

## Air Partner (AIR LN)

Forecasts withdrawn

CORPORATE

### Support Services

Current price\*: 84.20p      Mkt cap (£m): 54

2 July 2020

## Another strong month of trading, with PBT of £10m delivered YTD

### N+1 Singer view

Air Partner has issued a further shareholder update, confirming PBT of at least £10m in the first five months of the year to June, an increase of £2.5m since the last update to May. The Group continues to deliver impressive results despite a challenging market backdrop. As has been the case throughout the COVID-19 crisis, performance has been driven by strong activity in the Freight and Group Charter divisions. Crisis driven activity is expected to reduce in H2, with an anticipated recovery in the Group's core activities, where the update reports positive early indications across the Group's divisions. The balance sheet is very well supported, with net cash at 30<sup>th</sup> June standing at £13m post the recent £7.5m fund raise. The Group continues to have access to total debt facilities of £14.5m. Whilst visibility for H2 remains limited, we believe the Group is well placed to deliver a strongly profitable FY21 result.

### Event

- **Group Charter** - Group Charter had a strong month in June, carrying out repatriation work and corporate shuttles, with the latter particularly strong in Europe and the USA, as companies continue to prioritise the safety and wellbeing of their employees. The division also benefitted from a significant corporate project, however this was a one off and will not repeat. Given the impact of COVID-19, the Group had seen a significant decrease in Sports activity as numerous large sporting events scheduled for 2020, such as the Euros and Olympic Games, were postponed or cancelled. However, it is now seeing a pick-up in demand as sporting events start to resume.
- **Private Jets** - Private Jets has shown positive signs of recovery, especially in the USA, and JetCard has delivered strong sales for the month of June. The recovery in Private Jets in Europe has been slightly slower, hampered by the UK's 14-day quarantine policy for anyone arriving into the country.
- **Freight** - Freight continues to see high demand for the transportation of emergency PPE from Asia to the UK, Europe and the US, though this is expected to normalise in H2, with a recovery in core freight activity anticipated.
- **Safety & Security** - As announced in June, the Safety & Security division has secured a long term contract with the Civil Aviation Authority (CAA). It is now also providing consultancy services to private aviation company Jet Edge. On the Security side, covert testing is showing early signs of recovery, while the Safety team delivered over 50 virtual courses during June, as clients adapt to new operating requirements and standards.

### Impact on earnings & valuation

Our forecasts continue to be withdrawn. Management will give a more detailed outlook statement at the time of the H1 results.

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### Financials and valuations\*\*

Year end Jan	2016	2017	2018	2019	2020
Revenue (£m)	49.9	48.5	74.3	77.5	66.7
EBITDA (adj.) (£m)	4.9	5.2	6.5	6.9	10.9
PBT (adj.) (£m)	4.3	4.7	5.8	5.8	4.2
EPS (Adj., FD) (p)	5.9	5.8	8.1	9.4	6.3
Consensus EPS (p)	-	-	8.1	5.4	0.6
DPS (p)	4.9	5.2	5.5	5.6	1.8
Net cash/(debt) (£m)	-0.5	-1.8	4.8	2.0	-14.2
EV/EBITDA (x)	11.1	10.7	7.6	7.5	6.2
P/E (x)	14.3	14.7	10.4	9.0	13.5
Dividend yield (%)	5.8	6.1	6.5	6.6	2.1

\* Price as at COB 01/07/2020. \*\* Sources: N+1 Singer, Company accounts, FactSet

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### Stock ratings

#### Recommendation / Shares outstanding (m) / Target price

##### Air Partner (GBP)

Date	Rec	Shares	TP
Initiated: 08-Oct-19	Corporate	64	

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