

Greybull Capital LLP Second Statement re: The Monarch Group

- Monarch was rescued from the verge of bankruptcy by Greybull in 2014. Greybull made a substantial investment in 2014 and was the only party willing to do so.
- As Monarch faced new and increasing challenges, Greybull continued to be supportive and provided significant additional capital to Monarch on numerous occasions.
- Greybull's capital was provided in the form of equity, unsecured loans and secured shareholder loans. All financing provided was reviewed and agreed by the CAA, the PPF, other key stakeholders, and was publicly disclosed in the audited financial accounts of Monarch for all to see.
- Greybull was also successful in securing additional capital from third parties for the benefit of Monarch. That additional capital was provided as equity and therefore did not create any additional debts or security in favour of Greybull.
- During Greybull's ownership, Monarch received over £250m of new capital. We regret that despite this significant capital infusion, the business was not able to become viable.
- Greybull has not taken out loan repayments, dividends or interest in the last 3 years. Monarch's demise cannot be reasonably attributed to the actions of Greybull.
- We have had a constructive relationship with the PPF since 2014 and aim to continue to do so. The administrators are working to maximise the proceeds from the sale of assets. If the recovery on assets is as speculated on in the press, we expect the PPF loan note to be paid in full.
- There has been speculation about whether, and how much, Greybull may have lost as a result of Monarch's failure. The outcome of the administration process, not least relating to the possible sale of Monarch's airport slots, remains unclear, but will be fully reported on in due course by the administrators. Of course, like any prudent investor, we seek to limit our losses when, despite the best efforts of everyone at Monarch and Greybull, the airline's position became untenable. If investors are not permitted to do that, then far fewer troubled businesses would have a chance to be rescued.
- Our rescue of Monarch in 2014 provided over 2,700 people with employment over the last 3 years and generated over £250m of receipts for HMRC. Whilst we regret Monarch has not been successful for longer, we believe this outcome is far preferable to the business having failed in 2014.
- We believe that we have acted responsibly and with integrity throughout this difficult journey and we will continue to do so. By way of current example, we are encouraged that the support and services being provided to employees, funded at our cost, is starting to help them find alternative employment.
- Turnarounds are not always successful. They are high risk. However, a failed attempt to turnaround a company must not be confused with irresponsible behaviour.
- Greybull remains deeply sorry and saddened by the failure of Monarch despite the best efforts of so many to turnaround the company.