



EASYJET'S CEO SAYS LUFTHANSA AND AIR FRANCE MAKE IT EASY TO PICK OFF FLYERS

News / Airlines



EasyJet Plc, Europe's second-biggest discount carrier, said weaknesses at network rivals Air France- KLM Group and Deutsche Lufthansa AG will allow it to carry on grabbing customers in key countries after suffering a series of setbacks while seeking to attack new markets.

Chief Executive Carolyn McCall says she's unperturbed at having to rein in operations to Moscow as a result of the weakening Russian economy and stricter visa rules, North Africa as a result of the deteriorating security situation and in Italy after encountering heightened competition.

"When you look at short-haul Europe, we're winning, and we will continue to take share from legacy carriers who are flailing, restructuring, trying to find the right model for themselves," McCall said in an interview after opening a new base in Venice. "They can never have the low-cost culture, the low-cost mentality, and they can never have the same kind of cost efficiency."

EasyJet has embarked on a "concerted" effort to pare overheads, helping to deliver lower-than-expected costs in fiscal first quarter figures reported last week, McCall said. That's being achieved

through economies of scale as capacity growth leave it better placed to negotiate on contracts including maintenance and baggage handling, she said.

Ryanair Overlap

Luton, England-based EasyJet has lagged gains at larger low-cost rival Ryanair Holdings Plc, which has boosted its share price by about 50 percent in each of the past two years, compared with less than 10 percent at the U.K. company. Ryanair has also begun to target more major airports, increasing the overlap with EasyJet, though McCall said that will weigh on the Irish airline's costs.

The CEO — who pledged to stay at EasyJet “until I’m 90” after being linked with retailer Marks & Spencer Group Plc — said efficiency improvements will also come with the arrival of extra Airbus Group SE A320 and new A320neo aircraft that have 30 more seats than EasyJet's standard A319 models.

She said that a decision to hedge on fuel at a higher price than European competitors isn't a major issue.

EasyJet on Jan. 26 said full-year earnings would rise about 7.6 percent from a year earlier, despite having to suspend some flights after the presumed bombing of a Russian passenger jet at Sharm El-Sheik, and a drop-off in demand after the attacks on Paris late last year.

The discount carrier also ended flights between London and Moscow last September and removed capacity from the prime Rome- Milan business route as competition drove down pricing. Both routes were awarded to EasyJet in the same week three years ago and lauded by McCall as a boost for the airline's corporate- traveler focus.

McCall declined to confirm that she was approached about the post of CEO at M&S following U.K. press reports this month, adding: “I’m not going anywhere.” The retailer on Jan. 7 appointed company veteran Steve Rowe to replace Marc Bolland.

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