Alliance

RESULTS PRESENTATION

- For The Year Ended -

30 JUNE 2024

Alliance Aviation Services Limited

FY2024 HIGHLIGHTS

Record revenue, EBITDA, profit before tax and flight hours

$646.8m
Revenue

$178.4m
EBITDA

$86.3m
Profit Before Tax

$109.3m
Operating Cashflow
(excl. aircraft acquisitions classified as inventory)

104,545
Flight Hours

72
Aircraft in Service

OPERATIONAL SNAPSHOT

23
Years of operation

94%
On-time performance

86
Aircraft (All owned)[1]
(7 undergoing part out & 7 awaiting entry into service maintenance)

98%
Australasian owned

1,413
Employees

$473m
Market capitalisation[2]

1. *As at 27th August 2024 including three on dry lease.*
2. *As at 27th August 2024 closing price.*

REVENUE STREAMS

97% of flights operated by Alliance in FY2024 were operated under long term contracts.

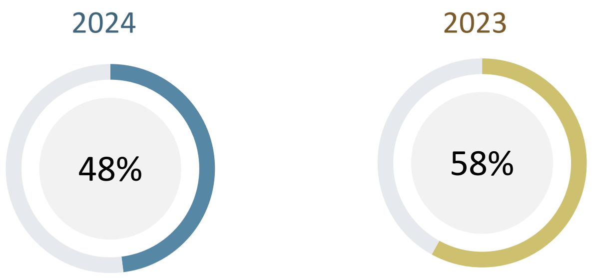
CONTRACT CHARTER (FIFO)	WET LEASE	AD HOC CHARTER	AVIATION SERVICES
Flights operated on behalf of resource sector customers.	Providing flight services to major airlines.	Short-term flying contracts to a range of customers incl. corporates, government, and sporting teams.	Alliance provides specialised services to airlines and clients.
Growth in revenue (4%) & hours (5%) compared to FY2023.	Wet lease revenue grew by $102m to $266m (up 63%). Flying hours were 73,116 in FY2024.	Charter revenue stable for FY2024	Aviation services reported revenue of $29.4m in FY2024 (up 109% from FY2023).
One new client added in FY2024.	Revenue includes 26 x E190s operating on contracted wet lease for Qantas. Four aircraft options remain.	Reduction in available capacity due to the sustained demand for contract and wet lease services.	Airport management, and ground handling services performed as expected.
Seven major contract renewals completed in the year.	Other contracted wet lease hours also increased in the year.	Capacity to return as additional aircraft join the fleet.	The market was very active for engine sales which the Group capitalised on.
Revenue includes annualised impact of margin increases from FY2023 renewals and revenue from new clients.			
FLYING			SERVICES

OPERATIONAL METRICS

Alliance continues to realise increased economic benefits of its capital expansion programme. Increases in both activity and asset utilisation has been the key profitability driver in FY2024.

Detail	30 June 2024	30 June 2023
Aircraft in service – Fokker	37	37
Aircraft in service – Embraer	35	31
Flight Hours – contract	28,402	27,143
Flight Hours – wet lease	73,116	45,112
Flight Hours – RPT	949	1,071
Flight Hours – charter	1,354	1,203
Flight Hours – other (incl. maintenance)	724	666
Total Flight Hours	**104,545**	**75,195**
Closing Staff Numbers	1,413	1,206

Contract Revenue as a % of Total Revenue & Income



Wet Lease Revenue as a % of Total Revenue and Income

FINANCIAL SUMMARY

For the Year Ended

30 JUNE 2024

INCOME STATEMENT

Observations:

- Wet lease revenue increased as additional aircraft were deployed on wet lease services at the same time utilisation per aircraft increased.
- One new client and an uplift from the annualised impact of margin increases and new clients from FY23 led to contract revenue increasing by 4%.
- Charter revenue remains consistent, with RPT revenue reducing as the Group continues to focus on being a wholesaler of capacity.
- Dry lease revenue of $8.9 million is included in Other Income.
- Finance costs have increased as additional debt was utilised to fund strategic growth.
- Depreciation continues to increase as a result of increased operating aircraft and increased utilisation.
- Tax expense increased in line with profitability however no cash tax is forecast to be payable until 2026.

