

rex. AGM 2014



PERFORMANCE

- ✈ Revenue decreased by 2.7% to \$202.3M
- ✈ Pax dropped by 3.4% to 1.05M
- ✈ PBT fell by 44.4% to \$10.7M

PERFORMANCE

Decline of \$8.5M Group PBT due to:









- ✈ Continued deterioration of economy resulting in drop in passengers (38k fewer pax, \$5.5M less pax revenue) as well as drop in charter revenue
- ✈ Record fuel price adding \$1.7M in fuel costs
- ✈ Reduction of interest income (about \$1M) due to heavy investments undertaken

NETWORK CHANGES

- ✈️ Rex became sole operator of Sydney–Orange and Sydney-Newcastle routes following Brindabella Airlines collapse (Dec 2013)
- ✈️ Commenced thrice daily service Armidale – Sydney (March 2014)

On Time Performance

AIRLINE RELIABILITY INDEX

Airline	On Time Departure					Cancellation Rate (%)				
	FY14	FY13	FY12	FY11	FY10	FY14	FY13	FY12	FY11	FY10
	1 st	1 st	3 rd	1 st	3 rd	0.5%	0.7%	0.4%	0.4%	0.2%
	5 th	6 th	7 th	5 th	2 nd	2.5%	2.5%	2.0%	1.9%	0.7%
	2 nd	2 nd	2 nd	3 rd	1 st	1.3%	1.6%	1.7%	1.5%	0.8%
	6 th	8 th	8 th	6 th	6 th	1.9%	1.3%	1.6%	1.4%	1.1%
	4 th	3 rd	4 th	4 th	4 th	1.5%	1.7%	1.3%	2.0%	1.6%
	3 rd	4 th	6 th	N/A	N/A	1.3%	2.4%	1.5%	N/A	N/A
	N/A	7 th *	5 th	2 nd	5 th	N/A	0.2%*	0.2%	0.3%	0.7%
	7 th	5 th	1 st	7 th	7 th	2.2%	1.2%	0.5%	3.0%	1.5%

* YTD Apr 2013. Skywest rebranded as Virgin Australia Regional Airlines eff. 7 May 13

INDUSTRY RECOGNITION



Rex won the Transport and Logistics Industry Skills Council (TLISC) 2014 Awards for Excellence in the area of Innovation and Excellence in Workforce Development Award (Aviation)



Rex has twice been voted 'Best Regional Airline' in the Australian Traveller Readers' Choice Awards Survey in the 3 year history of the award







This accolade is an important recognition as the Awards are voted by the most important people in the industry - the travellers themselves

INDUSTRY RECOGNITION

AVIATION WEEK
TOP PERFORMING
REGIONAL AIRLINE 2009-14

In June 2014 Rex was ranked as the world's top performing regional airline (6TH consecutive year) in *Aviation Week and Space Technology* magazine's Top Performing Airlines ranking

Worldwide, Rex was ranked 5th best performing listed airline

Carrier	Ranking	Score
	5 th	67.4
	15 th	57.0
	26 th	50.4
	50 th	38.9
	59 th	33.8
	65 th	30.2

