

Stelios stirs up turbulence

SHAREHOLDER democracy is as important now as at any other time. That is why Stelios Haji-loannou, as founder and biggest shareholder in Easyjet, deserves his day in the sun at the video general meeting summoned for Friday.

The Stelios liking for colourful language – labelling the airline’s top team, chairman John Barton and chief executive Johan Lundgren, as ‘scoundrels’ – has provided a respite from the relentless totting up of Covid-19 deaths and fiscal costs.

But the Easyjet imbroglio directly links into disease narratives. Airlines, airports and travel companies are mired in the front line against coronavirus.

The EU has parked its reservations about state aid to keep carriers such as Lufthansa, Air France-KLM and Anglo-German holiday giant Tui (owner of Thomson) in the air. EU states have spent up to £6bn on this



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exercise. In the US, all six major carriers received an 80pc bailout with smaller operators provided with access to 100pc of requested assistance.

Stelios argues that this is precisely the wrong moment for Easyjet to plan spending £4.5bn on 107 new Airbus planes, even though the order has been delayed and scaled back by Easyjet management.

One can understand his anxiety. Easyjet



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has been a gusher for him and his family, generating up to £620m in dividends over the years. Governance advisory groups (ISS, Glass Lewis and PIRC) have lined up on the side of the Easyjet board. Some 15pc of minority investors support the existing team, with Blackrock and M&G, holding a further 7.5pc stake, inclined to join.

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ET Stelios is almost certainly right. Committing to an expanded fleet when no one has any clarity on when the skies will clear is unfortunate. But abrogating signed contracts may be trickier than Stelios admits.

The aerospace sector is in deep trouble. Franco-German owned Airbus (in which the UK has a big interest) is seeking assistance. Britain's premier engineering company Rolls-Royce is facing severe problems as demand for its long-haul engines dissipates. Rolls shares (which I hold) have fallen catastrophically and not enjoyed the

bounce of other sectors of the FTSE100.

UK satellite champion Inmarsat, sold off to private equity firms Apax and Warburg Pincus last year, finds itself saddled with debt. Its promising product, the provision of inflight broadband services on civilian airlines, is grounded. It is another case of a stupefying private equity deal betraying the prospects of British technology.

The Easyjet row and Virgin Atlantic's search for a bailout has placed a laser focus on the airline industry. Branson has taken some steps towards self-help and new private equity investor helpers could be on the way. But the UK Shareholder Executive should grab a stake for the taxpayer.

The fate of our airlines impacts directly on aerospace, too much of which is now in the hands of financially-driven ownership.

Neglecting UK-based carriers in their hour of need would not only threaten Britain's role as a trade and services hub but could spill over into aerospace manufacturing and innovation.

Someone in Whitehall needs to get a grip.