Full year results 2020

Gama Aviation

Operational Highlights

- New major contracts won and commenced in Special Missions and Technology & Outsourcing
- The $33m sale of the Group's US Air Associate
- Maintained continuous global customer service offering despite COVID-19 related operational challenges
- Continued focus on improvements in the finance function, processes and systems
- New divisional structure implemented for 2021 to drive strategy
- In January 2021, completed the strategically significant expansion of the Group’s US Ground MRO activities via the acquisition of Jet East

Financial Highlights

- Performance reflects impact of Covid-19 global pandemic on aviation sector through both reduced activity and non-cash impairments
- Benefits from cost reductions and government support
- Stable H2 underlying performance in controlled businesses despite reduced levels of Covid-19 related government support
- Maintained strong cash and liquidity position with $16.1m of cash at year end plus an additional $24.7m of undrawn headroom in the Group's $50m RCF

Adjusted Revenue:
$182.0m ↓
Down 26% (2019: $246.8m)

Adjusted EBIT:
$4.3m loss ↓
Down 178% (2019: $5.6m profit)

Loss for the year:
$14.7m ↓
(2019: $11.5m)

Net Debt:
$86.6m ↓
(2019: $98.0m)

Operating Cash Inflow:
$33.7m ↑
(2019: $1.7m)

Basic loss per share:
23.2 cents ↓
(2019: 18.2 cents)

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Adjusted Profit & Loss Account

	2020	2019	Change
Revenue	**$182.0m**	$246.8m	-26%
Gross profit	**$36.5m**	$39.5m	-7%
Gross profit margin	**20.1%**	16.0%	+4.1 bps
EBIT	**($4.3m)**	$5.6m	-$9.9m
(Loss)/profit before tax	**($6.7m)**	$1.6m	-$8.3m
Tax charge	**($1.5m)**	($1.1m)	-$0.4m
(Loss)/profit for the year	**($8.2m)**	$0.5m	-$8.7m
Basic and diluted (loss)/earnings per share	**(13.0c)**	0.7c	-13.7c

Notes

- Revenue affected by Covid-19 through reduced flying hours and ground services
- Gross profit largely unimpacted by reduced flying hour related revenue in the Air divisions
- Share of loss of CASL Associate impacts Adjusted EBIT by $3.4m. Excluding CASL, 2020 Adjusted EBIT is a loss of $0.9m (2019: $5.3m profit)

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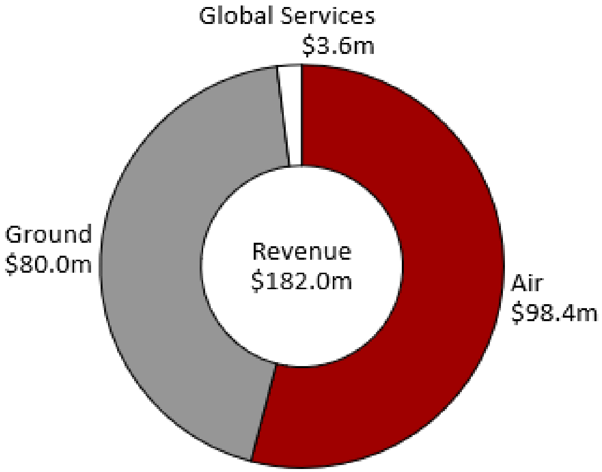
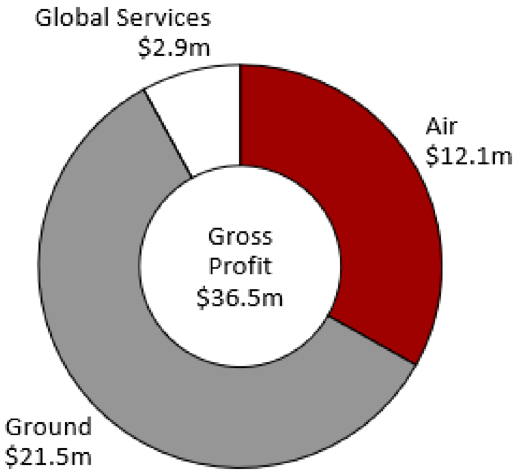
Divisional Performance – Adjusted





