

## Chairman’s Message

Calmer Waters.

Your company’s business has settled down following two years of difficulty and now presents itself as a stable and profitable business producing a regular dividend income.

The leisure air travel market has continued to expand, with the Asia Pacific market opening out again. We are now getting closer to 2019 levels although one should note that business travel has plateaued. Nevertheless, increased leisure yields mean airlines are profitable and able to start paying down the high levels of debt incurred during the pandemic. This is most welcome in relation to Thai Airways, heavily dependent as it is on leisure travel. Thai has been paying fixed rent since January and appears to be on track with its rehabilitation process. All indicators are positive. Our aircraft leased to Thai are now entering the part of their maintenance cycle where engine overhauls are taking place. These are expensive but are secured by cash reserves. The airline itself is confident enough to be contemplating substantial new aircraft orders.

Emirates continues to extol the virtues of the A380. New widebody replacements are either too small, according to the airline, or entry into service is being delayed by production or development issues. Recent trades show that some widebody values are picking up as new aircraft are simply not available when needed. Delivery positions, overhaul capacity and spare parts prices are all challenging. Two out of service A380s were recently purchased by Emirates for \$35m each.

I am aware that many shareholders are looking to the Board to give a clear indication of strategic direction and a plan to maximise shareholder value as the Company enters its ninth year of trading. The Board is very conscious that our income stream is finite and that there is no liquid market for our assets. There are a number of strategic issues that will need to be addressed but the Board’s primary focus remains to find the best way to unlock the value which we see within the company.

**Robin Hallam**

## Company Overview<sup>1</sup>

Listing	LSE – Specialist Fund Segment
Ticker	AA4
ISIN	GG00BNDVLS54
Share Price	46.5p
Shares Outstanding	303,899,361
Market Capitalisation	GBP 141.3 million
Outstanding Debt	US\$ 1,120.9 million
Accounting Year End	31 March
Incorporation	Guernsey
Administrator	JTC Fund Solutions (Guernsey) Limited
Auditor	KPMG, Channel Islands Limited
SEDOL	BNDVLS5
ISA & SIPP	Eligible
Website	<a href="http://www.aa4plus.gg">www.aa4plus.gg</a>
Address	Amedeo Air Four Plus Limited, Ground Floor, Dorey Court, St Peter Port, Guernsey, GY1 2HT

