10th Annual Deutsche Bank Aircraft Finance & Leasing Conference

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9 SEPTEMBER 2020

BOC AVIATION

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BOC AVIATION

Core Competencies - BOC Aviation Track Record

Since inception in 1993:

Purchasing	900 aircraft purchased totalling more than US$51 billion
Leasing	More than 1,030 leases executed with > 160 airlines in 57 countries and regions
Financing	More than US$31 billion in debt raised since 1 January 2007

Sales	More than 360 aircraft sold
Transitions	More than 90 transitions
Repossessions[1]	49 aircraft in 15 jurisdictions

All data as at 30 June 2020, since inception unless otherwise indicated

Note:

1. Includes repossessions and consensual early returns

BOC AVIATION

Globally Diverse Management Team

							
	Robert Martin	**Zhang Xiaolu**	**Phang Thim Fatt**	**Steven Townend**	**David Walton**	**Deng Lei**	***Paul Kent***
	Managing Director & Chief Executive Officer	***Vice-Chairman & Deputy Managing Director***	***Deputy Managing Director & Chief Financial Officer***	***Deputy Managing Director***	***Deputy Managing Director & Chief Operating Officer***	***Chief Commercial Officer (Asia Pacific & the Middle East)***	***Chief Commercial Officer (Europe, Americas, Africa)***
	• 33 years of banking and leasing experience • Managing Director since July 1998	• 30 years of banking experience • In charge of Procurement and Board Secretariat departments	• 41 years of airline and leasing experience • In charge of Finance, Risk, Tax and Treasury	• 29 years of banking and leasing experience • Appointed Chief Financial Officer with effect from 1 October 2020	• 34 years of legal, aviation finance and leasing experience • In charge of all operations and related departments	• 22 years of banking experience • In charge of revenue activities for Asia Pacific and Middle East	• 24 years of aircraft finance and leasing experience • In charge of revenue activities for Europe, Americas and Africa
Nationality							
Years of experience	**33**	**30**	**41**	**29**	**34**	**22**	**24**

Experienced senior management team

All data as at September 2020

BOC AVIATION

A Strong Performance in a Challenging Environment

Resilient earnings growth[1]

US$323 million Net profit after tax	↑	1%
US$0.47 Earnings per share	↑	1%

Driven by:

US$1,035 million Total revenues and other income	↑	11%
8.2% Net lease yield[2]	↔	Stable
US$366 million Core lease rental contribution[3]	↑	7%
US$354 million Profit before tax	↑	1%

Robust balance sheet[4]

US$22.6 billion Total assets	↑	14%
US$4.6 billion Total equity	↑	1%
US$6.69 Net assets per share	↑	1%

Higher interim dividend per share

US$0.1398 Interim dividend per share[5]	↑	1%[6]

All data as at 30 June 2020

Notes:

1. Compared to the first six months of 2019 unless otherwise indicated
2. Calculated as operating lease rental income less finance expenses apportioned to operating lease rental income, divided by average of aircraft net book value (including aircraft held for sale). Net lease yield for 1H 2020 is calculated on an annualised basis
3. 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
4. Compared to the year ended 31 December 2019
5. Payable to shareholders registered at the close of business on the record date, being 6 October 2020
6. Compared to US$0.1388 paid for 1H 2019

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Achieved First Half Growth Across the Business

- Recorded new milestones[1]:
  - Committed to purchase 900 aircraft
  - Signed more than 1,000 lease commitments
- Signed 76 lease commitments
  - All aircraft scheduled for delivery from our orderbook before 2023 have been placed with airline customers
- Took delivery of 23 aircraft[2]
  - 20 via purchase-and-leaseback, three from aircraft manufacturers[2]
- Sold five owned aircraft
- Ended June 2020 with total fleet of 571 comprising 334 owned, 40 managed and 197 on order
  - Portfolio utilization of 99.8% and collection rate of 88.8%
  - Average fleet age of 3.5 years[3]
  - Average remaining lease term of 8.5 years[3]
- Total expected capital expenditure of close to US$6 billion for 2020
  - We expect total capital expenditure of US$3 billion for 2H 2020
- Utilised US$3.8 billion in bonds and term loans in 1H 2020
- Total liquidity of US$4 billion as at 30 June 2020
- S&P Global Ratings and Fitch Ratings have reaffirmed our credit ratings of A-

A resilient performance in a difficult environment

All data as at 30 June 2020 unless otherwise indicated

Notes:

