

BOC AVIATION INVESTOR PRESENTATION

AUGUST/SEPTEMBER 2024

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1H 2024 OVERVIEW

Key 1H 2024 Highlights

Record interim profits

Net profit after tax of US\$460m

Robust asset quality

Collection rate of 102%

High liquidity

Record cash flow of US\$908m¹

Strong pipeline





Pipeline capex of US\$12bn

A Top 50 Fortune Southeast Asia Company²

Notes:

1. Operating cash flow net of interest
2. By profits, source - <https://fortune.com/asia/ranking/southeast-asia-500/search/>

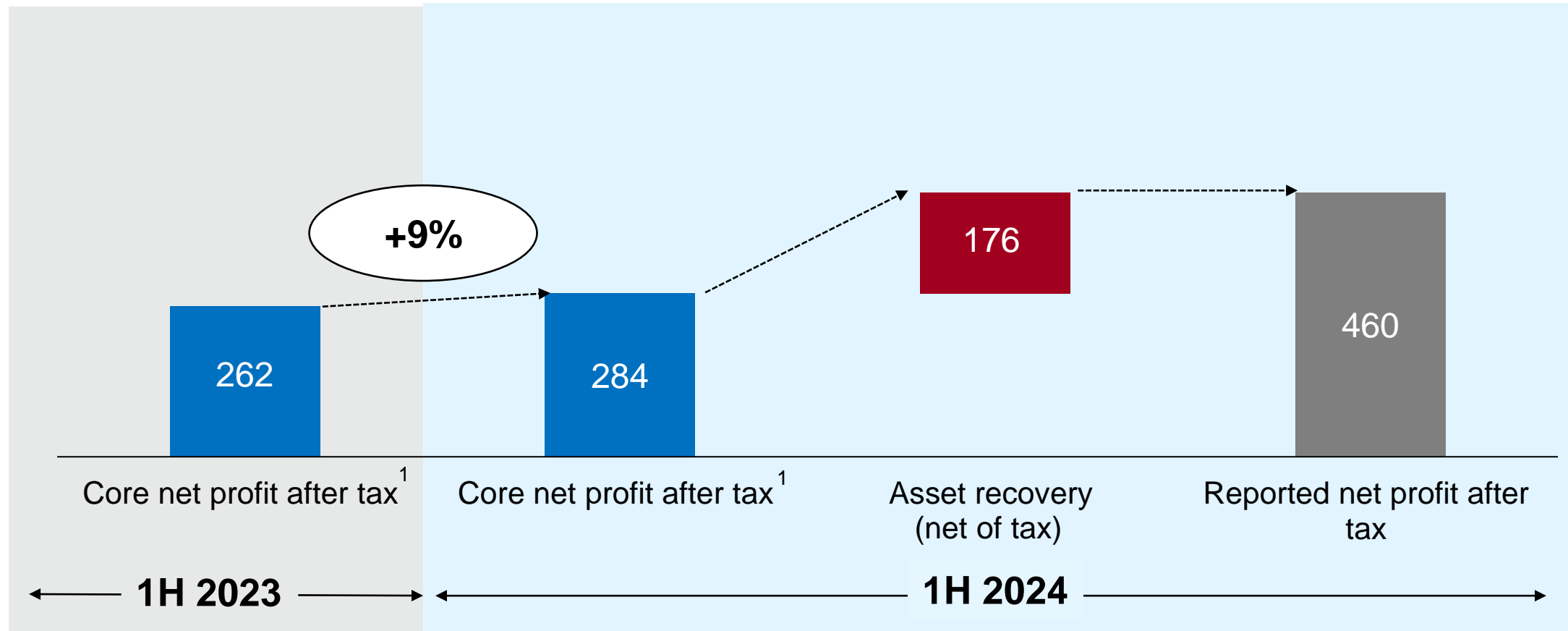
A Record 1H 2024

	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



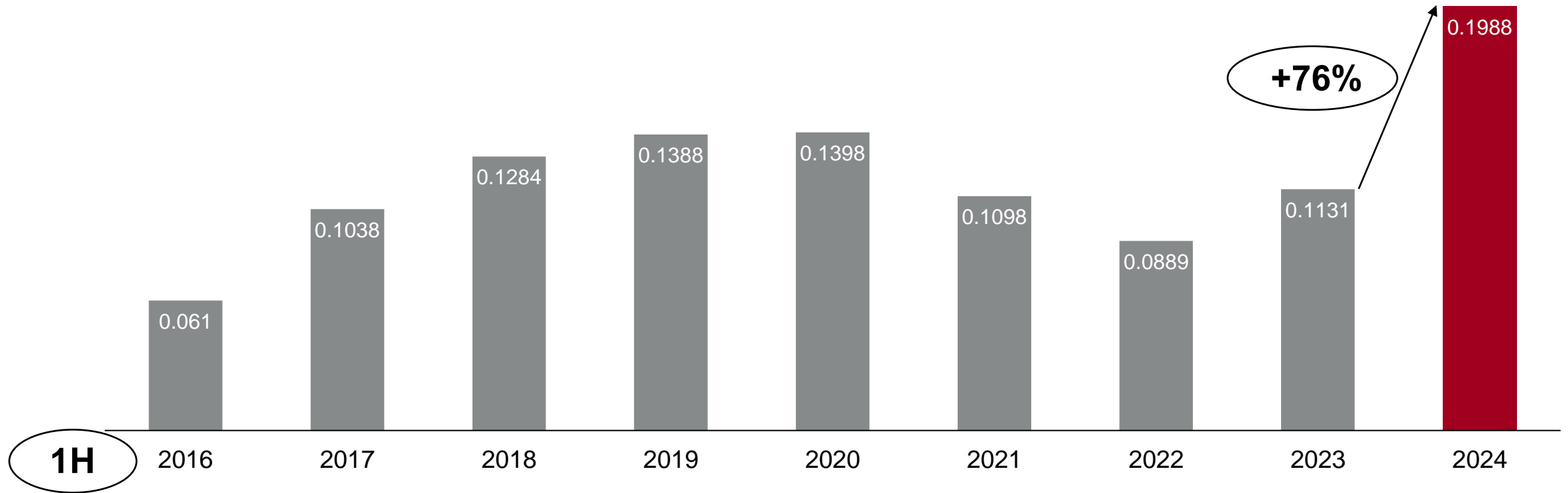
Robust growth in core business and continued success in Russia-related recoveries

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

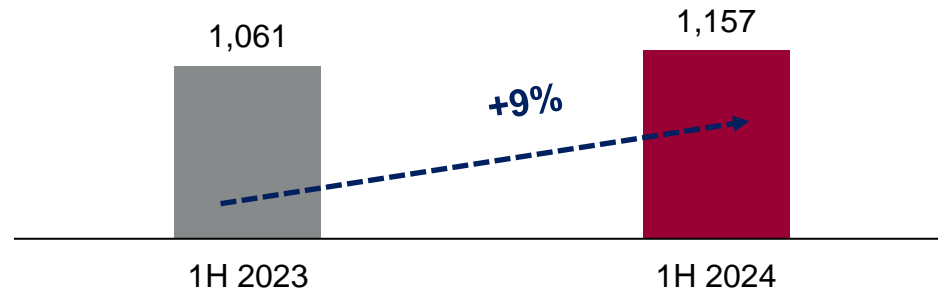
	30 Jun 2024	31 Dec 2023	Change
Total assets (US\$ billion)	24.3	24.2	↔ Stable
Total liquidity (US\$ billion)	5.5	5.6	↔ Stable
Total equity (US\$ billion)	6.1	5.7	↑ 5%
Net assets per share (US\$)	8.73	8.28	↑ 5%
Gross debt to equity (times)	2.7	2.9	↓ 0.2x

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

Solid Fundamentals

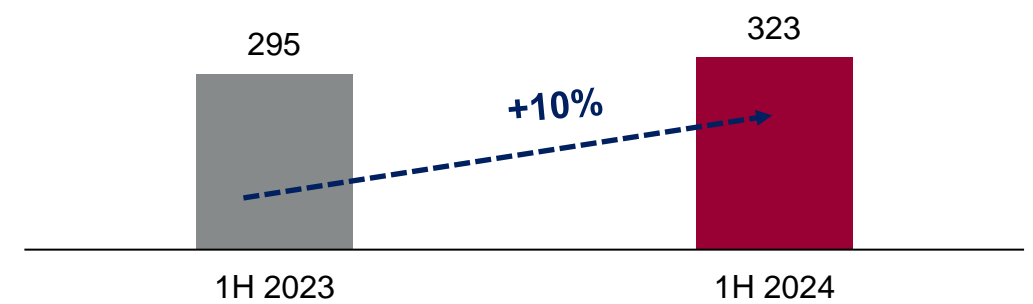
Core revenues¹

US\$ million



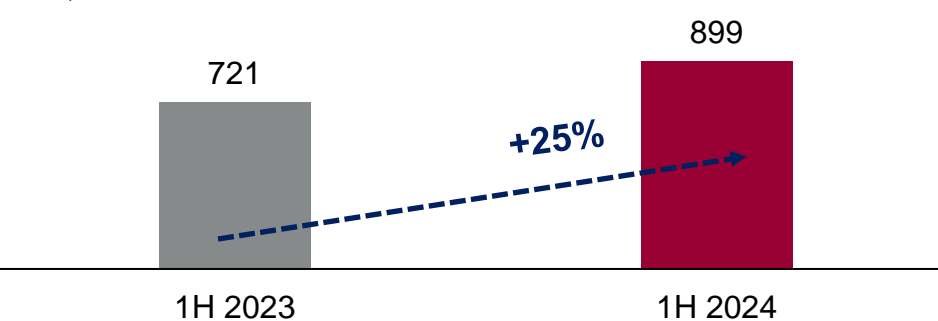
Core profit before tax¹

US\$ million



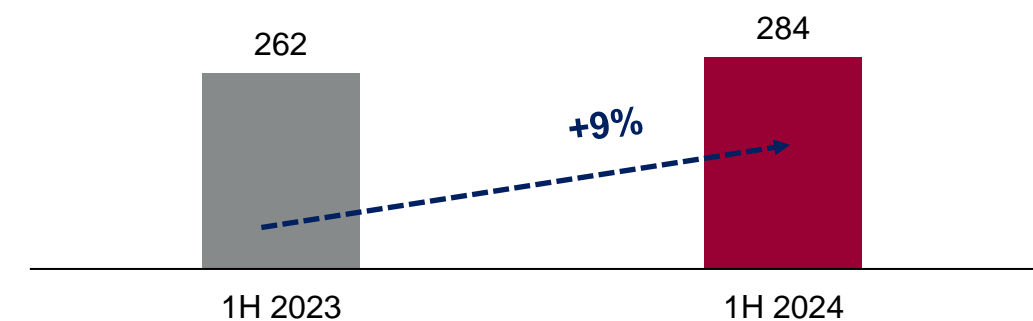
Core operating cash flow net of interest^{1,2}

