



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

Alliance increases underlying net profit for FY 2015 and delivers strategic Initiatives

Profits	Alliance derived an underlying net profit after tax of \$13.2 million compared with \$10.9 million for the previous year.
Fleet	Alliance is actively managing its fleet composition and sold two F100 aircraft during the year to improve utilisation and lower operating costs in future years.
Capital Expenditure	Alliance has successfully restructured its major maintenance plan and engineering division which will result in future cash savings.
Debt	Alliance has successfully paid down debt during the year to enhance its Balance Sheet and has refinanced its debt with its current financiers for a further 3 years.
Revenue Contract	Alliance continues to retain contracts and is developing new revenue streams.
Operating Costs	Total Headcount reduced by 18% during the year.

Alliance Aviation Services Limited (Alliance or the Company) today announced an underlying net profit after tax of \$13.2 million for the year ended 30 June 2015. The result is a 21% increase on the previous year's underlying net profit of \$10.9 million.

The full year statutory loss of \$36.5 million is primarily the result of the accounting for the recognition of the asset impairment which was previously disclosed and recorded in the half year results. Importantly this is a non-cash item. It also includes additional costs as a result of the restructure of the maintenance program, the impact of the sale of two aircraft and a number of internal restructuring costs.

In the face of a sustained downturn in the resources industry, the Company maintained revenue for the year at \$199.4 million (\$200.3 million in FY 2014). As fuel savings are passed through to contract customers, the improvement in the underlying result is the product of a strong focus on reducing other operating costs.

Strategic initiatives taken during the year have placed Alliance in a strong position going forward.

The sale of two F100 aircraft as part of active management of fleet composition has resulted in improved fleet utilisation and contributed to a \$10 million reduction in debt.

Confidence in the Company's strategy led to debt being refinanced with ANZ and CBA in June 2015 for three years on substantially unchanged terms.

Measures to reduce operating costs included a reduction of 18% in the Company's total workforce during the year and a restructure of engineering including changes to heavy maintenance. Heavy maintenance was discontinued in Adelaide and Brisbane and contracted to an experienced Fokker servicing company Austrian Technik Bratislava, a Lufthansa subsidiary. The change resulted in immediate cash savings, and total capital expenditure for the maintenance of aircraft will reduce to approximately \$20 million a year.

While maintaining contracts in the currently restricted resources sector, Alliance has been successfully diversifying revenue streams as evidenced by the five year contract signed recently in the tourism sector. With a respected senior executive having been engaged to develop new business, further diversified opportunities will continue to be sought.

Dividend

The primary focus of Alliance continues to be fleet utilisation, lowering capital expenditure and lowering debt in the medium term. Alliance has made good progress with these areas over the past 6 months with the reduction of the fleet size, the restructure of the engineering maintenance program and the refinance of the debt facilities.

Against this background, the Directors have resolved that no final dividend will be paid for the year ended 30 June 2015.

Directors expect that they will consider the reinstatement of a dividend for the 2016 financial year.

Business Strategy and Outlook

The financial outlook for Alliance for the year ended 30 June 2016 is a product of maintaining contracted revenues, developing the ad-hoc charter market and new revenue sources and reducing expenditure, in particular capital expenditure.

The outlook for the financial performance in the near term is stable with an enhanced cash generation to be derived through lower capital expenditure.

Ends

Alliance Aviation Services Limited

For more information contact:

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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 recently retained its 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, tourism and government customers throughout Australasia.

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