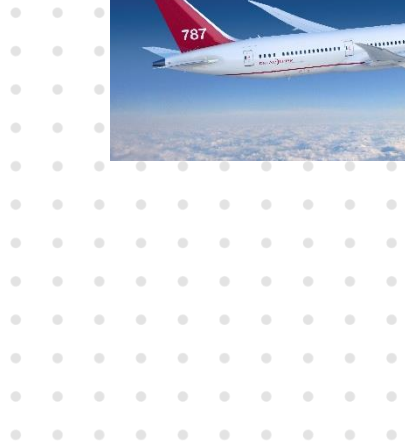




BOC AVIATION INVESTOR UPDATE

HONG KONG

JUNE 2019



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2018 - A New Milestone

Record 2018 earnings¹

US\$685 million ↑ 24%
Profit before tax

US\$620 million ↑ 6%²
Net profit after tax

US\$0.89 ↑ 6%²
Earnings per share

Driven by:

US\$1,726 million ↑ 23%
Total revenues and other income

US\$623 million ↑ 15%
Core lease rental contribution³

8.3% ↔ -0.1% pt
Net lease yield⁴

Robust balance sheet¹

US\$18.3 billion ↑ 14%
Total assets

US\$4.2 billion ↑ 10%
Total equity

US\$6.05 ↑ 10%
Net assets per share

Higher annual dividend per share

US\$0.3129 ↑ 6%⁶
Total dividend per share⁵

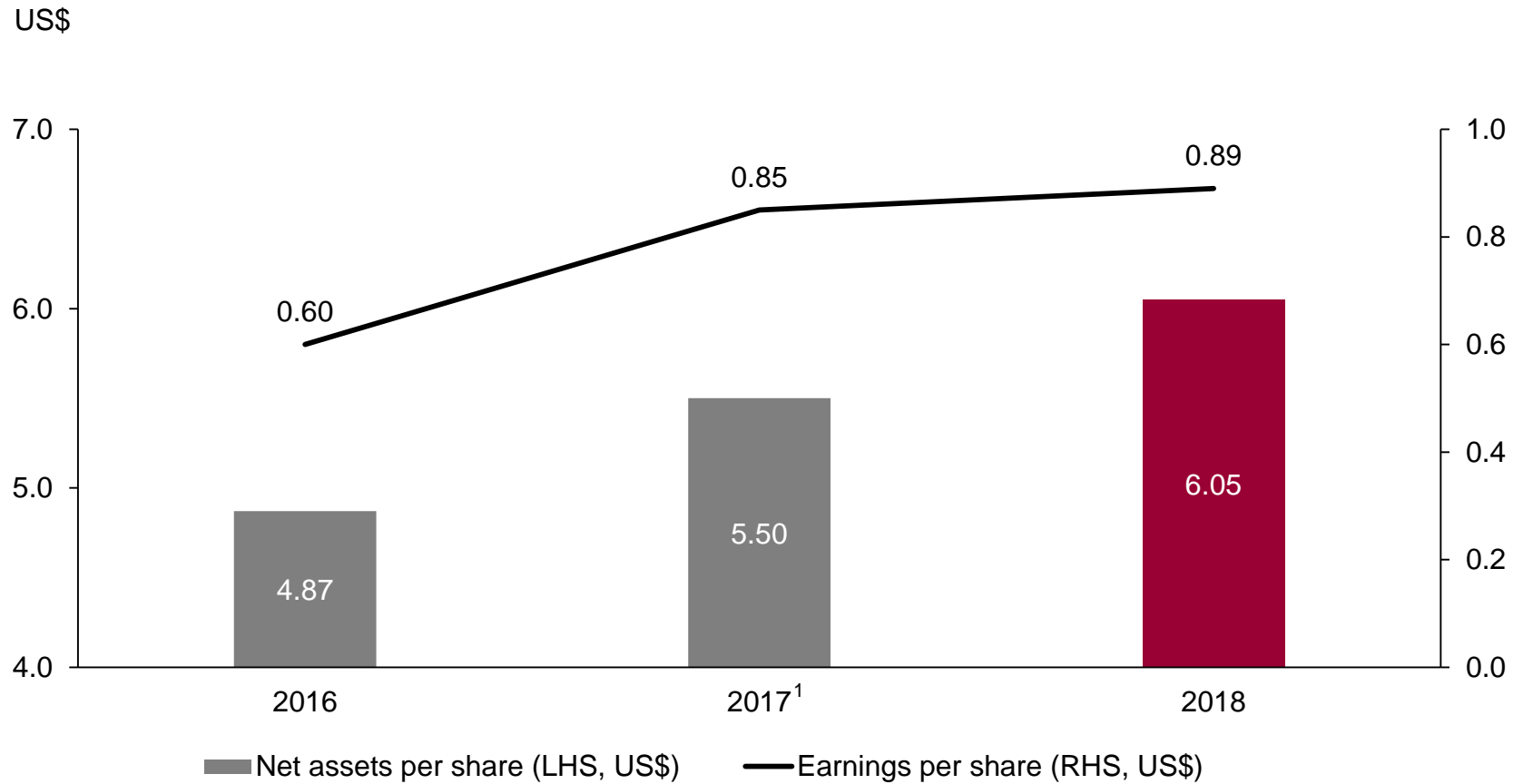
All data as at 31 December 2018

Notes:

1. Compared to FY2017 or as at 31 December 2017
2. 2017 comparison includes one-off US\$91m tax adjustments in the USA
3. Calculated as lease rental income less depreciation and finance expenses, amortization of debt issue costs and lease transaction closing costs
4. Calculated as lease rental income less finance expenses divided by average net book value of aircraft
5. Includes interim dividend of US\$0.1284 per share paid on 5 October 2018. The final dividend of US\$0.1845 per share will be payable to shareholders registered at the close of business on the record date, being 6 June 2019
6. US\$0.3129 in 2018 compared to US\$0.2958 paid for 2017



Steady Increase in Net Assets and Earnings Per Share



22% EPS CAGR since IPO

All data as at the end of the relevant period

Note:

1. 2017 comparison includes one-off US\$91m tax adjustments in the USA



25 Years of Success

- Company celebrated our 25th anniversary in November 2018
- New Chairman Sun Yu joined the Board in February 2019
- Largest aircraft operating lessor headquartered in Asia
 - Listed on HKEX on 1 June 2016
 - Market capitalisation increased 50% to US\$5.7 billion vs US\$3.8 billion at IPO¹
- Leading industry indicators
 - Young fleet age of 3.1 years²
 - Long average lease term of 8.2 years²
 - Low cost of funds
- The longest serving CEO in the same operating lease company
 - Robert Martin's 21st year as CEO
- A- from S&P and Fitch Ratings, amongst the highest credit ratings of aircraft operating lessors

A top 5 global aircraft lessor today

All data as at 31 March 2019 unless otherwise indicated

Notes:

1. Source: Bloomberg
2. Weighted by net book value of owned fleet



Operational Performance Update

- Ended March 2019 with total fleet of 507 aircraft comprising 310 owned, 25 managed and 172 on order
 - Portfolio utilization of 99.9%
 - Cash collection rate of 100%¹
- Took delivery of 11 aircraft² in 1Q19
 - Added three new airline customers
- Took delivery of the Company's 350th Airbus aircraft in May 2019
- Signed seven lease commitments in 1Q19
- Sold one owned aircraft in 1Q19
- Raised US\$1.5 billion in new debt financings³, including:
 - US\$500 million 5Y fixed rate bond in January 2019
 - US\$750 million 5.5Y fixed rate bond in April 2019
- Total future committed CAPEX of c.US\$9.2 billion¹

A strong start to the year

All data as at 31 March 2019 unless otherwise indicated

Notes:

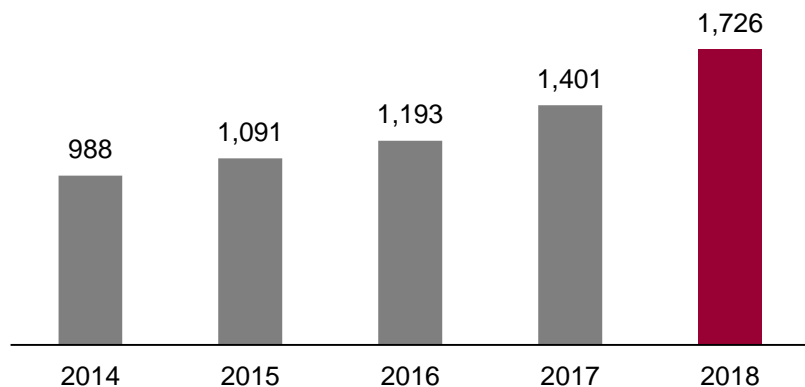
1. As at 31 December 2018
2. Including three acquired by airline customers on delivery
3. As at 31 May 2019



Record NPAT

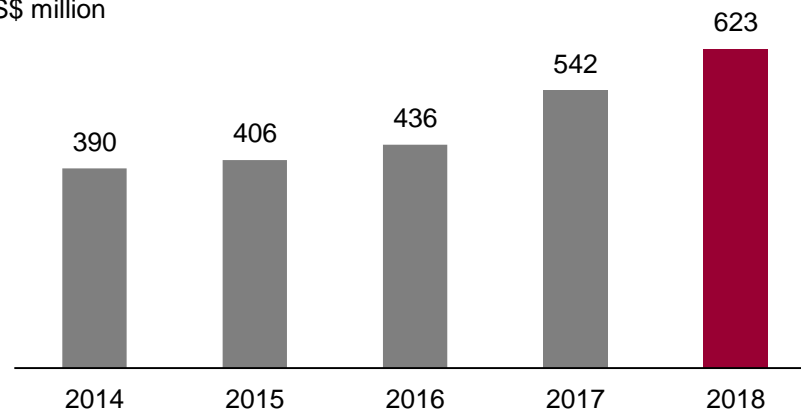
Fleet growth underpins lift in revenues

US\$ million



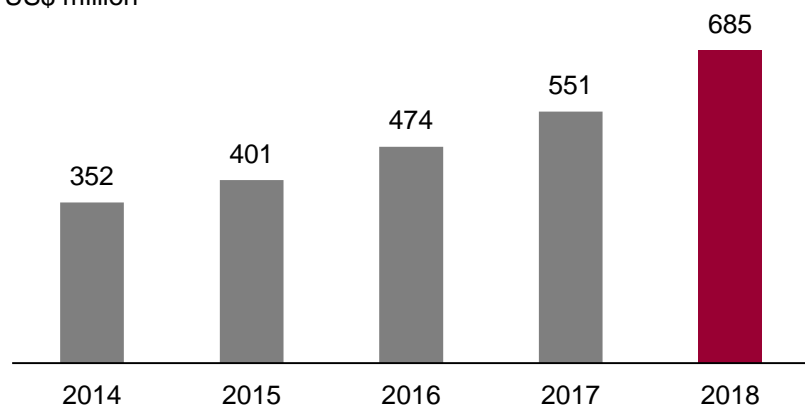
Steadily increasing core lease rental contribution¹

