PTB Group Limited

1H2022 Results Presentation

23rd February 2022

This presentation has been authorised for release to ASX by the Board of Directors of PTB Group Limited

PTB Group Overview

- Founded in 2001
- World's largest non-OEM aligned MRO provider for PT6A/T engines
- Listed on Australian Stock Exchange (market capitalisation $155m)
- Well capitalised to support future growth
- Global presence with hubs in Australia and USA (FAA, EASA and CASA approvals)
- Unique customer service focussed offering from aviation industry experts

PTB Group Board of Directors

Craig Baker
Founder, Chairman

Stephen Smith
Founder, Managing Director

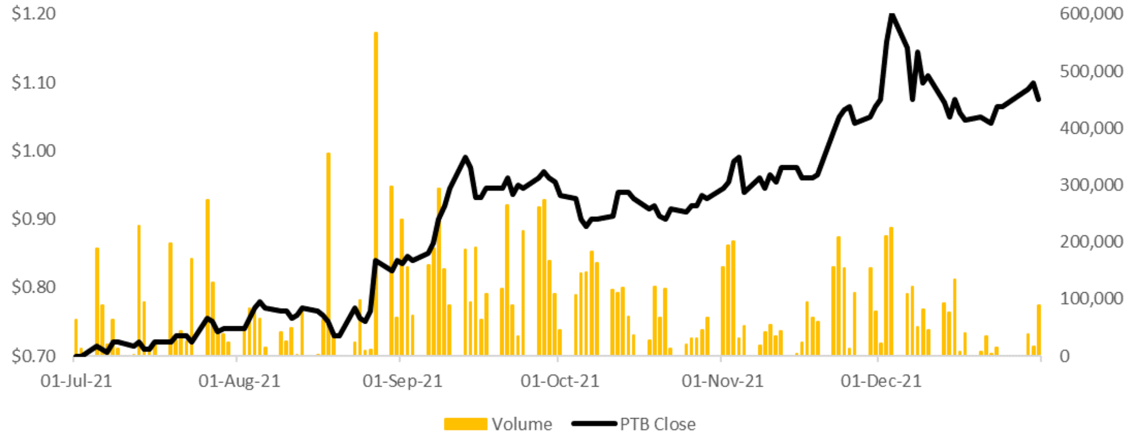
Andrew Kemp
Non-Executive Director

Russell Cole
Non-Executive Director

Prince Gunasekara
Non-Executive Director and Consultant

6 Month Trading Summary (1 July – 31 December)

+54% *PTB's share price increased 54% in 1H FY22*



Capitalisation Summary *(22nd February 2022)*

Share Price	$1.22
Shares on Issue	127.2 million
Market Capitalisation	$155 million
Net Debt	$7.9 million
Enterprise Value	$163 million

Continued Growth in Underlying Group Earnings

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PTB Group has again delivered record operational financial performance

- 1H2022 Revenue of $55.6m (+44% on 1H2021)
- 1H2022 Operational EBITDAFX of $9,647 (+25% on 1H2021) (4)(5)
- 1H2022 Operational NPBTFX of $6,774 (+42% on 1H2021) (4)(5)

Strong operational momentum expected to underpin H2 financial results

- New profit opportunities in the USA market (building engines from inventory for sale) is increasing workshop throughput and driving operational efficiency
- Additional engines for TMA in Maldives with engines under management growing from ~80 to ~110 engines
- New contract with Manta Air to provide parts and off-wing maintenance, repair and overhaul services for their fleet of 9 DHC-6 Twin Otter aircraft

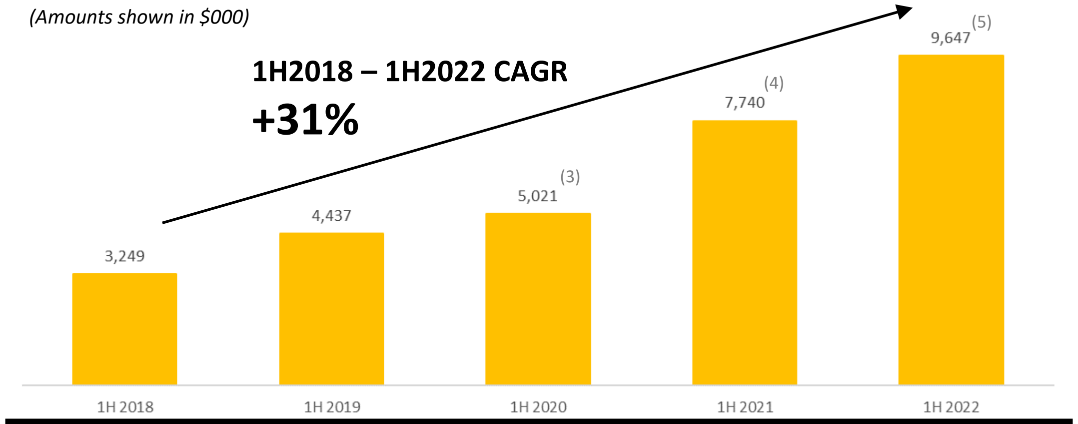
Selected Inorganic Growth Opportunities

- PTB Group continues to evaluate several potential inorganic growth opportunities
- Balance sheet supportive of funding requirements

