



CITIC Securities Capital Market Conference 2020

11 JUNE 2020

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Overview

- Consistently profitable
 - 2019 was 26th year of profits and 15th year of record earnings
 - However, 1H2020 is the most challenging in our Company's history
- We are improving our portfolio and customer base with new business in 2020, including:
 - United Airlines purchase-and-leaseback for six Boeing 787-9 aircraft and 16 Boeing 737-9 MAX aircraft
 - Wizz Air purchase-and-leaseback for six Airbus A321NEO aircraft
 - Southwest Airlines purchase-and-leaseback for 10 Boeing 737 MAX 8 aircraft
- Ended 31 March 2020 with total fleet of 567 comprising 323 owned, 40 managed and 204 on order
 - Portfolio utilization of 100% and collection rate of 94%
 - 2Q20 collections will be under pressure given passenger traffic hit a low point in April 2020
 - Average fleet age of 3.4 years and average remaining lease term of 8.5 years¹
- During 1Q2020, we took delivery of 10 aircraft² and sold three owned aircraft
 - Signed 38 lease commitments
- S&P Global Ratings and Fitch Ratings both reaffirmed our credit ratings of A- during the quarter
 - We have drawn US\$3.75 billion of new term financing comprising US\$2.15 billion of bonds and US\$1.6 billion in term loans so far this year
- Continuing support of Bank of China

We are well-supported by our major shareholder, Bank of China

All data as at 31 March 2020 unless otherwise indicated

Notes:

1. Weighted by net book value of owned fleet

2. Including one acquired by airline customer on delivery



BOC Aviation is a Long-term Investor in Aircraft

- Senior creditor in airline cashflow, not airline equity
- A business that supports the real economy (Airlines, Travel)
- Highly diversified global customer base
 - 92 airlines in 40 countries and regions
- Experienced management team has successfully led the Company through multiple cycles
- Counter cyclical approach to investment
 - Took the opportunity to add high quality assets to our portfolio on long-term leases to well established airlines during the COVID-19 downturn
 - Benefiting from immediate cashflow that these transaction provide, with collection rates of 100% from recently added customers
- Well-structured operating leases that feature
 - Monthly or quarterly rents that are paid in advance
 - Security deposits
 - Long lease terms

Focus on long-term sustainable earnings

A Record Year

Stable earnings growth¹

US\$702 million ↑ **13%**
Net profit after tax

US\$1.01 ↑ **13%**
Earnings per share

Driven by:

US\$1,976 million ↑ **15%**
Total revenues and other income

8.4% ↔ **Stable**
Net lease yield²

US\$695 million ↑ **5%**
Core lease rental contribution³

US\$775 million ↑ **13%**
Profit before tax

Robust balance sheet¹

US\$19.8 billion ↑ **8%**
Total assets

US\$4.6 billion ↑ **9%**
Total equity

US\$6.60 ↑ **9%**
Net assets per share

Higher annual dividend per share

US\$0.3541 ↑ **13%⁵**
Total dividend per share⁴

All data as at 31 December 2019

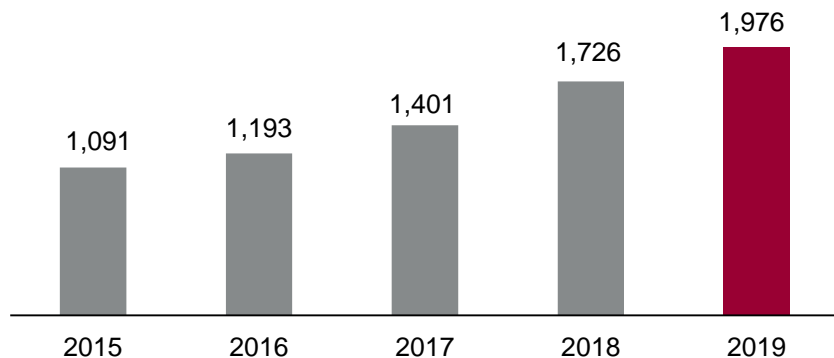
Notes:

1. Compared to FY2018 or as at 31 December 2018
2. Calculated as lease rental income less finance expenses apportioned to lease rental income, divided by average net book value of aircraft
3. Calculated as lease rental income less aircraft depreciation and finance expenses apportioned to lease rental income, amortisation of deferred debt issue cost and lease transaction closing cost
4. Includes interim dividend of US\$0.1388 per share paid to shareholders registered at the close of business on 3 October 2019. The final dividend of US\$0.2153 will be payable to shareholders registered at the close of business on the record date, being 4 June 2020.
5. Compared to US\$0.3129 paid for FY2018

Record NPAT

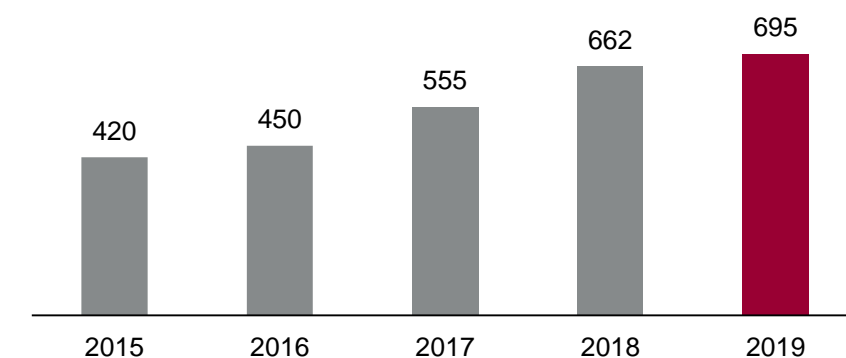
Fleet growth underpins growth in revenues

