

Media Statement by Stelios (owner of the easy family of brands www.easy.com) on easyJet and Airbus for release on 6 of April, 2020

1. My main objective is to terminate the £4.5bn contract between easyJet and Airbus for 107 additional useless aircraft. That is the only way to preserve the value for all shareholders and all the bond holders too.
2. easyJet's market capitalisation (value of all the shares) nowadays is hovering around £2 billion. The Haji-Ioannou family owns about 34% of the shares but the other 66% is widely held amongst many individual shareholders and various pension funds paying out pensions tomorrow – and years to come. I will now seek to enlist support of these other shareholders in terminating the Airbus contract. The net book value of the assets of the easyJet (net of liabilities) was £3 Billion as at 30 September 2019. Even allowing for trading losses during the current grounding there are still many good assets inside easyJet and we must not allow the current directors to squander our assets by paying Airbus for these unwanted new planes. easyJet has also borrowed c£1.3 billion from bondholders (pension fund money again) that will need to be repaid in full over the next 2-5 years. Today these bonds are trading at 20-30% discount to their original value which means the market feels that easyJet may become insolvent in that timeframe all the time whilst paying Airbus c £1.35 billion for new aircraft in the next few months (the same value as all the bonds outstanding today). I will also seek to enlist the support of bond holders in terminating the Airbus contract.
3. The monopoly aircraft supplier to easyJet is Airbus, a Franco-German company that has been convicted of bribing airline executives around the world as proven before a UK Crown Court judge on 31 January 2020.
4. Since the recent new revelations on the 31st of January 2020 John Barton (chair of the board of easyJet) has refused to instigate a full independent inquiry if bribes from Airbus have been used in securing orders from easyJet.
5. If this £4.5 billion liability to Airbus is preserved – and not cancelled - by the easyJet board then, I regret to report, **easyJet will run out of money around August 2020, perhaps even earlier.**
6. This prediction is based on the optimistic forecast published by the house stockbroker of easyJet (Neil Glynn at Credit Suisse on 2 April 2020) showing a cash short fall (negative balance) of £164m by September 2020. This is bound to get worse with the seasonal downturn during the winter months. By the way, no self-respecting bank analyst should ever produce a forecast showing a negative cash balance in any company (it is not possible) but these are not normal times.
7. The CS forecast is based on wildly optimistic assumptions that the easyJet fleet will return to the skies in June, bringing in profitable revenues of £1.5bn in the summer months. This is pure fantasy. It must be noted that almost every country in Europe has now closed its borders to foreigners. Nobody really knows when they will open again. And even then, nobody believes that people will be willing undertake foreign travel in such large number by June 20. Fear has now taken over human behaviour when it comes to any form of foreign travel. Each country will want to keep others out for much longer than the date that their own local national lockdown ends. I think that easyJet at the end of national lockdowns will feel more like a start-up trying to find a few profitable routes for a few aircraft at a time. How many Brits will want to fly to northern Italy or Spain on holiday this June and v.v.? Not many I think.
8. Even more crazy is the CS assumption that easyJet will fly all its current 330/350 aircraft to full capacity from October 2020 and earn higher profits in 2021 than it did in 2019.
9. The only reason the house broker CS is publishing such wildly optimistic forecast is to provide "cover" to the directors to preserve the contract with Airbus and convince naïve new investors to inject additional equity into easyJet just to pay Airbus. Even then the CS optimistic forecast fails to

- prove there is sufficient cash in the company – in fact the optimistic forecast would be short of breakeven by about half a billion pounds of cash assuming they continue to pay Airbus
10. The only right we as shareholders have is to call a vote to remove directors from the board.
 11. John Barton refused to hold the vote I requested on the 1 April 2020 to remove Andreas Bierwirth as a director. Bierwirth is a failed ex-Lufthansa executive who lost his employer a lot of money and got sacked from Austrian airlines. He is also a long-time friend of Airbus.
 12. In refusing to hold this vote, Barton said my company (easyGroup) "is not a shareholder of easyJet". That is despite easyGroup being clearly shown in the official annual report of easyJet as the largest single shareholder. In fact, the directors published very detailed voting results at the recent AGM (held 6 February 2020) detailing all the votes cast for and against both with and without my shares – as is their obligation under law. Of course they know how many shares we own but they are desperately trying to deprive shareholders of a vote because they know they will lose. They will then have to go home and let other people navigate this company through this mess they created by ordering all these unwanted planes. I hold them personally liable for their mistakes.
 13. Given the delay the directors have caused with this dirty trick and as time is of the essence, I will up the ante and will now call for the removal of two directors. Every time they delay the vote again in the future I will call for the removal of one more director. Let's get on with it and give all shareholders a vote without any further procrastination.
 14. Therefore, I will now select Andrew Findlay as the 2nd director to be removed from the board. As the CFO who came from Halfords to easyJet in 2015, it is the best way to stop him writing billion pound cheques plus to Airbus every year. (It would have been the equivalent of Halfords only buying bikes from one supplier and then buying 50% more bikes than it could expect to sell. But strange things happen to executives when Airbus is the vendor).
 15. Terminating the Airbus contract is the only chance current shareholders have to maintain any value in their shares. If easyJet terminates the Airbus contract, then it does not need loans from the UK taxpayer and it has the best chance to survive and thrive in the future with some injection of additional equity provided for by the markets (pari passu to the existing shareholders). But if easyJet stumbles along whilst taking UK taxpayers money as loans only to pass it on to Airbus, it will have to raise fresh equity anyway in the next 3-6 months – reducing the value of our current shareholdings to close to zero. In any event no rational investor would be buying new shares in easyJet if the money will be used by easyJet to pay £4.5bn to Airbus for new planes it simply does not need. I will certainly not be throwing good money after bad. For the avoidance of doubt, I will not inject any fresh equity in easyJet whilst the Airbus liability is in place.
 16. easyJet needs to plan a fleet size reduction now – down from 350 to 250 - It will not need any more additional new planes for many years to come. The current fleet is already one of the youngest in the industry.
 17. I cannot emphasise this enough. In order to protect shareholder and bondholder value, easyJet shareholders must vote to remove these people from the board ASAP.
 18. My last point on Airbus. At the end of the day, the debate will centre around which of two sets of shareholders will suffer the most? The Airbus shareholders who have seen their own share price decline by 26% since I started my activism to cancel the Airbus contract on the 29 March 2020 (someone thinks I may succeed in the cancellation) or the easyJet shareholders and those of other airlines with orders from Airbus. Perhaps it would be a fairer solution all round if Airbus obtained subsidies from the French and German government directly to accept cancellations and not force a British airline like easyJet to obtain loans from the UK taxpayers only to pay the money to Airbus in France and Germany. And Airbus should stop bribing airlines executives to buy more commercial planes that they can profitably fly just as they promised to the UK court on the 31st of January 2020 under the so called deferred prosecution agreement. End