

# AGM 2015



## REGIONAL HEADWINDS



# PERFORMANCE

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- ✈ Revenue increased by 1.1% to \$256.2M
- ✈ Pax dropped by 0.6% to 1.045M
- ✈ PBT fell by 12.8% to \$9.3M

# PERFORMANCE

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## **\$1.4M Group PBT decline due to:**

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

# NETWORK CHANGES

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- ✈ Air Link re-commenced RPT services on Sydney-Dubbo (Aug 2014)
- ✈ Taree/Grafton/Lismore/Newcastle routes refinement resulting in 29% less ASK for these 4 routes (Oct 2014)
- ✈ Rex awarded Area Air Operator's certification (AAOC) by CASA (Dec 2014)

# NETWORK CHANGES

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- ✈️ Awarded 5 Queensland Regulated Routes to commence 1 Jan 2015
- ✈️ Commenced RPT services from Cairns to:
  - Townsville (weekend service) on 3 Jan 2015
  - Bamaga on 30 March 2015
  - Mount ISA on 25 May 2015

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



# On Time Performance

## AIRLINE RELIABILITY INDEX

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

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

# INDUSTRY RECOGNITION

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**'Best Regional Airline' in the Australian Traveller People's Choice Awards Survey three times since 2011, the awards inaugural year.**

*“Traditionally, our two regional mainstays QantasLink and Rex fight it out for this title, but this year Rex has a clean victory by a huge 44 per cent.”*

*(Excerpt from Australian Traveller's web site)*

# FLEET / SAAB FLIGHT SIMULATOR

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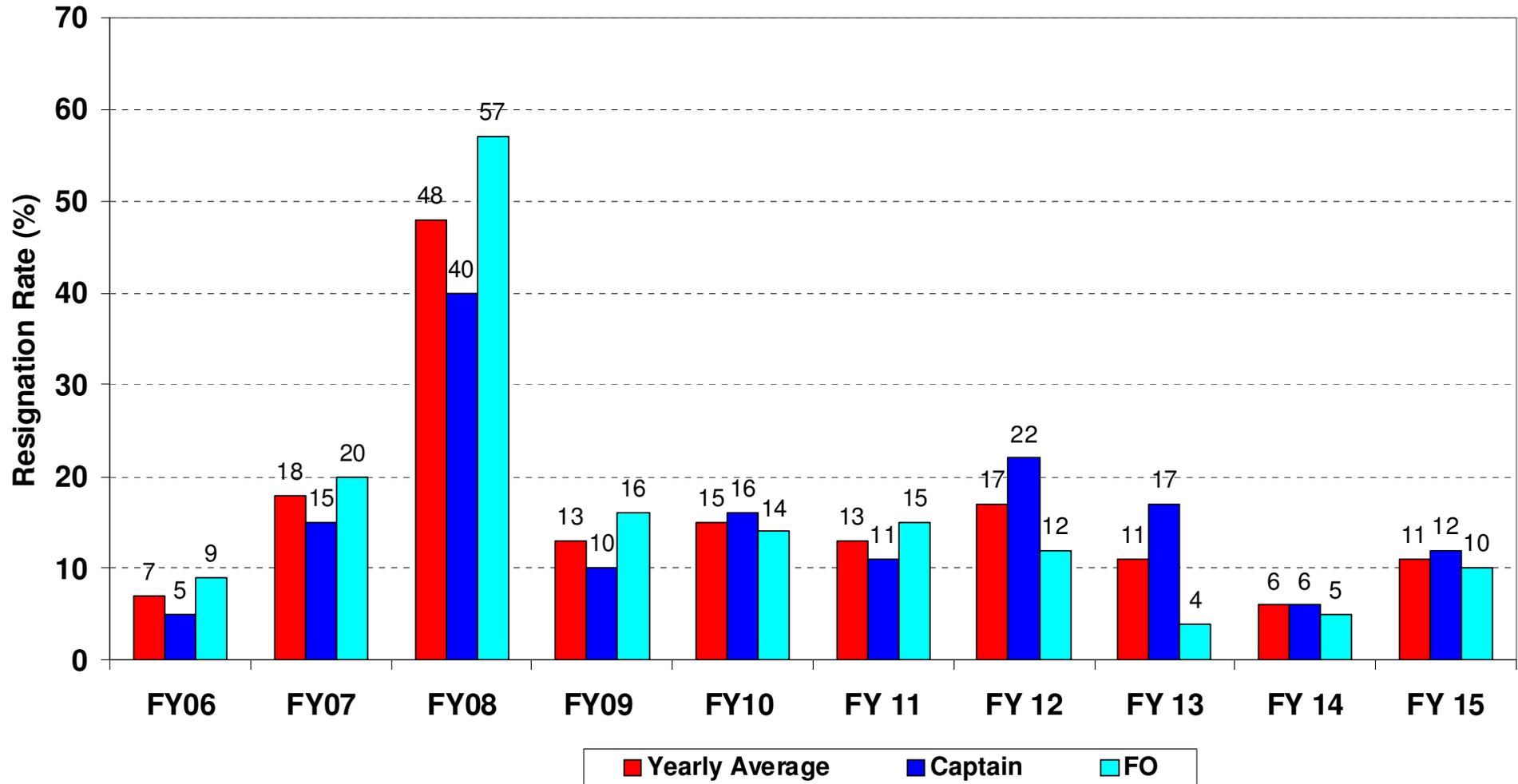
- ✈ Purchased one Saab 340B aircraft in readiness for new opportunities in Queensland following the collapse of Skytrans
- ✈ Full first year of operations for Saab 340 Full Flight Simulator with performance exceeding expectations

