



Powering ahead

Gama Aviation Plc
Full year results 2016

Gama Aviation 

Introductions



Marwan Khalek,
Group Chief Executive Officer

- Founded Gama Aviation in 1983
- Chairman of the British Business and General Aviation Association
- Board Member of the European Business Aviation Association



Kevin Godley,
Chief Financial Officer

- Chartered Accountant (ICAEW)
- Formerly Group FC
- Previous positions in TMO Renewables and Moore Stephens

2016 highlights

- Aircraft under management up 12.2% to 165 (2015: 147)
- Simplified corporate structure and strengthened management team

US Air & Ground divisions

- Air revenue up 30% driven by contract wins
- Transformative deal signed on 1 January with BBA Aviation Plc in the US Air division
- Ground revenue up 15% driven by 3 new line maintenance bases

Europe Air & Ground divisions

- Air revenue down 5% due to exiting underperforming contracts
- Air restructuring successfully completed
- Ground revenue down 20% due to lower levels of discretionary spend
- Ground delivered 20% operating margin despite challenging market
- Acquisitions fully integrated
- Recent multi-year contract wins

Middle East & Asia (Air & Ground divisions)

- Strong progress establishing Middle East and Asia platforms

Total Group revenue*:

\$432.4m

Underlying EBITDA:

\$17.3m

Underlying Total Operating Profit:

\$15.1m

Underlying PBT:

\$13.7m

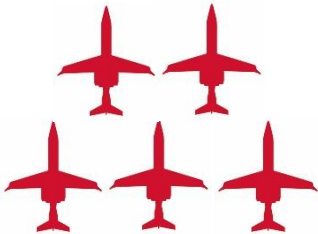
2016 dividend up 4% to:

2.6p

Our strategy



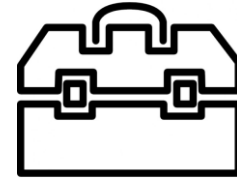
To grow the business organically and by acquisition as a market leading consolidator, via:



Scale
of presence



Breadth
of geographies &
services



Depth
of capabilities &
expertise

Cross selling opportunities

Market opportunity



Fragmented global market.

- **We are a top five industry player** globally but operate just under 1% of the US and European fleet
- The largest fleet operator controls just 2.5% of the combined US & European market
- It's estimated 80% of fleet operators in Europe manage 2-5 aircraft and only 9 fleet operators in Europe manage more than 20

Addressing the opportunity.

- **US:** Landmark Aviation merger
- **Europe:** Aviation Beauport and Flyertech acquisitions. Aberdeen hangar development
- **Middle East:** 100,000 sqft Business Aviation Centre (BAC) in Sharjah. Saudi start-up
- **Asia:** CASL collaboration

A man in a black jacket and green gloves is working on the fuselage of an aircraft in a hangar. He is focused on his task, and the background shows the structure of the hangar and large windows.

Financial review

2016

Financial highlights

(USD millions)

	Dec 16	Dec 15	Constant currency ² Dec 15
Revenue – Total Group ³	432.4	403.8	383.9
Revenue	203.0	236.0	216.0
Gross profit	44.2	51.6	47.4
Gross profit %	21.7%	21.9%	21.9%
EBITDA	17.3	20.4	18.7
Total operating profit ⁴	15.1	16.9	15.3
PBT	13.7	14.6	13.2
EPS (cents)	30.1	39.3	37.1

1 - Underlying results exclude exceptional items, amortisation, and unrealised foreign exchange movements included in finance costs, where applicable.

2 - Calculated at a constant foreign exchange rate of \$1.36 to £1, being the rate that represented the average for the financial year.

3 - Include 100% of the results of Gama Aviation's associate in the US and of its joint venture in Hong Kong.

4 - Total operating profit includes the share of results of equity accounted investments

- Record Total Group revenue, up 12.6% on a constant currency basis
- Reported revenue down 6% on a constant currency basis
- Reported gross profit margin unchanged
- Underlying EBITDA down 7.3% on a constant currency basis
- Underlying PBT is up 3.9%
- Exceptional costs, comprising \$1.4m transaction costs, \$1.1m integration and business re-organisation costs
- Underlying EPS down 18.9%