($ in millions)	30 June 2024 Actual	30 June 2023 Actual	% PCP Change
Revenue			
Contract revenue	309.8	297.0	4%
Wet lease revenue	265.7	163.5	63%
Charter revenue	16.3	16.2	1%
RPT revenue	12.7	15.7	(19%)
Aviation services	29.4	14.1	109%
Other (Incl. FX)	12.9	10.7	21%
Total revenue	646.8	517.2	25%
Operating expenses	(468.4)	(394.9)	(19%)
EBITDA	178.4	122.3	46%
Depreciation and amortisation	(73.2)	(57.6)	(27%)
EBIT	105.2	64.7	63%
Finance costs	(18.9)	(12.5)	(51%)
PBT	86.3	52.2	65%
Income tax expense	(25.8)	(15.7)	(64%)
NPAT	60.5	36.5	66%
Basic EPS (cents)	37.61	22.68	66%

STATEMENT OF FINANCIAL POSITION

Observations:

- Inventory increased in the year as $84.5 million of aircraft acquired for part out or sale were purchased. A number of part out items have been sold or consumed in Alliance's operations.
- PP&E increased in the year predominately as a result of the acquisition of seven aircraft as part of the E190 expansion program.
- Trade and other payables increased due to the increased cost base, activity and increased payroll accruals due to the timing of year end.
- Provisions increased due to the impact of CPI on annual and long service leave balances.
- Borrowings increased during the period as 14 aircraft were acquired and the deposit on an additional hangar was made.
- Net debt at 30 June 2024 was $305.9 million.

($ in millions)	30 June 2024 Actual	30 June 2023 Actual	% PCP Change
Cash	31.2	22.3	
Receivables	78.3	79.1	
Inventory	143.6	89.6	
Total current assets	253.1	191.0	33%
PP&E & Intangibles	719.6	563.6	
Right of use assets	26.1	25.1	
Total non-current assets	745.7	588.7	27%
Total assets	998.8	779.7	28%
Trade & other payables	110.7	85.7	
Borrowings	7.5	7.5	
Current tax liabilities	-	0.2	
Lease liabilities	2.6	2.5	
Provisions / other	22.8	19.5	
Total current liabilities	143.6	115.4	(24%)
Borrowings	329.6	227.8	
Deferred tax liability	85.7	59.6	
Lease liabilities	27.2	25.6	
Provisions / other	2.0	1.7	
Total non-current liabilities	444.5	314.7	(41%)
Total liabilities	588.1	430.1	(37%)
Net assets	410.7	349.8	17%

CASH FLOW STATEMENT

Observations:

- Operating cash flows includes $84.5 million for the purchase of seven aircraft that are classified as inventory as they will be parted out for internal use or third-party sales.
- Interest expense has increased due to additional debt and the higher interest rates in FY2024.
- Payments for PP&E included $53.8 million in Embraer fleet expansion capex, $25.2 million on existing Fokker and Embraer fleet maintenance and $23.2 million on the Rolls-Royce engine program. The Rockhampton Hangar facility completed construction during the year with $1.7 million spent in the period.
- $109.3 million of debt was drawn down in the year to fund the acquisition of 14 aircraft (seven in inventory and seven in PP&E).

($ in millions)	30 June 2024 Actual	30 June 2023 Actual
Receipts from customers (inclusive of GST)	703.8	533.1
Payments to suppliers (inclusive of GST)	(578.7)	(484.8)
Payments for aircraft classified as inventory	(84.5)	-
Net interest (paid)/received	(15.9)	(10.5)
Income tax received/(paid)	-	3.1
Net cash inflow from operating activities	24.7	40.9
Net payments for aircraft, property, plant & equipment	(115.1)	(81.9)
Free cash flow	(90.4)	(41.0)
Proceeds from borrowings	109.3	50.3
Repayment of borrowings	(7.5)	(5.3)
Principal elements of lease payments	(2.5)	(2.6)
Net cash outflow from financing activities	99.3	42.4
Net increase in cash and cash equivalents	8.9	1.4
Cash & cash equivalents at the beginning of period	22.3	20.9
Cash & cash equivalents at the end of period	31.2	22.3

