



**ava**tion PLC  
LSE: AVAP

# **Investor Presentation**

*2 April 2019*

Presented by:

**Richard Wolanski**  
Finance Director

# Company Overview

Publicly Listed Aircraft Leasing Business with Long Track Record

**avation** PLC

## About Us

- Avation is a Singapore based aircraft lessor listed on the London Stock Exchange (LSE: AVAP)
- Global participant in the broader commercial aviation sector with earnings and assets denominated in US\$



## Attractive Fleet Profile

- Portfolio of 43 high demand aircraft (2 widebody, 19 narrowbody, 22 turboprop)
- Weighted average aircraft age of 3.6 years<sup>(1)</sup>
- Weighted average remaining lease term 7.5 years
- Material growth in coming months.



## Diversified Customer Base & Aircraft

- Diversified customer base of 15 airlines in 12 countries in the Asia Pacific and European aviation markets
- Many of which are longstanding customers of Avation



## Good Access to Liquidity

- Access to equity (LSE listed for 9 years) and debt (\$350M bond issuer under current \$1Bn MTN program; strong access to bank market)
- Rated BB- (Fitch), B+ (S&P) with improving credit metrics



## Full Leasing Platform

- Experienced management team, led by Executive Chairman Jeff Chatfield
- Leasing platform with operational capability in OEM orders, aircraft acquisition & disposal, lease origination & extension, transition, repossession and part out
- Board & Senior Management own 21% of the company



### Notes

1. Excluding finance leases

# Snapshot of Avation (April 2019)

Aircraft Leasing Platform with Diversified Customer Base and Fleet

**ava**tion PLC

**43**  
Aircraft



**15** Airline  
Customers Operating  
in **12** Countries



**21%/46%/33%**  
split of  
widebody/narrowbody/  
turboprop aircraft by  
value



**3.6 Years**  
Weighted Average  
Aircraft Age<sup>(1)</sup>



**7.5 Years**  
Weighted Average  
Remaining Lease  
Term



**> \$1.25B**  
Total asset value<sup>(2)</sup>



**\$877M**  
unearned contracted  
revenue



**6**  
Aircraft ordered for  
delivery in coming  
months



## Notes

1. Excluding finance leases.

2. As at 31 December 2018

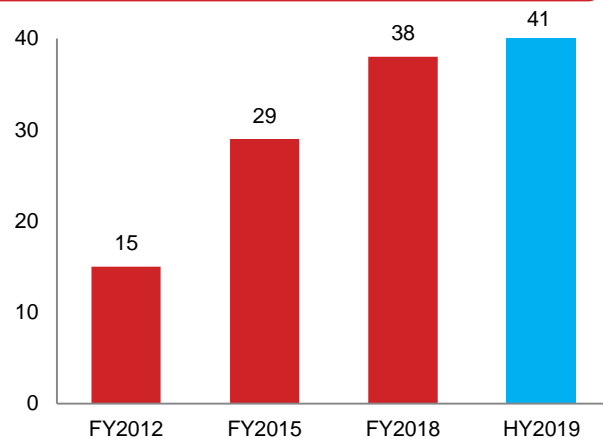
# Historical Operational and Financial Performance

Continued Evolution to Young Aircraft Portfolio and Track Record of Expansion

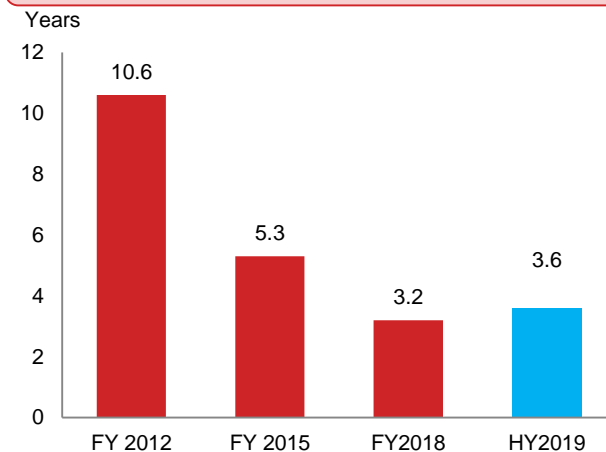
**avation** PLC

- ✓ Increased Scale and Portfolio Size
- ✓ Young, Attractive Fleet
- ✓ Long Average Lease Term
- ✓ Strong Revenue and Cash Flow

