

easyJet predicts record summer profits as travel boom continues

Low-cost airline says guidance dependent on navigating 'challenging conditions' caused by air traffic control disruption

By Philip Georgiadis in London JULY 20 2023

EasyJet has forecast record profits this summer thanks to high ticket prices and strong demand for travel, but warned its performance was dependent on negotiating "unprecedented" air traffic control disruption.

The low-cost airline on Thursday reported record pre-tax profits of £203mn for the three months to the end of June, up from a £114mn loss a year earlier.

EasyJet is the first major European airline to report this quarter, with carriers across the region expected to report strong earnings following a boom in demand for flying that has been virtually untouched by the weak economy. EasyJet said it expected to generate "another record" pre-tax profit in the current quarter ending in September, but cautioned that its guidance was subject to its operations navigating "challenging conditions" caused by "unprecedented" air traffic control disruption.

Last week easyJet announced plans to cancel 1,700 flights this summer — about 2 per cent of its overall schedule — because of air traffic control issues. The skies over Europe are congested because of the closure of around 20 per cent of the region's airspace following Russia's full-scale invasion of Ukraine, while the air traffic control industry has also seen some staff shortages and strikes.

"We are absolutely focused on mitigating the impact of the challenging external environment on our customers and flying them on their well-earned holidays," said chief executive Johan Lundgren.

Lundgren said he did not expect to be forced to cancel another wave of flights, unless the situation "deteriorated" further.

While air traffic delays are a concern, airlines and airports have largely fixed the staff shortages that caused sweeping disruption across Europe last year, and easyJet said it was "fully crewed".

Lundgren said the scorching heatwaves hitting large parts of Europe did "not seem to be a deterrent" to holidaymakers, and had not affected bookings.

"[Customers] have air conditioning and are by the pool, the UK forecast being quite unstable . . . is not unhelpful," he added.

Lundgren said he did not see recent extreme weather as a “wake-up call” to the polluting industry, pointing to long-running efforts to decarbonise aviation.

EasyJet’s strong third-quarter financial performance, which beat analysts’ expectations, was boosted by a 22 per cent rise in ticket yields year on year, as passengers continue to pay high fare prices despite the challenging economic backdrop.

The airline’s average revenue per seat rose to £90.49, including extras such as baggage or seat selection, up 22 per cent year-on-year and 36 per cent from 2019. Total revenue rose 34 per cent year on year to £2.4bn, while the airline’s cost per seat excluding fuel fell 2 per cent.

EasyJet added it had seen “good booking momentum” into the winter, a closely watched sign that the current demand for travel will last beyond this summer’s bounce back.

Analysts at Goodbody said they expected the positive signs around winter demand to “be taken well given recent concerns on the sustainability of consumer demand”.

EasyJet said it had also begun the process of securing new planes to replace some of its older aircraft, and was in talks with a number of manufacturers.

Shares fell 1 per cent in early trading, but have risen nearly 50 per cent so far this year as investors have welcomed booming demand for flying.