

# Fare increases and belt-tightening help easyJet double profit forecast

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Budget airline easyJet has increased its full-year profit outlook after trimming losses in its first quarter and reporting a record surge in bookings since the start of the year.

The airline, which rivals Ryanair to be Britain's busiest carrier, said it will not repeat the heavy £545 million losses it made in the half-year to March last year and will beat the City's muted forecasts of profits of just £126 million for its financial year to the end of September.

Analysts now expect profits for the year of double that, at about £250 million. The group's shares have risen by about 60 per cent since the start of the year and yesterday closed up a further 45½p, or 9.7 per cent, at 513½p.

The secret of easyJet's recovery has been to fly fewer and more profitable routes, temper service frequencies, and increase fares and add-on charges for choosing seats, priority boarding and baggage.

The European short-haul airline is by far the biggest operator out of the UK's second airport, Gatwick, and does half its business into and out of the UK.

Easyjet reported that it flew 21 per cent fewer passengers in the Christmas trading quarter than in the same three months in 2019, the period immediately before the pandemic: 17.4 million versus 22.2 million.

In December, its figure of 5.4 million passengers was down 25 per cent on the pre-Covid Christmas figures.

However, the revenues in the period — the first trading quarter of easyJet's financial year — were £1.47 billion in the last quarter versus £1.42 billion in

the same period pre-pandemic, bolstered by a new revenue stream of £93 million from package holidays.

Within its passenger revenues, the average fare that easyJet has been charging was up nearly 11 per cent at a shade over £56. Meanwhile, ancillary revenues, which include all the extra fees that passengers are prepared to pay, rocketed 73 per cent to an average

of more than £23. Altogether that means passengers are now paying, on average, £79.30 to fly on easyJet — 23.6 per cent more than they did three years ago.

Johan Lundgren, the chief executive, rejected suggestions that it may be gouging its passengers in add-on fees. "These are their choices," he said.

"Our average fares are still less than what it costs to fill up a [petrol] car. People would not be buying these tickets if they did not think they were getting value for money."

Despite the revenue growth, easyJet still made a seasonal loss of £133 million for the quarter, as the airline had to deal with a 76 per cent year-on-year rise in its fuel bill. That is an improvement on the £213 million loss it booked in the same period last year and has prompted the carrier to forecast a "significantly better" outcome for its first half to the end of March than last year's £545 million loss.

The airline said: "Based on current high levels of demand and strong bookings, easyJet anticipates beating the current market profit expectations for the full year."

Last year it made a full-year loss of £178 million on top of the £2 billion of losses in the two pandemic-afflicted years before that.