Air Division

Revenue:	$98.4m	(-30%)
Gross profit:	$12.1m	(-7%)
EBIT:	$3.3m	(-25%)

- Air Division profitability impacted by a pandemic-related reduction in activity contributing to Gross Profit shortfalls
- Revenues and gross profits benefited from the new air ambulance service contracts for the Government of Jersey and the Government of Guernsey, along with a commission on sale of aircraft in Europe

Ground Division

Revenue:	$80.0m	(-22%)
Gross profit:	$21.5m	(-11%)
EBIT:	$0.7m	(-90%)

- Reduced maintenance, repair and overhaul and fixed based operations in all regions except Asia, which grew despite the challenges
- Maintenance hours at core Bournemouth facility increased by 11%
- $5.5m one-off equipment sales 2019, gross profit effect of $2.9m
- Closure in 2019 of loss-making Fairoaks business

Global Services Division

Revenue:	$3.6m	(+13%)
Gross profit:	$2.9m	(+22%)
EBIT:	-	(-100%)

- Launch of new 3 new products
- $2.5m three-year contract with a large business aviation operator
- Product development amortisation commenced impacting EBIT by $1.0m

Other EBIT

Associates:	($3.3m)	(-356%)
Central costs:	($5.1m)	(-31%)

- Loss in CASL
- Reduced income from US Air Associates associate due to sale in March 2020

