

PTB Group Limited

Market Update

19th October 2016



PTB GROUP LIMITED

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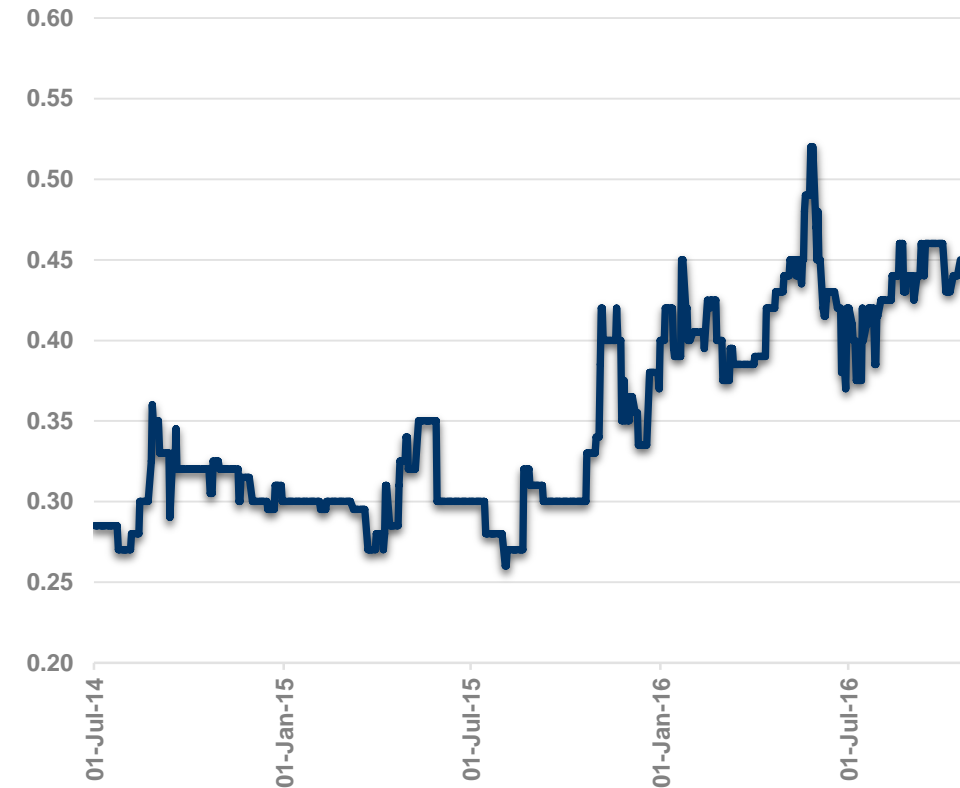
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Business Overview

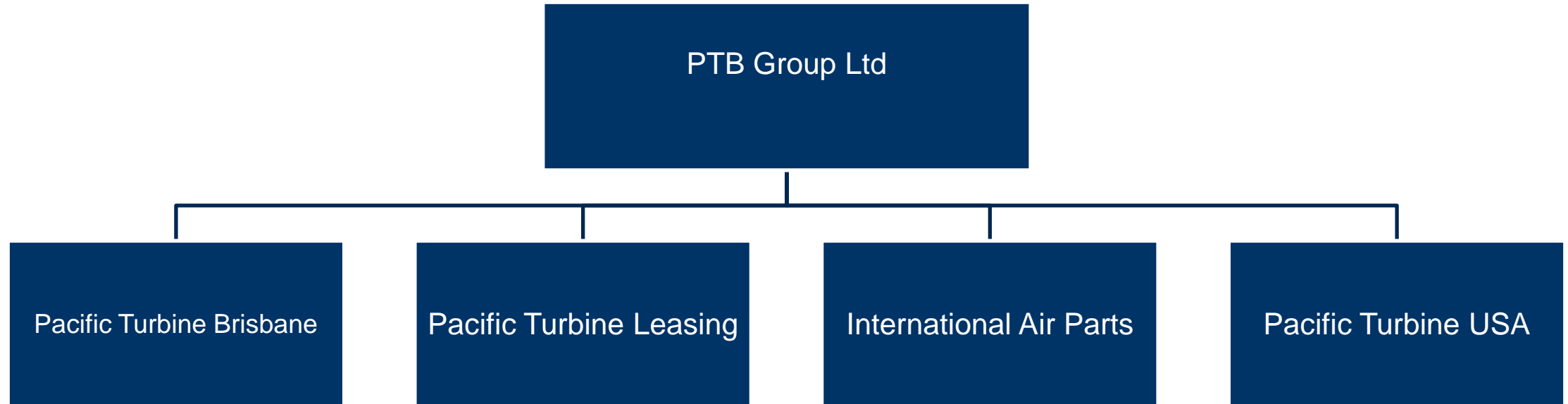
Company Information	
ASX Code	PTB.AX
Listing Date	18 th December 2006
Managing Director	Craig Baker
Share Price (17-Oct-2016)	\$0.45 cents
Market Cap (17-Oct-2016)	\$23.8 million
Net Tangible Assets (NTA)	\$0.70 per share
FY16 Total Shareholder Return (TSR)	57%
FY16 Dividend	\$0.05 cents
FY16 Dividend Yield (17-Oct-2016)	11.11%

