

**Gama Aviation** 

**Half year results 2015**





# Welcome and introductions

01

# Introductions.



**Marwan Khalek,  
Chief Executive**

- 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



## Group performance highlights

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## Group performance: six months to 30 June 2015



- Strong business performance where we have achieved or in some cases exceeded the targets we set ourselves when we joined the market in January 2015
- **Pro-forma revenue** <sup>1</sup> up 22% to \$191m (2014: \$157m)
- **Pro-forma gross profit** <sup>2</sup> up 24% to \$30.3m (2014: \$24.3m)
- **Pro-forma underlying EBITDA** <sup>3</sup> up 74% to \$8.2m (2014:\$4.7m)
- **Underlying EPS** <sup>5</sup> up 115% to \$12.5c (2014: \$5.8c)
- Successful integration of Hangar8 plc delivered on time, retaining the majority of key staff and yielding anticipated synergies
- Increased the **scale** (with strong organic growth), **breadth** (with new opportunities in Asia) and **depth** (with a solid pipeline of expansion opportunities) of the business
- Fit-for-purpose scalable platform now in place to capitalise on a market that remains highly fragmented and ripe with opportunity for further expansion

1 - Calculated using the Hangar 8 figures for six months to 30 June 2014 and Gama figures for six months to 30 June 2014

2 - Including the results of Gama Aviation's Associate in the US and Joint Venture in Hong Kong.

3 - Operating profit before depreciation, amortisation, and exceptional items as disclosed in the Statement of Comprehensive Income.

4 - Before exceptional items.

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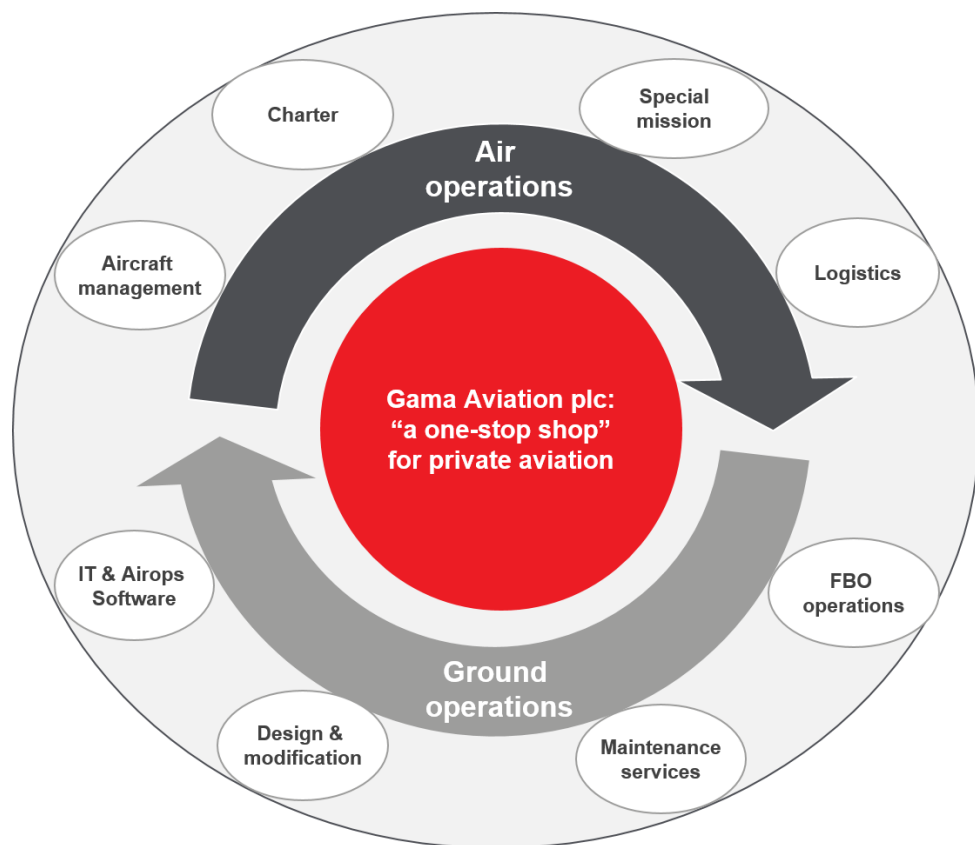


