

Timothy Ross

Thank you operator and welcome everybody to BOC Aviation's earnings call to discuss our final results for the year ended 31 December 2025. With me today are our Chief Executive Officer and Managing Director, Steven Townend, our Chief Operating Officer, Tom Chandler and our Chief Financial Officer, Wen Lan.

Please note that some of the information you'll hear during our discussion today may consist of forward-looking statements, which are subject to risks and uncertainties that may cause actual results to differ materially from statements made today. You should not place undue reliance on any forward-looking statements and you should review our results announcement for full details. Please also note that all currency references in today's call are in USD.

A copy of our earnings announcement is available both via the Hong Kong Stock Exchange and in the Investors' section of our website at bocaviation.com, and a conference call presentation is also available in the Investor section of our website. This call is being recorded and will be available for replay from our website within the next 24 hours as is a transcript of today's discussion.

I'll now turn over the call to Steven Townend for his comments.

Steven Townend

Thanks Tim and thank you to everyone for joining us for our 2025 full year results earnings call.

We are pleased to report net profit after tax of \$787 million for the year ended 31 December 2025, equivalent to earnings per share of one dollar and thirteen cents. This compared with net profit after tax of \$924 million in 2024. However, adjusted for non-recurring income, our underlying profit of \$746 million rose 18% and is the highest recorded in our history. As a reminder, our underlying earnings have grown 46% over the past five years, with headline earnings ahead by 54% over the same timeframe.

In recognition of the strength of both our balance sheet and our cashflow, our Board has recommended a final dividend of 30.61 cents per share, payable to shareholders of record on 10 June 2026. This represents an enhanced dividend policy of paying up to 40% of reported net profit after tax and enables us to increase shareholder returns both whilst maintaining ample cashflow and balance sheet capacity to support our long-term growth targets.

Our total revenues and other income rose 2% to \$2.6 billion in 2025. As at 31 December, we had total assets at \$26.3 billion and net assets per share of nine dollars and 86 cents.

For the first time in five years, we achieved our investment growth targets. On this call last year, we guided capex expectations for 2025 to around \$4 billion and reiterated this in August. Our actual 2025 capex was \$4.2 billion as we funded aircraft orders, deliveries and pre-delivery payments as the supply of new aircraft from the main manufacturers generally improved.

Boeing and Airbus delivered close to 1,400 aircraft, up 25% on the prior year as the value of global aircraft deliveries increased 28% to \$100 billion, the first time this level has been achieved since 2018. For the first two months of 2026, the number of deliveries from these manufacturers has tracked last year and we anticipate a total of 16% growth in delivered aircraft value in 2026. Looking further out, based on manufacturer delivery timetables and prevailing market prices, we expect the value of new aircraft deliveries, and hence our addressable market, to rise by close to 80% between 2025 and 2030, which supports our long-term growth targets.

We have continued to add to our delivery pipeline following our largest-ever order placed in March last year, ending the year with purchase commitments for an additional 160 aircraft scheduled for delivery between 2025 and 2032, and a total orderbook of 337 aircraft. The \$19 billion in committed capital expenditure that this pipeline represents provides a clear path towards achieving our targeted \$40 billion of assets by 2030.

Global passenger traffic continues to rise as 2026 opened, up almost 4% in January, albeit tempered by the changed timing for the Lunar New Year holiday that restrained growth in Asian markets. Recent developments in the Middle East could see passenger growth challenged in 2026, with IATA's 4.9% estimate for the year potentially under pressure as closure of air space and airports in the region affects passenger and freight volumes.

We are also monitoring the impact that higher jet fuel prices are having on our airline customers' cashflows. IATA's \$41 billion global profit forecast for 2026 is based on an average price per barrel for jet fuel of US\$88. Airlines are reporting limited effects so far, either due to hedging already in place or an ability to push through increased fares, but last year jet fuel expense represented about 26% of the IATA members' cost bases, ranking just below labour.

We have been actively ensuring our access to significant liquidity since the beginning of the year. We extended our \$3.5 billion revolving credit facility with our major shareholder, Bank of China, out to February 2031 and raised an additional \$2.5 billion in the loan and bond markets, leaving us with over \$8 billion in committed liquidity at present. This certain access to funding, collections that continue to exceed 100% and our sustained strong cashflow generation will position us well to capitalise on any of our airline customers' additional financing requirements in the coming months

Meanwhile, we are focused on delivering the 42 aircraft that we currently have scheduled for this year, as well as adding to this number through targeted purchase and leaseback financings.