CAPITAL EXPENDITURE

Observations:

- 15 x Fokker and 7 x Embraer E190 base maintenance checks occurred in FY2024. As more aircraft are added to the fleet and utilisation increases, checks are required earlier.
- Rolls-Royce Tay650 utilisation increased in line with activity. This is expected to continue in 1HFY2025 with the program ceasing from 31 December 2024.
- Three planned Tay620 engine maintenance events in FY2025, plus contingency for Tay650 and CF34-10 requirements.
- The growth capital expenditure includes the cost of acquisition and entry into service of 12 x E190s that will be settled in FY2025.
- Growth capital expenditure includes the acquisition of additional hangars at Brisbane Airport offset by the sale of an existing hangar.

($ in millions)	30 June 2024 Actual	30 June 2025 Forecast
Existing fleet maintenance		
Cash outflows		
Base maintenance providers (E190 and Fokker)	25.2	37.6
Engine care program/Engine maintenance	23.2	27.5
Other miscellaneous	7.4	4.4
Operating costs capitalised	3.8	4.6
Total cash outflows	59.6	74.1
Non-cash		
Parts from inventory used in base maintenance	97.6	30.0
Total existing fleet maintenance	157.2	104.1
Growth capital expenditure		
Cash outflows		
Embraer program (Azorra and AerCap)	56.3	151.1
Rockhampton Hangar and Brisbane Hangar	3.1	15.0
Operating costs capitalised	1.9	2.0
Total cash outflows	61.3	168.1
Non-cash		
Parts from inventory used in base maintenance	8.4	10.0
Total growth capital expenditure	69.7	178.1
Total capital expenditure[1]	226.9	282.2

1. *Equates to movement in PP&E plus depreciation (adjusted for Right of Use Depreciation)*

APPROVED DEBT FUNDING FACILITIES

The latest E190 aircraft acquisition program had an expected cost range of between $300 million and $336 million for the final 28 aircraft. The current average cost per settled aircraft is at the top of that range. Higher cost to equal more value.

Observations:

- Post 30 June 2024, facilities increased by $150 million to fund aircraft and other capital acquisitions. $50 million will be drawn down in August 2024 with the balance able to be utilised as required for aircraft settlements.
- The current E190 acquisition program cost (aircraft purchase only) is expected to be $139.8 million in FY2025 and $90.3 million in FY2026.
- Leverage ratio (post AASB 16) is forecast to peak at ~2.42 times in December 2024 quarter and reducing from that point forward.
- Total facility limits will be $487 million as of 28 August 2024.
- Net debt to reduce once aircraft purchases have been completed and operating cash flows continue to increase.

