

Easyjet package holidays cleared for take-off despite profits dive

Dominic Walsh, Martin Strydom

Plans to relaunch Easyjet's package holiday business were confirmed yesterday as it reported pre-tax profits down by more than a quarter after what had been "a difficult year".

However, the budget airline said that it had finished the period with a strong performance, including a record summer, enabling it to hit its full-year results expectations.

Although headline pre-tax profits were £427 million, down 26 per cent on last year, this was at the top of the

£420 million to £430 million range it had estimated in October.

Revenue in the year to the end of September increased by 8.3 per cent to £6.3 billion, helped by a near-9 per cent rise in passenger numbers to a record 96.1 million.

It said that forward bookings for the first half of the 2020 financial year were slightly ahead of last year, which it described as "reassuring", although capacity growth for the year would be at the lower end of its normal range of 3 per cent to 8 per cent.

Profits for the year were hit by higher fuel costs, but the airline was able to pick up passengers from the strike-bound British Airways and Ryanair and charge them more. This helped to offset

a 1.8 per cent decline in total revenue per seat to £60.81, owing to weakening consumer confidence.

Shares in Easyjet, which cut its dividend from 58.6p to 43.9p, rose by 68p, or 5.3 per cent, to £13.44½.

Easyjet was founded in 1995 by [Sir](#)

[Stelios Haji-Ioannou](#). It operates more than 320 aircraft and employs 14,000 people. The airline has 28 bases, serving 156 airports on 979 routes. Its main base is at London Gatwick, where it is the largest operator.

Johan Lundgren, chief executive of

Easyjet and a former senior executive of the Tui travel group, said that the airline was on track to relaunch its package holiday business before Christmas. "We are now able to offer our customers more than 100 amazing beach and city holiday destinations, pairing Europe's best short-haul flight network with more than 5,000 of Europe's best hotels," he said.

The holiday business, which was originally launched in 2011, is expected to break even by next September. The airline announced its plans for a holiday subsidiary this month after the collapse of Thomas Cook.

Mr Lundgren said: "We believe there is a gap in the market for a modern, relevant and flexible business for today's consumer."

He pointed out that while 20 million customers a year flew with Easyjet, only 500,000 booked a hotel through the airline at the same time. The airline would tap into demand for holidays of varying duration rather than the traditional seven or fourteen nights, with a target of doubling the number to one million in the first year.

Easyjet also said that it would be the first big airline to offset carbon emissions from the fuel used for all of its flights. Mr Lundgren said that the £25 million cost would not be passed on to customers through ticket prices.

Arlene Ewing, investment manager at Brewin Dolphin, the broker, said: "Turbulence in the airline industry has been a source of opportunity for Easyjet, which has been able to take over new take-off and landing slots that once belonged to Thomas Cook, contributing to an increase in revenues."

26%

The drop in Easyjet's headline pre-tax profits, year-on-year

Source: Times research

A mission to offset emissions

Behind the story

The boss of Easyjet insisted yesterday that carbon offsetting was "not a scam" as the airline became the first big zero-carbon carrier (Dominic Walsh writes).

Johan Lundgren, 53, chief executive, said that Easyjet would offset carbon emissions from the fuel used on flights across its whole network as a prelude to the development of sustainable fuel and electric flying. Some campaigners have criticised

offsetting as "greenwashing", but the former Tui travel group executive argued that it was not a soft option. "Carbon offsetting is not a scam," he said. "It is scientifically proven that carbon offsetting works." He added that it was also an interim measure. "We will continue the push to reinvent aviation for the long term," he said.

Offsetting emissions will cost Easyjet about £25 million over the



Source: The Times Scotland (Main)
Edition:
Country: UK
Date: Wednesday 20, November 2019
Page: 45
Area: 341 sq. cm
Circulation: ABC 18542 Daily
Ad data: page rate £16,645.00, scc rate £76.00
Phone:
Keyword: Stelios Haji-ioannou



coming year. For every tonne of carbon dioxide emitted, the airline said that it would ensure that there was one tonne less in the atmosphere — “whether by reducing CO₂ by physically removing it from the air (for example, by planting more trees)

or by avoiding the release of additional CO₂”.

At the same time, Easyjet said that it would continue to support new technology, including the development of hybrid and electric aircraft. It pledged to work with others across the industry “to reinvent aviation over the long term so that European aviation can become net-zero carbon”.

It has been working with Airbus and has supported efforts by Wright Electric to produce all-electric commercial aircraft for short-haul flights. The airline is also working with Rolls-Royce and Safran Transmission Systems on new technologies to reduce the carbon footprint of flying.