

# FY15 FULL YEAR RESULTS



## REGIONAL HEADWINDS



# AGENDA

- ✈ OPERATIONAL REVIEW
- ✈ FINANCIAL HIGHLIGHTS
- ✈ OUTLOOK & PROFIT FORECAST
- ✈ DIVIDEND



# GROUP OPERATIONAL REVIEW

- ✈ 5 Queensland regulated routes running well since 1 Jan 2015
- ✈ Commenced RPT services from Cairns to:
  - Townsville (weekend service) on 3 Jan 2015
  - Bamaga (NPA) on 30 March 2015
  - Mount Isa on 25 May 2015

bringing total number of ports in the Rex network to 53 (from 36 prior year)



Routes in *maroon* are operated in conjunction with the



**Queensland Government**





# GROUP OPERATIONAL REVIEW

- ✈ Achieved Area AOC on 11 Dec 2014 allowing operations throughout Australia – only independent regional RPT operator granted this approval
- ✈ Rolled out LCD cockpit display units for the Saab 340 fleet in May 2015 in collaboration with Thomas Global





Thomas Global LCD cockpit display unit in Rex Saab VH ZLX

# GROUP OPERATIONAL REVIEW

- ✈ Achieved Area AOC on 11 Dec 2014 allowing operations throughout Australia – only regional RPT operator granted this privilege
- ✈ Rolled out LCD cockpit display units for the Saab 340 fleet in May 2015 in collaboration with Thomas Global
- ✈ Fuel hedge delivered approx A\$1.85M fuel cost savings in FY1415
- ✈ First full-year operations of new Saab Simulator – performance exceeding expectations







Simulator Building - AAPA



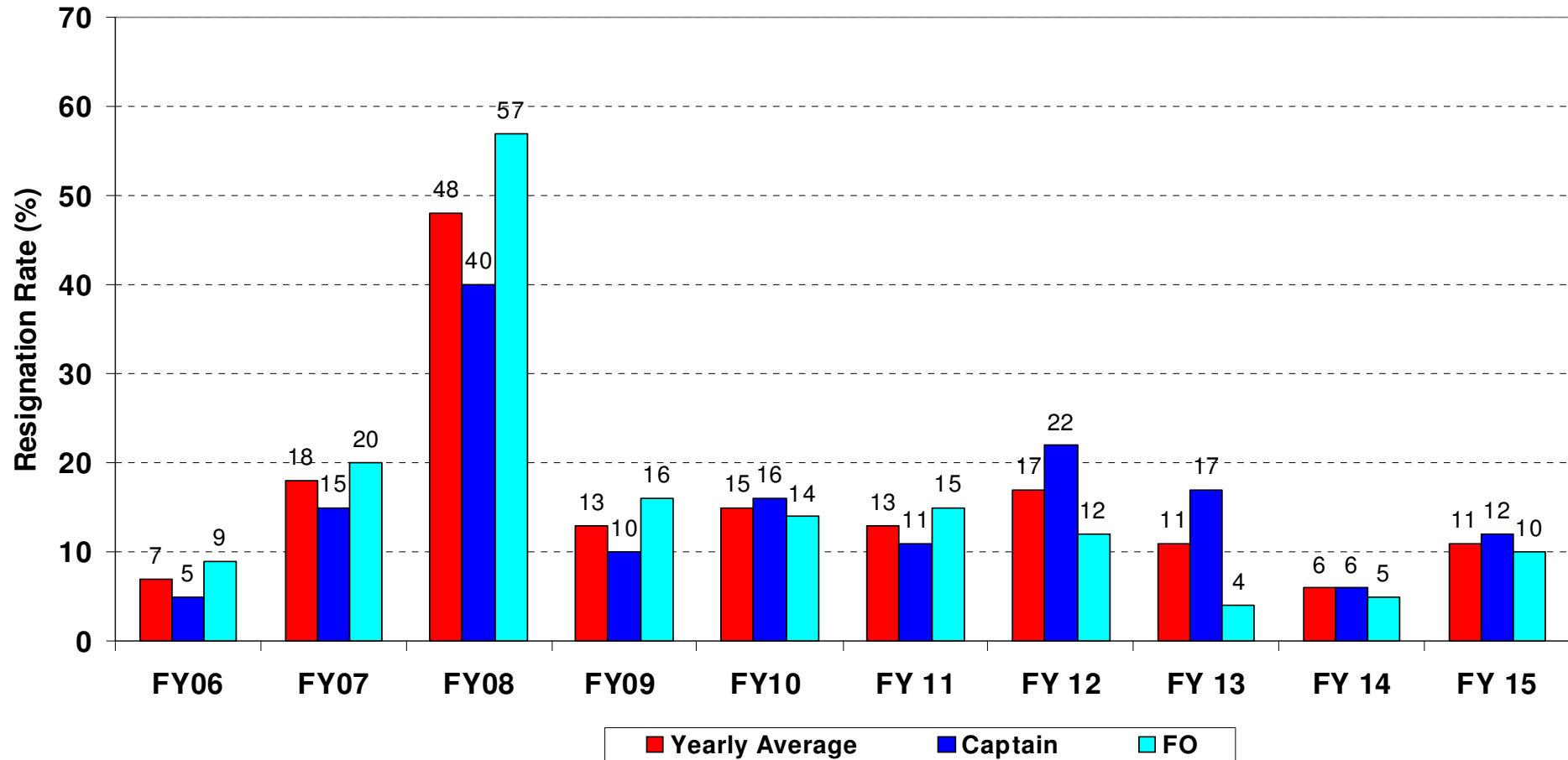
# GROUP OPERATIONAL REVIEW

✈ Pilot attrition rate for FY1415 continued to be low and sustainable



# GROUP OPERATIONAL REVIEW

## Rex Pilot Attrition Rate



# GROUP OPERATIONAL REVIEW

- ✈ Pilot attrition rate for FY1415 continued to be low and sustainable
- ✈ 18 cadets inducted as FO making it 141 (90%) since inception of Cadet Programme
- ✈ 13 cadet FOs promoted to Captain making it 28 (21%) since inception of Cadet Programme





