

EasyJet enjoys 'record bounce back' as travellers return to skies

By Leke Oso Alabi and Robert Wright in London

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EasyJet experienced a surge in passenger demand over the summer as the low-cost airline narrowed its annual loss after enduring two years of Covid-19 related disruption. The carrier reported record earnings before interest, tax, depreciation, amortisation and restructuring costs (ebitdar) of £674mn in the three months to September 30 against £82mn in the same quarter a year earlier.

"EasyJet has achieved a record bounce back this summer with a performance which underlines that our transformation is delivering," Johan Lundgren, chief executive, said.

The summer recovery helped reduce pre-tax losses to £178mn for the 12 months to September 30, down from two consecutive years of losses of more than £1bn. However, Lundgren accepted that investors remained concerned about the outlook for easyJet and other airlines, with shares dropping 3.5 per cent to 379.40p by Tuesday afternoon. "It's clear that there's some uncertainty about cost and inflationary pressures in the whole sector and our ability to pass that on in prices," Lundgren said.

Like other airlines, easyJet has faced difficulty adjusting to the rapid recovery in demand between late 2021, when there were still concerns about Covid-19, and spring this year, when travel demand rebounded. The airline could not yet tell what travel demand there would be in the key European summer period of 2023, Lundgren said.

But appetite to travel had proved robust in recent peak periods, he added. "What we can say is that the past periods, whether it's October half-term, Christmas, New Year, Easter, that demand in those remained strong," he said. "We can see that people who plan to go on holiday, they are absolutely making sure that they're going to have attractive prices locked in at an early stage."

The company said it expected revenue per seat in its first quarter, from October to December, to be 20 per cent up on the same period in 2021. It also projected load factors, the proportion of available seats occupied, to be up 10 percentage points on the figure for the same quarter last year. The airline projected it would offer 38mn seats in the six months to March 31, a 25 per cent increase on the previous year. In the key April to September half-year, it predicted it would offer 56mn seats, 9 per cent up on the number offered in the six months to September this year.

During the year ending on September 30, easyJet revenues rose almost fourfold to £5.8bn as passenger numbers jumped from 20.4mn to 69.7mn. Load factor, a crucial element in airline profitability, rose 13 percentage points year on year to 85.5 per cent. The airline forecast that fuel prices in the first half of its 2023 financial year would rise by more than 50 per cent. However, it has bought hedges covering 74 per cent of its expected demand for fuel for the current half-year at an average of \$814 per metric tonne, well below the current market price of about \$1,000 per tonne.