



*Avia Solutions Group*



# Pro-Forma Financial Results Presentation

(as of and for the year then ended 31 December 2019)



June 2020

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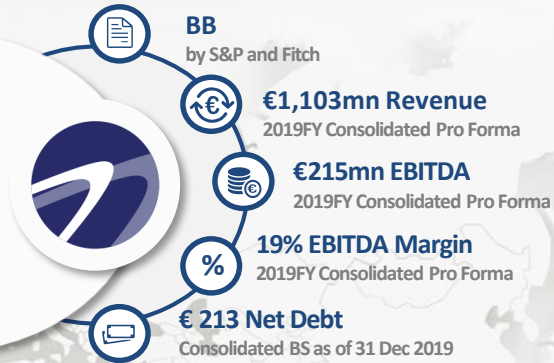
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# Avia Solutions Group – Company Snapshot

Leading Regional Aviation Services Provider with Multi-Service Global Operating Footprint

## AVIA SOLUTIONS GROUP OVERVIEW

- Avia Solutions Group is a **global multi-service aviation holding** that provides integrated aviation-related services and solutions worldwide
- Via organic growth and a number of strategic M&A transactions, ASG has developed into the one of the **largest aerospace business groups and independent aviation services providers in Central and Eastern Europe**
- **Truly global presence** with more than 3,500 employees spread across offices in 30 countries around the world, and growing exposure to Asian and US markets
- Well-diversified and global customer base with **revenue generated in more than 150 countries across five continents**, out of which more than 70%<sup>1</sup> attributed to European developed markets



## MULTI-SERVICE PROVIDER WITH INTEGRATED BUSINESS MODEL

### AVIATION SUPPORT SERVICES

MRO, Ground Handling, Fuelling & Logistics, Crew Training & Staffing

### AVIATION LOGISTICS & DISTRIBUTION

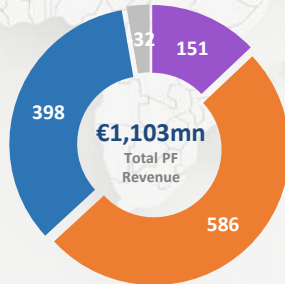
Aircraft, Crew, Maintenance and Insurance Solutions, Passenger and Cargo Charter, Private Jet Services

### AIRCRAFT TRADING & PORTFOLIO MANAGEMENT

Aircraft leasing, trading and management solutions

## GROUP 2019 FINANCIAL RESULTS BREAKDOWN

Consolidated 2019FY Pro Forma Revenue by segment



Consolidated 2019FY Pro Forma EBITDA by segment



■ Aircraft Trading and Portfolio Management ■ Aviation Logistics and Distribution Services  
■ Aviation Support Services ■ Other

## One-Stop Aviation Services Shop

**>100**  
COMPANIES

**~6,500**  
EMPLOYEES

**48**  
COUNTRIES OF PRESENCE

**>70**  
REGISTERED TRADEMARKS

**>3,000**  
DIRECT CLIENT CONTACTS (per month)

- **Company overview**
- Financial Information
- Appendix to Financial Information





# 1 Unique Combination of Services & Multi-Brand Portfolio

One-stop Shop Approach allows ASG to generate plenty of synergies and boost margins

## AIRCRAFT TRADING & PORTFOLIO MANAGEMENT

- › Aircraft Trading
- › Aircraft Leasing
- › Aircraft Management
- › Consulting and remarketing
- › Fleet and transaction management

- One of the leading aircraft lessors in CEE engaged in leasing of mainline narrow body and regional jets (Boeing 737 and Airbus A320, Bombardier CRJs)
- AviaAM has 11 commercial passenger aircraft in fleet<sup>1</sup>
- Engaged in JV with the Henan Civil Aviation Development and Investment (AviaAM China JV)

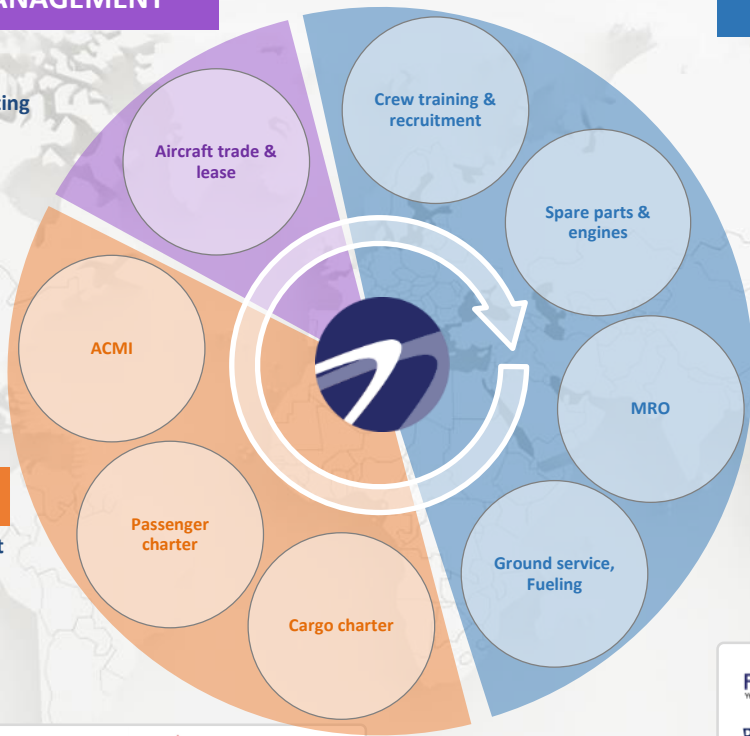


## AVIATION LOGISTICS & DISTRIBUTION

- › Wet Lease
- › Damp Lease
- › Private Jet Charters
- › Group Charters
- › Cargo Charters
- › On Board Courier
- › Humanitarian Airlifts

- Chapman Freeborn is world's leading aircraft charter and aviation support companies, based on group turnover and global footprint and has 45 year expertise in air charter solutions for passenger and cargo.
- SmartLynx had a fleet of 22 Airbus A320 and A321 family aircraft, whereas Avion Express had a fleet of 13 Airbus A320 family aircraft<sup>1</sup>

1. Fleet number is counted as of 31 December 2019



## AVIATION SUPPORT SERVICES

- › Aircraft Maintenance (MRO) & Spare Parts  
FL Technics, JET MS, Storm Aviation
- › Ground Handling & Fuelling  
Baltic Ground Services, Aviator
- › Aviation Training & Recruitment  
BAA Training, AeroTime Hub

- MRO & Spare Parts: Base maintenance – 3 hangars in Europe and 2 hangars in Asia; Line maintenance – 50 stations in Europe, Africa, the CIS and Asia
- Ground Handling and fueling stations at 29 airports across CEE, Balcans & Scandinavia
- One of the three largest independent aviation training centers in Europe with facilities across Europe, Americas, Africa and Asia



