

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

**UNAUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 30 JUNE 2020**  
**AND INTERIM MANAGEMENT STATEMENT**

Avation PLC (LSE: AVAP), the commercial passenger aircraft leasing company, announces preliminary unaudited financial results for the year ended 30 June 2020.

**Key Financial Results**

- Revenue increased 14% to a record \$135.3 million;
- Unrealised gain on aircraft purchase rights of \$27.1 million recognised;
- Cash and bank balances increased 7% to \$114.6 million;
- Impairment losses of \$35.5 million recognised, reflecting the COVID-19 pandemic, industry and customer disruption;
- Profit before taxation decreased 43% to \$14.6 million, in challenging conditions; and
- Net cash from operating activities increased 20% to \$88.5 million.

**Operational Highlights**

- Two aircraft were repossessed from Thomas Cook and transitioned to VietJet;
- Three new ATR72-600 aircraft were acquired during the year;
- Three Fokker 100 aircraft were transferred to the lessee on completion of finance leases;
- First ever commercial aircraft financed with a Green loan – recognised by Airline Economics as “Deal of the Year for Innovation”; and
- Ongoing management of exposure to Virgin Australia administration with transition of five of 13 aircraft on lease to date.

**COVID-19 Strategy**

- The Company has implemented a strategy to preserve liquidity and cashflow;
- Short-term rent deferrals totalling approximately \$13.1 million granted to airline customers;
- Loan repayment deferrals totalling approximately \$24.4 million obtained from secured lenders; and
- The Company has elected to temporarily pause capital expenditure and dividends.

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

“Avation has posted a satisfactory result in a volatile environment. Avation is profitable in a challenging time for both the airline and aircraft leasing sector.

“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. Since the start of the pandemic the Company has also reduced administration costs and has instituted a temporary pause on capital expenditure with the goal of preserving liquidity.

“The Company believes that airlines will require significant number of leased aircraft in the post pandemic phase due to the vast number of older aircraft that have been retired and the impact of the pandemic on airline balance sheets, reducing their ability to purchase aircraft directly. This supports the Company strategy of being focussed on relatively new and popular commercial aircraft types.

“The Company is fortunate that some of its largest customers are in countries where there has been a brief or manageable impact from the pandemic. We are now observing a return to service of certain customers including VietJet, airBaltic, EVA Air and Mandarin Airlines which combined represent of the order of 60% of Avation’s future unearned contracted leasing revenue.

“Avation is optimistic about the long-term opportunity for airline 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 ”

## Financial Highlights and Analysis

	30 June 2020 US\$ 000's	30 June 2019 US\$ 000's	Change
Revenue	135,274	119,055	14%
Depreciation	(46,666)	(41,011)	14%
Administrative expenses	(11,913)	(10,954)	9%
Other income and expenses, net	(1,150)	49	
<b>Operating profit excluding Unrealised gain on purchase rights, Gains on disposal and Impairment loss on aircraft</b>	<b>75,545</b>	<b>67,139</b>	13%
Finance income and expenses, net	(55,721)	(51,606)	8%
<b>Profit before tax excluding Unrealised gain on purchase rights, Gains on disposal of aircraft and Impairment loss on aircraft</b>	<b>19,824</b>	<b>15,533</b>	28%
Unrealised gain on aircraft purchase rights	27,110	-	
Gains on disposal of aircraft	3,230	10,026	
Impairment loss on aircraft	(35,524)	-	
<b>Profit before taxation</b>	<b>14,640</b>	<b>25,559</b>	(43%)
Taxation	(4,924)	132	
<b>Profit after tax</b>	<b>9,716</b>	<b>25,691</b>	(62%)
EPS	15.4 cents	40.3 cents	(62%)
Dividend per share	10.6 cents	9.25 cents	15%
Fleet assets (1)	1,242,176	1,269,682	(2%)
Total assets	1,415,584	1,392,750	2%
Cash and bank balances	114,585	107,448	7%
Net asset value per share (US\$) (2)	\$3.53	\$3.74	(6%)
Net asset value per share (GBP) (3)	£2.86	£2.95	(3%)

1. Fleet assets are defined as property, plant and equipment plus assets held for sale plus finance lease receivables.

2. Net asset value per share is total equity divided by the total number of shares in issue, excluding treasury shares, at period end.

