

# BOC Aviation Investor Presentation

JANUARY 2025

# Latest Developments



## STRONG ASSET QUALITY

- 709 aircraft and engines owned, managed and on order
- 5.0 years<sup>1</sup> average fleet age; 7.9 years<sup>1</sup> average remaining lease term
- Over 99% aircraft utilisation rate



## PROACTIVE INVESTMENT STRATEGY

- Delivered 13 new aircraft in 4Q, 38 in 2024
- Signed 28 lease commitments in 4Q, 118 in 2024
- Committed to acquire 14 aircraft in 4Q, 47 in 2024
- Committed to purchase four engines in 4Q to close 2024 with 10 owned engines
- Sold 29 aircraft with a weighted average age of over nine years
- Ended 2024 with an order book of 232 aircraft



## ROBUST LIQUIDITY

- Total liquidity of US\$5.5 billion<sup>2</sup>
- Issued US\$500 million of 7Y bonds in Aug 2024 and again in Jan 2025 with coupons of 4.650% and 4.750%, respectively
- Helps to fund target capex and maturing liabilities
- Well positioned to support future investment



## STRONG CREDIT RATINGS

- A- by S&P Global Ratings
- A- by Fitch Ratings



## EXPERIENCED MANAGEMENT AND OWNERSHIP

- Experienced management team successfully managed through multiple cycles
- Bank of China provides ongoing support

Long-term sustainable growth





All data as at 31 December 2024 unless otherwise indicated

Notes:

1. Weighted by net book value of owned fleet including finance lease receivables in respect of aircraft classified as finance leases in accordance with IFRS 16 (Leases)

2. As at 30 June 2024

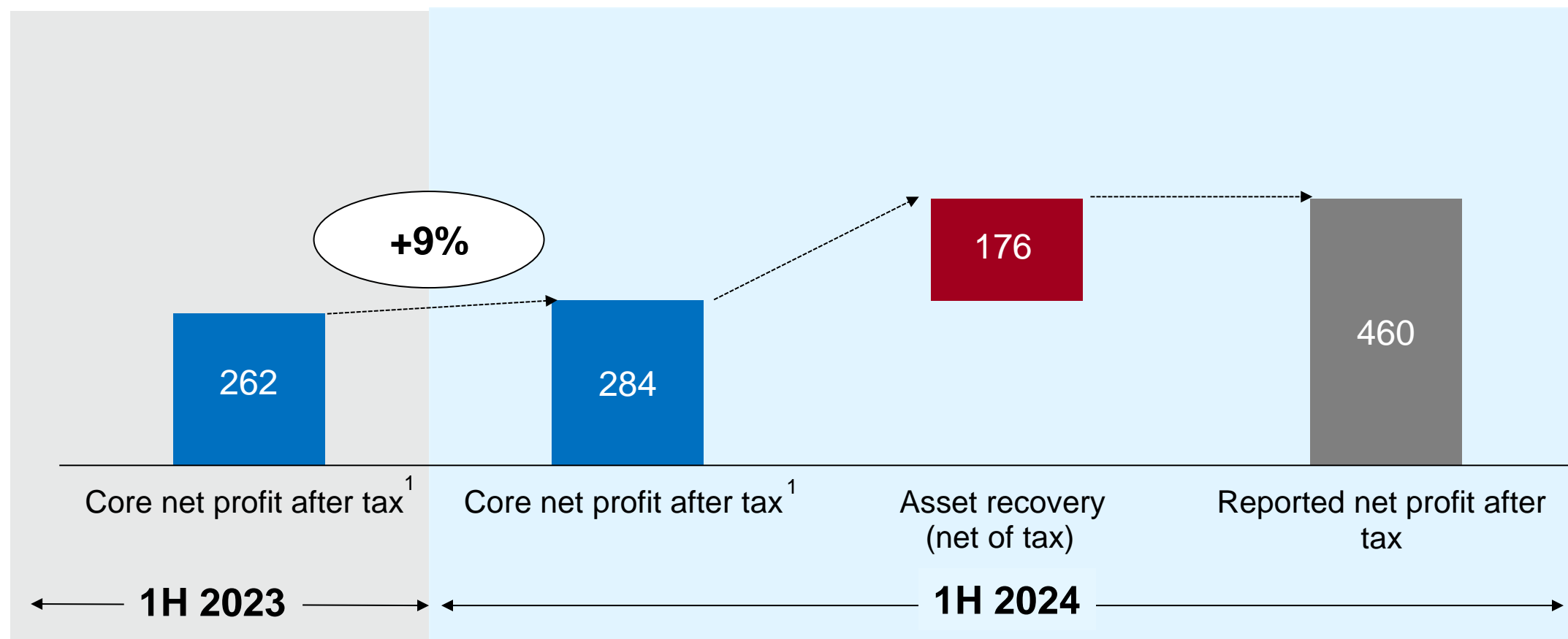
## A Record 1H 2024

	1H 2024 US\$ million	1H 2023 US\$ million	Change
Total revenues and other income	1,174	1,061	 11%
Profit before tax	509	295	 72%
Net profit after tax	460	262	 76%
Earnings per share (US\$)	0.66	0.38	 76%

Strong growth across all major line items

# Strong Improvement in Net Profit After Tax

US\$ million



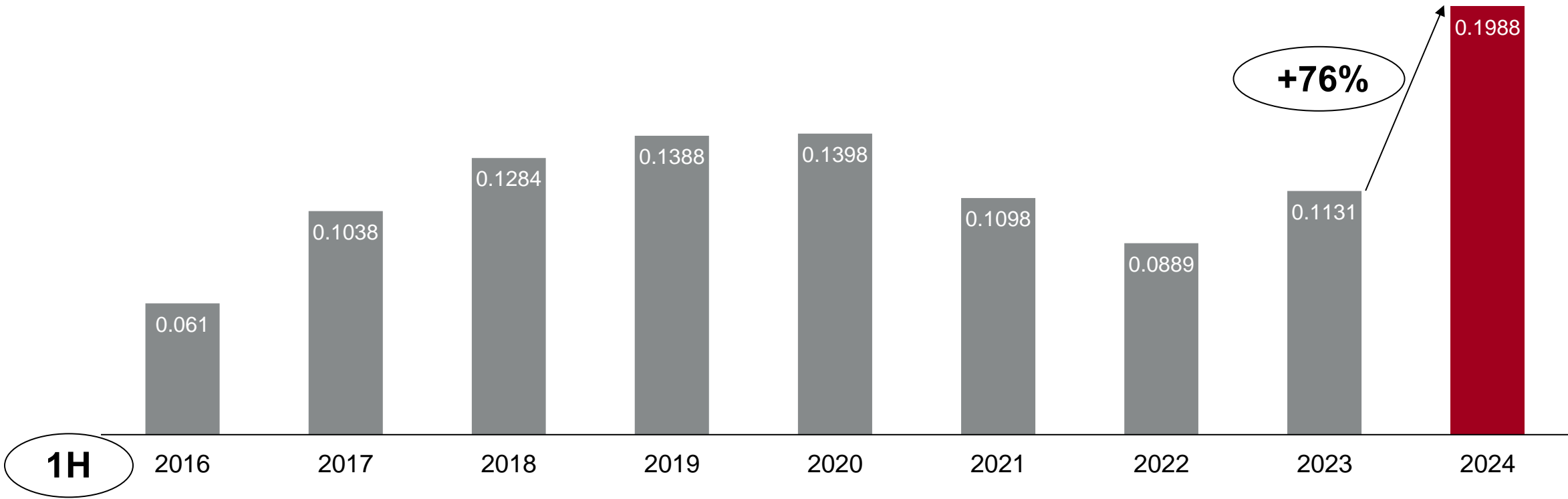
**Robust growth in core business and continued success in Russia-related recoveries**

Note:

