

Fewer SAA domestic flights would be welcome, says Comair

If ailing South African Airways (SAA) were to reduce its scheduled flights, it could help to get rid of the "suicidally" cheap tickets at the bottom end of the domestic market, says Comair CEO Erik Venter.



Photo by Chris Brignola on Unsplash

"If SAA stopped flying tomorrow, there would be enough seats in the market to accommodate all its passengers," said Venter, as Comair reported a 54% rise in taxed profit to R297m for the year to end-June on revenues that had increased by 2%. Costs increased by only 1% as the airline continued its relentless focus on improving its efficiency every year.

Venter said that about 25% of total seats in the domestic airline market went unsold.

Passenger numbers in the market rose 2.3% during the year, but the industry has experienced minimal growth since 2008, and with the economy weak and profit margins narrow, Comair is increasingly looking to its non-airline businesses - in pilot and crew training centres, travel and catering, and the Slow Lounges.



Gigaba hopes Angola's new government will settle its SAA fare debt

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In the latest year, these had contributed 20% of earnings.

It was a "nice clean year" in which the exchange rate and dollar oil prices were relatively stable after the group was hit in 2016 by currency losses on a dollar loan as well as on losses as it exited its oil hedges. Cash generation was up 28%, which will help Comair to continue investing in new aircraft.

Comair's uninterrupted record of profitability is in stark contrast to the woes of its rival, state-owned airline SAA, which has 55 aircraft to Comair's 26 but employs six times Comair's staff of 1,950 people. Comair won a R1.1bn damages case against SAA for uncompetitive behaviour in February, but SAA has appealed against the decision.

Comair has cross-appealed and is now seeking, altogether, R1.9bn in damages.

Source: Business Day

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