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*PTB Group Limited*

*FY2021 Results Presentation*

*27<sup>th</sup> August 2021*

# FY2021: Another Record Year



## Record financial performance

- Operational EBITDAFX up 37% YoY to \$16.924m (2020: \$12.314m)
- Operational NPBTFFX up 38% YoY to \$11.005m (2020: \$7.959m)



## Results at high end of guidance range

- Reported EBITDAFX of \$22.737m (guidance of \$21-23m)
- Reported NPBTFFX of \$16.818m (guidance of \$15-17m)



## Strong capital management

- Sale of Warriewood at significant premium to carrying value
- Announced sale and leaseback of Brisbane office (located at Pinkenba)
- Reduced borrowings by 22% during the year
- On market share buyback commenced



## Acquisition opportunities

- Announced the acquisition of the assets of United Turbine
- Additional inorganic opportunities being investigated



## Positioned for continued global growth

- Year end cash balance of \$20.7m
- Well capitalised to support future growth initiatives



## Final dividend of \$0.05 per share (Fully Franked)

- Full year dividend announced of \$0.05 per share (fully franked)
- Implied gross yield of 10.2% (at \$0.70 share price<sup>(1)</sup>)

(1) PTB share price was \$0.70 on 30 June 2021. Assumes 30% tax rate.

## EBITDAFX

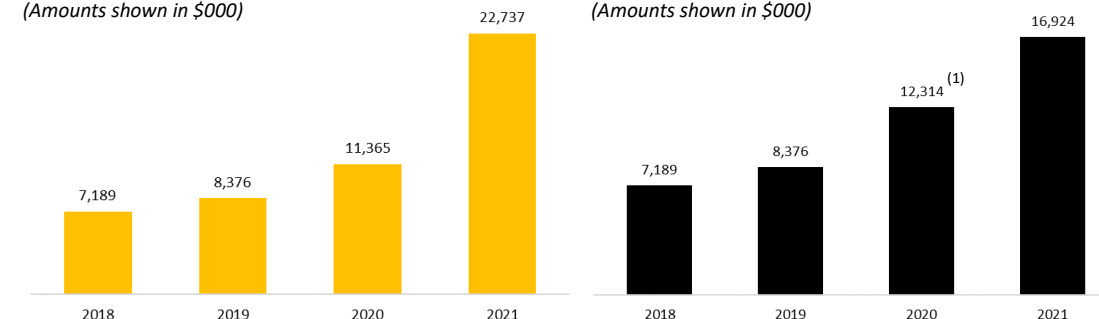
Reported EBITDAFX CAGR  
(FY18-FY21):

**+47%**

Operational EBITDA CAGR  
(FY18-FY21):

**+33%**

(Amounts shown in \$000)



## NPBTFFX

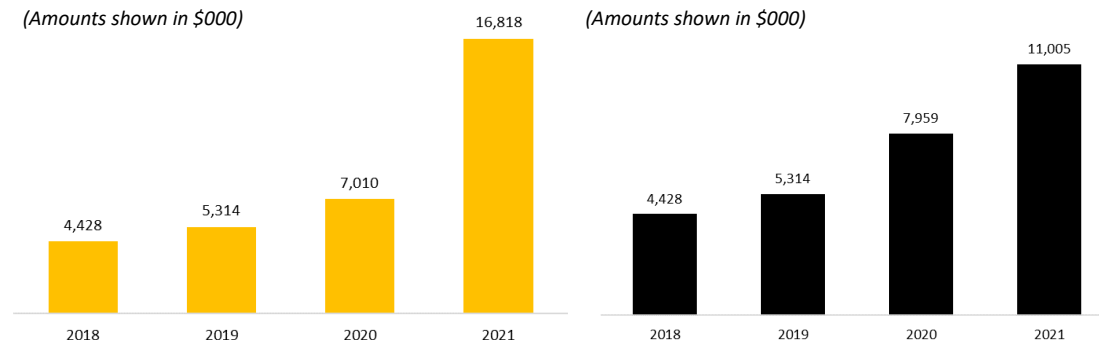
Reported NPBTFFX CAGR  
(FY18-FY21):

**+56%**

Operational NPBTFFX CAGR  
(FY18-FY21):

**+35%**

(Amounts shown in \$000)



- EBITDAFX – earnings before interest, tax, depreciation and amortisation excluding any foreign exchange gains or losses
- NPBTFFX – net profit before tax excluding any foreign exchange gains or losses
- FY20 Operational NPBTFFX and EBITDAFX add back the \$0.949m expense related to the acquisition of Prime Turbines
- FY21 Operational NPBTFFX and EBITDAFX remove \$5.813m pre-tax gain from the sale of the Warriewood properties

