



# FY13 Financial Results



# AGENDA

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- ✈ FINANCIAL HIGHLIGHTS
- ✈ KEY PERFORMANCE INDICATORS
- ✈ OPERATIONAL REVIEW
- ✈ OUTLOOK & PROFIT FORECAST
- ✈ CAPITAL INVESTMENT
- ✈ DIVIDEND

# ANNOUNCEMENT 12/13 Full Yr Results

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- ✈ FINANCIAL HIGHLIGHTS
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# FINANCIAL HIGHLIGHTS

## GROUP INCOME STATEMENT REVIEW

	FY13 \$M	FY12 \$M	Change
Passenger Revenue	207.9	214.8	-3.2%
Total Revenue	258.3	273.1	-5.4%
Fuel Cost	36.2	38.6	-6.2%
Carbon Tax on fuel	2.4	-	N/A
Other Costs & Expenses	202.4	202.3	+0.1%
En-route charges	2.0	-	N/A
Profit Before Tax	19.2	35.1	-45.3%
Profit After Tax	14.0	25.5	-45.0%

# FINANCIAL HIGHLIGHTS

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## EARNINGS

✈ PBT fell by 45.3%

✈ EPS at 12.8 cents

# FINANCIAL HIGHLIGHTS

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## STRONG BALANCE SHEET

- ✈️ Cash balance \$44.2M (\$43.3M prior period)
- ✈️ No debt except project financing for Ambulance Victoria contract
- ✈️ Net assets grew by 2.4% to \$181M (\$1.64 per share)

# FINANCIAL HIGHLIGHTS

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## SHARP REDUCTION FROM PRIOR FY.... BUT PERFORMANCE STILL STRONG

- ✈️ Gross Return on revenue 7.4%
- ✈️ Gross Return on Net Assets 10.6%
- ✈️ Gross Return on market capitalisation 15.5%

# FINANCIAL HIGHLIGHTS

## AIRLINES COMPARATIVE PERFORMANCE

	 Full Yr ended 30 June 13	 Full Yr ended 30 June 13	 Half Yr ended 30 June 13	 Full Yr ended 31 Dec 12	 Full Yr ended 31 Dec 12	 Full Yr ended 31 Mar 13
Revenue Growth	<b>-5.4%</b>	<b>+1.1%</b>	<b>+1.2%</b>	<b>+1.0%</b>	<b>+9.1%</b>	<b>+1.6%</b>
Gross Revenue Margin	<b>7.4%</b>	<b>0.1%</b>	<b>-6.4%</b>	<b>1.6%</b>	<b>4.0%</b>	<b>3.2%</b>
Gross Return on Market Cap	<b>15.5%</b>	<b>0.6%</b>	<b>-37.3%</b>	<b>2.8%</b>	<b>9.6%</b>	<b>3.8%</b>
Gross Return on Net Assets	<b>10.6%</b>	<b>0.3%</b>	<b>-26.4%</b>	<b>2.7%</b>	<b>9.8%</b>	<b>3.6%</b>

Virgin Australia's market guidance indicates a loss of approx. 100 million for FY ended 30 June 2013



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# KEY PERFORMANCE INDICATORS

## Rex Regular Public Transport

	FY13	FY12	Change
Passengers (M)	1.091	1.170	<b>-6.8%</b>
ASKs (M)	739	742	<b>-0.4%</b>
Average Fare	\$190.6	\$183.5	<b>+3.9%</b>
Load Factor	55.6%	59.6%	<b>-4.0 % pts</b>
Revenue/ASK	28.1c	28.9c	<b>-2.8%</b>
Total cost/ASK (excl. fuel)	28.3c (23.3c)	27.8c (23.0c)	<b>+1.8%</b> <b>(+1.3%)</b>
Fuel % Total Cost	15.9%	16.0%	<b>-0.1% pts</b>