3. Based on GBP:USD exchange rate as at 30 June 2020 of 1.23 (30 June 2019 : 1.27)

## Aircraft Fleet

Aircraft Type	30 June 2020
Boeing 777-300ER	1
Airbus A330-300	1
Airbus A321-200	7
Airbus A320-200	2
Boeing 737-800	1
Airbus A220-300	6
Fokker 100	2
ATR 72-600	22
ATR 72-500	6
<b>Total</b>	<b>48</b>

At June 30, Avation's fleet comprised 48 aircraft, including seven aircraft on finance lease. The weighted average age of the fleet is 4.1 years (2019: 3.4 years) and the weighted average remaining lease term is 6.9 years (2019: 7.5 years).

Fleet assets decreased 2% to \$1,242.2 million (2019: \$1,269.7 million). Three ATR72-600 aircraft were added to the fleet in the period. Three Fokker 100 aircraft were transferred to the lessee airline upon completion of their finance leases. Narrowbody aircraft make up 47.5% of the fleet as at 30 June 2020.

Avation has orders for eight additional ATR 72-600 aircraft and has purchase rights for a further 25 aircraft.

### **Airline Customers in Administration (update as of 23 October 2020)**

Avation had two airline customers (Virgin Australia and Braathens) subject to insolvency administrations as of the end of the reporting period.

#### Virgin Australia

Avation had a total of 13 aircraft on lease to Virgin Australia when it entered administration. These included six ATR72-500 aircraft, five ATR72-600 aircraft and two Fokker 100 jet aircraft. Since the commencement of administration, Avation has entered into new lease arrangements for five of these aircraft, including finance leases for the sale of the two Fokker 100 aircraft, operating leases for two ATR72-500s with a new airline customer in Australia and a five year operating lease for an ATR72-500 aircraft with a new airline customer in Asia.

The three remaining ATR72-500s have been returned to Avation and are now undergoing maintenance in preparation for re-marketing for lease or sale. The Administrator has also commenced the return of the five ATR72-600 aircraft. Avation is now seeking to reposition or sell a total of eight ATR72 aircraft. The total secured debt outstanding against these eight aircraft amounts to US\$30.7 million.

The majority of the Company's claim against Virgin Australia consists of outstanding rent and end-of-lease return maintenance compensation. Avation's preliminary proof of debt claim against Virgin Australia amounts to US\$74.7 million. On 25 August 2020, the Administrator released a report to creditors which provided guidance that the estimated return to unsecured creditors will be 9%-13% of the amount owed with payment expected prior to 30 June 2021.

#### Braathens

Avation had two ATR72-600 aircraft on lease to Braathens when it entered administration. The airline has now successfully exited administration and restarted operations. Avation has agreed new lease terms with the airline including extensions in lease duration from 10 to 12 years. The Company has also negotiated adjustments to the amortisation profiles of the related financings with the senior lender to reflect the revised lease terms. Avation is optimistic of maintaining a profitable customer relationship with Braathens in the event that airline is able to maintain the current lease terms.

### **Recognition of Purchase Rights**

The Company holds Purchase Rights to acquire 25 additional aircraft under its contract with ATR. In December 2019, the Company changed its business model for Purchase Rights by recognising that it holds excess Purchase Rights over and above the Company's requirement to acquire additional ATR aircraft for its fleet. The Company will seek to dispose of excess Purchase Rights from time to time when market conditions are favourable. In recognition of this change in business model, the Company recognised the Purchase Rights at fair value through profit or loss in the financial statements.

Purchase Rights for 25 ATR72-600 aircraft, represent a material source of growth for Avation and potential value for shareholders. Fair values for Purchase Rights were determined by the Company based on an independent third-party valuation of the aircraft delivery positions. The recognition of this asset on the balance sheet has generated an unrealised gain of \$27.1 million. Purchase Rights are subject to revaluation through profit or loss at each future balance sheet date.

