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The Manager
Company Announcements
ASX Limited
By Electronic Lodgement

PTB Group Limited – FY2020 Half Year Results

PTB Group Limited today announced its half year result for 1H20 with revenue of \$26.096m, up 9.8% over 1H19 (\$23.767m). Net profit before tax, excluding foreign exchange gains/losses and acquisition related costs (NPBTFX) was \$3.289m, up 11.9% from 1H19 (\$2.940m). The result exceeded the top end of the NPBTFX guidance range provided to the market in November 2019 (\$2.9 to \$3.1m) by 6.1%.

In addition to exceeding guidance, the Group also announced the acquisition of Prime Turbines LLC, a US based MRO provider (announced on 31 January 2020). This acquisition positions the Group to execute upon its previously stated growth strategies by providing increased capacity and capabilities while significantly expanding the customer base. It is also an important building block for the future growth of Pacific Turbine Leasing.

As at 31 December 2019, PTB Group held \$8.549 million of cash, up \$1.375 million from June 2019. Total debt was \$20.054 million, down \$0.263 million from June 2019. Net Tangible Assets were 64 cents per share.

The Board has resolved to pay an interim fully franked dividend of 2.5 cents per share on 2 March 2020. PTB Group also expects to pay a final dividend, to be announced in line with the release of the full year results in August 2020.

Commenting on the results, PTB Group's Managing Director Stephen Smith said:

"The ability of PTB Group to continue to deliver improved results from core businesses while delivering on growth strategies is very pleasing. The business is well positioned for ongoing growth and profitability as we execute our long-term strategies."

Operating results for the half-year by business was as follows:

Results Summary	1H 20 Revenue (\$000)	1H 19 Revenue (\$000)	1H 20 NPBTFX (\$000)	1H 19 NPBTFX (\$000)
Pacific Turbine Brisbane	16,390	15,404	2,611	2,117
Pacific Turbine USA	2,537	2,395	-21	341
Pacific Turbine Leasing	1,495	1,553	146	267
International Air Parts	5,674	4,415	1,502	1,026
Group Overheads	-	-	-949	-811
PTB Group Limited	26,096	23,767	3,289	2,940

Pacific Turbine Brisbane (PTB)

Revenue up 6.4% PCP: \$16.390m (1H19: \$15.404m)

NPBTFX up 23.3% PCP: \$2.611m (1H19: \$2.117m)

Pacific Turbine Brisbane delivered a strong 1H20 result with revenues up 6.4% to \$16.390m, and NPBTFX up 23.3% to \$2.611m. PTB continues to provide consistent growth and is the largest contributor to the Group's results.

Workshop results have continued to improve since the commissioning of the PT6A test cell in the second half of FY19. This has driven a significant increase in higher margin, non-contract works, while there has also been growth in the total number of contracted engines provided by the leasing business.

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 engine and parts 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 5.93% PCP: \$2.537m (1H19: \$2.395m)
NPBTFX down on PCP: \$0.021m loss (1H19: \$0.341m)

PT USA reported an increase in revenue due to increased parts supply and engine work managed on behalf of PTB. The increased level of support for PTB reduced the focus on sales to external customers and reduced NPBTFX in this division.

The PT USA division provides a central hub for parts purchasing and repair in the USA and utilises strategic arrangements with MRO facilities in the USA to repair and overhaul aircraft engines and parts that are available to be sold to customers around the world.

Following the acquisition of Prime Turbines, PT USA is expected to become increasingly focussed on the provision of shared services for the Group with primary responsibility for maintaining a supply of parts to the PTB and Prime Turbines workshops.

Pacific Turbine Leasing (PTL)

Revenue down 3.73% PCP: \$1.495m (1H19: \$1.553m)
NPBTFX down 45.32% on PCP: \$0.146m (1H19: \$0.267m)

Pacific Turbine Leasing saw another profitable half year, with the focus remaining on partnering with SBI Leasing Services Co. to grow the fleet of aircraft. There was a reduction in NPBTFX for the half year due to a minor reduction in engine utilisation and additional one-off costs related to a maintenance issue for a small group of rental engines.

The Group announced a new leasing transaction in November 2019, which was brokered between SBI Leasing Services Co. and a long-term PTB customer. This deal added 30 engines to PTB's engine management contracts and provided a significant benefit to the broader Group.

PTL continues to work on and develop a number of other potential leasing deals. Management remain confident on the strategic direction of the business and the 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 28.52% PCP: \$5.674m (1H19: \$4.415m)

NPBTFX up 46.39% PCP: \$1.502m (1H19: \$1.026m)

IAP reported a strong result for the half year with both revenue and NPBTFX well ahead of the corresponding period last year. Airframe parts sales and engine parts sales have both performed well and have exceeded management's targets.

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 and Rolls Royce engine parts from its own stockholding and a comprehensive supplier network. The business also manages engine repair and overhaul services via third party workshops and supports PTL by providing ongoing technical and parts support for leased aircraft.

Outlook

The acquisition of Prime Turbines represents another significant milestone in the development of PTB. The expanded geographic footprint, additional certifications (FAA and EASA) and a greatly expanded workshop capacity, coupled with new clients and new products positions PTB Group well for its next phase of growth.

The integration of the Prime Turbines acquisition and the continued growth of the leasing business are key strategic priorities for the group.

This announcement has been authorised for release to ASX by the Board of Directors of PTB.

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