

Source: The Rivkin Report, 03 Sept 07

## REGIONAL EXPRESS (REX)

ASX Code	REX
Market Cap	\$301.29m
12month Hi/Low	\$2.88 / \$1.02
Average Weekly Turnover^	\$1.3m
Prospective Net Div Yield	2.65%
Franking level^^	100%
Risk	Med
Term	Short-Med
% of Portfolio*	3-6%
Closing Price	\$2.49
Original Buy Date and Price	23/04/2007 at around \$2.00
Current Rec	<b>Hold / Buy at current levels</b>

Nigel attended the results presentation for our favourite airline last week. It was a very solid result and the shares responded by bouncing higher against a weak market last Wednesday. REX takes its results very seriously. It is the only company that we know of that has most senior staff, the whole board and industry partners (such as Saab) present, not to mention the excellent food. The company held the presentation at its new head office building (that it owns) near the airport.

Needless to say, the business continues to look good. There are risks as always, but the stock is far from expensive, so we are choosing to stay with this one and expect to see a higher share price and dividend in the year ahead. The two risks to watch out for here are a much higher oil price and the launch of competing services on their regional routes. Neither risk really concerns us at this time.

REX is close to a monopoly business, with 31 of its 34 routes only serviced by REX. Management own a majority stake in the company (always a positive), the company has no debt and it has ample growth opportunities around Australia (watch the QLD skies for some action this year). REX remains a medium risk, medium to longer term buy around the current \$2.40.

**The Rivkin Report Investment Team**