

Via SGXNET and RNS

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

**TRADING UPDATE**

**Avation PLC (LSE: AVAP)**, the commercial passenger aircraft leasing company, provides the following trading update as of 24 May 2024:

The Company expects to report a profit for the year ending 30 June 2024, which is significantly ahead of current market expectations.

**Fleet**

Avation’s fleet comprises 34 aircraft leased to 16 airlines in 14 countries. The fleet includes 19 ATR turboprop, 13 narrowbody jet and 2 widebody jet aircraft. As of 30 April 2024 the average age of the fleet was 7.2 years and the average remaining lease term is 4.3 years

All aircraft are currently leased with the fleet currently generating total monthly lease rentals of US\$7.9 million which has increased due to fact that the fleet is now fully utilized.

**Orderbook and Purchase Rights**

Avation has placed orders for 12 units of ATR 72-600 aircraft. These are a key component of Avation’s ten-year low carbon new technology strategy.

The first two aircraft in the series are due to be delivered in Q4 2024 and Q1 2025. The Company has agreed to sell these two aircraft on delivery at a profit, that will be recognised in FY2025. Total net sale cash proceeds less the final purchase price instalments due to the manufacturer on delivery are around US\$10 million. Furthermore, ten more ordered aircraft are due to be delivered between Q2 2025 and Q2 2028.

Following the exercise of purchase rights for the ten aircraft, Avation was granted six additional purchase rights and the expiry date for all 24 remaining purchase rights has been extended to June 2034. Avation believes that these purchase rights have significant value. The Company uses the Black-Scholes pricing model to value aircraft purchase rights. The pricing model is volatile and sensitive to changes in underlying asset valuations, interest rates, time to expiry and other inputs. At current market conditions the estimated purchase rights value is US\$115m (unaudited).

**Market Environment**

According to IATA, passenger air travel grew at 13.8% in the year to 31 March 2024. International travel is showing particularly strong momentum with 18.9% year-on-year growth in revenue passenger kilometres. At the same time, supply chain constraints have slowed new aircraft deliveries. IATA expects around 1,600 new aircraft deliveries in 2024, equivalent to 4.6% of the global fleet. This compares to a fleet renewal rate of 5.8% in 2018.

This market backdrop has been supportive for aircraft valuations and lease rates over the last year with Avation seeing positive trends for both new and second-hand aircraft.

## **Debt and liquidity**

Avation continues to rapidly de-lever its balance sheet. The Company has paid down secured loans by US\$37.2 million and has repurchased US\$18.0 million face value Avation Capital S.A. Senior PIK Toggle Notes due 2026 in the 10-month period ended 30 April 2024. The Company has also issued prepayment notices to repay three secured loans with a total outstanding balance of US\$36.9 million (at 30 April 2024). The loans will be repaid before 30 June 2024.

The Company continues to focus on opportunities to reduce and rearrange the mix of secured and unsecured finance.

Avation has continued to make good progress in recovering Covid 19 arrears. Rent arrears and other customer receivables (excluding maintenance reserve arrears) have been reduced by around US\$18.7 million since 30 June 2023. The collection rate for rent is around 105% for the 10 months ended 30 April 2024. Current total cash balances are US\$141.7 million.

Avation's Executive Chairman, Jeff Chatfield said: "The Company is at a transition point in terms of improving shareholder returns alongside cash flow generation and growth. We are confident of improving returns to shareholders by carefully optimising the mix of sources of finance available to the Company and are finding asset backed financiers to be extremely constructive."

*-ENDS-*

## **Enquiries:**

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Avation welcomes shareholder questions and comments and advises the email address for questions is: [investor@avation.net](mailto:investor@avation.net) and the Company provides an investor Q & A during the conference call associated with release of results. The head office telephone number is +65 6252 2077.

## **Notes to Editors:**

Avation PLC is a commercial passenger aircraft leasing company, headquartered in Singapore, owning and managing a fleet of widebody, narrowbody jet and turboprop aircraft which it leases to airlines across the world. The Company's customers include 16 commercial airlines in 14 countries. Avation's fleet of aircraft is currently fully leased and utilised. The Company is listed on the London Stock Exchange with ticker AVAP.L, more information on Avation is available at [www.avation.net](http://www.avation.net).