

Results Presentation

Year ended 30 June 2016

Released 11 August 2016



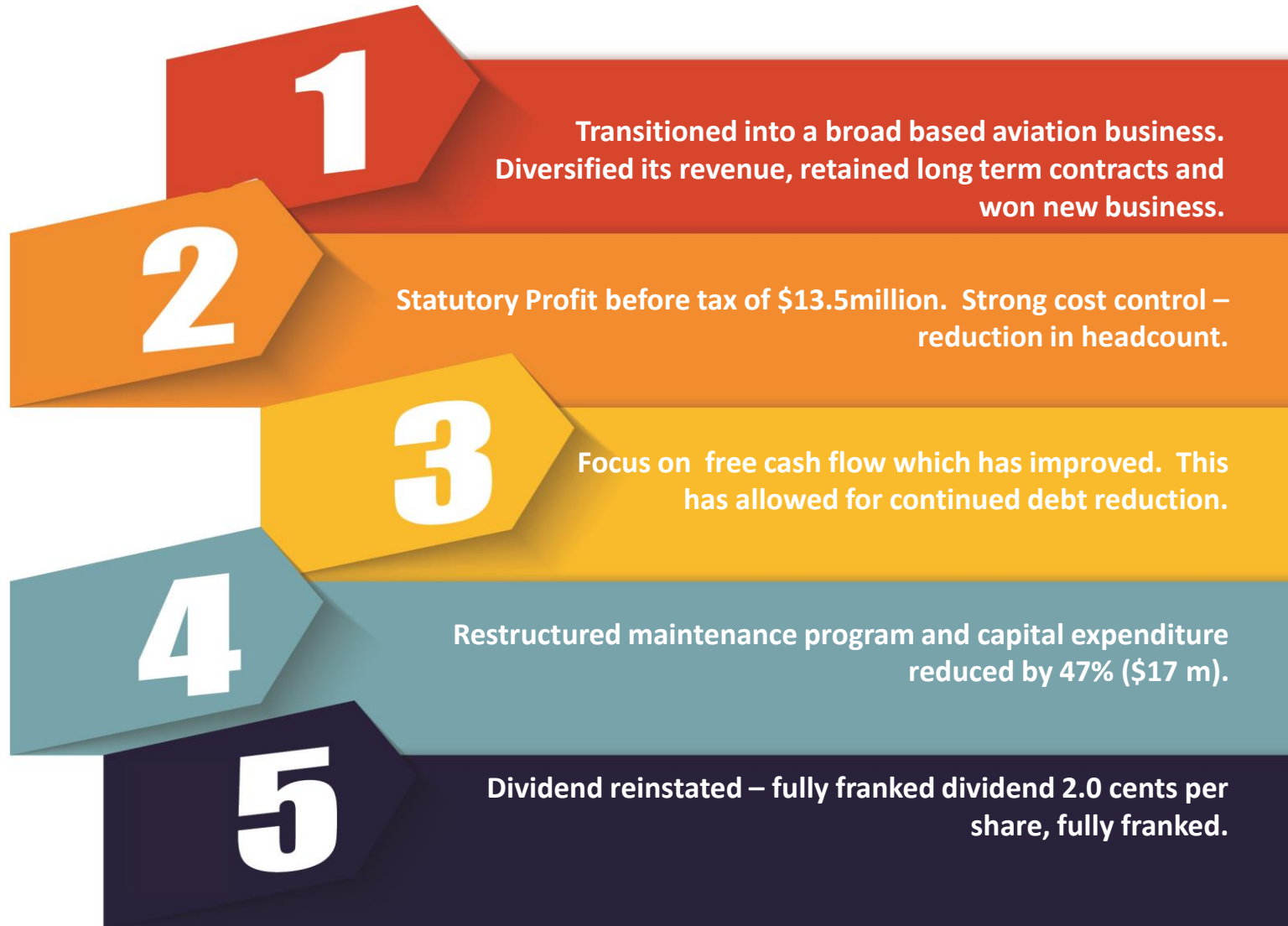
Scott McMillan, Managing Director
Lee Schofield, Chief Executive Officer
Matt Dyer, Chief Financial Officer

