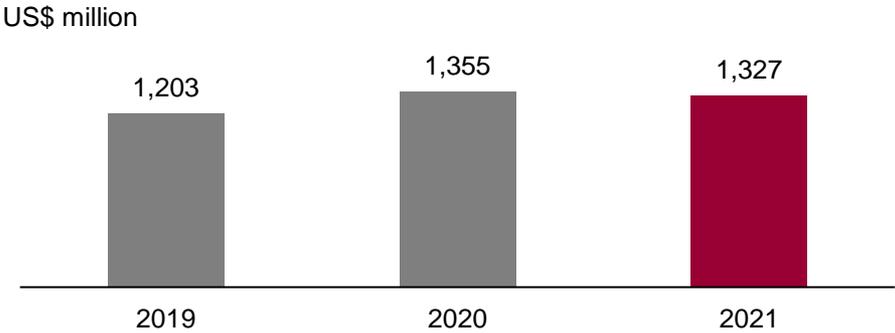
## Operating cash flow net of interest<sup>1</sup>

- Operating cash flow in excess of US\$1.3 billion; matching 2020 despite a challenging environment
- Strong collection efforts in 2022 will further enhance cash flow
- Expecting 36 aircraft to be delivered in 2022<sup>2</sup>

## Operating cash flow net of interest<sup>1</sup> for FY2021



## Consistently high operating cash flow net of interest<sup>1</sup>



**Operating cash flow net of interest continues to be stable in 2021**

All data as at 31 December 2021

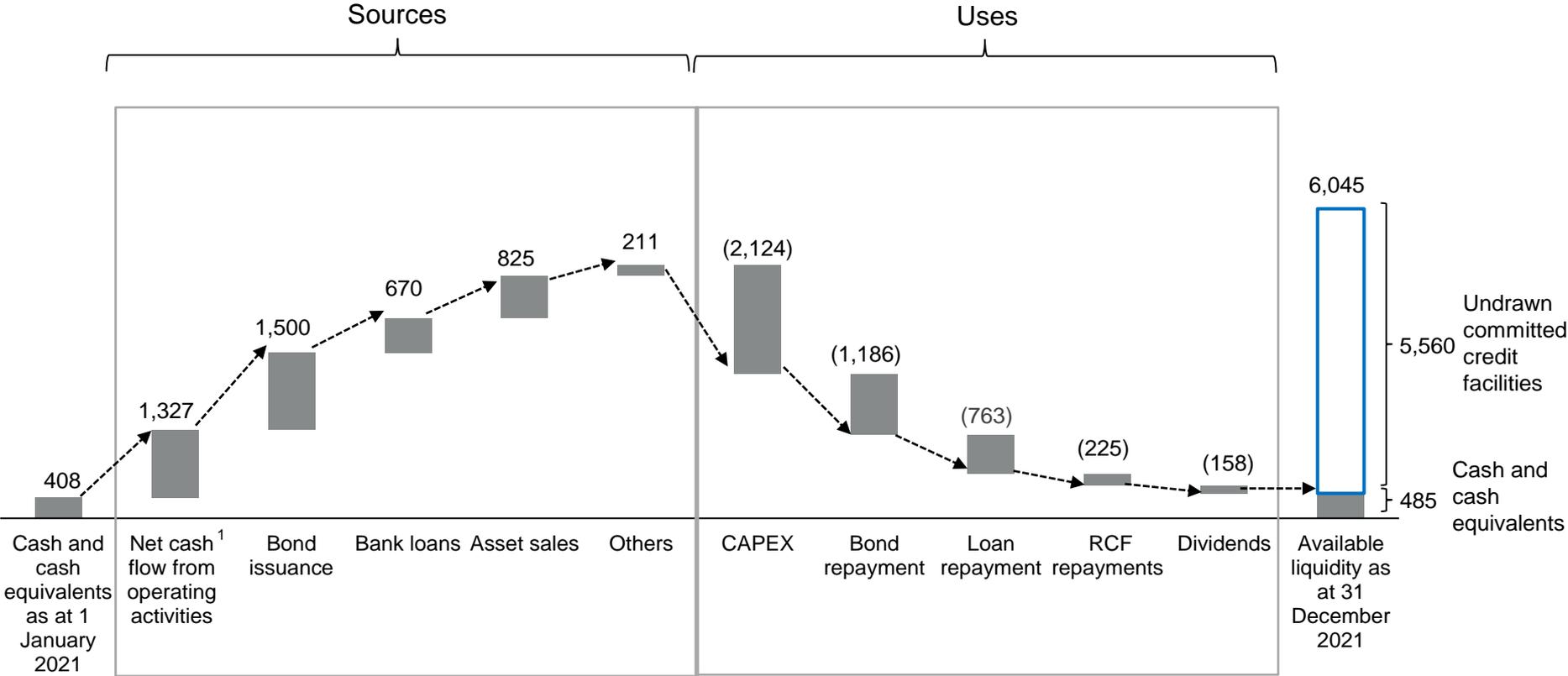
Notes:

1. Calculated as net cash flows from operating activities less finance expenses paid  
 2. Including two delivered in March 2022 YTD

