



**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

19 December 2016

Alliance Aviation Services Limited (ASX code: AQZ) Responds to Draft ACCC Determination on Strategic Partnership

The Australian Competition and Consumer Commission (**ACCC**) has issued a draft determination proposing to deny the authorisation of the long-term strategic partnership between Virgin Australia Holdings Limited (**the Virgin Australia Group**) and Alliance Airlines Services Limited (**Alliance**).

Alliance and the Virgin Australia Group will review the ACCC's concerns and provide additional support for the alliance which we believe will support competition and create substantial public benefits.

The key terms of the proposed strategic partnership are as follows:

- Alliance and Virgin Australia Regional Airlines (**VARA**) will form a charter partnership to jointly grow their businesses and provide charter and regular passenger transport services.
- The partnership is focused on new opportunities in the closed charter market. VARA and Alliance will retain their existing contracts and customers.
- Alliance and VARA will also enter into agreements to provide and procure services for each other on a preferential basis. This includes, but is not limited to, aircraft procurement, spare parts pooling, maintenance, ground handling services and customer benefits.

The ACCC draft determination does not impact on existing areas of business between Alliance and the Virgin Australia Group, including the existing wet lease and other services provided by Alliance pursuant to commercial agreements.

[ends]

About Alliance

Alliance Aviation is Australasia's leading provider of contract and air charter services.

The Company provides essential services to mining, energy, tourism and government sectors and holds IATA's IOSA certification and Flight Safety Foundation "BARS Gold" status, the first such carrier in Australia to be so recognised.

The Australian business currently operates a fleet of 16 Fokker F100, 8 Fokker 70LR jet aircraft and 5 Fokker 50 turboprops at world leading on time performance and despatch reliability.

The Company has an Australasian footprint with operations based in Brisbane, Townsville, Cairns, Melbourne, Adelaide, Perth and Auckland.

In November 2015, Alliance entered into a contract with Austrian Airlines AG for the purchase of 21 Fokker aircraft to allow for revenue diversification with aircraft and part sales.

For more information contact:

Scott McMillan

Managing Director

Alliance Aviation Services Limited

+61 7 3212 1201