UBS Transport Conference

Chris Kennedy - Chief Financial Officer

12 September 2011



easyJet plc

Agenda

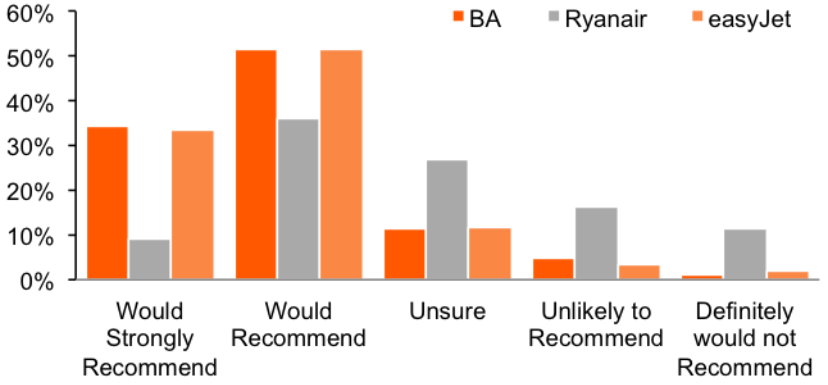


1. easyJet model
2. Opportunities for ‘self help’
3. Recent performance and outlook

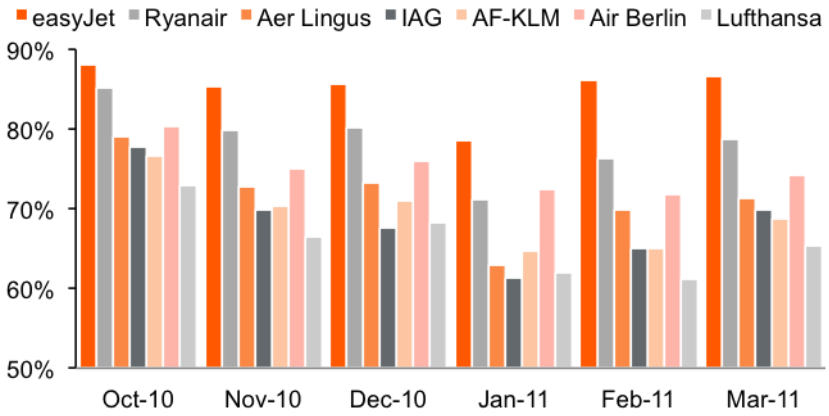
Robust business model

- Strong consumer appeal
  - Across leisure and business
- Leading short-haul network in Europe
  - Leading presence on Top 100 routes
  - Strong positions in key markets
  - Good range of leisure and business destinations
- Low cost and efficient
  - Scale and cost advantage (especially Airbus fleet transaction)
  - High asset utilisation (average of 11 hours a day)
  - Consistently industry leading load factors
- Clear strategy to improve ROCE
- Financially strong and highly cash generative
  - £1.4bn of gross cash as at 31st March 2011

