



Gama Aviation Plc
Full year results 2017

2017 highlights – a robust business model delivering results in-line with expectations



Revenue and Profit¹

- Group revenue \$207.4m (2016: \$196.1m) **up 5.8%**
- Underlying total operating profit \$18.7m (2016: \$14.6m) **up 28.3%**
- Underlying EPS 31.6 cents (2016: 29.0 cents) **up 9.0%**

Cash

- Net debt decreased by \$6.4m to \$13.0m (2016: \$19.4m)
- Operating cash of \$23.8m (2016: \$2.2m)

Dividend

- Recommending a **dividend of 2.75p, up 5.7%** (2016: 2.6p)

US

- US Air BBA business merger proceeding well
- US Ground revenue up 27.5%

Europe

- Europe Air improvements in operating profit margins
- Europe Ground revenue up 19.8% with an operating profit margin of 19.3%

Middle East and Asia

- Middle East: A stable year with aircraft movements showing an improving trend through the FBO
- Asia: Strong pipeline and growth opportunities for both divisions

Successful equity placing of c. \$67million in 2018

- Hutchison Whampoa strategic investment

Group revenue:

\$207.4m

Underlying total operating profit:

\$18.7m

Underlying PBT:

\$17.1m

Underlying EPS:

31.6 cents

Dividend:

2.75p

¹ - 2016 figures are provided on a constant currency basis

Gama Aviation: one of the world's leading business aviation services companies



Clients include:

- High-net worth individuals
- Fleet operators
- Multi-national corporations
- Defence
- Law enforcement
- Health services

Scale and reach:

- 4 continents
- 40+ locations
- 1300+ staff

Growing global multi-disciplined aviation services business

- Few global competitors with the same scale, breadth & depth
- Leading positions in highly fragmented markets
- Regulatory change helping to drive growth

Capital light business model with a lower risk profile

- No exposure to aircraft residual value risk
- No exposure to fuel variations

Robust & resilient model

- Over 70% of gross profit derived from contracted revenues
- Gross profits derived from availability of aircraft not usage

Two established and complementary divisions with significant development potential

- Air division with total operating profit margin target of 5%, 2.6% in 2017
- Ground division with total operating profit margin target of 20%, 13.6% in 2017

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Financial review

2017 financial performance in line with expectations



(USD millions)

	Dec '17	Dec '16	Constant currency ² Dec '16
Revenue	207.4	203.0	196.1
Gross profit	47.2	44.2	42.8
Gross profit %	22.8%	21.7%	21.8%
Total operating profit ³	18.7	15.1	14.6
PBT	17.1	13.7	13.2
EPS (cents)	31.6	30.1	29.0

- Reported revenue \$207.4m **up 5.8%**
- Gross profit margin **increase to 22.8%** up 1% on 2016 as a result of increased scale and operational efficiencies
- Underlying total operating profit **up 28.3%** at \$18.7m
- Underlying PBT is **up 28.2%** at \$17.1m
- Underlying EPS **up 9.0%**
- Exceptional costs:
 - \$0.4m transaction
 - \$1.2m integration and re-organisation
 - \$1.1m legal

1 - Underlying results exclude exceptional items, share-based payment expense, amortisation, reversal of losses of associate and joint venture from prior years, profit on disposal of interest in associate, and unrealised foreign exchange movements included in finance costs, where applicable. In addition, the basic underlying earnings per share excludes a one off deferred tax charge arising in the US from recent tax rate changes. Detailed calculations are presented in the Financial review.

2 - Calculated at a constant foreign exchange rate of \$1.29 to £1, being the rate that represented the average for the 2017 financial period.

