

China Aircraft Leasing Group Holdings Limited

— *Aircraft Full Value Chain Solutions Provider*

2022 Interim Results

August 2022



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1.1 Strong revenue growth in 1H2022 with strengthening prospects

For the six months ended 30 June 2022:

HK\$ **1.89** bn **19%** ↑
Strong revenue

HK\$ **(130)** mn (unadjusted) HK\$ **310** mn (Adjusted ⁽¹⁾)
Profit/(loss) attributable to shareholders

Since listing:

16 times Dividend payments
HK\$ 3.84 Accumulated payout per share ⁽²⁾
Uninterrupted dividend payments

Note : 1. Adjusted for the one-off (HK\$439 million) write-off due to Russia-Ukraine conflict
 2. Including the HK\$0.15 2022 interim dividend recommended

As at 30 June 2022

163 aircraft
Steady fleet growth
 (138 owned+ 25 managed, including the two in Russia)

90%
High narrowbody proportion
 (owned fleet)

241 aircraft
Third largest orderbook among global lessors

>90%
High fleet utilization
 (Major lessors ⁽³⁾Averaged 78%)

100%
Fleet lease rate
 (Owned fleet excluding assets written off)

13.51%
High average rental yield
 (Adjusted ⁽⁵⁾)

6.5 years
Average fleet age
 (New lease fleet⁽⁴⁾)

7.7 年
Average remaining lease
 (New lease fleet⁽⁴⁾)

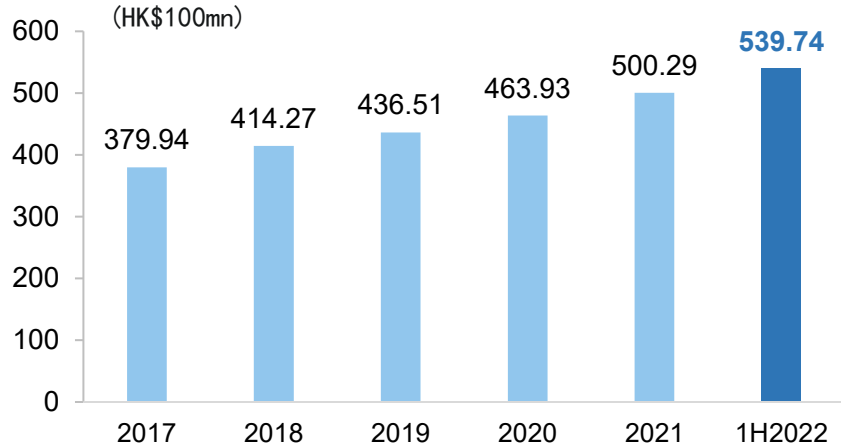
38
Airline clients

17
Countries and regions

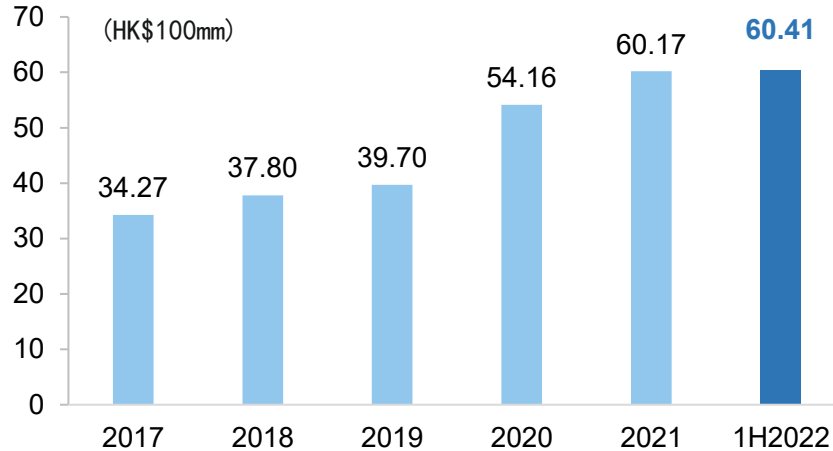
Note : 3. Large-scale lessors are lessors that own and manage more than 100 aircraft in their own and managed fleets under the classification of Cirium lessors. Flight execution rate = number of flight aircraft / (number of flight aircraft + number of parked aircraft), flight execution rate data Data at the end of the quarter.
 4. CALC is a one-stop solution provider for the entire life cycle of aircraft. Its business covers new aircraft and middle-aged and elderly aircraft. The new aircraft leasing fleet refers to the aircraft under the age of 12 in its own fleet.
 5. Adjusted average rental yield is a weighted average calculated by dividing the sum of expected annual gross lease income and government support by the net book value of the aircraft.

1.2 Effective capital management for stable credit profile

Steady growth in total assets



Steady increase in net assets



2022年6月最新评级结果:

MOODY'S

Ba1
Corporate family Rating

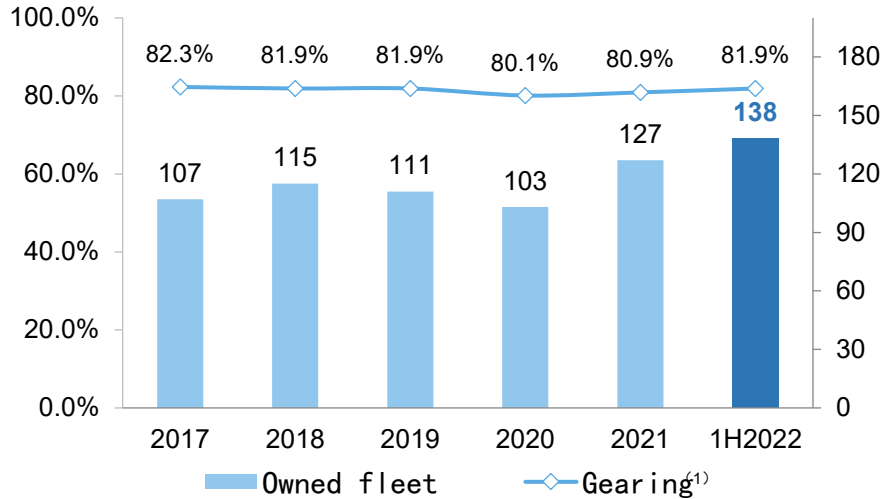
Stable
Outlook

Fitch Ratings

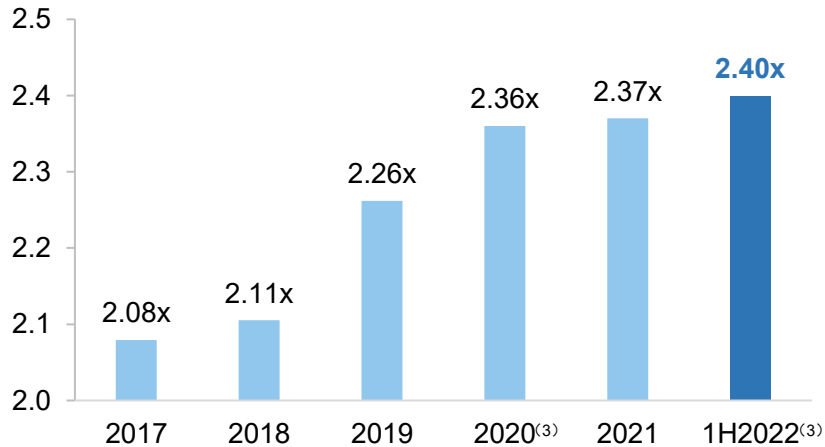
BB+
Long-term issuer rating

Stable
Outlook

Persistent growth in owned fleet and stable gearing



Steady increase in interest coverage⁽²⁾



Target rating: **Investment Grade**

Note: 2. Interest coverage = EBITDA / interest expense
3. 2020 and 1H2022 figures are adjusted after exceptional items

注: 1. 负债比率= 计息债务/资产总额。

Full recovery of global aviation market in 2023

- ✓ Major institutions in the industry generally predict that passenger traffic will return to 2019 levels in 2023.
- ✓ Compared with the same period in 2021, the air passenger demand in June 2022 has risen sharply by 76.2%, and has recovered to 70.8% of the same period in 2019. Among them, the international market has surged by 229.5% compared with the same period last year.
- ✓ IATA expects the financial performance of the aviation industry in all regions to improve in 2022 and expects the industry to be profitable in 2023.