1. Excludes the impact of write-downs and recoveries related to aircraft in Russia.

# Record Interim Dividend

US\$



2024 interim dividend per share of US\$0.1988, 76% higher than 2023

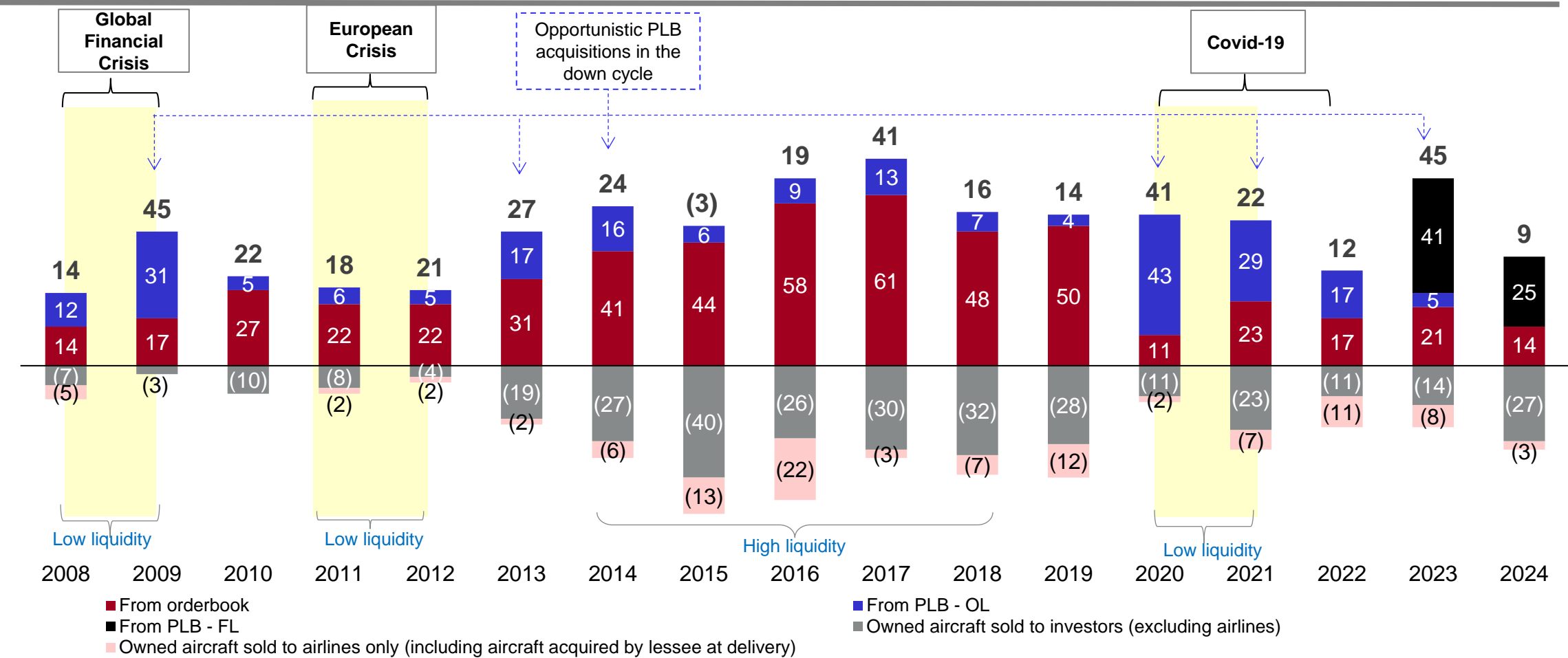
## Strong Balance Sheet and Liquidity

	30 Jun 2024	31 Dec 2023	Change
Total assets (US\$ billion)	24.3	24.2	↔ Stable
Total liquidity (US\$ billion)	5.5	5.6	↔ Stable
Total equity (US\$ billion)	6.1	5.7	↑ 5%
Net assets per share (US\$)	8.73	8.28	↑ 5%
Gross debt to equity (times)	2.7	2.9	↓ 0.2x

Total equity exceeded US\$6 billion for the first time in the Company's history

# How We Invest

Number of aircraft delivered, purchased and sold



Active both delivering and selling aircraft in 2024

# 100% of Orderbook Comprises Latest Technology Aircraft

## Our portfolio

Asset Type	Owned	Managed	On Order <sup>1</sup>	Total
Airbus A220 family	23	0	0	23
Airbus A320CEO family	68	13	0	81
Airbus A320NEO family	140	0	129	269
Airbus A330CEO family	8	1	0	9
Airbus A330NEO family	6	0	0	6
Airbus A350 family	9	0	0	9
Boeing 737NG family	57	13	0	70
Boeing 737-8/9	69	0	96	165
Boeing 777-300ER	22	3	0	25
Boeing 787 family	28	1	7	36
Freighters	5	1	0	6
Engines	10	0	0	10
Grand total	445	32	232	709

79% of existing fleet is latest technology aircraft<sup>2</sup>

All data as at 31 December 2024 unless otherwise indicated

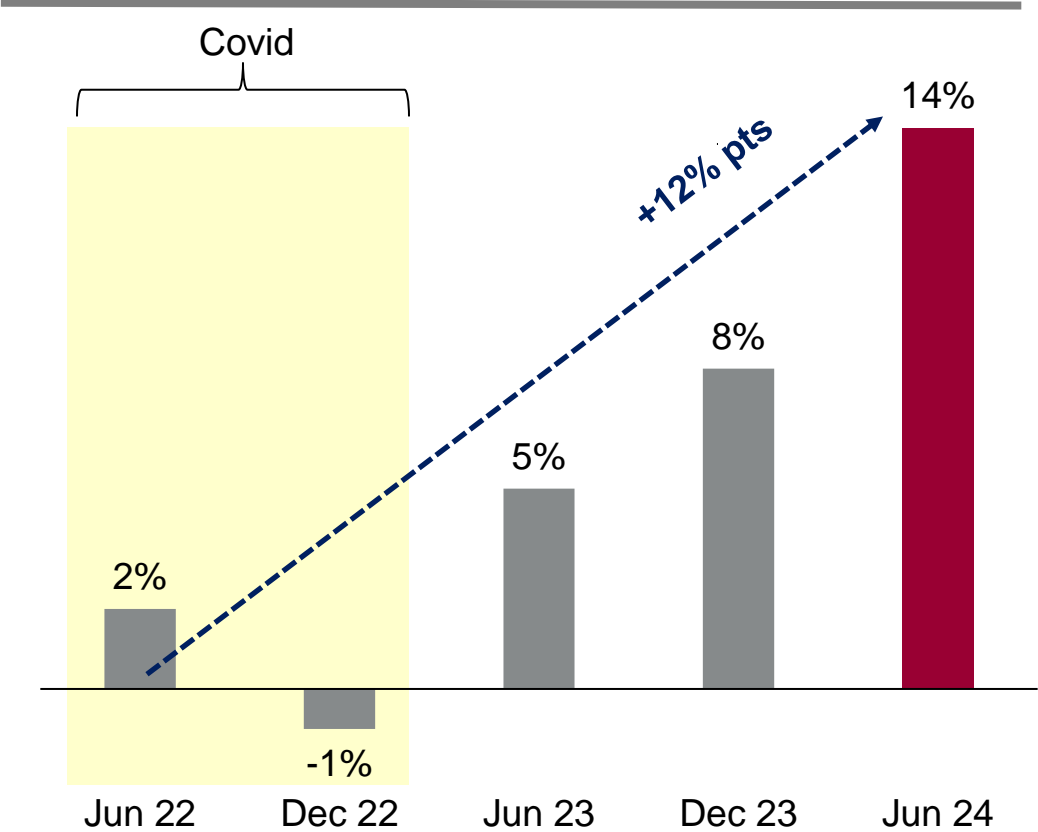
Notes:

1. Includes all purchase commitments including 10 where an airline customer has the right to acquire the aircraft on delivery.
2. Based on net book value and including aircraft subject to finance leases as at 30 June 2024

