



Alliance Aviation Services Limited
A.C.N. 153 361 525

PO Box 1126
EAGLE FARM QLD 4009

Telephone
+61 7 3212 1212

Facsimile
+61 7 3212 1522
www.allianceairlines.com.au

12 February 2015

Alliance Aviation Services Limited (ASX code: AQZ)

Half Year Results: 31 December 2014

Summary

Alliance Aviation Services Limited (AQZ) today announced an underlying net profit after tax (NPAT) of \$6.3 million for the half year ended 31 December 2014. Total revenue for the half was \$105 million. This result in challenging conditions was predominantly from long term and sustainable fly in fly out (FIFO) contracts.

With some contraction in the FIFO sector, Alliance has started to broaden its revenue base with the recent introduction of tourism related charter work. Alliance is implementing a strategy with 3 clear objectives.

Revenue Base

- Broaden the revenue base
- Actively pursue charter market
- Identify opportunities beyond traditional FIFO

Balance Sheet

- Reduce operational aircraft required to service existing contracts
- Reduce debt in the medium term

Free Cash Flow

- Amend the maintenance schedule and capital investment required
- Focus on free cash flow

Financial Results

A reconciliation of the underlying NPAT of \$6.3 million compared with the half year audited statutory financial accounts and the prior year is as follows:

\$ Millions	31 December 2014			31 December 2013		
	Actuals	Adjustment	Underlying	Actuals	Adjustment	Underlying
Revenue	105.0	-	105.0	104.5	-	104.5
OPEX*	(82.0)	0.5	(81.5)	(80.5)	0.9	(79.6)
EBITDA	23.1		23.6	24.0	0.9	24.9
Asset Costs	(57.5)	45.3	(12.2)	(12.6)		(12.6)
Financing Costs	(2.4)	-	(2.4)	(2.1)		(2.1)
Income Tax	11.0	(13.7)	(2.7)	(2.8)	(0.3)	(3.1)
NPAT	(25.8)	32.1	6.3	6.5	0.6	7.1

Fleet

Alliance currently has 27 operational aircraft and this is expected to reduce by 3 aircraft before the end of FY 2015.

Dividend

The Directors are committed to regular dividends, however whilst the above strategies are implemented the Directors have elected not to pay an interim dividend for FY2015.

The focus of the Directors is to enhance free cash flow as a result of reduced capital expenditure and the lowering of debt in the medium term.

Outlook

Alliance has 15 material contracts which underpin its performance. These contracts together with the current activity in other parts of the Alliance business means Alliance expects to achieve an underlying NPAT of \$13.0M for FY2015.

Alliance is however focused on the strategies identified above together with other opportunities in the market to increase this result in FY2016.

As progress is made on the above strategies, Alliance will release an update to the market.

Conclusion

Alliance is a business which has approximately 90% of its revenue from long term FIFO contracts with 'blue chip' established mines currently in production. These revenues are the foundation of a business which has established itself as a resilient and long term flexible business.

With the above strategies implemented and over the next 2 years, Alliance will become stronger and more resilient, diversify its revenue base, lower its debt and in anticipation of reinstating shareholder dividends.

For more information contact:

*Scott McMillan
Chief Executive Officer
Alliance Aviation Services Limited
07 3212 1201*

About Alliance Aviation

Alliance Aviation is Australia's leading provider of fly-in, fly-out ("FIFO") transportation. Alliance 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 has the Flight Safety Foundation "BARS Gold" status, the first such carrier in Australia to be so recognised.

The Company owns a fleet of 18 Fokker 100 and eight Fokker 70LR jet aircraft and six Fokker 50 turboprops. This fleet of aircraft provide Alliance customers with industry leading on time performance and reliability.

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.

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