



# 2020 Full Year Results

For the year ended 31 January 2020



# Disclaimer

---

Certain information included in this presentation is forward looking and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by forward looking statements. Forward looking statements cover all matters which are not historical facts and include, without limitation, projections relating to results of operations and financial conditions and Air Partner plc's plans and objectives for future operations. These may include, without limitation, discussions of expected future revenues, financing plans, expected expenditures, risks associated with changes in economic conditions, the strength of the aviation markets in the jurisdictions in which the Air Partner group operates, changes in exchange and interest rates. Forward looking statements can be identified by the use of forward looking terminology, including, but not limited to, terms such as "believes", "estimates", "anticipates", "expects", "forecasts", "intends", "plans", "projects", "goal", "target", "aim", "may", "will", "would", "could" or "should" or, in each case, their negative or other variations or comparable terminology. Forward looking statements are not guarantees of future performance. All forward looking statements in this presentation are based upon information known to Air Partner plc on the date of preparation of this presentation. Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on forward looking statements. Additionally, forward looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure and Transparency Rules of the Financial Conduct Authority), Air Partner plc undertakes no obligation to publicly update or revise any forward looking statement, whether as a result of new information, future events or otherwise. Nothing in this presentation shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

# Mark Briffa

*Group Chief Executive*



# FINANCIAL HIGHLIGHTS

---

- Gross profit of £34.2m, down against prior year by 3.7%
- Administration expenses<sup>1</sup> in line with prior year after investing in three new office openings
- Underlying PBT of £4.2m (FY19: £5.8m), down on the prior period by 27.6% <sup>1&2</sup>
- Statutory reported profit down by 73.5% to £0.9m (FY19: £3.4m), driven by:
  - Impairment charge relating to SafeSkys of £1.9m
  - Amortisation of acquired intangibles for Redline of £0.6m
  - A number of other exceptional costs, offset by a number of exceptional gains, of £0.8m
- Net debt (excluding JetCard cash) of £6.9m (FY19: net cash of £2.0m), change resulting from Redline acquisition
- Underlying EPS of 6.4p, down 33.3% (FY19 2019: 9.6p)
- Statutory EPS of 0.6p, down 89.3% (FY19: 5.6p)

1 Stated before exceptional and other items but including net impairment on financial losses

2 The adoption of IFRS 16 has decreased both underlying PBT and statutory reported profit by £0.1m

# OPERATIONAL HIGHLIGHTS

---

- Strategically important acquisition of Redline in December 2019
- Redline further diversifies and increases visibility of the Group's revenues
- Safety & Security (S&S) gross profit of £4.6m, up 9.5%, driven by Redline
  - S&S now contributes 13.5% to the Group's gross profit (FY19: 11.9%)
- Tough trading period for Charter division, down 5.1% on prior year at £29.6m, driven by no significant one-off events during the year
- Delivering on prior year investments in offices and people, with US PJ up 42.5%
- Investment made in three new offices: Houston (Q1), Singapore (Q1) and Dubai (Q4)
- Significant government contract win in Europe for Charter division
- New hire - Managing Director of Charter for EMEA
- Group formed strategic partnership with Northcott Global Solutions

# AIR PARTNER'S CUSTOMER OFFERING<sup>1</sup>



## Diverse Global Customer Base

- Airline operators
- Military & civil organisations
- Regulators
- Airports
- Oil & Gas
- Sports
- MICE
- Corporates
- Individuals

<sup>1</sup> This slide is illustrative of our services and is not a breakdown of our divisional structure

<sup>2</sup> Specialist Services is a range of aviation services that complement our Charter business – Scheduled Group Travel, Tour Operations, Air Evacuation, Remarketing & ACMI, and Flight Operations

# STRONG GEOGRAPHIC PRESENCE

Founded in 1961, Air Partner is a global aviation services group providing aircraft charter and aviation safety & security solutions to industry, commerce, governments and private individuals, across civil and military organisations.



