



2022 INTERIM RESULTS REVIEW

AUGUST 2022

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1H 2022 OVERVIEW

Earnings Impacted by Russia-Ukraine Conflict

Key indicators	Actual (US\$ million)	Core ¹ (US\$ million)	Explanation
Total revenues and other income	1,196	973	- US\$223m of income arising from the termination of leases to Russian airlines
Core lease rental contribution ²	280	280	Nil
(Loss) / profit before tax	(347)	234	+ US\$804m write down to the NBV of aircraft that remain in Russia; - US\$223m of cash collateral
Net (loss) / profit after tax	(313)	206	+ US\$804m write down to the NBV of aircraft that remain in Russia; - US\$223m of cash collateral; - US\$63m of tax credits
(Loss) / earnings per share (US\$)	(0.45)	0.30	Core NPAT ¹ of US\$206m divided by the number of outstanding shares

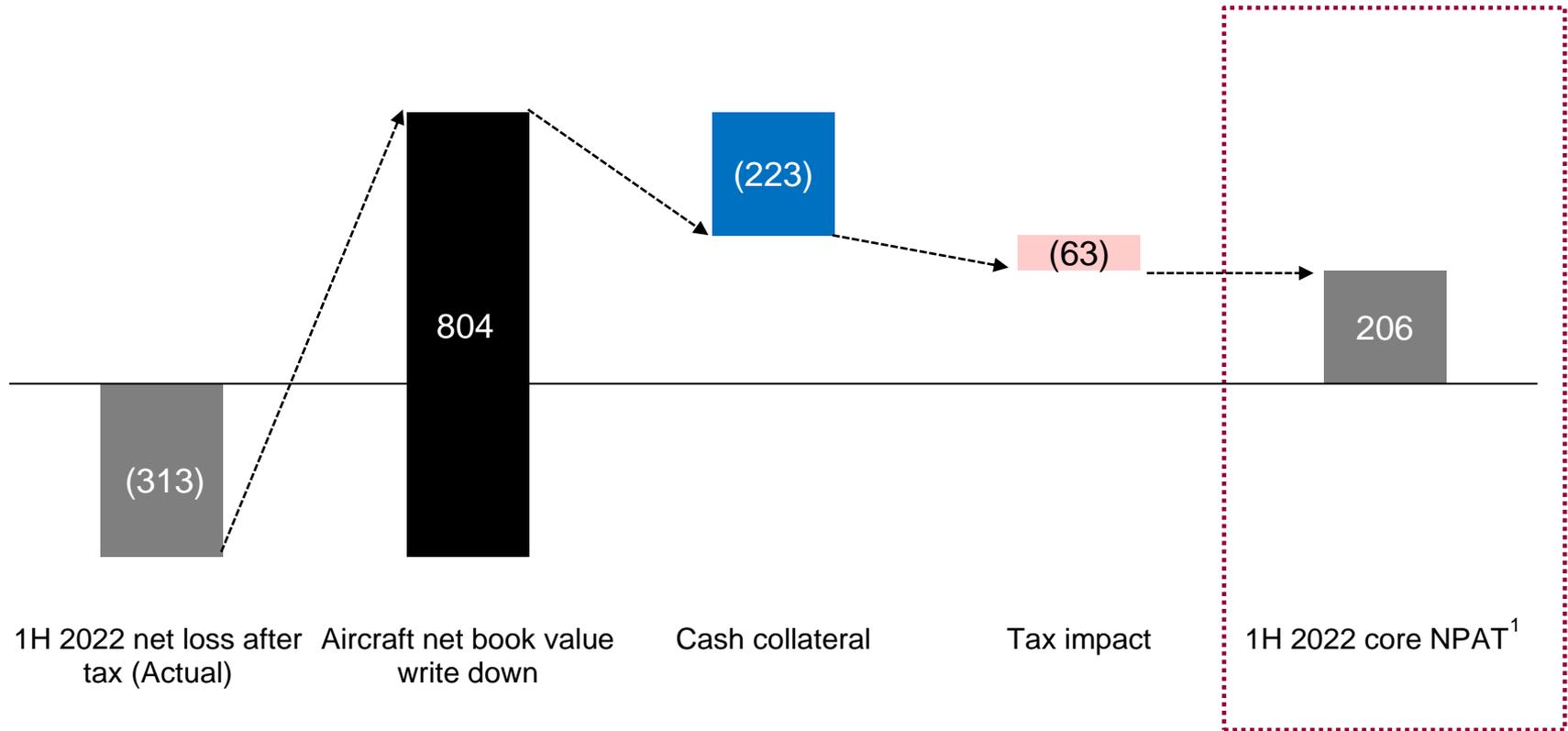
All data as at 30 June 2022

Notes:

1. Excluding the impact of the write down of aircraft that remain in Russia
2. 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

Core Business Remains Profitable

US\$ million



One-time write-down

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

Note:

1. Excluding the impact of the write down of aircraft that remain in Russia



Maintained Interim Dividend Payout Ratio

Key indicators	1H 2022
Total interim dividends declared	US\$62 million
Interim dividend payout ratio	30% of core NPAT ¹
Interim dividend per share	US\$0.0889 ²

Cumulative dividends of US\$1.2 billion paid since IPO

All data as at 30 June 2022

Notes:

1. Excluding the impact of the write down of aircraft that remain in Russia
2. Payable to shareholders registered at the close of business on the record date, being 30 September 2022

Strong Balance Sheet and Liquidity

Key indicators	30 June 2022	31 December 2021
Total assets (US\$ billion)	22.8	23.9
Total available liquidity (US\$ billion)	6.0	6.0
Total equity (US\$ billion)	4.9	5.3
Net assets per share (US\$)	7.09	7.59
Gross debt to equity (times)	3.3	3.2

Maintained strong balance sheet and liquidity

All data as at 30 June 2022

1H 2022 Highlights

- Cumulative earnings of more than US\$5 billion since inception¹
 - Paid US\$1.2 billion in dividends to shareholders since IPO
 - 2022 interim dividend payout at 30% of core NPAT²
- Resilient core business and operations
 - Record high first half total revenues of US\$1.2 billion
 - Signed 46 lease commitments
 - Delivered 20 latest technology aircraft in 1H 2022³
 - Sold five owned aircraft in 1H 2022
 - Average fleet age of 4.1 years⁴; average remaining lease term of 8.4 years⁴
 - Placed largest order in Company's history for 80 Airbus A320NEO family aircraft
- Maintained a high level of liquidity at US\$6 billion
 - Drew down US\$885 million in loan financing and raised US\$300 million of bonds
 - Gross debt to equity at 3.3:1
 - Operating cash flow net of interest rose 29% to US\$717 million
- Maintained A- credit ratings with stable outlook from S&P Global and Fitch Ratings
- Appointed two new Non-executive Directors, Mr. Dong Zonglin and Mdm. Chen Jing in 1H 2022
- Claims were filed in June under the insurances related to the aircraft that remain in Russia

High level of activity in 1H 2022

All data as at 30 June 2022

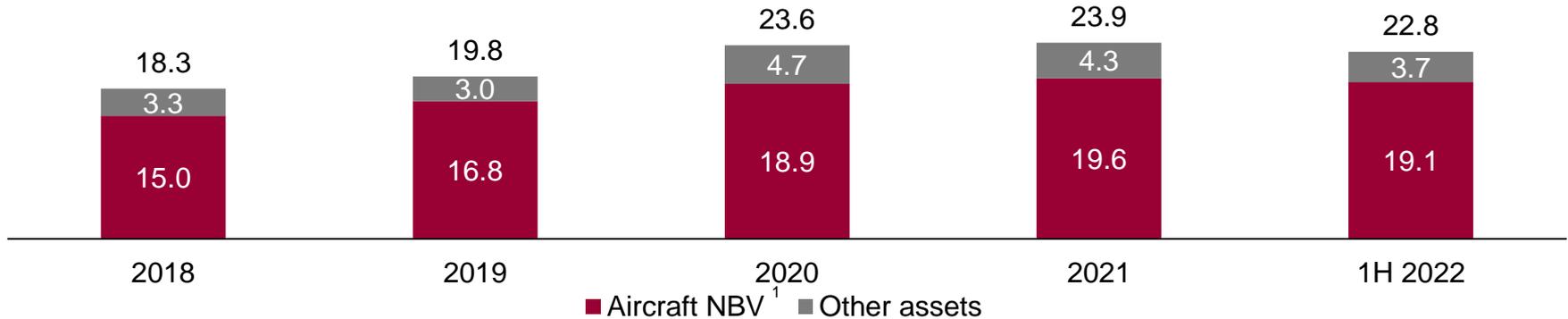
Notes:

1. Since the Company's inception in 1993
2. Excluding the impact of the write down of aircraft that remain in Russia
3. Including five aircraft acquired by airline customers on delivery
4. Weighted by net book value of owned fleet including aircraft on leases classified as finance leases, and excluding aircraft that remain in Russia

Stable Balance Sheet and Aircraft Fleet

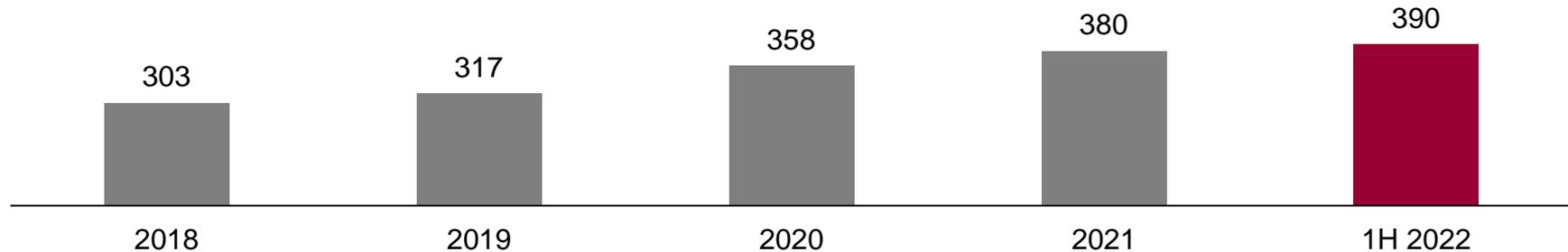
Balance sheet of around US\$23 billion

US\$ billion



Disciplined increase in fleet size

Number of owned aircraft



Continued investment in new aircraft

All data as at the end of the relevant period

Note:

1. Excludes aircraft on leases classified as finance leases

Popular and Fuel-Efficient Fleet

Our aircraft portfolio

Aircraft type	Owned aircraft	Managed aircraft	Aircraft on order ¹	Total
Airbus A320CEO family	100	15	0	115
Airbus A320NEO family	93	0	111	204
Airbus A330CEO family	9	1	0	10
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	50	0	49	99
Boeing 777-300ER	27	4	0	31
Boeing 777-300	0	1	0	1
Boeing 787 family	19	1	21	41
Freighters	5	1	0	6
Total	390	37	181	608