# I Leading Aviation Services Provider

Global operations with leading positions across business segments

Global Reach

>100

Companies  
in the Group

48

Countries of  
Presence

150

Countries contributed  
to Group's Revenue

~3.5k

Employees

REGIONAL LEADER IN EVERY SEGMENT OF OPERATIONS

GEOGRAPHICAL REVENUE BREAKDOWN 2019FY<sup>1</sup>



One of the leading ACMI provider in Europe



Amongst TOP3 largest independent aviation training centres in Europe



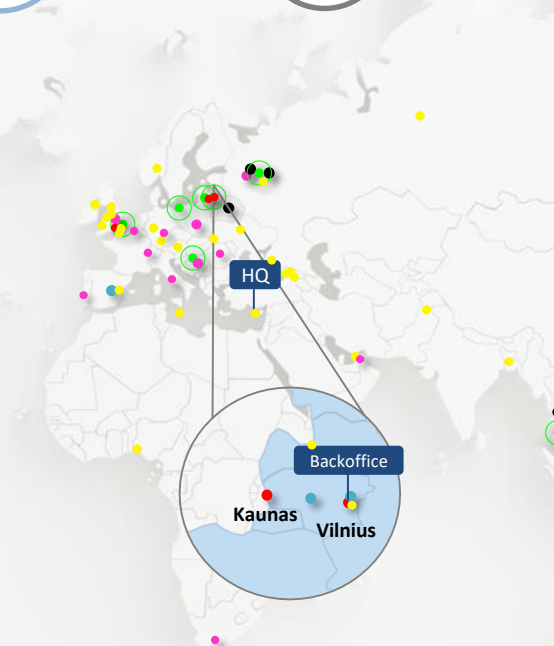
One of the leading base and line maintenance provider in Europe



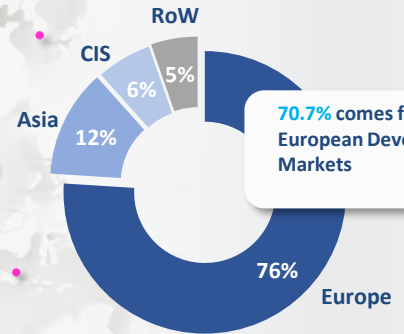
One of the leading aircraft lessor in Central & Eastern Europe



One of the longest standing global cargo charter brands in the world



Wide geographical presence across the globe with a focus on mature markets of Europe and increasing presence across developing countries in Asia, the Middle East and Africa



70.7% comes from European Developed Markets



HQ  
Cyprus

● Heavy Maintenance Hangars



Warehouses

● Representative Offices

● Line Maintenance Stations

● BAA Training Simulators

Source: company information. Note: herein no facilities located in Americas are presented

<sup>1</sup>) Based on consolidated pro forma combined revenues for 12 months ended on 31 December 2019

# Group History – Long-Established Presence in Aviation Services

Decades-lasting Aviation Services operations with extensive market knowledge and industry expertise

2005 2006 2007 2008 2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019

## Avia Solutions Group

### Avia Solutions Group – consolidated in 2010

**FLTECHNICS**  
YOUR RELIABLE MRO PARTNER

Reorganization and privatization of the Lithuanian aviation sector FL Technics, a provider of MRO services, was founded

**BAA TRAINING**  
AVIATION ACADEMY

Entering crew training business by establishing BAA Training

Aviation Asset Management established

**BGS**  
BALISTIC GROUND SERVICES

BGS started 3<sup>rd</sup> party in-plane fueling

**AviaAM**

AAM restructured, establishing AviaAM

Entered the business of aircraft trading

Warsaw Stock Exchange listing

Expansion into Singapore, Indonesia and Vietnam via Training and MRO

**AviaAM**

Established AviaAM China JV

MRO & Training expansion into China  
BGS entered Ukrainian and Chinese rail business

Delisted from Warsaw Stock Exchange

Acquired the minority share of Magma Aviation

**LOGIK**  
**TRIPOD**

Completed its Magma Aviation acquisition

**chapman freeborn**  
The Global MRO Group Operator

← since 1973

**AVION**

Latcher Airlines was rebranded to Smartlynx Airlines  
Nordic Solutions Air Services was rebranded to Avion Express and was acquired by Eyjafjoll SAS

SMX was subject to MBO and became independent

Avion Express established Dominican Wings

SMX acquired by Tripod Investment Management

Avion Express sold its 65% stake in Dominican Wings

**SMARTLYNX**

← since 1992

In October 2019, the Group completed its Reorganization through the acquisitions of:

- ✓ 100.00% Chapman Freeborn ("CFG")
- ✓ 98.84% of Avia AM leasing ("AviaAM")
- ✓ SIA Smart Aviation Holdings, which holds 100% of Smartlynx Airlines and 51% of Eyjafjoll SAS that in turn holds 100% of Avion Express. Other 49% of Eyjafjoll SAS was also purchased, whereby completing the 100% acquisition of Avion Express