US\$ million



Core net profit after tax¹

US\$ million



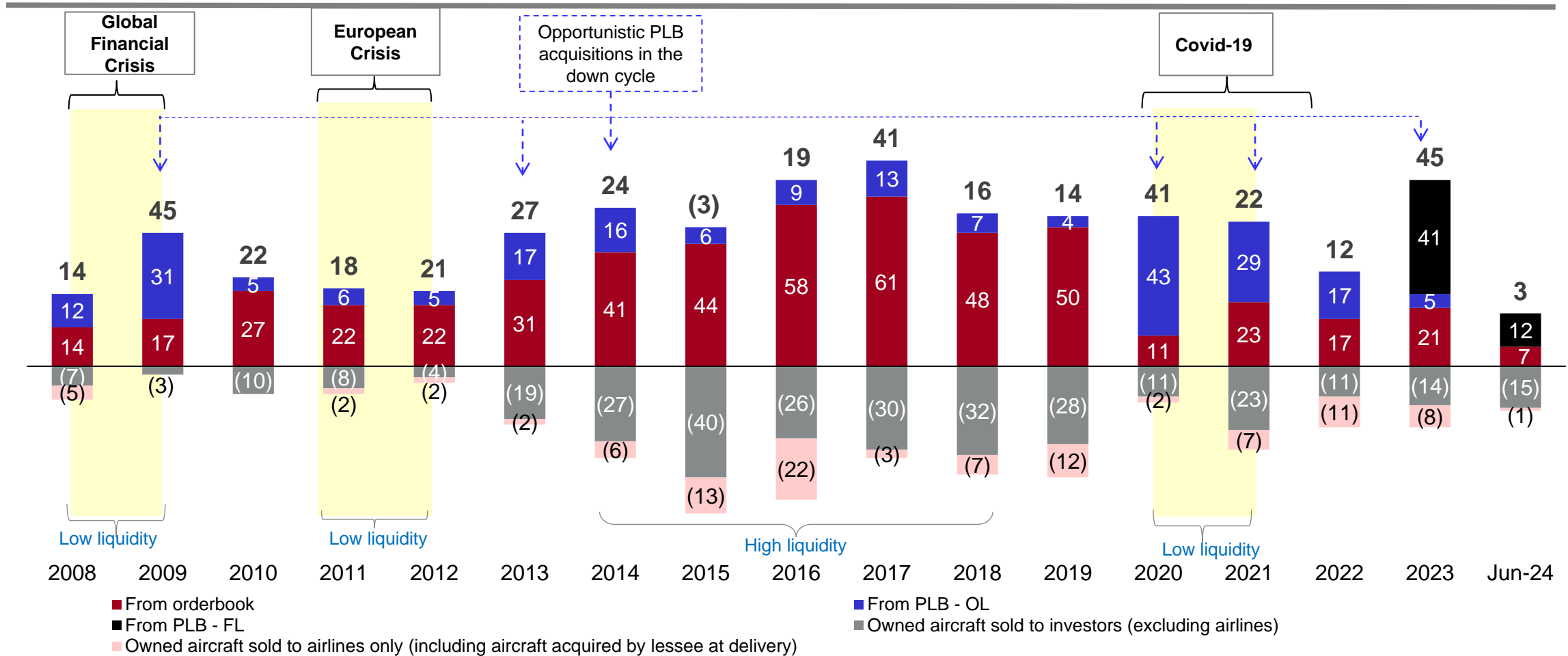
Sustaining 2023's strong momentum

Notes:

1. Excludes the impact of write-downs and recoveries related to aircraft in Russia.
2. Calculated as net cash flow from operating activities less finance expenses paid

How We Invest

Number of aircraft delivered, purchased and sold

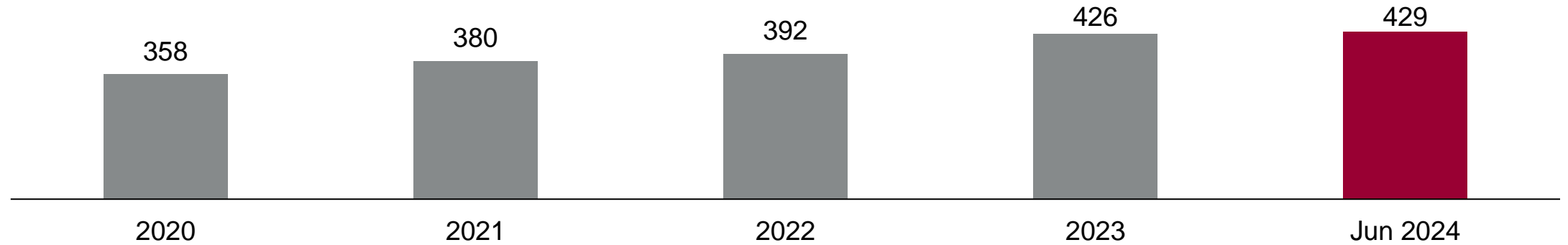


Strong orderbook of 219 aircraft

Continued Investments in Aircraft

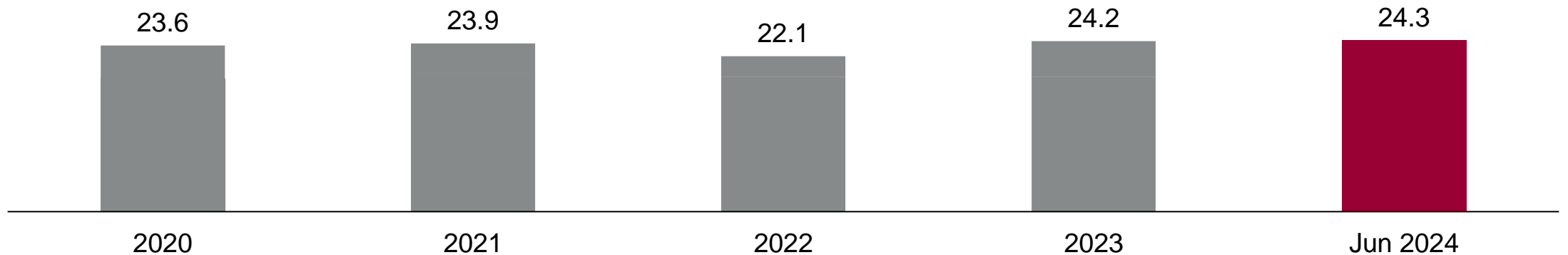
Owned fleet of close to 430 aircraft

Number of owned aircraft¹



Steady growth in assets

Total assets (US\$ billion)



Aircraft assets rose 8% year-on-year¹



Note:

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

100% of Orderbook Comprises Latest Technology Aircraft

Our aircraft portfolio

Aircraft type	Owned aircraft	Managed aircraft	Aircraft on order	Total
Airbus A220 family	21	0	2	23
Airbus A320CEO family	71	13	0	84
Airbus A320NEO family	130	0	124	254
Airbus A330CEO family	8	1	0	9
Airbus A330NEO family	6	0	0	6
Airbus A350 family	9	0	0	9
Boeing 737NG family	59	13	0	72
Boeing 737-8/9	66	0	86	152
Boeing 777-300ER	27	3	0	30
Boeing 787 family	27	1	7	35
Freighters	5	1	0	6
Total	429	32	219	680

79% of existing fleet is latest technology aircraft¹

All data as at 30 June 2024 unless otherwise indicated

Note:

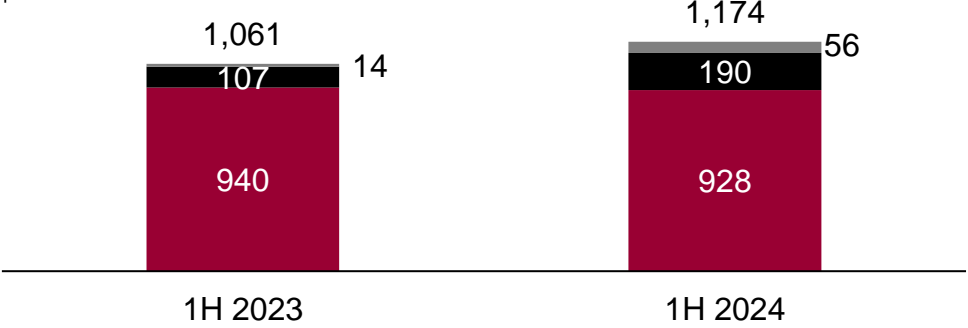
1. Based on net book value and including aircraft on finance leases



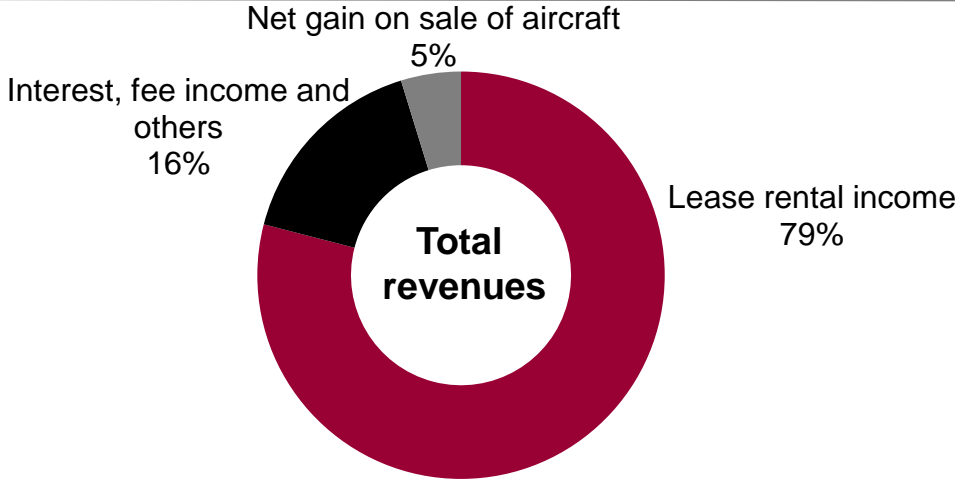
Lease Rental Income Drives Revenue

Lease rental income drives total revenues and other income

US\$ million

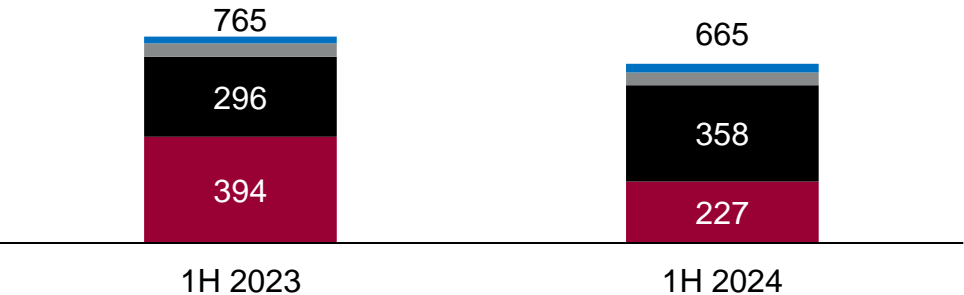


- Lease rental income
- Interest, fee income and others
- Net gain on sale of aircraft

