

# Easyjet's £1bn cushion of customer cash

**Robert Lea** Industrial Editor

Easyjet is being propped up by more than £1 billion of cash that its customers have effectively left on deposit with the airline after booking flights but being unable to travel.

However, the airline's claim that it has access to enough money to last to the end of the year has prompted another furious attack from Sir Stelios Haji-Ioannou, the carrier's founder.

Yesterday Sir Stelios, who is still a 34 per cent shareholder in Easyjet, demanded the departures of John Barton, the company's chairman, and Johan Lundgren, its chief executive, on the grounds that they are misleading themselves and their customers if they think that passengers will flock back next year.

Easyjet is a FTSE 100 company employing 15,000 people across Europe, most of whom have been furloughed. Its fleet of 337 aircraft is grounded as the coronavirus pandemic shuts down international travel. The airline is the largest operator at Gatwick, Britain's second busiest airport.

In a trading update for the first half of its financial year ending in March, Easyjet warned that it expected to suffer losses of £380 million after a rough winter even without Covid-19 and including losses on advance purchases of jet fuel before the recent sharp



**Easyjet grounded its entire fleet of 337 passenger aircraft at the end of March**

fall in the oil price. It said that if the grounding of its fleet on March 30 extended for three months, it would burn through £1.2 billion of cash.

Set against that and including a £600 million taxpayer loan, it has access to cash totalling £3 billion, enough to get it through a nine-month grounding. More than £1 billion of that is its customers' money, mostly from passengers waiving a refund on their cancelled bookings and instead taking a voucher for future flights. More than

half of passengers entitled to a refund have taken vouchers.

The trading statement incensed Sir Stelios, 53, who has been having a public fight with the board over his view that it should cancel a multibillion-pound order for 107 Airbus jets and should shrink the fleet to 250 aircraft.

He has requisitioned an extraordinary meeting of shareholders, demanding the removal of two directors. He said that he now intended to add Mr Barton, 75, and Mr Lundgren, 53, to those he wished to oust.

"What the scoundrels are not telling us at all is how much money the company will burn each week after the resumption of flying," Sir Stelios said.

"Flying half-empty planes will be heavily loss-making. The scoundrels at Easyjet are also planning to keep the number of aircraft in the fleet at 337 over the next 18 months. They will clearly burn a lot more of our cash in 2021. There is no way the demand ... in 2021 will be the same as 2019.

"UK taxpayers should be really worried that they will not see any of their money back. Holders of ticket vouchers for future flying should also be worried they may never get to use them next year and will not see their money back."

Shares in Easyjet, which were as high as £15.52 in February, closed 14¾p, or 2.4 per cent, lower at 588½p last night.