Alliance
AIRLINES

A PROVEN PERFORMER

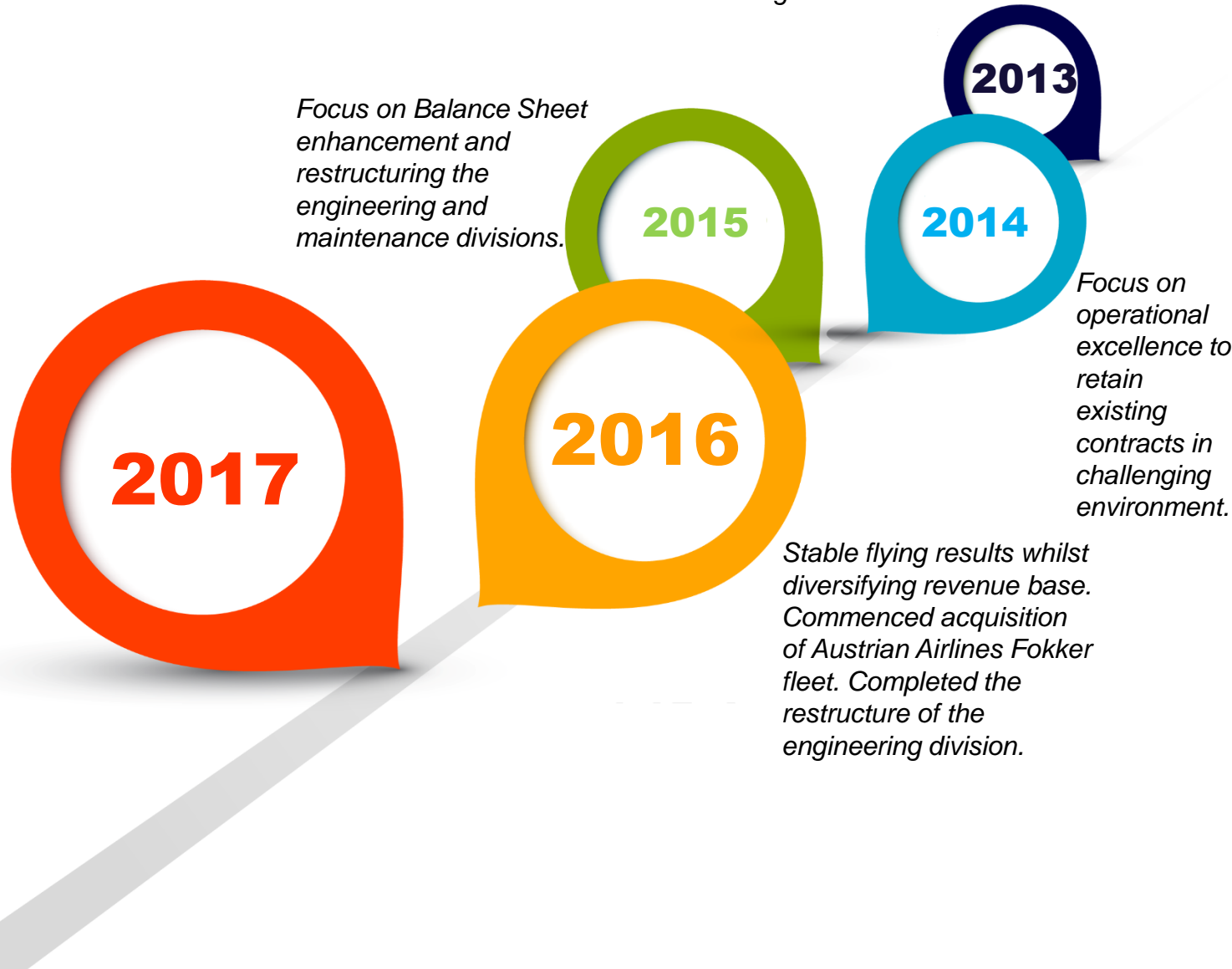
Key Messages

“Alliance remains focussed on ongoing improvements to free cash flow, expanding the revenue base, and lowering debt.”