Strong consumer appeal

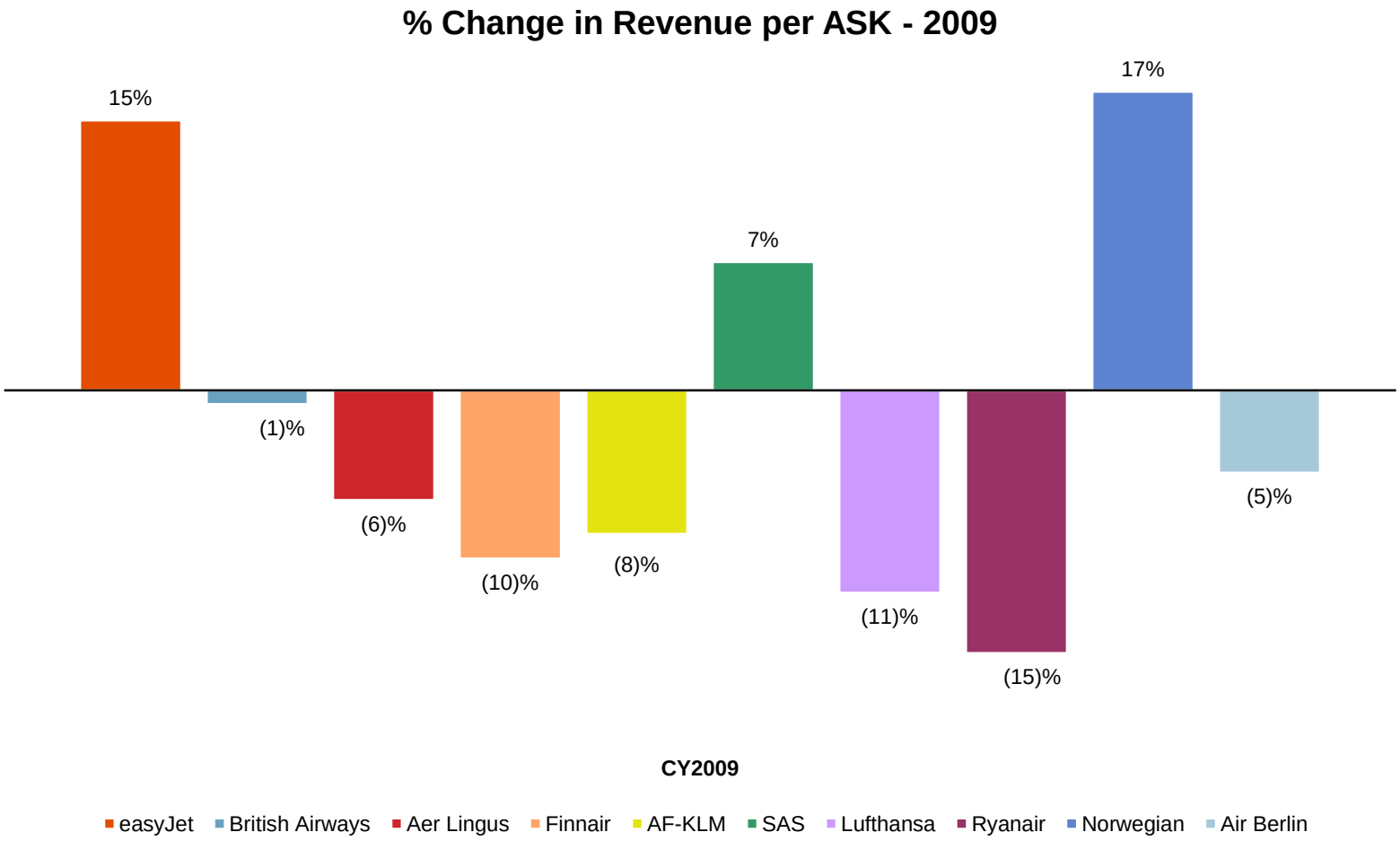


Industry leading load factors



Proven delivery in tough environment





Source: Company Filings

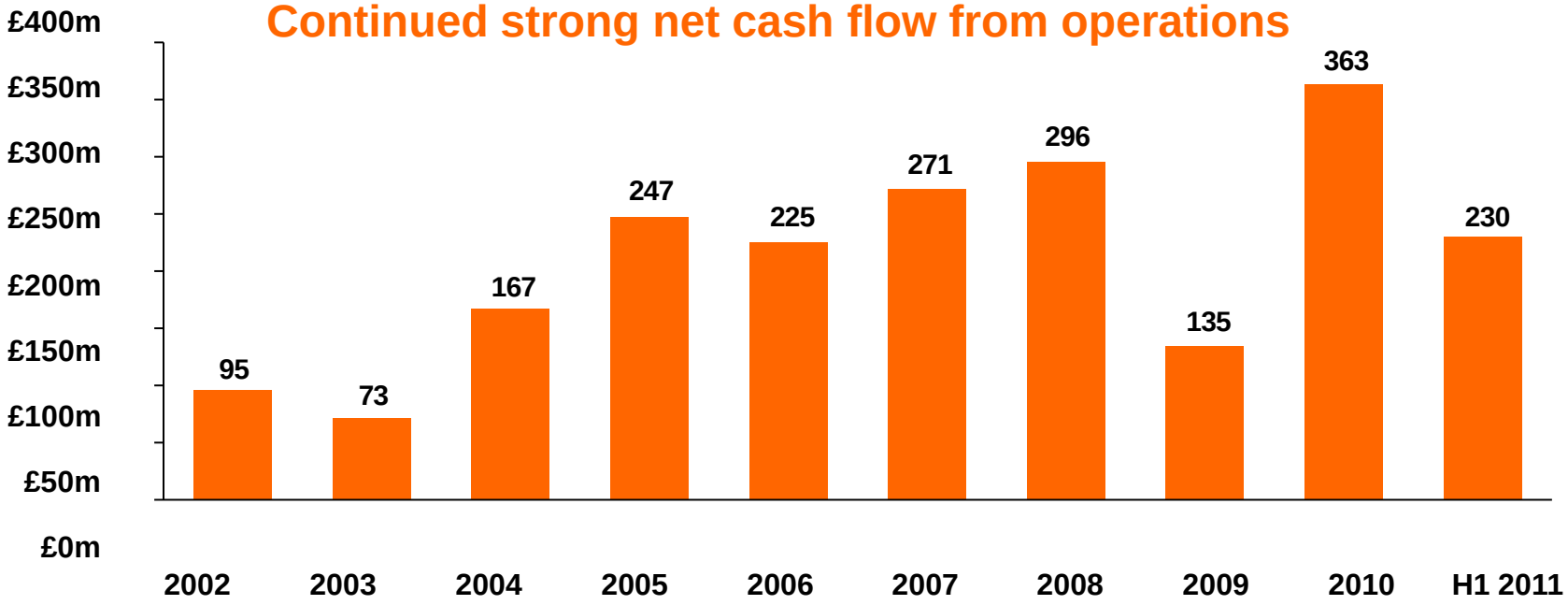
Financial strategy



	Objectives	Measures
Return Targets	✈ Earn returns in excess of cost of capital through the cycle ✈ Invest in growth opportunities where returns are attractive	✈ Improve pbt per seat to GBP 5 ✈ Post tax ROCE of 12% through the cycle
Capital Structure And Liquidity	✈ Ensure robust capital structure ✈ Maintain sufficient liquidity to manage through the cycle and industry shocks ✈ Return excess capital to shareholders	✈ Maximum gearing of 50% ✈ Cap of GBP 10m adjusted net debt per aircraft ✈ Minimum GBP 4m cash per aircraft
Dividend Policy	✈ Targeting consistent and continuous dividend payout	✈ 5x cover, subject to meeting gearing and liquidity targets ✈ Annual payment based on full year PAT; introduced for FY 2011, payable 2012 ✈ Consider returns over 5x cover to reduce excess capital
Aircraft Ownership	✈ Maintain flexibility around fleet deployment and size	✈ Target of 70% owned aircraft,30% leased aircraft
Fuel Hedging	✈ Insulate short term operating performance against adverse movements in fuel price and exchange rates	✈ 65%-85% of the next 12 months' anticipated requirements ✈ 45%-65% of the following 12 months' anticipated requirements

Financially strong

Continued strong net cash flow from operations



Capital Metrics

	Policy	Actual	Requirement	Headroom
Liquidity	£4m cash & deposits per aircraft	1,437	796	641
Leverage	£10m net debt per aircraft	528	1,990	1,462
Gearing	Not to exceed 50%	26%		24%
Cash resources	Funding for 18mths aircraft deliveries	933	727	206

Fleet

Aircraft		Finance	
A319	162	Owned or Financed Leased	62%
A320	30	Operating Leased	38%
B737	7	Total	100%
Total Fleet	199	Unencumbered aircraft	28

Agenda



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Clear opportunities for improvement