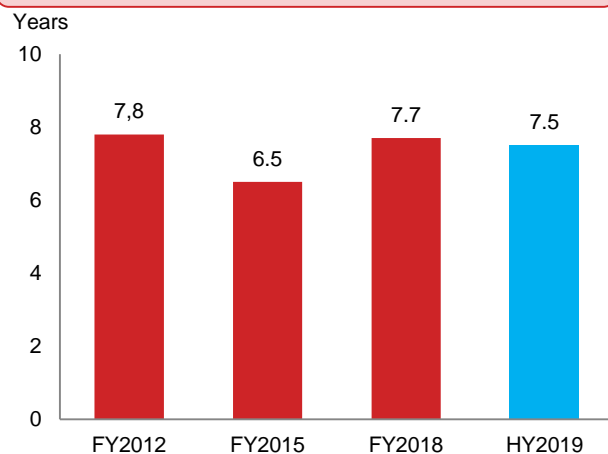
**Total Fleet**



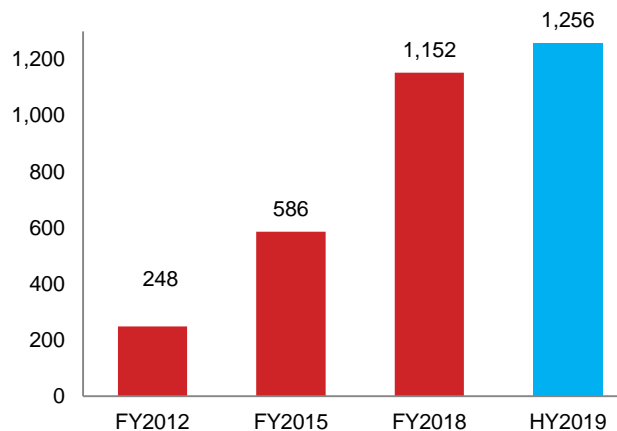
**Weighted Average Aircraft Age<sup>(1)</sup>**



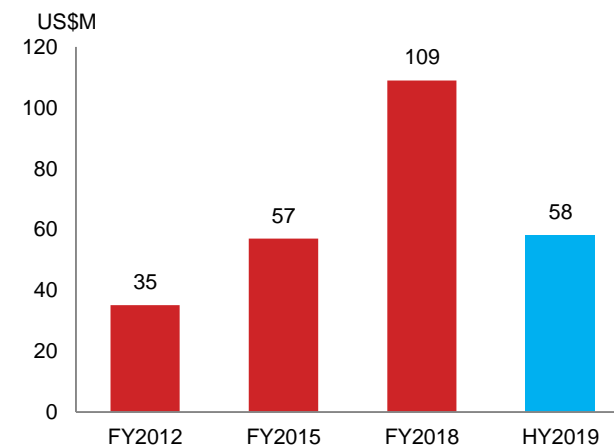
**Weighted Average Remaining Lease Term**



**Total Assets (\$m)**



**Revenue**



## Notes

1. Excluding finance leases.

## **Lease Rental Revenue**

\$58.2 million

+40% YoY

## **Profit before Tax**

\$14.2 million

+95% YoY

## **Earnings per Share**

21.6 cents

+97% YoY

## **Total Assets**

\$1,256.1 million

+9% since 30 June 2018

## **Operating Profit (EBIT)**

\$40.2 million

+60% YoY

## **Total Profit after Tax**

\$13.6 million

+102% YoY

## **Interim Dividend per Share**

2.0 cents

## **Average Cost of Debt<sup>(1)</sup>**

4.9%

30 June 2018: 5.0%

1. Weighted average as at 31 December 2018

## **Fleet Growth and Diversification**

- Delivered 6 aircraft – 3 ATR72-600 and 3 Airbus A220-300
- Contract for 4 Airbus A220-300 aircraft to airBaltic (2 remaining)
- Purchase contract for 1 Garuda 737-800 aircraft
- Sold Airbus A321-200 aircraft (7 remaining in the fleet)
- Exercise of 8 options for ATR72-600 aircraft/grant of further 8 options
- Increase to 15 airline customers