# Diverse Funding Channels Utilised in 2021

## Sources and Uses of Cash

US\$ million



**US\$6 billion of committed available liquidity**

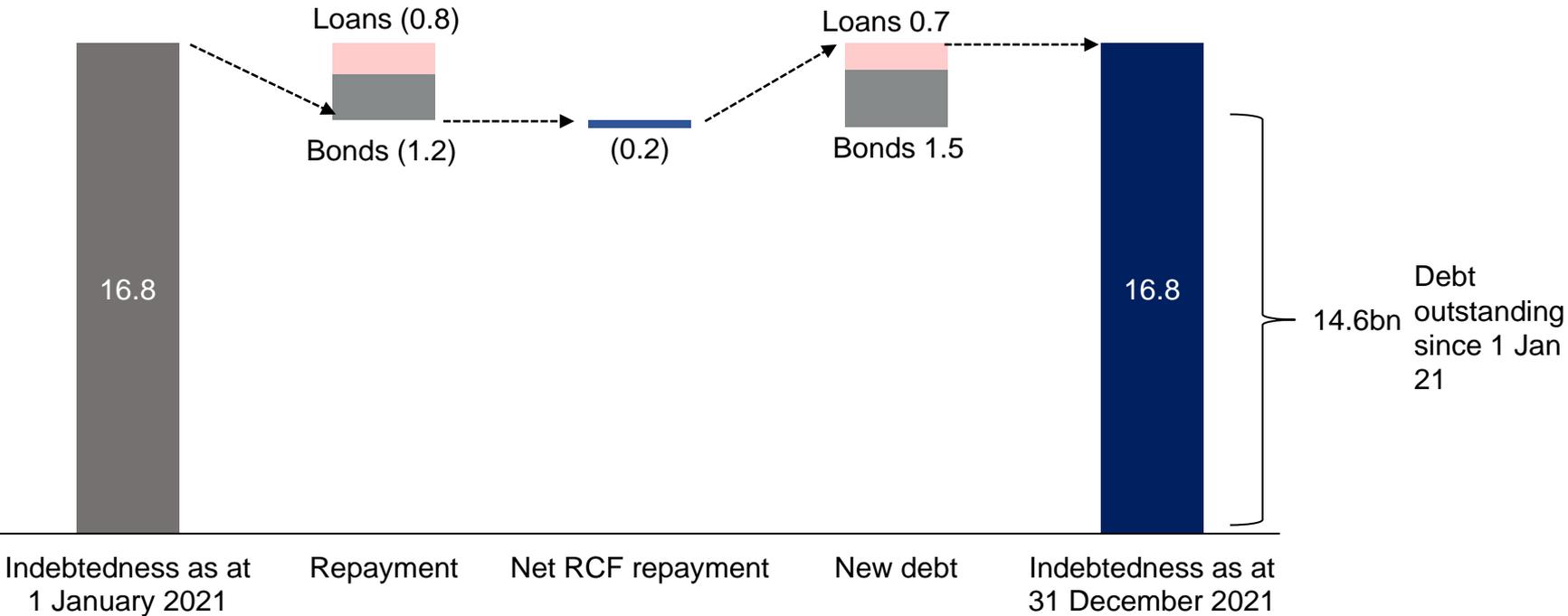


All data as at 31 December 2021

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

# Stable Debt Structure

US\$ billion



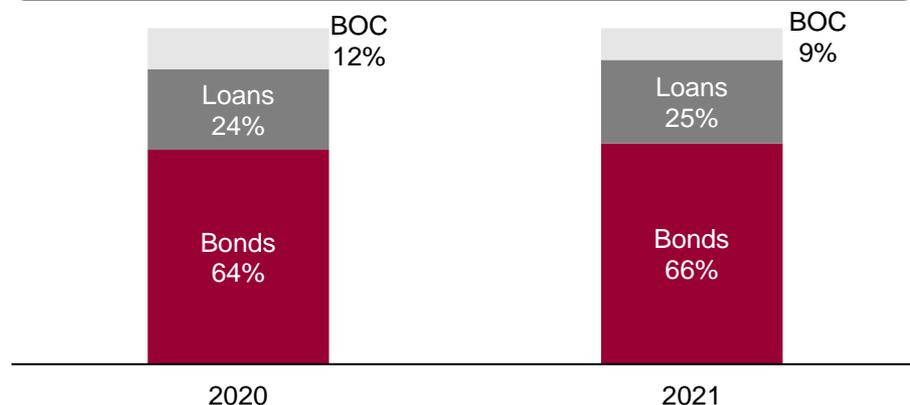
**87% of debt unchanged from 1 January 2021 and debt to equity dropped to 3.2:1 at end of 2021**

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

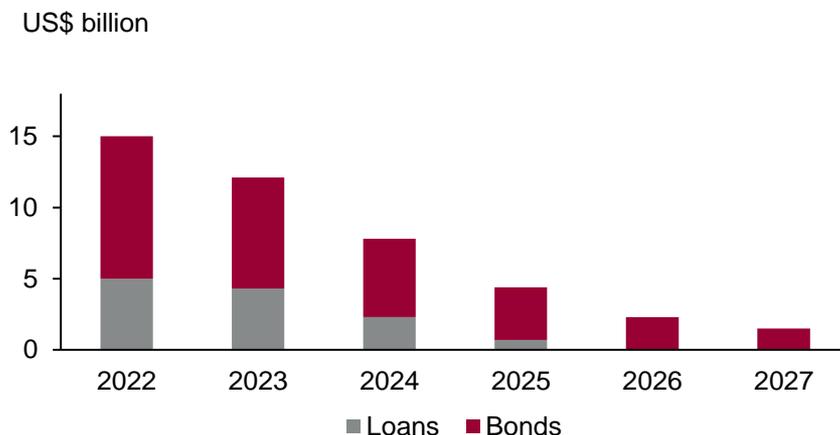


# Flexible Capital Structure and Ample Backstop Liquidity

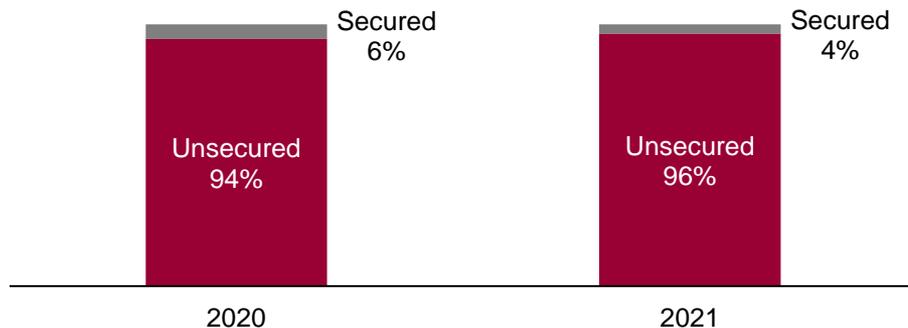
## Sources of debt<sup>1</sup>



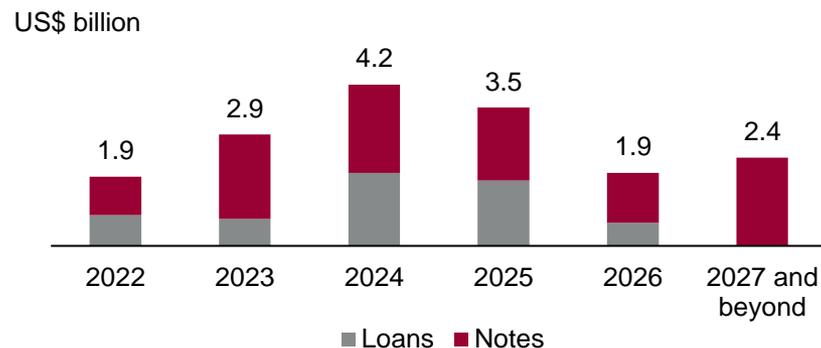
## Outstanding debt amortises over a long term



