

AVATION PLC
(“Avation” or “the Company”)

CHAIRMAN’S AGM STATEMENT

Avation PLC (LSE: AVAP), the commercial passenger aircraft leasing company, will hold its Annual General Meeting today in Singapore which will include the following Chairman’s Statement. The purpose of this statement is to provide investors with an update on current operations.

Market

In its most recent air passenger market analysis report IATA noted continued strength in air travel with revenue passenger kilometres (“RPKs”) increasing 30.1% in the year to September 2023. Total market RPKs are now around 97% of pre-COVID levels comparing September 2023 to the same month in 2019.

Market values for aircraft have continued to recover and Avation believes that values of popular new narrowbody aircraft types have increased by 10-15% since January 2022.

Fleet Update

As at 23 November 2023 Avation owns a fleet of 35 aircraft leased to 15 airlines in 13 countries. The average age of the fleet is 6.7 years, and the average remaining lease term is 4.9 years. The earliest lease expiry date is September 2024.

Three aircraft are currently in transition, with one ATR 72-600 aircraft expected to be sold, and with an ATR 72-600 and an Airbus A320 expected to start new leases in the coming weeks. Since 30 June 2023 Avation has sold a twelve-year old ATR 72-500 aircraft which was repossessed from an airline in India which was in default under the lease agreement.

In responding to an analyst question, the Company advised that has no exposure on its A320 / A321 fleet to technical problems associated with the Geared Turbo Fan engine recall.

Strategic and Finance Update

Avation has continued to make progress with collections of rent and maintenance arrears. Total arrears have reduced by around US\$ 6.3 million since 30 June 2023. The company’s management remains highly focussed on collections of the remaining arrears balances. Furthermore, the company expects to receive a final distribution from the administrator of Virgin Australia of around AU\$ 1.0 million in December.

Total cash and bank balances have increased by US\$ 23.8 million since 30 June 2023 to US\$ 140.7 million at the current date. The company will look for opportunities to refinance existing loans and buy-back outstanding unsecured Notes in the coming months.

The Company’s broker was approached over the summer in relation to a potential takeover offer, however, while the board diligently contemplated the proposal, the broker was ultimately unable to verify the funding package of the potential bidder and discussions were therefore brought to a close.

Executive Chairman, Jeff Chatfield, said:

"With the recovery of travel to pre-COVID levels in an environment characterised by a shortage of viable aircraft; lessors are well placed. We believe that about 60% of all aircraft deliveries are being funded by lessors. In our view the current market conditions give us cause to believe this to be an optimistic time for lessors. After the challenges of the COVID era and the recent challenge of rapidly rising interest rates, the Company has the belief that the stock exchange listed lessors, such as Avation, and a few select Sovereign backed lessors should benefit. In contrast, pure private equity backed or primarily debt backed lessors will find this current commercial environment challenging, their investors return requirements may outstrip airlines' ability to pay lease rents. Public equity backed operating lessors such as Avation along with our listed peers are well placed to prosper in such an environment. Avation is fortunate enough to have a very strategic, environmentally friendly orderbook thus allowing a growth pathway. Avation's growth pathway will allow it over time to manage the transition to new green technology low CO2 aircraft. The Company is optimistic in its long-term outlook.

Avation recently celebrated its thirteenth year as a main board listed company on the London Stock Exchange".

-ENDS-

Enquiries:

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Avation welcomes shareholder questions and comments and advises the email address is: investor@avation.net

Notes to Editors:

Avation PLC is an aircraft leasing company, headquartered in Singapore, owning and managing a fleet of commercial passenger aircraft which it leases to airlines around the world. More information on Avation is available at www.avation.net.