Operational EBITDAFX[1]

1H Operational EBITDA (FY18-FY22)

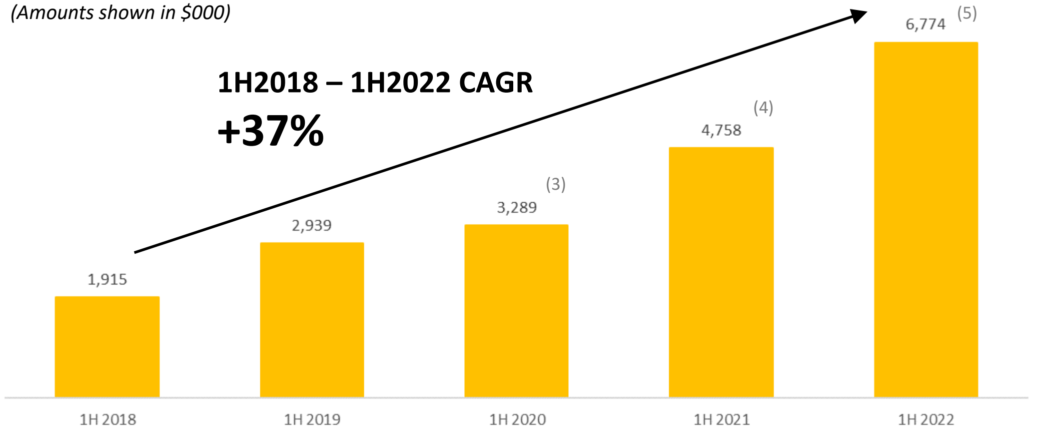
(Amounts shown in $000)



NPBTFX[2]

Operational NPBTFX CAGR (1H2018-1H2022):

(Amounts shown in $000)



(1) *EBITDAFX – earnings before interest, tax, depreciation and amortisation excluding any foreign exchange gains or losses*
(2) *NPBTFX - net profit before tax excluding any foreign exchange gains or losses*
(3) *FY20 Operational NPBTFX and EBITDAFX adds back the $0.949m expense related to the acquisition of Prime Turbines*
(4) *FY21 Operational NPBTFX and EBITDAFX remove $5.813m pre-tax gain from the sale of the Warriewood properties*
(5) *FY22 Operational NPBTFX and EBITDAFX excludes $0.625m gain on sale and leaseback of Pinkenba building*

Divisional EBITDA

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EBITDA (Pre-FX) ($'000)	1H2020	2H2020	1H2021	2H2021	1H2022
Pacific Turbine Brisbane	3,083	3,501	3,169	2,775	3,204
Pacific Turbine USA Group	59	3,482	2,992	4,058	6,022
Pacific Turbine Leasing	1,177	820	1,475	1,161	738
International Air Parts	1,650	582	1,310	2,437	860
Corporate Overheads	(948)	(1,091)	(1,206)	(1,247)	(1,177)
Operational EBITDAFX	**5,021**	**7,294**	**7,740**	**9,184**	**9,647**
Acquisition Costs	(612)	(337)	-	-	-
Gain on Sale of Buildings	-	-	5,813	-	625
EBITDAFX	**4,409**	**6,957**	**13,553**	**9,184**	**10,272**
Net FX Gain/(Loss)	(137)	(960)	(327)	192	148
Reported EBITDA	**4,272**	**5,997**	**13,226**	**9,376**	**10,420**

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PACIFIC TURBINE BRISBANE

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

PRIME TURBINES / PACIFIC TURBINE USA

MRO services on turboprop engines including PT6A/T and T53, and 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 (PT6, TPE331, Rolls Royce)

INTERNATIONAL AIR PARTS

The division trades in aircraft, jet aircraft engines, airframes and related parts

