

EasyJet posts its first annual loss in 25 years

Low-cost carrier warns it may need a state bailout if Covid crisis continues to keep planes on the ground

By Oliver Gill

THE boss of easyJet has said that summer trading was ruined by Britain's chaotic quarantine regime, forcing the low-cost carrier to beg for a taxpayer bailout after plunging to its first annual loss. EasyJet said that pre-tax losses topped £1.3bn in the year to Sept 30, the worst performance in its 25-year history following a collapse in passenger numbers. It is now seeking support from the state to help repair the damage from what is likely to be an equally brutal winter.

Chief executive Johan Lundgren said his firm was brought to its knees by a constantly changing line-up of quarantine rules, which left customers unable to plan trips abroad.

He warned that support offered to airlines so far will do little to stem the bleeding as the industry sheds tens of thousands of jobs. EasyJet carried nine million passengers between July and September, equal to just 38pc of capacity planned before the crisis hit.

Mr Lundgren said: "When quarantines are being introduced – and the confusion around some of these measures – people have just not booked. They cannot plan. There is a huge amount of uncertainty."

EasyJet expects to run just a quarter of normal flights over the next three months as fears of a second wave and ongoing travel restrictions stymie demand. The carrier has taken advantage of government support during the pandemic, which at its worst grounded all but a handful of flights across the industry. It has tapped shareholders and lenders for additional investment and cut more than 4,000 jobs to preserve cash. But although easyJet has £2.3bn in the bank, the Luton-based airline continues to burn through around £700m each quarter.

Mr Lundgren has written to ministers warning that he may need to make

a request for state aid if the crisis continues to keep flights grounded. EasyJet's appeal for taxpayer support, first reported by Sky News, could yet fall on deaf ears with the Chancellor under pressure from his backbench to rein in his public spending.

Rishi Sunak has previously warned bespoke support will only be considered "as a last resort, having exhausted other options". EasyJet's "self-help" measures, which include redundancies equivalent to 30pc of its workforce and shutting bases, helped slash annual costs by 36pc.

It tapped the Treasury's Covid Corporate Financing Facility for £600m and shareholders for £450m through a rights issue.

The airline also raised more than £600m through the sale and leaseback of its aircraft, and hinted that more cash could be raised against the half of its fleet that it still owns outright.



Johan Lundgren, chief executive, said the airline has been brought to its knees by the changes in quarantine rules