

easyJet

H1 2019

RESULTS PRESENTATION

INTRODUCTION

Johan Lundgren - CEO

FOCUSING ON DELIVERY

- ✓ H1 performance in line with expectations
- ✓ Significant focus on H2 delivery
 - Customer, revenue, operations & cost
- ✓ Continuing to invest in our strategy
 - Investing in the network
 - Winning our customers loyalty
 - easyJet Holidays, Loyalty, Business making good progress
 - Investing in value by efficiency
 - Investing in our people
 - Underpinned by the efficient use of data



FY 2019 PBT expectations unchanged

FINANCIAL REVIEW

Andrew Findlay - CFO

KEY PERFORMANCE INDICATORS

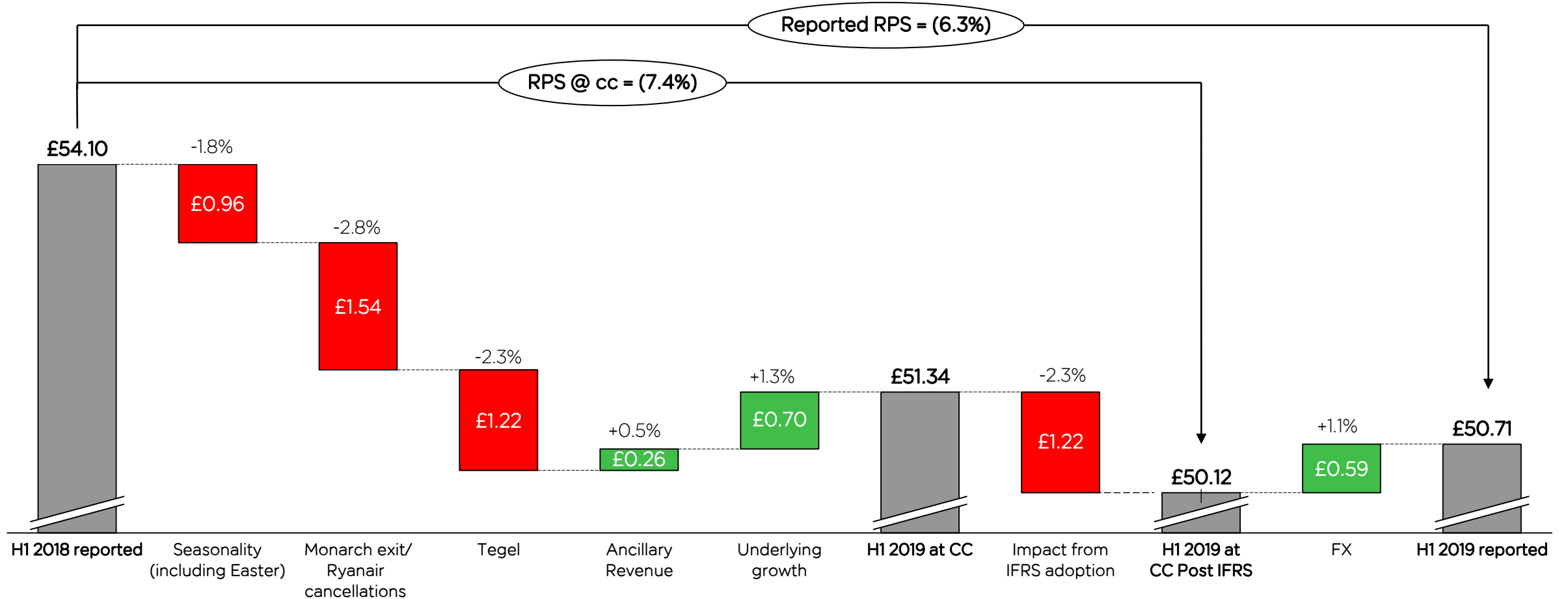
	H1 2019	H1 2018	Change*
Seats flown (m)	46.2	40.4	14.5%
Passengers (m)	41.6	36.8	13.3%
Load factor (%)	90.1%	91.1%	(1.0ppt)
Average sector length (km)	1,068	1,071	(0.2%)
Revenue per seat - reported currency (£)	50.71	54.10	(6.3%)
Revenue per seat - constant currency (£)	50.12	54.10	(7.4%)
Headline cost per seat incl fuel - reported currency (£)	56.66	54.53	(3.9%)
Headline cost per seat incl fuel - constant currency (£)	55.88	54.53	(2.5%)
Headline cost per seat excl fuel - reported currency (£)	43.64	43.11	(1.2%)
Headline cost per seat excl fuel - constant currency (£)	43.65	43.11	(1.3%)

FINANCIAL PERFORMANCE

	H1 2019 pre IFRS Changes	IFRS Impact	H1 2019	H1 2018	Change
	£ m	£ m	£ m	£ m	£ m
Total revenue	2,400	(57)	2,343	2,183	160
Headline costs:					
Headline costs excluding fuel	(2,024)	8	(2,016)	(1,740)	(276)
Fuel	(602)	0	(602)	(461)	(141)
Headline profit/(loss) before tax	(226)	(49)	(275)	(18)	(257)
<i>Headline loss before tax at constant currency</i>	<i>(212)</i>	<i>(54)</i>	<i>(266)</i>	<i>(18)</i>	<i>(248)</i>
<i>Non-headline items:</i>					
<i>Sale and leaseback</i>	4	(2)	2	(19)	21
<i>Brexit-related costs</i>	(4)	0	(4)	(4)	-
<i>Commercial IT platform</i>	2	(0)	2	-	2
<i>Tegel integration</i>	-	-	-	(24)	24
<i>Other</i>	3	-	3	(3)	6
Total loss before tax	(221)	(51)	(272)	(68)	(204)

