Source: The Guardian {Main}
Edition:
Country: UK
Date: Friday 17, April 2020
Page: 34
Area: 324 sq. cm
Circulation: ABC 129961 Daily
Ad data: page rate £11,400.00, scc rate £42.00
Phone: 020 3353 2000
Keyword: Stelios Haji-ioannou

Coronavirus

Business view
Nils Pratley

EasyJet is on track. Its angry founder's complaints won't fly

It was a tale of the good, the bad and the entertaining at easyJet. The welcome news for shareholders was that their airline is not going bust this year. That's a low bar, but it had to be cleared.

Extra borrowing, including £600m via the Bank of England-backed commercial paper scheme, means easyJet will soon have access to about £3.3bn of cash, enough to survive nine months of grounded planes, a scenario it calculates would cost a hefty £3bn.

The bad news is that nobody knows when flying will resume - or, more to the point, in what form. The firm's chief executive, Johan Lundgren, can whistle cheerfully about strong demand for winter bookings but rolling lockdowns across Europe, lifted and reimposed at different paces, would be hellishly disruptive.

Leaving the middle seats on the planes vacant - one idea floated by Lundgren - would add yet another layer of complexity. Punters might revolt if safer spacing implied higher

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fares. Life for budget airlines in the first months after lockdown could be anything from boom time to profit-less frustration.

Then there's Sir Stelios Haji-Ioannou. One must file the founder and 34% shareholder (with his siblings) under entertainment because his missives from Monaco are becoming wilder. He will be driven mad by knowing easyJet is still burning £30m-£40m of cash a week as the planes sit idle, but he does not help his case for faster retrenchment by calling the directors "scoundrels" seven times in as many paragraphs.

Haji-Ioannou's serious point is that easyJet should simply cancel its order of new Airbus aircraft. Unfortunately, it's not that easy, as Lundgren explained. EasyJet would lose discounts on planes already delivered and sacrifice warranties and guarantees on the current fleet. Both are very bad outcomes if you intend to stay in the flying business.

Meanwhile, the delivery schedule for planes doesn't look quite so awful after a re-jig. EasyJet can reduce its fleet, currently 337, to a minimum of 281 by 2023, which isn't a million miles from the 250 demanded by Haji-Ioannou. The founder's campaign is a distraction. The board's self-help strategy is more credible than his.

Greener, but not yet

It would be churlish not to applaud Shell's ambition to be a net-zero-carbon company by 2050. And, in some respects, its declaration was better than BP's in February.

Shell's statement is an "all company" affair, so does not exclude problematic interests such as BP's stake in Rosneft. It has also set interim targets – for example, reducing the carbon intensity of products it sells to customers by 30% by 2035, versus 20% previously.

Yet the talk about "pivots" and "pathways" – two of the vaguest terms in management-speak – will provoke scepticism. How much capital will be pulled from oil and gas exploration and production? How much will be redirected towards greener fuels such as hydrogen and biomass? Without details, it's hard to judge the credibility of the plans.

"As of today, Shell's operating plans and budgets do not reflect these newly announced ambitions," said the third footnote to yesterday's announcement. In other words, come back later in the year to discover the stuff that really matters. It's progress, but it's slow.

Stroll isn't shaken

Lawrence Stroll, the Canadian billionaire, did not invest in Aston Martin out of a sense of charity. He took the plunge to make money, sensing he could bag a bargain at a low point for an over-indebted luxury car brand that he judged had more mileage left in it.

It's just as well, then, that Stroll's vision was for the long term. The short term looks horrible. Aston Martin shares fell another 11% yesterday to 50.5p (they floated at £19 only 18 months ago), taking the market capitalisation to just £760m.

The cash proceeds from the £365m rights issue, due to complete formally on Monday, are rock solid, and for that Aston has Stroll to thank. When coronavirus struck, he didn't walk away from his investment. He just improved his terms, getting a bigger stake for a slightly smaller £171m investment.

Now installed as chairman, Stroll has to keep the company on the road, which won't be easy. But, without him, Aston Martin would be in a ditch by now.