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Coronavirus crisis: focus on business

Norwegian's shares take a 60pc nosedive as it seeks bailout

Low-cost carrier's rescue plan will see existing investors wiped out as it seeks to swap £34bn of debt for a stake in the ailing business

By **Simon Foy**

NORWEGIAN AIR shareholders face huge losses after it appealed to lenders for help to secure a taxpayer bailout – sending the stock plunging as much as 60pc.

The embattled carrier is pushing for a financial rescue package in which creditors would swap as much as 44.5bn kroner (£3.4bn) of debt for shares in the business, with Norway's government also stepping in to offer support.

It would leave existing shareholders facing a near-total wipeout and put the fate of the airline into the hands of those it owes money to, including

'The airline Wizz said it will fly its planes two-thirds full once air restrictions are lifted, in order to ease concerns over social distancing'

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aircraft leaseholders and suppliers who were due around $7.5bn (£6bn) last year.

The company – the third-biggest player at Gatwick airport – must now convince creditors to back the rescue plan before it is put to a shareholder vote on May 4. If it fails to win support, the carrier is likely to go bust.

Shares plummeted as much as 60pc in Oslo on the first day of trading since the rescue plan was announced, before paring some losses to trade 28pc lower.

Budget airline Norwegian has grounded most of its fleet due to Covid-19 and temporarily laid off 7,300 staff, or about 90pc of its workforce.

Founded by former fighter pilot

Under a cloud Sir Stelios battles easyJet

EasyJet has been referred to the City watchdog by its own founder as part of a bitter dispute over a contract for new jets from Airbus.

The low-cost airline is facing legal action from Sir Stelios Haji-Ioannou after agreeing to delay delivery of 24 new Airbus planes, part of a £4.5bn order.

Sir Stelios – who wants the deal cancelled entirely to save money – has now called on the Financial Conduct Authority to intervene and support a shareholder vote on the plans for a delay. A spokesman for easyJet said: "The company is well aware of its obligations and constantly reviews its obligations under [market abuse regulations]."

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Bjørn Kjos and known for ultra-cheap flights to New York, it was facing financial problems even before the pandemic hit. Prior to the latest drop, shares were down 78pc this year.

The airline industry has been ravaged by a slump in demand for air travel as lockdowns around the world have forced would-be holidaymakers to stay at home.

While there has been no bailout agreed for UK carriers, the British Government has refused to rule out taking a stake in airlines that have been worst hit by coronavirus.

Rishi Sunak, the Chancellor, has written to airlines saying that government support will only be considered once all other avenues have been explored. It came as Heathrow airport said passenger demand is likely to plunge by more than 90pc in April, following a 52pc drop in March.

The remaining 680,000 people still using Heathrow this month will be either Britons returning home after being stuck abroad or foreign citizens heading back to their own countries.

The airport warned the decline in passengers would have a lasting and significant effect on the industry. This year's overall drop from 2019 numbers is certain to be steep.

Separately, budget carrier Wizz Air is to cut its workforce by almost a fifth, slashing 1,000 jobs. It will take addi-

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tional "short-term" furloughing measures, and reduce staff pay including an average 14pc cut for pilots, cabin crew and office staff.

The low-cost airline also said it will fly its planes two-thirds full once air travel restrictions are lifted, in order to ease passenger concerns over social distancing.

Jozsef Varadi, Wizz's chief executive, said the carrier was looking to block middle seats on aircraft in the first few months once flying restarts to ensure distance between passengers. This would result in planes running at two-thirds capacity.

However, Mr Varadi added that Wizz was not considering permanently reconfiguring its aircraft. It has stuck with plans to increase capacity by 15pc annually once markets return to normal.

Wizz said it expects deliveries of 12 narrow body aircraft from Airbus this year, and a further 30 to 40 aircraft between 2021 and 2023.

This is at odds with other European carriers such as Lufthansa and easyJet, which have cut capacity and deferred plane deliveries, respectively, because they believe it will be years before air travel returns to pre-crisis levels.

Meanwhile, Virgin Australia is considering going into administration as it races to get out from under a $4.8bn debt pile.