## **Funding**

- Repayment of all outstanding junior debt, selected senior debt
- Total of 9 aircraft unencumbered as at 31 December 2018
- Evolution of capital structure and credit enhancement
- Removal of notch by S&P (B+/B+); Fitch (BB-/BB-)
- Tap of GMTN \$50 million 6.5% Notes in November 2018



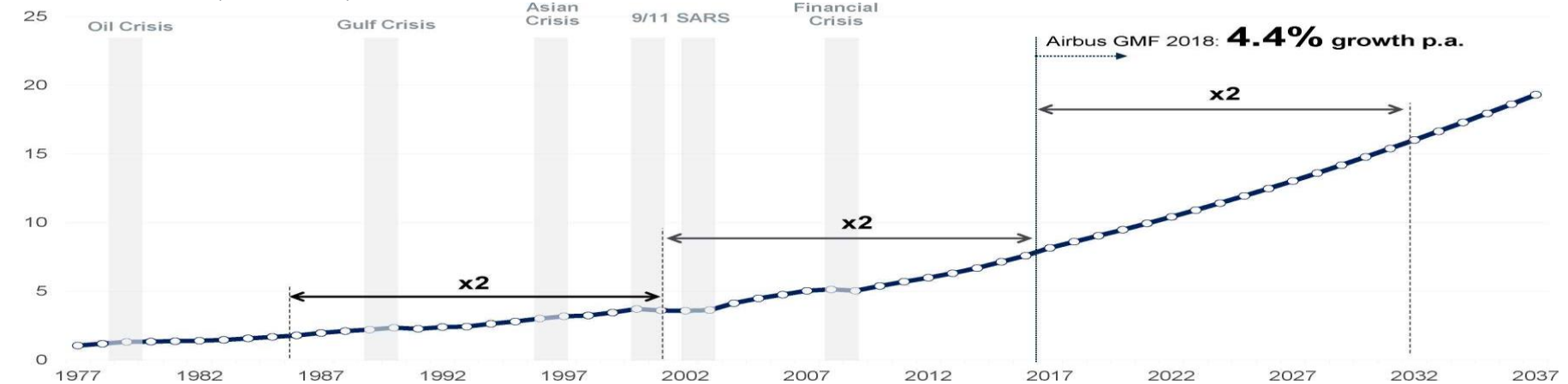
# Attractive Industry Fundamentals

Resilient Airline Traffic Growth Paired with Increasing Reliance on Lessors

**ava**tion PLC

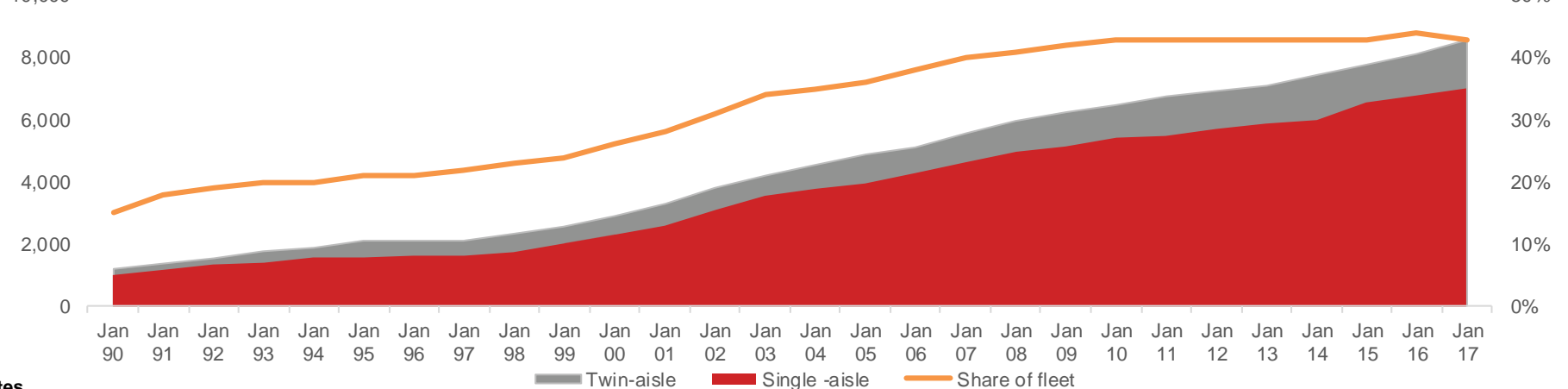
## Global Air Travel Doubles every 15 years<sup>(1)</sup>

