

avation PLC

LSE: AVAP



1st Half Financial Year 2017 Results Presentation

16 February 2017

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1st Half Financial Year 2017 Results Summary

avation

Lease Revenue

US\$45.1 million

+43% YoY

Operating Profit (EBIT)

US\$27.6 million

+54% YoY

Total Profit after Tax

US\$7.4 million

+54% YoY

Earnings per Share

US 12.9 cents

+46% YoY

Operating Cashflow

US\$31.1 million

+65% YoY

Total Assets

US\$969.4 million

+53% YoY

1st Half Financial Year 2017

Operational Highlights



Growth, Diversification and Renewal

- Five new A321 aircraft delivered, three aircraft sold
- VietJet sale & leaseback delivery programme completed
- Five oldest aircraft in fleet (Fokker 100) converted to finance lease

Fleet metrics

- Weighted average fleet age decreased to 2.8 years
- Weighted average lease term increased to 7.8 years
- Fleet utilization at 100%

Funding

- GMTN unsecured debt provided capital for fleet growth
- Ratings upgrade December 2016: S&P rating B+, Outlook Stable; Senior Unsecured Notes B

Profitability Review



Operating Profit Margin

61%

Growth: 4%

Administrative Expense

\$3.9 million

Growth 6.2%

Average Cost of Debt*

4.9%

HY 2016: 4.9%

Profit Before Tax

\$8.4 million

Growth 51%

Administrative Expense/ Lease Revenue

8.7%

HY 2016: 11.8%

Average Cost of Secured Debt*

4.5%

HY 2016: 4.2%

* Weighted average as at 31 December 2016

Aircraft Leasing Industry

- Trend towards 1 in 2 aircraft being owned by lessors
- Lessors are a key source of aircraft finance
- Over 39,000 new aircraft projected to be delivered by 2035¹

Global Passenger Traffic

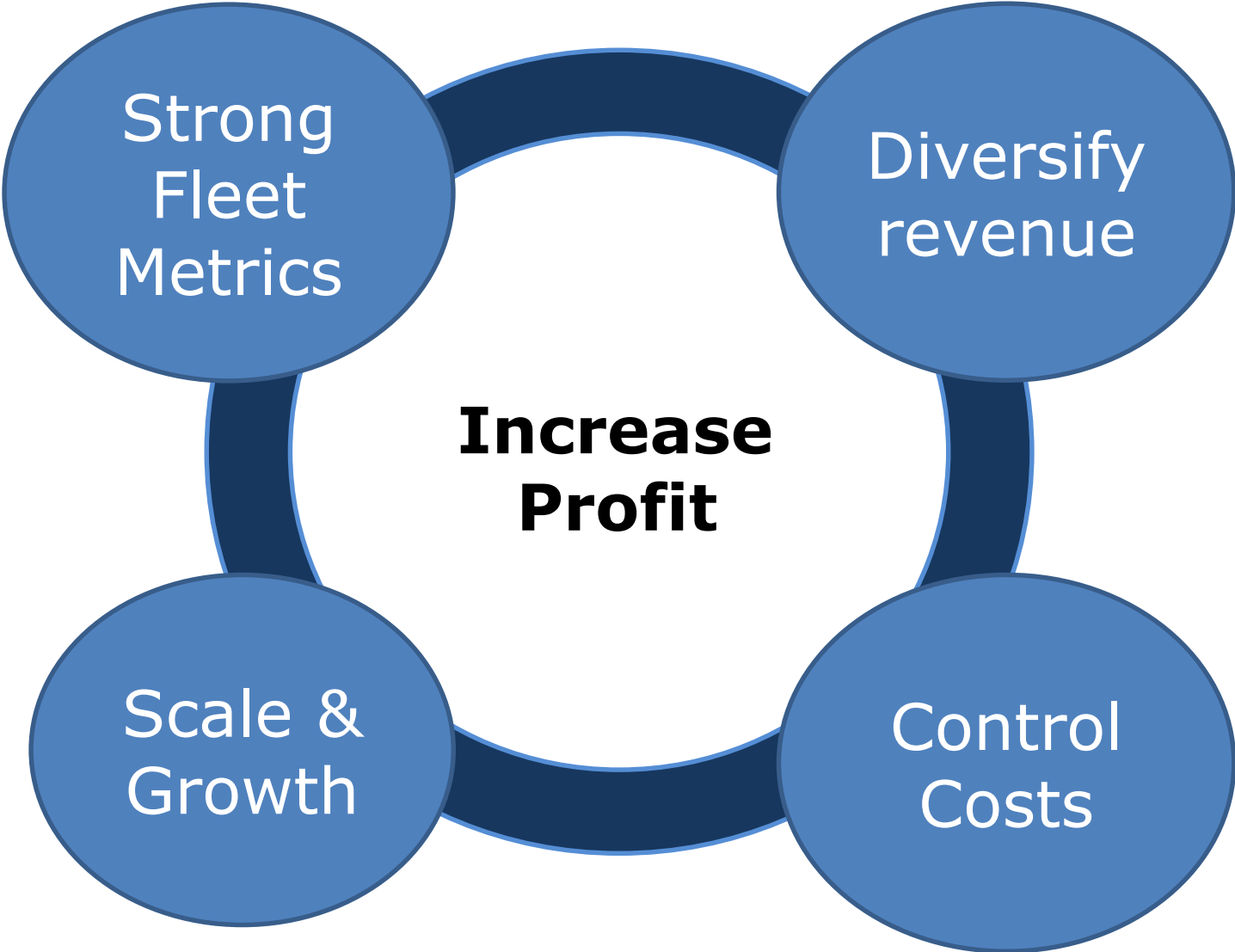
- Passenger growth year on year of 6.3% in 2016²
- Airline average load factors at record 80.5%²

