



# Daiwa Investment Conference Hong Kong 2020

30 NOVEMBER 2020

# Disclaimer

This presentation contains information about BOC Aviation Limited (“BOC Aviation”), current as at the date hereof or as at such earlier date as may be specified herein. This document does not constitute or form part of and should not be construed as, an offer to sell or issue or the solicitation of an offer to buy or acquire securities of BOC Aviation or any of its subsidiaries or affiliates or any other person in any jurisdiction or an inducement to enter into investment activity and does not constitute marketing material in connection with any such securities.

Certain of the information contained in this document has not been independently verified and no representation or warranty, expressed or implied, is made as to, and no reliance should be placed on, the information or opinions contained herein or in any verbal or written communication made in connection with this presentation. The information set out herein may be subject to revision and may change materially. BOC Aviation is not under any obligation to keep current the information contained in this document and any opinions expressed in it are subject to change without notice.

No part of this document, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. No representation, warranty or undertaking, express or implied, is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained herein. Neither BOC Aviation nor any of its affiliates, advisors, agents or representatives including directors, officers and employees shall have any liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document. This document is highly confidential and is being given solely for your information and for your use and may not be shared, copied, reproduced or redistributed to any other person in any manner.

This document may contain “forward-looking statements”, which include all statements other than statements of historical facts, including, without limitation, any statements preceded by, followed by or that include the words “will”, “would”, “aim”, “aimed”, “will likely result”, “is likely”, “are likely”, “believe”, “expect”, “expected to”, “will continue”, “will achieve”, “anticipate”, “estimate”, “estimating”, “intend”, “plan”, “contemplate”, “seek to”, “seeking to”, “trying to”, “target”, “propose to”, “future”, “objective”, “goal”, “project”, “should”, “can”, “could”, “may”, “will pursue” or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond BOC Aviation’s control that could cause the actual results, performance or achievements of BOC Aviation to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Neither BOC Aviation nor any of its affiliates, agents, advisors or representatives (including directors, officers and employees) intends or has any duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained in this document.

Any securities or strategies mentioned herein (if any) may not be suitable for all investors. Recipients of this document are required to make their own independent investigation and appraisal of the business and financial condition of BOC Aviation and/or any other relevant person, and any tax, legal, accounting and economic considerations that may be relevant. This document contains data sourced from and the views of independent third parties. In replicating such data in this document, BOC Aviation does not make any representation, whether express or implied, as to the accuracy of such data. The replication of any views in this document should not be treated as an indication that BOC Aviation agrees with or concurs with such views.

# 3Q 2020 Overview



## STRONG ASSET QUALITY

- **555 aircraft** owned, managed and on order<sup>1</sup>
- **3.6 years<sup>2</sup>** average fleet age; **8.5 years<sup>2</sup>** average remaining lease term
- **99.7%** aircraft utilization rate