# Resilient Business Model Again Proven



## PTB Group continues history of meeting guidance

- PTB was one of the few Australian “small-caps” to provide financial guidance for this financial year
- The ability to provide guidance (mid-COVID) is testament to the strong and resilient business model
- PTB delivered near the top end of the guidance range



## Initial guidance upgraded mid-year

- PTB Group upgraded its initial EBITDA and NPBTFFX guidance following the sale of the Warriewood facility
- The sale took advantage of strong property market and provided a significant premium to the carrying value
- PTB Group realised a pre-tax one-off gain of \$5.8m



## All divisions profitable

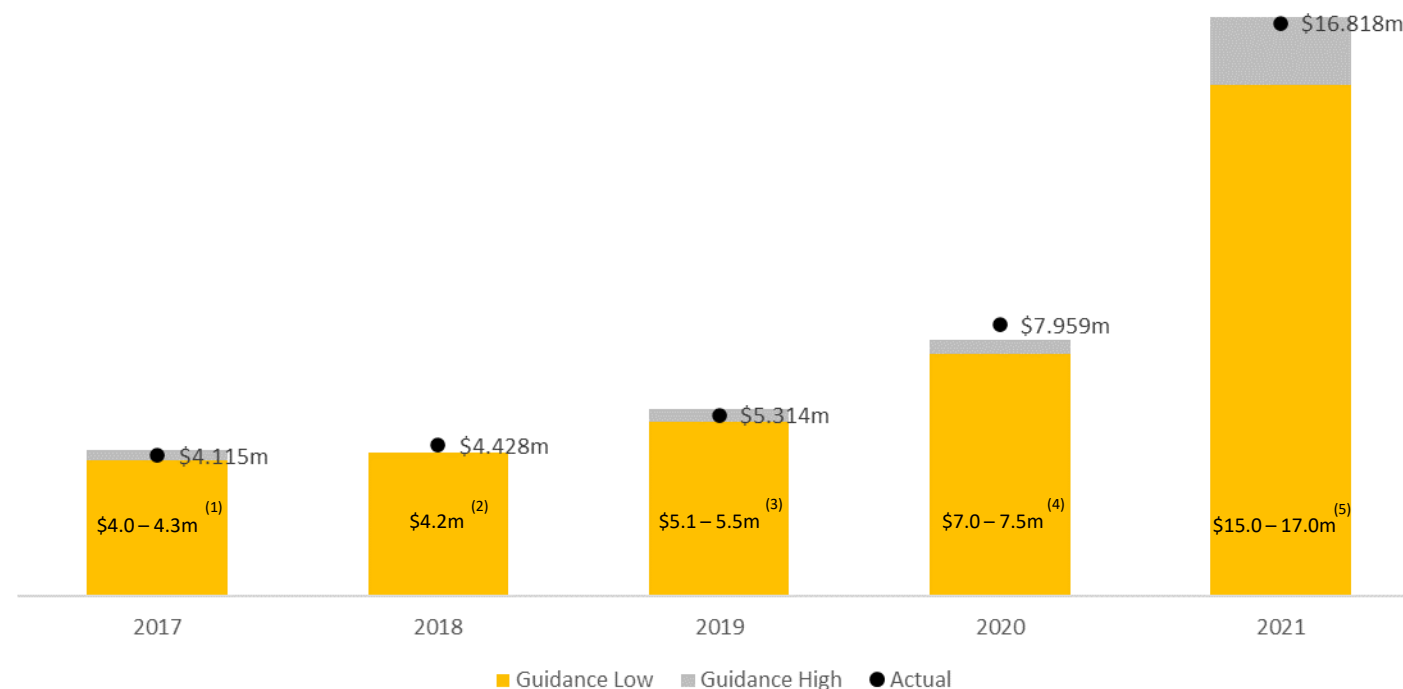
- Each of PTB Group’s four operating divisions recorded profits against a backdrop of major dislocation in global aviation markets



## Balance Sheet Strengthened

- PTB Group increased its cash holding to \$20.7m at 30 June 2021 from \$15.2m at 30 June 2020
- Borrowings reduced by \$9.0m from \$40.7m to \$31.7m

## PTB Group’s NPBTFFX Guidance versus Actual



### Notes:

(1) FY2017 guidance provided in December 2016 and affirmed in January 2017

(2) FY2018 guidance provided in May 2018


(3) FY2019 guidance provided in November 2018


(4) FY2020 guidance provided in January 2020 was \$7.1m to \$7.5m and upgraded in June 2020 to \$7.9m


(5) FY2021 guidance was upgraded in December to \$15.0m to \$17.0m


# Group and Segment Performance

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PTB GROUP LIMITED

 **PACIFIC TURBINE BRISBANE**  
Specialises in PT6 and TPE331 Turboprop engines. The division repairs and sells PT6 and TPE331 engines, maintains engines under contract, and trades engine and airframe parts

 **PACIFIC TURBINE USA GROUP**  
Provides MRO services on turboprop engines including PT6A, PT6T and T53, as well as Bell drivetrain components. It operates from locations in Texas, Arizona, Florida and Pennsylvania. The division also supplies and manages spare parts.

