easyJet H1'26 Results- Transcript

Hello and welcome to easyJet's half year results presentation for the period ending 31st March 2026.

Performance Snapshot

Let me start with our performance in the first half.

Operationally, on-time performance was further improved to 78%, with both the airline and easyJet holidays continuing to deliver strong customer satisfaction scores.

Underlying H1 2026 results were consistent with our expectations and in line with the trading statement in April. However, we recognise that winter losses remain above where we planned when setting out our medium term targets. Our focus is on delivering a sustainable improvement in winter performance over the coming years as capacity investment matures and growth normalises.

Jan will take you through the detail of our first half financial performance shortly.

The Middle East conflict has introduced near-term volatility for the business, particularly around fuel prices and the short-term demand environment.

Importantly, we are managing this volatility from a position of strength. Our investment-grade balance sheet provides us with the resilience to enable a rational and disciplined response and our fuel hedged position allows us to protect customers from the near-term price volatility this summer.

While we navigate this uncertainty, we remain focused on our clear strategy to deliver medium-term margin improvement. We believe the actions we are taking now will drive tangible performance improvements as we return to a more normalised operating environment.

Today, I will provide a strategy update, including how we are accelerating upgauging, driving cost efficiencies, and continuing to grow easyJet holidays, alongside other asset-light, margin-enhancing initiatives.

Managing near term uncertainty

Turning to the detail on how we are managing the current near-term uncertainty.

From a demand perspective, as you would expect, we have seen softness in forward bookings. However, March saw a strong late booking environment for in-month departures, a trend that has continued through April and into May.

For the summer, forward load factors for both Q3 and Q4 are currently below prior year levels, having been ahead year-on-year prior to the start of the conflict. Strong late booking trends have improved Q3 load factors by 1ppt since the April trading statement.

From a jet fuel perspective we currently have 72% of our fuel requirements hedged at $726 per metric tonne. That said, there remains volatility around the unhedged proportion, which we will need to purchase at prevailing spot rates.

Our investment-grade balance sheet provides both financial and operational flexibility. We have strong liquidity of nearly 4.7 billion sterling and a net cash position of 434 million pounds.

Following the start of the Middle East conflict, we temporarily suspended regular short-term hedging. We have been actively managing forward hedging where we continue to layer in hedges for the outer months where the forward curve has remained in backwardation.

In response to this uncertainty, in March we also reviewed our summer network and redeployed around 400,000 seats away from countries adjacent to the conflict into domestic and city routes across the wider easyJet network. In addition, we trimmed some thick flows in the shoulder season of April and May, as a result of the elevated fuel prices. This resulted in a net reduction in seats of 0.3%.

No further changes are anticipated, and it's our intention to operate the full summer schedule on sale.

We see no fuel supply impact and continue to operate our schedule as planned. We remain in close contact with our fuel suppliers and airport partners to manage supply.

Overall, we continue to respond to the current environment in a disciplined manner and actively review all areas of the business.

Clear Strategy to Drive Medium-Term Margin Improvement

We have a clear strategy to deliver medium-term margin improvement and deliver more than one billion pounds of Group PBT.

At the core is disciplined execution of our low-cost airline. We're allocating capital where returns are highest with a hurdle rate of £2.5 million of PBT per aircraft, deploying growth into proven bases alongside the opening of new bases.

As we look ahead, capacity growth moderates from winter 2027, while fleet upgauging will drive around two hundred and fifty million pounds of cost efficiencies across the next two years.

Alongside this we are focused on capital light growth. easyJet holidays continues to scale, re-enforced by retail expansion in Germany and a new flight plus hotel book flow. We will also launch a new loyalty programme for the group in 2027 creating value enhancement.

Our aim is to leverage the Group more effectively, continuing to build on the strength of our brands whilst delivering a consistent, seamless customer experience.

We are moving to being a leaner, more digital organisation with current investments in automation, data and AI driving simplification.

Now I will hand over to Jan.

Summary Financials:

Thanks, Kenton.

Let me start with a summary of our H1 2026 financial performance.

H1 loss before tax amounted to £552 million, in the middle of the range we guided to in the April trading update, and a deterioration of £158 million versus prior year.

