Transaero on domestic high

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Transaero has become Russia's second largest carrier overall after substantially expanding its domestic network, according to figures released by the Russian Federal Air Transport Agency.

The Moscow-based airline - Russia's second largest on international routes - is now the second largest carrier overall, in terms of domestic and international routes.

Within Russia, Transaero performed robusty for the first half of the year – both in terms of passengers carried and revenue passenger kilometres (RPK).

The number of passengers on domestic routes increased by 56.4% and RPK rose 76.7% compared with the equivalent period in 2008. The portion of the airline's domestic routes to total routes increased from 13 to 22%.

The number of Transaero's domestic destinations has increased two-and-a-half fold over the past twelve months. New flights from Domodedovo have been launched to a number of destinations including Anapa, Blagoveshchensk, Vladivostok, Irkutsk and Ufa. The airline plans to start new domestic routes by the end of the year.

General director Olga Pleshakova said the airline's expanding domestic foothold was key to its overall robust performance. "Currently, while maintaining the position of the second-largest Russian carrier on international routes, Transaero extensively expands its domestic network," she said. "As a result, in the first half of 2009 our operational indicators proved to be much better than the market averages, and allowed us to become number two in Russia by passenger volumes."

In terms of overall travel between January and June (both domestic and international), Transaero carried 1.951 million passengers and RPK reached 7,585 million. The results are down on last year: the airline carried 5.6% fewer passengers and RPK declined by 4.8% compared to the same period in 2008. Average seat load factor for the six months was 80%.

Net profit declined significantly, down from 112 million rubles last year to 16.75 million rubles this year. A Transaero spokesman said the airline makes a substantial amount of payments in foreign currencies and net profit is therefore impacted by fluctuations in exchange rates.

But revenues increased from 15.38 billion rubles to 16.54 billion rubles and operational profit margin increased from 3.75% to 11.1%.

The airline said it had performed well in a difficult market.

"Well-timed route planning strategy correction aimed at aggressive domestic network expansion contributed greatly to Transaero's stable operation in the present economic and financial environment," it said in a statement.

Transaero's strong intra-Russia performance bucks a wider national trend, whereby domestic traffic was down 20.2% to 7.7 million in the first five months of the year. During this period, passenger numbers at Moscow's Domodedovo airport were down 22%. Domestic travel is dominated by routes in and out of the country's capital.

According to the Federal Aviation Agency, Russia's airline industry saw overall passenger numbers fall by nearly a fifth in the first half of the year. State-controlled flag carrier Aeroflot – Transaero's biggest rival – saw passenger numbers slump by 12% for the first six months of the year.

But recent figures point to a possible recovery in the industry, with the rate of passenger decline slowing in May and June.

After enjoying a boom in demand in 2007 and the first-half of 2008, Russia's airline industry is going through a period of readjustment as the country's economy contracts for the first time in a decade and unemployment soars.

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