Airline Profitability²

- IATA forecasts record industry profit for calendar year 2016

1. Source: Boeing 2016 Market Update

2. Source: IATA 2016 December Report

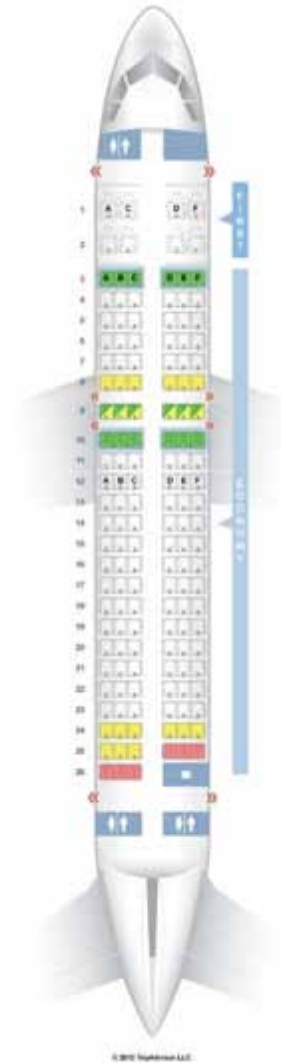


Avation is:

- Narrowbody commercial aircraft lessor
- Asia-Pacific and Europe focus
- World's second largest lessor of ATR aircraft by number ordered
- US\$ revenue, assets and dividend
- Focused on fuel efficient aircraft

Avation is not:

- Exposed to widebody aircraft
- Overly exposed to a speculative order book

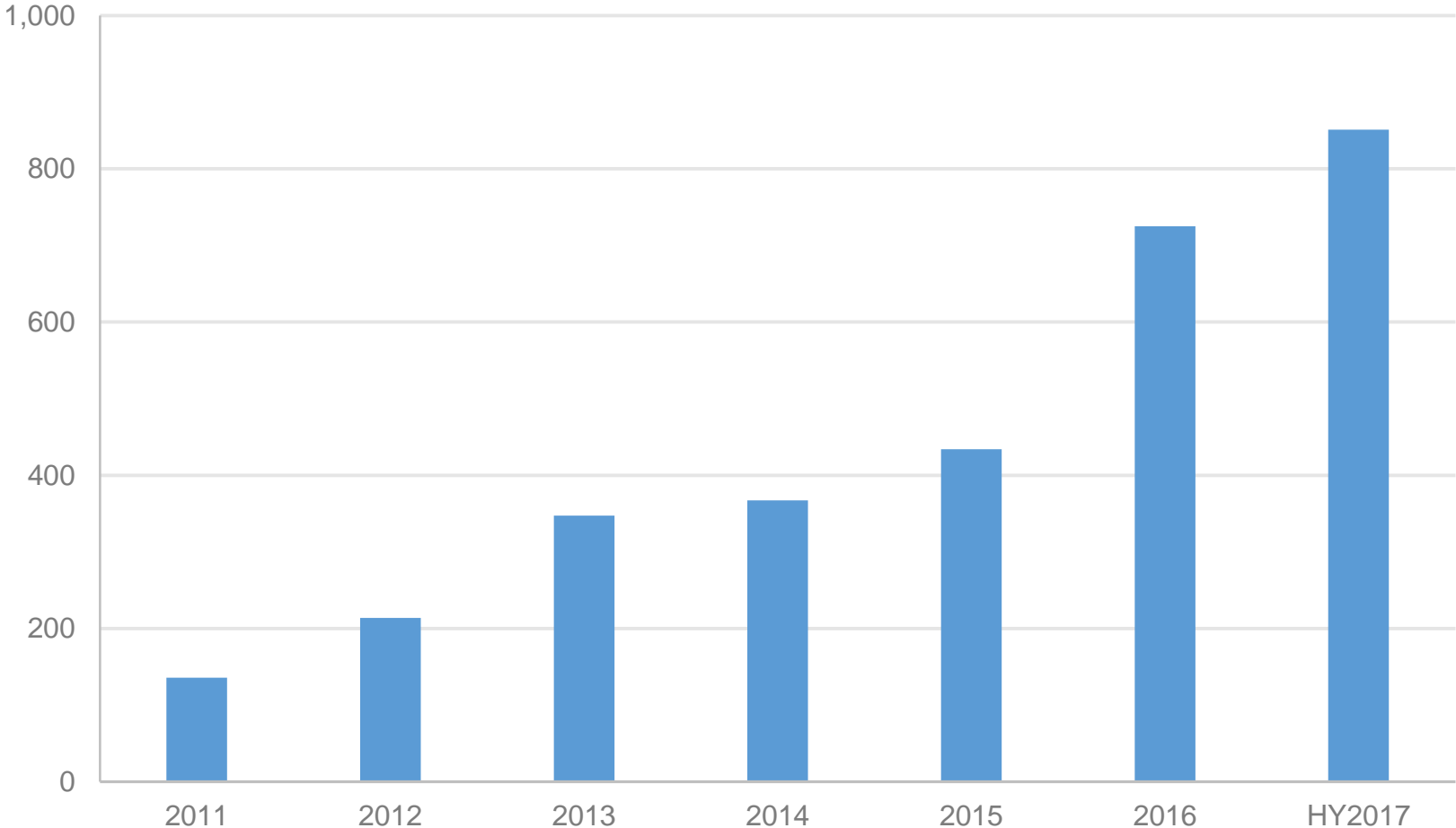


Fleet Overview (at 16 February 2017)

| Aircraft Type | Fleet | Orders | Options |
|--|-----------|----------|-----------|
| ATR 72-600  | 18 | 9 | 27 |
| ATR 72-500  | 6 | - | - |
| A321-200  | 8 | - | - |
| A320-200  | 3 | - | - |
| Fokker 100  | 5 | - | - |
| Total | 40 | 9 | 27 |