## Increasing unsecured funding



## Near term debt maturities well covered by US\$6 billion available liquidity



Liability management is a key strength

All data as at 31 December 2021 unless otherwise indicated

Note:

1. Drawn debt only



# Popular and Fuel-Efficient Fleet

## Our aircraft portfolio

Aircraft type	Owned aircraft	Managed aircraft	Aircraft on order <sup>1</sup>	Total
Airbus A320CEO family	102	15	0	117
Airbus A320NEO family	91	0	35	126
Airbus A330CEO family	10	1	0	11
Airbus A330NEO family	6	0	0	6
Airbus A350 family	9	0	0	9
Boeing 737NG family	72	14	0	86
Boeing 737 MAX family	40	0	45	85
Boeing 777-300ER	24	4	3	31
Boeing 777-300	0	1	0	1
Boeing 787 family	21	1	21	43
Freighters	5	1	0	6
<b>Total</b>	<b>380</b>	<b>37</b>	<b>104</b>	<b>521</b>

**100% of orderbook comprises latest technology aircraft**

All data as at 31 December 2021

Note:

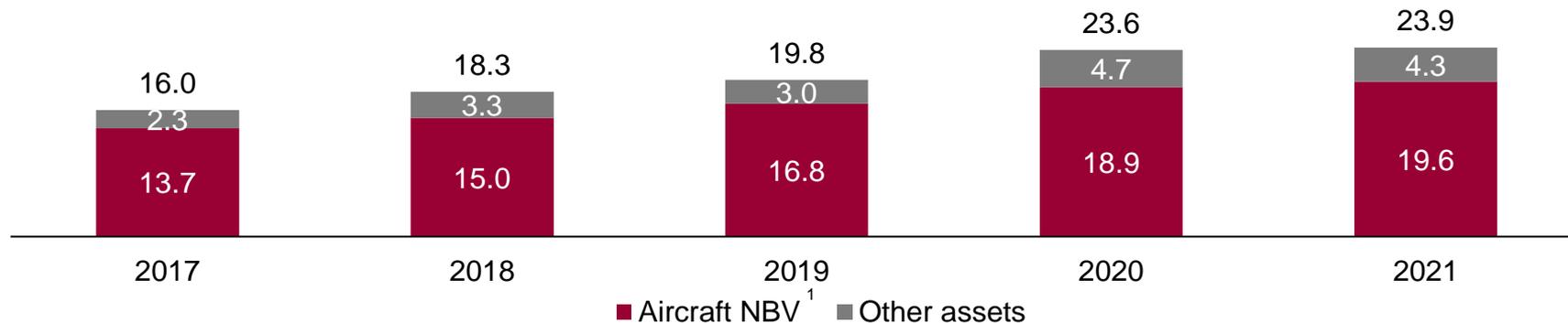
1. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery



# Steadily Growing Balance Sheet and Aircraft Fleet

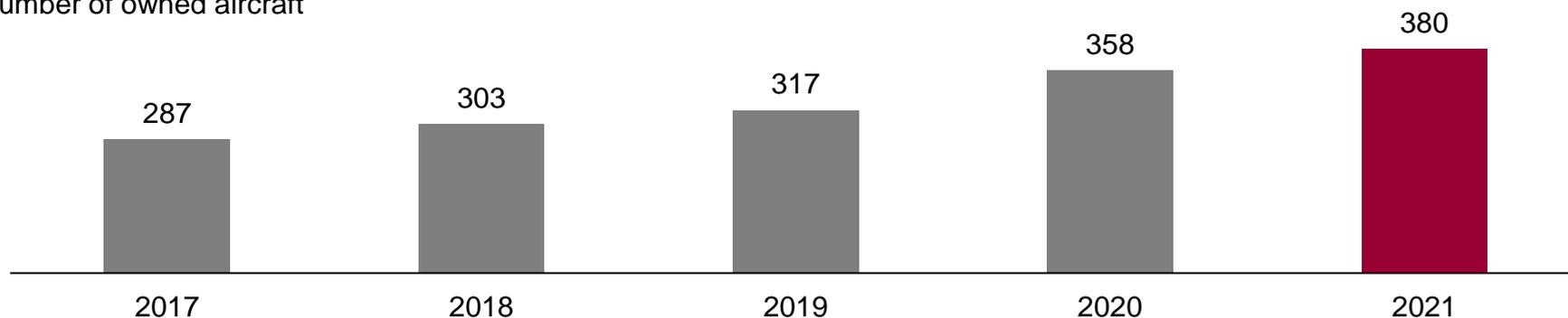
## Growing balance sheet

US\$ billion



## Disciplined increase in fleet size

Number of owned aircraft



**Aircraft assets of US\$20 billion coupled with long leases provide platform for future earnings**

All data as at 31 December of the year

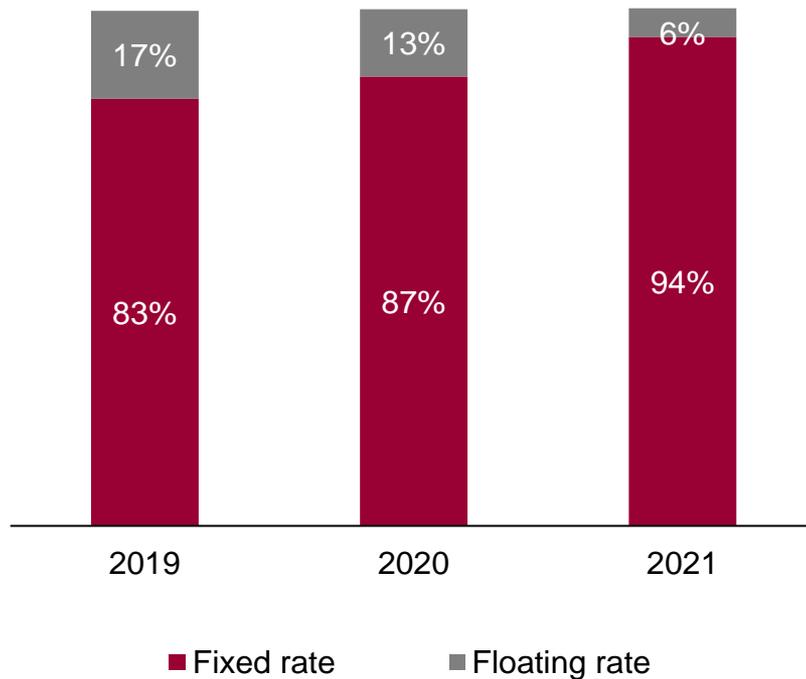
Note:

1. Excludes aircraft on leases classified as finance leases

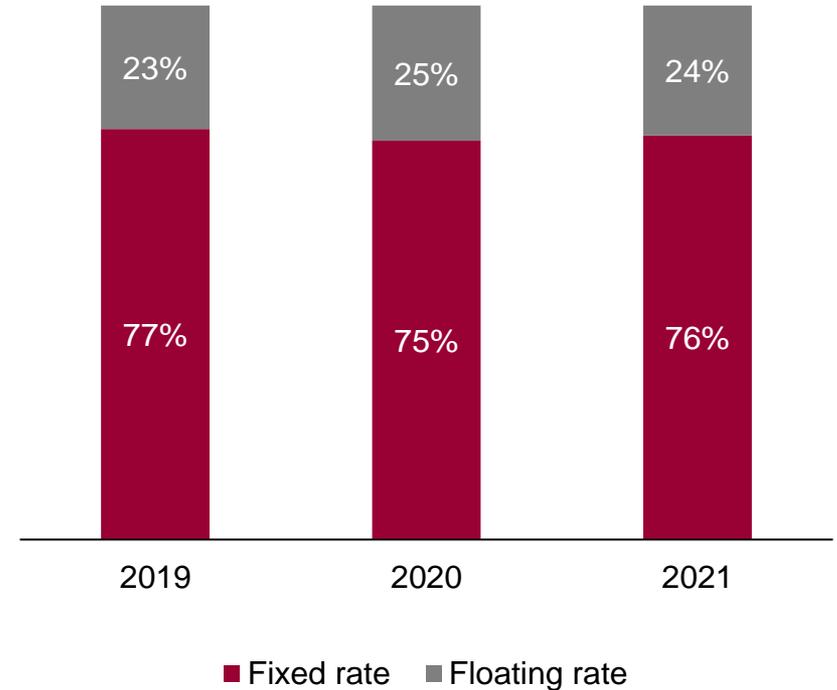
# High Proportion of Fixed Rate Leases and Debt

## Proportion of fixed rate leases rising steadily<sup>1</sup>

By net book value



## Stable proportion of fixed rate debt<sup>2</sup>



All data as at 31 December 2021

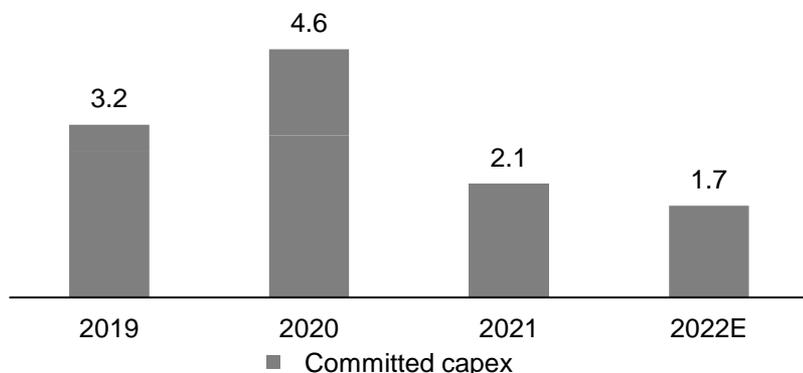
Notes:

1. By net book value including aircraft subject to finance lease and aircraft held for sale, and excluding aircraft off lease
2. Fixed rate debt included floating rate debt swapped to fixed rate liabilities

# New Investments Drive Committed Lease Revenues

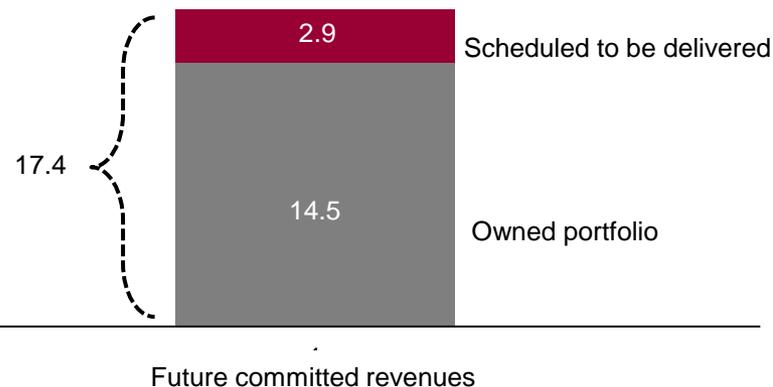
## 2022 capex expected around US\$3 billion

US\$ billion



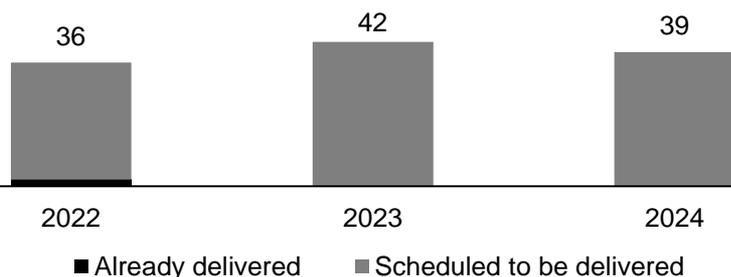
## Committed future lease revenues of more than US\$17 billion

US\$ billion



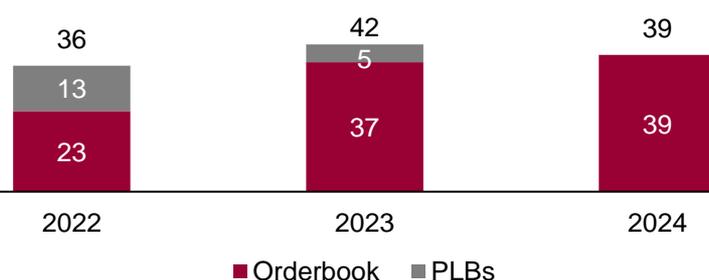
## Orderbook delivery schedule<sup>1,2</sup> as at 10 Mar 2022