- **Pacific Turbine Brisbane**
  - PTB results underpinned by strong demand for services in the Maldives and increased demand from agricultural, essential services and other customers
- **Pacific Turbine USA Group**
  - USA Group's strength resulted from implementing new service offerings in the USA (increased focus on engine and parts sales) and implementing productivity improvement strategies
  - Demand for aviation services growing as markets return to pre-pandemic levels
- **Pacific Turbine Leasing**
  - PT Leasing results lower due to the finalisation of finance leases
  - Purchased two DHC-6-300 in 1H2022 with leasing options being explored
  - New lease opportunities are being progressed
- **International Air Parts**
  - Modest first half results in line with a reduction in overall market activity
  - EBITDA margins remain in excess of 25%

PTB: Demand Continues to be Strong

- PTB delivered strong results in 1H2022 as its agricultural, aeromedical, government and tourism operators experienced strong demand for services
- The recovery in international travel markets, particularly in the Maldives, was strong during 1H2022, with total tourist arrivals consistently at improved levels
- PTB also secured a new 3-year maintenance agreement with Manta Air under which , PTB Group will provide parts and off-wing maintenance, repair and overhaul services for their fleet of 9 DHC-6 Twin Otter aircraft. The agreement also includes the provision of two rental engines to Manta Air via Pacific Turbine Leasing.

PTB Group holds regional MRO license approval and capability

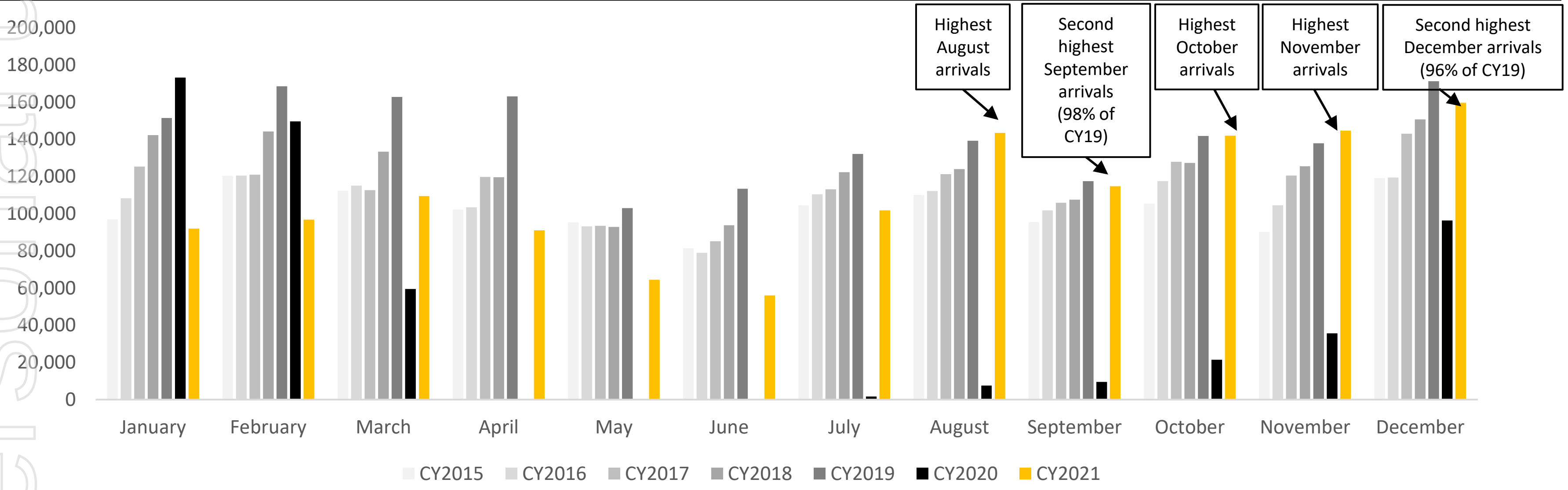
Long term contract with Trans Maldivian Airways (TMA) to 2025

TMA contract renewed multiple times

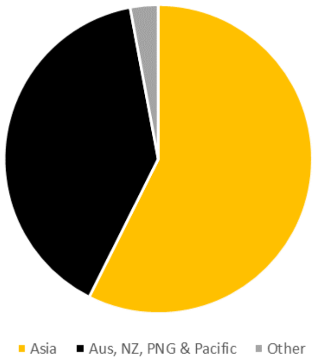
Additional 30 engines added to TMA contract in last 12 months

New 3-year agreement with Manta Air

Maldives Tourist Arrivals (2015 – 2021)



PTB: 1H2022 Revenue By Geography



PTB USA Group: Evolution of Footprint

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- Prior to the acquisition of Prime Turbines in February 2020, PTB Group's USA operations used third party facilities to provide MRO services
- The acquisition of Prime Turbines provided three workshops with FAA and EASA certifications, allowing PTB to complete the MRO services internally and increase margin capture
- In addition, PTB Group is replicating its full-service offering (Engine Sales, PBH, Spare Parts, Leasing) into the US market
- PTB Group's USA operations are benefitting from improved operational efficiency by replicating the strategies implemented at the Brisbane facility