Ongoing supply chain disruption drove leasing demand

- ✓ Affected by supply chain disruptions, aircraft OEM' production capacity growth rate fell short of expectations. In July, Airbus lowered its full-year aircraft delivery target for 2022 to **700** aircraft and delayed the A320 model capacity ramp-up schedule. Boeing also lowered its full-year 737 series aircraft. Model deliveries are forecast to be about **400**, down 100 from the forecast at the beginning of the year.
- ✓ It is generally expected in the industry that short-term supply chain disruptions will continue. Under the circumstance of limited production capacity, airlines will rely more on lessors to meet the needs of capacity expansion and fleet renewal, further boosting the leasing penetration rate.

Abundant
orderbook for
next-generation
narrow-body
aircraft
highlights
CALC's edges

China will become the world's largest aviation market

- ✓ As a national strategic emerging industry, the state attaches great importance to the economic support role of the civil aviation industry in related industries.
- ✓ Since 2022, China has successively released a number of policies and measures to support the recovery of the civil aviation industry, involving more than 350 billion yuan in funds.
- ✓ Airbus and Boeing unanimously predict that the world's largest air passenger flow in the next 20 years will be in the Chinese domestic market, with huge potential.
- ✓ China will also become the largest market for aircraft deliveries to a single country.

New-generation narrowbody models in shortage

- ✓ Ascend by Cirium data shows that single-aisle aircraft have recovered more strongly than twin-aisle aircraft.
- ✓ The global wave of carbon neutrality coupled with rising fuel prices and continued inflation will encourage airlines to speed up the upgrade of their fleets to a new generation of energy-efficient aircraft.
- ✓ The latest reports of Airbus and Boeing respectively predict that the world will need 31,620/30,880 single-aisle aircraft in the next 20 years, or an average of about 1,500 aircraft per year, while Airbus and Boeing are expected to deliver no more than 1,100 narrow-body aircraft in 2022. It is roughly estimated that the annual shortfall can reach 400 aircraft.

(for detailed analysis see "Industry Prospects")

1.4 Ongoing support from CEG

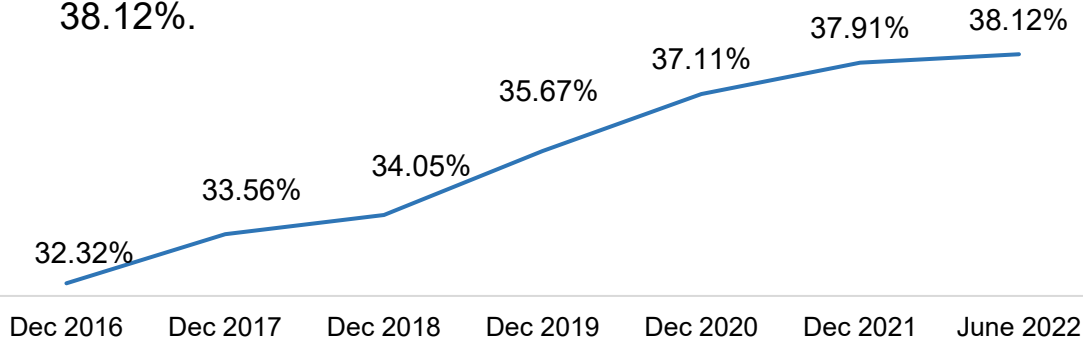


Strong shareholder background and strategic support

- ✓ **CEG:**
 - SOE managed by MOF and Central Huijin investments in China
 - Ranked among the Fortune Global 500 for seven consecutive years from 2015 to 2021
- ✓ **Cultivating a world-leading aircraft leasing company is one of the strategic goals of China Everbright Group, and CALC is the flagship company in this business segment:**
 - CALC is the only company under Everbright that focuses on aircraft leasing
 - CALC has "indispensable" strategic value in the group's strategic planning

CEL to increase interest in CALC persistently

- In the past five years, CEL has purchased shares in the secondary market. In 2019, it began to increase its shareholding in CALC with scrip dividends. As of June 2022, Everbright's shareholding in CALC has gradually increased to 38.12%.



CEG and its member units have strongly supported CALC since the Pandemic



- ✓ Under the epidemic situation, cooperate with the internal resources of the group to strengthen the support for CALC
- ✓ CEG signed a special cooperation memorandum with COMAC and CALC, and will actively explore the integration of aircraft asset management, aircraft maintenance and aircraft aftermarket cooperation
- ✓ The 2021 framework agreement was signed, and the annual loan ceiling will increase from the current HK\$18.21 billion to a maximum of HK\$24.96 billion in 2024



- ✓ The shareholding has continued to increase over the past few years: the market value of the shares held is approximately HK\$1.4 billion
- ✓ Option to choose scrip dividends from 2019, the total amount is equivalent to HKD 262 million
- ✓ Become the actual controller of CALC (Tianjin) in 2020, highlighting the support for CALC
- ✓ Provision of \$94 million in standby revolving line of credit
- ✓ Assisted CALC in the issuance of US\$200 million perpetual bonds
- ✓ Establishing an aviation industry fund in cooperation with CALC



- ✓ As at June 30, 2022, the balance of loan/bond investment reached approximately RMB4.4 billion
- ✓ Credit line of RMB8 billion
- ✓ In April 2022, as one of the lead underwriters, assist CALC (Tianjin) in the issuance of RMB1.5 billion medium-term notes
- ✓ In June 2022, Hong Kong Branch will act as the lead bank to organize a syndicated project of CALC aircraft advance payment, with an initial scale of about US\$270 million, of which Hong Kong Branch will participate in US\$70 million



- ✓ Purchased 9 aircraft from CALC from 2020 to 2021, with further potential collaborations
- ✓ Collaborated with CALC on leasing management center business



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2.1 1H2022 Results Summary

Despite the impact of events such as the Russian-Ukrainian conflict, CALC achieved steady revenue growth in the first half of the year. If the relevant asset write-downs involving Russian airlines are excluded, the profit attributable to shareholders of the Company in the first half of the year was stable and EBITDA increased significantly

HK\$mn	1H2022	1H2021	Change	Adjusted*	
				1H2022	ChangeIn
Total revenue	1,890.8	1,585.2	19.3%	1,890.8	19.3%
Operating profit	349.8	469.1	(25.4%)	349.8	(25.4%)
(Loss)/Profit attributable to shareholders	(130.2)	302.6	NA	308.8	2.0%
EBITDA	1,379.5	1,407.3	(2.0%)	1,818.5	29.2%
Basic EPS (HK\$)	(0.175)	0.421	NA	0.415	(1.4%)
Interim dividend per share (HK\$)	0.15	0.15	0%	0.15	0%

Note: *In early 2022, the conflict between Russia and Ukraine caused relevant international sanctions. In accordance with the principle of prudence, on June 30, 2022, CALC has written down the net book value of the two aircrafts affected by this and stranded in Russia. , after excluding the deposit, maintenance reserve and the value of one of the engines already controlled by CALC, the net write-down was HK\$439 million. Adjusted performance figures are figures excluding the impact of the above net write-downs

2.2 Steady total revenue growth

<i>HK\$mn</i>	For the six months ended 30 June		
	2022	2021	Change
Total leasing income	1,653.8	1,156.0	43.1%
Financial Leasing income (1H2022: 49 aircraft vs. 1H2021: 49 aircraft)	284.4	265.3	7.2%
Operating leasing income (1H2022: 87 aircraft vs. 1H2021: 55 aircraft)	1,369.4	890.7	53.7%
Aircraft transaction and aviation component trading net income (1H2022: 2 aircraft vs. 1H2021: 4 aircraft)	66.5	177.9	(62.6%)
Government support (1H2022: 85 aircraft vs. 1H2021: 79 aircraft)	94.9	88.6	7.1%
Interest income on loans to associates and joint ventures	52.7	48.8	8.0%
Asset management service fee from CAG investment platform	8.4	8.4	0.0%
Other income	14.5	105.5	(86.3%)
Total revenue	1,890.8	1,585.2	19.3%

