

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

CHAIRMAN'S AGM STATEMENT

Avation PLC (LSE: AVAP), the commercial passenger aircraft leasing company will hold its Annual General Meeting today in Singapore which will include the following Chairman's Statement. The purpose of this statement is to provide investors with an update on current operations for the financial period commencing on 1 July 2022.

Fleet Update

The Company's strategy is to focus only on new technology low CO2 emissions aircraft going forward. As at 1 December 2022, Avation's fleet totals 39 aircraft. The average age of the fleet is 6.0 years and the average remaining lease term is 5.3 years. Avation's customers include 16 airlines in 13 countries. Avation has successfully continued to lease and transition aircraft impacted by the pandemic since 1 July 2022.

Avation is currently finalising the sale of two ATR 72-600 aircraft previously on lease to Loganair and an ex-Garuda Boeing 737-800. The Company is also remarketing an ATR 72-600 formerly on lease to Golden Myanmar Airlines. The only other unutilised aircraft in the fleet are two ex-Virgin Australia ATR 72 aircraft that may be leased or sold.

The next aircraft scheduled to come off lease is not until September 2023 and following this the next aircraft to come off lease is not until October 2025.

Avation's major airline customers have increased utilisation of aircraft with many flying at or close to pre-COVID levels.

Return to Fleet Growth

To facilitate future fleet growth, Avation has two ATR 72-600 aircraft on order for delivery in April and May 2024. These positions could potentially be brought forward should customer requirements necessitate this. Avation has been responding to requests for proposals to finance new aircraft since 1 July 2022 and has also re-initiated the search for opportunistic aircraft acquisitions from airlines and other lessors.

Operational Update

While the return to flying has been embraced by passengers and airlines Avation notes that there is still significant disruption in respect of aircraft servicing and repair as workshops continue to be impacted by reduced personnel levels and the rebuilding of workforces. This has resulted in delays to the service, repair and movement of aircraft being sold or transitioned by Avation. The Company expects that these services will gradually improve to pre-COVID levels during 2023. Debtor collection remains a key focus and Avation works closely with airlines to ensure operational cashflow is maintained.

Finance Update

Cashflow

Cashflow from operations is expected to improve as the return to normal trading conditions continues as airlines return to full service. The Company received an initial distribution of AU\$5.5 million from the insolvency of Virgin Australia in September 2022.

Cash inflows for the remainder of the financial year are expected to be boosted through the settlement of aircraft sales, further collections from the insolvency proceedings of Virgin Australia and collections of outstanding amounts related to rent deferral arrangements put in place during the COVID-19 pandemic. This includes the scheduled repayment of a US\$25.9 million interest bearing loan to a major customer from January 2023 in equal instalments over 24 months.

Secured Debt

Avation confirms that it is current with all payments to secured lenders and is in compliance with all financial covenants in place with secured lenders.

Interest from secured lenders to finance the type of young popular aircraft that Avation's strategy focuses upon has increased, as evidenced by the refinancing of two Airbus A220 aircraft by the Company in November 2022.

Senior Unsecured Notes 2026

On 19 October 2022 the Company launched a conditional tender framework to support further repurchases of Notes, the Company intends to explore its ability to retire debt early and at a discount under certain circumstances. The tender process is ongoing, the Company will provide further information as the dialogue continues.

Outlook

Avation and the airline industry have emerged from the COVID-19 pandemic. During the remainder of the financial year aircraft sales, collections of receivables from customers and the insolvency proceedings of Virgin Australia in addition to cashflow from operations should support opportunities for a return to fleet growth.

As the impacts of the pandemic continue to be resolved and operations in the industry return to growth, Avation is optimistic about the long-term opportunity for air travel particularly in new technology low CO2 aircraft including the new engine technology ATR 72 turboprop and narrow-body aircraft sectors. The Company intends to position itself for a return to growth through opportunistic purchases and deliveries from its orderbook.

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Enquiries

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Avation welcomes shareholder questions and comments and advises the email address for questions is: 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 62522077.

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.