US\$ million



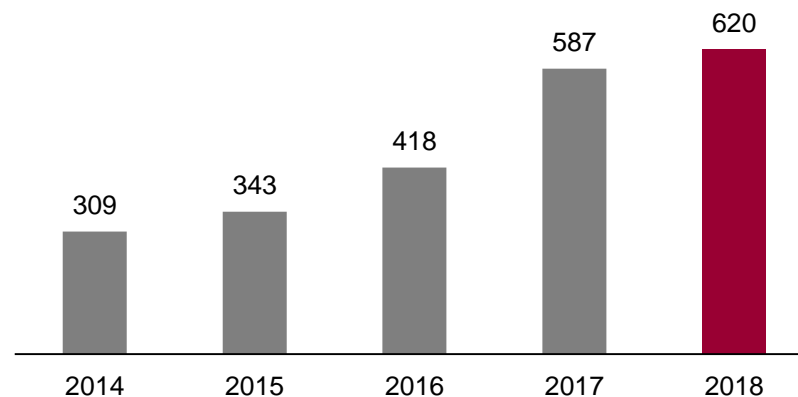
Strong PBT Growth

US\$ million



Robust NPAT performance¹

US\$ million



All data as at 31 December 2018

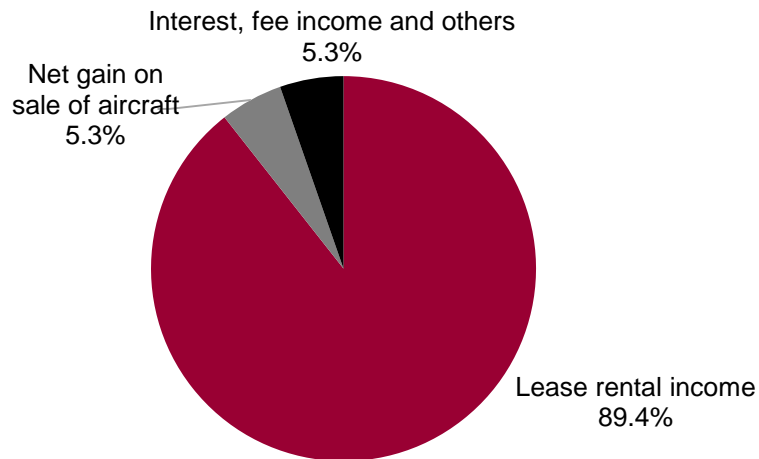
Note:

1. Calculated as lease rental income less depreciation and finance expenses, amortization of debt issue costs and lease transaction closing costs

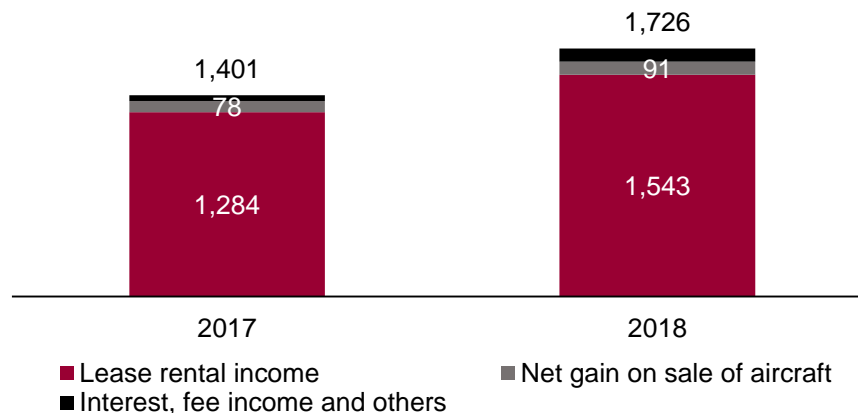


Lease Rental Income Continues to Dominate Revenue

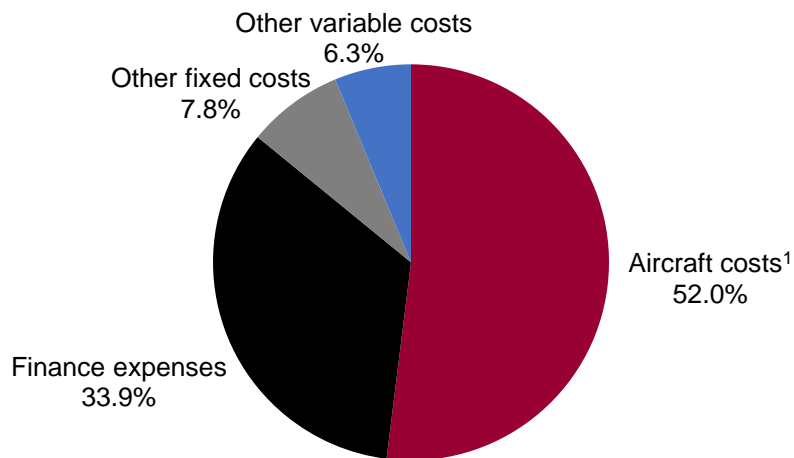
Lease rental income consistently c.90% of total revenue and other income



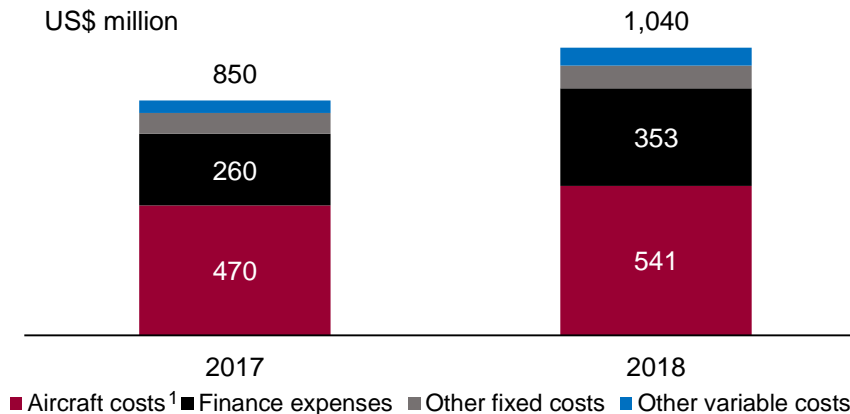
US\$ million



Depreciation of aircraft plus financing costs make up >85% of total costs



US\$ million



All data as at 31 December 2018

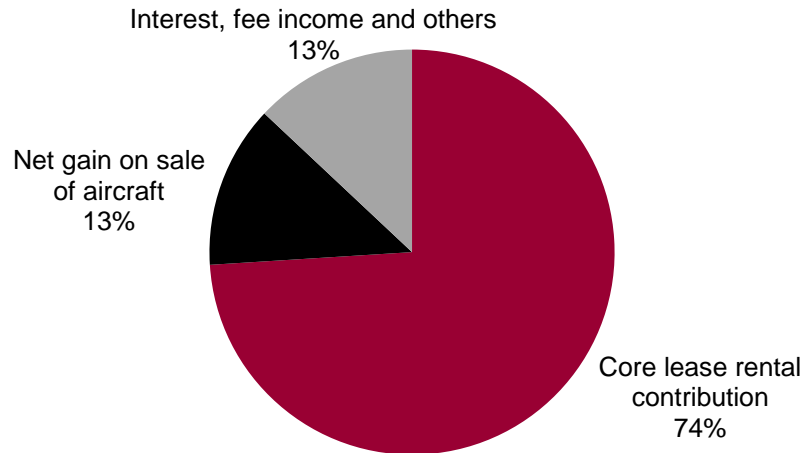
Note:

1. Comprises aircraft depreciation and impairment charges

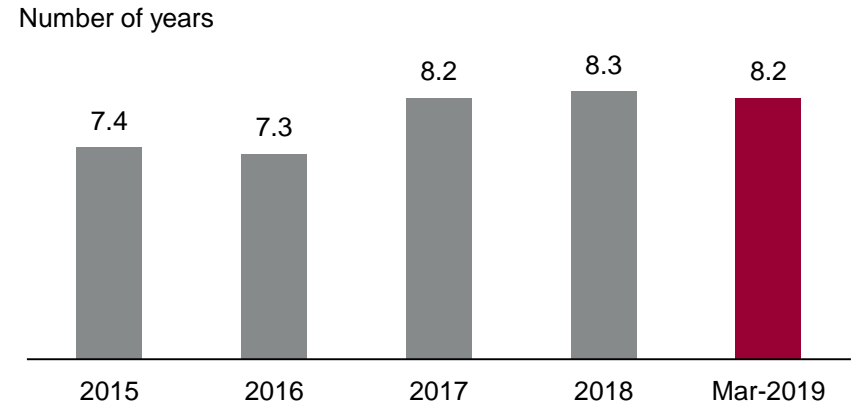


Core Leasing Business Supports Earnings Growth

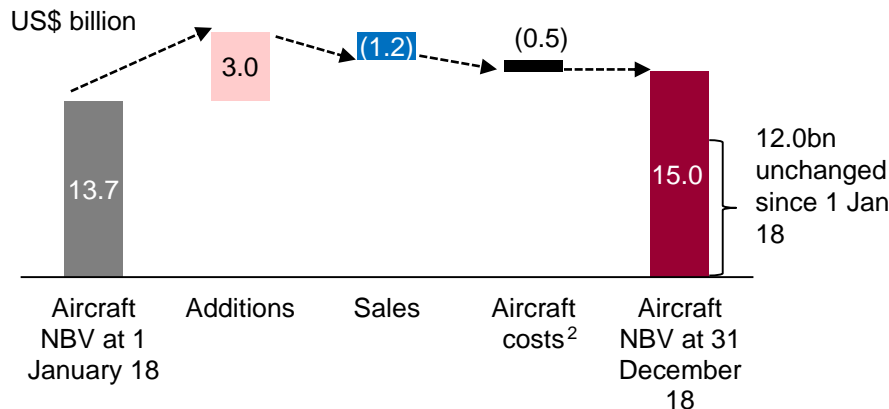
c.75% of PBT is from core lease rental contribution¹