Boeing 787 deliveries recommenced in August 2022

All data as at 30 June 2022

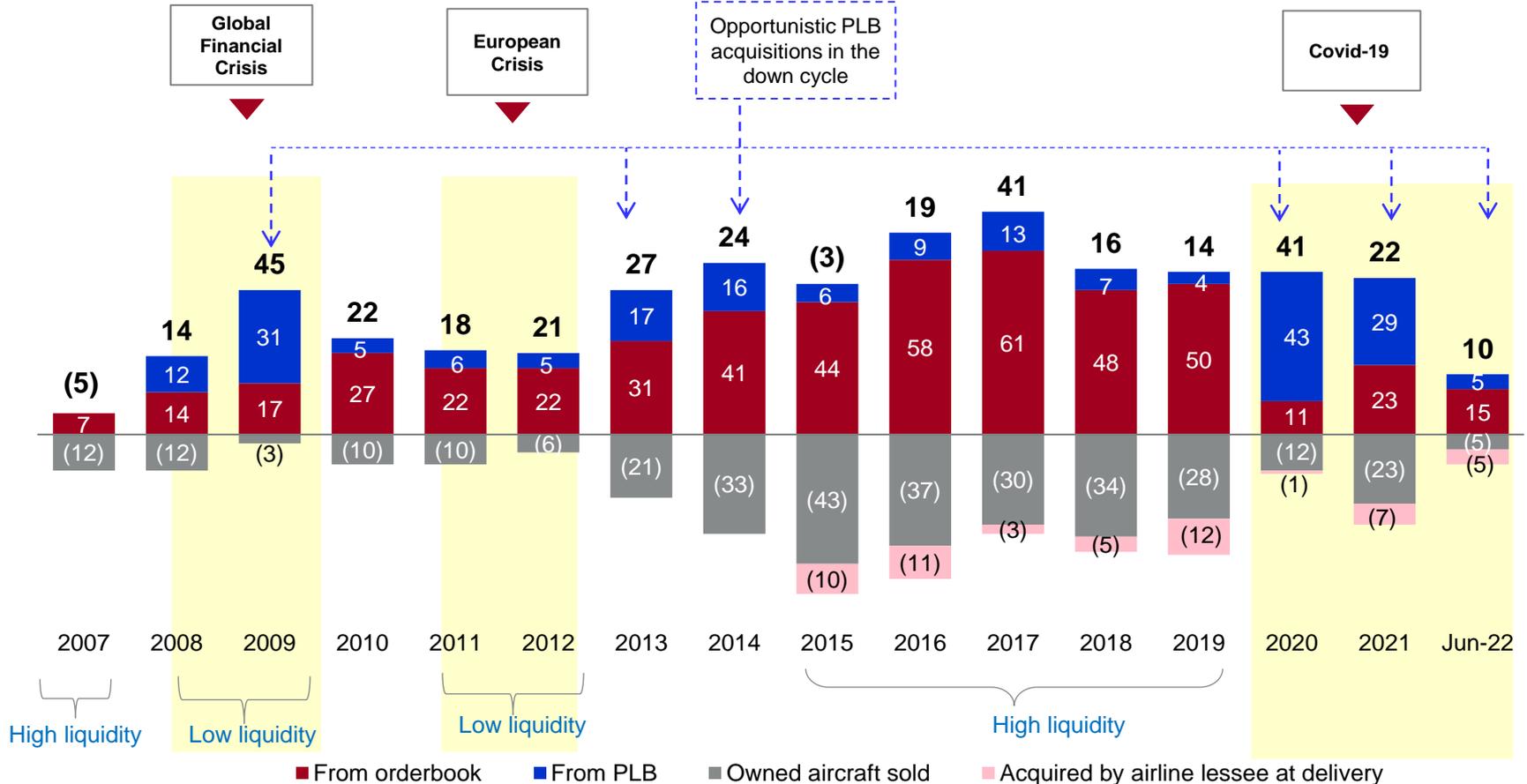
Note:

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



How We Invest

Number of aircraft delivered, purchased and sold



Investing in aircraft through multiple cycles

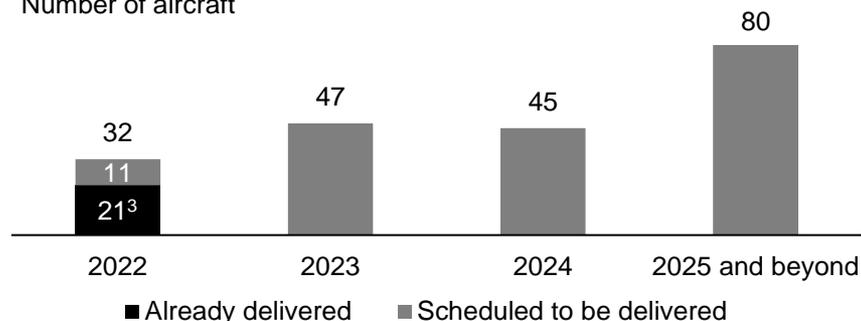
All data as at the end of the relevant period



New Investments Drive Committed Lease Revenues

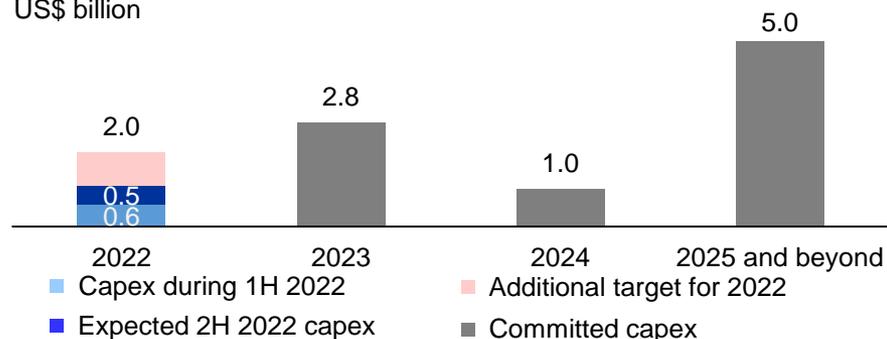
Orderbook delivery schedule^{1,2}

Number of aircraft



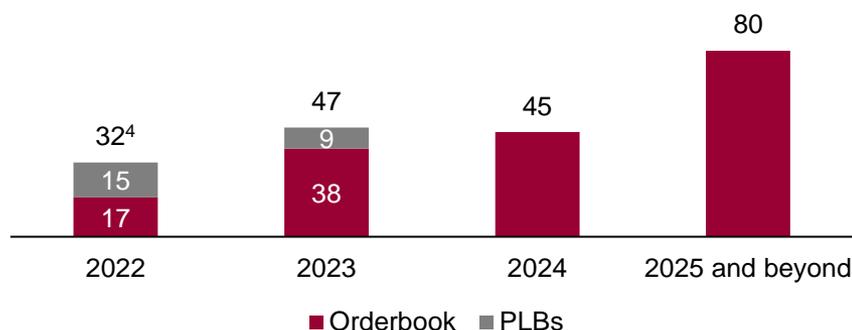
Total committed capex in excess of US\$9 billion

US\$ billion



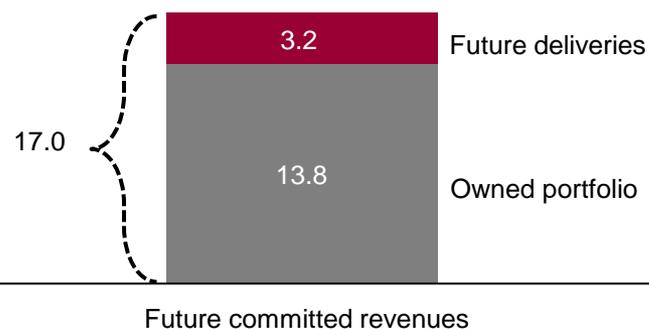
Orderbook by direct orders vs PLBs^{1,2}

Number of aircraft



Committed future lease revenues of US\$17 billion

US\$ billion



Healthy pipeline of future lease revenues

All data as at 31 July 2022 unless otherwise indicated

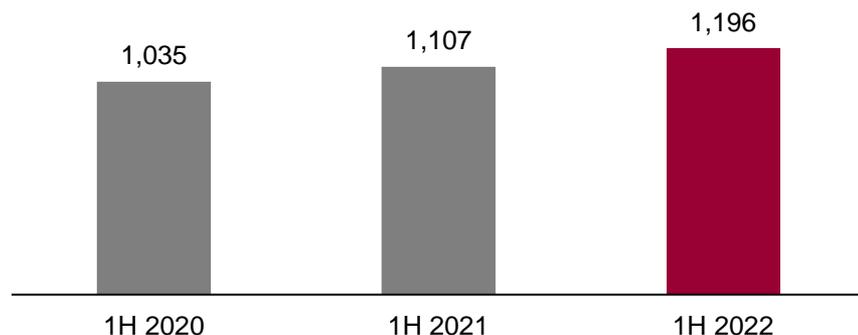
Notes:

- 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 as at 31 July 2022
- Aircraft delivered from 1 January to 31 July 2022, including five aircraft acquired by airline customers on delivery
- Includes 21 aircraft delivered from 1 January to 31 July 2022

Resilient Performance in a Challenging Market

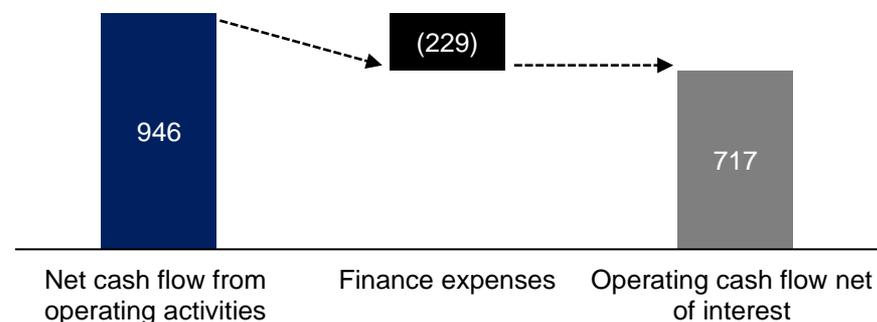
Diversified revenue sources underpin growth

