

avation PLC

LSE: AVAP



Financial Year 2018 – First Half Investor Update

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Snapshot of Avation as at 31 December 2017

Full Leasing Platform with Diversified Customer Base and Aircraft

avation PLC

37
Aircraft



12 Airline
Customers Operating
in **9** Countries



24/43/33
split of
widebody/narrowbody/
regional aircraft by
value



2.9 Years
Weighted Average
Aircraft Age⁽¹⁾



7.9 Years
Weighted Average
Remaining Lease
Term



US\$1Billion
Fleet asset value⁽²⁾



US\$860M
unearned contracted
revenue



US\$623M value
of aircraft on option⁽³⁾



Notes

1. Excluding finance leases (Fokker 100s)

2. Includes PP&E, Assets held for sale

3. As of Oct 2017. Aircraft valued by International Bureau of Aviation

Revenue

US\$52.4 million

+16% YoY

Operating Profit (EBIT)

US\$25.1 million

(9%) YoY

Fleet Assets⁽¹⁾

US\$1,008 million

+35% since FY2017

Average Cost of Secured Debt⁽²⁾

4.3%

FY 2017 : 4.5%

Lease Revenue

US\$41.7 million

(8%) YoY

Total Profit after Tax

US\$6.7 million

(8%) YoY

Earnings per Share

US 10.9 cents

(15%) YoY

Average Cost of Debt⁽²⁾

4.8%

FY 2017 : 5.1%

1. PP&E plus Assets held for sale

2. Weighted average as at 31 December 2017

Growth, Fleet Diversification and Renewal

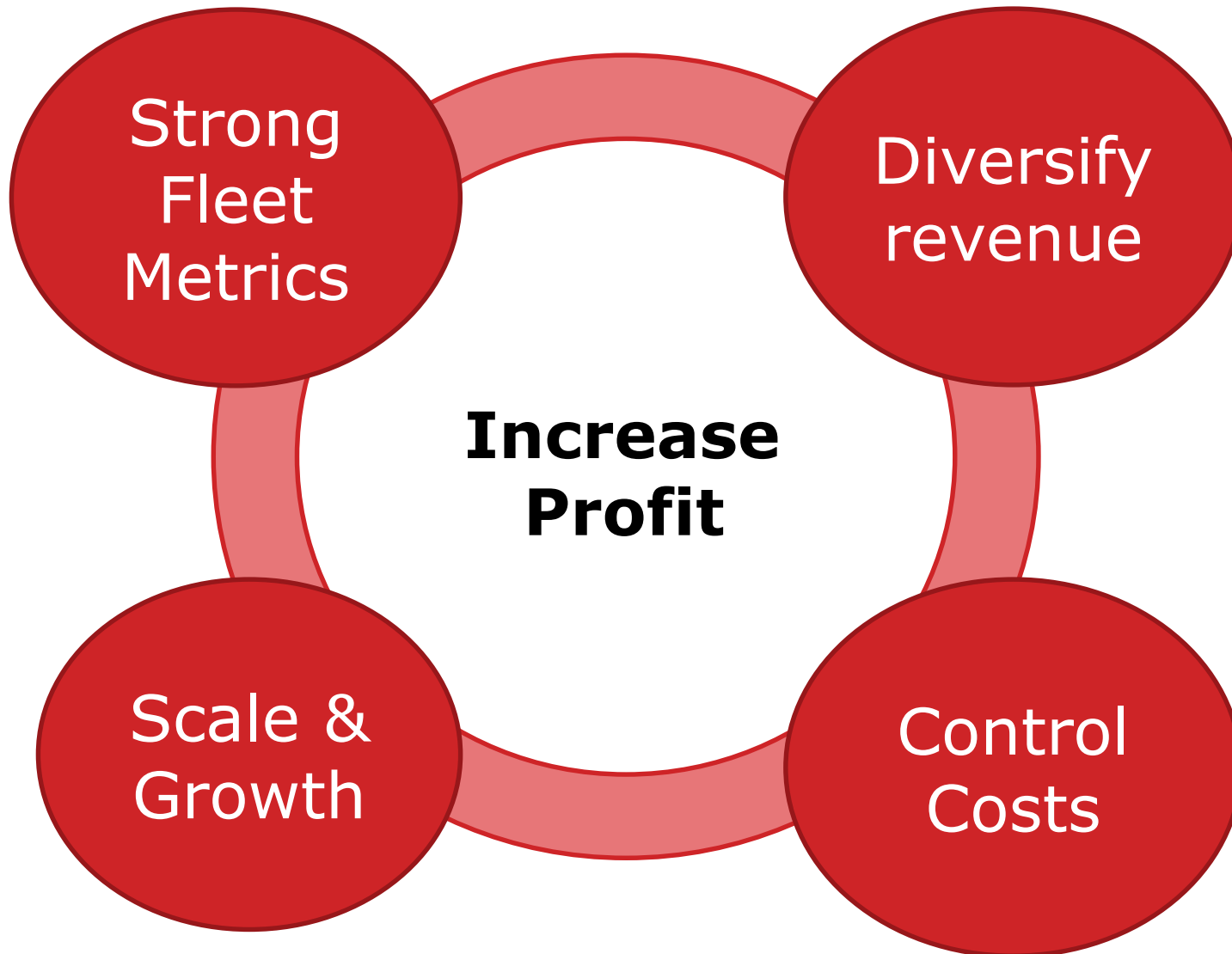
- Record growth with four aircraft added in Dec 17 (>US\$286 million)
- Annualized lease rental run rate >US\$115 million
- Airbus A320 transitioned from Air Berlin to easyJet in Dec 17
- First twin aisle aircraft delivered into the fleet
- Four airline customers added