Headline losses before interest and taxes amounted to £533 million, a deterioration of £164 million versus prior year.

The result was in line with our expectations if we exclude the £25 million impact from the unexpected high fuel prices in March, following the start of the Middle East conflict, alongside the net increase of £32 million in legal provisions relating to a number of historic cases.

The airline losses before interest and taxes reflected the first year of winter operations of our new bases in Milan Linate and Rome Fiumicino, which negatively impacted results by £30 million as previously communicated, alongside our continued strategic capacity investments in the rest of the network during winter, to drive asset utilisation in that period.

The airline financial performance was additionally impacted by competitive overcapacity in certain beach markets, and market-wide cost inflation, which was weighted towards the first half, on top of the previously mentioned additional fuel costs and legal provisions. As a partial offset, we did see encouraging demand, with load factors being up 2 percentage points year on year. As a result, airline losses before interest and taxes reached £581m, an increase of £180 million year-on-year.

easyJet holidays performed strongly, with earnings before interest and taxes increasing 50% to £48 million. This was driven by both customer growth and margin improvements.

From a financial position perspective, we continued to strengthen our balance sheet position. Liquidity remains strong at £4.7 billion, net cash increased to £434 million.

Even though underlying H1 2026 results were in line with our expectations, we are obviously not happy with such level of winter losses, as this increases the reliance on a strong summer to make our full year results. The focus to gradually reduce these winter losses in the coming winters, after 3 years of investments, is hence high on our agenda.

Key Performance Indicators

Moving on to our key performance indicators.

In H1 2026 we flew 8% more ASK's, and grew seats by 4%, with our destination mix further evolving, resulting in average sector length increasing by 4%.

This ASK growth firstly resulted from a moderate increase of our fleet by 1 aircraft to 356 aircraft, as we have retired 3 A319 aircraft and taken delivery of four new A320 Neo family aircraft since H1 2025. This also led to a gauge increase of 1% to 182 seats.

More importantly, and in line with our strategy to increase asset utilisation and productivity during the winter, we flew more with the assets at hand, leading to an overall 6% increased aircraft utilisation. This means our aircraft operated an average of 9.1 hours per day through the winter, which is a 20% increase over the past three years. This is now broadly back in line with pre-pandemic utilisation levels.

Our balanced and attractive network continued to develop with Non-EU destinations seeing ASK growth of 27% year-on-year, now accounting for 18% of the total network ASKs, however only 8% of the seats, reflecting the longer sector length.

Beach and City ASKs grew slightly below the network average, at 7% and 5% respectively, resulting in a modest reduction in their overall share of network capacity.

In contrast, domestic ASKs declined by 4%, driven primarily by reductions in French and Italian domestic routes.

Airline Revenue
Turning to airline revenue.

Total airline revenue increased by 10%.

This reflects on one side the continued strong demand at our primary airports as passenger grew by 6% ahead of the seat growth, with load factors increasing by two percentage points to 90%.

On the other side, this was also realized through higher yields, primarily due to the increased sector length, flying more to further afield leisure destinations.

As a result, total RASK for the half was up 1.3%, despite a 2% natural dilution from increased sector length, as well as an adverse impact from the one-off release of aged ticket liabilities in the prior year.

Foreign exchange provided a favourable impact of approximately 2%, while the earlier timing of Easter this year also supported RASK.

Aside that, we saw evidence of underlying revenue improvement from the first modest benefits of route maturity, particularly in the second quarter, although this was partially offset by continued over-supply in specific beach markets through the winter.

Looking ahead, as the operating environment normalises, we expect to see continued revenue benefits as our capacity investments mature over the coming years.

Airline Cost
Turning now to the CASK bridge.

Headline CASK increased by 5% year-on-year, with CASK excluding fuel up 8%.

Fuel CASK improved by 5%, slightly supported by fleet modernisation, and a YoY more favourable fuel price. This more than offset the phase-out of free ETS allowances, higher SAF mandates in the UK, and the fuel price spike experienced in March.

It is important to highlight that the increase in CASK excluding fuel in 2026 is skewed towards H1 2026. We expect cost performance to moderate in the second half, with H2 2026 headline CASK excluding fuel increasing by low single digits.

