

31 January 2019

ASX Release

Acquisition of Prime Turbines and Equity Raising

- PTB to acquire Prime Turbines, an established US based MRO provider, for US\$21 million, and inventory from CT Aerospace, a provider of aviation spare parts and inventory, for carrying value, estimated at US\$8.5 million.
- Strategically compelling acquisition, leveraging PTB's existing US based operations and core competencies.
- PTB reaffirms FY20 guidance of profit before tax (excluding FX gains/losses) of between \$5.6m and \$6.0m on a standalone basis (excluding costs of the acquisition and equity raising).
- Based on pro forma financial information the transaction is expected to be 8.0% earnings per share accretive, before synergies.¹
- Fully underwritten one for 2.35 non-renounceable rights issue to raise \$22.0 million at \$0.69 per share.
- Fully committed placement to raise \$12.9 million at \$0.69 per share.

Acquisition of Prime Turbines and Inventory

PTB Group Limited (**PTB** or **Company**) has entered into binding agreements (subject to certain conditions precedent) to acquire Prime Turbines LLC from a subsidiary of VSE Corporation (NSDAQ: VSEC), for US\$21 million pre-adjustments.² Prime Turbines is an established US based independent aircraft engine maintenance, repair and overhaul company and will expand on PTB's existing presence in the US aviation services market.

In addition, PTB has also entered arrangements to acquire a package of inventory from CT Aerospace LLC. PTB has agreed to purchase the inventory for the carrying value of the assets, expected to be US\$8.5 million and capped at US\$9.5 million. This acquisition will be funded by a five year zero interest amortising loan from the vendor.

To fund the acquisition of Prime Turbines, PTB has launched an equity raising to raise approximately \$34.9 million (**Equity Raising**), comprising a fully committed placement to raise A\$12.9 million (**Placement**) and fully underwritten 1 for 2.35 pro-rata non-renounceable entitlement offer of fully paid ordinary shares in PTB (**New Shares**) to eligible shareholders to raise a total of A\$22 million (**Entitlement Offer**). Proceeds of the Equity Raising will also provide additional working capital and fund costs of the Equity Raising and acquisitions.

Subject to successful completion of the Equity Raising and certain conditions, the acquisitions are expected to complete in late February 2020. Shareholder approval is not required for the Equity Raising or to complete the acquisitions.

¹ Assumes mid-point of FY20 Profit Before Tax (excluding FX) guidance. See pages 23 to 25 of the Investor Presentation released to the ASX today for details about the basis of calculation and assumptions.

² An AUD:USD exchange rate of 0.68 has been assumed to convert US dollar to Australian dollar denominations.

Prime Turbines commenced operations in 1984 and today has an established customer base and strong reputation for workmanship and customer service.

Stephen Smith, PTB CEO and Managing Director, said:

“Prime is well known to PTB and its 30-plus years of expertise on major turboprop and turboshaft engine platforms fits seamlessly into PTB’s existing US based core competency. Prime’s locations in Dallas, Phoenix, and Pittsburgh provide an increased footprint from which to serve the industry. Further, Prime’s existing expertise in maintenance, repair, and overhaul services for the T53 and Bell Drivetrain components expands PTB’s service capabilities. Prime’s FAA and EASA accreditations also provide an avenue for additional growth beyond the US markets.”

PTB reaffirms FY20 guidance of profit before tax of between \$5.6m and \$6.0m on a standalone basis (excluding costs of the Equity Raising and acquisitions).

The acquisitions are expected to increase PTB’s revenues to approximately A\$90 million, with pro forma EBITDA for the combined group of approximately A\$16 million.³

The terms of the acquisitions are further detailed in the Investor Presentation released to the ASX today.⁴

Equity Raising

PTB expects to issue approximately 50.6 million new fully paid ordinary shares under the Placement and the Entitlement Offer combined to raise approximately \$34.9 million, representing approximately 40% of post-dilution shares on issue.

