



ANNUAL GENERAL MEETING 2016



PERFORMANCE

- ✈ First statutory loss since FY03 of \$10.7M (before tax)
- ✈ \$15M non cash write down of goodwill and assets related to cessation of Defence contract
- ✈ Business prospects continued to decline with 50% decline in operational profits
- ✈ Remained operationally profitable with Operational PBT of \$4.3M

PERFORMANCE

Group Operational Performance negatively impacted by:

- ✈ Cessation of Defence contract
- ✈ Continued deterioration of regional economy
 - \$1.2M less pax revenue in traditional network
- ✈ Over 10% deterioration of FX rate on about AUD44M of USD denominated expenses
- ✈ Mobilisation costs for new WA operations

GROUP OPERATIONAL REVIEW

Rex

- ✈️ Commenced daily RPT service Cairns-Townsville (Jul 2015)
- ✈️ Exited Newcastle-Ballina route (Sep 2015)
- ✈️ Ground Staff agreement reached (Oct 2015)
- ✈️ Agreement to purchase aircraft paint hangar at Wagga Wagga (Dec 2015)
- ✈️ Commenced RPT Services in Western Australia (Feb 2016)
- ✈️ Commenced RPT Services Sydney-Snowy Mountains (Cooma) (Mar 2016)
- ✈️ Hedged 75% of FY 17 fuel needs

GROUP OPERATIONAL REVIEW

Pel-Air

- ✈️ End of the defence target towing contract (Oct 2015)
- ✈️ Commenced trial medivac operations in Singapore (Dec 2015)

Airlink

- ✈️ Commenced RPT services to Cobar (Aug 2015)

AAPA

- ✈️ Accredited by Vietnam Civil Aviation Authority (Feb 2016)
- ✈️ First batch of 8 Vietnamese cadets arrived AAPA Campus (Apr 2016)

Route Map



Updated 23 February 2016

rex.
Regional Express
Our heart is in the country

On Time Performance

AIRLINE RELIABILITY INDEX

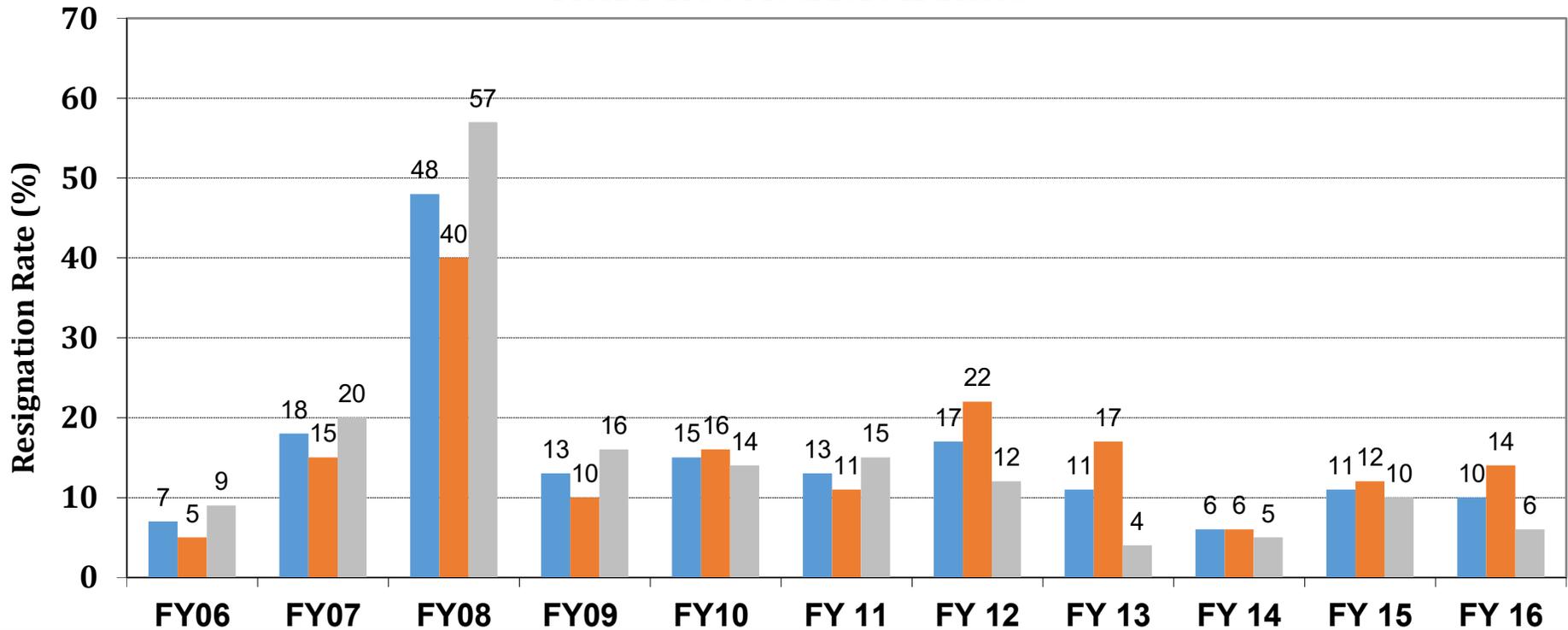
Airline	On Time Departure					Cancellation Rate (%)				
	FY16	FY15	FY14	FY13	FY12	FY16	FY15	FY14	FY13	FY12
	1 st	1 st	1 st	1 st	1 st	0.5%	0.3%	0.5%	0.7%	0.4%
	2 nd	3 rd	3 rd	3 rd	4 th	2.6%	2.1%	2.5%	2.5%	2.0%
	3 rd	2 nd	2 nd	2 nd	3 rd	2.0%	1.4%	1.3%	2.4%	1.5%
	N/A	N/A	N/A	4 th *	2 nd	N/A	N/A	N/A	0.2%*	0.2%

