



FY 2018

Alliance Aviation Services Limited
Results Presentation

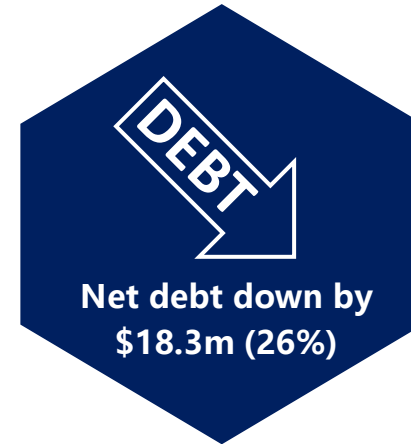
August 2018



Key Messages

Alliance Aviation Services Limited announces a full year result which includes:

- A strong financial performance with increased revenues from a record number of flight hours;
- An increase in operating cash flows and continued debt reduction;
- The introduction of four additional aircraft; and
- A record full year dividend.



Five Revenue Streams



Contract Revenue

Long term contract flying



Wet Lease

Operating Alliance aircraft for other carriers



RPT Revenue

Regular public transport (RPT) services to regional ports



Charter Revenue

Short term income from ad-hoc requests



Aviation Services

Complementary services including leases, aerodrome management and part and aircraft sales.

Alliance continues to see revenue growth across all flying categories with aviation services continuing to make a significant contribution to profit.

- Contract revenue has continued to benefit from growth in schedules across a number of clients and sectors;
- Wet lease hours increased in the year by 105%. These increased hours were from contracted wet lease clients and other operators who had short to medium term wet lease requirements;
- Charter income experienced growth in the year from a broad client base - in particular tourism operators and charter brokers requesting more capacity than the prior year;
- RPT revenues performed in line with expectations; and
- Aviation Services continues to develop and grow as a business. There is a steady increasing revenue stream from spare parts sales, engine and component sales, aerodrome management services and engineering services.

Revenue Analysis

Financial Summary

For the year ended 30 June 2018



Financial Statements

Alliance has delivered strong results
for the year ended 30 June 2018

Detail	30 June 2018	30 June 2017
Aircraft in service*	33	29
Flight Hours – contracted	18,828	17,872
Flight Hours – wet lease	9,447	4,600
Flight Hours – RPT	4,814	2,038
Flight Hours – charter	1,027	607
Flight Hours – maintenance	496	572
Total Flight Hours	34,612	25,689
Average Staff Numbers	485	435
Revenue per employee (\$k)	511	462
Contract % of Total Revenue	62%	72%

* Includes all operational aircraft whether flying or in heavy maintenance.

Alliance Aviation Services - Income Statement

	FY18	FY17	%
(\$ in millions)	Actual	Actual	pcp Change
Revenue			
Contract Revenue	153.0	145.5	5%
Charter Revenue	7.9	5.4	46%
Wet lease Revenue	37.1	16.7	122%
RPT Revenue	36.1	10.4	247%
Aviation Services	12.9	21.7	(41%)
Other (Incl FX)	0.9	1.3	(25%)
Total revenue	247.9	201.0	23%
Operating expenses	(187.8)	(151.0)	24%
EBITDA	60.1	50.0	20%
Depreciation & Amortisation	(30.6)	(26.4)	16%
EBIT	29.5	23.6	25%
Finance costs	(3.4)	(4.0)	(15%)
PBT	26.1	19.6	33%
Income tax expense	(8.0)	(1.1)	
NPAT	18.1	18.5	(2%)
Basic EPS	14.7	15.3	(4%)

Observations:

- Wet lease revenue increased significantly throughout the year as a result of flying performed for a number of operators both domestically and internationally;
- Contract revenue increased as a result of schedule increases from new and existing clients;
- Charter revenue exceeded expectations in the year, with the market strengthening – particularly in the tourism sector;
- Alliance invested in additional aircraft, crew, engineering and operational staff throughout the year;
- Depreciation has increased in line with aircraft utilisation and increased fleet units; and
- Income tax expense recognised in the period as a result of accounting profit; however no cash tax payable.