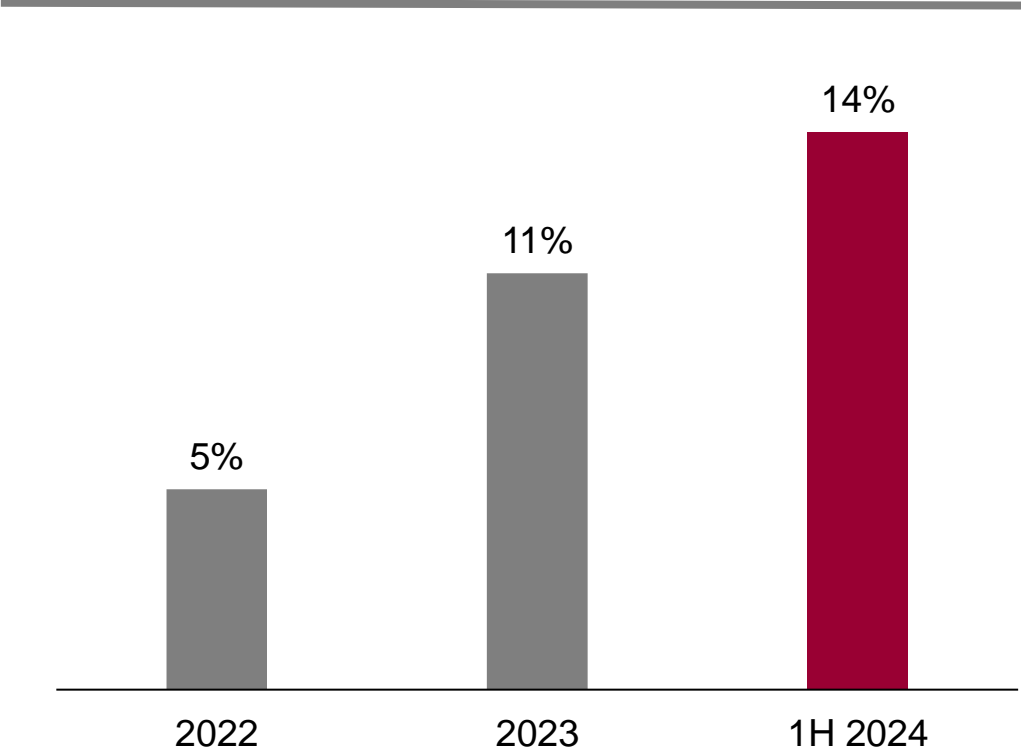


# Higher Gains on Aircraft Sales Create Additional Business Value

Average appraised values > aircraft NBV



Gains on aircraft sales margin



Gains on sale are above long-run average of 9%

# Robust Air Passenger Traffic

Passenger traffic<sup>1</sup>

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**+8%**

Capacity<sup>2</sup>

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**+6%**

Passenger load factor<sup>3</sup>

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**84%**

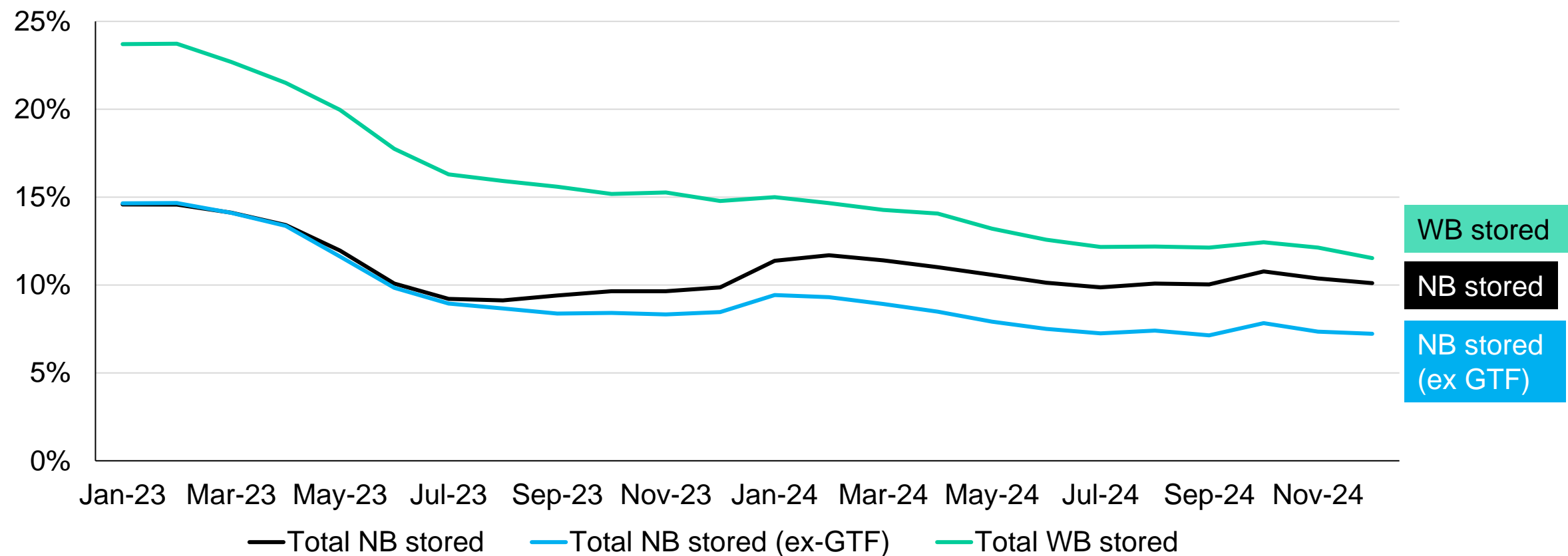
**Rising aircraft utilisation driven by aircraft shortages**

Source: IATA, Air passenger market in detail – November 2024

Notes:

1. Revenue Passenger-Kilometers (RPK) YoY growth in November 2024
2. Available Seat-Kilometers (ASK) YoY growth in November 2024
3. Passenger load factors as at end-November 2024

