

BOC Aviation Investor Presentation

NOVEMBER 2023

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Recent Developments



STRONG ASSET QUALITY

- 681 aircraft owned, managed and on order¹
- 4.8 years² average fleet age; 7.8 years² average remaining lease term
- >99% aircraft utilisation rate



PROACTIVE INVESTMENT STRATEGY

- Took delivery of 11 new aircraft in 3Q, 27 in 9M (including one acquired by an airline customer on delivery)
- Signed 62 lease commitments in 3Q, 107 in 1H
- Committed to acquire 41 aircraft in 3Q, 64 in 9M



FUTURE GROWTH

- Since 1 July, announced transactions with:
 - IndiGo for ten Airbus A320NEO aircraft
 - JetBlue for seven Airbus A321NEO and 13 Airbus A220-300 aircraft,
 - Cathay Pacific for nine Airbus A321NEO aircraft, and
 - American Airlines for eight Boeing 737-8 and two Boeing 787-9 aircraft
- 30 are scheduled to close in 2023, 10 in 2024 and the remaining nine in 2026/27



ROBUST LIQUIDITY

- More than US\$5 billion of available liquidity³
- Supplemented by additional US\$650 million of 5Y bonds raised in November at yield of less than 6%
- More than covers 2023 target capex and maturing liabilities
- Well positioned to support future investment



STRONG CREDIT RATINGS

- A- by S&P Global Ratings
- A- by Fitch Ratings
- Both reaffirmed ratings and outlook in 2Q 2023



EXPERIENCED MANAGEMENT AND OWNERSHIP

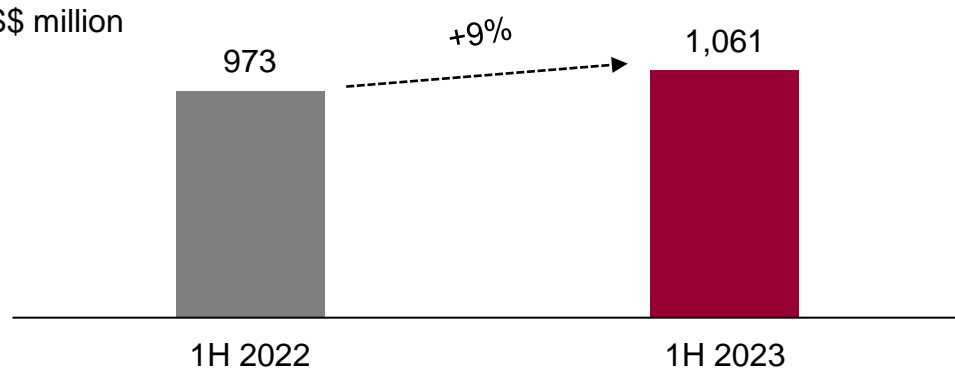
- Experienced management team successfully managed through multiple cycles
- Mr. Steven Townend appointed as Managing Director and Chief Executive Officer with effect from 1 January 2024, succeeding Mr. Robert Martin, who will retire at end-2023
- Bank of China provides ongoing support
- Mr. Liu Jin was appointed as Chairman of the Board of BOC Aviation in April 2023

Long-term sustainable growth

1H 2023: Returning to Growth

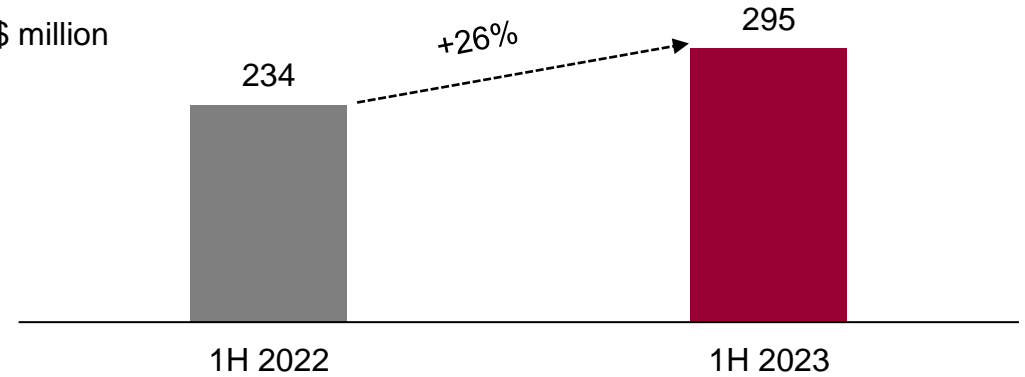
Core revenues¹

US\$ million



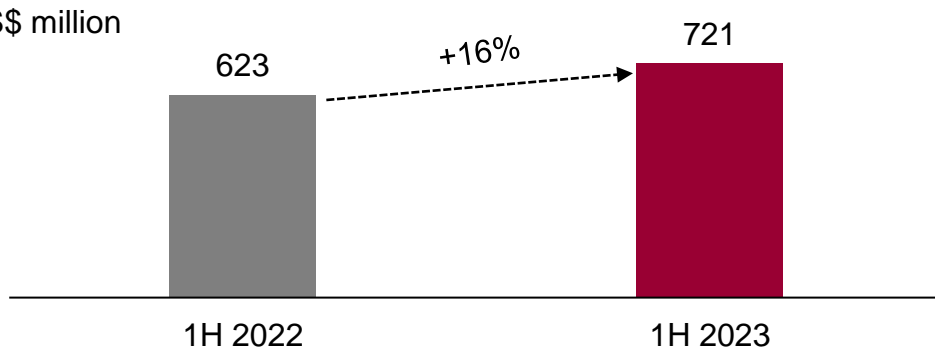
Core profit before tax¹

US\$ million



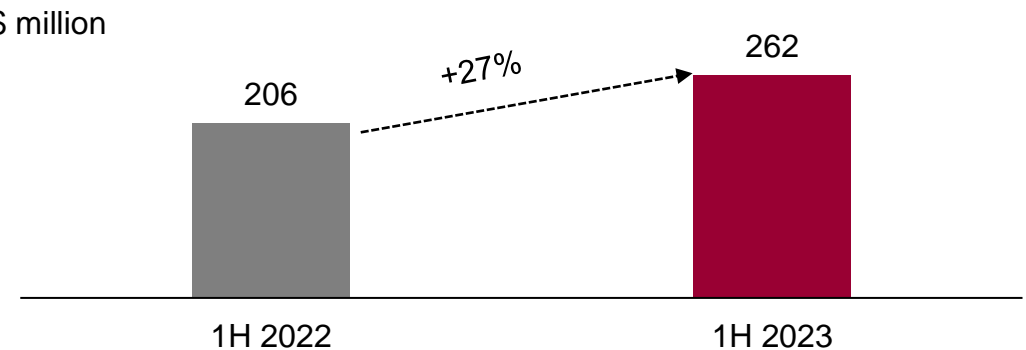
Core operating cash flow net of interest^{1,2}