## Debt summary

	<b>30 June 2020</b>	<b>30 June 2019</b>
	<b>US\$000's</b>	<b>US\$000's</b>
Loans and borrowings	1,071,738	1,078,288
Unrestricted cash and bank balances	35,290	61,689
Net indebtedness (1)	1,036,448	1,016,599
Debt to assets (2)	75.7%	77.4%
Weighted average cost of secured debt (3)	3.6%	3.7%
Weighted average cost of total debt (4)	4.5%	4.6%

1. Net indebtedness is defined as loans and borrowings less unrestricted cash and bank balances.
2. Debt to assets is defined as total debt divided by total assets.
3. Weighted average cost of secured debt is the weighted average interest rate for secured loans and borrowings at period end.
4. Weighted average cost of total debt is the weighted average interest rate for total loans and borrowings at period end.

The weighted average cost of total debt decreased to 4.5% as at 30 June 2020 (2019: 4.6%). The weighted average cost of secured debt decreased to 3.6% at 30 June 2020 (2019: 3.7%).

At the end of the year, Avation's debt to assets ratio was 75.7% (2019: 77.4%). At 30 June 2020, 90.7% of total debt was at fixed or hedged interest rates (2019: 92.0%). The proportion of unsecured debt to total debt was 32.3% (2019: 32.0%).

Avation will continue to source secured and unsecured debt finance to fund fleet growth with the overriding objective of lowering its weighted average cost of finance.

Avation is currently reviewing alternatives in relation to the Avation Capital S.A. 6.5% senior notes due 2021 issued under Avation's global medium-term note programme and has retained specialist financial advisers, PJT Partners, to assist with this process.

## Dividend

The Board declared an interim dividend of 2.1 US cents per share in respect of the six months ended 31 December 2019, which was paid 9 January 2020.

A dividend of 8.5 US cents per share declared in respect of the financial year ended 30 June 2019 was paid on 18 October 2019.

The Company advised in May 2020 that as part of the COVID-19 strategy to preserve liquidity there would be no further dividends for this financial period.

## Market Positioning

Avation's strategy is to target growth and diversification by adding new airline customers, while maintaining a low average aircraft age and long remaining lease term metrics. Avation focuses on new and relatively new commercial passenger aircraft on long-term leases. Avation is capable of owning, managing and leasing turboprop, narrowbody and twin-aisle aircraft and engines.

The Company's business model involves rigorous investment criteria and has a history of delivering consistent profitability while seeking to mitigate the risks associated with the aircraft leasing sector. Avation will typically sell mid-life and older aircraft and redeploy capital to newer

assets. This approach is intended to mitigate technology change risk, operational and financial risk, support sustained growth and deliver long-term shareholder value.

Avation is an active trader of aircraft and from time to time will consider the acquisition or sale of individual or smaller portfolios of aircraft, based on prevailing market opportunities and consideration of risk and revenue concentrations.

### **Engine Leasing**

In January 2020 Avation completed the purchase of a Pratt & Whitney PW127M aircraft engine. This acquisition represents Avation's first investment in an individual engine for leasing. Avation entered into a short-term lease of this engine. Airlines require access to spare engines to ensure continuous operation of aircraft. This new business line is synergistic to Avation's core aircraft leasing business.

### **Interim Management Statement**

The Company's continuing focus for the 2021 financial year is to preserve liquidity and maintain cashflow while the pandemic persists and the airline industry is severely impacted.

Management believes that the risks associated with its portfolio of assets have been reduced through the growth and diversification that has been achieved in recent years.

In addition to operational cash flows, funding is traditionally sourced from capital markets, asset-backed bank lending and disposal of selected aircraft. Access to acceptably priced funding is a risk, which is common to all capital-intensive businesses. Specific risks which are inherent to the aircraft leasing industry include, but are not limited to, ongoing pandemic impacts on travel, the creditworthiness of airline customers, over-production of new aircraft and market saturation, technology change, residual value risks, competition from other lessors and the risk of impairment of aircraft assets.

### **Results Conference Call**

Avation's senior management team will host a conference call on 23 October 2020, at 1pm BST (UK) / 8am EST (US) / 8pm SGT (Singapore), to discuss the Company's financial results.

Investors can participate in the conference call by using the following link:

[https://avation.emincote.com/avapFY2020/vip\\_connect](https://avation.emincote.com/avapFY2020/vip_connect)

You will need to register your name and email address. You will receive a telephone number, a passcode and an individual PIN number. The conference call will also be webcast live through the following link:

<https://avation.emincote.com/avapFY2020>

To view the webcast, you will need to register your name and email address. A replay of the broadcast will be available on the Investor Relations page of the Avation Plc website.