PTB.AX Share Price



Business Overview

PTB's business is made up of four businesses



Business Overview

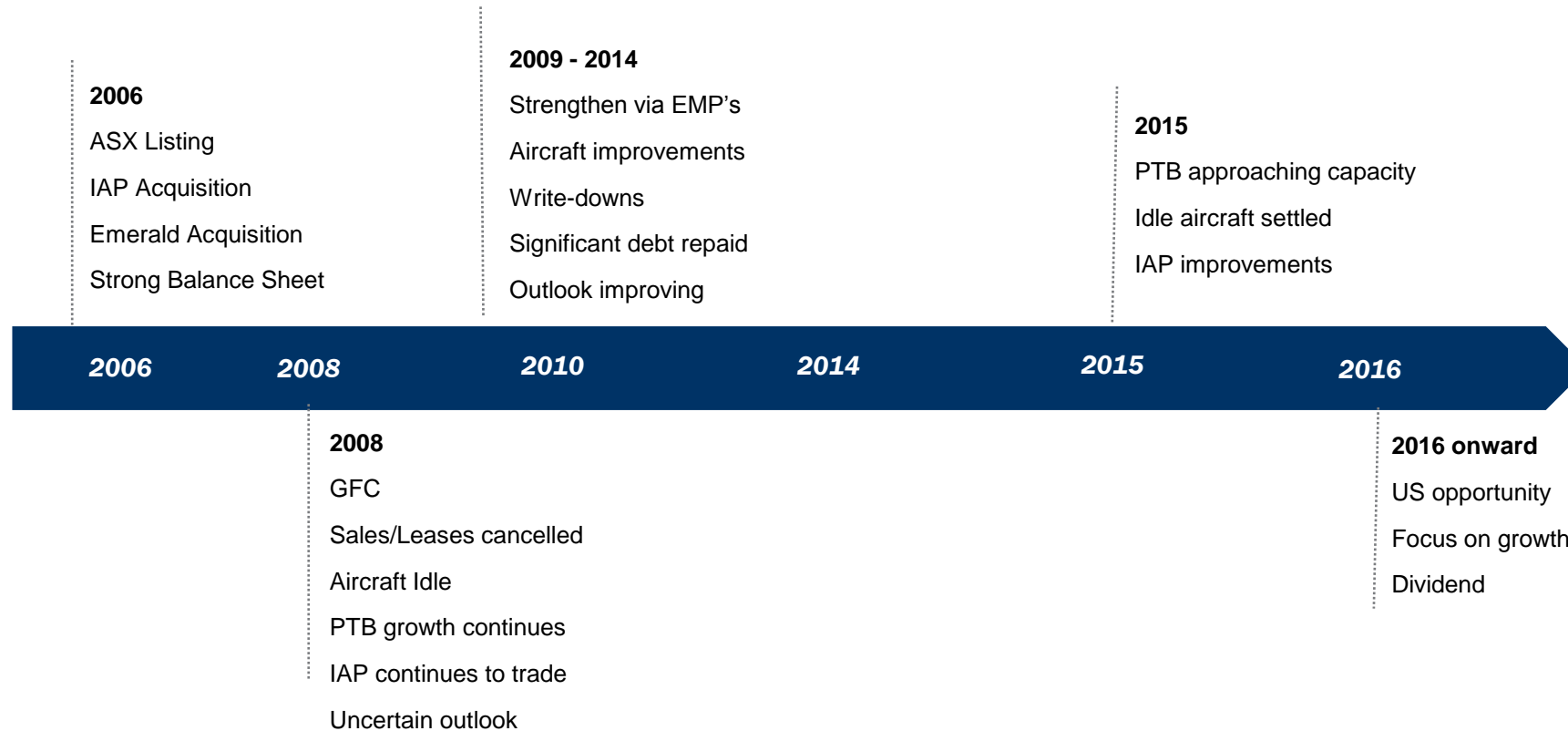
PTB's business is made up of four businesses