### Aviation Support Services

**FLTECHNICS**  
YOUR RELIABLE MRO PARTNER

**BGS**

**BAA TRAINING**  
AVIATION ACADEMY

**FLM**<sup>1</sup>  
FLYING LITHUANIA

**AVIATOR**<sup>1</sup>

### Aircraft Trading & Portfolio Management

**AviaAM**

**AviaAM**  
AVIATION ASSET MANAGEMENT

### Aviation Logistics & Distribution

**chapman freeborn**  
The Global MRO Group Operator

**SMARTLYNX**

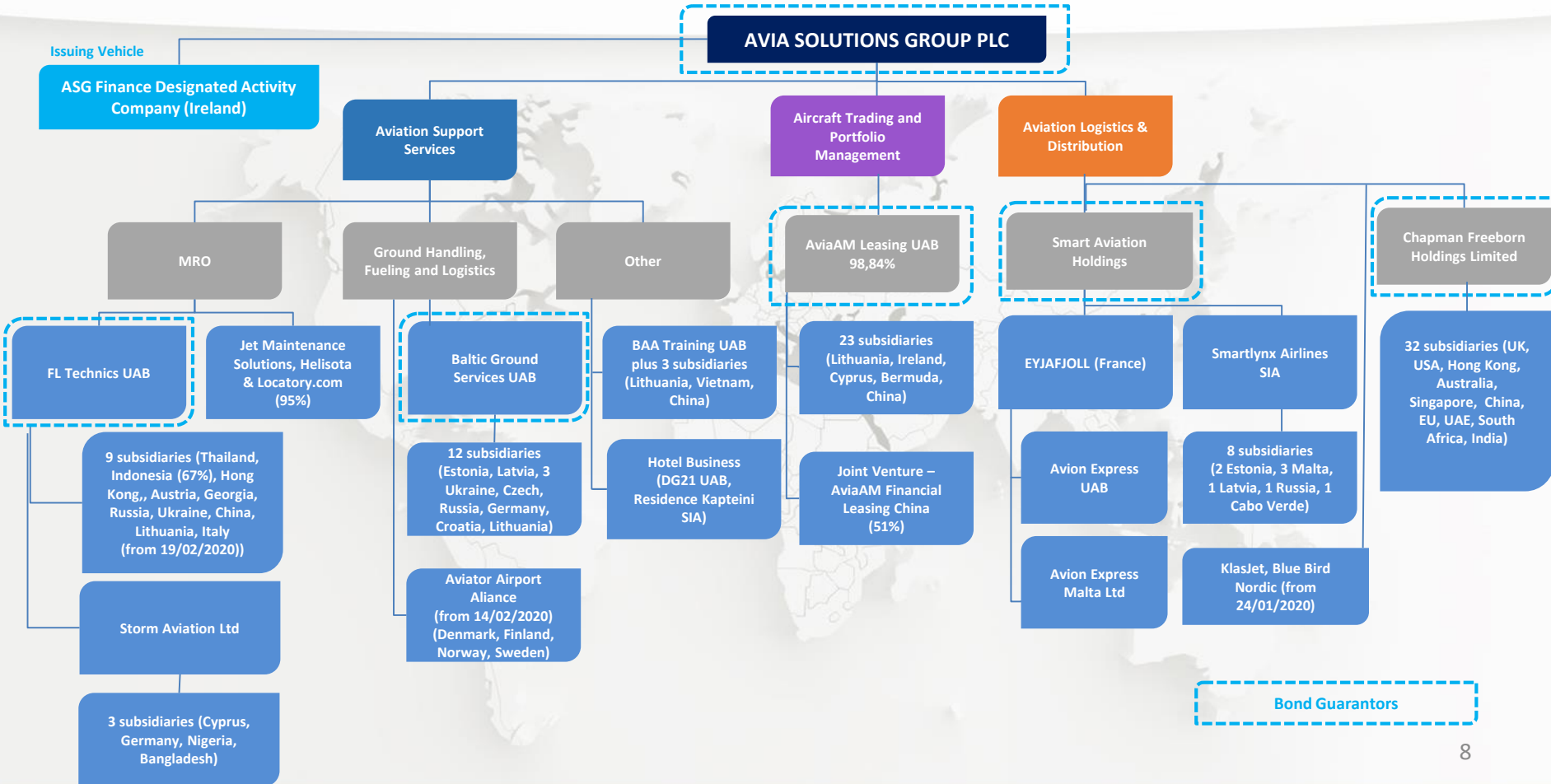
**AVION**

**KLASJET**

**bluebird**<sup>1</sup>  
KOSICE

<sup>1</sup>Aviator, Blue Bird Nordic and FLM acquired in 2020

# Simplified Corporate Structure Chart





# Experienced Management with Strong Track Record

Strong sectoral and management experience

## Shareholders

As of 01 May 2020

Gediminas Ziemelis

(76.01%)<sup>1</sup>

Group executives

(4.19%)

Other shareholders

(19.80%)

## Board of directors



**Zilvinas Lapinskas**

Director of Avia Solutions Group and CEO of FL Technics  
*Appointed CEO of FL Technics in December 2013*



**Jonas Janukenas**

Chief Executive Officer of ASG  
*Joined ASG Group in 2017 as General Manager and Advisor; started managerial career in 1998*



**Gediminas Ziemelis**

Founder and Chairman of the Board of Directors  
*Elected as Chairman of Avia Solutions Group AB in 2009*



**Linas Dovydenas**

Chief Commercial Officer of the Group  
*Served as CCO of Avia Solutions Group AB since 2007*



**Vygaudas Usackas**

Head of Strategy of the Group  
*Has over 20 years of experience in senior management*

## Management



**Jonas Janukenas**

CEO of Avia Solutions Group since 2017



**Aurimas Sanikovas**

CFO of Avia Solutions Group since 2010



**Ricardas Laukaitis**

Head of Treasury Department



**Vladas Bagavicius**

Head of Investor Relations



**Russi Batliwala**

CEO of Chapman Freeborn



**Tadas Goberis**

CEO of AviaAM Leasing since 2013



**Zygimantas Surintas**

CEO of SmartLynx Airlines since 2016

Financial Control

Compliance Department

Legal Department

Data Protection Officer

Risk Management Department

- Company overview
- **Financial Information**
- Appendix to Financial Information



# II Robust Financial Profile

Track record of high revenue growth in all business segments

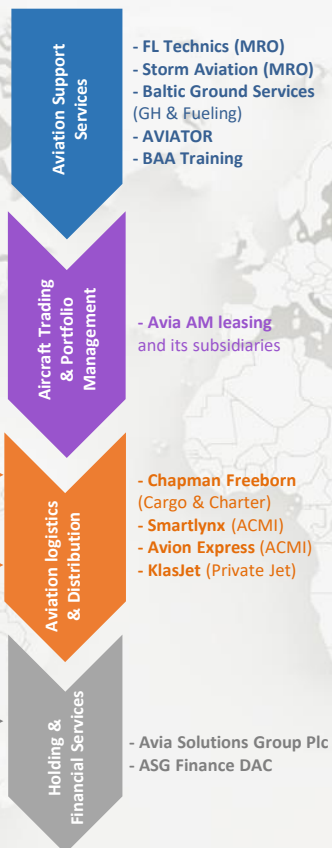
## Change in Reporting Segments 2019FY.

The Group has changed its segments for the financial reporting purpose since the 1st January 2019. Difference of "old" segments from the new one is presented below:

Segments before 2019FY

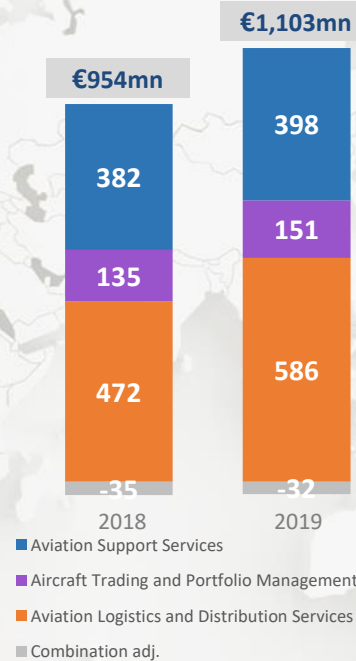


## SEGMENTS FOR 2019FY (NEW)

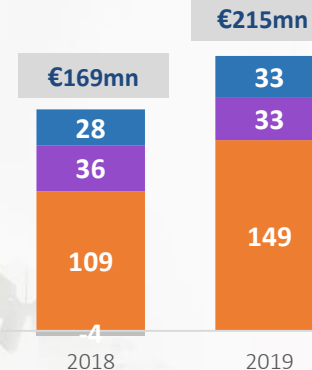


## Consolidated Group Pro-Forma Revenue

EUR, mn

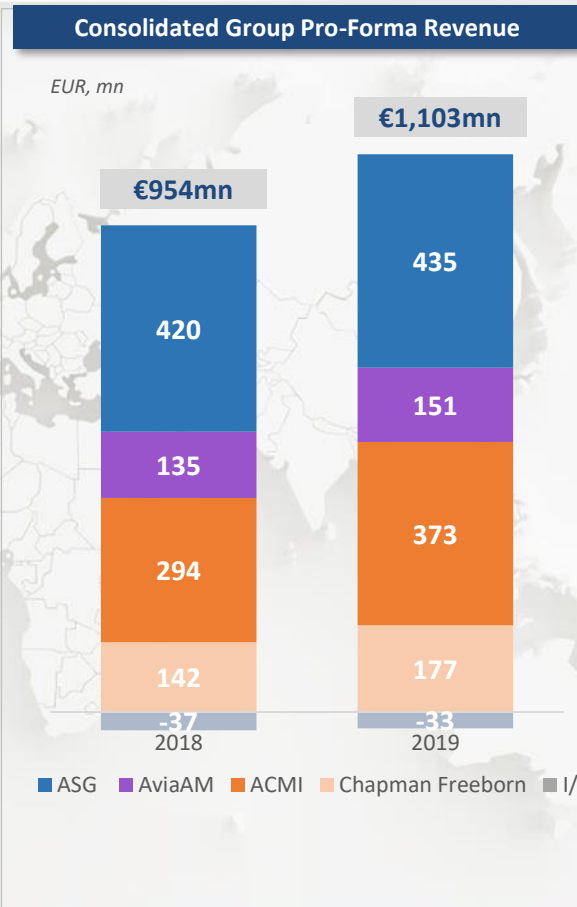
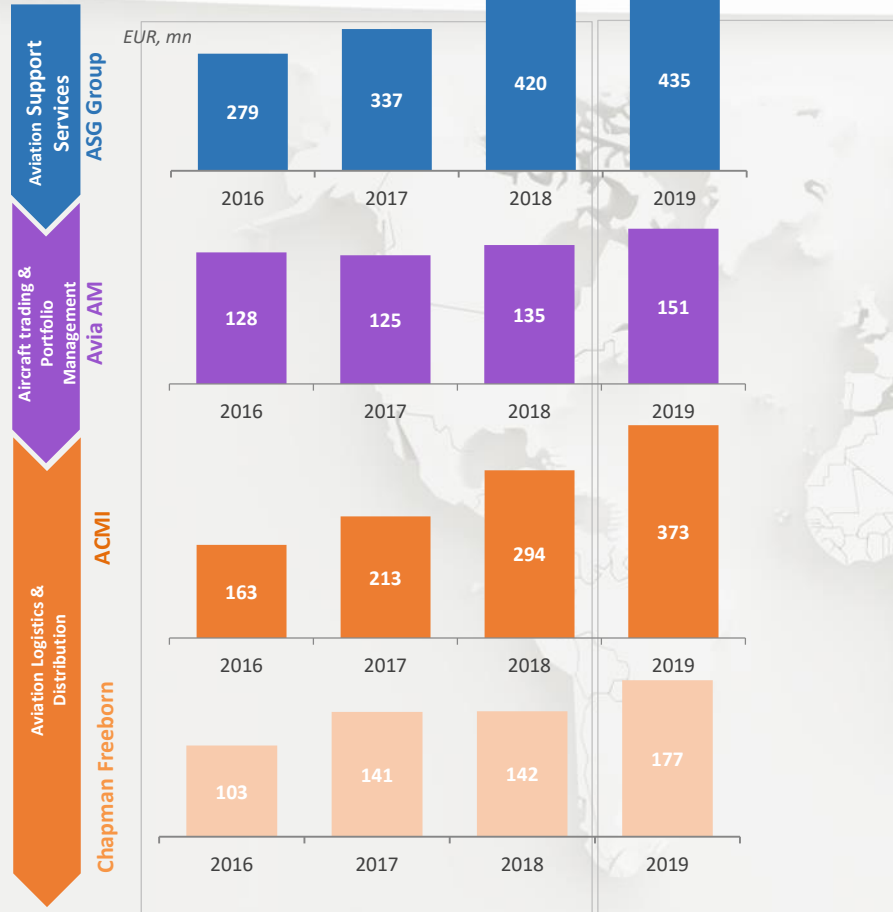


## Consolidated Group Pro-Forma EBITDA



**Note:** To ensure proper comparison with the historical financial information (e.g. 2016FY-2018FY), the analysis further below will be presented based on the "old" segments.

Track record of high revenue growth in all business segments



- ▶ Strong track-record in revenue growth on the back of continuous business expansion.
- ▶ Strong growth in Services segment driven by increase in volume and number of new contracts signed in base maintenance and increase in growth in ground handling and fueling.
- ▶ Growth in ACMI business driven by continuously increasing fleet and utilization rate per aircraft on the back of growing demand in ACMI services and one-off spikes in additional capacity demand (for eg. grounding of the 737MAX)
- ▶ Increase in AviaAM's revenue from 2018 to 2019 was primarily driven by an increase in revenue from sales of aircraft and aircraft leases
- ▶ CFG's growth in recent years was driven by increase in the fleet managed and revenue generated by cargo sub-segment of the business (Magma Aviation), as well as additional contracts signed in CFG's passenger services

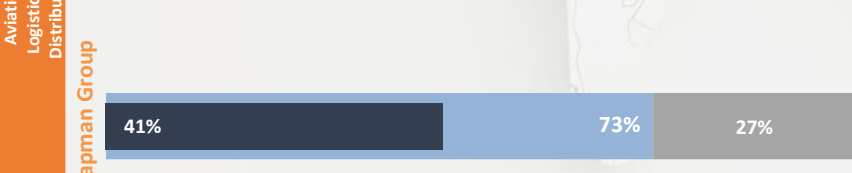
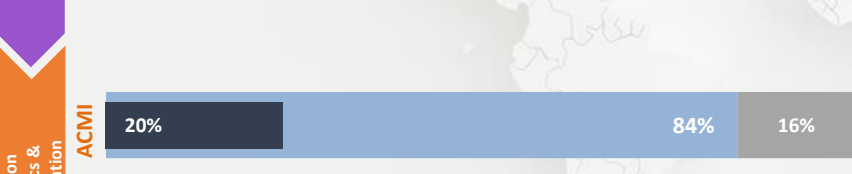
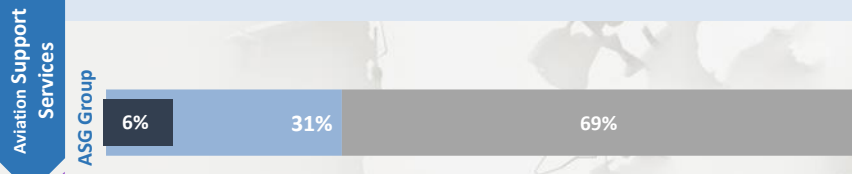
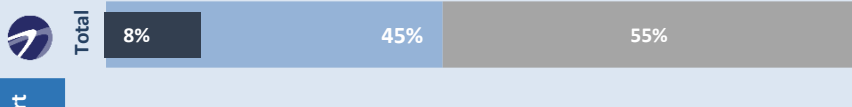