Number of aircraft



## Orderbook by direct orders vs PLBs as at 10 Mar 2022<sup>1,2</sup>

Number of aircraft



## Healthy pipeline of future lease revenues

All data as at 31 December 2021 unless otherwise indicated

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



# Conclusion

- Improved performance achieved in a challenging environment
  - Record revenues and other income of US\$2.2 billion
  - Operating cash flow net of interest paid stable at U\$1.3 billion
  - Net profit after tax of US\$561 million
  - Maintained dividend payout ratio of 35%
- Focus on sustainable long-term earnings
  - Committed lease revenues of US\$17 billion
  - Orderbook of 104<sup>1</sup> aircraft provides future balance sheet growth
  - Record high liquidity of US\$6 billion to support aircraft investments
  - Announced transaction for 11 Boeing 737 MAX 8 aircraft with Lynx Air in March 2022

**US\$5.5 billion of cumulative earnings and dividends of over US\$1 billion paid since inception**

All data as at 31 December 2021 unless otherwise indicated

Note:

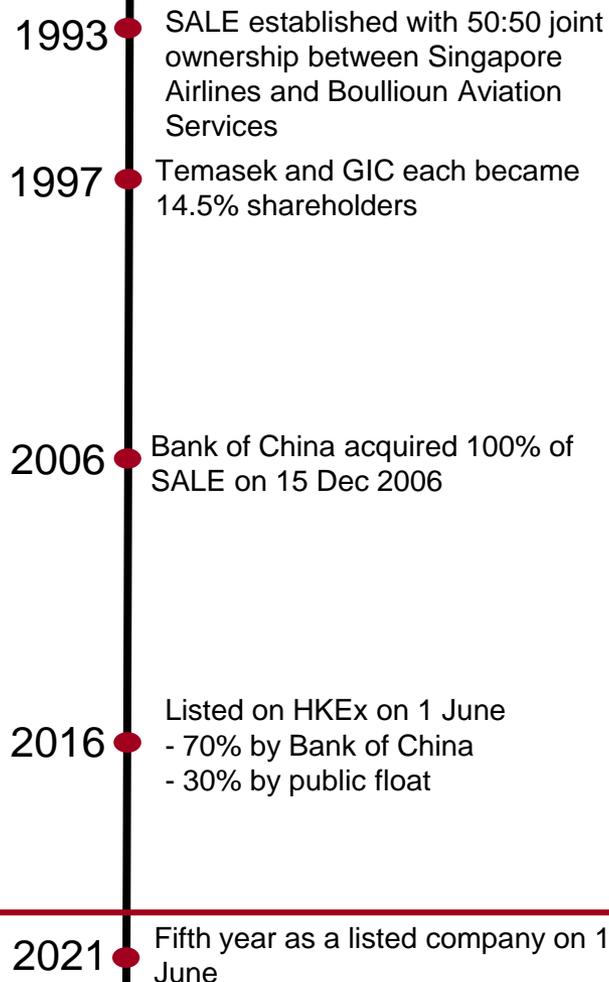
1. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery



# APPENDICES

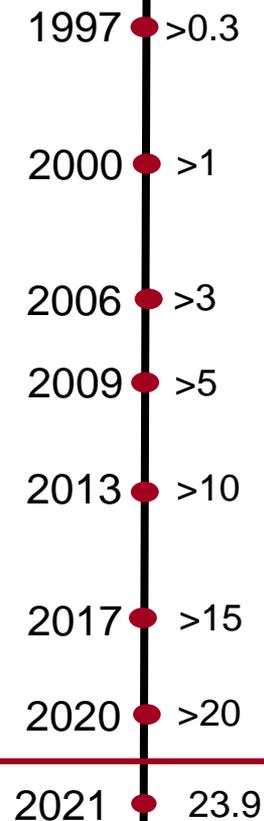
# The BOC Aviation Journey

## Ownership



## Total assets

US\$ billion



All data as at the end of the relevant period

# BOC Aviation – Who Are We?

**Bank of China**

70% owned by BOC

**US\$23.9 billion**

Total assets

**Listed on HKEX**

HKEX code: 2588

**A-** Investment grade credit ratings  
from S&P and Fitch

**521**

Aircraft in fleet<sup>1</sup>

**3.9 years; 8.3 years**

Average fleet age & lease term remaining<sup>2</sup>

**28**

Years of unbroken profitability

**US\$5.5 billion**

Cumulative profits since inception

**Top 5**

Global aircraft operating lessor

**15%**

Average ROE since 2007

**Industry leader with best-in-class financial performance**

All data as at 31 December 2021 unless otherwise indicated

Notes:

1. Includes owned, managed and aircraft on order as at 31 December 2021
2. Weighted by net book value of owned fleet as at 31 December 2021



# Globally Diverse Management Team



**Robert Martin**  
*Managing Director & Chief Executive Officer*

**Zhang Xiaolu**  
*Vice-Chairman & Deputy Managing Director*

**Steven Townend**  
*Deputy Managing Director & Chief Financial Officer*

**David Walton**  
*Deputy Managing Director & Chief Operating Officer*

**Deng Lei**  
*Chief Commercial Officer (Asia Pacific & the Middle East)*

**Paul Kent**  
*Chief Commercial Officer (Europe, Americas, Africa)*

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

- 31 years of banking experience
- In charge of Risk Management, Market Research, Board Secretariat and Corporate Affairs departments

- 30 years of banking and leasing experience
- In charge of Finance, Treasury, Tax, Investor Relations and Settlement

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

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

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

**Nationality**



**Highly experienced senior management team**

All data as at March 2022



# Core Competencies - BOC Aviation Track Record

## Since inception in 1993:

- Purchasing 890 aircraft purchased totalling approximately US\$51 billion
- Leasing More than 1,130 leases executed with 170 airlines in 57 countries and regions
- Financing More than US\$37 billion in debt raised since 1 January 2007

- Sales More than 390 aircraft sold
- Transitions 104 transitions
- Repossessions<sup>1</sup> 58 aircraft in 18 jurisdictions