 **PACIFIC TURBINE LEASING**  
Owns aircraft and engines and leases these to operators under both operating and finance leases

 **INTERNATIONAL AIR PARTS**  
The division trades in aircraft, aircraft engines, airframes and airframe parts

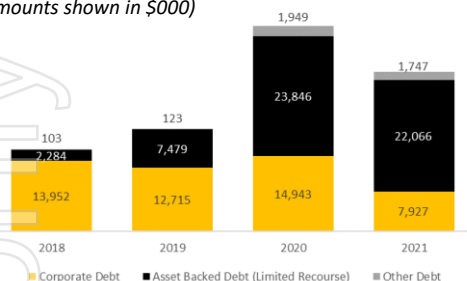
<b>EBITDA (\$'000)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Pacific Turbine Brisbane	3,221	4,900	4,629	6,585	5,944
Pacific Turbine USA Group	636	(42)	583	3,541	7,049
Pacific Turbine Leasing	2,595	2,272	2,644	1,996	2,637
International Air Parts	1,961	1,657	2,179	2,231	3,747
Group Overheads	1,398	(1,598)	(1,659)	(2,039)	(2,453)
<b>Operational EBITDAFX</b>	<b>7,015</b>	<b>7,189</b>	<b>8,376</b>	<b>12,314</b>	<b>16,924</b>
Acquisition Costs	0	0	0	(949)	0
Gain on Sale of Buildings	0	0	0	0	5,813
<b>EBITDAFX</b>	<b>7,015</b>	<b>7,189</b>	<b>8,376</b>	<b>11,365</b>	<b>22,737</b>
Net FX Gain/(Loss)	42	246	263	(1,097)	(135)
<b>Reported EBITDA</b>	<b>7,057</b>	<b>7,435</b>	<b>8,639</b>	<b>10,268</b>	<b>22,602</b>

<b>Profit Before Tax (\$'000)</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
Pacific Turbine Brisbane	2,492	4,142	3,928	5,596	4,994
Pacific Turbine USA Group	527	(74)	549	2,145	3,673
Pacific Turbine Leasing	712	565	641	288	1,312
International Air Parts	1,782	1,393	1,855	1,969	3,479
Group Overheads	(1,398)	(1,598)	(1,659)	(2,039)	(2,453)
<b>Operational NPBTFX</b>	<b>4,115</b>	<b>4,428</b>	<b>5,314</b>	<b>7,959</b>	<b>11,005</b>
Acquisition Costs	0	0	0	(949)	0
Gain on Sale of Buildings	0	0	0	0	5,813
<b>NPBTFX</b>	<b>4,115</b>	<b>4,428</b>	<b>5,314</b>	<b>7,010</b>	<b>16,818</b>
Net FX Gain/(Loss)	42	246	263	(1,097)	(135)
<b>Reported NPBT</b>	<b>4,157</b>	<b>4,674</b>	<b>5,577</b>	<b>5,913</b>	<b>16,683</b>

# Balance Sheet Supportive of Growth

## Breakdown of PTB Group Debt

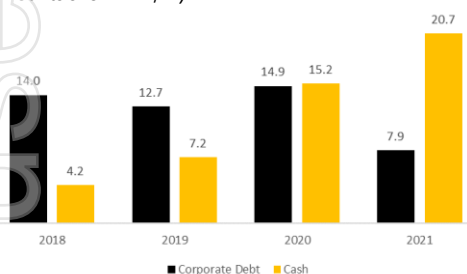
(Amounts shown in \$'000)



- PTB Group's corporate debt balance reduced from \$14.9m to \$7.9m
- The remainder of PTB Group debt, totaling \$23.8m is either unsecured or secured against specific assets

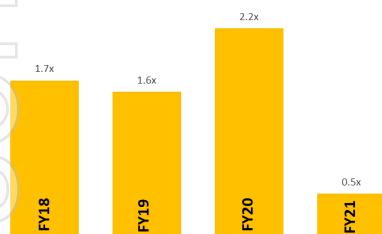
## Corporate Debt and Cash

(Amounts shown in \$m)



