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ASX RELEASE

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

Record profit before tax and future growth fully funded

FY2024 Result Highlights

- Statutory profit before tax: $86.3 million, up $34.1 million or 65% underpinned by long term contracts from predominately investment grade customers.
- Finalisation of increased and extended debt facilities to fund future aircraft acquisitions and capital commitments.
- Total revenue from operations: $637.2 million, up $129.0 million or 25%.
- Operating cash flow (excluding aircraft acquisitions classified as inventory) of $109.3 million, up from $40.9 million.
- Flight hours increased to 104,545, up from 75,195 with 97% of those hours operated under long term contracts.
- Seventy-two (72) aircraft in revenue service as of 30th June 2024.
- Net debt at balance date of $305.9 million representing 1.71 times FY2024 EBITDA and 0.37 times book value of fleet and inventory.
- Alliance retains a positive outlook for FY2025 with continued growth forecast as additional aircraft are deployed into service and the utilisation of the fleet increases.

Summary

Alliance today announces its record results for the financial year ended 30 June 2024, a year that has seen Alliance deliver record revenue, a record profit before tax and record flight hours.

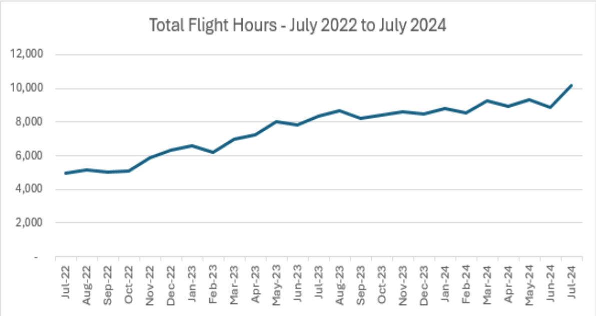
Alliance reports a full year statutory profit before tax (PBT) of $86.3 million, an increase of $34.1 million or 65% (FY2023: $52.2 million). Revenue from operations increased by 25% to $637.2 million (FY2023: $508.2 million) with significant growth in contracted wet lease revenue.

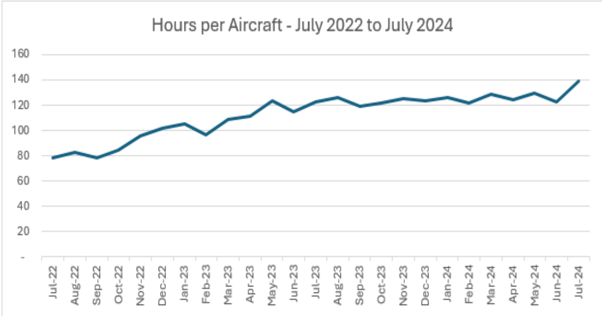
Alliance's Managing Director, Scott McMillan, said, "This is Alliance's best year both operationally and financially. FY24 is the first full year that we have seen the benefits of the significant fleet expansion program that commenced in June 2020. Flying over 100,000 hours in the year is a testament to the hard work of all our staff and they should be very proud of this achievement.

"Contracted wet lease operations were again the major contributor to increased flight hours, whilst contract charter also recorded increased hours over the year. Pleasingly our continued focus on safe, on time and reliable jet services resulted in Alliance renewing seven major FIFO contracts in FY24. The outcomes achieved in FY24 again confirms Alliance as the leading FIFO and wet lease operator in Australia.

"With the fleet continuing to grow as additional Embraer E190's enter service, along with the Rockhampton maintenance facility commencing base maintenance in October 2024, and the move into additional hangar premises in Brisbane, Alliance has never been in a better position to capitalise on further growth opportunities. Our contracted flying model has proven to be a robust business model and one that differentiates us from other players in the aviation industry.”

The Company operated record flight hours of 104,545 for the year ended 30 June 2024 whilst at the same time increasing utilisation per operational aircraft. This has continued in July 2024.





Statutory Results Overview

Earnings Metric	FY2024	FY2023	Variance
Revenue and Income	$646.8m	$517.2m	25%
Statutory EBITDA	$178.4m	$122.3m	46%
Statutory PBT	$86.3m	$52.2m	65%
Aircraft in Service	72*	68*	6%

*Includes three E190’s on dry lease. Dry lease revenue is included as Other Income in the financial statements.

Flight Hour Type	FY2024	FY2023	Variance
Contract Charter	28,402	27,143	5%
Ad-hoc Charter	1,354	1,203	13%
Wet Lease	73,116	45,112	62%
RPT	949	1,071	(11%)
Other	724	666	9%
Total	**104,545**	**75,195**	**39%**

Contract charter activity increased by 5% in the year with the addition of one new client in Queensland, the annualised impact of new clients from FY2023 and increases in schedules for several existing clients. As a result of the increased activity, contract charter revenue grew from $297.0 million in FY2023 to $309.8 million in FY2024.

The most significant increase in the Group’s activity was wet lease flight hours which grew by 28,004 hours. Both the Group’s long term contracted wet lease clients had increased activity during the year. As of 30 June 2024, Qantas had called up 26 out of 30 wet lease aircraft options. The increase in wet lease activity led to record wet lease revenues of $265.7 million for the year which is 62% higher than FY2023.

Ad hoc charter activity remains consistent, with RPT flight hours continuing to reduce.

