



Goldman Sachs Virtual China Conference 2020

4 NOVEMBER 2020

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3Q 2020 Overview



STRONG ASSET QUALITY

- **555 aircraft** owned, managed and on order¹
- **3.6 years²** average fleet age; **8.5 years²** average remaining lease term
- **99.7%** aircraft utilization rate



PROACTIVE INVESTMENT STRATEGY

- **Six** aircraft deliveries in 3Q, **29** in 2020 YTD
- **13** lease commitments signed in 3Q, **89** in 2020 YTD
- **Nine** aircraft purchased in the PLB market in 3Q
- **100%** of aircraft scheduled for delivery before 2023 placed



RESCULPTED ORDERBOOK

- **18** Airbus A320NEO family aircraft's purchase commitments moved back to airline's contract
- **75** aircraft purchased 2020 YTD in the PLB market to replace **50** aircraft orders cancelled and **73** deferred



ROBUST LIQUIDITY

- **US\$750 million** of 10-year fixed rate unsecured bonds issued
- **Lowest 10-year USD coupon** to-date in the aircraft leasing industry at 2.625%
- **US\$4 billion** of liquidity³



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

A resilient performance in a challenging environment

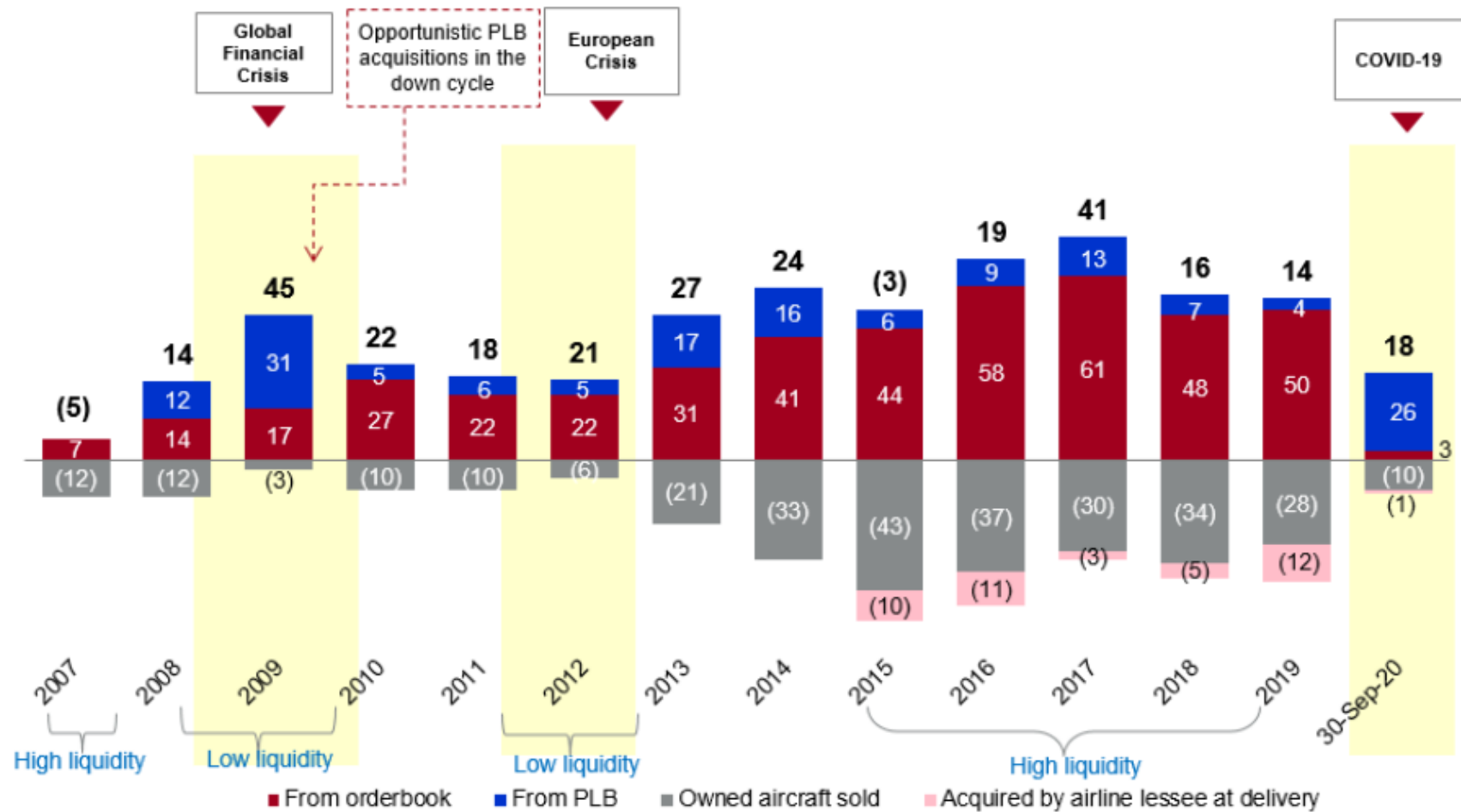
All data as at 30 September 2020 unless otherwise indicated

