



Gama Aviation Plc
Half year results 2018

2018 H1 highlights – financial performance in line with expectations in H1



Group¹

- Total Group revenue flat (2017: \$108.1m)
- Gross profit flat at 21.1% (2017: 21%)
- Improving cash position

US Air & Ground divisions

- Air continuing to grow in buoyant market
- Ground revenue up on new bases and contracts

Europe Air & Ground divisions

- Air delivering improved operating profit margins
- Ground revenue delivering like-for-like growth
- Bournemouth - move ahead of schedule
- Strong, mature Ground pipeline for H2

Middle East Air & Ground divisions

- Air revenues declined but improved operating margins
- Ground margins improved

Asia Air & ground divisions

- New Asia air contract wins & strong pipeline
- Asia Ground wins new contracts & is improving its pipeline

Revenue:

\$104.6m

Underlying total operating profit:

\$7.1m

Underlying PBT:

\$6.6m

Underlying EPS:

11 cents

Net cash position:

\$21.1m

A busy six months strengthening the core fundamentals of the business to accelerate future growth

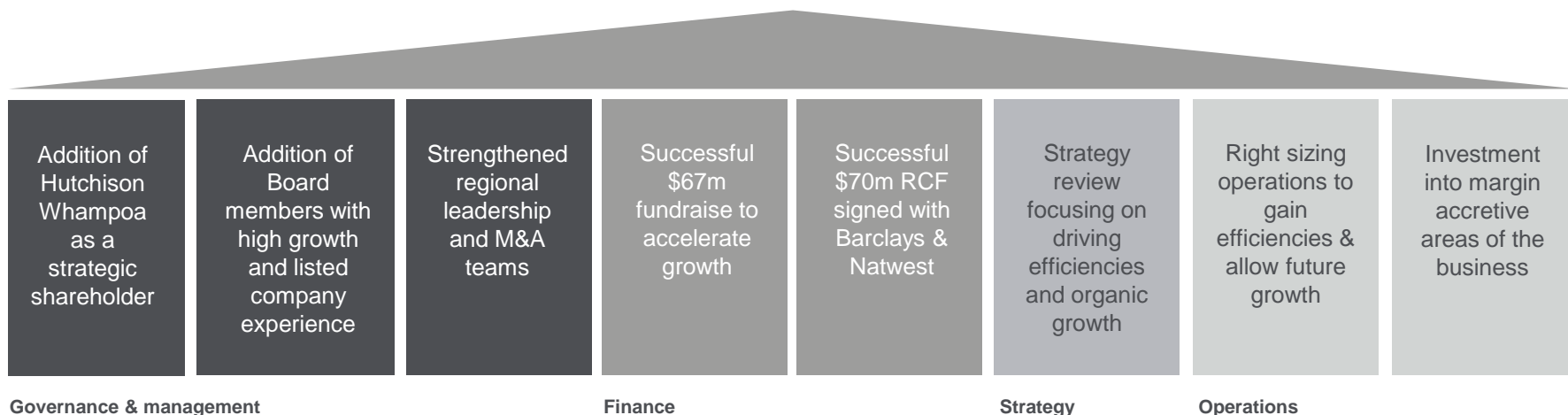


Acquisition led growth

- Mature M&A pipeline of earnings accretive businesses
- Fully funded
- Highly experienced executive team - reducing execution risk
- Primed to execute based on disciplined criteria

Organic led growth

- Europe Ground consolidation of facilities in Bournemouth on track
- US Ground investment in Dallas & Opa Locka
- Sharjah BAC on track
- Further new business success in Air & Ground
- Focus on margin improvement



Governance & management

Finance

Strategy

Operations

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%, 2.0% (H1 2018)
- Ground division with total operating profit margin target of 20%, 11% (H1 2018)

Gama Aviati

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Financial review

H1 2018

Financial highlights 2018 H1

(USD millions)

	Underlying results ¹		
	June 18	June 17	Constant currency ² June 17
Revenue	104.6	101.6	108.1
Gross profit	22.1	21	22.7
Gross profit %	21.1%	21.3%	21.0%
EBITDA	8.1	8.0	8.4
Total operating profit ³	7.1	7.7	8.1
PBT	6.6	7.0	7.3
EPS (cents)	11.0	12.2	12.8

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.

2 - Calculated at a constant foreign exchange rate of \$1.38 to £1, being the rate that represented the average for the 2018 financial period.

