

## Regional Express Holdings Limited

### Summary Due Diligence Report

2010-1-21

#### Highlights

Regional Express Holdings Limited is an above average quality company with a positive outlook. Regional Express Holdings Limited has strong business growth and is run by passable management. When compared to its closest peer, Qantas Airways Limited, Regional Express Holdings Limited shows similar undervaluation and is equally likely to outperform the market.

This report contains a summary of SADIF's StockMark ratings for Regional Express Holdings Limited as of 2010-01-19. The report is divided into three sections

Section 1 - Basic Analysis (Pg 1,2)

- Company Profile
- StockMarks Ratings
- Price Comparison
- Sector Comparison
- Trend Analysis
- Peer Analysis

Section 2 - Advanced Analysis (Pg 3,4)

- Extended Peer List
- Overall Rating Trends
- Business Rating
- Management Rating
- Price Rating

Section 3 - Extended Analysis (Pg 5,6,7)

- Index Comparison
- Closest Peer Comparison
- Outperformance Rating
- Risk Rating
- Top List Statistics
- Research Reports

#### The StockMarks Ratings

**Total StockMark (SMT)** – The overall long term investment attractiveness of a company based on a combined three dimensional analysis of the three sub-ratings: Business, Management and Price.

**Business StockMark (SMB)** – The quality of a company's business based on analysis of its growth rates both within its industry and the overall market.

**Management StockMark (SMM)** – The quality of a company's management based on analysis of management effectiveness in transforming gross margins into earnings per share.

**Price StockMark (SMP)** – Shorter term rating of the attractiveness of a company's current price, taking into account several financial indicators, as well as movements in the overall market.

**Classical StockMark (SMC)** – Short-medium term attractiveness rating combining SMT and SMP.

**Volatility StockMark (SMV)** – Risk of the stock based on numerous historical analyses of stock price and market correlation.

**Outperformance StockMark (SMO)** – The likelihood of a stock to outperform the market based on the valuation of the company, the SMV and the SMT.



**Company Profile**

| Ticker | Company                           | Sector      | Industry | Exchange                           |
|--------|-----------------------------------|-------------|----------|------------------------------------|
| REX    | Regional Express Holdings Limited | Industrials | Airlines | Australian Stock Exchange (Sydney) |