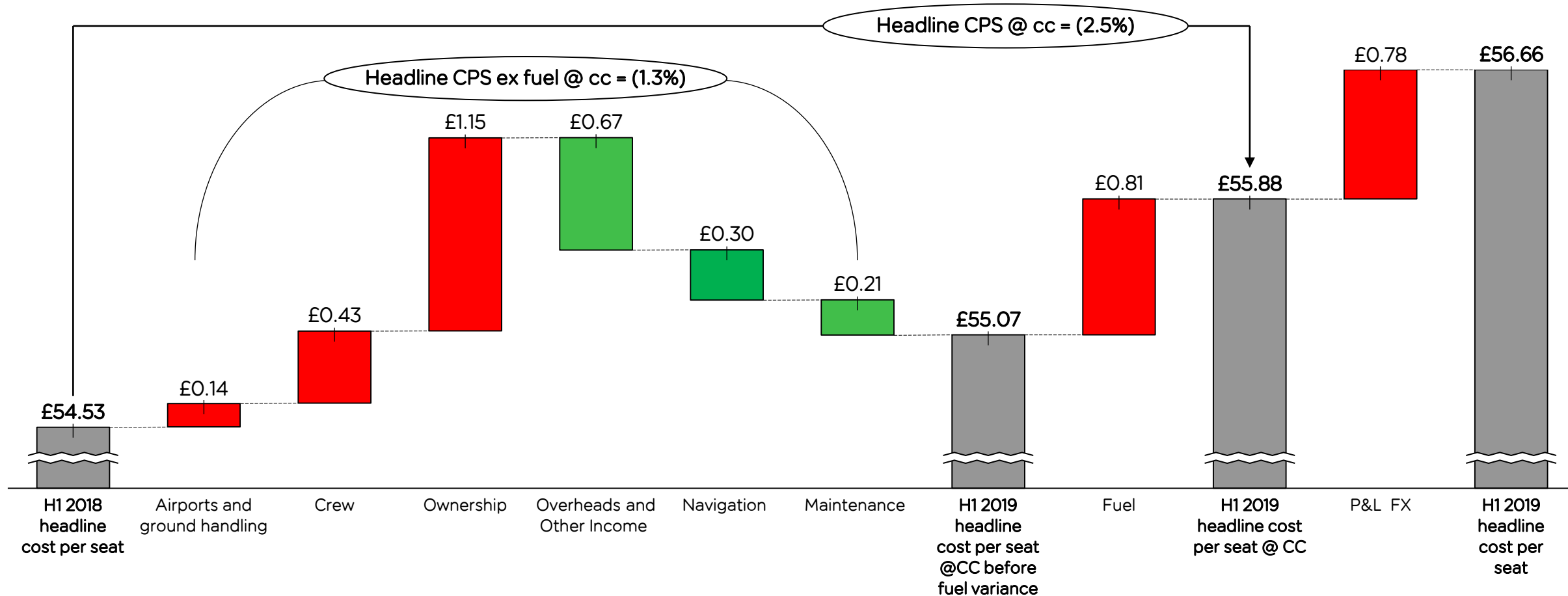
REVENUE PERFORMANCE

REVENUE PER SEAT BRIDGE



COSTS

HEADLINE COST PER SEAT BRIDGE



IMPACT OF IFRS 15&16 ON INCOME STATEMENT

Description	H1 2019 £m
IFRS 15: Deferral of revenue to H2 and compensation payments offset against revenue	(57)
IFRS 15: Reclassification of compensation costs to offset revenue	6
Total IFRS 15 pre tax profit impact on H1'19	(51)
IFRS 16: Reclassification of maintenance expense	(36)
IFRS 16: Reduction of leasing expense	(88)
IFRS 16: Increase in depreciation expense	112
IFRS 16: Increase in interest expense	12
Total IFRS 16 pre tax profit impact on H1'19	-
Total H1'19 pre tax profit impact of new accounting standards*	(51)

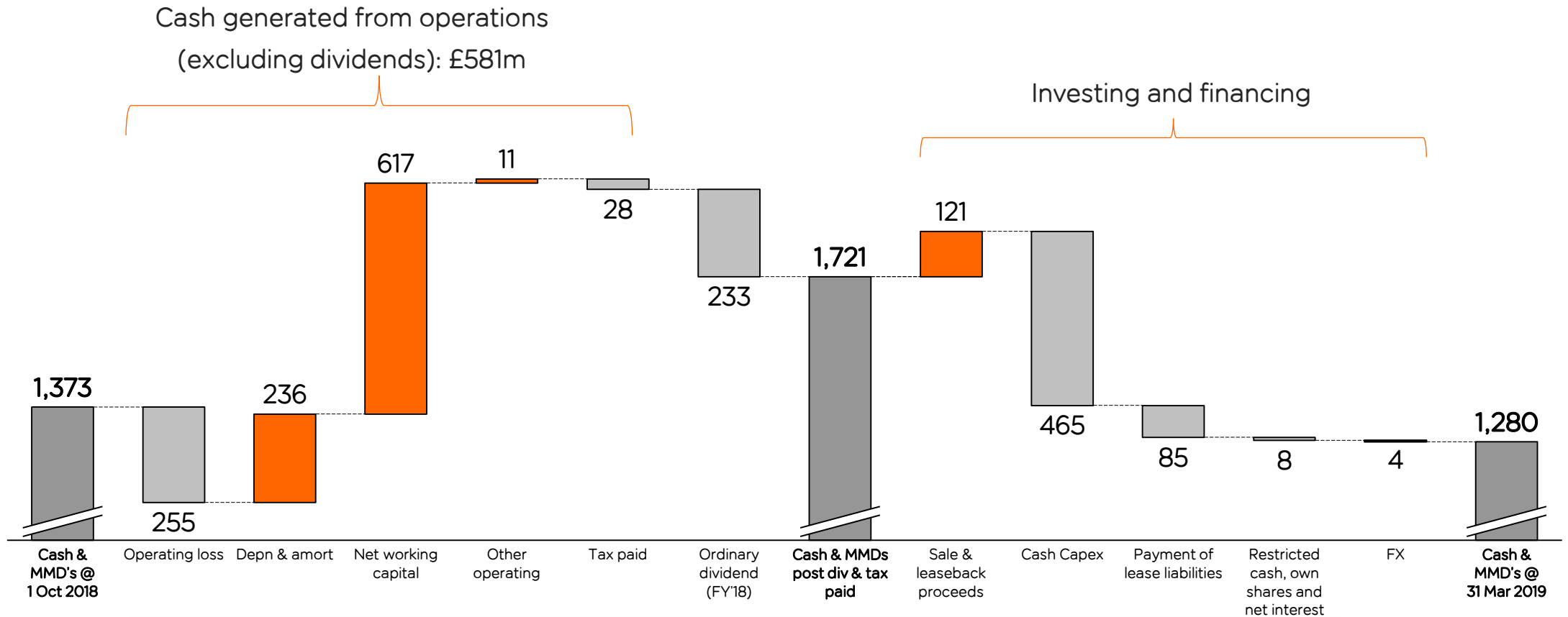
IMPACT OF FUEL & CURRENCY

H1 2019 fuel impact	H1 2019	H1 2018	Change*
Fuel \$ per metric tonne			
Market rate	650	620	(30)
Effective price	645	547	(98)
US dollar rate			
Market rate	1.29	1.36	7 cents
Effective price	1.31	1.39	8 cents
Difference between market rate and effective rate	0.02	0.03	
Actual cost of fuel £ per metric tonne	493	393	(100)

H1 2019 currency impact on headline PBT*	EUR	CHF	USD	Other	Total
£m					
Revenue	20	7	1	(1)	27
Fuel	-	-	(37)	-	(37)
Headline costs excluding fuel	7	(3)	(4)	1	1
Total	27	4	(40)	-	(9)

STRONG CASH GENERATION

CASH FLOW BRIDGE



Liquidity of £3.7m per 100 seats is supported by two revolving credit facilities (one \$500 million facility and one £250 million facility) and a business interruption insurance policy

