

REGAINING LOST GROUND



FY18 FULL YEAR RESULTS



AGENDA

- ✈ Group Operational Review
- ✈ Financial Highlights
- ✈ Outlook & Profit Forecast
- ✈ Dividend



FY18 Full Year Results

✈ **Group Operational Review**

✈ Financial Highlights

✈ Outlook & Profit Forecast

✈ Dividend



Group Operational Review

- ✈ Aug-17 Pel-Air secured FIFO contracts with Iluka and Cobham
- ✈ Sep-17 Added one Saab340B+ Aircraft for increased work
- ✈ Sep-17 Commencement of Adelaide – Port Augusta
- ✈ Oct-17 Improved Moruya – Sydney schedule in partnership with Eurobodalla Shire Council
- ✈ Nov-17 Awarded Asia Pacific Regional Airline of the year 2017 by CAPA





CAPA Executive Chairman Mr Peter Harbison presenting the award to Rex Executive Chairman Mr Lim Kim Hai

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- ✈ Dec-17 Selected Preferred Tenderer by the WA Government for Perth – Carnarvon / Monkey Mia (Shark Bay) Route
- ✈ Jan-18 Exited Sydney – Taree route



Group Operational Review

- ✈ Jan-18 Expanded Sydney – Newcastle with all dedicated services
- ✈ Jan-18 Discontinued Dubbo – Cobar services
- ✈ Jan-18 Acquired one Saab340B+ Aircraft for new route in WA commencing July 2018
- ✈ Feb-18 Awarded Perth – Carnarvon / Monkey Mia Route by WA Government
- ✈ Feb-18 Sold Air Link's Beech 1900 aircraft
- ✈ May-18 Reduced Adelaide – Mt Gambier services
- ✈ May-18 Partnership agreement with Orange City Council -> Increased frequency



Group Operational Review

AAPA

- ✈ 24 Vietnamese cadets enrolled in the FY (43 since inception (Dec 2015))
- ✈ Total of 23 Vietnamese cadets graduated since inception
- ✈ 12 AAPA cadets inducted as First Officers (FO) into Rex in FY18
- ✈ 148 AAPA FOs in total
- ✈ 28 AAPA FOs upgraded to Captains in FY18, total of 75 since inception
- ✈ 68% of FO Strength and 28% of Captain Strength
- ✈ 1 AAPA Captain promoted to Training Captain, total of 7 since inception





The Hon. Peter Dutton MP & Hon. Michael McCormack MP (R) at AAPA's 10 year anniversary event & cadet graduation

Group Operational Review

Key Regular Public Transport Indicators

	FY18	FY17	Change
Passengers (M)	1.227	1.192	+3.0%
ASKs (M)	785	814	(3.5%)
Average Fare (\$)	216.4	213.9	+1.2%
Load Factor	61.3%	57.3%	+4.0% pts
Revenue/ASK (cents)	33.8	31.3	+8.0%
Total cost/ASK (cents)	31.8	29.7	+7.1%
Fuel % Total Cost	12.0%	11.7%	+0.3% pts



Group Operational Review

Airline Reliability Index

Airline	On Time Departure					Cancellation Rate (%)				
	FY18	FY17	FY16	FY15	FY14	FY18	FY17	FY16	FY15	FY14
 rex. Regional Express	2 nd (83.8%)	2 nd	1 st	1 st	1 st	1.3%	0.8%	0.5%	0.3%	0.5%
Virgin Australia Regional	3 rd (82.0%)	1 st	3 rd	2 nd	2 nd	2.6%	1.5%	2.0%	1.4%	1.3%
QantasLink	1 st (84.7%)	3 rd	2 nd	3 rd	3 rd	2.3%	2.6%	2.6%	2.1%	2.5%



Group Operational Review

Subsequent Events:

- ✈ Jul-18 Commencement of Perth – Carnarvon / Monkey Mia Route





President & acting CEO of Carnarvon Shire, representative of Yingarrda People meeting with Rex staff at Carnarvon Airport

Group Operational Review

Subsequent Events:

- ✈ Jul-18 Commencement of Perth – Carnarvon / Monkey Mia Route
- ✈ Jul-18 Flight Attendant EBA voted in
- ✈ Aug-18 Reduced Melbourne – King Island services
- ✈ Aug-18 Pledged \$1 Million for drought relief to regional Australia
- ✈ Aug-18 Airline Services EBA voted in
- ✈ Aug-18 MOU with AAT to relocate their Saab 340 Full Flight Simulator to Sydney



