

## Airlines

# EasyJet pursues growth despite earnings blow

Plans to expand capacity not deterred by impact of currency fluctuations

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Shares in easyJet, the UK-based low-cost airline, fell nearly 9 per cent yesterday after the company warned of a bigger-than-expected impact from sterling's weakness and the company's founder pledged to oppose its expansion plans.

EasyJet's shares were down 8.9 per cent in lunchtime trading in London at 980.5p on the company's trading statement for October to December and the intervention from Sir Stelios Haji-Ioannou.

The airline had earlier said it expected to expand capacity by 9 per cent over the financial year to September 30, even as it announced a higher-than-anticipated £105m hit to its headline earnings for the full year from currency fluctuations.

The airline also reduced its projections for the full year benefit of the decline in fuel prices, to between £215m and £240m compared with the previous year, down from its previous projection of a £245m to £275m fall.

The airline's per seat revenue for the October to December quarter, as expressed in constant currencies, fell 8.2 per cent year on year.

Sir Stelios, whose easyGroup holding company controls about 33 per cent of easyJet shares, said it was clear from the share price "slump" that other investors were "extremely unimpressed".

"EasyGroup will therefore make a protest vote against the company's fleet plan," Sir Stelios said, referring to the company's continued purchase of A320 aircraft from Airbus. It was the latest in a series of interventions from him.

Like other European airlines, easyJet is operating amid a significant increase in capacity across the market. Dame Carolyn McCall, chief, has previously complained about some airlines' willingness to introduce unprofitable capacity amid a low-fuel-price environment.

Sir Stelios said he planned to use shares representing 3 per cent of easyJet's capital, though not his full shareholding, to vote at next month's annual meeting against the re-election of John Barton as the company's chairman.

"I am not trying to unseat John Barton but we do want to send a public message to focus investor attention on the fleet plan presented by the management twice yearly alongside the results presentation," Sir Stelios said.

EasyJet declined to comment on Sir Stelios's statement.

Before he hit out, Dame Carolyn said that easyJet had an unusually flexible arrangement with Airbus about delivery of new aircraft. "What we have is a very flexible arrangement on our fleet, which allows us to have deferrals [of deliveries]," she said. "I don't think any other airlines in the world have that kind of flexibility. It puts us in an extremely strong position in terms of increasing or decreasing our growth rate."

In its trading statement, easyJet reported revenue for the October to December quarter, the first in its financial year, was up 7.2 per cent to £997m.

**See Lombard**

