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SE Business

HD **GOLDEN TRAVEL ERA FOR SOARING FLIGHT CENTRE**

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IN THE BLACK FANCY paying $130,000 for a one way flight to London?

I didn't think so but that is the contrast between the current price of around $1800 and the adjusted price from way back in 1947.

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It is also central to Flight Centre's claim that we are in the "Golden era of Travel'', which probably depends on whether you hold shares in Flight Centre or Qantas, which is set to unveil a disastrous result today.

Certainly there was plenty of **gold** on the Flight Centre side of the ledger, even if an $11 **million** fine from the ACCC for anti-competitive behaviour left a bit of a dent.

If you look through that fine and some other one-off factors such as a $61.3 **million** writedown, this was a fairly robust result with underlying profit growing 9.8 per cent to $263.6 **million**.

There are positive signs both in the outlook and the state of the Flight Centre balance sheet. Net cash stood at an impressive $431.2 **million**, which is up on last year.

The UK is Flight Centre's second most important country and it seems to be singing, with a 24 per cent rise in pre-tax earnings.

The US is a more difficult market, with plenty of revenue but lower margins due to a focus on corporate travellers.

Pre-tax contributions hit records in Australia, the UK, New Zealand, South Africa, Singapore, **China** and the US, so at least growth is continuing across the network, even if Australia and the UK produce the lion's share.

There are some odd wrinkles within Flight Centre — such as its puzzling Pedal Group bike joint venture — but the amazing thing about this **company** is that it has managed to thrive in an era of online bookings.

That is partly due to the success of Flight Centre's systems and training and also to its transition from being a travel agent to a travel retailer with experts behind the desk and around the clock access through the web and phone.

It is also moving into manufacturing its own holiday packages and owns UK tour groups such as Topdeck Tours and coach tour business Back-Roads Touring.

A buy in the dips despite lofty expectations.

The recovery in building stocks has been so long coming that most have already rallied in anticipation and crunched when investors ran out of patience.

Well Boral's numbers show that the turnaround is finally here, with returns on **equity** improving across its divisions and in the US and Australia.

Debt is down from 30 per cent to just 18 per cent and an impressive $130 **million** has been stripped out of costs, with a further $150 **million** due to be sliced off this financial year.

While revenue slipped 2 per cent, the trends in underlying and pre-tax profit were strong.

Whether those trends can be maintained relies on weather and a range of other imponderables but it is reasonably safe to assume that with tight cost control and a slow recovery in demand, Boral is tuned to take advantage of any upswing.

A buy in the dips that could surprise on the upside.The Herald Sun accepts no responsibility for stock recommendations. Readers shouldcontact a licensed financial adviser.

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