

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

**TRADING UPDATE AND FULL YEAR RESULTS**

Avation PLC (LSE: AVAP) provides the following trading update including certain balances (unaudited) as at 31 March 2021.

**Fleet**

At the date of this announcement, Avation's aircraft fleet totals 45. Avation's fleet is leased to 19 commercial airlines in 15 countries including seven flag carriers.

As of 31 March 2021, the weighted average age of the aircraft fleet was 4.8 years, the weighted average remaining lease term was 6.4 years and the total future minimum lease payments receivable under non-cancellable leases was approximately US\$749 million. Avation had three unencumbered aircraft in the fleet on 31 March 2021.

The Company has a diversified customer base, with the largest customer representing 27% of unearned revenue and the three largest customers (airBaltic, VietJet and EVA Air) representing 61% of unearned revenue. The leases with each of Avation's top three customers have more than 6 years duration remaining.

Avation expects its customer Philippine Airlines (“**PAL**”) to enter restructuring in the coming weeks. PAL has proposed to retain the use of a Boeing 777-300ER aircraft on lease from Avation at a lower fixed rent applicable post restructure. The impact of this expected lease rate adjustment on the lease-encumbered value of the aircraft has been accounted for in the financial results for the half-year ended 31 December 2020.

As of 31 March 2021, Avation had eight ATR aircraft available for sale or lease following their redelivery due to Virgin Australia Holdings Limited's (“**Virgin Australia**”) voluntary administration. Five of the 13 aircraft originally leased to Virgin Australia have already been re-marketed. Avation is actively marketing the remaining eight aircraft and has seen an increase in interest for these aircraft recently, as airlines restart operations as the COVID-19 pandemic recedes. Avation's claim for losses against Virgin Australia is US\$73 million. Virgin Australia's administrators have advised an expected distribution of 9.5-13 cents per dollar for unsecured claims, which are due to be adjudicated by 17 August 2021.

**COVID Trading Update**

At the outset of the COVID-19 pandemic, Avation instituted a programme of support for its airline customers, offering short-term interest-bearing deferrals for portions of their rent in the form of loans. The cashflow impact of this support programme has been mitigated by adjusting the amortisation profiles of related financings with the agreement of lenders and a US\$10.5 million equity raise in March 2021.

At the current date, Avation has provided support to 14 airline customers with agreements to defer a total of US\$25.9 million of rent. The impact on cashflow has been mitigated by secured lenders agreeing to reschedule US\$32.7 million of loan amortisation payments. At today's date, 13 airline customers are being charged normal monthly rents.

Revenue collection has been challenging due to the severe disruption to airline cashflows caused by the COVID-19 pandemic. For the quarter ended 31 March 2021, the Company

achieved an overall cash collection rate of approximately 71% across all its leases. This represents an increase over the six-month period to 31 December 2020 which saw a cash collection rate of 64%. Revenue and other income to 31 March 2021 totalled US\$91.0 million.

### **Liquidity and Indebtedness**

The Company continues to manage its liquidity position carefully and aims to match the tenor and cash flow profile of its financing arrangements with the tenor and cash flow profile of related leases. As of 31 March 2021, the Company had total cash and bank balances (including restricted cash) of US\$122.4 million, compared to US\$117.6 million as of 31 December 2020.

The Company has seen an improvement in cashflow in the three month period ended 31 March 2021 compared with that of the first half to December 2020.

At 31 March 2021, net indebtedness was reduced to US\$988.1 million from US\$1,039.7 million as at 31 December 2020. Total Assets equalled \$1,347.4 million and total debt equalled \$1,177.9 million at 31 March 2021.

Over the coming months, the Company expects to receive a distribution from its claims against Virgin Australia (as described above) and is also actively re-marketing a number of aircraft for sale or lease. Avation expects to manage its liquidity, as it has done historically, through a combination of aircraft sales and issuing new secured debt and/or equity. To support customers Avation may seek further deferrals of loan amortisation payments where collection for the related aircraft are not sufficient to cover existing debt service.

### **Full Year Results**

It is expected that the Company will release its full year results on 30 September 2021.

### **Executive Chairman, Jeff Chatfield, said:**

“The Executive team have worked tirelessly with the airline customers to manage the collection of revenue as well as remarketing returned aircraft. Rent collections have improved compared with the prior half year. The Company has continued to reduce leverage by lowering net debt by US\$51m in the quarter ending Mar 31, 2021. Management is optimistic that as the pandemic recedes the Company will be well situated to take advantage of the recovery in the airline industry.”

*ENDS-*

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Avation welcomes shareholder questions and comments and advises the email address is: [investor@avation.net](mailto: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](http://www.avation.net).