

A close-up photograph of the tail section and engine of an Alliance Airlines aircraft. The tail is painted in a vibrant blue with a large yellow chevron graphic. The engine is white with a black fan. The registration number 'VH-XWR' and the Rolls-Royce logo are visible on the engine casing. The background is a clear blue sky.

**Alliance**

Interim Results Presentation

Half Year 31 December 2015

Released 15 February 2016

Scott McMillan, Managing Director  
Lee Schofield, Chief Executive Officer  
Matt Dyer, Chief Financial Officer

# Key Messages

Alliance has continued to work on the strategies which were announced early in the 2015 calendar year. It remains committed to broadening its revenue base, reducing expenditure and lowering debt. The key messages at the half year are:

- 1 Retaining a stable outlook as a result of contracted flying for the second half.
- 2 Alliance continues to broaden its revenue base and provide new services.
- 3 Starting to derive the savings from the engineering restructure and strong capital management strategy.
- 4 Established European operation for the Fokker fleet project.
- 5 Operational performance is far superior than any other operator in Australia.

# Achievements

Key Achievements from the first half of operations are:

- 1 Underlying NPAT of \$4.1m, retaining a stable outlook
- 2 Retained all contracts, charter and wet lease income up 30%
- 3 Capital Expenditure \$10.9m, a 25% reduction.
- 4 Established European operation for the Fokker fleet project
- 5 Lowered overall debt by \$1.1m

*“In the first half we renewed two material contracts. We continue to provide exceptional operational performance and flexible innovative service offerings. In the first half over 95% of flights departed on time...”*

A close-up photograph of the tail and engine of an Alliance Airlines aircraft. The tail is painted in a vibrant blue with a large yellow chevron graphic. The engine is white with a silver nacelle. The registration number 'VH-XWR' and the Rolls-Royce logo are visible on the engine casing. The background is a clear, bright blue sky.

*Alliance*

---

The Financial Numbers

Half year ended

31 December 2015

# Underlying Income Statement Summary

## Profit & loss statement

<i>(\$ in millions)</i>	1HFY16	1HFY15	% <i>pcp</i>
	Actual	Actual	Change
<b>Revenue</b>			
FIFO	80.2	90.3	(11%)
Charter / ACMI	10.8	8.4	29%
Other	2.0	4.7	
<b>Total revenue</b>	<b>92.9</b>	<b>103.4</b>	(10%)
Operating expenses	(72.8)	(79.1)	
<b>EBITDA</b>	<b>20.1</b>	<b>24.3</b>	(17%)
<i>Margin %</i>	21.6%	23.5%	
Depreciation	(11.5)	(12.2)	
<b>EBIT</b>	<b>8.6</b>	<b>12.1</b>	(29%)
<i>Margin %</i>	9.3%	11.7%	
Finance costs	(2.4)	(2.4)	
FX Costs	(0.5)	(0.7)	
Income tax	(1.6)	(2.7)	
<b>NPAT</b>	<b>4.1</b>	<b>6.3</b>	(35%)
<b>EPS</b>	<b>4.0</b>	<b>5.9</b>	(32%)

## Key observations

- Contract revenue influenced by fuel price
- Flying hours stable compared with previous year
- Charter and Wet Lease income up nearly 30%
- Forecast annualised EBITDA of \$1.7 million per aircraft. Stable on last year.
- EBITDA influenced by engineering restructure in late August 2015.

# Summary Balance Sheet

## Balance Sheet

(\$ in millions)	31-Dec-15	30-Jun-15	31-Dec-14
Cash	2.0	0.6	4.1
Receivables	32.6	24.5	21.8
Inventory	29.8	24.7	24.3
<b>Total current assets</b>	<b>64.4</b>	<b>49.8</b>	<b>50.2</b>
PP&E	170.1	170.7	182.3
Deferred tax asset	–	–	8.7
<b>Total non-current assets</b>	<b>170.1</b>	<b>170.7</b>	<b>191.0</b>
<b>Total assets</b>	<b>234.5</b>	<b>220.5</b>	<b>241.2</b>
Trade & other payables	25.9	23.0	23.0
Borrowings	12.0	9.8	20.3
Current tax liabilities	–	–	–
Provisions / other	4.6	4.8	4.4
<b>Total current liabilities</b>	<b>42.6</b>	<b>37.6</b>	<b>47.7</b>
Borrowings	71.9	75.3	76.2
Deferred tax liability	–	–	–
Provisions / other	1.5	1.6	1.7
<b>Total non-current liabilities</b>	<b>73.4</b>	<b>77.0</b>	<b>77.9</b>
<b>Total liabilities</b>	<b>116.0</b>	<b>114.6</b>	<b>125.6</b>
<b>Net assets</b>	<b>118.5</b>	<b>106.0</b>	<b>115.6</b>
<b>Gearing (D/D+E)</b>	<b>41.5%</b>	<b>44.5%</b>	<b>45.5%</b>

## Key observations

- Capital Expenditure less than depreciation in accordance with strategy
- Receivables includes \$7.2 m receivable from Austrian
- Total borrowings reduced by \$1.1m
- Inventory includes 2 F50 engines removed from the aircraft plus the European inventory.