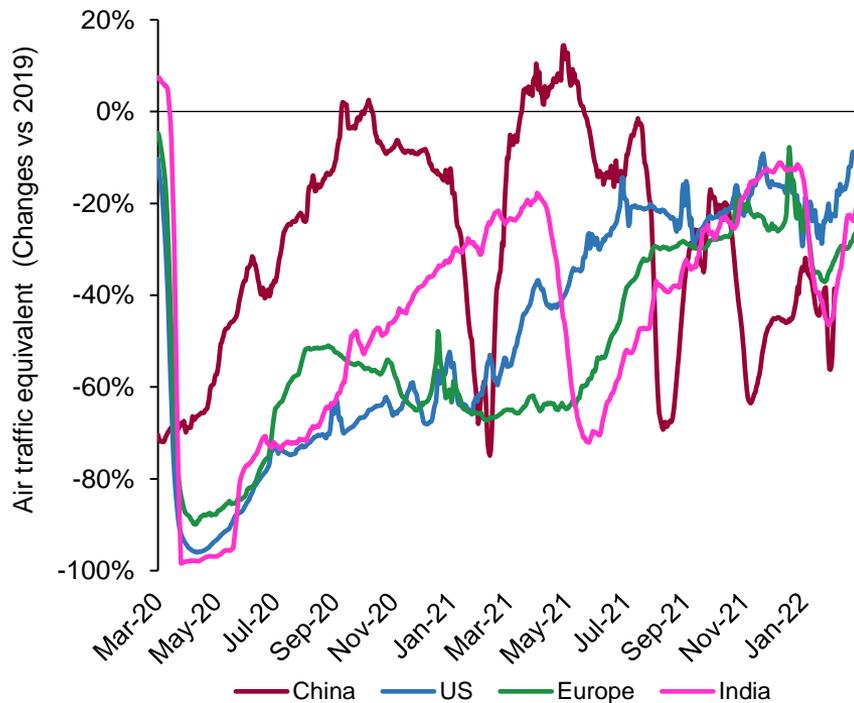
All data as at 31 December 2021, since inception unless otherwise indicated

Note:

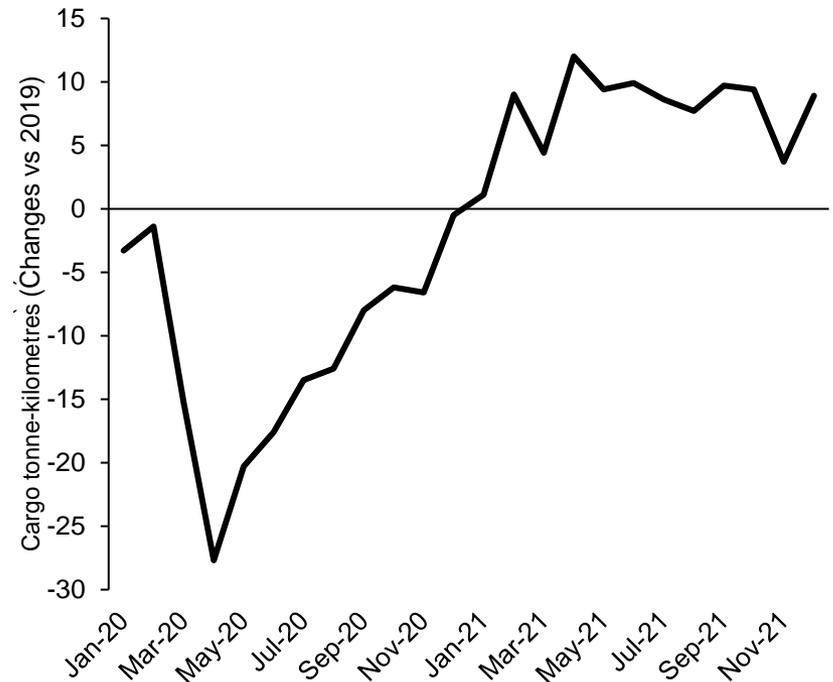
1. Includes repossessions and consensual early returns

# Air Traffic Recovery

Countries with significant domestic markets demonstrate rising passenger demand



Strong global air cargo performance



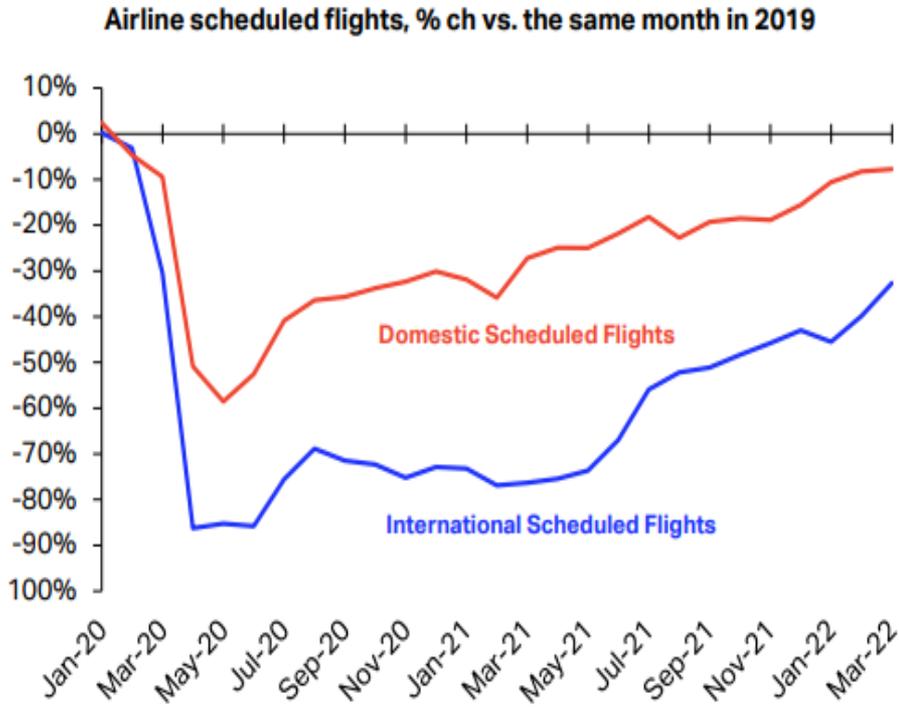
Recovery in large domestic markets following a resurgent cargo market

Sources: China MoT (Air Pax YoY) TravelSky (Traffic), TSA (Throughput), Eurocontrol (Flights), AWN ADS-B (Flights), IATA