I'll now hand the call over to Tom to speak to our operations and business development and then Wen Lan will present a more detailed review of our P&L and balance sheet.

Tom Chandler

Thank you, Steven. Our operational and business development report is as follows:

We delivered 51 aircraft and two engines to 14 different airline customers during 2025, of which 44 were operating lease and seven were finance lease. We also signed lease commitments for 74 aircraft.

As at the end of December, our total portfolio stood at 815 aircraft and engines, comprising 451 owned aircraft, 11 owned engines, 16 managed and an orderbook of 337 aircraft, representing a record committed capital expenditure of over \$19 billion.

The additions to our portfolio this year continued to all be fuel-efficient, latest technology aircraft, including 20 A320NEO family, 23 737-8, seven 787-9 aircraft and our first A350-1000.

Manufacturer delivery delays have largely stabilised and as a result aircraft delivered broadly as expected. In fact, we have seen some deliveries brought forward from the delivery months previously advised during 2025. Our industry remains capacity constrained and still faces the effects of lower than planned aircraft deliveries for the last five years, creating a cumulative effect for the shortage of supply vs demand that isn't expected to be resolved until the end of the decade. Airbus and Boeing are both planning to increase production over the next few years, which will increase pressure on the supply chain and we will be monitoring carefully the signs of any further delays.

For 2025 we only transitioned three used aircraft to airline customers. The low number of transitions is due to the high demand for lease extensions, including 21 leases that were previously scheduled to expire during this period, as well as an absence of repossessions. We continued through 2025, as we ended 2024, with 100% of our aircraft and engines on lease, the only major lessor to achieve this metric.

The weighted average age of our owned portfolio was five years at the end of December and continues to be one of the youngest in the aircraft leasing industry. We have amongst the highest proportion of latest technology, most fuel-efficient aircraft in our fleet of any operating lessor at 84% at year-end. We also continue to have one of the industry's longest weighted average remaining lease terms for our owned portfolio, at 7.8 years. The aggregate appraised value of our operating leased fleet – which excludes the value of committed lease revenue - also continues to rise and represented an 18% premium of \$3.4 billion to that fleet's net book value.

We sold 35 aircraft from the owned fleet in 2025, an increase from 2024's 29 aircraft sales as we capitalised on the prevailing strong demand for used aircraft. These aircraft had an average age of 9.3 years, similar on average to those sold during the prior year and more than four years older than the average fleet age. Despite focusing on lower yielding leases and older aircraft with shorter remaining lease terms, the level of demand for used aircraft drove gain on sale margins higher - especially in 2H – ending at 15% for the year, comfortably ahead of our long term 9% average.

In 2H 2025, we maintained the gains in our yield metrics that we reported in the first half. Lease rate factor rose 30 basis points compared with 2024 to 10.3%, which was in line with 1H 2025, this despite the delivery of more, larger aircraft at the end of the year. The backloaded nature of these deliveries grew the net book value of our fleet, but only contributed a limited amount of income for the period with the full year effect being seen in 2026. Net lease yield likewise rose 30 basis points to 7.5% as our funding costs remained stable.

We have continued to increase the efficiency of our operations with the ongoing digitalisation of our business through the implementation of state-of-the-art IT systems combined with training our staff to adapt to more digital ways of working. This digitalisation activity will continue through 2026 as we add an increased focus on data analytics to help inform our asset management activities and decision making. This will help us to enhance both our efficiency and agility as we continue to grow our business towards our targeted \$40 billion in assets by 2030.

Turning to ESG, we have a highly diverse employee base; our 211 colleagues at the end of 2025 featured 20 nationalities. At the end of last year, half of our employees were women, with 29% in management positions, a nine-percentage point increase from 2024. We have two Board members that are female exceeding the Hong Kong Stock Exchange's current minimum gender requirement. We continued our focus on strong governance and compliance with further enhancements in both areas. With respect to sustainability we have engaged with industry bodies to promote the use of

sustainable aviation fuel as part of the aviation industry's transition towards net zero, as well as procuring SAF certificates for the first time as part of our decarbonisation programme.

We lifted our engagement with our local communities in 2025, with over 180 employees - or close to 90% of our total workforce - participating in a total of 16 CSR events. Globally, we have taken part in and originated events that impact positively across a wide spectrum of age and need. Examples include support of a Parkinson's disease foundation in New York, assisting elderly with grocery shopping in Singapore and helping at a special needs school in Dublin.