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

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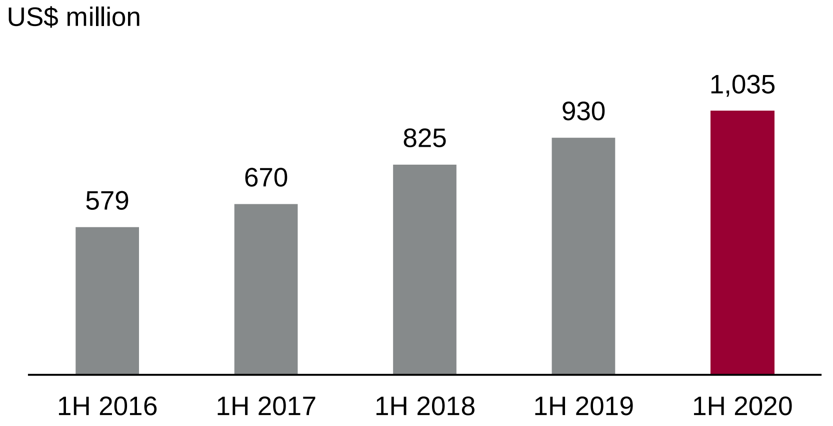
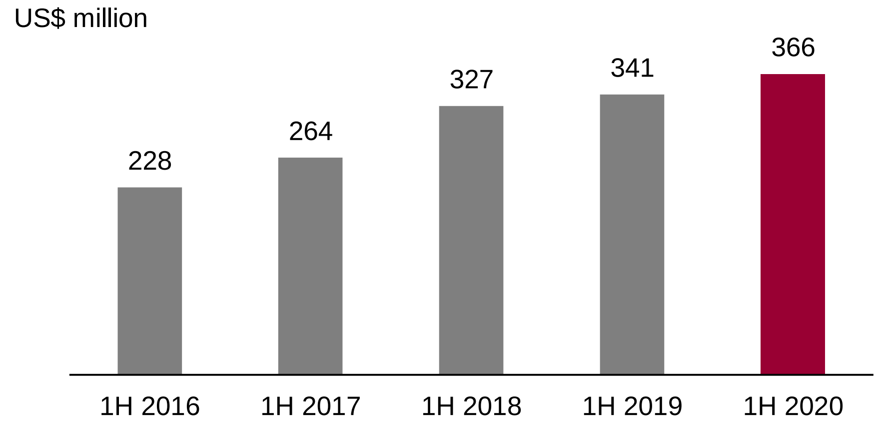
Stable Revenues and Earnings Growth

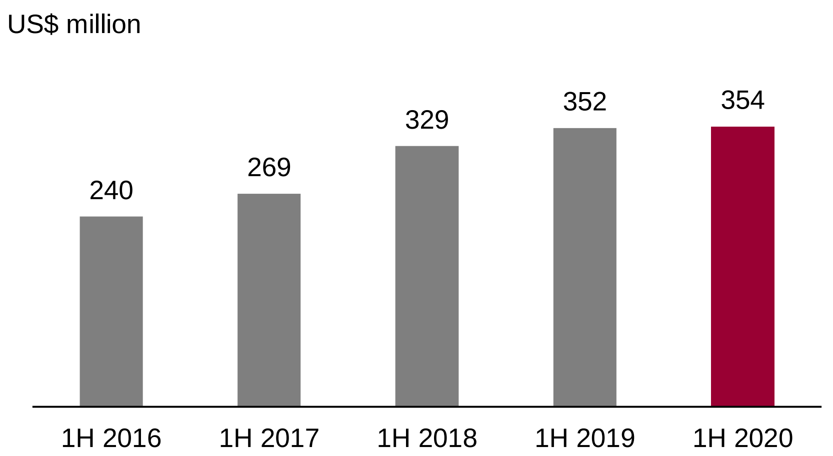
Fleet and other income growth underpins growth in revenues



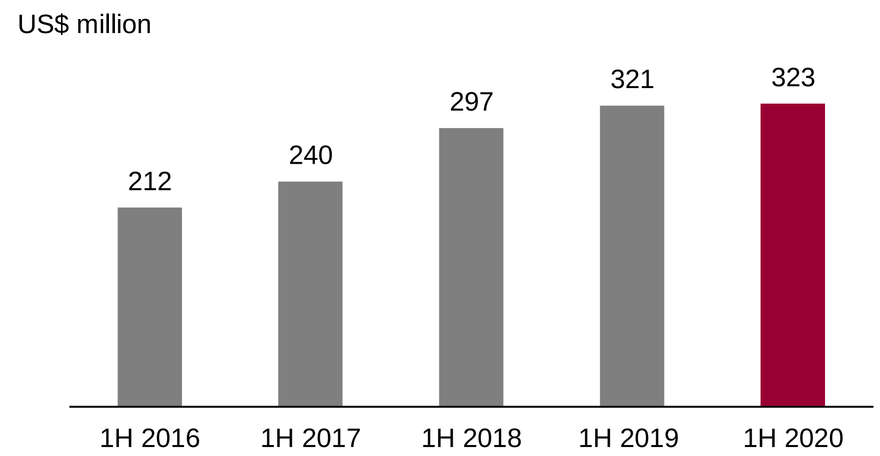
Rising core lease rental contribution[1]