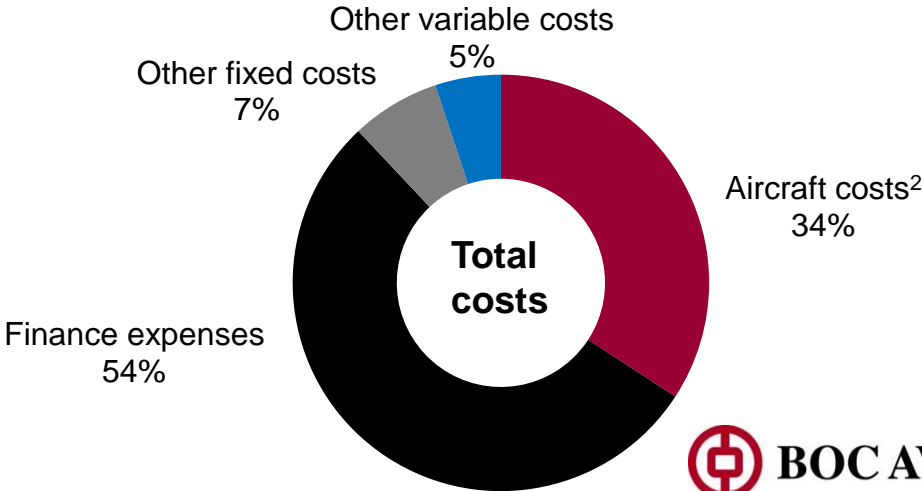


Depreciation of aircraft and financing costs are key costs¹

US\$ million



- Aircraft costs²
- Finance expenses
- Other fixed costs
- Other variable costs

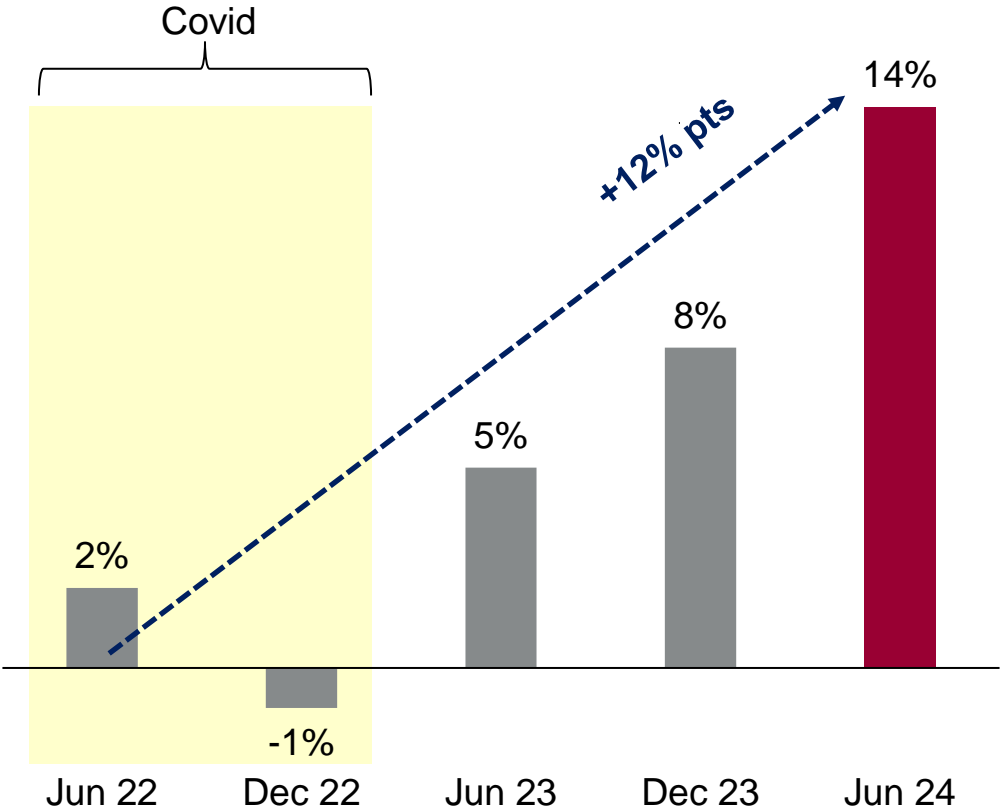


Notes:

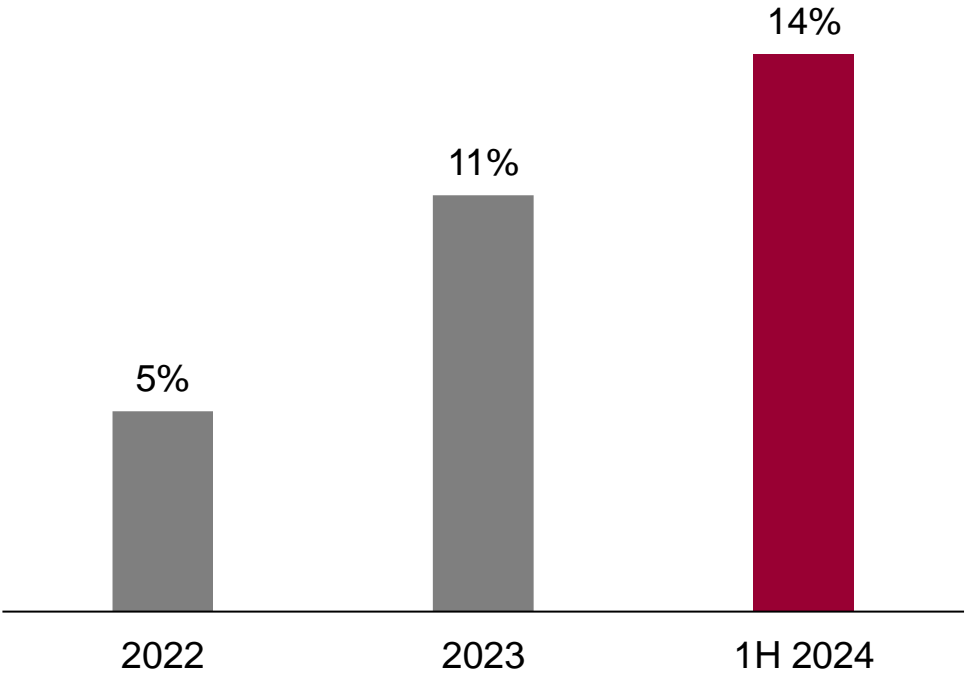
1. Excluding the reversal of impairment loss in 1H 2024, aircraft costs, finance expenses, other fixed costs and other variable costs would account for 48%, 43%, 5% and 4% of total costs, respectively
2. Comprises aircraft depreciation and impairment charges (includes the reversal of impairment loss of US\$175 million in respect of two aircraft in 1H 2024)

Higher Gains on Aircraft Sales Create Additional Business Value

Average appraised values > aircraft NBV



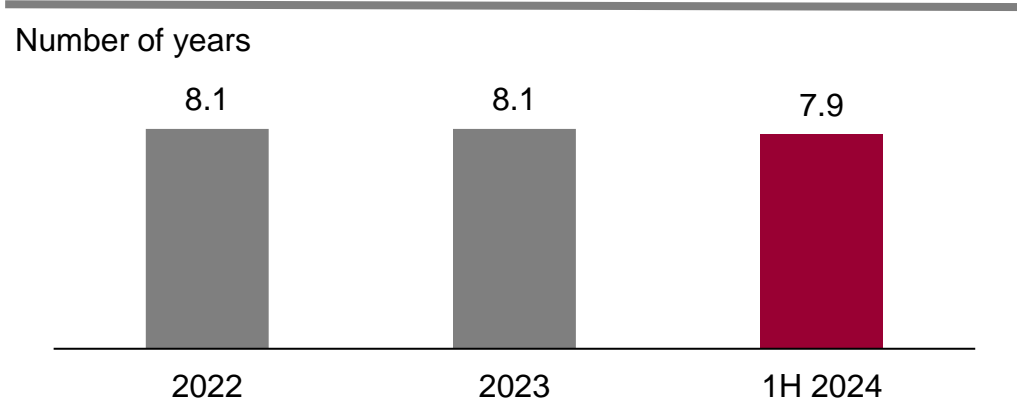
Gains on aircraft sales margin



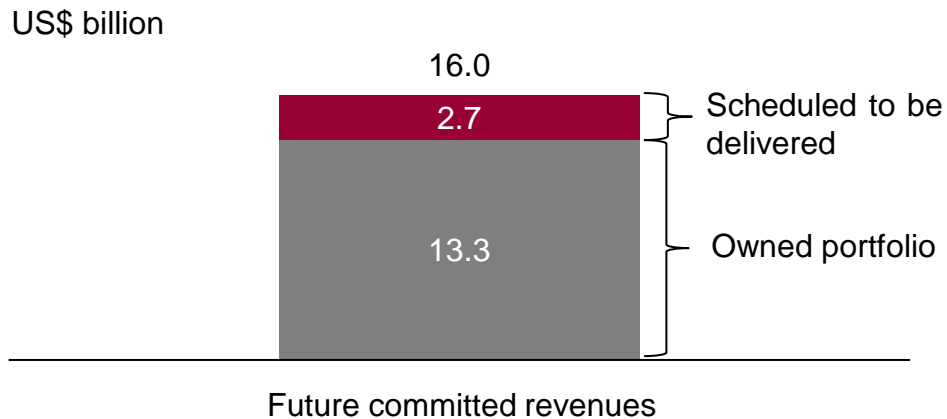
Gains on sale are above long-run average of 9%