During the year Alliance continued to focus on cost management to ensure that the impact of inflation and supply chain challenges did not erode margins.

Cash flow

Statutory operating cash flow for the financial year was $24.7 million which includes $84.5 million of E190 aircraft acquisitions (nominated to be used for parts or sales). Whilst these are classified as inventory, they are part of a build-up of spare parts which will facilitate lower maintenance costs in the future or increased part sales.

These items have been classified as inventory (rather than Property Plant and Equipment and as such normally accounted in investing cashflow as capital expenditure). Accordingly, the underlying operating cash flow was $109.3 million.

The operating cash flow continues to increase as flight hour activity increases and the utilisation per aircraft increases. This combined with a focus on cost control and the return to “business as usual” recruitment and training programs will see cashflow increase in the future.

Cash outflows for capital expenditure in FY2024 were $115.1 million compared to $96.9 million in FY2023.

Cash outflows related to growth capital expenditure for the year were $59.4 million (FY2023: $70.2m). The E190 programme continued into FY2024 with $53.8 million expended on aircraft and asset acquisition costs compared to $52.4 million in FY2023.

The construction of the Rockhampton maintenance facility completed in FY2024 with $1.7 million spent in the year. The facility is due to start its first E190 base maintenance check in October 2024.

Cash outflows on existing fleet capital expenditure were $55.8 million (FY2023: $26.7 million). Increased expenditure on base maintenance of $25.2 million (FY2023: $6.9 million) reflects the increase in activity and timing of maintenance visits. A total of $23.2 million was expended on the Rolls Royce engine care programme compared to $15.6 million in FY2023, again a reflection of the increase in activity.

The Company has determined to retain capital to fund business growth and accordingly will not pay a dividend.

Aircraft Settlements and Expected Use

The Group continued to take delivery of E190 aircraft throughout the year. The table below provides a summary as to aircraft settlements as of 30th June 2024:

Azorra Transaction		**JetBlue Transaction**	
Current Acquisition Status			
Number contracted	4	Number contracted	30
Number settled	4	Number settled	10
Remaining to be settled	-	Remaining to be settled	20
Current Deployment			
Number in service	2	Number in service	-
Number in part out/parted out	-	Number in part out/parted out	7
Number in EIS maintenance	2*	Number in EIS maintenance	-
Number yet to have EIS maintenance performed	-	Number yet to have EIS maintenance performed	3

* In August 2024 an Azorra aircraft completed its entry into service maintenance and commenced operations.

Aircraft deliveries continue with settlements forecast to occur at a rate of one a month until June 2025 when settlements become less frequent and conclude in mid-2026. Twelve aircraft deliveries are now estimated to settle in FY2025 and eight in FY2026.

The table below provides a summary as to expected aircraft use as of 30 June 2024.

Azorra Transaction		**JetBlue Transaction**	
Operational fleet	4	Operational fleet	3
		Part out – spares/sales	7
		Sale (airframes only)	6
		Additional dry lease	2
		Future operational fleet	12
Total	**4**	**Total**	**30**

Funding and Commitments

Net debt increased during the year by $101.8 million. The increase in debt funded 14 aircraft purchases. Net debt at 30 June 2024 was $305.9 million.

In April 2024, the Group announced it had entered into a standby vendor financing agreement to assist in the funding of the E190 acquisition program. The Group however continued to pursue other financing options that would provide for a more beneficial outcome for the Group and its stakeholders. Two of the Group's existing financiers have agreed to increase their respective commitments showing conviction in our business model and the strong return on investment from the fleet expansion programme.

In August 2024, the Group renewed its current debt facilities with ANZ, whilst at the same time increasing its facilities with the ANZ by $100 million. At the same time Pricoa agreed to increase its facilities with the Group with $50 million available for capital acquisitions. The facilities now in place mean that the Group has fully funded its current capital acquisition programme covering aircraft and hangar facilities.

Outlook

- Continued growth in activity and profit as additional aircraft enter the operating fleet.
- Deployment of additional dry-lease aircraft.
- It is forecast that the final four wet lease aircraft options are exercised by Qantas in 1HFY25.
- The Rockhampton maintenance facility will increasingly realise financial and operational benefits for the Group.
- Aviation services trading will continue to be a focus of the Group.

- Ends –

This announcement has been authorised for release by Alliance Aviation Services Limited's Board of Directors.

About Alliance

Alliance is Australasia's leading provider of contract, charter and allied aviation and maintenance services currently employing more than 1,400 staff.

The Company provides essential services to mining, energy, and government sectors as well as wet lease services for other airlines.

Alliance holds IATA's IOSA certification, the only Australian contract and charter operator to do so and Flight Safety Foundation "BARS Gold" status, the first such carrier in Australia to achieve gold status.

Alliance is unique in that it owns its whole fleet. Currently that fleet consists of 37 Fokker 70/100 aircraft, 48 Embraer E190 aircraft with firm purchase commitments stretching to mid-2026 for a further 19 E190 aircraft. Seven purchased E190s are in the process of being parted out.

The company dry leases three E190 aircraft to a third party with those leases having just been extended for a further five years.

Alliance has world leading operational performance, a key attribute sought by its customers. Alliance has operational bases in Brisbane, Townsville, Cairns, Adelaide, Perth, Darwin, and Rockhampton.

Alliance is locally owned with the majority of the Company's shareholders located in Australia and New Zealand.

For more information contact:

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