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3rd October 2024

Alliance Aviation Services Limited (ASX code: AQZ)

2024 Annual General Meeting Managing Director's Address

Thank you, Chairman, and good morning, everyone both here in person and those online.

It is again my privilege to address you today and provide an update on the financial performance of the business and provide an update as to business strategy.

As Steve noted, FY24 was a highly successful year for Alliance. It really was a culmination of everything the Company has been working on for the last four years. The operational and financial achievements of FY24 prove that the strategic decisions taken four years ago were the right ones.

The contract business remains strong and continues to be the foundation on which the business grows. The significant increase in wet lease activity in such a short timeframe supports the investment decisions made in respect to additional fleet acquisitions. This continues to be the case today as we increase the fleet size.

Financial Overview

Alliance reported a record profit before tax of \$86.3 million in FY24. This was an increase of 65.3% on the previous financial year and was a result of the increases in flight hours and aircraft utilisation. In addition to this the peak level of the elevated recruitment and training activity needed to fulfil the increasing capacity requirements required from 2021 onwards has diminished significantly in FY24 and we now move to a "business as usual" pattern of recruitment and training.

Net cash inflows from operations (excluding aircraft acquired as inventory) increased by 167.2% to \$109.3 million. This increase in cashflow is further evidence that Alliance has and will continue to benefit from the significantly increased aircraft utilisation. Capital expenditure increased in the year to \$226.9 million.

Debt increased during the year by \$101.8 million which included funding for the aircraft acquisition program with 14 E190 aircraft settled in FY24. As noted in the FY24 Results Presentation, subsequent to year end Alliance entered into financing arrangements with ANZ bank and Pricoa Private Capital that provide facility limits sufficient for payments of the remaining E190 aircraft from the AerCap transaction.

Contract renewals in FY24 were significant with Alliance retaining all material contracts including BHP Iron Ore, BHP Olympic Dam and BHP Nickel West for periods of between five and seven years. Four other FIFO contracts were renewed in the year. Alliance has never

been in a better position with its contract book. Again, Alliance's ability to operate safe, on time and reliable air services has been the factor in all these renewals.

Growth Strategy

The Company's stated strategy is to deliver profitable growth. This will be achieved by continuing to be the pre-eminent provider of quality aviation capacity to the mining and resources sector and wet-lease capacity to other carriers.

The outcomes of FY24 supports this.

The Company continues to focus on our three core KPI's being safety, on time performance and profitable air services. By focusing on these three KPI's we will again strive to deliver outstanding financial and operational results.

We will continue to focus on aircraft and crew utilisation, the Company's cost base and those other parts of our business that we can influence. For those areas we cannot directly influence we will work with stakeholders to ensure that services provided are the most efficient and cost effective as possible.

The acquisition program as announced in June 2020 continues with 16 aircraft remaining to be delivered between now and June 2026. By the end of this expansion programme the Company will have increased the fleet by a factor of three. As I speak with you today Alliance is operating at full capacity, and it is the focus of the business to complete entry into service requirements on already purchased aircraft in as short a time as possible to meet that demand.

The expansion programme is fully funded through debt and operating cash flow.

Additional aircraft in the fleet will allow Alliance to commit to capacity requests, provide for redundancy in the network and increase the activity in ad-hoc charter services.

Stewart will address you shortly on our infrastructure strategy.

Leadership Appointments

I would like to congratulate Stewart Tully on his appointment to the role of Chief Executive Officer and Andrew Evans to the role of Chief Financial Officer. Stewart has been with the Company since 2015 in various senior roles.

Andrew has been with Alliance for over 12 months and brings significant financial experience and commercial acumen to the leadership team.

ESG

A significant part of our environmental focus is on reducing fuel consumption and overall energy consumption.

The Company has strengthened its monitoring of engine operational performance to ensure the most efficient fuel consumption across all FIFO and wet lease operations.

The Company is also incredibly proud of the engineering apprenticeship program that we run in conjunction with Aviation Australia. Currently that program has 40 participants in years 11 and 12 attending school in Central Queensland. The first graduates from that programme will commence full time employment with Alliance in November.

Alliance remains a supporter of Breast Cancer Network Australia, Foodbank Queensland, and Variety SA.

Many other community organisations around Australia rely on us to assist them with fund raising and where we can, transport.

Closing remarks

I would like to join with Steve in sincerely thanking David and Peter for their outstanding service as Directors of Alliance from 2011. We have certainly come a long way since that time and the contribution you have made to the Group can be seen in the results reported for FY24.

Alliance has been built on ensuring that professional relationships endure and that all our stakeholders know they are a vital part of the success of the Company.

With that said and on behalf of the Directors and shareholders, I would like to thank the professional advisers who assisted us during the year. They are PwC, Norton White, King & Wood Mallesons, Herbert Smith Freehills, and Catapult Partners and to our financiers the ANZ Bank, Pricoa, and NAIF.

Alliance is again fortunate to also have three accomplished organisations conduct and publish research on the Company, namely Ord Minnett, Morgans and Wilsons. We again thank you for your efforts in understanding our unique business.

It has been a tumultuous year for a number of other airlines in Australia and we know firsthand that some of these challenges have impacted common suppliers to Alliance. We want to acknowledge this fact and let you know that we are here to support you. We value our long term and mutually beneficial relationships and will work with you to ensure a positive outcome for all.

FY24 was a year where every stakeholder had a hand in the impressive results.

The Directors are of the opinion that operating conditions are such, that the outlook is positive for a result to be in line with the 2025 financial year consensus forecast of \$92.9 million PBT and \$202.1 million EBITDA.

I will now handover to Stewart Tully to introduce himself as Chief Executive Officer who will provide an overview of the operations of FY24 and the outlook for FY25.

Thank you all.

Scott McMillan
Managing Director