



# 2020 FINAL RESULTS REVIEW

MARCH 2021

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# 2020 OVERVIEW

# 2020: Another Year of Unbroken Profitability



## Resilient core business<sup>1</sup>

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

## Robust balance sheet<sup>1</sup>

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

## Maintained dividend payout ratio

<b>35%</b>		<b>Stable<sup>1</sup></b>
Annual dividend payout ratio		
<b>US\$0.2571</b>		<b>27%<sup>5</sup></b>
Total dividend per share <sup>4</sup>		

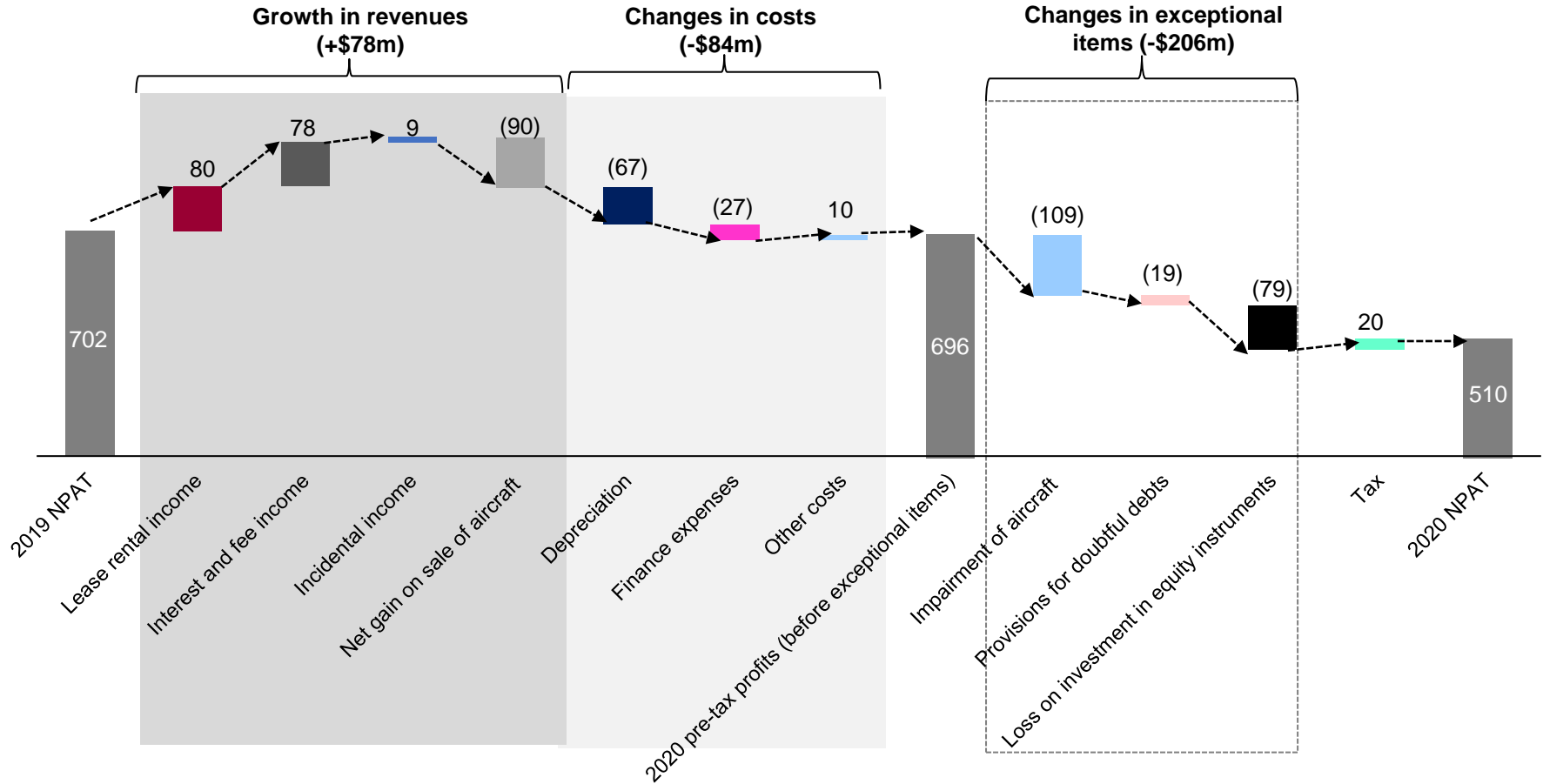
All data as at 31 December 2020

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 years<sup>1</sup>
  - Average remaining lease term of 8.6 years<sup>1</sup>
- Took delivery of 54 aircraft<sup>2</sup>
  - 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



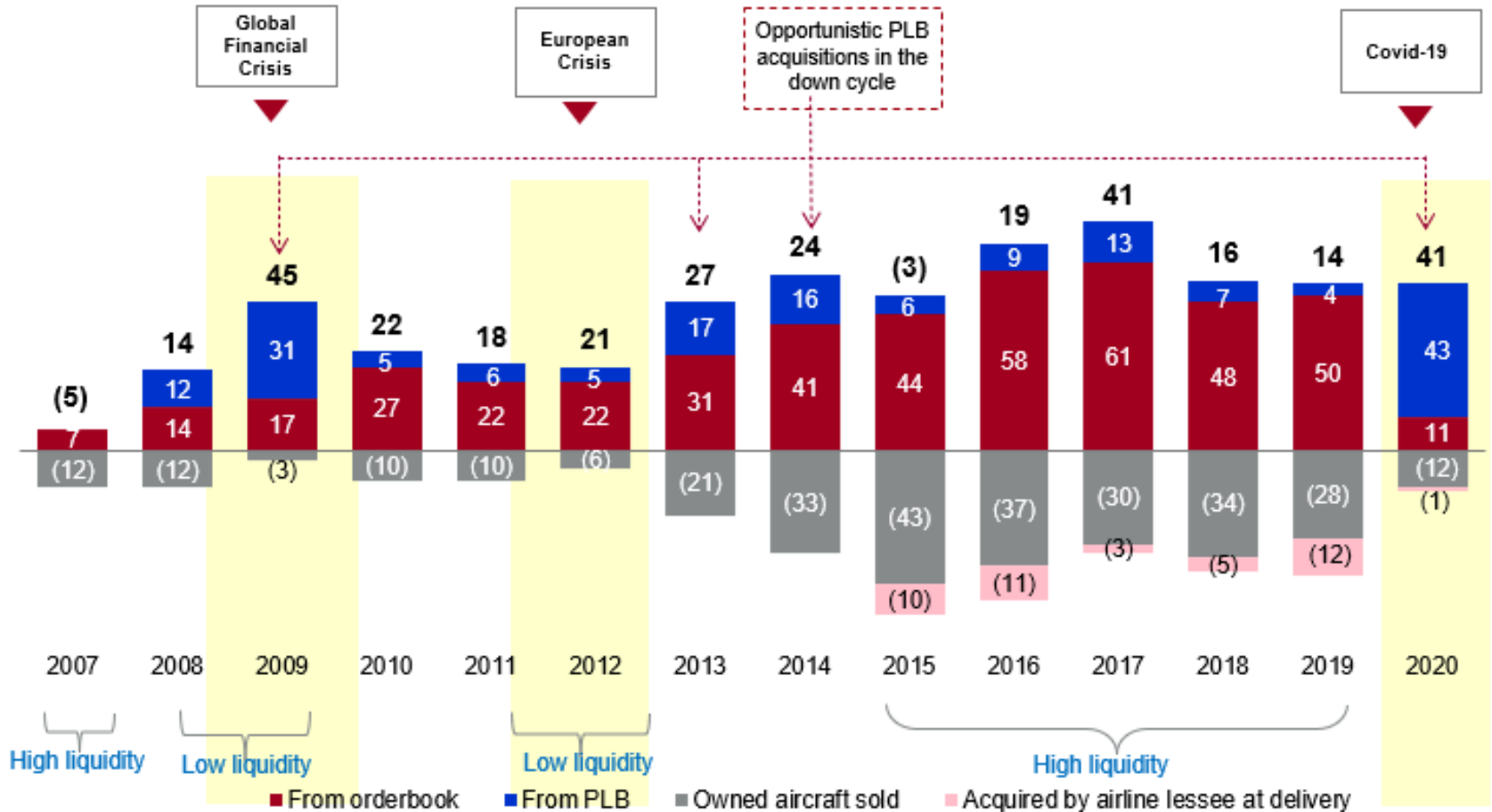
# Key Success Factors in a Challenging Environment