## Our business model

03

**Our vision.**

**A holistic, global business aviation services company.**



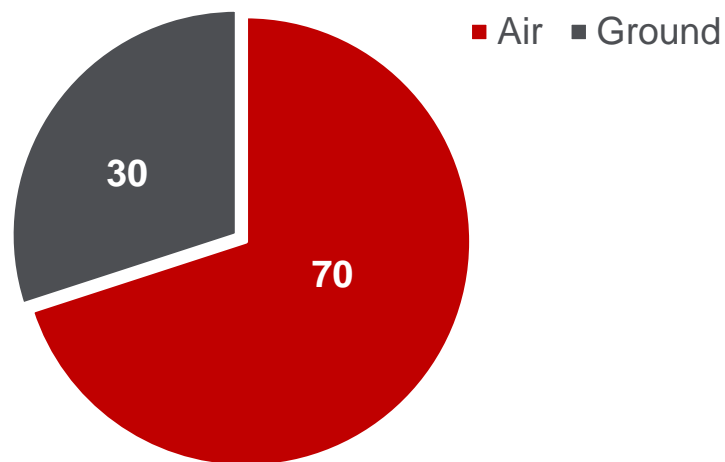
## **Vision**

To be demanded and trusted by our clients, valued by our shareholders, prized by our people and admired by our peers.

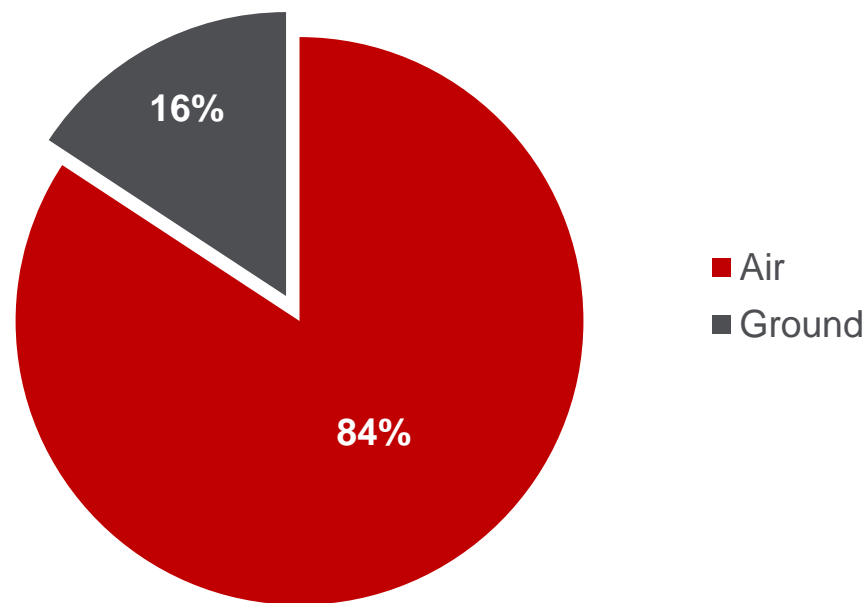
Our revenue split between Air & Ground remains broadly on track with our target business model



