

# Quarter 1 2009 Interim Management Statement

January 2009



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## Agenda

1. First quarter performance and outlook
2. Financial position and fleet plan
3. Summary

An advertisement for an EasyJet summer sale. It features a large sunflower with a pair of sunglasses perched on its head. The sunglasses have "Sale" written on the left lens and "Up to 25% off" on the right lens. Below the sunglasses, it says "every seat every route every day". At the bottom of the ad, there is a small orange banner with the EasyJet logo and "easyJet.com" and "Flights • Hotels • Cars • Holidays". Below the banner, it says "Includes Easter & half-term flights" and "Must end midnight Tuesday Hurry, book now!".

For giant summer savings, pick now!

Up to 25% off every seat every route every day

easyJet.com  
Flights • Hotels • Cars • Holidays

Includes Easter & half-term flights

Must end midnight Tuesday  
Hurry, book now!

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# 1. First quarter performance and outlook



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## Highlights



- Strong revenue growth; +23% total revenue per seat
  - Good yield and load performance across the network
  - Improved ancillary performance
  - Euro benefit 9ppts
- Strong network means resilience
  - Evidence of flight to value
  - Superior load factor performance to competitors
- Position strengthened in key markets; Gatwick, Milan, Paris and Madrid
  - Reduction in competitor capacity; minus 7% on easyJet routes
  - 20% growth in non UK passengers
- Action taken to mitigate higher winter fuel costs:
  - Utilisation lowered for the winter
  - Underperforming routes and flights at less profitable times eliminated
- Forward bookings currently in line with prior year

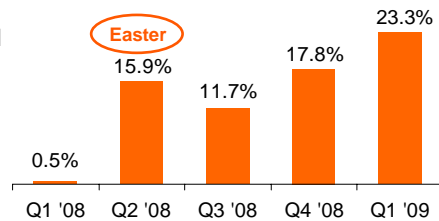
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## Strong growth in total revenue per seat



	Q1 '09	Q1 '08	Change
Passengers (m)	10.1	9.1	10.1%
Load factor (%)	83.4	80.8	2.6%
Seats (m)	12.1	11.3	6.7%
Sector length (km)	1,075	986	9.1%
Total revenue (£m)	550	418	31.5%
Total revenue per seat £	45.57	36.98	23.3%
@ constant exchange	42.15	36.98	14.0%

Total revenue per seat quarterly trend



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## Improved passenger and ancillary revenues



	Q1 '09	Q1 '08	Change
Passenger revenue (£m)	445	361	23.4%
per seat	36.90	31.91	15.6%
Ancillary revenue (£m)	105	57	82.9%
per seat	8.68	5.06	71.4%

- Proactive network management with focused growth on key markets
- Competitor capacity reduction of 7% on easyJet routes for Winter 2008/2009
- Appreciation of the euro and Swiss franc and a 20% increase in non-UK originating passengers
- Sector length growth of 9% resulted from the acquisition of GB Airways in January 2008
- Good ancillary performance due to:
  - Improved in-flight offering
  - Enhancements to easyJet.com driving car hire and hotel conversion rates
  - Increased checked bag charge: average charge of £2 October & November 2007, £4 December 2007 vs £6 in Q1'2009

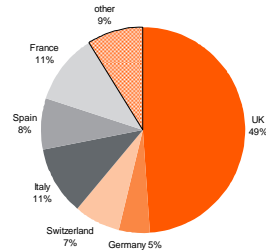
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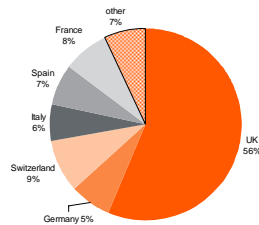
## Resilient, high quality pan-European network

- Passenger growth of 20% in mainland Europe
- 51% of passengers now originate outside of UK
- Diversity of customer base drives resilience
  - Growth in business seats sold
    - Up mid single digits
  - Discretionary traffic showing some softness
  - Half term ski flights on track

Departing passengers by country of origin Q1'09



Departing passengers by country of origin Q1'07

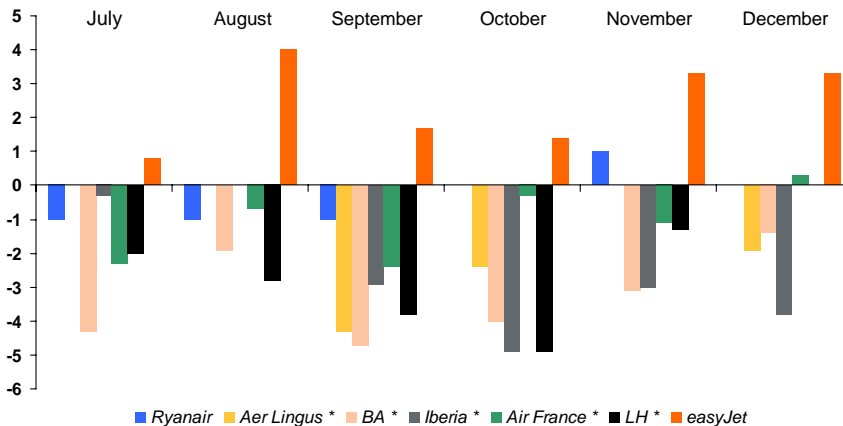


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## Superior load factors to competitors

