

## H1 2018/19 TRADING UPDATE

Released : 17/10/2018 07:00

RNS Number : 2663E  
Flybe Group PLC  
17 October 2018

Flybe Group plc

('Flybe' or 'the Group')

17<sup>th</sup> October 2018

### H1 2018/19 Trading update

Flybe has seen good revenue performance in the first half set against the backdrop of increasingly adverse fuel and currency impacts. Recent trading however indicates a softening in the second half revenue outlook and the Board now expects the full year adjusted profit figure to be lower than market expectations.

Flybe's strategy to reduce capacity<sup>1</sup> to focus on its most popular routes has delivered both higher load factors<sup>2</sup> and revenue per seat<sup>3</sup>. In Q2, load factors were up year-on-year by 7.2 percentage points to 86.6%, a record load factor for the Summer season. Passenger revenue per seat was up 6.8% as capacity reduced by 10.0%.

For the first half as a whole, the load factor increased by 8.0 percentage points to 84.0%, with passenger revenue per seat estimated to be up 8%. Yield, was down c. 2% (c. 1% of which relates to the impact of the removal of credit card fees from January 2018).

Excluding the E195 provision impact, the adjusted profit before tax for H1 is expected to be similar to last year (2017/18: £9.4m<sup>4</sup>). This is despite year-on-year cost increases of c. £17m arising from the lower value of sterling and fuel and carbon price increases.

At 30<sup>th</sup> September 2018, Flybe has a total fleet size of 78 aircraft (31<sup>st</sup> March 2018: 80) having returned one end-of-lease Bombardier Q400 turboprop and one end-of-lease Embraer E195 jet, with the next E195 return expected in the coming weeks. A further E195 return is planned for H2 at which point Flybe will have six E195 aircraft remaining in the fleet.

### Full year 2018/19 outlook

Consumer demand in domestic and near-continent markets has weakened in recent weeks and the Board now expects this to continue into the second half. This together with higher fuel prices and weaker sterling will impact the expected H2 profit performance.

While the Board's visibility on Q4 revenue is limited at this stage, it is now estimated that the full year adjusted loss before tax will be of the order of £12m (2017/18: loss of £19.2m<sup>4</sup>), including the benefit of a c. £10m onerous lease provision release. This includes an estimated £29m of adverse year-on-year impact from weaker sterling, fuel and carbon prices.

### Christine Ourmières-Widener, Chief Executive Officer, said:

"We have made progress in driving our unit revenues across the Summer season, but we are now seeing a softening in the market. We are reviewing further capacity and cost saving measures while continuing to focus on delivering our Sustainable Business Improvement Plan. Stronger cost discipline is starting to have a positive impact across the business, but we aim to do more in the coming months, particularly against the headwinds of currency and fuel costs. We continue to strengthen the underlying business and remain confident that our strategy will improve performance."

Flybe will announce its interim results on 14<sup>th</sup> November 2018.

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**END**

LEI: GB00B4QMVR10

**Notes:**

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation ("MAR") EU no.596/2014. Upon the publication of this announcement via Regulatory Information Service ("RIS"), this inside information is now considered to be in the public domain.

**Forward-looking statements:**

Certain information included in these statements is forward-looking and involves risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the forward-looking statements.

Forward-looking statements include, without limitation, projections relating to results of operations and financial conditions and Flybe Group plc ("the Group") plans and objectives for future operations, including, without limitation, discussions of the Group's business plan, expected future revenues, financing plans and expected expenditures. All forward-looking statements in this report are based upon information known to the Group on the date of this Trading Statement. The Group undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

It is not reasonably possible to itemise all the many factors and specific events that could cause the Group's forward-looking statements to be incorrect or that could otherwise have a material adverse effect on the future operations or results of the business. Further information on the primary risks of the business and the risk management process of the Group is given in the Annual Report and Accounts 2017/18. This document is available from <http://www.flybe.com/investors>.

<sup>1</sup> Seat capacity represents the average number of seats per aircraft multiplied by the number of scheduled sectors flown.

<sup>2</sup> Load factor is sold seats (Flybe ticketed passengers on either Flybe operated scheduled services or hardblock routes operated by the codeshare partner) divided by scheduled available seats (seats available for passenger occupancy on scheduled services).

<sup>3</sup> Passenger revenue per seat is passenger revenue generated divided by scheduled available seats.

<sup>4</sup> The prior year has been restated to include the unaudited adjustments for the implementation impact of IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments'.

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