

Alliance AIRLINES

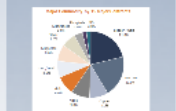
Full Year Results Presentation 30 June 2015 Released 13 August 2015



FLYING CONTRACTS

Alliance has maintained its existing 'blue chip' contracts whilst securing new contracts both in the resources and tourism sectors.

Alliance continues to diversify its business.



2015 FINANCIAL REPORTS

There have been a number of factors that have influenced the 2015 financial results of Alliance. These include:

- Changes to a number of contracts in the first half of the year
- The reduction in the fuel price which has had an impact on the headline revenue number as this benefit is passed through to contract customers
- The restructuring of the maintenance program which has had the effect of bringing forward some capital expenditure into the current year and requiring a change to the effective life of some assets
- The recognition of an impairment of assets in the first half of the year which had the effect of lowering the carrying value of the assets
- The repayment of \$10 million of debt and the refinancing of the remaining debt for a further three years.



KEY MESSAGES

- 1 Derived an underlying net profit after tax of \$13.2 million. An increase of 25% from the previous year.
- 2 Actively managing fleet to improve utilisation. Sold aircraft to reduce operating costs.
- 3 Restructured major maintenance plan to reduce cost.
- 4 Reduced debt and refinanced for 3 years.
- 5 Alliance retains existing contracts whilst developing new markets.

ACHIEVEMENTS

- Successfully refinanced debt with ANZ and CBA on substantially the same terms.
- Sold two Fokker 100 aircraft. Substantiates the net asset value of \$0.99 per share.
- Broadened revenue mix with a significant five year contract in the Tourism sector
- Reduced debt.
- Completed a restructure of the heavy maintenance program. Outsourced maintenance to a leading European service provider.
- Retained contracts whilst securing new contracts.

STABLE OUTLOOK

- Maintain existing contract revenue with a challenging environment
 - Adapt to changing fuel costs
 - Secure new revenue streams
 - Continue to focus on cost management
 - Limit capital expenditure
 - Consider reinstatement of the dividend for FY16
- "Where is heading and changing to meet its customers' need to secure new revenue"

SUMMARY RESULTS

- Delivered an underlying NPAT result of \$13.2 million
- Total Revenue of \$99million
- Increase in contracted flying hours
- Reduced operating costs
- Reduced total headcount by 18%
- Reduced debt by \$10 million during the year
- Increased on time performance to 94%

Ability to cater for other markets and to focus on the development of adhoc charters.



FLYING HOURS

Contracted flying hours increased during the year

3 years to 30 June	2015	2014	2013
Contracted Flying Hours	22,285	22,811	20,712
Net Lease Flying Hours	88	2,021	6,521
Total Flying Hours	22,373	24,832	27,233
Net Lease Flying Hours as a percentage of total flying hours	0.4%	8%	24%

REVENUE IS NOT THE ONLY INDICATOR OF PERFORMANCE

Factors which affect the "Gross Revenue" include:

- The amount of wet lease income which does not have the same operating costs
- Fuel
- The exchange rate



It is our performance which makes the difference

- Australia's most experienced and resourced #100/D operator
- Low cost has always low utilization which means a reliable operation for our customers
- Own outright 100% of the fleet
- Maintained BACD Gold Recognition Status and now Wyvern "Winged" accredited
- Fully compliant with all Regulatory, Manufacturer and Resource Industry safety standards
- Excellent recent results with external audits, continued focus on safety

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 - Adapt to changing industry needs.
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- "Alliance is adapting and changing to meet its customer needs and to secure its revenue"

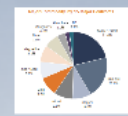
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- Delivered an underlying NPAT result of \$13.2 million
- Total Revenue of \$79 million
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FLYING HOURS

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Key Items	FY 2015	FY 2014	FY 2013
Contracted flying hours	20,250	18,171	16,759
Operating flying hours	86	2,051	4,827
Total flying hours	20,336	20,222	21,586
End Lease Flying Hours as a Percentage of Total Flying Hours	2%	9%	21%

