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EasyJet's shares climb 10% with airline set to get back into black

AVIATION

Simon English

EASYJET shares jumped 10% today after the budget airline forecast a return to profit as customers set aside cost-of-living pressures and book foreign holidays at record levels.

The company recorded losses of more than £1 billion in 2020 and 2021 as Covid restrictions devastated airlines.

Today it said it should return to profit this year and that the number of planes in the air should reach pre-pandemic levels by the summer.

That's the latest sign the UK consumer may be feeling more confident than gloomy economic forecasts suggest.

The shares rose 48p to 516p.

In particular, the City was pleased that **easyJet** Holidays, a recent launch, is paying off with profits of £31 million compared with a £1 million last year.

Chief executive Johan Lundgren said Britons are making holiday spending a priority with "strong and sustained" demand for travel.

This month saw three record-breaking weekends for sales. **EasyJet** filled five airlines every minute during peak hours and thinks the summer will be strong.

In the last three months **easyJet** made a loss of £133 million.

Those losses are much better than the £213 million incurred last time — the travel trade generally loses money in the winter months.

Passenger numbers are up 47% on a year ago. A fall in fuel costs has helped keep the price of flights lower.

Lundgren said: "Customers are look-

ing for value, which **easyJet** can provide." More than half of its flights are on sale.

The company is "firmly on the path" to a full-year profit that should be well ahead of City forecasts of £126 million.

Dimitris Hiotis at global consultancy Simon-Kucher & Partners said: "Despite the economic concerns and the cost of living crisis, holidays seem to be holding on in terms of demand, as people are not yet ready to ditch their summer holiday for 2023; that can only be encouraging news for **easyjet** and the wider sector."

Michael O'Leary, boss of arch rival Ryanair, has said WizzAir and **easyJet** would have to merge to survive. Wizz Air did indeed launch an audacious, if speculative bid, which **easyJet** dismissed.

Lundgren said today he was "never a big believer than we will see big M&A transactions" in the sector.

Sophie Lund-Yates at Hargreaves Lansdown said: "**EasyJet** has shown how a post-pandemic recovery is done. Its superior proposition means its planes are at the right airports, with the right routes, to capture demand as holiday-makers return to the skies in force. Offering a better service also feeds into **easyJet's** astounding ability to sell extras to existing customers. Ancillary revenue, like extra legroom, food and baggage is rising and now makes up 28% of overall revenue. These add-ons are highly lucrative and suggest holiday makers are going all-out after years of disrupted travel."

Last week Ryanair also said it had seen record bookings of late.

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