US\$ million



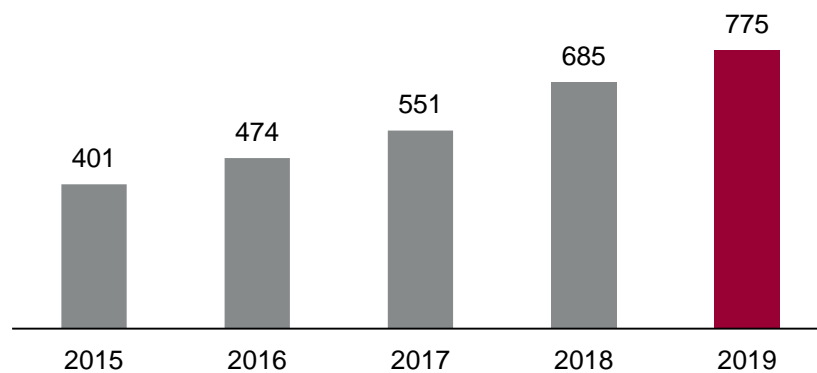
Rising core lease rental contribution¹

US\$ million



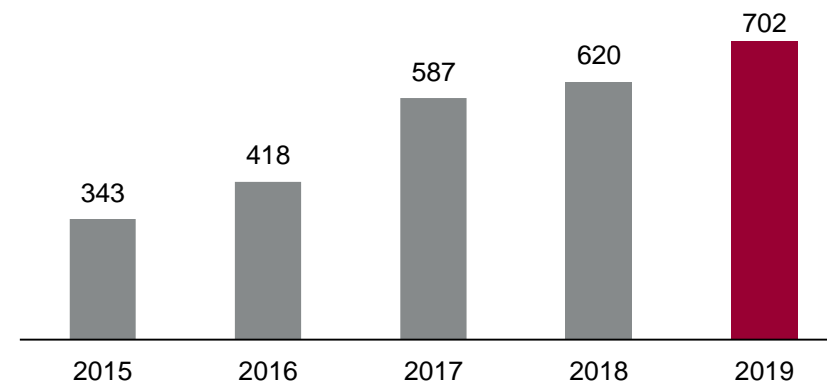
Continuing PBT Growth

US\$ million



Robust NPAT performance

US\$ million



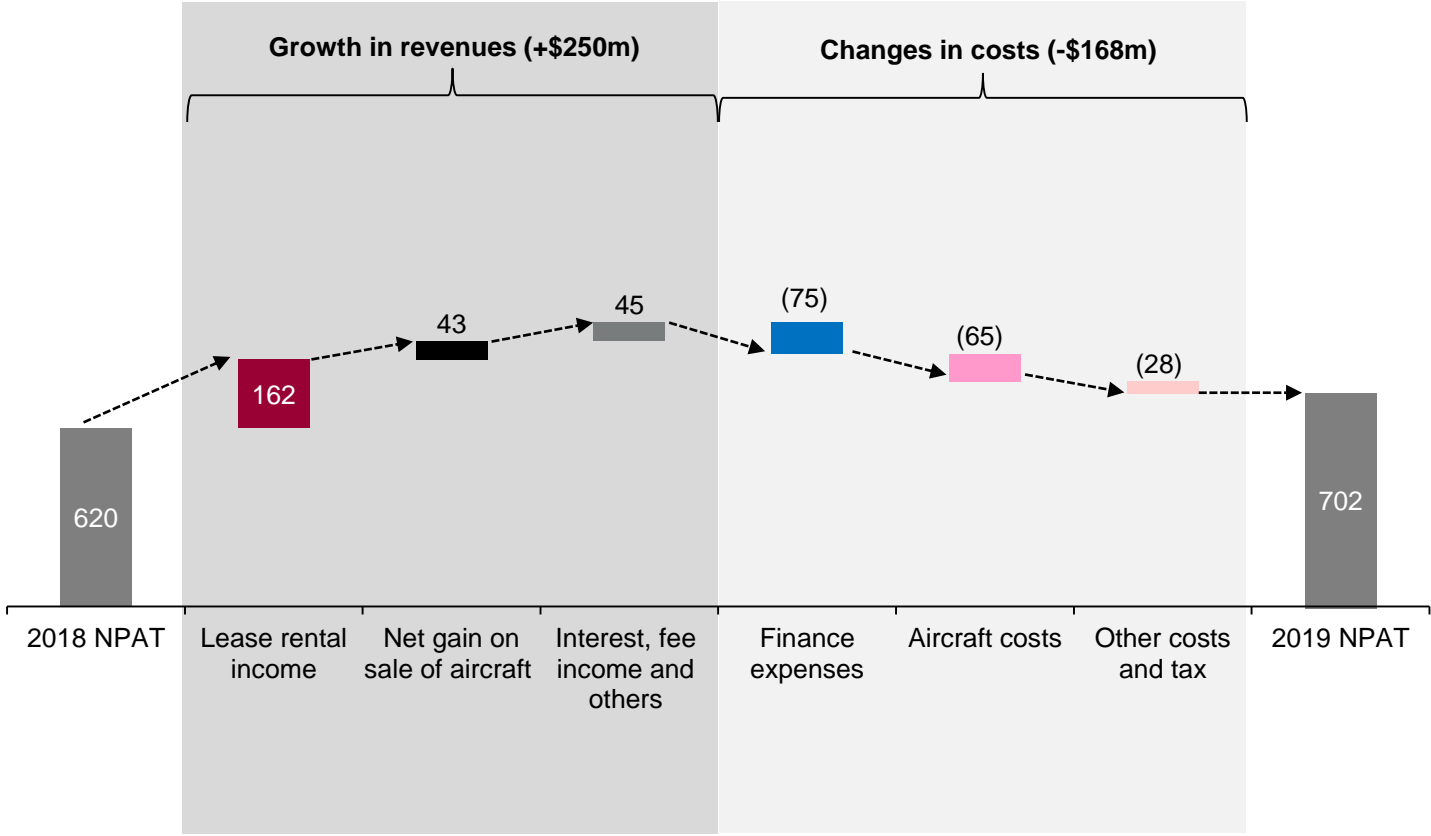
All data as at 31 December 2019

Note:

1. Calculated as lease rental income less aircraft depreciation and finance expenses apportioned to lease rental income, amortisation of deferred debt issue cost and lease transaction closing cost

FY2019 NPAT Drivers

Year-on-Year change (US\$ million)

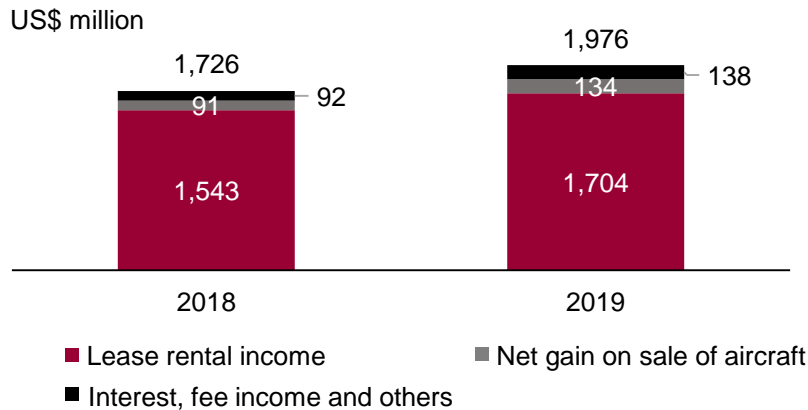
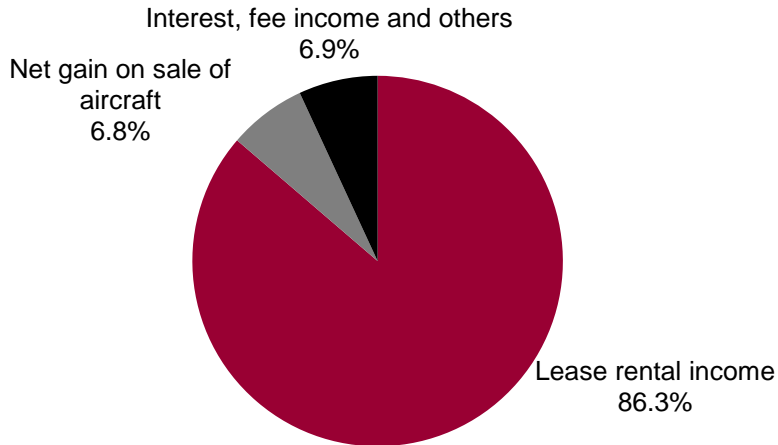


Robust growth across all revenue-contributing activities

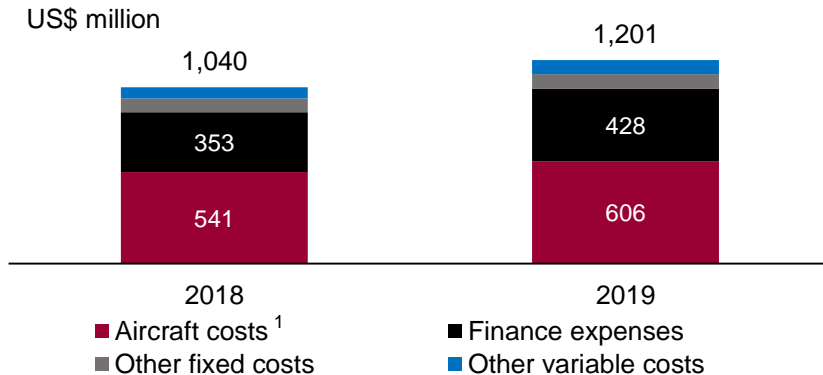
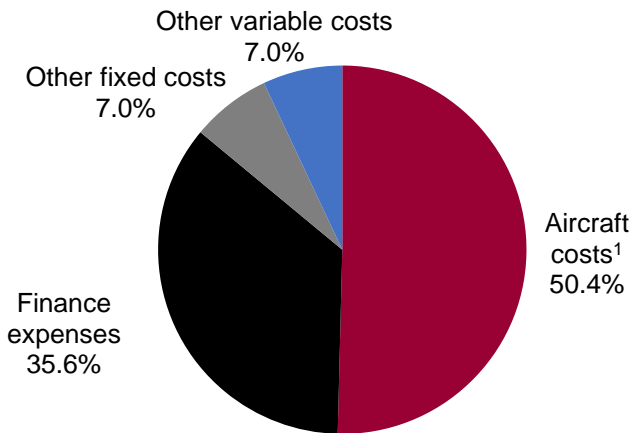


Lease Rental Income Continues to Dominate Revenue

Lease rental income consistently over 85% of total revenues and other income



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



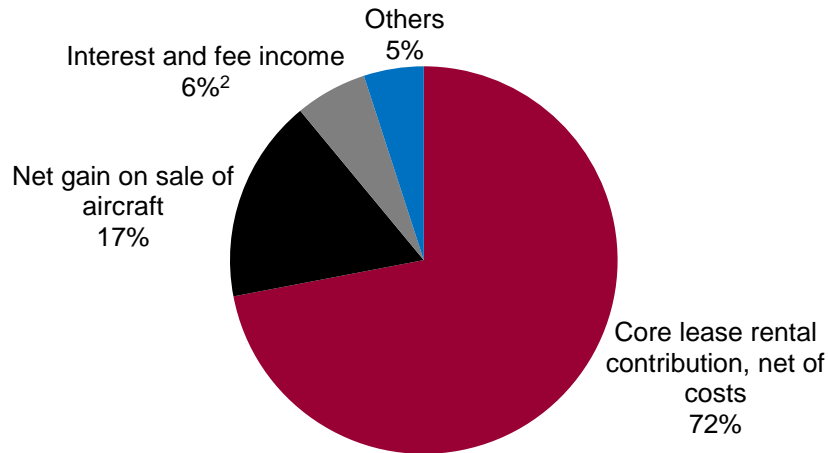
All data as at 31 December 2019

Note:

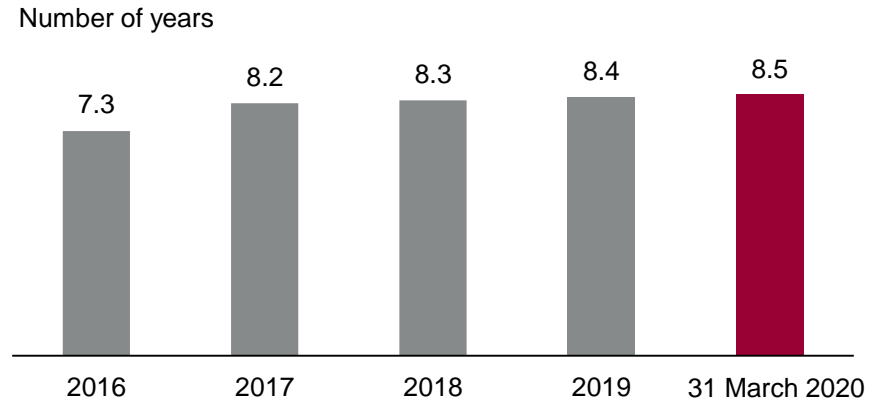
1. Comprises aircraft depreciation

Core Leasing Business Supports Earnings Growth

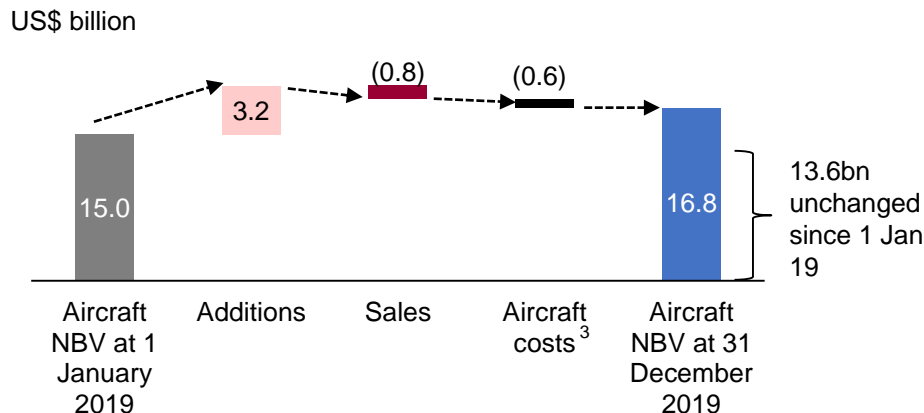
More than 70% of PBT is from core lease rental contribution¹, net of costs



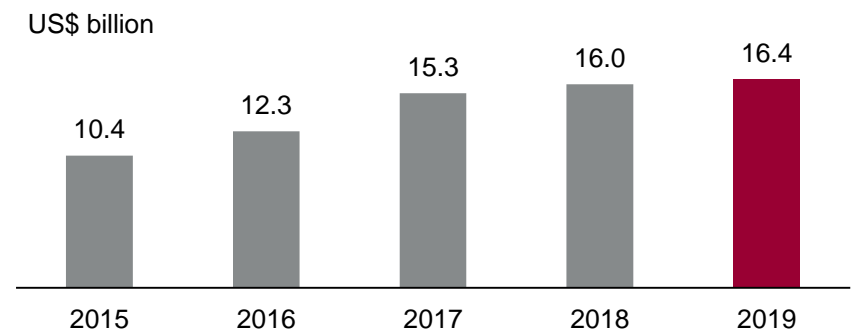
We have a long average remaining lease term⁴



and reflects continued investment in our fleet



and high future committed lease revenue



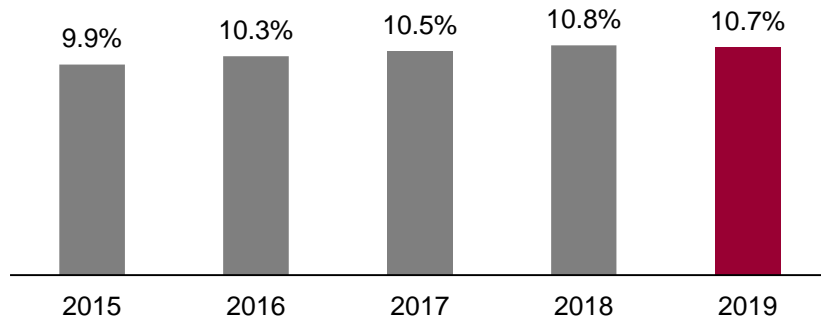
All data as at 31 December 2019 unless otherwise indicated

Notes:

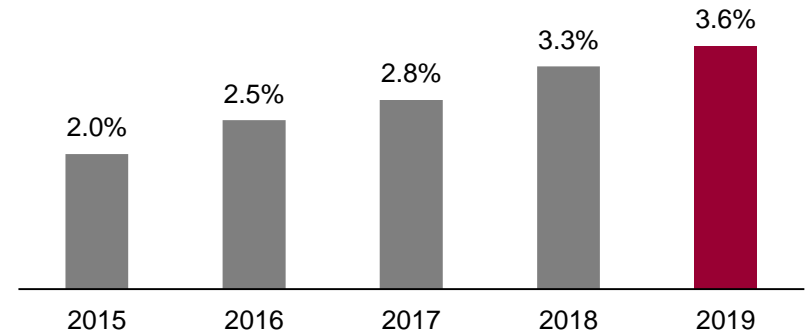
1. Calculated as lease rental income less aircraft depreciation and finance expenses apportioned to lease rental income, amortisation of deferred debt issue cost and lease transaction closing cost
2. Calculated as interest and fee income less finance expenses apportioned to interest and fee income
3. Comprises aircraft depreciation
4. Weighted by net book value of owned fleet

