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EasyJet Founder fears insolvency despite £600m government loan

Gwyn Topham

Transport correspondent

EasyJet has secured a £600m loan from the Treasury and Bank of England's emergency coronavirus fund, as the airline's founder and biggest shareholder, Sir Stelios Haji-Ioannou, claimed it would run out of cash by the year end regardless.

The airline said it would also borrow another \$500m (£407m) from commercial creditors to ensure its liquidity, with its fleet grounded for at least April and May.

Haji-Ioannou, who with his family owns just over a third of easyJet shares, demanded an emergency general meeting and called for the sacking of two directors. He relaunched his attack on the airline's management



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and its order for 107 “useless” planes, saying his “main objective is to terminate the £4.5bn Airbus contract”.

In a statement issued before confirmation of easyJet’s government loan, Haji-ioannou had claimed that even remaining solvent until August - based on financial analysis that assumed holidaymakers would quickly embrace flying again this summer - could prove “wildly optimistic”.

When international travel restarted, he said, the airline would “feel more like a startup trying to find a few profitable routes for a few aircraft”.

After news of the new financing, a spokesman for Haji-Iannaou said

it did not change the underlying situation, without cancellation of the Airbus order. “That probably pushes the insolvency boundary back from August to late autumn, early winter.”

EasyJet is understood to be in talks with Airbus to review the £4.5bn contract. The chief executive of easyJet, Johan Lundgren, said: “We remain absolutely focused on ensuring the long-term future of the airline, reducing our costs and preserving jobs.”

He said the airline had reached agreements with unions to furlough UK-based pilots and crew. About 4,000 of 9,000 will be furloughed during April and May.