US\$ million



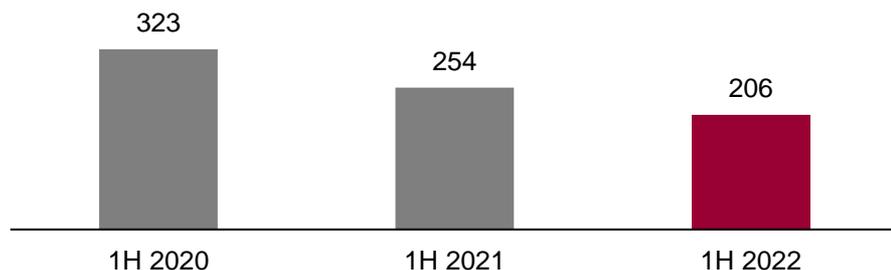
1H 2022 operating cash flow net of interest¹

US\$ million



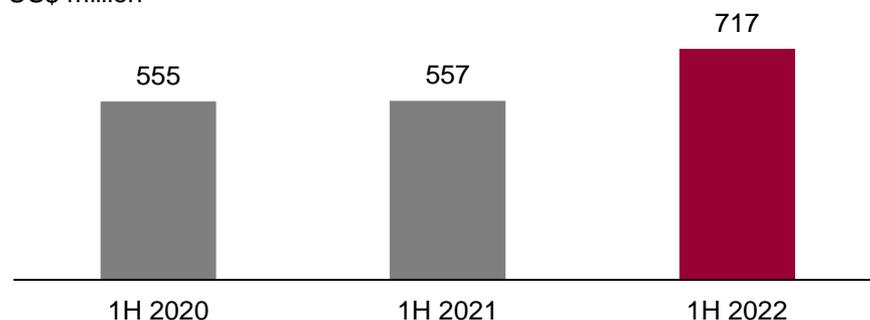
Core NPAT

US\$ million



Rising operating cash flow net of interest¹

US\$ million



Collection rate rose to 97% from 96% a year ago

All data as at 30 June 2022

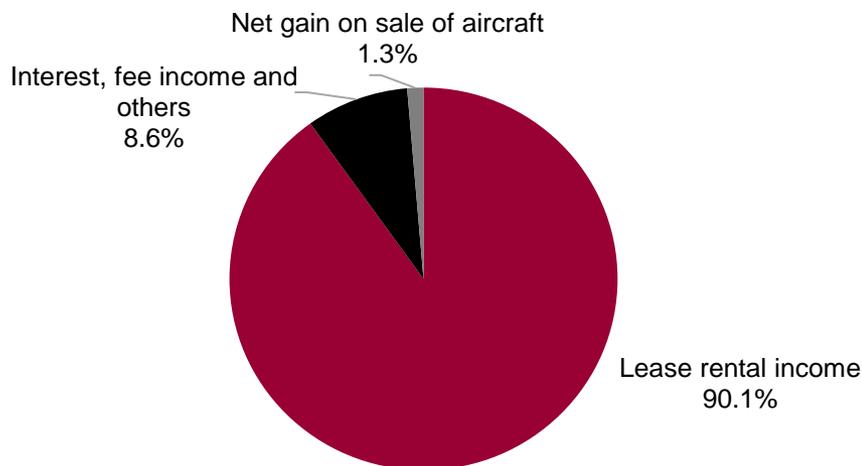
Note:

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

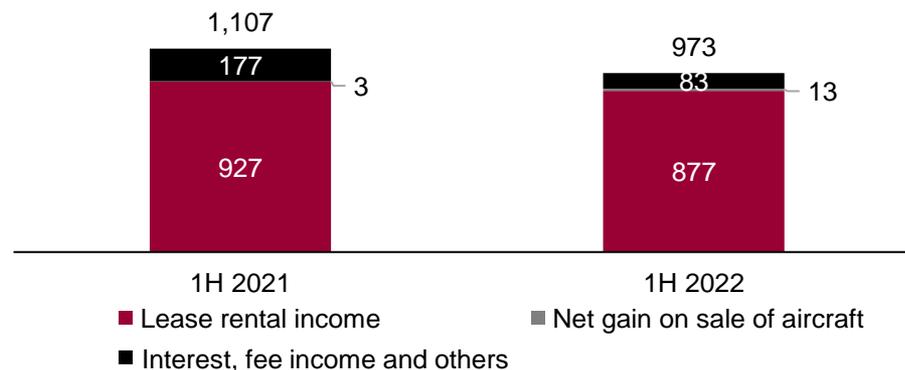


Lease Rental Income Continues to Dominate Revenue

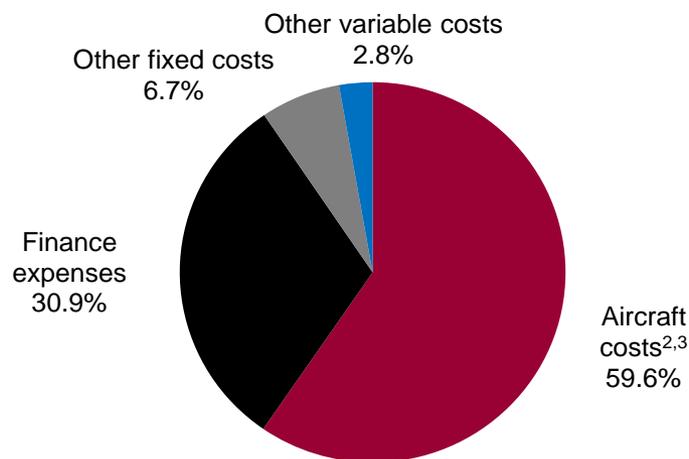
Lease rental income at 90% of total revenues and other income¹



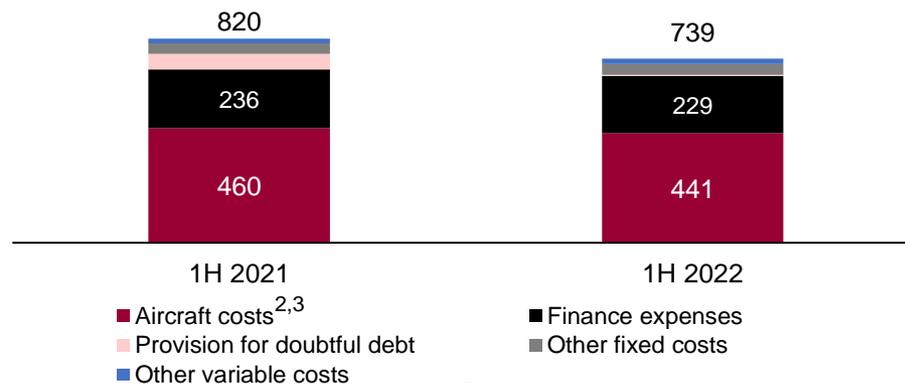
US\$ million



Depreciation of aircraft and financing costs are key costs²



US\$ million



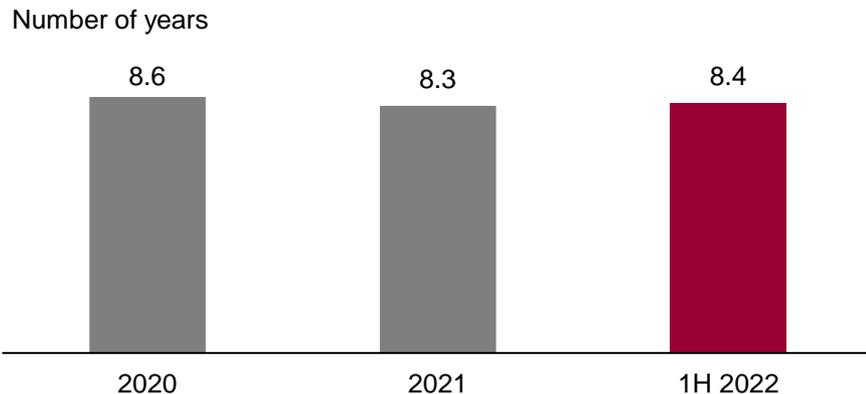
All data as at 30 June 2022

Notes:

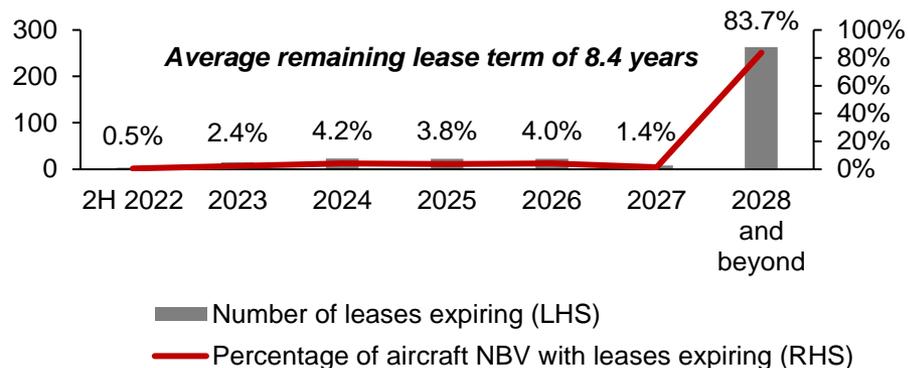
1. Excludes income of US\$223 million arising from the termination of leases of aircraft that remain in Russia
2. Excludes the effects of the one-time write-down of the net book value of aircraft that remain in Russia of US\$804 million
3. Comprises aircraft depreciation and impairment charges

Long-Term Leases Enhance Revenue Visibility

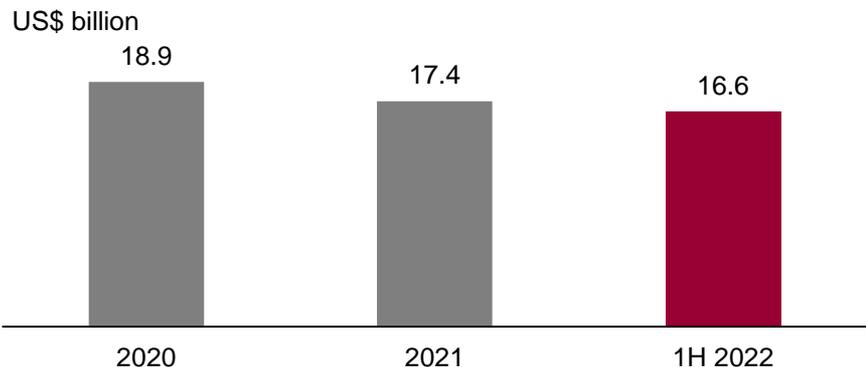
We have a long average remaining lease term¹



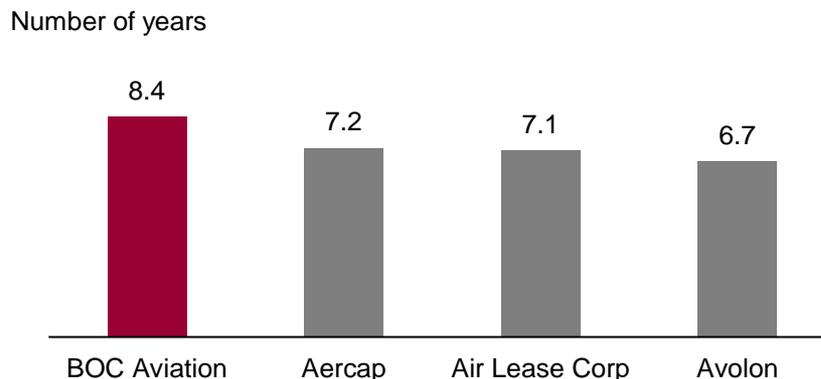
Well-dispersed scheduled lease expiries²



