



J.P. Morgan Industrials Conference 2023

15 MARCH 2023

Disclaimer

This presentation contains information about BOC Aviation Limited (“BOC Aviation”), current as at the date hereof or as at such earlier date as may be specified herein. This document does not constitute or form part of and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire securities of BOC Aviation or any of its subsidiaries or affiliates or any other person in any jurisdiction or an inducement to enter into investment activity and does not constitute marketing material in connection with any such securities.

Certain of the information contained in this document has not been independently verified and no representation or warranty, expressed or implied, is made as to, and no reliance should be placed on, the information or opinions contained herein or in any verbal or written communication made in connection with this presentation. The information set out herein may be subject to revision and may change materially. BOC Aviation is not under any obligation to keep current the information contained in this document and any opinions expressed in it are subject to change without notice.

No part of this document, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. Neither BOC Aviation nor any of its affiliates, advisors, agents or representatives including directors, officers and employees shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document. This document is highly confidential and is being given solely for your information and for your use and may not be shared, copied, reproduced or redistributed to any other person in any manner.

This document may contain “forward-looking statements”, which include all statements other than statements of historical facts, including, without limitation, any statements preceded by, followed by or that include the words “will”, “would”, “aim”, “aimed”, “will likely result”, “is likely”, “are likely”, “believe”, “expect”, “expected to”, “will continue”, “will achieve”, “anticipate”, “estimate”, “estimating”, “intend”, “plan”, “contemplate”, “seek to”, “seeking to”, “trying to”, “target”, “propose to”, “future”, “objective”, “goal”, “project”, “should”, “can”, “could”, “may”, “will pursue” or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond BOC Aviation’s control that could cause the actual results, performance or achievements of BOC Aviation to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Neither BOC Aviation nor any of its affiliates, agents, advisors or representatives (including directors, officers and employees) intends or has any duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained in this document.

Any securities or strategies mentioned herein (if any) may not be suitable for all investors. Recipients of this document are required to make their own independent investigation and appraisal of the business and financial condition of BOC Aviation and/or any other relevant person, and any tax, legal, accounting and economic considerations that may be relevant. This document contains data sourced from and the views of independent third parties. In replicating such data in this document, BOC Aviation does not make any representation, whether express or implied, as to the accuracy of such data. The replication of any views in this document should not be treated as an indication that BOC Aviation agrees with or concurs with such views.

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 |

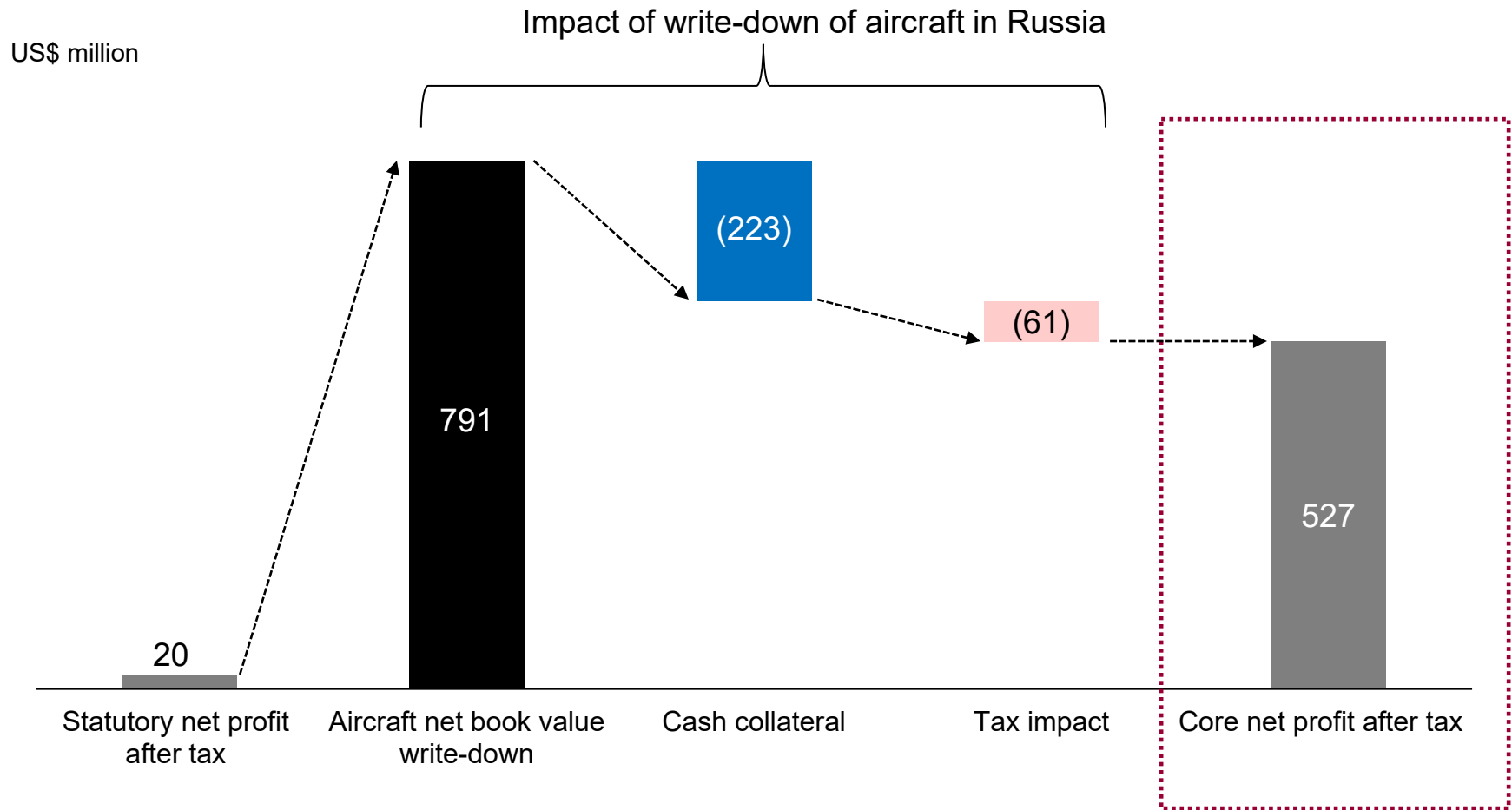
All data as at 31 December 2022

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

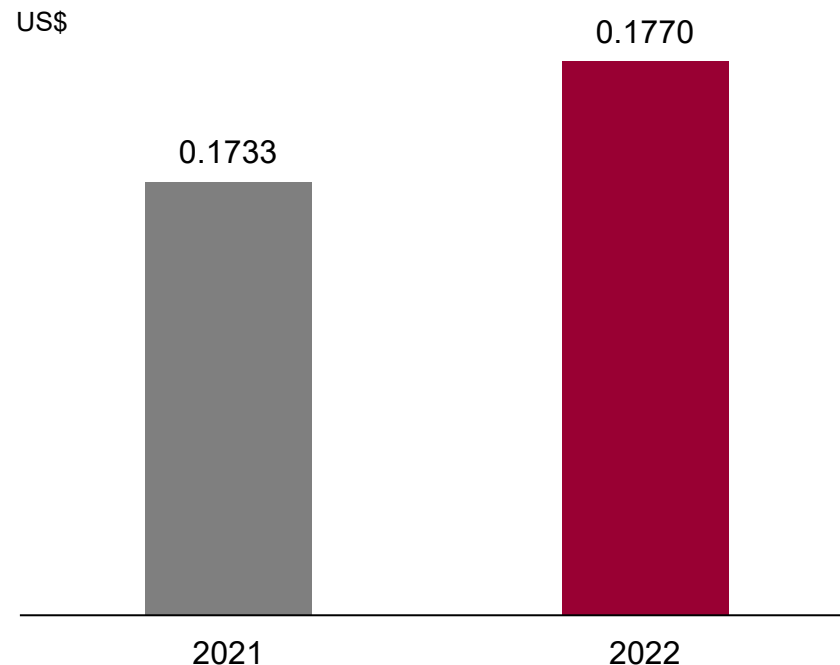
US\$185 million

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

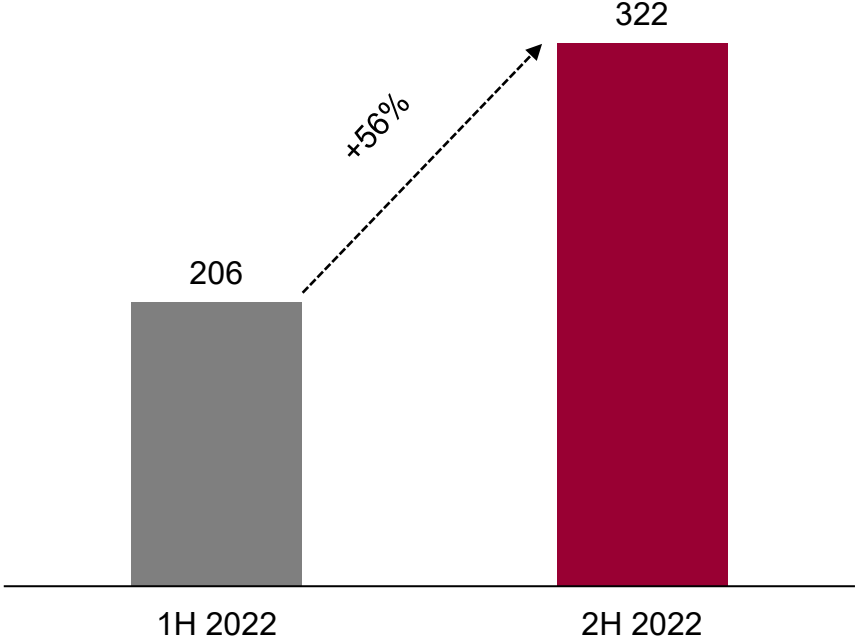
Notes:

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

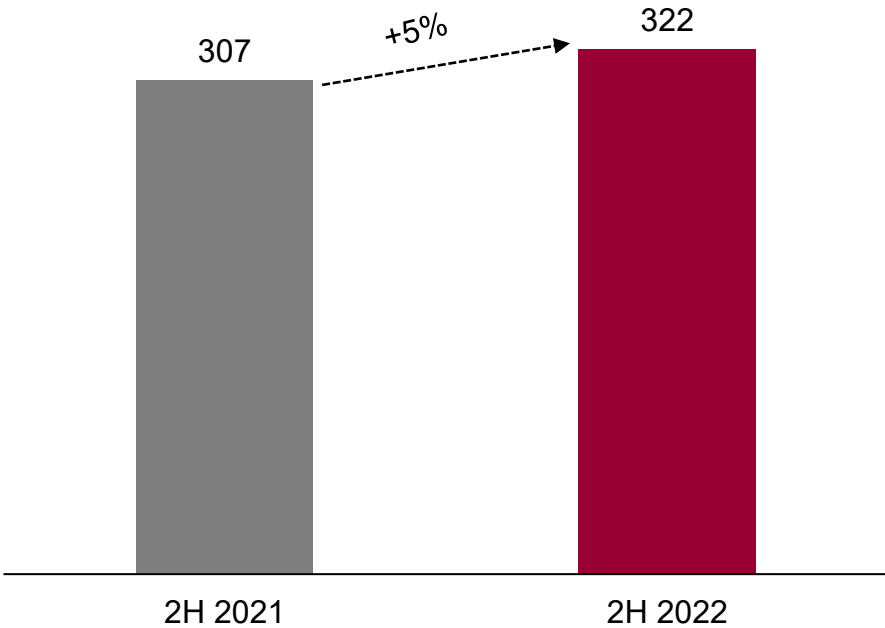
1H 2022 vs 2H 2022

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

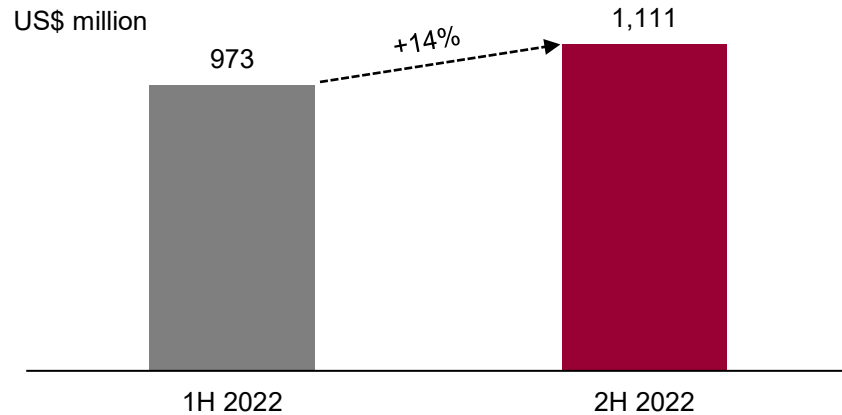
| Key indicators | 31 December 2022 | 31 December 2021 |
|--|------------------|------------------|
| Total assets (US\$ billion) | 22.1 | 23.9 |
| Total available liquidity (US\$ billion) | 5.3 | 6.0 |
| Total equity (US\$ billion) | 5.2 | 5.3 |
| Net assets per share (US\$) | 7.50 | 7.59 |
| Gross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

Delevered due to strong operating cash flow

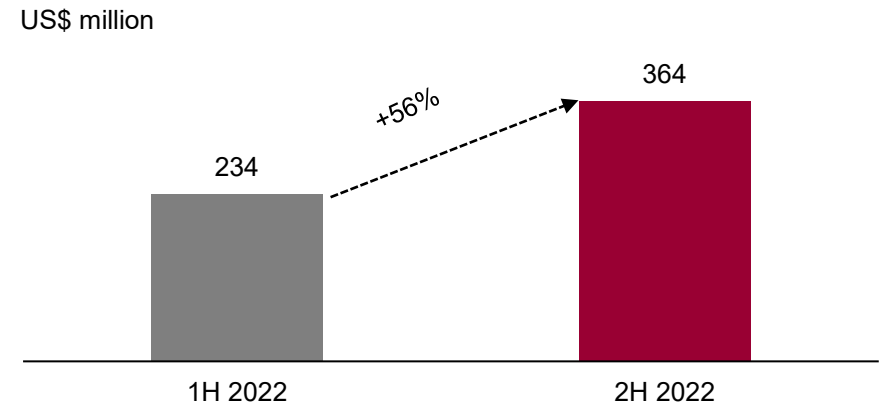
All data as at 31 December 2022

An Improvement in 2H 2022 over 1H 2022

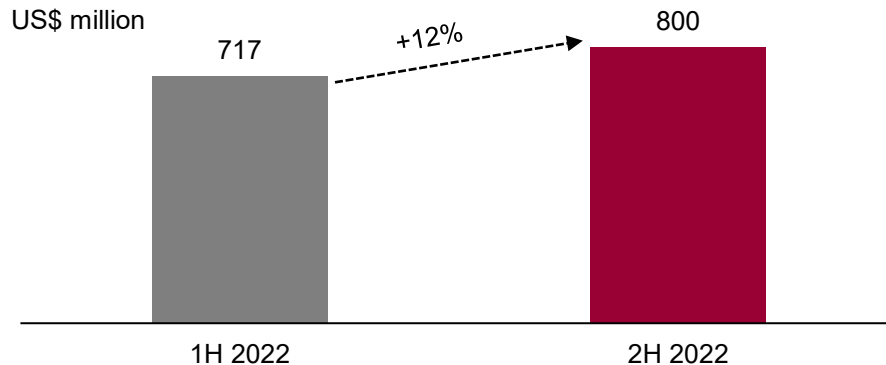
Core revenues¹



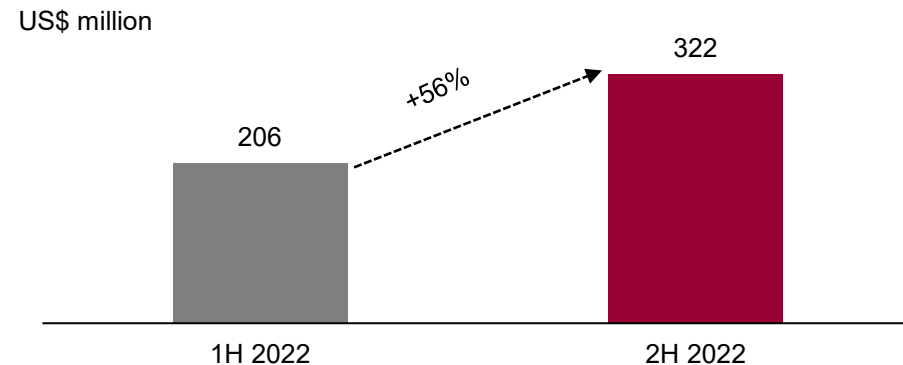
Core profit before tax¹



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

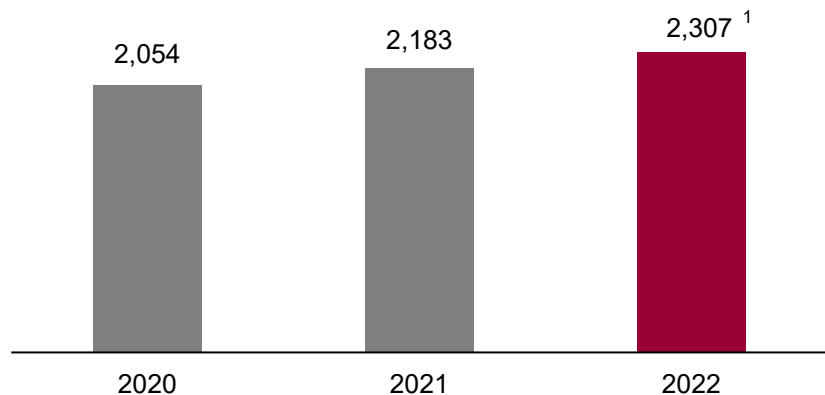
Notes:

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

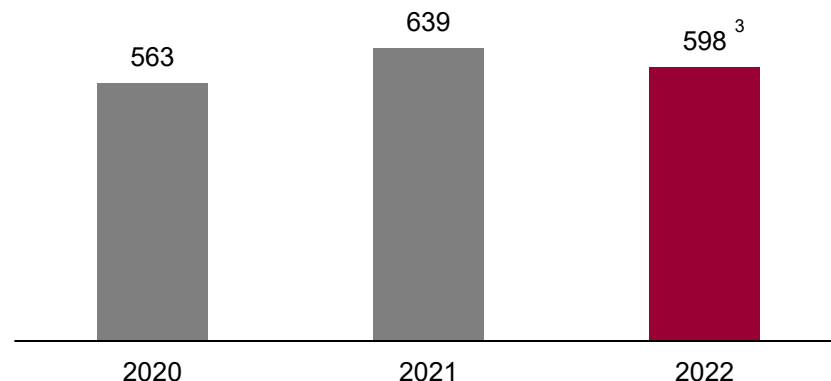
Fleet growth underpins growth in revenues

US\$ million



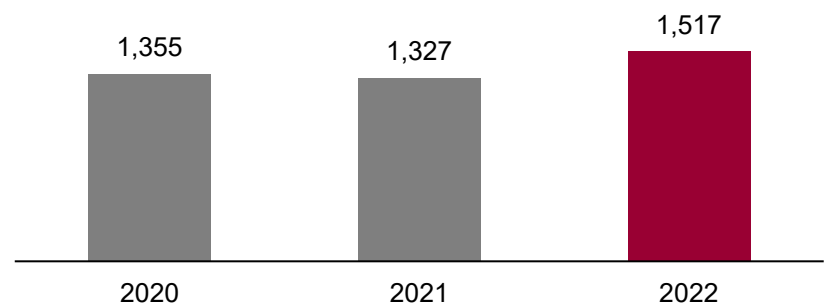
Strong core PBT

US\$ million



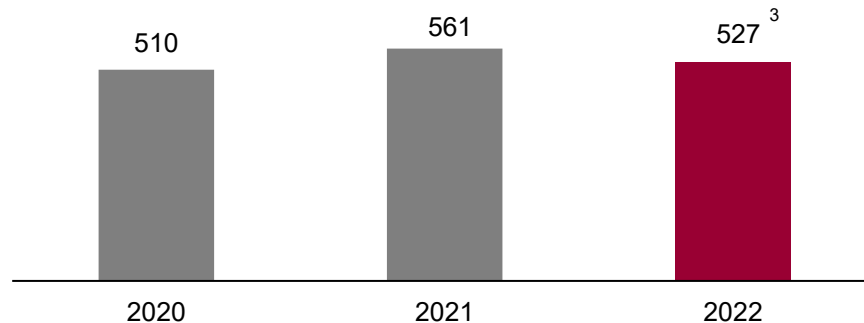
Rising operating cash flow net of interest²

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:

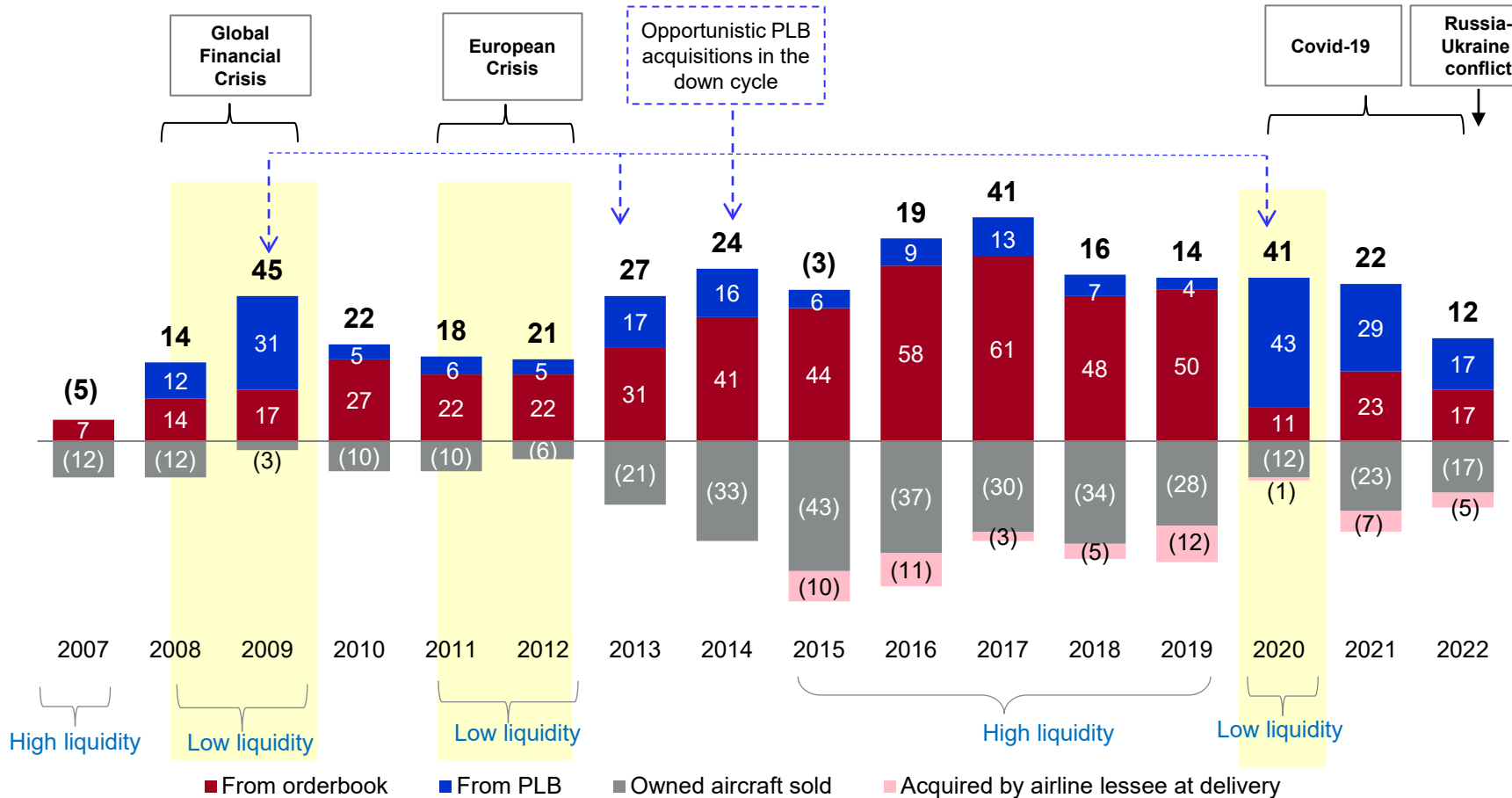
1. Excluding the net impact of aircraft in Russia

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

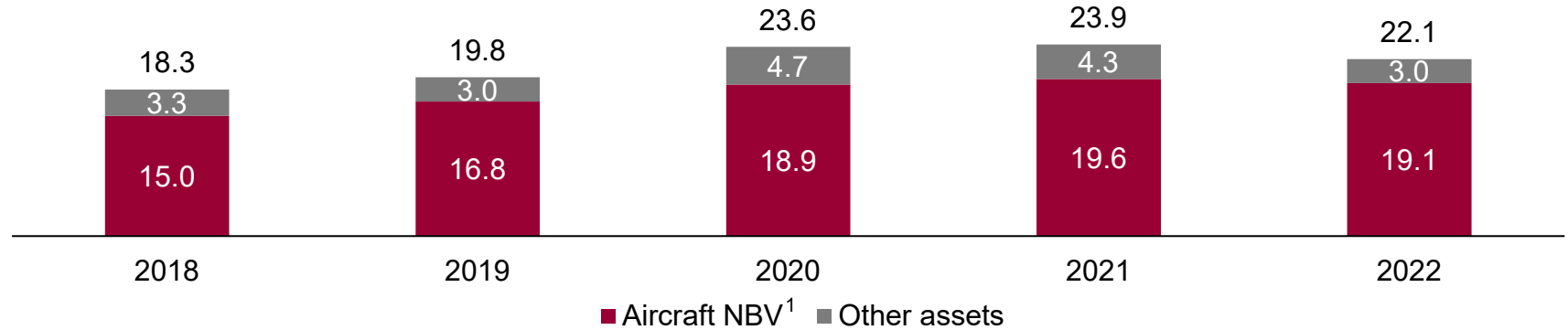
All data as at the end of the relevant period



