

Media release

28 August 2014

Airwork beats earnings forecast; increases dividend

- NPAT of \$9.8m up 52 percent on 2013 and 17 percent ahead of Prospectus Forecast
- Reported EBIT¹ up 22 percent on 2013 and 9 percent ahead of Prospectus Forecast
- EPS of 21.1 cents, up 38.3 percent on 2013
- Final 2014 dividend increased to 8c a share, fully imputed

Strong growth in its helicopter engineering business has lifted the financial performance of specialist aviation solutions provider Airwork Holdings Limited (Airwork) beyond its IPO forecasts for the year to 30 June 2014.

Net Profit After Tax of \$9.8 million was 17 percent above the prospective financial information (PFI) in the prospectus for the successful IPO and NZX listing in December 2013. After adjusting for IPO costs, adjusted EBIT¹ for the year was \$20.4 million, 8 percent ahead of the PFI.

Earnings per share rose 38.3% to 21.1 cents on reported NPAT. Airwork will pay a fully imputed final dividend of 8 cents per share on 10 October 2014 making the total dividend of 15 cents for the year, one cent more than Prospectus Forecast. Chairman Mike Daniel said this was a satisfying result capping off what has been a watershed year for the Company.

“Airwork has undertaken a successful IPO and NZX listing, exceeded its growth targets and laid the foundations for further growth in the current financial year and beyond.”

“Underpinning our performance was the certification of key areas of the helicopter engineering business (including engine modification and upgrade programs) by European and North American regulatory agencies, opening further market opportunities that we are well positioned to develop.”

Operational review

Winning new business in new geographies whilst maintaining existing revenue streams were the main drivers of the Company's financial performance for the 2014 year. The engineering division revenues benefitted from the certification achieved from the European Aviation Safety Agency (EASA) and certification for additional modifications from Transport Canada and the Federal Aviation Authority (FAA) in the USA.

Airwork traded ahead of expectations in Europe servicing its principal customer, the German search and rescue and medical services provider ADAC.

The helicopter leasing fleet was expanded ahead of expectations with a net gain of six BK117s. Chief Executive Chris Hart said the aircraft were acquired and refurbished to meet the demands of existing and new customers.

“There is demand in the mining and the onshore oil and gas industries for additional aircraft. During the year we acquired and integrated the business of a helicopter operation in South Africa, and reached an exclusive contract with a large operator in the USA to acquire up to 38 BK117 helicopters, as required, over the next four years.

“These are significant growth opportunities for our helicopter engineering and leasing businesses. The US aircraft are being progressively acquired, refurbished at our workshops at Ardmore and leased or sold generating new customers with ongoing revenue streams for Airwork.”

During the year the Company invested in a helicopter leasing joint venture based in Hong Kong. The Company now has operations in Africa, South East Asia, Australia, New Zealand, Europe and North and South America.

The fixed wing division has delivered customers with a strong on time performance in Australia and in New Zealand. Overall revenues were comparable with 2013 while a focus on dry leasing has delivered improved margins. One further Boeing 737-400 was leased into Europe along with an additional two CFM56 engines. An Australian-based Boeing 737-400 previously fitted for passengers was converted to an all freight configuration and became operational in Australia in August.

Airwork expects to achieve continued growth in earnings in the 2015 financial year.

Ends
Chris Hart, Chief Executive Officer

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1. EBIT is a non-GAAP measure which is useful in measuring underlying earnings performance. It is reconciled to the audited results as follows:

	2014 reported	2014 Prospectus Forecast	2013 reported
Operating profit after depreciation, amortisation and impairment expenses as per Income Statement (Reported EBIT)	19,172	17,531	15,701
Add: IPO Costs	<u>1,254</u>	<u>1,371</u>	-
Operating profit after depreciation, amortisation and impairment expenses adjusted for IPO costs (Adjusted EBIT)	<u>20,426</u>	<u>18,902</u>	<u>15,701</u>

The EBIT results include income, expenses and impairment in relation to an aircraft incident in January 2014, the net effect is estimated to be an unfavourable impact compared to the Prospectus PFI of \$193,000.