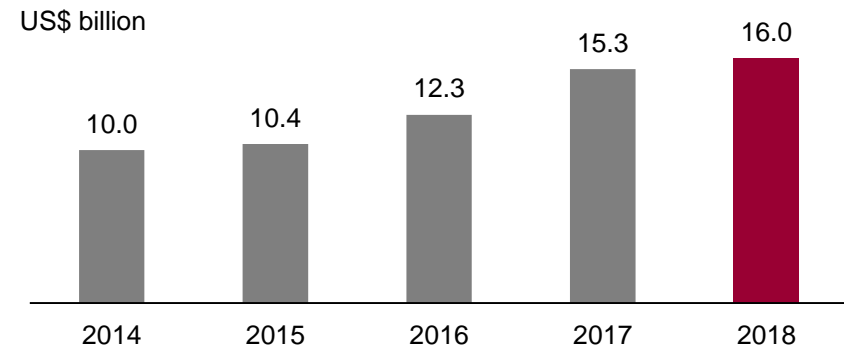
We have a longer average remaining lease term³



...and reflects rising investment in our fleet



... and high future committed lease revenue



All data as at 31 December 2018 unless otherwise indicated

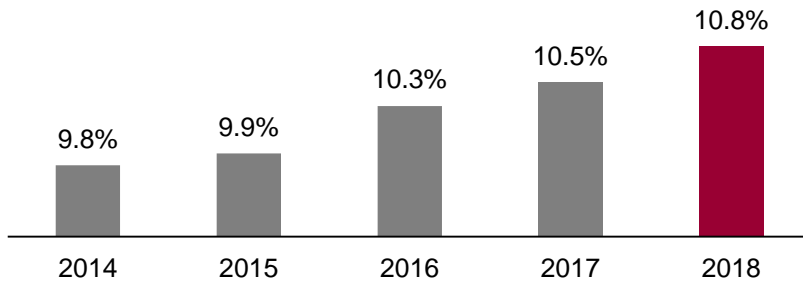
Notes:

1. Calculated as lease rental income less depreciation and finance expenses, amortization of debt issue costs and lease transaction closing costs
2. Comprises aircraft depreciation and impairment charges
3. Weighted by net book value of owned fleet

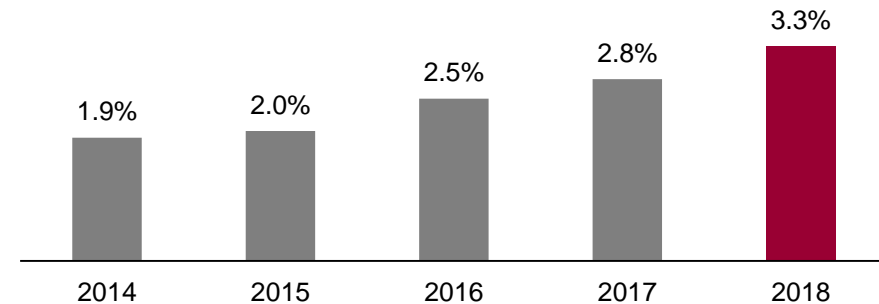


Consistent Net Lease Yield Drives Profitability

Higher lease rate factor¹ reflects increased proportion of fixed rate leases

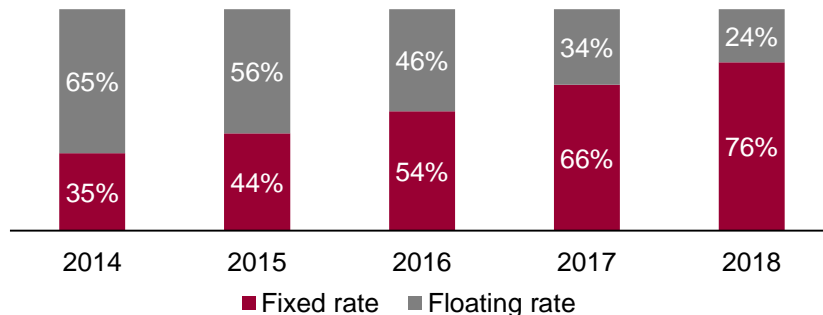


... with a higher share of fixed rate debt and higher base rates affecting finance expenses³

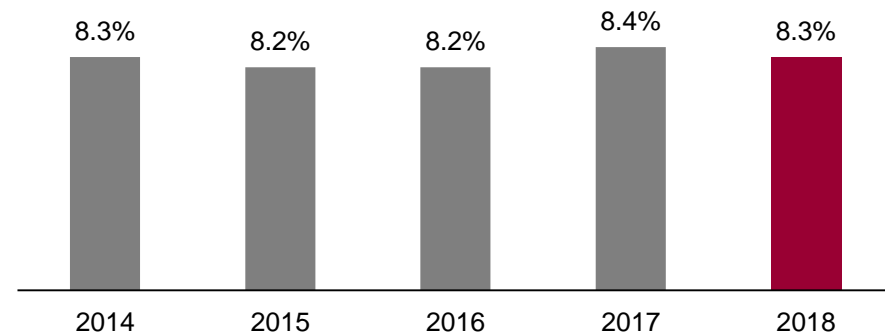


Proportion of fixed rate leases rising steadily²

By net book value



Maintaining net lease yield > 8%⁴



All data as at 31 December 2018

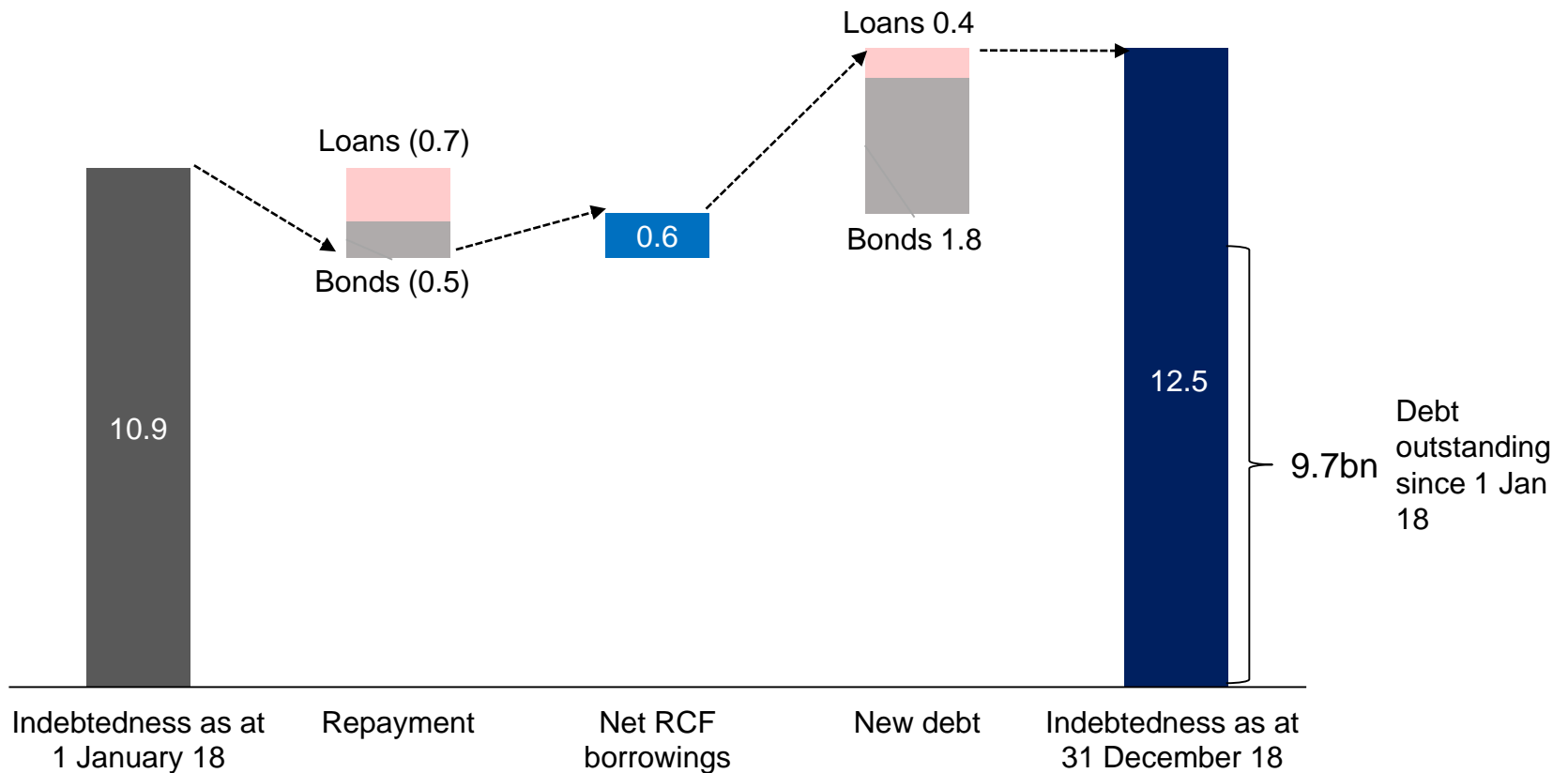
Notes:

1. Calculated as lease rental income divided by average net book value of aircraft and multiplied by 100%
2. By net book value including aircraft held for sale and excluding aircraft subject to finance lease as well as aircraft off lease
3. Calculated as the sum of finance expenses and capitalized interest, divided by average total indebtedness. Total indebtedness represents loans and borrowings and finance lease payables before adjustments for debt issue costs, fair values, revaluations and discounts/premiums to medium term notes
4. Calculated as lease rental income less finance expenses divided by average net book value of aircraft