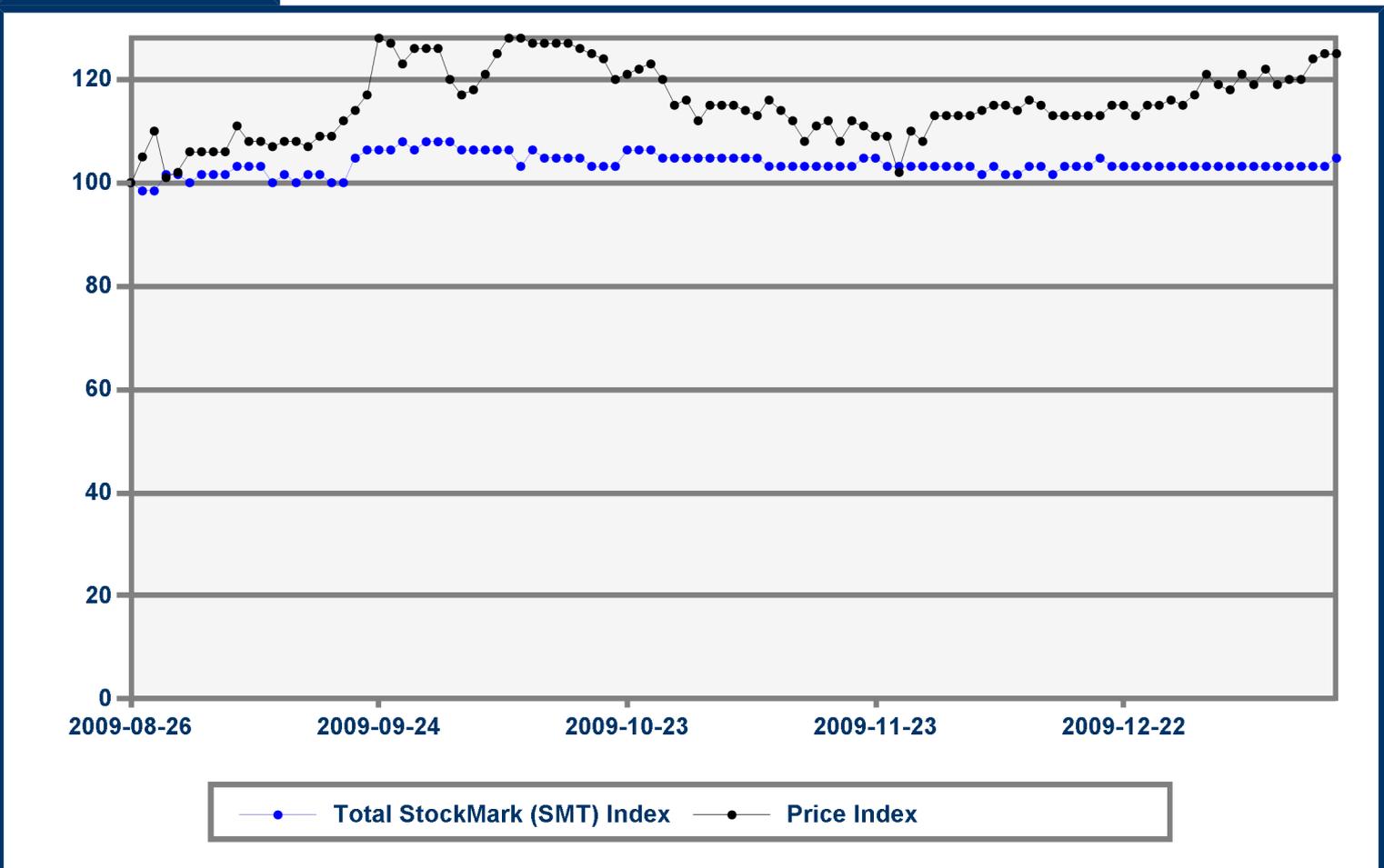
  

|                            |                                 |  |
|----------------------------|---------------------------------|--|
| Current Stock Price: 1.335 | Market Capitalization: 150.7240 | Data as of Market Close:<br>2010-01-19 |
| 52-Week Range 0.73 - 1.40  | EPS: 0.2040                     |  |

**Company StockMark Rating**

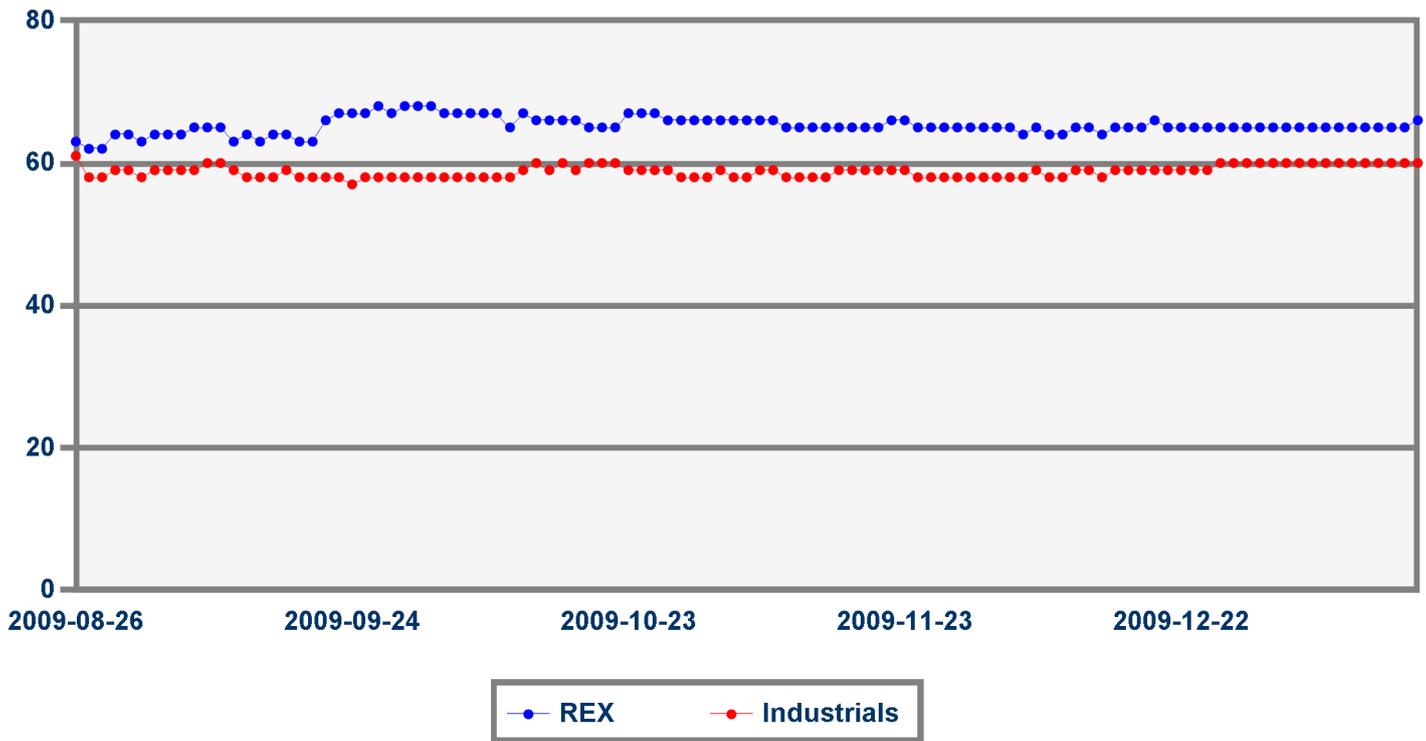
| Total | Classical | Business | Management | Price | Volatility | Outperformance |
|-------|-----------|----------|------------|-------|------------|----------------|
| 66    | 66        | 57       | 55         | 65    | 53         | 68             |