US\$ million



Core net profit after tax¹

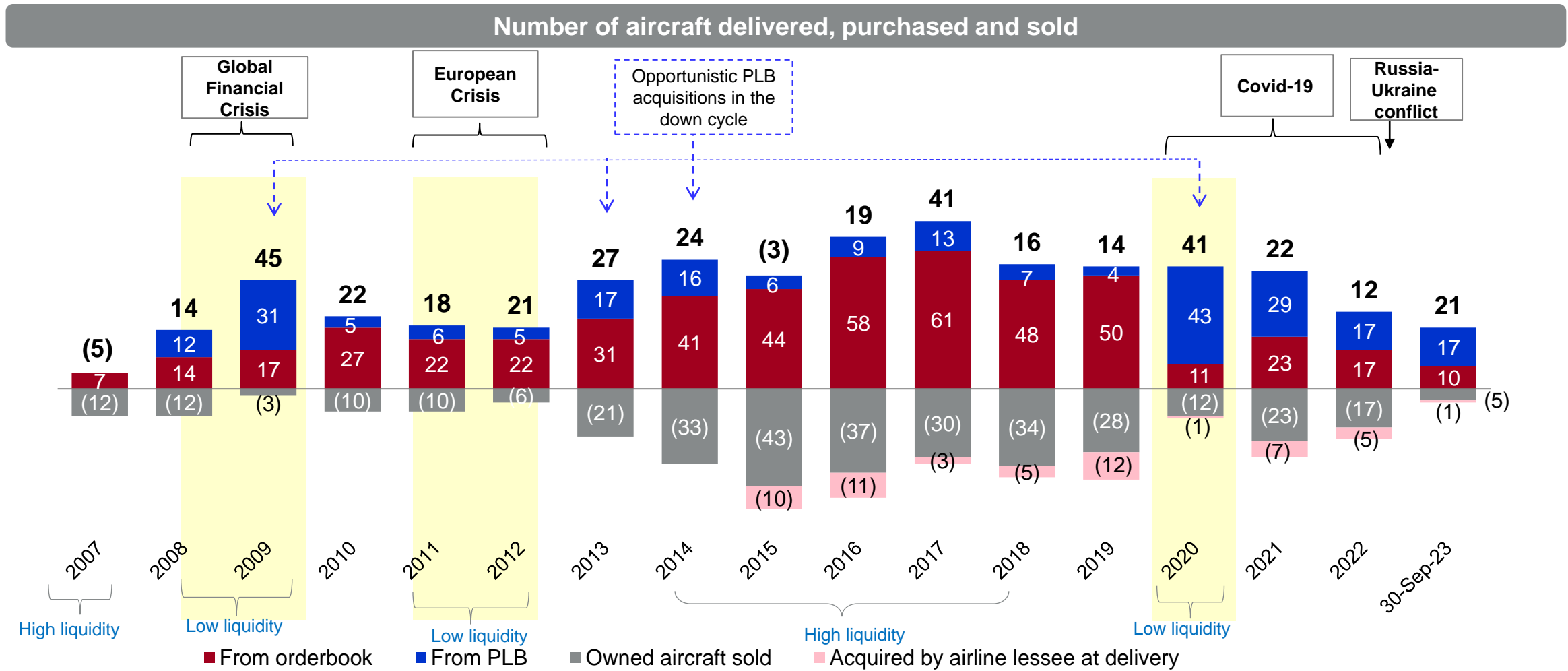
US\$ million



Significant improvement in all key metrics

See Appendices - Endnotes

How We Invest



Committed to acquire more than 1,000 aircraft since inception

100% of Orderbook Comprises Latest Technology Aircraft

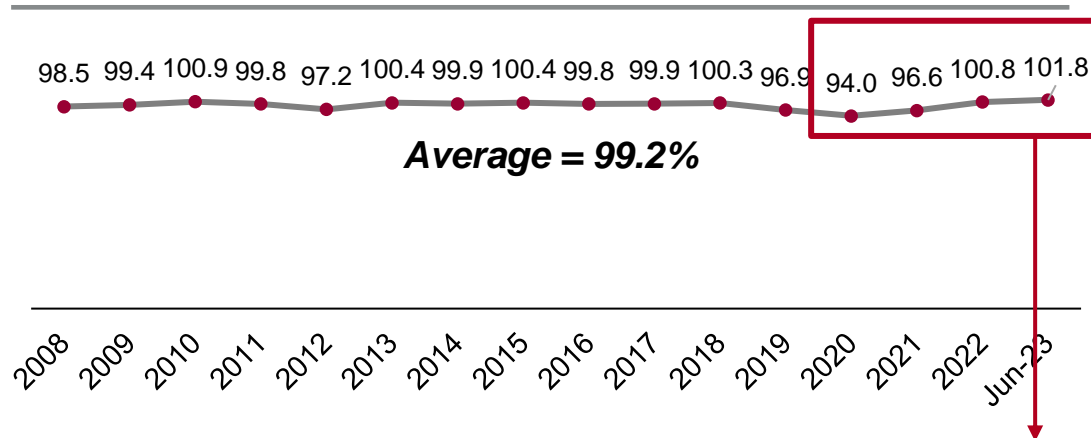
Our aircraft portfolio				
Aircraft type	Owned aircraft	Managed aircraft	Aircraft on order ¹	Total
Airbus A220 family	5	0	5	10
Airbus A320CEO family	95	15	0	110
Airbus A320NEO family	102	0	138	240
Airbus A330CEO family	8	1	0	9
Airbus A330NEO family	6	0	0	6
Airbus A350 family	9	0	0	9
Boeing 737NG family	72	13	0	85
Boeing 737-8/9	56	0	85	141
Boeing 777-300ER	27	4	0	31
Boeing 787 family	28	1	5	34
Freighters	5	1	0	6
Total	413	35	233	681

71% of existing fleet is latest technology aircraft²

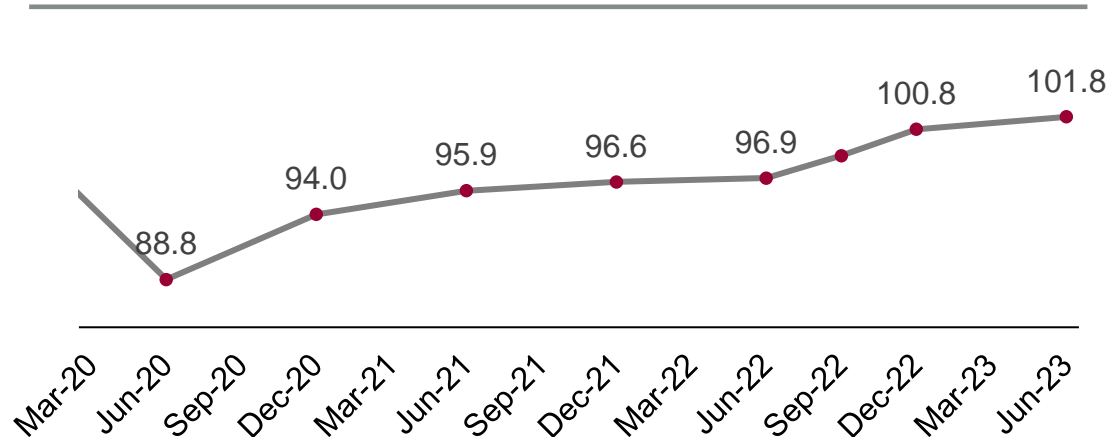
All data as at 30 September 2023
See Appendices - Endnotes

Rental Collection Consistently Above 100%

Annual collection rate (%)



Collection rate since pandemic (%)



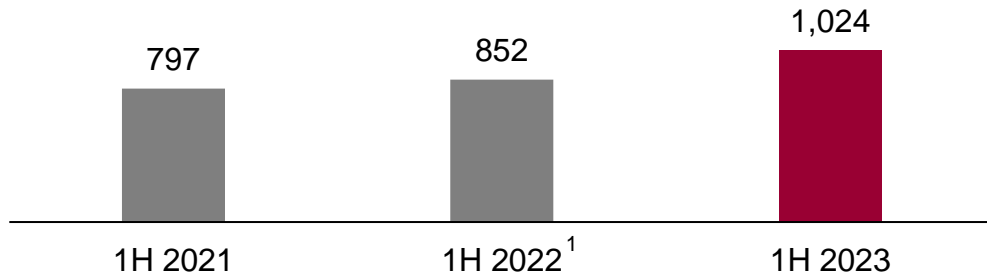
- Long term cash collection from airline customers remains high, at an average rate of 99.2% since 2008
- Collections were severely affected by the Covid-19 outbreak in early 2020, but have been recovering quickly to pre-pandemic level
- Collection rate as at 30 June 2023 was high at 102%

Maintaining high collection rate as deferred and overdue amounts are repaid

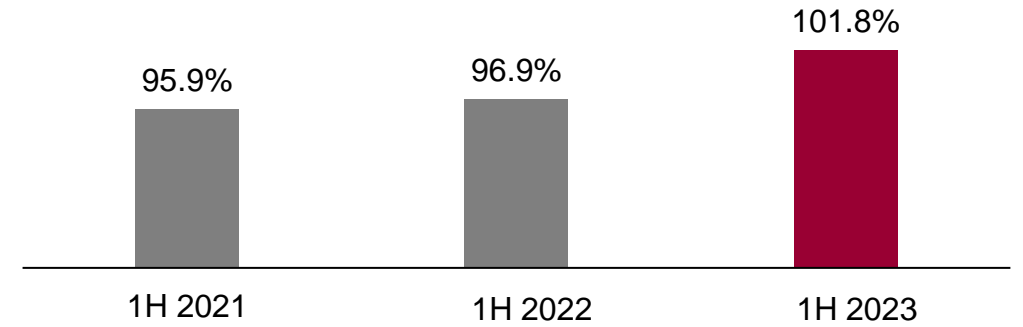
Record High Operating Cash Flow Net of Interest

Net cash flow from operating activities

US\$ million

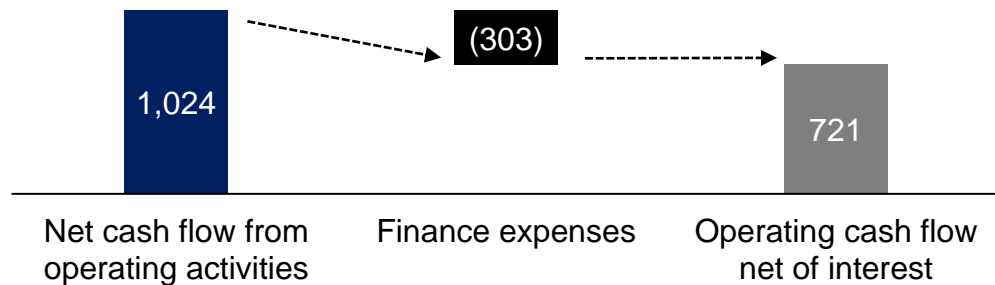


Collection rate in excess of 100%



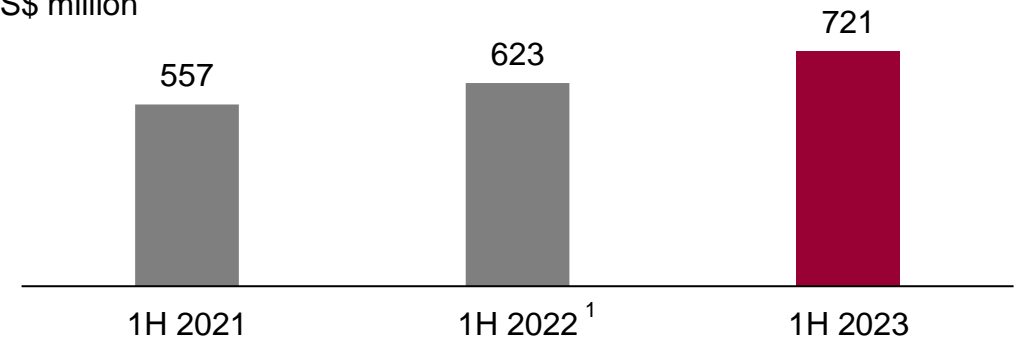
1H 2023 operating cash flow net of interest²