# KEY PERFORMANCE INDICATORS

## AIRLINE OPERATIONAL REVIEW

Airline	On Time Departure					Cancellation Rate (%)				
	FY13	FY12	FY11	FY10	FY09	FY13	FY12	FY11	FY10	FY09
	1 <sup>st</sup>	3 <sup>rd</sup>	1 <sup>st</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	0.7%	0.4%	0.4%	0.2%	0.8%
	6 <sup>th</sup>	7 <sup>th</sup>	5 <sup>th</sup>	2 <sup>nd</sup>	1 <sup>st</sup>	2.5%	2.0%	1.9%	0.7%	1.1%
	2 <sup>nd</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	1 <sup>st</sup>	5 <sup>th</sup>	1.6%	1.7%	1.5%	0.8%	2.6%
	8 <sup>th</sup>	8 <sup>th</sup>	6 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	1.3%	1.6%	1.4%	1.1%	0.9%
	3 <sup>rd</sup>	4 <sup>th</sup>	4 <sup>th</sup>	4 <sup>th</sup>	3 <sup>rd</sup>	1.7%	1.3%	2.0%	1.6%	2.0%
	4 <sup>th</sup>	6 <sup>th</sup>	N/A	N/A	N/A	2.4%	1.5%	N/A	N/A	N/A
	7 <sup>th</sup> *	5 <sup>th</sup>	2 <sup>nd</sup>	5 <sup>th</sup>	2 <sup>nd</sup>	0.2%*	0.2%	0.3%	0.7%	1.4%
	N/A	N/A	N/A	N/A	7 <sup>th</sup>	N/A	N/A	N/A	N/A	6.7%
	5 <sup>th</sup>	1 <sup>st</sup>	7 <sup>th</sup>	7 <sup>th</sup>	6 <sup>th</sup>	1.2%	0.5%	3.0%	1.5%	0.4%

\* YTD Apr 2013. Skywest incorporated into Virgin Regional Airlines eff. 7 May 13

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# GROUP OPERATIONAL REVIEW

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- ✈ Commenced new routes - Broken Hill and Mildura July 2012
- ✈ Ceased Melbourne to Griffith July 2012
- ✈ Frequency on SYD-WGA increased from 56 to 64 weekly flights
- ✈ Signed contract to purchase Saab Simulator
- ✈ 4 cadets promoted to Captain since inception of PICUS Programme in Sept 2011

# GROUP OPERATIONAL REVIEW

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- ✈ Signed agreement to purchase 4 Saab 340B+ aircraft at lease end (July 2013 and Mar 2014)
- ✈ Air Link sold 1 Piper Chieftain
- ✈ AAPA purchased a Cessna 150 Aerobat aircraft
- ✈ Signed agreement to purchase the entire Saab 340 spare parts holdings (spares from Mesaba Airlines and Colgan Air) from Pinnacle Airlines in the US

# GROUP OPERATIONAL REVIEW

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## Industry Recognition

**AVIATION WEEK**  
**TOP PERFORMING AIRLINE**  
**ASIA-PACIFIC 2013**

Rex was ranked as the Top Performing Airline in the Asia-Pacific region and second for all carriers worldwide in a study based on 5 financial indicators over the 2012 calendar year.

This result is a continuation of Rex's solid performance in previous years, where since 2009 Rex was ranked as the world's top performing regional airline.

# GROUP OPERATIONAL REVIEW

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## TENDERS WON

- ✈ Rex was re-awarded 8 NSW intrastate Air Transport licences till March 2018

# GROUP OPERATIONAL REVIEW

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## TENDERS PENDING

Awaiting the outcome of the following:

- ✈ Target Towing services under a subcontractor bid to a Defence Base Services Tender
- ✈ Jet services provision for Landing Helicopter Dock testing

# GROUP OPERATIONAL REVIEW

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## SUBSEQUENT EVENTS

- ✈ Signed agreement to purchase additional 8 Saab 340B+ aircraft at lease end in Mar 2014 (16 aircraft to date)
- ✈ Took ownership of 7 Saab 340B+ aircraft at lease end on 2 July 2013
- ✈ Took delivery of the entire spares holdings of Pinnacle airlines (215,000 items)

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# PROFIT FORECAST

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- ✈ The Group is unable to provide an accurate profit guidance in light of a highly volatile
  - Financial / economic environment;
  - FX exchange rate;
  - Fuel price

# PROFIT FORECAST

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- ✈ The Group expects this FY performance to depend on the outcome of the Federal election:
  - continued deterioration if Labor wins;
  - slight improvement under a Coalition government

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# CAPITAL INVESTMENT

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✈ Major capital investments in FY14:

- purchase of 25 Saab 340B+ aircraft
- purchase of the Pinnacle spares
- purchase of a full flight simulator
- construction of a building to house the simulator
- avionics upgrade

(Totalling over \$50 million)

which will generate substantial improvements in cash flow in the order of \$10 million per annum

