

# Goldman Sachs 2024 Aircraft Leasing Conference

NEW YORK  
DECEMBER 2024

# Recent Developments



## STRONG ASSET QUALITY

- 693 aircraft owned, managed and on order
- 5.0 years<sup>1</sup> average fleet age; 7.8 years<sup>1</sup> average remaining lease term
- 99% aircraft utilisation rate



## PROACTIVE INVESTMENT STRATEGY

- Delivered seven new aircraft in 3Q, 25 in 9M 2024
- Signed 35 lease commitments in 3Q, 90 in 9M 2024
- Committed to acquire 19 aircraft in 3Q, 33 in 9M 2024
- Closed September 2024 with an order book of 231 aircraft
- Recent transactions with United, Frontier and TUI add 33 aircraft deliveries to 2024-26 skyline



## ROBUST LIQUIDITY

- Total liquidity of US\$5.5 billion<sup>2</sup>
- Issued US\$500 million of 7Y bonds in August at a coupon of 4.650% per annum
- 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
- SHTN ABS credit rating upgraded three notches by S&PGR, with both As and Bs now one notch above issuance rating



## 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 30 September 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

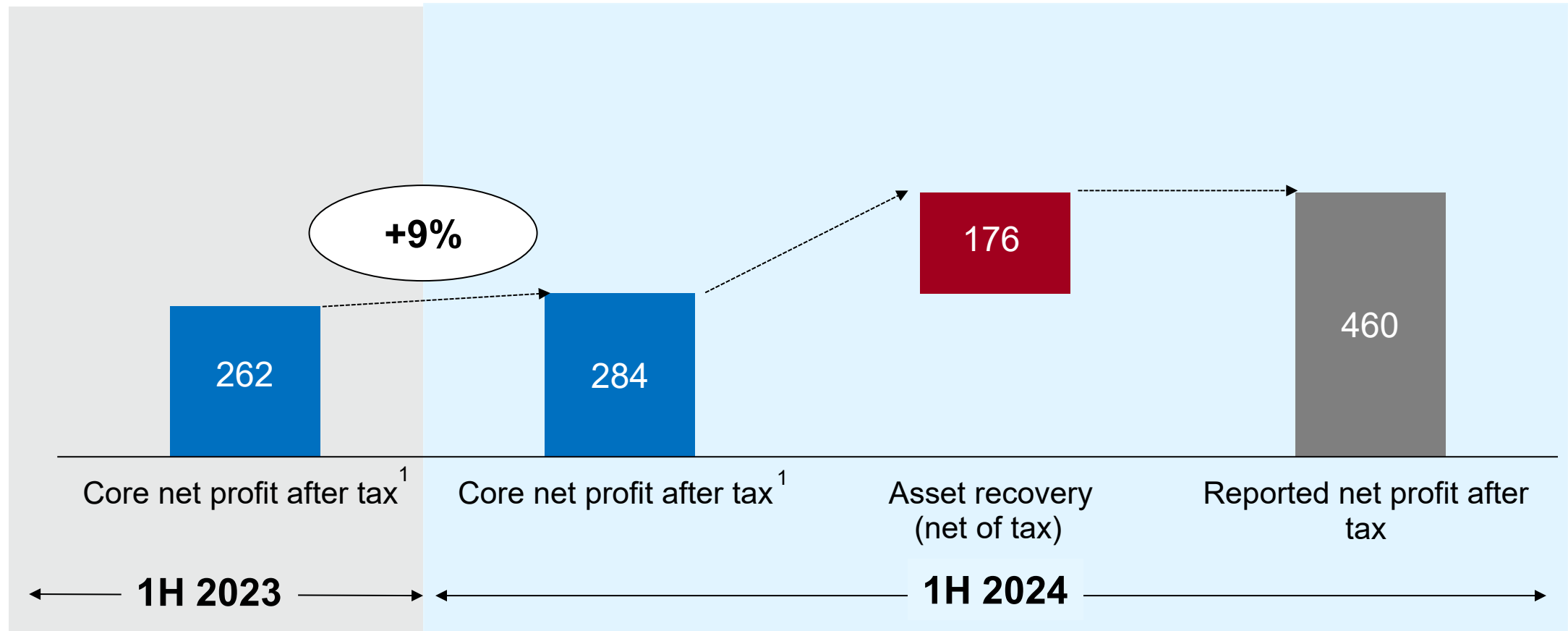
## A Record 1H 2024

	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



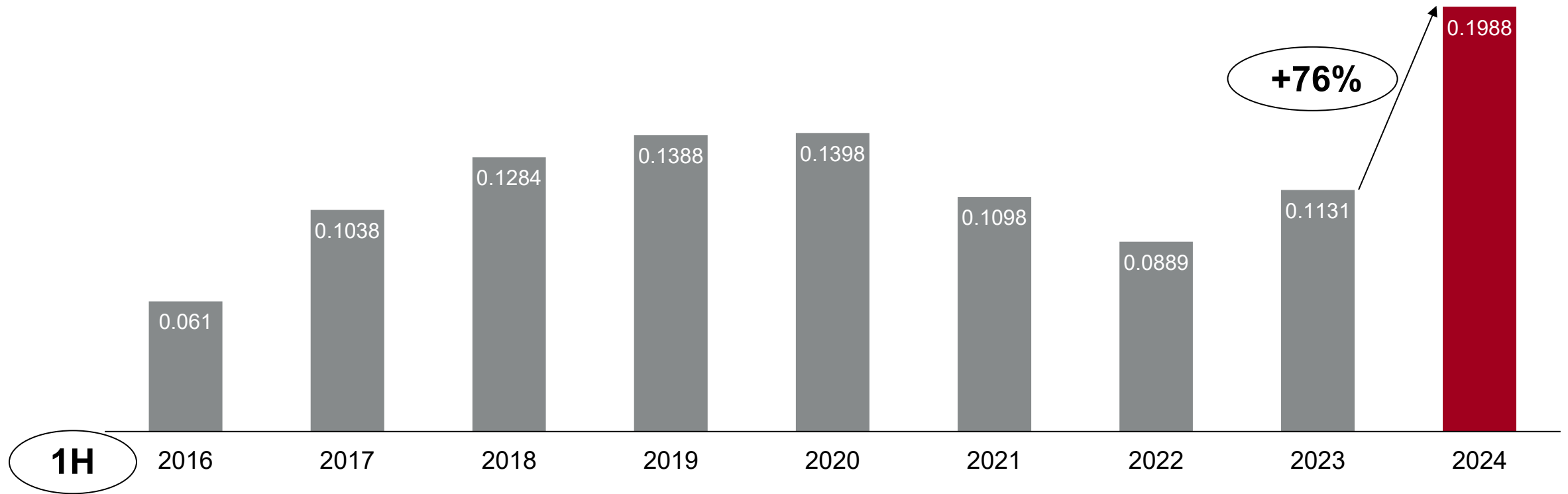
**Robust growth in core business and continued success in Russia-related recoveries**

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

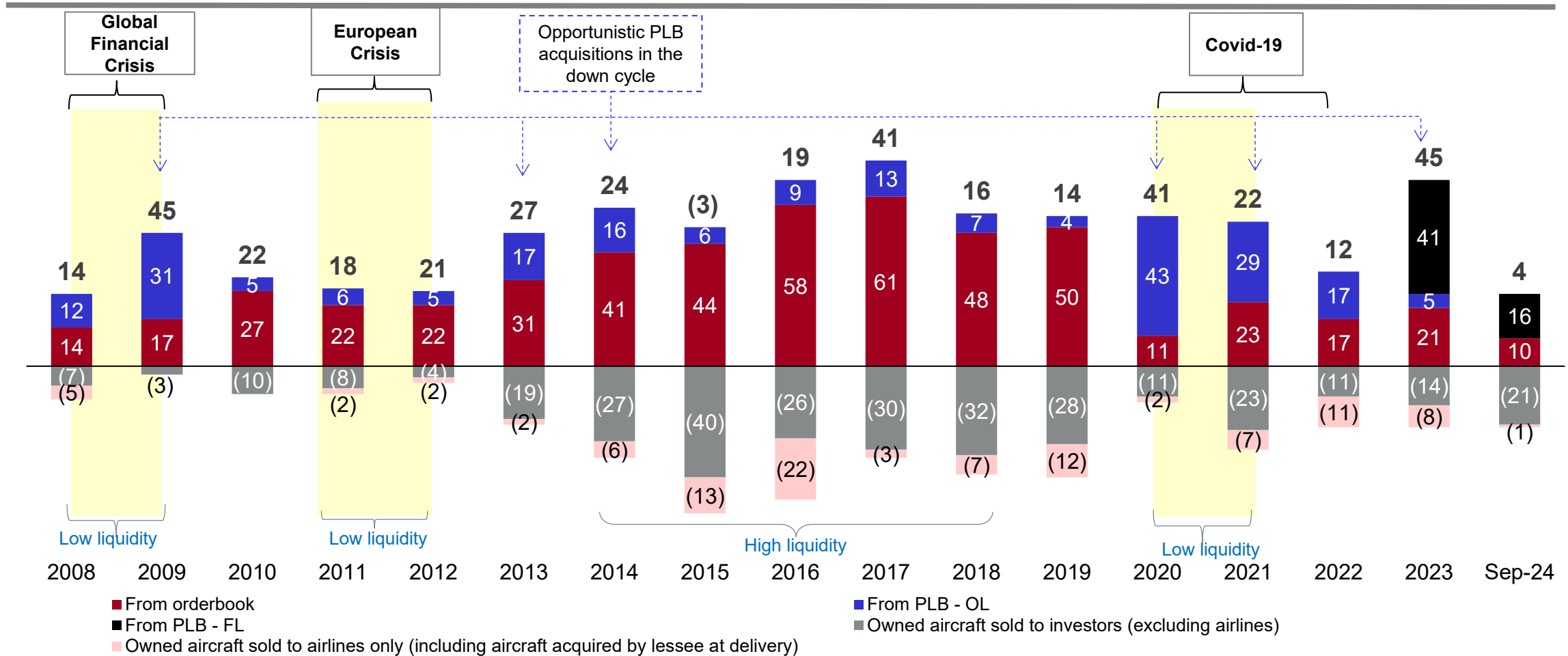
## Strong Balance Sheet and Liquidity

	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



**Strong orderbook of 231 aircraft**

# 100% of Orderbook Comprises Latest Technology Aircraft

## Our aircraft portfolio

Aircraft type	Owned aircraft	Managed aircraft	Aircraft on order	Total
Airbus A220 family	23	0	0	23
Airbus A320CEO family	70	13	0	83
Airbus A320NEO family	133	0	137	270
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	65	0	86	151
Boeing 777-300ER	27	3	0	30
Boeing 787 family	27	1	8	36
Freighters	5	1	0	6
<b>Total</b>	<b>430</b>	<b>32</b>	<b>231</b>	<b>693</b>