US\$ million



Improving operating cash flow net of interest²

US\$ million



High collection rate contributes to record high cash flow

See Appendices - Endnotes

Airline Industry has Returned to 2019 Levels

Passenger traffic¹

96%

Capacity¹

97%

Passenger load factor

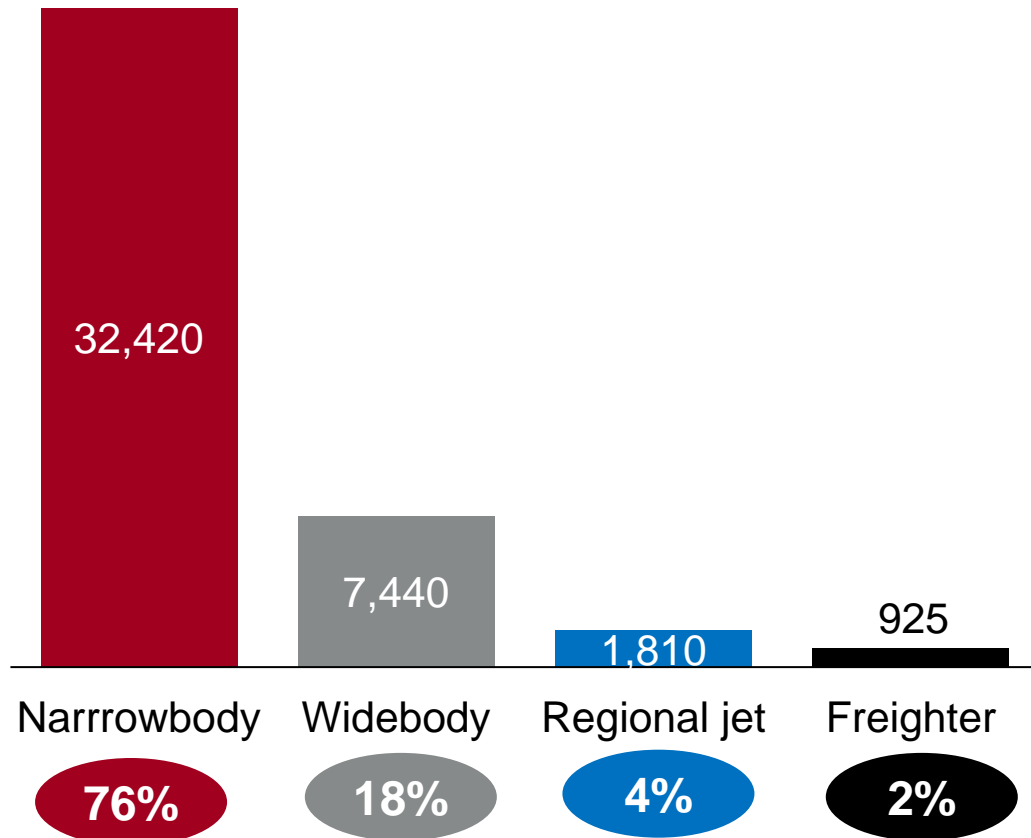
85%

Strong momentum in air travel activities

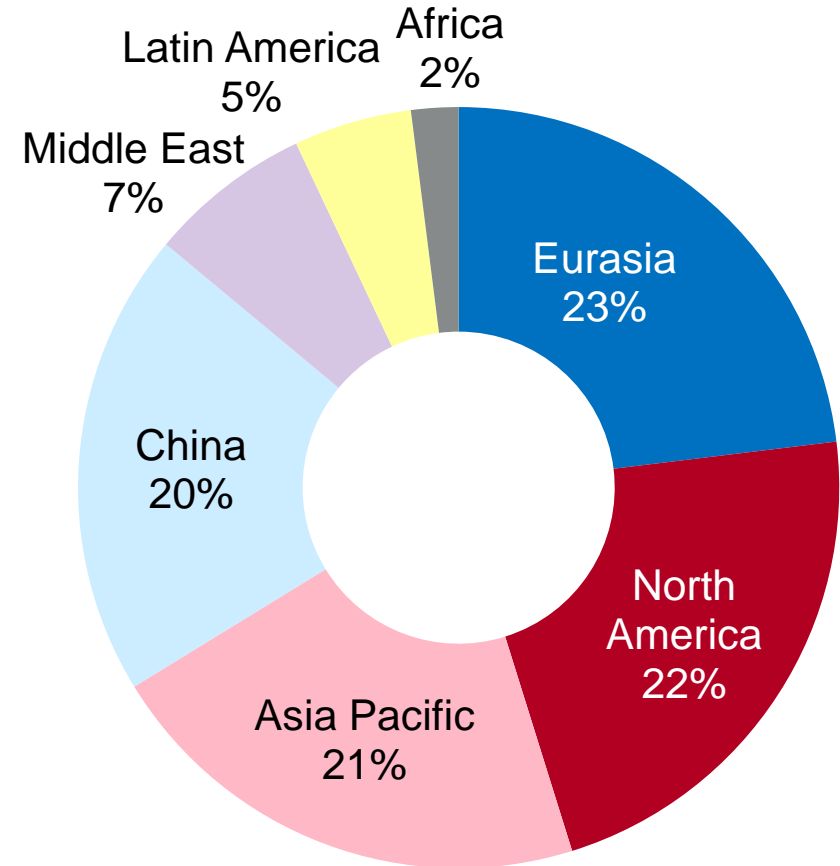
See Appendices - Endnotes

Global Fleet to Double to >48,000 Aircraft by 2042

By type (number of aircraft)



