

BOC Aviation: Glossary of Terms

	DEFINITION
Fleet portfolio	
Owned aircraft	Comprise (i) aircraft to which the Group retains substantially all the risks and rewards of ownership of the aircraft and (ii) aircraft on finance leases, which effectively transfer to lessee substantially all the risks and rewards incidental to ownership of the leased assets. It includes assets held for sale as defined below.
Managed aircraft	Aircraft owned by other parties with respect to which the Company provides management or other services.
Aircraft held for sale	Aircraft that are owned by the Company are classified as assets held for sale when the assets are available for immediate sale in their present condition subject only to terms that are usual and customary and their sale is highly probable.
Aircraft type	
Narrow-body	Single-aisle aircraft, including Airbus A320 family, Boeing 737 family and Embraer E190 family aircraft
Wide-body	Twin-aisle aircraft, including Airbus A330 family (excluding freighters) and A350 aircraft, and Boeing 777 family (excluding freighters) and 787 aircraft
Freighters	Aircraft designed to carry cargo in bulk
Pipeline	
Order Book	Commitments by the Company to purchase aircraft under purchase contracts with the OEM and, as used by the Company, Purchase and Leaseback commitments
Purchase and Leaseback (PLB) commitments	Commitments by the Company with customers under which the Company will acquire aircraft and, upon acquisition, lease the aircraft back to the customer or an affiliate
Order Book commitments with purchase option (PO)	Purchase and Leaseback commitments by the Company in respect of which the customer has the right to acquire the relevant aircraft, typically at delivery from the manufacturer
Aircraft delivered with purchase option (PO) exercised	Aircraft delivered by the manufacturer but acquired by the airline after it exercised its Purchase Option for that aircraft; note that in the Company's operational statistics, aircraft acquired by a customer at delivery from the manufacturer are not "owned aircraft" and are not considered "sold" by the Company.
Aircraft delivered	(1) Aircraft taken onto our balance sheet under plant and equipment or finance lease receivables, plus (2) aircraft delivered by the manufacturer but acquired by the airline under a Purchase Option; note that while the Company will report in its operational statistics the number of aircraft delivered that were acquired under Purchase Option, these aircraft do not become "owned aircraft".

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Placements	
Lease commitments	A commitment by the Company and a customer to lease aircraft that will deliver to the customer in the future.
Percentage of orderbook placed on lease	The number of aircraft in the Order Book with lease commitments divided by the number of aircraft in the Order Book and, if for a particular year, the number of aircraft in the Order Book scheduled for delivery in that year with lease commitments divided by the number of aircraft in the Order Book scheduled for delivery in that year, in each case expressed as a percentage.
Other Portfolio Statistics	
Transition	Transition of aircraft from one lessee to another lessee or from a lessee to a buyer, or transition of an aircraft from off-lease to a lessee or to a buyer/or from aircraft on ground (AOG) to lessee or buyer.
Repossession	Includes repossessions and consensual early returns.
Average aircraft age	Average aircraft age of our owned aircraft fleet is calculated by reference to net book value and weighted accordingly. For owned aircraft on finance leases to customers, the weighting is based on the book value of the finance lease receivables.
Average lease term remaining	Measures average tenor of leases attached to the company's aircraft portfolio by reference to each individual aircraft's weighted net book value.
Lease rate factor	Lease rental income for a particular period divided by the average net book value of aircraft for that period, multiplied by 100%. Average net book value of aircraft for a particular period equals the net book value of aircraft at the beginning of that period plus net book value of aircraft at the end of that period, divided by two. The net book value of aircraft includes the net book value of aircraft held for sale.
Net lease yield	The difference between lease rental income for a particular period and finance expenses for that period, divided by average net book value of aircraft for that period, multiplied by 100%. Average net book value of aircraft for a period equals the net book value of aircraft at the beginning of that period plus net book value of aircraft at the end of that period, divided by two. The net book value of aircraft includes the net book value of aircraft held for sale.
Operating margin	For a particular period, lease rental income less depreciation, amortization of deferred debt issue costs and lease transaction closings cost and finance expenses, divided by lease rental income, for the same period.
Utilisation rate	For a particular period, the total number of days during that period that all owned aircraft are subject to a lease, as a percentage of the total number of days that the aircraft in the owned portfolio are available for lease during that period.

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Collection rate	For a particular period, the sum of collected revenue from lease rentals and maintenance reserves, plus cash recovered from outstanding receivables from previous periods, as a percentage of the total contracted receivables for that period.
Fixed rate lease	A lease for which the rentals are fixed for the full lease term prior to delivery and do not adjust for changes in interest rates after delivery.
Floating rate lease	A lease for which the rentals adjust during the lease term after delivery for changes in interest rates; typically, such floating rate leases are adjusted semi-annually or quarterly to reflect for changes in US Dollar LIBOR rates.
Key industry terms	
OEM	"Original Equipment Manufacturer" of, for example, an aircraft or an engine.
NEO	"New Engine Option" aircraft developed by Airbus for A320 and A330 family aircraft as successors to the A320 CEO and A330 CEO programs. The first A320 NEO delivered in January 2016 and, according to Airbus, the first A330 NEO is expected to deliver in 2018. Compared to CEO models, the NEO variant has incorporated enhancements to the engines and certain other aerodynamic improvements to provide, among other things, greater fuel efficiency and payload and range improvements.
CEO	"Current Engine Option" aircraft currently being delivered by Airbus in the A320 and A330 family programs which do not include the NEO improvements.
MAX	Aircraft developed by Boeing as the successor to the 'Next Generation' (NG) 737 family aircraft. The first 737 MAX aircraft was delivered in 1H2017. Compared to the NG models, the MAX variant incorporates enhancements to the engines and certain other aerodynamic improvements to provide, among other things, greater fuel efficiency and payload and range improvements.
NG	"Next Generation" aircraft in the 737 family currently being delivered by Boeing that does not include the MAX improvements.
PLB	A "purchase and leaseback" transaction whereby an aircraft operating lessor agrees with a customer to purchase an aircraft and lease that aircraft back to the customer.
AOG	An "aircraft on ground" that is owned by the company and is available for lease but is not being leased to a customer.