

**Gama Aviation Plc**  
Half year results 2017

## 2017 H1 highlights – robust business model delivering results

### Group

- Total Group revenue **up 45%**
- Underlying total operating profit **up 31%**
- Underlying PBT **up 40%**
- Underlying EPS **up 25% to 12.2 cents**
- 2017 trading in line with expectations

### US Air & Ground divisions

- US Air revenue **up 74%**
- US Ground revenue **up 19%**

### Europe Air & Ground divisions

- Europe Air strong improvements in GP & EBITDA margins
- Europe Ground modest revenue growth, improving returns

### Middle East Air & Ground divisions

- ME Air revenue **up 30%**
- Showing encouraging profitable returns (**up over 100%**)

### Asia Air division

- Asia Air building strong brand recognition with the support of the local JV partner, Hutchison Whampoa



Total Group H1 revenue\*:

**\$290.8m**

Underlying H1 EBITDA:

**\$8.0m**

Underlying H1 Total Operating Profit:

**\$7.7m**

Underlying H1 PBT:

**\$7.0m**

\* Total Group revenue includes 100% of the results of Gama Aviation's associate in the US and of its joint venture in Hong Kong

# Company overview



## **Growing global multi-disciplined aviation services business**

- Leading positions in highly fragmented markets
- Good forward visibility with over 70% of gross profit contracted
- Associate in the US with BBA Aviation Plc and JV in the Far East with Hutchinson Whampoa
- Management substantially aligned with shareholders and own over 30% of the issued share capital

## **Robust & resilient business model with two established and complementary divisions**

- Air division with total operating profit margin target of 5%, currently at 2.9%
- Ground division with total operating profit margin target of 20%, currently at 13.6%

## **Capital light business model with low risk profile**

- No exposure to aircraft residual value risk
- No exposure to fuel variations
- Gross profits derived from availability of aircraft not usage

# Leading Air & Ground service capabilities



## Scale and reach:

- 4 continents
- 40+ locations
- 1300+ staff

## Clients include:

- National Governments
- Armed Forces
- Health Services
- Multi-national corporations
- Fleet operators
- High net worth individuals

# Gama Aviati

ance Service



## Financial review

2017 H1

# Financial highlights 2017 H1

(USD millions)

	June 17	June 16	Constant currency <sup>2</sup> June 16
Revenue – Total Group <sup>3</sup>	290.8	209.8	201.0
Revenue	101.6	101.6	92.8
Gross profit	21.3	21.8	20.1
Gross profit %	21.0%	21.4%	21.6%
EBITDA	8.0	7.5	7.0
Total operating profit <sup>4</sup>	7.7	6.4	5.9
PBT	7.0	5.4	5.0
EPS (cents)	12.2	10.4	9.7

- Total Group revenue, up 45% on a constant currency basis
- Reported gross profit margin steady at 21%
- Good forward visibility - contracted margin remains above 70%
- Underlying Total operating profit up 31%
- Underlying PBT is up 40%
- Lower exceptional costs, comprising \$0.2m transaction costs, \$0.4m integration and business re-organisation costs
- Underlying EPS up 25%

1 - Underlying results exclude exceptional items, share-based payment expense, amortisation, losses of associate and joint venture, profit on disposal of interest in associate, and unrealised foreign exchange movements included in finance costs, where applicable.

2 - Calculated at a constant foreign exchange rate of \$1.26 to £1, being the rate that represented the average for the 2017 financial period.

3 - Includes 100% of the revenue 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

# Cash 2017 H1

(USD millions)

	June 2017	June 2016
<b>Underlying EBITDA</b>	<b>8.0</b>	<b>7.5</b>
Working capital movement	0.3	(5.9)
Exceptional items	(0.6)	(1.3)
Share-based payment expense	(0.1)	-
Other	(1.9)	(1.4)
<b>Cash flow from operations</b>	<b>5.7</b>	<b>(1.1)</b>
CAPEX movement	0.7	(0.9)
Net interest & tax paid	(0.7)	(0.8)
<b>Free cash flow</b>	<b>5.7</b>	<b>(2.8)</b>
Acquisitions	0.0	(2.5)
Net debt foreign exchange movements	(0.6)	1.0
<b>Change in net debt</b>	<b>5.1</b>	<b>(4.3)</b>
<b>Net debt</b>	<b>(14.3)</b>	<b>(13.3)</b>

- EBITDA positive across all regions and divisions
- Working capital movement neutral
- Cash flow from operations improved to an inflow of \$5.7m compared with an outflow of \$1.1m in 2016
- Capex on track for \$4m spend in 2017
- Disposal of two of three remaining Assets Held for Sale for \$4.2m. Only one remaining with NBV of \$1.5m
- Free cash flow of \$5.7m compared to outflow of \$2.8m in prior period.
- Net debt at \$14.3m down \$5.1m from Dec 2016
- Net debt to underlying EBITDA was 0.98x, well below covenant level of 2.5x

