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Fuel pressures REX 1Q results

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Regional airline operator **Regional Express Holdings Limited (REX)**, reported a first quarter NPAT of \$4.8 million, down 18.6% from last year's corresponding quarter. A 5.8% increase in quarterly revenue was overtaken by a near 30% jump in fuel costs.

In the first quarter, passenger revenue rose 5.5% to \$55.6 million, while total revenue rose from \$63.9 million to \$67.6 million.

At the company's AGM today, chairman John Sharp said REX should be able to maintain current momentum barring a sharp deterioration in the economic backdrop.

He commented on the inherent uncertainty surrounding forecasts in the current environment.

"It is impossible to predict what happens next week much less what happens in the next six months," he said.

Before turning his attention to current uncertainties and challenges, Mr Sharp pointed to some of the storms the company had weathered in FY08.

He said during the year there had been a sharp spike in pilot attrition with the likes of Jetstar and Virgin Blue snapping pilots from REX's ranks.

He explained that the company responded by upping its recruiting and training efforts.

Mr Sharp added the high level of pilot attrition forced the company to reduce frequencies and to suspend some services.

He also highlighted the dizzying rise in fuel prices over the period.

"Fuel rose to record levels, rising dramatically during the financial year, hitting a high of US\$ 148/barrel in July this year," he said.

"We responded by raising the fuel levy from \$24 at the beginning of the financial year to \$44 at the close."

He said the company had weathered past storms and was prepared for the current environment.

"We are now in a global economic meltdown, the worst global crisis seen in most people's lifetimes," he said.

"Rex is well prepared for this environment, having spent the last five years strengthening the business."

He said the company had controlled costs and improved operations.

Moreover, he said the REX's conservatism had left it debt free and with a very strong balance sheet.

At 1132 AEDT, **Regional Express Holdings** shares were flat at 95c.