Leasing Market Continues to Shift Towards Fixed Rates

Lease rate factor¹ reflects increased proportion of fixed rate leases

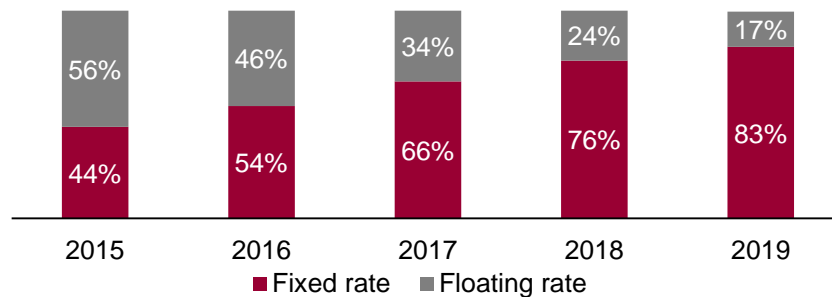


Cost of debt³ reflects more fixed rate funding

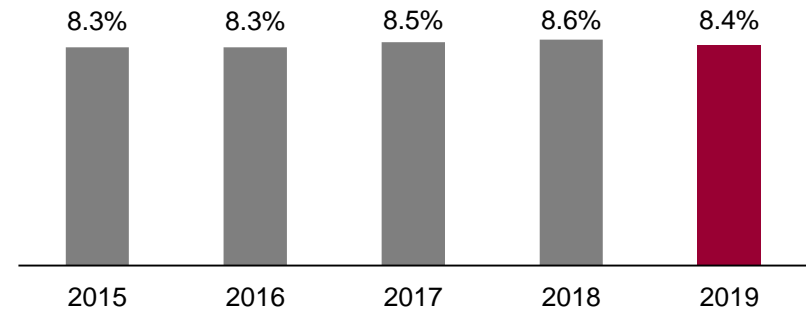


Proportion of fixed rate leases rising steadily²

By net book value



Maintaining stable net lease yield⁴



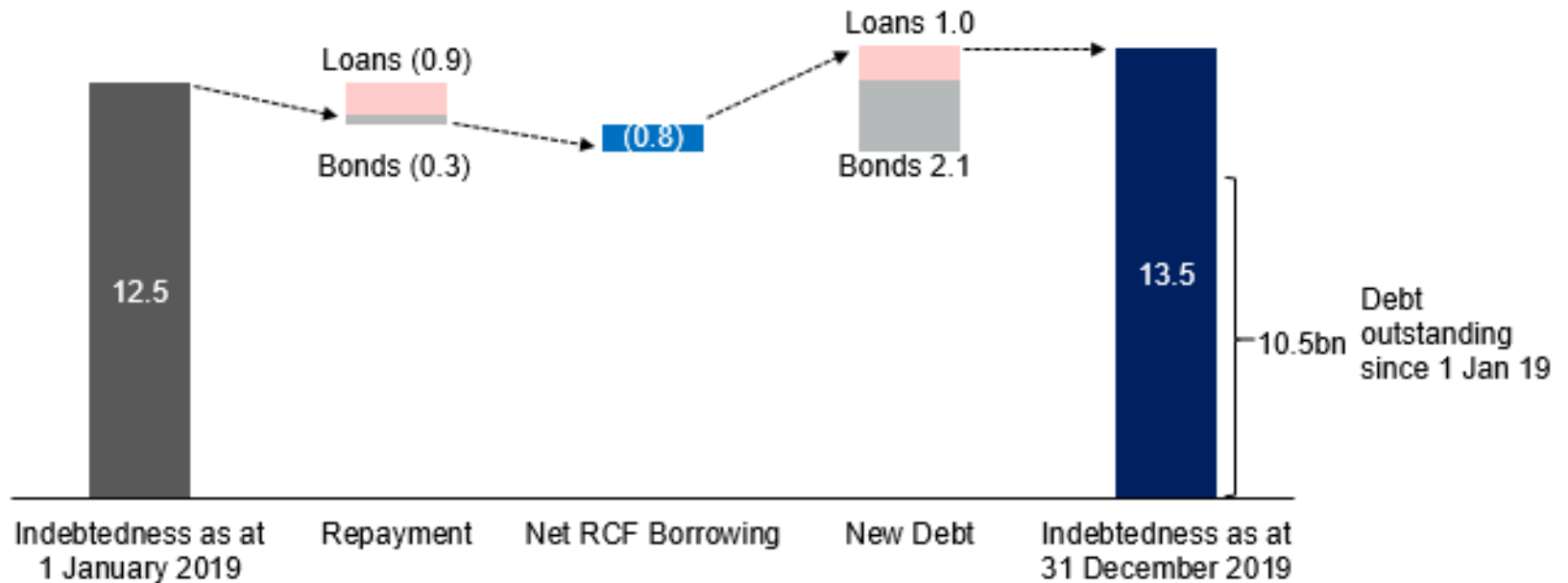
All data as at 31 December 2019

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 deferred debt issue costs, fair values, revaluations and discounts/premiums to medium term notes
4. Calculated as lease rental income less finance expenses apportioned to lease rental income, divided by average net book value of aircraft

Stable Debt Structure

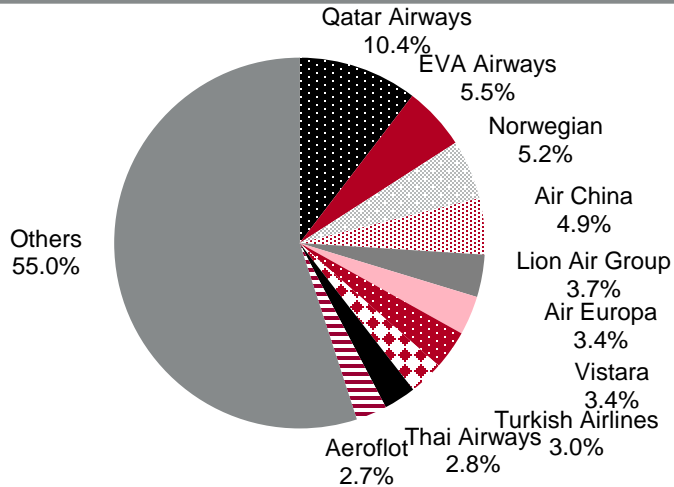
US\$ billion



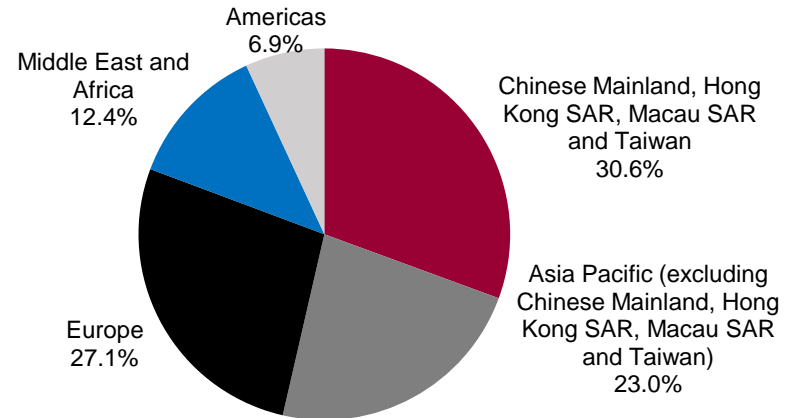
80% of debt unchanged from 1 January 2019 and debt to equity of 2.9:1

Globally Diversified Portfolio

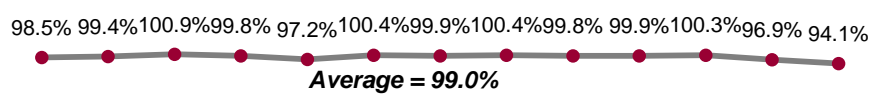
Lease portfolio diversified by customer^{1,2}



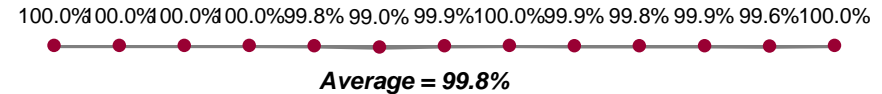
...and diversified by geography^{1,3}



Collection rate⁴



Fleet utilization^{4,5}



Around 75% of our customers have government/shareholder support or access to global capital markets

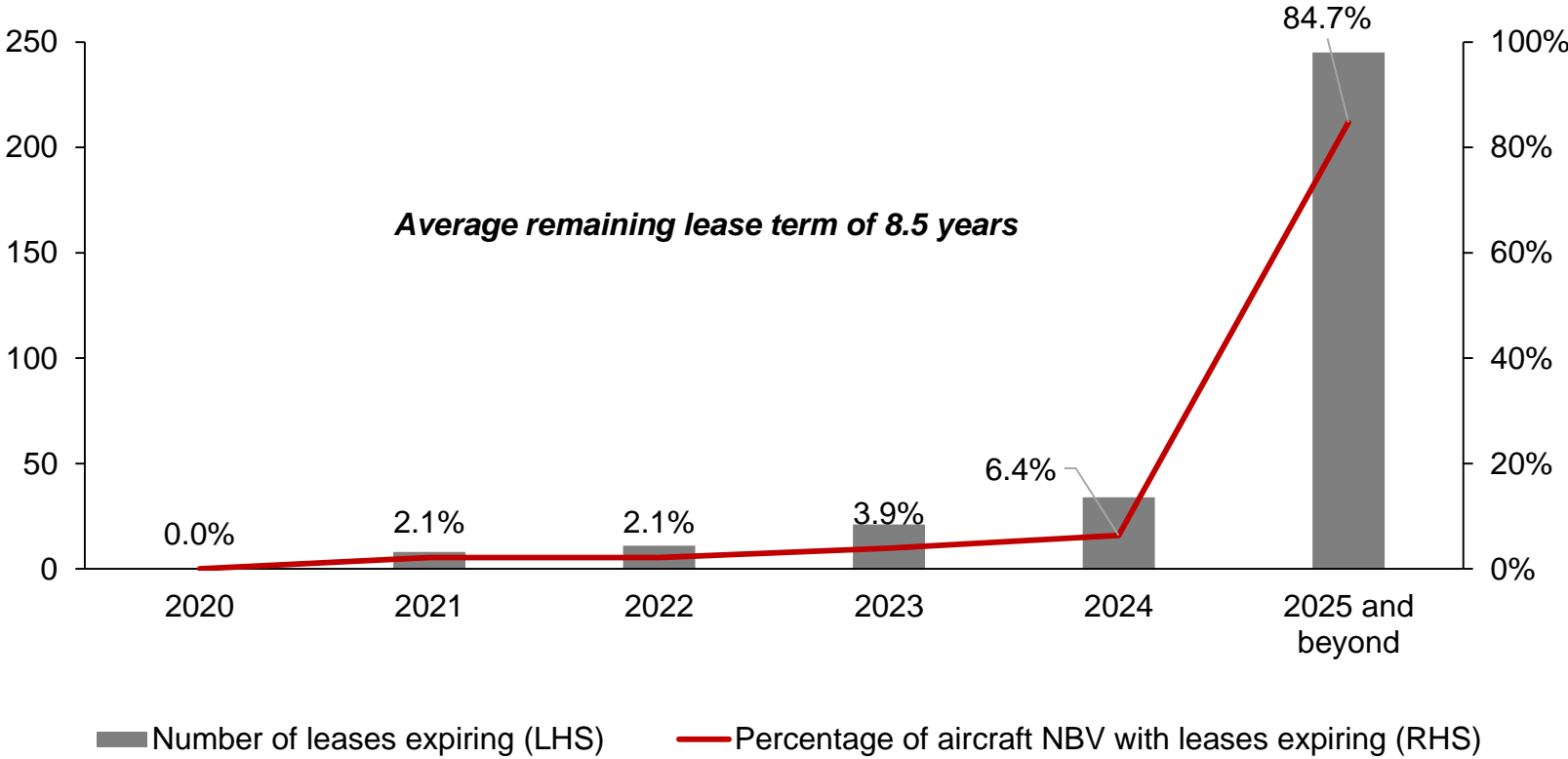
All data as at 31 December 2019 unless otherwise indicated