# Forward Bookings Suggest Recovery in Airline Schedules and Aircraft Utilisation Rates

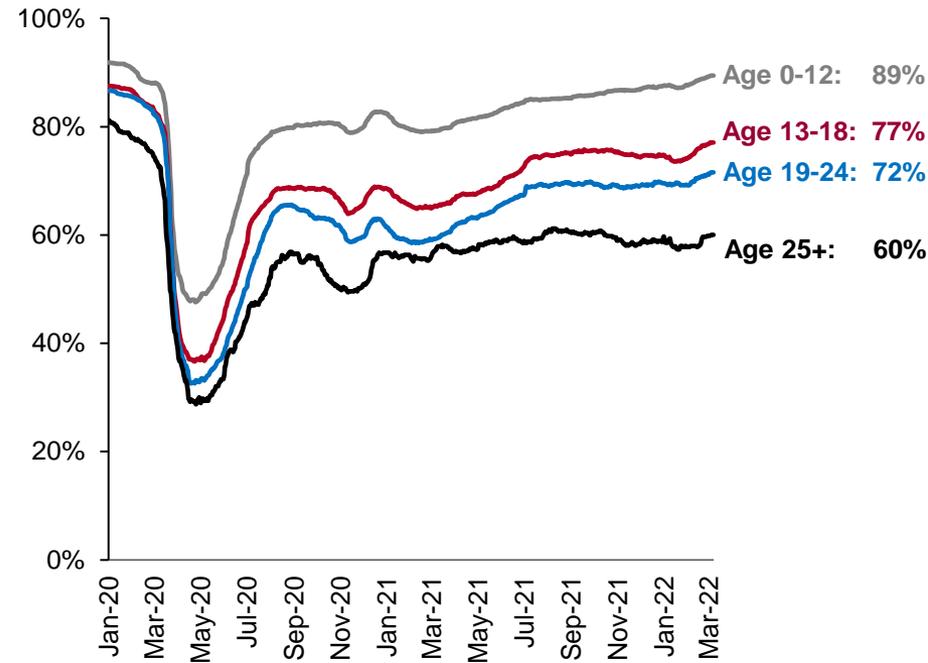
Global airlines flight schedules (% change vs 2019)



Source: OAG

Rising utilisation rates

1st Jan 2020 – 7 Mar 2022



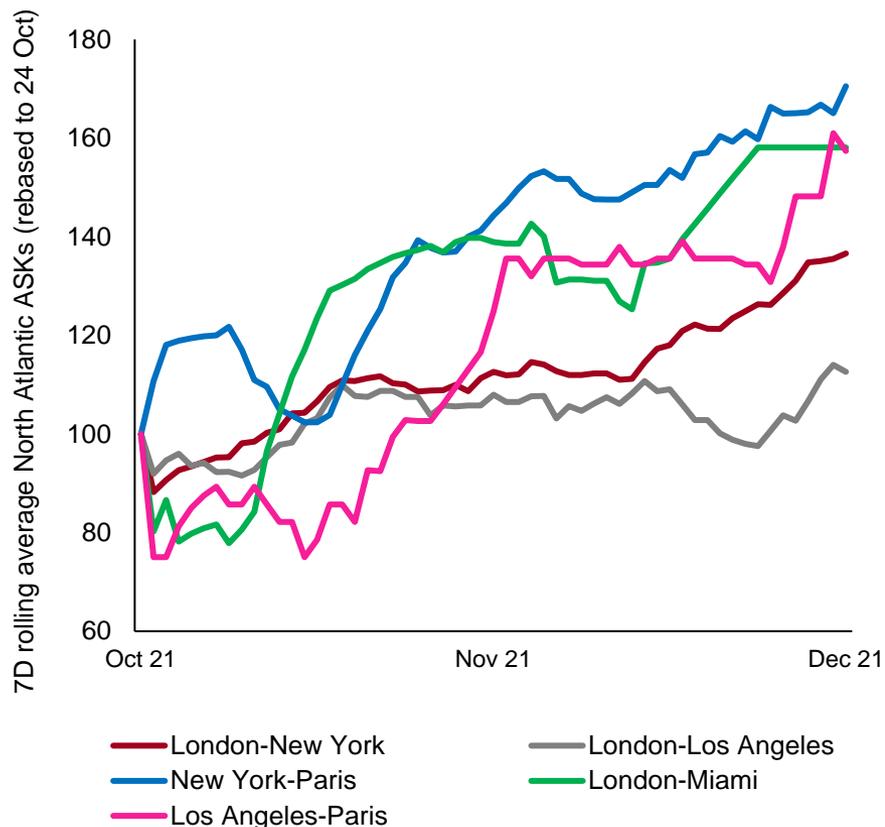
**Domestic and short haul recovery drives demand for narrowbody aircraft**

Sources: Cirium fleet data, IATA Air Passenger Analysis, November 2021

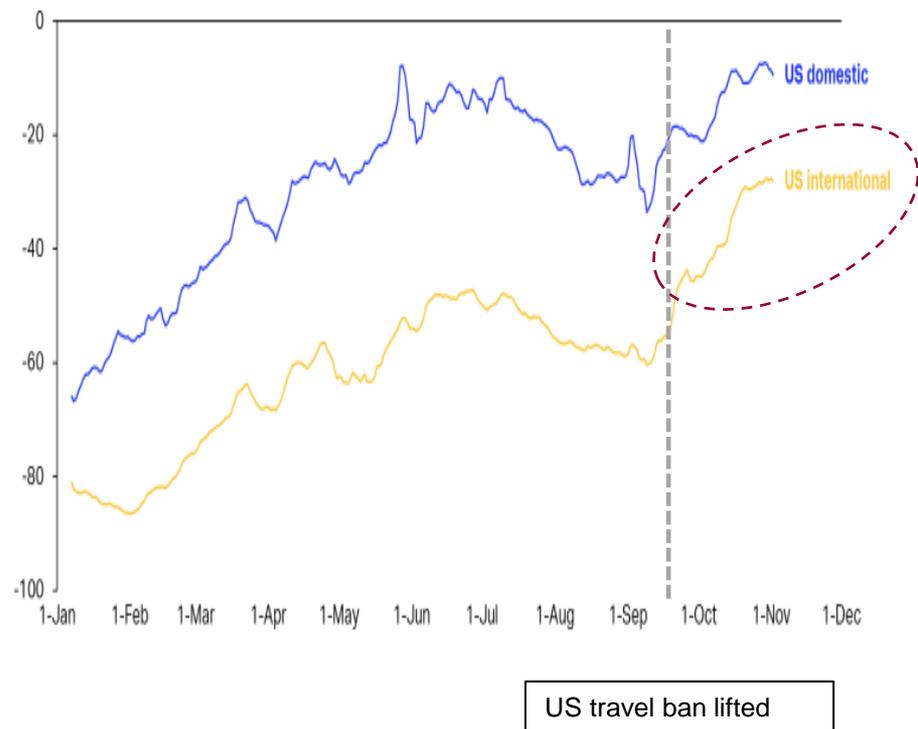


# Return of International Air Travel

## Strong transatlantic travel demand



## Surge in US outbound bookings as markets open



Improving long-haul air traffic with the resumption of transatlantic travels from 8 November