Experience

**59yrs**

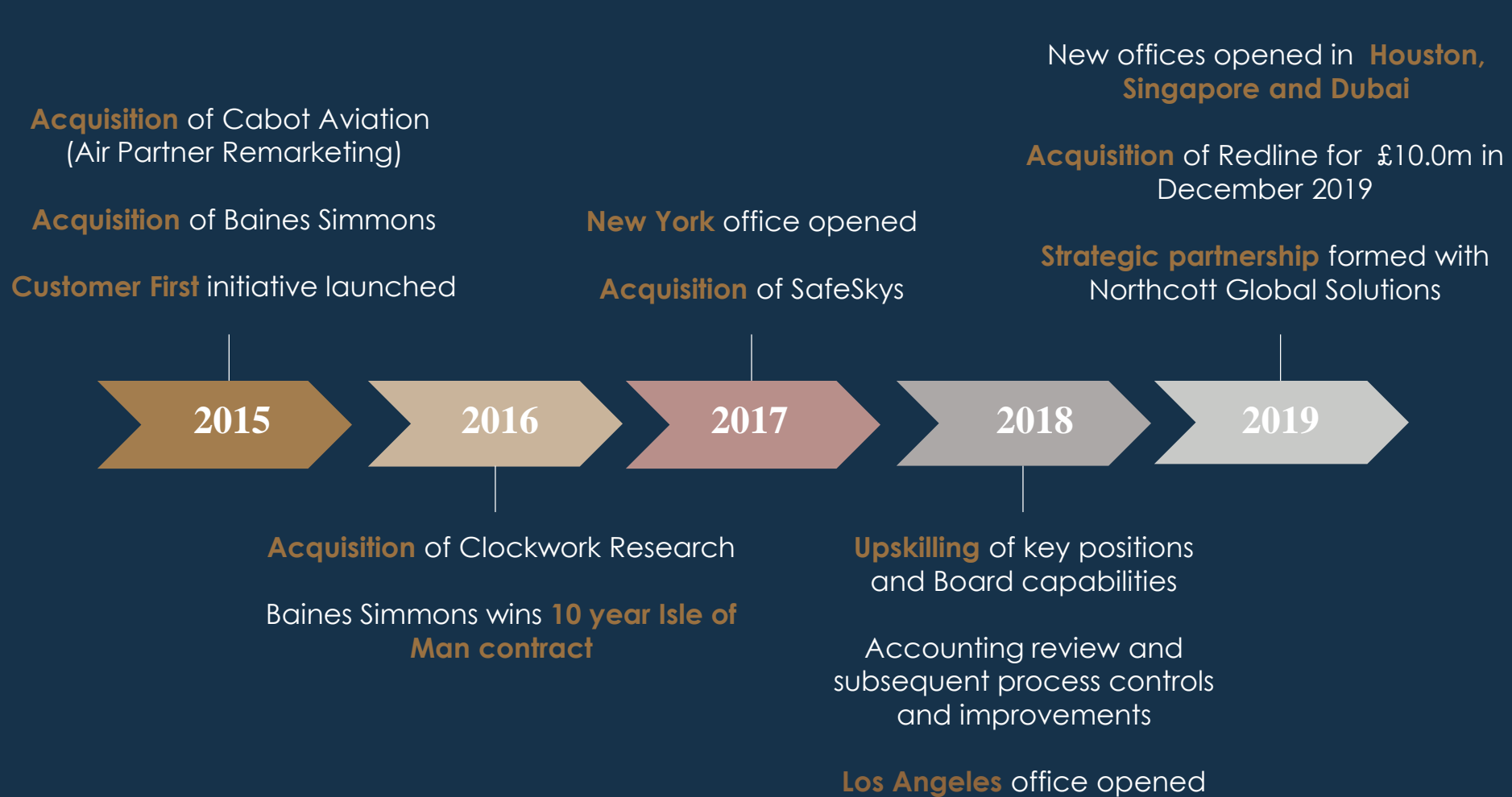
Aviation professionals

**c.450**

Global locations

**16**

# STRATEGY IN ACTION

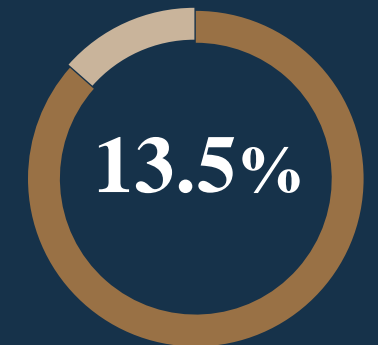


**2010:** Military contracts  
> 60% of gross profits

↓

**2020:** No one customer  
> 10% gross profits

Safety & Security contribution to Group gross profit





# REDLINE - STRATEGIC ACQUISITION RATIONALE

---

- A global leader in the provision of government-standard security training, consultancy and solutions to regulated, high value and high threat environments
- Acquired in December 2019 for a total consideration of £10.0m, initial consideration of £8.0m and deferred consideration of up to £2.0m
- In line with our strategy, Redline will be earnings enhancing in the first full year of ownership and improves our quality of earnings
- Pre-acquisition in the year ended 31 March 2019, Redline generated revenue of £6.5m and adjusted EBITDA of £0.8m
- Provides long term visible contracted revenues through to 2023, with blue chip global customer base
- Holds proprietary software and technology that will provide recurring revenues and can also be leveraged across all existing businesses within S&S division
- Brings opportunity to leverage existing customer relationships and cross sell between Charter and S&S
- Brings additional management bandwidth and expertise to S&S division

# REDLINE PRODUCTS AND SERVICES



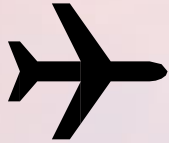
COMPLIANCE MANAGEMENT	ICAO TRAINING	E-LEARNING	QUALITY ASSURANCE	REGULATORY TRAINING
<p>Features of Redline's proprietary SeMS systems:</p> <ul style="list-style-type: none"> <li>• Uses web based cloud architecture</li> <li>• Uses a flexible dashboard supported by a suite of functional add ins</li> <li>• Full drill down and visibility to allow any risk to be assessed from top to bottom</li> <li>• Full tech support from Redline</li> </ul>	<p>Currently only 1 of 35 centres worldwide to offer ICAO training. Training available for:</p> <ul style="list-style-type: none"> <li>• National inspectors</li> <li>• Crisis management</li> <li>• Air cargo and mail security</li> <li>• Instructors</li> </ul>	<p>Redline's comprehensive e-product line provides instant access to industry leading training delivered through a state-of-the-art online training platform</p>	<p>Consists of:</p> <ul style="list-style-type: none"> <li>• Covert and overt testing</li> <li>• Redline reporting system</li> <li>• Physical security systems audit</li> </ul>	<p>Recognised as an "Outstanding" training provider against the CAA quality assurance framework</p>



