

CLEARER SKIES
AHEAD



FY17
FULL YEAR
RESULTS



AGENDA

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



FY17 Full Year Results

- ✈ **OPERATIONAL REVIEW**
- ✈ FINANCIAL HIGHLIGHTS
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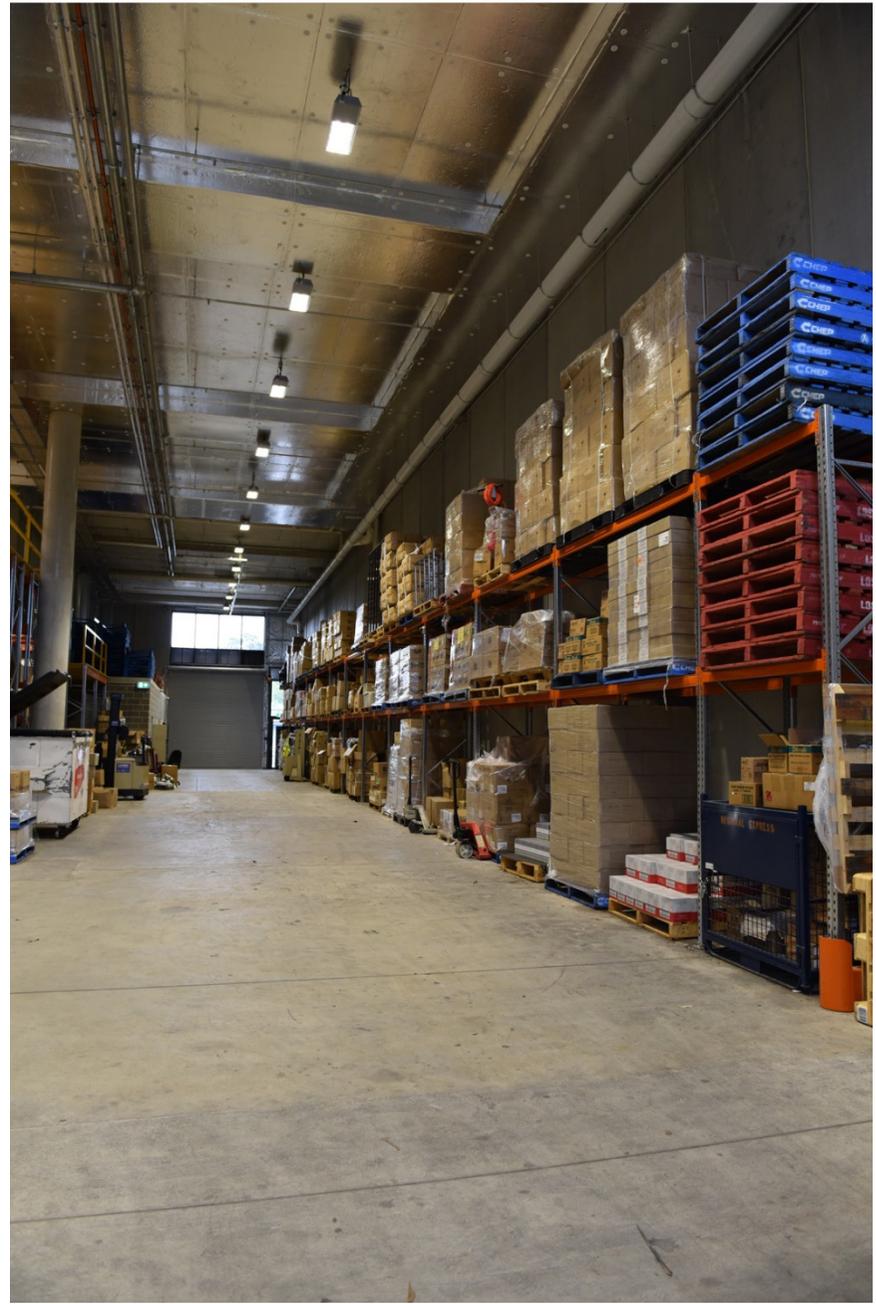


GROUP OPERATIONAL REVIEW

Rex

- First full Financial Year of operations in Western Australia
- Pilot and engineer EBAs ratified
- Commenced operations in new Sydney warehouse





New Sydney Warehouse, Baxter Road entrance & Interior

GROUP OPERATIONAL REVIEW

Rex

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- Commenced operations in new Sydney warehouse
- Completed the acquisition of an aircraft paint hangar in Wagga Wagga





