



2022 FINAL RESULTS REVIEW

MARCH 2023

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2022 OVERVIEW

Entered Our 30th Year With Unbroken Profitability

Key indicators	Actual (US\$ million)	Core ¹ (US\$ million)	Explanation
Total revenues and other income	2,307	2,084	- US\$223m of income arising from the termination of leases to Russian airlines
Core lease rental contribution ²	561	561	No impact
Profit before tax	29	598	+ US\$791m write-down to the NBV of aircraft in Russia; - US\$223m of cash collateral
Net profit after tax	20	527	+ US\$791m write-down to the NBV of aircraft in Russia; - US\$223m of cash collateral; - US\$61m of tax credits

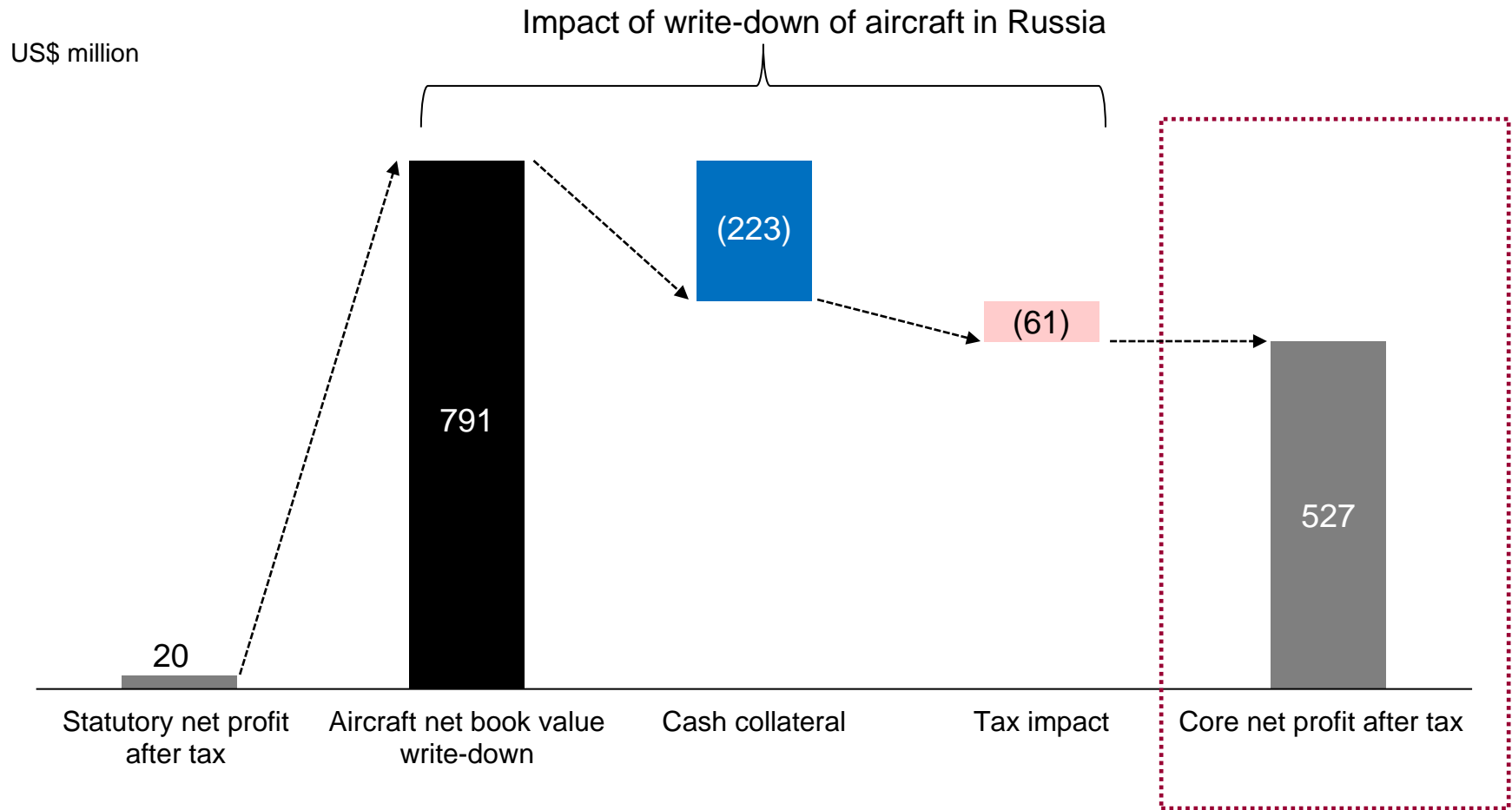
All data as at 31 December 2022

Notes:

1. Excluding the net impact of aircraft 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 Resilient in 2022



Robust underlying business

Total Dividend Per Share of US\$0.2659 for 2022

Maintained dividend payout ratio for FY2022

Dividend payout ratio

35% of Core NPAT¹

Total dividends declared for 2022

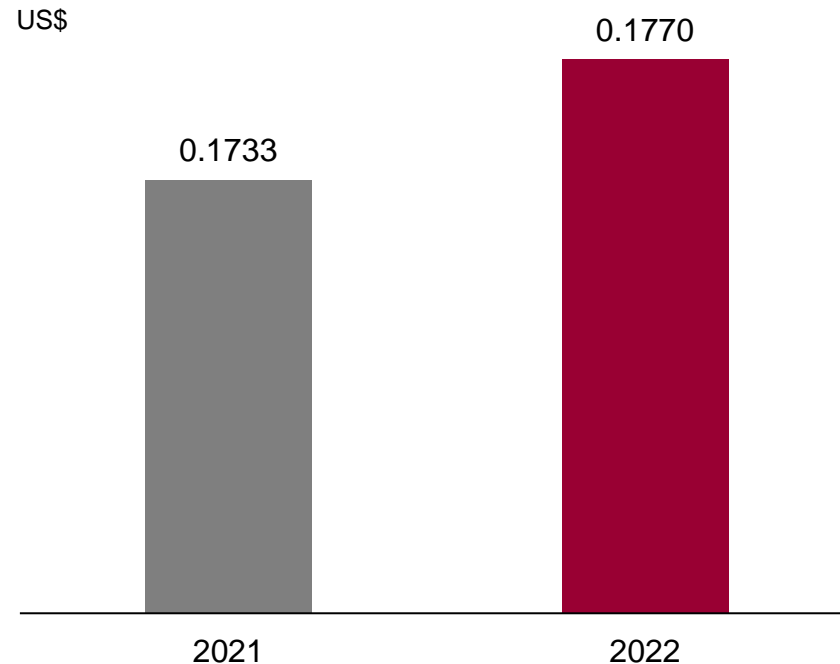
US\$185 million

Total dividend per share

US\$0.2659^{2,3}

Higher final dividend per share for FY2022

US\$



Final dividend for 2022 is higher than 2021

All data as at 31 December 2022

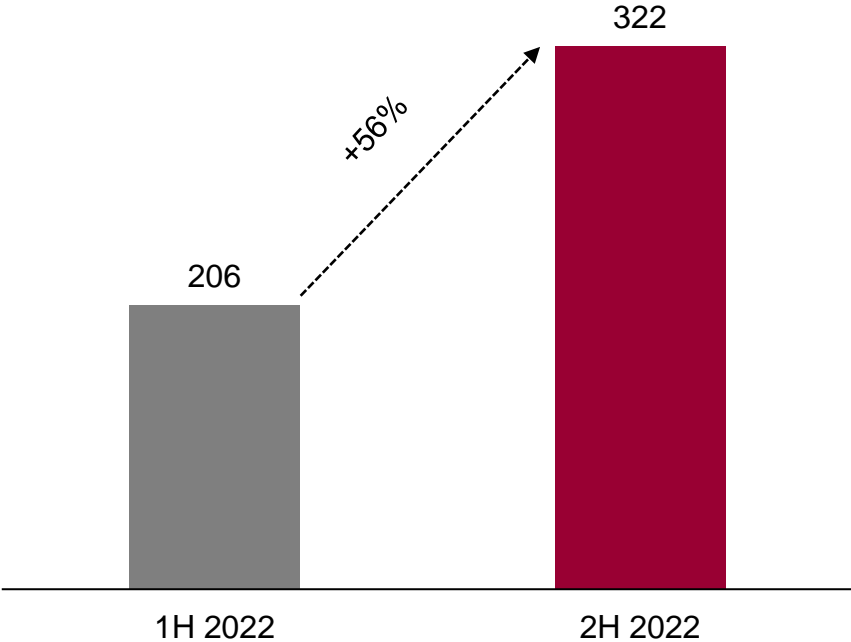
Notes:

1. Excluding the net impact of the write-down of aircraft in Russia
2. Includes interim dividend of US\$0.0889 per share paid to shareholders registered at the close of business on 30 September 2022. The final dividend of US\$0.1770 per share will be payable to shareholders registered at the close of business on the record date, being 7 June 2023
3. Compared to US\$0.2831 for FY2021

Core Net Profit After Tax Improved

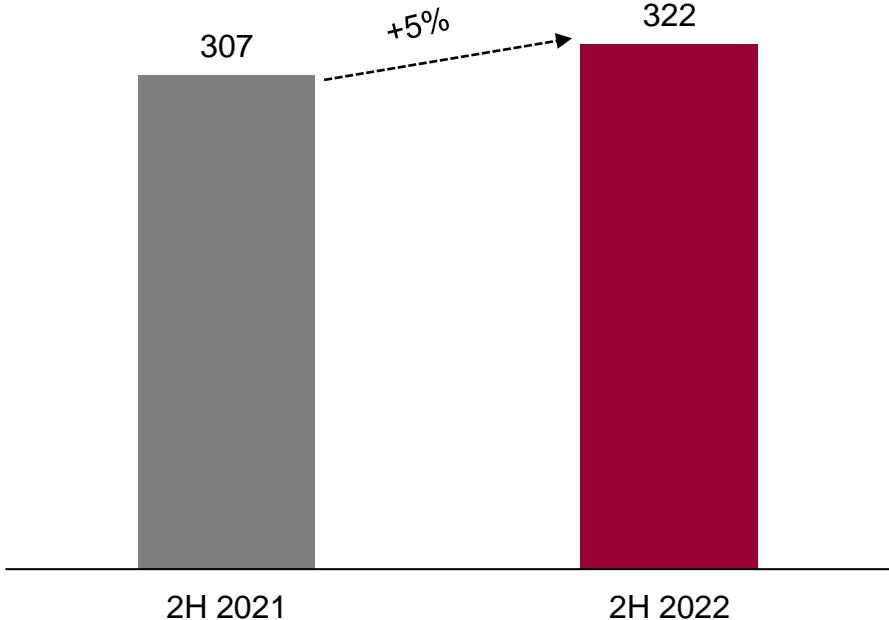
1H 2022 vs 2H 2022

US\$ million



2H 2021 vs 2H 2022

US\$ million



A solid 2H 2022 Core NPAT

Due to rounding, numbers presented may not add up precisely to the total core net profit after tax provided elsewhere in the presentation

Strong Balance Sheet and Liquidity

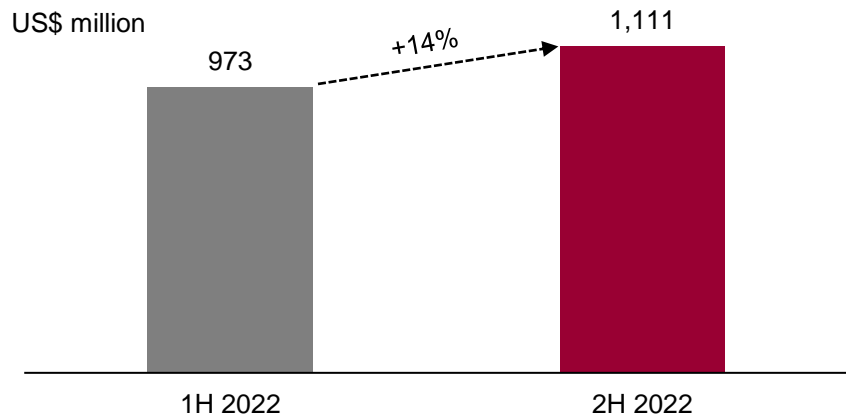
Key indicators	31 December 2022	31 December 2021
Total assets (US\$ billion)	22.1	23.9
Total available liquidity (US\$ billion)	5.3	6.0
Total equity (US\$ billion)	5.2	5.3
Net assets per share (US\$)	7.50	7.59
Gross debt to equity (times)	2.9	3.2

