



Morgan Stanley Virtual Hong Kong Summit

MARCH 2021

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2020 OVERVIEW

2020: Another Year of Unbroken Profitability



Resilient core business¹

US\$2,054 million		4%
Total revenues and other income		
US\$1,355 million		13%
Operating cash flows net of interest ²		
US\$715 million		3%
Core lease rental contribution ³		
US\$563 million		27%
Profit before tax		
US\$510 million		27%
Net profit after tax		
US\$0.73		27%
Earnings per share		

Robust balance sheet¹

US\$23.6 billion		19%
Total assets		
US\$5.1 billion		12%
Total available liquidity		
US\$4.8 billion		4%
Total equity		
US\$6.88		4%
Net assets per share		

Maintained dividend payout ratio

35%		Stable¹
Annual dividend payout ratio		
US\$0.2571		27%⁵
Total dividend per share ⁴		

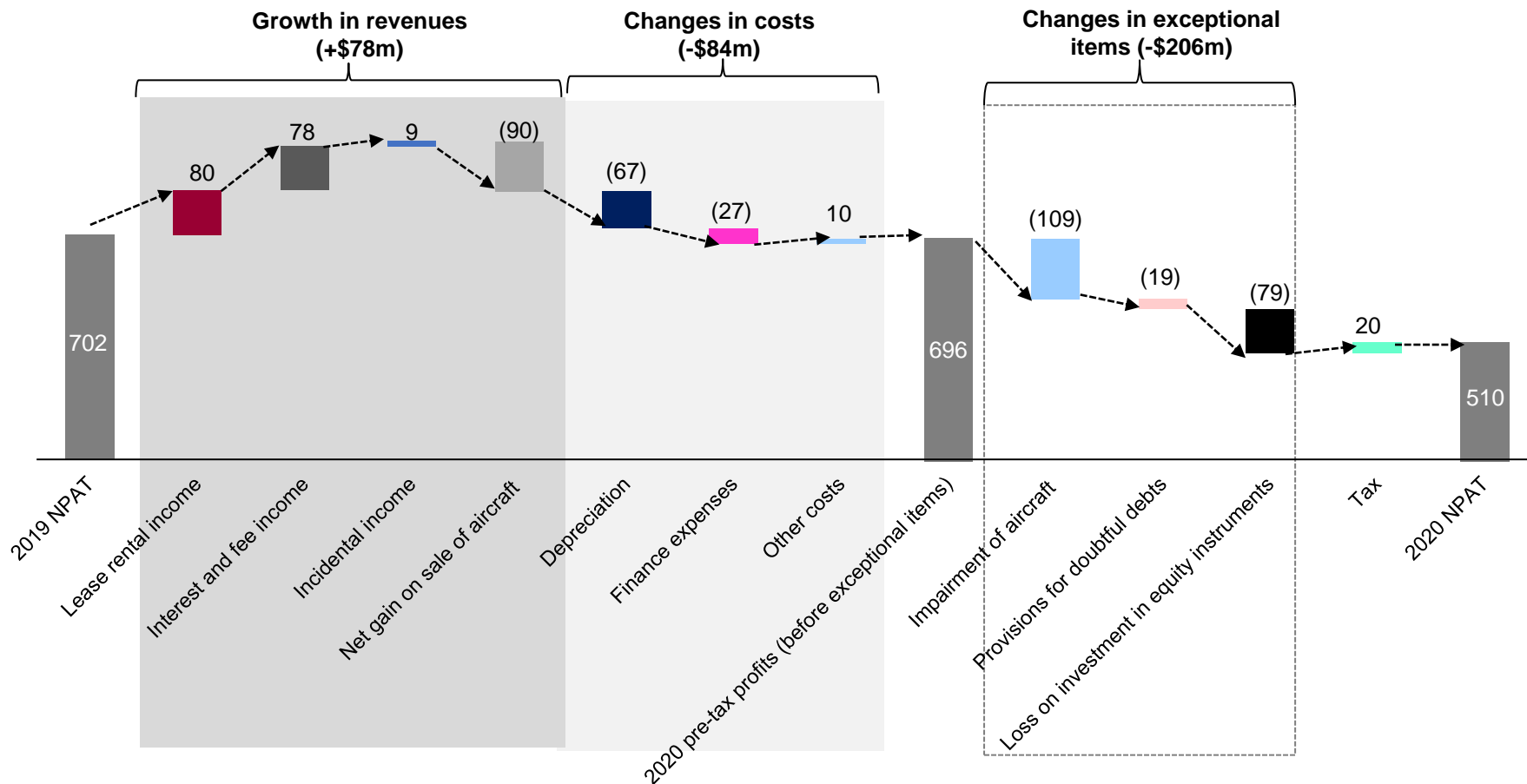
All data as at 31 December 2020

Notes:

1. Compared to FY2019 or as at 31 December 2019
2. Calculated as net cash flows from operating activities less finance expenses paid
3. Calculated as lease rental income less aircraft depreciation and finance expenses apportioned to lease rental income, amortisation of deferred debt issue cost and lease transaction closing cost
4. Includes interim dividend of US\$0.1398 per share paid to shareholders registered at the close of business on 6 October 2020. The final dividend of US\$0.1173 per share will be payable to shareholders registered at the close of business on the record date, being 11 June 2021.
5. Compared to US\$0.3541 paid for FY2019

FY2020 NPAT Drivers

Year-on-Year change (US\$ million)



Core leasing business remains strong

Due to rounding, numbers presented may not add up precisely to the totals provided



Strategic Investment Supported By Competitive Financing

- Ended 2020 with total fleet of 553
 - Comprised 358 owned, 40 managed and 155 on order
 - Average fleet age of 3.5 years¹
 - Average remaining lease term of 8.6 years¹
- Took delivery of 54 aircraft²
 - Added three new airline customers
- Sold 12 owned aircraft
- Signed 102 lease commitments
- Total available liquidity in excess of US\$5 billion
 - Raised US\$5.5 billion in new financing
 - Bank of China RCF raised to US\$3.5 billion from US\$2 billion and maturity extended to 2026
- Maintained A- credit ratings from S&P Global and Fitch Ratings
- Capital expenditure of US\$4.6 billion for 2020

Cumulative NPAT of US\$4.9 billion since the Company was established in 1993

All data as at 31 December 2020 unless otherwise indicated

Notes:

1. Weighted by net book value of owned fleet
2. Including one acquired by an airline customer on delivery



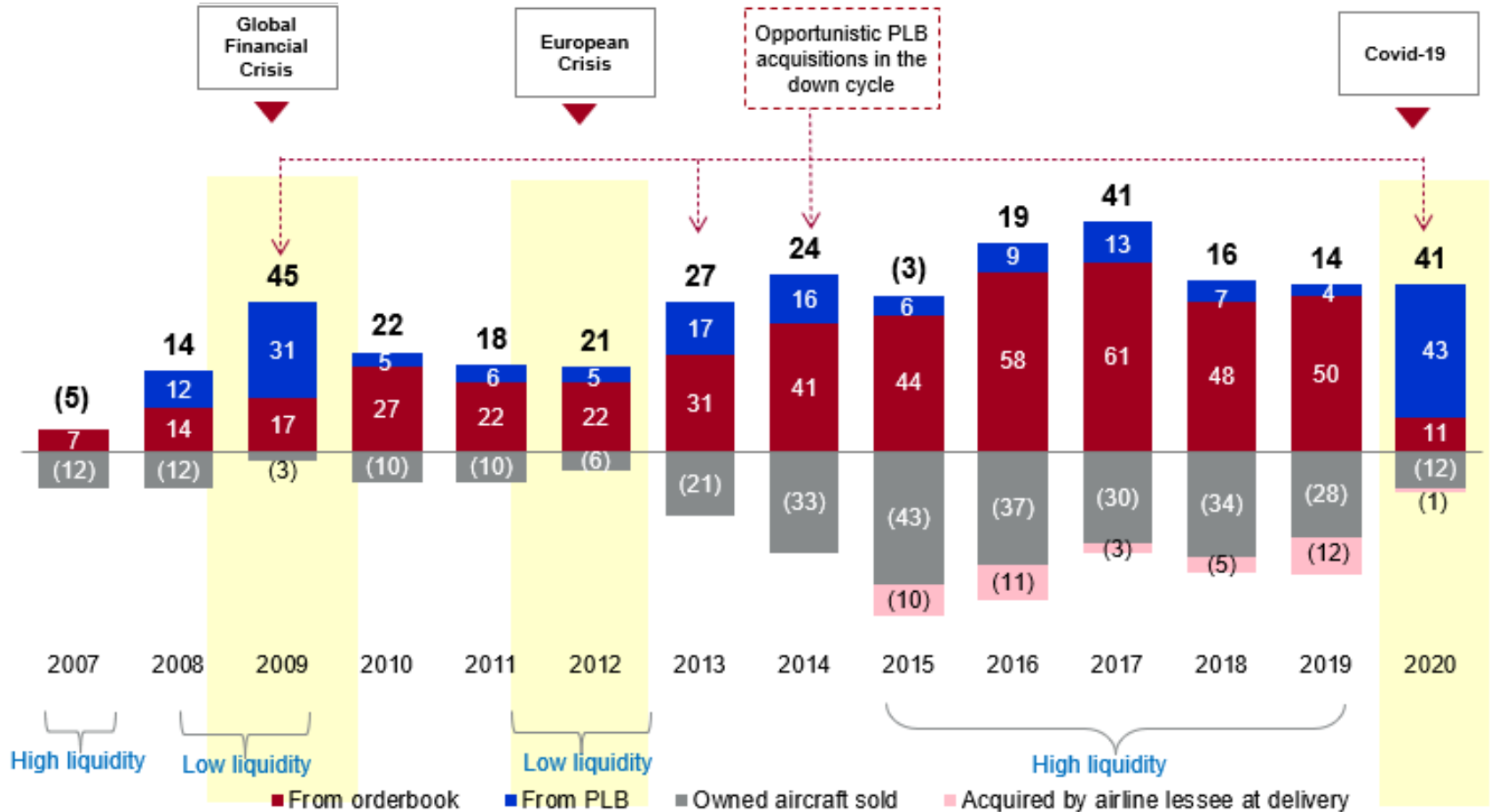
Key Success Factors in a Challenging Environment