## 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 liquidity<sup>3</sup>



## 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



## STRONG CREDIT RATINGS

- **A-** by S&P Global Ratings
- **A-** by Fitch Ratings



## 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



## 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**

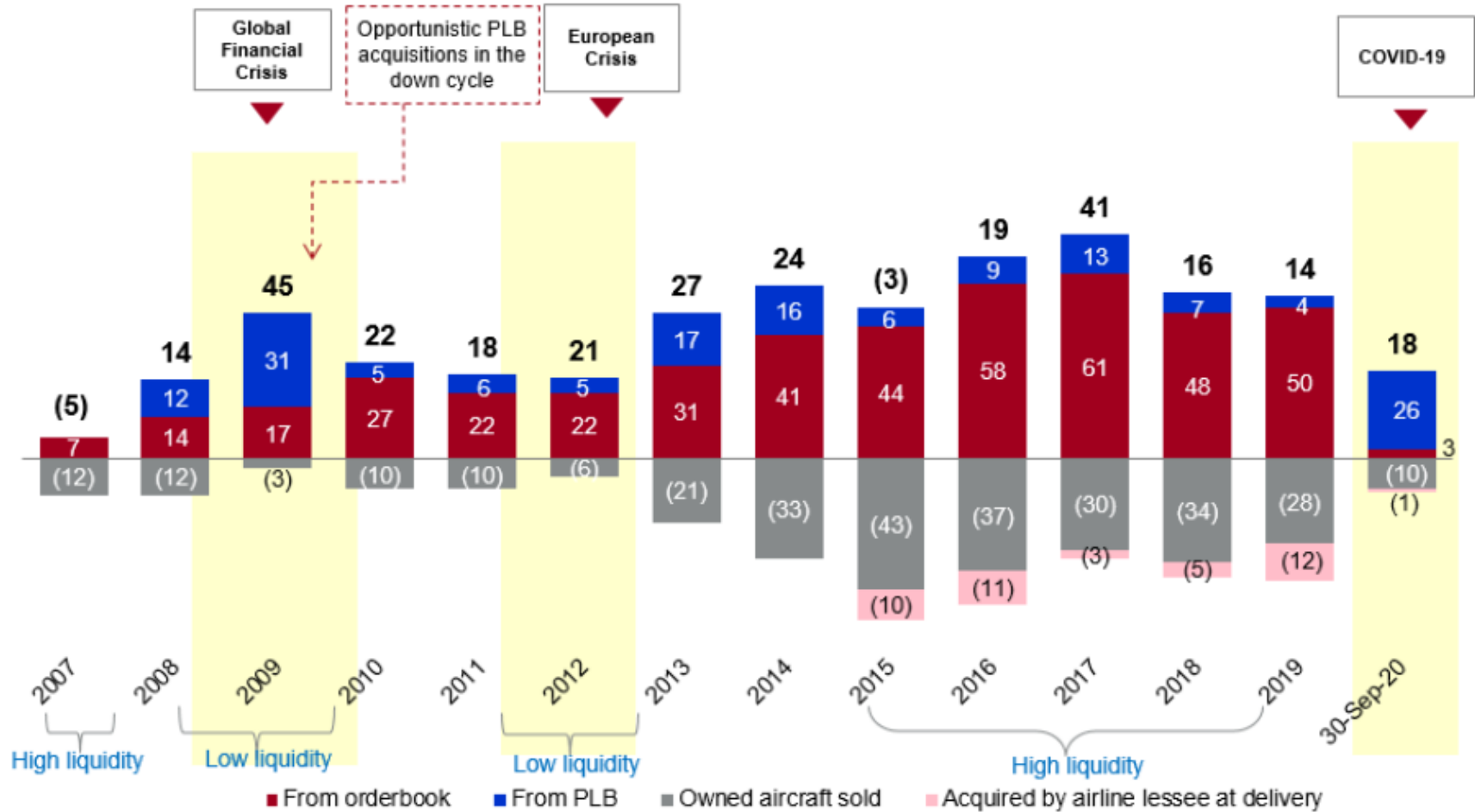
All data as at 30 September 2020 unless otherwise indicated  
Notes:

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 <sup>1</sup>	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
<b>Total</b>	<b>335</b>	<b>40</b>	<b>180</b>	<b>555</b>

**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

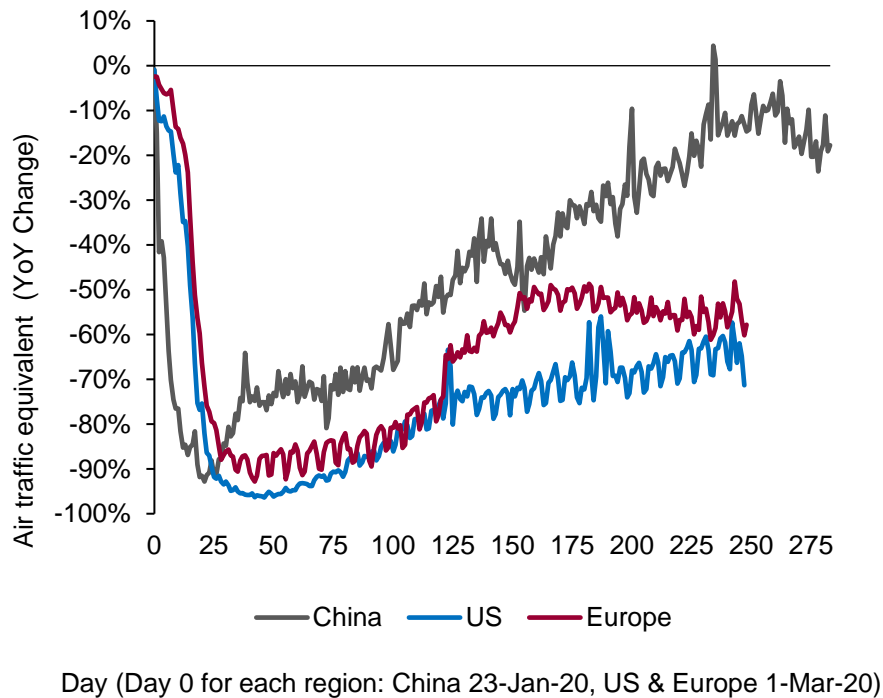
Note:

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



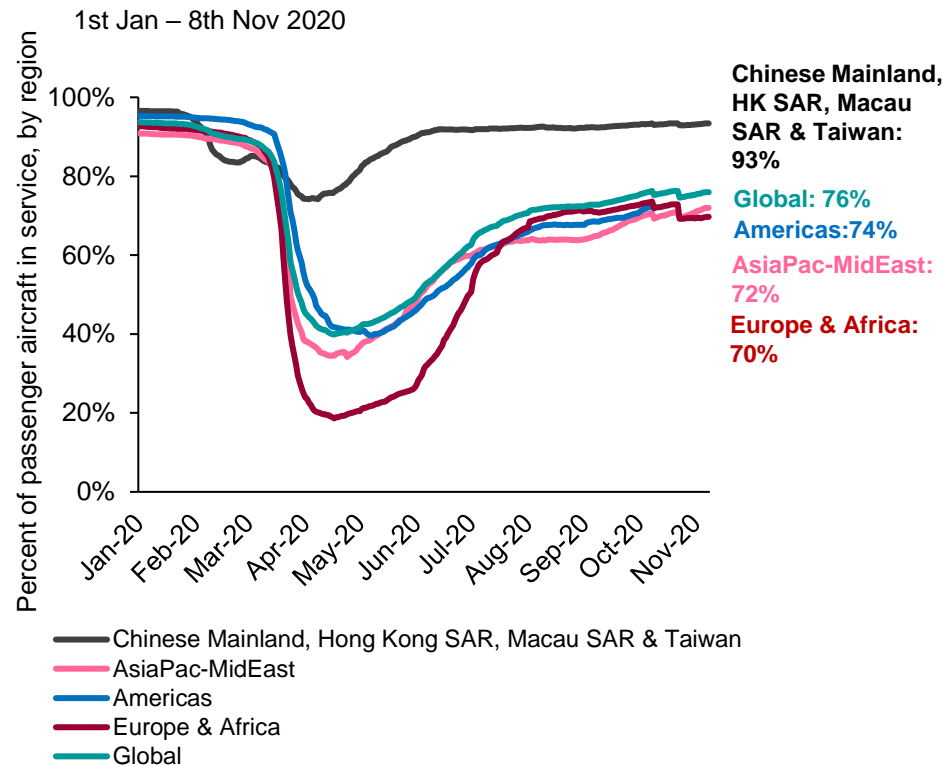
# Air Traffic Recovery

## 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

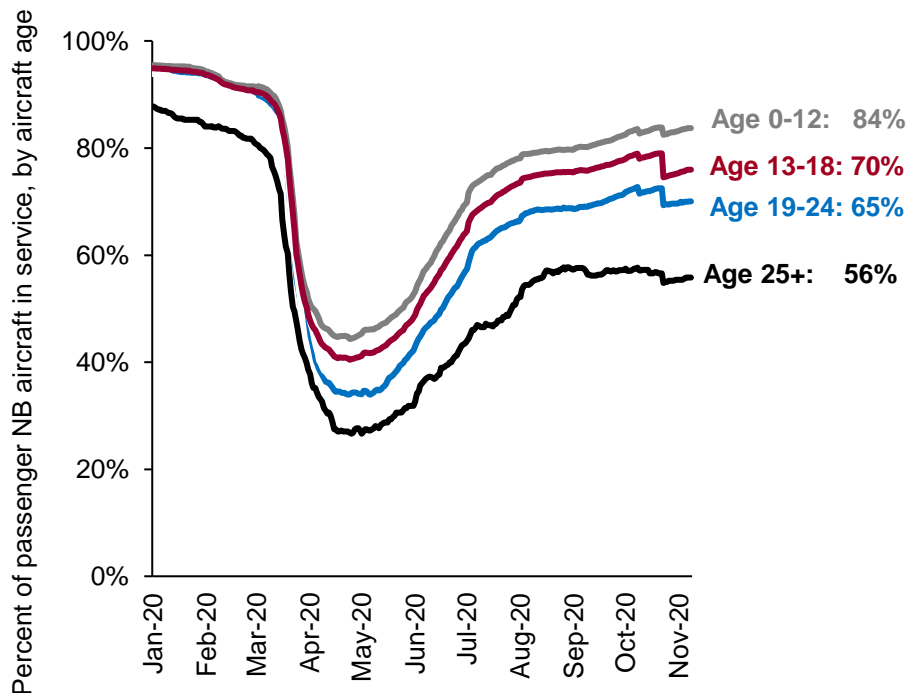


Notes: Includes 737, 747, 757, 767, 777, 787, A320, A330, A350 and A380 aircraft families  
Source: Cirium fleet data, BOC Aviation analysis