Funding

- GMTN tap of US\$30 million unsecured debt issued priced at 100.83

Corporate

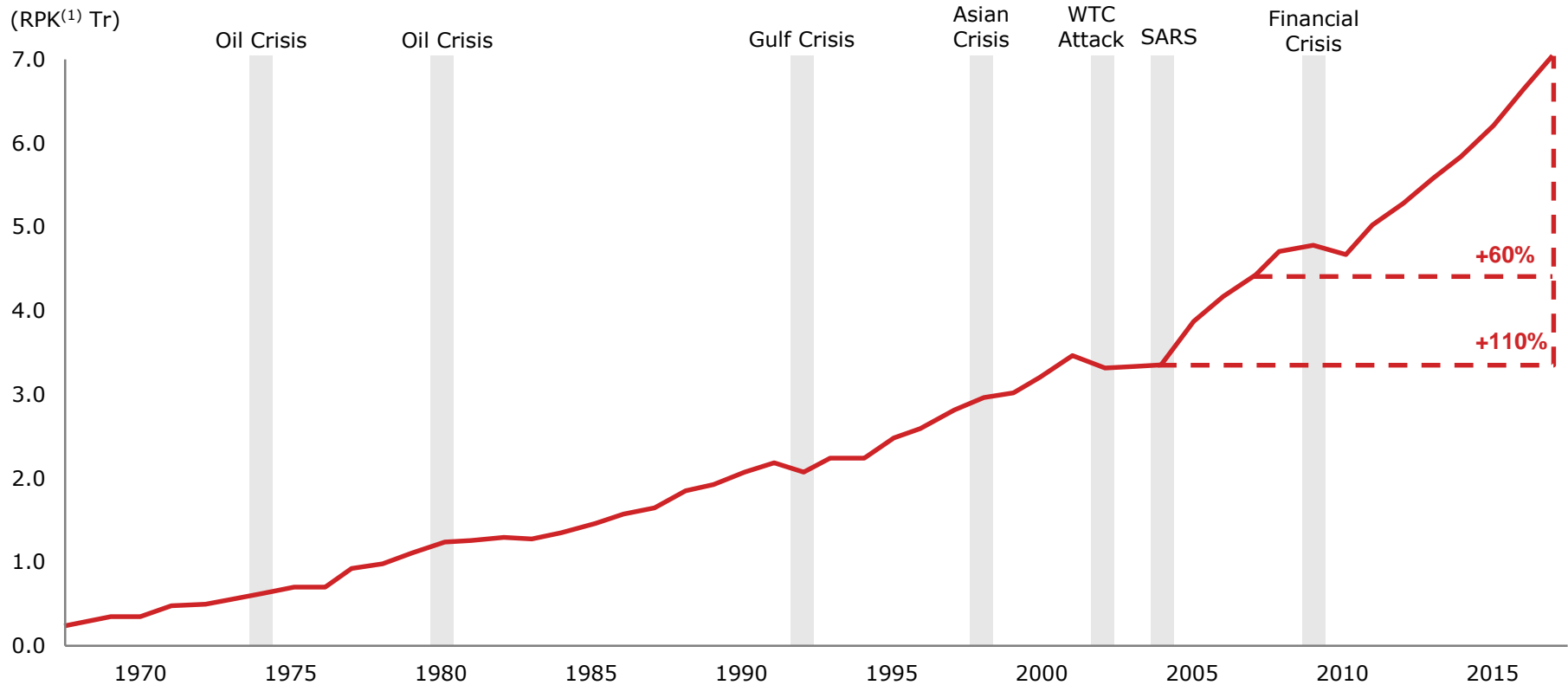
- Approval at AGM of share buyback



Attractive Industry Fundamentals

Resilient Airline Traffic Growth

Demand for air travel, and aircraft, has been growing through economic cycles



Source: Airbus Global Market Forecast 2017








Notes

1. Revenue Passenger Kilometers

Attractive Fleet Portfolio as at 31 December 2017

Balanced Portfolio of Young Aircraft

Balanced Fleet with Orderbook and Options to Retain Expansion Flexibility

Aircraft Type		Fleet	Orders	Options
