

# Bumpy landing in Berlin takes big bite out of Easyjet's annual profits

**Robert Lea** Industrial Editor

Losses from the takeover of Air Berlin's operations in the German capital and IT and Brexit costs have hit earnings at Easyjet.

Although it was still a highly profitable year for the short-haul airline — generating a dividend payout of almost £80 million for Stelios Haji-Ioannou, its billionaire founder and 33 per cent shareholder — its shares closed 5.5 per cent, or 64½p, down at £11.10½ yesterday, making them the biggest fallers in the FTSE 100.

The shares have fallen by more than a third since high summer, notably in the past month after the carrier warned that it expected revenues to fall by as much 5 per cent over the winter on a like-for-like, per-seat basis. It has not changed that guidance.

Easyjet is Britain's busiest airline and the main operator at London Gatwick, the country's second largest airport.

Over the past year it carried a record 88.5 million passengers, 10 per cent higher than a year earlier. It flies 315 Airbus aircraft, 36 more than a year earlier, mostly accounted for by the acquisition from the liquidators of Air Berlin's Tegel airport operations, which expanded Easyjet by about 10 per cent. Easyjet employs more than 11,500 people in Europe.

For the year to the end of September, the company reported pre-tax profits of £445 million, 15 per cent higher than in the previous year, on revenues 17 per cent up at £5.89 billion. Annual dividends will total £233 million, with the payout per share rising from 40.9p to 58.6p.

Easyjet was helped by the misfortune of others in the industry, including the collapses of Monarch Airlines, the British holiday carrier, and Air Berlin, the German short-haul operator, as well as continuing chaos at Alitalia, the struggling Italian flag carrier, and a

pilot rostering crisis at Ryanair, its great low-cost rival.

Its profits could have been as much as

£690 million but for one-off items including the £152 million cost of acquiring Air Berlin's Tegel business. That takeover made Easyjet No 1 in Berlin, Europe's third largest market, including the German capital's other

hub, Schönefeld, from which Easyjet also flies.

Johan Lundgren, chief executive, admitted that Easyjet's total Berlin operations would break even only in 2018-19 in a competitive market. Indeed, Berlin market is likely to continue to be challenging. Tegel, loved by

business passengers for being only 20 minutes from the city centre, is set to close in 2020, with its operations moving to the much-delayed new Willy Brandt Brandenburg airport, which is further away, near Schönefeld, south of Berlin.

Easyjet also took a £65 million write-off after a change of plan on shaking up its IT. Securing a European air operating licence to allow Easyjet to continue to fly freely around the Continent after Britain's secession from the European Union cost it £7 million.

Mr Lundgren, who took over from Dame Carolyn McCall at the turn of the year, said that Easyjet was looking at Flybe, the loss-making regional operator of 80-seat aircraft that is for sale. "We are always looking at our strategic options," he said.

Easyjet also revealed that it would no longer be reporting monthly passenger statistics, claiming that they caused volatility in share trading.

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## £445m

**Easyjet's pre-tax profits for the year to the end of September**

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