DRIVING GROWTH

For the Year Ended

30 JUNE 2024

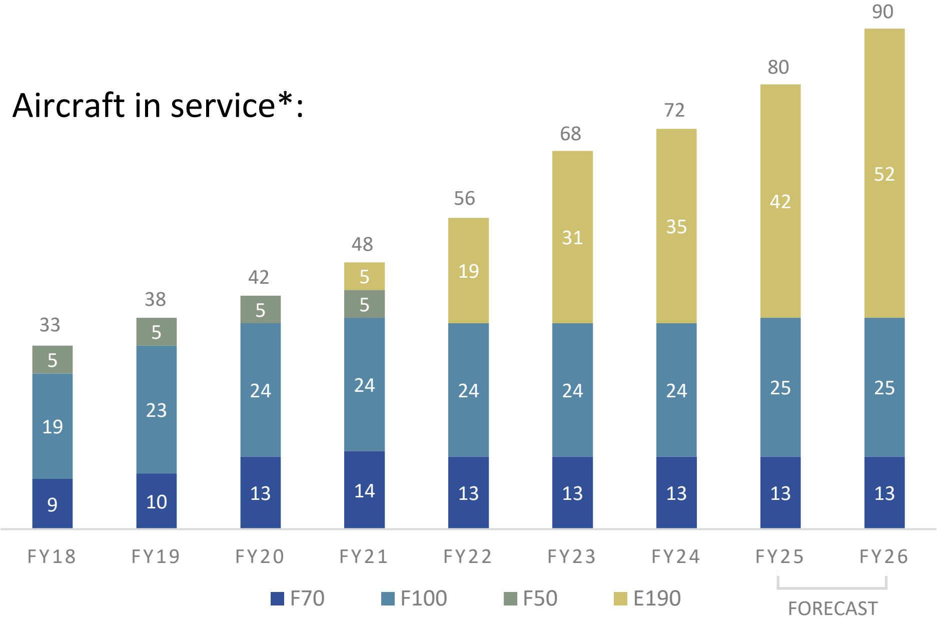
CONTINUING E190 FLEET EXPANSION

The Company continues to add aircraft into the fleet at the earliest available opportunity. This is forecast to accelerate in FY2025 and FY2026 as additional E190's are acquired.

Fleet Acquisition - update

- Alliance has settled on 10 out of 30 E190 aircraft contracted for purchase under the AerCap transaction.[1]
- 12 E190 aircraft are forecast to settle in FY2025 with the remaining 8 expected to settle in FY2026.
- Alliance has settled on 4 out of 4 E190 airframes contracted for purchase under the Azorra transaction.[2]
- The balance of the fleet will be funded by the additional debt facilities finalised in August 2024 of $150 million plus operating cashflow.

Aircraft in service*:



Quarter Ending	Jun 23	Sept 23	Dec 23	Mar 24	June 24	Sept 24	Dec 24	Mar 25	June 25	Sept 25	Dec 25	Mar 26	Jun 26
E190 Delivery	-	2	4	4	4	4	3	3	2	2	3	2	1
E190 Fleet Units[3]	33	35	39	43	47	51	54	57	59	61	64	66	67

1. *As announced on 27 February 2023.*
2. *As announced on 13 July 2023.*
3. *Total E190 fleet units may be lower where aircraft are disassembled for parts. This is for illustrative purposes only.*

**Bar Chart: Includes all operational aircraft whether flying or in heavy maintenance. Includes all aircraft on dry lease to third parties.*

STRATEGY & OUTLOOK

The outlook for 2025 remains strong with additional aircraft due for deployment on wet lease services and stable contract charter operations. Focus will be on cost management and margin growth.

- FY2024 is the first full year that has realised the benefits of the significant fleet expansion program that commenced in June 2020. These benefits are realised in profit and cashflow.
- Contract revenue continues to increase and any reductions from the BHP Nickel West contract are forecast to be absorbed by existing or new clients.
  Demand generally in the FIFO sector is strong with a focus on flying on Tuesday to Thursday still a dominant factor.
- Contracted wet lease revenues are forecast to increase with the final four wet lease options forecast to be exercised in FY2025. In addition to this, it is forecast that the utilisation per aircraft will increase in the year.
- Alliance is progressing opportunities to dry lease an additional two aircraft.
- FY2024 was an active year in Aviation Services, in particular part sales. This is forecast to continue in FY2025 as airlines globally continue to deal with engine reliability issues.
- Ad-hoc charter activity will benefit when more capacity becomes available with 8 aircraft expected to enter service in FY25.
- At balance date there were 20 E190 aircraft due to be settled between 1 July 2024 and 30 June 2026. Significant cash flows will return to the business once these aircraft settlements are completed.
- The Company has determined to retain capital to continue to fund business growth and accordingly will not be declaring a dividend for FY2024. Once the cash flows return to the business excess capital will be returned to the shareholders as dividends.