Cash



	Dec 2016 US \$m	Dec 2015 US \$m
Underlying EBITDA	17.3	20.4
Working capital movement	(14.1)	(26.3)
Exceptional items	(2.5)	(7.1)
Other	1.5	(1.1)
Cash flow from operations	2.2	(14.1)
CAPEX movement	(4.4)	(0.8)
Net interest & tax paid	(1.5)	2.5
Free cash flow	(3.7)	(15.9)
Dividend paid	(1.4)	0.0
Acquisitions	(6.2)	28.9
Net debt foreign exchange movements	0.9	0.1
Change in net debt	(10.4)	13.1
Net debt	(19.4)	(9.0)

- Cash generation from operations improved to an inflow of \$2m compared with an outflow of \$14m in 2015
- Cash increased by \$2.7m to \$11.2m
- Working capital movement improved by 46% over comparative period
- Net debt at \$19.4m up from \$9.0m at Dec 2015 predominantly with the financing of the Aviation Beauport and Flyertech acquisitions as well as the building of the Aberdeen Hangar
- Net debt to underlying EBITDA was 1.1x, well below covenant level of 2.5x



2017 guidance

- Tax rate expected to be within 15-20%
- Improved cash conversion in 2017:
 - less cash tied up in working capital
 - CAPEX spend of \$4m
 - cash conversion rate of circa 50% from EBITDA
- Foreign exchange management to minimise reported volatility
- Total operating profit as financial metric:
 - includes the financial performance of all group companies including the Associates and joint ventures



Air & Ground

2016 division performance

Air & Ground



Business model:

- Built around proven client demand
- Cash generative
- Economically resilient platform
- Best of breed or turnkey solutions

Clients include:

- Ministry of Defence
- NHS Scotland
- Wheels Up
- Atkins
- A National Oil Company
- A major defence contractor
- Ultra high net worth individuals, globally

Air: Overview



- Scale of presence creates competitive advantage
- Strong fleet growth in the US and Middle East
- Low exposure to volatile charter market
- No fuel or asset exposure
- Air contracts feed the ground business

	US	Europe	Middle East	Asia
Aircraft management	Adding further scale	Recovering	Developing	Start-up
Special missions	Future opportunity	Adding further scale	Future opportunity	Evaluate market potential
Charter	Adding further scale	Adding further scale	Developing	Start-up

2016 Air performance



(USD millions)

	US		Europe		Middle East		Asia		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Revenue	233.7	179.5	117.7	124.1	19.5	21.6	16.5	6.5	387.5	331.8
Gross profit	14.1 6.0%	9.3 5.2%	9.6 8.1%	12.2 9.8%	1.3 6.9%	1.4 6.6%	0.4 2.3%	0.3 4.1%	25.4 6.6%	23.2 7.0%
EBITDA	6.4 2.7%	3.0 1.7%	2.6 2.2%	1.9 1.5%	0.0 0.1%	(0.2) (0.7%)	(0.5) (3.2%)	(0.9) (13.5%)	8.5 2.2%	3.8 1.2%
Total operating profit	6.1 2.6%	2.7 1.5%	2.1 1.8%	1.1 0.9%	(0.1) (0.5%)	(0.2) (1.1%)	(0.5) (3.3%)	(0.9) (13.7%)	7.5 1.9%	2.7 0.8%
2017 outlook	▲		▶		▲		▲		▲	

Note: Results include 100% of the results of Gama Aviation's associate in the US and of its joint venture in Hong Kong; and inter-segment revenue. 2015 is presented on a constant currency basis.

Air



USA

- Scaling up post BBA Aviation Plc transaction
- Contracted organic growth
- Improvement in margins

Europe

- Successfully restructured
- Return to modest growth
- Focus on special missions

Middle East & Asia

- Continuing to scale



Gama Aviation

Ground: Overview



- High yield, contract led business
- Best in breed services in niche markets
- Excellent support coverage in the US
- Plans for growth & development in all markets
- Ground services (AOG / line) feed Air operations

	US	Europe	Middle East	Asia
Base maintenance	Future opportunity	Adding further scale	Future opportunity	Developing
Line maintenance	Adding further scale	Adding further scale	Developing	Developing
Design & modifications	Future opportunity	Developing	Future opportunity	Evaluate market potential
FBO services	Evaluate market potential	Developing	Developing	Evaluate market potential

