

avation PLC



Financial Year 2015 - Investor Update

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Presented by:

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Forward Looking Statements



Cautionary Disclaimer Regarding Forward Looking Statements

This presentation contains certain “forward-looking statements”. Forward-looking statements may be identified by words such as “expects,” “intends,” “anticipates,” “plans,” “believes,” “seeks,” “estimates,” “will,” or words of similar meaning and include, but are not limited to, statements regarding the outlook for Avation’s future business and financial performance. Forward-looking statements are based on management’s current expectations and assumptions, which are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Actual outcomes and results may differ materially due to global political, economic, business, competitive, market, regulatory and other factors and risks. Further information on the factors and risks that may affect Avation’s business is included in Avation’s regulatory announcements from time to time, including its Annual Report and Half Year Results announcements. Avation expressly disclaims any obligation to update or revise any of these forward-looking statements, whether because of future events, new information, a change in its views or expectations, or otherwise.

2015 Highlights



Revenue Growth

- Total fleet increased to 29 aircraft
- Leasing revenue increased 17% of US\$56.9 million
- Lease yield 13.1%

Net Income

- Net profit after tax of \$13.3 million
- EPS of 24.1 cents per share
- Improved leasing business fundamentals

Dividend

- Dividend increase of 49% to 3.0 cents per share

Other Highlights

- First \$100 million tranche under \$500 million unsecured Global Medium Term Note
- First sale and leaseback signed with airline for new aircraft

Aircraft Leasing Industry

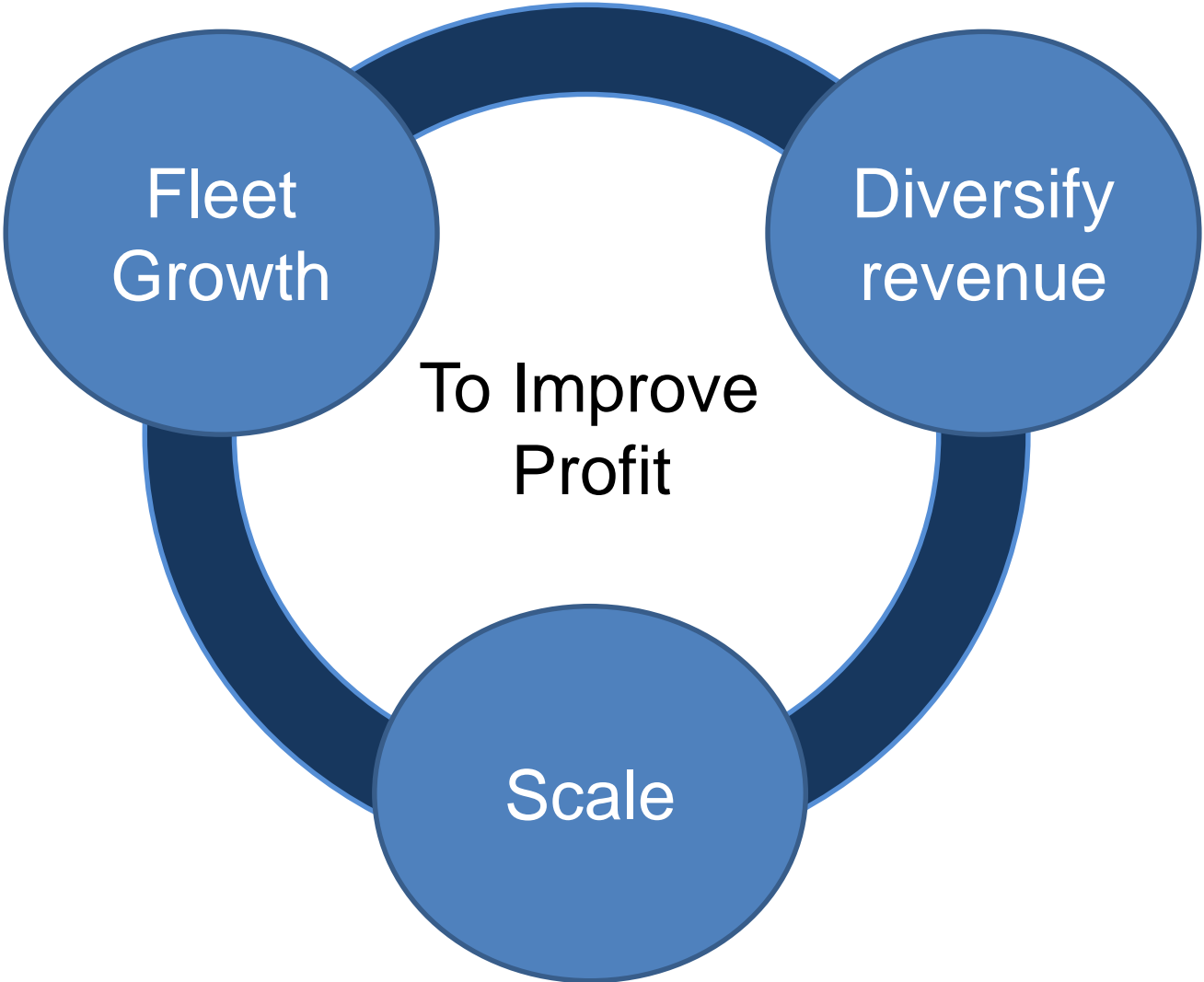
- Trend towards 1 in 2 aircraft being owned by lessors
- Lessors intrinsic in the aircraft delivery cycle