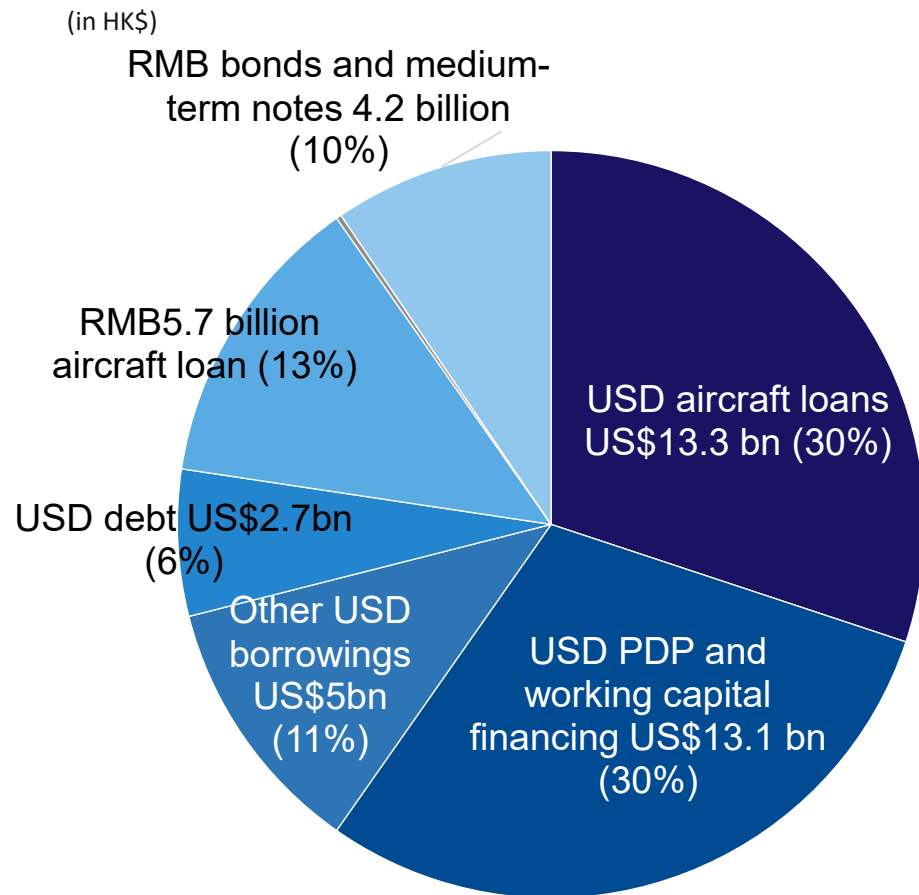
2.3 Total operating expenses

<i>HK\$mn</i>	For the six months ended 30 June		
	2022	2021	变化
Interest expenses (Total interest-bearing debt at the end of June 2022 reached HK\$44.2 billion, an increase of 23% from HK\$36 billion at the end of June 2021; LIBOR averaged 1.18% in the first half of 2022 vs. average in the first half of 2021: 0.14%)	(757.9)	(577.1)	31.3%
Depreciation (1H2022: 87 aircraft vs. 1H2021: 55 aircraft)	(590.7)	(375.9)	57.1%
Other operating expenses	(192.4)	(163.1)	18.0%
Total operating expenses	(1,541.0)	(1,116.1)	38.1%

2.4 Diversified financing channels support high liquidity

Interest-bearing debt totaled HK\$44.2 billion

(as at 30 June 2022)



✓ New/renewed credit line in 1H2022

> HK\$14bn

✓ Newly issued RMB bonds

RMB **1.2bn**

Corporate bonds
(February 2022)

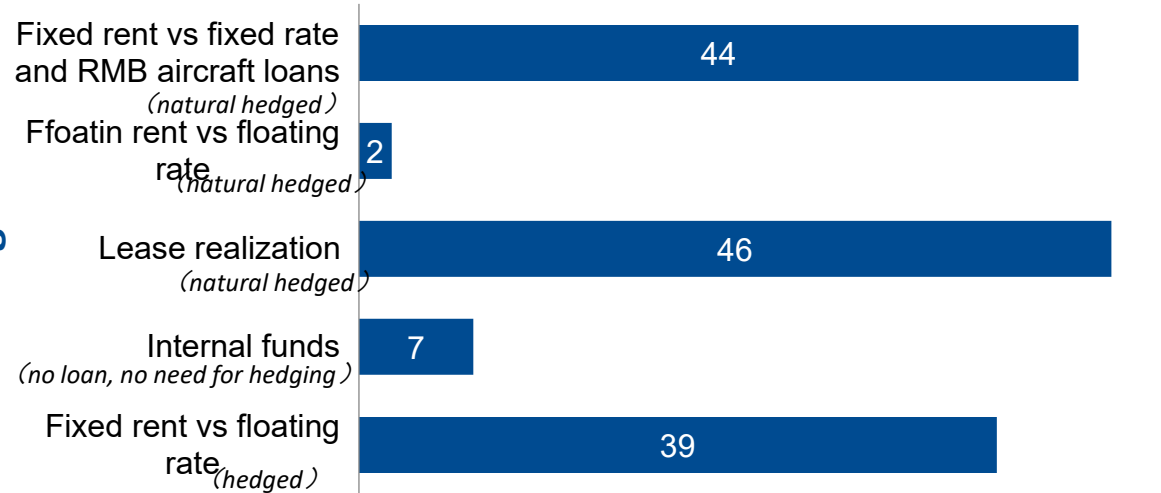
RMB **1.5bn**

Medium-term notes
(April 2022)

✓ **Abundant Liquidity**

HK\$m	As at 30 June 2022	As at 31 Dec 2021	change
Cash and bank balance	4,879.7	5,013.6	(2.7%)
Undrawn facilities	6,168.4	3,117.0	97.9%
total	11,048.1	8,130.6	35.9%

Interest rate risk management



The total of 138 aircraft have all been hedged (as at 30 June 2022)

USD interest risk sensitivity test

Profit (HK\$m)	30 June 2022
If interest rates rose 1%	(48.0)
If interest rates drop 1%	48.0

Currency risk management

✓ Effectively control currency risk exposure with hedging arrangements

(RMB mn)	30 June 2022
Unhedged RMB liabilities	1,205.5

Foreign exchange risk sensitivity test

Profit (HK\$m)	30 June 2022
If RMB to USD rose 1%	(14.1)
If RMB to USD drop 1%	14.1

2.6 Limited impact from Russia-Ukraine conflict

The lessor affected the least from the Conflict

✓ CALC has less exposure to Russia than other large aircraft lessors: only two owned aircraft are leased to Russian lessees, accounting for less than 2% of the 138 owned aircraft as of June 30, 2022, and there are no new aircraft leased to Aeroflot in the order book.

	Russia-related writedowns (no of aircraft)	Writedown aircraft vs total fleet ²	Net writedown (HK\$bn)	Net writedown vs total assets ³
CALC	2	1.4%	0.44	0.8%
Peers ¹	17~113	4%~7%	4~21	2%~4%

Note: 1. Only include listed lessors with a fleet of more than 100 aircraft, namely Air Lease, AerCap and BOCA;

2. For peer comparison, the self-owned fleet here is unified as the number of self-owned fleets including write-down aircraft as of June 30, 2022;

3. For peer comparison, the calculation formula here is unified as net write-down/(net write-down + total assets on June 30, 2022).

Source: Periodic reports by companies as of June 30, 2022.

International rating agencies believe that the conflict between Russia and Ukraine will not have a significant impact on CALC

- ✓ In its rating report released in June, Moody's pointed out that CALC's risk exposure to Russian airlines is limited, and the provision for impairment of related aircraft will not have a significant impact on its operations and credit status.
- ✓ In its rating report released in August, Fitch pointed out that the one-time write-down of the two aircraft stranded in Russia in the first half of the year is not expected to affect the company's future operating cash flow and funding and liquidity conditions.

In the future, the situation will be closely tracked and measures will be taken to recover assets/compensation as much as possible

- ✓ CALC will continue to actively maintain communication with Russian lessees to request them to return the aircraft or make compensation, and will also follow up on insurance claims that have been made. If the aircraft is retrieved in the future or the insurance/airline compensation is obtained, the relevant write-down will be partially reversed.