# Robust Financial Profile

Balanced Customer Portfolio built on Long-lasting Relationships with Industry Leaders

## Revenue Concentration per Customer – FY2019

### Consolidated Breakdown for the Group



## Select Customers

- The Group has a **well-diversified and global customer base**, and has **developed long-standing relationships with some of the major European and Asian airlines**, and aviation-related service providers
- The Group's management believes that **maintaining these relationships alongside the pursuit of its growth** is one of its most important competitive strength

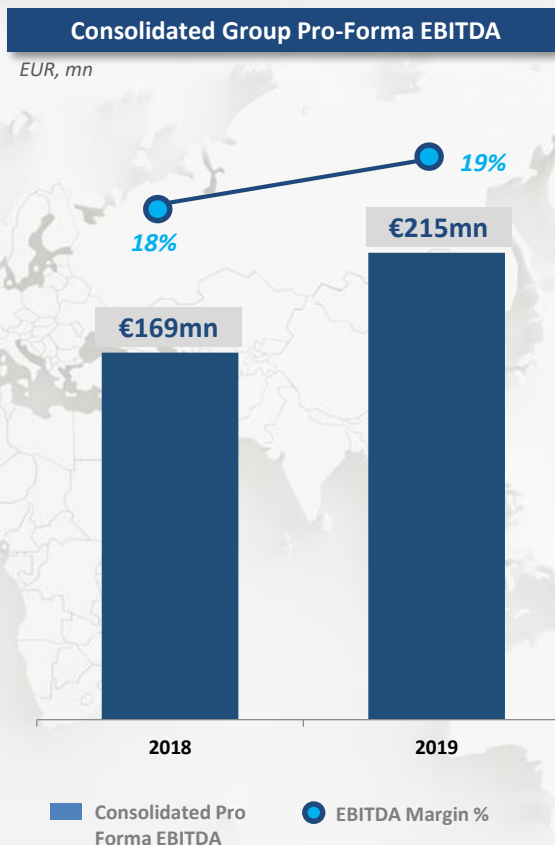
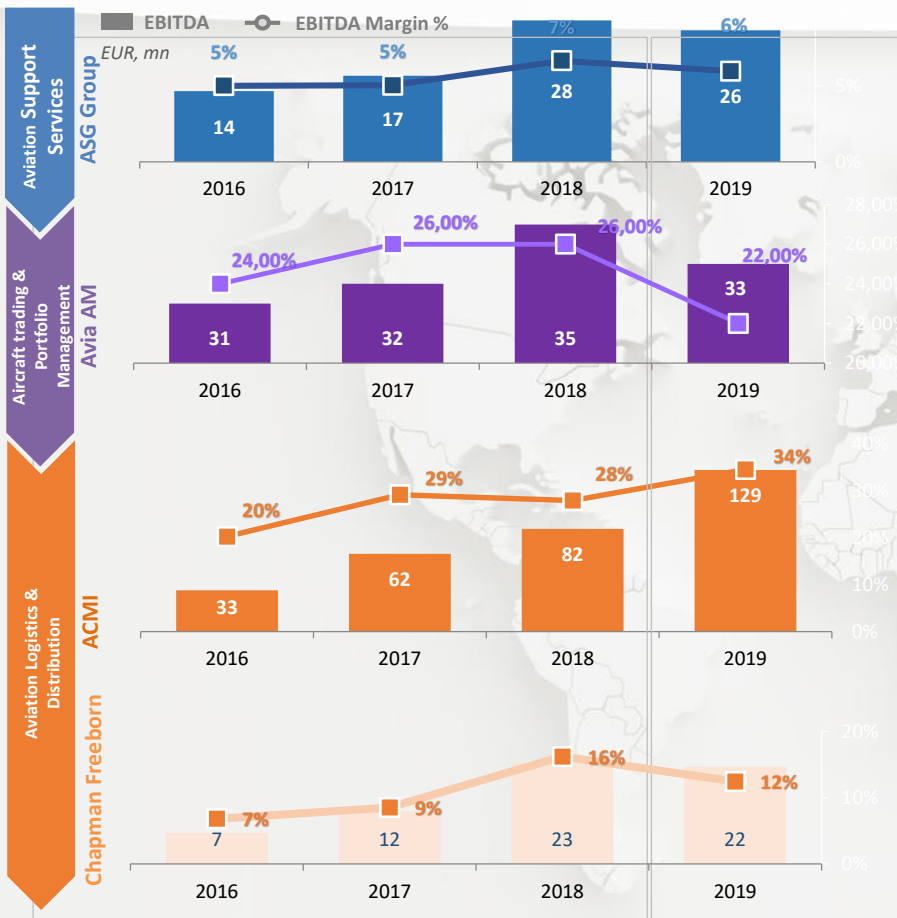


Supporting the response to the Asian Tsunami, earthquakes in Pakistan and Haiti, floods in Myanmar, the Ebola outbreak in 2014 etc.



# II Robust Financial Profile

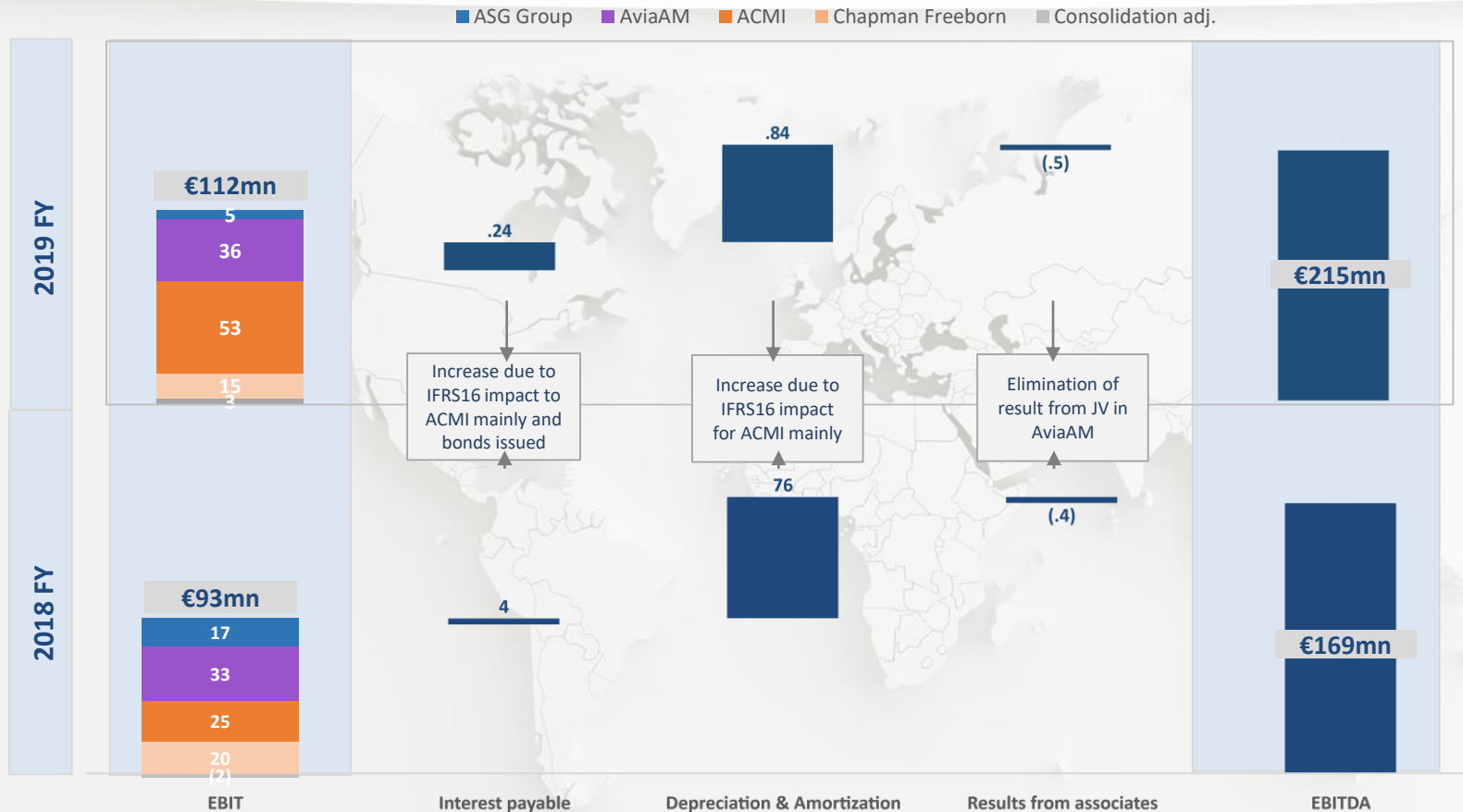
Consolidation of Stable Growth EBITDA and EBITDA Margins in Every Segment of Operations