- We had a downturn plan
 - Key was to execute rapidly
 - Experienced management team has successfully led the Company through multiple cycles
 - Started 2020 with US\$4.6 billion in total available liquidity and grew it to over US\$5 billion by year-end
- Proactive dialogues with airline customers and manufacturers
 - We expect our airline customers to emerge stronger from the Covid-19 pandemic
 - Purchase-and-leasebacks to support capital needs
 - Deferrals when required
 - Placed all new aircraft scheduled for delivery prior to 2023
 - Proactively resculpted orderbook
 - Acquired or committed to acquire 97 aircraft in 2020, of which 77 aircraft were from the PLB market
 - Added our 300th Boeing aircraft in June 2020 and our 400th Airbus aircraft in January 2021
- Very focused on asset quality and cashflows
 - Highly diversified global customer base of 87 airlines in 39 countries and regions
 - Portfolio utilization of 99.6%
 - Total operating cash flows net of interest increased 13% year-on-year

Executed on our downturn plan

How We Invest

Number of aircraft delivered, purchased and sold



Proactive switch to PLBs in 2020

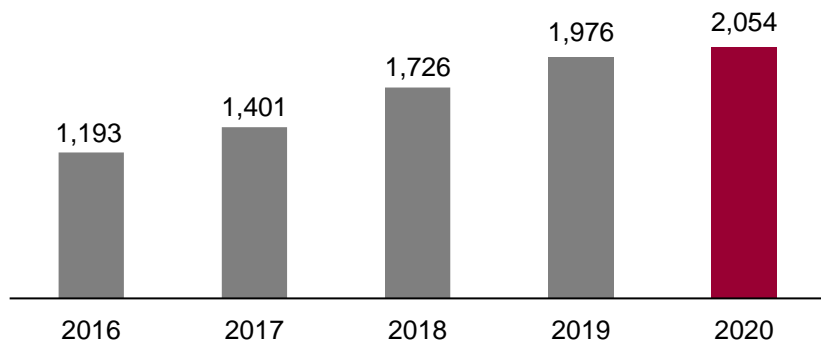
All data as at the end of the relevant period



Stable Performance

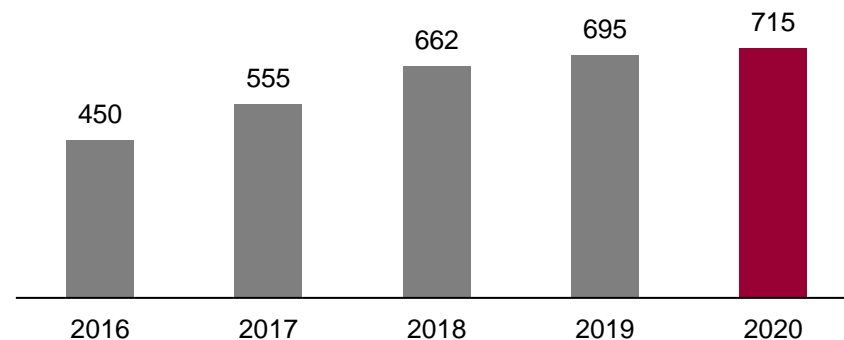
Fleet growth underpins growth in revenues

US\$ million



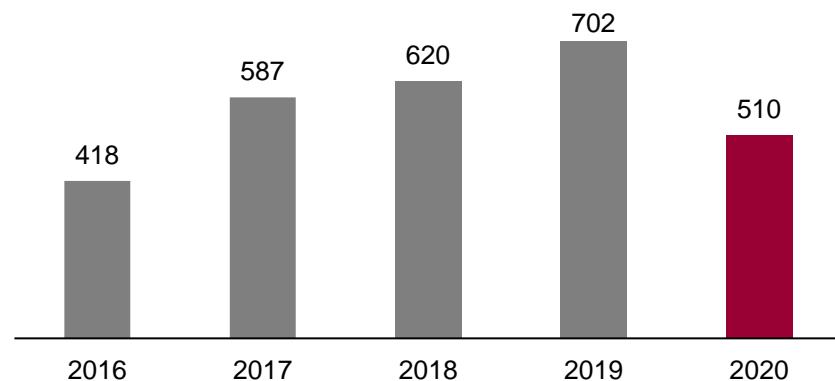
Rising core lease rental contribution¹

US\$ million



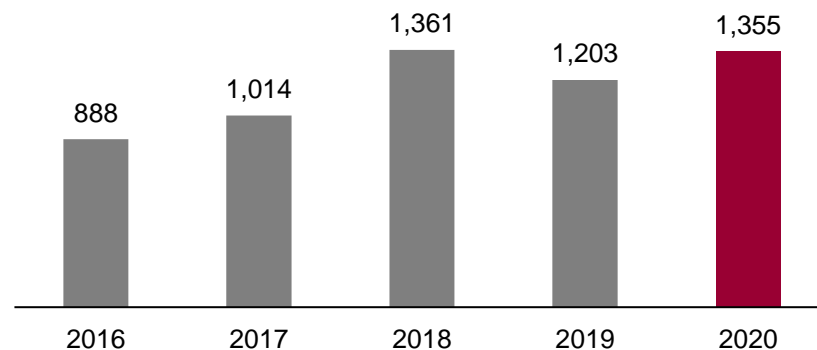
Cumulative NPAT of US\$2.8 billion since 2016

US\$ million



Rising operating cash flows net of interest²

US\$ million



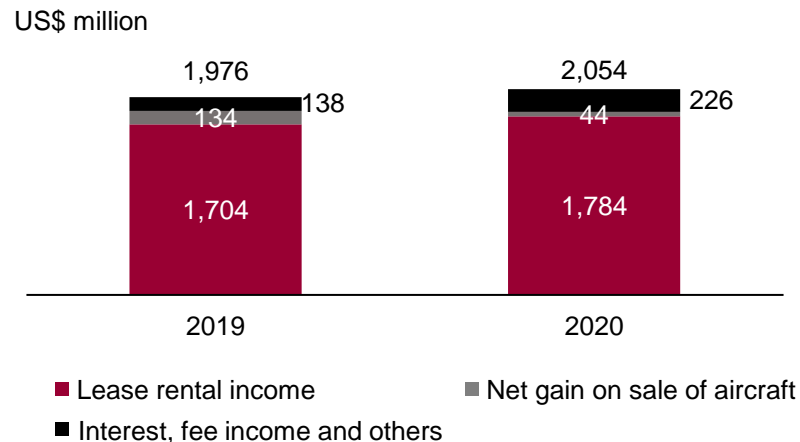
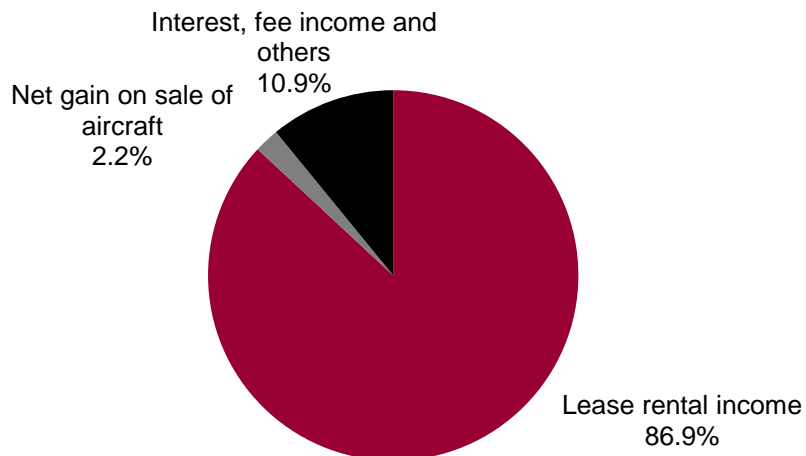
All data as at 31 December 2020

Notes:

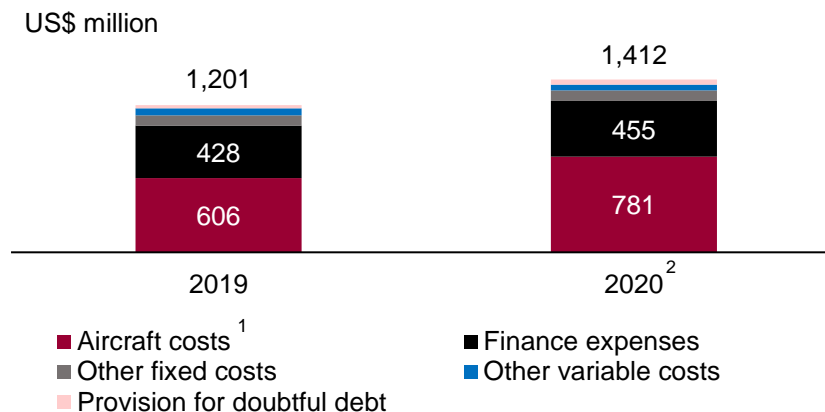
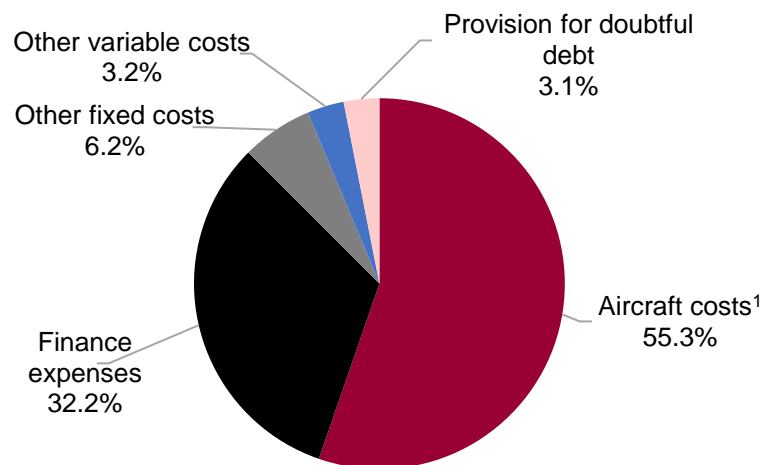
1. Calculated as lease rental income less aircraft depreciation and finance expenses apportioned to lease rental income, amortisation of deferred debt issue cost and lease transaction closing cost
2. Calculated as net cash flows from operating activities less finance expenses paid