Long-Term Leases A Key Feature of the Company

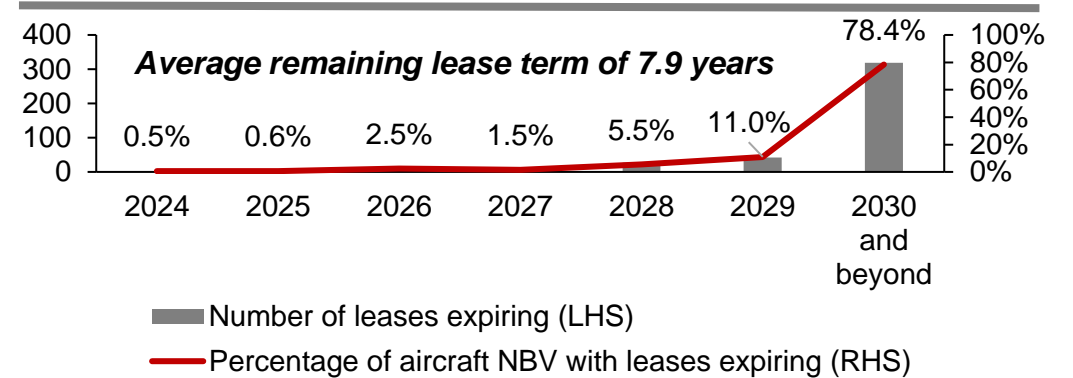
A long average remaining lease term¹



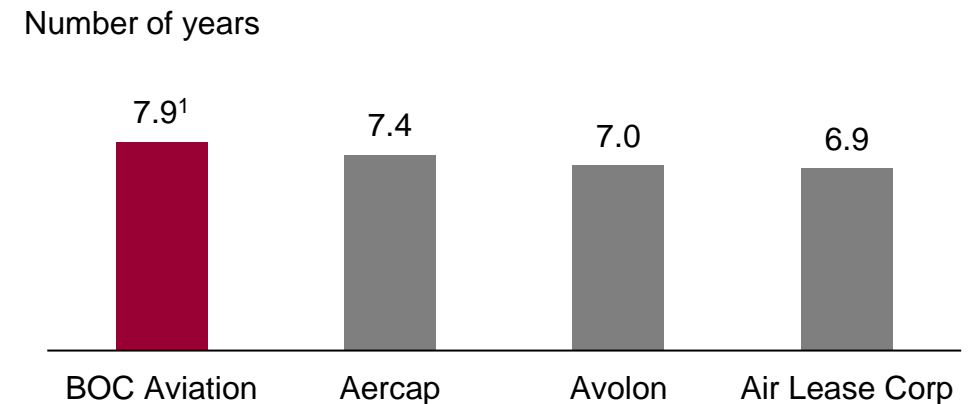
High future committed operating lease revenue



Well-dispersed scheduled lease expiries²



Industry-leading average remaining lease term³

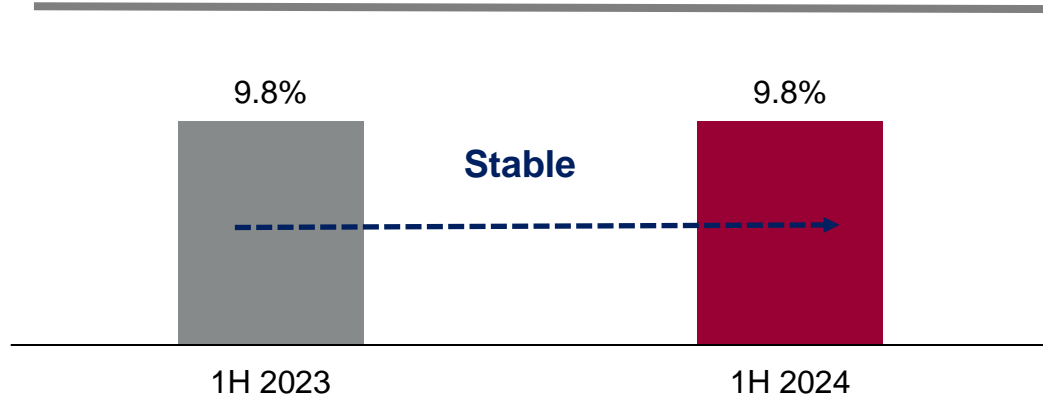


Notes:

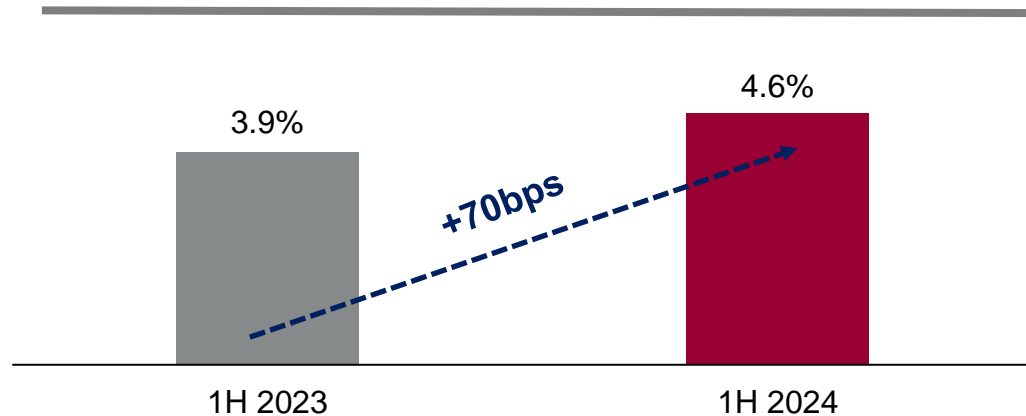
1. Weighted by net book value of owned fleet and finance lease receivables in respect of aircraft on finance leases
2. Owned aircraft with leases expiring in each calendar year, weighted by net book value including finance lease receivables in respect of aircraft on finance leases, as at 30 June 2024
3. Updated as at 30 June 2024

Stable Net Lease Yield Despite Rising Cost of Debt

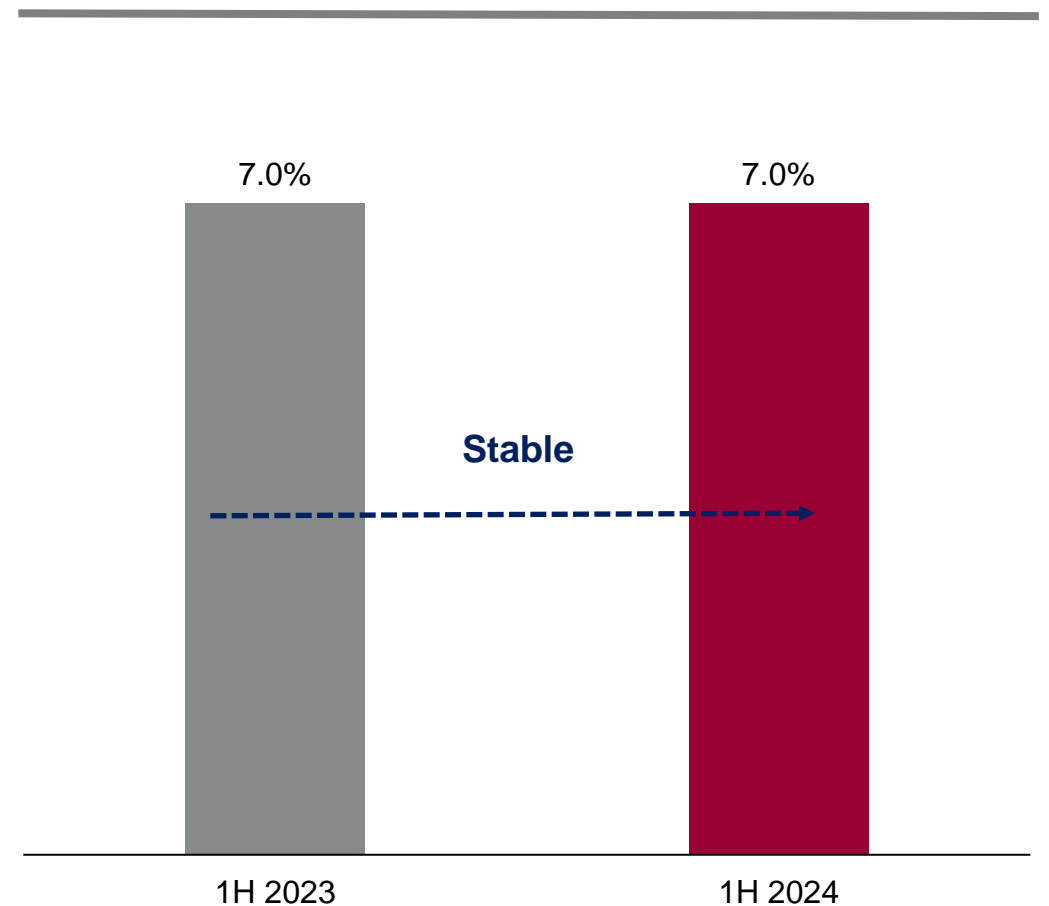
Operating lease rate factor¹



Cost of debt²



Net operating lease yield³

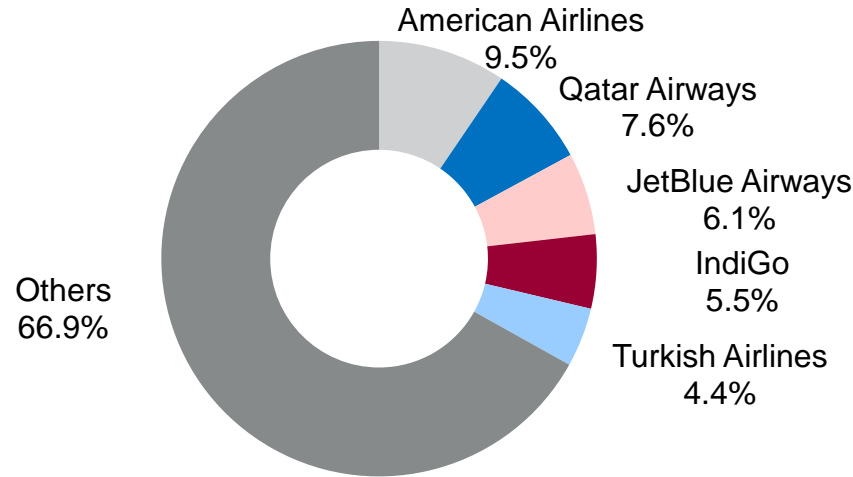


Notes:

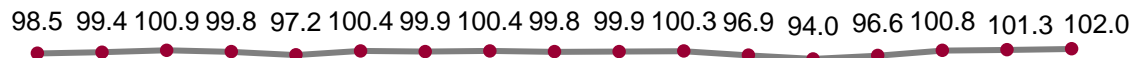
1. Calculated as annualised operating lease rental income divided by the average of aircraft net book value
2. Calculated as the sum of finance expenses and capitalised interest, divided by average total indebtedness. Total indebtedness represents loans and borrowings before adjustments for deferred 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

Global Lessor With a Highly Diversified Portfolio

Lease portfolio diversified by customer¹



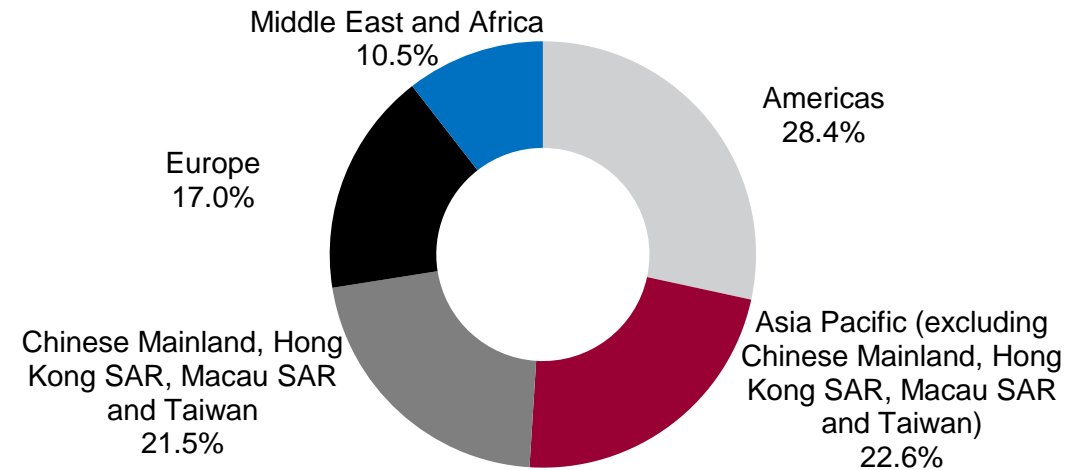
Collection rate (%)