**Total StockMark Index**



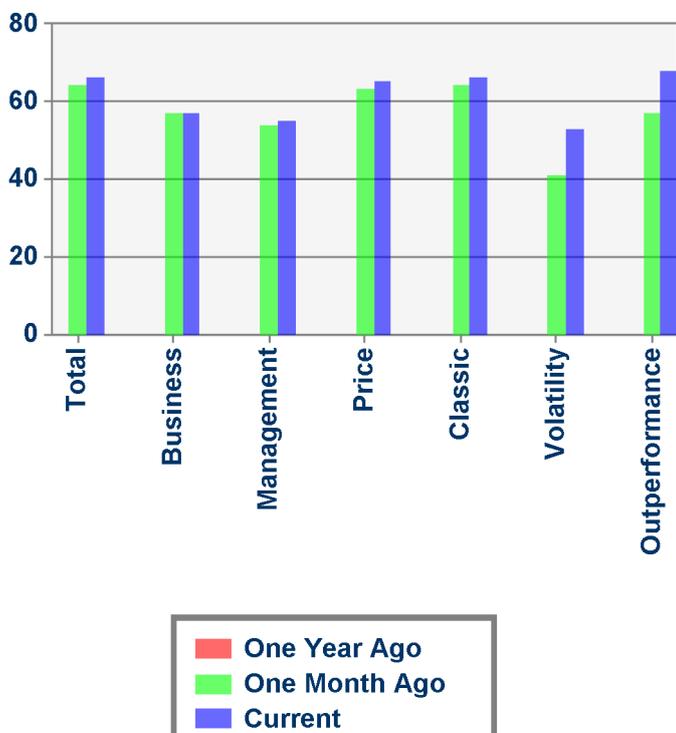
The chart above shows the evolution of the company's Total StockMark for comparison to the movements in its share price over the rated period. Both indicators are displayed as indexes for easier comparison. This chart allows users to spot and take advantage of any disparities between the movements of the two indicators.

## Sector Comparison



The chart above compares the movements of the company's Total StockMark with the average SMT of its sector in its home country. Although the average of all rated stocks in the country is 50, sector averages can vary greatly. This chart is useful for selecting specific stocks for investment within a target sector.

## Trend Analysis



This bar chart shows the trends in the company's various StockMarks.

## Peer Analysis

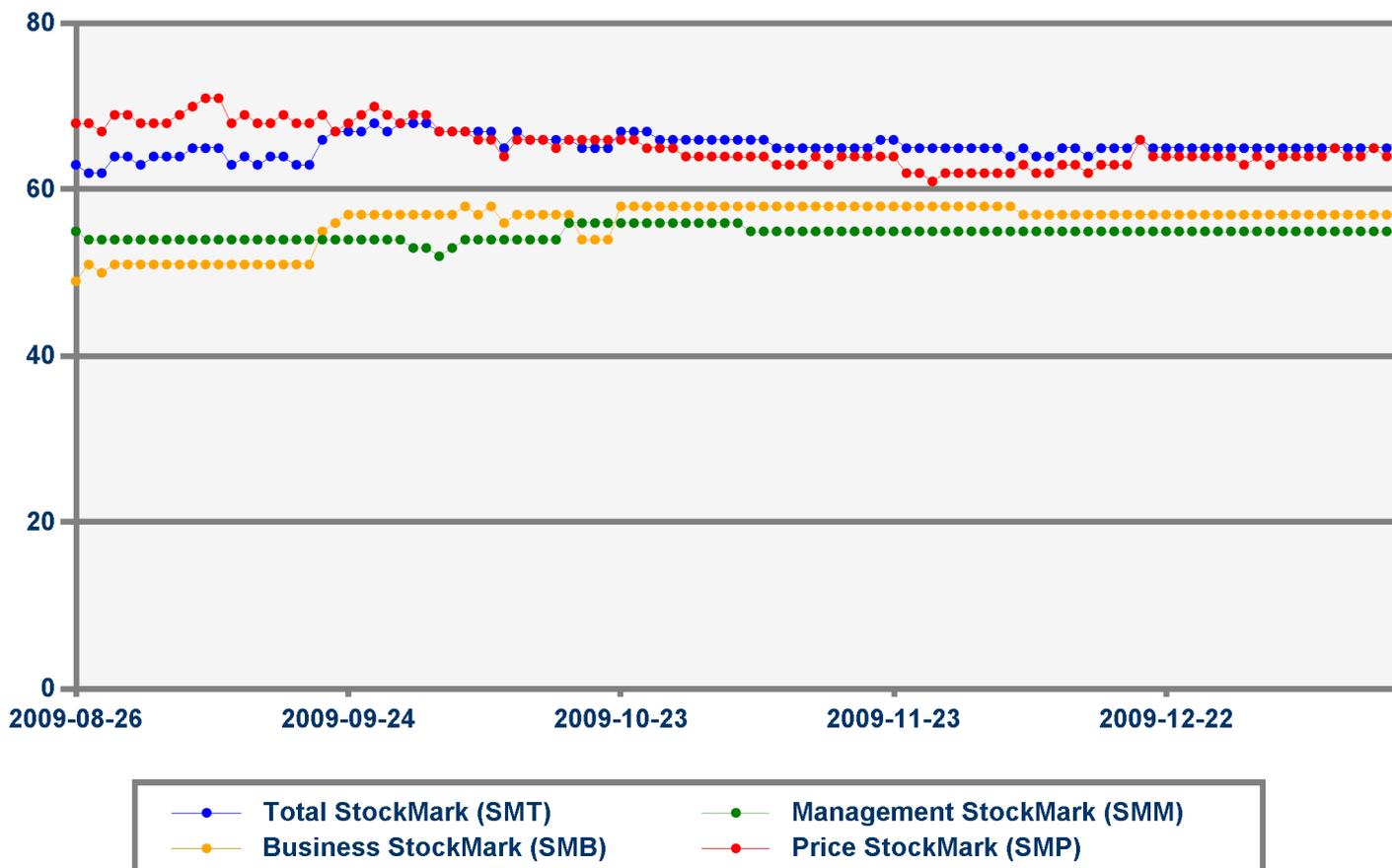


This bar chart allows comparison of the company to two of its closest peers.

