RYANAIR LIFTS PROFIT FORECAST ON FULLER PLANES

News / Airlines, Finance

Ryanair has nudged up its annual **profit forecast**, saying fuller planes would take profits to the upper end of its previously estimated range even as winter competition pressures average ticket prices.

The Irish airline, Europe's largest by passenger numbers, raised its full-year profit forecast by 25 percent in early September as lower fuel costs and poor weather in northern Europe boosted ticket sales.

On Monday it said fewer empty seats meant it would fly 105 million passengers in the year to March 31, up from an earlier forecast of 104 million. That will likely lift profits to the upper end of that EUR€1.175 billion to EUR€1.225 billion (USD$1.30 billion - USD$1.35 billion) range.

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"We have enjoyed a bumper summer due to a very rare confluence of favourable events including stronger sterling, adverse weather in northern Europe, reasonably flat industry capacity and further savings on our unhedged fuel," chief executive Michael O'Leary said.

He said, however, that fares sold had softened in recent weeks and that he would not be surprised if there was a fare war in the new year, forecasting average fares would fall 4 percent in the first three months of 2016.

"We are already reducing our prices... and in recent weeks we have seen most airlines reduce their prices," O'Leary said.

IAG, Lufthansa and Air France-KLM have all reported strong quarterly results on strong demand for summer travel and cheaper fuel, but Ryanair's drive to improve customer service without increasing its industry-low cost base has given it huge momentum in the past year.

O'Leary said he expects Ryanair to be flying 180 million passengers a year by 2024, up from an earlier forecast of 160 million, which Ryanair estimates would give it a market share of around 24 percent in Europe, up from around 14 percent today.

That increase was due to a lower ratio of empty seats, which was 9 percent in the six months to the end of September, down from 11 percent in the same period last year.

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