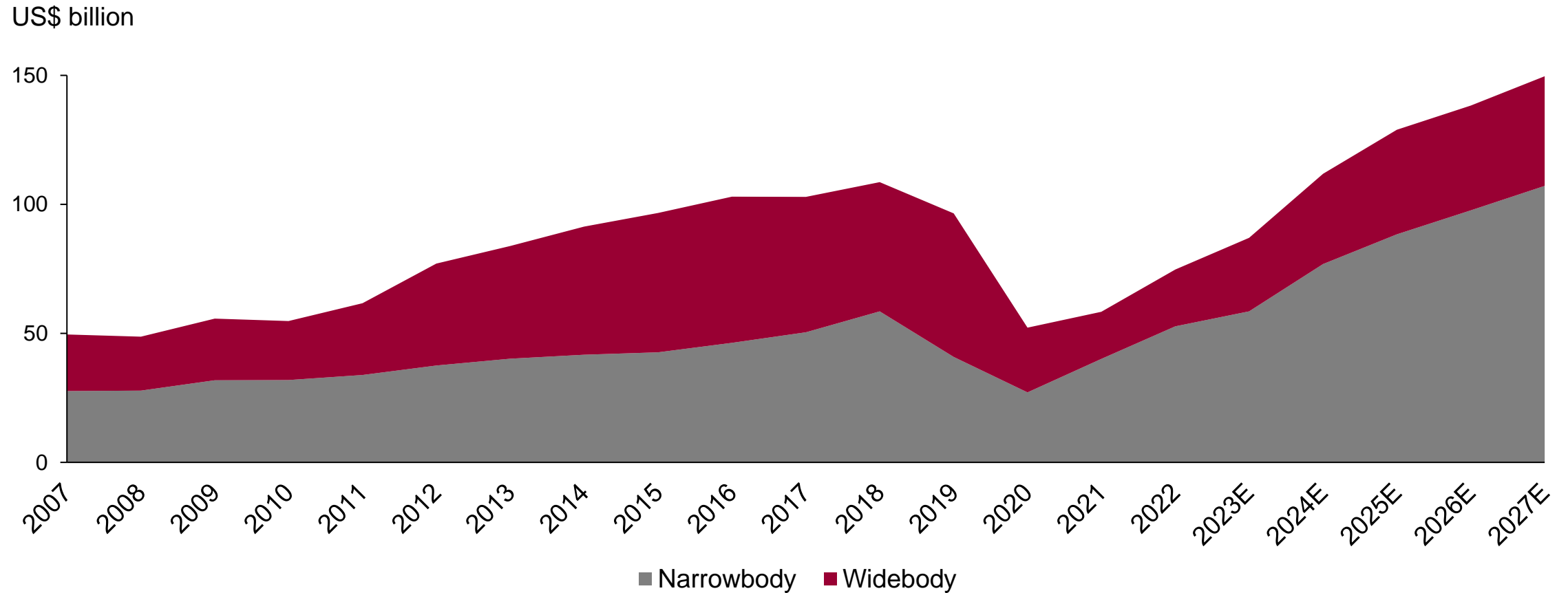
By region



42,595 new aircraft required over the next 20 years

See Appendices - Endnotes

Airlines' Capital Investments Are Projected to Exceed US\$125 Billion by 2025

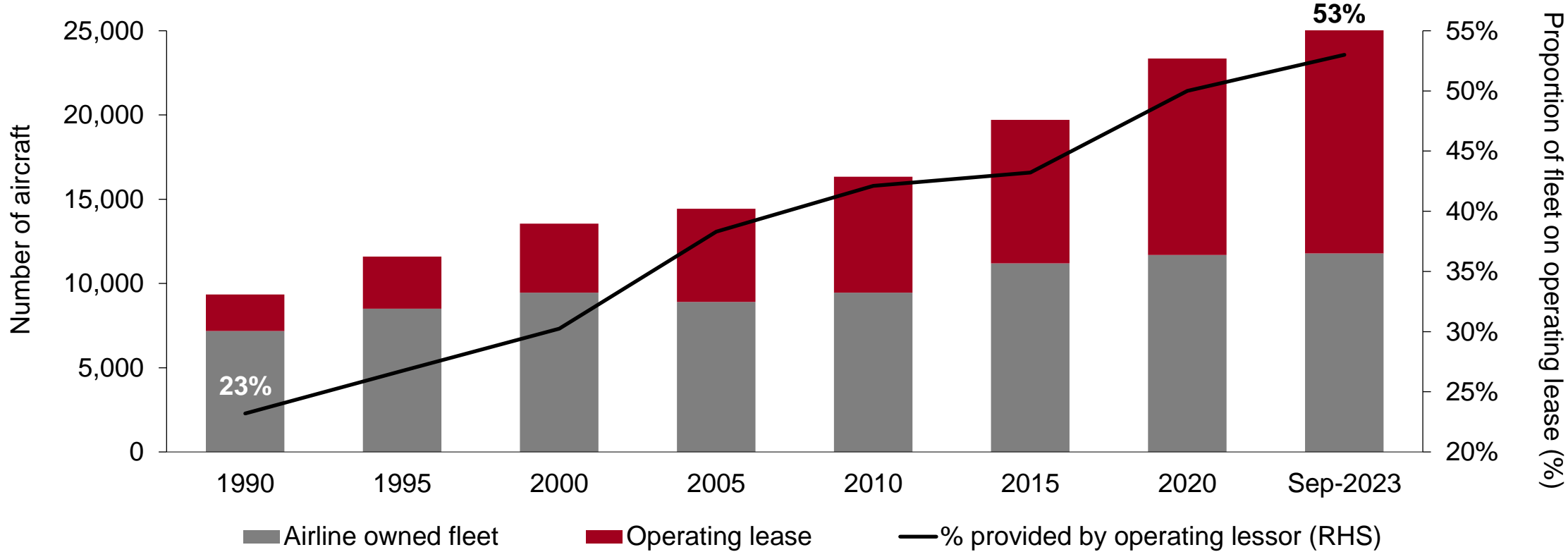


Value of deliveries expected to rise in the next four years

All data as at 30 June 2023
See Appendices - Endnotes

Operating Lessors' Share of the Market

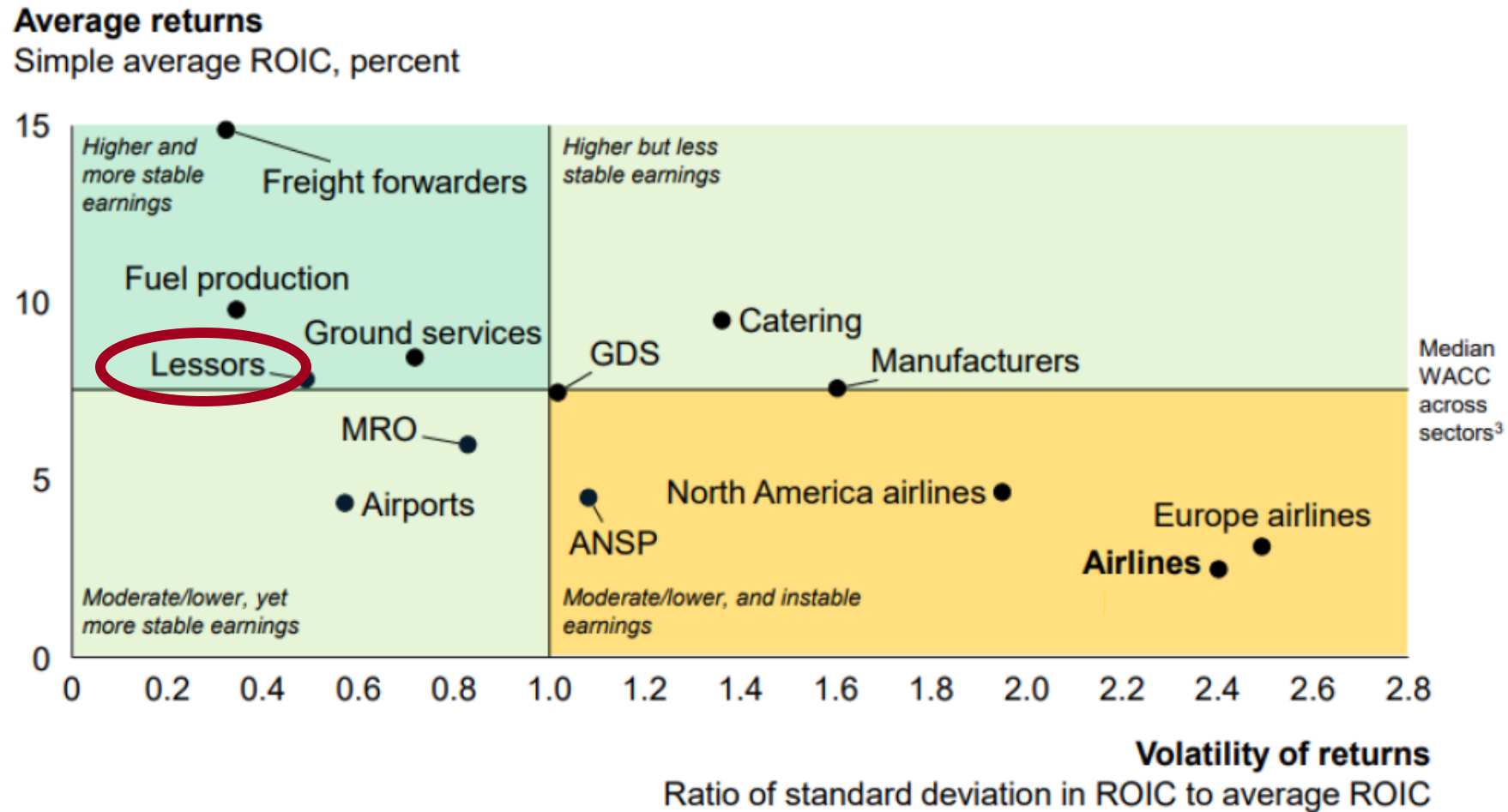
Proportion of fleet on operating lease



Lessors own 53% of the aircraft market today

See Appendices - Endnotes

Lessors Offer Relatively Higher Returns in the Aerospace Industry



1. After-tax ROIC incl. goodwill. ROIC as NOPAT/Invested capital
2. ROE instead of ROIC
3. WACC differs by aviation subsector. Hence median WACC in 2022 cannot be used to determine economic profit (ROIC less WACC) by subsector

Source: McKinsey & Company Air Travel Value Chain Analysis

Conclusion

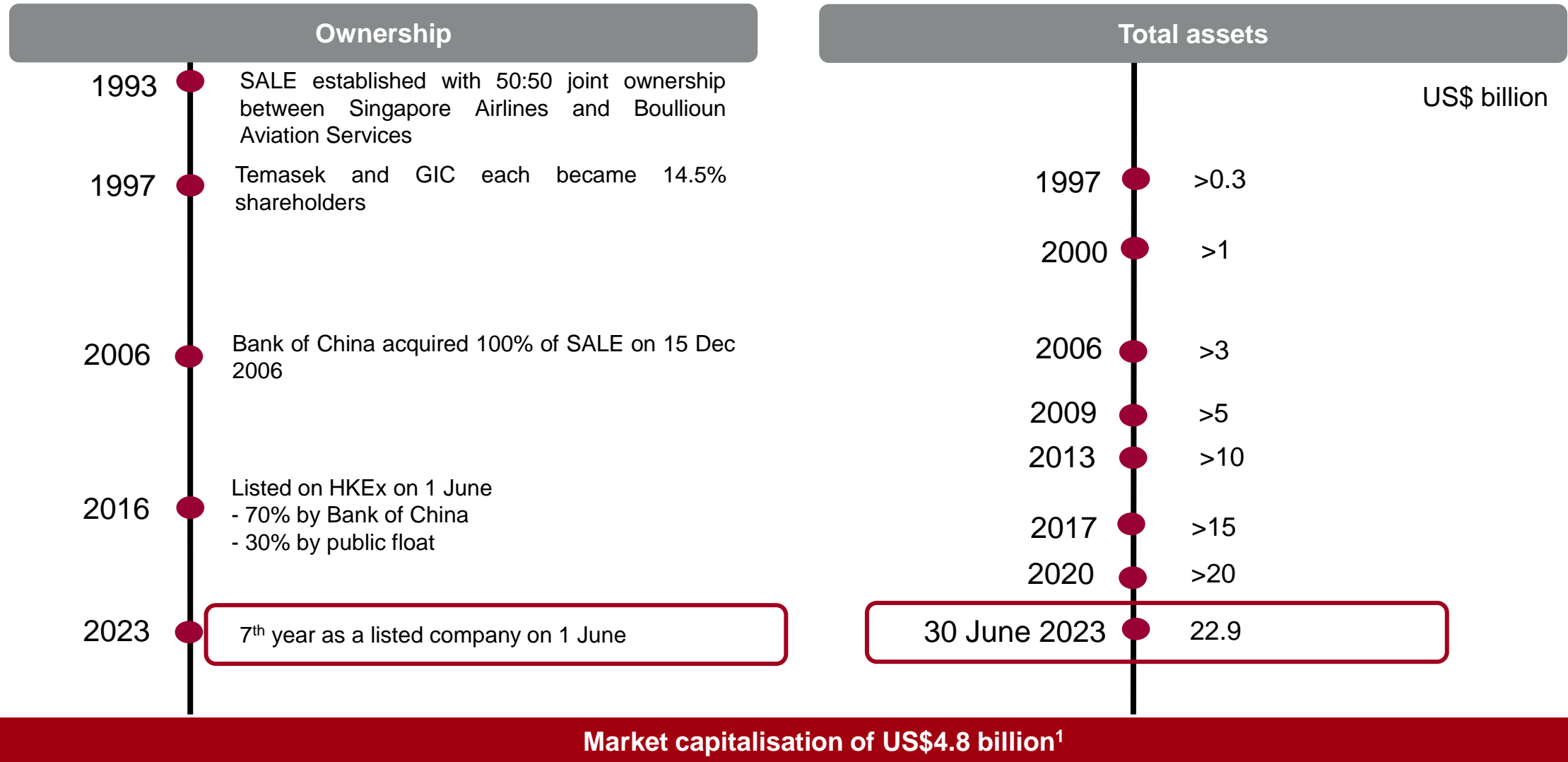
- On track for 30th year of unbroken profitability
 - More than US\$5.7 billion of cumulative earnings¹
- A very active 2023 so far
 - 1H 2023 net profit after tax (NPAT) rose 27%² to US\$262 million
 - Record high lease rental income of US\$940 million
 - Record high operating cash flow net of interest of US\$721 million
 - Maintained interim dividend at 30% of 1H 2023's NPAT
 - Maintained credit ratings of A- from S&P Global and Fitch Ratings
 - Committed to acquire 84 aircraft in 2023 YTD – 46 of which are scheduled for delivery in 2023³
- Experienced management team to drive growth
 - Global passenger traffic is close to 2019 levels
 - Rebound in airline profits is translating to demand for new aircraft, rising aircraft valuations and lease rates recovery
 - Significant future capex of US\$11 billion provides future balance sheet growth
 - High liquidity of more than US\$5.7 billion to support further aircraft investments

Capitalising on growth

All data as at 30 June 2023 unless otherwise indicated
See Appendices - Endnotes

APPENDICES

The BOC Aviation Journey – 30 Years in 2023



See Appendices - Endnotes

BOC Aviation – Who are We?

Top 5

Global aircraft operating lessor¹

Listed on HKEX

HKEX code: 2588

>US\$5.7 billion

Cumulative profits since inception²

>US\$5.7 billion

Available liquidity²

233

Aircraft on order³

Bank of China

70% owned by BOC

A-

Investment grade credit ratings from S&P and Fitch

US\$22.9 billion

Total assets²

681

Aircraft in fleet⁴

4.8 years; 7.8 years

Average fleet age & lease term remaining⁵

Industry leader focused on long-term sustainable earnings

All data as at 30 September 2023 unless otherwise indicated
See Appendices - Endnotes



Our Management Team



Robert Martin
Managing Director & Chief Executive Officer

Zhang Xiaolu
Vice-Chairman & Deputy Managing Director

Steven Townend
Deputy Managing Director & Chief Financial Officer

Tom Chandler
Chief Operating Officer

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

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

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

- 33 years of banking experience
- In charge of Risk Management, Market Research, Board Secretariat and Corporate Affairs departments

- 32 years of banking and leasing experience
- In charge of Finance, Treasury, Tax, Investor Relations and Settlement

- 26 years of airline, legal and banking experience
- In charge of Procurement, Technical, all operations and related departments

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

- 27 years of aircraft finance and leasing experience
- In charge of revenue activities for Europe, Americas and Africa

Nationality



Highly experienced senior management team

All data as at October 2023



Core Competencies - BOC Aviation Track Record

Since inception in 1993:

- Purchasing More than 1,000 aircraft purchased totalling more than US\$61 billion
- Leasing More than 1,300 leases executed with 190 airlines in > 60 countries and regions
- Financing¹ More than US\$40 billion in debt raised

- Sales More than 420 owned and managed aircraft sold
- Transitions More than 130 transitions
- Repossessions² 65 aircraft in 19 jurisdictions

The outcome:

- Total number of aircraft delivered **847**
- Proportion of aircraft sold³ **50%**
- Proportion of transitions⁴ **10%**
- Proportion of repossessions⁴ **5%**

All data as at 30 September 2023, since inception unless otherwise indicated
See Appendices - Endnotes

BOC Aviation Bonds Issued on the Tightest Spreads in 2023

Issuer	Issue Date	Tenor (years)	Amt Issued (US\$ million)	Coupon (%)	Yield (%)	T-Spread at Issue (bps)
BOC Aviation Limited	23/5/2023	5	500	4.500	4.627	120
BOC Aviation USA Corp	9/11/2023	5	650	5.750	5.917	130
BOC Aviation USA Corp	3/5/2023	10	500	4.875	5.015	160
Aercap	18/9/2023	7	850	6.150	6.262	185
Air Lease Corp	13/1/2023	5	700	5.300	5.560	190
SMBC Aviation Capital Finance	25/7/2023	10	1,000	5.700	5.745	195
SMBC Aviation Capital Finance	3/5/2023	5	650	5.450	5.489	200
Aercap	6/6/2023	5	1,000	5.750	5.977	217
Aviation Capital Group LLC	5/10/2023	5	500	6.750	6.810	225
Aircastle	18/7/2023	5	650	6.500	6.544	260
Aviation Capital Group LLC	3/4/2023	5	600	6.250	6.438	275
Avolon Holdings Funding Ltd	4/5/2023	5	750	6.375	6.624	300
Macquarie Airfinance Holdings Ltd	11/9/2023	5	500	8.125	8.125	372
Griffin Global Asset Management	8/6/2023	5	600	8.000	8.000	421
Macquarie Airfinance Holdings Ltd	18/4/2023	5	500	8.375	8.375	479