## Portfolio Breakdown

4x A350-900s

Lessee



6x A380-800s

Lessee



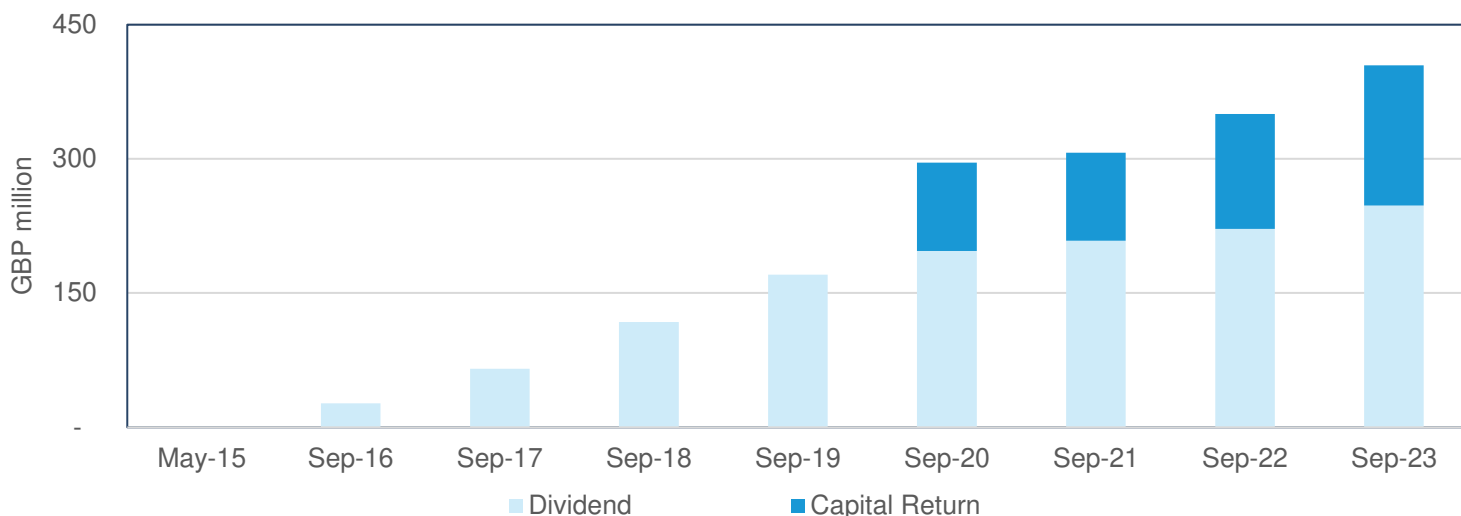
2x B777-300ERs

Lessee



<sup>1</sup>As of 30 September 2023.

## Total Returned To Shareholders<sup>2</sup>



### Dividend Target<sup>3</sup>

**1.75**

(pence per quarter per share)

### Dividend Yield<sup>4</sup>

**15.1%**

### Cash Cover<sup>5</sup>

**0.4x**

## Portfolio Update<sup>6</sup>

As reported in the Management Discussion and Analysis displayed on the Thai Airways' website, Thai Airways announced a US\$ 394.2m profit for the first half of the financial year that ended 30 June 2023. The airline has continued its positive performance following a profitable FY 2022. The airline is expanding its operations in line with growing passenger demand and will add 2x A350-900s to its fleet in addition to 20x A320-200s from its subsidiary Thai Smile. The airline plans to increase flights to Europe and Southeast Asia over the course of the next few months. The Company's aircraft continue to be in service for the carrier's operations.

Following the Company's previously published factsheet, there have been no significant developments in the rehabilitation of Thai Airways. The airline received approval in October 2022 to revise its capital restructuring under the rehabilitation plan and is currently performing in line with its targets.

As reported in the announcement for 2022-23 results displayed on the Emirates' website, Emirates recorded a US\$ 2.9bn profit for the 2022/23 financial year, which ended on 31 March 2023. The airline substantially improved its financial results after last year's US\$ 1.1bn loss and delivered the best performance in the airline's history. Emirates continues to maintain its positive performance, as the airline adds more routes and flights to its network. Over the summer Emirates returned daily A380 services to Birmingham, Nice, Taipei, and Shanghai. The airline also added flights to twelve other destinations. For the upcoming winter season Emirates announces to temporarily add an additional five-a-week service to London Heathrow between end of October and March 2024. From November 2023 Emirates will upgrade its service to Sydney, to an all-A380 operation by replacing the third daily flight with another A380. This will help to increase the capacity by nearly 2,000 weekly seats. As of 30 September 2023, four of the Company's A380s are in service and it is expected that the remaining two (MSN 208 and MSN 201) will return by Q4'23, and Q2'24, respectively.

The Q3'23 asset utilisation report is available on the website via the following link:

<https://www.aa4plus.gg/company-information/>

<sup>2</sup> Since inception; includes return of capital through share redemptions and dividend declared for Q3'23 of 1.75p.

<sup>3</sup> This is a target and not a formal dividend forecast or profit forecast.

<sup>4</sup> Annualized quarterly dividend target divided by the share price at 30 September 2023.

<sup>5</sup> Cash cover accounts for Company's increase in cash and cash equivalents divided by dividends paid; as per AFR 22/23.

<sup>6</sup> US\$ figures are converted at : US\$ 1 = AED 3.67; 1 THB = US\$ 0.028343 as of 30 June 2023.