The Transition

Record year for Alliance with increasing utilisation through wet lease



Revenue Diversification

Broad based aviation service provider. Contract charter flying across a range of sectors including tourism, resources, government, corporate, education and entertainment.

Experienced wet lease operator.

Sale and lease of aircraft and parts to Fokker operators worldwide

FY16 Achievements

✓ Diversified revenue, retained all contracts, renewed three and won a new contract.

✓ Completed the restructure of engineering and maintenance division

✓ Established the European operation for the Fokker fleet project. Committed fleet sales for FY17

✓ Improved free cash flow, reduced capex, maintained costs and paid down debt

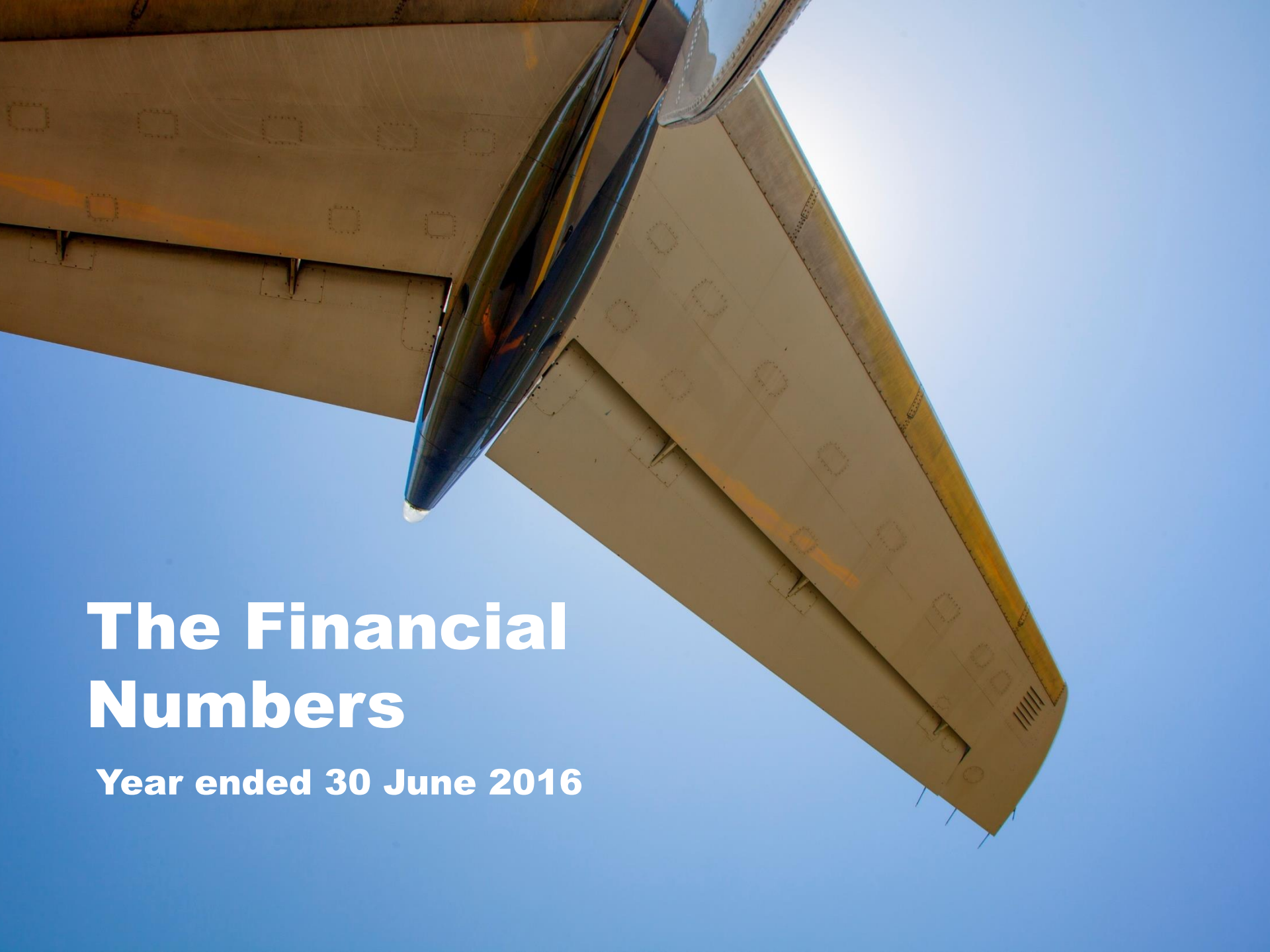


Statutory profit before tax of \$13.5 million

Outcomes



1. Free cash flow from operations and capital expenditure.
2. Net of fuel expenses.
3. On Time Performance



The Financial Numbers

Year ended 30 June 2016

Profit and Loss

	<u>2015/16</u>	<u>2014/15</u>
<i>(\$ in millions)</i>	<u>Actual</u>	<u>Actual</u>
Revenue		
Contract Revenue	150.2	173.5
Charter / ACMI	28.5	18.2
Other	3.9	7.7
Total revenue	182.6	199.5
Operating expenses	(139.0)	(157.8)
EBITDA	43.6	41.7
<i>Margin %</i>	23.8%	21.0%
<hr/>		
Earnings before tax	13.5	(39.3)
<hr/>		
EPS (Cents)	11.8	(34.4)

- Contract revenue reduced by fuel price. Net of fuel, flying revenue increased by 3.7%
- Flying hours stable
- Charter and Wet Lease income up 56% reflecting results from strategy
- EBITDA per aircraft stable, forecast to improve.

Balance Sheet

(\$ in millions)	2015/16	2014/15
Cash	2.1	0.6
Receivables	28.7	24.5
Inventory	37.0	24.7
Total current assets	67.9	49.8
PP&E	168.5	170.7
Other assets		
Deferred tax asset	–	–