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

Improved operating cash flow generation



(USD millions)

	Dec 2017	Dec 2016
Underlying EBITDA	20.1	17.3
Working capital movement	10.6	(14.1)
Exceptional items	(2.6)	(2.7)
Other	(4.3)	1.7
Cash flow from operations	23.8	2.2
CAPEX movement	(4.5)	(4.4)
Net interest & tax paid	(5.3)	(1.5)
Free cash flow	14.0	(3.6)
Acquisitions	(5.1)	(6.2)
Dividends	(1.5)	(1.4)
Net debt foreign exchange movements	(1.0)	0.9
Change in net debt	6.4	(10.4)
Net debt	(13.0)	(19.4)

- Operating cash flow improved to \$23.8m vs \$2.2m in 2016
- Continuing focus & improvement in working capital management
- Free cash flow of \$14.0m compared to outflow of \$3.6m in the prior year
- Net capex \$4.5m - \$10m in facilities, aircraft, licenses and new technology net of aircraft sales \$5.5m
- Tax \$3.6m and net interest \$1.7m
- Net debt at \$13.0m down \$6.4m from Dec 2016
- Net debt to underlying EBITDA 0.6x (2016: 0.9x), inside covenant 2.5x

Divisional performance



(USD millions)	US		Europe		Middle East		Asia		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Air										
Group revenue	388.4	233.7	91.8	112.8	23.5	19.5	14.7	16.5	518.4	382.6
Gross profit	23.9 6.2%	14.1 6.0%	11.9 12.9%	9.6 8.5%	1.9 8.0%	1.3 6.9%	0.8 5.5%	0.4 2.3%	38.5 7.4%	25.4 6.6%
Total operating profit	9.2 2.4%	6.1 2.6%	4.5 4.9%	2.0 1.7%	0.5 2.0%	(0.1) (0.4%)	(0.6) (4.0%)	(0.5) (3.3%)	13.6 2.6%	7.4 1.9%
Ground										
Revenue	30.8	24.1	43.6	36.4	5.4	5.2	-	-	79.8	65.7
Gross profit	6.1 19.9%	5.6 23.0%	18.4 42.2%	16.7 46.0%	1.2 23.1%	1.7 32.8%	-	-	25.8 32.3%	24.0 36.5%
Total operating profit	2.3 7.6%	2.4 10.0%	8.4 19.3%	7.3 20.0%	0.1 1.6%	0.0 0.6%	-	-	10.8 13.6%	9.7 14.8%

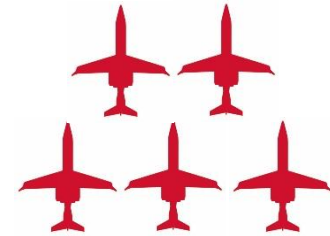
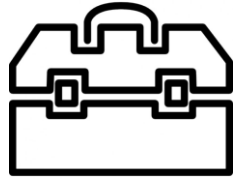
Note: Results include 100% of the results of Gama Aviation's associate in the US and of its joint venture in Hong Kong and inter-segment revenue. 2016 is presented on a constant currency basis.



Strategy & outlook

Company strategy

To become the global market leader in business aviation services through organic, joint venture and acquisition-led growth.