Regional Aircraft				
ATR 72-600		13	6	30
ATR 72-500		6	-	-
Narrowbody Aircraft				
A321-200		8	-	-
A320-200		3	-	-
Fokker 100		5	-	-
Widebody Aircraft				
A330-300		1	-	-
B777-300ER		1	-	-
Total		37	6	30

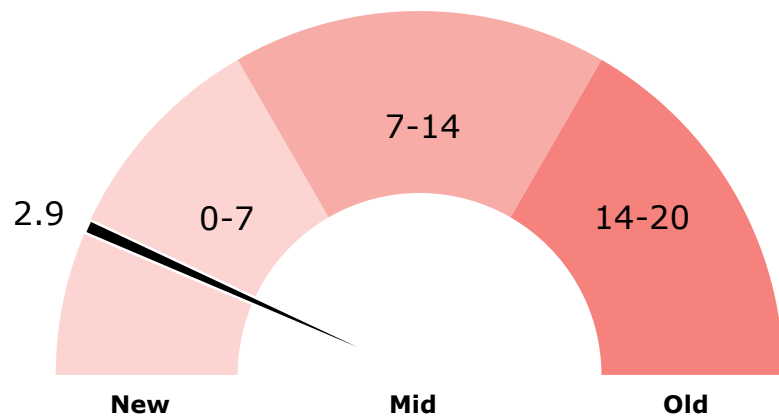
Fleet Metrics

	FY 2015	FY 2016	FY 2017	HY 2018
Fleet	29	38	35	37
Fleet additions (net)	4	9	(3)	2
Weighted average aircraft age	5.3 years	4.2 years	3.3 years	2.9 years ⁽¹⁾
Weighted average remaining lease term	6.5 years	6.8 years	7.5 years	7.9 years

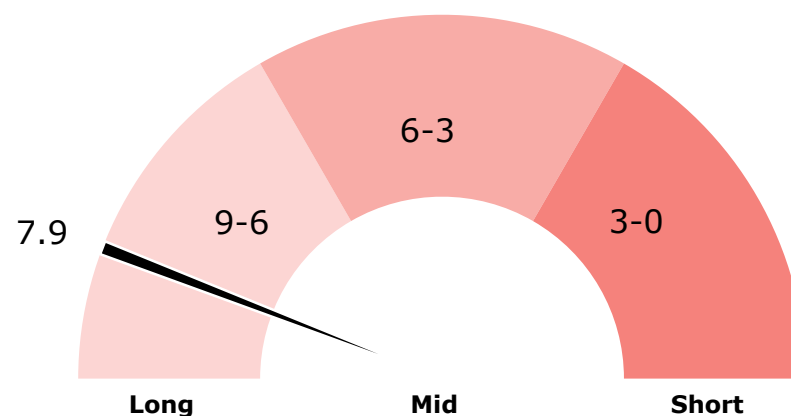
Young fleet, reducing risk of technology obsolescence