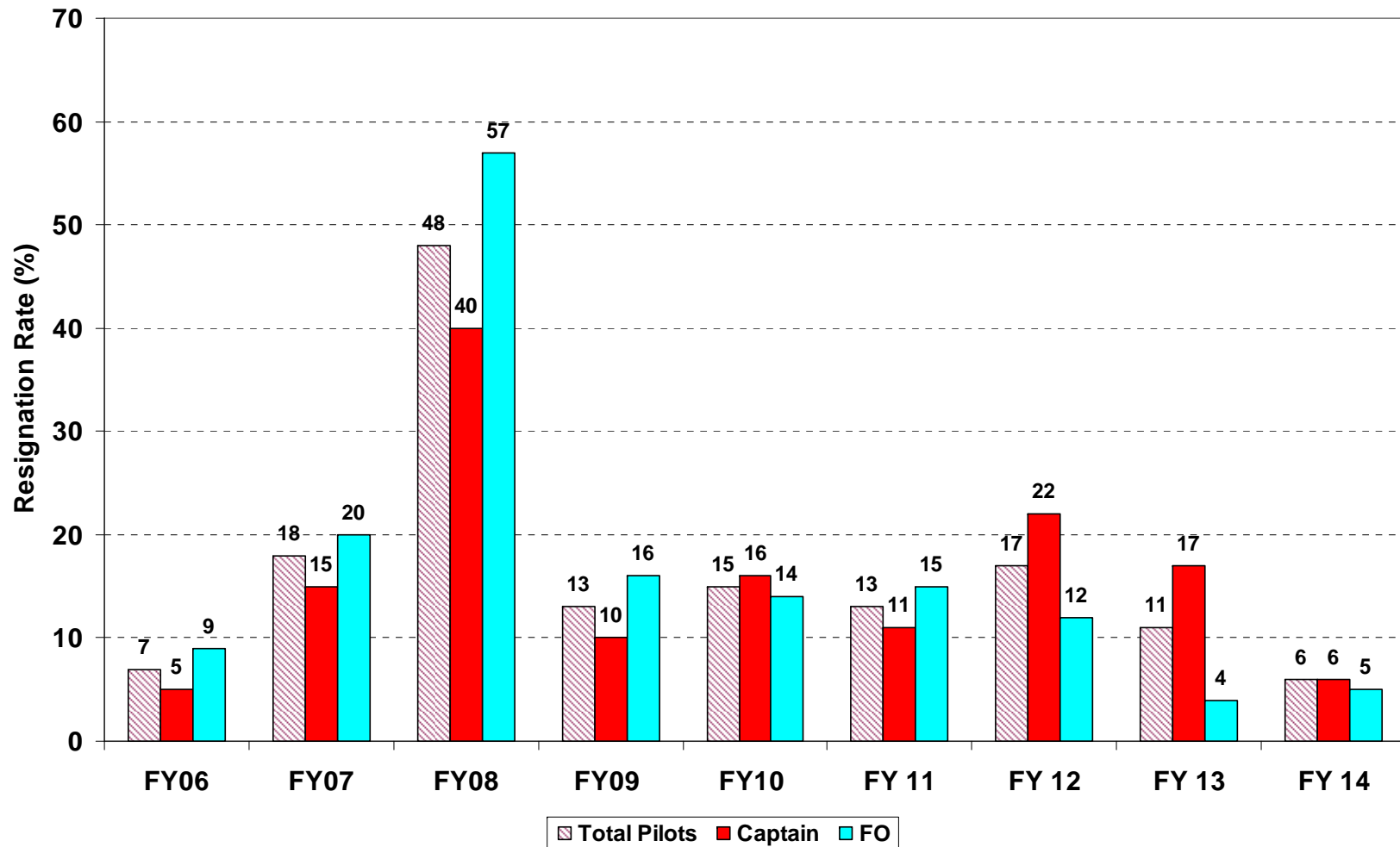
FLEET / SPARE PARTS

- ✈ Took delivery of the spares holding of Pinnacle (July 2013)
- ✈ Took ownership of remaining 18 Saab 340B+ aircraft at lease end (March 2014) bringing the total owned Saab fleet to 51 aircraft

PILOT SITUATION

- ✈ Pilot attrition rate for the FY was at record low
- ✈ 15 cadets promoted to Captain since inception of Cadet Programme

REX PILOT ATTRITION RATE



SUBSEQUENT EVENTS

- ✈ In July 2014 Pel-Air secured a contract extension to continue providing air charter services to Iluka Resources in South Australia
- ✈ Air Link re-commenced RPT services in Aug 2014 with an initial Sydney-Dubbo run

