# Ryanair to raise fares sharply after 16% profit drop amid Boeing delays



Ryanair's financial landscape has become increasingly turbulent, with the airline reporting a significant 16% drop in pre-tax profits for the last fiscal year, ultimately totalling €1.78 billion (£1.5 billion). This decline follows the budget carrier's decision to reduce air fares in a bid to stimulate demand amidst changing market conditions. Average ticket prices fell by 7%, resulting in a surge of 200.2 million passengers, a year-on-year increase of 9%. However, the airline’s future growth expectations have dimmed, with anticipated growth of merely 3% in passenger numbers for the next fiscal year, due largely to postponed deliveries of Boeing aircraft.

In response to this challenging trajectory, Ryanair has announced plans to raise fares significantly over the coming months. The airline has flagged a price increase of mid-high teen percentages year-on-year during its first quarter, aiming to recover lost ground from the previous year’s fare reductions. CEO Michael O’Leary has stated, "While we cautiously expect to recover most but not all of last year’s 7% fare decline, which should lead to reasonable net profit growth in 2025-26, it is far too early to provide any meaningful guidance." This indicates a cautious optimism tempered by the recognition of external factors that could further impact profitability, including geopolitical tensions and macroeconomic challenges.

The prompt for this fare adjustment is compounded by delays in aircraft deliveries from Boeing, which have caused capacity constraints. The airline had initially hoped to receive 57 Boeing 737 Max 8200 aircraft by March, but only a fraction are expected in time for peak summer operations. Such delays not only restrict capacity but also have resulted in increased operational pressures, leading to fare hikes. O’Leary pointed out that summer bookings show promising signs, currently running about 1% ahead of last year, yet the reliability of these numbers is contingent upon overcoming looming supply chain issues.

Moreover, Ryanair faces a dual challenge with ongoing disputes with online travel agents that have affected fare structures and passenger acquisitions. This concern aligns with industry-wide trends where airlines are resetting their pricing strategies following prolonged periods of discounted fares aimed at reviving travel demand post-pandemic. Analysts note that while Ryanair’s share price has shown resilience, surpassing €21, the airline still navigates a precarious market landscape marked by trade tensions and potential tariff implications on aircraft supply.

O'Leary has emphasised the necessity of an agile pricing strategy, suggesting a willingness to alter fare levels in response to market pressures. This agility is viewed as crucial, particularly as consumer spending shifts and the travel market recuperates unevenly across the continent. Ryanair's long-term objective remains ambitious, targeting 300 million passengers annually by 2034, contingent on resolving current operational dilemmas and restoring growth momentum.

As pressure mounts from various fronts, including inflation in operational costs and greenhouse gas emissions regulations, the path ahead remains uncertain. However, if managed effectively, the anticipated recovery in air fares alongside buoyant summer travel could signal a pivotal point for Ryanair as it seeks to stabilise profits and reassess its growth trajectory.

### Reference Map

1. Paragraph 1: [[1]](https://www.irishnews.com/news/ireland/ryanair-to-raise-prices-as-it-seeks-to-return-to-profit-growth-73CXRX37RBEYHMDYW5565PBCRU/)
2. Paragraph 2: [[1]](https://www.irishnews.com/news/ireland/ryanair-to-raise-prices-as-it-seeks-to-return-to-profit-growth-73CXRX37RBEYHMDYW5565PBCRU/), [[2]](https://www.reuters.com/world/europe/ryanair-annual-profit-falls-16-weaker-fares-sees-strong-summer-demand-2025-05-19/)
3. Paragraph 3: [[3]](https://www.ft.com/content/2bb14573-2afb-4eff-b649-0656b00939d6), [[4]](https://www.bbc.com/news/business-68398421)
4. Paragraph 4: [[2]](https://www.reuters.com/world/europe/ryanair-annual-profit-falls-16-weaker-fares-sees-strong-summer-demand-2025-05-19/), [[3]](https://www.ft.com/content/2bb14573-2afb-4eff-b649-0656b00939d6)
5. Paragraph 5: [[5]](https://news.sky.com/story/ryanair-warns-of-10-fare-rise-this-summer-due-to-lack-of-planes-13081372), [[6]](https://www.irishtimes.com/business/2024/05/20/air-fare-increases-easing-says-ryanair/)
6. Paragraph 6: [[6]](https://www.irishtimes.com/business/2024/05/20/air-fare-increases-easing-says-ryanair/), [[7]](https://www.irishtimes.com/business/2024/11/04/ryanair-profits-drop-18-amid-lower-summer-air-fares/)