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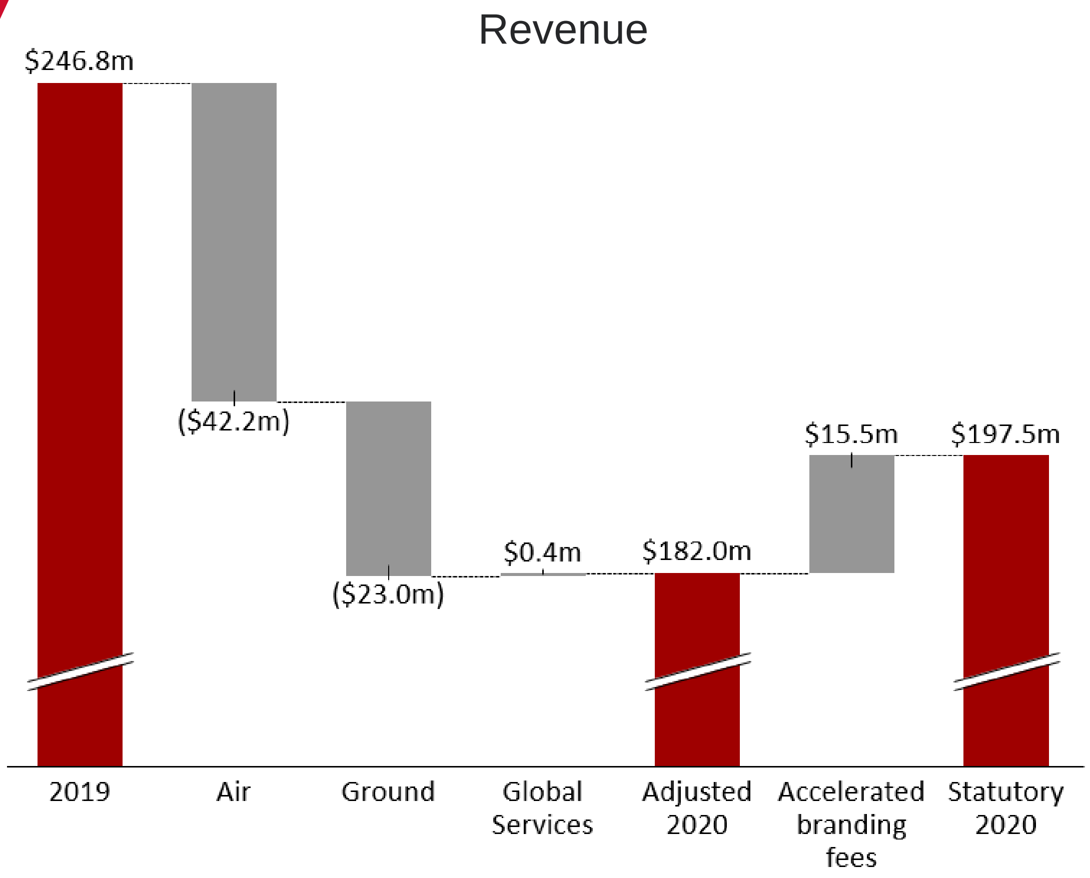
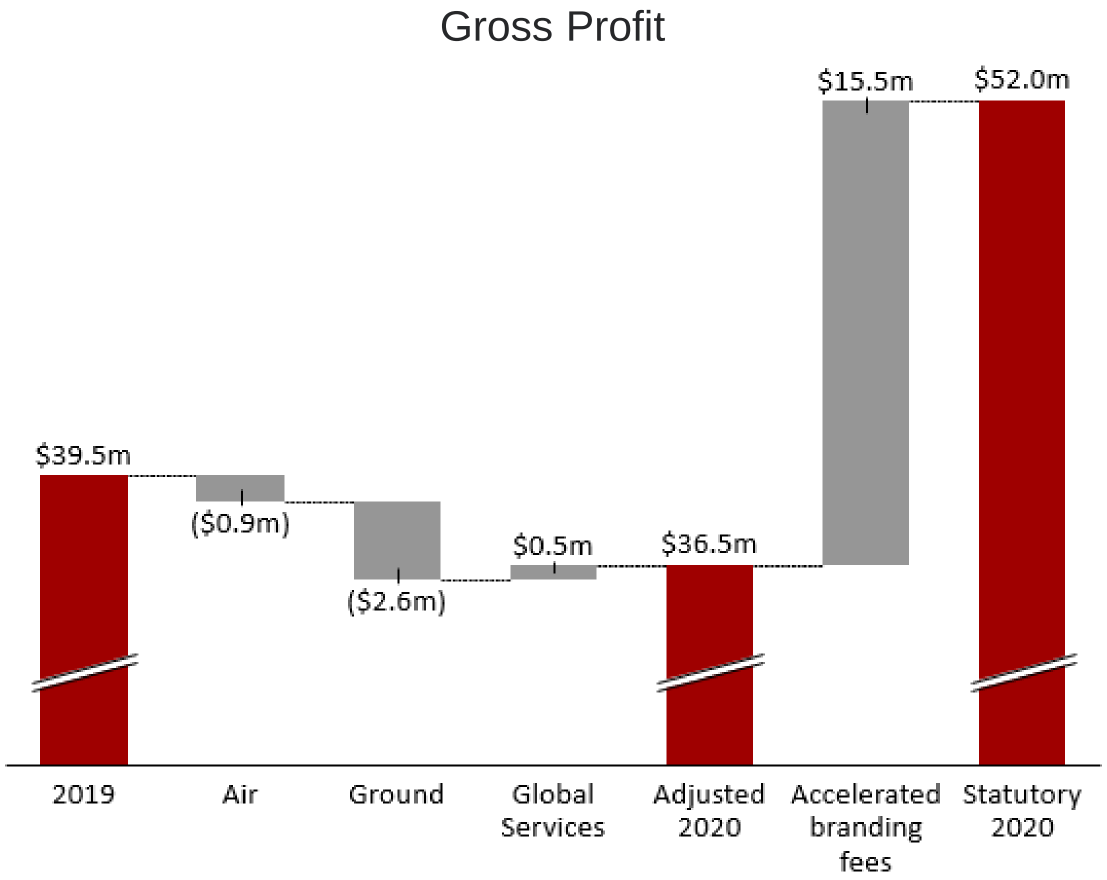
Revenue & Gross Profit





