

**BUSINESS COMMENTARY** *Alistair Osborne*



## Not easy for Stelios

**O**ff to a flyer. Look at this from Easyjet: first-quarter revenue per seat up 8.8 per cent, or double analyst forecasts. Seasonal first-half losses? Heading for

something “better” than last time’s £275 million. And the shares up 5 per cent to £15.17 (report, page 40).

So what better time for an AGM vote against the re-election of the airline’s chairman John Barton? It’s the latest bit of shareholder activism from the man who speaks for 34 per cent of the carrier’s shares: the Monaco-based dividend snaffler Sir Stelios Haji-Ioannou. And, yes, he’s only planning a “token vote” with some shares: not the full monty he used to go in for when he took potshots at random non-execs. He says Mr Barton has also “agreed to accept” this “constructive criticism” — rather than provoke him further.

But what’s Stelios’s beef? Well, back in 2015 when Easyjet was flying 241 aircraft, or “aluminium tubes” as he liked to call them, it had earnings per share (EPS) of 138p. Now, on present plans, it’ll have 352 planes by 2021: 46 per cent growth. So, given the increase in “capital employed”, shouldn’t EPS be around 200p? Instead, it’ll have gone down. Analysts are forecasting 110p.

It’s a fair point, underlining the hit to airline earnings from aircraft overcapacity. Easyjet’s reined back its own expansion, too, up just 1 per cent last quarter: one reason for the improved revenue per seat, even if Thomas Cook going bust provided 1.5 percentage points of that. But what is Stelios’s alternative: a no-growth airline? In fact, there may be a case for Airbus-only Easyjet stepping it up above this year’s mooted 3 per cent while Ryanair’s growth plans are grounded with the Boeing 737 Max. Whatever, his

token vote against Mr Barton only makes a token point. Still, at least it gives Stelios something to do.