Total non-current assets	168.5	170.7
Total assets	236.4	220.5
Trade & other payables	22.9	22.9
Borrowings	11.2	9.7
Current tax liabilities	-	-
Provisions / other	5.3	4.8
Total current liabilities	39.4	37.6
Borrowings	68.5	75.3
Deferred tax liability	-	-
Provisions / other	1.5	1.6
Total non-current liabilities	70.0	76.9
Total liabilities	109.4	114.5
Net assets	127.0	105.9
Gearing (D/D+E)	38.5%	44.7%

- Total Debt reduced.
- Lower PPE balance reflects capital expenditure less than depreciation.
- Inventory includes aircraft acquired so far as part of the Austrian Airlines acquisition

Cash Flow

	<u>2016</u>	<u>2015</u>
	<u>\$'000</u>	<u>\$'000</u>
Cash flows from operating activities		
Receipts from customers (inclusive of goods and services tax)	208.6	213.8
Payments to suppliers (inclusive of goods and services tax)	(178.3)	(196.7)
Interest received and paid	(4.8)	(5.2)
Income tax paid	-	-
Net cash inflow (outflow) from operating activities	<u>25.5</u>	<u>11.9</u>
Cash flows from investing activities		
Payments for aircraft, property, plant and equipment	(18.7)	(7.1)
Proceeds from sale of property, plant & equipment	0.2	12.4
Net cash inflow (outflow) from investing activities	<u>(18.5)</u>	<u>5.3</u>
Cash flows from financing activities		
Proceeds from issue of shares	-	-
Transaction costs arising on share issue	-	-
Proceeds and repayments of borrowings	(5.5)	(14.9)
Dividends paid	-	(1.9)
Net cash inflow (outflow) from financing activities	<u>(5.5)</u>	<u>(16.8)</u>
Net increase (decrease) in cash and cash equivalents	1.5	0.4

- Cash flow / liquidity improved.
- PPE cash flow represents payments to external entities and does not include inventory.
- No tax cash payments forecast for at least 4 years.
- Further debt reductions forecast in FY17.