Continuing PBT Growth



Stable NPAT performance



All data as at 30 June 2020

Note:

1. 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

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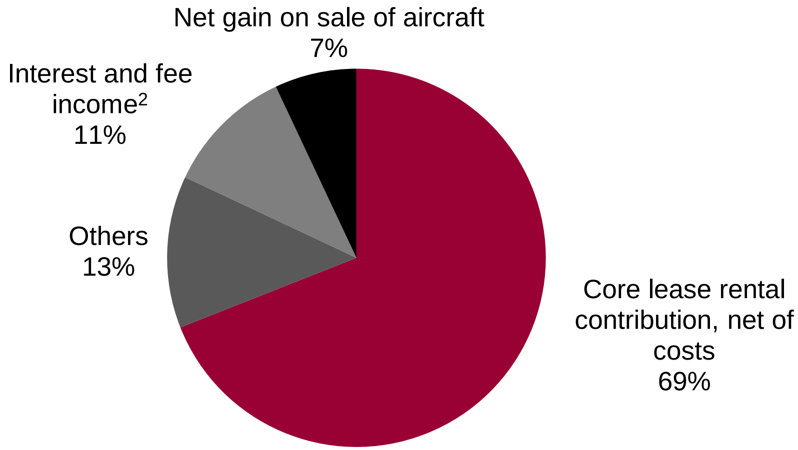
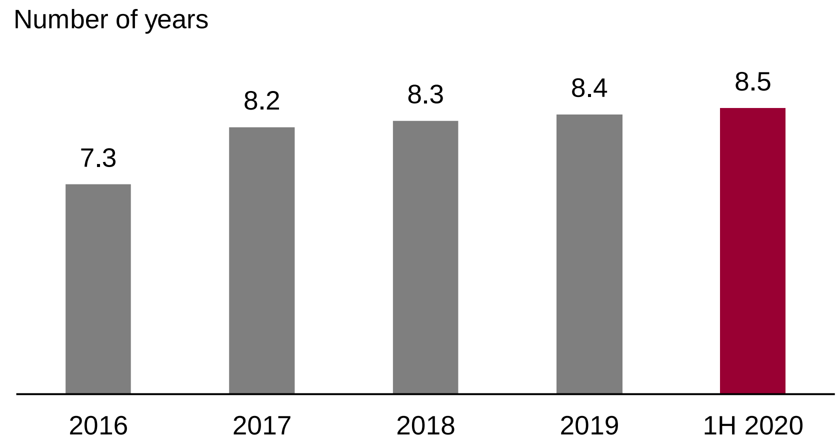
Core Leasing Business Supports Earnings Growth

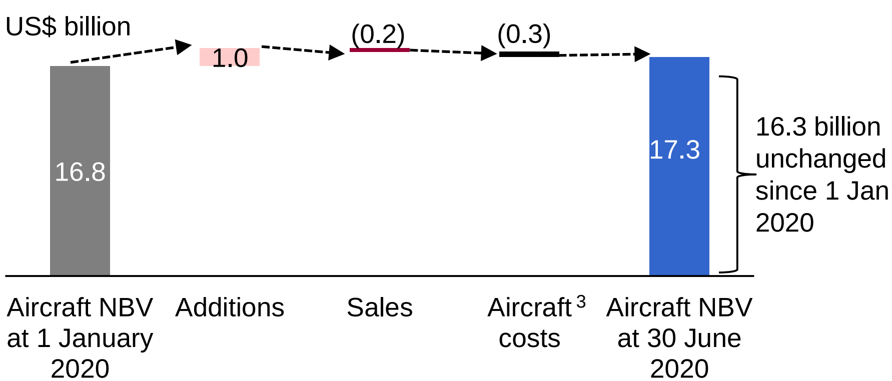
Around 70% of PBT is from core lease rental contribution[1], net of costs