### **Annual General Meeting**

The annual general meeting of the Company is expected to be held at the Company's headquarters in Singapore on 8 December 2020 at 9am GMT (UK) / 5pm SGT (Singapore). Notice of the annual general meeting will be issued in due course.

## **Forward Looking Statements**

This release contains certain “forward looking statements”. Forward looking statements may be identified by words such as “expects,” “intends,” “initiate”, “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, Full Year Financial Results 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.

## **Basis of presentation**

This announcement covers the unaudited results of Avation PLC for the year ended 30 June 2020.

Financial information presented in this announcement is being published for the purposes of providing preliminary Group financial results for the year ended 30 June 2020. The financial information in this preliminary announcement is not audited and does not constitute statutory financial statements of Avation PLC within the meaning of section 434 of the Companies Act 2006. The Group statutory financial statements for the year ended 30 June 2020 are expected to be delivered to the Registrar of Companies by 31 October 2020. (as at the date of this report, such statutory financial statements have not been reported on by the independent auditors of the Company). However, the independent auditors have indicated that the audit opinion on such statutory financial statements will be an unqualified opinion with a material uncertainty related to going concern. Such financial statements will include a disclosure by the Directors of the Company that there is a material uncertainty relating to the Directors' intention to obtain an extension to the 6.5% senior notes due 2021. The Board of Directors approved this financial information on 22 October 2020. Avation PLC’s most recent statutory financial statements for the purposes of Chapter 7 of Part 15 of the Companies Act 2006 for the year ended 30 June 2019, upon which the auditors have given an unqualified audit report, were published on 27 September 2019 and have been annexed to the annual return and delivered to the Registrar of Companies.

All “\$” amounts in this release are US Dollar amounts unless stated otherwise. Certain comparative amounts have been reclassified to conform with current year presentation.

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More information on Avation PLC can be found at: [www.avation.net](http://www.avation.net). Avation welcomes shareholder questions and comments and advises the email address is: [investor@avation.net](mailto:investor@avation.net)

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## AVATION PLC

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	<b>2020</b> US\$'000s	<b>2019</b> US\$'000s
<b>Continuing operations</b>		
Revenue	135,274	119,055
Other income	1,270	215
	<hr/> 136,544	<hr/> 119,270
Depreciation	(46,666)	(41,011)
Gain on disposal of aircraft	3,230	10,026
Unrealised gain on aircraft purchase rights	27,110	-
Impairment loss on aircraft	(35,524)	-
Administrative expenses	(11,913)	(10,954)
Other expenses	(2,420)	(166)
Operating profit	<hr/> 70,361	<hr/> 77,165
Finance income	1,471	3,722
Finance expenses	(57,192)	(55,328)
Profit before taxation	<hr/> 14,640	<hr/> 25,559
Taxation	(4,924)	132
<b>Profit from continuing operations</b>	<hr/> <b>9,716</b>	<hr/> <b>25,691</b>
Profit attributable to:		
Equity holders of the Company	9,714	25,690
Non-controlling interests	2	1
	<hr/> <b>9,716</b>	<hr/> <b>25,691</b>
<b>Earnings per share for profit attributable to equity holders of the Company</b>		
<i>Basic earnings per share:</i>	15.39 cents	40.26 cents
<i>Diluted earnings per share</i>	<hr/> 15.36 cents	<hr/> 40.10 cents

**AVATION PLC****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	<b>2020</b> US\$'000s	<b>2019</b> US\$'000s
<b>Profit from continuing operations</b>	<b>9,716</b>	<b>25,691</b>
<b>Other comprehensive income:</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Net loss on cash flow hedge, net of tax	(12,947)	(18,009)
	(12,947)	(18,009)
<i>Items that may not be reclassified subsequently to profit or loss:</i>		
Revaluation (loss)/gain on property, plant and equipment, net of tax	(4,230)	8,181
Other comprehensive income, net of tax	(17,177)	(9,828)
<b>Total comprehensive income for the year</b>	<b>(7,461)</b>	<b>15,863</b>
Total comprehensive income attributable to:		
Equity holders of the Company	(7,463)	15,862
Non-controlling interests	2	1
	<b>(7,461)</b>	<b>15,863</b>