Lease Rental Income Continues to Dominate Revenue

Lease rental income consistently over 85% of total revenues and other income



Depreciation of aircraft plus financing costs make up >85% of total costs



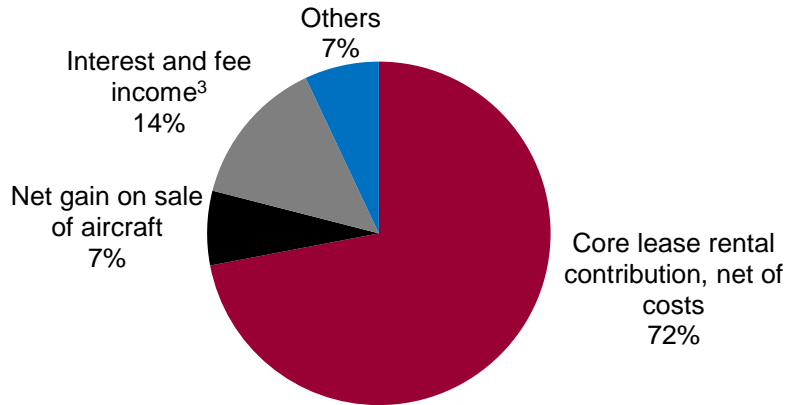
All data as at 31 December 2020

Notes:

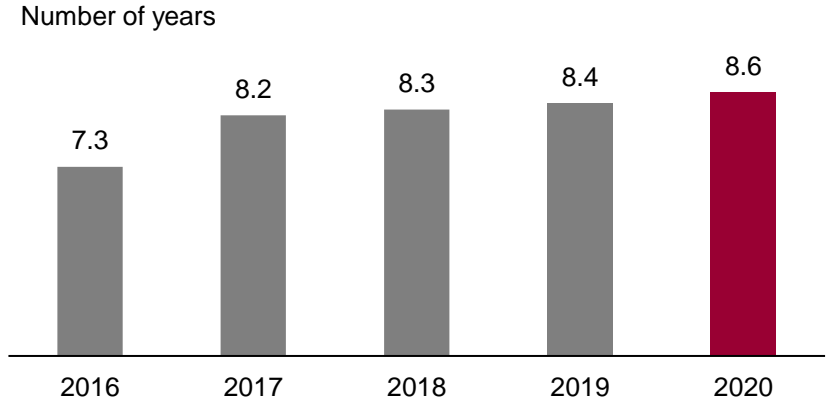
1. Comprises aircraft depreciation and impairment
2. Excludes loss on investment in equity instruments

Core Leasing Business Supports Growth

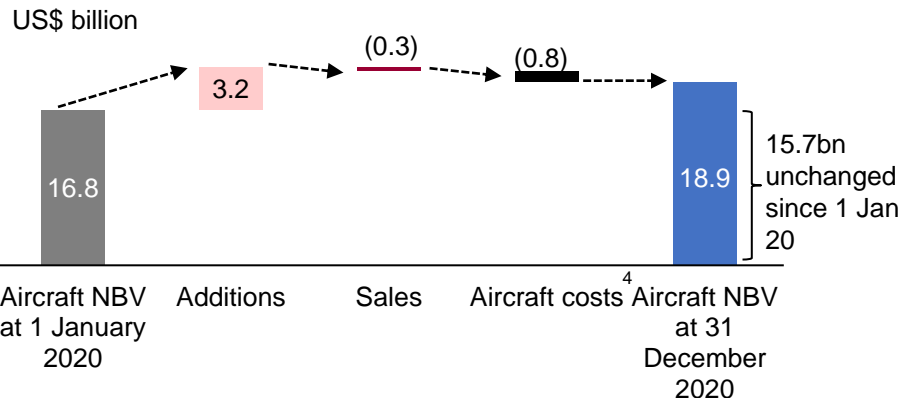
More than 70% of PBT¹ is from core lease rental contribution², net of costs



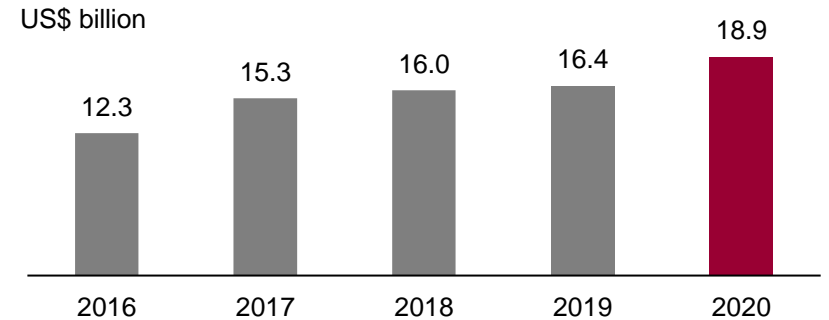
We have a long average remaining lease term⁵



Reflects continued investment in our fleet



High future committed lease revenue



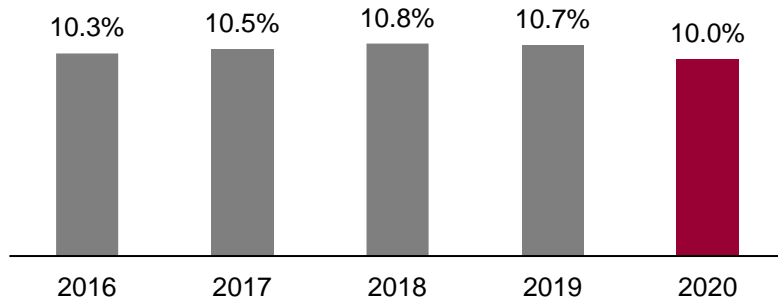
All data as at 31 December 2020

Notes:

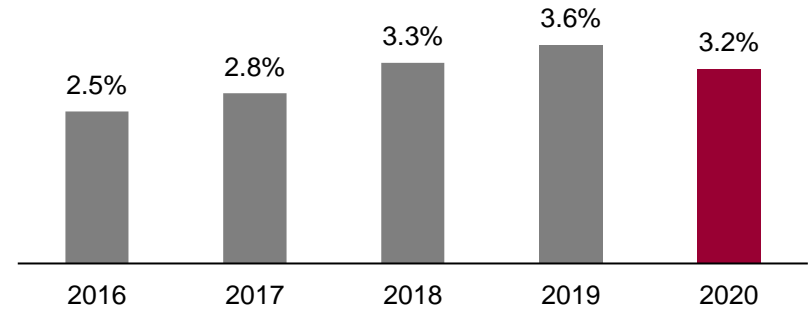
1. Excludes loss on investment in equity instruments
2. Calculated as lease rental income less aircraft depreciation and finance expenses apportioned to lease rental income, amortisation of deferred debt issue cost and lease transaction closing cost
3. Calculated as interest and fee income less finance expenses apportioned to interest and fee income
4. Comprises aircraft depreciation and impairments
5. Weighted by net book value of owned fleet

Leasing Model Remains Resilient

Lease rate factor¹ remains above 10%

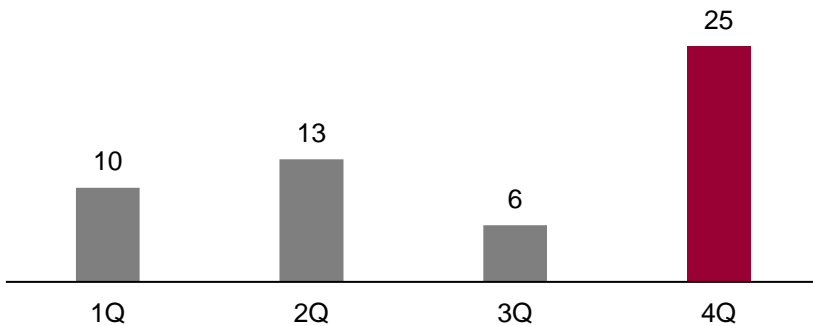


Reduced cost of debt²

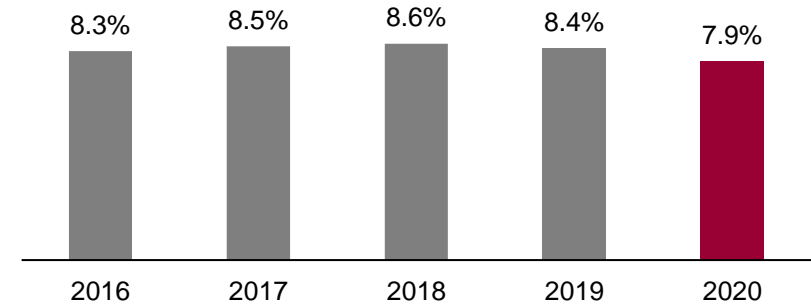


2020 aircraft deliveries by quarter

Number of aircraft



Lower net lease yield³ impacted by 4Q deliveries



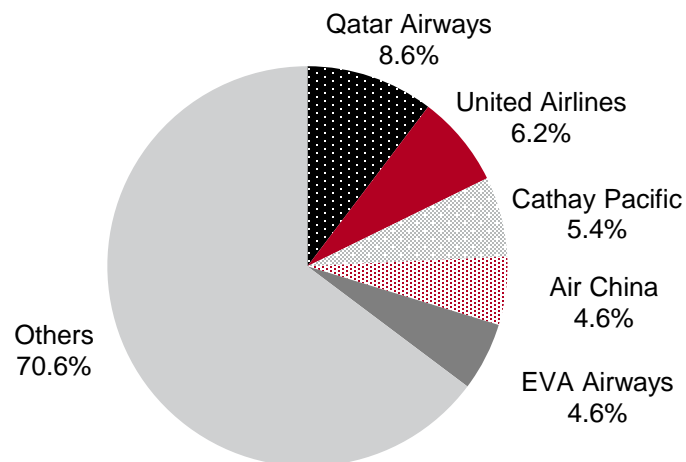
All data as at 31 December 2020

Notes:

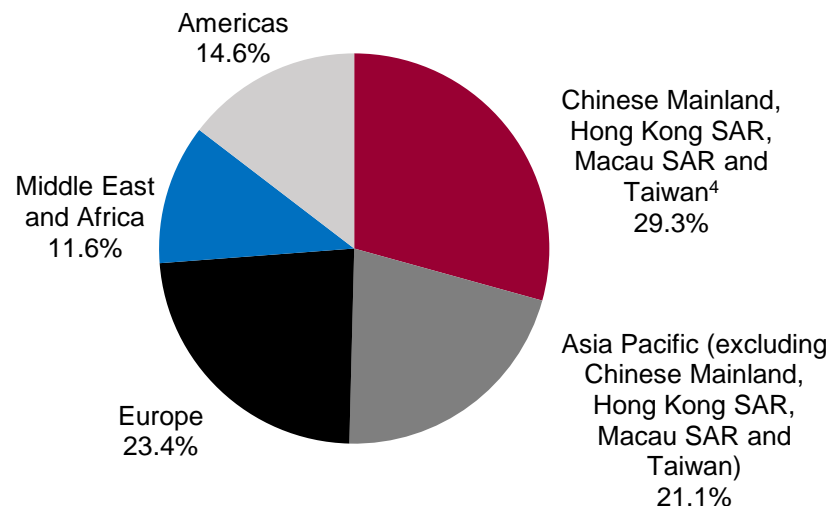
1. Calculated as lease rental income divided by average net book value of aircraft and multiplied by 100%
2. Calculated as the sum of finance expenses and capitalized interest, divided by average total indebtedness. Total indebtedness represents loans and borrowings and finance lease payables before adjustments for deferred debt issue costs, fair values, revaluations and discounts/premiums to medium term notes
3. Calculated as lease rental income less finance expenses apportioned to lease rental income, divided by average net book value of aircraft

Globally Diversified Portfolio

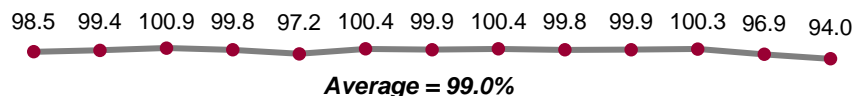
Lease portfolio diversified by customer^{1,2}



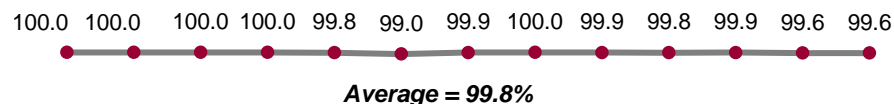
...and increasingly diversified by geography^{1,3}



Collection rate (%)



Fleet utilization (%)⁵



2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

All data as at 31 December 2020

Notes:

1. Based on net book value including aircraft subject to finance leases as at 31 December 2020
2. For certain airlines, the percentage includes leases to affiliated airlines whose obligations are guaranteed by the named airline
3. Based on the jurisdiction of the primary obligor under the relevant operating lease
4. One single-aisle aircraft was off lease at 31 December 2020 and was delivered on lease to an airline in this region in January 2021
5. Fleet utilization is the total days on-lease in the period as a percentage of total available lease days in the period

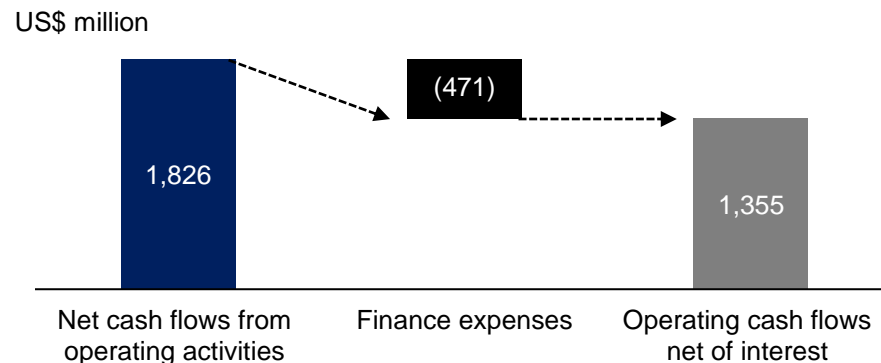


Robust Operating Cash Flows Net of Interest

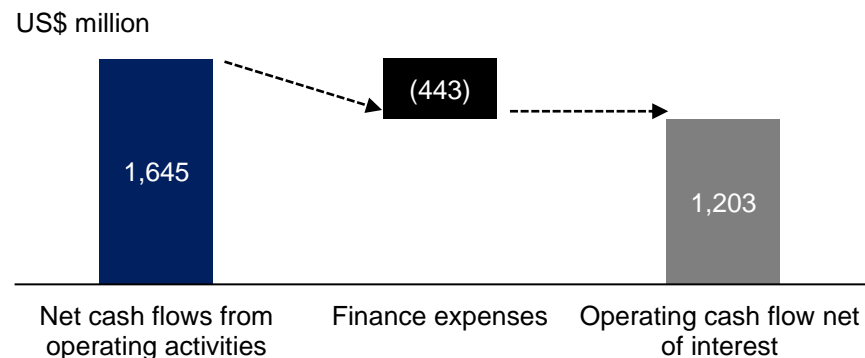
Operating cash flows net of interest¹

- 2020 operating cash flows net of interest remained robust despite challenging operating environment
- Up 13% compared with 2019
- The incremental committed investment in 77 purchase-and-leasebacks in 2020, of which 39 had delivered by end-2020, will further enhance cash flows in 2021

Operating cash flows net of interest¹ for FY2020



Operating cash flows net of interest¹ for FY2019



Key focus on driving operating cash flows net of interest higher

All data as at 31 December 2020

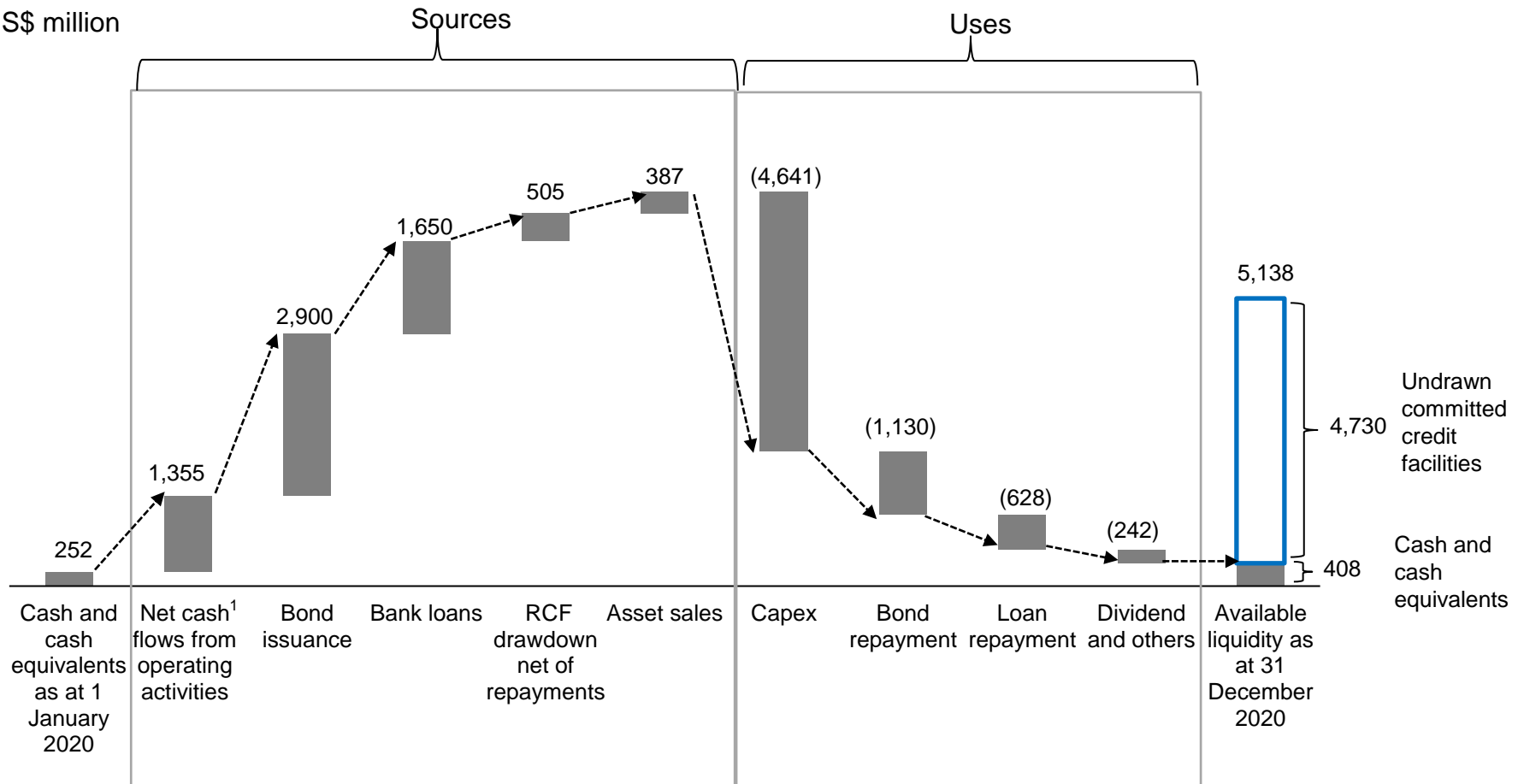
Note:

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

Diverse Funding Channels Utilised in 2020

Sources and Uses of Cash

US\$ million



Proactive use of diverse funding sources in 2020

All data as at 31 December 2020

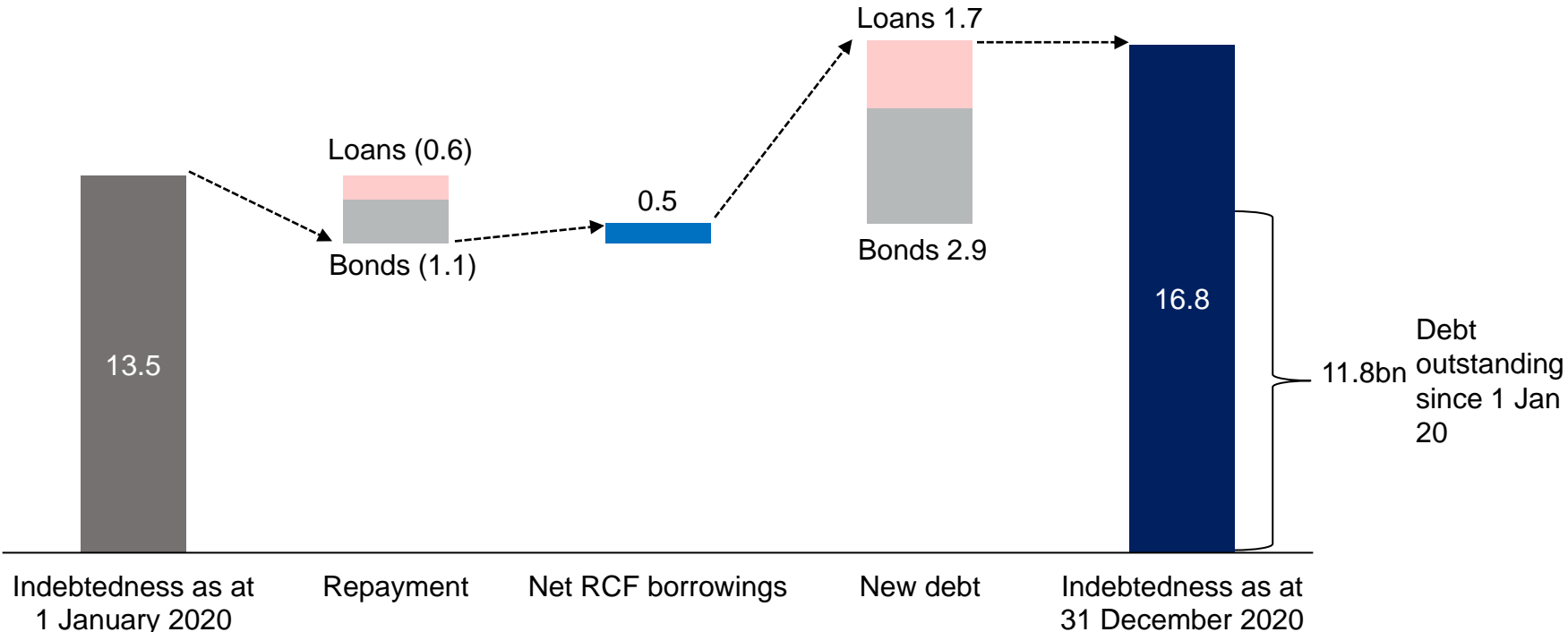
Note:

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



Stable Debt Structure

US\$ billion

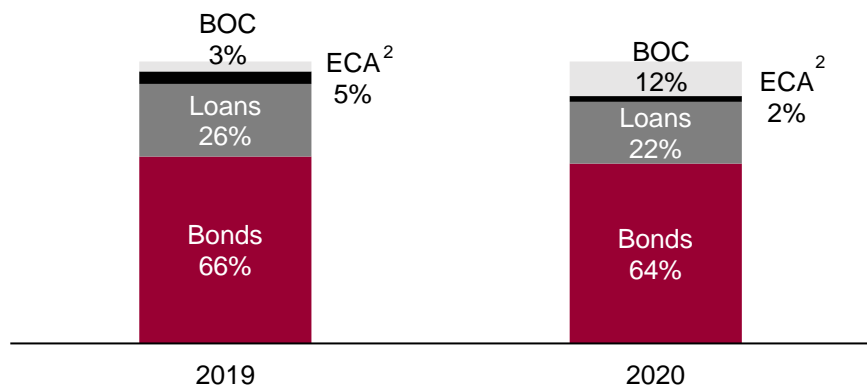


70% of debt unchanged from 1 January 2020 and debt to equity of 3.5:1

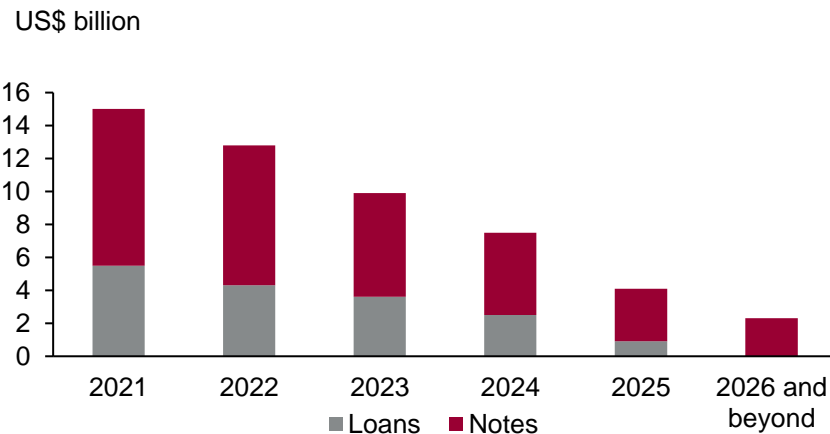
Due to rounding, numbers presented may not add up precisely to the totals provided

Flexible Capital Structure and Ample Backstop Liquidity

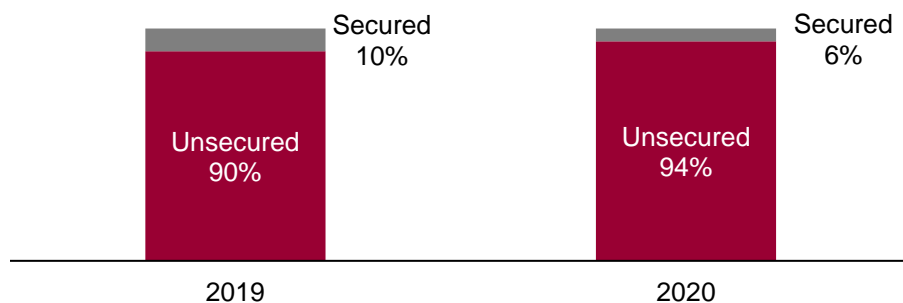
Sources of debt¹



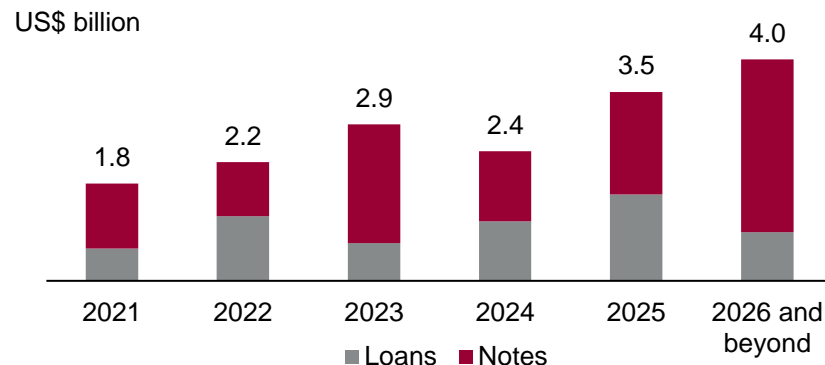
Outstanding debt amortises over a long term



Increasing unsecured funding



Near term debt maturities well covered by US\$5 billion available liquidity



Liability management is a key strength

All data as at 31 December 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

Popular and Fuel-Efficient Fleet

Our aircraft portfolio

Aircraft type	Owned aircraft	Managed aircraft	Aircraft on order ¹	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
Total	358	40	155	553

Future orders focus on new technology

All data as at 31 December 2020

Note:

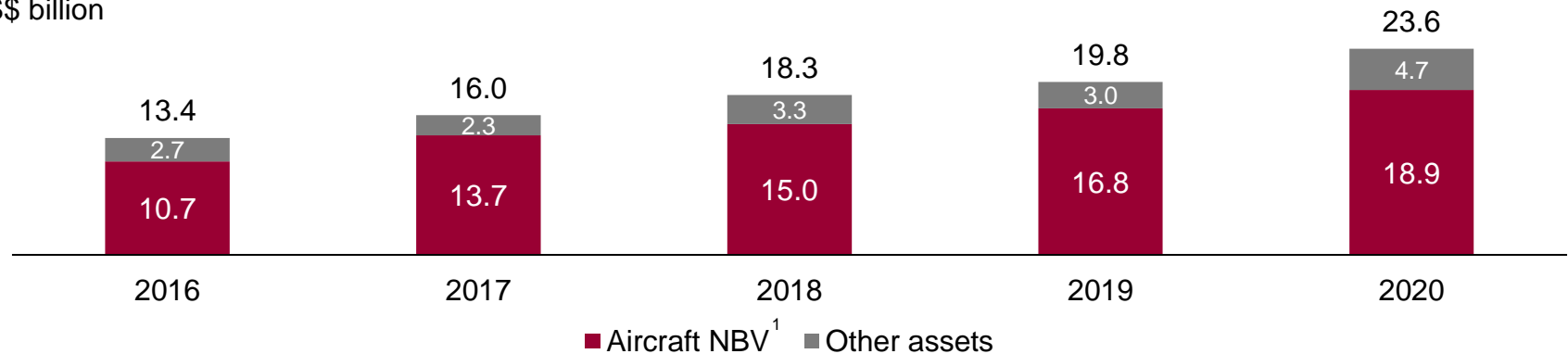
1. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery



Steadily Growing Balance Sheet and Aircraft Fleet

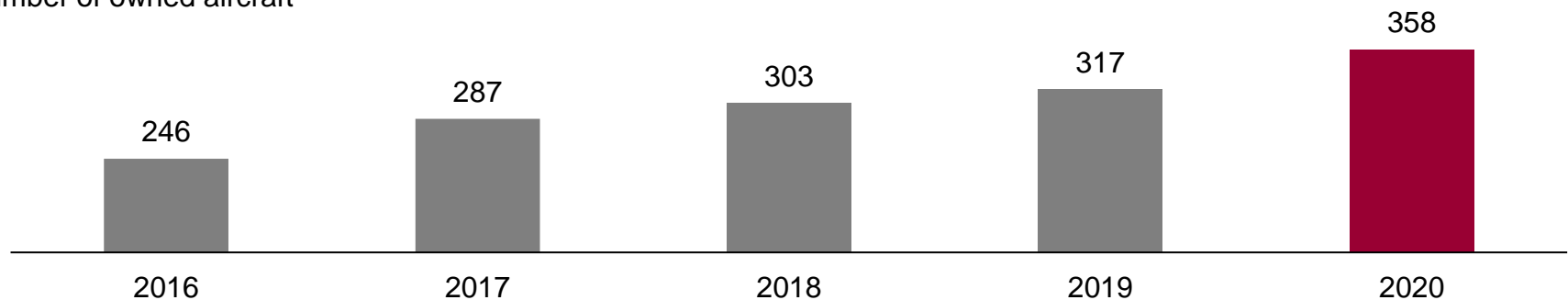
Growing balance sheet

US\$ billion



Disciplined increase in fleet size

Number of owned aircraft



2020 investments position us well for growth

All data as at 31 December of the year

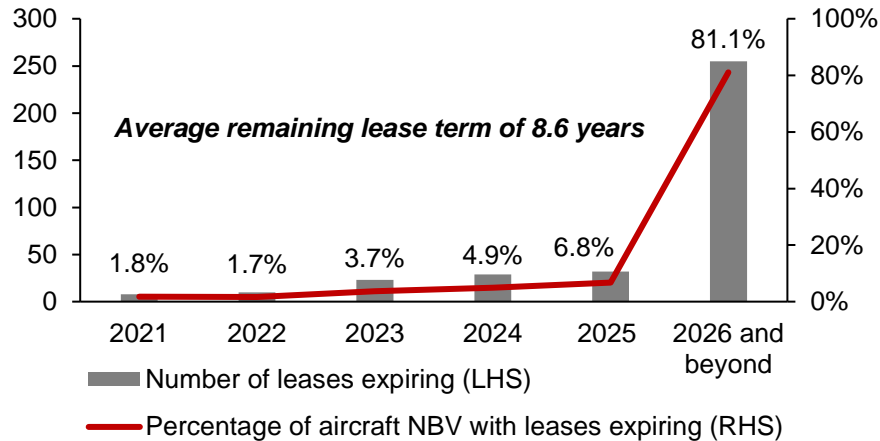
Note:

1. Excludes aircraft on leases classified as finance leases



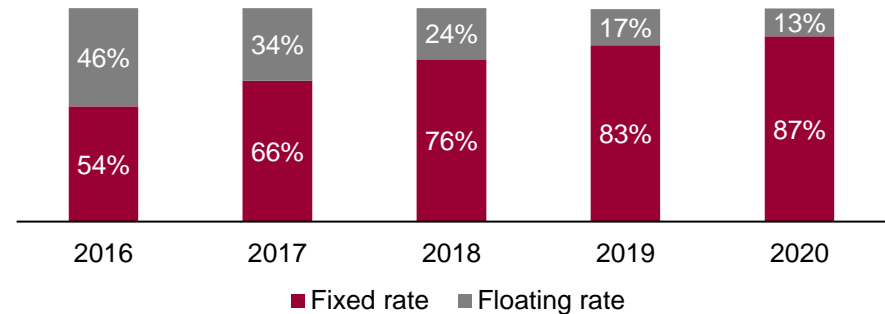
Long Term Leases Enhance Revenue Visibility

Well-dispersed lease expiries¹



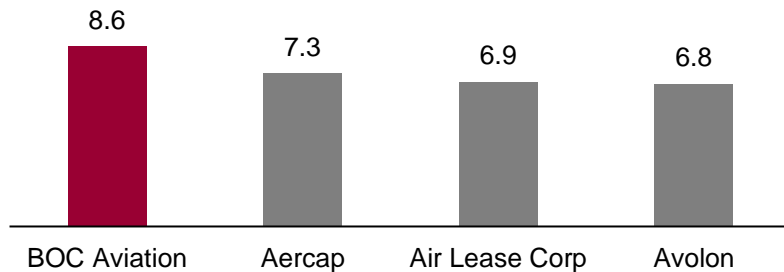
Proportion of fixed rate leases rising steadily³

By net book value

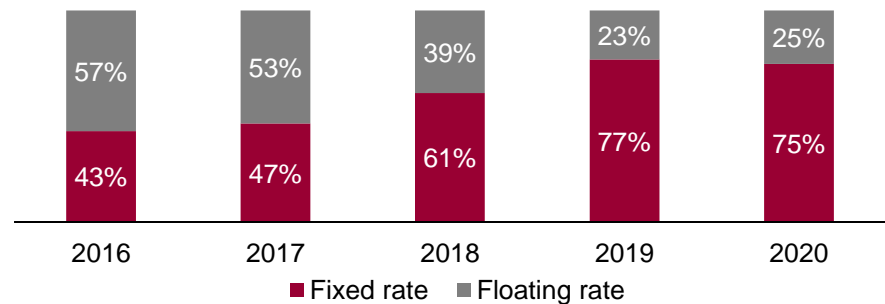


Long average remaining lease term²

Number of years



Stable proportion of fixed rate debt⁴



Source: Respective company websites

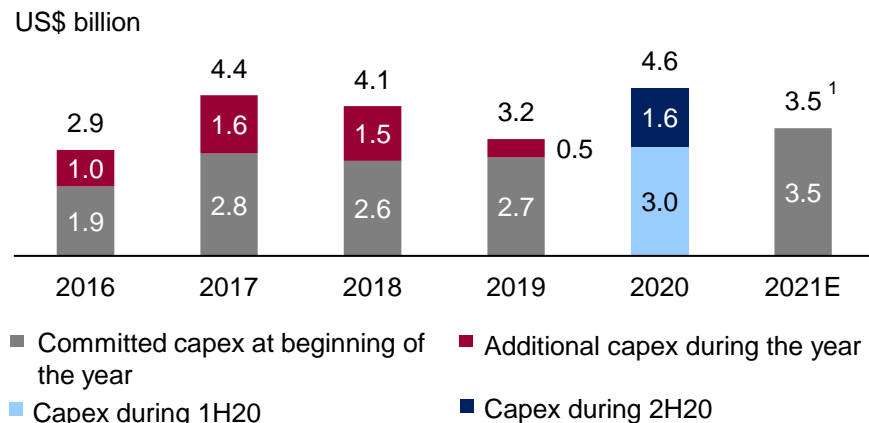
All data as at 31 December 2020

Notes:

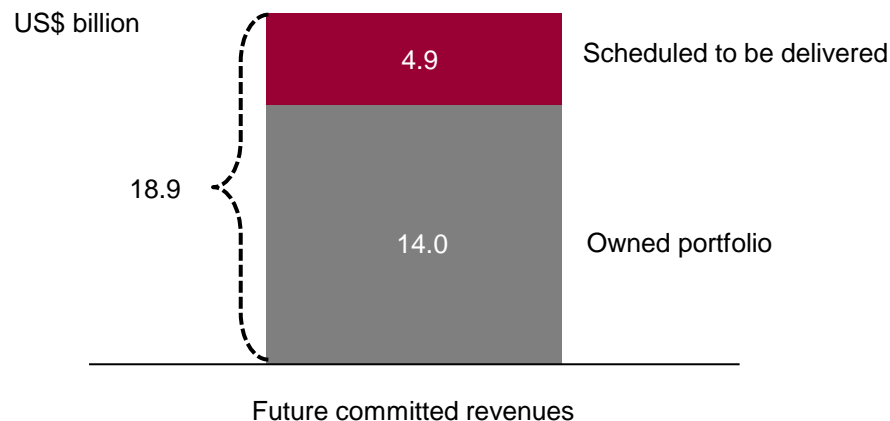
1. Owned aircraft with lease expiring in each calendar year excluding any aircraft for which BOC Aviation has a sale or lease commitment, weighted by net book value of owned fleet as at 31 December 2020
2. Weighted by net book value of owned fleet as at 31 December 2020
3. By net book value including aircraft subject to finance lease and aircraft held for sale, and excluding aircraft off lease
4. Fixed rate debt included floating rate debt swapped to fixed rate liabilities

New Investments Drive Growing Committed Lease Revenues

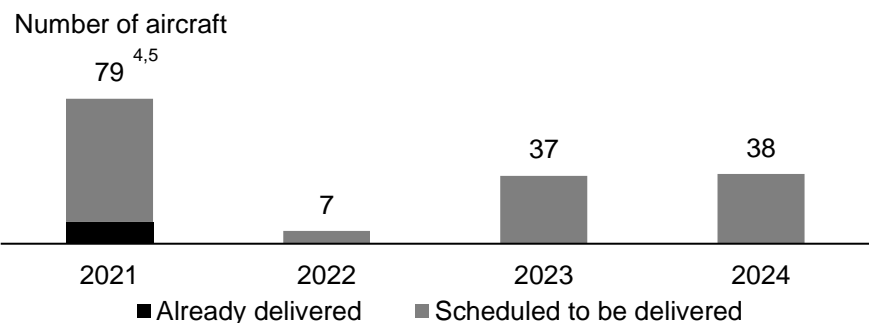
Sustained annual capital expenditure since IPO



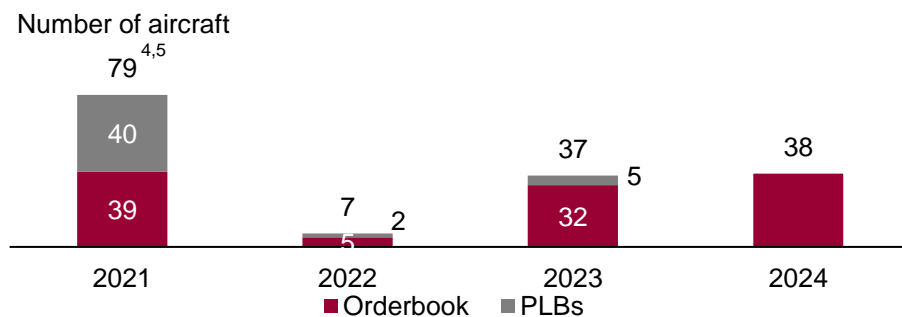
Committed future lease revenues of US\$19 billion