High future committed lease revenue



Industry-leading average remaining lease term³



All data as at 30 June 2022 unless otherwise indicated

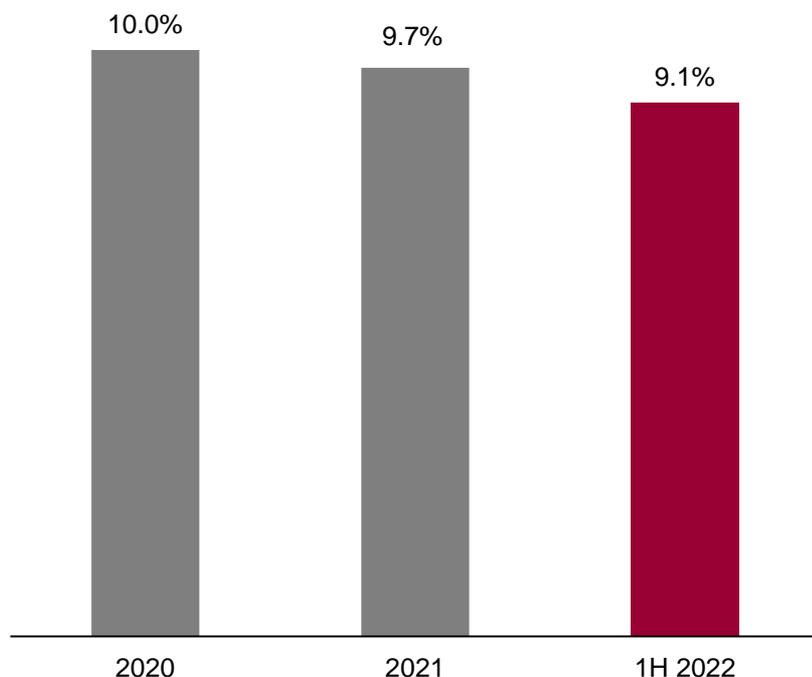
Notes:

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, aircraft off lease and aircraft that remain in Russia
3. Weighted by net book value of owned fleet as at 30 June 2022

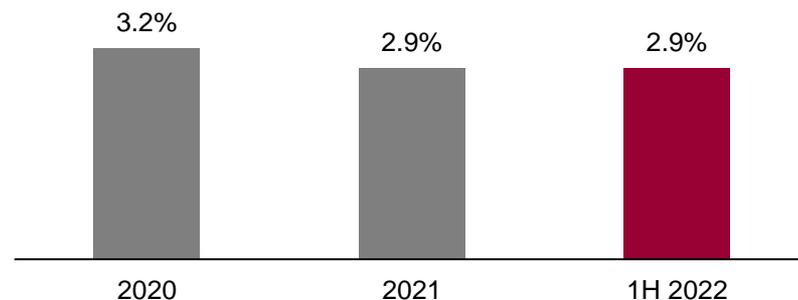


Lease Yields Reflect Market Environment During Covid

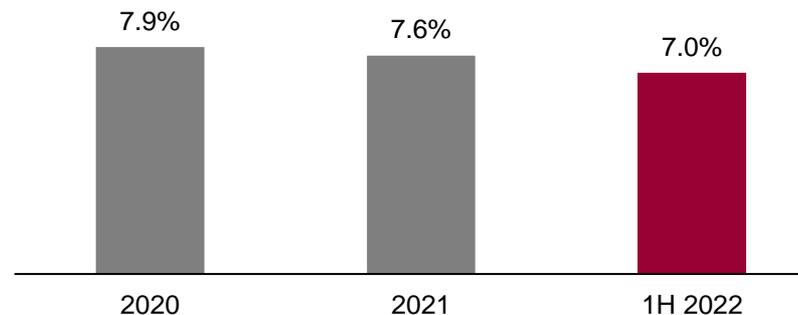
Lease rate factor¹



Maintained low cost of debt²



Net lease yield³



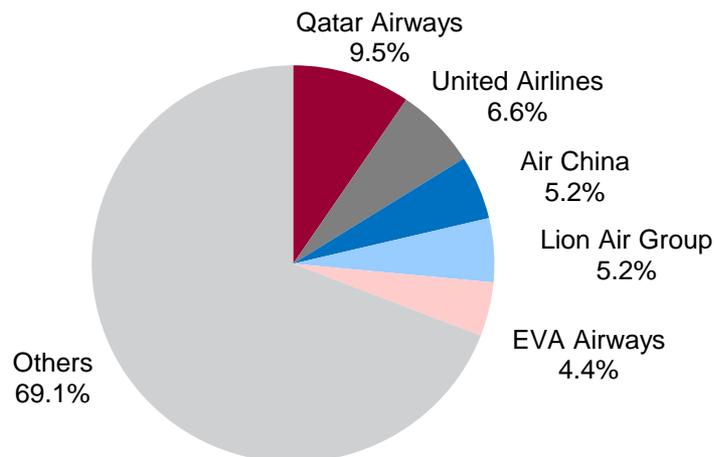
All data as at 30 June 2022

Notes:

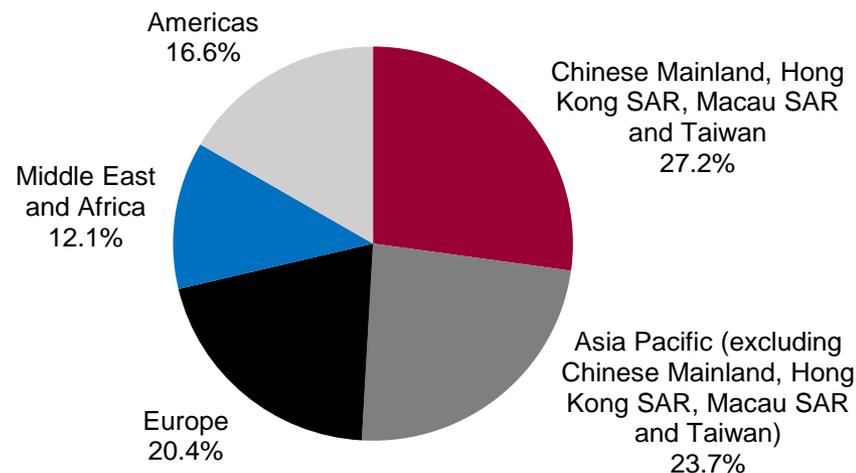
1. Calculated as operating lease rental income divided by average net book value of aircraft and multiplied by 100%
2. Calculated as the sum of finance expenses and capitalised interest, divided by average total indebtedness. Total indebtedness represents loans and borrowings before adjustments for deferred 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. Net lease yield for 1H 2022 is calculated on an annualised basis.

Globally Diversified Portfolio

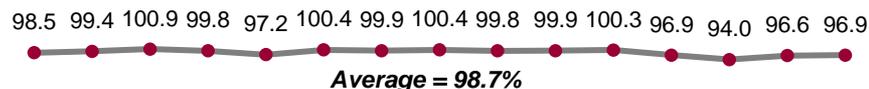
Lease portfolio diversified by customer^{1,2}



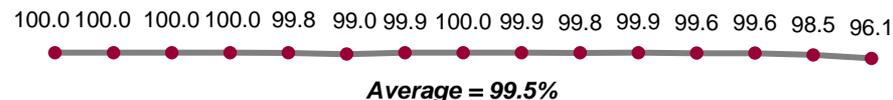
...and increasingly diversified by geography^{1,3}



Collection rate (%)



Fleet utilisation (%)⁴



All data as at 30 June 2022

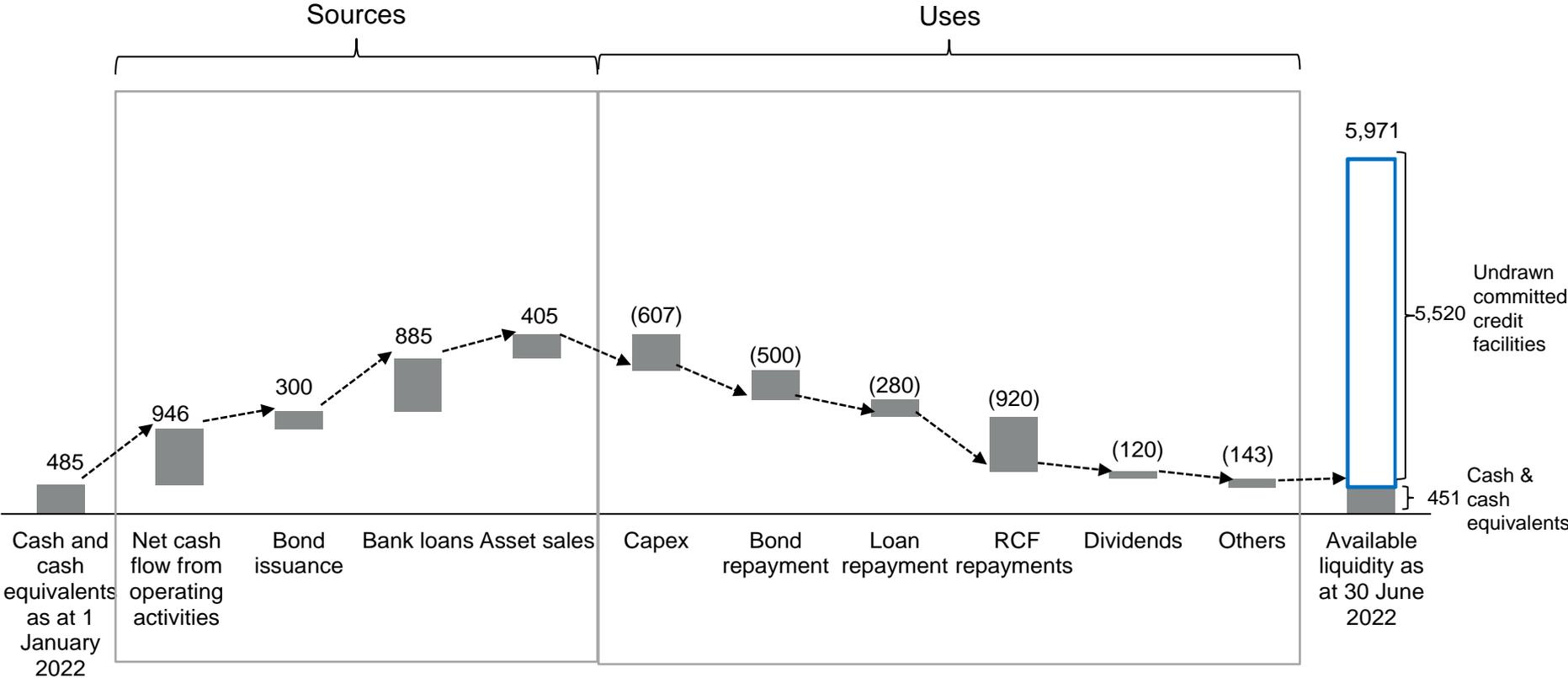
Notes:

