

SHIFTING WINDS



FY2019 Full Year Results

Investor Briefing

23rd August 2019



Agenda

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

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Group Operational Review

- Jul-18 Commenced Perth – Carnarvon / Monkey Mia Route
- Aug-18 Pledged \$1 Million for drought relief to Regional Australia
- Sep-18 Divestment of Air Link
- Oct-18 Ceased flights Sydney - Mildura
- Nov-18 Acquired one Saab340B+ aircraft
- Nov-18 Early redemption of mortgage on Saab340 aircraft
- Dec-18 Fully hedged for 2H FY19 fuel (Brent < USD60 / barrel)

Group Operational Review

- Jan-19 Relief Fund increased to \$1.5M for flood & drought
- Apr-19 Acquired one Saab340B+ aircraft
- May-19 Acquired an additional Saab340B+ aircraft, bringing a total of 60 Saab340 aircraft in Rex's fleet
- Jun-19 Fully hedged for Q1FY20 fuel (Brent = USD60 / barrel)
- Jun-19 Announced interest in expansion to Northern Territory
- Jun-19 Pel-Air Contract Extension with Ambulance Victoria for 2 years

Group Operational Review

Key Regular Public Transport Indicators

	FY19	FY18	Change
Passengers (M)	1.271	1.227	+3.6%
ASKs (M)	808	785	+2.9%
Average Fare (\$)	222.3	216.4	+2.7%
Load Factor	63.1%	61.3%	+1.8% pts
Passenger Revenue/ASK (cents)	35.0	33.8	+3.6%
Total Cost/ASK (cents)	33.6	31.8	+5.7%
Fuel % Total Cost	14.4%	12.0%	+2.4% pts

Group Operational Review

Airline Reliability Index

Airline	On Time Departure					Cancellation Rate (%)				
	FY19	FY18	FY17	FY16	FY15	FY19	FY18	FY17	FY16	FY15
	2 nd (83.8%)	2 nd	2 nd	1 st	1 st	1.0%	1.3%	0.8%	0.5%	0.3%
Virgin Australia Regional	3 rd (78.3%)	3 rd	1 st	3 rd	2 nd	2.1%	2.6%	1.5%	2.0%	1.4%
QantasLink	1 st (84.3%)	1 st	3 rd	2 nd	3 rd	1.6%	2.3%	2.6%	2.6%	2.1%

Group Operational Review

Subsequent Events:

- Jul-19 Participated in NSW Ambulance tender for 5 new fixed wing aircraft and crew
- Aug-19 Hedged Q2FY20 fuel requirements (Brent = USD58 / barrel)
- Aug-19 Signed LOI with Vinpearl Air for pilot training at AAPA
- Aug-19 Obtained Development Approval to build a Simulator Centre at Rex's facility at Mascot, Sydney adjacent to its HQ

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Financial Highlights

Group Income Instatement Review

	FY19 (\$M)	FY18 (\$M)	Change
Passenger Revenue	278.4	260.3	+7.0%
Group Total Revenue	317.6	295.5	+7.5%
Fuel Cost	(42.5)	(32.7)	+30.0%
Other Costs & Expenses Exclude Fuel	(251.9)	(239.2)	+5.3%
Finance & Other Income	2.0	1.4	+39.1%
Statutory Profit Before Tax	25.2	25.1	+0.5%
Statutory Profit After Tax	17.5	16.9*	+3.6%

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

Financial Highlights

Group PBT modest improvement by 1% due to:

- Contribution of new Perth – Carnarvon/Monkey Mia route
- Improvement in yield (2.7%)
- Slight improvement in passenger numbers in traditional network (+1.1%)
with less flying (-1.2%)
- Increasing enrolment of international cadets at AAPA

Offset by:

- Fuel price increased by 30% (+\$9.8M) despite hedging efforts
- AUD steep weakening especially in 2HFY19

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Outlook & Profit Forecast

Headwinds

- Weak Australian Dollar
- On-going trade war causing drastic slowdown in most developed economies with very likely recession within the FY
- On-going pilot shortage

Tailwinds

- Mining charters showing signs of strength
- International enrolments at AAPA predicted to grow strongly
- Resumption of international medivac activities

Outlook & Profit Forecast

Profit Forecast

- Trading conditions in the past 6 months suggest that passenger numbers will be stagnant
- Costs expected to increase due to the extremely weak AUD
- In line with the global economic outlook, Rex expects its profit to reduce by 15-20% in FY20
- Rex remains confident that its strong foundations, highly efficient operations and almost no leverage will carry it through the turbulent conditions until the conclusion of the presidential elections in the United States

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Dividend

The cash holdings as of 19 August 2019 was \$27 Million

While the Board foresees a global downturn in the new FY with even a possibility of a technical recession in Australia, the Board believes that Rex's predicted strong cash flow and its current strong cash position coupled with almost no debt permits the Group to continue to reward its shareholders with a good dividend payout ratio.

The Board has approved a Final Dividend of 8.0c per share (fully franked) making a full year FY19 dividend payout of 12.0c per share



Q&A

End of Presentation

Thank you