Stable Debt Structure Limits Interest Rate Effects

US\$ billion

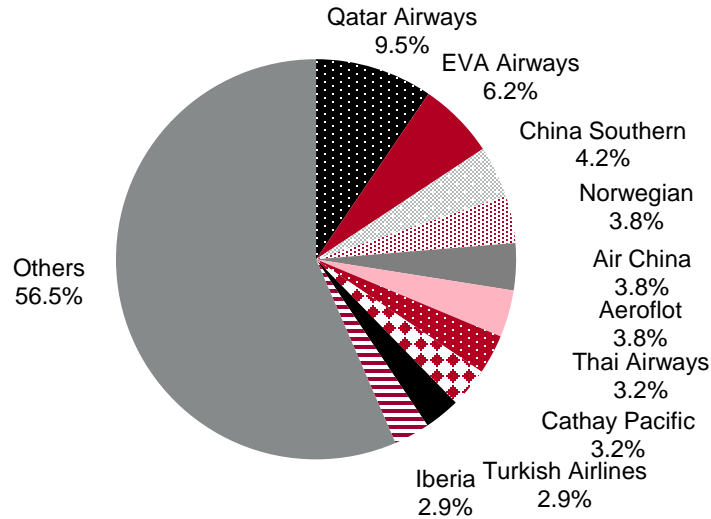


Close to 80% of debt unchanged from 1 January 2018

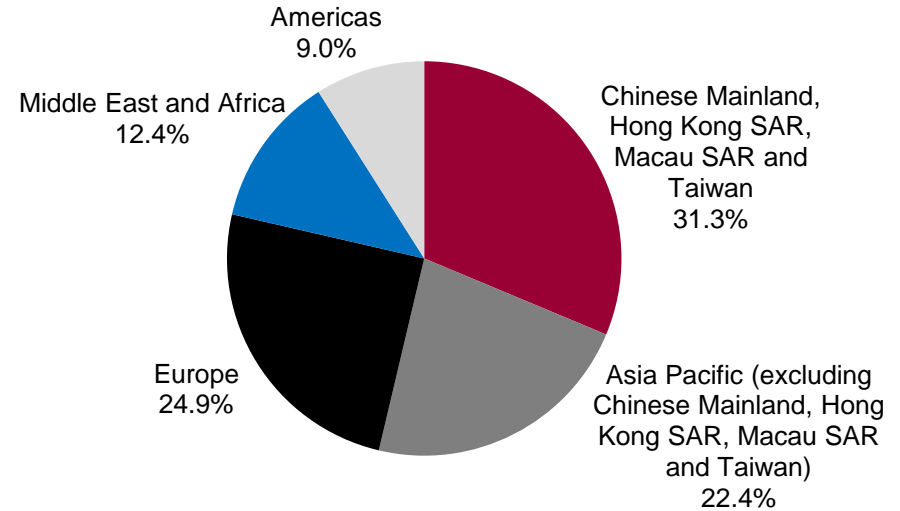


Diversified Portfolio Delivers High Utilization, High Collection Rate

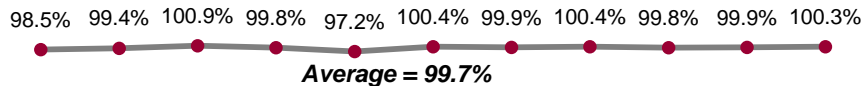
Lease portfolio diversified by customer^{1,2,3}



...and diversified by geography^{1,3}

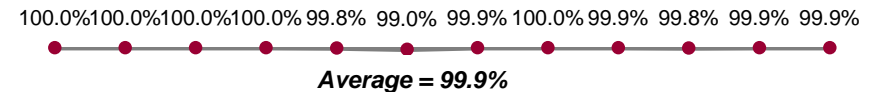


High collection rate⁴



2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018

High fleet utilization⁵



2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 Mar-19

All data as at 31 March 2019 unless otherwise indicated

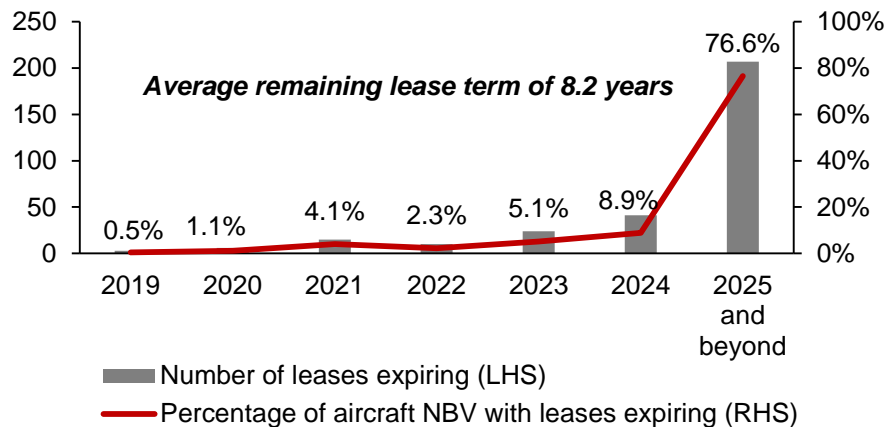
Notes:

1. Based on net book value as at 31 March 2019
2. For certain airlines, the percentage includes leases to affiliated airlines whose obligations are guaranteed by the named airline
3. Based on the jurisdiction of the primary obligor under the relevant operating lease.
4. As at 31 December 2018
5. Fleet utilization is the total days on-lease in the period as a percentage of total available lease days in the period



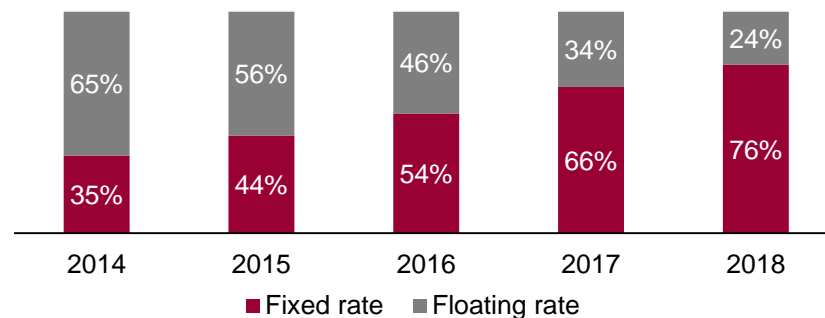
Long-term Contracted USD Leases

Well-dispersed lease expiries¹



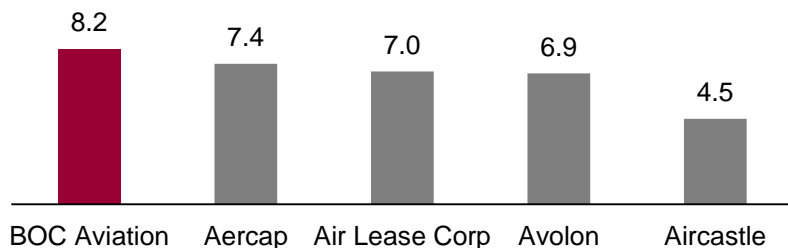
Proportion of fixed rate leases rising steadily³

By net book value



Long average remaining lease term²

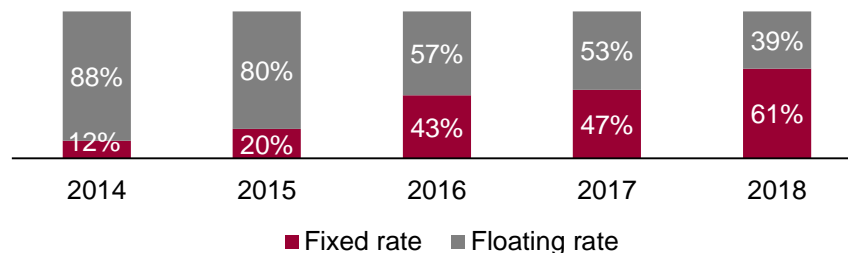
Number of years



Source: Respective company websites

Proportion of fixed rate debt also rising⁴

• Hedged c.80% of mismatched interest rate exposure



All data as at 31 December 2018 unless otherwise indicated

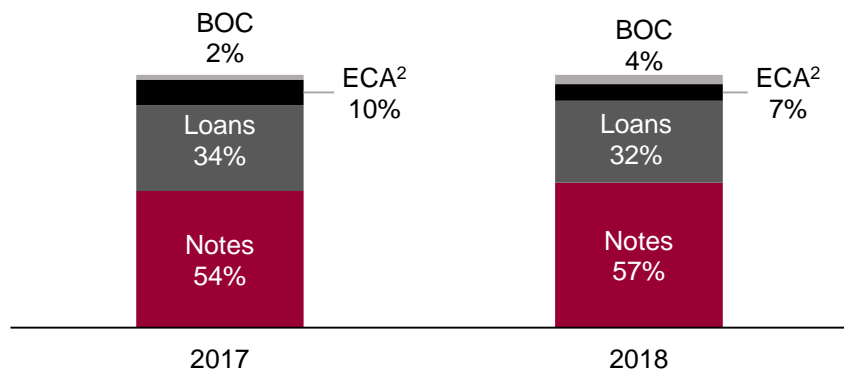
Notes:

- Owned aircraft with lease expiring in each calendar year adjusted for any aircraft for which BOC Aviation has sale or lease commitments, weighted by net book value as at 31 March 2019
- Weighted by net book value of owned fleet as at 31 March 2019
- By net book value including aircraft held for sale and excluding aircraft subject to finance lease as well as aircraft off lease
- Fixed rate debt included floating rate debt swapped to fixed rate liabilities

