



RYANAIR'S CEO WORRIES ABOUT TERROR 'CLOUD' OVER ON EUROPE'S AIRLINES

News / Airlines



Ryanair Holding is battling lower fares in the first months of its financial year, weighed down by French air-traffic controller strikes and by travelers' concerns about a future terrorist incident following last month's bombings in Brussels.

"There is a kind of cloud hanging over our business," Chief Executive Officer Michael O'Leary said in an interview Tuesday on Bloomberg Television. "If there's no more terrorist events in Europe between now and mid-summer, I think things return to normal, but there's no doubt that the pricing in my first quarter is affected by these ATC strikes and the concerns over people traveling, particularly on business."

Earnings in the fourth quarter ended March 31 were probably cut by 10 million euros (\$11.4 million) to 20 million euros because of the strikes in France and subdued bookings in the wake of the terror attacks in Brussels, and those effects could last into the current quarter, the CEO said last week. The company will publish full-year figures in May.

The earlier timing of Easter, which shifted to March this year from April in 2015, will also damp first-

quarter earnings, while carriers reaching the end of more expensive oil hedging agreements continue to add capacity, leading to “softer pricing,” he said Tuesday. The budget airline canceled about 200 flights to Brussels in the wake of the March 22 terror attacks on the city’s airport and downtown, with the remaining services transferred to the carrier’s base at Charleroi airport, about 35 miles (55 kilometers) away. More than 500 flights have been scrapped due to the French strikes, he said.

Feeder Traffic

The carrier is set to begin testing transfers between its own flights during the summer. An separate agreement to align schedules with Norwegian Air Shuttle’s long-haul operations will set up feeder traffic between the carriers at London Gatwick airport, particularly for Ryanair’s routes there serving Dublin and Belfast, as well as at Barcelona, Copenhagen and Cork, Ireland.

“We’ve talked to Norwegian Air, we’ve reached an agreement in principle, now we’re into the details of aligning some of our booking systems with their booking systems” along with other technical work, he said.

A shift to an operating model that includes lining up with long-distance routes is an “inevitable development,” O’Leary said. Transfers to established long-haul airlines could account for about 5 percent of Ryanair’s traffic by 2021, he said. Similar arrangements are likely between long-haul carriers and other discounters including rival EasyJet Plc, he said.

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