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MEDIA RELEASE

REX ISSUES PROFIT WARNING

The Regional Express Group (Rex) today announced that as foreshadowed in the forecast given at its Annual General Meeting in November 2013, its first half FY13/14 results would be significantly deteriorated.

Rex's Chief Operating Officer Garry Filmer said that the figures available to date would suggest that Rex's Profit Before Tax (PBT) for the first half of the financial year would be approximately 40% of the corresponding period of FY12/13.

Mr Filmer said, "Leisure and other discretionary travel registered a slight decline, however it was business related travel that really plummeted, continuing the trend from the end of the previous financial year."

"The entire aviation industry is financially haemorrhaging right now and approaching collapse. Qantas' first half profits are expected to be registering a decline of over \$450 million from a PBT of about \$140 million in the prior period, to an expected loss of over \$300 million. Virgin Australia shows a similar trend with a decline of about \$80 million from a PBT of about \$25 million, to an expected loss of more than \$50 million."

"Regional aviation is even harder hit as the profit margins are slimmer. We have already seen the collapse of two of Australia's oldest regional carriers during this financial year - Aeroperican and Brindabella - and in today's toxic aviation environment, more will likely follow suit. In the past decade there was an average of one regional airline collapsing every year."

"The Abbott Government to date has not made any significant inroads to reversing the devastation inflicted to the economy by the previous government. We implore the Minister for Infrastructure and Regional Development to take immediate and forceful efforts to fulfil his election commitments to regional aviation outlined in the Coalition's Policy for Aviation, as many regional carriers have little time left before they face the same fate as Brindabella. For many parts of regional Australia, this would spell the end of regular air services forever and it would be ironic if it were the Nationals that presided over this outcome."

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 35 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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