

Airlines

EasyJet weighs up flight abroad for HQ

Carrier considers setting up continental legal base amid Brexit uncertainty

MICHAEL POOLER

Budget airline easyJet is drawing up plans to move its headquarters to continental Europe following Britain's vote to leave the EU.

The possible relocation is aimed at safeguarding its status as Europe's second-largest budget carrier by revenue, amid uncertainty over the UK's trade relations with the bloc after withdrawal.

No final decision has yet been taken, and any move would see easyJet set up a legal base rather than transfer its core functions overseas. The company's determination is likely to hinge on the government's ability to negotiate a post-Brexit settlement that is favourable to the airline industry.

Like its bigger rival Ryanair, easyJet capitalised on the creation of a single EU aviation market in the 1990s that allows airlines to operate services on any route within the bloc.

But Britain's exit from the EU has cast doubt over whether UK-based carriers will remain part of this arrangement, and throws up complications for overseas airlines that fly into British airports.

Underlining investor concerns, stocks in the sector took a hammering after the referendum. This week easyJet's shares dropped by nearly a fifth after it warned that profits would be hit by Brexit.

Following a report on Sky News yesterday, the FTSE 100 group said it had no plans to move from Luton, where it was founded more than 20 years ago and continues to have its headquarters with about 1,000 employees.

The company said: "EasyJet is lobbying the UK government and the EU to ensure the continuation of a fully liberal and deregulated aviation market within the UK and Europe. This would mean that easyJet and all European airlines can continue to operate as they do today."

But it confirmed it had begun a formal process to acquire an air operating certificate in a continental European country

which could allow it to set up headquarters there and continue flying throughout the EU without restrictions, should trade barriers emerge.

One person close to the company said this "contingency" plan would involve the creation of a legal entity requiring no more than a "handful" of employees.

A change in corporate structure would probably see the UK operation become a subsidiary of the new European company. The process to acquire an air operating certificate would take "months, not years", the person added.

John Strickland, director of JLS Consulting, said: "Having a business registration in one country and fulfilling some or all of your functions elsewhere is being done already [in Europe], so I don't see that this is beyond the bounds of possibility."

He pointed to IAG, the owner of British Airways, which is registered in Spain. "But many of their commercial functions are spread out geographically according to operating airline [and] country. Its centre is actually in the UK at Heathrow," Mr Strickland said.

EasyJet held meetings this week with

EU officials in Brussels and the UK's transport department. Chief executive Dame Carolyn McCall has said easyJet remained "confident" in the strength of its business model after the Brexit vote.

"Until the outcome of the UK/EU negotiations are clearer easyJet does not need to make any other structural or operational changes," the group said.