**79% of existing fleet is latest technology aircraft<sup>1</sup>**

All data as at 30 September 2024 unless otherwise indicated

Note:

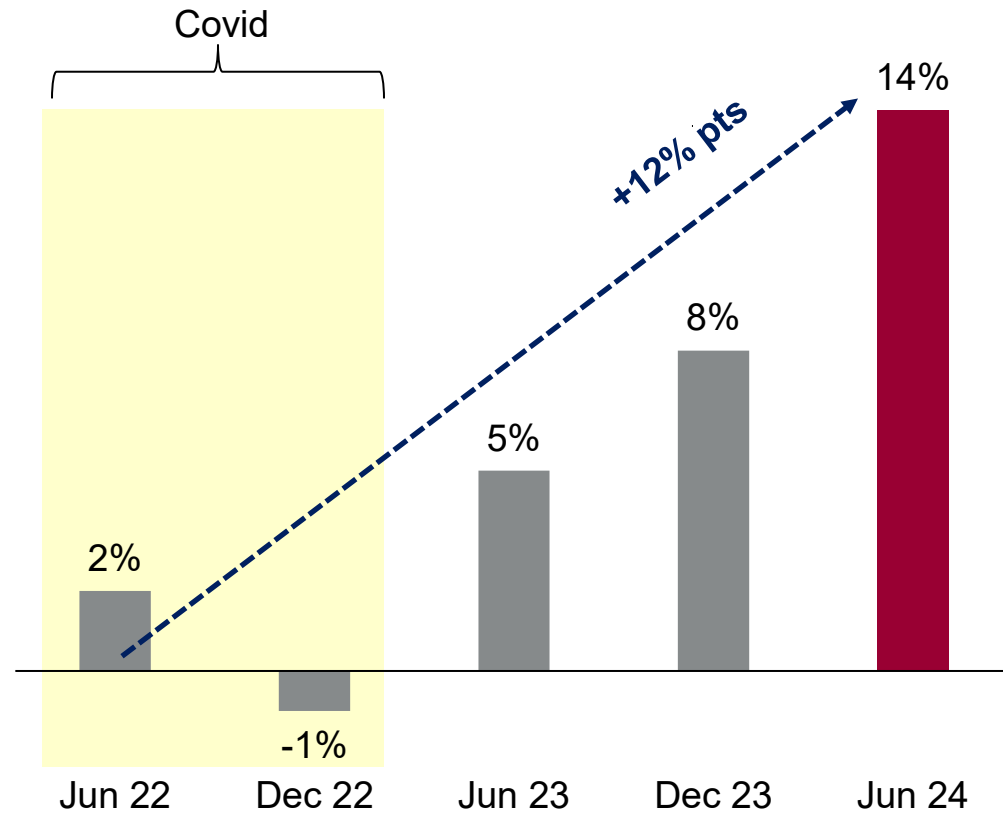
1. Based on net book value and including aircraft subject to finance leases as at 30 June 2024



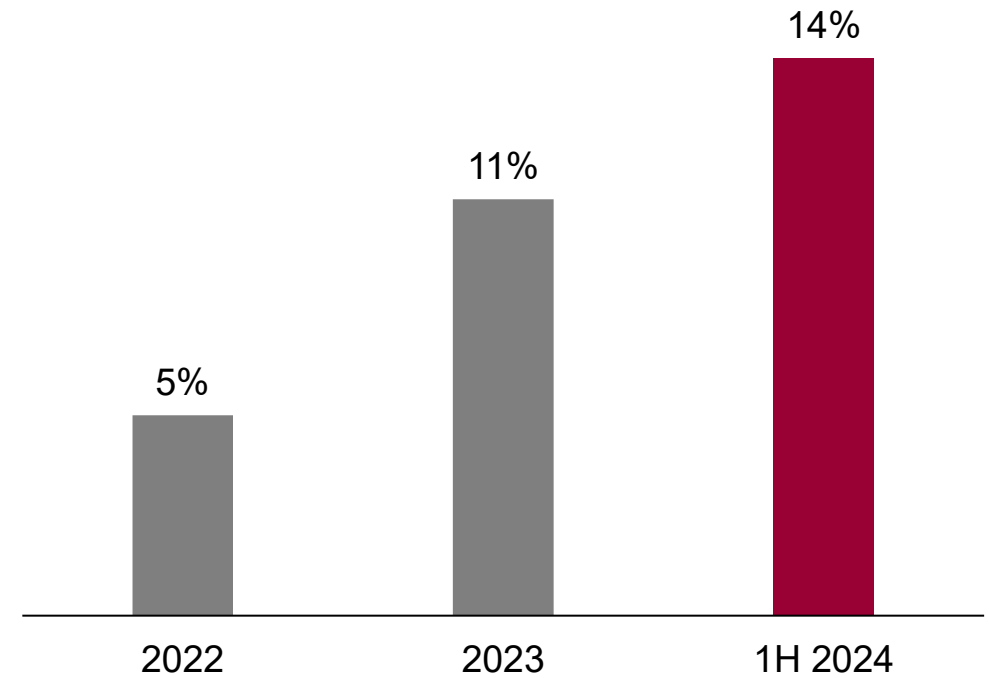


# Higher Gains on Aircraft Sales Create Additional Business Value

Average appraised values > aircraft NBV



Gains on aircraft sales margin

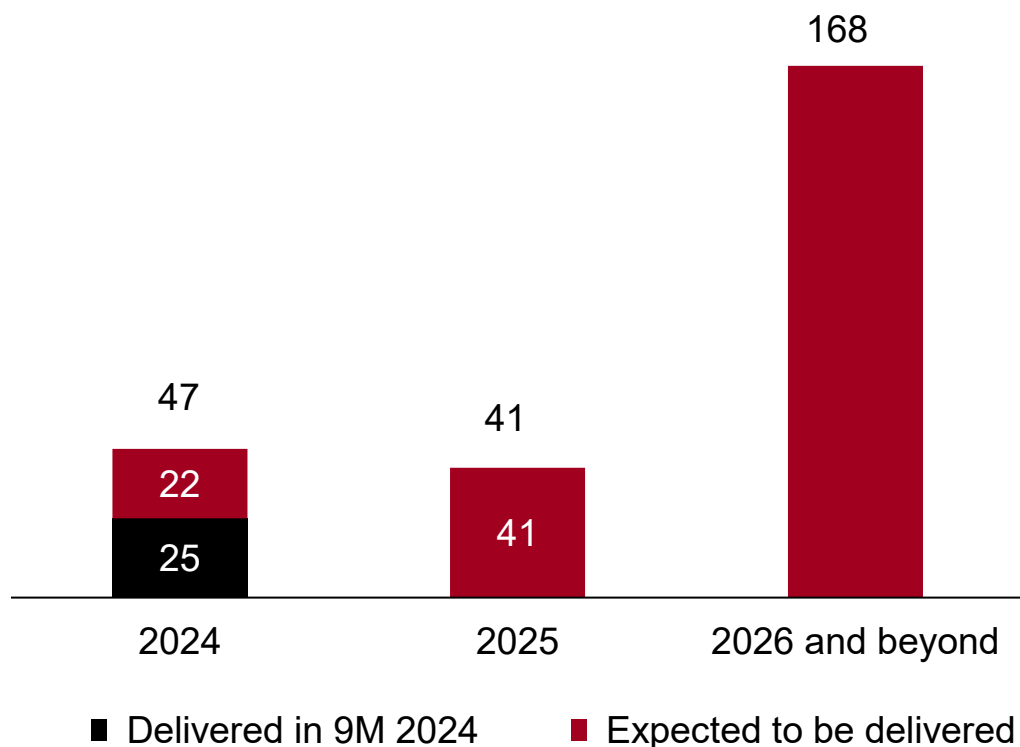


Gains on sale are above long-run average of 9%

# Investing For The Future

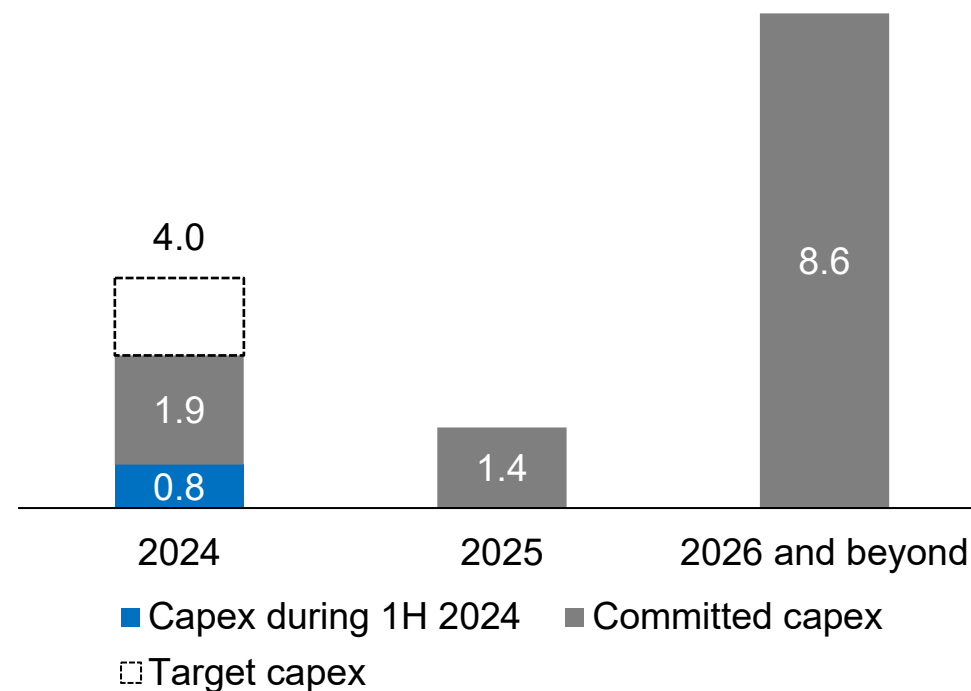
## Orderbook delivery schedule<sup>1</sup>