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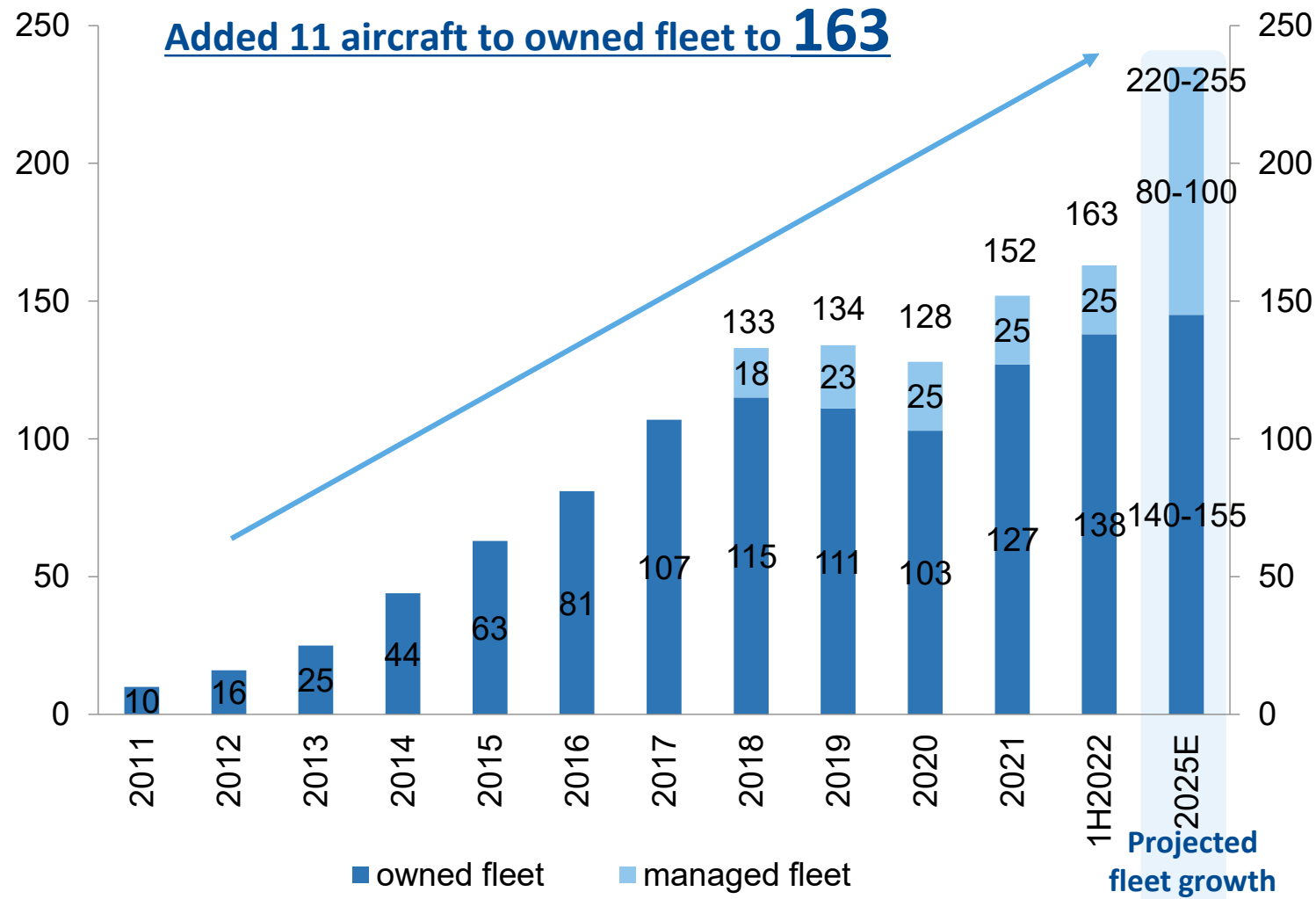


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3.1 Steady growth in owned fleet, endeavor to increase managed fleet scale CALC



1H2022 :

13 aircraft
delivered
(3 from order book, 10 via purchase and leaseback)

2 aircraft
sold
(delivery schedule affected by the Pandemic)

2H2022 :

22 aircraft
to be delivered
(from order book)

≈ 10 aircraft
to be sold
(aircraft transactions to be accelerated in 2H2022)

The number of aircraft to be sold in the future will be similar to the delivery volume of the current year, maintaining a small growth in the owned fleet and focusing on expanding the managed fleet

3.2 Abundant order book comprising predominantly new generation narrowbody models **CALC**

Ranked **third** among global lessors in order book size

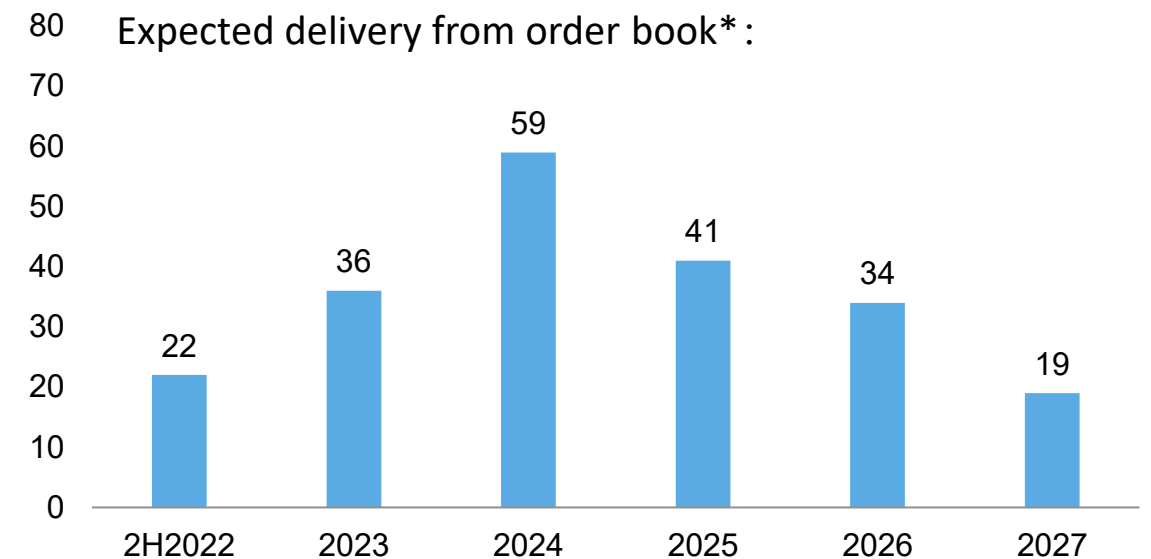
Rank	Lessor/asset manager	Order book
1	AerCap#	461
2	Air Lease Corporation#	430
3	CALC#	241
4	Avolon	221
5	SMBC Aviation Capital	188
6	BOC Aviation#	181
7	CDB Aviation	128
8	Aviation Capital Group	105
9	ICBC Leasing	94
10	Aviakapital-Servis	85

Source: Cirium Fleet Analyzer, in which the listed lessors except CDB Financial Leasing have not announced their 2022 interim results, the rest of the lessor data (marked #) are revised according to the regular reports/announcements issued by each company, as of 30 June 2022.

Procure aircraft from the three world-largest OEMs, strong narrowbody order book



Batch delivery fro 2023 tap recovery opportunities



Note: CALC will closely monitor market changes to adjust delivery schedules. The estimated delivery does not include ARJ21, and the delivery time of COMAC aircraft is not determined.