# GROUP OPERATIONAL REVIEW

## Key Regular Public Transport Indicators









	FY15	FY14	Change
Passengers (M) *	1.025	1.044	-1.9%
ASKs (M) *	698	714	-2.2%
Average Fare	\$195.4	\$192.1	+1.7%
Load Factor *	54.7%	54.7%	-
RPT Revenue/ASK	29.5c	29.0c	+1.7%
Non RPT Revenue / ASK	0.7c	0.7c	-
Total cost/ASK	30.1c	29.2c	+3.1%
Fuel % Total Cost	16.4%	18.2%	-1.8% pts

\* Excludes Queensland regulated routes



# GROUP OPERATIONAL REVIEW

## AIRLINE RELIABILITY INDEX

Airline	On Time Departure					Cancellation Rate (%)				
	FY15	FY14	FY13	FY12	FY11	FY15	FY14	FY13	FY12	FY11
	2 <sup>nd</sup>	1 <sup>st</sup>	1 <sup>st</sup>	3 <sup>rd</sup>	1 <sup>st</sup>	0.3%	0.5%	0.7%	0.4%	0.4%
	5 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>	7 <sup>th</sup>	5 <sup>th</sup>	2.1%	2.5%	2.5%	2.0%	1.9%
	1 <sup>st</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	1.2%	1.3%	1.6%	1.7%	1.5%
	6 <sup>th</sup>	6 <sup>th</sup>	8 <sup>th</sup>	8 <sup>th</sup>	6 <sup>th</sup>	1.4%	1.9%	1.3%	1.6%	1.4%
	3 <sup>rd</sup>	4 <sup>th</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	4 <sup>th</sup>	1.8%	1.5%	1.7%	1.3%	2.0%
	4 <sup>th</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	6 <sup>th</sup>	N/A	1.4%	1.3%	2.4%	1.5%	N/A
	N/A	N/A	7 <sup>th</sup> *	5 <sup>th</sup>	2 <sup>nd</sup>	N/A	N/A	0.2%*	0.2%	0.3%
	7 <sup>th</sup>	7 <sup>th</sup>	5 <sup>th</sup>	1 <sup>st</sup>	7 <sup>th</sup>	0.9%	2.2%	1.2%	0.5%	3.0%

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



# GROUP OPERATIONAL REVIEW

## SUBSEQUENT EVENTS

- ✈️ Rex commenced daily RPT services from Cairns to Townsville on 6 July 2015 adding some 60,000 seats on the route with 34 weekly flights
- ✈️ Air Link resuming RP services to Cobar on 31 Aug 2015
- ✈️ FY15/16 Fuel hedged





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# FINANCIAL HIGHLIGHTS

## GROUP INCOME STATEMENT REVIEW

	FY15 \$M	FY14 \$M	Change
Passenger Revenue	204.3	202.3	+1.0%
Total Revenue	256.2	253.3	+1.1%
Fuel Cost *	36.9	37.8	<b>-8.4%</b>
Carbon Tax on fuel	.	2.5	
Other Costs & Expenses	209.7	203.8	+2.9%
Profit Before Tax	9.3	10.7	<b>-12.8%</b>
Profit After Tax	6.7	7.7	<b>-13.6%</b>

\* Includes Ineffective Fuel Hedge



# FINANCIAL HIGHLIGHTS

## EARNINGS

✈ PBT fell by 12.8% or \$1.4M

✈ EPS at 6.2 cents





# FINANCIAL HIGHLIGHTS

## **\$1.4M Group PBT decline due to:**

- ✈ Continued deterioration of regional economy resulting in drop in RPT passengers (19.5k fewer pax, \$3.1M less pax revenue in non-subsidised network)
- ✈ Increase in manpower cost and engineering costs
- ✈ Mobilisation costs for new Qld operations
- ✈ Higher cost from USD-denominated expenses



# FINANCIAL HIGHLIGHTS

## **PBT REDUCTION FROM PRIOR FY.... but Performance still respectable:**

- ✈ Net Assets grew by \$5.7M to \$194.8M (\$1.77 per share)
  - ✈ Gross Return on revenue 3.6%
  - ✈ Gross Return on Net Assets 4.8%
  - ✈ Gross Return on market capitalisation\* 8.1%
- \* Based on closing share price of \$1.04 at FY end



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# OUTLOOK

## HEADWINDS

- ✈ Passenger demand uncertain due to negative impact of plunging oil prices on energy industries and softer Chinese economy
- ✈ Continuing weakness of AUD will have some negative impact on USD expenses
- ✈ EBA agreements not reached yet with 3 of 4 union groups after over a year of negotiations



# OUTLOOK

## TAILWINDS

- ✈ Full year of operations of Queensland subsidised route will bring additional profit stream
- ✈ Fuel price hedged for the full FY16 which brings additional annualised savings of \$4.5M over FY15
- ✈ Rex considering responding to WA Govt tender for operations of licensed routes out of Perth





# PROFIT FORECAST

Net outcome of tailwinds and headwinds is uncertain

No profit guidance can be provided at this stage



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# DIVIDEND

In view of the

- ✈ continuing decline in profits
- ✈ uncertain economic environment ahead

The Board recommends the decision on dividend to be made at the AGM in Nov 2015



Q & A

**END OF  
PRESENTATION**

**THANK YOU**





Cairns Airport officially welcomes Rex