Orderbook delivery schedule^{2,3} as at 11 March 2021



Orderbook by direct orders vs PLBs as at 11 March 2021



Healthy pipeline of future lease revenues

All data as at 31 December 2020 unless otherwise indicated

Notes:

- As at 11 March 2021
- Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery
- Based on expected delivery dates
- Includes 12 aircraft that have already been delivered February 2021 YTD
- Includes 11 commitments where airline customers have the right to acquire the relevant aircraft on delivery

Conclusion

- Resilient performance achieved in a challenging environment
 - Record high revenues and other income of over US\$2 billion
 - Operating cash flows net of interest paid rose 13% to US\$1.4 billion
 - 27th year of consecutive profitability with cumulative profit of US\$4.9 billion
 - Net profit after tax in excess of US\$500 million
 - Maintained dividend payout ratio of 35%
- Sustainable long-term earnings
 - Committed lease revenues of US\$19 billion
 - Orderbook of 155¹ aircraft provides future balance sheet growth
 - Available liquidity of over US\$5 billion to support aircraft investments
- Continue to execute investment strategy in 2021
 - Announced PLB with Indigo on 1 March 2021 for eight aircraft
 - Raised US\$500 million in January 2021 at lowest cost ever for five-year bond

Long-term strategic planning and strong liquidity support earnings resilience

All data as at 31 December 2020 unless otherwise indicated

Note:

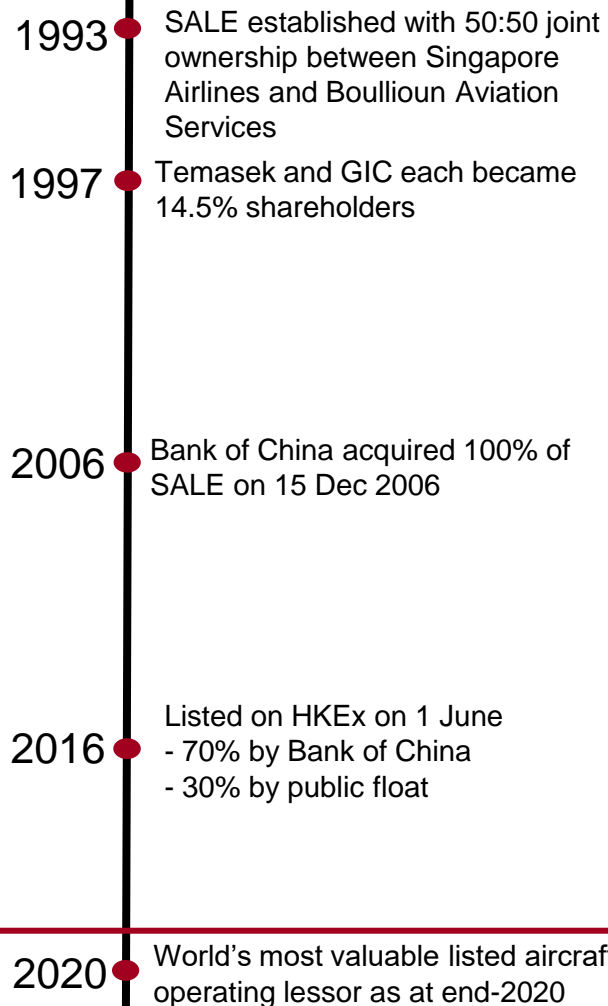
1. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery



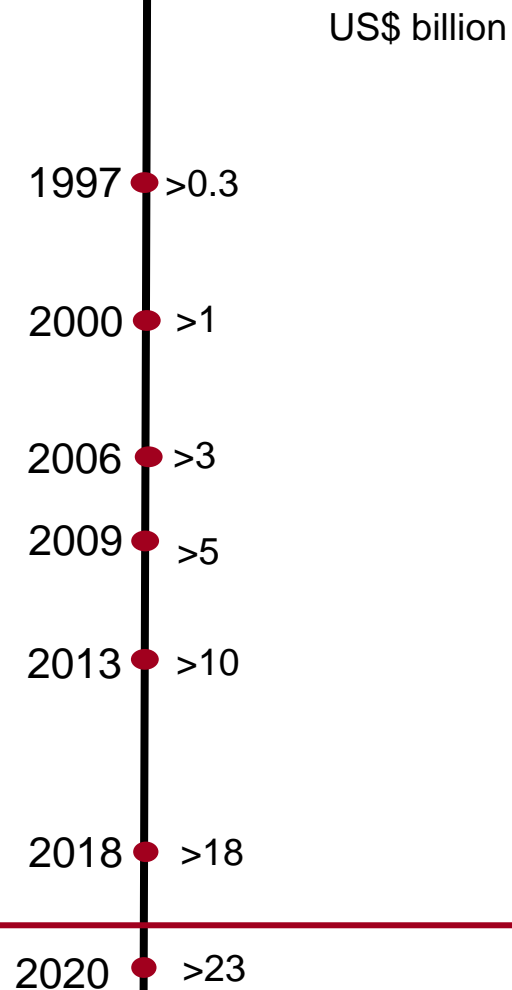
APPENDICES

The BOC Aviation Journey

Ownership



Total assets



All data as at the end of the relevant period



BOC Aviation – Who Are We?

Top 5 global aircraft operating lessor

- The largest based in Asia, by value of owned fleet
- Bank of China owns 70%
- Listed on the HKEX

Total assets of US\$23.6bn

- Aircraft net book value of US\$18.9bn¹
- 398 owned and managed aircraft
- 155 aircraft on order²

27th year of profitability

- Consistently profitable since inception
- US\$4.9bn in cumulative profits since inception

Industry leading performance

- Average ROE of c.15% since 2007
- Maintained highest ROE amongst peers in 2020
- Investment grade credit ratings of A- from S&P and Fitch

Industry leader with best in class financial performance

All data as at 31 December 2020 unless otherwise indicated

Notes:

1. Excludes aircraft on leases classified as finance leases
2. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery



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

All data as at March 2021



Core Competencies – BOC Aviation Track Record

Since inception in 1993:

- Purchasing More than 880 aircraft purchased totalling more than US\$50 billion
 - Leasing More than 1,050 leases executed with > 160 airlines in 57 countries and regions
 - Financing More than US\$34 billion in debt raised since 1 January 2007
-
- Sales More than 370 aircraft sold
 - Transitions More than 90 transitions
 - Repossessions¹ 51 aircraft in 16 jurisdictions

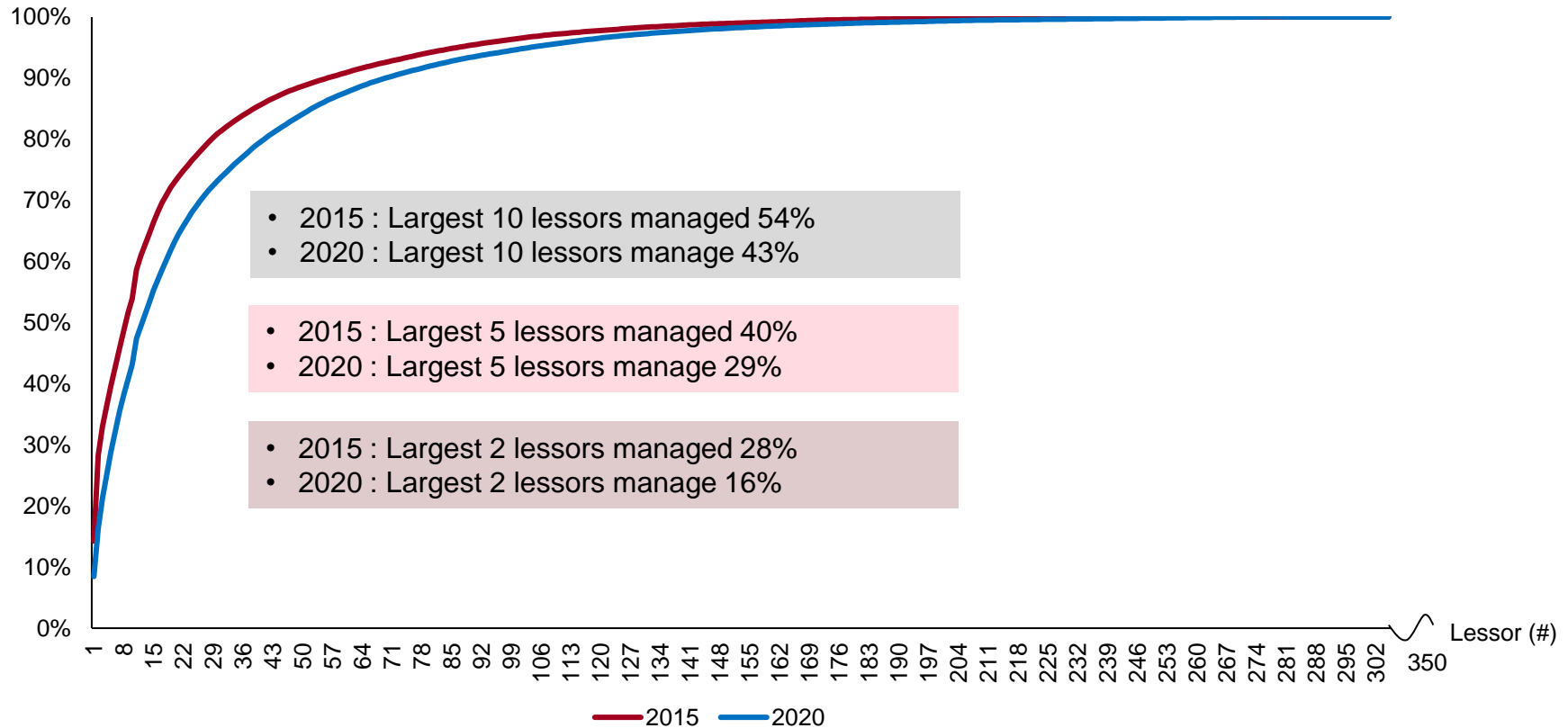
All data as at 31 December 2020, since inception unless otherwise indicated

