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EasyJet bookings soar as boss says Britons 'will protect their holidays'

TRANSPORT

Simon English

EASYJET has soared back from Covid with a boom in bookings as Britons desperate to escape the misery of strikes and government austerity plot holidays abroad.

The budget airline lost more than £1 billion in 2020 and 2021 as the pandemic raged and flights were mostly banned but has reduced losses to £138 million in the year to September with a bumper fourth-quarter profit.

It is the third consecutive year in the red for the UK's biggest airline and there is once again no dividend.

But chief executive Johan Lundgren today said easyJet will benefit from the cost of living squeeze.

"EasyJet does well in tough times. Legacy carriers will struggle in this high-cost environment. Consumers will protect their holidays but look for value and across its primary airport network, easyJet will be the beneficiary as customers vote with their wallets," he said.

Revenue rose from £1.5 billion to £5.8 billion, still just below the £5.9 billion of 2018.

The airline says it is seeing strong growth at Gatwick while sales for peak weeks such as the October half-term and for Christmas are "back to normal" and Easter bookings look strong.

Research by easyJet shows that 64% of consumers plan to fly abroad next year. They will prioritise a holiday over other expenditure, with sales at peak periods expected to be particularly strong.

Lundgren said: "We just had a half-term in October that was strong, we see strong demand for Christmas, for New Year, for the ski season where easyJet is the largest airline in Europe to the ski markets." The research shows that people will cut back on eating out, new clothes and new cars to afford a holiday.

There is gossip in the industry that easyJet might fall to a bigger rival. Ryanair's Michael O'Leary has said WizzAir and easyJet must merge to avoid a takeover. Lundgren said: "There is a lot of nonsense speculation out there. I would ignore a lot of those rumours to be honest."

He added: "EasyJet goes into the 2023 financial year with one of the strongest balance sheets in European aviation." EasyJet shares are down 20% this year and today slipped 13p to 380p.

Staff shortage issues remain a problem. Airports and airlines have struggled to get enough staff to cope with returning demand leading to delays and travel chaos. Higher energy prices are also a factor, though easyJet hedges about 75% of its fuel costs.

Matt Britzman, Equity Analyst at Hargreaves Lansdown, said: "Bottom line profits remain a little out of reach for easyJet, who've seen a wave of headwinds over the year from Omicron early on, to airport disruptions and flight cancellations more recently. Rather than head for the emergency exit, easyJet's made the best of a bad year and full year results mask a positive fourth quarter, where on some profit measures easyJet posted record numbers."

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Johan Lundgren, easyJet CEO