

# DBS Vickers Pulse of Asia Conference 2021

JANUARY 2021

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# 2020 Overview



## STRONG ASSET QUALITY

- **553 aircraft** owned, managed and on order<sup>1</sup>
- **3.5 years<sup>2</sup>** average fleet age; **8.6 years<sup>2</sup>** average remaining lease term
- **99.6%** aircraft utilization rate



## ROBUST LIQUIDITY

- **RCF of US\$3.5 billion** from Bank of China increased from US\$2 billion and maturity extended to 2026<sup>3</sup>
- **Total available liquidity** in excess of **US\$5 billion**



## PROACTIVE INVESTMENT STRATEGY

- **54** aircraft deliveries in 2020
- **102** lease commitments signed in 2020
- **100%** of aircraft scheduled for delivery before 2023 placed



## STRONG CREDIT RATINGS

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



## RESCULPTED ORDERBOOK

- **Committed to purchase 77** aircraft in the PLB market
- **52** aircraft orders cancelled



## 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 31 December 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. Announced on 3 December 2020

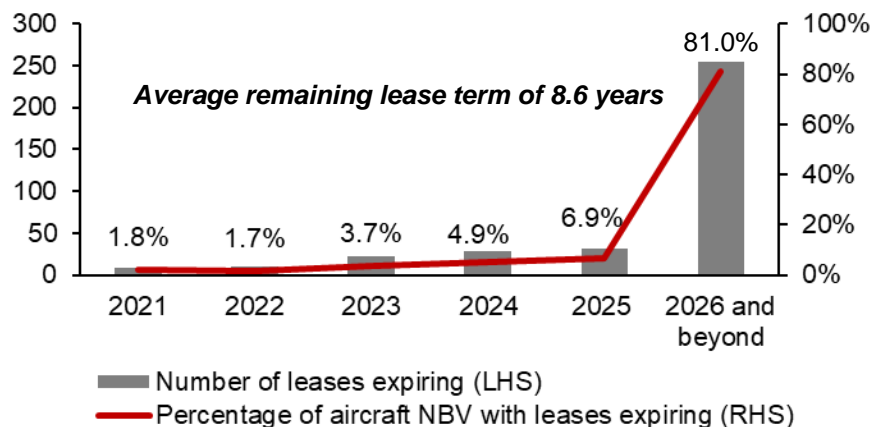


# Proactive Strategy

## New business generation in 2020

- Expansion of globally diverse customer base: added business in Asia, Europe and the Americas
- New capital expenditure committed is equivalent to approximately 40% of end-2019 aircraft net book value<sup>1</sup>

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



## Updated guidance

- FY2020E net profit after tax (“NPAT”) is expected to be 25% and 30% lower than FY2019 NPAT of US\$702 million, due to higher levels of provisions for doubtful debts and aircraft impairments
- Core leasing business continues to perform well