- PTB Group's cash balance exceeds the corporate debt balance
- Highest ever ending cash balance of \$20.7m
- Increased cash balance with reduced debt

## Net Debt / Reported EBITDA



- Conservative gearing
- Well capitalised for future inorganic growth opportunities
- Australian and US operations retain potential for additional gearing

## Balance Sheet Summary

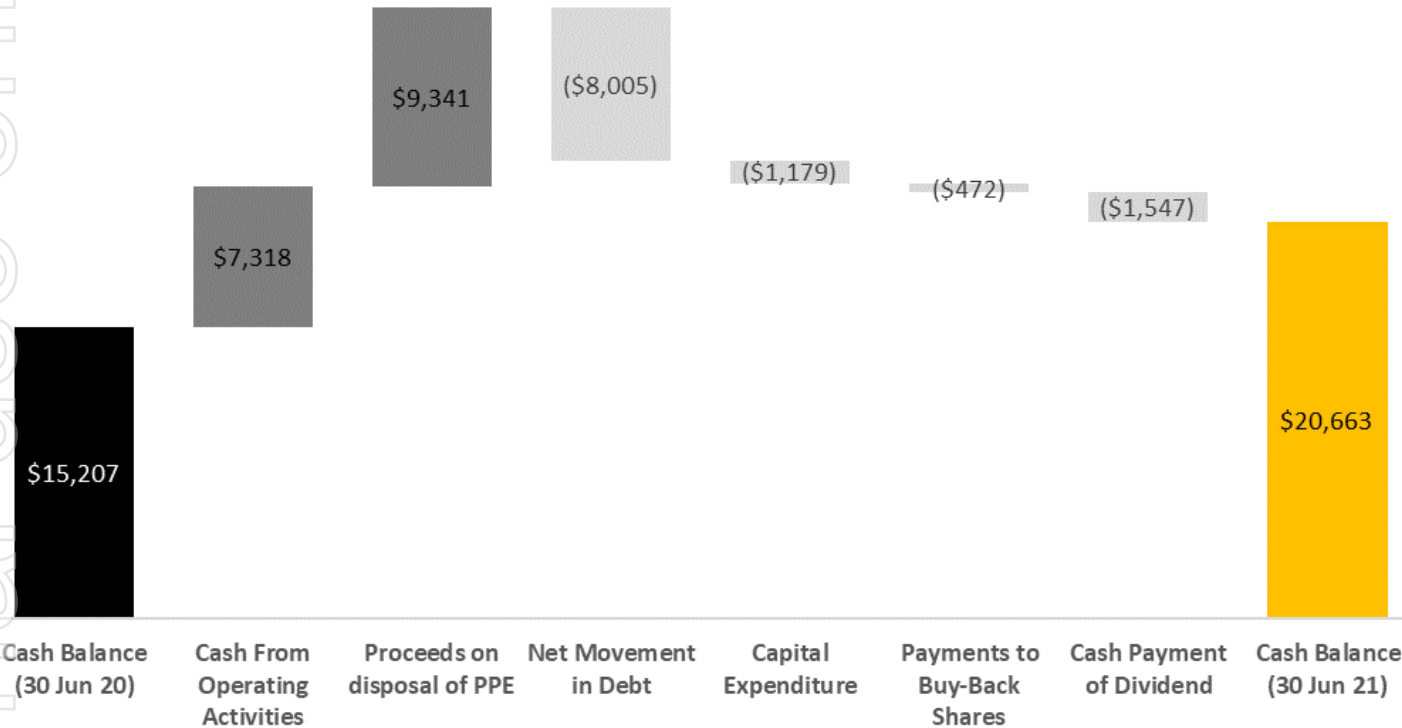
(\$'000)	2019	2020	2021
Cash	7,174	15,207	20,663
Receivables	24,695	31,555	32,327
Inventories	25,889	57,534	52,203
Property, plant and equipment	18,752	28,522	24,413
Intangible assets	4,334	12,673	11,953
Other assets	3,004	5,342	7,835
<b>Total Assets</b>	<b>83,848</b>	<b>150,833</b>	<b>149,395</b>
Payables	4,856	9,529	8,299
Borrowings	20,317	40,738	31,738
Other liabilities	7,709	14,254	15,709
<b>Total Liabilities</b>	<b>32,882</b>	<b>64,521</b>	<b>55,746</b>
<b>Equity</b>	<b>50,966</b>	<b>86,312</b>	<b>93,648</b>