Nearest comparable 5-year transaction priced almost 100 bp wider than our recent issue

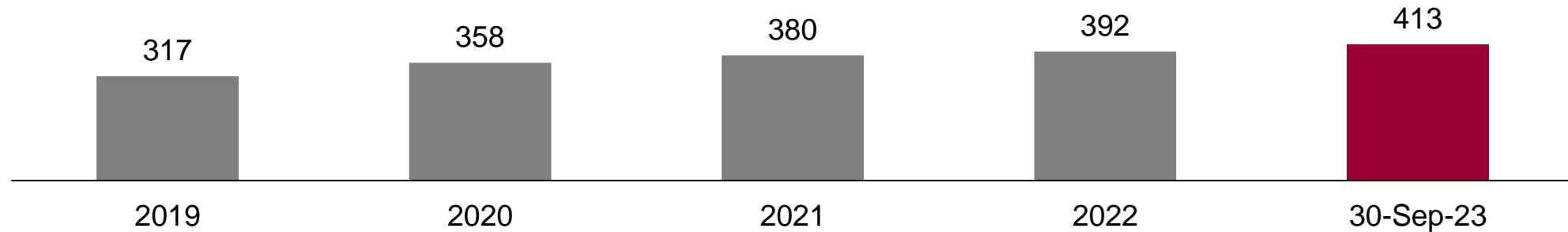
See Appendices - Endnotes



Growing Balance Sheet and Fleet

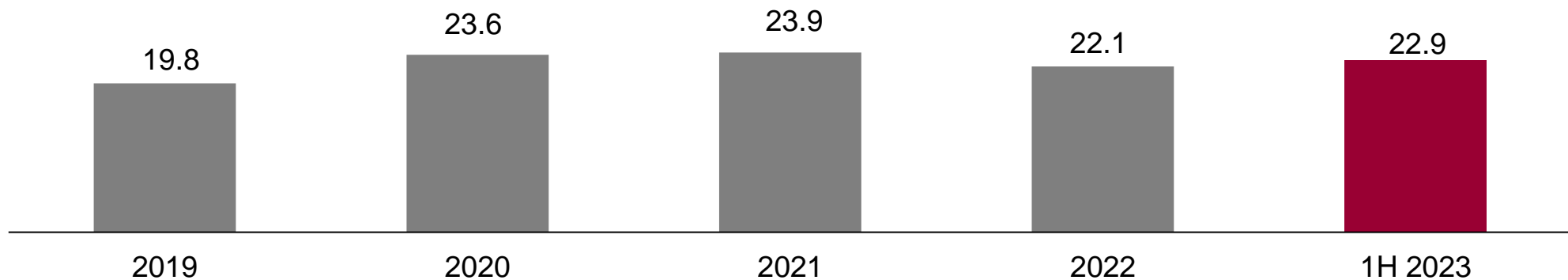
Owned fleet exceeded 400 aircraft

Number of owned aircraft¹



Returning to asset growth

Total assets (US\$ billion)

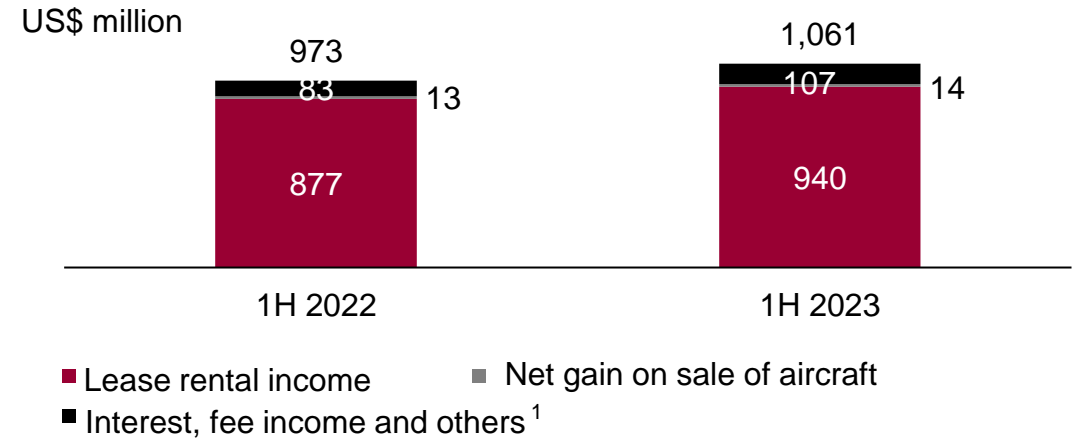
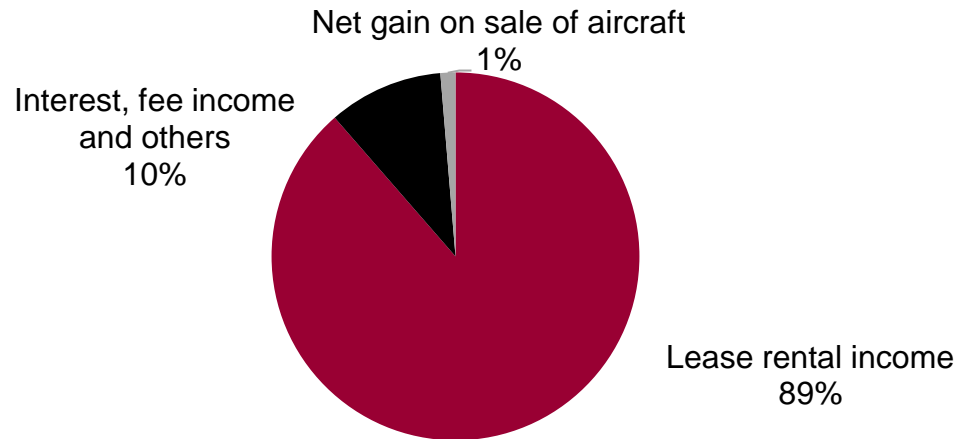


Continued aircraft investment supported by rising aircraft valuations

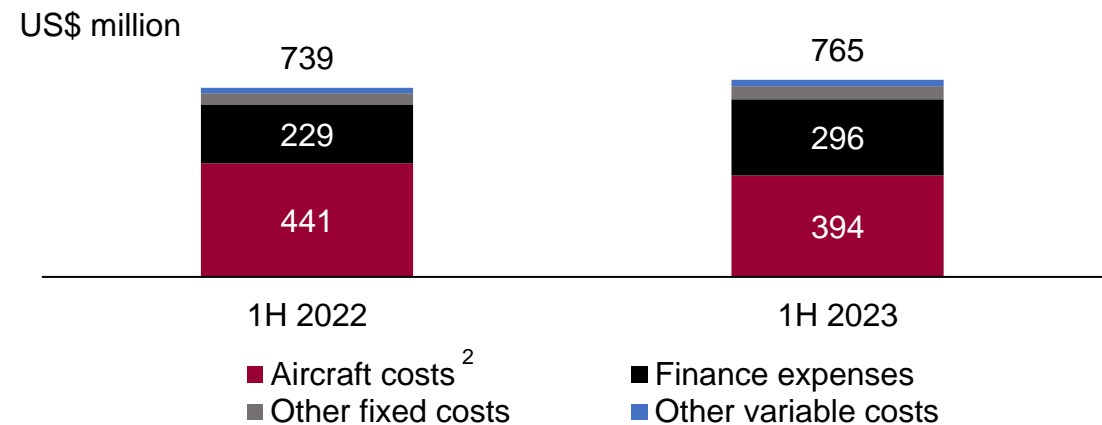
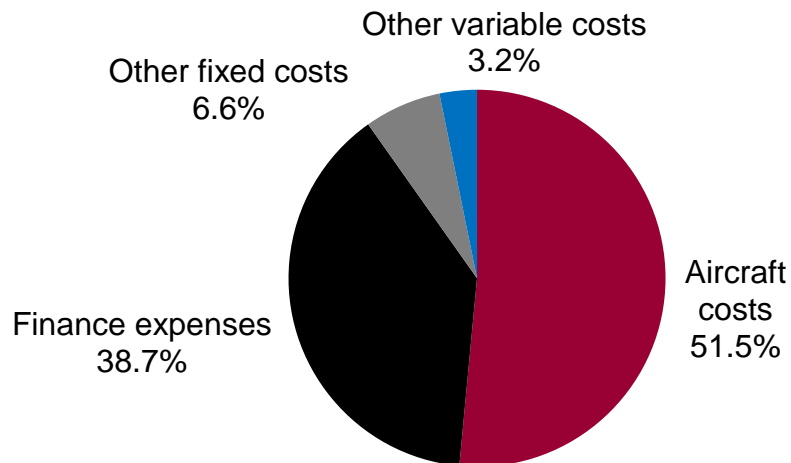


Lease Rental Income Continues to Drive Revenue

Lease rental income drives total revenues and other income



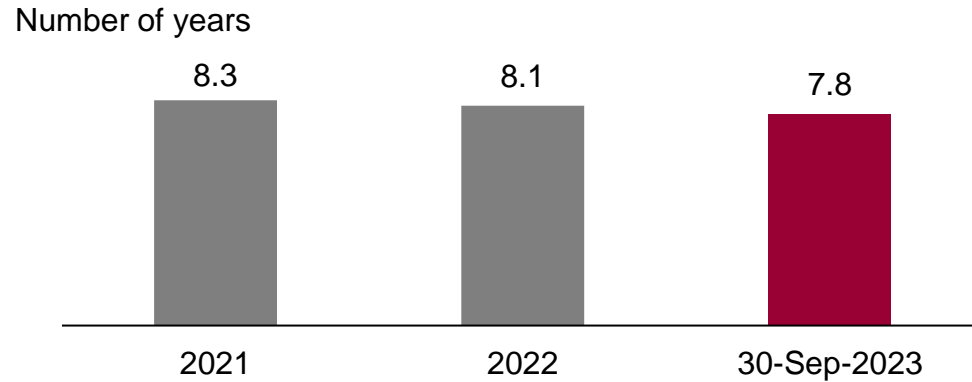
Depreciation of aircraft and financing costs are key costs



