

28 May 2018

The Manager
Company Announcements
ASX Limited
By Electronic Lodgement

PTB Group Business Update

PTB Group Limited (PTB) is pleased to provide the market with an update on the business, which includes several key developments. The key highlights are:

- a new USD\$65m contract with Trans Maldivian Airways (TMA) signed on favourable terms;
- a letter of Intent signed for the purchase of four aircraft under existing leases;
- a new Parts Supply and Engine Maintenance contract signed by PT USA;
- appointment of a General Manager for PT Leasing;
- fully franked 5c dividend to be paid in June 2018; and
- PTB Group guidance of \$4.2m for FY2018 (profit before tax excluding foreign exchange gains and losses).

Pacific Turbine Brisbane

Pacific Turbine Brisbane continues to perform well, providing consistent profit for the group. As previously mentioned, the main focus for the business in recent months has been the renewal of the existing contract with Trans Maldivian Airways (TMA). TMA operates the largest seaplane fleet in the world and is PTB's largest customer. PTB has enjoyed an excellent working relationship with TMA since 2003 and the renewal of the contract reflects the quality of the relationship. TMA was acquired by a Bain Capital Private Equity led consortium in late 2018. Despite additional competition from much larger competitors, PTB has retained the highly sought-after contract on favourable terms.

The contract is expected to bring in USD\$65m of revenue over the term and includes several additional benefits to PTB, including:

- a 25% increase in the number of engines included in the contract with TMA;
- a significant increase in rates, with annual increments;
- additional services to be provided by PTB Group; and
- it supports the strategic decision to expand US operations and increase capacity.

PT USA

DJ Davant has signed a Parts Supply and Engine Maintenance contract with a small airline. Under the contract PT USA provides engine services and parts required by the airline, which currently consists of 18 aircraft.

PT USA has also employed a new full-time staff member to manage spare parts for the business. This will allow DJ to focus more of his time on engine sales and growing the business.

The business has experienced improved trading during 2H18 and expects to return a small profit for the half year.

PT Leasing

PT Leasing continues to be a key growth focus for the Group. We have a signed Letter of Intent (LOI) to purchase four aircraft under existing leases. The team is confident of finalising the deal soon and are excited about the opportunity.

PT Leasing is also pleased to announce the hiring of Jamie Carracher as General Manager of the business. Jamie is well known to the Group through prior dealings and is seen as a perfect fit. Jamie has many years of experience with the leasing of similar aircraft in his previous roles with Montrose Global LLP and Montrose Asia Pacific Leasing and is excited by the opportunity to grow the business with the help of the Japanese funding arrangements.

International Air Parts (IAP)

IAP continues to contribute to the profitability of the Group. The Company continues to explore ways to extract maximum value for shareholders from the Warriewood property and will keep the market updated as this progresses.

Dividend

PTB Group is once again delighted to be able to announce a fully franked dividend of 5c. Please see the dividend notice for further details.

FY2018 Guidance

PTB Group's guidance for FY2018 is \$4.2m (profit before tax excluding foreign exchange gains and losses), which is in line with last financial year. We are pleased about implementing the crucial growth initiatives listed above, which will enhance future profitability and returns.

Commenting on the Business Update, Managing Director Stephen Smith said: "We are excited and proud to be able to continue to execute our growth strategy across PTB's business units. We would like to thank our staff, the board of directors, our customers and of course our shareholders for working with us to achieve these outcomes. We look forward to continuing the implementation of our growth strategies and delivering positive outcomes for all parties."

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