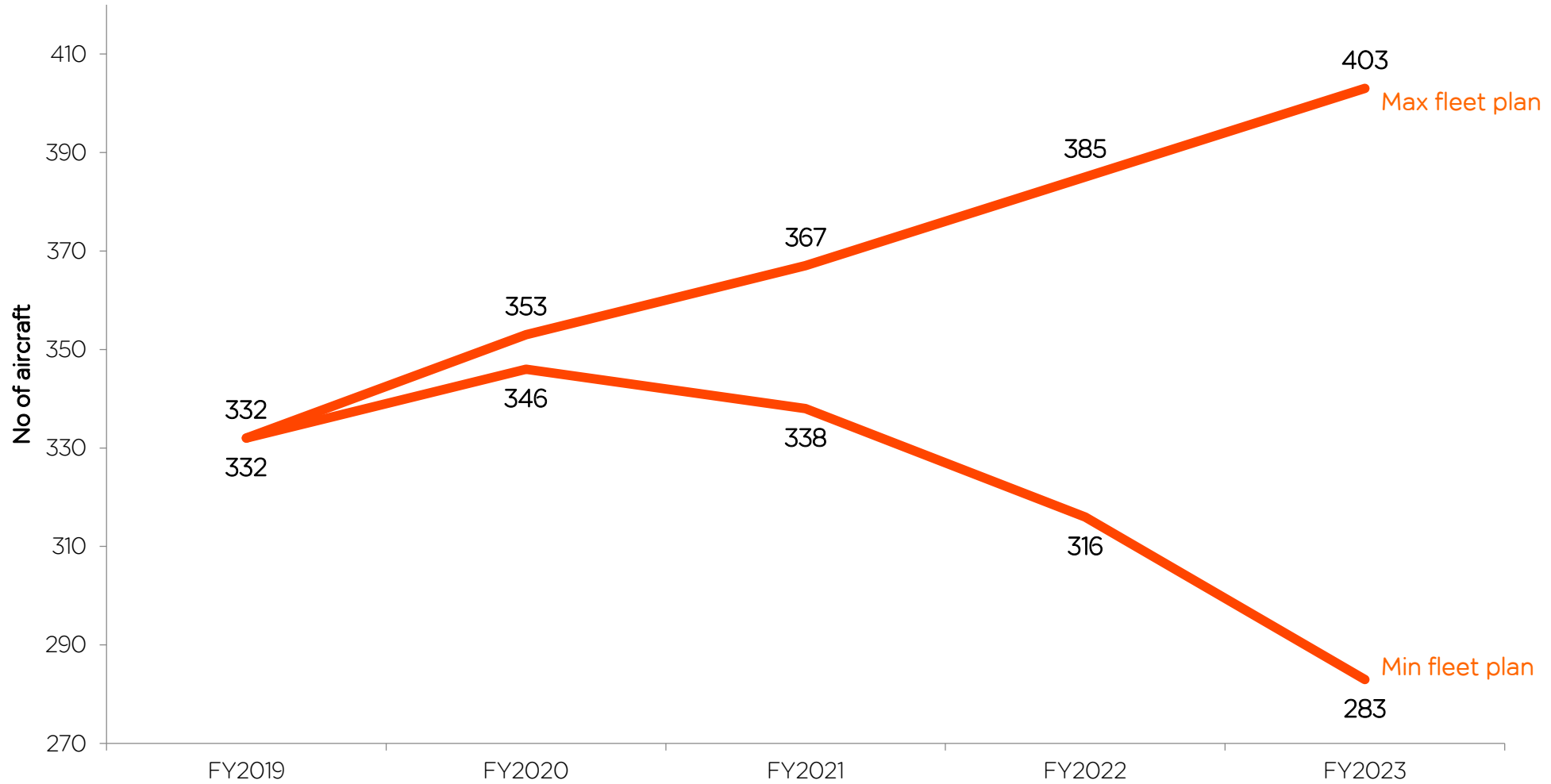
STRONG BALANCE SHEET

£m	31 March 2019	31 March 2018 (Restated)	30 September 2018 (Restated)
Goodwill and other intangible assets	551	589	546
Property, plant and equipment (excluding RoU assets)	4,286	3,648	4,140
RoU assets under IFRS 16	572	-	-
Derivative financial instruments	48	106	364
Equity investments	54	-	-
Other assets (excluding cash and money market deposits)	484	469	539
Unearned revenue	(1,726)	(1,468)	(877)
Other liabilities (excluding debt)	(1,552)	(1,381)	(1,875)
Capital employed	2,717	1,963	2,837
Cash and money market deposits*	1,280	1,624	1,373
Debt (excluding lease liabilities)	(858)	(959)	(977)
Lease liabilities under IFRS 16	(623)	-	-
Net (debt)/cash	(201)	665	396
Net assets	2,516	2,628	3,233

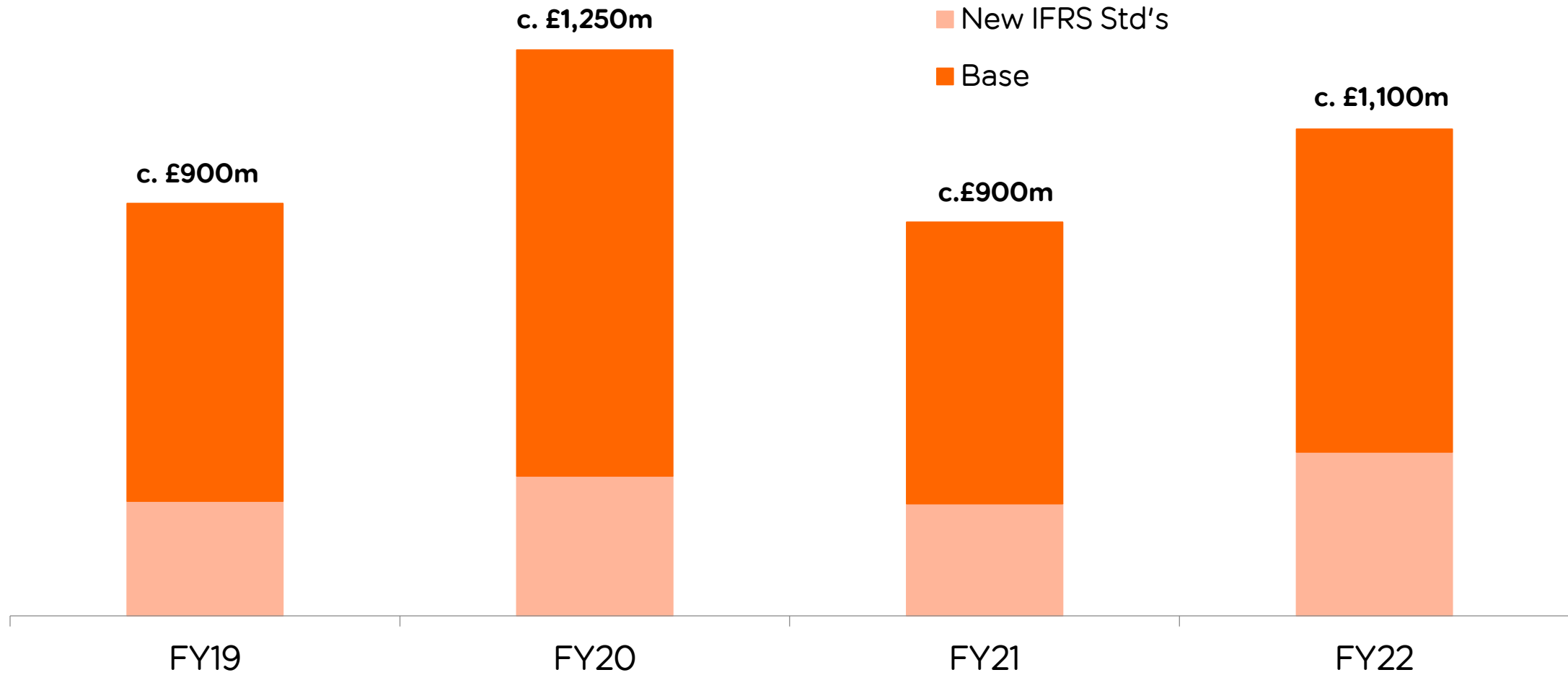
FUEL AND FOREIGN EXCHANGE HEDGING

	Fuel requirement	US dollar requirement	Euro Surplus
Six months to 30 September 2019	73% @ \$584/MT	77% @ 1.34/£	74% @ 1.12/£
Full year ending 30 September 2019	72% @ \$579/MT	83% @ 1.33/£	68% @ 1.13/£
Full year ending 30 September 2020	58% @ \$660/MT	61% @ 1.36/£	61% @ 1.11/£