Visibility of cash flows due to contracted nature

Weighted Average Aircraft Age (years)⁽¹⁾



Weighted Average Remaining Lease Term (years)



A young fleet with long remaining leases

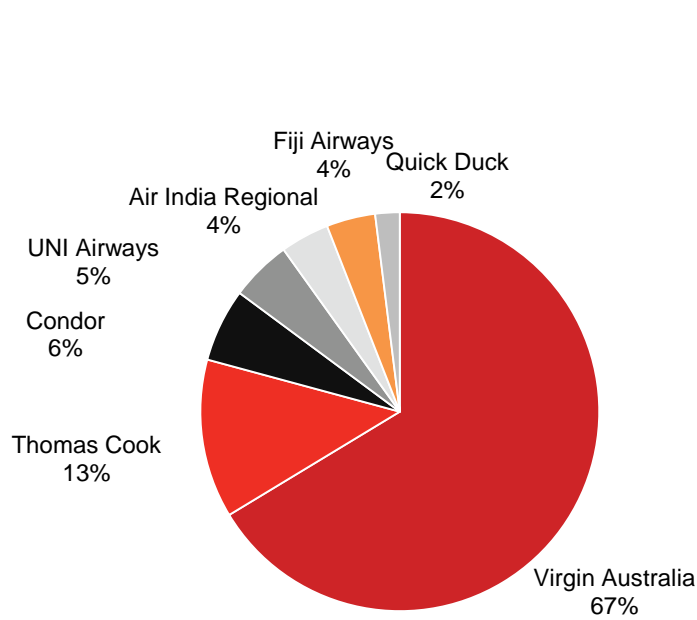
Notes
1. Excluding finance leases (Fokker 100s)

12 Airline Customers from 9 Countries

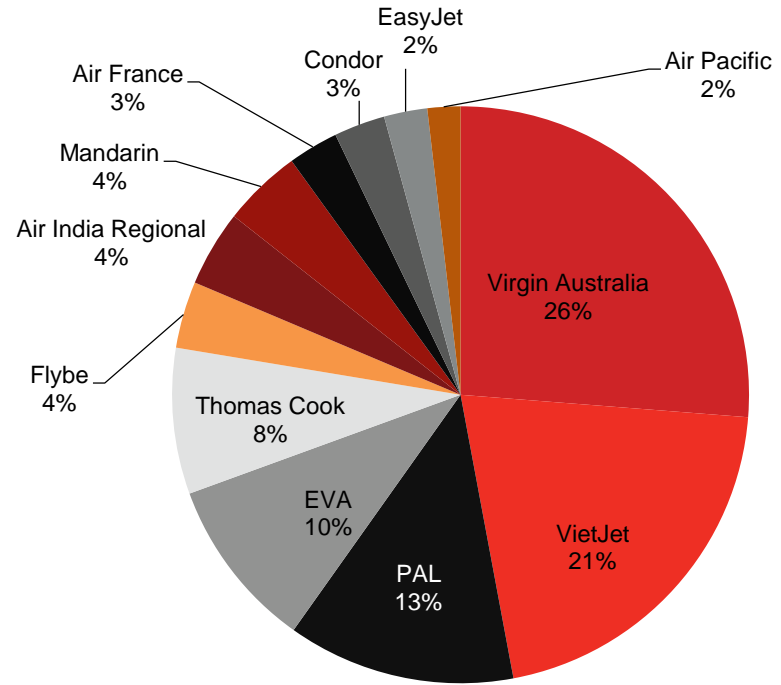


Established Customer Relationships with Favorable Contracts (Cont'd)
...with Increasing Scale & Customer Diversification

By Revenue



FY 2015 –Revenue
US\$ 56.9 million⁽¹⁾
 Top 1 Customer Share – 67%
 Top 3 Customers Share – 86%



