

Via RNS and SGXNET

AVATION PLC
("Avation" or "the Company")

CHAIRMAN'S AGM ADDRESS AND TRADING UPDATE

Trading Update

Avation PLC (LSE: AVAP), the commercial passenger aircraft leasing company advises that the Annual General Meeting being held today in Singapore includes a Trading Update. Mr Jeff Chatfield, Executive Chairman, provides the following commentary:

The purpose of this statement is to provide investors with an update on current operations for the half-year financial period commencing 1 July 2020.

Avation produced satisfactory results in the year ended 30 June 2020, notwithstanding the ongoing global pandemic. Lease revenue increased by 14% to US\$135.3 million. In a challenging year, we were able to maintain profitability with profit before taxation of US\$14.7 million.

Fleet Update

At the current date, Avation's fleet totals 46 aircraft. Avation's customers include 19 airlines in 15 countries. The average age of the fleet is 4.5 years and the average remaining lease term is 6.5 years.

Investors are advised that finance leases for two Fokker F100 aircraft completed since 1 July 2020 and ownership of the aircraft has been transferred.

Operational Update

At the outset of the COVID-19 pandemic, Avation instituted a programme of support for its airline customers by agreeing to defer payment of a portion of their rent in the short-term. The cashflow impact of this support programme has been mitigated by adjusting the amortisation profiles of related financings with the agreement of lenders.

As at the current date, Avation has provided support to 14 airline customers with agreements to defer a total of \$13.7 million. The Company has mitigated this impact on cashflow with secured lenders agreeing to reschedule \$26.5 million of loan amortisation. As at today's date, seven airline customers have returned to normal monthly rental levels.

Since 1 July 2020, Avation's airline customers have begun to return to service with airlines representing over 79% of unearned contracted revenue flying at greater than 50% of pre-COVID levels. The travel, airline and aircraft leasing sector remains challenged, even at these levels of return to service.

Debtor collection has been challenging during the year due to the severe disruption to airline cashflows and Avation has had to monitor and work closely with airlines to ensure operational cashflow is maintained.

Philippine Airlines

Avation's customer Philippine Airlines (PAL) has recently announced that it is seeking to restructure the airline. At this point, Avation understands that PAL intends to maintain the use of the Boeing 777-300ER aircraft on lease from Avation for the remaining term of the lease. PAL's restructure will see an adjustment to the lease rate and may result in an impairment in the value of this aircraft in the financial results for the period ended 31 December 2020.

Avation Capital S.A. Senior 6.5% Notes Maturing May 2021 (the "Notes")

The Company has engaged PJT and DLA Piper to discuss with an Ad Hoc Group of bondholders and their counsel with the aim of obtaining an extension to maturity of the bonds of between two and five years. If an extension is achieved, we expect it could include increased cash or non-cash yield, payment of an up-front fee and, potentially, enhanced covenant or other restrictions. The Company has been informed by the Ad Hoc Group's legal advisors that it comprises holders of the Notes holding a sufficient percentage of the Notes to implement any transaction to extend the maturity of the Notes. We cannot guarantee that discussions will achieve this result and stand ready to explore all alternatives.

Outlook

COVID-19 continues dominate the industry and Avation expects there will be some continuing work to do to support airlines as the challenges facing the sector will remain for an extended period even with the successful roll out of vaccines for COVID-19 commencing around the world. Avation is optimistic about the medium term opportunity for air travel particularly the turboprop and narrow-body aircraft sectors. The Company will position itself for a return to growth through opportunistic purchases and delivery of its orderbook in a post-pandemic environment.

Executive Chairman Jeff Chatfield said: "Avation's team has been managing airlines, bankers and finances on a daily basis in the duration of COVID-19. We have an opinion that air travel passenger movements will exceed previous levels when a treatment or vaccine is deployed, and passengers perceive air travel to be safe. Therefore, post COVID-19 we remain optimistic and expect significant opportunities for a rapid return to growth."

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Enquiries:

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Avation welcomes shareholder questions and comments and advises the email address is: 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 .