Ryanair Shares Fall 6% Amid Soaring Fuel Costs

Description

Ryanair warned that European airlines face a "difficult winter" as it reported a decline in profit. This announcement came on Monday after the airline's first-quarter profit fell by 34%. The profit after tax for April to June was 538 million euros, down from 820 million euros last year. Consumers are delaying their bookings because of the ongoing conflict in the Middle East.

The airline also noted that 20% of its unhedged fuel is at risk of price increases. Ticket prices dropped by 6%, while operating costs rose by 11%. After this news, Ryanair's shares fell by 5.6%.

Ryanair's CEO, Michael O'Leary, explained that the Middle East conflict has made consumers hesitant to travel. He said their plan to hedge fuel prices helps protect against oil price changes. However, some other airlines that are less profitable will struggle this winter.

Travel analysts also report that some smaller airlines have already failed recently. They expect more cancellations this winter if fuel prices remain high. O'Leary has said that Ryanair will not increase ticket prices despite these challenges. The company aims to keep offering low-cost flights and additional services to support its revenue.

Vocabulary List:

1. **warned** //wɔrnd// (verb): told others there may be danger ahead
2. **decline** //dɪˈklaɪn// (noun): a fall in amount or quality
3. **hedge** //hɛdʒ// (verb): do something to protect against money loss
4. **hesitant** //ˈhɛzɪtənt// (adjective): not sure and slow to decide or act
5. **cancellations** //ˌkænsəˈleɪʃənz// (noun): times when planned events are stopped or not held
6. **revenue** //ˈrɛvəˌnu// (noun): money a company gets from selling things

Comprehension Questions

Multiple Choice

1. What was Ryanair's profit after tax for the first quarter of April to June?

   Option: 538 million euros

Option: 820 million euros
Option: 600 million euros
Option: 700 million euros

2. By what percentage did Ryanair's profit fall compared to last year?

Option: 20%
Option: 34%
Option: 11%
Option: 6%

3. What percentage of Ryanair's unhedged fuel is at risk of price increases?

Option: 10%
Option: 15%
Option: 20%
Option: 25%

4. Who is the CEO of Ryanair?

Option: Andrew Harrison
Option: Michael O'Leary
Option: David O'Leary
Option: John Smith

5. By how much did ticket prices drop?

Option: 5%
Option: 10%
Option: 6%
Option: 8%

6. What was the percentage increase in operating costs for Ryanair?

Option: 5%
Option: 8%
Option: 10%
Option: 11%

True-False

7. Ryanair reported an increase in profit for the first quarter.

8. Ryanair's shares fell by 5.6% after the profit announcement.

9. Consumers are more willing to travel due to the ongoing conflict in the Middle East.

10. Ryanair intends to raise ticket prices despite challenges.

11. Some smaller airlines have failed recently according to travel analysts.

12. Ryanair's profit after tax for the first quarter was reported to be higher than the previous year.

Gap-Fill

13. Ryanair warned that European airlines face a difficult winter as it reported a decline in profit. The profit after tax for April to June was 538 million euros, down from ______________________ million euros last year.

14. Consumers are delaying their bookings because of the ongoing conflict in the ______________________ region.

15. Ticket prices dropped by ______________________%.

16. Ryanair reported that ______________________% of its unhedged fuel is at risk of price increases.

17. Ryanair's CEO explained that the Middle East conflict has made consumers ______________________ to travel.

18. O'Leary has said that Ryanair aims to keep offering low-cost flights and additional ______________________ to support its revenue.

Answer

Multiple Choice: 1. 538 million euros 2. 34% 3. 20% 4. Michael O'Leary 5. 6% 6. 11%
True-False: 7. False 8. True 9. False 10. False 11. True 12. False
Gap-Fill: 13. 820 14. Middle East 15. 6 16. 20 17. hesitant 18. services

CATEGORY

1. Business - LEVEL2

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