



CALC

(股票代號: 01848.HK)



China Aircraft Leasing Group

Full value chain aircraft solutions provider

2024 Interim Results

August 2024



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Results Highlights



Financial Highlights



Operation Highlights



Industry Outlook

1.1 Stable financial and operational performance in 1H2024

CALC

Steady Revenue	2.53 ^{+8.7%} bn	132 mn	2.48 ^{+8.6%} bn	Stable Dividend	4.41
	Growing revenue	Profit to shareholders	Strong EBITDA		Accumulated DPS ¹ 20 payouts announced

As at 30 June 2024, in HK\$

For the six months ended 30 June 2024, in HK\$

199 ⁺⁷ aircraft	129 aircraft	90 %	50 %	Quality Fleet Asset
Fleet size 172 owned ² + 27 managed	On backlog	Narrowbody models <i>(Owned fleet)</i>	Latest technology aircraft <i>(New aircraft leasing fleet³)</i>	

As at 30 June 2024

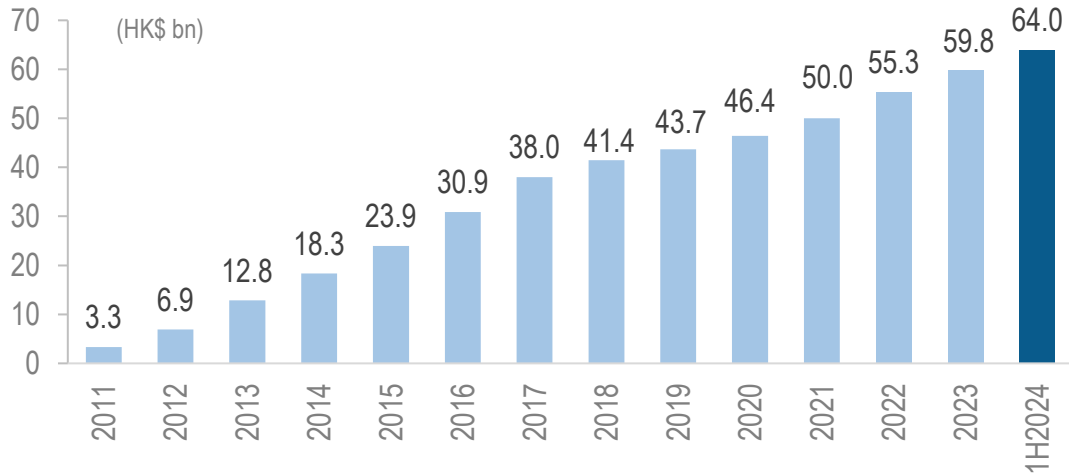
Global Clientele	42	22	101.3 %	10.6 %
	Airline customers	Countries & regions	Rent collection ratio ⁴	Rental yield ⁵ <i>(adjusted)</i>

As at 30 June 2024

Note: 1. Cumulative amount since listing, including the proposed 2024 interim dividend of HK \$0.12 per share.
2. Include 1 aircraft for Russian carrier.
3. CALC is a one-stop aircraft full life-cycle solution provider. Its business covers new aircraft and middle-to-aged aircraft. The new aircraft leased fleet refers to the aircraft under the age of 12 in its owned fleet.
4. Represented by the cash received over the amount of invoice billing.
5. Adjusted average rental yield is a weighted average calculated as the sum of expected annualized gross lease receipt and government grants divided by the net book value of aircraft.

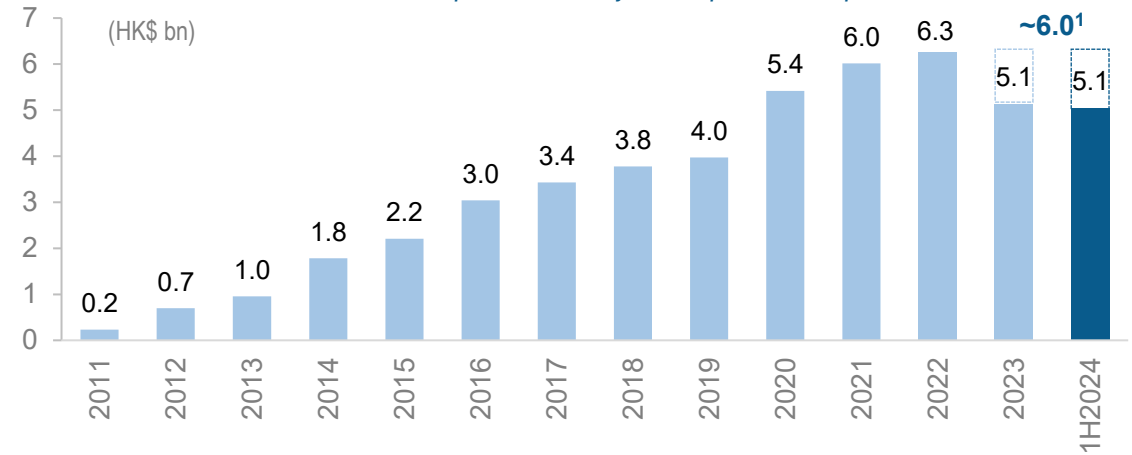
1.2 Strategic focus: Improving long-term capital management

Steady growth of total assets



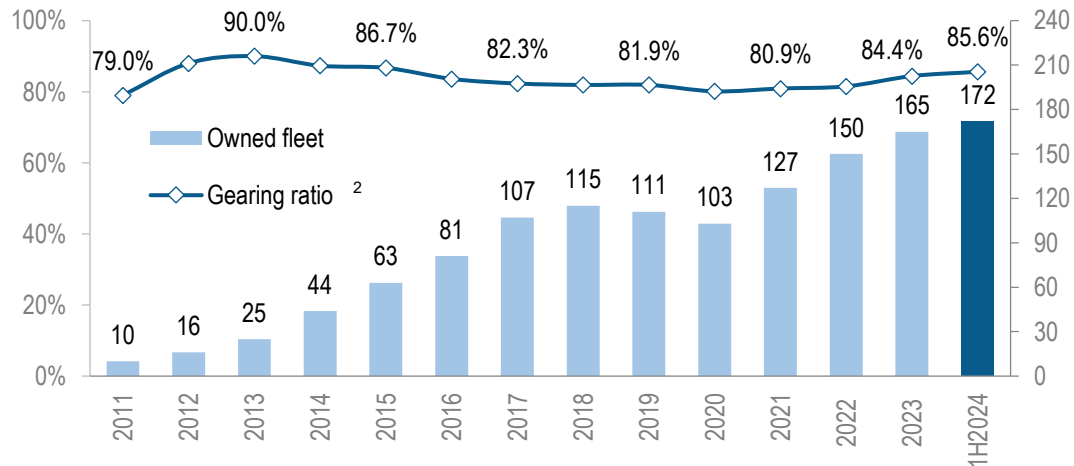
Stable net assets

excl. the impact from early redemption of Perp

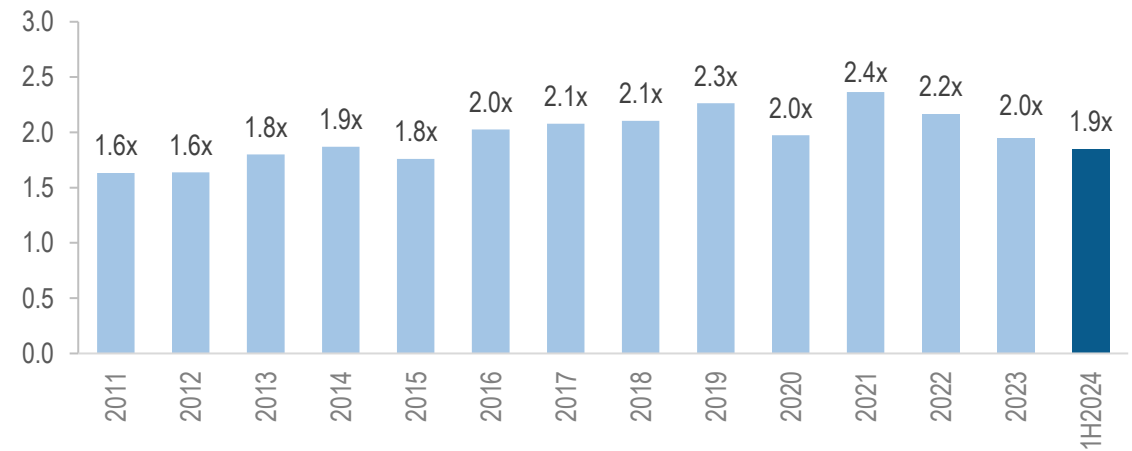


Int'l rating target: IG

Gearing ratio



Healthy Interest coverage ratio³



Note: 2. Gearing ratio = interest-bearing debts/total assets.

Note: 1. Estimated figure if excluding the impact of early redemption of perpetual bond.