- Net Assets grew by \$7.3m year on year
- Net Assets per share was \$0.74 (2020: \$0.69)
- Net Tangible Assets per share was \$0.64 (2020: \$0.59)
- Inventory balance expected to be progressively monetised via future MRO works and engine builds for sale

# Cash Flow

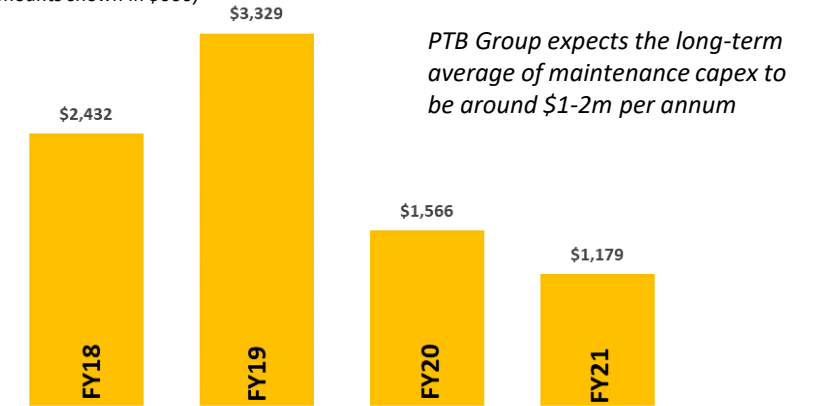
## FY2021 Cash Flow Bridge

(Amounts shown in \$000)



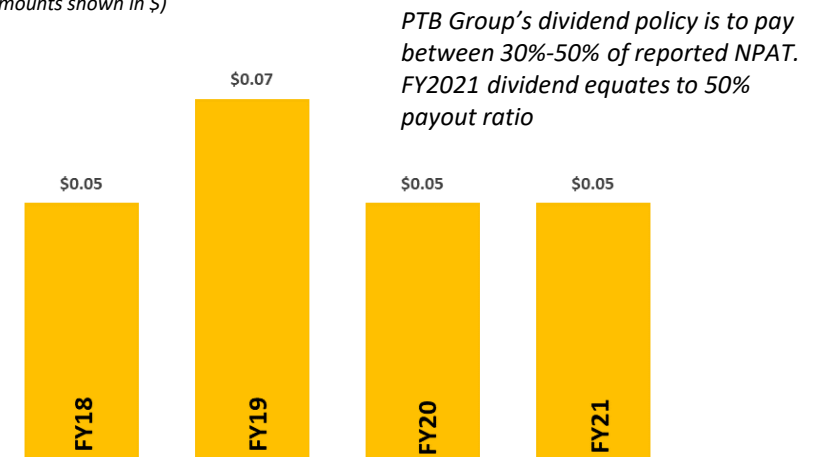
## Capital Expenditure

(Amounts shown in \$000)



## Dividend Per Share

(Amounts shown in \$)



# US Opportunity Taking Shape

## *Prime Turbine Operations to Incorporate the PBH Model*

- The deployment of PTB Group's integrated business strategy to new geographies represents a significant future opportunity
- Stephen Smith (Managing Director) temporarily relocated to USA to implement growth strategy
- The PBH model drives increased productivity, consistent cash flow and additional revenue opportunities
- The USA remains a central tenet to future growth

### Traditional MRO Shop Model

Operator issues request for quote to multiple MRO shops

MRO shop submits statement of works and proposed pricing

Operator provides feedback on terms of quote submitted by MRO shop

Operator awards work to MRO shop

Works undertaken by MRO shop

### PTB Group's Power By the Hour Model

PTB Group and Operator enter a Power By the Hour ("PBH") agreement covering the service and overhaul needs of the operator

PTB Group schedules the likely service or overhaul date of each engine under the PBH program

PTB Group completes overhauls works or delivers a replacement engine

### PBH Advantages

- ✓ Delivers earnings and cash flow predictability
- ✓ Increased workshop efficiency – full utilisation
- ✓ Ability to manage inventory by selectively purchasing parts in advance
- ✓ Locks in parts sales and unscheduled maintenance
- ✓ Potential for additional engine and parts sales outside scope of PBH

# Acquisition of United Turbine

- PTB Group announced the acquisition of all the inventory, work in progress, tooling and equipment of United Turbine from Continental Aerospace Technologies in June 2021 for a total consideration of \$4.3m (US\$3.25m)

- The deal delivers several advantages to PTB Group, including:



Additional inventory, lowering the future cost of MRO works



Potential for additional customers in new markets as United Turbine's customer base has a greater focus on South American markets