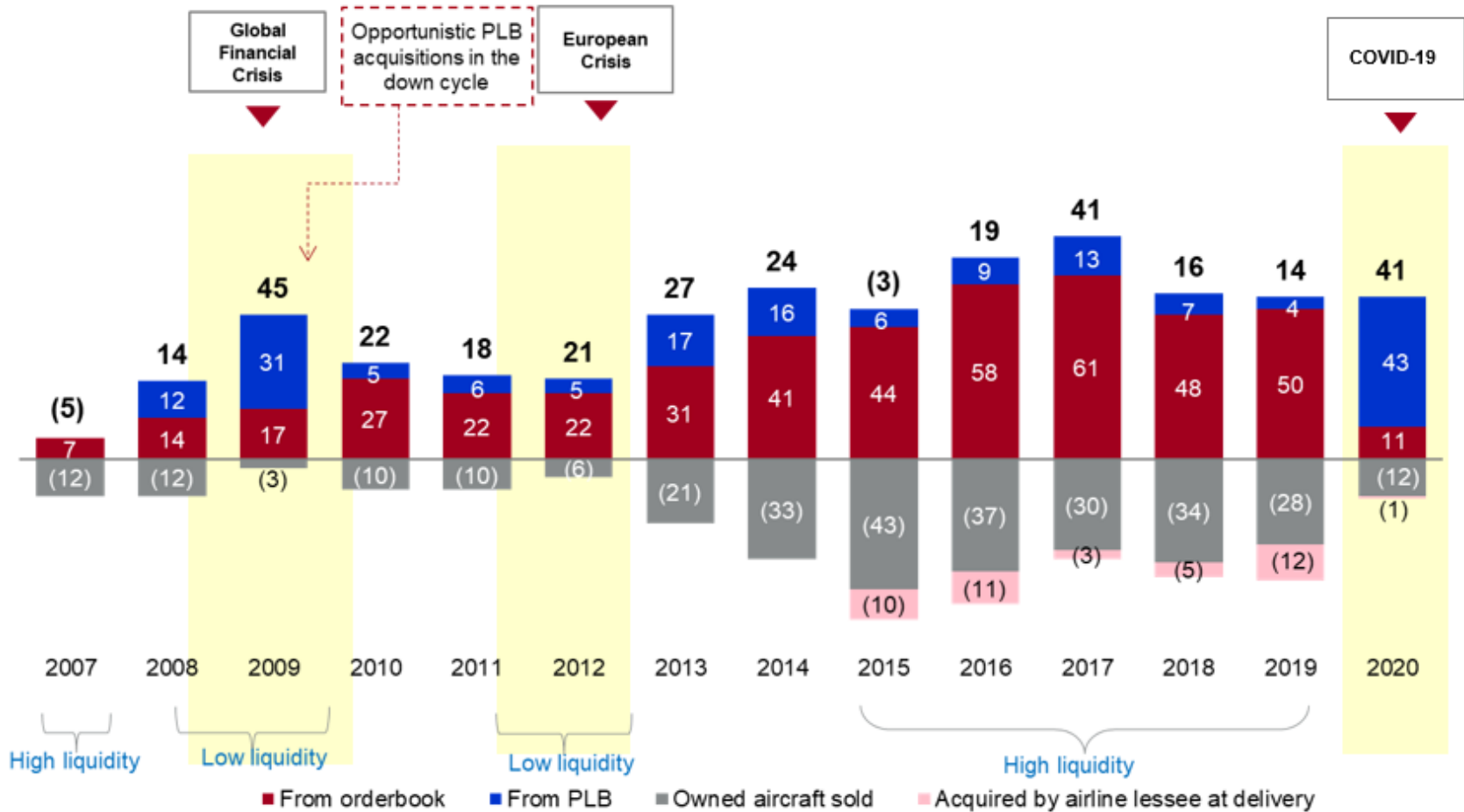
All data as at 31 December 2020 unless otherwise indicated

Notes:

1. As at 30 June 2020
2. Owned aircraft with lease expiring in each calendar year, weighted by net book value, excluding one aircraft off lease and including aircraft on leases classified as finance leases. The aircraft off lease has been committed for lease as at 31 December 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	68	0	58	126
Airbus A330CEO family	12	3	0	15
Airbus A330NEO family	4	0	2	6
Airbus A350 family	9	0	0	9
Boeing 737NG family	80	15	0	95
Boeing 737 MAX family	24	0	70	94
Boeing 777-300ER	24	4	3	31
Boeing 777-300	0	1	0	1
Boeing 787 family	20	1	22	43
Freighters	5	1	0	6
<b>Total</b>	<b>358</b>	<b>40</b>	<b>155</b>	<b>553</b>