That concludes the overview of our operations and business development for the year ended December 2025 and I'll now turn it to Wen Lan for a deeper review of our financial performance.

Wen Lan

Thank you, Tom.

As Steven mentioned earlier, we reported a net profit after tax of \$787 million for 2025, equivalent to earnings of one dollar and thirteen cents per share.

Total revenue rose 2% to \$2.6 billion compared with 2024, increasing for all core business activities with significant growth in contributions from our financing activities and from gains on aircraft sales. This reflects the scheduled growth in near term aircraft deliveries and higher underlying aircraft valuations, respectively.

Operating lease rental income increased to \$1.9 billion, reflecting an improvement in lease rate factor to 10.3%. Finance lease revenue again contributed strongly – up 25% to \$271 million – as finance lease receivables amounted to over \$4.1 billion and transactions completed earlier in the year lifted revenues.

Our gains on aircraft sales rose by 81% to \$213 million compared with 2024, as we sold 35 aircraft compared with 29 the prior year and as robust demand for used aircraft lifted our sales margin.

Other interest and fee income was ahead by 77% to \$136 million in 2025, driven primarily by our focus on assisting our customers with pre-delivery payment financing.

Other income of \$110 million fell 63% compared with 2024 mainly due to the substantially lower Russia-related insurance settlement proceeds.

Looking at our cost base, our two largest expenses continue to account for 90% of the total. Depreciation, our largest expense, was steady at \$782 million as we continued to sell operating leased aircraft from the owned fleet and their replacements delivered towards the end of the period.

Finance expenses – our second largest item - rose 4% to \$738 million. While our cost of debt was unchanged compared with 2024 at 4.5 percent per annum, our gross debt increased by around 3% to \$17.2 billion. Use of internally generated cashflow and lower interest rates for our floating rate loans accounted for the stable funding costs.

There was no impairment of aircraft values in 2025, with all aircraft on lease and underlying market values generally firming.

Elsewhere, our effective tax rate rose to 15.9% in 2025 reflecting the imposition of minimum corporate tax rules in most of the jurisdictions where we are based. This was up from last year's 11.1%, where the rate benefitted from the write-back of impairment losses.

Moving to the balance sheet, we ended 2025 with total assets of \$26.3 billion, funded by total debt of \$17.2 billion.

Total equity rose \$478 million to \$6.8 billion as at 31 December. This was mainly attributable to retained profit for the period, which was partially offset by \$288 million in dividend payments.

We raised \$4.3 billion in new financing, comprising \$1 billion from the debt capital markets, with a further \$3.3 billion from facilities with our banking group of over 50 banks. This, combined with record operating cashflow net of interest of \$2.2 billion, saw us fund our \$4.2 billion of capex and repay \$3.1

billion in maturing bonds and loans. Our total debt was little changed from the end of last year and our gross debt to equity ratio was also stable at 2.5 times, as retained earnings continued to rise. Rating agency S&P raised our outlook to stable and both S&P and Fitch reconfirmed our A- credit rating during 2025.

In 2026, \$1.9 billion in notes and loans are scheduled to mature and we have already repaid \$900 million of this. With our robust cashflow and committed liquidity we are confident that we can fund our targeted capex and any remaining debt obligations.

I'll now hand the call back to Steven for his closing remarks.

Steven Townend

Thanks, Lan. We are extremely pleased with our achievements in 2025, where we generated growth across all of our business areas, and in our asset base, to produce the best underlying earnings in our history. This would not have been possible without the efforts of our staff and our Board, as well as the support from our investors and business partners, to whom we extend our thanks.

Not only have earnings risen, but so too has the value of our aircraft assets. The gap between the market value of our aircraft and their book values increased to \$3.4 billion, which represents a premium of almost HK\$38/share.

Today, demand for new aircraft remains strong both for traffic growth as well as the replacement requirement for a global fleet that has aged rapidly in recent years. Manufacturers continue to increase production levels, which drives a significant lift in airline funding needs. With an industry leading orderbook and today around \$8 billion in available liquidity we are ideally positioned to capitalise on both of these trends.

With that I conclude our review of the industry, our company's financials and our outlook and I'll pass the call back to Tim.

Timothy Ross

Thanks, Steve. This wraps up management's formal commentary.

We now have time for Q&A and - out of fairness to others - request that each participant restricts themselves to one question and a follow up, unless time permits for additional queries.

I'll hand the call back now to the operator for the Q&A session.