

Regional Express Holdings Ltd

1HFY23 Financial Results Presentation

28 February 2023





1HFY23 Financial Results

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



Group Operational Review

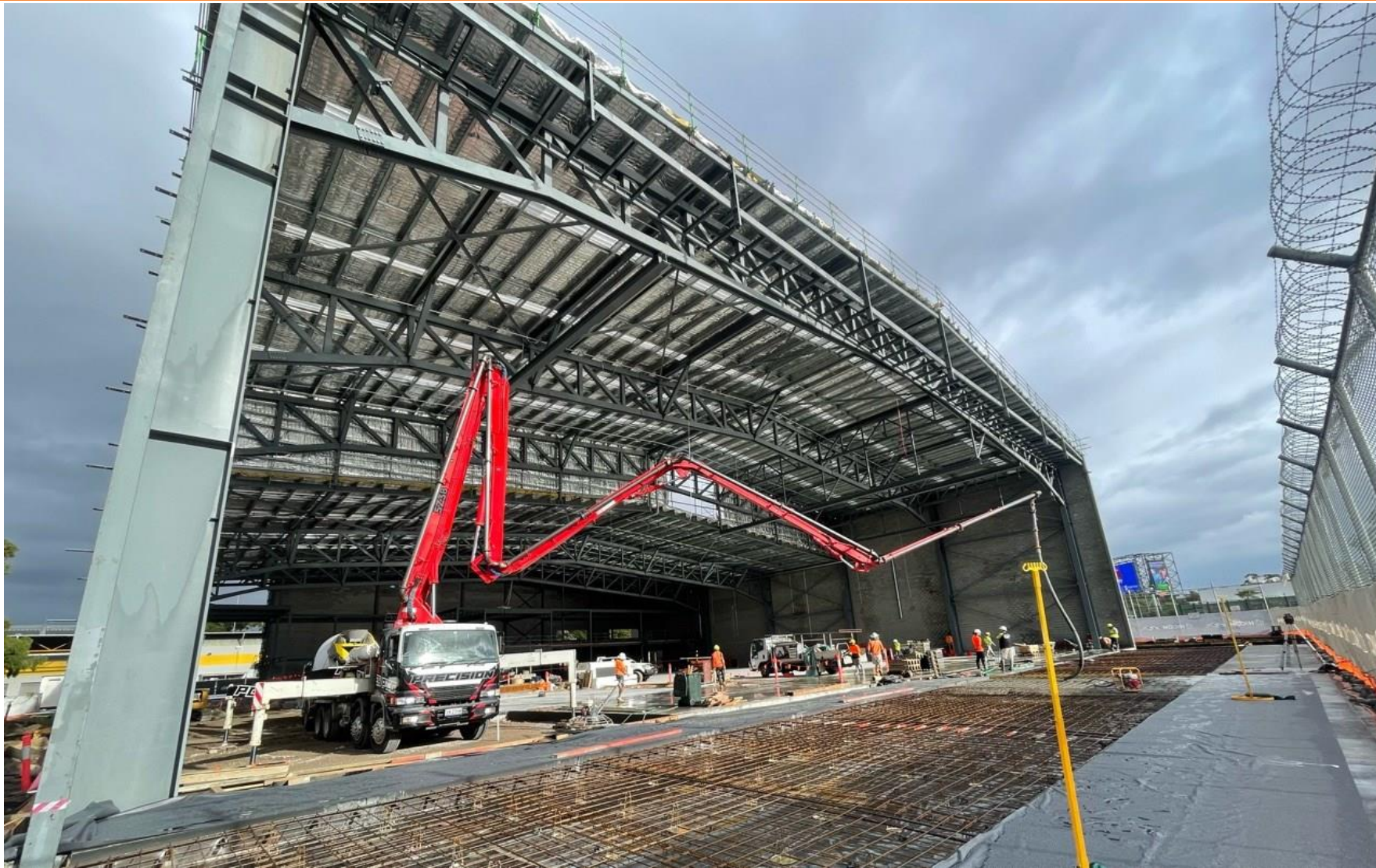
- Jul 2022: Rex ceased services to Ballina on 2 July 2022.
- Jul 2022: Took delivery of an additional Saab 340B *plus* aircraft, bringing Saab fleet to 61.
- Jul 2022: Rex signed an MOU with Dovetail Electric Aviation to pioneer the conversion of turbine powered aircraft to electric propulsion.



Group Operational Review

- Aug 2022: Took delivery of 7th Boeing 737-800NG and are in advanced discussions to lease another two 737 aircraft.
- Aug 2022: Rex commenced services between Melbourne - Devonport.
- Aug 2022: Commenced construction of the new 3000 sq. m Code C hangar at Sydney Airport. In addition, a multistorey car park and a two-storey admin building will be constructed.





Group Operational Review

- Aug 2022: Rex celebrated its 20th anniversary.
- Sep 2022: Rex named 'Airline of the Year' at the inaugural Australian Aviation Awards for 2022 organised in partnership with UNSW.
- Sep 2022: Completed the purchase of National Jet Express, the Regional Services arm of Cobham Aviation Services Australia.
- Oct 2022: Rex introduced real-time bidding for an upgrade to Business Class on its domestic jet services.