Pacific Turbine Brisbane Aircraft Engines	<ul style="list-style-type: none">• Engine Management programs• Buying/Selling• Overhaul and repairs• Predominantly domestic and <i>Asia/Pacific</i> customers• Significant Barriers to entry due compliance framework	<ul style="list-style-type: none">• Long term engine support contracts• Consistent earnings• Strong margins• High productivity
Pacific Turbine Leasing Leasing engines/aircraft	<ul style="list-style-type: none">• Leasing of aircraft• Leasing of engines	<ul style="list-style-type: none">• Consistent earnings• Long term contracts• High client retention
International Air Parts Parts	<ul style="list-style-type: none">• Buying/selling• Brokering• Large stock of parts• End of lease optimisation	<ul style="list-style-type: none">• Continuous improvements in efficiency• Margins increased• Overhead costs decreased
Pacific Turbine USA United States Engines	<ul style="list-style-type: none">• Similar to PTB (Brisbane) Business• Focus on North America• Launched 2nd half 2016	<ul style="list-style-type: none">• Commenced trading February 2016• Already profitable• Costs low and scalable



Business Overview

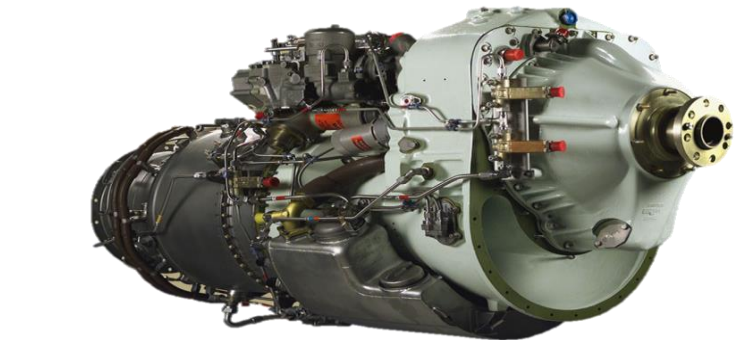
Where PTB has come from?



Business Overview

Pacific Turbine Brisbane – Aircraft Engines

- Engine Maintenance Repair & Overhaul (MRO)
- Production focused on contract customers
- Engines & parts sales
- Engine Management Program
 - major driver of the business
 - monthly payments
 - earnings consistency
 - runs adjacent to engine parts sales
- Concentrate on two engine types allows specialist knowledge
- PT6 engines
 - continues to be produced
 - 51,000 produced
- TPE331 engines
 - not in current production
 - 13,500 produced
 - significant contributor to profitability
 - more mature engines, declining operator base
 - contracted customer base to maintain profitability



Business Overview

Engine Management Programs

- Offered globally
 - Main driver of growth going forward
 - Contracts normally five year term
 - Consistent & known costs to the customers
 - Recurring earnings from EMP underwrites 60% + of the engine business margin
 - Power by the Hour – total engine support for hourly fee
-
- Continued focus on long-term relationships
 - Exceptional customer service
 - high retention rate
 - point of difference
 - Currently 140+ engines managed
 - PT6A engines our sweet spot
 - PTB currently has less than 5% PT6A market under contract
 - US presence now provides huge opportunity for growth
 - More long term EMP's = more sales across all group businesses



Business Overview

Pacific Turbine Leasing

- Leasing of aircraft and engines
- Feeds into other business areas
- Three BAe Jetstream 32 aircraft on lease
- Two Metro 23 aircraft available for sale/lease
- One BAe ATP aircraft on operating lease
- More leases = more sales across all group businesses



