



**ava**tion PLC

LSE: AVAP

## Half Year 2019 Results Investor Update

21 February 2019

Jeff Chatfield  
Executive Chairman

Richard Wolanski  
Finance Director

Iain Cawte  
Chief Financial Officer

Duncan Scott  
Group General Counsel

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# Snapshot of Avation

Aircraft Leasing Platform with Diversified Customer Base and Fleet

<p>41 Aircraft</p>	<p>14 Airline Customers Operating in 11 Countries</p>	<p>22% / 43% / 35% split of widebody/narrowbody/ turboprop aircraft by value</p>	<p>3.6 Years Weighted Average Aircraft Age<sup>(1)</sup></p>
<p>7.5 Years Weighted Average Remaining Lease Term</p>	<p>&gt; \$1.25B Total asset value</p>	<p>\$837M unearned contracted revenue</p>	<p>7 Aircraft ordered for delivery by 30 June 2019</p>
		<p>Equivalent to net debt<sup>(2)</sup></p>	

**Notes**

1. Excluding finance leases.
2. Calculated for illustrative purposes, and excludes consideration of operating expenses, financing cost and potential for lessees to not make contracted lease payments. Net debt calculated as total debt minus unrestricted cash and bank balances as at 31 December 2018.

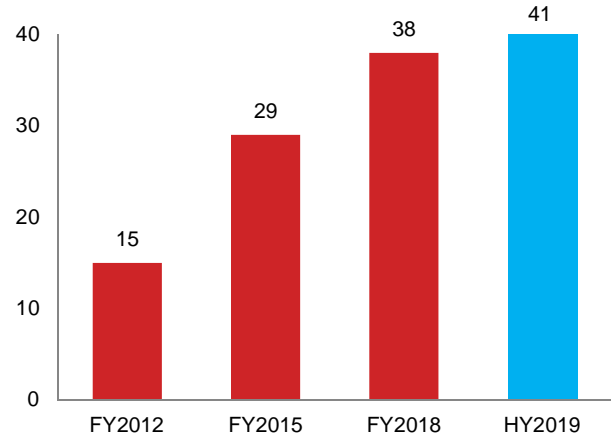
# Historical Operational and Financial Performance



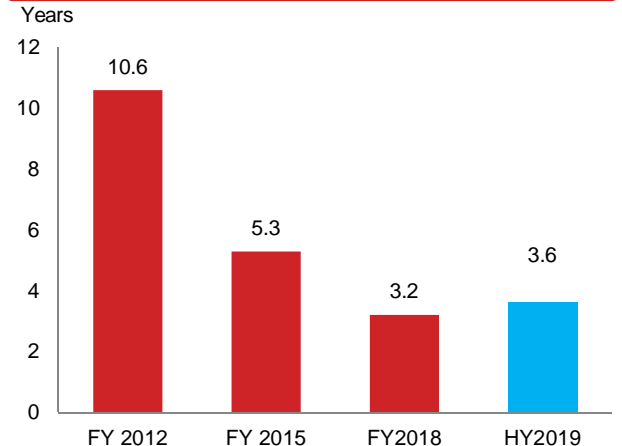
Continued Evolution to Young Aircraft Portfolio and Track Record of Expansion

