

Ryanair forecasts biggest ever loss on virus hit

February 1 2021, by Roland Jackson



Irish no-frills carrier Ryanair warns that it will suffer a record annual loss of almost 1.0 billion euros (\$1.2 billion)

Irish no-frills carrier Ryanair warned Monday that it will suffer a record annual loss of almost 1.0 billion euros (\$1.2 billion) as the coronavirus

pandemic ravages demand for air travel.

Ryanair forecast a net loss of between 850 million and 950 million euros in its current year to March despite the vaccines rollout.

"FY21 will continue to be the most challenging year in Ryanair's 35 year history," the company said in a statement, noting that Covid-19 was wreaking "havoc".

The gloomy prediction came as it also reported a net loss of 306 million euros for the three months to December.

The third quarter loss contrasted sharply with a net profit of 88 million euros a year earlier.

Third-quarter revenues nosedived 82 percent to 340 million euros as the [aviation industry](#) was slammed by tightening [travel restrictions](#) imposed to curb the spread of Covid-19 and its dangerous new variants.

"Covid-19 continues to wreak havoc across the industry," Ryanair said.

"Christmas and New Year traffic was severely impacted by UK travel bans imposed at short notice by many EU governments on December 19 and 20."

Passenger numbers tanked 78 percent in the quarter to just 8.1 million, compared with 35.9 million last time around.

The most recent lockdowns and restrictions were meanwhile predicted to slash annual traffic to between 26 million and 30 million passengers. That compared with prior guidance of up to 35 million.

Before the pandemic erupted, Ryanair had hoped to carry 155 million

passengers in the current fiscal year.

"The third quarter has obviously been heavily influenced by the continuing Covid travel restrictions," said Chief Executive Michael O'Leary in a video accompanying the earnings release.

"We had expected that things would continue to recover in Q3—but in the week before Christmas the emergence of the UK and South African variants led to further severe [travel](#) restrictions, particularly in flights to and from the UK, and that had an adverse impact on the Q3 numbers."

The coronavirus crisis has decimated demand for global [air travel](#) and sparked heavy losses, job cuts, bankruptcies and massive state rescue plans in the sector.

Ryanair said it expected to benefit from growth opportunities in the coming years opened up by the crisis, benefitting also from new Boeing 737 aircraft ordered in December.

"We expect intra-European capacity to be significantly reduced for the next few years, which will create growth opportunities for Ryanair to take advantage of recovery growth incentives," it said.

"As soon as the Covid-19 virus recedes... Ryanair and its partner airports will rapidly restore schedules, recover lost traffic, help the nations of Europe to reboot their tourism industry, and create jobs for young people across the cities and beaches of the EU.

"We take some comfort from the success of the UK vaccine programme which is on target to vaccinate almost 50 percent of the UK population by the end of March. The EU now needs to step up the slow pace of its rollout programme to match the UK's performance."

© 2021 AFP

Citation: Ryanair forecasts biggest ever loss on virus hit (2021, February 1) retrieved 23 April 2024 from <https://techxplore.com/news/2021-02-ryanair-biggest-loss-virus.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.