All data as at 31 December 2020

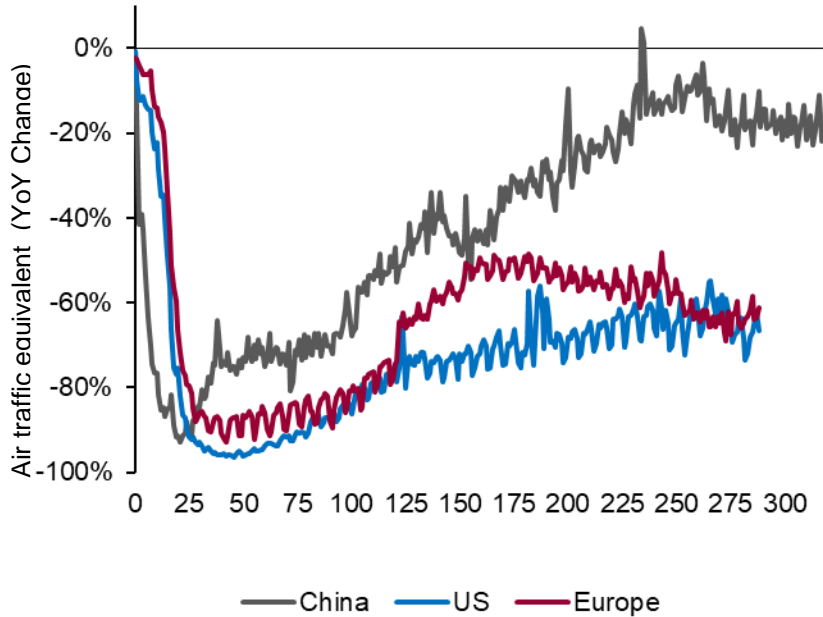
Note:

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

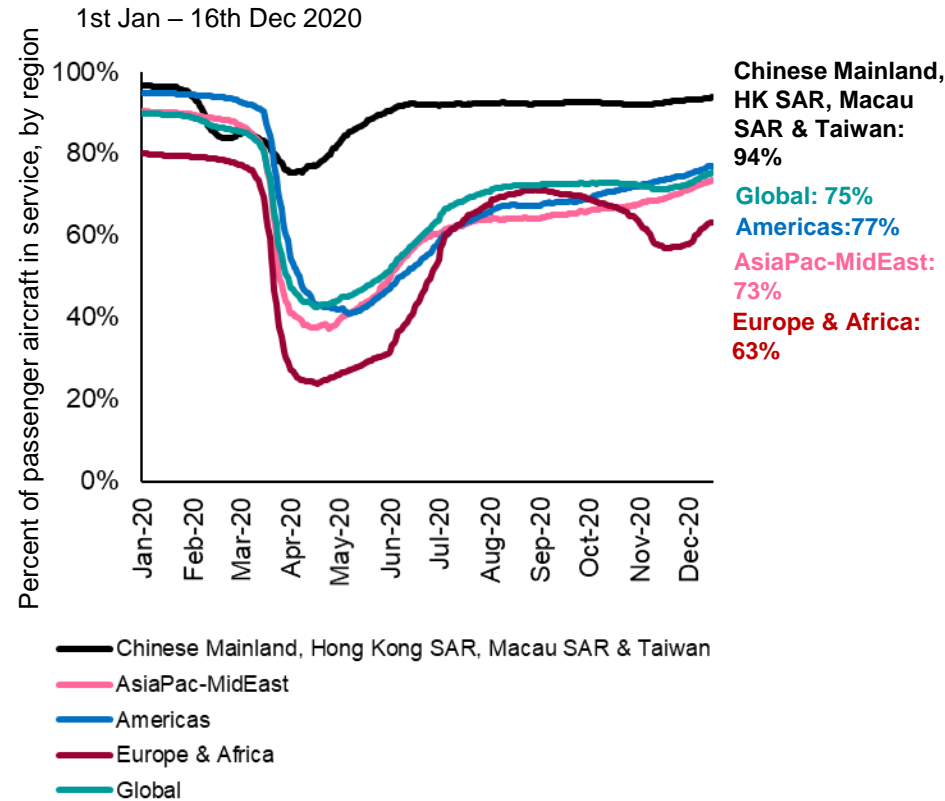
Passenger traffic is up from 2Q2020 lows



Day (Day 0 for each region: China 23-Jan-20, US & Europe 1-Mar-20)