% Movement versus prior year



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\* short haul only

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## Strengthening our position in key markets



- Gatwick – building on leadership position
  - Increased capacity on longer sectors e.g. Sharm El Sheik
  - Strengthened business product e.g. Helsinki, Lyon, Copenhagen, Rome Fiumicino
  - New leisure routes to Naples, Dubrovnik and Santorini
- UK regions - improved load and yields
  - Weaker competitor retreating; easyJet capacity reduced by 7% in Q1'09
  - Focus on most profitable routes
- Germany - better performance
  - Benefit from closure of Dortmund base and improvement at Berlin
- Switzerland – leader at Geneva and Basel
  - Launch of Scandinavian route
  - Development of French transversals

Capacity change Q1'09 (based aircraft)



Relative revenue (pax & bag) per seat change Q1'09 at constant exchange by base



## Strengthening our position in key markets

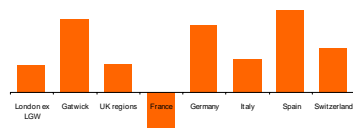


- Italy - continued expansion and strong yield growth
  - Milan market capacity reduced by 15.6% for Winter vs last year
  - Gaining share of Italian domestics, new routes to Scandinavia, expanding at Rome
- France – gaining market share
  - Growing share of French domestics
  - New routes performing well e.g. CDG and Lyon to Venice; Marrakech and Casablanca
- Spain - Madrid base delivering strong yield growth
  - Improved easyJet product e.g. Paris - Madrid 3x daily
  - Weaker competitors exiting the market - winter market capacity has reduced by 12.6% vs last year

Capacity change Q1'09 (based aircraft)



Relative revenue (pax & bag) per seat change Q1'09 at constant exchange by base



## Outlook



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## Hedging update



- For the year to 30 September 2009:
  - 73% fuel requirement hedged at \$1,094 per tonne
    - Sensitivity: \$10 per tonne movement impacts full year un-hedged fuel cost by \$4.6m
  - 72% of anticipated 2009 US\$ requirement hedged with 68% forwards at \$1.95 and 4% with collars between \$1.75 and \$1.88
    - Sensitivity: \$1c movement impacts full year un-hedged fuel cost by £1.9m
  - 71% of anticipated 2009 euro surplus hedged at €1.24/£
- For the year to 30 September 2010:
  - 27% fuel requirement hedged at \$926 per tonne
  - 25% of anticipated 2010 US\$ requirement hedged at \$1.81
  - 38% of anticipated 2010 euro surplus hedged at €1.23/£

Average effective fuel cost per metric tonne	H1	H2	FY
2008	\$840	\$1,031	\$948
2009	\$1,040*		

Jet Ciff NWE Cargo prices: February 2009 \$473.12 and Q1 2010 \$608.89

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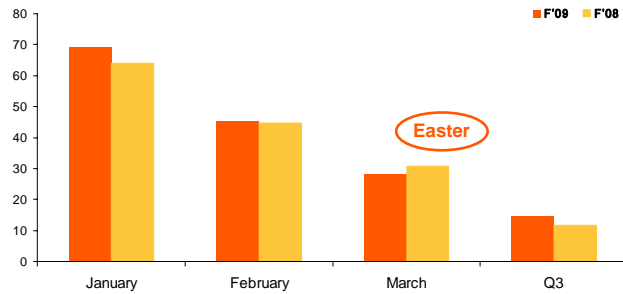
\* estimated

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## Forward bookings in line with prior year



### % Seat sold \*



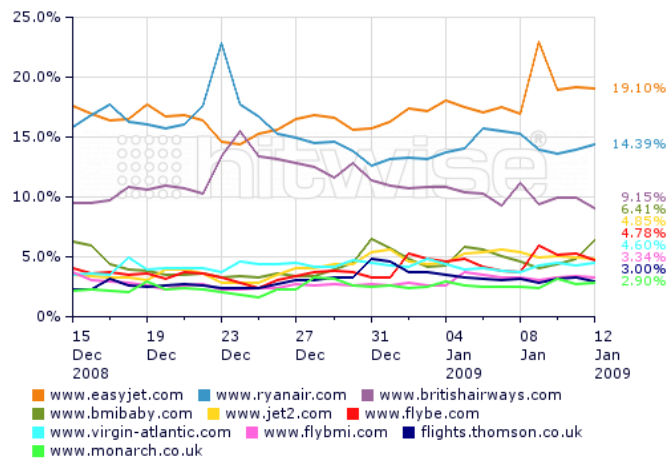
- Second quarter capacity will be down 4% versus prior year
- Annualising acquisition GB Airways from end January
- Easter moves to Q3 '09 from Q2 '08
- Initial indication off a c.4% to 5% reduction in European short-haul capacity for Summer 2009