3. Interest coverage ratio = EBITDA / interest expenses.

1.3 Improved operating environment sustained future growth

Asset value & Income trend up

13.4 % 1H2024
Global RPK YoY¹

- Growing RPK/ASK
- Industry-wide PLF exceeded 80%
- **Improved profitability outlook for airlines industry**

22 % Market share of
2024-2043 global deliveries²

- All operating indicators improved in 1H
- Record-high annual passenger volume expected in 2024
- **On its way towards the world's largest aviation market**

25 bps Expected rate cuts
in 2024

- First rate cut expected in Sept 2024, the earliest
- Interest expenses pressure eased
- To boost the aircraft trading market



15+ % 12-month change in
value and lease rate³

- Supply chain snag persists
- Postponed OEM production ramp-up
- Aircraft delivery delay
- **Rising aircraft value and lease rate**

Deleverage & cost reduction

Source:
1. IATA Air Passenger Market Analysis - June 2024
2. Airbus Global Market Forecast 2024
3. Ascend Consultancy Weekly Team Perspective: Aircraft Value Dynamics, 20 June 2024



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2.1 2024 Interim Results Overview

<i>HK\$ mn</i>	1H2024	1H2023	Change
Total Revenue	2,528.1	2,326.3	8.7%
Profit attributable to shareholders	131.7	201.2	-34.5%
EBITDA	2,481.3	2,284.6	8.6%
Earnings per share (basic) (HKD)	0.177	0.270	-34.4%
Interim dividend per share (HKD)	0.12	0.15	-20.0%

2.2 Steady growth in revenue

<i>HK\$ mn</i>	1H2024	1H2023	Change
Total lease income	2,222.5	2,056.5	8.1%
Finance lease income <small>(1H2024 : 47 aircraft vs. 1H2023 : 49 aircraft)</small>	300.2	296.6	1.2%
Operating lease income <small>(1H2024: 125 aircraft vs. 1H2023: 113 aircraft)</small>	1,922.2	1,759.9	9.2%
Net income from aircraft transactions and aircraft components trading	25.4	44.7	-43.2%
Government grants	113.1	100.1	13.0%
Interest income from loans to associates and joint ventures	55.0	56.8	-3.2%
Other income	112.1	68.2	64.4%
Total revenue	2528.1	2,326.3	8.7%

2.3 Total operating expenses

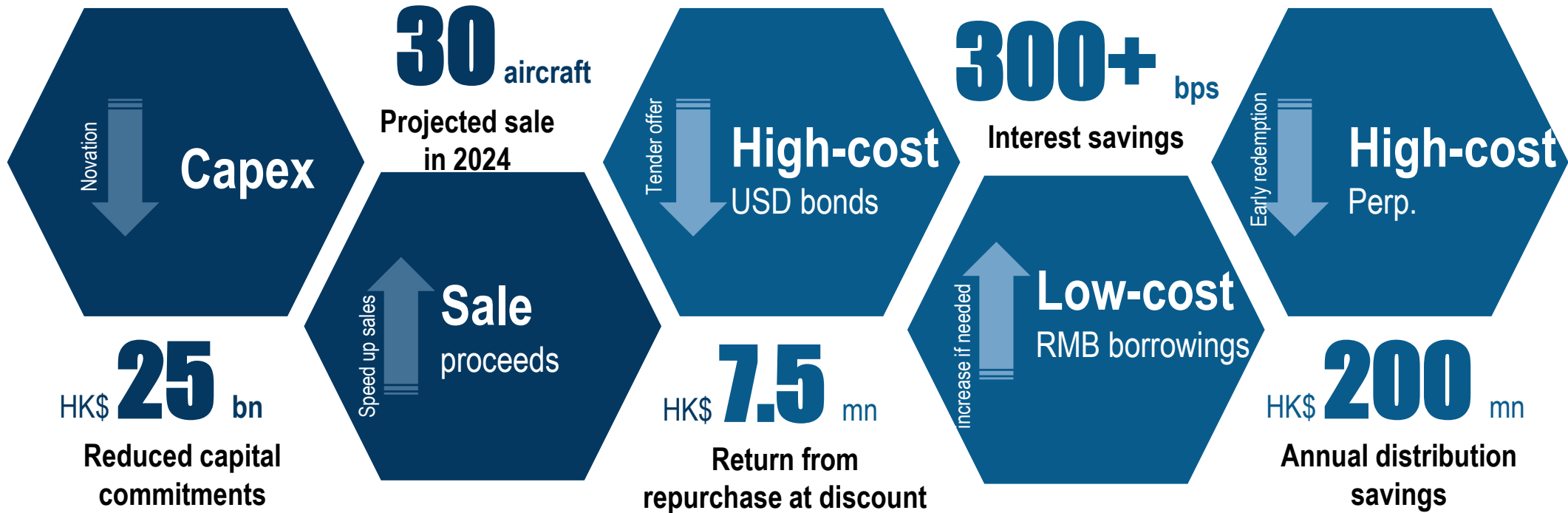
High interest costs weigh on our profitability, but such impact shall be mitigated as the rate cut cycle begins.

<i>HK\$ mn</i>	1H2024	1H2023	Change
Interest expenses and payments to trust plans (Debts amount to HK\$54.8bn in 1H2024, representing 4% increase compared with HK\$52.5bn in 1H2023; average US\$ SOFR increased to 5.37%, up 67 basis points from 1H2023)	(1,340.1)	(1,075.9)	24.6%
Depreciation (1H2024 : 119 aircraft vs. 1H2023 : 108 aircraft)	(839.7)	(748.0)	12.3%
Other operating expenses	(208.3)	(199.6)	4.4%
Total operating expenses	(2,388.1)	(2,023.5)	18.0%

2.4 Focus on capital structure and cost management

Speed up portfolio trade while enlarge managed fleet and optimize capital structure

Partnership with strategic investors underway



Duration management

Optimize debt structure

Dual-market diversified financing channels

2.5 Diversified dual-market financing channels ensure sufficient liquidity

Financing

HK\$ **17**⁺ bn

Total facilities obtained
(New and renewed, 1H2024)

Aircraft loans | PDP Financing | Working capital loans | RMB bonds

5.9%

Avg. financing cost
(1H2024)

Liquidity

HK\$ **2.5**^{+8.6%} bn

EBITDA
(1H2024)

HK\$ **6.1**^{+15.5%} bn

Cash and cash equivalents
(As at June 30 2024)

HK\$ **2.3** bn

Undrawn borrowing facilities
(As at June 30 2024)

Onshore & offshore fundings

RMB **300** mn

3-yr Medium Term Notes
(coupon rate 2.75%)

RMB **1.2** bn

5-yr Medium Term Notes
(coupon rate 3.3%)

PRC bond market active issuer

Ready for offshore USD bonds issuance whenever appropriate

Up to US\$ **3** bn

USD Medium Term Notes (MTN) Programme
(Updated in Feb 2024)

2.6 ▶ Optimizing debt structure

Debt Structure

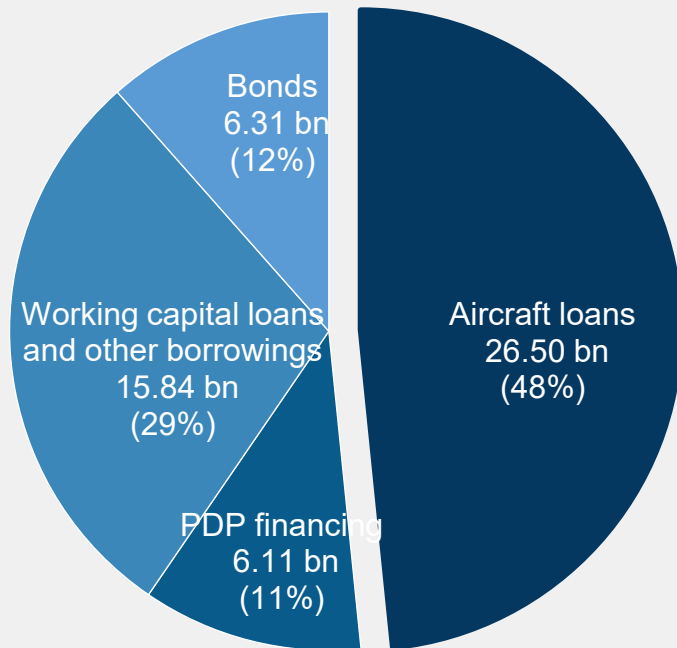
HK\$ **54.8** bn

Total debts¹

27%

% of RMB debts

May increase RMB financing given abundant liquidity supply and lower funding cost in PRC market



Note: 1. Including interest-bearing debts of HK\$50.64 billion and payments to trust plans of HK\$4.13 billion, as at 30 June 2024

Debts management

2024.07 ▶

US\$ **100** mn

Early redemption of Perp.

Redeem outstanding amount in one go, following the voluntary redemption of US\$100 mn principal in Dec 2023, preparing for refinancing at lower cost

2024.03 ▶

US\$ **150** mn

Repay USD bonds with own fund

Repurchased US\$50 mn principal amount for the US\$200 mn guaranteed bonds through tender offer announced in Sept 2023.

2.7 Interest rate and currency risk management

Interest rate risk management

- As at June 2024, majority of the debts (HK\$54.8 bn) have been hedged, among which,
 - 24.5 billion floating rate loans were unhedged and would affect cash flows
 - 18.4 billion or less than **34%** of the of the interest-bearing debt would affect profit attributable to shareholders

Currency risk management

- Effectively control currency risk exposure with hedging arrangements

RMB **7.9** bn

Net RMB exchange rate risk exposure

(as at 30 June 2024)

US interest rate risk sensitivity test

(HK\$ mn)	Cash outflow	Profit attributable to shareholders
US\$ interest rate up 100bps	245	(184)
US\$ interest rate down 100bps	(245)	184

As at 30 June 2024

Exchange rate risk sensitivity test

(HK\$ mn)	Profit attributable to shareholders
RMB appreciates against USD by 1%	(84)
RMB depreciates against USD by 1%	84

As at 30 June 2024

2.8 ▶ Rate cuts expected in 2024



- Jun 2024 Fed dot plot implied one rate cut in 2024 (25 bps) and four rate cuts in 2025, i.e. a total of 100 bps.
- The Fed announced in July that it will keep its benchmark interest rate unchanged at 5.25% to 5.5%, but left the door open to a possible rate cut in September. The recent easing of inflation strengthened the market's consensus for a rate cut in September.