1. Based on net book value including aircraft subject to finance leases and excluding aircraft off lease and aircraft that remain in Russia as at 30 June 2022
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 utilisation is the total days on-lease in the period as a percentage of total available lease days in the period

Diverse Funding Channels Utilised in 1H 2022

Sources and Uses of Cash

US\$ million



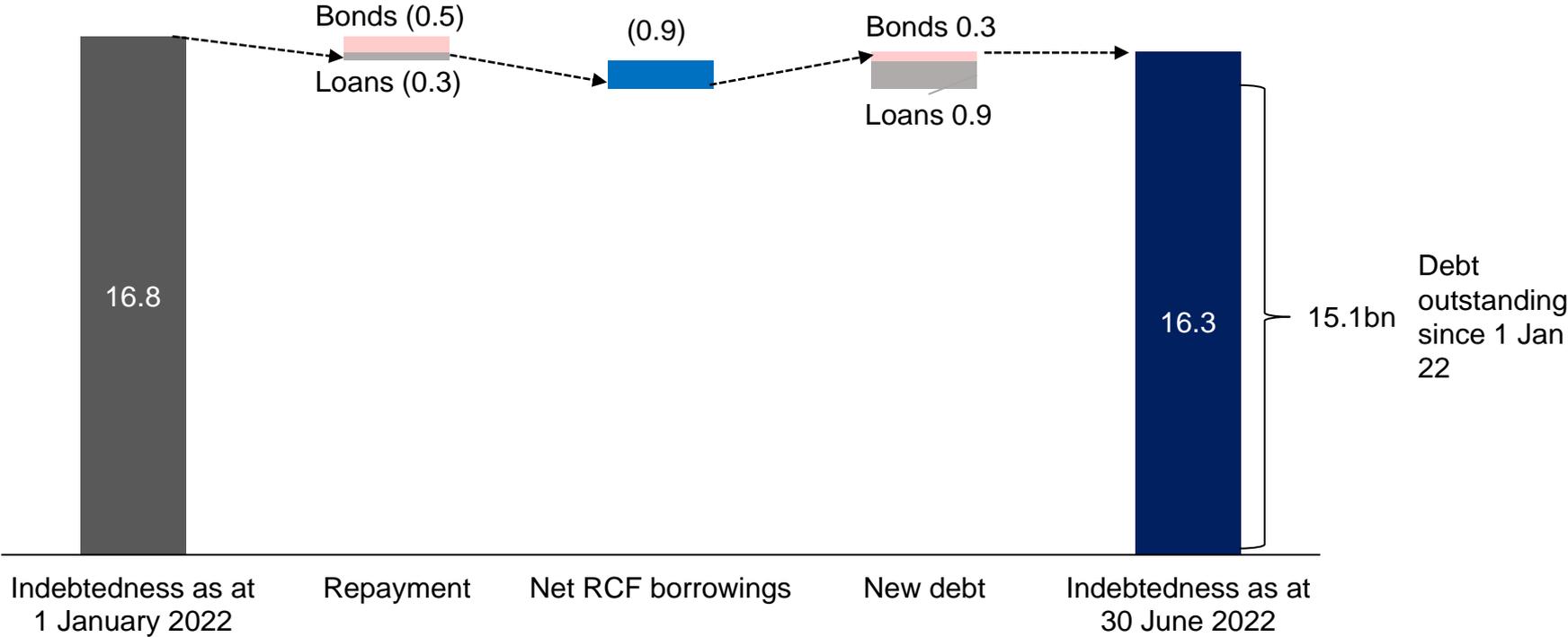
US\$6 billion of committed available liquidity



All data as at 30 June 2022

Stable Debt Structure

US\$ billion



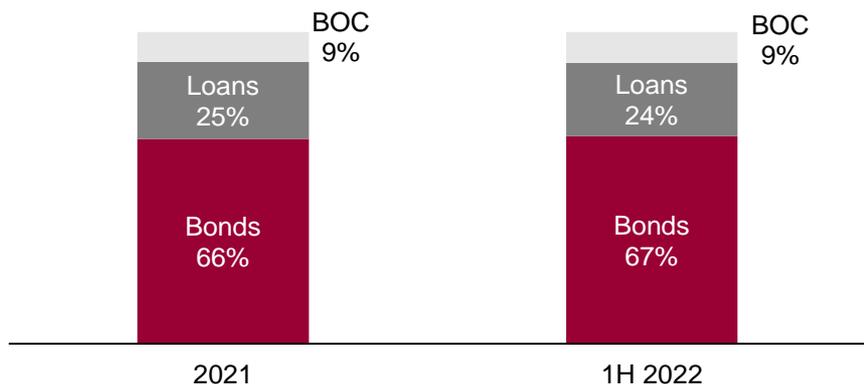
90% of debt unchanged from 1 January 2022 and gross debt to equity at 3.3:1

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

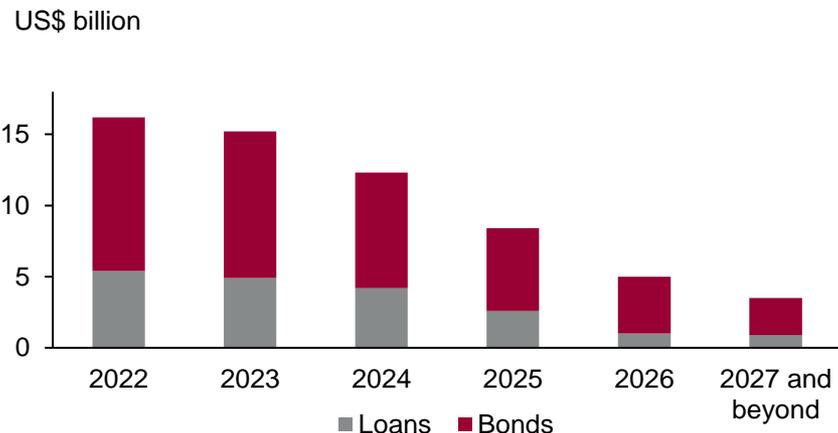


Flexible Capital Structure and Ample Backstop Liquidity

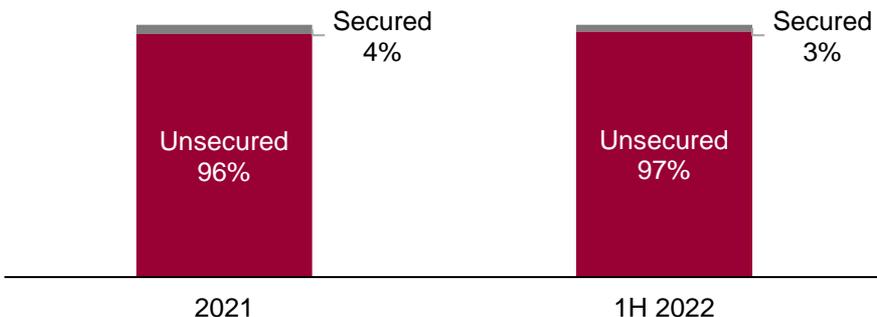
Sources of debt¹



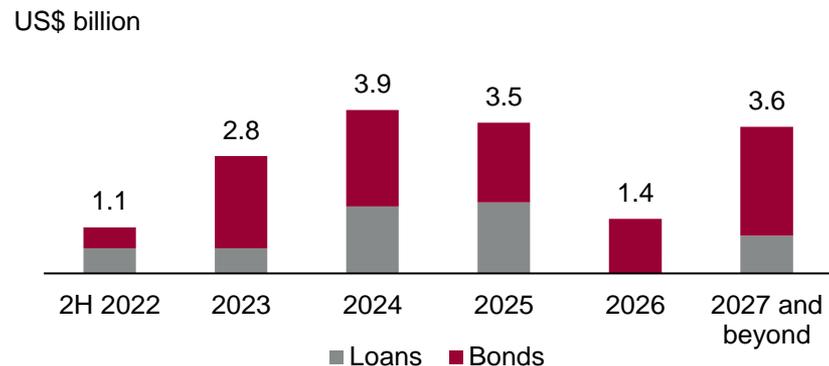
Outstanding debt amortises over a long term



Increasing unsecured funding



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



Long-term debt is a key strength

All data as at 30 June 2022 unless otherwise indicated

Note:

1. Drawn debt only

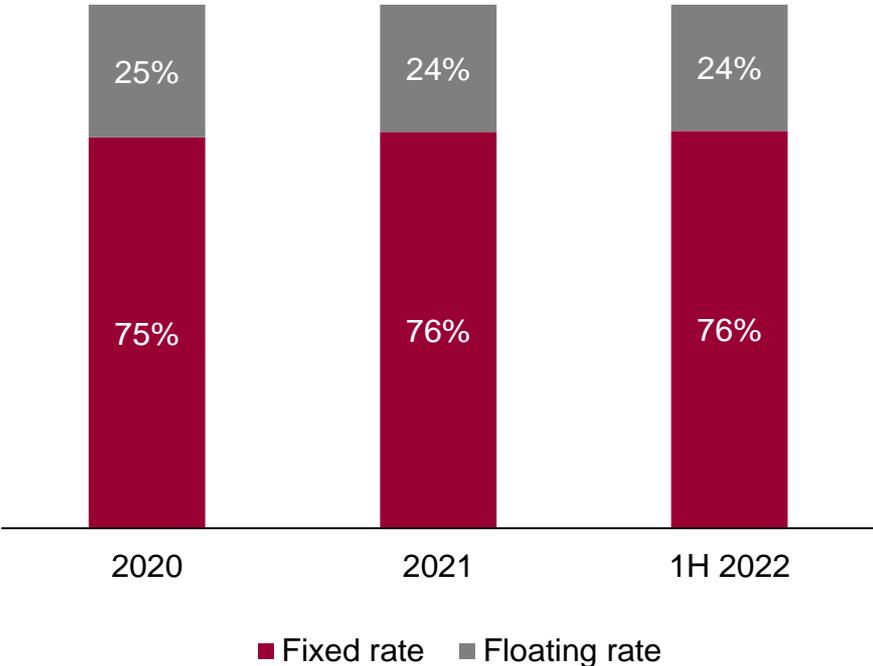
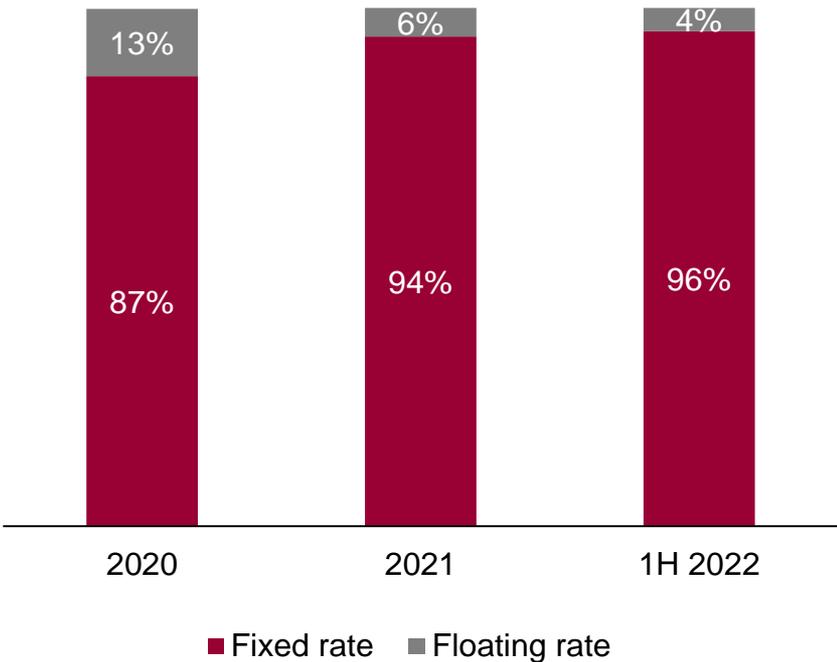