Stable Balance Sheet and Aircraft Fleet

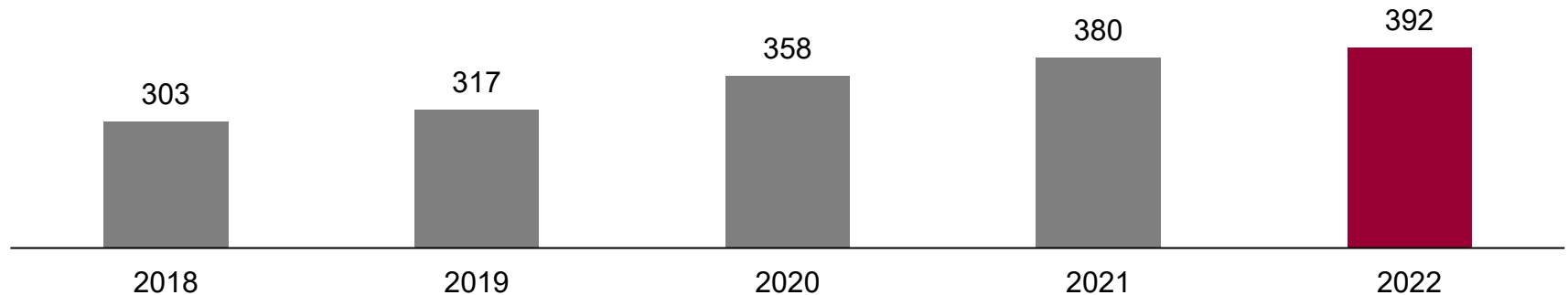
Stable balance sheet

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

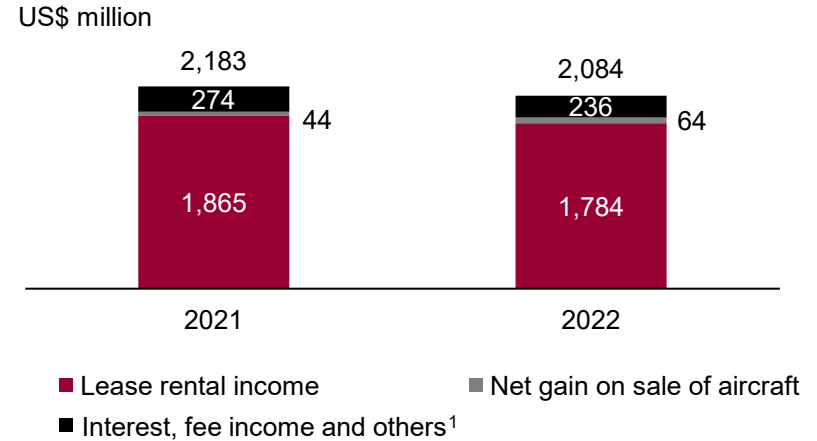
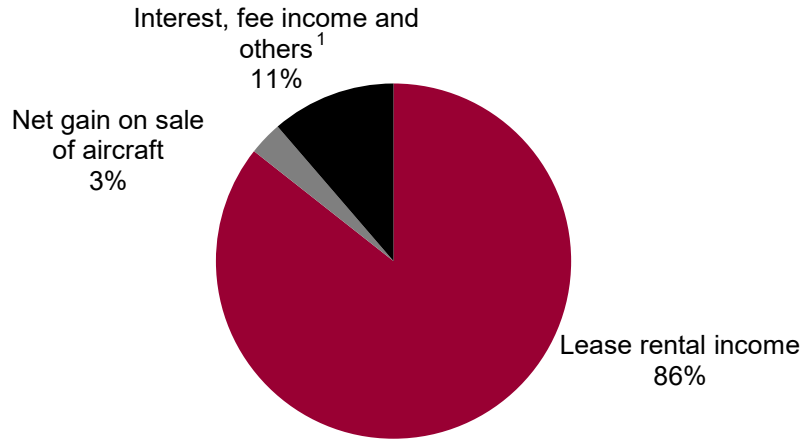
Notes:

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

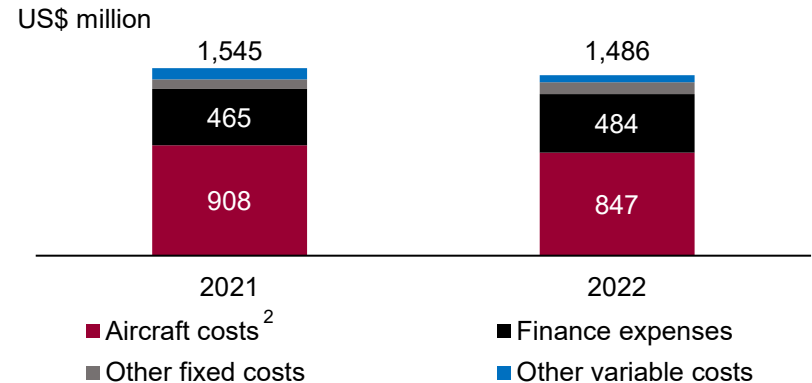
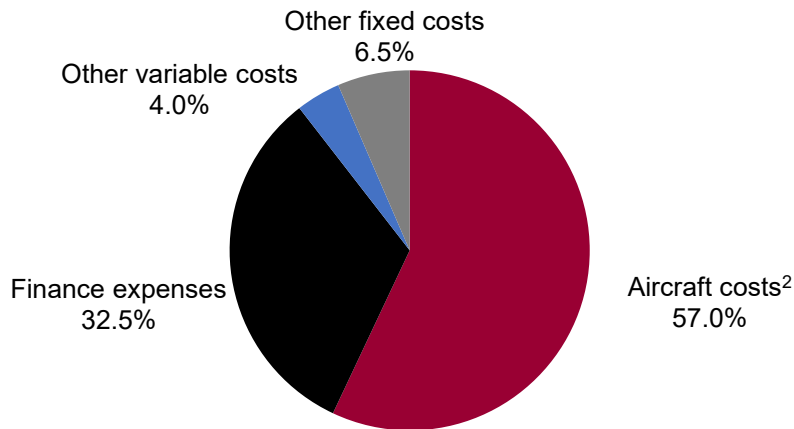


Lease Rental Income Continues to Dominate Revenue

Lease rental income dominates total revenues and other income



Depreciation of aircraft and financing costs are key costs



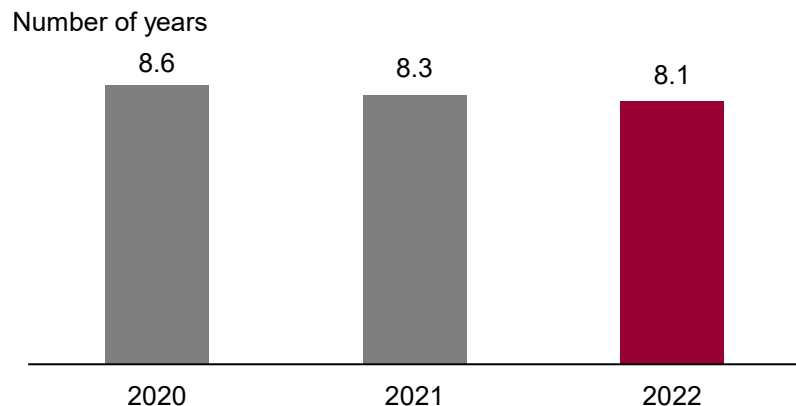
All data as at 31 December 2022

Notes:

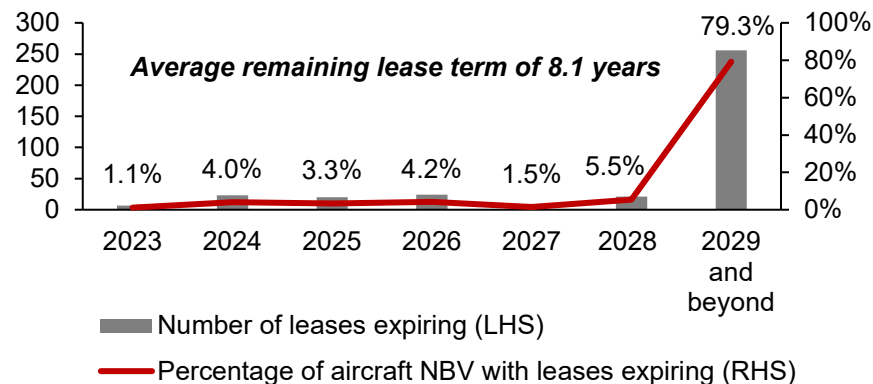
1. Excludes income arising from termination of leases with airlines in Russia in 2022
2. Comprises aircraft depreciation and impairment charges (excludes the impairment of aircraft in Russia in 2022)