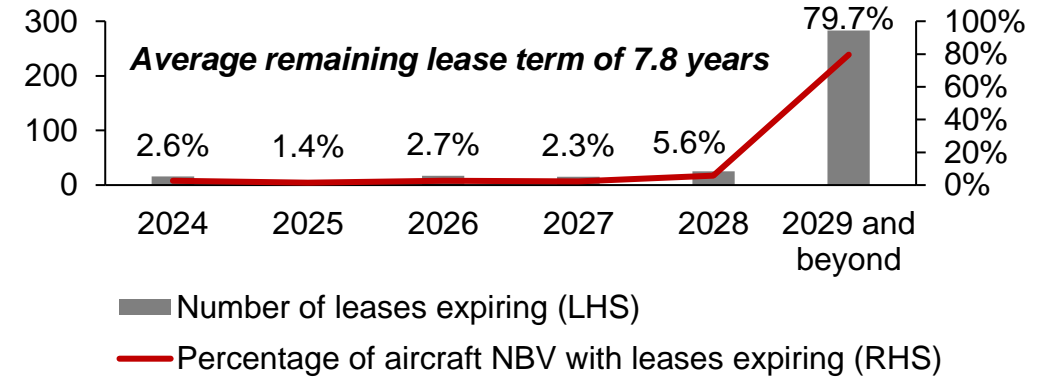
All data as at 30 June 2023
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Long-Term Leases Enhance Revenue Visibility

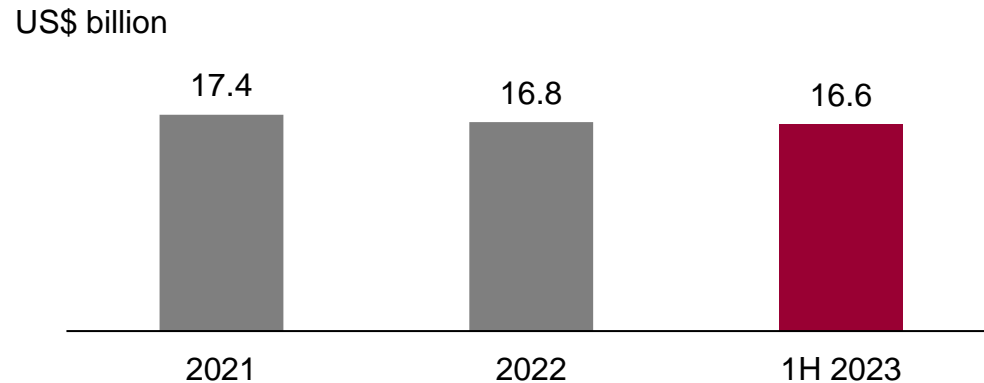
A long average remaining lease term¹



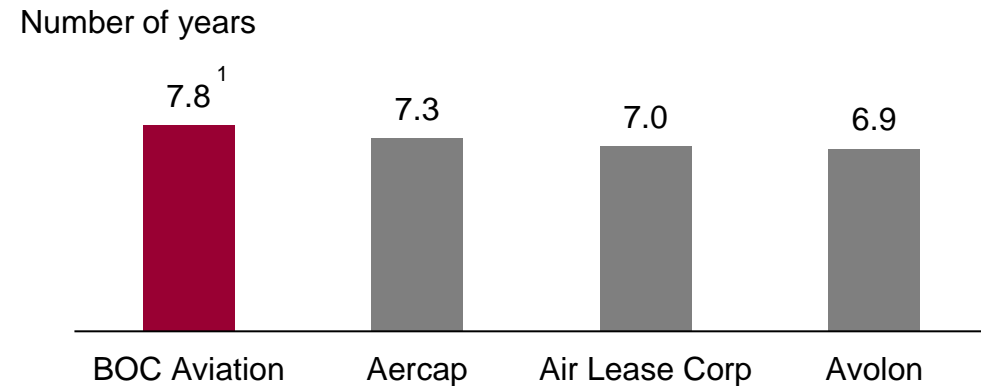
Well-dispersed scheduled lease expiries²



High future committed lease revenue



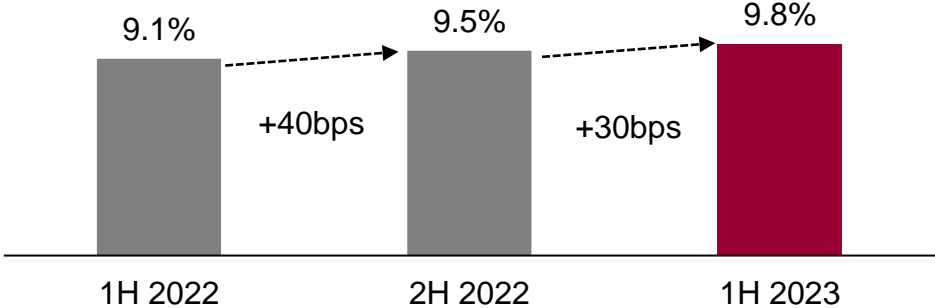
Industry-leading average remaining lease term³



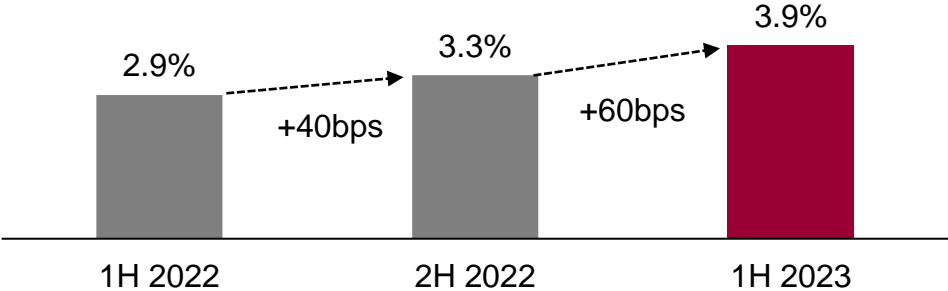
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Lease Rate Factor Trending Higher in 2023

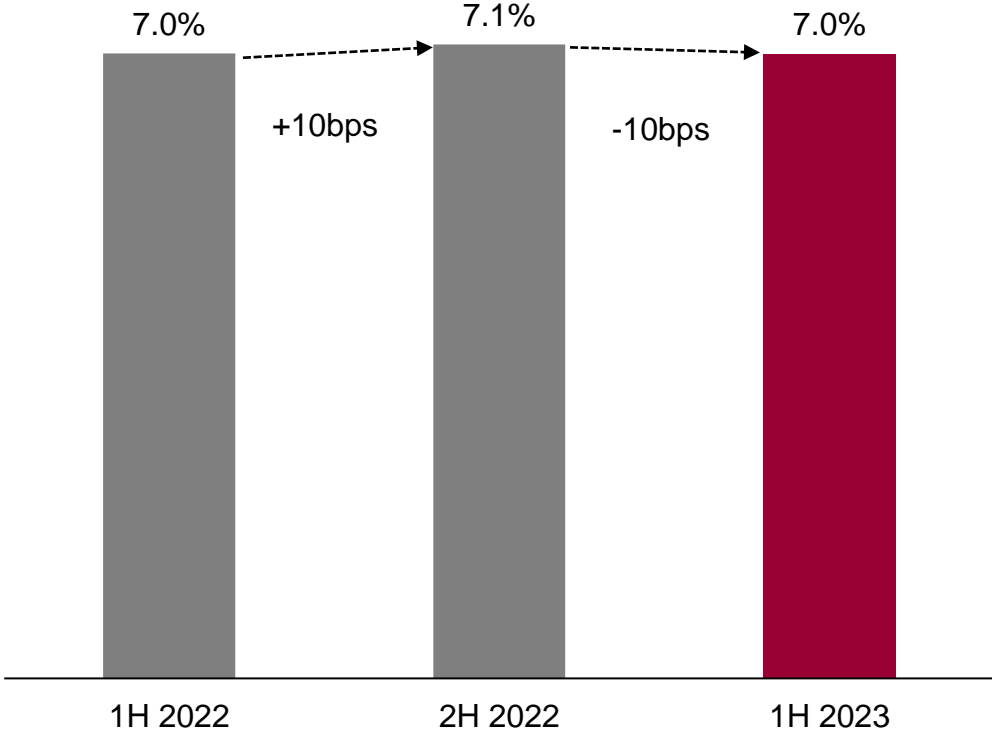
Lease rate factor¹



Cost of debt²



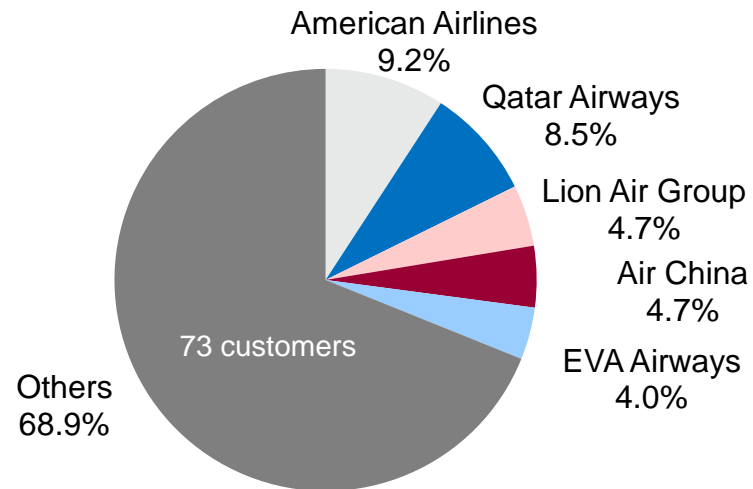
Net lease yield³



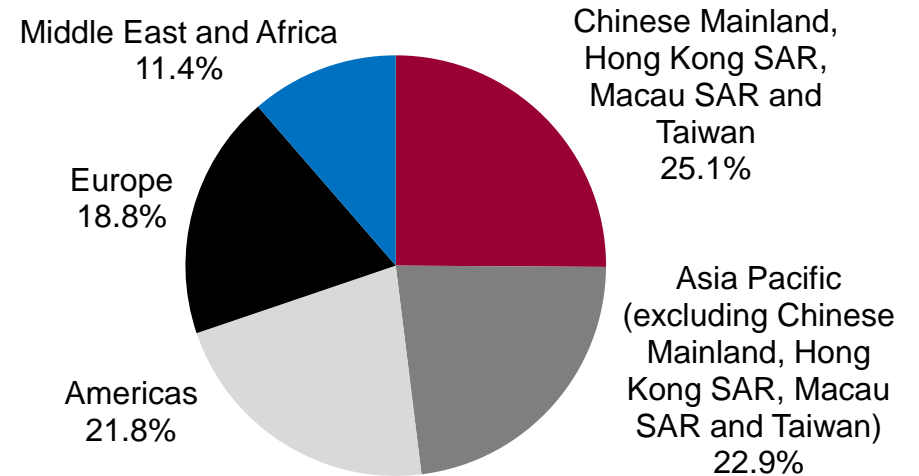
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Globally Diversified Portfolio