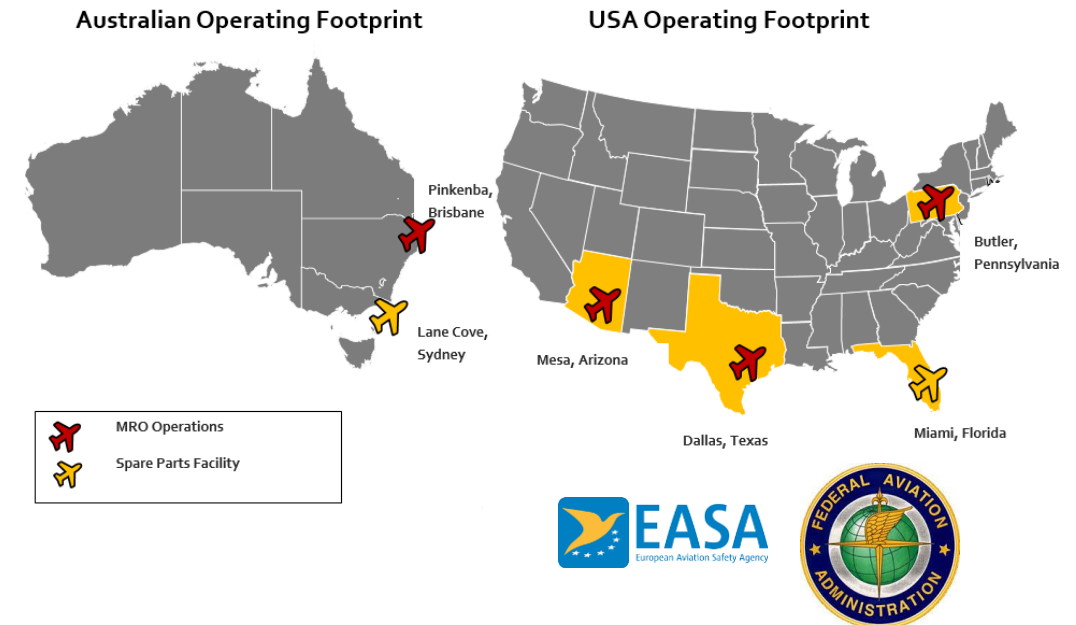


Lower future capital expenditure requirements via the acquisition of test cell, plant and equipment and specialist tooling



Increased market share, solidifying position as the leading non-OEM aligned PT6A/T MRO provider in the market

## PTB Group Global Operating Footprint



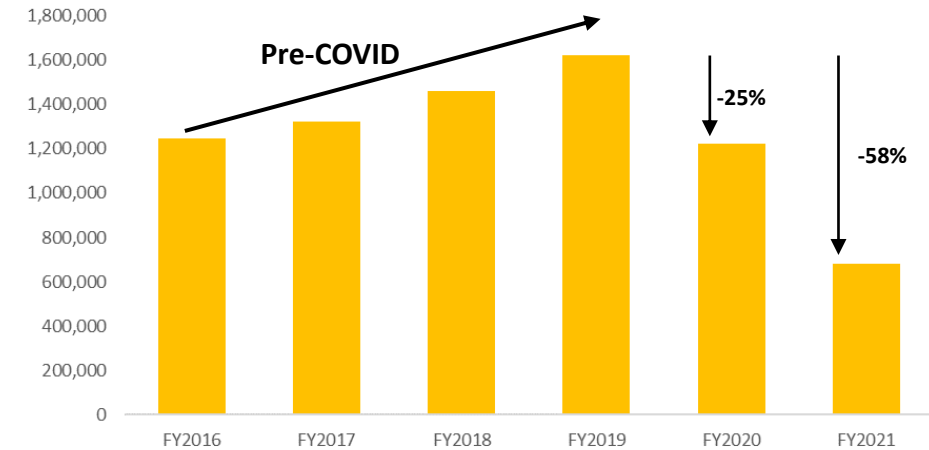
**PTB Group is the world's largest non-OEM aligned PT6A/T MRO**