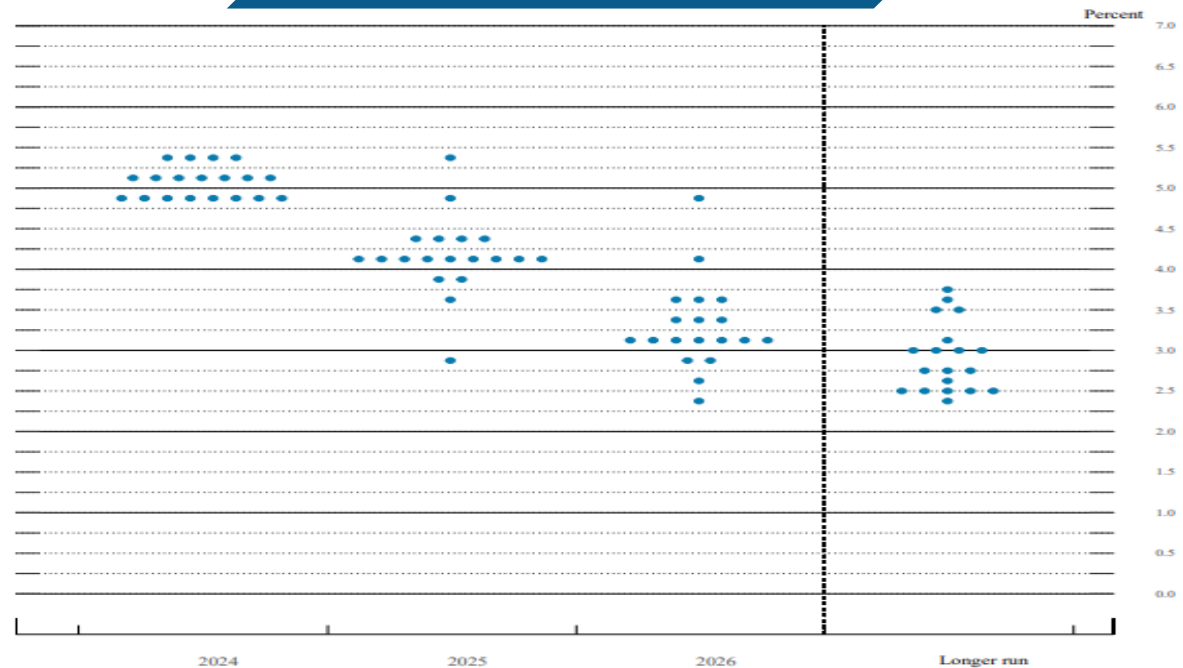
24/9

Exp. 1st rate cut

-100 bps

Rate cuts in 2025

Fed's dot plot (June 2024)



Source: Federal Reserve, Summary of Economic Projections (SEP), 12 June 2024



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3.1 Prudent fleet management

12 aircraft
New deliveries

1 engine
Delivery

17 aircraft
Signed SPA

1H2024

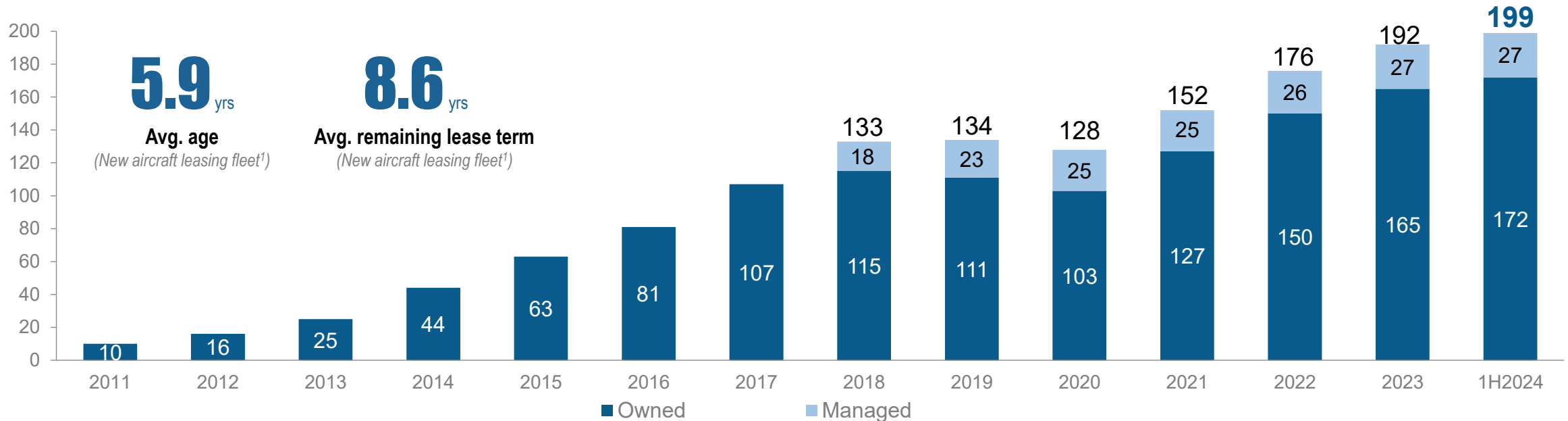
5 aircraft
Portfolio trade

2H2024

4 aircraft
Scheduled deliveries

9+16 aircraft
Projected sales
(Completed)+ (Projected)

Steady growth in owned fleet while aim to optimize fleet by active portfolio trade



Note: 1. CALC is a one-stop aircraft full-life-cycle solution provider. Its business covers new aircraft and middle-to-aged aircraft. The new aircraft leased fleet refers to the aircraft under the age of 12 in its owned fleet.

3.2 Quality fleet assets

(as at 30 June 2024)

Maintain a modern fleet portfolio

90%

Narrowbody models



50%

Latest technology aircraft¹



100%

Best utilization rate²



Note: 1. Includes new aircraft leasing fleet only.

2. owned aircraft under normal operations, excluding one aircraft involving Russian Airlines and two repossessed aircraft under negotiation.

OEMs	Series	Type	Owned ³	Managed	Order Book
Airbus	A320 CEO series	NB	80	17	
Airbus	A320 NEO series	NB	54	6	102
Airbus	A330 CEO series	WB	13	1	
Boeing	B737 NG series	NB	19	2	
Boeing	B737 Max series	NB	2	-	
Boeing	B787 series	WB	1	1	
COMAC	ARJ21	Regional jet	3	-	27
Total			172	27	129

Note: 3. Including one A320 series aircraft that involving Russian Airlines. Insurance settlement negotiations are underway, with compensation expected in 2H2024 the earliest.

3.3 Global expansion of creditworthy clientele

Global expansion

- By number of aircraft leased, overseas customers account for over 30% for the first time.
- The proportion of overseas customers is expected to keep increasing in the future while we continue to diversify the geographic mix of our customer base.
- Enhanced credit profile of our customer base brings attractive lease yield.
- Rental payments from all airline clients are on schedule.

Quality clientele

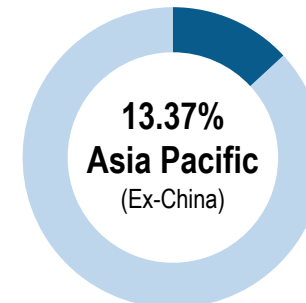
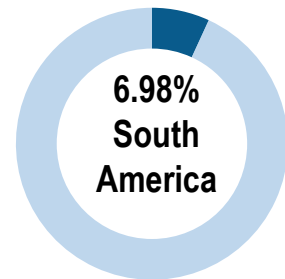
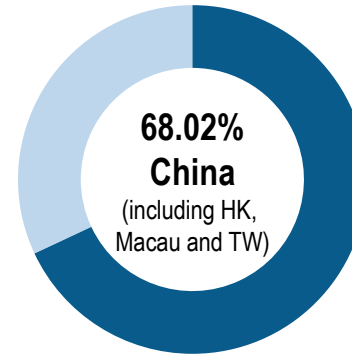
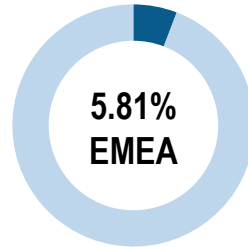
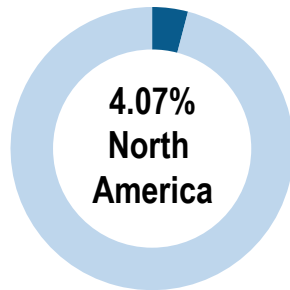
Geographic mix of airline customers¹

42

Airlines

22

Countries & regions



101.3 %

Rent collection rate²
(1H2024)

10.6 %

Adj. rental yield³
(1H2024)

Note: 1. As a percentage of owned aircraft, as at 30 June 2024.

2. Represented by the cash received over the amount of invoice billing.

3. Adjusted average rental yield is a weighted average calculated as the sum of expected annualized gross lease receipt and government grants divided by the net book value of aircraft.

3.3 Global expansion of creditworthy clientele

Remarketing

- In 1H2024, the Group has successfully achieved its **first cooperation with global top-tier airlines** through repossession and redelivery as well as re-marketing at first lease expires.
- Aircraft with leases to expire in 2024 have either been mandated for new lease or have disposal plan in progress.