Target revenue split

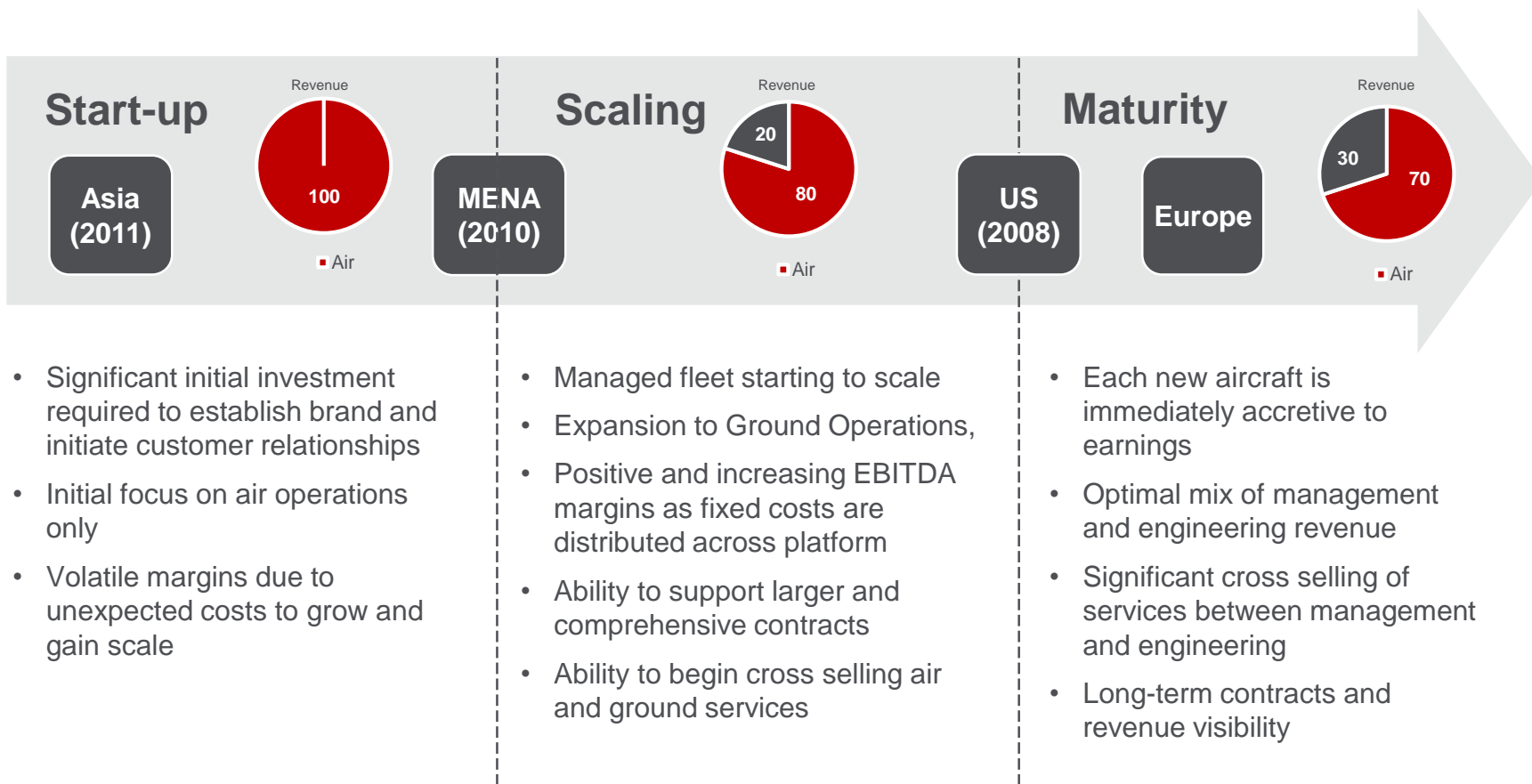


Actual Group revenue split





# ... even though each geographic division is operating at a different level of maturity

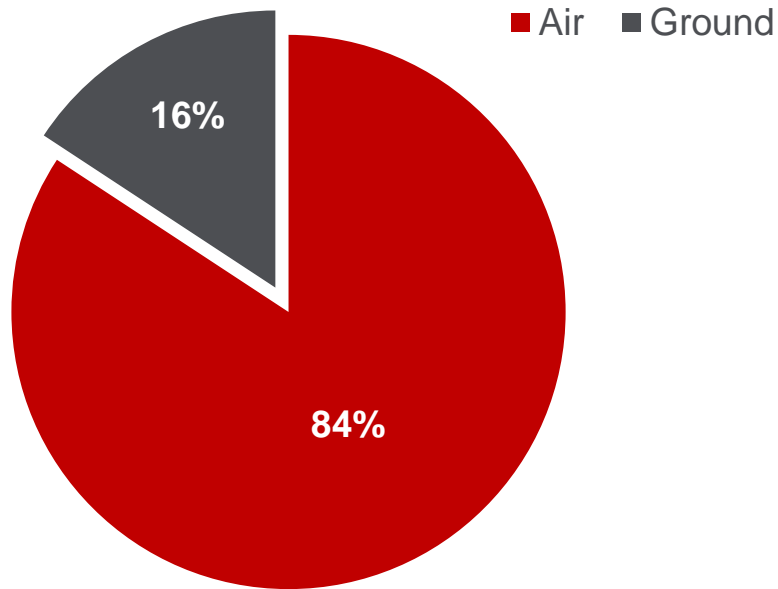


The position of each business and the revenue charts per stage are illustrative.