Now, in H1 we achieved a 6% benefit to CASK ex fuel from increased aircraft utilisation.

This was offset by inflation and foreign exchange headwinds, which together drove around a 6% increase in CASK excluding fuel.

Higher passenger load factors also increased certain per-passenger costs, primarily in airport and ground handling, reflecting the impact of per-passenger charges.

CASK also increased due to strategic investments, including the annualisation of the resilience measures implemented to support Summer 2025, the investments in digitalisation and marketing, as well as the wet-lease costs associated with our new Italian bases which will end next year.

The remaining increase contains one-off items, including £32 million of net increased legal provisions and a £10 million adverse impact from the absence of prior-year lease buyback gains.

easyJet holidays

Turning now to easyJet holidays.

easyJet holidays delivered a further strong profit growth in H1 2026, with profit before tax increasing by 39% to £61 million, supported by customer growth of 22%, alongside a one-percentage-point improvement in margins to 9%. The modest margin benefit primarily reflects lower selling and distribution costs in March, due to the summer demand impact following the start of the conflict in the Middle East.

The attachment rate increased to 6.3% across beach and city flights, and customer numbers grew to 1.3 million. Our EU customer base increased by 66% year-on-year, albeit from a relatively small base, highlighting increasing brand awareness in our European source markets and the significant opportunity ahead.

Looking forward, easyJet holidays remains on track to deliver low double-digit customer growth in FY26, although second-half growth will be impacted relative to original expectations due the current demand environment.

Balance sheet

Turning to the balance sheet.

Over the past years, easyJet has successfully built a strong balance sheet to be able to support future CapEx, but also to navigate through turbulent times if they would occur.

We are happy, in this uncertain context, to benefit from an investment-grade balance sheet, which is critical in providing both operational and financial flexibility.

The net book value of owned assets increased to £5 billion, reflecting the addition of four aircraft into ownership compared to last year, alongside nine new engines.

We now have 86% of our neo fleet in ownership, well above our 75% target, providing flexibility for the upcoming fleet renewals. We remain on track for the net book value of owned assets to exceed £7.5 billion by FY28.

Our net cash position increased by £107 million year-on-year to £434 million as at 31 March 2026.

The value of our derivative financial instruments increased by £932 million during the year, driven by higher fuel prices. The fair value of our hedged position now stands at £799 million.

Unearned revenue remained broadly flat year-on-year, despite planned capacity growth of 2% in H2 and continued growth in easyJet holidays, reflecting the recent later booking trend.

Total liquidity stood at £4.7 billion, representing £1.1billion in excess of our policy requirement to hold liquidity equivalent to unearned revenue plus £500 million.

Finally, our financing position remains strong, with no bond maturities due until FY28.

Our Fleet

Our delivery profile remains consistent with what we have previously set out, with the remaining 14 aircraft due for delivery this year, all of which are planned to be taken directly into ownership. This will increase our neo ownership to 87 per cent.

These deliveries, alongside the accelerated retirement of our A319 sub-fleet, will drive our upgauging journey over the coming years.

The end of year base fleet plan differs to the peak line of flying as shown on the slide due to having 14 stand-by aircraft as well as the timings of deliveries. In FY27 & FY28 in year delivery delays from Airbus will result in some deliveries being expected post the peak summer season.
We are still working with Airbus to finalise aircraft deliveries for FY29 but I expect that all the remaining A319's will be retired by the end of FY29.
The increase in gross capital expenditure over the coming years reflects the higher level of aircraft deliveries. However, it is important to note that gross capex does not reflect the potential financing options available to us, through sale-and-leasebacks, JOLCO structures and access to the debt markets.

Elevated aircraft deliveries over the coming years will expand the fleet to 389 aircraft by FY28. At a steady-state level, maintaining the fleet would require deliveries of around 17 aircraft per year, equating to a through-cycle gross annual capex of approximately £1.6 billion.

We remain focused on driving stronger earnings and cash generation over the coming years, which will support sustainable through-cycle free cash flow generation.

Upgauging to deliver higher returns

Moving on to the unique fleet upgauging and modernisation opportunity ahead of us, which will drive material cost efficiencies over the coming years.