2014 - 2015	2016	2017 - 2019	2020	2021 – 2022+
Developed relationship with key US supplier network (via sub-contracting model)	Commenced operations in Miami, Florida sourcing spare parts to supply primarily to PTB Group	Operating as PT USA, the Group's US operations sourced and supplied parts into the Group. At this time PT USA did not hold the accreditations to undertake MRO works in USA	PRIME TURBINES PTB Group acquired Prime Turbines from VSE Corp. extending the ability to provide MRO services into the majority of the global market EASA European Aviation Safety Agency	PTB Group CEO Stephen Smith temporarily relocated to USA to drive operational improvement strategies

Prime Turbines Legacy Operating Model

- Operating model tended to be "reactive" to inbound inquiries (quotations provided as requested)
- Engines not built for stock, hence engine sales did not form a material part of the service offering
- Power by the hour programs, parts sales and leasing were not central to Prime's traditional strategies

Replicating Pacific Turbine Brisbane Division Operating Model

- Engines now built from inventory and held for sale (or for use in PTB Group's PBH programs or leasing platform)
- Building engines for stock improves scheduling flexibility and reduces downtime, leading to increased workshop efficiency
- Parts sales team being established to increase sales opportunities
- Engines currently on lease in USA
- Power by the Hour discussions with targeted customers

PTB USA Group: Maximising Operational Efficiency

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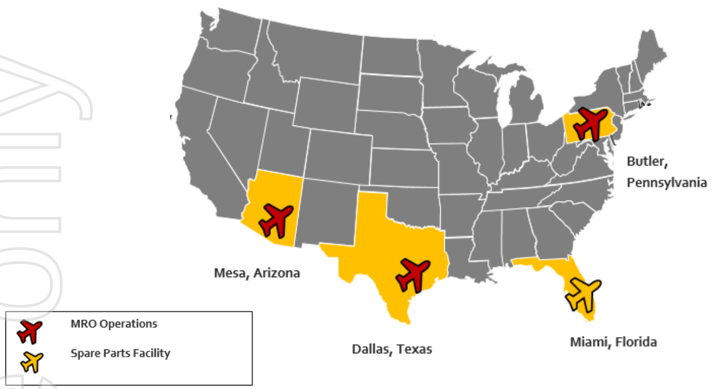
USA Operating Footprint



PT USA Group's earnings are expected to continue to grow as the product offering is expanded and operational efficiency is increased

Geographic Comparison

	Australia	USA
Estimated Engine Population	3,000	15,000
Workshop Capacity	~30,000 sq ft	~97,500 sq ft
FY2021 EBITDAFX ($000)	5,944	7,049
FY2021 NPBTFX ($000)	4,994	3,673

Note: The US operations traditionally works on a higher proportion of larger block engines which leads to a higher average invoice value

PTB (division) is currently experiencing high levels of demand and the division (through its global certifications) can direct surplus works to the US facilities, thereby increasing the operational efficiency of PTB Group's US footprint

Multiple Pathways to Increase Operational Efficiency

Building Engines from Inventory

- ✓ Engines are built from inventory of spare parts
- ✓ Reduces working capital as inventory converted into stock held for sale
- ✓ Offers profit opportunities with engines able to be leased, sold or utilised in PTB Group's PBH programs
- ✓ Low risk strategy for margin expansion as the building blocks are already in place (people, machinery, tools and inventory)

New Customers and Engines Via PBH Program

- ✓ Adding new customers to the PBH Program will ultimately increase the number of engines requiring MRO services by PTB Group
- ✓ The timing of the works required is dependent on the condition of the engine at the time it is introduced to the PBH program (existing hours, cycles etc.). Engine service intervals typically range from 3,600 to 5,500 hours)
- ✓ Locks in additional parts sales
- ✓ Opportunity to upsell parts and other services
- ✓ PBH provides base load of predictable earnings

New Customers and Engines Via Leasing

- ✓ As a condition of a lease, all MRO works are to be completed by PTB Group
- ✓ An increase in the number of engines on lease will ultimately increase the number of engines requiring MRO services by PTB Group
- ✓ Opportunity to upsell parts and other services

New Customers and Engines Outside the PBH Program

- ✓ New customers seek out the services of PTB Group for their MRO works
- ✓ PTB Group continues to leverage its strong brand to attract new customers in the USA and Rest of World
- ✓ Over time, Group will look to convert these customers to PBH or leasing

