

# EasyJet summons crisis manager for blue-sky thinking

Stephen Hester gained a reputation at RBS and RSA for rescuing troubled companies,  
**Ben Martin reports**

The turnaround expert who led RSA Insurance and Royal Bank of Scotland has been appointed the next chairman of easyJet as the budget airline seeks to recover from the turmoil caused by the coronavirus pandemic.

Stephen Hester will join the low-cost carrier as a non-executive director at the start of next month before taking charge of its board three months later.

He is replacing John Barton, who has been easyJet's chairman since May 2013 and is approaching the nine-year point beyond which the City's corporate governance code recommends a change at the top.

Hester, 60, will be faced with the immediate challenge of overseeing a revival of easyJet from the Covid-19 crisis under Johan Lundgren, the chief executive.

Like other carriers, the airline has been hit by the widespread disruption of the aviation industry caused by the pandemic. The group reported last month that it carried fewer than three million passengers between April and June, down 83 per cent on pre-Covid levels, and suffered a £318.3 million pre-tax loss during the quarter, taking its total loss for its financial year to date to more than £1 billion.

Hester will also have to handle easyJet's often fractious relationship with Sir Stelios Haji-ioannou, 54, the

airline's founder, whose family is the FTSE 250 group's biggest shareholder with a stake of about 25 per cent. Sir Stelios has often been critical of the carrier's bosses since stepping down from its board in 2002. He declined to comment on Hester's appointment.

The incoming chairman is highly regarded in City circles. Hester was mostly recently chief executive of RSA, the FTSE 100 insurer he took charge of in 2014, after it had been hit by profit warnings and an accounting scandal at its Irish division.

He returned RSA to health and last November struck a £7.2 billion deal to sell the group to two rivals from Canada and Denmark. The takeover completed this year, putting Hester out of a job.

Before RSA, Hester was chief executive of RBS, the high-street bank now called NatWest. He was parachuted in to replace Fred Goodwin, who was

ousted in 2008 during the lender's £45 billion government bailout in the depths of the last financial crisis.

Hester spent what he would describe as a "bruising and difficult" five years driving a restructuring of the taxpayer-backed lender before stepping down in 2013 amid a rumoured rift with George Osborne, who was then chancellor.

Hester does not have any experience of the aviation and transport sector but

neither did Barton, who had been a former chairman of Next, the retailer.

Barton, 77, said he was "delighted" with Hester's appointment. "His

significant and varied experience leading major international businesses in regulated industries, coupled with his outstanding strategic thinking, will serve the airline well as it leads the recovery in the post-pandemic era, complementing and adding to the skills of the existing board and leadership team," Barton said.

Hester attracted attention for his pay while at the state-controlled RBS and is thought to have enjoyed a multimillion-pound payout from the RSA sale. EasyJet said he would be paid an annual fee of £314,568 in his role as chairman.

He spent 20 years as an investment banker before joining the management team of Abbey National, where he helped to restructure the troubled lender before its sale to Santander in 2004. He then became chief executive of British Land.

Hester said: "As a longstanding admirer of easyJet, and from my own experience as a customer, I am very excited to be joining the airline and look forward to playing my part in driving its continued success."

EasyJet shares closed up 1¾p, or



0.2 per cent, at 800%p.

### Behind the story

**S**tephen Hester has built his reputation in the City by overhauling some of Britain's biggest quoted companies. All that experience is likely to come in handy when joins the board of Covid-hit easyJet next month and becomes its chairman at the start of December (Ben Martin writes).

Even so, the job will demand a different skill set. It is the first time Hester has been chairman of a London-listed company. This non-executive role will require him to be much more hands off than in the past, when

he was chief executive of British Land, RBS and RSA.

His most pressing task will be overseeing the board as Johan Lundgren, chief executive, tries to steer easyJet clear of the chaos caused by the pandemic. Keeping the founder and biggest shareholder Sir Stelios Haji-ioannou on side will also be at the top of his agenda.

Otherwise, his expertise in finance, gleaned from his earlier career as an investment banker and his spells at RBS and RSA, is likely to be drawn on by the rest of the board.

This is because easyJet is in the middle of a capital

structure review to examine its funding options.

The new chairman will also be required to set the tone on environmental, social and governance issues. Climate change worries are rising up the agenda and the aviation industry faces pressure to tackle carbon emissions.

Stephen Furlong, an analyst at Davy, the stockbroker, said that easyJet might benefit from a reinvigorated approach towards communicating its strategy to investors. "Probably the message has got a bit muddled with Covid," Furlong said. "More medium-term targets would be helpful."