Operational Statistics

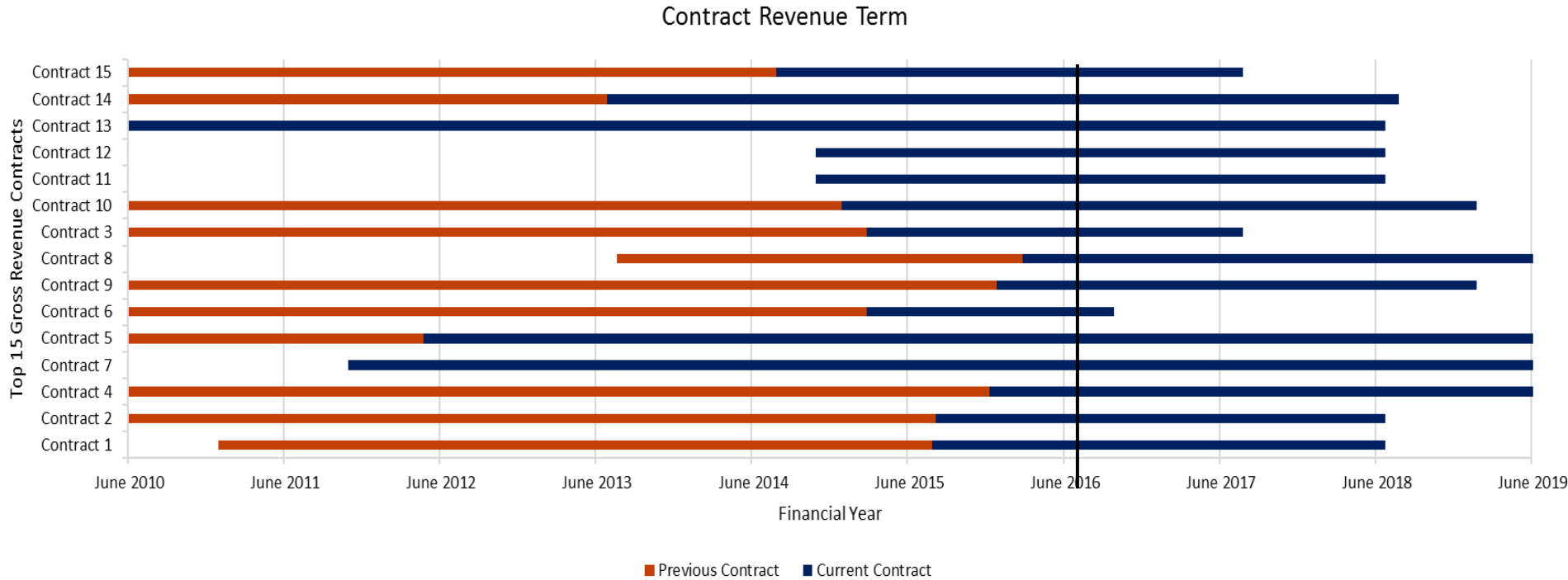
Detail	FY 2016	FY 2015	FY 2014
Aircraft in Service	27	25	27
Flight Hours - Contract	23,485	23,395	22,811
Flight Hours – Ad hoc and Wet Lease	831	890	2,351
Total Flights	18,774	18,786	19,294
Average Staff Numbers	426	492	512
EBITDA* per aircraft	\$1.6M	\$1.6M	\$1.5M
Revenue per employee	\$401k	\$399K	\$392K
FIFO % of Total Revenue	82%	88%	82%

- Continued industry leading on time performance of 95%
- Flying hours stable, Wet lease operations forecast to increase in FY17
- FIFO stable however as a % of total income forecast to reduce
- Total staff numbers has declined, indicative of cost control.
- EBITDA per aircraft of \$1.6m for the full year, expected to improve FY17.

