

AVIATION

EasyJet rejects takeover bid and looks to raise £1.2bn

By August Graham

The board of budget airline easyJet has “unanimously rejected” a takeover approach and announced plans to raise £1.2bn from shareholders.

The firm said it had been the target of an unsolicited offer from an unnamed company, in which easyJet investors would swap their shares for shares in the bidder.

Bloomberg reported that the potential bidder was Wizz Air, citing sources. The airline declined to comment.

However the board said the bid “fundamentally undervalued” easyJet, adding that the proposal was highly conditional, compared with the certainty of raising cash from shareholders.

In a statement, easyJet said: “The board recently received an unsolicited preliminary takeover approach. This was carefully evaluated and then unanimously rejected.

“The potential bidder has since confirmed that it is no longer considering an offer for the company.”

EasyJet said it plans to spend the £1.2bn it hopes to raise on trying to recover from the effects of the Covid-19 pandemic.

The money will give easyJet resilience should the pandemic continue to push down passenger numbers over the next year.

It will also improve the chances of delivering long-term value to shareholders.

EasyJet added that the move will also help it “take advantage of long-term strategic and investment opportunities expected to arise as the European aviation market emerges from the Covid-19 pandemic”.

Laura Hoy, an analyst with Hargreaves Lansdown, said: “EasyJet’s asking shareholders to open their wallets to get [it] through a year’s worth of unprecedented turbulence.

“While nationwide lockdowns may not resume in earnest, people are likely to start policing themselves this winter by avoiding risky travel and large crowds.”

EasyJet has already turned to shareholders, raising £5.5bn so far, as well as selling dozens of its planes and leasing them back.

Michael Hewson, chief market analyst at CMC Markets, said that easyJet has, like many airlines, been struggling but added that passenger figures were slowly improving.

“In May the airline said it had access to £2.9bn of liquidity, however today in a sign that management want to be able to ride out what could be a difficult winter season, easyJet have announced that they are looking to raise another £1.2bn,” he said.

{i} Shares in easyJet closed 10.2 per cent lower yesterday as investors took in news of the latest fundraising, leaving the airline as the biggest loser on the FTSE 250 for the day.



It had been reported that Wizz Air was a potential bidder for easyJet GETTY