# Strong Air performance



(USD millions)

	US		Europe		Middle East		Asia		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue	191.2	110.0	43.0	49.7	11.6	8.9	6.7	8.5	252.6	177.1
Gross profit	13.1 6.9%	6.2 5.6%	4.4 10.3%	3.8 7.6%	0.8 7.1%	0.7 8.0%	0.2 2.8%	0.2 2.6%	18.6 7.4%	10.9 6.1%
EBITDA	6.2 3.2%	2.6 2.3%	1.7 4.0%	0.9 1.7%	0.2 1.4%	(0.0) (0.2%)	(0.3) (5.1%)	(0.4) (4.3%)	7.7 3.1%	3.1 1.7%
Total operating profit	6.0 3.1%	2.4 2.2%	1.5 3.5%	0.6 1.2%	0.1 1.1%	(0.1) (1.1%)	(0.4) (5.4%)	(0.4) (4.4%)	7.3 2.9%	2.5 1.4%

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.



# Good Ground performance



(USD millions)

	US		Europe		Middle East		Asia	Total	
	2017	2016	2017	2016	2017	2016		2017	2016
Revenue	14.2	11.9	20.9	20.3	3.0	2.4	-	38.2	34.7
Gross profit	2.6 18.6%	2.7 22.8%	9.1 43.3%	8.7 42.9%	1.0 32.4%	0.8 32.3%	-	12.7 33.3%	12.2 35.2%
EBITDA	1.1 7.5%	1.0 8.4%	4.4 21.0%	3.5 17.4%	0.3 9.6%	0.1 2.8%	-	5.7 15.1%	4.6 13.3%
Total operating profit	0.8 5.7%	0.8 7.0%	4.2 19.9%	3.2 15.8%	0.2 7.0%	(0.1) (4.1%)	-	5.2 13.6%	3.9 11.4%

Note: Results include inter-segment revenue, but exclude the aircraft sale revenue. 2016 is presented on a constant currency basis.

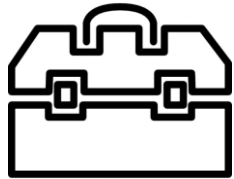


# Strategy & outlook

## Our strategy



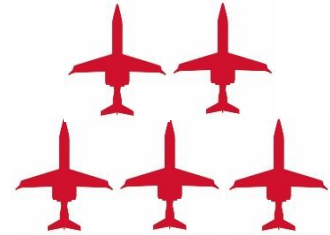
To grow the business organically, by joint venture and acquisition to become the market leading consolidator, through our:



**Depth**  
of capabilities &  
expertise



**Breadth**  
of geographies &  
services



**Scale**  
of presence

Cross selling opportunities

# Air: Achieving scale globally



	US	Europe	Middle East	Asia
Aircraft management	Continued organic growth	Adding further scale	Developing	Start-up
Special missions	Future opportunity	Adding further scale	Future opportunity	Evaluating market potential
Charter	Adding further scale	Adding further scale	Developing	Start-up

## Ground: increasing depth of service & leveraging scale



	US	Europe	Middle East	Asia
Base maintenance	Evaluating opportunities	Adding further scale	Future opportunity	Launching
Line maintenance	Adding further scale	Developing	Developing	Launching
Design & modifications	Future opportunity	Adding further scale	Future opportunity	Evaluate market potential
FBO services	N/A	Developing	Developing	Evaluate market potential

# Update on acquisitions and JVs



## Bolt-on acquisitions

- 2016 acquisitions: Aviation Beauport and FlyerTech are fully integrated and performing above expectations

## BBA merger and integration proceeding as planned

- Market leading platform to expand Gama Aviation's US presence
- National US coast to coast coverage
- Diversification of client base
- Significant additional cross selling opportunities for US Ground
- On track to deliver significant cost synergies of not less than \$2m over two years

## CASL collaboration

- Proceeding as planned
- Regulatory approvals obtained
- Revenue generating in Q4 2017

## Summary & outlook



- Strength and resilience of business model demonstrable
- Cash generative characteristics of business increasingly evident
- Capital light business with low risk profile
- Fragmented market place providing opportunities for growth and value accretive deals
- Confident in meeting full year expectations
- Capital Markets afternoon: Thursday 21<sup>st</sup> September 2017 at Farnborough Airport



## **Appendix one**

### The Board



# Appendix one: 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 two

Top 10 shareholdings

## Appendix two: Top 10 shareholdings (30<sup>th</sup> June 2017)



1. Directors	32.66%
2. Hargeave Hale	9.77%
3. Crescent Investment	5.90%
4. Downing	5.25%
5. Growthgate Capital	4.96%
6. Living Bridge	4.68%
7. Fidelity International	4.66%
8. Killik, stockbrokers	3.56%
9. Syz & Co.	3.41%
10. BlackRock	2.13%



## **Appendix three**

Summary of locations and services

# 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

## 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      |                          |                     |

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