

2005 Q3 investor update

25 August 2005

A photograph of an EasyJet Airbus A320 aircraft on a runway. The aircraft is white with red accents, including the tail and engine nacelles. The registration number 'ZB' is visible on the nose. The background shows a cloudy sky and a flat landscape.

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Ray Webster Summary



Financial highlights for 3 months to 30 June 2005

- ➔ Total revenue up 19% to £343m, per seat up 1.5%
- ➔ Passenger unit revenue up 0.8%,
 - Reflecting our efforts to improve revenue mix, and our decision not to impose fuel surcharges
- ➔ Ancillary unit revenue up 12%
 - Continuing the strong trend seen in H1
- ➔ Total unit cost (cost before goodwill amortisation and tax, per seat flown) up 6.5%
- ➔ Total unit cost ex-fuel down 2.6% (equivalent fall in H1 was 1.5%)

Business highlights

Business continues to develop

- Growth of pan-European network continues
- Consumer offering further enhanced
- Strong ancillary contribution
- Reducing costs to offset fuel

Our current guidance (as at 5 August 2005)

- We expect unit revenue (total revenue per seat flown) to finish slightly ahead of last year
- We expect our total fuel cost for this financial year to reach £260m (vs. £147m in financial year 2004)
- At the time of our interim results in May, we stated that we expected our full year reported pre-tax profit “to be below last year but in line with current expectations”. Due to the improving revenue position and our continued focus on cost, we now expect that reported pre-tax profit for the current financial year will be broadly in line with last year.

Jeff Carr

Financial review

(based on interim results)



Profit and loss account

| £m | H1 2005 | H1 2004 | Change |
|-----------------------------------|-------------|-------------|--------------|
| Total revenue | 553 | 440 | + 26% |
| Operating costs | (516) | (406) | + 27% |
| EBITDAR | 37 | 34 | + 11% |
| Finance & ownership | (60) | (52) | + 15% |
| Pre-tax loss (ex goodwill) | (22) | (19) | + 21% |
| Margin | - 4.0% | - 4.2% | |
| Pre-tax loss (reported) | (31) | (27) | + 14% |

Available seat kilometres

| | H1 2005 | H1 2004 | Change |
|------------------------|---------------|---------------|--------------|
| Sectors flown | 106,705 | 87,453 | + 22% |
| Avg seats per plane | 150.8 | 148.8 | + 1% |
| Stage length (km) | 903 | 845 | + 7% |
| ASK (m) | 14,526 | 10,991 | + 32% |
| Revenue per ASK (p) | 3.81 | 4.00 | - 5% |
| CASK (ex goodwill) (p) | 3.96 | 4.17 | - 5% |
| Difference (p) | (0.15) | (0.17) | |

Revenue - performance



| | H1 2005 | H1 2004 | Change |
|----------------------------|--------------|--------------|--------------|
| Total revenue per pax (£) | 41.03 | 40.59 | + 1.1% |
| Total revenue per seat (£) | 34.38 | 33.81 | + 1.7% |
| Passengers (m) | 13.5 | 10.8 | + 25% |
| £m | | | |
| Passenger revenue | 513.6 | 412.3 | + 25% |
| Ancillary contribution | 39.7 | 27.4 | + 45% |
| Total revenue | 553.3 | 439.7 | + 26% |