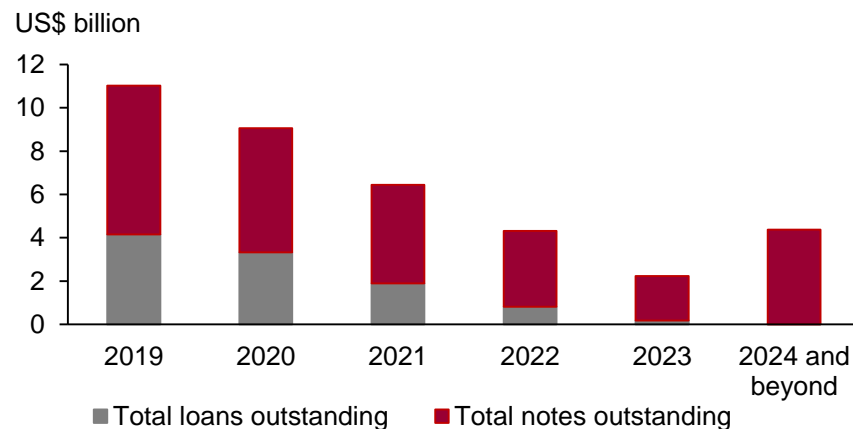


Flexible Capital Structure and Ample Backstop Liquidity

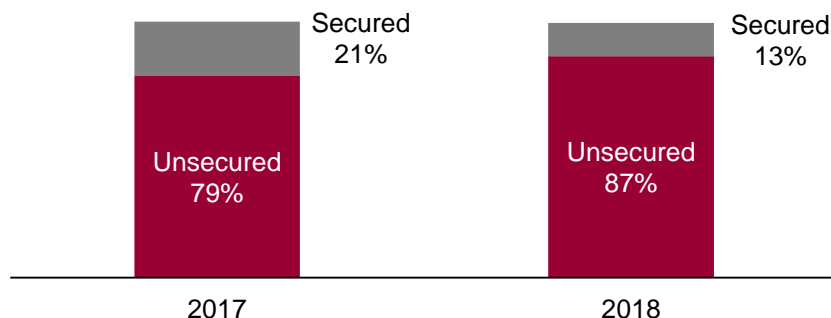
Sources of debt¹



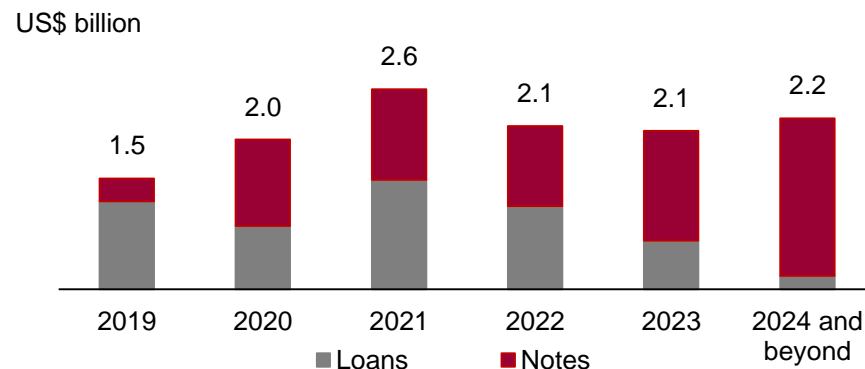
Outstanding debt amortises over a long term



Increasing unsecured funding



Debt repayment by year



Undrawn committed credit lines and cash of US\$3.8 billion at year end

All data as at 31 December 2018 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



Popular and Fuel-Efficient Fleet

Our aircraft portfolio

Aircraft type	Owned aircraft	Managed aircraft	Aircraft on order ¹	Total
Airbus A320CEO family	129	8	0	137
Airbus A320NEO family	29	0	56	85
Airbus A330CEO family	12	4	0	16
Airbus A330NEO family	0	0	12	12
Airbus A350 family	6	0	2	8
Boeing 737NG family	98	8	2	108
Boeing 737 MAX family	6	0	87	93
Boeing 777-300ER	19	3	3	25
Boeing 777-300	0	1	0	1
Boeing 787 family	6	0	10	16
Freighters	5	1	0	6
Total	310	25	172	507

All data as at 31 March 2019

Note:

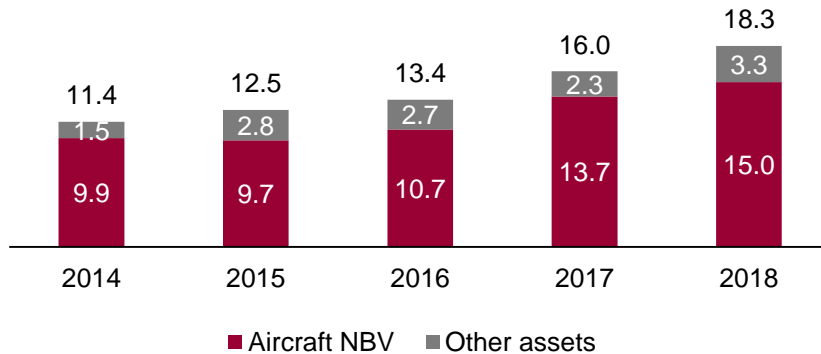
1. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery



Orderbook Underpins Future Balance Sheet Growth

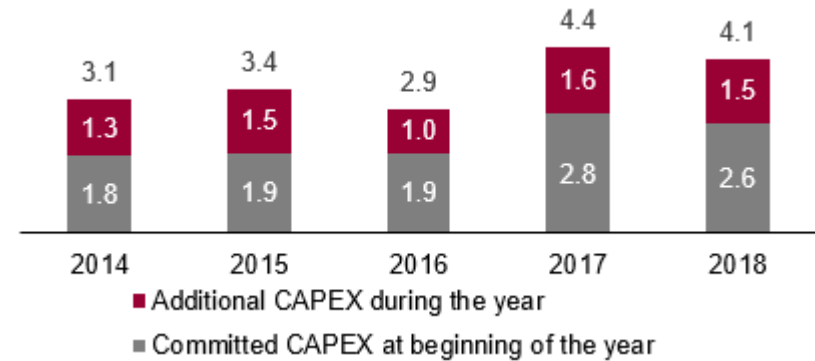
Growing balance sheet

US\$ billion



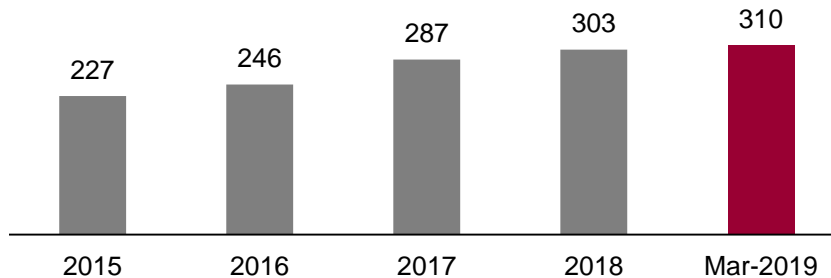
Average annual CAPEX of around US\$4 bn since IPO

US\$ billion



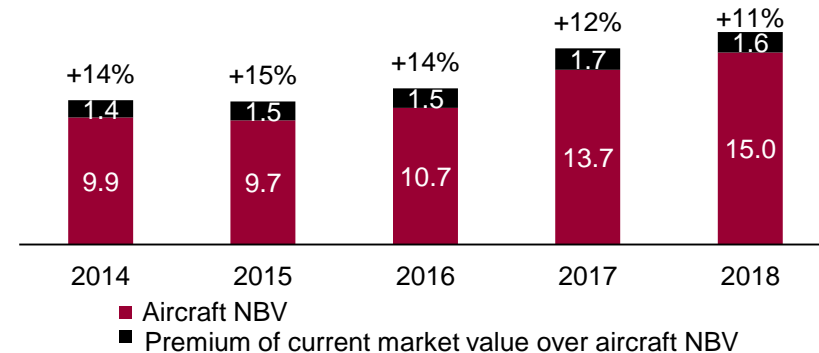
Expanding fleet size

Number of owned aircraft



Premium over aircraft NBV^{1,2}

US\$ billion



Aircraft net book value grew 40% since 2016

All data as at 31 December 2018 unless otherwise indicated

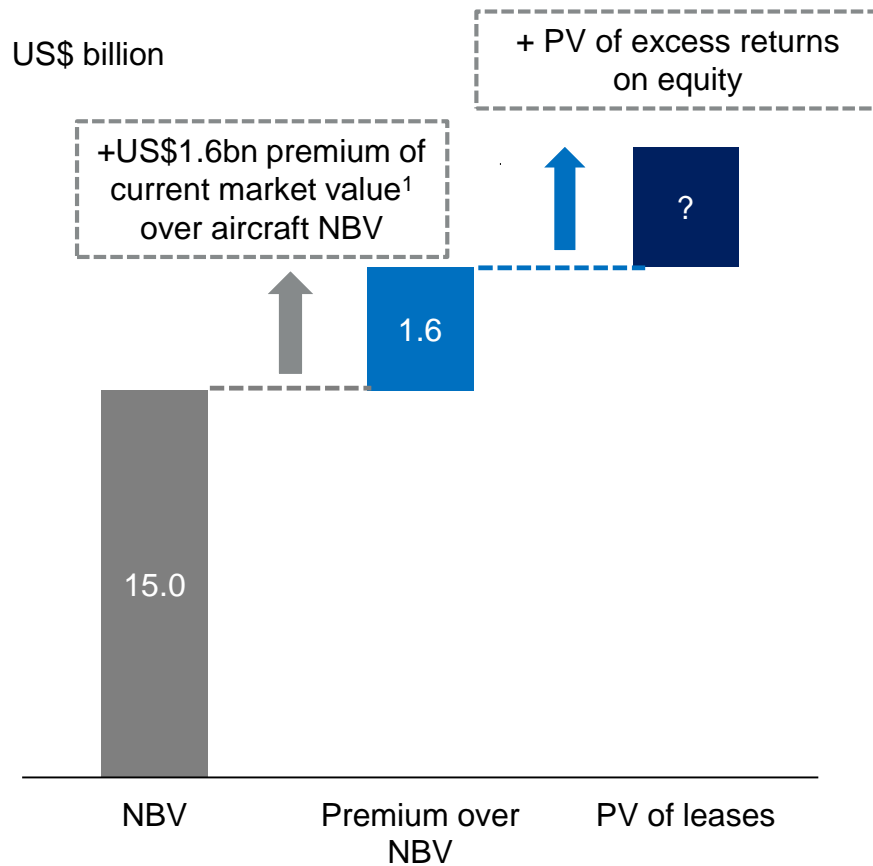
Notes:

1. Average of five appraisers
2. Percentages refer to premium of appraised current market value over aircraft NBV

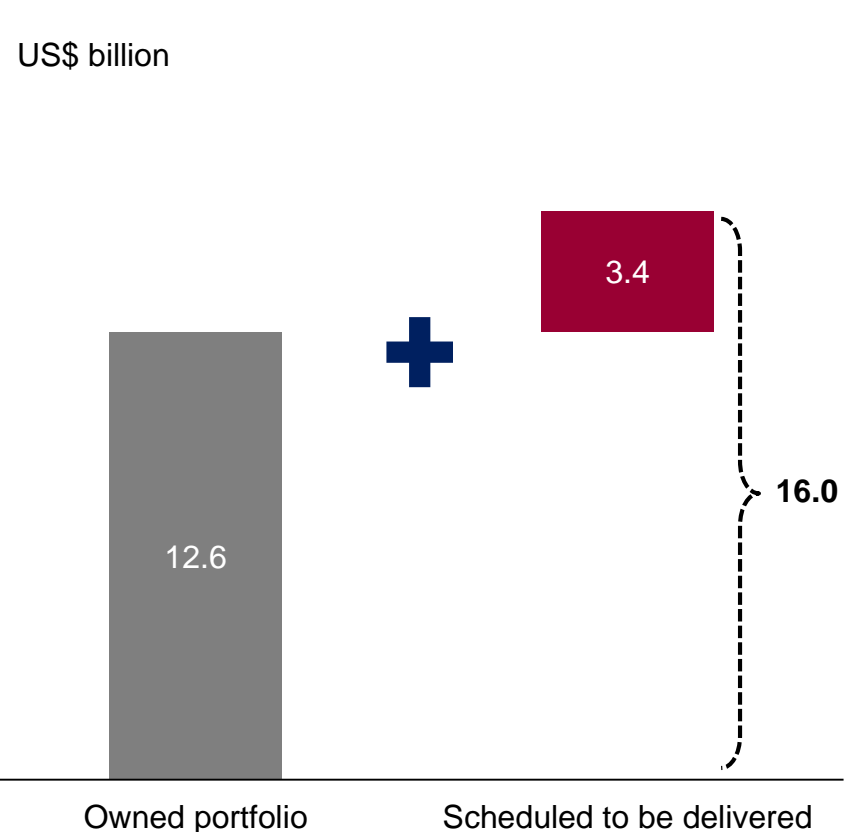


Value Driven by Fleet and Committed Lease Revenues

Net book value understates business value



Committed future revenues of US\$16 billion



Committed future lease revenues underpin value creation

All data as at 31 December 2018

Note:

1. Based on an average of five independent appraisers' aggregate value for our owned fleet at US\$16.6 billion, on a full-life, current market value basis, which compared with a net book value of US\$15.0 billion



Conclusion

- 2018 was another stellar year
 - PBT up 24%
 - NPAT increased 6% to US\$620 million
 - ROE of 15.5% - above 12-years average of 15%
 - Dividend payout ratio maintained at 35% of full year NPAT
 - Total annual dividends of US\$0.3129/share
- High liquidity, long-term revenue visibility and sustainability
 - Committed lease revenues increased to US\$16 billion
 - Orderbook of 172 aircraft provides future balance sheet growth¹
 - Available liquidity of US\$3.8 billion at year end to support future investment
- Strong operations
 - 100% cash collection rate and 99.9%¹ fleet utilization rate
 - Robust asset-liability management minimizes impact of interest rate movements
- Positive outlook
 - 2019 expected to be the airline industry's 10th consecutive year of above trend passenger demand growth²
 - 79 aircraft delivered/scheduled to be delivered to BOC Aviation in 2019³

2018: Record earnings in a landmark year

All data as at 31 December 2018 unless otherwise indicated

Notes:

1. As at 31 March 2019
2. IATA
3. Certain airline customers have notified us of their intention to acquire on delivery a total of 18 of our aircraft scheduled for delivery in 2019

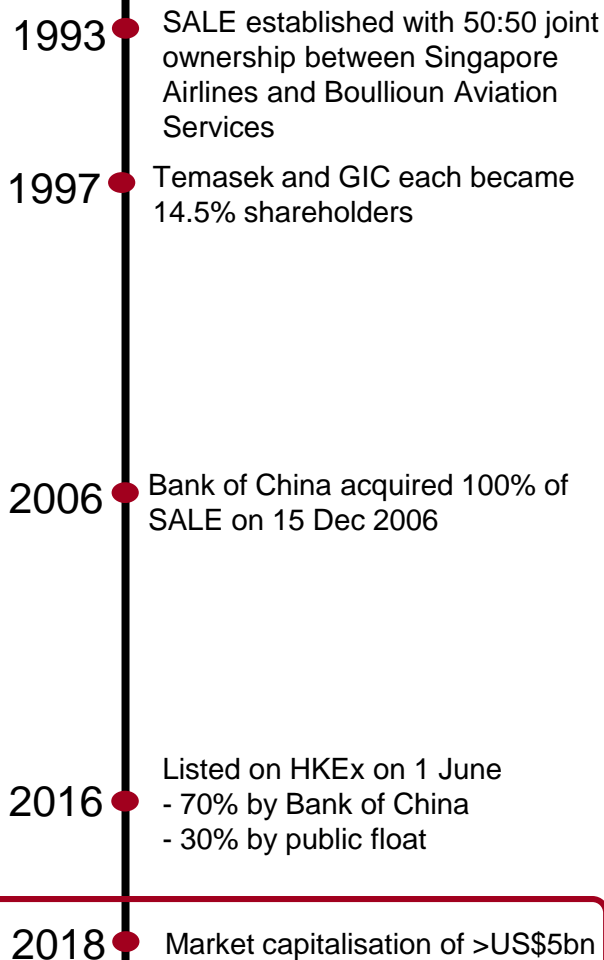


APPENDICES

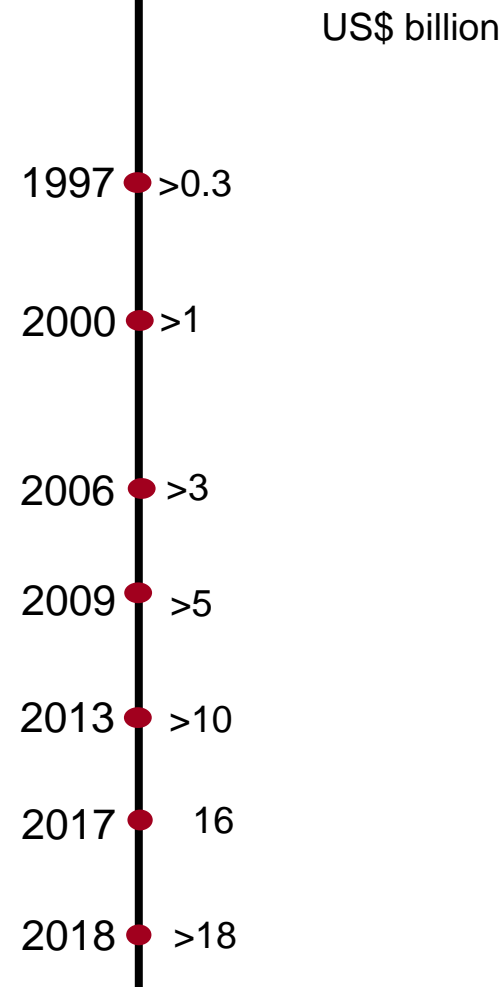


The BOC Aviation Journey

Ownership



Total assets



All data as at the end of the relevant period



BOC Aviation – Who Are We?

- One of the world's top five aircraft lessors
 - The largest in Asia
 - Bank of China owns 70%
- Listed on the HKEX
 - Four Independent Non-Executive Directors
 - Diverse shareholder base
 - Free float of 30% with steadily improving liquidity
 - 2018 average daily share turnover of US\$7.5 million¹
- Total assets of US\$18.3 billion
 - 507 aircraft²
- Consistent profitable performance for 25 years
- Industry-leading financial metrics – average ROE of 15% over the last 12 years
- Investment grade credit ratings of A- from S&P Global Ratings and Fitch Ratings

An established lessor with deep management experience

All data as at 31 December 2018 unless otherwise indicated

Notes:

1. Source: Bloomberg

2. Includes owned, managed and aircraft on order as at 31 March 2019



Experienced Global Management Team



	Robert Martin <i>Managing Director & Chief Executive Officer</i>	Wang Jian <i>Vice-Chairman & Deputy Managing Director</i>	Phang Thim Fatt <i>Deputy Managing Director & Chief Financial Officer</i>	Steven Townend <i>Chief Commercial Officer (Europe, Americas, Africa)</i>	Gao Jinyue <i>Chief Commercial Officer (Asia Pacific & the Middle East)</i>	David Walton <i>Chief Operating Officer</i>
	<ul style="list-style-type: none"> 31 years of banking and leasing experience Managing Director since July 1998 	<ul style="list-style-type: none"> 37 years experience at BOC Formerly a Non-executive Director of the Company from December 2006 to June 2012 Re-appointed on 1 June 2017 as Executive Director 	<ul style="list-style-type: none"> 40 years of airline and leasing experience Involved in establishment of the Company Previously held treasury and finance roles at Singapore Airlines 	<ul style="list-style-type: none"> More than 28 years of banking and leasing experience In charge of revenue activities for Europe, Americas and Africa 	<ul style="list-style-type: none"> 33 years of treasury, corporate finance and leasing experience In charge of revenue activities for Asia Pacific and Middle East 	<ul style="list-style-type: none"> 32 years of aviation finance and leasing experience Previously served as COO/General Counsel for private and listed lessors
Nationality						
Years with BOC Aviation	21	7	23	18	12	4

Stable and highly experienced senior management team that has successfully led the Company through multiple cycles

All data as at May 2019



Core Competencies – a Reminder

Since inception in 1993:

- | | |
|--------------|---|
| • Purchasing | More than 800 aircraft purchased totalling more than US\$44 billion |
| • Leasing | More than 870 leases executed with > 160 airlines in 57 countries and regions |
| • Financing | More than US\$24 billion in debt raised since 1 January 2007 ¹ |
-
- | | |
|-----------------|--|
| • Sales | More than 330 aircraft sold |
| • Transitions | More than 80 transitions |
| • Repossessions | 39 aircraft in 14 jurisdictions ² |

