

EasyJet calls for urgent state support as it warns of first ever loss

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EasyJet has demanded a bespoke support package for the airline industry, warning it is expecting to slump more than £800m into the red this year, its first annual loss in its 25-year history. The airline said it expected to make a pre-tax loss of £815m-£845m for the year to 30 September 2020.

Johan Lundgren, its CEO, said aviation faced the “most severe threat in its history”, adding: “The UK government urgently needs to step up with a bespoke package of measures to ensure airlines are able to support economic recovery when it comes.”

EasyJet said it carried more than 9 million passengers from July to September, equivalent to 38% of capacity planned before the pandemic. It burned through almost £700m in cash during that period. The company said it was focusing on profitable flying during the winter season, operating just a quarter of its usual schedule.

EasyJet has raised more than £2.4bn since the start of the pandemic, including a £600m loan from the Treasury and Bank of England’s emergency coronavirus fund, which it secured in April. It has described itself as well-positioned to weather the current

environment and for its business to recover once travel restrictions are eased. However, it has signalled it may need further financial support if flying continues to be disrupted.

It said it reviewed its liquidity position on a regular basis and would “continue to assess further funding opportunities, including sale and lease-backs, should the need arise”.

“At the beginning of this year, no one could have imagined the impact the pandemic has had on the industry,” Lundgren said. “EasyJet came into this crisis in a very strong position thanks to its strong balance sheet and consistent profitability. This year will be the first time in its history that easyJet has ever made a full-year loss.”

The company plans to cut up to 30% of its workforce and close some of its UK bases, including at Stansted, Southend and Newcastle airports. It has previously called for measures such as the removal of air passenger duty for at least 12 months.

£845m

The extent of the pre-tax losses the airline said it could make in the year to 30 September 2020