Gama Aviation Plc

Half year results 2019

2019 H1 highlights
Financial performance in-line with expectations

Note: Figures & comparatives are provided on a pre IFRS 16 and constant currency basis

Group
- Revenue up 22.5% to $121.8m (2018: $99.4m)
- Gross profit up 19.9% to $23.5m (2018: $19.6m)
- Net debt increased to $24.9m from $2.9m at 31st December 2018

Air division
- Stable in a challenging market
- No significant changes in major contract performance

Ground division
- Strong revenue, GP and adjusted EBIT growth
- Good performance in the US & Europe
- Improved efficiencies in Europe with Bournemouth move
- Continued organic investment in the US

Global services
- FlyerTech impacted by the loss of two airline customers and Brexit uncertainties affecting customer decision making
- Myairops products showing early promise in transition to SaaS model

Revenue:
$121.8m

Gross profit:
$23.5m

Adjusted EBIT:
$4.1m

Adjusted PBT:
$3.5m

Adjusted EPS:
4.6 cents

Net debt position:
$24.9m
(Net Debt is stated on a pre-IFRS 16 basis in line with the requirements of the Group's banking facilities)

Financial review

H1 2019

Gama Aviation

Financial highlights 2019 H1

	Adjusted[1] $m			
	Jun-19	Jun-19 (pre-IFRS 16)	Jun-18 (restated)[3]	Constant Currency[2] Jun-18
Continuing operations:				
Revenue	**121.8**	**121.8**	103.9	99.4
Gross profit	**24.1**	**23.5**	20.4	19.6
Gross Profit %	**19.8%**	**19.3%**	19.6%	19.7%
EBITDA[4]	**6.4**	**5.6**	5.9	5.6
EBIT	**4.9**	**4.1**	4.9	4.7
Profit / (Loss) Before Tax	**2.9**	**3.5**	4.4	4.2
Earnings per share (cents)	**4.6**	**4.6**	8.6	8.3

1. Adjusted EBIT is stated after removing impairment losses, share based payment charges; acquisition related and accelerated amortisation; and exceptional costs, which comprise: transaction costs; legal, integration and business re-organisation costs and contribution to associate. Adjusted EBITDA is adjusted EBIT with share or results from equity accounting investments and remaining amortisation and all the depreciation added back.
2. Change calculated at a constant foreign exchange rate of $1.29 to £1, being the cumulative average USD-GBP exchange rate for the period ending 30 June 2019.
3. The results for 2018 have been restated for the interim effect of restatement items identified in the 2018 full-year results and to include the effects of consolidating Gama International Saudi Arabia, the results of which have been included in the period ending 30 June 2019 for the first time.
4. EBITDA is a non-statutory measure and has been shown as adjusted only.

Getting back on track

- Strong revenue growth of 22.5% in a challenging market
- Strong GP growth of 19.9% largely driven by Ground division
- EBIT down 12.7% due to continued strategic investment for future growth
- Associates: Improved performance at CASL and modest US Air growth
- Fundamentals of the business remain strong
- Focused on growth, efficiency and people

Net debt and cash flow movements

	Jun-19 $m	Jun-18 (restated)* $m
Statutory EBIT (continuing and discontinued operations)	**0.2**	(2.7)
Non-cash components of EBIT	**2.8**	0.5
Net movement in working capital excluding Contribution to US Air Associate	**(5.9)**	(1.6)
Contribution to US Air Associate	**–**	(3.6)
Taxes paid	**(0.6)**	(1.0)
Interest paid	**(0.6)**	(0.4)
Net cash expended on operating activities	**(4.1)**	(8.8)
Capital expenditure net of disposals	**(14.4)**	(2.9)
Investment in China Aircraft Services Limited	**–**	(16.0)
Step-acquisition of Gama Aviation Hutchison Holdings	**–**	(2.6)
Acquisition of Florida Paint-Shop	**(1.4)**	–
Issuance of shares (net of share issue costs)	**–**	63.7
Net cash (used in) / from investing and financing activities	**(15.8)**	42.2
(Increase) / decrease in net debt	**(19.9)**	33.4
Net debt at the beginning of the period	**(2.9)**	(18.0)
Effect of foreign exchange rates and other non-cash movements	**(2.1)**	(0.1)
Net (debt) / cash at the end of the period	**(24.9)**	15.3

Analysis of net debt	**Jun-19 $m**	Jun-18 (restated)* $m
Cash	**2.0**	18.5
Covenant defined lease indebtedness	**(2.3)**	(3.2)
Borrowings	**(24.6)**	–
Net debt at the end of the period	**(24.9)**	15.3

* The results for 2018 have been restated for the interim effect of restatement items identified in the 2018 full-year results and to include the effects of consolidating Gama International Saudi Arabia, the results of which have been included in the period ending 30 June 2019 for the first time.