# Parked Aircraft Availability Continues to Tighten

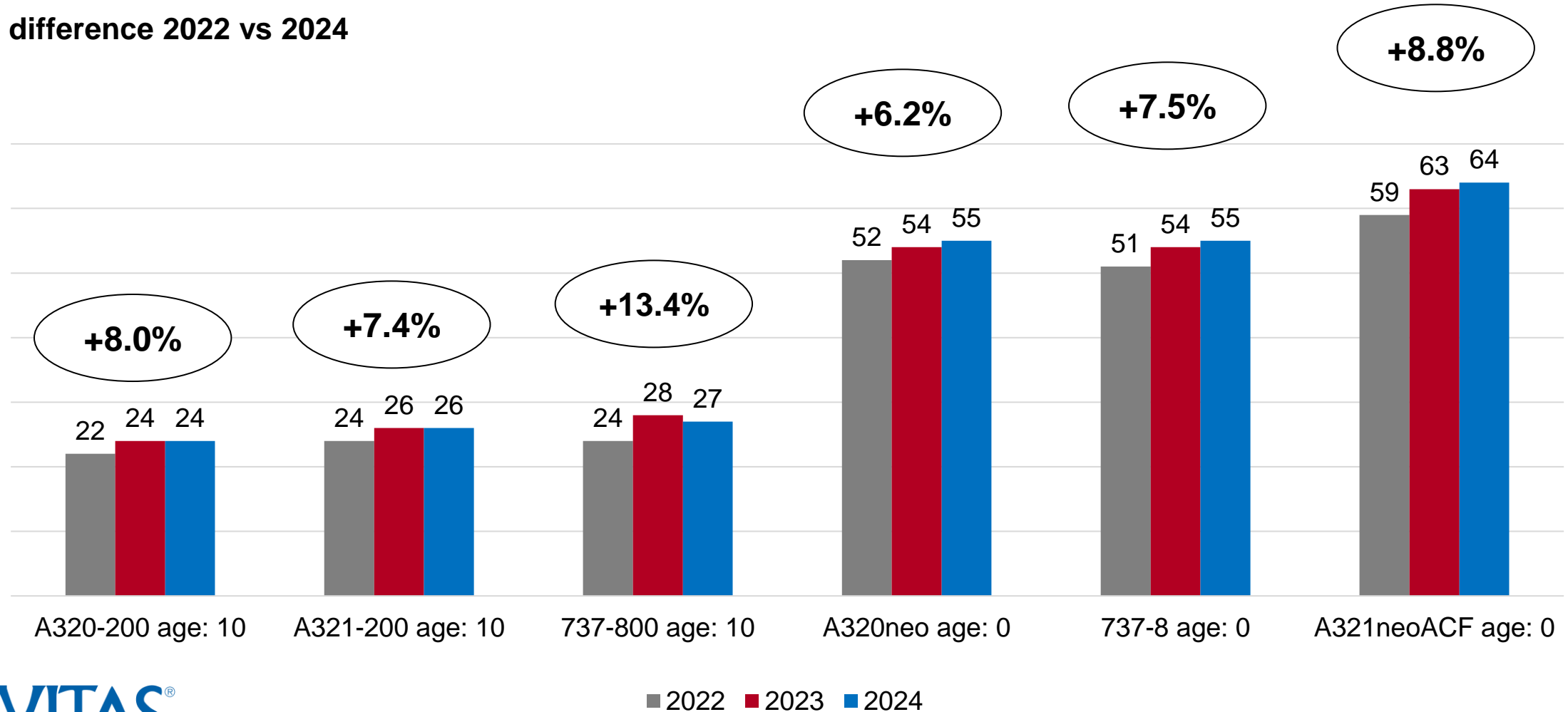


...which are also reflected in falling parked aircraft numbers

Source: Cirium, Deutsche Bank Note: Data excludes 737 Max storage

# Value Comparison – Narrowbody Aircraft

% difference 2022 vs 2024



AVITAS®

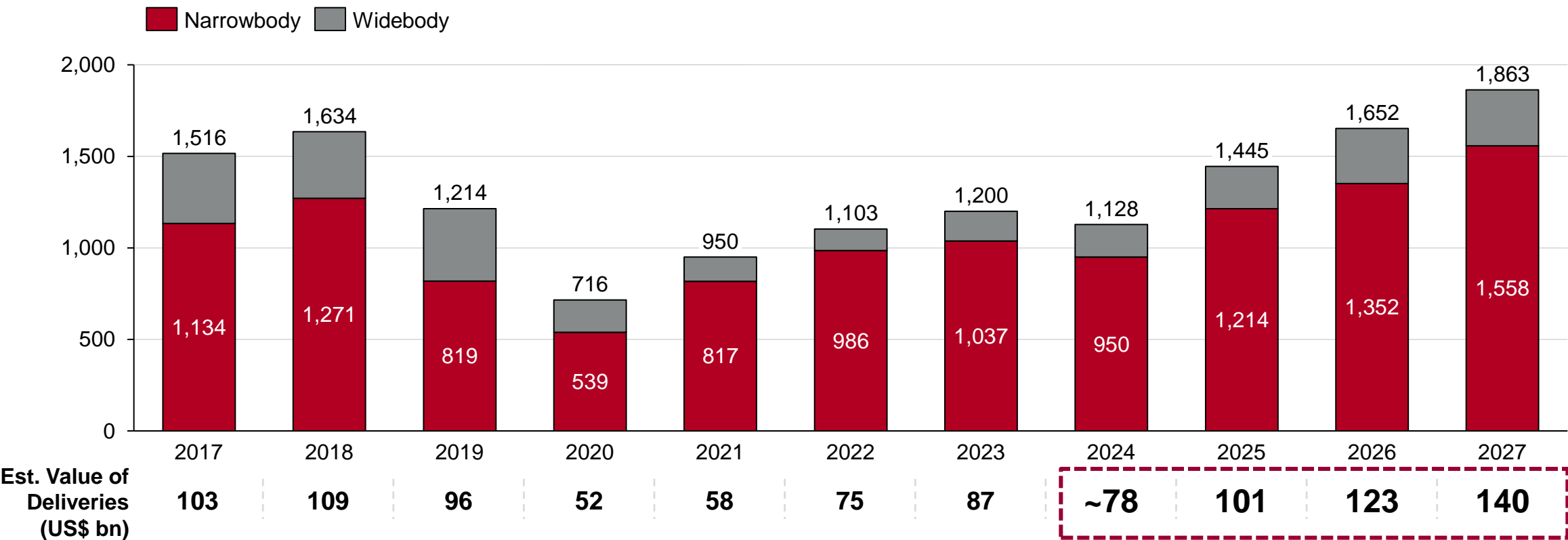
Source: AVITAS

 BOC AVIATION

# Industry Will Need to Fund More Than US\$100 Billion of Aircraft in 2025

## Passenger aircraft deliveries

Passenger aircraft >100 seats<sup>1</sup>



Delivery values expected at near record levels in 2025

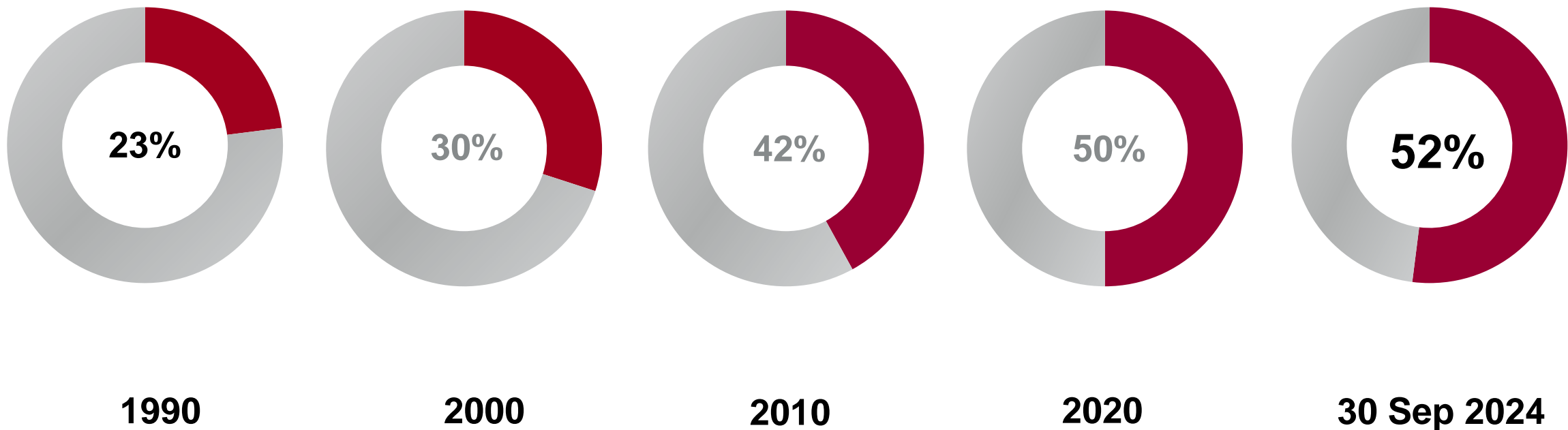
Sources: BOC Aviation analysis, Cirium fleet data, Forecast as at 9 December 2024, based on guidance published by OEMs

Note:

1. Defined as widebody, narrowbody and large regional jets

# Growing Lessors' Share of the Market

Proportion of fleet on operating lease



Lessors own 52% of the aircraft market today

Source: Ascend, as at 30 September 2024 based on aircraft of 100 seats. Fleet data in 2020 included aircraft in service and aircraft additionally parked from end 2019 due to Covid fleet grounding

## Conclusion

**US\$460m**

Record 1H NPAT  
& dividend in 2024

**86%**

Load factor at  
record levels

**6-13%**

Aircraft values and  
lease rates rising

**US\$101bn**

Market growth  
expected in 2025

**US\$2.5bn**

Aircraft value  
premium to NBV<sup>1</sup>

**Rising 2025 aircraft deliveries will unlock the path to growth**

Sources: BOC Aviation, Cirium fleet data, IATA

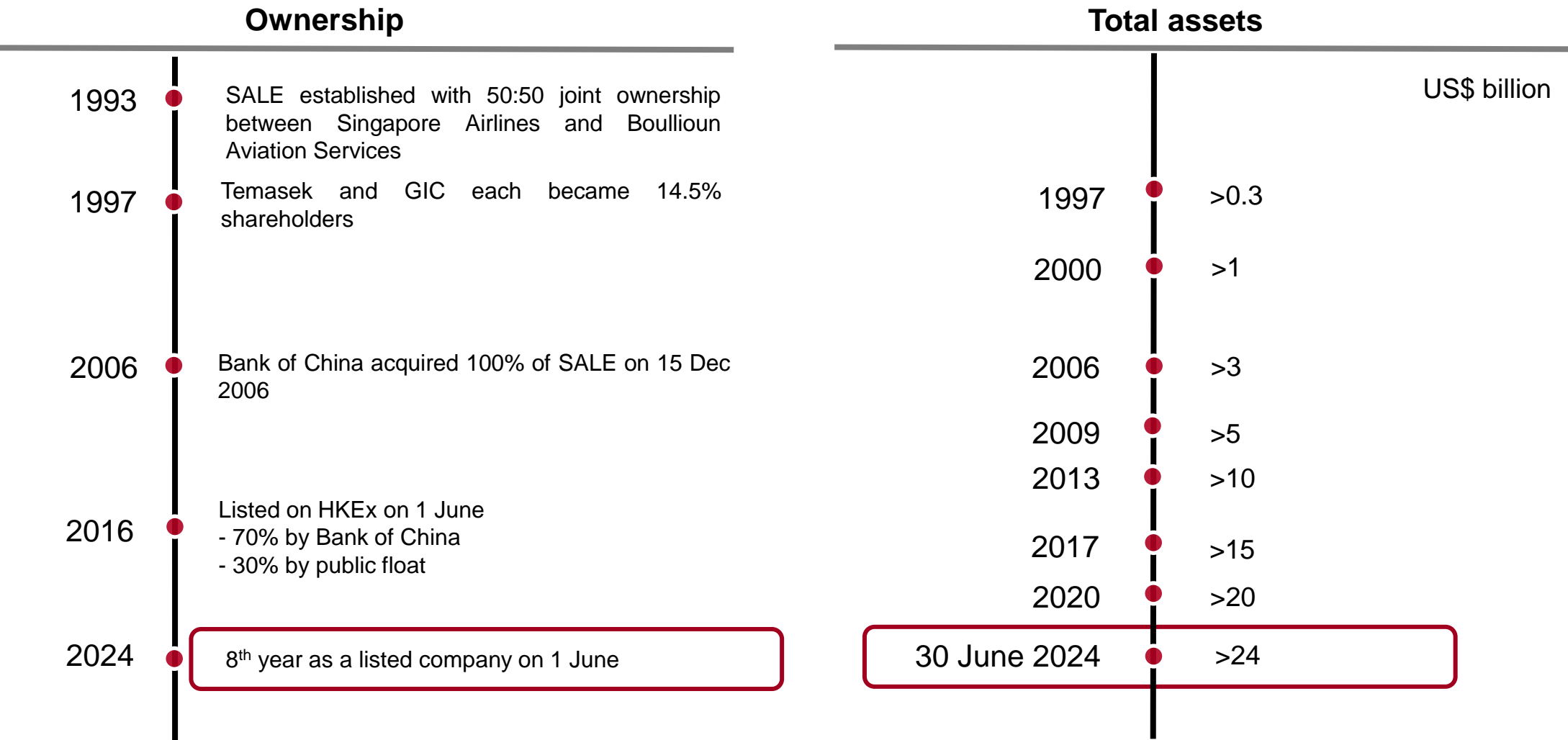
Note:

1. Average appraised aircraft values over aircraft net book value

# APPENDICES



# The BOC Aviation Journey – 31 Years in 2024



Market capitalisation of US\$5.4 billion<sup>1</sup>

All data as at the end of the relevant period  
Note:  
1. Source: Bloomberg (as at 31 December 2024)

# BOC Aviation – Who Are We?

Ownership	<b>Bank of China</b> 70% owned by BOC	<b>Listed on HKEX</b> (2588 HK)
Market position	<b>Top 5</b> Global aircraft operating lessor <sup>1</sup>	<b>92</b> customers in <b>48</b> countries and regions <sup>2</sup>
Profit track record	<b>In our 31<sup>st</sup> year</b> Of unbroken profitability	<b>&gt;US\$6.7 billion</b> Cumulative profits since inception
Balance sheet	<b>US\$24.3 billion</b> Total assets	<b>D/E ratio of 2.7 times</b>
Cash flow	<b>US\$5.5 billion</b> Available liquidity	<b>A- credit ratings</b> Fitch / S&P
Total portfolio	<b>709</b> Aircraft and engines in fleet <sup>2,3</sup>	<b>232 / 5.0 years / 7.9 years</b> Aircraft on order <sup>2</sup> / Average fleet age <sup>4</sup> / Average lease term remaining <sup>4</sup>