Revenue – ancillary contribution per passenger

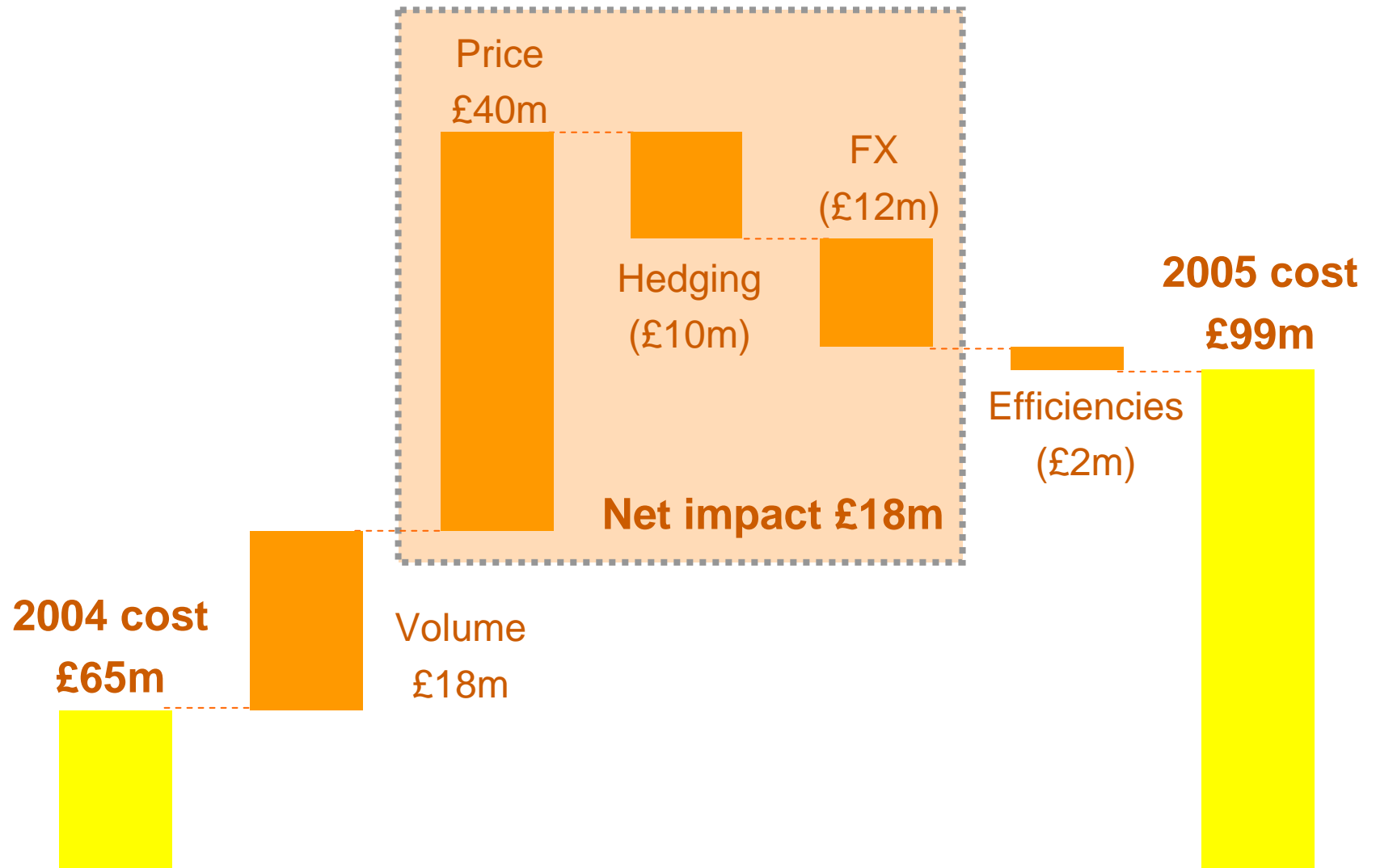
| | Change vs. last year |
|------------------|----------------------|
| Credit card fees | + 18% |
| Change fees | + 1% |
| Partner | - 2% |
| Excess baggage | + 47% |
| In-flight | + 91% |

| | |
|--------------|----------------------|
| Total | + 16% per pax |
|--------------|----------------------|

Unit cost development

| | Cost per ASK (p) | Change vs. last yr. | Contribution to CASK % change |
|---|------------------|---------------------|-------------------------------|
|  Airports / handling | 1.16 | - 8% | - 2.4% |
| Crew | 0.46 | - 13% | - 1.7% |
| Ownership costs | 0.41 | - 13% | -1.5% |
| Maintenance | 0.40 | - 7% | - 0.8% |
| Other | 0.33 | - 6% | - 0.5% |
| Selling | 0.18 | - 3% | - 0.1% |
|  Navigation | 0.34 | - | - |
| Fuel | 0.68 | + 14% | + 2.0% |
| Total cost (ex goodwill) | 3.96 | - 5% | |
| Ex-fuel | 3.28 | - 8% | |
| Ex-fuel, const.FX, stage-length adj. | 3.36 | - 4% | |

