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Easyjet losses swell as variant fuels worries

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EASYJET said yesterday that its losses have jumped to more than £1.1bn, as the airline's bookings face the repercussions of concerns over the Omicron Covid variant.

In the year ending 30 September, the carrier registered a 52 per cent drop in revenue, decreasing to £1.4bn. Due to travel restrictions and lockdowns implemented all across Europe, capacity decreased to 28.2m seats, while passenger and ancillary revenue went down to £1bn and £458m respectively.

While stressing it is "too soon to say" what the exact impact of the new variant will be, the airline remained positive as it retained £4.4bn of liquidity.

"Easyjet is moving through the pandemic with renewed strength having transformed the business by optimising our network and flexibility, delivering significant cost savings while also step-changing ancillary revenue," said Easyjet chief Johan Lundgren.

As capacity for next summer is already ahead of 2019 levels, the company has expanded its fleet by 25 aircraft, adding slots in hubs such as London Gatwick and Milan Linate.

"These initiatives, alongside our strong, investment grade balance sheet, provide Easyjet with renewed strength to manage any further Covid related travel disruptions, as well as a platform to fast track our growth and deliver strong shareholders results," Lundgren added.

Easyjet added it continued to see "good levels of new bookings", with the company expecting "a return to near pre-pandemic levels of capacity" in the fourth quarter of 2021/2022.

Uncertainties, such as the impact of the Omicron variant on air travel, did not hinder Easyjet's confidence in its ability to weather the latest Covid storm. "In summary, we remain mindful that many uncertainties remain as we navigate the winter, but we see a unique opportunity for Easyjet to win customers and take market share from rivals in this period," he added.

Analysts agreed with Lundgren's comments and highlighted Easyjet's position in the market, which is stronger compared with rivals.

"Having raised equity earlier in the year, the airline is sitting on ample liquidity to see it through oncoming headwinds, while it has also used the pandemic to make a difference to its cost base and operations," said Brewin Dolphin's senior investment manager John Moore.

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