# Cash flow Statement

## Cash flow statement

	1HFY16	1HFY15
<i>(\$ in millions)</i>		
Receipts from customers (inclusive of GST)	106.0	124.1
Payments to suppliers (inclusive of GST)	(88.6)	(103.8)
Net interest paid	(2.4)	(2.3)
Income tax paid	–	4.2
<b>Net cash inflow (outflow) from operating activities</b>	<b>15.0</b>	<b>22.2</b>
Net payments for aircraft, property, plant & equipment	(12.3)	(14.7)
<b>Free Cash Flow</b>	<b>2.7</b>	<b>7.5</b>
Net proceeds from issue of shares	–	0.2
Payments to existing shareholders for companies	–	–
Proceeds from borrowings	6.2	1.0
Repayment of borrowings	(7.5)	(2.6)
Dividends paid	–	(2.2)
<b>Net cash inflow (outflow) from financing activities</b>	<b>(1.3)</b>	<b>(3.6)</b>
Net increase (decrease) in cash & cash equivalents	1.4	3.9
Cash & cash equivalents at the beginning of period	0.6	0.2
<b>Cash &amp; cash equivalents at the end of the half year</b>	<b>2.0</b>	<b>4.1</b>

## Key Observations

- Working capital and capital expenditure continue to be key items.
- Business forecasts stronger cash flow in the second half.

# Operational Statistics

Metric	2015	2014
Average Aircraft in Service	26	27
Flight Hours – FIFO / Charter	11,392	11,792
Flight Hours – Wet Lease	472	343
Total Flights	8,907	9,476
Average Staff Numbers	429	510
EBITDA per Aircraft (\$m)	0.78	0.97
Revenue per Employee (\$k)	217	206
FIFO % of Total Revenue	86%	86%

(6 month data)

- 95% on time performance, industry leading!!
- Flying hours are stable
- Total staff numbers has declined over the period and was approximately 400 as at 31 December 2015
- EBITDA per aircraft is expected to be circa \$1.7m for the full year