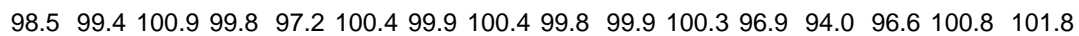
Lease portfolio diversified by customer^{1,2}



...and increasingly diversified by geography^{3,4}



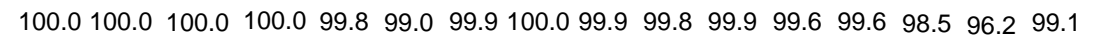
Collection rate (%)



Average = 99.2%



Fleet utilisation (%)⁵



Average = 99.5%

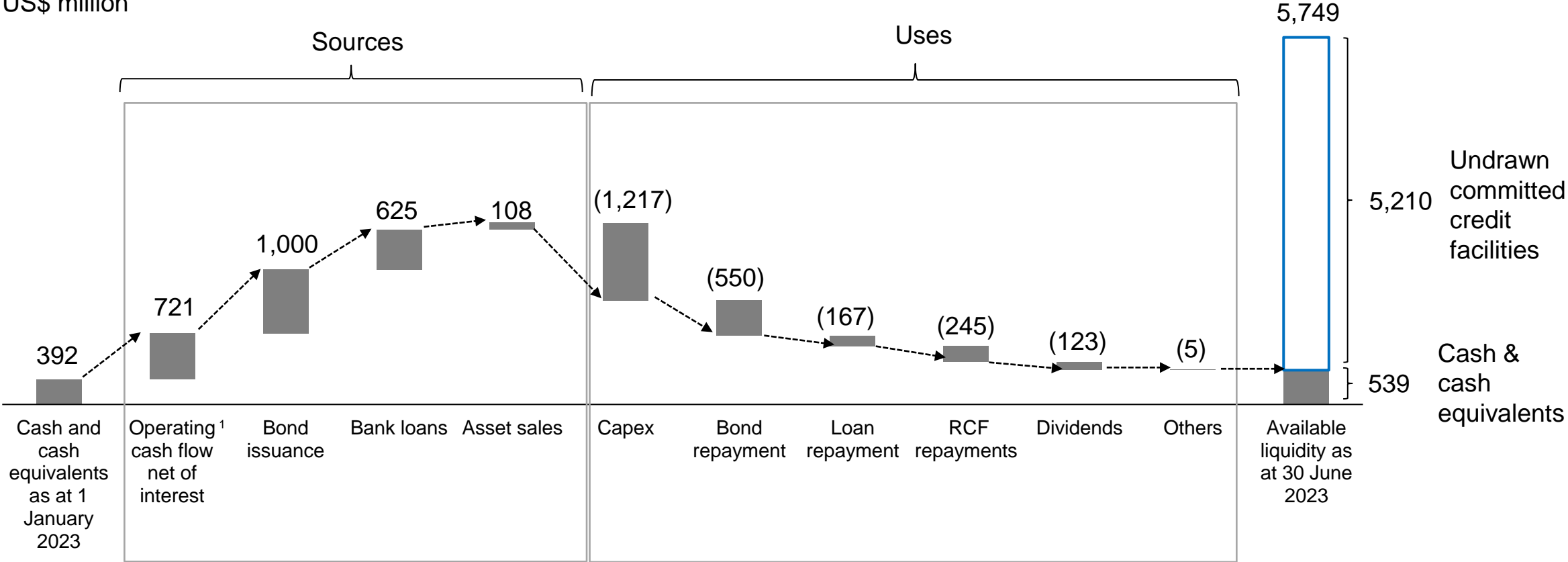


All data as at 30 June 2023 unless otherwise indicated
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Diverse Funding Channels Utilised in 1H 2023

Sources and Uses of Cash

US\$ million



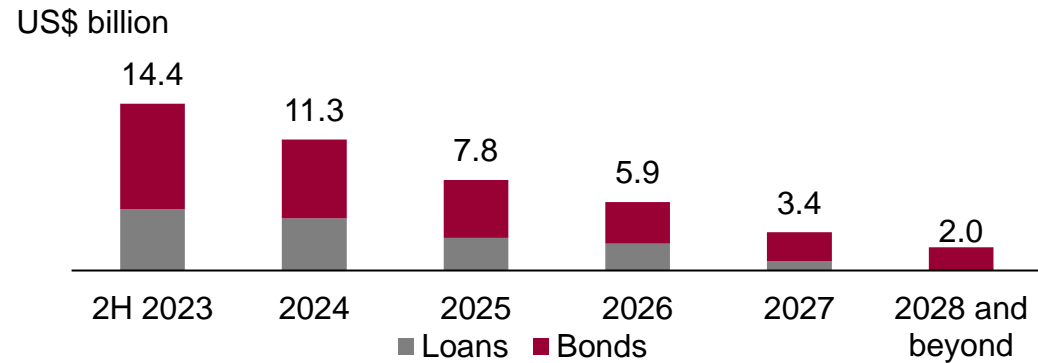
More than US\$5.7 billion of committed liquidity

All data as at 30 June 2023
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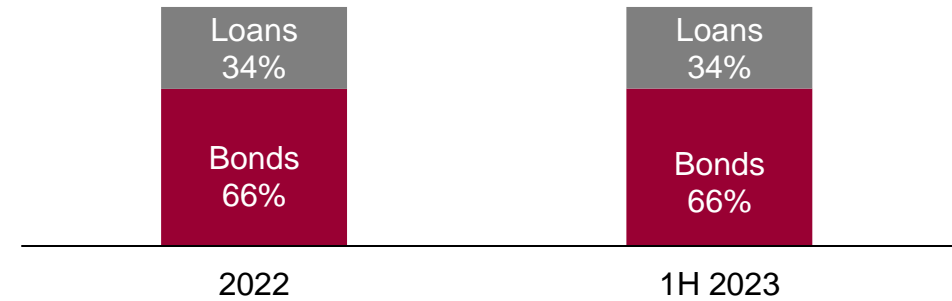


Flexible Capital Structure

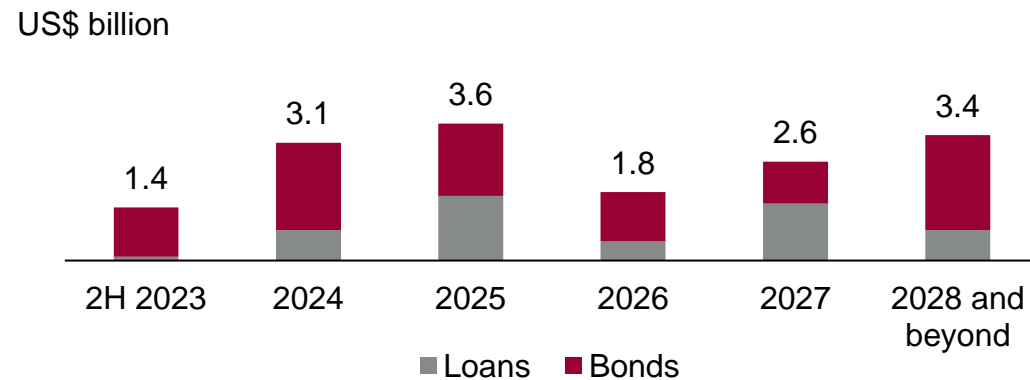
Outstanding debt amortises over a long term



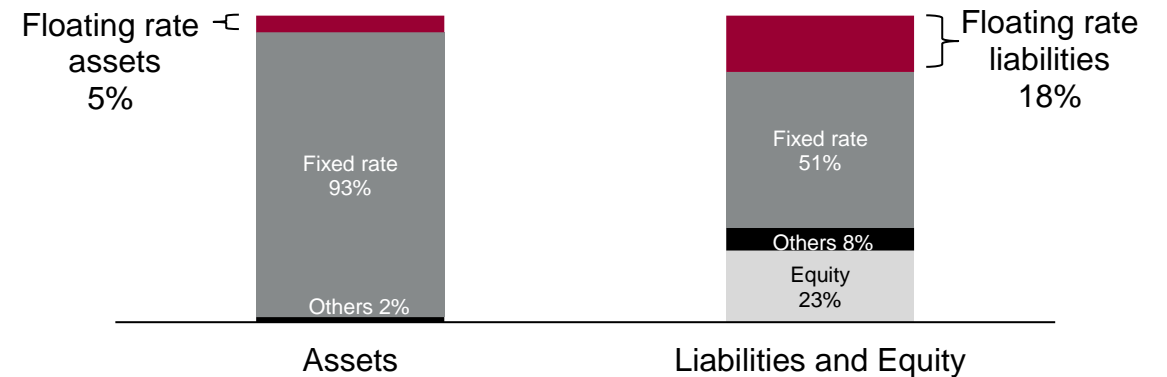
Sources of debt¹



Outstanding debt maturity profile



Asset and liability profile



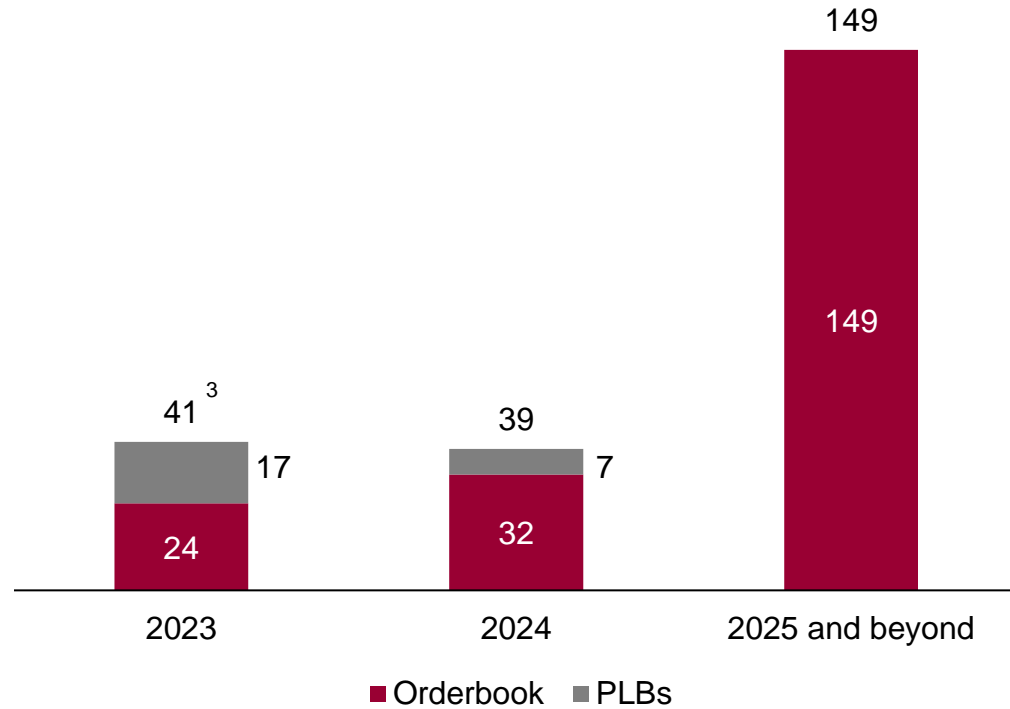
Long-term unsecured debt is a key strength