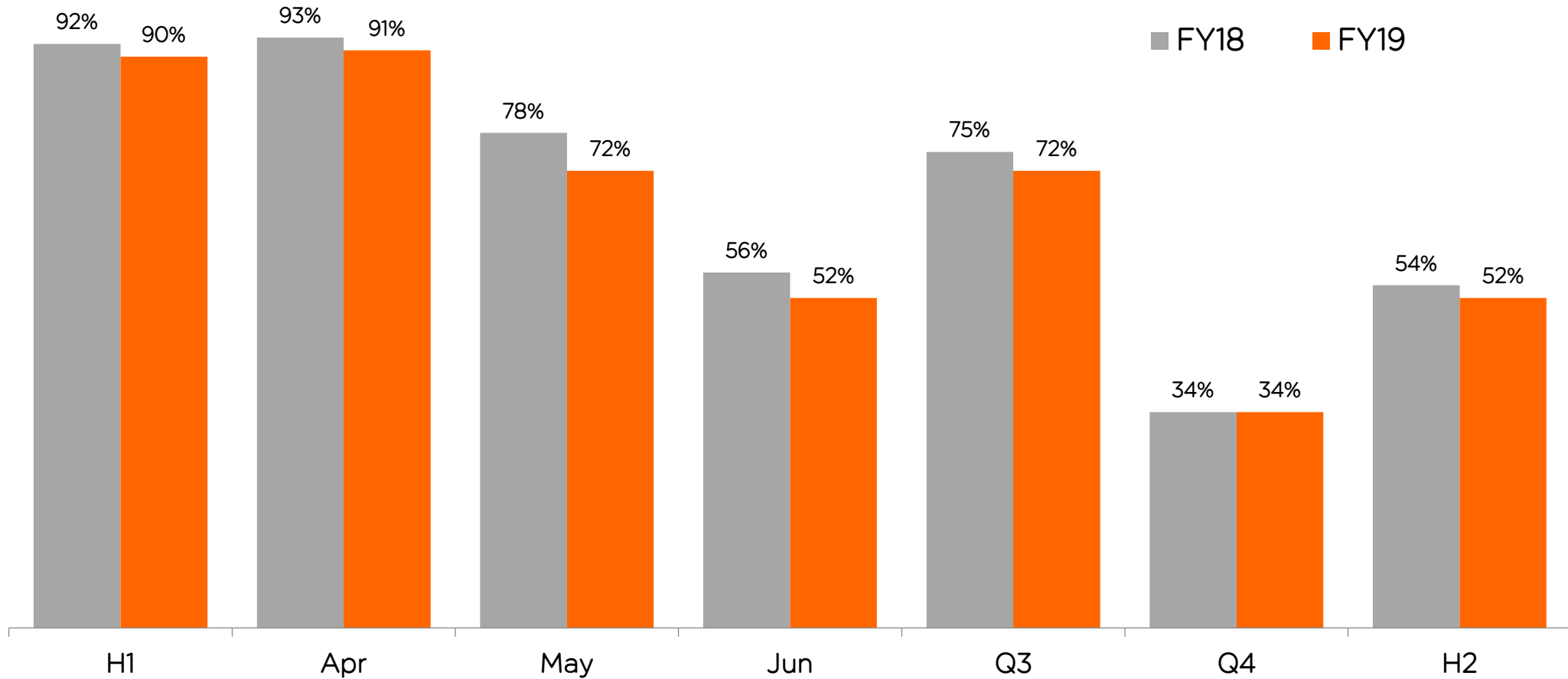
UTILISING FLEXIBILITY IN FLEET PLANNING



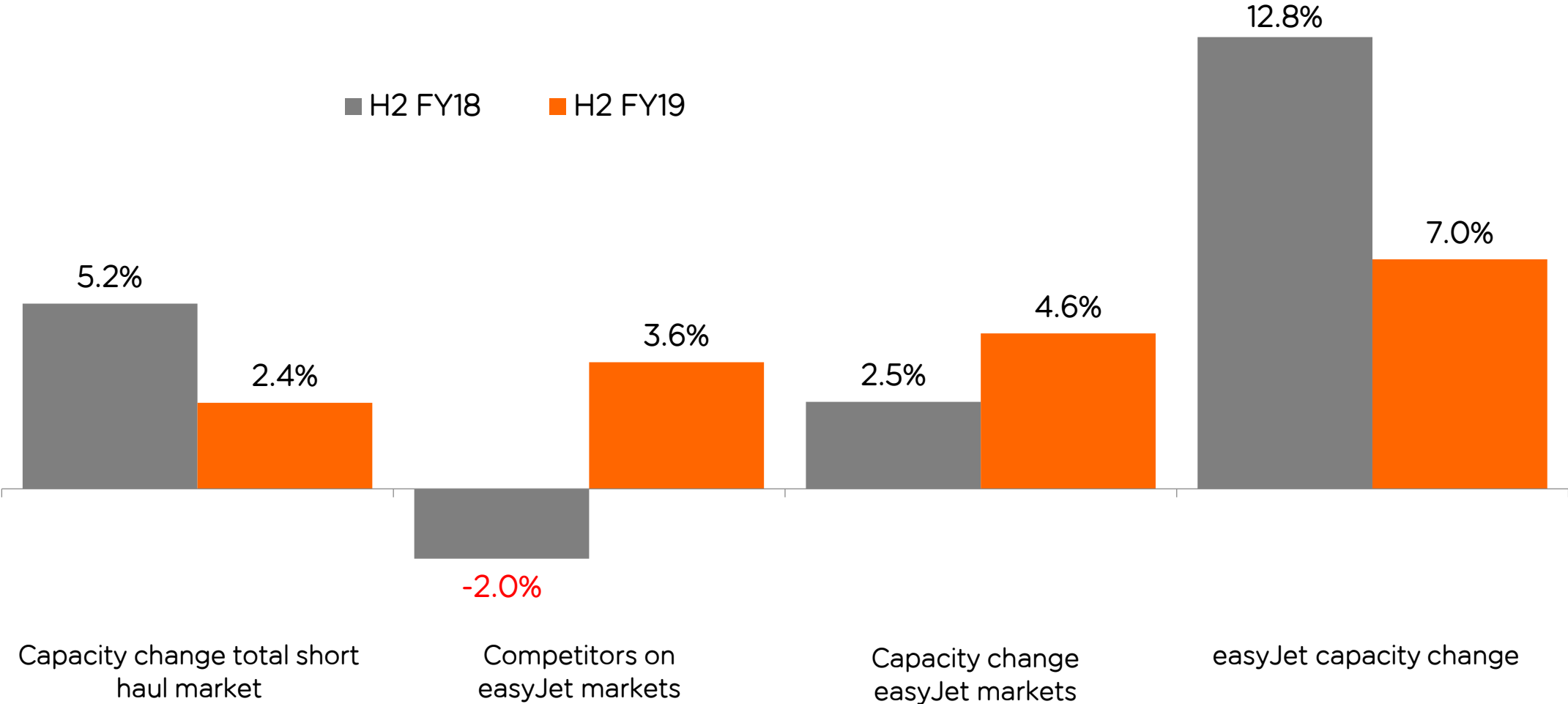
GROSS CAPITAL EXPENDITURE



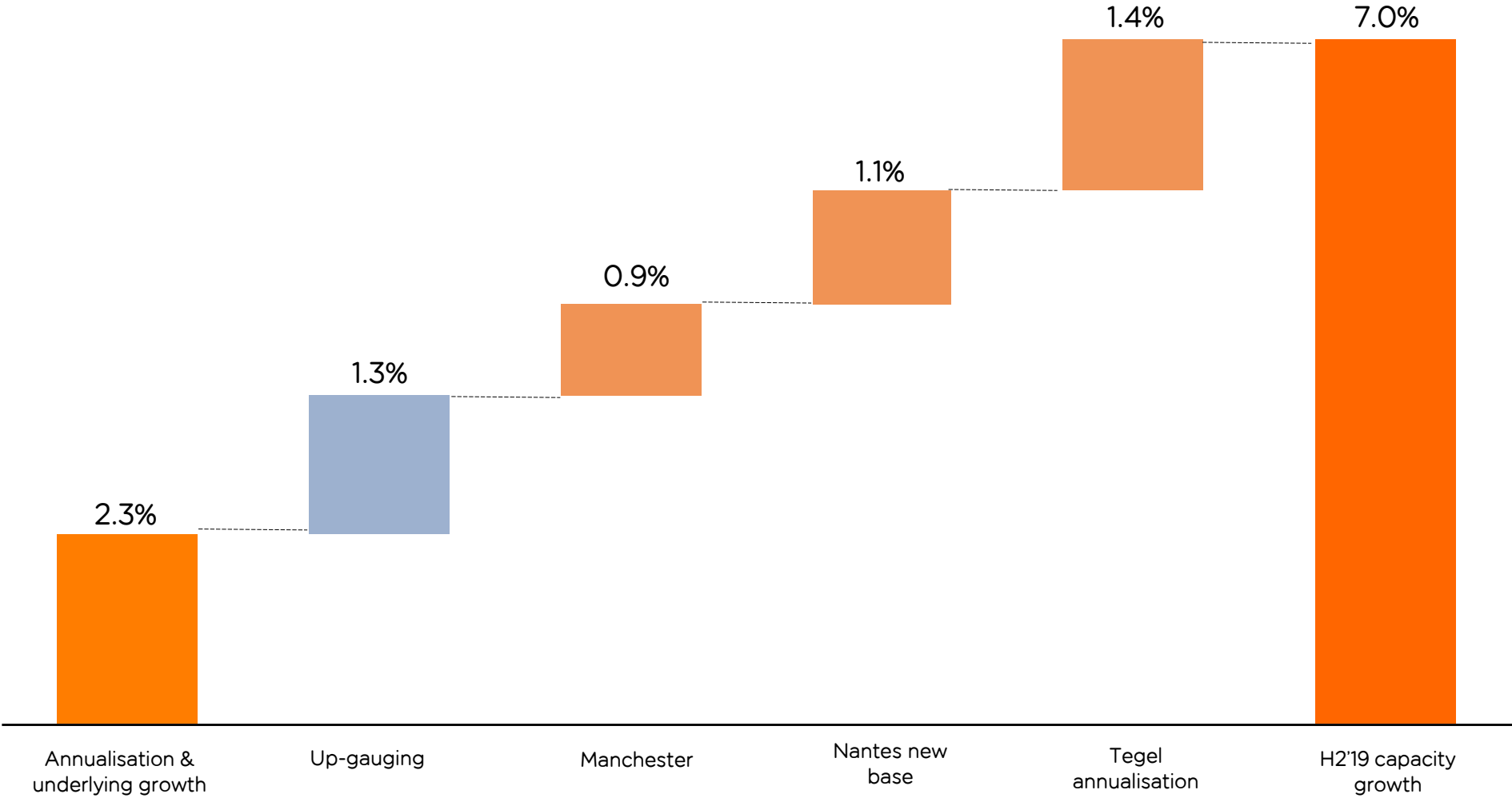
H2 FORWARD BOOKINGS



H2 CAPACITY OUTLOOK



H2 easyJet GROWTH



OUTLOOK

FY 2019 headline profit before tax

- > Unchanged PBT expectations, in line with current market consensus[#]

Capacity (seats flown)

- > H2 c.7% increase
- > FY c.+10% increase

Revenue per seat at constant currency

- > H2 revenue per seat performance (updated for IFRS 15):
 - > Slightly down

Cost per seat at constant currency

- > FY headline cost per seat excluding fuel (updated for IFRS 15):
 - > Down (assuming normal levels of disruption)

FX / Fuel*

- > FY: c.£10 million positive movement from foreign exchange rates on headline PBT
- > FY: unit fuel costs £25 million to £60 million adverse
- > Expected total fuel cost c.£1.4 billion

* Based on fuel spot price range of \$600 - \$700 includes impact of ETS carbon scheme prices GBP; EUR: 1.15 GBP; USD 1.29