WINNER

AIRLINE OF THE YEAR

REX AIRLINES

“Recognition of Rex’s resilience, adaptability, flexibility, innovation and growth whilst keeping regional towns and major cities connected during a time of unprecedented adversity in aviation.”



**AUSTRALIAN
AVIATION
AWARDS
2022**
Principal Partner
UNSW



Group Operational Review

- Oct 2022: Launched interline service agreement with Delta airlines that allows:
- Delta Passengers travelling from the U.S., Canada and Mexico will access Rex network;
 - Rex Passengers travelling to the U.S. easy access to 40 cities;
 - Single baggage drop where permitted.



Group Operational Review

- Nov 2022: Rex announced 86% of its regional pilots have overwhelmingly endorsed a new industrial agreement with the airline.
- Nov 2022: Pel-Air accepted the delivery of the last of its four new Beechcraft King Air aircraft (two B260s and two B360s) for its second consecutive fixed wing Ambulance Victoria air ambulance contract commencing 1 Jan 2024 for 12 years.





The brand new fleet of Pel-Air Beechcraft King Air aircraft undergoing modifications for the Ambulance Victoria 12-year fixed-wing patient transport contract, which will commence Air Ambulance operations in January 2024.



Group Operational Review


Subsequent events

- Feb 2023: Rex signs Letter of Intent (LOI) to lease two Boeing 737-800NG jets, expected to arrive in June and July 2023.
- Feb 2023: Rex signs the Joint Venture Agreement to take up a 20% stake in Dovetail Electric Aviation Holdings Pty Ltd (Dovetail).



Group Operational Review

Airline Reliability Index

| Airline | On Time Departure | | | | | Cancellation Rate (%) | | | | |
|---|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------------|-------|-------|------|------|
| | FY23 YTD * | FY22 | FY21 | FY20 | FY19 | FY23 YTD* | FY22 | FY21 | FY20 | FY19 |
|  | 1 st (73.58%) | 1 st | 1 st | 1 st | 2 nd | 1.88% | 2.3% | 2.6% | 2.9% | 1.0% |
| Virgin Australia Regional Airlines | 4 th (63.54%) | 4 th | 5 th | 3 rd | 5 th | 5.58% | 3.3% | 3.2% | 2.1% | 2.1% |
| Qantas | 3 rd (63.70%) | 2 nd | 2 nd | 5 th | 3 rd | 3.49% | 10.0% | 10.0% | 4.8% | 1.6% |
| Virgin Australia | 5 th (63.31%) | 5 th | 4 th | 4 th | 4 th | 3.99% | 8.5% | 9.2% | 4.6% | 2.0% |
| QantasLink | 2 nd (71.21%) | 3 rd | 3 rd | 2 nd | 1 st | 3.59% | 8.4% | 4.5% | 2.9% | 1.6% |

* Jul – Dec 2022

Source: BITRE Aviation Statistics





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Financial Highlights

Group Income Statement Review

| | 1HFY23 (\$M) | 1HFY22 (\$M) | Change |
|--|-----------------|-----------------|-------------|
| Passenger Revenue | 292.9 | 68.7 | 326% |
| Group Total Revenue (Excludes JV) | 339.8 | 116.5 | 192% |
| Fuel Cost | -75.3 | -15.9 | 374% |
| Other Costs & Expenses Exclude Fuel | -269.7 | -146.5 | 84% |
| Finance & Other Income [#] | -25.2 | -7.1 | 255% |
| Fair Value Gain on JV | 14.7 | - | - |
| Statutory Profit/(Loss) Before Tax & Before Share Results of JV | -15.7 | -53.0 | 70% |
| Statutory Profit/(Loss) After Tax & Before Share Results of JV | -14.0 | -36.7 | 62% |
| Share of Results of JV | -2.5 | - | - |
| Statutory Profit/(Loss) After Tax | -16.5 | -36.7 | 55% |

Fair value loss of \$22.7m on PAG Convertible Notes & Warrants in 1HFY23 compared to loss of \$3.5m in 1HFY22





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Outlook

- Full potential of corporate and agency agreements signed at the end of last FY saw strong passenger and revenue growth in 1HFY23 and will consolidate further in 2HFY23.
- Enhanced passenger and freight contributions from an expanding network.
- Increased enrolment at the pilot academies with return of international cadets.



Profit Forecast

- Domestic jet operations have been profitable for the fourth consecutive month since Sep-22 and expected to be profitable for coming months.
- Regional Saab operations have been cash flow positive for several months and expected to return to monthly profitability in Q3 of the FY.
- Barring any further external shocks, the Rex Board is cautiously optimistic that the Rex Group will be operationally profitable in FY23 due to positive developments cited.



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Dividend

→ No interim Dividend will be paid for FY23.





Rex Group Deputy Chairman, Hon John Sharp AM and Executive Chairman, Lim Kim Hai, present Prime Minister Anthony Albanese with a special model aircraft to celebrate the airline's 20th Anniversary.
December 2022