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. Weighted by net book value of owned fleet
3. As at 30 June 2020

How We Invest

Number of aircraft delivered, purchased and sold



All data as the end of the relevant period

Popular and Fuel-Efficient Fleet

Our aircraft portfolio				
Aircraft type	Owned aircraft	Managed aircraft	Aircraft on order ¹	Total
Airbus A320CEO family	112	15	0	127
Airbus A320NEO family	54	0	72	126
Airbus A330CEO family	12	3	0	15
Airbus A330NEO family	2	0	6	8
Airbus A350 family	9	0	0	9
Boeing 737NG family	82	15	0	97
Boeing 737 MAX family	16	0	76	92
Boeing 777-300ER	24	4	3	31
Boeing 777-300	0	1	0	1
Boeing 787 family	19	1	23	43
Freighters	5	1	0	6
Total	335	40	180	555

In 3Q 2020, we added nine latest technology aircraft to the orderbook, bringing the total number of aircraft purchase commitments in 2020 YTD to 95

All data as at 30 September 2020

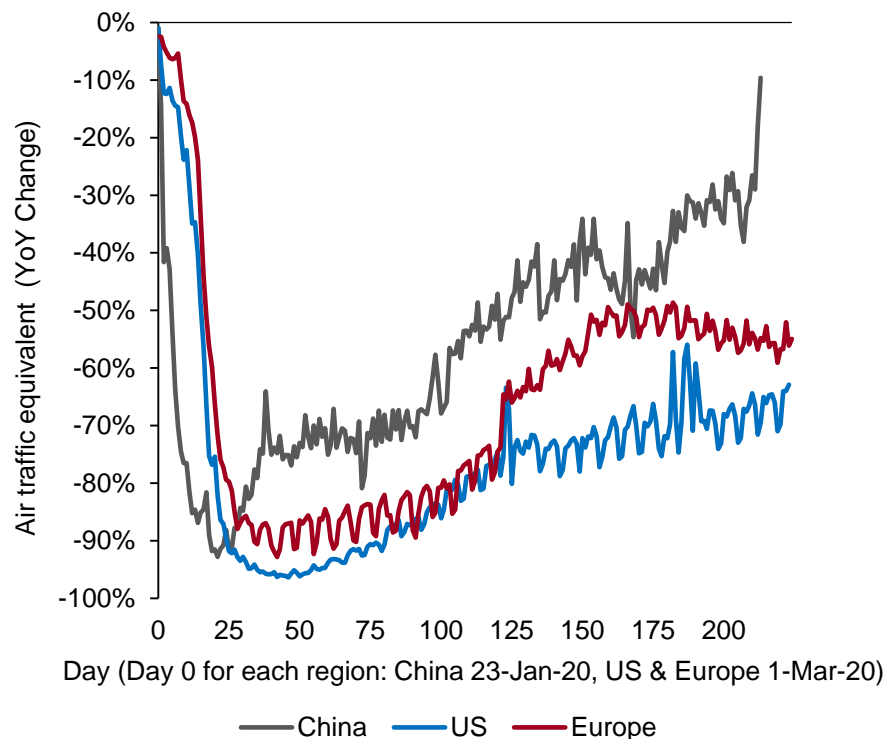
Note:

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



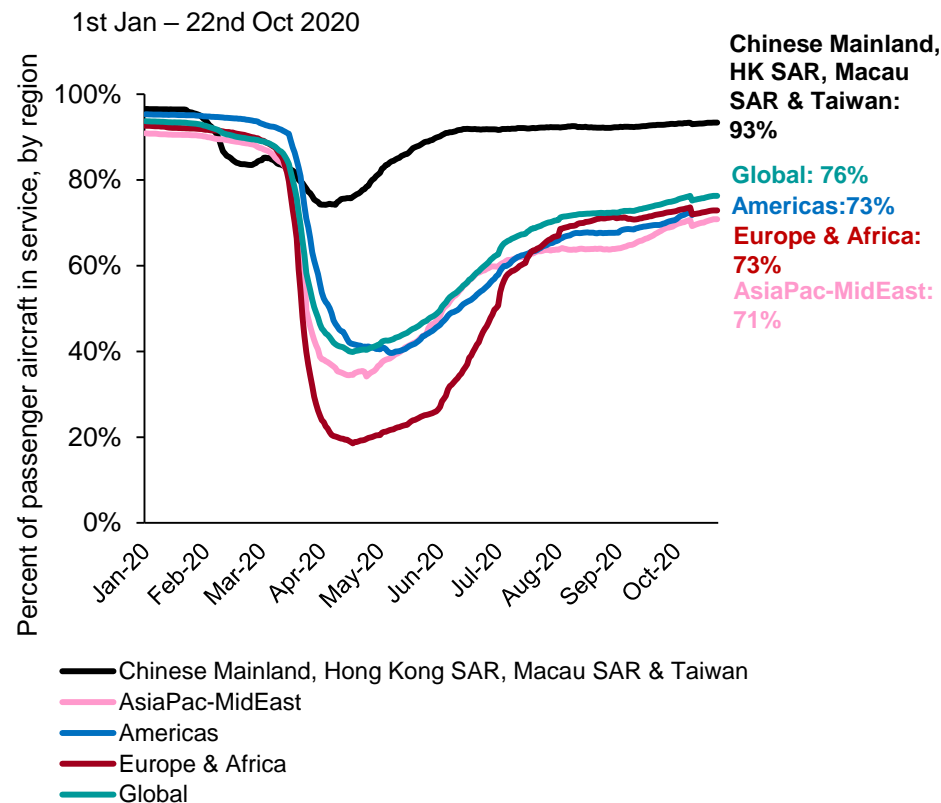
Air Traffic Recovery

Passenger traffic is rising



Sources: China MoT (Air Pax YoY) TravelSky (Traffic YoY), TSA (Throughput YoY), Eurocontrol (Flights YoY)

...with China the template for expected global recovery



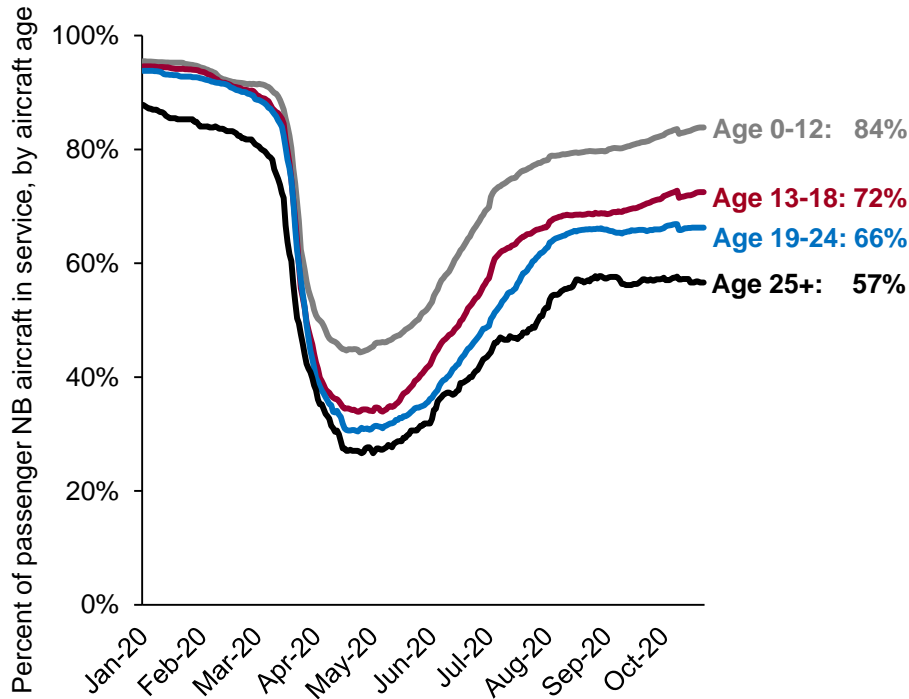
Notes: Includes 737, 747, 757, 767, 777, 787, A320, A330, A350 and A380 aircraft families