Long-Term Leases Enhance Revenue Visibility

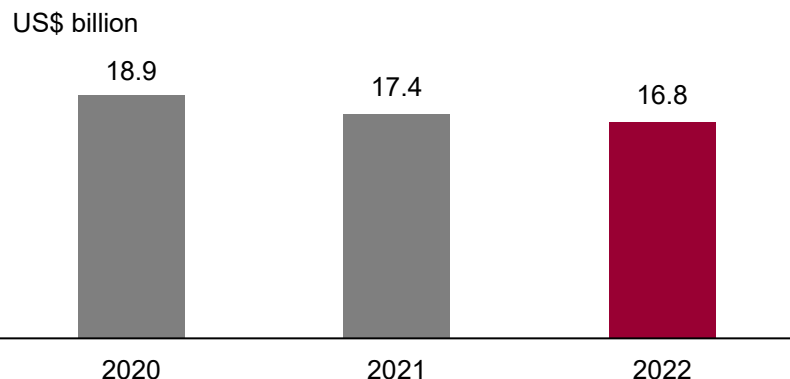
We have a long average remaining lease term¹



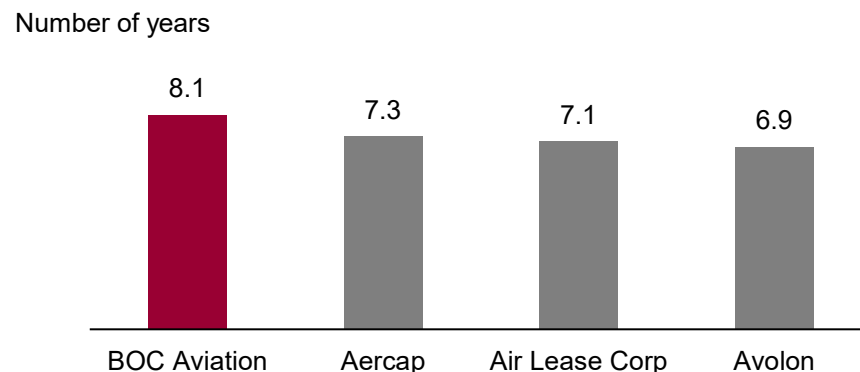
Well-dispersed scheduled lease expiries²



High future committed lease revenue



Industry-leading average remaining lease term³



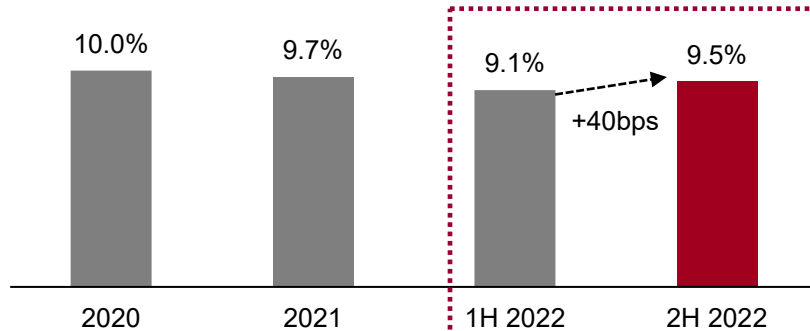
All data as at 31 December 2022

Notes:

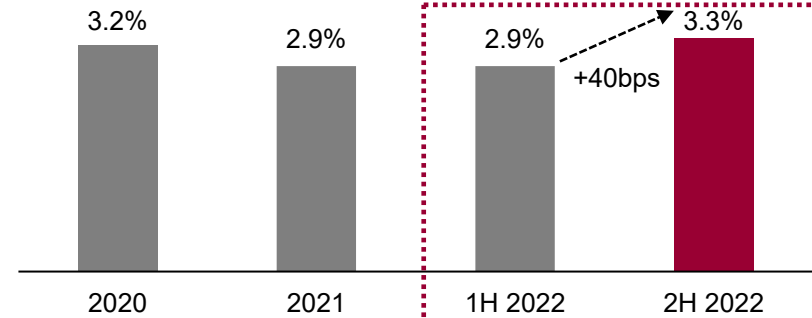
1. Weighted by net book value of owned fleet including aircraft on leases classified as finance leases
2. Owned aircraft with lease expiring in each calendar year, weighted by net book value, excluding any aircraft for which BOC Aviation has sale or lease commitments and aircraft off lease
3. Weighted by net book value of owned fleet as at 31 December 2022

Lease Yields Improved in 2H 2022

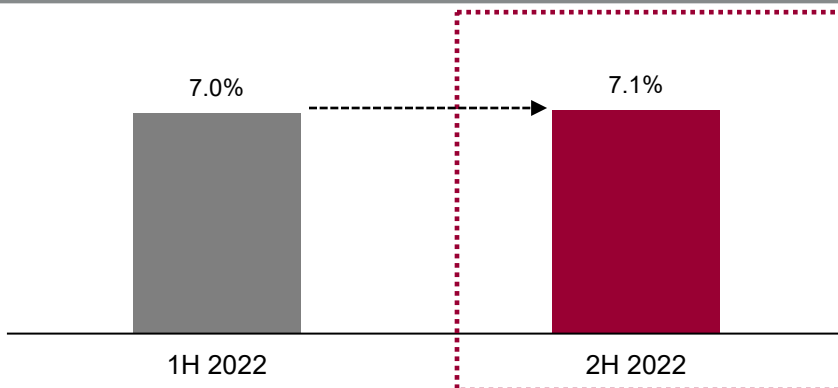
Lease rate factor¹



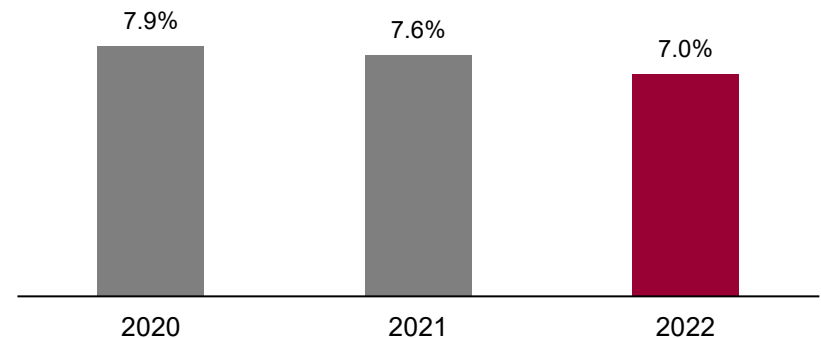
Cost of debt²



Net lease yield³ 1H 2022 vs 2H 2022



Net lease yield³



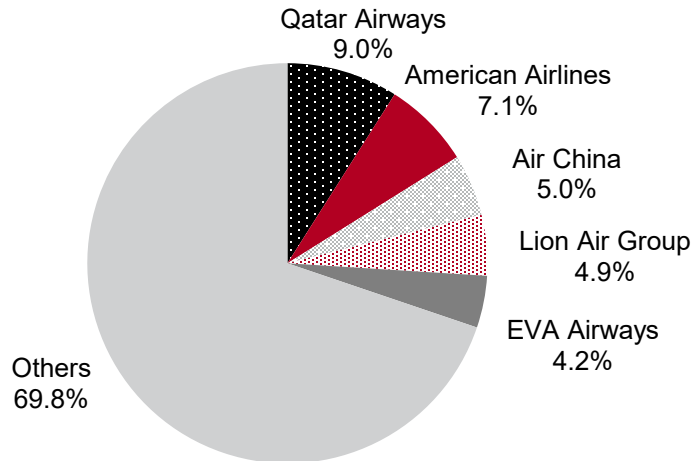
All data as at 31 December 2022

Notes:

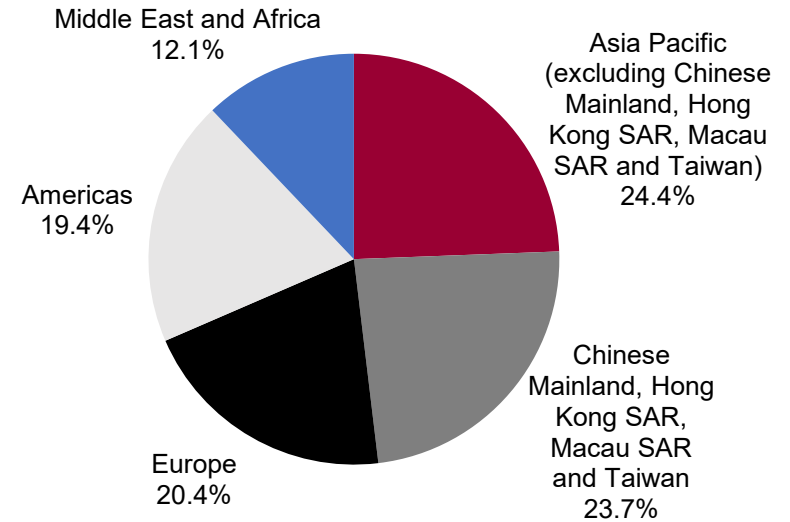
1. Calculated as operating lease rental income divided by average net book value of aircraft and multiplied by 100%. Semi-annual lease rate factors are calculated on an annualised basis
2. Calculated as the sum of finance expenses and capitalised interest, divided by average total indebtedness. Total 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