All data as at 30 June 2023
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Record High Committed Capex

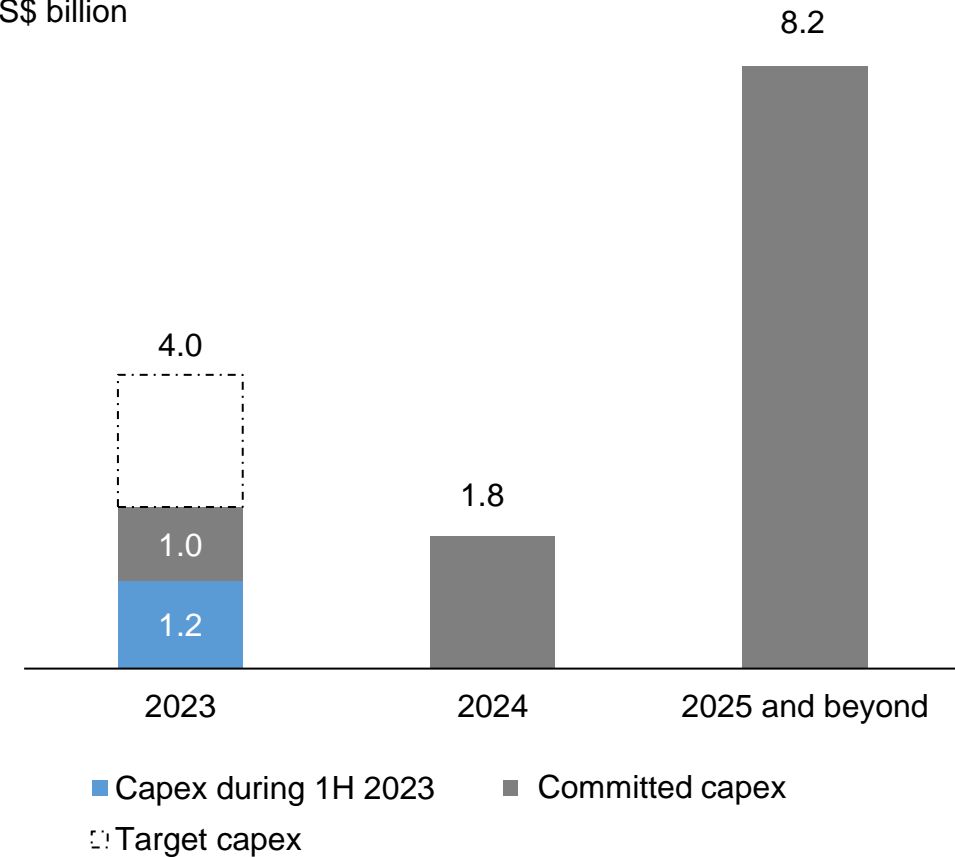
Orderbook by direct orders vs PLBs^{1,2}

Number of aircraft



Total committed capex of US\$11 billion⁴

US\$ billion



Robust capex provides future growth visibility

All data as at 30 June 2023
See Appendices - Endnotes



ESG is a Key Focus

Environmental

- **100%** carbon neutral for direct emissions
- **100%** latest technology aircraft in the orderbook
- **More than 70%** of our owned fleet is latest technology aircraft¹
- **4.8** years average fleet age²

Social

- **Supports Airlink** and other global and local NGOs
- **1,300** volunteer hours in local communities
- **More than 4,200** training hours across the company
- **50%** female representation in the workforce
- **20** nationalities across five offices

Governance

- **Three** female Board of Directors out of 11
- **Three** nationalities on the Board
- **30%** females in the management team
- **Nil** regulatory breaches
- **100%** completion of compliance training

ESG Committee chaired by Chief Operating Officer

Aviation in a Low Carbon Environment

	2020	2025	2030	2035	2040	2045	2050
Commuter » 9-50 seats » < 60 minute flights » <1% of industry CO ₂	SAF	Electric and/or SAF	Electric and/or SAF	Electric and/or SAF	Electric and/or SAF	Electric and/or SAF	Electric and/or SAF
Regional » 50-100 seats » 30-90 minute flights » ~3% of industry CO ₂	SAF	SAF	Electric or Hydrogen fuel cell and/or SAF	Electric or Hydrogen fuel cell and/or SAF	Electric or Hydrogen fuel cell and/or SAF	Electric or Hydrogen fuel cell and/or SAF	Electric or Hydrogen fuel cell and/or SAF
Short haul » 100-150 seats » 45-120 minute flights » ~24% of industry CO ₂	SAF	SAF	SAF	SAF	Electric or Hydrogen combustion and/or SAF	Electric or Hydrogen combustion and/or SAF	Electric or Hydrogen combustion and/or SAF
Medium haul » 100-250 seats » 60-150 minute flights » ~43% of industry CO ₂	SAF	SAF	SAF	SAF	SAF	SAF	SAF potentially some Hydrogen
Long haul » 250+ seats » 150 minute + flights » ~30% of industry CO ₂	SAF	SAF	SAF	SAF	SAF	SAF	SAF

See Appendices - Endnotes

Endnotes (1)

- **SLIDE 3: Recent Developments**
 1. Includes owned, managed and aircraft on order
 2. Weighted by net book value of owned fleet
 3. As at 30 June 2023
- **SLIDE 4: 1H 2023: Returning to Growth**
 1. Excluding the net impact of aircraft in Russia in 1H 2022
 2. Calculated as net cash flow from operating activities less finance expenses paid
- **SLIDE 6: 100% of Orderbook Comprises Latest Technology Aircraft**
 1. Includes all commitments to purchase aircraft including two where an airline customer has the right to acquire the relevant aircraft on delivery
 2. Based on net book value and including aircraft subject to finance leases
- **SLIDE 8: Record High Operating Cash Flow Net of Interest**
 1. Excluded the net impact of aircraft in Russia
 2. Calculated as net cash flow from operating activities less finance expenses paid
- **SLIDE 9: Airline Industry has Returned to 2019 Levels** - Source: IATA, Air passenger market in detail - August 2023
 1. Compared to 2019
- **SLIDE 10: Global Fleet to Double to >48,000 Aircraft by 2042** – Source: Source: Boeing Commercial Market Outlook 2023 -2042 (15 June 2023)
- **SLIDE 11: Airlines' Capital Investments Are Projected to Exceed US\$125 Billion by 2025** – Source: BOC Aviation Analysis
- **SLIDE 12: Operating Lessors' Share of the Market** – Source: Ascend, as at 30 September 2023 based on aircraft of 100 seats Fleet data for 2020 onwards includes aircraft in service and aircraft additionally parked from end 2019 due to Covid 19 fleet grounding
- **SLIDE 13: Lessors Offer Relatively Higher Returns in the Aerospace Industry** – Source: IATA Sustainability & Economics (13 October 2023)

Endnotes (2)

- **SLIDE 14: Conclusion**
 1. Since the Company's inception in 1993
 2. Compared to core NPAT of US\$206 million in 1H 2022
 3. As at 3 November 2023
- **SLIDE 16: The BOC Aviation Journey – 30 Years in 2023**
 1. Source: Bloomberg (as at 30 September 2023)
- **SLIDE 17: BOC Aviation – Who Are We?**
 1. By net book value of owned aircraft
 2. As at 30 June 2023
 3. Includes all commitments to purchase aircraft including two where an airline customer has the right to acquire the relevant aircraft on delivery
 4. Includes owned, managed and aircraft on order
 5. Weighted by net book value of owned fleet
- **SLIDE 19: Core Competencies - BOC Aviation Track Record**
 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
- **SLIDE 20: BOC Aviation Bonds Issued on the Tightest Spreads in 2023** – Sources: Bloomberg and BOC Aviation's estimates
- **SLIDE 21: Growing Balance Sheet and Fleet**
 1. Includes aircraft on leases classified as finance lease in accordance with IFRS 16 (Leases) as at 30 September 2023
- **SLIDE 22: Lease Rental Income Continues to Dominate Revenue**
 1. Excludes income arising from termination of leases with airlines in Russia in 2022
 2. Comprises aircraft depreciation and impairment charges (excludes the impairment of aircraft in Russia in 2022)

Endnotes (3)

- **SLIDE 23: Long-Term Leases Enhance Revenue Visibility**

1. Weighted by net book value of owned fleet and finance lease receivables in respect of aircraft on leases classified as finance leases in accordance with IFRS 16 (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 leases classified as finance leases in accordance with IFRS 16 (Leases), and excluding any aircraft for which the Company has sale, lease or lease extension commitments, and any off-lease aircraft as at 30 September 2023
3. Updated as at 30 September 2023 for BOC Aviation, Aercap, Air Lease and Avolon

- **SLIDE 24: Lease Rate Factor Trending Higher in 2023**

1. Calculated as operating lease rental income divided by average net book value of aircraft and multiplied by 100%. Semi-annual lease rate factors are calculated on an annualised basis
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 to medium term notes. Semi-annual cost of debt is calculated on an annualised basis
3. Calculated as operating lease rental income less finance expenses apportioned to operating lease rental income, divided by average of aircraft net book value. Semi-annual net lease yields are calculated on an annualised basis

- **SLIDE 25: Globally Diversified Portfolio**

1. Based on net book value (excluding off lease aircraft) and including finance lease receivables in respect of aircraft on leases classified as finance leases in accordance with IFRS 16 (Leases)
2. For certain airlines, the percentage includes leases to affiliated airlines whose obligations are guaranteed by the named airline
3. Based on net book value of aircraft including finance lease receivables in respect of aircraft on leases classified as finance leases in accordance with IFRS 16 (Leases)
4. Off lease aircraft are allocated to the region of the prospective operator if a lease commitment is in place or to the region of the prior operator if no lease commitment is in place
5. Fleet utilisation is the total days on-lease in the period as a percentage of total available lease days in the period, as at 30 September 2023

Endnotes (4)

- **SLIDE 26: Diverse Funding Channels Utilised in 1H 2023**
 1. Calculated as net cash flow from operating activities less finance expenses paid
- **SLIDE 27: Flexible Capital Structure**
 1. Drawn debt only
- **SLIDE 28: Record High Committed Capex**
 1. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery
 2. Based on expected delivery dates as at 30 June 2023
 3. Includes 16 aircraft delivered in 1H 2023
 4. As at 30 June 2023
- **SLIDE 29: ESG is a Key Focus**
 1. As at 30 June 2023
 2. As at 30 September 2023
- **SLIDE 30: Aviation in a Low Carbon Environment** – Source: ATAG Waypoint 2050 Report



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