### Useful info:

- Blue chip global customer base
- 40 active customers spread across governments, corporates and sports sector
- Long term contracts that deliver revenues beyond 2023
- Top 6 customers have renewed long term contracts over last 12 months

# AIR PARTNER: KPIs



PUTTING OUR CUSTOMERS FIRST	BROADENING OUR OFFER	GROWING ORGANICALLY: STRENGTHENING OUR CORE BUSINESS	DEVELOPING AND RETAINING OUR PEOPLE	MAINTAINING AND ENHANCING OUR BRAND IDENTITY
<ul style="list-style-type: none"> <li>Continued roll out of CRM and booking tool. Will improve customer experience/ information requests and facilitate cross selling opportunities across the Group.</li> <li>Our experienced and dedicated teams continue to deliver outstanding customer service to our worldwide customer base</li> <li>Net Promoter score: 89% at January 2020</li> <li>Feefo Platinum Trusted Service Award</li> </ul>	<ul style="list-style-type: none"> <li>Acquisition of Redline further broadens our portfolio of aviation products and services, while diversifying and increasing visibility of the Group's revenues</li> <li>As a result of this diversification of services, gross profit for S&amp;S is up by 9.5% and the division now contributes 13.5% to the Group's gross profit and increasing</li> <li>We continue to review acquisition opportunities and remain selective in our approach</li> </ul>	<ul style="list-style-type: none"> <li>US footprint increased with launch of Houston office in Q1</li> <li>Singapore office opened in Q1 with a focus on Freight and Remarketing</li> <li>Dubai office opening in Q4</li> <li>Delivering on PYR investments in offices and people with US PJ gross profit up 42.5%</li> <li>Continued to recruit in key areas of the business, notably in the US PJ and Freight divisions, attracting talent from our competitors and further afield</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of Air Partner Career Development Framework, launched in the UK during H2</li> <li>Review of UK reward practices and policies to ensure we are aligned with brand values</li> <li>Senior management team upgraded – New MD of Charter for EMEA</li> </ul>	<ul style="list-style-type: none"> <li>Measured roll out of new Air Partner brand - unifying the Group under one brand umbrella</li> <li>Website development continues to take place in preparation for new website launch in FY21</li> <li>New brand values embedded into employee training programme and onboarding of new staff</li> </ul>