CAPITAL EXPENDITURE

- ✈ Major capital investments in FY14:
 - Purchase of 25 Saab 340B+ aircraft
 - Purchase of the Pinnacle spares
 - Purchase of a full flight simulator
 - Construction of Rex simulator centre

Totalling over **\$56M** with \$22.7M on 3yr financing

OUR SUBSIDIARIES

Pel-Air

- ✈️ Ambulance Victoria Contract entered its 3rd yr of operations and is running well
- ✈️ Pel-Air's Fast Jet contract with Australian Defence Force extended another year
- ✈️ Turboprop charters using Saab aircraft operated steadily throughout the year

OUR SUBSIDIARIES

Air Link

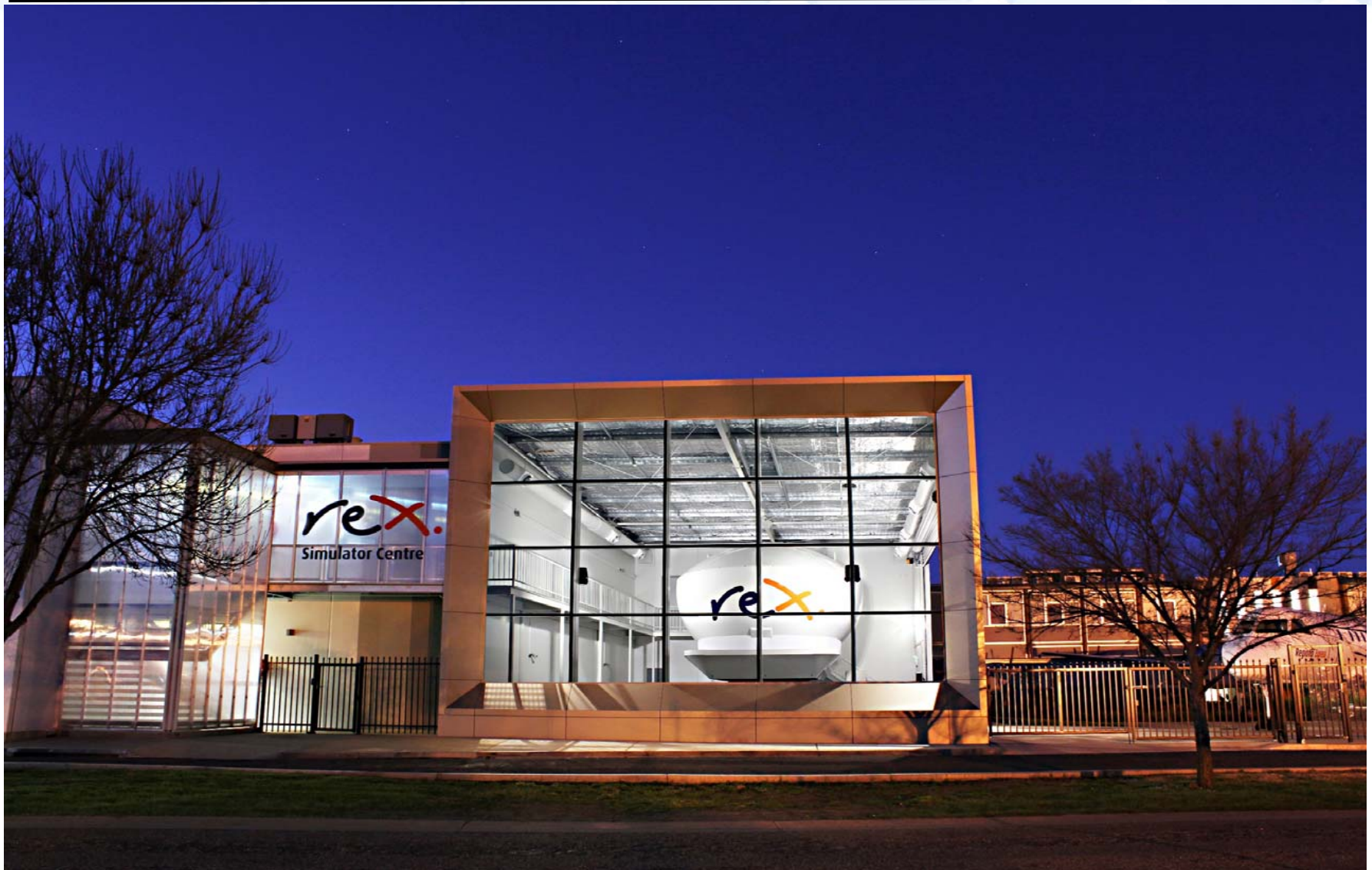
- ➔ Continued developing charter service and growing 3rd party aircraft maintenance business

