

Air Partner (AIR LN)

Forecasts withdrawn

CORPORATE

Support Services

Current price*: 42.50p Mkt cap (£m): 23

1 April 2020

COVID-19 update is reassuring

N+1 Singer view

Air Partner has issued a further COVID-19 update. The Group has had a strong start to FY21, with both February and March delivering profits well ahead of both budget and the prior year. The current indication is that the Group has delivered around £2.4m of underlying PBT in these months. Management's expectation is that business will now slow as the pandemic continues to restrict aviation activity globally, though the order book for April is encouraging. In response, management has implemented a series of temporary cost management initiatives and made use of the available government grants and benefits to significantly reduce the cost base for the coming months. At the end of March, adj. net debt stood at £5.0m. The Group has access to a total debt facility of £14.5m, comprising of a £1.5m overdraft and a £13m RCF. We are reassured by today's update and management has reiterated its confidence that Air Partner is effectively positioned to cope with the challenges and uncertainty posed by COVID-19.

Event

- **Strong start to FY21** – The Group had a strong start to FY21. The current indication is that the Group has delivered around £2.4m of underlying PBT in the first two months of the year, as new business wins from the crisis, such as repatriation contracts, have outweighed a decline in Safety & Security and European private jet charter during the pandemic. The order book for April is encouraging, supported by Freight work.
- **Focus on cost management and cash conservation** – Management's expectation is that business will now slow as the pandemic continues to restrict aviation activity globally. Accordingly, management has implemented a series of temporary cost management initiatives and made use of the available government grants and benefits to significantly reduce its cost base for the coming months. These include every director taking a voluntary 20% pay reduction for at least the next two months.
- **Balance sheet** – At the end of March, adj. net debt stood at £5.0m, excluding significant customer deposits and JetCard cash. The Group has access to a total debt facility of £14.5m, comprising of a £1.5m overdraft and a £13m RCF. The RCF is due to expire in February 2023.

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Stock ratings

Recommendation / Shares outstanding (m) / Target price

Air Partner (GBP)

| Date | Rec | Shares | TP |
|----------------------|-----------|--------|----|
| Initiated: 08-Oct-19 | Corporate | 54 | |

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