# Joanne Estell

*Chief Financial Officer*

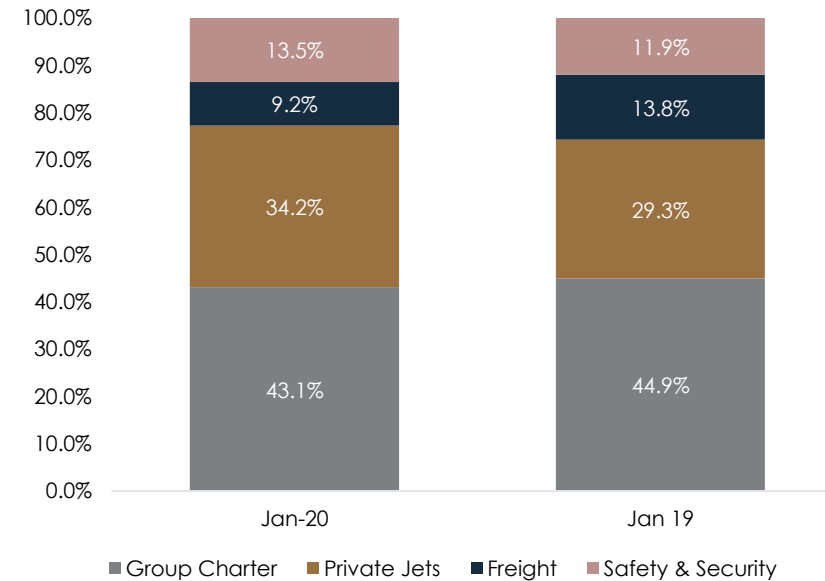
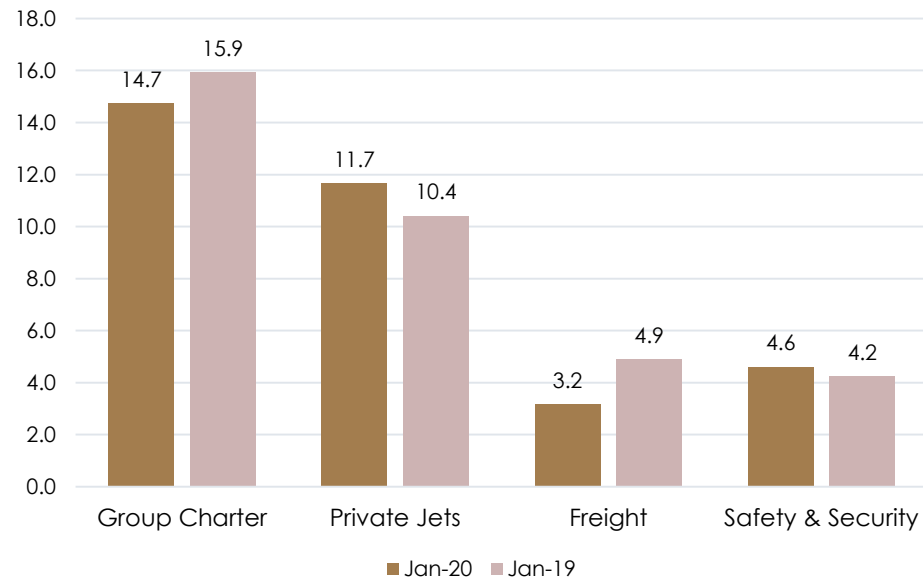
# FINANCIAL HIGHLIGHTS

<b>£m's</b> - <i>unless otherwise stated</i>	<b>January 20</b>	<b>January 19</b>	<b>Change (%)</b>
Gross transaction value	<b>236.8</b>	273.3	-13.4%
Gross Profit	<b>34.2</b>	35.5	-3.7%
*Admin expenses (inc. net impairment losses on financial assets)	<b>29.4</b>	29.5	-0.2%
*Underlying operating profit	<b>4.8</b>	6.0	-20.5%
*Underlying profit before tax	<b>4.2</b>	5.8	-27.6%
Statutory profit before tax	<b>0.9</b>	3.4	-73.5%
Underlying basic EPS (pence)	<b>6.4p</b>	9.6p	-33.3%
Basic EPS (pence)	<b>0.6p</b>	5.6p	-89.3%
Final Dividend (pence)	<b>0.0p</b>	3.85p	-100.0%
Total Dividend (pence)	<b>1.8p</b>	5.6p	67.9%