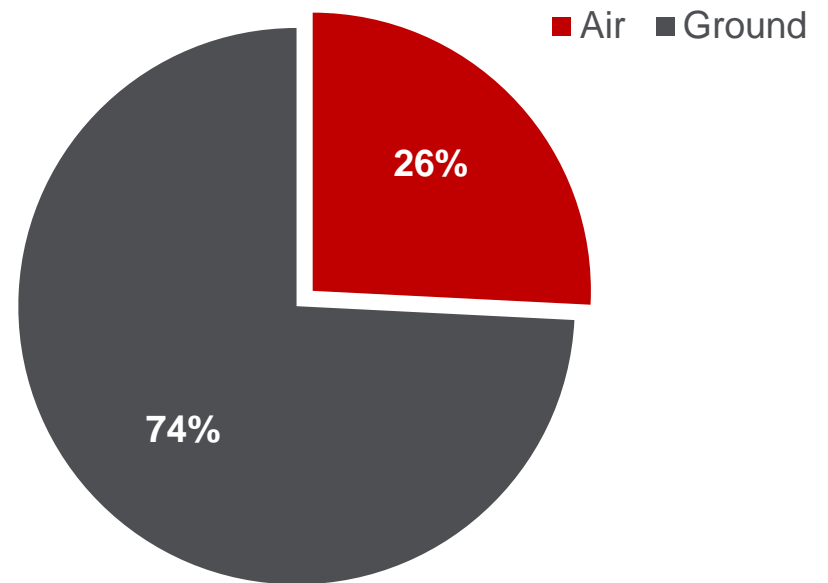
# Group performance by business segment



## Revenue



## EBITDA





## Geographic division performance

04

## US H1 performance

### In numbers:

#### Air


Revenue ('000):	\$78,156*
Gross profit*:	8.5%
EBITDA:	2.5%

#### Ground

Revenue ('000):	\$9,681
Gross profit:	27.1%
EBITDA:	14%

### Trading sentiment

Air 

Ground 

*\*consolidated figures including 100% of US Air division associate*

**“Significant organic growth leveraging scalable platform”**

#### Air

- Exceptional growth
- Enhanced service levels
- Improving margins

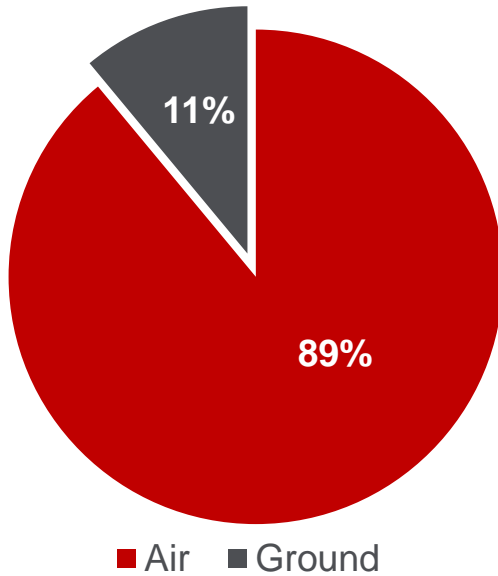
#### Ground

- Rollout continues
- 7 operational locations
- 30 mobile units
- Benefits from growth in Air to follow

