EasyJet PLC

EasyJet’s Stelios slams critics over dividend

Founder perplexed by suggestions he should waive £60m payout and threatens campaign to oust directors

EasyJet announced the grounding of their entire fleet, citing a focus to remove cost and non-critical expenditure at every level © AFP via Getty Images

Peggy Hollinger in London YESTERDAY

EasyJet founder Stelios Haji-Ioannou has lashed out at critics who have questioned his family’s acceptance of a £60m dividend this month from the low-cost carrier he created more than 20 years ago, which he has said risks insolvency unless it cancels a multibillion-dollar aircraft order from Airbus.

This weekend Sir Stelios, whose family controls 34 per cent of easyJet, threatened to launch a campaign to oust the group’s non-executive directors one by one if the board did not cancel the orders from the European aerospace manufacturer, which he estimated to be worth £4.5bn.

“The dividend was legally at the point of no return… at the very latest on February 27 2020,” he said. The easyJet founder, who stepped down from the board a decade ago, said he was perplexed by media reports that suggested he should have waived the payout.

“To be used how? To pay that money straight over to Airbus?… Is it meant as a selfless charitable donation? I do give large sums of money to noble charities, and
The outburst is the latest in a long-running battle between Sir Stelios and the airline he founded in 1995. Sir Stelios, whose family has received several hundred millions in dividends since 2011 according to company disclosures, has long argued against the group’s growth strategy, which has helped it become Europe’s second biggest low-cost carrier with a fleet of 344 jets.

It comes as aviation faces one of its worst crises in living memory. Roughly a third of the world’s population is in lockdown and a third of the global fleet grounded as governments seek to contain the spreading coronavirus, including with bans on international travel. Some airlines have called on governments for state support to overcome the crisis. EasyJet said on Monday it had no current plans to request support.

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The group said on Monday it was seeking to “defer and reduce” payments for the 107 aircraft it has on order from Airbus, as part of a wider cost cutting exercise. The airline also on Monday announced it had grounded its entire fleet.

The carrier had a “really flexible” deal with the European aircraft maker that allowed it to move delivery dates around, said EasyJet.

EasyJet's deal with Airbus already included the ability to reduce the current 344 strong fleet to 304 aircraft by 2023, using new aircraft to replace older models, or by exercising all options to increase to 383 passenger jets, according to a presentation at the group’s annual results in November.

The low-cost carrier said it was “completely focused on taking the right actions now to ensure the long-term future of the airline and safeguard jobs”. This included removing cost and non-critical expenditure at every level, including on aircraft expenditure where possible.
Even before the crisis, the group had already begun to slow expansion, planning for low single-digit growth this year.

Sir Stelios has set a deadline of Wednesday for the airline to cancel the orders, at which stage he intended to “instigate a rolling programme to remove one non-executive director every seven weeks by calling for general meetings”. Sir Stelios also called for a rights issue to bolster the group’s liquidity.

Last week easyJet said it had £1.6bn in net cash and a $500m revolving credit line.

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