Impact of higher fuel costs in H1



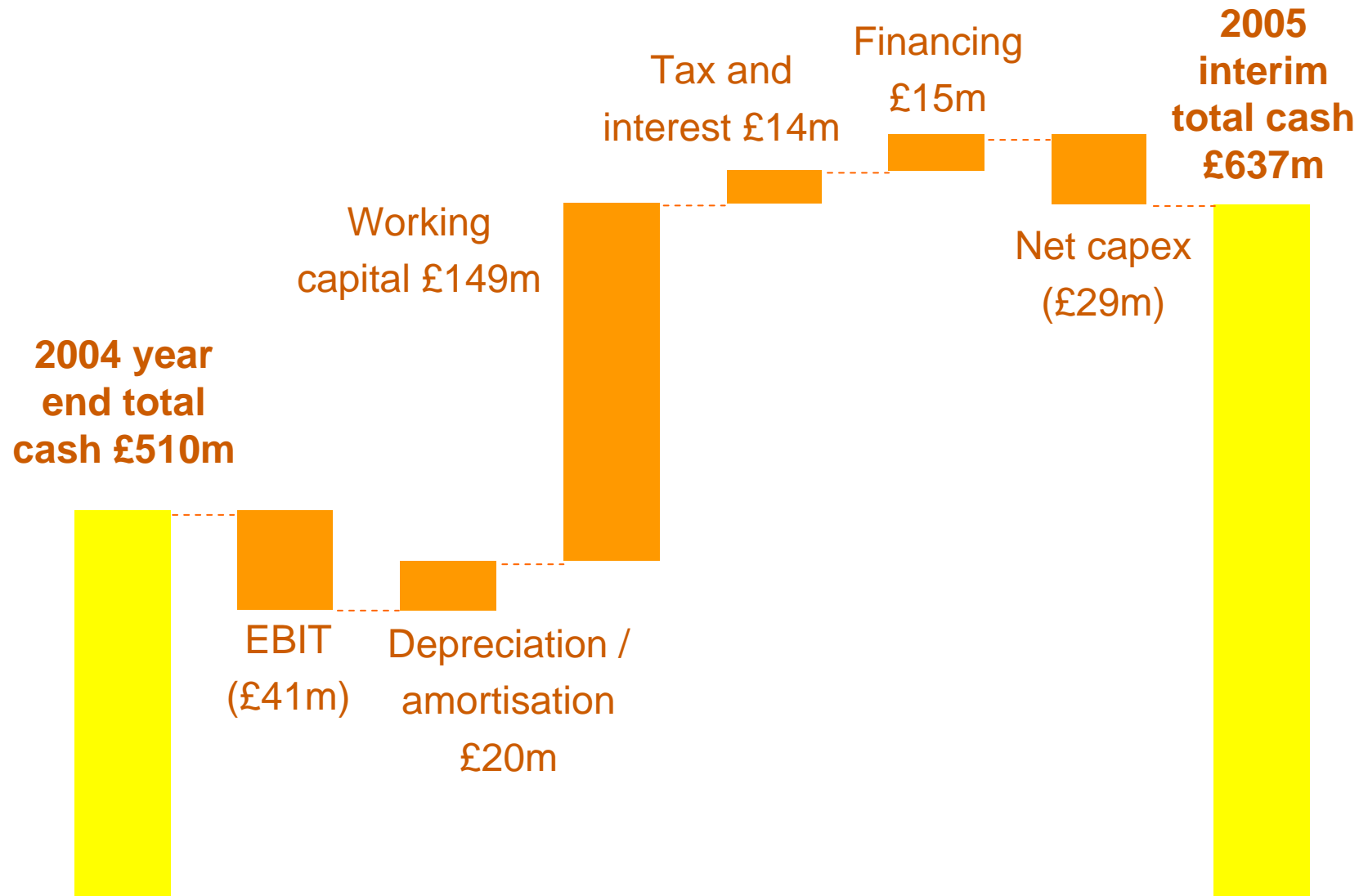
Ownership costs

| | H1 2005 | H1 2004 | Change |
|---------------------------|-------------|-------------|--------------|
| Average no. of aircraft | 96 | 78 | + 24% |
| £m | | | |
| Depreciation | (11) | (14) | - 19% |
| Leases | (59) | (43) | + 38% |
| Net interest | 10 | 4 | + 127% |
| Net ownership cost | (60) | (52) | + 15% |
| Cost per ASK | 0.41p | 0.47p | - 13% |
| Cost per aircraft | (0.62) | (0.67) | - 7% |

Net income and EPS

| £m | H1 2005 | H1 2004 | Change |
|---------------------------------|---------------|---------------|--------------|
| PBT (ex goodwill) | (22) | (19) | + 21% |
| Tax | 9 | 8 | + 17% |
| Net income (ex goodwill) | (14) | (11) | + 24% |
| EPS | (3.4p) | (2.8p) | + 23% |
| Net income (reported) | (22) | (20) | + 13% |
| EPS | (5.6p) | (5.0p) | +13% |

