



LESQUIN: A plane of the low cost airline carrier EasyJet takes off at Lille-Lesquin airport. British low cost airline EasyJet warned yesterday that annual profits would slump by almost a third, hit by a Brexit-driven tumble in the pound, terror attacks and industrial action. —AFP

EASYJET WARNS OF ANNUAL PROFITS SLUMP

LONDON: British low cost airline EasyJet warned yesterday that annual profits would slump by almost a third, hit by a Brexit-driven tumble in the pound, terror attacks and industrial action. EasyJet forecast annual pre-tax profits would dive by about 28 percent to between £490 million and £495 million (\$624-\$630 million, 556-562 million euros). The news sent the company's share price sliding almost 6.5 percent in early morning deals on the London stock market. "We have been disproportionately affected by extraordinary events this year but our excellent network, cost control and revenue initiatives and our

strong balance sheet underpin our confidence in the business," said chief executive Carolyn McCall in a trading update.

On a brighter note, EasyJet also announced it had carried a record 22 million passengers in the three months to the end of September, despite what it described as "major external shocks" for the sector. "EasyJet has performed strongly in a difficult operating environment for all European airlines and in the three month period has been affected by major disruption, exchange rate fluctuations impacting holiday travel costs, the impact on demand from terrorist events

and the low cost of fuel continuing to drive increased market capacity," it said.

The airline, which is based in Luton airport north of London, forecast that the slumping pound would hit earnings this year to the tune of £90 million. That was more than double the previous guidance of £40 million. Sterling tumbled following Britain's shock June 23 vote in favor of leaving the European Union. The currency slid even further this week to fresh 31-year dollar lows after Prime Minister Theresa May vowed to kick off the Brexit process by the end of next March.

The collapsing value of the pound weighs

on EasyJet's performance because it makes dollar-priced jet fuel more expensive, ramping up the cost of running aircraft. In morning deals, EasyJet shares slid 6.38 percent to 939 pence to top the fallers' board on the London FTSE 100 index, which was down 0.1 percent at 7,023.78 points. "EasyJet is facing challenging times on a number of fronts, and it's one of the worst performing stocks in the FTSE 100 since the EU referendum," noted equity analyst George Salmon at stockbroker Hargreaves Lansdown. The airline will publish its annual results on November 15 for the group's fiscal year, which runs to September 30.—AFP

IRAN, VIETNAM PLEDGE \$2 BILLION TRADE BOOST

HANOI: Vietnam and Iran pledged yesterday to boost future trade to \$2 billion, as Tehran seeks to jump-start its sputtering economy after crippling international sanctions were lifted this year. Iran's moderate President Hassan Rouhani, in Vietnam on a three-country swing through Southeast Asia, has come under fire from conservative critics who say the nuclear deal signed with world powers has failed to bring a hoped-for economic boom. Rouhani, who was elected on a promise to normalize relations with the outside world, praised ties with Vietnam yesterday after both sides signed several deals. "The two sides agreed to increase bilateral trade turnover to \$2 billion," the Iranian president told reporters in Hanoi.

Trade between Iran and Vietnam hit \$350 million last year, according to Iran's official IRNA news agency. "In economics, cooperation opportunities are still large... but the scale of cooperation and bilateral trade are still modest," Vietnam's President Tran Dai Quang said. The landmark nuclear deal—which was reached in July 2015 and came into force in January—saw sanctions against Iran lifted in exchange for curbing Tehran's nuclear program, opening up one of the world's last untapped markets for global business.

Analysts say Hanoi and Tehran, which have both had strained relations with the United States in the past, are keen to bolster alliances beyond regional diplomatic spheres. For Rouhani, the visit marks a "turning to the East, seeing what's there, caucusing, carving out some strong economic relations, which Iran needs," said Vanessa Newby, international relations research fellow at ANU's College of Asia-Pacific Affairs. For mineral-rich Vietnam, Iran offers a key partnership in the oil and gas industry and for health and technology exchanges. —AFP

SHARES IN JAPAN'S IT GIANT FUJITSU SOARS

FUJITSU EYES PC MERGER WITH CHINA'S LENOVO

TOKYO: Shares in Japanese IT giant Fujitsu soared yesterday on news it is considering merging its struggling personal computer division with China's Lenovo, the world's biggest PC maker. A deal would mark the latest move by a Japanese firm to hivel off struggling divisions to repair their finances, with Toshiba and Sony among a string of companies that have sold off assets in recent years.

Japanese personal computer makers have been scaling back their businesses as consumers move to mobile devices to check e-mail or use the web. The leading Nikkei business daily said the merger was among a number of options Fujitsu was considering for the money-losing unit. It did not give financial details. In response, the conglomerate confirmed it is looking at "various possibilities including the reported move" but did not elaborate. The firm's Tokyo-listed stock surged nearly six percent to close at 568.7 yen yesterday.

Fujitsu has been struggling to find a partner for its PC unit. It had been in talks with Toshiba and Vaio to merge their once high-flying personal computer businesses, but the talks have yet to result in a deal. The reports yesterday from the Nikkei and other Japanese media said Fujitsu and Lenovo were aiming to reach a deal by the end of this month as Fujitsu looks to focus more on its IT services business. Possible options include transferring its PC design, development and manufacturing operations to a Lenovo-led joint venture, the Nikkei said.

Another option could see Lenovo taking a majority stake in Fujitsu's PC subsidiary, it said, adding that either move could see about 2,000 Fujitsu employees move over to the Chinese company. Lenovo already has a PC joint venture with Japan's NEC. Hiroshi Sakai, a chief analyst at SMBC Friend Research Center, warned Fujitsu may be running out of time to find a buyer for its PC unit in a

shrinking market. Still, he added that its focus on corporate clients and its facilities in Japan could be attractive for a potential suitor. "Fujitsu's PC division still has strong footing and holds reasonable domestic share so it's attractive for a future business partner," he said.

Once mighty Japanese firms have been selling off assets in recent years as they struggle to reorganize in the face of stiff competition from lower-cost rivals overseas, including in China and South Korea. Earlier this year, Sharp agreed to a buyout that would see it taken over by Taiwan's Hon Hai, better known as Foxconn, after the Japanese industrial mainstay was pummeled by huge losses and mounting debts. China's Midea Group has bought a little more than 80 percent of loss-making Toshiba's home appliances arm, while Sony has unloaded a string of assets to claw back to profitability, including its laptop unit and a Manhattan office building.—AFP