- Notes:
1. Based on net book value as at 31 December 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 March 2020
 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



All data as at 31 March 2020

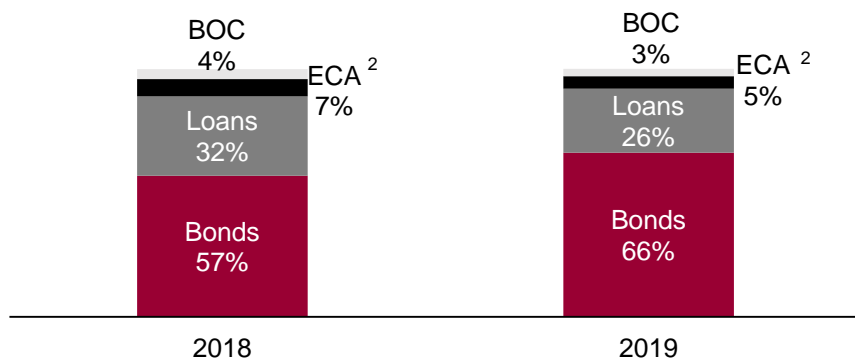
Note:

1. Owned aircraft with lease expiring in each calendar year excluding any aircraft for which BOC Aviation has a sale or lease commitment, weighted by net book value of owned fleet as at 31 March 2020

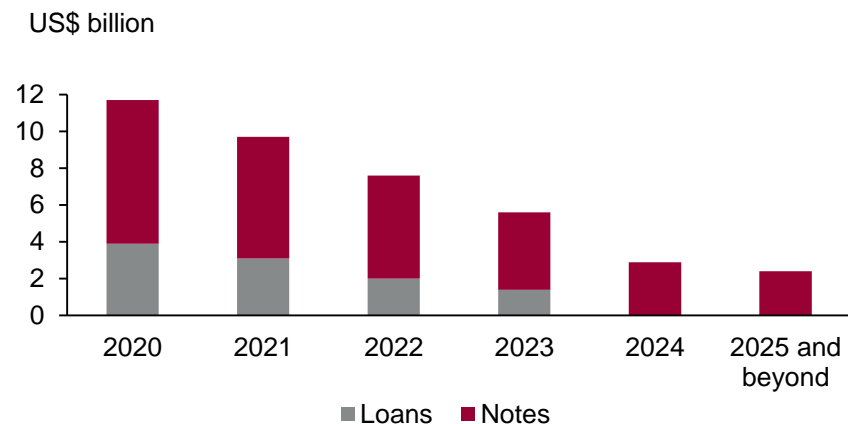


Flexible Capital Structure and Ample Backstop Liquidity

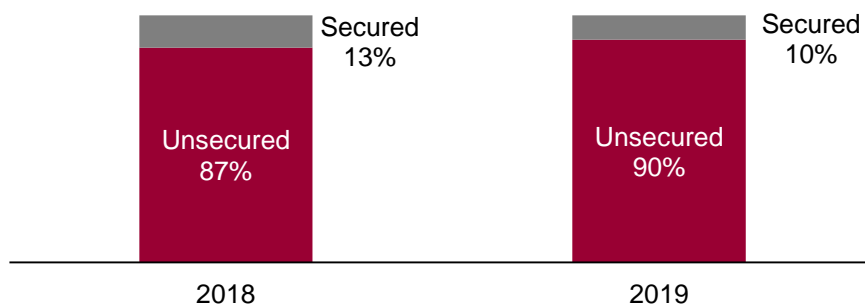
Sources of debt¹



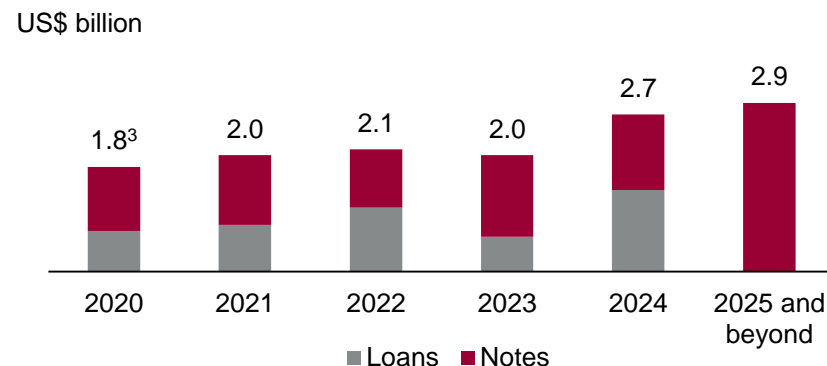
Outstanding debt amortises over a long term



Increasing unsecured funding



Debt repayment by year



Undrawn committed credit lines and cash of US\$3.6 billion at 31 March 2020⁴

All data as at 31 December 2019 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
3. US\$950m of 2020 debt repayments made on schedule in 1Q20
4. We raised US\$1bn in April 2020 and another US\$750m in June 2020

Popular and Fuel-Efficient Fleet

Our aircraft portfolio				
Aircraft type	Owned aircraft	Managed aircraft	Aircraft on order ¹	Total
Airbus A320CEO family	114	15	0	129
Airbus A320NEO family	52	0	84	136
Airbus A330CEO family	12	3	0	15
Airbus A330NEO family	2	0	6	8
Airbus A350 family	9	0	0	9
Boeing 737NG family	87	15	0	102
Boeing 737 MAX family	6	0	87	93
Boeing 777-300ER	24	4	3	31
Boeing 777-300	0	1	0	1
Boeing 787 family	12	1	24	37
Freighters	5	1	0	6
Total	323	40	204	567

Since 1 January 2020, we have added 86 latest technology aircraft, of which 66 have already been placed on long-term leases

All tabulated data as at 31 March 2020

Note:

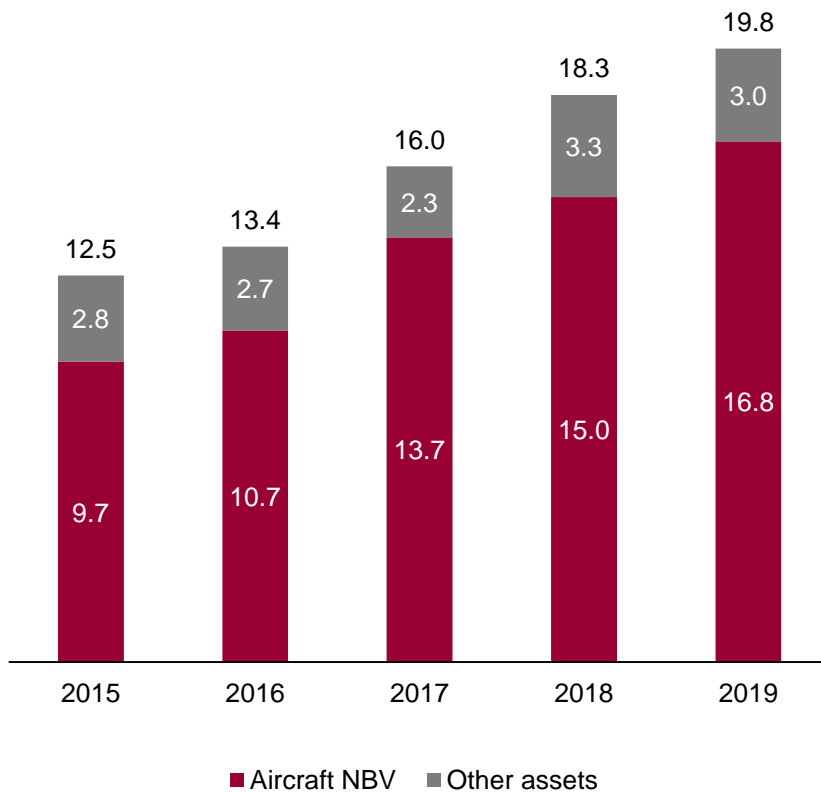
1. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery



Orderbook Underpins Future Balance Sheet Growth

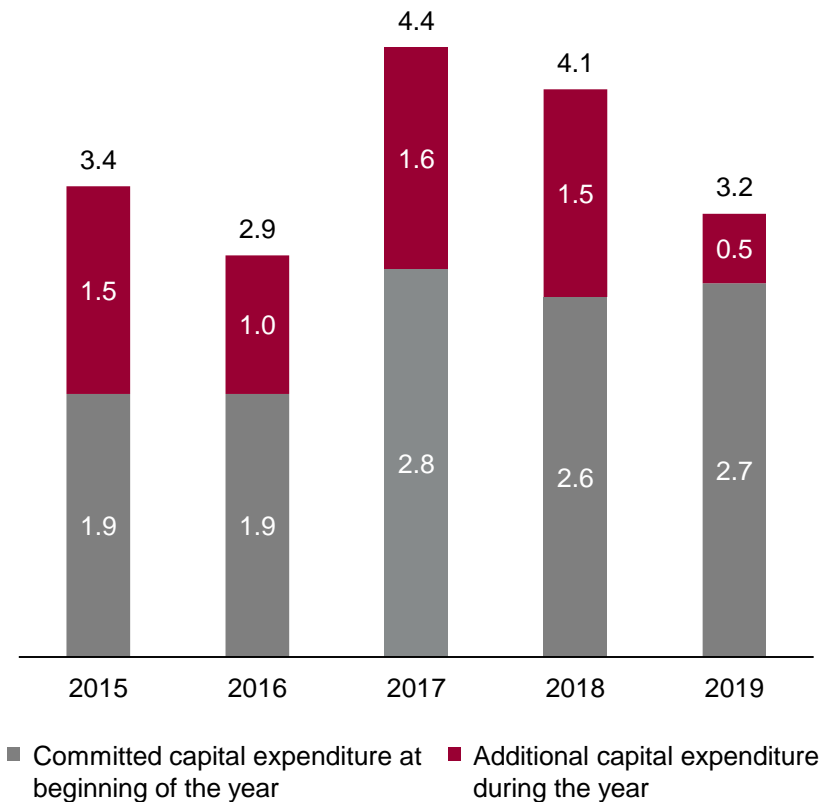
Growing balance sheet

US\$ billion



Sustained annual capital expenditure since IPO

US\$ billion



Aircraft net book value grew 57% since end-2016

All data as at 31 December 2019 unless otherwise indicated

Conclusion

- Record performance achieved in a difficult supply environment in 2019
 - NPAT increased 13% to US\$702 million, 15th year of consecutive record earnings
- 2020 is a challenging year, and we are drawing on our strengths as a Company: generating positive cashflow from operations, leveraging access to supportive funding markets and backing from the Bank of China
- Long-term revenue sustainability supported by strong liquidity
 - Committed lease revenues in excess of US\$18 billion as at 11 March 2020
 - Available liquidity of US\$3.6 billion to support counter-cyclical investment¹
 - Have drawn US\$3.75 billion in new term financing
- Opportunities opening up for counter cyclical investments
 - COVID-19 will affect airline earnings and cashflows
 - This will also impact our performance
 - We have the balance sheet power and credit ratings to enable further investment in aircraft
- Key management changes are part of our succession planning
 - Appointed Mr. Paul Kent as Chief Commercial Officer (Europe, Americas, Africa) in June 2020 to succeed Mr. Steven Townend, who will start in new role as Deputy Managing Director and Chief Financial Officer with effect from 1 October 2020

Successfully navigating our way through the COVID-19 environment

All data as at 31 December 2019 unless otherwise indicated

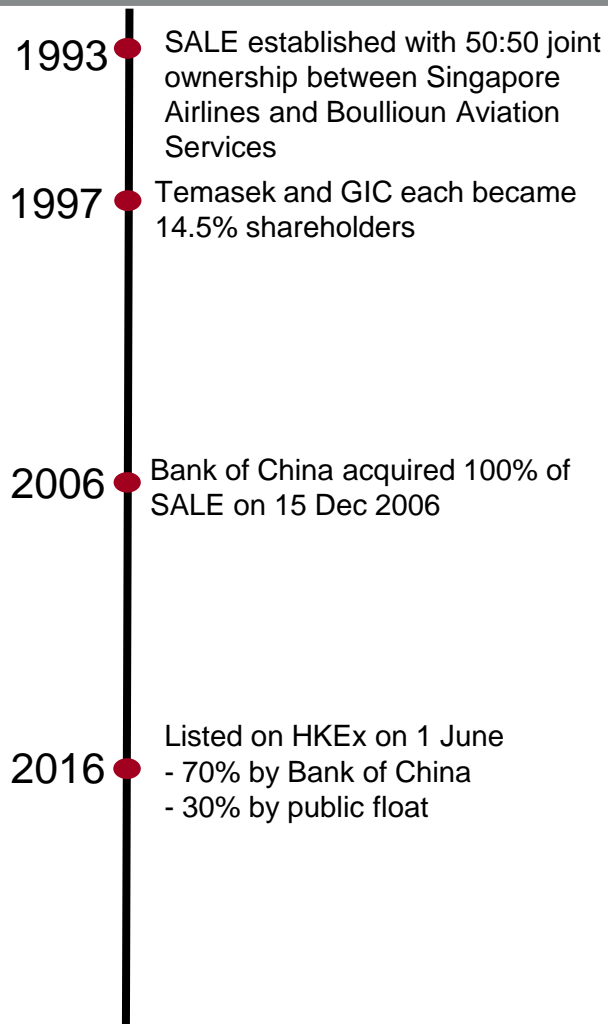
Note:
1. As at 31 March 2020 excluding proceeds from US\$1 billion bond offering that closed on 29th April and another US\$750 million bond offering that closed on 2 June



APPENDICES

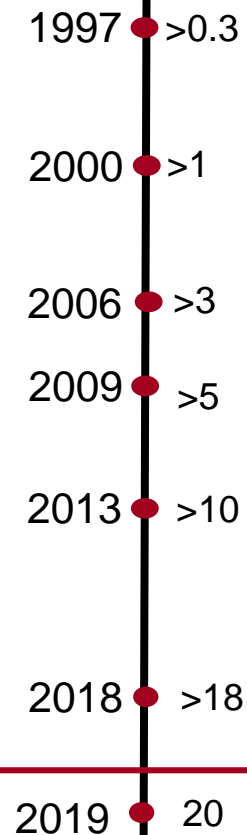
The BOC Aviation Journey

Ownership



Total assets

US\$ billion



All data as at the end of the relevant period



BOC Aviation – Who Are We?