- Balanced Earnings Mix among the business segments allows ASG to leverage on its core strengths to drive profitability and adjust short-term priorities as per the market needs and capacity requirements
- Strong increase in profitability in ACMI sector, driven by Smartlynx on the back of supportive market conditions and increased utilization
- Focus on the highest margin segments of the supply chain of the aviation industry, in particular by expanding its aircraft leasing and trading activities, trade in spare parts, engines, logistics and MRO services.

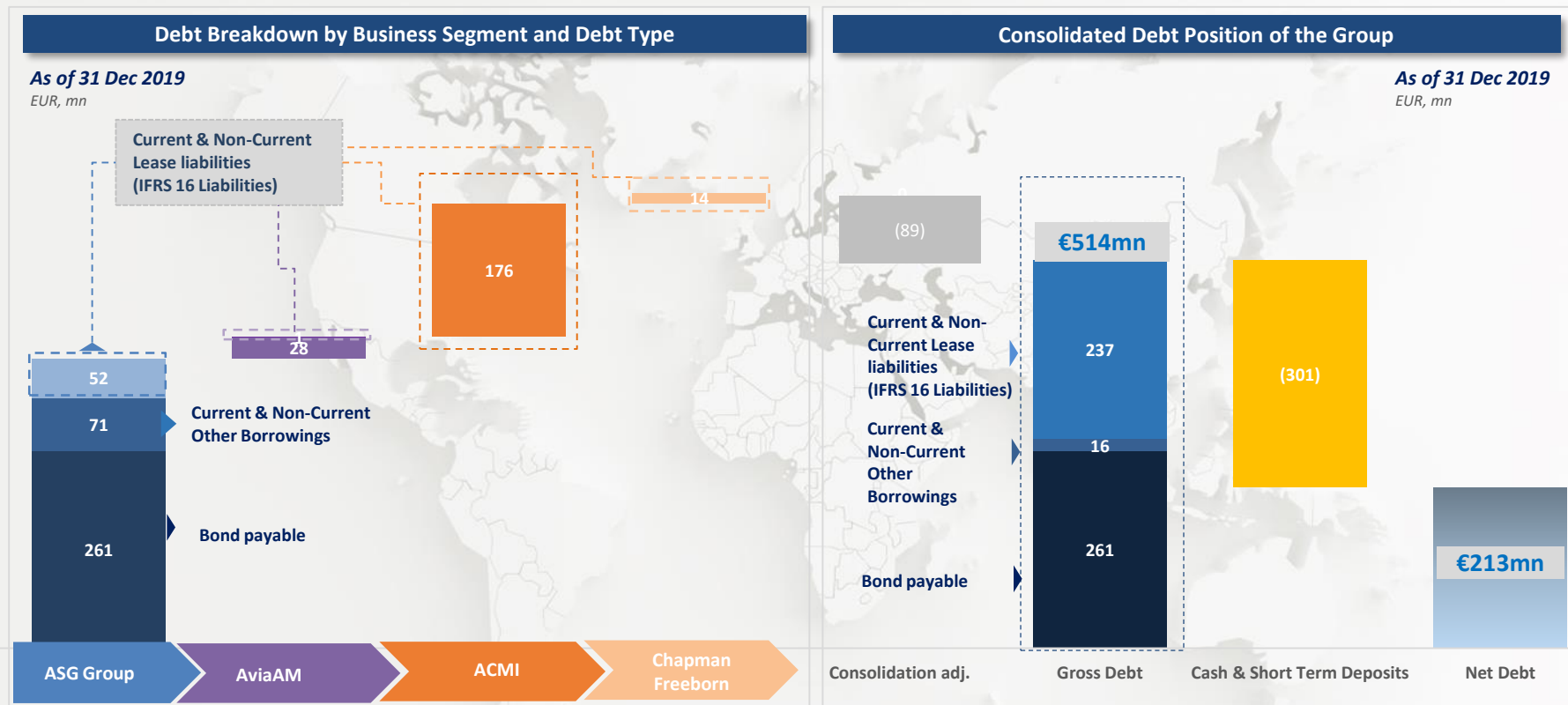
# Robust Financial Profile

## EBIT Breakdown and Bridge to Consolidated EBITDA



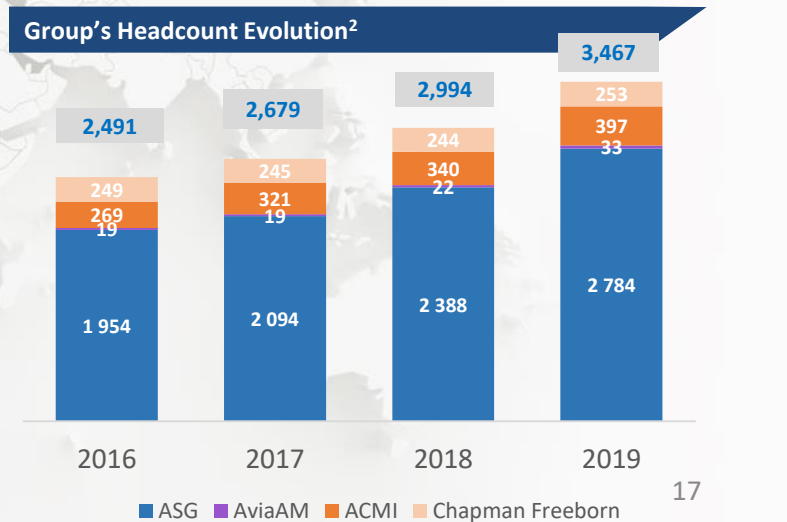
