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

### **Half Year Results Summary: 31 December 2017**

#### **Key Points**

- Profit Before Tax - \$10.3 million, up 19%;
- Total Revenue - \$117.2 million, up 16%;
- Operating Cash Flow - \$21.3 million, up 24%
- Total Flying Hours – 16,207 hours, up 34%;
- Total Debt – \$69 million, down \$6 million for the half year;
- Fully franked interim dividend of 2.5 cents per share declared and payable in April 2018.

#### **Summary**

Alliance Aviation Services Limited (“Alliance”) today announced a profit before tax (PBT) of \$10.3 million (Net profit after tax (NPAT) of \$7.1 million) for the half year ended 31 December 2017. This represents an increase in PBT of 19% when compared to the previous half year.

Revenue increased to \$117 million, up from \$101 million in the previous year. This increase is attributable to increased flying hours across all revenue streams. Wet lease hours increased by 105% and regular passenger transport (RPT) hours increased by 137% when compared to the previous half year. Contract hours reflect incremental flying activity increases across a broad range of resource clients and the charter market has seen steady activity over the half year.

During the half year, Alliance invested in the introduction of two additional aircraft into the operational fleet and the recruitment and training of additional flight crew and engineering staff. This investment was required due to increased capacity requirements.

Managing Director of Alliance, Scott McMillan commented, “The business has seen a substantial increase in activity over the last six months and this is expected to continue. The investment made in both fleet units and associated resources puts Alliance in a strong position to capitalise on additional capacity requests from existing and prospective clients.”

Alliance’s total debt position of \$69 million is a reduction of \$6 million for the half year and comes off the back of the strong first half financial result and increasing cash flows.

Alliance successfully re-financed its core debt in December 2017 on improved terms and with its existing financiers. The expiration of the new facility is January 2021.

The Chief Executive Officer of Alliance, Mr Lee Schofield said, "Alliance has continued its debt reduction strategy over the half year whilst at the same time negotiated successfully with its financiers for a renewed facility. This has further strengthened Alliance's balance sheet which will allow Alliance to react quickly when further opportunities present themselves."

### ***Outlook***

Alliance maintains a positive outlook for the 2018 financial year with the second half of the year expected to exceed the first half's financial performance.

The resource sector will continue to generate increased activity in the second half of the year. Charter activity is expected to be consistent with the first half of the year.

Wet lease and RPT flying is expected to remain stable.

Aviation services will continue to grow and will see increased profitably and positive contributions to cash flow from part sales, leasing and aircraft trading opportunities being realised in the future.

Capital expenditure is as forecast and the second half of the year will see the addition of three aircraft to the Alliance fleet. These additions will position Alliance for further growth opportunities and allow for the capacity coverage required to cover the existing fleet heavy maintenance program.

Operating cash flow should further improve in the second half as the final payment in respect of the Austrian fleet transaction occurred in January 2018.

Alliance maintains a position of no cash tax being payable in the next couple of years as the Group will utilise historical tax losses.

### ***Dividend***

The Directors have resolved to pay a fully franked, interim dividend of 2.5 cents per share.

The Record Date is 20 March 2018 and shareholders will be able to utilise the dividend re-investment plan (DRP). Shares issued under the DRP will be issued at a discount of 2.0% to the volume weighted average price of shares sold on the Australian Stock Exchange (ASX) over five trading days calculated from the date immediately following the record date for payment of the dividend.

This dividend has been declared at a time that the business has increasing operating cash flows, has finalised the Austrian fleet transaction, refinanced its debt and is investing in the future.

**About Alliance**

*Alliance Aviation is Australasia's leading provider of contract, charter and allied aviation services currently employing in excess of 500 full time staff in Australia, New Zealand and Europe.*

*The Company provides essential services to mining, energy, tourism and government sectors and holds IATA's IOSA certification and Flight Safety Foundation "BARS Gold" status, the first such carrier in Australia to be so recognised. In addition a wide range of specialised aviation services including wet leasing, airport management, aircraft trading, parts sales and engine leasing are provided in Australia and internationally.*

*The Australian business currently operates a fleet of 18 Fokker F100, 9 Fokker 70LR jet aircraft and five Fokker 50 turboprops with additional fleet units scheduled to enter service in 2018.*

*Alliance has world leading operational performance, a key attribute sought by its customers.*

*The Company has operational bases in Brisbane, Townsville, Cairns, Melbourne, Adelaide, Perth, Darwin, Auckland and Bratislava.*

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