

10 MAY 2021

ASX RELEASE

REX PROVIDES INTERIM GUIDANCE

Rex wishes to update the market on the trading conditions of its operations in this Financial Year (FY).

On the regional market front, the overall demand is back to 60% of pre-COVID levels but the recovery is uneven across the States. In Queensland for example, demand has exceeded pre-COVID levels with our capacity back to 100% of what it was. Western Australia is also recovering very strongly and is approaching pre-COVID levels.

Rex is cautiously expanding its regional network in an effort to stimulate demand. We are keeping our capacity growth about 5% ahead of demand growth. Rex's regional capacity is therefore 35% of what it was pre-COVID.

Rex has embarked on an aggressive expansion on new regional routes. Rex started operations in Coffs Harbour and Port Macquarie on 28 March 2021. These two large regional cities were monopolised by Qantas. Combined the two centres had about 40% of the number of passengers in Rex's entire regional network. Rex will also soon be announcing entry into other Qantas monopoly ports.

With the cessation of JobKeeper and the huge reduction in government assistance from April onwards, Rex's regional operations appear to be slightly loss-making at the current demand levels. Rex is hopeful that demand will increase in the months ahead to return the regional operations to profitability.

Rex has also successfully launched five domestic routes since March and plans to launch more as it hopes to augment its jet fleet from the six Boeing 737-800NGs currently to 10 by the end of the year.

Rex's entry into the domestic market has been predictably met by typical Qantas predatory behaviour of capacity dumping. Rex is determined to stand its ground and has introduced never-seen-before full service fares of \$39 between Sydney and Melbourne.

Rex's cash position has improved exponentially. Without counting the cash injection of \$50 million from the convertible note issued to PAG (out of a maximum of \$150 million), Rex's unencumbered cash reserves increased by 1,000% compared to March 2020 due to the very strong advanced bookings on its five new domestic and two new regional routes. Rex expects this to improve further as more routes are introduced.

Rex believes that it will finish the FY 2021 with a breakeven situation. Rex is one of the rare airlines in the world able to achieve this incredible outcome during the pandemic whilst at the same time funding the expansion of the business into the domestic airline market.

This announcement is authorised by Mr Lim Kim Hai, Executive Chairman, Regional Express Holdings Limited.

Rex is Australia's largest independent regional and domestic airline operating a fleet of 60 Saab 340 and six Boeing 737-800NG aircraft to 61 destinations throughout all states in Australia. In addition to the airline Rex, the Rex Group comprises wholly owned subsidiaries Pel-Air Aviation (air freight, aeromedical and charter operator) and the two pilot academies, Australian Airline Pilot Academy in Wagga Wagga and Ballarat.

Media Contact

Rex Corporate Communications: 0402 438 361 or media@rex.com.au

For personal use only

Members of the Rex Group

