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Omicron already hitting bookings, says easyJet after £1.1 billion loss

TRANSPORT

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EASYJET plunged to its second billion-pound loss in two years today and warned that Omicron is already hitting bookings as consumers take fright.

Like all airlines, the low-cost carrier has endured a brutal time during the pandemic but had hoped it was through the worst until the emergence of the latest Covid variant.

It made a loss of £1.13 billion for the year to September, a fall that while spectacular, was somewhat better than the City feared. Revenue is down 52% to £1.45 billion.

These results follow a £1.27 billion loss in 2020.

Airline shares tumbled again today. BA owner IAG fell 4p to 118p, while **easyJet** fell 10p to 493p. Hotel and leisure shares were also hit.

EasyJet says bookings for the first half of next year are ahead of where they were before Covid emerged.

But it admits that “many uncertainties remain” and that it is impossible to say what impact Omicron will have on European travel. There has already been a “softening” in demand for air travel since the weekend and it has cut some flights in anticipation of further trouble.

CEO Johan Lundgren said he backs the re-introduction of the travel “red list” but doubts the use of PCR tests.

“It’s not obvious to me that if you’re travelling in from a country... that doesn’t have any reported cases of the Omicron, that you should assume that you should have to take an expensive PCR test,” he said.

Sophie Lund-Yates of Hargreaves Lansdown said: “Airlines can’t seem to catch a break. News of new Covid variants, and the potential for further travel restrictions, makes it incredibly difficult to predict trading patterns from here.”

“There is no getting away from the fact [**easyJet** has] further to climb and the coming months will be patchy at best.”

EasyJet did a £1.2 billion rights issue in September to bolster its finances.

Stephen Hester, who starts as chairman tomorrow, said: “We are very conscious that shareholders of all airlines have had a rough ride during the Covid pandemic and we will be straining every sinew to create real shareholder bounce back in coming years and to take the company beyond its previous peaks of performance.”

“I was involved in and very supportive of the September rights issue and plans to capture opportunities going forward. The current market turbulence illustrates the value of a strong balance sheet for both capturing upside and defending downside risk.”

Some City analysts fear **easyJet**’s market position no longer looks so solid, being caught between aggressive low cost rivals such as Ryanair and higher-end players such as BA.

One such rival, Wizz Air made a cheeky takeover bid in September. **EasyJet** rejected an offer it called “low premium and highly conditional”.

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Johan Lundgren, **easyJet** CEO