Global Passenger Traffic

- IATA forecast increase of 6.7% in 2015
- Airline load factor of +80%

Airline Profitability

- IATA forecast record year for 2015
- Highest net profit margin achieved in 2015



Leasing Business Fundamentals



Summary (US\$ millions)	2015	2014	Growth
Lease revenue (A)	56.9	48.7	17%
Lease Yield	13.1%	13.3%	
Interest Expense (B)	17.3	15.6	11%
Interest Expense/Lease Revenue (B/A)	30.4%	32.0%	
Administration Expense (ex warrant expense) (C)	6.9	7.0	(1%)
Administration Expense/Lease Revenue (C/A)	12.1%	14.3%	
Leasing Cash Operating Margin (A-B-C)	32.7	26.1	25%
Cash Operating Margin/Revenue (A-B-C)/A	57.5%	53.7%	

Fleet Overview (as at 31 August 2015)

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Aircraft Type		Fleet	Ordered	Options
ATR 72-600		13	9	22
ATR 72-500		6	-	-
A321-200		3	2	-
A320-200		2	1	-
Fokker 100		5	-	-
Total		29	12	22

Avation fleet is 100% utilised as at 30 June 2015

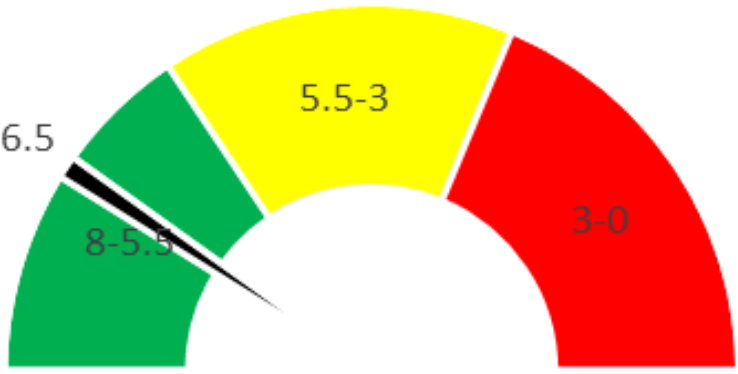
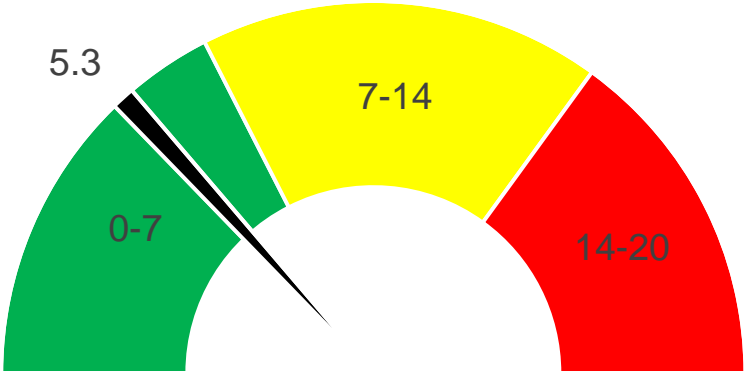
Fleet Metrics



