



SHAREHOLDERS OPPOSE EASYJET FOUNDER OVER DIVIDEND

News / Finance



Shareholders in easyJet have rejected calls by Sir Stelios Haji-Ioannou, the carrier's founder, for the budget airline to boost its dividend, just days before HE plans to stage a protest over its pay-out policy.

Sir Stelios, whose family owns almost 34pc of easyJet and so receives the lion's share of its dividends, has urged the airline to lift its pay-out from 40pc of post-tax profits to 50pc. As a "token protest", the outspoken founder plans to vote about 5pc of his family's stake against the re-election of John Barton, easyJet's chairman, at Thursday's annual general meeting.

However, in a blow to Sir Stelios' latest campaign against easyJet's board, other shareholders have failed to back his call for a higher pay-out.

Trevor Green, head of UK equities at Aviva Investors, a top 20 investor in easyJet, said he was "very happy" for easyJet to stick with the policy outlined at its 2014 capital markets day, when it lifted its dividend from a third of post-tax profits to 40pc.

"I am not looking for a change," Mr Green said. Since it started dividends five years ago, the FTSE 100 airline has made two special pay-outs. Mr Green said he was happy for easyJet to pay

another special dividend “if over time cash generation leads to the opportunity”, rather than see an increase in the carrier’s pay-out ratio.

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Sir Stelios Haji-loannou, the founder of easyJet

His stance was echoed by another smaller institutional shareholder in easyJet, who said he was happy for the ordinary dividend to stay where it is.

“If you’re an investor you should believe in the company’s growth strategy,” the shareholder said. “If you believe in that, then you want the firm to reinvest the cashflow, not just return it to you.”

EasyJet recently hired a new finance chief, Andrew Findlay, who is reviewing the carrier’s balance sheet, which could provide the airline with an opportunity to lift its dividend. Even so, easyJet’s chief executive, Dame Carolyn McCall, said last week that Sir Stelios’s dividend protest would have no bearing on the board’s decision.

It is not the first time shareholders have opposed Sir Stelios, who has frequently clashed with the airline. Four years ago, Standard Life, M&G and Sanderson Asset Management publicly supported easyJet’s board in a spat with its founder over executive pay.

Dame Carolyn recently spurned an approach to lead Marks & Spencer and confirmed last week she would stay with easyJet for the foreseeable future. Mr Green said he was “delighted that Carolyn has gone public on her commitment to the company.”

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