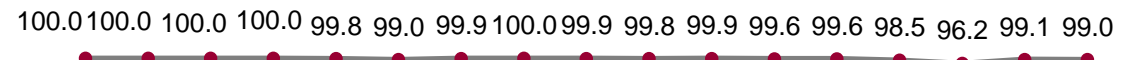
Average = 99.3%

2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 Jun-24

...and diversified by geography¹



Fleet utilisation (%)²



Average = 99.4%

2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023 Jun-24

All data as at 30 June 2024 unless otherwise indicated

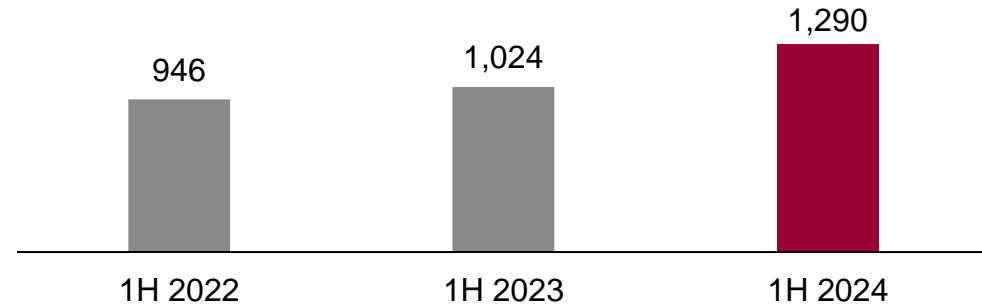
Notes:

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

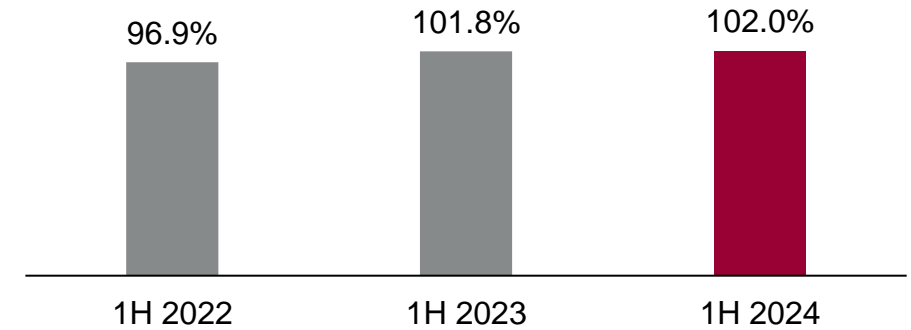
A New Milestone in Cash Flow Generation

Net cash flow from operating activities

US\$ million

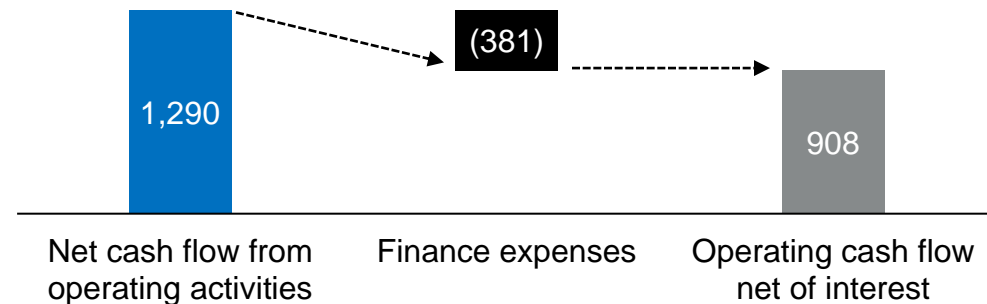


Collection rate remained above 100%



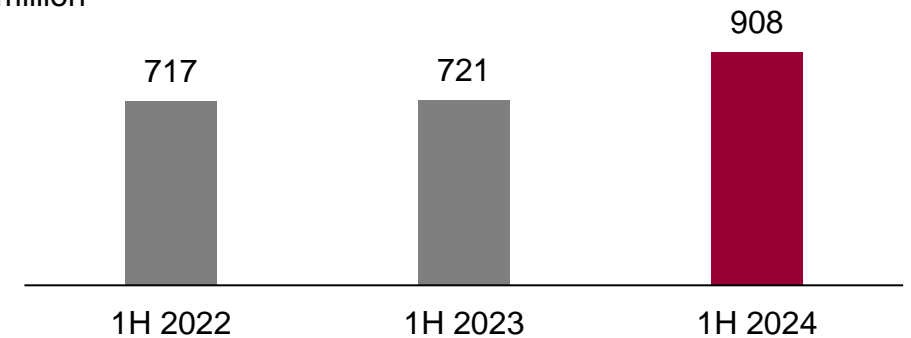
1H 2024 operating cash flow net of interest¹

US\$ million



Improving operating cash flow net of interest¹

US\$ million



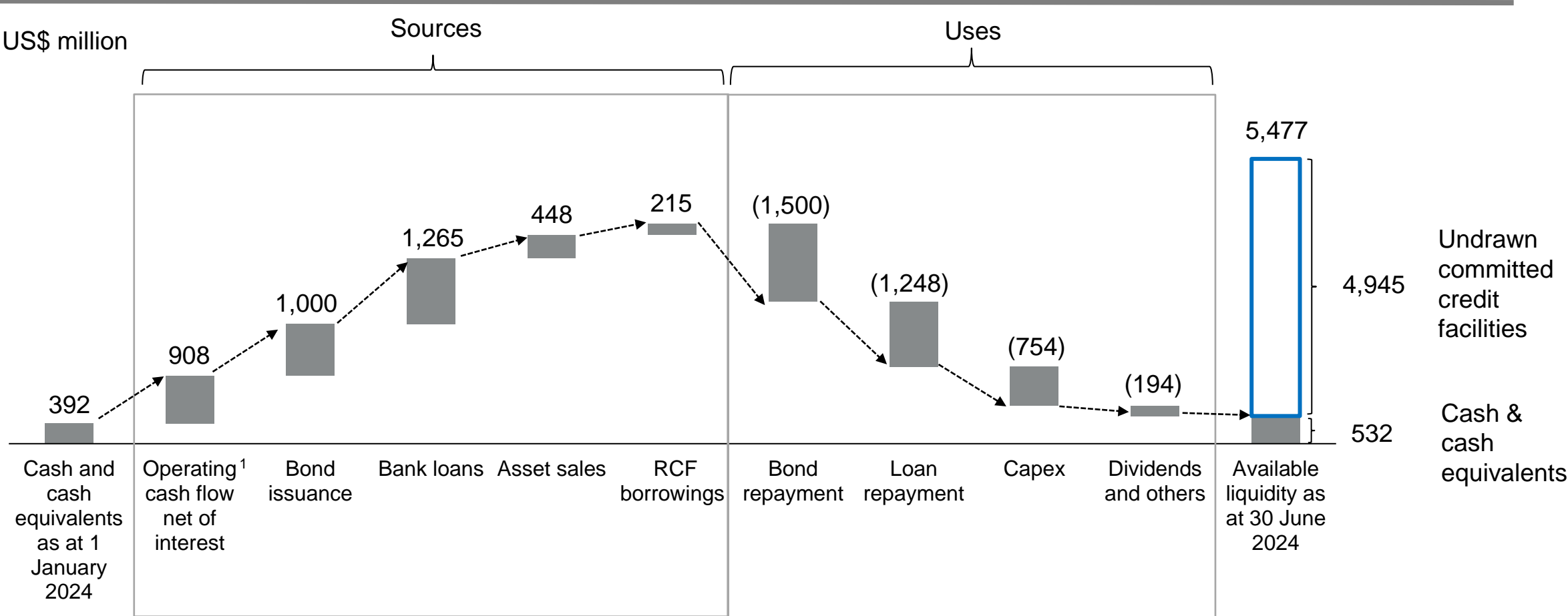
Targeting a third consecutive year of collection rates above 100%

Note:

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

Diverse Funding Channels Utilised in 1H 2024

Sources and Uses of Cash



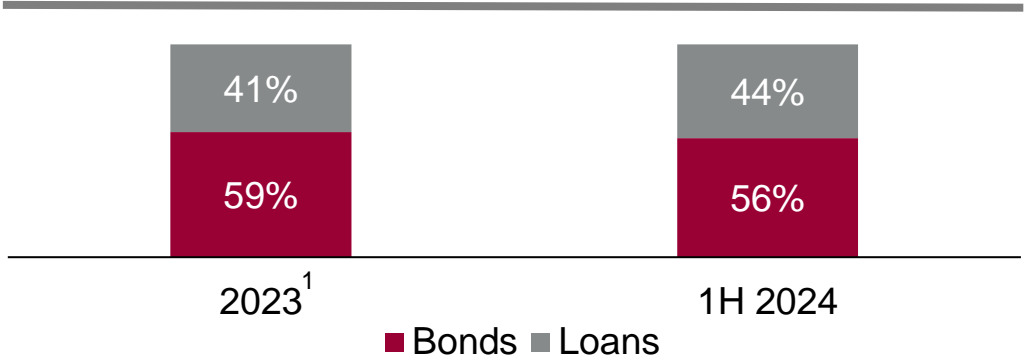
US\$5.5 billion of committed liquidity

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

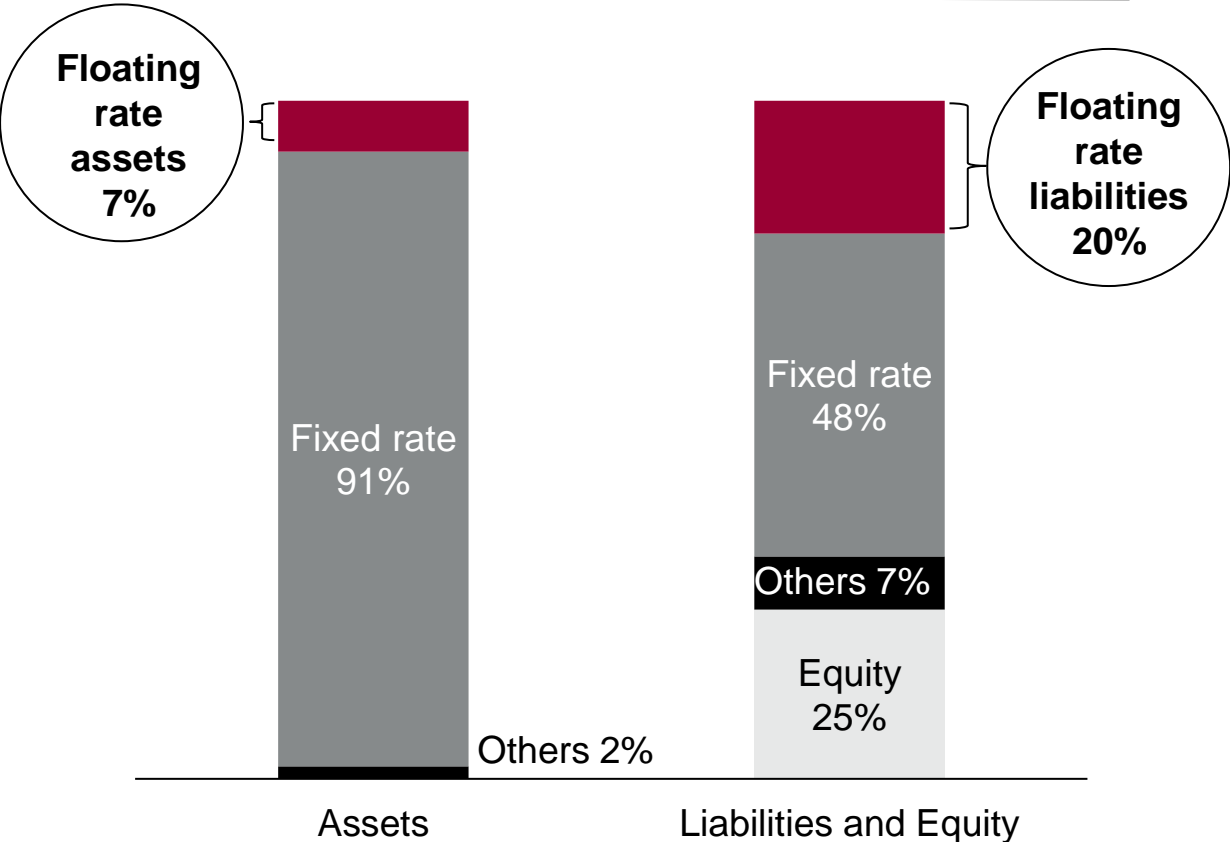


Flexible Capital Structure

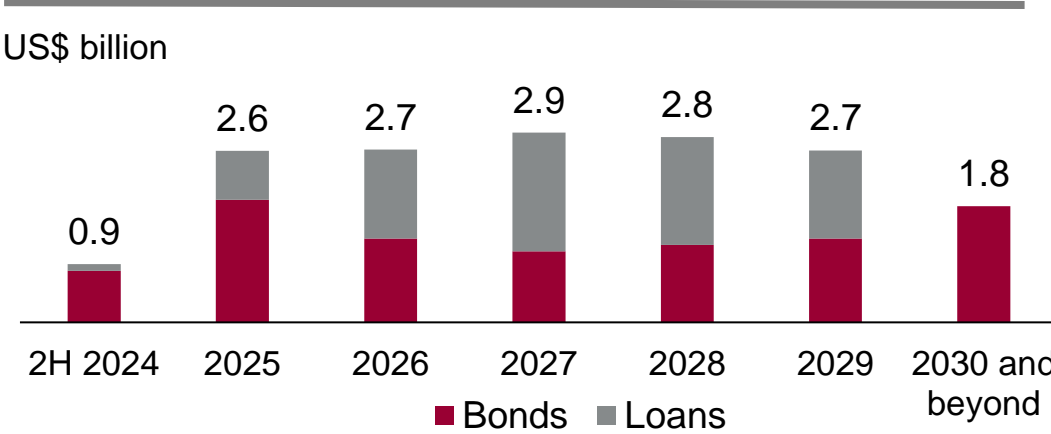
Sources of debt



Asset and liability profile



Outstanding debt maturity profile



Long-term unsecured debt is a key strength

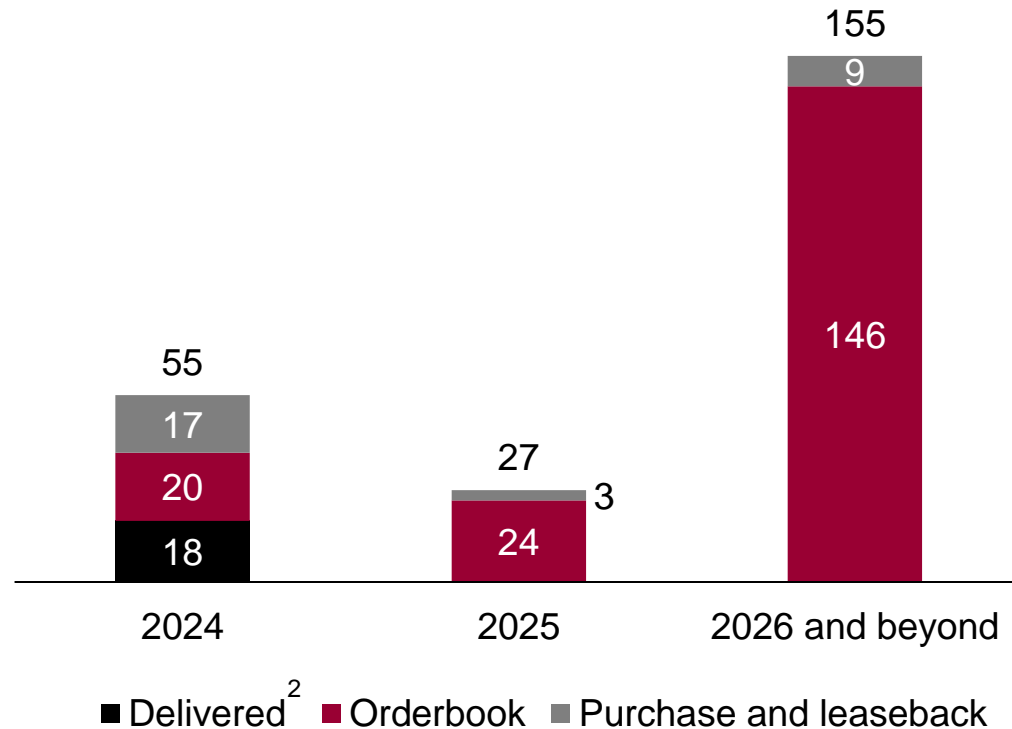
All data as at 30 June 2024 unless otherwise indicated
 Note:
 1. As at 31 December 2023



Investing For The Future

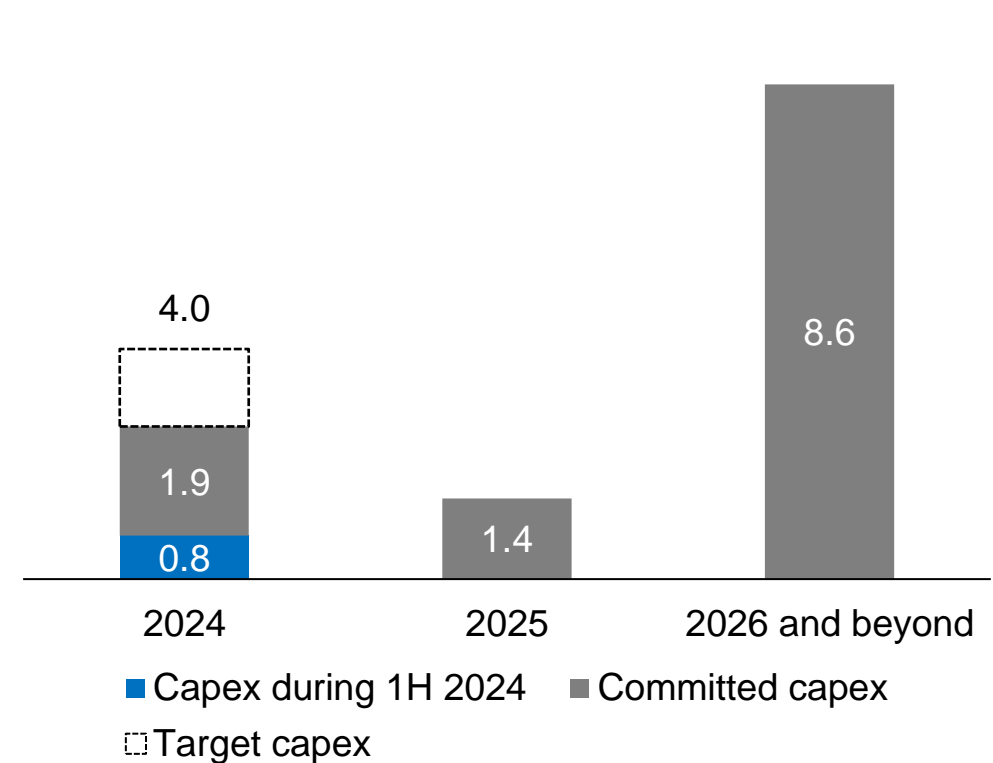
Orderbook delivery schedule¹

Number of aircraft



Total committed capex of US\$12 billion

US\$ billion



Added 14 aircraft to 2024's delivery skyline in 1H 2024

All data as at 30 June 2024 unless otherwise indicated

Notes:

1. Based on expected delivery dates as at 30 June 2024

2. Aircraft delivered in 1H 2024

Conclusion



Record NPAT



Record interim dividend



Record cash flow¹



Robust capex pipeline



Aircraft value premium to NBV²

A truly global aircraft leasing company

All data as at 30 June 2024

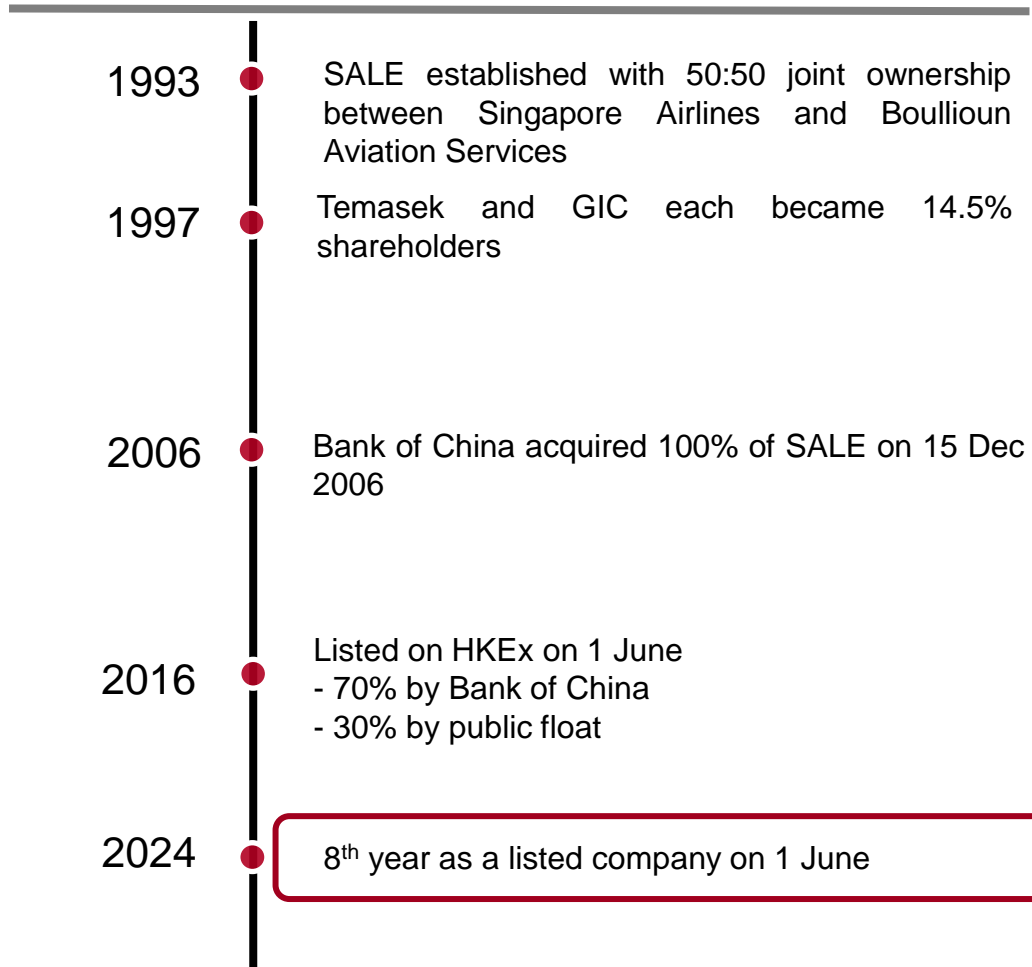
Notes:

- 1. Operating cash flow net of interest
- 2. Average appraised aircraft values over aircraft net book value

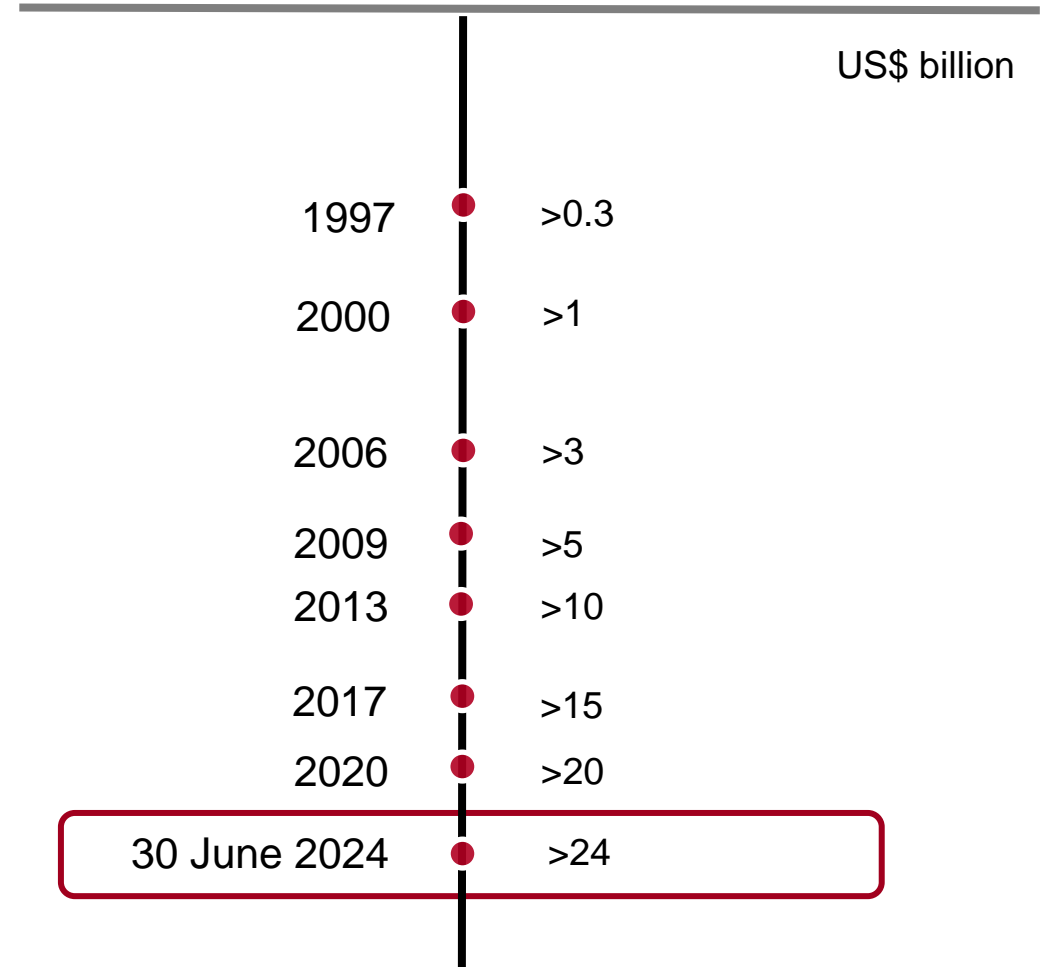
APPENDICES

The BOC Aviation Journey – 31 Years in 2024

Ownership



Total assets



US\$ billion

Market capitalisation of US\$6.1 billion¹

All data as at the end of the relevant period

Note:

1. Source: Bloomberg (as at 31 July 2024)



BOC Aviation – Who are We?

Ownership	Bank of China 70% owned by BOC	Listed on HKEX (2588 HK)
Market position	Top 5 Global aircraft operating lessor ¹	93 customers in 47 countries and regions
Profit track record	In our 31st year Of unbroken profitability	>US\$6.7 billion Cumulative profits since inception
Balance sheet	US\$24.3 billion Total assets	D/E ratio of 2.7 times
Cash flow	US\$5.5 billion Available liquidity	A- credit ratings Fitch / S&P
Aircraft portfolio	680 Aircraft in fleet ²	219 / 4.9 years / 7.9 years Aircraft on order / Average fleet age ³ / Average lease term remaining ³

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. Includes owned, managed and aircraft on order
3. Weighted by net book value of owned fleet including finance lease receivables in respect of aircraft on finance leases



Core Competencies - BOC Aviation Track Record

Since inception in 1993:

- Purchasing More than 1,100 aircraft purchased totalling more than US\$63 billion
- Leasing More than 1,400 leases executed with > 190 airlines in > 60 countries and regions
- Financing US\$45 billion in debt raised

- Sales More than 450 owned and managed aircraft sold
- Transitions More than 140 transitions
- Repossessions¹ 70 aircraft in 21 jurisdictions

The outcome:

- Total number of aircraft delivered **906**
- Proportion of aircraft sold² **50%**
- Proportion of transitions³ **10%**
- Proportion of repossessions³ **5%**

All data as at 30 June 2024, since inception unless otherwise indicated

Notes:

1. Includes repossessions and consensual early returns
2. As a proportion of aircraft delivered
3. As a proportion of leases executed

Our Management Team



Steven Townend
Chief Executive Officer & Managing Director

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



Wu Jianguang
Chief Financial Officer

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



Tom Chandler
Chief Operating Officer

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



Deng Lei
Chief Commercial Officer (Asia Pacific & the Middle East)

- 26 years of banking and leasing experience
- Oversees revenue activities for Asia Pacific and Middle East



Paul Kent
Chief Commercial Officer (Europe, Americas & Africa)

- 29 years of aircraft finance and leasing experience
- Oversees revenue activities for Europe, Americas and Africa



Nationality

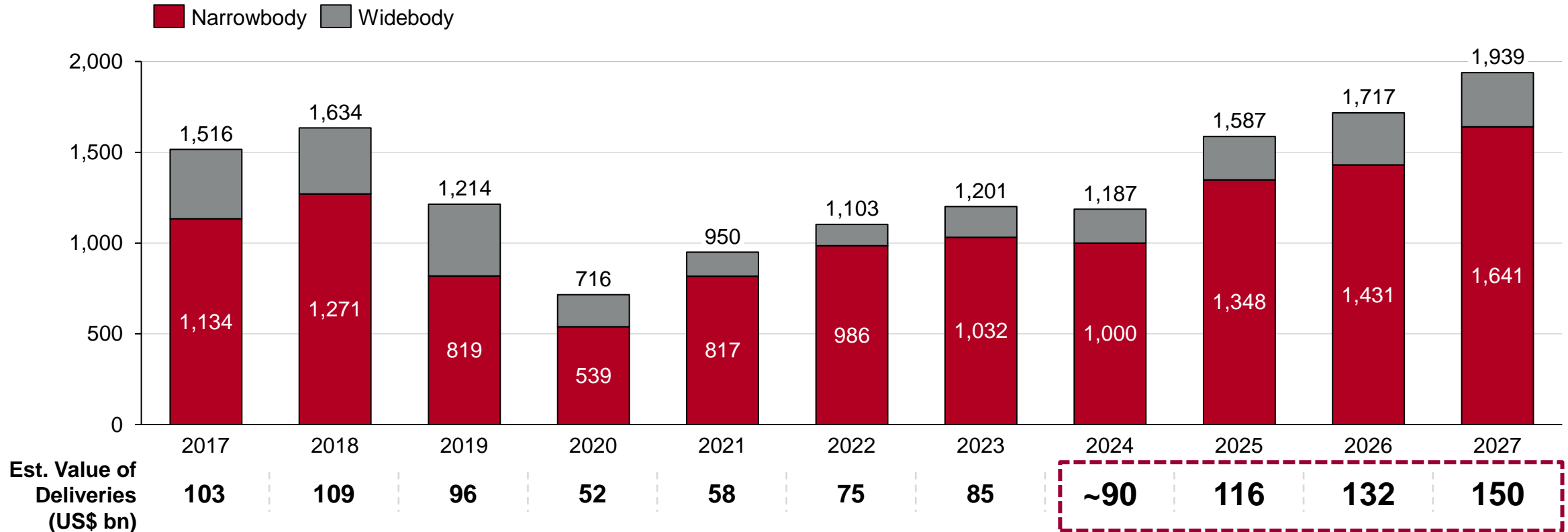
Highly experienced senior management team