World annual traffic (trillion RPKs)



## Operating Lessor Fleet of Passenger Jets<sup>(2)</sup>

Passenger jet fleet managed by operating lessors



### Notes

1. Airbus Global Market Forecast 2018; Flight Ascend Consulting Q2 2017 Commercial Operating Leasing Market Dynamics Report; Flight Fleets Analyzer (in-service and stored passenger single-aisle and twin-aisle types)
2. The information provided in this exhibit is a reproduction of an exhibit contained in Flight Ascend Analysis' Q2 2017 report.

# Attractive Aircraft Portfolio (as at 2 April 2019)

Balanced Fleet Consisting of Young Aircraft

**avation** PLC

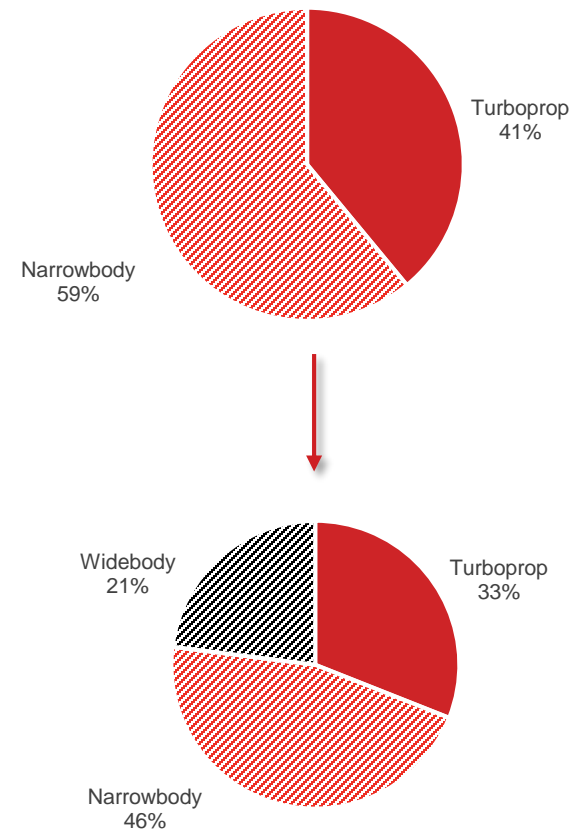
## Balanced Fleet with Orderbook and Purchase Rights to Retain Expansion Flexibility

Aircraft Type		Fleet	Orders	Purchase Rights
<b>Turboprop Aircraft</b>				
ATR 72-600		16	11	25
ATR 72-500		6	-	-
<b>Narrowbody Aircraft</b>				
A321-200		7	-	-
A320-200		3	-	-
A220-300		4	2	-
Fokker 100		5	-	-
<b>Widebody Aircraft</b>				
A330-300		1	-	-
B777-300ER		1	-	-
<b>Total</b>		<b>43</b>	<b>13</b>	<b>25</b>

## By Aircraft Value

FY2017

April 2019



Avation has built a diversified fleet with aircraft portfolio consisting of approximately 21% widebody, 46% narrowbody and 33% turboprop aircraft by value