Flying Contracts

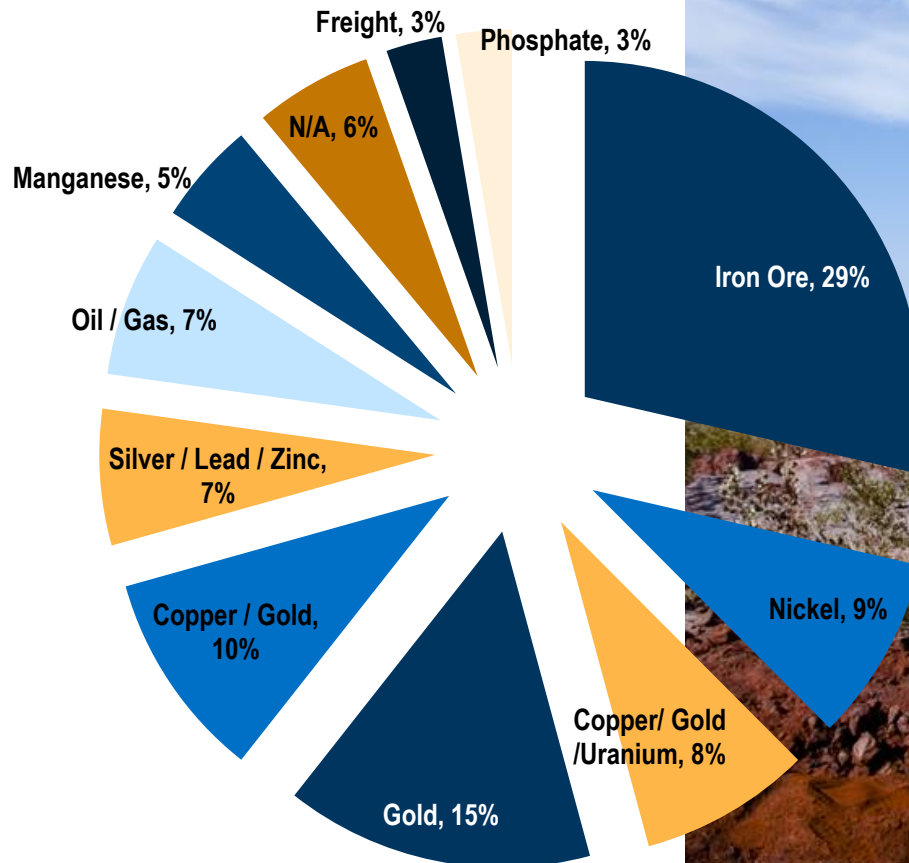


Customer Relationships

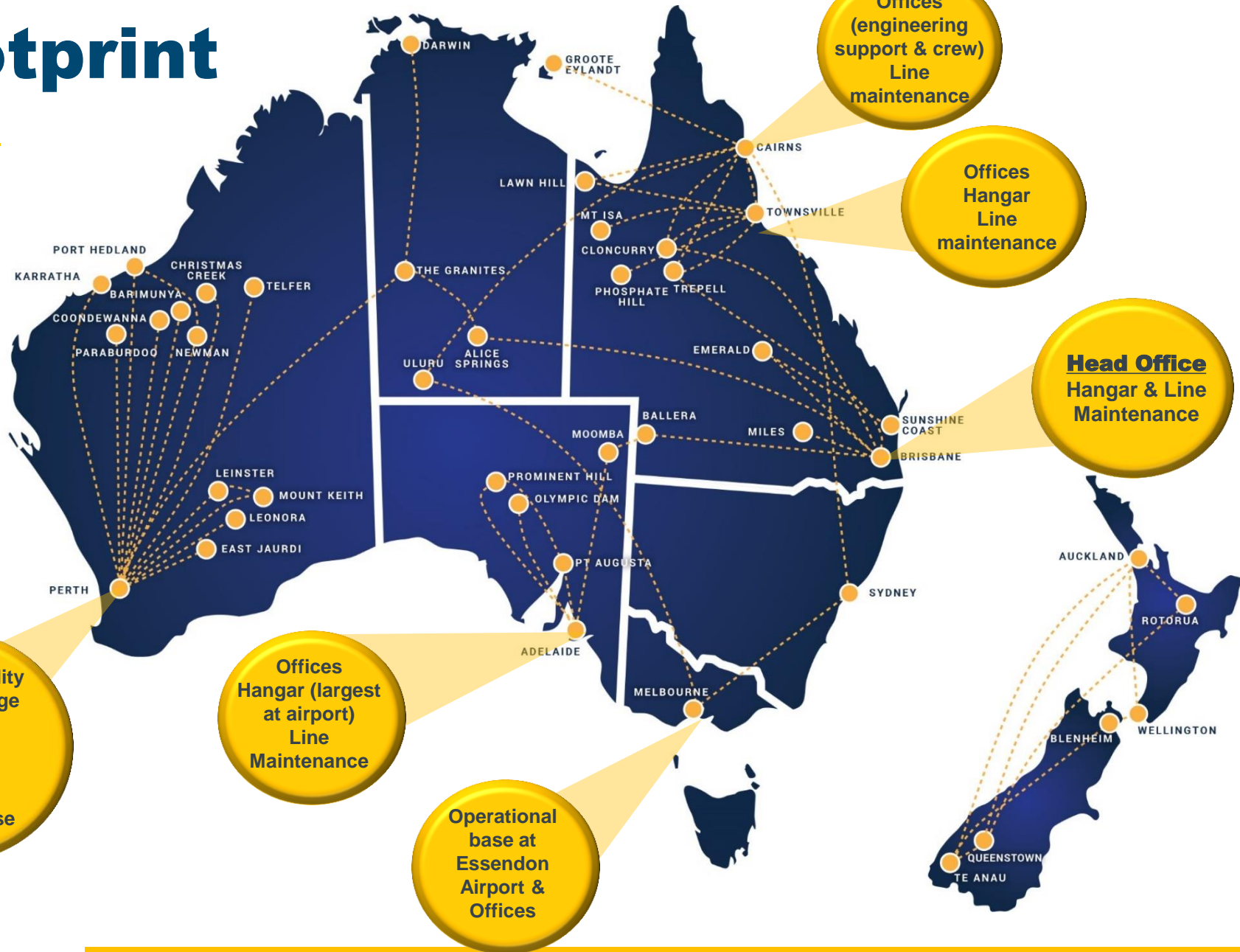


- **Excellent track record in renewing contracts maintained**
- **Won the Santos contract**
- **High level of safety and best in class on time performance record (95%)**

Contracts - Commodity Exposure



Footprint



Operational Excellence



- **Australia's most experienced and resourced F100/70 operator**
- **Substantial holdings of spare parts enhances aircraft reliability**
- **A low cost base**
- **Fleet owned outright**
- **Industry leading on time performance record = an invaluable asset**

Operational Excellence

Fully compliant with all Regulatory, Manufacturer and Resource Industry safety standards.

Continual excellent results with external audits, continued focus on safety.

IOSA Certification



Alliance has received IOSA certification, one of only 4 airlines in Australia

BARS Gold Recognition



First airline in Australia to receive this recognition.

Wyvern "Wingman"



Received during the 2015 financial year.

Outlook



Outlook



- The financial outlook for 2017 is one of opportunity
- Contracted flying revenues remain stable
- Opportunities in tourism, wet and dry leases
- Capital expenditure forecast to be approximately \$20 to \$23 million.

- Positive cash flows to continue
- Substantial opportunities from the Austrian Airlines transaction
- Expansion of spare parts sales and fleet support
- Alliance will continue reducing debt during FY 2017

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