Internally compiled market consensus as at 15 May 2019 is £435m - Based on the 21 estimates from post 1st April trading update

CEO UPDATE

Johan Lundgren

EARLY INITIATIVES DELIVERING RESULTS

Initiatives delivered

Customer

- > Contactless payment system to increase onboard sales
- > Rolling out Auto Bag Drop to 17 airports
- > Call centre improvements

Revenue

- > Enhanced algorithms
- > New customer bundles
- > Increased Bag & seat options

Operations

- > Operational Resilience programme
- > Standby aircraft
- > Schedule firebreaks

Results delivered

Auto bag drop facilities for
34m
customers

CSAT with crew;
Reaching an all time high

Easter operational performance

- **86% OTP**
 - (up 4ppts vs 2018)
 - LGW - 87%
- **No Cancellations**

Call centre processing times decrease significantly



H1 underlying RPS

+1.8%

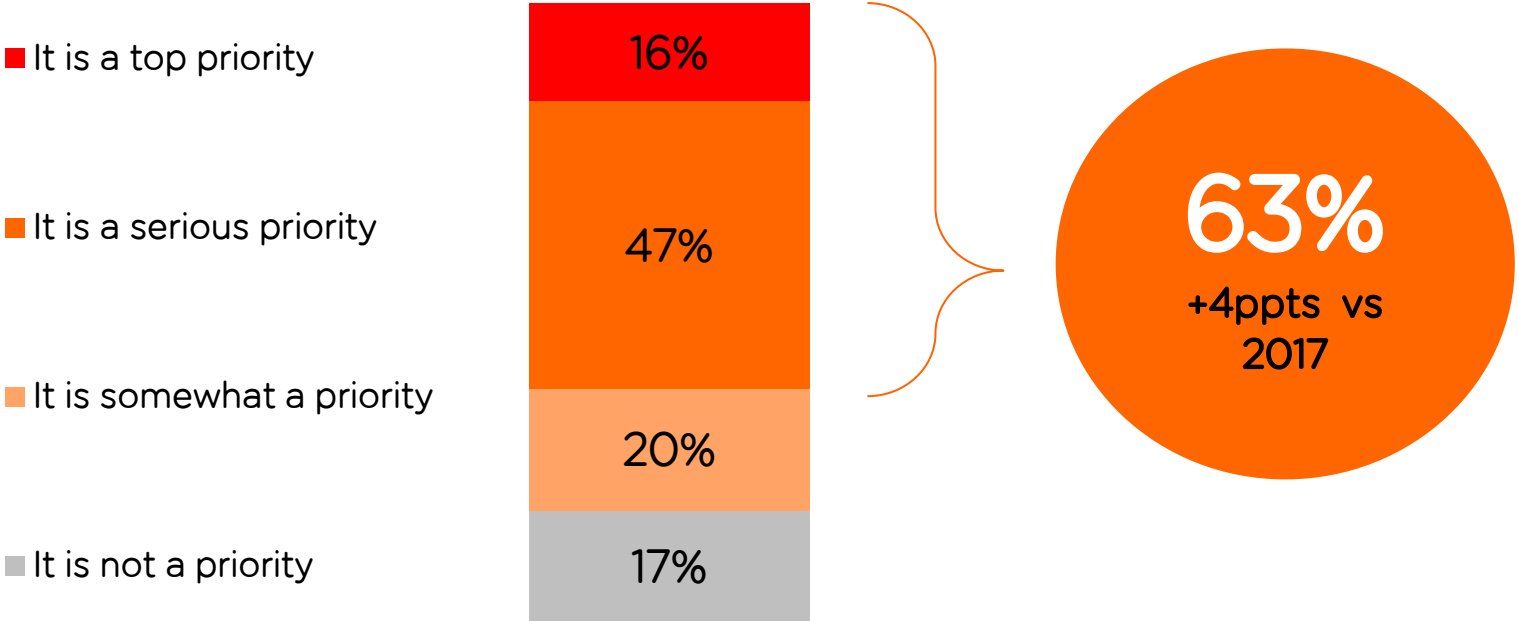
Double
the number of standby aircraft

Operational Resilience & Strategic savings programme driving CPS ex-fuel down in H2