Delevered due to strong operating cash flow

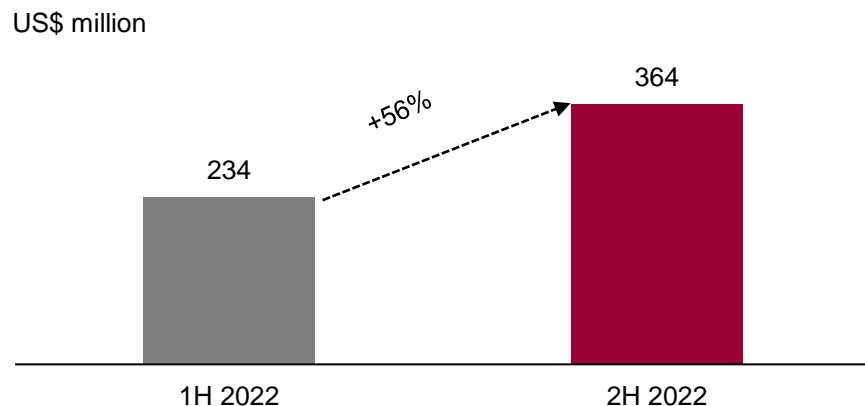
All data as at 31 December 2022

An Improvement in 2H 2022 over 1H 2022

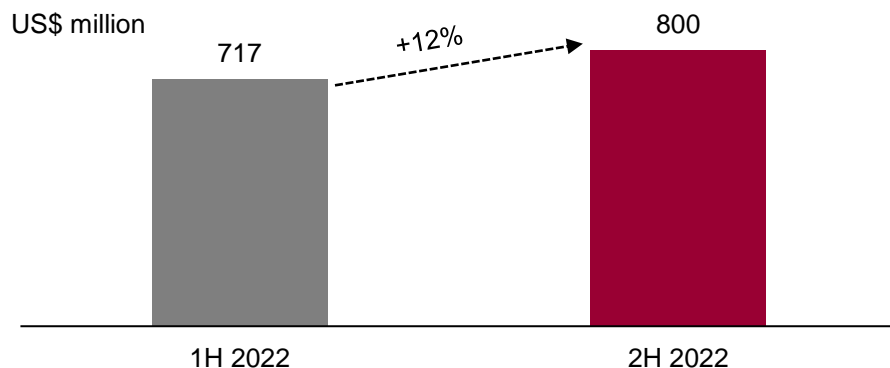
Core revenues¹



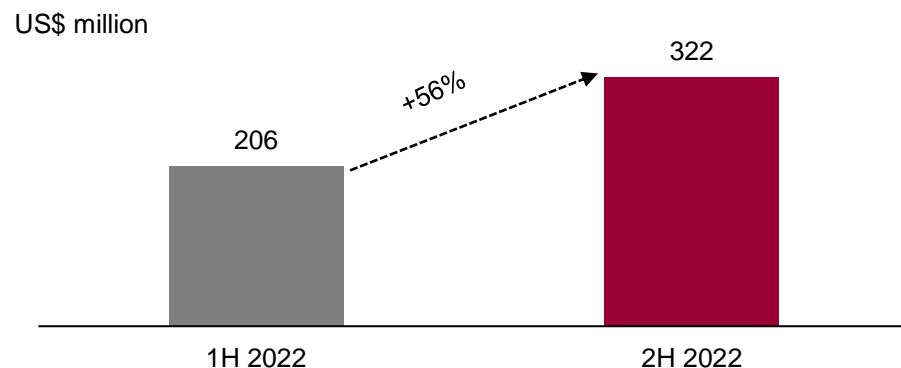
Core profit before tax¹



Operating cash flow net of interest²



Core net profit after tax¹



A strong 2H 2022 performance reflects the robustness of the business model

Due to rounding, numbers presented may not add up precisely to the total core net profit after tax provided elsewhere in the presentation

All data as at 31 December 2022

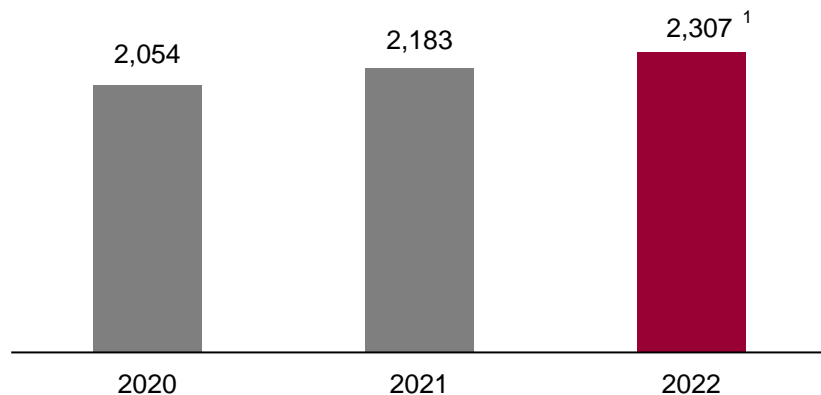
Notes:

1. Excluding the net impact of aircraft in Russia
2. Calculated as net cash flow from operating activities less finance expenses paid

Continued Resilient Performance

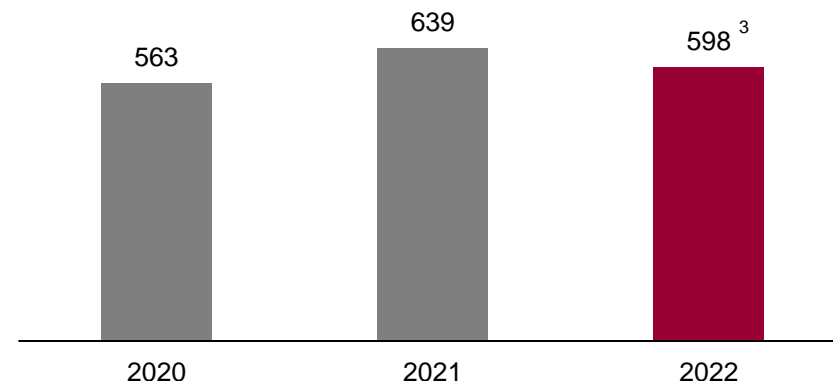
Fleet growth underpins growth in revenues

US\$ million



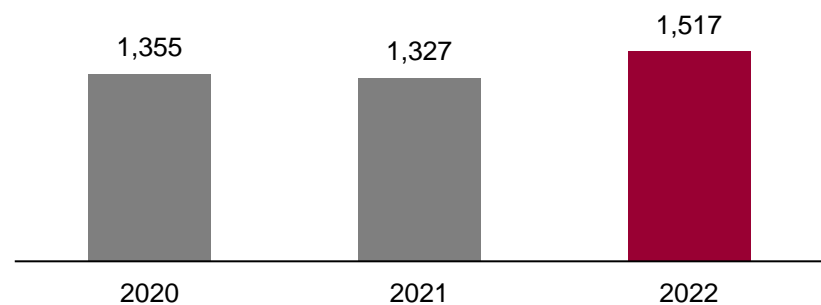
Strong core PBT

US\$ million



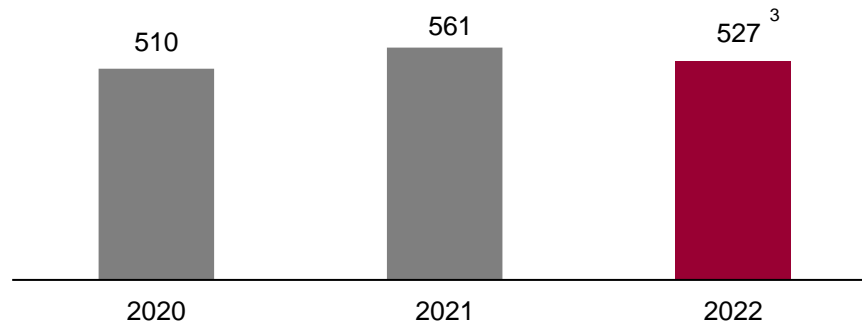
Rising operating cash flow net of interest²

US\$ million



Resilient core NPAT

US\$ million



All data as at 31 December 2022

Notes:

1. Includes income arising from termination of leases with airlines in Russia
2. Calculated as net cash flow from operating activities less finance expenses paid
3. Excluding the net impact of the write-down of aircraft in Russia

2022 Highlights

1. 29 years of unbroken profitability
 - Cumulative earnings of US\$5.5 billion
 - Paid US\$1.5 billion in dividends to shareholders
2. Improved revenues and profitability in 2H 2022¹
 - Core revenues of US\$1.1 billion
 - Core NPAT of US\$322 million
3. Robust asset quality
 - Average fleet age of 4.4 years²
 - Average remaining lease term of 8.1 years²
4. Building orderbook for future growth
 - Committed to purchase 147 aircraft including new orders with Airbus and Boeing
5. Maintained a high level of liquidity at US\$5.3 billion at end-2022
 - Record high operating cash flow net of interest at US\$1.5 billion
 - Collection rate improved to 101% from 97%
6. Maintained A- credit ratings with stable outlook from S&P Global and Fitch Ratings

Positioned for long-term sustainable growth

All data as at 31 December 2022

Notes:

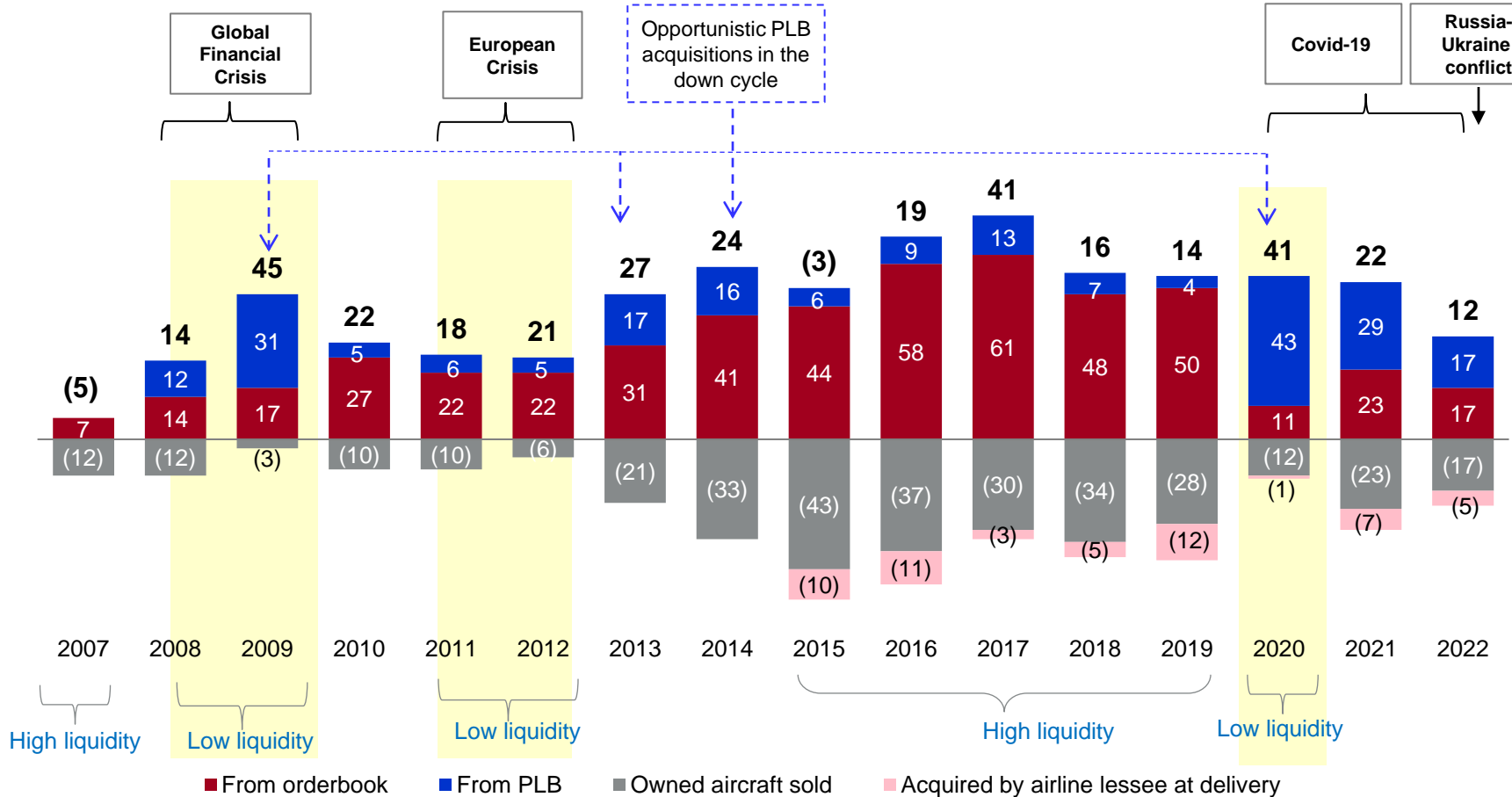
1. Excluding the net impact of aircraft in Russia