Number of aircraft



## Total committed capex of US\$12 billion

US\$ billion



**Our robust orderbook is the catalyst for growth**

All data as at 30 June 2024 unless otherwise indicated

Note:

1. Based on expected delivery dates as at 30 September 2024, subject to changes



# Robust Air Passenger Traffic

Passenger traffic<sup>1</sup>

**+7%**

Capacity<sup>2</sup>

**+6%**

Passenger load factor<sup>3</sup>

**84%**

**Global air traffic recovery now complete**

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

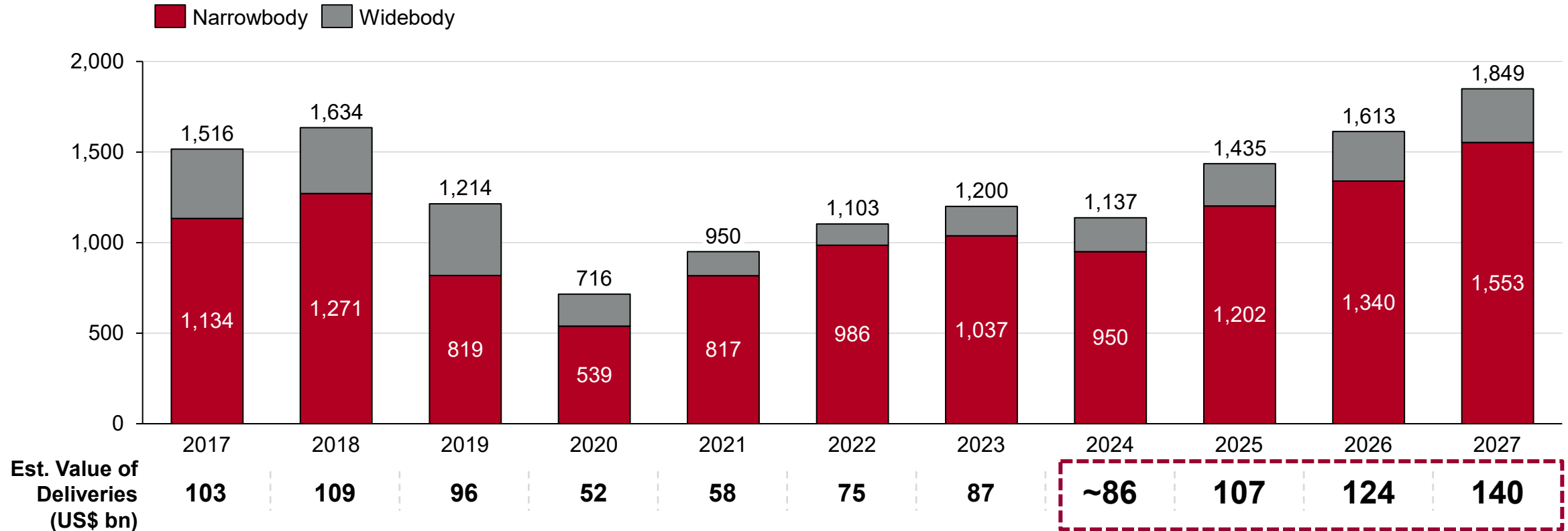
Notes:

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

# 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 23 October 2024, based on guidance published by OEMs

Note:

1. Defined as widebody, narrowbody and large regional jets

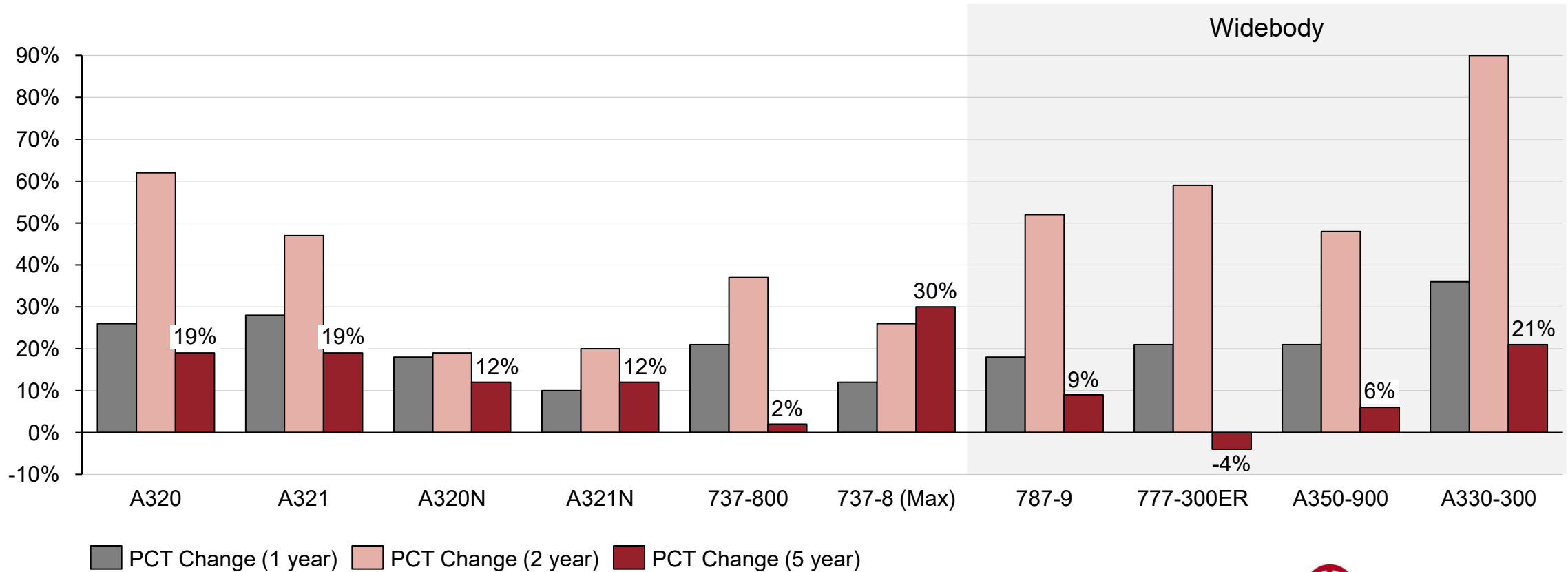


# Supply Shortfall Significantly Lifts Lease Rates

Lease rates for nearly all aircraft types returning to or exceeding 2019 levels, with no signs of easing soon

## Change in Market Lease Rate

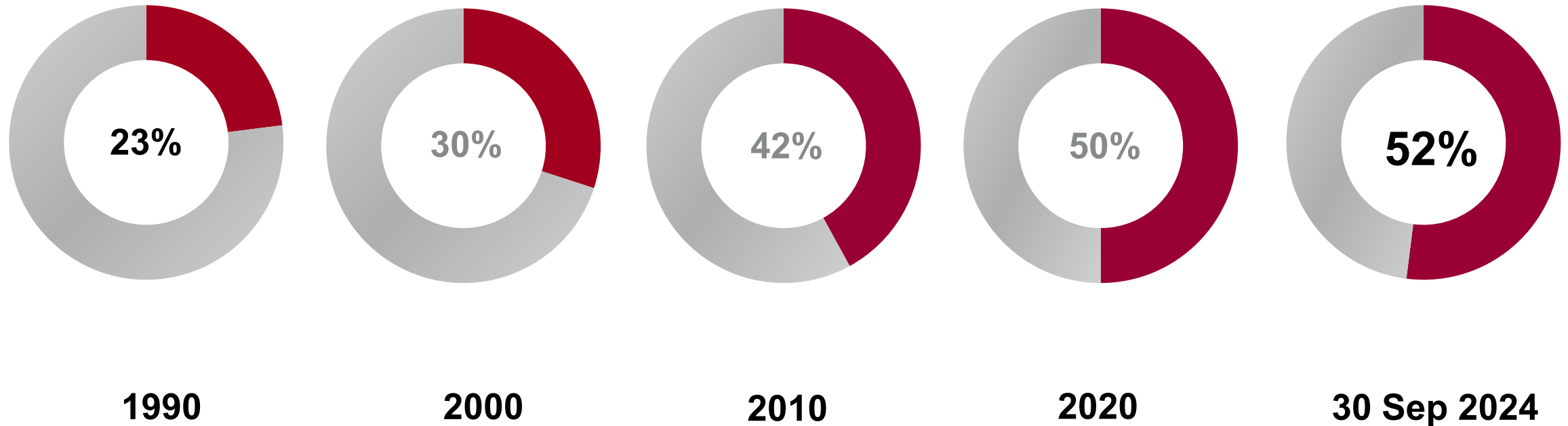
Percentage change on a fleet-weight and constant-age basis compared to 1-, 2- and 5-years prior