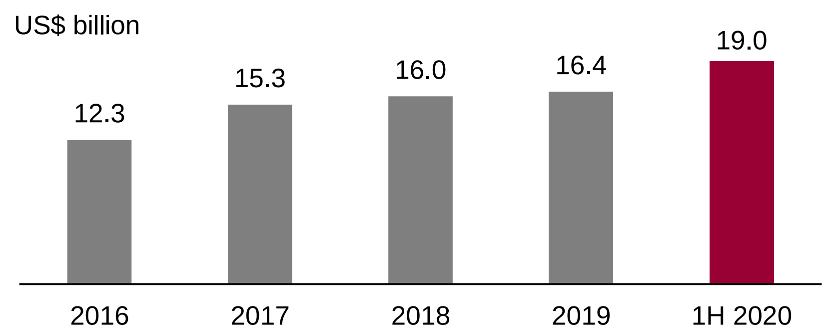
We have a long average remaining lease term[4]



and reflects continued investment in our fleet



and high future committed lease revenue



All data as at 30 June 2020

Notes:

1. 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
2. Calculated as interest and fee income less finance expenses apportioned to interest and fee income
3. Comprises aircraft depreciation and impairment
4. Weighted by net book value of owned fleet including aircraft on leases classified as finance leases

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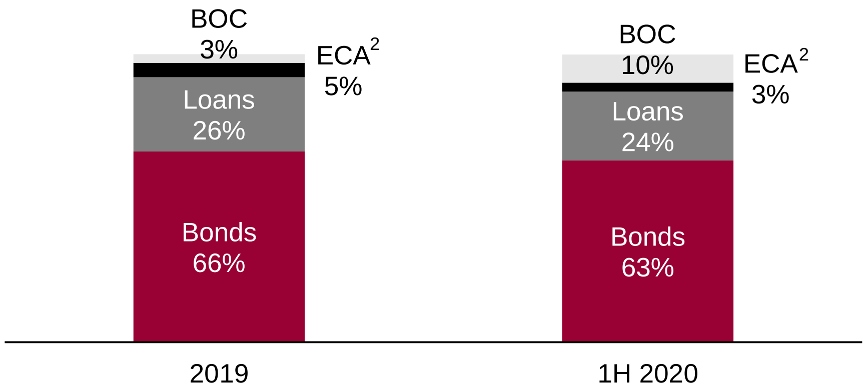
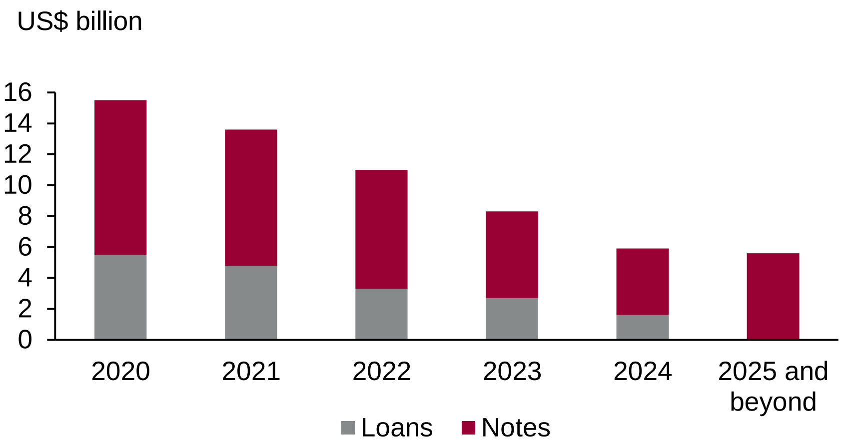
Flexible Capital Structure and Ample Backstop Liquidity

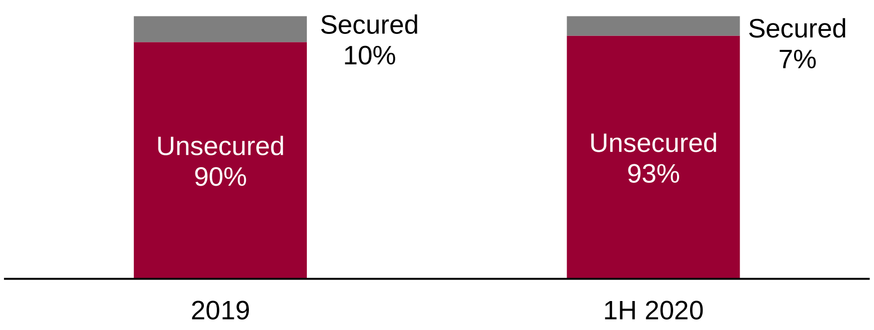
Sources of debt[1]



