

23 February 2018

The Manager
Company Announcements
ASX Limited
By Electronic Lodgement

PTB Group Limited - Interim results for the period ending 31 December 2017.

PTB Group Limited is pleased to report another strong result for 1H18, with a net profit before tax of \$1.9 million – up 4% from 1H17. The Group's core businesses have continued to perform well and have allowed management to focus on the delivery of growth strategies in Pacific Turbine Leasing and the Pacific Turbine USA engine business.

Operating results by business:

	Revenue		Profit before Tax	
	1H18 (\$000)	1H17 (\$000)	1H18 (\$000)	1H17 (\$000)
Pacific Turbine Brisbane	13,068	11,691	2,112	1,085
Pacific Turbine USA	1,586	2,380	(74)	490
Pacific Turbine Leasing	1,160	1,605	226	454
International Air Parts	3,068	3,129	457	471
Group Overheads	-	-	(815)	(667)
PTB Group Limited	18,882	18,805	1,906	1,833

As at 31 December 2017, net assets are \$46.060 million (\$44.753 million at June 2017) with net tangible assets per share of 66 cents (64 cents at June 2017).

A fully franked dividend of 5 cents per share was paid in June 2017. No dividends have been declared or paid since this time.

Pacific Turbine Brisbane (PTB)

PTB returned a very good result for the first half with a profit before tax of \$2.112 million. The business is the most consistent profit generator for the Group, driven by the high proportion of sales from long term contracts.

PTB has benefited from the development of the Pacific Turbine USA (PT USA) business. PT USA has helped reduce parts costs for the business by managing the overhaul of unserviceable material. PT USA has strengthened the relationships with key suppliers, leading to ongoing savings.

The PTB business continues to focus on incremental improvements in efficiency and capacity. The most significant improvement for this business will come from the establishment of the PT6 test cell, which is currently being built.

Pacific Turbine USA (PT USA)

PT USA had a good half-year with solid progress made towards the longer-term goals of the business and the Group. The business has had two main operational priorities:

1. Manage the production of engines at external workshops. 12 engines have been completed during the first half of the year with six overhauled engines available for sale at the end of the half year.
2. Manage the PT6 stock holdings and reduce the overall costs of purchasing and repairing of parts for engines in work at PTB and the external workshops. This includes extracting maximum value from the existing stock of unserviceable engines and parts through sale or utilisation. PT USA has made good progress in this area and has driven significant savings for the Group while also generating close to \$1 million of parts sales for the half year.

Profits will flow through to this business as the engines in stock are sold. Management is looking to employ additional sales staff to assist with this into the future.

Pacific Turbine Leasing (PTL)

PTL has continued to return consistent results from the existing fleet of aircraft and engines. The results are lower than those reported for the comparative period due to the completion of an aircraft lease that had been in place.

The business is in advanced negotiations for a small number of additional aircraft leases that take advantage of the Japanese funding arrangements. The placement of new leases has taken longer than the company had originally expected. Despite this, the business is still pursuing a number of very good opportunities. The delays have been mostly attributed to a shortage of specialist staff in the business and management is looking to address this in the coming months.

International Air Parts (IAP)

IAP has had a good half year with a net profit before tax of \$0.457 million. The business continues to extract value from the existing stock of aircraft and engine parts while supporting the operational requirements of the leasing business.

This business has performed consistently since the review of the overhead structure was carried out in 2015, with five consecutive profitable half-years.

Outlook and Initiatives

PTB - The future continues to look positive. Management will maintain and grow operating results by driving incremental improvements across the business. The establishment of the PT6 test cell is the main improvement project for the next 12 months.

PT USA – The business will expand its sales capacity over the next six months now that a stock of engines has been built. PT USA will also continue to support PTB by reducing parts costs.

PT Leasing – Will continue to deliver consistent returns from the current pool of leased assets. Sourcing of specialist staffing and placement of new leases will be the priorities for this business.

IAP – Is expected to continue to produce consistent returns. The Group is also exploring opportunities to realise the uplift in property values at the Warriewood location in Sydney without disrupting operations.

All businesses are performing well and the Group has had a strong start to 2H18. As per the AGM in November 2017 the Company is refraining from providing profit guidance. This is because there are a small number of ongoing negotiations that could potentially have a significant impact on the full year results – we do not expect any of these to provide a negative impact.

For further information contact:

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

Nicholas Morrison
Principal, NamComm Consulting Pty Ltd
P: +61 424 823 100
E: nick@namcomm.com.au