All data as at 31 March 2019, since inception unless otherwise indicated

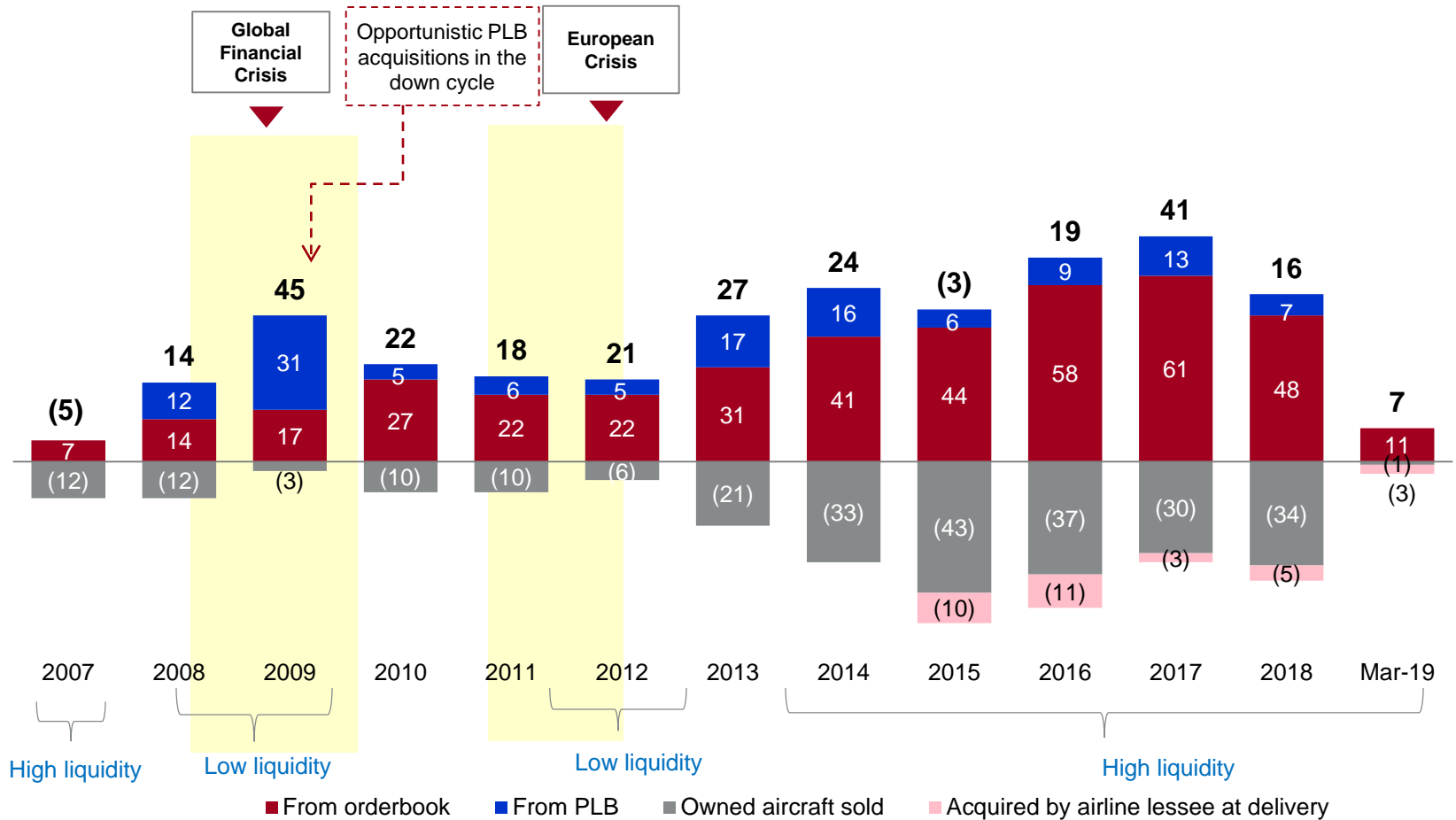
Notes:

1. As at 31 December 2018
2. Includes repossessions and consensual early returns



How We Invest

Number of aircraft delivered, purchased and sold



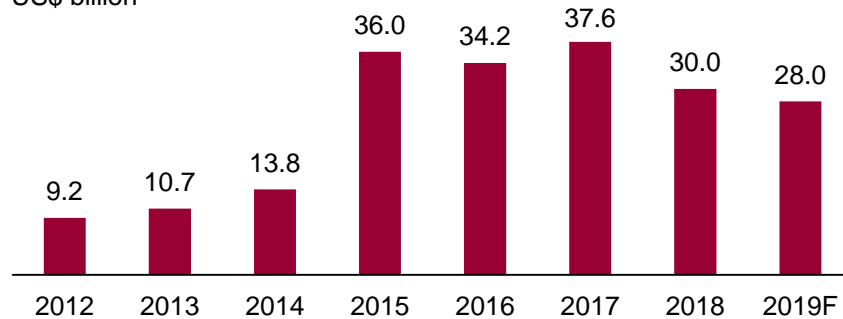
All data as the end of the relevant period



Positive Environment with Airline Profitability near Records

Elevated airline profitability sustained

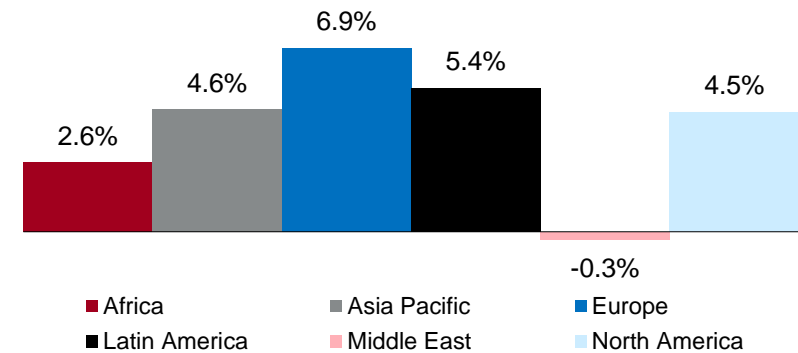
Aggregate net profit
US\$ billion



Source: IATA (June 2019)

All significant markets continue to record high air traffic growth

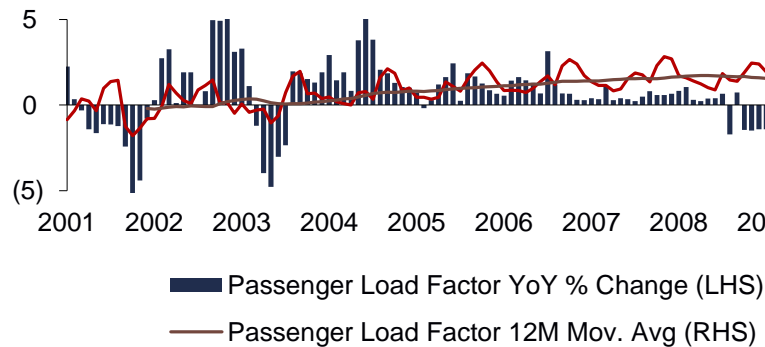
RPK growth, YTD



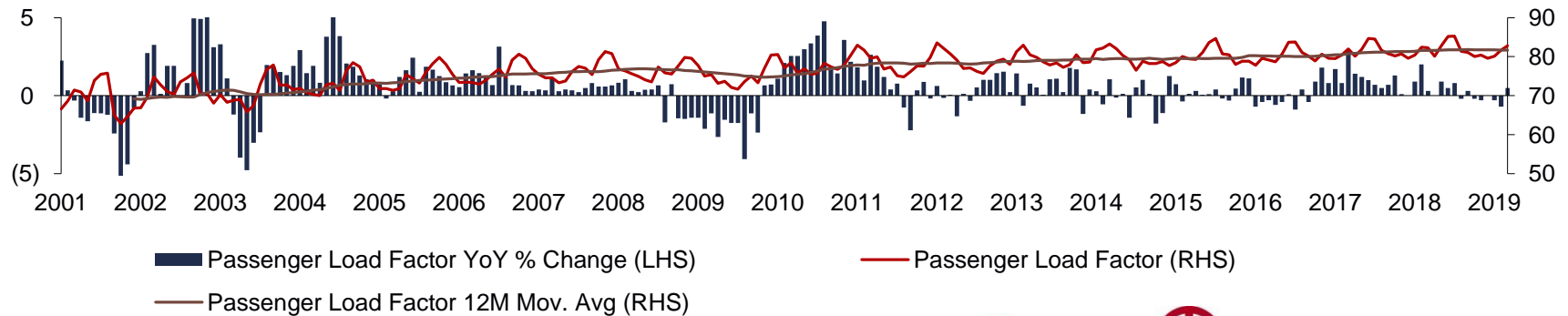
Source: IATA (April 2019)

High load factors suggest well-managed capacity

Passenger Load Factor
YoY change, %



Passenger Load Factor
%

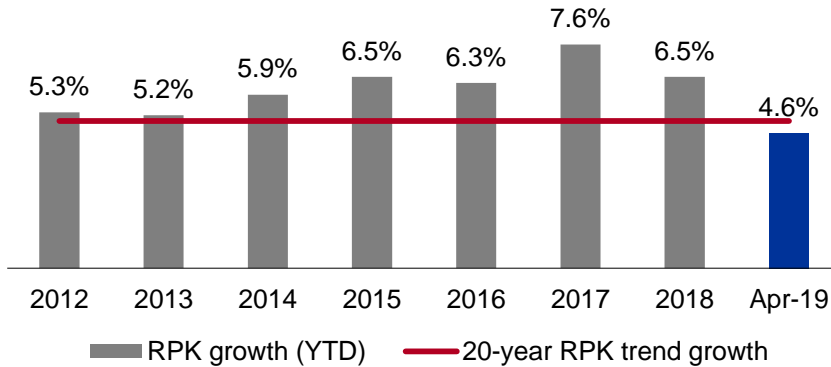


Source: IATA (April 2019)



Underlying Traffic Growth Positive for Core Leasing Business

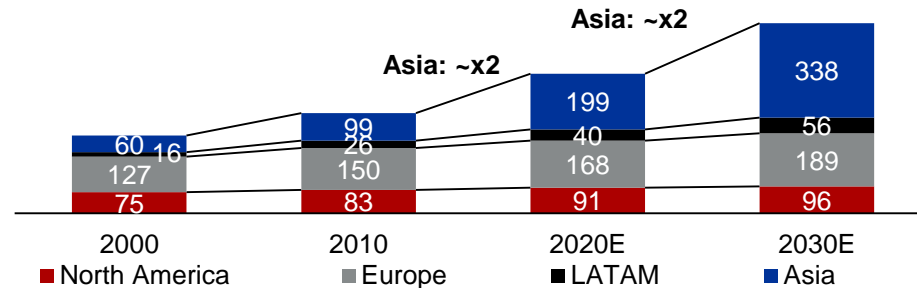
Above-trend passenger demand growth



Source: IATA (April 2019)

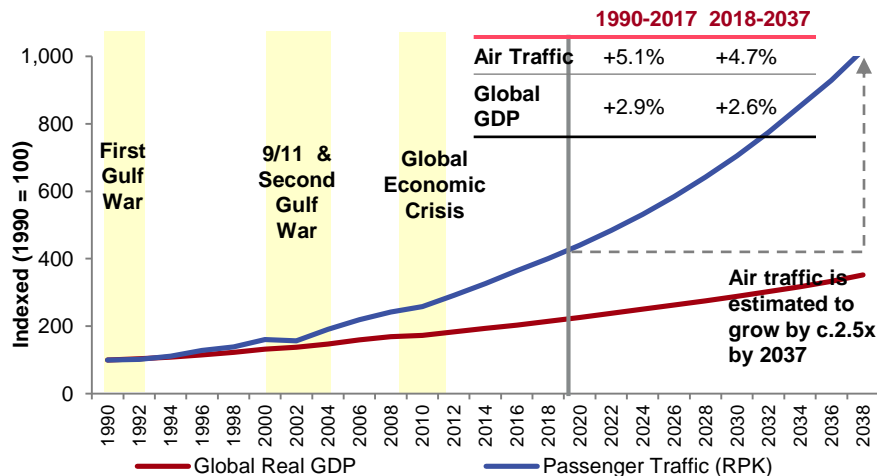
Growth in the middle classes¹ to be driven by emerging economies

Middle class households (million)



Source: Euromonitor

Air traffic estimated to grow by c.150% in the next two decades...