1. Cautious approach to F’12 capacity
2. Business travel proposition
3. Ancillary revenues
4. Smart cost management

Cautious approach to F'12 capacity

Capacity

- Winter - flat over next 2 seasons
- Full Year '12 – 3-4%

Fleet

- Maximum of 204 aircraft for next 2 winters

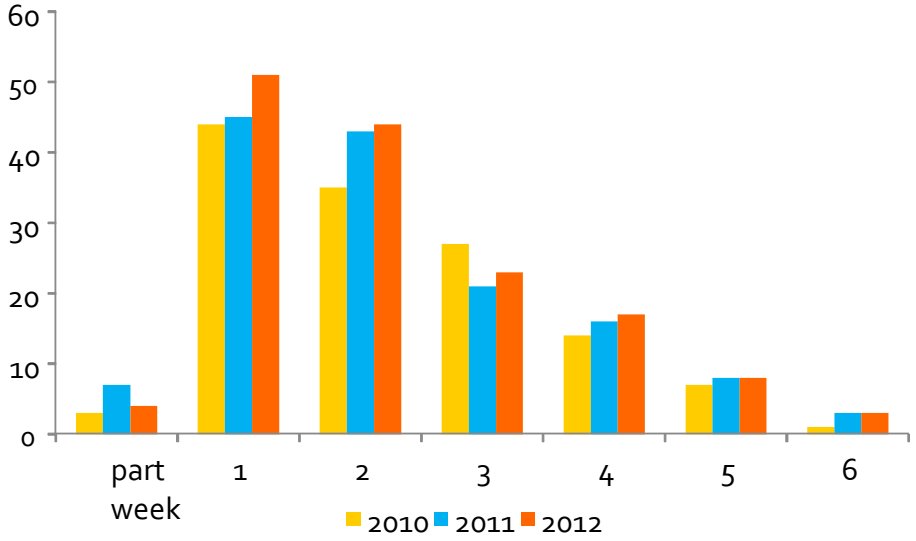
Schedule quality

- Frequencies added and time of day improvements on key business routes

Capacity re-allocation

- Focus on further growth in priority markets
- Closure of unprofitable routes e.g. Berlin - Gothenburg

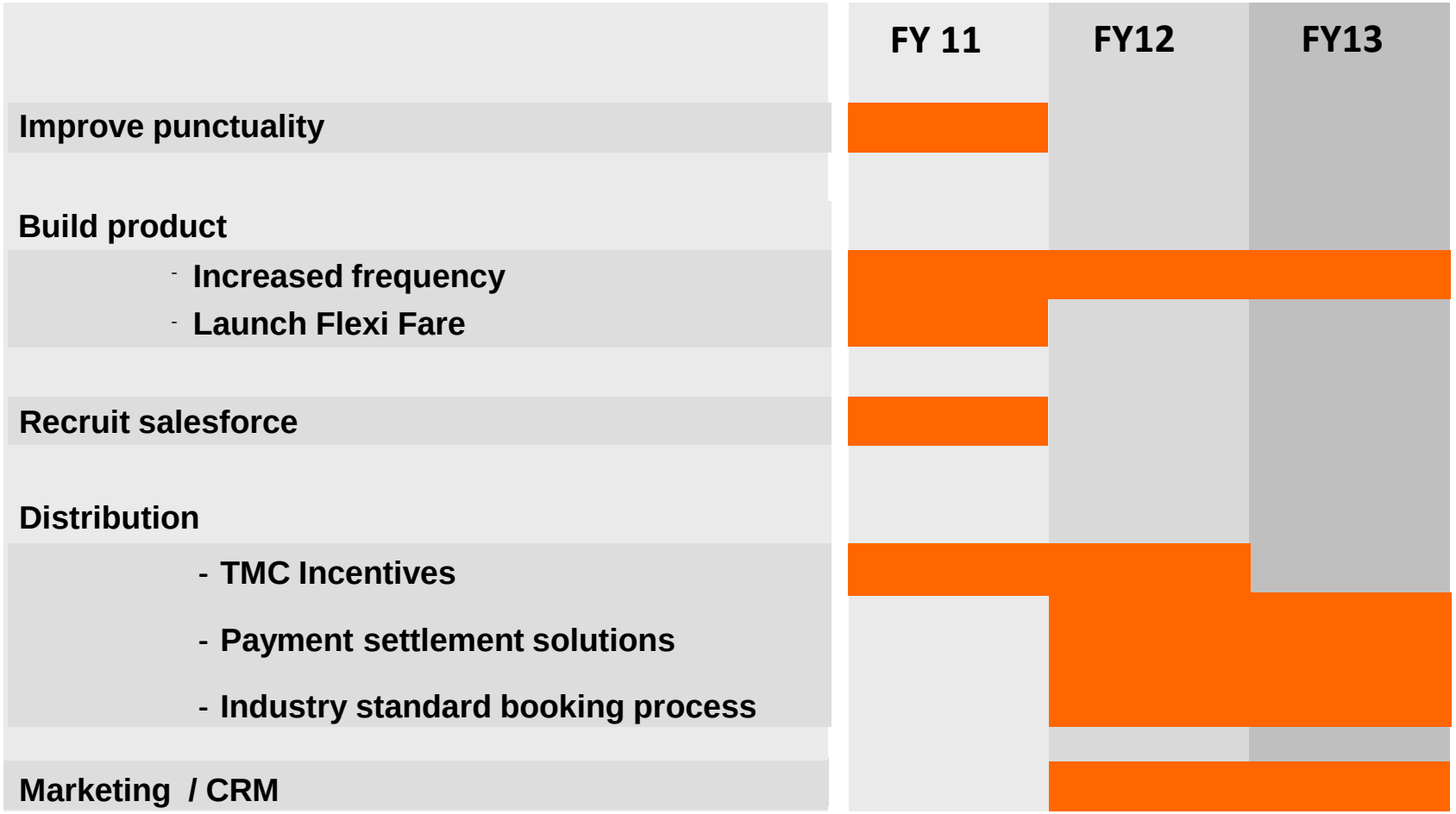
Daily freq A/B routes June week (Mon – Fri)