PT Leasing: Example of Multiple Profit Opportunities

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- PT Leasing offers multiple profit opportunities across PTB Group
- PTB Group aims for each new aircraft lease to add approximately $0.3-0.5 million of total margin per year
- New leasing manager commenced in October 2021 with an initial focus on growing engines and aircraft on lease in Asia Pacific
- PTB Group has purchased two DHC-6-300 aircraft in the half with leasing options currently being explored

Leasing Margin

- Difference between the rate at which PTB Group sources funding and the rate charged to clients
- Aircraft range from $1-5m fully funded (generally with no working capital required due to funding agreements in place)
- PTB Group potentially has access to approximately US$100m of funding via a Memorandum of Understanding with SBI Holdings in Japan to support new leasing opportunities

Engine Maintenance Margin

- First engine service interval (3,600 to 5,500 hours)
- Each subsequent engine service interval (3,600 to 5,500 hours)
- PTB Group will also derive profit from minor repair works and parts during the term of the lease

Spare Parts Margin

- PTB Group supports its customers via the sale of additional spare parts (such as propellers, landing gear, windscreens, etc.)

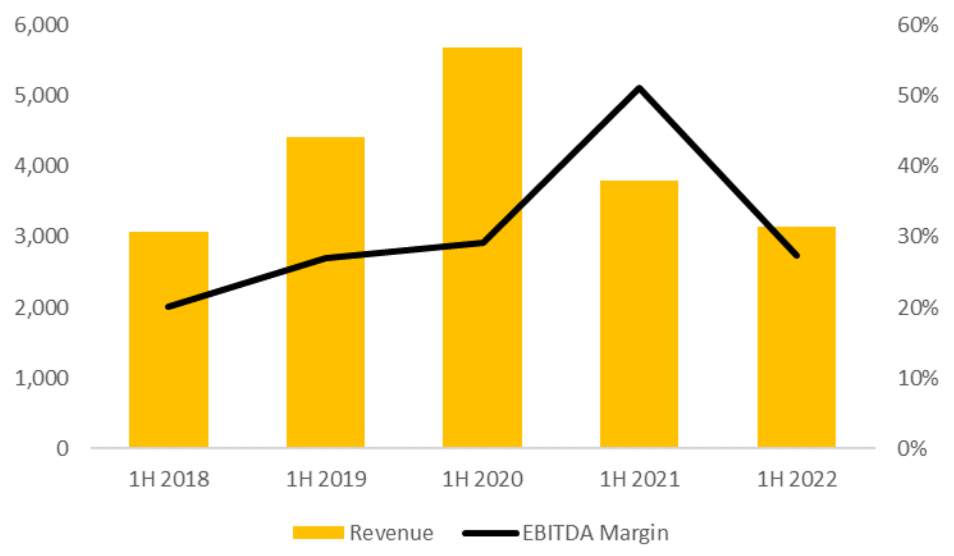
End of Lease Life / Tear Down Margin

- At the end of the lease, PTB Group retains the ability to either:
  - Re-lease the aircraft
  - Sell in the open market; or
  - Tear down for parts

IAP: Continued High Margin Contribution

- IAP continues to deliver high margin revenue to the group
- EBITDAFX margin in 1H 2022 in excess of 27%
- PTB Group continues to evaluate additional product lines for IAP
- The relocation of the division from Warriewood to Lane Cove is now complete and has right sized the division

Revenue and EBITDA Margin (%)