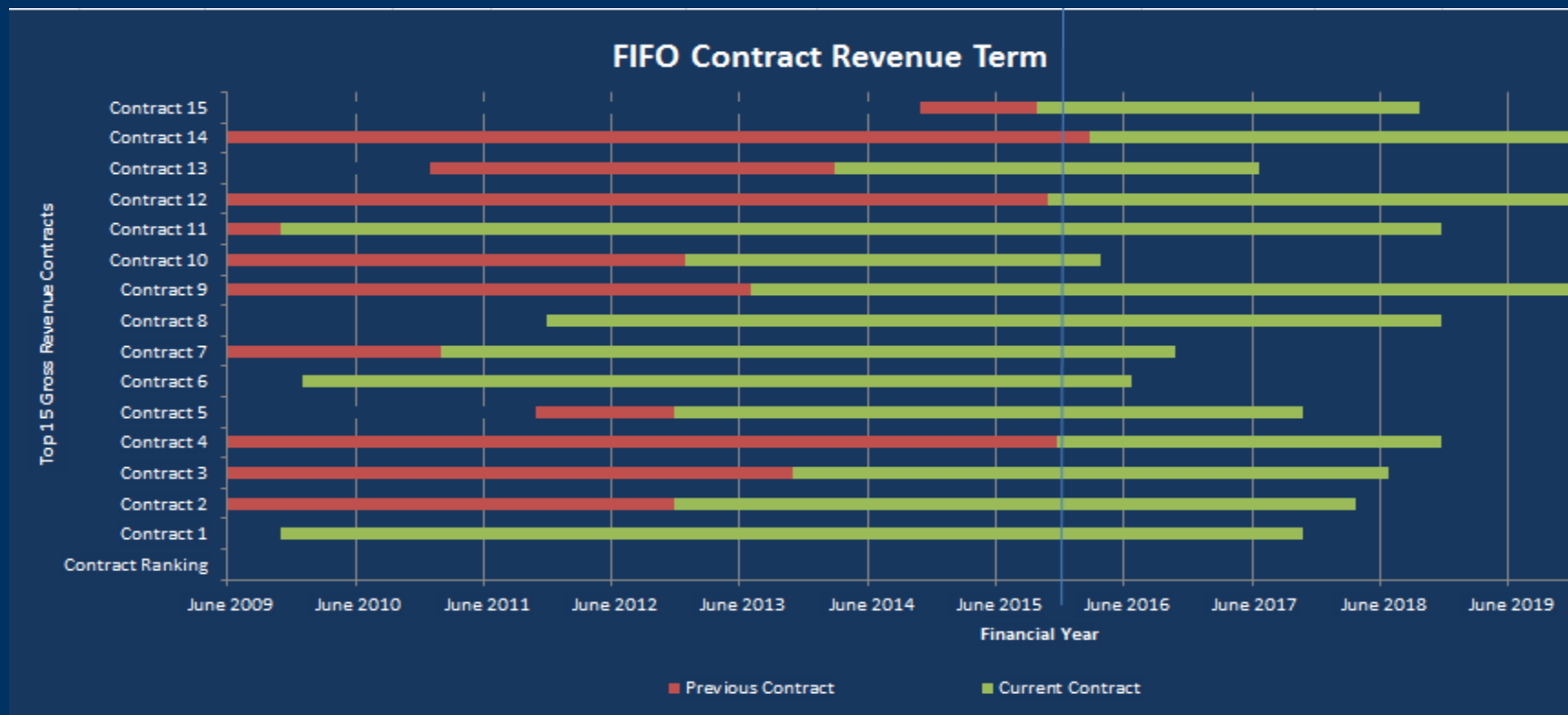


A close-up photograph of an airplane's tail section and engine. The tail is painted blue with a prominent yellow chevron graphic. The engine is white with a Rolls-Royce logo and the registration number 'VH-XWR' visible. The background is a clear blue sky.

***Alliance***

Flying Contracts

# Customer Relationships



- Again able to demonstrate the ability to retain long term contracts
- Extended Contracts with BHP OLP and South 32 (GEMCO and Cannington)
- Alliance continues to be innovative with the service offering.

# National Footprint includes New Zealand

## BRISBANE (HEAD OFFICE)

- Offices
- Hangar
  - Line maintenance

## ADELAIDE

- Offices
- Hangar (largest at airport)
  - Line maintenance

## PERTH

- Alliance T2 facility and FIFO Lounge
- Maintenance facility plus large spares inventory
- Major crew base

## MELBOURNE

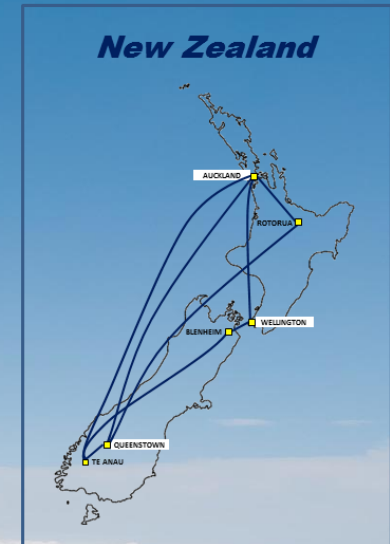
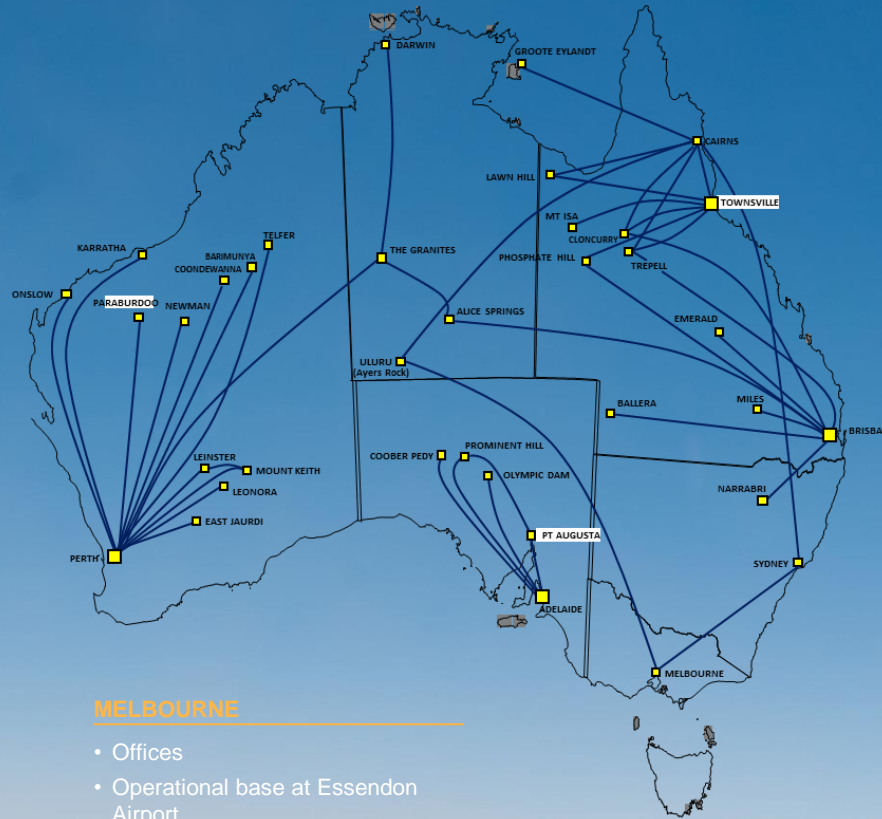
- Offices
- Operational base at Essendon Airport