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

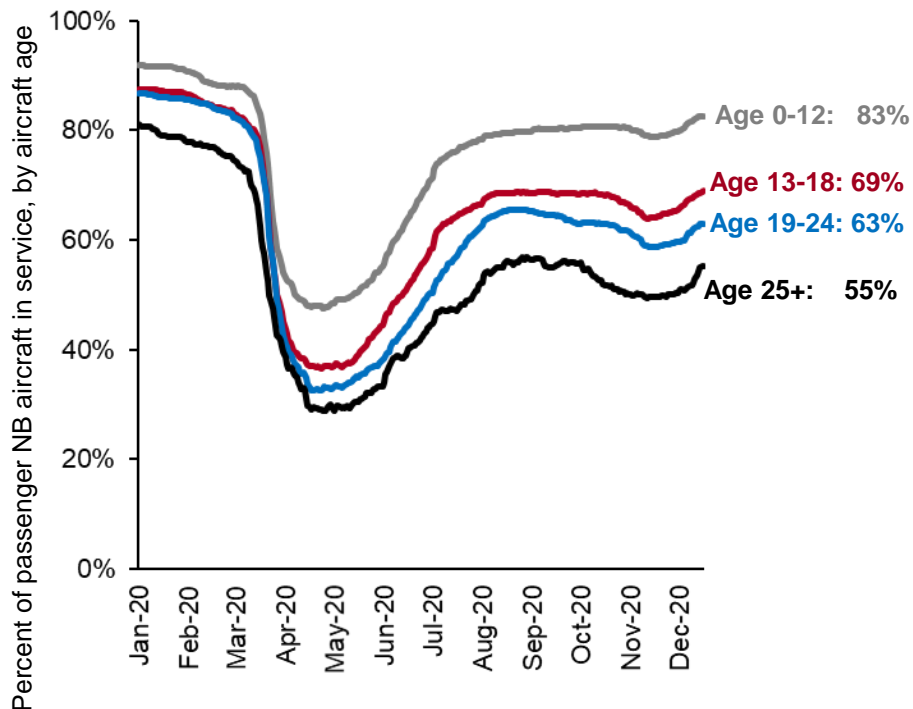
Source: Cirium fleet data, BOC Aviation analysis



# Rising Utilisation Rates for Younger Narrowbody Aircraft

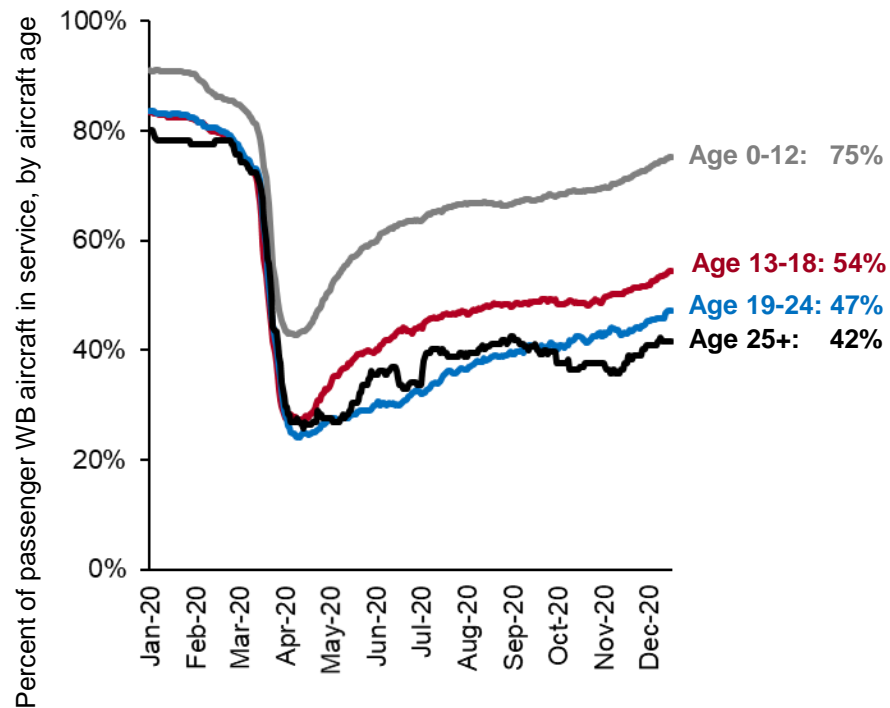
## Narrowbodies

1st Jan – 16th Dec 2020



## Widebodies

1st Jan – 16th Dec 2020



**BOC Aviation fleet has an average age of 3.5 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: committed to purchase 77 aircraft in the PLB market and cancelled 52 aircraft orders
- 4 RCF from Bank of China increased from US\$2 billion to US\$3.5 billion and maturity extended to 2026, lifting total available liquidity to more than US\$5 billion at year end
- 5 Strong operating cashflows from 1H 2020 sustained into 2H 2020
- 6 Active support from Bank of China
- 7 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 31 December 2020 unless otherwise indicated