## AVATION PLC

### CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	2020 US\$'000s	2019 US\$'000s
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	1,057,901	1,225,324
Trade and other receivables	11,601	8,930
Finance lease receivables	85,019	37,137
Goodwill	1,902	1,902
Derivative financial assets	-	363
Aircraft purchase rights	27,110	-
	<u>1,183,533</u>	<u>1,273,656</u>
<b>Current assets</b>		
Trade and other receivables	18,210	4,425
Finance lease receivables	7,988	7,221
Cash and bank balances	114,585	107,448
	<u>140,783</u>	<u>119,094</u>
Assets held for sale	91,268	-
	<u>232,051</u>	<u>119,094</u>
<b>Total assets</b>	<b><u>1,415,584</u></b>	<b><u>1,392,750</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1,108	1,104
Share premium	57,747	56,912
Treasury shares	(7,811)	(1,147)
Merger reserve	6,715	6,715
Asset revaluation reserve	30,162	34,392
Capital reserve	8,876	8,876
Other reserves	(24,302)	(11,809)
Retained earnings	148,455	145,644
	<u>220,950</u>	<u>240,687</u>
<b>Equity attributable to equity holders of the parent</b>	<b>220,950</b>	<b>240,687</b>
Non-controlling interests	72	70
	<u>221,022</u>	<u>240,757</u>
<b>Non-current liabilities</b>		
Loans and borrowings	534,755	1,005,693
Trade and other payables	11,725	16,091
<i>Derivative</i> financial liabilities	27,928	10,174
Maintenance reserves	57,141	31,325
Deferred tax liabilities	698	179
	<u>632,247</u>	<u>1,063,462</u>
<b>Current liabilities</b>		
Loans and borrowings	536,983	72,595
Trade and other payables	10,155	11,964
Maintenance reserves	3,836	1,166
Income tax payables	1,058	2,806
	<u>552,032</u>	<u>88,531</u>
Liabilities directly associated with assets held for sale	10,283	-
	<u>562,315</u>	<u>88,531</u>
<b>Total equity and liabilities</b>	<b><u>1,415,584</u></b>	<b><u>1,392,750</u></b>

## AVATION PLC

### CONSOLIDATED STATEMENT OF EQUITY CHANGES FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Attributable to shareholders of the parent									Non-controlling interest	Total equity
	Share capital	Share premium	Treasury Shares	Merger reserve	Asset revaluation reserve	Capital reserve	Other reserves	Retained earnings	Total		
	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s
Balance at 1 July 2019	1,104	56,912	(1,147)	6,715	34,392	8,876	(11,809)	145,644	240,687	70	240,757
Effect of adoption of IFRS 16 Leases	-	-	-	-	-	-	-	(199)	(199)	-	(199)
As at 1 July 2019 (adjusted)	1,104	56,912	(1,147)	6,715	34,392	8,876	(11,809)	145,445	240,488	70	240,558
Profit for the period	-	-	-	-	-	-	-	9,714	9,714	2	9,716
Other comprehensive income	-	-	-	-	(4,230)	-	(12,947)	-	(17,177)	-	(17,177)
<i>Total comprehensive income</i>	-	-	-	-	(4,230)	-	(12,947)	9,714	(7,463)	2	(7,461)
Dividends paid	-	-	-	-	-	-	-	(6,773)	(6,773)	-	(6,773)
Issue of new shares	4	835	-	-	-	-	(69)	-	770	-	770
Purchase of treasury shares	-	-	(6,664)	-	-	-	-	-	(6,664)	-	(6,664)
Share warrant expense	-	-	-	-	-	-	592	-	592	-	592
<i>Total transactions with owners recognised directly in equity</i>	4	835	(6,664)	-	-	-	523	(6,773)	(12,075)	-	(12,075)
Expiry of share warrants	-	-	-	-	-	-	(69)	69	-	-	-
<i>Total others</i>	-	-	-	-	-	-	(69)	69	-	-	-
Balance at 30 June 2020	<b>1,108</b>	<b>57,747</b>	<b>(7,811)</b>	<b>6,715</b>	<b>30,162</b>	<b>8,876</b>	<b>(24,302)</b>	<b>148,455</b>	<b>220,950</b>	<b>72</b>	<b>221,022</b>