The issue price for both the Placement and the Entitlement Offer is \$0.69 per share and represents:

- a 7.2% discount to the theoretical ex-rights price (TERP);⁵ and
- a 14.3% premium/discount to the last traded price of \$0.805 on 28 January 2020.

Morgans Corporate Limited and Veritas Securities Limited are acting as joint lead managers and are underwriters to the Entitlement Offer.

Shares issued under the Equity Raising will rank equally with existing shares but will not be entitled to the dividend described below.

Placement

Up to 18.7 million new PTB shares are expected to be issued to eligible institutional, sophisticated and/or professional investors under the Placement.

The Placement has been undertaken using the Company’s available Placement capacity under ASX Listing Rule 7.1 and 7.1A.

³ See pages 23 to 25 of the Investor Presentation released to the ASX today for details about the basis of calculation and assumptions.

⁴ In particular, see page 39 of the Investor Presentation released to the ASX today for a summary of key terms.

⁵ The theoretical ex-rights price (TERP) is a theoretical price at which shares should trade immediately after the ex-date of the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equal TERP. TERP is calculated by reference to PTB’s closing price of \$0.805 per share on 28 January 2020 (being the last trading day prior to PTB entering trading halt) on an ex-dividend basis and after adjusting for the issue of shares under the Placement and Entitlement Offer.

New shares issued under the Placement will not be eligible to participate in the Entitlement Offer.

Entitlement Offer

Under the Entitlement Offer, eligible shareholders will be able to subscribe for 1 New Share for every 2.35 PTB shares they hold as at 7:00pm (Sydney time) on Wednesday, 5 February 2020 (**Record Date**) at the issue price of \$0.69 per New Share.

PTB will notify shareholders who are on the register at the Record Date as to whether they are eligible to participate in the Entitlement Offer. An information booklet including a personalised entitlement and acceptance form will be sent to eligible shareholders in accordance with the timetable below, and will also be lodged with the ASX. Those shareholders whom the Company determines to be ineligible shareholders will also be notified by the Company.

The Entitlement Offer is non-renounceable and entitlements will not be tradeable on ASX or otherwise transferrable. Shareholders who do not take up their full entitlement will not receive any payment or value in respect of any entitlements they do not take up, and their percentage equity interest in PTB will be diluted.

The Entitlement Offer will include a top up facility under which eligible shareholders who take up their full entitlement will be invited to apply for additional shares in the Entitlement Offer from a pool of those not taken up by other eligible shareholders. PTB, in consultation with the underwriters, shall determine an appropriate allotment and scaling policy (if required) for all shortfall, including applications under the top up facility. There is no guarantee that applicants under this top up facility will receive all or any of the shares they apply for under the facility.

The Entitlement Offer is fully underwritten by Morgans Corporate Limited and Veritas Securities Limited, subject to the terms of an underwriting agreement.

Dividend

PTB has declared a fully franked cash dividend of 2.5 cents per share. The record date for participation is Monday, 10 February 2020, meaning shares issued under the Equity Raising will not participate.

PTB also expects to pay a final (fully franked) dividend to be announced with the FY20 results in August 2020.

Equity Raising Timetable⁶

| Event | Date |
|--|------------------|
| Announcement of fully committed Placement and fully underwritten Entitlement Offer | 31 January 2020 |
| Lodgement of cleansing notice with ASX | 31 January 2020 |
| Record date for Entitlement Offer 7.00pm (Sydney time) | 5 February 2020 |
| Information booklet and Entitlement and Acceptance Form despatched to Eligible Shareholders Entitlement Offer opens | 7 February 2020 |
| Record date for dividend | 10 February 2020 |
| Settlement of Placement | 11 February 2020 |
| Issue of new shares under Placement | 12 February 2020 |
| Quotation of new shares issued under the Placement and trading commences on a normal basis | 13 February 2020 |
| Last date to extend the closing date for the Entitlement Offer | 13 February 2020 |
| Entitlement Offer closes at 5pm (Sydney time) | 18 February 2020 |
| New Shares commence trading on a deferred settlement basis | 19 February 2020 |
| Announcement of results of Entitlement Offer | 20 February 2020 |
| Settlement of Entitlement Offer | 24 February 2020 |
| Issue of New Shares under the Entitlement Offer and application for quotation of New Shares | 25 February 2020 |
| Quotation of New Shares issued under the Entitlement Offer and trading commences on a normal basis | 26 February 2020 |
| Despatch of holding statements for New Shares issued under the Entitlement Offer | 26 February 2020 |