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

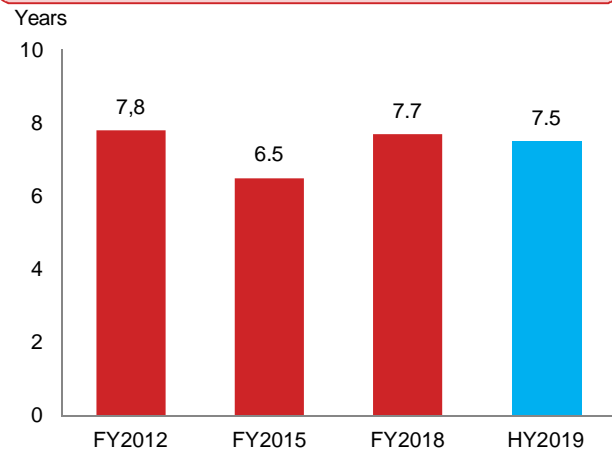
Total Fleet



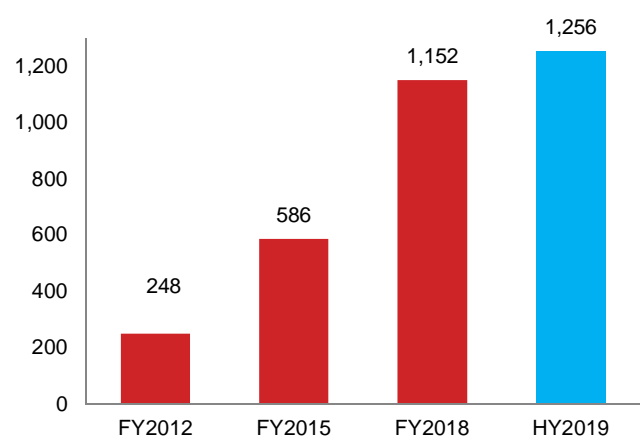
Weighted Average Aircraft Age<sup>(1)</sup>



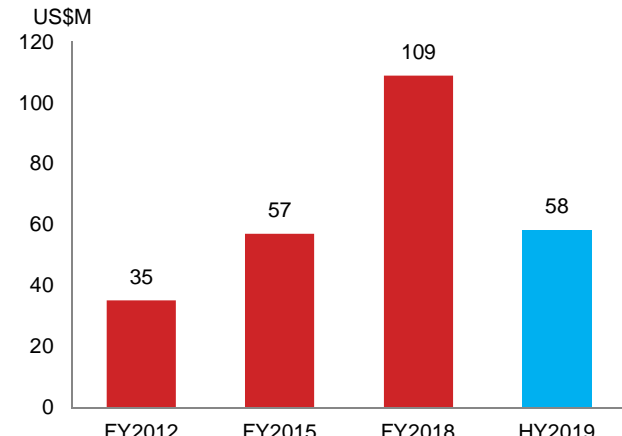
Weighted Average Remaining Lease Term



Total Assets (\$m)



Revenue



**Notes**

1. Excluding finance leases.

# Half Year 2019 Summary

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

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## Fleet Growth and Diversification

- Acquired 4 aircraft – 3 ATR72-600 and 1 Airbus A220-300
- Contract for 4 Airbus A220-300 aircraft to airBaltic
- 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 14 airline customers

## Funding

- Repayment of all outstanding junior debt
- Repayment of 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

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

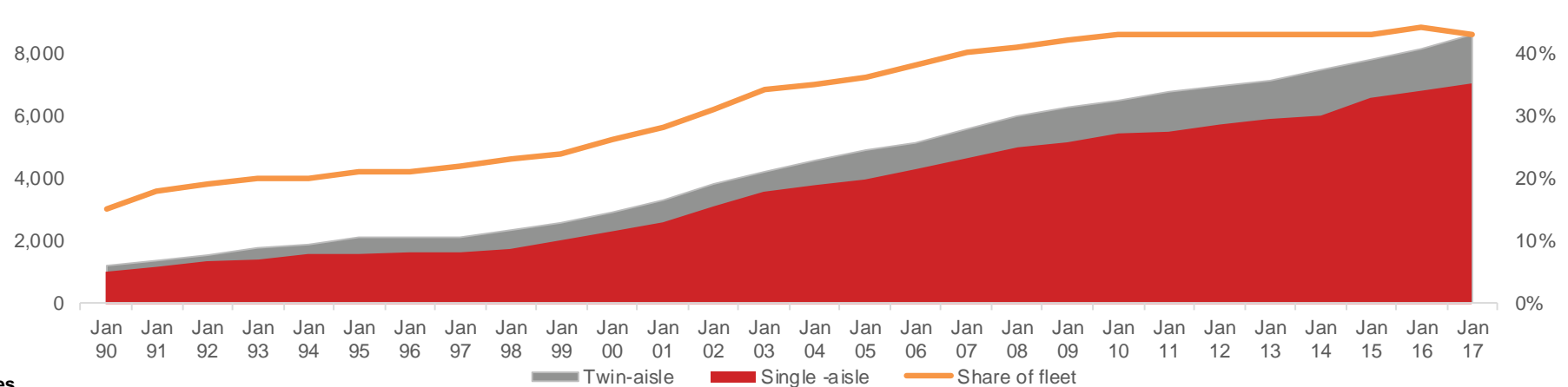
World annual traffic (trillion RPKs)