* A and B routes are those to locations suitable for passenger travelling on Business i.e.day or short trips.

Passengers travelling on business

Building blocks for business proposition



Passengers travelling on business



Progress on sales and distribution initiatives

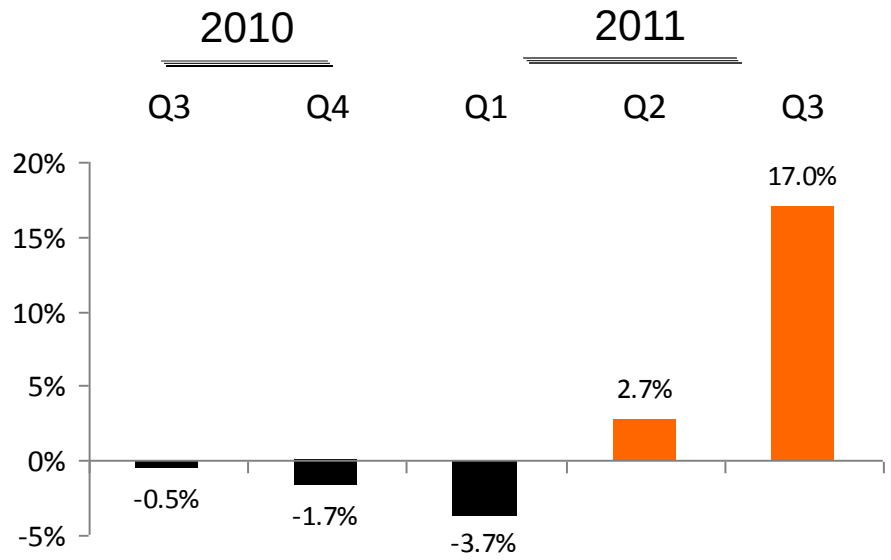
- First phase of sales teams in place in UK, France & Switzerland
- First corporate deals signed with growing pipeline
- Encouraging early sales of flexi-fare, especially online
- Partnership deals under negotiation with leading TMCs
- More flexible terms under negotiation with GDSs
- New promotional and advertising campaign under development

Ancillary revenues – good momentum

Goal:

To grow ancillary revenues through yield management of fees and charges and better execution of partner and in-flight

- Strong progress this year F'11
- Positive impact next financial year from price rises implemented in April 2011
- Re-negotiation of car partnerships
- Refreshed in-flight range launched in April



Per seat yoy change in ancillary revenues

Maintaining easyJet's cost advantage

Goal:

To maintain cost advantage by ensuring below inflation unit cost movement through procurement, crew flexibility and operational excellence

