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Alliance Aviation Services Limited (ASX code: AQZ)

2018 Annual General Meeting

Managing Directors' Address

Thank you all for attending this morning. It is my pleasure to be able to address you today as I outline some of our key strategies for the next 12 months. I will then ask Lee to talk about some of our key operational achievements and other successes in the year.

Diversification has been a key aspect of Alliance's strategy and success over the last few years and this continued in 2018. Flight hour increases were achieved in all flying categories throughout 2018 with significant increases experienced in wet lease and regular passenger transport (RPT) categories.

The provision of safe and reliable air services to the resources industry remains core to Alliance's business and it is important to note that we retained all of our contracts during the 2018 year and won a number of new contracts. Alliance has an enviable record of contract retention.

In 2018, Alliance introduced four additional aircraft, bringing the total to 33 as at balance date. These aircraft were used to cover maintenance on the existing fleet and to provide additional capacity for our valued clients.

In our 2018 results presentation, a forecast was included which showed that there would be an additional nine aircraft brought into the fleet in this current financial year. As I talk to you today we have taken delivery of three of these aircraft, with two more scheduled to be delivered by the end of this calendar year. The remaining four aircraft are scheduled to complete their entry into service maintenance checks towards the end of this financial year.

These additions will bring the operating fleet size to 42 aircraft which we consider will meet current and future demand. The remaining three whole aircraft will continue to be recognised as inventory until such time as an investment decision is made.

In the last three months Alliance has signed long term agreements with its base maintenance providers in Europe. These agreements were negotiated with both Austrian Airlines Technik Bratislava, and KLM Engineering UK and secure a guaranteed number of maintenance slots for many years to come.

In addition to ensuring long term access to base maintenance providers, Alliance has also acquired a substantial volume of Fokker and Rolls Royce spare parts and engines from a variety of operators. These spares will be used in Alliance's operating fleet as well as being made available for sale to other operators.

Both these outcomes were an important step in ensuring the long term sustainability and operational reliability of the increased fleet both now and into the future.

Before concluding I would like to make a comment in relation to proxy advisors and their recommendations. Much has already been said in this current AGM season about the relevance of proxy advisors and I would urge all of our shareholders to form their own considered view of the performance the Company.

Finally and on behalf of the Directors and our shareholders I would like to again thank those organisations who provide professional support to Alliance, namely PwC, Norton White, Herbert Smith Freehills and Catapult Partners and to our financiers the ANZ and Commonwealth banks.

I now pass across to Lee.

Scott McMillan
Managing Director