Source: Cirium fleet data

# 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 NPAT

**US\$138m**

Record interim dividend

**US\$908m**

Record cash flow<sup>1</sup>

**US\$12bn**

Robust capex pipeline

**US\$2.5bn**

Aircraft value premium to NBV<sup>2</sup>

**A truly global aircraft leasing company**

All data as at 30 June 2024

Notes:

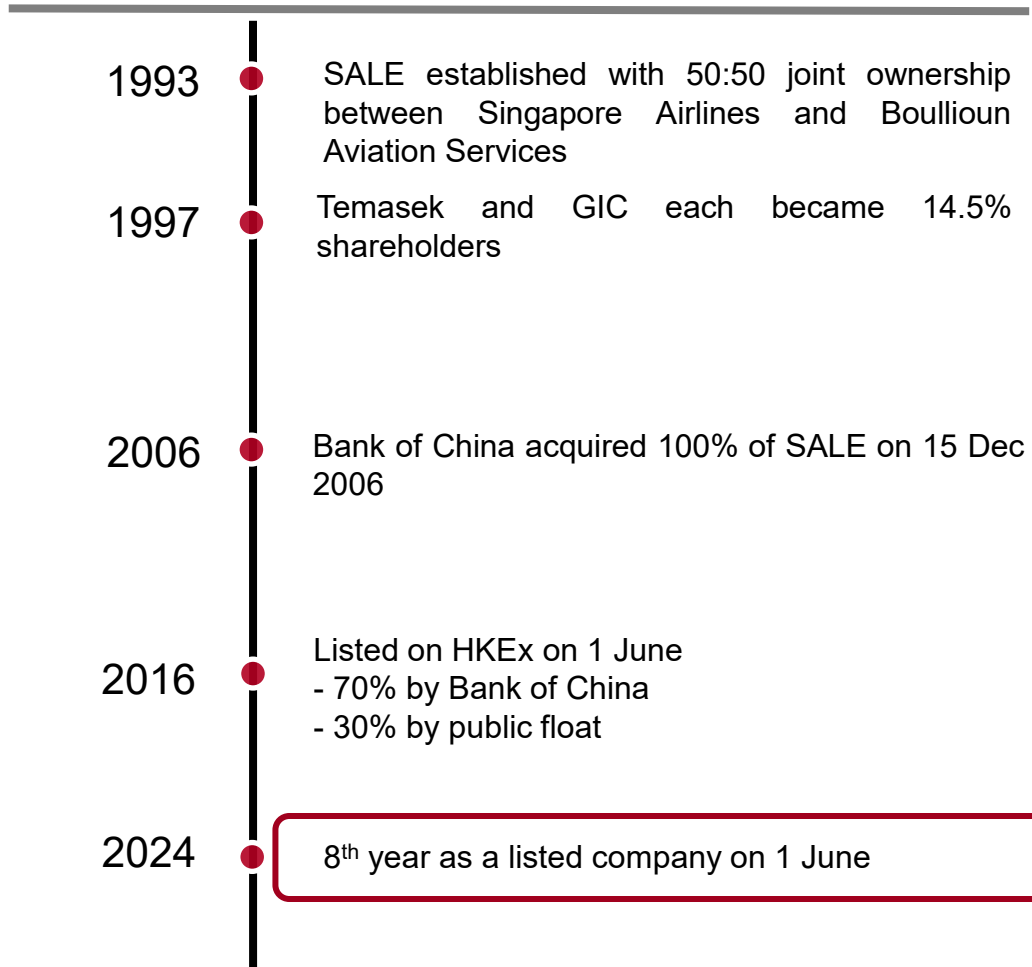
1. Operating cash flow net of interest
2. Average appraised aircraft values over aircraft net book value

# APPENDICES

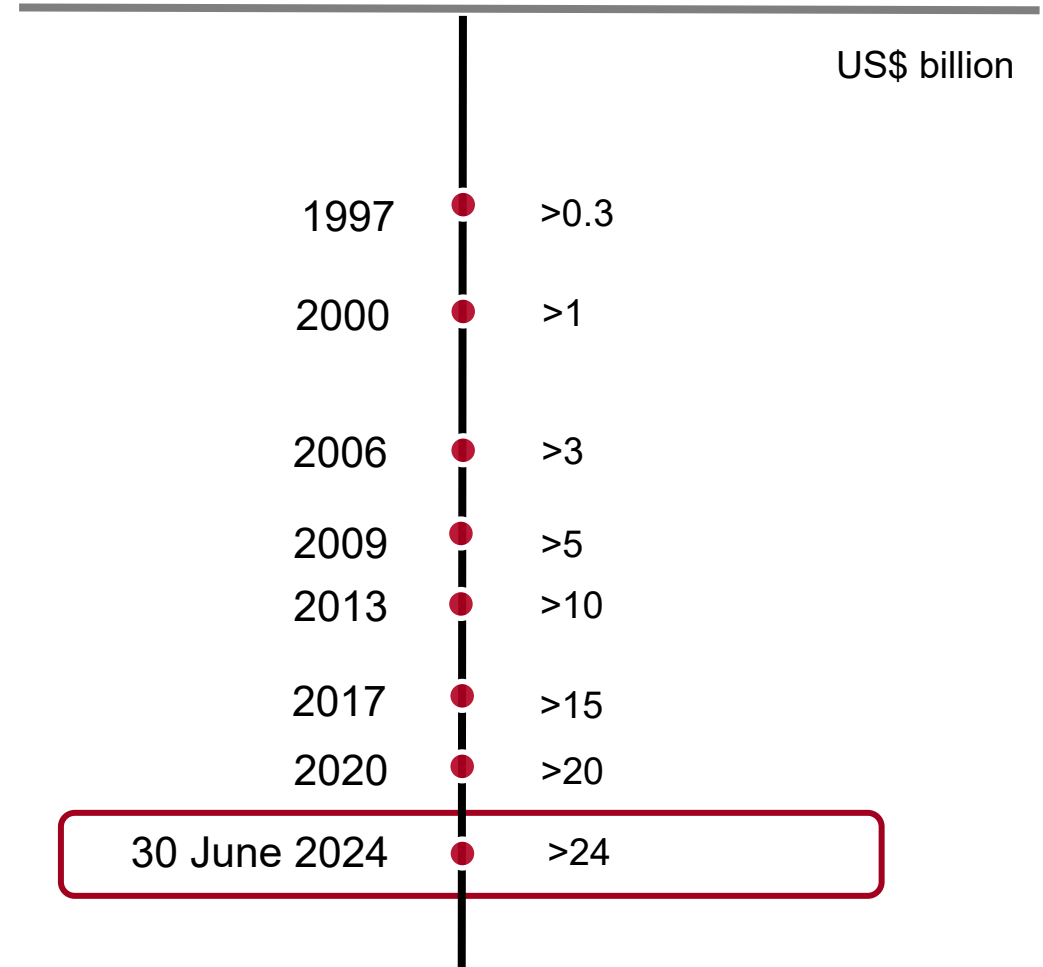


# The BOC Aviation Journey – 31 Years in 2024

## Ownership



## Total assets



**Market capitalisation of US\$5.6 billion<sup>1</sup>**

All data as at the end of the relevant period

Note:

1. Source: Bloomberg (as at 25 October 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<sup>1</sup>

**93** customers in **48** countries  
and regions<sup>2</sup>

## Profit track record

**In our 31<sup>st</sup> 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

**693**  
Aircraft in fleet<sup>3</sup>

**231 / 5.0 years / 7.8 years**  
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 30 September 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 30 September 2024



# 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

**Paul Kent**

**Chief Commercial Officer (Europe, Americas & Africa)**

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

**Max Qian**

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

- 31 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 US\$65 billion
- Leasing More than 1,400 leases executed with > 190 airlines in > 60 countries and regions
- Financing<sup>1</sup> US\$46 billion in debt raised

- Sales More than 450 owned and managed aircraft sold
- Transitions 150 transitions
- Repossessions<sup>2</sup> 70 aircraft in 21 jurisdictions

## The outcome:

- Total number of aircraft delivered **913**
- Proportion of aircraft sold<sup>3</sup> **50%**
- Proportion of transitions<sup>4</sup> **10%**
- Proportion of repossessions<sup>4</sup> **5%**

All data as at 30 September 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

## 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>7/5/2024</b>	<b>5.5</b>	<b>500</b>	<b>5.250</b>	<b>5.323</b>	<b>87.5</b>
<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
Air Lease Corp	17/1/2024	5	500	5.100	5.379	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

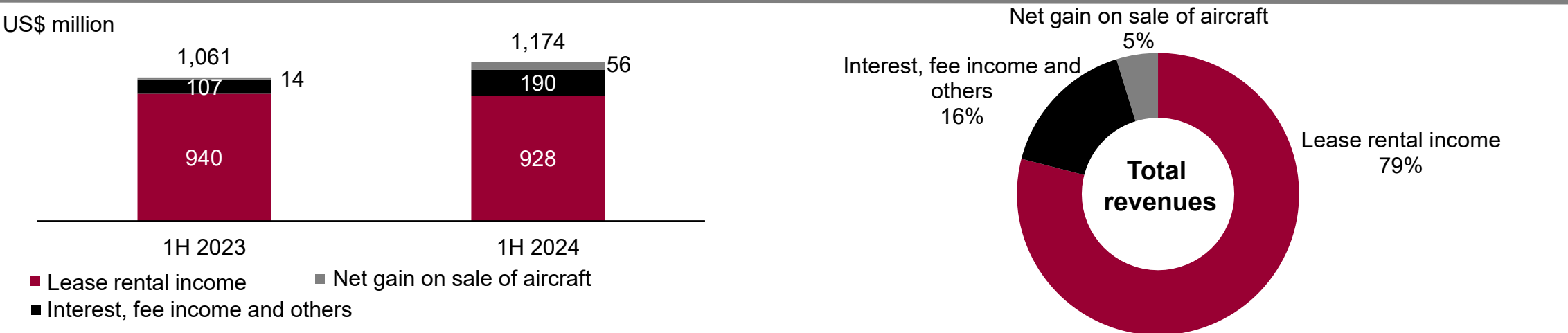
**May 2024's BOC Aviation offering featured tightest pricing of any lessor issuance since 2005**