Cash flow movement

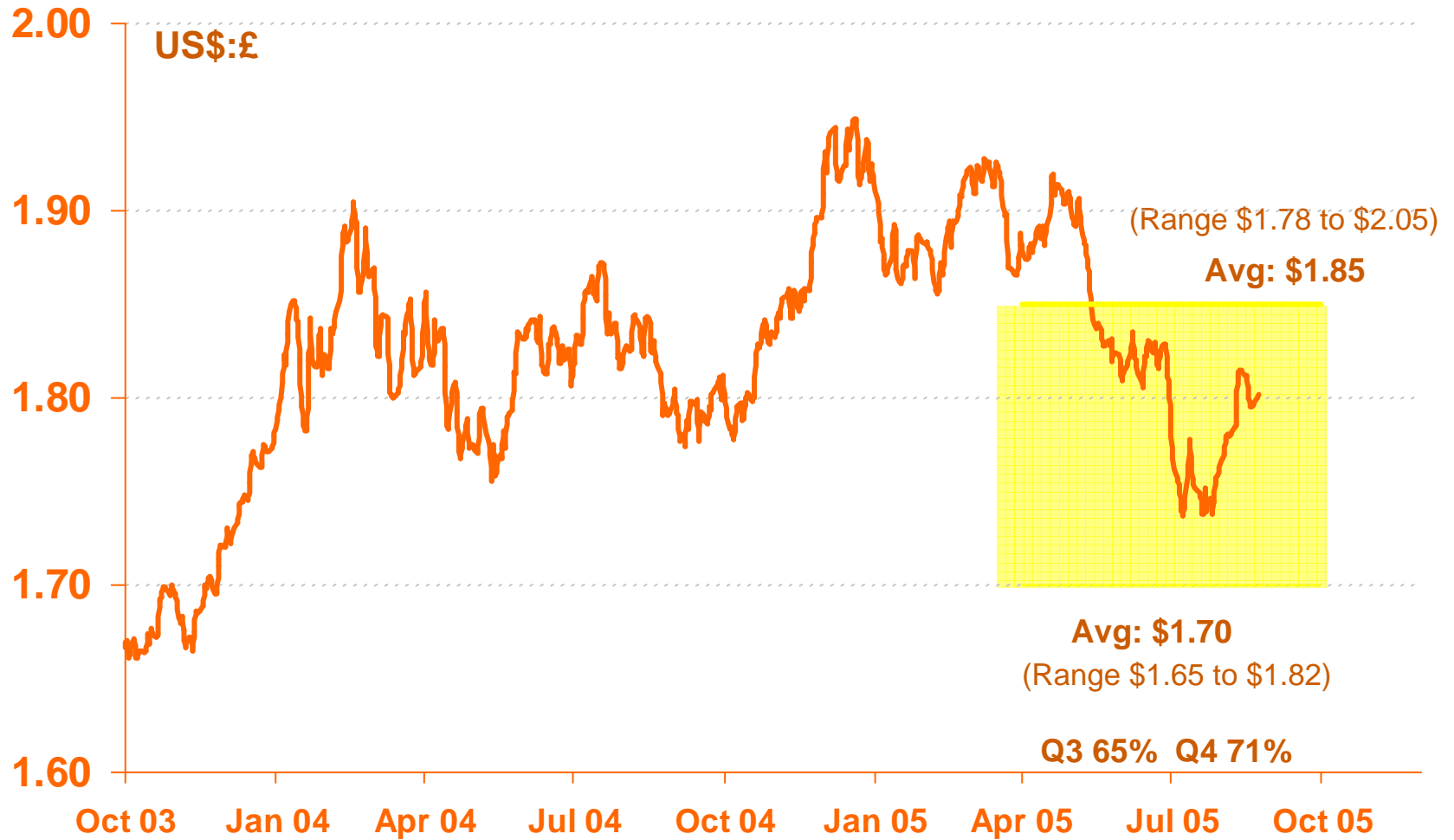


Balance sheet

| £m | Mar 05 | Sep 04 |
|-------------------------------------|--------------|--------------|
| Aircraft (inc. deposits) | 330 | 325 |
| Cash | 637 | 510 |
| Goodwill | 301 | 310 |
| Other assets | 179 | 180 |
| Total assets | 1,447 | 1,325 |
| Debt | 129 | 120 |
| Other liabilities | 559 | 416 |
| Shareholders' funds | 759 | 789 |
| Total equity and liabilities | 1,447 | 1,325 |
| Gearing | 29% | 26% |