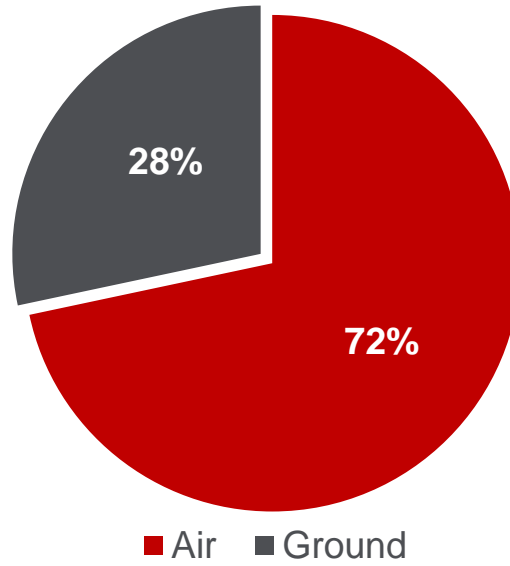
# US H1 performance breakdown



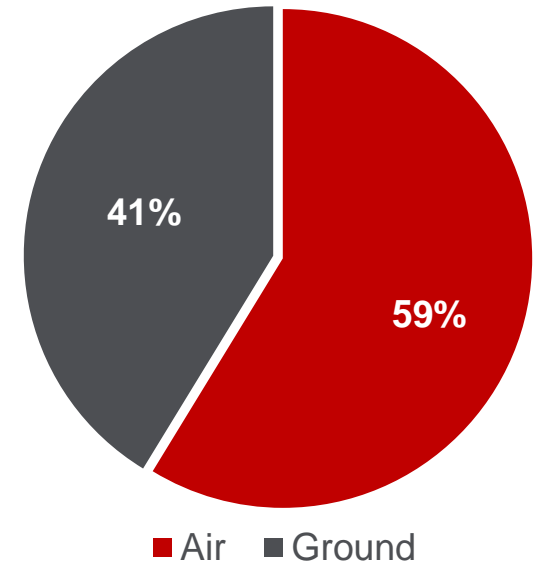
Revenue (\$87.8m)



Gross profit (\$9.3m)



EBITDA (\$3.3m)



# Europe H1 performance

## In numbers:


### Air

Revenue ('000):	\$70,118
Gross profit:	10.7%
EBITDA:	1.7%

### Ground

Revenue ('000):	\$18,867
Gross profit:	60.8%
EBITDA:	35.5%

## Trading sentiment

Air 

Ground 

**“Positive overall performance despite challenges in the Air division.”**

### Air

- Challenging six months
- Gains from integration synergies
- Underperforming contracts addressed

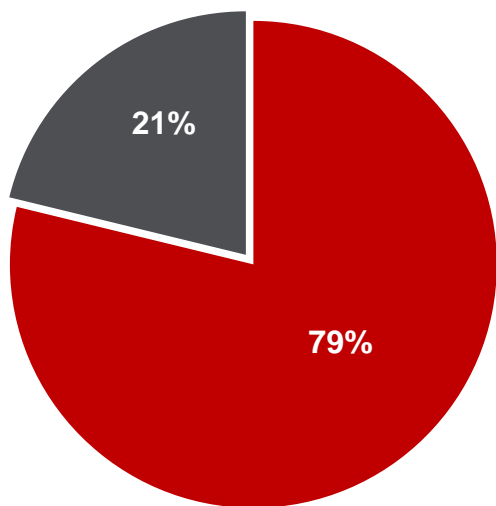
### Ground

- Strong performance
- Enhanced service offering at Oxford

# Europe H1 performance breakdown

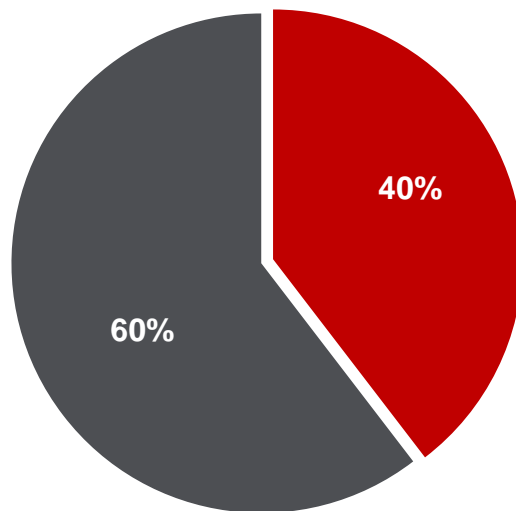


Revenue (\$89.0m)



