

27 February 2019

The Manager
Company Announcements
ASX Limited
By Electronic Lodgement

PTB Group Limited - Interim results for the period ending 31 December 2018.

PTB Group Limited is pleased to report a positive result for 1H19 with revenue of \$23.767m, up 25.9% from 1H18. Net profit before tax, excluding foreign exchange gains and losses (NPBTFX) was \$2.940m – up 53% from 1H18.

The past six months has been particularly encouraging for the Company, seeing the benefits from the implementation of management's stated strategies. All PTB Group businesses are performing well and continue to develop, ensuring they are well positioned for ongoing growth and profitability.

Operating results for the year by business:

- Pacific Turbine Brisbane has again performed well, with NPBTFX of \$2.117 million.
- Pacific Turbine USA results were pleasing with a NPBTFX of \$0.341 million.
- Pacific Turbine Leasing was again positive, with NPBTFX of \$0.267 million.
- International Air Parts demonstrated the value it adds to the Group, generating NPBTFX of \$1.026 million.
- Group overheads remain flat at \$0.811m.

As at 31 December 2018, the net tangible asset backing per share was 67 cents.

Results Summary	1H 19 Revenue (\$000)	1H 18 Revenue (\$000)	1H19 NPBTFX (\$000)	1H18 NPBTFX (\$000)
Pacific Turbine Brisbane	15,404	13,087	2,117	2,087
Pacific Turbine USA	2,395	1,586	341	-82
Pacific Turbine Leasing	1,553	1,142	267	213
International Air Parts	4,415	3,067	1,026	513
Group Overheads	-	-	-811	-815
PTB Group Limited	23,767	18,882	2,940	1,916

Pacific Turbine Brisbane (PTB)

Revenue up 18% PCP: \$15.404m (1H18: \$13.087m)

NPBTFX up 1.4% PCP: \$2.117m (1H18: \$2.087m)

Pacific Turbine Brisbane had a strong start to the financial year with 1H19 revenues at \$15.404 million and a NPBTFX of \$2.117m. PTB continues to underpin the overall success of the Group as the other businesses develop. The uplift for the half is attributable to the ongoing efficiencies of the Brisbane operation and the support provided by Pacific Turbine USA. The PTB sales team continues to grow with the addition of two new sales team members, who are expected to add to profitability in the short, medium and long term.

The PTB business is built around an aircraft engine maintenance, repair and overhaul (MRO) facility located at Pinkenba in Brisbane. The business has a number of long-term engine maintenance and management contracts in place with aircraft operators in the Australian, Pacific and Asian regions that underwrite the business's ongoing consistent results. These contracts provide the business with consistent aircraft parts and engine sales and regular cash flows. It also provides consistent workloads for the workshops that enable improved scheduling and efficiency.

Pacific Turbine USA (PT USA)

Revenue up 51% PCP: \$2,395m (1H18: \$1.586m)

NPBTFX up on PCP: \$0.341m (1H18: loss of \$0.082m)

PT USA reported a favourable result in terms of both revenue and profitability. The business has grown its customer base and profitability, and will continue to do so with additional sales resources put in place. PT USA also continues to support PTB and other Group businesses by providing a central hub for parts purchasing and repair in the USA.

Pacific Turbine USA commenced trading in February 2016. This business is similar to, and an extension of the PTB business. PT USA utilises strategic arrangements with MRO facilities in the USA to produce aircraft engines and parts that are available to be sold to customers around the world. This enables a significant expansion in the engine overhaul capacity for the Group with very little fixed capital outlay. This business is a significant growth strategy for PTB Group as it allows for an increase in production capacity while also extending its potential customer base.

Pacific Turbine Leasing (PTL)

Revenue up 36% PCP: \$1.553m (1H18: \$1.142m)

NPBTFX up 25% PCP: \$0.267m (1H18: \$0.213m)

Pacific Turbine Leasing saw another profitable half year, with the focus remaining on leveraging off its finance partner (SBI Leasing Services) to grow the fleet of aircraft. The Company announced its first successful acquisition using SBI funding in January 2019. This deal is immediately earnings accretive and lays the foundation for future deals.

PTL has also established a facility with CBA to finance engines to customers, offering convenient and flexible payment options.

PTL is currently undertaking due diligence on several potential leasing deals. Management remain confident on the strategic direction of the business and their ability to convert the existing pipeline into future profits.

PTL is the Group's aircraft and engine leasing and finance provider. The focus of the business is on growing the number of aircraft and engines on lease to end customers; these in turn funnel sales into other Group businesses.

International Air Parts (IAP)

Revenue up 44% PCP: \$4.415m (1H18: \$3.067m)

NPBTFX up 100% PCP: \$1.026m (1H18: \$0.513m)

International Air Parts continues its contribution to the Group's success through successful management and sale of aircraft parts. The business also trades in Rolls Royce engine parts, with this segment of the business providing a significant increase in the business's results in recent years.

Management continues to investigate options to realise the uplift in the value of IAP property to maximise return for shareholders.

IAP is an aircraft spare parts business. The business operates out of two large warehouses in Warriewood, New South Wales. The IAP business sells a large variety of airframe parts, Rolls Royce engine parts and engine repair and overhaul services from its own stockholding and a comprehensive supplier network. The business also supports PTL by providing ongoing technical and parts support for leased aircraft.

Outlook

PTB - the future continues to look positive as further increases in efficiency are gained. The test cell is now on the ground at the Pinkenba facility and will be operational in the coming weeks. The sales pipeline from both a quality and volume perspective remains full and management continues to drive performance.

PT USA – the business is in an exciting position for continued growth. Following a successful 1H19, PT USA has added sales resources to further drive the business.

PT Leasing – will continue to deliver consistent returns from the current pool of leased assets with growth coming from the expansion of the leased fleet. The funding is in place and discussions are under way with several parties. As the number of aircraft under lease increases, so does the work which is channelled into other Group businesses.

IAP – is expected to continue to produce consistent returns from airframe parts sales while the engine parts sales business continues to grow. As mentioned, the Company is also exploring ways to realise the uplift in property values without disrupting operations.

The Board are extremely happy with the performance of the management and staff in each of the businesses. The core business operations are providing consistent returns with incremental efficiency gains while the growth strategies are developing and adding to the results.

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