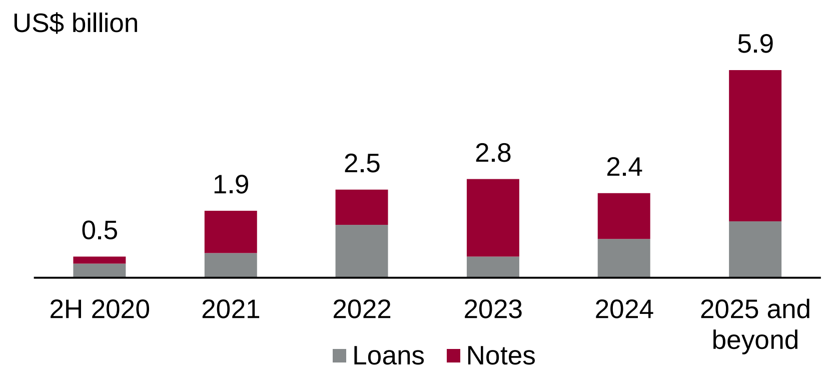
Outstanding debt amortises over a long term



Increasing unsecured funding



Debt repayment by year



US$4 billion of liquidity includes US$1.7 billion of undrawn revolving credit facilities from BOC

BOC AVIATION

All data as at 30 June 2020 unless otherwise indicated

Notes:

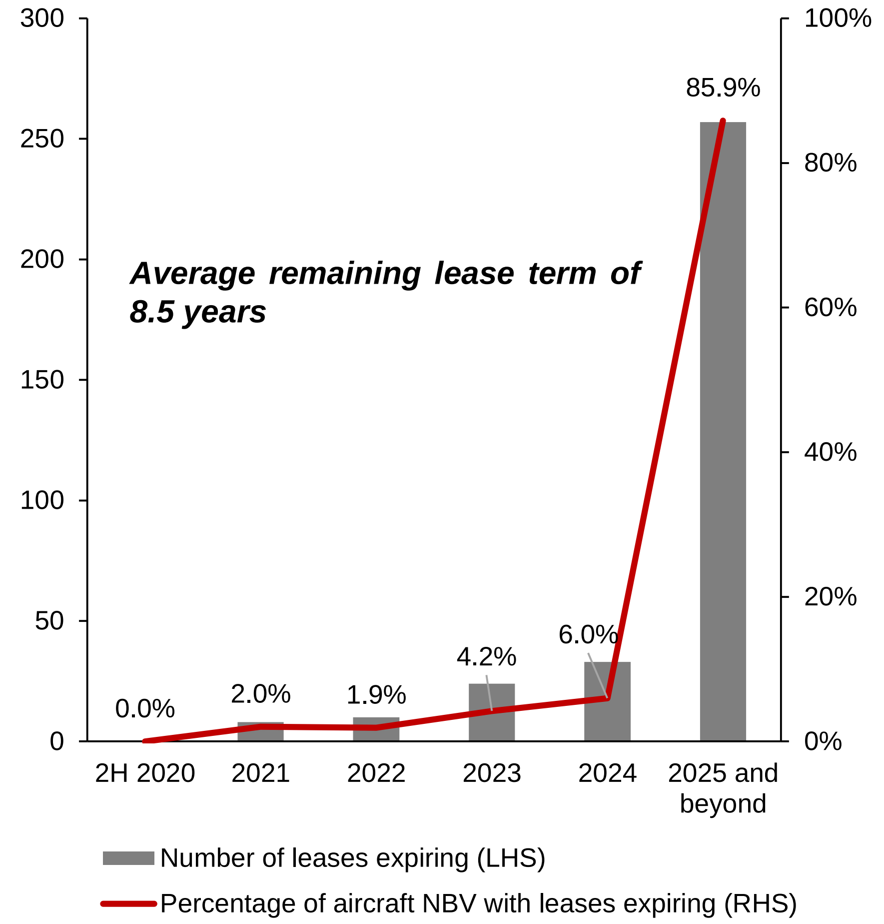
1. Drawn debt only
2. ECA refers to debt guaranteed by the export credit agencies of France, Germany, the United Kingdom or the United States

Proactive Strategy

New business generation in 1H 2020

- New business delivering over the next two years features long-term leases, which adds to revenue stability and visibility
- Most of the aircraft purchased and committed to in 1H 2020 are on 12-16 year lease terms
- Well-established airlines, which included two new customers and extends our relationship with three existing customers
- Expansion of globally diverse customer base: added business in Asia, Europe and the Americas
- New CAPEX committed is equivalent to 39% of end-2019 aircraft net book value

Well-dispersed lease expiries[1]