- 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

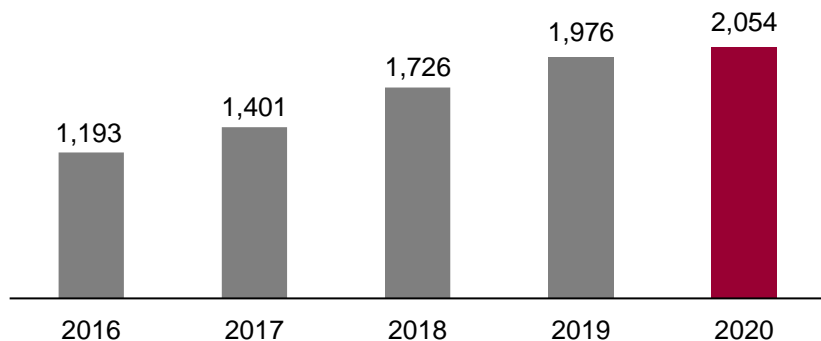




# Stable Performance

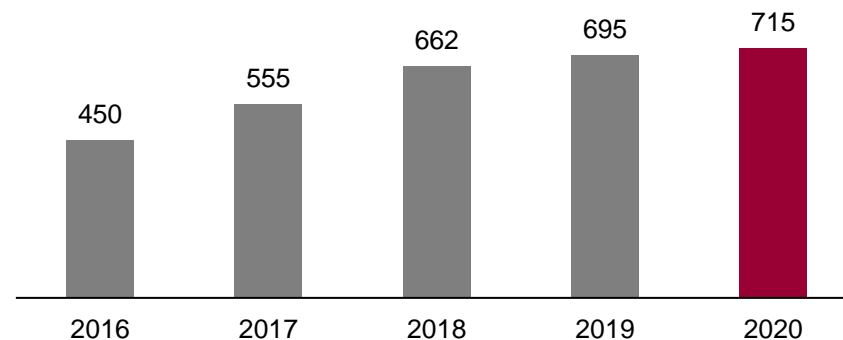
## Fleet growth underpins growth in revenues

US\$ million



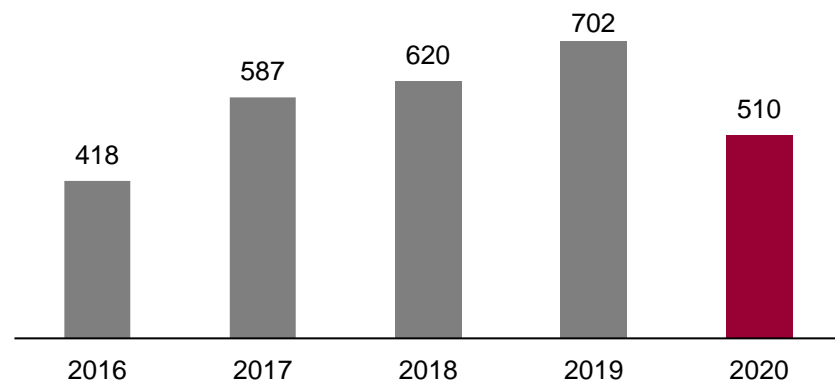
## Rising core lease rental contribution<sup>1</sup>

US\$ million



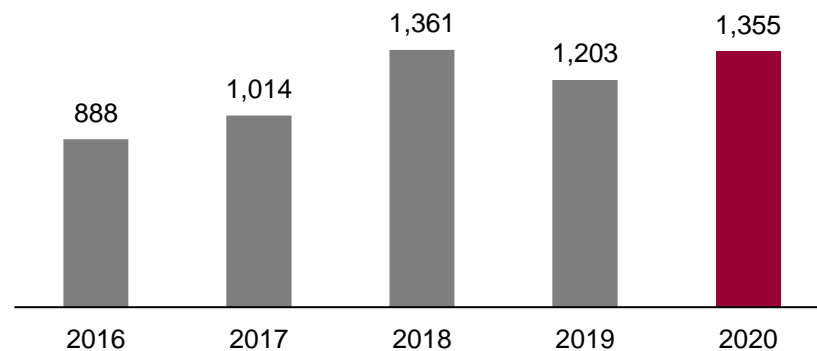
## Cumulative NPAT of US\$2.8 billion since 2016

US\$ million



## Rising operating cash flows net of interest<sup>2</sup>

US\$ million



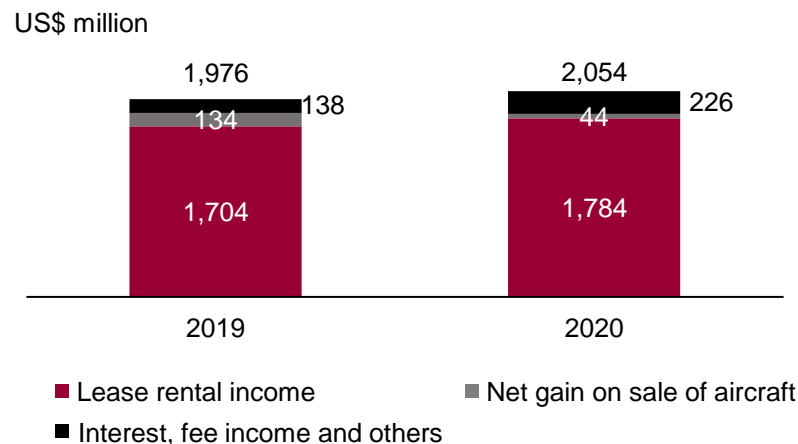
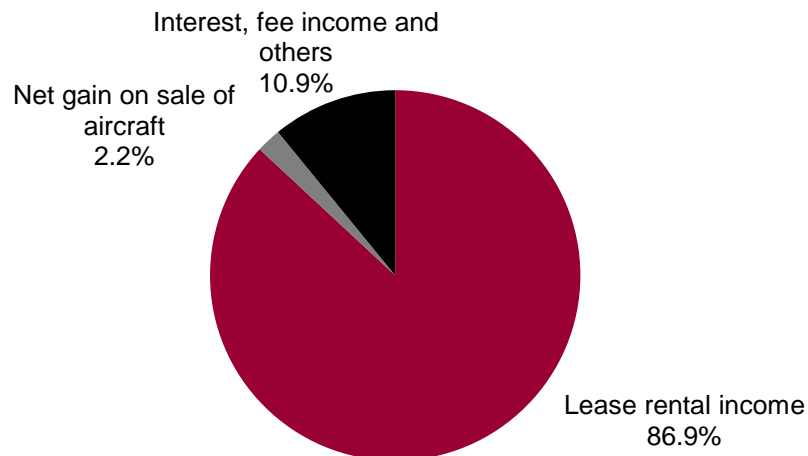
All data as at 31 December 2020

Notes:

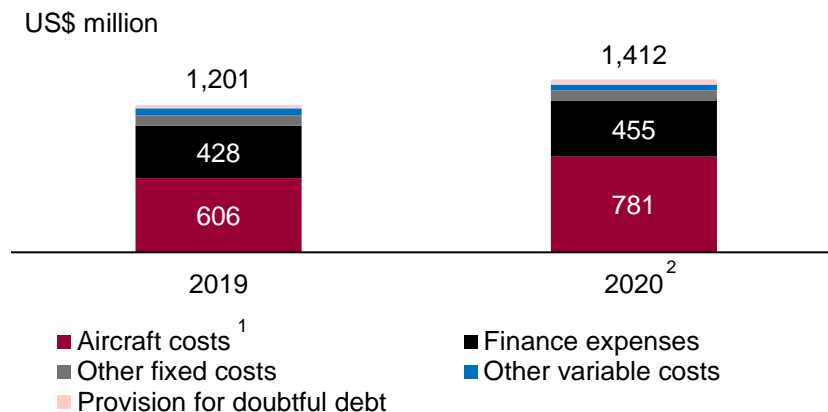
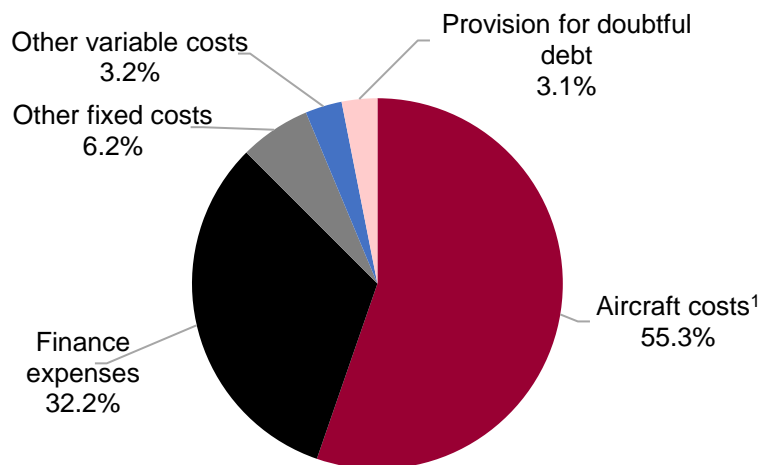
1. Calculated as lease rental income less aircraft depreciation and finance expenses apportioned to lease rental income, amortisation of deferred debt issue cost and lease transaction closing cost
2. Calculated as net cash flows from operating activities less finance expenses paid

