

# PTB Group Limited

## FY17 Full Year Results Presentation

August 2017



**PTB GROUP** LIMITED

# Group Highlights

## Financial

- Net profit before tax of **\$4.157m (up 13.3% YoY)**
- NTA per share of \$0.64
- FY17 Revenue of **\$46.55m (up 7.8% YoY)**
- Fully franked dividend of 5c per share (paid June 2017)

## Operational

- Transition of Craig Baker to Non-Executive Chairman and Stephen Smith to Managing Director
- **Pacific Turbine USA continues to grow**, Miami office established and President DJ Davant appointed
- Consistent performance of business units allowing management to **focus on growth initiatives**

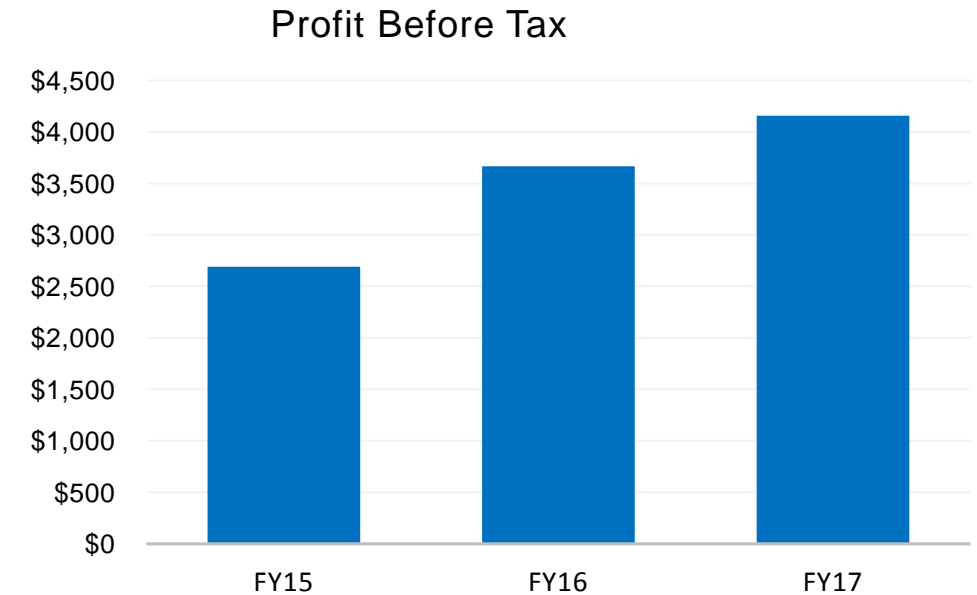
## Strategic

- Funding **MOU signed** with SBI Holdings to expand aircraft fleet through long term customer leases
- **Secured finance** for Test Cell facility
- Pacific Turbine Leasing to **be key group growth driver in FY18**



# Group and Segment Performance

Operating Results by Business	2015 (\$'000)	2016 (\$'000)	2017 (\$'000)
Pacific Turbine Brisbane	\$2,229	\$2,575	\$2,492
Pacific Turbine USA	\$0	\$83	\$527
Pacific Turbine Leasing	\$4,154	\$1,223	\$712
International Air Parts	(\$2,201)	\$1,597	\$1,782
Group Overheads	(\$863)	(\$1,285)	(\$1,398)
Profit before Tax (excluding FX gains/losses)	\$3,319	\$4,193	\$4,115
Foreign Exchange gains/(losses)	(\$629)	(\$525)	\$42
Profit before Tax	\$2,690	\$3,668	\$4,157

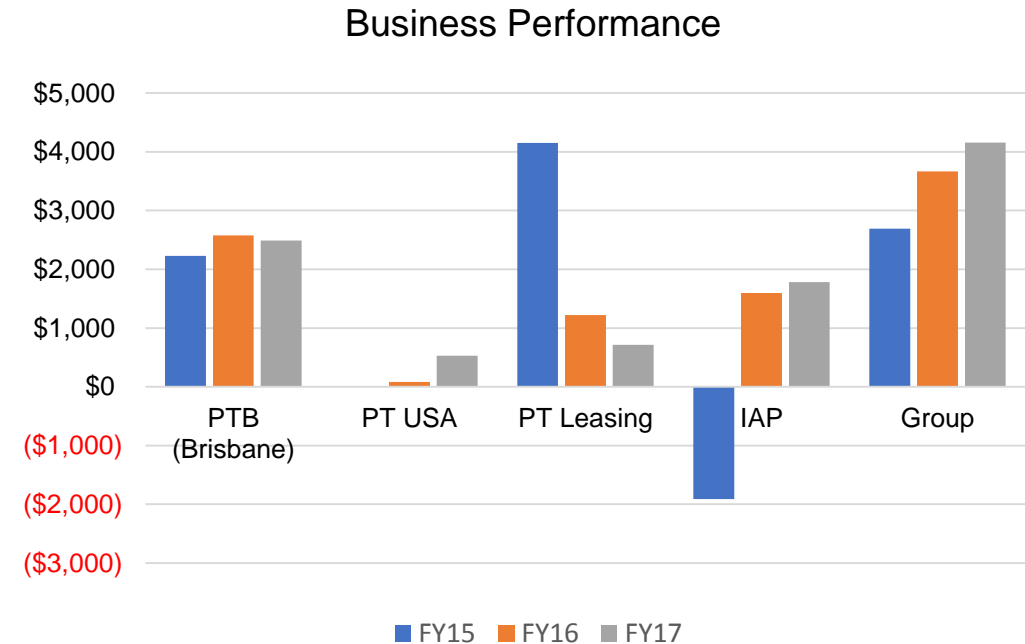


*Note: Previous comparative numbers for the businesses have been restated to reflect the transfer of all rental and leasing activities to Pacific Turbine Leasing.*



