Source: The Times {Main}
Edition:
Country: UK
Date: Wednesday 1, December 2021
Page: 42
Area: 391 sq. cm
Circulation: ABC 365880 Daily
Ad data: page rate £16,645.00, scc rate £75.00
Phone: 020 7782 5000
Keyword: Easyjet

EasyJet tries to look past the pandemic turbulence

Robert Lea Industrial Editor

EasyJet is urging investors to discount the immediate uncertainties around the emergence of the Omicron Covid-19 variant and, despite yesterday reporting a second year of £1 billion losses, to believe that by next summer the airline will be close to its pre-pandemic levels.

It will do that by doubling-down on its dominant position at Gatwick airport, betting on a "significant bounce" in UK flying next year.

It also hopes to cash in further on such a recovery by carving out more money from its passengers with the introduction of "dynamic pricing" on its baggage fees. This means that easyJet customers can expect to pay more to take luggage, depending on the time of day and the popularity of the route.

With the aviation industry plagued by travel restrictions, which have been tightened because of the new coronavirus variant, easyJet said that its recovery plans for this winter would be conservative.

Taking the decision to focus over the winter on the routes, locations and cities on which it thinks it can fly fuller aircraft and make a profit, it said that it expected to be operating at 65 per cent of 2019 levels in the Christmas trading quarter and at 70 per cent of capacity in the January-to-March period. While it said that summer bookings were higher than for comparable pre-pandemic times, it declined to make any financial promises to shareholders for the financial year through to the end of next September.

"At this stage, given the continued level of short-term uncertainty, it would not be appropriate to provide any further financial guidance for the 2022 financial year," it said. "Customers are booking closer to departure and visibility remains limited."

EasyJet is Europe's second largest short-haul airline after Ryanair, flying more than 300 aircraft. It is the largest operator at Gatwick and has sizeable positions at Manchester and Luton airports.

The company has been abandoned by investors during the pandemic, with its shares among the worst performers on the stock market. With travel stocks taking a battering again because of the emergence of Omicron, shares in easyJet have fallen close to nine-year lows, dipping a further 6¼p, or 1.2 per cent, to 496½p last night. That compares with the rebased 638p value of the shares after a £1.2 billion rights issue in September. Before the pandemic, the shares were changing hands above the equivalent of £14 a share.

For the year to the end of September, easyJet's posted a pre-tax loss of £1.04 billion, on top of the £1.27 billion reported for the previous 12 months.

In the year to the end of September 2020, after six months of Covid groundings and travel restrictions, annual passenger numbers had nearly halved to 55 million. Twelve months on, beleaguered by further lockdowns and the expense and hassle of Covid testing, passenger numbers nearly halved again to 28 million.

Johan Lundgren, easyJet's chief executive, said that its fundraising and a £500 million cost-cutting programme meant the airline had "renewed strength to manage any further Covid-related travel disruptions".

With the caveat that no one yet knows the impact "Omicron may have on European travel and further short-term restrictions that may result", Lundgren, 55, said that easyJet was in a strong position to take advantage of gaps in the market as large airlines focus on recovery in the long-haul market and retrench their short-haul operations.

"We have seen an encouraging start to this year, with strong demand returning for peak winter holiday periods coupled with increasing summer demand, with capacity expected to be close to 2019 levels," Lundgren said.

Behind the story

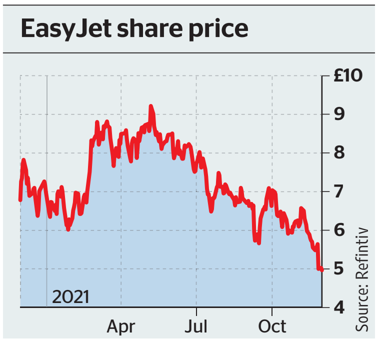
As the clouds of the viral variant of Covid continue to throw a cloak of uncertainty over the aviation industry, easyJet has taken a hefty guess on which way the wind will be blowing when the skies clear (Robert Lea writes). Strategically, it amounts to quite a bit more UK and a little less Germany.

EasyJet is to lease take-off and landing slots at Gatwick from British Airways for an undefined length of time and for an undisclosed amount of money. It means that easyJet, with 79 aircraft at the airport, will account for more than half of all flights in and out of London's second hub from next summer. It also means that BA, hitherto Gatwick's second largest operator, will be maintaining a far smaller fleet when it resumes flying there.

The budget carrier is cementing its Gatwick dominance by snapping up slots that otherwise could get into the hands of Wizz Air, which has the capacity to be a much more aggressive competitor.

Meanwhile, easyJet has disclosed that it is to halve the size of its operations in Berlin, where it has been operating 34 aircraft. That is a belated admission that, exacerbated by the pandemic, it has failed to crack the German market and that the acquisition of the bust Air Berlin four years ago has been an expansive mistake.

Source: The Times {Main}
Edition:
Country: UK
Date: Wednesday 1, December 2021
Page: 42
Area: 391 sq. cm
Circulation: ABC 365880 Daily
Ad data: page rate £16,645.00, scc rate £75.00
Phone: 020 7782 5000
Keyword: Easyjet



The low-cost airline expects to be back to pre-pandemic levels by next summer