Wagga Wagga Paint Hangar with 1 of only 2 flying Lockheed C-121C Super Constellations in the world being prepared for painting

GROUP OPERATIONAL REVIEW

Pel-Air

- Medivac operations from Singapore
- Sold off all four Learjets from the Defence contract



GROUP OPERATIONAL REVIEW

AAPA

→ First Graduation of Vietnamese cadets, 18 enrolled in the FY





The Hon. Julie Bishop MP and the Hon. Michael McCormack MP, with the first group of VFT graduates at AAPA together with dignitaries from Vietnam

GROUP OPERATIONAL REVIEW

AAPA

- First Graduation of Vietnamese cadets, 18 enrolled in the FY
- 16 AAPA cadets inducted as First Officers (FO) into Rex in FY17
 - 136 AAPA FOs in total
 - 79% of FO strength
 - 37 AAPA FOs upgraded to Captains in FY17, total of 57 since inception
 - 2 AAPA Captains promoted to Training Captain, total of 6 since inception



GROUP OPERATIONAL REVIEW

Key Regular Public Transport Indicators

	FY17	FY16	Change
Passengers (M)	1.192	1.094	+9.0%
ASKs (M)	814	765	+6.4%
Average Fare (\$)	213.9	207.6	+3.0%
Load Factor	57.3%	54.7%	+2.6% pts
Revenue/ASK (cents)	31.3	30.7	+2.0%
Total cost/ASK (cents)	29.7	30.6	-2.9%
Fuel % Total Cost*	13.3%	15.8%	-2.5% pts

*Excluding Impairments



GROUP OPERATIONAL REVIEW

Airline Reliability Index

Airline	On Time Departure					Cancellation Rate (%)				
	FY17	FY16	FY15	FY14	FY13	FY17	FY16	FY15	FY14	FY13
	2 nd	1 st	1 st	1 st	1 st	0.8%	0.5%	0.3%	0.5%	0.7%
	3 rd	2 nd	3 rd	3 rd	3 rd	2.6%	2.6%	2.1%	2.5%	2.5%
	1 st	3 rd	2 nd	2 nd	2 nd	1.5%	2.0%	1.4%	1.3%	2.4%



GROUP OPERATIONAL REVIEW

Subsequent Events

- Rex awarded licenced route Adelaide - Port Augusta by SA Gov. to commence 11 Sep 2017
- Further 21 Vietnamese cadets expected to commence training with AAPA over next 2 months and more expected in the remainder of the FY
- Pel-Air secured FIFO contracts with Iluka and Cobham
- Fuel hedged till Nov 2017 bringing \$1M savings



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FINANCIAL HIGHLIGHTS

GROUP INCOME STATEMENT REVIEW

	FY17 \$M	FY16 \$M	Variance \$M
Passenger Revenue	249.3	227.2	+22.1
Total Revenue	281.0	261.9	+19.1
Fuel Cost	(30.9)	(35.2)	+4.3
Other Costs & Expenses	(233.2)	(222.9)	-10.3
Finance income/(expenses)	0.9	0.5	+0.4
Operational Profit Before Tax	17.8	4.3	+13.5
Impairments	-	(15.0)	+15
Profit/(Loss) Before Tax	17.8	(10.7)	+28.5



