

Trading update for three months ended 30 June 2022

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easyJet plc Trading statement for the three months ended 30 June 2022

easyJet's key areas of transformation continue to deliver, with Q3 financial performance improved despite costs from industry wide operational issues

- **Q3 group headline loss before tax of £114m, included:**
 - £133m cost impact from disruption
 - £36m loss from FX balance sheet revaluations
- **Q3 headline EBITDAR profit of £103m (Q3 FY19: £313m)**
- **easyJet's transformation continues to deliver**
 - Network optimisation driving positive demand with Q4 load factors booked slightly ahead of FY19
 - Step-changed ancillaries continuing to deliver with Q3 ancillary yield 55% above FY19
 - easyJet holidays generated £16m profit in the quarter
- **easyJet is currently c.83% hedged for fuel in Q4 at c.US\$705 per metric tonne**

Summary

In Q3 easyJet flew 22m passengers¹, more than seven times higher than the same period last year, representing 87% of FY19 capacity. Load factors continued to build over the quarter, reaching highs of 92% in June. The unprecedented ramp up across the aviation industry, coupled with a tight labour market, has resulted in widespread operational challenges culminating in higher levels of cancellations than normal. Despite this, easyJet operated 95% of its planned schedule in Q3.

Action taken to remove capacity and build resilience into Q4, due to caps imposed by London Gatwick and Amsterdam Schiphol alongside wider challenges within Europe has resulted in July operations to date being much improved. easyJet remains focused on ensuring smooth operations this summer and will continue to fine tune our schedule if required.

Airline ancillary yield per passenger of £22.07 continues to outperform pre pandemic levels, up 55% on the same period in 2019. easyJet holidays generated £16m of profit in the quarter as it carried 0.4 million customers, passing its previous highest profit of £10m⁴ in a full year. The holidays business remains on track to carry 1.1m passengers in the full year.

Bookings have built through the quarter as demand for easyJet's leading network remains solid. Q4 is currently 71% booked, load factor slightly ahead of 2019 and sold ticket yield is 13% above FY19.

easyJet is seeing yields track positively through the first half of FY23, with October half-term currently booked in line with FY19 on capacity at 95% of FY19 levels.

Commenting, Johan Lundgren, easyJet Chief Executive said:

"Delivering for customers this summer remains our highest priority. During the quarter we carried seven times more customers than the same time last year and operated 95% of our schedule. We have taken action to build the additional resilience needed this summer and the operation has now normalised.

"Despite the loss this quarter due to the short-term disruption issues, the return to flying at scale has demonstrated that the strategic initiatives launched during the pandemic are delivering now and with more to come. This includes a step-change in ancillary yields, increasing 55% versus the same period in 2019, and a record profit of £16m generated in the quarter by easyJet holidays which is on track to serve 1.1 million customers in the full year.

"easyJet expects capacity to be c.90% of Q419 across our network of major European airports, with load factors targeted above 90%."

Capacity

During Q3 easyJet flew 87% of FY19 capacity², in line with the guidance and a significant increase on the same period last year where easyJet flew 16% of FY19 capacity. Load factor was 88%, as guided, due to increasing customer demand post travel restrictions easing.

Passenger¹ numbers in the quarter increased to 22.0 million (Q3 FY21: 3.0 million).

	April 2022	May 2022	June 2022	Q3 FY22	Q3 FY21
Number of flights	44,917	48,335	46,793	140,045	24,682
Passengers (thousand) ¹	6,932	7,424	7,645	22,001	2,985
Seats flown (thousand)	8,034	8,596	8,306	24,936	4,495
% of FY19 capacity flown	86%	88%	86%	87%	16%
Load factor ³	86%	86%	92%	88%	66%

Financials

Total group revenue for the quarter ending 30 June 2022 increased to £1,755 million (Q3 FY21: £213 million). Passenger revenue increased to £1,152 million (Q3 FY21: £152 million) and ancillary revenue increased to £603 million (Q3 FY21: £61 million) primarily due to the increase in capacity flown. Airline ancillary revenue per seat of £19.47 (Q3 FY21: £13.14) continues to benefit from cabin bags and bundles delivering incremental revenue.