# PROFIT RECONCILIATION

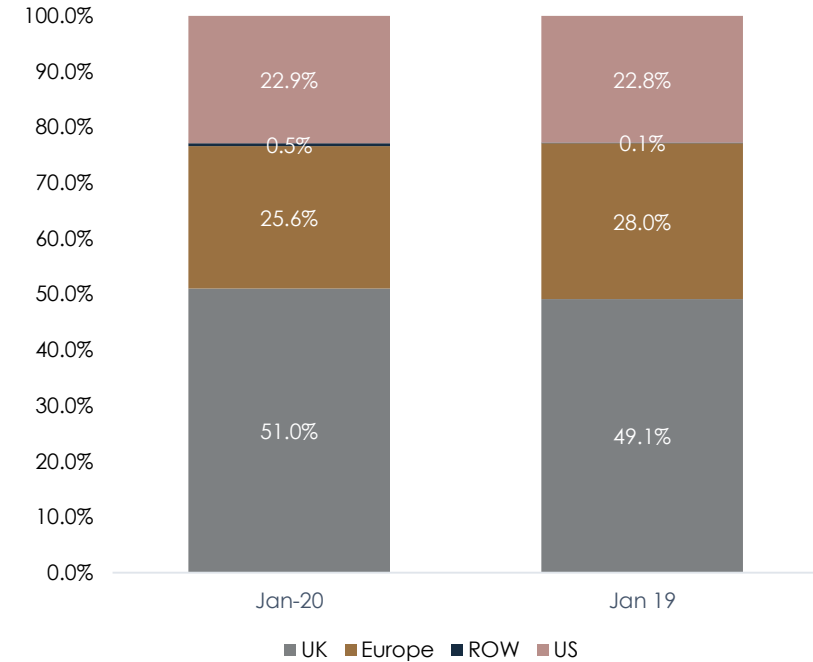
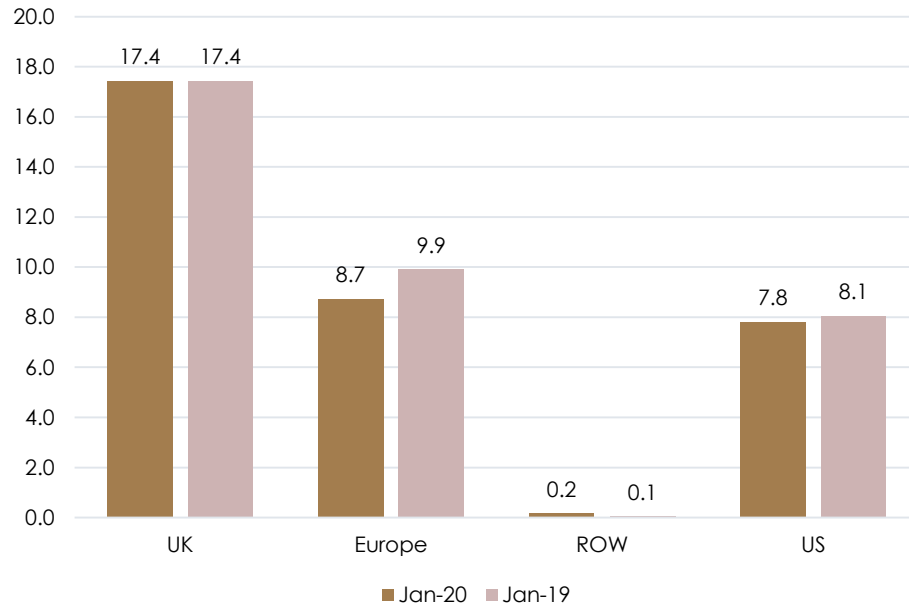
£m's	January 20	January 19
<b>Underlying profit before tax</b>	<b>4.2</b>	5.8
Change of Board composition	<b>(0.2)</b>	(0.4)
Costs relating to the accounting review and associated items		(1.3)
Amortisation of purchased intangibles	<b>(0.6)</b>	(0.4)
Acquisition costs	<b>(0.6)</b>	
Abortive acquisition costs	-	(0.5)
Cost incurred and provision for outflows resulting from French tax investigation	<b>(0.7)</b>	
Impairment of goodwill	<b>(1.9)</b>	
Settlement of historical legal disputes	<b>0.4</b>	
Release of deferred consideration	<b>0.3</b>	0.2
<b>Statutory reported profit before tax (£m)</b>	<b>0.9</b>	3.4