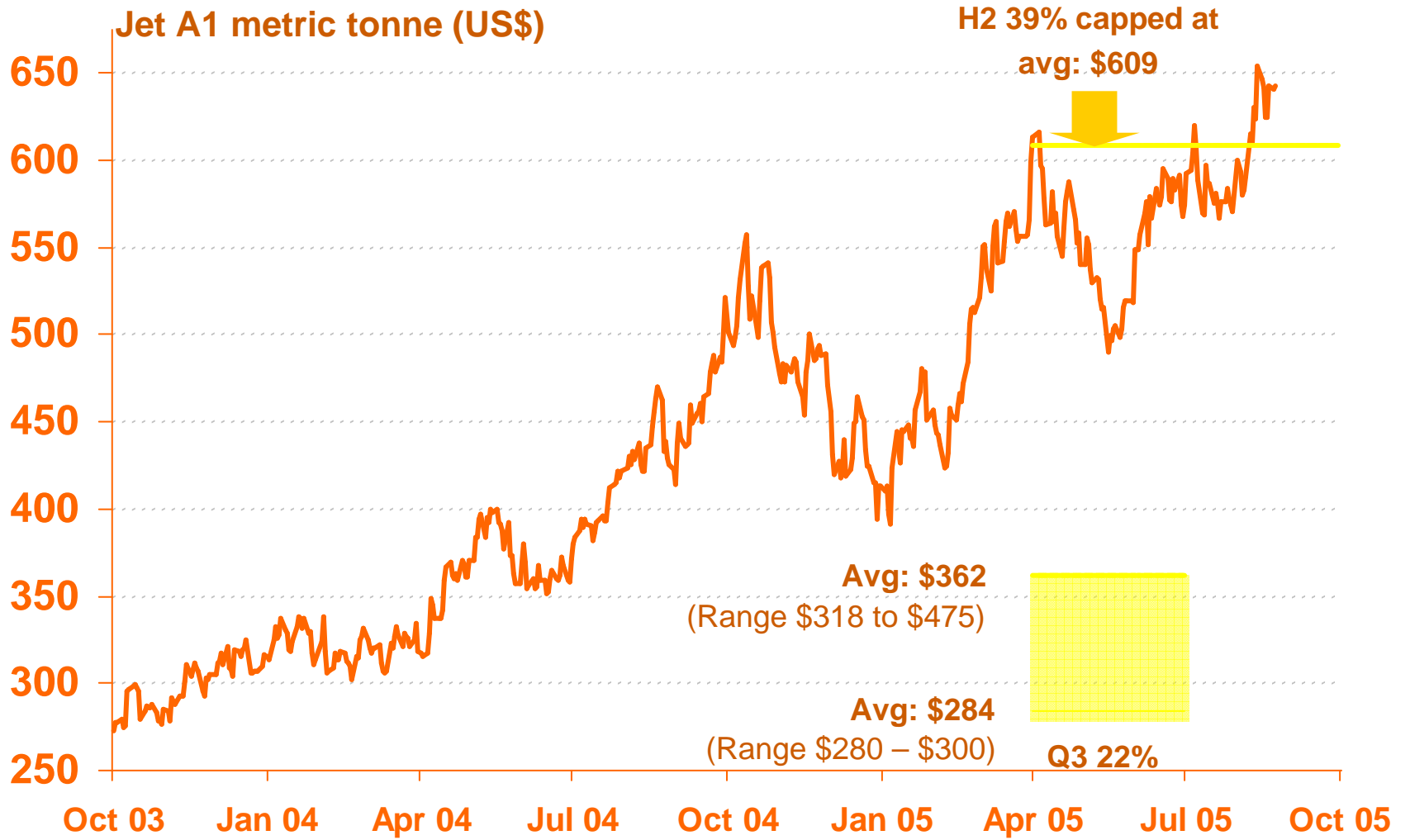
Gearing defined as (debt + 7 x annualised lease payments – cash) divided by (shareholders funds + debt + 7 x annualised lease payments – cash)

Hedging – US\$



Hedging - fuel

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International accounting standards

→ Finance systems work largely complete

- Currently parallel accounting

→ Publication timetable

- No additional IAS information in these results
- 2005 full year as normal in November
- Release of IAS figures to follow in January
- 2006 interims and full year under IAS

→ Key issues

- No regular goodwill amortisation (£17m in 2004)
- Share option expensed (£2.3m calculated under FRS20 for 2004)
- Valuation of financial instruments