# 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



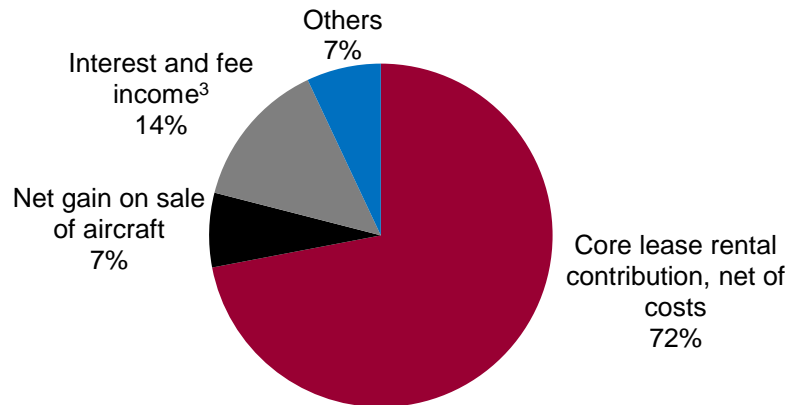
All data as at 31 December 2020

Notes:

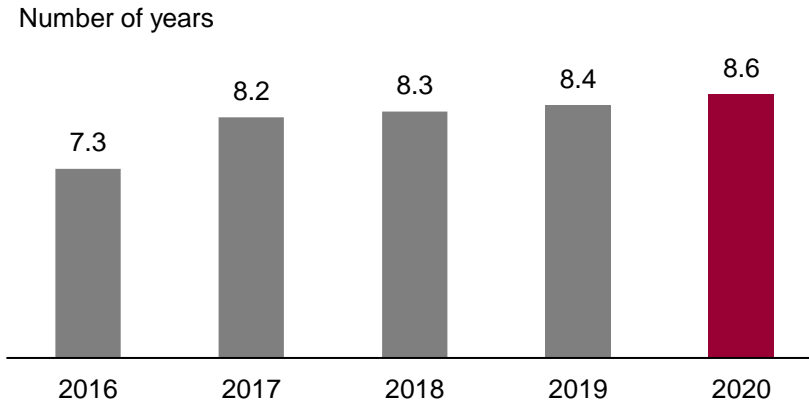
1. Comprises aircraft depreciation and impairment
2. Excludes loss on investment in equity instruments

# Core Leasing Business Supports Growth

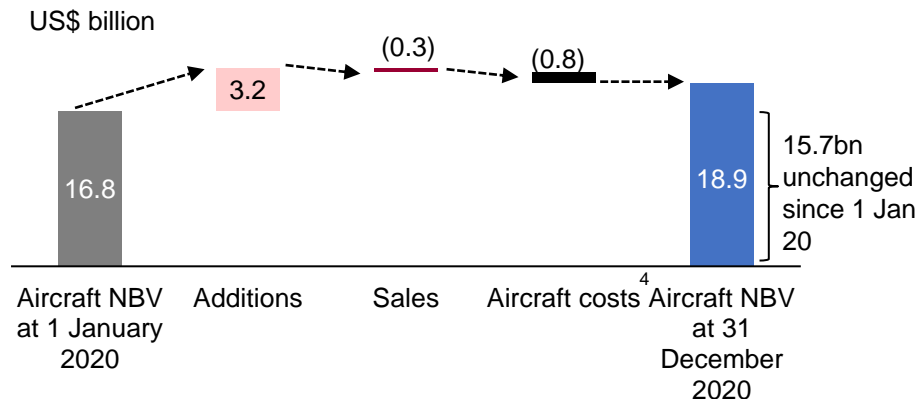
More than 70% of PBT<sup>1</sup> is from core lease rental contribution<sup>2</sup>, net of costs



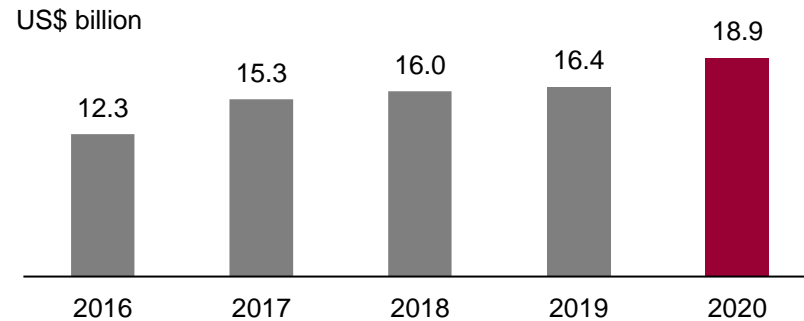
We have a long average remaining lease term<sup>5</sup>



Reflects continued investment in our fleet



High future committed lease revenue



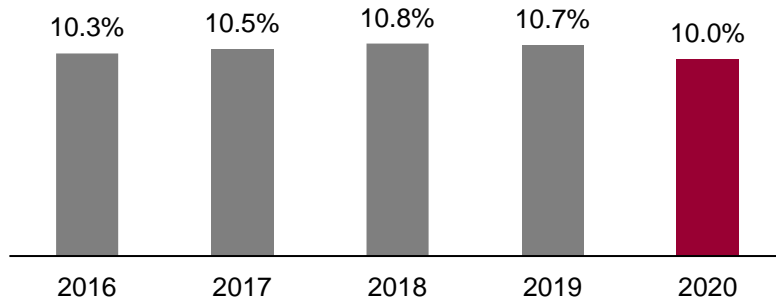
All data as at 31 December 2020

Notes:

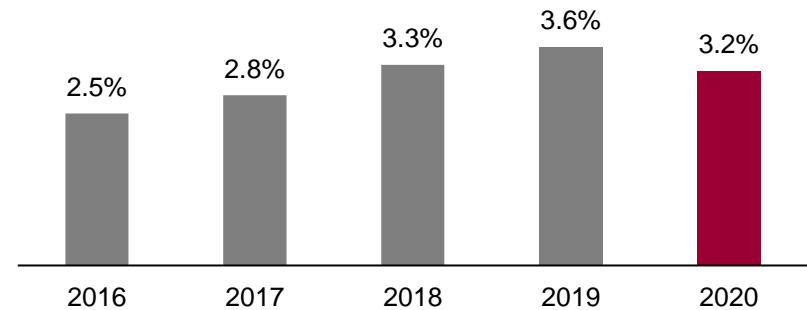
1. Excludes loss on investment in equity instruments
2. Calculated as lease rental income less aircraft depreciation and finance expenses apportioned to lease rental income, amortisation of deferred debt issue cost and lease transaction closing cost
3. Calculated as interest and fee income less finance 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 factor<sup>1</sup> remains above 10%

