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**ANNOUNCEMENT
FY 18/19 HALF YEAR RESULTS**



AGENDA

- ✈ **Financial Highlights**
- ✈ Group Operational Review
- ✈ Outlook & Profit Forecast
- ✈ Dividend Guidance



Financial Highlights

GROUP INCOME STATEMENT REVIEW

	1H FY19 (\$M)	1H FY18 (\$M)	Change
Passenger Revenue	145.4	133.3	+9.1%
Group Total Revenue	163.8	151.0	+8.5%
Fuel Cost	(23.0)	(15.2)	+51.3%
Other Costs & Expenses (Excluding Fuel)	(128.1)	(122.4)	+4.7%
Finance & Other Income	1.5	0.4	+275%
Statutory Profit Before Tax	14.2	13.8	+2.9%
Statutory Profit After Tax	9.8	9.1*	+7.7%

*Once-off tax adjustment



Financial Highlights

Performance Comparison

<u>Airline</u>	<u>Reporting Period</u>	<u>Total Revenue (M)</u>	<u>Profit Before Tax (PBT), (M)</u>	<u>Change in PBT (%)</u>	<u>PBT Return on Revenue</u>
Regional Express (AU\$)	1H FY19	164	14	2.9%	8.7%
Qantas (AU\$)	1H FY19	9,206	735	-12.5%	8.0%
Virgin Australia (AU\$)	1H FY19	3,071	88	944.0%	2.9%
Southwest Airlines (US\$)	2H CY2018	11,279	1,603	2.2%	14.2%
Singapore Airlines (SG\$)	2H CY2018	8,404	471	-42.6%	5.6%



Financial Highlights

Slight Improvement in PBT (\$0.4M) due to:

- ✈️ 4.8% increase in passenger numbers
- ✈️ Improvement in yield (3%)

Offset by:

- ✈️ Surge in fuel cost (\$8M)



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Group Operational Review

Airline Key Performance Indicators

	1H FY19	1H FY18	Change
Passengers	664,832	634,103	+4.8%
ASKs (M)	417.5	413.5	+1.0%
Average Fare (\$)	221.0	214.6	+3.0%
Load Factor	64.2%	59.9%	+4.3% pts
Pax Revenue / ASK (cents)	35.2	32.9	+7.0%
Total Cost / ASK (cents)	33.4	30.6	+9.2%
Fuel % Total Cost	15.2%	11.1%	+4.1% pts



Group Operational Review

Airline Reliability Index

Airline	On Time Departure					Cancellation Rate (%)				
	1H19	FY18	FY17	FY16	FY15	1H19	FY18	FY17	FY16	FY15
 rex. Regional Express	2nd (81.4%)	2nd	2nd	1st	1st	1.2%	1.3%	0.8%	0.5%	0.3%
Virgin Australia Regional	3 rd (74.8%)	3 rd	1 st	3 rd	2 nd	2.9%	2.6%	1.5%	2.0%	1.4%
QantasLink	1 st (84.0%)	1 st	3 rd	2 nd	3 rd	1.5%	2.3%	2.6%	2.6%	2.1%



Group Operational Review

- ✈ Jul-18 Commencement of Perth – Carnarvon / Monkey Mia Route
- ✈ Aug-18 Pledged \$1 Million for drought relief to regional Australia
- ✈ Sep-18 Divestment of Air Link
- ✈ Oct-18 Ceased flights between Sydney - Mildura
- ✈ Nov-18 Acquired one Saab340B+ aircraft for schedule integrity
- ✈ Nov-18 Early redemption of mortgage on Saab340 aircraft
- ✈ Dec-18 Fully hedged for 2H FY19 fuel requirements when Brent was below USD60 per barrel



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Profit Outlook 2H FY19

Headwinds:

- ✈ Continuation of trend observed since December 2018 of slowdown in passenger numbers if Sino-US trade talks fail
- ✈ Business activities will slow down ahead of elections by May

Tailwinds:

- ✈ Business confidence and activity will resurge strongly upon successful Sino-USA trade talk
- ✈ Fuel cost fully hedged below USD60 per barrel



Profit Guidance

- ✈ In the context of the uncertain outcome of the trade talks, the Board is unable to provide a reliable profit forecast
- ✈ The Board has grounds to believe that if trading conditions do not deteriorate further, the Group could still achieve profit growth for the full FY



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Dividend Guidance

- ✈ Cash flow of the company likely to remain strong in FY19
- ✈ The Board believes that the strong position of the Group allows it to maintain an Interim Dividend of 4 cents per share (fully franked).

The Board remains committed to a healthy dividend payout for FY19 if the financial targets are met.



END OF PRESENTATION
Thank You



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