

## Ryanair moves on from the O'Leary 'pony and trap' show

Michael O'Leary's role as 'the face' of Ryanair is coming to a quiet end



Michael O'Leary has been attacking rivals and bureaucrats even since he became Ryanair chief executive in 1994. Photo: Justin Thomas

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On the surface, it appeared to be business as usual. As a small huddle of photographers and journalists gathered in a basement room of the Montcalm Hotel near Moorgate in London, there were no signs that they were in for anything other than the usual Michael O'Leary treatment.

It was November 21 and the flamboyant chief executive of Ryanair had barely been out of the headlines during the preceding fortnight.

The low-cost carrier had rocked the markets on November 4 when it issued its second profits warning in as many months. O'Leary was creating a media storm like never before, with promises of a new "touchy feely image" and an end to draconian hand baggage and other rules that were "unnecessarily bugging" passengers.

In fact O'Leary had dominated so many column inches and airtime that month, including a memorable BBC Newsnight interview with Kirsty Wark where they sat knee-to-knee on airline seats, that it occurred to many City reporters not to bother with a seemingly prosaic meeting about new routes from Stansted.

As O'Leary took his seat in the Montcalm and rattled off a list of the latest Ryanair destinations at characteristic speed, punctuated with the usual quip or snipe, little did those gathered realise that this would be one of the last times they would witness what the airline boss himself refers to as his "pony and trap" show.

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
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After 20 years of dressing up in jester outfits and causing an outcry with claims such as "Germans will crawl b\*\*\*\*\*k-naked over broken glass to get low fares", O'Leary has decided to step out of the public spotlight.

The new "touchy-feely" Ryanair, which on Saturday introduced allocated seating across all of its flights, is promising a more "corporate" feel as it seeks to convince passengers that it has changed.

"Michael will step back. He will still do some rare media interviews but he simply doesn't need to be doing what he has been doing any more," said Ryanair spokesman Robin Kiely.

Last month Ryanair announced its first major reshuffle among the senior management since the airline, which flew 81.4m passengers in 2013, listed as a public company in 1997.

The restructuring included a raft of promotions, notably for David O'Brien, the airline's previous director of operations, who has been elevated to chief commercial officer.

It was also announced that the carrier had recruited a chief marketing officer, Kenny Jacobs, who previously held the same role at Moneysupermarket. Jacobs will take over from O'Leary as Ryanair's main spokesman.

The restructuring was, in part, triggered by the impending departure of the deputy chief executive and chief operating officer, Michael Cawley, who will on Monday presents Ryanair's third-quarter results to the City for the final time.

But could O'Leary's decision to step away from public life also be the first step in an eventual succession plan?

"Clearly he is bringing in new people with new and fresh ideas to help that process [of transforming Ryanair] along and I think for sure he'll have it in the back of his mind, 'as and when I do leave this airline, I want to leave it in the best shape possible', " said Dónal O'Neill, airlines analyst at Goodbody.

Ryanair insists that O'Leary, who has been chief executive since 1994, will still be as involved as ever with operations. "He's not going anywhere. In terms of his position, he is still as involved as he ever was," said Kiely. "You can see with the customer service improvements and the changes to our policies and practices, he's very much driving that."

However, the carrier does concede that in future Ryanair will be less of a "one-man show". For decades, O'Leary's colourful stunts were an easy way of generating free publicity but it did mean that in many customers' minds, his name was synonymous with the airline.

"It's fair to say Michael does polarise opinion, but at the same time it was great PR generation over 20 years when we were moving into new markets, to send Michael out dressed up as something controversial and generate column inches after column inches," said Kiely.

"We don't need to do that any more. We have 81m customers, we've reached the biggest route network in Europe and as part of our evolving business model he is taking himself out of the frontline."

Gerald Khoo, transport analyst at Liberum, said it would unsettle investors too much to have both Michael Cawley and Michael O'Leary depart in quick succession. The duo, plus the chief financial officer, Howard Millar, were seen as the driving forces behind the company. "I don't think, purely on that basis, Michael O'Leary is going anywhere any time soon," said Khoo.

  
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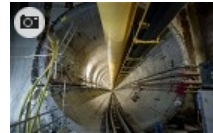
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Although Ryanair is unlikely to ever be boring – it has recently moved into new Google-style headquarters complete with a slide – analysts feel it is an important part of its evolution to move on from its previous raucous image.

O'Leary himself admitted that easyJet, which ended the stampede at boarding gates and introduced allocated seating in November 2012, “wiped the floor” with Ryanair by spotting much earlier a desire among customers for good service, not just the lowest fares.

Ryanair believes it can bridge the gap with easyJet in terms of how the two airlines are perceived in six to 12 months.

Tomorrow Ryanair is once again expected to hit the headlines as a consensus of analysts' forecasts points to third-quarter losses of €35m (£28.7m) compared with an €18m profit at the same point previously. However, most airlines make losses over the winter before the key summer months.

Insiders stress it still has the lowest cost base in the industry, allowing it to beat competitors on price.

Although it is too early to tell whether Ryanair's new touchy-feely image is striking a chord, Anand Date, analyst at Deutsche Bank, says the share price, which closed at €6.31 on Friday, suggests “some optimism” that the outlook for the airline's fourth quarter could be upgraded. The shares crashed to €6.03 after the first profits warning in September and to €5.33 following the second.





In the autumn, Ryanair will receive the first of the 175 Boeing 737-800 planes it ordered in March as part of a plan to grow to more than 110m passengers a year over the next five years. Half of that growth will come from expansion at primary airports – a significant departure from Ryanair's roots of selling cheap tickets to secondary airports.

While last year's profit warnings came as a surprise, Khoo is optimistic O'Leary can turn it around. “With Ryanair there is nothing fundamentally flawed or irreversibly broken and this is a company which has a long history of adapting and thriving in the face of change,” Khoo said.


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