

AVATION PLC
(“AVAP” or “the Company”)

TRADING UPDATE

SINGAPORE – 7 APRIL 2020 - Avation PLC (LSE: AVAP) - the commercial passenger aircraft leasing company provides the following trading update in the context of operating during the COVID-19 pandemic.

The Company is a lessor of commercial aircraft, with a total of 48 aircraft and one engine on lease to airlines in Europe, Latin America, Asia-Pacific and Australia. Many of these airlines have had their operations materially impacted by government decrees limiting movement in response to the COVID-19 pandemic. In response, the Company’s management has developed and is executing a strategy to protect the future of the Company in preparation for a post pandemic environment.

The Company’s COVID-19 response involves adjusting operations to ensure that the Company continues to generate sufficient cash to meet its obligations on an ongoing, long-term basis. The Company’s working assumption is that some clarity on the post pandemic business environment will be evident within 12 months.

The majority of governments have offered support to their local airline industries. Avation has also offered a support package to its airline clients in the form of short-term financial relief.

The actions that Avation PLC has taken and the current position are as follows:

- Avation’s liquidity position is satisfactory with total cash of \$129.0m, unencumbered assets valued at \$53.9m and trade receivables of \$11.1m as at 3 April 2020 (unaudited). For clarity Avation owns five unencumbered commercial passenger aircraft.
- The Company has offered a package of short-term interest bearing financial facilities to all of its clients. Ongoing monthly cash receipts from these airlines are required. Some of these airlines are financially strong and have declined the offer of support. However, most other airlines have entered into short-term financial relief agreements with Avation and discussions with the remainder are at an advanced stage.
- It is anticipated that Avation can successfully operate for an extended period greater than a year on this basis as ongoing cash income will be sufficient to cover expected financial obligations.
- Avation’s capital structure comprises a combination of equity, commercial debt and unsecured Notes and Avation will be requesting variations of the principal amortisation profiles of commercial debt so as to match and support the short-term financial relief package offered to the airlines.
- There are no aircraft lease expiries before August 2021, no scheduled commercial debt maturities before August 2021 and the maturity of the Company’s US\$350m

Senior Notes due 2021 issued under the Company's Global Medium-Term Note Program is in May 2021. Avation is currently in compliance with all bank covenants. Avation's corporate credit ratings have recently been changed by Fitch to B+ (Rating Watch Negative) and Standard and Poor's to B (Credit Watch Negative).

- The Company has placed a moratorium on capital expenditure and all aircraft purchases have been deferred.
- To demonstrate the management team's commitment, Avation's senior executive directors have deferred a proportion of their monthly cash salaries for a period of 4 months. No cash bonuses will be paid to any executive or employee until the pandemic is over. All employees will remain eligible for their usual warrant grant as scheduled in October 2020 as approved by shareholders at the Annual General Meeting held in December 2019.
- Avation has lowered its administration and general expenses.
- The Company is complying with all government directives on health and safety and all employees are working offsite. Business continuity policies already in place provide that critical business information is backed up to remotely accessible cloud-based servers such that business operations can continue as usual.
- No dividends will be considered before September 2020, and given the circumstances, it is probable that the Company will not pay a further dividend in calendar year 2020 unless a remarkable global recovery occurs.
- One of Avation's ATR customers, entered court-approved reorganisation on 6 April 2020 with a tentative plan to re-enter service in August 2020. The customer has two ATR 72-600 aircraft. The rents are current and the leases remain on foot. The Avation aircraft will be stored appropriately and all records are up to date. Avation will assess the likelihood of the airline returning to service before taking further action such as transitioning the aircraft.
- ATR aircraft are typically used on such regional routes. Avation's management holds the opinion that regional aviation will recover first, as government, essential and health services are significant users of domestic air travel. Certain ATR turboprops in the Company's portfolio are currently operating normally and the remainder should be among the first aircraft to return to service, which should help expedite the return to normality for the Company.

Avation's management believes that provided the economic and travel impacts of the pandemic can be mitigated within the next 12 months, Avation will be in a position to continue to provide leasing solutions to its airline clients and create continued value for its shareholders.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 ("MAR"). With the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

Forward Looking Statements

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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.