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## MEDIA RELEASE

### REX - AUSTRALIA'S MOST PROFITABLE PASSENGER AIRLINE GROUP FOR 3<sup>rd</sup> CONSECUTIVE YEAR

At its full financial year (FY) results presentation yesterday, Regional Express Holdings Ltd (Rex) announced a Profit Before Tax (PBT) of \$10.7 million for the year ended 30 June 2014. This represents a drop of about 45% from the prior year, but is slightly improved from the half year when it reported a PBT reduction of 59.8%.

Commenting on the results, Rex Executive Chairman Mr Lim Kim Hai said, "The Australian economy continued to deteriorate in the period under review and resulted in 38,000 fewer Rex passengers, or a reduction of 3.4%."

He added that the year also saw record average fuel prices.

"On top of that, we had the burden of increased government taxes in the form of the carbon tax and a significant increase in the fuel levy to fund the Civil Aviation Safety Authority. All of these taxes implemented by the previous Federal Government just add more nails in the coffin of the aviation industry," Mr Lim said.

"As foreshadowed in my earlier warnings to the Federal Government, aviation in Australia is in deep crisis with Qantas and Virgin Australia losing a combined \$4.4 billion at pre-tax level for FY14. Regional aviation is even harder hit - we saw another two carriers collapse in the last nine months."

"The environment is so toxic that incredible as it sounds, Rex is not only the most profitable passenger airline group for the third consecutive year, it has more accumulated PBT than Qantas or Virgin Australia over the last nine years."

"This clearly demonstrates the prolonged and endemic crisis that is gripping Australian aviation, and I call on the Abbott government to urgently start implementing the concrete initiatives promised in the Coalition's Policy for Aviation issued in August 2013 prior to the federal election one year ago. Otherwise, the repeal of the carbon tax alone will not be sufficient to avoid the irreversible damage done to aviation, especially to regional aviation, where we have seen 16 carriers collapse since 9/11, some of them with decades of history:

*Horizon Airlines (2004), Great Western Airlines (2005), Airlines of South Australia (2005), Emu Airways (2005), Aboriginal Air Services (2006), Sunshine Express (2006), Big Sky Express (2006), Transair (2006), O'Connor Airlines (2007), Aero-Tropics Air Services (2008), MacAir Airlines (2009), Regional Pacific Airlines (2010), Tasair (2012), Aeropelican (2013), Brindabella Airlines (2013), Vincent Aviation (2014).*

"God willing, Rex will be able to weather this storm. Our high efficiencies have enabled us to continue to be profitable, and our very strong foundations allowed us to make a significant investment of over \$56 million even during these difficult times in the same way that we invested heavily when the Global Financial Crisis hit."

It was also announced at the presentation that the Rex Board had not approved any dividends for FY14 due to the sizeable investments undertaken, but had committed to a significantly higher dividend payout ratio once the recovery has firmly taken root.

# Regional Express

Regional Express (Rex) is Australia's largest independent regional airline operating a fleet of more than 40 Saab 340 aircraft on some 1,300 weekly flights to 36 destinations throughout New South Wales, Victoria, Tasmania, South Australia and Queensland. The Rex Group comprises Regional Express, air freight and charter operator Pel-Air Aviation and Dubbo-based regional airline Air Link, as well as the pilot academy Australian Airline Pilot Academy.

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