RYANAIR SHOOTS FOR A WHOPPING 200 MILLION PASSENGERS PER YEAR

News / Airlines

Rivals are struggling with falling fares as Europe’s largest carrier projects the 2024 goal.

Budget airline Ryanair Holdings raised its long-term growth forecast by 10% on Monday, saying it expected to carry 200 million passengers per year by 2024 and secure a more than 20% share of Europe’s short-haul market as rivals struggle with falling fares.

Already Europe’s largest carrier by passengers, with a market share of around 15%, Ryanair said it will defer the retirement of around 40 planes to boost capacity to 585 Boeing 737 airliners by 2024.

Three weeks ago the Irish airline cut its profit forecast by 5% for the year to March due to sterling weakness and intense pricing competition.

But it said it plans to take advantage of its low cost base to prioritize market share over profit margins, increasing capacity by around 13% this winter compared to an industry average increase of around 9%.

“We have EU incumbents retrenching, restructuring…creating more and more opportunities for Ryanair, particularly in primary airports,” Chief Executive Michael O’Leary said in a video presentation posted on the carrier’s website.

“The second half of the year will be difficult in a weaker pricing environment, but we expect that with a huge cost advantage over every other carrier in Europe, Ryanair is well positioned to continue to grow strongly.”

O’Leary said he was comfortable with a forecast of profit after tax of between 1.3 billion euros ($1.44 billion) and 1.35 billion euros.

Profit after tax for the six months to the end of September was 1.17 billion euros ($1.30 billion), in line with analyst forecasts.

Ryanair said it would return an additional 550 million euros to shareholders by February in a share buyback.

Ryanair shares have outperformed many of their peers in recent months as the sector struggled to come to terms with Britain’s vote to leave the European Union and a flood of capacity that has driven down prices.

British Airways owner IAG on Friday stuck to its main long-term earnings and margin growth targets but scaled back its plans to expand capacity.

Budget rival easyJet in October warned that annual profit had fallen by more than a quarter and hinted that trading would remain tough.

Ryanair built its business by striking low-cost deals with small airports far from city centers, but on Monday it said by the end of this year it will begin flying mainly to primary airports, increasing its competition with traditional legacy carriers.

Last week it announced plans to fly from Frankfurt Main, one of Europe’s busiest hubs.

O’Leary said an increased focus on selling additional services via its website and phone apps was also helping to boost sales of reserved seating and premium business fares.

Ryanair‘s business model is to fill planes irrespective of ticket price to minimize passenger costs and boost spending on extras.

On Monday it said it expected to secure 30% of its revenue from optional extras by 2020, up from 20%. ?

07 NOVEMBER 2016

SOURCE: FORTUNE
ARTICLE LINK:
https://to.50skyshades.com/news/airlines/ryanair-shoots-for-a-whopping-200-million-passengers-per-year