Industry leader focused on long-term sustainable earnings

All data as at 30 June 2024 unless otherwise indicated

Notes:

- 1. By net book value of owned aircraft
- 2. As at 31 December 2024
- 3. Includes owned, managed and aircraft on order
- 4. Weighted by net book value of owned fleet including finance lease receivables in respect of aircraft on finance leases as at 31 December 2024



# Our Management Team



**Steven Townend**  
*Chief Executive Officer  
& Managing Director*

**Wu Jianguang**  
*Chief Financial Officer*

**Tom Chandler**  
*Chief Operating Officer*

**Paul Kent**  
*Chief Commercial  
Officer*

**Max Qian**  
*Chief Commercial  
Officer (Asia Pacific &  
the Middle East)*

- 34 years of banking and leasing experience
- Appointed as a Director and Chief Executive Officer and Managing Director on 1 January 2024

- 33 years of banking experience
- Oversees Financial Planning and Analysis, Financial Control, Accounting and Reporting, Tax, Treasury, Settlement departments

- 28 years of airline, legal and banking experience
- Oversees Procurement, Technical, all operations and related departments

- 29 years of aircraft finance and leasing experience
- Oversees global leasing activities

- 32 years of banking experience
- Oversees Aircraft Sales, Risk Management, Market Research and Financial Products departments

Nationality



Highly experienced senior management team

# Core Competencies - BOC Aviation track record

## Since inception in 1993:

- Purchasing More than 1,100 aircraft purchased totalling more than US\$65 billion
- Leasing More than 1,400 leases executed with > 190 airlines in > 60 countries and regions
- Financing<sup>1,5</sup> US\$46 billion in debt raised

- Sales More than 460 owned and managed aircraft sold
- Transitions 156 transitions
- Repossessions<sup>2</sup> 70 aircraft in 21 jurisdictions

## The outcome:

- Total number of aircraft delivered **926**
- Proportion of aircraft sold<sup>3</sup> **50%**
- Proportion of transitions<sup>4</sup> **11%**
- Proportion of repossessions<sup>4</sup> **5%**

All data as at 31 December 2024, 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
5. As at 30 September 2024

## BOC Aviation Bonds Issued on the Tightest Spreads

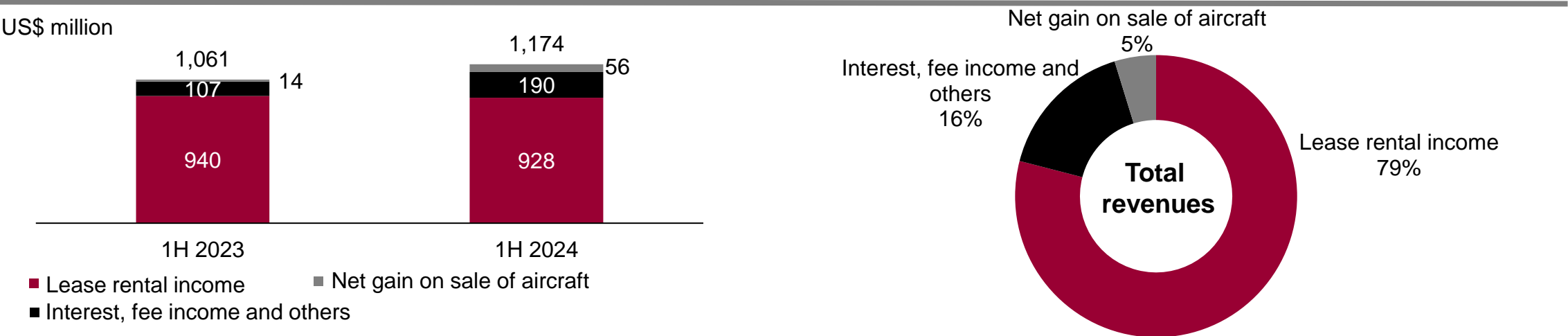
Issuer	Issue Date	Tenor (years)	Amt Issued (US\$ million)	Coupon (%)	Yield (%)	T-Spread at Issue (bps)
<b>BOC Aviation USA Corp</b>	<b>7/1/2025</b>	<b>3</b>	<b>500</b>	<b>4.750</b>	<b>4.914</b>	<b>60</b>
Aercap	6/1/2025	3	750	4.875	5.061	75
<b>BOC Aviation USA Corp</b>	<b>7/5/2024</b>	<b>5.5</b>	<b>500</b>	<b>5.250</b>	<b>5.323</b>	<b>87.5</b>
Aercap	6/1/2025	7	750	5.375	5.497	98
<b>BOC Aviation USA Corp</b>	<b>27/8/2024</b>	<b>7</b>	<b>500</b>	<b>4.625</b>	<b>4.808</b>	<b>105</b>
SMBC Aviation Capital Finance	26/3/2024	5	650	5.300	5.306	108
Aercap Sukuk	26/9/2024	5	500	4.500	4.650	110
Aercap	3/9/2024	5	1,300	4.625	4.758	110
Air Lease Corp	17/6/2024	7	600	5.200	5.289	122
Aercap	3/9/2024	10	1,100	4.950	5.152	130
SMBC Aviation Capital Finance	26/3/2024	10	850	5.550	5.588	135
Aircastle	15/7/2024	7	500	5.750	5.808	165
Macquarie AirFinance	10/9/2024	5.5	500	5.150	5.154	172
Macquarie AirFinance	19/3/2024	5	500	6.400	6.403	210
Macquarie AirFinance	19/3/2024	7	500	6.500	6.545	223

Strength in our cost of debt

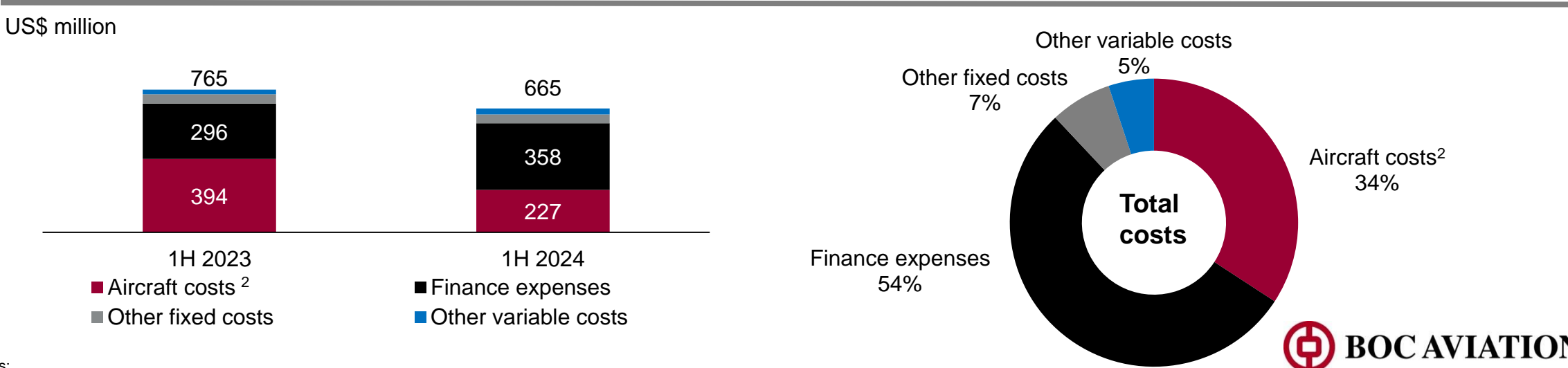
Sources: Bloomberg and BOC Aviation's estimates

# Lease Rental Income Drives Revenue

## Lease rental income drives total revenues and other income



## Depreciation of aircraft and financing costs are key costs<sup>1</sup>



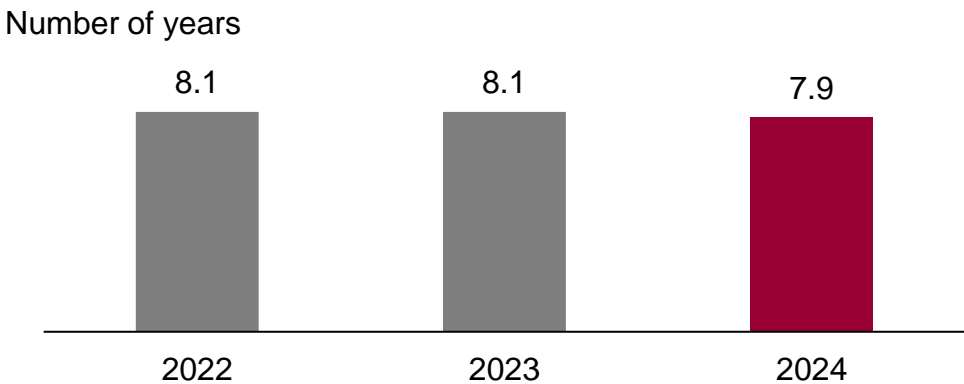
Notes:

1. Excluding the reversal of impairment loss in 1H 2024, aircraft costs, finance expenses, other fixed costs and other variable costs would account for 48%, 43%, 5% and 4% of total costs, respectively

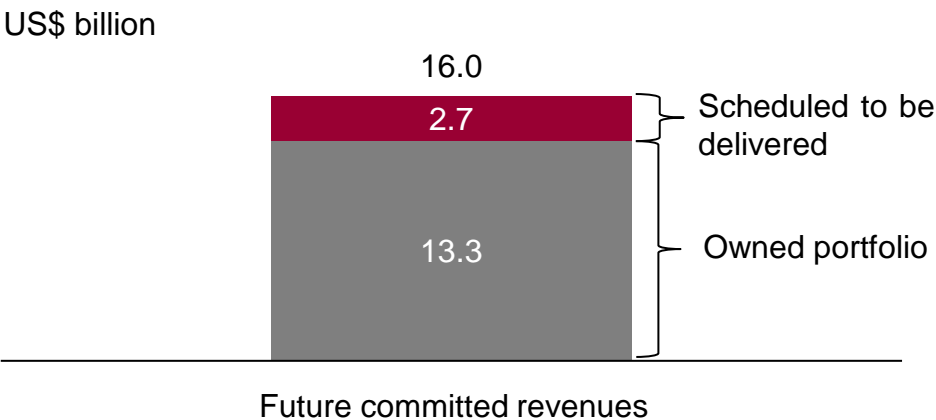
2. Comprises aircraft depreciation and impairment charges (includes the reversal of impairment loss of US\$175 million in respect of two aircraft in 1H 2024)

# Long-Term Leases A Key Feature of the Company

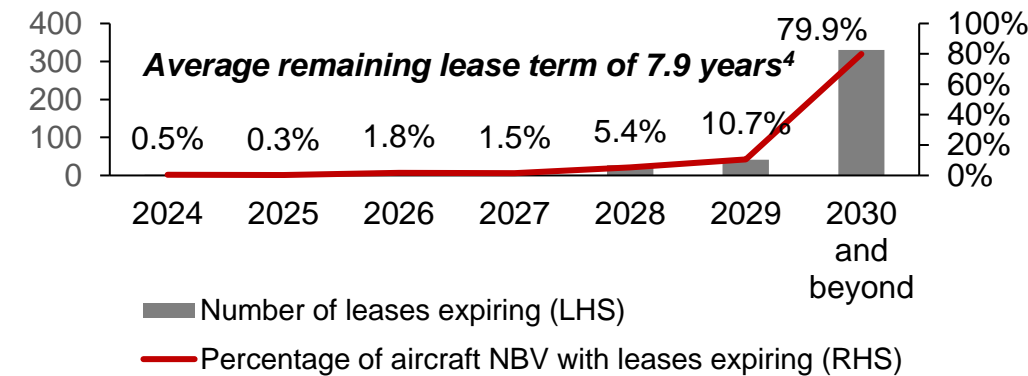
## A long average remaining lease term<sup>1</sup>



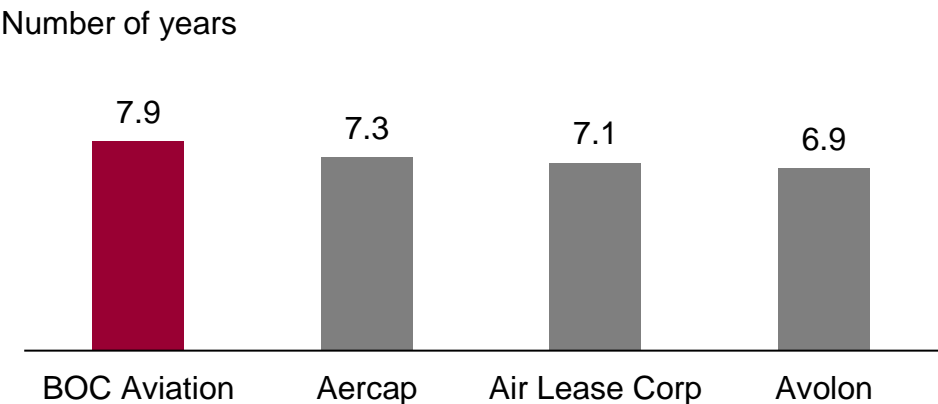
## High future committed operating lease revenue



## Well-dispersed scheduled lease expiries<sup>2</sup>



## Industry-leading average remaining lease term<sup>3</sup>

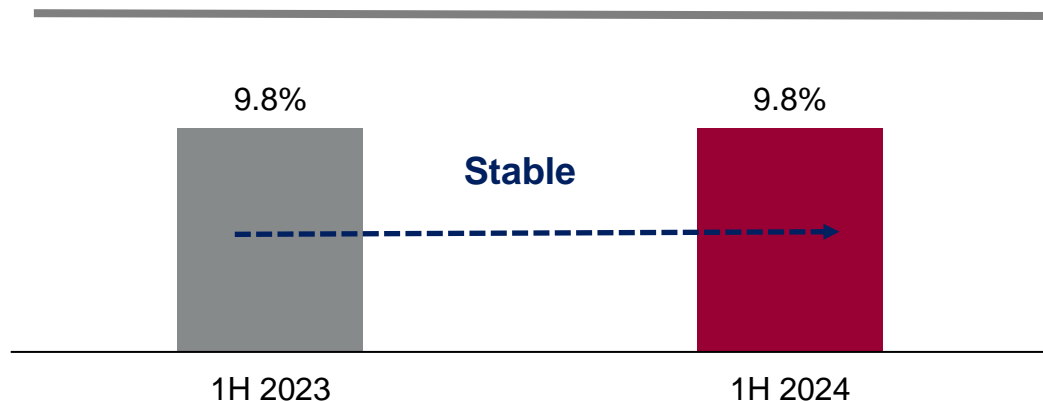


Notes:

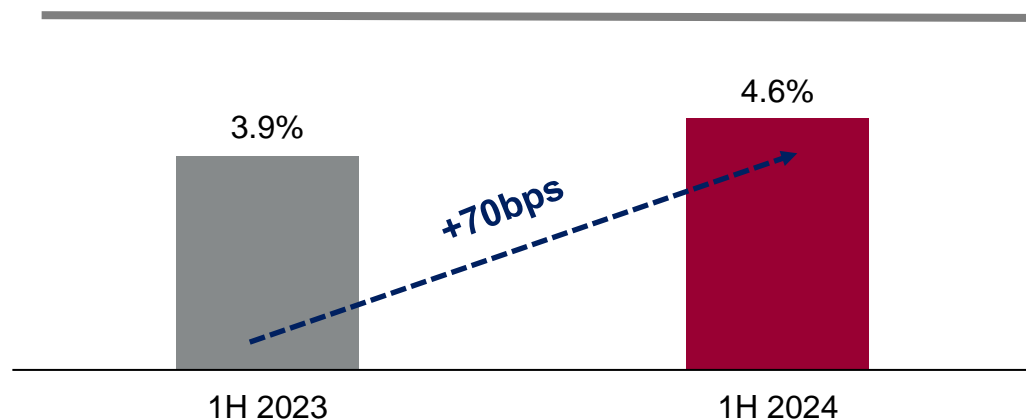
- 1. Weighted by net book value of owned fleet and finance lease receivables in respect of aircraft on finance leases
- 2. Owned aircraft with leases expiring in each calendar year, weighted by net book value including finance lease receivables in respect of aircraft on finance leases, as at 30 September 2024
- 3. Updated as at 31 December 2024 for BOC Aviation, as at 30 September 2024 for peers
- 4. As at 31 December 2024