2016 Ground performance

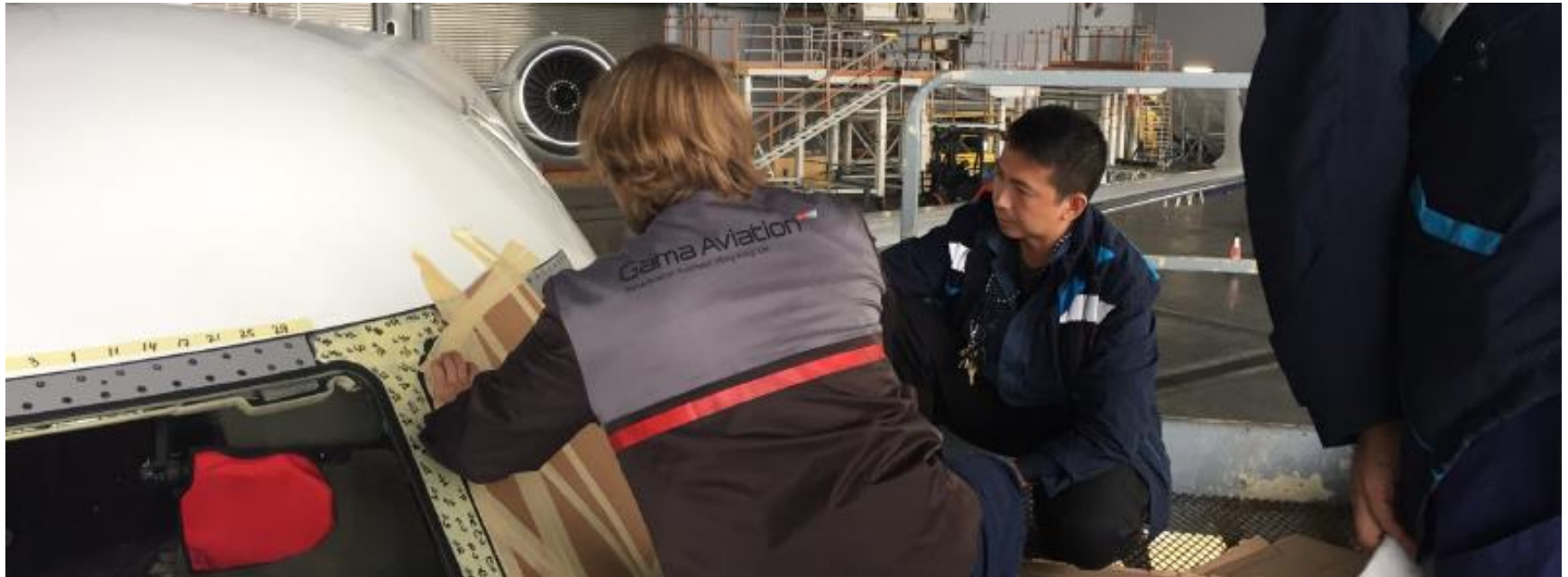


(USD millions)

	US		Europe		Middle East		Asia	Total	
	2016	2015	2016	2015	2016	2015		2016	2015
Revenue	24.1	20.7	38.3	47.9	5.2	5.0	-	67.6	73.5
Gross profit	5.6 23.0%	4.9 23.9%	17.6 46.0%	21.6 45.0%	1.7 32.8%	1.2 23.9%	-	24.9 36.8%	27.7 37.7%
EBITDA	2.8 11.5%	2.2 10.8%	8.4 21.9%	12.8 26.8%	0.3 5.3%	(0.2) (3.3%)	-	11.4 16.9%	14.9 20.2%
Total operating profit	2.4 10.0%	2.0 9.6%	7.7 20.0%	12.3 25.6%	0.0 0.6%	(0.5) (9.6%)	-	10.1 14.9%	13.8 18.8%
2017 outlook	▲		▲		▲			▲	

Note: Results include 100% of the results of Gama Aviation's associate in the US and of its joint venture in Hong Kong; and inter-segment revenue. 2015 is presented on a constant currency basis.

Ground



USA

- Strong organic growth
- Opened three new bases

Europe

- Most profitable region
- Healthy margins
- Return to modest growth

Middle East & Asia

- Strong organic growth
- Achieved profitability

Mergers, acquisitions & commercial agreements



2016

- Aviation Beauport
- Flyertech

2017

- Landmark Aviation (US)
- CASL (Hong Kong)

Management team strengthened to support growth



Appointments 2016:

- Neil Medley, Chief Operating Officer, Group
- Keith Marshall, General Manager, Europe Ground
- Sergio Oliveira e Silva, General Manager, Asia
- Giovanni De Berti, General Manager, Italy & Africa

Appointments 2017:

- Greg Fell, Chief Operating Officer, US Air
- Mark Gascoigne, General Manager, Europe Air
- Scott Corbett, Director of Maintenance, Europe Air
- Mark Durcan, Maintenance Operations Manager, Asia
- David Wearmouth, Commercial Manager, Asia



Outlook

2016

Outlook

- 2017 started well and our expectations for the year remain unchanged.
- The US market remains very buoyant & strong growth expected in Air and Ground
- A return to modest growth in Europe Air and Ground
- Progress within our Asia and Middle East divisions to continue
- The Group is well positioned to deliver growth and performance in 2017 in line with our expectations.



