

## Air Partner (AIR LN)

### CORPORATE

#### Support Services

Current price\*: 37.95p      Mkt cap (£m): 20

5 May 2020

### Very strong Q1 outturn despite challenging market backdrop

#### N+1 Singer view

Air Partner has issued a third COVID-19 update, confirming a very strong start to FY21. The unaudited accounts for Q1 show expected underlying PBT of £6m. Prior to withdrawing our forecasts we had been forecasting full year PBT of £6.5m. Against a challenging market backdrop, this is an excellent result and is testament to the Group's strategy to diversify its exposure across the aviation chartering industry. April was a record month, predominantly driven by unusually high levels of activity in Freight and Group Charter. However, as expected, activity in Private Jets and Safety & Security remains notably lower than in previous years, although Redline has recently secured two new security contract wins. The forward order book is encouraging for May and June, supported by demand for Freight and Group Charter services. Visibility beyond this is currently limited. Accordingly, management is managing costs tightly in order to preserve cash. At the end of April, the Group had underlying cash in the bank of £13m (exc. significant customer deposits and JetCard cash).

#### Event

- **Group Charter** - Group Charter has continued to carry out significant repatriation and evacuation work related to the COVID-19 pandemic, flying people back to their home countries from around the world. In addition, the team is involved in flying agricultural workers into the UK from elsewhere in Europe, and has seen increased demand for corporate shuttles from UK and US customers that value their employees travelling in a more controlled environment at this time.
- **Private Jets** - Activity in Private Jets remains very weak, reflecting wider aviation trends as people follow government advice globally against non-essential travel. However, management anticipates some improvement when international airways start to re-open, as some executives and high net worth individuals seek to travel independently and from less busy airports.
- **Freight** - The Group continues to see high demand for its Freight services. Its team was extremely busy in April, notably flying emergency shipments of protective personal equipment (PPE) on behalf of a number of customers, and this is set to continue into May.
- **Safety & Security** - Air Partner's activities in Safety have been adversely impacted by COVID-19, as government restrictions have led to a significant drop in aviation industry activities, resulting in a temporary reduction in demand for training, consulting and quality assurance from our airline and airport customers. However, Redline recently won a five-year quality assurance and security training contract with international facilities management company OCS Group UK (OCS) to support Her Majesty's Courts and Tribunals Service. In addition, Redline has also won a quality assurance contract with Aéroport Nice Côte d'Azur, which becomes the sixth airport in France to use its unique quality assurance testing programme.

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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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