

# Easyjet falls to £1bn loss after its worst year yet

Robert Lea Industrial Editor

Easyjet will report its worst financial performance in its 25-year history with the pandemic and subsequent travel restrictions in the aviation industry sending the short-haul European airline plunging to losses of at least £1.25 billion.

After the economic and industry dislocation due to the virus, the 48 million passengers that Easyjet carried in its financial year to the end of September were half the number handled in 2018-19, taking its traffic volumes back to

2010 levels. With no let-up in the crisis and infections spreading again across Europe, the airline said it would fly only 25 per cent of its schedule through to Christmas and the turn of the year. That is down from the 38 per cent capacity that it flew during the summer.

The airline confessed it had no idea what the outcome would be for the coming financial year except that shareholders, which include its founder Sir Stelios Haji-Ioannou and his family with a 33 per cent stake, would not be receiving dividends any time soon.

"This year will be the first time in its

history that Easyjet has ever made a full-year loss," Johan Lundgren, its chief executive, said.

"Aviation continues to face the most severe threat in its history and 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."

Sir Stelios, a big financial loser during the aviation crisis, did not spare the company's management further criticisms.

In a long-running row over the airline's commitment to buying billions of

pounds' worth of new aeroplanes from Airbus, Sir Stelios tried but failed to get four directors sacked from the board at an extraordinary general meeting of the company in the spring.

He said Easyjet's commitments to buying planes from Airbus would mean it would not be able to pay back £600 million of loans from the taxpayer next

spring when they become due.

Easyjet was already on the back foot after a tough winter reporting half-year losses, which included only the first month of lockdown, of £193 million.

With lockdowns grounding its fleet of 330 aircraft for three months and the subsequent stop-start reintroduction to flying as airlines and passengers battled with continent-wide confusion over quarantining and travel restrictions, Easyjet said its full-year losses

would come in at between £815 million and £845 million.

A further £440 million of losses covering currency hedging reverses, write-offs and writedowns, as well as the cost of laying off 4,500, or 30 per cent, of its workforce, will put the airline into the red by more than £1.25 billion.

Easyjet insists that it remains financially sound despite burning through cash at a rate of £700 million a quarter. It said that net debt was standing at £1.1

billion but it had access to £2.3 billion of cash after a shareholder fundraising in the summer, tapping the government for loans and furloughed worker support and the sale and leaseback of aircraft. It said it was reducing its flying schedule to minimise that cash-burn.

Mr Lundgren said there would still be an aviation industry after the pandemic. "At the beginning of this year, no one could have imagined the impact the pandemic has had on the industry. Easyjet has adapted and risen to the

challenges presented by the pandemic," he said.

He said it would "focus on profitable flying" over the winter season to minimise losses and cash-burn during the first half of 2021 but added that "we retain the flexibility to ramp up capacity quickly when we see demand return, and early booking levels for summer 2021 are in line with previous years".

Shares in Easyjet crashed by about 70 per cent at the onset of the pandemic and have been bumping along at eight-

year lows since. Yesterday the stock rose 11¾p, or 2.3 per cent, to 535¼p.

Trade unions and in-

solveny experts said the government must begin to heed pleas from the industry for aid.

Julie Palmer, partner at the restructuring firm Begbies Traynor, said: "Easyjet has taken a smart de-

cision and is focusing on its most profitable routes during the winter season.

"However, government intervention has been limited and it needs to step up and offer more aid for this sector, not only to protect thousands of jobs, but also our ability to do business internationally post the pandemic."

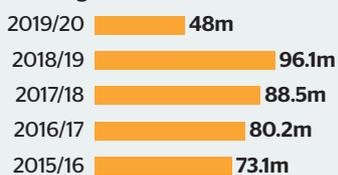


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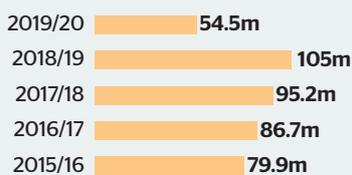


### Gloomy skies

#### Passengers



#### Seats



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Easyjet said it would be focusing on

“profitable flying” over the coming winter after a year in which its fleet of 330 aircraft was grounded for three months