

By Kaveri Niththyananthan

OF DOW JONES NEWSWIRES

LONDON (Dow Jones)--EasyJet PLC's (EZJ.LN) board of directors and founder Stelios Haji-loannou Wednesday appeared to have settled their differences over fleet expansion plans, bringing an eight-month dispute to an end as the airline warned economic conditions remained uncertain.

The row had cast a shadow over the carrier, whose finance director and chairman departed earlier this year before the board of easyJet agreed to adopt a more cautious approach to fleet expansion by assessing purchases on a monthly basis and focusing on maintaining a strong balance sheet during the recession.

EasyJet currently operates 181 aircraft, including 10 aircraft that are due be sold. That number will increase to 187 aircraft for the year ending Sept. 30, 2010, to 196 by the same date in 2011 and 207 by that date in 2012. Many economists had expected significant economic growth only in 2011.

Haji-loannou had been concerned easyJet's fleet expansion plans had been too aggressive during the downturn, but he signed off on the latest targets.

Haji-loannou and easyJet Chief Executive Andy Harrison weren't immediately available for comment.

The Luton-based carrier said it expected average annual growth of seats flown to increase be 7.5% per annum over the medium term. For the fourth quarter, it expected an increase of capacity - or seats flown - to be up 4% compared to a year earlier.

EasyJet in its trading update said fiscal-year pretax profit would be between GBP25 million and GBP50 million. Harrison said, "EasyJet is continuing to perform relatively well in tough trading conditions and we expect to be one of the few airlines to make a profit this year."

More than half of easyJet's passengers originate from outside the U.K. and the airline is also focused on growing in markets where other carriers have been retreating. "During this period of recession easyJet can build strong, defendable market positions that will ensure it is well positioned once the European economy improves," it said.

For that reason, Raphael Bejar, chief executive at Paris-based Airsavings, thinks easyJet will be the real winner from the downturn.

EasyJet said 75% of available summer seats had been booked and it expected total revenue per seat at constant currency in the second half to be at least at the same level as a year earlier.





Numis Securities analyst Wyn Ellis said, "This is more encouraging guidance than that issued by Ryanair Holdings PLC (RYA.DB) earlier this week and in our view reflects easyJet's superior network characteristics."

Total revenue per seat for the three months to June 30 increased 10.9% to GBP51.42 from GBP46.36 a year earlier.

Revenue increased 12.4% to GBP721 million from GBP641 million. Ancillary revenue, or income generated by means other than fares, including checked bag charges, increased to GBP140 million from GBP103 million a year earlier.

Results were boosted by the timing of Easter, which fell in the third quarter this year and second quarter last year.

The company has hedged 75% of its fuel needs at \$1,031 per ton for the six months to September, 2009, and 51% of needs at \$771 per ton for the 12 months to September, 2010.

EasyJet had GBP962 million of cash and money market deposits its balance sheet at June 30.

At 1106 GMT, easyJet's shares traded up 8 pence, or 2.8%, at 286 pence while the FTSE 250 index traded up 0.3%.

Company Web site: www.easyjet.com