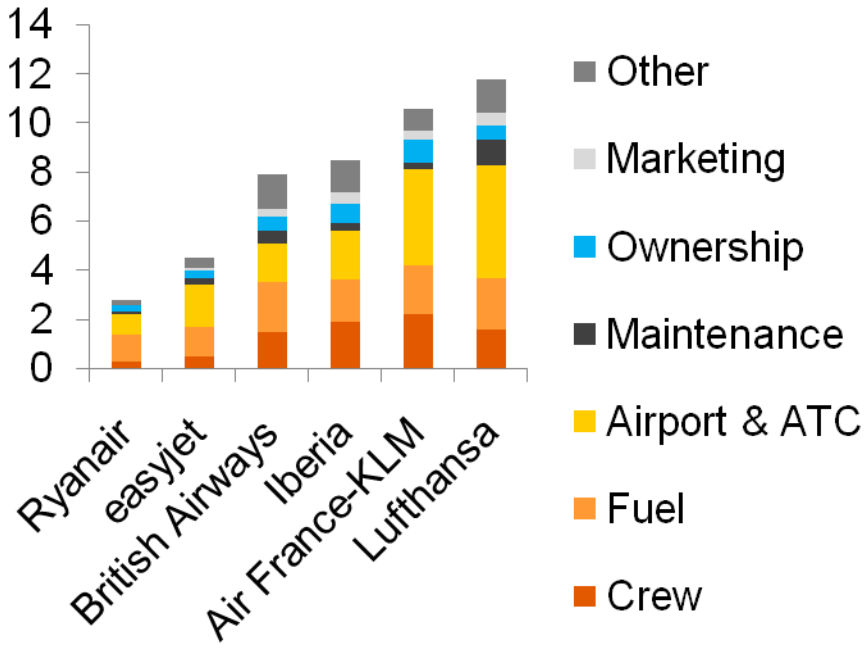
Opportunities:

- Improved operational resilience
- Increase proportion of lower cost A320's in the fleet
- Fuel burn initiatives
- Commenced work with BALPAA on lifestyle, rostering and flexibility
- Tight control of overheads

Headwinds:

- Regulated airport cost increases
- AENA privatisation
- Entry into the Emissions Trading scheme
- Engine refurbishment

Cost per ask*



easyJet has a significant cost advantage compared to carriers flying to similar airports

* Source: Deutsche Bank

Case study: maintenance costs

- Leverage existing contracts by renegotiation
- Move Base maintenance to a lower cost location
- Increased utilisation of Luton Facility
- In source end of lease activity



Maintenance cost per seat reducing despite strengthening of the dollar

Reduce maintenance costs without compromising safety or operational performance

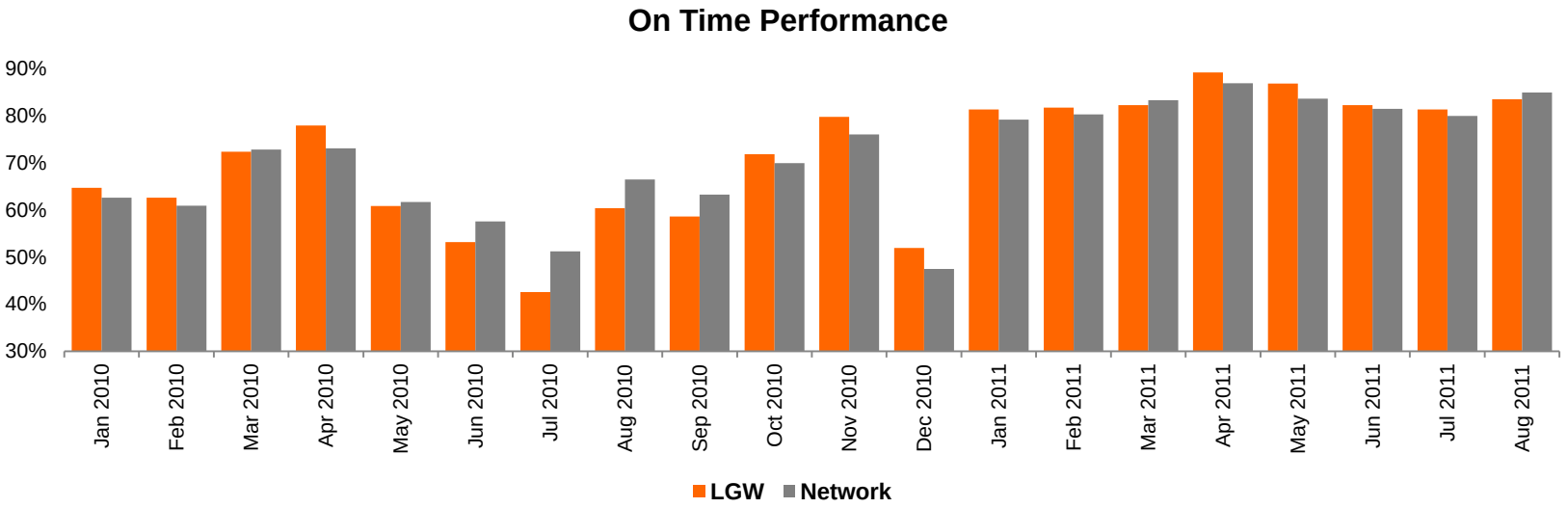
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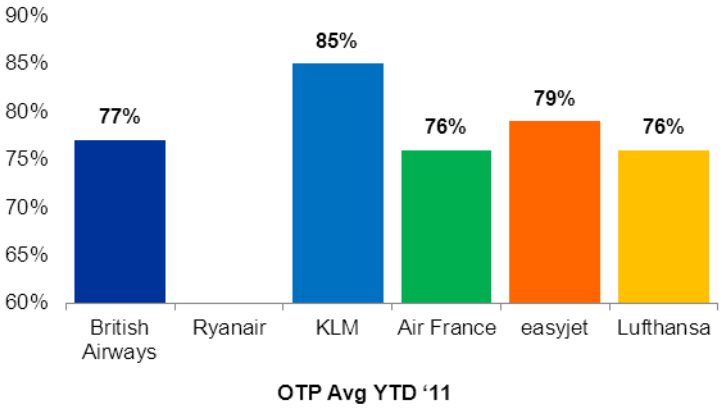


