

easyJet boosted by business passengers

Low cost airline reports 6.3pc increase in first half revenue as it poaches more passengers from struggling legacy carriers

The Telegraph *By Nathalie Thomas | Telegraph – 8 hours ago*

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EasyJet's chief executive, Carolyn McCall, hailed the introduction of allocated seating on flights as the low cost airline's most popular initiative ever with passengers, helping to grow revenues by a further 6.3pc in the first six months.

Ending the bunfight at boarding gates has allowed the carrier, which is now the UK's largest, to attract more passengers, in particular business customers, from legacy airlines. For the first time ever, easyJet transported 12 million business passengers in the 12 months to March 31.

easyJet on Tuesday posted a loss before tax of £53m for the six months to March 31, better than the £55m-£65m range forecast by the airline earlier this year. Airlines traditionally make losses over the winter months before flying into the black during the lucrative summer season. Total revenue rose 6.3pc to £1.7bn.

The airline generated revenue per seat of £54.80 during the period, up 2.6pc, helped by allocated seating and the popularity of longer routes. The airline's load factor - a measure of how many seats on a flight are occupied - rose by 0.4 percentage points to 89pc while the carrier also increased the number of seats available compared to the same season last year by 3.6pc to 31.1m.

Low cost airlines such as easyJet, Ryanair and Vueling, a budget airline owned by British Airways' parent company IAG, have been taking share from struggling national flag carriers in Europe, which have been bending beneath the weight of higher cost bases.

Ms McCall told BBC Radio 4's Today programme that once passengers try easyJet, 95pc of them don't go back to using their previous preferred carrier, due to initiatives such as allocated seating, which was rolled out across all of the low cost airline's flights in November 2012.

"I think allocated seating has been the single most popular thing we have ever done for our passengers," said Ms McCall.

EasyJet's results are published on the same day as Heathrow and Gatwick unveil their final proposals for runway expansion, which will be submitted to the government-backed Airports Commission, chaired by Sir Howard Davies.

Gatwick claimed that 10m more passengers a year would be able to travel if it is allowed to build a second runway than if Heathrow's expansion plans are given the go-ahead. The West Sussex airport claims that it caters better for low cost airlines, such as easyJet, which are the fastest growing segment of the European aviation market.

Ms McCall said aviation capacity should not be used as a "political football" by policymakers in Britain and runways should be built where there is demand for additional flights from passengers. In an apparent vote for Heathrow, Ms McCall pointed out that demand in London is predominantly at the west London hub.

"There is a particular crunch in London that tends to be around Heathrow," she said, adding that passengers should not have to foot the bill for new airport infrastructure, wherever it is built.

Davy analyst, Stephen Furlong, said he is likely to raise his estimate for easyJet's full year pre-tax profit - currently his forecast stands at £561.7m - as a consequence of the better than expected first half result.