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Rex believes the worst is past

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Regional Express yesterday released a set of first quarter numbers that inevitably tell a GFC story, with profit after tax down 22.9 per cent on the first quarter last year.

Revenue was down 15.8 per cent, but capacity cuts and cheaper fuel dropped fuel costs by a massive 45 per cent to assist the bottom line.

Passenger numbers for the period were also down, by 12.9 per cent, with the load factor sliding 5.9 per cent to 61.8 per cent.

That sounds grim, given that the airline's loads have historically ridden in the high 60s. But visiting Saab GM, Asa Thegstrom, said that Rex's load factor remained at the top of the list across the global Saab fleet, with most operators up to 15 or more percentage points lower.

And there was more good news from the Rex pilot training academy, which was established to insulate the airline from the pilot drain that hit it hard a couple of years ago. The academy has graduated 45 pilots and remains buoyant on the recruitment side.

Rex was also keen to remind shareholders that it had been ranked in the Top 200 listed companies (revenue less than US\$1 billion) in the Asia Pacific region; because of its profitability, growth, low debt and prospects.

In the coming 12 months Rex expects to win further fly-in-fly-out mining contracts and considerable business via a preferred tenderer listing for the ADF (both with subsidiary Pelair) .

Rex is also optimistic about further routes in regional Queensland, with a decision on licensed routes expected in the second quarter of 2010. The airline has the capacity to build those routes if it is successful. It has five newer aircraft coming in - alongside some older Saabs that are up for sale.

"Passenger numbers are now starting to show signs that we have seen the worst of the financial crisis, it seems to be behind us," said the airline's deputy chairman John Sharp. "And we are seeing much brighter prospects coming forward in the near future... As a result, we expect the second quarter of 2010 to be at least as good as the same quarter this year."

Rex is not particularly confident about positive outcomes for regional aviation from the imminent White Paper; which suggests that it will continue to face infrastructure challenges in many parts of the country.

Rex is this week facing a special CASA audit in the aftermath of the Pelair ditching incident last week. That is expected to take around five days, despite the fact that the airline was comprehensively CASA audited in September.