

Stelios statement on the payment of dividends by easyJet PLC to all shareholders for the financial year ended 30 September 2019

30 March 2020 at 1347h BST

1. easyJet PLC is a company listed on the London Stock Exchange and currently a member of the FTSE100 index.
2. Whilst Stelios, as founder, and his family retain a 34% stake, the remainder of the shares are held by pension funds who need the dividends from companies like easyJet to pay pensions.
3. Stelios is not a director of easyJet. He left the board more than 10 years ago
4. The board of directors of easyJet is, in effect, a self-appointing body of people and Stelios has been at odds with them for most of the last 10 years over various issues, mostly to do with the fact that the directors keep spending an extraordinary amount of money with Airbus, the Franco-German aerospace and defence group and monopoly supplier of the fleet to easyJet. Stelios has on many occasions voted his shares against the decisions of the various directors over the last 10 years.
5. The last thing the easyJet directors want is to pay out a dividend to all shareholders because it reduces the amount of money they can spend on other things. Directors are not shareholders themselves so they want to keep the money.
6. Airbus has been ordered by a UK court to pay billions in penalties to Governments including c 1 billion euro to the Serious Fraud Office in January 2020 for bribing airlines executives around the world
7. Stelios has asked John Barton, chairman of the board of easyJet to launch an investigation into whether the practices that Airbus has been convicted for were in use during the easyJet orders
8. easyJet has a financial year ending in September each year
9. in the financial year ended September 2019 easyJet had revenues of £6.4 billion and made a profit before tax of £430 million. In line with standard practice the dividend of £174 million was announced to the market on the 19th of November, 2019 after the results were audited
10. Unusually for a large public company, easyJet does not pay its dividend during the same financial year that it makes the profits. Most large PLCs, who are members of the FTSE100 like easyJet, would pay their dividends to shareholders quarterly or at least semi-annually. The board of easyJet, for their own convenience, hold on to the cash for another 6 months after the end of the financial year.
11. The key dates are:
 - 11.1. 30 September, 2019 end of the financial year and profits before tax of £430 m achieved

- 11.2. 19 November, 2019 profits audited by the auditors and dividend of £174m declared.
- 11.3. From that point onwards every shareholder who bought even a single share for say £15 per share knew and expected that he/she would get back some 43 pence per share in dividend as income. In round numbers that is a c. 3% return on their investment. That is why anybody would ever buy a share in a company – to receive income.
- 11.4. 6th of February, 2020, easyJet holds the annual general meeting of its shareholders in Luton and by near-unanimous decision of all the shareholders (Stelios actually abstained in the vote protesting for the poor financial performance of the directors) the dividend is approved to be paid out. On the 6th of February 20 easyJet still had a share price of GBP15 and a market capitalisation of cGBP6 billion.
- 11.5. As customary at the AGM two important dates are set in stone:
 - 11.5.1. The ex-dividend date of the 27th of February, 2020. That means that people who are buying the shares should be confident at that stage that if they hold the shares on that date, they will get the dividend as promised.
 - 11.5.2. The payment date of the dividend was announced as the 20th of March, 2020. We still don't know why the easyJet directors held on to the cash for another 22 days after the ex-dividend date?
12. For the record Italy went into lockdown as the first of European countries on the 8th of March, 2020. Even then the virus was considered as a localised problem and easyJet only has about 10% of its flights in and out of Italy.
13. On the 16th of March, 2020 the easyJet board issued an announcement that it "maintains a strong balance sheet including £1.6 billion in cash". That is 10 times more than the dividend payable to all shareholders.
14. Johan Lundgren, in what can only be described as poor timing appears on BBC Radio 4's *Today* programme on the 19th of March, 2020 to beg for some sort of support from the UK Government. The journalist points out that there is dividend payment going out on the 20th of March and Johan replies it is legally binding. On that point Johan is right.
15. Every shareholder who held the stock before the 27th of February, 2020 could sue the company for that payment if that payment wasn't received – and would win in court.
16. Stelios does not believe that loans from governments is the way to save easyJet. Loans only postpone the problem do not cure it. The way

to save a normally profitable company with a fleet of aircraft (hard assets) worth £4 bn on the balance sheet is to raise more equity from the markets using what is called a "rights issue". With a market capitalisation even today of c £2.3bn, say issuing 25% more shares and giving the chance to your current shareholders to participate can raise c£600m in cash, which is enough to pay the crew for more than a year and a half with the government furlough scheme.

17. There have been some naïve/malicious calls by some journalists starting on the 20th of March, 2020 that Stelios should have left/waived (or words to that effect) the dividend for himself and his family in the company? I am perplexed as to how that would work? The dividends by the 20th of March we already paid automatically via a complex web of bank accounts where the shares are held and it is impossible to stop it for some shareholders but not for others. So somehow these journalists believe that Stelios and his brother and sister, who saw the dividend in some of their respective bank accounts on the 23rd of March 20, should now write 3 cheques payable to "Johan" or someone else so they can "return" the dividend? To be used how? To pay that money straight over to Airbus? And what is the consideration for such a gift? Or is it meant as a selfless charitable donation? Charity towards which deserving cause exactly? easyJet is not a registered charity to receive donations and neither is Airbus. That's not how publically listed companies work.
18. The reality of the situation is the dividend was legally at the point of no return on the 6th of February or at the very latest on the 27th of February 2020. The world looked like a much happier place on the 6th of February and the dividend was rightfully paid to all shareholders. The only legal way would have been to stop the payments before the 6th of February 20 to all shareholders so the share percentages are maintained.
19. The point is that now easyJet needs more equity and all shareholders can decide if they want to invest again in the company to support it in return for new shares. Not because of some random act of "charitable gift". I could participate in a rights issue if the Airbus contract is cancelled. Only if the Airbus contract is cancelled today investing in easyJet would be a good investment. Companies with a market value of GBP2.3 Billion even in a period of zero revenues do not deserve charitable gifts. I do give large sums of money to many charities each year but Airbus is not one of them.
20. Reminder to all that unlike the payments to Airbus, the dividends can only be paid out of profits so chances are that the shareholders will NOT receive any more dividends for many years to come.
21. Equally, the brand fee or royalty that easyGroup (Stelios' private company and owner of the easy family of brands see www.easy.com)

receives is calculated at 0.25% of turnover so as of today the royalty is officially zero. Stelios' interests are aligned with the company he created and he will continue to work tirelessly to protect it from external threats like the £4.5bn liability to Airbus that must be terminated.

22. Stelios has a well-known charitable program which can be viewed on www.stelios-uk.foundation . Stelios is actively considering an innovative program to help the victims of the Covid-19 in the UK and has allocated a budget of GBP1million in the next 2-3 months. More details of the program will be announced soon and we will be looking for an innovative and efficient way to help the real victims like we have done in the last couple of years with the fires outside Athens, Greece where we paid 5k euro to the next of kin of each person deceased. More on www.stelios.org Stelios is also a member of the www.givingpledge.org

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