All data as at 30 June 2020

Note:

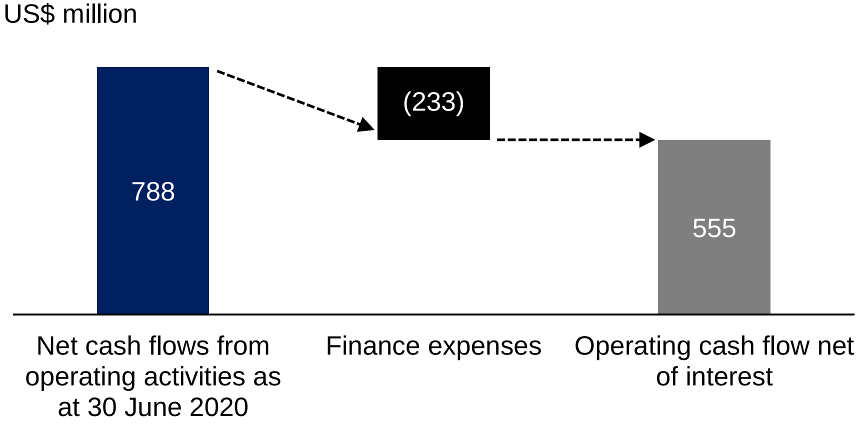
1. Owned aircraft with lease expiring in each calendar year, weighted by net book value, excluding two aircraft off lease and including aircraft on leases classified as finance leases

Robust Operating Cash Flow Net of Interest

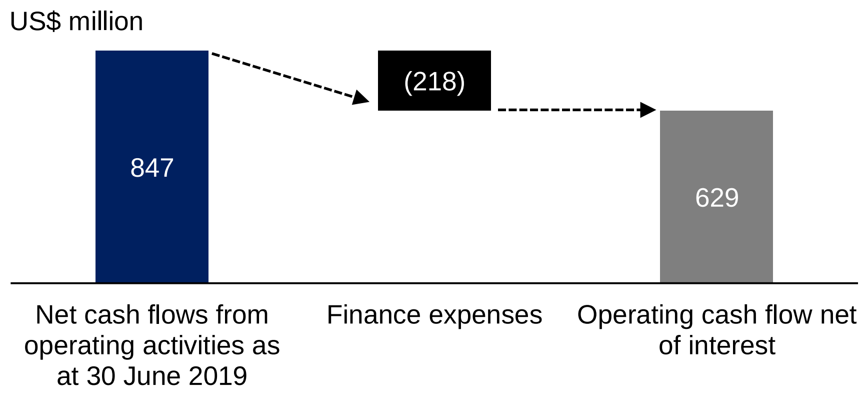
Operating cash flow net of interest[1]

- 1H 2020 operating cash flows net of interest remained robust despite challenging operating environment
- Down 12% compared with 1H 2019
- The incremental investment in 20 purchase-and-leasebacks in 1H 2020 will further enhance cash flows in 2H 2020

Operating cash flow net of interest [1] as at 30 June 2020



Operating cash flow net of interest[1] as at 30 June 2019



Operating cash flow net of interest is significantly positive

All data as at 30 June 2020

Note:

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

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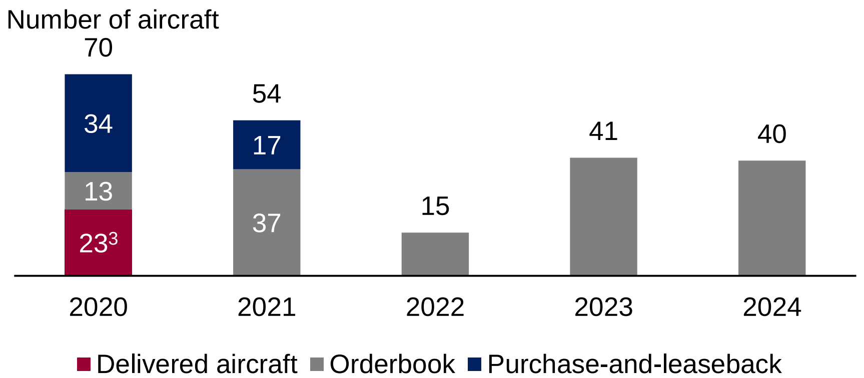
New Investments Drive Growing Committed Lease Revenues

