



FY16

FULL YEAR RESULTS

HEADWINDS AND TAILWINDS



AGENDA

- ✈ OPERATIONAL REVIEW
- ✈ FINANCIAL HIGHLIGHTS
- ✈ OUTLOOK & PROFIT FORECAST
- ✈ DIVIDEND



GROUP OPERATIONAL REVIEW

- ✈️ 2 new WA regulated routes since 28 Feb 2016
- ✈️ 3 additional Saab 340 aircraft for WA operations
- ✈️ New Snowy Mountains (Cooma) service 23 Mar 2016
- ✈️ AAPA accredited by Vietnam Civil Aviation Authority on 1 Feb 2016. 8 cadets have since commenced.
- ✈️ New Melbourne lounge and check-in opened

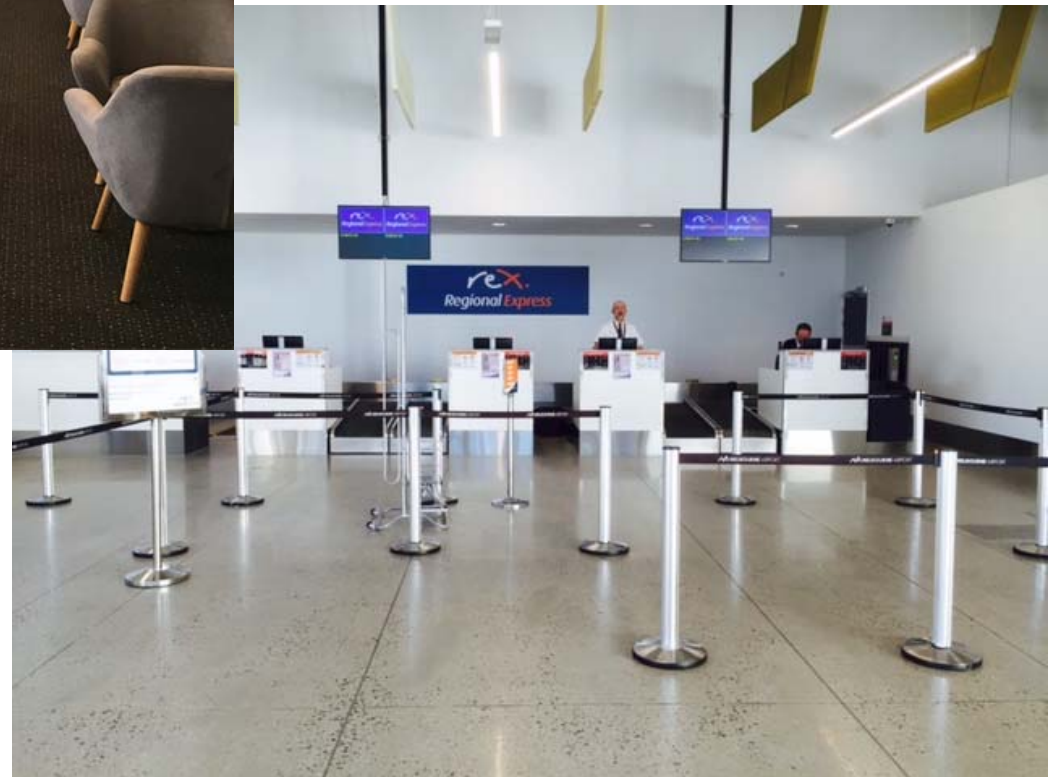


New Melbourne Airport Terminal



New Rex Lounge
at Melbourne Airport

New Rex Check-in Counter at
Melbourne Airport



GROUP OPERATIONAL REVIEW

- ✈️ Pel-Air commenced trial medivac operations in Singapore in Dec 2015
- ✈️ Hedged fuel for July 16 - Mar 2017 with \$4.7M lower fuel cost than prior 9-month period
- ✈️ Reached agreement to purchase new aircraft paint hangar at Wagga Wagga with 25-year ground lease



