Carrier needs share price to take off

How wrong you can be.

EasyJet’s spent years dealing with the human volcano Sir Stelios Haji-Ioannou. So you’d have thought it would have been better prepared than its rivals for something as relatively predictable as a global pandemic.

Sadly not. Shares in its lower-cost rivals Ryanair and Wizz Air are roughly the same or better than January 2020. EasyJet’s? Down from about £12 to 496½p, dropping 1 per cent more on the full-year figures. That’s clear, too, from flight patterns in the summer quarter to September. EasyJet flew 58 per cent of pre-Covid capacity but only 32 per cent on UK international travel, with the Brits lagging behind EU flyers.

New variants aside, traffic should come back, with easyJet targeting near-pre-Covid capacity by next summer. And, on top, Lundgren has pushed through a “ruthless reallocation” of the fleet, with 43 of its 308 aircraft moved to bases bringing higher returns. More will fly from Lisbon, Porto and Gatwick, where the airline’s leasing extra slots from BA, while bases at Stansted, Southend and Newcastle have been shut and planes at Berlin halved.

Add £4.4 billion liquidity and he reckons easyJet can ride out new variants and grab market share, even if Omicron has seen some “softening” in bookings, with the group giving no financial guidance.

And not only is there pent-up demand to fly from easyJet’s primary airports, he says, but “passenger satisfaction scores are higher than before the pandemic”. To boot, the rights issue diluted Stelios from 25.3 per cent to 15.2 per cent, where his eruptions will have less impact. Ask Lundgren if the founder’s histrionics over fleet expansion put off investors and he says: “I don’t know. But we always said it’s not a constructive way to engage.” So, despite Omicron, maybe things are looking up for a carrier trading on ten times 2023 earnings, on Davy forecasts. Still, getting the share price airborne is the only way to prove it.