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## Bibliography

1. <https://www.irishnews.com/news/ireland/ryanair-to-raise-prices-as-it-seeks-to-return-to-profit-growth-73CXRX37RBEYHMDYW5565PBCRU/> - Please view link - unable to able to access data
2. <https://www.reuters.com/world/europe/ryanair-annual-profit-falls-16-weaker-fares-sees-strong-summer-demand-2025-05-19/> - Ryanair reported a 16% drop in annual profit for the fiscal year ending March 31, driven by a 7% decline in fares due to weaker demand and ongoing disputes with online travel agents. However, the airline anticipates a significant fare rebound over the summer, with prices expected to rise by a mid-to-high teen percentage, aided by strong seasonal demand and the timing of Easter. CEO Michael O'Leary noted that summer bookings are running about 1% ahead of last year. The airline recorded a post-tax profit of €1.61 billion ($1.8 billion), aligning with analyst expectations. Ryanair flew a record 200 million passengers over the year, slightly below the initially projected 205 million due to aircraft delivery delays from Boeing, but aims to transport 206 million passengers in the next year. Despite potential European Union tariffs, Ryanair expects Boeing to honor fixed aircraft pricing and retains the option to cancel or delay orders if pricing changes occur. The airline also anticipates modest cost inflation, offset by fuel hedging and cost controls. Ryanair shares have rebounded strongly in recent months, potentially positioning O’Leary to receive a near €100 million bonus.
3. <https://www.ft.com/content/2bb14573-2afb-4eff-b649-0656b00939d6> - Ryanair, Europe's largest low-cost airline, has warned of slower growth in 2025 due to delays in Boeing aircraft deliveries and falling ticket prices in the previous year. The carrier now projects a 3% increase in passenger numbers to 203 million by March 2026, lower than its original 215 million target. CEO Michael O’Leary cited Boeing’s production setbacks, including strikes and manufacturing slowdowns, for the delivery shortfall of 29 aircraft. Despite reduced profits—€1.6 billion, a 16% drop—due to a 7% decline in airfares and disruptions from online travel agents, Ryanair's share price has rallied, surpassing €21, positioning O’Leary closer to potential €100 million in share options. Future growth remains promising, with confidence in Boeing delivering remaining aircraft by summer 2026 and long-term goals to carry 300 million passengers annually by 2034. Trade tensions between the US and EU pose additional risks, with Ryanair potentially rerouting aircraft deliveries through non-EU subsidiaries to avoid tariffs. The airline noted robust summer demand and announced a €750 million share buyback, with optimism fueled by declining oil prices expected to benefit results over the next two years.
4. <https://www.bbc.com/news/business-68398421> - Ryanair's CEO, Michael O'Leary, has stated that holidaymakers will face higher fares this summer due to new Boeing planes being delivered late. He mentioned that Ryanair's ticket prices could be up to 10% more expensive this summer as a result. The airline had expected to receive 57 Boeing 737 Max 8200 aircraft by March but now anticipates only 40-45 may arrive in time for the summer season. This delay is expected to constrain capacity for passengers, leading to higher fares.
5. <https://news.sky.com/story/ryanair-warns-of-10-fare-rise-this-summer-due-to-lack-of-planes-13081372> - Ryanair chief executive Michael O'Leary has predicted the budget airline's ticket prices could be up to 10% more expensive compared with the same period last year. He attributed this to problems with aircraft at Boeing and Airbus, which have delayed the delivery of aircraft and will constrain capacity for passengers. O'Leary mentioned that fares in summer 2024 are expected to rise by 5-10%, which he considers reasonable.
6. <https://www.irishtimes.com/business/2024/05/20/air-fare-increases-easing-says-ryanair/> - Ryanair's chief executive Michael O’Leary stated that air fares were not increasing at the pace Ryanair expected as the airline reported a €1.92 billion profit for its last financial year and pledged to return €700 million to shareholders. Peak prices are more likely to rise by “zero to 5 per cent” rather than the “5 to 10 per cent” that the carrier previously expected. However, O’Leary added that if needed, the airline would be “aggressive on pricing” to boost demand.
7. <https://www.irishtimes.com/business/2024/11/04/ryanair-profits-drop-18-amid-lower-summer-air-fares/> - Ryanair reported an 18% drop in profits in the six months to the end of September, with profits falling to €1.79 billion from €2.18 billion during the same period in 2023. The decline was attributed to cheaper air fares that dented profits, despite the carrier carrying a record 115 million passengers over the six months. The average fare was 10% down on last year, contributing to the profit drop.