Answers to questions from easyGroup on Capital expenditure

a) *From public records, easyJet operates 54 aircraft which were delivered from Airbus between 2003 and 2005 which means that they will be 7 years old in the relevant period. Again from published records 37 of these aircraft were sold and leased based and 17 are owned directly by the company. Please confirm that these numbers are broadly correct?*

We can confirm that 54 aircraft were delivered in the stated period. Five of these aircraft have now left the fleet and the current split is 13 owned and 36 leased.

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b) *Do the amounts of dollars shown on slide 16 relate to engine and aircraft maintenance or just engine maintenance?*

The amounts relate to all heavy maintenance (engine performance restoration, airframe C4 check and landing gear overhaul).

c) *Do these amounts relate to Capex on both leased and owned aircraft/engines or only one of the two categories?*

The amounts relate to both leased and owned aircraft. This presentation was adopted in order to give a full picture of expected cash flows from heavy maintenance in the review period, regardless of the ownership status of the aircraft concerned.

On a statutory basis, the expenditure on leased aircraft would appear as an operating cash flow rather than as an investing cash flow.

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d) *We find it hard to understand on what basis the sums relating to the leased aircraft would appear on a cash flow forecast. Isn't the custom that the cash is paid periodically into the account of the lessor during the lease and therefore is expensed as maintenance in the annual P+L and not be capitalised to be amortised?*

The practice that you refer to (the payment of supplemental rent to the lessor) applies to some but not all of the aircraft due for heavy maintenance in the review period. The amounts shown on the slide are net of any supplementary rent paid in earlier periods and are therefore genuine incremental cash flows.

e) *For completeness please confirm if there has been a change in accounting policies on the matter of aircraft and or engine maintenance recently that may explain the appearance of these sums as Capex rather than Opex?*

There has been no change in accounting policy.