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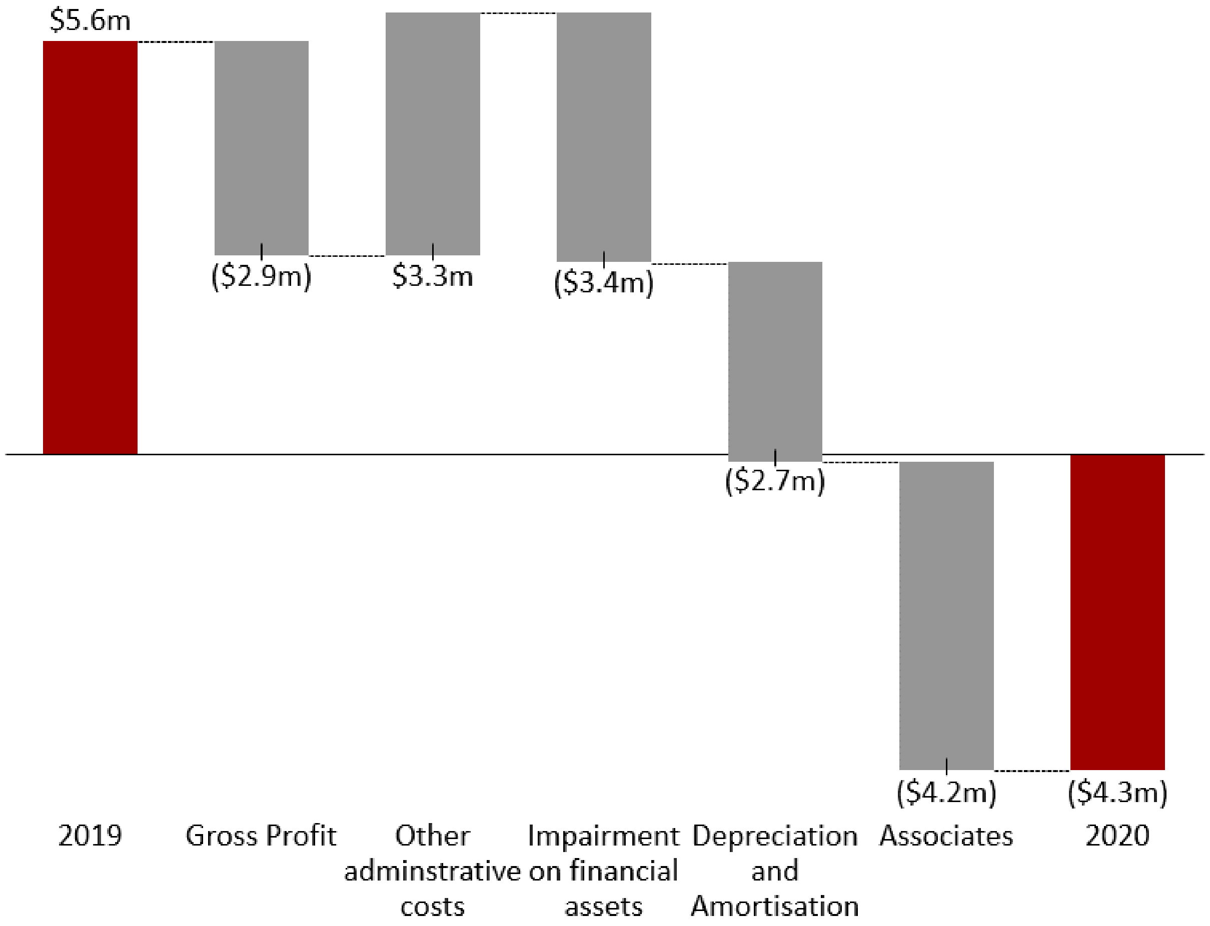
Adjusted EBIT



Adjusted EBIT fell to a loss of $4.3m

- $1.3m admin saving due to government schemes
- Other admin savings include benefit from Asian and US restructuring, along with reductions in general administrative costs due to COVID.
- Financial asset impairment of $3.4m due to increase in allowance on receivables
- Depreciation and amortisation increased following capital investments made in 2019 – helicopters, fixed wing aircraft, offices plus additional software amortisation
- Associates impacted by substantial losses in CASL and the disposal of the US Air Associate

