

Easyjet raises £419m

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Easyjet has raised £419 million (\$513 million) via a share issue.

The UK low-cost carrier said more than 59.5 million shares were placed by BNP Paribas and Credit Suisse Securities (Europe) at a price of 703 pence per placing share.

BNP Paribas and Credit Suisse are acting as joint global co-ordinators, joint bookrunners and joint corporate brokers.

The placing price of 703 pence represents a discount of 5% to the closing share price of 740 pence on 24 June.

The airline intends to convene a shareholder meeting on or around 14 July to approve the allotment of the ordinary shares pursuant to the conditional share issuance.

The net proceeds from the placing will “further enhance Easyjet’s liquidity position and credit metrics, underpinning its balance sheet, which is one of the strongest in the industry”, the airline said.

Neil Glynn, an analyst at Credit Suisse, says: “Easyjet is demonstrating it has support from the capital markets (including aircraft lessors), seems suitably early and ambitious in cost cutting plans and we consider it very likely its competitive position will improve versus most competitors (including Air France-KLM, Lufthansa Group and Alitalia, albeit not British Airways in our view)”.

As of 22 June, Easyjet had approximately £2.4 billion of cash.

The carrier said that together with the anticipated remaining proceeds from a sale and leaseback programme of £200 million to £350 million and following the placing, it expects to have a cash balance in excess of £3 billion, providing a “significant liquidity buffer” to enable it to navigate further grounding or protracted recovery scenarios.

Additionally, following completion of the sale and leaseback programme, approximately 50% of the company’s fleet is expected to remain unencumbered, providing further funding availability.

Approximately 5% of the new share issuance is subject to shareholder approval, and, therefore, members of the company's board of directors and senior management have “endeavoured to consult with the company's major shareholders ahead of the release of this announcement”.

Separately, the Luton-based carrier incurred a loss before tax of £353 million for the six months ended 31 March, up from a £272 million loss in the same period a year before. This reflected a net charge of £160 million from non-headline items, relating principally to the discontinuation and ineffectiveness of fuel hedges resulting from Covid-19 related flying restrictions.

Its net debt position at 31 March 2020 was £467 million. Revenues rose 1.6% to £2.38 billion.

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