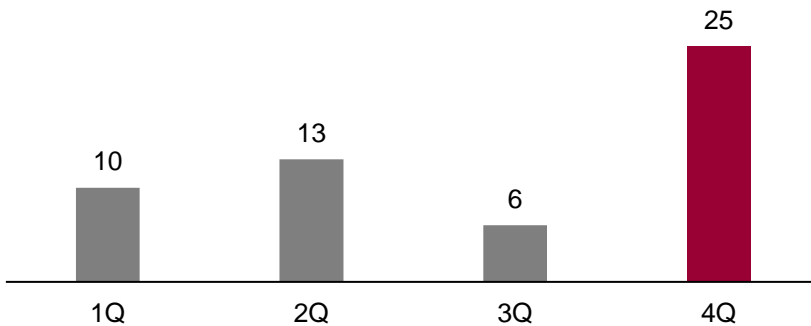


## Reduced cost of debt<sup>2</sup>

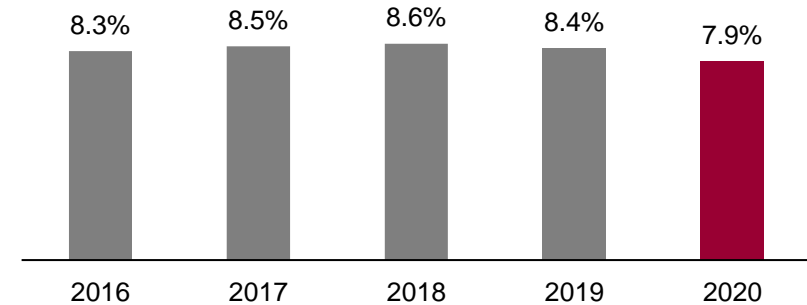


## 2020 aircraft deliveries by quarter

Number of aircraft



## Lower net lease yield<sup>3</sup> impacted by 4Q deliveries



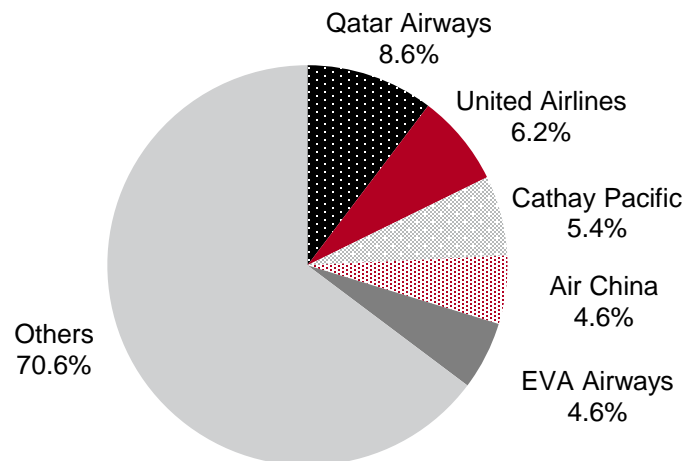
All data as at 31 December 2020

Notes:

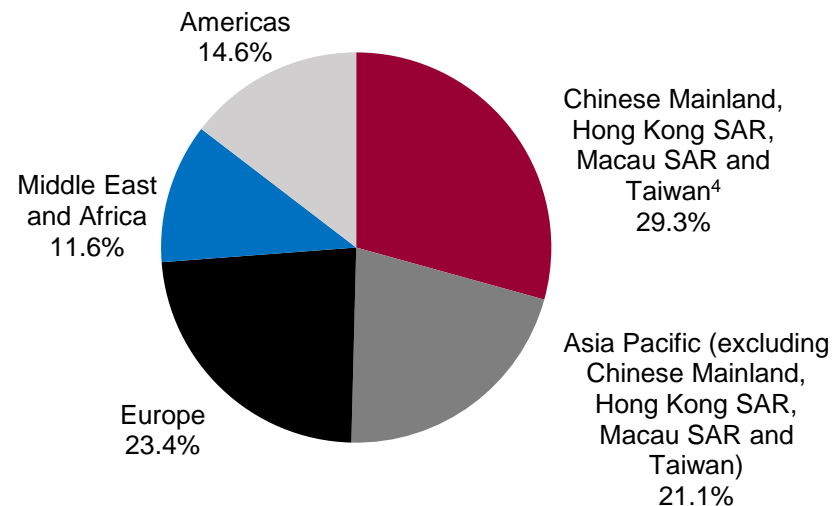
1. Calculated as lease rental income divided by average net book value of aircraft and multiplied by 100%
2. Calculated as the sum of finance expenses and capitalized interest, divided by average total indebtedness. Total indebtedness represents loans and borrowings and finance lease payables before 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

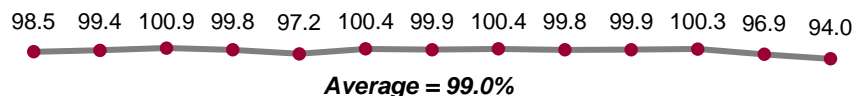
## Lease portfolio diversified by customer<sup>1,2</sup>



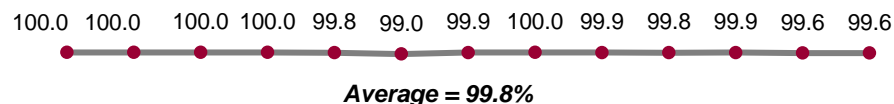
## ...and increasingly diversified by geography<sup>1,3</sup>



## Collection rate (%)



## Fleet utilization (%)<sup>5</sup>



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:

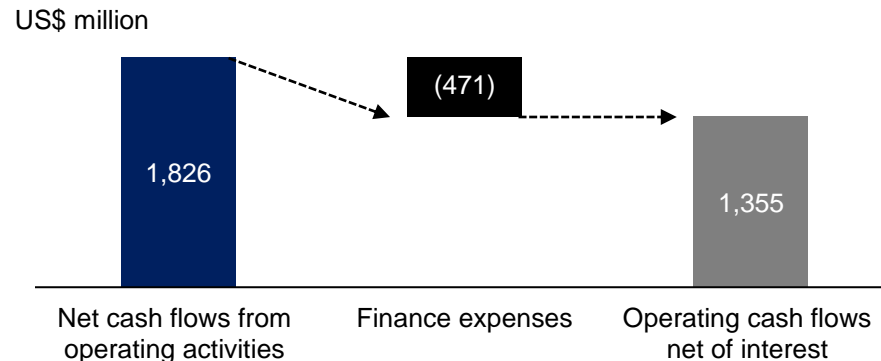
1. Based on net book value including aircraft subject to finance leases as at 31 December 2020
2. For certain airlines, the percentage includes leases to affiliated airlines whose obligations are guaranteed by the named airline
3. Based on the jurisdiction of the primary obligor under the relevant operating 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

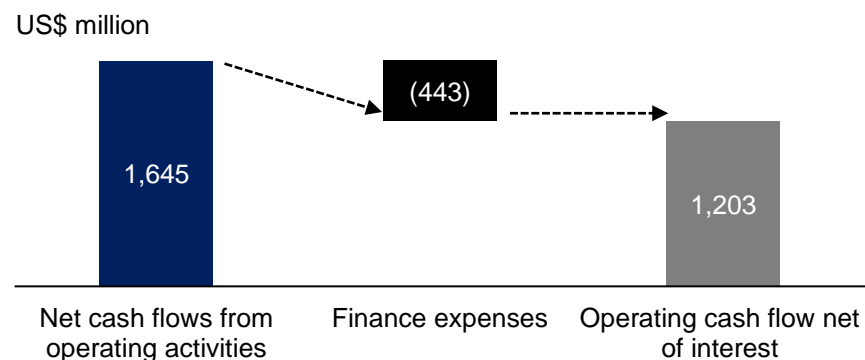
## Operating cash flows net of interest<sup>1</sup>

- 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 interest<sup>1</sup> for FY2020