Further Information

Further details of the acquisitions and the Equity Raising are set out in the Investor Presentation also provided to the ASX today. The Investor Presentation contains important information including key risks and foreign selling restrictions with respect to the Equity Raising.

This announcement has been authorised for release to ASX by the Board of Directors of PTB Group Limited.

If you have any queries, please contact:

Daniel Zgrajewski
 CFO/Company Secretary
 P: 1800 789 258
 E: dzgrajewski@pacificturbine.com.au

⁶ This timetable is indicative only. PTB may vary these dates, in consultation with the Underwriters, subject to the Corporations Act 2001 (Cth), the listing rules of ASX and applicable law.

Important notices

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer, invitation or recommendation to subscribe for or purchase any security or financial product and neither this announcement nor anything attached to this announcement shall form the basis of any contract or commitment. In particular, this announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction in which such an offer would be illegal. The New Shares have not been, or will not be, registered under the U.S. Securities Act of 1933 (the U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the New Shares may not be offered or sold, directly or indirectly, to, persons in the United States unless they have been registered under the U.S. Securities Act (which PTB has no intention or obligation to do or procure) or are offered and sold pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States.

This announcement contains certain forward looking statements and comments about future matters, including PTB's expectations about the financial and operating performance of its businesses, the acquisition of Prime Turbines and certain inventory, the timetable and outcome of the Entitlement Offer and the Placement and the use of proceeds thereof. Forwards-looking statements can generally be identified by use of words such as "may", "should", "could", "foresee", "plan", "aim", "will", "expect", "intend", "project", "estimate", "anticipate", "believe", "forecast" or "continue" or similar expressions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements. Forward looking statements involve inherent risks and uncertainties, both general and specific, and there is a risk that such predictions, forecasts, projections and other forward looking statements will not be achieved.

To the extent that certain statements contained in this announcement may constitute forward-looking statements or statements about future matters, the information reflects PTB's intent, belief or expectations at the date of this announcement. Any forward-looking statements, including projections, guidance on future revenues, earnings and estimates, are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause PTB's actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. Refer to the various risk factors in Appendix A - "Key Risks" of the Investor Presentation entitled "Acquisition of Prime Turbines and CT Aerospace Inventory; Placement and underwritten non-renounceable entitlement offer to raise A\$34.9 million" released to the ASX today. Any forward-looking statements, opinions and estimates in this announcement are based on assumptions and contingencies which are subject to change without notice. PTB disclaims any responsibility to update or revise any forward-looking statement to reflect any change in PTB Group's financial position or any change in the circumstances on which a statement is based.

The information contained in this announcement does not constitute investment or financial product advice (nor taxation, accounting or legal advice), is not a recommendation to acquire PTB shares and is not intended to be used or relied upon as the basis for making an investment decision. This announcement has been prepared without taking into account the investment objectives, financial position or needs of any individuals. Before making any investment decisions, prospective investors should consider the appropriateness of the information having regard to their own investment objectives, financial situation and needs and should seek legal, accounting and taxation advice appropriate to their jurisdiction. PTB is not licensed to provide investment or financial product advice in respect of PTB shares. Cooling off rights do not apply to the acquisition of PTB shares pursuant to the Placement or the Entitlement Offer.