|                | Ticker     | Company                                 | SMT       | SMB       | SMM       | SMP       |
|----------------|------------|---|-----------|-----------|-----------|-----------|
| <b>Company</b> | <b>REX</b> | <b>Regional Express Holdings Limite</b> | <b>66</b> | <b>57</b> | <b>55</b> | <b>65</b> |
| Peer 1         | QAN        | Qantas Airways Limited                  | 58        | 40        | 57        | 63        |
| Peer 2         | ESS        | Essa Australia Limited                  | 66        | 56        | 58        | 61        |
| Peer 3         | STS        | Structural Systems Limited              | 67        | 59        | 56        | 62        |
| Peer 4         | CLX        | CTI Logistics Limited                   | 60        | 44        | 56        | 64        |
| Peer 5         | RCR        | RCR Tomlinson Limited                   | 66        | 55        | 59        | 63        |
| Peer 6         | CCP        | Credit Corp Group Limited               | 69        | 53        | 63        | 65        |
| Peer 7         | SCDDA      | Scantech Limited                        | 65        | 50        | 60        | 65        |
| Peer 8         | ADA        | Adacel Technologies Limited             | 67        | 48        | 63        | 67        |
| Peer 9         | KOV        | Korvest Limited                         | 64        | 54        | 54        | 66        |
| Peer 10        | REH        | Reece Australia Limited                 | 64        | 52        | 54        | 68        |

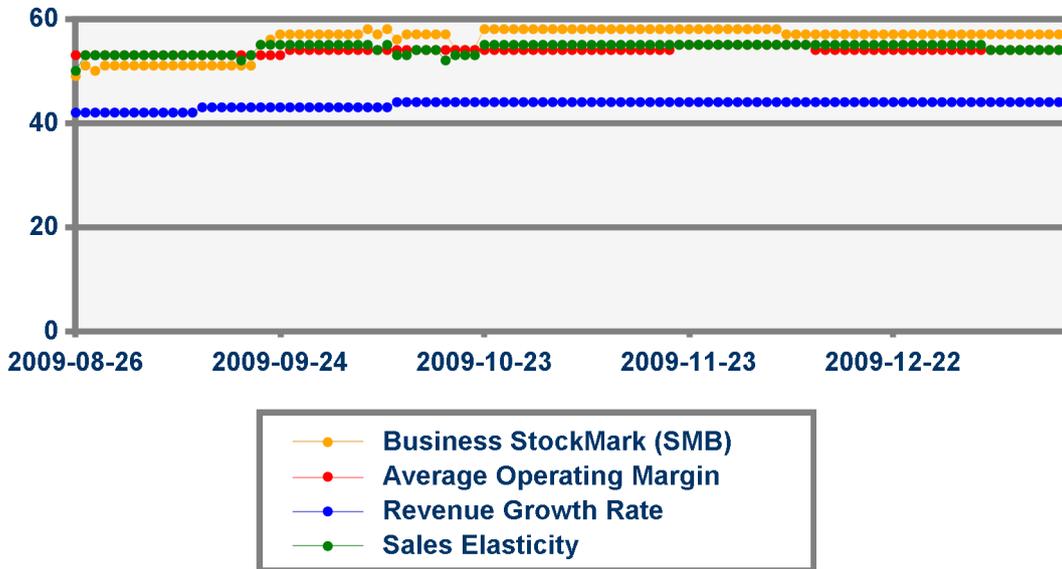
This is an extended list of the company's peers. Peers are selected on the basis of similarity of business and market positioning factors such as size.

**StockMarks Sub-Ratings**



The chart above shows the SMT and the movements in its three sub ratings StockMark (SMB), Management StockMark (SMM) and Price StockMark (SMP). The chart allows users to determine the cause of shifts in the overall rating and gauge the relative importance of each sub-rating in determining the SMT.

