

ANNOUNCEMENT

FY 16/17 HALF YEAR RESULTS

17



AGENDA



- ✈ FINANCIAL HIGHLIGHTS
- ✈ KEY PERFORMANCE INDICATORS
- ✈ OPERATIONAL REVIEW
- ✈ OUTLOOK & GUIDANCE



FINANCIAL HIGHLIGHTS

GROUP INCOME STATEMENT REVIEW

| | 1H FY17 (\$M) | 1H FY16 (\$M) |
|-------------------------------------|---------------|---------------|
| Passenger Revenue* | 127.9 | 113.2 |
| Group Total Revenue | 144.3 | 132.6 |
| Fuel Cost | (16.7) | (17.8) |
| Other Costs & Expenses Exclude Fuel | (119.5) | (110.0) |
| Finance Costs & Other | 0.5 | 0.1 |
| Impairments** | - | (18.1) |
| Operational Profit After Tax | 6.2 | 3.3 |
| Statutory Profit Before Tax | 8.6 | (13.2) |
| Statutory Profit After Tax | 6.2 | (11.4) |

* Includes QLD Government Regulated Route payments

** Includes Goodwill, Asset write downs and fair value accounting



FINANCIAL HIGHLIGHTS



Improved Financial Performance due to:

- ✈️ Slight improvement in traditional network pax numbers and yield
- ✈️ Full half year contributions from WA routes
- ✈️ Fuel cost reduction of \$2.5M from hedge initiatives
- ✈️ Improvement of 4.3% in FX rate

more than compensated for end of Pel-Air defence contract



KEY PERFORMANCE INDICATORS

| | 1H FY17 | 1H FY16 |
|-----------------------------|---------|--------------------|
| Passengers | 612,284 | 550,323 |
| ASKs (M) | 423.0 | 379.7 |
| Average Fare*(\$) | 213.5 | 205.7 |
| Load Factor* | 56.6% | 54.8% |
| Pax Revenue* / ASK (cents) | 30.9 | 30.5 |
| Other Revenue / ASK (cents) | 0.5 | 0.7 |
| Total Cost** / ASK (cents) | 29.5 | 30.1 |
| Fuel % Total Cost | 12.3% | 13.9% [#] |

* Includes QLD Government Regulated Routes (payments and passengers)

** Includes fair value accounting

[#] Adjusted to Exclude Impairments



KEY PERFORMANCE INDICATORS



WA NETWORK VERSUS TRADITIONAL NETWORK

| | WA Network | Traditional Network | Comparison |
|-----------------------------------|------------|---------------------|------------|
| Passengers | 52,707 | 542,322 | 9.7% |
| ASKs (M) | 32.8 | 368.0 | 8.9% |
| Average Fare per Sector Hour (\$) | 192.2 | 233.3 | 82.4% |
| Load Factor | 75.5% | 56.0% | 19.5% pts |
| On-Time Departure | 86.3% | 86.6% | (0.3%) pts |



ON TIME PERFORMANCE



| Airline | On Time Departure | | | | |
|---|--------------------------|------|------|------|------|
| | 1HFY17 | FY16 | FY15 | FY14 | FY13 |
|  | 1 st 86.5% | 1st | 1st | 1st | 1st |
|  | 2 nd 86.1% | 3rd | 2nd | 2nd | 2nd |
|  | 3 rd 84.3% | 2nd | 3rd | 3rd | 3rd |



CANCELLATION RATE



| Airline | Cancellation Rate | | | | |
|---|-------------------|------|------|------|------|
| | 1HFY17 | FY16 | FY15 | FY14 | FY13 |
|  | 0.6% | 0.5% | 0.3% | 0.5% | 0.7% |
|  | 1.5% | 2.0% | 1.4% | 1.3% | 2.4% |
|  | 2.4% | 2.6% | 2.1% | 2.5% | 2.5% |



OPERATIONAL REVIEW



- ✈ Jul-16 Permanent medivac operations based out of Singapore
- ✈ Aug-16 Pilot EBA ratified
- ✈ Oct-16 Expanded Cairns to Bamaga service
- ✈ Oct-16 Commenced operations in new Sydney warehouse
- ✈ Nov-16 Engineer EBA ratified



SYDNEY WAREHOUSE



SUBSEQUENT EVENTS



- ✈ Sold off all four Learjets
- ✈ Completed the acquisition of an aircraft paint hangar in Wagga Wagga



PROFIT OUTLOOK 2H 17



TAILWINDS:

- ✈️ Q3 hedged fuel prices bring \$2.2M savings. Q4 not hedged but expected to bring additional savings
- ✈️ 2H FY17 has 2 additional months of WA contributions
- ✈️ Continued strong international medivac performance
- ✈️ AAPA will continue to enjoy strong international enrolments

HEADWINDS:

- ✈️ FX risk high as USD has strengthening bias
- ✈️ Protectionism by USA could slow world economy



PROFIT GUIDANCE



- ✈ PBT for the current FY is expected to be an improvement over last FY.
- ✈ The Board not confident of providing specific profit guidance for full FY due to global uncertainties and extreme volatility.
- ✈ However the Board believes that the full year operational performance will be able to achieve at least the same percentage improvement as was attained for the half year.



DIVIDEND GUIDANCE



- ✈ The Board recommends the resumption of dividend payout if the full year results indicate that the trend of passenger decline has bottomed out.





END OF PRESENTATION THANK YOU





The Hon Darren Chester MP, Minister for Infrastructure and Transport with Australian and international cadet pilots at the Australian Airline Pilot Academy Wagga Wagga NSW, 25 November 2016