OTHER INFORMATION

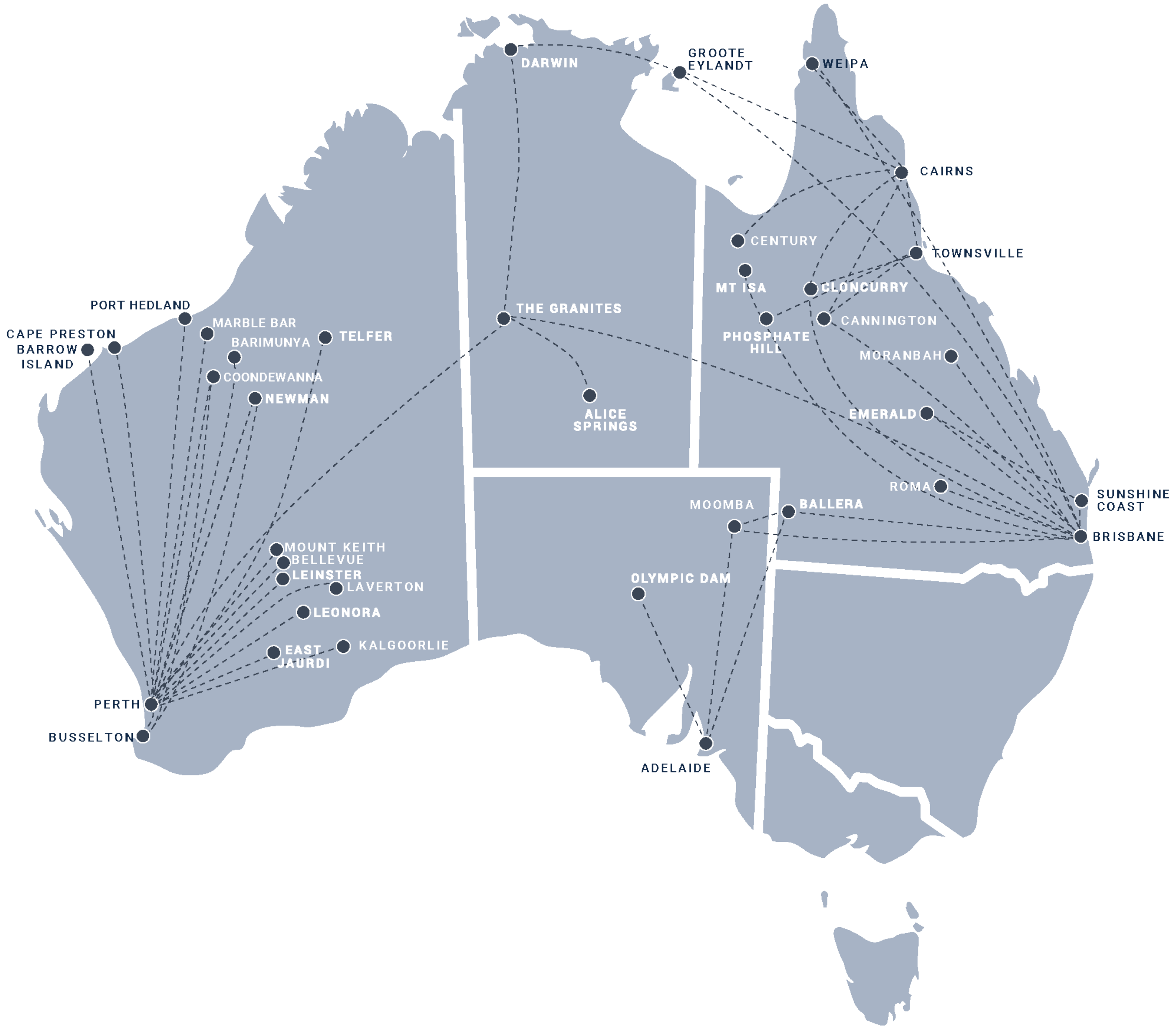
For the Year Ended

30 JUNE 2024

NATIONAL FOOTPRINT CONTRACT CHARTER

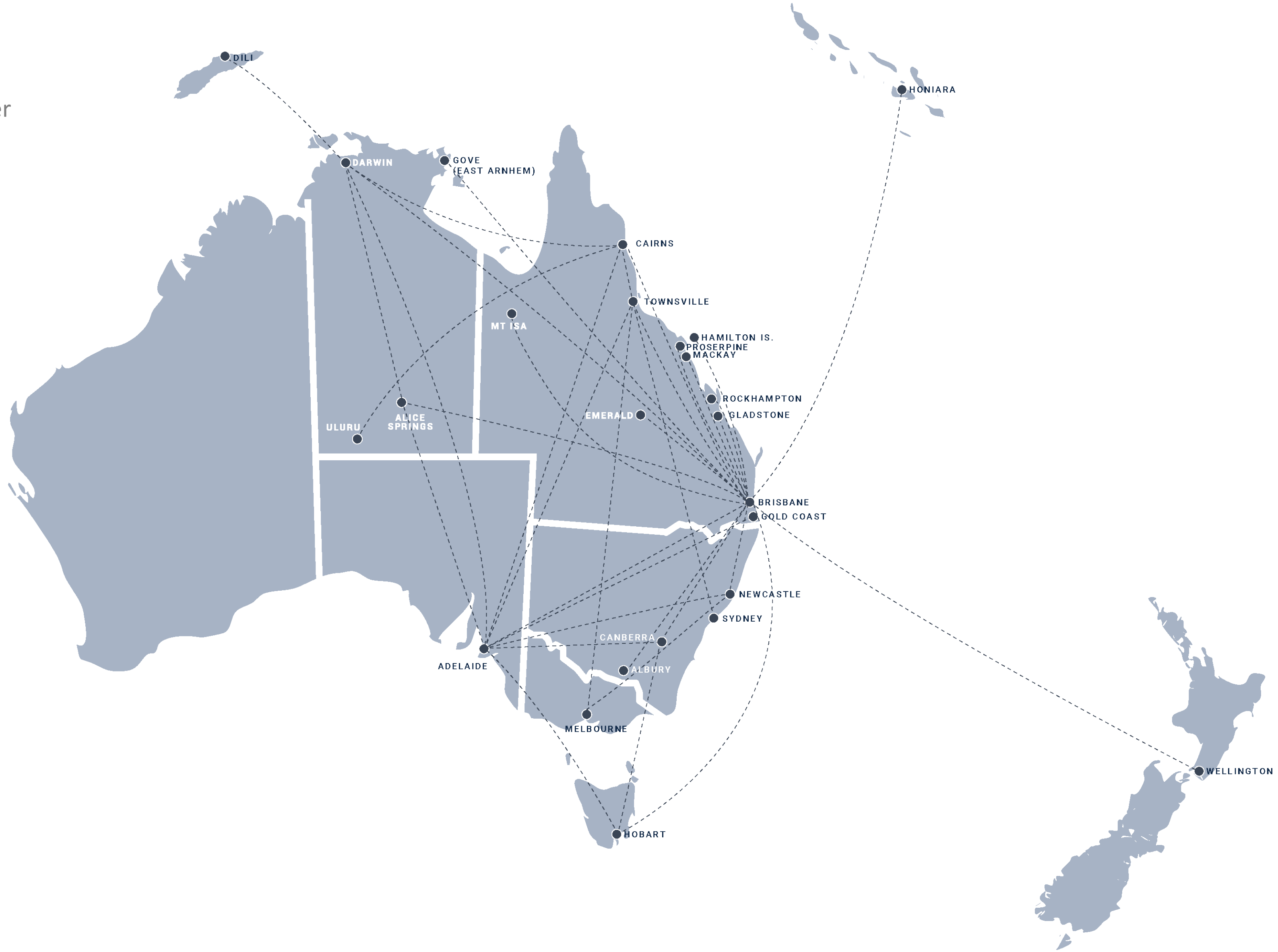
Alliance has crew and engineering bases in nearly every Australian capital city, and several regional ports being Townsville, Cairns and Rockhampton. This is a notably greater regional presence than other Australian operators, which gives Alliance a distinct advantage over these operators.

Due to Alliance’s nationwide footprint the Company can move quickly with maximum flexibility and responsiveness to client needs.