Ray Webster

Chief Executive



Business highlights

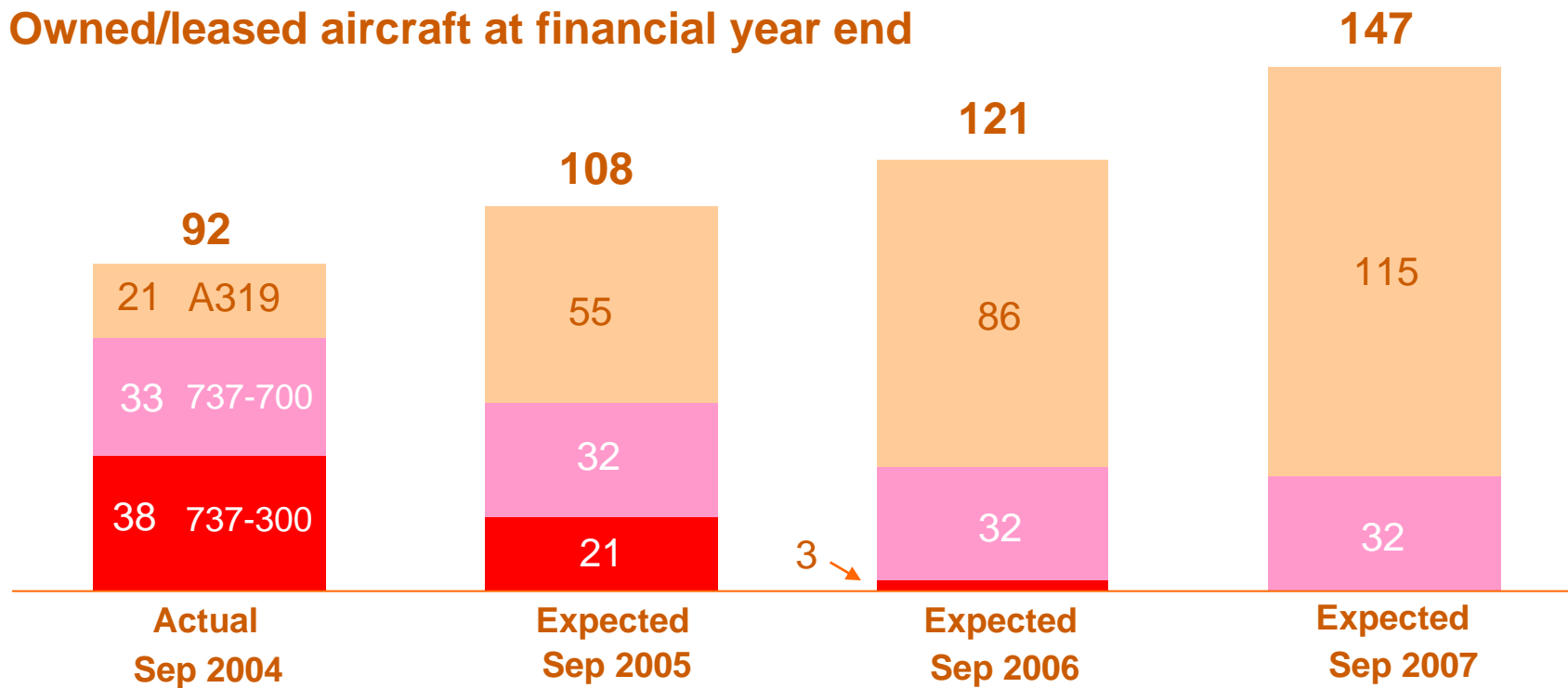
Business continues to develop

- Growth of pan-European network continues
- Consumer offering further enhanced
- Strong ancillary contribution
- Reducing costs to offset fuel