- The Group's IFRS 16 lease liabilities have been excluded from its definition of net debt.
- Working capital increased by $5.9m excluding associates
  - Expensing investment through P&L
  - One-off effect of changes to the billing profile of long-term contracts
  - Slower recovery of certain trade receivables
- Capital expenditure of $14.4m comprises:
  - Down-payments on rotary aircraft, $8.5m
  - Investment in the Sharjah BAC, $2.1m
  - Investment in Myairops product, $1.2m
  - Other, including replacement capital expenditure, $2.6m

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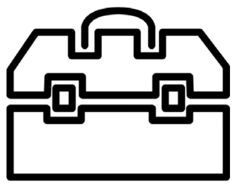
Divisional performance

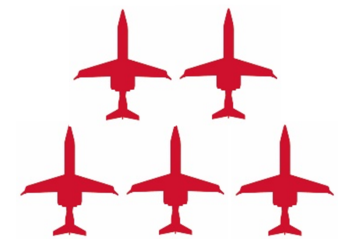
	US		Europe		Middle East		Asia		Total	
	2019	2018	**2019**	2018	**2019**	2018	**2019**	2018	**2019**	2018
Air										
Revenue	**1,875**	1,875	**46,314**	41,833	**7,030**	9,755	**10,179**	6,181	**65,398**	59,644
Gross Profit	**1,875**	1,913	**2,268**	2,539	**746**	824	**597**	365	**5,486**	5,641
GP %	**100%**	102%	**5%**	6%	**11%**	8%	**6%**	6%	**8%**	9%
EBIT	**1,815**	1,888	**(202)**	(528)	**(601)**	(391)	**75**	18	**1,087**	987
EBIT %	**97%**	101%	**0%**	(1%)	**(9%)**	(4%)	**1%**	0%	**2%**	2%
Ground										
Revenue	**24,296**	17,248	**27,321**	22,191	**2,266**	1,902	**996**	505	**54,879**	41,846
Gross Profit	**3,557**	3,748	**12,045**	8,836	**878**	491	**439**	90	**16,919**	13,165
GP %	**15%**	22%	**44%**	40%	**39%**	26%	**44%**	18%	**31%**	32%
EBIT	**368**	1,099	**5,861**	3,774	**(56)**	(368)	**(163)**	(179)	**6,010**	4,326
EBIT %	**2%**	6%	**21%**	17%	**(2%)**	(19%)	**(16%)**	(35%)	**11%**	10%
Global Services										
Revenue									**1,508**	2,389
Gross Profit									**1,082**	1,637
GP%									**72%**	69%
EBIT									**221**	1,009
EBIT%									**15%**	42%

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

Reverse takeover	**JV**	**Acquired**	**Acquired**	**Merger**	**Commercial Partnership**	**Equity placing**	**Acquired**	**RCF facility**
Hangar8 Plc	Hutchison Whampoa	Aviation Beauport	FlyerTech	BBA Aviation Plc's / Gama Aviation Plc's US Air associate	China Aircraft Services Limited (CASL)	$67 million raise. Hutchison Whampoa become strategic investor	20% interest in CASL & purchase of Hong Kong JV	$50 RCF facility with NatWest & Barclays
2015	2015	2016	2016	2017	2017	2018	2018	2018

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Company strategy
Growth plan: Lines of business

	Division	US	Europe	Middle East	Asia
Air	Aircraft management	Scale up	**Scale up** through **acquisition**	**Scale up** through **investment**	**Build**
	Special missions	Evaluate	Scale up	Evaluate	Evaluate
	Charter	Scale up	**Scale up** through **acquisition**	**Scale up**	Evaluate
Global services	Myairops	**Launching** Organic investment. Moving to SaaS platform			
	FlyerTech		**Build**		
Ground	Base / heavy maintenance	**Launching with investment**	**Scaled up with Bournemouth facility**	**Build** through **investment**	**Build**
	Line & AOG maintenance	**Scaled up with additional bases**	**Scale up** through **investment**	**Build** through **investment**	**Build**
	Design & modifications	Evaluate	Scale up	Evaluate	Evaluate
	FBO services	N/A	Build	**Building** through **investment**	Evaluate

Key

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

Summary

Delivering our 2019 priorities & getting back on track

- Corporate governance & financial discipline reform well underway
- New NED's enhance Board strength to drive sustainable growth
- New CFO appointed

A long-term strategy that will deliver sustainable profit growth

- Continuing to offer a suite of services that are relevant to customers' needs
- A focus on growth, efficiencies and people

A strong platform to perform

- Market conditions remain highly challenging
- Major contract wins underpin strong performance in the Ground business
- Organic investments show promising potential for growth i.e. US Ground
- Outlook for the full year 2019 in line with Group's guidance of Adjusted EBIT (pre-IFRS 16) in the range of \$10.5m to \$11.5m

Appendix: 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
- 1500+ 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
- Consolidation removing some MRO competitors

Capital light business model with a lower risk profile
- No exposure to aircraft residual value risk
- No exposure to fuel variations

Robust & resilient model
- Gross profits derived from availability of aircraft not usage

Three complementary divisions
- Air, Ground & Global services – provide best-in-breed or holistic, turnkey solutions to a wide variety of clients

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