

Stelios complains to regulator as easyJet row intensifies

Founder urges FCA to act as he presses airline to cancel multibillion pound Airbus order

By Nikou Asgari

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EasyJet founder Stelios Haji-Ioannou has sent a complaint to the UK's financial regulator about the airline's Airbus order, ratcheting up tensions between the company's largest shareholder and its board. The UK-listed airline and its founder have been battling for weeks over an Airbus order for 107 new aircraft, which he estimates will cost the airline £4.5bn.

Sir Stelios argues the order should be cancelled in order to preserve cash in the face of the coronavirus pandemic that has left the aviation industry grappling with its biggest crisis in decades. Last week, easyJet attempted to ease tensions by saying it would defer the purchase of 24 aircraft over three years. But in a letter to the Financial Conduct Authority, lawyers from London firm Signature Litigation acting on behalf of Sir Stelios said the airline breached the UK's Market

Abuse Regulation and Listing Rules since it did not obtain shareholder approval before deferring the Airbus order.

Sir Stelios also said that easyJet's statement about the deferral did not outline how many aircraft deliveries will go ahead in the 2020/21 financial year, leaving the financial effect of the deferral "entirely unexplained". "Given the global Covid-19 pandemic, the grounding of the company's entire fleet and loss of all its revenue, this is critical information, without which the actual deferral decision is impossible to understand," the letter said.

EasyJet said it was "well aware of its obligations and constantly reviews its obligations" under the UK Market Abuse Regulation.

The airline and Sir Stelios, whose family owns 34 per cent of the company, have been embroiled in a battle over the multibillion pound order for weeks, with the outspoken founder threatening to oust board directors unless the order is cancelled. Sir Stelios has asked the regulator to make easyJet reveal the value and cash flow impact of the deferrals as well as to confirm whether shareholder approval is required.

In a separate statement, he said that if the FCA does not force a shareholder vote, the businessman would himself go “to a High Court judge to ask for an injunction requiring the regulators to do their job properly.”

EasyJet became one of the first big UK companies to tap the government for help, taking £600m from the emergency loan scheme to shore up its cash pile. Sir Stelios’s last notable fight with the carrier followed the financial crisis in 2008 and played a part in the subsequent departure of the airline’s chairman, chief executive and finance director.