



ONLY THE WINDOWS stayed the same as the Company's 14th Boeing 737 underwent a complete re-configuration prior to being put into service October 29. The 15th jet arrived the next day.



PIEDMONITOR

SEPTEMBER/OCTOBER, 1972

VOL. XXIII, NO. 6

Third Quarter Sets Revenue Records

The Company recorded new highs in profits and traffic during the third quarter, President T. H. Davis reported to stockholders this week.

Net income for the third quarter was \$1,798,563 or 81¢ per share. Combined with earnings for the first six months, these figures result in a net profit of \$2,961,363 or \$1.33 per share for the year to date. This compares to a loss of \$202,153 in the first nine months of 1971. The 1971 third quarter profit was \$985,005 or 45¢ per share.

This improved earnings picture is due largely to substantial increases in traffic. Passenger totals for the third quarter of this year were 845,325, an increase of 10.3 per cent over the same period in 1971. During the first nine months of this year 2,364,323 passengers were carried as compared to 2,130,805 during the same period last year, an 11 per cent increase.

The passenger load factor rose from 50.28 per cent in the third quarter of 1971 to 52.74 per cent for the July, August, September period this year. The increase for the nine months was 6.1 per cent, from 47.49 per cent last year to 50.38 per cent in 1972.

Total gross revenues for the third quarter were \$29,932,517. This is a 19% increase over the same three months of last year when they were \$25,206,697. For the year to date through September 30, total gross revenues rose 16% from \$72,233,284 in 1971 to \$83,646,065 in 1972. Most of the increases were in passenger revenues which were \$2,454,714 and \$7,913,991 more than last year in the respective three-months and nine-months periods. Approximately \$5.7 million of the additional year-to-date passenger revenue was caused by an 11% increase in revenue passenger miles flown and the balance was due to passenger fare increases authorized by the Civil Aeronautics Board effective May 7, 1971 and September 5, 1972.

Davis also told the stockholders that "Sales by the Company's General Aviation operations have continued to gain at a very satisfactory pace, reflecting a growth of 78% during the third quarter over last year and a 28% increase for the nine-months period. Pretax profits rose from \$89,134 in the third quarter of 1971 to \$288,792 for the same period in 1972 and the nine-months pretax profits showed a gain of 86% from \$408,470 last year to \$758,224 this year. Most of these gains were derived from the sale of aircraft. These sales are somewhat sporadic and it is difficult to estimate the volume of such sales for the remainder of the year, but it is evident that the final results from this operation in 1972 will be substantially better than was experienced last year.

"Operating expenses have continued to climb rapidly, especially in the areas of employee wages and benefits, rents, landing fees and maintenance services, but savings in certain other areas and a continued close monitoring of all costs have brought about some improvement in the over-all rate of increases. During the third quarter of 1972, we flew 4% more plane miles than were flown in the same period last year and we carried 10% more passengers, but expenses increased only 7%. This compares to an 8% increase in expenses during the third quarter of last year over the preceding year in spite of the fact that we flew 3% less plane miles in 1971 than in 1970."

In his letter to the stockholders Davis noted that the financing arrangements for the purchase of the two new 737's have been completed and that the first of the two will go into service October 29 with the second one to be delivered the next day.

"The CAB examiner who conducted the hearing on July 6, 1972 regarding our application for transfer of a route between Louisville and Washington to Piedmont from Eastern Air Lines has decided in favor of the transfer to Piedmont. His decision is subject to approval by the members of the Board, however, and no final decision has been reached as yet. We anticipate a final favorable order in the near future.

"We are indeed gratified by the favorable "turn-around" in the financial results achieved thus far this year and your cooperation in making this possible is greatly appreciated. The fourth quarter of each year is generally not as profitable as the summer periods because of more adverse weather conditions, but traffic is still continuing to show a nice rate of growth and unless some severe unforeseen development occurs, we will be able to report the most profitable year in the history of our Company."



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