



Press Release 27 July 2020

Trading update

Signature Aviation plc (“the Group”), a market-leading provider of global aviation support services, is pleased to announce a trading update for the period 1 January to 30 June 2020, unless otherwise stated.

- Continuing Group like-for-like revenue for the first 6 months was down 31% year over year solely due to the impact of COVID19
- The Group remained net cash flow positive in the second quarter during the COVID period through decisive actions by management on cost and capital expenditure
- Flying activity has continued to show an improving trend – down by an average of 32% for the month of June in the US, compared to an average of 77% down in April
- All US employees have been brought back from furlough with the support of the US CARES Act
- A precautionary RCF covenant waiver has been agreed with our relationship banks for the December 2020 and June 2021 testing periods
- Agreement to acquire TAG Aviation FBO SA, comprising two FBOs at Geneva and Sion in Switzerland

Mark Johnstone, Signature Aviation CEO commented “Since our AGM statement in mid-May, flight activity across our global network has continued to show an encouraging recovery and, in the US, with the support of the CARES Act, we have now called back all our furloughed staff. As we look forward, I remain confident in the resilience and potential of our market leading FBO business model, the quality of our unique network, the strength of our liquidity and therefore our ability to continue to invest in and grow our attractive and high return business. Thus, we are delighted to have recently reached an agreement to acquire two FBOs in Switzerland, including Geneva, which is a highly strategic addition to our network. Finally, and as a precautionary measure given the macroeconomic uncertainties, we have secured a covenant waiver from our relationship banks for December 2020 and June 2021.”

Business & General Aviation (B&GA) market update

As previously noted, flying activity across our US network through to the third week of March was in line with our expectations and we saw limited impact on our fuel volumes from COVID-19. Although we experienced an average 77% year on year reduction in flight activity during April, we have seen a substantial recovery in flight activity over the last two months. Flight activity during May was down by an average of 58% and we have seen a further significant recovery during June with flight activity down by an average of 32%.

Revenue for the continuing Group (Signature FBO, EPIC and TECHNICAir) was down 38% in the six months to June. On a like-for-like basis (constant currency, adjusting for lower fuel prices, acquisitions and disposals) revenue was down 31%.



In the six months to June 2020 the like-for-like revenue decline in our Signature business (FBO and TECHNICAir) was down 29% and US B&GA movements data, from the FAA, for the same period shows a 30% decline.

Liquidity and balance sheet position

Signature Aviation entered this period of uncertainty in a strong financial position and has proactively taken decisive steps to preserve liquidity, including reducing costs and capital expenditure and suspending the Group dividend. As a result, notwithstanding the severe impact of COVID-19 on our operations, the Group remained net cash flow positive in the second quarter.

At the end of June our RCF facility was drawn by \$79 million, leaving \$321 million of undrawn facilities. With cash at 30 June around \$200 million (including \$55 million of remaining CARES Act funds from the \$60 million received to date), this represents increased total headroom of over \$500 million. We are due to receive the final \$20 million of CARES Act funds by the end of July. The overall CARES Act funds of \$80 million includes \$19 million in the form of a loan which we expect to prepay before the end of this year.

In addition, the Group has taken the precautionary measure of agreeing a covenant waiver for the testing periods ending 31 December 2020 and 30 June 2021 with our group of relationship banks for our \$400 million unsecured RCF facility expiring March 2025. For the covenant tests for the period ending 30 June 2020 a waiver is not needed. As part of the agreement to waive our banking covenants we have agreed a minimum liquidity threshold (incorporating cash and cash equivalents and the undrawn headroom under the RCF facility) of \$150 million which will apply at the testing periods ending 31 December 2020 and 30 June 2021 and for two additional testing periods ending 31 March 2021 and 30 September 2021, should the RCF facility be drawn at these additional dates. These financial covenants are only related to our RCF facility, our unsecured US bonds do not contain any financial covenants.

Network growth

In line with our strategic growth target to grow customer value through expanding our network, we are pleased to have reached agreement to acquire TAG Aviation FBO SA. The acquisition comprises two FBOs in Switzerland; the strategically important location in Geneva, a Signature target for some time, and Sion.

Geneva is the second largest trafficked General Aviation location in EMEA, with strong connectivity to other locations in our European network such as Paris, Luton and Nice. TAG is the largest operator at Geneva and is well located on the field. The transaction is expected to close in the third quarter.

We have also continued to invest growth capital during the COVID-19 period and were pleased to have recently opened our newly constructed Atlanta FBO, which has been built to LEED silver standard.

Employee and customer experience

As previously noted, in the early stages of mitigating the impact of COVID-19, management took the necessary steps to best match our labour costs to flying and tenant activity, and in the US, which represents around 90% of our business, the hours reductions and furloughs reduced our direct labour hours by over 50% compared to pre-COVID-19 levels.



In April we made an application under the CARES Act for US payroll support. In June we were notified that our application had been approved, and this has enabled us to bring all furloughed US staff back into our business as the market recovery continues. The CARES Act support funding will be used solely to fund the payroll for US employees.

As we entered the recovery phase in flight activity and as part of our commitment to maintaining the highest safety, health and wellness standards in the FBO industry we have launched SignatureAssure, which sets the standard for an industry-leading approach to training, technology, and operating procedures. It is our way of showing that we stand by our commitment to ensure the health and safety of our team members, our visiting flight crews, and the travelling public across our FBO network.

ERO

Our ERO business continues to operate as expected and has seen minimal impact of COVID-19 on revenues so far this year. In the six months to June revenues declined 1.9% compared to the prior year. On a like-for like basis (adjusting for constant currency) revenue was down 1.4%.

The ERO disposal process is ongoing and we will update the market in due course.

Outlook

All guidance remains suspended. We will continue to monitor the COVID-19 recovery closely and will provide further updates when we publish our interim results in early September. Furthermore, the Board will review the decision on suspension of dividend payments as trading conditions become clearer.

Notes:

The Group will publish its interim results for the half year ended 30 June 2020 on 8 September 2020.

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Information on Signature Aviation plc

Signature Aviation plc is a market leading, global aviation support and aftermarket services provider, primarily focused on servicing the Business and General Aviation (B&GA) market. We support our customers through our principal business Signature and Global Engine Services/Engine Repair and Overhaul (ERO).

Signature, including Signature FBO, TECHNICAir™ and EPIC Fuels, provides premium, full-service flight and home base support including refuelling, ground handling and MRO services through the world's largest fixed base operation (FBO) network for B&GA users with around 200 locations covering key destinations in North America, Europe, South America, Caribbean, Africa and Asia. EPIC Fuels is a provider of aviation fuels, supplies and services operating at more than 200 locations.

On 1 March 2018, the Company announced that it was conducting a strategic review of the ERO business and, at the end of May 2018, management committed to a plan to sell substantially all of the business and the relevant assets and liabilities were classified as held for sale. The sale process is ongoing.

On 22 November 2019, the Company changed its name from BBA Aviation plc to Signature Aviation plc.