Divis given the lockdown chop

EMBATTLED BIG FIRMS SCRAP PAYOUTS

MORE than 40% of big firms have now scrapped shareholder payouts as they batton down the hatches in the virus crisis.

Aircraft engine maker Rolls Royce yesterday became one of the latest to axe its final dividend – the first time since 1987.

Ditching them is an emergency move by firms to conserve cash.

But it is a blow to investors, including small shareholders and pension funds, who have already been hit by a slump in share prices in recent weeks.

Covid-19 has hit Rolls as airlines are grounded, denting both orders and engine maintenance.

Boss Warren East said it was cutting costs and had secured an extra £1.5billion from lenders. Sofa chain ScS announced yesterday it was suspending its interim dividend, while chief executive David Knight has delayed his retirement.

Bosses at a growing number of other firms are taking pay cuts while “furloughing” staff – temporarily suspending them on reduced pay.

They include Andy Hornby, the ex-head of HBOS and now CEO of Wagamama owner The Restaurant Group, whose salary has been reduced by 40%.

Meanwhile, budget airline easyJet said it expects to have cash reserves of £2.3billion after raising new funds.

The announcement came as founder and major shareholder Sir Stelios Haji-Ioannou called for easyJet’s finance boss to be sacked in a row over an aircraft order with Airbus.