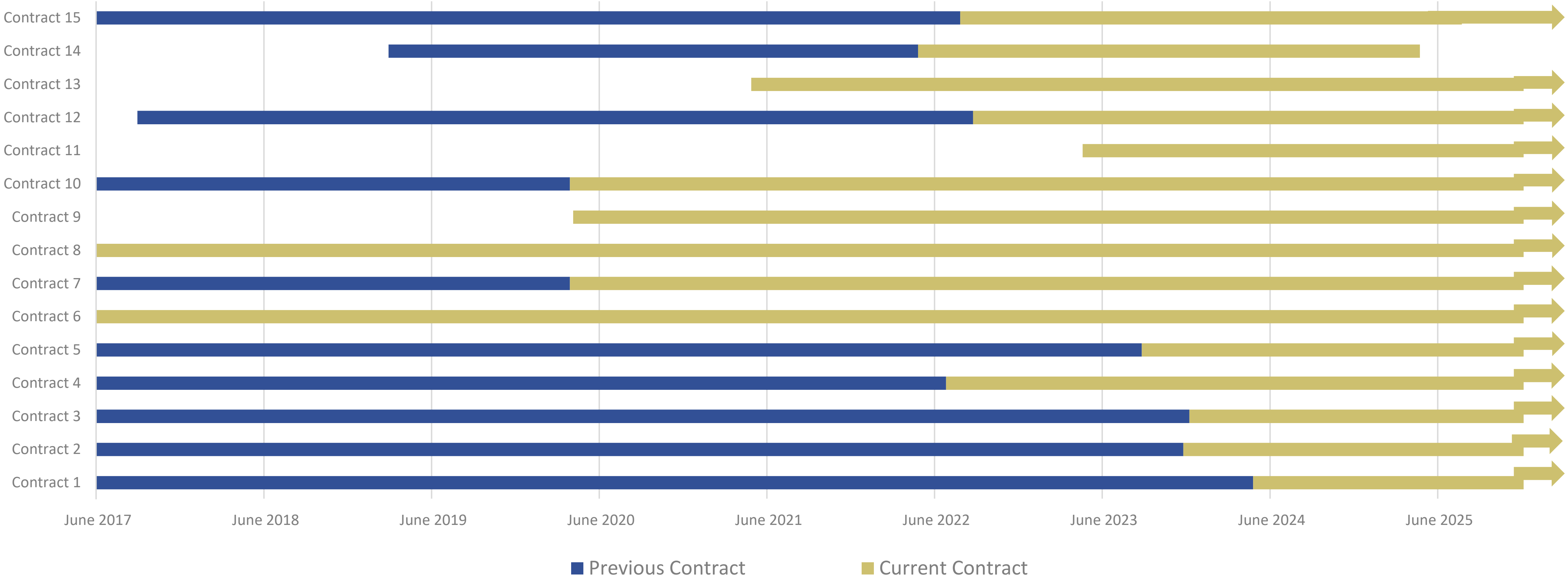
NATIONAL FOOTPRINT CONTRACT WET LEASE

Alliance's wet lease operations are based on a fixed schedule with seasonal fluctuations. Under contracted wet lease agreements, Alliance has operated to nearly every state in Australia. The routes shown are those flown in June 2024.