STRUCTURAL DEMAND FOR TRAVEL REMAINS RESILIENT

***Of the major purchases you are intending to make in the next 12 months, how much of a priority is travelling for leisure for you?**



Desire for leisure travel continues to be important

OUR PRIORITIES – DELIVERING OUR STRATEGY

#1 or #2 in primary airports

Winning our customers' loyalty

Value by efficiency

The right people

Innovating with data

Driving value in H1 2019

#1 in Berlin

New base at Nantes

27 #1 network positions across the network, up from 18 in FY'17

54% of easyJet capacity is flown from a **#1 position** at a **constrained airport**, up **6ppts** from FY'17

Best value airline in Europe*

Most preferred and considered LCC in the UK, France, Switzerland.*

76% of seats booked by returning customers

Best Business Airline at Business Travel awards 2019

£45 million of cost programme savings. Delivering over £100m for FY'19

Resilience plan **well set for summer** – 54% fewer cancellations in H1 vs 2018;

Easter OTP **86%**

7% Pilot and 5% crew turnover

Highest ranked low cost carrier for **customer satisfaction***

High employee satisfaction: eNPS score of 25 on Peakon

39 data team members

20+ margin accretive projects currently being developed:

Delivering projects: Pricing and ancillaries; Disruption; Cost efficiency

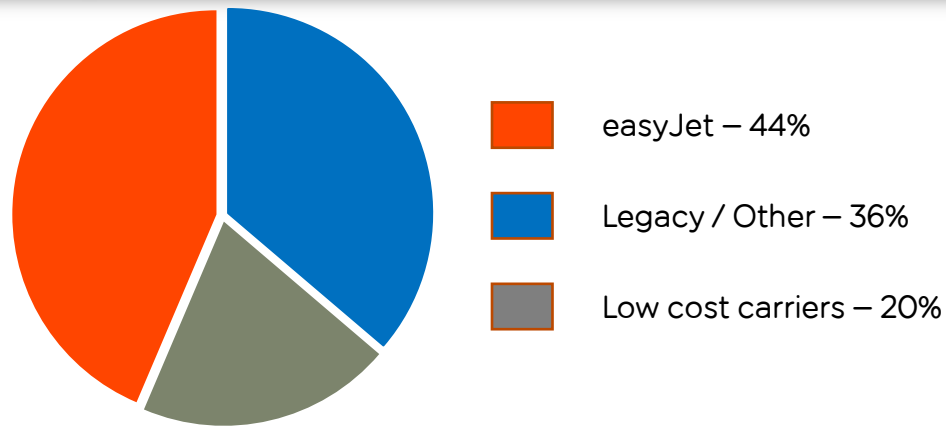
Better aligned with IT

#1 OR #2 IN PRIMARY AIRPORTS

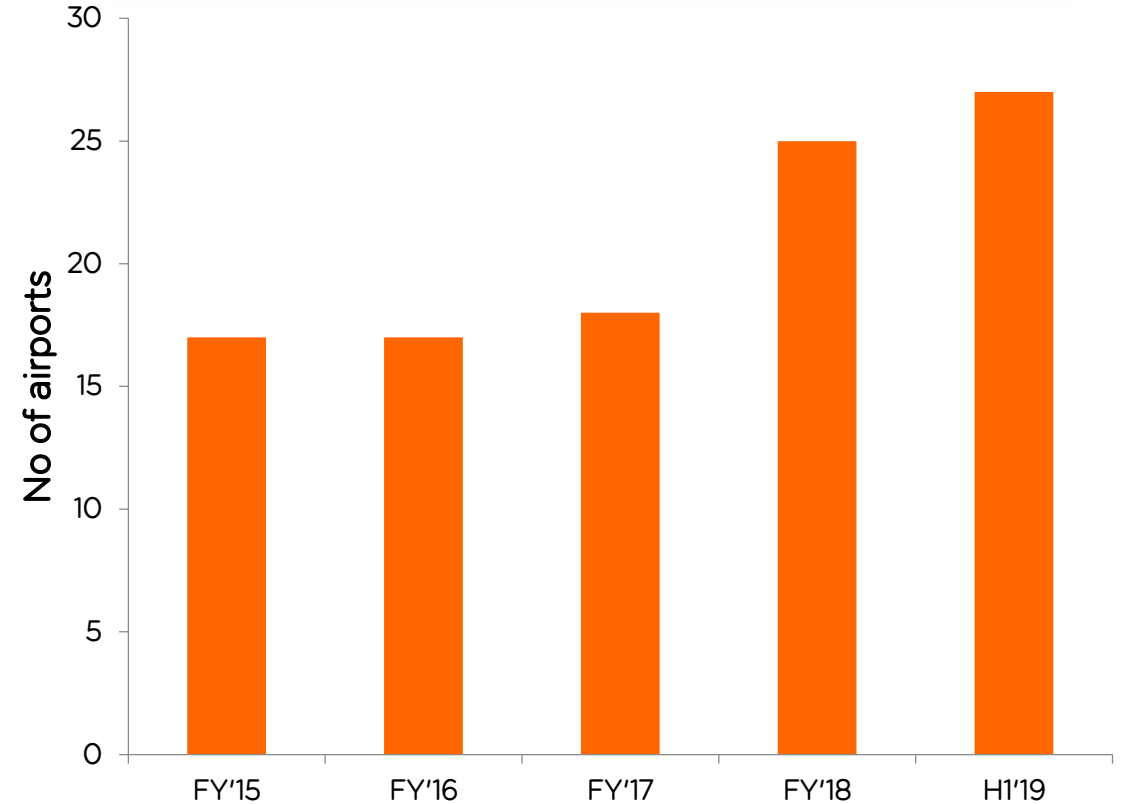
Slot constrained – Primary Airports

Share of 2018/19 Winter capacity	Airport position			Total
	#1	#2	Other	
Level 3 constrained	38%	17%	20%	75%
Level 2 constrained	8%	1%	3%	12%
Other	8%	3%	2%	13%
Total	54%	21%	25%	100%

Legacy carriers are our main competitors



Increasing No1 positions across the network



Avg CPBH increased by c.20% over the cycle*

WINNING OUR CUSTOMERS' LOYALTY

Investing in winning our customers loyalty

Great offer

- > Attractive fares in primary airports
- > Most preferred airline with highest perceived worth in EU

Unrivalled network

- > Over 1,000 routes to 157 airports in 34 countries

Efficient operation

- > Bag drop in 17 airports
- > Claims processed in 2 days at Easter

Good progress on easyJet Holidays, Loyalty and Business products

Delivering results

CSAT scores

- ✓ Satisfaction with crew at all time high
- ✓ 4.5pts more satisfied with queue management

Easter 2019:

- ✓ 86% OTP
- ✓ No cancellations

Strong Brand Scores

- ✓ First choice UK brand scores at highest level in 5 years
- ✓ Rated best value LCC in UK, France, Switzerland & Italy
- ✓ Most preferred and considered Low cost carrier in the UK, France, Switzerland.