AVATION PLC

**CONSOLIDATED STATEMENT OF EQUITY CHANGES  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019**

	Attributable to shareholders of the parent								Non-controlling interest	Total equity	
	Share capital	Share premium	Treasury shares	Merger reserve	Asset revaluation reserve	Capital reserve	Other reserves	Retained earnings			Total
	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s	US\$'000s
Balance at 1 July 2018	1,080	53,083	-	6,715	27,847	8,876	6,389	124,119	228,109	69	228,178
Profit for the year	-	-	-	-	-	-	-	25,690	25,690	1	25,691
Other comprehensive income	-	-	-	-	8,181	-	(18,009)	-	(9,828)	-	(9,828)
<i>Total comprehensive income</i>	-	-	-	-	8,181	-	(18,009)	25,690	15,862	1	15,863
Dividend paid	-	-	-	-	-	-	-	(5,840)	(5,840)	-	(5,840)
Issue of new shares	24	3,829	-	-	-	-	(628)	-	3,225	-	3,225
Purchase of treasury shares	-	-	(1,147)	-	-	-	-	-	(1,147)	-	(1,147)
Share warrants expense	-	-	-	-	-	-	478	-	478	-	478
<i>Total transactions with owners recognised directly in equity</i>	24	3,829	(1,147)	-	-	-	(150)	(5,840)	(3,284)	-	(3,284)
Expiry of share warrants	-	-	-	-	-	-	(39)	39	-	-	-
Release of revaluation reserve upon sale of aircraft	-	-	-	-	(1,636)	-	-	1,636	-	-	-
<i>Total others</i>	-	-	-	-	(1,636)	-	(39)	1,675	-	-	-
<b>Balance at 30 June 2019</b>	<b>1,104</b>	<b>56,912</b>	<b>(1,147)</b>	<b>6,715</b>	<b>34,392</b>	<b>8,876</b>	<b>(11,809)</b>	<b>145,644</b>	<b>240,687</b>	<b>70</b>	<b>240,757</b>

## AVATION PLC

### CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	<b>2020</b>	<b>2019</b>
	US\$'000s	US\$'000s
<b>Cash flows from operating activities:</b>		
Profit before income tax	14,640	25,559
Adjustments for:		
Amortisation of lease incentive asset	524	-
Depreciation expense	46,666	41,011
Depreciation of right-of-use assets	217	-
Expected credit loss on receivables and accrued revenue	855	166
Finance income	(1,471)	(3,722)
Finance expense	57,192	55,328
Gain on disposal of aircraft	(3,230)	(10,026)
Interest income from finance lease	(3,266)	(1,382)
Impairment loss on aircraft	35,524	-
Share warrants expense	592	478
Unrealised gain on aircraft purchase rights	(27,110)	-
Operating cash flows before working capital changes	121,133	107,412
Movement in working capital:		
Trade and other receivables and finance lease receivables	(5,105)	4,411
Trade and other payables	(5,551)	1,412
Maintenance reserves	28,621	8,947
Cash from operations	139,098	122,182
Finance income received	3,215	2,950
Finance expense paid	(51,712)	(48,579)
Income tax paid	(2,095)	(2,946)
<b>Net cash from operating activities</b>	<b>88,506</b>	<b>73,607</b>
<b>Cash flows from investing activities:</b>		
Purchase of property, plant and equipment	(58,739)	(328,570)
Proceeds from disposal of aircraft	-	70,184
<b>Net cash used in investing activities</b>	<b>(58,739)</b>	<b>(258,386)</b>
<b>Cash flows from financing activities:</b>		
Net proceeds from issuance of ordinary shares	770	3,225
Dividends paid to shareholders	(6,773)	(5,840)
Purchase of treasury shares	(6,664)	(1,147)
Placement of restricted cash balances	(33,536)	(12,607)
Proceeds from loans and borrowings, net of transactions costs	76,561	301,741
Repayment of loans and borrowings	(86,524)	(96,854)
<b>Net cash (used in)/from financing activities</b>	<b>(56,166)</b>	<b>188,518</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(26,399)</b>	<b>3,739</b>
Cash and cash equivalents at beginning of year	61,689	57,950
<b>Cash and cash equivalents at end of year</b>	<b>35,290</b>	<b>61,689</b>