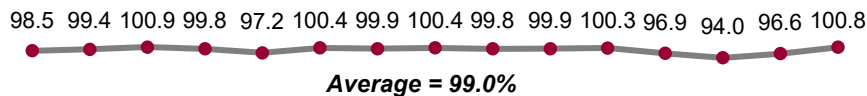
Lease portfolio diversified by customer^{1,2}



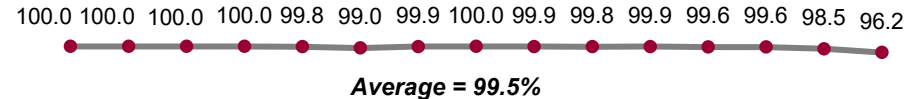
...and increasingly diversified by geography^{3,4}



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

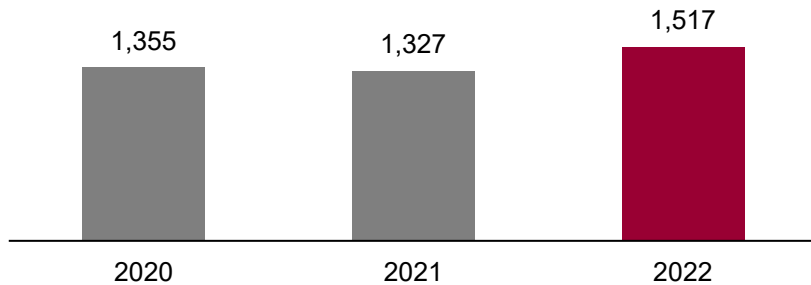
Notes:

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

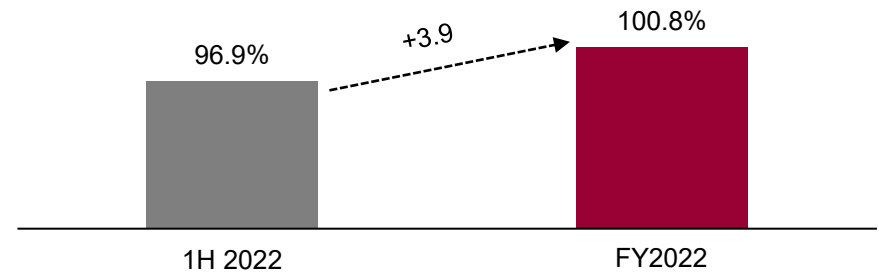
Record High Operating Cash Flow Net of Interest

All-time high operating cash flow net of interest¹

US\$ million

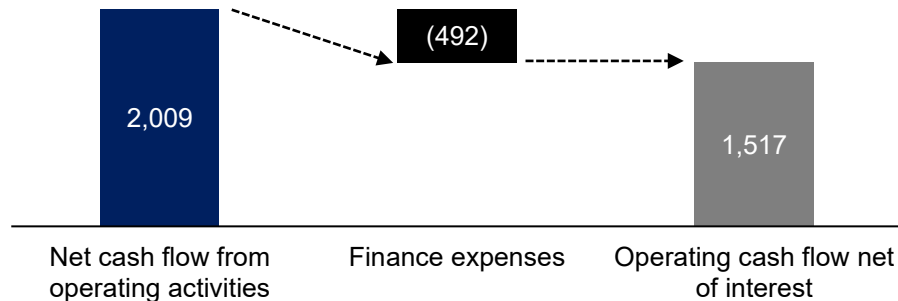


Collection rate of 101% a key contributor



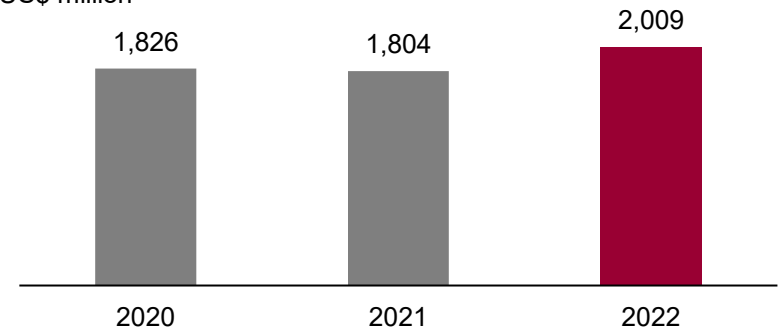
FY2022 operating cash flow net of interest¹

US\$ million



Net cash flow from operating activities

US\$ million



Improved collection rate drives strong cash flow

All data as at 31 December 2022

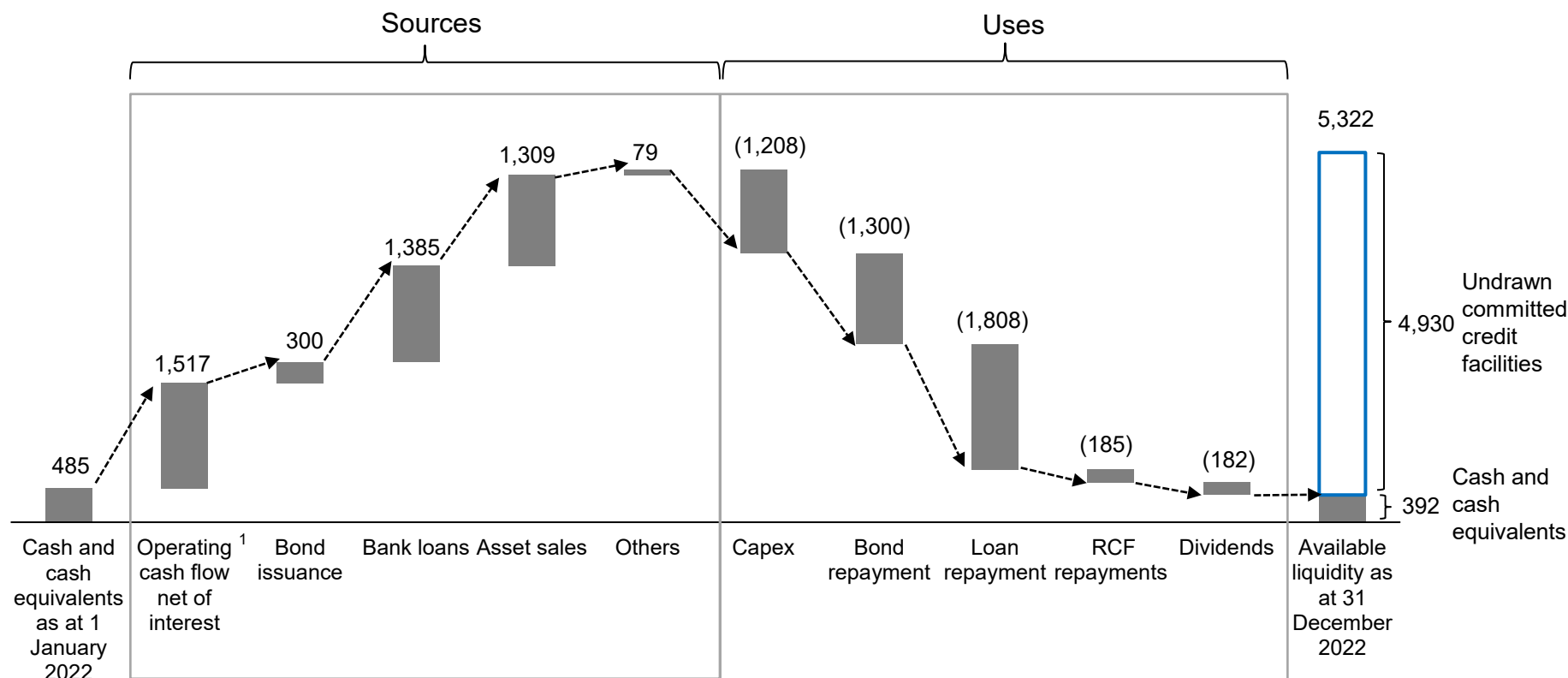
Note:

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

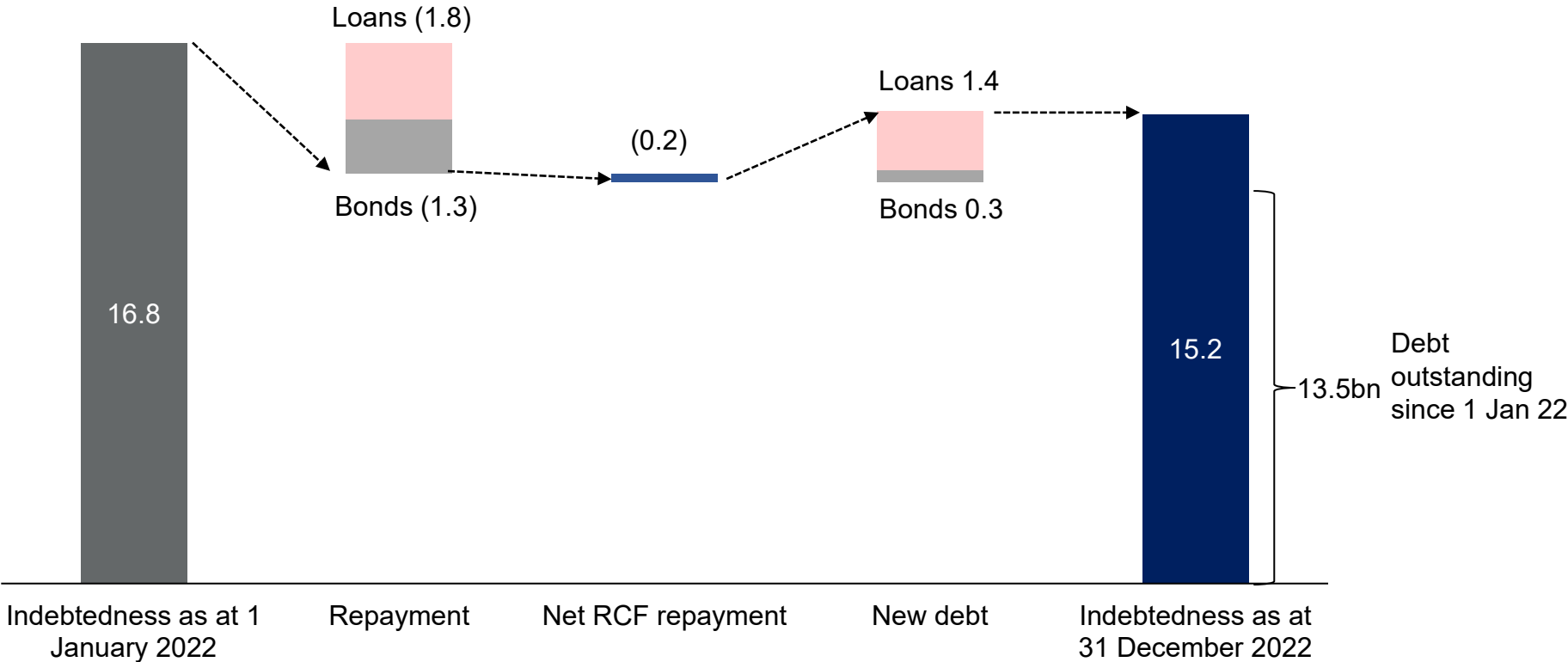
Note:

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



Stable Debt Structure

US\$ billion

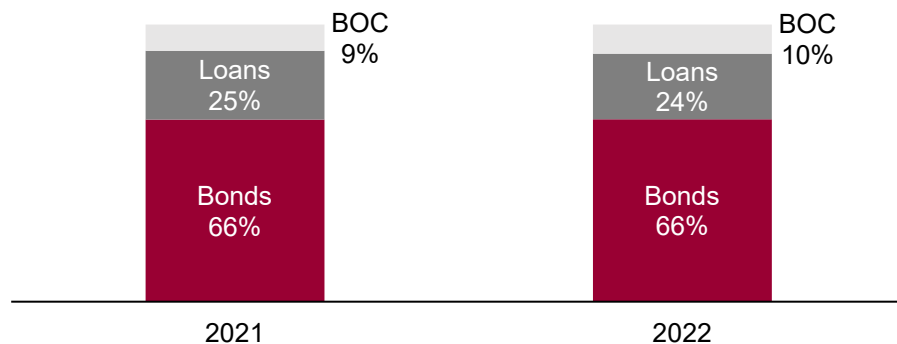


80% of debt unchanged with debt to equity of 2.9:1 at end-2022



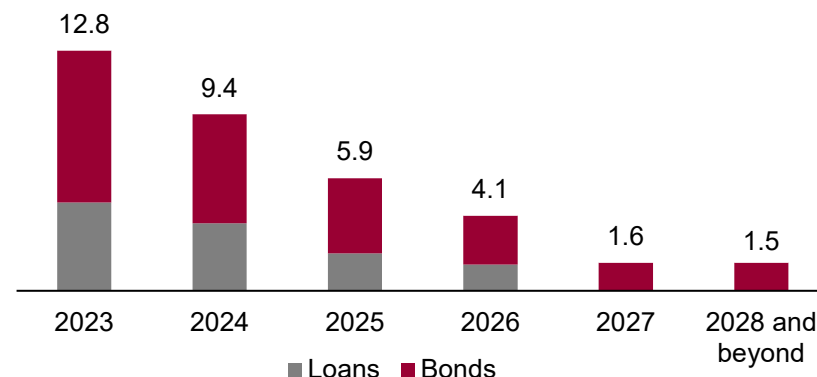
Flexible Capital Structure

Sources of debt¹

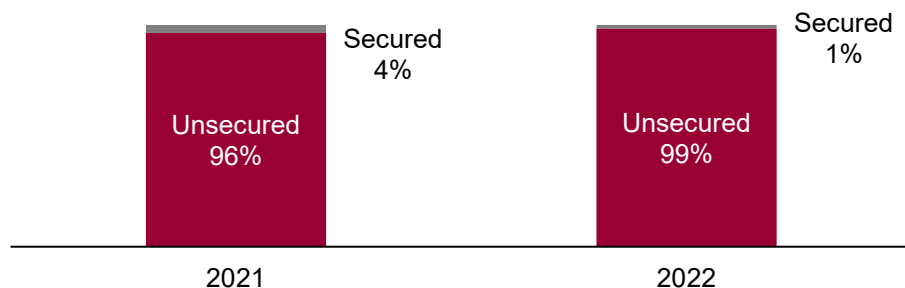


Outstanding debt amortises over a long term

US\$ billion

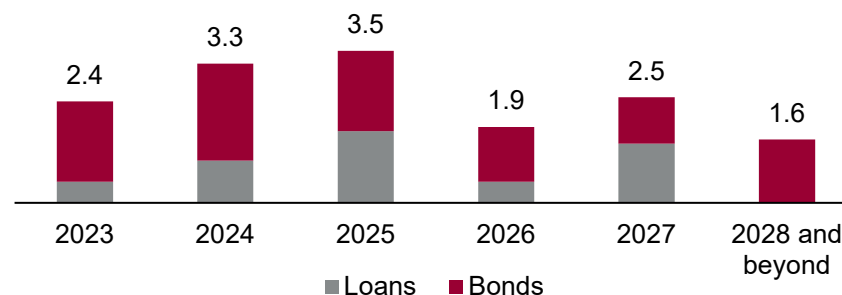


Increasing unsecured funding



Debt maturity profile

US\$ billion



Borrowings predominantly unsecured

All data as at 31 December 2022 unless otherwise indicated

Note:

1. Drawn debt only

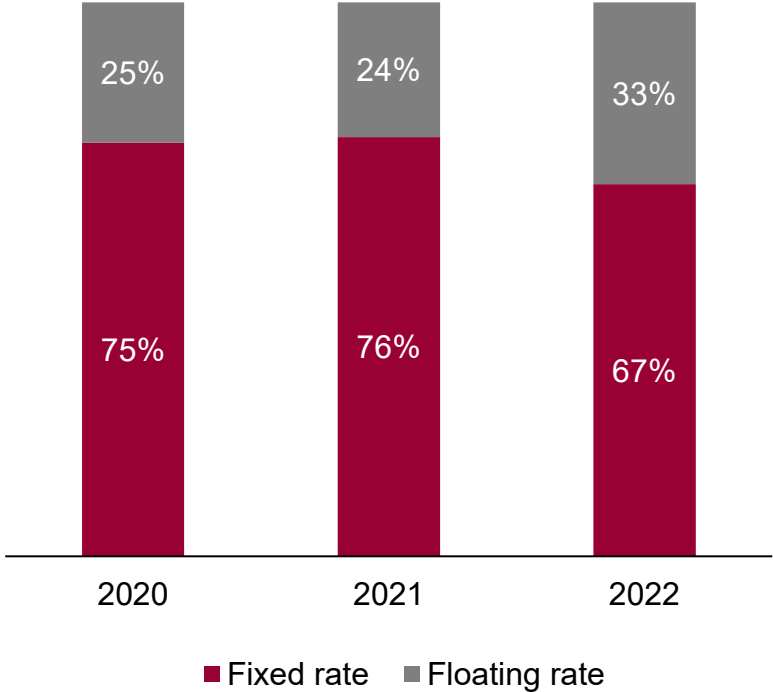
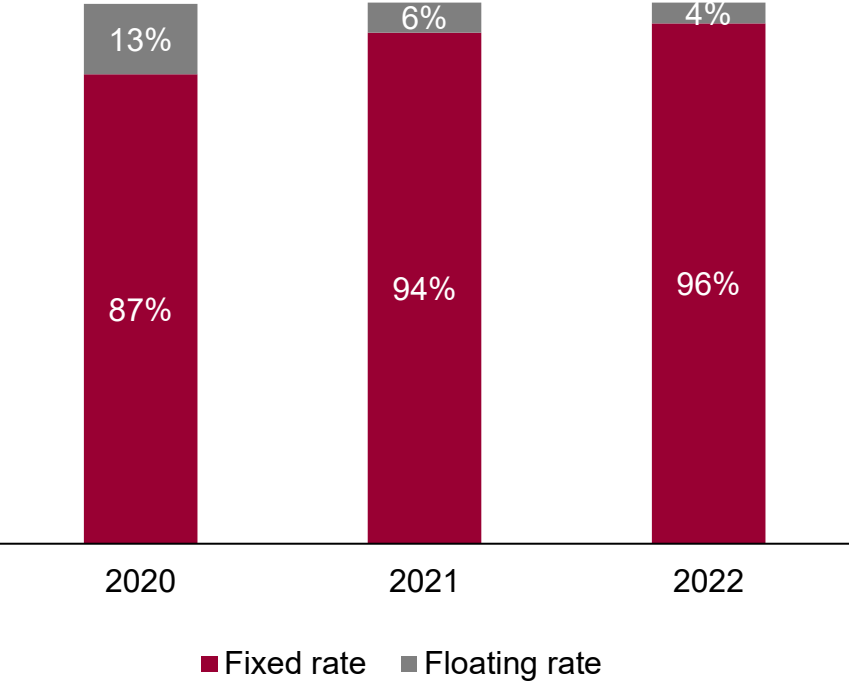


