

Avation PLC

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Avation says cash situation improving as air travel recovers

Avation PLC (LSE:AVAP) expects its cash position and liquidity to improve in the coming months as the airline industry starts to recover from the coronavirus crisis.

The civil aircraft lessor has also pencilled in late 2022 as the time it starts to expand again.

The business had been hit by two high profile Covid-related failures at Virgin Australia (ASX:VAH) and Philippines Airlines.

Avation's executive chairman Jeff Chatfield however said Philippine Airlines filing for a Chapter 11 voluntary restructuring should resolve one of the last remaining lease defaults in its fleet.

Air travel starting to recover will also help cashflows and aeroplane values, he added.

"An end to the pandemic appears to be in sight with the rollout of global vaccination programmes supporting a return to growth in passenger numbers.

"A return of air travel to pre-COVID levels may result in an increase in the value of aircraft that could reverse some of the impairments in future periods."

Avation posted a loss of US\$70.2m in the year to end June 2021 after an impairment charge of US\$87.4m and expected credit losses of US\$25.4m due to coronavirus disruption.

Revenue dropped 13% to US\$117.7m, though cash and bank balances increased 7% to \$122.5m and net debt fell 11% to US\$923m.

Avation added that a focus on preserving liquidity and cashflow had left the fleet, business and customers substantially intact and while capital expenditure and dividends remain temporarily suspended it should start to add to its fleet again in late 2022.

Chatfield added: "The year ended 30 June 2021 has been the most challenging in the company's history.

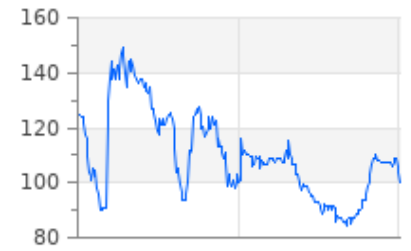
"[The]decision to preserve liquidity and cashflow ensured survival and allowed focus to be directed to maintenance of the business, customers and leasing platform which have been preserved as the impacts of the pandemic recede and air travel returns.

He added the lessor will emerge from the pandemic with a smaller fleet with high levels of utilisation and a long timeframe for repayment of the company's unsecured loan notes following the extension of their maturity until October 2026.

Price: 98.44

Market Cap: £68.4 m

1 Year Share Price Graph



October 2020 April 2021 October 2021

Share Information

Code: AVAP

Listing: LSE

52 week	High	Low
	152.5	83

Sector: Transport

Website: www.avation.net

Company Synopsis:

Avation PLC is a commercial passenger aircraft leasing company that was incorporated in England and Wales in 2006 and whose shares are admitted to the standard segment of the UK listing authority's official list and are traded on the Main Market of the London Stock Exchange (LSE: AVAP). Avation owns and manages a fleet of aircraft which it leases, through its subsidiaries, to airlines across the world.

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"Avation's cash and liquidity position is expected to improve in the coming months through the expected sale of underutilised aircraft and the receipt of distributions to creditors from the restructuring administrations of Virgin Australia (ASX:VAH) and Philippine Airlines.

"This will have the combined impact of improving operational efficiency and increasing liquidity which can then be used to continue to pay down debt and fund a return to fleet growth planned for late 2022."

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