

# ***FY19 Full Year Results Presentation***

***August 2019***



**PTB GROUP LTD**

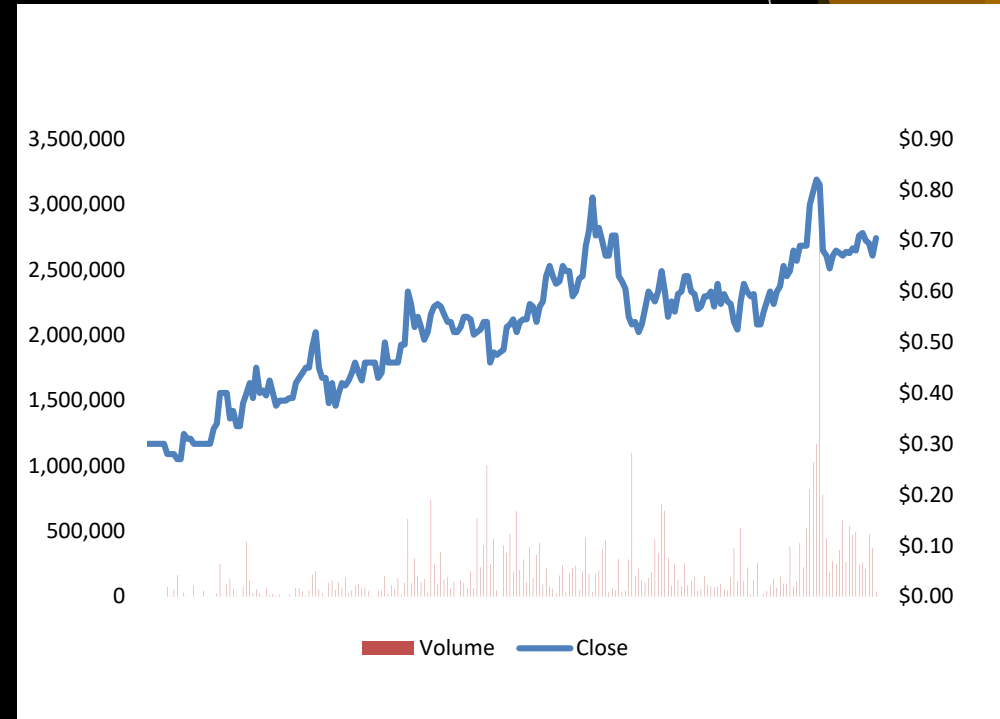


***Delivering Growth***

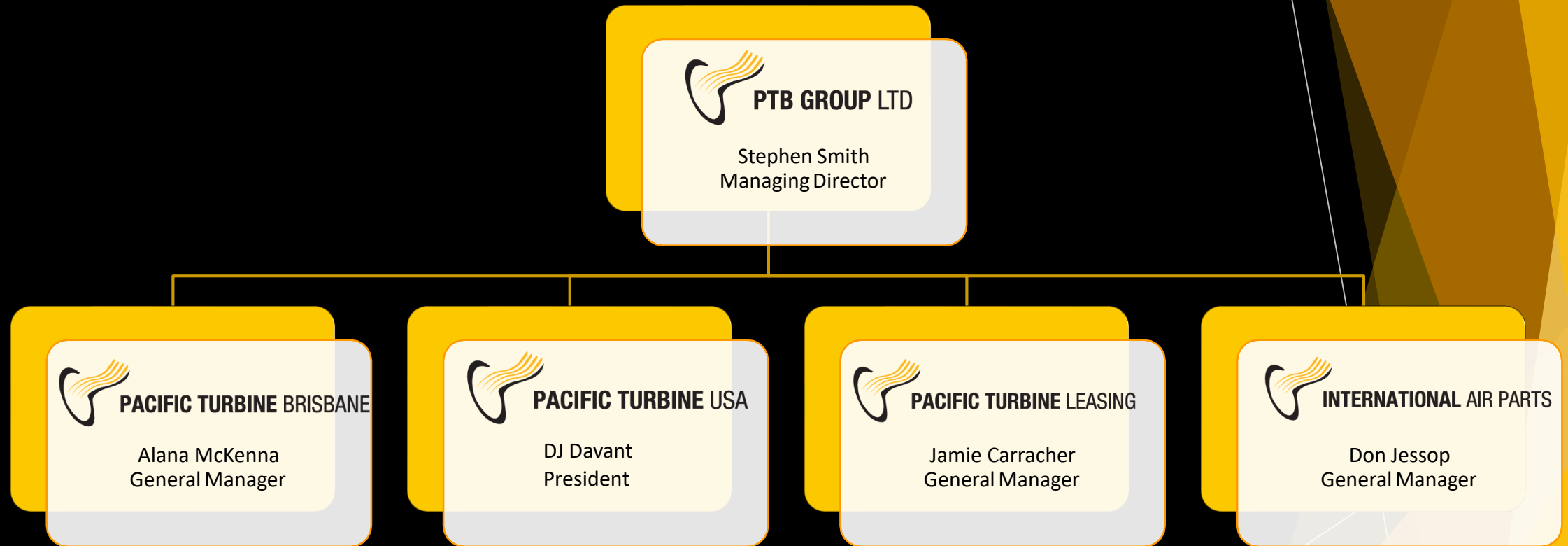
# Business Overview

## CORPORATE SUMMARY

Company Information	
ASX Code	ASX:PTB
Listing Date	18 <sup>th</sup> December 2006
Managing Director	Stephen Smith
Share Price (27/08/2019)	\$0.725
Market Cap (27/08/2019)	\$54M
Net Tangible Assets (30/06/2019)	\$0.62 per share
FY19 Dividend	7 cents (fully franked)



# PTB ORGANISATIONAL STRUCTURE



# Business Overview



## PACIFIC TURBINE BRISBANE

Aircraft Engines

- Long term engine support contracts
- Buying/Selling
- Overhaul and repairs
- Predominantly domestic and Asia/Pacific customers

- Consistent earnings
- Strong margins
- High productivity
- Significant Barriers to entry due to compliance framework



## PACIFIC TURBINE USA

United States Engines

- Similar to Brisbane Business
- Focus on North America
- Launched in 2<sup>nd</sup> half 2016

- Costs low and scalable for Group
- Maintains shared Group inventory
- Manages purchase and repair vendor relationships



## PACIFIC TURBINE LEASING

Leasing Aircraft and Engines

- Leasing of aircraft
- Leasing of engines
- Consistent earnings

- Long term contracts
- High client retention
- Engine financing



## INTERNATIONAL AIR PARTS

Aircraft Parts

- Buying/selling
- Brokering of parts
- Large stock of parts

- End of lease optimisation
- Margins increased
- Overhead costs decreased



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# Group Highlights

## Financial

- Net profit before tax of \$5.577m (up 19.3% YOY)
- NTA per share of \$0.62
- Dividend increased to 7c per share (fully franked)
- All businesses profitable in 2019

## Operational

- Simplified PTB management structure and strengthened sales team
- Expanded purchasing and repair management functions
- Leasing - refined and clarified our product offerings
- Close-out of Bankstown Airport hangar lease