3.3 Highly liquid and popular aircraft asset portfolio

Fleet comprised mostly narrowbody models of high liquidity and stable value



Narrowbody proportion
(owned fleet)

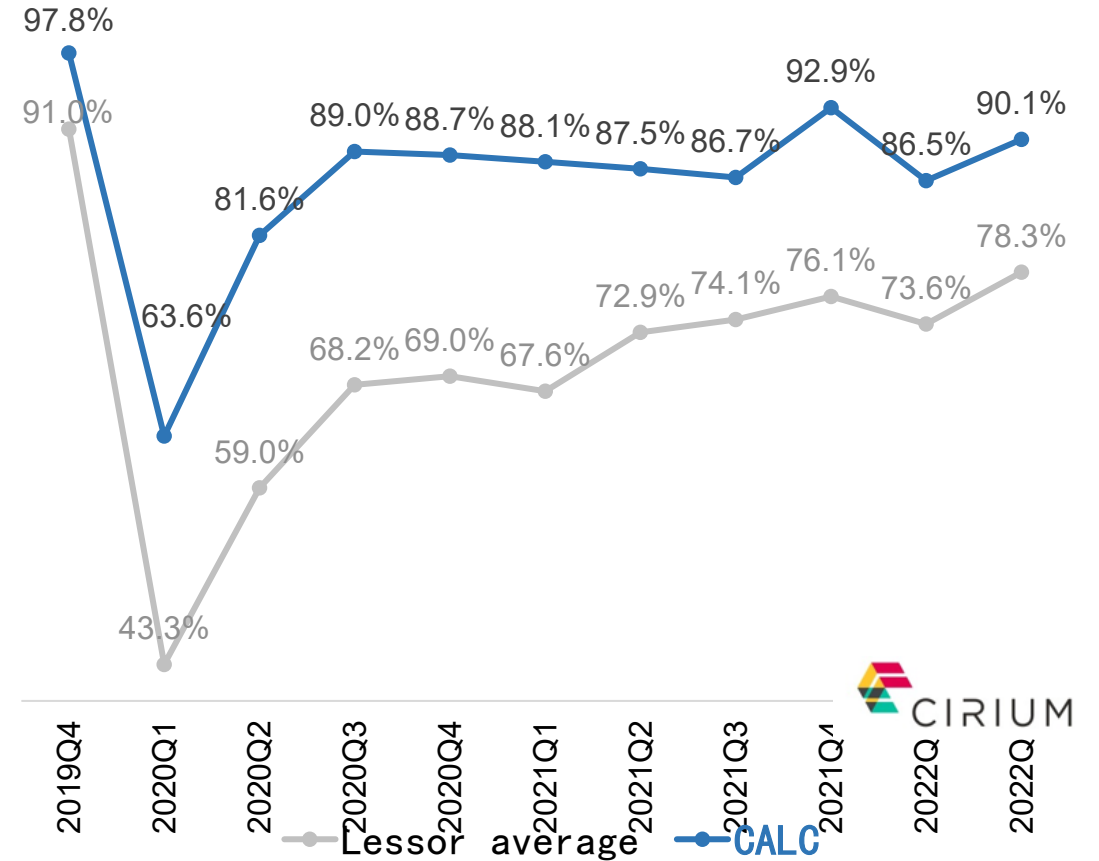


Fleet breakdown (as at 30 June 2022)

	series	models	owned#	Managed	Order book
Airbus	A320	narrowbody	101	21	145
	A330	widebody	13	1	-
Boeing	B737	narrowbody	23	2	66
	B787	widebody	1	1	-
COMAC	ARJ21	sub-route	-	-	30
total			138	25	241

Note: *Only includes listed lessors with a fleet of more than 100 aircraft, i.e. Air Lease, AerCap and BOCA;
#Including 1 A320 series and 1 B737 series aircraft involving Russian airlines.

Fleet utilization rate at different times in the Pandemic
Consistently well above average for large lessors^

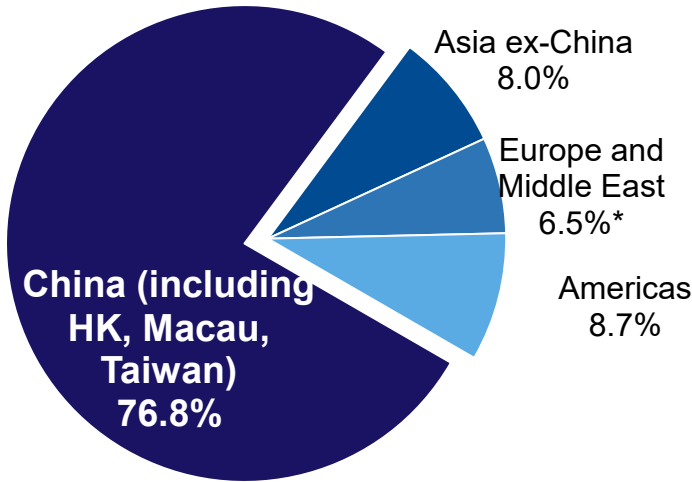


Note: ^Large lessors are lessors that own and manage more than 100 aircrafts in total under the Cirium lessor category. The operating rate = the number of operating aircraft / (the number of operating aircraft + the number of parked aircraft), the operating rate The flight rate data is the data at the end of the quarter.

3.4 Strong lease placement to accelerate global expansion

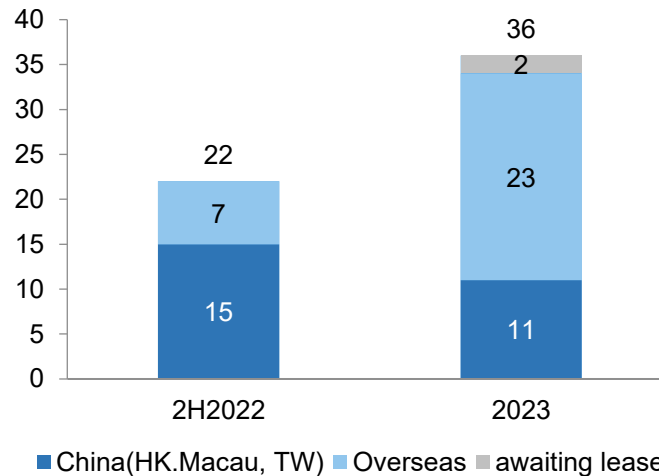
- ✓ China is the main market and home base of CALC, accounting for 76.8% of its own fleet
- ✓ Since the beginning of this year, the overseas aviation market has recovered strongly, and CALC has accelerated its global market expansion accordingly, and the proportion of overseas airlines in order book allocation and rental has increased significantly.
- ✓ In the future, we will continue to deeply cultivate the Chinese market, and actively expand high-quality new customers in regions where the global development is accelerating. The long-term goal is to make the proportion of domestic and foreign airlines leasing at the level of 50/50.

Owned fleet leased to Chinese airlines



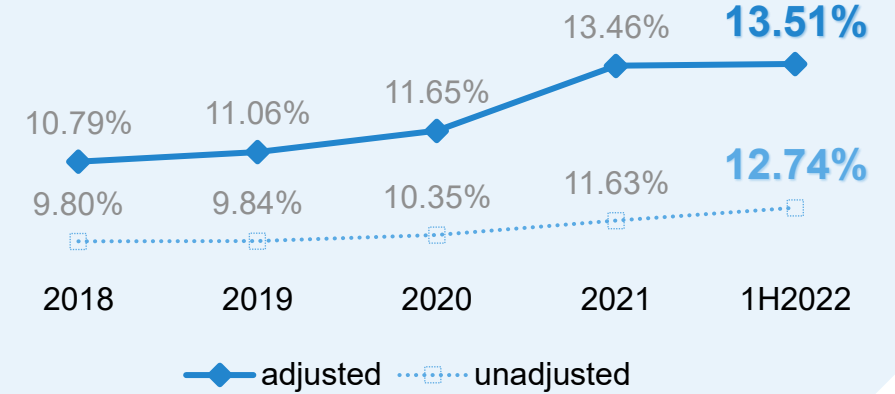
Note: *Includes 2 aircraft involving Russian airlines
As a percentage of owned aircraft, as at 30 June 2022

Increasing order book placement to overseas airlines



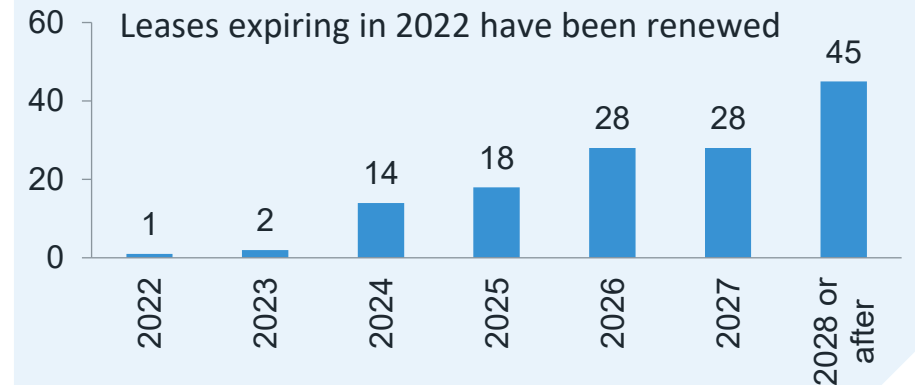
- *106 of the 138 owned aircraft are leased to Chinese (including Hong Kong, Macao and Taiwan)
- All aircraft scheduled for delivery in the next 16 months are on lease
- More than half of the aircraft planned to be delivered in 2H2022 and 2023 will be leased to overseas airline customers

Average rental yield* continues to rise



Note: *The adjusted average rental yield is the weighted average calculated by dividing the sum of expected annual gross rental income and government support by the net book value of the aircraft, and the unadjusted data is the expected annual gross rental income divided by the net book value of the aircraft Calculated weighted average.