OUR SUBSIDIARIES

AAPA

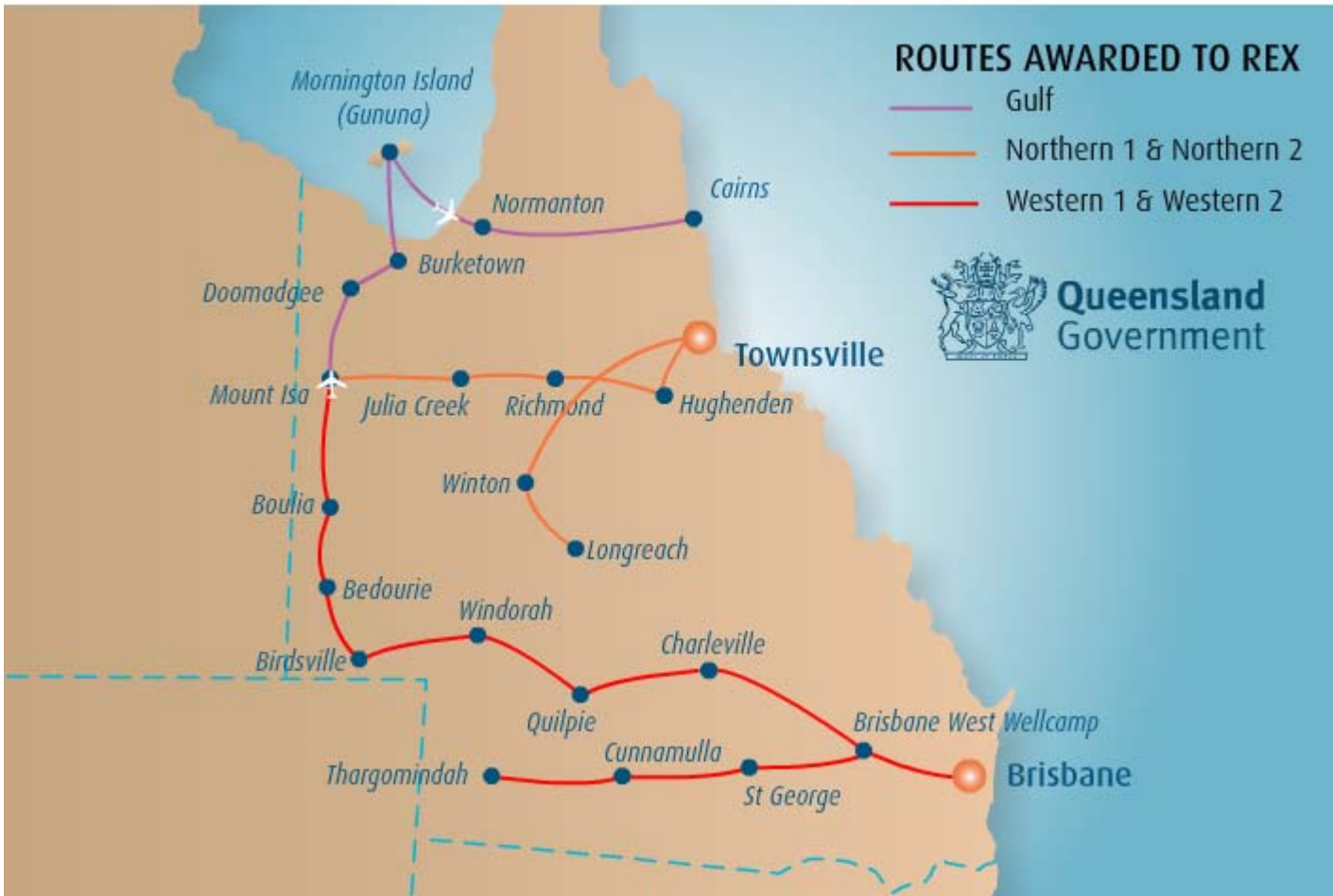
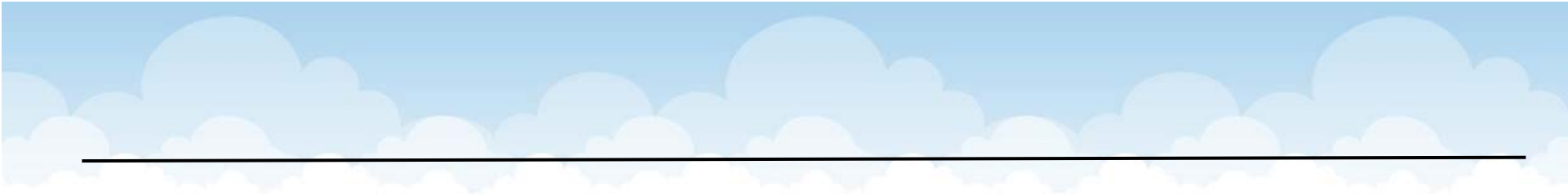
- ✈ Since commencement (Dec 2007), graduated 152 Rex cadets with 139 already flying for Rex
- ✈ Official opening of Saab 340 Full Flight Simulator at Australian Airline Pilot Academy (Apr 2014)