# Group and Segment Performance

Operating Results by Business	2015 (\$'000)	2016 (\$'000)	2017 (\$'000)
Pacific Turbine Brisbane	\$2,229	\$2,575	\$2,492
Pacific Turbine USA	\$0	\$83	\$527
Pacific Turbine Leasing	\$4,154	\$1,223	\$712
International Air Parts	(\$2,201)	\$1,597	\$1,782
Group Overheads	(\$863)	(\$1,285)	(\$1,398)
Profit before Tax (excluding FX gains/losses)	\$3,319	\$4,193	\$4,115
Foreign Exchange gains/(losses)	(\$629)	(\$525)	\$42
Profit before Tax	\$2,690	\$3,668	\$4,157



*Note: Previous comparative numbers for the businesses have been restated to reflect the transfer of all rental and leasing activities to Pacific Turbine Leasing.*

# Net Tangible Assets

Net Tangible Assets	2016 (\$'000)	2017 (\$'000)
Cash	1,982	2,427
Receivables	10,486	20,657
Inventory	21,440	24,546
Property, Plant & Equipment	20,260	18,171
Deferred tax assets	4,918	4,013
Other assets	212	229
<b>Total Tangible Assets</b>	<b>59,298</b>	<b>70,043</b>
Trade and other payables	6,328	6,865
Borrowings	13,687	16,020
Deferred tax liabilities	3,438	3,741
Other liabilities	2,493	2,998
<b>Total Liabilities</b>	<b>25,946</b>	<b>29,624</b>
<b>Net Tangible Assets</b>	<b>33,352</b>	<b>40,419</b>
Per Share	\$0.70	\$0.64

# Segment Operational Performance

<b>Pacific Turbine Brisbane</b>	<ul style="list-style-type: none"> <li>• Consistent source of cash flows and ongoing sales</li> <li>• Long-term engine maintenance contracts</li> <li>• Continued efficiency gains</li> <li>• Agreement with Belluna Co. to fund test cell facility</li> </ul>	<ul style="list-style-type: none"> <li>• Specialist knowledge allowing reduced operating costs</li> <li>• Successful trading of aircraft engines and parts</li> </ul>
<b>Pacific Turbine USA</b>	<ul style="list-style-type: none"> <li>• Continued focus on increasing capacity to build, refurbish and repair engines</li> <li>• US-based president (DJ Davant) appointed</li> <li>• Miami facility established</li> </ul>	<ul style="list-style-type: none"> <li>• Multiple partners available for ramping up supply</li> <li>• Development of this business unit remains a key Group strategy</li> </ul>
<b>Pacific Turbine Leasing</b>	<ul style="list-style-type: none"> <li>• All group rental and lease assets transferred to Pacific Turbine Leasing</li> <li>• Funding agreement signed with SBI Leasing</li> </ul>	<ul style="list-style-type: none"> <li>• Continued development of growth framework</li> <li>• Actively seeking quality leasing opportunities</li> <li>• Continued to benefit from cross selling of parts and maintenance of engines</li> </ul>
<b>International Air Parts</b>	<ul style="list-style-type: none"> <li>• Consistent margins</li> <li>• Incremental efficiency improvements made</li> </ul>	<ul style="list-style-type: none"> <li>• Continued major role in supporting customers of Pacific Turbine Leasing</li> </ul>

# PTB Group Growth Outlook

PTB Group's growth based primarily on a two pillar approach:

## Pacific Turbine Leasing

- Grow leasing fleet (100+ aircraft is the long-term goal)
- Identify quality leasing opportunities
- Only acquire aircraft with existing customer leases
- Each aircraft under lease adds up to two engines to the engine management plan (currently ~150 under EMP)
- Funding arrangements in place with SBI Leasing
- Disciplined deal execution – right aircraft, right terms, right customers, right returns, cash flow positive

## Pacific Turbine USA

- Continue to increase engine overhaul capacity
- Ensure capacity available to match future engine management program and Pacific Turbine Leasing requirements
- Maintain and build relationships with external partners and vendors
- Explore additional North American markets
- Continue to grow staff as required
- Manage engine and parts inventory effectively
- Leverage off Pacific Turbine Leasing

