

EasyJet declares aviation recovery 'under way' as it forecasts £1bn loss

Bookings jumped after UK government eased travel restrictions last month

By Philip Georgiadis OCTOBER 12 2021

EasyJet declared the recovery in aviation "is under way" as it forecast its second consecutive £1bn annual loss.

The British low-cost airline on Tuesday said there had been strong demand for flying since the UK relaxed strict travel rules last month.

The recovery is a big relief for the carrier after it predicted a loss of between £1.135bn and £1.175bn for its financial year ending in September, its second on record after losing more than £1bn in 2020.

EasyJet plans to fly 70 per cent of its 2019 levels in the final quarter of the year, up from the 60 per cent it had previously forecast as demand for winter sun destinations helped it add 100,000 seats to its schedules.

"It is clear the recovery is under way and easyJet is trying to seize opportunities as we emerge from the pandemic," said chief executive Johan Lundgren, pointing to signs of the return of business travel and overall bookings for the next six months that have been running at double the level of last year.

"We have seen city breaks beginning to return alongside growing demand for leisure travel from customers looking for flights and holidays to popular winter sun destinations," he added.

Alex Irving, an aviation analyst at Bernstein, said the increased capacity forecast "bodes well for the winter season".

The Luton-based airline had rejected a takeover approach from Hungarian rival Wizz Air, the first sign of potential consolidation in an industry that has been rocked by the pandemic and travel restrictions.

The airline last month launched a £1.2bn rights issue to strengthen its finances, which was larger than some shareholders and analysts had expected.

Lundgren said this would allow the airline to take advantage of “strategic investment and growth opportunities” during the recovery.

While he said easyJet would always look carefully at the merits of any future dealmaking, he said his focus would be on picking up new slots at large airports across Europe as weaker rivals retreat.

The airline reported positive quarterly operating cash flow over the summer for the first time since the crisis began, thanks largely to bookings from continental Europe.

Most of easyJet’s business is focused on the UK market, where restrictions have been tighter than in Europe for much of the year.

The airline flew 17.3m seats between July and September, 58 per cent of normal levels.

UK international travel ran at just 32 per cent of normal levels over the summer, while continental European and domestic UK trips were at a far healthier 77 per cent.

The rights issue has allowed easyJet to significantly strengthen its balance sheet, and at the end of September the airline had unrestricted access to £4.4bn of liquidity and £900m in net debt.