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EasyJet 'has cash to survive' as it fights off Stelios

AVIATION

Joanna Bourke

EASYJET today fended off pressure from its biggest shareholder, Stelios Haji-ioannou, and insisted it has enough cash to survive its planes being grounded until at least the end of the year.

The FTSE 100 airline, hurt by lockdowns destroying travel demand, said it had secured £400 million of fresh loans from unnamed lenders.

That came on top of £600 million secured from the Government last week when it became one of the first firms to use the Covid Corporate Financing Facility scheme. It also expects to get up to £550 million through selling and leasing some of its planes.

That means the airline has some £3.3 billion cash available to it. It said it has "sufficient" cash reserves to remain liquid across a number of scenarios, including a nine-month grounding of aircraft.

The carrier's shares were among the top risers on the FTSE 100 index, climbing 26.52p, or more than 4.4%, to 629.72p.

Founder Sir Stelios, who has a 34% stake in the company worth around £900 million, has renewed his hostili-

ties with the airline's board. Last week he said easyJet could run out of money by August and he has been at loggerheads with the board over a 2013 order for 107 aircraft which he wants it to cancel.

The tycoon's legal team this week sent a complaint to the Financial Conduct Authority after easyJet agreed a deal with Airbus to defer the delivery of 24 of the planes.

He wants the City watchdog to force the company to put the order to a shareholder vote, saying it broke City disclosure rules.

EasyJet today said it has "no ability to terminate the [Airbus] contract by reason of force majeure". The airline said it is aware of its obligations.

Over the past seven weeks easyJet has tried to conserve cash, including by deferring the aircraft deal, grounding the fleet and stopping advertising costs.

City sources expect Sir Stelios to try to oust chief executive Johan Lundgren at a forthcoming shareholder meeting.

For the six months to March 31 easyJet expects a pre-tax loss of £185 million to £205 million. Airlines traditionally lose money in the winter half-year. It made a £275 million loss a year earlier. Sales increased by 1.6% to £2.4 billion.

@es.jobourke

