

# EasyJet falls to loss of £1.3bn but bookings rise on news of vaccines

**Julia Kollewe  
Gwyn Topham**

EasyJet has slumped to a £1.3bn full-year loss, the first in its 25-year history, but said bookings had been boosted by positive news on Covid-19 vaccines.

Johan Lundgren, the airline's chief executive, said sales had surged by 50% last week compared with the week before, after the US drugmaker Pfizer and the German biotech firm BioNTech announced their coronavirus vaccine.

The airline has cut back to about 20% of its planned winter schedule after further travel restrictions were imposed by the UK government and other countries this month.

However, Lundgren said: "We know when the recovery comes it will be strong. The longer travel restrictions are in place, it actually increases pent-up demand."

Airline stocks rose sharply last week on news of the Pfizer vaccine, which was followed by a second from Moderna, raising hopes that more than 1 billion people could be immunised against coronavirus in 2021. Lundgren has written to Boris Johnson to offer the airline's support for the rollout of vaccines.

"Momentum has continued this week, as people have more confidence making travel plans," Lundgren said. "Clearly the news about the vaccine is good news but the industry is still very much in difficulty."

However, he said EasyJet was well positioned for next summer. Holiday bookings for next summer are signif-

icantly ahead of those at the same point in previous years, EasyJet said - if largely boosted by the many customers who had rebooked using vouchers from cancelled flights in 2020.

The short-haul and leisure routes that make up the airline's network are widely expected to recover more quickly than long-haul and business trips, Lundgren said, with pent-up demand evidenced in the response to the UK lifting quarantine for the Canary Islands in late October, when sales jumped 900% over the following five days and EasyJet added 180,000 seats. EasyJet will be opening seasonal bases in Málaga and Faro next summer, although Lundgren said he did not share the view of EasyJet's rival Ryanair that travel would bounce back to pre-pandemic levels before 2023.

Airlines are pinning hopes on a swifter restart - before a vaccine - on possible airport testing, which could also cut the present UK quarantine period. The transport secretary, Grant Shapps, has said that a "test and release system" should be in place by 1 December, potentially cutting the 14-day quarantine period to less than a week.

Lundgren said it remained "a big obstacle", adding: "If you can get that down to five days that would make a big, big difference."

EasyJet tumbled deep into the red with a pre-tax loss of £1.27bn in the year to 30 September against a profit of £430m the year before. This includes a £311m charge related to fuel and other items as a result of the sharp drop in flying and £123m for redundancy costs.

The airline flew 48.1 million passengers in the year, about half the figure for the previous year, which meant revenues more than halved to £3bn.

EasyJet has raised £3.1bn of cash since April through measures such as the sale and leaseback of 53 aircraft and delaying the delivery of 24 new planes. It is also cutting staff numbers by up to 30%, resulting in 4,500 redundancies.

EasyJet has closed its bases in Southend, Stansted and Newcastle, although it still uses Stansted and Newcastle for inbound flights. It has been criticised for pushing flight vouchers over cash refunds for cancelled flights, but Lundgren said the airline had paid out £863m in refunds up until 30 September, and customers were now repaid on average within 25 days.



▲ EasyJet thinks leisure routes and short-haul will recover more quickly