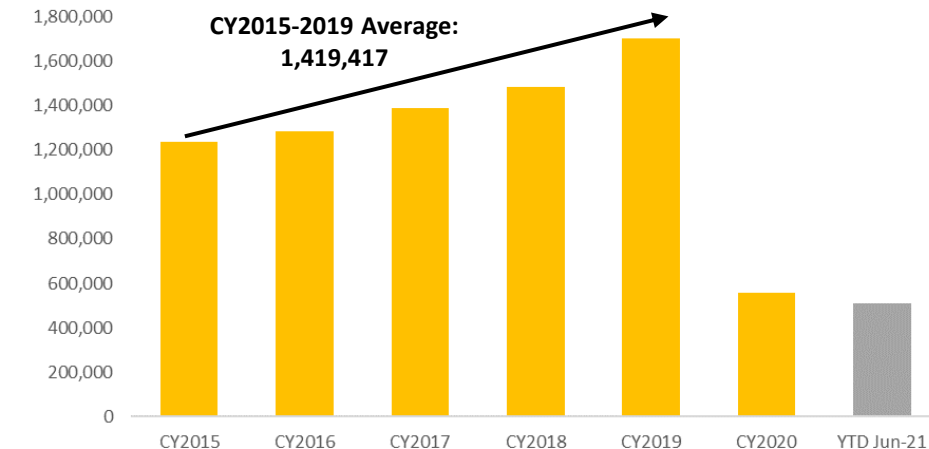
# Maldives Open and Leveraged to Recovery

- PTB Group recorded record results in FY2020 and FY2021 despite weakness in tourist arrivals into the Maldives
  - FY2020 tourist arrivals were 25% below 2019 levels
  - FY2021 tourist arrivals were 58% below 2019 levels
- PTB Group expects FY2022 to be first year since FY2019 where the Maldives makes a full financial year contribution to PTB Group's results
- Activity levels in the Maldives to 30 June 2021 were already at 92% of the full year levels achieved in calendar year 2020
- A return to normal trading conditions in the Maldives should provide positive tailwinds to PTB Group's future operating performance

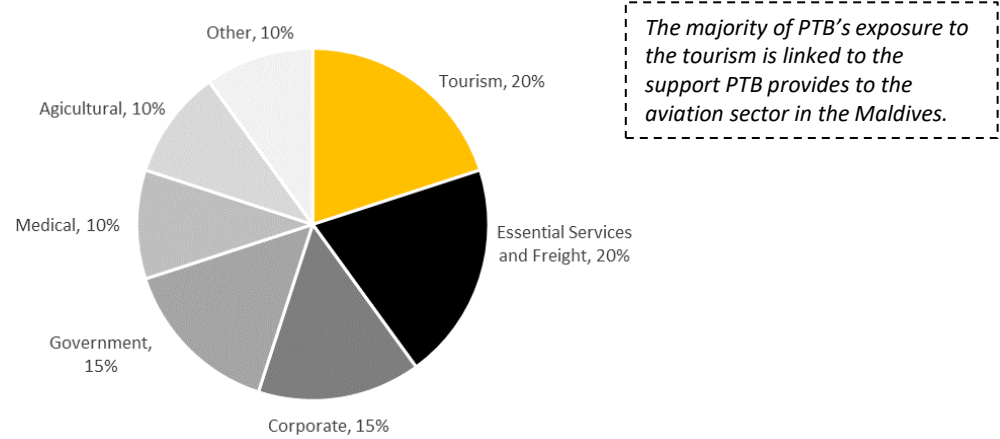
## Tourist Arrivals (Per Financial Year)



## Tourist Arrivals (Per Calendar Year)



## Revenue By End Market



*The majority of PTB's exposure to the tourism is linked to the support PTB provides to the aviation sector in the Maldives.*