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

PILOT SITUATION

✈️ Pilot attrition rate for the FY was at sustainable rate

Rex Pilot Attrition Rate

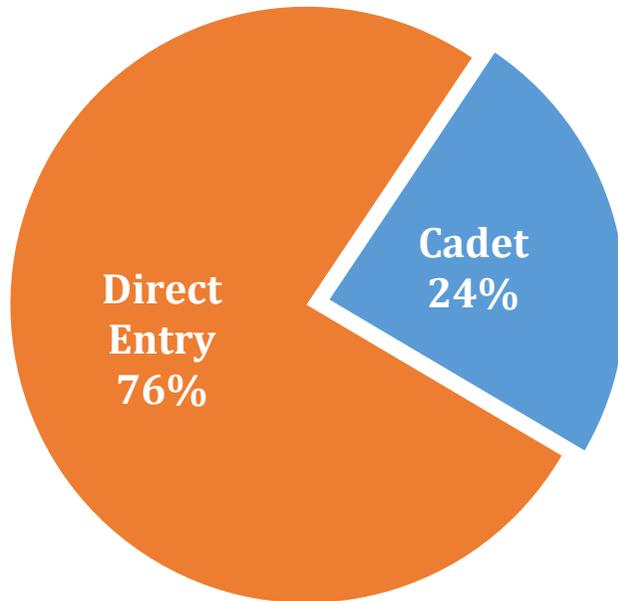


■ Yearly Average ■ Captain ■ FO

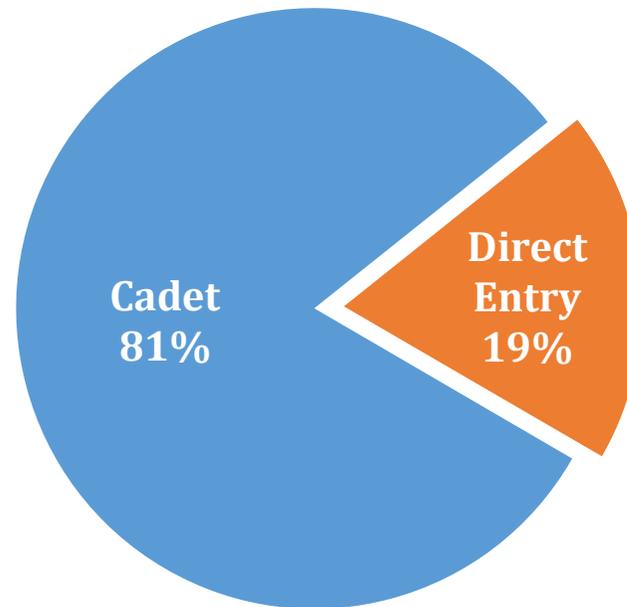


REX CADET CPT & FO POPULATION

Captain Population



FO Population



REX IN THE COMMUNITY

Rex donated over \$285K to various regional relief and charitable causes:

- ✈ Parkes Elvis Festival
- ✈ Julia Creek Dirt n Dust Festival
- ✈ Heart of Australia
- ✈ NSW Regional Woman of the Year Award
- ✈ Camp Quality Puppet Tour to King Island
- ✈ Normanton Barra Classic Fishing Competition
- ✈ Birdsville Big Red Bash
- ✈ Casino Beef Week

REX IN THE COMMUNITY



Rex Deputy Chairman the Hon. John Sharp with Rex Airlines' Regional Woman of the Year finalists, and the Hon. Pru Goward MP, Minister for Women at the NSW Women of the Year Awards 2016.

SUBSEQUENT EVENTS

- ✈ Pilot and Engineer EBA have been ratified (All EBAs now ratified)
- ✈ Expanded Cairns to Bamaga service from late October 2016
- ✈ Improved Cairns Townsville schedule including rationalised capacity from late October 2016
- ✈ Permanent Medivac Operations based out of Singapore

DIVIDEND

In view of the

- ✈ sharp decline in operating profits
- ✈ uncertain economic environment ahead

The Board recommends no final dividend. The Board remains committed to an aggressive dividend payout ratio once recovery firmly entrenched.

PROFIT FORECAST

Headwinds:

- ✈ Economic growth uncertain
- ✈ AUD on declining bias due RBA willingness to further lower rates

Tailwinds:

- ✈ Full year WA operations contributing annually 9% of passenger numbers
- ✈ Full year fuel reduction estimated to be \$6.5M
- ✈ Strong international enrolment at AAPA
- ✈ Strong medivac performance out of Singapore

PROFIT GUIDANCE

- ✈️ Rex Group expected to post stronger performance in FY17 compared to prior period
- ✈️ Unable to quantify increased profitability for the full FY - guidance to be provided at the half yearly results

Q & A

END OF PRESENTATION

THANK YOU

PROXY SUMMARY

AGM 2016 Proxy Results