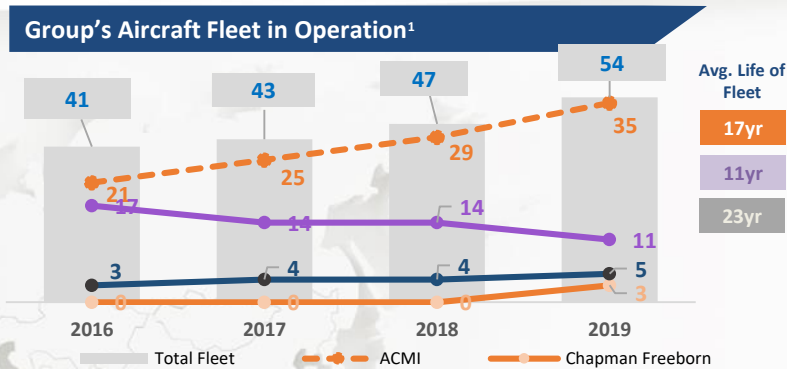
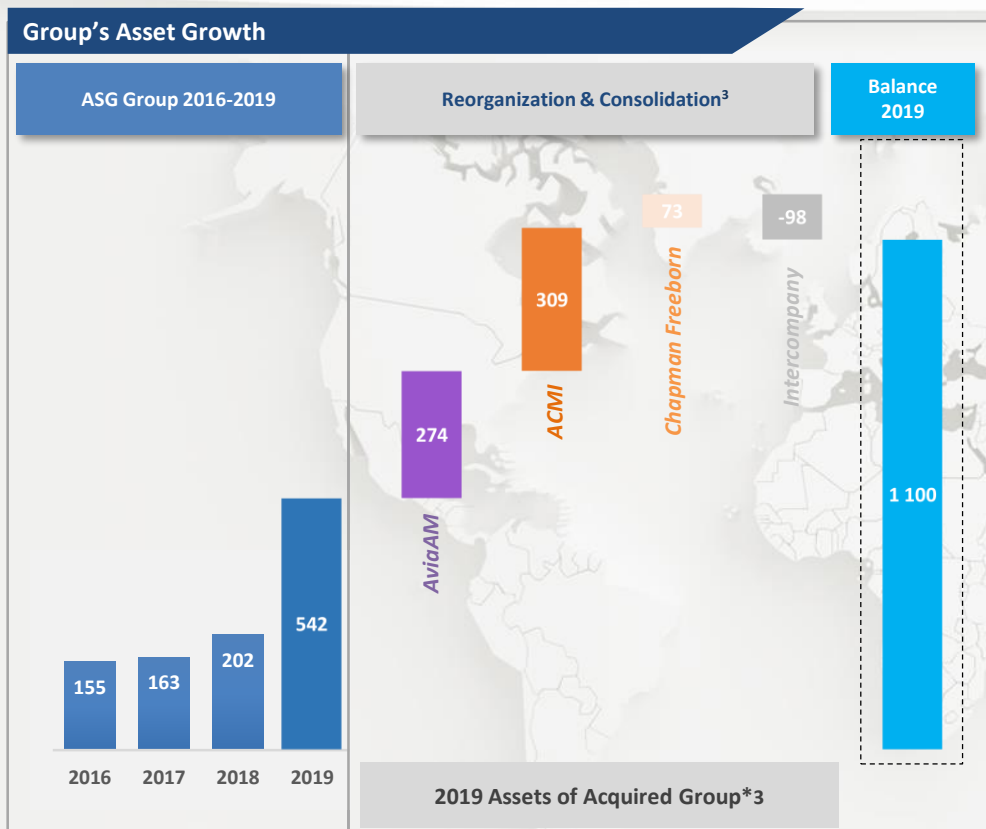
# II Robust Financial Profile

Liabilities predominantly consist of IFRS16 lease and bond debt



# II Robust Financial Profile

Diversified business model with growing asset base and resources



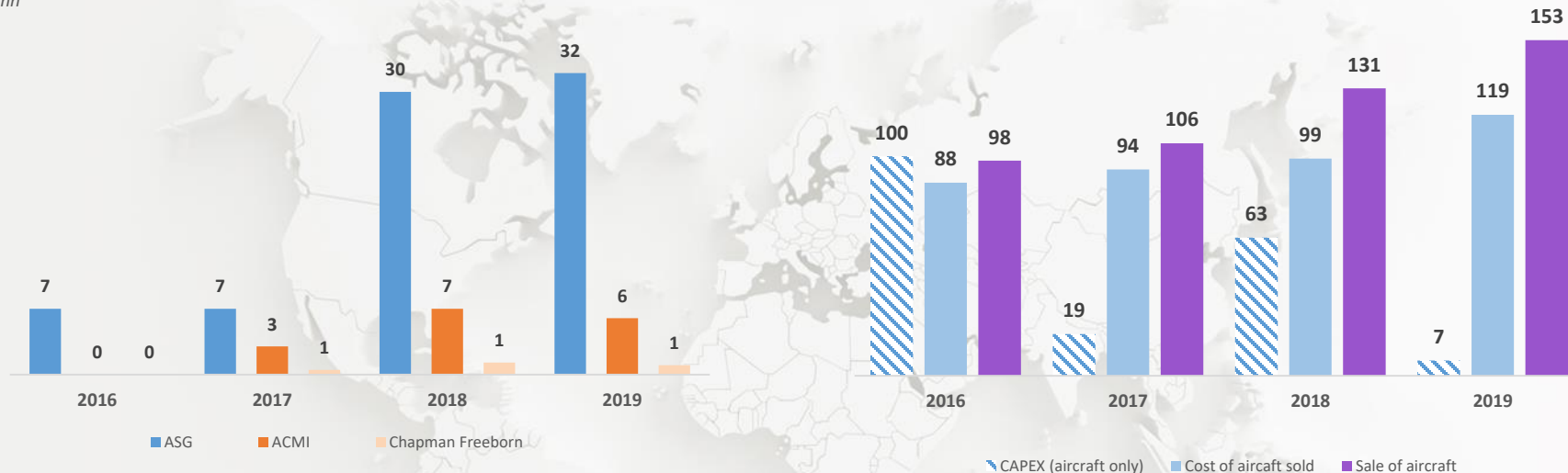
1) Excludes aircraft in AviaAM China JV's Fleet  
 2) Figures include contractors who perform office duties, and excludes cabin crew and pilots  
 3) Investment cost of new acquisitions are eliminated from the ASG Group total assets for presentation purposes. Acquired assets are presented at their book values.