Fixed Rate Leases and Debt

Fixed rate leases dominate¹

Stable proportion of fixed rate debt²

By net book value



High proportion of fixed rate debt reduces impact of rising interest rates

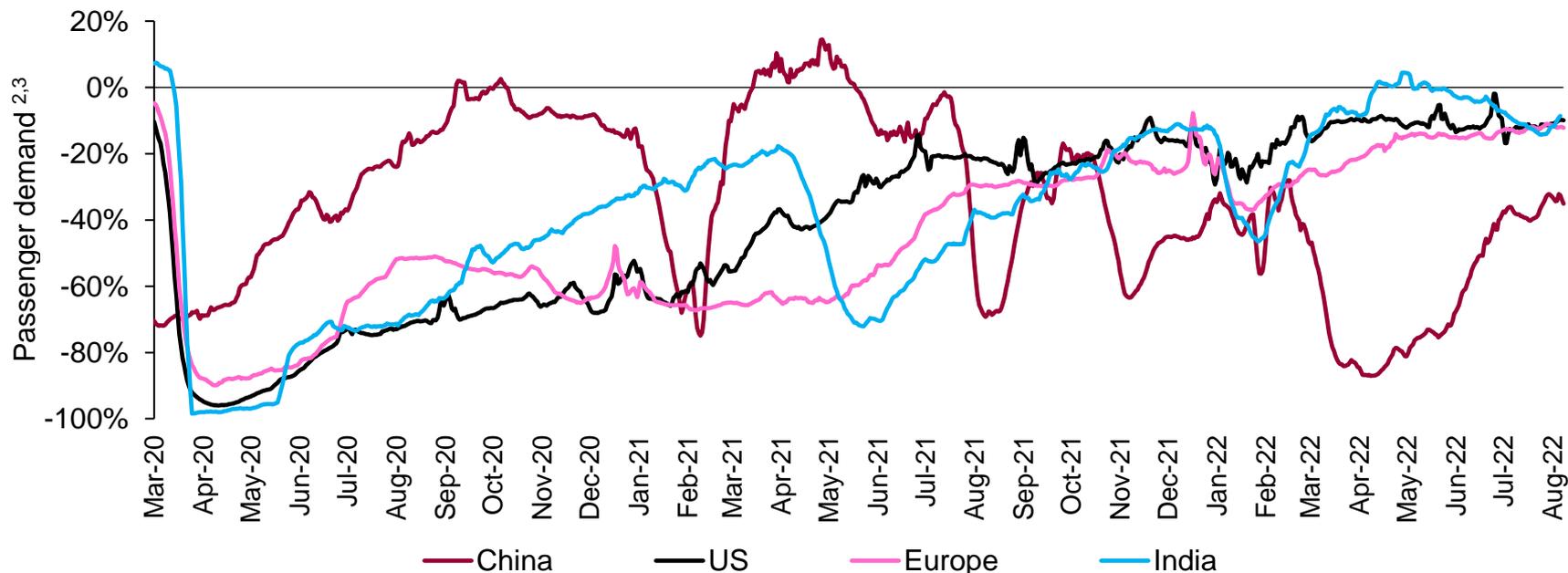
All data as at 30 June 2022

- Notes:
1. By net book value including aircraft subject to finance lease, and excluding aircraft off lease
 2. Represents the position net of any hedging



Developments Since End of First Half

- Changes to the portfolio since 30 June:
 - Committed to acquire six Airbus A320NEO aircraft scheduled for delivery in 2024
 - Took delivery of our first two Boeing 787 aircraft since April 2021
- Strong rebound in international travel as market continues to recover
 - Passenger traffic up 83% YoY in 1H 2022 , according to IATA and reached 71% of 2019 levels¹



Notes:

1. Strong Passenger Demand Continues in June (IATA, 4 August 2022)
2. Sources: China MoT (Air Pax YoY) TravelSky (Traffic), TSA (Throughput), Eurocontrol (Flights), AWN ADS-B (Flights), IATA
3. Changes compared to 2021 with effect from January 2022

Conclusion

- Resilient performance achieved amidst a challenging backdrop
 - Record first half revenues and other income of US\$1.2 billion
 - Operating cash flow net of interest paid increased 29% to US\$717 million
 - Core NPAT¹ of US\$206 million
 - Maintained interim dividend at 30% of core NPAT¹
 - Maintained credit ratings of A- from S&P Global and Fitch Ratings
- Focusing on sustainable long-term earnings
 - Committed lease revenues of US\$17 billion
 - Orderbook of 183^{2,3} aircraft provides future balance sheet growth
 - Placed largest order in Company's history for 80 Airbus A320NEO family aircraft
 - High liquidity of US\$6 billion to support aircraft investments

Well-positioned for the recovery

All data as at 30 June 2022 unless otherwise indicated

Notes:

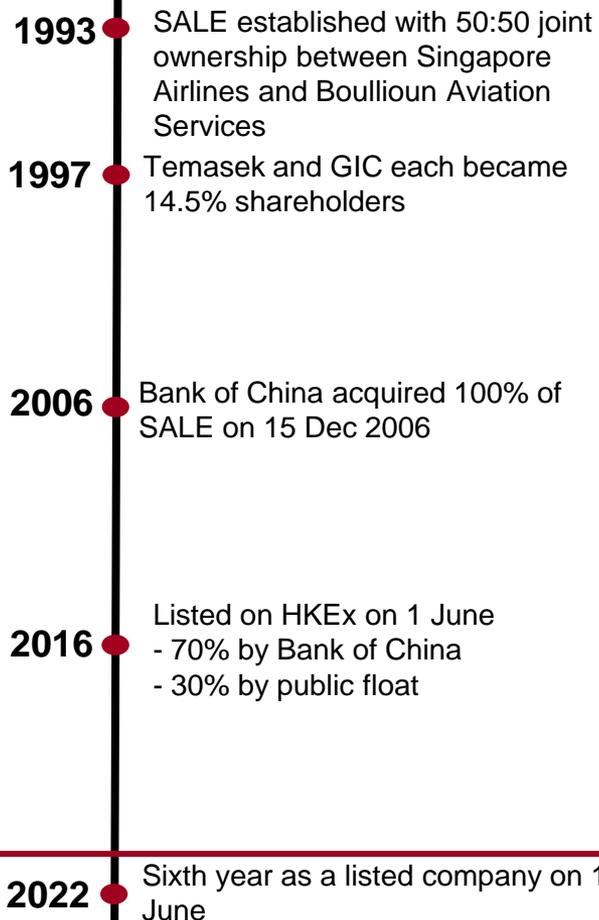
1. Excluding the impact of the write down of aircraft that remain in Russia
2. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery
3. As at 31 July 2022



APPENDICES

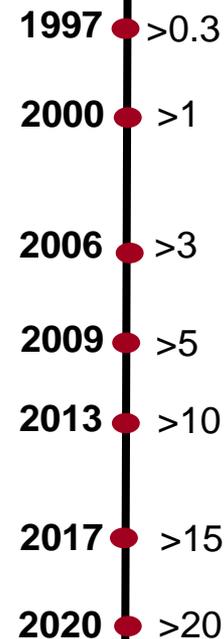
The BOC Aviation Journey

Ownership



Total assets

US\$ billion



30 June 2022 22.8

All data as at the end of the relevant period



BOC Aviation – Who Are We?

Top 5

Global aircraft operating lessor¹

Listed on HKEX

HKEX code: 2588

>US\$5.0 billion

Cumulative profits since inception

US\$6.0 billion

Available liquidity

181

Aircraft on order³

Bank of China

70% owned by BOC

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

US\$22.8 billion

Total assets

608

Aircraft in fleet²

4.1 years; 8.4 years

Average fleet age & lease term remaining⁴

Industry leader focused on long-term sustainable earnings

All data as at 30 June 2022 unless otherwise indicated

Notes:

1. By net book value of owned aircraft
2. Includes owned, managed and aircraft on order as at 30 June 2022
3. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery
4. Weighted by net book value of owned fleet as at 30 June 2022



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 and Board Director since July 1998

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

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

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

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

- 26 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 August 2022



Core Competencies - BOC Aviation Track Record

Since inception in 1993:

- Purchasing More than 980 aircraft purchased totalling US\$57 billion
- Leasing More than 1,170 leases executed with more than 170 airlines in 60 countries and regions
- Financing More than US\$38 billion in debt raised since 1 January 2007

- Sales More than 400 aircraft sold
- Transitions 110 transitions
- Repossessions¹ 65 aircraft in 19 jurisdictions