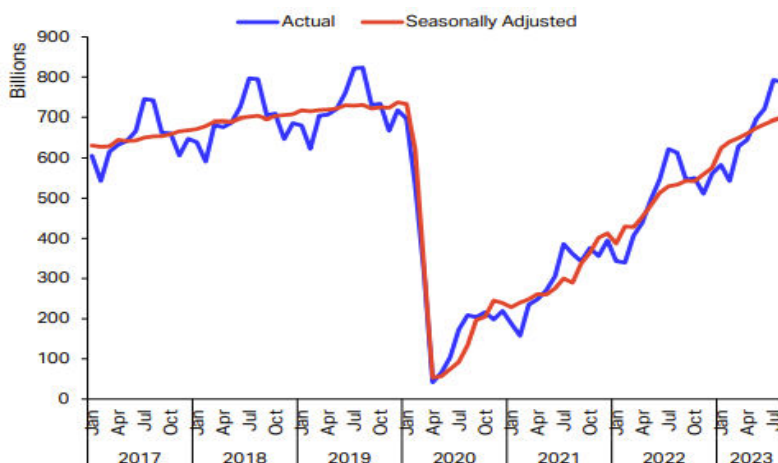
## Industry Update<sup>7</sup>

In its latest recovery update, International Air Transport Association (IATA) announced that the recovery in air travel demand is continuing in 2023, based on August traffic results.

	Passenger Traffic (RPKs) (% change yoy)	Capacity (ASKs) (% change yoy)	Passenger Load Factor Level (% -pt)	Passenger Load Factor Level
International	▲ 30.4%	▲ 27.5%	▲ 1.9%	85.4%
Domestic	▲ 25.4%	▲ 21.1%	▲ 2.9%	83.5%
<b>Total</b>	<b>▲ 28.4%</b>	<b>▲ 24.9%</b>	<b>▲ 2.3%</b>	<b>84.6%</b>

IATA's Director General, Willie Walsh, commented "Demand for air travel performed well in August. For the year to date, international traffic has increased by 50% versus last year and ticket sales data show international bookings strengthening for travel in the last part of the year."

### Industry RPKs per IATA



## Aircraft Values<sup>8</sup>

So far in 2023, there has been a rising trend in values for both new and used narrowbody and widebody aircraft. This is partly due to the increase in demand for new aircraft, which is supported by a significant number of new orders from OEMs. Supply chain restrictions means that OEMs are sold out until close to the end of the decade for narrowbody aircraft (like the A320) and widebody availability is also restricted. Additionally, the upstream commodity and labour inflationary pressures have resulted in significant escalation in OEM pricing, driving values and lease rates for new aircraft while also positively impacting values for used aircraft. MRO (Maintenance, Repair & Overhaul) facilities are at capacity for years to come, which slows down the return of COVID stored aircraft.

The OEM supply chain delays and labour shortages have shifted a focus to airlines retaining existing fleets, reactivating stored aircraft and bringing in previous-generation aircraft to add capacity to their network. Additionally, new generation engine issues, have been keeping many aircraft AOG (Aircraft On Ground) and in turn reviving demand for narrowbodies like the Boeing 737-800 and Airbus A320ceo that have shown to be an important source of capacity for airlines filling in their Northern Hemisphere schedules. The used widebody segment has benefitted greatly from the resurgence of long-haul travel particularly in the premium leisure sector. Expiring leases for Boeing 777-300ER, for example, have seen extensions with different operators such as Emirates, Turkish airlines, and Qatar Airways, and others.

These forces are likely to continue for a few years, short of a global recession that could significantly reduce travel demand.

<sup>7</sup> IATA August 2023 Passenger Market Analysis.

