

10:56 03 Sep 2019

easyJet could be acquisition target after Brexit, says Kepler as it cuts to 'reduce'

easyJet PLC (LON:EZJ) could become a takeover target following Brexit, according to analysts at Kepler Cheuvreux as they downgraded the carrier to 'reduce' from 'hold' on Tuesday.

In a note, the broker said that the FTSE 250 budget carrier could attract buyers once the UK had exited the EU and its contingency plans had been "tested", however until then the stock would trade on the group's profitability, which may be impacted by expectations of slower growth in 2020.

READ: easyJet flies higher as it insists full-year profits will be as expected
Analysts also cut their target price to 820p from 1,200p and revised their 2020 pre-tax profit forecasts to reflect an expected decline of 20% to £350mln.

Kepler cut its capacity growth expectations for 2019 to 3% from 5%, saying that demand from the UK, easyJet's largest market, could be impacted by Brexit.

They added that this decline in capacity growth would make it "more difficult" to achieve an improvement in non-fuel costs in the next year, although they did not factor in any potential impacts from Brexit.

The downbeat assessment sent easyJet's shares down 4.2% to 914.8p in late-morning trading.

Price: 1527

Market Cap: £6.06 billion

1 Year Share Price Graph



Share Information

Code: EZJ

Listing: LSE

52 week High Low
1557.5 840

Sector: Leisure, gaming and gambling

Website: www.easyjet.com

Company Synopsis:

EasyJet is engaged in the provision of a low-cost airline service on short-haul and medium-haul point-to-point routes principally within Europe.

action@proactiveinvestors.com

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that

contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.