

# easyJet boosts cash after fresh pressure from Sir Stelios

**Airline's biggest shareholder calls for CFO's exit over failure to scrap £4.5bn Airbus order**

By Nikou Asgari

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easyJet became one of the first big companies to reveal it had tapped the government's emergency loan scheme as it moved to shore up its rapidly eroding cash resources after coming under fresh pressure from its founder, Stelios Haji-loannou. The UK-listed budget airline said it had taken £600m from the Covid Corporate Financing Facility and also drawn down the full \$500m from its revolving credit facility. It expected to have cash reserves of £2.3bn by April 9.

The funding boost should help to relieve pressure from Sir Stelios, who warned earlier on Monday that easyJet would run out of money by August if a £4.5bn order for new aircraft from manufacturer Airbus went ahead. He called on easyJet to oust its chief financial officer. Sir Stelios' family is the largest shareholder in the airline, with a 34 per cent stake. EasyJet, which grounded its entire fleet last week, has lost nearly two-thirds of its value since the start of the year. Sir Stelios said a prediction from easyJet's broker, Credit Suisse, that the airline would resume flying in June was "wildly optimistic" and "pure fantasy", given that many European countries had closed their borders.

After easyJet's financing announcement, a spokesperson for Sir Stelios said: "This clearly changes the situation." But he emphasised the view that the long-term viability of the low-cost airline rested on the Airbus order being cancelled.

The Airbus order has been an ongoing point of contention, with Sir Stelios last week threatening to fire up a campaign to remove directors from easyJet's board. The businessman's move to oust its CFO, Andrew Findlay, is the latest escalation in the battle.

Sir Stelios had called for a vote to remove non-executive director Andreas Bierwirth but this was rejected, which the businessman called a “dirty trick” in a statement on Monday. “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,” Sir Stelios said. The spokesperson said a formal request for an emergency shareholder meeting was likely to be put to easyJet later on Monday.

easyJet said a meeting would be an “unhelpful distraction” from solving immediate issues. The escalating battle between the airline and its founder has been triggered by the worst crisis for the aviation sector in decades. Nationwide lockdowns and international travel bans have led to the grounding of fleets as governments try to contain the spread of coronavirus. Some carriers such as Virgin have called on governments for state support but easyJet said it had not been looking at bespoke support and instead remained focused on improving short-term liquidity and cutting costs.

Bernstein analysts said the funding boost would give easyJet up to a year of liquidity “making it one of the better-positioned airlines in Europe to withstand the current crisis.” Sir Stelios said terminating the Airbus contract was “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,” he added.

Aside from the cost he also objected to easyJet buying aircraft from a company that recently paid a €3.6bn deferred prosecution settlement to regulators in the US, UK and France for bribery and corruption offences. EasyJet said it had a flexible deal with the European aircraft maker that allowed it to move delivery dates around. It has also reached an agreement with Balpa, the British pilots’ union, to furlough its pilots in April and May using the government’s wage scheme. If flights are restarted during that time, the company planned to give pilots a week’s notice before they returned to work.