# Rising Utilisation Rates for Younger Narrowbody Aircraft

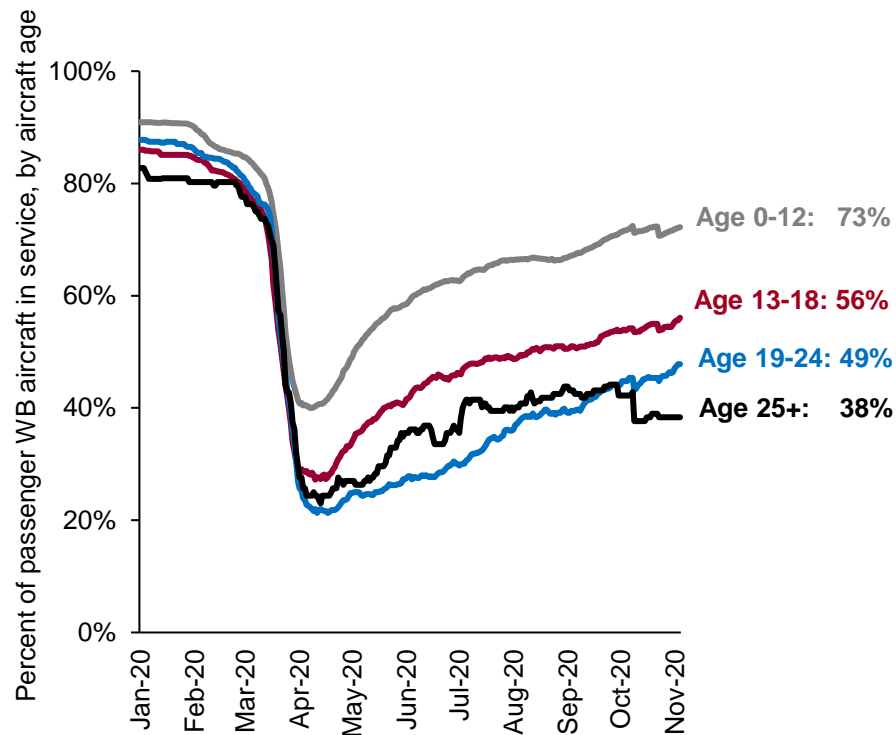
## Narrowbodies

1st Jan – 8th Nov 2020



## Widebodies

1st Jan – 8th Nov 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 with no new deliveries to place until 2023
- 4 MAX return to service provides better line of sight on 2021 deliveries
- 5 Robust liquidity of US\$4 billion<sup>1</sup> underpinned by supportive capital markets
- 6 Strong operating cashflows from 1H 2020 sustained into 2H 2020
- 7 Active support from Bank of China
- 8 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



**27<sup>TH</sup> YEAR  
OF  
PROFITABILITY**



**TOTAL ASSETS  
OF US\$22.6  
BILLION**

- **US\$17.3 billion** in aircraft net book value<sup>1</sup>
- **555** aircraft<sup>2</sup>
- **180** aircraft on order<sup>3</sup>

**Industry leader with best in class financial performance**

All data as at 30 June 2020 unless otherwise indicated

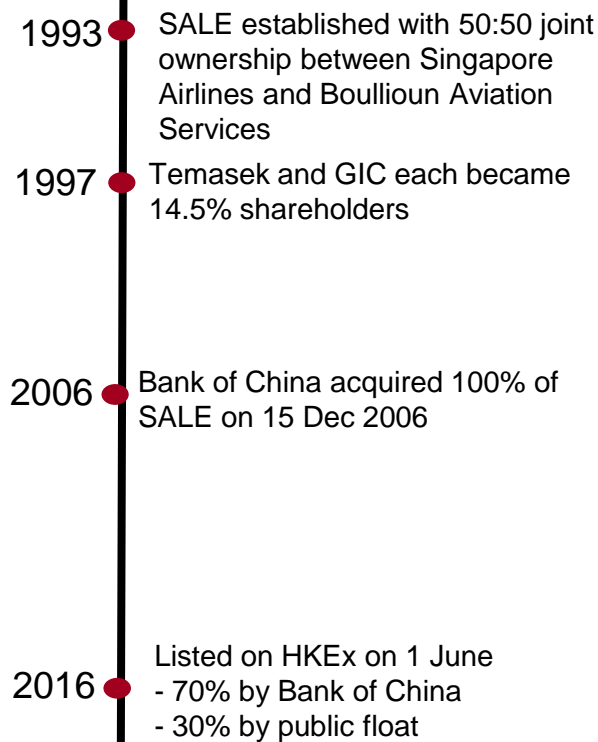
Notes:

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



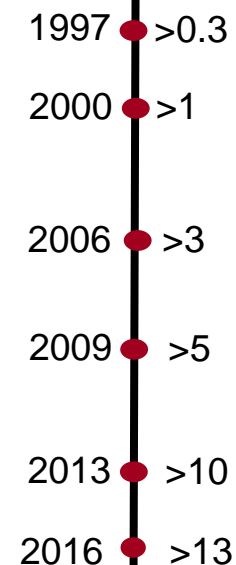
# The BOC Aviation Journey

## Ownership



## Total assets

US\$ billion



30 June 2020 ● >22



All data as at the end of the relevant period

# Globally Diverse Management Team



**Robert Martin**

*Managing Director & Chief Executive Officer*

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

**Zhang Xiaolu**

*Vice-Chairman & Deputy Managing Director*

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

**Steven Townend**

*Deputy Managing Director & Chief Financial Officer*

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

**Phang Thim Fatt**

*Deputy Managing Director*

- 41 years of airline and leasing experience

**David Walton**

*Deputy Managing Director & Chief Operating Officer*

- 34 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)*

- 22 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

<b>Nationality</b>							
<b>Years with BOC Aviation</b>	<b>22</b>	<b>1</b>	<b>19</b>	<b>24</b>	<b>6</b>	<b>2</b>	<b>1</b>
<b>Years of experience</b>	<b>33</b>	<b>30</b>	<b>29</b>	<b>41</b>	<b>34</b>	<b>22</b>	<b>24</b>

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

All data as at November 2020

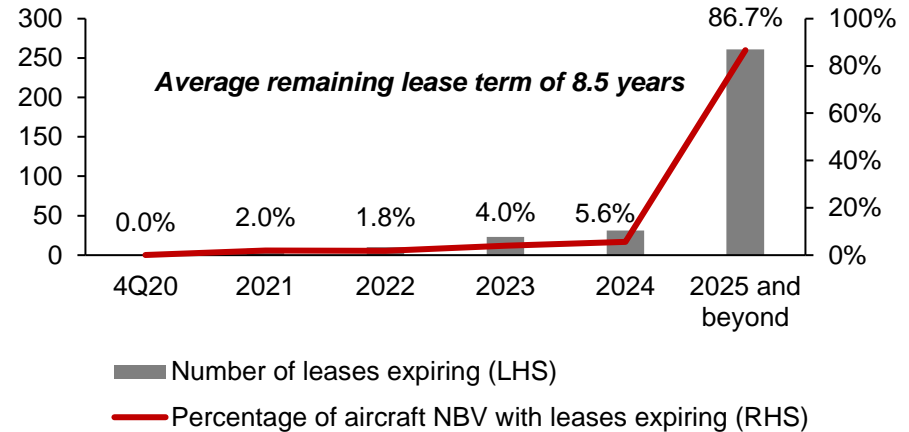


# Proactive Strategy

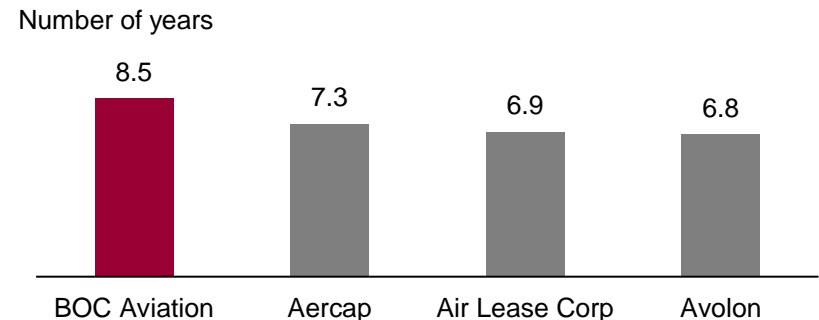
## New business generation in 2020 YTD

- New business delivering over the next two years features long-term leases, which adds to revenue stability and visibility
- Most of the aircraft purchased and committed to in 2020 YTD are on 12-16 year lease terms
- Expansion of globally diverse customer base: added business in Asia, Europe and the Americas
- New CAPEX committed is equivalent to approximately 40% of end-2019 aircraft net book value<sup>1</sup>

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



## Long average remaining lease term<sup>3</sup>



Source: Respective company websites and disclosures

All data as at 30 September 2020 unless otherwise indicated

Notes:

1. As at 30 June 2020
2. Owned aircraft with lease expiring in each calendar year, weighted by net book value, excluding two aircraft off lease and including aircraft on leases classified as finance leases. Both aircraft off lease have been committed for lease as at 30 September 2020
3. Weighted by net book value of owned fleet as at 30 September 2020

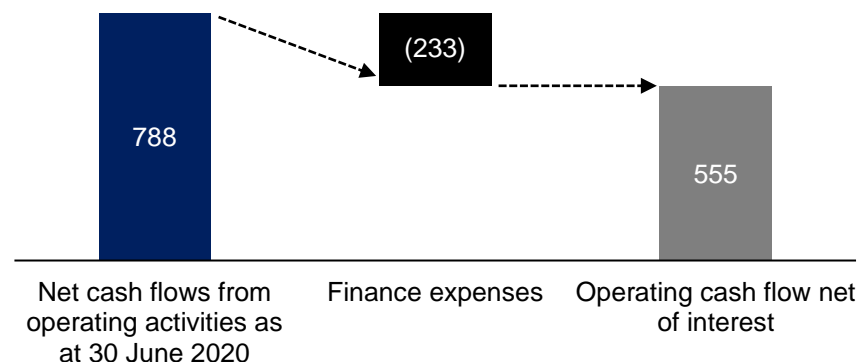
# Robust Operating Cash Flow Net of Interest