# Attractive Aircraft Portfolio (Cont'd)

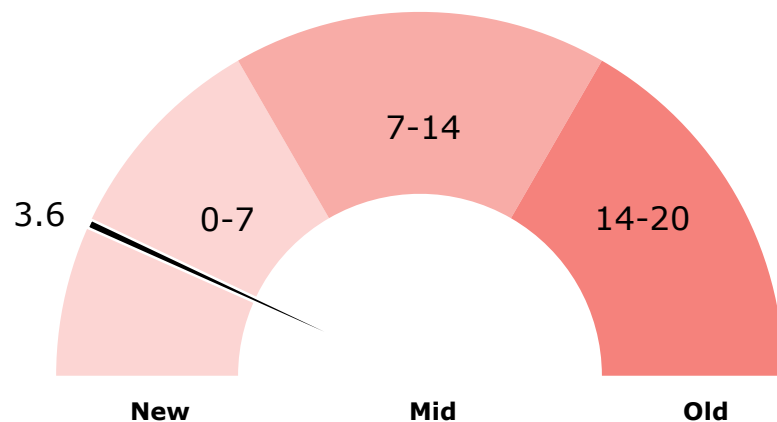
## Fleet Metrics

	FY 2016	FY 2017	FY 2018	Apr 2019
Fleet	38	35	38	43
Fleet additions (net)	9	(3)	3	5
Weighted average aircraft age	4.2 years	3.3 years	3.2 years <sup>(1)</sup>	3.6 years <sup>(1)</sup>
Weighted average remaining lease term	6.8 years	7.5 years	7.7 years	7.5 years

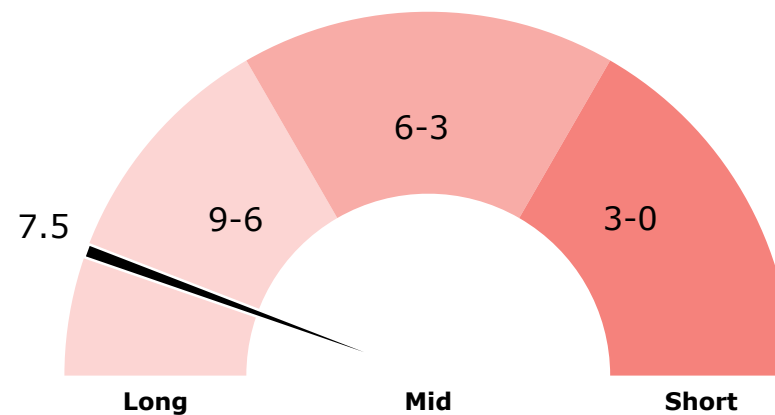
Young fleet,  
reducing risk of  
technology  
obsolescence

Visibility of cash  
flows due to  
contracted nature

**Weighted Average Aircraft Age (years)<sup>(1)</sup>**



**Weighted Average Remaining Lease Term (years)**



**A young fleet with long remaining leases**

### Notes

1. Excluding finance leases

15 Airline Customers from 12 Countries

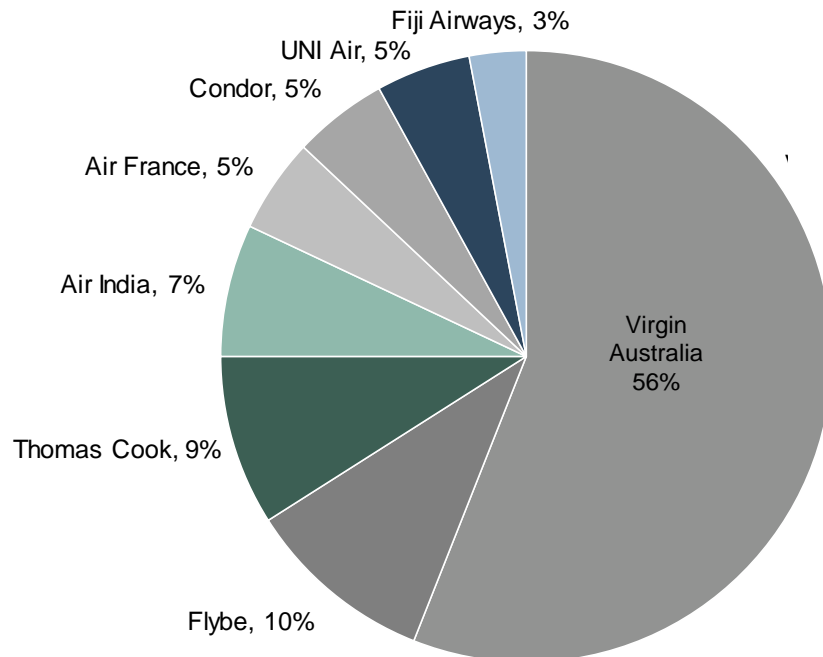


# Established Customer Relationships with Favorable Contracts (Cont'd) ...with New Relationships Driving Credit Enhancement