## Operating cash flows net of interest<sup>1</sup> for FY2019



**Key focus on driving operating cash flows net of interest higher**

All data as at 31 December 2020

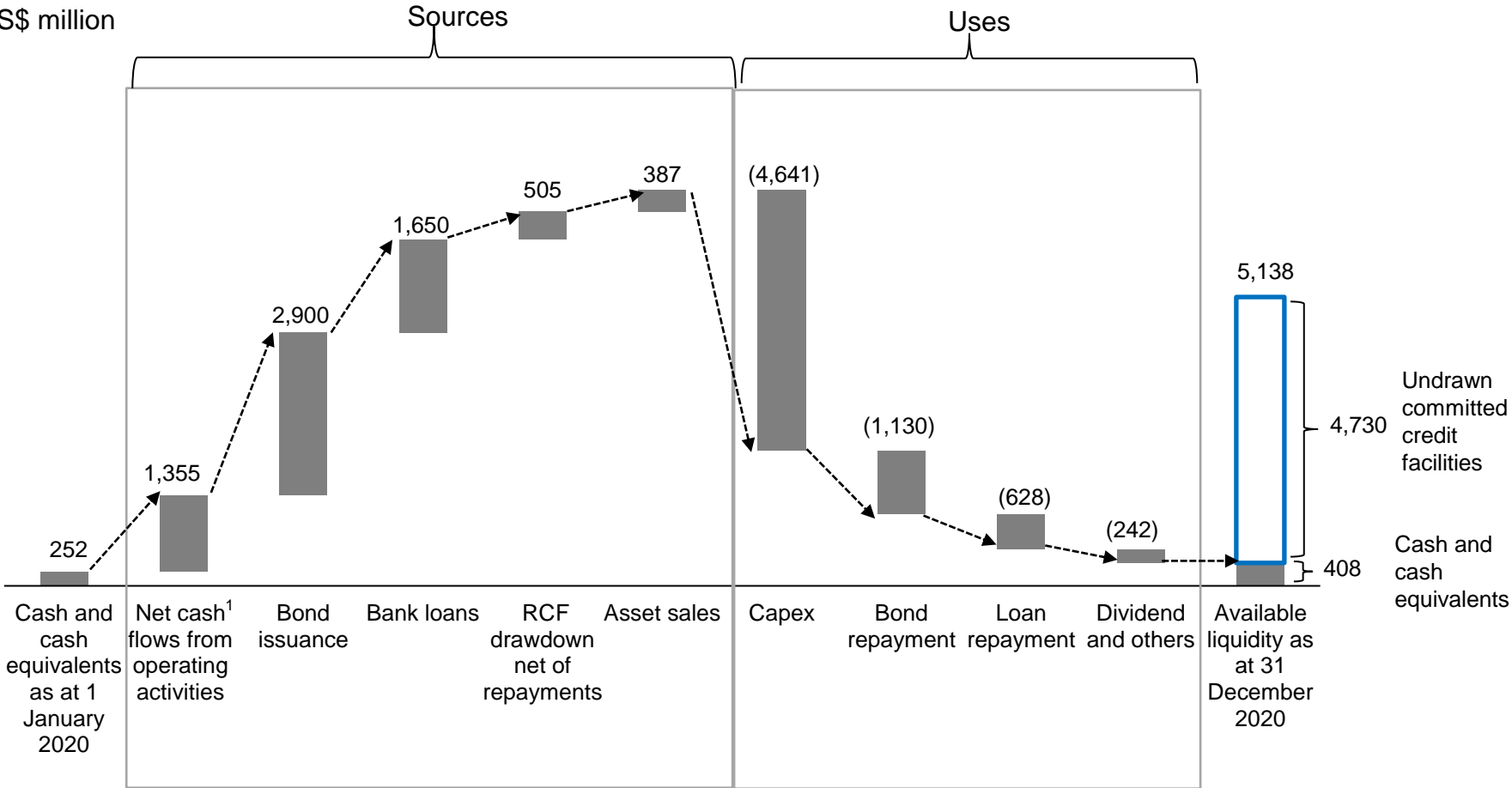
Note:

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

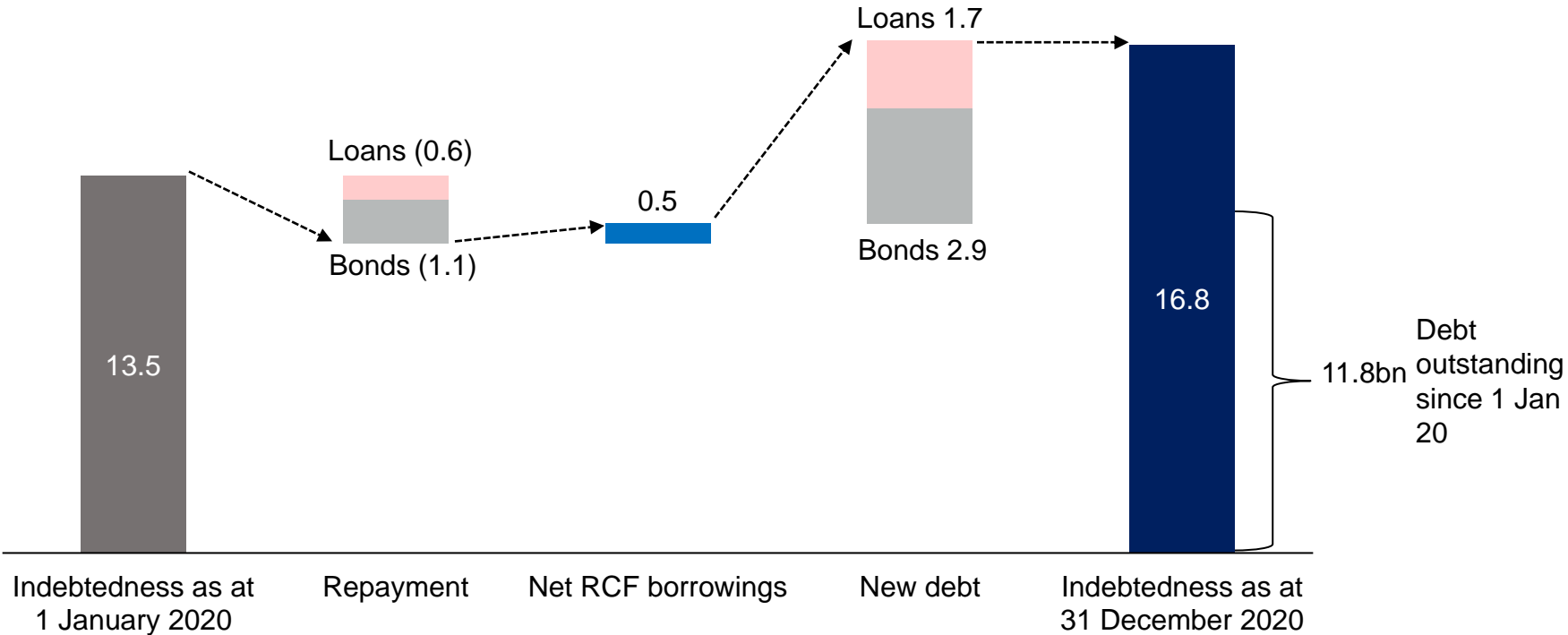
All data as at 31 December 2020

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



# Stable Debt Structure

US\$ billion



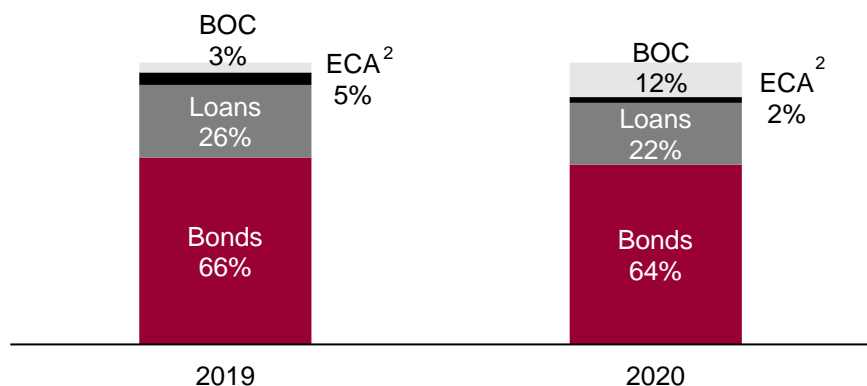
**70% of debt unchanged from 1 January 2020 and debt to equity of 3.5:1**