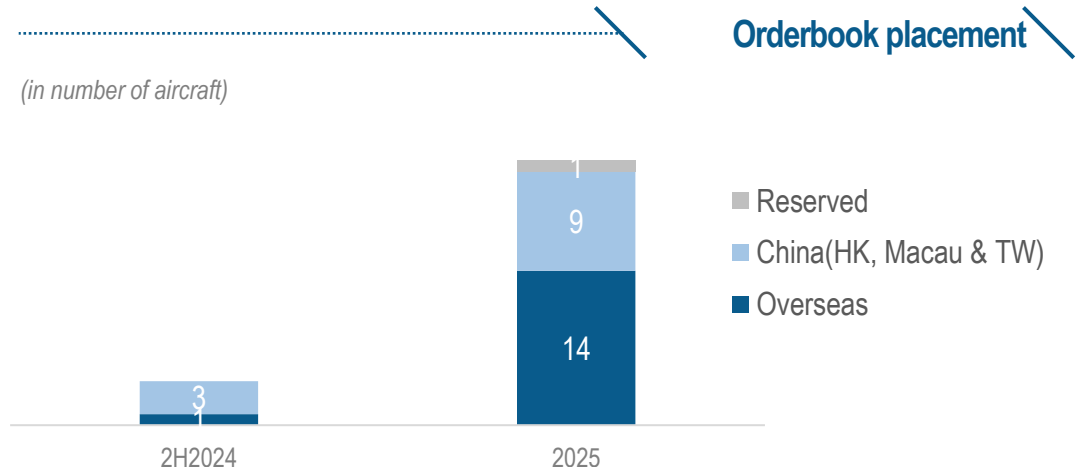
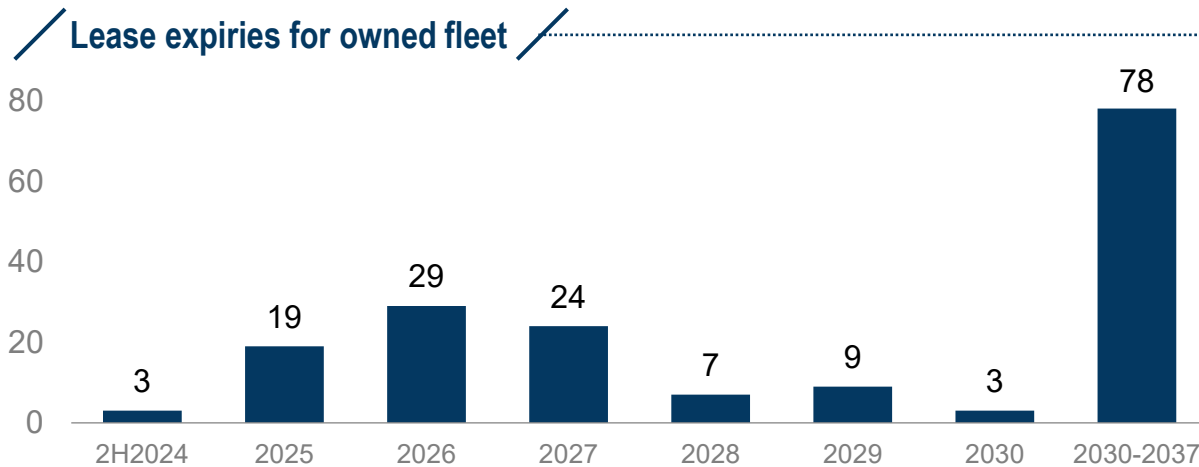
(Redelivered after repossession from a Vietnamese airline)



(Remarketing upon expiry of first lease with a Chinese airline)

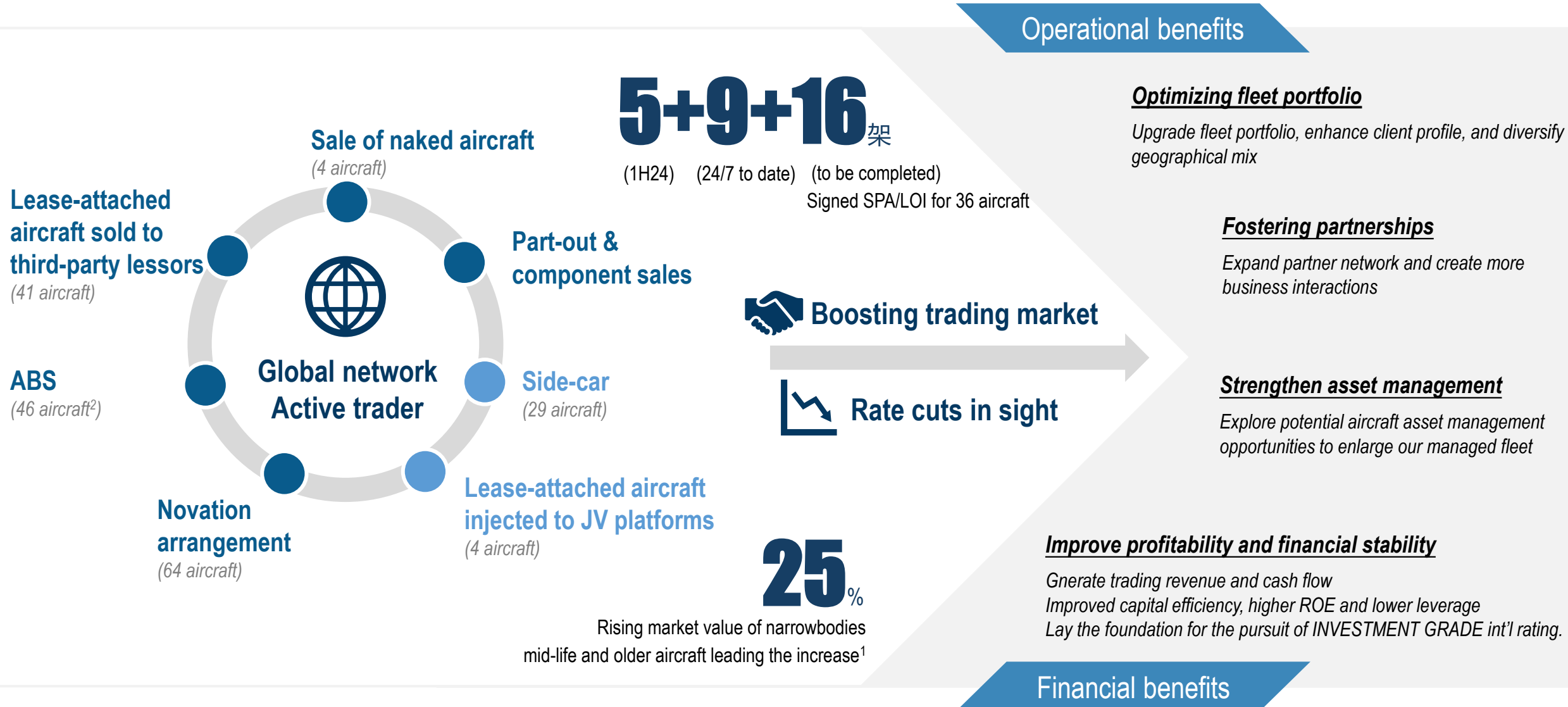
Orderbook placement

- Delivered total of 12 aircraft in 1H2024, of which 7 were leased to Chinese airlines and 5 to overseas airlines
- all aircraft scheduled for delivery before Dec 2025 have been mandated for lease, more than half of which will be leased to **overseas flag carriers / top-tier airlines**.



Note: Delivery schedule subject to adjustments now and then for various reasons. Above deliveries exclude the COMAC orders., as at 30 June 2024.

3.4 Increasing trading activities unlock multiple benefits



Source: Cirium : Mid-life and older aircraft value trends showed that the market value and lease rates of Airbus A320ceo aircraft increased by 25% YoY.

3.5 ▶ Strive to promote China-made aircraft in overseas market

Order Placed 2021/01

CALC placed a **FIRM ORDER** for **30 ARJ21 aircraft** and an **option for 30 more** from COMAC

Also signed a tripartite project investment cooperation memorandum with CEL and COMAC to establish in-depth cooperation in areas such as overseas operations of the China-made aircraft, aviation asset management and aftermarket



Successfully delivered an ARJ21 aircraft to its **FIRST overseas carrier** in Indonesia.

This is the first time for China-made regional passenger jet entering the overseas market, a milestone for the establishment of “One Belt, One Road” and “Dual Circulation” strategic roadmap

First Operator 2022/12

Debut Flight 2023/4



The ARJ21 aircraft was put into its **FIRST commercial operation** and successfully completed its **MAIDEN COMMERCIAL FLIGHT** from Jakarta to Bali

Delivered the **SECOND** ARJ21 aircraft overseas

2023/6

First Mover 2024/5



Delivered the **THIRD** ARJ21 overseas

Completed **China's FIRST cross-border leasing of China-made aircraft in RMB**

3.6 ▶ First ARJ21 overseas operator: smooth operation eyes future growth **CALC**

Improving performance - Impressive operational results with more flight destinations coming on the way

As at 30 June 2024

119%

Total revenue doubled yoy
(1H2024 vs 1H2023)

82%

EBITDA improved yoy
Quarterly results positive
(1H2024 vs 1H2023)

130000 passengers

Passenger volume
(cumulative figure for overseas operations)

7 hrs

Avg. daily flying hours
(overseas operations)

6

Routes operated
(overseas commercial flights)



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4.1 Global aviation market returns to normal growth