Fleet plan

→ 98% new* aircraft by Sep 06, average age just 2.2 years

Owned/leased aircraft at financial year end

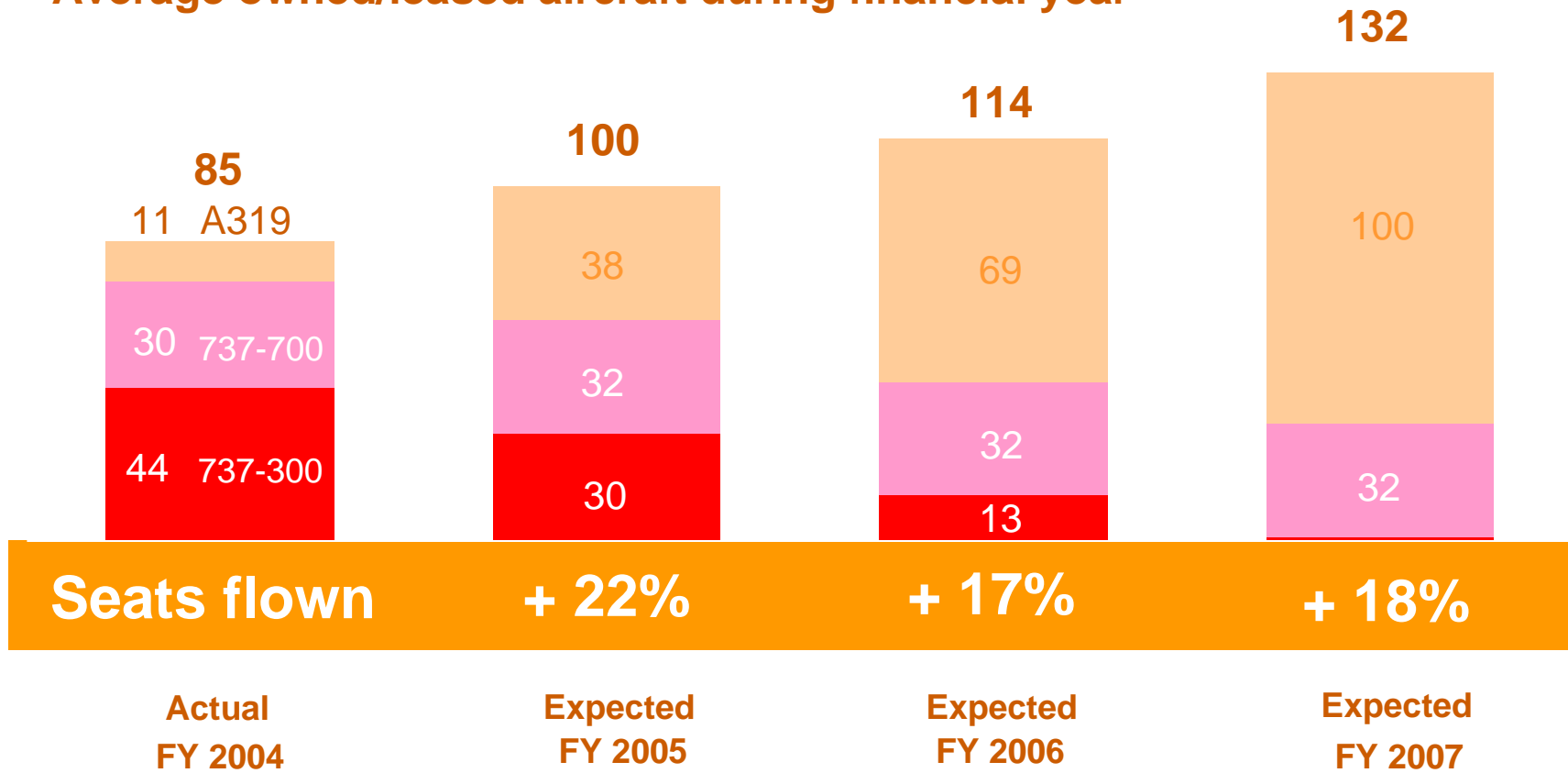


* meaning either a A319 or 737-700

Capacity growth

→ Balanced growth

Average owned/leased aircraft during financial year



2006 and 2007 assume no change in utilisation

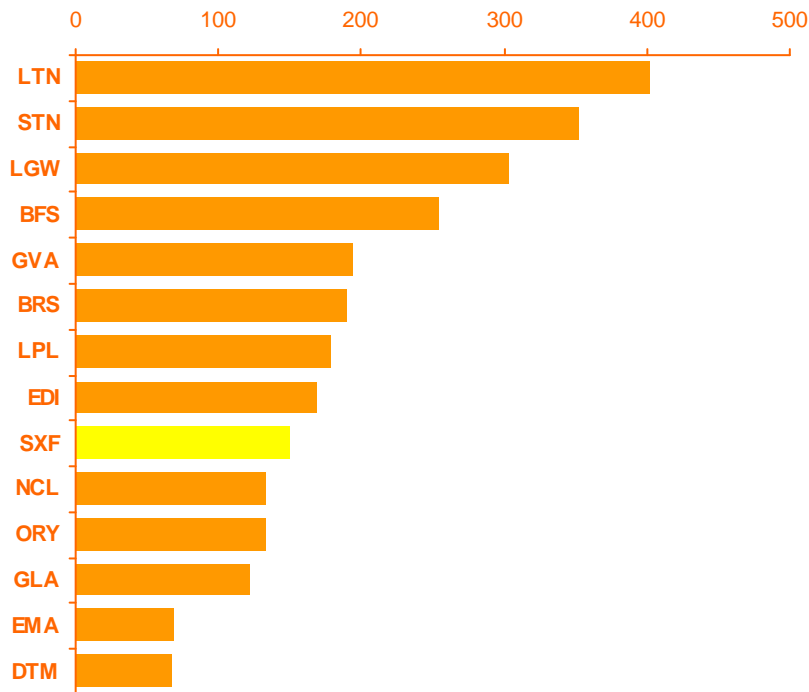
Revenue environment

- ➔ Competition – manageable but remains intense
 - European capacity higher than last summer, despite airline failures
 - Competition from other airlines on 115 out of 147 market pairs
 - At least one low-cost competitor on 80 out of 147 market pairs
- ➔ Own growth naturally dilutes year-on-year comparison
 - 187 routes operated at 31 Mar 05, up 63% vs last year
 - 57 airports served at 31 Mar 05, up 46% vs last year
 - New route launches in H1 ran at more than one per week
 - H2 growth somewhat slower, but still high
- ➔ Easter impact negative for H2

Network development

- Network clean-up
- Basel to become 15th base and 5th outside UK
- Third of EU now lives within 1 hour of an easyJet airport

Bases (ranked by departures per week)



Routes from Basel



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Base defined as an airport where aircraft overnight and local crew are based.
Ranking as of March 2005

Network development

- ➔ 40 routes to/from Germany by Sep 05
 - New route has been added every 2 weeks
 - Active management of route portfolio
- ➔ Awareness still building
 - Dedicated country manager
 - 100th aircraft celebrated in Berlin (not UK)
- ➔ Adapting business to local market
 - e.g. Additional payment options



Customer focus

➔ New website live

- Improved booking functionality
- More payment methods and currencies
- 15 languages
- Dynamic packaging introduced
- Promotes a wider variety of partners

➔ Customer friendly pricing

- Group booking for up to 40
- Transparent pricing imminent

➔ More coming soon



Business traveller

- ➔ Passenger friendly product
 - No weight restriction for cabin baggage
 - Flexible bookings & earlier flight stand-by
- ➔ Self check-in
 - Includes hold baggage
 - Introduced in EMA, Geneva and Berlin
- ➔ BTI deal
 - Access to a new market
 - Limited additional cost