# Stable Net Lease Yield Despite Rising Cost of Debt

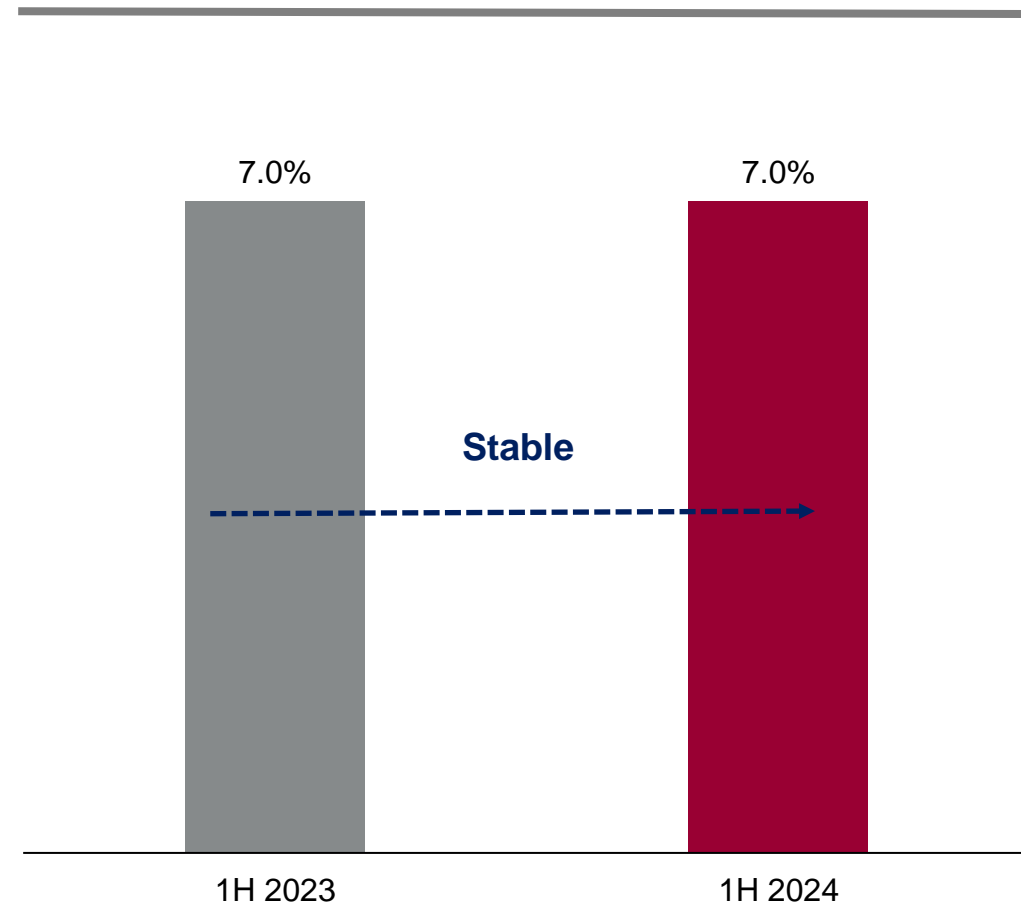
Operating lease rate factor<sup>1</sup>



Cost of debt<sup>2</sup>



Net operating lease yield<sup>3</sup>



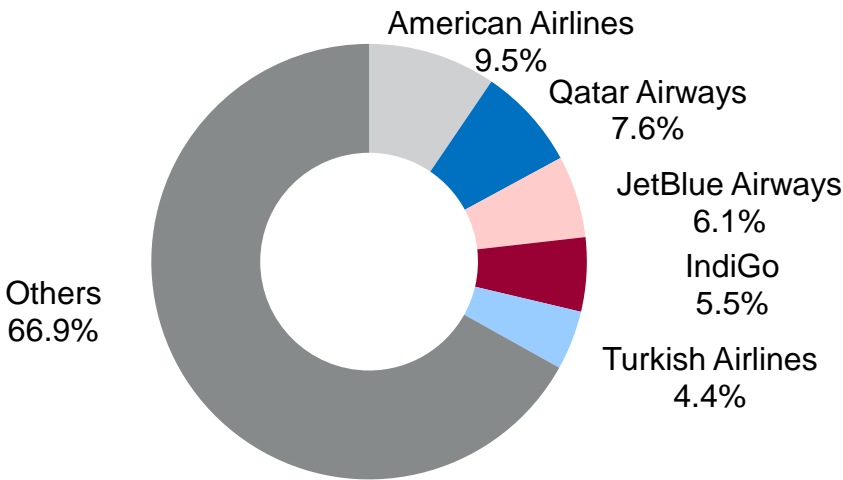
Notes:

1. Calculated as annualised operating lease rental income divided by the average of aircraft net book value
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 on medium term notes
3. Calculated as annualised operating lease rental income less finance expenses apportioned to operating lease rental income, divided by the average of aircraft net book value

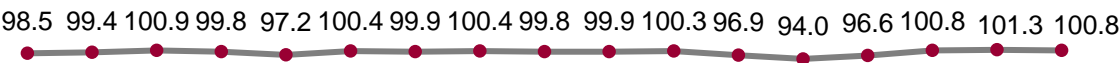


# Globally Diversified Portfolio

Lease portfolio diversified by customer<sup>1</sup>

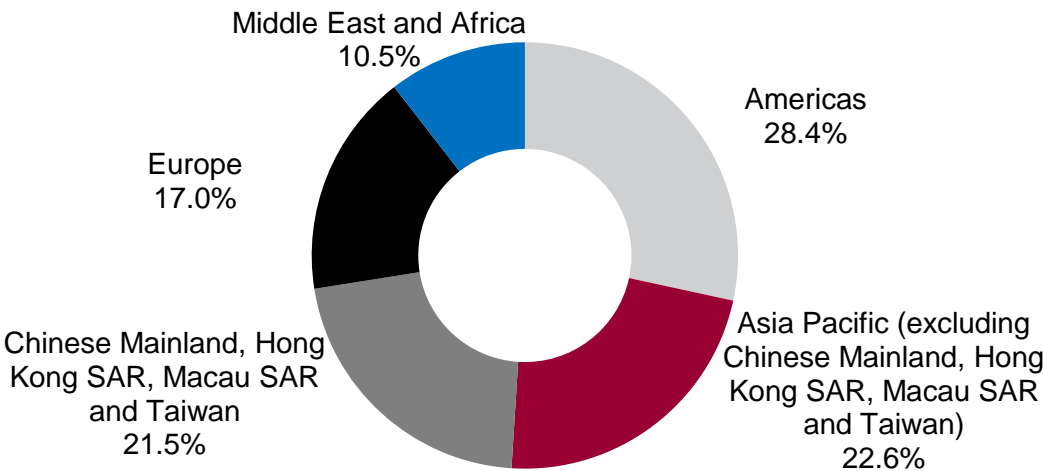


Collection rate (%)

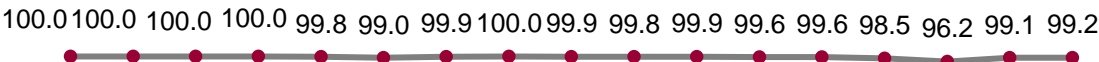


Average = 99.2%

...and diversified by geography<sup>1</sup>



Fleet utilisation (%)<sup>2</sup>



Average = 99.4%

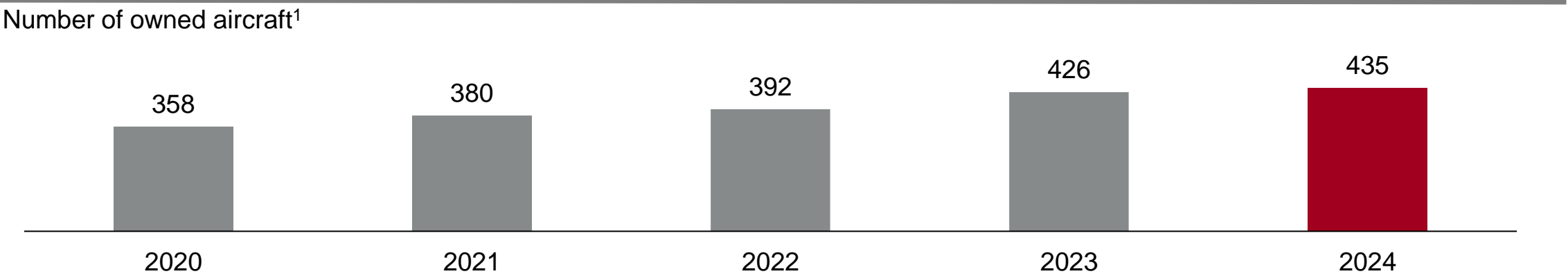
All data as at 30 June 2024 unless otherwise indicated

Notes:

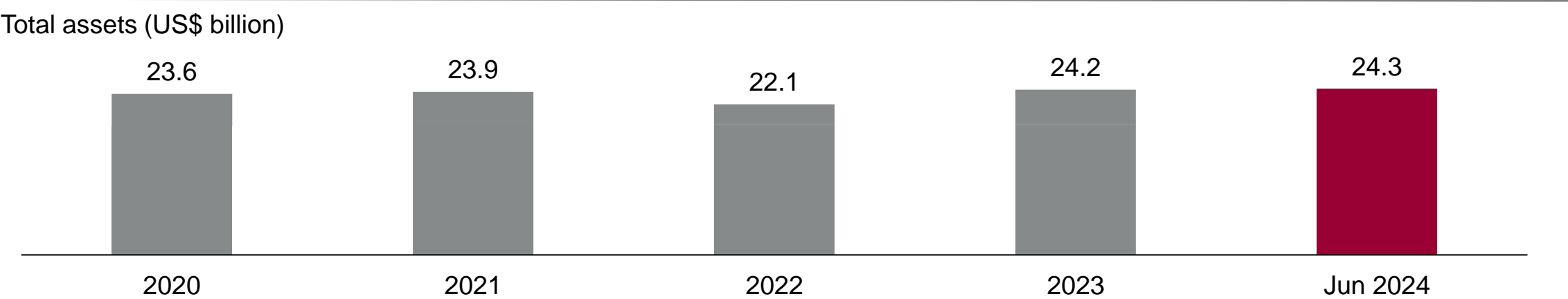
- Based on net book value of aircraft including finance lease receivables in respect of aircraft on finance leases and excludes aircraft off lease
- Fleet utilisation is the total days on-lease in the period as a percentage of total available lease days in the period