# GROSS PROFIT BY DIVISION



- Group Charter down 7.5%, due to:
  - A key UK customer delaying a significant flying programme
  - Lack of major one off event in 2019
  - Decreased tour operations activity in France
- Private Jets GP increased by 12.5%, driven by strong US performance, up 42.5%
- Freight GP down 34.7%, owing to significant PRY humanitarian aid activity
- S&S up 9.5%, supported by the acquisition of Redline
- Group Charter remains largest division at 43.1%
- Private Jets contributes 34.2% to the Group's GP, driven by the strong growth in the US
- Freight has decreased due to significant PRY comparison
- S&S now contributes 13.5% of total GP with Redline contribution

# GROSS PROFIT BY REGION



- US broadly flat year despite growth in PJ. Growth could not offset high PYR comparator in Freight activity
- UK in line with last year, where S&S and UK Freight growth has helped negate a key customer delay in Group Charter
- Europe 11.9% down on last year, principally due to a sharp drop in the tour operations activity in France and softening of Private Jets market, partially offset by good growth in Germany and Austria

- 49% of GP coming from outside UK
- US contribution remains steady at 22.9%, despite significantly reduced Freight GP in the year
- Investment in Houston, Singapore and Dubai initially increases the cost base, however we expect to see a return within 12 to 18 months

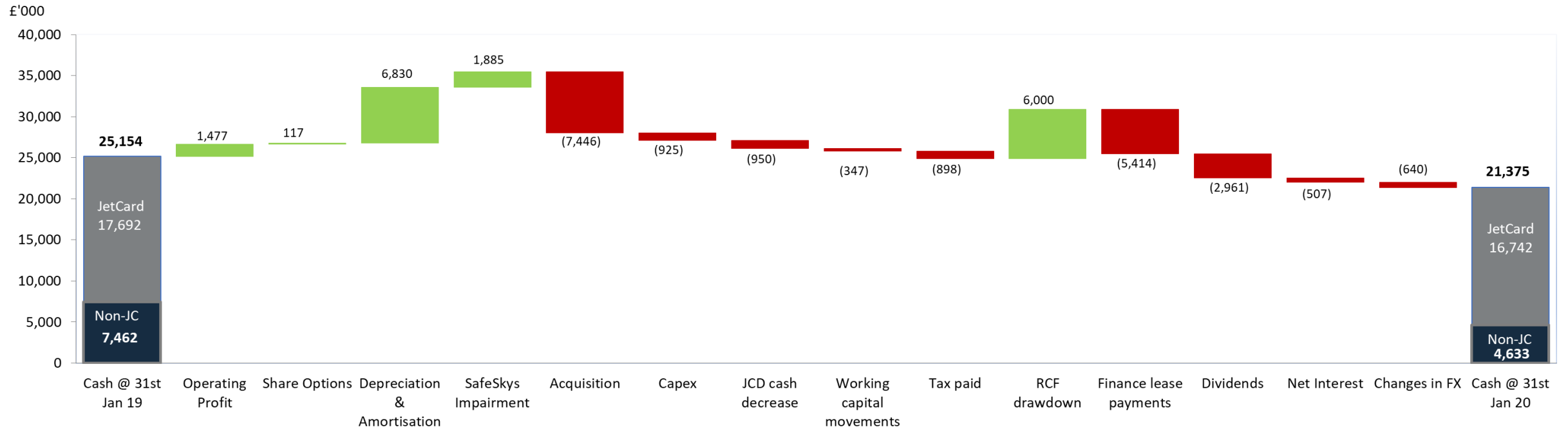


# ABBREVIATED STATEMENT OF FINANCIAL POSITION

£m's	January 20	January 19
Intangible assets	20.5	11.6
Tangible assets	1.0	0.9
Right of use assets	6.7	0.0
Trade and other receivables	18.8	19.1
JetCard bank balances	16.7	17.7
Other cash balances	4.6	7.5
Other current assets	0.3	0.3
Trade and other payables	(5.7)	(8.0)
Deferred income and JetCard deposits	(24.7)	(25.4)
Current lease liabilities	(5.4)	0.0
Other current liabilities	(6.1)	(5.0)
Deferred consideration	(2.3)	(0.8)
Deferred tax (net)	(1.5)	(0.3)
Borrowings	(11.5)	(5.5)
Long term lease liabilities	(1.9)	0.0
Other long term liabilities	(0.4)	(0.2)
Net assets	9.2	11.7

