

Comair's upbeat trading statement

By [Max Gebhardt](#)

30 Jan 2014

Airline operator Comair said on Wednesday (29 January) its earnings per share and headline earnings per share for first six months of its 2013 financial year would be almost double what it produced in the corresponding period the year before.



Comair's Erik Venter. Image: Comair

The company said in a trading statement to the JSE that earnings per share and headline earnings per share would be between 32c and 35c per share, not far off the 47c per share it recorded for the full 12 months in its previous financial year.

Imara SP Reid analyst Warwick Lucas said it was a big number but he said the real question was whether the company would be able to repeat the performance in the second six months given the weak rand.

"Management has delivered over the years; it is a very impressive management team," he said. But he said the airline faced not only high input costs but the threat of new entrants, a loss-making state airline and over-capacity which all could have a negative effect on the company's margins.

Comair's chief executive Erik Venter said earlier this week that the local domestic market had 8% over-capacity in the number of seats available, a figure confirmed by Mango's chief executive Nico Bezuidenhout at South African Airway's results presentation on Wednesday (29 January).

The weak rand has already seen aviation fuel rise by about a rand a litre between November and December last year. This, said Venter, had cost the company an extra R20m.

In order to mitigate against this, Venter said the airline had started to diversify its revenue streams by offering car rental

and holiday packages as well as flights for its customers. It has also added features such as pre-booking seats on its low-cost airline kulula.com for a fee.

The group has also spent R1.5bn acquiring a new fleet of Boeing 737-800s. The first new Boeing was delivered in July 2012, and a further three were delivered in October, November and December 2012 to join the five 737-800s the airline already has on lease.

Four more are on order for delivery in 2015 and 2016.

For more, visit: <https://www.bizcommunity.com>