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Easyjet's shares tumble despite 'robust' forecast

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EASYJET yesterday predicted it would hit upper profit guidance of up to £430m for its full year, despite rising costs.

In a trading update, the airline said pre-tax profit would be between £420m and £430m, just off its £440m upper range prediction.

However, it warned of a 12 per cent rise in costs owing to a volatile pound and higher fuel prices.

Passenger numbers rose 8.6 per cent to 96m year on year thanks to a 10 per cent jump in capacity.

But revenue per seat is set for a 2.7 per cent drop due to a forex hit of £14m, despite increased demand after strikes by British Airways and Ryanair.

Easyjet shares slipped 4.5 per cent to 1,120p on the update and closed 7.55 per cent lower, even as analysts called the numbers "robust".

"Our implementation of initiatives

in the fourth quarter to optimise yield has led to solid revenue performance with total revenue per seat at constant currency set to increase for the full year," Easyjet chief executive Johan Lundgren said.

CMC Markets chief market analyst Michael Hewson pointed to the 91.5 per cent load factor as a signal that capacity is worrying investors. "While this might improve by the end of the year it is evident that the industry still has too many seats," he said.