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Adjustments to EBIT

$m	2020	2019
Transaction costs	**0.7**	0.1
Integration and business reorganisation costs	**0.2**	2.9
Legal costs	**0.6**	2.2
Impairment of financial assets	**(0.7)**	2.0
Other legacy issues	**-**	0.9
Total exceptional items	**0.8**	**7.9**
Impairment of assets under construction	**4.6**	-
Impairment of right of use assets	**7.0**	2.3
Impairment of goodwill and acquired intangibles	**0.9**	0.5
Impairment of investment in associate	**9.8**	-
Total impairments	**22.3**	**2.8**
Share based payments	**0.6**	0.9
Amortisation of acquired intangibles	**0.6**	1.0
Profit on disposal of associate	**(7.3)**	-
Accelerated branding fees	**(15.5)**	-
Total adjustments to EBIT	**1.5**	**12.6**

Notes

- Jet East transaction costs of $0.6m in 2020
- Significantly lower integration and business reorganisation costs in 2020 compared to prior year, plus reduced legal cost charges
- Impairment of $4.6m asset under construction and $7.0m right of use asset, both relating to Sharjah in Middle East Ground division
- Impairment of investment in CASL associate of $9.8m
- $7.3m profit on disposal of US Air Associate in addition to $15.5m relating to accelerated branding fees

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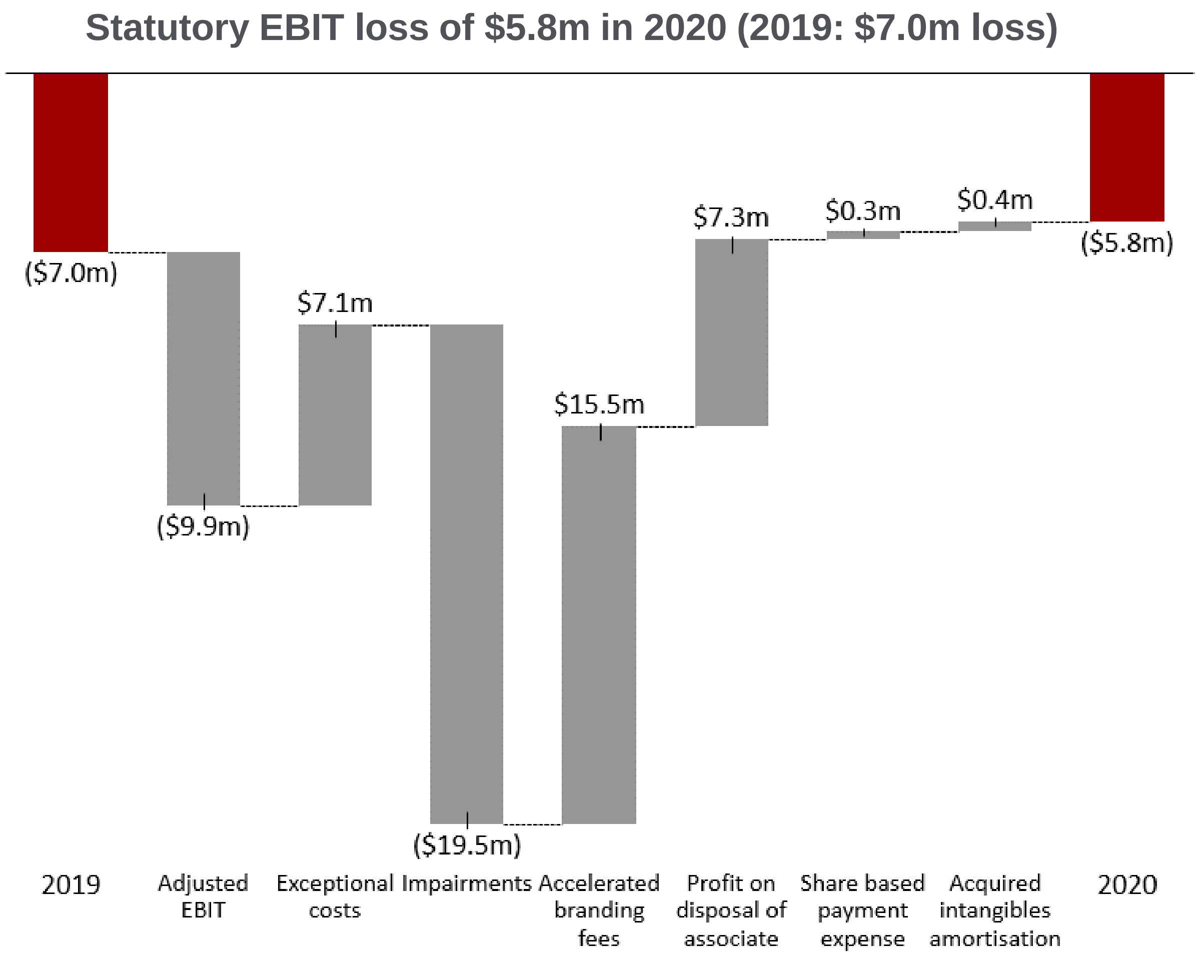
Statutory EBIT