Group headline costs for the quarter ending 30 June 2022 were £1,869 million (Q3 FY21: £531 million), primarily driven by the higher level of capacity flown compared to the same period last year as well as the operational challenges seen through the period which have resulted in £133m of disruption costs.

Group headline loss before tax for the quarter ending 30 June 2022 was £114 million, a £204 million improvement compared to the £318 million loss in Q3 FY21. Included in the headline loss was a £36 million loss from balance sheet FX revaluations.

easyJet continues to have a strong investment grade balance sheet and has one of the lowest net debts in European aviation. As at 30 June 2022, easyJet's net debt was £0.2 billion (31 March 2022: £0.6 billion) including cash and cash equivalents and money market deposits of £3.9 billion.

Disruption management and current operations

As previously disclosed, proactive action was taken to build in additional resilience including the consolidation of capacity in Q3 and Q4, in conjunction with other measures. Given easyJet's high frequency network, over 70% of affected customers were moved onto an alternate flight within 24 hours.

We believe that these capacity/cost impacts are a one-off this summer as we would expect all parties to build greater resilience in time for 2023 peak periods.

Slot addition

During the third quarter easyJet won 18 daily slots (9 slot pairs) at Lisbon airport, achieving growth in a highly slot constrained airport. These slots will result in easyJet becoming the second largest airline at the airport. The additional capacity enabled by the new slots will be deployed starting in October.

Approved aircraft purchase

After obtaining shareholder approval earlier this month, easyJet has agreed to purchase an additional 56 A320neo family aircraft for delivery between FY26 and FY29, as well as converting 18 planned deliveries of A320neo aircraft to 18 A321 neo aircraft. These aircraft will continue the modernisation of the easyJet fleet, delivering both cost and sustainability benefits to easyJet, as well as facilitating further up-gauging of the fleet.

Sustainability

easyJet has signed a Letter of Intent with Airbus to support the development of carbon removal technology and to explore the opportunity to secure a future supply of carbon removal credits from direct air capture technology.

In addition, easyJet and Rolls-Royce announced a ground-breaking new partnership to develop technology for hydrogen combustion engines with the potential to power narrow body aircraft. Both parties have agreed to work together on a series of engine tests on the ground starting later this year, and also have a shared ambition to take the technology to the air.

easyJet has committed to achieve net-zero carbon emissions by 2050 and we believe that zero carbon emission technology will ultimately enable us to achieve "net-zero" flying. easyJet remains committed to net zero and will announce its Net Zero Pathway later this year.

Outlook

easyJet currently expects capacity in Q4 to be c.90% of Q4'19 with load factors above 90%. easyJet's Q4 schedule is now 71% booked, 1ppt ahead of this point in FY19. Q4 sold ticket yield is currently 13% above FY19.

easyJet is currently c.83% hedged for fuel in Q4 of FY22 at c.\$705 per metric tonne, c. 60% hedged for fuel in H1 of FY23 at c. \$784 per metric tonne and c. 33% hedged for fuel in H2 of FY23 at c. \$879 per metric tonne. The spot price on 22 July 2022 was around \$1,090.

For further details please contact easyJet plc:

Institutional investors and analysts:

Michael Barker Investor Relations +44 (0) 7985 890 939

Adrian Talbot Investor Relations +44 (0) 7971 592 373

Media:

Anna Knowles Corporate Communications +44 (0) 7985 873 313

Edward Simpkins FGS Global +44 (0) 7947 740 551 / (0) 207 251 3801

A copy of this Trading Statement is available at <http://corporate.easyjet.com/investors>

Notes

1. Represents the number of earned seats flown. Earned seats include seats that are flown whether or not the passenger turns up as easyJet is a no-refund airline, and once a flight has departed a no-show customer is generally not entitled to change flights or seek a refund. Earned seats also include seats provided for promotional purposes and to staff for business travel.
2. Capacity based on actual number of seats flown.
3. Represents the number of passengers as a proportion of the number of seats available for passengers. No weighting of the load factor is carried out to recognise the effect of varying flight (or "sector") lengths.
4. easyJet holidays highest FY profit of £10m was in FY13 and includes hotel only commission, this was under the prior business model

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