Top 5 global aircraft operating lessor

- The largest based in Asia, by value of owned fleet
- Bank of China owns 70%
- Listed on the HKEX

Total assets of US\$19.8bn

- Aircraft net book value of US\$16.8bn
- 567 aircraft^{1,3}
- 204 aircraft on order^{2,3}

26th year of profitability

- Consistently profitable since inception
- US\$4.4bn in cumulative profits since inception

Industry leading performance

- Average ROE of 15% since 2007
- Investment grade credit ratings of A- from S&P Global Ratings and Fitch Ratings

Industry leader with best in class financial performance

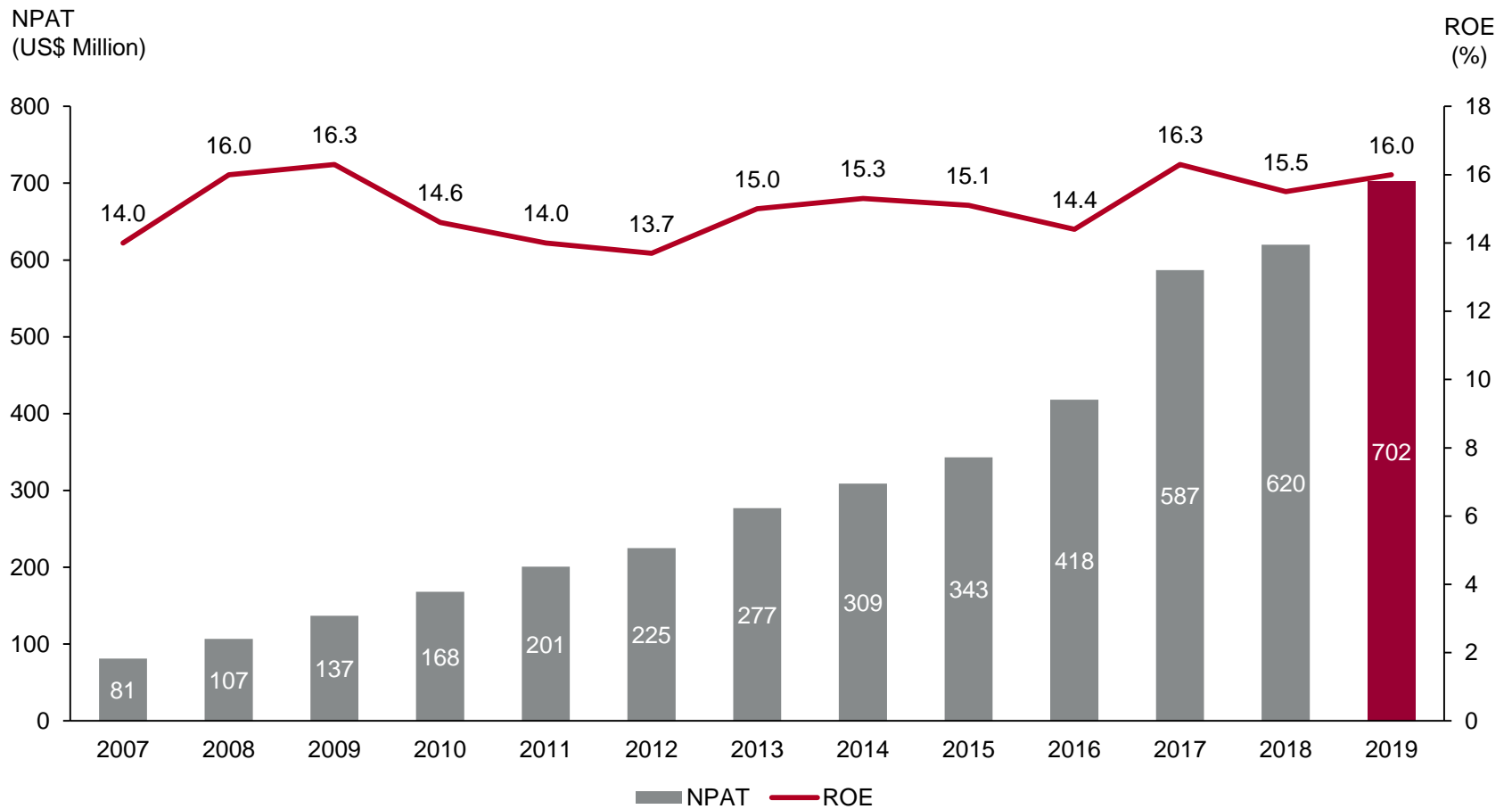
All data as at 31 December 2019 unless otherwise indicated

Notes:

1. Includes owned, managed and aircraft on order
2. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery
3. As at 31 March 2020



Strong Financial Performance



High average ROE of 15% since 2007

All data as at 31 December of relevant year unless otherwise indicated



Experienced Global Management Team



Robert Martin

Managing Director & Chief Executive Officer

- 32 years of banking and leasing experience
- Managing Director since July 1998

Zhang Xiaolu

Vice-Chairman & Deputy Managing Director

- 29 years of banking experience
- In charge of Procurement and Board Secretariat departments

Phang Thim Fatt

Deputy Managing Director & Chief Financial Officer

- 41 years of airline and leasing experience
- Involved in the establishment of the Company
- In charge of Finance, Risk, Tax and Treasury

Steven Townend

Deputy Managing Director

- 28 years of banking and leasing experience
- In charge of revenue activities for Europe, Americas and Africa

David Walton

Deputy Managing Director & Chief Operating Officer

- 33 years of legal, aviation finance and leasing experience
- In charge of all operations and related departments

Deng Lei

Chief Commercial Officer (Asia Pacific & the Middle East)

- 21 years of banking experience
- In charge of revenue activities for Asia Pacific and Middle East

Paul Kent

Chief Commercial Officer (Europe, Americas, Africa)

- 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

24

19

5

1

1

Years of experience

32

29

41

28

33

21

24

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

All data as at June 2020



Core Competencies - BOC Aviation Track Record

Since inception in 1993:

- Purchasing More than 890 aircraft purchased totalling more than US\$50 billion
 - Leasing More than 990 leases executed with > 160 airlines in 57 countries and regions
 - Financing US\$30 billion in debt raised since 1 January 2007
-
- Sales More than 360 aircraft sold
 - Transitions More than 90 transitions
 - Repossessions¹ 46 aircraft in 14 jurisdictions

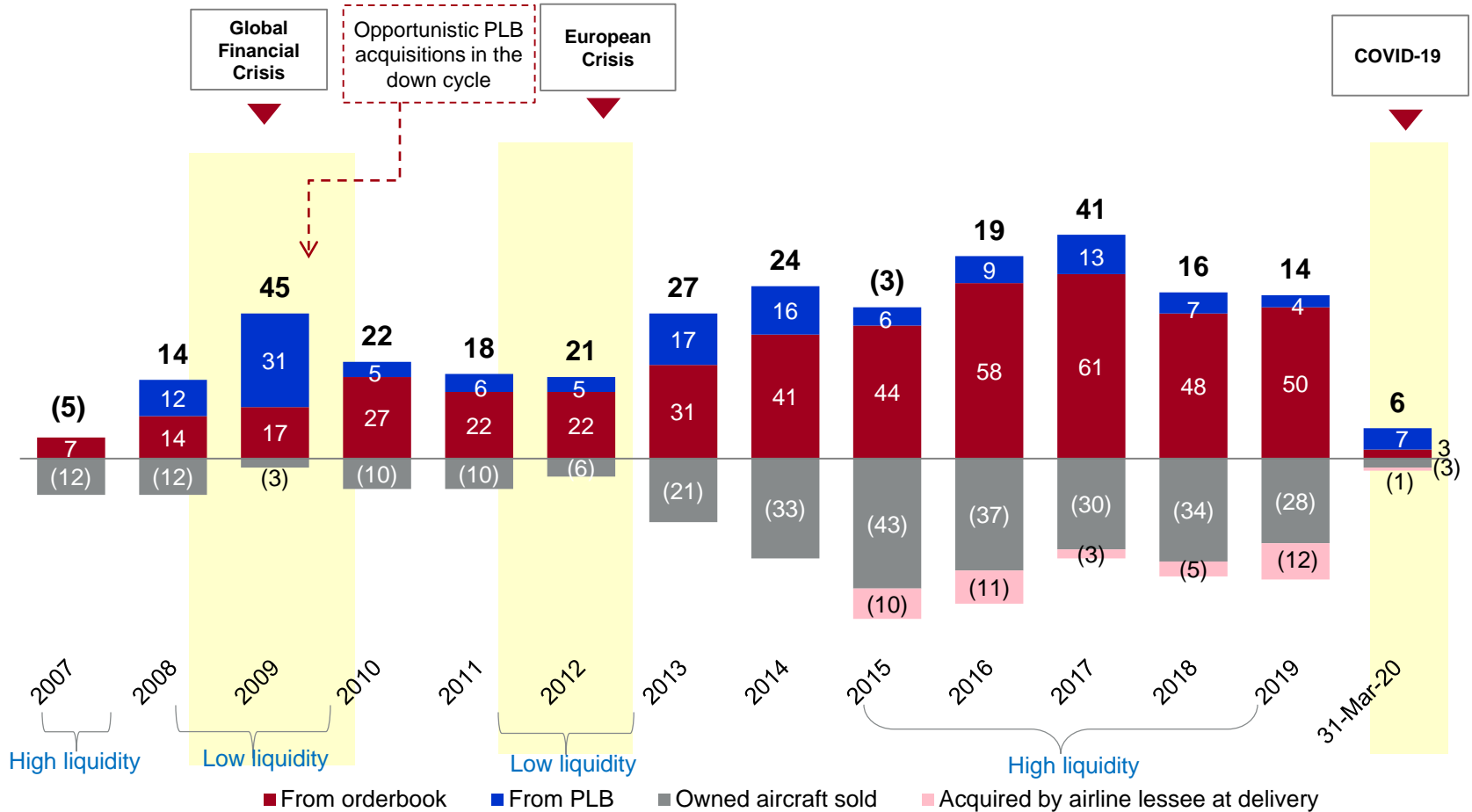
All data as at 31 March 2020, since inception unless otherwise indicated