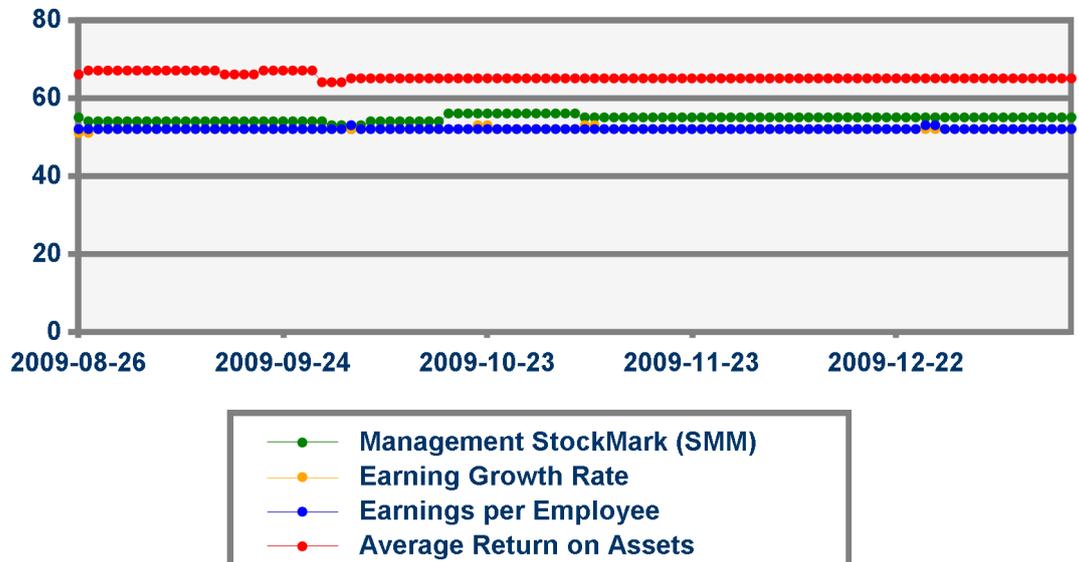
## Business StockMark



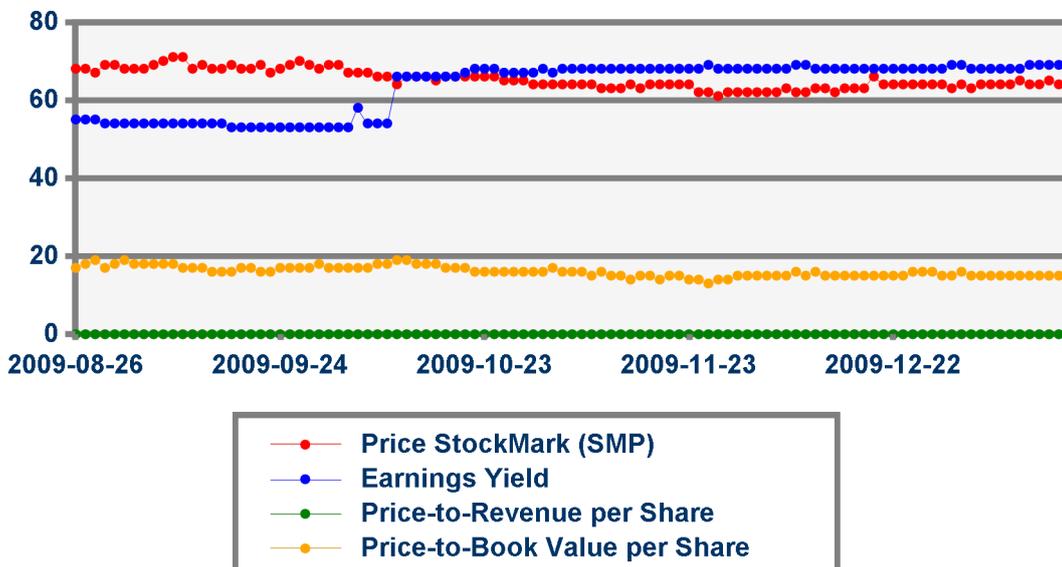
The Business StockMark is based on a three-dimensional analysis of long-term measures such as average operating margin and revenue growth. The sales elasticity indicator compares the company's growth to other companies in its industry.

## Management StockMark

The Management StockMark measures the ability of a company's management to transform gross margins into earnings per share. It is based on ex-post indicators such as earnings growth.