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

Passenger jet fleet managed by operating lessors

Operating lessor fleet as % of total fleet



**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.

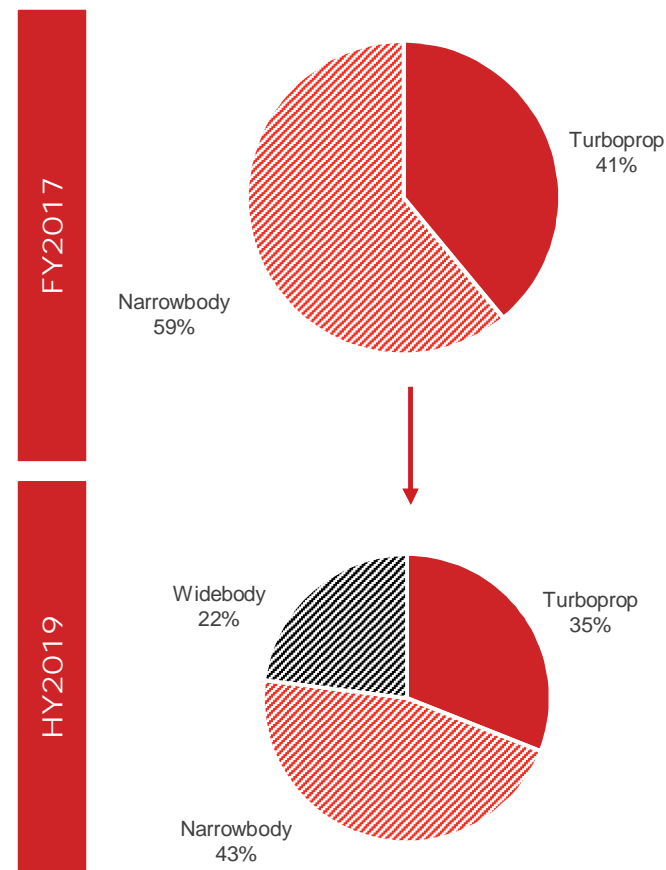
# Attractive Aircraft Portfolio (as at 31 December 2018) *av*ation PLC

## Balanced Fleet Consisting of Young Aircraft

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 	2	4	-
Fokker 100 	5	-	-
<b>Widebody Aircraft</b>			
A330-300 	1	-	-
B777-300ER 	1	-	-
<b>Total</b>	<b>41</b>	<b>15</b>	<b>25</b>

By Aircraft Value



Avation has built a diversified fleet with aircraft portfolio consisting of approximately 22% widebody, 43% narrowbody and 35% turboprop aircraft by value



# Attractive Aircraft Portfolio (Cont'd)

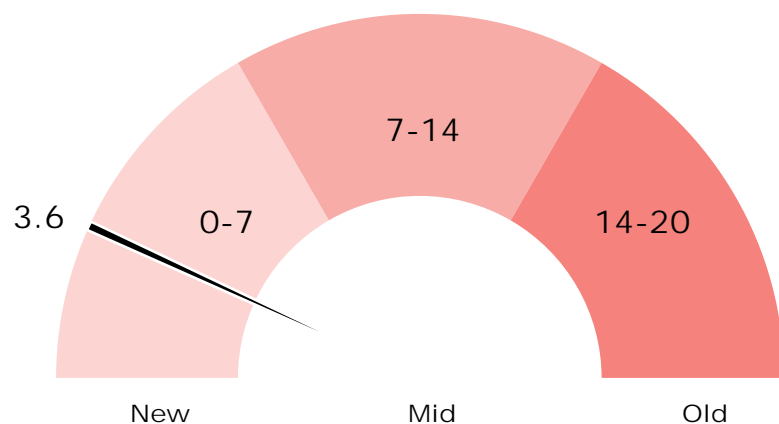
## Fleet Metrics

	FY 2016	FY 2017	FY 2018	HY 2019
Fleet	38	35	38	41
Fleet additions (net)	9	(3)	3	3
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