# 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>
- **553** aircraft<sup>2</sup>
- **155** aircraft on order<sup>3</sup>

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

All data as at 30 June 2020 unless otherwise indicated

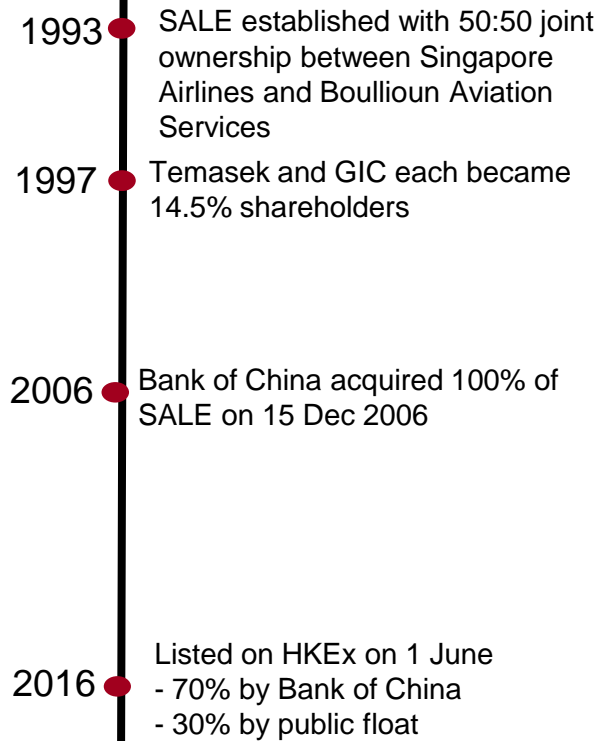
Notes:

1. Excludes aircraft on leases classified as finance leases
2. Includes owned, managed and aircraft on order as at 31 December 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 31 December 2020



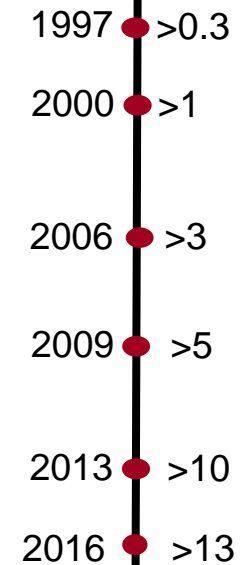
# The BOC Aviation Journey

## 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*

**Zhang Xiaolu**  
*Vice-Chairman & Deputy Managing Director*

**Steven Townend**  
*Deputy Managing Director & Chief Financial Officer*

**David Walton**  
*Deputy Managing Director & Chief Operating Officer*

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

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

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

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

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

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

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

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

**Nationality**



**Years of experience**

**33**

**30**

**29**

**34**

**22**

**25**

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

All data as at January 2021



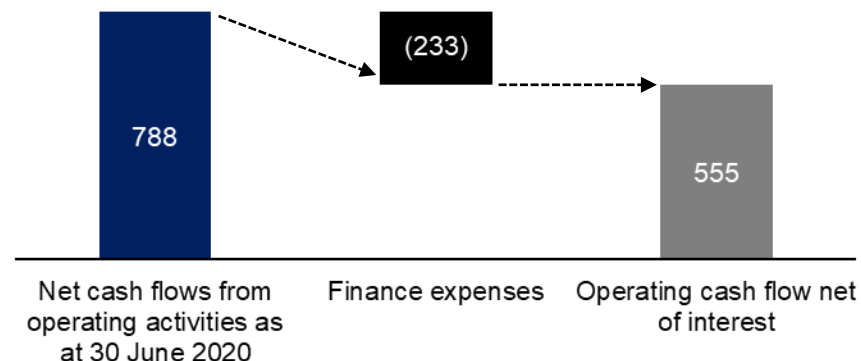
# Robust Operating Cash Flow Net of Interest