2015 FINANCIAL REPORTS

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Cash Flow Statements

	2015 \$'000	2014 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	243,541	232,766
Payments to suppliers (inclusive of goods and services tax)	(176,778)	(163,766)
Interest received and paid	(6,182)	(4,221)
Income tax paid	-	(5,245)
Net cash inflow (outflow) from operating activities	31,889	23,489
Cash flows from investing activities		
Payments for aircraft, property, plant and equipment	(27,046)	(28,296)
Proceeds from sale of property, plant & equipment	12,029	5
Net cash inflow (outflow) from investing activities	(14,917)	(28,296)
Cash flows from financing activities		
Proceeds from issues of shares	-	-
Transaction costs arising on share issue	-	-
Proceeds and repayments of borrowings	(14,993)	3,765
Dividends paid	(1,018)	(3,169)
Net cash inflow (outflow) from financing activities	(16,011)	(344)
Net increase (decrease) in cash and cash equivalents	361	(140)

Underlying Income Statement

	2014/15 Actual	2013/14 Actual
<i>(\$ in millions)</i>		
Revenue		
Contract Revenue	173.5	167.4
Charter / ACMI	18.2	29.1
Other	7.7	4.0
Total revenue	199.4	200.5
Operating expenses	(153.2)	(159.0)
EBITDA	46.2	41.5
Margin %	23.1%	23.1%
Depreciation	(22.5)	(22.0)
EBIT	23.7	19.5
Margin %	11.8%	9.7%
Finance costs	(4.9)	(4.2)
Income tax	(5.6)	(4.2)
Underlying NPAT	13.2	10.9
EPS (Cents)	12.4	9.7

Summary Balance Sheet

	2014/15	2013/14
<i>(\$ in millions)</i>		
Cash	0.6	0.2
Receivables	24.5	23.9
Inventory	24.7	24.4
Total current assets	49.8	48.5
PP&E	218.2	218.2
Other assets	-	-
Deferred tax asset	-	-
Total non-current assets	170.7	218.2
Total assets	220.5	266.8
Trade & other payables	22.9	22.0
Borrowings	9.7	10.0
Current tax liabilities	-	(4.3)
Provisions / other	4.8	4.5
Total current liabilities	37.6	40.3
Borrowings	75.3	78.9
Deferred tax liability	-	2.6
Provisions / other	1.6	1.5
Total non-current liabilities	76.9	81.0
Total liabilities	114.5	121.3
Net assets	105.9	145.4
Gearing (DD+L)	44.7%	39.5%

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Borrowings	75.3	76.8
Deferred tax liability	-	2.6
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Total liabilities	114.5	121.3
Net assets	105.9	145.4
Gearing (D/D+E)	44.7%	39.5%

Cash Flow Statements

	2015	2014
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	213,841	232,706
Payments to suppliers (inclusive of goods and services tax)	(176,770)	(193,755)
Interest received and paid	(5,182)	(4,221)
Income tax paid	-	(5,245)
Net cash inflow (outflow) from operating activities	31,889	29,486
Cash flows from investing activities		
Payments for aircraft, property, plant and equipment	(27,046)	(29,295)
Proceeds from sale of property, plant & equipment	12,429	5
Net cash inflow (outflow) from investing activities	(14,617)	(29,290)
Cash flows from financing activities		
Proceeds from issue of shares	-	-
Transaction costs arising on share issue	-	-
Proceeds and repayments of borrowings	(14,993)	8,765
Dividends paid	(1,918)	(9,109)
Net cash inflow (outflow) from financing activities	(16,911)	(344)
Net increase (decrease) in cash and cash equivalents	361	(149)

FLYING HOURS

Contracted flying hours increased during the year

Flying hours	FY 2015	FY 2014	FY 2013
Contracted Flying Hours	23,395	22,811	25,113
Wet Lease Flying Hours	890	2,351	6,827
Total Flying Hours	24,285	25,162	31,940
Wet Lease Flying Hours as a percentage of total flying hours	4%	9%	21%