By replacing our A319 sub-fleet with more efficient A320neo family aircraft, we are structurally improving returns across the business.

We are bringing these benefits forward by accelerating the retirement of the A319 fleet. All A319 aircraft will now exit the fleet by the end of FY29, with an additional six aircraft leaving in FY28 compared with the schedule we previously outlined.

The fuel economics are compelling, particularly in the context of elevated fuel prices. An A320neo delivers a 24% reduction in fuel burn per seat compared to an A319 increasing to around 30% for an A321.

Beyond fuel, upgauging also delivers unit cost savings across the income statement.

Across FY27 and FY28, we expect to realise just under £3 of unit cost efficiencies, including benefits of fixed cost scaling, translating into around £250 million of incremental annual operational and fuel cost efficiencies across the two years. This is based on a normalised fuel price.

We already operate multiple aircraft types on a number of routes. Where those operate in similar commercial conditions, same time of day and same days of week, we see limited revenue dilution. That gives us confidence that the majority of these benefits will flow directly into margin improvement.

Over this period, the average number of seats per aircraft will increase from 182 to 192.

Focus on Capital Allocation

Capital discipline remains central to our strategy. We remain fully focused on maximising returns on our invested capital.

We allocate capacity selectively using detailed financial data, prioritising bases where we can generate the highest returns, or where there is a clear line of sight to do so.

In FY26, all aircraft were allocated to existing bases delivering returns above our profitability threshold of £2.5m per aircraft, equating to c.£8.50 per seat, as illustrated in the chart with the green bars highlighting where new capital has been deployed.

New bases such as Milan Linate and Rome Fiumicino are currently our most significant underperformers, reflecting around £20 million of losses in their first summer season and an additional £30 million of losses in their first winter season.

We have clear improvement plans in place across all underperforming bases, and we will continue to take action on capacity allocation where return thresholds are not met, or where the pathway to improvement is insufficiently clear.

Looking ahead, as fleet modernisation accelerates and fleet growth moderates, we expect the majority of capacity growth in FY27 and FY28 to come from upgauging.

Alongside this, we continue to invest selectively in strategic capabilities that we believe are critical for the future, including the investment in our heavy base maintenance facility in Malta where we are expanding the capacity from 4,5 bays to 6 bays.

Finally, we continue to invest in our digital capabilities, supporting the digitalisation of key commercial, operational and enterprise processes.

Outlook

Turning to the outlook, there remains significant uncertainty on the full year results due to the current macro-economic environment with fuel prices remaining volatile as well as the lower visibility of future bookings.

For H2 2026 every $100 per metric tonne movement in fuel prices equates to £35 million. The FY result is also highly sensitive to the year on year RASK differential, with every percentage point worth 26 million pounds for Q3 and 33 million pounds for Q4.

easyJet remains well positioned with our investment grade balance sheet to navigate the current environment. We are focused on executing our self-help initiatives which will enable easyJet to better monetise its strong market position over the coming years as we progress towards delivering our financial ambitions.

Thank you for your attention.

I will now hand back to Kenton.

Our Strategy

Thanks Jan.

We remain committed to our strategy which you will be familiar with.

Our purpose remained the same, making low-cost travel easy and is underpinned by four strategic pillars

Ultimately, progress on these strategic priorities will drive the delivery of improved financial performance and help us navigate the current environment.

Medium term targets

I spoke earlier about how we are focussed on executing and delivering against our strategy, which will support us in making further progress towards achieving our medium term targets when the operating environment normalises.

We set out the key building blocks for these targets in FY23 and these remain the same, albeit with evolving timelines for delivery and contribution levels from each of the key levers.

Firstly, easyJet holidays has outperformed against our initial expectations and met the target of £250 million PBT within two years. We therefore upgraded the target to £450 million PBT by FY30, with further growth initiatives progressing.

Secondly, the timeline for upgauging was moved to the right as a result of Airbus delays. These benefits are now becoming near term opportunities as we accelerate A319 retirements and step up NEO aircraft deliveries over the coming two years, with £250 million of incremental annual costs efficiencies expected across FY27 and FY28.

