



Alliance Aviation Services Limited
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Alliance Aviation Services Limited (ASX code: AQZ)

Full Year Results: 30 June 2018

Key Points

- Profit before tax - \$26.1 million, up 33% (Profit after tax - \$18.1 million);
- Record operating cash flow - \$38.3 million;
- Total flying hours – 34,612, up 35%;
- Total revenue - \$248 million, up 23%;
- Net debt – down by \$18.3 million to \$53.4 million;
- Record full year fully franked dividend of 8.8 cents (interim 2.5 cents paid and final declared of 6.3 cents); 193% up on previous year.

Summary

Alliance Aviation Services Limited (“Alliance”) today announced a profit before tax (PBT) of \$26.1 million for the year ended 30 June 2018. This is an increase from \$19.6 million on the previous year’s result. Net profit after tax was \$18.1 million for the year.

Total revenue for the year was \$248 million, an increase of 23% or \$47 million above the prior year.

The growth in revenue is attributed to increased flying activity across all revenue types; contract, wet lease, charter, and regular passenger transport (RPT) and increasing revenues in aviation services. The growth in activity in the tourism sector for both new and existing clients along with the increase in wet lease flying has been particularly significant.

Mr Lee Schofield, Chief Executive Officer of Alliance, commented, “It is an outstanding financial result driven by increased activity across all sectors. Our strategy to diversify revenue is working. We continue to see increased activity in the resources sector with additional services for existing clients. We are also winning new work across all of our flying categories. The whole team at Alliance should be very proud of what has been achieved this year in delivering the highest levels of activity the Company has seen. This increase in activity was delivered with the same levels of operational excellence, safety, flexibility and on time performance we are renowned for.”

Strong operating cash flows resulted in a net debt position of \$53.4 million as at 30 June 2018 down from \$71.7 million in the previous year.

Outlook

Alliance retains a positive outlook for the 2019 financial year based on continued growth in revenue across all sectors and regions. The resources sector continues to show signs of growth with commodity prices of Alliance's customers performing strongly. Increases in services and flight frequency are expected from existing resource sector clients, in addition to new mines that are being established.

Wet lease revenue will continue to grow in the year as a result of Alliance being one of the few airlines in Australia that is able to provide additional capacity for these services.

Opportunity exists to increase charter revenue, with a focus on inbound and domestic tourism operators as a result of additional aircraft in the 2019 and a general increase in charter activity.

RPT is expected to remain stable with no increase in flight hours expected in the year, whilst charter activity is forecast to increase due to the market strengthening and Alliance being able to service this market due to the increase in aircraft in service both currently and into the future.

Aviation services will continue to increase its revenue, profitability and cash flows from its underlying activities being part sales, engine and component leasing, aerodrome management services and engineering services. Increasing value from the \$51 million inventory balance will continue to be recognised as Alliance positions itself as the part supplier of choice to all Fokker operators in the Asia Pacific region as well as a number of operators in Europe.

Sustaining capital expenditure for the year will increase marginally to \$23-\$25 million as a result of additional aircraft having entered the fleet.

Operating cash flows are forecast to increase in FY19. Alliance will benefit from a reduced debt amortisation profile, the sourcing of spare parts from stock rather than purchasing parts and an increased contribution from flying activities and other aviation services.

Dividend

The Directors have resolved to declare a fully franked final dividend of 6.3 cents per ordinary share. This will bring the total declared dividend for FY18 to 8.8 cents per ordinary share which is the highest in Alliance's history. The Record Date is 18 September 2018 and shareholders will be able to utilise the dividend re-investment plan, which will include a 2% discount to the five day volume weighted average price of shares sold on the Australian Stock Exchange between the period of, and inclusive, of 19 September 2018 and 25 September 2018

Capital Management

The payout ratio reflects the Directors recognition for the need to reward shareholders. The Board of Alliance is very aware of the need for good capital management in these times of significant operating cash flows. With significant franking credits, a dividend is an efficient distribution mechanism and the Board is monitoring future dividend payouts along with the needs of the business into the future.

About Alliance

Alliance Aviation is Australasia's leading provider of contract, charter and allied aviation services currently employing in excess of 530 full time staff in Australasia and Europe.

The Company provides essential services to mining, energy, tourism and government sectors and holds IATA's IOSA certification and Flight Safety Foundation "BARS Gold" status, the first such carrier in Australia to be so recognised. In addition a wide range of specialised aviation services including wet leasing, airport management, aircraft trading, parts sales and engine leasing are provided in Australia and internationally.

The Australian business currently operates a fleet of 20 Fokker F100, 9 Fokker 70LR jet aircraft and five Fokker 50 turboprops with additional fleet units scheduled to enter service during FY 2019.

Alliance has world leading operational performance, a key attribute sought by its customers.

The Company has operational bases in Brisbane, Townsville, Cairns, Melbourne, Adelaide, Perth, Darwin, Auckland and Bratislava.

For more information contact:

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Chief Financial Officer and Company Secretary

Alliance Aviation Services Limited

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