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

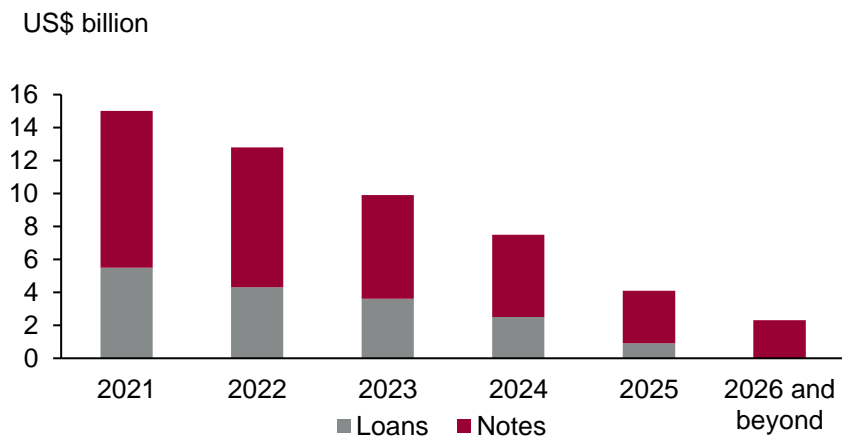


# Flexible Capital Structure and Ample Backstop Liquidity

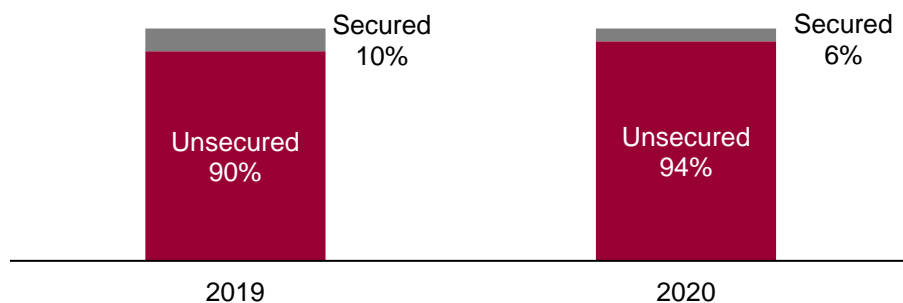
## Sources of debt<sup>1</sup>



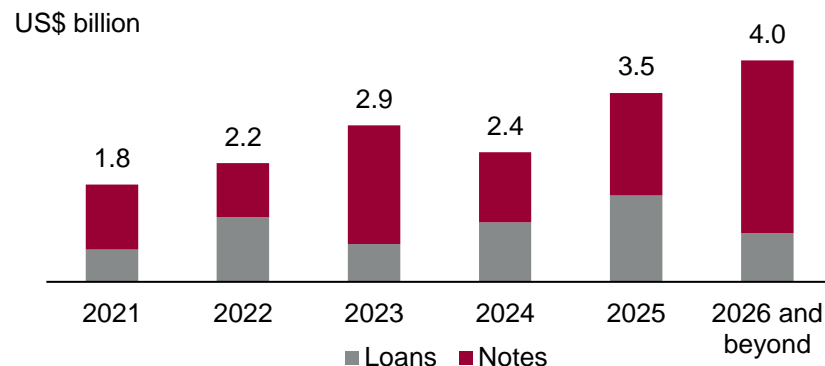
## Outstanding debt amortises over a long term



## 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 <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>

## Future orders focus on new technology

All data as at 31 December 2020

Note:

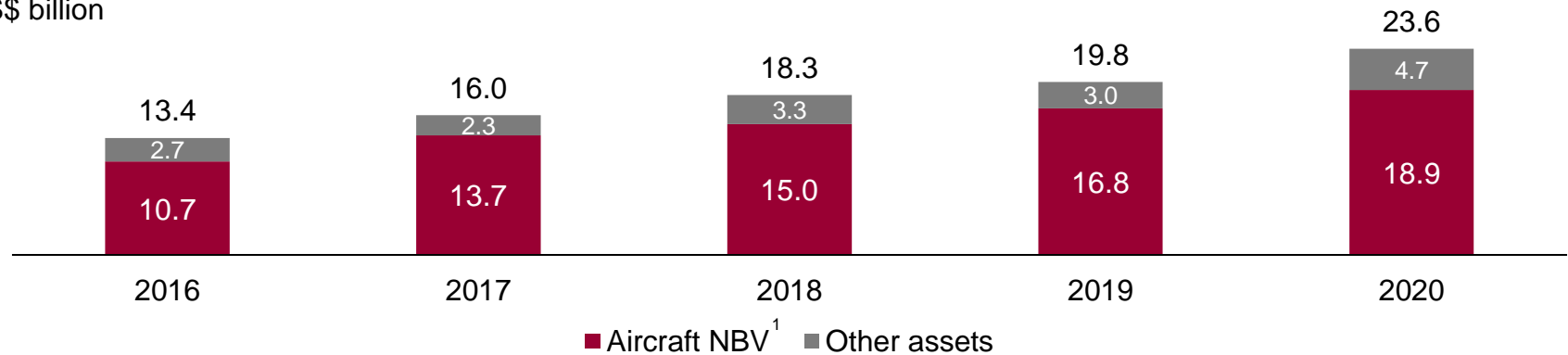
1. Includes all commitments to purchase aircraft including those where an airline customer has the right to acquire the relevant aircraft on delivery



# Steadily Growing Balance Sheet and Aircraft Fleet

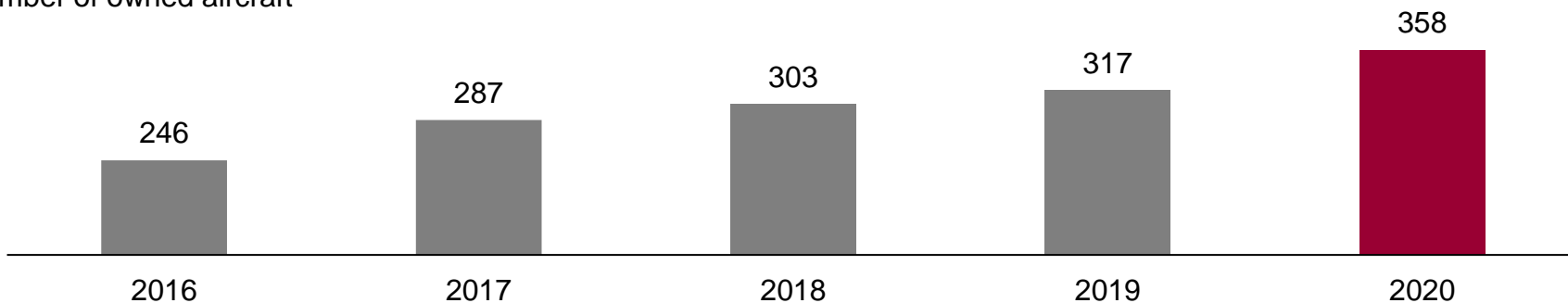
## Growing balance sheet

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

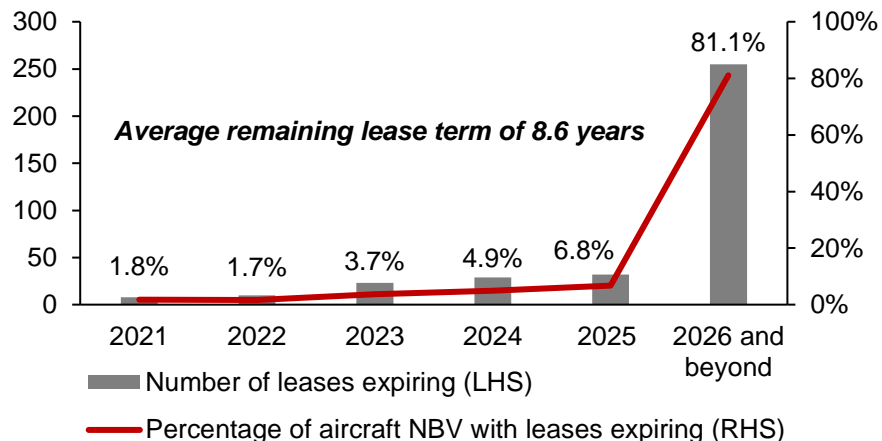
Note:

1. Excludes aircraft on leases classified as finance leases



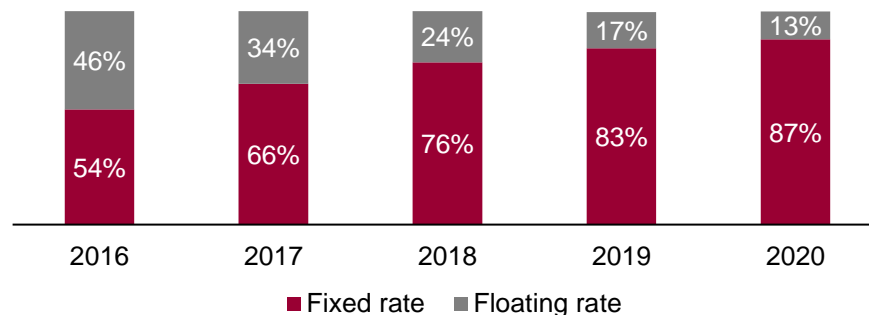
# Long Term Leases Enhance Revenue Visibility