## Operating cash flow net of interest<sup>1</sup>

- 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

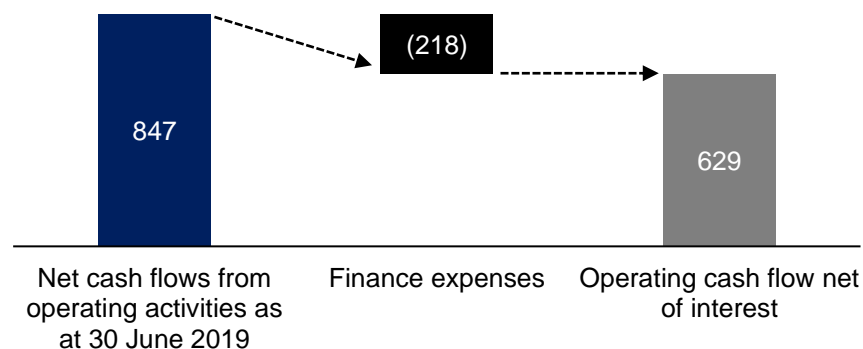
## Operating cash flow net of interest<sup>1</sup> as at 30 June 2020

US\$ million



## Operating cash flow net of interest<sup>1</sup> 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

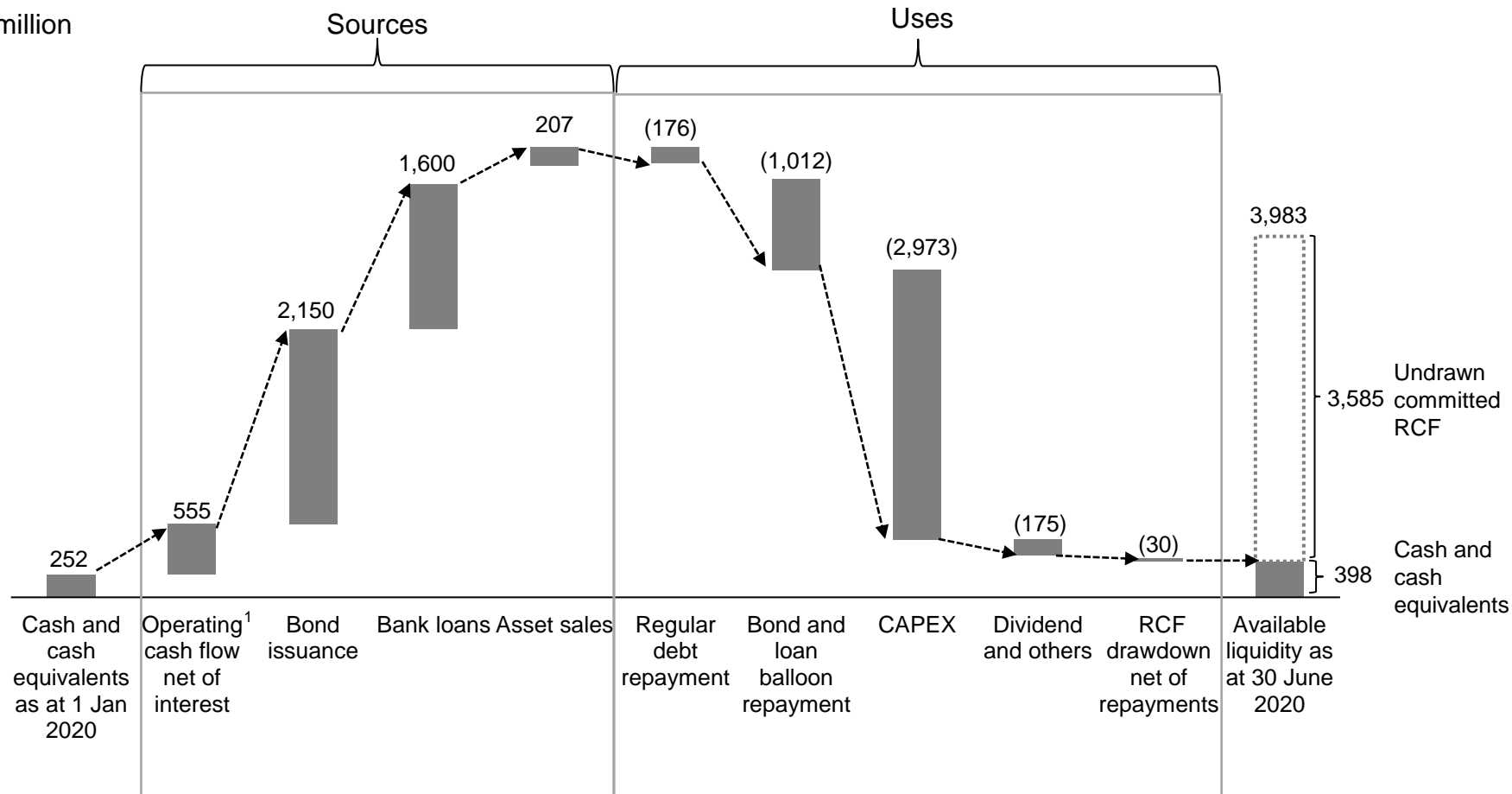
Note:

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

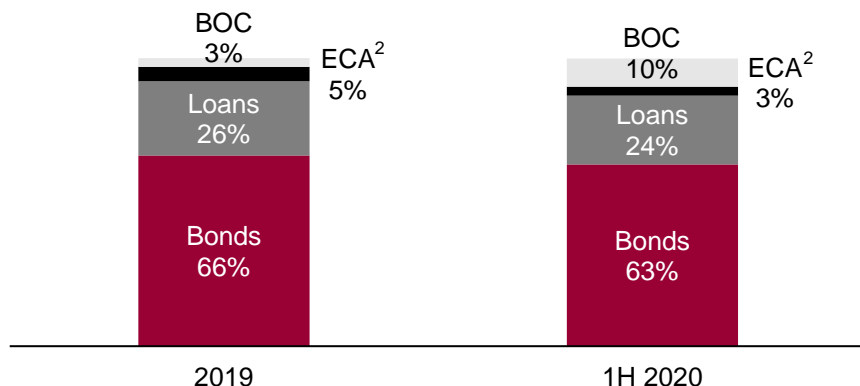
Note:

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

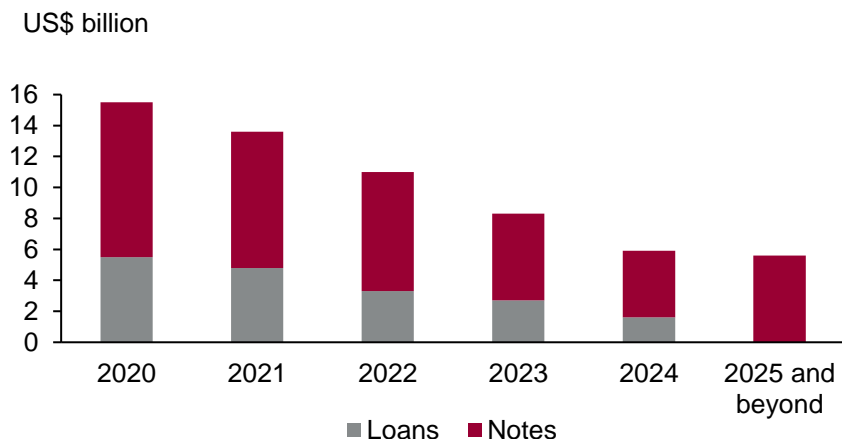


# Flexible Capital Structure and Ample Backstop Liquidity

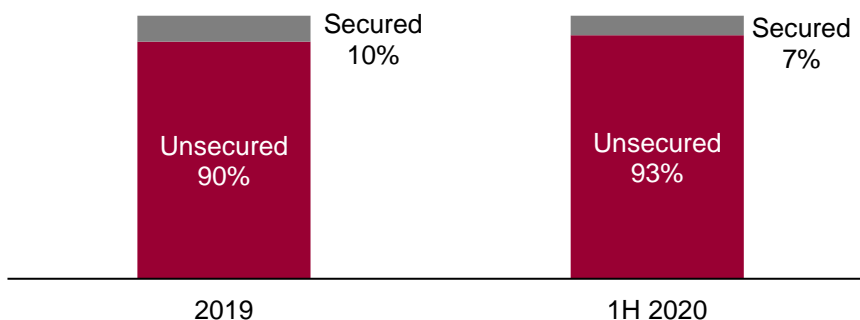
## Sources of debt<sup>1</sup>



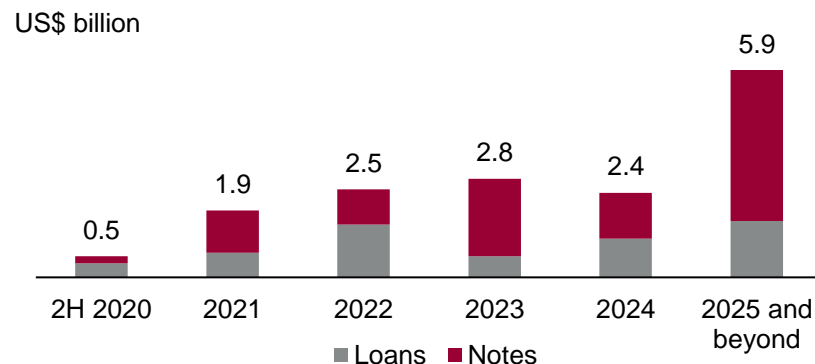
## Outstanding debt amortises over a long term