All data as at 30 June 2022, since inception unless otherwise indicated

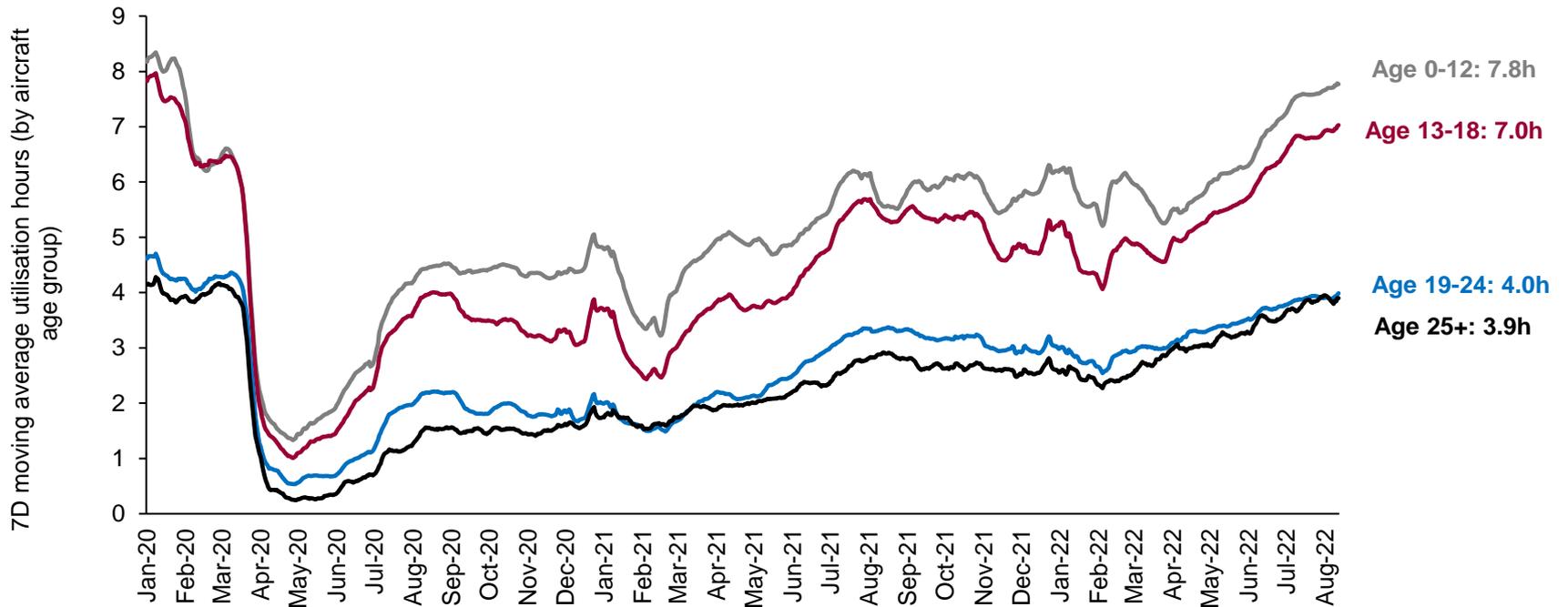
Note:

1. Includes repossessions and consensual early returns

Rising Aircraft Utilisation

Rising utilisation hours

1st Jan 2020 – 12 August 2022



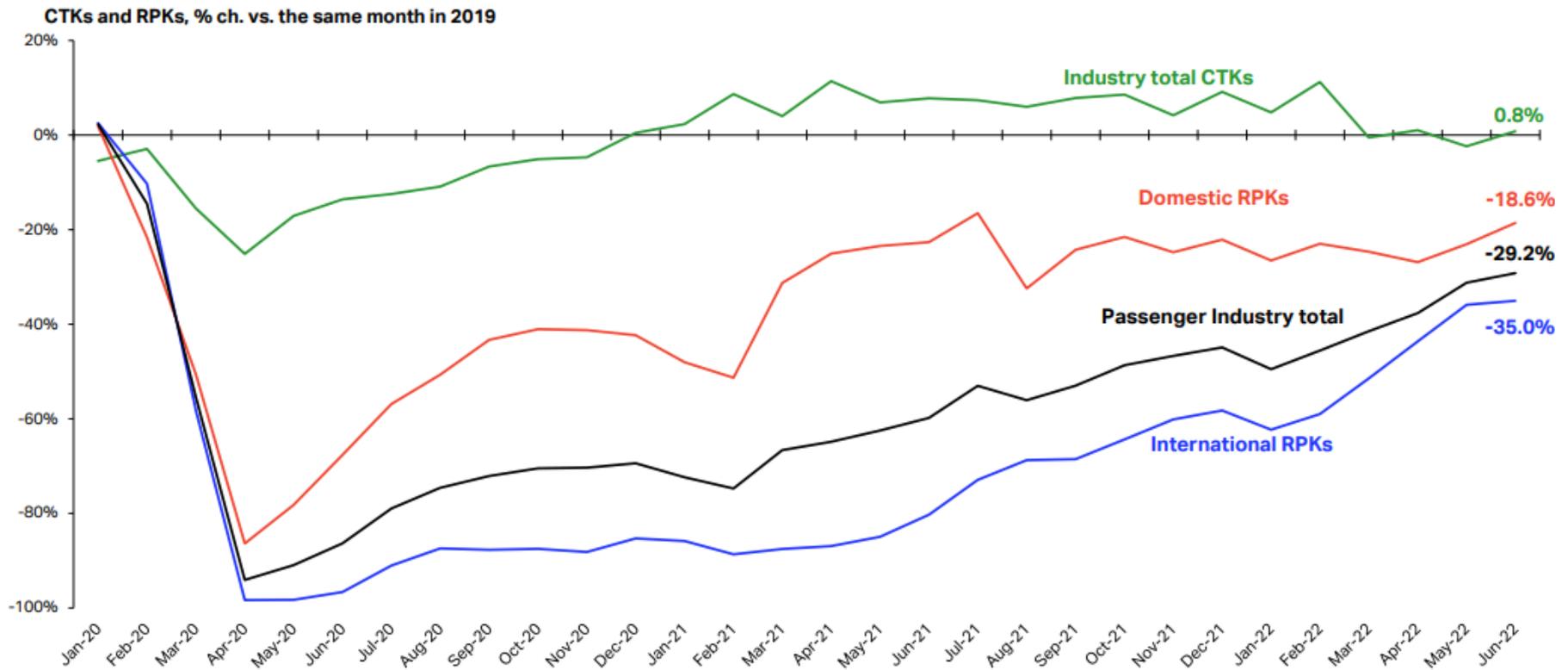
Shorthaul recovery drives demand for narrowbody aircraft; international demand picking up



Sources: IATA Air Passenger Market Analysis – June 2022, AWN ADS-B

Improving Global Air Travel

Recovery evident across all facets of air transportation



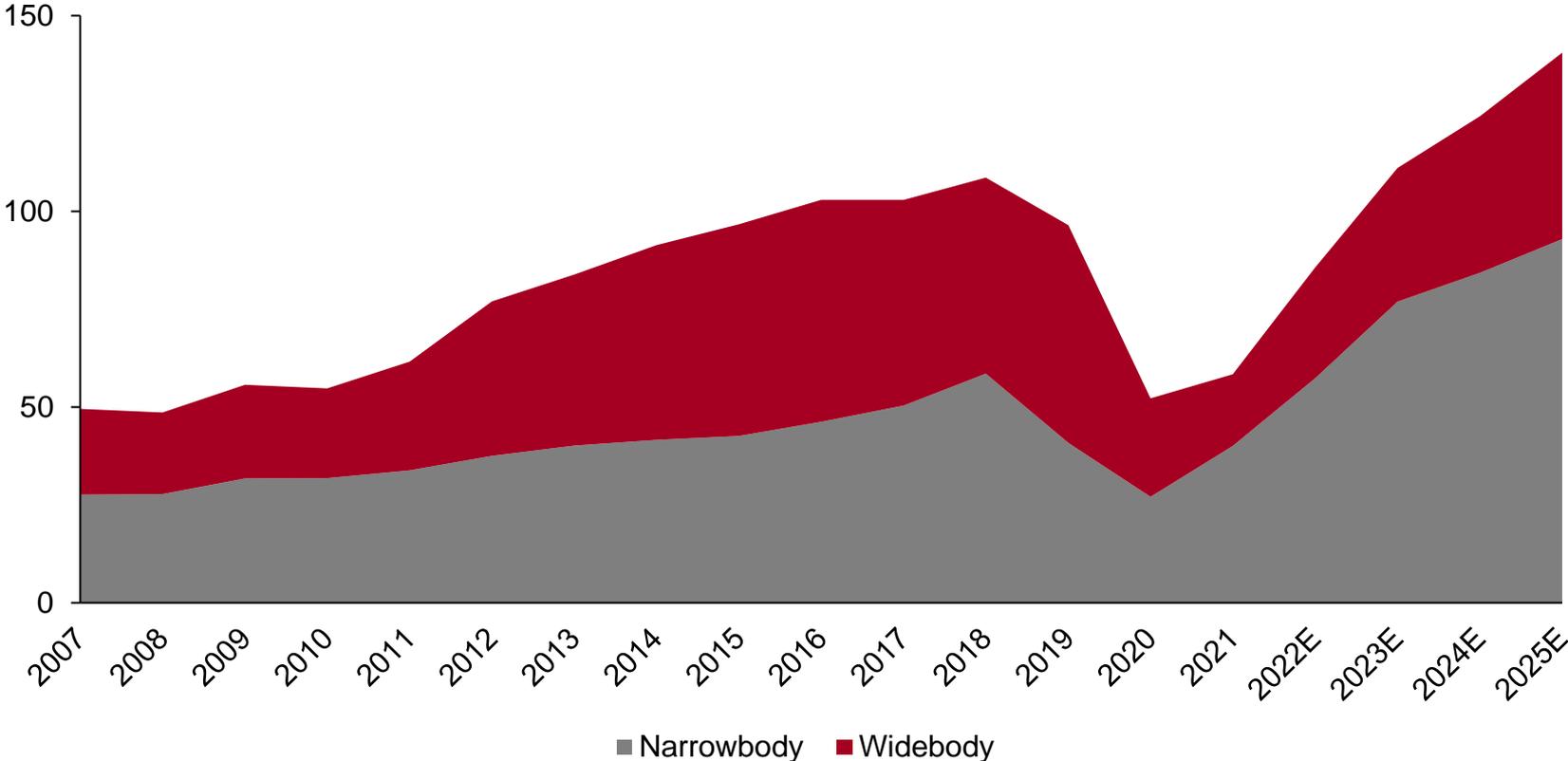
Further upside once China re-opens

Source: IATA Economics' Chart of the Week (5 August 2022)



