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**Alliance Aviation Services Limited (ASX code: AQZ)  
2021 Annual General Meeting  
Chief Executive Officer's Address**

Thank you, Scott, and good morning, all. It is my pleasure to be able to address you today both in person and via the webcast.

**Operational overview**

The 2021 financial year was a very successful year for Alliance. Besides the record financial results, operationally it was a year that Alliance should also be proud of. As the impacts of the pandemic continued there were several operational challenges that Alliance needed to overcome. Pleasingly as a result of hard work and the collaboration of Alliance's staff, suppliers and clients all these challenges were overcome. It has been remarkable to witness what has been accomplished under somewhat trying times. Most importantly Alliance continued to operate services with the safety of our staff, suppliers and clients being of the utmost importance.

It is as a result of being able to overcome these operational challenges that Alliance was able to report a record profit before tax for the financial year. To recognise the employees for their continued hard work and flexibility in these changing times, the Board wished to show their appreciation and offered eligible staff \$1,000 worth of Alliance shares at no monetary cost. This offer was accepted by 97% of the 430 eligible employees and these shares will be issued later this week. The Board is again pleased to be able to issue these shares to Alliance employees as it provides alignment with both shareholders and the Board of targeting long term sustainable value growth of Alliance.

Operationally Alliance increased flight hours across the major flying categories in the 2021 financial year. Contract hours increased by 9%, charter by 83% and RPT by 3%. These increases reinforce the view that the pandemic has materially changed the way organisations want their staff to travel. Wet lease services recommenced in late 2020 with additional long term contract wet lease services beginning in May 2021.

As is the case each year, our focus continued on our three core principles of safety, on-time performance ("OTP") and sustainable profit. While our safety KPIs and profitability were maintained and improved, there was a slight slip in our on-time performance to 93% for the full year and this caused us to implement some additional strategies to protect our OTP, which have had a positive impact in the first quarter of FY22.

### **COVID-19 Vaccination Mandate**

In March 2021, Alliance became the first company in Australia to implement a policy of mandatory COVID-19 vaccinations for all staff. This policy was implemented to ensure the health and safety of all Alliance staff, contractors, suppliers, and customers (and their staff). I am pleased to report that by Monday, 15 November 2021, 100% of all Alliance employees will have had a least one dose of a COVID-19 vaccine. This is a milestone for the company, and I would like to thank all employees for their support in ensuring Alliance provides the safest possible working environment.

### **E190 Expansion Program**

During the 2021 financial year Alliance invested heavily in the E190 project both on capital and operational expenditure. Over \$200m was committed for aircraft, inventory, full flight simulator and other spares which has been the largest capital program in the company's history. An additional \$11 million was incurred on pilot, cabin crew and engineer recruitment, salaries and training, air operators certificate amendment, training flights, additional corporate staff and other costs. Total staff numbers increased year on year by 215.

In the 2021 financial year the company operated 38,000 flight hours. With the capital investment undertaken during the last financial year and the first half of the current financial year, we anticipate that by June 2023 annualised flight hours will increase to between 113,000 and 131,000 or a factor of between 3 and 3.4-times greater activity.

### **Outlook**

The investment in the E190 fleet and crew continues into the 2022 financial year. The capital aircraft acquisition expenditure ceased in October 2021 with half of the E190 fleet still to complete their entry into service maintenance checks. The recruitment and training of crew and associated costs will continue during the first half of the current financial year as Alliance continues to prepare for forecast significant increase in flying activity.

Alliance is forecast to have between 12-16 aircraft operating wet lease services by the end of March 2022. The full financial impact of the additional fleet capacity is not expected to be

recognised until the 2023 financial year and attached to this speech and lodged with the ASX is an updated schedule for the deployment of the E190 fleet.

The FIFO contract book remains strong and has seen flight hour growth in the first quarter of the 2022 financial year. Ad-hoc charter operations are forecast to continue at current levels subject to aircraft availability and Alliance has made the decision to reduce its RPT footprint.

One of the real accomplishments of Alliance over the years has been the ability to manage cashflow whilst investing in growth. This focus on cash generation resulted in the company reporting record underlying operating cash flow cash in the 2021 financial year. This strong underlying cash flow has continued in this financial year.

The Directors are of the opinion that operating conditions will improve in line with the overall aviation industry and Alliance's outlook is therefore positive and for an underlying result in line with the 2022 financial year consensus forecast.

### **Closing remarks**

To the Management Team, again thank you for your continued efforts and contribution over the 2021 financial year. When listening to Scott's summary of achievements earlier it is clear that you have all been a part of one of the most transformative years in Alliance's history. I thank each and every one of you for your dedication and professionalism during this time. The exciting thing for me is that there is more to come as we deploy the newly acquired fleet.

**Lee Schofield**  
**Chief Executive Officer**

# Deploying the E190's

32 E190s have been settled.



	30 June 21	Q1 FY22	Q2 FY22	Q3 FY22	Q4 FY22	Q1 FY23
<b>Number of Aircraft Acquired</b>	26	5	1	-	-	
<b>Number of Aircraft in Service*</b>	5	9	14	22	26	32
<b>Number of Aircraft fully deployed^</b>	4	5	13	17	22	29
<b>Annualised Hours Generated</b>	~12,000	~10,000	~30,000	~45,000	~60,000	~80,000

\*Includes all aircraft approved for use on the Company's Air Operator Certificate and available to be operated

^includes only aircraft that have been contracted for use by customers