International Air Parts – Parts

- Extracts value from large legacy excess parts stock
- Broad sales base, but also includes sales to lease customers
- Maximise end of lease situations: re-lease, disassemble parts to be on sold for maximum value
- Trading opportunity's - purchase and breakdown of complete aircraft for engine and parts
- Partner with offshore businesses for overhaul & repairs of Rolls Royce Dart engines



Business Overview

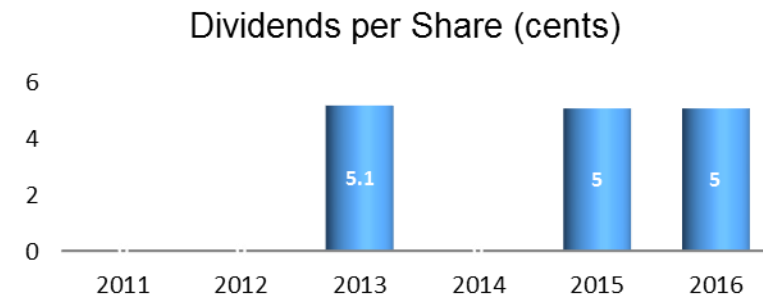
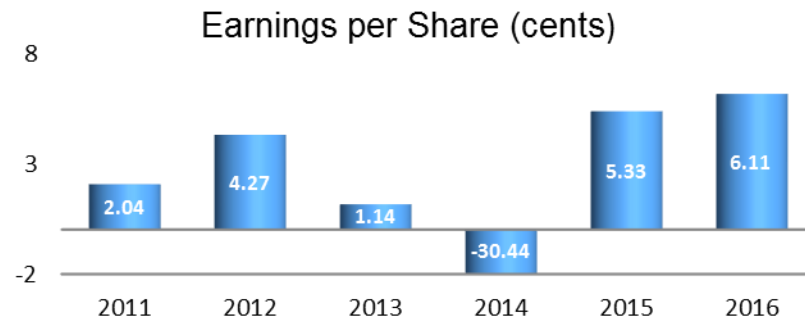
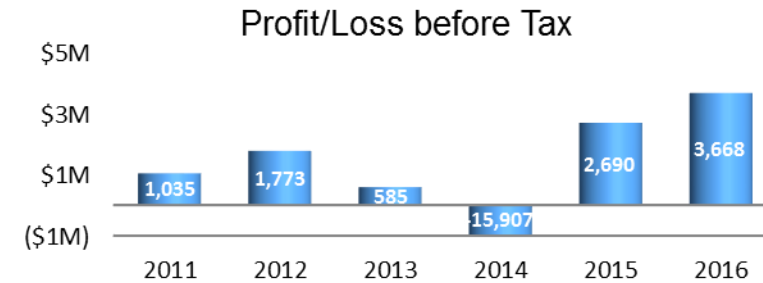
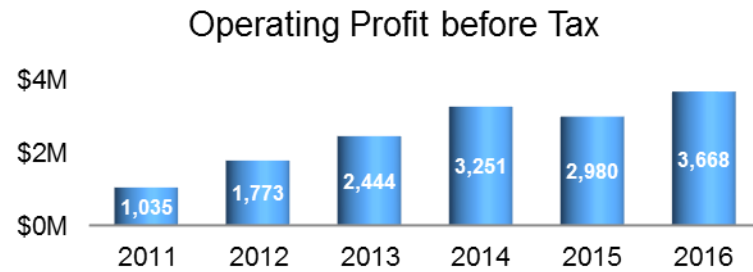
Pacific Turbine USA – North America

- Similar to PTB (Brisbane) Business
- Began operating in February 2016
- Supply agreement with Mint Turbines LLC
- Parts and stock kept on site
- Administration in Brisbane
- Gains access to total global market