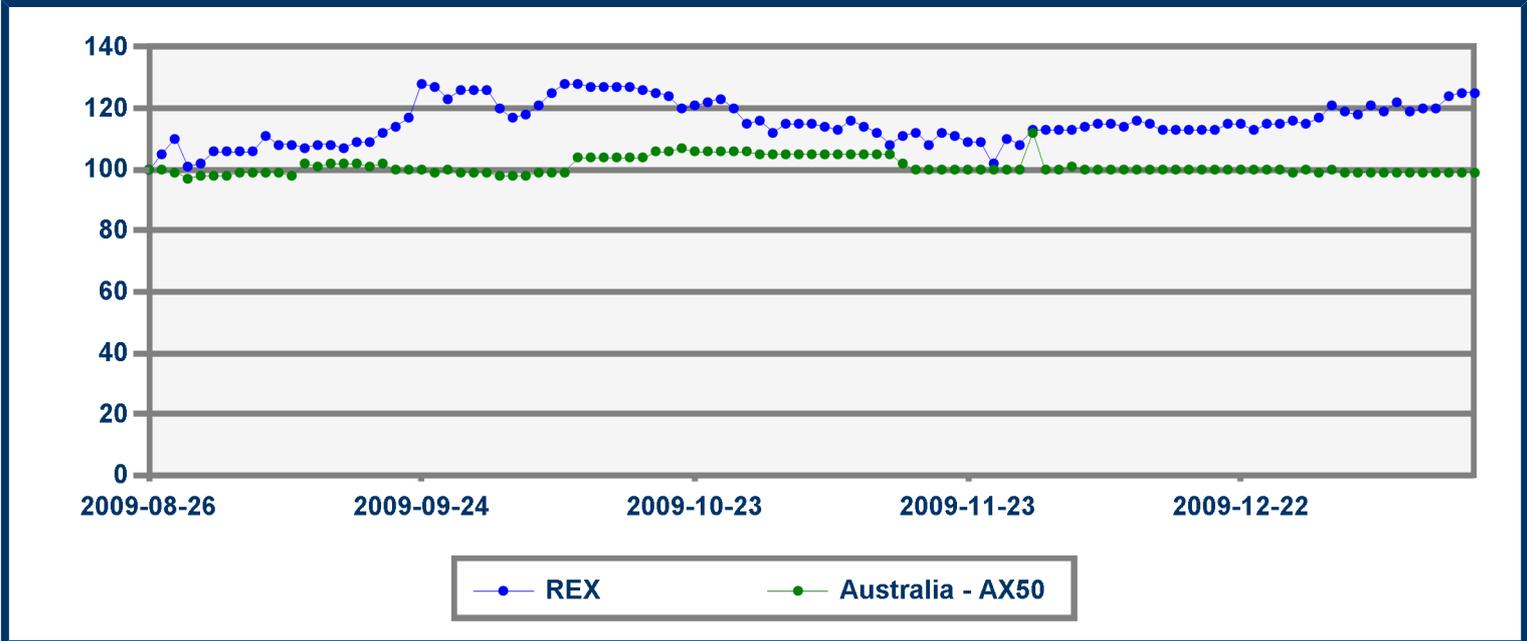


## Price StockMark



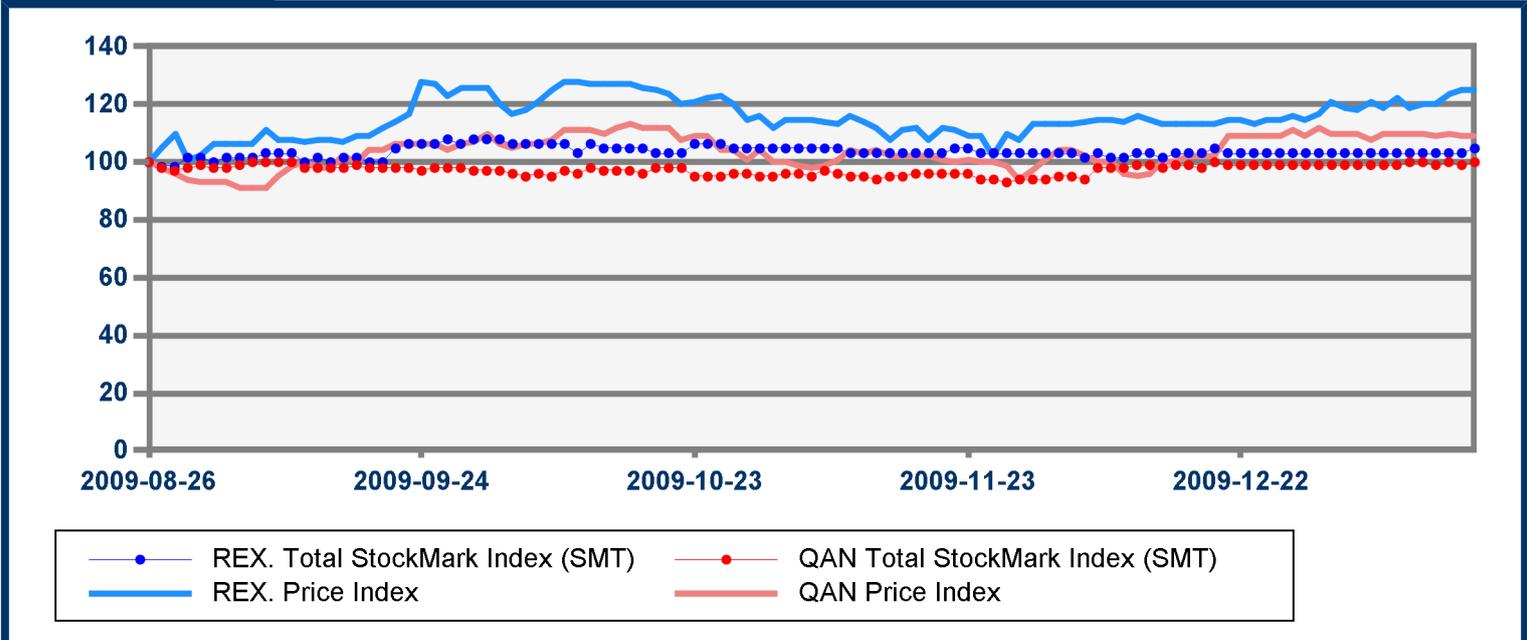
The Price StockMark measures the attractiveness of a company's stock to long-term investors at its current price. Values over 50 indicate that the stock is undervalued for such investors, while a rating below 50 suggests that the stock is overpriced.