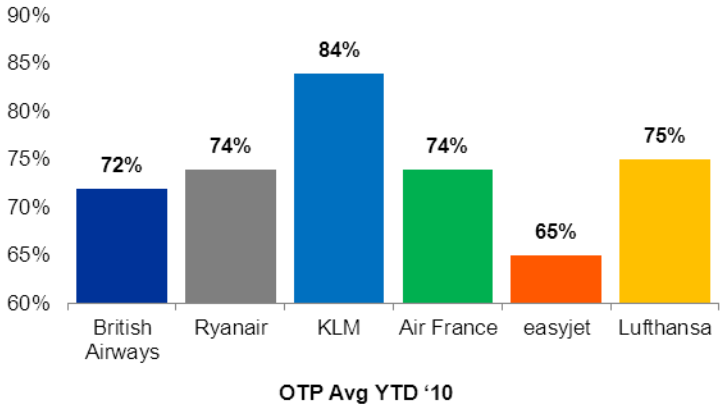
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Continued improvement in operational performance









No independent data for OTP available for Ryanair since May

Robust commercial performance



	Q3 '11	Q3 '10	Change
Passengers (m)	14.4	12.3	17.3%
Load factor (%)	86.3	86.1	0.2ppt
Seats (m)	16.7	14.3	17.1%
Sector length (km)	1,118	1,135	(1.6)%
Total revenue (£m)	935	759	23.2%
Total revenue per seat (£)	56.02	53.23	5.2%
@ constant currency (£)	55.66	53.23	4.6%

- Capacity investments made in F'10 and H1'11 maturing
- City to city routes robust
- Impact from introduction of €8 APD in Germany

Outlook as at 22nd July 2011



Capacity (seats flown)

- FY +11% reported, +9% ex volcano
- H2 +12% reported, +8% ex volcano

Revenue per seat (constant currency)

- FY +2% to +3%
- H2 +4% to +5%

Underlying cost per seat ex fuel (constant currency)

- FY down 1% to 2% (assuming normal disruption levels)

"August is the important trading month for easyJet but with over 75% of summer seats now sold we expect at current fuel and exchange rates to deliver a pre-tax profit for the year ended 30 September 2011 of between £200 million and £230 million assuming normal levels of disruption, and a ROCE for the year of between 10% and 12%."

Carolyn McCall, 22 July 2011

Summary



- Strategy is delivering
- Challenging environment but easyJet strongly positioned
  - Advantaged network
  - Strong consumer appeal
  - Well financed; low cost and efficient
- Committed to delivering ROCE of 12% through the cycle