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Rex Q3 profit up 7.3% to \$4.4m

By a staff reporter, with AAP

Regional Express Holdings Ltd (Rex) has reaffirmed its full-year profit forecast after posting a 7.3 per cent increase in third quarter profit to \$4.4 million.

In the three months ended March 31, 2008, the regional airline's total revenue rose 9.3 per cent to \$50.3 million.

The regional carrier's shares soared 12.38 per cent on the strong profit results to close trade on Tuesday at \$1.18.

The Mascot-based group forecast continued higher fuel prices, and said fuel costs for the three months soared 30.9 per cent to \$8.9 million.

Rex said there was a three per cent contraction of the network in response to a pilot shortage over the third-quarter, but said its fully-owned pilot academy was operational and it expects a second intake of cadets, on top of 39 cadets to date.

Rex forecast the pilot attrition rate to remain at its current level above 50 per cent.

Rex also expects further consolidation of its network, and stronger load factors/yield in the last quarter.

The airline has taken delivery of 2 latest-generation Saab B+ aircraft, and forecasts the phasing out of older aircraft and the introduction of three new aircraft in the last quarter.

Last quarter booking strong

Rex executive chairman Lim Kim Hai said the carrier expected to post an annual net profit in line with last financial year's result.

"With only one month left of the year, I am confident of meeting our earlier profit forecast, which called for net earnings to match that of the previous year's," he said.

"Bookings for the last quarter are strong, translating into high load factors."

Rex reported net profit of \$23.6 million in 2006/07.

For the nine months to March 31, 2008, Rex posted a net profit of \$16.1 million, down from \$16.8 million in the previous corresponding period.

Veritable tsunami

Mr Lim said regional aviation in Australia and aviation worldwide has encountered "a veritable tsunami in the past few months with the horrific oil prices, the severe shortage of pilots and the financial crisis".

He said he had been watching closely the results in this quarter of all the airlines.

"In the US for example, almost all the airlines lost money with the notable exception of Southwest, which saw profits plummeting by 60 per cent.

"This has resulted in the collapse of half a dozen airlines worldwide since the close of the quarter."

Mr Lim said Rex's third quarter results covered the Easter period, which was a "very slow period".

"Given the extremely difficult environment in the third quarter, I must say that we performed beyond our own expectations," he said.

He said Rex remains debt-free, which sets it apart from nearly every other airline in the world.

New managing director

Rex also said on Tuesday that Jim Davis had been appointed managing director of the company, effective immediately.

Mr Davis had been acting managing director after the retirement of Geoff Breust.

Rex recently said it would lift its fuel surcharge for the second time in less than a month due to the sustained surge in world oil prices.

Its surcharge will lift by \$4 to \$40 per sector from Tuesday.