Financial Years	2013	2014	2015
Fleet (at end of financial year)	23	25	29
Fleet additions (net)	8	2	4
Weighted average fleet age	6.0 yrs	6.1 yrs	5.3 yrs
Weighted average lease term	6.6 yrs	7.1 yrs	6.5 yrs

Weighted average age of fleet (years)

Average remaining lease term (years)



Financial Year 2016 Acquisition Status

- 7 new ATR 72-600 turboprop aircraft
 - 5 committed to Flybe (6+6 year leases)
- 2 new Airbus A321 jets sale & leaseback
 - Thomas Cook (12 year leases)
- 1 Airbus A320 jet on lease to Air France
 - acquisition to be completed
- Total identified aircraft acquisition cost ~ US\$ 280 million

Financial Overview



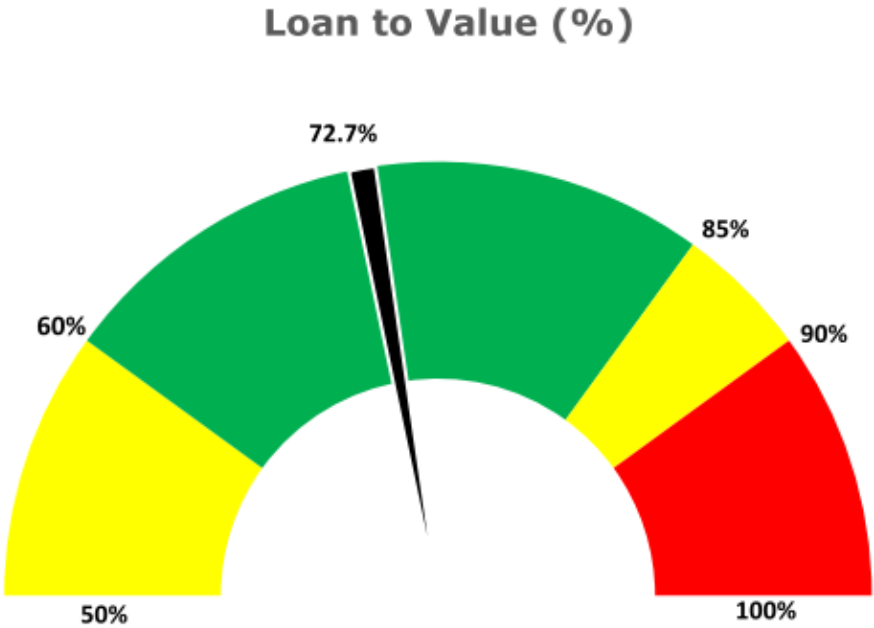
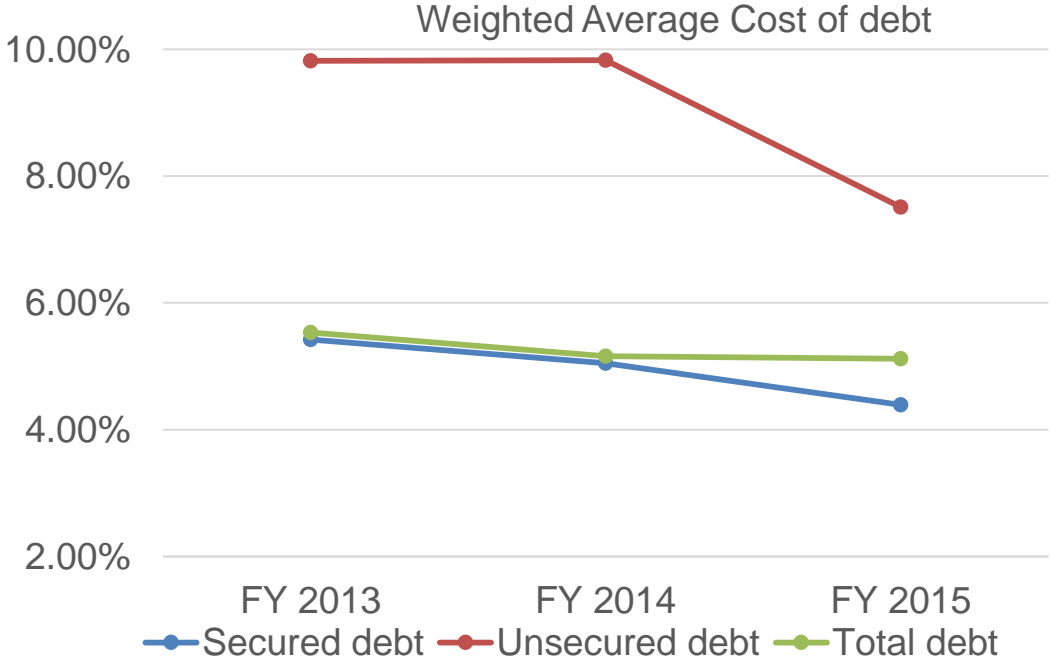
Profit & Loss Summary (US\$ millions)	2015	2014	Growth
Lease revenue	56.9	48.7	17%
Other income	3.2	3.4	
(Loss)/Gain on sale of aircraft (A)	(1.9)	2.8	
Depreciation expense	(17.8)	(14.6)	22%
Finance expense (includes Finance income)	(18.1)	(16.6)	9%
Administration expense	(7.2)	(7.0)	3%
Other expense	(0.8)	-	
Tax	(1.0)	(2.5)	
Net profit after tax	13.3	14.3	(7%)

A. Includes Gain/(Loss) from discontinued operations

Debt Analysis



As at 30 June	2015	2014