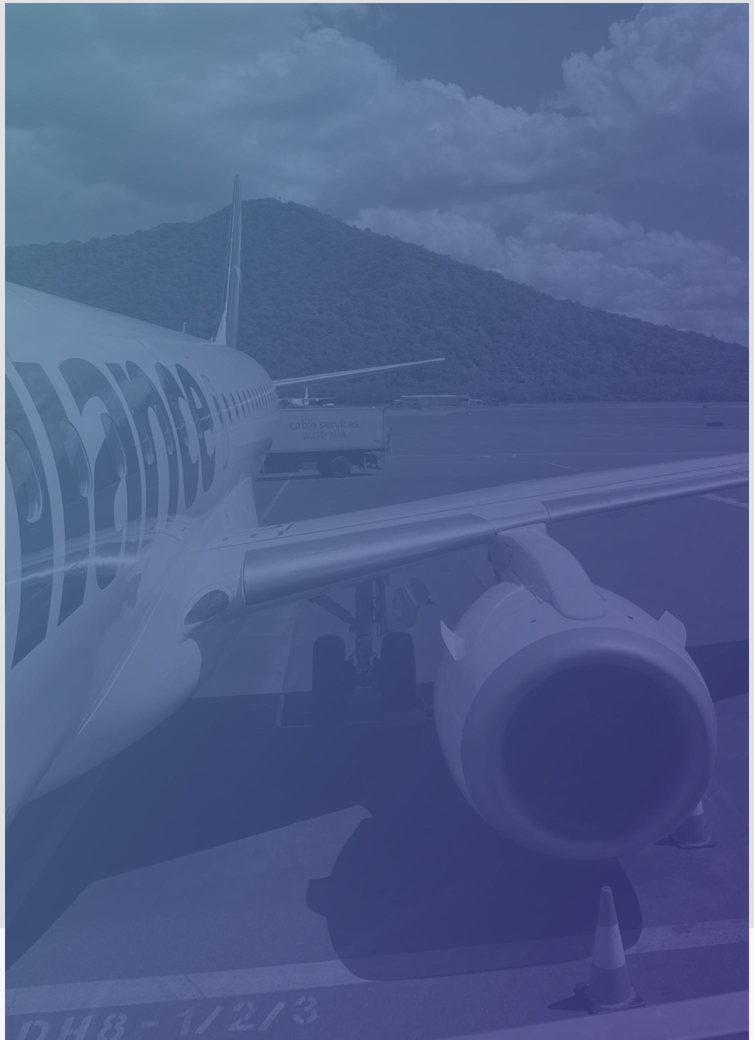
GROWING CONTRACT CLIENT BASE

Seven major contract renewals in FY2024. Re-confirms Alliance as the leading FIFO operator in Australia.
Safe, on-time and cost effective charter solutions.



COMMODITY EXPOSURE

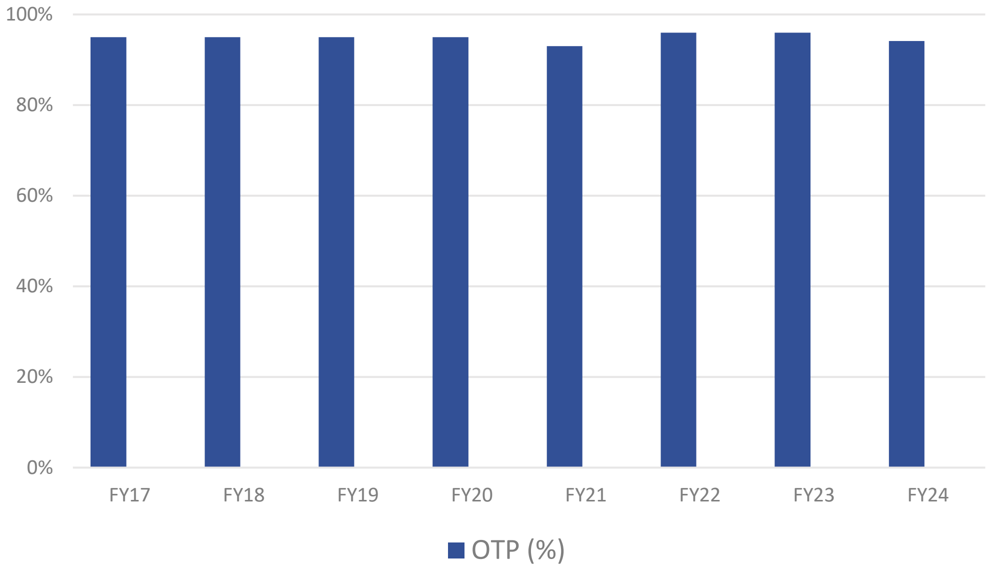
Major commodity exposure as a percentage of the top 15 contracted FIFO client's revenue for the year ended 30 June 2024.



SUPERIOR OPERATIONAL PERFORMANCE

On-time Performance Comparison

The Alliance on-time performance record is one of its major differentiating factors and a key driver of its exceptional track record of contract renewals. Alliance's average on-time performance continues to be in the mid to late 90th percentile. This is attributable to an experienced management team, appropriate fleet size, extensive parts inventory and maintenance capability, and owning the aircraft.



Note 1: FY2024 BITRE data not published at the date of this document.
Source: Department of Infrastructure, Domestic airline on time performance Annual Reports, Company Data.

Safety Certifications

Safety is the Group's number one priority. Alliance is proud to hold the IATA Operational Safety Audit certification and the Basic Aviation Risk Standard (BARS) Gold standard. The BARS standard was established by BHP and Rio Tinto as a not for profit to serve the contract aviation sector and implement a set of industry aviation standards. This is critical for Alliance's FIFO business.
Alliance was the first aviation company in Australia to achieve BARS gold standard.

FIFO

BARS

Safety

IATA

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