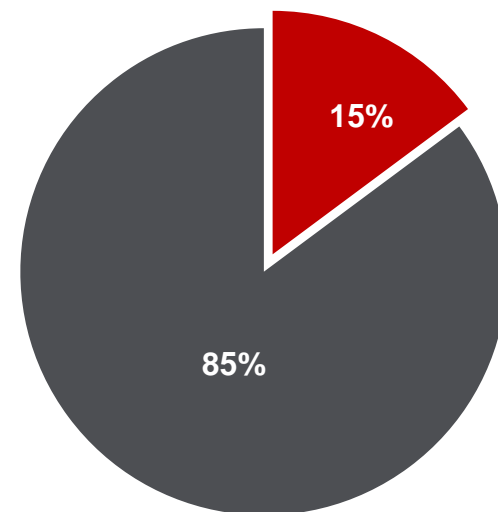
■ Air ■ Ground

Gross profit (\$19.0m)



■ Air ■ Ground

EBITDA (\$7.9m)



■ Air ■ Ground

## MENA H1 performance

### In numbers:

#### Air

Revenue ('000):	\$10,473
Gross profit:	9.1%
EBITDA:	(2.2%)

#### Ground

Revenue ('000):	\$1,390
Gross profit:	39.1%
EBITDA:	(22.5%)

### Trading sentiment

Air



Ground



**“Well placed to scale up leading to profitable growth.”**

#### Air

- Scaling phase
- Healthy aircraft management pipeline
- Special mission opportunities

#### Ground

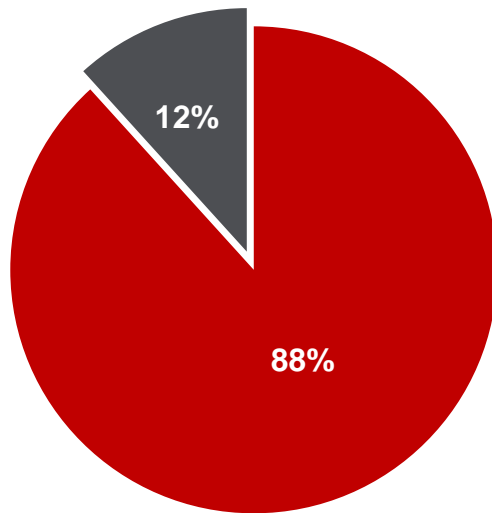
- Still in its start-up phase
- Good GP margins
- Lacking scale
- Upgraded Sharjah FBO and hangar development will deliver the required growth



# MENA H1 performance breakdown

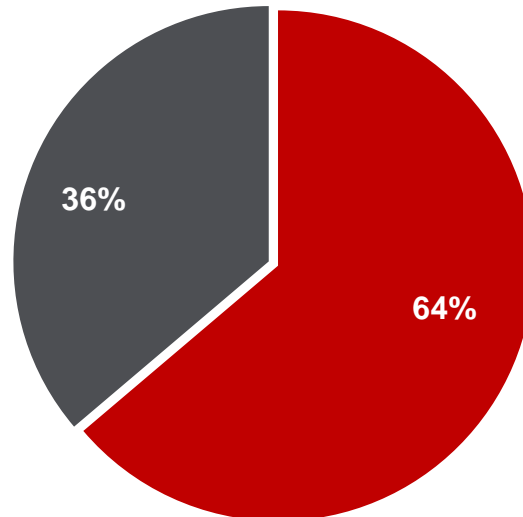


Revenue (\$11.9m)



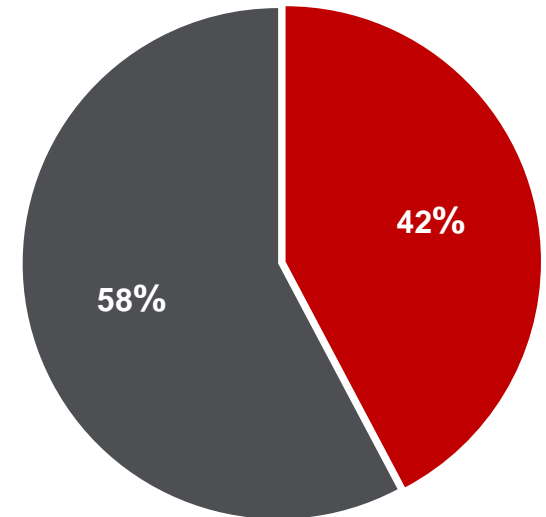
■ Air ■ Ground

Gross profit (\$1.5m)



■ Air ■ Ground

EBITDA (\$.05m loss)