## 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 43 purchase-and-leaseback aircraft that delivered in 2020 will further enhance cash flows

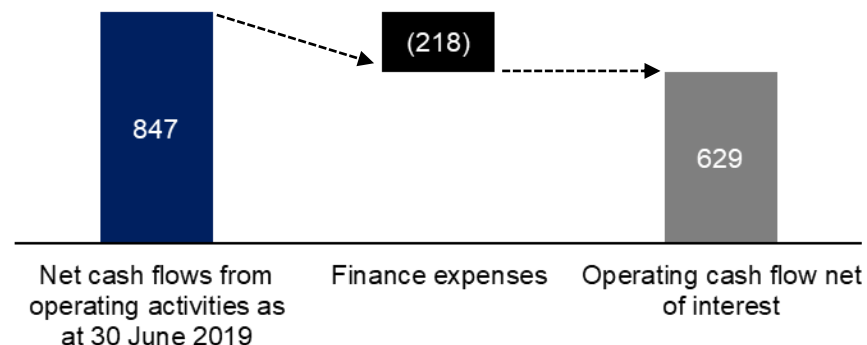
## Operating cash flow net of interest<sup>1</sup> as at 30 June 2020

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

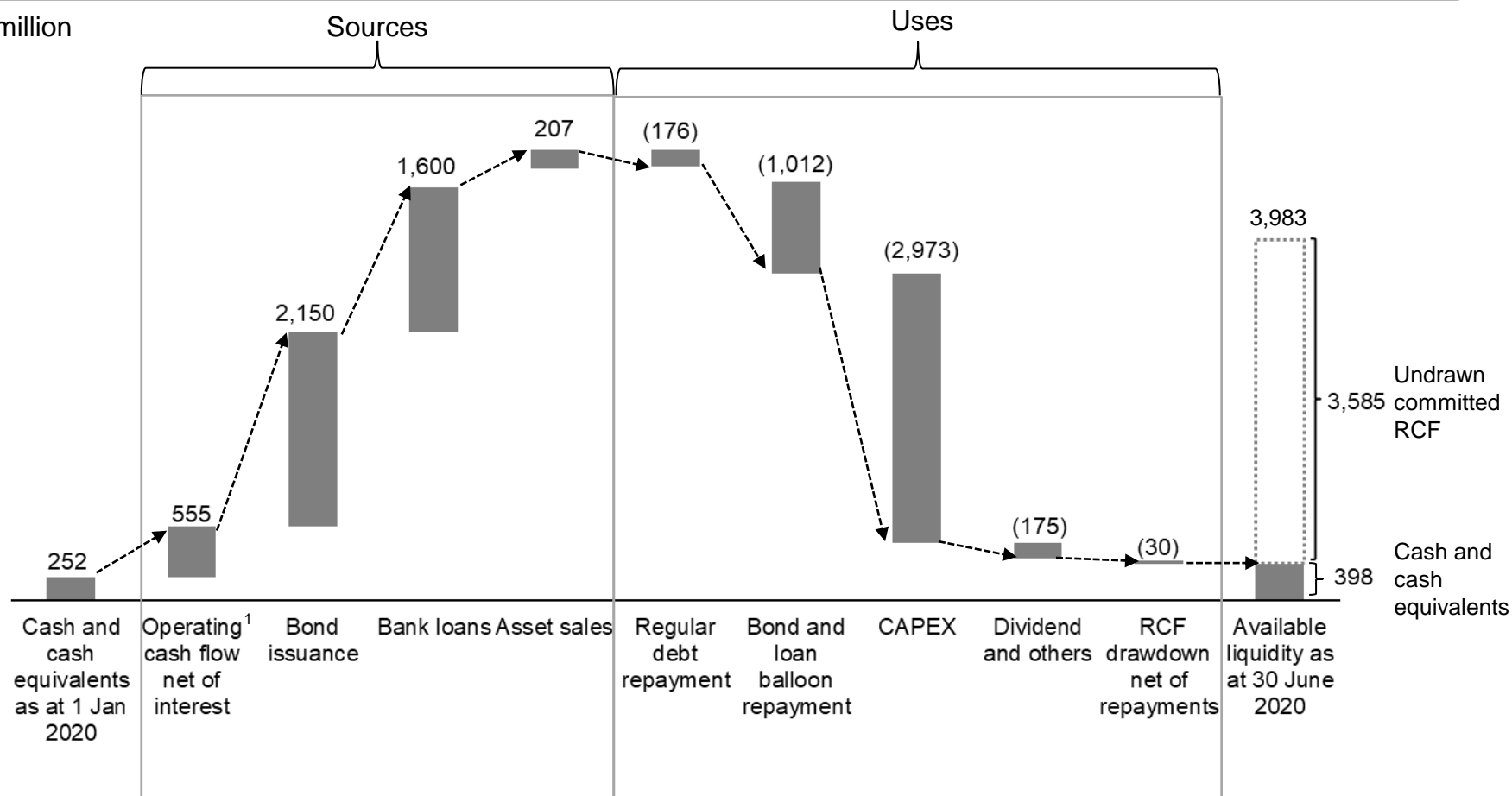
Note:

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

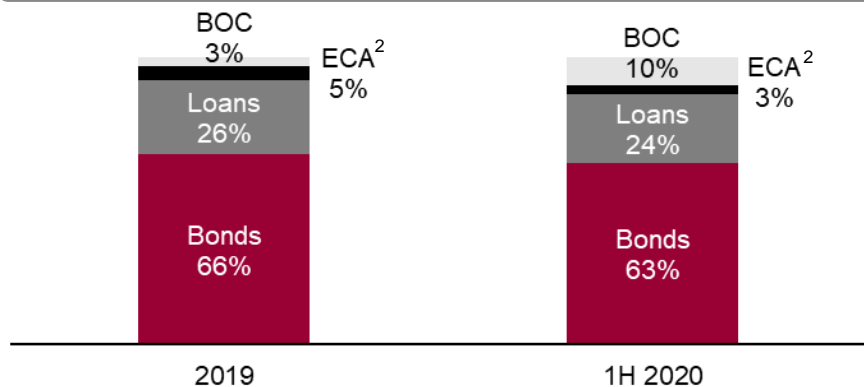
Note:

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

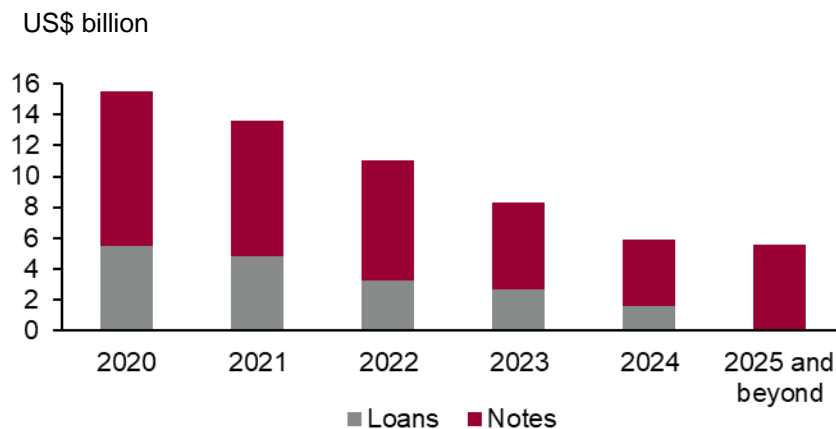


# Flexible Capital Structure and Ample Backstop Liquidity

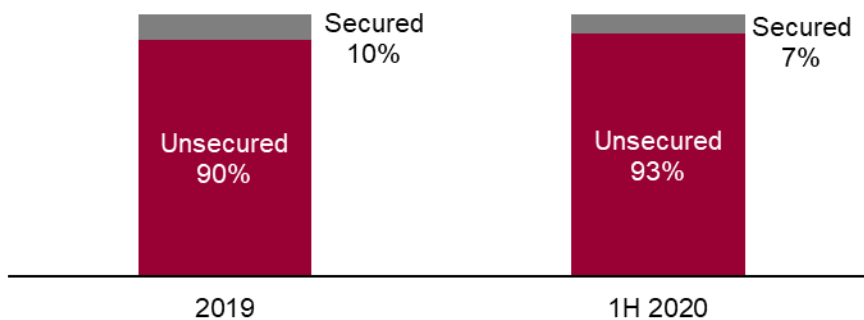
## Sources of debt<sup>1</sup>



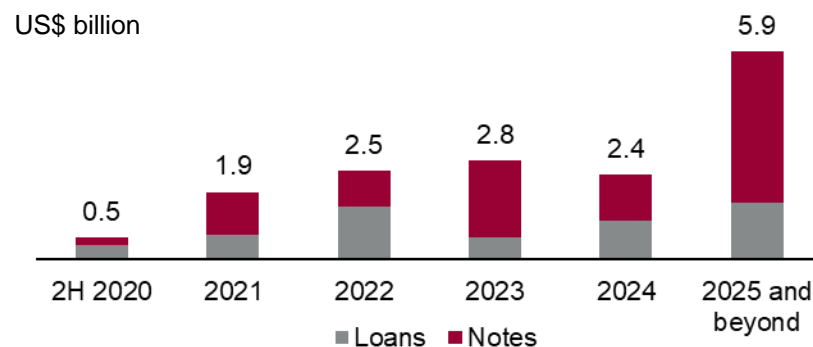
## Outstanding debt amortises over a long term



## Increasing unsecured funding



## Debt repayment by year



**Total liquidity in excess of US\$5 billion as at 31 December 2020**

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