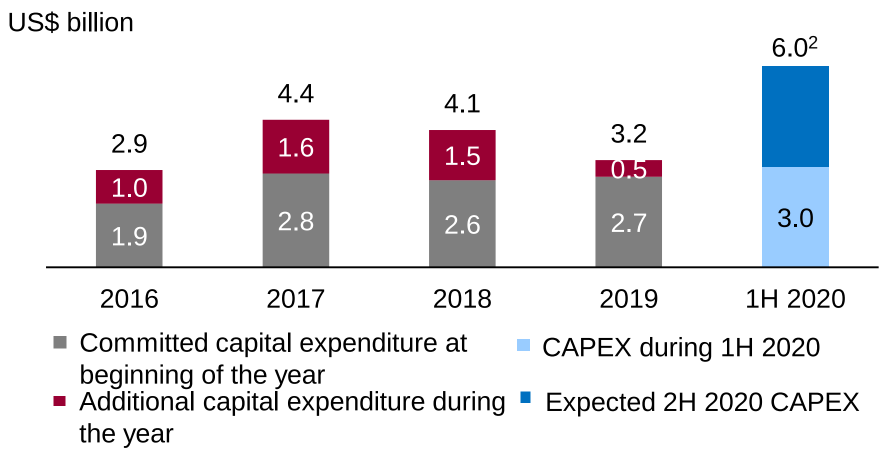
Orderbook delivery schedule[1,2]



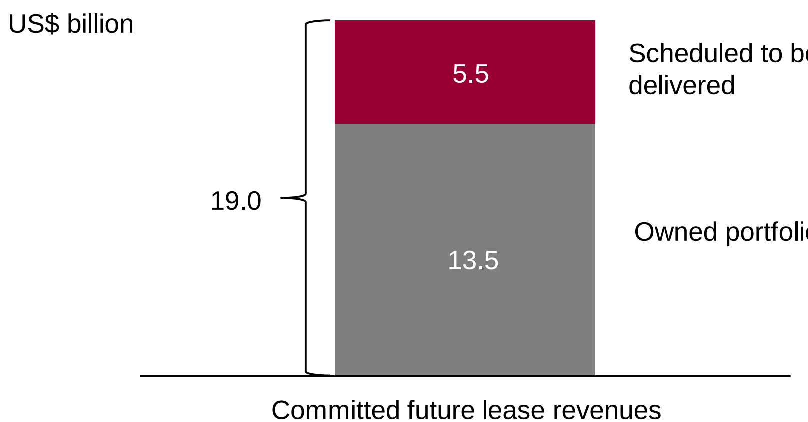
Resculpted orderbook to match demand

- Committed to purchase 86 aircraft
  - 76 placed on long-term leases
- Delivered 20 of these in 1H 2020
  - 100% on-time collection rate in 1H 2020
- Resculpted orderbook, including cancellation of 30 Boeing 737 MAX aircraft and deferral of 30 Boeing 737 MAX aircraft in 1H 2020
- Placed all aircraft scheduled for delivery prior to 2023

Sustained annual capital expenditure since IPO



Committed future lease revenues of US$19 billion



De-risking orders scheduled for delivery in 2021 and 2022

All data as at 30 June 2020

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 expected delivery dates
3. Aircraft delivered in 1H 2020, including one aircraft acquired by an airline customer on delivery

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Proactive Investment Strategy

- Disciplined investment approach backed by strong liquidity position
  - Available liquidity of US$4 billion as at 30 June 2020
- Raising debt funding is a core competency of our company
  - Raised over US$30 billion since January 2007 through a combination of loans, debt capital markets notes and export credit agency guaranteed loans
- Debt capital markets remain open and supportive
  - Utilised US$2.2 billion in notes and US$1.6 billion in loans at below 2019's average cost of funds
  - Issued bonds in January 2020, April 2020 and June 2020
- Strategic changes to our aircraft orderbook
  - Added good quality near-term purchase-and-leaseback investments to replace 30 Boeing 737 MAX aircraft cancelled
  - Resculpted Boeing 737 MAX aircraft order extends the delivery timeframe for the remaining 57 Boeing 737 MAX aircraft orders out to 2024
  - Agreed to move commitment for 18 Airbus A320NEO family aircraft back to airline's contract[1]
- Strengthened our relationship with OEMs and airline customers
  - Committed to purchase 86 aircraft in 1H 2020

Focus on long-term sustainable growth and earnings

All data as at 30 June 2020 unless otherwise indicated
Note:
1. Announced on 30 August 2020