Thirdly, as I have said, we recognise that winter losses remain above where we planned when setting out our medium term targets. Capacity investments over the past three years have driven a 20% increase in aircraft utilisation and we are now broadly back to historic levels. Route maturity and sequential improvement of Rome Fiumicino and Milan Linate are now expected in the coming years.

Fourthly, within “Other”, we remain focused on being a lean, digital organisation, to enhance merchandising capabilities and the customer experience, while simplifying and automating processes to improve fixed cost efficiency.

And finally, all of this is underpinned by disciplined capital allocation and the £2.5 million PBT per aircraft target which is equivalent to the middle of the £7-10 per seat target range.

Delivered by Our People

Delivering up to 1,900 flights a day simply wouldn’t be possible without our people, whose professionalism and commitment continue to set easyJet apart.

I would like to thank all my colleagues for their hard work and the passion they bring every day. I am fortunate to see this first-hand as I travel across our network.

Once again, we have been recognised by Glassdoor as a Best Place to Work, and we are the only airline to feature in the Top 50.

We continue to retain and engage great talent across the group, supported by high levels of colleague engagement, with our latest score at 74% trending positively and ahead of the global benchmark

Delivering for Our Customers

For our customers, our people-led service strategy, enabled by technology, is delivering clear results.

In the first half, airline customer satisfaction increased by two percentage points to 84%, with easyJet holidays increasing 1 percentage point to 85%.

We have continued to invest in frontline delivery, launching the next stage of our enhanced training programme for ground staff colleagues, while further rolling out our internal app, which provides real-time information to ground staff, customer service teams and crew.

At the same time, we are simplifying and digitalising the customer journey. Since last summer, we have made significant enhancements to our mobile app, including proactive flight notifications, automated disruption handling and the introduction of passport scanning for faster online check-in.

Our sustained focus on operational delivery and customer experience over recent years continues to differentiate our brand. We benefit from a loyal customer base, with 71% of bookings coming from returning customers, and a growing membership of our easyJet Plus subscription product.

To complement this, we will be launching a new loyalty programme in FY27. We will host a seminar on the new rewards proposition early next year, which will leverage the strength of our brand and further enhance our differentiated customer offering.

Building Europe’s Best Network

Our focus continues to be on disciplined, targeted growth, deployed where returns are strongest.

Ahead of the summer, we opened two new bases in Newcastle and Marrakech, each with three aircraft, and added a further 7 aircraft to bases performing above our £2.5 million per aircraft target. We continue to deploy additional capacity only where we expect it to deliver superior returns.

Newcastle is performing in line with expectations, with particularly strong demand for easyJet holidays, which already accounts for 38% of total beach bookings from the base.

The launch of our Marrakech base, our first outside Europe, represents an important strategic milestone. It allows us to broaden our market reach for this popular destination, while continuing to serve our established European customer base.

We are now entering the second summer season for our new bases at Milan Linate and Rome Fiumicino. Prior to the impact from the conflict in the Middle East we saw early signs of route maturity, including year-on-year improvements in forward bookings and stronger contributions. We expect sequential improvements as these routes continue to mature.

As the graph shows we have a proven track record of improving returns following strategic capacity investments that include the award of remedy slots. In this example while returns were initially diluted, they improved meaningfully as routes matured over the subsequent two years.

We have seen this pattern repeated consistently across the network as capacity investments mature.

Strengthening Revenue

Starting with easyJet holidays, our digitally delivered proposition continues to perform strongly. It is delivering performance that is outpacing peers, as we continue to gain market share profitably in a competitive market, with a number of growth initiatives still to come.

Later this year, we plan to launch a new flight-plus-hotel proposition, ready for the upcoming winter season. This will allow customers to book city breaks without leaving the airline book flow, improving conversion and enhancing the overall city-break booking experience.

As part of this we are also expanding our hotel inventory across European city destinations to provide our customers with a fantastic choice of city hotels alongside our existing range of beach hotels.

Beyond the UK, we continue to make progress in other European source markets. In Germany, this will be further supported through launching 500 high-street travel agents in the Berlin catchment area, who will begin selling easyJet holidays in H1'27. Building these relationships is an important step, given that around 70% of package holiday sales in Germany are made offline.