2. Weighted by net book value of owned fleet and including aircraft on leases classified as finance leases



How We Invest

Number of aircraft delivered, purchased and sold



Investing in aircraft through multiple cycles

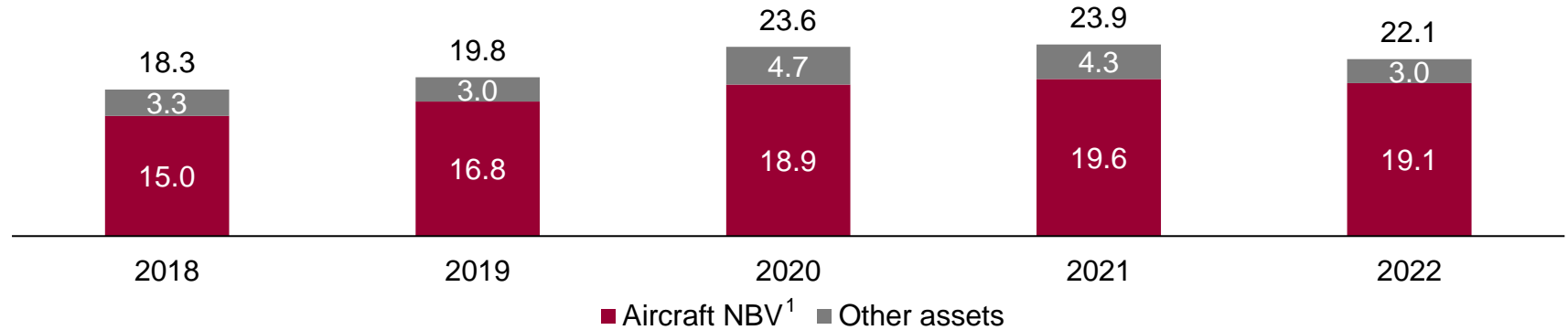
All data as at the end of the relevant period



Stable Balance Sheet and Aircraft Fleet

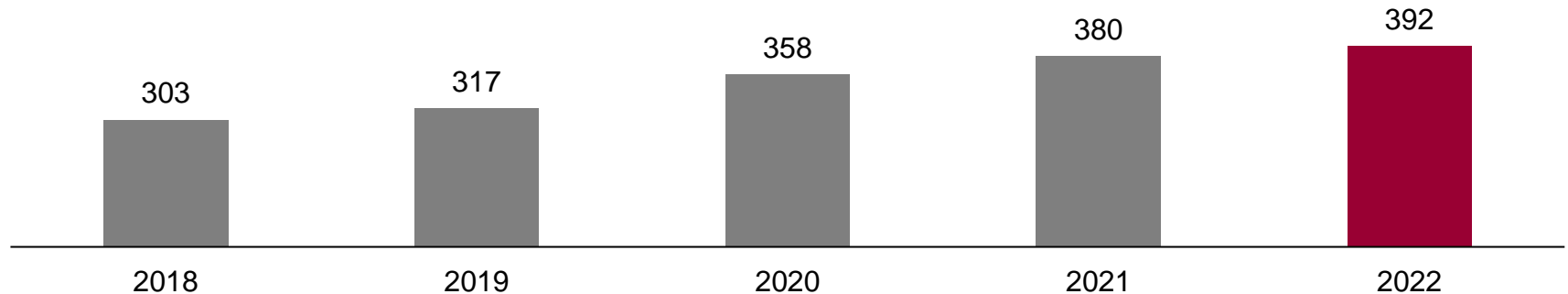
Stable balance sheet

US\$ billion



Disciplined increase in fleet size

Number of owned aircraft



Continued investment in new aircraft

All data as at 31 December of the year

Note:

1. Excludes aircraft on leases classified as finance leases

100% of Orderbook Comprises Latest Technology Aircraft

Our aircraft portfolio

Aircraft type	Owned aircraft	Managed aircraft	Aircraft on order ¹	Total
Airbus A320CEO family	98	15	0	113
Airbus A320NEO family	91	0	115	206
Airbus A330CEO family	8	1	0	9
Airbus A330NEO family	6	0	0	6
Airbus A350 family	9	0	0	9
Boeing 737NG family	72	13	0	85
Boeing 737 MAX family	52	0	82	134
Boeing 777-300ER	27	4	0	31
Boeing 787 family	24	1	9	34
Freighters	5	1	0	6
Total	392	35	206	633

71% of existing fleet is latest technology aircraft²

All data as at 31 December 2022

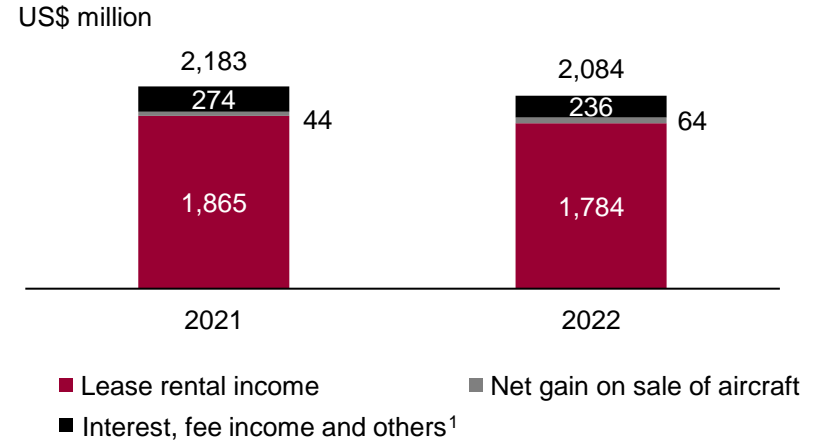
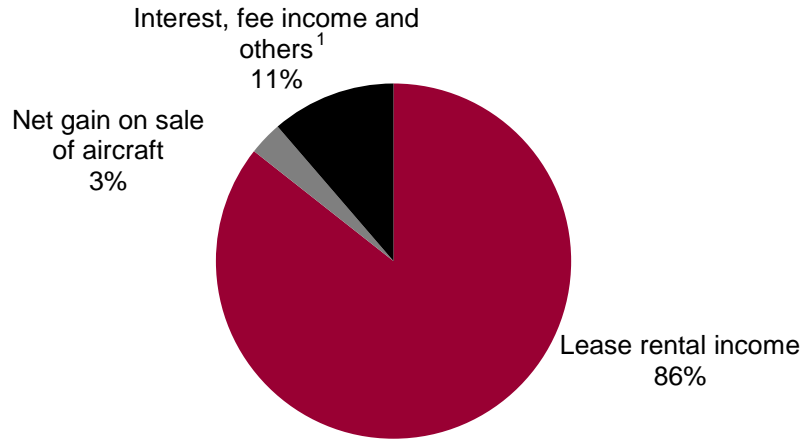
Notes:

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 net book value and including aircraft subject to finance leases

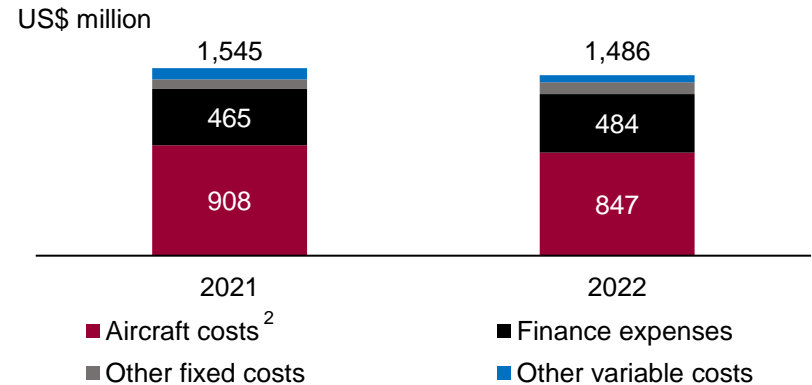
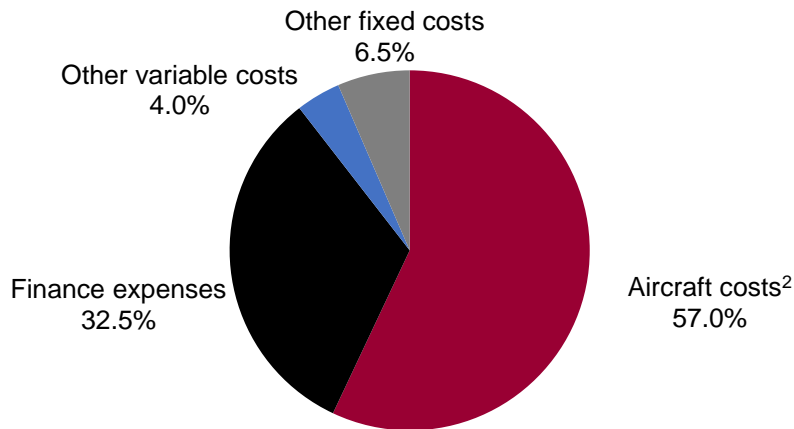


Lease Rental Income Continues to Dominate Revenue

Lease rental income dominates total revenues and other income



Depreciation of aircraft and financing costs are key costs



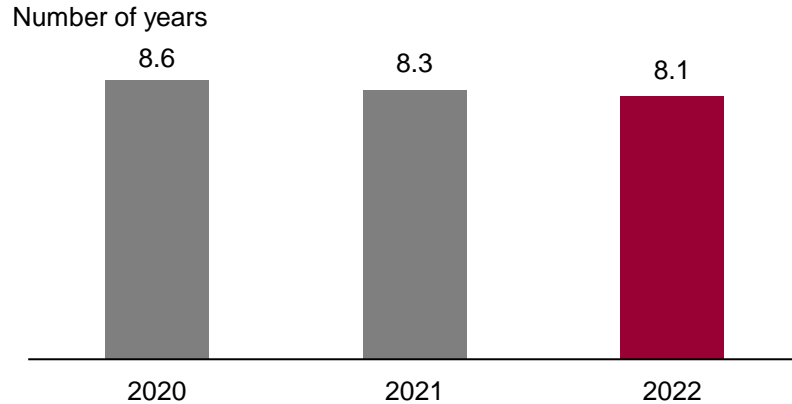
All data as at 31 December 2022

Notes:

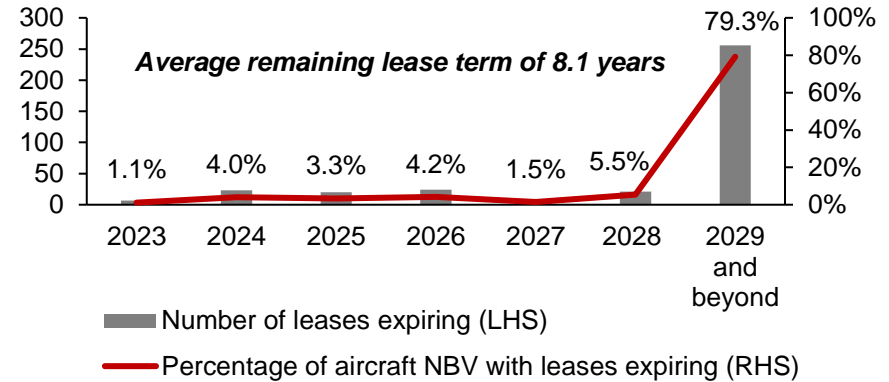
1. Excludes income arising from termination of leases with airlines in Russia in 2022
2. Comprises aircraft depreciation and impairment charges (excludes the impairment of aircraft in Russia in 2022)

Long-Term Leases Enhance Revenue Visibility

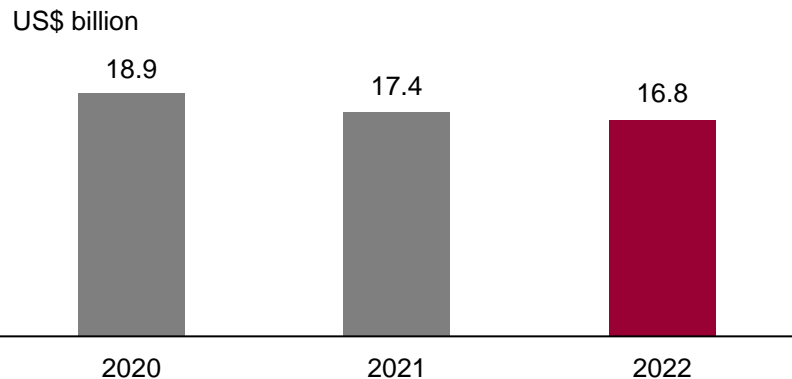
We have a long average remaining lease term¹