Alliance Aviation Services - Statement of Financial Position

(\$ in millions)	30-Jun-18	30-Jun-17
Cash	11.8	3.5
Receivables	31.3	30.4
Inventory	50.9	43.0
Total current assets	94.0	76.9
PP&E	177.4	173.2
Intangibles	0.4	–
Total non-current assets	177.8	173.2
Total assets	271.8	250.1
Trade & other payables	31.0	22.4
Borrowings	3.1	14.2
Current tax liabilities	0.1	0.1
Provisions / other	7.4	6.0
Total current liabilities	41.6	42.7
Borrowings	61.9	60.8
Deferred tax liability	8.9	1.0
Provisions / other	1.6	1.3
Total non-current liabilities	72.4	63.1
Total liabilities	114.0	105.8
Net assets	157.9	144.3
Leverage ratio (D/EBITDA)	1.08	1.50

Observations:

- Cash has increased over the year as a result of increased profitability and enhanced cash flow management;
- Inventory includes all remaining stored aircraft and ex-Austrian Fokker spare parts acquired during the year;
- PP&E has increased due to the addition of additional fleet units;
- Payables include the balance of ex-Austrian Fokker spare parts – payable by 3 September 2018;
- Total borrowings reduced by \$10M; and
- Net asset position has increased 9% on prior year comparative.



Alliance Aviation Services - Cash Flow Statement

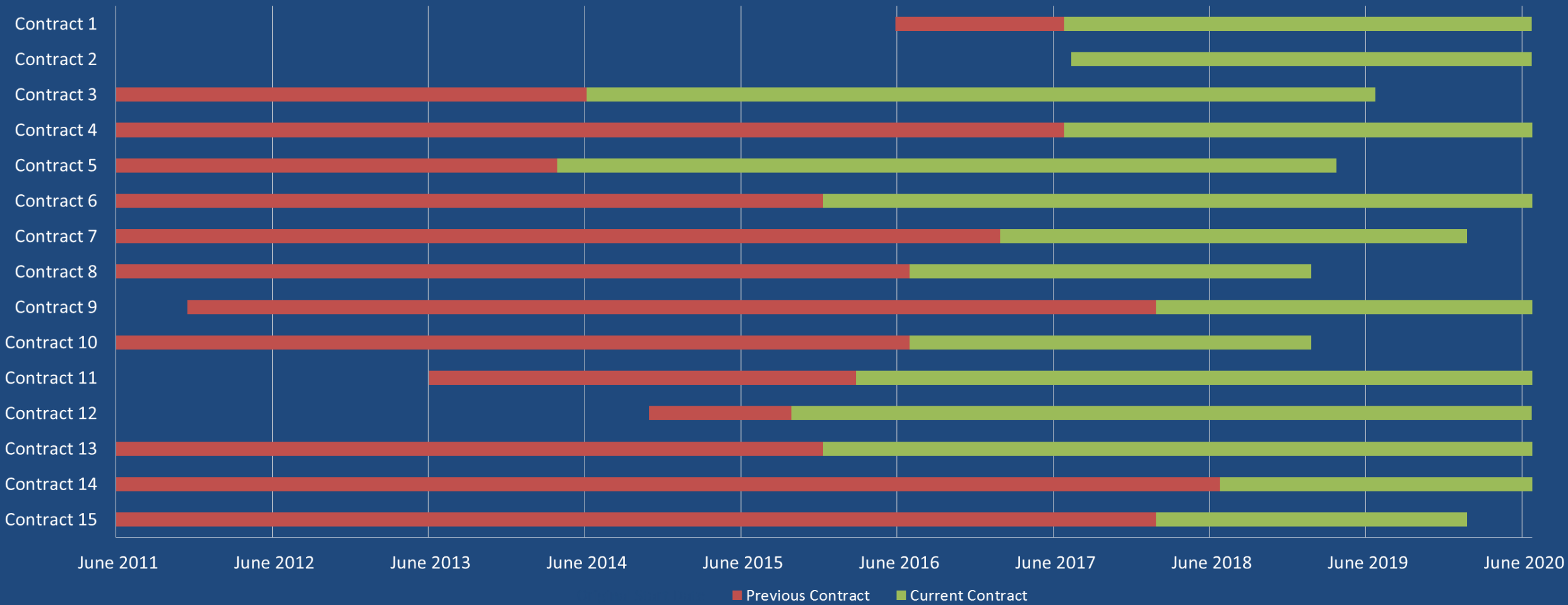
	FY18	FY17
<i>(\$ in millions)</i>		
Receipts from customers (inclusive of GST)	269.2	218.4
Payments to suppliers (inclusive of GST)	(227.5)	(192.9)
Net interest paid	(3.4)	(3.8)
Income tax paid	(0.1)	(0.1)
Net cash inflow (outflow) from operating activities	38.3	21.7
Net payments for aircraft, property, plant & equipment	(14.9)	(13.5)
Free Cash Flow	23.4	8.2
Proceeds from borrowings	4.1	2.5
Repayment of borrowings	(14.1)	(7.5)
Dividends paid	(4.8)	(1.9)
Net cash inflow (outflow) from financing activities	(14.8)	(6.9)
Net increase (decrease) in cash & cash equivalents	8.6	1.3
Cash & cash equivalents at the beginning of period	3.5	2.1
Effects of currency translation on cash and cash equivalents	(0.3)	0.0
Cash & cash equivalents at the end of the half year	11.8	3.4

