

# EasyJet owes flights to 5m passengers as it posts £1.3bn loss

By Oliver Gill

**EASYJET** still owes flights to up to five million passengers who could redeem their vouchers in a summer rush once a Covid-19 vaccine is rolled out, deepening the airline's financial woes.

The FTSE 250 operator plunged into the red for the first time in the year to September, with a £1.3bn annual pre-tax loss. A successful vaccination programme would boost airlines in 2021. However, **easyJet** may need to provide millions of flights that will not deliver extra revenues.

The Luton-based carrier said it had paid £863m in refunds between March and September to customers whose trips had been cancelled because of the pandemic. Some £250m of credit vouchers had been issued. With **easyJet's** average ticket price at £50, this means around five million passengers will fly effectively for "free" on vouchers - these vouchers will be valid for up to two years.

However, chief executive Johan Lundgren insisted **easyJet** would need to fly fewer voucher-carrying passengers than its peers because of the number of refunds it had processed.

Mr Lundgren also remained cautious despite a surge in bookings following the announcement of a potential vaccine last week. "We don't know the extent of this crisis; we don't know how long it will go on," he said.

The airline's auditors raised "an emphasis of matter in relation to the going concern material uncertainty". Mr Lundgren said **easyJet** had raised

£3.1bn of emergency funds to navigate the crisis and had £2.3bn in the bank shortly after the September year end.

"We will make sure that we will have cash available at any given point in time.

"**EasyJet** has not only withstood the pandemic, but now has an unparalleled foundation upon which to emerge strongly from the crisis," he said.

Dan Thomas, senior analyst at Third Bridge, said that even if a vaccine is widely available over the winter, pressure will remain on the industry.

"When travel corridors do begin to reopen, profitability is likely to remain depressed as multiple carriers look to redeploy across a smaller number of potential routes and discount fares are offered," he said.

Mr Lundgren said **easyJet** remains in talks with the Government "on a daily basis" over assistance from the state. Key asks include a temporary suspension of air passenger duty and a testing regime to mitigate travel restrictions.

Rishi Sunak, the Chancellor, has warned airlines they will only receive bespoke support from taxpayers once all other options have been exhausted.

The **easyJet** boss questioned this logic. He said: "If you are the Government, and you are telling me that you are going to come to me in the last resort. Then I would come to you in the shape of Flybe, in the shape of Thomas Cook. The Government will then say: 'That looks too risky for me, you are too much in debt and you are not going to get yourself out of this one.'"

Separately, British Airways' owner

IAG is said to have slashed what it will pay for Spanish budget carrier Air Europa. IAG previously announced a price of almost €1bn (£900m). According to *El Confidencial*, this has been chipped to between €300m and €400m.

