EASYJET EYES ‘MASSIVE OPPORTUNITIES’ IN EUROPE: CEO MCCALL

News / Airlines

Europe’s airline sector is on course for further consolidation, while the region offers “massive opportunities” for growth, according to Carolyn McCall, chief executive of British budget airline EasyJet.

“I definitely think there will be consolidation in Europe,” McCall said in a recent interview held in EasyJet’s headquarters at Luton airport, north of London.

And she believes the company can build on its exceptionally strong growth during her almost six years in charge.

“If you actually look at the whole of Europe, we still see massive opportunities for growth.

“That is competing with some low-cost carriers, but it is still mainly competing with the legacy carriers,” she said from a hangar painted in the carrier’s famous orange and transformed to house EasyJet’s control centre and top management team.

Since McCall’s appointment in 2010, EasyJet has grown pre-tax profits from around £50 million to almost £700 million (Dh266 million to almost Dh3.7 billion) in its last financial year.

“It’s an enormous profit growth, and we need to reinvest some of our money ... Our aim is to continue to grow profit and particularly to grow returns for shareholders,” said McCall, who is one

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of only six women heading a company trading on London's benchmark FTSE 100 stock index.

McCall sees opportunity for further growth especially in France, where EasyJet has a 15 per cent market share and is second only to dominant player Air France.

But the 54-year-old boss doesn't see her airline joining peer Norwegian Air Shuttle in becoming a long-haul operator and entering, for example, the US market, despite the low oil-price environment.

"Long-haul for us is not on our agenda. We think it's a different model, we think it's a high-risk model. We await with interest how Norwegian does and of course if they make it a great success I'm sure others will follow, but it's not for now," said McCall.

Consolidation on horizon

EasyJet's boss does, however, foresee a coming together of airlines, with Europe mirroring consolidation experienced in the US. "In the US ... it happened much more quickly and now there are four big airline groups," she noted.

"There are many other considerations when you look at airlines in Europe, including political considerations. So it is a different landscape, but consolidation will happen and, I think, we will be part of driving some of that consolidation."

McCall said that the low oil price environment was "making it easier for legacy carriers to stay alive with their capacity in Europe".

She added: "They're allowing some capacity that would not exist at a higher price of fuel."

Although McCall stressed that no airline enjoys oil-price volatility, as has been the case for many months, she insisted that "EasyJet performs well regardless of" the cost of crude used to make jet fuel.

She explained: "When oil is low, we obviously get the benefit on the cost, but it doesn't help us grow. You pass on quite a lot in fares ... Consumers benefit a great deal.

"As oil price increases, the capacity environment shakes out quite a lot. The weaker players take out a lot of capacity and we continue to grow ... It's probably easier for us when oil is stable and higher."

McCall said ticket prices have come down also following last year's Paris terror attacks and the fatal airliner incident in Sharm Al Shaikh.

While demand has returned, "what hasn't recovered is pricing, so we've had to stimulate demand, all airlines had to do that ... so the ticket prices have come right down", she said.

'EU best for Britain'

Looking ahead, McCall reiterated EasyJet's stance that it does not wish to see Britain leave the European Union, as the country gears up for a referendum on the issue later this year.

"Britain being in Europe is the best thing for Britain and that is based on the fact that deregulation of aviation has been a fantastic benefit to consumers," she said.

"It's reduced fares by 40 per cent and it's increased routes by 170 per cent."

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And neither does McCall have any intention of stepping down from EasyJet any time soon, following media reports that she had recently been approached to take over the helm at British clothing-to-food retailer Marks and Spencer.

“I’ve been here, and I’ve loved every minute of it, for nearly six years. There’s so much more to do and I’m totally committed to being at EasyJet.

“We have a fantastic opportunity for the foreseeable future,” McCall said as she prepared to face shareholders at last week’s annual general meeting.

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