No1 digital innovation 2018 campaign

EASYJET HOLIDAYS

The opportunity

20m

People who flew with easyJet for leisure and booked accommodation elsewhere

Leading network for beach and city breaks

Multiple frequencies by day and destination

Cost advantage vs main competitors

Curated hand picked hotels

Progress so far

- ✓ Highly experienced management team and board in place
- ✓ 500 direct hotel relationships in 2020
- ✓ Technology and web partners confirmed



Launching by the end of 2019 for summer 2020

VALUE BY EFFICIENCY

Investing in value by efficiency

Strategic cost reduction programme

- > Efficiency and cost reduction projects for each cost line
- > Strategic FX and fuel hedging policy

Operational resilience programme

- > OTP SIM
- > Crew standby forecaster
- > Standby aircraft

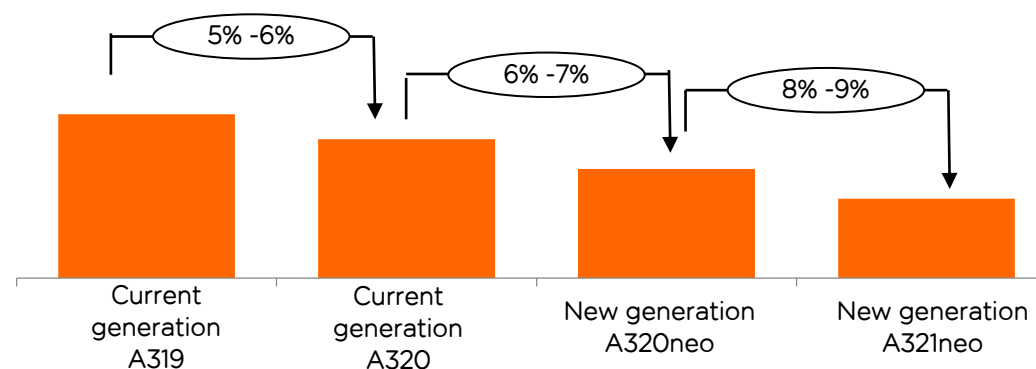
Efficient fleet

- > 26 A320 / 321 neo aircraft expected to be delivered in 2019

Results delivered






- ✓ £545m in cost reductions delivered since 2011
- ✓ Will deliver over £100m in strategic cost savings in 2019
- ✓ CPS ex fuel @cc expected down in H2 2019

- ✓ Strong operational performance over Easter period
- ✓ 3hr delays down 17% in H1

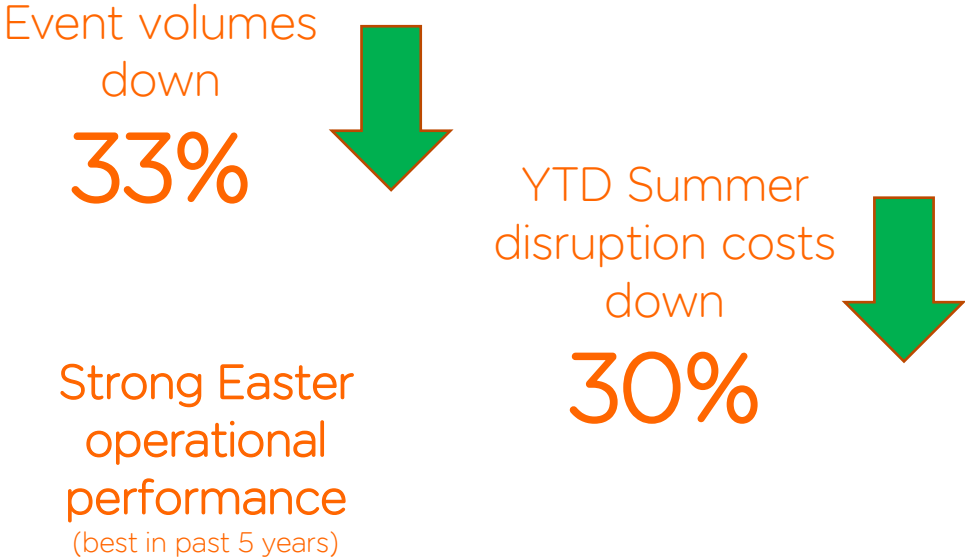


OPERATIONAL RESILIENCE

Investing in operational resilience

-  **Schedule design** Improved turn times and increased firebreaks to better absorb delays
-  **Crew resilience** Proactively split 900 crew pairings so standby crew are in the right place at the right time
-  **Standby aircraft** Doubled the number of standby aircraft compared to last summer deployed throughout the network
-  **Flight planning** Introduced a new, dedicated four-person pre-tactical flight planning team
First wave focus
-  **Data products** Built 8 new Data tools, including an ATC Slot Predictor and Crew Pairings Analyser

Results delivered



Targeting a decrease in disruption costs through the summer *

Underpinned by the efficient use of data

THE RIGHT PEOPLE

Investing in the right people

Engaging our people

- > Engaging regularly and directly with our people through Peakon and Workplace

Giving them the right tools

- > ePOS
- > Crew standby simulator

Key focus on developing and retaining talent

- > Support skill development and talent progression
- > Hiring the right people for the right job

Results delivered

Overall engagement score

8/10

eNPS*
25

4.2 ★
Glassdoor rating

A good place to work.

- > High retention
 - 6% - total turnover
 - 5% - crew turnover
 - 7% - pilot turnover

Key skills acquired for Holidays, Loyalty, Business, IT, Data

INNOVATING WITH DATA

Investing in Data

Improve customer experience

- > New bundled fare offerings
- > Auto boarding gates trial
- > Single Customer View

Improve operational performance

- > ATC slot predictor
- > OTP simulator
- > Crew standby forecaster

Drive revenue

- > Launch of additional seat bands
- > Improved bag pricing algorithm to include 20+ additional factors

Reduce cost

- > Strong link to improved operational performance

Results delivered

- ✓ Highest ranked low cost carrier for value perception
- ✓ First choice low cost carrier brand Europe wide
- ✓ Increased offer customisation

- ✓ Reduction in ATC Slot delays and disruption costs
- ✓ Earlier visibility of flights which may cause disruption

- ✓ Clarity in pricing options and late yield performance
- ✓ Customised offers to drive revenue performance

- ✓ Strategic cost reduction programme planned to deliver over £100m in savings in 2019

DELIVERING SHAREHOLDER VALUE

#1 or #2 in
primary
airports

Winning our
customers'
loyalty

Value by
efficiency

The right
people

Innovating
with data

Delivering shareholder value

Maximise
PBT/ seat

Maximise
ROCE

Generate
sustainable positive
cash flows

Q&A

APPENDIX

LOSS AFTER TAX

£ m	H1 2019	H1 2018
Headline profit/(loss) before tax	(275)	(18)
Headline tax (charge)/credit	54	5
Headline loss after tax	(221)	(13)
Total loss before tax	(272)	(68)
Total tax credit	54	14
Total loss after tax	(218)	(54)
Total effective tax rate	19.7%	19.8%

REVENUE TOTAL AND PER SEAT

Total reported

Passenger revenue

Ancillary revenue

Total revenue

	Total		
	H1 2019	H1 2018	Change*
Passenger revenue	1824	1729	5.5%
Ancillary revenue	519	454	14.3%
Total revenue	2343	2183	7.3%

£ per seat reported

Passenger revenue

Ancillary revenue

Total revenue

	Total		
	H1 2019	H1 2018	Change*
Passenger revenue	39.48	42.84	(7.9%)
Ancillary revenue	11.23	11.26	(0.2%)
Total revenue	50.71	54.10	(6.3%)

£ per seat @ CC

Passenger revenue

Ancillary revenue

Total revenue

	Total		
	H1 2019	H1 2018	Change*
Passenger revenue	39.01	42.84	(8.9%)
Ancillary revenue	11.11	11.26	(1.3%)
Total revenue	50.12	54.10	(7.4%)

