

Annus Horribilis



AGENDA

- ✈ **FINANCIAL HIGHLIGHTS**
- ✈ **INCOME STATEMENT REVIEW**
- ✈ **KEY PERFORMANCE INDICATORS**
- ✈ **OPERATIONAL REVIEW**
- ✈ **AIRLINES COMPARATIVE PERFORMANCE**
- ✈ **OUTLOOK**

GROUP FINANCIAL HIGHLIGHTS

STRONG EARNINGS

- ✈ Revenue grew by 15.7% to \$260.5M partly due to consolidation of results
- ✈ Profit after tax up by 3.0% to \$24.3M
- ✈ Diluted EPS of 20.3 cents

STRONG BALANCE SHEET

- ✈ Cash balance of \$15.1M
- ✈ Total assets grew by 4.4% to \$164.4M
- ✈ No long term debt
- ✈ Net assets grew by 9.9% to \$112.7M

SUPERIOR RETURNS

- ✈ Net Return on revenue of 9.3%
- ✈ Return on total assets of 14.7%
- ✈ Return on shareholders invested equity of 31.0%



GROUP INCOME STATEMENT REVIEW

	FY08 \$M	FY07 \$M	Change
Passenger Revenue*	211.3	200.1	+5.6%
Total Revenue*	220.6	206.5	+6.8%
Fuel Cost*	38.9	32.6	+19.3%
Other Costs & Expenses*	154.9	145.2	+6.7%
Profit After Tax	24.3	23.6	+3.0%

*For comparative purposes, Pel-Air's and AAPA's revenue and costs have been excluded



GROUP INCOME STATEMENT REVIEW

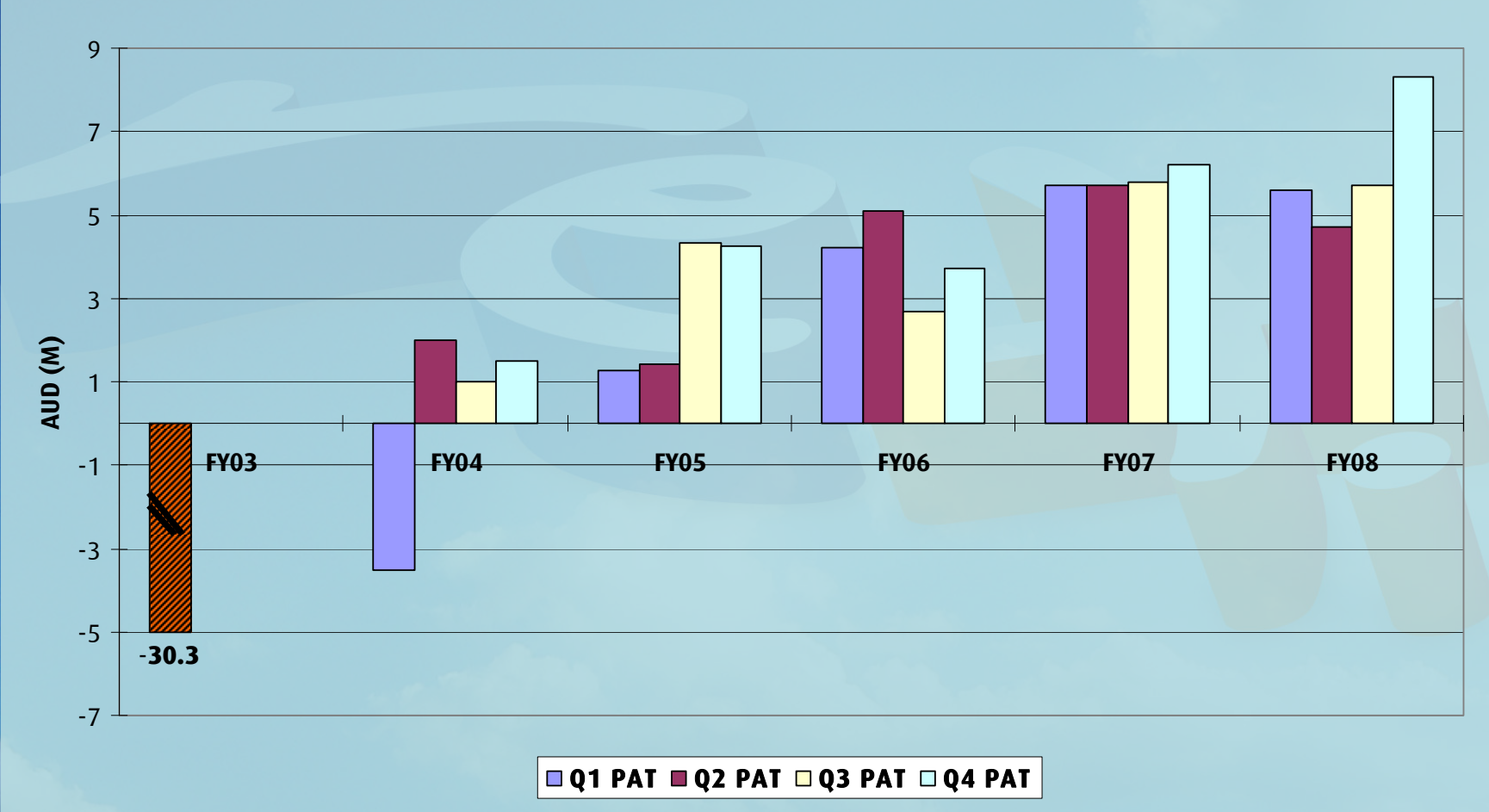
Evolution over the FY

	FY08 % Change	1H08 % Change	2H08 % Change	Q408 % Change
Passenger Revenue*	+5.6%	+5.0%	+6.2%	+5.4%
Total Revenue*	+6.8%	+5.7%	+8.0%	+8.6%
Fuel Cost*	+19.3%	+10.7%	+28.5%	+33.3%
Other Costs & Expenses*	+6.7%	+11.0%	+2.3%	+0.5%
Profit After Tax	+3.0%	-10.4%	+14.8%	+31.7%

