EasyJet set to fly into winter with £1bn losses

Robert Lea Industrial Editor

EasyJet has plunged to its second consecutive year of posting billion-plus losses and will go into winter flying at just 70 per cent of its normal capacity as it recovers from the pandemic by minimising the number of loss-making services it flies.

The short-haul European carrier, a big player at British airports such as Gatwick, Manchester and Luton, is experiencing a pick-up in passenger demand to winter sunspots such as the Canaries — capacity is up 140 per cent for half term. It also claimed that there has been a return of appetite for city breaks and of business passengers.

However, the scale of its losses and uncertainty over how the recovery and full ending of travel restrictions from Covid-19 will progress once more weighed heavily on the shares.

The stock fell 3.5 per cent, close to a 12-month low, down 22½p to 625½p. That puts the shares at a discount to their theoretical 638p value after the recent £1.2 billion issue of new shares to shore up the balance sheet. The 638p is calculated by blending the rights issue price of 410p with the price at which the existing shares were trading.

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In its last pre-pandemic year, the airline flew 96 million passengers and made £430 million profit. That was halved to 48 million passengers in 2019-20 and in its most recent financial year it more than halved again to 20 million passengers.

Of those, 13 million flew in the July-September trading quarter as easyJet took its flying schedule back to 58 per cent of normal levels.

However, its passenger numbers were skewed by the travel restrictions to and from the UK, the tightest protocols in Europe. On intra-European routes easyJet flew 77 per cent of its normal services, while the schedule for international flights in and out of the UK was just 32 per cent.

Johan Lundgren, easyJet’s chief executive, said the airline would fly 70 per cent of its normal capacity in the October-December trading quarter across its network.

“We have reduced our losses quarter by quarter and will remain disciplined on capacity,” he said.

20m

Number of easyJet passengers in the latest financial year, down from 96 million pre-pandemic

Of the chances of returning to normality by next summer season — traditionally the industry’s most lucrative period — Lundgren said: “It is too early to say. We have always talked about being fully back in 2023. It depends on travel restrictions. But it [easyJet’s capacity] will grow into 2022.”

He said a litmus test this winter for the strength of the recovery and of the reaction to the government ending its Covid testing regime would be the scale of demand from Britons for ski season routes. He added that easyJet has picked up take-off and landing slots at Porto in northern Portugal and is chasing opportunities at other airports around Europe vacated by other carriers. “We want to capture demand when it comes,” Lundgren said.