Note:

1. Includes repossessions and consensual early returns

How We Invest

Number of aircraft delivered, purchased and sold

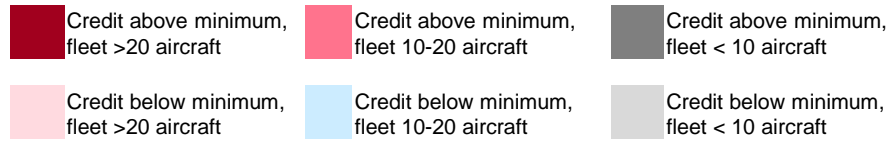
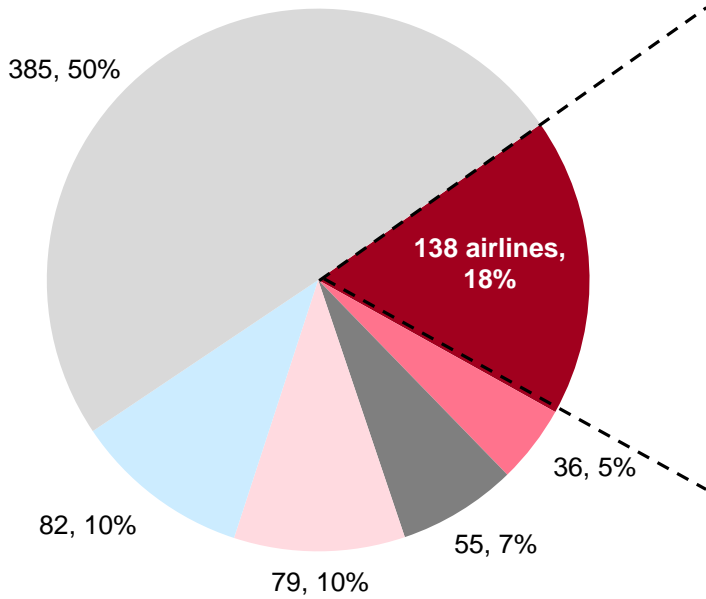


All data as the end of the relevant period

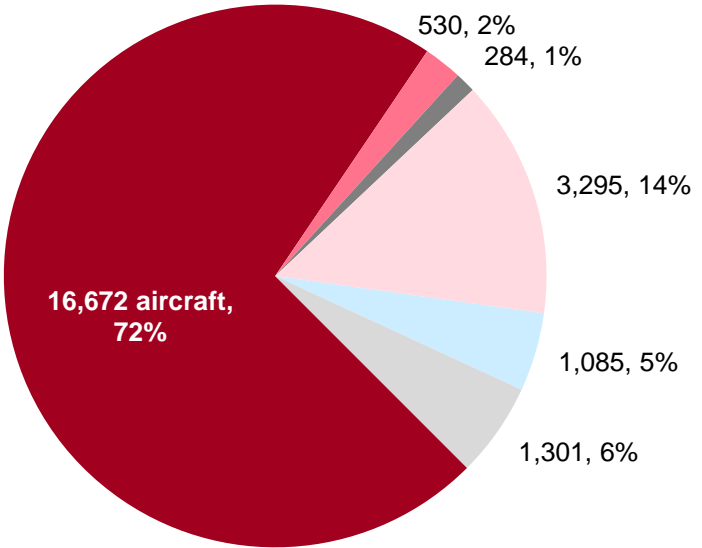
Leasing: Customer Segmentation

- 775 airlines in service today
- Focus on 138 airlines or only 18% of the airlines in the market – minimum credit score, above 20 aircraft

Airline segmentation by credit score and fleet size

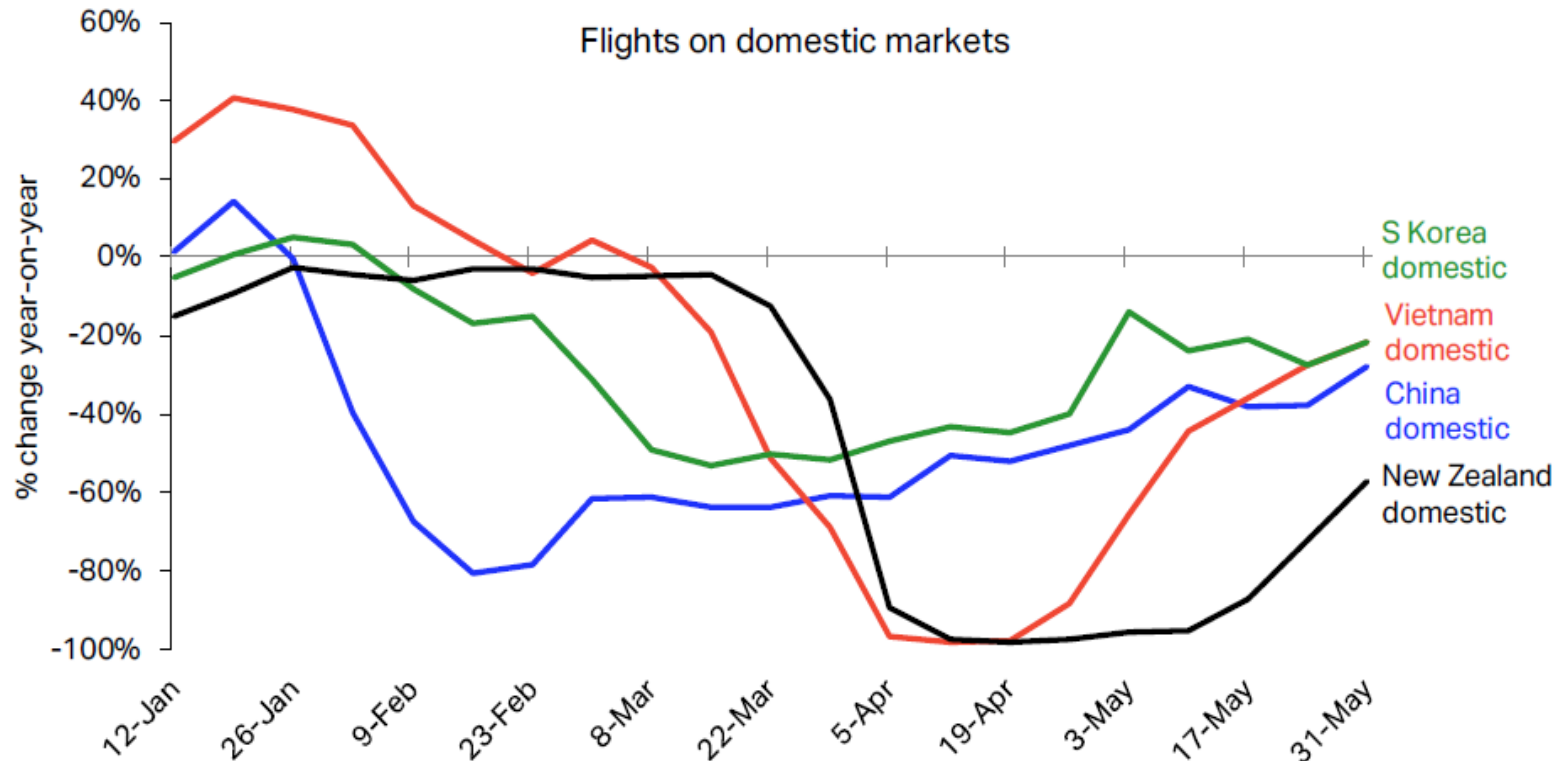


Our target 138 airlines operate 72% of the current in-service aircraft



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

COVID-19 Recovery: Domestic Markets¹ Lead the Way



Source: IATA Economics analysis based on data provided under license by FlightRadar 24. All rights reserved.

Three key Asian markets are now within ~25% of 2019 levels

Note:
1. Source: IATA (COVID-19: Air travel reaching a turning point, 3 June 2020, Brian Pearce, Chief Economist)





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