No lease to expire soon





MRO business scope to expand further

FLARI obtained the B737NG series aircraft regular inspection and maintenance license project on the basis of the A320 series aircraft regular inspection and maintenance license. In the next step, FLARI plans to apply for the base maintenance certification on the basis of the certification of the European Aviation Safety Agency (EASA) line maintenance organization, so as to carry out base maintenance on the aircraft of overseas airlines and further expand the service scope.

CAAM Reached with Air Chia its first old age aircraft project Landing foothold on passenger-to-freighter business

CAAM has reached a cooperation with Air China on five aircraft with an average age of about 20 years old, and has completed the evaluation of this batch of aircraft and formulated a reprocessing plan. In the future, it will rely on its professional middle-aged and elderly aircraft. On-site disposal capability to maximize the value of remaining assets.

One of the aircraft was signed in July with Aeronautical Engineers, Inc. (AEI) for their first AEI B737-800SF Freighter Conversion Works Order, which is expected to be redelivered to CAAM in October 2022.



Continuing leadership in aircraft disassembly, recycling and sales of commercial aviation components

The first diamond-grade aircraft recycling company

Universal Asset Management, Inc. (UAM) in April became the first in the Aircraft Fleet Recycling Association (“AFRA”) voluntary key performance indicator certification program newly introduced into its Best Management Practice Guidelines (BMP) An aircraft recycling enterprise certified by the diamond level (the highest level), that is, it also meets the association's requirements for the number of reused parts, recycling rate, total waste, hazardous waste, core disposal rate, reuse rate, and energy recovery rate. Requirements on the seven KPI indicators.

First cooperation with LATAM

Purchased 6 A320 airframes from LATAM Airlines Group S.A, to be delivered in batches between June 2022 and first quarter 2023

Signed multi-year aviation component priority procurement agreement

The new addition and an original equipment supplier have entered into a multi-year aviation material priority procurement agreement, which will provide the OEM with long-term aircraft aftermarket parts supply support.



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4.1

The industry generally predicts that the aviation industry will return to pre-pandemic levels in 2023

institution	Forecast	Release date
	<p><u>IATA</u></p> <ul style="list-style-type: none"> • The International Air Transport Association (IATA) said the recovery in air passenger traffic was accelerating and, on average, the industry could now return to pre-pandemic figures in 2023, a year earlier than previously forecast. • Aviation industry financial performance will improve in all regions in 2022, with industry-wide expected to be profitable in 2023 	<p>2022.06</p>
	<p><u>ACI</u></p> <ul style="list-style-type: none"> • According to the latest forecast, given the lower-than-expected recovery of the aviation industry in the fourth quarter of 2021 and the outbreak of the Omicron epidemic, air passenger traffic in the global domestic market is expected to recover in the second half of 2023, while the global international market is expected to recover to 2019 levels in 2024. 	<p>2022.07</p>
<p>AIRBUS</p>	<p><u>Airbus</u></p> <ul style="list-style-type: none"> • Global air traffic is expected to return to pre-pandemic levels as early as Q2 2023 	<p>2022.07</p>

Source: IATA June 2022_Air Passenger Market Analysis, ACI, Airbus Global Market Forecast 2022-2041

Global air passenger traffic shows strong signs of recovery year to date

- ✓ The latest monthly air passenger market data released by the International Air Transport Association (IATA) in June 2022 shows that the total demand for air passenger traffic in June 2022 will continue to remain strong, with an increase of 76.2% in terms of revenue passenger kilometers (RPKs) compared with the same period in 2021. Driven by a strong recovery in passenger traffic, it has now recovered to 70.8% of the same period in 2019.
- ✓ Among them, the number of passengers in the international market surged, up 229.5% year-on-year in June last year. Asia Pacific airlines recorded the strongest growth in international passenger traffic in June 2022, climbing 492% year-on-year. In terms of domestic markets, most markets performed strongly, with domestic markets such as Australia, Brazil, India, and the United States having only a single-digit gap (in percentage terms) in passenger traffic compared to the same period in 2019, and a near-complete recovery. Domestic passenger traffic in June 2022 has recovered to 81.4% of the June 2019 level.
- ✓ According to IATA's earlier forecast, compared with the same period in 2019, it is expected that air passenger traffic will recover to 83% of the pre-pandemic level in 2022, while the number of airline seats has been infinitely close to the pre-pandemic level.

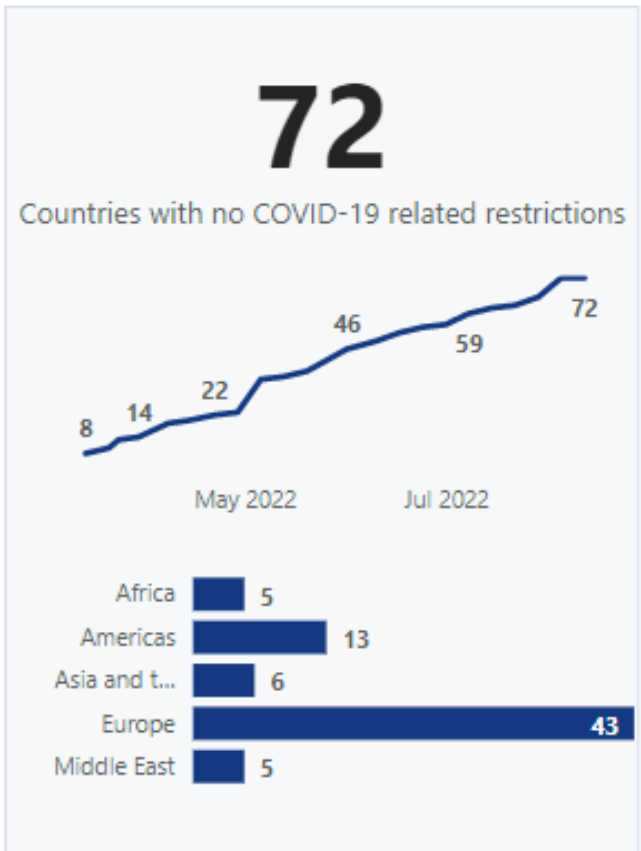
Changes in aviation demand since June 2022

	YOY changes from June 2021		YOY change from June 2019	
	RPK	ASK	RPK	ASK
Whole market	76.20%	48.50%	-29.20%	-27.50%
International	229.50%	118.40%	-35.00%	-34.80%
Domestic	5.20%	2.30%	-18.60%	-13.90%
Africa	97.10%	62.00%	-31.40%	-34.70%
Asia-Pacific	33.70%	18.90%	-54.60%	-48.40%
Europe	155.10%	96.10%	-18.70%	-17.30%
Latin America	74.00%	67.20%	-13.80%	-12.10%
The Middle East	216.80%	89.30%	-25.50%	-26.20%
North America	39.20%	26.40%	-11.20%	-11.40%