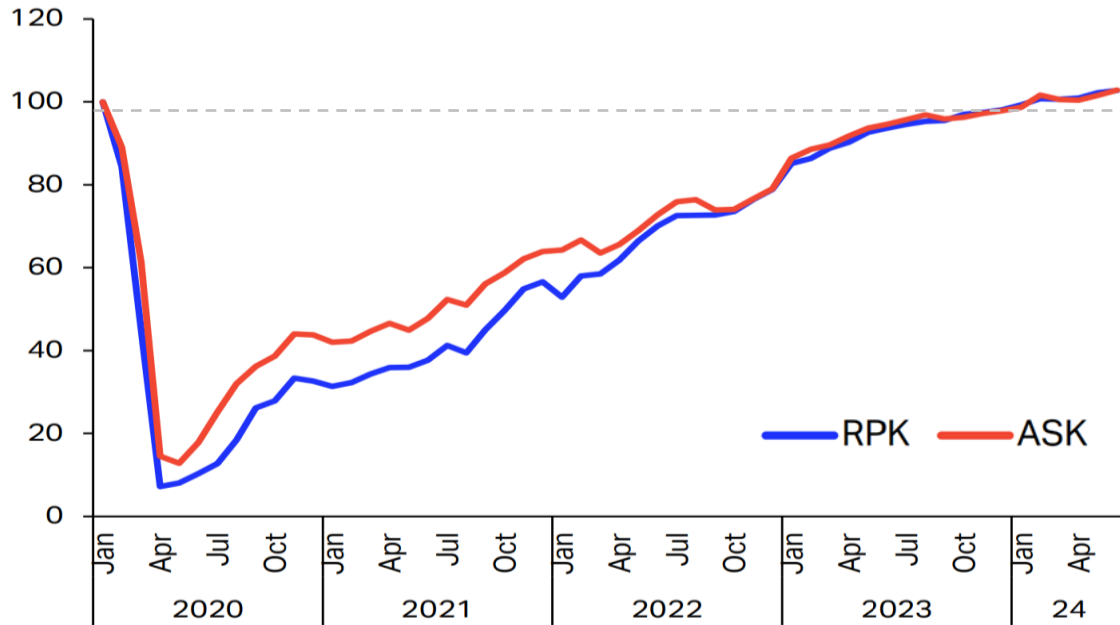
In 1H2024, the global air traffic (measured in Revenue Passenger Kilometers, RPKs) increased by 13.4% yoy, where the international market saw a 17.4% increase while the domestic market grew by 7.4%. Monthly PLF surpassed same-month levels of the past two years.

13.4%
Global RPK YoY
(1H2024)

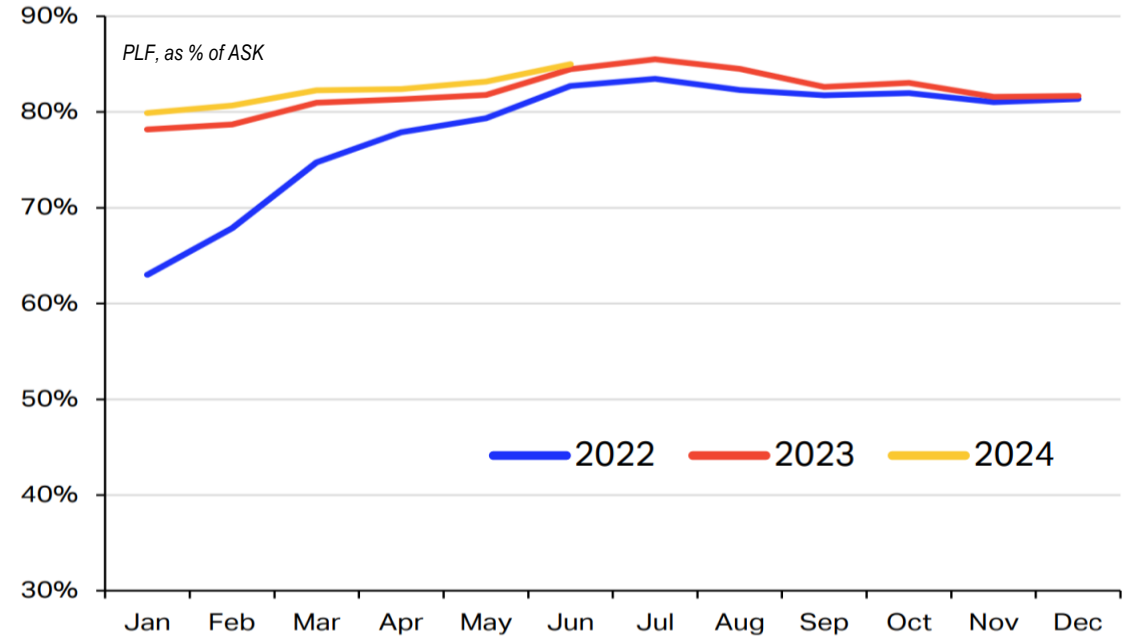
11.6%
Global ASK YoY
(1H2024)

82.3%
Global PLF
(1H2024)

Global air traffic and capacity are growing steadily



Global PLF keeps trending up



Source: IATA Air Passenger Market Analysis, June 2024

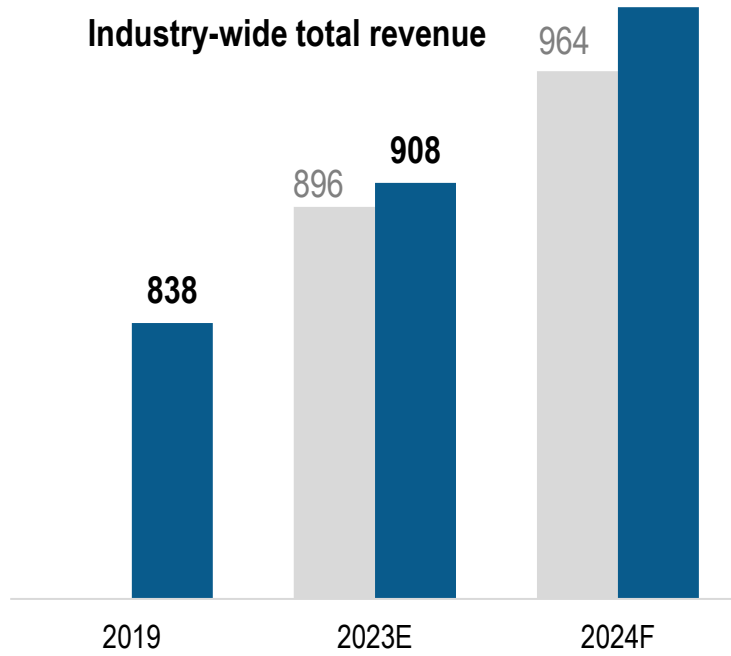
4.2 Global airlines profitability outlook is revised upward again

In June, IATA released the latest “Global Outlook for Air Transport”, **revising upwards the profit forecast for airlines in 2024** compared to its predictions made in June and December 2023. Driven by strong demand, **the total revenue of the airline industry is expected to reach a new record high.**

Record High

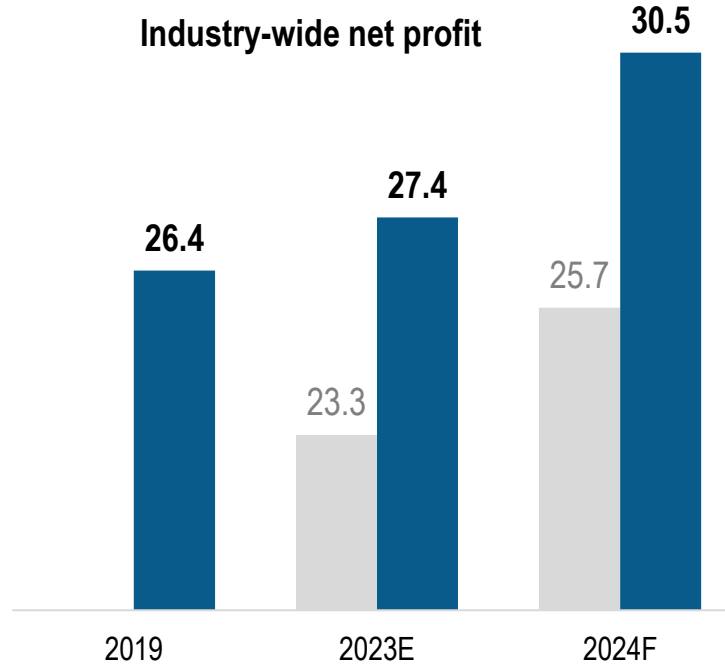
US\$ **996** bn **+9.7% YoY**

Industry-wide total revenue



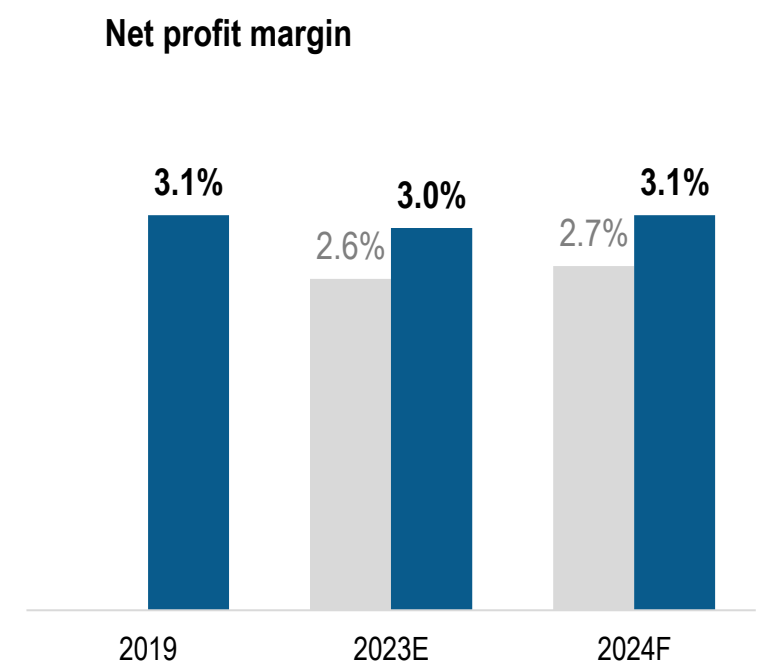
US\$ **30.5** bn **+11.3% YoY**

Industry-wide net profit



3.1%

Net profit margin



■ Previous est. ■ Actual/revised est.