## Well-dispersed lease expiries<sup>1</sup>



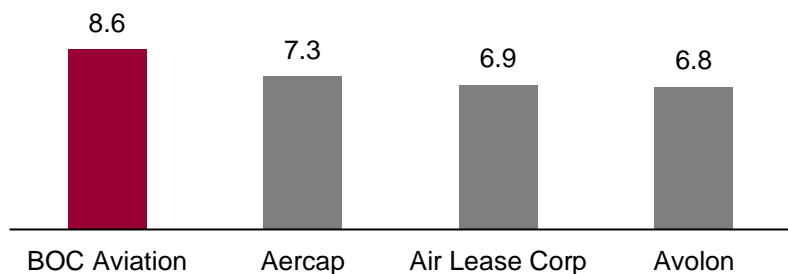
## Proportion of fixed rate leases rising steadily<sup>3</sup>

By net book value

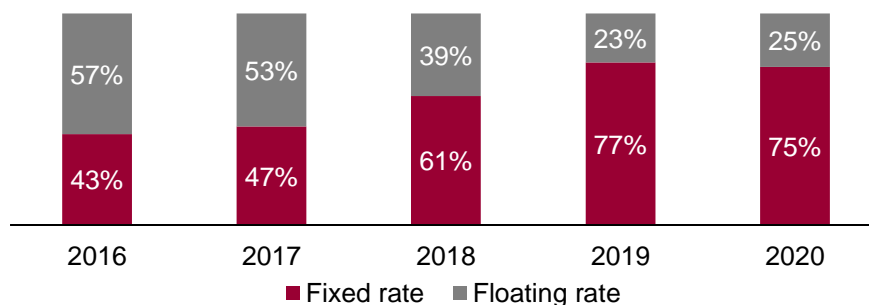


## Long average remaining lease term<sup>2</sup>

Number of years



## Stable proportion of fixed rate debt<sup>4</sup>



Source: Respective company websites

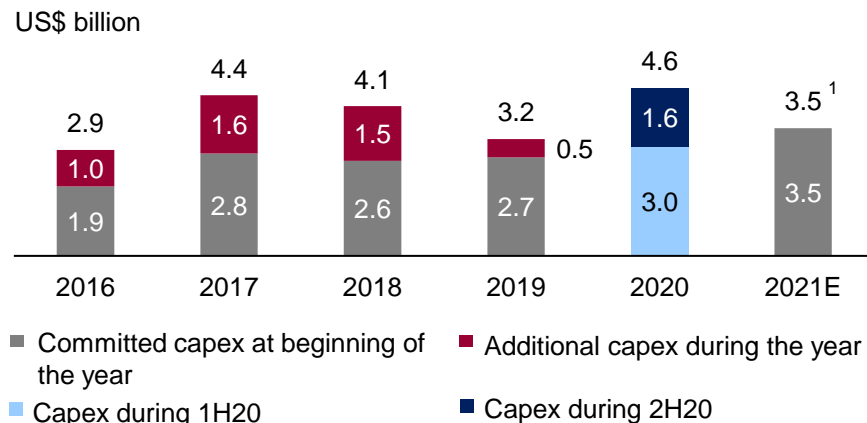
All data as at 31 December 2020

Notes:

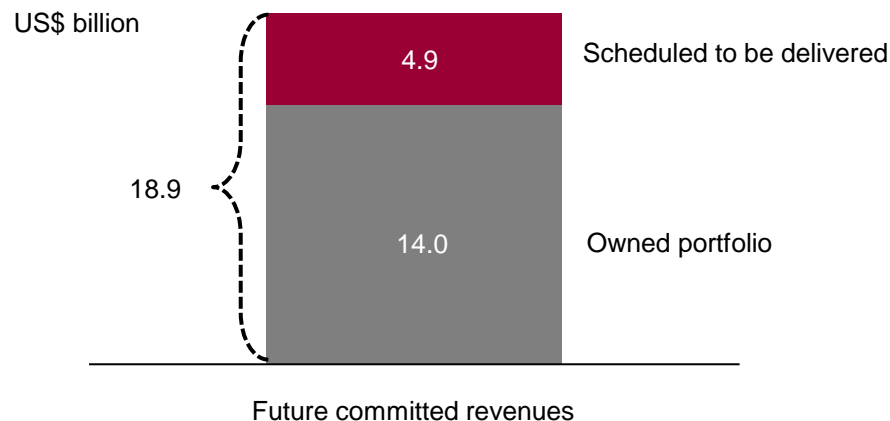
1. Owned aircraft with lease expiring in each calendar year excluding any aircraft for which BOC Aviation has a sale or lease commitment, weighted by net book value of owned fleet as at 31 December 2020
2. Weighted by net book value of owned fleet as at 31 December 2020
3. By net book value including 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

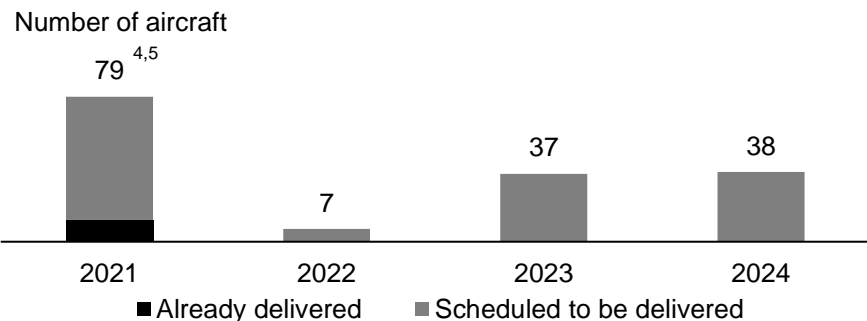
## Sustained annual capital expenditure since IPO



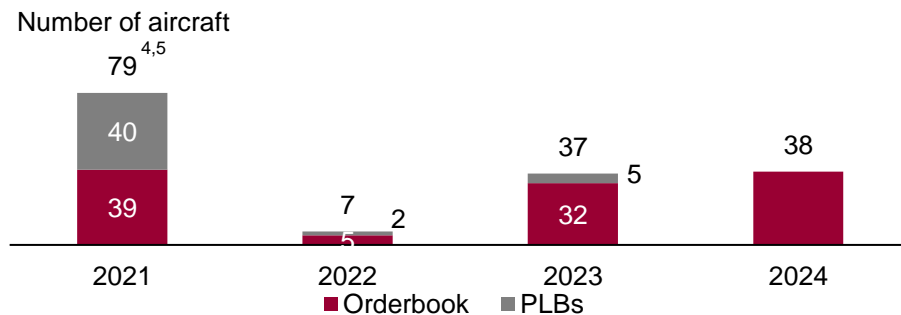
## Committed future lease revenues of US\$19 billion



## Orderbook delivery schedule<sup>2,3</sup> 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
  - 27<sup>th</sup> 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 155<sup>1</sup> 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



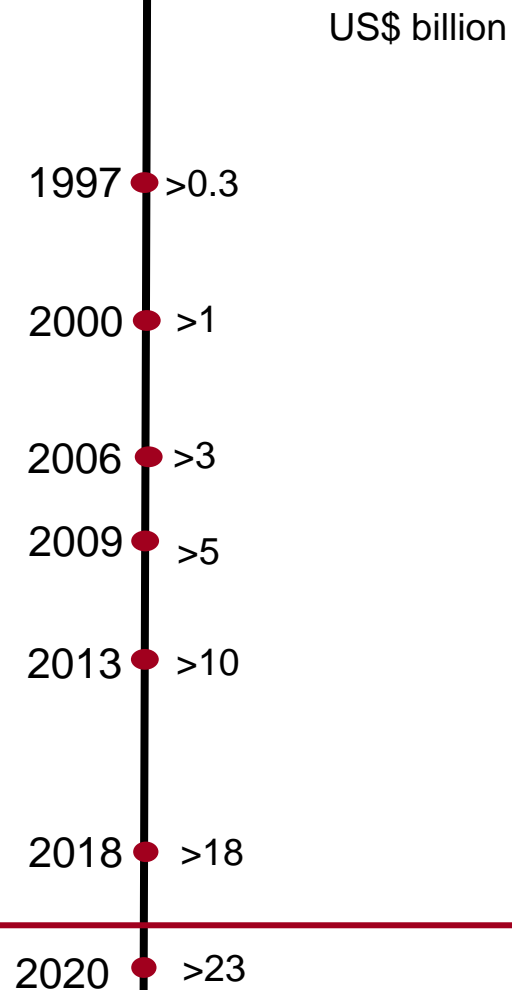
# APPENDICES

# 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\$18.9bn<sup>1</sup>
- 398 owned and managed aircraft
- 155 aircraft on order<sup>2</sup>