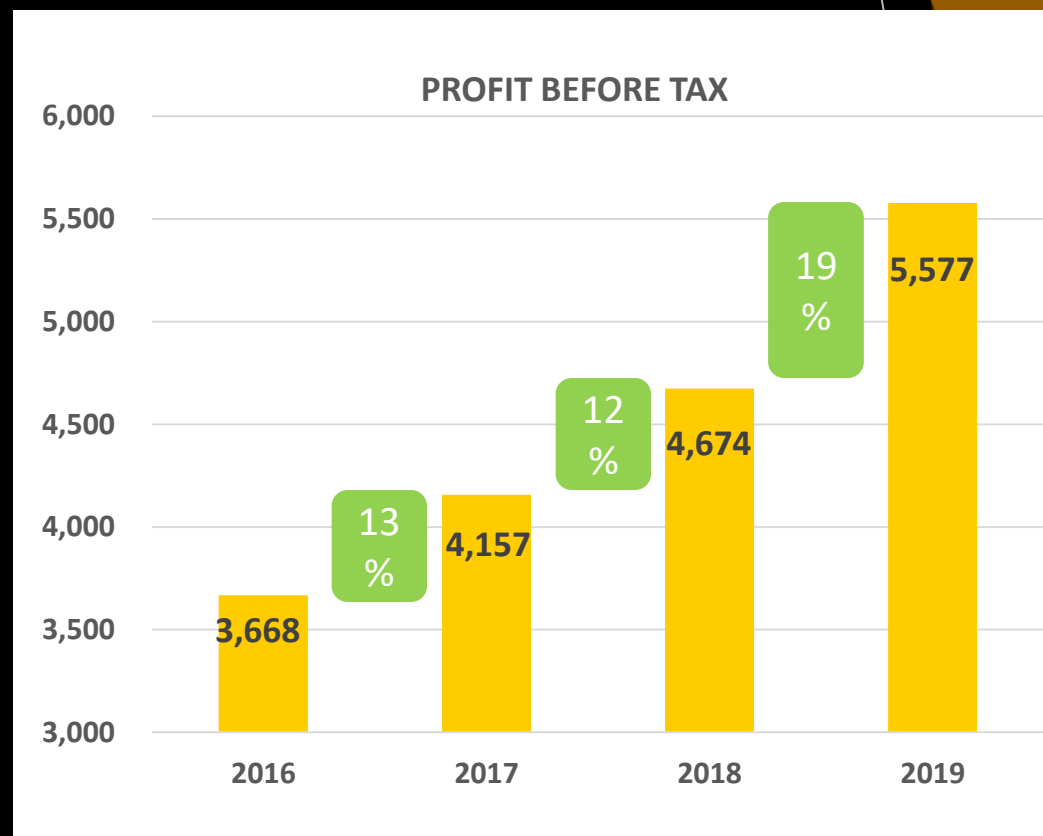
## Strategic

- First aircraft lease transaction completed via SBI Leasing
- Test cell completion - opening up new business opportunities
- IAP'S increased stock of Rolls Royce parts driving engine parts sales business
- Increased understanding of the US market, including cultural differences



## Group and Segment Performance

Profit Before Tax	2016 (\$'000)	2017 (\$'000)	2018 (\$'000)	2019 (\$'000)
Pacific Turbine Brisbane	\$2,575	\$2,492	\$4,142	\$3,928
Pacific Turbine USA	\$83	\$527	(\$74)	\$549
Pacific Turbine Leasing	\$1,223	\$712	\$565	\$641
International Air Parts	\$1,597	\$1,782	\$1,393	\$1,855
Group Overheads	(\$1,285)	(\$1,398)	(\$1,598)	(\$1,659)
Foreign Exchange Gain/(Loss)	(\$525)	\$42	\$246	\$263
Group	\$3,668	\$4,157	\$4,674	\$5,577



## Segment Operational Initiatives

 <b>PACIFIC TURBINE</b> BRISBANE	<ul style="list-style-type: none"> <li>• Simplified the management structure</li> <li>• Strengthened sales team</li> <li>• Focussed on training and development, while recruiting talented staff where available</li> </ul>	<ul style="list-style-type: none"> <li>• Test cell completed</li> <li>• Site planning completed to facilitate future growth</li> </ul>
 <b>PACIFIC TURBINE</b> USA	<ul style="list-style-type: none"> <li>• Increased sales staff</li> <li>• Expanded purchasing and repair management functions</li> </ul>	<ul style="list-style-type: none"> <li>• Provided logistical support across the Group</li> <li>• Increased understanding of the market, including cultural differences</li> </ul>
 <b>PACIFIC TURBINE</b> LEASING	<ul style="list-style-type: none"> <li>• Refined and clarified our product offerings</li> <li>• Completed first financing arrangement for four aircraft via SBI Leasing, building template for future deals</li> </ul>	<ul style="list-style-type: none"> <li>• Established engine financing facility with CBA</li> </ul>
 <b>INTERNATIONAL AIR PARTS</b>	<ul style="list-style-type: none"> <li>• Increased stock of Rolls Royce parts driving increased sales in engine parts sales business</li> <li>• Close-out of Bankstown Airport hangar lease and consolidated stock at Warriewood</li> </ul>	<ul style="list-style-type: none"> <li>• Continued major role in supporting customers of Pacific Turbine Leasing</li> </ul>