Cash Flow

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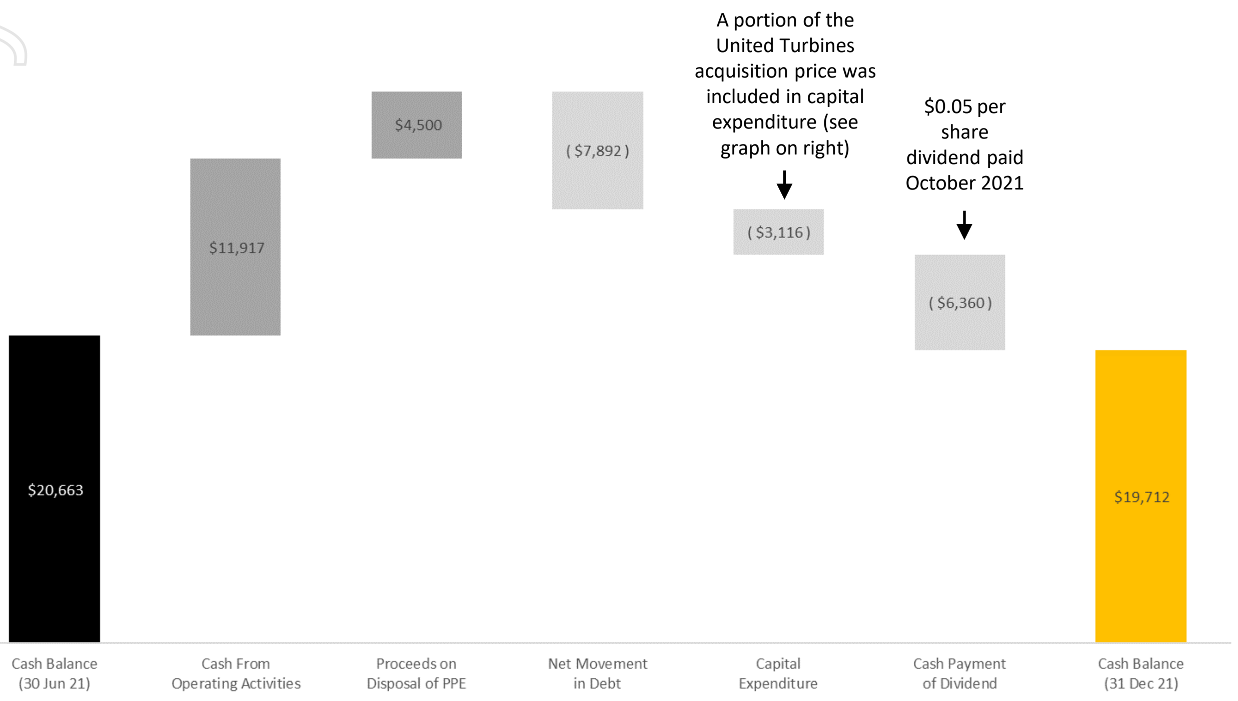
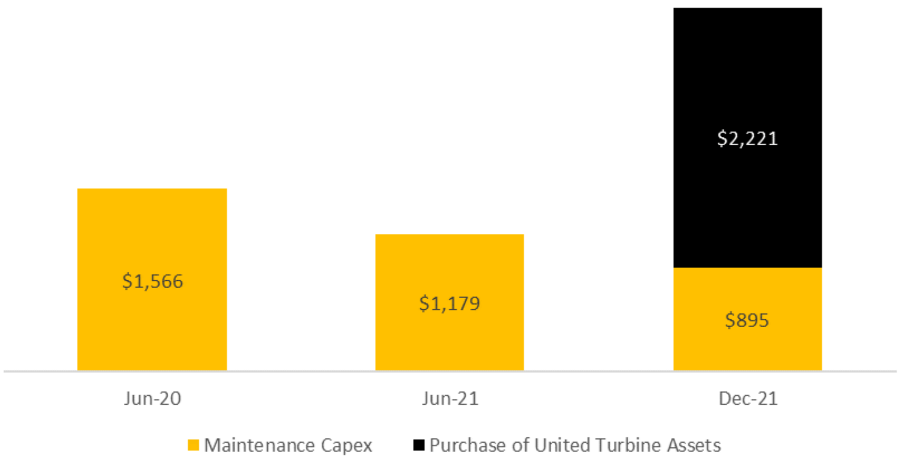
1H FY2022 Cash Flow Bridge



Capital Expenditure ($'000)