Turning to the airline, we remain focused on continuous improvement across both the customer proposition and our digital capabilities, particularly through our fully owned app.

We have launched the new Smart Bundles, which combine bags, seat selection and Speedy Boarding. These have been well received, with attachment rates increasing since launch.

This summer also marks the first time we are offering customers a Flex Pass, allowing ticket changes without a fee. Demand has been strong and the product is generating incremental returns for the airline.

In-flight retail continues to grow, with profit per seat up 9% in the first half. We have introduced a new summer range, which we expect to further enhance the customer proposition.

Finally, our app remains a key differentiator. We have seen a 5% increase in customers citing the app as a reason to book easyJet, alongside a significant ten-percentage-point improvement in app booking experience scores. This is driving higher conversion and greater brand loyalty, with the app now our fastest-growing booking channel accounting for 38% of direct airline bookings and 31% of direct holidays bookings

Delivering Ease and Reliability

Delivering ease and reliability remains critical for easyJet.

We are increasingly leveraging data and technology to drive efficiency across the business, resulting in a smoother and more reliable end-to-end journey for our customers.

Over the past two years, we have made significant progress in transforming how customers interact with our contact centre. Generative AI has played a key role, enabling us to shift the primary channel from voice to live chat, while automating emails and claims processing. This has led a to faster, more efficient service for our customers, and the journey is ongoing as we continue to unlock further efficiencies and cost savings.

We have also expanded our automated service recovery tool, which is now available to nearly all passengers experiencing disruption, including on the day of travel. Customers can view their best option within minutes and action it in just two clicks. As a result, 87% of customers now self-serve, a 15-percentage-point increase year-on-year, with around a third using the two-click resolution option.

I would like to highlight a few practical examples where technology is delivering operational efficiencies. At Gatwick, we are reducing turnaround times through the use of remote smart stands, which also improve safety, protect assets and enable more accurate prediction of pushback times. By combining real-time stand monitoring with remote coordination of key arrival activities, we anticipate improved operational resilience and reduced delays, particularly during busy summer periods. Smart Stands represents a major modernisation of ground handling processes that have remained largely unchanged for decades.

On board, our crew are using new digital tools, including electronic cabin logs and reports, alongside an advanced weather application that helps predict and avoid turbulence, improving both efficiency and the customer experience.

Looking ahead, next year's schedule is being built using SkyMax, which now incorporates profit and operational optimisation, further strengthening our ability to deploy capacity effectively and unlock further productivity gains. We will continue to develop tools that automate processes across the business, allowing us to respond more quickly and make both cost- and customer-optimal decisions.

Together, these examples demonstrate how our targeted technology investments are starting to deliver tangible efficiency benefits. While we are still at an early stage, we expect these benefits to continue to build over the coming years.

Delivering Low-Cost Travel

As you know, we remain fully committed to delivering low-cost travel, and this is even more important in the current operating climate.

Over the past two years, we have actively embedded a number of resilience measures, which have helped to substantially reduce disruption-related costs and improve operational stability.

The additional capacity added over the last two winters has enabled annual aircraft utilisation levels to return to above 10 hours per day

Following these investments, growth over the coming winter periods will return to normalised levels

As I mentioned earlier, we have also been driving efficiencies across the business through greater use of technology, integration and automation. These initiatives are already delivering benefits and we expect a step up in efficiency and cost savings in future years.

That said, we recognise there is more to do, and further cost actions are now underway as I outlined in the margin initiatives at the start.

Summary

So, in summary.

We are navigating a period of near-term volatility due to the current macro-economic environment, which we continue to actively manage from a position of strength. Our investment-grade balance sheet provides both operational and financial flexibility.

Our longer-term focus remains firmly on executing our strategy, supported by a disciplined approach to capital allocation.

We remain focused on actions that will drive tangible performance improvement as we return to a more normalised operating environment. Our medium-term financial ambition remains unchanged, with a target to generate over £1 billion of profit before tax, delivering attractive shareholder returns over the medium term.

Thank you for listening to this presentation of easyJet's Half Year 2026 Results.