100% utilisation as at 16 February 2017

Fleet assets (US\$m)



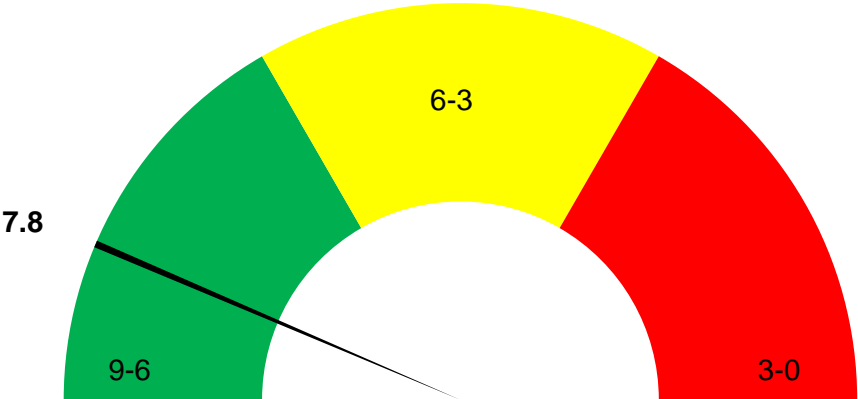
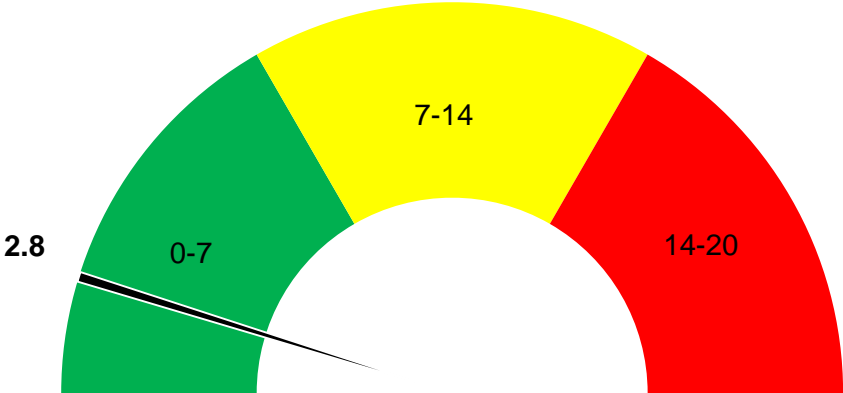
Fleet Metrics



| Period | FY 2014 | FY 2015 | FY 2016 | HY 2017 |
|-----------------------------|---------|---------|---------|---------|
| Fleet | 25 | 29 | 38 | 40 |
| Fleet additions (net) | 2 | 4 | 9 | 2 |
| Weighted average fleet age | 6.1 yrs | 5.3 yrs | 4.2 yrs | 2.8 yrs |
| Weighted average lease term | 7.1 yrs | 6.5 yrs | 6.8 yrs | 7.8 yrs |

Weighted Average Age of Fleet (years)

Weighted Average Remaining Lease Term (years)