# ***PTB Group Vertical Integration***



## **PACIFIC TURBINE LEASING**

Finance and operating leases for aircraft (PT6, TPE331 and RR powered)

Long/short term engine rentals and leasing (PT6, TPE331 and RR)



## **PACIFIC TURBINE BRISBANE**

Engine management programs (PTB EMP)

PT6 & TPE331 overhaul & repair

Engine and parts sales



## **PACIFIC TURBINE USA**

Engine management programs (PTB EMP)

Engine overhaul & repair via third party shops

Engine and parts sales



## **INTERNATIONAL AIR PARTS**

Aircraft parts sales

RR engine & parts sales

Aircraft repair, sale and tear down

End of lease optimisation

Optimised parts purchasing for the group

Coordinate shipments for Brisbane and IAP



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## Growth Strategy – Execution to Continue



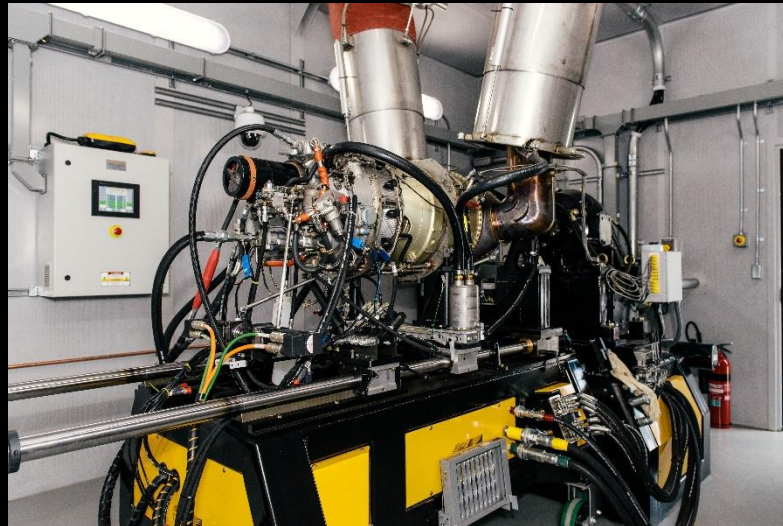
### PACIFIC TURBINE BRISBANE

- Growing market share across existing areas – capitalise on local test cell capability
- Leverage off other Group businesses to increase cross selling
- Build on technical capabilities in the workshops, along with sales capabilities in sales areas
- Increase engine inventory to improve future sales opportunities



### PACIFIC TURBINE USA

- Responsible for an increasing overflow from Pacific Turbine Brisbane
- Consolidate purchasing and repair programs – use purchasing power to reduce costs
- Actively build end user customer relationships
- Explore additional engine shop capacity



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## ***Growth Strategy – Execution to Continue***



### **PACIFIC TURBINE LEASING**

- Focused on growing fleet of aircraft on operating leases
- Brokering of financing arrangements – fee income and engine maintenance
- Disciplined deal execution – right aircraft, right terms, right customers



### **INTERNATIONAL AIR PARTS**

- Further invest in Rolls Royce engines for engine parts business
- Development of new product for engine parts business
- Re-shape and reinvigorate the sales focus



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## Key Takeaways

- Pacific Turbine Brisbane continues to perform strongly
- Pacific Turbine USA making solid contribution to Group result – assisted by overflow from Brisbane
- IAP growing – developing new product lines
- Pacific Turbine Leasing remains a key focus
- Test-cell completed – new opportunities





# People

## Established and Experienced Management and 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.



### **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.



### **Craig Baker**

Mr. Craig Louis Baker served as Managing Director of PTB Group Ltd up until 30 April 2017. From 1 July 2017, Craig was appointed as the 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 Non-Executive Director of the Board. Russell is also the Chairman of the Audit and Risk Management Committee. 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 Non-Executive Director. 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.



### **Prince Gunasekara**

Prince is a Non-Executive Director of PTB Group. He is an Sri Lankan born aviation expert with over 20 years' experience in Japanese aviation. He has worked across many areas of the industry, including procurement, aircraft parts and aircraft engines for Japanese aircraft operators. Prince also acts as a consultant to the Group and manages the relationships with the Japanese investors and business partners.

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