Sources: Bloomberg and BOC Aviation's estimates

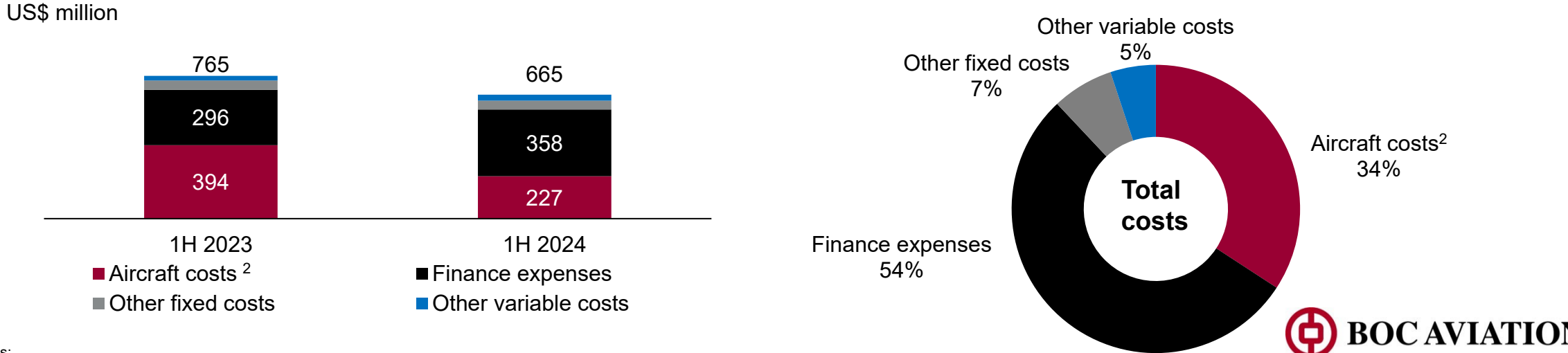


# Lease Rental Income Drives Revenue

## Lease rental income drives total revenues and other income



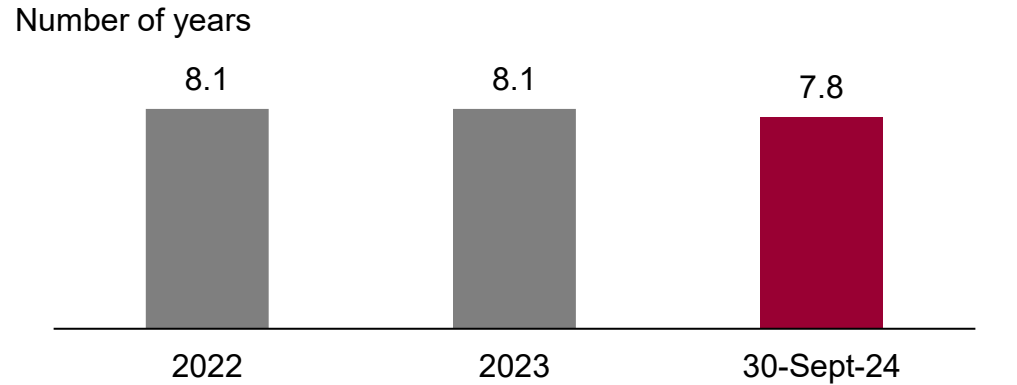
## Depreciation of aircraft and financing costs are key costs<sup>1</sup>



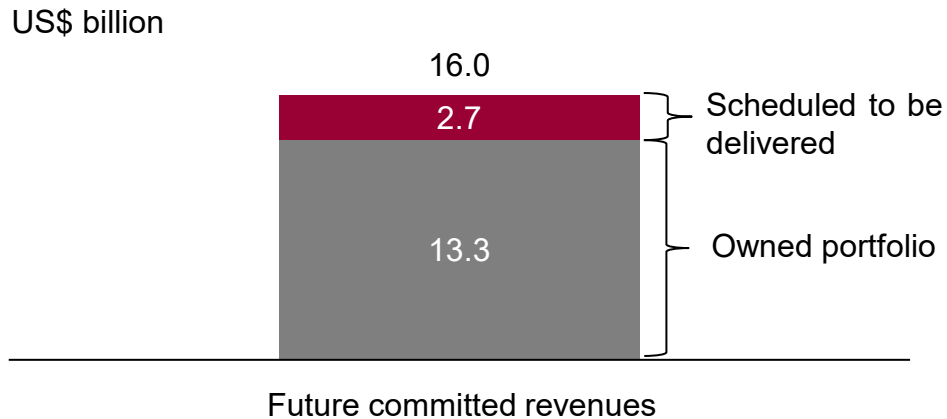
Notes:  
 1. Excluding the reversal of impairment loss in 1H 2024, aircraft costs, finance expenses, other fixed costs and other variable costs would account for 48%, 43%, 5% and 4% of total costs, respectively  
 2. Comprises aircraft depreciation and impairment charges (includes the reversal of impairment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

# Long-Term Leases A Key Feature of the Company

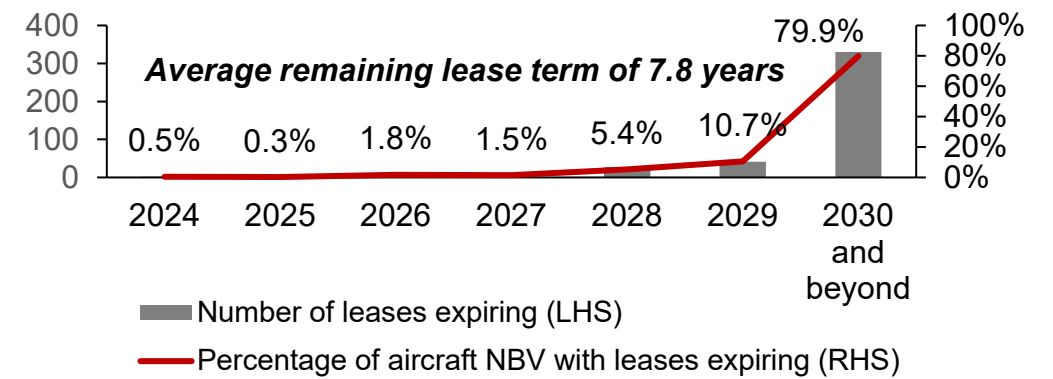
## A long average remaining lease term<sup>1</sup>



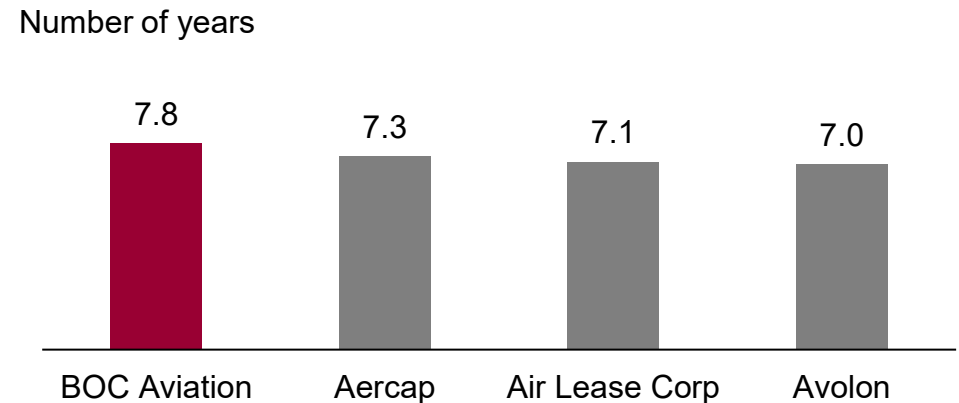
## High future committed operating lease revenue



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



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

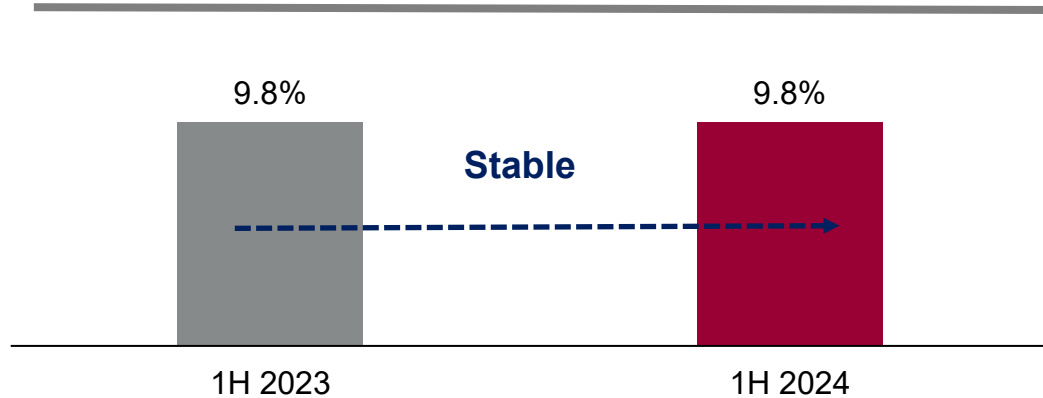


Notes:

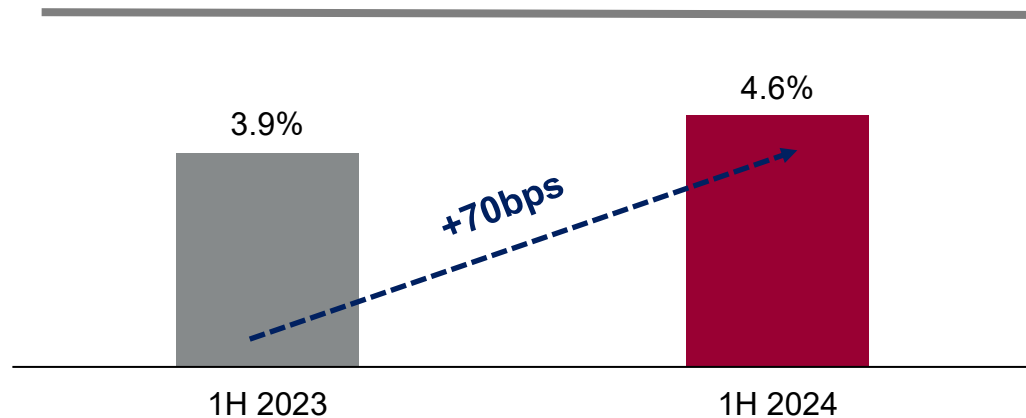
1. Weighted by net book value of owned fleet and finance lease receivables in respect of aircraft on finance leases
2. Owned aircraft with leases expiring in each calendar year, weighted by net book value including finance lease receivables in respect of aircraft on finance leases, as at 30 September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

# Stable Net Lease Yield Despite Rising Cost of Debt

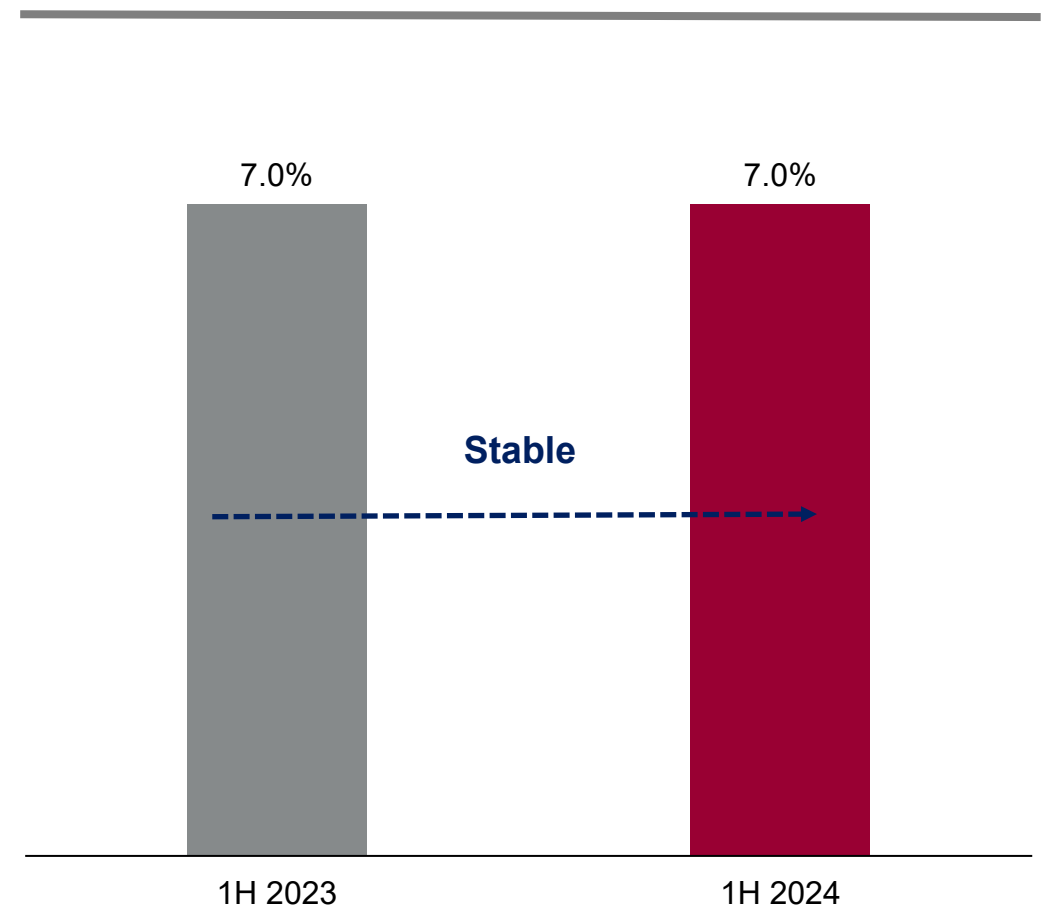
Operating lease rate factor<sup>1</sup>



Cost of debt<sup>2</sup>



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



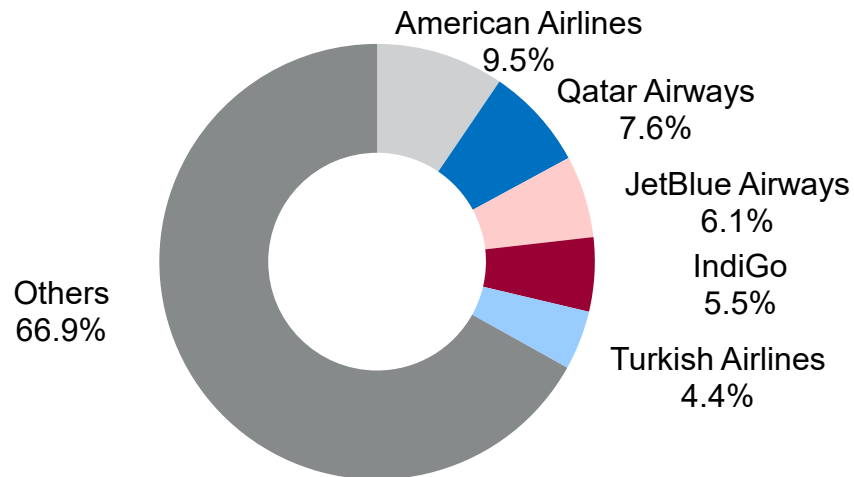
Notes:

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>



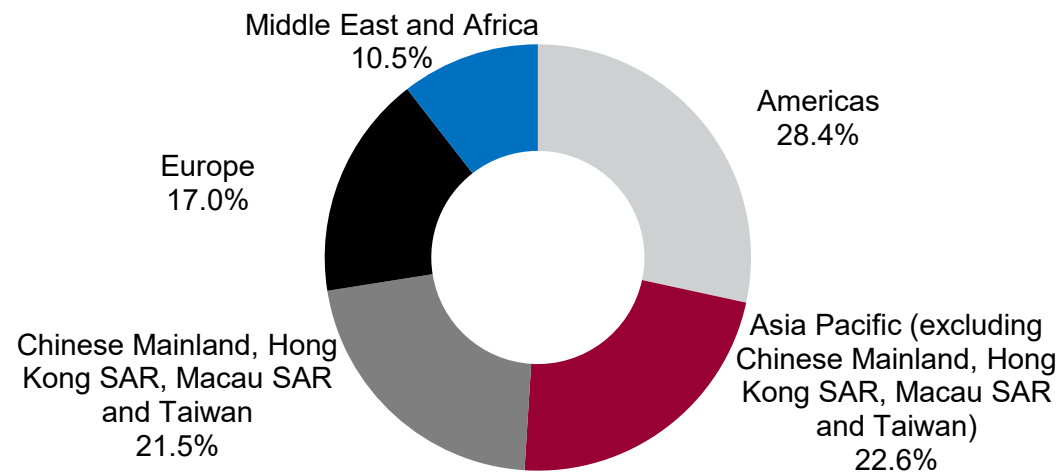
## Collection rate (%)



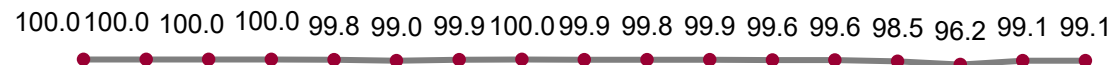
Average = 99.3%

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

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



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



Average = 99.4%

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

All data as at 30 June 2024 unless otherwise indicated

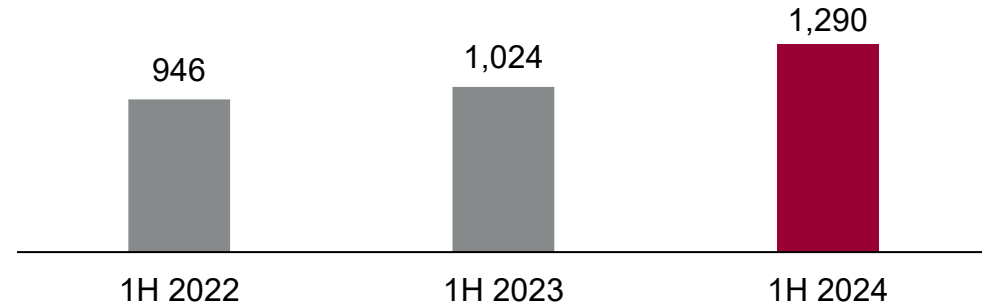
Notes:

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

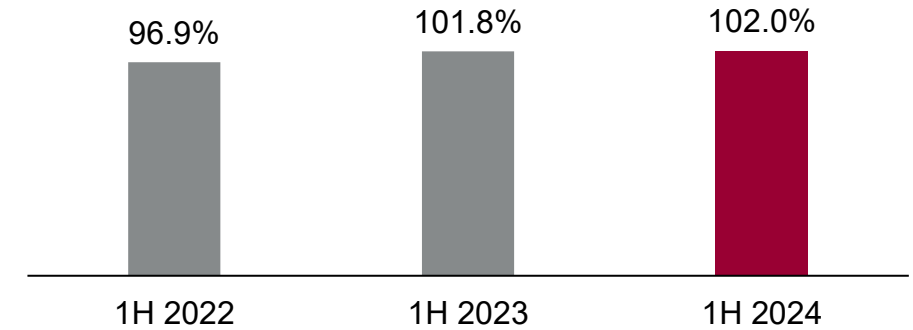
# A New Milestone in Cash Flow Generation

