

# easyJet appoints City veteran Stephen Hester as chair

By Philip Georgiadis and Jennifer Thompson

EasyJet has appointed Stephen Hester, one of the City of London's most experienced chief executives, as chair as it attempts to emerge from a brutal period for the airline industry. Turnround specialist Hester, a former chief executive of RSA Insurance, Royal Bank of Scotland and British Land, will succeed John Barton, chair of the carrier for almost nine years, on December 1. He will join the board as a non-executive director from next month.

Like the rest of the aviation industry, easyJet has struggled over the past 18 months as the coronavirus pandemic has plunged the sector into crisis with travel restrictions and reduced flights. The carrier, which has lost more than £2bn during the pandemic including suffering its first annual loss in its 25-year history in 2020, still only expects to fly about 60 per cent of its 2019 schedule between July and September.

With the traditionally lean winter period approaching, chief financial officer Kenton Jarvis has signalled the carrier may need a second capital raise to bolster its finances by the end of the year. But management has also used the crisis to transform the business through cost-cutting and efficiencies, introducing new ways of raising revenue including charging to use overhead luggage lockers.

Hester will also face the challenge of improving relations with founder and largest shareholder Sir Stelios Haji-loannou. Haji-loannou last year unsuccessfully tried to oust four directors,

including Barton and chief executive Johan Lundgren, after falling out with management over a multibillion-pound order for new Airbus aircraft. Haji-loannou declined to comment on Hester's appointment.

The company's shares, which have fallen about 45 per cent since last February, rose 1 per cent to 808p by late morning on Monday. Some investors are optimistic the worst might be over for airlines, despite the spread of the Delta coronavirus variant across many countries. Although the number of flights operating in Europe was about a third lower than before the pandemic in the second week of August, these are about the highest levels since the start of the crisis, according to data from Citigroup.

Hester said he was a "longstanding admirer" of easyJet and saw "many opportunities" for the business in the coming years. "I am convinced we can be winners in the European airline industry of the future, serving customers well and driving attractive shareholder value," he said.

Hester is no stranger to turnaround efforts, having led the restructuring of Royal Bank of Scotland between 2008 and 2013 following its near collapse and nationalisation during the financial crisis. He was then chief executive of RSA Insurance from 2014 until May this year, and is also a senior independent director at energy group Centrica. Hester faced another repair job when he joined RSA soon after a £200m black hole was discovered in its accounts. He worked to fix the balance sheet at the FTSE 100 group with a rights issue and a series of disposals before focusing on improving profitability across the rest of the business. Last year, he agreed a £7.2bn bid for RSA from a consortium of two overseas rivals that broke up the insurer, departing the company with "a mixture of sadness and pride" following the sale.

Julie Southern, senior independent director at easyJet, said Hester had "consistently emerged as the standout candidate" to succeed Barton and was chosen "due to his exceptional experience, valuable commercial expertise, insightful and strategic leadership along with his ability to tackle complex challenges". EasyJet's Lundgren said the company was approaching

an “important time in our history” and was “well placed to take advantage of the many opportunities that lie ahead following the pandemic”.