Statutory Profit & Loss Account

	2020	2019
EBIT	**($5.8m)**	($7.0m)
Finance income	**$1.5m**	$0.7m
Finance cost	**($3.9m)**	($4.7m)
Loss before tax	**($8.2m)**	**($11.0m)**
Tax excluding tax on profit on disposal	**($0.5m)**	($0.5m)
Tax on profit on disposal of US Air Associate	**($6.0m)**	-
Loss for the year	**($14.7m)**	**($11.6m)**
Basic and diluted loss per share	**(23.2c)**	**(18.2c)**

Notes

- $1.0m interest income on deferred consideration for sale of US Air Associate
- FX impact $0.2m income (2019: $0.6m income)
- Lease obligation financial expense of $2.7m (2019: $3.1m)
- 2019 finance cost included a write off of $0.4m relating to capitalised loan arrangement fees
- The tax charge excluding the profit on disposal stable
- Tax charge arises on US Air Associate disposal ($3.0m current, $3.0m deferred)

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Simplified Balance Sheet

$m	2020	2019
Goodwill and intangibles	**32.8**	31.9
PPE	**55.0**	35.3
ROU assets	**38.0**	52.3
Investment in associates	**2.0**	15.1
Long term trade receivables	**13.0**	4.2
Other current net assets	**15.2**	27.9
Assets held for sale	**-**	2.6
Cash	**16.1**	8.5
Borrowings	**(53.2)**	(46.2)
Obligations under leases	**(49.5)**	(60.2)
Deferred revenue	**(13.3)**	(7.1)
Provisions	**(1.4)**	(1.1)
Current and deferred tax	**(0.9)**	2.5
Net assets	53.8	**65.7**

Notes

- PPE increase driven by the purchase of helicopters ($19.1m)
- ROU assets value reduced due mainly to Sharjah asset impairment ($7.0m) and derecognition following settlement of all aircraft leases in the year ($3.8m)
- Non-cash impairment of CASL associate investment
- Trade receivables includes $18.0m in respect of deferred consideration for sale of US Air Associate
- General improvement in working capital has generated strong cash flow
- Asset held for resale in 2019 relates to the disposal of US Air Associate
- $4.4m of branding fee revenue relating to the disposal of the US Air Associate accounts for the majority of the increase in deferred revenue

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Cash Flow

$m	2020	2019
Adjusted EBIT	**(4.3)**	5.6
Depreciation & amortisation	**17.6**	19.4
Adjusted EBITDA	**13.3**	**25.0**
Other non-cash items	**(1.5)**	(0.9)
Working capital	**25.7**	(13.6)
Exceptional items	**(0.7)**	(7.8)
Tax	**(3.1)**	(1.0)
Net cash from operating activities	**33.7**	**1.7**
Net cash used in investing and financing activities	**(26.2)**	(3.4)
Net increase/(decrease) in cash and cash equivalents	**7.5**	**(1.7)**
Cash and cash equivalents at the beginning of the year	**8.5**	10.0
Effect of foreign exchange rates	**0.1**	0.1
Cash and cash equivalents at the end of the year	**16.1**	**8.5**

Notes

Other non-cash items include:

- Working capital improvement to $25.7m inflow (2019: $13.6m outflow).
- Working capital includes $3.0m US Air Associate consideration, which was in addition to the $9.9m for the disposal of the investment, $2.5m capital element of the first instalment of US Air Associate deferred consideration, $3.2m of deferred vat payments, $4.6m receipt in relation to a long outstanding receivable, Government support received of $1.0m in addition to forgivable US Payment Protection Program loan and other general improvements in working capital
- $7.1m reduction in exceptional cash flows due in part to reduced litigation costs and integration and re-organisation costs

Investing and financing includes:

- $27.8m capital expenditure (2019: $18.2m) including $19.1m purchase of two new helicopters (financed via term loan), office moves, software development and a fixed wing aircraft
- $9.9m receipt for disposal of US Air associate
- Lease payments of $16.0 in 2020 (2019: $14.1m)
- Net proceeds from borrowing $9.5m in 2020 (2019: $32.7m)

Acquisition of Jet East in January 2021 for $7.7m in cash, with a further $1m in deferred cash payable over two years and the assumption of Jet East debt.

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Credit Facilities (undrawn facilities at 31 December 2020 of $24.7m)

2020	Lender	Maturity	Facility	Drawn ($m)
RCF	HSBC	14 November 2022	USD 50.0m	25.3
Term loan	HSBC	31 January 2023	GBP 20.0m	27.3
Other loans*				1.0
Capitalised loan arrangement fee				(0.4)
Total borrowings				**53.2**

2019	Lender	Maturity	Facility	Drawn ($m)
RCF	HSBC	14 November 2022	USD 50.0m	45.0
Other loans				1.5
Capitalised loan arrangement fee				(0.3)
Total borrowings				**46.2**

*During the year the Group received funds under the Paycheck Protection Program (PPP) in the form of a loan arrangement from Citibank guaranteed by the US government, which is specifically intended to help businesses maintain their US workforce during the COVID-19 pandemic. The Group made the application in good faith and in the belief that the PPP loan request was necessary and otherwise in accordance with the then applicable rules, to support its ongoing operations given the economic uncertainty caused by the pandemic. $5,753k funds were received on 12 May 2020 and was initially recognised as borrowings in current liabilities. $4,753k of these funds are considered by the Company to be eligible for forgiveness within the terms of the PPP and have therefore been recognised as income against the related expenses in the income statement, reducing the amount of borrowings at the period end to $1,000k

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Outlook

Although the macro impact of the pandemic on the aviation sector has been severe, management has ensured the long-term stability of the Group.

By realigning its go to market and delivery structure to align to the current and future needs of its customer base, we have evolved an already robust & resilient business to address evident short term challenges, while readying ourselves for renewed growth once the current pandemic has subsided.

Strategy

02

Five year strategic review

May 2020 review aims:

- Set the foundation for the expected post COVID-19 economic realities, opportunities & paths for future growth.
- Refocus the company's efforts through a defined purpose that galvanizes internal teams, and through their actions, delivers value to our clients and in turn to our shareholders.
- Restore investor confidence via a focus on earnings per share (EPS) growth and cash generation to create shareholder value.

Strategic conclusions:

- In certain regions the business had not attained operational scale in parts of the business to meet the Group's EBIT expectations and was unlikely to achieve these in the short term
- Given ongoing uncertainties, the business should focus on penetrating high value markets where the company has established competitive advantage to deliver medium term EPS growth
- The 'Air', ' Ground' & 'Global Services' delineation had become unhelpful
- The Group should target, as a priority, high value, long term contracts with customers that rely on stable long term partners
- The Group's core competency is in enabling 'decisive advantage' and must be central to improving margin performance