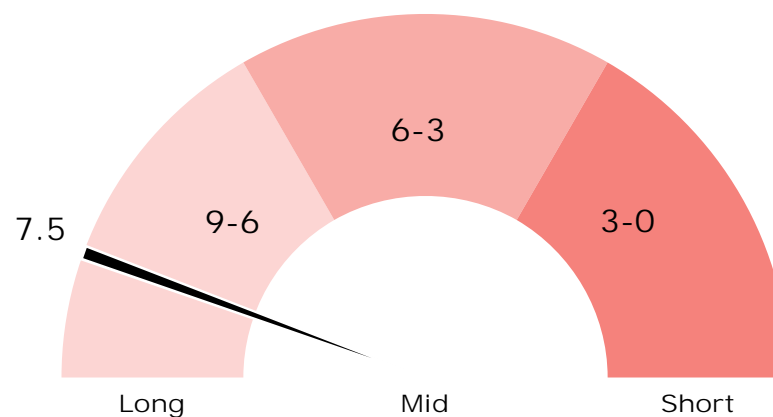
Young fleet, reducing risk of technology obsolescence

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

Established Customer Relationships with Favorable Contracts  
Global Customer Relationships

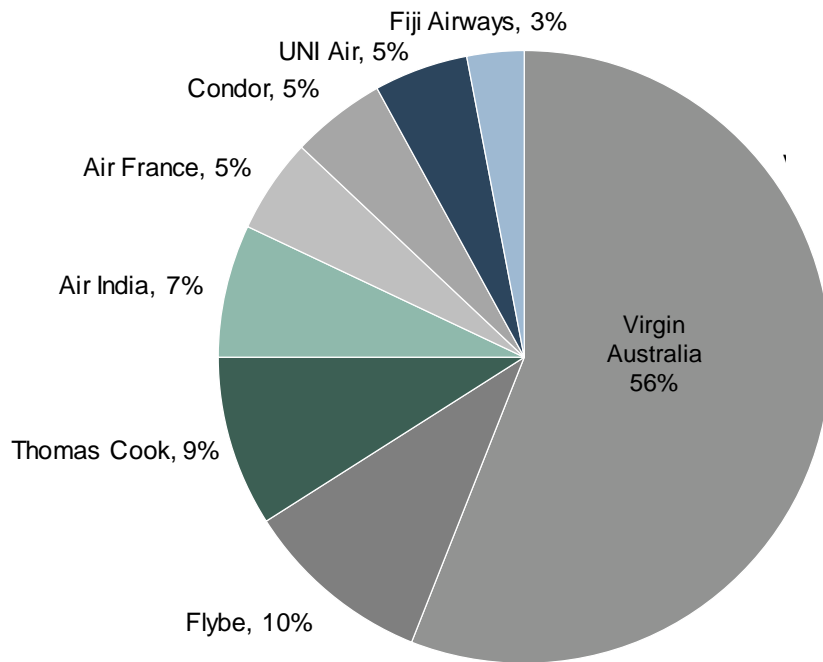
14 Airline Customers from 11 Countries



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

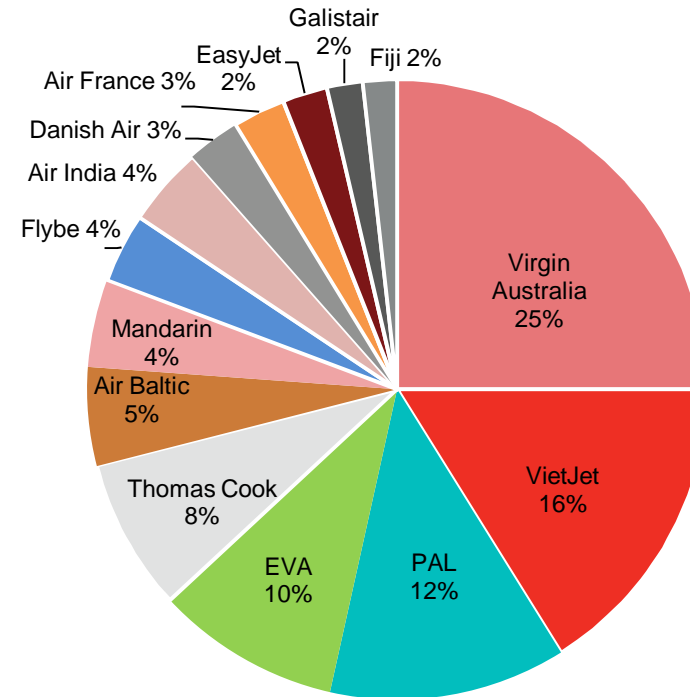