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Financial Highlights

GROUP INCOME STATEMENT REVIEW

	FY18 (\$M)	FY17 (\$M)	Change
Passenger Revenue	260.3	249.3	+4.4%
Group Total Revenue	295.5	281.0	+5.2%
Fuel Cost	(32.7)	(30.9)	+5.7%
Other Costs & Expenses Exclude Fuel	(239.2)	(233.2)	+2.6%
Finance & Other Income	1.4	0.9	+49.6%
Statutory Profit Before Tax	25.1	17.8	+40.8%
Statutory Profit After Tax	16.9*	12.6	+34.0%



* Includes once off back payment of \$581k for FY13-16 tax computation error.

Financial Highlights

Group PBT Improved by over 40% due to:

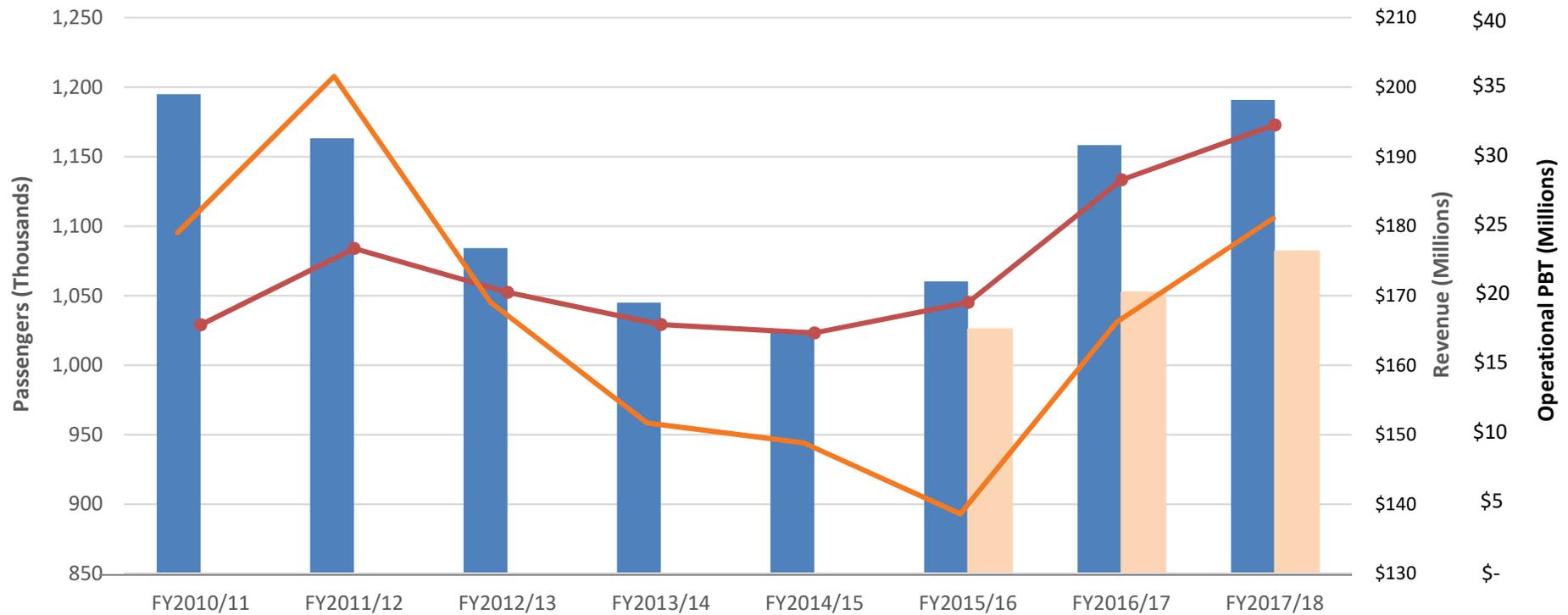
- ✈ Improvement in passenger numbers (3%);
- ✈ Less flying by 3.5%;
- ✈ Modest increase in yield (1.2%);
- ✈ Increased contributions from FIFO contract; and
- ✈ More international cadets at AAPA

Offset by:

- ✈ Fuel price increase by \$1.8M even with reduced flying

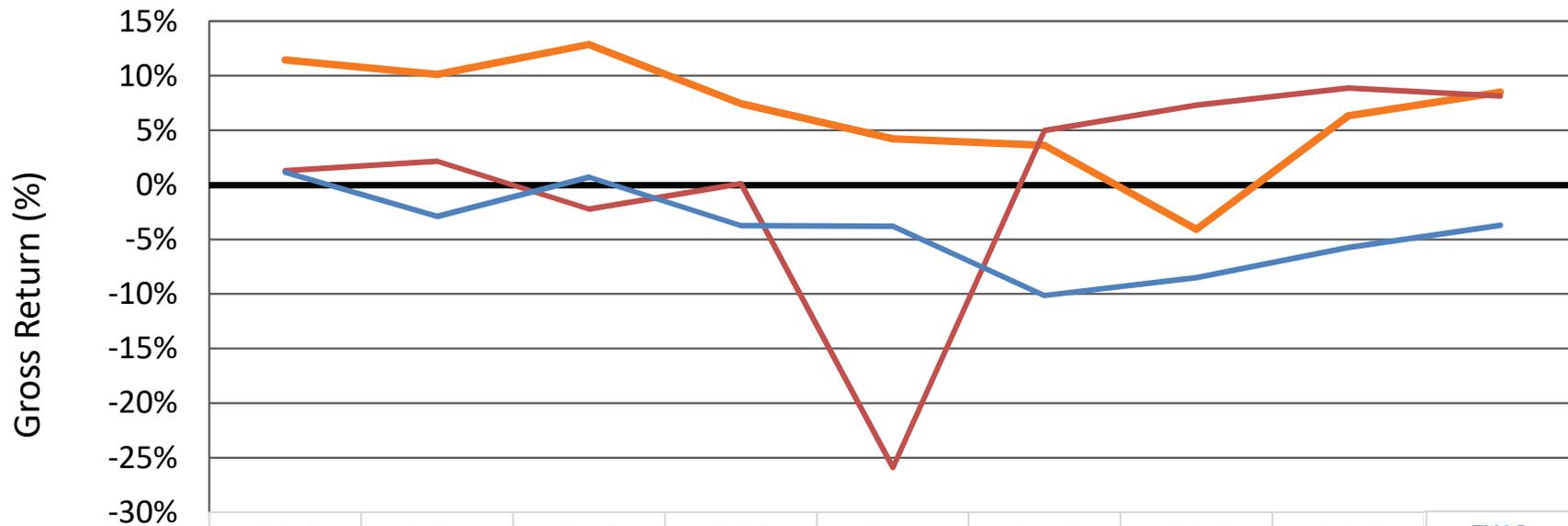


Rex Annual Passenger Numbers & Base Revenue



■ Rex Passengers
 ■ Traditional Network Passenger
 ● Rex Revenue
 — Operational PBT

Airlines' Gross Return since GFC



	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18
Rex	11.4%	10.1%	12.9%	7.4%	4.2%	3.6%	-4.1%*	6.3%	8.5%
Qantas	1.3%	2.2%	-2.2%	0.1%	-25.9%	5.0%	7.3%	8.9%	8.2%
Virgin Australia	1.2%	-2.9%	0.7%	-3.7%	-3.8%	-10.1%	-8.5%	-5.7%	-3.7%



* Net Loss due to one-off impairments

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Outlook

Headwinds

- ✈ Possible further increases in Fuel Prices
- ✈ Weak Australian Dollar
- ✈ Uncertainty on global trade war
- ✈ Global pilot shortage crisis
- ✈ Worst drought in 50 years throughout regional Australia



Outlook

Tailwinds

- ✈ New WA Route will bring additional contribution to the Group
- ✈ Australian economic recovery seems to have continued strength
- ✈ Stronger international enrolment at AAPA



Profit Forecast

- ✈ There are too many uncertainties in the external environment for the Board to provide a reliable profit forecast.
- ✈ Based on the performance of the new FY, the Board has grounds to believe that the Group could still achieve double digit growth.



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- ✈ **Dividend**



Dividend

- ✈ The cash holdings as of 27 August 2018 was \$28 Million
- ✈ Cash flow of the company likely to remain strong in 1H FY19
- ✈ The Board has approved a Final Dividend of 8.0c per share (fully franked) making a full year FY 18 dividend payout of 12.0c per share

The Board remains committed to a strong dividend payout policy and will recommend another interim payout if the performance of 1H FY 19 is satisfactory.



Q & A

End of Presentation

Thank you





Photo Credit - Tyler Wilson