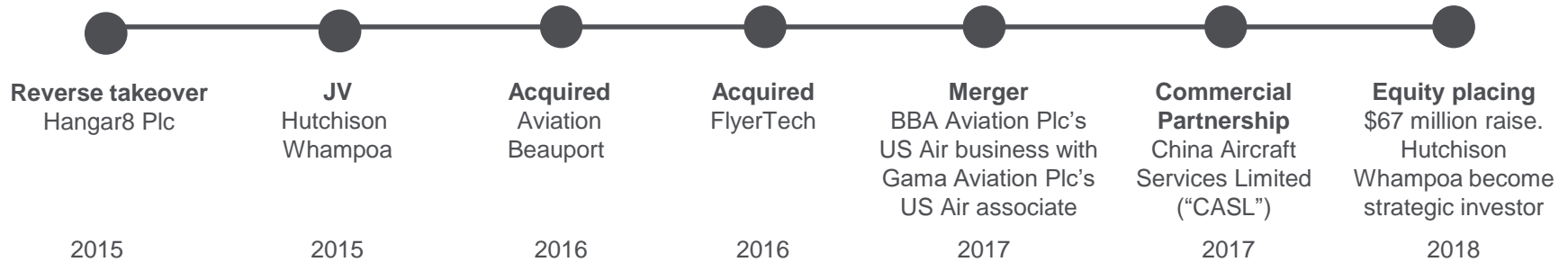


Depth
of capabilities &
expertise

Breadth
of geographies &
services

Scale
of presence

Cross selling opportunities



Clearly defined growth plan aligned to opportunities



Air	US	Europe	Middle East	Asia
Aircraft management	Scale up	Scale up	Scale up	Build
Special missions	Evaluate	Scale up	Evaluate	Evaluate
Charter	Scale up	Scale up	Scale up	Evaluate
Ground	US	Europe	Middle East	Asia
Base maintenance	Launching	Scale up	Evaluate	Launching
Line maintenance	Scale up	Scale up	Launching	Launching
Design & modifications	Evaluate	Scale up	Evaluate	Evaluate
FBO services	N/A	Build	Build	Evaluate

Key

Evaluate
 Launching
 Build
 Scale up

Market analysis, market entry strategy
 Market entry. Low market penetration. Develop via investment and / or JV
 Adding breadth & depth to the established launch platform via further investment and / or acquisition
 Proven, mature business with established client base scaling up via further investment and / or acquisition

Focus areas for 2018 development



Air	US	Europe	Middle East	Asia
Aircraft management	Scale up	Scale up through acquisition	Scale up through acquisition	Building by acquisition
Special missions	Evaluate	Scale up	Evaluate	Evaluate
Charter	Scale up	Scale up through acquisition	Scale up through acquisition	Evaluate
Ground	US	Europe	Middle East	Asia
Base maintenance	Launching through investment	Scale up through investment	Launching through investment	Launching by acquisition
Line maintenance	Scale up through investment	Scale up through acquisition	Launching through investment	Launching
Design & modifications	Evaluate	Scale up	Evaluate	Evaluate
FBO services	N/A	Build	Building through investment	Evaluate

Key

Evaluate
 Launching
 Build
 Scale up

Market analysis, market entry strategy
 Market entry. Low market penetration. Develop via investment and / or JV
 Adding breadth & depth to the established launch platform via further investment and / or acquisition
 Proven, mature business with established client base scaling up via further investment and / or acquisition

Portion of proceeds already deployed and the team in place to deliver our 2018 growth ambitions



Geography	Division	Form of investment	Growth plan	Allocation
Asia	Air	Acquisition of Hutchison Whampoa's 50% JV stake in Gama Aviation Hutchison Holdings Ltd.	Build	c.\$3.8m
	Ground	Acquisition of Hutchison Whampoa's 20% stake in CASL	Launching	c. \$16m
Middle East	Ground	Investment into Sharjah Business Aviation Centre	Build	c. \$10m
US	Ground	Investment into base maintenance facilities	Launching	c. \$10m
				c. \$40m
Funds to be placed as per our 2018 deployment plan				c. \$27m



- **Addition of Board members with high growth, listed company experience**
 - Neil Medley, Group COO, strong track record of managing change in listed companies
 - Dr Richard Steeves, Non-Executive Director, founded and built Synergy Health Plc
 - Chi Keung (Simon) To, Non-Executive Director, Managing Director Hutchison Whampoa
- **Strengthened regional leadership teams**
 - strong operational management supplemented by recent hires
 - emphasis on delivering 'operational excellence' as business grows
- **Strengthened M&A team**
 - Richard Kearsey, Director of Corporate Development
 - 27-year career at UK merchant bank Close Brothers

Summary & Outlook



- Strong 2017 performance, delivering on our strategy
- MENA & Asia market entry JVs converted to 100% ownership
- Hutchison Whampoa's strategic investment endorses strategy and enables long term growth in Asia
- Strengthened management teams driving business performance & future growth
- Raised £48m (c.\$67m) to fund significant organic investments and acquisitions
- Well placed to deliver our strategic objectives in the fragmented aviation services market during 2018

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