REVENUE IS NOT THE ONLY INDICATOR OF PERFORMANCE

Factors which affect the "Gross Revenue" include:

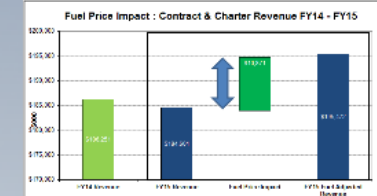
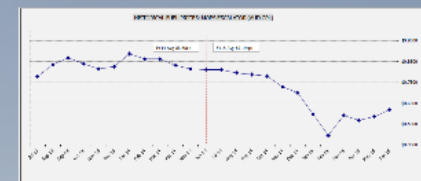
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IMPACT OF FUEL

A declining fuel price lowers the gross revenue of Alliance

During the year the fuel price declined sharply compared with previous years. This had an impact on the gross revenue numbers of Alliance which would have been higher than the previous year on a 'like for like' basis. The graphs below illustrate the decline in the fuel price and what the FY15 number for contract and charter revenue would have been with a similar fuel price as the previous year.

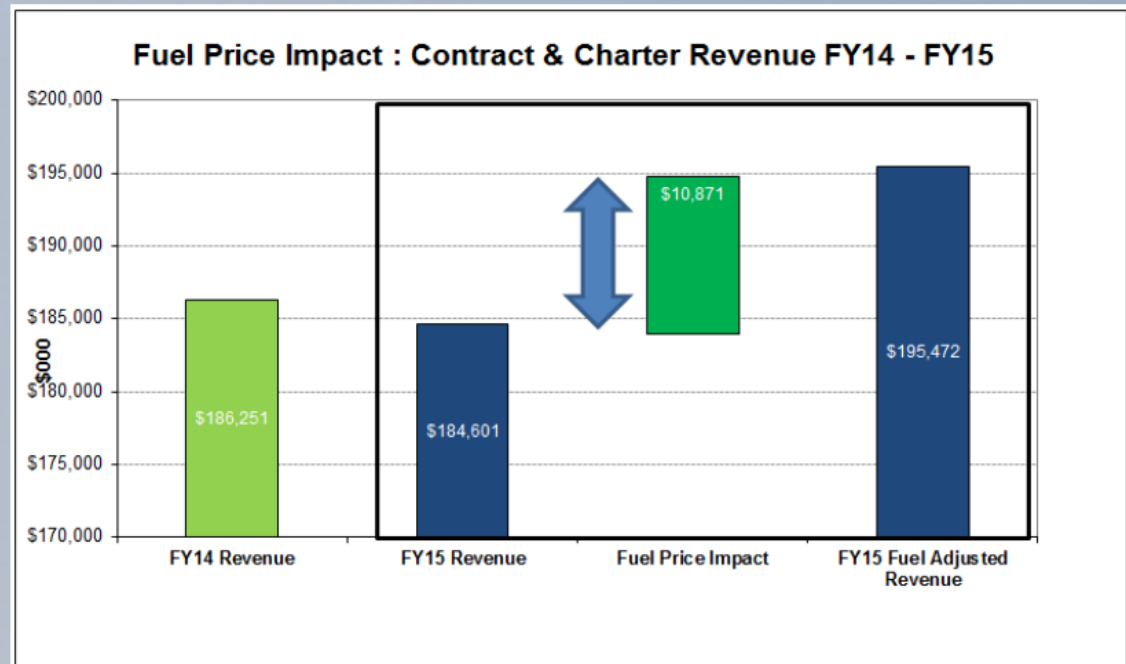
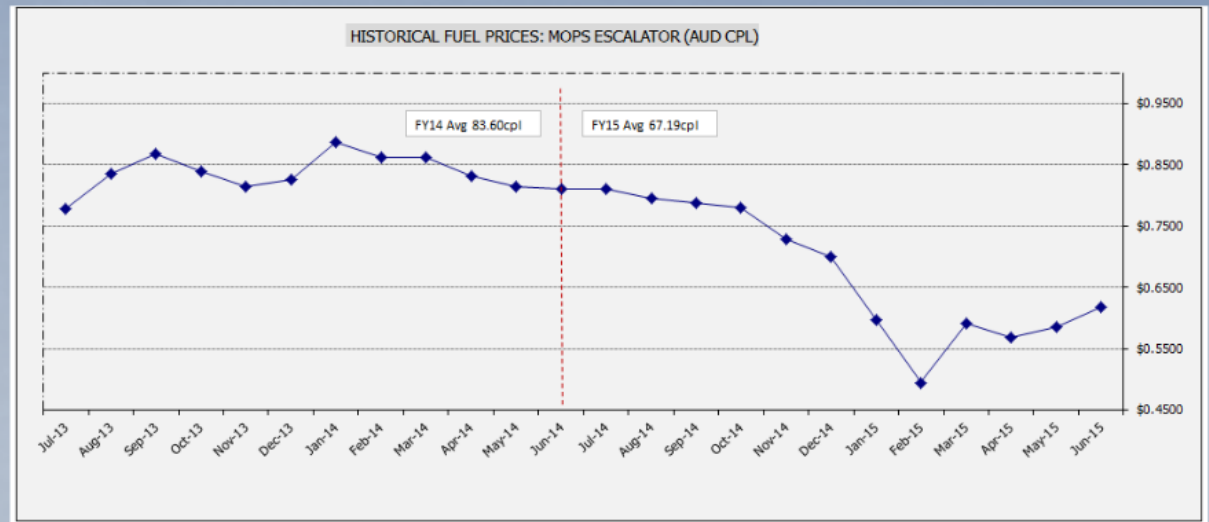