# PILOT SITUATION

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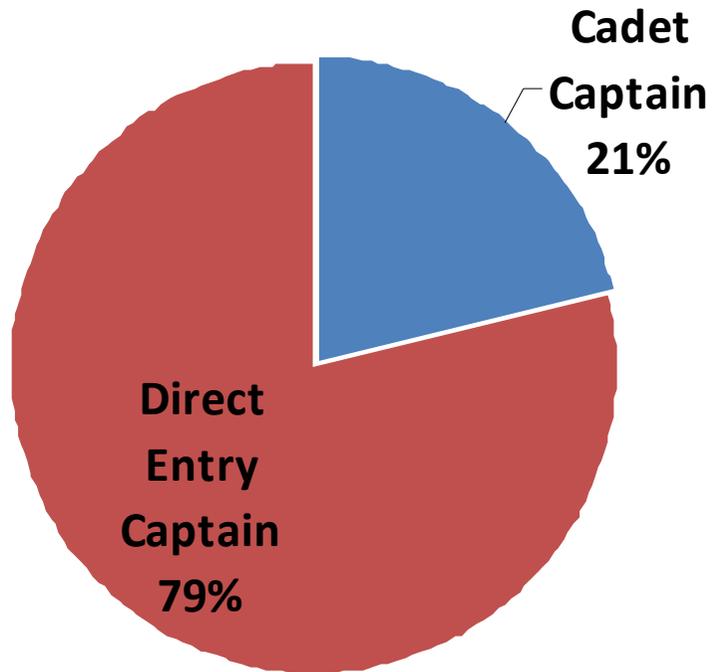
- ✈️ Pilot attrition rate for the FY was low and sustainable
- ✈️ 18 cadets joined the FO ranks in the FY
- ✈️ 13 cadet FOs successfully completed PICUS and achieved command in the FY