# Continued Investments in Aircraft

## Owned fleet of 435 aircraft



## Steady growth in assets

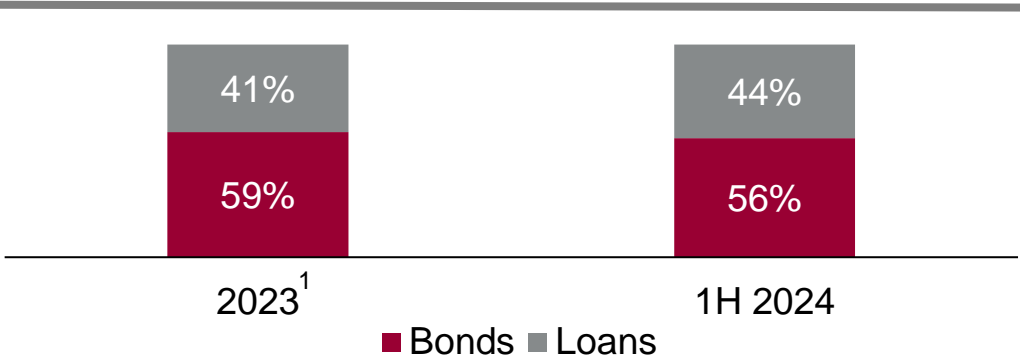


**Aircraft assets rose 8% year-on-year<sup>1</sup>**

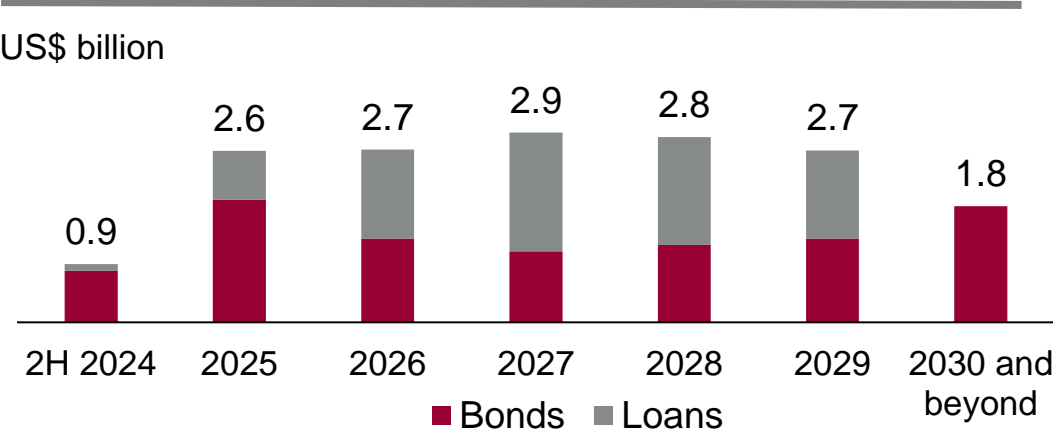
Note:  
1. By net book value of owned fleet including finance lease receivables in respect of aircraft on finance leases

# Flexible Capital Structure

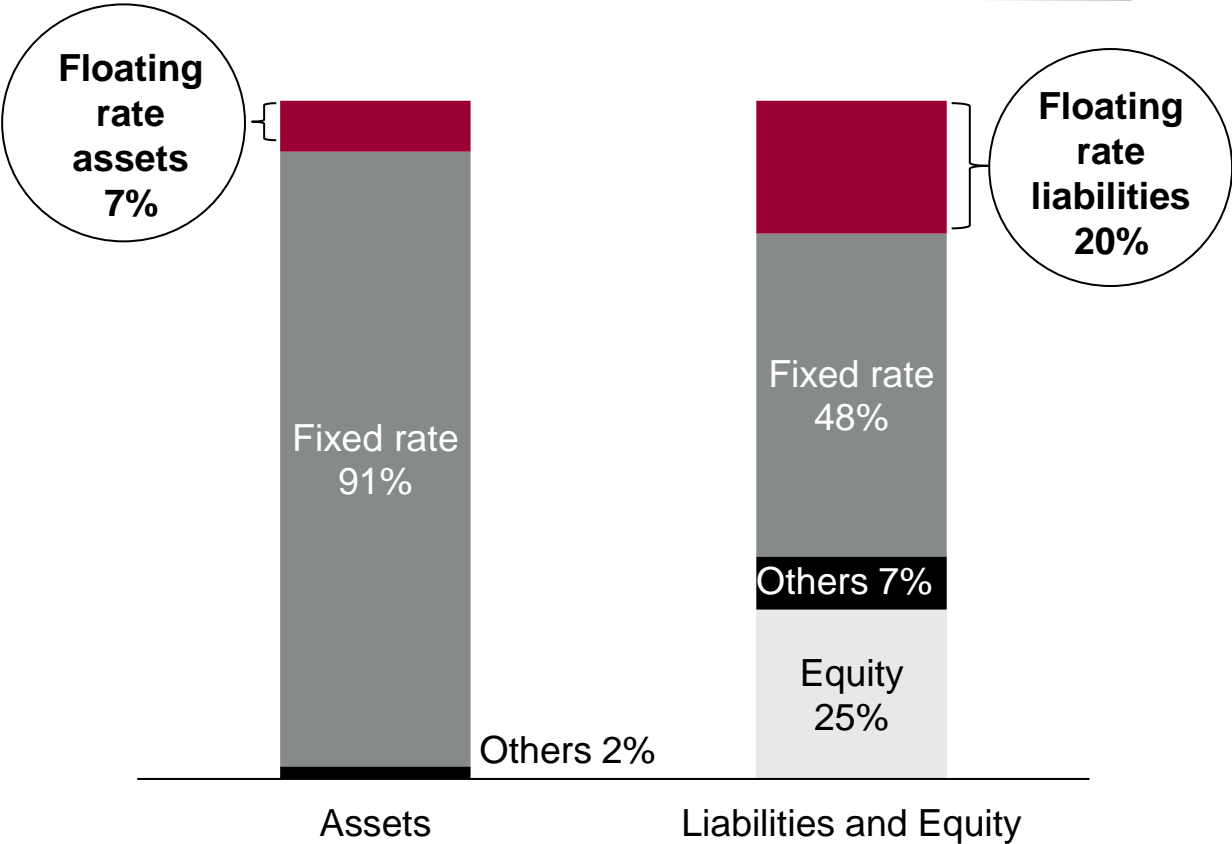
Sources of debt



Outstanding debt maturity profile



Asset and liability profile



Long-term unsecured debt is a key strength

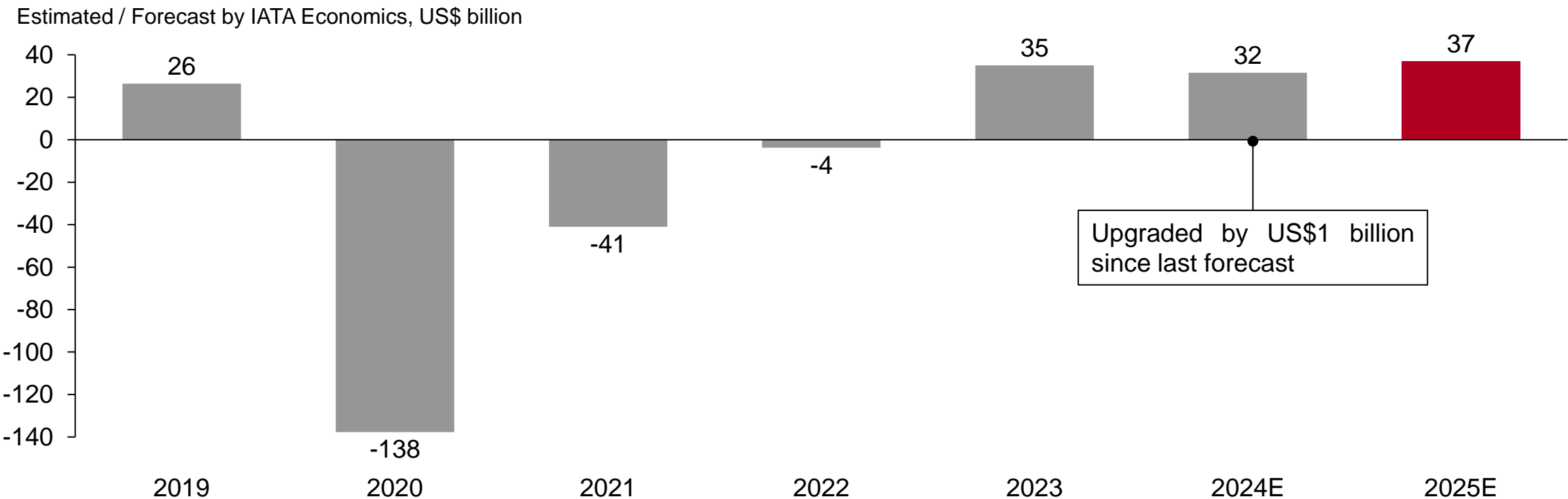
All data as at 30 June 2024 unless otherwise indicated

Note:

1. As at 31 December 2023

# Improving Airline Industry Profits

IATA global airline industry net post-tax profit



Airline industry profits to continue to rise in 2025

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