

Air Partner plc

Mid Market Opportunities

UK Equity Research

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Canaccord Genuity Ltd (UK)

Gert Zonneveld | Analyst | Canaccord Genuity Ltd (UK) | gzonneveld@cgf.com | 44.20.7523.8377
Caspar Trenchard | Analyst | Canaccord Genuity Ltd (UK) | ctrenchard@cgf.com | 44.20.7523.8368

Two new quality assurance contract wins

Canaccord Genuity view

As a leading air charter broker, we believe Air Partner is well positioned to benefit from the long-term growth trends in aviation. It continues to make good progress in its strategy of diversifying its revenue streams and aviation services portfolio. The acquisition of Redline in December 2019 strengthened the Safety & Security division and the two new quality assurance contract wins announced today should further increase the Group's forward long-term contract portfolio.

Global aviation, however, continues to be significantly impacted by the COVID-19 crisis. Due to the lack of visibility beyond the next couple of months, the full-year impact of COVID-19 is unclear and the stock remains Under Review.

What's new?

Redline, an Air Partner company, announced new quality assurance contracts with Nice Côte d'Azur Airport and OCS Group UK. The Nice contract expands Redline's operations in France, while the OCS contract increases its exposure to non-aviation sectors.

Impact

The new contracts expand the customer base and further strengthen the Group's long-term contract portfolio. Our forecasts, however, remain under review due to the lack of visibility created by COVID-19.

Two new contracts

Redline, which was acquired by Air Partner in December 2019, has won two new quality assurance contracts. These wins will further grow its contracted customer base, which consists of aviation-related companies as well as customers in other sectors, including Critical National Infrastructure, rail and major events.

The new contract with the Nice airport, France's third-busiest, will further expand Redline's activities in that country, where it provides airports with the highest standard security solutions. Nice will be the sixth French airport to use Redline's unique quality assurance testing programme, the others being Paris CDG, Paris Orly, Lyon-Saint Exupéry, Bordeaux-Mérignac and Nantes Atlantique.

In addition, a new five-year contract was won by Redline with OCS, an international facilities management company, to support Her Majesty's Courts and Tribunals Service (which is responsible for the administration of criminal, civil and family courts and tribunals in England and Wales). Redline will be OCS's internal quality assurance provider and will also be responsible for the security training of all OCS security officers deployed at every court and tribunal across the UK, to ensure they meet Critical National Infrastructure (CNI) standards for security searching and screening. Furthermore, Redline will quality assure all courts and tribunals as part of OCS's quality assurance programme.

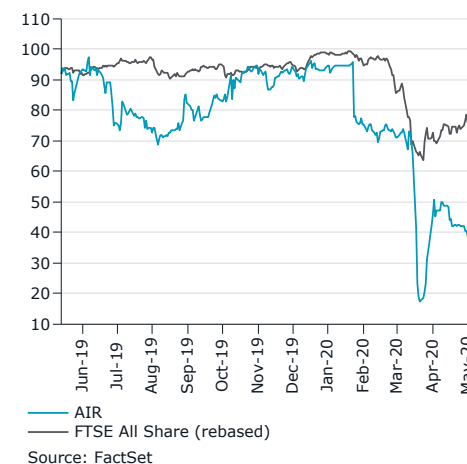
Rating
UNDER REVIEW
 unchanged

AIR-LSE
 Price
55p

Market Data

52-Week Range (p) :	15 - 103
Market Cap (£M) :	29.2
Shares Out. (M) :	53.5
Enterprise Value (£M) :	38.8

FYE Jan	2018A	2019A
Gross Profit (£M)	34.7	35.5
PBT Adj (£M)	5.8	5.8
EPS Adj&Dil (p)	8.1	9.4
DPS (p)	5.5	5.6
P/E (x)	6.8	5.8
Div. Yield (%)	10.1	10.3
EV/EBITDA (x)	5.0	3.7



Priced as of close of business 11 May 2020

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Investment Recommendation

Date and time of first dissemination: May 12, 2020, 02:09 ET

Date and time of production: May 12, 2020, 02:09 ET

Distribution of Ratings:

Global Stock Ratings (as of 05/12/20)

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	504	59.79%	52.98%
Hold	200	23.72%	40.00%
Sell	17	2.02%	29.41%
Speculative Buy	122	14.47%	72.95%
	843*	100.0%	

*Total includes stocks that are Under Review

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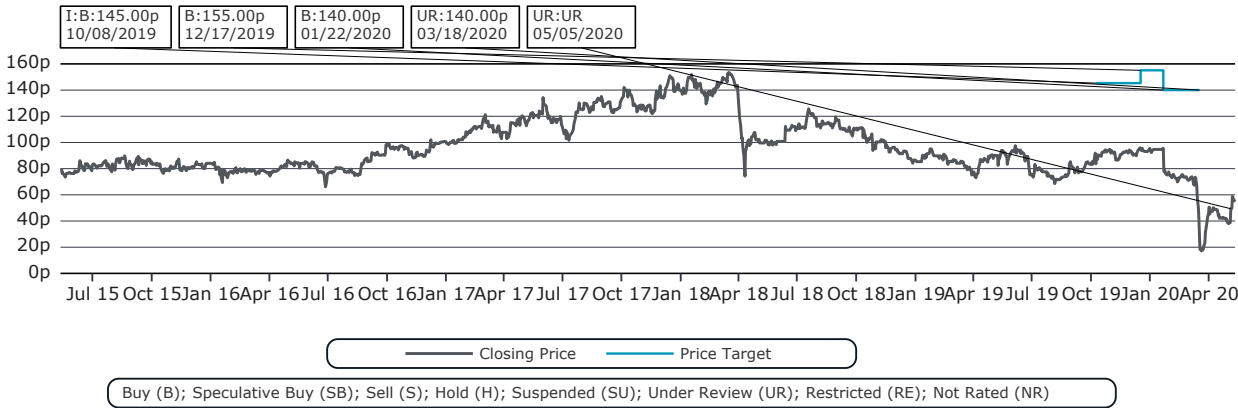
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Air Partner plc Rating History as of 05/11/2020



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