

# Chairman's Address Annual General Meeting, 24 November 2021

## Welcome

Good afternoon ladies and gentlemen. My name is John Sharp. I am the Deputy Chairman of Regional Express Holdings Limited. On Behalf of the Chairman and the Board, I welcome you all to the FY21 Annual General Meeting of the Company, its sixteenth AGM since the Company listed on the Australian Stock Exchange in November 2005 and its second virtual AGM.

## FY21 Financial Highlights

Rex performed relatively well in a full year of operations under the pandemic and managed to improve on its performance over the prior year which was only affected by COVID for a third of the year. Recovery was uneven across the states

FY21 saw the Rex Group reporting a statutory Profit Before Tax (PBT) loss of \$7.2 million (M). The Underlying Loss Before Tax is \$18.4M after excluding mark-to-market adjustments related to the funding agreement entered into with PAG. Revenue was down 20% to \$256.2M from \$321.8M in the prior financial year.

## Operational Review

The Federal Government's continuation of the Regional Aviation Network Support (RANS) program, saw the restoration of five key regional routes which had been earlier earmarked for closure at the end of March.

Rex extended its reach to two popular NSW leisure destinations, providing new connections between Sydney and the coastal towns of Coffs Harbour and Port Macquarie when it launched new regional Saab 340 services on 28 March 2021. Rex's safe and reliable service at affordable fares will go a long way in helping them in their economic recovery, especially post the severe floods

There has been a hive of activity at Pel-Air Aviation following the award in February 2020 of a 10-year contract to provide Fixed Wing Patient Transport Services to NSW Ambulance. Pel-Air took delivery of all 5 King Air B350 aircraft and completed aero medical modifications of one aircraft during the financial year. A further 3 aircraft completed aero medical modifications as of today. Pel-Air is on target for the 1 Jan 2022 contract start.

## Domestic Operations

I would like to again thank our shareholders for endorsing the PAG investment deal at the last AGM to finance Rex's domestic expansion which will see PAG providing up to A\$150M facility exclusively to support the launch and operation of Rex's domestic services.

Rex's attainment of a high capacity AOC in the space of approx. six months in Dec 2020 was a mammoth achievement and undoubtedly a national record. Our first inaugural domestic flight took off on target on 1 March 2021 from Melbourne to Sydney, followed by the commencement of Melbourne to Adelaide services in mid-March 2021.

Rex expanded its domestic network with the launch of Sydney to Gold Coast in April 2021. In the same month, Rex announced an agreement with Canberra Airport for the use of the former International Lounge for the commencement of its new Sydney and Canberra services which was launched on 19 April 2021.

## Future Activities

In the last 10 days we have announced two new routes – from Melbourne and Sydney to Brisbane, both of which will be launched next month. We also have plans to further expand the domestic network next year with a particular focus on major Queensland regional centres and holiday destinations.

Yesterday, Rex announced the award of 6 Queensland Regulated Routes, including the 5 existing routes that Rex currently operates on plus the new Central 1 route that connects Roma and Charleville to Brisbane previously operated by QantasLink. This increases the number of destinations in Queensland to 25.

Rex expects to take delivery of more Boeing 737-800 NGs in 2022, with the first 2 before April 2022 with up to 6 more before the end of 2022. These additional 737s will underpin our expansion plans in the months ahead especially into Queensland.

Rex has begun preparations for the construction of a simulator centre adjacent to Rex's headquarters in Mascot to house its Boeing 737 Full Flight Simulator (FFS) purchased in June 2021. In the meantime, the simulator will continue to be housed in Brisbane at Ansett Aviation Queensland.

Pel-Air Aviation will be commencing on the 1 Jan 2022 the 10-year contract with NSW Ambulance to provide fixed wing patient transport services. Pel-Air is on target for the contract start having taken delivery of all 5 King Air B350 aircraft and already completed aeromedical modifications on 4 aircraft.

## Environmental, Social and Governance

Besides providing vital regular passenger transport services to regional communities, Rex is committed to giving back to the community by supporting charitable causes which are focused on natural disaster recovery and development of regional communities.

This was intensified over the last 18 months during the COVID-19 pandemic when Rex greatly increased its offering of heavily discounted Community Fares to regional Australia. In many regional routes, up to 40% of all tickets sales were sold as Community Fares.

Rex is also exploring the application of fossil fuel alternatives using batteries, biofuel or hydrogen to greatly reduce its carbon footprint in the years ahead.

## Conclusion

I wish to thank my fellow directors, senior management, and all staff within the Rex Group for their dedication and sacrifice throughout yet another extraordinary period. All hands were on deck to ensure the survival of the company and managing the devastating effects of the pandemic. With lockdowns hopefully a thing of the past and state borders re-opening we hope to be back flying at full capacity. 2022 will be an exciting time for us all.

Members of the Rex Group



On behalf of Rex and all the regional communities that we serve, we would again like to put on record our sincere gratitude to the Federal Government for their continued support that have saved about sixty regional routes in Rex's network and the remote communities that receive these essential airline services.

This announcement is authorised by the Board of Directors, Regional Express Holdings Limited.

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