New Hangar at Wagga Wagga



rex.
Regional Express

PEL-AIR ✈️

AIR LINK

AAPA
AUSTRALIAN AIRPORT ASSOCIATION

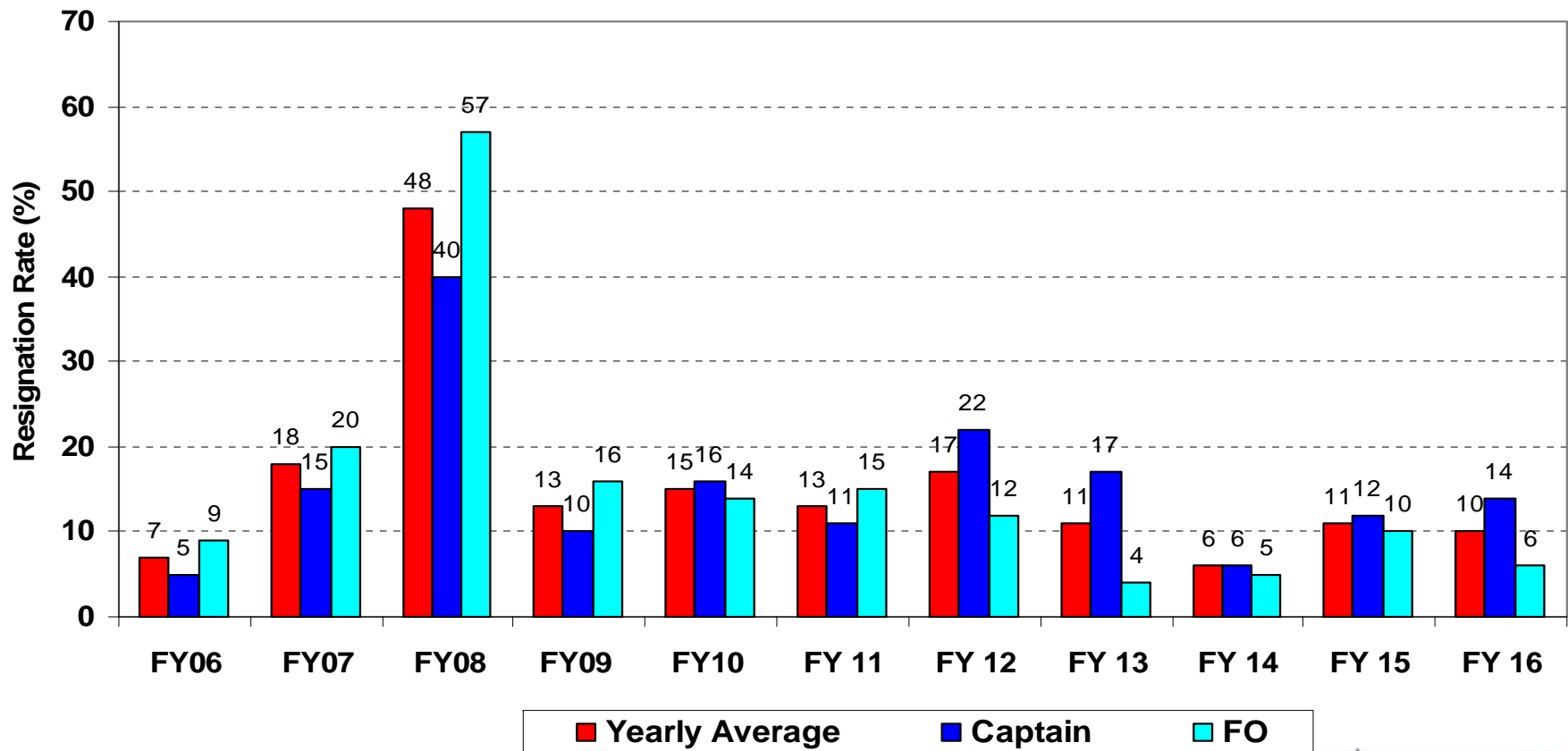
GROUP OPERATIONAL REVIEW

- ✈️ Ground staff EBA ratified (FA EBA ratified in FY 15)
- ✈️ 14 AAPA cadets inducted as FOs in Rex - 109 AAPA trained FOs in total, representing 81% of total FO population
- ✈️ 14 AAPA trained FOs promoted to Captain - 31 AAPA trained Captains in total, representing 24% of Captain population. Of these, 4 promoted to Training Captain.
- ✈️ Pilot attrition rate remained manageable