By Monthly Rental Revenue Run Rate

**As at 31 December 2015**

**Revenue HY15 = \$31 million**

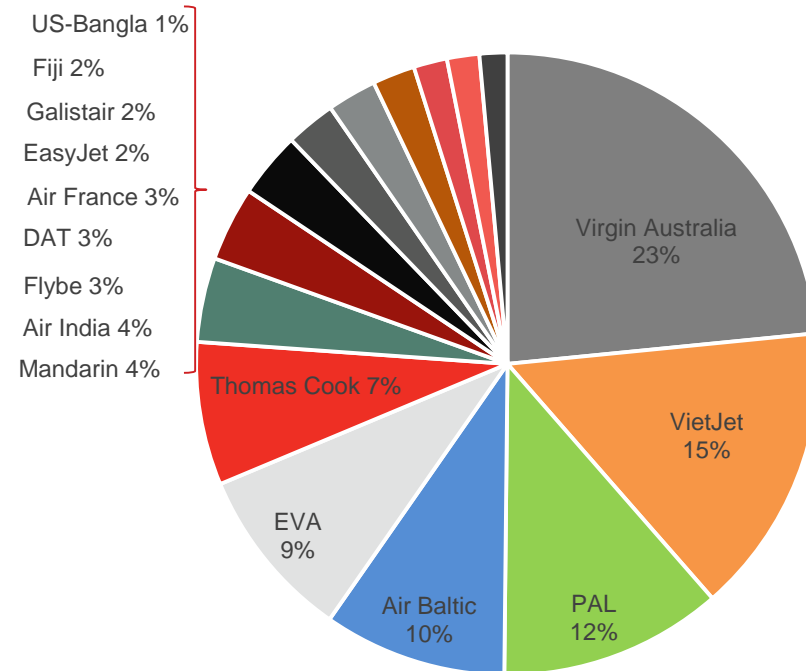


Top 1 Customer Share – 56%

Top 3 Customers Share – 75%

**As at 1 April 2019**

**Revenue per month >\$10.5 million**



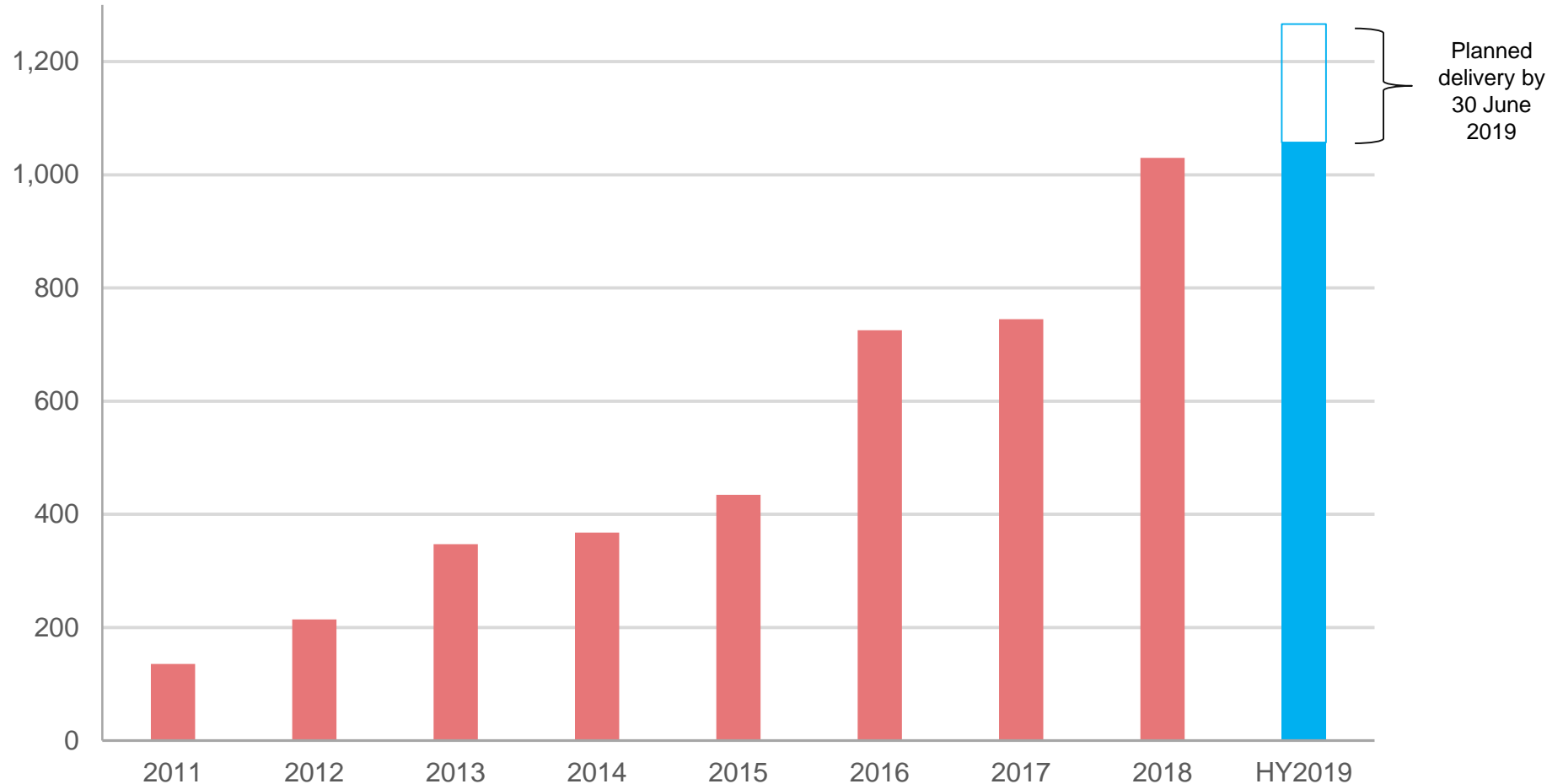
Top 1 Customer Share – 23%

Top 3 Customers Share – 50%

**Growth and diversification continues –**

**2 Airbus A220 aircraft delivered, 3 ATR72, 1 Boeing 737-800 aircraft in coming months**

Fleet assets (US\$m)



**Visible Fleet Growth**

**Attractive Industry Fundamentals**

**Leading Fleet Metrics**

**Increased Airline and Aircraft Diversification**

**Evolution of Debt Capital Structure**

**Realisable Value of Fleet exceeds Book Value**

## **Avation PLC (LSE: AVAP)**

65 Kampong Bahru Road  
Singapore 169370  
Phone: + 65 6252 2077  
[www.ovation.net](http://www.ovation.net)

**Jeff Chatfield**  
Executive Chairman  
[jeff@ovation.net](mailto:jeff@ovation.net)

**Richard Wolanski**  
Finance Director  
[richard.w@ovation.net](mailto:richard.w@ovation.net)



# Important Notice

---

Some of the statements in this presentation constitute “forward-looking statements” that do not directly or exclusively relate to historical facts. These forward-looking statements reflect the Company’s current intentions, plans, expectations, assumptions and beliefs about future events and are subject to risks, uncertainties and other factors, many of which are outside the Company’s control. Important factors that could cause actual results to differ materially from the expectations expressed or implied in the forward-looking statements include known and unknown risks. Because actual results could differ materially from the Company’s current intentions, plans, expectations, assumptions and beliefs about the future, you are urged to view all forward-looking statements contained in this presentation with caution.

Neither the issue of this Presentation nor any part of its contents is to be taken as any form of commitment on the part of the Company to undertake or proceed with any transaction. In no circumstances will the Company be responsible for any costs, losses or expenses incurred in connection with any appraisal or investigation of the Company. No reliance may be placed for any purpose whatsoever on the information or opinions contained in or given during this Presentation. The information and opinions contained in or given during this Presentation are provided as at the date hereof, are not necessarily complete and are subject to change without notice. No representation, warranty or undertaking is given by or on behalf of the Company or its directors, officers, shareholders, employees, agents and advisors as to the accuracy, completeness or reasonableness of the information or opinions contained in or given during this Presentation and no liability is accepted or incurred by any of them for or in respect of any such information or opinions, provided that nothing in this paragraph shall exclude liability for any representation or warranty made fraudulently.