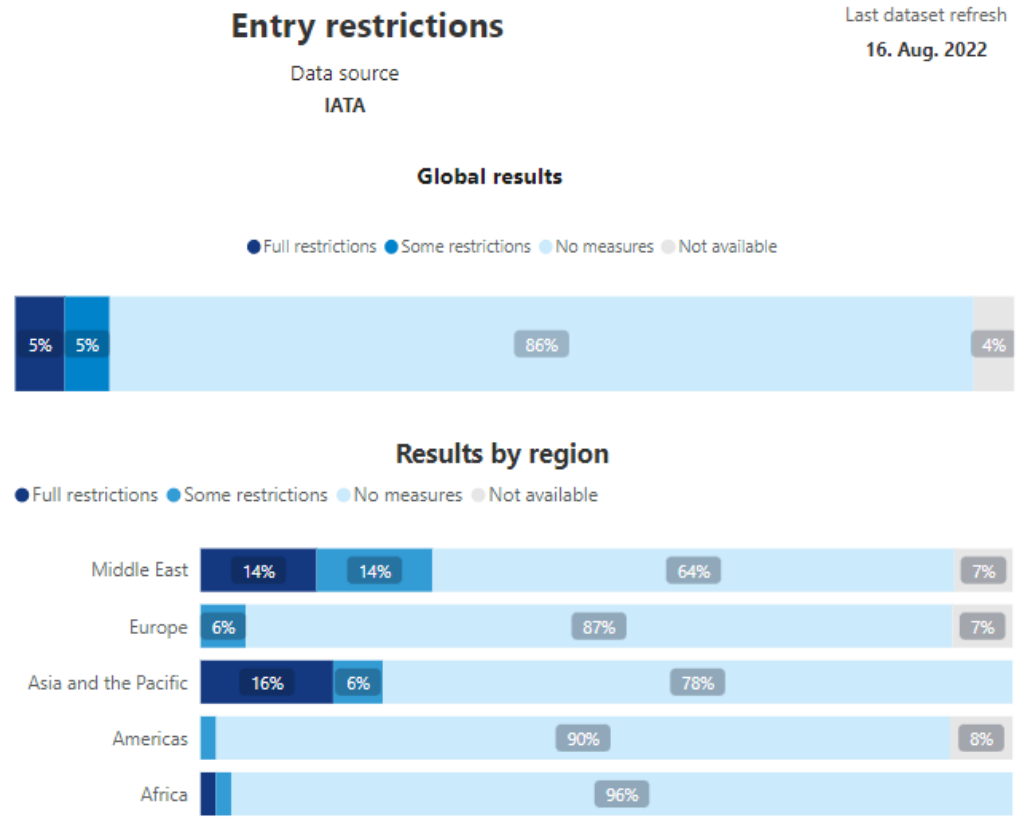
4.3 Most countries in the world have gradually eased border restrictions, driving demand recovery in the aviation industry

As countries/regions consider relaxing control policies, the world has gradually entered a stage of further border opening

- ✓ As at 12 August 2022, a total of 72 countries around the world have no COVID-19-related restrictions at all.
- ✓ As at 16 August 2022, 86% of the world's countries or regions have lifted COVID-19-related entry restrictions.



Source: UNWTO, IATA

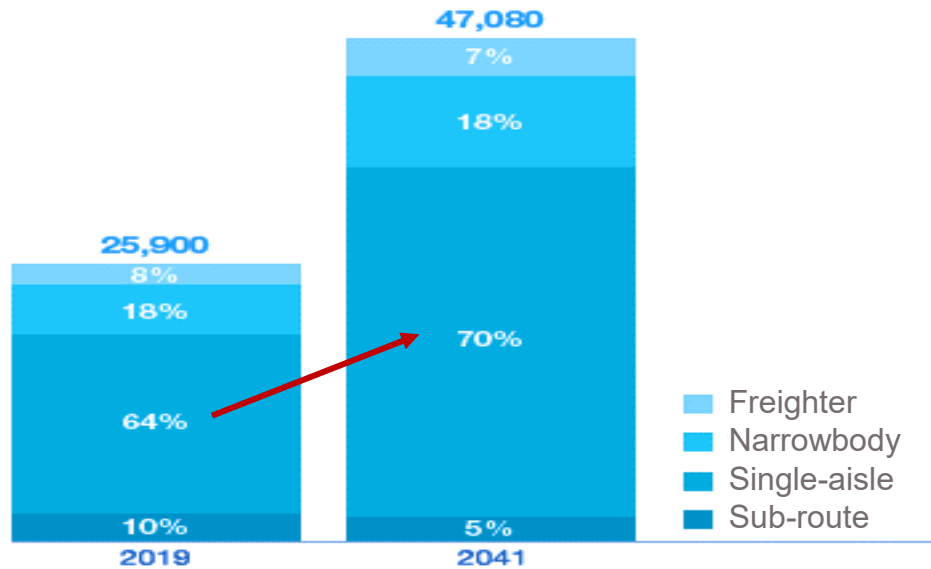


4.4 Huge demand for narrowbody aircraft might expose shortage

Accelerating recovery for narrowbody aircraft and rising market share

- ✓ Ascend by Cirium reported in June that the number of tracked single-aisle aircraft has increased again and has recovered to 88% of 2019 levels, while the number of tracked dual-aisle aircraft has recovered to about 70% of 2019 levels. In contrast, single-aisle aircraft recovered more strongly.
- ✓ Boeing's "Commercial Market Outlook 2022-2041" predicts that the global fleet in service will increase from 25,900 before the epidemic to 47,080 in 2041, of which single-aisle aircraft in service will increase from 16,530 before the epidemic to 32,770, accounting for the global The share of the in-service fleet will increase from 64% before the epidemic to about 70%.

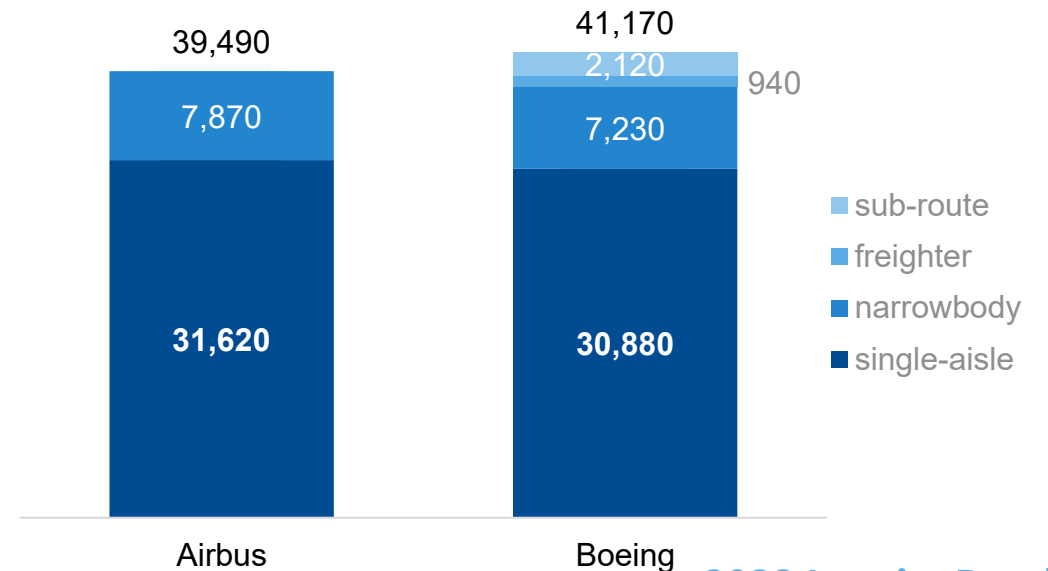
Growing share of single-aisle aircraft



Narrowbody aircraft might be in shortage

- ✓ Airbus predicts in the "Global Market Forecast 2022" that the world will need 31,620 single-aisle aircraft in the next 20 years, accounting for 80% of global aircraft demand; comparable to Boeing's "Commercial Market Outlook 2022-2041" forecast.
- ✓ Affected by supply chain disruptions, Airbus lowered its full-year 2022 delivery target to 700 aircraft in July, and pushed back its mid-term production capacity target of 65 A320 series narrow-body jets per month from the summer of 2023 to early 2024. Boeing also lowered its full-year 737-series delivery forecast to about 400, down 100 from its forecast at the beginning of the year.
- ✓ It is expected that under the dual influence of strong demand recovery and limited production capacity of aircraft manufacturers, there may be a shortage of new-generation narrow-body models, which will further push up the market value.

Global demand for new aircraft 2022-2041



Source: Boeing "Commercial Market Outlook 2022-2041", Airbus "Global Market Forecast 2022".

