

Sir Stelios: EasyJet could run out of money by August

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The founder of easyJet has warned that the airline will run out of cash by August if an order for more than 100 new Airbus jets is not cancelled.

Stelios Haji-Ioannou, who has no executive role but whose family controls one-third of the carrier's shares, is seeking to remove the chief financial officer, Andrew Findlay.

An extraordinary open letter from the businessman begins: "My main objective is to terminate the £4.5bn contract between easyJet and Airbus for 107 additional useless aircraft. If this £4.5bn 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."

In response to the coronavirus pandemic and the collapse in demand among passengers, the airline has grounded its entire fleet throughout this month and next.

While many in the aviation industry hope that flights in significant numbers will be resumed by June, Sir Stelios said restarting mass air-travel could be much longer: "Almost every country in Europe has now closed its borders to foreigners. Nobody really knows when they will open again.

"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 vice-versa? Not many I think."

Sir Stelios criticises a forecast last week from Credit Suisse for what he says is an "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".

He writes: "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.”

He is seeking support from other shareholders to oust Mr Findlay, along with a non-executive director, Andreas Bierwirth, in an extraordinary general meeting.

A spokesperson 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.”

In the past four weeks, the easyJet share price has approximately halved.



The airline has grounded its entire fleet throughout this month and next (Matt Carter)