

EasyJet forecasts return to profit as travel industry weathers economic downturn on twitter

By Philip Georgiadis in London JANUARY 25 2023

Shares in easyJet surged 10 per cent to 513.44p in early morning trading on Wednesday in London following the forecast as the low-cost airline said customers appeared to be “prioritising spending on holidays”. It also reported three record-breaking weekends for sales revenue this month.

The airline plans to expand its flight schedules progressively into the summer, and to return to pre-pandemic flying levels by the peak summer months between July and September.

Johan Lundgren, easyJet’s chief executive, said he was surprised by the resilience of consumer demand, but that people were prioritising destinations that offered value for money, including Turkey and Egypt. He said this pent up demand would put the airline “firmly on the path to delivering a full-year profit”, and forecast the carrier would beat current market expectations.

Lundgren added that the airline was selling enough seats to fill five aircraft every minute during the busiest periods of its recent winter sale. The jump in easyJet’s shares took gains this year to more than 50 per cent as investors welcomed growing signs that demand for travel was withstanding the economic uncertainty.

Other airlines also enjoyed rises in shares, with low-cost rival Wizz Air’s stock increasing 7 per cent, while British Airways owner International Airlines Group gained 3 per cent and Ryanair climbed 2 per cent.

Alex Irving, an aviation analyst at Bernstein, said easyJet had offered an “optimistic” start to results season and expected it to be “the first of several strong prints”. Ryanair last week announced record bookings at the start of the year, and said there were “no signs” of a slowdown in consumer spending. The low-cost airline reports results next week.

“We expect the results season to reinforce recent messages from companies that record bookings are being taken in an environment of rising prices,” said analysts at Goodbody. “As such, we think market forecasts are likely to be raised for this year and next.” The forecasts for a strong summer came as easyJet reported a pre-tax loss of £133mn for the final three months of the year, down from £213mn lost the previous year.

Lundgren put the improved year-on-year performance down to the resilience of demand for flying and strong revenue from extras such as charging for hand luggage, which was offset by higher fuel costs.

easyJet flew 20.2mn seats in the quarter, up from 15.5mn seats one year earlier. Revenue rose 83 per cent to £1.47bn. The airline forecast that the loss in its fiscal first half, which runs between October and March, would be “significantly better” than the year before, when the airline reported a pre-tax loss of £557mn as the coronavirus pandemic continued to weigh down on demand for travel.