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\* As at 19.01.09

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## December easyJet.com hits grew up by 11% yoy



Daily market share in 'Aviation - Commercial Airlines', measured by visits, based on UK usage.  
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## Outlook

- easyJet's capacity, measured by available seats, for the first half is expected to be ahead of last year by low single digit percent.
- Revenue growth in the first quarter was ahead of expectations and we anticipate total revenue per flown seat for the second quarter to be slightly ahead of the prior year on a constant currency basis. This is despite the fact that Easter has moved into easyJet's third quarter of 2009 from easyJet's second quarter in 2008.
- For the first half, costs per seat ex fuel remain in line with previous guidance, up mid to high single digits on a constant currency basis. As previously stated pre-tax margins in the first half will be impacted by higher fuel costs and will decline compared to the first half of last year. At current fuel prices, dollar rates and hedged cover we anticipate first half fuel costs to be around £3.60 per seat higher than last year. Second half unit fuel costs are expected to be broadly in line with last year
- Additionally there is no change to full year guidance on unit operating costs and thus full year unit operating costs ex fuel are expected to increase by a low single digit percentage at constant currency. Naturally, the recent fall in interest rates will cause a reduction in net interest income.
- Supply to the European short haul market by all airlines in general is expected to continue to contract over the summer by 4% to 5%, however easyJet's capacity is expected to grow in the second half by low single digit percent with continued focus on growth from market opportunities at Gatwick and in mainland Europe.
- easyJet revenues for the first half will be ahead of previous guidance, although the unit revenue outlook for the summer remains uncertain due to the difficult macro-economic environment and any potential impact from the strengthening of the euro against sterling. Consequently, easyJet reiterates guidance that for the full year at current fuel and exchange rates easyJet expects to be profitable.

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## 2. Financial position and fleet plan



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## Continued focus on cash management



### Cash flow from operations



- Prudent approach
  - Board approved gearing targets >25% <50%
  - Minimum liquidity of 3 months operating cash
- Excellent treasury execution
  - No cash collateral against hedges
  - No MAC's or financial covenants on debt facilities
- Further working capital opportunities
  - Moving to core inventory on sale 12 months ahead
  - Improved supplier terms e.g. AENA, fuel suppliers

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## Capital expenditure and financing



Capital expenditure in 2009 / 2010 reflects replacement of Boeings:

\$'m	F'09	F'10	F'11
Capital expenditure	850	850	750

### Sources of financing:

1. Strong operating cash flow generation
2. Cash and money market deposits of £801m\*
3. Significant financing available at excellent rates (<100bp's above LIBOR) broadly spread amongst counterparties
  - 2006 standby facility \$250m
  - December 2007 un drawn facilities \$708m
  - No MAC or financial covenants
  - Facilities available until F'11
4. Flexibility of 23 cash purchased aircraft owned outright on balance sheet
5. Proceeds from sale of aircraft

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\* Excludes restricted cash

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## Prudent approach to fleet planning



- Growth planned to F'11 equates to 1% increase in share of European market
- 86 aircraft due for delivery over next 3 years (107 over 5 years)
  - 42 leased aircraft due for return by end F'11
  - 12 aircraft held for sale assumed to be sold in F'09
- All fleet orders require Board approval
  - Overall fleet plan numbers largely unchanged
  - Flexible Airbus delivery schedule
  - Regular review by Board of fleet plan; decision taken to defer delivery of two further aircraft

	F'08	F'09	F'10	F'11
A321 (GB spec)	7	0	0	0
A320 (GB spec)	9	5	0	0
A320 (easyJet spec)	0	15	25	25
A319	120	135	152	170
A320 family	136	155	177	195
B737	29	17	8	2
Total	165	172	185	197

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## 3. Summary



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## Summary

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- Superior loads and revenue performance in the quarter
  - Strong network, growth focused on key markets
  - Customer and geographic diversity
- Cautious about the outlook for the summer
- F'09 growth reduced due to higher fuel and poor economic outlook
  - First half pre-tax results will be impacted by higher fuel costs
  - Utilisation lowered to protect margins for Winter 08/09 Revenue
- easyJet strongly positioned:
  - Strong, low cost highly efficient organisation with scale benefits
  - Europe's No.1 air transport network
  - Great customer proposition
  - Financially resilient and capital expenditure well financed
- Continued strong management of cash, cost and revenue

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