Evolution of the Group’s corporate strategy

2015 – 2020

Consolidating a fragmented market

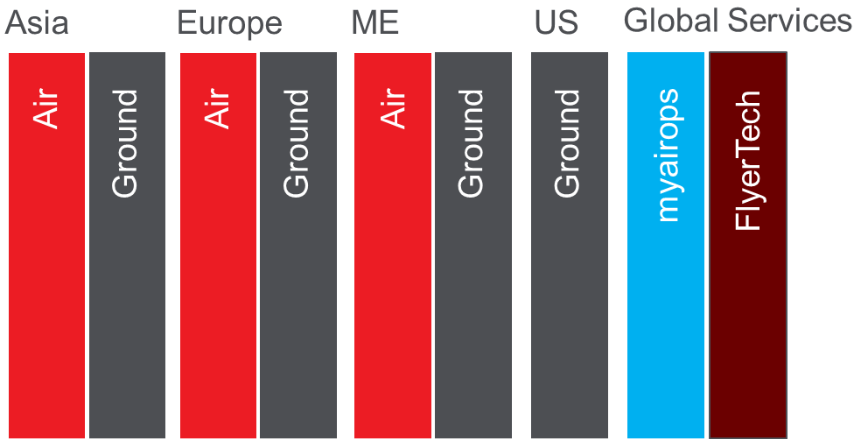
Margin improvement comes from creating scale in the business aviation market that drives internal economies & external demand.

2021 -

Focused, market share growth

Margin improvement comes from focusing on building market share in high value markets within which the Group has an established presence that can be scaled effectively to improve operational gearing.

Old divisional structure



New Strategic Business Unit (“SBU”) structure

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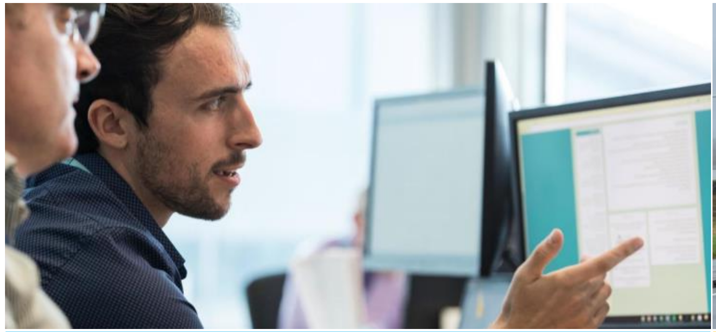
Clear, market focused, imperatives for each SBU



Technology & Outsource

- Maintain a world class SaaS product suite.
- Increase the share of the flight operations outsource market.
- Build new competencies in high value / high margin advisory services.
- Focus on sales development & pipeline conversion.
- Partner with the Special Mission SBU.

Special Mission

- Penetrate the UK charity Air Ambulance market.
- Build market share in UK government ISR projects.
- Develop an unmanned aerial systems (“UAS”) capability.
- Enter the wind segment of the Energy & Offshore market.

Business Aviation

- Grow the US maintenance business.
- Grow the European maintenance business.
- Creating a centre of excellence for aircraft management.
- Rebuild the charter offer.
- Continue to drive value from the strategic positions occupied by our FBOs.

Fix & Optimise - change program

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Disclaimer

For the purposes of the following disclaimers, references to this ‘document’ shall be deemed to include references to the presenters’ speeches, the question and answer session and any other related verbal or written communications.

This document contains certain ‘forward-looking statements’ with respect to the financial condition, results of operations and business of Gama Aviation plc (Gama) and to certain of Gama’s plans and objectives with respect to these items. Forward-looking statements are sometimes but not always identified by their use of a date in the future or such words as “anticipates”, “aims”, “due”, “could”, “may”, “should”, “expects”, “believes”, “intends”, “plans”, “targets”, “goal”, or “estimates” (or the negative thereof). By their very nature, forward-looking statements are inherently unpredictable, speculative and involve risk and uncertainty because they relate to events and depend on circumstances that may or will occur in the future.

There are various factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements. These factors include but are not limited to, changes in the economies, political situations and markets in which the Group operates; changes in government priorities due to programme reviews or revisions to strategic objectives; changes in the regulatory and competition frameworks in which the Group operates; the impact of legal or other proceedings against or which affect the Group; changes to, delays in or commercial discussions relating to programmes in which the Group is involved; the completion of any acquisitions and divestitures and changes in commodity prices, inflation or exchange rates.

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No statement in this document is intended as a profit forecast and no statement in this document should be interpreted to mean that Adjusted EBIT for the current or future financial years would necessarily be above a minimum level, or match or exceed the historical published Adjusted EBIT or set a minimum level of Adjusted EBIT.

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