3 - Total operating profit includes the share of results from Gama Aviation's associate in the US and joint venture in Hong Kong.

- Reported revenue of \$104.6m, up 3.6% like for like (after excluding equipment sales)
- Gross profit margins flat
- Reported EBITDA of \$8.1m flat year on year
- Total operating profit of \$7.1m down \$0.5m like for like (after removing profit on equipment sales)
- PBT at \$6.6m slightly down on prior year
- Reported EPS of 11c, in line with expectations following the equity fund raise

Improved operating cash flow generation



(USD millions)

	June 2018	June 2017
Underlying EBITDA	8.1	8.0
Working capital movement	(5.2)	(0.3)
Exceptional items	(4.4)	(0.7)
Other	(0.8)	2.0
Cash flow from operations	(2.3)	5.7
CAPEX movement	(2.9)	(0.7)
Net interest & tax paid	(1.3)	(0.7)
Free cash flow	(6.5)	(5.7)
Issuance of shares	63.7	-
Acquisitions	(22.2)	-
Dividends	(1.5)	(1.4)
Net debt foreign exchange movements	(1.0)	(0.6)
Change in net cash	34.0	5.1
Net cash / debt	21.1	(14.3)

- Working capital movement in line with expectations, negative movement due to an advance deposit in 2017
- Exceptional items include the costs incurred for the equity fund raise, M and A and RCF fees as well as the cost of resolving historic litigation
- CAPEX includes build costs for the new ground facility in Sharjah and investment in our aviation software business
- \$63.7m cash inflow from Equity fund raise in Q1
- Acquisitions are the 20% investment in CASL in China (\$16m), the purchase of the remaining 50% of the outstanding shareholding in Hong Kong from Hutchinson Whampoa for \$2.6m and a capital injection into the US Air of \$3.6m
- Dividends in line with expectations
- £34m positive movement in net cash is driven by the fund raising less amounts paid for acquisitions in H1

With net cash of \$21.1m and a new \$70m RCF in place, the group is now well funded to deliver its M and A and organic growth strategies

Divisional performance



(USD millions)	US		Europe		Middle East		Asia		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Air										
Group revenue	206.3	189.4	45	47.1	10.1	11.6	8.4	6.7	269.8	254.9
Gross profit	11.8 5.7%	11.4 6.0%	4.8 10.7%	4.8 10.2%	1.1 10.6%	0.8 7.1%	0.5 5.5%	0.2 2.8%	18.1 6.7%	17.2 6.8%
Total operating profit	3.4 1.6%	4.3 2.2%	1.6 3.7%	1.6 3.5%	0.4 3.5%	0.1 1.1%	(0.1) (1.1%)	(0.4) (5.4%)	5.3 2.0%	5.6 2.2%
Ground										
Revenue	17.2	14.2	26.7	23.1*	2.8	3.0	0.5	-	47.2	40.3
Gross profit	3.7 21.7%	2.6 18.6%	8.9 33.2%	10 43.2%	0.5 17.8%	1.0 32.4%	0.1 17.8%	-	13.2 28.0%	13.6 33.7%
Total operating profit	0.9 5.6%	0.8 5.7%	4.4 16.7%	4.6 19.8%	0.0 (2.5%)	0.2 7.0%	(0.2) (35.4%)	-	5.2 11%	5.6 13.9%

Notes:

* 2017 Europe Ground figures excludes aircraft sales of \$11.4m

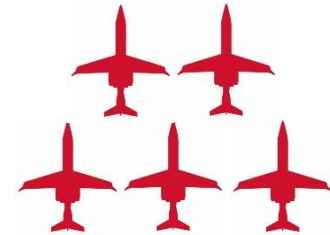
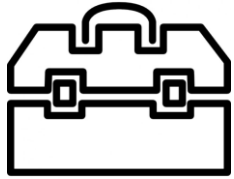
Results include 100% of the results of Gama Aviation's associate in the US and of its joint venture in Hong Kong and inter-segment revenue. 2017 is presented on a constant currency basis.



