

easyJet profits soar by 51 per cent as 60 million passengers use the low-cost airline

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51 per cent as 60 million passengers use the low-cost airline

LOW-cost airline easyJet's annual profits soared 51% today after efforts to attract more business travellers saw it fly more than 60 million passengers for the first time.

The Luton-based carrier which operates from Southend hailed the success of recent initiatives, such as allocated seating and fast-track security, for boosting its popularity with more affluent, older fliers and business passengers.

Profits surged to a new high of £478 million in the year to September 30, up from £317 million - while easyJet offered yet more cheer to investors as it revealed plans to hand out a £175 million windfall to shareholders through a special dividend payment.

Chief executive Carolyn McCall said easyJet was benefiting from its advantage in the European short-haul market as rivals have cut their operations in recent years.

It is also benefiting from moves to target business travellers and said its share of the market had increased by 4%, with 10 million corporate fliers a year.

Allocated seating is proving a hit with wealthier retired people, who had been put off by the boarding experience, added easyJet.

The profits haul comes despite Britain's best heatwave for years and sees easyJet shrug off turbulence hitting rivals such as Ryanair, which recently issued two profit warnings in as many months due to fare pressure, increased competition and Europe's continued economic problems.

But easyJet signalled a tougher start to its new financial year as it comes up against tough comparisons from a year earlier when pent-up demand after the Olympics drove a leap in business.

Bookings for the first half are so far flat on a year earlier, according to the firm.

Travel restrictions in Egypt will also impact on first-half trading, while easyJet said airport disruption was another challenge as strikes and a recent power outage at Gatwick has already seen 152 more flights cancelled year-on-year in October alone.

Costs will be another headache for the carrier, which is pencilling in a rise of up to £50 million for its annual fuel bill, as well as higher airport charges and maintenance expenses.

EasyJet still expects to increase passenger numbers over the year ahead, with seats flown set to rise by around 3.5% in the first half and 5% in the full year - up from a 3.3% increase in the year to September 30.

The number of those flown in the past year lifted 4% to a new milestone of 60.8 million.

Shares lifted 3% after the results and details of the special dividend payout.