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# DIVIDEND

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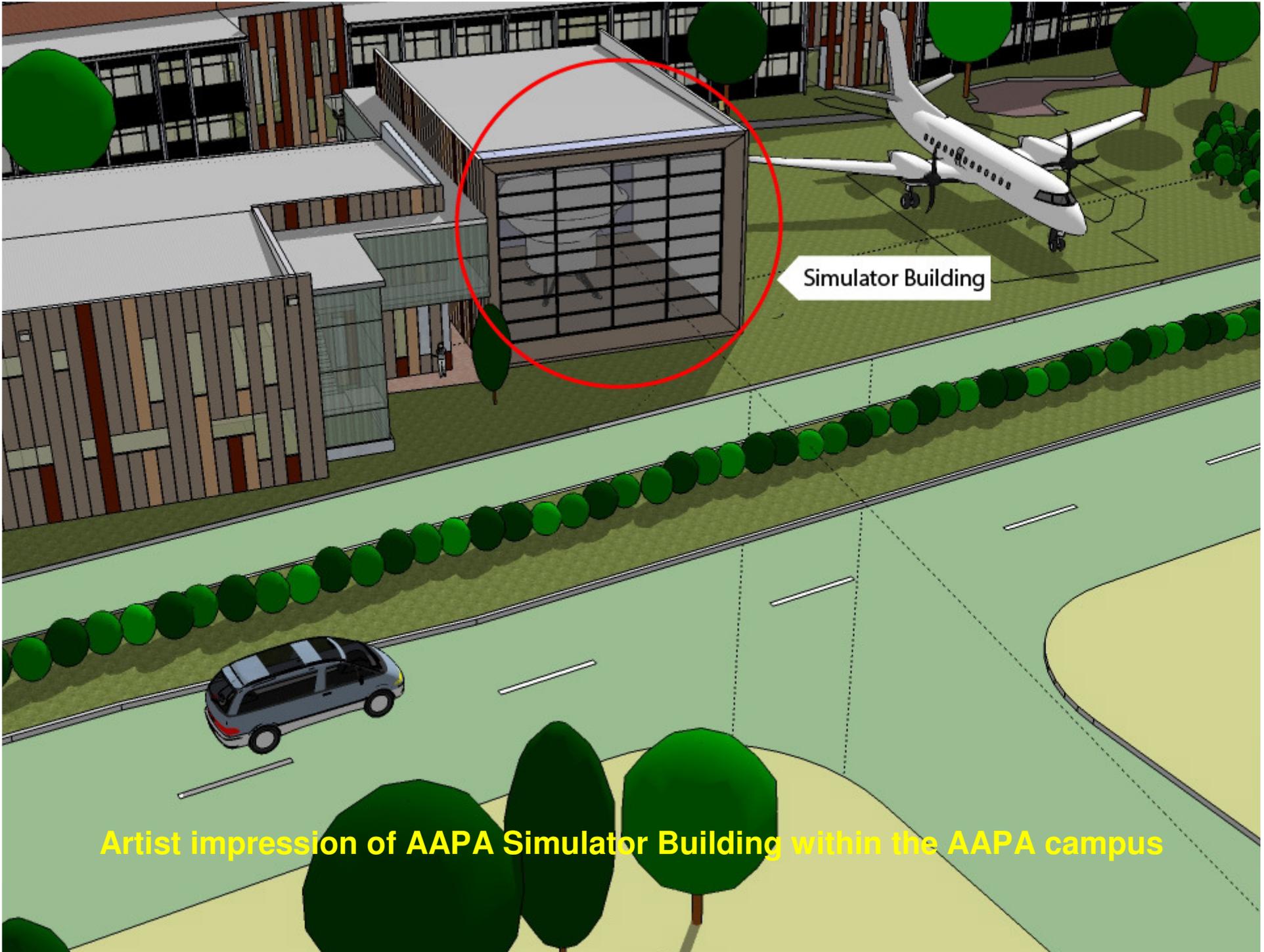
- ✈ In view of the company's substantial capital investments and the volatile environment the Board believes it prudent to conserve cash and consequently no dividend will be paid for FY13
- ✈ The Board will review in Feb 2014 whether an interim dividend should be paid for FY14

**Q & A**

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**END OF  
PRESENTATION**

**THANK YOU**



**Artist impression of AAPA Simulator Building within the AAPA campus**