Market Index Comparison



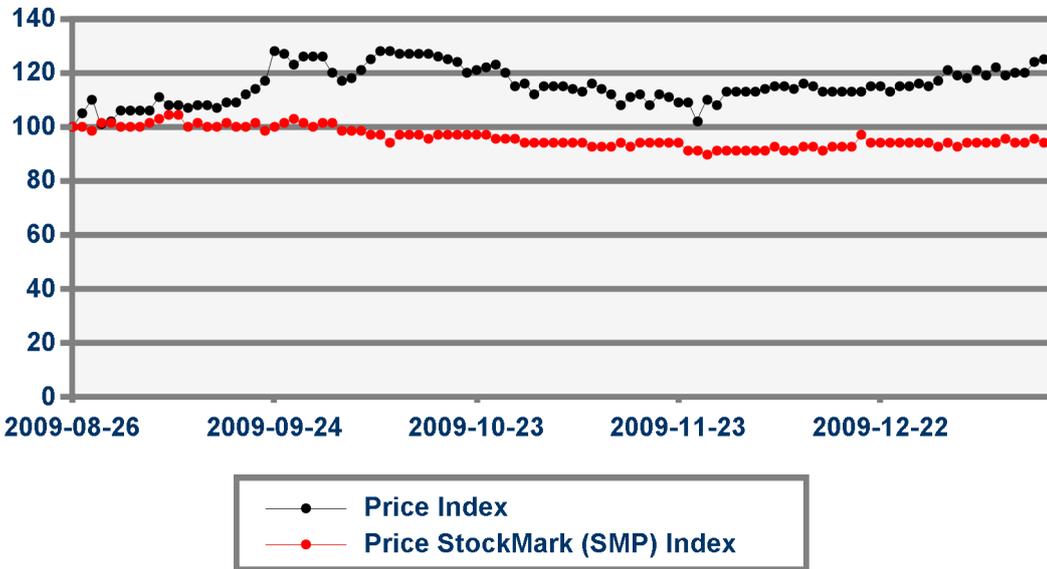
The chart to the right compares the company to the market index. Although 50 is the average rating for the country overall, the average of the representative market index will fluctuate over time due to the limited number of companies composing the index.

Peer Price Analysis



The chart above allows comparison of both movements in price and the Total StockMark rating between the company and its closest peer. The rating is displayed in absolute values here to enable the user to compare the two companies at different points in time rather than simply the trend.

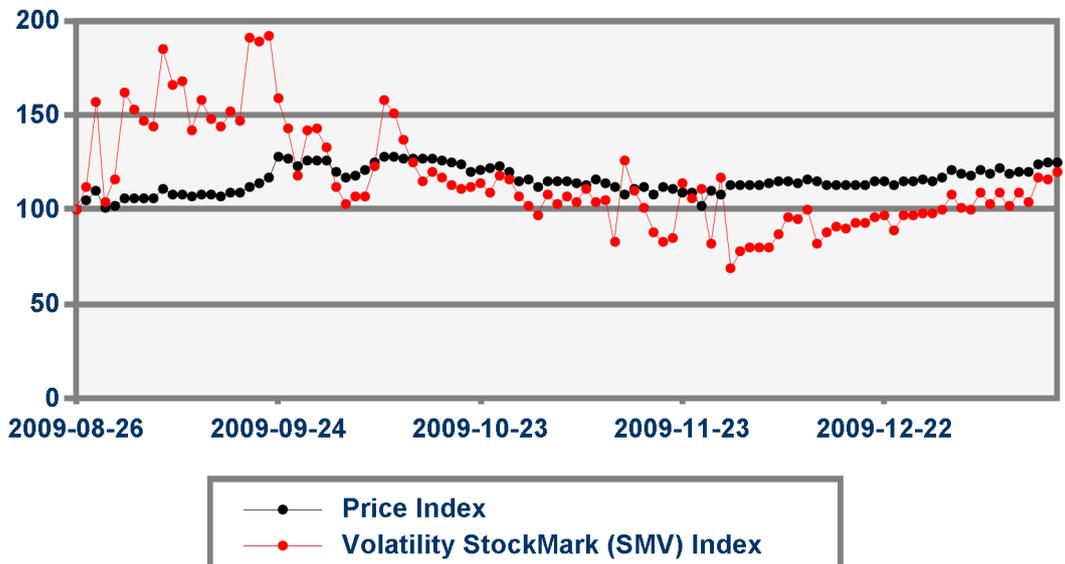
## Price StockMark Analysis



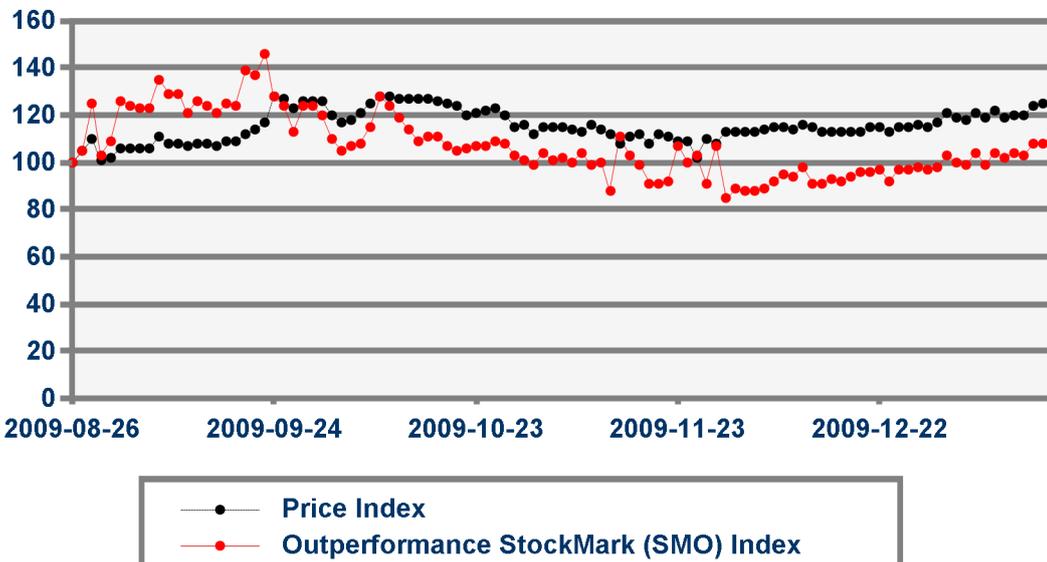
The chart to the left shows the movements of the company's Price StockMark expressed as an index compared to the company's share price over the rated period. This chart is useful for assessing the relationship between the Price StockMark and the share price.