## Net cash flow from operating activities

US\$ million

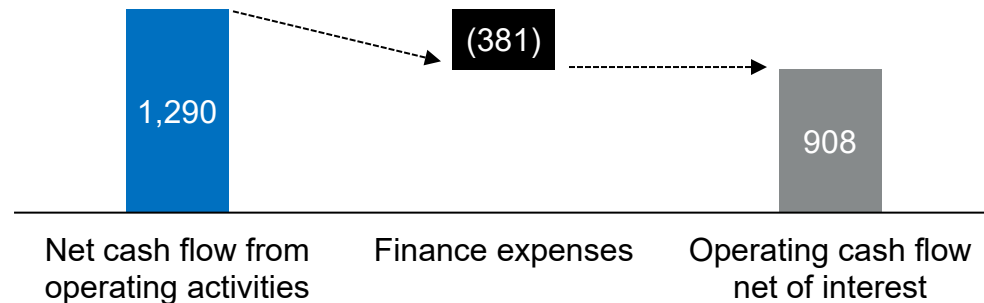


## Collection rate remained above 100%



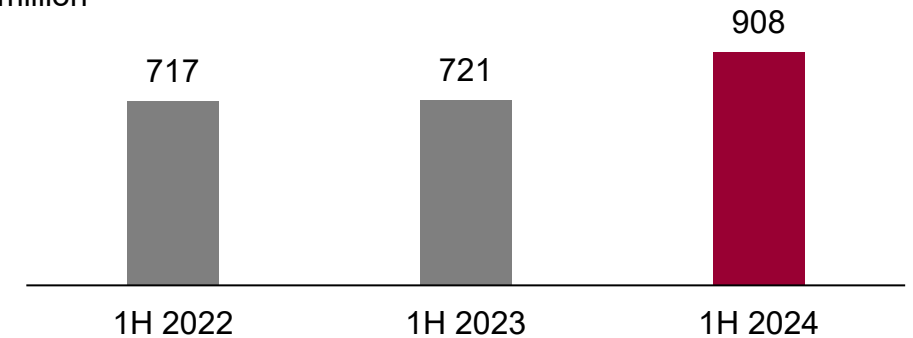
## 1H 2024 operating cash flow net of interest<sup>1</sup>

US\$ million



## Improving operating cash flow net of interest<sup>1</sup>

US\$ million



Targeting a third consecutive year of collection rates above 100%

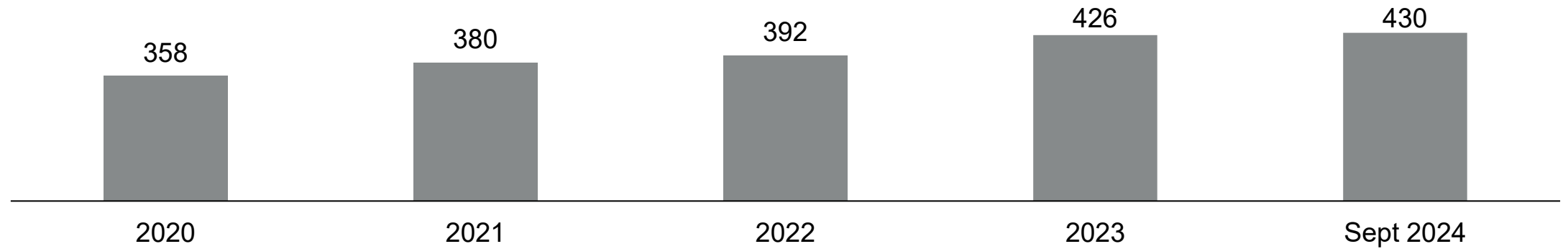
Note:

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

# Continued Investments in Aircraft

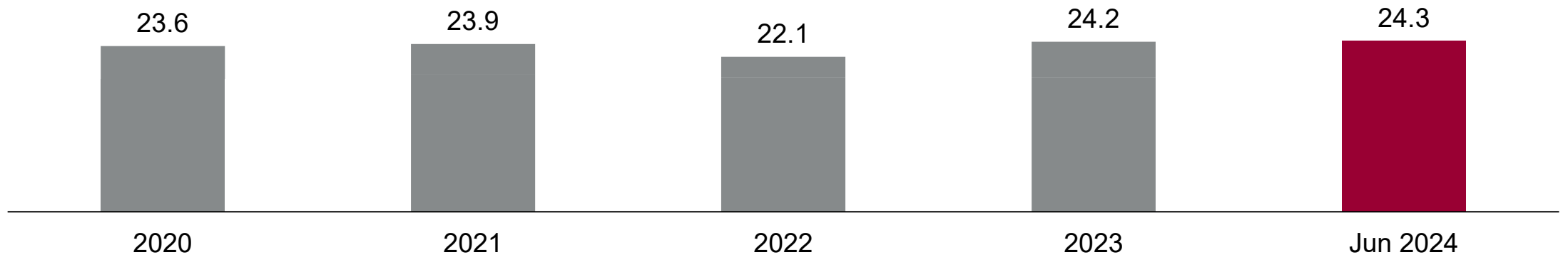
## Owned fleet of 430 aircraft

Number of owned aircraft<sup>1</sup>



## Steady growth in assets

Total assets (US\$ billion)



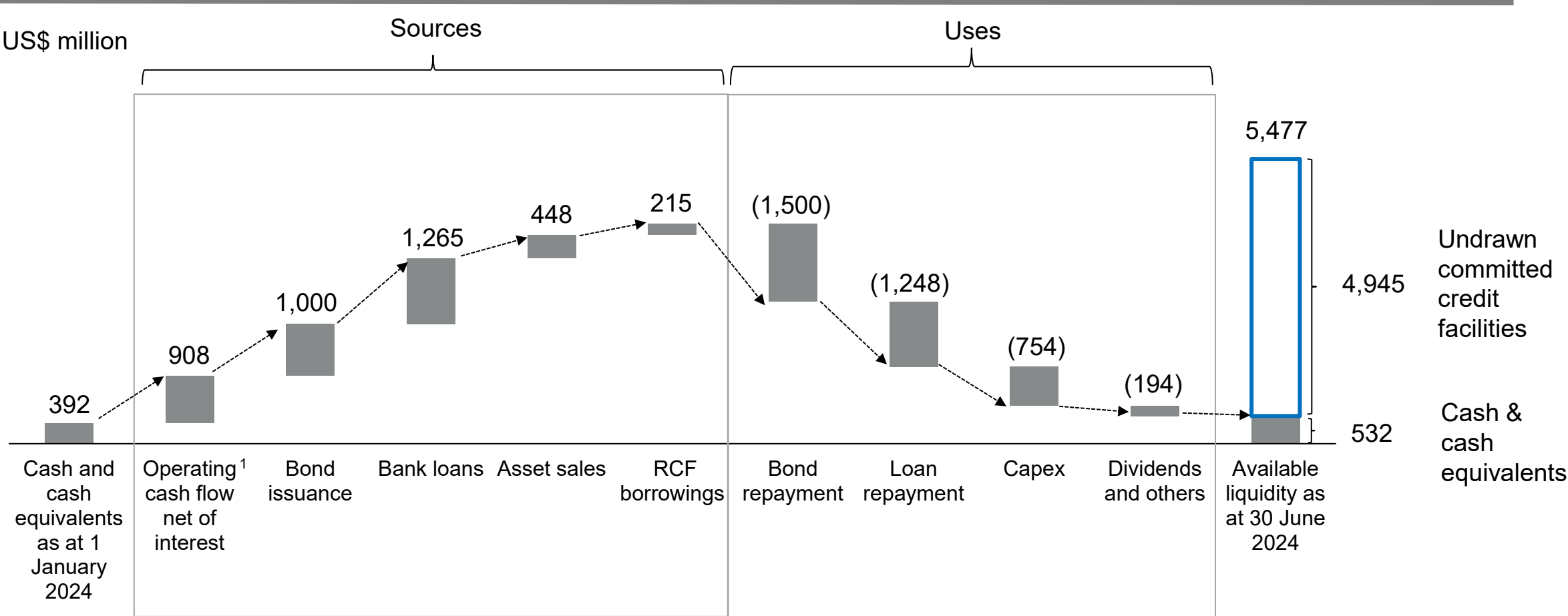
**Aircraft assets rose 8% year-on-year<sup>1</sup>**

Note:

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

# Diverse Funding Channels Utilised in 1H 2024

## Sources and Uses of Cash



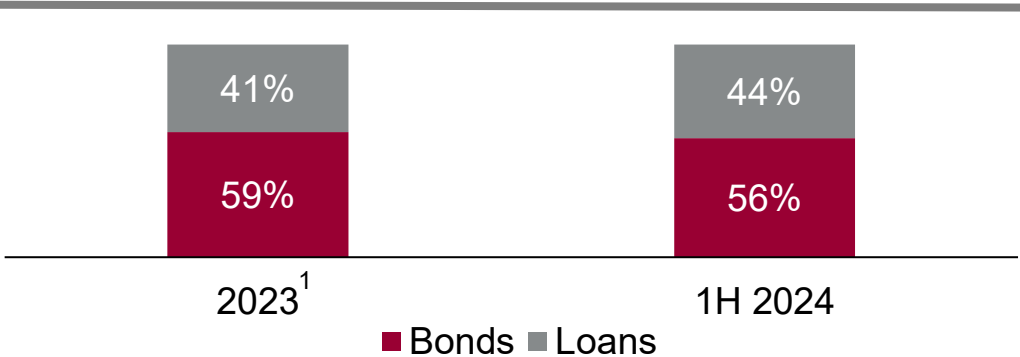
**US\$5.5 billion of committed liquidity**