Source: Cirium fleet data, BOC Aviation analysis

Rising Utilisation Rates for Younger Narrowbody Aircraft

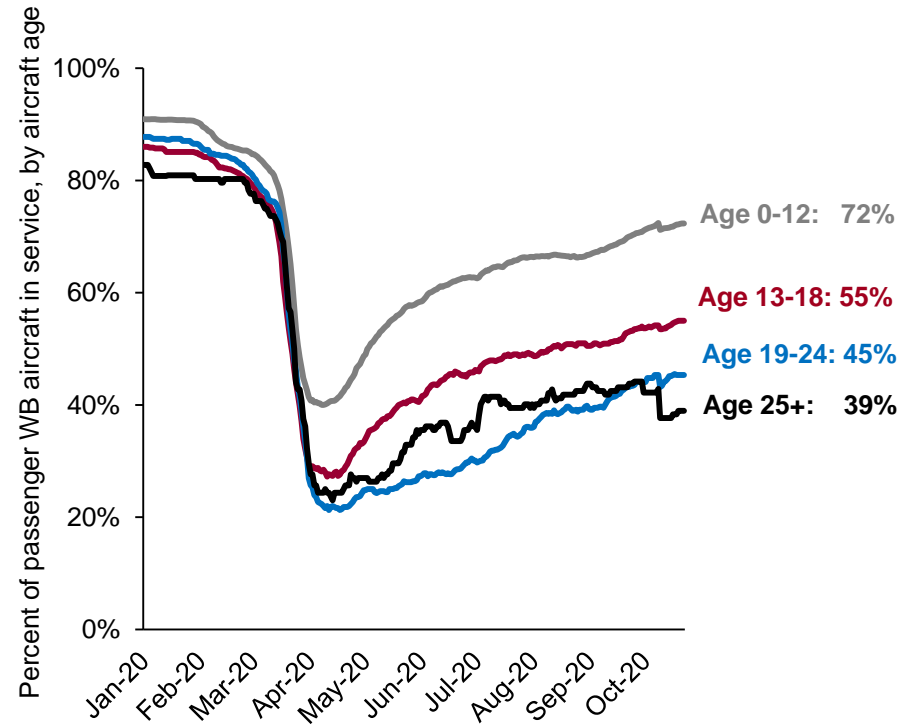
Narrowbodies

1st Jan – 22nd Oct 2020



Widebodies

1st Jan – 22nd Oct 2020



BOC Aviation fleet has an average age of 3.6 years and most aircraft less than 10 years old

Sources: Cirium fleet data, BOC Aviation analysis

Conclusion

- 1 Asset quality remains best in class
- 2 Proactive investment strategy focuses on in-demand aircraft
- 3 Resculpted orderbook by replacing direct orders from OEMs with aircraft purchased in the PLB market; de-risks deliveries
- 4 Robust liquidity of US\$4 billion¹ underpinned by supportive capital markets
- 5 Strong operating cashflows from 1H 2020 sustained into 2H 2020
- 6 Active support from Bank of China
- 7 Maintained strong credit ratings of A-, one of the highest in the industry

Successfully navigating our way through the COVID-19 environment

All data as at 30 September 2020 unless otherwise indicated

Note:

1. As at 30 June 2020

APPENDICES

BOC Aviation – Who Are We?

- **Largest** aircraft operating lessor based in Asia
- **Top 5** globally
- **Bank of China** owns 70%



INDUSTRY LEADING AIRCRAFT LESSOR

- **15%** average ROE since 2007
- **A-** by S&P Global Ratings
- **A-** by Fitch Ratings

- **Consistently profitable** since inception in 1993
- **US\$4.7 billion** of cumulative profits since inception



27TH YEAR OF PROFITABILITY



TOTAL ASSETS OF US\$22.6 BILLION

- **US\$17.3 billion** in aircraft net book value¹
- **555** aircraft²
- **180** aircraft on order³