HEADLINE COST PER SEAT

	Cost per seat excluding fuel £	Variance at constant currency* £	Variance at constant currency* %	Weighted variance at constant currency* %	Drivers
Airports and ground handling	16.78	(0.14)	(0.8%)	(0.3%)	<ul style="list-style-type: none"> • Annualised increases in charges at regulated airports • Annualisation of Tegel flying • Partially offset by lower de-icing costs
Crew	8.77	(0.43)	(5.2%)	(1.0%)	<ul style="list-style-type: none"> • Pay increases • Low attrition • Investment in resilience ahead of the busy summer period
Ownership	5.57	(1.15)	(25.8%)	(2.7%)	<ul style="list-style-type: none"> • Increase in depreciation due to new aircraft purchased
Overheads & other income	5.43	0.68	10.8%	1.6%	<ul style="list-style-type: none"> • Lower disruption costs • IFRS 15 impact • Reduction in wet leasing costs now we have our own fleet at Tegel • Partially offset by the cost of Strategic initiatives and increase in headcount • Airbus compensation
Navigation	3.79	0.29	7.2%	0.7%	<ul style="list-style-type: none"> • Decrease in rates from Eurocontrol
Maintenance	3.30	0.21	6.0%	0.5%	<ul style="list-style-type: none"> • Impact of IFRS 16 • Up-gauging of the fleet • Partially offset by inflationary price rises and the cost of unanticipated heavy maintenance findings
Total Headline CPS excluding fuel	43.64	(0.54)	(1.3%)	(1.3%)	
Fuel	13.02	(0.81)	(7.1%)		<ul style="list-style-type: none"> • Increases in the market price of fuel
Total Headline CPS	56.66	(1.35)	(2.5%)		

*Favourable/(adverse)

NB. IFRS 9,15 and 16 impact on cost per seat excluding fuel is minimal £0.17.

INCREASING PROPORTION OF A320'S

	H1 2019	FY 2018	Change
A319 (Leased)	56	53	3
A319 (owned)	69	79	(10)
A319 Total	125	132	(7)
A320 (Leased)	43	42	1
A320 (owned)	147	139	8
A320 Total	190	181	9
A321 (owned/Total)	5	2	3
Total fleet	320	315	5
Leased	31%	30%	1ppt
Number unencumbered	221	220	1
Percentage of A320s in fleet	59%	57%	2ppt

RETURN ON CAPITAL EMPLOYED

£m	H1 2019 Pre-IFRS adoption	H1 2019 Reported	H1 2018 Reported
Headline loss before interest and tax	(218)	(256)	(8)
Interest element of operating lease payments	30	-	25
Headline (loss)/profit before interest and tax – adjusted	(188)	(256)	17
UK corporation tax rate	19%	19%	19%
Normalised headline operating (loss)/profit after tax (NOPAT)	(152)	(207)	14
Average shareholders' equity	2,892	2,849	2,729
Average net debt/(cash)	(362)	168	(511)
Average capitalised leases	1,187	-	837
Average adjusted capital employed	3,717	3,017	3,055
Return on capital employed	(4.1%)	(6.8%)	0.4%

NON-HEADLINE ITEMS

	H1 2019 £ m	H1 2018 £ m	Description
<i>Sale and leaseback</i>	2	(19)	The sale and leaseback of 10 A319 aircraft in both years resulted in a profit on disposal of the assets of £2 million. In H1'18 there was an £11m loss on disposal plus an £8 million maintenance provision catch up (under the pre-IFRS 16 accounting standards).
<i>Brexit-related costs</i>	(4)	(4)	Cost of establishing a multi-AOC post-Brexit structure following the UK's referendum vote to leave the European Union ('EU').
<i>Commercial IT platform</i>	2	-	Release of the balance of the unused FY'18 accrual for the write-down of IT assets under development which will no longer be utilised by the business.
<i>Tegel integration</i>	-	(24)	Following the acquisition of part of Air Berlin's operations at Berlin Tegel airport there were costs of completing the transition process, including costs of converting the leased aircraft.
<i>Organisational review</i>	-	(1)	The programme involved redundancy costs and associated third party adviser fees.
<i>Balance sheet foreign exchange gain</i>	3	-	Foreign exchange gains or losses arising from the retranslation of foreign currency monetary assets and liabilities held in the statement of financial position.
<i>Fair value adjustment</i>	-	(2)	Fair value adjustments associated with the cross-currency interest rate swaps put in place for the Eurobonds issued on February 2016 and October 2016.
Total non-headline items	3	(50)	

CURRENCY IMPACT

	Revenue		Costs	
	H1 2019	H1 2018	H1 2019	H1 2018
Sterling	41%	44%	32%	32%
Euro	48%	44%	37%	39%
US dollar	1%	1%	24%	22%
Other (principally Swiss franc)	10%	11%	7%	7%

ADOPTION OF IFRS 15

Change in accounting:

- Revenue recognition from certain revenue streams, principally administration and change fees, are now recognised on the date of flight rather than the date of booking.
- Some of the compensation payments made to customers (in respect of flight delays), previously recorded wholly within expenses, are now offset against revenues recognised, with the excess compensation continuing to be recorded within expenses.

Impact on adoption on 1 October 2018:

- A one-off £70 million (post-tax) increase to unearned revenues has been recognised with a corresponding charge to retained earnings (in respect of bookings made in the year ended 30 September 2018 and recognised in revenue in FY'18, for flights which occur in FY'19). These revenues have been recognised again in FY'19 at the date of flight.

FY'19 impact:

- A higher proportion of annual revenues will now be recognised in the second half of the year (£51 million of revenue is deferred from H1 to H2).
- Revenue and cost have both decreased by £6 million in H1 as a result of the reclassification of compensation payments.
- The anticipated full year profit impact of this change is expected to be immaterial.

ADOPTION OF IFRS 16

Change in accounting:

- All aircraft operating leases have been capitalised on the balance sheet as a right-of use asset with a corresponding lease liability representing easyJet's obligation to make lease payments. Lease costs previously recognised within the Income Statement have been replaced by depreciation and interest expense.
- Contractual maintenance obligations which are dependent on the use of the aircraft will continue to be provided for over the term of the lease based on the estimate future costs, discounted to present value. However they have been capitalised to the right-of-use asset and depreciated immediately rather than recognised within maintenance costs in the Income Statement.

Impact on early adoption on 1 October 2018:

- £532 million of lease liabilities and £497 million of Right of Use Assets were recognised at 1 October 2018, with a corresponding net decrease to retained earnings.

HY'19 impact:

- There is no half year pre tax profit impact.
- Decreases in operating lease expenses of £86m and maintenance charges of £38m are replaced by increased levels of depreciation of £112m and interest expense of £12m.

ADOPTION OF IFRS 9

Change in accounting:

- Some changes have been applied to the classification and measurement of financial instruments.
- easyJet does not have a material impact from changes to hedge accounting requirements or impairment due to the high credit quality of counterparties with which easyJet transacts.

Impact on adoption on 1 October 2018:

- Equity investment fair value of £54m has been recognised at transition.
- Applying the cost of hedging resulted in immaterial movements within reserves

FY'19 impact:

- The half year and anticipated full year profit impact of this change is expected to be immaterial.

Q2 PASSENGER STATISTICS

January	2019	2018	Change
Passengers	5,838,198	5,305,991	10.0%
Load Factor	86.5%	86.4%	0.1Pts

February	2019	2018	Change
Passengers	6,498,267	5,792,624	12.2%
Load Factor	91.5%	91.2%	0.3Pts

March	2019	2018	Change
Passengers	7,721,347	6,908,864	11.8%
Load Factor	93.1%	92.2%	0.9Pts