By Monthly Rental Revenue Run Rate

As at 31 December 2015  
 Revenue FY15 = \$31 million



Top 1 Customer Share – 56%  
 Top 3 Customers Share – 75%

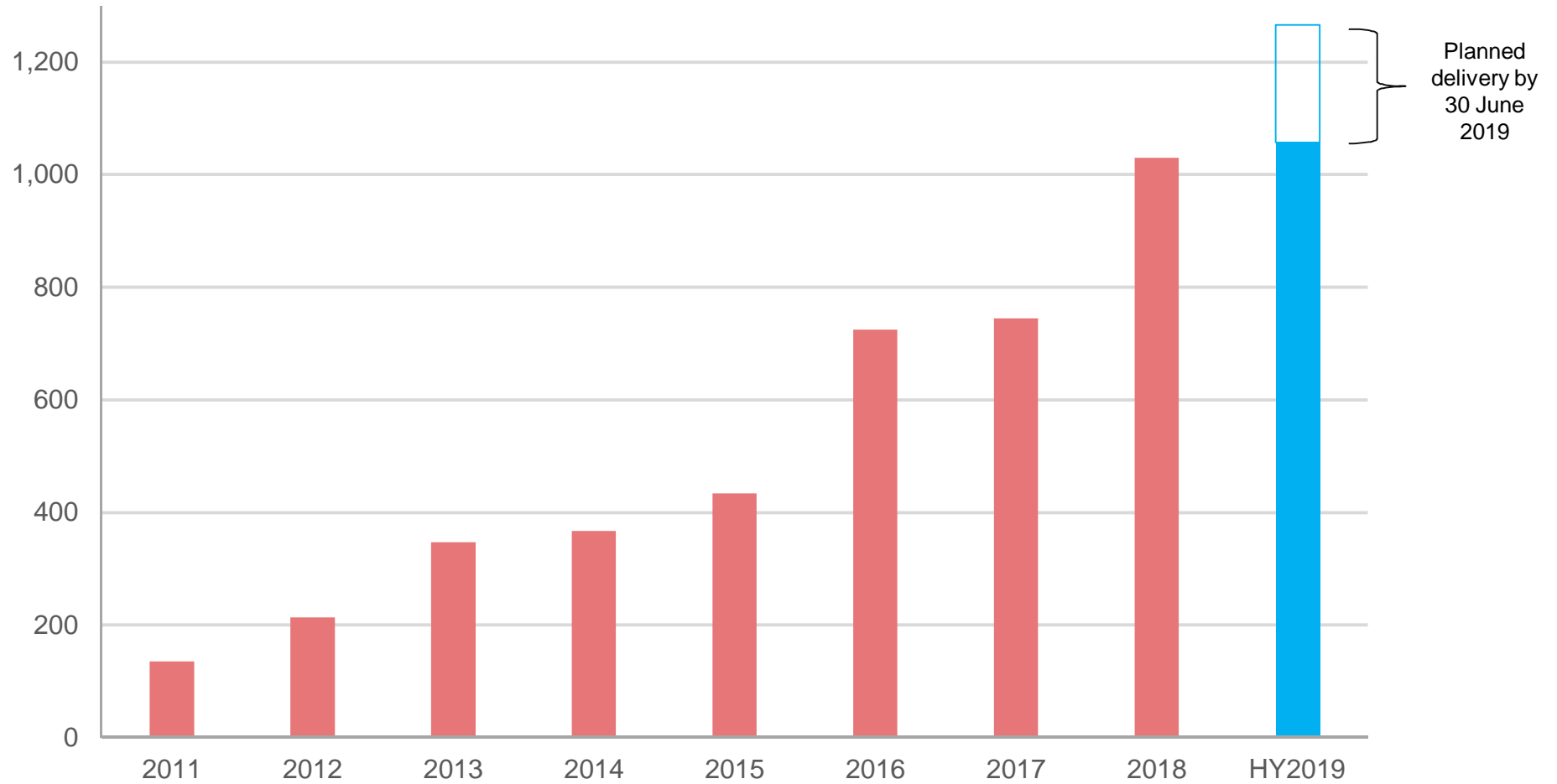
As at 31 December 2018  
 Revenue HY18 = \$58 million



Top 1 Customer Share – 25%  
 Top 3 Customers Share – 53%

Growth and diversification continues –  
 4 Airbus A220 aircraft delivered to airBaltic and 3 ATR72 aircraft delivered prior to 30 June 2019