Industry leader with best in class financial performance

All data as at 30 June 2020 unless otherwise indicated

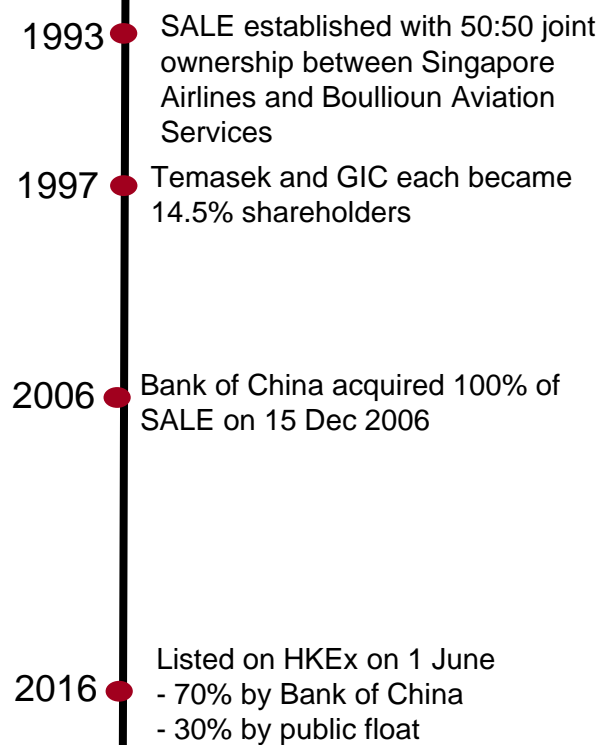
Notes:

1. Excludes aircraft on leases classified as finance leases
2. Includes owned, managed and aircraft on order as at 30 September 2020
3. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery as at 30 September 2020



The BOC Aviation Journey

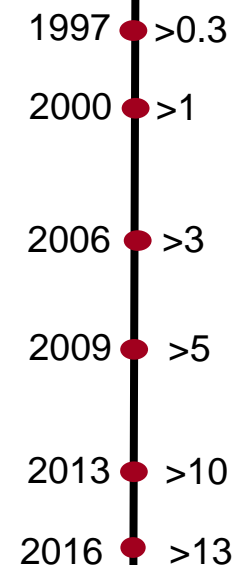
Ownership



All data as at the end of the relevant period

Total assets

US\$ billion



30 June 2020 >22



BOC AVIATION

Globally Diverse Management Team



Robert Martin
*Managing Director
& Chief Executive
Officer*

Zhang Xiaolu
*Vice-Chairman &
Deputy Managing
Director*

Steven Townend
*Deputy Managing
Director & Chief
Financial Officer*

Phang Thim Fatt
*Deputy Managing
Director*

David Walton
*Deputy Managing
Director & Chief
Operating Officer*

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

Paul Kent
*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








- 29 years of banking and leasing experience
- In charge of Finance, Treasury, Tax, Risk and Settlement

- 41 years of airline and leasing experience

- 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 with BOC Aviation	22	1	19	24	6	2	1
Years of experience	33	30	29	41	34	22	24

Highly experienced senior management team that has successfully led the Company through multiple cycles

All data as at November 2020



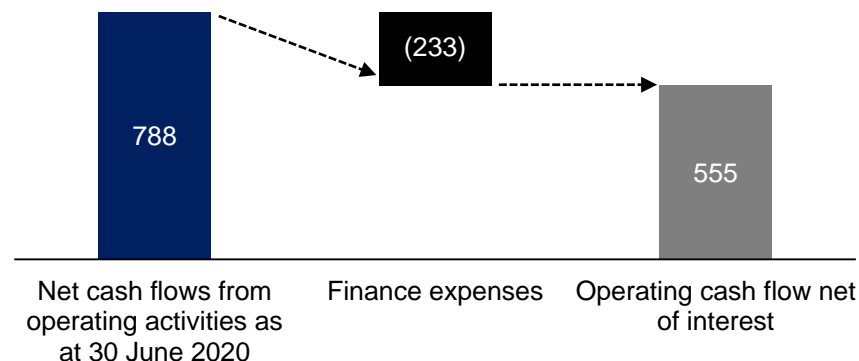
Robust Operating Cash Flow Net of Interest

Operating cash flow net of interest¹

- 1H 2020 operating cash flows net of interest remained robust despite challenging operating environment
- Down 12% compared with 1H 2019
- The incremental investment in 26 purchase-and-leasebacks in 2020 YTD will further enhance cash flows for the rest of the year

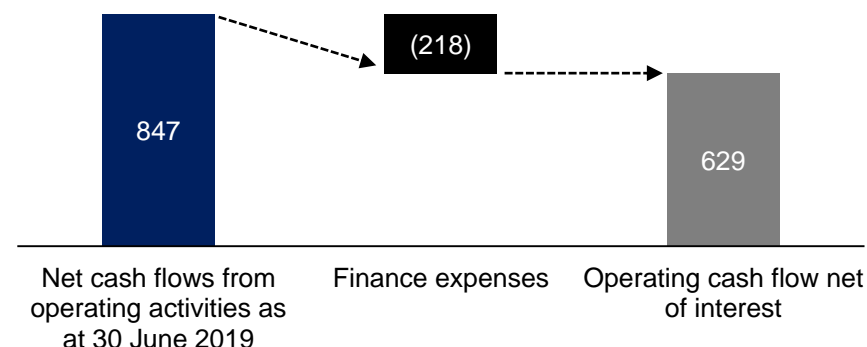
Operating cash flow net of interest¹ as at 30 June 2020