<sup>8</sup> <https://www.adsadvance.co.uk/iba-reports-strong-commercial-aircraft-orders-and-recovering-values.html>

## Emirates

### Financial Highlights<sup>9</sup>

Income Statement	FY 22/23	YoY Change
Revenue	US\$ 29.3bn	▲ 81%
EBITDA	US\$ 9.1bn	▲ 88%
Profit / (Loss)	US\$ 2.9bn	N/A <sup>10</sup>
Cash Assets	US\$ 10.2bn	▲ 79%
Passengers carried	43.6m	▲ 2.2x
Available seat km	284.0bn	▲ 78%

His Highness Sheikh Ahmed bin Saeed Al Maktoum, Chairman and Chief Executive, Emirates Airline and Group, said *"In 2022-23, we've not only brought back most of our operations but also grew our footprint and capabilities by investing in people, product, and new technologies – demonstrating our agility and ability."*

*"We go into 2023-24 with a strong positive outlook and expect the Group to remain profitable. We will work hard to hit our targets while keeping a close watch on inflation, high fuel prices, and political and economic uncertainty."*

### Operational Highlights

For the upcoming winter season Emirates announced that the airline will temporarily add an additional five-a-week service to London Heathrow between end of October and March 2024. As of August 2023, the airline serves the UK with 126 weekly flights including: six times daily A380 services to London Heathrow; three times daily A380 service to Gatwick; twice daily service to Stansted; three times daily A380 service to Manchester; double daily service to Birmingham (including daily A380 service); daily service to Newcastle and a daily A380 service to Glasgow.

Over the last few months Emirates established and renewed interline partnerships, enabling Emirates' customers to more conveniently reach destinations beyond Emirates' own route network. Emirates has agreements with Maldivian and Sri Lankan Airlines.

Emirates also announced a significant expansion in its codeshare partnership with United. This allows customers flying to Chicago or Houston to access eight destinations in Mexico on United codeshare flights, providing more flexibility. In addition, Emirates operates a daily service to Mexico City via Barcelona.

## Thai Airways International

### Financial Highlights<sup>11</sup>

Income Statement	HY'23	YoY Change
Revenue	US\$ 2.1bn	▲ 1.5x
Expenses	US\$ 1.5bn	▲ 63%
Profit / (Loss)	US\$ 394.2m	▲ N/A <sup>12</sup>
Cash Assets	US\$ 1.4bn	▲ 2.8x
Passengers carried	4.3 million	▲ 2.7x
Available seat km	24.1bn	▲ 82%

### Rehabilitation Plan

On 26 May 2020, Thai submitted to the Central Bankruptcy Court of Thailand a petition to file for rehabilitation in order to implement measures to cut costs and to stabilize revenues so that they could ensure the future of the airline. On 20 October 2022, the Court approved an amendment to the Rehabilitation Plan, which involves a capital restructuring. The Plan Administrator and executives are confident that the business reorganisation under the Plan will be implemented smoothly for the benefit of creditors.

### Operational Highlights

Thai Airways continues to expand its operations in line with passenger demand. The airline will add 2x A350-900s that will begin operations in Q4'23 to Europe, Japan, and China. The airline is also focusing on integrating 20x A320-200s from its subsidiary Thai Smile, to accommodate the high passenger demand.

Thai Airways plans to resume flights to Istanbul in Turkey, which is an important aviation gateway to Asia, Europe and Africa. The service was discontinued back in 1994. According to CEO, Chai Eamsiri, the decision was followed by the signing of a memorandum of understanding between Thai Airways and Turkish Airlines earlier in August. "Next, Thai Airways will launch new flights to Oslo in Norway, Milan in Italy, and Sydney and Perth in Australia," said Mr Chai.

Mr. Chai also added that the carrier's cabin load factor on flights from China is expected to jump by 75% in Q4'23, due to the visa-exemption scheme for Chinese citizens, which will be in effect until 29 February 2024. This scheme has resulted in a surge of reservations on Chinese travel booking platforms, such as Ctrip and Tuniu.

<sup>9</sup> US\$ figures are converted at US\$ 1 = AED 3.67.

<sup>10</sup> FY21/22 recorded a loss.

<sup>11</sup> US\$ figures are converted at 1 THB = US\$ 0.028343 as of 30 June 2023.

<sup>12</sup> HY22 recorded a loss.

**Contact details**

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