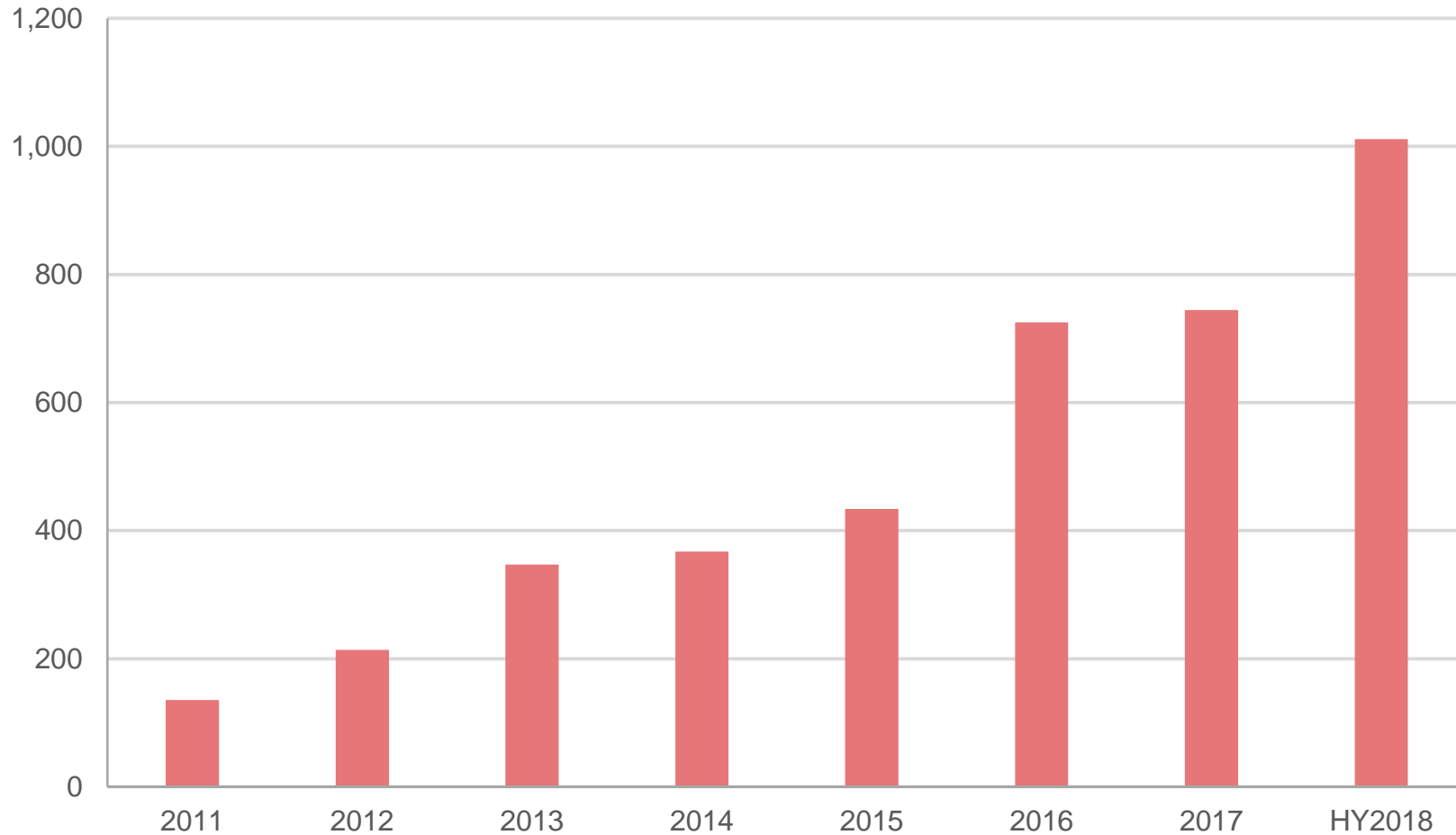
31 December 2017
Annualised Revenue Run
Rate US\$ 115.0 million⁽²⁾
 Top 1 Customer Share – 26%
 Top 3 Customers Share – 60%