FINANCIAL HIGHLIGHTS

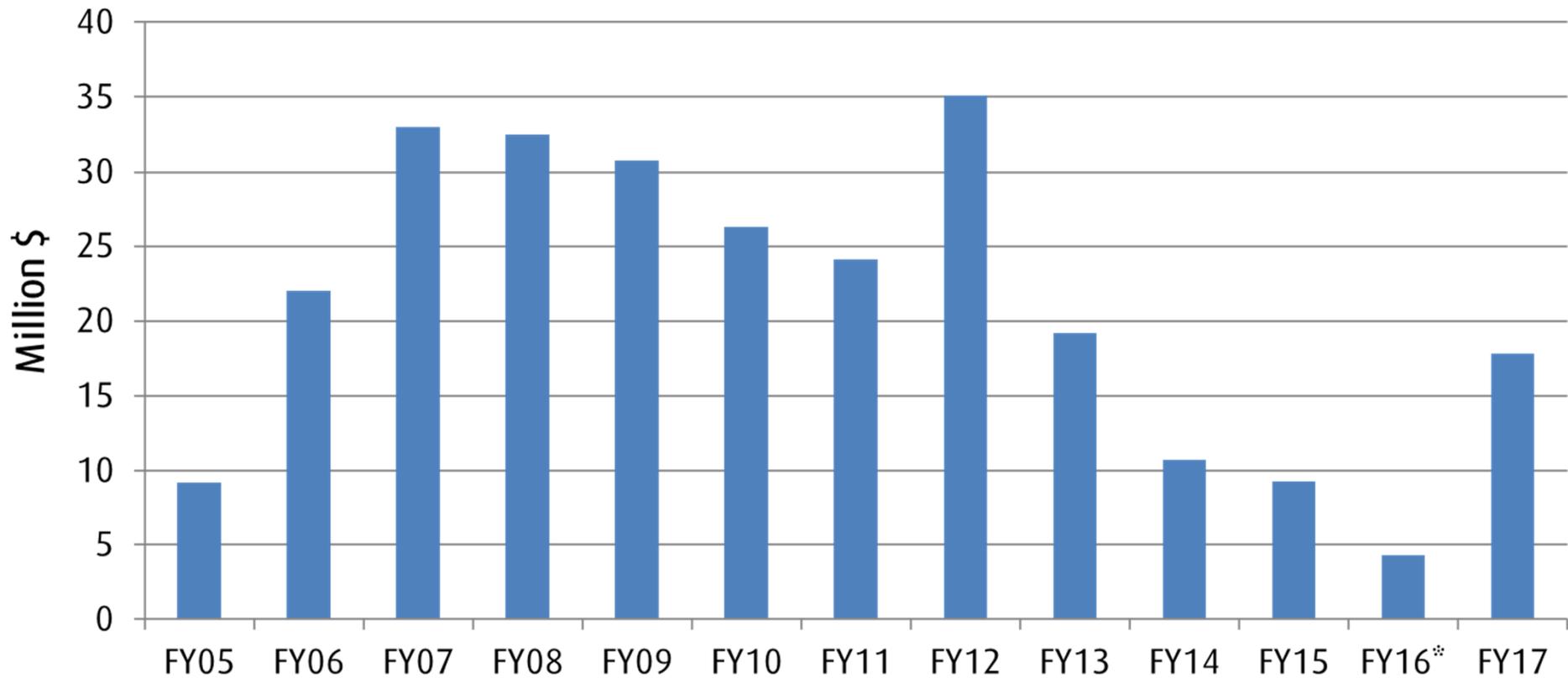
Operational PBT quadrupled to \$17.8M because:

- Modest recovery in passenger numbers (3%) and yield (3%) across Rex's traditional network bringing \$7M additional revenue
- 8 additional months of contribution from WA routes
- Fuel cost reduction of over \$6M from lower fuel price
- Slight improvement in FX rate for AUD



FINANCIAL HIGHLIGHTS

Rex Group Profit Before Tax since FY05



*Excluding Impairments



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OUTLOOK

Headwinds

- ✈️ AUD could revert to dovish if US raises rate aggressively
- ✈️ Protectionist measures by USA could provoke a trade war and stifle global economic growth
- ✈️ North Korea situation could easily spiral out of control



OUTLOOK

Tailwinds

- ✈ First 2 months of FY 18 seem to confirm trend of modest recovery in passenger numbers
- ✈ Fuel price expected to remain soft
- ✈ Mining FIFO appears to be firming
- ✈ Enrolments at AAPA expected to grow



PROFIT FORECAST

- ✈ The Board believes that the Australian economy will continue on a modest recovery and this will translate to a similar growth in Rex's passenger numbers.
- ✈ If this growth materialises, Rex sees its profits increasing in the mid teens in percentage compared to prior year.



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DIVIDEND

- In view of the fact that:
 - the decline in passenger numbers seems to have bottomed out;
 - the Group is on a modest trajectory of recovery;
 - the Group's capital requirements are contained;
 - Group's cash holdings are healthy
- The Board has approved a Final Dividend of 10c per share (Fully Franked)
- The Board reaffirms its commitment to a healthy dividend payout ratio if the Group achieves its profit target in FY18



Q & A

**END OF
PRESENTATION**

THANK YOU





Saab340B Aircraft in Birdsville Airport
Credit – Cathy Finch Photography