Sources: ADS-B database updated as of 30 December 2021, IATA Economics' Chart of the Week (12 November 2021)



# China Passengers Delay Regional Air Traffic Recovery

## Impact of China on ASEAN tourist arrivals

Country	Number of passengers from China		Change
	2019	2021	
Indonesia	3,343,184	46,296	-99%
Thailand	18,849,446	100,109	-99%
Laos	564,035	37,672	-93%
Cambodia	4,062,050	75,864	-98%
Vietnam	4,879,386	24,558	-99%
Malaysia	6,131,479	43,368	-99%
Philippines	3,226,629	19,837	-99%
<b>Total</b>	<b>41,056,209</b>	<b>347,704</b>	<b>-99%</b>

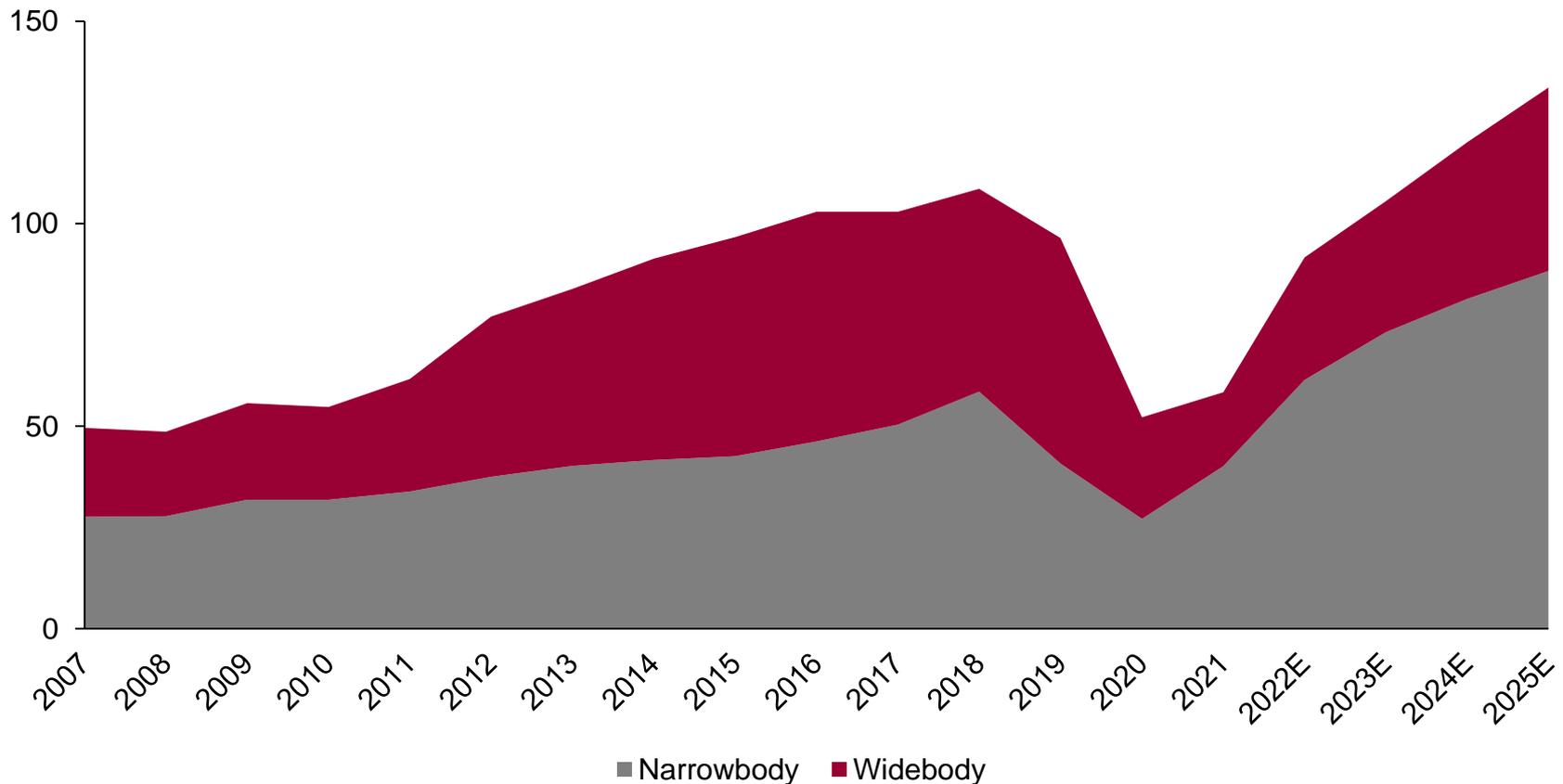
Potential for substantial improvement once China reopens its borders

Source: BOC Aviation analysis



# Airlines' Capital Investments Are Projected to Exceed US\$120 Billion by 2024

Annual airline capex – US\$ billion



All data as at 31 December 2021  
Source: BOC Aviation Analysis

# 2021 ESG Highlights

## Environmental

- **100%** carbon neutral for direct emissions
- Direct GHG emissions reduction **ahead of target**
- **100%** latest technology aircraft in the orderbook
- **Two-thirds** of our owned fleet is latest technology aircraft
- **3.9** years average fleet age
- Piloted our grassroots employee **ESG pledge**

## Social

- **More than US\$50,000** in donations
- **1,400** volunteer hours in local communities
- **More than 2,900** training hours
- **Eight** employee surveys
- **34** Company-wide townhalls
- **20** nationalities across five offices

## Governance

- **Three** female Board of Directors out of 11
- **Three** nationalities on the Board
- **Cybersecurity 2.0** upgrades
- **Nil** regulatory breaches or legal cases
- **100%** completion of compliance training

# Rising Jet Fuel Prices

Jet fuel price, US\$/barrel



At highest point since 2008

Source: Bloomberg (9 March 2022)





[www.bocaviation.com](http://www.bocaviation.com)