Appendices

Total operating profit breakdown

The Board

Top 15 shareholders

A01

Appendix one: Total operating profit breakdown



	Dec. 2016	Dec. 2015
	US \$m	US \$m
Operating profit from subsidiaries	11.3	9.4
Share of associates and joint ventures	(0.3)	(1.3)
Total operating profit	10.9	8.1

Commentary:

- Operating profit from subsidiaries up 20% to \$11.3m (2015: \$9.4m)
- Share of results of associates and joint ventures up 77% to a loss of \$0.3m (2015: loss of \$1.3m)
- Total Operating Profit from all operations up 35% to \$10.9m (2015: \$8.1m)

Appendix two: The Gama Aviation Board



Executive Board members



Marwan Khalek, CEO



Kevin Godley, CFO



Steve Wright, Executive Director

Non-executive Board members



Sir Ralph Robins, Chairman



Peter Brown



Michael Peagram

Appendix three:
Top 15 shareholdings (30th December 2016)



1. Directors	32.64%
2. Growthgate Capital	11.81%
3. Crescent Investment	5.90%
4. Living Bridge	4.68%
5. Independent Investment Trust	4.55%
6. Fidelity International	4.11%
7. Killik, stockbrokers	3.54%
8. Hargreave Hale, stockbrokers	3.47%
9. Syz & Co.	3.41%
10. Gama Aviation EBT	3.04%
11. BlackRock	2.76%
12. Legal & General Investment	2.25%
13. Artemis Investment Management	2.20%
14. M&G Investment Management	2.12%
15. UBS Wealth Management	2.05%



Appendix

Summary of locations and services

A02

A strong, resilient, diverse platform built to capitalise on the market opportunity



Approvals:

- EASA
- FAA
- Bermudan
- Cayman
- Isle of Man
- UAE GCAA

Heavy jets:

- Boeing 737 / next Gen / BBJ
- Airbus ACJ 318
- Dassault Falcon 900 / 2000 / 7x
- Bombardier Global series
- Gulfstream GIII to 650

Medium jets:

- Bombardier Learjet series
- Bombardier Challenger series
- Hawker 125 series
- Embraer Legacy series

Light jets & turbo props

- Cessna 500 series
- Embraer Phenom
- Beechcraft King Air series
- Cessna Caravan
- Twin Commander
- Piaggio Avanti EVO

Services:

- | | | | | |
|--------------------|-----------------------|---------------------------|--------------------------|---------------------|
| • Aircraft charter | • Aircraft management | • Special mission support | • Logistics support | • Crew training |
| • AOG support | • Base maintenance | • Battery shop | • Aircraft re-role | • Avionics |
| • Line maintenance | • Paint shop | • External modifications | • Interior modifications | • Engineer training |
| • Ground handling | • FBO services | • Operations support | | |

Disclaimer



This presentation contains forward looking statements, which are based on the Gama Aviation Board's current expectations and assumptions and may involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements. Any forward looking statements contained in this presentation are based on past trends or activities and should not be taken as a representation that such trends or activities will continue in the future.

It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a number of variables which could cause actual results or trends to differ materially, including, but not limited to: conditions in the market, market position of Gama Aviation and its technologies, earnings, financial position, cash flows, anticipated investments and economic conditions; the Group's ability to obtain capital/additional finance; a reduction in demand by customers; an increase in competition; an unexpected decline in revenue or profitability; legislative, fiscal and regulatory developments, including, but not limited to, changes in environmental regulations.

No statement in this presentation is intended to constitute a profit forecast, nor should any statements be interpreted to mean that potential commercial opportunities, earnings or earnings per share will necessarily be greater or lesser than those for the relevant preceding financial periods for the Group. Each forward looking statement relates only as of the date of the particular statement. Except as required by the AIM Rules, the Disclosure and Transparency Rules, the London Stock Exchange or otherwise by law, the Group expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statements contained herein to reflect any change in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The information in this presentation does not constitute an offer to sell or an invitation to buy shares in Gama Aviation Plc or an invitation or inducement to engage in any other investment activity.