■ Air ■ Ground

## Asia H1 performance

### In numbers:

#### Air

Revenue ('000):	\$1,426
Gross profit:	10.7%
EBITDA:	(12%)

#### Ground

Revenue ('000):	\$0
Gross profit:	0%
EBITDA:	0%

### Trading sentiment

Air 

Ground 

**“Great start enhancing brand awareness.”**

#### Air

- Three aircraft under management
- Building a good pipeline
- Strong JV partner
- Start-up business

#### Ground

- Various opportunities under consideration
- Expect to be revenue generative in 2016



# Group Financial update

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# Condensed consolidated interim statement of comprehensive income



	June 2015	June 2014 (Pro-forma)
Revenue <sup>1</sup>	\$191m	\$157m
Direct costs	\$160.7m	\$132.7m
Gross Profit <sup>2</sup>	\$30.3m	\$24.3m
Gross profit Margin	15.9%	15.6%
Overheads	\$22.1m	\$19.6m
Underlying EBITDA <sup>3</sup>	\$8.2m	\$4.7m
EBITDA <sup>3</sup> Margin	4.2%	2.9%
Underlying PBT <sup>4</sup>	\$4.9m	\$2.9m
Underlying EPS <sup>5</sup>	\$12.5c	\$5.8c

## Financial highlights & commentary

- Revenue<sup>1</sup> up 22%
  - GP up 24%
  - Underlying EBITDA<sup>3</sup> up 74%
  - Underlying PBT<sup>4</sup> up 69%
  - EBITDA<sup>3</sup> margin up 45%
- 
- Financials include the results of the associates
  - Discontinued operations related to owned aircraft held for sale
  - Exceptional costs of \$5.5m comprising \$3.5m transaction costs, \$2m costs associated with the integration.
  - Expectation of \$0.5m in H2
  - Synergies of \$1m expected in H2
  - Overheads rising 13% against gross profit of 24% illustrating benefits of scale

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# Condensed consolidated interim statement of financial position



	June 2015	June 2014 (Pro-forma)
Non-current assets	\$64.7m	\$20.8m
Current assets	\$101.6m	\$72.3m
Current liabilities	\$106.3m	\$70.8m
Net current (liabilities) / assets	(\$4.6m)	\$1.5m
Non-current liabilities	(\$9.5m)	(\$25.3m)
Net assets / (liabilities)	\$50.6m	(\$3m)

## Commentary

- Cash of \$12m
- Borrowings of \$2.3m
- Goodwill \$37m
- Assets held for sale \$3.6m
- Trade and other receivables of \$33.5m net of a prudent provision of \$8.6m
- No further provisions for doubtful debts expected

1 – As per the predicted Pro-Forma Balance sheet presented during the transaction roadshow.



Strategy

06

## Market backdrop & strategy



### Situation

We are a **top five industry player** globally but we operate just 0.5% of the US fleet and 1.6% of the European fleet. No single operator has more than a 4% share, 80% of fleet operators in Europe manage 2-5 aircraft and only 9 fleet operators in Europe manage more than 20.

### Strategy

#### Build organically

We will deliver sustainable and profitable **organic growth** using our scale, breadth and depth to grow the value of new and existing client relationships.



#### Consolidate the market

We will deliver sustainable and profitable **growth via acquisition** deepening our service offer while building on our existing breadth & depth.

# Our strategy will be delivered by focusing on four imperatives



## 1. SCALE

**Grow air & ground to leverage scale for competitive advantage**

Increase market share in a fragmented market:

- Grow naturally
- Acquire

## 2. BREADTH

**Grow our capability to meet our clients' needs now & in the future**

- Reinforcing existing footprint
- Entering new / growing markets
- Customer led geographical growth

## 3. DEPTH

**Maximise the potential value from every client engagement**

Extend customer touch points:

- By geography
- By capability
- By both

## 4. CROSS SELL

**Build our capability to sell across disciplines and across markets.**





Summary

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## In summary



- A strong H1 performance underpinned by a robust, scalable platform
- Market dynamics continue to favour our strategy
- Organic growth pipeline is strong in most areas
- Acquisition pipeline is in place and will slot into the existing scalable platform
- Optimisation & restructuring efforts will enhance performance during H2 and beyond
- The Board looks to the future with confidence.



Q&A

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