

Via RNS and SGXNET

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

**TRADING UPDATE**

Avation PLC (LSE: AVAP) provides the following trading update (unaudited) as of 30 June 2021.

**Commercial Aircraft Fleet**

As of 30 June 2021, Avation's commercial aircraft fleet totals 44 aircraft. Avation's fleet is leased to 19 commercial airlines in 15 countries including seven flag carriers. Avation owns 28 long-term purchase rights over ATR72 aircraft.

The weighted average age of the aircraft fleet on 30 June 2021, was 5.1 years, the weighted average remaining lease term was 6.2 years and the total future minimum lease payments receivable under non-cancellable leases was approximately US\$717 million (unaudited). Avation owned three unencumbered aircraft on 30 June 2021.

**Fleet Valuation Review**

COVID-19 has had a materially detrimental impact on aircraft valuations and the airline industry. Following an impairment review as of 30 June 2021 in accordance with its accounting policies, Avation will revalue its fleet resulting in a net diminution in book value. The diminution in book value is spread across turboprop, narrowbody and widebody aircraft and results from applying a conservative approach to the valuation of the fleet. The net impact of the valuation review will be to reduce the book value of the fleet by approximately \$32 million (unaudited). This will negatively impact the Company's financial results for the year ended 30 June 2021. However, the Company is confident that these impairments will bracket the impact of COVID-19, as evidence in the marketplace suggests that aircraft valuations have started to recover. The widespread rollout of vaccination programmes has resulted in a rapid recovery in regional and domestic air travel. Avation's view is that, should this trend continue, it may lead to a future recovery in the airline industry and aircraft valuations.

**Cash Position and Deleveraging**

As of 30 June 2021, Avation had total cash and bank balances (including restricted cash) of US\$122.3 million (unaudited), compared to US\$117.6 million as of 31 December 2020. Furthermore, during the six-month period from 1 January 2021 to 30 June 2021 the Company has reduced its gross loan balances by \$59 million (unaudited) by repaying aircraft loans.

**Results Release**

The Company expects to release its full year results on 30 September 2021.

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

“The Company is optimistic of a return to profits in the future when the pandemic recedes and as the market recovers. It is our opinion that aircraft valuations will trend upwards as flying recovers. The Company both improved its cash position and significantly lowered its debt during the second half of the financial year.

“The Company has conducted an impairment review in accordance with its accounting policies and taken a conservative approach to valuing its fleet. Passenger traffic is returning rapidly as the global vaccination rollout provides support for a return to air travel. Management believes that should the demand for air travel continue to return to pre-pandemic levels aircraft valuations are likely to recover in the future. We are confident that impairments resulting from COVID-19 have been fully captured and conservatively accounted for, thus enabling the opportunity for the Company to progress to a post-pandemic return to profit in future.”

*ENDS-*

Enquiries:

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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).