

# Air Partner plc

## Business Services

UK Equity Research

2 July 2020

Canaccord Genuity Ltd (UK)

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## Strong profit performance continues

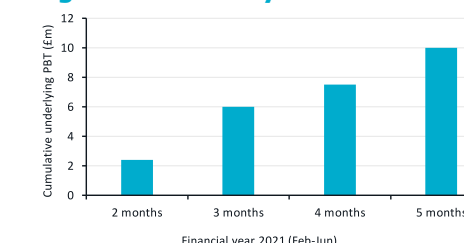
### Canaccord Genuity view

The Group performed significantly ahead of budget in June and expects underlying PBT for the period Feb-June 2020 to be at least £10m. In a previous note, which contained a cautious and an optimistic scenario, we had forecast an underlying PBT range of £8.5m to £10m for H1 FY2021, and a range of £9.5m to £12.5m for FY 2021. Based on the progress reported to date, we believe the Group is well on its way to achieve, or possibly exceed, these numbers and deliver record results.

### What's new?

Trading continues to be ahead of budget and the Group expects underlying PBT for the first five months of the current financial year to be at least £10m.

### Progress financial year to date



Source: Company reports

### Trading update

The Group continues to perform strongly in the current financial year, with underlying PBT significantly ahead of budget in June. Underlying PBT for the first five months of FY2021 (Feb-June) is expected to be in excess of £10m.

**Group Charter** carried out further repatriation work and corporate shuttles in June, with corporate shuttles being particularly strong in Europe and the USA. The division also enjoyed the one-off benefit of a significant corporate project, which will not be repeated. Sports activity has seen a significant decrease, given the cancellation or postponement of many large sporting events in 2020 such as the Euros and Olympic games, but the Group is now seeing a pick-up in demand in this sector across Europe as sporting events have started to resume.

There have been positive signs of recovery in **Private Jets**, especially in the USA, and JetCard has delivered strong sales in June. The recovery in Europe has been slightly slower, held back by the 14-day quarantine rule in the UK.

The **Freight** division experienced further high demand for the transportation of emergency PPE from Asia to the UK, Europe and the US. The Group believes activity levels should return to pre-COVID-19 levels in the second half of the year.

The **Safety & Security** division has recently won a number of contracts, including one with the CAA and another one providing consultancy services for Jet Edge. On the Security side, covert testing is showing early signs of a recovery while the Safety team delivered over 50 virtual courses in June.

### Outlook and liquidity

Early indications for July show an adjustment in the Group's business mix to pre-COVID-19 levels, with a recovery in Private Jets and Safety & Security.

The successful equity placing on 12 June has enabled the Group to enter the second half of the year with significantly reduced debt and good working capital to invest in opportunities that may arise from Covid-19 to help drive organic growth. As at 30 June, Air Partner's normalised cash balance was £16m, excluding significant customer deposits and JetCard cash. In addition, it has a total debt facility of £14.5m – a RCF of £13m (only £3m drawn down as at 30 June) and an overdraft of £1.5m.

**Rating**  
**UNDER REVIEW**  
 unchanged

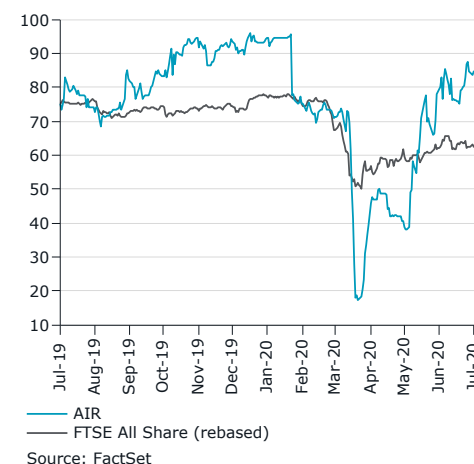
AIR-LSE

 Price  
**86p**

### Market Data

52-Week Range (p) :	15 - 98
Market Cap (£M) :	54.5
Shares Out. (M) :	63.6
Enterprise Value (£M) :	60.2

FYE Jan	2018A	2019A	2020A
Sales (£M)	74.3	77.5	66.7
Gross Profit (£M)	34.7	35.5	34.2
PBT Adj (£M)	5.8	5.8	4.2
EPS Adj&Dil (p)	8.1	9.4	6.3
DPS (p)	5.5	5.6	1.8
Net Debt (Cash) (£M)	(5)	(2)	7
P/E (x)	10.5	9.0	13.4
Div. Yield (%)	6.5	6.7	2.1
EV/EBITDA (x)	7.2	7.1	5.5



Priced as of close of business 1 July 2020

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

Date and time of production: July 02, 2020, 02:09 ET

### Distribution of Ratings:

#### Global Stock Ratings (as of 07/02/20)

Rating	Coverage Universe		IB Clients
	#	%	%
Buy	488	60.70%	54.71%
Hold	181	22.51%	39.23%
Sell	19	2.36%	36.84%
Speculative Buy	116	14.43%	70.69%
	804*	100.0%	

\*Total includes stocks that are Under Review

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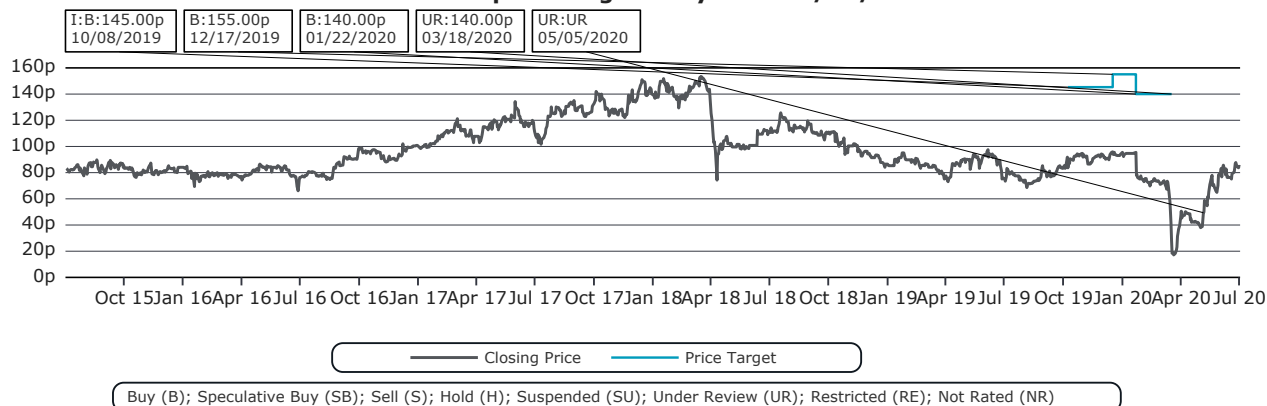
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