



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

Alliance delivers Profit and Improved Cash Flow

- Restructured business
- Statutory Profit before tax of \$13.5 million
- Capital expenditure down 47%
- Established European business
- Commenced flying for Virgin Australia
- Debt reduced

Alliance Aviation Services Limited (Alliance or the Company) today announced a statutory profit before tax of \$13.5 million for the year ended 30 June 2016. This result has been driven by continued cost control and diversification of revenue streams.

During the year Alliance commenced the transition to a broader based aviation services company.

The acquisition of the Austrian Airlines Fokker fleet in November 2015 has positioned Alliance to derive significant revenue opportunities from aircraft and spare part sales together with wet and dry leasing opportunities in a number of countries.

During the year free cash flow improved as a result of the implementation of a restructured engineering division and lower capital expenditure. This additional free cash flow was used for debt reduction and improvements to the working capital position of the group.

Alliance's operating performance is what continues to set it apart from its competitors.

On time performance of 95% and industry leading reliability has greatly assisted Alliance in successfully renewing 3 significant contracts and winning several new contracts including Santos.

Dividend

The Directors continue to review the trading performance of Alliance. Having completed the restructure of the maintenance program and the outlook for improved cash flow, the Directors have declared a fully franked dividend of 2.0 cents per share for the year ended 30 June 2016.

The record date for this dividend is 22 September 2016 with a payment date of 20 October 2016.

Alliance operates a dividend reinvestment plan (DRP) that enables shareholders to elect to reinvest all, or a portion of, their dividends into additional shares in Alliance. The DRP is available for the final dividend payable on 20 October 2016.

Shares will be issued at a discount of 2.0% to the volume weighted average market price of shares sold on the ASX over the 5 trading days immediately following the record date for payment of the dividend.

Business Strategy and Outlook

The financial outlook for Alliance for the year ended 30 June 2017 is one of opportunity.

The outlook from the flying operations within the resources sector is expected to be similar to the previous year. New and improved revenue will be generated from:

- Charter opportunities in tourism, event and school opportunities;
- Aircraft sales;
- Wet and Dry leasing; and
- Spare Parts sales.

Alliance announced in February 2016 its intentions to enter into a strategic partnership with Virgin Australia. These discussions are continuing and we of the belief that once this agreement is finalised it will provide further opportunities to Alliance.

Continued improvement in liquidity will mean that Alliance reduces debt further in the 2017 financial year.

Ends

For more information contact:

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About Alliance

Alliance Aviation is Australasia's leading provider of contract and air charter services.

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.

The Australian business currently operates a fleet of 15 Fokker, 8 Fokker 70LR jet aircraft and 5 Fokker 50 turboprops at world leading on time performance and despatch reliability.

The Company has an Australasian footprint with operations based in Brisbane, Townsville, Cairns, Melbourne, Adelaide, Perth and Auckland.

In November 2015, Alliance entered into a contract with Austrian Airlines AG for the purchase of 21 Fokker aircraft to allow for revenue diversification with aircraft and part sales.

For more information contact:

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