## 27<sup>th</sup> 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
  - Repossessions<sup>1</sup> 51 aircraft in 16 jurisdictions

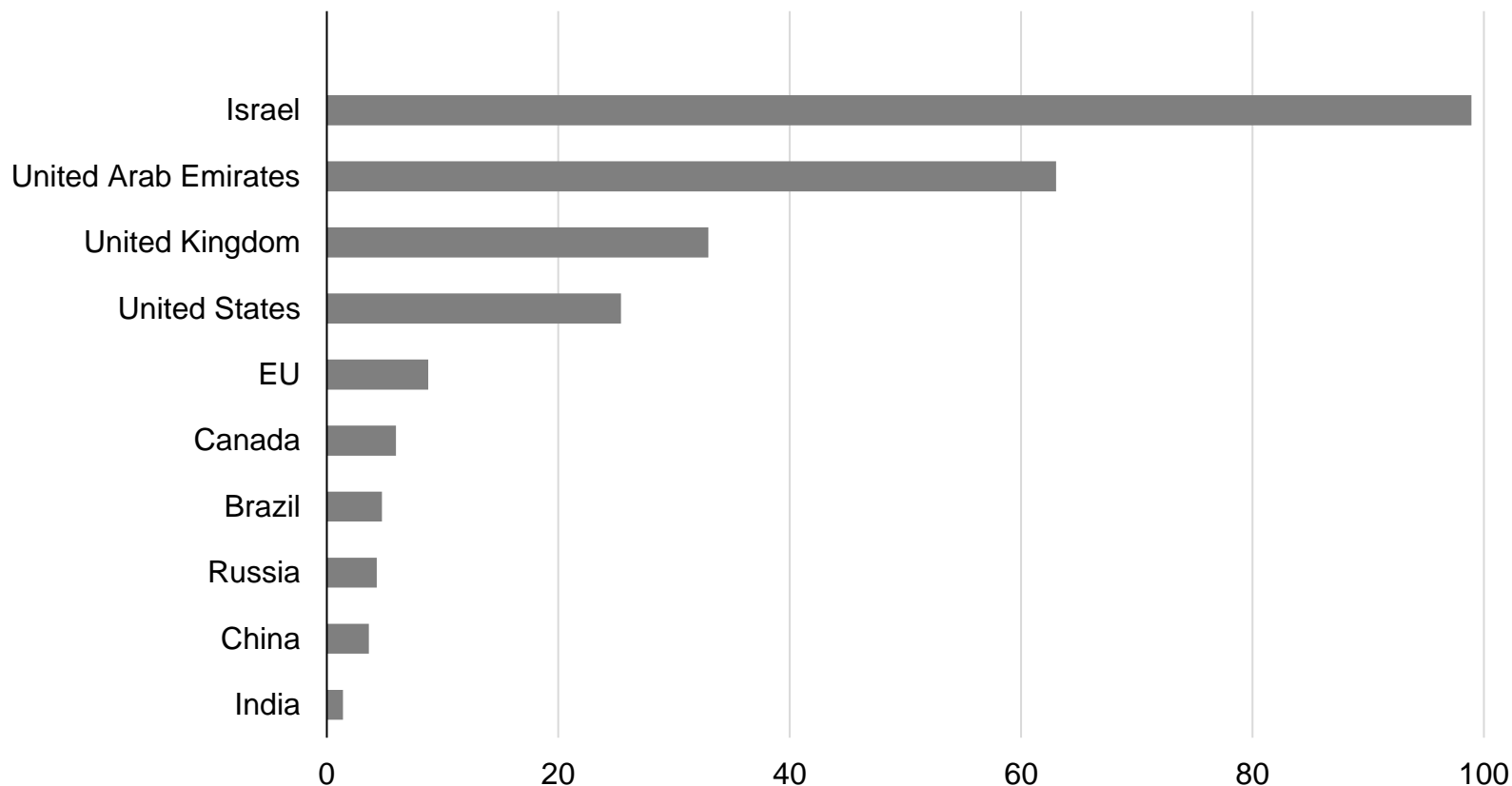
All data as at 31 December 2020, since inception unless otherwise indicated

Note:

1. Includes repossessions and consensual early returns

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

Cumulative Covid-19 vaccination doses administered per 100 people<sup>1,2,3</sup>



**Around 292 million doses of Covid-19 vaccines have been administered**

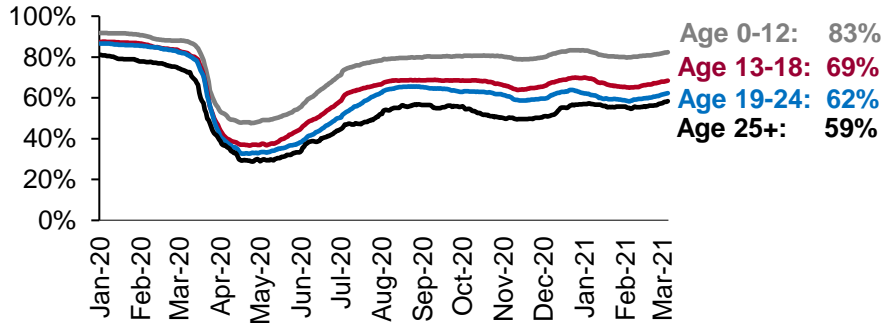
Notes:

1. Source: Our World in Data (<https://ourworldindata.org/covid-vaccinations>)
2. Updated as at 5 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<sup>1</sup>

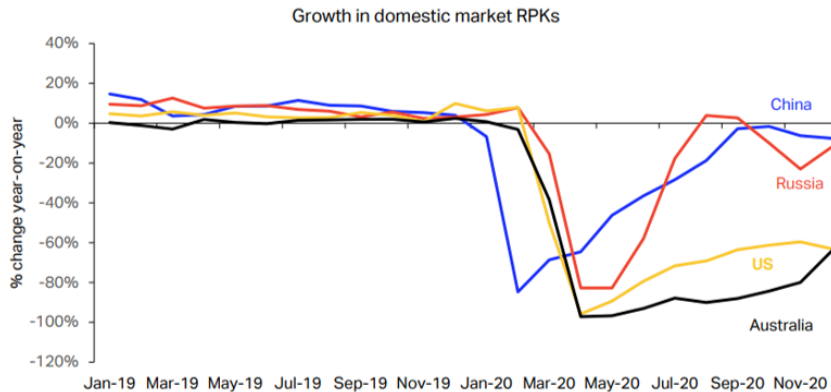
1st Jan 2020 – 5th March 2021



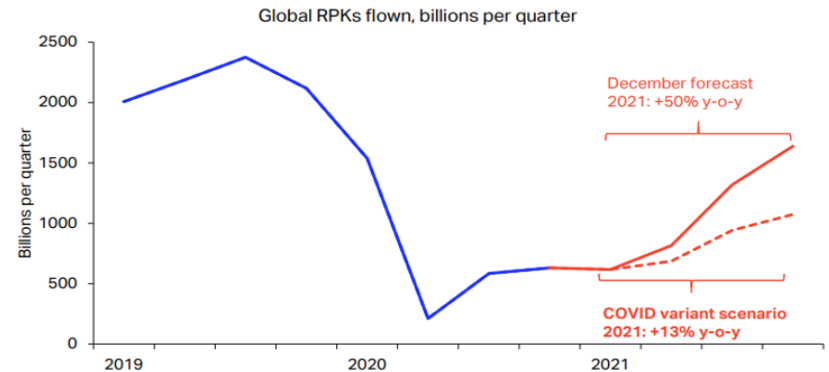
## BOC Aviation targeting most robust markets

- Delivered 10<sup>th</sup> 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

## Domestic markets demonstrate passenger demand<sup>2</sup>



## RPK recovery depends on new variants and government policies<sup>2</sup>



Notes:

1. Sources: Cirium fleet data, BOC Aviation analysis
2. 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



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