Value of Deliveries to Exceed US\$120 Billion in 2025

Annual capex – US\$ billion



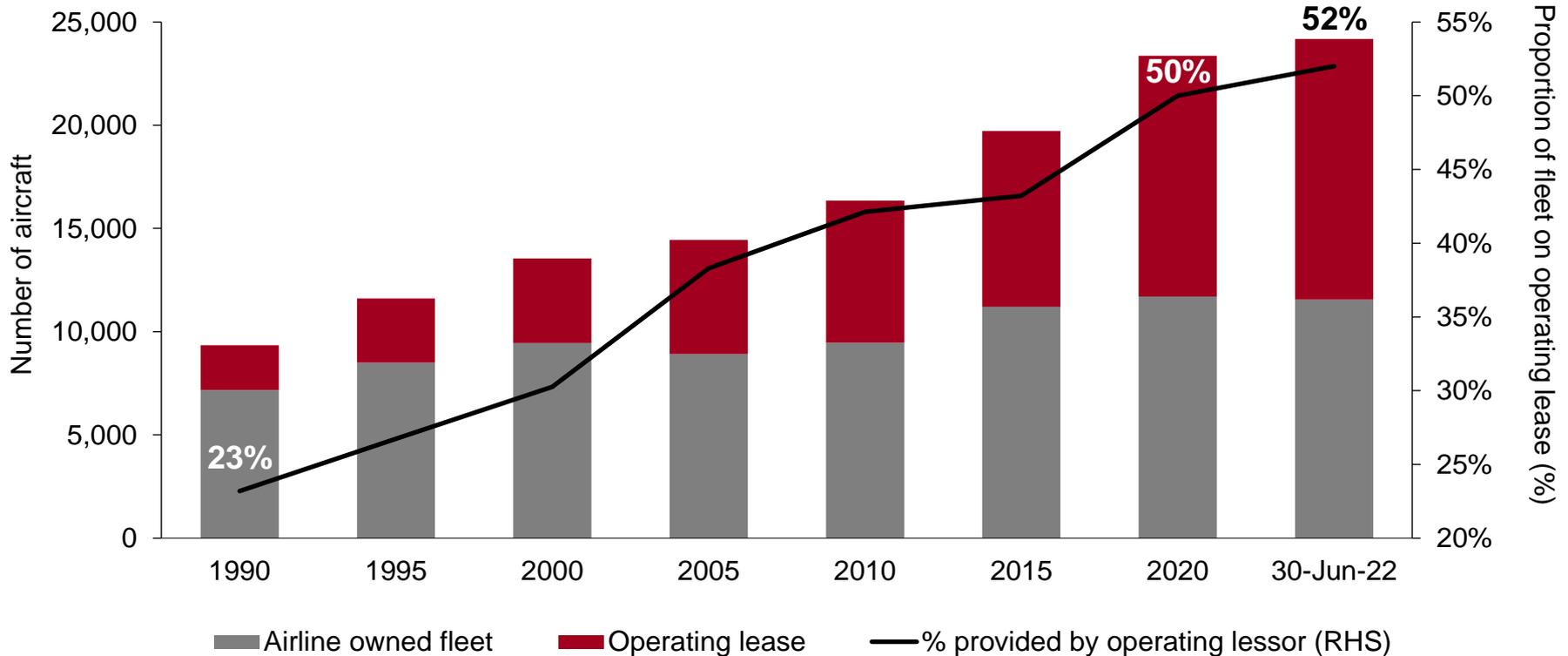
All data as at 30 June 2022

Source: BOC Aviation Analysis



Lessors Own 52% of the Aircraft Market Today

Proportion of fleet on operating lease



Lessors own 52% of the aircraft market today; this proportion has potential to increase

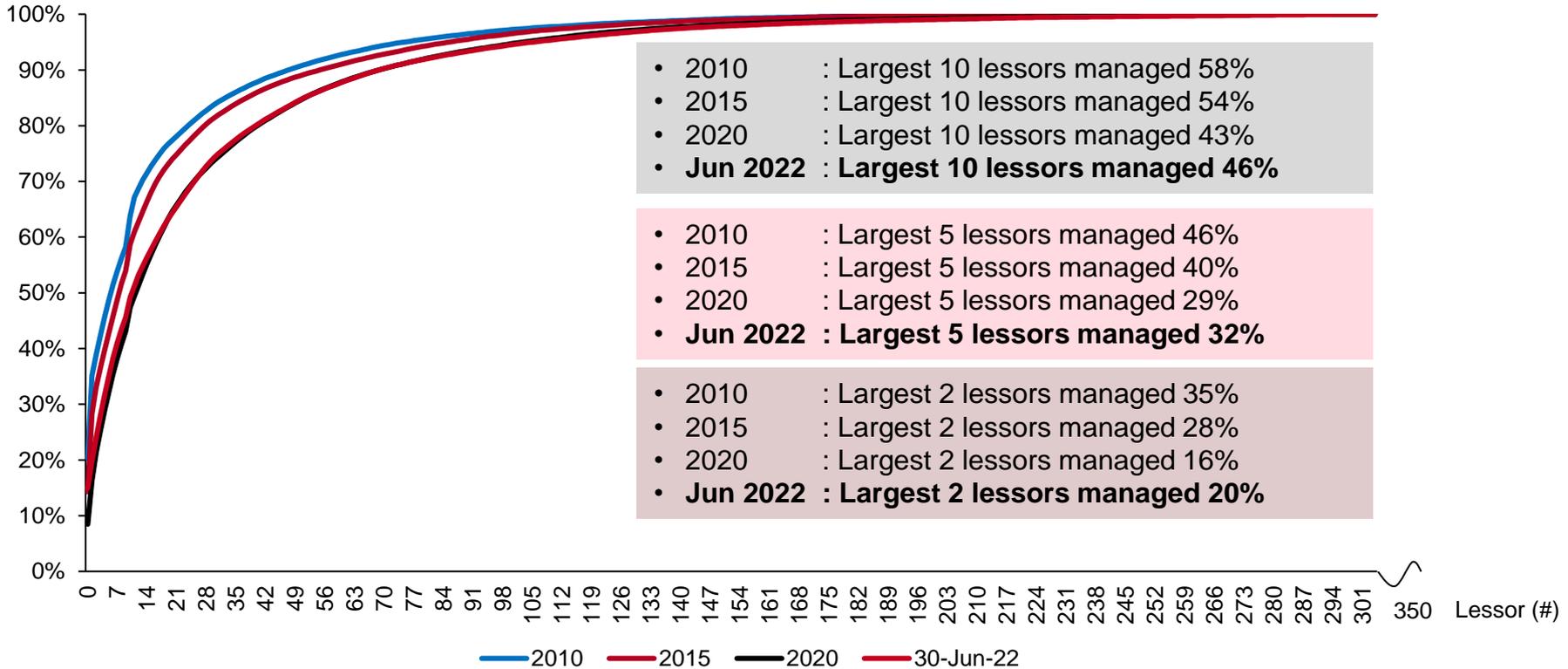
All data as at 30 June 2022

Sources: Ascend, as at 30 June 2022, based on aircraft of 100+ seats. Fleet data for 2020 onwards includes aircraft in-service and aircraft additionally parked from end-2019 due to Covid-19 fleet grounding



Market Concentration

Aircraft owned / managed (%)



Top 10 lessors manage 46% of the market

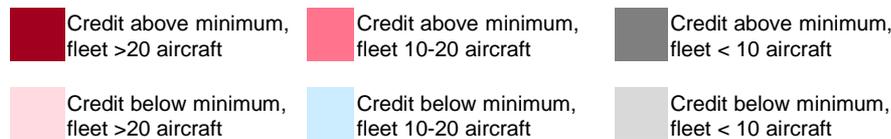
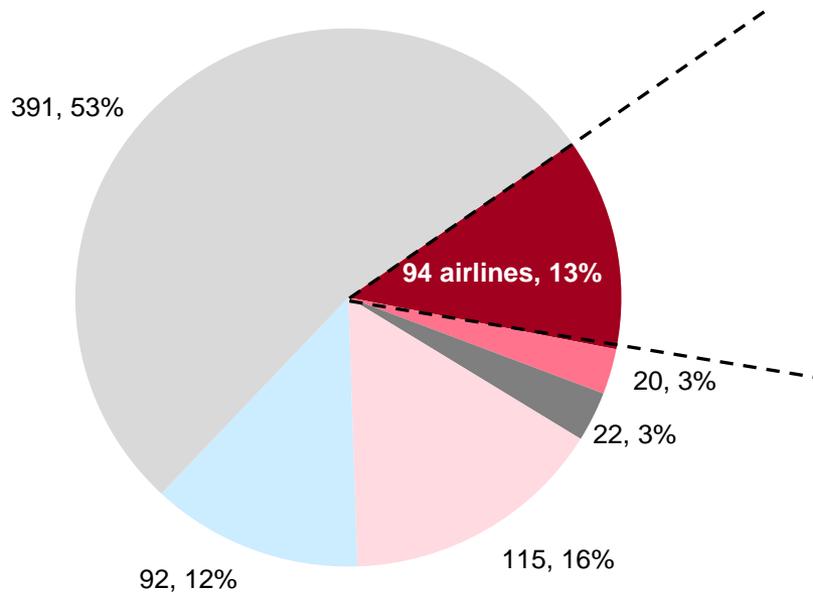
Source: Ascend, as at 30 June 2022, owned and managed aircraft, based on aircraft of 100+ seats. Includes aircraft in-service and in-storage



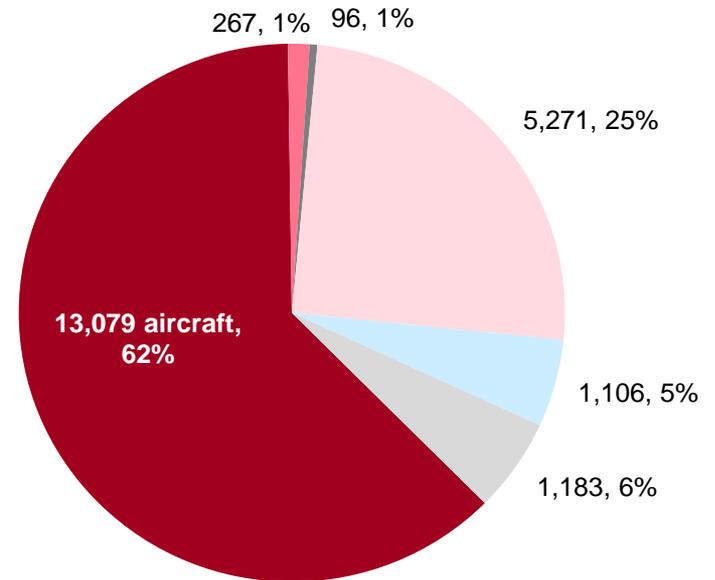
Leasing: Customer Segmentation

- 734 airlines operating today¹
- Focus on 94 airlines or only 13% of the airlines in the market – minimum credit score, above 20 aircraft

Airline segmentation by credit score and fleet size



Our target 94 airlines operate 62% of global fleet²



Source: Ascend, as at 30 June 2022
Only commercial aircraft with 100 seats and above

Notes:

1. Excludes airlines in Russia
2. Includes aircraft in-service and in-storage



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