US\$ million



Operating cash flow net of interest¹ as at 30 June 2019

US\$ million



Operating cash flow net of interest is significantly positive

All data as at 30 June 2020 unless otherwise indicated

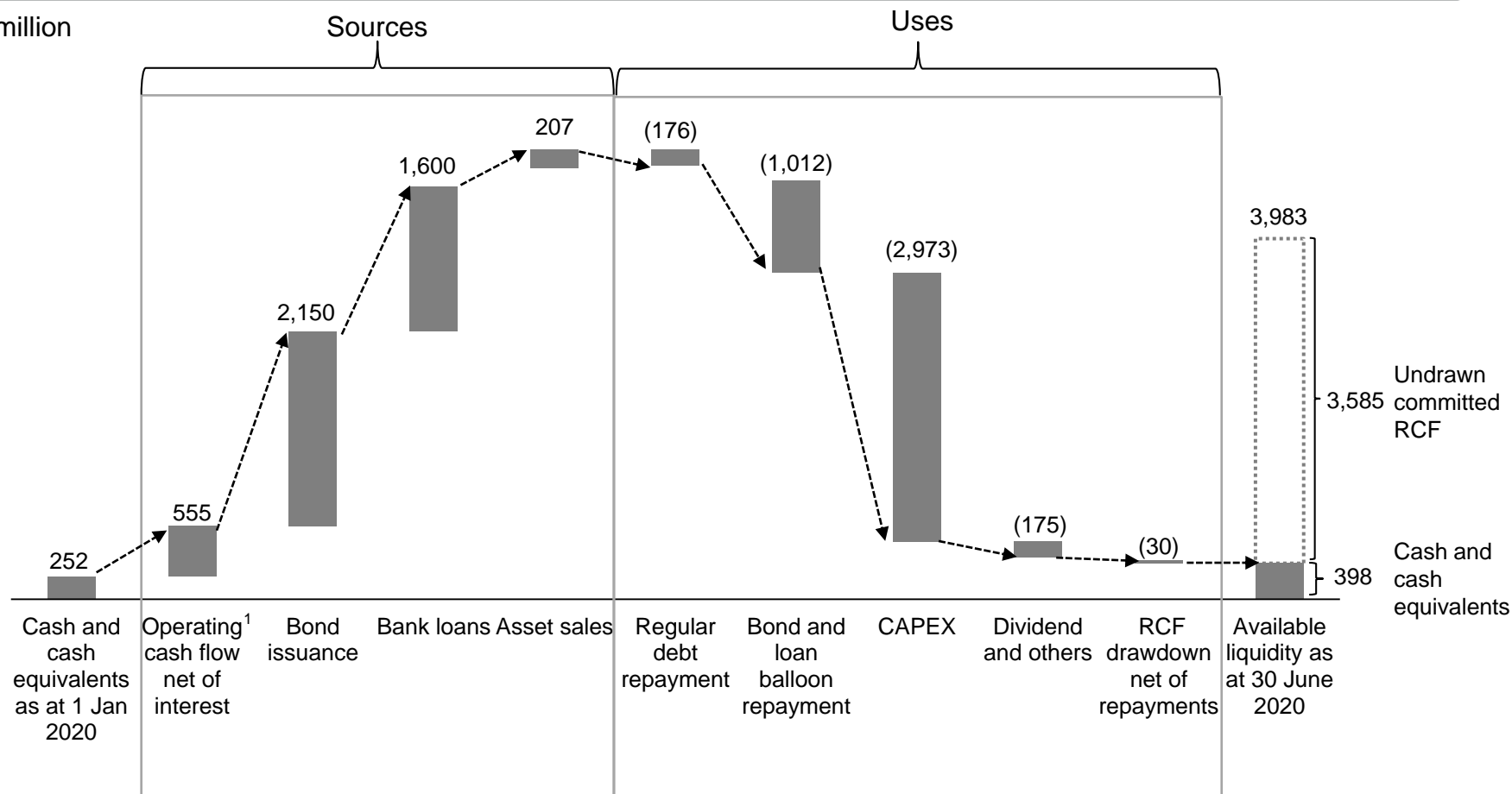
Note:

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

Diverse Funding Channels Utilised in First Half

Sources and Uses of Cash

US\$ million



Debt funding markets were supportive of our investment activities in 1H 2020

All data as at 30 June 2020

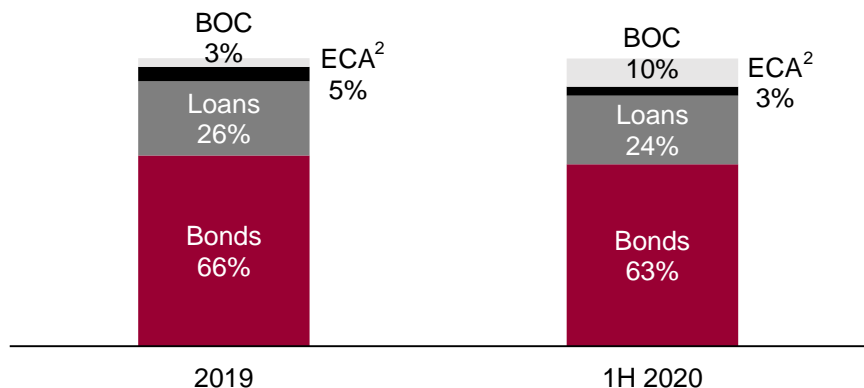
Note:

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

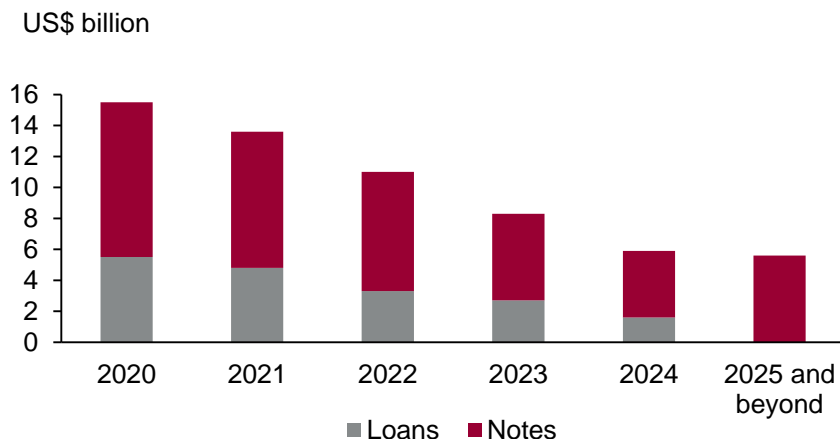


Flexible Capital Structure and Ample Backstop Liquidity

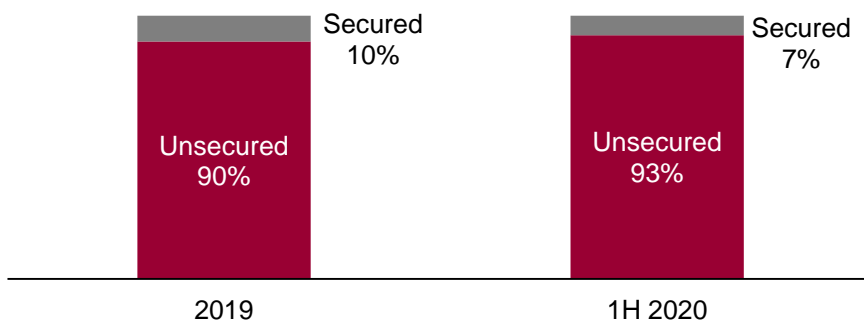
Sources of debt¹



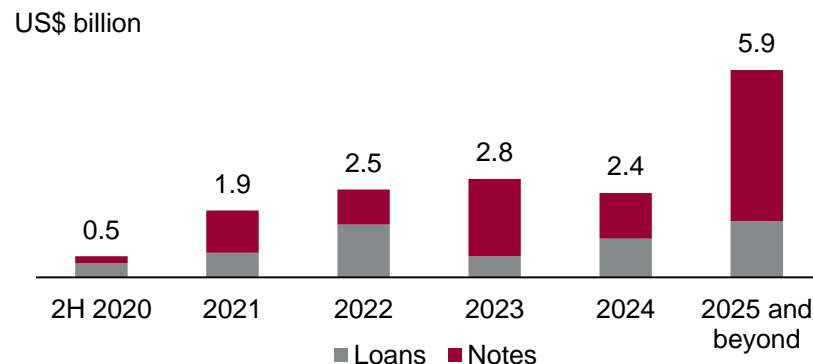
Outstanding debt amortises over a long term