- Intangible assets movement includes the goodwill resulting from the acquisition of Redline (£3.6m) and the impairment of SafeSkys (£1.9m)
- Intangible asset movement also includes £7.5m of intangibles acquired on acquisition of Redline, offset by the £0.6m of amortisation charge in intangibles acquired on acquisition
- Borrowing is comprised of the group's revolving credit facility
  - Net debt excluding IFRS 16 leases is £6.9m
  - Net debt including IFRS 16 leases is £14.2m
- Deferred consideration of £2.3m in the current year relates to the acquisition of Redline. £0.3m has been settled post year end. Prior year balance of £0.8m relating to SafeSkys was settled in the year, with £0.4m paid out
- Adoption of IFRS 16 has decreased net assets by £0.2m. The right of use assets at year end included £4.0m for an aeroplane, £1.5m for property and £1.2m for other assets. Prior year has not been restated, as permitted under IFRS
- Air Partner has a clean going concern position as at 22<sup>nd</sup> May 2020

# CASH FLOW BRIDGE



- The adoption of IFRS16 has increased depreciation by £5.4m and introduced a corresponding repayment of finance leases by £5.4m with the difference going to working capital movements
- Increased borrowing was used to finance the acquisition of Redline
- Within Capex there is software at £0.4m (PYR £0.3m) and other Capex £0.5m (PYR £0.1m)
  - Increase in capex driven by new contract wins in WHM

# Mark Briffa

*Group Chief Executive*



# CHARTER

## GROUP CHARTER

**Gross profit decreased £1.2m to £14.7m, down 7.5%**

- Germany and Austria strong performance driven by government and automotive sector work
- Significant reduction in our French tour operations activity due to reduced operator base
- A key UK customer suspended a complex global flying programme for 12 months
- A lack of one off major events in 2019 comparable to prior year

## PRIVATE JETS

**Gross profit increased £1.3m to £11.7m, up 12.5%**

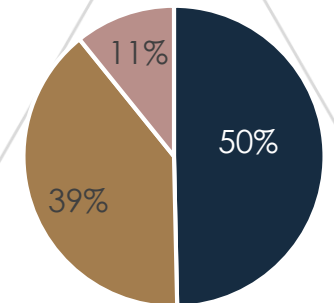
- Strong performance in US ad hoc, with gross profit up 42.5%.
- JetCard membership up 32% on prior year for US
- UK and Europe key customers flying less due to the geo-political environment

## FREIGHT

**Gross profit decreased £1.7m to £3.2m, down 34.7%**

- UK performance strong with gross profit growth of 26.3%, driven by strong demand for AOG (aircraft on ground) and OBC (on board courier)
- European gross profit down 11.2%, driven by the macro-economic climate
- Freight in the US down due to significant prior year comparator

■ Group Charter ■ Private Jets ■ Freight



**Charter gross profit split**

# SAFETY & SECURITY (S&S)

## SAFETY & SECURITY

### **Division gross profit increased by 9.5% to £4.6m**

- S&S contributes 13.5% of overall group gross profit, up from 11.9% contribution in the prior period
- S&S contributes £0.9m underlying operating profit - growth of 50% on the prior period (on a like for like basis, adjusting for Redline, operating profit grew by 10.1%)

### **Redline**

- Strategically important acquisition for the Group, further diversifying our non core charter business
- Two significant contract wins in FY21
- Integration plan progressing well, headed by MD of S&S Paul Mason

### **Baines Simmons**

- Good contract wins within Fatigue Risk Management with clients such as Air France and BP
- Feefo Platinum Award has been won on the back of exceptional customer feedback

### **Managed Services**

- Three new wildlife hazard management contracts have been won and all existing contracts have been retained
- Following a strategic review, the decision was taken not to renew two air traffic control contracts post year end



