

FY15 FULL YEAR RESULTS



REGIONAL HEADWINDS



AGENDA

- ✈ OPERATIONAL REVIEW
- ✈ FINANCIAL HIGHLIGHTS
- ✈ OUTLOOK & PROFIT FORECAST
- ✈ DIVIDEND



GROUP OPERATIONAL REVIEW

- ✈ 5 Queensland regulated routes running well since 1 Jan 2015
- ✈ Commenced RPT services from Cairns to:
 - Townsville (weekend service) on 3 Jan 2015
 - Bamaga (NPA) on 30 March 2015
 - Mount Isa on 25 May 2015

bringing total number of ports in the Rex network to 53 (from 36 prior year)



Routes in *maroon* are operated
in conjunction with the



**Queensland
Government**



GROUP OPERATIONAL REVIEW

- ✈️ Achieved Area AOC on 11 Dec 2014 allowing operations throughout Australia – only independent regional RPT operator granted this approval
- ✈️ Rolled out LCD cockpit display units for the Saab 340 fleet in May 2015 in collaboration with Thomas Global





Thomas Global LCD cockpit display unit in Rex Saab VH ZLX

GROUP OPERATIONAL REVIEW

- ✈ Achieved Area AOC on 11 Dec 2014 allowing operations throughout Australia – only regional RPT operator granted this privilege
- ✈ Rolled out LCD cockpit display units for the Saab 340 fleet in May 2015 in collaboration with Thomas Global
- ✈ Fuel hedge delivered approx A\$1.85M fuel cost savings in FY1415
- ✈ First full-year operations of new Saab Simulator – performance exceeding expectations





Simulator Building - AAPA

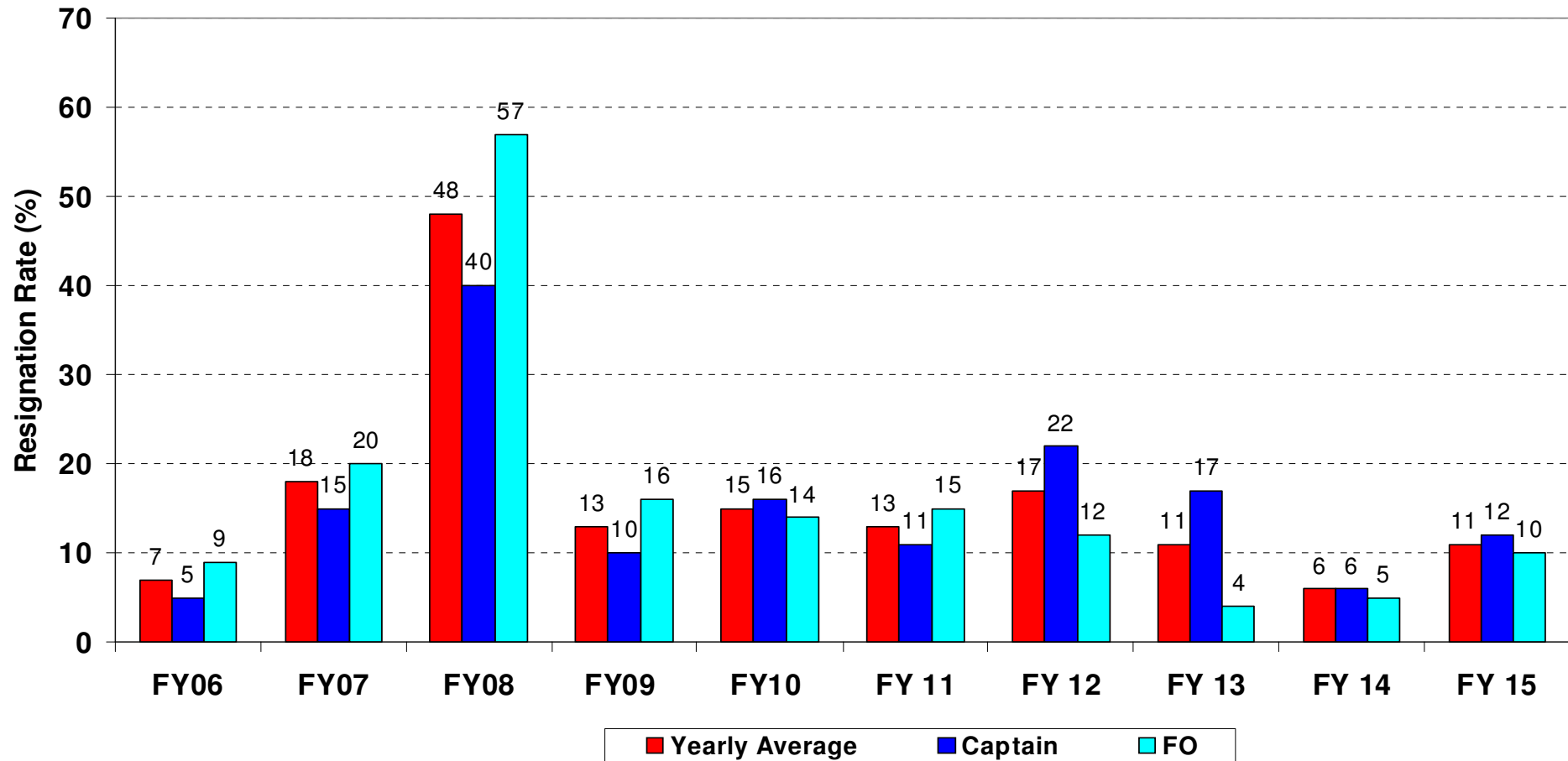
GROUP OPERATIONAL REVIEW

✈ Pilot attrition rate for FY1415 continued to be low and sustainable



GROUP OPERATIONAL REVIEW

Rex Pilot Attrition Rate



GROUP OPERATIONAL REVIEW

- ✈ Pilot attrition rate for FY1415 continued to be low and sustainable
- ✈ 18 cadets inducted as FO making it 141 (90%) since inception of Cadet Programme
- ✈ 13 cadet FOs promoted to Captain making it 28 (21%) since inception of Cadet Programme