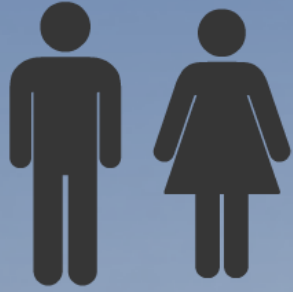


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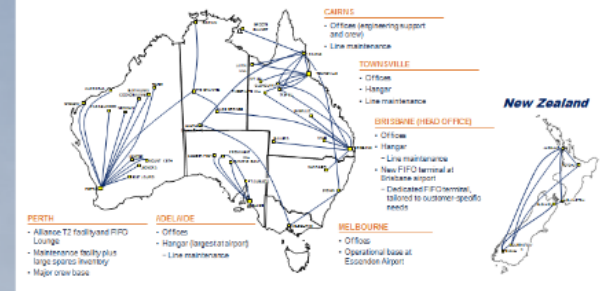
FLYING CONTRACTS

Alliance has maintained its existing 'blue chip' contracts whilst securing new contracts both in the resources and tourism sectors.

Alliance continues to diversify its business.

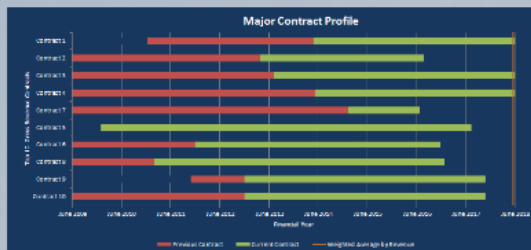
A National Footprint that now extends to New Zealand

Alliance has a truly national presence with bases in all the key Australian labour hubs allowing it to service customers across the entire country

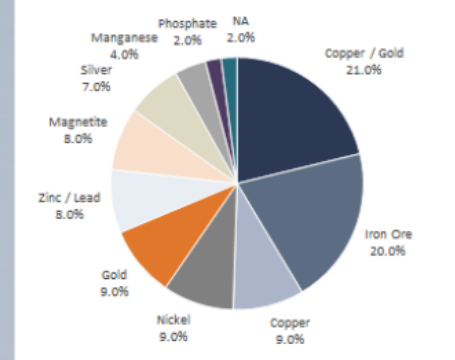


Longer Term Contracts Maintained with good tenure

During the year Alliance continued to work with existing customers to extend their term. Alliance has been very successful in retaining long term contracts.