## 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:

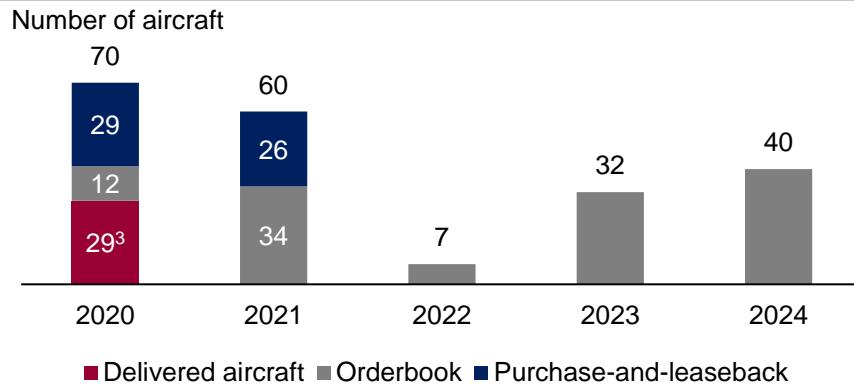
1. Drawn debt only
2. ECA refers to debt guaranteed by the export credit agencies of France, Germany, the United Kingdom or the United States





# New Investments Drive Growing Committed Lease Revenues

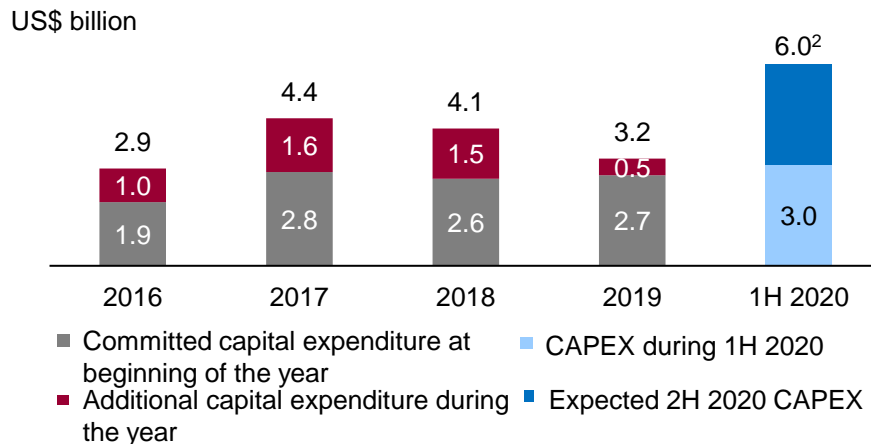
## Orderbook delivery schedule<sup>1,2,4</sup>



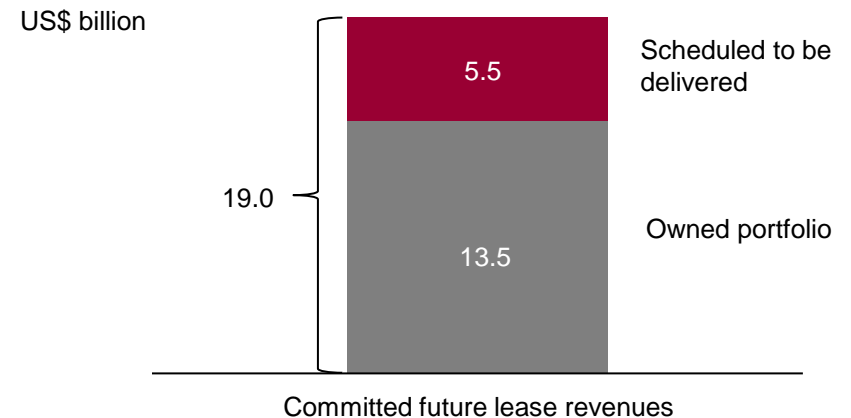
## Resculed orderbook to match demand<sup>4</sup>

- 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



## Committed future lease revenues of US\$19 billion



## De-risking orders scheduled for delivery in 2021 and 2022

All data as at 30 June 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. Based on expected delivery dates
3. Aircraft delivered in September 2020 YTD, including one aircraft acquired by an airline customer on delivery
4. As at 30 September 2020



[www.bocaviation.com](http://www.bocaviation.com)