GROUP OPERATIONAL REVIEW

Rex Pilot Attrition Rate



GROUP OPERATIONAL REVIEW





Key Regular Public Transport Indicators

	FY16	FY15	Change
Passengers (M)	1.094	1.045	+4.7%
ASKs (M)	765	726	+5.4%
Average Fare (\$)	207.6	201.3	+3.1%
Load Factor	54.7%	54.3%	+0.4% pts
Revenue/ASK (cents)	30.7	30.2	+1.6%
Total cost/ASK (cents)	30.6	30.1	+1.7%
Fuel % Total Cost	14.6%	16.4%	-1.8% pts



GROUP OPERATIONAL REVIEW

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



GROUP OPERATIONAL REVIEW

SUBSEQUENT EVENTS

- ✈️ Pilot EBA ratified
- ✈️ Engineer EBA has been voted in



ANNOUNCEMENT FY16 Full Yr Results

- ✈ OPERATIONAL REVIEW
- ✈ FINANCIAL HIGHLIGHTS
- ✈ OUTLOOK & PROFIT FORECAST
- ✈ DIVIDEND



FINANCIAL HIGHLIGHTS

GROUP INCOME STATEMENT REVIEW

	FY16 \$M	FY15 \$M
Passenger Revenue*	227.2	210.3
Total Revenue	261.9	256.2
<hr/>		
Fuel Cost **	(35.2) ***	(36.9)
Other Costs & Expenses (Excluding Impairments)	(222.9)	(209.7)
Finance income/(expenses)	0.5	(0.3)
<hr/>		
Operational Profit Before Tax	4.3	9.3
Operational Profit After Tax	3.0	6.7

* Includes QLD Government Regulated Route payments

** Includes Ineffective Fuel Hedge

*** Includes fuel for new WA operations

FINANCIAL HIGHLIGHTS

GROUP INCOME STATEMENT REVIEW

	FY16 \$M	FY15 \$M
Operational Profits Before Tax	4.3	9.3
Impairment on Pel-Air Goodwill *	(6.6)	-
Impairment of Pel-Air Aircraft *	(8.4)	-
(Loss)/Profit Before Tax	(10.7)	9.3

* Learjet/WestWind jets & Goodwill write-down due to end of Defence contract



FINANCIAL HIGHLIGHTS

Reduction of Group Operational PBT of \$5M due to:

- ✈️ Continued deterioration of regional economy
 - \$1.2M less pax revenue due to poorer yields in traditional network
- ✈️ Over 10% deterioration of FX rate on about AUD44M of USD denominated expenses
- ✈️ Cessation (Oct15) of Defence target towing contract
- ✈️ Mobilisation costs for new WA operations



ANNOUNCEMENT FY16 Full Yr Results

- ✈ OPERATIONAL REVIEW
- ✈ FINANCIAL HIGHLIGHTS
- ✈ OUTLOOK & PROFIT FORECAST
- ✈ DIVIDEND



OUTLOOK

HEADWINDS

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



OUTLOOK

TAILWINDS

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



PROFIT FORECAST

- ✈️ Rex Group expected to post stronger performance in FY 17 compared to prior period
- ✈️ Unable to quantify increased profitability at this moment - guidance to be provided at the half yearly results



ANNOUNCEMENT FY16 Full Year Results

- ✈ OPERATIONAL REVIEW
- ✈ FINANCIAL HIGHLIGHTS
- ✈ OUTLOOK & PROFIT FORECAST
- ✈ DIVIDEND



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 rooted.



Q & A

**END OF
PRESENTATION**

THANK YOU



Albany Airport officially welcomes Rex



rex.
Regional Express

PEL-AIR ✈️

AIR + LINK

AAPA
AUSTRALIAN AIRPORT ASSOCIATION

Vietnam Cadets at AAPA Campus



AUSTRALIAN AIRLINE PILOT ACADEMY

Member of the **rex** Group