■ Previous est. ■ Actual/revised est.

■ Previous est. ■ Actual/revised est.

Source: IATA Global Outlook for Air Transport, June 2024, where the previous value refers to IATA's forecasts in December 2023.

4.3 China's civil aviation market is steadily improving



Strong growth in 1H

- In H1, China's passenger volume reached 350 million, a 23.5% YoY increase and up 9% from 2019 (RPKs at 614.35 billion, up 33.6% YoY)
- Domestic flight passenger volume was 320 million, up 16.4% YoY and up 12.4% from 2019 (with RPKs at 492.25 billion, up 16.1% YoY).
- International flight passenger volume was 29.673 million, a YoY 254.4% increase and up 81.7% from 2019 (with RPKs at 122.11 billion, up 239.2% YoY).

Historical high in sight

- The volume of passenger flights significantly increased in July, according to data from the CAAC, and the volume of international flights has for the first time recovered to more than 90% of the pre-Covid level. The total passenger volume reached 64.83 million, representing a YoY increase of 10.7% and a MoM increase of 13.6%, and a significant increase of 17.3% from 2019.
- The CAAC expects total passenger volume for the full year is likely to reach 700 million, setting a new historical record.

Impressive operational results in 1H2024

350 ^{+23.5%}
mn

Passenger volume

8.7 ^{+0.9h}
hrs

Avg. daily flying hours

614.4 ^{+33.6%}
bn

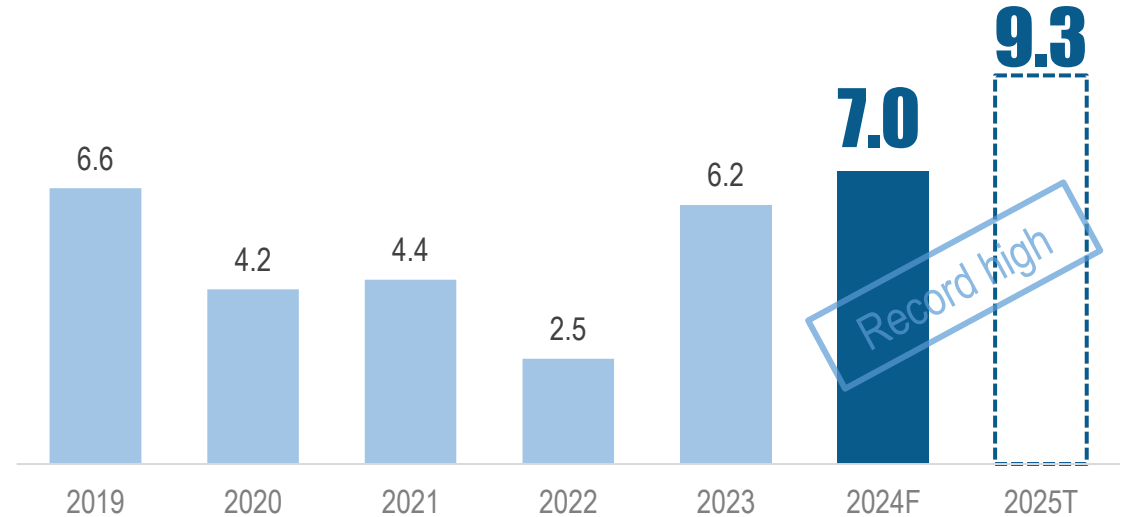
RPKs

82.2 ^{+6.4%}
%

PLF

Source: CAAC, as at June 2024.

China's air passenger volume (in 100 mn)



Source: CAAC. The data for 2025 are the target from the "14th Five-Year Plan for Civil Aviation Development".

4.4 Chinese civil aviation market has broad long-term prospects



China will become the single largest country for new aircraft deliveries

9520 aircraft

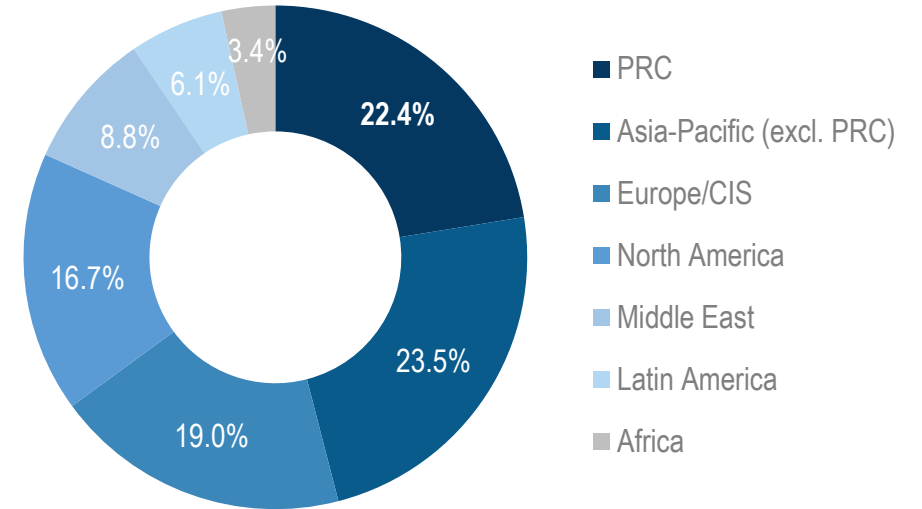
New deliveries to China
(2024-2043)¹

11160 aircraft

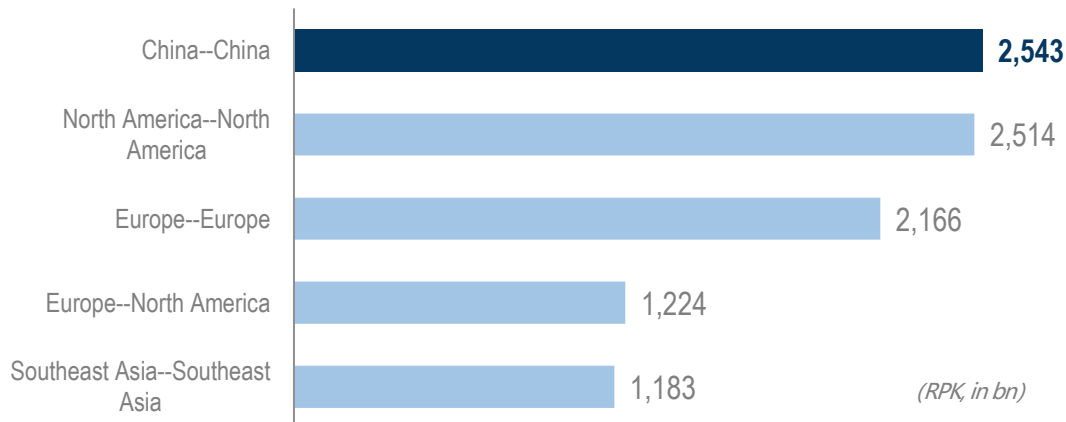
China's fleet size
(2043)¹

Source: 1. Airbus, Global Market Forecast 2024.

New deliveries by region from 2024 to 2043¹



Top 5 traffic flows in 2043²



Domestic PRC to have the world's largest traffic flow

2.54 trillion
+5.2% CGAR
2023-2043

Traffic flows in domestic PRC market
(RPKs in 2043)²

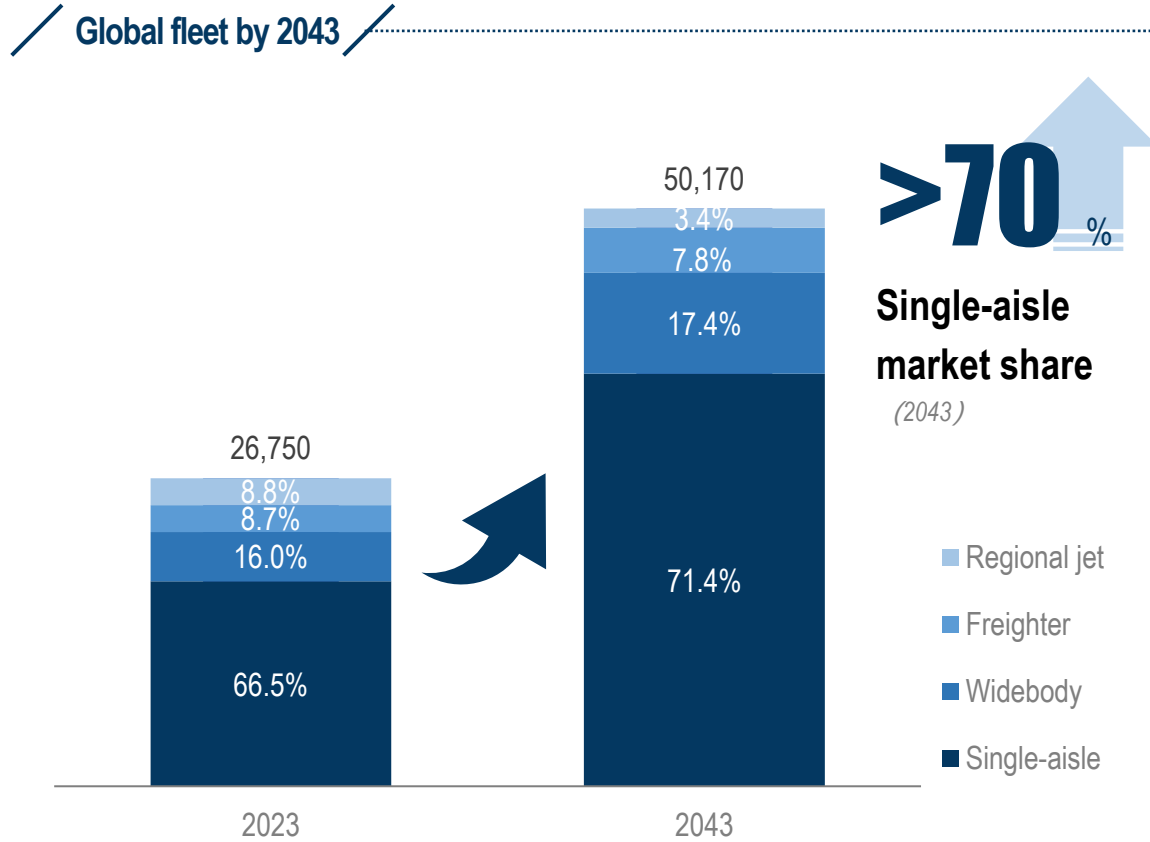
1.67 times
Tripled
Compared with 0.5 times in 2023