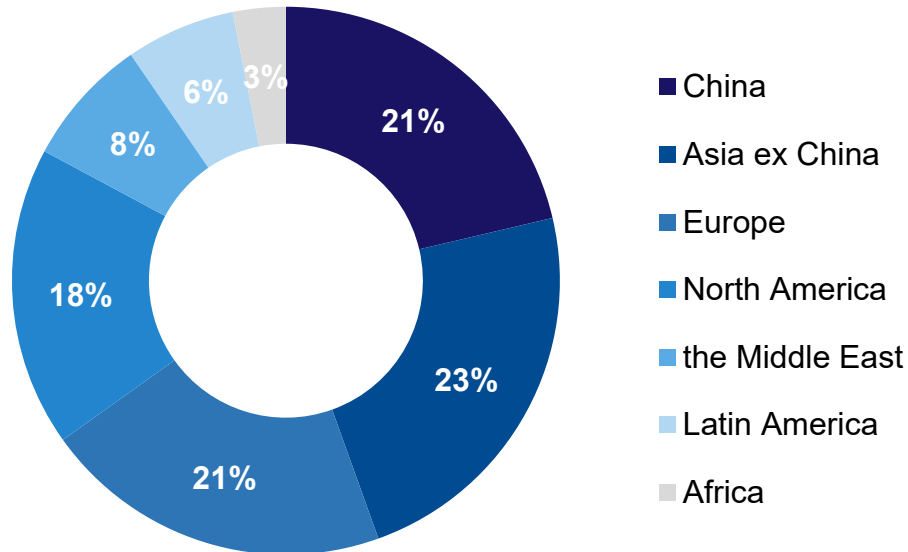
4.5 China: expected strong long-term demand to become the world's largest aviation market

- ✓ The Central Government attaches great importance to the supporting role of the civil aviation industry in economic-related industries. In the first half of the year, a number of policies and measures were successively issued to support the recovery of the civil aviation industry, including an increase of 150 billion yuan in civil aviation emergency loans, support for the aviation industry to issue 200 billion yuan of bonds, and an orderly increase in domestic and international flights.
- ✓ In July, China's three major airlines purchased Airbus A320neo in large quantities, fully demonstrating a positive signal of long-term demand recovery in China's aviation market, especially the huge demand for a new generation of energy-saving narrow-body models.
- ✓ Since July, the number of single-day flights in civil aviation has continued to remain above 10,000, which is basically the same as that of the same period in 2021; the passenger transportation scale has rebounded for three consecutive months in July, and the industry has completed 33.996 million passenger transportation, a month-on-month increase of 54.5%.

China to become the largest single country market in aircraft deliveries

- ✓ Airbus and Boeing unanimously predict that more than 8,400 aircraft will be delivered to the Chinese market in the next 20 years, accounting for 21% of global new aircraft deliveries between 2022 and 2041, and Airbus expects 84% of them to be narrow-body aircraft.

Forecast new aircraft deliveries 2022-2041

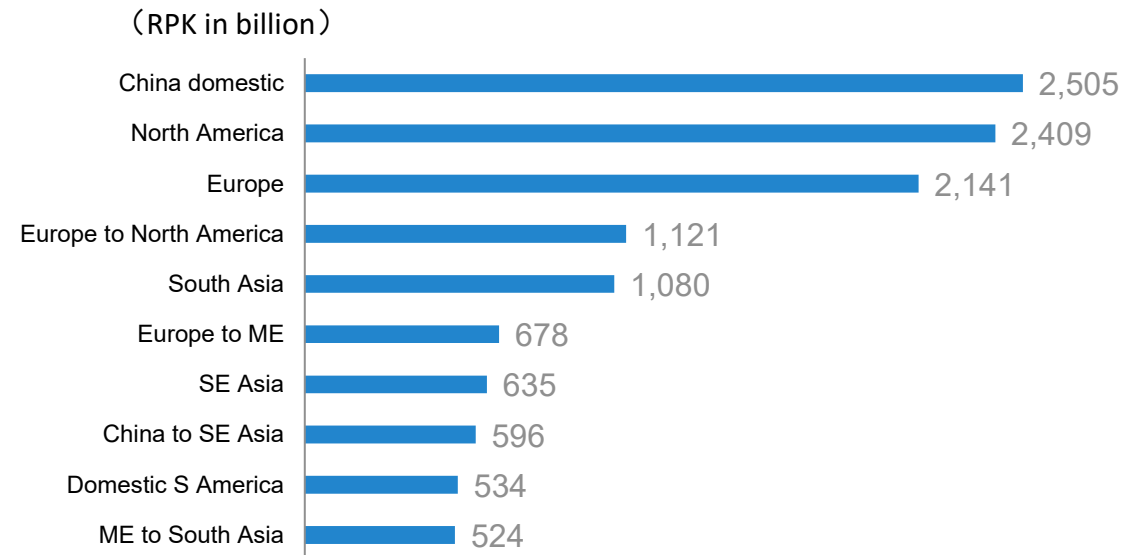


Source: Airbus Global Market Forecast 2022.

China to become the world's largest aviation market in passenger traffic

- ✓ Both Airbus and Boeing predict that the world's largest air passenger traffic in the next 20 years will be in China's domestic market, with an average annual compound growth rate of over 5%.

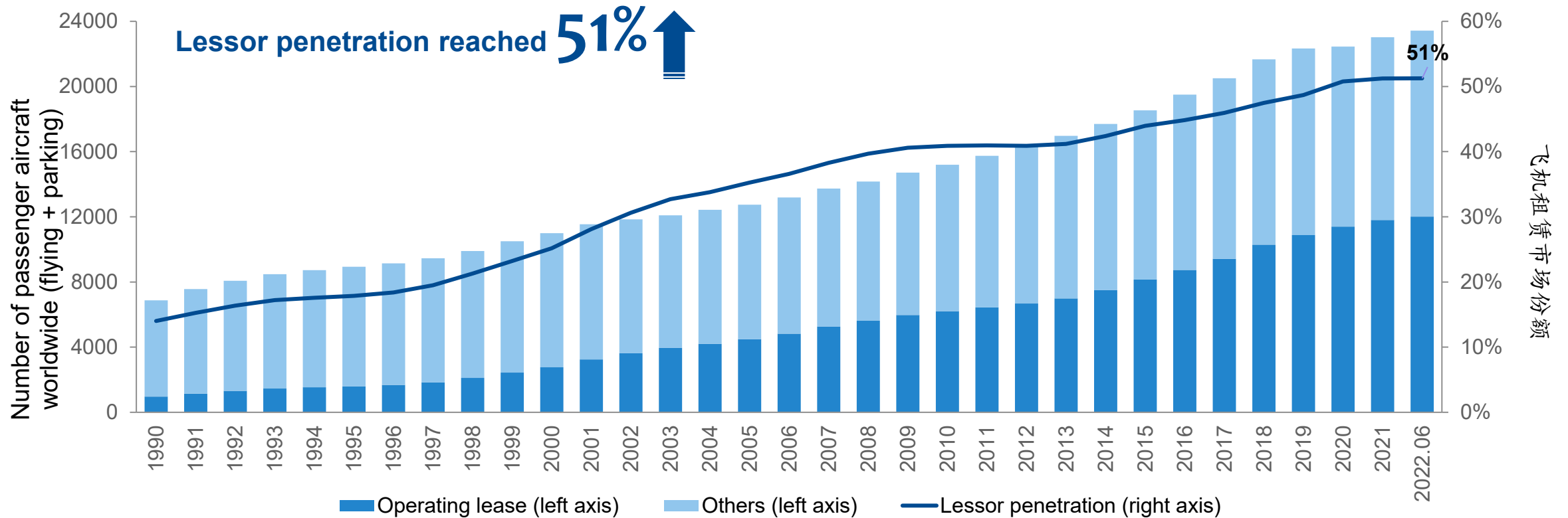
Top ten passenger traffic markets in 2041



Source: Boeing Commercial Market Outlook 2022-2041.

4.6 Continuing increase in lessor penetration

- ✓ Considering that the production capacity of aircraft manufacturers is still limited in the short term, it is expected that airlines will rely more on lessors to meet the needs of capacity expansion and fleet renewal to continue to improve their balance sheets, and the leasing penetration rate is expected to further increase.
- ✓ According to the latest report from RESEARCH AND MARKETS, the global aircraft leasing market is expected to grow by USD 15.5 billion at a CAGR of 8.66% between 2022-2026.



Source: Cirium Fleet Analyzer, based on analysis of passenger aircraft with more than 100 seats (Seats number>100, Primary usage: Passenger).

Thanks



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