✓ Strong Operating Cash Flow

✓ Reduced Leverage

✓ Low Capital Expenditure

✓ Dividend Paid

Balance Sheet Supportive of Growth

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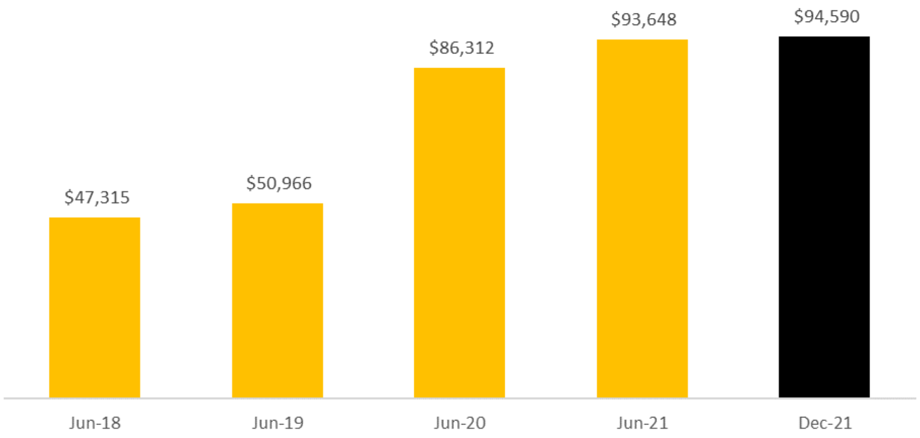
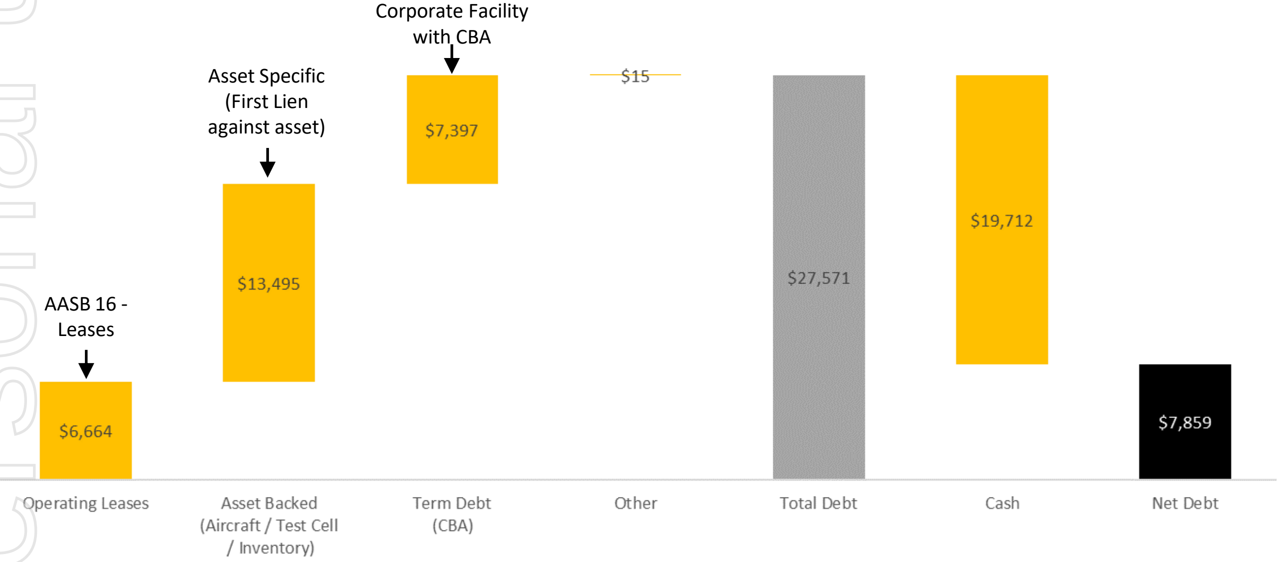
- Consistent growth in Net Assets
- Strong asset backing
  - $19.7m in cash
  - $57.8m in inventory
- Low gearing
  - $27.6m of total debt
    - $6.7m relates to building leases (Australia and USA)
    - $9.4m relates to facilities secured against specific assets
  - Net Debt of $7.9m versus forecast EBITDA range of $18.4m – $19.4m
- Conservative Balance Sheet retained to support growth

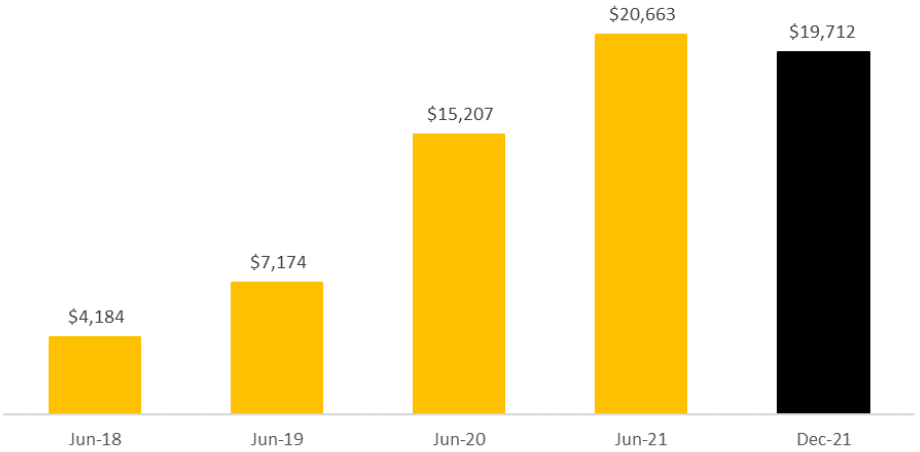
Net Assets ($'000)



Net Debt ($'000)



Cash ($'000)