Fixed Rate Leases and Debt

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:

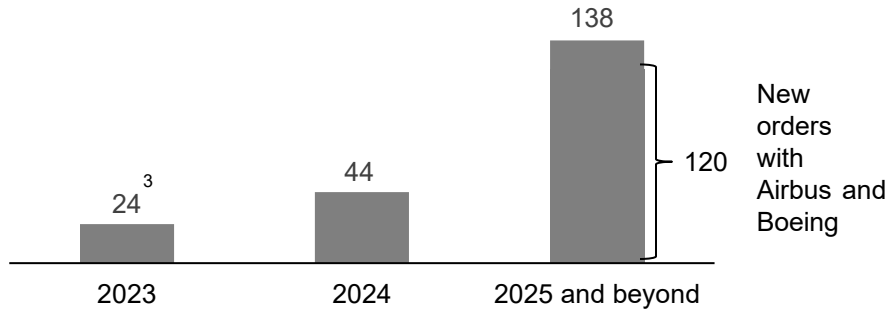
1. By net book value of aircraft including aircraft on leases classified as finance leases in accordance with IFRS 16 (Leases) and excluding aircraft off lease
2. Represents the position net of any hedging



Two Large Orders Provide Further Impetus For Growth

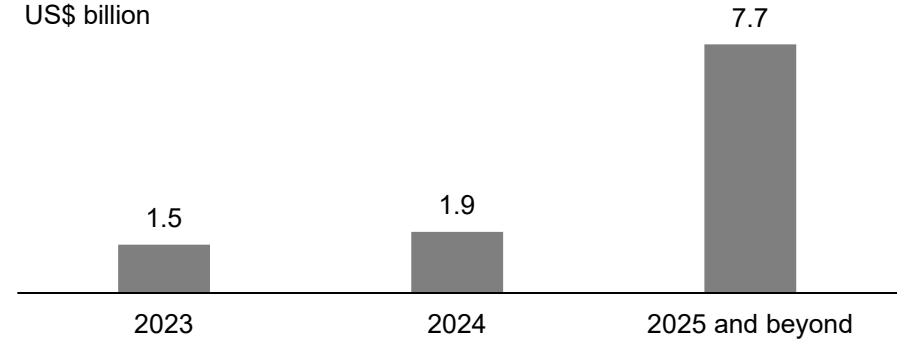
Orderbook delivery schedule^{1,2}

Number of aircraft



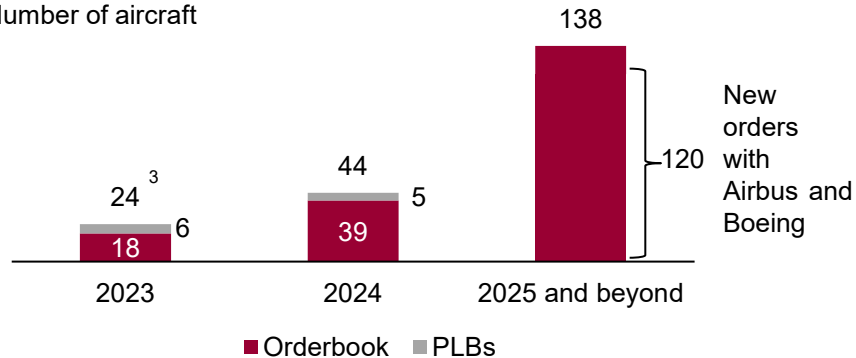
Total committed capex of more than US\$11bn⁴

US\$ billion



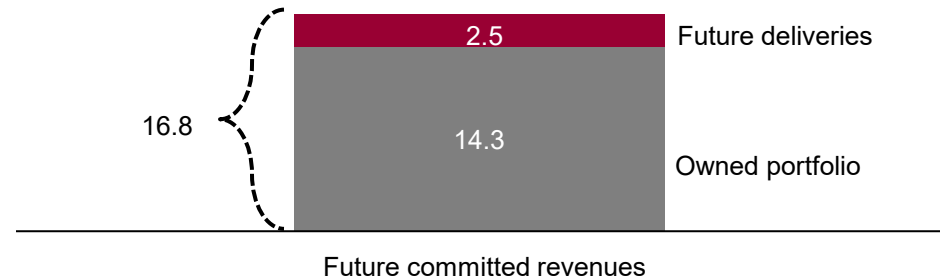
Orderbook by direct orders vs PLBs^{1,2}

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

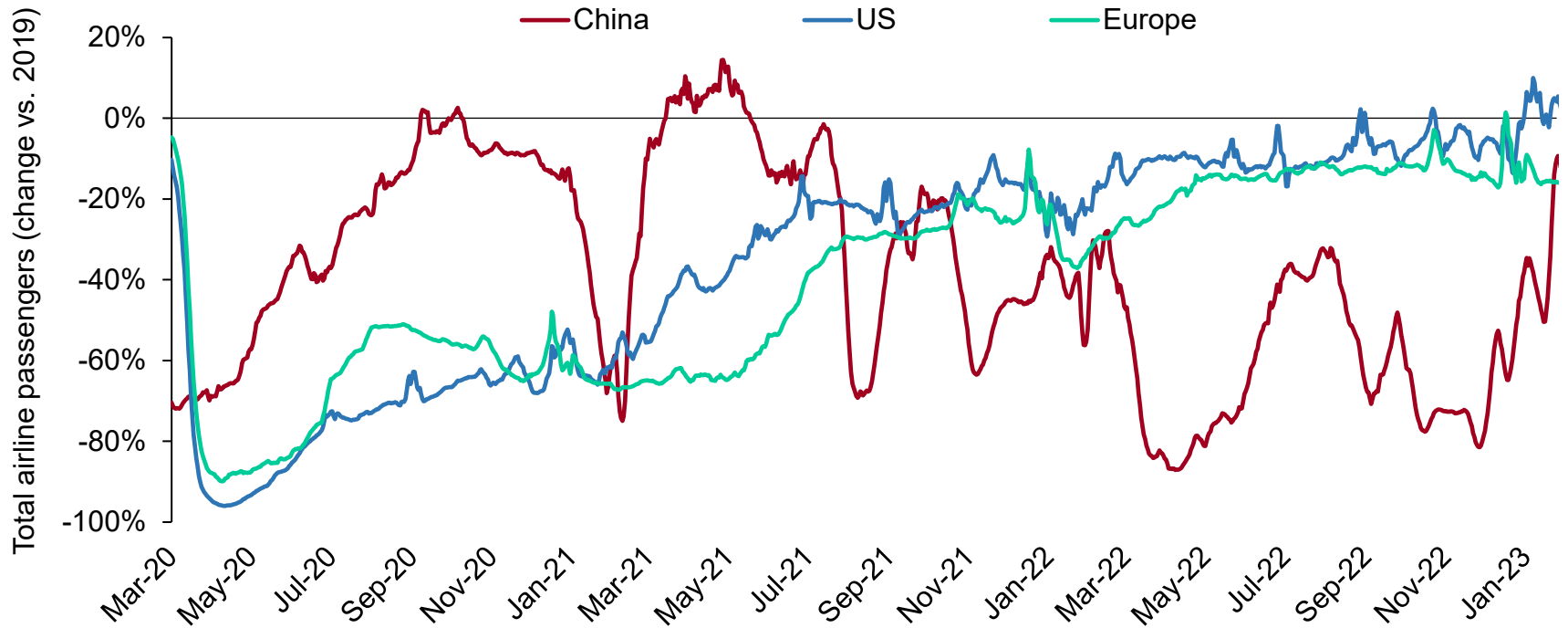
Notes:

- 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





www.bocaviation.com

BOC Aviation Limited 79 Robinson Road #15-01 Singapore 068897 Phone +65 6323 5559
Incorporated in the Republic of Singapore with limited liability
Company Registration No. 199307789K