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**Alliance Aviation Services Limited (ASX code: AQZ)
2021 Annual General Meeting
Managing Director's Address**

Thank you, Chairman and good morning to both ladies and gentlemen that are present here in Brisbane today and those joining us via video conference. It is my pleasure to be addressing you today as I reflect on the important outcomes from 2021 and outline key strategies for the future. Following my address, Lee will talk about some of our key operational achievements and successes from the past year and an updated fleet deployment plan.

Outcomes of the 2021 Financial Year

As Steve mentioned, the 2021 financial year laid the foundation for future growth and substantial revenue diversification. In chronological order, the following outcomes were achieved in the 2021 financial year:

- Finalised the Share Purchase Plan (as part of the June 2020 capital raise);
- Contracted to acquire 14 E190 aircraft and associated spare parts and equipment;
- Contracted to acquire 16 E190 aircraft;
- Acquired Unity Aviation Maintenance Pty Ltd from Toll Holdings Limited;
- Executed wet lease agreement with Qantas for up to 18 E190 aircraft;
- Added the E190 to Alliance's Air Operator's Certificate;
- Commissioned the E190 full flight simulator in Brisbane
- Finalised a debt financing round of an additional \$120m;
- Commenced revenue services on E190 aircraft;
- Commenced wet lease operations for Qantas; and
- Contracted to acquire 2 E190 aircraft.

During the year Alliance settled 27 out of the 32 contracted E190 aircraft, seven spare E190 engines as well as two large tranches of spare parts, tooling, ground support equipment and a full flight simulator.

All of the above was achieved at a time that Alliance's existing operations produced the best results in the company's history including a record underlying profit and record underlying cash flows.

None of the above would have been achieved without the hard work of all Alliance's employees and a number of support organisations so I must say a heartfelt thank you to you all. You should all be very proud of these achievements.

Another pleasing outcome of the 2021 financial year was the ability of Alliance to not only retain four long term contracted clients but also to retain a number of ad-hoc clients acquired during the initial stages of the COVID-19 pandemic. Some of these clients remain as ad-hoc and others have been converted to contract clients. Being able to retain these clients again highlights how Alliance's KPI's of safety, on time performance and financial sustainability are a key feature that cements our position as Australia's premier provider of contracted aviation services.

Alliance's Fokker fleet increased by one aircraft in the 2021 financial year and once again was the backbone of the FIFO operation producing increased cash flows and a strong financial result. Fokker base maintenance continues to be performed in Cairns with the overflow being completed in Singapore. Border restrictions and international movement restrictions are still obstacles to recommencing maintenance in Europe and the UK. With the introduction of the E190 into the Alliance fleet we have welcomed a new maintenance provider in Coopesa which is based in Costa Rica. They are doing an outstanding job in performing the entry into service checks and repainting of the E190 fleet.

With the increased operational fleet and the impacts of COVID-19 on overseas base maintenance, the company is reviewing its long-term base maintenance requirements. That review will be completed by the end of this calendar year.

Inventory

The history of Alliance is punctuated by significant and opportunistic purchases of aircraft and whilst these are well known and widely discussed, many observers ignore that significant volumes of spare parts are also purchased for greatly reduced prices.

Australia is situated at the end of supply lines from Europe and the Americas. Safe and reliable operation of aircraft requires significant investment in spare parts to ensure that when required we have the parts on hand.

Our industry leading on time performance can be directly traced to our engineering dispatch reliability which remains in excess of 99%. This requires the right spares in the right location at the right time. Significant company resources in terms of labour and capital have ensured that we maintain our reputation for reliability.

At 31 October 2021, the company held spare parts for both the Fokker and Embraer fleets in the amount of \$88 million with these spares being stored in multiple operating bases and storage facilities around Australia, the United Kingdom and the United States.

This investment at the low unit costs obtained, will ensure cost effective and efficient maintenance for the productive service lives of both aircraft types.

Strategy

Alliance has been built on the foundations of providing safe, reliable, and financially sustainable aircraft capacity to a wide range of clients across a number of sectors over many years. The introduction of the E190 fleet continues to align strongly with these foundations and principles. Lee will speak in more detail around the deployment of the E190s however I will say that they will be used for wet lease, dry lease, and other contract charter operations. Where appropriate, and for the simplification of operating bases, E190s will also service some current FIFO clients.

That said, for at least the next seven to nine years the Fokker fleet will continue to be the backbone of the company's FIFO operations

Alliance will continue to focus on its strategy of being a wholesaler of aircraft capacity to a number of sectors within Australia.

Closing remarks

Once again, I would like to thank all of our suppliers both existing and new. We would not have been able to achieve what we did in the 2021 financial year without your continued support of Alliance. I know that the pandemic has impacted negatively on a number of you and I am happy that Alliance could continue to support you in many ways over the course of the last 12-18 months. It is these relationships that enable Alliance to satisfy its three core values each and every year.

Finally, and on behalf of the Directors and our shareholders, I would like to again thank those organisations who provide professional support to Alliance, some of those are here today and others we look forward to seeing in person very soon. They are PwC, Norton White, Herbert Smith Freehills and Catapult Partners and to our financiers the ANZ Bank and Pricoa.

I would also like to thank those organisations who carry out and publish research on Alliance being, Blue Ocean Equities, Credit Suisse, Morgans, Ord Minnett, and Wilsons.

I will now pass across to Lee.

Scott McMillan
Managing Director