GROUP OPERATIONAL REVIEW

Key Regular Public Transport Indicators









	FY15	FY14	Change
Passengers (M) *	1.025	1.044	-1.9%
ASKs (M) *	698	714	-2.2%
Average Fare	\$195.4	\$192.1	+1.7%
Load Factor *	54.7%	54.7%	-
RPT Revenue/ASK	29.5c	29.0c	+1.7%
Non RPT Revenue / ASK	0.7c	0.7c	-
Total cost/ASK	30.1c	29.2c	+3.1%
Fuel % Total Cost	16.4%	18.2%	-1.8% pts

* Excludes Queensland regulated routes



GROUP OPERATIONAL REVIEW

AIRLINE RELIABILITY INDEX

Airline	On Time Departure					Cancellation Rate (%)				
	FY15	FY14	FY13	FY12	FY11	FY15	FY14	FY13	FY12	FY11
	2 nd	1 st	1 st	3 rd	1 st	0.3%	0.5%	0.7%	0.4%	0.4%
	5 th	5 th	6 th	7 th	5 th	2.1%	2.5%	2.5%	2.0%	1.9%
	1 st	2 nd	2 nd	2 nd	3 rd	1.2%	1.3%	1.6%	1.7%	1.5%
	6 th	6 th	8 th	8 th	6 th	1.4%	1.9%	1.3%	1.6%	1.4%
	3 rd	4 th	3 rd	4 th	4 th	1.8%	1.5%	1.7%	1.3%	2.0%
	4 th	3 rd	4 th	6 th	N/A	1.4%	1.3%	2.4%	1.5%	N/A
	N/A	N/A	7 th *	5 th	2 nd	N/A	N/A	0.2%*	0.2%	0.3%
	7 th	7 th	5 th	1 st	7 th	0.9%	2.2%	1.2%	0.5%	3.0%

* YTD Apr 2013. Skywest rebranded as Virgin Australia Regional Airlines eff. 7 May 13



GROUP OPERATIONAL REVIEW

SUBSEQUENT EVENTS

- ✈ Rex commenced daily RPT services from Cairns to Townsville on 6 July 2015 adding some 60,000 seats on the route with 34 weekly flights
- ✈ Air Link resuming RPT services to Cobar on 31 Aug 2015
- ✈ FY15/16 Fuel hedged



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FINANCIAL HIGHLIGHTS

GROUP INCOME STATEMENT REVIEW

	FY15 \$M	FY14 \$M	Change
Passenger Revenue	204.3	202.3	+1.0%
Total Revenue	256.2	253.3	+1.1%
Fuel Cost *	36.9	37.8	-8.4%
Carbon Tax on fuel	.	2.5	
Other Costs & Expenses	209.7	203.8	+2.9%
Profit Before Tax	9.3	10.7	-12.8%
Profit After Tax	6.7	7.7	-13.6%

* Includes Ineffective Fuel Hedge



FINANCIAL HIGHLIGHTS

EARNINGS

✈ PBT fell by 12.8% or \$1.4M

✈ EPS at 6.2 cents



FINANCIAL HIGHLIGHTS

\$1.4M Group PBT decline due to:

- ✈ Continued deterioration of regional economy resulting in drop in RPT passengers (19.5k fewer pax, \$3.1M less pax revenue in non-subsidised network)
- ✈ Increase in manpower cost and engineering costs
- ✈ Mobilisation costs for new Qld operations
- ✈ Higher cost from USD-denominated expenses



FINANCIAL HIGHLIGHTS

PBT REDUCTION FROM PRIOR FY.... but Performance still respectable:

- ✈ Net Assets grew by \$5.7M to \$194.8M (\$1.77 per share)
 - ✈ Gross Return on revenue 3.6%
 - ✈ Gross Return on Net Assets 4.8%
 - ✈ Gross Return on market capitalisation* 8.1%
- * Based on closing share price of \$1.04 at FY end



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OUTLOOK

HEADWINDS

- ✈ Passenger demand uncertain due to negative impact of plunging oil prices on energy industries and softer Chinese economy
- ✈ Continuing weakness of AUD will have some negative impact on USD expenses
- ✈ EBA agreements not reached yet with 3 of 4 union groups after over a year of negotiations



OUTLOOK

TAILWINDS

- ✈ Full year of operations of Queensland subsidised route will bring additional profit stream
- ✈ Fuel price hedged for the full FY16 which brings additional annualised savings of \$4.5M over FY15
- ✈ Rex considering responding to WA Govt tender for operations of licensed routes out of Perth



PROFIT FORECAST

Net outcome of tailwinds and headwinds is uncertain

No profit guidance can be provided at this stage



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DIVIDEND

In view of the

- ✈ continuing decline in profits
- ✈ uncertain economic environment ahead

The Board recommends the decision on dividend to be made at the AGM in Nov 2015



Q & A

**END OF
PRESENTATION**

THANK YOU





Cairns Airport officially welcomes Rex