Observations:

- Increased cash flow due to improved operational and financial performance;
- Increased contribution from aviation services (excl. aircraft trading);
- Increase in PPE payments as Alliance brings additional aircraft into the fleet;
- Borrowings reduced in the year by double that of the previous year; and
- Record dividend payments.

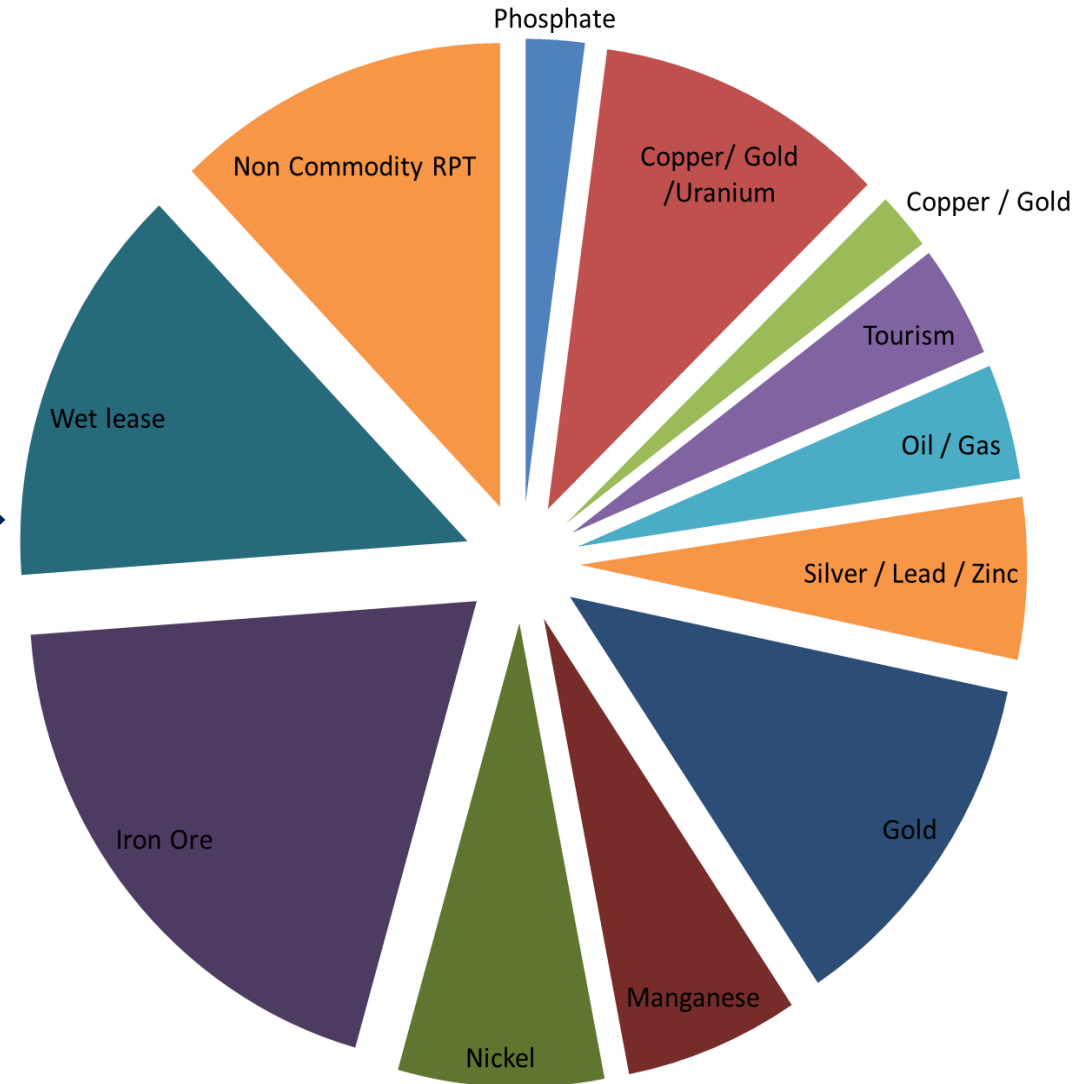
Stable Contract Client Base

Contracted Revenue Terms



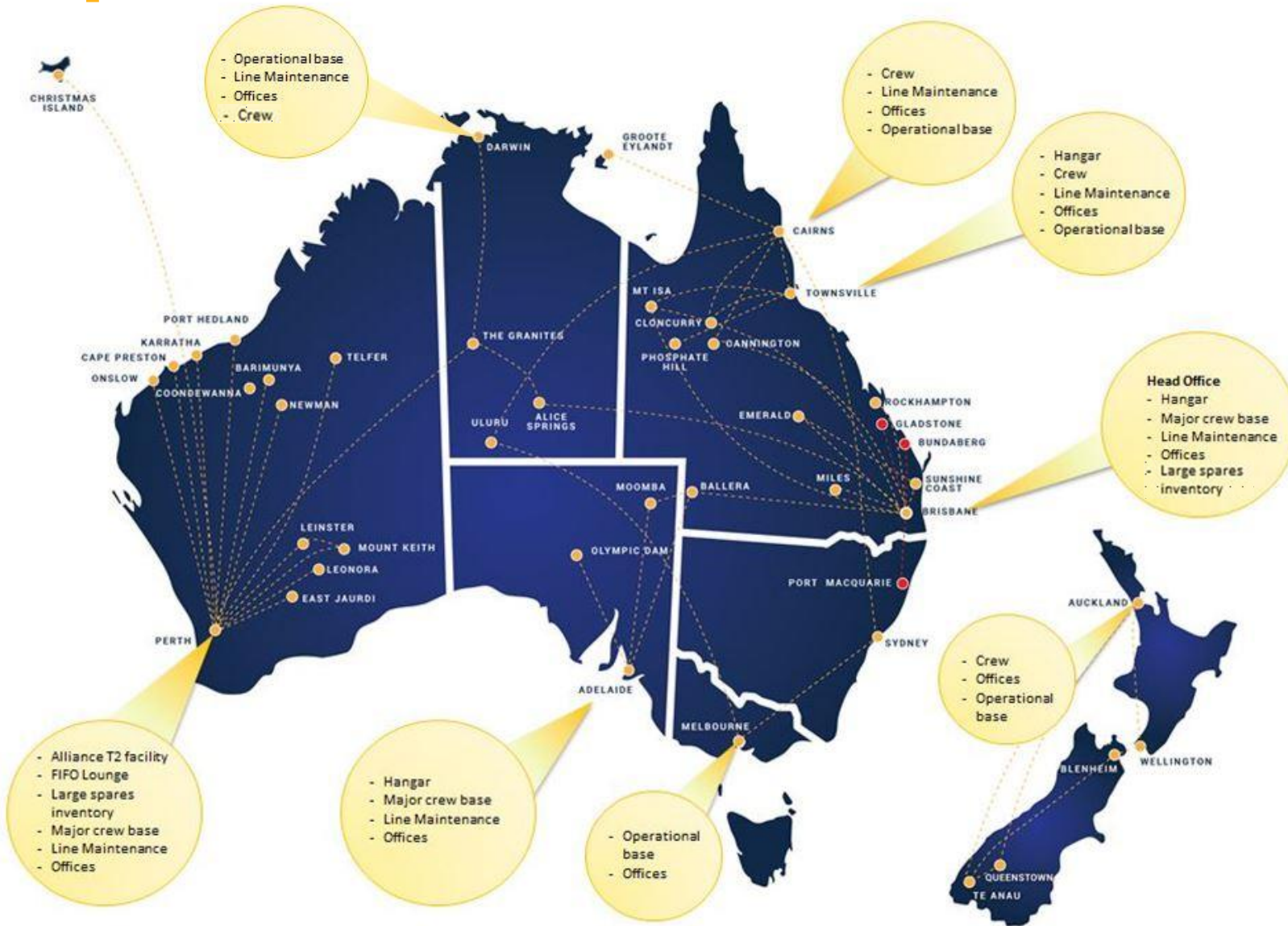
Major Commodity Exposure by 15 Major Contracts – FY19

Commodity Sector Exposure



The diagram above outlines Alliance’s exposure across the top 15 contracts for FY19

Footprint



Fleet Scenario



F100 - 100 SEAT
JET AIRCRAFT

19
Number in service
30 June 18



5
Enter into service
FY2019



1
Storage



25
Total Aircraft



F70 - 80 SEAT
JET AIRCRAFT