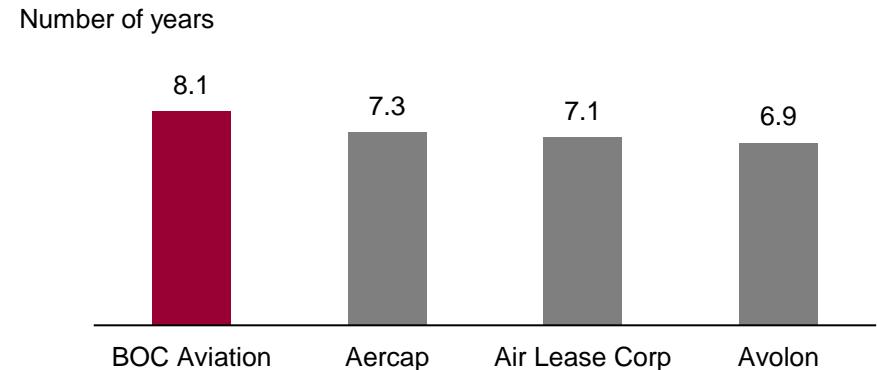
Well-dispersed scheduled lease expiries²



High future committed lease revenue



Industry-leading average remaining lease term³



All data as at 31 December 2022

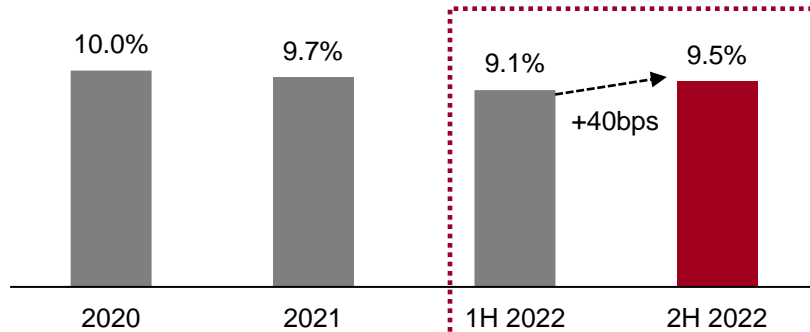
Notes:

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 and aircraft off lease
3. Weighted by net book value of owned fleet as at 31 December 2022

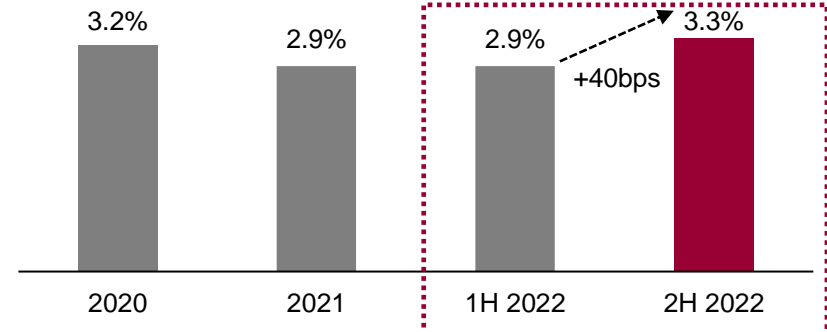


Lease Yields Improved in 2H 2022

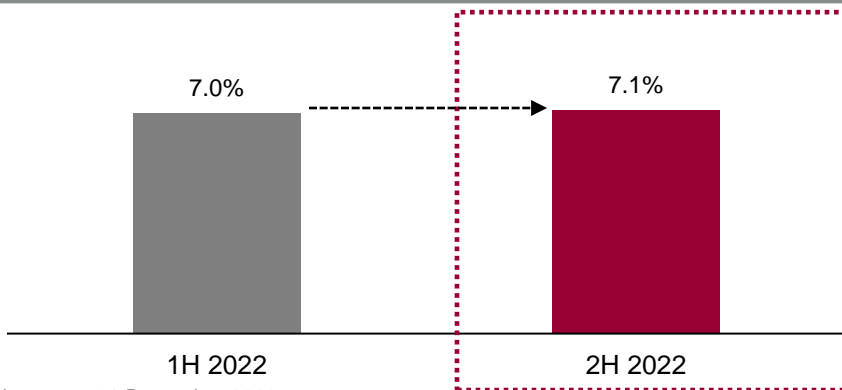
Lease rate factor¹



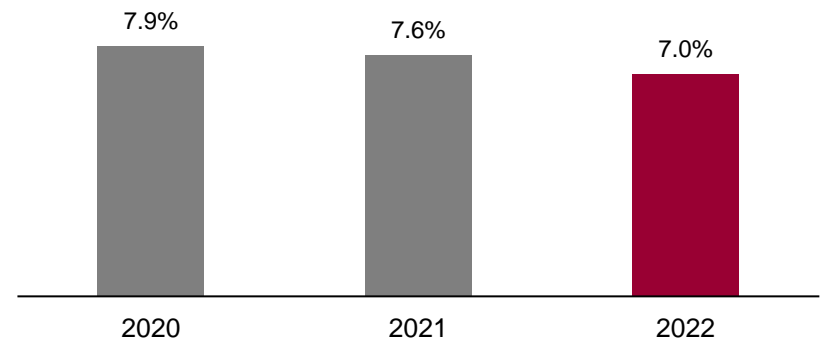
Cost of debt²



Net lease yield³ 1H 2022 vs 2H 2022



Net lease yield³



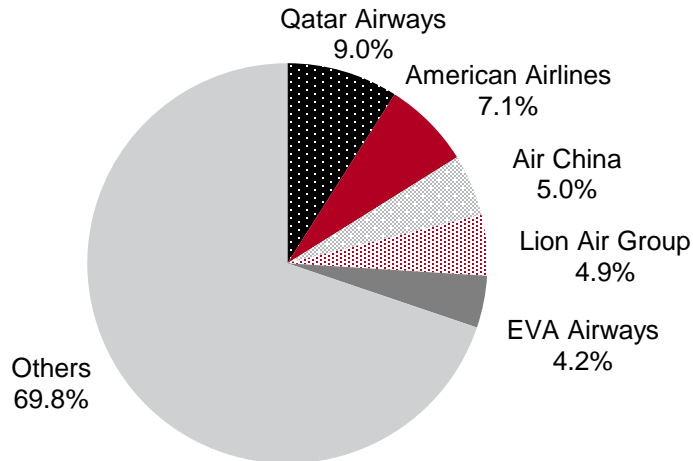
All data as at 31 December 2022

Notes:

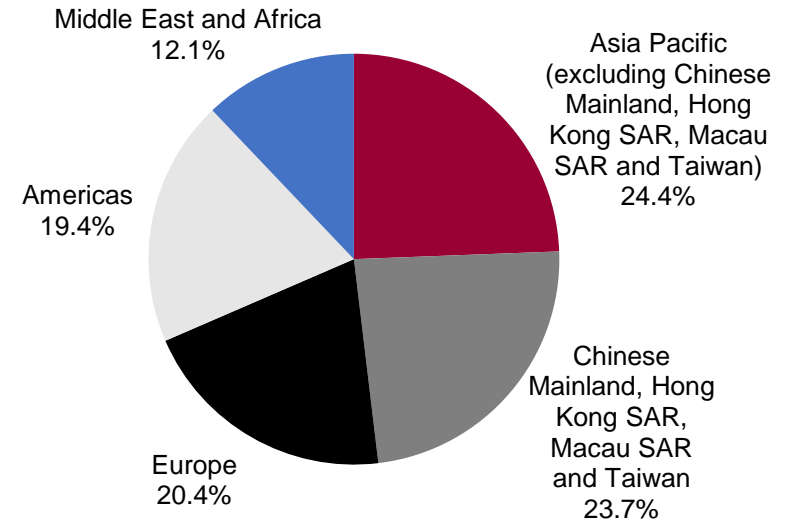
1. Calculated as operating lease rental income divided by average net book value of aircraft and multiplied by 100%. Semi-annual lease rate factors are calculated on an annualised basis
2. Calculated as the sum of finance expenses and capitalised interest, divided by average total indebtedness. Total indebtedness represents loans and borrowings before adjustments for deferred debt issue costs, fair values, revaluations and discounts/premiums to medium term notes. Semi-annual cost of debt is calculated on an annualised basis
3. Calculated as operating lease rental income less finance expenses apportioned to operating lease rental income, divided by average of aircraft net book value. Semi-annual net lease yields are calculated on an annualised basis

Globally Diversified Portfolio

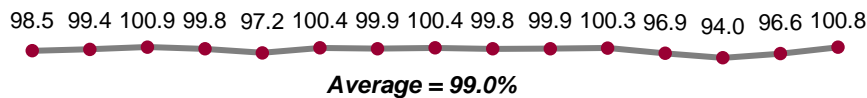
Lease portfolio diversified by customer^{1,2}



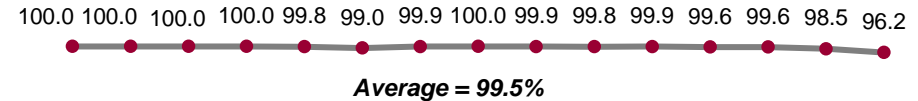
...and increasingly diversified by geography^{3,4}



Collection rate (%)



Fleet utilisation (%)⁵



2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022

2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022

All data as at 31 December 2022

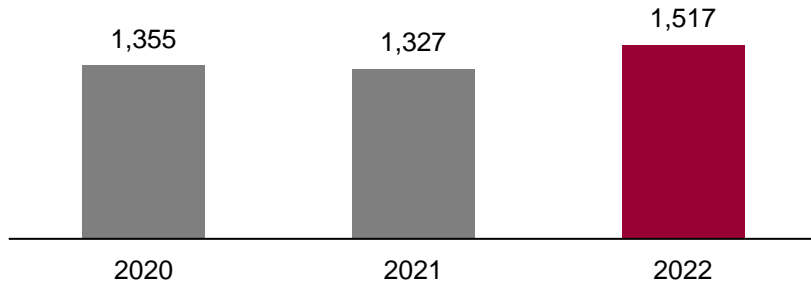
Notes:

1. Based on net book value (excluding off lease aircraft) and including aircraft subject to finance leases
2. For certain airlines, the percentage includes leases to affiliated airlines whose obligations are guaranteed by the named airline
3. Based on net book value of aircraft excluding aircraft subject to finance leases and including off lease aircraft
4. Off lease aircraft are allocated to the region of the prospective operator if a lease commitment is in place or to the region of the prior operator if no lease commitment is in place
5. Fleet utilisation is the total days on-lease in the period as a percentage of total available lease days in the period

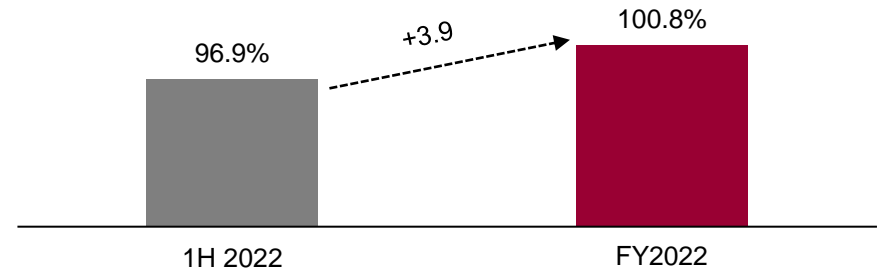
Record High Operating Cash Flow Net of Interest

All-time high operating cash flow net of interest¹

US\$ million

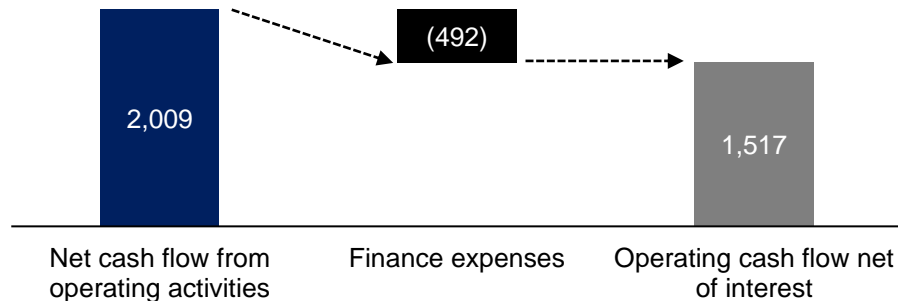


Collection rate of 101% a key contributor



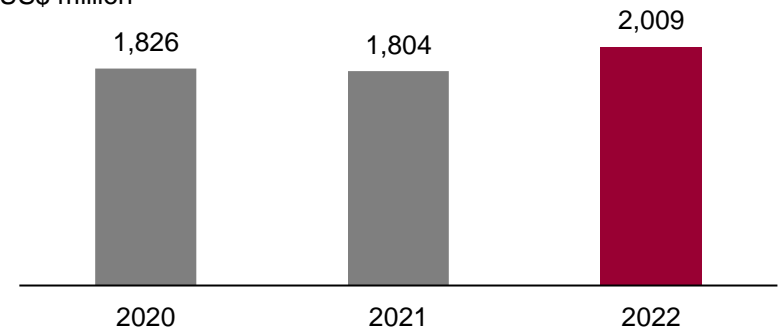
FY2022 operating cash flow net of interest¹