 - Expected to be live this summer
- ➔ Still #1 for low cost business travel*



* Barclaycard Travel in Business Survey, May 2005

Ancillary contribution

- ➔ Better execution delivering results
 - Higher contribution from inflight
 - Excess baggage payment collection much improved
- ➔ Infant and sporting goods charges introduced
- ➔ Change fee increased to £15 (from £10)
- ➔ Dynamic packaging of insurance now live
 - Other services to follow
- ➔ New ideas being tested

Reducing costs - utilisation and productivity

- ➔ 5% more block hours per operational aircraft per day
 - Beating 2005 FY target of 4%

- ➔ 5% increase in productivity for operational crew
 - Adjusted for £3m of Airbus training costs in 2004
 - Matching 2005 FY target

- ➔ 3% fall in 'non-flying' staff
 - Target of 10% reduction expected to be achieved during 2006
 - Call centre already 20% smaller

Reducing costs – maintenance

- ➔ Fifth largest cost area (11% of cost base)
- ➔ Currently outsourced to SR Technics
 - Boeing fleet: long-term contract until 2011
 - Airbus fleet: short-term contract until Sep 05
- ➔ Competitive tender for long-term Airbus contract, awarded to SRT
 - Other finalist was Singapore Technologies Aerospace
 - \$1bn contract over 10 years, 25% saving over existing contract
 - £10m savings over existing contract next financial year

Summary

- Strong passenger and ancillary revenue growth
- Profit in line with expectations
- Unit costs reduced despite fuel cost increases
- Strong cash generation
- Well positioned for continued balanced growth

Appendix



Goodwill and accelerated depreciation

| £m | 2005 | 2004 |
|--------------------------|-------------|-------------|
| PBT (underlying) | (20) | (15) |
| Accelerated depreciation | (3) | (3) |
| PBT (ex goodwill) | (22) | (19) |
| Goodwill amortisation | (9) | (9) |
| PBT (reported) | (31) | (27) |

Fleet financing

- Additional financing in place
- Long-term (post 2007) at least a third of fleet will be owned

| | Mar 05 | Sep 05 | Sep 06 | Sep 07 |
|----------------------|------------|------------|------------|------------|
| Owned | 14 | 18 | 42 | 51 |
| Leased | 89 | 90 | 79 | 78 |
| Flexible (all A319s) | - | - | - | 18 |
| Total | 103 | 108 | 121 | 147 |