



27 May 2015

Alliance Aviation Services (ASX code: AQZ)

Alliance sells two Fokker 100 aircraft

- **Significantly reduces gearing**
- **Improves productivity through increased fleet utilisation**
- **Provides market confirmation of balance sheet aircraft asset values**

Alliance Aviation Services Limited ('Alliance' or 'the Company') has today signed binding contracts for the sale of two surplus Fokker 100 aircraft.

The Company foreshadowed this reduction in the F100 fleet on 23 December 2014.

The two aircraft have been sold for a total transaction consideration of \$15.1 million.

The transaction is subject to the transfer of the maintenance contract associated with the aircraft engines. The outcome of this transfer will not influence the economics of the transaction which is expected to settle mid-June 2015.

Transaction highlights:

- **Reduced gearing**: Part of the proceeds of the sale will be applied to a 35% reduction (USD7 million) in the Company's USD debt facility and the balance to be utilised for general corporate activities.
After the transaction, net debt will fall from \$96 million at 31 December 2014 to approximately \$86.0 million at 30 June 2015.
- **Market confirmation of aircraft asset values**: The sale consideration exceeds net book value and is consistent with the external valuation of the two aircraft.
- **Increased aircraft utilisation**: Following the disposal of these two aircraft and two aircraft placed in storage, the Company will have an operating fleet of 28 aircraft, being:

Fokker 100 Jet	(100 seats)	15
Fokker 70 Jet	(80 seats)	8
Fokker 50 Turbo-prop	(52 seats)	5

Commenting on the sale, the Managing Director of Alliance, Scott McMillan, stated:

- “This sale is part of structural and operating changes to improve profitability in the short to medium term.
- The sale has enabled us to achieve two immediate, high priority goals of reducing fleet numbers and gearing.
- Reducing fleet numbers and increasing utilisation of the remaining fleet will significantly improve productivity.
- In crystallising the value of the aircraft being sold, the sale transaction has also provided a solid indicator of the current value of the Company’s fleet and confirmatory validation of the balance sheet.
- With lower capital expenditure forecast, together with reduced gearing, increased utilisation and improved productivity, we look forward to strengthening financial performance.”

The company reaffirms current year’s underlying earnings guidance for a full year net profit after tax of approximately \$13 million.

Ends

Alliance Aviation Services Limited “Alliance”

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About Alliance Aviation

Alliance Aviation is Australia's leading provider of fly-in, fly-out ("FIFO") transportation.

The Company provides an essential service to the mining and energy industry – the safe and efficient air transportation of their employees and contractors to and from remote locations.

The company was recently award the Flight Safety Foundation "BARS Gold" status, the first such carrier in Australia to be so recognised.

The Company will now operate a fleet of 15 Fokker 100, 8 Fokker 70LR jet aircraft and 5 Fokker 50 turboprops at industry leading on time performance.

Alliance flies workers to and from some of the largest mining operations in Australia for a predominantly "blue chip" mining and energy customer base, and also provides ad-hoc charter, aircraft wet lease and aviation engineering services to a range of corporate and government customers throughout Australasia.

The Company has a national footprint with operations now based in Brisbane, Townsville, Cairns, Melbourne, Adelaide, Perth and Auckland.