Increasing Customer Diversification

Notes

- 1. FY ending 30 Jun, excluding income from finance leases which is not accounted for under revenue but including contingent rents
- 2. Annualized lease rental collection of 31 December 2017 fleet

Fleet assets (US\$m)

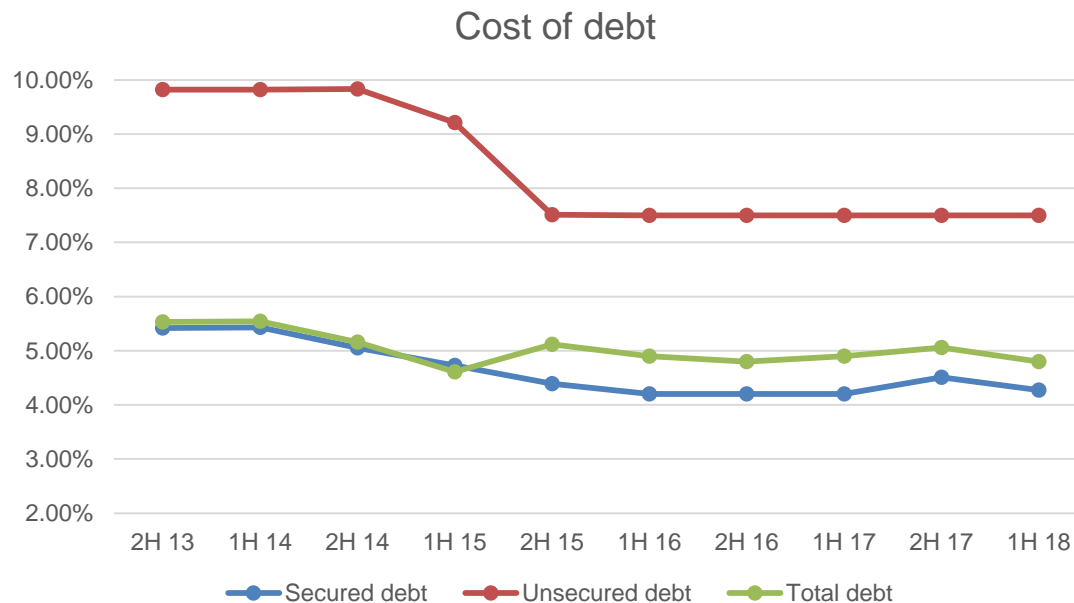


Profit & Loss Summary

Profit & Loss Summary (US\$ million)	HY2018	HY2017	Growth
Total revenue and Other income	52.6	45.6	16%
Depreciation expense	(14.6)	(15.9)	(9%)
Gains on sale (net of impairment)	(8.0)	2.0	
Administrative expense	(4.9)	(3.9)	25%
Operating Profit/EBIT	25.1	27.6	(9%)
Finance expenses	(18.6)	(19.7)	(6%)
Finance income	0.7	0.5	52%
Profit before tax	7.3	8.4	(13%)
Tax	(0.5)	(1.0)	(48%)
Total profit after tax	6.7	7.4	(8%)

Debt Analysis

	HY2018	FY2017
Net Indebtedness (US\$ million)	779.6	555.9
Weighted Average Cost of Debt	4.8%	5.1%
Weighted Average Cost of Secured Debt	4.3%	4.5%
Proportion of Fixed/Hedged Interest Rate Debt	95%	95%
Debt/Assets	77%	72%



Key Ratios

Comparative Ratios	HY2018	FY2017
Book Value per Share (A)	\$3.32	\$3.21
Administrative Expense/Total Revenue	9.3%	8.4%
Credit Ratios		
Net Leverage (B)	3.6	3.0
Operating Cashflow/Debt	7.5%	9.8%
EBITDA/Interest Expense	2.2	2.5

A. $BV/Share = \text{Net Equity} / \text{Shares on Issue}$

B. $\text{Average Net Leverage} = \text{Average Net debt} / \text{Average Equity}$

Record Fleet Growth

Attractive Industry Dynamics

Leading Fleet Metrics

Increased Airline and Aircraft Diversification

Targeting Lower Cost of Debt

Opportunity for Further Growth

Question & Answer Section

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