**Safety & Security  
contribution to Group  
gross profit**

# OUTLOOK

---

- Strong start to FY21 with Q1 delivering unaudited results of £6.0m underlying profit before tax
- Anticipating a positive Q2 for FY21 with strong forward order book for the rest of May and June
- Visibility beyond this point is currently very limited, with significant uncertainty around COVID-19
- Normalised cash at the end of Q1 was £13.2m (after adjusting for JetCard, significant advance payments and customer deposits)
- In addition to the £13.2m of normalised cash, the Group has access to a further £3.0m from its existing banking facilities
- Guidance and dividend expectation currently under review. This will be re-evaluated once the risks related to COVID-19 have subsided
- Redline to be earnings enhancing in first full year of ownership, despite COVID-19
- Freight expected to remain strong throughout Q2 of FY21
- Early signs of recovery in Private Jets in the US and UK
- Government contracts continuing to deliver to the core Charter business
- Significant long term contract wins and renewals expected in Redline during the year

# Appendix



  
AIR PARTNER PLC

# AIR PARTNER: DIVISIONAL STRUCTURE

## Charter

GROUP CHARTER	Charter of large aircraft for 20+ people for governments, corporates, sports and entertainment teams, industrial and manufacturing customers, and tour operators
PRIVATE JETS	Charter of smaller aircraft (up to 19 people) for corporates and HNWIs. A range of solutions from on-demand and a flexible JetCard membership programme to custom proposals, whether travelling for business or leisure
FREIGHT	Charter and part-charter of cargo aircraft, from Learjets to the giant Antonov 225, for regular and bespoke requirements, including emergency aid drops, time-critical door-to-door freight delivery and on board couriers
SPECIALIST SERVICES	A range of other aviation services that complement our Charter business – Scheduled Group Travel, Tour Operations, Air Evacuation, Remarketing and ACMI, and Flight Operations

## Safety & Security





# REDLINE – PRODUCTS, SERVICES & CUSTOMERS

## • TRAINING COURSES

- Aviation Security Training
- E-Learning Courses
- ICAO Courses
- Corporate, CNI & Event Security Courses
- Advanced Security

## Security Services

- Consultancy
- Corporate/CNI/Event
- Transition Management

## Compliance Management

- Monitoring
- SeMS (Security Management System)
- SeMS (Security Testing)
- Threat Image Recognition
- Redline TIRT

## Quality Assurance and GAP Analysis

- Quality Assurance and Auditing
- Physical Penetration Testing
- SeMS Gap Analysis

## UK Mainland Airports

- Aberdeen
- Birmingham
- Bournemouth
- Bristol
- Cardiff
- Doncaster
- Durham Tees Valley
- East Midlands
- Exeter
- Glasgow Prestwick
- Liverpool
- London Heathrow
- London Southend
- Manchester
- Stansted
- Southampton
- Belfast

## Overseas Airports

- Paris CDG & Orly
- Gibraltar
- Jersey, Guernsey & IoM

## Air Cargo Facilities

- Edinburgh
- Glasgow
- Motherwell
- Newcastle
- Leeds
- 3x Manchester
- 2x East Midlands
- Birmingham
- Tamworth
- Northampton
- 10x London sites
- Gatwick
- Stansted

## Overseas Cargo

- Cologne
- Hong Kong
- Bangkok
- Singapore
- Mexico
- Portugal

## Airlines

- Qatar
- UPS
- Eastern Airways
- Tui Airways
- British Airways
- Japan Airlines
- Virgin Atlantic

## Critical National Infrastructure

- Parliamentary Estate
- Buckingham Palace
- Windsor Castle
- 380+ HMG Courts
- Network Rail

## Other

- Olympic venues
- Sports Clubs & Stadia
- Foreign Governments & Departments
- CAA
- United Nations

# TOP TEN SHAREHOLDERS

## Top shareholders

			20-Apr-20	
Rank	Shareholder	Investment style	Shares	% ISC
<b>By shareholder</b>				
1	Schroder Investment Mgt	Growth	7,324,919	13.69
2	Aberforth Partners	Value	6,386,030	11.93
3	Hargreaves Lansdown Asset Mgt	Private Client Brokers (PCB)	6,288,873	11.75
4	Interactive Investor	Private Client Brokers (PCB)	3,803,858	7.11
5	FIL Investment International	Multi Style	2,454,806	4.59
6	Barclays Wealth	Private Client Brokers (PCB)	2,370,682	4.43
7	Halifax Share Dealing	Private Client Brokers (PCB)	1,835,662	3.43
8	Equiniti Financial Services	Private Client Brokers (PCB)	1,495,706	2.79
9	A J Bell Securities	Private Client Brokers (PCB)	1,443,001	2.70
10	Heritage Capital Mgt UK	Value	1,400,000	2.62

1 Share register analysis at 20<sup>th</sup> April 2020