

## Ben Marlow



# EasyJet losses bring vaccine optimists down to earth

The euphoria among investors in recent days only disguises the fact recovering from Covid will be a long journey for travel industry

It's a close contest as to what would be the worst job right now. Being Prime Minister doesn't look much fun; you can see it in every line on Boris Johnson's hangdog face.

On main street, take your pick: NHS worker, publican, hotelier. But running an airline must be right up there. So spare a thought for easyJet boss Johan Lundgren as he tries desperately to search for reasons to be upbeat after the airline swung to a thumping £1.3bn annual loss from a £430m profit. Before this, the company had posted a profit every year since it was founded in 1995.

This was a set of results that any optimist would struggle to put a positive slant on: passenger numbers and turnover both halved to 48.1m and £3bn respectively; and the dividend was scrapped too, capping off a miserable year for investors after the share price halved from more than £14 to less than £8.

The good news is easyJet will emerge from the crisis a more nimble beast, with the workforce nearly a third smaller, a detail buried on page 9 of the annual report and unlikely to be softened by the airline's boast that it was voted the 16th best place to work on jobs website Glassdoor.

Who cares if you're one of the unfortunate souls that has been shoved out the emergency exit, down the inflatable slide, and on to the tarmac?

Costs have been reined in elsewhere, and the balance sheet strengthened as it scrambled to

raise funds from lenders, shareholders, the Government, and by scaling back the fleet.

Lundgren is right to point to the £3.1bn that easyJet has squirrelled away to navigate through the pandemic. He says it gives the airline "an unparalleled foundation upon which to emerge strongly from the crisis", suggesting he doesn't expect to have to raise further funds.

But bragging of a strong balance sheet when cash burn was £651m in the final quarter is a bit like adopting the brace position as the plane nosedives into the ground.

Meanwhile, the Swede insists demand is strong. When quarantine restrictions on travel to the Canary Islands were lifted in October, demand spiked and within 24 hours, 180,000 seats had been provided.

But the outlook remains decidedly grim. The airline expects to fly no more than 20pc of its planned capacity between now and March, and before the first quarter of the financial year is even up, guidance for 2021 has been scrapped.

Brexit looms large too.

The company says UK shareholders and those outside the EU could be forced to sell their shares in a no-deal scenario, in order to get its



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ownership among EU nationals to the majority level required by Brussels. The only other prediction that easyJet is able to make is that it will be 2023 before ticket sales reach 2019 levels, which will be of little reassurance to investors.

After the vaccine euphoria of recent days, the airline's plight provides a shot of realism and a reminder this crisis won't be over any time soon.

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