### Fleet assets (US\$m)

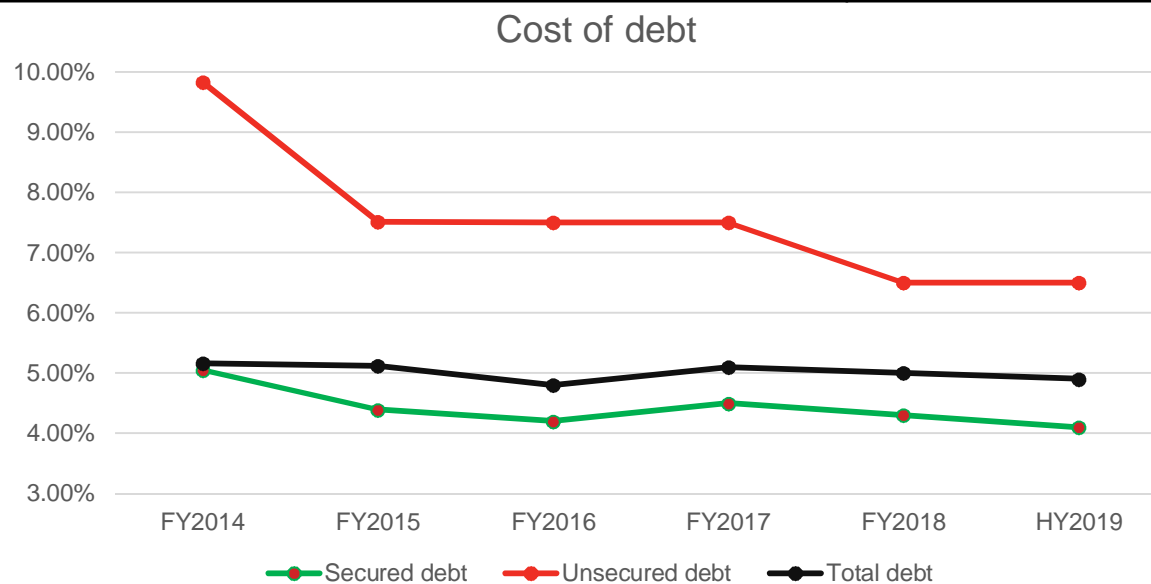


## Profit & Loss Summary

Profit & Loss Summary (US\$ million)	HY2019	HY2018	Growth
Total revenue and Other income	59.1	52.6	12%
Depreciation expense	(19.8)	(14.6)	36%
Gains on sale (net of impairment)	6.5	(8.0)	
Administrative expense	(5.5)	(4.9)	11%
Other expenses	(1)	-	
<b>Operating Profit/EBIT</b>	<b>40.2</b>	<b>25.1</b>	<b>60%</b>
Finance expenses	(27.6)	(18.6)	48%
Finance income	1.6	0.7	
<b>Profit before tax</b>	<b>14.2</b>	<b>7.3</b>	<b>95%</b>
Tax	(0.6)	(0.5)	
<b>Total profit after tax</b>	<b>13.6</b>	<b>6.7</b>	<b>102%</b>

## Debt Analysis

	HY2019	FY2018
Net Indebtedness (US\$ million)	840.7	868.6
Weighted Average Cost of Debt	4.9%	5.0%
Weighted Average Cost of Secured Debt	4.1%	4.3%
Proportion of Fixed/Hedged Interest Rate Debt	96.4%	94.8%
Net Debt /Equity	3.6	3.6
Debt/Assets	76.7%	75.4%



## Key Ratios

Comparative Ratios	HY2019	FY2018
Net asset value per share <sup>(A)(B)</sup>	£2.88	£2.76
Administrative Expense/Total Revenue	9.4%	9.4%
Credit Ratios		
Debt/EBITDA	7.8	8.3
FFO/Debt <sup>(C)</sup>	7.2%	7.2%
EBITDA/Interest Expense	2.3	2.5

- A. Net asset value per share = Equity/Shares in Issue  
 B. GBP:USD exchange rate as at 31 December 2018: 1.273 (30 June 2018: 1.321)  
 C. Funds from Operation = EBITDA - Interest Expense - Current Tax

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



# Question & Answer Section

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