# Business Overview

PTB Group is made up of four businesses

<b>Pacific Turbine Brisbane</b> Aircraft Engines	<ul style="list-style-type: none"><li>• Engine Management programs</li><li>• Buying/Selling</li><li>• Overhaul and repairs</li><li>• Predominantly domestic and <i>Asia/Pacific</i> customers</li><li>• Significant Barriers to entry due to compliance framework</li></ul>	<ul style="list-style-type: none"><li>• Long term engine support contracts</li><li>• Consistent earnings</li><li>• Strong margins</li><li>• High productivity</li></ul>
<b>Pacific Turbine USA</b> Aircraft Engines	<ul style="list-style-type: none"><li>• Similar to PTB (Brisbane) Business</li><li>• Focus on North America</li><li>• Launched 2<sup>nd</sup> half 2016</li></ul>	<ul style="list-style-type: none"><li>• Costs low and scalable</li></ul>
<b>Pacific Turbine Leasing</b> Leasing engines/aircraft	<ul style="list-style-type: none"><li>• Leasing of aircraft</li><li>• Leasing of engines</li><li>• Consistent earnings</li></ul>	<ul style="list-style-type: none"><li>• Long term contracts</li><li>• High client retention</li></ul>
<b>International Air Parts</b> Aircraft Parts	<ul style="list-style-type: none"><li>• Buying/selling</li><li>• Brokering</li><li>• Large stock of parts</li><li>• End of lease optimisation</li></ul>	<ul style="list-style-type: none"><li>• Continuous improvements in efficiency</li><li>• Margins increased</li><li>• Overhead costs decreased</li></ul>



## Established & experienced Management & Board

### **Stephen Smith**

Mr. Stephen Garry Smith is the Managing Director of the Group. Stephen was a founding shareholder and director of PTB Group Ltd and has fulfilled a number of key roles within the company. Stephen has been a key contributor to the strategic direction and growth of the company. Stephen also has significant experience in the aviation industry as both a helicopter and fixed wing operator. His duties involve the overall management of the Group.

### **Steve Ferris**

Mr. Royston Stephen (Steve) Ferris is a Director of PTB Group Ltd. Steve was born in the UK and Graduated from Bristol University with a Bachelor of Science in 1981. He incorporated IAP Group in 1987 and successfully grew the company utilising his vast knowledge of the aviation industry. IAP was acquired by PTB Group in 2006 with Steve taking a stake in PTB Group as part of the deal. Steve is based in Sydney and is currently a consultant to IAP Group.

### **Craig Baker**

Mr. Craig Louis Baker served as Managing Director of PTB Group Ltd up until 30 April 2017. From 1 July 2017, Craig replaced the retiring Harvey Parker and sits as Non-Executive Chairman of the Board. He is a qualified accountant and has worked as General Manager, Director and Finance Manager in a range of aviation businesses for over 35 years. Craig was also involved in the development of Airwork (NZ) Limited.

### **Russell Cole**

Russell Cole is a Director of PTB Group Ltd. Russell has been the Chairman of Audit and Remuneration Committee of the PTB Group Ltd Board since 2012. Russell has over 25 years' experience in public practice as a Chartered Accountant specialising in the corporate sector with significant experience in audit, risk management and corporate governance. He has spent 15 years as an audit & assurance partner of national accounting firms with a particular focus on emerging listed companies.

### **Andrew Kemp**

Mr. Andrew Peter Somerville Kemp is a Director of PTB Group Ltd. Andrew is a Chartered Accountant and has worked for KPMG, Littlewoods Chartered Accountants, Coutts Group and as Qld Manager of AIFC, the merchant banking affiliate of the ANZ Banking Group. Andrew formed Huntington Group in 1987 and has been involved in a range of listings, acquisitions and divestments. He is also currently a Director of Silver Chef Limited.

### **Daniel Zgrajewski**

Mr. Daniel Zgrajewski is the Chief Financial Officer and Company Secretary of PTB Group Ltd. Daniel began with PTB as Finance Manager for the Brisbane Business in 2012 and was promoted to the CFO role in 2013. Daniel previously worked in a number of senior accounting roles in commercialised business units of Brisbane City Council. These included Commercial Accountant for Brisbane City Works and Principal Financial Accountant for Brisbane Water.



For further information please contact:

**Corporate:**

Daniel Zgrajewski  
CFO, PTB Group Limited  
P: 1800 789 258  
E: Dzgrajewski@pacificturbine.com.au

**Investor Relations:**

Nicholas Morrison  
Principal, NamComm Consulting Pty Ltd  
P: 0424 823 100  
E: nick@namcomm.com.au

# Disclaimer

This presentation was not prepared for and should not be relied upon to provide all necessary information for investment decisions. Some of the information contained in this presentation contains “forward-looking statements” which may not directly or exclusively relate to historical facts. Although great care & diligence has been taken to ensure the accuracy of this presentation, PTB Group Limited gives no warranties in relation to the statements and information contained herein and disclaims all liability arising from persons acting on the information and statements in this presentation.

Due to the dynamics and changing risk profiles of investment markets, PTB Group Limited reserves the right to change its opinion at any time. All investors are strongly advised to consult professional financial advisors whose role it is to provide professional financial advice, taking into account an individual investor’s investment objectives, financial situations and particular needs.