Trips per capita in China
(2043)¹

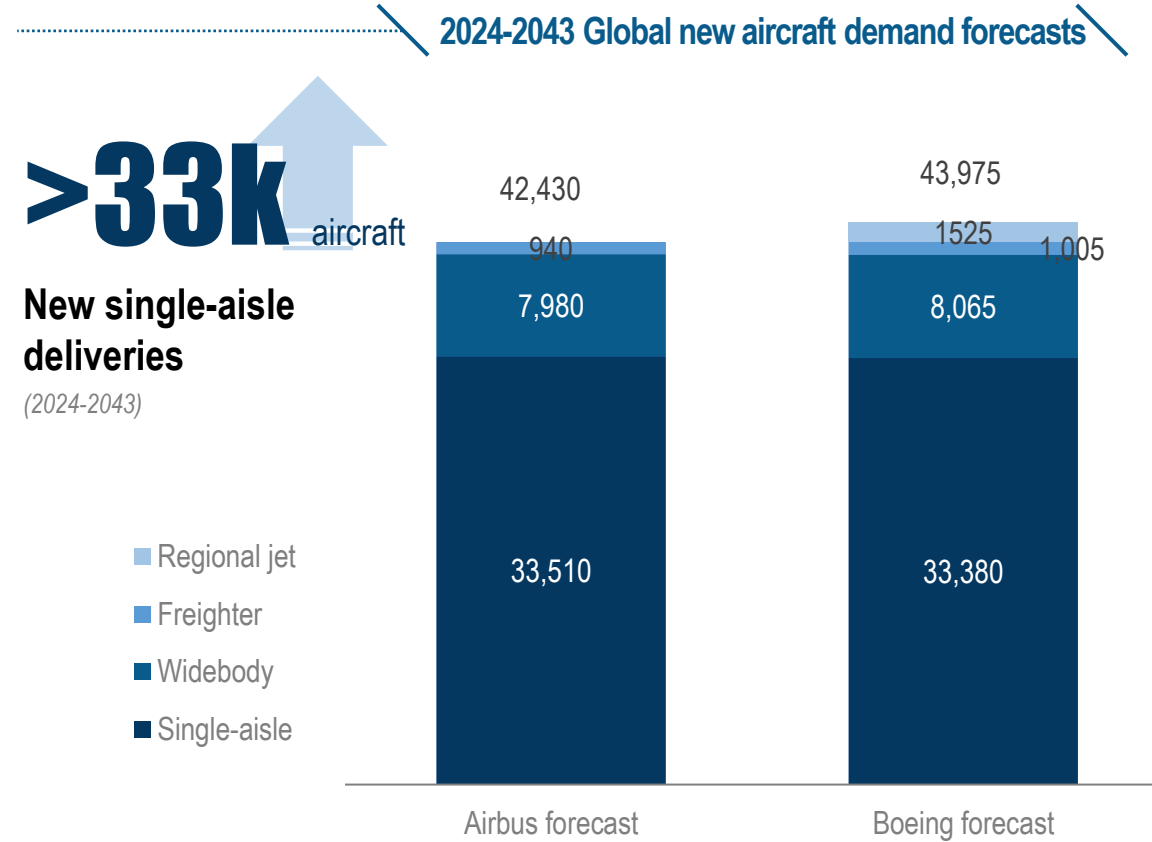
Source: 2. Boeing's "Commercial Market Outlook 2022-2041".

4.5 Robust demand for single-aisle aircraft

Both Airbus and Boeing predict global new deliveries shall be driven by single-aisle in the next 20 years whose market share is expected to further increase.



Source: Boeing Commercial Market Outlook 2024-2043.



Source: Boeing " Commercial Market Outlook 2024-2043", Airbus " Global Market Forecast 2024".

4.6 Prolonged supply chain snags lead to persistent aircraft shortage

Supply chain challenge

- Engine shortage
- Labor shortage
- Low material shortage
- Safety incidents
- Production quality



OEM ramp-up stalled

- Airbus **postponed** its production target of 75 A320neos per month from 2026 to 2027 in July.
- S&P and Moody's said Boeing will **likely miss** its production target of 38 737 MAX per month in 2024 and the goal **may not be reached** until 2025.



OEM delivery delay

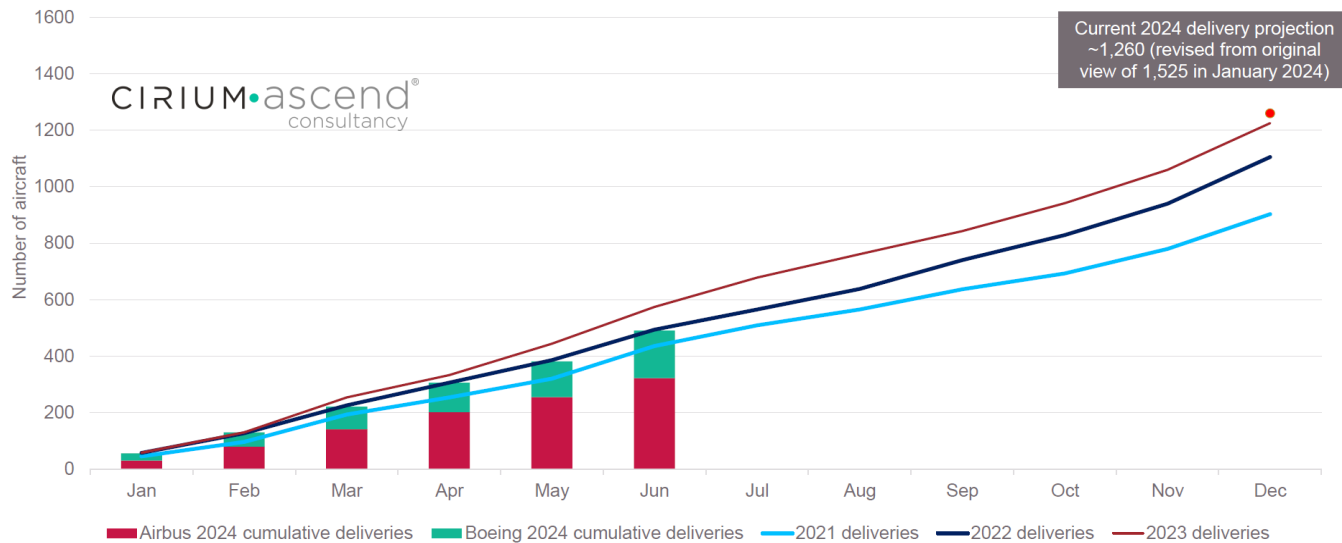
- Airbus **trimmed** its full-year delivery forecast from 800 to 770 aircraft in 2024
- In 2024, Airbus and Boeing delivered a total of 498 aircraft (323 Airbus and 175 Boeing), a **YoY decrease of nearly 15%**.