All data as at August 2024

Industry Will Need to Fund Around US\$90 Billion of Aircraft in 2024

Passenger aircraft deliveries

Passenger aircraft >100 seats¹



Delivery values back close to near record levels in 2025

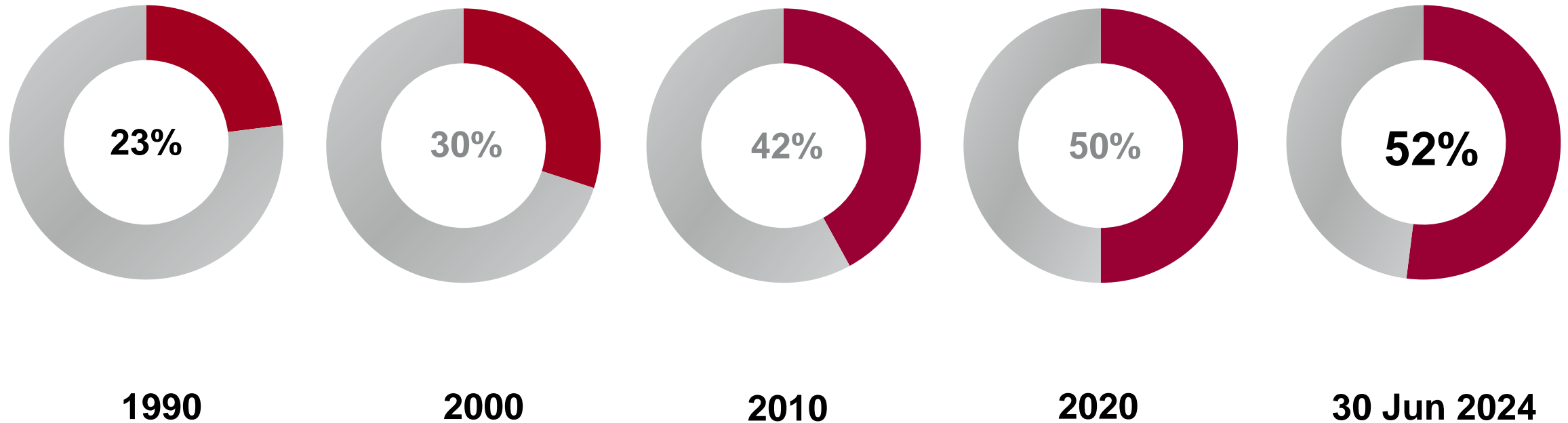
Sources: BOC Aviation analysis, Cirium fleet data, Forecast as at 3rd July 2024, based on guidance published by OEMs

Note:

1. Defined as widebody, narrowbody and large regional jets

Growing Lessors' Share of the Market

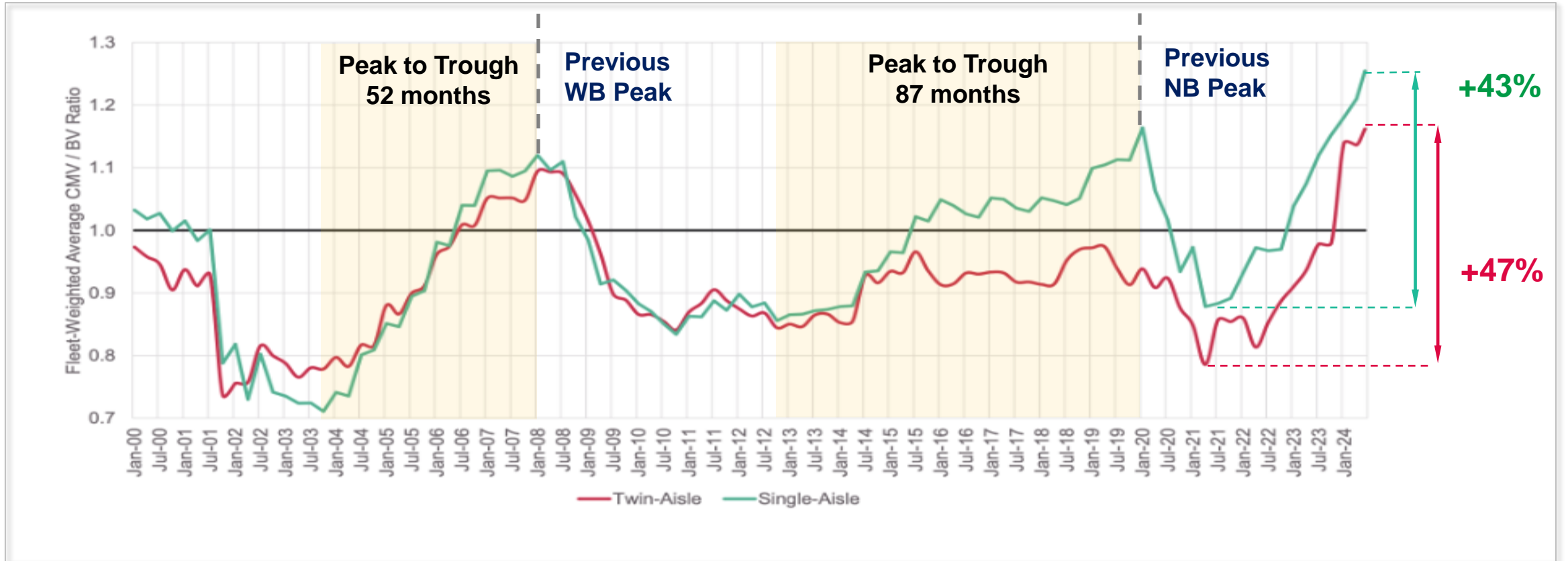
Proportion of fleet on operating lease



Lessors own 52% of the aircraft market today

Source: Ascend, as at 30 June 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

Strong Recovery in Aircraft Values

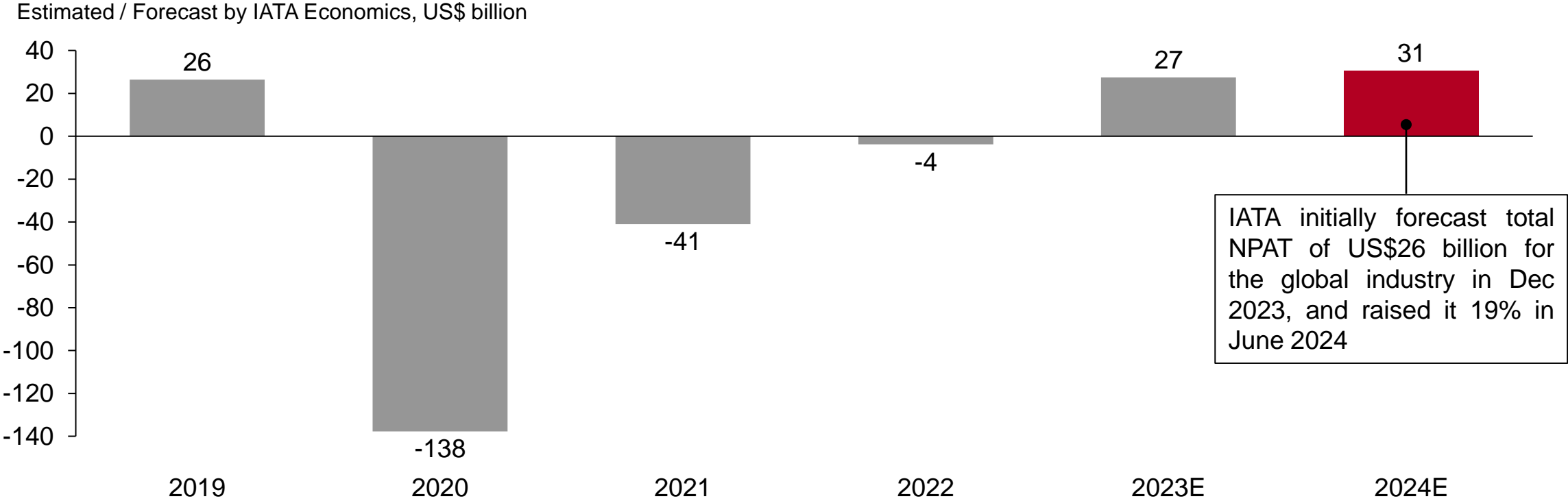


Aircraft market values improved significantly in the last two years underpinned by robust passenger traffic

Source: BOC Aviation analysis, Cirium

Improving Airline Industry Profits

IATA global airline industry net post-tax profit

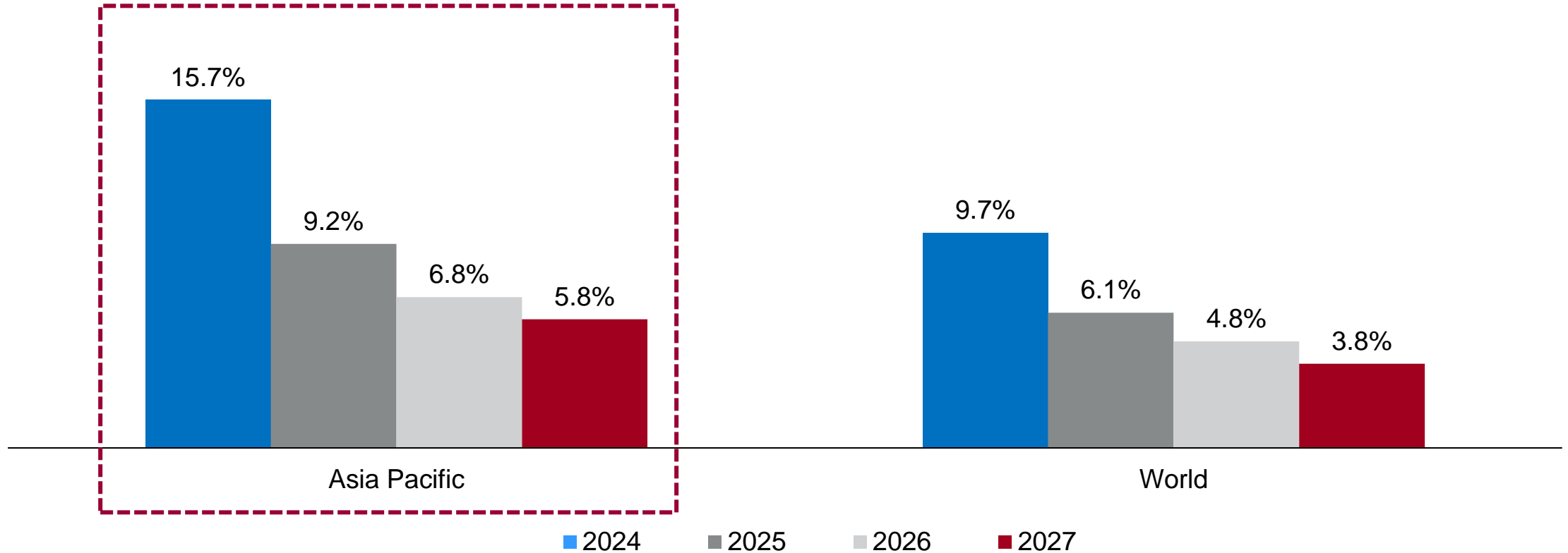


Further recovery in Asia-Pacific international travel will underpin growth in 2024

Source: IATA Economics, IATA Sustainability & Economics, The Airline Analyst

APAC Airlines Drive Global Passenger Demand Growth

Global and regional total passengers, year-on-year % change



Airlines in Asia Pacific expected to grow faster than any other region for the next four years

Sources: IATA Air Passenger Forecast, May 2024 update



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