## CAIRNS

- Offices (engineering support and crew)
- Line maintenance

## TOWNSVILLE

- Offices
- Hangar
- Line maintenance



# It is the Performance that makes the difference!

- Australia's most experienced and resourced F100/70 operator.
- Low cost base allows low utilisation which means a reliable operation for our customers
- Own outright 100% of the fleet
- Maintained BARS Gold Recognition Status and Wyvern "Wingman" accredited.
- Fully compliant with all Regulatory, Manufacturer and Resource Industry safety standards.
- Continual excellent results with external audits, continued focus on safety.

A close-up photograph of the tail section of a blue and white aircraft. The tail fin is blue with a yellow chevron shape. A white engine nacelle is visible in the lower left, featuring a Rolls-Royce logo and the registration number 'VH-XWR'. The background is a clear blue sky.

*Alliance*

Outlook

# Outlook

- The Directors have maintained a “stable” full year outlook.
- The second half performance is expected to be better than the first considering the current schedule.
- Capital expenditure is expected to be as forecast.
- There are additional opportunities which Alliance expects will result in financial gain in relation to the European operations in the second half.
- Alliance expects to reduce debt again in the second half.
- Any future dividends will be considered by the Directors at the FY16 full year results.

A close-up photograph of an aircraft's tail section and engine. The tail is painted in a dark blue color with a prominent yellow chevron graphic. The engine is white with a dark fan. The registration number 'VH-XWR' is visible on the engine casing, along with the Rolls-Royce logo. The background is a clear blue sky.

***Alliance***

Appendices

# Disclaimer

## Reliance on third party information

This presentation was prepared by Alliance Aviation Services Limited (ACN 153 361 525) ("Alliance"). This presentation may contain information that has been derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information.

## Presentation is summary only

The information contained in this presentation is in summary form only and does not purport to be complete. It should be read in conjunction with Alliance's 2015 Interim Financial Report. Any information or opinions expressed in this presentation are subject to change without notice and Alliance is under no obligation to update or keep current the information contained within this presentation.

## Not investment advice

This presentation is not intended to be, and should not be considered to be, the giving of investment advice by Alliance or any of its shareholders, directors, officers, agents, employees or advisers. The information provided in this presentation has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs. Each party to whom this presentation is made available must make its own independent assessment of Alliance after making such investigations and taking such advice as may be deemed necessary.

## No offer of securities

Nothing in this presentation should be construed as either an offer to sell or a solicitation of an offer to buy or sell Alliance securities in any jurisdiction.

## Forward looking statements

This presentation may include forward looking statements. Although Alliance believes the expectations expressed in such forward looking statements are based on reasonable assumptions, these statements are not guarantees or predictions of future performance, and involve both known and unknown risks, uncertainties and other factors, many of which are beyond Alliance's control. As a result, actual result, actual results or developments may differ materially from those expressed in the statements contained in this presentation. Investors are cautioned that statements contained in this presentation are not guarantees or projections of future performance and actual results or developments may differ materially from those projected in forward looking statements. Past performance is not a reliable indication of future performance.

## No Liability

To the maximum extent permitted by law, neither Alliance or any of its shareholders, directors, officers, agents, employees or advisers accepts, and each expressly disclaims, any liability, including without limitation any liability arising from fault or negligence, for any errors or misstatements in, or omissions from, this presentation or any direct, indirect or consequential loss arising from the use of this presentation or its contents or otherwise arising in connection with it.