**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

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

**Half Year Results: 31 December 2013**

- ***Strategy: Focus on long term FIFO contracts***
- ***Strong financial outlook***
- ***Maintained interim dividend***
- ***Positioned to improve fleet utilisation***

## *Results*

Alliance Aviation Services Limited (AQZ) today announced an underlying net profit after tax (NPAT) of $7.1 million for the half year ended 31 December 2013. Total revenue for the half was $104 million and is predominantly secured by long term sustainable fly in fly out (FIFO) contracts.

A reconciliation of the underlying NPAT of $7.1 million compared with the interim financial accounts is included in Table 1.

| $ Millions | 2013 Actuals | 2013 Adj* | 2013 Underlying | 2012 Actuals | % Variation |
|---|---|---|---|---|---|
| Revenue | 104.5 | - | 104.5 | 115.0 | (9.1) |
| OPEX | 80.5 | (0.9) | 79.6 | 86.6 | 8.0 |
| EBITDA | 24.0 | - | 24.9 | 28.3 | (12.0) |
| NPAT | 6.5 | - | 7.1 | 10.8 | (34. 2) |

Table 1

*The adjustment in operating expenses above represent the employee costs incurred with "once off" redundancy, termination and restructuring costs which were incurred during the period.

In the half year ended 31 December 2013, total revenue was lower than the previous corresponding period as the company transitioned from the shorter term nature of wet lease and adhoc charter income to longer term FIFO contracts. Because of the nature of these longer-term contracts with more certain revenue streams, the margin is generally not as high as the ad hoc nature of charter and wet lease income.

## *Dividend*

The Directors remain positive about the outlook for the company.

The outlook for the business supports maintaining the interim dividend. The Directors have therefore declared a **fully franked interim dividend** for the year ended 30 June 2014 of **3.6 cents per share**. The Directors have increased the interim dividend payout to the top end of the approved dividend policy. This dividend will be paid on 25 June 2014. The payment date has been postponed slightly so the Company is better placed to fund the preparatory phase of new contract wins.

### *Strategy*

Alliance remains committed to its strategy of servicing long term contracts with top tier miners and resource houses whose projects are in production. Alliance continues to develop ways to diversify its income, both in terms of customer base and geography.

The company has spent the last six months consolidating and preparing for future growth. This has involved tendering and winning new long-term contracts and contract extensions with existing customers, identifying unique product offerings and implementing restructuring initiatives to improve organisational efficiency.

### *Fleet*

Aircraft acquisitions in FY2013 were initially directed towards wet leasing opportunities and adhoc charter business. This was an important part of managing the resources of the fleet whilst Alliance positioned itself to secure longer term opportunities.

The additional fleet units enabled Alliance to confidently tender for a number of contracts and provide certainty and flexibility to customers.

Alliance expects to improve aircraft utilisation resulting in improved overall margins following recent contract wins and the return of the company's Boeing 737 wet leased aircraft in December 2013. The current fleet capacity is sufficient to deliver current and forecast revenue.

### *Outlook*

Whilst the company experienced forecast consolidation on some sectors, no material contracts have been lost and Alliance was pleased to announce its first contract in the coal seam gas sector, with Serco Australia Pty Ltd in November 2013. Alliance is currently in the final stages of agreeing terms for a major new contract, which it will announce to the market as soon as it is able.

The change in revenue mix and delays to start dates of a number of contract wins is reflected in the half year result. The forecast full year result has also recently been amended reflecting the delays to recent contract wins.

Alliance expects a better profit result in the second half compared with the first half of FY 2014. Alliance expects to achieve an underlying NPAT of $16.0M to $17.5M for FY2014.

With the full year impact of new contract wins and the benefits of restructuring initiatives, it is expected that the FY2015 profit result will exceed the FY2013 result.

*For more information contact:*

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

*Matthew Dyer*
*Chief Financial Officer*
*Alliance Aviation Services Limited*
*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 seven Fokker 70LR jet aircraft and six Fokker 50 turboprops at 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, Townsville, Cairns, Adelaide, Melbourne, Perth and Darwin.*