Strategy & outlook

Company strategy

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

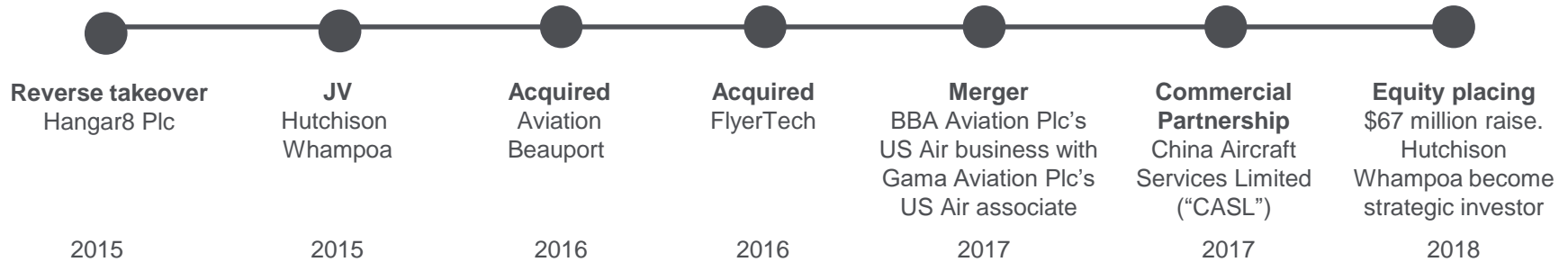


Depth
of capabilities &
expertise

Breadth
of geographies &
services

Scale
of presence

Cross selling opportunities



2018 Growth Plan on a page



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 with investment	Scaled up with Bournemouth facility	Build through investment	Launched
Line maintenance	Scaled up with additional bases	Scale up through acquisition	Build through investment	Launching
Design & modifications	Evaluate	Scale up	Evaluate	Evaluate
FBO services	N/A	Build	Building through investment	Evaluate
Global services (software, CAM, brokerage)				

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



Investment made.

Europe Ground – Update on Bournemouth consolidation



Operational efficiencies

- Reduces two sites to one
- Enhanced productivity between jet and TP teams
- Further efficiency gains to be made

Space enhances offering

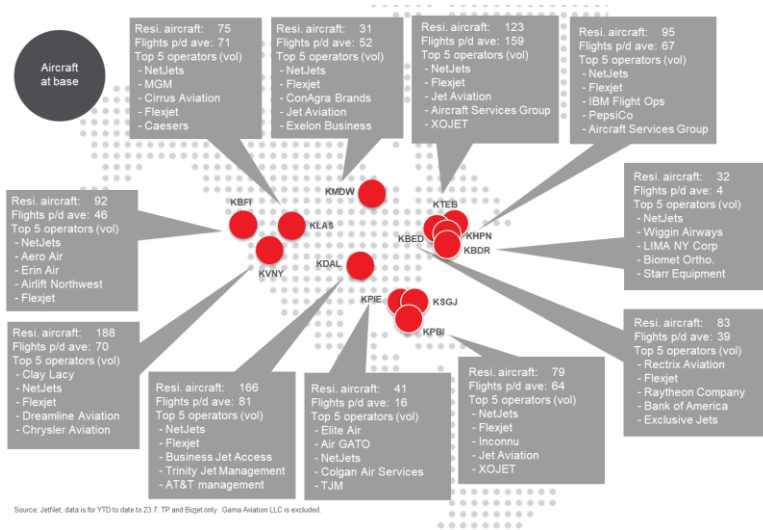
- Capability to handle all aircraft sizes except A380
- Enhanced security for Government contract work
- Full service offer including completions

Progress

- Regulatory approval achieved early
- Work now being undertaken
- Oxford team transitioned
- Farnborough team in transition (last King Air left 7th Sept)
- Farnborough to close on September 30th
- Oxford facility being transitioned
- Front of house refurbishment underway



US Ground update



Increasing presence

- Focus on high volume airfields
- Dallas adds 30,000 sq ft of hangar space
- New location at Opa Locka, Florida
- Mobile units in St. Augustine & St. Petersburg, Florida

Network

- AOG, line, base & heavy maintenance
- Aim to capture greater share of wallet & market
- Growth based on demand from existing fleet clients

Regulatory pressure

- FAA ADS-B Out mandate 1st Jan 2020
- Opportunity in modifications and increased AOG calls



M&A pipeline update



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
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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



- Good progress across all operations in a transformational year
- Strengthened leadership & management teams
- Successful Equity fund raise of \$63.7m and new revolving credit facility of \$70m signed with NatWest and Barclays
- Strong progress in building a pipeline of both M and A and organic opportunities to deliver our strategic objectives

Outlook

- Strong financial platform to support organic and acquisitive growth in the fragmented aviation services market
- The business is on track to deliver full year expectations

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