# REX PILOT ATTRITION RATE

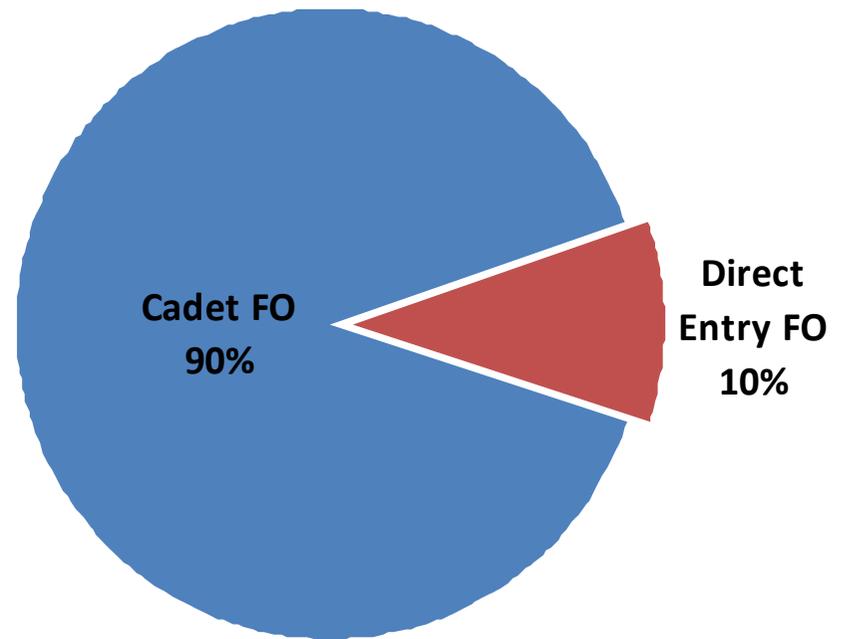


# REX CADET CPT & FO

## Captain Population



## FO Population



# SUBSEQUENT EVENTS

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- ✈️ Rex commenced daily RPT service Cairns - Townsville on 6 July 2015
- ✈️ Air Link resumed RPT services to Cobar on 31 August 2015
- ✈️ Fuel hedged for FY16 bringing additional fuel cost reduction of \$4.5M in FY16

# SUBSEQUENT EVENTS

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- ✈️ AAPA reached agreement to train cadets for Vietnam Airlines commencing Feb 2016
- ✈️ Awarded preferred tenderer to operate 2 regulated routes in WA from 28 Feb 2016
- ✈️ Rex to commence services to Cooma (Snowy Mountains) from March 2016
- ✈️ Pel-Air's Fast Jet contract with Australian Defence Force ceased on 1 Oct 2015

# UPCOMING WA OPERATIONS



# REX IN THE COMMUNITY

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Rex donated over \$300K to various relief and charitable causes in FY1415:

- ✈ Heart of Australia
- ✈ Julia Creek Dirt and Dust Festival
- ✈ Royal Institute for Deaf and Blind Children
- ✈ Bush to Boarding
- ✈ Eden Whale
- ✈ Cancer Council Fundraisers

# REX IN THE COMMUNITY



**Jarlym Ned with his catch of the day at the Doomadgee Police Fishing Competition**

# DIVIDEND

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In view of the

- ✈ continued morose domestic economic environment resulting in uncertain passenger demand;
- ✈ continued decline in profits;
- ✈ possible world economic slowdown; and
- ✈ need for investment for expansion in WA,

The board believes it prudent to conserve cash and consequently no dividend will be paid for FY15

# DIVIDEND

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The Board is committed to **significantly increase the dividend payout ratio** once the passenger numbers have shown signs of sustained recovery

# PROFIT FORECAST

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## Headwinds:

- Weak AUD increasing engineering costs significantly
- Weak domestic economy depressing travel

## Tailwinds:

- Fuel price expected to remain low
- New opportunities in QLD and WA
- AAPA benefit from world demand for pilot training

# PROFIT GUIDANCE

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The Group believes that the net outcome of headwinds and tailwinds is uncertain.

No profit guidance can be provided at this stage.

**Q & A**

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**END OF  
PRESENTATION**

**THANK YOU**

# PROXY SUMMARY

## AGM 2015 Proxy Results