## Volatility StockMark Analysis

The chart to the right shows the movements in the company's Volatility StockMark over the rated period expressed as an index compared to the share price.

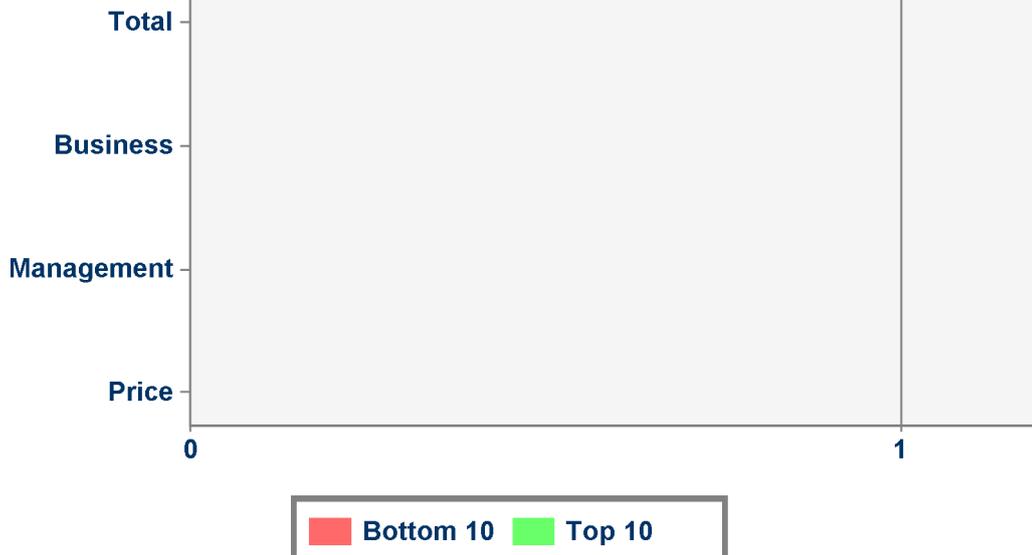


## Outperformance StockMark Analysis



The momentum chart shows the movements of the Outperformance StockMark over the period. This rating measures the likelihood of the stock to outperform the market

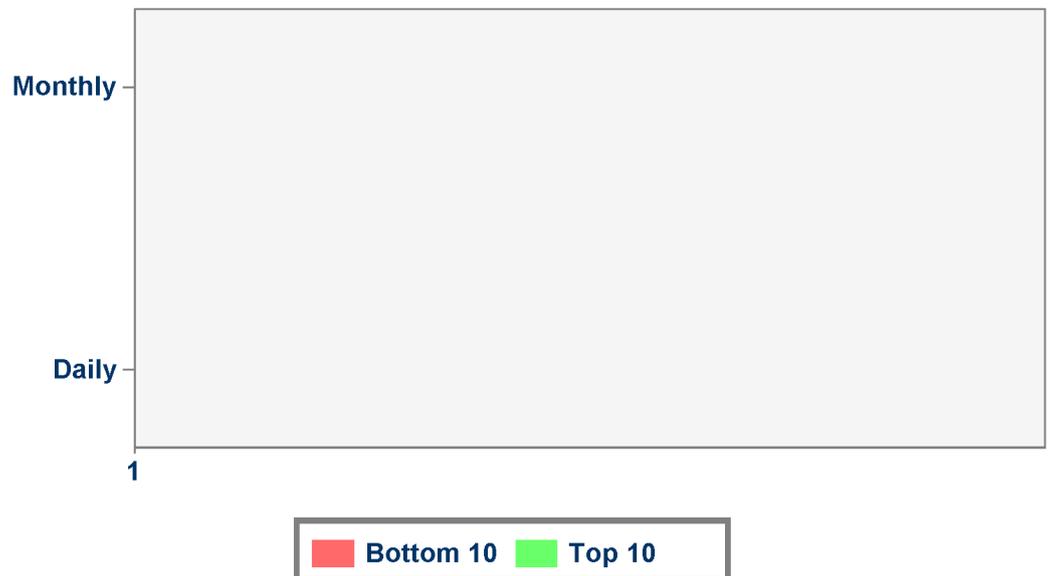
## Top/Bottom Lists



The chart to the left shows the number of times that the company has appeared in the daily top/bottom 10 lists for each rating since the company was first rated.

## Biggest Movers Lists

The chart to the right shows the number of times the company has appeared in the daily and monthly biggest mover lists for the Total StockMark.



## Featured Company Reports

| Report Title | Date |
|--------------|------|
|--------------|------|

This table shows any 'featured company' reports available from SADIF for the specified company. Featured company reports are written by an analyst and take into account recent events when analyzing companies within the StockMarks framework. The reports can be downloaded from the SADIF website.