Net Indebtedness	317.7	257.8
Weighted Average Costs of Debt	5.1%	5.2%
Weighted Average Costs of Secured Debt	4.4%	5.0%
Net Debt/Equity	2.5	2.3
Debt/ Total Assets	72.7%	67.6%



Key Ratios



Comparative Ratios	2015	2014
Lease Yield (A)	13.1%	13.3%
Adjusted Interest Expense (B)	4.9%	5.7%
Adjusted Net Margin (A – B)	8.2%	7.5%
Administrative Expense/ Lease Revenue	12.6%	14.3%
Adjusted Pretax core RoE (ex Trading) (C)	12.3%	11.1%
Leasing Cash Operating Margin	57.5%	53.7%
Credit Ratios		
Net Debt/EBITDA (D)	6.3	5.3
EBITDA/Interest Expense	2.9	3.1

- A. Lease yield = Lease revenue/ Property Plant & Equipment
- B. Adjusted Interest Expense = Interest expense/ Average Loans & Borrowings
- C. Adjusted Pretax core RoE = (Lease revenue – Admin Expense – Interest Expense – Depreciation Expense)/ Average Equity
- D. EBITDA = Profit before tax + Finance Expense + Depreciation Expense

Summary

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Strong Business Fundamentals

Transformed Capital Structure

Strong Fleet Age & Lease Term Profile

Positioned for Growth, Scale and Diversification

Experienced Management

Question & Answer Section

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