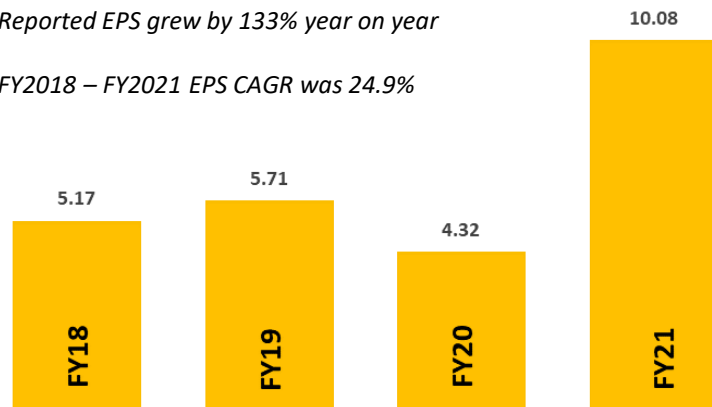
Source: Management estimates

# Prudent Capital Management

## Earnings Per Share

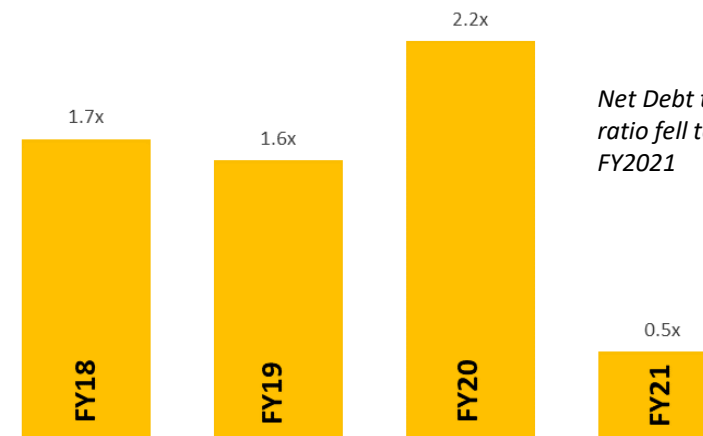
Reported EPS grew by 133% year on year

FY2018 – FY2021 EPS CAGR was 24.9%



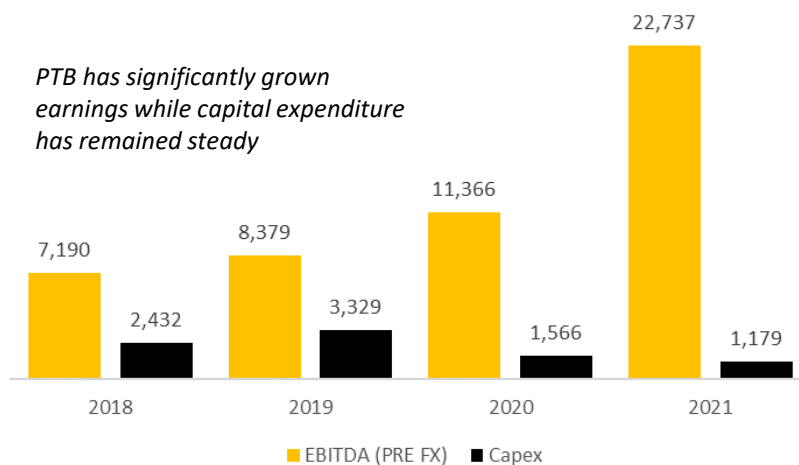
## Net Debt / EBITDA

Net Debt to EBITDA ratio fell to 0.5x in FY2021



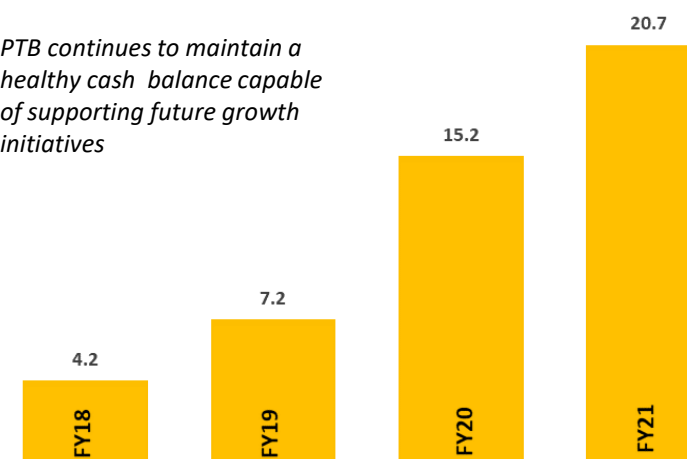
## EBITDA and Capital Expenditure

PTB has significantly grown earnings while capital expenditure has remained steady



## Cash

PTB continues to maintain a healthy cash balance capable of supporting future growth initiatives



# Summary

- PTB Group has delivered at the **top end of its guidance range** in what has been the most difficult conditions the aviation industry has ever experienced
- PTB Group has the potential for positive tailwinds from **COVID recovery** in the global aviation markets
- PTB Group remains **well capitalised** to execute on its **global growth ambitions** with \$20.7m of cash at 30 June 2021
- PTB Group remains an **attractive investment opportunity** due to:
  1. **Resilient** and integrated business model and a proven ability to pivot to suit changing operating environments
  2. **Annuity** like PBH program providing regular cash flow
  3. Highly **cash generative** with low capital expenditure requirements
  4. Highly regulated aviation industry with **very high barriers to entry**
  5. **Non-discretionary** market for services with mandated engine overhaul service intervals
  6. **Niche** services with primary focus on two engine types (Pratt and Whitney PT6 and the Honeywell TPE331)
  7. FAA and EASA accreditations facilitate **new growth markets** and access to **new customers**
  8. Selected **acquisition opportunities** currently under review
  9. **Leveraged to recovery** in global aviation
  10. Growth strategy underway in US business to **increase returns** (via PBH program and other initiatives)
- PTB Group expects to provide guidance for FY2022 at the AGM