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

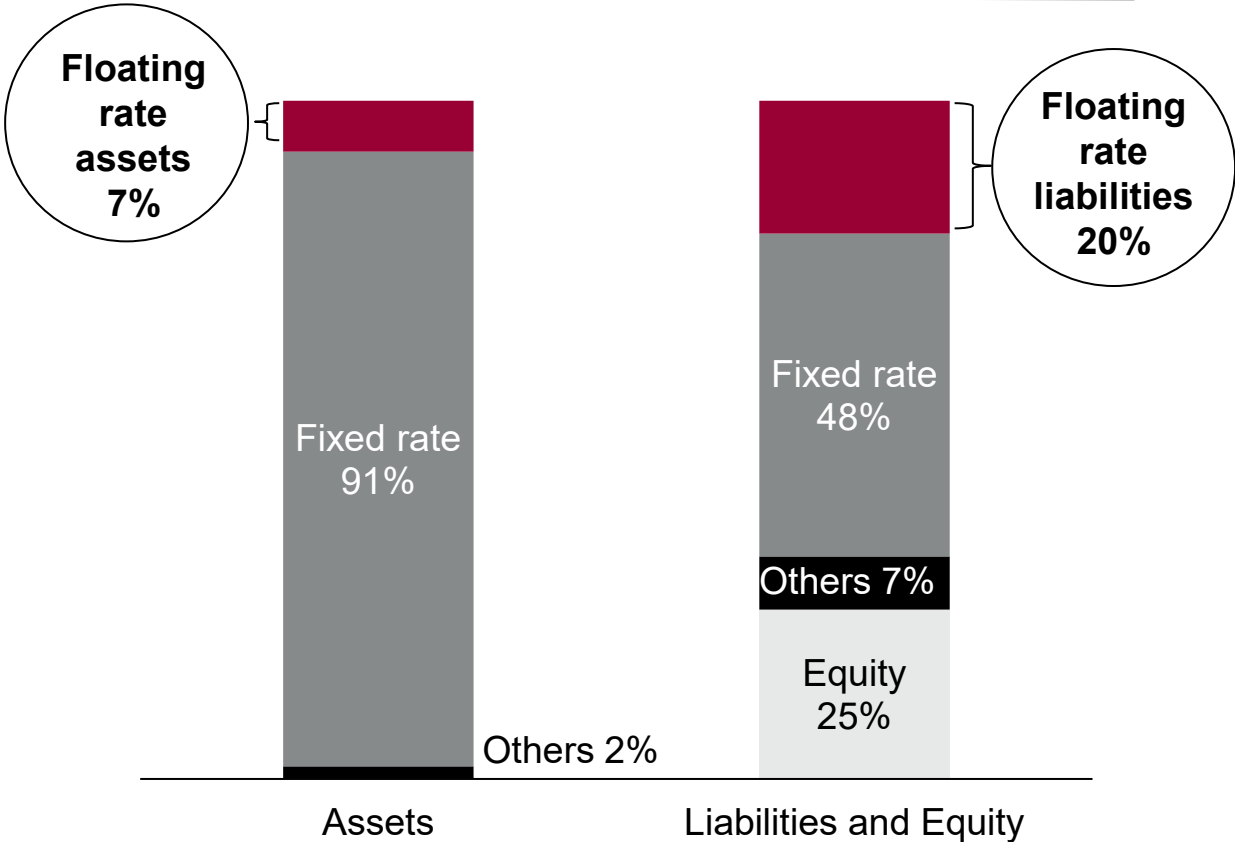


# Flexible Capital Structure

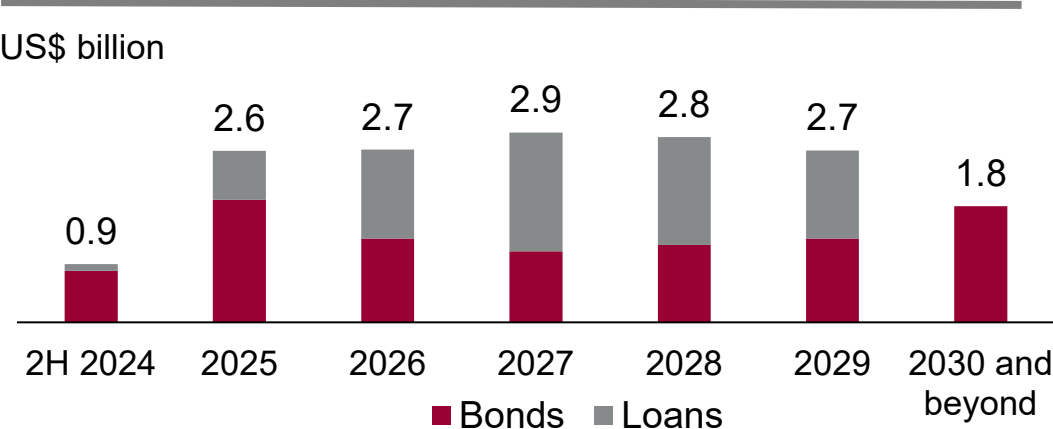
Sources of debt



Asset and liability profile



Outstanding debt maturity profile



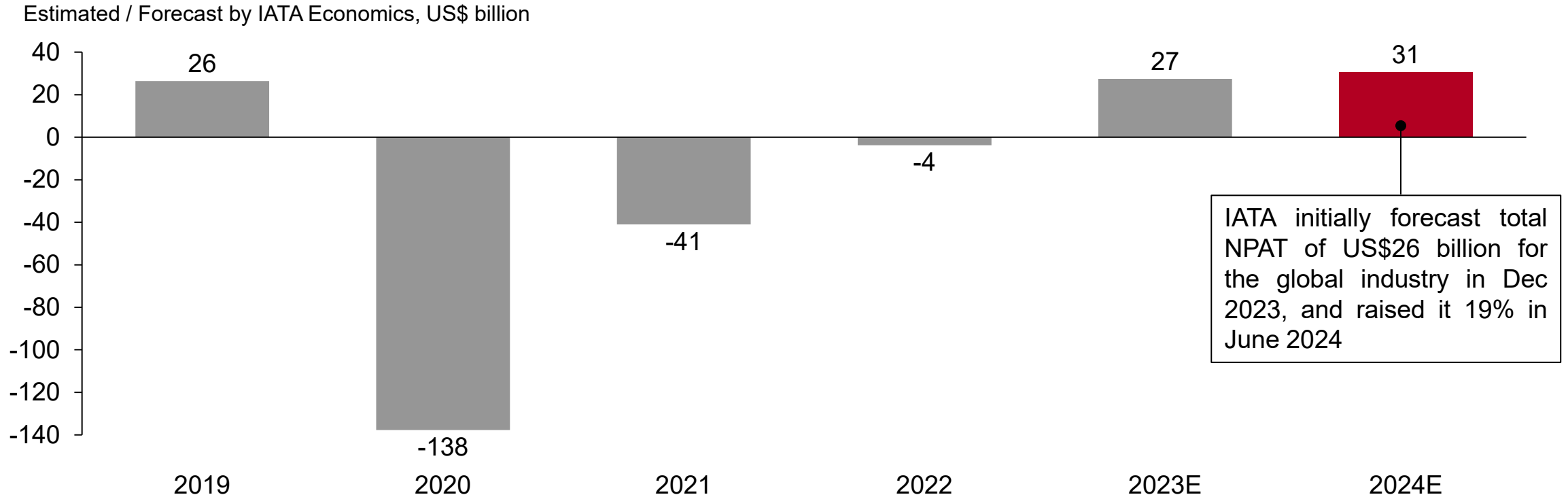
Long-term unsecured debt is a key strength

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



# Improving Airline Industry Profits

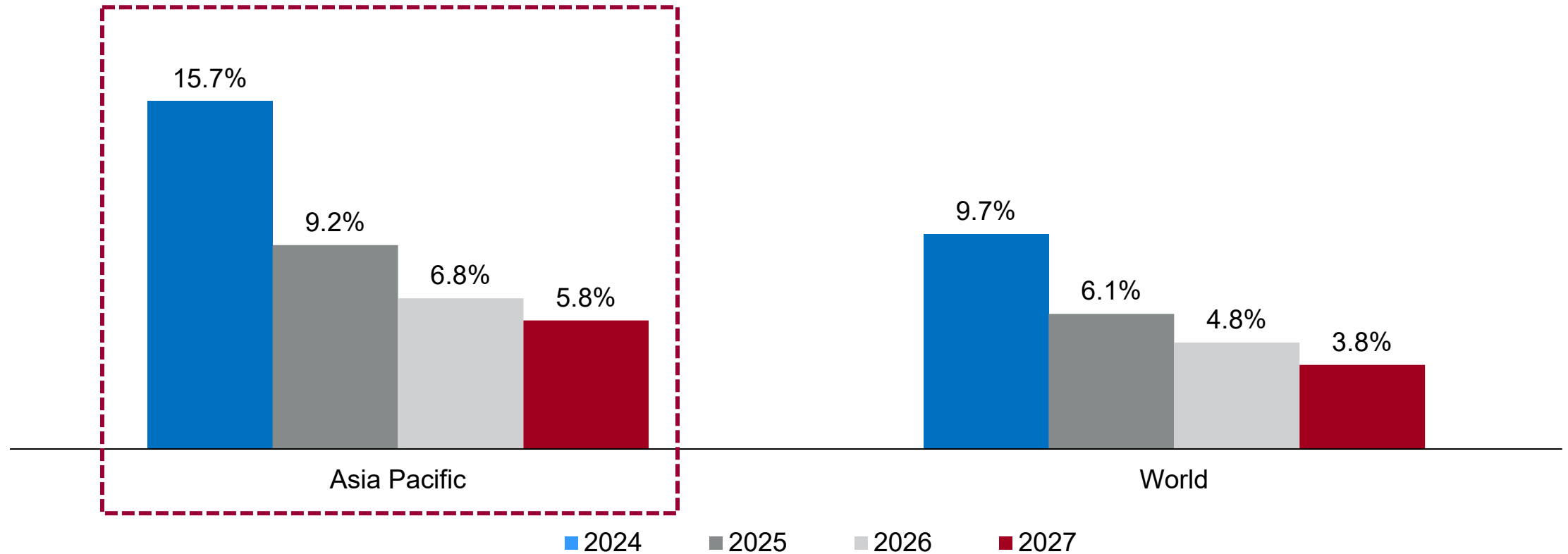
## IATA global airline industry net post-tax profit



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

# 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

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