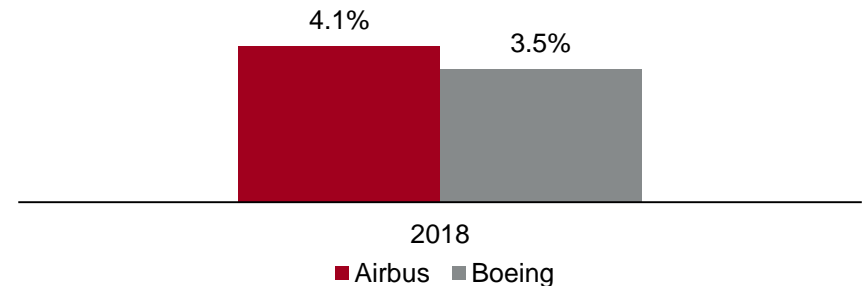
Source: Ascend Flightglobal Fleet Forecast 2015, Oxford Economics, Boeing Current Market Interactive Forecast 2018-2037

Note:

1. Defined as number of households with yearly income between US\$25,000 and US\$150,000

Fleet expected to double in the next 20 years

20-year fleet growth rate, %

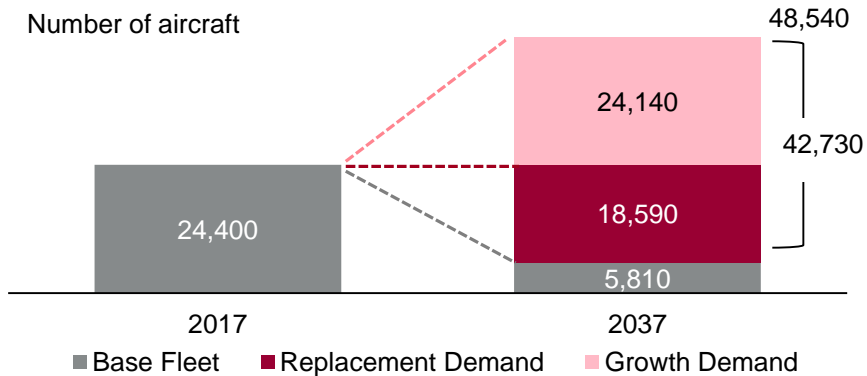


Source: Airbus Global Market Forecast, Boeing Capital Market Outlook



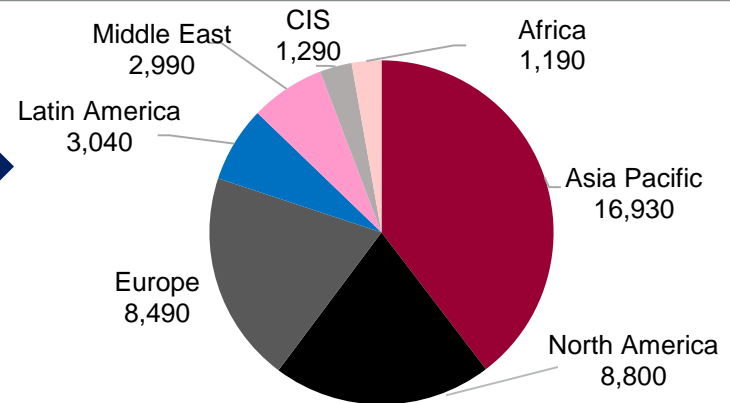
Aircraft Operating Leasing Drivers

Demand driven by market growth and replacement of old aircraft



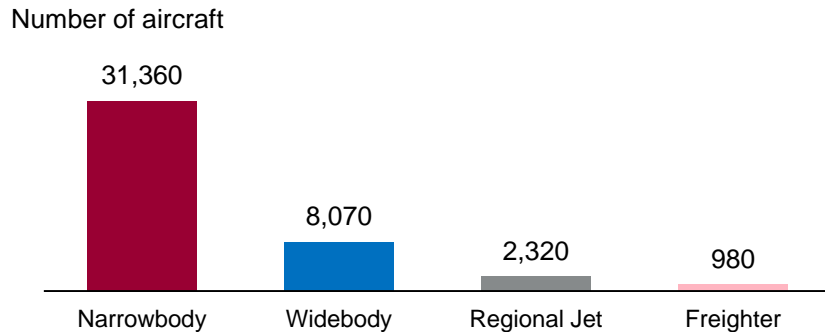
Source: Boeing CMO 2018-2037

New aircraft demand led by Asia Pacific



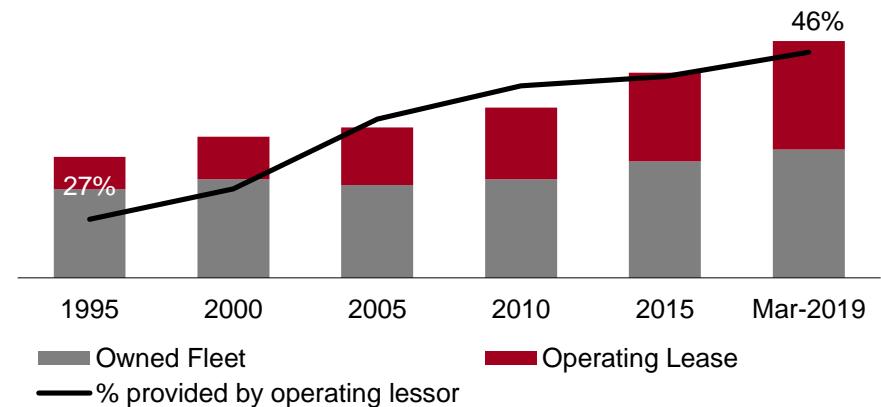
Source: Boeing CMO 2018-2037

Predominantly single aisle aircraft



Source: Boeing CMO 2018-2037

Share of operating lessors now stable



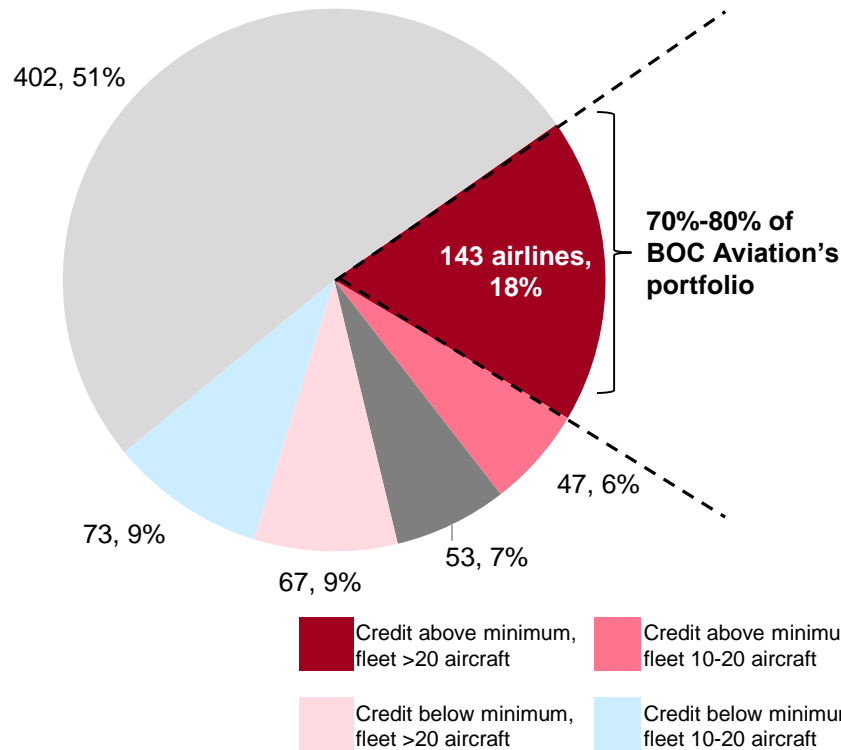
Source: Ascend, 31 March 2019



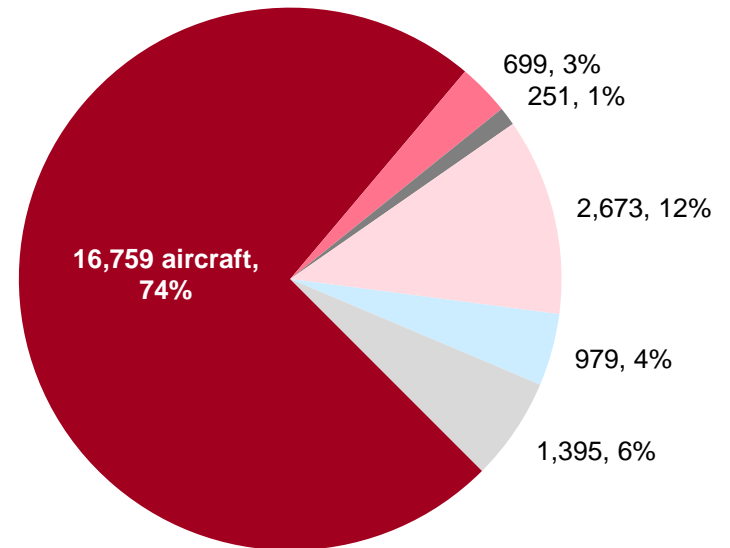
Leasing: Customer Segmentation

- 785 airlines in service today
- Focus on 143 airlines or only 18% of the airlines in the market – minimum credit score, above 20 aircraft

Airline segmentation by credit score and fleet size



Our target 143 airlines operate 74% of the current in-service aircraft



Source: Ascend, as at 31 March 2019
Only commercial aircraft with 100 seats and above





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