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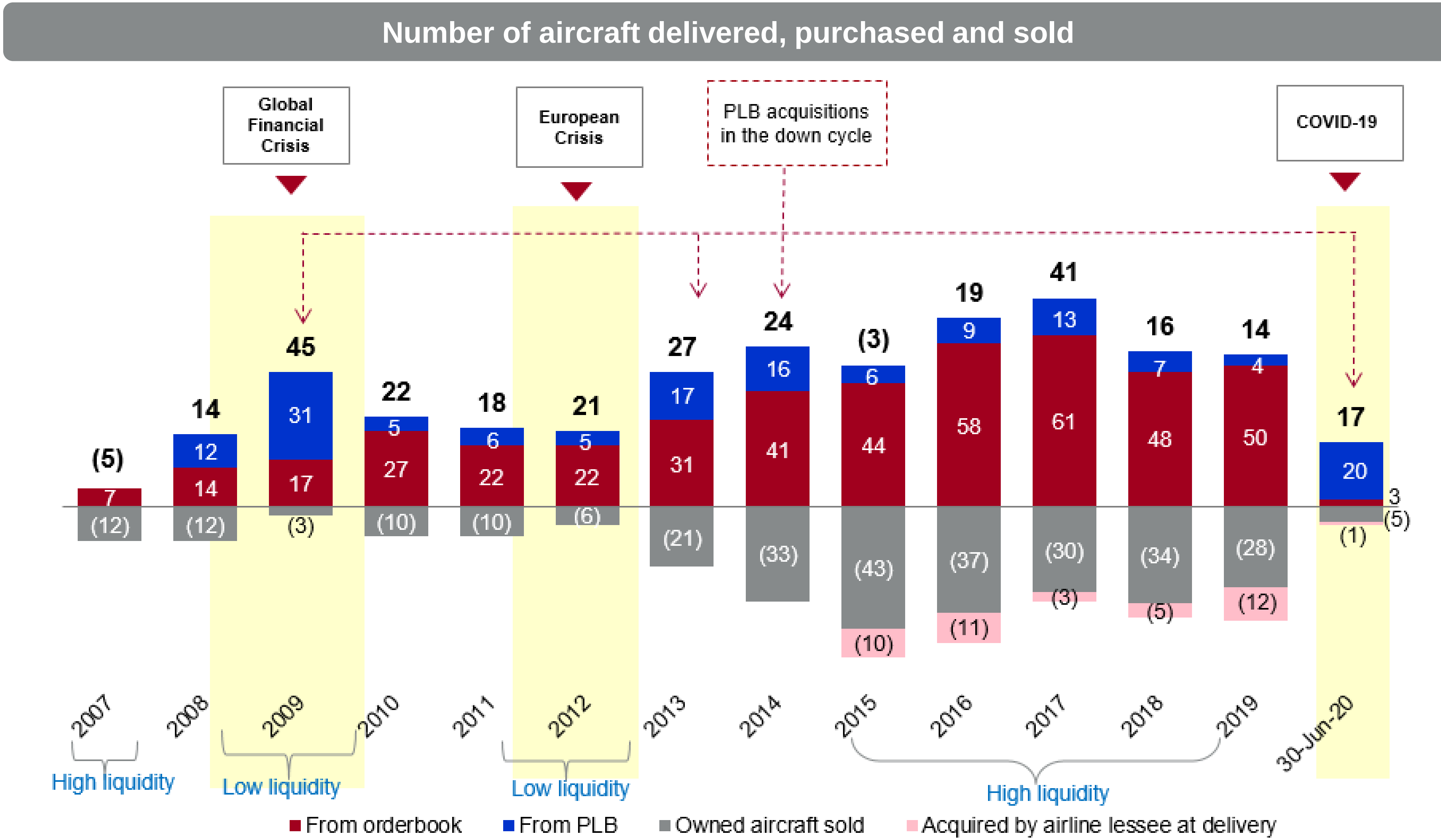
How We Invest



All data as the end of the relevant period

Conclusion

- Resilient performance achieved in a difficult environment
  - NPAT was stable at US$323 million
  - Interim dividend per share of US$0.1398, payable on 15 October 2020
    - Payout ratio of 30% of 1H 2020 NPAT
  - Total revenues increased 11% to US$1 billion

- Long-term sustainable growth supported by strong liquidity
  - Committed future lease revenues of US$19 billion
  - Orderbook of 197 aircraft provides future balance sheet growth[1]
    - All new aircraft placed until 2023
  - Available liquidity of US$4 billion to further support investments

- 27th year of operation
  - Experienced management team that was well prepared for the downturn
  - Signed 1,000th lease commitment
  - Including 1H 2020 dividends, we have declared and will have distributed US$890 million to shareholders since IPO

US$4.7 billion in cumulative net profits since inception

All data as at 30 June 2020 unless otherwise indicated
Note:
1. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery

BOC AVIATION

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