*For comparative purposes, Pel-Air's and AAPA's revenue and costs have been excluded



GROUP PROFIT TREND



GROUP OPERATIONAL REVIEW

- ✈ **Record pilot attrition rate : 50%**
- ✈ **6 fold increase in cancellation rate**
- ✈ **Setting up pilot academy (AAPA)**
- ✈ **Capacity reductions and suspensions**
- ✈ **Record fuel prices (Q4)**
- ✈ **Fleet upgrade : 10 SAAB 340 B-plus**
- ✈ **Conversion SAAB 340 A for freight**

AIRLINE OPERATIONAL REVIEW

	FY08	FY07	Change
Passengers	1,495,582	1,416,250	+5.6%
ASKs (M)	814	782	+4.1%
Average Fare (\$) (Excl. fuel levy)	141.3 (116.3)	141.3 (118.5)	Nil (-1.9%)
Load Factor (%)	68.1	68.3	-0.2% pts
Revenue/ASK (cents)	26.0	25.6	+1.6%
Total cost/ASK* (excl. fuel) (cents)*	23.8 19.0	22.7 18.6	+4.8% +2.1%

*For comparative purposes, Pel-Air's and AAPA's costs have been excluded



AIRLINE OPERATIONAL REVIEW

Q4 Analysis








	FY08	Q408
Passengers	+5.6%	-3.5%
ASKs (M)	+4.1%	-6.7%
Average Fare (\$) (Excl. fuel levy)	141.3 (116.3)	152.8 (121.9)
Load Factor (%)	68.1	68.2
Revenue/ASK (cents)	26.0	28.0
Total cost/ASK* (excl. fuel) (cents)*	23.8 19.0	25.3 19.5

*For comparative purposes, Pel-Air's and AAPA's costs have been excluded



AIRLINE OPERATION REVIEW









OTP 06-08

Airline	On Time Departure			Cancellation Rate (%)		
	FY08	FY07	FY06	FY08	FY07	FY06
	1 st	3 rd	1 st	1.2%	0.2%	0.2%
	2 nd	1 st	5 th	1.2%	0.6%	1.1%
	6 th	4 th	6 th	2.3%	1.0%	1.1%
	7 th	4 th	4 th	0.9%	0.5%	0.5%
	3 rd	2 nd	2 nd	1.9%	0.9%	0.8%
	4 th	6 th	3 rd	0.9%	3.1%	2.8%
	5 th	5 th	7 th	5.2%	2.2%	2.2%

Source : BITRE stats based on financial yrs



AIRLINES ESTIMATED COMPARATIVE PERFORMANCE

	 4 th Qtr ended 30 June 08	 1 st Qtr ended 30 June 08	 Half Yr ended 30 June 08	 Half Yr ended 30 June 08	 Half Yr ended 30 June 08	 1 st Qtr ended 30 June 08	 1 st Qtr ended 30 June 08	 1 st Qtr ended 30 June 08
Revenue Margin (PBT/Revenue)	14.7%	11.5%	10.5%	2.7%	-1.9%	1.6%	2.7%	4.0%
Revenue Growth	+10.4%	+14.1%	+12.9%	+6.1%	+8.7%	+2.8%	+12.1	+5.8%
PBT Growth	+6.2%	-14.8%	-5.0%	-62.3%	-116.8%	-87.6%	-86.5%	-58.4%
Fuel % Total Cost	23.0%	40.4%	32.3%	25.3%	28.1%	31.7%	48.9%	22.4%

All known extraordinary revenues have been excluded



REX VS QANTAS SHARE PRICE



OUTLOOK

- ✈ **Continued high fuel prices**
- ✈ **Easing pilot attrition + cadets entering service**
- ✈ **Possible resumption of some suspended services**
- ✈ **Conversion SAAB 340 A fleet to freighter for Pel Air**
- ✈ **On-going introduction of 8 SAAB 340 B Plus model aircraft**
- ✈ **Introduction of SAAB charter aircraft into Pel Air**
- ✈ **Increased medivac activities for Pel-Air**
- ✈ **New agreement signed with 4 EBA groups**

PROFIT FORECAST

The extreme volatility of :

fuel prices,
exchange rate,
pilot attrition

makes it impossible to provide a reliable profit forecast for the year .

If the fuel prices and exchange rate **stays within current levels** and if our pilot attrition rate does not go beyond **25% pa**, we believe that the Group should be able to **maintain its current level of profitability.**

DIVIDEND

Final dividend FY07-08 : 6.6 cents per share, fully franked, payable in Nov 08



END OF PRESENTATION
THANK YOU