## Service Orientation of the Group with Modest Capital Expenditure Requirements

Minimal historical CAPEX needs for **ASG** and **Aviation Logistic** Businesses

Efficient usage of capital with high velocity of investments and consistent increase in gross margins in Aircraft Trading & Portfolio Management

EUR, mn



- › **Aviation Support Services** and **Aviation Logistics & Distribution** businesses have historically been capital-lite given the service nature and have used resources for maintenance, replacements and upgrades
- › However, in 2018/2019, in line with the organic growth strategy **ASG** invested into rail carriages, flight simulators, aircraft, ground handling, fueling equipment, trucks and hotel business
- › As far as capital investments of **Aviation Logistics & Distribution** are concerned, they predominantly are maintenance-related with occasional one-off significant purchases of equipment and aircraft

- › Aircraft trading and Portfolio Management business is the most capital-intensive out of three **ASG's** business segments that has resulted in greater investments
- › Although the CAPEX of **AviaAM** remains changeable across periods due to the frequently occurring lag between the acquisition and sale of an aircraft, a sale of aircraft and its cost differential demonstrates a durable and effective business model
- › As a result of growing capabilities, the **AviaAM** has been increasing its margin from the sale of aircraft up to 34mEUR for 2019FY (32mEur in 2018FY)



- Company overview
- Financial Information
- **Appendix to Financial Information**



# Consolidated Balance Sheet

Prepared on legacy segment basis as of 31 December 2019 | mEUR

	ASG Group	AviaAM	ACMI	Chapman Freeborn	Combination Adjustments	Intercompany eliminations	Balance
Goodwill	4	-	-	3	60	-	67
Intangible assets	5	-	-	1	1	-	8
Investment property	1	26	-	-	(15)	-	12
Property, plant and equipment and investment property	131	17	187	15	20	(6)	363
Investment to subsidiaries	322	-	18	-	(340)	-	-
Financial assets, investment in associates and joint ventures	-	48	-	-	(1)	-	47
Non-current loans granted and lease receivables	7	58	-	-	-	(41)	24
Non-current trade and other receivables	2	1	13	1	-	-	16
Non-current derivative financial instruments	4	-	-	-	-	-	4
Deferred tax assets	8	-	1	1	-	-	10
Non-current bank deposits	1	-	-	-	-	-	1
<b>Non-current assets</b>	<b>485</b>	<b>150</b>	<b>220</b>	<b>19</b>	<b>(275)</b>	<b>(48)</b>	<b>551</b>
Inventories	29	62	5	-	-	(1)	96
Loans granted and lease receivables	11	13	19	-	-	(36)	7
Trade and other receivables, contract assets and prepaid income tax	71	15	30	41	-	(13)	144
Short-term bank deposit	84	-	-	-	-	-	84
Cash and cash equivalents	135	34	35	13	-	-	217
<b>Current assets</b>	<b>331</b>	<b>124</b>	<b>90</b>	<b>54</b>	<b>-</b>	<b>(50)</b>	<b>549</b>
<b>TOTAL ASSETS</b>	<b>816</b>	<b>274</b>	<b>309</b>	<b>73</b>	<b>(275)</b>	<b>(98)</b>	<b>1 100</b>
Share capital	23	-	-	-	-	-	23
Other equity	313	-	-	-	6	-	318
<b>Equity attributable to equity holders of the parent</b>	<b>336</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>341</b>
Non-controlling interests	-	-	-	3	2	-	5
Equity of acquired entities	-	177	83	24	(285)	-	-
<b>TOTAL EQUITY</b>	<b>336</b>	<b>177</b>	<b>83</b>	<b>27</b>	<b>(277)</b>	<b>-</b>	<b>346</b>
Non-current lease liabilities	42	-	117	7	-	(4)	161
Non-current borrowings	308	11	-	-	(6)	(43)	270
Derivative financial instruments	5	-	-	-	-	-	5
Non-current trade and other payables and security deposits received	2	1	4	-	-	-	6
Deferred income tax liabilities	2	2	-	-	10	-	14
<b>Non-current liabilities</b>	<b>358</b>	<b>14</b>	<b>121</b>	<b>7</b>	<b>4</b>	<b>(47)</b>	<b>457</b>
Lease liabilities	11	1	59	6	-	(1)	76
Borrowings	24	17	-	-	-	(35)	7
Trade and other payables, contract liabilities and current income tax liabilities	88	65	46	32	(2)	(15)	214
<b>Current liabilities</b>	<b>122</b>	<b>83</b>	<b>105</b>	<b>39</b>	<b>(2)</b>	<b>(50)</b>	<b>297</b>
<b>TOTAL LIABILITIES</b>	<b>480</b>	<b>96</b>	<b>226</b>	<b>46</b>	<b>2</b>	<b>(98)</b>	<b>754</b>
<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>816</b>	<b>274</b>	<b>309</b>	<b>73</b>	<b>(275)</b>	<b>(98)</b>	<b>1 100</b>

Net Debt	213
Equity Ratio %	31%
Net debt to EBITDA	1,0

# Consolidated Pro Forma Income Statement

Prepared on legacy segment basis for the year 2019 | mEUR

	ASG Group	AviaAM	ACMI	Chapman Freeborn	Combination Adjustments	Intercompany eliminations	Pro Forma Income statement
<b>Revenue</b>	<b>435</b>	<b>151</b>	<b>373</b>	<b>177</b>	-	<b>(33)</b>	<b>1 103</b>
Other income	1	3	1	-	-	(2)	2
Cost of services and goods purchased	(292)	(112)	(215)	(125)	3	34	(707)
Depreciation and amortization	(14)	(2)	(59)	(6)	(2)	-	(83)
Employee related expenses	(86)	(1)	(15)	(22)	(4)	-	(129)
Other operating expenses	(27)	(3)	(22)	(7)	-	2	(56)
Impairment-related expenses	(5)	(5)	(2)	(1)	5	1	(8)
Other gain/(loss) - net	-	1	9	-	(1)	(4)	6
<b>Operating profit (loss)</b>	<b>12</b>	<b>31</b>	<b>69</b>	<b>16</b>	<b>1</b>	<b>(2)</b>	<b>127</b>
Finance costs – net	(6)	(1)	(17)	-	(1)	1	(24)
Share of profit (losses) of equity-accounted investees, net of tax	(1)	7	-	-	-	-	5
<b>Profit (loss) before income tax</b>	<b>5</b>	<b>36</b>	<b>53</b>	<b>15</b>	-	<b>(1)</b>	<b>108</b>
Income tax	(2)	(4)	(2)	(5)	-	-	(14)
<b>Profit (loss) for the year</b>	<b>2</b>	<b>32</b>	<b>50</b>	<b>10</b>	-	<b>(1)</b>	<b>94</b>
<b>EBITDA</b>	<b>26</b>	<b>33</b>	<b>129</b>	<b>22</b>	<b>7</b>	<b>(2)</b>	<b>215</b>
<b>EBITDA Margin %</b>	<b>6%</b>	<b>22%</b>	<b>35%</b>	<b>12%</b>			<b>19%</b>



THANK  
YOU