Major Commodity by 15 Major Contracts



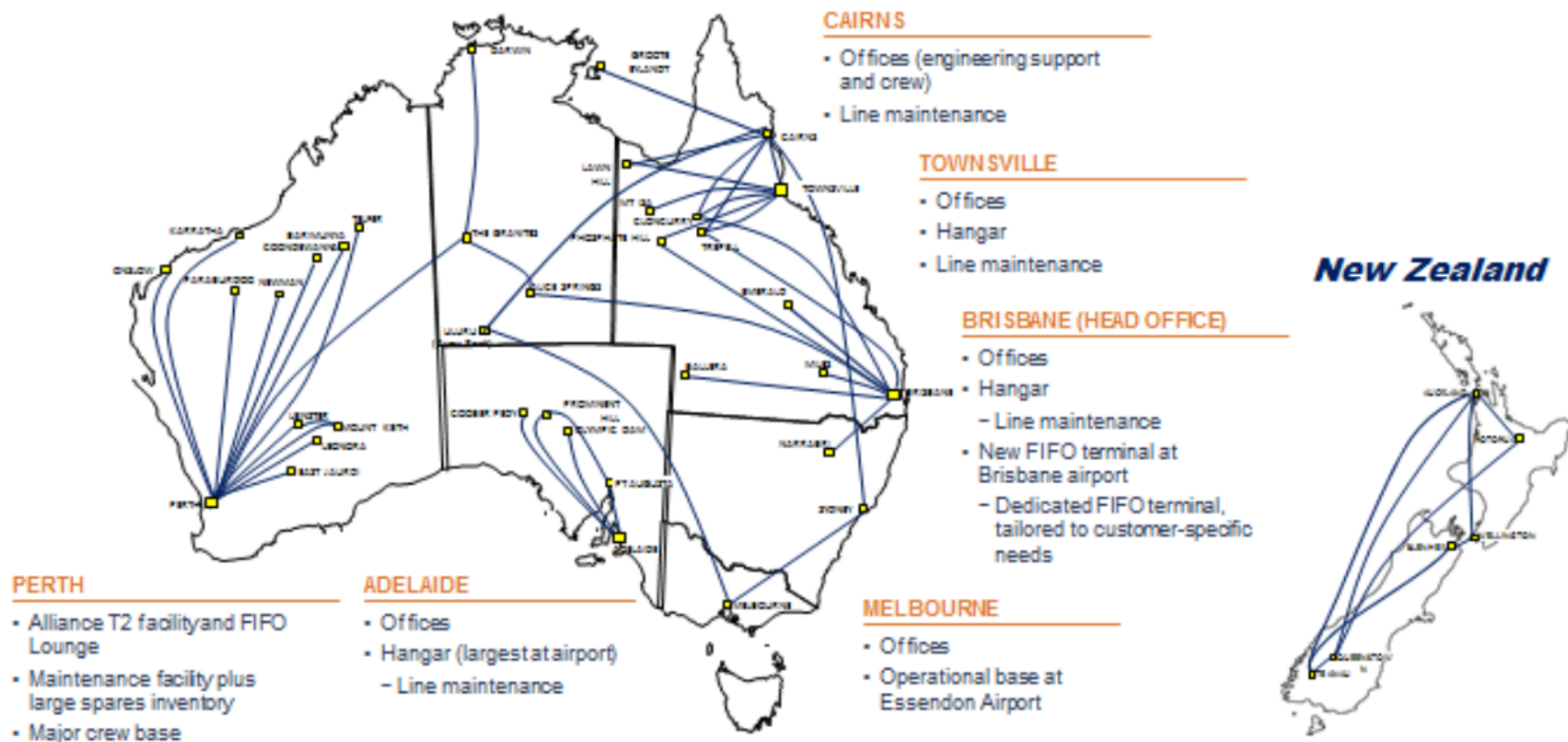
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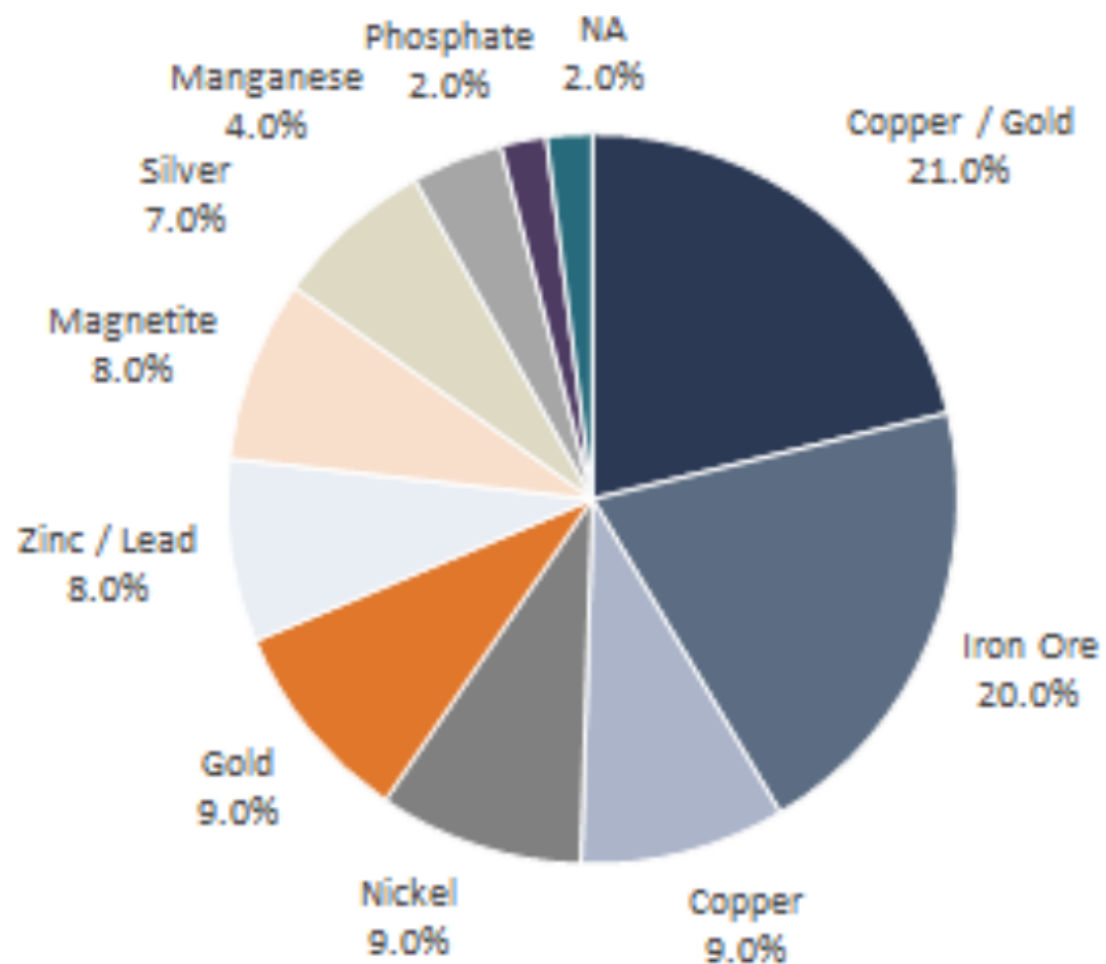


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Ability to cater for other markets and to focus on the development of adhoc charters.



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STABLE OUTLOOK

- Maintain existing contract revenue within a challenging environment.
- Adapt to changing industry needs.
- Source new revenue streams.
- Continue to focus on cost management.
- Lower capital expenditure .
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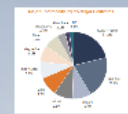
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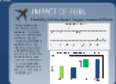
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