Note:

1. Includes repossessions and consensual early returns

Less Concentration Now in the Lessor Market

Aircraft owned / managed (%)



Aercap + GECAS + Avolon = 21% *

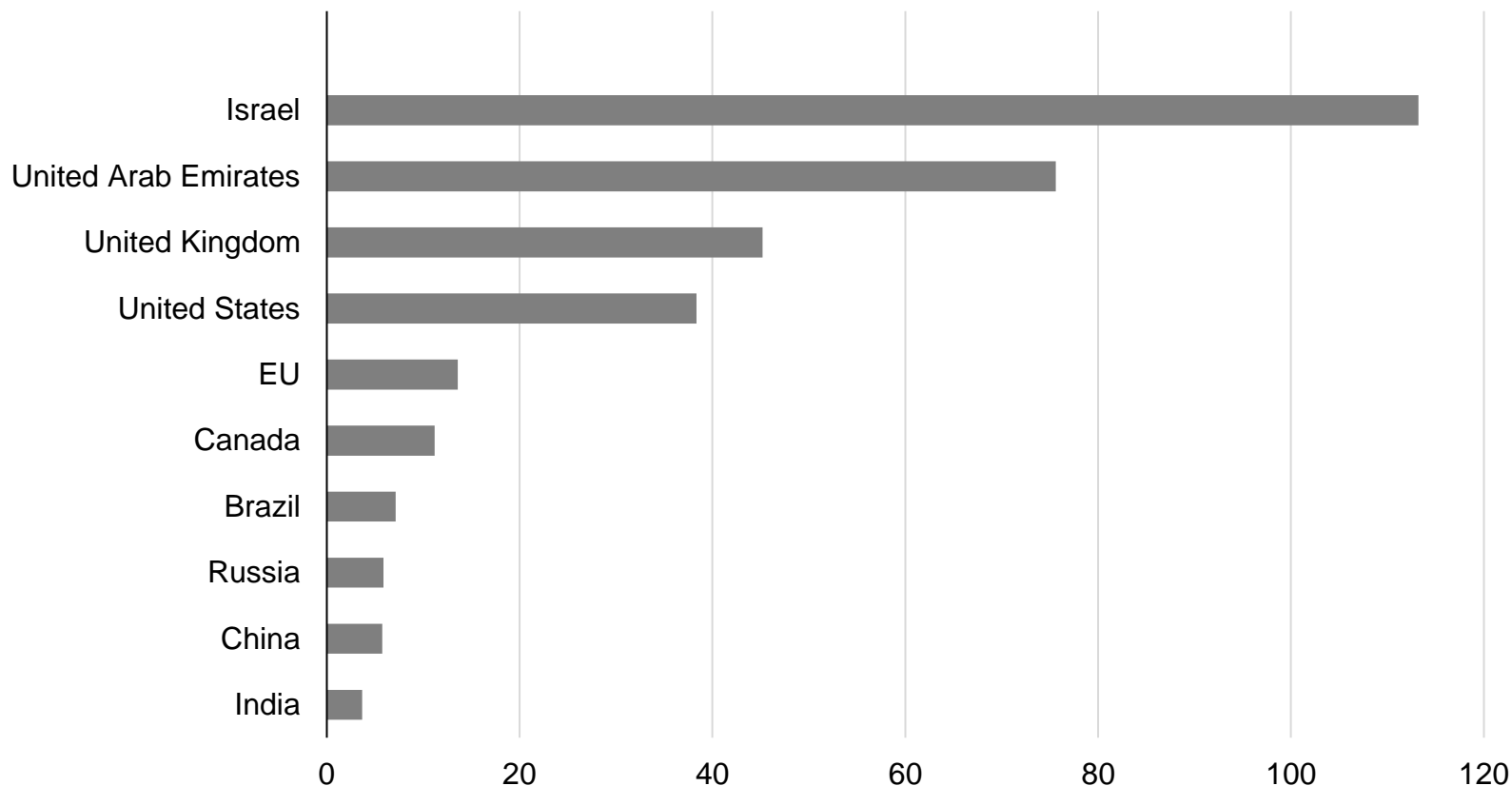


Source: Ascend, as at 31 December 2020. Fleet data includes aircraft in-service and in-storage, owned and managed aircraft, based on aircraft of 100+ seats

(*) At 31 December 2020

Covid-19 Vaccine Rollout Will Differentiate Cross-Border Traffic Recovery

Cumulative Covid-19 vaccination doses administered per 100 people^{1,2,3}



Around 480 million doses of Covid-19 vaccines have been administered

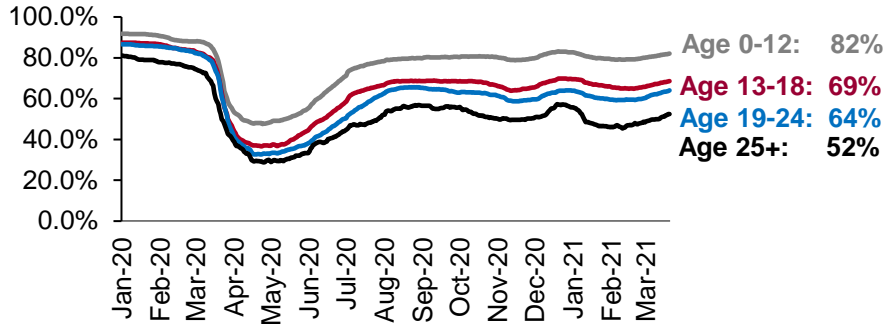
Notes:

1. Source: Our World in Data (<https://ourworldindata.org/covid-vaccinations>)
2. Updated as at 23 March 2021
3. May not equal the total number of people vaccinated as this is counted as a single dose

Industry Update

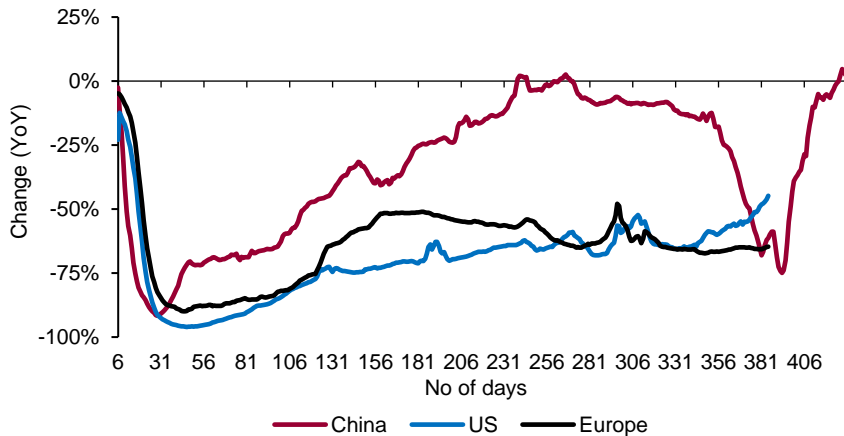
Rising utilisation rates for younger narrowbody aircraft

1st Jan 2020 – 20th March 2021



Sources: Cirium fleet data, BOC Aviation analysis

Countries with significant domestic markets demonstrate passenger demand



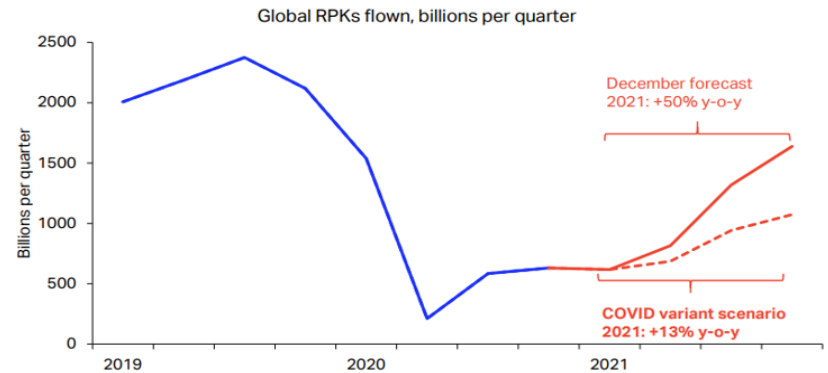
Note: Change vs 2019 is shown on 7-day moving average basis. Day 0 for China is 25-Jan-20, US & Europe 7-Mar-20

Sources: TravelSky (Traffic YoY), CAAC (RPK data by market, Dec'20), TSA (Throughput % Chg vs 2019), Eurocontrol (Flights % Chg vs 2019)

BOC Aviation targeting most robust markets

- Delivered 10th A320NEO to Air China
- Signed PLBs with Wizz and TUI for 13 aircraft to tap Eurozone leisure traffic growth
- Executed 54 PLBs with US airlines
- Eight aircraft deal with IndiGo positions for anticipated Indian recovery

RPK recovery depends on new variants and government policies



Source: IATA



2020 ESG Highlights

Environmental

- ✓ 100% carbon neutral for direct emissions
- ✓ 100% latest technology aircraft in the orderbook
- ✓ 3.5 years average aircraft fleet age
- ✓ All used IT equipment recycled
- ✓ US\$2.5 million investment in new technology and digital initiatives
- ✓ Digital Workplace Transformation to reduce waste and increase efficiency

Social

- ✓ 20 nationalities in our workforce
- ✓ 1,300+ training hours for employee development
- ✓ 51% female representation in BOC Aviation
- ✓ More than US\$80,000 in donations to local and global charitable organisations
- ✓ Maintaining the health and safety of employees by providing corporate gym membership, influenza vaccinations and cycle-to-work subsidies

Governance

- ✓ Strong board diversity from three nationalities
- ✓ Two female directors including the Vice Chairman
- ✓ 100% compliance training conducted for all employees
- ✓ Nil regulatory compliance breaches or violation of sanctions related laws reported



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