US\$ million



Net cash flow from operating activities

US\$ million



Improved collection rate drives strong cash flow

All data as at 31 December 2022

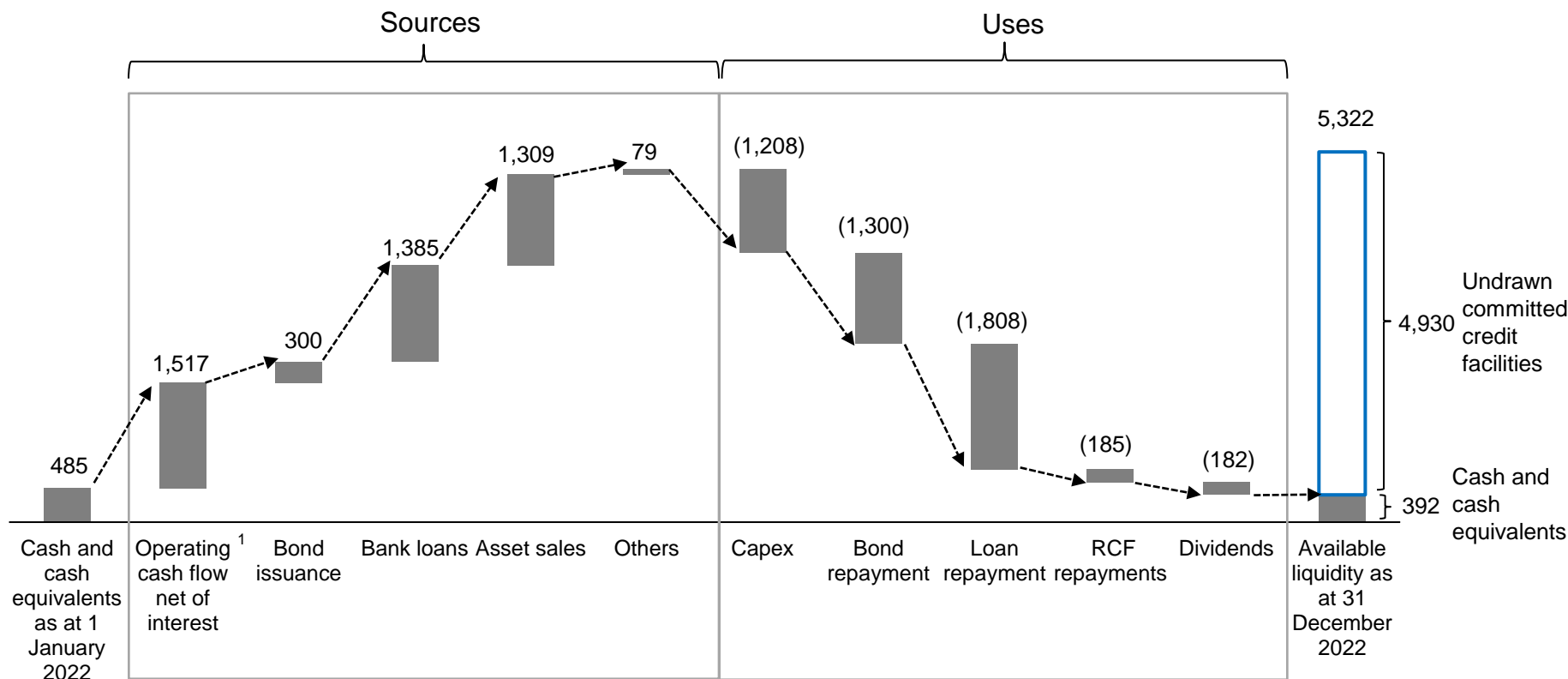
Note:

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

Diverse Funding Channels Utilised in 2022

Sources and Uses of Cash

US\$ million



Internal cash generation reduced reliance on debt financing

All data as at 31 December 2022

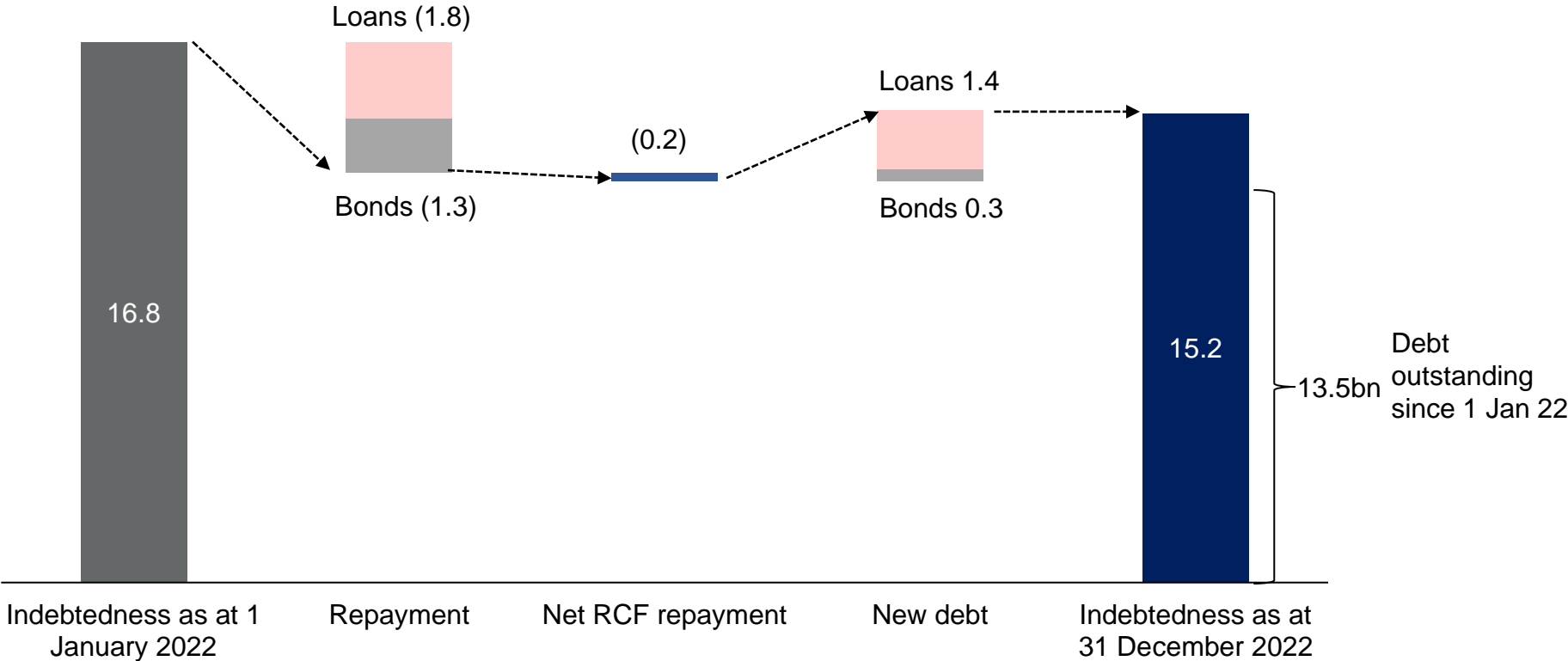
Note:

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



Stable Debt Structure

US\$ billion

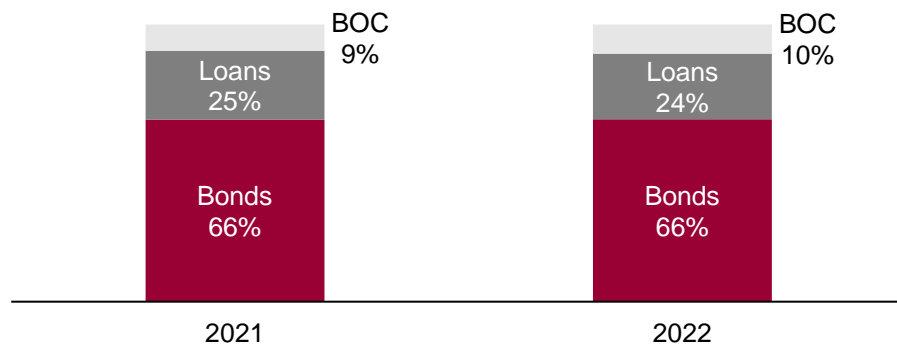


80% of debt unchanged with debt to equity of 2.9:1 at end-2022



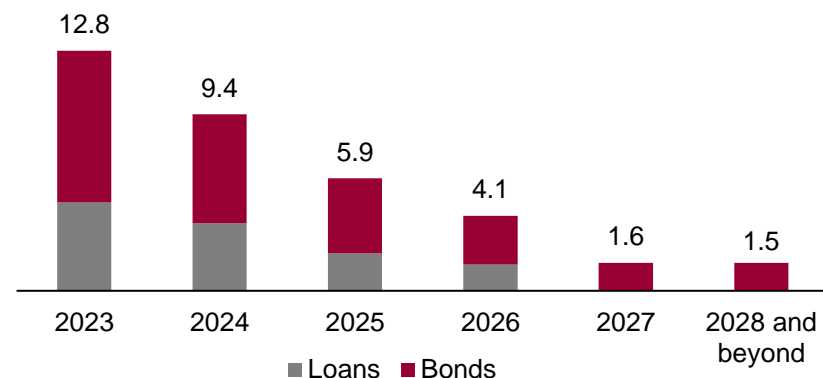
Flexible Capital Structure

Sources of debt¹

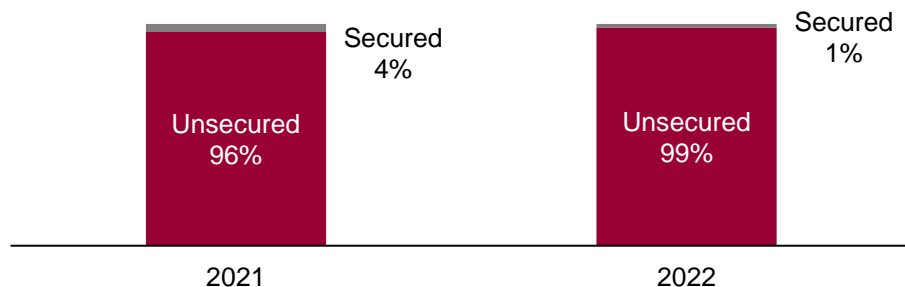


Outstanding debt amortises over a long term

US\$ billion

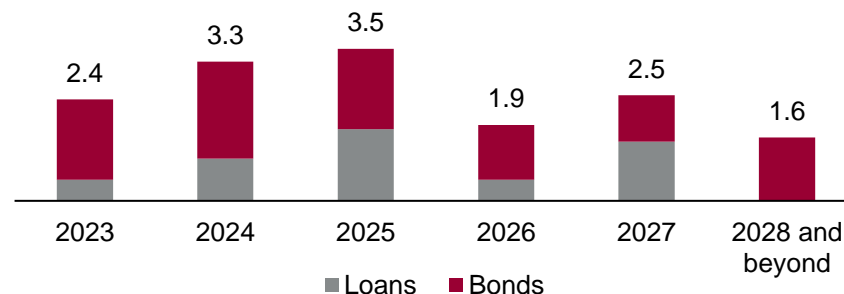


Increasing unsecured funding



Debt maturity profile

US\$ billion



Borrowings predominantly unsecured

All data as at 31 December 2022 unless otherwise indicated

Note:

1. Drawn debt only

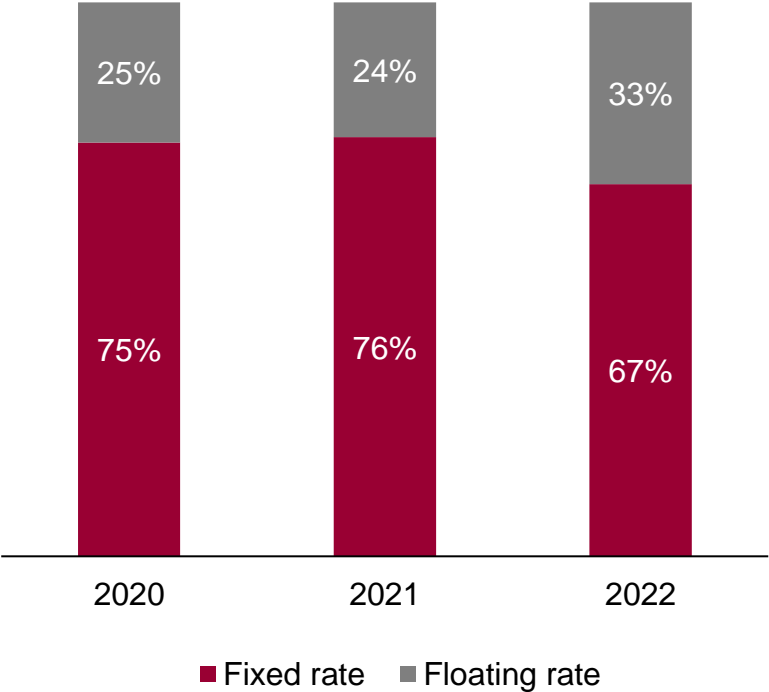
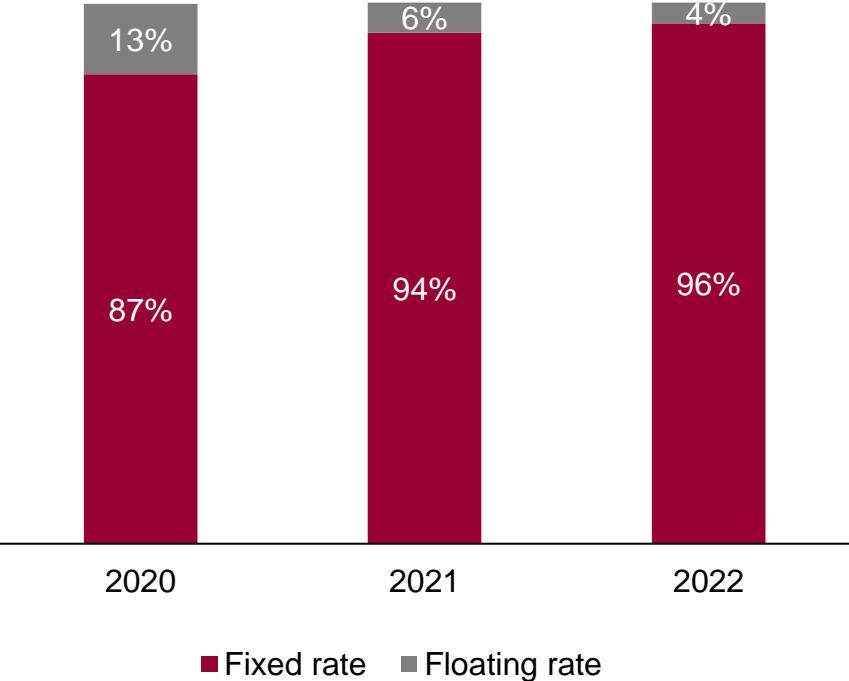


Fixed Rate Leases and Debt

Fixed rate leases dominate¹

High proportion of fixed rate debt²

By net book value



Continued asset and liability management to minimise impact of interest rate changes

All data as at 31 December 2022

Notes:

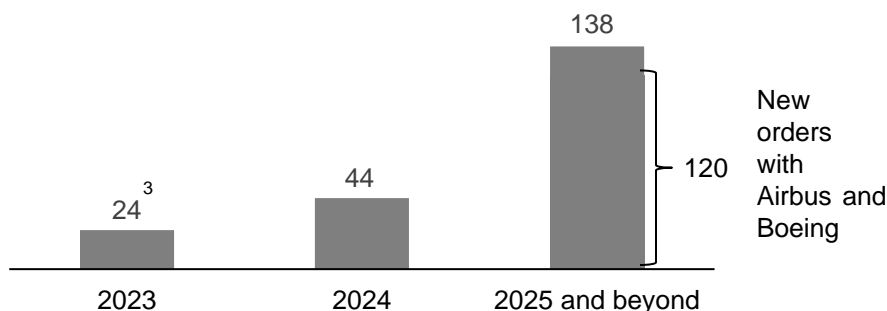
1. By net book value of aircraft including aircraft on leases classified as finance leases in accordance with IFRS 16 (Leases) and excluding aircraft off lease
2. Represents the position net of any hedging



Two Large Orders Provide Further Impetus For Growth

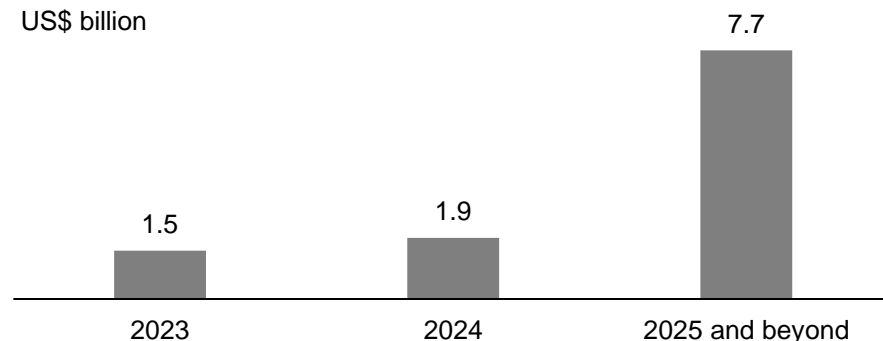
Orderbook delivery schedule^{1,2}

Number of aircraft



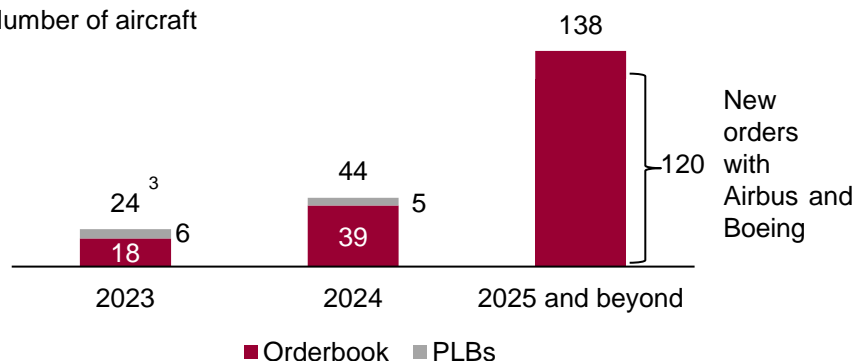
Total committed capex of more than US\$11bn⁴

US\$ billion



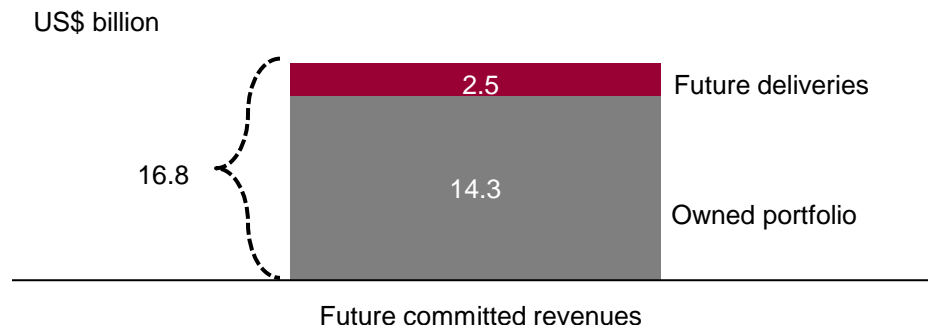
Orderbook by direct orders vs PLBs^{1,2}

Number of aircraft



Committed future lease revenues of US\$16.8bn⁴

US\$ billion



Healthy pipeline of future lease revenues

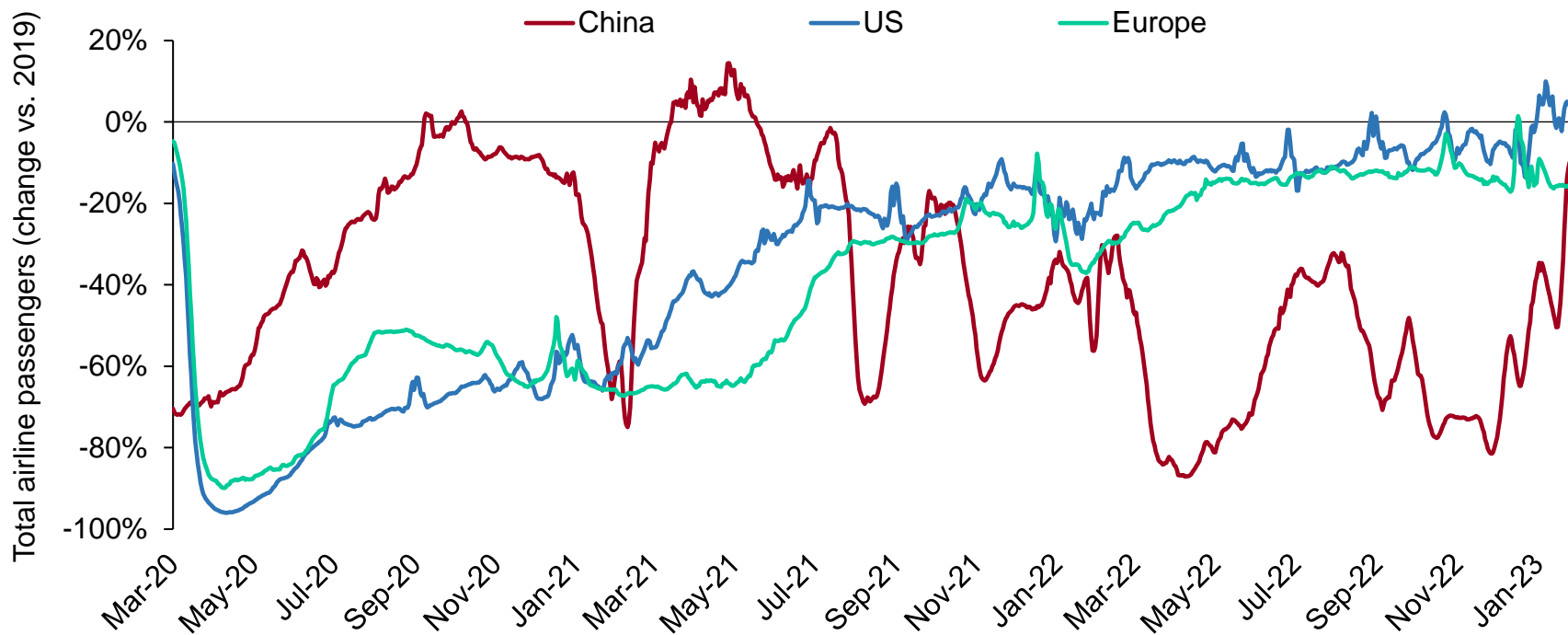
All data as at 28 February 2023 unless otherwise indicated

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 28 February 2023
- Includes one aircraft delivered as at 28 February 2023 YTD
- As at 31 December 2022

Global Airline Industry Rebound Now Supported by China Traffic Growth

Major passenger markets at near pre-Covid levels



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

All data as at 31 January 2023

Conclusion

- 29 years of unbroken profitability
 - US\$5.5 billion of cumulative earnings
- 2022 was another strong year
 - Core net profit after tax of US\$527 million¹
 - Revenues of US\$2.3 billion
 - Record high operating cash flow net of interest of US\$1.5 billion
 - Maintained dividend payout ratio at 35% of FY2022's core net profit after tax
- Optimistic 2023 outlook
 - Robust recovery in the airline industry bodes well for demand for leased aircraft
 - Major passenger markets recording strong travel rebound
 - Relaxation of travel restrictions in China to further boost air travel demand
- Investing for the future to build sustainable long-term earnings
 - Two large orders with Airbus and Boeing resulting in an orderbook of 206 aircraft²
 - Committed lease revenues of US\$16.8 billion
 - High liquidity of more than US\$5 billion to support aircraft investments

Dividends of US\$1.5 billion paid since inception

All data as at 31 December 2022 unless otherwise indicated

Notes:

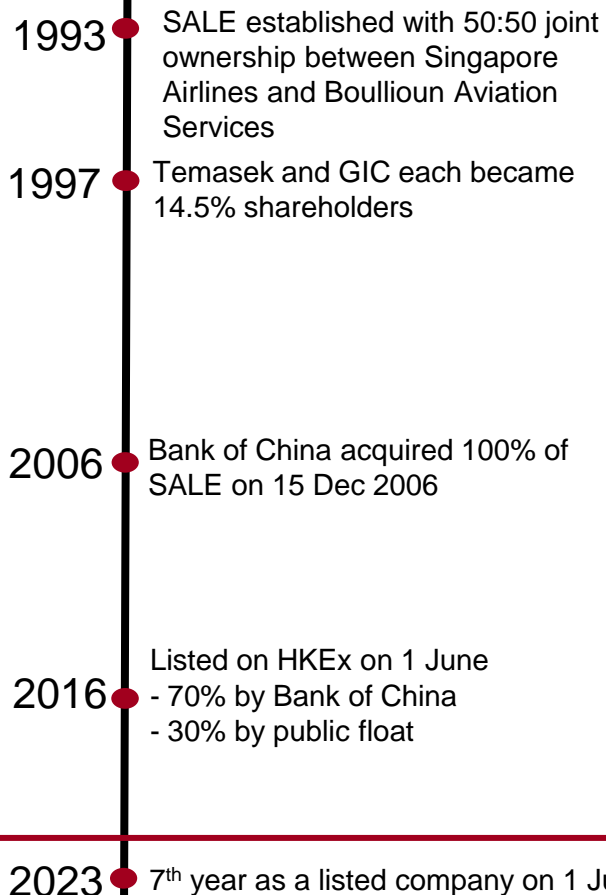
1. Excluding the net impact of the write-down of aircraft in Russia
2. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery



APPENDICES

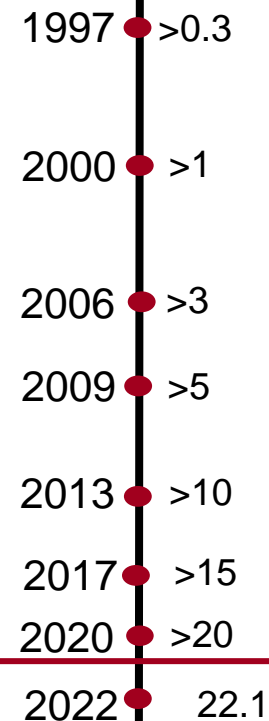
The BOC Aviation Journey – 30 Years in 2023

Ownership



Total assets

US\$ billion



2023 is our 30th year anniversary

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\$5.5 billion

Cumulative profits since inception

>US\$5.0 billion

Available liquidity

206

Aircraft on order²

Bank of China

70% owned by BOC

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

US\$22.1 billion

Total assets

633

Aircraft in fleet³

4.4 years; 8.1 years

Average fleet age & lease term remaining⁴

Industry leader focused on long-term sustainable earnings

All data as at 31 December 2022 unless otherwise indicated

Notes:

1. By net book value of owned aircraft
2. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery
3. Includes owned, managed and aircraft on order as at 31 December 2022
4. Weighted by net book value of owned fleet as at 31 December 2022



Our Board of Directors

BOC-appointed Non-executive Directors	Executive Directors	Independent Non-executive Directors
<ul style="list-style-type: none">Mdm. Chen Jing	<ul style="list-style-type: none">Mdm. Zhang Xiaolu (Vice-Chairman)	<ul style="list-style-type: none">Mr. Dai Deming
<ul style="list-style-type: none">Mr. Dong Zonglin	<ul style="list-style-type: none">Mr. Robert Martin (MD & CEO)	<ul style="list-style-type: none">Mr. Fu Shula
<ul style="list-style-type: none">Mr. Wang Xiao		<ul style="list-style-type: none">Mr. Antony Tyler
<ul style="list-style-type: none">Mdm. Wei Hanguang		<ul style="list-style-type: none">Dr. Bernard Yeung

We have an experienced and diversified Board

As at March 2023



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)

- 35 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 March 2023



Core Competencies - BOC Aviation Track Record

Since inception in 1993:

- Purchasing More than 1,000 aircraft purchased totalling more than US\$58 billion
- Leasing More than 1,200 leases executed with >180 airlines in > 60 countries and regions
- Financing¹ More than US\$38 billion in debt raised

- Sales More than 400 aircraft sold
- Transitions 125 transitions
- Repossessions² 65 aircraft in 19 jurisdictions

The outcome:

- Total number of aircraft delivered **820**
- Proportion of aircraft sold³ **51%**
- Proportion of transitions⁴ **10%**
- Proportion of repossessions⁴ **5%**

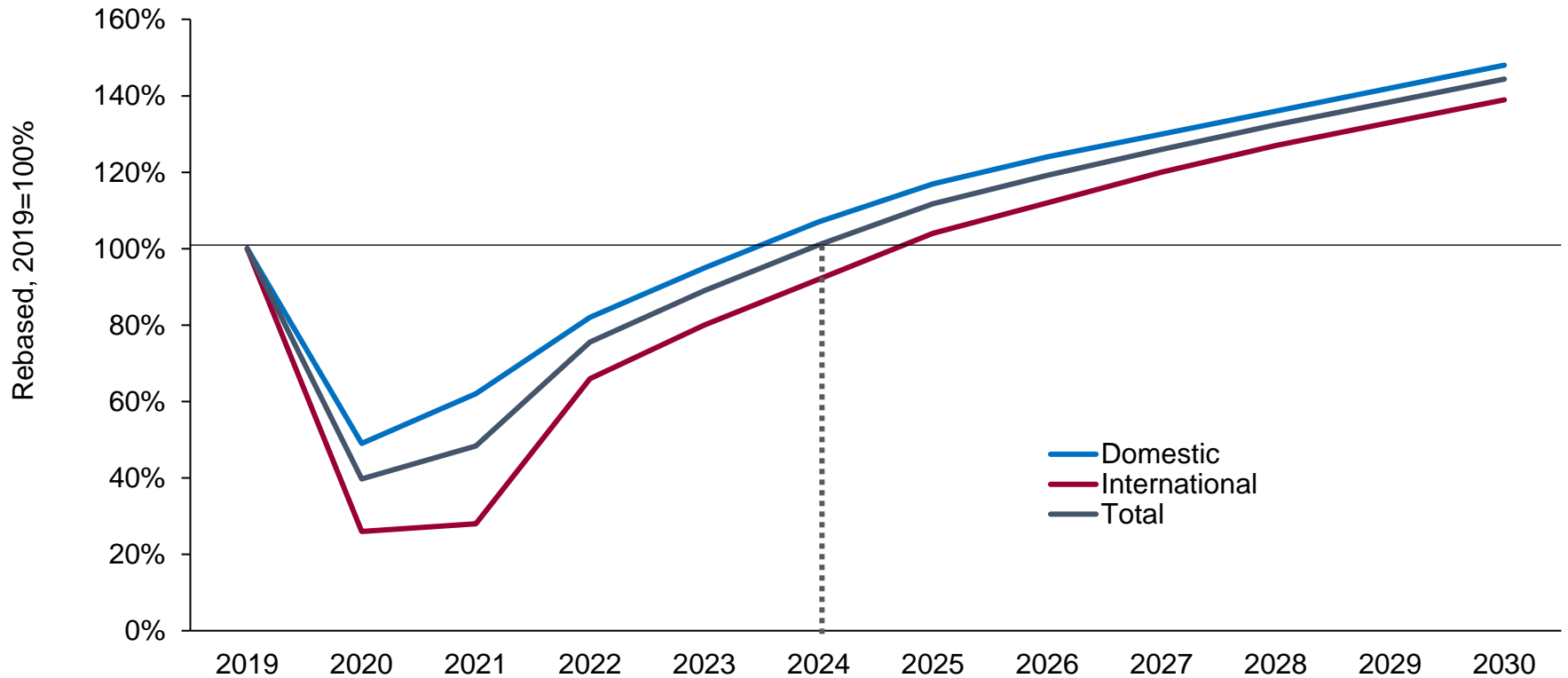
All data as at 31 December 2022, since inception unless otherwise indicated

Notes:

1. Since 1 January 2007
2. Includes repossessions and consensual early returns
3. As a proportion of aircraft delivered
4. As a proportion of leases executed

Airline Industry Poised to Surpass Pre-Covid Levels

IATA air passenger forecast by market



Domestic traffic already exceeds 2019

Source: IATA Economics

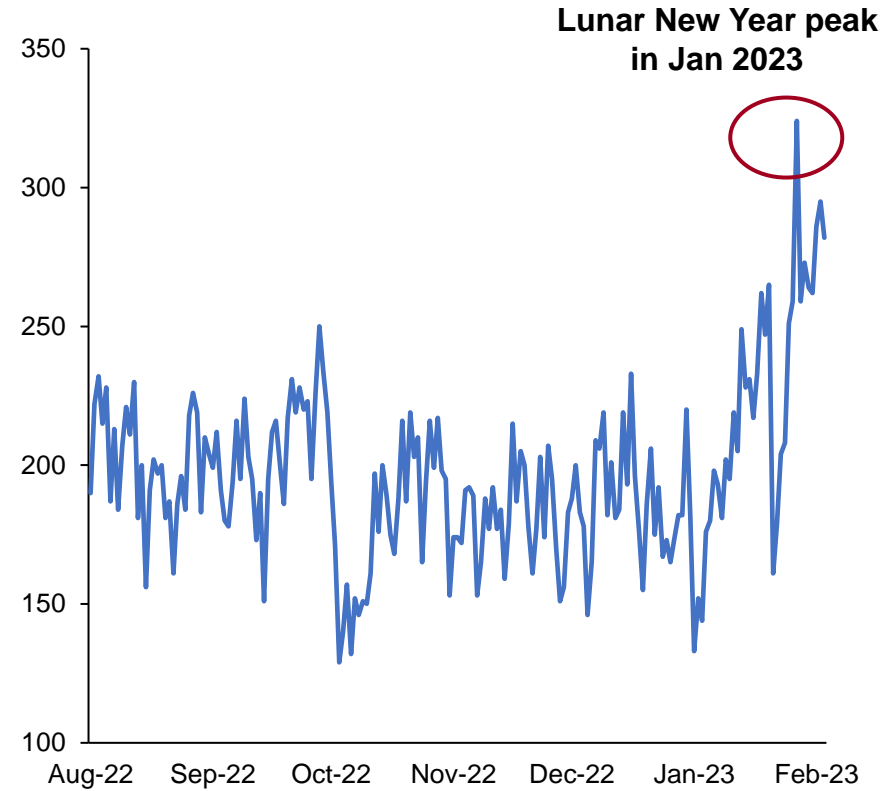


Flights Per Day in China Increased 80% in 2023

Domestic flights per day by Chinese airlines



International flights per day by Chinese airlines



Lunar New Year peak in Jan 2023

Rising daily aircraft utilisation rate of 12.6 hours for narrowbody and 8.5 hours for widebody¹

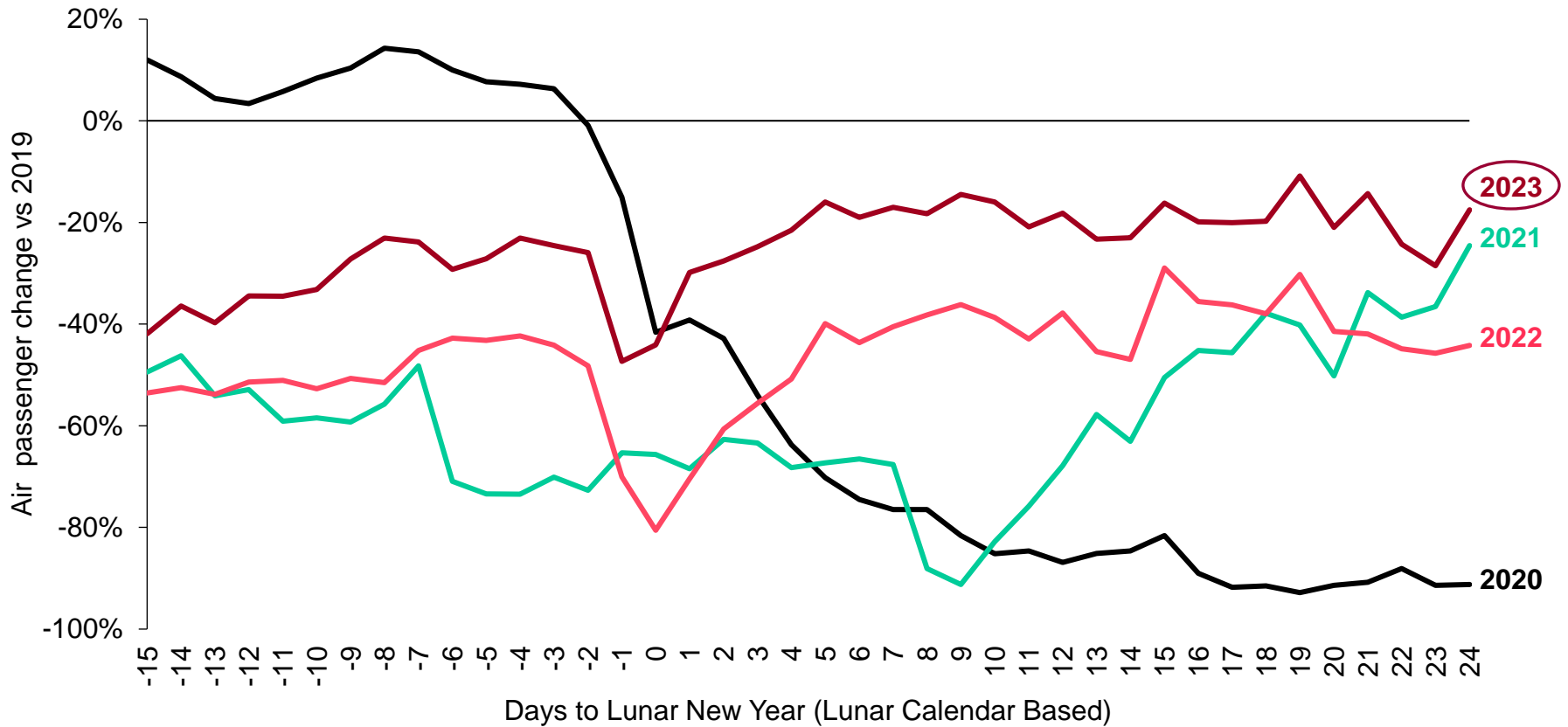
Source: AWN-ADSB

Note:

1. In January 2023



Lunar New Year's Air Travel in China Improved Since 2020

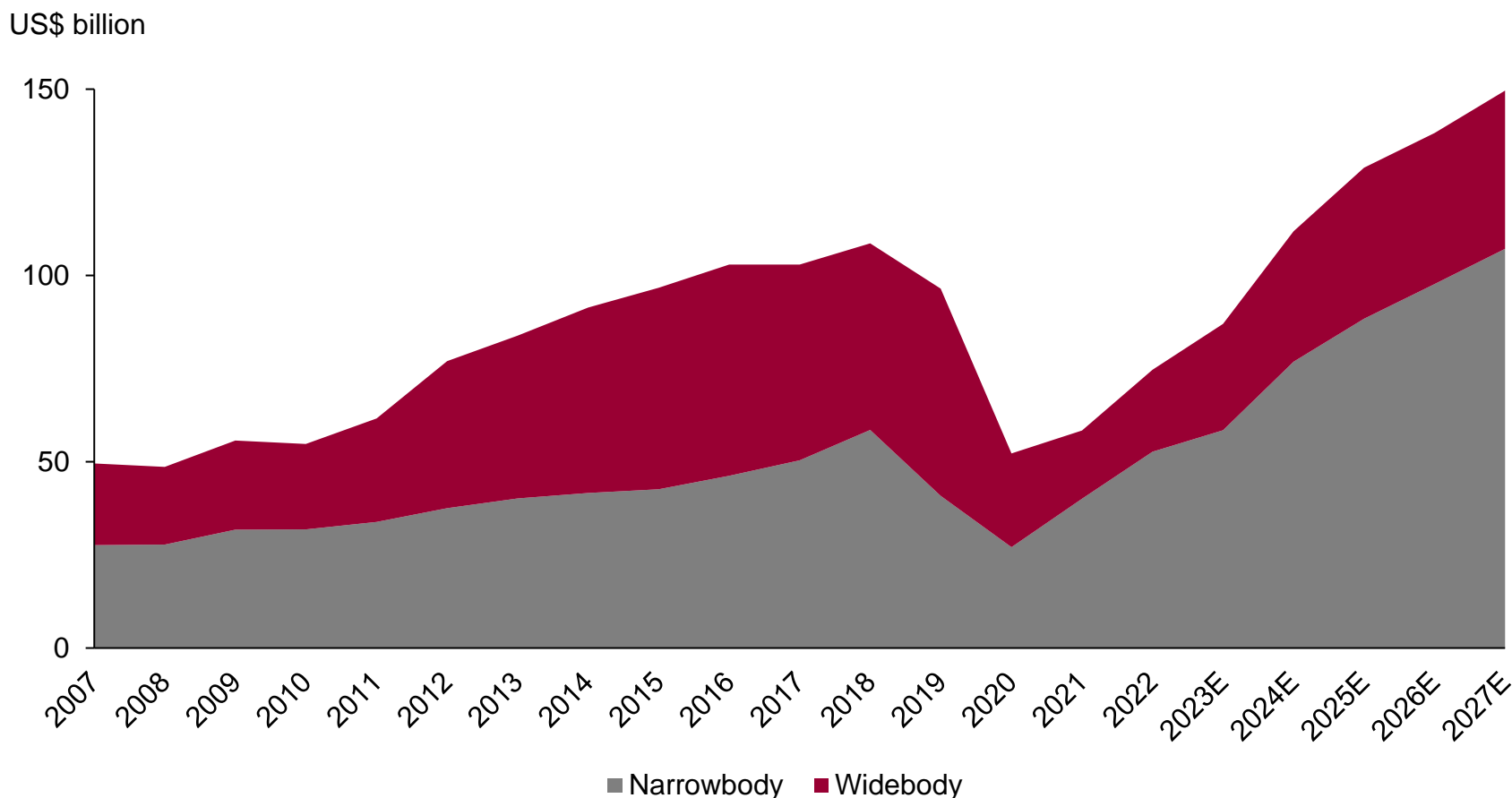


Best Lunar New Year in four years

Source: China's Ministry of Transport



Airlines' Capital Investments Are Projected to Exceed US\$125 Billion by 2025



Value of deliveries expected to rise in the next four years

All data as at 31 December 2022
Source: BOC Aviation Analysis

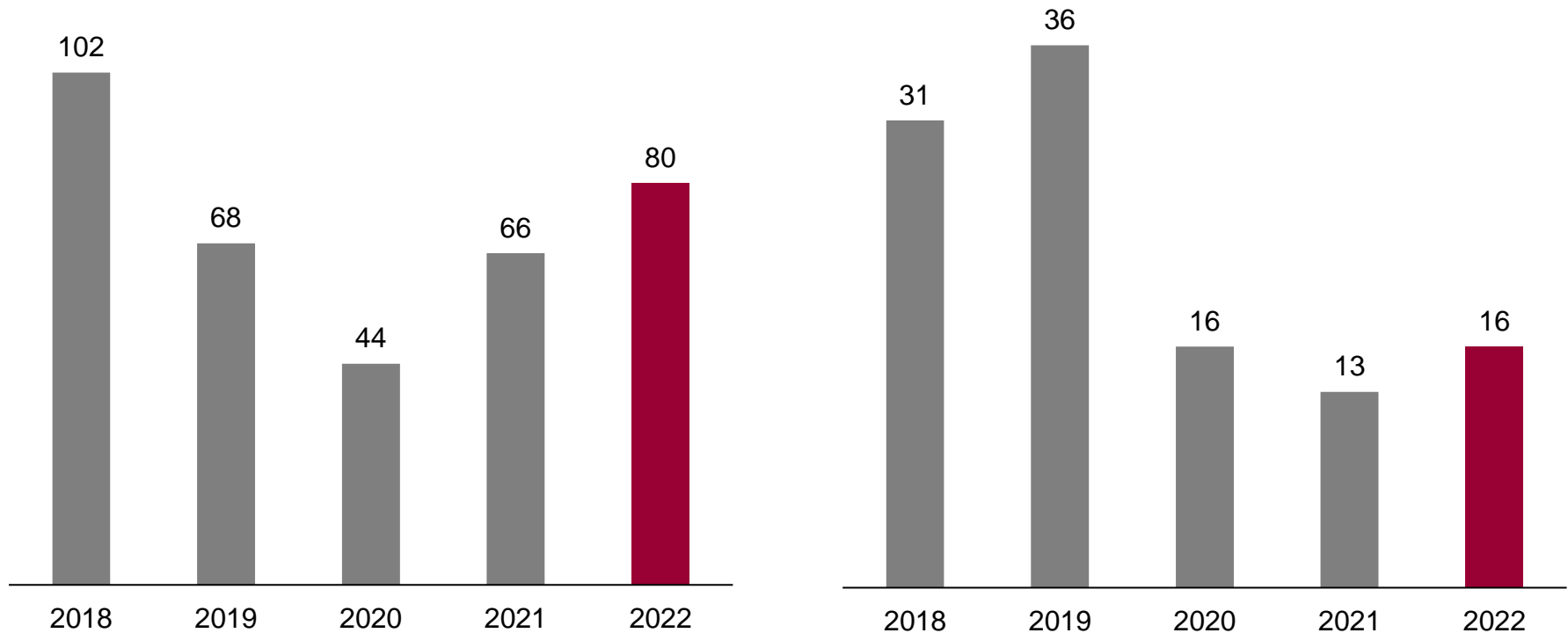


Total Deliveries of Narrowbody Aircraft Picked up in 2022

Narrowbody

Widebody

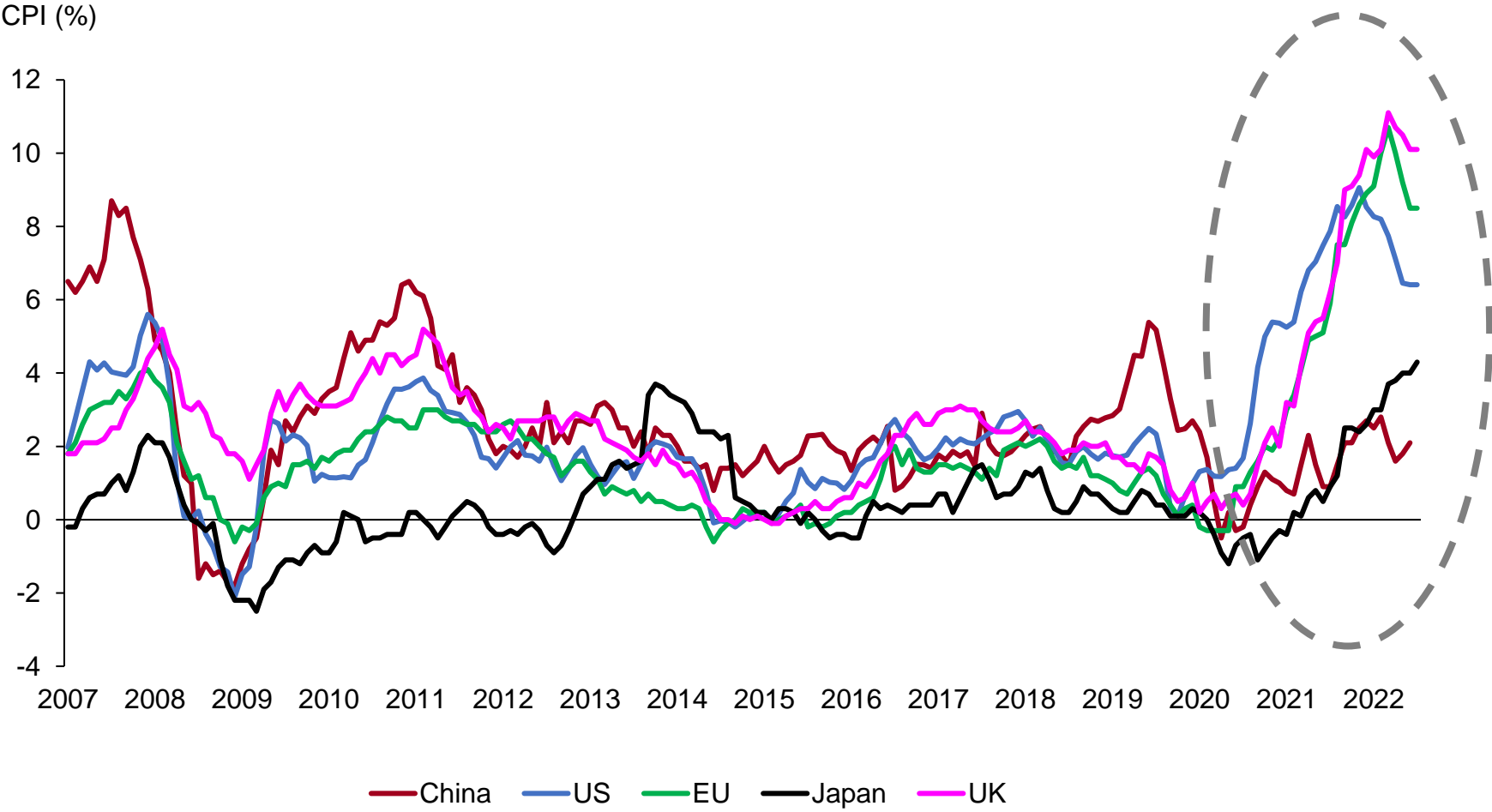
Number of aircraft per month (average)



Total deliveries of narrowbody aircraft have exceeded 2019's levels

All data as at 31 December 2022
Sources: Airbus and Boeing's deliveries, BOC Aviation Analysis

Managing Cost Inflation is Important



Escalation caps protect us from rising interest rates and prices



Source: Bloomberg (28 February 2023)

Impact of Inflation

- We have moved from a low-inflation environment to a higher-inflation environment
- This should have a positive impact on aircraft values
- Appraisers will have to revisit their models and assumptions going forward
- Lessors with large incumbent portfolios will benefit from asset inflation

Inflation rate per annum	Cumulative impact on residual value at year 12
1%	12.7%
2%	26.8%
3%	42.6%
4%	60.1%

Inflation should lead to greater gains on sales

2022 ESG Highlights

Environmental

- **100%** carbon neutral for direct emissions
- **100%** latest technology aircraft in the orderbook
- **More than 70%** of our owned fleet is latest technology aircraft
- **4.4** years average fleet age

Social

- **Supports Airlink** and other global and local NGOs
- **1,300** volunteer hours in local communities
- **More than 4,200** training hours across the company
- **50%** female representation in the workforce
- **21** nationalities across five offices

Governance

- **Three** female Board of Directors out of 11
- **Three** nationalities on the Board
- **30%** females in the management team
- **Nil** regulatory breaches
- **100%** completion of compliance training



www.bocaviation.com

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Incorporated in the Republic of Singapore with limited liability
Company Registration No. 199307789K