SIMULATOR BUILDING - AAPA



TENDER UPDATE

- ✈️ Awarded 5 Queensland Regulated Routes (Northern 1 & 2, Western 1 & 2 and Gulf route) in Oct 2014. Operations begin 1 Jan 2015.



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- ✈️ Was not awarded the AMSA (Australian Maritime Safety Authority) tender for Search and Rescue missions

TENDER UPDATE

TENDERS PENDING

- ✈ Provision of Plane Chartering Services for Transgrid

REX IN THE COMMUNITY

Rex donated approx A\$ 200K to various relief and charitable causes in FY1314:

- ✈ Royal Institute for Deaf and Blind Children
- ✈ Ronald McDonald House
- ✈ Cystic Fibrosis
- ✈ Julia Creek Dirt and Dust festival
- ✈ Starlight Children's Foundation
- ✈ Cancer Council's fundraisers

REX IN THE COMMUNITY



Rex Engineer Adam Britt and partner Danielle Presenting Ronald McDonald House Wagga Wagga Executive Officer Deborah Braine with Rex flights in appreciation of their support for little Jackson

DIVIDEND

In view of the

- ✈ sharp decline in profits
- ✈ recent substantial capital outlay
- ✈ uncertain economic environment ahead

The Board believes it prudent to conserve cash and consequently no dividend will be paid for FY14

DIVIDEND

The Board is also of the view that there being no more major capital investment on the horizon, the Group should be in a position to **significantly increase the dividend payout ratio** once the recovery is firmly rooted

PROFIT FORECAST

The Group believes that its passenger demand has stabilised and FY 15's profit would be better than FY14's

Q & A

**END OF
PRESENTATION**

THANK YOU

PROXY SUMMARY

AGM 2014 Proxy Results