Aircraft shortage

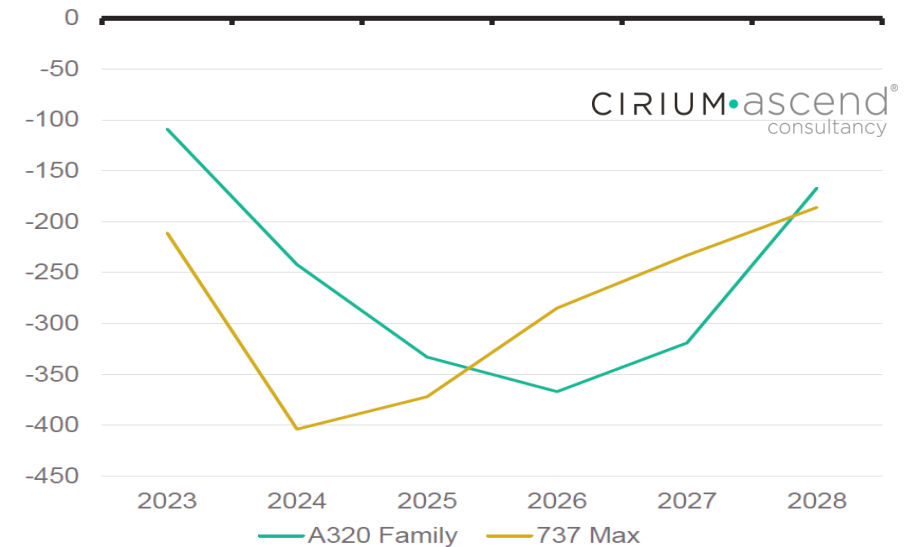
- Latest report from Cirium predicts a significant narrow-bodies deficit remains through 2028

Delivery volume in 1H2024 decreased YoY



Source: Cirium Core; passenger and freighter aircraft

2023-2028 Accumulated estimated delivery Delta

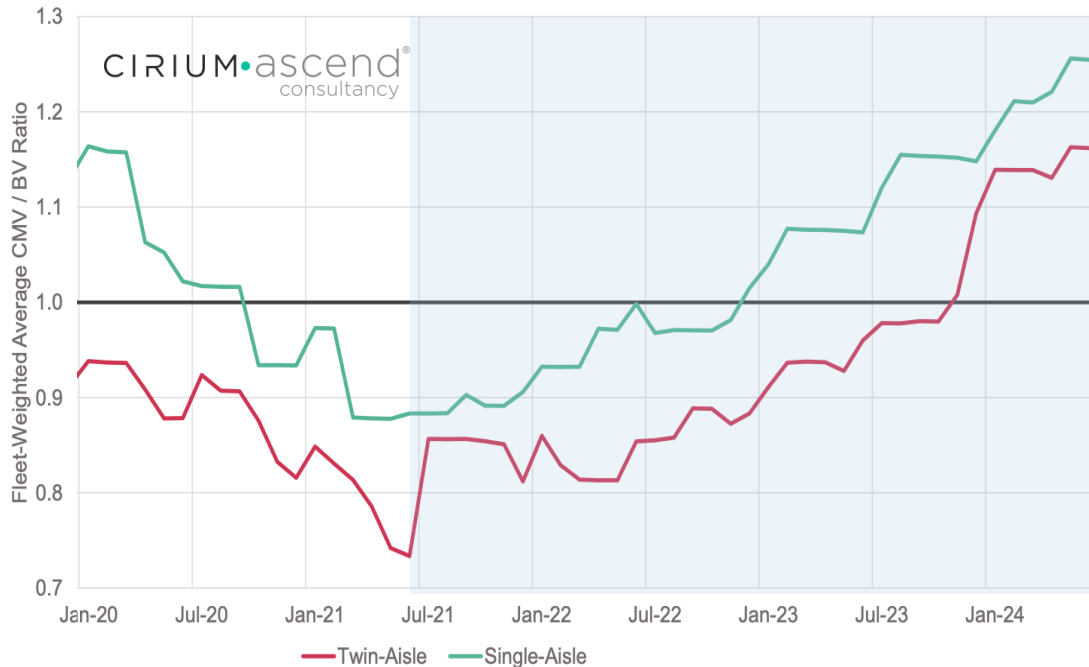


Source: Cirium Fleet Forecast & Ascend analysis, July 2024

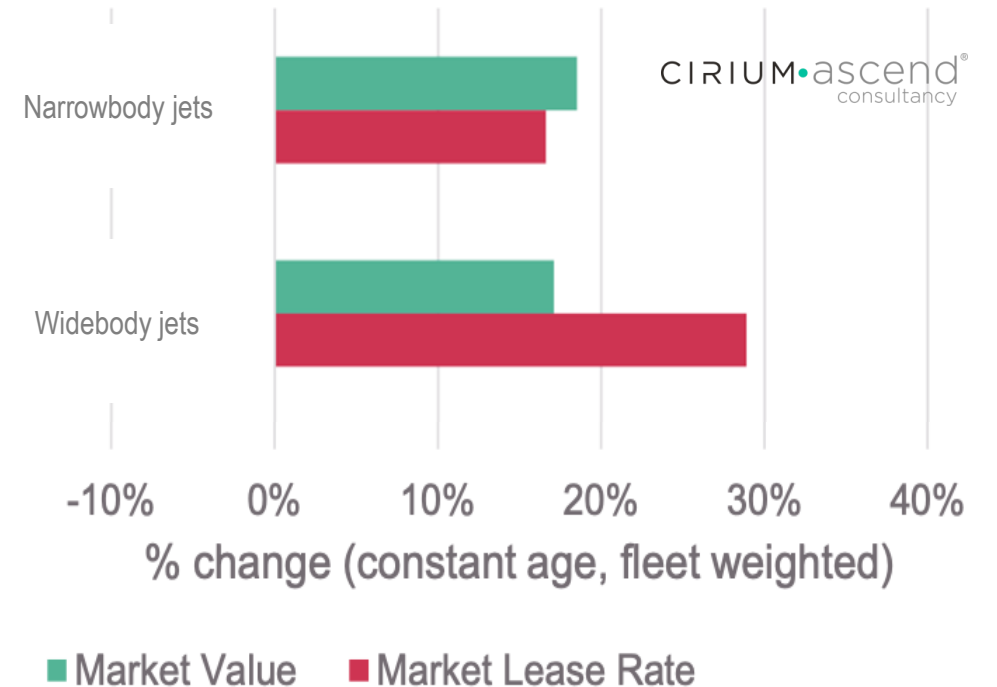
4.7 Aircraft value and lease rate keep trending up

- A significant supply-demand imbalance has led to a persistent aircraft shortage, **pushing market values to record highs**, particularly for NB models in the fast years where lagging new aircraft deliveries exacerbate such shortage, driving values up by over 15% in the past year. Additionally, robust demand for mid-life and older aircraft has seen their values surging by 25%.
- Aircraft shortage has also pushed up lease rate. **Double-digit growth rate has been observed in lease rates for both NB and WB models over the past year.**

Fleet-WA CMV / BV ratio trend

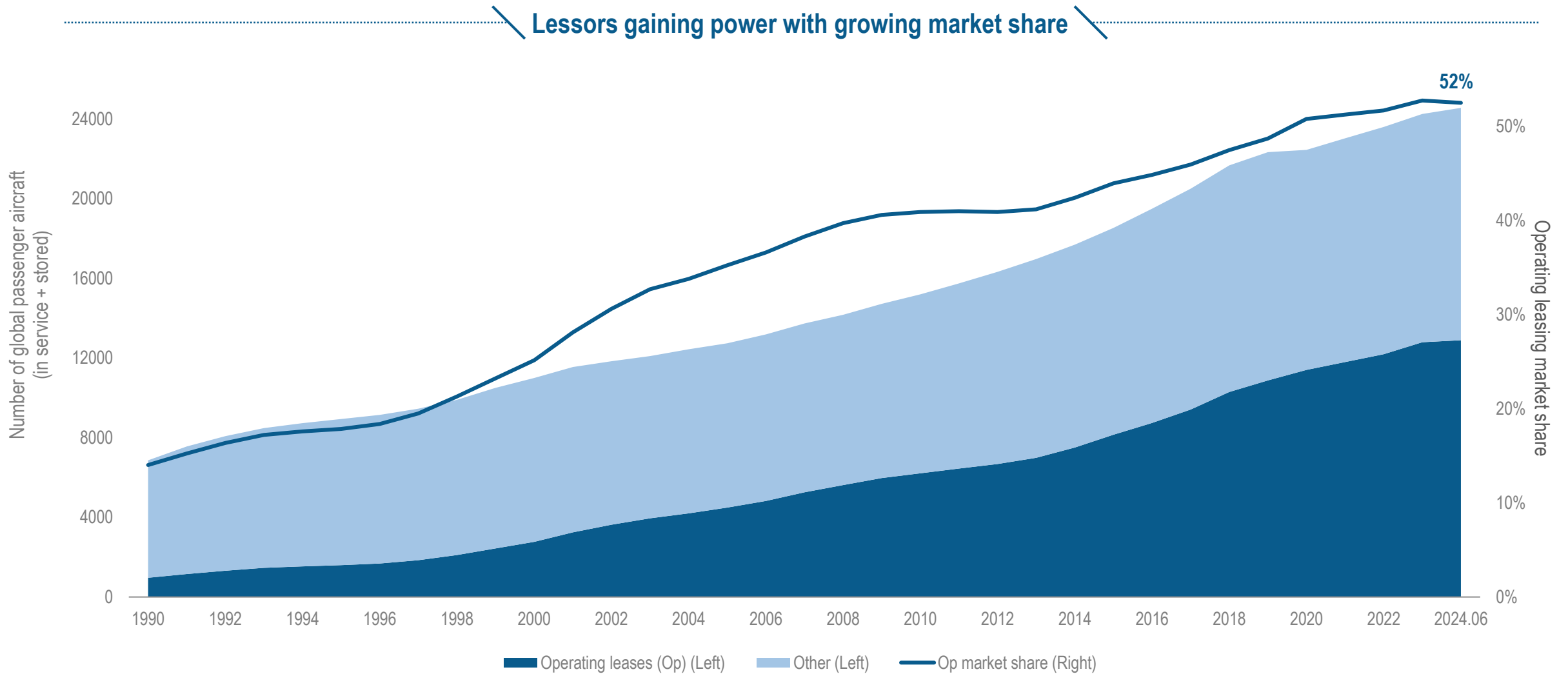


MV and MLR change in past 12 months



Source : Ascend Consultancy Weekly Team Perspective: Aircraft Value Dynamics, 20 June 2024.

4.8 Leasing penetration rate continue to climb



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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