1H FY2022 Result and Full Year Guidance

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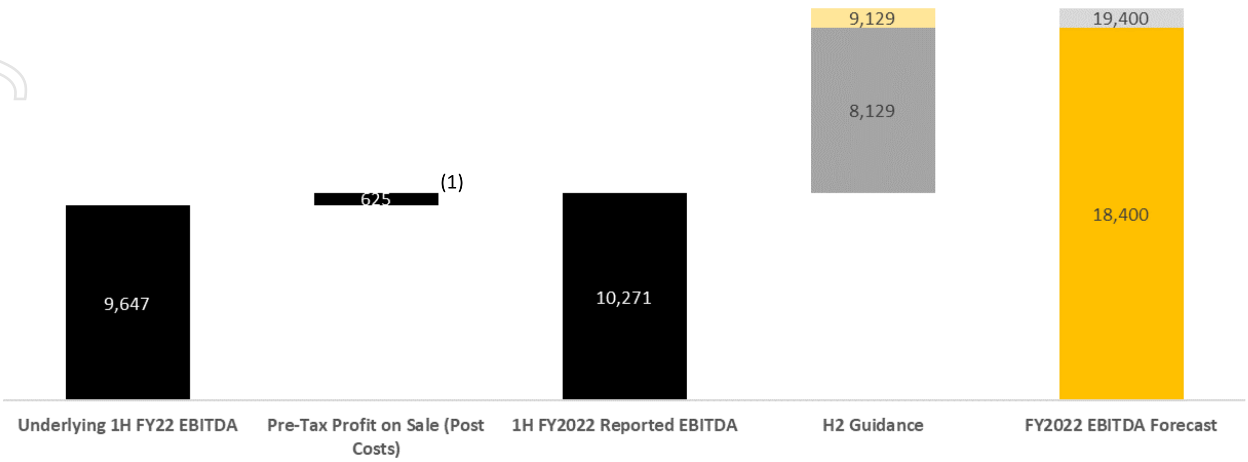
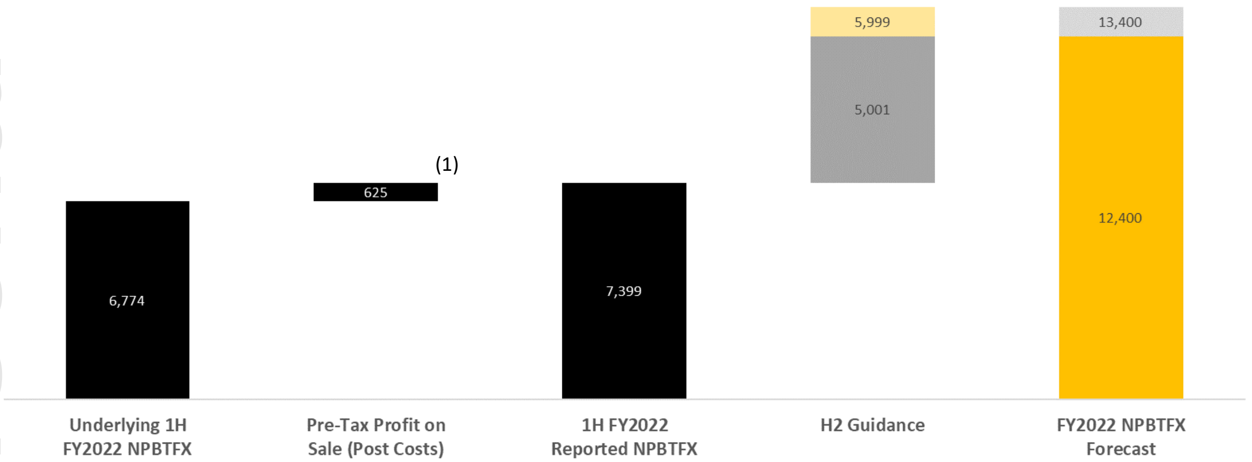
FY2022 EBITDA Guidance



FY2022 NPBTFX Guidance



(1) Profit on sale and leaseback of Pinkenba was A$0.625m

PTB Group remains well positioned to meet its full year guidance due to:

- ✓ Continued strong arrivals data from Maldivian market
- ✓ Additional ~30 engines with TMA (as compared to same time last year)
- ✓ New contract with Manta Air
- ✓ Introduction of new profit opportunities in US market (e.g. engine sales)
- ✓ Continued abatement of effects of COVID on global demand for aviation services
- ✓ PTB Group affirms its policy to pay 30% - 50% of Reported NPAT as a Fully Franked Dividend

PTB Group has met or exceeded its guidance range for the past five consecutive years

Summary

- 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 strong cash balance and significant capacity for additional debt funding

- PTB Group strengths:
  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 consistently provides and meets/exceeds guidance