9
Number in service
30 June 18



4
Enter into service
FY2019



2
Storage



15
Total Aircraft



F50 - 50 SEAT
TURBO-PROP
AIRCRAFT

5
Number in service
30 June 18



-
Enter into service
FY2019



-
Storage



5
Total Aircraft

Operational Excellence



95% OTP



Long-term heavy maintenance provider



Wyvern Wingman certification



Extension to Rolls Royce total care program



Renewed IOSA certification in FY18



BARS Gold standard achieved



Long-term heavy maintenance provider

Outlook

Alliance maintains a positive outlook for its financial performance for FY19

- Contract flying expected to increase as extra demand for services are requested from the resources sector. Long term tourism contracts will also increase in FY19;
- Long term contracted wet lease hours to continue to increase through the year. Short to mid term wet lease contracts also expected to continue on current trends;
- The charter sector has strengthened and it is expected to add increased contribution in FY19. Both inbound and domestic tourism sectors are seeing increased activity.
- Aviation services will continue to increase its contribution from spare parts sales, engine and component leasing, aerodrome management services and engineering services.
- The Directors recognise the need to reward shareholders. The Board of Alliance is very aware of the need for good capital management in these times of significant operating cash flows. With significant franking credits, a dividend is an efficient distribution mechanism and the Board is monitoring future dividend payouts along with the needs of the business into the future.

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