

EasyJet braced for turbulence as profits hit

£90m profit warning as holidaymakers avoid flying abroad due to sterling plunge and terror attacks

By **Tom Ough** and **Jillian Ambrose**

EASYJET is bracing for a £90m profit hit this year after the plunge in sterling dealt a heavier than expected blow to the no-frills carrier, leading it to slash ticket prices to battle a drop in demand for holidays abroad.

In its first profit warning, since 2009 the low-cost airline said that it expects

to make between £490m and £495m in this financial year, almost a third less than the £686m pounds it made last year.

EasyJet's trading update reveals the impact of the crash in sterling following Britain's decision in June to leave the EU, and comes as the industry continues to reel following a spate of terror attacks in recent years which has extinguished travel demand to countries once popular with holiday-goers.

As airlines opt to redeploy plans away from areas under geopolitical concern, including tourist favourites in Egypt and Turkey, an oversupply of airline capacity has emerged in areas

untouched by terror, forcing airlines to slash prices to remain competitive.

The industry-wide pressures facing the carrier easily overshadowed its £5m savings on costs, and the 22m record number of passengers who snapped up cut-price tickets in the three months to the end of September.

The FTSE 100 company is the second biggest faller on the London Stock Exchange in the year to date and **easyJet** boss Carolyn McCall admitted that the airline had been "disproportionately affected by extraordinary events this year".

Shares in the airline plummeted by more than 33pc in the fortnight after the Brexit vote to just above £10 a share and crashed into single-figures after the latest disappointment for investors.

Industry analysts have raised con-

cern over the company's outlook as the Government prepares to put in place a "hard Brexit" plan from early next year

and consumer demand remains shaky.

Equity analysts at Liberum pointed out that its first quarter seats for next year are 45pc booked which is no better than the progress at this time last year.

EasyJet has responded with an aggressive sales campaign for tickets next year, starting on the same day of its profit warning.

The airline said it typically sells 200,000 seats a day but yesterday beat this target by 10am, and at its peak sale rate was selling enough tickets to fill a plane every eight seconds.

Ms McCall, who took on the role of chief executive in 2010, hinted that the

airline plans to weather the industry storm by maintaining market share in an attempt to position itself for a recovery in the market.

"The current environment is tough for all airlines, but history shows that at times like this the strongest airlines become stronger," she said.

George Salmon, an equity analyst at Hargreaves Lansdown, warned that competition is hotting up.

"Other airlines are looking covetously at **easyJet's** market share, with pressure coming from both the budget players Wizz and Ryanair, and 'premium economy' offerings like Vueling," he said.

22m

Record number of passengers who snapped up **easyJet** tickets in the three months to the end of September