Financials

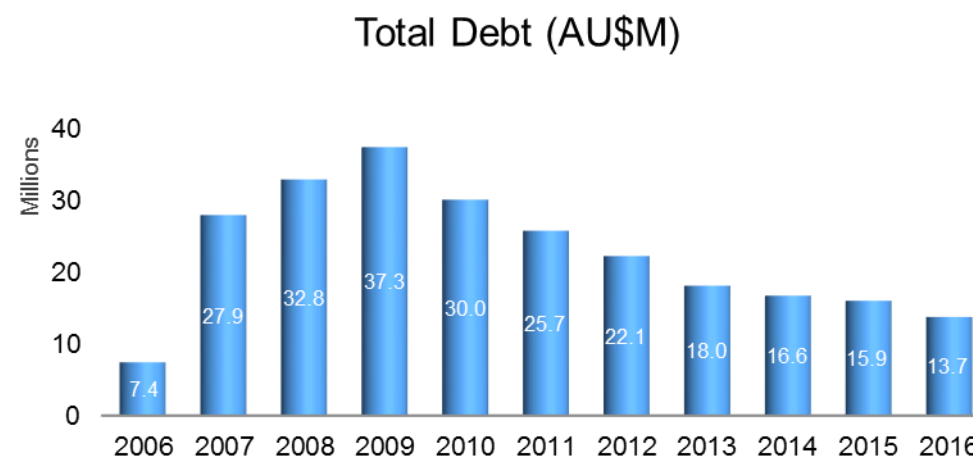
Operating Results



Note: Operating Profit excludes abnormals but includes foreign exchange gains and losses

Financials

Balance Sheet 30-Jun-2016	\$'000
Cash	1,982
Receivables	10,486
Inventory	21,440
Property, Plant & Equipment	20,260
Deferred tax assets	4,918
Other assets	212
Total Tangible Assets	59,298
Payables	6,328
Borrowings	13,687
Deferred tax liabilities	3,438
Other liabilities	2,493
Total Liabilities	25,946
Net Tangible Assets	33,352
Per Share	0.70



People

Established & experienced Management & Board

Craig Baker

Mr. Craig Louis Baker is the Managing Director for PTB Group Ltd. 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. His duties involve the overall management of the Group.

Stephen Smith

Mr. Stephen Garry Smith is Executive Director of the Company. 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.

Andrew Kemp

Mr. Andrew Peter Somerville Kemp is a Non-Executive Director at PTB Group Ltd. 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.

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.

Harvey Parker

Mr. Harvey Parker is the Chairman of the Board at PTB Group Ltd. He holds a Dip P.A, Bachelor of Arts and a Masters of Business Administration (Melbourne). He has had a distinguished career spanning across several industries including experience in the aviation industry as Managing Director of New Zealand Post and the Airpost Joint Venture. He was previously Chairman of DWS Limited, Australian Natural Proteins Limited and Jumbuck Entertainment Limited.

Royston Stephen (Steve) Ferris

Mr. Royston Stephen (Steve) Ferris is an Executive Director of PTB Group Ltd. Steve was born in the UK and Graduated from Bristol University with a Bachelor of Science in 1981. He incorporated IAP Group in 1987 and successfully grew the company utilising his vast knowledge of the aviation industry. IAP was acquired by PTB Group in 2006 with Steve taking a stake in PTB Group as part of the deal. Steve is based in Sydney and is currently a consultant to IAP Group.



Strategy for Growth

Growth is expected from all four businesses

Pacific Turbine Brisbane Aircraft Engines	<ul style="list-style-type: none">• Continuing to grow the number of engines under Engine Management Programs• Increasing the number of engines overhauled and repairs• Progressively grow in house capabilities to lower cost and improve turn times• Securing engine management programs through partnering with aircraft lessors
Pacific Turbine Leasing Leasing engines/aircraft	<ul style="list-style-type: none">• Increasing the number of aircraft and engines under lease or finance• Focus on aircraft which enable growth of the Engine and Parts Business• Secure funding to build leasing into a major earnings stream
International Air Parts Parts	<ul style="list-style-type: none">• Maintain focus on extracting value from inventory• Increased parts opportunities from leased assets• Facilitate salvage opportunities for PT6 & TPE331 engines
Pacific Turbine USA United States Engines	<ul style="list-style-type: none">• Take EMP programs to wider market• Obtain funding (\$US5m) required to produce three to four engines per month (\$A1.79m obtained in September 2016 through placement)• Expected return on assets exceeding 20% pre-tax• Launched low risk program with PTB supplying parts and USA partner supplying shop capacity 2nd half 2016 and already profitable



Summary

We are excited about the future for PTB

- Successfully navigated through GFC
- Reduced debt from over \$A35m to under \$A14m
- Improved productivity significantly in Brisbane facility (engines)
- Employed the best people to grow the business
- Secured an entry into the US Market, where barriers to entry are high
- Positioned the company for global growth
- Trading at discount to NTA

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