Increasing unsecured funding



Debt repayment by year



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

All data as at 30 June 2020 unless otherwise indicated

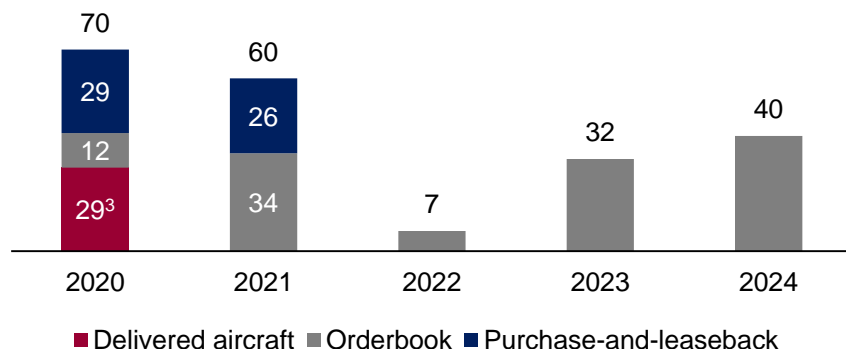
Notes:

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

New Investments Drive Growing Committed Lease Revenues

Orderbook delivery schedule^{1,2,4}

Number of aircraft

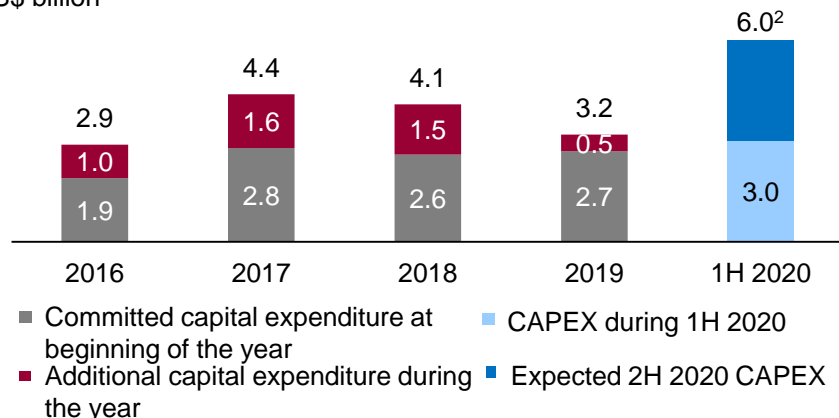


Resculed orderbook to match demand⁴

- Committed to purchase 95 aircraft
 - 85 placed on long-term leases
- Delivered 29 of these in 2020 YTD
 - 100% on-time collection rate in 1H 2020
- Resculed orderbook, including cancellation of 50 aircraft on order and deferral of 73 aircraft
- Placed all aircraft scheduled for delivery prior to 2023

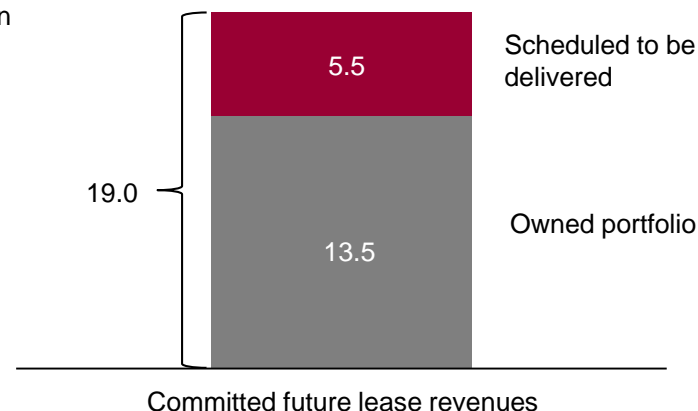
Sustained annual capital expenditure since IPO

US\$ billion



Committed future lease revenues of US\$19 billion

US\$ billion



De-risking orders scheduled for delivery in 2021 and 2022

All data as at 30 June 2020 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
- Aircraft delivered in September 2020 YTD, including one aircraft acquired by an airline customer on delivery
- As at 30 September 2020



www.bocaviation.com