The Telegraph

Sir Stelios warns easyJet could run out of money by August

The Greek-Cypriot billionaire is also seeking to oust the airline's finance chief

By Simon Foy
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The founder of easyJet has ramped up his campaign against the airline's board by threatening to remove its finance chief and warning it could run out of money by August.

Sir Stelios Haji-Ioannou, whose family is easyJet's largest shareholder with a 34pc stake, said he would attempt to remove chief financial officer Andrew Findlay, as well as non-executive director Andreas Bierwirth, over the company's failure to terminate a £4.5bn order from Airbus.

The Greek-Cypriot billionaire said the low-cost carrier "will run out of money around August, perhaps even earlier", if the contract with the aircraft manufacturer is not cancelled.

It comes after the tycoon last week issued a blistering defence of the airline's decision to pay his family £60m of dividends, and threatened to oust one director from the board every two months over the Airbus deal.

The airline grounded its entire fleet last week due to the Covid-19 pandemic.

However, the company's founder said he had decided to "up the ante" after chairman John Barton refused to hold a shareholder vote to remove Mr Bierwirth.

According to Sir Stelios, Mr Barton argued that his company easyGroup "is not a shareholder of easyJet".

Sir Stelios said: “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.”

He added that the best way “to stop [Mr Findlay] writing billion pound cheques plus to Airbus every year” was to remove him from the board.

The tycoon, who has been a vocal opponent of easyJet’s expansion, said he would not inject any fresh equity into the airline until the Airbus contract was cancelled, adding that it should reduce its fleet from 350 to 250 planes.

“I will certainly not be throwing good money after bad,” he said.

Estimates from house broker Credit Suisse that easyJet would report a £164m cash shortfall by September were based on “wildly optimistic assumptions” that its fleet will return to the skies in June, Sir Stelios said.

He speculated that consumers would be hesitant to undertake foreign travel once restrictions were lifted, adding that easyJet “will feel more like a start-up trying to find a few profitable routes for a few aircraft at a time” when national lockdowns end.

Meanwhile hopes of a bailout for the industry were bolstered after the Telegraph revealed that the Treasury is preparing contingency plans to take emergency stakes in companies threatened with collapse by the coronavirus, which could include airlines.

However, Sir Stelios said: “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 three-six 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."

Last week, he argued that easyJet should raise £600m through a rights issue rather than taking out loans to shore up cash flow.

A spokesman for easyJet said: "The board is managing the unprecedented challenges facing the airline and the aviation sector as a whole.

"We remain absolutely focused on short-term liquidity, removing expenditure from the business alongside safeguarding jobs and ensuring the long-term future of the airline.

"We believe that holding a general meeting would be an unhelpful distraction from tackling the many immediate issues our business faces."

Shares rose 9.6pc to 520.4p in early trading. The stock has lost around two-third of its value since the crisis began.