Profit & Loss Summary

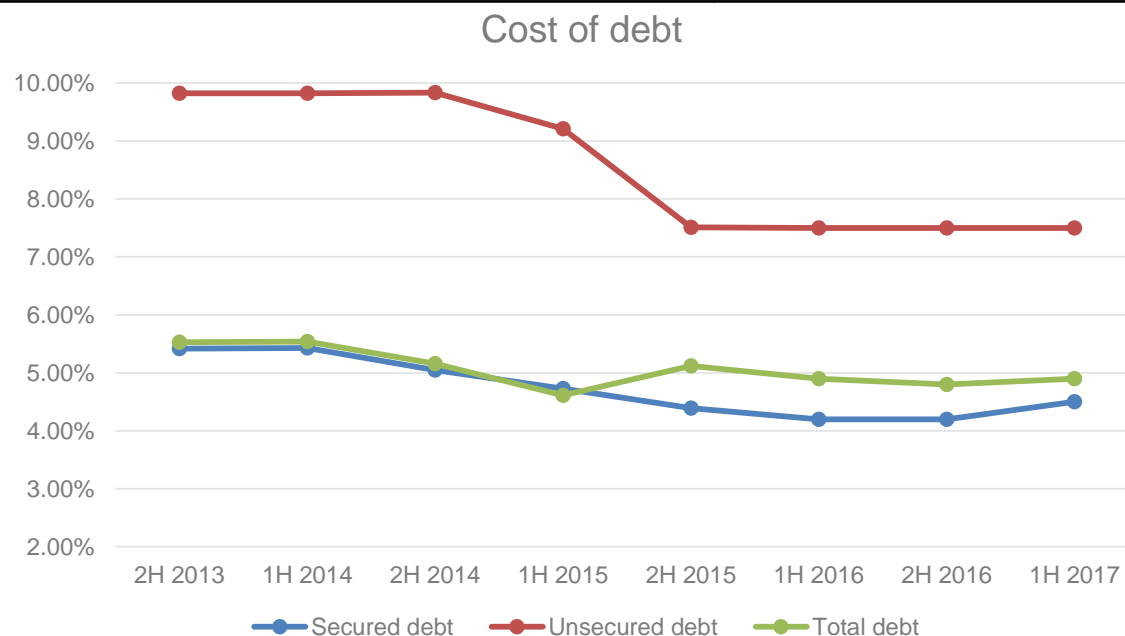


| Profit & Loss Summary (US\$ million) | HY2017 | HY2016 | Growth |
|--------------------------------------|-------------|-------------|------------|
| Lease revenue and Other income | 45.6 | 31.5 | 45% |
| Depreciation expense | (15.9) | (10.1) | 58% |
| Gains on sale (net of impairment) | 2.0 | 0.3 | |
| Administrative expense | (3.9) | (3.7) | 6% |
| Other expenses | - | (0.1) | |
| Operating Profit/EBIT | 27.6 | 17.9 | 54% |
| Finance expenses | (19.7) | (13.1) | 50% |
| Finance income | 0.5 | 0.7 | |
| Profit before tax | 8.4 | 5.6 | 51% |
| Tax | (1.0) | (0.8) | |
| Total profit after tax | 7.4 | 4.8 | 54% |

Debt Analysis



| | HY2017 | HY2016 |
|--|--------|--------|
| Net Indebtedness (US\$ million) | 689.3 | 409.5 |
| Weighted Average Cost of Debt | 4.9% | 4.9% |
| Weighted Average Cost of Secured Debt | 4.5% | 4.2% |
| Proportion of Fixed Interest Rate Debt | 95.7% | 85.9% |



Key Ratios



| Comparative Ratios | HY2017 | HY2016 |
|--------------------------------------|--------|--------|
| Book Value per Share (A) | \$3.10 | \$2.20 |
| Administrative Expense/Lease Revenue | 8.7% | 11.8% |
| Credit Ratios | | |
| Debt/Total Assets | 76.0% | 75.8% |
| Average Net Leverage (B) | 3.1 | 2.7 |
| Debt/EBITDA (C) | 8.5 | 8.5 |
| EBITDA/Interest Expense | 2.4 | 2.3 |

A. BV/Share = Net Equity/Shares on Issue

B. Average Net Leverage = Average Net debt/ Average Equity

C. Debt/EBITDA = Average Debt/(Profit before tax + Finance Expense + Depreciation Expense)

Strong Financial Results

Steady Growth

Leading Fleet Metrics

Cost Control & Improved Profits

Experienced Management

ATR options and access to additional aircraft

Question & Answer Section

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