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## **Alliance Aviation Services Limited (ASX code: AQZ)**

### **2024 Annual General Meeting**

#### **Chief Executive Officer's Address**

Thank you, Scott, and good morning, all.

It is my pleasure to address you all today at my first Annual General Meeting as the CEO of Alliance. I will provide an overview of a number of operational outcomes of FY24, along with our outlook into FY25.

#### **Introduction**

For those shareholders I have not yet had the pleasure of meeting, I thought I should provide a short summary of my experience and expertise.

My experience in aviation dates back over 34 years having started my career with Ansett Airlines. This then expanded into leadership roles within various Australian aviation circles along with management consulting appointments across the globe. I joined Alliance in 2015 as General Manager Operations and in 2021 was promoted to the role of Chief Operating Officer, prior to my appointment as CEO on the 1<sup>st</sup> March this year.

I look forward to continuing to serve you as Alliance's CEO and I will now move to provide an overview of the operation from FY24.

#### **Operational overview**

As has already been noted today, FY24 was the most successful in Alliance's history and an outstanding achievement for all stakeholders. I mention stakeholders, as without the collaboration of our over 1,400 staff, our clients and service providers, we would not be able to achieve the record operational and financial results of FY24. Operating over 104,000 flight hours, with an increase in fleet to 72, coupled with increased aircraft utilisation, FY24 is an achievement all stakeholders should be proud of.

The majority of the 39% increase in flight hours, was a result of the increased demand for wet lease services. Contract charter hours also grew by 5% resulting from increases to schedules from existing clients and the addition of one new resource sector client.

The significant increase in activity has been a result of the fleet and growth strategy that Alliance started in mid-2020. Today, that strategy, has resulted in Alliance contracting to acquire 67 Embraer E190 aircraft (of which 51 have been settled) and an increase of staff to over 1,400.

With the significant increase in flight hours, we did experience some challenges with OTP, however, our operational teams are fully committed to ensuring our industry leading OTP is maintained.

On Safety, Alliance continues to be certified as a holder of IATA's IOSA risk programme and continues to attain the highest level of BARS certification, as required by numerous resource sector companies.

### **Infrastructure/Hangars**

As our chairman noted, Alliance has two major infrastructure projects underway to support our aircraft maintenance activities. These are the construction of the impressive base maintenance facility at Rockhampton and the recent securing of the Airbus hangar complex at Brisbane Airport to support an expanded Line Maintenance operation well into the future.

I am pleased to advise that our Rockhampton Maintenance facility is open for business. This year, we have been busy setting up the maintenance facility with aircraft tooling, equipment and procedures while also establishing an engineering workforce in readiness for our first base maintenance check which will commence next month.

As part of our readiness, the Rockhampton team have also been busy parting out 2 x E190s acquired from AerCap, which has provided hands-on training for all, including apprentices. The parting out of these E190s is already supporting our operational fleet, as intended, and will be a key element in ensuring our base maintenance activities are efficient and on-time.

As Scott mentioned earlier, Alliance has been working closely with Aviation Australia establishing an apprenticeship program which is well underway. I recently had the privilege to meet the students and apprentices that have started with this program and the opportunities that this provides the youth in regional Queensland is fantastic.

The establishment of our Rockhampton maintenance facility is a critical step of achieving our long-term goal of onshoring all of Alliances base maintenance activities.

In Brisbane, we recently entered into an agreement to acquire the Airbus Hangars which are adjacent to our existing facilities at Brisbane Airport. This acquisition will future proof Alliance's Line Maintenance operations with the new hangar space being large enough to accept Embraer E190 aircraft which will complement our existing E190 Hangar 2 facility.

In addition to this, there is significant additional space for engineering workshops and spare parts storage which will result in a more efficient operation. The facility will also enable our crew and engineering training facilities and equipment to be brought back in house along with additional office facilities for head office teams.

## Industrial Relations

We are working closely with our various workforces to achieve mutually beneficial outcomes in Enterprise Agreement negotiations; however, the current industrial climate remains complex and unpredictable.

## Outlook

FY25 flight hours are forecast to increase as a result of an additional wet lease, FIFO and ad-hoc charter activity. Two additional aircraft will also be deployed on dry lease during FY25.

To satisfy the increased flight hours and dry lease commitments, we continue to add aircraft into the operating fleet to take advantage of the opportunities available to Alliance.

Specifically on FIFO, as advised to the market in July, BHP Nickel West announced its operations at Mt. Keith and Leinster would move to care and maintenance by December 2024. We now have line of sight on what the BHP Nickel West schedule changes are likely to be and are confident that any subsequent available capacity will be taken up by existing and new customers.

Aviation Services, our parts and aircraft trading arm, is forecast to provide a greater source of revenue and margin than in previous years.

## Closing remarks

In closing, to the Board of Directors, I thank you for the opportunity in being appointed to the role of CEO. To Peter Housden and David Crombie, I thank you for your guidance and support and wish you all the best in your retirement from the Board.

To the management team and staff at Alliance, I thank you for your support in continuing to manage the growth in activity and all that comes with it.

A special mention to Marc Devine, our CFO and Company Secretary for the past seven years who has joined us here today. Marc, from the whole team, thank-you for your support, and we wish you all the best in your new venture. Of course, welcome to Andrew Evans who commenced as CFO and Company Secretary on the 1<sup>st</sup> September.

With further growth ahead of us, the entire Alliance team will continue to focus on our three core principles: safety, OTP and profitable growth.

**Stewart Tully**

**Chief Executive Officer**