

## **AVATION PLC**

### **TURBO-PROP PORTFOLIO**

Avation PLC (LSE: AVAP, "Avation" or the "Company"), the commercial passenger aircraft leasing company, announced on 26 October 2016 that it had received an expression of interest to purchase a portfolio of 22 ATR 72 aircraft. With the assistance of a financial adviser the Company ran a global process to consider the proposal and benchmark alternative bids associated with the potential sale of such a portfolio.

The Company carefully considered the process for the sale of the portfolio. It was pleased to receive eight offers for all or parts of the portfolio. In reviewing the offers, the Company considered the consequential impact on revenues of the business, the impact to the Company's credit ratings, lessee diversification and concentration, the potential for redeployment of the sale proceeds and other factors.

After due and careful consideration, the Company has decided that the optimal commercial outcome is a sale of a smaller portfolio of aircraft. The Company is currently in discussion with a single commercial lessor for a proposed sale of six existing leased ATR 72 aircraft. The Company has executed a conditional letter of intent with the proposed purchaser which has made a \$3 million cash deposit, refundable in the event of non-completion. The transaction is expected to close prior to the end of June 2017 with an economic closing date of 7 of April 2017. The transaction is subject to entering into definitive sale documentation and the usual conditions of transactions of this type, including the purchaser novating debt finance and technical inspections.

Assuming the transaction completes, as it remains conditional, the outcome is at a price above the Company book value for these aircraft and releases approximately \$31 million in net proceeds to the Company after transaction costs and debt repayment. The Directors will carefully consider the redeployment of proceeds through the acquisition of a diversified portfolio of leased aircraft.

The Company may pay a dividend in the ordinary course of business associated with the Company's year-end. There is no special dividend under consideration in relation to this transaction.

Executive Chairman Jeff Chatfield said "This was an extremely positive process for the Company, eight existing and new lessors were interested in part or all of the ATR portfolio. Many of these bidders offered to pay cash above book value. But, in our view selling such a large proportion of our fleet would reduce revenues too dramatically. Aircraft valuations remain high, with a rush of new liquidity into the aircraft lessor market. The efficient redeployment of the proceeds from the sale of 22 aircraft would therefore be challenging in the current aircraft pricing environment. In our view the exercise did validate the Company aircraft valuations and verified our business model.

"In electing to sell six aircraft, we expect to release approximately \$31 million in equity (before costs), which can then be leveraged. We are confident the proceeds can be redeployed in a sensible manner in the near term.

"The Company remains extremely confident in the ATR aircraft which is the leading turboprop in the world with about 85% global market share. The Company has three ATR-72s to place in 2017 and a further six in future years with 27 additional options over new aircraft. The Company plans to continue to invest in ATR-72s in addition to jet aircraft. Avation PLC is in net growth mode in 2017 and is actively seeking airline sale and lease backs along with secondary trade transactions with other lessors."

*-ENDS-*

More information on Avation can be seen at: [www.ovation.net](http://www.ovation.net)

**Enquiries:**

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*Notes to Editors:*

Avation PLC is a commercial passenger aircraft leasing company, owning and managing a fleet of 40 jet and turboprop aircraft which it leases to airlines across the world. The Company's customers include Air France, Air Berlin, Air India, Condor, Flybe, Fiji Airways, Thomas Cook, Virgin Australia, UNI Air and Vietjet Air.