

Skywest Airlines Ltd

AIM - SKYW

Skywest provides scheduled passenger services within regional Western Australia, Darwin in the Northern Territory, Melbourne in Victoria and Bali. The Airline supplies scheduled passenger services in addition to regular charters, with a focus on services to the mining companies that operate in Western Australia.

The Company also operates an air freight service.



Skywest Destinations



Overview

Skywest Airlines Ltd (the "Company") is an AIM and ASX quoted diversified airline, aerospace and investment group. The Company has been operating for over 46 years and is a well established award winning airline that now carries 400,000 people per year providing essential links throughout Western Australia, Darwin in the Northern Territory, Melbourne in Victoria and Bali for both tourist and business travellers alike.

The Company's objective is to build a substantial regional airline operation in the Australasian and South East Asia region. The Company's current principal subsidiary is a high capacity airline operator and holiday package supplier in the Australasian region, Skywest Airlines Australia Pty Ltd; it holds an Australian High Capacity Air Operators Certificate enabling the operation of large commercial aircraft for charter and regular scheduled air passenger traffic.

Skywest sets itself apart from other operators as it has significant capacity to provide regular and ad hoc charter services for organisations with 'fly-in/fly-out' requirements, which provide strong recurring revenues. This side of the business has grown rapidly and now provides half of Skywest's revenue.

Skywest is also the sole permitted airline operator on a number of coastal routes in Western Australia that provides Skywest with a platform of passenger numbers and revenues for flights to and from these coastal destinations.

Skywest currently has a fleet of 8 Fokker 50 turbo-jet aircraft, 9 Fokker 100 jets and an Airbus A320-200. The recent lease of the A320-200 aircraft is to help fulfill the higher density mining charter contracts that require greater seat numbers. Broker WH Ireland says that this means that the group could be on the cusp of a major expansion of revenues over the next few years (brokerage report available on request).

Broker View

WH Ireland says: "Additional aircraft have been added during H1, which offers the prospect of incremental revenue growth at somewhat less incremental cost. We have therefore brought forward revenue growth projections and upgraded margin expectations; generating a 200% uplift to EPS...we increase our target share price from 21p to 45p. We reiterate BUY."





Current and recent activity

- Skywest is successfully servicing the resources sector of Western Australia, targeting major resource producers and providing contracted scheduled 'fly-in/fly-out' services to the mining areas. Major charter clients include Rio Tinto, FMG, Barmenco, Macmahon, BHP, Newmont and Portman.
- In February 2010 Skywest signed a contract to commence airfreight distribution of Perth's major daily newspaper, The West Australian.
- Skywest also recently signed a new contract with Citic Pacific Mining to provide a scheduled airline service between Perth and Karratha for its employees.
- Their interim results for the half year ended 31 December 2009 revealed that pre-tax profits were up 503% to S\$10.128m and that a dividend of S\$0.005 per share was to be paid.
- The Company also continues to provide conventional airline services to all of the major airports in Western Australia and beyond.
- The Company dual-listed on the Australian Securities Exchange ("ASX") in December 2009. This is expected to improve the liquidity of the Company's securities, which is where the bulk of the Group operations are located.
- Additionally the dual-listing may facilitate an increase in the Australian level of investment in the Company which may in turn assist the Group to obtain an Australian International Airline License.

Outlook

Key Growth opportunities:

- Increased resource charter contracts;
- Increased services and frequency to existing routes;
- Increased load factors and yield on existing routes;
- Growth of existing routes into larger jet operations
- Addition of new routes;
- Working its assets harder
- Increase Air Freight contracts.

Skywest plans to continue the development of its business activities outside Australia so as to participate in the growth of the airline industry in the rapidly developing Asian region. The Company intends to exploit these opportunities in the region by the further development of the Skywest Group together with the acquisition of complementary regional airline operations or travel related businesses.

Market details as at 21 April 2010

Market AIM
 Current share price 19.75p
 Shares in issue 199m
 Market cap £39.42m
 Ticker SKYW. AIM; SXR.ASX

Broker/Nomad
 WH-Ireland
 Financial PR
 Bishopsgate Communications

Recent Announcements

08.04.10 Airline Passenger Operating Statistics
 08.04.10 Lease of Aircraft
 10.03.10 Charter Arrangement with Citic Pacific Mining
 09.03.10 February Operating Statistics
 22.02.10 Consolidated Interim Financial Report
 22.02.10 Interim Results
 15.02.10 Agreement to Airlift West Australian Newspapers
 09.02.10 January Operating Statistics
 12.01.10 Share Repurchase

Directors

Executive Directors

- Jeff Chatfield - Executive Chairman

Non-executive Directors

- Ron Aitkenhead
- Seah Kian Peng
- John Jost

Shareholders

Bennelong Asset Management	19.10%
Jeff Chatfield	17.14%
UBS AG	12.95%
City Natural Resources Trust	3.70%

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Media Enquiries

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