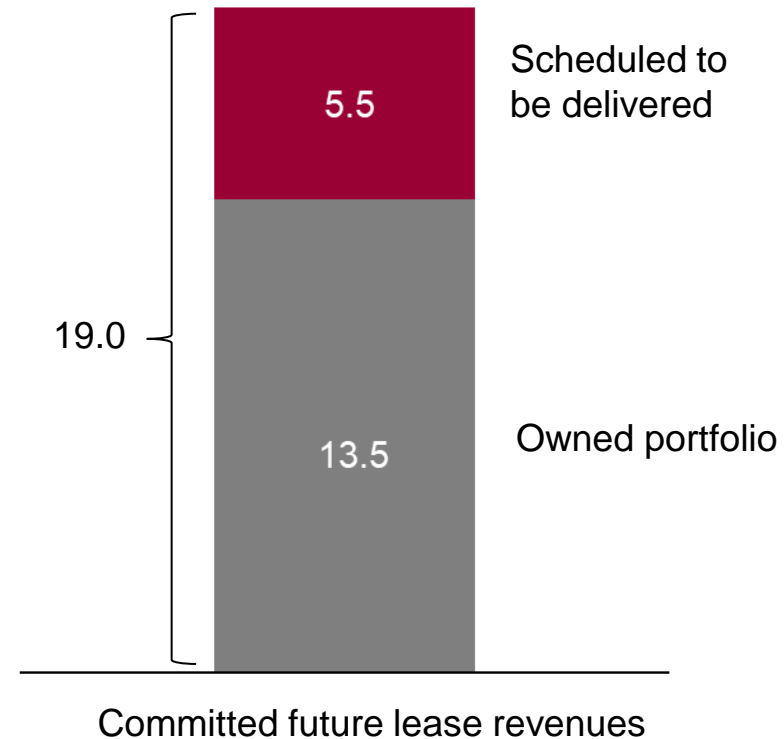
# New Investments Drive Growing Committed Lease Revenues

## Resculed orderbook to match demand<sup>1</sup>

- Committed to purchase 97 aircraft
  - 87 placed on long-term leases
- Delivered 54 aircraft in 2020
- Resculed orderbook, including cancellation of 52 aircraft on order
- Placed all aircraft scheduled for delivery prior to 2023

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

US\$ billion



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

All data as at 30 June 2020 unless otherwise indicated

Note:

1. As at 31 December 2020



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